



Mobile financial services to emerging markets

**Annual General Meeting
March 2015**

Agenda

- ▶ Our Market
- ▶ Core Mobile Money business
- ▶ The HomeSend Joint Venture
- ▶ eServGlobal's ambitions

**"Other generations have eradicated disease,
invented radio and television and the telephone**

**"The opportunity to drive financial inclusion is
unique to us and our time."**

*Ajay Banga, MasterCard CEO,
Mobile World Congress conference,
Barcelona
Tuesday, 3 March 2015.*



Click image to play or go to:
<http://goo.gl/n2ebkj>

Our Market

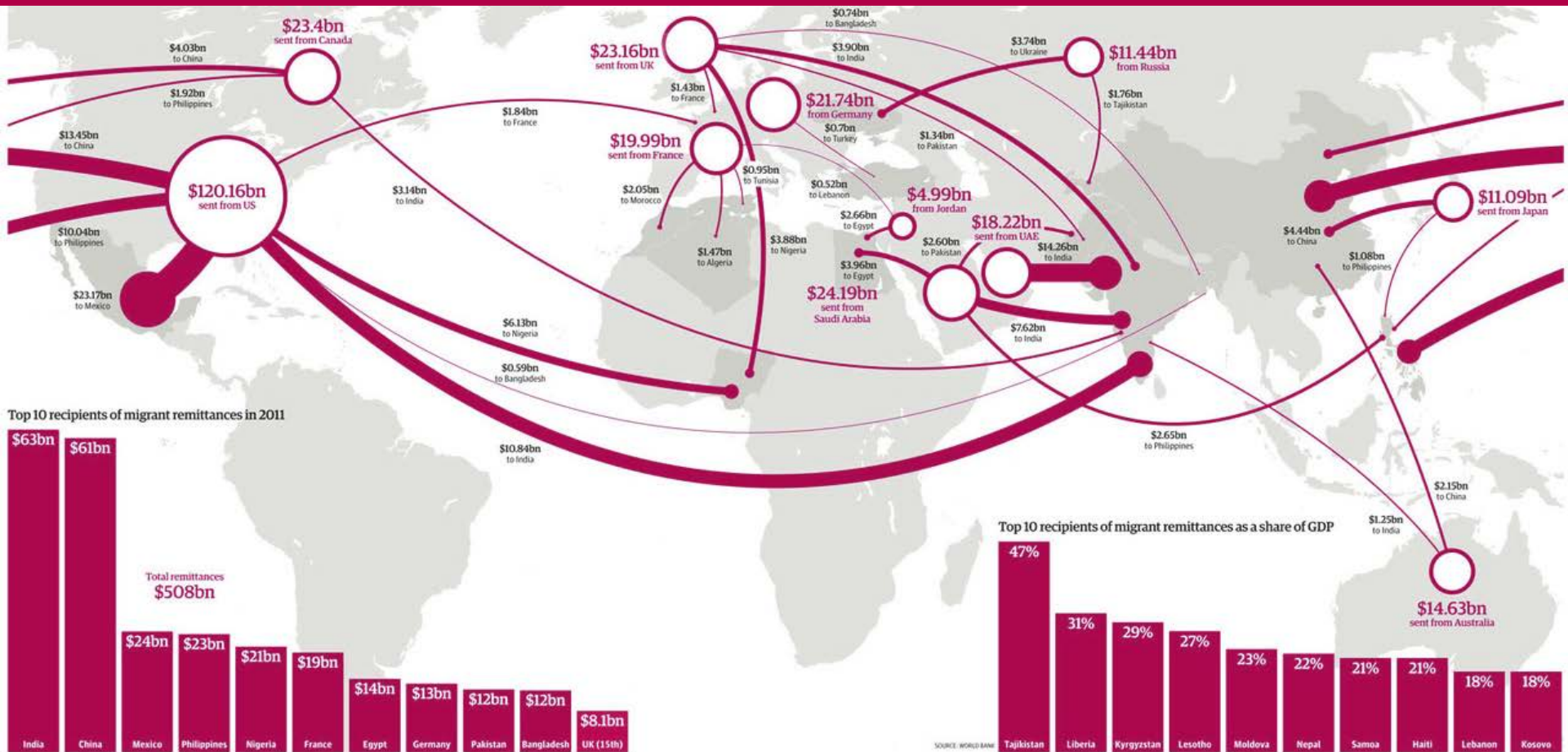
