

# M-PESA

## Transforming the lives of Kenyans

**Betty Mwangi**  
**Chief Officer– New Products Division**  
**AFI Presentation**  
**14<sup>th</sup>-16<sup>th</sup> September**

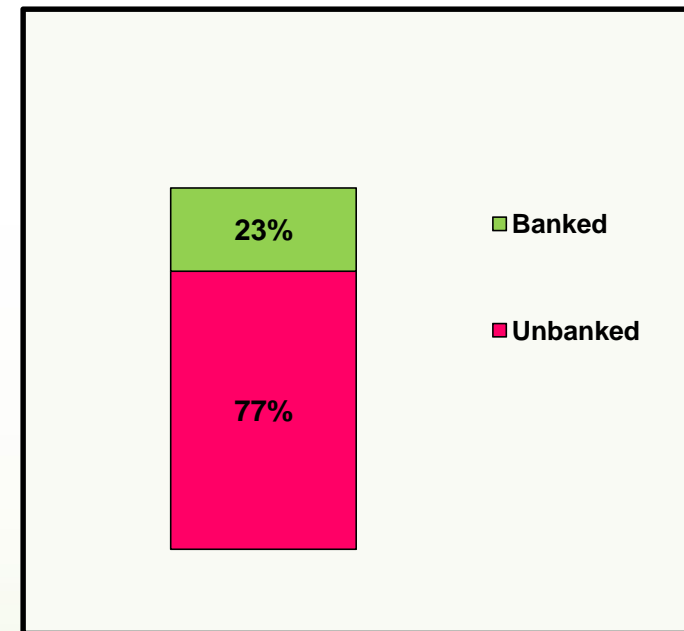
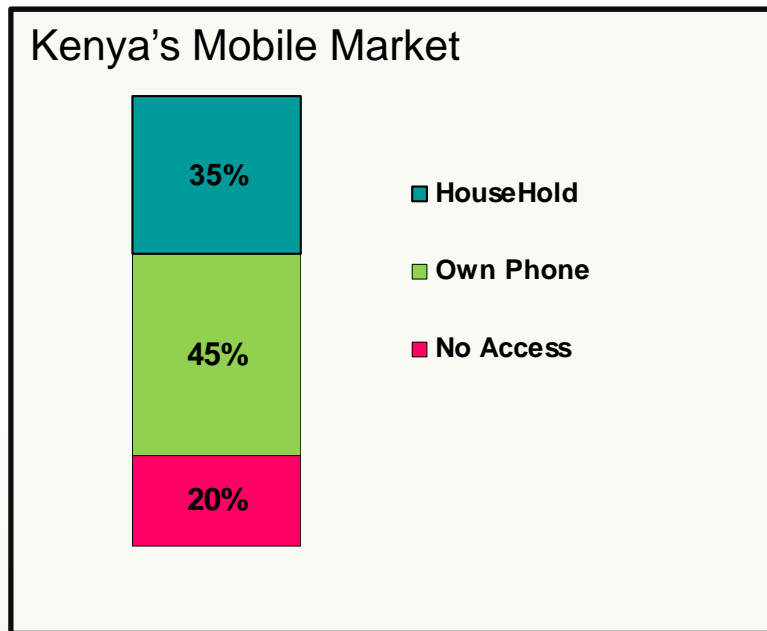


## M-PESA: A world's first

- Launched March 2007
- Targeted at the un-banked...  
also serving banked customers
- Operated in Kenya by  
Safaricom, in partnership with  
Vodafone



