

DR: [00:00] I'm DR. And this is "Telco in 20". Don't you wish you thought of M-PESA? Invented by Kenyan telco, Safaricom and Vodafone back in 2007, it provides financial services to the unbanked population with a novel use of mobile technology. If you don't know about it, here's how it works. Imagine being able to pay for your groceries at the supermarket just by sending a text message, it turns simple feature phones into portable banks, making money transfers as easy as sending an SMS. People use it every day without having to go to the big city to pull out money from their bank account. It's life-changing. M-PESA has now grown to the point where it's used by more than 35 million people in Kenya alone with 59% of the country's GDP flowing through the system. They've expanded it to seven countries and now have 75 million daily transactions moving through the platform.

[01:01] It's amazing. But what's next for Safaricom? They have continued to evolve and have come up with some new innovative ideas, including one I've been talking about for a while, using AI to roll out hyper-personalized plans for their subscribers. Today on the podcast, I'm talking with Safaricom's chief consumer business officer, Fawzia Ali. In this episode, she joins me to talk about how M-PESA has been a game-changer for Safaricom, what they're doing to get their data cleansed and ready for AI, and how they plan to use machine learning to grow revenue with hyper-personalized offers. So let's take 20. Fawzia Ali is a chief consumer business officer at Safaricom. Hi, Fawzia. Welcome to "Telco in 20."

Fawzia: [01:45] Hi, DR and to all the listeners out there, greetings from Kenya. Glad to be here.

DR: [01:51] You're amazing. I met you at the NOVACOM Summit in Kenya back in April, and I'm so excited to talk to you about what's going on at Safaricom, with M-PESA, and your AI project.

Fawzia: [02:02] Absolutely. For me, I'm just in awe about the organization you have set up and this amazing podcast that allows us to share and learn from each other.

DR: [02:10] Yeah, that's so exciting. So let's start with M-PESA. Safaricom is famous for inventing M-PESA, one of the world's most successful mobile payment systems. And so for anyone who might not be familiar with it, tell us a little bit more about it and why you think it's been so successful.

Fawzia: [02:25] The thing about M-PESA is that everybody in Kenya can tell you a personal story. At the moment in Kenya, we have 35 million monthly active customers. We have rolled it out in many countries in Africa. We have 75 million transactions on the platform on a daily basis. But sometimes I like to say these are just numbers. It's the impact it has had. M-PESA was set up in 2007. You've got people who work in the city who send money back home. I remember sometimes it would take a whole day to just take money up country, sometimes you wouldn't even know whether the money has reached or not, but let me tell you, it was made so, so simple.

[03:01] All you need to do is go to an agent that is your normal small shop next to your house, put the money in, and you literally walk out with an SMS, and that SMS is electronic value. If you were to transfer it to someone else, they would get that same electronic value and be able to withdraw it. It has transformed how we move money, it has transformed financial inclusion, it has transformed how businesses operate. We've got businesses that operate 100% cashless just because of this. It's amazing.

DR: [03:32] That's insane.

Fawzia: [03:33] It's a transformational product.

DR: [03:35] Yeah, it's unbelievable. I saw a stat that 59% of Kenya's GDP flows through M-PESA, and now you've expanded it to seven different countries, which is amazing. And so what strategic decisions and innovations do you think have enabled M-PESA to stay so far ahead of other competitors?

Fawzia: [03:51] First was we understood the societal problem we were trying to solve. It was a local problem. At the time, we were about 40 million customers, only five million who were banked. So clearly financial inclusion was a gap. Secondly, just being able to do basic transactions was a struggle. So there was a need here. And then it was made not to be complex. Even if you have a 2G phone that can just access an SMS, you can do it

DR: [04:18] Perfect.

Fawzia: [04:18] There's some solutions that you need a smartphone, that was going to cut out very many people in this part of the world. But the third one was having a wide enough distribution.

One of the things that the former CEO used to tell us is, "I don't want anyone walking more than 200 meters to actually get to a point where they can get service on M-PESA." We have over 250,000 M-PESA agents across the country, but all banks are like our agents, so you can also transact at any bank. But finally, it is the opening up of the M-PESA platform to developers. You see now that you've allowed for money to flow, available to transact, there's so much you can build on top of it. If you think about people who are trying to complete a purchase transaction or to pay for transport or to do an international money transfer, we can never be able to build all the solutions.

