



The Performance and Impact of M-PESA: Preliminary Evidence from a Household Survey



FSD Kenya is an independent Trust
established to support the development
of inclusive financial markets in Kenya

William Jack
Georgetown University

Caroline Pulver
caroline@fsdkenya.org

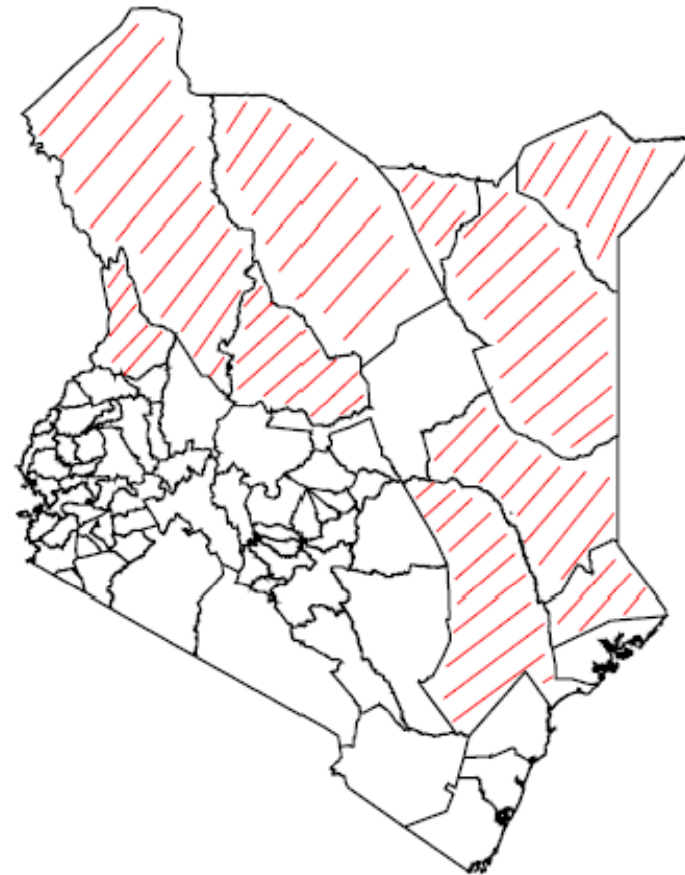
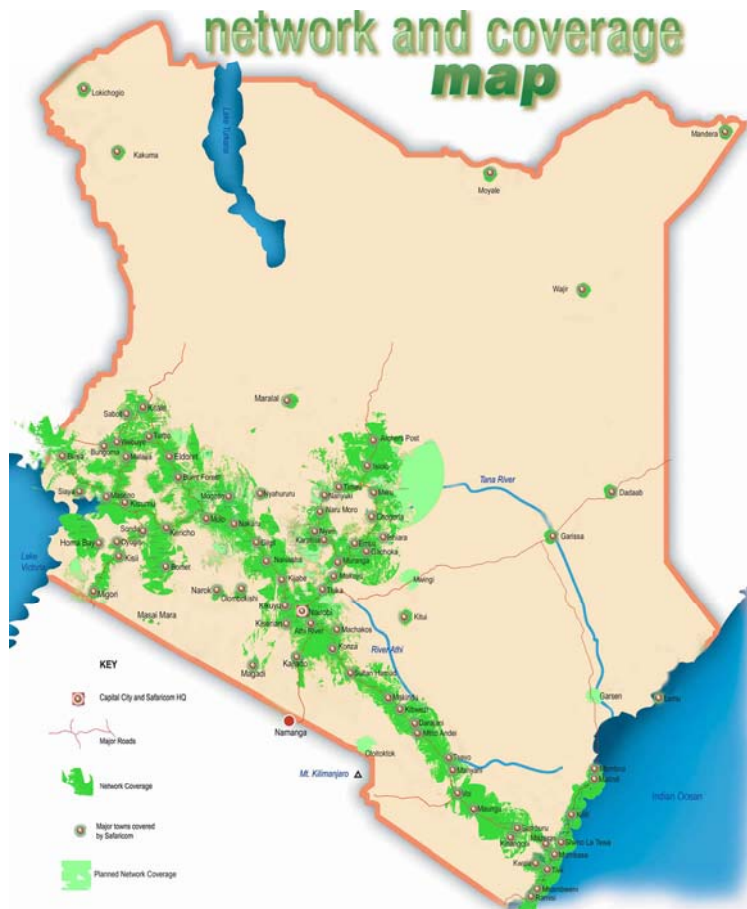
Tavneet Suri
MIT Sloan

THE SURVEY

Size and Scope

- Field work August to October 2008
- 3,000 randomly selected households
 - Over-sampled in locations with relatively many M-PESA agents
 - Excluded districts account for 8% of population
 - Not nationally representative