# M-PESA: Reaching the un-banked

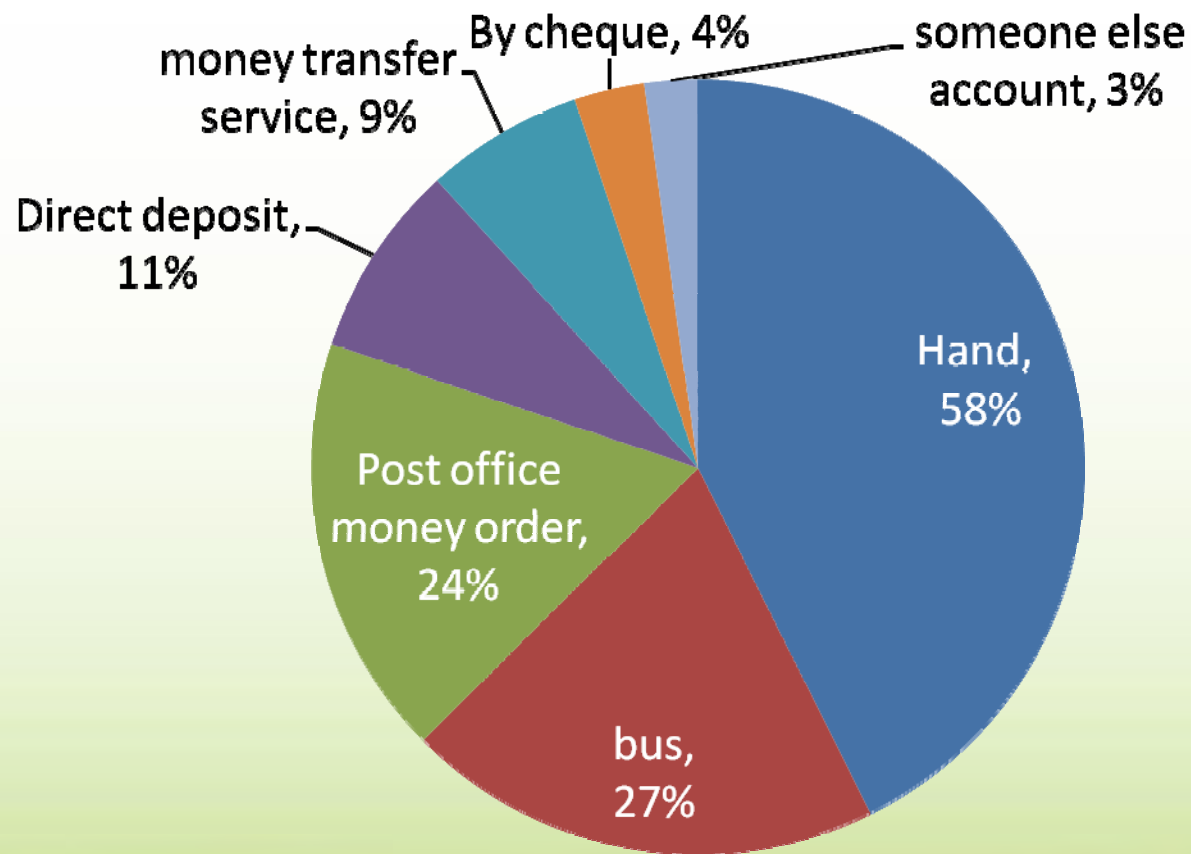


- M-PESA was launched to target mobile subscribers who were unbanked.
- Only 23 % of Kenyans hold bank accounts but 80 % have access to mobile phones.
- A number of banks also now offering M-PESA Service to their customers

*\*Source – FinAccess national survey 2009*

# How did people send money within Kenya?

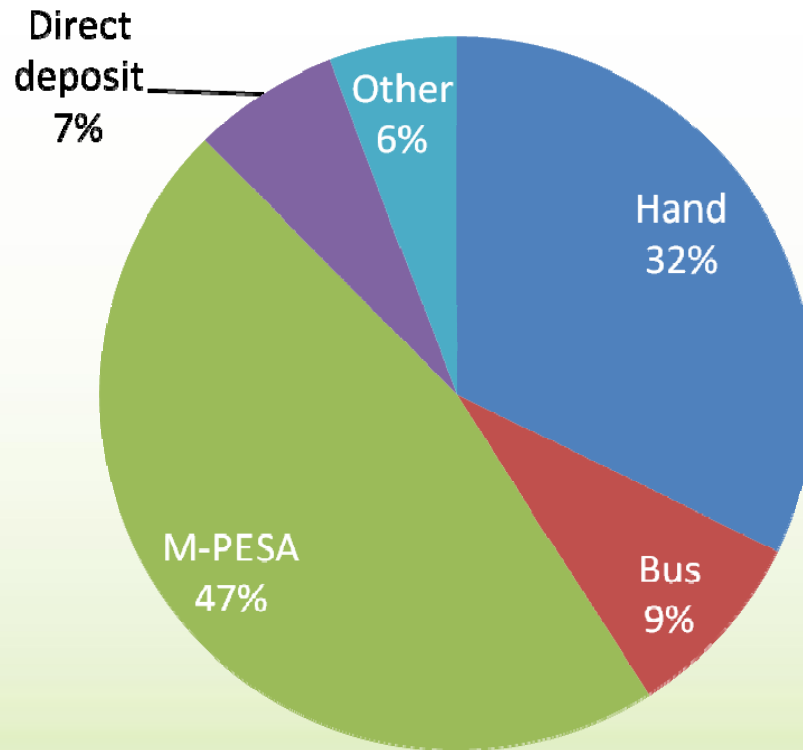
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# How do people send money now?

