

CHAPTER II OVERVIEW OF THE SETTING RESEARCH

2.1 Cash point in Madagascar

2.1.1 General overview of mobile money in Madagasacr

MVola, Madagascar's first mobile money service, was introduced in April 2010 by Telecom Malagasy (Telma) in collaboration with the bank BFV-SG (a member of the Société Générale banking group). After three months, a French mobile network operator called Orange enter the market in collaboration with BMOI bank and they initiated Orange money service to compete with MVola. Two years after Madagascar's initial introduction, Airtel Madagascar joined the service in collaboration with the Bank of Africa-Madagascar. Airtel Money recently became a provider of mobile money services. In Madagascar, mobile money allows users to deposit, transfer, and withdraw funds from any location. Users of Mvola, Orange Money or Airtel Money can now transfer money between the three providers and from abroad. They have also created a payment system that enables customers to pay for goods and services, and they connect the user's account with the bank account.

2.1.2 General status of cash point entrepreneurship in Madagascar

The activity of mobile telephone operators and the activity of the electronic money issuer (mobile money operator) are governed by different regulation and policy. The first activity is following the Ordinance N° 2010-290 of March 21, 2010 governed by the Ministry of Telecommunications and Information and Communication Technologies, while the second one is under the instruction low N°

006-06-2014 about the conditions and the exercise of the activities of Electronic Money Issuers in the Malagasy state.

Consequently, the Ministry does not intervene in the regulation of financial services provided by each company issuing electronic money, and does not even contributing in the pricing of the services offered by each operator.

The Ministry action is essentially limited to guaranteeing access to telecommunications networks for value-added service providers, including electronic money issuers, ensuring the security of electronic transactions and the protection of data of all Malagasy citizens, in accordance with each company's missions.

The Ministry would like to reaffirm its commitment to contribute to strengthening the competition between "mobile money" service providers through their equitable access to the public telecommunications network.

The Ministry through its Telecommunications/ICT Regulatory Authority reminds all players in the Telecommunications/ICT sector and the public that the exercise of Telecommunications/ICT activities throughout the territory national, is subject to prior authorization or declaration, in accordance with the regulations in force.

The government through its Ministry of Telecommunications and Information and Communication positions itself as an umbrella that protects all shareholder entities who act in the mobile phone sector and electronic money operator business.

2.1.3 Process of becoming a cash point entrepreneur in Madagascar

To become a cash point distributor in Madagascar, below are the required files by each operator:

- 1 photocopy of national ID card
- 1 Residence certificate
- 1 Photocopy of NIF (taxes of Ar 150.000 / year)
- 1 photocopy of statistic card (Ar 20.000)
- 1 photo of the cash point location
- 2 passport photos of 4x6
- Minimum amount of Ar 200. 000 as a starting fund

2.2 Mobile money in Madagascar

2.2.1 Mvola

2.2.1.1 History of Mvola

The service MVola was launched in 2010 by the Telma company which was the first company in Madagascar to operate electronic money accompanied by Société Générale Madagasikara (SGM). Telma through his MVola service was the first company approved for the status of Intermediary in Banking Operation or IOB by Banky Foiben'i Madagasikara (BFM).

Telma has a unique mission which is to provide the best telecommunication services in Madagascar and their vision is to make every Malagasy a citizen of the digital world.

2.2.1.2 Overview of the Mvola service

Putting technology at the service of finance (MVola is the 1st FinTech in Madagascar), MVola services have expanded over time to simplify and adapt to the daily lives of all Malagasy:

- Transferring money to loved ones, anywhere in Madagascar, 24/7 with mobile phone has become a reality, whether between MVola customers or not. Thanks to interoperability, transfers can also be made between other Mobile Money operators in Madagascar.
- MVola customers can also receive money from anywhere in the world immediately into their MVola account with their exclusive partnership with Western Union.
- Depositing and withdrawing money have become simpler, more immediate and more secure, in particular at more than 15,000 merchant points throughout the Big Island, but also at different SGM ATMs in the country.
- Via MVola, it becomes very easy to pay for everything by mobile: whether it's buying credit or a Telma offer, up to paying your JIRAMA bills (electricity) or a TV subscription and even an online shopping.
- Malagasy people can easily access banking services from their mobile thanks to innovative services such as Wallet to Bank (with BNI Madagascar and BOA Madagascar) or “MVola Avance” (Mvola loan) and “MVola Epargne” (Mvola saving), with BNI Madagascar.

- Companies are also served by the Electronic Payment Terminal, with the payment of salaries or even CNaPS and OSTIE (retirement saving company) contributions.
- Much more than a Mobile Money service, MVola also contributes to development aid (UNICEF, FAO, FID, Ministry of Health). MVola also actively participates in the digitalization of the administration with the payment of synthetic taxes via MVola (the HetraPhone service).

2.2.2 Orange Money

2.2.2.1 History of Orange Money

Orange Money is a great adventure which, step by step, has opened up new services for Malagasy people, making their daily life even more practical. The offers developed gradually to arrive at what Orange offers today: a range of services that citizen use every day are no longer chores (payment of invoice, purchase of credit ...). And it doesn't stop there, because Orange Money still has a lot to offer its customers.

The Orange Money network now has more than 1,500,000 OM customers, several thousand of whom are employees paid by Orange Money, more than 10,000 partners. Orange Money is easy at each step of the navigation in the menu, customers are intuitively guided and notifications help them to complete their transaction.

