

The success of mobile payments in East Africa

By  Eran Feinstein

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Thirty years ago, no merchant could have envisioned the day when buyers would be able to shop for their merchandise anytime, from anywhere around the globe, using nothing more than a handheld device. Not only do we see that now, it's fast approaching the norm.



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Our mobile devices have offered us the freedom to communicate, share and explore our world like never before. Now, increasingly, they're giving us the option to shop, dine, and travel with the utmost convenience through the use of mobile payment options.

Africa is increasingly becoming a platform for the expansion of mobile payment options, for good reason. More than 650 million people in Africa have mobile phones. However, most Africans don't manage their money through a traditional bank.

Changed landscape

Through the use of mobile payment options, Africans now have the ability to pay utility bills, transfer money, and pay for goods and services with the touch of a button or the swipe of a card, either at the point of sale, or from anywhere they happen to be at the moment.

The advent of mobile banking has forever changed the landscape of the East African market in particular. As millions now find it easier to hold a bank account, and merchants are able to better serve their clients by accepting payments through mobile phones, while avoiding expensive POS systems that are cost prohibitive for small businesses, unprecedented growth has taken hold.

There are a number of mobile payment options in East Africa, including:

- **M-Pesa**

East Africa's leading mobile network provider, Safaricom, boasts 19 million subscribers, 15 million of whom use its mobile money system, M-Pesa. M-Pesa has the distinction of being the world's most highly-developed [mobile payments](#) system, offering users the ability to use their phones to deposit, withdraw and transfer money, pay merchants, and even raise money for charities, weddings, or health emergencies.

- **Airtel Money**

A subsidiary of India's Airtel, Airtel Africa is a mobile service provider that operates in 17 countries across Africa, including Kenya. Airtel Africa's mobile banking service, Airtel Money, allows users to buy airtime, send money, make bill payments, preload and withdraw cash, complete bank transactions and buy from merchants, right from their phones.

- **Tigo Pesa**

Tigo is one of Tanzania's oldest and most affordable mobile service providers. Its online money service, Tigo Pesa, features free registration, and offers users the ability to pay bills, buy airtime, and withdraw, transfer or send cash from their mobile phones. Deposits can be made through local Tigo Pesa agents.

- **Ezy Pesa**

Zantel, one of Tanzania's most well-known mobile services, offers Ezy Pesa, a money service that works to provide mobile banking options to East Africa's unbanked and under banked. Ezy Pesa allows users to deposit and withdraw funds, to buy prepaid airtime, and to send money to any mobile customer.

Where there are mobile payment options, there are companies who facilitate the mobile payment process. Local and international providers are competing on who will penetrate faster the East Africa travel market, offering a processing platform that is safe, efficient and convenient, and provides merchants with secure and dependable payment.

Currently very few complete [mobile payments app](#) solutions can be downloaded. Most of the market still relies on old tech. Whoever manages to supply a solution that will allow merchants to set up a client database, accept payments (including email payments), provide receipts, and view detailed reports, will rule.

An extra feature that may succeed well in Africa is a mobile credit-card swiping device, which works with a mobile app to allow customers to swipe their cards directly at point of sale, eliminating the need for costly and cumbersome credit card machines and POS systems. Again, in a growing market of mobile payments this solution could overtake traditional credit card payment systems.

ABOUT ERAN FEINSTEIN

Eran Feinstein is the CEO of Direct Pay Online, a global e-commerce and online payments solutions provider for the travel and related industries. With over 14 years of experience leading technology, sales, marketing and operation teams, Feinstein is an authority in the East African e-commerce and payments arena.

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