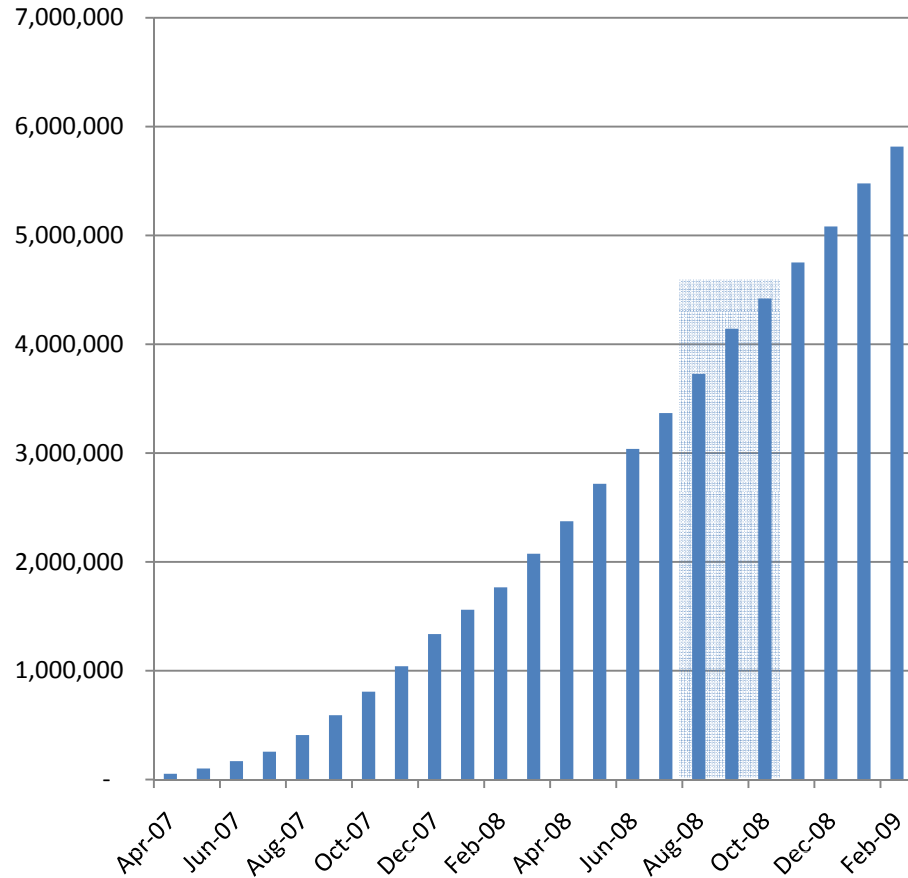
Survey Coverage



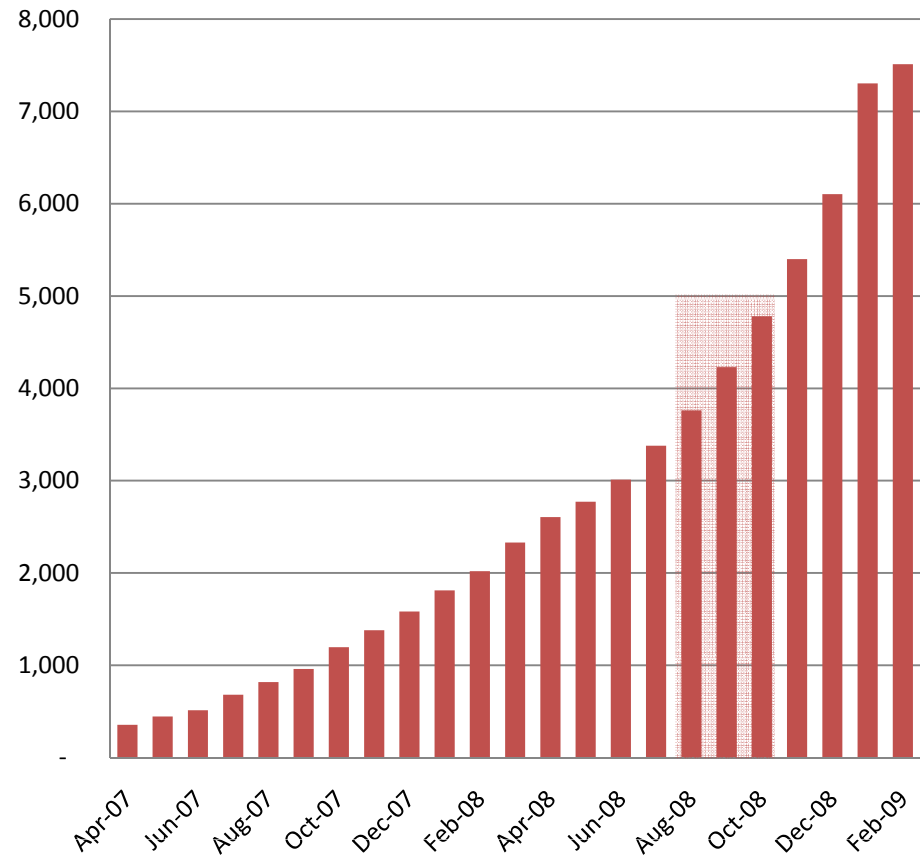
THE GROWTH OF M-PESA

Growth of M-PESA

Growth of M-PESA Users



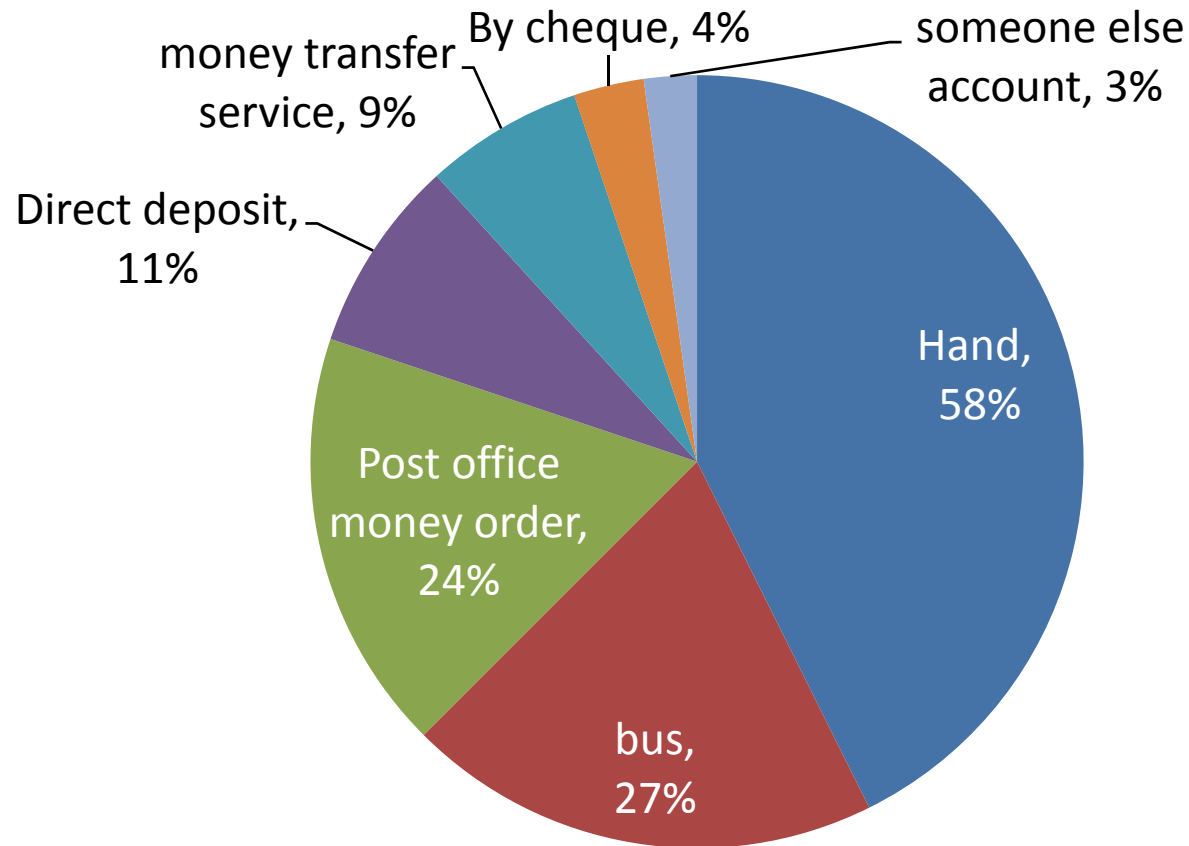
Growth of M-PESA Agents



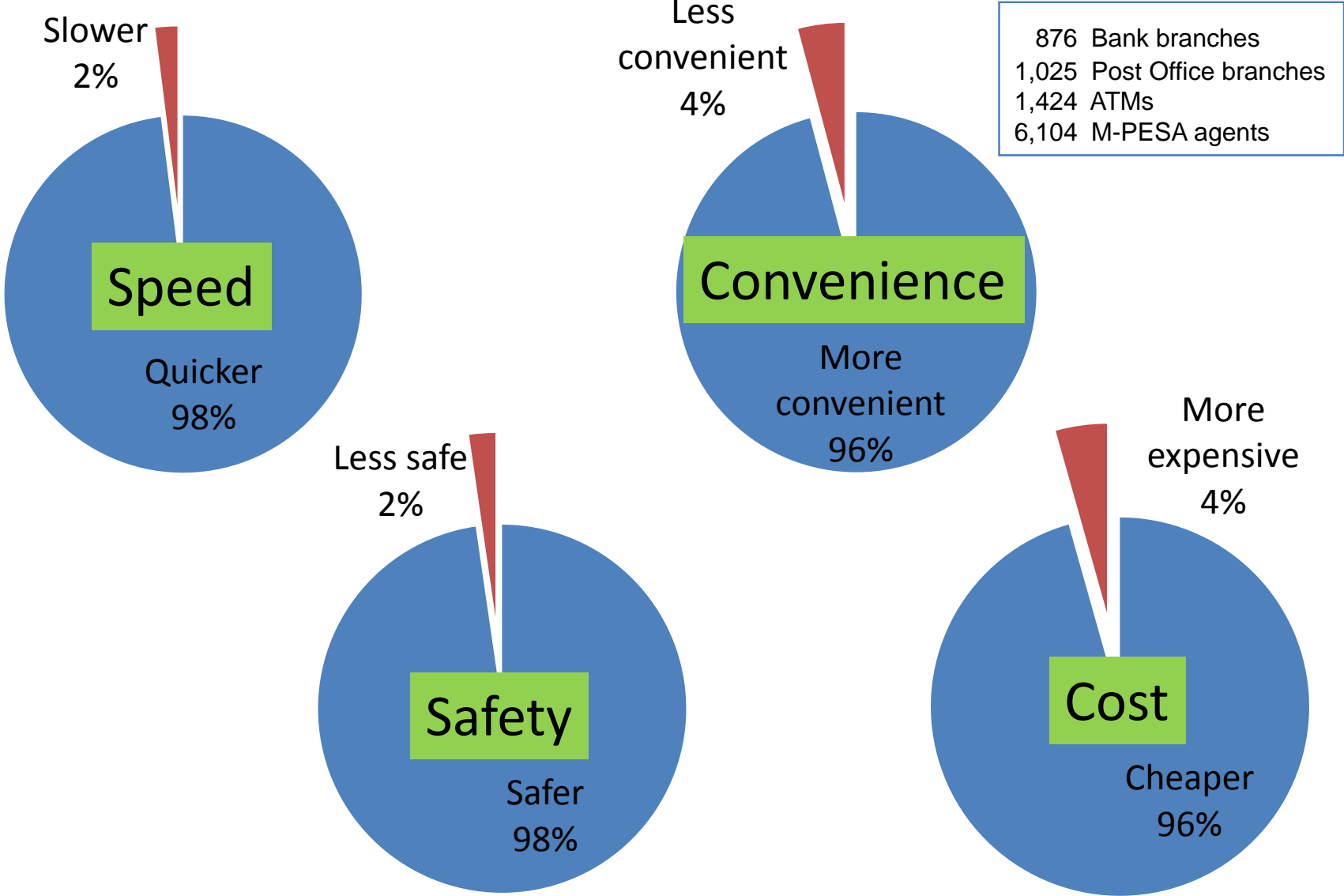
Source: Safaricom

BEFORE M-PESA

How did people send money within Kenya?

