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STRATEGIC GUIDE

# What African MVNOs Can Learn from South America

Regulatory Frameworks, Distribution Models, Fintech Convergence, and MVNE Partnerships

*A Guide for Operators, Brands, and Investors*

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# EXECUTIVE SUMMARY

Africa stands at a pivotal moment in its mobile telecommunications evolution. With over 60 MVNOs now operating across 11 countries and regulatory frameworks opening in major markets like Nigeria, Kenya, and South Africa, the continent is poised for the same kind of disruption that transformed Latin America over the past decade.

South America offers Africa a remarkably relevant playbook. Both regions share characteristics that define emerging-market telecoms: high mobile penetration alongside persistent inequality, inflation-sensitive consumers seeking value, dominant incumbents controlling infrastructure, and large unbanked or underbanked populations hungry for digital financial services. The parallels are not abstract. They are structural.

This guide examines how MVNOs in Brazil, Mexico, Colombia, and Peru built successful businesses in conditions that mirror those facing African operators today. It distils their strategies into actionable lessons across five themes: regulatory navigation, brand-led distribution, fintech convergence, pricing architecture, and MVNE partnership models. Each section pairs South American evidence with African context to help operators, brands, and investors make sharper strategic choices.

| 312% | 6% | 60+ |
|---|---|---|
| Mexico MVNO market growth 2020-2022 | Colombia MVNO penetration (highest in South America) | MVNOs operating across 11 African countries |

# 1. THE SOUTH AMERICAN MVNO LANDSCAPE

Latin America's MVNO story did not happen overnight. It unfolded across two decades, driven by deliberate regulatory intervention, entrepreneurial ambition, and the willingness of brands outside telecommunications to enter the connectivity space.

## Regulatory Foundations

Chile was the first mover in 2005, followed by Brazil in 2010 and Colombia in 2011, each passing legislation that required MNOs to offer wholesale network access to virtual operators. Mexico's IFT went further in 2024, adopting explicit price-cap formulas for wholesale access, removing one of the biggest barriers to MVNO viability: unpredictable and inflated wholesale rates.

The regulatory lesson is clear. Where governments mandated access and set pricing guardrails, MVNOs thrived. Where regulation was absent or ambiguous, markets stalled. Colombia, which combined mandatory access with clear licensing pathways, now hosts the highest MVNO market penetration in South America.

> **Regulatory Insight**
>
> *Colombia achieved 6% MVNO market penetration, the highest in South America, by combining mandatory wholesale access with streamlined licensing. Chile, the first to legislate, provided the template that Brazil and Mexico later adapted to their own market conditions.*

## Market Growth Trajectories

Mexico's MVNO market grew 312.7% between 2020 and 2022, with approximately 53 new MVNOs entering the market annually during that period. By mid-2024, the leading Mexican MVNOs collectively accounted for over 8 million lines, generating revenues of 1.63 billion pesos. Walmart's BAIT alone held 11.8 million active users and a 36.2% share of the MVNO subsector.

Brazil's MVNO market was valued at USD 1.82 billion in 2024, growing at a projected CAGR of 7.0%. Colombia's parallel market reached USD 378.9 million, with a CAGR of 6.2%. The South American MVNO market as a whole is expected to reach USD 4.26 billion by 2031.

## The Dominant Archetypes

Three MVNO models proved especially successful across the region, each leveraging a different competitive advantage:

| Retail-Distribution | Fintech-Convergence | Brand-Community |
| --- | --- | --- |
| Leveraging existing store networks and customer bases to activate SIMs at scale with minimal acquisition cost. | Embedding connectivity into banking ecosystems to deepen engagement, reduce churn, and cross-sell financial products. | Building culturally resonant offerings for underserved segments: youth, creatives, or price-sensitive prepaid users. |
| *BAIT (Walmart, Mexico), Exito (Colombia)* | *Nubank NuCel (Brazil), FNB Connect (South Africa)* | *Virgin Mobile (Colombia), Guinea Mobile (Peru)* |

# 2. FIVE LESSONS FOR AFRICAN MVNOS

## Lesson 1: Regulation is the Foundation, Not a Barrier

Nigeria issued over 46 MVNO licenses through the NCC, and in 2025 Vitel Wireless broke through as the country's first fully operational MVNO, completing interconnection with all four major MNOs and launching 50,000 SIMs nationwide. That milestone is significant, but the gap between 46 licenses and one commercial launch reveals a critical insight from South America: regulation must go beyond permission. It must mandate wholesale access terms, set pricing frameworks, and create enforcement mechanisms.

