

A Case Example of Social Impact Investing  
*By Nathan Sanfaçon, Leeds '16*

**How can investing in mobile banking for the developing world not only dramatically improve people's lives, but also return a profit?**

We take for granted the convenience of being able to drive a few minutes to the nearest bank and withdraw or deposit money at any time. Sadly, *billions* of people in developing countries do not have this luxury. Many must walk for hours to make simple transactions or depend on inefficient public transportation to make sure funds reach their intended recipient safely. These same people lack access to any form of credit, insurance or savings, resulting in the inability to alleviate themselves from poverty.

**Challenge:** How can business sustainably solve this critical problem?

**Solution:** Social impact investing in the mobile banking industry.

Safaricom, a large publically traded mobile phone provider located in Kenya, decided to tackle the problem where 81% of its population was unbanked. Given that 55% of the population had access to mobile phones, Safaricom decided to make an investment to improve people's lives.

In 2007, Safaricom came up with a genius idea called "m-Pesa," which incorporated a banking service through its mobile phones, allowing customers to use and save their money in the form of digital cash. This mobile money movement has the potential to alter the economic paths of the poor and emerging economies at large.

Only three years after this project was started, Safaricom accumulated over 12 million users out of 17 million mobile phone subscribers, representing over 70% penetration of the mobile subscriber market. In this time, over 36,000 jobs have been created at Safaricom directly because of m-Pesa. Additionally, McKinsey & Co estimates companies like Safaricom will enjoy \$5 billion a year of additional direct revenue due to mobile money services.

Safaricom successfully made a social investment touching millions of lives and empowering people to fight their way out of poverty, while still making a substantial profit and increasing stock value for shareholders. Impact investing is the future of business, with applications for all types of investors, from a big public company, to you.