

Mobile banking aids economic growth

M-PESA, the breakthrough mobile payment solution launched for remittances in Kenya, was developed by Vodafone and Sagentia. It enables customers to send money safely and cheaply using a mobile phone and the Safaricom network.

Derived from the Swahili word for money, M-PESA provides cost effective access to financial services for people without bank accounts in economies where it is unsafe, difficult and expensive to hold cash and move money around. By building on the rapidly growing mobile networks in emerging markets and linking with finance institutions, merchants and employee payment facilities, M-PESA provides a uniquely robust, reliable and efficient tool for organisations to distribute and receive money, their customers to access it and for individuals to move money around the country, and around the world.

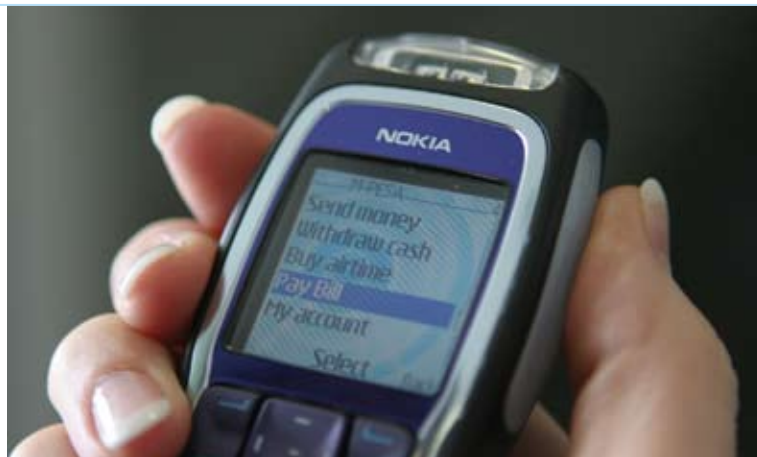
The service is available to anyone with a mobile phone, regardless of whether they have a bank account. Worldwide, there are more than twice as many people who have a mobile phone than have a bank account. Specifically M-PESA provides unbanked mobile phone users

with a secure platform which uses simple, tailored menus on their phone to send fully encrypted and PIN locked messages to a thoroughly audited financial accounting system.

The culmination of a two year multi-million pound programme, M-PESA was extensively tested on the Safaricom network. Following the successful roll-out in Kenya, it is expected to continue for at least a further two years. In recognition of the increasing importance of combining innovative services with breakthrough products, Sagentia has drawn together key capabilities within a new business unit, Managed Services, led by Dr Tim Murdoch.

Dr Murdoch explains: 'Many people in emerging economies have to travel far from home to find work and need to be able to send money back to their families so they can pay bills. Traditionally, this has meant high fees, risky unregulated services, or long expensive trips carrying cash in an unsafe and unpredictable environment. We worked closely with local communities in Kenya to understand their real needs and have delivered a world-class service solution.'

Dr Nick Hughes, Head of Mobile



The technology – how it works

M-PESA is a secure application that resides on the customer's SIM card and not their phone. The SIM card is similar to the Chip element of today's debit and credit cards. A customer uses the M-PESA menu (where services and language are tailored specifically and remotely for them) to enter details of the transaction, authorising each with a PIN. Unlike traditional Chip and PIN, however, they only ever put their PIN into their own phone, reducing the risk of interception. The M-PESA application on the SIM then encrypts the transaction request before sending it on for authorisation on the centrally managed and fully audited accounting platform. This platform transfers funds to other accounts, applies appropriate charges and communicates the results to the appropriate parties.

Payments, Vodafone Group Services, says: 'Mobile phones offer real benefits to customers in emerging markets and allow Vodafone to make a significant impact on the quality of life; offering relevant services of real value. By being engaged with the local communities we have been able to see first hand the positive change we can bring to people's lives. We are very pleased to be working with Sagentia, whose innovative, capable and agile

team has been a key part of our success. We are looking forward to combining our proven successes in Kenya with our recently announced partnership with Citigroup to deliver remittances more widely around the world over the coming months'.

Discussions are underway for further deployments during 2007 and beyond, with pilots currently being carried out in Afghanistan.