

Opportunities & Challenges towards an Entrepreneurial Economy

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Mobile phone, mobile banking and
mobile money key to achieving Kenya's
vision 2030

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Mobile Money

M-Transactions

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graph TD; MTransactions[M-Transactions] --> MBanking[M-Banking]; MTransactions --> MTransfers[M-Transfers]; MBanking --- MBankingDesc["Channel to existing bank account (Equity Bank)"]; MTransfers --- MTransfersDesc["P-2-P Remittances"]; MTransfers --> Airtime[Airtime transfers]; MTransfers --> VirtualCurrency[Virtual Currency]; Airtime --- AirtimeDesc["Balance Transfers (Sambaza, M2U)"]; VirtualCurrency --- VirtualCurrencyDesc["Virtual Account (M-PESA)"];
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M-Banking

Channel to existing bank account
(Equity Bank)

M-Transfers

P-2-P Remittances

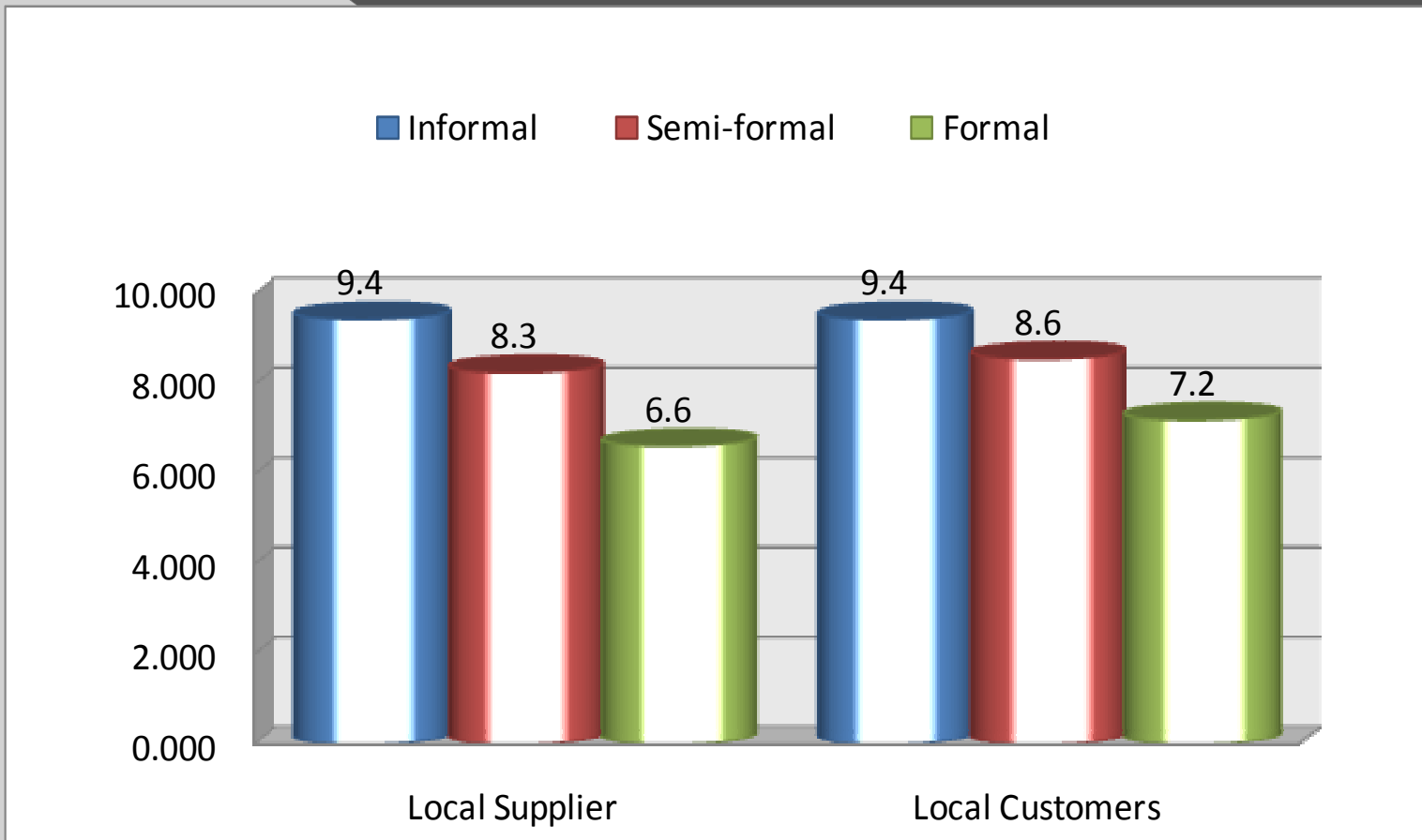
Airtime transfers

Balance Transfers
(Sambaza, M2U)