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**Primary method of sending money**

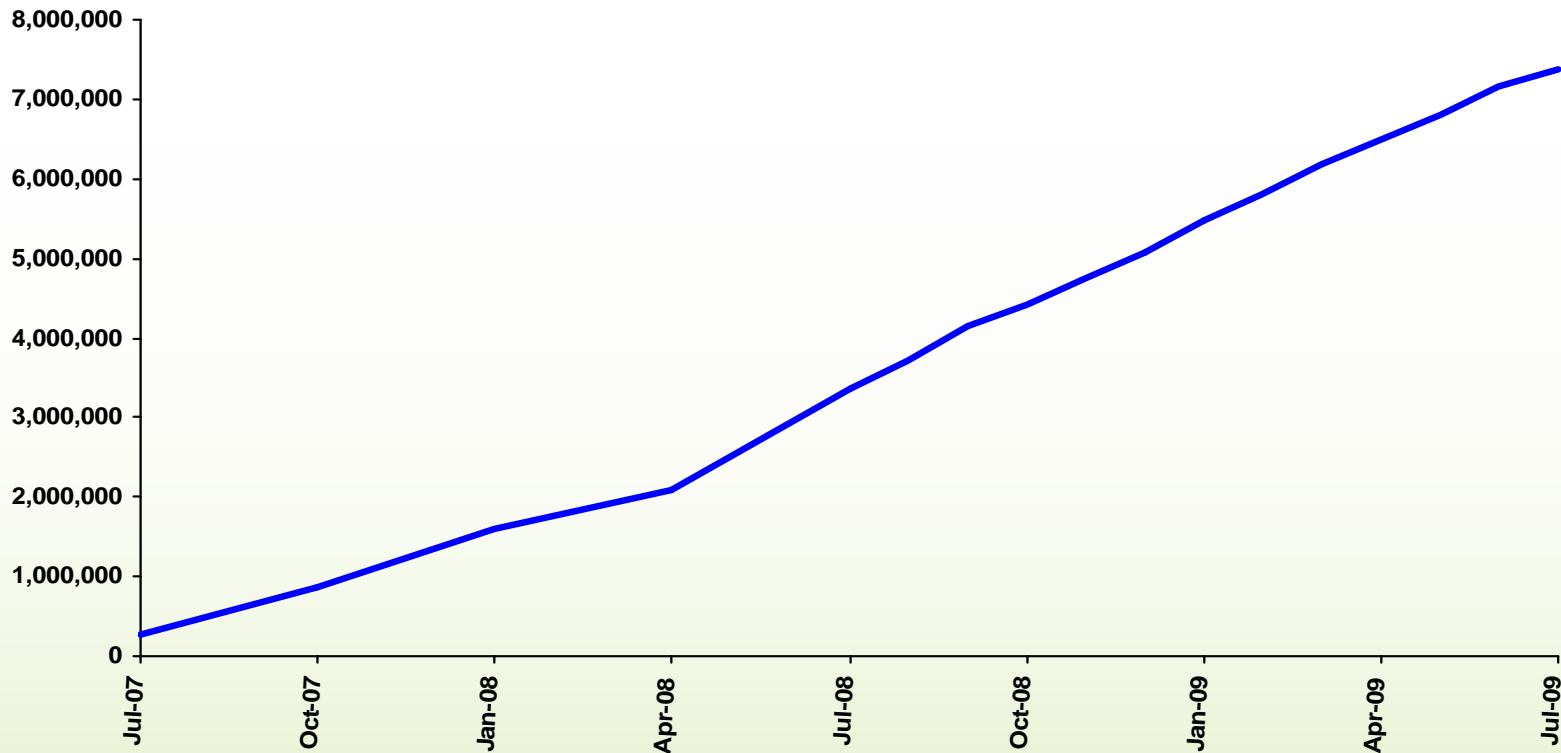


- M-PESA is the most popular money transfer service
- M-PESA has made money transfer affordable, safe and fast for the users.

