



Mobile Banking in The Gambia

WHY THE GAMBIA?

The Gambia, despite its growing urban cities in the West, maintains a large rural population. Lack of public transport and poor infrastructure in areas means that getting to a bank in many of these rural communities is often unfeasible. Mobile banking has great potential in The Gambia. Its people are early adopters of new technologies and mobile phone ownership in The Gambia is among the highest in Africa.

This document outlines:

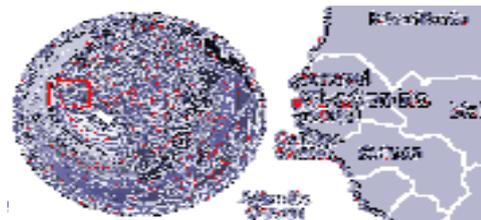
1. **The market opportunity for mobile banking within The Gambia**
2. **The favourable conditions available to investors**
3. **The support investors can expect to receive**
4. **The risk and sustainability factors to be considered**

**The best Institutions
quality in West Africa¹**

**Stable political and
regulatory
environment²**

**Demand for the
service from the large
rural population**

**West Africa's most
efficient labour
market¹**



Source: British Foreign & Commonwealth Office website

¹ World Economic Forum.

² Aon political risk map.

ECONOMIC INDICATORS

GDP⁴	US\$807mn in 2014
GDP growth⁴	1.5% in 2014
Country risk	2 nd lower risk score among West African countries after Ghana
CPI Inflation (2014)⁴	5.4%
Exports / Imports value (2013)⁴	Exports: \$106mn Imports: \$350mn
Labour force (2013)⁴	774,000
FDI stock and inflows (2013)⁴	\$754mn stock / \$25mn inflows
Currency exchange Rates 2015 Buy (B) and Sell (S)⁴	GMD/USD: 0.0239 (B) / 0.0257 (S) GMD/GBP: 0.0162 (B) / 0.0107 (S) GMD/EUR: 0.0214 (B) / 0.0230 (S)



COMPETITIVE OPERATIONAL COSTS

Labour cost unit (US\$ per year), including social security								
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Senegal	Nigeria
Unskilled	1,165	3,001	3,165	4,500	6,530	7,399	1,617	5,200
Semi - skilled	1,747	6,748	7,097	8,114	12,705	15,685	4,248	10,400
Skilled	3,106	43,156	45,391	37,633	70,440	69,268	9,716	26,000
Highly Skilled	15,530	53,905	56,696	43,843	70,440	79,997	46,637	93,668

Social security rate	
South Africa	1%
Kenya	5%
Nigeria	7.50%
The Gambia	10%
Morocco	20.10%
Egypt	26%
Tunisia	26.57%

The Gambia's has an average social security rate when compared to its major competitors.

Utility costs in the Gambia are higher compared to costs applied in the more developed economies. However, Gambia's utility costs are inferior to other non-oil producer low income economies (Senegal and Kenya), with the exception of electricity.

Utility cost (US\$)							
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Nigeria
Electricity per kWh	0.27	0.04	0.06	0.09	0.15	0.22	0.10
Telecoms	0.07	0.96	0.06	0.68	0.44	0.15	0.09
Water	0.63	0.07	1.26	0.30	0.75	1.08	0.24
Industrial gas	—	0.09	1.90	0.01	0.36	0.47	0.22

MOBILE BANKING IN THE GAMBIA

- Relatively low denominations of Gambian Dalasi (100 Dalasi is the largest note and equates to roughly US\$2.5) mean that it is difficult to withdraw and carry large sums of cash.
- Large number of Gambians live in rural areas where access to banks is limited.
- There is a relative lack of ATM machines in the country.

Companies investing in The Gambia have a domestic market of 1.75 million people but the country's well-developed infrastructure ensures that all major markets, including Senegal's large population of more than 12 million people, are only a short drive away. The Gambia's trade agreements and advantageous positioning in the heart of West Africa also provides investors with unrivalled access to some of the world's fastest growing economies.

