



## “Talk to Safaricom”

# Online Discussion Report

April 2017

## **Acknowledgments**

We wish to thank Safaricom Ltd, for being daring and willing to be go through a process that ultimately allows stakeholders to challenge its business assumptions, operations and practices. Thanks to all the stakeholders who spared the time to raise the issues and concerns and to Mr. John Walubengo who moderated the online discussion.

Special thanks to the Corporate Affairs Director, Mr. Steve Chege who spared the time to diligently read through and comprehensively respond to an overwhelming amount of issues that were raised by stakeholders. We believe this has been a trail-blazing and innovative experiment on stakeholder engagement by service provider. We therefore encourage other entities to step forward and engage.

**Grace Githaiga**  
**KICTAnet Co-convenor**  
**April 2017**

## Table of Contents

<b>Executive Summary</b> .....	4
<b>Summary Findings</b> .....	8
<b>Introduction</b> .....	9
<b>Background</b> .....	9
<b>Program Setting &amp; Description:</b> .....	9
<b>Program Design (Data Collection, Data Processing)</b> .....	9
<b>Objectives</b> .....	12
<b>Main Outcomes/Deliverables</b> .....	12
<b>Tools</b> .....	12
<b>Resources</b> .....	13
<b>Proceeding of the Online Deliberations</b> .....	14
<b>Day 1 (Monday 6th Feb) - Consumer Issues</b> .....	14
<b>Day 2 (Tuesday 7th Feb)- Competition Issues</b> .....	37
<b>Day 3 of 6 (Wed 8<sup>th</sup> Feb):-Innovators, Innovations &amp; Suppliers</b> .....	47
<b>Day 4 of 6 (Thursday 9<sup>th</sup> Feb):-Infrastructure &amp; Universal Access</b> .....	62
<b>Day 5 of 6 (Friday 10<sup>th</sup> Feb): Technology &amp; Elections</b> .....	66
<b>Day 6 of 6 (Sat 11<sup>th</sup> Feb): Supplementary Questions/AoB</b> .....	71
<b>Evaluation &amp; Feedback</b> .....	77
<b>Technical</b> .....	77
<b><i>e-Participants</i></b> .....	77
<b>Moderation</b> .....	77

## **Executive Summary.**

Safaricom, the leading mobile service provider in the region wanted to have an online interactive session with stakeholders. The objective of the session was to provoke and surface consumer, regulatory and policy concerns around its services. Additionally, the session was expected to provide an interactive platform for exchange of ideas and building solutions and consensus around the issues raised.

The Kenya ICT Action Network (KICTANet) a multi-stakeholder platform for people and institutions interested and involved in ICT policy and regulation was selected to lead and moderate the online discussions.

The e-discussions were undertaken over a period of one week and covered the following five thematic areas: Consumers, Competition, Innovation, Infrastructure & Universal Access, Technology & Elections.

Some of the key consumer concerns revolved around affordability and quality of services, data protection and privacy, online surveillance and security.

Specifically, participants were concerned that the services from Safaricom were expensive and some of its practices like expiry of data bundles unacceptable. The poor quality of service in semi-urban and rural areas were also of concern.

The privacy of subscriber data was raised as participants cited incidences where they received unsolicited messages on their mobile phones from random marketers and politicians.

Additionally, the pending issue of the proposed Device Management System to be deployed by the regulator in conjunction with the mobile

operators remains unresolved with most participants feeling that it is backdoor surveillance system to monitor their digital activities.

Safaricom response was that the aspect of data privacy is at the heart of telecommunications services and furthermore, it is a right protected under the constitution. Safaricom also has strict license obligations to maintain customer information confidentiality and therefore makes no disclosure of information to third parties except as provided in the law.

With regard to affordability, Safaricom has consistently dropped its prices over the years and its current prices are much lower than what is charged in advanced and similar economies.

Safaricom acknowledged the quality issues particularly in semi-urban and rural areas but is continuously monitoring and enhancing their network presences to address the challenges.

On competition issues, participants acknowledged the dominant position Safaricom enjoys but wondered why they would not share some of the benefits in terms of lower cost of its services.

There was also diversity in opinion as to whether splitting Safaricom or moving MPESA, its leading mobile money product into autonomous and separate agency would resolve the dominance question.

Safaricom position remained that successful companies should not be punished and that the prerogative to split or not split parts of its operations should remain with the operator, rather than the regulator.

In any case, Safaricom observed that it may be a big company by local standards but it is actually a very small company by global standards when compared to peers like MTN, or bigger players like Google or Facebook.

With regard to innovations, participants felt that the Application Programmable Interface (API) for MPESA was in-adequate and highly restrictive to developers. They also cited 'SKIZA' initiative as being novel and timely but wondered why Safaricom could not take it to the next level and host full feature films and documentaries.

It's alleged mishandling of BITPESA, a Blockchain startup was noted, while its lack of initiative to harness its big-data was highlighted as being a wasted innovation opportunity.

Safaricom acknowledged the weakness in its current MPESA API and said that a new API was at an advanced stage and will be out on the market very soon. With respect to supporting the Creative Industry, Safaricom said they applied for a Broadcast license way back in 2015, and if they get it, they would then be able to scale its engagement in that space.

With respect to Blockchain/Bitcoin technologies, Safaricom responded that the Central Bank of Kenya circular, which warned financial institutions to be wary of unregulated virtual currencies, informed its actions.

On Big-data, Safaricom acknowledged opportunity arising from its wealth of Subscriber data that could be useful in other sectors such as transport, health, agriculture amongst other. However, they await relevant legislation and regulations before they can anonymise and release such data to the public.

With respect to Infrastructure and Universal access, participants wondered if the National Optical Fiber Infrastructure (NOFBI) was being utilized. Further, they wanted to know to what extent Safaricom has utilized the Universal Service Fund (USF) to reach the under-served communities.

Safaricom confirmed that they do make use of NOFBI and are open to Infrastructure sharing, both with competitors as well as last mile providers.

They are however not in control of the USF but have participated in seeking projects from the Universal Service Advisory Council (USAC)

That said, Safaricom feels strongly that the impact and success of USF would be much higher if Telco and mobile operators had some form of representation at the USAC.

On Technology and Elections, participants were concerned that Safaricom as a leading internet service provider may be compelled to shutdown the internet during the upcoming general elections.

Participants also wanted to know what security and backup strategies Safaricom has put in place to ensure that the Results Transmission System works as expected.

With respect to a possible Internet shutdown, Safaricom responded that they will not be acting outside the law and added that in any case the Cabinet Secretary of ICTs had already assured Kenyans that such a move is not in the plans.

As to the details of the Election Results Transmission System, Safaricom said that at this point in time, they have not been select to be a telecommunication service provider for the Election body and therefore the question was pre-mature.

## **Summary Findings**

In summary, the online deliberations gave participants an inside view of how mobile operators operate their business while the operator had a similar chance to better understand where the consumer is coming from.

The discussions also brought into sharp focus the pending policy, legislative and regulatory issues around facilitation of big-data research, data protection & surveillance, internet shutdowns, structure of the universal service council amongst other.



# Introduction

## Background

Safaricom, the leading mobile service provider in the region wanted to have an online interactive session with stakeholders. The objective of the session was to provoke and surface consumer, regulatory and policy concerns around its services. Additionally, the session was expected to provide an interactive platform for exchange of ideas and building solutions and consensus around the issues raised.

The Kenya ICT Action Network (KICTANet) a multi-stakeholder platform for people and institutions interested and involved in ICT policy and regulation was selected to lead and moderate the online discussions. The network aims to act as a catalyst for reform in the ICT sector in support of the national aim of ICT enabled growth and development

## **Program Setting & Description:**

The e-discussions were undertaken over a period of one week and covered the following five thematic areas: Consumers, Competition, Innovation, Infrastructure & Universal Access, Technology & Elections. Stakeholders were invited on a daily basis to respond to the thematic issues introduced by the moderator. Finally, a face-to-face Cocktail event will be held to share and validated the findings.

## **Program Design (Data Collection, Data Processing)**

### **Data Collection:**

### ***Program Design (Data Collection, Data Processing)***

#### Data Collection:

The online discussion will be structured along the following themes :

1. Consumer Issues Day,
2. Competition Issues Day,

3. Innovators, Innovations, Suppliers Day,
4. Infrastructure & Universal Access Day,
5. Technology & Elections Day

### **Days 1 (Monday) - Consumer Issues**

**Qtn:** Share your experiences and challenges with regard to Safaricom Services along the following topics

- a) Affordability (of Bandwidth, Data bundles, SMS, Over The Top Services)
- b) Quality of Service (Congestion, Dropped Calls, 2G, 3G, 4G)
- c) Data Protection & Intermediary liability (Premium Service Providers, Unsolicited sms, KRA & MPESA accounts)
- d) Privacy Issues-As the largest ISP, how is Safaricom handling Censorship threats, Child online Protection from harmful content, Security Cameras, etc.)

### **Day 2 (Tuesday)- Competition Issues**

**Qtn:** Share your perspective as to whether or not Safaricom is dominant in the following sub-sectors and whether some intervention is required from the regulator.

Dominance Debate on -

- a) Voice subsector,
- b) Data Subsector,
- c) Mobile Money (MPESA) subsector

### **Day 3(Wednesday):-Innovators and Innovations**

**Qtn:** Safaricom has been quite innovative and keeps coming up with new ways of doing things. As an innovator/developer, tell us your experiences with regard to Safaricom Innovation ecosystem.

- a) Is the development platform and API sufficiently open?
- b) Are the issues to do with Intellectual property /Patents clear enough

- c) Whereas the gain-sharing agreements are private and confidential, how can they be made better?
- d) What is Safaricom take on Bitcoin/Blockchain technologies?

#### **Day 4(Thursday):-Infrastructure & Universal Access**

**Qtn:** Safaricom continues to expand its network beyond urban areas. What has been your experience of Safaricom services in semi-urban and rural areas of Kenya?

- a) Rural area: -Voice quality, Internet Access (bandwidth), Mobile Money (MPESA)
- b) Safaricom contributes to the Universal Service Fund to extend communications to underserved areas- how has this impacted your rural communities?

#### **Day 5 (Friday): Technology & Elections**

**Qtn:** As we go into elections, Safaricom is likely to be one of the Technology providers for IEBC. What are the concerns of users/citizens on this matter?

- a) What assurances are there that the results transmitted are safe and secure?
- b) What are the chances of failure in the transmission system?
- c) Should the result transmission system be mobile (GSM) -based or should we go Satellite or both?
- d) Will Safaricom shut down their internet during elections?

#### **Day 6:(Saturday)-Emerging Issues/Open Day-**

**Qtn:** Are there any other issues that have risen from the discussions or may not have been covered in the previous five days?

- a) List topics for future considerations.

#### **Data Processing:**

The various contributions from the Participants were analyzed and collated into a report. The report was then divided into daily sections for online interrogation and discussions.

**Aim:**To provide an opportunity for the mobile operator and the stakeholders to have an honest exchange of ideas, challenges and suggested solutions.

### **Objectives**

- To provoke and surface Subscriber/Consumer concerns and challenges with respect to mobile services (specifically Safaricom Services)
- To provoke and surface Regulatory concerns and challenges with respect to mobile networks & services
- To discuss and build consensus around proposed solutions to the concerns.
- To receive feedback from Safaricom on the consumer and regulatory issues raised.