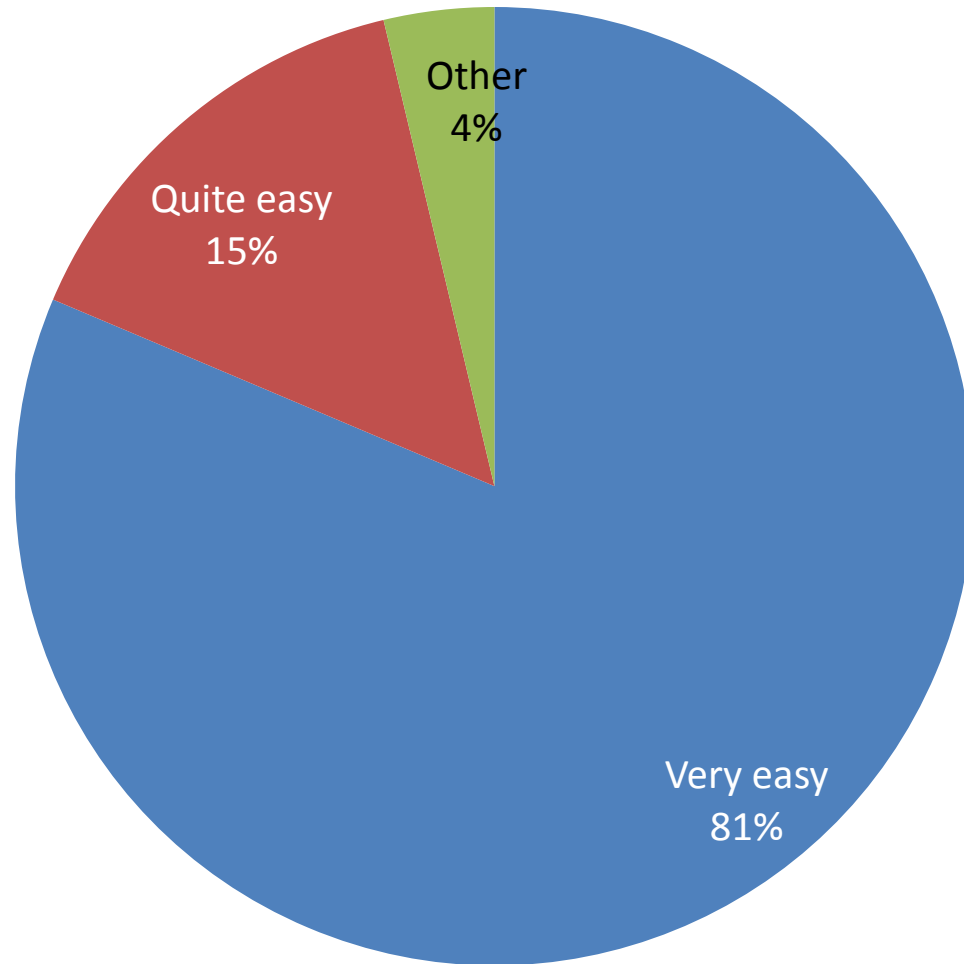


Comparing M-PESA With Alternatives

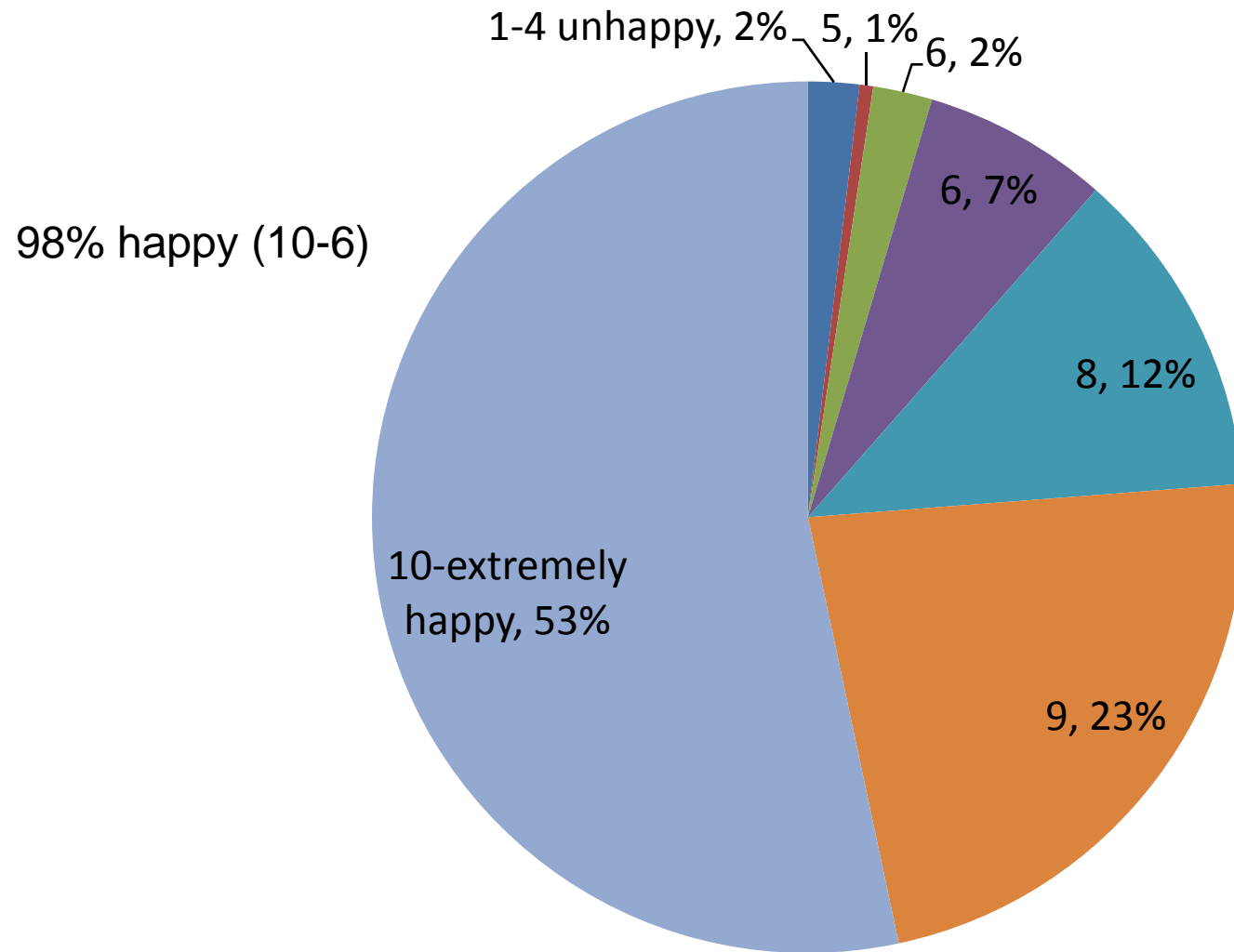


How Easy is M-PESA to Use?

Share who understand
M-PESA tariffs: 66%

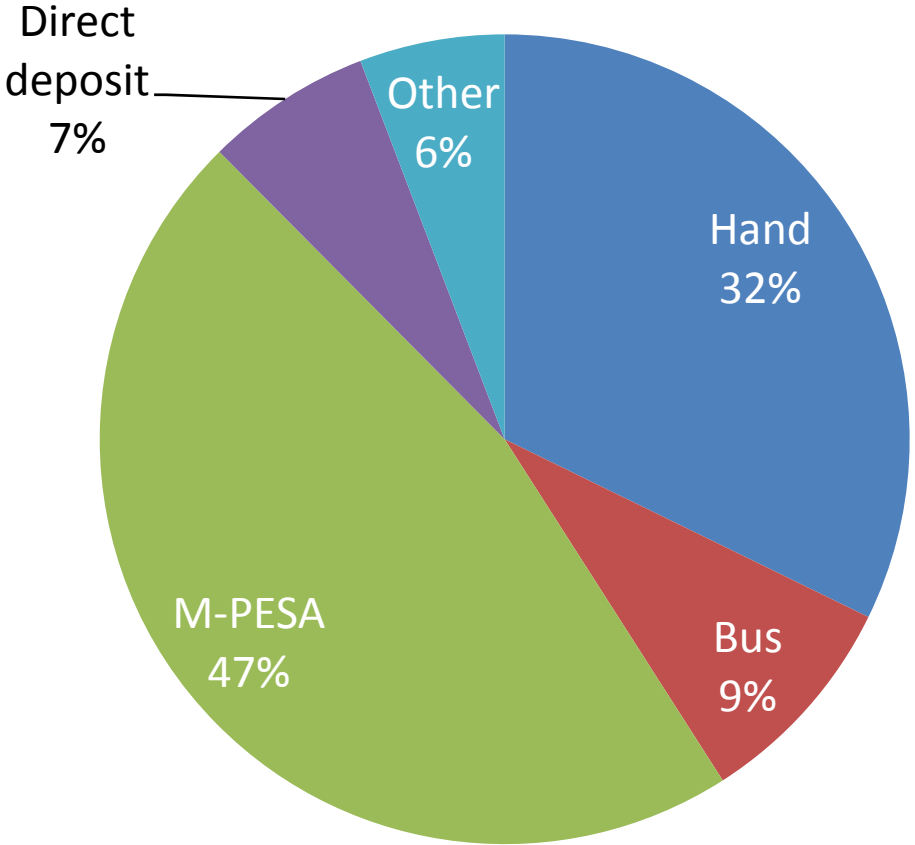


How Happy Are You With M-PESA?



How Do People Send Money now?

Primary method of sending money



FinAccess 2009

- M-PESA is the most popular money transfer service
