

# Creating an enabling regulatory environment M-PESA experience

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# Send money home!



> £1.9m funds:

- DFID Financial Deepening Challenge Fund (Dec. 03)
- Vodafone's investment (52%)

> Hard work!

- Tests, trials, pilot (April 06)
- Commercial launch Kenya (March 07)

> 22 million customers, 30,000 outlets



# M-PESA – Our markets

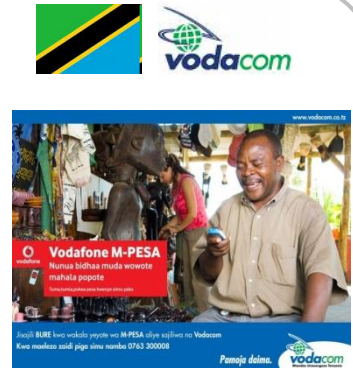
## Kenya

- Launched March 2007
- Over 13.5M registered customers
- Over 22K agents
- Over 300 PayBill companies



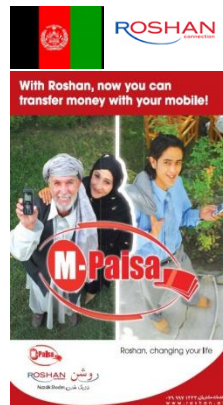
## Tanzania

- Launched April 2008
- Over 6M registered customers, 5K agents
- Growth last year 600%



## Afghanistan

- Launched February 2008
- Full proposition – leading the way with salary disbursement



## Fiji

- Launched June 2010
- Over 250K customers



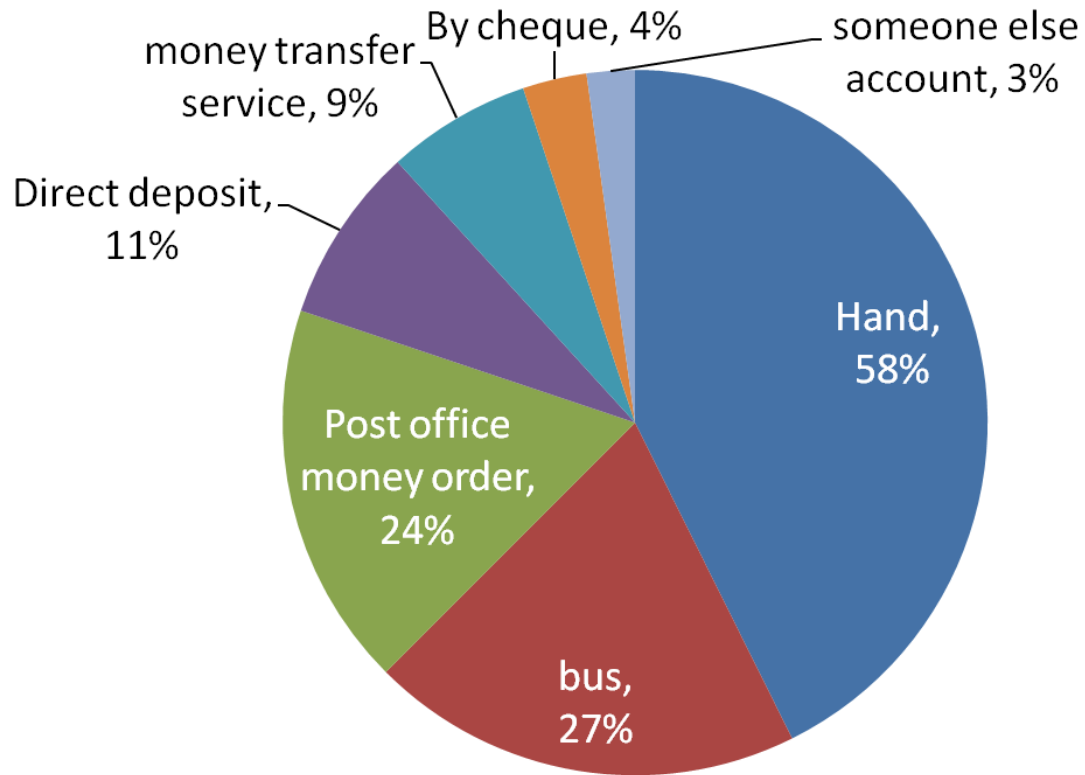
## South Africa

- Launched August 2010
- Banking partnership with Nedbank
- Countrywide agencies at launch





