

■ The mobile phone revolution and electronic banking in developing countries

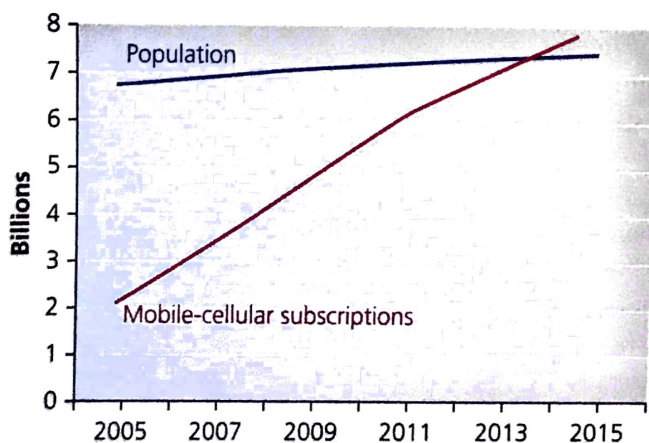
Lack of communications infrastructure used to be a big obstacle to economic growth for developing countries. Now, however, mobile phones are changing lives for the better by connecting people and places. The scale and pace of change is extraordinary.

- In 2005, 6 per cent of all Africans owned a mobile phone. By 2015 this had risen ten-fold to 60 per cent due to falling prices and the growth of provider companies such as Kenya's Safaricom. Only 10 per cent of Africa's population live in areas where no mobile service is available.
- Rising uptake in Asia (in India, over 1 billion people are mobile subscribers) means there are now more mobile phones than people on the planet (Figure 4.35).

In 2007, Kenya's Safaricom launched M-Pesa, a simple mobile phone service that allows credit to be directly transferred between phone users. The mobile banking system M-Pesa has spread throughout East Africa and India to become an international phenomenon. In Kenya, over 10 million people either access their bank accounts or send peer-to-peer money payments using their mobile phones. This has revolutionized life for local individuals and businesses:

- The equivalent of around one-half of the country's GDP is now sent through the M-Pesa system annually.
- People in towns and cities use mobiles to make payments for utility bills and school fees.
- In rural areas, fishermen and farmers use mobiles to check market prices before selling produce.
- Women in rural areas are able to secure microloans from development banks by using their M-Pesa bills as proof that they have a good credit record. This new ability to borrow is playing a vital role in lifting rural families out of poverty.

As the proportion of mobile users with internet access (rather than simply text messaging) grows, the population is gaining access to apps for health care, education, finance, agriculture, retail and government services. In Kenya and neighbouring countries, there is already an East African app for almost everything: herding cattle in Kenya (i-Cow), private security in Ghana (hei julor!) and remotely monitoring patients in Zimbabwe (Econet). In Uganda, a new mobile service (Yoza) connects people with dirty laundry to mobile washerwomen.



Source: ITU World Telecommunication/ICT Indicators database

Figure 4.35 The great convergence: numbers of people and mobile phones

PPPPSS CONCEPTS

Think about how small-scale interactions using mobile phones could possibly help an entire state to develop economically.