Mexico's success accelerated only after the IFT imposed price-cap formulas in 2024. Brazil's ANATEL modernised its rules through Resolution 777 in 2025, replacing lengthy application cycles with a streamlined online portal that reduced approval timelines from months to weeks. Both interventions addressed the same problem African regulators face: MNOs have little commercial incentive to offer fair wholesale terms without regulatory compulsion.

> **The Nigerian Paradox**
>
> *46 MVNO licenses issued, one commercial launch so far. Vitel Wireless has blazed the trail, but the next wave needs clearer wholesale pricing mandates to follow. African regulators must learn from Mexico and Brazil: enforceable wholesale rate frameworks turn licenses into operating businesses.*

For African markets, the implication is direct. South Africa's ICASA, Nigeria's NCC, and Kenya's CA should study the phased approach of Chile (which legislated first), Colombia (which enforced access terms), and Mexico (which capped pricing). Each step removed a specific barrier. Applied sequentially, they built a viable MVNO ecosystem.

## Lesson 2: Distribution Beats Technology

Walmart's BAIT became Mexico's largest MVNO not through technological superiority but through distribution. With SIM activation available in over 2,500 retail outlets, BAIT gained 1.5 million customers in a single year while incumbent Telcel lost 821,000 users. Colombia's Grupo Exito followed the same playbook, activating SIMs across its 427 retail locations.

The retail-distribution model is especially relevant for Africa, where physical touchpoints remain the primary channel for SIM activation and mobile money registration. South Africa already demonstrates this: Mr Price Mobile, Pick n Pay Mobile, and Shoprite Mobile all leverage their store footprints to acquire customers at a fraction of traditional telecom CAC.

In South Africa, Cell C's MVNO client base grew 28% between May 2024 and May 2025, with data traffic from MVNO clients surging 127% year-on-year. This growth is overwhelmingly driven by retail and banking brands that already own the customer relationship.

> **Distribution Advantage**
>
> *African retailers like Shoprite (2,900+ stores across 12 countries), Pick n Pay, and Massmart already have the physical infrastructure and customer trust that took BAIT and Exito years to leverage. The opportunity is not to build distribution. It is to activate what already exists.*

## Lesson 3: Fintech Convergence is the Growth Multiplier

Nubank, Latin America's largest digital bank with over 100 million customers, launched NuCel in October 2024 as a mobile virtual operator running on Claro Brazil's network. The service enrolled 44,400 users within weeks. What made NuCel compelling was not the connectivity itself but the integration: savings products earning 120% of CDI, unlimited access to the Nubank app, and a single digital identity spanning banking and mobile.

Africa is uniquely positioned to replicate and extend this model. Kenya's mobile money market has reached 91% penetration, with M-Pesa now used by more Kenyans than Safaricom's mobile network itself. In South Africa, FNB Connect, Capitec Mobile, and the newly launched Nedbank Connect demonstrate that bank-led MVNOs can build sustainable subscriber bases by bundling connectivity with financial services.

M-Pesa accounts for 44% of Safaricom's total service revenues. If African fintechs and banks followed Nubank's path and offered mobile connectivity as an embedded service, the cross-sell potential is enormous. Connectivity becomes the engagement layer. Financial services become the monetisation layer.