KEY FACTS:

- 5.12Tbit/s ACE cable connects into Banjul, providing excellent connectivity to the rest of the world.
- The Gambia is ranked 56th globally for government use of ICT and 60th for business use. Both of these are well above the African average.³
- Number of secure internet servers/million population is 3.9. This has increased from 2.8 in 2013 as the country places a major emphasis on developing its ICT offer.⁴
- The Gambia is ranked as the 10th best African country for its ICT environment, ahead of much larger including Nigeria, Senegal, Mali and Algeria.⁸

BANKS IN THE GAMBIA

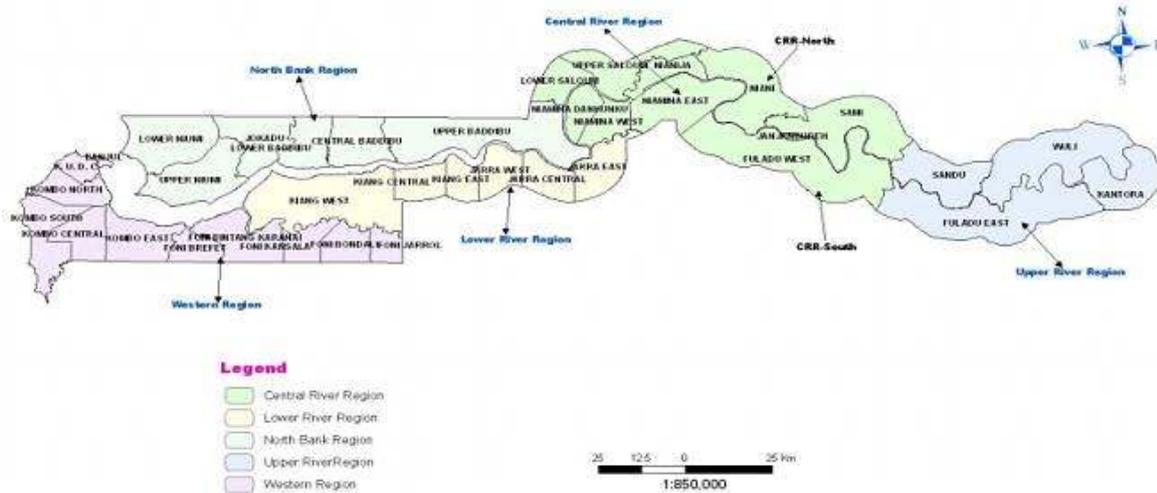
1. Access Bank (Gambia) Ltd.
2. Arab Gambia Islamic Bank (Gambia) Ltd.
3. Megabank (Gambia) Limited
4. Banque Sahélo-Saharienne pour l'Investissement et le Commerce
5. Eco Bank (Gambia) Ltd.
6. First Bank of Nigeria (Gambia) Ltd.
7. Guaranty Trust Bank (Gambia) Ltd.
8. Skye Bank (Gambia) Ltd.
9. Standard Chartered Bank (Gambia) Ltd.
10. Trust Bank (Gambia) Ltd.
11. Zenith Bank (Gambia) Ltd.
12. First International Bank (Gambia) Ltd.

LOCATIONS

The Gambia is divided between the urbanised settlements of the West and the more rural inland regions. Despite an increase in the urban population, a great number of Gambians live in rural settlements where access to banks and the transfer of cash is troublesome. Mobile banking has the potential to greatly ease these problems in the rural community.