- 39.9% of adults have used M-PESA

- Remittances within Kenya more common
 - 16.5% received money in 2006
 - 52.0% received money in 2009

M-PESA USER PROFILE

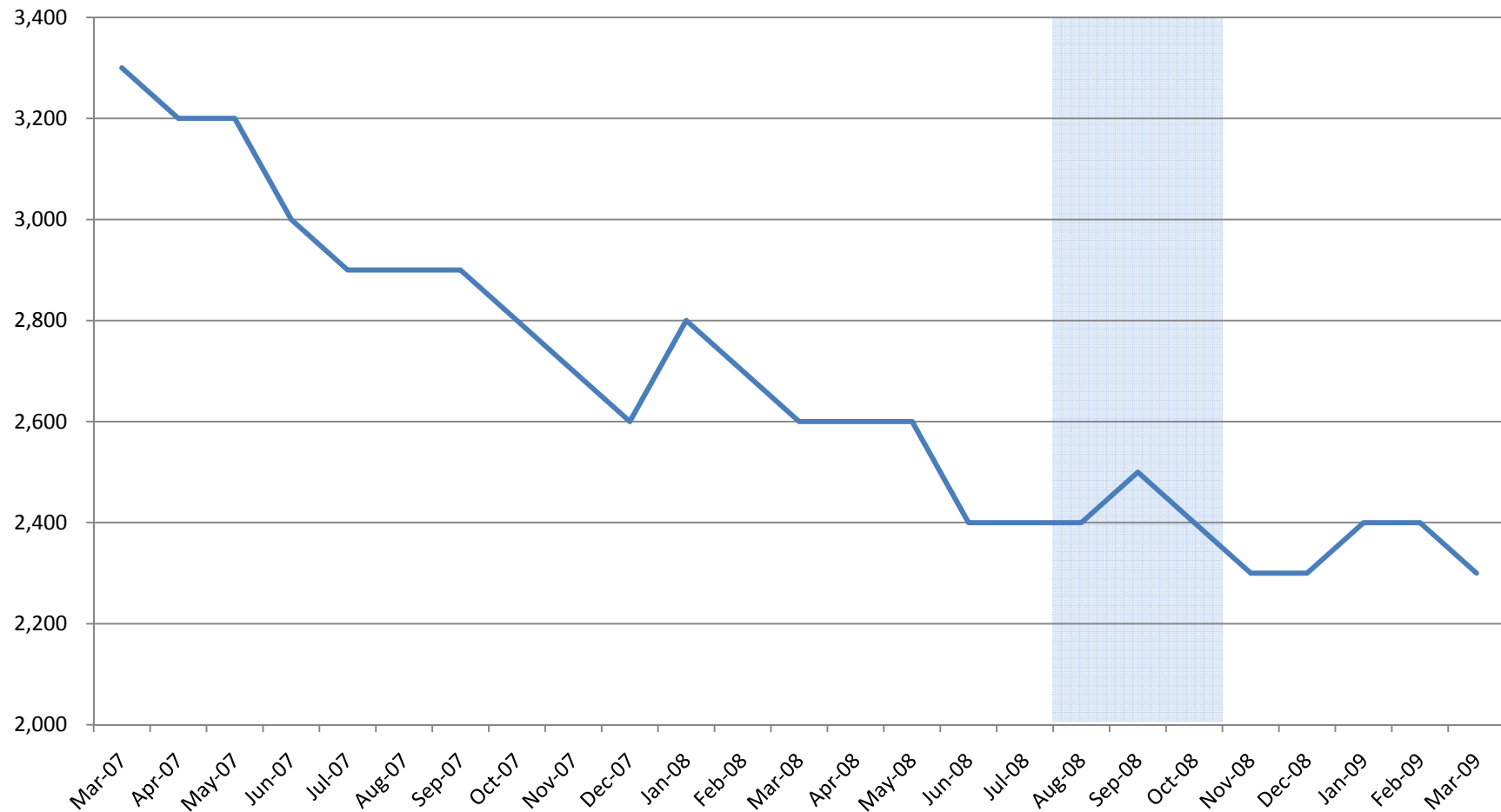
User profile

Users

- more male
- slightly older
- more literate
- better educated
- more likely to be farmers, public servants and businessmen
- Wealthier
- more likely to be banked
- Early adopters using M-PESA as a compliment

