

# **Digital Financial Services Workshop**

**Maximising the Uptake of Digital Financial Services through Understanding Consumer Perspectives**

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**Modupe Ladipo**  
**Chief Executive Officer, EFInA**

- A. About EFInA
- B. About the EFInA Mobile Money & E-payments Survey
- C. Key Findings
  - Customers
  - Mobile Money Agents and Merchants
- D. Summary & Recommendations

## **A. About EFInA**

## About EFInA

- Financial sector development organisation promoting financial inclusion in Nigeria
- Funded by DFID and Bill & Melinda Gates Foundation

### Vision

**“Leader in facilitating an all-inclusive and growth-promoting financial system”**

### Pillars

- Research
- Innovation
- Advocacy

### How We Work



EFInA's Virtuous Circle

## **B. About the Mobile Money & E-payments Survey**

## About the Survey

### Sample

- 1,535 customers and 428 mobile money agents and merchants

### Locations

- Cash-less phase II states - Abia, Anambra, Kano, Ogun, Rivers and FCT

### Objectives

- Assess the awareness, uptake and usage of mobile money and other e-payment instruments
- Understand what dissuades consumers, mobile money users and merchants from using mobile money and other e-payment instruments
- Identify the factors that would encourage consumers, mobile money users and merchants from using mobile money and other e-payment instruments

### Methodology

#### Qualitative

- **22** Focus Group Discussions with customers in the six locations
- **70** In-depth Interviews with registered mobile money agents and merchants (who own and use POS machines) in the six locations

#### Quantitative

- Questionnaires were administered to 1,535 customers and 428 mobile money agents and merchants
- The questionnaire was translated into and administered in English, Hausa, Yoruba, Igbo and Pidgin English
- Fieldwork was conducted in October 2013 by NOI Polls

## **C. Key Findings**

# Customers

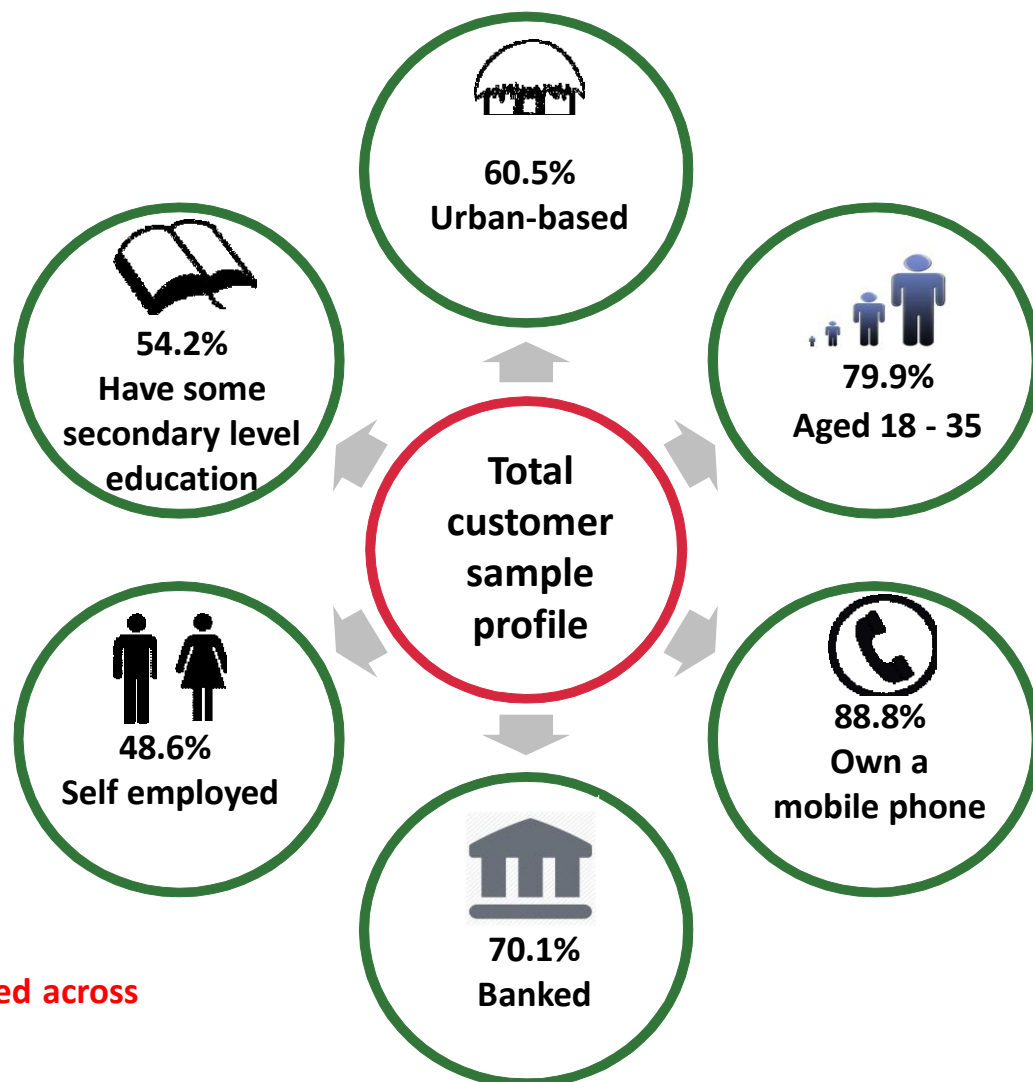
All the analysis in this section refers to customers that are aged 18 and over.



## Demographic Profile

The profile of customers interviewed were as follows:

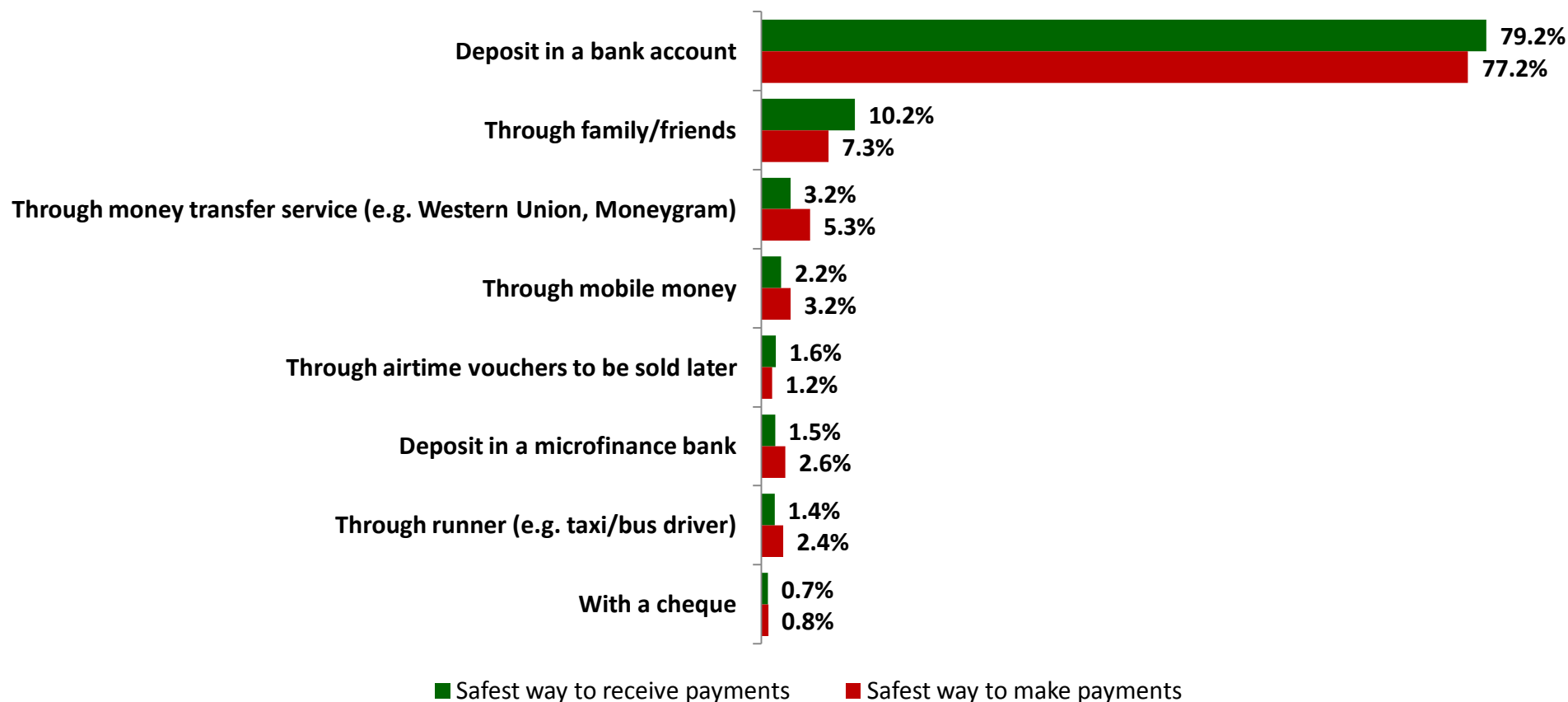
- 61.4% were men
- 60.5% were based in urban areas
- 54.2% had some form of secondary school level education
- 48.6% were self-employed
- 43.2% earned up to N20,000 (\$125) per month
- 4.0 % had no income



