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THE MARKET POTENTIAL FOR ELECTRONIC PAYMENT
APPLICATIONS IN GHANA AND UGANDA. CASE COMPANY-
MAVIANCE GMBH

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Abstract

Nowadays, electronic payment solutions are widespread all around the world. Besides, their popularity is rapidly growing in emerging markets bringing numerous business opportunities to the international companies specializing in electronic payment systems.

The aim of this thesis is to create a marketing strategy for the penetration of Ghana and Uganda with Smobilpay, which is an electronic payment application of Maviance GmbH. The research is done with the help of an analysis of the business environment for electronic payment solutions in Ghana and Uganda.

The marketing strategy includes a description of the appropriate pricing approach as well as distribution and promotion channels for Smobilpay. According to the research and interviews, recommendations for market penetration of Ghana are given.

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1 INTRODUCTION

1.1 Background

Payment systems have demonstrated notable changes in the past twenty years. In the last century, the payments among the banks were carried out by exchanging paper payment instructions, which became known as the “paper-based payment system” (Nakajima 2012). However, a significantly increased number of payments have required great paper work and, consequently, enormous amounts of time. Consequently, electronic payment systems appeared to replace paper-based ones.

The development of e-commerce has further digitized the payment procedure (Ramezani 2008). The popularity of electronic payment services is rapidly growing, and there is no need for physical interaction between the buyer and the seller. The ultimate goal of each electronic service is to satisfy consumers’ needs and desires, maximizing at the same time the company’s benefit.

Electronic payment services are widespread especially in the developed markets. However, during the last decade, electronic payment technologies have actively penetrated emerging countries and gradually gained popularity.

1.2 Aim of the study

The aim of the study is to investigate the market potential for electronic payment technologies in two African countries, Ghana and Uganda. In this paper, electronic payment is defined as a transfer of funds over an electronic network in return for a good or service (Business dictionary 2011).

The understanding of electronic payment technologies is accomplished through the case of Smobilpay™, a smart mobile payment solution. The research is conducted

for Maviance GmbH in Leipzig, Germany. The study provides Maviance GmbH with an overview of the political, economic, technological and environmental situation for electronic payment solutions in Ghana and Uganda. Moreover, it provides with a marketing strategy for the market penetration of Ghana.

1.3 Methodology

The ways of collecting the data for the study are primary and secondary research methods. The data provided in this research related specifically to Ghana and Uganda. Nevertheless, a lot of information about the business environment still fits other African countries.

Primary information is collected via face-to-face interviews with the managing director and co-founder of Maviance GmbH (Flach 2016). The major purposes of the interview are:

- To explore the company's previous business activities in certain African countries (Cameroon, Nigeria, and Malawi).
- To learn which factors have to be considered in order to choose the country for penetration (e.g. political stability, legal environment, educational level)
- To understand branding strategy of Smobilpay™
- To learn about the main substitutes and competitors of Smobilpay

Secondary information was gathered from governmental statistics, scientific publications as well as from magazines, journals and newspapers. This information provides outline of the business environment in Ghana and Uganda. Additionally, it illustrates trends in the business environment in the new potential markets of operations.

1.4 Outline of the report

The thesis contains four parts: an overview of electronic payment systems, assessment of business environment in Ghana and Uganda, developing marketing strategy for market penetration and final summary of the findings.

The overview of electronic bill payment includes general description of electronic payment technologies and gives characteristic of Smobilpay™, which is an electronic payment solution of Maviance GmbH.

The business environment in Africa, particularly in Ghana and Uganda, is analysed in regards to political, economic, technological, socio-cultural, environmental factors and the level of competition.

The marketing strategy part includes suggestions for the appropriate way of market penetration, concentrating on service itself, a pricing approach as well as finding out potential distribution channels and promotion tactics. The summary reviews the main findings of the study.

2 ELECTRONIC PAYMENT SYSTEMS

2.1 General characteristic of electronic bill payment services

Electronic bill payment is defined as a facility provided by organizations that enables customers to receive and pay bills through a computer or mobile telephone (Business dictionary 2016).

An Electronic Payment System, also known as E-Payment System, allows processing any cashless payment through electronic methods. (Asia Pacific Journal of Finance and Banking Research 2009.)

There are two main electronic payment methods:

1. Credit payment system, which involves credit card payment, E-Wallet and Smart card payment.
2. Cash payment system

This study focuses on cash payment system or Electronic Funds Transfer (further EFT). EFT is a transaction that takes place over a computerized network, either among accounts at the same bank or to different accounts at separate financial institutions (Financial dictionary 2012).

EFT encompasses many other payment models, such as Direct Debit, E-Check, E-Cash, E-commerce loyalty programs, Automated Clearing House network and Electronic billing (Paymill 2010). This thesis emphasizes electronic billing.

Electronic payment systems provide consumers and companies with plenty of advantages (Government Finance Officers Association 2014).

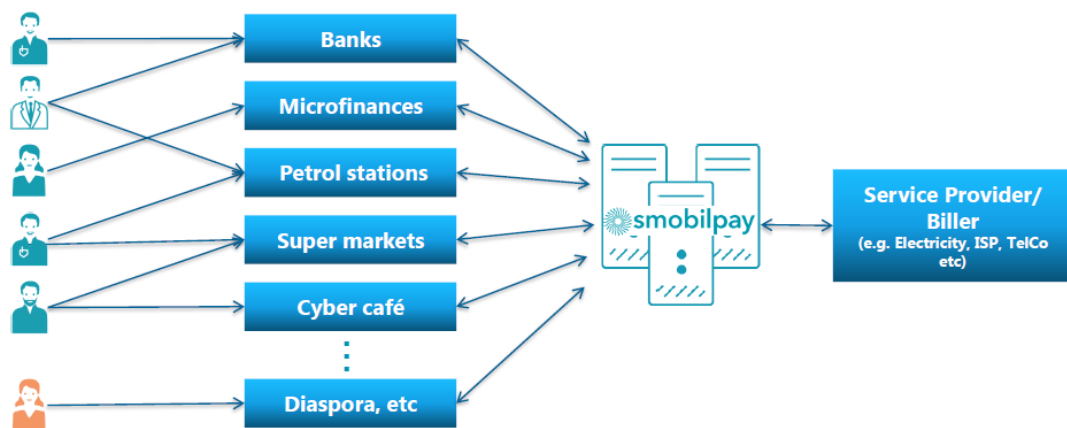
1. The electronic bill payment services are the least expensive methods of billing in comparison to the traditional billing.
2. Electronic payment methods are convenient and time saving. They simplify the overall payment process, making it faster and requiring less input from the payer and business in contrast to traditional method of bill payment. Money transfer between virtual accounts usually takes a few minutes. Using electronic payment services customer does not have to waste time waiting in lines at a bank or post office.
3. Electronic payment systems allow the payer to choose any location for his payment.
4. Businesses also benefit by offering its customers the opportunity to pay via electronic payment services. By providing customers with the possibility of online and offline payment, the company can extend conversion rates and increase the number of loyal customers.

5. Electronic payment provides businesses with secure channels for accepting payment outside their offices.
6. A paperless payment systems help to reduce the delays in payments and decrease the corruption level.