Virtual Currency

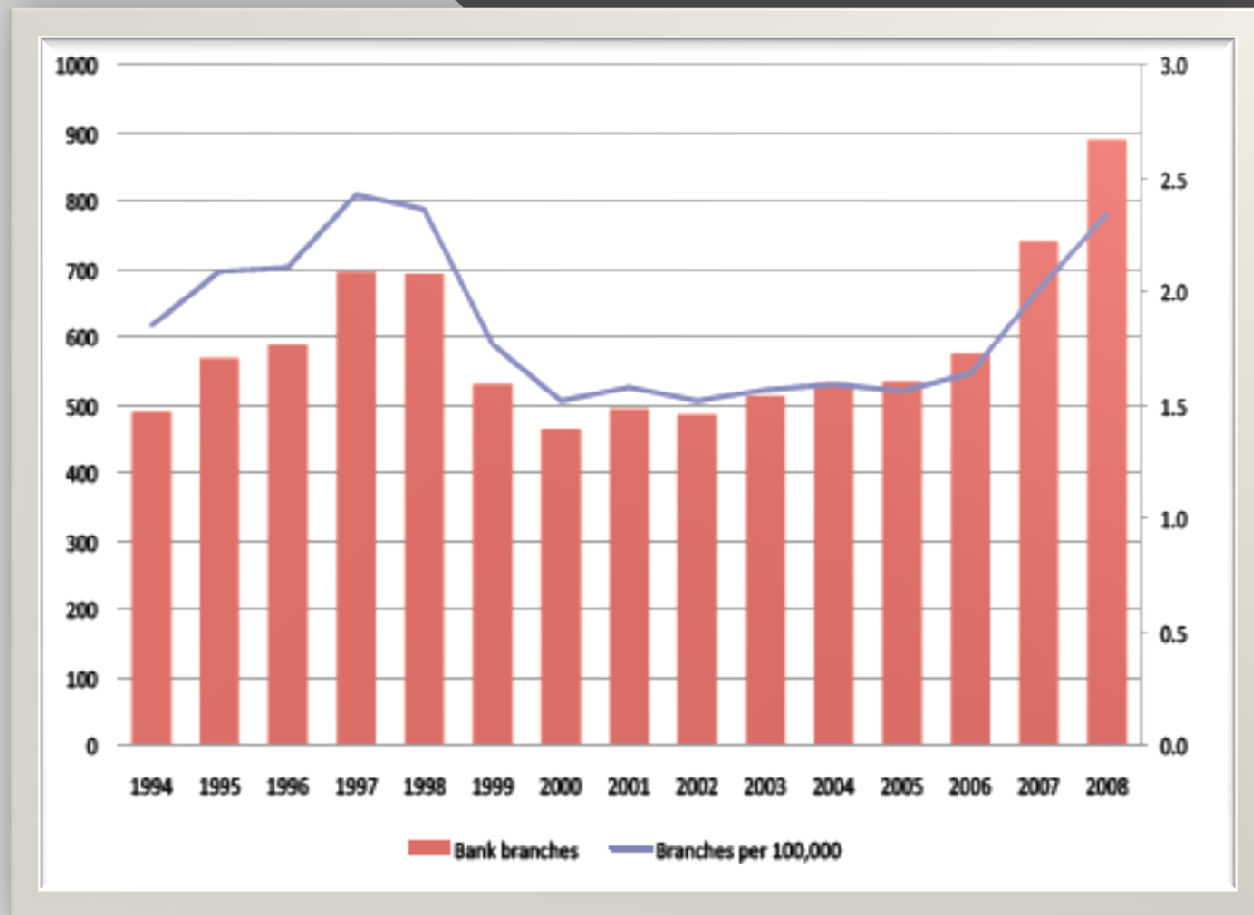
Virtual Account
(M-PESA)

Cash Society



Source: Research ICT Africa!