**The number of customers interviewed was equally distributed across the 6 locations**

# Perceptions About the Safest Way to Receive/Make Payments Within Nigeria

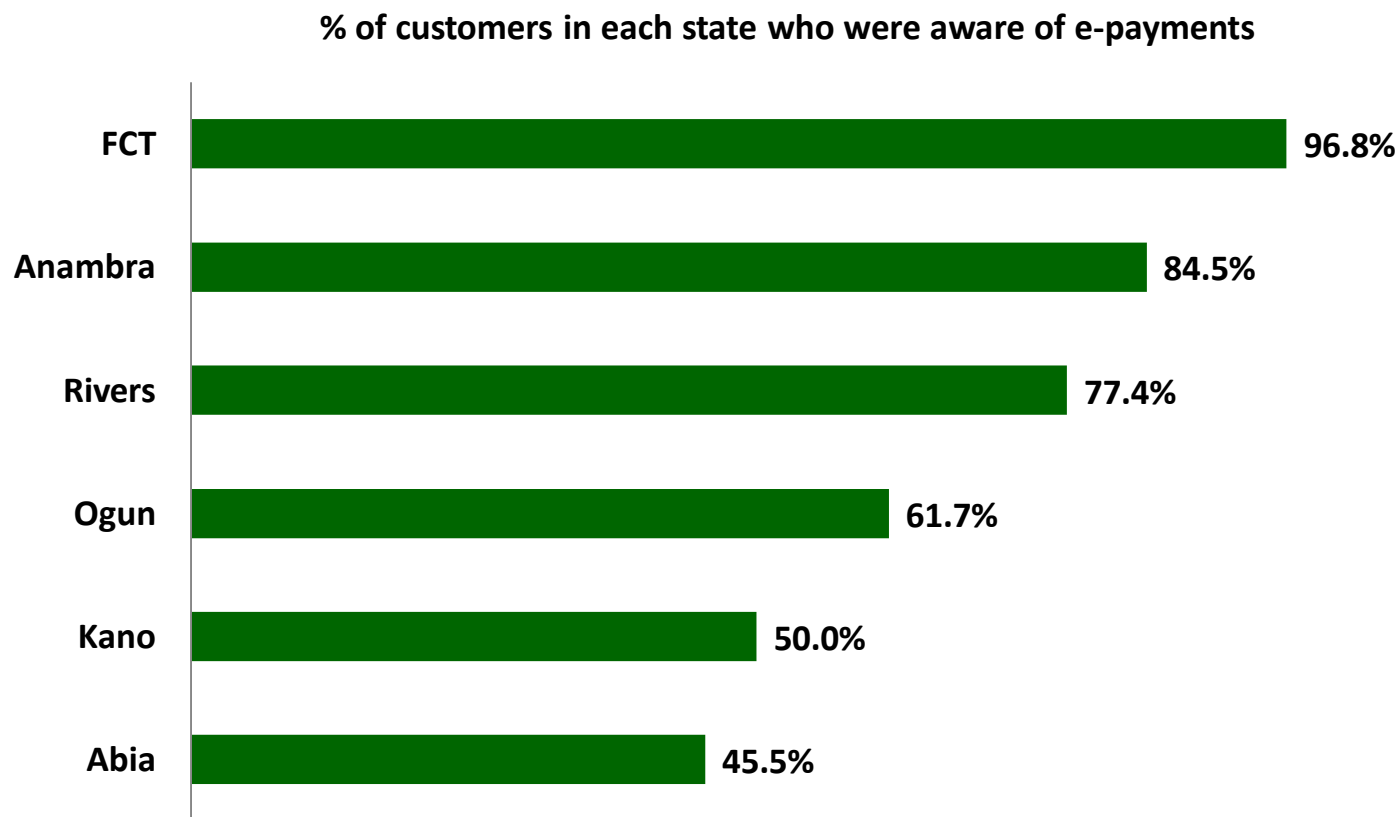
- Majority of customers stated that the safest way to receive/make payments within Nigeria was through a deposit money bank



# E-Payments

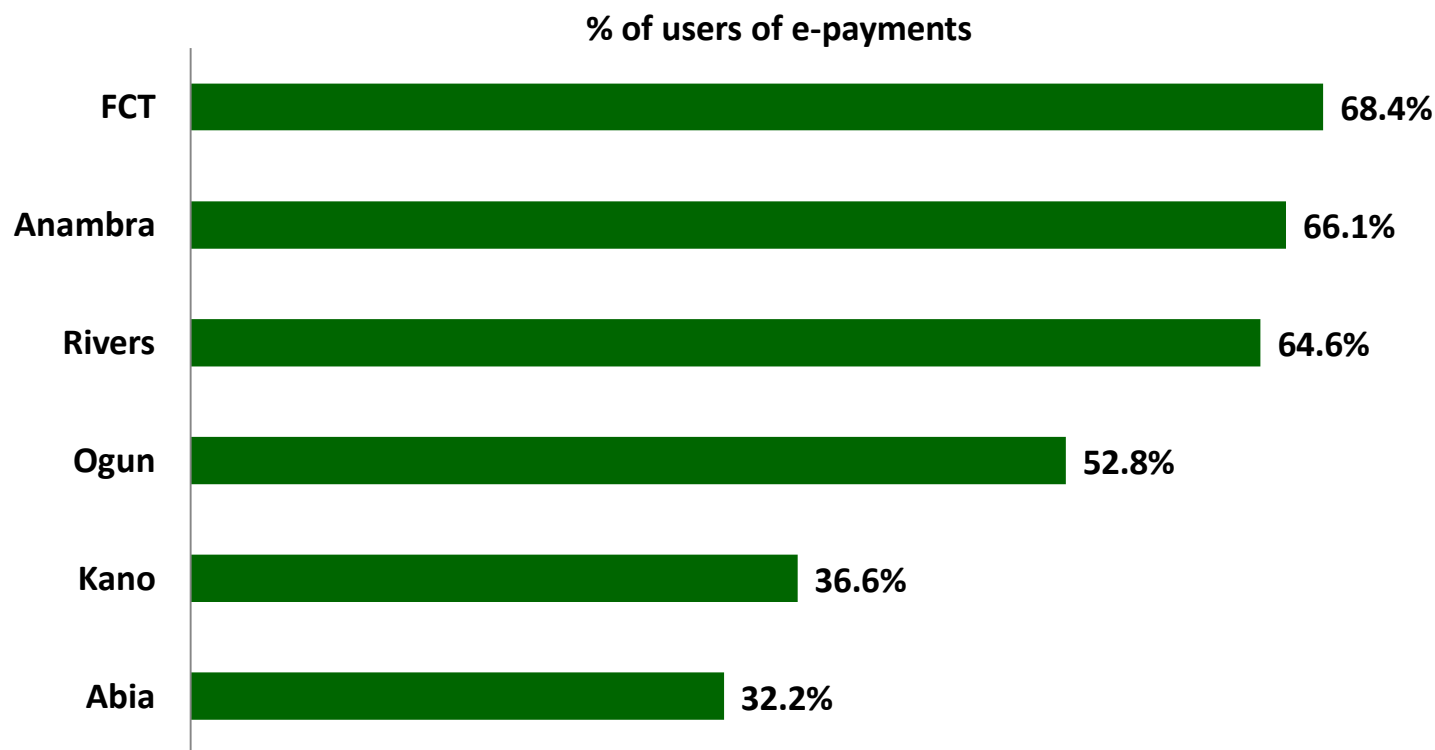
## Level of Awareness of E-payments by State

