

Kenya's cellphone loans help fruit seller

NAIROBI, KENYA: Six months ago, Jane Adhiambo Achieng asked a local Kenyan bank to lend her US\$250 to expand her small grocery business.



After providing all the paperwork and after weeks of back and forth between her and bank officials, she was turned down.

"The bank told me I don't qualify for a loan as my income was too little," said 42-year-old Achieng. The US\$250 she applied for was about half of her monthly turnover at the vegetable stall in Nairobi, Kenya's capital.

But in early March, she applied for the same amount through a different source and got the money in a matter of minutes.

She credits the Kenyan mobile telephone money application called M-Shwari for facilitating the growth of her business.

M-Shwari is a new banking platform that allows subscribers of Kenya's biggest mobile network, Safaricom, to operate savings accounts, earn interest on deposits and borrow money using their mobile phones.

It expands on Kenya's use of sending money via mobile phone, known as M-Pesa, or "mobile money" in Swahili that was launched in 2007 and is now widely used across the east African nation, where about 70% of people have mobile phones.

The minimum transfer of cash that can be sent is set at five shillings - or around five US cents. The application has revolutionised day-to-day banking for millions of people left out of the formal banking system. It is used for transactions ranging from sending money to far-off relatives to paying utility bills or even school fees.

Now it is hoped the new M-Shwari application, meaning "no hassle", can do the same for savers and borrowers.

"We have been thinking how to move M-Pesa forward. We knew there were boundaries to be broken and the next frontier was loans," said Nzioka Muita, communications manager at Safaricom, which owns both the M-Pesa and M-Shwari systems.

Source: AFP via I-Net Bridge

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