Bank Branches



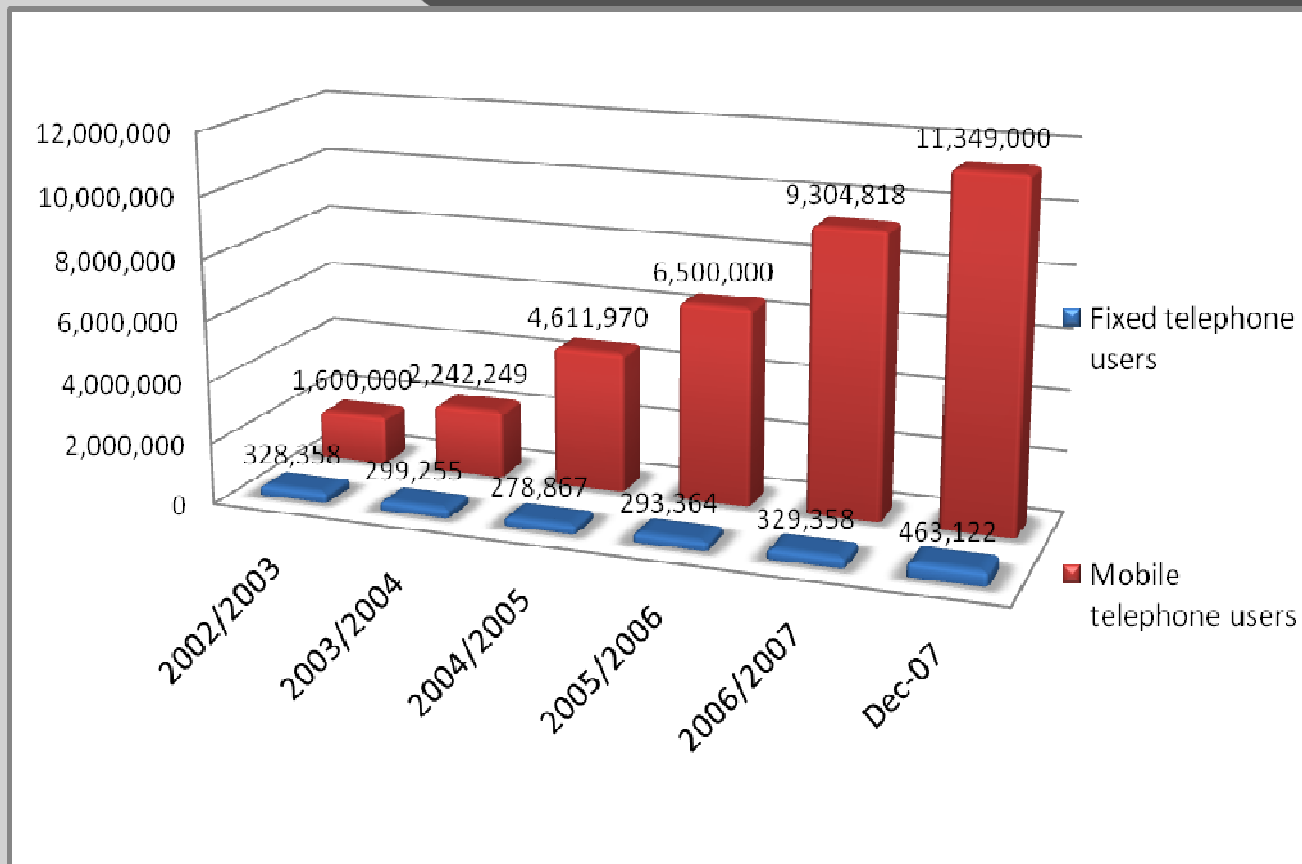
Population: 32M

Users per branch: 40,000

2.5 branches /100K pple

Source: CBK

Mobile phone growth



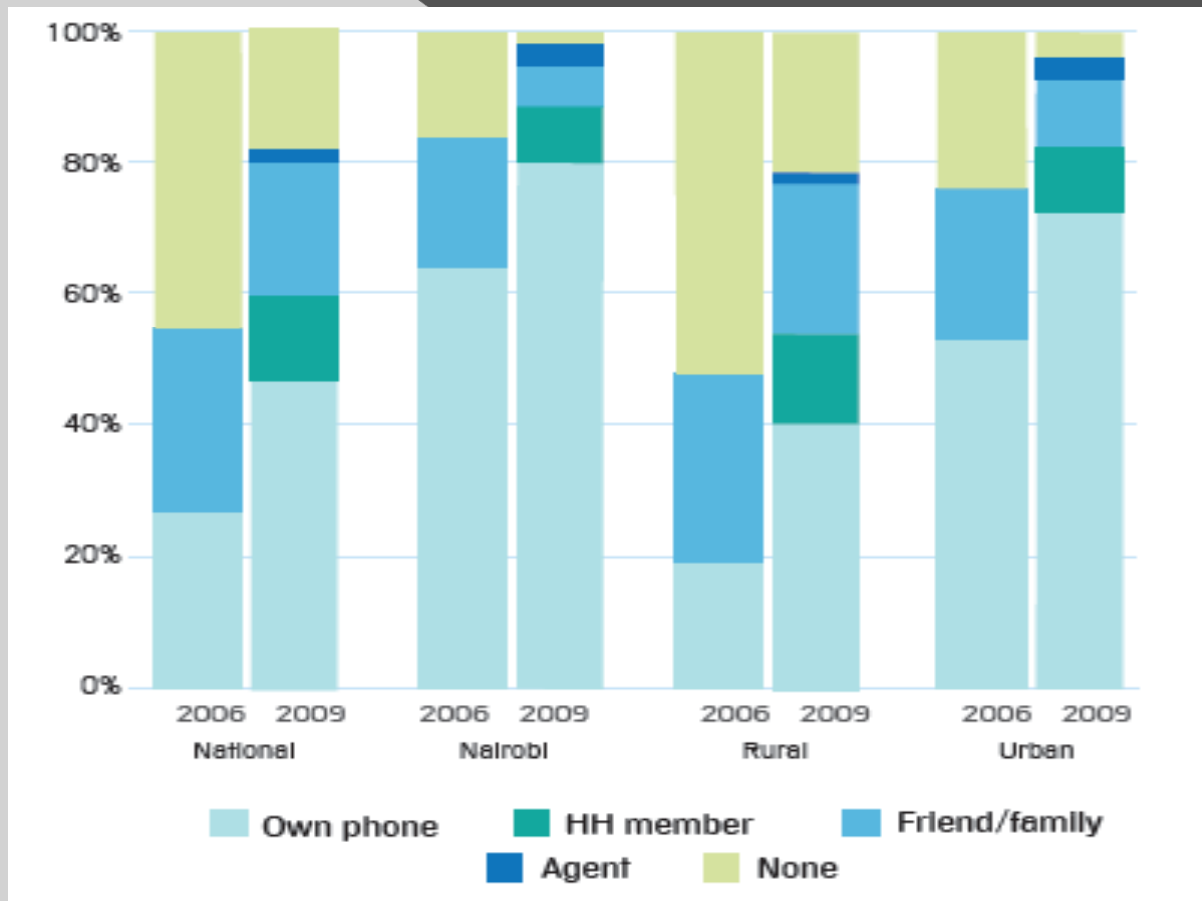
2009:

Approx over 17M

Getting to 50%?