2.2 Electronic payment solution of Maviance GmbH – Smobilpay

Maviance GmbH is a German company, which specializes in Business and IT consulting, and software development. The software development of Maviance GmbH involves Web and Mobile Application development, Web design and Java application development.

The focus of the study is on web and mobile Application development. One of the main services of Maviance GmbH is Smobilpay. Smobilpay is “web and mobile payment solution that facilitates bill payments in emerging economies by integrating multiple service providers on a single platform connected to a network of third party collectors (Banks, microfinance, supermarkets, petrol stations, etc.)” (Maviance official webpage, 2012). Smobilpay acts as a bill aggregator integrating multiple service providers (e.g. electricity, water, TV, internet providing companies) on a single platform, where all bills are collected (Picture 1).



Picture 1. Paying bills via Smobilpay (Source: Smobilpay Website 2016).

Smobilpay™ business model involves both business-to-business (B2B) and business-to-consumer (B2C) concepts. This model is described below:

1. Maviance GmbH (Germany) creates the software to make Smobilpay activities possible.
2. Maviance GmbH develops a marketing campaign to sell the software license to African partner (B2B)
3. An African partner (financial institution) buys the license, which allows using Smobilpay software to collect payments (B2B)
4. An African owner of the Smobilpay license is searching for individual third-party agents who will operate Smobilpay in urban and rural areas (B2B).
5. The African owner of Smobilpay can also use the system to collect the payments from bill payers (B2C).
6. Smobilpay third-party agents use the Smobilpay system to collect payments from bill payers (B2C).

This study focuses more on the B2B part of the operations. However, B2C activities will be briefly described in the document.

Smobilpay B2C operations work in the following way:

1. A bill payer (consumer) receives a bill from the service provider company (e.g. a bill for electricity).
2. He/she goes with this bill to the Smobilpay agent (owner of Smobilpay in African country or third-party agent).
3. Using web or mobile version of Smobilpay, which works online and offline respectively, the agent implements the transaction.
4. Smobilpay validates and performs the request.
5. The agent approves the success or failure of transaction and provides the customer with a payment notification by SMS, E-mail or printed receipt.

The Smobilpay platform is designed for developing countries as it supports banked and unbanked, mobile and mobile-less users, multiple sales channels, such as agents, mobile, web, and ATMs, and it offers its clients plenty of payment positions. Currently, Smobilpay™ presents in Cameroon, Nigeria and Malawi with an opportunity to expand to other African countries.

3 BUSINESS ENVIRONMENT FOR ELECTRONIC PAYMENT SYSTEMS IN GHANA AND UGANDA

3.1 Choice of target countries

Africa encompasses 54 countries with diverse backgrounds, cultures and levels of development. Nowadays, Africa faces strong growth due to factors such as relative political stability, urbanization, growing populations and expanding middle class (Xcom Africa 2013). In order to choose target markets for developing penetration model the following factors were considered:

1. Population
2. Official language(s) in the country
3. General political situation in the country
4. Access to electricity
5. Recommendations of Maviance GmbH management

After a general review of African countries, Ghana and Uganda appeared to be suitable countries for the research.

Population

The population factor is essential due to the fact that a new business should attract a lot of new customers in order to survive in the market. It is more effective to start a new business in a place where there are more potential clients and then expand to the less populated areas.

The population in Ghana is 27.41 million (Worldbank 2015). The population in Uganda is 39.03 million 2015 (Worldbank 2015). Ghana and Uganda are among the top 13 most populated African countries (United Nations Department of Economic and Social Affairs 2015).

Adult population is an addressable customer group for Smobilpay due to the fact that this group of the population is financially independent and pays bills and products. The adult population in Ghana accounts for 61.1 percent of the total population with annual growth rate 1.8 percent. The adult population in Uganda is 51.4 percent, with annual growth rate 3.1 percent (Worldbank 2014).

Official language

Another significant factor is the official language. The language options supported by Smobilpay web client interface are French and English, meaning that Smobilpay users (agents, country managers, administrators, etc.) have to speak either French or English fluently. Bill-payers do not necessarily need to speak any of these languages. All operations on Smobilpay platform are made by the agents. The issue is that the agent and bill-payer have to understand each other.

The official language in Ghana is English, which dominates in government and business affairs. English is also used for educational purposes (The Embassy of the Republic of Ghana 2016).

English is also the official language in Uganda. English is spoken by most educated Ugandans. Educated Ugandans are the potential operators of the Smobilpay platform.

Political situation

When setting up a business in a new market, it is vital to pay attention to political situations within a country. Ghana is considered as one of the most stable countries in West Africa since its transition to multi-party democracy in 1992 (BBC 2016).

Uganda is subjected to regional instability and uncertainties, including political situations in South Sudan and the Democratic Republic of Congo. However, the political system in Uganda is relatively stable, compared with a volatile history, and switched to a multi-party democracy is being introduced (Euler Hermes Group 2016).

Access to electricity

In order to choose the penetration market for electronic payment technologies, it is crucial to know the situation regarding electricity access in a country. Already in 2013, Ghana had an electrification access rate of over 72 percent, in urban areas 92 percent, in rural – 50 percent (World Energy Outlook 2013). It can be considered as a positive index in comparison to the average index in Africa, which was 43 percent in 2013. The government of Ghana has set an impressive goal of universal electricity access of 100 percent by 2020 (The World Bank 2015).

Electricity in Uganda is not as widespread as in Ghana. In 2013, the average access to electricity in Uganda was 15 percent, in urban and rural areas 55 percent and 7 percent, respectively. However, there is still an opportunity for a business to start operating in the urban areas with a vision to penetrate the rural ones.

3.2 Analysis of the target countries

In order to develop recommendations for Maviance GmbH regarding market penetration of African countries, it is essential to investigate the following factors:

1. The political situation and legislation in the target markets
2. The economic environment, banking, microfinance sectors and currency risks
3. The socio-cultural background in target countries
4. The level of technological and infrastructure development
5. Environmental factors

The following issues are described and evaluated in the paper. On the basis of the results, the marketing strategy for market penetration with electronic payment application is designed.

3.2.1 Political and legal environment

Political environments in Ghana and Uganda

Ghana, in comparison to its neighbors, has been a stable democracy since the introduction of constitutional democracy in 1992 (Ministry of Foreign Affairs in Denmark 2015). In the last two decades, Ghana has progressed significantly towards establishing a sustainable foundation for democratic growth (Oxford Business Group 2015).

The Republic of Uganda achieved its independence from Colonial rule in 1962. However, afterwards Uganda experienced extreme political instability, characterized by civil wars and military coups. In 1986, the current government established a democratic parliamentary system. During the last three decades, Uganda faces relative peace and development and opens plenty of opportunities for establishing new businesses (Bureau of African Affairs 2016). However, the turbulent political

situation in South Sudan and the Democratic Republic of Congo, which are neighboring countries of Uganda, can also negatively affect Ugandan political stability.

