

Mobile banking opportunities in Africa



By [Dr KF Lai](#)

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Mobile-savvy consumers want to do more for their phones and this presents opportunities for Africa's banks and their merchant partners.



Mobile phone penetration in Africa has exploded since 2000, as it has elsewhere in the developing world. In 1998 there were fewer than two million mobile phone users in Africa, according to the African Development Bank. The number grew to over 400 million in 2009.

Banks and other providers now recognise the potential of reaching millions of prospective customers, especially the rural population who account for more than 60% of Africa's total population and have no access to banking services.

At BuzzCity, we've noticed an increasing number of banks and financial institutions using mobile advertising to share information and promote services. As financial institutions embrace mobile as a distinct channel - not just a supplement to PC banking - their number-one challenge is the same as they faced when first rolling out online banking: consumer confidence.

Boosting consumer confidence

To gain consumer confidence, banks need to use a variety of channels to continually educate consumers and boost confidence. Messaging should focus on product awareness, ease of use and banking security.

In countries such as Kenya, or South Africa our research shows that users have a higher propensity to make e-commerce and m-commerce transactions with 46% of Kenyan and 43% of South African users having made remote purchases via mobile internet, fixed internet and telephone respectively.

This is probably because the level of trust and openness to transacting online has grown, and users are ready and willing to make the transactions.

The most popular items for remote purchases are downloads and virtual gifts, with 25.99% of South Africans and 30.13% of Kenyan's polled having purchased these items.

Many Kenyan users requested more banking services such as money transfers (31.97%) and bill payments (23.76%). Given that Kenya has the world's most successful mobile banking platform, this could be a result of effective education, and proof that more awareness can lead to greater demand.

Many opportunities for partnerships

Other m-commerce services on Kenyan and South African users' wish-lists include buying tickets (movies, transport), buying groceries and paying restaurant bills. This provides many opportunities for banks to partner with merchants such as cinema operators, supermarket chains and even fast food or restaurant outlets.

Here are some examples on how international banks have used the mobile internet to educate consumers.

- **Standard Chartered:** In South Africa, Malaysia, Singapore and Thailand, Standard Chartered allows consumers to use their phones to check their bank account balance, manage credit cards or loans, pay bills, transfer money between accounts and more. However consumers are often required to register first from a PC before being able to bank with a phone.
- **Citibank:** Citibank India ran lead-generation campaigns: "Live your dreams" promoting a personal loan offer. Details of the personal loan are indicated in banner ads sent to consumers. From there, consumers were taken to an online form and bank employees followed up with them manually with a phone call.
- **Crédit Agricole:** The largest retail banking group in France, Crédit Agricole created a mobile site in 2009 to advise young people to start planning for retirement.

The site provided a link offering more information as well as an opportunity to speak with a bank officer. Users enter a postal code and can then either enter their contact details so that the bank will call them back or they can click to dial the bank directly.

"Jeunes Actifs" also offers additional services and content to generate stickiness for the site. Locate a nearby ATM, download wallpapers for the French national football and Crédit Agricole Tour de France teams or play a game and have a chance to win prizes like DVDs for the TV series *House*.

- **Mutuelles de Mans Assurances:** An insurance provider better known by its initials associated itself with mobile content by creating a free service on a site called "Mon Mobile Adoré " (MMA)

At first, MMA simply offered ring tones and other simple downloadable content. Now, though, the portal enables users to access their top six favourite mobile websites easily by placing icons for these preferred sites on a single customised page of their phone. Consumers can choose from more than 350 sites, including eBay, Google, MTV, YouTube and localised news and information sources. It's like "myYahoo" or "Windows Live" for the mobile phone.

To use MMA, users must go to an internet website to sign up and choose their icons. Registration provides MMA with consumer data. The service itself is a simple-to-use drag-and-drop model.

While MMA has branded this application, they didn't invent it. They are using [a white-label service](#) of another French company called [Goojet](#).

With the examples above marketers and retailers should consider the following:

1. With the increasing use of mobile devices it's important that brands start thinking about the mobile internet as part of

business communications and commerce.

2. Smartphone usage will continue to grow, alongside the rise of 'white box' phones.

3. Mobile presents a huge opportunity for the financial services sector - the trust is there as is the demand - banks need to get the solution right.

4. There is still a great demand for premium mobile content - music, games, apps etc - as well as product information on goods and services

When done correctly, mobile banking can create and grow new markets, enabling consumers in a variety of settings to save money and pay bills and in the process create value in communities as far-flung as the Kenyan Maasai and Indonesian commuters.

ABOUT DR KF LAI

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