- Customers in Abia state had the lowest level of awareness of electronic payment instruments



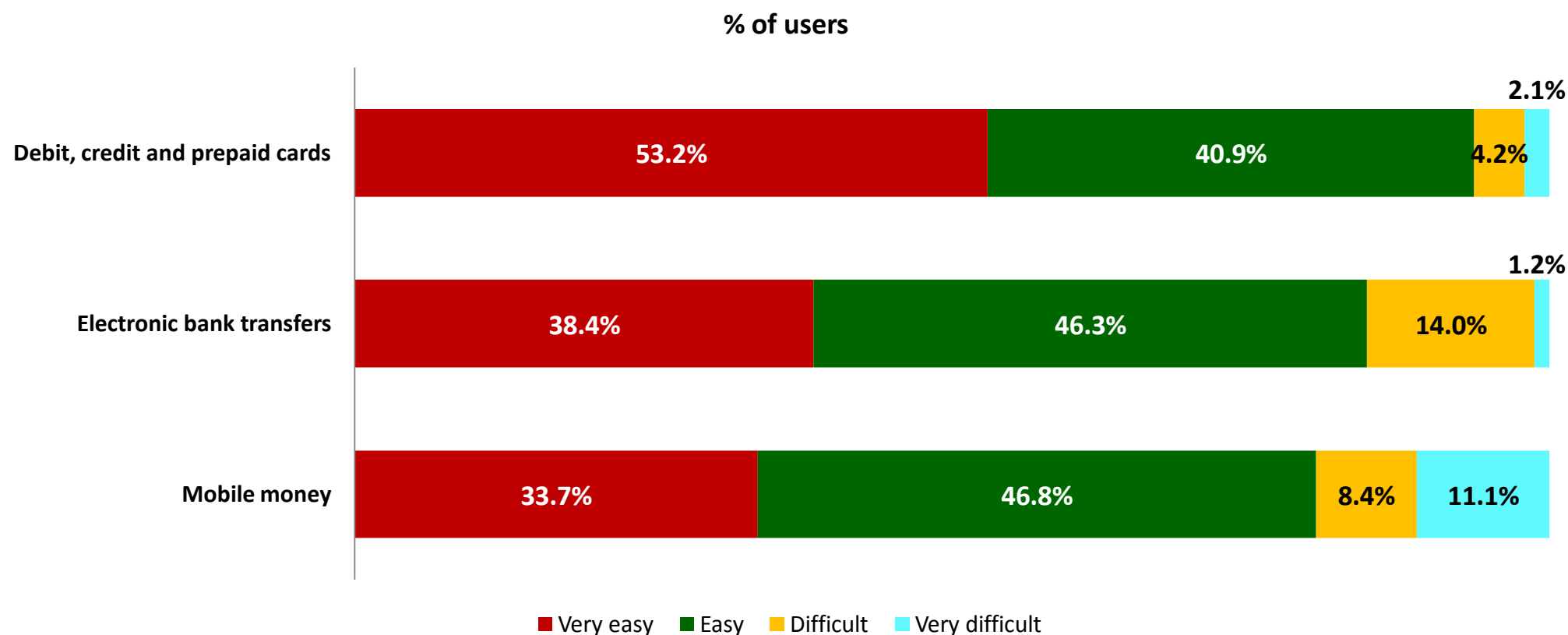
## Usage of E-payments by State

- FCT had the highest percentage of electronic payment users
- Cards were the most frequently used electronic payment instrument across all the states
- Kano had the highest percentage of customers who used mobile money and electronic bank transfers



# Ease of Using E-payments

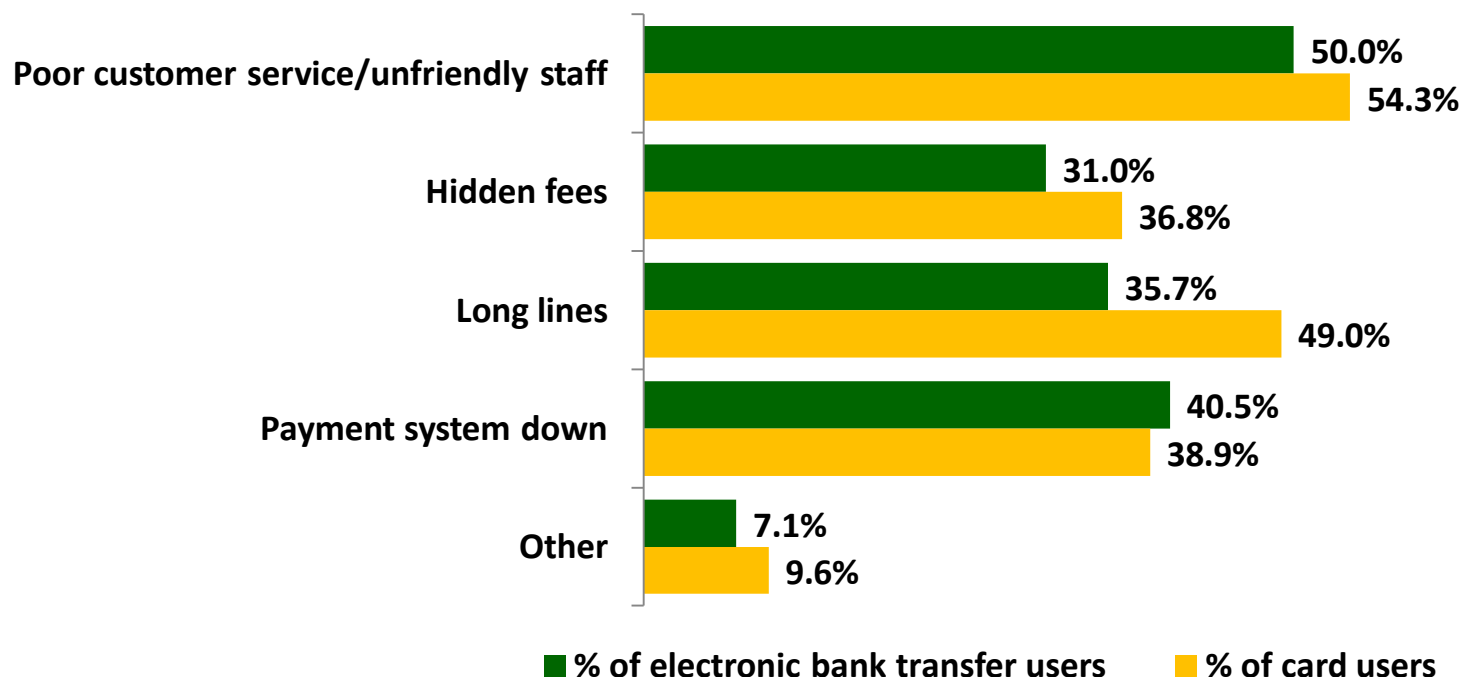
- 53.2% of card users found cards very easy to use, versus 33.7% of mobile money users who found mobile money very easy to use