### **Main Outcomes/Deliverables**

- a) A vibrant mailing list discussion on the topic "Talk2Safaricom" that will encourage colleagues members/stakeholders and KICTANET members to contribute views/comments
- b) A summary of each days proceedings to be submitted to the KICTANet list and blog,
- c) Presentation of the Final report to KICTANet members and Safaricom

### **Tools**

Mainly the KICTANet List server, with references made to Internet sources

## **Resources**

Moderator (J. Walubengo)

Participants (KICTAnet)

Responder (Safaricom, Steve Chege)

Web Resources

# Proceeding of the Online Deliberations

## Day 1 (Monday 6th Feb) - Consumer Issues

**Introduction:** Listers were asked to share their experiences and challenges with regard to Safaricom Services along the following topics

- a) Affordability (of Bandwidth, Data bundles, SMS, Over The Top Services)
- b) Quality of Service(Congestion, Dropped Calls, 2G, 3G, 4G)
- c) Data Protection & Intermediary liability (Premium Service Providers, Unsolicited sms, KRA & MPESA accounts)
- d) Privacy Issues-As the largest ISP, how is Safcom handling Censorship threats, Child online Protection from harmful content, Security Cameras, etc)

### Questions & Responses from Discussions:

- **Barrack Otieno:**

**My question regards mobile signal coverage of Kisamese and Olepolos areas which are within 50 Kilometres from Nairobi. The quality of the signal is very poor yet there is a growing urban populace.**

*Hi Barrack. As you mentioned, our technical team has been in touch on this issue and are currently scoping out the options in the area. We aim to improve connectivity in the Kajiado County by adding increase the County coverage footprint from 60% to about 75% of the inhabited area, while increasing network capacity within the urban areas. In the last ten months we have increased our coverage by 18 Base stations with plans ongoing to identify new coverage locations in the next FY 2017/18, to be available by mid-March. The new rollout drive is being done as part of our regionalization program that kicked off last year.*

- **Ali Hussein:**

**How is Safaricom leveraging on the National Optical Fiber Network (NOFBI) and the Universal Service Fund (USF) to ensure their customers get high internet connectivity in the furthest corners of the country - From Mandera and Wajir to Kilifi and Lamu?**

*Yes we do leverage on both NOFBI and USF. NOFBI is a backbone Fibre network by the Government of Kenya, available to all network operators. We use it for backhauling from our terminal sites to our main network points.*

*On USF, (and I'm answering both Ali and Mwendwa here), for context, the Universal Service Fund was created under Kenya Information & Communication Act (KICA) by donations from licensees of the Communication Authority (CA).*

*To date, Safaricom has contributed almost half of the approximately Sh4 billion in the Fund as at January 2016.*

*The CA has adopted a methodology that targets the application of the Fund to marginalised and underserved areas by offering incentives (a subsidy from the USF) to operators who are still expected to invest and expend capital expenditure to erect the required infrastructure.*

*In identifying these areas, the CA conducted an Access Gap study, which identified different geographic areas of the country that require intervention under the USF fund.*

*The proposed methodology further targeted the existing operators (and principle contributors to the Fund) to bid for certain geographic Lots, erect base stations and extend network coverage for both voice and data to these underserved areas.*

*A total 105 Lots were on offer. A Lot consists of a geographical region in Kenya, which may require building between 5-6 BTS per Lot. Each operator was given the opportunity to bid for any number of Lots, and in return, the USF would give a subsidy of between 20-80% to the operator for the total construction cost of the required BTS.*

*The operator would be required to undertake capital expenditure and together with the subsidy to meet the full cost of the BTS in these remote regions.*

*For example, if a Lot located in Samburu required 6 BTS to be constructed whose total cost was Sh120m, an operator would be required to undertake capital expenditure of 60m, and the USF would grant a subsidy of 60m.*

*Unfortunately, the subsidy offered for a large number of the Lots was not sufficient to attract investments. Safaricom bid for 28 Lots out of which we were awarded 24 Lots. We are now preparing to rollout in the next two months.*

*The distribution and use of the Universal Service Fund is determined by the CA in consultation with the Universal Service Advisory Council (USAC).*

*As the largest contributors to the USF, telecommunication service providers including Safaricom do not have a say as to how the funds are utilised – yet we have the best information as to the constraints that impede rollout of network in marginal areas and the subsidy from the USF facilitates in closing the capital challenge.*

*In fact, telecommunications providers had requested for representation in the USAC and had received promises that this would be done, but unfortunately the council does not have any operator representation.*



**2. Does Safaricom get requests from the government regarding customer data? a) Phone numbers b) SMS Messages c) Browsing history? d) add any other. And if so, does Safaricom feel that they may have an obligation to make these requests public on a quarterly basis?**

*No we do not get such requests. Where we do get requests, it is usually in criminal investigations and court proceedings where typically the information sought is call data records.*

- **Edwin Kiama**

**My question is on privacy. Rumour has it that Government of Kenya through the National Intelligence Services (NIS) mirrors all telecom networks. Are copies of my calls and text messages on the Safaricom Network also delivered to the government?**

*No. As you correctly pointed out, this is a rumour. We have no visibility of call or SMS content nor do we keep copies of the same. Operators act as a conduit for transmission of the communication, therefore we only have a log for purposes of billing for the service.*

*Such logs will contain information such as the duration of the call, date and time stamp of the message, the sender /recipient numbers and amount charged. Under the terms of our licence and laws such as KICA, we are required to keep customer information confidential. This standard is raised to the higher level by our Constitution, which ensures customers have the right to privacy.*

*We are aware that the Communications Authority has stated that they intend to implement a monitoring system whose objectives include getting access to customer information. I wish to point out that this request has only been made in recent weeks by the CA to the operators.*

*All operators (and here I believe I speak for the industry, but I stand to be corrected) are not in favour of any third-party system that would have access to confidential customer information. We have registered our strong reservations with the CA and discussions on this matter are ongoing.*

*I think this is a matter that this forum should take a keen interest in and one that should be subjected to robust discussion as it touches directly on issues of data privacy, confidentiality and access to private information before operators are forced to implement the system.*

- **Walubengo John:**

**1. On Affordability; the idea that bundles are cheap e.g 50Ksh or 0.5\$ for 150MB per day is misleading. In 30days, this comes to 1,500Ksh or 15\$ per month for 4.5GB of data. If I watched an educational movie or downloaded some serious research data or software, this volume of data can disappear in 5minutes. Meaning, 15\$ gone in 5 minutes! My conclusion is that data bundles are not cheap - unless you are simply tweeting the whole day.**

**How can Safaricom give Kenyans a better data bundle-price mix that encourages more value adding activities rather than just social-media activities?**

*Walu, different customers have different consumption patterns, this is why many operators world over have differently priced data bundles. Some customers would prefer to pay for a larger bundle upfront and enjoy the benefits of deeper discounts, whereas others can only afford to buy smaller bundles and we have to provide those options. This actually addresses affordability as different customers have different purchasing power.*

*What we tend to see over a period of time is that customers gravitate towards the bundles that give them the most value in their circumstances, whether its daily, weekly, or monthly and depending on what use they apply the data. Typically, most data consumers use it for social media such as Facebook, Twitter, Whatsapp, Netflix, and so on. As users mature in their usage habits we expect more enterprise, academic and professional use of data.*

**2. On Child Online Protection(COP); As the largest 'ISP' in Kenya, what modalities do you have for parents to control and protect kids from adult, terrorist or other harmful content? Do you have something equivalent to DSTV parental control for mobile devices?**

*Safaricom, as a responsible global citizen recognises that parents need support in keeping their children safe online. We recognise the importance of child online safety as part of our commitment to promote children's rights, as detailed in the Safaricom's Children's Rights Policy.*

*Needless to say monitoring and protection of children's online activity is the primary responsibility of parents, guardians and care givers. As an ISP, the most effective way of aiding parents to effect child online safety is through device specific tools.*

*In the past, Safaricom has provided parental control applications such as the Guardian App. This free Android-based App empowers parents to among other things, block specific contacts or numbers from sending unsuitable text messages or calls to their children's phones, specify times during which the child can use the gadget, as well as restrict outgoing calls to white-listed contacts.*

*In addition to this, Safaricom is currently in discussion with various vendors to offer an array of child friendly mobile phones and tablets and parental control products and solutions. Further, we regularly partner with relevant*

*stakeholders including the CA, the GSMA, and other stakeholders to create public awareness and education on the online safety of children.*

- **Kevin Kamonye:**

**My issue is with the data products pricing and durability. I yearn for the peace of only managing one SIM card please. Otherwise, well done overall.**

*Hi Kevin, thanks for this comment, we will contact you offline to discuss your needs.*

- **Sydney Ochieng**

**1. I would like to know what Safaricom is doing to make it affordable for people to come online? While prices have dropped, it is not enough when considering that half the population lives on less than a dollar a day. On the same note, why do bundles expire? Other than to make me buy more?**

*Sidney, we have received a number of queries on this so I will give you a comprehensive answer.*

*Over the last 7 years, the price of data on our network has dropped by 80% for example, in 2010, one GB was Sh2,500 versus the current Sh500. Over the last year, we further reduced the price of data on our network by 37%. We keep on reviewing customer needs and react accordingly where we can.*

*Data in Kenya is relatively more affordable than say South Africa (where 1GB is Sh582), US (where 1GB is Sh1,814) and in the UK (1Gb is Sh1,944). These are countries that have significantly more backbone and metro fibre compared to Kenya.*

*There are a number of factors that make up the cost of a bundle of data. The first most significant one is the expenditure on getting the data to the*

*customer. Over the last 10 years, we have spent billions on securing undersea cable links, building a data capable network and paying for spectrum fees - for example, in December last year we paid \$25 million to Communications Authority for the 4G Licence. In a typical commercial setting, these costs necessarily inform the retail pricing strategy.*

*As the costs of connecting customers (so called last-mile) reduce over time, we are able to pass these benefits to customers as explained above.*

*In addition, we understand that the cost of the device is often a barrier for our customers, this is why we are working with phone manufacturers to reduce the costs of data enabled handsets where we can – you can now buy a 4G handset for less than Sh5,000.*

*Lastly, expiry of data bundles is line with global practice – I shall go into this in more detail on my follow-up response to Liz.*

**2. Why is the mobile money service, M-PESA so expensive compared to other options? When is the M-PESA app coming? The USSD option is so cumbersome.**

*Sidney – I believe M-PESA is still affordable when compared to the other options for sending money across the country. Think of the days when we would have to hope and pray that relative we sent by bus with money would make it, or even how much in terms of money and time it can cost to travel to bank branch and send money to someone else.*

*Quite simply, we price our service as it is not sustainable to offer services at no cost – it means you're either sacrificing on security or you have not invested in some part of the delivery chain. It costs money to maintain and retain the over 124,000 agents we have across the country, as well as to maintain the technology running the service.*

*Nonetheless we continue to reduce the tariffs on M-PESA proactively. You will note that in December, we removed the cost of all transactions under Sh100 as part of our agenda to expand access for customers who typically transact in small amounts. Since then, we have witnessed a 93% increase in average daily transactions. As most payments are under Sh100, customers who pay now access energy and additional services like radio or TV without paying a transaction fee.*

**3. What sort of information do you have on me, as a subscriber? How long is each category of information stored for? What internal processes protect this data and who has access to it, within Safaricom? What is the process for outsiders (government, private citizen) to get access to it?**

*Sidney, we are required by law to have the following details in our files for every subscriber: Name, ID, Photo and Address (collected as part of your subscriber registration).*

*Access to customer data is highly restricted at Safaricom, and only authorised personnel are allowed to access it. However, our customer care team is able to view data such as top-ups and transactions - but only following a query from a customer.*

