



## Habitat Business Award - Reporting Format

### 1- BEST PRACTICE IDENTIFICATION

#### M-PESA Money Transfer Service

### 2 - Contact Person:

Title: **Mrs**

Last Name: **Vaughan**

First Name: **Pauline Anne**

Job title: **Head Of M-PESA Safaricom Ltd**

### 3- COMPANY PROFILE

Company Name: **Safaricom Ltd**

Address Line 1: **Box 46350**

Address Line 2: **Waiyaki Way Westlands**

City: **Nairobi**

Postal Code: **00100**

Country: **Kenya**

Telephone (including country code): **+254722003144**

Fax (Including country code): **+254204272507**

Email address: [pvaughan@safaricom.co.ke](mailto:pvaughan@safaricom.co.ke)  
[joduor@safaricom.co.ke](mailto:joduor@safaricom.co.ke)

Website: **[www.safaricom.co.ke](http://www.safaricom.co.ke)**

Year of establishment: **March 2007**

Number of employees: **42**

Annual revenues for the last five years:

2007: **Revenue figures were not available at the time of submitting this entry, however transfer values to date are as below:-**

<b>Value of Person to Person transfers, since launch*</b>	<b>131.68 Billion KShs.</b>
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2006: **n/a**

2005: **n/a**

2004: **n/a**



2003: **n/a**

**4 - INDUSTRY SECTOR** (choose from the following categories):

Other (specify) – **Telecommunications**

**5 - CORPORATE MISSION [100 words]**

Describe your company's corporate mission

**Safaricom's vision is 'To be the Best Company in Africa.'**

**Our values are Passion for Customers, Passion for Results, Passion for our People and Passion for the world around us.**

**6 - MEMBERSHIP to voluntary initiatives and business associations [100 words]**

List up to five voluntary initiatives (including the UN Global Compact) and business associations of which your company is a member

- i. Kenya Society for the Blind**
- ii. Computers for Schools**
- iii. Nairobi Central Business District Association**
- iv. World Wide Fund**
- v. Lewa Conservancy**

**7 - CATEGORY of the Best Practice**

From the list below, select ONE theme that best describes the focus of the best practice:

**1. Innovative Information and Communications Technology solutions for the urban development and management**

**8 – PARTNERS**

List up to four significant partners that are involved in the best practice:

Name of Organisation: **Vodafone plc**

Address of the Organisation: **Newbury Berkshire RG14 2FN England**

Type of Organisation: **Private Sector**

Name of Organisation: **Sagentia Ltd**

Address of the Organisation **Harston Mill Harston Cambridge CB22 7GG UK**

Type of Organisation: **Private Sector**



Name of Organisation: **DFID**

Address of the Organisation **1 Palace Street, London SW1E 5HE**

**Tel: 020 7023 0000 | Fax: 020 7023 0019 | GTN: 3535 7000**

Type of Organisation: **Non-Governmental Organisation**

4) Name of Organisation: **Central Bank of Kenya**

b/ Address of the Organisation; **Haile Selassie Avenue, P.O. Box 60000-0200, Nairobi +254 20 2861000**

Type of Organisation: **Central Government**

Name of Organisation: **Communications Commission of Kenya**

Address of the Organisation; **Waiyaki Way P.O. Box 14448, 00800 Westlands NAIROBI, Kenya Tel 254- 20-4349111, Fax 254-20-4451866/43482046**

Type of Organisation: **Other- Government Regulator**

## **9 - BUSINESS GOAL [100 words]**

Describe the business goal of the best practice. *Example: To finance lighting infrastructure in slum areas from advertising in order to reduce the crime rate and improve business activities in these areas*

**To enable customers especially the unbanked, who typically live in the urban areas while their families live in the rural areas to transfer funds amongst each other and to their families in the rural areas in a fast, secure, efficient and cost effectively. To provide businesses organizations with safe, fast and effective methods of making and receiving payments.**

## **10 - MARKET COVERAGE and TARGET GROUP [100 words]**

Describe the current market coverage e.g., International / Regional / National - and the size and nature of the market e.g. individuals, companies and institutions targeted by the initiative.

**National coverage targetin retail networks with branches in different parts of the country such as Supermarkets and Banks.**

## **11 - BUSINESS CONTEXT: [200 words]**

Describe the business context (key economic, environmental, technological and human resources opportunities and challenges.



With competition from existing and new entrants into the mobile industry there is need for differentiation to build loyalty and retention of Safaricom subscriber. Challenges and opportunities are

- Out of a population of 20m, Kenya has 4 m people unbanked as requirements to open a bank account are off limits to the urban poor.
- Security of cash in transit is still a challenge with muggings, carjacking and armed robberies.
- Existing money transfer modes are expensive and slow
- Safaricom has over 10 million subscribers who are able to communicate by phone and there was opportunity to develop a solution that allows the same convenience with money transfer.