Source: CCK, Safaricom

Ownership of mobile phone

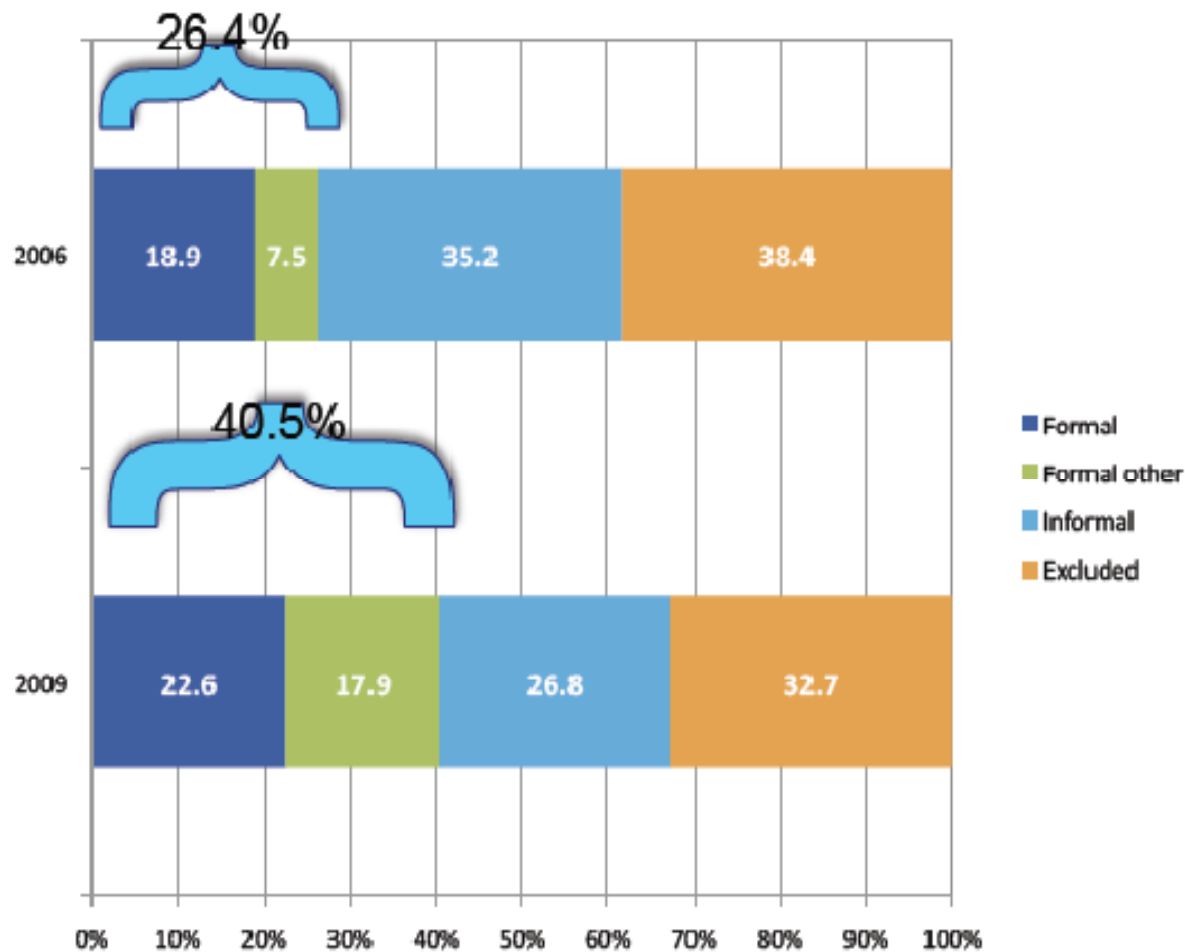


Nationally:
From about 25% to almost 50% own a mobile phone

Nationally:
Less than 20% have no access from 46%