*The data retention duration depends on the type of information in question and the governing law – for example, subscriber registration information is retained for a period of two years after the subscriber leaves the network.*

*This kind of information is also stored as machine form data, meaning no one would be able to access it or decipher it in the normal course of business and is stored in well-secured servers.*

**4. Those cameras you deployed all over the Nairobi city, who has access to them? What's the plan for fiber in the County Regions- particularly Siaya County?**

*In 2014, Safaricom signed a landmark agreement with the Government of Kenya that saw it create a first-of-its-kind National Surveillance, Communication and Control System for the National Police Service. This project involved installation of surveillance cameras that are controlled and managed by the National Police Service. The project has now been fully handed over the NPS, who have access to the cameras and who use them to fight crime and maintain the rule of law.*

- **Ali Hussein**

**I honestly do not understand this business of expiration of Bundles. I mean if I fuelled at the petrol station and the fuel in my car lasts a month will the fuel expire??? It is my money, it is my bundles. I think CA is sleeping on the job. Telco's need to change this policy. It's very unfair.**

*Ali let me explain this from the Telco's perspective – not necessarily Safaricom. The practice amongst mobile companies all over the world is that resources (airtime, SMS, data bundles) are made available to customers at a certain price and duration. This information is given to the customer before they purchase these resources. As such, the expectation from the mobile company is that the customer is aware that they have to utilise their resources within a set period of time. This is how it is done in many parts of the world. As such these resources, be they Data bundles, SMS or minutes are deemed not to be available to a customer after the communicated date.*

*However, Safaricom is among the few operators that allow these resources to 'roll over' or be extended once a customer tops up their line with additional resources.*

- **Grace Bomu**

**1. First of all, I am grateful to Safaricom for being almost everywhere. I was in remote parts of Kenya, Kapedo, Baragoi and Mandera last year and it was unbelievable that I could post pictures and read news online from some of those far flung places. It just struck me that Safaricom is a company that intends to stay in Kenya for the next 100 years.**

*Grace – we certainly hope so. At the moment we are trying build the foundations of a sustainable business by aligning with the SDGs as our business blueprint. See more here: <http://www.safaricom.co.ke/investor-relation/sustainability>*

**2. Realising that the company is an important part of Kenyan life, my question is whether Safaricom has a human rights policy or guidelines for its operations. This is not just in relation to access to customer data, child online protection and privacy but also in other areas such as environment, how/who you contract and compensation for victims of rights abuses.**

*Grace, this is an interesting question, however I would need more details to frame an appropriate answer especially on the human rights angle.*

- **Racheal Nakitare**

**1. Thank you for this brilliant idea. I ran out of bundles last night hence my questions this morning. Following up on Grace Bomu's issue on human rights. Does Safaricom make any effort to let subscribers know and understand their rights. I would expect that I will find the terms and policy guidelines on the home page of the website.**

*Across all our customer touch points - be it TV, Radio, Online, Print or at the shop/agent - we are required to ensure that our customers have easy access to the terms and conditions that govern their use of all our services. In line with our drive to be the most transparent operator in the market, we take this requirement very seriously.*



**2. How long is the data collected through our transactions kept?**

*Please see my response to Sidney above. The data retention duration depends on the type of information in question and the governing law – for example, subscriber registration information is retained for a period of two years after the subscriber leaves the network. On the other hand, M-PESA transactions data is kept for seven years.*

**3. Does Safaricom respect the rights to privacy of its users? How do you respond to third party requests for user information collected through SIM card registration?**

*The aspect of data privacy is at the heart of telecommunications services, which is why it is a right protected under the constitution. In addition to this, Safaricom has strict license obligations to maintain customer information confidentiality.*

*Safaricom makes no disclosure of information to third parties except as provided in the law. Specifically, we make disclosure to law enforcement agencies in relation to criminal proceedings in Courts. We have a zero tolerance approach to the illegal use of our customer data and are willing to take aggressive steps to defend it.*

**4. I live in Ongata Rongai and cannot communicate on Safaricom Network while in my house and yet this is ideally a well networked area. What could be the issue?**

*In-door coverage is a challenge for all networks but certainly one that can be overcome! Signal propagation in built-up areas can be difficult but it is our job to ensure that you can enjoy the benefits of communication in the comfort of your house which we do by 'in-filling' already covered areas and through optimisation. In large office-blocks we have to deploy dedicated in-door solutions. We can chat offline and our technology team*

*will be in touch with you for details on your location so we can address this issue more specifically.*

- **Boniface Witaba**

**My concern (though already mentioned by one of the Listers) is privacy and data protection. In 2013, a political party in my area colluded with M-PESA agents to phish customer details from M-PESA registers for political purposes. As a result, my details and those of others ended up with the party, and were eventually forwarded to the registrar of political parties.**

**1. What mechanisms have you put in place to protect customer data especially at the mobile money agents level?**

*Walu, Bonface, you both had questions around confidentiality of customer data at the M-PESA agents.*

*Due to 'Know Your Customer' (KYC) and Anti-Money Laundering legislation, we are required to capture certain information in order to process M-PESA transactions. In the past, we made a change to our data capture processes at our Agents in order to tighten security around our customer data. So today, the M-PESA Agent will only record your ID number and not the phone number, name and ID as was the case previously.*

*We undertook this step in response to reports of unscrupulous users who would lift this data from the books to sign up customers up for services without their permission.*

*We spend a lot of time working with the Central Bank of Kenya to train our M-PESA Agents on the latest developments in Anti-Money Laundering, KYC, Insurance and Security. In doing this, we also place strict regulations*

*on how they handle customer data in their possession through their daily interaction with customers.*

*Finally, we also conduct regular, random checks to see how that data is secured to ensure that customer transactions remain confidential to them.*

**2. Can you compare notes with your sister company in Tanzania (Vodacom) to borrow some of their best practices in handling customer data?**

*When it comes to customer data protection, we actually share best practice with all M-PESA markets including Tanzania, and will ensure that we implement the best in the class operations across the country. As mentioned earlier, we have a zero tolerance approach to the illegal use of our customer data and are willing to take aggressive steps to defend it.*

**3. The other issues are Internet costs. Tanzania has been voted as the #1 country with affordable Internet costs in Africa (again Vodacom takes the lead). With about 150 Kshs, you get 1GB for 24 hours.**

*I had earlier responded to Sidney's question on data in some detail, but let me add that Kenya is comparable to markets that are offering data on technologies comparable to what we offer. If we compare using that as a basis, 3G/4G data in Kenya is currently more affordable than South Africa (where 1GB is Sh582), US (where 1GB is Sh1,814) and in the UK (1Gb is Sh1,944). In Tanzania, they charge about Sh420 for 1GB per month.*

**4. Why is it so hard for you to pass such benefits to Kenyans after years of dominance? Kind regards**

*Safaricom remains the one network in Kenya that keeps investing in the country. Our strength is due to years of dedicated investment in our network, our choice to roll out in rural areas and relentless innovation. For*

*instance, MIT recently released a new study revealing that, since 2008, access to mobile-money services — which allow users to store and exchange monetary values via mobile phone — increased daily per capita consumption levels of 194,000, or roughly 2 per cent, of Kenyan households, lifting them out of extreme poverty (living on less than \$1.25 per day). Benefits such as these have been the driving force behind our Transforming Lives strategy.*

- **Timothy Oriedo**

**1. Affordability: - To what extent is Safaricom deploying dynamic pricing? It might not be evident to consumers but are the call rates relative to the anchor base transceivers (BTS) ? Meaning if am in Kawangware I pay a different call rate from when I am around Kileleshwa? Will dynamic pricing apply on OTT platforms as well to drive consumption of certain types of content?**

*We strive to offer all our services in a consistent manner to democratise the value of mobile services to all Kenyans. Moreover, we constantly innovate to package and price our services to suit the individual needs of our diverse customers.*

**2. Roaming service when will safaricom deploy E-Sim and enter strategic partnerships with global players to reduce roaming costs?**

*At present, Safaricom does not have plans to rollout E-SIM. The eSIM is a relatively new technology even in more advanced markets, we are monitoring its development in order to identify the right solution for our market.*

*Safaricom currently has standing agreements with over 1,000 networks around the world and have been actively campaigning to reduce the cost of roaming.*

*While there have been some successes, we are still pushing for more, especially on the regional front especially in Vodafone partner markets where you can roam for as little as Sh30 in South Africa or in London for Sh15, or as low as Sh30 in East Africa.*

**3. Quality of Service - 5G is to roll out in 2020 where are we with 4G? Will we have optimised it? How about white space? When do its benefits trickle down to consumers to bridge the last mile as an affordable alternative and for redundancy checks.**

*Over the last financial year, we rolled out 1,000 4G masts across major towns in Kenya. However, we still believe there is much more to be done in enhancing access to 3G and indeed, 2G in some areas. We were first to launch 3G and 4G, and we do intend to trial 5G in the short to medium term. Our view is that we shall invest in the latest cutting edged technologies to meet the needs of our customers, however we shall not lose sight of the fact that some of them still require basic - or even improved - connectivity.*

*On white spaces, we are a firm believer in licensed spectrum use as the best model to deliver connectivity to the largest number of Kenyans hence our position as the first company to trial and implement both 3G and now 4G services in Kenya.*

**4. Data Protection & Intermediary liability- Has Safaricom started investing in big data analytics tools that can harness metadata so as to cushion data breaches? Have come across studies in an international university I attended of a study done with anonymised call records of 15M Safaricom phone subscribers that did predict disease spread patterns from rural to urban areas...there are many more other studies that can be done for social good. Is there a particular department in Safaricom that collaborates with scholars for such ground breaking studies ? Are they open-access published?**

*We have several big data tools that help us sift information on our network in order to improve the customer experience. We have a dedicated team who conduct big data analysis to explore the opportunities therein, including Mobile for Social Good initiatives such as in the areas of health, disaster management, etc while still ensuring that the necessary data protection safeguards for our customers remain in place. In time we shall publish any findings as relevant.*

**5. Privacy Issues - How safe is our transactional data with the planned release of the Mpesa API to developers?**

*Good question. This is an issue that has been brought up about Safaricom for some time, which I would want to clarify.*

*First, we do have API platform that enable developers to integrate with M-PESA and customize their offering. Is it the best? No, because we require handholding of the developers, hence we have only managed a few hundred developers and the process is quite clunky. But the good thing is, we know this, and are working to fix it.*

*We have already chosen a platform and vendor to manage the APIs, which will allow developers to go into a developer portal, get access to a sample code and a testing environment. Once they are ready to take their API live, they can go through automated and secure testing of the API.*

*We expect this to be in place in the next few months. We will invite all the necessary users to test it before official launch.*

**6. There are couple phone Apps that we install that phish up our phone and sms records....can safaricom play a role in blocking then?**

*Timothy, at the point of downloading an app, most will ask you whether you accept their terms and conditions. Many times when we do this, we tend to accept terms and conditions that are extremely risky, for example, some ask for access to your phone book, camera, call records, call history, etc. and simply because we want the app we go ahead and download the app.*

*This engagement is entirely between the customer and the app provider. It is therefore difficult for Safaricom or any other operator to secure customers in such circumstances.*

*However, we occasionally run awareness campaigns informing customers of the inherent risks of downloading apps without full knowledge of what they are consenting to and which apps to avoid based on international benchmarks.*

- **Liz Orembo**

**1. Still on privacy and data protection issues, Vodafone has reported that the laws are not clear as to whether it should release reports on government request of citizen data. Can you please explain this?**