- **12 - PROCESS [300 words]**



Describe the process and activities for achieving the initiative, including technologies, tools, business models and methods.

Customers wishing to use M-PESA need a mobile phone, they visit an authorised agent and upon proof of identification, get registered. They can now visit any M-PESA agent and present cash, the Agent uses his agent handset and remotely through the M-PESA system transfers an equal e-value amount to the customers M-PESA account. Customer can use this e-value in their accounts to send money to another registered or even an unregistered customer, withdraw, buy airtime, pay bills or keep it in the M-PESA account for future use.



### **13 – ASSETS [150 words]**

Describe the assets used and needed to carry out the initiative.

- ❖ **M-PESA system**
- ❖ **Agent network to handle the cash exchange and M-PESA registrations**
- ❖ **Call centres to handle customer and agent queries**
- ❖ **Retail centres to handle face-to-face customer queries**
- ❖ **Safaricom network to support the M-PESA system and mobility of service**
- ❖ **Sim cards that are M-PESA enabled to allow the 'mobile wallet'**
- ❖ **Mobile phones to allow transactions such as send money, withdraw cash, buy airtime and pay bill among other functionalities**
- ❖ **Internet access for remote access to the M-PESA system**
- ❖ **Operations staff to give M-PESA support agents, call centres and retail centres**
- ❖ **Admin staff to handle agent recruitment process and allocations of transaction tools (tills and store)**
- ❖ **Sales staff to manage and audit the third party agent network and key accounts**
- ❖ **IT to support and maintain the M-PESA system**
- ❖ **PCs and Laptops to facilitate access to M-PESA web interface**

### **14 - REVENUE STREAMS [200 words]**

Describe how revenue is generated to finance the activity.

- ❖ **Each customer who sends or withdraws cash pays a low cost M-PESA Transaction fee (tariff attached in Kenya shillings)**
- ❖ **Customers and/or Organizations that use the pay bill service pay a low cost M-PESA transaction fee.**
- ❖ **Also, M-PESA customers are able to purchase Safaricom Airtime for themselves or for other Safaricom Subscribers.**
- ❖ **Authorised Agents earn commission for each customer registered and for every value transaction done.**

### **5 - ACHIEVEMENTS [200 words]**

Describe the achievements to date in its current market, as well as expected growth. Also describe how performance is measured and by whom.



Performance is measured by the 4 factors below against set targets, current statistics:-

- ❖ M-PESA Subscriber base 6,364,547 (mobile active i.e. have menu and can transact)
- ❖ Agent Network -9297
- ❖ Range of functionalities includes bill Payment, Bulk payment and ATM functionality.
- ❖ Revenue streams are also a performance indicator, however, figures were not available at the time of submitting the article.
- ❖ Awards & Recognition:-
  - 2007 - Kenyan Banking Awards - Special Award for Product Innovation
  - 2007 - MSK Warrior Awards – 2nd, Best new product/service launch
  - 2008 - Global Mobile Awards – Winner, Best Broadcast Commercial (M-PESA 'Send Money Home' TVC)
  - 2008 - Global Mobile Awards – Nominated, Best use of Mobile for Social and Economic Development
  - 2008 - Kenyan Banking Awards – Special Award for Product Innovation.
  - 2008 - World Business and Development Award – 1 of 10 private companies recognized globally for their contribution to the achievement of millennium goals through core business
  - 2008 - Stockholm Challenge – Winner, Economic Development category
  - 2008 - Africom Awards: Winner - Best Solution for Rural Services and Changing Lives Awards
  - 2008 - MSK Warrior Awards – Winner, Innovative product Category



○ **2009-GSMA- Best Mobile Money Service**

**16 - KEY DATES [100 words]**

Provide no more than five dates and describe their significance in the best practice (example: launch of product, signature of agreement, reach of a certain market level, etc.).

