

Kenya's M-Pesa Now has 9 Million Customers

Mobile money transfer service gains popularity with the both the banked and unbanked populations.

By ZACHARY OCHIENG

Banking in Kenya is fast moving away from brick and mortar as more customers embrace m-money services. Notably, M-Pesa, Kenya's pioneer mobile money transfer service operated by listed mobile operator Safaricom, has so far registered 9 million customers. The service—launched in March 2007—has revolutionized money transfer services in the country by providing Safaricom subscribers with a fast, safe and affordable way to transfer money by phone. An innovative solution that enables customers to transfer money by phone, M-Pesa, initially targeting the unbanked population, has become the most popular and convenient money transfer service due to its low transfer charges and availability among the rural population.

“By Christmas last year, we had 9 million registered M-Pesa customers. The fact that we have achieved such growth in less than two years is testimony to the relevance of M-Pesa to Kenyans”, Michael Joseph, Safaricom CEO told a media briefing in Nairobi recently. Joseph thanked the media for highlighting the benefits of mobile money transfer service in a society where millions of Kenyans have limited or no access to financial services, a situation that previously forced them to rely on informal methods of money transfer.

Kenya is the first country in the world to use M-Pesa, thanks to a joint venture between Kenya's Safaricom and the British cellular giant Vodafone. The service has since been extended to the Kenyan Diaspora living in the UK, who are currently able to send money to their loved ones in Kenya using M-Pesa.

Since its launch in 2007, M-Pesa continues to grow in popularity and functionality. Besides person to person transfers, customers can now pay utility bills and receive small value payments like benefits and salaries from businesses. Last year, the mobile giant's shareholders received their dividends through M-Pesa. It is noteworthy that through these new functionalities, M-pesa has partnered with over 40 organisations, some of which are bank and non-bank financial institutions. Currently, 300 bank branches offer M-Pesa services. With over 7000 agent outlets employing more than 12,000 people directly and indirectly, M-Pesa records an average of 10,000 new registrations per day. In a move aimed at allowing customers access to their money 24 hours a day, Safaricom last month partnered with Equity Bank, Kenya's fast growing commercial bank, to introduce a service that enables customers withdraw cash from the bank's ATMs without using an ATM card.

Joseph reiterated the safety and security of the service, dispelling fears that customers could lose their money.

“I assure all our customers and Kenyans at large that M-Pesa is secure. Every account is PIN protected and in the event that a phone is lost or stolen, their money can be recovered from their M-Pesa account once they replace their SIM cards”, Joseph assured, adding: “The collective monies held on M-Pesa at any given time are held on trust in a bank account on behalf of the beneficiaries and is insured; Safaricom cannot access or utilize these funds”.

However, he reiterated that M-Pesa cannot guarantee refunds for monies sent to wrong accounts and urged customers to always verify the phone numbers they are sending money to. But soon, the M-Pesa platform will be upgraded to enable customers send money directly from their phone books instead of keying in the recipient’s mobile number.

“Vodafone and Safaricom have strict policies on anti-money laundering which are internationally benchmarked and include appropriate know your customer procedures and transaction monitoring”.

Joseph also clarified that the Central Bank of Kenya (CBK) has oversight and supervision of M-Pesa and that Safaricom consults with the bank regularly, particularly regarding any planned changes to the product.

The service has won various awards both locally and internationally. They include the Kenya banking Awards 2007/2008, the Marketing Society of Kenya Best product innovation 2008, the Stockholm Challenge 2008, GSMA 2008, Africom 2008 and the World Business & development Award 2008.

Following its success, traditional banks, which were initially jittery that M-pesa was encroaching on their core business territory have since partnered with Safaricom to offer mobile banking services to their customers. Other mobile operators such as Zain Kenya and Yu have also followed in the footsteps of Safaricom to launch mobile money transfer services.

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