*Liz, in every country in which Vodafone operates, they are required to abide by laws which compel the company to disclose information about its customers to law enforcement agencies or other government authorities.*

*Those laws are designed to protect national security or to prevent or investigate crime and terrorism. If a Vodafone affiliate refuses to comply, governments can remove their licence to operate, preventing Vodafone from providing services to its customers. Vodafone, therefore, has to balance its duty to respect our customers' human rights against its legal obligation to assist government agencies and authorities when exercising their legal powers.*

**2. On MPESA payment, please consider notifying customers when they are about to reach transaction limits similar to the 'below 2mbs' bundles notification?.**

*Sorry if I've misunderstood your question. Liz, if you have a look at your last M-PESA transaction, there's a notification that tells you what your current balance is. In addition, you are free to query your balance at any time if you are unsure about your balance on your M-PESA menu, USSD or by calling our customer care. We hope this addresses your concern as you would be able to understand when you might be in a difficult financial situation. If you're in the upper limit, then this shouldn't be a problem.*

**3. Lastly, why should my bundles expire?**

*Liz, this is an interesting one. Again let me explain this from the eyes of Telco's – not necessarily Safaricom. The practice amongst mobile companies all over the world is that resources (airtime, SMS, data bundles) are made available to customers at a certain price and duration. This information is given to the customer before they purchase these resources. As such, the expectation from the mobile company is that the customer is aware that they have to utilize their resources within a set period of time. This is how it's done all over the world. In line with efficient network operations, it is impractical to hold network resources indefinitely. In fact, Safaricom is among the few operators that allow these resources to 'roll over' or be extended once a customer tops up their line.*

- **George Sidney**

**I have been on post-paid since 2013, all that time, I have been receiving 100 Mbs per month, we are now in 2017, is there a way Safaricom can add the amount of bundles it gives to its post-paid customers? 100 Mbs cannot even last one day and to make it worse it, there is no way one can share or 'sambaza' bundles to a post-paid number. Since I rarely exhaust the voice bundles given to me, maybe there should be a plan to choose which bundles to receive more than the other. Lastly, to those unused voice bundles at the end of every**



month, instead of just wiping them out, and you don't carry them forward like you used to anymore, why don't you convert them to Bonga points instead?

*Sidney, this appears to be a specific customer query. We are getting in touch with you to clarify this issue further.*

- **Esther Kamande**

On reporting tools available; my concern is regarding the *\*reporting procedure\**, the current system of going to social media and calling customer care is cumbersome and doesn't provide the anonymity that most users would prefer in such instances.

Safaricom needs to add *\*a report option on their \*100# menu\** that majority of its users know how to operate *\*to simplify the process of reporting fraud and bullying for anonymity\** like Facebook. You can also add the *"\*block button"* *\*while at it to keep away the persistent "bad boys"*. Most phones don't have the screening function.

*Thank you for your question! We continuously explore ways we can improve service delivery. For instance, if you use our Safaricom App, you can report and chat to a customer care representative in real time. In addition, customers should be aware that most smart phones have these functionalities.*

- **Odhiambo Washington**

I am waiting for the day Safaricom will "listen to me, and invite me for a road trip through Kapiti all the way to Marwa then we can detour to that market at Kibingoti and come back. Purpose - network survey.

*Washington...be careful what you wish for! I would be happy to arrange for road trip with our engineers – maybe not that particular route though! Let's talk.*

- Emmanuel Khisa

Safaricom in the new strategy have decentralised their operations fully to different regions in the country. I would be glad if the staff posted in these regions focussed on improving quality of service across the country...An example is the Western Kenya office in Kisumu should try and resolve quality issues between Kisumu and Busia...e.g Ojolla to Maseno section has serious signal drops.

*Emmanuel, this is exactly why we set up the Regional organization structure – our representative for the region will be in touch with you identify your problem spots.*

- Mwendwa Kivuva

The Chair of The Universal Service Advisory Council (USAC), Catherine Ngahu, when she appeared before senate sought to answer some questions on USF and the role of Operators...she said they have 2.3 billion that operators have refused to bid to covers some areas using those funds.

"In the bidding we have faced challenges where some areas we are willing to provide funding the operators are unwilling even for pay to proceed. They have bid less areas than we intended" - Catherine Ngahu, Chair USAC. Evidence: at the 49th minute mark of this video <https://www.youtube.com/watch?v=XerhfH8xD3c&t=2904s>

1. Has Safaricom been able to utilise the USF in providing access to the underserved?
2. Has Safaricom requested for the USF in the first place?
3. If yes, where have they utilised the funds?
4. Does Safaricom have any need of using the USF given the amount of capital they command?

*Mwendwa, I have answered all the above in earlier responses.*

- **Vincent Mosoti**

**1) What's Safaricom's commitment to fight fraud directed to its users? For example, I received SMSes purportedly from KCB advertising some form of loans. While Safaricom/KCB/equity advises consumers to be vigilant, can't you deploy technologies that prevent/filter such spam/fraud messages getting through the network to intended users. Most of these SMSes have a common pattern and I believe Safaricom have capabilities of deploying sophisticated technologies like machine learning to filter out/ prevent them from reaching to the intended persons.**

*We have noted these incidents and are continually collecting the information alongside our partners to track down and deal with the perpetrators in real time. We advise our customers to forward any such messages to 333 for our teams to investigate and act upon.*

**2) Why are unregistered SIM cards allowed to use Safaricom network. Most frauds and crimes committed are likely to use unregistered sims to conceal their identities.**

*Vincent, we are curious to establish how you determined that the SIM cards were unregistered considering the information is only available to the network operator and to the Regulator.*

*We do not allow unregistered SIMs to operate in our network. In order for any customer to use services on our network, they must be registered as such there are no unregistered SIM cards on the Safaricom network.*

**3) Any plans lowering MPESA rates? Honestly why charge a transaction twice. I feel withdrawing money should be free, because the phrase**

**'utume mpaka ya kutoa' (send plus withdrawal amount) always results you incurring more sending costs that initially anticipated.**

*Vincent, the 'utume mpaka ya kutoa' phrase is a culture that has risen outside of our influence or control. Ideally, each user should bear their own transaction costs for these services.*

*We have continuously reviewed M-PESA charges over the last 10 years. The charges are structured to ensure the sustainability of the ecosystem, which not only includes our customers, but more than 124,000 agents who play a critical role in making access to M-PESA convenient for our customers. We believe that the our charges are competitive and as mentioned we have waived transaction charges for transaction below Kshs. 100 to ensure that everyone is able to use M-PESA.*

## Day 2 Responses

### Day 2 (Tuesday 7th Feb)- Competition Issues

**Introduction:** Share your perspective as to whether or not Safaricom is dominant in the following sub-sectors and whether some intervention is required from the regulator.

The current data from CA (Q1, 2016-17) could be a useful guideline for the dominance debate. It shows that Safaricom has the following market share:

- a) Mobile Subscribers (69% of all subscribers, closest rival 17.5%)  
;
- b) Voice Traffic (76% of voice traffic, closest rival 13.8%)
- c) Data/Internet Subsector, (63.2% of mobile internet subscriptions, closest rival 21%)
- d) Mobile Money Transactions (81% of all mobile money transactions, closest rival 16%)

Please share your perspective as to whether or not Safaricom is dominant in the following sub-sectors and whether or not some intervention is required from the regulator in as far as making the market more competitive.

### Questions & Responses from Discussions:

- **Ali Hussein**

**What strategic purpose would splitting Safaricom have on their business? I'm fundamentally opposed to government imposed splits. Let's look at one of the most famous splits:- Standard Oil in the US.**

**It was split into 34 companies by the justice department. The most prominent of these were Exxon, Mobil and Chevron. Many years later through 'Mergers and Acquisitions' the original company is now more or less back as ExxonMobil, whose CEO has incidentally been appointed by President Donald Trump to be Secretary of State. [https://en.m.wikipedia.org/wiki/Standard\\_Oil](https://en.m.wikipedia.org/wiki/Standard_Oil)**

**Having said that I think Mpesa remaining in Safaricom is stunting its growth. But then that's their prerogative, not anybody else's. I keep on saying that someone out there is quietly plotting to eat Safaricom's lunch, if they snooze.**

*We cannot speculate as to what action will be proposed against Safaricom. However we take the very strong view that competition in our sector should not be viewed only from the perspective of the so called smallerplayers. Questions should be asked how the situation came to be, given that two of the current players were licensed at practically the same time.*

*Specifically, the issue of investment in infrastructure should be examined in detail. Regulatory intervention should not be used to reward failure to invest. Also as Ali correctly states, we also have to keep investing and innovating or else we shall soon be someone's lunch.*

*Also, the World Bank's Global Economic Prospects Report (2016) notes, if Kenya's economy wants to continue to grow at a 'robust' pace, empowering the mobile and technology sectors is critical as they provide the critical infrastructure needed for growth.*

- **Barrack Otieno**

**My question will be focused on connecting the unconnected. Is there an effort to tailor make the customer service platform to include other local languages say, Luhya, Luo or Maa?, I think this will encourage**

**more citizens who traditionally do not speak English and or Swahili to embrace telecommunications and or related services.**

*Good question Barrack, - we undertake a lot of investment in people and systems to ensure that all our customers are able to get service from our Call Centre in their preferred language. We have local dialect speakers in our Customer Centres and our Retail touch points who can serve all Kenyans in the event that they are not conversant with Kiswahili or English. So this is well covered. In fact our concern now is Chinese speakers! We have noted a significant number of calls from these customers.*

**2) What is Safaricom's experience with M-Shwari – payments defaulters in light of the challenging economic times?, I am sure this will be an indicator of the health of the economy.**

*M-Shwari is a CBA product that is delivered via the Safaricom platform. According to CBA, less than 2% of borrowers default on their repayments. M-Shwari leverages the ubiquity of mobile devices, Safaricom's M-PESA and partnership with CBA to enable Kenyans operate and maintain a bank account through their mobile device. This service is quite successful, and in every single minute our two partners (CBA and KCB) process two loans every second on both their M-Shwari and KCB-M-PESA products.*

**3) I am also curious to know the mechanism that is in place to refund people who might have money on Mpesa or Mshwari and pass on, yet their relatives do not claim the money.**

*Our policy is that the M-PESA and M-Shwari balances are maintained in the individual's accounts until they are claimed by their personal representatives or executors of their Will. To make a claim, such representatives or executors are required to present Letters of Administration or a Grant of Probate issued by a Court and complete the relevant claim forms available at any of our retail shops countrywide. The money is then paid to them. If this money is not claimed within two years,*

*then the law requires us to remit the balances in those accounts to the Unclaimed Financial Assets Authority.*

**3) On the Data front , can we have a status update of the Safaricom Fibre-to-the-Home Project in terms of which areas have been covered, not covered and any challenges the company has faced from the citizens, county governments and regulators?**

*We have just launched this project which complements our strategy to provide our customers end-to-end connectivity whether they are on-the-go or at home. So far we have fibre installed next to 20,000 homes to date meaning it will be easy to connect these residential areas to high speed fixed data. This is an ongoing effort which we see as our next strategic area for development.*

*A lot of the concerns from citizens is the troublesome excavation works where the fibre is buried. We deal with these by ensuring our contractors restore the excavated areas back to the previous condition. With County Governments the concern is around Way Leaves. A number of us in this forum were involved in the drafting of the Critical Infrastructure Bill which, among other issues, sought to address the issues of delays in obtaining Way Leaves and in general ensuring that ICT infrastructure (including fibre optic cable) is deemed as utility and exempted from delays in approvals. I hope that Bill eventually passes into law.*