2.5 billion

working age adults
are unbanked
—half of the world's
adult population



US\$436bn

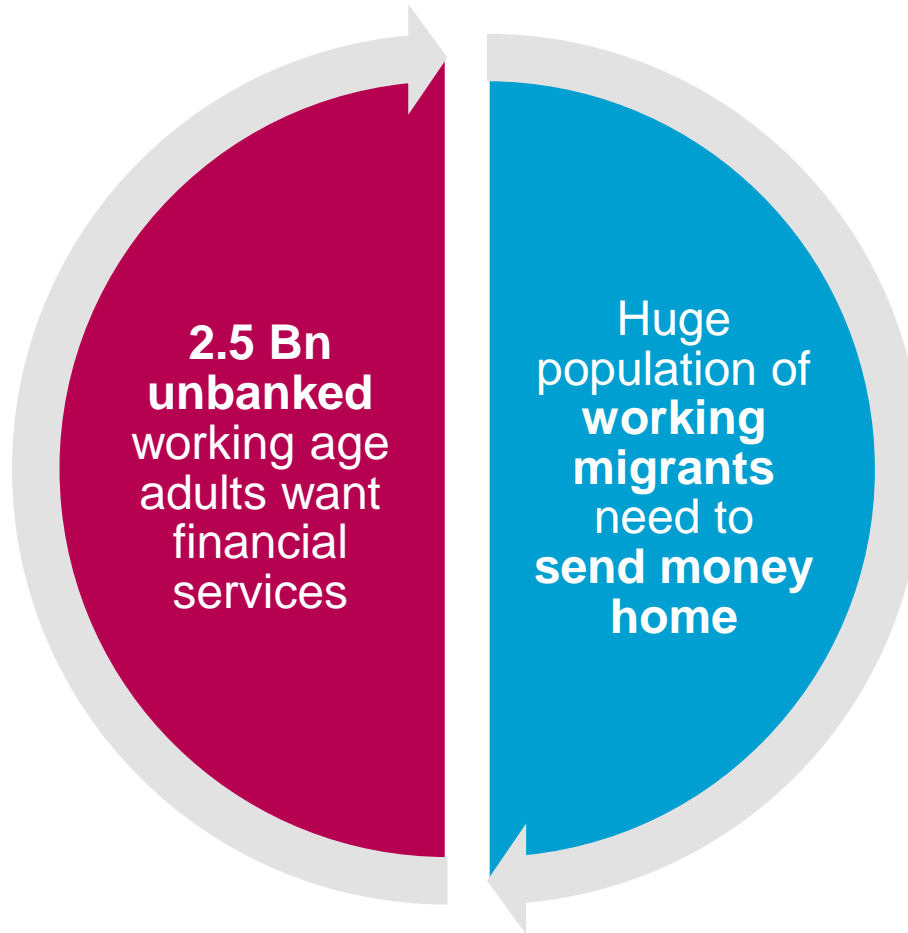
in international remittance is estimated to have been sent by migrants to developing countries in 2014 through official channels



Two different, but related markets, with enormous potential



Core Business:
Domestic mobile money, mobile financial services



International money transfer hub. JV with MasterCard & BICS

Established end-to-end technology.
Distinct but complementary solutions.



How did the mobile money market
perform in 2014?

