KENYA POST OFFICE SAVINGS BANK

PRESENTATION DURING PANEL DISCUSSION, WSBI WORLD CONGRESS SANTIAGO, CHILE APRIL 30TH 2009

TOPIC: TECHNOLOGICAL INNOVATION, THE MAGIC WAND FOR SUSTAINABLE PROGRESS OF FINANCIAL INCLUSION?:

Mobile Phone Money Transfer Services: Experience of Kenya Post Office Savings Bank

Kenya has a population of 34M. The financial landscape is competitive with 43 commercial banks, 1 (one) Savings Bank (Kenya Post Office Savings Bank (KPOSB/Postbank), 2 mortgage houses, 122 forex bureaus. 55% of Kenyans have access to mobile phones, there are about 4.5M bank accounts and only 19% of bankable population is banked (Central Bank of Kenya - 2008).

From the global perspective, there are interesting statistics.

- World population is about 6.5 billion people.
- Mobile phone usage world wide was estimated to be at 4 billion subscribers (end 2008). Higher if you consider shared phones.
- There are about 1 billion bank accounts (2008). Majority of these are with savings banks as we well know.
- Globally there about 500,000 bank branches and 1.4 million ATMs.
- Majority of people therefore have mobile phones but no bank accounts.

Cell phone money transfers were started in Kenya in March 2007 by Safaricom. KPOSB became an agent in July 2007. There has been an exponential growth in the last 2 years of operation. About 5.4 million Kenyans have cell phone accounts to send money. The services are fast and secure. Services range from balance enquiry, airtime top up and money transfer etc.

These services are almost similar to traditional banking. Kenyans no longer need to visit a branch to bank or send money. Technological development are challenging the traditional banking model.

In conclusion these are the key points;

1) Technological innovation are moving faster than in the banking sector.
2) Our current and potential customers are attracted to the new technologies.
3) Savings banks and all financial institutions need to wake up to the need to have more innovative service delivery platforms.

4) They can do this alone but it would be more efficient to partner with a technological innovation provider. This way, they share synergies.
5) The world is on the move and only the changing institutions will survive.

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