

MOBILE MONEY IN PARAGUAY: AN EXPERIENCE OF COLLABORATIVE REGULATION

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Comisión Nacional de Telecomunicaciones
CONATEL





Paraguay



Paraguay is a landlocked country in the center of South America with a surface area of 406,752 km²

Population: 7 052 983 inhab.
4,909,800 are adults entitled to effect financial transactions.
level of banking – access to and use of banking financial services – of less than 30 per cent

GDP (purchasing power parity - PPP)

- Total USD 85,062 million
- Per capita USD 12,408

GDP (nominal)

- Total USD 36,346 million
- Per capita USD 5,303

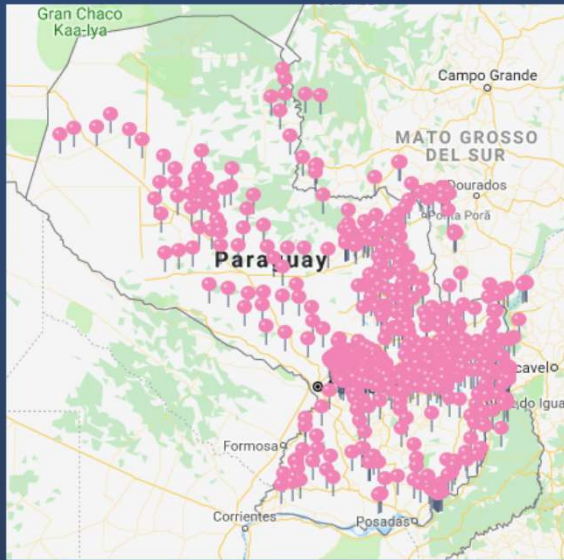
Mobile Phone Service

Mobile Phone Service	Quantity
Operators	4

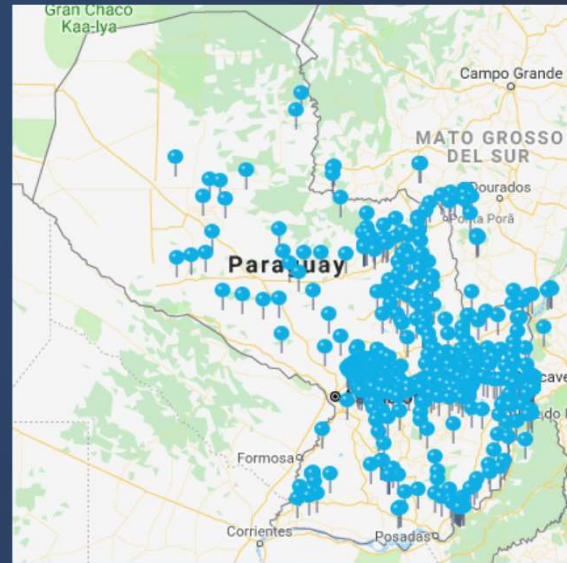
Mobile Phone Service	Quantity
Users	7.460.000