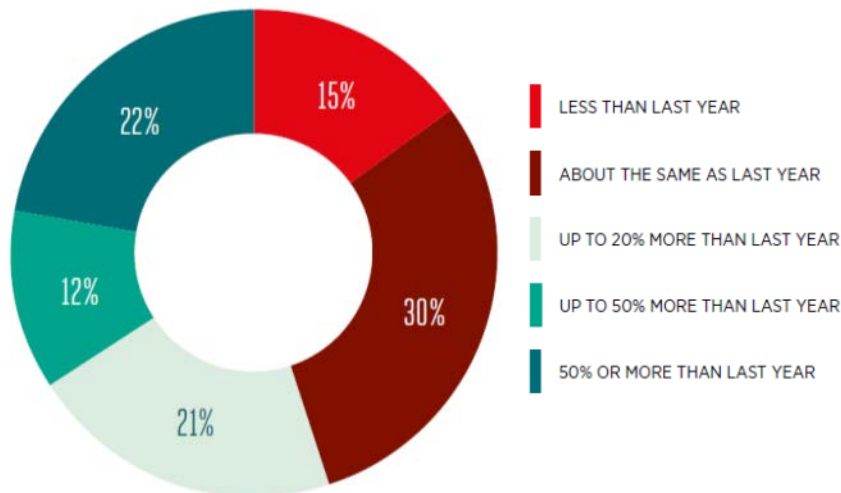
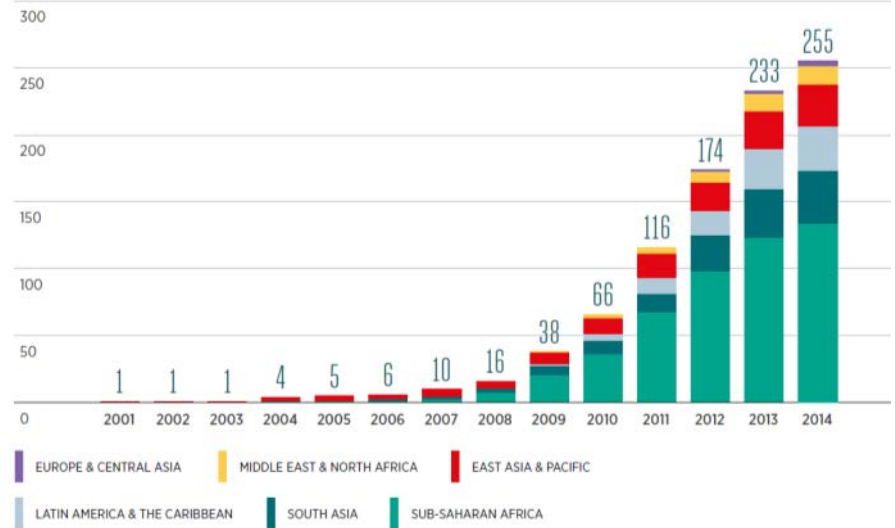
The market is growing

Growth in number of mobile money deployments

255 services now live across 89 countries.

Competition is heating up between services as many markets now have 2 or more services operating.

Regulators are recognising the role of mobile money to promote financial inclusion and passing reform to support the services.

