

SAfrica's MTN launches mobile insurance program

March 23 2011, By JENNY GROSS , Associated Press

(AP) -- A South African mobile phone giant has joined with an insurance company to launch a program in Ghana that will allow subscribers to pay for life insurance through their mobile phones, a company official said Wednesday.

Phone banking has taken off in Africa, where the impoverished majority can't afford the costs of traditional banks, including account fees and bus fares to get to town from villages to visit the banks.

More Ghanaians have mobile money accounts than bank accounts, said Jeremy Leach, a divisional director of Hollard [Insurance](#) Group. South Africa-based mobile phone giant The MTN Group is partnering with the group to increase Ghanaians' access to life insurance, he said.

[Mobile banking](#) users send and receive money through their cell phones.

Leach said Hollard approached MTN to establish a plan where Ghanaians can pay premiums as low as one cedi (\$0.65) per month on their mobile phones through MTN's mobile banking system.

"Ghana has a fast-growing market and is one of the fastest growing countries in Africa," Leach said. "One of the things that was pleasing when we got there was that we thought we'd have to do a lot of consumer education, but what we found was that the national health insurance had been rolled out so there was increased awareness."

Ghana has 9 million MTN mobile subscribers, 2 million of whom have joined the mobile banking program launched in July 2009. Mobile banking customers can buy the insurance using menus on their cell phones. They need a valid mobile money account to sign the application form, but medical or other documents are not required.

The program is only in the pilot stages limited to a number of service centers, Leach said, adding that the full rollout will occur within months.

Pieter Verkade, MTN's mobile money executive, said Wednesday: "What we believe is it's a whole new area for us, as well as insurance companies. We are bringing these kinds of products to a market where they before would not have access to these projects."

Verkade said MTN is looking to expand its mobile banking services in regions such as West Africa, where there is a lot of demand. Already, MTN offers Rwandans the ability to purchase prepaid electricity through their cell phones.

"It's certainly doing a bit to improve the whole economy's income and the way people can interact by providing them financial tools they didn't have before," Verkade said. "In that respect, it's some kind of a revolution."

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