Legal environment in Ghana and Uganda

An adequate legal environment is vital to secure electronic transactions between enterprises, consumers and public authorities. A significant matter which has to be considered when entering new markets is that some countries in Africa protect local currency by putting limits on foreign exchange deals (Flach 2016). The part of the commissions earned by Smobilpay goes to the Maviance account in Germany. This part of commission cannot exceed the transfer limit established in a country. This issue is very critical for Smobilpay, but this study does not center around legislation on money transaction limitation in Ghana and Uganda.

Another crucial problem is corruption, which influences the overall process of setting up a new business in a country. The previous experience of Maviance GmbH shows that it takes approximately two years to get a license in an African country for starting a new business, meaning that a very long time is needed to get a license without supporting illegal practices, which are not accepted by Maviance GmbH (Flach 2016).

Ghana is a highly corrupted country. According to World Bank, Ghana's Corruption Perception Index (further CPI) was 47 out of clean score of 100 in 2015, meaning that Ghana is ranked as the seventh most corrupt African country. However, in comparison to the score in 2012 and 2013 when the CPI was 45 and 46, respectively. The situation is gradually improving. (Transparency International 2015.)

The level of corruption in Uganda is even higher than in Ghana. According to Transparency International, the CPI 2015 in Uganda was 25. In comparison with Ugandan CPI in 2013 (26 points out of clean score 100), corruption level in Uganda is gradually growing (Transparency International 2015).

3.2.2 Economic environment

Due to the energy crisis in Ghana in the last few years, the country has been experiencing economic imbalance. In comparison to 2014, GDP has declined approximately 2.5 percent, amounting to 1.1 percent GDP growth (World Bank 2016.) However, the economy is expected to recover, driven mostly by an increase in oil and gas production, combined with enhanced public infrastructure investments and improved macroeconomic outline and political stability (African economic outlook 2015). Economic forecasts show that by 2017 the GDP in Ghana will grow, reaching 1.9 percent (Economic Forecasts 2016).

Since the democratic parliamentary system was established in Uganda, the country has experienced rapid economic growth (The State House of Uganda 2013.) The GDP in 2014 was 4.8 percent and it is expected to reach 5.1 percent in 2016 (Worldbank 2015). Growth will be mainly boosted by high performance in the industry and services sectors, and by public infrastructure investment (African Economic Outlook 2015.)

Banking sectors in Ghana and Uganda

Banking institutions in Ghana and Uganda are potential partners of Maviance GmbH and owners of Smobilpay license. Currently in Ghana there are 31 banks in operation (List of Licensed Banks in Ghana 2016). For a long time, the banking sector was an essential driver of economic growth in Ghana. During the last couple of years, the banking sector has faced challenges, including weakness in the regulatory environment and growing non-performing loans. Another obstacle is that banks are used only by a minor part of population. According to the World Bank, 30 percent of the Ghanaian population has one or several bank accounts in registered banks in Ghana (World Bank 2014). However, it is still more than in most other African countries. In order to attract new customers, banks need to increase the variety of services that they offer to their clients (The Economist 2016). This opens business opportunities for Smobilpay to cooperate with banks for providing customers with the

possibility to pay their bills in banks. This way both banks and Smobilpay will benefit: Banks – by offering clients new services, and Smobilpay by gaining more customers and rising revenue.

There are 25 banks registered in Uganda (List of Licensed Banks in Uganda 2015). According to the article by Faridah Kulabako, a Ugandan news agency reporter, the banking industry of Uganda is gradually returning to profitability after a weak performance during the last three years, which resulted from turbulent economic times in 2011. All banks which have released their audited financial statements have published profit rises in 2015 (Kulabako 2015). However, the majority of the Ugandan population is still staying unbanked. Six million accounts are registered in the banking sector, which makes it only 17% of Uganda's population (Mwesigwa 2015). Even though the banking sector is not highly developed in Uganda, there is still potential for Smobilpay to find bank-partners in urban areas of the country.

Microfinance sector in Ghana and Uganda

Banks and Microfinance institutions are both Payment Service Providers (PSP) who are targeted by Smobilpay as potential partners and owners of Smobilpay in Ghana and Uganda. "Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services" (Xcom Africa 2013, pp 14).

Microfinance institutions have gained popularity in Ghana and Uganda during the past decade. The main benefit of microfinance over traditional banking is that the first one usually does not require documentary evidence, and long-standing bank customer relationships in order to issue a small credit or implement basic financial operations. In Ghana 70 percent and in Uganda 80 percent of population are still unbanked (The World Bank 2015). Uganda has one of the most dynamic microfinance industries in Africa. Nowadays, microfinance is viewed as the most suitable way for delivering financial services to low-income people (Association of Microfinance Institutions of Uganda 2011).

This creates a business opportunity for Smobilpay to get partners among microfinance institutions. The Smobilpay system is easily adoptable and does not require any expensive branches. It allows reaching customers not only through traditional banks but through small microfinance institutions and even individuals who are taking the role of third party agents.

Mobile money in Ghana and Uganda

Sub-Saharan African countries, including Ghana and Uganda, experienced extraordinary growth in mobile money services in 2015. “In 2015, (in Sub-Saharan African countries) growth in active mobile money agents was 60.1 percent, which was twice the growth rate of any other region.” (World Bank’s International Finance Corporation 2016). According to a report published in spring 2016 by mobile operators' association GSMA, Sub-Saharan Africa accounts for the majority of mobile money services, reaching 52 percent of all African continent (GSMA 2016). The number of mobile money users in Uganda has dramatically increased over the last decade and is currently standing at 18.5 million registered accounts, from a mere 10 thousand accounts 7 years ago (World Bank’s International Finance Corporation 2016).

In Ghana mobile money services are less popular than in Uganda. The biggest mobile money service provider in Sub-Saharan Africa is M-Pesa, launched by Vodafone. M-Pesa, which won its market in Kenya, is now in the process of Ugandan market penetration. Uganda is Kenya’s biggest trade partner. High demand for M-Pesa in Uganda is driven mainly by the high Kenyan student population coming from Uganda and traders operating from Kampala and other big cities in Uganda. The M-Pesa International Money Transfer partnership with Ugandan MTN, multinational mobile telecommunications company, is the third cross-border contract within the East African region, meaning that East-Africa, where Uganda is located, is highly penetrated by mobile money services (Chao-Blasto 2016).

Due to the fact that mobile money sectors in Ghana and especially in Uganda are growing rapidly, the need for technical solutions arises. This creates an attractive business opportunity for Sub-Sahara African market penetration with Smobilpay.

Currency risks

The stable currency situation in a market is important to set up Smobilpay business. In Smobilpay business prepaid structure is used. The system works in the following way: a third-party agent deposits a particular sum of money to the account of Smobilpay owner in African country. Then this agent collects payments from clients (bills, products, services). The amount of money collected cannot exceed the amount deposited to Smobilpay owner's account. In the end of the day part of the commissions goes from Smobilpay owner's bank account in Africa back to a Maviance GmbH account in Germany. The issue is that deposited money in Africa is money in local currency of African country, but in Maviance's account in Germany money is converted into euros. It means that if the local currency in an African market depreciates in euros, it leads to decreases in profitability for Maviance GmbH.