## M-PESA: A success story

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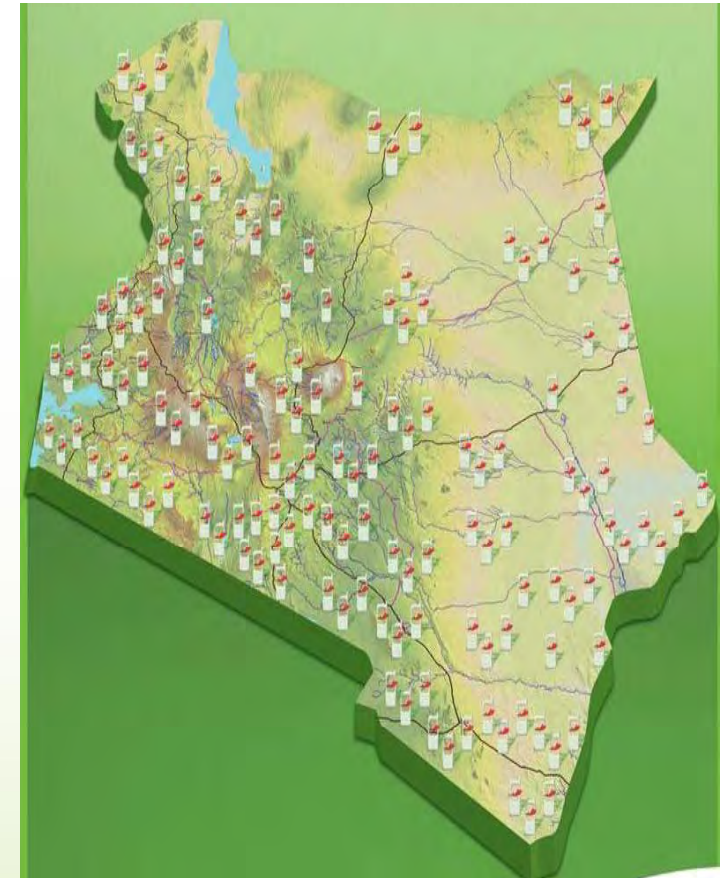
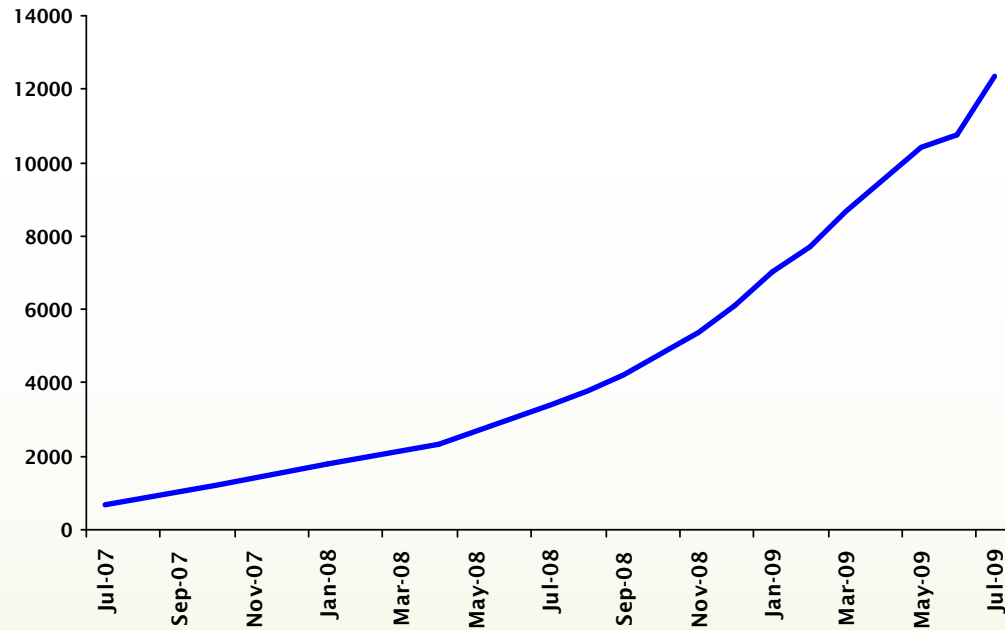
# M-PESA: Customer Growth