## Challenges Faced by E-payment Users

- The top three challenges faced by electronic bank transfer users were poor customer service/unfriendly staff; system downtime; and long queues
- The top three challenges faced by card users were poor customer service/unfriendly staff; long queues; and system downtime

Types of challenges faced by e-payment users



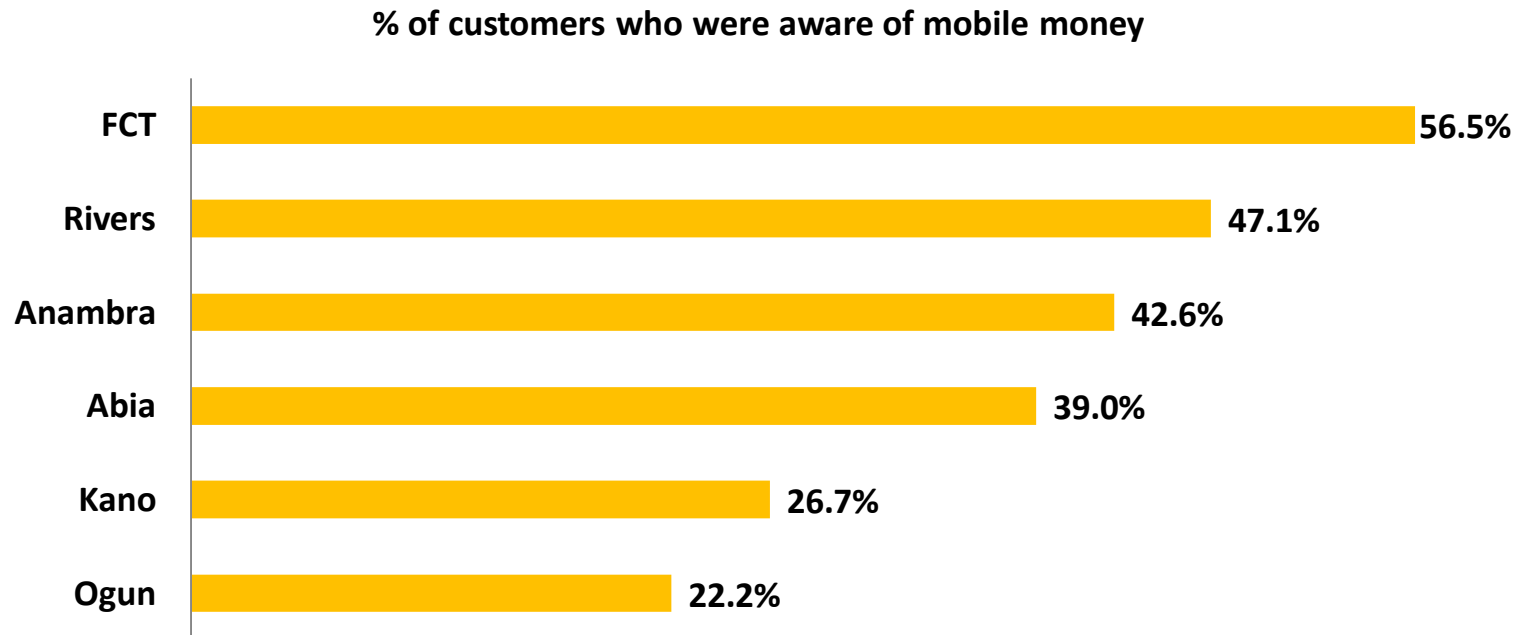
*"It is unreliable because you can move out without money with the hopes that you will withdraw cash with your ATM card; unfortunately, the network might fail you, thereby leaving you stranded." - Urban, 18-35 years, Kano state*

# Mobile Money



## Awareness of Mobile Money by State

- When asked within the context of electronic payment instruments, only 21.3% of respondents were able to mention mobile money as an electronic payment instrument
- However, when asked directly if they were aware of mobile money, more respondents, 39.2%, stated they had heard about mobile money
- FCT had the highest percentage of respondents who were aware of mobile money

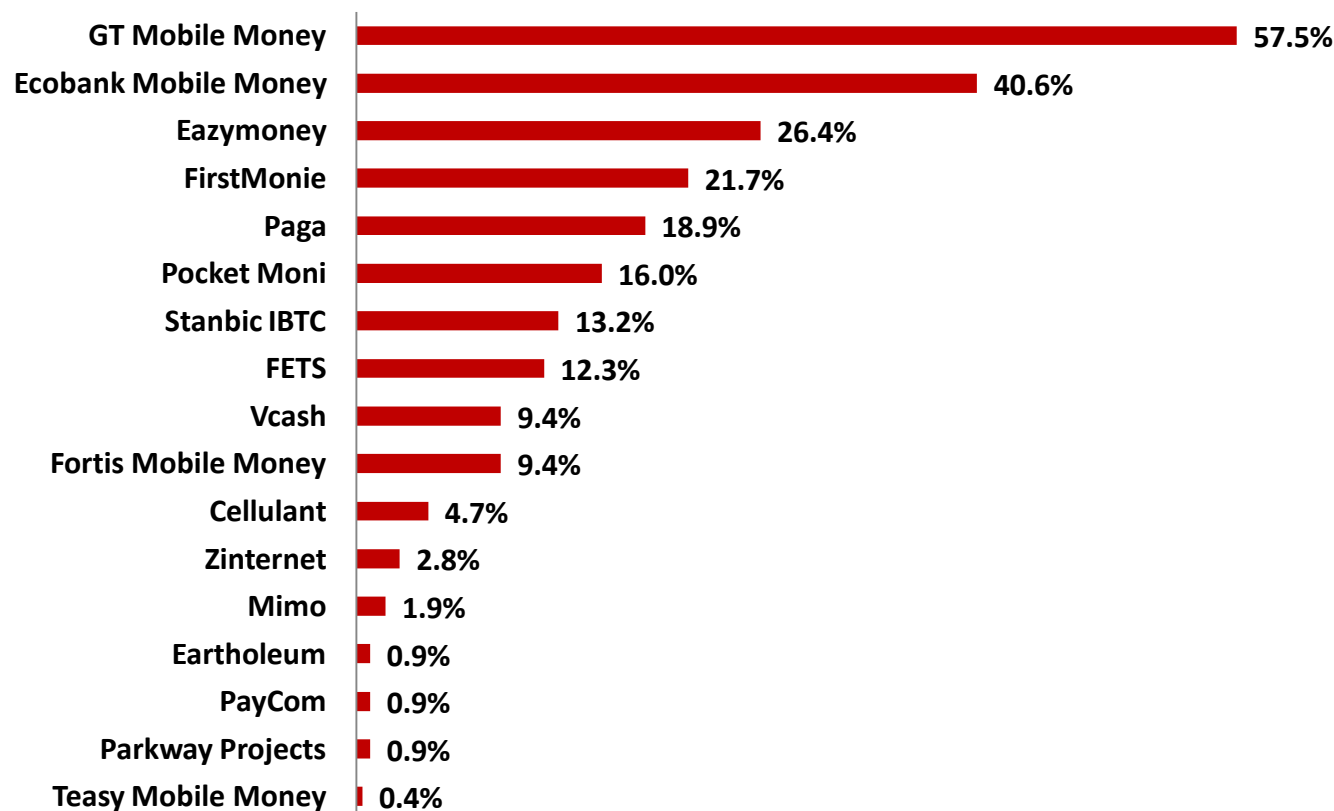


# Knowledge of Mobile Money Operators (MMOs)

Of those who said they were aware of mobile money:

