



**Beyond the Kenyan Success Story with  
Mobile Money  
- Lessons for Ghana/ Africa**

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# Background

- ❑ The concept of financial exclusion has been a subject of particular interest among academic researchers, development agencies, regulators and other stakeholders in the policymaking process.
- ❑ Financial exclusion is a multi-faceted problem and fast-moving with numerous social, economic and financial causes affecting varying proportions of the population.
- ❑ The consequences is often costly for those who are excluded

# Mobile solution?

- Mobile money services are perhaps the most promising way to deliver financial services profitably and at scale to the poor (Gates Foundation 2013),
- Mobile technology in expanding financial services to the poor at affordable costs and helps households to better manage their cash flows. (Honohan et.al 2011)
- According to a United Nations Report, financial inclusion is the sustainable provision of affordable financial services that bring the poor into the formal economy (United Nations, 2016)
- Kenya has shown the way: M-PESA increased per capita consumption levels and lifted 194,000 households, or 2% of Kenyan households, out of poverty' ([Suri and Jack, 2016: 1288](#))

# The African setting

- Unbanked and underbanked households is a general African feature
- Those with low incomes often resort to using costly nonbank entities outside the traditional banking realm for a basic transaction.
- World Bank Global Financial Index survey (2018)'s report indicates that Ghana's adult population without a financial account stood at 7,310,000 indicates that the country's formal banking industry still struggling with the challenges of decreasing the unbanked population
- Ghana has unsuccessfully tried to introduce e/m-payment, e-zwich
- What can be learned from Kenya?

# Key success factors specific to Kenya and M-Pesa

## The success of M-Pesa in Kenya.

### **Regulatory and policy context**

- Regulatory developments facilitated speedy introduction and made a remarkable impact on the financial inclusion

### **M-Pesa's service design**

- M-Pesa services target lower-income earners, the majority of whom cannot access or afford traditional banking services; no need for a banking account

### **M-Pesa's branding development**

- Safaricom helped M-Pesa reputation, makes the scheme stand out from other competition and more broadly projected their values to attract everyone.

### **Agent-focused Training and Management**

- The team saw the need to recruit and offer a vital agent training and management to the success of the service-set out to create their own agents' network.

# Benefits

- ❑ Expand financial access to the unbanked by:
  - Offering convenient and real-time transactions
  - Expanding points of access – reaching remote areas
  - Lessening the need to carry cash - security
  
- ❑ M-Pesa's mobile money accounts has helped to increase access to financial services for previously unbanked individuals.

# Main lessons learned and way forward

- The interactions and dynamics of cooperation between social and material players has shaped the enactment of mobile money service.
- The policy level approaches and practical solutions include relevant lessons for African countries/ Ghana, intending to promote a strategy for tackling financial exclusion
- An integrated and joined-up cross-disciplinary response is necessary, bringing all the required stakeholders (banks, government, customers, political proponents, and others) together in a multi-agency or multi-disciplinary response remains a significant challenge, primarily to tackle financial exclusion – *including also critical examination of real results and the ‘regulatory setting’*

## A critical/ modifying view

- Suri & Jack paper (2016) criticized – empirically & methodologically
  - Sample too small
  - No control group
  - M-Pesa is creating big a surplus to Safaricom – owned by Vodafone – profit export!