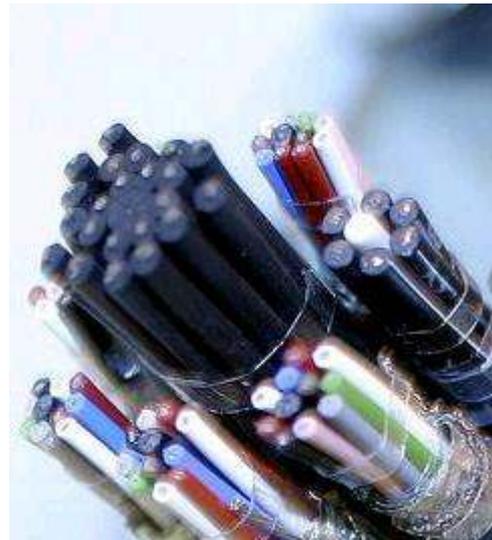
³ World Economic Forum Global Information Technology Report 2014

⁴ International Telecommunication Union



INFRASTRUCTURE

- The ACE (Africa Coast to Europe) submarine communications cable runs from France to South Africa along the West coast of Africa. It is managed by a consortium of 17 operators, headed by Orange. The 1st phase of the 17,000km fibre optic cable was put into service in December 2012 with the official inauguration ceremony taking place in Banjul.
- Banjul Airport has undergone a US\$21 million modernisation and the Government is continuing to upgrade the infrastructure.



Other new infrastructure / upgrades in development:

- The Trans-Gambia bridge (completion due 2017)
- Improved cross-border trunk roads with Senegal
- Ports Expansion Programme underway – Gambia Port Authority planning to build a second port on the Atlantic coast
- Ongoing infrastructure upgrades at Banjul International Airport

AVAILABILITY OF INCENTIVES

ICT is one of the priority sectors for investment and a host of incentives are available to investors in mobile banking. These incentives include:

- **Tax Holiday:** tax breaks on corporate and turnover tax, withholding tax on dividends and for a period of 5-8 years, depending on the project's location.
- **Import Tax Incentives:** Exemption from payment of import tax on direct inputs for the project (e.g. IT hardware).
- **Export Incentives:** Exemptions/reductions on corporate and turnover tax, exemption from Excise Duty and Sales Tax on goods produced or imported within the Export Processing Zone (EPZ) for processing and export – depending on proportion of goods exported.

GAMBIAN OPERATING COSTS

The Gambia has by far the most efficient labour market in West Africa⁵ and offers competitive costs in key areas both regionally and globally.

Competitive rates for key utilities such as energy and water are offered to operators in the ICT sector.

INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2.5-4 a day⁶
- Average wages for ICT specialists range from around US\$70-170 per month.⁷
- Electricity: 9.70 GMD / kWh (commercial tariff)⁸
- Water: 22.48 GMD / cubic metre (commercial tariff)¹³
- Telecoms: From 0.73 GMD / min¹³
- Key taxes:
 - Corporate: 31% (exemption possible)
 - Income: up to 35%
 - VAT: 15%

⁵ World Economic Forum Global Competitiveness Report 2014-15

⁶ Program for Accelerated Growth and Employment 2012-15

⁷ Interview with Lasting Solutions

⁸ www.pura.gm

GOVERNMENT POLICY POSITION

The Gambian Government recognises the importance of private sector participation in the economy, both as an engine of growth and as a source of knowledge transfer. The ICT sector has been targeted as an industry with the potential for growth and the government are taking proactive steps toward stimulating investor interest and growth in the sector. This includes increased liberalisation of ICT services and the development of modern ICT legislation. The government is also committed to easing the energy problems faced by the country and the development of a smart grid system is something that would be viewed favourably.