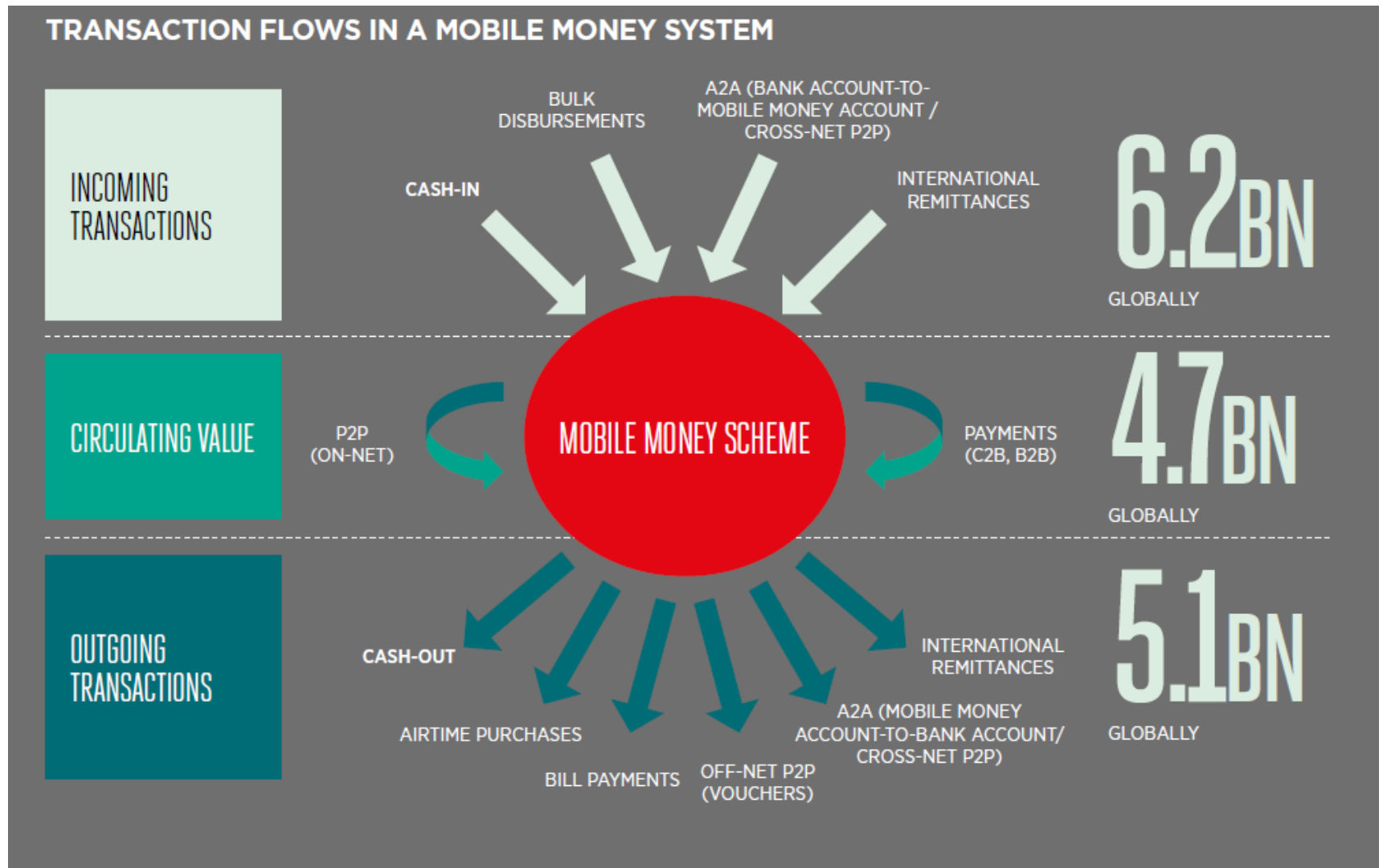


Continued investment in mobile money by service providers

Mobile money providers are continuing to invest in improving and expanding their mobile money services, showing important commitment to the long-horizon investment required.

Over 80% of service providers indicated that they had maintained or increased investment in 2014.

Our product portfolio is aligned with market demand



eServGlobal's Core Mobile Money Business

FY14 progress – Core business

- ▶ Realizing the rewards of investment in our technology platform and customer acquisition as the revenue mix of our core business moves to a **higher proportion of repeatable, high margin expansion and extension sales**. The increased mix of higher margin licence business is forecast to increase .
- ▶ We experienced **challenges in project delivery** due to combination of several elements – project backlog of customers from FY13, migration to a new technology platform, deploying in challenging geographies & regulatory delays in some markets.
- ▶ Our **customer base remains stable**, having invested in building this base over recent years, the company expects to **benefit from expansion and extension** business. Our customer footprint includes presence in **four Tier 1 operator Groups** (Zain, Orange, Ooredoo and Vodafone) ensuring both geographical & customer diversification.
- ▶ Continued **diversification of the customer base** to include a higher mix of Financial Institutions (FIs) to complement the existing strong footprint with Mobile Network Operators (MNOs).
- ▶ We have a **healthy pipeline** that will positively impact FY2015 including traditional operator groups and non-traditional financial institutions.