**Product Pilot test period From April 2006**

**Product Launch in Kenya 6<sup>th</sup> March 2007**

**Product Launch Tanzania 30<sup>th</sup> April 2008**

**Major system upgrade to enable New Functionalities 7<sup>th</sup> June 2008**

**Launch of ATM service to enable M-PESA customers to use Pesapoint ATM's 3<sup>rd</sup> September 2008**

**17 – IMPACTS [200 words]**

Describe the impacts of the initiative in terms of:

- Improving the company's social and environmental responsibility in the urban environment; **Significantly impacted on urban dwellers both banked and unbanked by enabling most to send money amongst themselves and to the rural areas conveniently and at a low cost.**
- Having technological impact on urban life styles and ecological systems; **Most people in the urban areas are very busy and depend on technology to ease their lives, M-PESA has enabled transfer of money, and other functionalities such as ability to pay utilities and bulk payments such as salaries at the click of a button.**
- Expanding the market chain and base towards reaching urban consumers in the lower income segments. **MPESA is the preferred method of payment in the low income segments where urban dwellers prefer to make payments via M-PESA as opposed to cash because of security concerns.**

**18 – SUSTAINABILITY [150 words]**

Describe the sustainability of the initiative in terms of its:

- Development in the market given the financial, technological, and regulatory constraints: **Initial product range allowed send money to both registered and unregistered customers, withdraw cash and buy airtime. Key developments now enable customers to Pay bills,**



Businesses can make bulk payments, Customers can make withdrawals via Pesapoint ATMS, Merchant services where customers pay for goods and services via MPESA and a super Agent model that eases the cash in the market challenge. The key regulatory constraint would be the lack of laws governing the operations of Money transfer services in Kenya.

- **Adaptation to the use of renewable resources:** MPESA mobile money transfer services operates through the use of radio cells that enable SMS communication to transfer funds. These are renewable resources and the introduction of the MPESA service in conjunction with Safaricom Ltd means that the product makes use of existing Safaricom network to relay SMS messages.
- **Accountability to environmental impacts of its activities:** MPESA's environmental impact assessment would give the product a clean bill since it makes use of minimal resources and does not involve huge volumes of paper, pen. Additionally, it enables people to transfer money from where they are thereby greatly reducing the need for transport.
- **Replicability-** Given the required resources, i.e. software, technical expertise and appropriate approvals, M-PESA can be replicated as is the case currently in countries under the Vodaphone network that plan to roll out the same, Egypt, South Africa and India. Afghanistan and Tanzania rolled out the product in February and April 2008 respectively.

- **19 - LESSONS LEARNED [150 words]**

Describe the three or four most important lessons learned and how these lessons have been or are being incorporated in your initiative and/or other initiatives. Describe how these lessons learned have been or are being taken into consideration in determining ongoing or future policies, strategies and action plans.

1. **Corporate Partnerships**-these are important for the sustainability of the product and now include Banks, Micro-finance institutions, Retail chains, utility suppliers, and the Agent network





2. Trends of money movement i.e. within urban areas, and movement from urban areas to rural areas and the high peak seasons being at the end of the month
3. General uptake of M-PESA indicates that a significant population of Kenyans own mobile phones and are increasingly requesting for more services through M-PESA, Safaricom Ltd is therefore actively adding innovations to the product to ensure it always meets customer needs now and in future.
4. Anti money laundering (AML) and Know Your Customer (KYC) initiatives- M-PESA trains all its agents on AML & KYC to ensure that the service does not ever become an avenue for money laundering

## **20 – REFERENCES [60 words]**

Cite one main reference website that documents the best practice and list up to four web links that provide additional information on the initiative.

❖ Safaricom Website with M-PESA link below: -

<http://www.safaricom.co.ke/index.php?id=228>

<http://www.itnewsafrika.com/?p=2263>



[http://www.ft.com/cms/88d16ae6-c875-11dd-b86f-000077b07658.html?\\_i\\_referralObject=1017794313&fromSearch=n](http://www.ft.com/cms/88d16ae6-c875-11dd-b86f-000077b07658.html?_i_referralObject=1017794313&fromSearch=n)

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**CULTURE / PEOPLE**

## Suitor pays dowry using M-Pesa

**By MAINA MUIRURI**

When Safaricom introduced M-Pesa, its electronic money transfer service, it may not have reckoned with the innovative uses subscribers would put it to.

There are those who use it to pay for drinks at the bar, and women who pay *ma-ma mboga* at the market at the touch of a few buttons.

But one man went the extra mile at the weekend during a visit to his in-laws to pay dowry for his fiancée.

The man, who cannot be identified for the sake of his future marital stability, was in Central Province where dowry negotiations are weighty matters, and men have been known to leave with empty wallets.

The suitor and his entourage came up against experienced negotiators, and were coaxed to part with a sum that was Sh10,000 more than they had carried.

However, one of the suitor's friends asked for the mobile number of one of the girl's uncles and made a request.

"Can I transfer Sh10,000 by M-Pesa?" he asked to which the uncle replied in the affirmative.

Turning back to his Blackberry, he finalised the transaction and a message tone confirmed what could be Kenya's first dowry paid via M-Pesa.