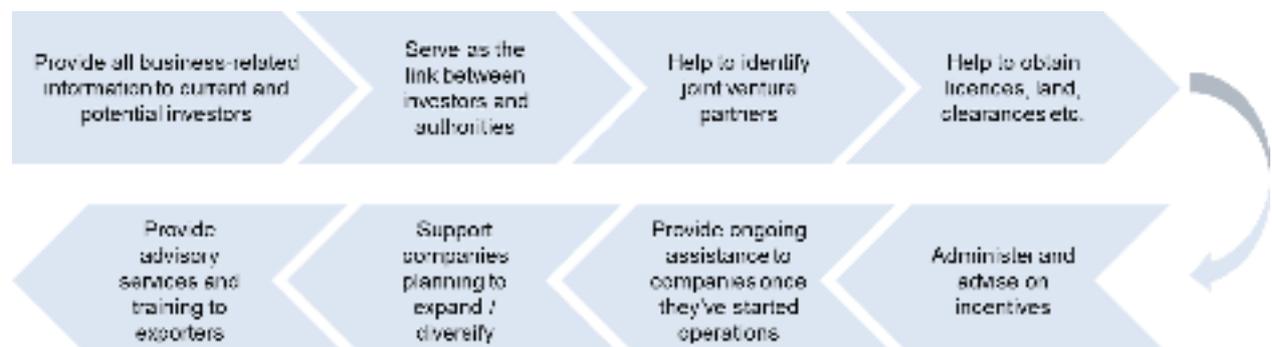
The Gambia Investment and Export Promotion Agency (GIEPA) has identified ICT as one of the core activities to be pursued at the July 22nd Business Park.

A HELPING HAND – EVERY STEP OF THE WAY

The Gambia Investment and Export Promotion Agency (GIEPA) is the Government Agency mandated to support companies with their investment, business and export development as well as support to MSMEs.

From the initial provision of information right through to supporting the establishment, growth and development of an investment project, GIEPA is your supporting partner for doing business in The Gambia – every step of the way.

Here are just a few of the ways in which GIEPA can support your business:



FOUR GOOD REASONS TO CHOOSE THE GAMBIA

1

STRONG DEMAND AND IDEALLY LOCATED:

- There is huge demand for mobile banking in The Gambia with a large, dispersed rural population and increasing ICT connectivity.
- The Gambia's location and membership of ECOWAS provides access to the large markets of the surrounding countries.

2

COMPETITIVE INVESTMENT ENVIRONMENT:

- The best Institutions quality in West Africa (WEF 2014)
- West Africa's most efficient labour market (WEF 2014)
- 5th lowest political risk level in the sub-Saharan Africa (AON)

3

ENGLISH SPEAKING COUNTRY:

- Foreign investors find it easier to conduct business in The Gambia than in other West African countries. English is the country's official language and the most commonly spoken language in the business arena.

4

ATTRACTIVE INCENTIVES, COMPETITIVE COSTS:

- Competitive costs
- Strong political support for the ICT industry
- Comprehensive guidance and support from GIEPA

PROJECT RISK AND SUSTAINABILITY FACTORS

	Issues	Impact rating	Description
Socio-political	Tertiary education	medium	The Gambia has a lack of tertiary level ICT and business education. The majority of ICT workers in the country at present were educated abroad. Any business investing in the country should expect to provide a large amount of training internally.
	Low internet penetration	medium	Internet penetration within the Gambia is currently very low. This will have an impact on both the market size and also the ability for ICT employees to work remotely.
Macro-economics	Access to bank loans	medium	Bank loans in The Gambia are hard to obtain and interest rates are often too high to be a feasible option for businesses.
	Utility Costs	high	The price of electricity in the Gambia is among the highest anywhere in the world. The supply is also highly unreliable and the requirement of generators, and the fuel they burn, is a significant addition to the investment needed to operate successfully. Recent increases in fuel costs give this issue even greater importance.
	Increasing wages	low	The Gambia is currently in a position to use low labour costs as a major pull in attracting foreign investment. However, Increasing success will inevitably push up these costs and potential investors need to be certain that increasing costs can be covered.
Infrastructure	Single data cable connection	high	While the connection to the ACE cable provides The Gambia with an abundance of bandwidth to grow its ICT economy, it presents a major risk if this single access point was to ever fail. Additional connections to the wider global network would be of huge benefit to the country's ambitions within the sector.
	Poor road infrastructure	low	Many of the country's roads are in poor condition making travel throughout the country difficult and even impossible at times.
	Poor internet infrastructure	medium	Gambia's internet coverage is limited and the speeds are often slow.



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