> **The Convergence Equation**
>
> *Nubank (Brazil) proved that fintech + connectivity = deeper engagement + lower churn. Africa's mobile money ecosystem, led by M-Pesa at 91% penetration, represents an even larger opportunity. The continent's fintech infrastructure is more mature than Brazil's was when Nubank entered telecoms.*

### Bank-Led MVNO Comparison

| Operator | Region | Parent Model | Key Integration |
|---|---|---|---|
| NuCel | Brazil | Digital Bank | Savings products, app access |

| Operator | Region | Parent Model | Key Integration |
|---|---|---|---|
| FNB Connect | South Africa | Retail Bank | eBucks rewards, banking app |
| Capitec Mobile | South Africa | Retail Bank | Affordable bundles, in-branch |
| Nedbank Connect | South Africa | Retail Bank | Financial ecosystem |
| OPay / Moniepoint | Nigeria | Fintech / Payments | Payments, lending, data rewards |

## Lesson 4: Price Architecture Must Reflect Local Economies

Brazil recorded 4.6% inflation in 2025, pushing thousands of middle-income consumers toward prepaid MVNO plans priced 30-40% below incumbent post-paid offers. BAIT in Mexico built its entire value proposition around affordable prepaid plans with free WhatsApp data, a feature that resonated with price-sensitive consumers for whom messaging is the primary use case.

African markets face similar, often more acute, price sensitivity. The lesson from South America is not simply to price lower. It is to architect plans around the specific behaviours and constraints of local consumers. In many African markets, this means zero-rated social messaging, micro data bundles (daily and weekly), airtime-based reward systems, and pricing transparency that builds trust in markets where hidden fees erode it.

South Africa's community-focused MVNOs like Trace Mobile have demonstrated that cultural resonance matters as much as price. Trace targets youth and creatives with plans that bundle music streaming and social media access, proving that price architecture is not just about cost but about perceived value within a specific lifestyle context.

> **Pricing Lesson**
>
> *BAIT did not just undercut Telcel on price. It offered free WhatsApp, the killer app for Mexico's prepaid majority. African MVNOs should identify their market's equivalent: WhatsApp in West Africa, M-Pesa integration in East Africa, social bundles in Southern Africa. Price around behaviour, not just bandwidth.*

## Lesson 5: MVNE Partnerships Accelerate Everything

Peru's Guinea Mobile grew from zero to 21,000 users with year-on-year growth of 1,130% after repositioning as an MVNE/MVNA platform. Rather than building proprietary infrastructure, Guinea enabled other brands to launch MVNOs on its platform, dramatically reducing time-to-market and upfront capital requirements.

Mexico's explosive MVNO growth was similarly enabled by Telecom-as-a-Service (TaaS) platforms that allowed brands like Rappi, Mercado Pago, and Coppel to offer connectivity services without traditional telecom expertise. In South Africa, Vodacom launched its first in-house MVNE service in 2025, signalling that even MNOs recognise the value of enabling virtual operators.

For African brands considering an MVNO strategy, the MVNE partnership model addresses the two most common barriers: technical complexity and speed to market. An MVNE handles core network integration, billing, SIM provisioning, and regulatory compliance, allowing the brand to focus on what it does best: customer acquisition, engagement, and monetisation.

> **The MVNE Advantage**
>
> *Guinea Mobile (Peru) proved that MVNE platforms can unlock 1,130% growth by removing technical barriers for brand MVNOs. In Africa, where 90% of MVNOs depend on leasing infrastructure from MNOs, a capable MVNE partner is not optional. It is the difference between a license on paper and a business in market.*

# 3. THE AFRICAN OPPORTUNITY MAP

As of 2025, over 60 MVNOs operate across 11 African countries. South Africa leads with the most mature market, followed by Nigeria (nascent but licensed) and Kenya (where mobile money infrastructure creates unique convergence opportunities). The following market-by-market assessment highlights where South American lessons apply most directly.

## South Africa: The Innovation Lab

South Africa's MVNO market is projected to reach USD 132.34 million by 2030, growing at a 7.8% CAGR. The market already features bank-led MVNOs (FNB Connect, Capitec, Standard Bank, Nedbank), retail MVNOs (Mr Price, Pick n Pay, Shoprite), and culturally targeted brands (Trace Mobile, me&you; mobile).

South Africa mirrors Colombia's trajectory most closely: diverse MVNO archetypes, supportive regulation, and a maturing wholesale market. The next growth phase will likely come from fintech convergence (following Nubank's model) and deeper rural penetration using the retail distribution strategies proven by BAIT in Mexico.

## Nigeria: The Giant Awakening

Nigeria's MVNO chapter is finally being written. After years of regulatory groundwork and 46 licenses issued by the NCC, Vitel Wireless launched nationwide in mid-2025 with interconnection across MTN, Airtel, Glo, and 9mobile, 50,000 SIMs deployed across all 36 states, and a strategic roaming partnership with MTN that extends coverage to remote and underserved areas. It is the proof of concept the market needed.