[05:04] So what we did is that we just built an API and now we have over 70,000 developers able to access and develop their own products on top of this fantastic platform. So having an open, scalable platform that can use technology all the way down to 2G, these are some of the reasons I believe that enabled it. But the final one, we had a very conducive regulatory environment. If it wasn't for the central bank team that was there at that time, because this was about now running ahead of regulation. Regulation was saying, "Yes, let's experiment. Let's try." So a conducive regulatory environment sometimes can be the key to unlocking innovation in a country.

DR: [05:48] It's super amazing. And I think as smartphones come on and start to grow within Africa, it sounds like you guys now have evolved it also into not just the API, so developers can embed it into their solutions, but also building almost a super app where there's these mini apps and you're growing that ecosystem.

Fawzia: [06:06] Absolutely.

DR: [06:07] I think the key to this super app is having that daily average user, and with a banking app you're using it on a daily basis multiple times a day. So it's a prime place for the super app idea to really take off and be successful.

Fawzia: [06:19] Absolutely.

DR: [06:20] Yeah, it's super hard.

Fawzia: [06:21] And that's the next stage, because now smartphone penetration is increasing, it's about 50% in the country, so now we can start to talk about super apps and bringing digital led solutions that will definitely offer a much better experience. And

then the level of interaction you'll find will even be much, much greater.

DR: [06:41] Yeah, they'll spend more money buying more things through the app, and then you have such an awesome opportunity by looking at the data in which your users are doing, which brings me to my next question. When we were at NOVACOM, I shared the project that I'm working on at Totogi to build a product to utilize AI machine learning to create hyper-personalized plans for subscribers. And the idea here is really to optimize revenue, either stop someone from churning or look for ways for them to spend more with the telco. You mentioned that Safaricom has a similar project, and so what has been your approach, and how's it going?

Fawzia: [07:12] For me, I was amazed at the stage we were at. So when we had the conversation, what I was telling you is that all the telcos now have really enhanced their network. So network differentiation will not be the key differentiator in the future.

DR: [07:26] Correct.

Fawzia: [07:27] The second thing is that from a product perspective, it's also starting to become quite homogeneous. So the next stage now is hyper-personalization, but the data needs to be clean, we need a single view of the customer, because if I'm seeing you as a number and not DR with five devices, a home connection, and this is your lifestyle, this is your family, then I'll not be able to give you what you need. I also need to be able to look at you holistically so that I can understand your time of day. So that's where we started. First thing was setting out the data, we now have a data lake. The second stage now is we want to deliver the single view of customer. We hope to be able to get that around September.

[08:09] The third thing was to get the expertise. We had to be honest with ourselves, we didn't have data scientists, we didn't have anyone who understood how to actually apply AI in our world, so we actually brought that skill set into the organization. We currently have about 40, and now they're putting what I would say the building blocks to get this going. So we already have about 95 models that they've put together, and we are starting to do some tests. So I am happy to tell you now that all my customers currently can receive an AI-enabled machine learning proposition. The thing though is, like we had said, it

needs to be optimized, because without single view of customer, we are not quite there yet, but at least we can start testing some things and figuring out where we are going.

[08:53] So I think the next step now is how do we deliver personalization from a proposition based on time of day and what you need, but how do we also leverage AI to deliver great experiences, and then further how do we even use AI for efficiency? One of the things we are testing now is to say we have sites that are using generators, but we are seeing they also have solar. Why is it that they're running so long on generators and the solar? So just trying to use the data to try and understand what are the outliers, sites within the same area, what's happening, because we can also start to use AI for efficiency. So we are in the test phase, but we need to now start to deliver our actual outcomes. And that's why I thought it would be interesting for us to have the conversation about your platform and what it can do, even if it's from a test perspective.

DR:

[09:41] Yeah, I think you're absolutely right. Starting with cleansing your data and getting your systems, feeding the model so that it can have those insights and generate cohorts of subscribers, AI-generated plans, and what we found experimenting with our own customers is, number one, you don't need to blast it out to all of your customers. You can take these small groups. And it's so amazing how you try it out and you get another idea. It's a very iterative process where you send something out in a very small quantity, you get some data back, it informs the model, and you repeat. And my biggest struggle is really getting the telco executives and the business people, and our customers to think in smaller chunks of cohorts and to iterate much more quickly. They gave me a list the other day, they're like, "Hey, we think these people are going to churn, and it didn't come from our system." And I said, "Well, where did you get this?"

Fawzia:

[10:38] Where did you get it from?