- **Victor Kapiyo**

**Safaricom has over the years benefited from its current leadership position, raking in billions in profits for its shareholders. As a public listed company, what has the company done so far to confer some of these benefits to the public, whether as part of its CSR, investments or approaches in business operations, etc?**



*As a business, we have taken a conscious decision that our purpose is not solely to build value for our shareholders- which is an important part of what we do. We have at the centre of all the business we undertake, a commitment to "Transform Lives". We do this beyond the traditional realm of voice, data and mobile money services through partnerships in health, agriculture, the music and the arts space, backing and providing thought leadership for innovation, leading a corporate push to adopt the SDGs as well as projects such as the National Surveillance, Communication and Control System for the National Police Service to enhance security or the 23,000 primary schools which will benefit from free internet connectivity from Safaricom.*

*Under our Corporate Responsibility program, we have helped over 1.2 million Kenyans receive health services, put 800,000 students in decent classrooms, and supported 1.25 million Kenyans through disaster response. We have provided over 300,000 people with access safe and clean water, and have economically empowered over 250,000 people. You may see more of our projects here: [www.safaricom.co.ke/foundation](http://www.safaricom.co.ke/foundation) and I invite any one of you to let us know if they are any areas that we should cover more. We truly believe in building our relevance beyond the bottom line in order to create a sustainable organisation that adds value for all Kenyans.*

- **Grace Bomu**

**I will ask a question on behalf of my teenage friend, "If Safcom makes so much profit, why can't it lower data costs?"**

*Hi Grace, please see my earlier response to Sidney on this matter.*

- **Odhiambo Washington**

**On dominance on the above (except (c), I cannot blame Safaricom or even try to mention dominance. It's something they have worked for. However, they also need to use this gigantic position to ensure coverage everywhere while lowering tariffs on voice, data and mostly Money Transfer fees.**

**Talking of coverage, I have severally tweeted Safaricom about the lack of network coverage along the road from Kapiti Area all the way to that turn-off to Nanyuki. I think the place is called Marwa. I wonder whether they take the feedback seriously or it's just that they don't expect much revenue from travellers on that section of the journey to Nyeri/Nanyuki. And what about to Ole Polos (asking for Barrack!) ??**

*Washington, we take all customer feedback seriously. It may take us some time to rectify some problems but we do act upon the complaints. As mentioned yesterday, our team is getting in touch with you to pinpoint these problem areas.*

**A deep analysis will tell you that Safaricom charges for money transfer are very expensive. The trick is in the amounts you transfer - and they take advantage of the fact that most clients will want to do a transfer at once, instead of in bits, which I do not think is fair. The cost of sending 2,500 whether at once or in 1,000, 1000, 500 should be the same. After all it's all digital money, not some individuals carrying the cash to destinations/final users.**

*As mentioned before, we believe that our charges are competitive and reflect the convenience of transferring your money securely and efficiently. It is also important to note that there is a network cost element to each portion of your transaction, which is why the fees cannot be standardised in the manner you suggest.*

**On money transfer and especially with regard to customer (or is it consumer?) protection, I still think Safaricom is capable of doing more with regard to those transactions where someone ends up sending to the wrong number. Much as they have introduced number lookups from the contacts stored on the SIM card, I believe number lookups from the contacts stored on the phone should not be such an uphill task. Do they have plans for this?**

*Our second generation M-PESA system has enabled the service known as 'Hakikisha', which allows you to confirm the recipient details prior to the transaction being completed, using the customer's officially registered details. Furthermore, we have made it very simple to initiate a reversal in the event is erroneously sent to the wrong recipient.*

*Nonetheless I can confirm that we are working on an M-PESA App which will, among other things, be able to seamlessly retrieve recipient details directly from the contacts in your phonebook further minimising chances of error. This App is currently being Piloted.*

**Being almost the world's pioneer of mobile money transfer, can they also pioneer a legal mechanism to deal with/mitigate cases where people have sent money to the wrong numbers by mistake? That is one area that remains wanting.**

*When a customer calls us and lets us know that the money was sent to the wrong number, we can usually reverse it, if the money has not been withdrawn. However if the money has been withdrawn they are in essence raising a legal dispute. Our role as a telecoms provider is limited to service provision and therefore we are not empowered to take on the investigative elements of such a legal dispute.*

*What we can do is to provide network tools that can assist with minimising the chance of error – which is why introduced services like 'Hakikisha' and engage in continuous customer education around this issue.*

**At the moment, their 15sec option to mitigate that is not quite intuitive. The "Cancel' option actually means 'go ahead and do the transfer', but most people have confused it with what "Cancel" in any other realm means. They should re-engineer the option to have the meaning/options expected by users..(Oh, was I supposed to give**

feedback or ask questions?) Besides, they should increase the time to 30secs, and also sponsor a media campaign to enlighten their clients.

*Washington, this solution is flash-enabled, so whether the button says 'Ignore' while others say 'Cancel' depends purely on the type of handset the user owns. The simple rule of thumb is that any response is required in order to stop the transactions, not responding means the transactions will proceed. Currently the timeout period is 25 seconds, which some users say is too long!*

- **Walubengo John**

**I have just one question for Safaricom with respect to Competition. Are they willing to:**

**1) Be split into several independent units? As in make the Mobile money business (MPESA) a separate and autonomous unit from their Voice and Data side of business?**

*We believe that the decision to split or not to split should lie with the company. All I will say is that our current model has worked very well for us so far.*

**2) Open up MPESA service such that if I "vuka"(migrate) to competition e.g Airtel, I do not lose the MPESA facility? Obviously this would be an affront to their 'stronghold' but sometimes it may spice up the market a bit. This maybe necessary considering that their market share lead has not changed much over the last 10yearsy, pointer to a to a market failure situation.**

*That is a big request, but again the decision to implement such an initiative should lie with us. Innovation is the fuel that powers success in business. If this is taken away and commoditised through Regulatory intervention this will send all the wrong signals.*

- Timothy Oriedo

**My question on today's topic. Are "Frenemy" and "Coopetion" terms alien to Safaricom's strategy?**

**I observe aggressive cannibalization forward, backward, laterally and upwards. With previous moves of backward integration to own infrastructure distribution - laying out of own fibre capacity reducing lease to capacity and forward integration of remodelling the airtime / scratchcards product distribution structure of their dealerships making it less lucrative for them to operate. Laterally through launch of peripheral services that would rather belong to their business partners email.e.g mobile money-banking, the big box-media etc.**

**Isn't it unfair to compete with your suppliers and clients in the name of value chain innovation ?**

*Wow! There are many loaded statements here, most of which are not entirely factual. Be that as it may, we compete fairly and we are interested in operating in an environment where other operators thrive because we believe there is significant opportunity for us all.*

*Timothy trust me when I say we want to Transform Lives. It is at the centre of all we do – I have personally seen business plans set aside because they were not transformative for our customer.*

*Even as we invest in our own fibre network, we are working with a number of local companies to implement the service – the same goes for any other element of our business including airtime distribution, which is done primarily through over 250,000 dealers country-wide.*

*At a broader level, our cross-industry partnerships such as those we have with M-KOPA, KARA or Mulley's Supermarket – allow us to merge our collective strengths to provide unique products for the market.*

**Lastly apart from MPESA transaction of less than 100/=, “Please Call Me” and checking for airtime balance, which is the other Freemium service that Safaricom is know for?**

*The way to look at these so called ‘Freemium’ services is their reach and value to the person using them. To a college student who wants to communicate but doesn’t have any airtime a ‘Please Call Me Text’ is not a small thing. You can imagine this for M-PESA customer who needs to send Kshs. 100. I can confirm that transaction numbers in this category have grown by more than 130% since we waived the charges. These may appear to be just two services but their reach is enormous given the number of customers who use them.*

*Other ‘Freemiums’ include access to our website – any time you land on the site there is no charge and of course our Customer Care.*

- **Sydney Ochieng**

**Safaricom has been rumoured to harass agents who want to run competitors’ mobile money solutions, has this practice stopped? What is Safaricom doing to stop its agents from doing this?**

*Sidney, as you correctly state, that is a rumour. We opened up our M-PESA agency network in 2015 (we have now grown that network to over 124,000) – which means that our agents are free to provide services for other operators. You just need to walk around CBD and other towns in Kenya to see the multiple branding attesting to this.*

## DAY 3 Responses

### Day 3 of 6 (Wed 8<sup>th</sup> Feb):-Innovators, Innovations & Suppliers

**Introduction:** Safaricom has been quite innovative and keeps coming up with new ways of doing things. As an innovator/developer/supplier, tell us your experiences with regard to the Safaricom Innovation as well as their procurement ecosystems.

- a) Is their development platform and application programmable interface (API) sufficiently open?
- b) Are the issues to do with Intellectual property /Patents/Procurement clear and adequate?
- c) Whereas the gain-sharing agreements are private and confidential, how can they be made better?
- d) What is Safcom take on Bitcoin/Blockchain technologies?

### Questions & Responses from Discussions:

- **Luke Okelo**

**My question is what is the number of annual incidences/cases reported involving MPESA fraud? And are they ever resolved successfully?**

**Secondly If I am carjacked in a *matatu* as often happens to passengers here, can Safaricom introduce a red flag system where I can discreetly notify relevant authorities that I am withdrawing from my mpesa account under duress? That is to say a silent alarm to raise awareness that there is a crime taking place, and maybe even remotely use my phone GPS location service so that I can be tracked and the culprits apprehended in the act? Blocking the mpesa account at such a sensitive time may not be too wise as the thieves may end a victim's life accusing him/her of non-cooperation.**

*Luke, the different types of fraud that you see across the M-PESA platform ranging from social engineering to outright theft are viewed as crimes, and*

*so these matters are referred to the Police. Safaricom is able to support with investigations where necessary. As ICT practitioners, we are aware that many of the new threats to security will come via these new platforms which we are increasingly interacting with every day. On our part we continuously educate customers and agents at regular intervals on the emerging threats so that they can protect themselves. Law enforcement personnel should also be trained to deal with and be able to prosecute crimes in this area.*

- **K.Machuchi**

**Can we fit in Safaricom's attitude/ policy towards its existing and prospective suppliers.**

**a) existing: payment for goods/ services provided.**

**b) respect for supplier IP and remedies in case of breach by staff.**

**c) prospective: artificial barriers and how they can eliminate/ minimize corruption in procurement.**

*We are committed to growing Kenyan businesses and offer preferential support to innovative local businesses. We also invest heavily in building local expertise in the critical mobile sector – and this includes everything from partnering with local universities to create the relevant curriculum to deliver ready for market engineers to enabling the growth of the small business owner.*

*We currently work with 830 local companies who form 84 per cent of our supply chain. We have many examples, but companies such as Linksoft, Broadband Communications, Netsol and Adrian (who started literally from scratch years ago) have now grown on the back of Safaricom's business to become multi-nationals operating across several countries in East and West Africa.*



*In 2015 we commissioned KPMG South Africa to undertake a "True Value Study" , that is to examine the true impact of Safaricom in Kenya's economy. This study found that the value that Safaricom created for the Kenyan society in one year (2015) was estimated at around 10 times greater than the actual financial profit the company made in the same period. This was measured in actual impact on small Kenyan businesses who now exist solely because of Safaricom.*

