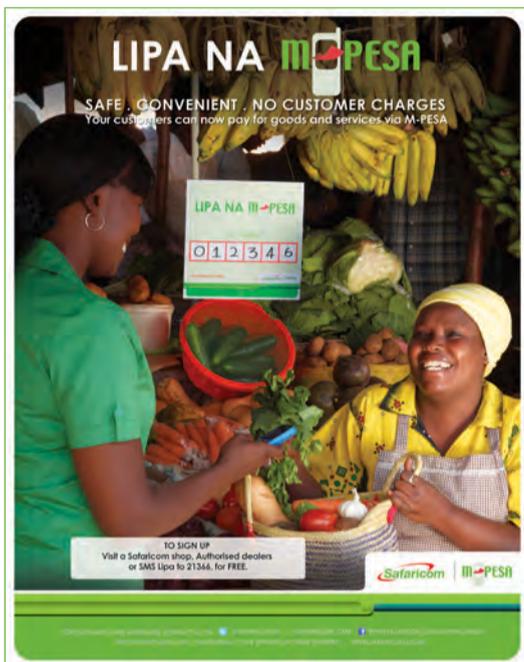


M-PESA



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. M-PESA's customers stand at over sixteen million, which represents 84% of total Safaricom customers.

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.

ACHIEVEMENTS

Five time winner of GSMA Awards

2008 - Best Broadcast Commercial

2008 - Best use of Mobile for Social and Economic Development

2009 - Best Mobile Transfer Service

2010 - Best Mobile Transfer Service

2011 - Best Mobile Money Service for the Unbanked

2012 - Humanitarian/ social focus - Grundfos

2007/2008: Kenya Banking Awards, Product Innovation

2008: World Business and Development Award, Contribution towards Millennium goals

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 Money Transfer Service

2011: GSMA Best Mobile Money Transfer Service

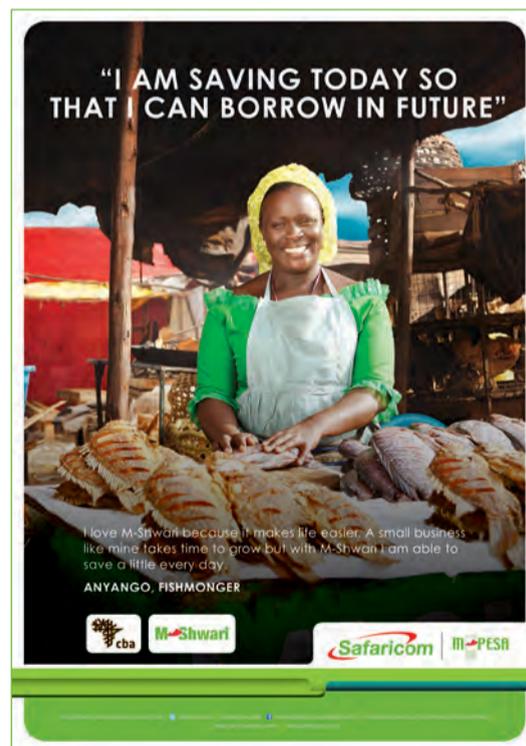
2011: Mobile Money Awards

Best Partnership between Operator and Bank

Achievement in Financial Inclusion

2011: Africom Awards : Changing Lives Awards – Kenyans for Kenya

2012: BSFI ASIAN AWARDS 2012 (Financial services category) – M-PESA



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

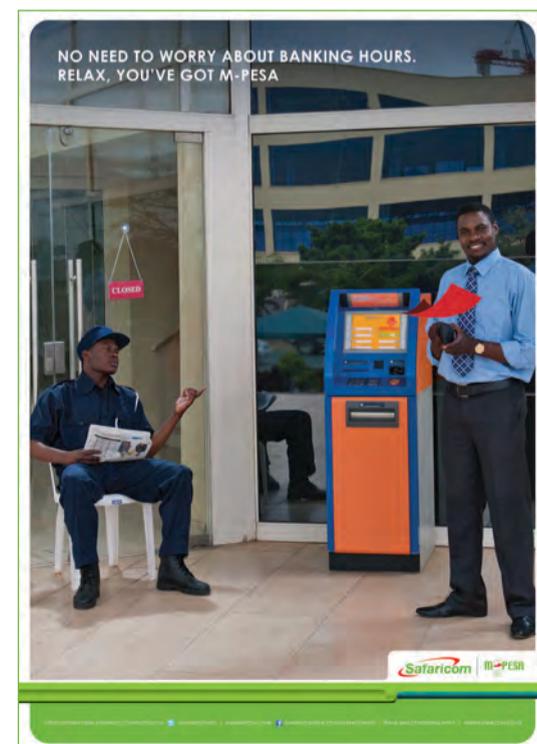
proposition was to allow customers to make payments as easily as buying an airtime top-up.

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 semi-literate 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.' A deposit into an M-PESA account

ensures that the money is safe, even if the mobile phone is lost or stolen. 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.

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 account. Customers turn cash into e-money at Safaricom dealers and agent outlets 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 most recent development of M-PESA is the launch of a banking product for M-PESA customers in partnership with Commercial bank of Africa in November 2012. This product is called M-Shwari.

M-Shwari is a bank account which is accessible via M-PESA and offers all M-PESA subscribers access to a savings and credit facility. This new service allows customers to store money safely via their phone and watch it grow. In times of need, customers can take a loan with dignity and repay within a 30 day period.

