

Mobile Money Transfer service: M-PESA

By Betty Mwangi
GM – Financial Services



M-PESA: 5 years !



Celebrating 5 years of changing lives

Together we've come a long way
...imagine where the future will take us

2007
A new idea is born that changes our lives.
Safaricom launches world's first mobile money service.
Sending money to family on phone is now a reality.

2008
Brighter days with Safaricom and APLC.
Safaricom recognized for M-PESA business model that touches the lives of the unbanked.
Through partnership with APLC, low cost land to enable to pay for your power bills.

2009
FIVE MILLION M-PESA service subscribers.
Customer numbers hit the 5 million mark.
International Money transfer through M-PESA becomes a reality.
Michael Joseph former CEO of Safaricom named M-PESA International Money Transfer as one of the most innovative M-PESA initiatives.

2010
M-PESA at Nairobi and Kisumu makes shopping convenient.
Pay school fees with M-PESA.

2011
M-PESA PrePay Visa Safari Card allows for easier shopping.
More money from your bank account to your M-PESA and vice versa.
25% of total amount contributed for the Kenya for Kenya initiative was through M-PESA.

Capitalising on Mobile Technology to deepen access to Financial Services



M-PESA: Changing Lives: Facts!

- ✓ Over 15 Million M-PESA customers conducting over 6 million transactions every day.
- ✓ Total cumulative money moved in P2P transactions from launch to date is KShs. 1.7 Trillion which is approximately Kshs. 70 Billion per month.
- ✓ Compared to slightly over 1,072 bank branches, there are over 40,000 M-PESA agents in the country
- ✓ Introduction of lower bands and tariffs to meet the needs of our customers
- ✓ Over 98% of Mobile money transactions in Kenya are conducted through M-PESA**



Safaricom

M-PESA: Changing Lives:

- ✓ M-PESA provides greater convenience, speed and lower costs of transferring cash.
- ✓ Just-in-time payments to agricultural or remote areas leads to increased productivity.
- ✓ M-PESA has enhanced personal security as it reduces the need to carry physical cash.
- ✓ There has been a significant increase in the number of women using M-PESA. This has led to Financial Independence for the Kenyan Woman
- ✓ Per transaction customers save:
 - 3 hours per transaction, ploughed back into economic productivity.
 - US\$ 3, spent mainly on food and savings .

