



## THE MARKET

One of the most successful and exciting products to appear on the mobile commerce market is M-PESA. This very popular service was started in Kenya to send money via SMS.

M-PESA (M for mobile, PESA is Swahili for money) is the product name of a mobile phone based money transfer service for Safaricom, a Vodafone affiliate.

The initial concept of M-PESA was to create a service which allowed microfinance borrowers to conveniently receive and repay loans. The services were initially targeted to the unbanked population but have evolved to serve the banked community as well.

M-PESA customers deposit and withdraw money from a network of airtime resellers and retail outlets who act as banking agents. As M-PESA is operated by Safaricom, which is not classed as a deposit taking institution or bank, it may not be advertised as a banking service.

The annual turnover for the last complete financial year was 7.6 Billion Kshs.

80 percent of Safaricom's customers are registered M-PESA users. The emergence of m-commerce in all sectors of the economy has increased exponentially the demand for the M-PESA product.

In terms of turnover and market share growth the brand foresees every Safaricom subscriber being registered for M-PESA and their intention is to make M-PESA a service of choice for all Kenyans. Regional and international expansion programmes are underway.

## ACHIEVEMENTS

Four time winner of GSMA Awards

- 2008 – Best Broadcast Commercial
- 2008 – Best use of Mobile for Social and Economic Development
- 2010 – Best Mobile Transfer Service
- 2007/2008 - Kenya Banking Awards: Product Innovation
- 200 – World Business and Development Award
- 2008 – Stockholm Challenge: Economic Development Category
- 2008 – Africom Awards: Best Business Solution for Rural Services
- 2009 – UN Habitat Business Award: Best Business Practices



- 2009 – Mobile Content Award: Best Mobile Transfer Service
  - 2010 – Mobile Content Award: Best Mobile Transfer Service
  - 2010 – Most Inventive Marketing Campaign
- M-PESA was the first mobile money transfer service in Kenya and also the first to launch the M- KESHO account. This is a mobile bank account introduced jointly by Safaricom and Equity Bank

## HISTORY

M-PESA was launched in March 2007 by Kenya's largest mobile network operator, Safaricom, as an innovative payment service for the unbanked consumer. Within the first month over 20,000 M-PESA customers were registered, well ahead of the targeted business plan.

A pilot partnership was created between the network operators, a micro-finance institute and a commercial bank with the view to improving access to finance for the large unbanked population. The proposition was to allow customers to make payments as easily as buying an airtime top-up. The project faced formidable financial, social, cultural, political, technological and regulatory hurdles. The incredibly divergent cultures of global telecommunications companies,

banks and microfinance institutions had to converge and cope with massive and often contradictory regulatory requirements.

The project also had to quickly train, support and accommodate the needs of largely rural customers. As this was uncharted territory, solutions were created as they persevered with the pilot that was initially estimated to take several months but that eventually took almost two years.

M-PESA has experienced phenomenal growth and has found its way to the core of the lives of Kenyans at every level. The major reason for the success of M-PESA was the ease with which it allowed people working in the cities to send money to the rural areas. The speed and safety of this money transfer contrasted with traditional methods of sending money 'home'; via the Post Office, bus or matatu lines or with not always reliable 'couriers.'

M-PESA has evolved into a major financial tool at both the corporate and individual level. Over one million people now use M-PESA to pay monthly bills through the Pay Bill function, electricity and water bills being prime examples, thus saving time and money for the individuals

and increasing efficiency for the companies who receive the payments.

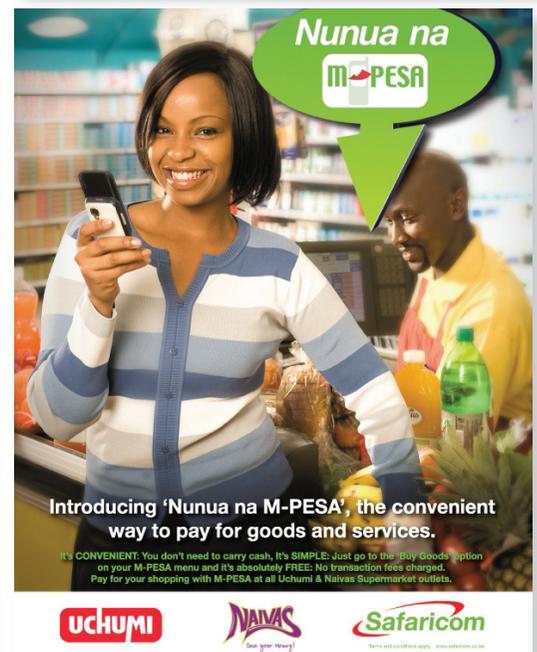
The same trend has been repeated with M-PESA becoming the prime tool of small business people and traders. It is not uncommon to find a vegetable trader who transacts the bulk of their business exclusively through M-PESA lines. For micro businesses M-PESA is both a useful accounting tool and a safer option to dealing with cash.

## THE PRODUCT

The product concept is very simple: an M-PESA customer can use their mobile phone to move money quickly and securely across great distances directly to another mobile phone user. The customer does not need a bank account but registers with Safaricom for an M-PESA e-value account. Customers turn cash into e-money at Safaricom dealers and then follow simple instructions on their phones to make payments and money transfers just as banks do in the developed world. The account is very secure, PIN protected and supported with a 24/7 service.

## RECENT DEVELOPMENTS

The company has recently signed partnerships with a number of organisations:



- Sarova Stanley hotels - introducing an m-commerce platform to help customers pay for reservations using M-PESA
- Barclays Bank Ltd - enabling all the banks customers to access M-PESA services and agents
- Uchumi and Naivas Supermarkets - introducing 'Buy Goods', an easy and convenient way to pay for goods and services
- I&M Bank- Launched in partnership with M-PESA the first Visa PrePay card which can be topped up by M-PESA and can be used globally in over 28Million outlets.
- Signed up with Western Union as agents globally to enable Kenyans in the diaspora send money back home to Kenya. Kenyans in over 52 countries can send money using M-PESA to their loved ones in Kenya.

**PROMOTION**

The brand uses all available media for the promotion of its products:

- Print Media including Taifa leo, Nation Media, The Standard and Nairobi Star publications

- Broadcast media – the brand sponsors various programmes on Citizen radio, Inooro FM, Ramogi FM, Mbaitu FM, Kass FM, Star FM, Kaya FM, West FM and Hope FM
- Television – Various programme sponsorships on KTN, Classic Fm, KBC TV, and Citizen TV
- Experiential Marketing- Bicycle Races in the western Part of Kenya.

The brand holds monthly marketing campaigns across the nation based on the services they want to promote. These run for at least a day but can last as long as a week based on response. These promotional activities have been very successful resulting in ever increasing numbers of customer registrations and transaction values.

Several successful branding campaigns using posters and banners with the slogans: 'Send Pesa by phone' and 'M-PESA changing lives' have been held.

**BRAND VALUES**

Fast, Safe, Easy and Affordable – these are the qualities that have made M-PESA the success it is and the brand keeps this promise by being

committed to providing easy, convenient and affordable financial services. The brand logo of a cell phone with a red bank note with the word M-PESA, fast money, reflects this.

**THINGS YOU DIDN'T KNOW ABOUT M-PESA**

- Launched in March 2007
- At the end of the first year of service, M-PESA had 2,075,527 customers and 2329 agents
- By March 2010: 9,483,408 Customers and 17652 Agents
- Over 700 Pay Bill Partners
- Over 300 Bulk Payment Partners
- Over 700 ATMS where one can withdraw M-PESA countrywide