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Jake Kendall from the Gates Foundation on Mobile Savings

People often find it hard to save money, the poor no less than the better off. Human nature plays its role, of course: it is hard to save for some intangible future when our wants in the present are so concrete. But the poor also lack convenient and inexpensive mechanisms to save. So what could happen if we remove those barriers?

“There are two interrelated challenges in getting viable savings services to the poor,” says Jake Kendall, microfinance program officer at the Bill & Melinda Gates Foundation. “The first is that the poor live too far away from bank branches, and the second is that their deposit levels are too small to make it cost-effective for banks to serve them. So our guiding light has been to promote business models that simultaneously extend geographic outreach and dramatically lower the cost of dealing with the poor. To date, mobile applications have promisingly done both those things.”

Kendall says that there have been between 75 and 80 mobile money launches worldwide but only one unequivocal success story: M-PESA, the mobile payments service hosted by Safaricom in Kenya.

“A lot was right in the Kenyan market when M-PESA went live. There was a lot of rural-urban migration, lots of cell phones, a cell phone provider with huge market share that could establish trust and build a big agent network, a relatively forward looking regulator. The real nut that Safaricom cracked is getting agents and customers on-line at about equal speeds, so neither side was disappointed if there weren't enough of the other. In my view, none of the other mobile money deployments have made big enough up-front investments in marketing and agent acquisition. That is where we at Gates think we can help.”

Jake Kendall will be speaking at the [Microfinance Impact and Innovation Conference](#) in New York City on October 21.

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