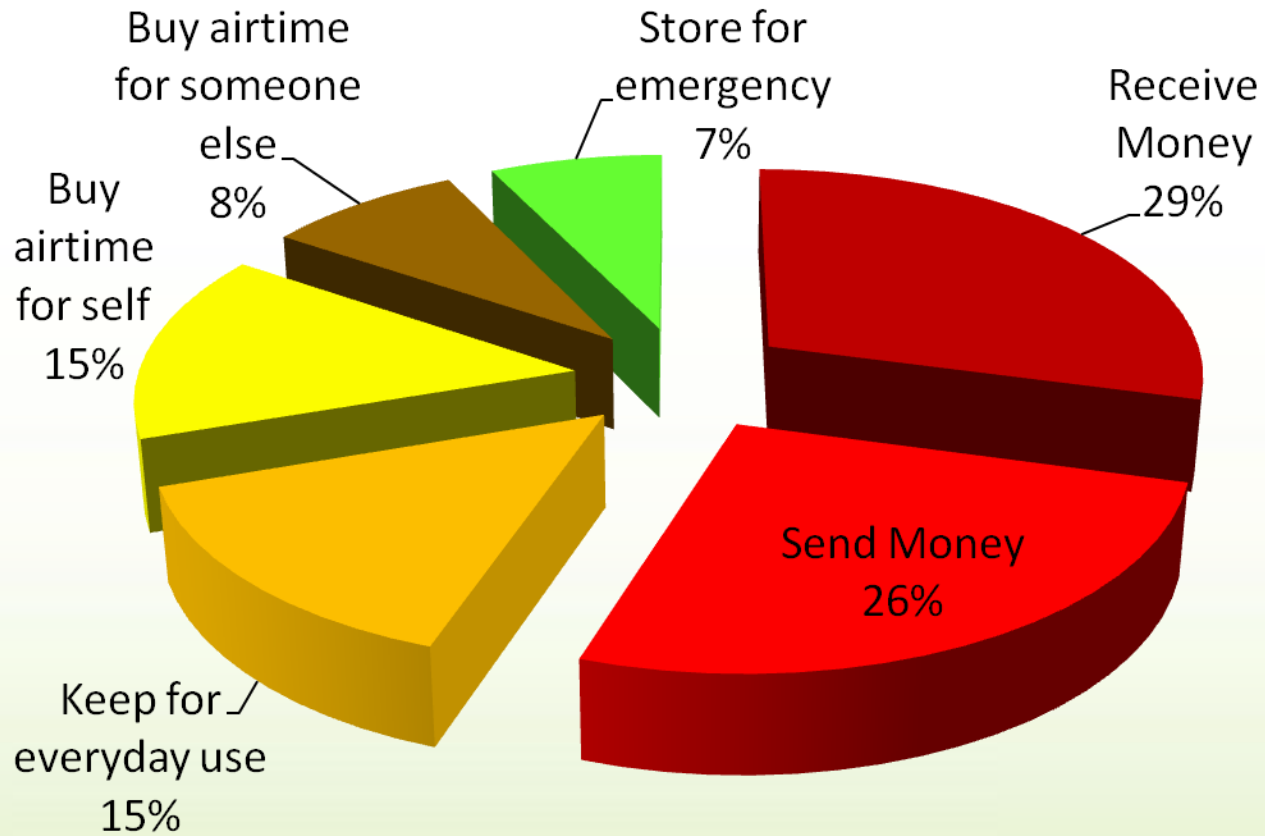


Evolution of M-PESA



Phenomenal Growth!

What is M-PESA used for?



How has M-PESA managed to stay on top?

- ✓ Customer focus : M-PESA answers a need in the Kenyan Market
- ✓ Innovation/ continuous improvement
- ✓ Driving payments through Partnerships
- ✓ Driving partnerships with Banking and Micro Finance Institutions
- ✓ Continuous customer education on new products and services as well as Scam Education
- ✓ Regulatory Framework : An enabling regulatory body
- ✓ Pricing structure
- ✓ Communication that is well understood and easy to communicate
- ✓ Resources in the organization – Staff members and management are key

Driving Innovation Through Partnerships

M-PESA: Expanding to include SME's

Move from mainly Peer to Peer transfer (P2P) to:

- ✓ Business to Customer (B2C)- e.g. Financial Institution to M-PESA and salary payments
- ✓ Customer to Business (C2B)- pay bill functionality- provides SME's with a channel for their customers to pay for goods and services
- ✓ Business to Business- facilitating payments between SME's
- ✓ Cash in Cash out in over 37,000 M-PESA agents

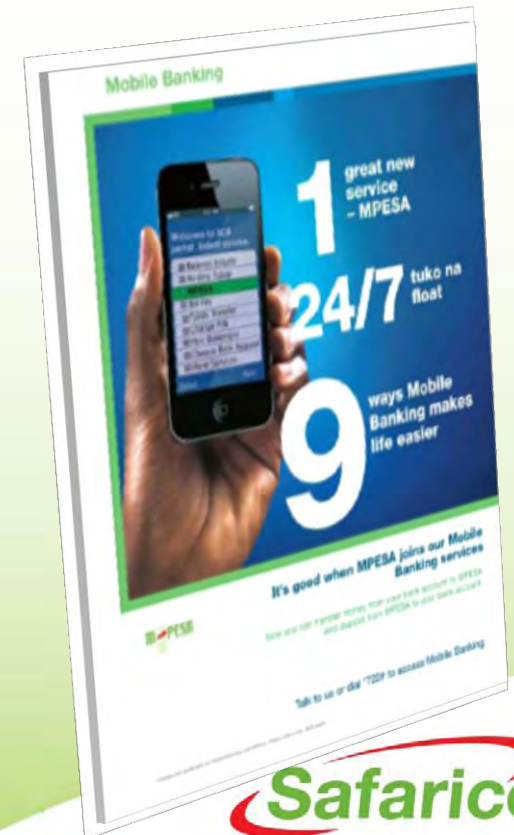
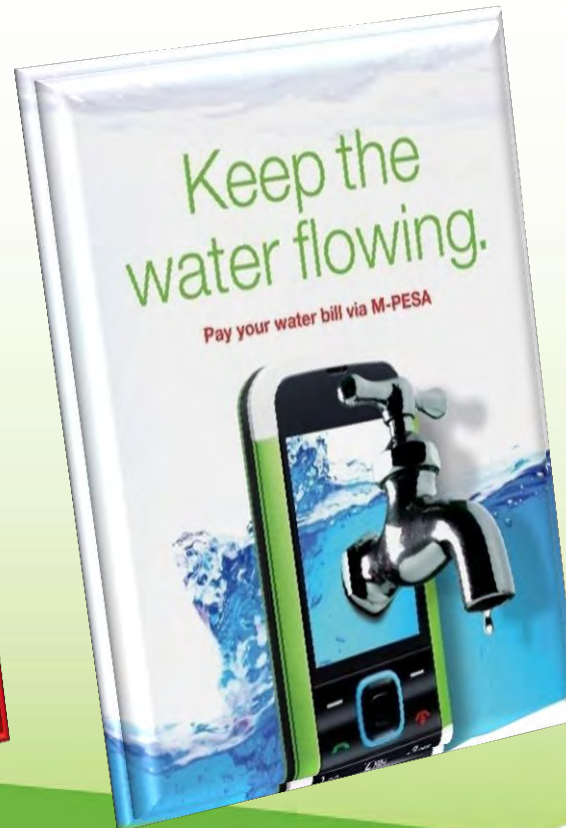
NB: M-PESA acts as an enabler for SME's to exploit its functionality



Partnerships with Corporate organizations

Pay Bill Services (Customer to Business)

- ✓ Over 900 Pay Bill Partners
- ✓ Facilitating payment of regular & utility bills
- ✓ M-PESA to Bank Deposits & Withdrawals.
- ✓ Payroll and Salary Disbursements
- ✓ Payments of goods (Buy Goods)



Partnerships with Banks



- ✓ Partnered with over 25 local and international banks on different service offerings.
- ✓ ATM Withdrawals Services
- ✓ Super Agency
- ✓ M-PESA Prepay Visa card topped up by M-PESA that allows you to withdraw at VISA enabled ATMs worldwide.