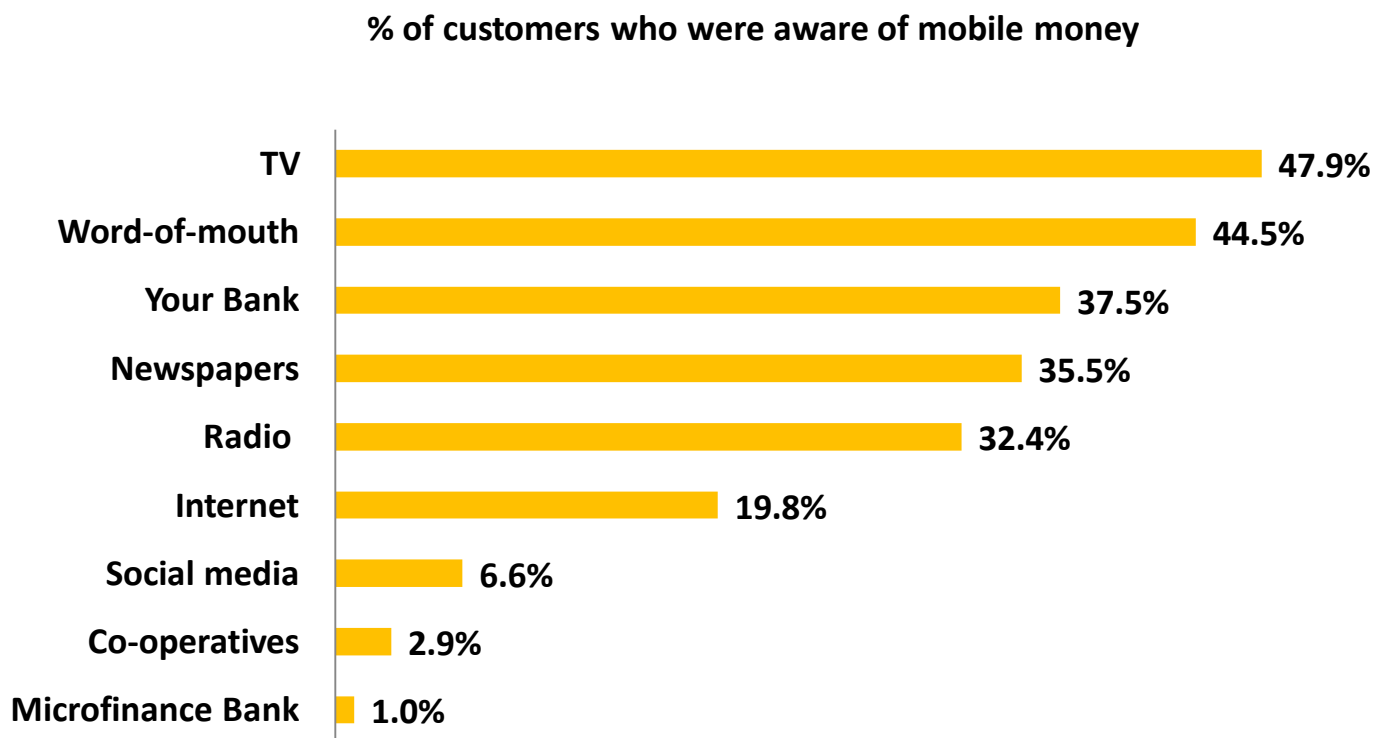
- Only 20.0% of them could name a mobile money operator
- GT Mobile Money had the highest mention

**% of customers who were aware of mobile money and MMOs**



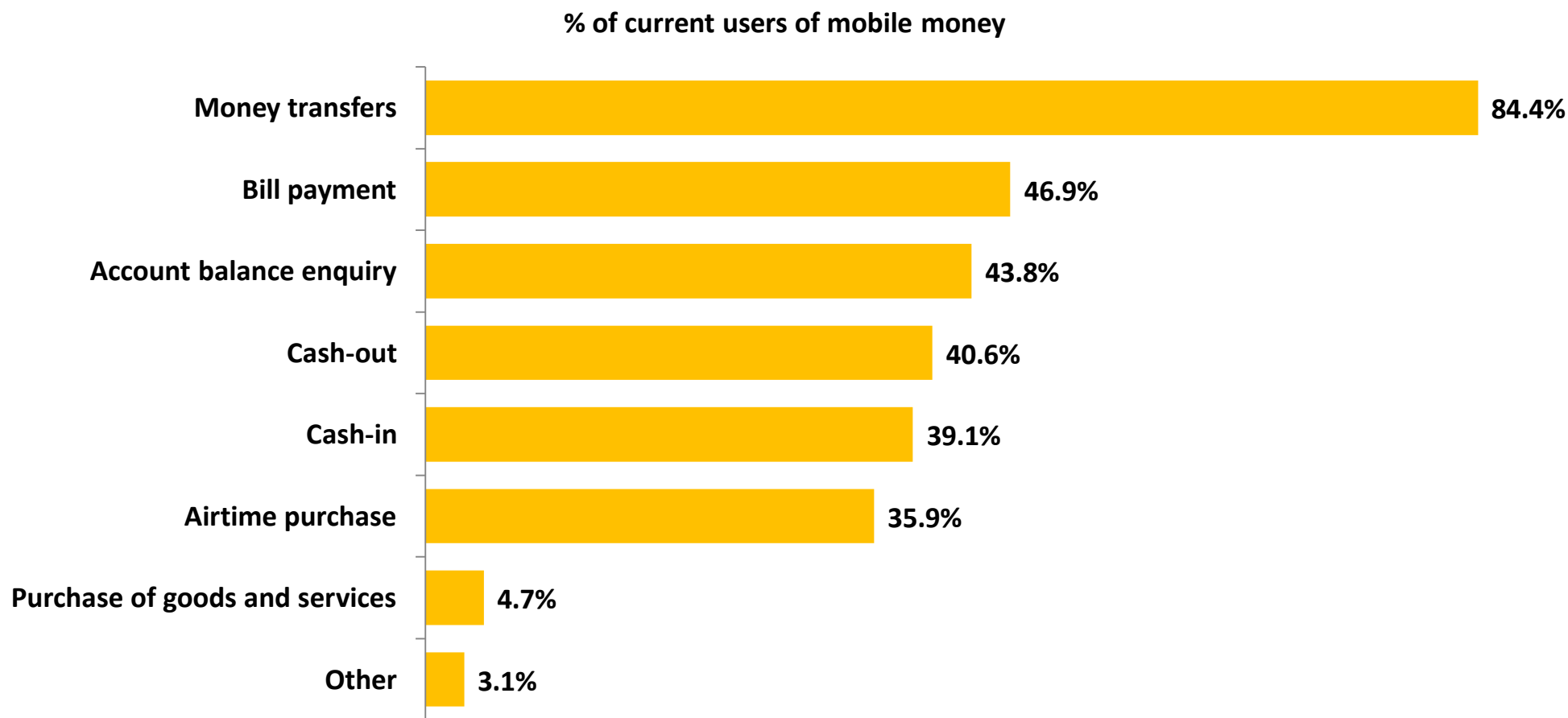
# Sources of Information about Mobile Money

