



From concept to market: building XP Wallet in Mozambique

How to turn a financial inclusion opportunity into a viable business proposition in one of Africa's most dynamic markets.

In September 2023, the company Moçambique Gestores identified an opportunity: to launch a mobile wallet in a country where 68.5% of the adult population already used electronic money services, but with three operators dominating the market. The question was not whether there was room to grow, but how to enter competitively and sustainably.

LBC (www.lbc-global.com) took on the role of strategic partner in this project, bringing structured methodology and experience in feasibility studies for emerging markets. The challenge was to translate the identified opportunity into a robust business plan, capable of meeting the requirements of Banco de Moçambique (central bank) and guiding the first years of operation.

When context defines strategy

Mozambique presented unique conditions for the project. Mobile phone penetration was growing steadily, especially in rural areas. The informal economy accounted for a significant share of daily transactions. Traditional banking infrastructure remained limited in much of the country. And the National Financial Inclusion Strategy (2016-2022) created a favorable environment for new operators to enter the market.

Moçambique Gestores, in partnership with XP Wallet India and Moza Capital, sought to capitalize on this moment. The proposal was to bring in a new generation technology platform, capable of operating offline, independent of specific mobile phone networks, and with more competitive operating costs than established competitors.

LBC was called upon to answer two key questions: did the market justify the investment? And what business model would ensure financial viability in the first five years?

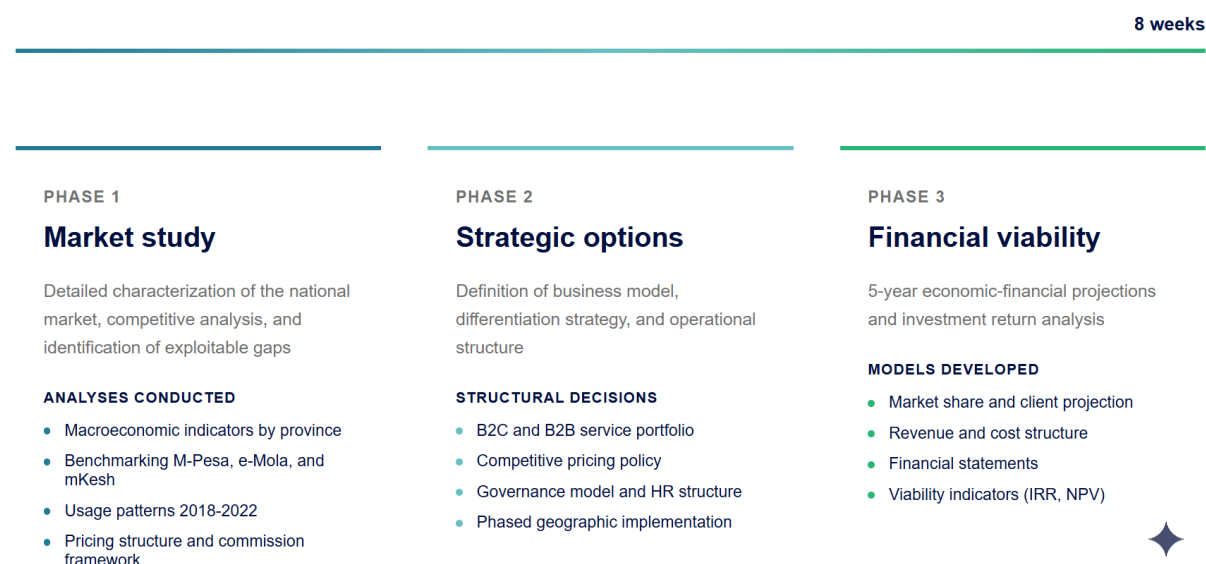
“The work carried out by LBC is extremely useful. We understand that they faced some difficulties in obtaining data for the report, as this is a very specific industry.”

Claúdio Chiche, executive director of Moçambique Gestores

Three phases to chart the course

The work was structured in three integrated stages, completed in eight weeks. First, a detailed market study; then, the definition of strategic options; and finally, the construction of the economic and financial feasibility model.

Figure 1 - Three phases for designing the path



In its market analysis, the team mapped everything, from macroeconomic indicators to usage patterns by province. It found that the M-Pesa and e-Mola mobile wallets dominated with well-established business models, but had exploitable gaps: high prices for transfer and withdrawal services, limited differentiated services, and uneven geographic coverage outside major cities.

From there, the strategy was designed based on controlled differentiation. XP Wallet would not attempt to revolutionize the market immediately. It would provide core services in line with the competition – transfers, withdrawals, payments, deposits – but with more competitive prices in the higher-volume segments. At the same time, it would introduce innovative features: toll and parking payments, promotions for merchants, and employee management for companies.

