

KIVA U Mobile Technology & Microfinance:

How Kiva is Leveraging Mobile Technology to Change Lives

One of the greatest challenges in international development is reaching populations in remote areas that do not have access to basic financial services. It is important to note, however, that of the 2.6 billion people in the world who do not have access to banking services, 1 billion of them have access to mobile phones. Mobile technology is rapidly creating opportunities for unbanked and marginalized people to access new services and economic opportunities.



Rapid expansion of mobile

Between 2005 and 2010, mobile phone subscriptions in the developing world *tripled* to approximately four billion subscriptions. The most notable growth was in Africa, where mobile phone use increased over 400% in those five years. Of four billion mobile phones currently being used in the world, 75% of them are in developing nations.

The mobile market continues to expand rapidly across Africa, where there is 76.4% market penetration today. The market is expected to continue growing enough that by 2017, there will be over 1.1 billion subscribers in Africa alone. The penetration is also very high in Latin America, where most countries have over 90 subscriptions per 100 people. This rapid expansion and penetration of mobile technology provides a powerful platform to facilitate development and microfinance.

How mobile phones can alleviate poverty

Today, mobile technology is used not only for communication but as an easy way to facilitate access to financial services like mobile banking. One example is M-Pesa, a mobile phone-based money transfer and microfinance service. It acquired eight million subscribers and a network of 13,000 agents in its first 30 months of operation. In Kenya,

over 40% of the population has used the service to send or receive money. Given that less than 30% of the population in East and Southern Africa has a formal bank account, and that there are less than two bank branches per 100,000 people on average, mobile money is expected to expand rapidly to address the unmet need for reliable banking.

Mobile devices in some areas are limited to voice and text messaging, but even the most basic communication methods can increase school attendance, facilitate banking and cash transfers, create jobs, expand health care, accelerate disaster response, and fuel citizen engagement in governance and democracy.

What These Changes Mean In Practice:

- In Niger, cell phones allow grain traders to compare market prices across the country, cutting the cost of traveling to different markets and resulting in profit increases of nearly 30%. Day laborers are able to call friends in Benin to find out about job opportunities without making the US\$40 trip.
- In Kenya, those affected by HIV and AIDS received text messages, reminding them to take their antiretroviral drugs. It was found that sending these simple SMS messages was not only more affordable than in-person reminders, but those receiving them showed higher rates of taking their medications.
- Using simple SMS messages, farmers in Ghana living in Tamale are able to send text message to learn about tomato prices in Accra, over 600 miles away.
- Citizens in countries like Kenya, Nigeria and Mozambique are able to report violence via text message to a centralized server that is viewable online, in real time by the entire world.

Mobile technology is used in other innovative ways to meet the needs of people in remote areas as well. Take Kiva field partner Grameen Foundation AppLab, which uses mobile technology to share best practices in agriculture with a network of farmers in Uganda through point people called Community Knowledge Workers (CKW). This has enabled the organization to share valuable agricultural information with more than 62,000 farmers. One of these farmers is Joseph Solimo, from Gamatu village. Joseph had 13 of his 15 piglets die in 2010 and did not know the reason why. He and the CKW utilized a Grameen AppLab-provided phone and learned that the mother pig was

lacking iron and needed charcoal, iron tablets and dry soil while pregnant. The following year, Joseph applied these suggestions, and his entire litter survived.



The benefits of mobile technology are staggering. Kiva's low interest capital and flexibility enables its partners to keep interest rates low while expanding their services into remote areas that would otherwise be difficult to reach. Given the rapid expansion of mobile technology and the many ways that it empowers impoverished people and supports national

economies, it is critical that organizations like Kiva innovate ways to leverage these technologies to enhance their services and expand outreach.

Kiva Zip & Mobile Technology

Kiva's pilot project in direct, person-to-person lending -- Kiva Zip -- is pioneering crowd-sourced mobile credit. Today, borrowers in Kenya, endorsed by trustees, can post their profiles and business plans to Kiva Zip and raise loans -- all disbursed and administered over mobile phone.