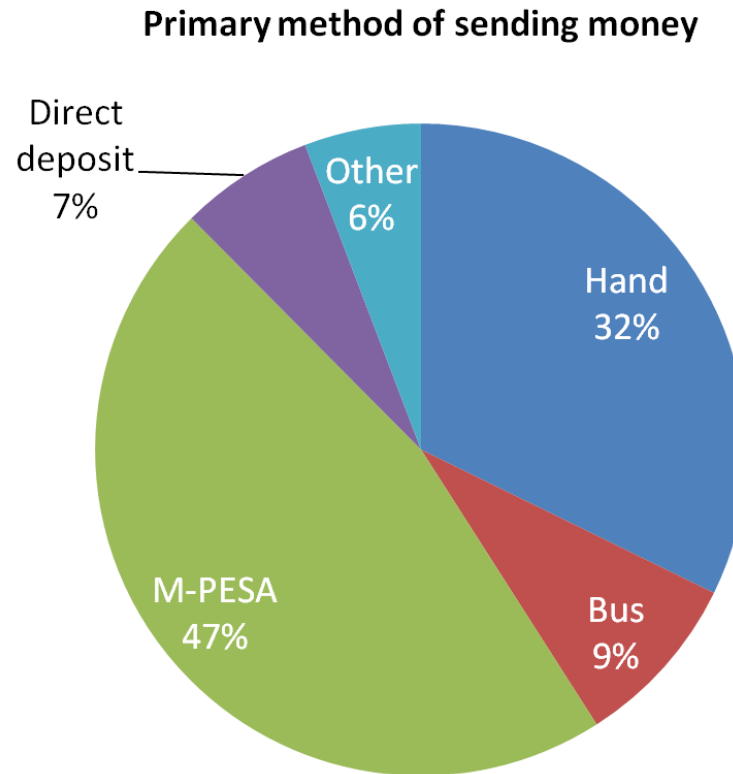
# Informal cash transactions



Source Finaccess 2006



# Formal electronic transactions



Source Finaccess 2009



# The regulatory challenge

## LEGACY

Regulation of service providers (banks)  
rather than the service

Bundling of regulation for money transfer &  
payments with banking services

## UNCERTAINTY

Markets unaddressed to date – large percentage of  
unbanked people

Service uptake, usage patterns, volumes and  
values

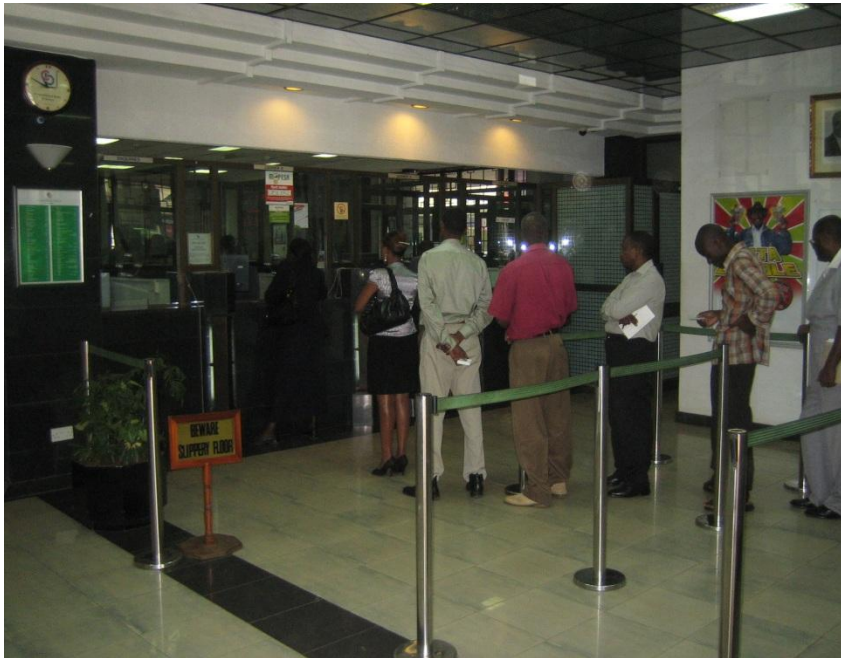
**Perceived rather than actual risks are often driving regulatory responses**

**Regulatory tools can hide public policy objectives**

**Doing nothing is the easy option!**



# Banking beyond branches



**Focus on services and their inherent risks**

**Create enabling and proportionate legislative framework for e-money and payments**

**Regulate based on the service, regardless of whether the provider is a bank or non-bank**

**Take a risk based approach to Anti Money Laundering/Countering the Financing of Terrorism**



# What it takes

## Pragmatism

Understanding actual risks  
Learning  
Sticking to policy objectives

## Boldness

Considering customers needs  
Test and learn approach  
Adopting / adapting appropriate regulation

## Resources

Expertise  
Capacity  
Time

## Dialogue

Public / private  
With non-banks  
Among regulators & policy makers



# Thank you

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