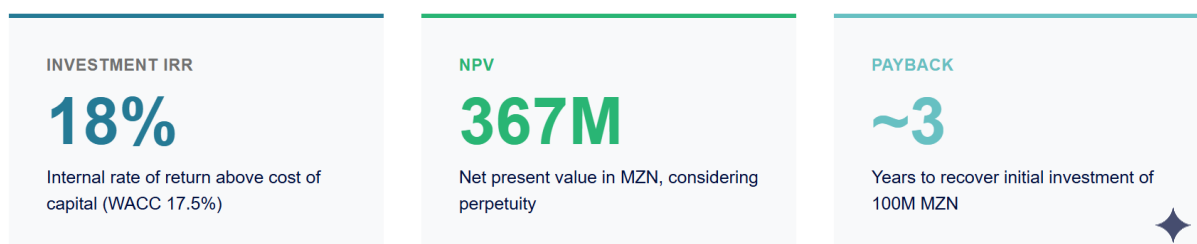
The sales structure would follow the model already established in the market – agents and super-agents remunerated with a percentage of revenues – but with additional incentives and biweekly payments, more frequent than the competition. Geographic implementation would be phased: eight priority provinces at the outset, three with less urgency, always with a physical presence through strategic delegations in Nampula, Beira, and Maputo, covering the northern, central, and southern regions of Mozambique. As this is a digital solution, the service would be available throughout the country from the outset, even though the physical and operational presence would be built up gradually.

The operational model was also designed with rigor. The structure of employees to grow progressively. A governance model with separation between supervisory and executive management functions. And a hybrid technological architecture, combining physical servers with Microsoft Azure cloud infrastructure.

Numbers that support decisions

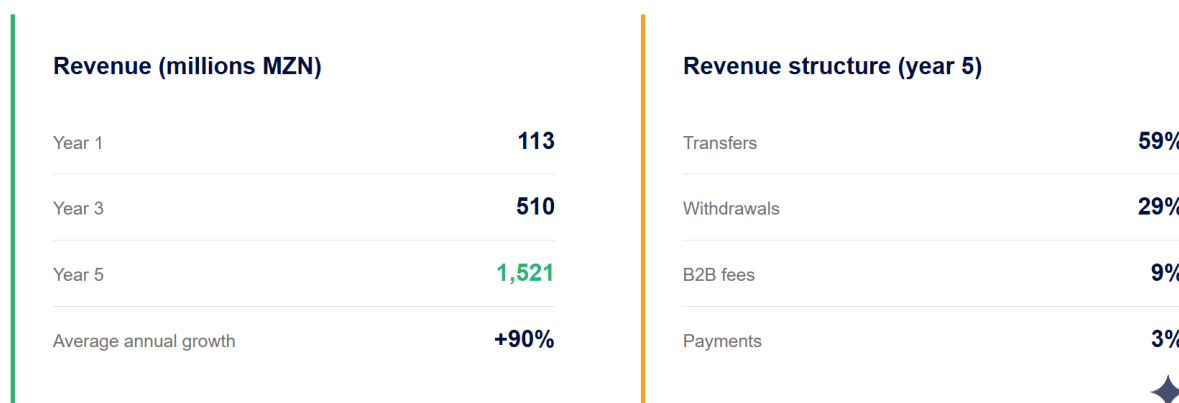
Financial viability translated into concrete projections. The project would start with around 600,000 customers in the first year – a market share of around 5% – growing to around 20% in the fifth year. Revenues would grow by just over 1000% in the same period, driven mainly by transfers, enabling the investment to be recouped in around three years. The estimated internal rate of return was 18%, with a positive net present value of 367 million meticaais, considering operations in perpetuity.

Figure 2 - Figures supporting the financial viability of the project



These figures are the result of a careful analysis of market behavior between 2018 and 2022, benchmarking with existing operators, and conservative assumptions about adoption rates and revenue growth per customer.

Figure 3 - Project revenues and structure, between 2018 and 2022



What you learn from studying a dynamic market

Three lessons stand out from this project:

Three critical learnings from the project

- 1 In emerging markets with accelerated dynamics, execution speed matters as much as plan robustness. The window of opportunity can narrow quickly when established competitors react.
- 2 Effective differentiation does not require total disruption. Small improvements in customer pain points – fairer prices, faster agent payments – can create sufficient competitive advantage.
- 3 Financial viability depends as much on the ability to anticipate realistic operational costs as to project ambitious revenues. Agent remuneration, indexed marketing, and technology reinvestments are easily underestimated factors.

The study delivered to Moçambique Gestores, and subsequent partners XP Wallet India and Moza Capital, was not just an approval document for Banco de Moçambique; it was a roadmap for the first years of operation, with progress indicators, critical decision points, and assumptions that would need ongoing validation.

In a market where financial inclusion continues to expand, projects like this show that opportunities exist not only for those who arrive first, but for those who arrive prepared. With a clear strategy, a robust business model, and disciplined execution capabilities.

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