The official local currency in Ghana is the Ghanaian Cedi. In 2014, the Ghanaian cedi was Africa's worst performing currency. It lost a quarter of its value during the first half of 2014 (The World Bank 2014). Ghanaian Cedi experienced its depreciation peak in the middle of 2014. However, after the poor performance, it gradually started to recover in 2015-2016. In the middle of 2014, more than five Ghanaian Cedi were needed to buy one euro. In July 2016, Ghanaian currency unit has risen amounting to 4.3 Ghanaian Cedi for one euro (The World's Trusted Currency Authority 2016). According to Trading Economics global macro models and analysts' expectations, the Ghanaian Cedi is expected to trade no higher than 4.7 by the end of 2020, meaning that the currency is stabilizing and strong fluctuations are not expected (Trading Economics 2016). This can be assessed as a positive factor for market penetration.

The official currency in Uganda is the Ugandan Shilling. One euro is equal to 3,780 Ugandan Shillings (The World's Trusted Currency Authority 2016). Nowadays, the currency is depreciating toward the euro. Due to Trading Economics global macro models report, one euro will be equal approximately to 4,000 Ugandan Shillings by 2020. It can be seen as a negative factor for setting up a business in Uganda (Trading Economics 2016).

3.2.3 Technological environment

Africa seems to be mainly excluded from the connected world. However, during the last years a rapid development in IT sector was experienced. The 28 percent of Ghanaian population has direct access to internet by 2016. Approximately 20 percent of Ugandan population are internet users (Internet Users by Country, 2016).

According to an International Telecommunications Union (ITU) report, in 2013 Ghana was rated as the country with the highest mobile penetration in Africa. Ghana has one of the highest internet speeds in the West African region, and there is a growing local market for E-commerce (IT News Africa 2013).

Mobile phone penetration is constantly growing in Ghanaian society. "The World Bank reports that since 2014 mobile phone penetration exceeded 100 percent in Ghana, compared to just 1 percent in 2000" (B&FT Online Ghana 2016). According to Global Attitudes Survey in 2014, 83 percent of Ghanaian and 65 percent of the Ugandan adult population own mobile phones (Figure 1).

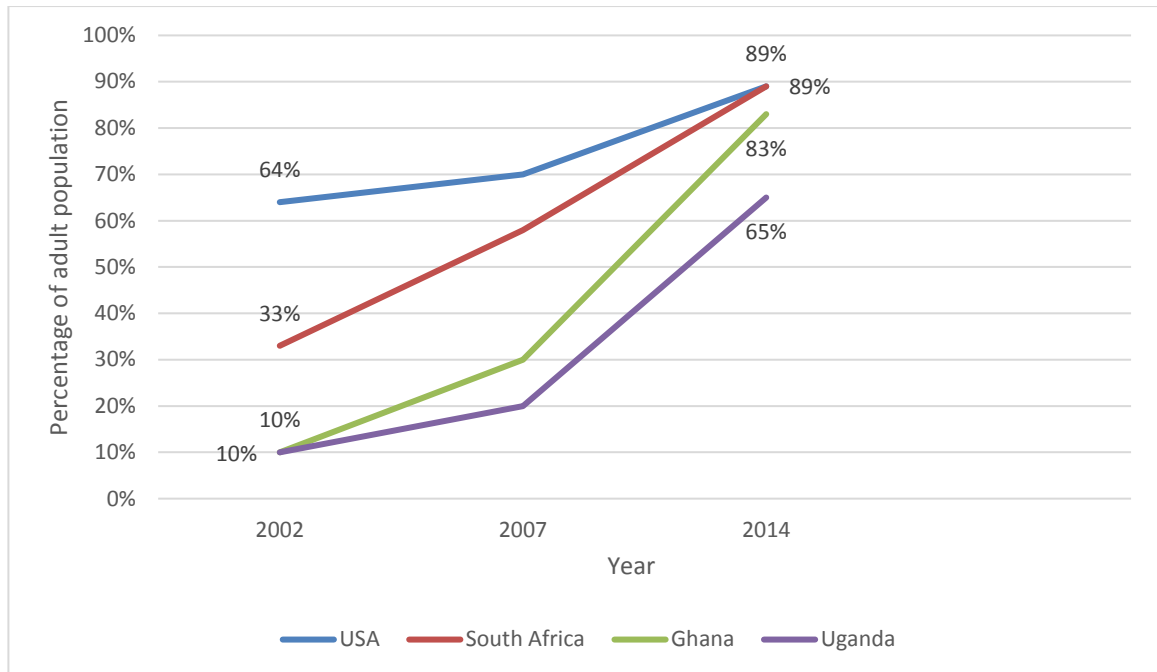


Figure 1. Mobile ownership among adult population in African countries compared with USA (Source: Global Attitude Survey 2014).

The Mobile Africa 2015 study, accomplished by mobile surveying company GeoPoll and World Wide Worx, has shown that internet browsing via phones now involves 51 percent of respondents in Ghana, who use their phones to access the internet (IT news Africa 2015). Much of the internet in Uganda is accessed through mobile phones that are internet enabled. According to the Uganda Communications Commission, the number of internet users was calculated approximately 12 million. More than a half of these users were accessing the internet through mobile devices. In comparison with the results of 2011, when Uganda's internet penetration was estimated at 5.7 million users, the number of internet subscribers has doubled. Besides, in 2011, only 25 percent of internet users accessed internet through mobile devices and now it is scored at almost 60 percent of all internet users in Uganda (UCC 2015).

However, having a mobile phone which enables internet access is not enough to operate on the Smobilpay platform. It is possible to manage Smobilpay system only with smartphones which have the Android operating system (Flach 2016). Nowadays, the smartphone market is rapidly developing in Sub-Saharan Africa,

where Ghana and Uganda are located. The growing importance of smartphones will be beneficial for the positioning of Smobilpay on the Ghanaian and Ugandan markets. According to Global Attitudes Survey conducted by Pew Research Center, 21 percent of the Ghanaian population owns smartphones. Uganda shows less positive results in smartphone ownership, accounting for only 4 percent of total population. Samsung smartphones, which support Android OS, find its strongest existing market in Ghana accounting for 29 percent of all smartphone users in Ghana. While remaining on the same level in Ghana, it is supposed to rise to 28 percent in Uganda, where currently it comprises 10 percent of smartphone users. Other smartphone brands which gain popularity across Ghana and Uganda and support Android OS are Huawei, Sony and LG (Poushter 2015).

Transportation infrastructure in Ghana and Uganda

A developed transportation sector is crucial for Smobilpay operations, especially in rural areas. There are several reasons for this:

1. Prepaid system is used in Smobilpay operations, meaning that before the agent can collect money from bill-payers, he has to top-up the account of Smobilpay owner in Ghana/Uganda. Smobilpay third-party agents working in rural areas with no internet access have to travel to urban areas in order to timely top-up deposit account of Smobilpay owner in a country.
2. Smobilpay agents have to synchronize their smartphones regularly. They need to have internet access for this purpose, which is usually absent in rural areas. It again creates the need for access to the transportation from rural to urban areas.
3. In case devices (smartphones, printers, computers, etc.) are going out of order, it is essential to fix the breakings as soon as possible. It means that agents should have access to maintenance services, which are located usually in urban areas.

