

Mobile payment methods support socio-economic development

Mobile money has fast-tracked socio-economic development in emerging markets and, promoted freedom of choice and enterprise development, but how long before regulations throttle financial inclusion?



By [Desere Orrill](#) 17 Jul 2014



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Necessity is the mother of invention and nowhere does this ring more true than across Africa. Access to basic transaction requirement has sparked innovation in mobile payment methods and in the process, has championed socio-economic advancement.

While the mobile phone has many notable benefits - from straightforward connectedness to education and knowledge sharing - it is the rapidly evolving mobile economy that deserves particular mention.

To conduct business we need a willing seller/buyer and currency to affect the trade. But what if there is no bank account? No access to hard cash? Geographic challenges? Then you need to get smart.

Preferred payment method

Over centuries, we have bartered, used beads, gold and a host of other hard currencies traded hand to hand to affect business. Now in the 21st century, mobile payments methods are the preferred payment methods for millions. Provoking transformation is an intangible currency called 'airtime' that is still a highly tradeable commodity across the continent.

The first recorded and authorised swapping of airtime was in 2002 in Mozambique. It later migrated to Kenya and became what we now know as MPesa - the biggest and fastest growing financial service system in the world which allows users to top up MPesa money accounts stored on cellphones and deposit, send and redeem money. Operated by a mobile network operator (MNO), it is not classed as a bank, therefore not subject to banking regulations and consequently fees are substantially lower - a very attractive proposition for anyone.

The user interface technology for cashless payment systems like Mpesa are also adapted for predominant in-country markets making this a true service. Doesn't help to have the app isolated to smartphones when the primary mobile phone user is still on a feature phone. Much the same as content for mobile - it needs to be relevant to the audience and the tool choice. In adopting this principle, more people can be financially included.

Changing playing fields

Mpesa has undoubtedly sparked a revolution in more than just mobile payment systems. In developing and established economies across the world, mMoney is changing the playing field and even perhaps, challenging the remit of traditional banking and lending institutions.

The benefits of mMoney payment systems are many and according to the GSMA, 47% of the world's entire unbanked population will have some form of mobile banking by 2017. Not surprising when ease of use, convenience, security, lower

costs, anytime anywhere operations lead to a boost in savings and the development and flourishing of a multitude of businesses. Even those with bank accounts are making the switch.

While some, in so-called developed countries may take mobile services and information for granted, it is not the case in the more under-developed areas of our vast continent. Access to what the United Nations has termed a 'basic human right', has been denied to many. In 2010, for example, the GSMA published a report: Women & Mobile: A Global Opportunity. This revealed that 300 million women in developing countries were missing out on the mobile technology revolution and subsequently a host of socio-economic benefits.

Expanding horizons

But those that have the opportunity have not squandered it and are in fact, perhaps one of the greatest beneficiaries of this new e-motion economy. For some women, mobile has given access to education for the first time. Expanding horizons to opportunities and possibilities that a few short years ago never existed. In having a voice and access to mobile money, they are indelibly changing the shape of the global commerce and free enterprise.

1.7 billion of the 2.5 billion people on the planet who lack access to basic financial services have mobile phones. A good percentage of these are women and so future growth and opportunity appears optimistic. But, with the global traditional banking model under scrutiny, how long before the MNOs who are better placed than traditional banks at building and maintaining large low cost distribution networks remain unchallenged?

Can there continue to be such thing as an open and free market with a consumer's right to choose how and what method they select to pay for services? Should there be?

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