

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

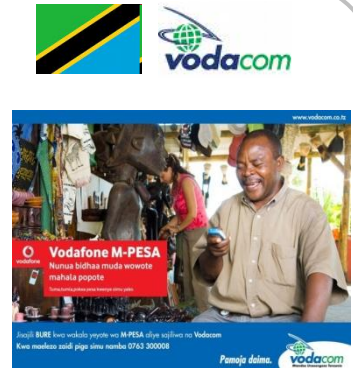
Kenya

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



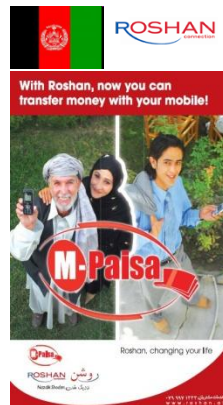
Tanzania

- 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



Meeting customers needs

Simple to use

Convenient

Fast

Affordable

Secure



Vodafone M-PESA 

Ukiwa na M-Pesa hakuna
kuishiwa na muda wa maongezi

Tuma, tumia, pokea pesa kupitia simu yako. 



"I used to hide my PESA in all kinds of places. I would forget and always be looking for it."

Send PESA by phone.

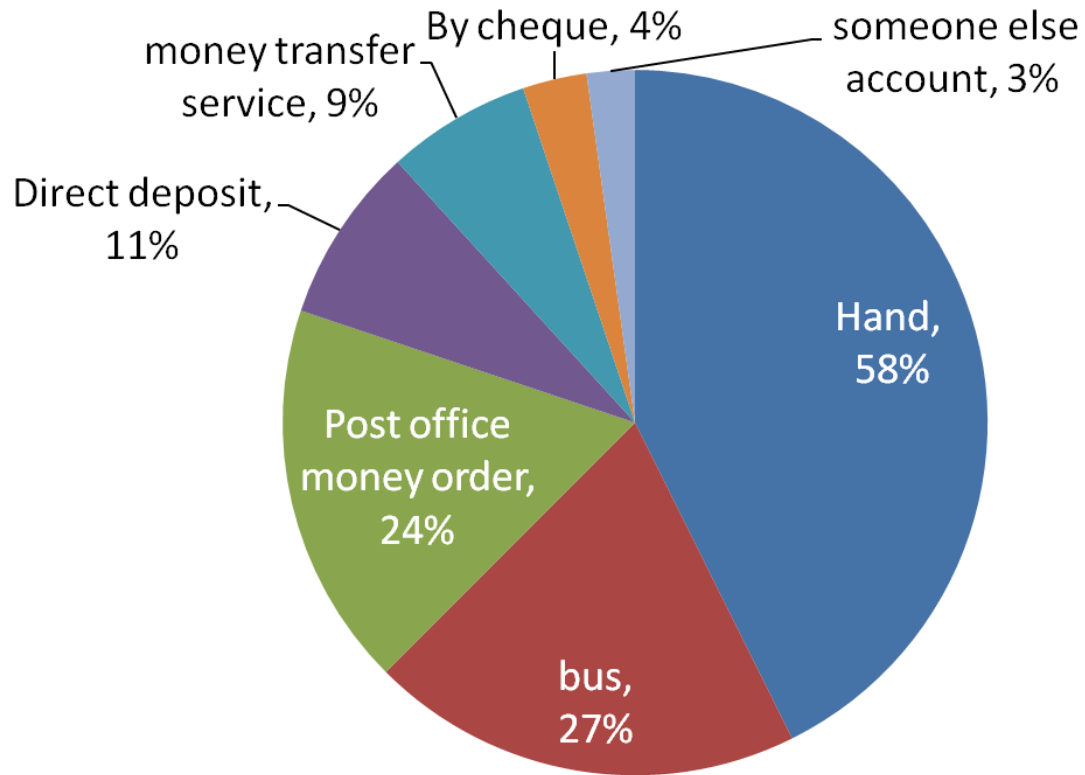
The Better Option.

