

Mobile banking

Dial 'M' for
Mass Financial
Inclusion



afi Alliance for
Financial Inclusion
Bringing smart policies to life

From Indian fishermen checking market prices to Bangladeshi women seeking health advice, mobile phones are changing lives in developing countries.



Developing countries have driven the four-fold increase in global mobile phone subscriptions to 4 billion over the last decade - especially in Africa.



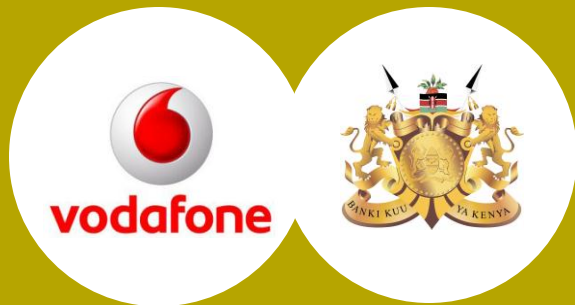
About half of the estimated 2.5 billion mobile subscribers in developing countries are believed to be unbanked.



Numerous developing countries have rolled out mobile phone or 'm-banking' services, none more successful than Kenya.



In 2007, the M-pesa mobile money service was launched in Kenya by Safaricom, jointly owned by Vodafone and the Government of Kenya.



In just over two years, M-pesa has amassed more than 7 million subscribers

16% of Kenya's population

How does M-pesa work?

Customers register at an M-pesa authorized agent

They buy M-pesa e-money (deposits)

E-money can be transferred to others by SMS, used to pay bills or sold to agents to obtain cash.

Funds are held in a regulated bank's trust account

No joining fee, no monthly charge, no minimum balance

Over 130 billion Ksh (\$1.7 billion) has been transferred via M-pesa so far - about 150 million per day (\$1.96 million).



Key success factors include:

Simple,
safe and
transparent

Low-cost
transfers

A large
cash-in,
cash-out
agent
network

Smart
branding
and
promotion

Registration is quick and simple, customers receive a secure PIN number and prices for transfers are clearly displayed at agents.



One study
found that
M-pesa was 26%
cheaper for
money transfers
than the post
office...

...and 68%
cheaper
than using
a bus
company

Customers can cash-in and cash-out at more than 10,000 agent outlets nationwide - nearly 10 times the number of bank branches in Kenya.



Agents are trained, closely monitored and motivated by commissions.



Strong branding and heavy promotion of M-pesa for urban-rural remittances have also contributed to the service's popularity.



In one rural area, income from remittances increased by 30% since M-pesa's launch.



In the same
area, one fifth
of the unbanked
used M-pesa
to safely store
small savings

From Afghanistan to Sri Lanka and Tanzania, other countries are exploring mobile phone banking.



Yet m-banking still has a long way to go.

How can savings be stimulated via this channel?

Is m-banking really reaching the poor?

To connect with
policymakers and
other specialists
working on
m-banking, get in
touch with us.

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