Nairobi:
From about 64% to 80% own a mobile phone

Financial Inclusion in Kenya



Source: FinAccess

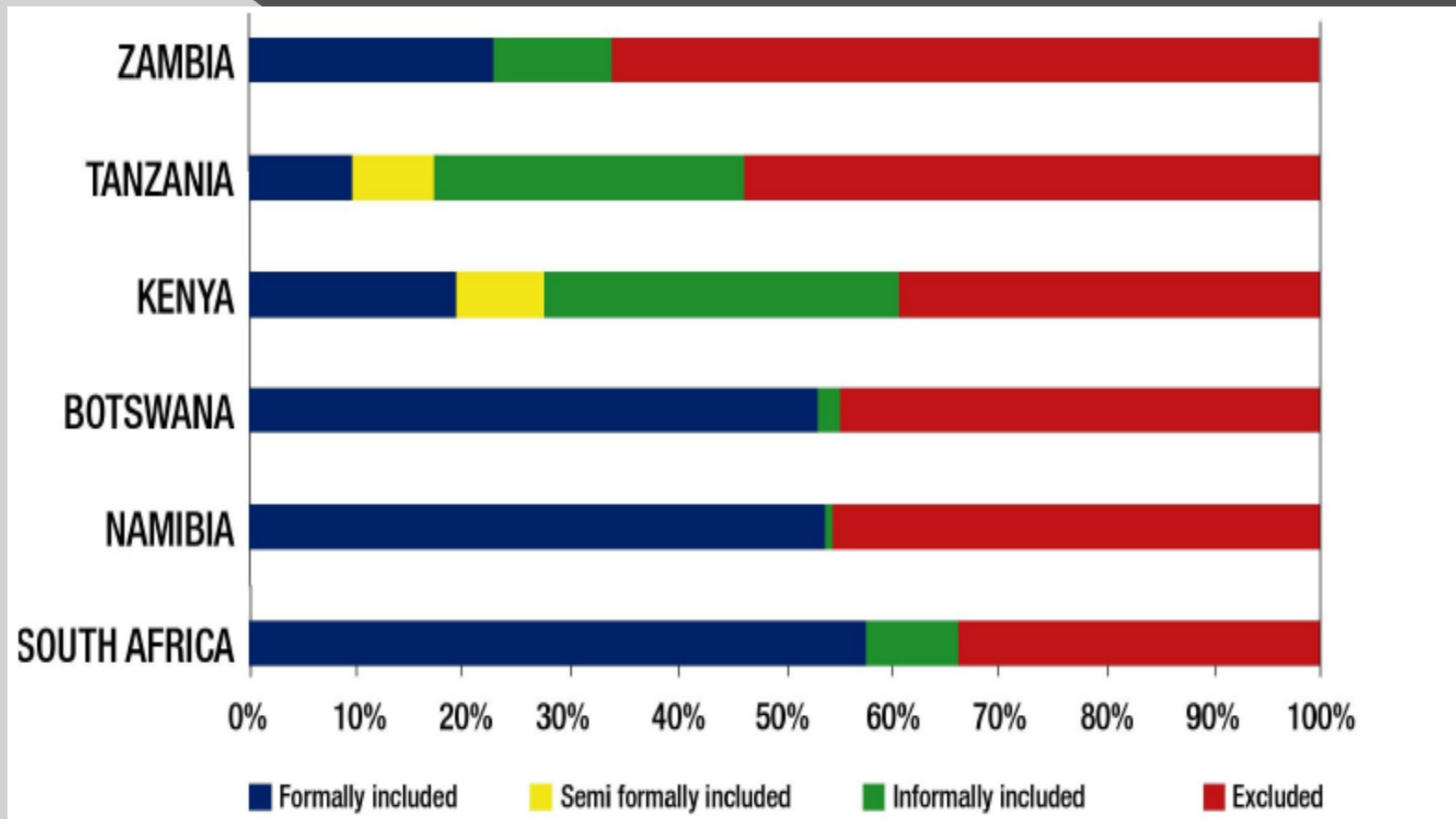
Formal: Use of bank, Post bank or insurance product