With Vitel paving the way, the conditions are now set for a second wave. Nigeria's thriving payments ecosystem (OPay, Moniepoint, Palmpay) provides a natural launchpad for fintech-convergence MVNOs. The Mexican parallel is instructive: Mexico's market also started slowly before accelerating to 312% growth once wholesale pricing mandates and MVNE platforms removed structural barriers. Nigeria, with 220 million potential subscribers and a maturing digital payments infrastructure, could follow a similar trajectory.

## Kenya and East Africa: The Mobile Money Frontier

With 91% mobile money penetration and M-Pesa generating 44% of Safaricom's service revenue, Kenya represents the most advanced mobile money ecosystem in the world. Yet MVNO activity remains limited, partly because Safaricom's dominance leaves little incentive for wholesale access.

The opportunity here follows Nubank's playbook but in reverse. Where Nubank (a fintech) added connectivity, Kenyan MVNOs could partner with fintech platforms to offer bundled financial and mobile services to underserved segments, particularly in rural areas where mobile money is the primary banking interface.

### African Market Readiness Matrix

| Market | Regulatory Maturity | MVNO Activity | Key Opportunity | SA Parallel |
|---|---|---|---|---|
| South Africa | High | 30+ MVNOs active | Fintech convergence, rural expansion | Colombia |
| Nigeria | Medium-High (46 licensed, Vitel live) | 1 active, 45+ licensed | Fintech MVNOs, wholesale mandates | Mexico (early growth) |
| Kenya | Low (M-Pesa dominance) | Limited | Reverse Nubank model, fintech bundles | Brazil (early) |
| Egypt | Medium | Emerging | Youth-focused, value MVNOs | Chile |
| Ghana | Low-Medium | Nascent | Mobile money integration | Peru |

# 4. A STRATEGIC FRAMEWORK FOR ENTRY

Drawing from the South American experience, we propose a five-step framework for African brands, banks, and retailers considering an MVNO strategy.

## 01 Assess Regulatory Readiness

Map your market's wholesale access framework against the Chile-Colombia-Mexico progression. Identify which regulatory interventions are needed and engage regulators proactively with South American case evidence.

## 02 Choose Your Archetype

Retail-distribution, fintech-convergence, or brand-community. Your existing assets determine your model. Do not force a model that does not align with your core competency.

## 03 Secure an MVNE Partner

Technical complexity is the leading cause of MVNO failure. A capable MVNE handles network integration, billing, provisioning, and compliance, allowing you to focus on customers.

## 04 Architect for Local Behaviour

Design pricing, bundles, and value-added services around specific consumer behaviours in your market. Free WhatsApp worked in Mexico. What is the equivalent in your target segment?

## 05 Launch Lean, Scale with Data

Guinea Mobile grew 1,130% in one year by starting with a focused segment and expanding based on usage data. Launch with your strongest customer segment and let the data guide expansion.

# 5. CONCLUSION

South America's MVNO journey offers Africa more than a case study. It offers a tested sequence of strategic moves that can be adapted to local conditions. The regulatory foundations laid by Chile and Colombia, the retail distribution model perfected by BAIT in Mexico, the fintech convergence pioneered by Nubank in Brazil, and the MVNE enablement demonstrated by Guinea Mobile in Peru all point to the same conclusion: MVNOs succeed not by replicating traditional telecom but by leveraging existing brand, distribution, and financial relationships.

Africa's structural advantages in this regard are significant. The continent's mobile money ecosystem is the most developed in the world. Its retail footprint, from Shoprite to Dangote to Jumia, provides distribution reach that traditional telecoms cannot match. Its young, digitally native population is hungry for affordable, flexible connectivity that incumbents have been slow to deliver.

The question for African operators, brands, and investors is no longer whether the MVNO model works in emerging markets. South America has answered that definitively. The question is who will move first to capture the opportunity, and who will provide the MVNE infrastructure to make it possible.

> *"The question is not whether the MVNO model works in emerging markets. South America has answered that. The question is who moves first."*

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