DR:

[10:39] They're like, "We got it from another system. These are people who haven't topped up in more than seven days and we think they're going to churn."

Fawzia:

[10:45] But what was their previous behavior?

DR: [10:47] Yeah, let's look at the signal. But that's a one-size-fits-all approach, and I find that very common in telco. There are some people where you could send them a message after one day, another group after two. Some people need nine days.

Fawzia: [11:00] Absolutely.

DR: [11:01] It could be based on age. It could be sending an offer at different times, should you send them an email, should you send them an SMS, should you send them a voice call. So it's so amazing just all the flavors you can do this on and changing the expectation on the telco side that it's really about iterating even multiple times and trying different things and really changing the culture within the telco to experiment and be brave and trust that the AI and the machine learning actually works.

Fawzia: [11:27] Absolutely. I think we're in a good place. Probably we were there maybe three, four years ago. I think now we've understood that the best way to get the best outcome is to try with smaller cohorts, because, remember, if you're actually testing something, it could have a negative effect.

DR: [11:45] Yes, so you want to minimize.

Fawzia: [11:45] So if you're just blasting, yes, it could go positive, but it could go the opposite way. But even beyond that, it's taking time to understand the behavior of your customers, but now it's about automating the prompts that when this happens, then this is what you do because you have understood the behavior so that now someone doesn't have to do that manually.

DR: [12:04] Correct.

Fawzia: [12:04] We're excited about the journey that we are going to undertake. I think it'll be great for our customers because they have openly told us that they feel we treat them the same and we could do better in terms of understanding them. So how we will know we have succeeded is when customers say, "Finally, you have understood me."

DR: [12:23] Absolutely. And I think that's such a great insight, and it starts with the way you've begun in terms of looking at the customer holistically and not just as a number. But let's talk about the impact on the people within your organization. I love talking about HR, especially as it relates to change management

and the impact that change has on an organization. And so introducing this new technology and this new way of working, automated, using machine learning and AI can be threatening and scary to your employees. And so how have you been preparing your teams to embrace this change and excite them to contribute to this great idea?

Fawzia: [12:57] When you say that, in hindsight now I can relate with all the emotions that you were bringing about, and I'll tell you why. So in 2020, when we actually started the new vision to become a purpose-led technology company, we say technology companies do a couple of things very well. The first thing is they run their organizations on agile. So first we had to change our operating model. That was scary because everybody was a doer and you didn't have leaders who were just giving instructions, everybody was participating in understanding customer insights and being able to actually work through the rituals of agile to deliver results.

[13:33] And as we went through that, we established that for us to become a technology company, we had big gaps, like cybersecurity probably six years ago, we used to have it, but not to the level we have it now.

DR: [13:44] Correct.

Fawzia: [13:44] We needed many more software developers, needed people who were doing UI/UX. So we realized that there were skills we needed to bring in, but because we already have a very huge staff we said, "Hey, we can't just leave them behind. We need to upskill people."

DR: [13:59] Correct.

Fawzia: [13:59] So we started by saying, "These are the essential skills that will allow us to get there." This was in 2020. We had a learning hub, we were celebrating those who'd done some courses, and at that time it was just about getting people into a learning culture. In 2024, where we are now, we've just done our vision for 2030, we have established that AI is a mandatory skill for each and every employee. So all of us have to go through this course. It's an online course. It's very interactive, you have to do an exam, you have to pass above 80%, and there's a time limit to it. So the idea is get through the course, then each division has to implement an AI-enabled initiative

that will make a difference to the customer so that it's not just about learning it. It's about experimenting.

DR: [14:47] Yeah, exactly.

Fawzia: [14:48] So now we are calling it the two plus one, two essential skills for each division. So for my division, number one, AI key for everyone across the business. Number two, human-centered design. Because we now have to really think about customers when we are designing our journey. And then the plus one, they can decide for each of their teams which other area is important to you. I've seen some taking commercial management, I've seen some taking digital marketing. So you allow the teams to have one that is independent, one determined by the division, one determined at company level.

DR: [15:22] That's awesome.

Fawzia: [15:23] Let me tell you, it has created so much excitement. But what it is, it's about telling people. Number one, we believe in all of you having the ability to learn new skills. The world is changing, we need to pick new skills. The second thing is the company is committed to invest in reskilling you. And then thirdly, the company is willing to allow you to experiment as long as the outcome is to enhance the customer experience. So we believe these are going to help us prepare for that future where AI will become second nature. The other day we came from China and it's absolutely amazing what is happening in that country. Cars enabled by AI. I mean, everything. Everything.