Formal Other: Do not use formal product, but uses services from non-bank financial institution such as SACCOs and MFIs.

Informal: Do not use any formal/formal other products but use informal financial services such as ASCAs, RoSCAs and groups/Individuals other than family/friends

Excluded: Use no formal/formal other or informal financial services

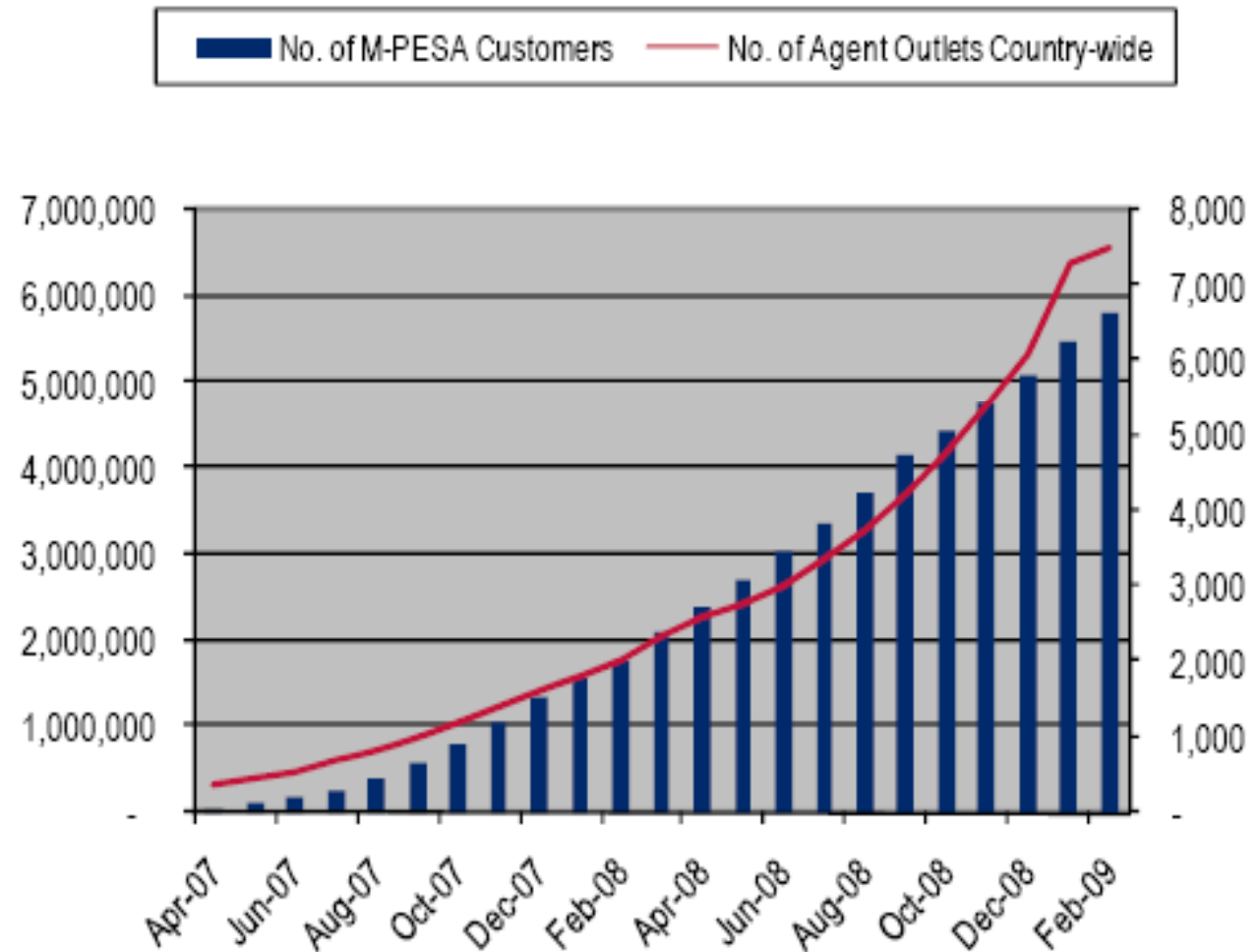
Financial Access Strands: Africa



Source: FinScope

Mobile money adoption