Ghana has an advanced infrastructure in comparison to other low-income countries in Africa. Institutional reforms have been integrated in the ICT, ports, roads, and water supply areas. Ghana's performance in logistics is better than most West-

African countries (The World Bank 2011). Road transport in Ghana can be divided into four main categories, which are urban, express services, rural-urban and rural. As reported by the Ghanaian Investment Promotion Center, road transportation is the most popular way of transportation in urban areas of Ghana. Urban road transportation is provided by the private sector and includes taxis, mini-buses and state/private-supported bus services (Ghanaian Investment Promotion Center 2015).

The development of rural transport in Ghana is not on such a high level as it is in urban areas. According to the Ghanaian National Spatial Development Framework report, one of the major transportation challenges that Ghana will experience in the next 20 years includes “realizing the full benefits of the trunk road system, because it suffers from poor maintenance, unimproved surfaces, missing links and growing congestion” (National Spatial Development Framework 2015-2035, 2015). Transport infrastructure has to be improved in order to meet the needs of the Ghanaian economy. “Following the successful commercialization of its oil reserves, Ghana is in a position to raise additional public funding for infrastructure from its increased fiscal receipts and thus to address the country’s infrastructure needs” (PWC 2015).

Uganda has progressed a lot on its infrastructure development plan in recent years. One of the main obstacles in developing transport infrastructure in Uganda is providing sufficient resources for road maintenance. Furthermore, increasing rural connectivity and enhancing road safety require investments as well. According to the World Bank estimation, “Uganda's infrastructure challenges will require sustained expenditure of around \$1.4 billion per year over the next decade, strongly skewed towards capital expenditure”. However, Uganda already allocates funds to the amount of approximately \$1 billion per year on infrastructure, which is equal to 11 percent of GDP (The World Bank 2016).

3.2.4 Socio-cultural environment

The population of target market in Ghana is approximately 16.6 million adults, who independently manage their money, pay for utility bills and other products and services. The population growth is about 2.4 percent annually. (Countrymeters 2016).

The adult population in Uganda is approximately 19 million. The total population growth is higher than in Ghana, amounting to 3.26 percent in 2016. Over the past decade the death rate in Uganda has significantly decreased (Countrymeters 2016).

To sum up, the increase in population of Ghana and Uganda is projected to be positive, as the number of births will surpass the number of deaths, meaning that the target groups of Smobilpay in Ghana and Uganda are expected to grow.

According to the Research Journal of Finance and Accounting report (Research Journal of Finance and Accounting 2014) and previous experience of Maviance GmbH (Flach 2016), the work of the electronic payment systems' agents directly influences the success of a business. Sometimes the competence of agents affects the adoption of the service. When the customer service is poor, it negatively influences the success of the system due to the reason that clients have no motivation to come back to use the service again whether it was successful the first time or not.

Another important factor for successful spreading of electronic payment services is customer adoption. According to the report of the Consultative Group to Assist the Poor, the young, male, urban migrants are usually the early adopters of electronic payment technologies (CGAP 2015). It is peculiar to the majority of African countries, including Ghana and Uganda. This group of the population is usually better educated and possesses higher incomes than inhabitants of rural areas. They will become the first users of Smobilpay in a new target market.

Users of Smobilpay™ have to be well educated. They have to possess an ability to work with electronic systems, understand the payment processes and effectively use the platform. In 2013, in Ghana the literacy rate was 85 percent. In Uganda the literacy rate was a bit higher than in Ghana, 87 percent (Unicef statistics 2013).

3.2.5 Environmental factors

Favorable environmental conditions are crucial for Smobilpay. Extreme weather conditions can cause electricity cut off. It is not possible to operate Smobilpay without access to the electricity due to the fact that Smartphones and computers are needed to use the platform. Besides, bad weather conditions negatively affect transportation infrastructure, meaning that Smobilpay agents operating in rural areas will not be able to access urban parts of the country to top-up debit account, synchronize smartphones, etc.

There is no doubt that climate change is starting to affect the entire globe and particularly African countries that are relatively vulnerable. Corresponding to the report on Economic assessment of the impacts of climate change in Uganda, it is expected that climate change will lead to an increase in dangerous weather events such as floods, heat and droughts. The effects of climate change in Uganda are projected to be experienced across the agriculture, energy, infrastructure and water sectors. The damages caused by climate change in these sectors are assessed to the amount of 2-4 percent of GDP between 2010 and 2050 (Economic Assessment Group 2015).

According to the report of Kenneth Amoateng “Climate change in Ghana has become a threat to livelihoods”; dangerous weather conditions are common also for Ghana. Especially the Northern Region of Ghana is subjected to extreme weather events such as drought and flooding. The “northern part of Ghana results in severe droughts in the dry season, severe floods, high temperatures taking away human life and property” (Amoateng 2010, pp 1). However, according to the World Bank data,

a lot of projects aimed at improving the environmental situation were launched in Ghana. One of these projects is “Ghana - Disaster Risk Management Country Plan”. According to this plan, the National Climate Change Adaptation Strategy is aiming at increasing the awareness of the general populace regarding the critical role of climate change, at positioning Ghana to allocate funding to meet national adaptation needs, and “facilitate the mainstreaming of climate change and disaster risk reduction into national development” (The World Bank 2014). To summarize, climate change and its effects can cause challenges for market penetration. However, important actions are undertaken by the Ghanaian and Ugandan governments in order to minimize the impacts of climate change.

3.3 Competition in electronic payment solutions business in Ghana and Uganda

Electronic payment systems are already highly developed in many African countries. Consequently, Smobilpay has to overcome many barriers to successfully survive in a new market of operations.

In order to analyze the competitive environment in Ghana and Uganda, Porter’s five forces analytical tool will be used. The tool helps to estimate the level of competition in a market within a particular industry (Kotler 1997).

3.3.1 The threat of market entry

When penetrating new markets in Africa, businesses like Smobilpay face many socio-economic challenges. Firstly, it takes a lot of time to get all the approval and licenses for starting a new business in Ghana and Uganda. There are plenty of hidden pitfalls, such as corruption issues, in these countries.

Secondly, there is a challenge to create an interest among service providers (utilities, internet, TV, etc.) to bring all billing information into one single Smobilpay platform. Another obstacle is to create a brand image for the service. It can take much time to deliver information about new payment opportunities to bill payers. Moreover, it takes even longer to get loyal clients, as trust issues play significant roles, especially in payment procedures. While Smobilpay is unknown and undiscovered, bill payers cannot trust the service.

3.3.2 Bargaining power of buyers

From the perspective of Maviance GmbH in Germany, the buyers of Smobilpay are potential owners of the service in Ghana and Uganda (B2B). Their power is estimated to be very high. The profit of Maviance GmbH depends directly on buyers of the service, because if Smobilpay in Ghana/Uganda does not have good revenue, there is no benefit for Maviance GmbH to run the business in these markets.