Moving downmarket

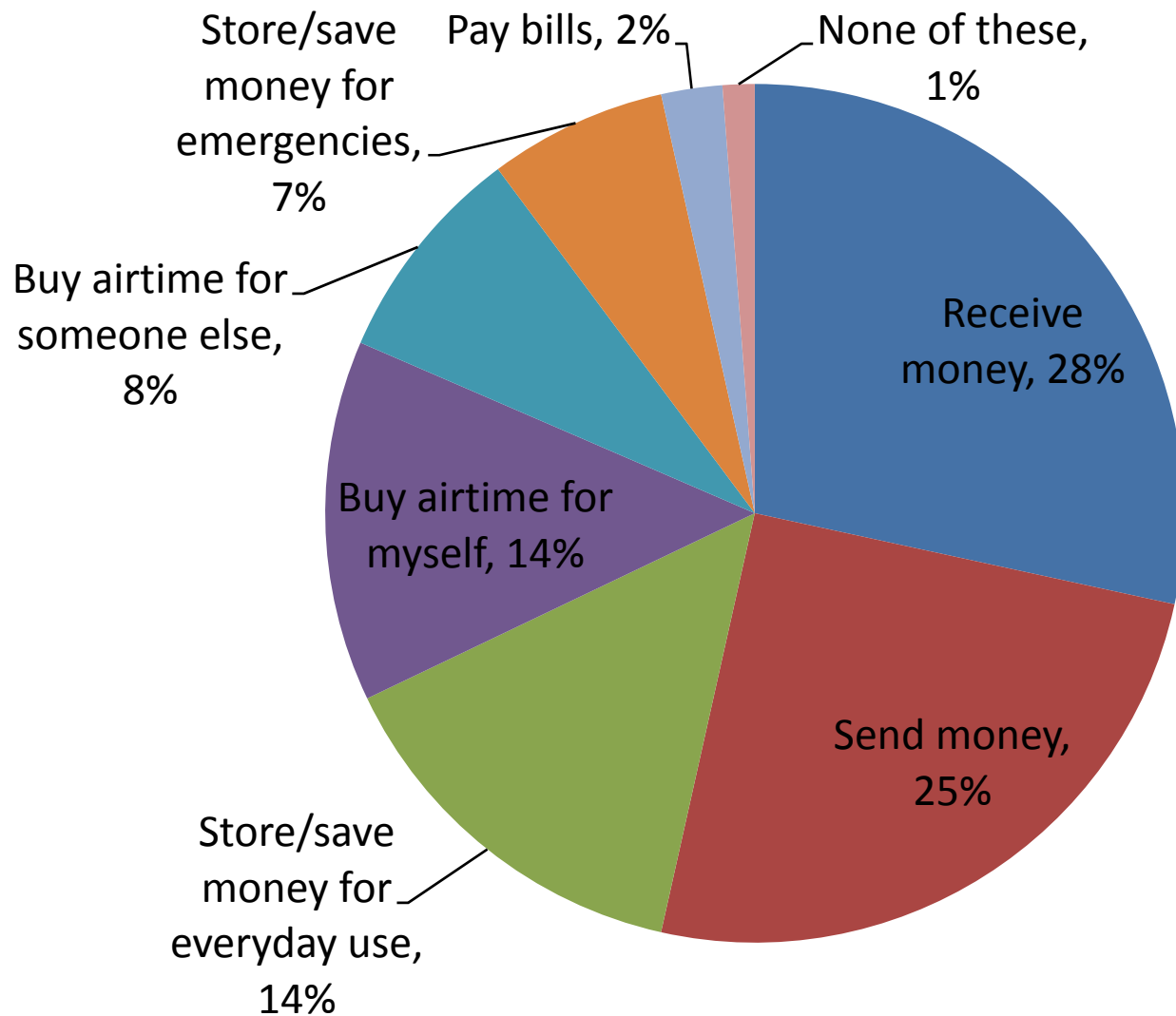
Average transaction size dropped 30% in two years



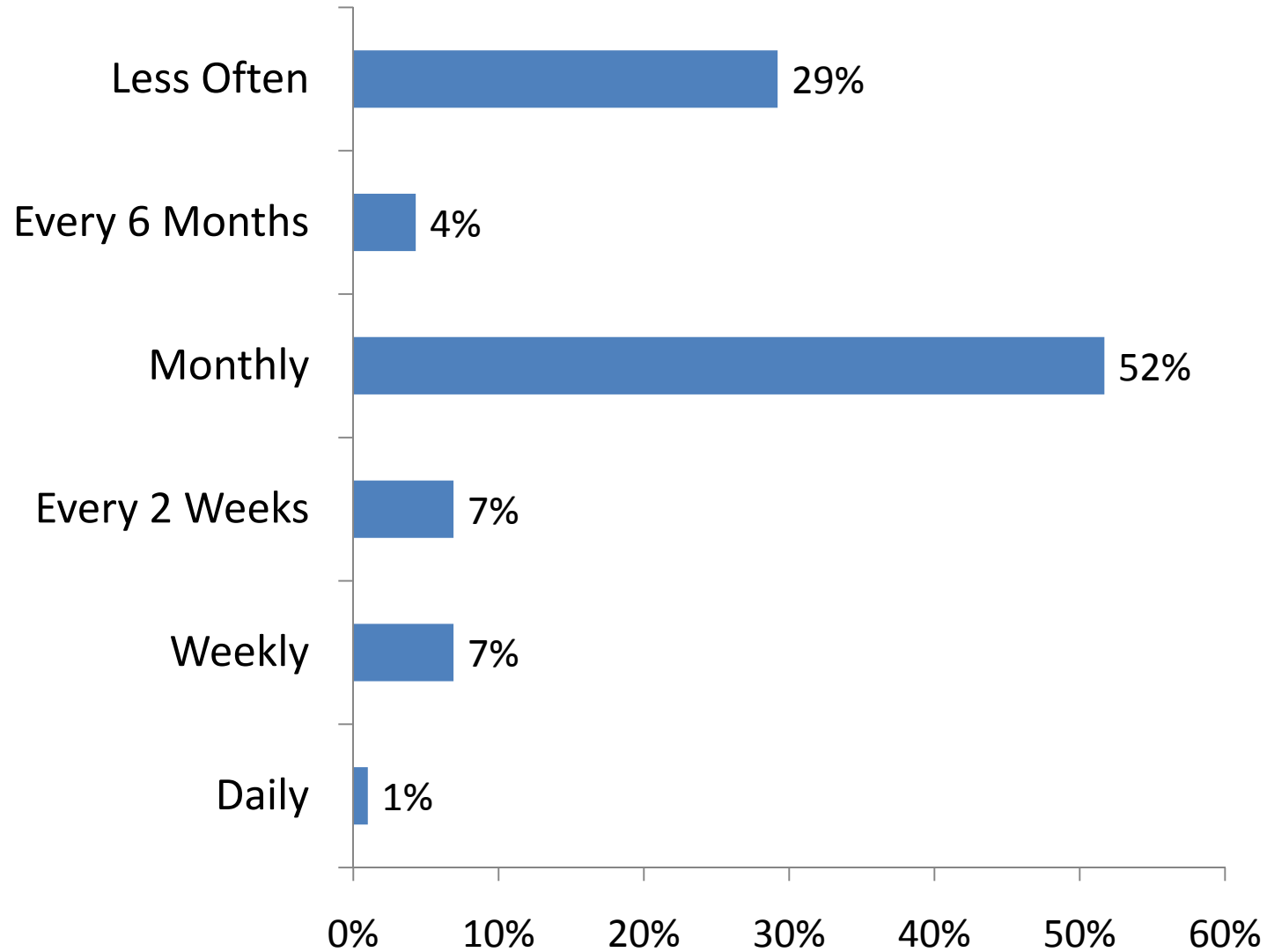
Source: Safaricom

HOW IS M-PESA USED?

