

Deepening customer engagement

Emerging Consumer

Our goals

Driving data penetration, growing digital and financial services

We continue to see significant growth potential in Emerging markets. Mobile data services and usage penetration is still relatively low, and there is the potential to expand M-Pesa, our African payments platform, beyond just money transfer to capture digital and financial services opportunities.

Our priorities:

- grow data customers and mobile ARPU
- increase our M-Pesa customer base, supported by new services

Material data growth opportunities

Data growth in Emerging markets has continued to be strong, growing at 50% in 2019. However, smartphone penetration is still low, and only 34% of our mobile customer base use 4G services. As 4G smartphone costs continue to fall, driving ongoing adoption, we aim to grow ARPU. For example, customers in South Africa typically spend 22% more when moving from 3G to 4G services.

M-Pesa as a financial services platform

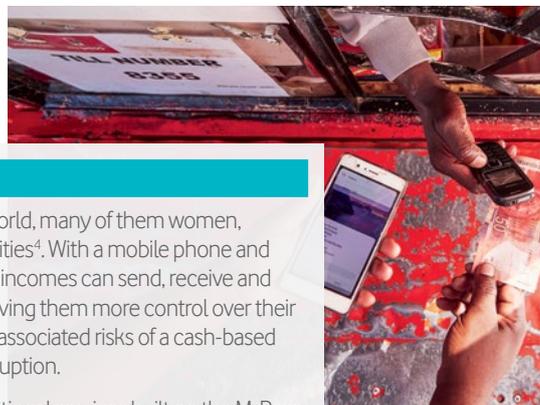
We also see a significant opportunity to grow in digital and financial services. M-Pesa, our African payments platform, has moved beyond its origins as a money transfer service, and now provides enterprise payments, financial services and merchant payment services for mobile commerce.

Over €10 billion of payments are processed over the platform every month, across the seven African markets where M-Pesa services are active.

We now have 37 million M-Pesa customers, and during 2019 M-Pesa revenue grew by 21% to €750 million, representing 12% of Emerging Consumer service revenue in the year.

Performance in 2019

The Emerging Consumer segment grew service revenue by 7.4%, supported by good growth in data users of 4% to 77 million and by price increases to offset local inflation. Within this our 4G customer base grew by 38%. M-Pesa also maintained good momentum, with active customers growing 13% to 37 million³, and transaction volumes up 24% in the year.

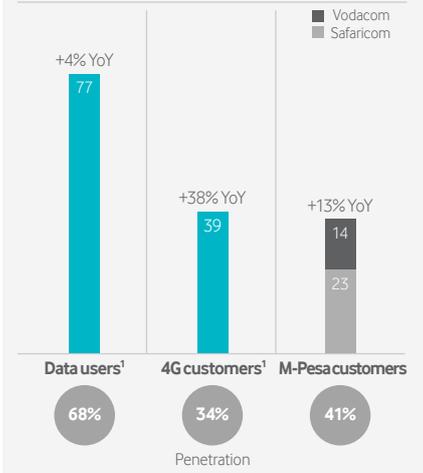


Our purpose in action

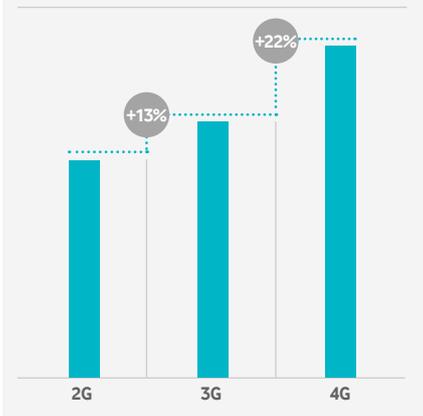
More than 2 billion people in the world, many of them women, still have no access to banking facilities⁴. With a mobile phone and an M-Pesa account, people on low incomes can send, receive and store money safely and securely giving them more control over their financial affairs. It also reduces the associated risks of a cash-based society, including robbery and corruption.

Thanks to the development of additional services built on the M-Pesa offering, such as M-Shwari, M-Pawa and KCB M-Pesa, our customers can also save money through interest-bearing accounts and can arrange micro-loans to help fund their businesses. In addition, M-Pesa is widely used to manage business transactions and to pay salaries, pensions, agricultural subsidies and government grants.

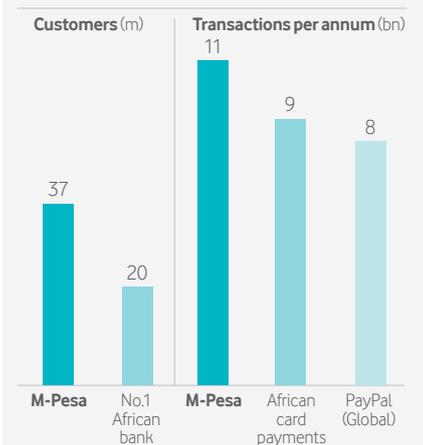
Customer base FY19³ (millions)



ARPU uplift in South Africa



M-Pesa: The largest payment platform in Africa²



Platform for growth

Consumer platform	Enterprise	Financial services	Mobile commerce
P2P & international transfers	B2B, bank transfers, bills, salaries	Loans, handset financing, insurance	Merchant in-store and online

Notes:
 1 Includes Turkey, Vodacom, Egypt and Ghana.
 2 GSMA 2018, McKinsey Financial Services Report, eMarketer.
 3 Excluding India.
 4 Powering Potential, BNY Mellon and UN Foundation, 2018.