From the perspective of Smobilpay owners in Ghana/Uganda, the buyers of the service are third-party agents (B2B), who are the operators of the system. If the number of agents is too small, or existing ones do not bring much profit, it is purposeless for the owners of Smobilpay in Ghana/Uganda to conduct the business as there is no revenue from it. Consequently, their power is high.

From the perspective of Smobilpay third-party agents in Ghana/Uganda, the buyers of the service are bill payers (B2C). By paying for electricity bills, TV, telephone with additional service charge, they bring the revenue to the company. If there are no bill payers willing to pay extra to use the service, the company and agents will not benefit from this business, meaning that bill payers wield much power.

3.3.3 Bargaining power of suppliers

From Maviance GmbH's point of view, the bargaining power of suppliers is quite high. Smobilpay has many different suppliers such as smartphone providers, printer suppliers (printing receipts), internet providers and mobile connection providers.

On one side, Maviance GmbH has to search for the most affordable providers of electronic equipment for Smobilpay. On the other side, all devices (printers, smartphones) have to be suitable for the African climate, meaning that they have to be dust resistant and durable. China is the global market for electronic technologies. Chinese companies provide Maviance GmbH with all electronic equipment for Smobilpay. The example of a durable and dust resistant printer is represented in Picture 2. In this case, exchange rates influence the power of suppliers by making the products either more or less expensive.



Picture 2. Example of durable and dust resistant printer for Smobilpay (Source: Maviance GmbH 2016).

An internet and mobile connection is essential for running Smobilpay. Therefore, local providers of internet and mobile communication services in Africa wield power over Smobilpay as the cost of these services directly affects the expenses and revenue of the Smobilpay owner in African country.

3.3.4 The threat of substitutes

Nowadays, electronic payment services are rapidly developing in Sub-Saharan Africa. “Most transactions in Africa are settled in cash but over time more consumers are likely to opt for the safety and convenience of e-payments” (Economist 2013).

The biggest substitute for Smobilpay is mobile money. The absolute winner in mobile money penetration is Kenya with its M-Pesa service. “In Kenya, mobile-payment penetration is at 86 percent of households” (Kendall, Schiff & Smadja 2014). M-Pesa and other mobile money providers are currently in the process of entering Ugandan and Ghanaian markets.

Other alternatives for Smobilpay are traditional banks, where people can pay their utility bills using a money transfer option. However, only minor parts of the Ghanaian and Ugandan population have bank accounts, as they are expensive and sometimes inconvenient, especially for inhabitants of rural areas. Nevertheless, Ghanaian and Ugandan banks can be not only an alternative for Smobilpay, but it also creates the possibility for Maviance GmbH to integrate with banks on a partnership base.

Other Smobilpay substitutes are traditional bill collector companies, which do not work online. This method of payment takes a lot of time and effort, especially for inhabitants of rural areas, as they have to travel to cities where bill collector companies are located. Nevertheless, this approach to bill payment is still very common for most African countries, including Ghana and Uganda.

3.3.5 Rivalry among existing companies

The existing competition is relatively high in Ghana and Uganda. The main competitors of Smobilpay are mobile money service providers and bill aggregators that offer their clients bill payments along with payments for other products and services and money transfer. Appropriate examples of competing brands for

Smobilpay are Paymenex and iPay in Ghana and Payway and MTN in Uganda. The full list of the main rivals of Smobilpay in Ghana and Uganda are represented in Appendix 1. Despite the fact that the level of competition in both countries is high, most of the rivals offer mobile money payments, which have serious drawbacks for the clients:

- 1) Mobile money services require registration of clients, which is not required for Smobilpay clients.
- 2) The main prerequisite for mobile money service is ownership of mobile phone, meaning that bill payers must have mobile phones and in many cases internet access to pay for the services or products. Smobilpay supports mobile less customers.
- 3) In order to use mobile money services, bill payer need to have good mobile connection, which issometimes impossible in rural areas. Smobilpay third-party agents can work in rural areas without internet connection.
- 4) The security of mobile payments is questionable. Mobile phone can be lost or stolen, meaning that private data can be used for fraudulent purposes.
- 5) Making payments via mobile phone bill payers have to read and understand the terms and conditions of payments. It can be difficult for the bill payers to read or access information regarding the terms of payments through mobile phone. It leads customers to making payments without reading invoices. With Smobilpay there is a physical interaction between the bill payer and third-party agent. The latter can easily access all terms of payments and provide the payer with invoices.

In summary, there are many barriers that may hinder Smobilpay to penetrate African market. Nevertheless, Smobilpay system has competitive advantages that will help the business to overcome entry obstacles and successfully set up business operations in Ghana/Uganda. The competitive advantages will be described in marketing strategy part.

4 MARKETING STRATEGY

In this chapter the marketing strategy for the new markets of operations will be described. The strategy is made partly with the help of Marketing mix business tool. Service attributes, pricing, distribution channels, promotion strategy and recommendation on market penetration will be covered in this part of the document.

4.1 Service

The service of Maviance GmbH is Smobilpay. In case of Smobilpay, a service can be defined as “a commercial service that provides work performed in an expert manner by an individual or team for the benefit of its customers to satisfy their need or to fulfill the demand” (Business Dictionary 2016). A service is a fundamental part of a marketing mix. It influences directly whether the market entry will be successful or not.

In order to positively perform in new markets and surpass rivals, a service has to possess competitive advantages. Three main features of Smobilpay distinguish the payment system from other payment service providers:

- 1) Smobilpay does not own agents. Smobilpay uses the system of third-party agents who are self-employed. People prefer to be self-employed agents and work independently from any company.
- 2) Smobilpay does not require any registration for bill payers. In order to use mobile money services, bill payers have to register themselves in the system. Normally, people tend to avoid registering, because it is viewed as sharing private information with government. With Smobilpay bill payers just come to the Smobilpay agent (shop, petrol station, microfinance institution or bank) and pay the bills without providing any additional documents aside from a bill paper.

3) With Smobilpay bill payers can pay in cash, which is not possible with mobile money services such as e-wallets.

All these features of Smobilpay create a competitive advantage for the business and open an opportunity for Smobilpay to grow in the African market.

4.2 Price

From the perspective of Maviance GmbH, the price of the service is the cost of the license, which financial service providers in African countries has to pay in order to get the right to use Smobilpay platform.

Financial companies which are looking for electronic payment solutions sign a contract with Maviance GmbH in order to receive a right to use the platform in their businesses (Flach 2016). The previous experience of Maviance GmbH has shown that the optimal commission taken by Maviance GmbH from owners of Smobilpay in African countries is 20 percent of the money earned by the partner in a month. This amount of commission is usually optimal for both parties – Maviance GmbH and the Smobilpay owner in African market (Flach 2016). However, the final decision about the price of the service has to be made on a negotiable basis. The exact price of the service for potential Smobilpay owners in Ghana/Uganda is not considered in this document.

From the perspective of Smobilpay owners in an African country, the price of the service is a commission paid by third-party agents, who use the Smobilpay system to collect payments from bill payers. The amount of commission has to be negotiated by African Smobilpay owners and individual third party agents. This issue is not considered in this document.