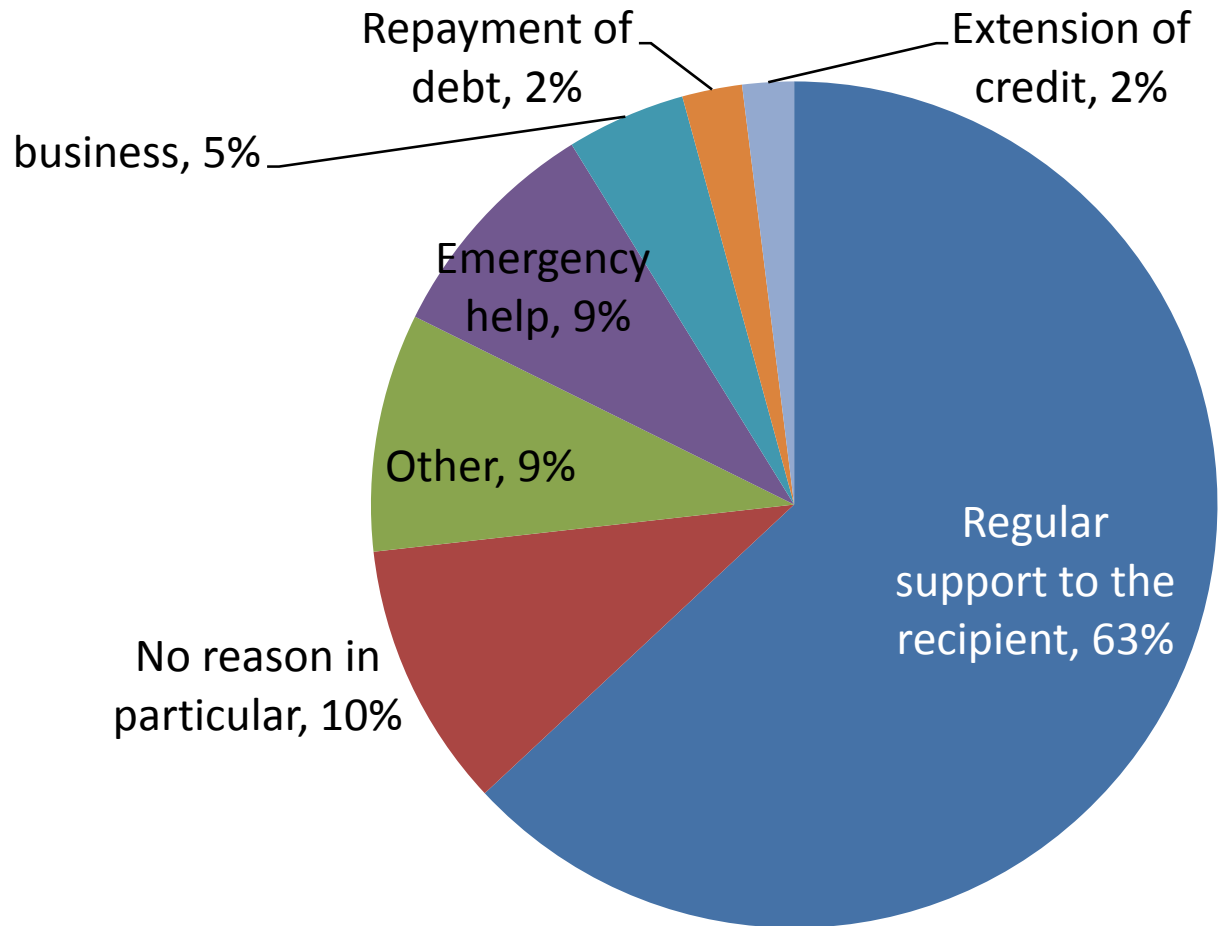
What is M-PESA Used For?



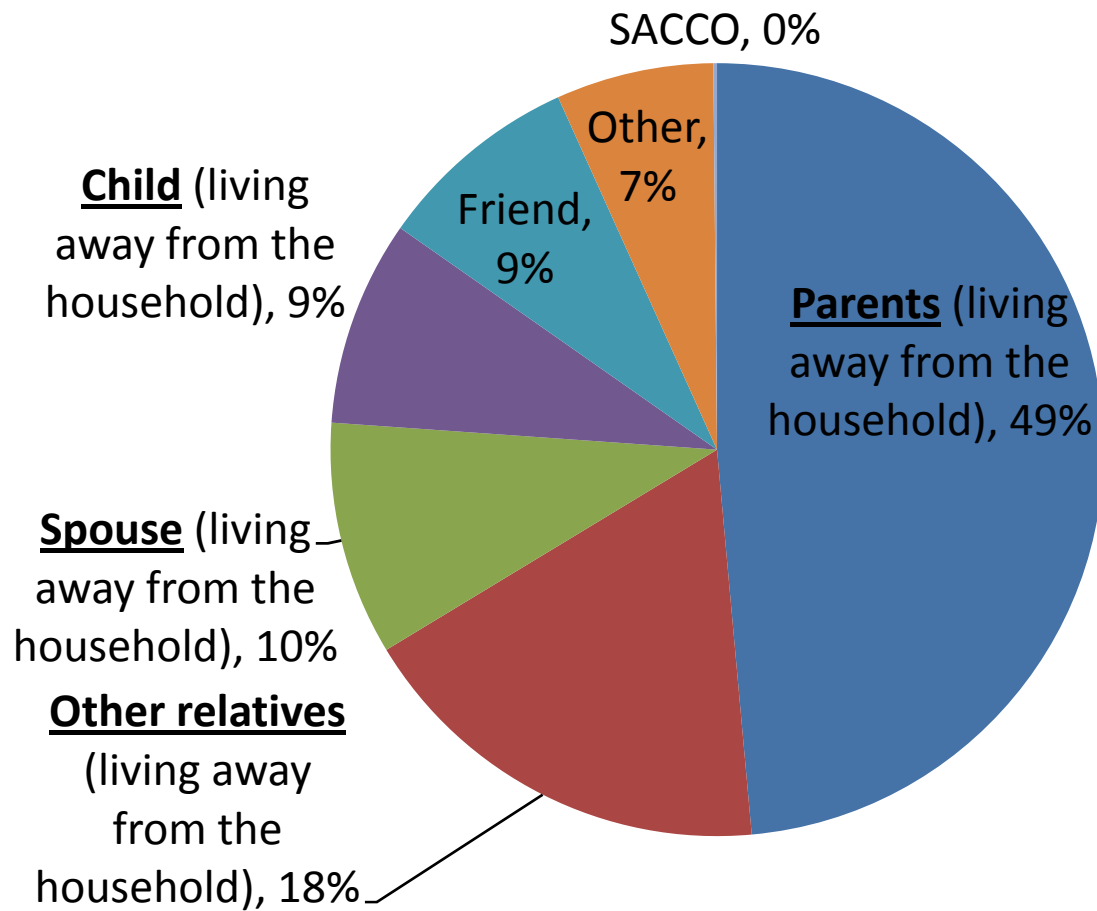
Frequency of M-PESA Use



Why do people send money?