M-PESA 

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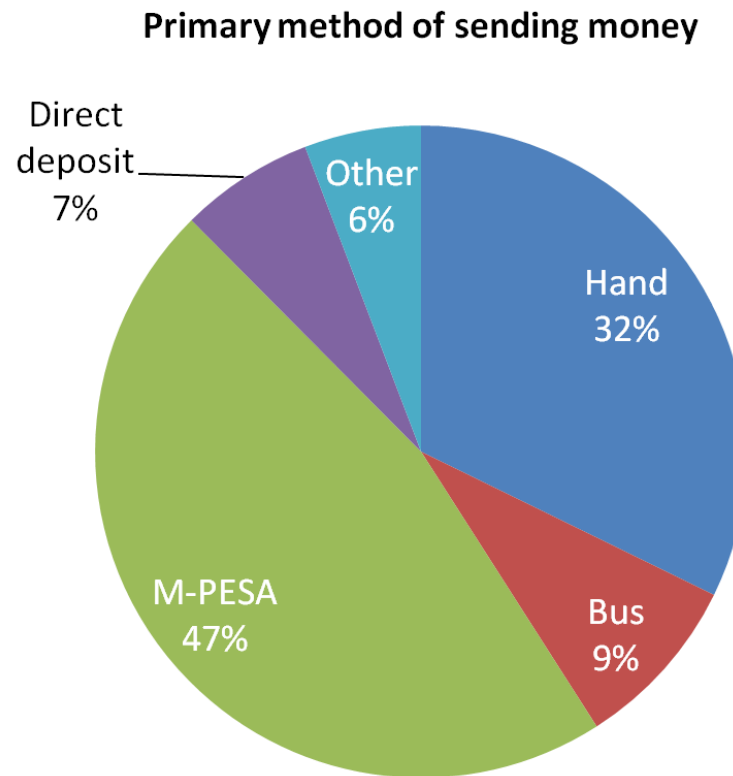
Informal cash transactions



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

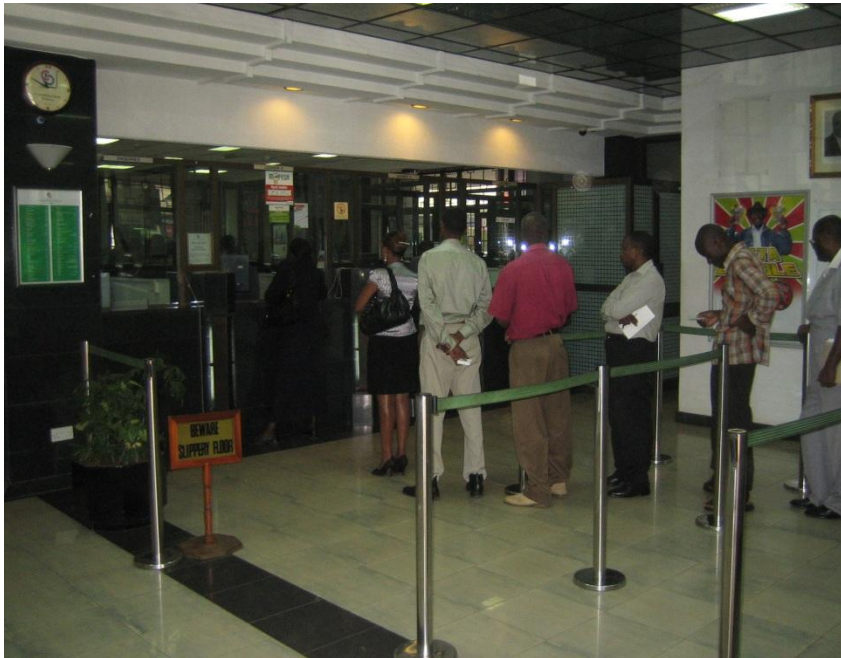
Perceived rather than actual risks are often driving regulatory responses

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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