From the perspective of bill-payers, the price of the service is a service charge that they have to pay in order to use the service of third-party agents. People living in rural regions do not pay extra commission to use the service (Flach, 2016).

The amount of the service charge has to be negotiated by Smobilpay owner in African country and service providers (electricity, TV, mobile telephony provirers, etc.)

4.3 Distribution channels

The Smobilpay™ has a broad potential client base, which involves all bill payers living in both, urban and rural areas of Ghana and Uganda. Smobilpay owners in Ghana/Uganda and third-party agents act roles of distribution channels. Third-party agents can be located not only in financial organizations, such as banks or micro-financial institutes, but also in usual supermarkets, petrol stations, internet cafes, and book stores, which act a role of distribution channels. It creates a good opportunity for Smobilpay to spread in rural parts of the countries, where no banks or microfinance locales are situated.

According to the previous experience of Maviance GmbH, it is more reasonable to start operations in urban areas with a prospect to spread to rural areas (Flach 2016). In urban areas the business infrastructure is more developed, which simplifies setting up a new business. Penetration of rural areas is normally a duty of Smobilpay owners in African countries, in this case in Ghana/Uganda. They know the market better and are able to identify the most effective ways to enter rural areas (Flach 2016).

4.4 Promotion channels

Promotion implies activities undertaken to make potential consumers aware of a product or service. The significant goal of promotion is to positively influence buyers' decisions, persuading them to obtain the product/service. There is plenty of promotion channels including media advertising, Internet Marketing, Personal Selling, etc.

Different channels in both B2B and B2C communications are used to promote Smobilpay:

1. The promotion of Smobilpay software to potential partners in African country implemented by Maviance GmbH (B2B promotion).
2. The promotion of Smobilpay system to the third-party agents implemented by potential owner in African country (B2B promotion).
3. The promotion of the service to the bill payers (B2C promotion).

The main goals of both B2B and B2C promotions are as follows:

1. Reaching potential partners in Ghana/Uganda, introducing to them the Smobilpay system;
2. Establishing strong relationships with partners;
3. Building a brand image in the new market of operation;
4. Increasing the awareness about the payment system in urban and rural areas of Ghana/Uganda.

In this document the focus is on B2B promotion implemented by Maviance GmbH. The promotion strategy implemented by Maviance GmbH targets business customers (B2B), which are potential buyers of Smobilpay' license in an African country. Potential owners of Smobilpay in African countries are financial service providers looking for an electronic payment platform for their businesses.

The main communication channels previously used by Maviance GmbH to attract business customers were social media advertising and publicity. The official Smobilpay website presents currently English and French versions, suitable for both countries, Ghana and Uganda. The Smobilpay website is eye-catching and contains informative and easy-to-understand material (Smobilpay official webpage 2016). Moreover, Smobilpay has profiles in Twitter, Facebook and LinkedIn (Flach 2016). This helps to increase the visibility of the service, because nowadays, listed social

media channels are widely used not only by individuals but also by businesses. The idea is that financial service providers in emerging markets searching for an electronic payment platform need to find Smobilpay on the web and then contact Maviance GmbH for further negotiations (Flach 2016).

However, a more active promotional approach should also be considered in order to enter a new market. Suggested promotion strategies are listed below:

1. Personal selling: After finding a potential partner (for potential partners see chapter 4.5) Maviance GmbH needs to plan a sales approach focused upon the needs of the potential owner in Ghana/Uganda. It is significant to prepare marketing material (e.g. presentations, flyers, user guides, posters) and travel to Ghana/Uganda in order to support and train the partner company. Personal selling includes presentations by the sales representative of Maviance GmbH and has to be done for persuading potential partner in Ghana/Uganda to buy the license. This type of promotion helps to build strong business relationships with the partner (Kotler 2012).
2. Direct marketing (direct-mail marketing): After the choice of a potential partner Maviance GmbH should send an e-mail with a collaboration offer to the representative of the top-management of the company. This method of promotion is highly personalized and flexible. Direct marketing helps to better and faster understand that either cooperation is possible and interesting for the potential partner or not (Kotler 2012).

4.5 Potential Smobilpay owners

As mentioned previously, Smobilpay owners should be located in the urban areas of the market. Potential buyers of Smobilpay license in Ghana and Uganda include:

- Banks
- Non-bank institutions (e.g. microfinance institutions, credit unions)

The most developed city in Ghana is Accra, which is the capital of the country. Accra is a large metropolitan area, which is populated by approximately 2 million people (Ghana Statistical service 2014). First of all, Accra is a technologically advanced, industrialized city with developed infrastructure and relatively high level of education. Secondly, Accra is located on the coast of South-Atlantic Ocean. Smobilpay's main suppliers are located in China. Consequently, the attractive location of Accra positively influences the cost of device delivery (e.g. smartphone, printers, and computers) from China to Ghana, because waterways are considered as the cheapest mode of transportation.

Most of the Ghanaian banks already offer bill payment services. However, only a minority of the population can afford having a bank account, while non-bank financial institutions are much more popular among the population. In Ghana, the majority of non-bank financial institutions, which are potential Smobilpay owners, is located in Accra.

The most developed city in Uganda is Kampala, which is at the same time the capital and the largest city of the country. The total population of Kampala is about 1.5 million people (Uganda Bureau of Statistics 2014). Kampala is one of the fastest growing African cities with an annual growth rate of 5.6 percent (Urban growth of Kampala 2012). Kampala is the place, where there are more possibilities to start a business with Smobilpay.

The potential owners of Smobilpay in Ghana/Uganda are selected according to the priority of Maviance GmbH. The list of potential Ghanaian and Ugandan Smobilpay owners can be found in Appendix 2 and 3, respectively.

4.6 Recommendation on market penetration

Based on the comparative analysis (Appendix 4) and research, the suggestion for Maviance GmbH as follows: it is more reasonable and safe for Maviance GmbH to

penetrate only the Ghanaian market without entering the Ugandan one. However, there are vital steps that have to be undertaken by Maviance GmbH for successful penetration of Ghanaian market.

After starting the operations Maviance GmbH needs to closely cooperate with the partner in Ghana, meaning that the company should continuously monitor its partner's activities and negotiate with the partner. Besides, it is essential for Maviance GmbH to provide partners with support and training.

Moreover, the adjustment of technology to the Ghanaian market is an issue for Maviance GmbH. The development of the sales infrastructure and strategic alliance between Ghana and Germany are significant in order to create long-term business plans. The recommended target areas for entering the Ghanaian market are the urban areas of Ghana (e.g. Accra). The target group for Maviance GmbH are banks and non-bank financial institutions of Ghana, which are going to be the executors of Smobilpay's operations in Ghanaian market.

In conclusion, it is necessary to mention that this document provides with the general overview of the business environment for electronic payment systems in Ghana and Uganda and is considered the first step for penetrating an African market with the Smobilpay payment solution. More deep research has to be done in order to develop a marketing plan and penetration strategy for Smobilpay.

5 SUMMARY

The popularity of electronic payment solutions is growing all over the world. The shift in trends toward the increase of electronic payments popularity in emerging markets gives Maviance GmbH a business opportunity to increase its market share entering Ghana and Uganda.