Who do people send M-PESA to?

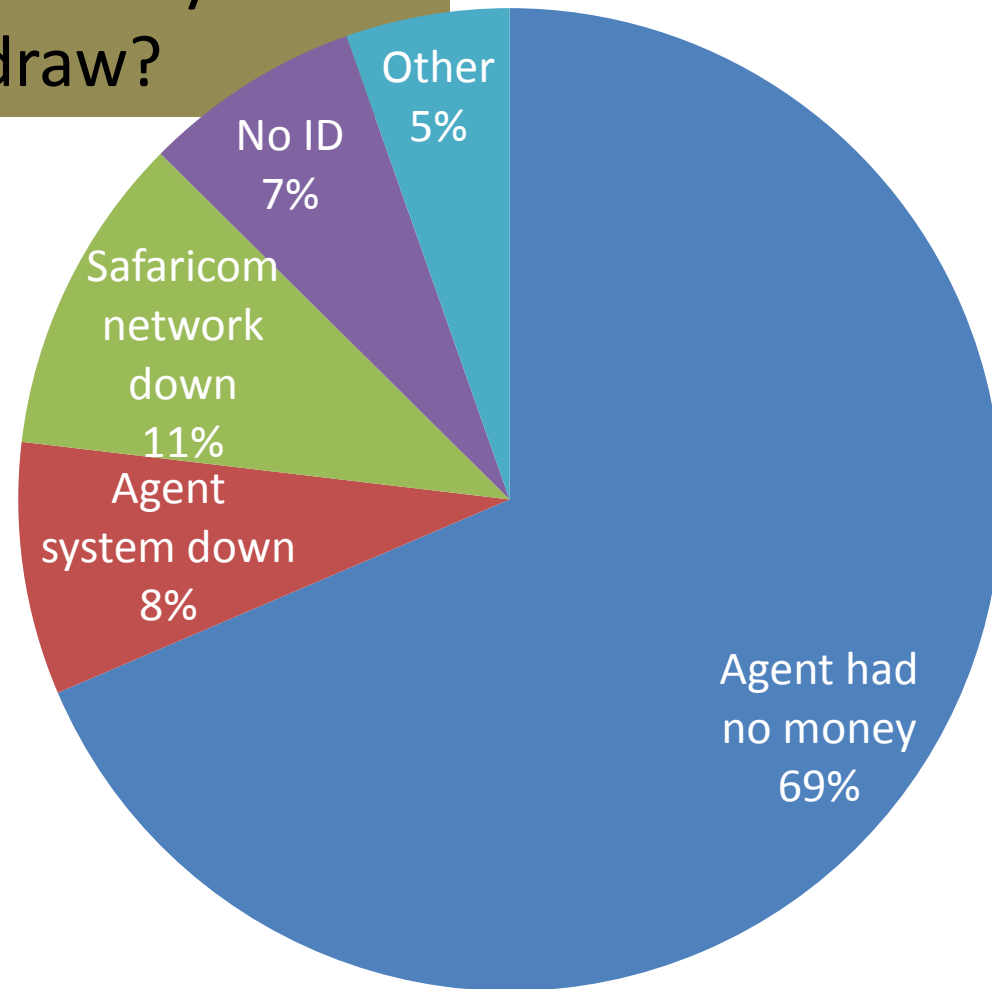


WHAT ARE THE PROBLEMS?

Withdrawing Cash From M-PESA

Why could you not withdraw?

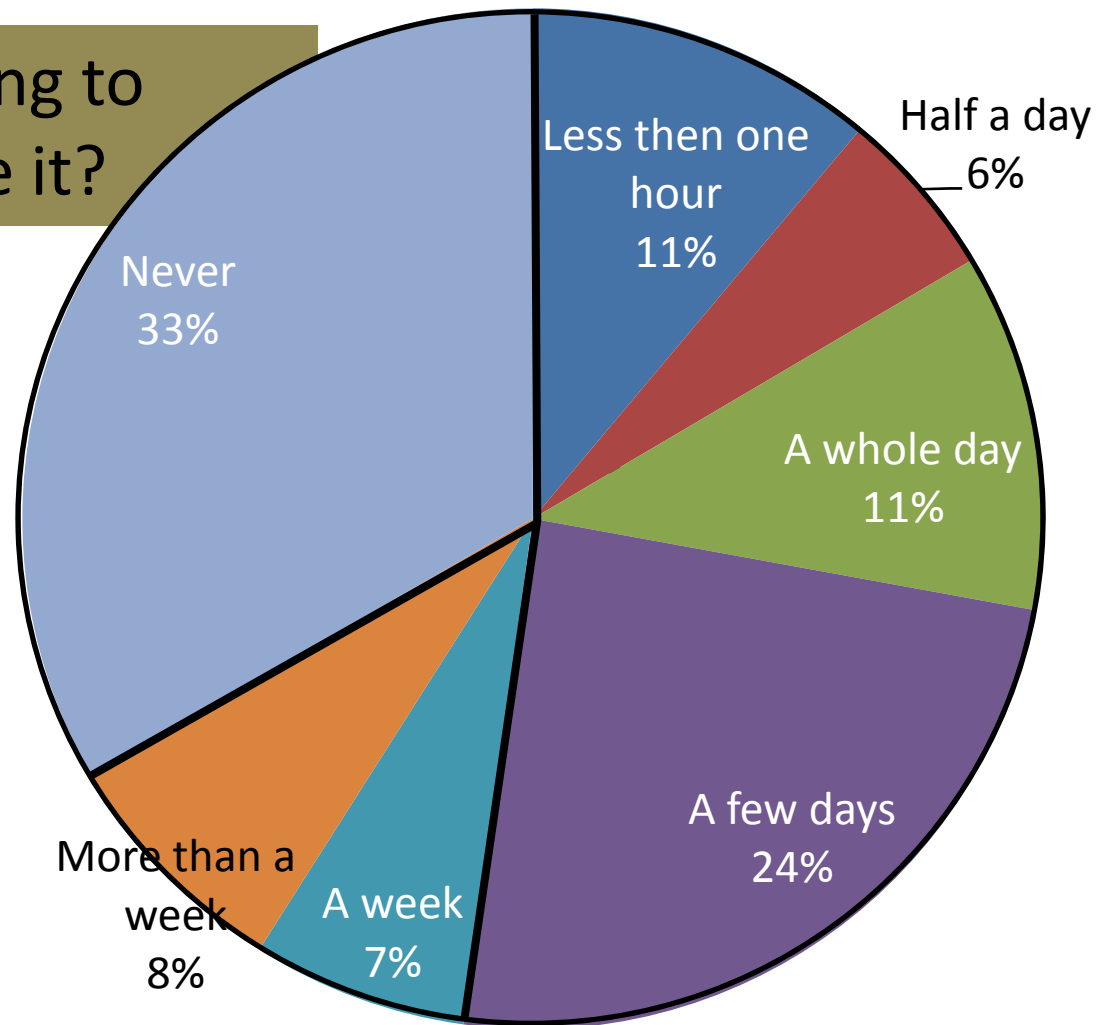
- 20% of users report they could not withdraw money from an M-PESA agent
- Nearly 70% because agent lacked funds



Retrieving Money Gone Astray.....

