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Making Mobile Commerce A Reality In Africa[EMAIL](#)

By Dr. Osei K. Darkwa
Monday, 24 December 2007

Like the proverbial blind man and the elephant, there is no single and precise definition of mobile commerce (also known as m-commerce).

Wikipedia, the free online encyclopedia regards mobile commerce as the ability to conduct commerce using a mobile device such as a cell phone or a Personal Digital Assistant (PDA) while on the move.

BUSINESS

In their book, "From Electronic to Mobile Commerce: Opportunities through Technology Convergence for Business Services" published in 2006, Tiwari and Buse define mobile commerce as "any transaction, involving the transfer of ownership or rights to use goods and services, which is initiated and/or completed by using mobile access to computer-mediated networks with the help of an electronic device."

J.P. Morgan views it as "Business-to-consumer transactions conducted from a mobile device." And, others regard m-commerce as any transaction with monetary value that is conducted via a mobile telecommunications network."

While some analysts regard mobile commerce as the "junior brother" of electronic commerce (or e-commerce), the use of the Internet to conduct business transactions, others see it as a subset of e-commerce.

The technology of using the mobile phone to purchase goods or services has been around for quite sometime. In one way or the other, some of us have made use of m-commerce without formally acknowledging or according it that status.

For example, we have used our mobile phones to purchase airline tickets, ordered food from a restaurant, made a booking at a hotel, transferred money from one account to the other, etc.

The question before us is, will the use of mobile commerce become widespread in Africa. There are a number of factors to suggest that the use of mobile commerce will be widespread in Africa?

Africa is described as the world's fastest-growing mobile phone market. The exponential growth of mobile and other wireless technologies have propelled Africa into the mobile revolution.

With over 100 million mobile subscribers across the African continent, and 1 in 11 Africans being a mobile phone subscriber, it is easier for the continent to move in the direction of m-commerce.

The growth of mobile phone subscribers has been faster than Internet subscribers. For example, the last African country was connected to the Internet in 2000. This was about seven years ago.

According to United Nations data published in September 2007, Africa accounts for 14.2 per cent of the global population, but only 4.7 per cent of all Internet users.

Contrast this with mobile service on the continent. The major services began around 2000. Today, the continent can boast of over 100 million mobile users. This faster pace of mobile subscription will definitely boost the spread of m-commerce in Africa.

Compared to other businesses, the entry or start-up cost into m-commerce is low. For example, through mobile banking, a loan can be made available to a person interested in becoming an m-commerce player.

No wonder, Vodafone Safaricom, two mobile phone companies operating in Kenya have been successful with their m-commerce payment service aimed at those at the base of the pyramid, the unbanked. Over 1 million customers are expected to sign on

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TS Eliot, *The Hollow Men*

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to their M-PESA service.

Another advantage is that m-commerce does not need the Internet as a medium, but it does require mobile data. It is therefore a cost-effective way of becoming connected to the knowledge society.

EXAMPLE

It is generally acknowledged that users of computers tend to be more "sophisticated" than mobile phone users. This means users of m-commerce do not need the high skills needed by users of e-commerce. For example, there is no need for one to learn how to use the computer when engaged in m-commerce.

In spite of the widespread use of mobile phones on the continent, m-commerce is still in its infancy in Africa. Fact is, it takes more than mere phone ownership and availability to move in the direction of m-commerce. There are a number of challenges that need to be addressed before Africa can be a world player in m-commerce.

Africa needs to transform its economy from traditional, subsistence to a digital-type economy.

Teledensity, the number of telephone lines per some unit of the population (often per 100 people); is below expectation. Currently, it is 1.7 per cent, according to International Telecommunication Union (ITU) data. The ITU notes that mobile cellular subscribers in 10 of the 53 countries in Africa are more than 70 per cent of total telephone subscribers.

They note further that 32 countries have more prepaid mobile cellular subscribers than fixed line subscribers. There is the need for the ratio to be improved for an effective m-commerce take off.

Mobile phone operators need to move in the direction of providing value-added products and services that will facilitate the use of m-commerce. For example, more prepaid services on the phone will facilitate the use of m-commerce.

Also, mobile marketing is increasingly being used by corporations to market their products. While this may be regarded as mobile spam, sometimes, it provides valuable information. Currently, the area of mobile marketing is a very grey area.

The movement from 2G to 3G networks will help facilitate m-commerce. 3G networks, for example, will support high speed applications, allow subscribers to access new services, and expand the capacity of the network

Use of m-commerce requires collaboration among various players, mobile service providers, financial institutions, product developers, etc. This is not easy to achieve.

M-commerce will certainly change the way Africa does business. There are numerous business opportunities in Africa that could be facilitated by m-commerce. One such area is the tourist industry.

In Ghana for example, to see the famous slave castles or museums, one would have to physically travel to such areas.

Such tourist sites could be digitised and with the use of virtual reality technology on the mobile phone, tourist could undertake virtual tours of such sites and make payment over their mobile phones.

This will generate additional business for the industry.

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