OPERADOR 1	3.610.321	48 %
OPERADOR 2	2.471.257	33 %
OPERADOR 3	1.161.458	16 %
OPERADOR 4	246.438	3 %

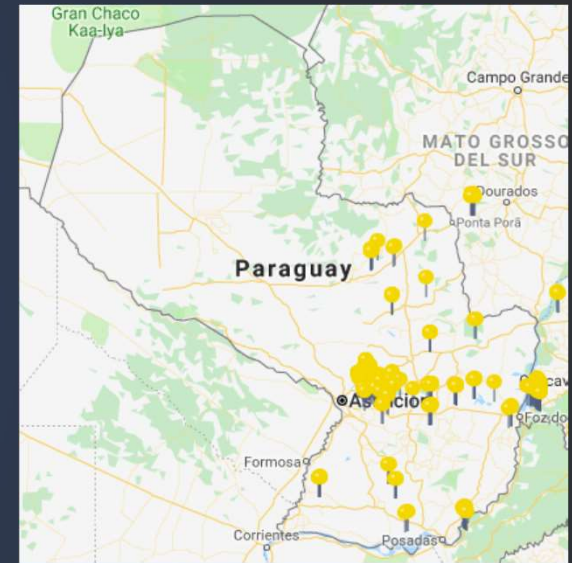
Coverage



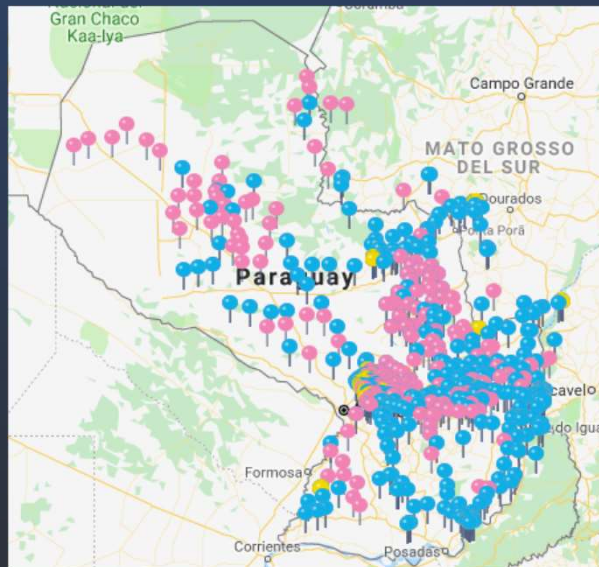
2G



3G



4G



The coverage of the mobile telephone service covers approximately 45% of the territory of the country and reaches approximately 95% of the population

Paraguay



Central Bank of Paraguay

Mission:

Preserve and ensure the stability of the value of the currency, promote the efficiency and stability of the financial system.



National Telecommunications Commission

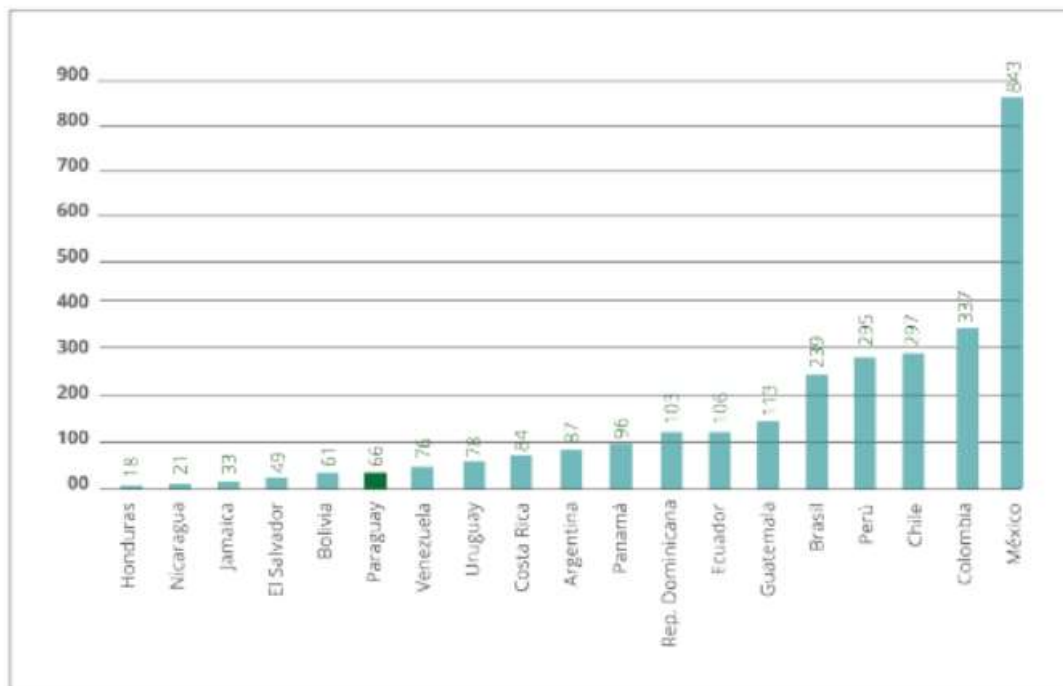
Mission

Development, control and regulation of telecommunications.

Access points to financial services per 100 thousand adults in Latin America and the Caribbean

