Millicom International Cellular

“Millicom provides affordable, accessible, and available mobile services and solutions, including financial services, to customers in emerging markets in Latin America and Africa.”

WHO THEY ARE

Millicom is an emerging markets telecom operator providing voice, data, cable TV, and value added services in Latin America and Africa. Millicom operates under the Tigo brand in 14 countries in Latin America and Africa.

HOW THEY REACH THE BOP

Millicom makes its services affordable to even the lowest earners by offering prepaid telephony—i.e. voice, SMS and data—in very small denominations and allowing top-ups for as little as US$0.10. In 2011, Millicom customers spent, on average, less than $10 per month on mobile services and around one third of Millicom customers generated average revenue per user of less than $1. Millicom has started offering mobile financial services in seven of its 13 mobile markets which are predominantly cash economies (more than 90 percent cash). In addition to mobile telephony, Millicom aims to provide affordable and easily accessible financial services for the unbanked population.

MILLICOM’S IMPACT

Affordable mobile access enables people at the base of the pyramid to pursue employment opportunities, source market information on soft commodity prices, obtain medical advice and insurance amongst other services, or send and receive money. In countries where transport and fixed telephony infrastructure can be limited or unreliable, mobile telephony is the primary means of getting in touch.

Millicom works to ensure that its mobile coverage extends to low-income areas. It also allows customers who run out of minutes to make an essential call on credit which they pay back when they next top up. The value of airtime lent to customers is often a small denomination (less than $1) but the success of the service demonstrates its relevance to Millicom customers, many of whom live on less than $1 a day. This “Tigo Lends You” service was used by 15 million people in 2011 and 64 million transactions took place in December 2011 alone.

The company also allows family members working in the cities to send money to their relatives in the countryside through in-market mobile money transfer services sold now under the “Tigo Cash” brands in seven out of Millicom’s thirteen mobile markets.

Millicom is among the largest direct and indirect employers in the countries in which it operates. At the end of 2011, Millicom had more than 680,000 points of sale, some of which are run by a single person selling Tigo products on a street corner.

COMPANY INFORMATION

- Headquarter: Luxembourg

- Countries of operation:
  - Mobile networks: El Salvador, Guatemala, Honduras, Bolivia, Colombia, Paraguay, Chad, Democratic Republic of Congo, Ghana, Mauritius, Senegal, Tanzania and Rwanda.
  - Fixed telephone services: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua

- Year founded: 1990

- Annual revenue: ~US$4.5 billion

- Employees: 1,000-10,000

- Sector: Telecom services

COMPANY HISTORY

In 1979, Millicom Incorporated was formed to pursue cellular telephone opportunities in the United States of America and, in 1982, it was awarded a cellular development license by the U.S. Federal Communications Commission. From early 1983 onwards, both Millicom Incorporated and Industriförsäljnings AB Kinnevik (Kinnekvik), a company that had acquired a mobile license to operate in Sweden, began applying for cellular licenses internationally.

Millicom International Cellular S.A. (MIC) was formed on December 14, 1990, from the respective international cellular interests of both Kinnevik and Millicom. MIC was incorporated under Luxembourg law on June 16, 1992. In December 1993, Millicom Incorporated shareholders endorsed a merger with MIC and MIC officially began trading on NASDAQ on December 31, 1993.

LINKS AND RESOURCES

- Official website: http://www.millicom.com/
- Global operations info: http://www.millicom.com/operations/operations.cfm
In many developing countries, urban centers are populated with migrant workers from rural areas who have come to the city to earn money to send to their families back home. Many of these workers live at the base of the pyramid and do not earn enough to be serviced by the traditional banking system. With no access to formal banking services, the only way for them to send remittances to their families is through informal networks, such as via a bus driver who drives a rural route. The worker hands the money over to the driver, the family picks up the money at the bus station and the driver pockets a 10 percent commission. With no formal mechanisms in place to guarantee the safety of the transfer, families may receive less than they are sent or nothing at all.

Millicom makes it easy to send remittances through mobile phones. Workers buy credit on mobile phone accounts or upload mobile money onto their mobile phone wallet and send that mobile money to their families’ mobile accounts. The credit appears instantly on the family member’s phone, and he or she can then cash it out at one of the many points of sale in the extensive Tigo distribution network. At the end of 2011, Millicom had one Tigo point of sale for approximately every 300 people across its Latin American markets. The process is cheaper, faster, and more secure than sending money through informal channels.

“With Tigo Cash, workers in cities can send money back to their families in the rural areas safely, conveniently, and at a low cost.”

For migrant workers in the cities without access to financial services, the mobile phone is the safest way to send remittances home to their families in the rural areas.

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