- 47.9% of the respondents who stated that they were aware of mobile money heard about mobile money from TV



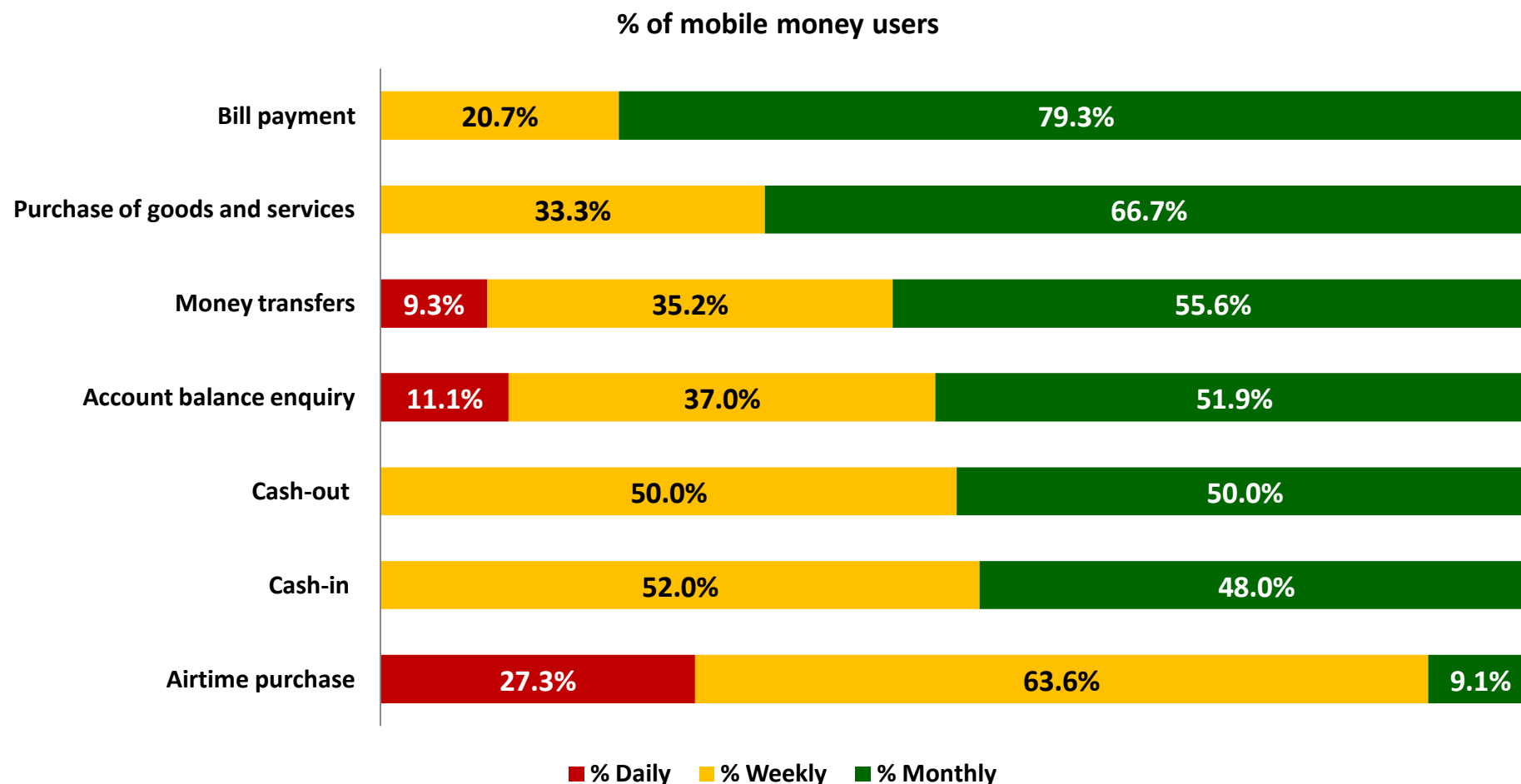
# Usage of Mobile Money

- Only 4.4% of respondents said they currently use mobile money
- Mobile money is most often used for money transfers



# Frequency of Conducting Mobile Money Transactions

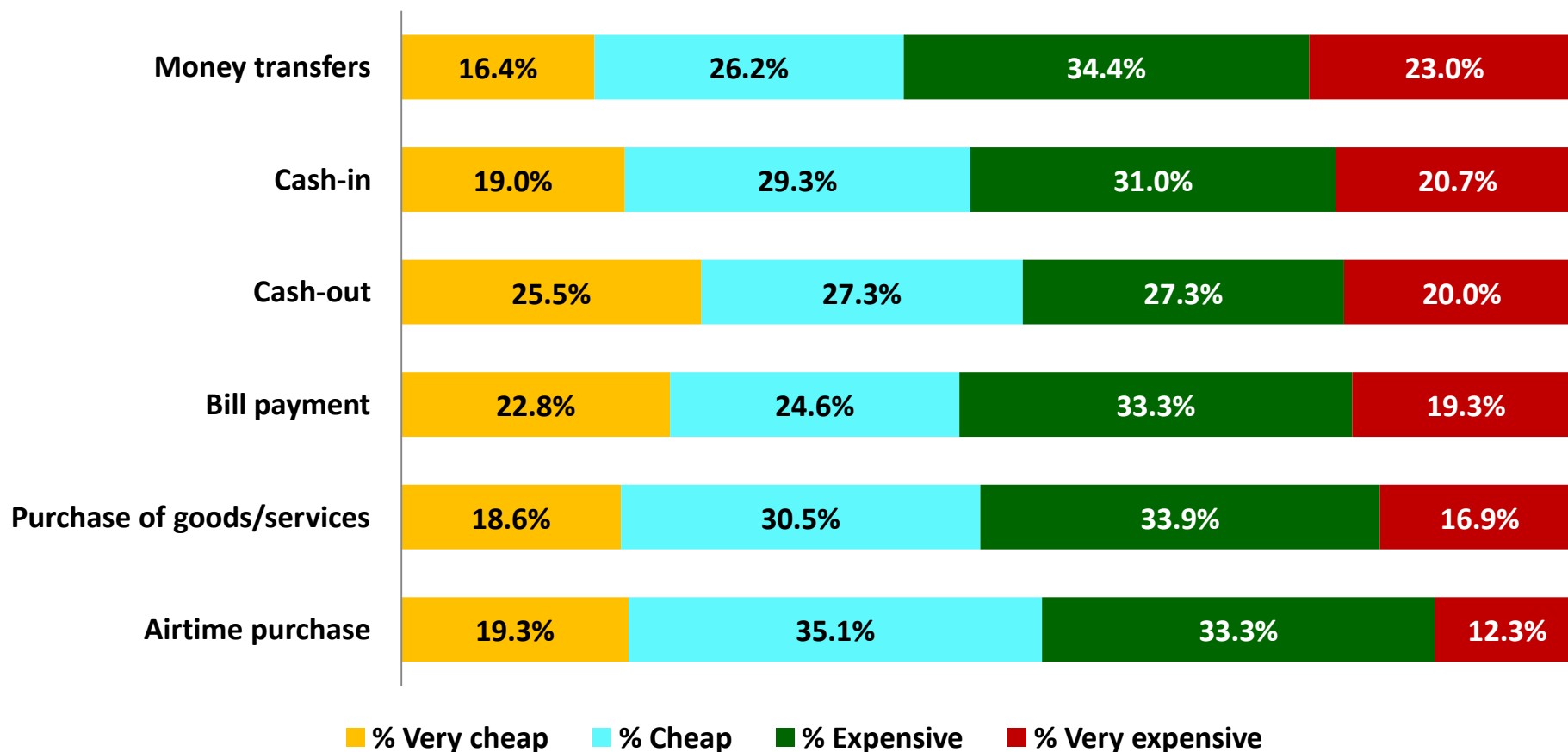
- Most mobile money transactions were conducted monthly, with the exception of airtime purchase which was mainly conducted weekly



