

Visa brings virtual cards to M-Pesa users to capitalize on Africa's payment digitization

Article

The news: Visa partnered with Kenya-based mobile money platform **M-Pesa** (owned by telecom giant **Safaricom**) to launch the M-Pesa GlobalPay virtual Visa card, per TechCrunch.

The virtual card will let users make payments across Visa's global network with the M-Pesa app or the USSD mobile payment method.

What is M-Pesa? M-Pesa is a mobile money platform that offers digital payment services through a user's SIM card. M-Pesa is similar to peer-to-peer payment platforms in that it also lets users send, receive, and hold money in their accounts. However, M-Pesa transactions are sent via SMS messages and no bank account is required to use the service.

Since its 2007 launch, M-Pesa has amassed 51 million users, 30 million of which are in Kenya alone. The system has been quite successful for Safaricom and has become the telecom's biggest revenue source. M-Pesa's revenue increased nearly 40% annually, hitting \$927 million in the year that ended March 2022, per TechCrunch.

Why it's worth watching: Digital payments are quickly replacing cash in Africa—making the region an attractive destination for digital payment powerhouses like Visa.

Cash use in the Middle East and Africa slid 16.3% annually in 2021 and is expected to decline nearly 30% between 2021 and 2025, [according to](#) FIS. This trend may be why global payment players are ramping up their presence in the region:

- In April, Visa [opened](#) an innovation hub, aimed at helping develop digital payment and commerce tools tailored to the region.
- And just last week **Mastercard** [signed](#) deals with payments fintech **Sokin** and issuer-processor **i2c** to expand its presence in the Middle East and Africa.

The opportunity: Here's how the tie-up can help fuel growth for Visa and M-Pesa:

- **Visa can use M-Pesa to deepen its ties in Africa.** M-Pesa is one of the most popular mobile money providers in Africa, which accounts for 70% of the global \$1 trillion mobile money market, per data from GSMA [cited](#) by Quartz. Working with M-Pesa lets Visa capitalize on Africa's growing digitization by raking in volume from the mobile money system.
- **M-Pesa can broaden its acceptance network with Visa.** The partnership will let M-Pesa users make digital payments across Visa's network of over 100 million merchants. Previously, M-Pesa users were confined to transacting within the system's network of 400,000 merchants. M-Pesa's tie-up with Visa can increase the system's utility by giving users a wider purchasing network, which also helps boost the system's revenue potential.

Since card tech infrastructure is still developing across Africa, Visa and M-Pesa must continue their development efforts for their virtual card solution to see long-term growth.