With over 11,000 new registrations per day M-PESA has experienced exponential growth to attain over 7 million customers 31-July



# M-PESA: Agent Network



- Over 12,000 agent outlets countrywide with a heavy bias in urban areas
- Agents drive recruitment and service an ever growing subscriber base for cash-in/cash-out transactions



# M-PESA: Agent network

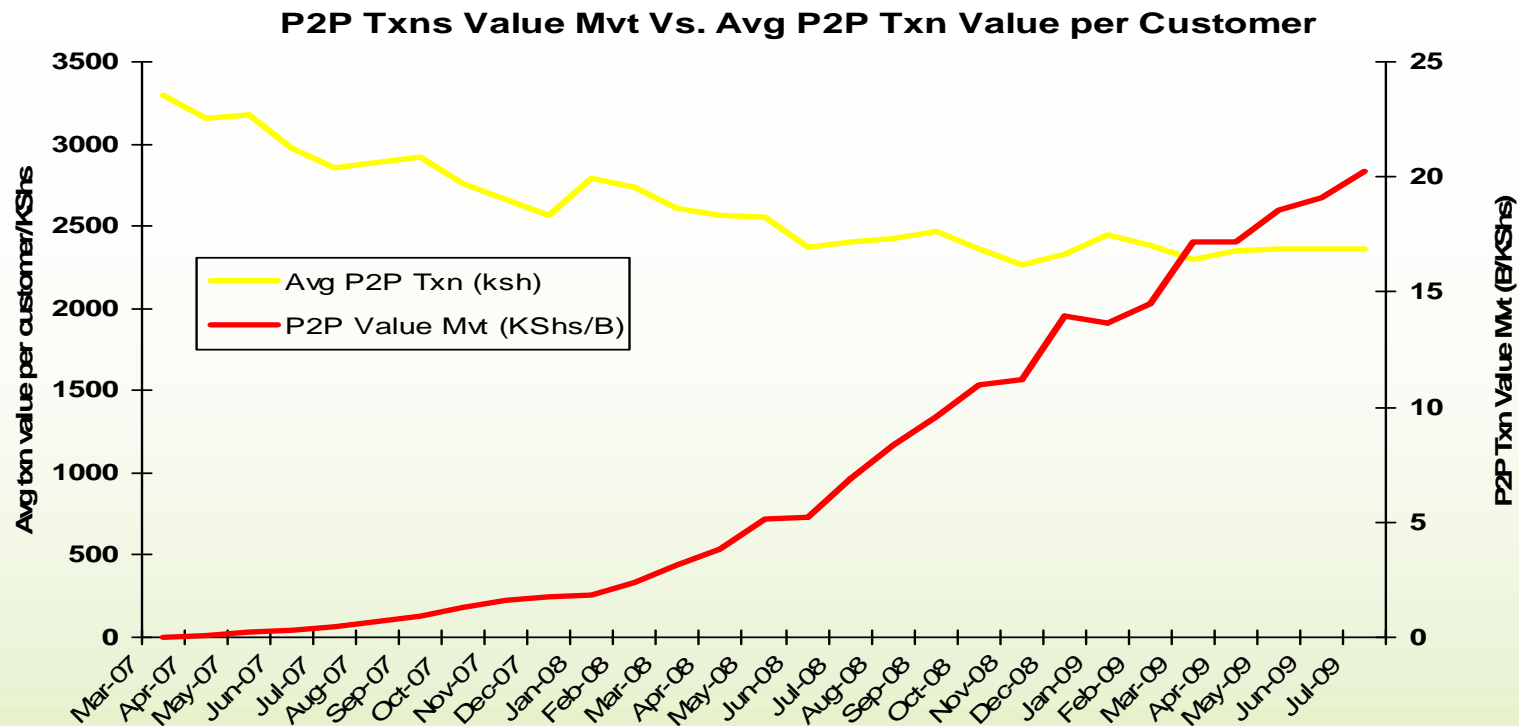


## Working With Agents

- Wide Distribution Network – M-PESA Agents Found Everywhere
- Continuous Training of Agent Staff
- Regular Feedback from M-PESA Agents
- Continuous Performance targets & assessment e.g. Float Levels
- Stringent penalties to Agents who do not comply with Safaricom AML/KYC policy