All Orange Money transactions are instant and with instant SMS confirmation. In addition, customers have no need to travel, services are available 24 hours a day, 7 days a week. And also, it is secure, all the transactions are secured

by a secret code. At the end of each transaction, customers will receive a confirmation by SMS.

2.2.2.2 Overview of the Orange Money service

It is a money transfer and payment service, accessible directly from a mobile phone, and available to all customers. The service allows its customers to:

- deposit money into your mobile money account
- withdraw money from mobile money account
- transfer money to the loved ones
- pay bills (telephone, electricity, subscriptions, etc.) and purchases
- buy credit (*pulsa*)
- do financial transactions
- manage payments and transfers for business

Opening an account is free. There is no need to have a bank account to open an Orange Money account. All we have to do is to bring a photocopy of a national ID card and come to the nearest Orange Money distribution point with a phone.

Orange Money is accessible to everyone, everywhere: customers just need to have their phone handy to be able to carry out their transactions. All Orange customers have the opportunity to benefit from this innovation throughout Madagascar under network coverage.

2.2.3 Airtel Money

2.2.3.1 History of Airtel Money

Present on the Malagasy market since 1997 (known as the name of Zain network before 2010), Airtel Madagascar remains a reference mobile network. The

operator's determination to respond to the changing needs and requirements of its customers is the driving force that directs it towards the research and development of innovative solutions.

Strategic alliances and the acquisition of state-of-the-art equipment are only the concretization of its vision of total opening up of all regions of Madagascar while offering an incomparable customer experience.

Starting on February 1st 2013, 170 post offices in Madagascar had provided Airtel Money's mobile banking service. Payments, deposits, and withdrawals had been only made through Paositra Malagasy at that moment. The collaboration with Paositra Malagasy enhances the accessibility of Airtel money services due to the expanded network of the Post Office in Madagascar.

2.2.3.2 Overview of the service

Airtel Money is a revolutionary money transfer service that lets its customers send and receive money wherever and whenever they want. Apart from money transfer, several services are available:

- Credit reloads
- JIRAMA (electricity bills) invoice payment
- Payment of invoices to merchants' partner
- Funding Airtel Money account via personal bank account and vice versa (service available from 8am to 7pm)

To access Airtel Money services, customers must open an account with Airtel shops or with the Airtel cash point partners.

2.3 Profile of Toliara City

Toliara also known as “Toliary” or “Tulear” is a city in Madagascar. It is the capital of the Atsimo Andrefana region, located 936 km in the South-West of the national capital Antananarivo. The city has a population of 200.000 in 2022. As a port town it acts as a major import/export hub for commodities such as sisal, soap, hemp, cotton, rice and peanuts.

Toliara is located on a broad coastal plain, surrounded by dunes and mangroves, near the tropic of Capricorn in the Mozambique channel. A nearby barrier reef (the great reef) is 18 km long and 3 km wide. The beach area is extended by an underwater beach along the continental shelf that slopes gently seaward. To the north lies the Delta Fiherenana.

Toliara is nicknamed the “City of the Sun” because it has a hot climate (24.3 °C average) and is semi-arid, with less than 400 mm annual rainfall. The city is constantly swept by a strong prevailing wind, the “tsiok’antimo” (South Wind).

The port played a key role during the “boom corn” years in the 1980s and 90s. Today, the arrival of migrants contributing to agricultural production (maize, cassava and rice) and livestock (cattle and goats) supplying the city markets with food, has contributed to the development of small informal business; particularly among the Mahafale and Masikoro communities. The city specializes in the import and export of various products including sisal, cotton, rice, peanuts and soap. Production of sea salt thrives, from salt marshes and landscaped places in coastal areas.

The Bay of Toliara houses one of Madagascar’s oil exploration sites. The sea floor is rich in minerals gemstones (about 200km to the north lies the Ilakaka sapphire deposit has operated since 1999) and ground seld. More recently, Canadian companies begin operation of the ilmenite in the region of Tolanaro. Beyond this mining and production, the industrial sector has declined in recent decades.

Tourism is a promising sector, thanks to the climate and natural assests of the hinterland (Ifaty Anakao, St Augustine). Calm shallow seas and shallow support scuba diving, and Toliara remains a main destination for tours to southern Madagascar.

2.4 Data sources

Table 2.1 Data Sources from the research case

Case	N°	Data Source	Name
Cash point entrepreneurs in Toliara city	1	Regional Director of INSTAT Madagascar	Mr Magloire
	2	Human Resource manager at Orange Madagascar	Mrs Bakoly
	3	Head of Cash Point Entrepreneurs Association in Toliara city of Madagascar	Mr Randriambelo Julien
	4	Cash point entrepreneur	Mr Jacquot Rakotovao
	5	Cash point entrepreneur	Mr Willy Ravelonarivo

2.5 Documentation about cash point entrepreneurship in Toliara city

The following Figure 2.1 presents some examples of cash point store location in Toliara city. The Figure 2.2 presents the official office of the Telma operator in Toliara city. The official office of the Orange operator in Toliara city followed by the picture of the Human resource management at Orange company in Toliara are presented at the Figure 2.3. And then, the Figure 2.4 presents the official office of the Airtel operator in Toliara city of Madagascar.



Figure 2.1 Examples of cash point store location



Figure 2.2 Telma operator office in Toliara city



Figure 2.3 Orange operator office in Toliara city



Figure 2.4 Airtel operator office in Toliara city