

Cell phone banking could lift Africa's farmers

Borrowing and paying via cell phone – no cash involved – opens new possibilities.



A woman in Cape Town, South Africa, holds a young child while using her cell phone to photograph a statue of Nelson Mandela in front of Groot Drakenstein Correctional Centre, where Mandela spent part of his 27 years in jail. Cell phones are in wide use across Africa.

ZUMA Press/Newscom/File

By [Matt Stysliger](#), Nourishing the Planet / July 5, 2011

You might have a few dollars in your wallet, but chances are most of the money you spend is through your credit or debit card. The cashless system we've grown accustomed to across [North America](#), offers consumers instant access to products and services – giving us the freedom to buy whatever we want whenever we want it. Much of the developing world still relies solely on cash and barter transactions.

But now entrepreneurs in [Africa](#) are pioneering a remote electronic money network for the continent's "unbanked" rural people, allowing customers to use their cell phones like a debit card. Investing in this social entrepreneurship could bring prosperity to markets that need it most. Over the past decade, cell phone use has increased fivefold in Africa. [Worldwatch Institute's](#) Nourishing the Planet project traveled across [sub-Saharan Africa](#) over the last year, and has found that nearly everyone, from remote villagers in [Ethiopia](#) and [Uganda](#) to poor farmers in [Niger](#), has a cell phone.

Farmers are using their phones to gain access to information and other things they didn't have before. They can check crop prices before investing time in long trips to city markets, for example, giving them the option to wait until prices increase. Agricultural extension agents and development agencies use cell phones to inform farmers about changes in weather that could affect crops.

Thanks to the efforts of companies like [Mobile Transactions](#) in [Lusaka, Zambia](#) – which Worldwatch highlights in its recently released [State of the World 2011: Innovations that Nourish the Planet](#)—Zambian cotton farmers without bank accounts can now electronically receive payments for their crop direct to their mobile phones.

About 80 percent of Zambians, particularly in rural areas, don't have bank accounts. By using mobile banking, farmers are not only able to get paid more quickly and transparently, but they can also use their mobile accounts to send money transfers, buy phone credit, pay school fees for their children, and order agriculture inputs such as fertilizer and seed. Electronic payments also allow them to build up a credit history over time, which will make getting loans easier in the future.

The cashless system has several benefits. First, money stored electronically is less likely to be stolen or misused. Second, electronic transactions can be instant – lowering transaction costs – whereas in-person cash transactions often mean investing time and money in transportation. Electronic money can benefit more marginalized people who often have to rely on middlemen to help them access markets.

But Mobile Transactions does not have the luxury of riding off of the coattails of highly successful ventures like [Twitter](#) and the [iPhone](#).

“We've faced similar challenges to any start-up of trying to do a lot with a little,” says the company's CEO, [Mike Quinn](#). “The investment funds are out there, but we are a new business in an emerging industry in a country that few people know much about.”

The investment needed to firmly establish mobile banking in Zambia is large, and even more is needed for it to go international. But the models are there. The technology is there. The expertise is there and growing daily.

And according to Mr. Quinn, “There is no better place or time to be an entrepreneur in an emerging mobile payments industry.”

• [Matt Styslinger](#) is a research intern with the *Nourishing the Planet* project.

To purchase your own copy of *State of the World 2011: Innovations that Nourish the Planet*, please click [HERE](#). And to watch the one minute book trailer, click [HERE](#).

• *This story originally appeared on the Nourishing the Planet blog, published by the Worldwatch Institute.*