Where did all the payphones go? Intermediaries, innovation and insecurity in the mobile phone industry

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The delivery of payphone services by micro-entrepreneurs using mobile phones has been celebrated widely as one of the more successful and innovative deployments of ICTs for development. Starting with the Grameen Village Phone project, mobile payphones have indeed made income generation and access to telephony a reality for poor people in several developing countries. Some issues were however overlooked in the celebration of mobile payphones – especially the rapidly changing nature of the mobile phone industry, and the goals and aspirations of individuals with regards to mobile phone ownership.

Over time, with advancements in technology, new forms of delivery have become available that enable even lower-cost and more convenient access to telephones for people with limited income. Mobile payphone operators are feeling the pinch, as their patrons turn to these emerging delivery options such as micro electronic airtime transfers. While mobile payphones continue to provide a source of income for some operators, for several others, the golden age of mobile payphones is coming to an end.

This paper compares the evolution of mobile payphone systems in three African countries (Uganda, South Africa and Ghana) and discusses how technological innovations emerging from advanced countries deliver industry shocks to which micro-entrepreneurial payphone operators are particularly vulnerable. This potential for continuous creative destruction has serious implications for ICT for development strategies that seek to, or are considering the deployment of mobile payphones as an income-generating resource for the poor.