There are already plenty of companies providing electronic payment solutions in Ghana and Uganda. However, Maviance GmbH with its Smobilpay payment system has several competitive advantages over existing operators. Smobilpay does not require registration for bill payers, supports mobile-less and unbanked users and can operate in rural areas. Business environment for electronic payment solutions is more favorable in Ghana, where the political situation is more stable and economic and legal barriers lower than in Uganda.

The choice of the appropriate distribution channels is significant for Maviance GmbH. It is more reasonable to start a business in urban areas of the country, which are more populated and developed than rural ones. Bank and non-bank financial institutions in Ghana/Uganda are the first potential owners and distributors of Smobilpay payment service. Subsequently, third-party agents located in internet cafes, petrol stations, and supermarkets can act a role of distribution channels.

Business-to-business promotion is another vital matter which Maviance GmbH needs to consider to successfully enter a new market. Direct marketing as well as personal selling are promotional strategies that can accelerate business negotiations and increase the opportunities for Maviance GmbH to set up a business in Ghana/Uganda.

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Existing competition among Payment service providers in Ghana and Uganda

Ghana		Uganda	
The name of service provider	Brief description	The name of service provider	Brief description
Paymenex	Mobile wallet offers bill and other services payment, money withdrawal and deposit.	MTN	Mobile money service; offers mobile money transfers, utility bill payment, phone recharge, etc.
Tigo cash	Mobile money service that allows sending cash, paying for bills and shopping online.	Payway (direct competitor)	Electronic payment platform; allows to pay for utility bills, internet, top-up mobile account, etc.
Fundamo	Offers mobile wallet and online banking services including mobile phone airtime top-up and bill payment	M-Sente	Mobile wallet; offers depositing, transferring, withdrawing funds, buying airtime and paying bills
Airtel Money	Bill payment (no utility bills!), phone top-up, money transfers	Pesapal	Platform that allows paying for TV and internet bills using e-wallet.
Etranzact	Online banking and bill payment service	Airtel Money	Mobile Commerce service; offers money transfer via mobile phone. The service allows making payments using airtel money (utility bills, goods & services), bank transactions, etc.
Expresspay	Pay for utility bills, internet, TV, Mobile top-up, etc.		
M-Pesa	Mobile money service, which offers mobile money transfers, utility bill payment, phone recharge, etc.		

Potential Smobilpay owners in Ghana

Name of the company	Description
KAMCCU Credit Union Ltd	Financial Co-operative institution established in 1972 in Accra by the members of Ghanaian Co-operative Credit Unions Association. Currently the union offers such services as savings, shares, loans and money transfer. Money transfer service allows customers to send and receive money to and from family and friends anywhere in Ghana. However, it does not allow paying utility bills, TV, internet, etc.
Golden Link Financial Services Ltd.	Golden Link is a non-bank financial institution licensed by the Bank of Ghana and registered in Accra. The company currently provides deposit services and airtime top-up. Smobilpay electronic bill payment solution could be a new appealing service for Golden Link Financial Ltd. With Smobilpay the company can expand its offer and attract more customers.
ABii National	ABii National is a Savings and Loans Company founded in 2011 in Ghana, Accra and certified as a Non-Bank Financial Institution. The company offers a wide range of services, including investments, loans, e-banking and SMS-banking. Customers need to have mobile phones with internet connection to use most of the services. However, ABii National does not provide with bill payment services for mobile-less people. With Smobilpay the company could add more value to its offer and increase client base.
Trans-Continental Financial Services Ltd	The Company is a non-bank financial institution registered in Ghana, Accra. It offers deposit services as well as money transfer. Smobilpay e-payment solution could attract more customers to the company and increase the base of loyal clients.
GCB Bank	GCB Bank is a bank financial institution registered in Accra, Ghana. The bank offers to its clients e-Banking, Loans & Overdrafts, Money Transfer and other services. Bill payment solution could bring an additional value to the company and attract more clients.
Express Funds International Ltd	Express Funds International Ltd is a non-bank financial institution licensed in Accra. The Company offers money transfer services. Smobilpay bill payment solution could increase the visibility of the company as well as its customer base.

Potential Smobilpay owners in Uganda

Name of the company	Description
Cairo International Bank Ltd (CIB)	<p>CIB is a growing bank institution in Uganda, which was established in 1995. Currently it employs over 100 employees and is regulated by the Bank of Uganda. CIB offers to its clients wide range of e-services, including electronic water and tax payment and money transfers. However, the variety of bill payment services is quite narrow. With the Smobilpay the company could offer to its customers diversity of bill payment opportunities (TV, Mobile topup, all utility bills, tuition fees) integrating all bills and other products on one single Smobilpay platform.</p> <p>The head office of CIB is located in Kampala. Besides, bank already has a few branches which are located outside the capital of Uganda.</p>
Compuscan Ltd	<p>Compuscan Ltd is a full service credit bureau established in 1994 and delivering solutions for individuals and organizations. The Company's headquarter is located in South Africa. However, due to the rapid growth of the company, several branches were opened. One of them is situated in Uganda, Kampala.</p> <p>Currently, Compuscan Ltd offers only one solution for the individual customers, which is credit check. Smobilpay could be a new appealing solution for the company as it targets both, individual customers and businesses, because both groups need to pay bills and other products. With Smobilpay Compuscan Ltd could expand the target group of individual consumers and increase the loyalty of business customers by offering them attractive opportunity to pay for bills.</p>

Brief comparative analysis of Ghana and Uganda

Ghana	Uganda
Electricity access	
In 2013, 72% of population had access to electricity. 92% in urban and 50% in rural areas; higher than average in Africa.	Weak electricity access. In 2013, 15% of population had access to electricity; 55% in urban and 7% in rural areas.
Political stability	
Politically stable during the last two decades; no political turbulence is expected in the nearest future.	Politically stable during last three decades. However, the situation is relatively vulnerable due to political conflicts in neighboring countries.
Legal environment	
Corruption is high, but much lower than it is in Uganda.	Very high corruption level. Much time needed to get the license for setting up a business.
Economic situation	
Economic imbalance due to energy crisis with the tendency to slight improvement. GDP growth=1.1%	Rapid economic growth GDP growth=4.8% Future prospect GDP=5.1%
Mobile money penetration	
Less penetrated by mobile money in comparison to Uganda.	Great popularity of mobile money; introduction of mPesa.
Exchange rate issue	
Ghanaian Cedi depreciates toward Euro. However, currency is estimated to stabilize until 2020.	Ugandan Shilling will be gradually depreciating toward Euro until 2020.
Level of technological development	
Second country with the highest mobile penetration ratio (after South Africa) 28% of population has direct internet access 83% of population own mobile phones 21% - smartphone users	20% of population has direct internet access 65% of population own mobile phones 4% - smartphone users
Level of transport infrastructure development	
Relatively developed transportation infrastructure in urban areas; need for investment in rural areas.	Infrastructure development plan is in progress; poor road safety and rural connectivity.
Level of competition	
High threat of substitutes. No direct competitors.	High threat of substitutes. One direct competitor, which is Payway.