Aug/Sept 2009:
approach 10,000
agents, 7 million
subscribers



Source: IDA

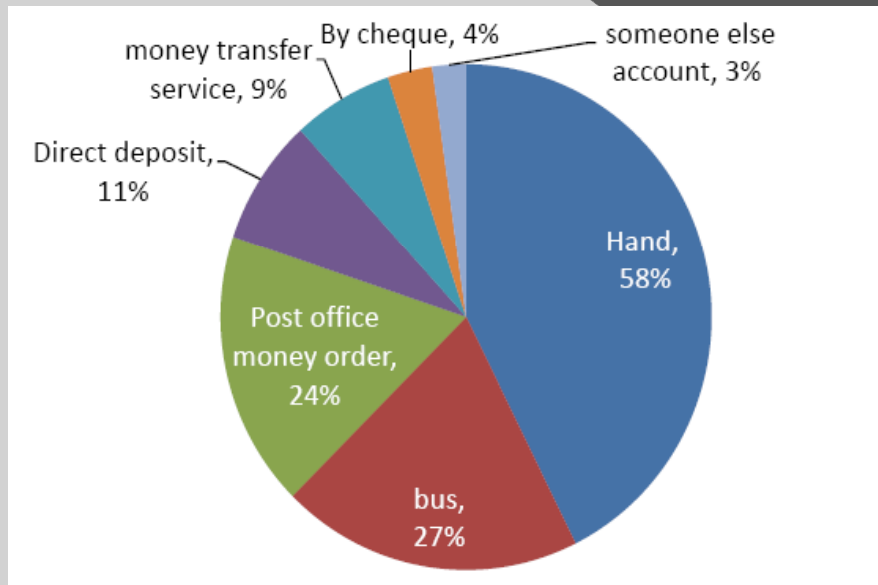
M-Pesa Usage

SERVICES	%
Buy airtime	41.7
Save money	26.3
Store money before travelling	16.9
Make donations	5.4
Receive payments	4.9
Buy goods	3.5
Withdraw money from ATM	2.7
Pay bill	2.3
Receive salary	1.8
Pay salary	1.7

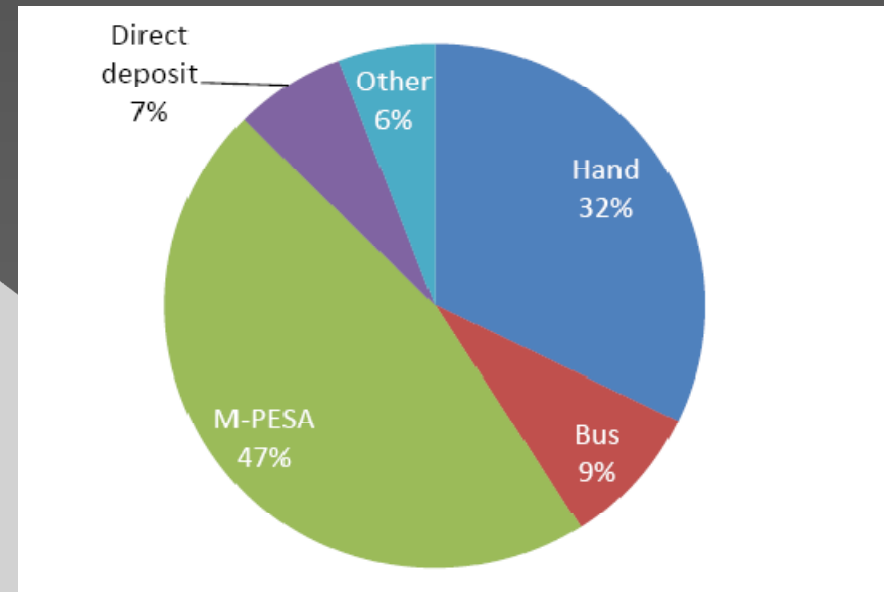
Though not broadly spoken, an MM account does substitute a bank account

