

Chapter 35

M–Powering: How Mobile Money (M–PESA) Services Promote Realization of a Digital Society in the Kenyan Government

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ABSTRACT

A mobile government affords, for instance, a powerful and transformational capacity to extend access to existing services, to expand the delivery of new services, to increase active citizen participation in government operations, and to change the way of working within the public sector. With the advancement of wireless and mobile technology, more people have been enabled to connect to local and regional resources that might have been unreachable in the absence of these telecommunication networks. The ability to perform both private and government transactions using mobile phones has enhanced and promoted the awareness of a digital government, reducing the level of digital divide in marginalized, poor, and developing nations. M-PESA is a mobile money service in Kenya transforming the citizens' lives and the government's operations. This chapter shows how Mobile Money transfers (M-Pesa) transactions have been a driver to realize an e-Government in Kenya through the monetary controls.

INTRODUCTION

E-government can be defined as the transformation of public-sector internal and external relationships through use of information and communication

technology (ICT). Information and communication technologies have enmeshed the globe in digital networks and none is widespread as the mobile phone, a technology with billions of users and development practitioners are increasingly using this pervasive device as a factor of broad

DOI: 10.4018/978-1-4666-8358-7.ch035

base human development more especially in the use of the device to send money or deliver financial services. Thus the mobile phone has become a mediator between individual lives and national development trends (Donovan, 2011). Mobile-Government (m-Gov) developments have also provided countries with more developed e-government and the opportunity to tackle a number of issues - such as those related to the digital-divide which remains a critical factor in the levels of e-government services take-up which are lower-than expected in many countries. We need connected governments, which looks towards technology as a strategic tool and an enabler for public service transformation, innovation and productivity growth. The stages that a government has to undergo in order to be connected include: emerging, enhancement, interactive, transactional, connected (United Nations, 2005). Therefore, much attention has been paid to the use of Information and Communication Technology (ICTs) to improve the delivery of government services to citizens in developing countries. Government and donor funds have adopted two strategies in parallel: (i) the re-engineering and automating of government services, and (ii) the installation of tele-centers (community Internet access centers) for citizens to access reengineered government "e-Gov" services. Through e-government (e-Gov), governments are able to adapt ICT to transform inter and intra government (i.e., G2G) interactions, governments and businesses (G2B), governments and citizens (G2C) and governments and their employees (G2E). The resulting benefits of the ICT adoption has been increase in transparency of government operations leading to reduced incidences of corruption, increased revenue collection, and reduction on operation costs. Similarly to e-government, m-government operates on four levels of interaction: (a) m-government to government (mG2G) referring to inter-agency relationships and the interaction between governmental agencies; (b) m-government to business (mG2B) describing the interaction of government with busi-

nesses; (c) m-government to employee (mG2E) concerning the government and its employees; and (d) m-government to citizen (mG2C), which refers to the interaction between government and citizens. The main advantages of m-government services are vast: providing on-location based information and services, personalization and ease of use of the information, and cost effective services in terms of time (Maake & Awour, 2014). This chapter will therefore looks into the power of mobile networks in promoting and facilitating the realization of an electronic government in Kenya. The various sections of this chapter include: An introduction section that gives the background of electronic governance, then a background of mobile money transfer in Kenya, section I will focus on the importance of governments using mobile to administer and serve citizens, section II will find out the benefits of a mobile government, section III surveys at various innovations that results with a mobile government in place. Section IV highlights how mobile money transfer is gearing the country into a cashless economy or digital economy, section V emphasizes that going mobile ensures more participation from citizens, section VI highlights how Mpesa can be a model that the government should use to successfully go digital, section VII discusses the role of mobile governance in transparency and fighting corruption and the last section will give recommendations and suggestions on overall importance of Mpesa and electronic governance.

BACKGROUND

There are more than more than 2 billion mobile users worldwide and for the vast majority of users the first phone call they ever make will now be on a mobile device (Hughes & Lonie, 2007). Mpesa is a remarkably successful mobile payments system launched in Kenya seven years ago. It is a mobile money transfer system aimed towards emerging markets where many still lack access

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