*At Safaricom we have an open invitation to any supplier who wants to be considered for business with us in a relevant areas. That is why we have published on our website, comprehensive information on how to do business with us. In addition, the applications for pre-qualification are all done online on a robust platform which has automated much of the evaluation and scoring with a fully auditable document trail. See <http://www.safaricom.co.ke/about-us/suppliers>.*

*We absolutely will not work with any companies that have known track records for unethical behaviour, nor do we participate in such behaviour on our part.*

- **Mildred Achoch**

**First, I would like to echo Grace B's sentiments. Thank you Safaricom for being in almost every part of Kenya. It goes a long way in assuring me that you guys will be around for a long time. Secondly, kudos for being one of the first companies in Kenya to embrace the Sustainable Development Goals, specifically SDG 9 (Industry, innovation and infrastructure) and SDG 17 (Partnerships for the goals)**

**Regarding the fact that you are in almost every part of Kenya, my question is: is there a way you can partner with Kenyan filmmakers to promote Kenyan films and series/web series? I applaud innovative initiatives such as "Skiza" tunes and "Blaze". These means that similar**

**initiatives can be implemented to promote Kenyan filmmakers. Media convergence is already here with us; as a market leader, Safaricom should be at the forefront of innovative initiatives related to this.**

*Mildred, this is an important area of focus for Safaricom as we focus on growing our youth and their talents. The creative economy is one of the fastest growing incorporating music, dance, film and other creative works. The question on film-makers is particularly interesting to us as they produce content which Safaricom can make available to our customers in the same way we provide Skiza tunes.*

*Specifically, for film content we require a broadcasting licence from CA. Safaricom has identified this opportunity and in February 2015 we put in an application for broadcasting licence to enable us to carry this kind of content. In August 2015, our application was published in the Kenya Gazette.*

*However to date Safaricom has not received this licence from the Communication Authority. The last we heard from the Communications Authority was in in October 2016 when we were informed that they could not give us the licence until the Dominance Report was released, although this came a year after our application.*

*Nonetheless we want to play in this space as we have a good understanding of what the market wants, we are willing to invest in a platform that can allow consumers to access short-form or even full length films on-the-go for content producers and do our part for the creative economy. But for now we are waiting to hear from CA. We believe the Kenyan market is ready for fully converged multimedia services and we look forward to providing this to our customers and creating this new market for Kenyans content producers.*

- **Stephen Njoroge**

a) Is their development platform and application programmable interface (API) sufficiently open?

Personally I do not think so!

Compared to what is the standard API, like Facebook who have a developers portal (<https://developers.facebook.com>) and Equity Bank, Equitel portal which is very easy to use (<https://developers.equitybankgroup.com/apis>) and the PesaPal portal (<https://developer.pesapal.com/>) Safaricom does not have this well documented and you have to make a number of guess emails most often to the wrong department or person.

Something that could take hours ends up taking weeks and sometime months. One gets the impression that Safaricom is under staffed or the staff are just ignoring your email.

*Stephen, with regard to our API framework I mentioned that we are aware that it is not working as well as it can and that we have already taken steps to rectify this with the help of a world class vendor. We expect that the new API framework will be ready in the coming months. If you are agreeable I would be happy to propose you to "test-drive" the new API. Let me know.*

b) Are the issues to do with Intellectual property/Patents/Procurement clear and adequate?

Again, lots of grey lines in this but Safaricom based competition is very clear on this outlining ownership and all.

*I am not clear on what the question is here but I will state that Safaricom recognises that good implementable ideas are rare to find and should therefore be protected by their owners. We have provided this and other*

*help to Innovators in our innovation Portal and continue to engage with developers on this basis.*

**c) Whereas the gain-sharing agreements are private and confidential, how can they be made better?**

**I think Safaricom is NOT in the business of sealing ideas but most of its employees being Kenyan, they have a keen eye on opportunities.. other employees have vested interest in competing businesses and will lock up your new idea to be launched elsewhere, where they can eat from.**

**I think having applications to be view-able by more than one employee in the business would help but I would recommend you pray very very hard and if possible fast for 40 days before sharing with this guys in private**

*I believe that this is covered above through the zero tolerance policy we have towards infringement.*

**d) What is Safcom take on Bitcoin/Blockchain technologies?**

**My take is that if bitcoin gained high traction such that I would be in a position to purchase *sukuma* from the *Kiosk* via bitcoin other operators would come toraise at the expense of the home currency just as we don't trade in gold and gold is represented in reserve via the currency notes, we would trade in bitcoin represented in Kenya currency. I don't see M-Pesa in the Picture past the currency loading yet they want you to Lipa Na M-Pesa everywhere.. but may be another thinking.. To answer the question Safaricom is more some reason against bitcoin and has show this by not supporting bitcoin based startups**

*Stephen, regarding Blockchain; the underlying technology behind BitCoin and other cryptocurrencies promises many interesting opportunities where*

*trust is a premium, consensus desired and privacy a must. The distributed ledger could radically alter transaction flows, potentially eliminating intermediaries and reducing or reassigning costs. Without clear, mainstream support from regulators/authorities, it is difficult to see how Blockchain will deliver its full potential. Safaricom continues to monitor this technology and if supported by regulatory approvals, will consider to implement it where it is feasible.*

*Specifically on BitCoin; I think the use of BitCoin or other cryptocurrencies is a much more complex and possibly riskier proposition. For Safaricom, being a licensed mobile money operator, we are unable to experiment with our customers' money and ignore the clear direction given by our regulator the Central Bank of Kenya ([https://www.centralbank.go.ke/uploads/banking\\_circulars/2075994161\\_Banking%20Circular%20No%2014%20of%202015%20-%20Virtual%20Currencies%20-%20Bitcoin.pdf](https://www.centralbank.go.ke/uploads/banking_circulars/2075994161_Banking%20Circular%20No%2014%20of%202015%20-%20Virtual%20Currencies%20-%20Bitcoin.pdf)).*

*The use of any unregulated, unmanaged, alternative currencies does not come without significant risks. The brief history of BitCoin is a clear example of this. According to Forbes, the past six years has seen 48% of BitCoin exchanges fail, some with enormous losses for customers. It is likely that the use of cryptocurrencies will, in the future become more stable and receive regulatory approval at which point Safaricom will be a ready adopter.*

- **Ahmed Mohamed Maawy**

**I will ask two questions from my perspective as a Solutions Architect:**

**1)- As a solutions developer, Safaricom does not avail its platform openly to allow 3rd party integration as does other service providers. And even if some lucky 3rd party do it, the flexibility to implement the solution to meet a diverse set of needs is quite limiting. Somehow makes a lot of us feel as if the payment solution is a "premium access" product available to specific players.**

The Safaricom API is not a convenient way out of it. Bootstrapping a solution around the API itself requires dedicated developer(s). For instance, stripe payments makes payment gateway integration part of the process not a separate development process.

Where is the guarantee (legally binding) also that I can freely deploy a solution based on your payment platform without it being replicated?

*Thanks Ahmed. Please see my previous responses regarding our API and the planned redevelopments. In addition, let me know if you would like to take be part of the team to review it before we launch.*

- **Walu J**

Ahmed, do you mind clarifying a few things. I take it that you agree that Safcoms APIs are not too open. Particularly the payment solution. I presume that would be the MPESA platform which seems limited or restricted to some chosen few developers. Further you say that solutions built around the MPESA APIs are not scalable to other domains and you seem to suggest a better option out of this. What would this option be? Are you suggesting that rather than trying to plug into MPESA through APIs, MPESA should be released and sold as a module that developers can plug into just about anything they need to - and pay royalties to Safcom on per use basis?

*Walu, Please see my previous responses regarding our API and the planned redevelopments. The initial design was not as good as we expected it to be and to be clear it was not designed to be closed or to make it difficult for developers to work with. This is counterintuitive as we would want M-PESA to be embedded in as many services as possible. The redevelopment I have mentioned here is going to smooth out those issues and help it become an easy to use interface that it should be.*

- **Ahmed Mohamed Maawy**

Firstly, M-Pesa is definitely being hailed as a global disruptive innovation. This means one thing only. It needs to act so. My response will be simple. This is where I expected M-Pesa would be today with an open all inclusive model: <https://stripe.com/>

*Ahmed your comment is well noted.*

- **Grace Bomu**

Maybe we should ask the question, what is Safaricom's innovation model? Does it see itself as providing a platform for others to play and (hopefully create solutions) or is Safaricom also a player in the game or a hybrid? I would hope that Safaricom envisions itself providing a space for limitless innovation especially for social good.

To the arts and culture, I admire the work that Safaricom has done- from the beautiful calendars and adverts to music festivals. I however cringe when there are disputes involving the company and artistes and I hope that the issue of revenue sharing has been resolved. Has it been resolved? I wonder if Safaricom has exploited use of tech and its platforms in this cause. I echo Mildred's plea.

*You're right Grace, Safaricom is both an innovator and co-innovates with others. In fact we increasingly describe ourselves as a platform. We see the company as being an enabler of several solutions that can transform lives across a growing number of industries such as the health sector, education, agriculture and financial services. We aim to provide these solutions in partnerships with others – we recognise that we do not have all the answers and these cross-industry pairings can drive more transformation than if each decided to go it alone. So expect more from us on that front.*

*To your question on artists and royalties – this is an issue I take personal interest in. Safaricom has been one of the biggest corporate sponsors of Kenyan arts, having been involved in various music events over the years*

*including "Niko Na Safaricom Live", "Safaricom Classical Fusion", "Groove With Safaricom", "Safaricom Youth Orchestra", "Safaricom Choir" and the "Safaricom International Jazz Festival".*

*Out of a desire to see local artists grow and earn from their craft we launched the digital music platform "SKIZA" in 2009. SKIZA is a ring-back tone service that allows your callers to listen to selected tunes from your favourite artists.*

*The SKIZA platform is run by Safaricom, but the day-to-day management of the content is done by known as Content Service Providers (CSPs) who are licensed by the Communications Authority. For artists to put up their music for sale on SKIZA, they have to go through these providers, who review the content to ensure it meets our guidelines before listing it in our database.*

*As I'm sure many of you are already aware, 2015 and 2016 were a bit challenging for us, as a result of multiple court cases and injunctions that forced us to hold back over KES 152 million in artists' royalties while we waited for a resolution to the dispute between the CSPs and the Collective Management Organisations (CMOs), which include the Performers' Rights Society of Kenya, Music Copyright Society of Kenya and Kenya Association of Music Producers.*

*Though the issue was eventually resolved and the monies paid out, what we would like to see is a more unified approach to growing the industry. I could say more, but let me leave it there for now.*

- **John Kieti**

**My take on Safaricom and the innovation ecosystem / community is that although they have evolved slowly, Safaricom has contributed significantly and positively to our collective innovativeness as an economy. That we have moved beyond demanding an API for MPESA and now we are talking about the API's openness is good progress.**



**That Safaricom's Spark Fund has invested in Sendy and other startups is laudable. That Safaricom entered useful partnerships with the likes of iCow, EnezaEducation, and Craft Silicon (Little Cabs), MLedger (acquisition) and many other startups must not be downplayed.**

**That Safaricom gave free bandwidth to iHub for several years and sponsored activities at iLabAfrica is laudable. That said, I would wish Safaricom embraced open innovation and co-entrepreneurship more.**

**For instance it was quite short sighted the way Safaricom flexed its muscle on Kipochi / Kopokopo, and BitPesa / Lipisha Consortium with regard to the BitCoin gateway for M-Pesa top ups and withdrawals.**

**If I was Safaricom, I would embrace these startups and others building on block chain technology to further disrupt the Financial Services sector. It does not make sense for Safaricom / Mpesa to embrace the plastic card technology side of FinTech as they are doing with the M-Pesa card while frustrating the Block-chain side.**