# M-PESA: Person to Person Transfer

**210.27 B KShs. (\$1.9B) moved in P2P since launch.**



# M-PESA: Current Features

**Cash In Cash Out**

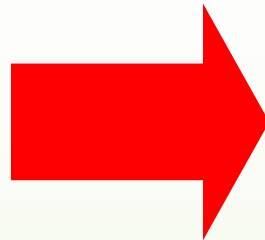
**Person 2 Person Transfer**

**Airtime Top-Up**

**Bill Payment**

**ATM Withdrawals**

**Social / Salary Payments**



# M-PESA: Continued Innovation through Partnerships

- ATM withdrawal
- Pay Bill (over 65 companies)
- Business to Customer (over 20 companies)
- Commercial banks and other Financial Institutions
- Major utilities
- CSR Collections



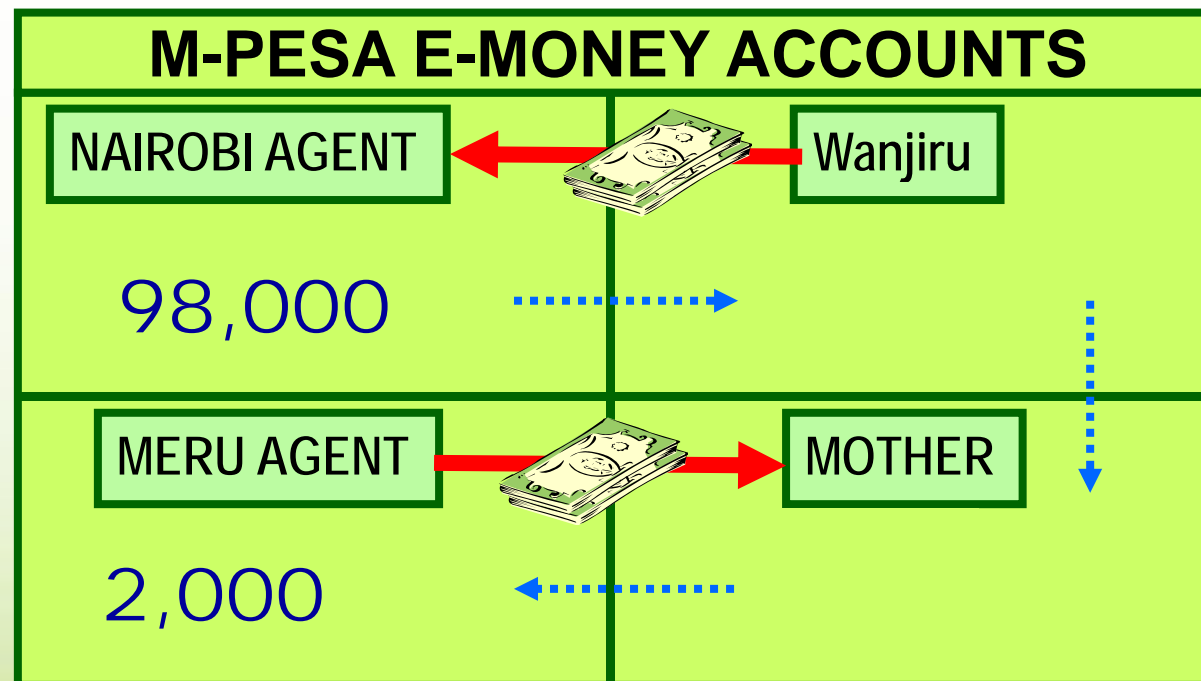
# How M-PESA Works

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## Moving M-PESA in the System

1. Wanjiru buys 2,000 at Nairobi Agent
2. Wanjiru sends it to Mother
3. Mother cashes 2,000 at Meru Agent



# M-PESA: Regulatory Environment

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# Prevailing Regulatory Environment

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CBK provides an oversight of M-PESA