FY15 progress to date in core business

- ▶ We have made good progress rolling out the backlog of project work including the recent announcement of live services at three affiliates with the Zain Group
- ▶ Completed development of mobile money platform. Customer and prospect feedback has been positive
- ▶ We are implementing change to internal systems and processes internally to support the move to product-led solution company
- ▶ We are engaging with new partners to push our solutions into new geographical markets & customer base

Mobile money in Cabo Verde

New mobile money project with GMT Cabo Verde, to provide an end-to-end mobile money platform. The mobile money service will launch this year and provide users with the ability to perform domestic and international money transfers.

The Government of Cabo Verde recognises the potential that mobile money has to promote financial inclusion and is sponsoring a training program for agents to operate the service.





Joint Venture of MasterCard, eServGlobal and BICS

Progress post JV creation

- ▶ **Unrivalled reach** and still expanding - continually adding new hub members, eg **MoneyGram, Indosat Indonesia**
- ▶ MasterCard has **engaged their sales teams**, already delivering results:
 - ▶ Steward Bank in **Zimbabwe**
 - ▶ eTranzact in **Nigeria**
- ▶ MasterCard continue to promote and discuss HomeSend as part of their **emerging market strategy**
 - ▶ **Demonstration** on their booth at Mobile World Congress, Barcelona & featured in the recent **keynote address of MasterCard CEO, Ajay Banga**
 - ▶ Featured at their **IR Demo day** in the US in 2014
- ▶ **HomeSend partner marketing** is increasing with recent campaigns from Xpress Money, World Remit, Vodafone Fiji and mHITs amongst others.



Click image to play full speech or go to:
<http://goo.gl/8cvQ69>

To go directly to the section concerning the HomeSend JV, skip to 8mins.

Partner Marketing in 2014



Receive money instantly on your mobile!

VODAFONE
power to you

Also get **\$10.00 FREE TALKTIME**

Your Family from Australia, New Zealand, Canada, USA and the UK can now send money to your Vodafone M-PAiSA account.

Country	Remittance Partners
UK	World Remit
USA	World Remit
Canada	World Remit
New Zealand	World Remit
Australia	World Remit/mHits

M-PAiSA HomeSend

Now you can receive money from your loved ones overseas through M-PAiSA!
Call 123 to activate your M-PAiSA Account and reset your PIN.

Vodafone
Power to you

Conditions
Every transaction you receive will get you \$10.00 FREE talktime. FREE talktime will expire in 3 days. Customers must have an active M-PAiSA account to receive money. Customers can create their M-PAiSA account by simply going to any nearest M-PAiSA Agent. Fee table, Promotion and ratings. Withdrawals: 31st December 2014. For more information contact customer care on 124 (toll), 123 (charged) or visit www.vodafone.com.au. Conditions Apply.

For example:

If I want to send \$100 to someone in the Philippines and their mobile number is 639123456789, the SMS would look like this example:

Step 1: Compose an SMS with payment details.

To the mHits phone number 0428 686 448 (0428 MY mHits)
Phone number of recipient (the mobile number must be in international format including the country code)
Amount of payment
Name of recipient
Address of recipient

Send to mHits

Step 2: Receive a confirmation message with a one-time code.

Amount of payment
Phone number of recipient
Use this authorisation code

Reply to the mHits phone number
Authorisation code

Then reply with the one-time code to authorise the payment.

Reply to mHits

Step 3: Recipient gets the money!

Message to recipient
Amount of payment

You have received
\$100.00 from
639123456789

Send money to Somaliland by SMS

mHits Remit lets you send money instantly to Telecom ZAAD accounts in Somaliland using your mobile phone.

- safe
- easy
- fast

Just use their mobile number!

