

Global Case Writing Competition 2011

Social Entrepreneurship Track

Finalist

Vodafone M-PESA (A): Turning a corporate social responsibility innovation into a mainstream business opportunity

Loïc Sadoulet and Olivier Furdelle (INSEAD, France)

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"One billion consumers in the world have a mobile phone but no access to a bank account"

Abstract

M-PESA, the pioneering mobile money service launched in 2007 by Vodafone, the leading mobile phone operator worldwide, with its Safaricom subsidiary in Kenya, has attracted an unprecedented 11 million registered users to date, tens of millions of transactions per month, and over 30 billion Kenyan shillings of transfers per month (375 million U.S. dollars; about 15% of Kenya's monthly GDP) M-PESA has revolutionized the payment systems in Kenya... and hopefully soon, in the world.

M-PESA - "M" for mobile, "Pesa" for cash in Swahili -- is a simple service that allows registered users to transfer money from their mobile phone to another mobile phone user. Users do not need to have a bank account: they simply register with Safaricom for an M-PESA account, bring cash to one of the 19,000 authorized M-PESA agents (typically small shop keepers who sell cell phone top-up cards among other things) who credits the M-PESA account with the amount of cash received, and the user can then use their phone to transfer any part of the balance at any time to another person simply by entering the desired recipient's phone number, the amount to be sent and a PIN code. An application on the user's SIM card instantaneously transfers the balance from the sender's M-PESA account to the recipient's M-PESA account[2]. The user and the recipient receive an SMS confirming the transaction.

Typical uses have been peer-to-peer transfers (to pay for services, reimburse debts, or send money home, for instance), paying bills with partner companies, buying Safaricom air time, or simply storing money rather than holding cash. While M-PESA is not the first mobile money service launched in the world, it is however the most successful (so far). The success of Vodafone is the result of a project with a clearly devised objective -- contributing to positive impact on society -- which has been carried through relentlessly since 2004.

And in 2010, with the success of M-PESA, a few questions arise: M-PESA

- Why was M-PESA so successful in Kenya? What were the most crucial internal and external factors that came into play?
- In what other countries could similar mobile payment services be launched to replicate the Kenyan success on a broader international scale?
- What other compelling products or services might operators consider launching as extensions to a mobile payment service?
- Are there interesting lessons from Vodafone's experience with the development of M-PESA that could help other (non-telecom) companies in their "BoP" strategies?