



Reflections on mobile money from Kenya

Often dubbed as the ‘Silicon Valley’ of mobile money, Kenya has emerged as the leader in the global mobile money market through successful integration of mobile financial services into the everyday lives of its citizens. In a matter of six years, mobile money market in Kenya has managed to reach 50% of its population, which includes youth and adults, and ranges evenly across various income levels. From bills to merchant payments to schools fees, cashless transfers are ubiquitous in the Kenyan economy, creating room for businesses to transition to cashless transactions and for users to use mobile money accounts as alternatives to bank accounts.

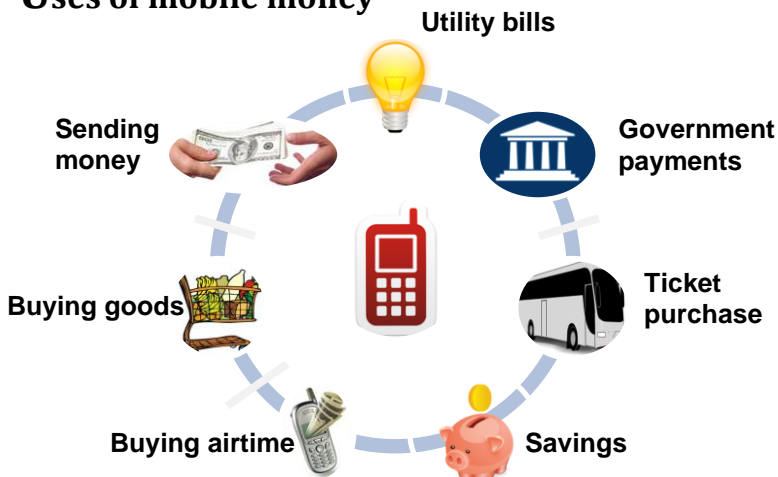
Kenya’s success with mobile money is largely due to the willingness of tech-savvy Kenyans to experiment and adopt new technologies, and the availability of a wide array of use cases created by mobile financial service providers like M-PESA, business and the government.

A digital revolution

Kenya’s telecom-led mobile money revolution has a clear market leader in Safaricom’s M-PESA, which serves 80% of the market in the country. Its presence is everywhere- not only in terms of its well-trained agent network and penetration, but also in terms of the number of users who accept it as a viable (and sometimes preferred) alternative to cash. In fact, more Kenyan’s now associate financial inclusion with having an M-PESA account than with having a bank account!

The Safaricom brand played a huge role in getting clients to trust this new technology. The company’s aggressive partnership strategy involved working closely with external partners to innovate and market new products to clients.

Uses of mobile money



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- Population:** 44 million
- GDP per capita:** USD 976
- Unbanked:** approx. 40%
- Pop. density:** 67.2/km2
- Literacy rate:** over 85%
- No. of mobile money users:** 20 million
- No. of agents:** 70,000
- Rates:** Tiered structure
- Sending money:* BDT. 3-100
- Cashing out-* BDT. 10-330
- Major players:**



Why make the switch?

- ▶ Quick and convenient money transfer
- ▶ Widely accepted in place of cash
- ▶ Multiple cash-out locations
- ▶ Security, which is a major concern warranting the need for alternatives to cash
- ▶ Simple, user-friendly interface in Swahili and English
- ▶ Cheaper to send higher amounts
- ▶ Access to credit and savings

Created by the Social Innovation Lab

What has worked?



MUSONI

Microfinance institution operating through cashless branches. Credit is disbursed within 24 hours and instalments are collected through M-PESA. Client information is also collected, monitored and evaluated digitally.

Best practices: High quality client training, automated process, flexible payments, high tech yet high-touch model



M-KOPA

Provides affordable solar lights to low-income customers. Clients pay small daily instalments over time using M-PESA to finance the purchase of each solar unit.

Best practices: Proprietary technology that monitors use and payments through chips placed in the unit, affordable and flexible pricing scheme, strong customer service, and client referrals



SANERGY

Builds toilets in Nairobi slums to improve sanitation and access to clean toilets. Credit for building facilities are disbursed and repayment is collected through M-PESA payments. Field staff are also paid through M-PESA.

Best practices: Monitoring usage and financial data through customised data platform, motivating field staff, affordable payments

Recommendations for BRAC

- Increase **visibility** of services offered to create a recognisable brand that builds familiarity and trust
- Incentivise and encourage client **referrals** through short-term discounts, commissions, etc.
- **Accustom** our own frontline staff to the new technology and its benefits so they can communicate better with clients
- Preserve the **high-touch model** because going digital should not imply complete automation
- Provide continuous **training** to staff (ie, refreshers on uses and promotions) to keep them engaged and informed
- Encourage clients to save on mobile wallets as a way of **creating more uses** for mobile money
- Prioritise the **streamlining of reporting and reconciliation** systems ahead to making the transition from cash to cashless
- Introduce **customer service** or call centres for both clients and staff

A user's story



Willis Okumu is a popular guide/ taxi driver tourists often call upon when they visit Nairobi. An avid M-PESA user, Willis always asks his clients to "M-PESA" him some gas money ahead of time so: a) there is no need to wait in long lines for gas when they start, and b) clients don't end up cancelling after he has spent thousands of shillings buying fuel for them!