

FREE MOBILE BANKING NETWORK LAUNCHED IN SOUTH AFRICA



In South Africa, an estimated 13 million people — 27% of the population — are currently without bank accounts. Simultaneously, 94% of the adult population possess a cell phone. Just as M-PESA realized the potential for mobile technology to bring banking to the masses at low costs, the [Branson Centre of Entrepreneurship](#) and Forus Financial Transaction Services will similarly be launching the [Mahala Free Banking Platform](#) in May 2011. Previously, the necessary requirements for owning a bank account imposed by tradition banking systems — such as a having a minimum income and possessing administrative, literacy and record keeping abilities — have meant that for many South Africans owning a bank account has not been a possibility. What's more, often banks haven't been available in many undeveloped areas, or, if they are, high loan rates and bank charges have been necessary to cover the cost of dealing with cash. As Mahala is a mobile banking service operated on a freemium model, lending institutions won't be demanding costly bank charges and traveling costs when handling loans and other transactions, and they'll also be able to track how their clients are performing. In Mahala's own words, "Value-added services may be charged, but only to merchants and advertisers. Hence, the corporate and business sector subsidize the individual, while all share in the lower costs and additional revenue from higher transaction volumes." By introducing mobile banking based on a freemium model, Mahala will be hoping to create thousands of jobs and assist numerous entrepreneurs who will now have access to capital. In order to make the free service possible, Forus is acting with government figures to supply their services free of charge, according to a report on [Ideate](#). Ideate also report that once the roll-out is complete, it is estimated that the government will be able to save in excess of ZAR 5 billion a year in cash distribution costs. As innovations keep on coming in the realm of mobile banking, this is a market to get involved in! (Related: [Lottery offers participants a chance to win startup's stocks](#) — [Tanzanian clinic uses mobile payments to facilitate treatment](#).) Spotted by: Bruce Wade

28th March 2011

Email: steven@mahala.co

Website: www.mahala.co