How long to retrieve it?

- 4.3% of users report that money got sent via M-PESA to the wrong person
- > 1/2 got it back within a few days
- 1/3 never got it back

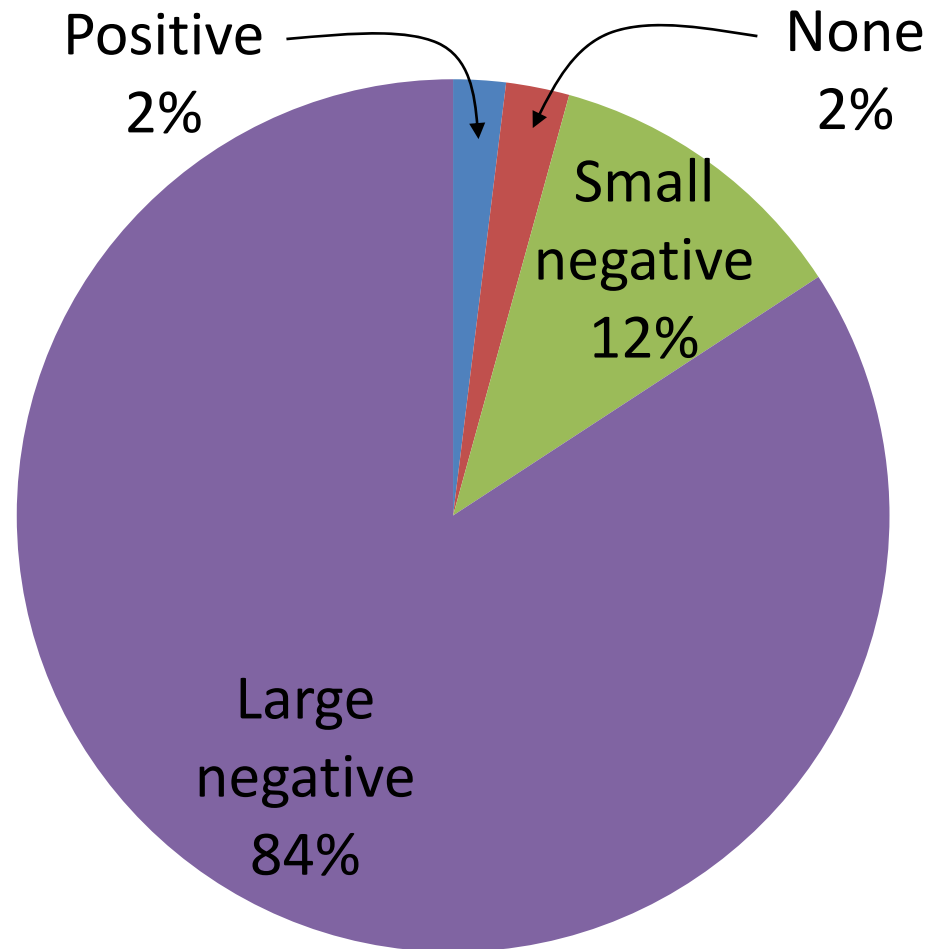


Complaints

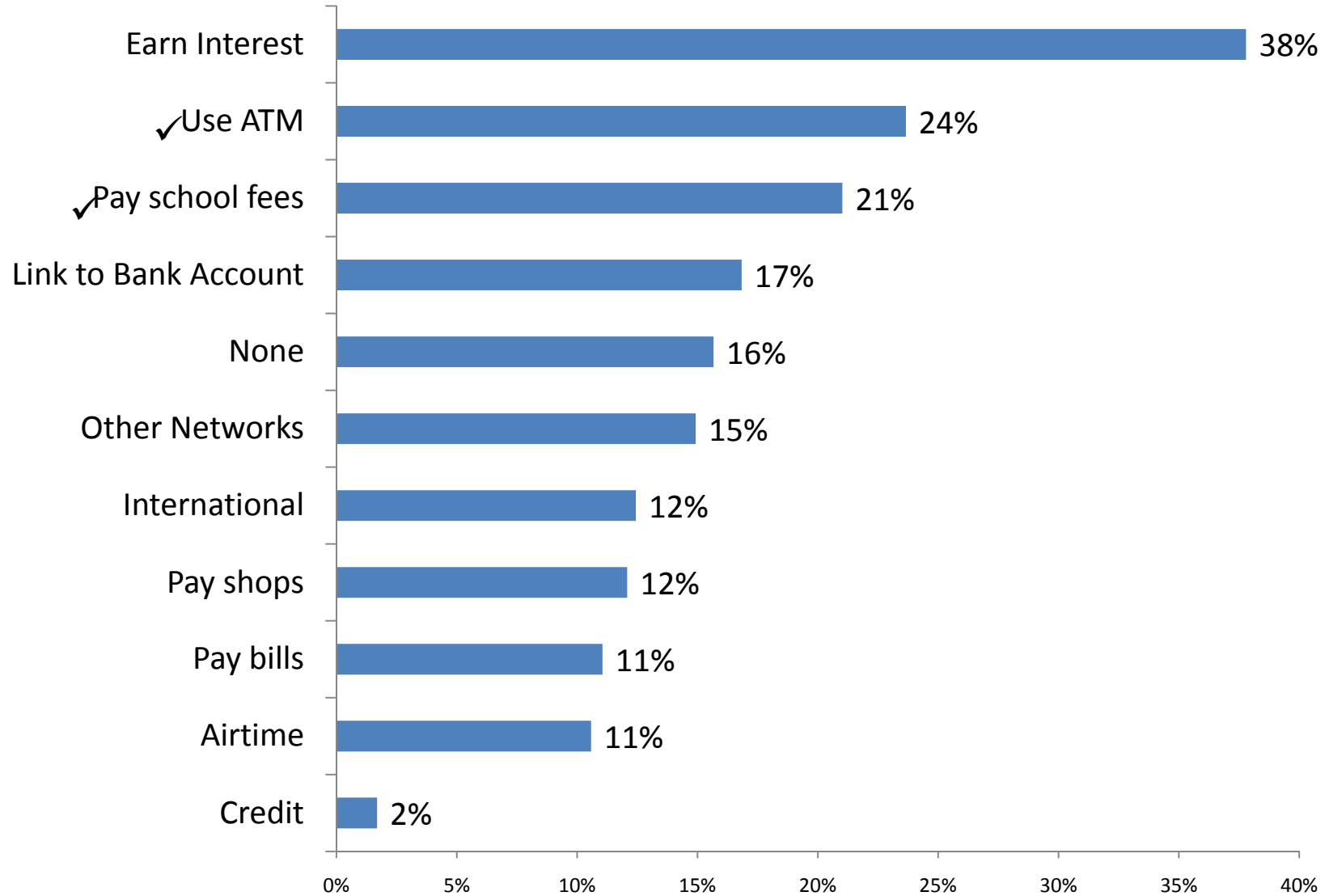
- 93% users don't know how to complain
- 25% complained when they had a problem
- 82% users of customer service found it helpful
- 67% of users say customer service should be improved
 - Faster to answer calls
 - Quicker to resolve issues
 - More accessible

THE FUTURE

What Would be Effect of *Losing* M-PESA?



Other Services Wanted by M-PESA Users



Conclusions

- M-PESA: the most popular means of money transfer in Kenya
- The growth of M-PESA: better than previous options
- Who are users: early adopters, salary workers
- How are they using it: monthly remittance to family
- What are the problems: liquidity, user error
- But this is a better option, users happy
- The future – linkages with the financial system

END

Financial Access