# Perceptions of the Costs of Mobile Money Transactions

- 25.5% of mobile money users stated that cash-out was very cheap
- 23.0% of mobile money users stated that money transfers was very expensive

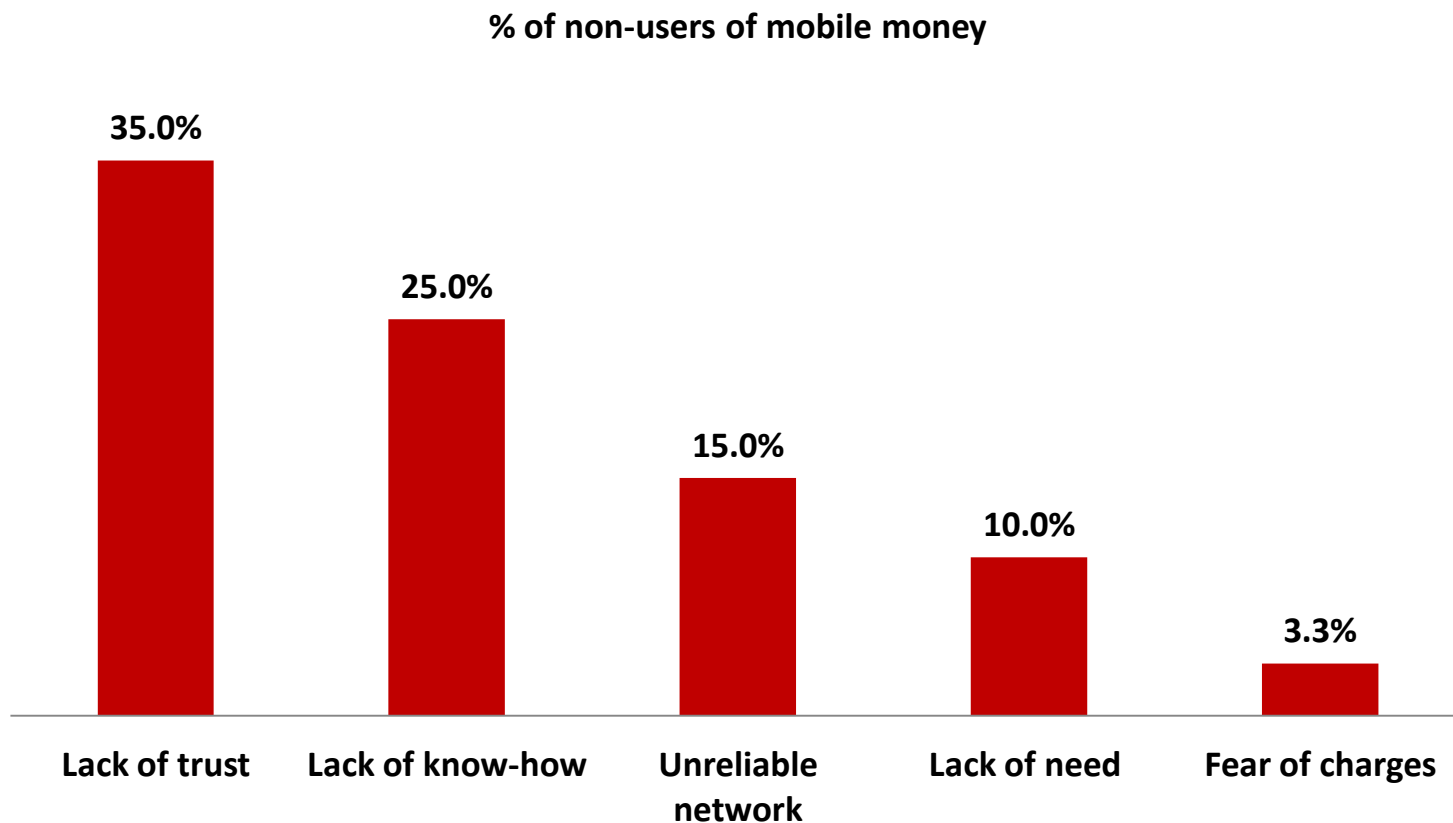
% of mobile money users



# Non-Users

## Reasons for Not Using Mobile Money

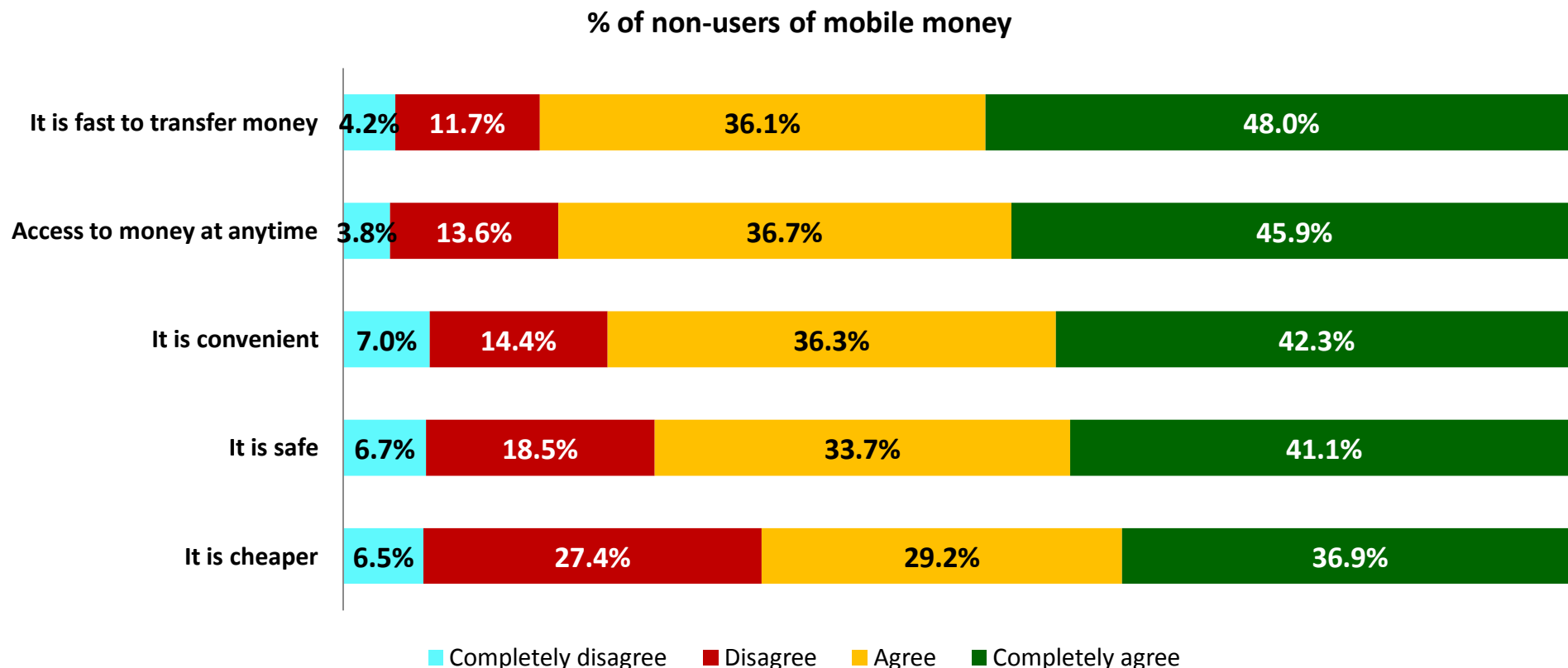
- 35.0% of non-users of mobile money said they were not interested due to a lack of trust in mobile money services





