

Lisa Duke
Rajesh Chandy

CS-11-010
August 2018

M-PESA and Nick Hughes

It was February 2009 and Nick Hughes, Head of Global Payment Solutions at Vodafone, contemplated his notes as he waited to enter the company's Executive Meeting at its headquarters in Newbury, amid the Berkshire countryside outside London. M-PESA (M for mobile, Pesa meaning 'money' in Swahili), Vodafone's mobile money payments service, had grown exponentially over the previous two years; far beyond he or anyone else had imagined. What had begun as a corporate social responsibility project was now a much heralded story of financial innovation, offering financial services to millions of 'unbanked' customers. Safaricom, Vodafone's Kenyan affiliate, planned to increase the range of services, developing beyond payments into other financial products, while the M-Pesa service had been rolled out to Tanzania and Afghanistan, where it was gaining momentum.

Vodafone had multiple options as to what to do next with M-PESA. It could further tap the three country markets in which it was currently offering the service, for example by creating new services or expanding its customer base within these markets. Or it could develop new markets by launching the core M-PESA service in other countries. The success in Kenya suggested that further roll-outs were attractive, but where? Vodafone's existing business footprint was expanding, but was not extensive and focused mainly on Europe rather than developing countries. Regulation was a stumbling block in some markets; India being one example where regulators had ruled that only licensed banks could issue 'electronic money'. Some Vodafone executives were suggesting that the services could be introduced in Europe, Vodafone's home region, where it had a direct customer base of over 100 million existing customers – but this would fundamentally change the nature of the service from one targeting the unbanked. Alternatively, as a non-core business stream, Vodafone could spin off the service.

Lisa Duke is a Research Associate of London Business School. Rajesh Chandy is Professor of Marketing and Tony & Maureen Wheeler Chair in Entrepreneurship at London Business School. This case benefited from financial support through the Chris Ingram Fund and the Wheeler Chair at London Business School.

London Business School cases are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

© 2018 London Business School. All rights reserved. No part of this case study may be reproduced, stored in a retrieval system, or transmitted in any form or by any means electronic, photocopying, recording or otherwise without written permission of London Business School.