66 access points
to financial
services per 100
thousand adults

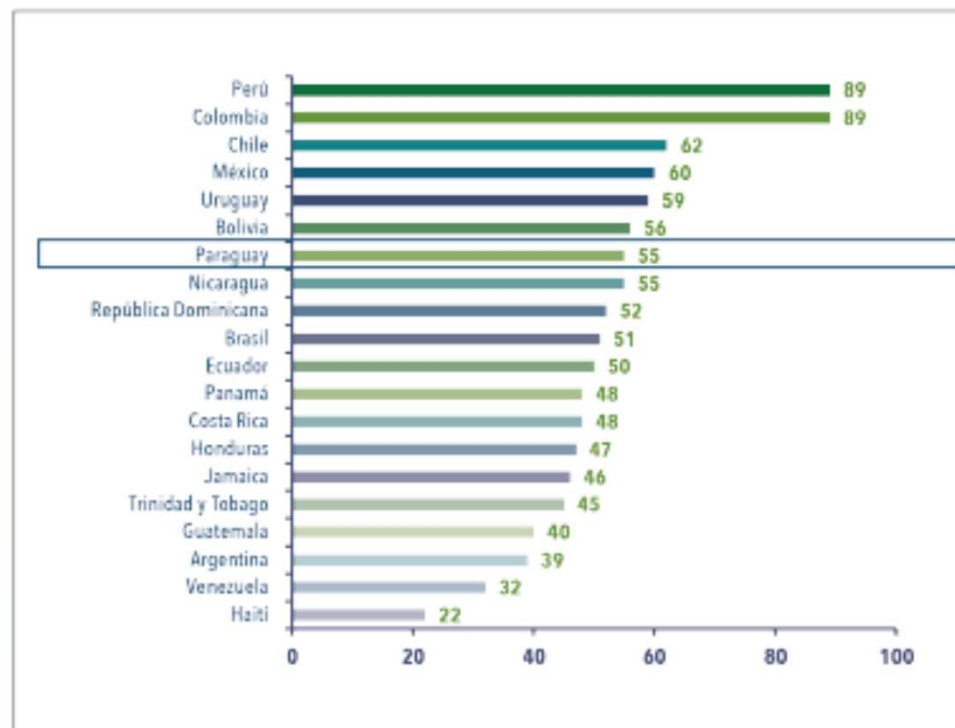
**GRÁFICO 3.1: PUNTOS DE ACCESO DE SERVICIOS
FINANCIEROS POR CADA 100 MIL ADULTOS**



Fuente: Inclusión Financiera y Desarrollo del Sistema Financiero en América Latina y el Caribe: Datos y tendencias. FOMIN, BID a Dic- 2015

Financial inclusion environment in Latin America and the Caribbean

GRÁFICO 1.1. AMÉRICA LATINA Y EL CARIBE: PUNTUACIÓN DEL ENTORNO DE INCLUSIÓN FINANCIERA



Fuente: *Microscopio global 2016: Análisis del entorno para la Inclusión Financiera. EIU.*

55 points of 100 points possible



Electronic Payment Means Entity (EMPE):

Authorized legal entity whose exclusive purpose will be to process, administer and / or provide services related to electronic payment means, through telecommunications services. The EMPE may provide electronic money provision services and / or make non-bank electronic transfers.

Electronic money:

Monetary value electronically stored in an electronic money account for reception of funds in local currency, accepted as a means of payment by persons other than the EMPE and by the EMPE, and convertible to money in cash

AMÉRICA LATINA Y EL CARIBE: SERVICIOS Y PRODUCTOS DE DINERO MÓVIL



Fuente: Panorama del dinero móvil en América Latina y el Caribe - CEMILA

Number of financial services providers in Paraguay (2017)



TABLA 2.1. CANTIDAD DE PROVEEDORES DE SERVICIOS FINANCIEROS⁷

	CANTIDAD DE ENTIDADES	CANTIDAD DE SUCURSALES
INSTITUCIONES REGULADAS		
Bancos ⁸	17	543
Financieras ⁶	9	104
Cooperativas Ahorro y Crédito. Tipo A ⁹	38	238
Instituciones Financieras Públicas ¹⁰	2	78
Compañías Aseguradoras ¹¹	35	267
Empes ¹²	3	11.250 ¹³
Casas de Bolsa ¹⁴	9	*
INSTITUCIONES NO REGULADAS		
Casas de Crédito ¹⁵	25	
Casas de Empeño ¹⁶	818	
Instituciones Microfinancieras sin Fines de Lucro/ONG's	1	

Banks

543 agencies

EMPEs

11.250 points

¹ Los agentes corresponsales son agentes en comercios como farmacias, gasolineras, tiendas de barrio, supermercados o servicios postales en los que se pueden realizar ciertas transacciones financieras: depósitos, retiro de efectivo, pago de servicios, entre otros.

