

CASE STUDY



Vodafone

Money Transfer Service

Vodafone is at the centre of a financial services revolution in Africa. It's not based on plush branches or teams of big bonus bankers, neither is there the constant in your face advertising enticing you to deposit, borrow or save. Instead it relies on a simple 'pay-as-you-go' model that allows registered users to send and receive cash via their existing mobile phones.



M-PESA – cash via SMS

Financial service revolution

Vodafone Money Transfer has been launched under the brand name M-PESA in Kenya and has immediately revolutionised the business of money transfer in a country where a traditional banking infrastructure does not exist in remote areas and the only lines of communication are mobile phone networks and the local stores that exist to buy credit for them.

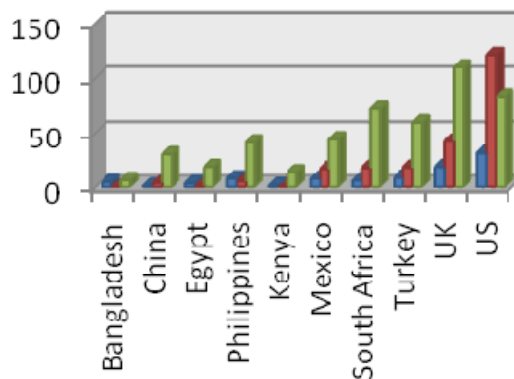


Vodafone saw a huge opportunity in Kenya to provide a much needed service to individuals scattered throughout the vast country. Many of the men work in the cities where jobs are available, but always have the problem of getting cash back to their loved ones in the far flung villages. The key to success was the mobile phone and an existing network operated by Safaricom. The problem was how to achieve simplicity with the addition of necessary security.

Swift, secure, affordable

The M-PESA business was developed in conjunction with the DFID (*Department for International Development*) to make finance more accessible in developing countries.

■ Branches ■ ATMs ■ Mobile penetration



It is a business based on very high volumes of low value transactions, which enables money transfer via SMS and does not require a traditional bank account. The system is based on a „Pay-as-you-go“ model requiring no joining fee, no monthly charges or minimum balance and is available to anyone.

M-PESA has been a fantastic success in Kenya from day one. Users are able to transfer money, pay for items in stores, pay bills and pay-in and withdraw cash at registered agent outlets. These main agents are Safaricom airtime dealers, petrol stations, supermarkets, local shops and postal services – all offering basic cash handling services to M-PESA users.”





Pay as you go using your phone – M-PESA

Kenya is a huge land mass and the population has readily taken to using mobile phones on a „pay-as-you-go“ basis, so the addition of another „app“ made sense. The M-PESA application is hosted by Rackspace and interacts with the Safaricom system in Kenya. Vodafone operates a vast record management system, which maintains real time records of every transaction and the whereabouts of every single item of money. This is critical to the success of the system as each user has to trust that their transaction will be handled securely and efficiently. In addition Vodafone had to ensure compliance with all the laws governing money laundering, but also take into account the inability of some customers to provide ID other than the recognition of their status by a village elder.





One of the key reasons behind the success of M-PESA is that the users have come to trust that it's always available on demand. As a result the need to send envelopes of cash via the local bus driver, (surprisingly secure) is no longer the most popular money transfer choice.

Kenya's Largest Financial Service

M-PESA is now the most popular mobile money transfer and payment service in Kenya, moving billions of shillings annually, and is growing rapidly. Plans are underway to introduce the system to other countries where the traditional banking infrastructure is low and mobile phone penetration is high.

Neil Dwyer - Vodafone's Service Delivery Manager revealed that Vodafone was only able to set up and operate Vodafone Money Transfer through the introduction of critical partnerships with other key providers.

Safaricom provides the telecom network, but the vast backbone of the system and the secure transaction engines are all housed with **Rackspace[®]** Hosting in the UK, utilising satellite streaming technology to send and receive real time transaction data. Mirrored database servers, managed backup and dedicated hosting of web applications complete the list.



Neil Dwyer
Service Delivery Manager
Vodafone



Key factor

Rackspace is a key factor in the success of the project. It is essential to have guaranteed network uptime, 24/7/365 support and total security, as well as massive flexibility to react to unbelievable growth in a very new and exciting business.

Some of the challenges faced by the Vodafone team were incredible. At Christmas and Easter periods individual transfers headed towards 2.6 million per day. And these were all small transactions, but vital to the individuals sending and receiving the money, so nothing could go wrong and the whereabouts of the „cash“ had to be known at any given second of the day.

Neil Dwyer said, “Rackspace provides a team of dedicated account managers and support technicians whose expertise and dedication has been invaluable in bringing Vodafone Money Transfer to market”



The extra mile

Richard Murray, Vodafone’s Technical Manager in charge of the service, commented that Rackspace have effectively liaised with Vodafone operational support and provided a predictable, worry-free structure, along with an understanding of budget limitations plus an innate willingness to go that extra mile to ensure goals are achieved.



Richard Murray explained, "To ensure the ongoing success of such projects it's essential to have a hosting partner that understands the technology and can respond to situations with speed and an attitude focused on delivery". A communications business offering a financial service relies on speed and rapid deployment. Any supplier must have the same mindset.

Rackspace has proven to be a willing partner for Vodafone; assisting in planning for growth and proactively anticipating the need for additional hardware before any critical state is reached.

To discover more about Vodafone Money Transfer, please visit www.vodafone.com

For more information about Rackspace Hosting please visit the website at www.rackspace.co.uk or call for **FREE** information and hosting advice on **0800 988 0100**