**By and large let us give credit where its due. Safaricom has truly pushed the limits of innovation to increase value for its shareholders who include our Government.**

**They just need to do more to figure out an ecosystem / collaborative approach to innovation. If they do that, we shall collectively and successfully attack the global marketplace for gains to our national economy.**

*Thank you John, your comments are well noted. With regard to the M-PESA plastic card; we have done research on this and we think it might be useful in some areas of the economy which we plan to explore. We will still continue to innovate and develop around the mobile device as our primary outlet.*

- Ali Hussein

This in my humble opinion is where Safaricom scores a D- for me. There has been a lot of (albeit unsubstantiated) complaints from the Startup Ecosystem of how difficult it is to work with Safaricom when it comes to the following:-

1. APIs and Integrations with other players especially when it comes to MPesa. There are even cases where people have claimed that Safaricom has acted like a Big Bully. Again unsubstantiated. This is obviously a case of where Safaricom needs to be very cognizant of the role they play in uplifting the Innovation Ecosystem in Kenya and Africa. Did Safaricom hound BitPesa out of Kenya? <<http://www.coindesk.com/safaricom-and-bitpesa/>>

*Ali, regarding the API I have given our position in previous responses above and before. The message has come through loud and clear and we are working to fix it.*

**Did Safaricom hound BitPesa out of Kenya?** <<http://www.coindesk.com/safaricom-and-bitpesa/>>

*Ali, this matter is in court with Safaricom having been sued by Bitpesa and as such I may not be able to say much. I can however say that Safaricom's decision not to allow encashment of cryptocurrencies through our M-PESA network is based on guidance by the Central Bank of Kenya which we believe applies to all financial institutions. As a CBK licensee we cannot disregard guidance from our Regulator hence our position. ([http://www.nation.co.ke/business/CBK-warns-against-use-of-Bitcoin/996-2997584-](http://www.nation.co.ke/business/CBK-warns-against-use-of-Bitcoin/996-2997584-2997584-)*

*wg76bn/index.html , <http://www.theeastafican.co.ke/business/Central-Bank-of-Kenya-warns-of-Bitcoin-risks/2560-2997640-11n5k5gz/index.html> )*

**2. It is an accepted fact that working with the MPesa API is not a walk in the park. They need to be take a CrowdSourcing Approach to this. To be fair this has improved tremendously in the last few months. However, I believe there's room for improvement.**

*Ali, regarding the API I have given our position in previous responses above and before. The message has come through loud and clear and we are working to fix it.*

**3. Regulation. Its a fact of business today that Regulation and Compliance can be a major hindrance to innovation. A case in point is the burgeoning FinTech Space in Nairobi. How can Safaricom help startups navigate this area?**

*Kenya is renowned the world over for innovation in this space and we should be grateful for the regulatory space that we developers enjoy in this country compared to others. Having said that the financial services space necessarily has boundaries and compliance requirements given its sensitivity. We have a comprehensive hand holding process for our partners that includes helping them navigate the regulatory landscape. Our Ready Business initiative seeks to do the same for small businesses across industries.*

**4. What is the long term strategy for MPesa?**

*Our long-term strategy for M-PESA is to ensure that it continues to evolve and remain relevant to Kenyans. As you may have noticed, we have started exploring the P2B space. Given that eight out of ten transactions in Kenya are still made in cash, there's a lot of room for a number of providers (and us) to grasp the mobile money opportunity.*

- **Barrack Otieno**

**Does Safaricom support the Technical Vocational Education & Training (TVET) Program or any Village Polytechnics which train most of our Crafts Men upcountry, I also be keen to know what kind of support they extend to this Village Innovation Centres. Best Regards**

*Through the Safaricom Foundation we have provided computers for some youth polytechnics around the country, in partnership with Computers for Schools Kenya. These devices aimed to support their drive around digitalizing learning in youth polytechnics. We are considering exploring more opportunities through our youth platform, Blaze.*

- **Timothy Oriedo**

**On innovation; I would wish to know how I can access anonymised cell phone location sensor data platform of all Safaricom subscribers that will enable building of a recommendation engine to benefit various industries.**

**Safaricom is sitting on a potential natural resource that if opened up can benefit different industries from transport, security, health care , education, environment amongst others. Think of an intelligent service that can inform the traffic department that there is a noticeable surge of cellphone signals approaching town from a particular direction say Limuru -Westlands and the traffic lights proportionally allow more vehicles from that direction to pass through. ...wouldn't it be a step ahead in solving our ever present traffic menace?**

*Timothy, I think you are referring to the potential of big-data that we may have accreted based on customer information. To be clear, access to customer information is controlled by law and under our licence both of which obligate to keep that information confidential. Beyond that I believe you are touching on the use of anonymised data records for development initiatives. This is an area that I believe should be discussed robustly and if viable, relevant legislation passed to enable different organisations with*

*useful data to be able to apply this to different uses while affording the source of this information the necessary legal safeguards.*

- **John Kieti**

**With "Mobile" contributing about 11% of South Korea's GDP (read Samsung), it is hard to resist the temptation to dream about "Mobile" contributing as much as 20% of Kenya's GDP by 2027. Such a dream appears achievable if Safaricom assumes the role of an anchor and sets itself up for more rapid co-innovation with local entrepreneurs and innovators.**

*Thanks John. This is well noted.*

**Day 4:**

**Day 4 of 6 (Thursday 9<sup>th</sup> Feb):-Infrastructure & Universal Access**

**Introduction:** Safaricom continues to expand its network beyond urban areas. What has been your experience of Safaricom services in semi-urban and rural areas of Kenya?

- a) Rural areas experience:- With respect to Voice quality, InternetAccess(bandwidth), Mobile Money (MPESA)
- b) Safaricom contributes to the Universal Service Fund to extend communications to underserved areas: - how has this impacted your rural communities
- c) The government has the National Optical Fiber Infrastructure: (NOFBI), to what extent does Safcom use/not use it and why?
- d) To provide services to under-served areas, the Universal Service Fund has been provision with Safaricom being the largest contributor, how effective is this fund?

**Questions and Responses from Discussions:**

- **Barrack Otieno**

**1. What is Safaricom's policy on Infrastructure sharing? My question regards Community ISP's that may want to piggy-back on its masts. What are the charges and guidelines?**

*Thanks Barrack, this is a very good question. Safaricom supports infrastructure sharing and we have been hosting (and being hosted) on our competitors infrastructure since we began operations in 1999. Currently we share our Towers, BTS rooms, power, fibre and other network elements with our competitors and other organisations.*

*Safaricom shares infrastructure with Airtel, Telkom Kenya, Multichoice, KWS, KBC, Wananchi, JTL, PANG, Liquid Telecom, Access Kenya and many*

*more. Having said that we believe that all licensees have the obligation of investing and building their networks as required under their licence conditions.*

*Going back to your question – yes, we'd be able to host community ISPs depending on what elements they want to share which would also determine the cost. This would also be contingent on the ISPs compliance to statutory licences and regulations.*

- **Rosemary Koech**

**My query is in regards to the quality of data and voice; the quality heavily deteriorates just past major towns and cities. Is there a plan to ensure better service delivery?**

*Rosemary, we keep this issue top of mind. As you would expect, urban centres tend to have more density when it comes to network coverage to cater for the higher population numbers, however your experience should not be any worse once you leave the major town or city as our coverage is designed to seamlessly cover the majority of the land mass. It would be good if you could share locations for us to review.*

*We have contracted independent consultants to continuously monitor our network performance and take random drive tests to ensure that we continue to connect our customers. In rural areas, we have embarked on a rollout plan that will see us reconfigure our network to better serve rural customers in the future.*

- **Kevin Kamonye**

**Do you have/ have you had plans to roll out services in other countries. What are/were the challenges experienced. I think the current Kenya-only limited market share and the demands of better margins from investors could be the key reason that we are always feeling the pinch of your pricing. Also, it seems like am getting congestion along Naivasha Rd; calls sometimes take a while to connect**

**or they do so without any ringing tone. More people are moving into the area, kindly see what to do about this and even better, extend 3G coverage.**

*We are currently only licensed to operate in Kenya and so we cannot share experiences of rollout in other countries at this time. However, as mentioned in a separate response to Sidney and a few others, we currently offer the most compelling pricing for data and voice services and remain the top investor in Kenya in terms of mobile infrastructure to enable us continue to provide cutting edge technologies to our customers. Meanwhile our technical team is investigating the Naivasha Road issue.*

- **Grace Bomu**

**I have seen Safaricom branded trenches in satellite towns such as Kiserian but we are yet to get broadband or services such as “Safaricom Box”. Was the fibre exclusively for the security contract?**

*Grace, you're right the trenches you have seen are part of our rollout project to deliver fibre in Kiserian. Once we finish in lay the infrastructure our team will return to do the last mile connectivity making it available to end users. For now the concentration has been on getting the fiber to the town.*

*On the Big Box, this should be available to you. You can buy the decoder from any of our retail shops for Sh4,999 and have the team set it up for you. See <http://www.safaricom.co.ke/TheBigBox/> for more information on the box.*

- **Racheal Nakitare**

**We know Safaricom contributes to USF, but how is the same ploughed back to open up our underserved areas? Has Safaricom attempted to apply for the same funds to improve our poor infrastructure especially in peri urban and rural areas. Are we eligible?**

*Racheal – We had answered this question in some length in earlier answers, do let me know if you need any more clarification beyond that response.*





## **Day 5 of 6 (Friday 10<sup>th</sup> Feb): Technology & Elections**

**Introduction:**As we go into the general elections, Safaricom is likely to be one of the Technology providers for IEBC. What are the concerns of users/citizens on this matter? Specifically,

- a) What assurances are there that the results transmitted are safe and secure?
- b) What are the chances of failure in the transmission system?
- c) Should the result transmission system be mobile (GSM)-based or should we go Satellite or both?
- d) Will Safaricom play along in the event that Government demands an Internet shut-down before, during or after elections?