EMPE's in Paraguay (2018)



N°	Commercial Name
1	Giros Tigo
2	Billetera Personal
3	Giros Claro
4	Zimple

Services



The cornerstone of mobile money services is the conversion of physical money into e-money and vice versa. The following services are offered:

- Money transfers.
- E-wallet.
- Means of payment of invoices for over 100 public and private services.
- Granting of microcredits to finance the purchase of Smartphone equipment.
- Microcredits (in this case the entities offering electronic means of payment act as a way of access to financial entities, and the withdrawal of and payments for the loans can be done at the transaction points of the entity offering electronic means of payment).

Mobile money market in Paraguay (first quarter of the year 2018)



Company	N° of transactions	%
Giros Tigo	4,075,586	88,63
Billetera Personal	465,913	10.13
Giros Claro	49,894	1.08
Zimple	7,164	0.16
Total	4,598,557	100

Mobile money market in Paraguay (first quarter of the year 2018)



Company	Digital Money (USD)	%
Giros Tigo	13,500,000	83.40
Billetera Personal	1,900,000	11.75
Giros Claro	722,659	4.46
Zimple	63,908	0.39
Total	16,186,567	100

Mobile money market in Paraguay (first quarter of the year 2018)



Company	Enabled accounts	%
Giros Tigo	1,733,728	71,6
Billetera Personal	460,067	19
Giros Claro	217,927	9
Zimple	9,686	0.4
Total	2,421,408	100

However, of the existing total, only 64% are active.

<https://www.5dias.com.py/tigo-domina-el-89-del-mercado-de-billetera-moviles/>
01/06/2018

Financial and telecommunications regulatory framework



The electronic means of payment market developed initially without regulations, in the beginning.

But in 2014 the Central Bank of Paraguay issued the Electronic Means of Payment Regulations.

The purpose was to regulate the provision of e-money, non-banking electronic transfers and requirements to be met by entities providing such services through telecommunication services.

Financial and telecommunications regulatory framework

In 2016, the National Telecommunications Commission issued the Regulations on the Provision of Telecommunication Services as Electronic Means of Payment.

The purpose of the regulation is to establish the technical, economic and legal conditions applicable to the provision of telecommunication services used as the support for making electronic payments over their networks.

The regulations stipulate that the provision of telecommunication services as electronic means of payment shall be governed by the principles of network neutrality, non-discrimination, equal access, transparency and cost efficiency.



Financial and telecommunications regulatory framework

Telecom
Operator

EMPE



CONATEL



Financial and telecommunications regulatory framework



Regulatory profile of mobile money companies

Item	Description
Regulation	Resolution N° 6/2014 BCP (financial matter)
	Resolution N° 1442/2016 CONATEL (telecommunications matter)
Name of entities	Electronic Payment Means Entity (EMPE)
Nature of the entities	Legal societies
Transactions considered in the regulation	Conversion, payments, non-bank electronic transfers
Constitutes deposit	No
Generates interests	No
Consignment of funds	Trust equivalent to 100% of the balance represented by the sum of the amounts not yet paid by the EMPE to its holders, agents and point of sales

Taking advantage of experiences

- ✓ With the cell phone as a main ally, more and more people and companies are betting on electronic money to make their payments generating an interesting dynamic for the Electronic Payment Media Companies (Empes). Mobile telephony stands out as a new mean to carry out financial transactions.
- ✓ Mobile money products are considered very safe since transactions are made using a reliable device, in this case the user's SIM card.
- ✓ If trust is broken, the system will fall. That is why it requires a regulation that above all protects the rights of users.



Taking advantage of experiences

- ✓ The regulation, although it is properly financial, nevertheless also has aspects of telecommunications.
- ✓ For this reason, in Paraguay, the Central Bank and the Regulatory Entity of Telecommunications (CONATEL) carried out joint work, each one in its area of competence.
- ✓ The financial regulation itself involves the participation of the telecommunications regulator in the process of obtaining the authorization granted by the Central Bank.



Taking advantage of experiences



- ✓ In 2016, only 2 companies were operating and today there are 4 companies operating normally. Even the last authorized company does not have any type of connection as a business group with any telecommunications operator.
- ✓ In 2016 it was not possible to send money from one user of a mobile telephone network to another, and that is currently possible.



Lesson learned



- ✓ The coordinated regulation between the Central Bank and de National Telecommunications Commission has strengthened the mobile market.
- ✓ Regulatory Telecommunications Bodies should learn to work collaborative with others organizations of different sector, because the telecommunications are a transversal factor in the economy and in the society.



Thanks a lot

Victor Martinez

National Telecommunications Commission
CONATEL