Telecom ZAAD

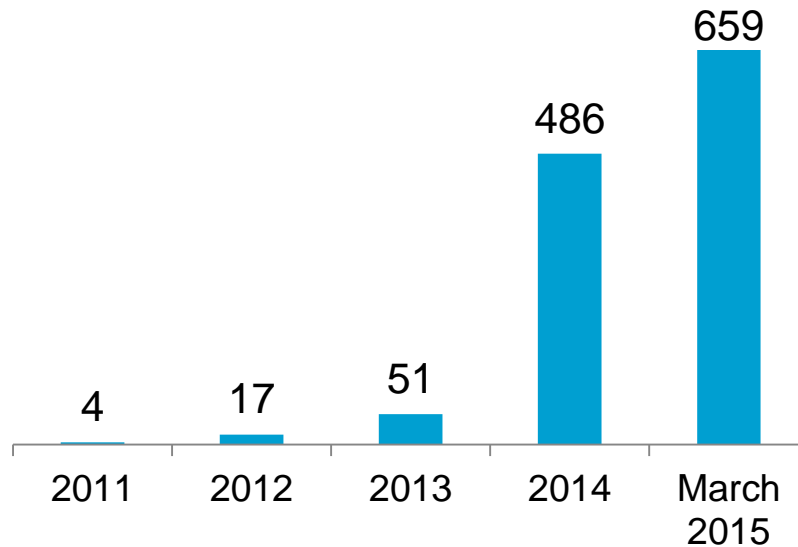
how it works

step 1: compose SMS
step 2: receive confirmation and authorise
step 3: recipient received USD
it's easy!

www.mhits.com.au/remit

POWERED BY WHITS

Live remittance corridors



During 2014 HomeSend's first strategic priority was to focus on expanding the number of **live remittance corridors**.

At end 2014 there were **486 live corridors**.

As at March 2015 there are now **659 live corridors** connecting 233 sending countries and 32 receiving countries.

- ▶ **600% YOY increase** in the number of transactions in 2014.
- ▶ **Strong pipeline of prospects** – mix of MTOs, mobile money services, and emerging digital players.

Seizing the remittance opportunity

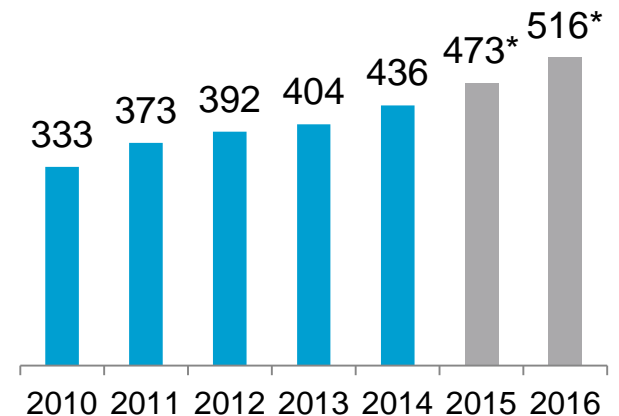


- ▶ HomeSend is a first-mover in a substantial market. Established technology that meets an existing need.
- ▶ The HomeSend management has presented a strategy to accelerate growth to capitalise on current demand. The strategy includes:
 - ▶ Co-funded marketing initiatives to stimulate subscriber demand
 - ▶ Requirement for a new data centre which is PCI-DSS compliant as a pre-requisite to connect to the MasterCard network
 - ▶ Acquisition of a banking license
- ▶ Requirement for extra capital from JV partners
 - ▶ If approved maximum is €10.0M (€3.5M ESV contribution). Timing is late 2015.

Remittances sent by migrants to developing countries

US\$436 billion sent in 2014 through official channels.

Estimated that unofficial remittance could represent up to a further 50%



In \$US Billions

*forecast

Source: The World Bank

eServGlobal's Ambitions

eServGlobal's ambitions

Already achieved ...

- ✓ Achieve EBITDA profitability
- ✓ Presence in Tier 1 Groups (Zain, Ooredoo, Vodafone & Orange)
- ✓ Top 3 Mobile Money vendor
- ✓ HomeSend JV creation

Looking forward

- Leverage investment in best-in-class PayMobile platform to support transition to product-led solution company
- Aggressively expand the number of subscribers using eServGlobal mobile money solutions
- Push geographic diversification
- Expand partner network