

BLCF Case 2: Mobile banking for rural communities in Kenya

Intervention:	Technology and Innovation for Profitable Banking in Rural Communities (FDCF)
Country:	Kenya
Date:	
Challenge:	To launch mobile banks, providing rural clients with daily access to financial services.
Objectives:	Sign up 12,000 new rural customers in 18 months, 40% of these being women
Approach of the Intervention:	Equity Bank invested GBP 277,550 of its own funds to develop the business model and received GBP 172,600 from DFID's Financial Deepening Challenge Fund, as well as support from DFID Kenya. Equity was transformed from a building society to a commercial bank, enabling it to offer a broader range of services—including mobile banks—to a larger group of clients. The minimum deposit for new accounts was reduced to GBP 3; and ledger fees and other charges were either scrapped or reduced to low levels.
Benefits and Impacts:	By the end of project implementation, the mobile service had reached 30 village centres and served 23,055 new customers, 45% of whom were women. Between them, customers served by mobile branches have deposited GBP 650,000 and have secured 9,000 loans from the bank worth GBP 807,000. Equity reduced transaction time in the bank from 10 to 2 minutes and there have been substantial savings to customers from reduced travel costs. The innovation has helped smooth consumption for rural families by providing finance for school fees and emergency loans. Introduction of new software will facilitate transmittal of remittances from abroad and from urban to rural areas.
Lessons learned:	Mobile banking services can help to ease liquidity constraints and smooth consumption for a large range of rural clients
Wider application:	
Implementing agency & partners	Equity Bank; FDCF; DFID Kenya
Contact person:	Details at www.challengefunds.org