



## Private Sector Development Impact Stories

### Private Sector Engagement



# DCED

The Donor Committee for Enterprise Development

*The [DCED's Impact Stories](#) webpage offers a collection of short stories about private sector development programmes that have created jobs and income for the poor at scale – according to self-reported results. These stories underline the great potential of the private sector to generate economic opportunities and improve the living conditions of the poor.*

#### **Impact Story: Accelerating the expansion of the mobile banking industry in Kenya**

In much of Sub-Saharan Africa, access to both telephone and banking services used to be either inadequate, unreliable or non-existent. Just 2 million out of around 40 million Kenyans had access to banking services.

**What has been done?** Mobile phones have fast begun to reduce communication costs in many of African countries. DFID also quickly spotted their potential as an inexpensive way to transfer money across wide distances. In 2007, its Business Linkages Challenge Fund therefore co-funded the development of M-Pesa, Kenya's first mobile banking service, in partnership with Vodafone's Safaricom subsidiary. M-Pesa is a branch-less banking system, which draws upon a network of thousands of local retailers who sell calling credit vouchers. By using the vouchers as a form of currency, the retailers effectively become the branch network. M-Pesa customers can send their deposited cash to a mobile phone user on any network.

**What has been achieved?** By 2015, M-Pesa has transformed economic interaction in Kenya. Its success reshaped Kenya's banking and telecom sectors, extended financial inclusion for nearly [20 million Kenyans](#), and facilitated the creation of thousands of small businesses. A 2012 report writes that over 18,000 outlets servicing M-Pesa customers and more than 30,000 jobs have been directly created as a result of M-Pesa, M-Pesa has been especially successful in reaching low-income Kenyans: data indicates that the percentage of people living on less than \$1.25 a day who use M-Pesa rose from less than [20 percent in 2008 to 72 percent by 2011](#). M-Pesa's success also promoted the expansion mobile money services in other countries. According to the [Global Mobile Systems Association](#) (GMSA), approximately 255 mobile money services were operating across 89 countries in 2014. [Sources and more information: Jack/ Suri, 2009; Forbes, 2015; Suri and Jack, 2012; Shared Value, 2013; UNDP, 2012.](#)

[Click here](#) for more impact stories of Private Sector Engagement initiatives.