

## Mobile finance – indigenous, ingenious, or both?

Ken Banks, IDG News

In Ghana it's popularly known as *susu*. In Cameroon, *tontines* or *chilembe*. And in South Africa, *stokfel*. Today you'd most likely call it plain-old *microfinance*, the nearest term we have for it. Age-old indigenous credit schemes have run perfectly well without much outside intervention for generations, although in our excitement to implement new technologies and 'solutions' we sometimes fail to recognise them. Innovations such as mobile banking – great as they may be – are hailed as revolutionary without much consideration for what may have come before, or who the original innovators may have been.

The image of traditional African societies based predominantly around "simple hunter gathering" is more myth than truth. The belief that Africa had little by way of economic institutions and processes before the arrival of the Europeans is another. As [Niti Bhan](#) pointed out during her fascinating "Life is Hard" presentation at the [Better World By Design Conference](#) earlier this month, today many rural communities are familiar with concepts such as loans, barter, swap, trade, credit and interest rates, yet the majority remain excluded from the mainstream modern banking system and have never heard of things like ATM's, banks, mortgages or credit cards. It's not that people don't understand banking concepts, it's just that for them things go by a different name. In Kenya as few as one in ten people may have a bank account, but that doesn't stop many of them using a number of trading instruments, or running successful businesses. Technology can certainly help strengthen traditional trading practices, and we know this because when technology is made available the users are often the first to figure out how to best make it work for them. Mobile technology is today showcasing African grassroots innovation at its finest.

Africans are not the passive recipients of technology many people seem to think. Indeed, some of the more exciting and innovative mobile services around today have emerged as a result of ingenious indigenous use of the technology. Services such as "Call Me" – where customers on many African networks can send a fixed number of free messages per day when they're out of credit requesting someone to call them – came about as a result of people "flashing" or "beeping" their friends (in other words, calling their phones and hanging up to indicate that they wanted to talk). A lot of interesting research on this phenomenon has been carried out by [Jonathan Donner](#), an anthropologist working at Microsoft Research. Today's more formal and official "Call Me"-style services have come about as a direct result of this entrepreneurial behaviour.

The concept of mobile payments did, too.

Researchers have for some time been observing the behaviour of users in developing countries, seeking to identify the next big thing. As Jo Best puts it in her [Mobile & Wireless](#) column, many of these ideas spring from "the fertile mind of some user who wanted to do something with a mobile that their operator hadn't provided yet". Tapping into these fertile minds is a fascinating business, something that [Jan Chipchase](#) at Nokia is famous for. Some of Jan's earlier observations identified emerging mobile payment-style services long before the mobile operators, or even the ICT4D community, had even thought of them. The mantra "build it and they will come" seems alive and well in the African mobile context.

Whilst many traditional development approaches generally introduce alien ideologies and concepts into developing countries – sometimes for the better, often for the worst – today's emerging mobile services

are very much based on a model of indigenous innovation. Take [M-Pesa](#) as an example, the much-touted Kenyan mobile money transfer service developed by Vodafone and DFID, the UK's official government development agency. Increasing numbers of African users were already carrying out their own form of money transfers through their mobiles long before any official service came into being ([SENTE](#) is one of the better known indigenous 'systems', from Uganda). What M-Pesa has done is formalise and scale this kind of activity and bring it fully to market. Its impact has been spectacular, with around three million registered users since launch in March 2007, and about Sh8 billion changing hands every month. But what services such as these, rolling out in increasing numbers of African countries, have done to earlier 'indigenous' systems – mobile-based (such as [SENTE](#)) or more traditional microfinance solutions (such as susu, totines or chilembe) – is not so clear, although the latter were most likely well on the decline long before mobile phones came on the scene.

Many indigenous economic systems still exist today where they haven't been wholly replaced by modern financial structures or technologies. In "Africa Unchained", George Ayittey believes that future African economic prosperity lies in traditional systems and practices.

*"Women traders can still be found at most markets in Africa. They still trade their wares for profit. And in virtually all traditional markets today, bargaining over prices is still the norm – an ancient tradition. Traditional African chiefs do not fix prices. And it is this indigenous economic system, characterised by free village markets, free trade and free enterprise that Africa must turn to for its economic rejuvenation".*

It's likely that many people would argue strongly against Ayittey on this, believing that progress across the African continent is based on embracing change and the new world economic and technological order. It's an active and fascinating debate. Whichever side of the fence you're on, all of this does raise one important question: Should technology solutions aimed at the developing world, and mobile solutions in particular, seek to build on and enhance indigenous, traditional activities – economic or otherwise – or, where necessary, is it okay just to replace and lose them?

That isn't the only question, either. How does the introduction of emerging mobile services shift the balance of power in traditional African societies? Will women, for example, remain as economically active participants in the new mobile-powered world, or will men take more control? Do mobiles narrow or widen gender inequalities? Is technology exacerbating the gap between the have's and have-not's, or is it truly proving as transformational as we all believe, or hope?

Very few businesses would willingly throw out all of their processes and procedures in order to implement a new IT system, however good it may be. The more astute ICT solutions providers know this, and wherever possible aim to allow seamless integration of any new technology into their client's workplace and working practices. Doesn't it make sense that we should take the same approach with indigenous societies, and seek to build on existing procedures and traditions, and not just assume that a new, modern solution is better and replace everything that went before?

It's a fine balancing act, and one people are still trying to figure out. The irony could be that while growing numbers of social scientists are turning to technology to help preserve and document disappearing cultures, the same technologies may be contributing to their ultimate decline.

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