In most cases, a bank facilitates moving funds from one account to another

Informal methods dying



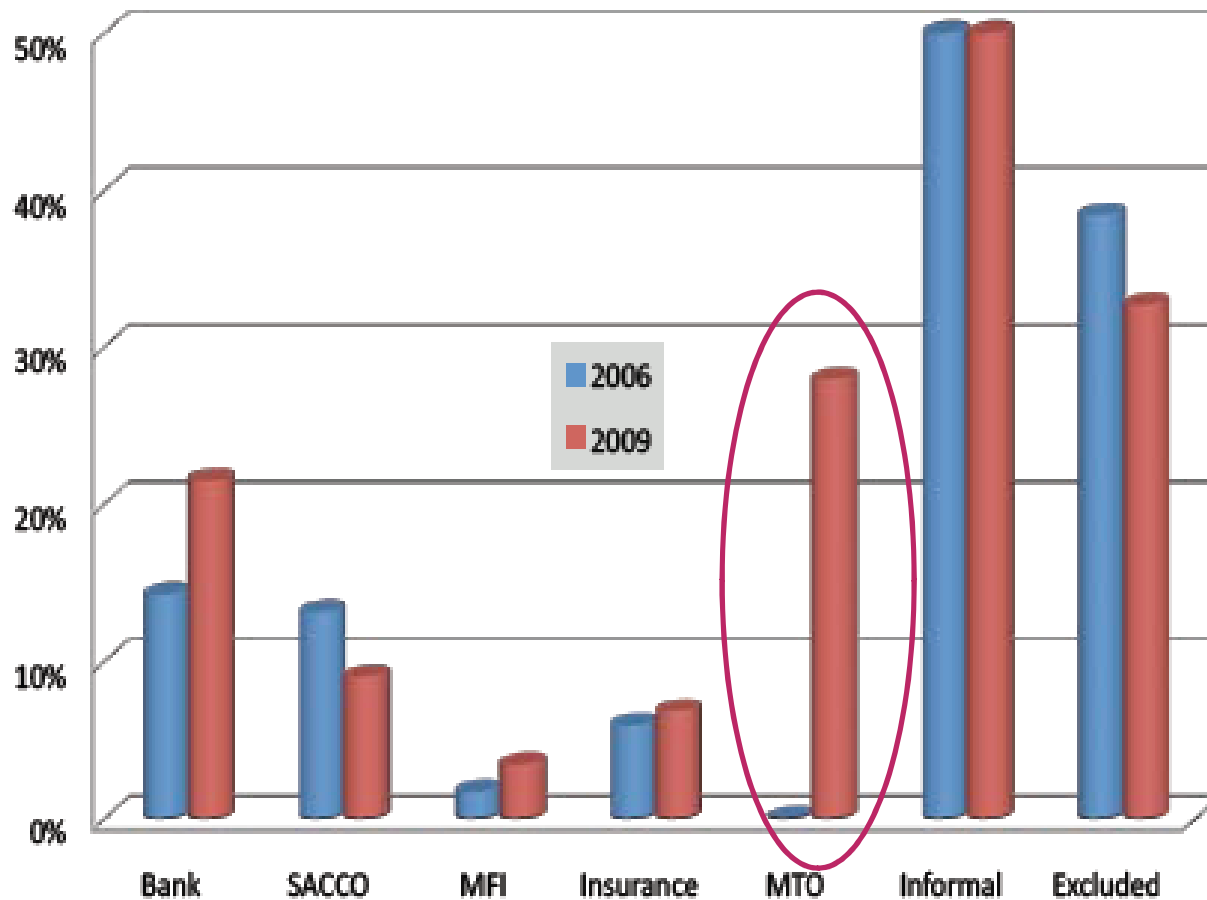
2006



2009



Usage of different FS providers



Kenya's vision 2030

- produce annual economic growth rates of 10%
- The targeted sectors:
 - > Tourism
 - > Agriculture
 - > Manufacturing
 - > Trade
 - > information technology
 - > financial services

Preliminary projections

- Econometric multivariate models to predict

London Business School study: 10% market penetration of mobile phones increases country's GDP growth rate by 0.6%.

2020 approx 24M MM subscribers – over 70% financial inclusion

2020 approx 33M mobile subscribers

Penetration rates

USA : 75%.

Western Europe: >100%

Quantifying the contribution

- ◉ Mobile phone & mobile money and Vision 2030 achievement
 - > Economic growth and development
- ◉ Affordability and accessibility of financial services
 - > Innovation
 - > Regulation
 - > SCR

Thanks for your attention

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