DR: [16:05] Everything, it's the future.

Fawzia: [16:07] It's the future, yeah.

DR: [16:08] Well, I think what's so important about what you guys are doing with AI and with your people is that obviously building these skills internally it's going to help Safaricom and help the company advance and do better. But this is a skill that's valuable outside of the walls of Safaricom, you're actually helping your employees if they move on to other positions, it's literally helping them become better workers. And when you like, see the world changing, and AI is everywhere at every company, this helps everyone.



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Fawzia: [16:36] And I like what you've said, because the world is changing, we also have to prepare ourselves.

DR: [16:40] Absolutely.

Fawzia: [16:41] Because who knows what our organizations will be in 10 years. So if we have the right skills to survive in that future world, then that's great. So just to give you a score is that today 80% of all the employees in Safaricom have completed that AI course.

DR: [16:55] That's amazing. Great adoption and lots of energy.

Fawzia: [16:58] It's great.

DR: [16:59] Well, I watched a video about you and you talked about how you love shoes.

Fawzia: [17:03] Absolutely.

DR: [17:05] You said you believe shoes say a lot about a person, and I actually am a deep shoe lover, but I'm famous for wearing sneakers or trainers from a brand called Golden Goose. They're my signature shoe. I wear them on stage. And so what can you learn from people through their shoes?

Fawzia: [17:21] First, I have a weakness, and the way I reduce the guilt is for a couple of pairs of shoes, then I buy a book, then I don't feel so guilty.

DR: [17:30] Yeah, even it out.

Fawzia: [17:32] Yeah, absolutely. So I think for me, every time I meet someone, I don't know why I always tend to look at their shoes, but I feel like if you had a conversation about their shoes, you'd learn so much about them. So before, I used to be a bit judgey, but I guess as I've become older, it's deeper. Shoes demonstrate the journey you've been on, you can see the style of the person. You can see probably how their day is. There's the day for the heel, and sometimes the heel is actually a pick me up. But actually there's a day where the heel is about saying, "I'm celebrating myself today." So I feel like shoes can be a great opportunity to have a conversation and to understand where people are coming from. I remember your shoe, you wore sneakers during the day, but in the evening you had a nice heel.

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DR: [18:20] Yes, a little sandal.

Fawzia: [18:23] Yeah, absolutely.

DR: [18:23] I was wondering if you would remember my shoes.

Fawzia: [18:24] I remember.

DR: [18:25] Thank you so much. Well, Fawzia, this was a great conversation about the wonderful things you guys are doing not only at Safaricom, with M-PESA and your machine learning project but also supporting your employees with this massive change of AI. And I wish you the best of luck, and I hope to see you soon.

Fawzia: [18:41] Thank you so much, and thank you for the amazing work that you do. Let's continue to lift women so that they're not left behind by technology. We believe that technology is such an equalizer.

DR: [18:51] Absolutely.

Fawzia: [18:52] Thank you for the opportunity.

DR: [18:53] Thank you so much. Stick around because we're ending each podcast with a "Telco in 20" takeaway. I have 20 seconds to tell you something you need to know. Fawzia and I agree that the best way to get started with AI-driven hyper-personalization is to start small. Take a cohort of customers, try something new, and iterate quickly based on the results. By rolling out to small groups first, you can refine your strategy and minimize risk, and start piling up tons of new ideas based on your cohort's behaviors. One thing to watch out for, I've seen firsthand that starting small can be hard for telcos. You're used to blasting out ideas to everyone. Breaking that behavior requires a shift in mindset. You need to ditch one-size-fits-all thinking and trust that AI machine learning really works. At Totogi, we're all about helping you make this transition.

[19:46] Our AI-powered solutions can help your team generate hyper-personalized plans, identify new revenue streams, pull insights from your data, and more. But you have got to let us experiment rapidly with small groups as we test the ML model, refine, and iterate, so we can get outstanding results. Want to see Totogi in action? Send me a DM on LinkedIn or X, @TelcoDR

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so we can set up a time to talk. In the meantime, tune into more “Telco in 20” episodes, like and follow, and leave us a five-star review. Don't forget to sign up for my awesome and totally free email newsletter on [TelcoDR.com](https://TelcoDR.com), and check out our amazing YouTube channel. Later, nerds.