- Consulted from pilot stage to full commercial launch
- Continuous consultation on innovation
- Monthly statistics reporting

## In Support of Regulation

- Regulation creates a level playing field for operators or prospective market entrants
- Regulation will provide legal certainty over the minimum requirements for operators and provide an enforcement mechanism to ensure compliance
- Regulation will provide suitable consumer protection mechanisms e.g. providing a forum for complaint by consumers and in the long run enhancing service delivery to consumers

# Preferred Approach to Policy Formulation

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(i). Legal framework created with the participation of stakeholders:

- To strengthen relationships between the regulator and industry players
- To provide incentives for investment in technologies that bring about innovation in financial services
- To introduces market perspectives and experiences, thus creating a sustainable and enabling regulatory environment

(ii). Adopt a Risk Based Approach to Regulation

- Create a balance between innovation while addressing legitimate regulatory concern
- Regulation should facilitate not frustrate
- A risk based approach to regulation will achieve the government's public policy objectives and complement innovation

# M-PESA: MMT Frontrunner



- **2007 / 2008 – Kenya Banking Awards – Special Award for Product Innovation**

- **2008 - Global Mobile Awards – Winner, Best Broadcast Commercial (M-PESA 'Send Money Home' TVC)**

- **2008 - Global Mobile Awards – Nominated, Best use of Mobile for Social and Economic Development**

- **2008 - World Business and Development Award – 1 of 10 private companies recognized globally for their contribution to the achievement of millennium goals through core business**

- **2008 - Stockholm Challenge – Winner, Economic Development category**

- **2008 - Africom Awards**

- **Winner, Best Solution for Rural Services**

- **Winner, Changing Lives Category (pilot with Concern Worldwide)**

- **2009 - Global Mobile Awards – Winner with Vodafone, Best Mobile Money Transfer service**

- **2009 – UN-Habitat Business Award – Winner, Best Practices**

- **2009- Mobile Contents Award- Winner – Best Mobile Money Service**

# M-PESA: Touching the Lives of Kenyans

## CULTURE / PEOPLE

### Suitor pays dowry using M-Pesa

By MAINA MUIRURI

tions are weighty matters, and men have been known to leave with empty wallets.

The suitor and his entourage came up against experienced negotiators, and were coaxed to part with a sum that was Sh10,000

### Why we can't do without M-Pesa

Any person or country that opposes technology is automatically trying to hamper development and economic growth.

And being an M-Pesa beneficiary, I beg to differ with Finance minister John Michuki and the lot who are of the view that Safaricom and M-Pesa are doing money business by transferring money

### M-Pesa has made many lives easier

Any individual or country that opposes technological advancement is doomed to failure.

As a regular user of Safaricom's M-Pesa services, I beg to differ with Finance Minister John Michuki and others who are opposed to the service.

### M-PESA changes lives of many in Nyeri

By JOSEPH WAMBUGU and LOISE WAMBUGU

Since its establishment a few years ago by a mobile service provider, Safaricom Ltd, M-PESA (money transfer) services have changed the lives of many Nyeri residents both young and old.

All you need to have is a Safaricom SIM card, ID card and pop into the nearest M-PESA agent instead of the long, boring queues normally witnessed in banks at the end of the month.

It has helped many to clear pending bills and debts since it is quick, effective and agents work more hours than the financial institutions.

"I don't have a bank account and see no need to have one, I just enter the nearest agent and withdraw my money. For the last two years my salary is sent through M-PESA. It's a good service and politicians should keep away from it," says a 27-year-old John Maina who is a gamba boy from Mwangi.

According to 38-year-old Jane Wanjiku, a businesswoman at Soko Mijenge market, M-PESA has saved them problems of



### Safaricom's M-Pesa service wins praises in UK event

By NATION Reporter

Safaricom's popular M-Pesa money transfer was showcased in London as one of the successes in reducing poverty in poor countries.

service everyday to transfer money to people in various destinations using their mobile phones. As a result of its simplicity and being inexpensive, millions of shillings are transacted everyday using the

bank branches.

The Business Call to Action event urged other companies to emulate Vodafone and Safaricom which used their core business to help reduce poverty in Africa.

