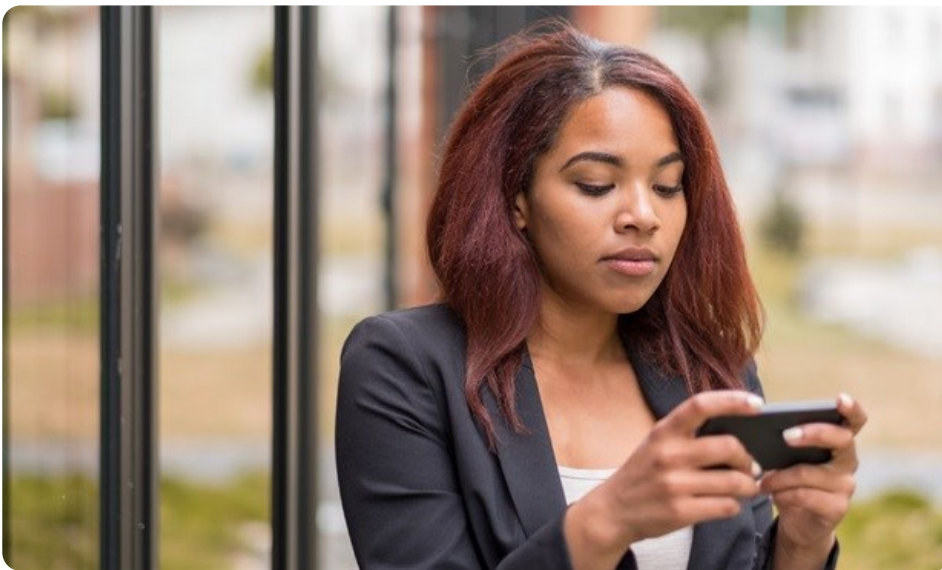


Why Kenyan SMEs must tap the potential of mobile phone

By [Nguqi Mungai](#) ^{25 Jan 2016}

Mobile phone penetration has significantly increased in Kenya and its imperative for small businesses to tap into the potential of this technology to operate better and smarter.

The Communication Authority of Kenya (CA) statistics show that the number of mobile phone subscription reached 37.8 million in September 2015, up from 32.8 million in September 2014. This pushed mobile penetration in the country to 88.1 percent from 80.5 percent during the review period. "The mobile market the country has maintained an upward trend," CA stated in the first quarter sector statistics report for the financial year 2015/2016.



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M-Farm is a great example of a Kenyan small business that has been able to successfully carve a niche in the market by tapping into the popularity of the mobile phone in the country. M-Farm uses a mobile application and short-message-service to connect farmers to markets. This way, M-Farm is able to cash in on its services which include updating farmers with new information on price trends in the market and also giving them a step-by-step guide on how to plant crops and reach optimum production.

Foreign firms have also noticed the mobile phone potential in Kenya, which is why Uber launched operations in Nairobi in January 2015. Uber, which was founded in 2009 in San Francisco, United States, uses a mobile application to connect customers with low-cost taxicabs in over 260 cities it operates across the globe. "Our mission for Nairobi is to provide the safest, most reliable rides at the touch of a button," Alastair Curtis, International Launcher at Uber, said at the launch.

Technology company, Cisco, says high mobile phone penetration has a significant impact on businesses, mainly helping to link entrepreneurs to markets and potential buyers. "Enterprises are using mobile technology to operate better and smarter. Organizations are using mobile phones to gather real-time data that help them make informed business decisions," Cisco stated in its blog.

According to CA statistics, mobile money transfer service has also continued to record steady growth, pushed by increasing popularity and convenience in usage. By September 2015, the number of mobile

money transfers stood at 28.7 million, up from 26.9 million recorded during the same period in 2014. The high usage of mobile money has spurred innovations in transactions, mainly in the popular M-Pesa platform helping businesses to have more easier cashless payment options for their customers such as Lipa-Na-M Pesa.

In October 2015, Chase Bank partnered with Safaricom, the owner of M-Pesa, to launch a service called Mobile2Bank, which allows businesses to aggregate all their banking services, making them accessible through a mobile phone. "This product demonstrates how innovation in the mobile space can be harnessed to address some of the common pain-points in businesses," Chase Bank chief executive, Paul Njaga, said.

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