

## From just a dollar, Kenya's cellphone bank gives loans

Six months ago, Jane Adhiambo Achieng walked into a local Kenyan bank with the hope of getting a loan for her small grocery business.

After providing all the paperwork and after weeks of back and forth between her and bank officials, she was turned down.

"They just told me I don't qualify. My income was too little," said 42-year-old Achieng, who was asking for some US\$250, about half her monthly turnover, to expand her fruit and vegetable stall in the Kenyan capital.

However, in early March, she applied for the same amount through a different source, and got the money in a matter of minutes.

She credits the Kenyan mobile telephone money application called M-Shwari that lent her the cash for facilitating the growth of her business.

### **New banking platform**

M-Shwari is a new banking platform that allows subscribers of Kenya's biggest mobile network, Safaricom, to operate savings accounts, earn interest on deposits, and borrow money using their mobile phones.

It expands on Kenya's revolutionary use of sending money by mobile phone, known as M-Pesa, "mobile money" in Swahili, launched in 2007 and now widely used across the east African nation, where some 70% of people have mobile phones.

With a minimum transfer of cash set at five shillings, around five US cents, the application revolutionised day-to-day banking for millions left out of the formal system, and is used for transactions ranging from sending money to far-away relatives to paying utility bills or even school fees.

Now it is hoped the new M-Shwari application, meaning "no hassle", can do the same for savers and borrowers.

"We have always been thinking of how to move M-Pesa forward. We knew there was a boundary to be broken and the next frontier was to be reached," said Nzioka Muita, communications manager at Safaricom, which owns both the M-Pesa and M-Shwari systems.

Source: AFP, via I-Net Bridge