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Myanmar: A new breed of mobile money?

Widespread smart-phone and mobile-money usage is coming to Myanmar. The potential of these technologies, both as a consumer tool and an innovation for current government and aid innovations is massive

Look anywhere in Yangon, and you are likely to see smartphones and many of them. And with smartphones being as cheap as \$40US each, this is not at all surprising. These may not be of the highest quality, but they run all of the smartphone basics, including a modern texting system, internet access and maps, and basic applications. Myanmar is quite unusual in this respect, as it is one of the only smart-phone dominated markets in the region.

Myanmar appears to have moved directly onto smart phones, largely bypassing the classic feature phones so prevalent in many other developing countries. The concept of going straight to more modern technologies and missing historically older ones (commonly known as leap-frogging) is not new to the phone industry, with many currently developing countries having skipped landlines almost entirely to take up the use of mobile phones, but this is a step further. Various industry professionals have said that smartphones make up well over 70% of the current phone market in Myanmar. Some [reports place this percentage even higher](#). This market is expected to expand substantially as well with the aggressive expansion plans of the recent entrants to the market, Qatari-based ooredoo and Norwegian Telenor.

New technologies mean new mobile money

Mobile money appears to be a simple concept initially, with the ability to load money onto your account, text it off to a friend, family member, or business partner, and then have them cash out on the other side. But the reality is that this is a very powerful consumer tool, and in many cases has proved transformative. Perhaps the most famous example of this is [M-PESA in Kenya and Tanzania](#). What can begin as a simple service to transfer money can turn into a large “ecosystem”, where multiple transactions can be carried out using mobile money, not requiring cashing out at all, but instead being kept as a sort of virtual currency. However, this potential is only reached if mobile money is widely used. It is at this point that mobile money can become truly game-changing, allowing for the rapid payment for many differing services to anywhere in the network, even when recipients do not have bank accounts. This is quick, easy, and extremely low cost for users.

This new type of higher-tech mobile phone market has significant implications for how the mobile money market in Myanmar might evolve. Traditionally, mobile money has operated through the bulky SMS-based systems. 3G and smartphone technology is providing the opportunity for advances in the usability of mobile money services and has opened the door for quality-based innovation in these systems. As these services move towards smartphone and app-based systems, there is potential for customization and innovation of mobile money services, allowing for a greater focus on user experience and additional services.

There are small examples already on local mobile money firm's MyKyat's system, where it is now possible to select the language of the service and do much more than simply transfer money. This shift goes beyond simply creating a more user-friendly service. It becomes important who can provide the highest-quality service, in addition to who can provide the service at the lowest cost in order to draw customers. This allows for a far more dynamic market where providers can place themselves at different levels of quality and prices, leading to more choices for consumers on their type of service.

A new tool for aid and government

This technology has applications for government and international NGO transfers, especially to rural areas. If these mobile money ecosystems can be developed there, then transfer schemes for the rural poor can be done easily. These can include remittances, household subsidies, and disaster-relief efforts. This is of particular importance in Myanmar where transferring hard currency can be very burdensome administratively and transferring money via banks is currently difficult as the vast majority of Myanmar's population remains unbanked.

Currently in Myanmar a rudimentary transfer system (the Hundi System) uses the exchange of passwords over the phone and village-level agents collect and disburse cash, mimicking a one-time transfer of cash in between two individuals. The potential of mobile money is far greater than this rudimentary system. It will likely be cheaper and easier to operate, as well as establish much larger agent networks than currently exist in the Hundi System.

Application-based solutions can play a large part in overcoming many administrative barriers, especially when combined with mobile money. As smart-phones spread, there is scope to integrate application based systems with mobile money to deliver these transfers to target populations. This could revolutionize how both conditional transfers (transfers of earmarked funds for specific purchases) and unconditional transfers (essentially transfers of cash) can be carried out. An example of this potential could be an application that verifies your eligibility for a certain transfer and then either: A) transfers the money to the recipient in the case of an unconditional transfer; or B) transfers the money to the vendor in exchange for the ear-marked good (such as vaccines or fuel-efficient stoves) for the recipient in the case of conditional transfers. The details would have to be carefully worked out and tested, but this new potential is there.

Coming soon

Widespread smart-phone and mobile-money usage is coming to Myanmar. Currently restricted largely to major urban areas, the network for these services is poised to expand to encompass large portions of the population very shortly. When it does, the potential of these technologies is massive, both as a consumer tool and an innovation for current government and aid innovations. It is not inconceivable that Myanmar, as one of the only smart-phone dominated markets in a developing country, becomes a centre for innovation in how mobile money technologies are applied to reduce poverty and foster economic growth in the near future. The opportunity in this market is larger as a result and therefore so is the scope for innovation. It is not there yet, but mobile money in Myanmar is something to watch.