This innovation presents something new as never before has it been possible to have a Bank account accessible only from the phone. Individuals do not need to fill in any forms all they need to do is Opt –in from their phones, read and accept terms and conditions

Product features:-

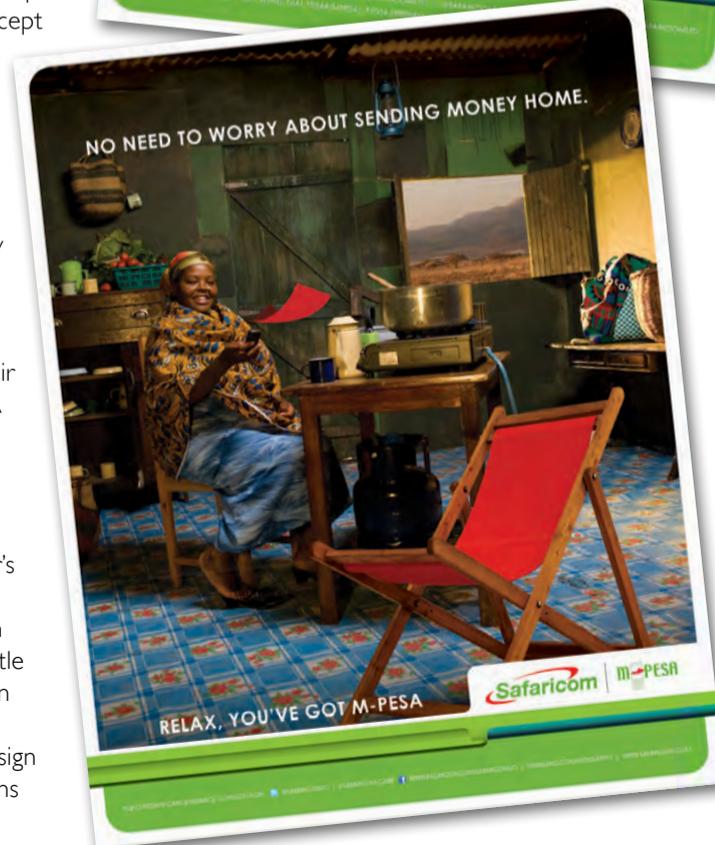
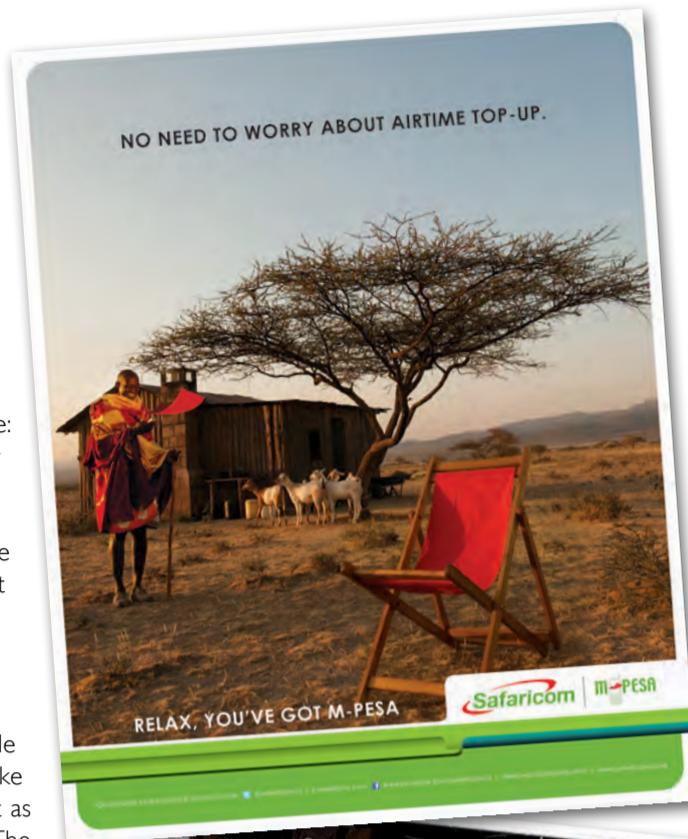
Bank on the Move: customers can open and operate an M-Shwari bank account through their mobile phone, through M-PESA, without having to visit any bank branch.

Free Deposits and Withdrawals to M-Shwari Account: Customers can move money in and out of their M-Shwari account to their M-PESA account at no charge.

Savings with Interest: Customers can save as little as ksh1 and earn interest. Money is moved into the savings account using the customer's phone via the M-PESA Menu.

Loans: On saving, customers gain access to a micro-credit from as little as Ksh100 and receive their loan on their M-PESA account.

The company also continues to sign partnerships with various institutions such as;



- Banks (current partnerships are with over 140 financial institutions)
- Retail merchants (to facilitate payment of goods and services via M-PESA)
- FMCGs – e.g. Eabl and Unilever to facilitate collection of cash by distributors in exchange of goods.

PROMOTION

Advertising

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 across most radio stations; both vernacular and mainstream stations.
- Television – various programme sponsorships across various TV stations.
- Experiential Marketing - customer education through road shows, Women's groups education etc.
- Screen advertng e.g. supermarket screens, ferry screens.

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', 'M-PESA changing lives' and very recently "Relax you've got M-PESA. The brand also maintains a highly visible web presence on the social networking sites of Google, Facebook and Twitter as well as on Mobile Cinema.

Consumer promotion

Timiza na M-PESA promotion was the first M-PESA customer promotion since its launch over five years ago. The objective of the promotion was to position M-PESA as a lifestyle product that brings convenience to its customers in matters that have to deal with cash. The promotion focused on bill payment, buys goods and bank to M-PESA services.

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

M-PESA customers can use their mobile phone to move money quickly and securely across great distances directly to another mobile phone user.

A deposit into an M-PESA account ensures that the money is safe, even if the mobile phone is lost or stolen.

Over one million people now use M-PESA to pay monthly bills through the Pay Bill function.

Superbrands