Speaking at the event yesterday UK secretary of State for International Development, Mr Douglas Alexander, said a lot needed to be done to meet the set objectives of the Millennium Development Goal

### M-PESA awakens unbanked villagers in Kisii



By PERIZ MOKUA

Safaricom's money transfer service, M-PESA, has changed the lives of the unbanked rural population in Kisii in many ways, especially in receiving money and making payments.

This happy group no longer travels

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away from her home when she immediately requested. The service is simple to use. Old people can receive money from their grandchildren with ease. Unlike at the bank where clients are required to give many details like account number, name and date and branch name contrary to the M-PESA transactions which are faster and less complicated. Once registered one is only required to give out a national identity card," said Kober, a widow.

The 46-year-old mother of seven said she trusts on the services to avoid difficulty and complexity of using a bank.

"It is simple and easy to use as I only give the agent the year which my husband died as my PIN number and my national identity card and I get paid on the spot," she said. A 20-year-old Witer Nyanchama said the service is very easy to use. She noted that the service is received money on phone though sometimes the network system goes down.

"I enjoy doing my transaction at Tusky Supermarket because they are faster. I simply withdraw and shop at the supermarket with ease," said Miss

Kobori, a widow.

Most farmers who bank with us use the service," said the general manager.

In the larger Kisii, there are more than 100 registered agents including banks like Wakenya Panipa Sacco, Equity, Post Bank and Family Finance, leading supermarkets

and other businesses. M-Pesa is a service

that has

been

used

to

send

money

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other

parts

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Kenya

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many

## ENTERPRISE

### Safaricom, K-Rep win praise for including the poor in business models

By JIM ONYANGO

Two Kenyan companies and a non-profit-making organisation have won

in Kenya as some of the businesses that have included the poor in their business models.

K-Rep bank is cited for availing

### With M-Pesa you can buy 'nyama choma'

Cash transfer system serves a host of Kenyans largely ignored by the banks

lions of shillings every day, mostly from the large swathe of Kenyans who have been ignored by banks.

Already, five million subscribers have joined the money transfer network provided by Safaricom. This number can only grow in leaps and bounds now that M-Pesa has been given a clean bill of health.

Long gone are the days when the phone was merely a tool for keeping in touch and playing Snake as one waited in queues.

Because of the service's success and the volume of money transferred, banks have been jittery over this service, which, I have heard it said, is only available in Kenya but could soon be on offer in the United Kingdom.

Go international Safaricom's competitor, Zain, has a similar service called Soko Tele, and it has been trying to get licences to go international.

For a long time, banks were used to handling money. If you wanted a safe way to



Safaricom CEO Michael Joseph

Long gone

Now, M-Pesa has made these services obsolete. What's more, the deposits in your mobile phone are safe from gangsters. Even if you were forced to "sambaza" the money at gunpoint, your attackers would still have to produce their ID to withdraw it. Only that thieves would do that. Which means that carrying your money in your phone is the safest way to transport it, even safer than the cash-in-transit vehicles.

And unlike with ATM cards, even if your

cannot take advantage of this service because they have to travel to the fund's headquarters to deposit their savings. Would it not make more business sense for the fund to start a partnership with M-Pesa to be collecting these deposits on its behalf?

Even companies that are listed at the stock exchange could use the system to pay dividends to their shareholders. In this way, they would do away with the cost of buying thousands of cheque leaves and postage.

Of course, the biggest beneficiaries of the service remain the people in rural areas. This, I believe, is where the bulk of the M-Pesa transactions ends as people in towns send money to their relatives. This money is slowly but surely transforming the living conditions of many rural fam-

17,000

The number of M-Pesa agents in the country

### M-PESA saving valuable time

The ability to pay for goods and services without having to carry cash or cards has universal appeal. In Africa it is being driven by the need to reduce the risk of theft. The mobile is ideal because it is cheap and ubiquitous and can authenticate the payer and payee and record the transaction.

### Small businesses find convenience in M-Pesa

Charles Magongo is a partner in Biznet Consultants, a web design and computer networking company in Mombasa. Although he knows the importance of having a bank account, he is reluctant to open one and does most of his transactions through a mobile phone account. He is not alone. A significant number of small businesses that were previously cut from the techno-savvy e-banking services provided by most commercial banks have now turned to electronic money transfer through the one-year old M-Pesa service offered by Safaricom



## Video: The Customers Voice

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Thank you

Safaricom