



UNLOCKING AFRICA WITH M-PESA



Connecting global merchants to
African consumers with **Pay by M-Pesa**





The time is now

E-commerce in Africa is booming.

The value of online sales across the region is currently estimated at **€2-4bn** and is growing at over 50% per year. By 2025, the value of e-commerce in sub-Saharan Africa is forecasted to rise 20-fold to **€65bn**, driven by the doubling of smartphone penetration and a rapidly expanding middle class.

However, most customers in Africa do not have access to typical credit or debit cards, instead opting for local payment methods like **M-Pesa**.

M-Pesa is Africa's largest fintech and payment method, with over 40m active users across 7 African markets - Kenya, Tanzania, Mozambique, DRC, Lesotho, Ghana, and Egypt. Pay by M-Pesa is already accepted by over 200k African merchants, including leading online players such as DSTV, Uber, Kenya Airways, and Jumia, 'the Amazon of Africa'.

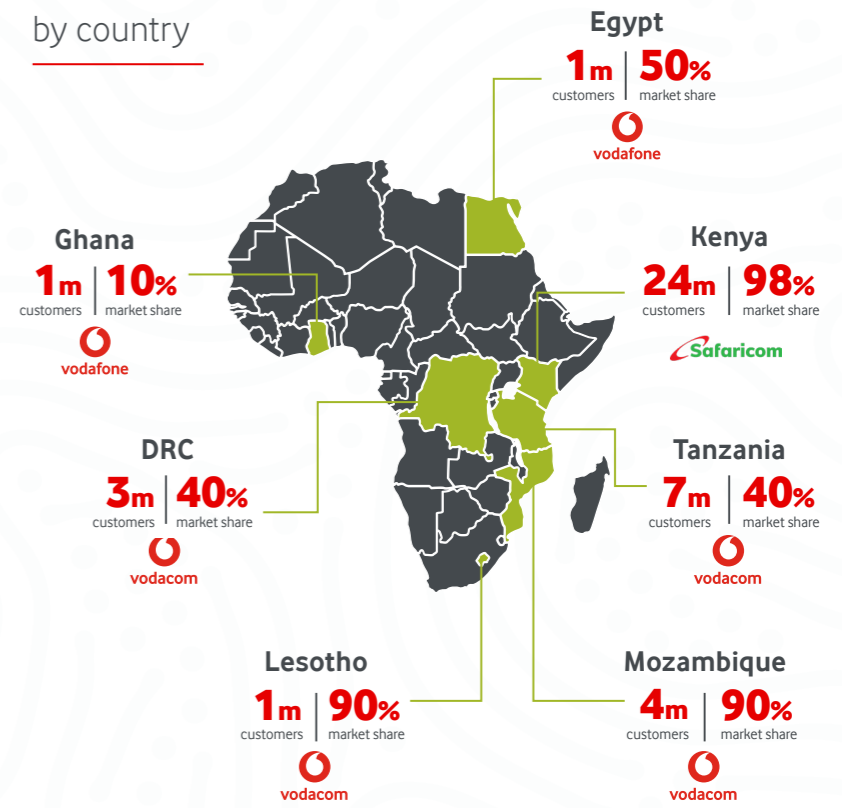
Offering the option for customers to Pay by M-Pesa is essential for any global merchant's go-to-market strategy in Africa - a continent bursting with opportunity.

Unlock Africa with M-Pesa

4 reasons to accept Pay by M-Pesa

-  Access to **40m** customers, **5x** more than typical cards schemes
-  Use of the **most trusted** and recognised payment brand in Africa
-  A **simple, slick and secure** payment experience for customers
-  Access to **7** markets through a **single** integration

Market share by country



From **humble** beginnings

M-Pesa was launched in Kenya in 2007 to make domestic remittance as simple as sending a text. Today, M-Pesa allows customers across seven African markets to instantly and securely send funds, pay bills, make in-store payments, send money abroad, and access financial services such as loans and overdraft facilities.

The success of M-Pesa is clear from our numbers – in the last year alone, our **40m+ customers** completed **over 12bn transactions worth €147bn**. Our customer base is growing at over 10% year-on-year and will continue to rise as consumers adopt more digital lives.

The backbone of M-Pesa's success is its agent network. Across M-Pesa markets, customers can convert cash into e-money in their M-Pesa wallets at over 430k M-Pesa agents. Similarly, e-money can be converted back into cash at these same agent kiosks. While over 70% of wallet top-ups are made through agents, customers can also top-up their M-Pesa balance by bank transfer or cash deposits via ATMs.



A single integration opens up **40m+** customers

Adding Pay by M-Pesa to your online checkout - allowing you to reach our 40m+ customers - can be done through a single integration into M-Pesa's Open API platform. Alternatively, merchants can integrate with us via our network of partner Payment Service Providers (PSPs).

Our Open API hub offers international merchant APIs for online payments, including recurring payments, reversals and refunds, as well as authentication, query and security features.

The same single integration into the M-Pesa Open API solution also handles the consumer checkout experience, so there is no additional complexity associated with creating a checkout user interface.

M-Pesa will handle clearing and settlement of funds into offshore accounts and in various currencies. We do this by taking care of Dynamic Currency Conversion, as well as all requirements related to offshore settlement and foreign currency exchange. Our Open API platform is flexible to allow

for diverse integration arrangements. For example, we can have separate integration options for global merchants and PSPs who want to handle their own FX and DCC, along with a product for merchants who are settled domestically.

To find out more about which PSPs we are currently partnering with, or to discuss options for integrating with M-Pesa, please reach out to the team at paybypesa@vodafone.com

FAQs

What is the M-Pesa pricing for international merchants?

For international merchants settled offshore, M-Pesa charges a basic interchange fee. These fees are consistent across M-Pesa's markets and partners, creating a level playing field across our ecosystem. M-Pesa rates are generally lower than fees charged by international card schemes.

How does M-Pesa deal with Dynamic Currency Conversion?

M-Pesa works with partner banks to deliver Dynamic Currency Conversion to customers at checkout. Exchange rates are frozen 3 times a day and merchant check-out amounts are converted into the customer's M-Pesa wallet currency.

Does M-Pesa settle funds offshore? In which currency?

In addition to settling in local market currencies, merchant/PSP settlements can be made offshore in global currencies.

How do customers add money on their M-Pesa wallet?

Customers can load funds into their M-Pesa wallets in several ways:

- 1) by depositing cash at one of our 430k+ agents
- 2) through a bank transfer into the M-Pesa wallet
- 3) via a cash deposit at an ATM

Users can also receive money into their wallet from other users, including salaries from employers.

How secure are M-Pesa payments?

M-Pesa has become a critical piece of national infrastructure in many of the markets in which we operate. Each of the M-Pesa domestic businesses operate under the regulations of the central bank and need to adhere to the highest security standards and ongoing scrutiny of the regulators.

What anti-money laundering/counter-terrorism financing mechanisms do M-Pesa have in place?

All M-Pesa markets conduct daily screening against international sanctions lists and monitor all transactions for suspicious activity, including money laundering and funding of illegal activities.

How is sensitive customer data protected?

M-Pesa has procedures in place in each market to ensure compliance with local data protection laws.

What VAT are international merchants liable to pay in local markets?

It is the responsibility of the merchant/ PSP to ensure that they comply with local regulations.