M-PESA Continuously Changing Lives

Social Focus



- ✓ Resettlement of post Election Violence IDPs
- ✓ National Famine Relief Fund
- ✓ Water Projects for arid/semi arid areas
- ✓ Gender Violence Recovery Programs
- ✓ Mater Heart Run
- ✓ Kenya for Kenyans initiative.

M-PESA making a Mark in Agriculture!



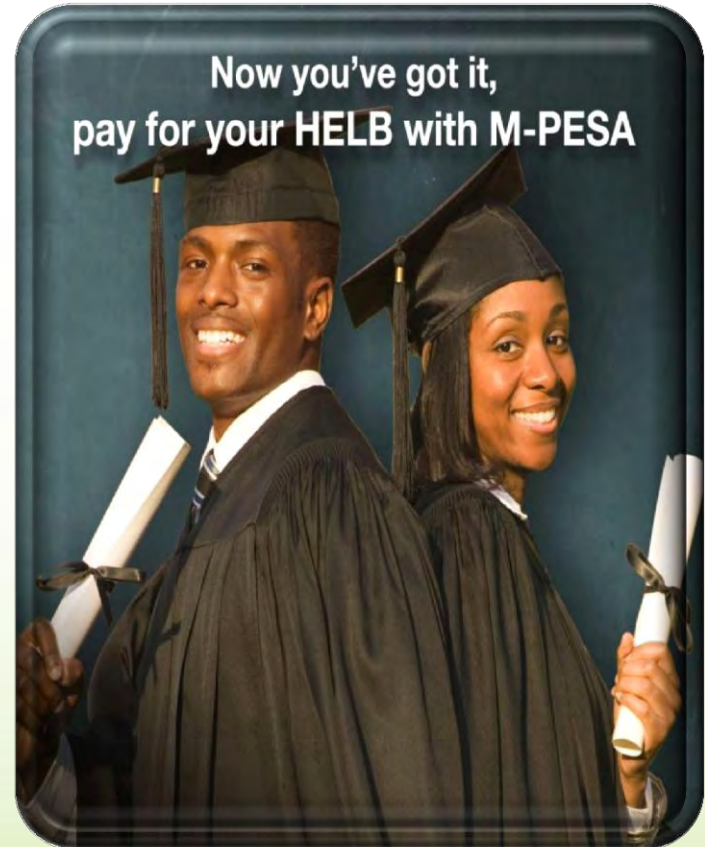
Kilimo Salama Program (by UAP Insurance)

- ✓ Insuring farmers against crop failure
- ✓ Premium collection and settlements done via M-PESA

Lay Away Program (by Kick Start International)

- ✓ Scheme allows farmers to save towards purchase of irrigation pumps
- ✓ Savings submitted via M-PESA

M-PESA making a Mark in Education



- ✓ Repayment of Higher Education Loans.
- ✓ Payment of School Fees

Enhancing the Health of our People!



- ✓ Collection of Health Insurance premiums - National Health Insurance Fund (NHIF) and other HMOs

- ✓ Payment for In and Outpatient services at Hospitals

M-PESA Grundfos LifeLink

- ✓ Clean & safe drinking water
- ✓ Reduction in water borne diseases



Key Success Factors for Launching an MMT Service!

- ✓ Agent Network
- ✓ Robust Platform
- ✓ Strong Mobile infrastructure
- ✓ Regulator
- ✓ Customer Education
- ✓ Costs relatively cheaper than the alternative
- ✓ Dedicated management
- ✓ Strong and Trusted Brand



Regulatory Environment

MMT in Kenya governed under the following laws:

- ***Kenya Information & Communications Act:*** provides the regulatory framework for the licensing & operation of telcos.
- ***National Payments System (NPS) Act, 2011:*** designation as a Payment Instrument; designation as a Payment Service Provider.
- ***Proceeds of Crime & Anti Money laundering Act, 2009:*** Safaricom is a 'Reporting Institution' for purposes of the Act and has a duty to report Suspicious activity
- ***Central Bank of Kenya Act:*** regulates all foreign exchange business including international remittances
- ***Competition Act, 2011:*** ensures equal market opportunity by all players
- ***Banking Act:*** proscribes certain dealings by non licensed institutions, e.g. taking deposits from the public, misleading advertising for deposits.
- Safaricom maintains a cordial relationship which is non confrontational and inclusive.
- When coming up with regulations, CBK consults Safaricom as stakeholders and uses an inclusive approach.

Niko na **Safaricom**

THANK YOU