### **Questions & Responses from Discussions:**

- **Ali Hussein**

**My questions/comments are:-**

**1. With Safaricom's wide network could we get a mapping of where the gaps for connectivity are in relation to Polling Stations? It would be great to see which Polling Stations will have limited or no connectivity during the elections so that we can plan to mitigate that eventually now.**

*I believe the Communications Authority would be best placed to respond to this given that they have a holistic picture of coverage from all operators across the country.*

**2. Would it be asking too much for Safaricom to liaise with USF/CA on the above to better identify the gaps?**

*Safaricom's network rollout strategy is primarily driven by the need to cover Kenya's human population and geographic areas that are relevant in achieving that goal. We continuously provide this information to the*

*Communications Authority and have worked with them on the issue of the USF where we have given our feedback as to the best approach to fill in the access gaps.*

**3. A Internet Shutdown request is a real possibility after media reports quoting DG Wangusi of CA. <http://www.iafrikan.com/2017/01/14/the-kenyan-government-will-only-shut-down-the-internet-during-elections-if-things-get-out-of-hand/> Will Safaricom as a matter of public interest commit to tell the public in case this order is something that must be enforced due to 'National Security' matters?**

*Ali, this is a difficult question for many reasons, not least because an answer either way may position Safaricom as either not being responsive to Government directives or being too willing to comply.*

*I will respond by saying that Safaricom will not do anything that is outside the law with regard to such a request. In addition it has been reported that Cabinet Secretary Joe Mucheru has stated that there is no such intention (<http://www.capitalfm.co.ke/business/2017/01/government-will-not-shut-internet-elections-mucheru-assures/>) and we can all collectively hold the Government to this.*

- **Luke Okelo**

**1) I wish to know if using technology, Safaricom will make any provision to allow the general public to verify their votes themselves?**

**2) Is there a Web or Mobile platform they can provide that allows each individual voters to act as an independent election monitor and check the results based on your polling station where you just voted?**

**3) Lastly with regards to level of assurance that transmitted results are safe and secure, what encryption standards are Safaricom using to transmit the results?**

**4) Will the encrypted results be shared with any other transmission machines or will they be tallied in a database at the polling site before final relay to Nairobi?**

**I think as a private and non-biased telecom provider in the upcoming elections, its most probable for Safaricom to build capacity to monitor the digital footpath of the votes both from a security point of view as well as transmission point of view. This will allow for forensic audit and verification later on in case a dispute arises**

*Luke, I would say that these questions are premature as we have not been contracted by any entity at this point in time to participate in any capacity in the upcoming elections.*

- **Walu John**

**I would add another question: Assuming Safcom will be main transmission provider for the presidential results, what plans do they have in place in case Al-Shabaabs hit their masts on election-day? Or we just fall back to manual as per the provisions of the revised law?**

*Walu, we cannot make that assumption and ipso facto I respectfully decline to speculate on this issue.*

- **Rosemary Koech**

**My query is in regards to data protection and privacy in regards to the use of Safaricom users telephone numbers. There have been several instances of text messages and calls from political aspirants. How does Safaricom protect our data especially the data we give at registration and during m-pesa transactions? How does Safaricom protect the treasure trove of data it has in regards to Kenyans? Kind regards,**

*Rosemary, I responded to an almost identical question in some detail earlier in the session, please let me know if you have further queries.*

*I would however hasten to add that there are many places where we expose our mobile numbers and which are not as secure as they should be kept. All of us give our names, ID numbers and mobile numbers to security*

*guards when we access many buildings, shops, malls, etc. We have no idea how those books with all our details are stored and secured, if at all. I believe that any person collecting what may be considered confidential information should be under an obligation to deal with it in a particular way.*

- **Grace Bomu**

**As far as I can tell there is no direct law under which the Internet can be switched off. But there could be other views on the matter. My question to Safaricom however, is what they would do in the event that they were directed to shut down the Internet in part or in whole. Would they honour such a request?**

**And Since you raised the issue of the law, it would also be interesting to know whether there is anything in Safaricom's licence agreement that requires Safaricom to assist the state for national security or public order reasons.**

**I am asking this in comparison with MTN Uganda which told its customers that it had complied with the shutdown directive from the Regulator in compliance to such a condition in the license agreement. ,**

*Grace, our operating Licence does not have specific provisions to shut down any services. In the past, Section 88 in KICA allowed the Minister of Internal Security to among other things, take temporary possession of telecommunication systems. This section was repealed and no similar provision has been put in place since.*

- **Edwin Kiama**

**I would indeed be very interested in what Safaricom would do if requested by GoK to;**

**1. Listen in to my calls & texts, install a snooping app in my phone, use the network layer to turn on my mike and camera even when my phone is off.**

2. Jam the signal in my neighborhood for whatever reason.
3. Shut down the internet in a particular area or the whole country. Regards, Edwin Kiama

*Edwin, Safaricom is a public mobile network and cannot undertake any of the functions you have cited. It should also be known that a number of institutions operate network jamming devices which are outside the control of mobile operators and if these are deployed, it should not be assumed that any operator has shutdown services.*

- **Boniface Watiba**

**I see great questions raised from the listers' threads. Just to delve in...**

1. **Will Safaricom give in to "orders from above" requiring the Internet to be shut down on August 8th?**
2. **In the event that Safaricom gives in, how do you plan to "compensate" for the losses incurred?**

*Boniface, please see my response to Ali above which I believe addresses your questions.*

## Day 6 of 6 (Sat 11<sup>th</sup> Feb): Supplementary Questions/AoB

- Machuhi.

Good and well thought through responses except bundles expiry... not convincing. If bundles must expire, why not 'convert' them into airtime - you'd still have your revenue assured. Or create an Expired Bundles' Foundation and donate them to a cause of victim's choice. It does feel like theft—

*Machuhi, thanks for your suggestion. However as I mentioned before, Safaricom is among the few operators that allows customers to "rollover" the expired resources only requiring you to top up your line to reactivate them.*

- Walu

Still absorbing some of your responses. On affordability of data you wrote *"Over the last 7 years, the price of data on our network has dropped by 80% for example, in 2010, one GB was Sh2,500 versus the current Sh500. Over the last year, we further reduced the price of data on our network by 37%. We keep on reviewing customer needs and react accordingly where we can. Data in Kenya is relatively more affordable than say South Africa (where 1GB is Sh582), US (where 1GB is Sh1,814) and in the UK (1Gb is Sh1,944)"*

It seems ITU has a different way of looking at affordability. They look at the monthly cost of entry level mobile data (500MB) as a percentage of the country's Gross National Income.

So whereas the cost in real terms for data in Kenya maybe equal to or less than what is charged in SA, UK or USA, the Kenyan citizen bears a bigger burden in accessing internet - given our lower income levels.

Indeed from the [Measuring Info Society 2016 report \(pg136\)](#). ITU place the mobile data affordability for Kenya at 136 out the 178 global economies surveyed. What's your take on this?

*Interesting and valid perspective Walu. However it is also important to take into account the level of development and enabling environment (or lack thereof) of where the network is located. In Kenya, while you can enjoy the same 4G experience as say someone in say in New York, the cost of rolling out services here is prohibitively high as it is not a build-on on existing infrastructure but actual greenfield rollout. The cost of putting up BTS, wayleaves for backhaul fibre, microwave fees, high initial licence fees, spectrum usage fees all of which are paid to the Communications Authority, international access links, security etc. I think our prices are competitive when compared to more mature markets that have more embedded infrastructure and which can leverage on pre-existing efficiencies.*

- **Kamotho**

**As you prepare to avail feedback on competition questions, kindly address this observation: The management of Airtel has been quoted as attributing their diminished fortunes to the acts/omissions of the regulator and Safaricom:**

**-Has the regulator by any chance shown more affection towards Safaricom than other players?**

*I think every operator can gripe about what the regulator has done to them or not done for them. I could state the things which we think our regulator has not done to facilitate further growth by Safaricom, but that is not how we operate. I will also not speculate about what the other companies may have said.*

*However I will say that if it is the expectation of any operator that the regulator represents their best chance to make a profit in any market then such an operator is seeking to use regulatory support to achieve the success that it should seek from the market. I firmly believe that it is not the role of any regulator to ensure that any operator makes a profit – that is the role of the market. The regulator's role is to ensure that all players in the market have an equal opportunity to succeed and the necessary*



*incentives to do so. The market will then decide which operator does and which one does not. Market entry and exit is a feature of competitive markets.*

**What word of encouragement do you have for your industry brothers who would like to be Safaricom at 'adulthood'? Advice "roho safi".**

*Kamotho, we certainly do not see ourselves that way. But one insight that drives our company is the knowledge that Kenya is not a market that readily accepts 'one size fits all' solutions – to make it here, you must consistently focus on the customer and provide solutions that meet the unique needs of this market. The other one is investment. If you invest in your network you are likely to grow and this will fuel further investment and more growth.*

- **Sidney Ochieng**

**Still wondering if there will ever be an M-PESA app-**

*As mentioned in my earlier response, we are in the advanced stages of trailing an M-PESA App which will be part of the Safaricom App we have already released.*

- **Mwendwa Kivuva**

**Under which law will CA be implementing a monitoring system on Operators' platforms? As far as my little legal knowledge stretches, any intent to access citizen's private data can only be accompanied by a court order (court of competent jurisdiction they say), and the access cannot be in perpetuity. It can only be for a specific finite task, mostly investigation. I hope CA can also respond to this.**

*Mwendwa, in all fairness I would direct that question to the Communications Authority. I would further add that what I stated earlier was that there should be more robust public debate on the issue. In the current dispensation it is not enough to 'engage' the operators alone but the people whose confidential information is affected as well.*

- **George Sidney Ralak**

I have been on post-paid since 2013, all that time, I have been receiving 100 Mbs per month, we are now in 2017, is there a way Safaricom can add the amount of bundles it gives to its post-paid customers? 100 Mbs cannot even last one day and to make it worse it, there is no way one can *sambaza* bundles to a post-paid number. Since I rarely exhaust the voice bundles given to me, maybe there should be a plan to choose which bundles to receive more than the other. Lastly, to those unused voice bundles at the end of every month, instead of just wiping them out, and you don't carry them forward like you used to anymore, why don't you convert them to Bonga points instead.-

*There are a number of PostPay plans that are designed to satisfy the various needs of our customers. Our PostPay Advantage team will reach out to you on this query. Going forward, we are preparing an exciting new proposition that will allow you to decide for yourself what you want to do with resources you have purchase from us.*

- **Henry Maina, Henry@article19.org**

I am interested in knowing if Safaricom will be publishing any transparency report soon? Secondly, how many government requests for user data has safaricom received in the last five years as disaggregated by year and how many of the requests were acted on positively?

*Henry, I have touched on this question before but to be clear, we do not get requests from government. Where we do get requests, it is usually in criminal investigations and court proceedings where typically the information sought is call data records.*

- **Walu John**

I have the following questions for Safaricom with respect to Competition. Are they willing to:

a) Be split into several independent units? As in make the Mobile money business (MPESA) a separate and autonomous unit from their Voice and Data side of business?

**b) Open up MPESA service such that if I *vuka* (migrate) to competition e.g Airtel, I do not lose the MPESA facility?**

**Obviously this would be an affront to their 'stronghold' but sometimes it may spice up the market a bit. This may be necessary considering that their market share lead has not changed much over the last 10years. Which may point to a market failure or maybe they are just clever than everyone else**

*Walu, we currently operate in the way we do because, at this point in time, this is how we believe we can best serve customers. Whether or not we operate in a different model should be entirely up to us and based on our own timelines and aspirations. To cite an innovation as the reason why a company should be split up is inimical to the stated objective of any policy or regulatory framework.*

*Secondly, innovations in the technology space move rapidly and what may be considered a standard or accepted way of doing things can be easily disrupted and replaced by the next innovation. Every day we read about new ways of sending money, many of which are network and indeed geography agnostic. Given that, is this talk about forcibly splitting M-PESA from Safaricom necessary? What signal does this send to innovators and investors? What is the legality of such a call? Should this be the main focus of regulators/policy makers? Does this help the customer in any way?*

*We cannot develop by cutting our companies into small business units. Our goal as a country should be to grow the SME to big corporations that can compete regionally and globally. Safaricom remains a small player compared to other operators who have continental outlook- MTN, Etisalat. In terms of M-PESA, we think there is enough for everyone. At the present 90 per cent of all payment in Kenya are still done in cash. This is what we need to focus on and we believe, as the Kenya Bankers Association has shown, it can be done through innovation.*



## **Evaluation & Feedback**

### **Technical**

There was excellent technical reliability of the listserver as well as the online resources with no reported incidents of technical failure.

### ***e-Participants***

Several listers actively engaged on the listserver during the online discussions. We expect around one hundred participants to attend the face-2-face cocktail event where the online deliberations will be presented and validated.

### **Moderation**

The discussion was moderated by Mr. John Walubengo and the responded from Safaricom was the Corporate Affairs Director, Mr. Steve Chege.