# Perceived Benefits of Mobile Money

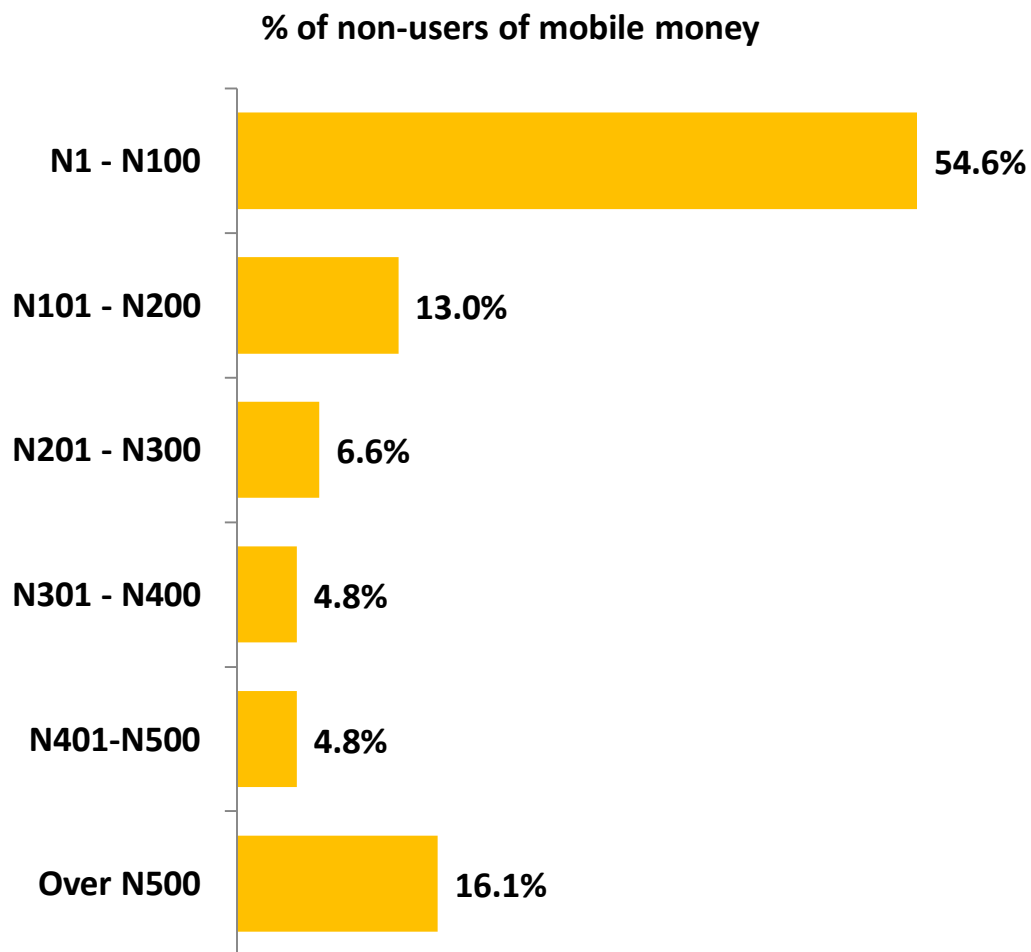
- The greatest perceived benefit of mobile money amongst non-users is that it is quick to transfer money



*“Mobile money will be beneficial to the villagers and the urban dwellers; in the sense that it will save transportation cost since one just needs code and the mobile money agent to cash their money.” – Urban, 35-60 years, Rivers state*

# Maximum Amount Non-Users are Willing to Pay for Money Transfers

- 54.6% of non-users stated that the maximum amount that they were willing to pay to transfer money to a friend/family member was between N1 and N100

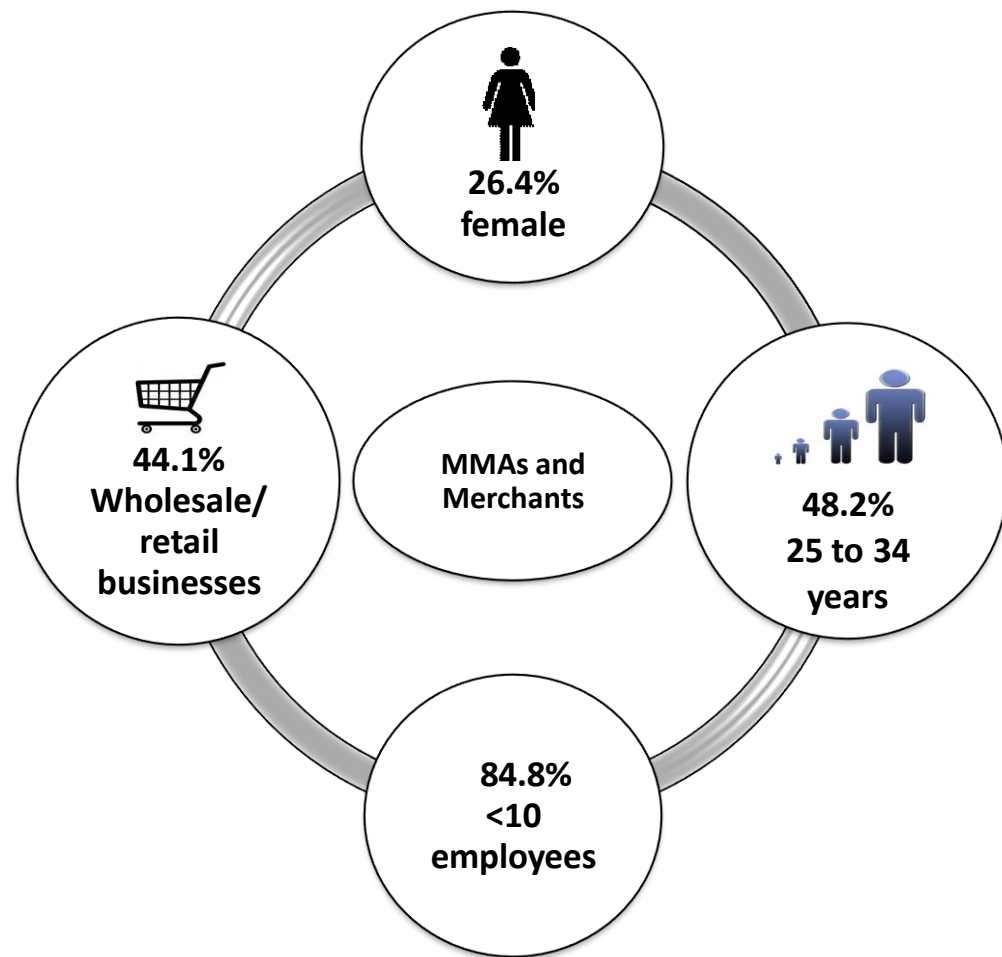


## **Mobile Money Agents & Merchants**

In this analysis, a mobile money agent is a person or business registered by a mobile money operator; and a merchant is a retailer who is a customer of a deposit money bank and has been enabled to use a PoS machine.

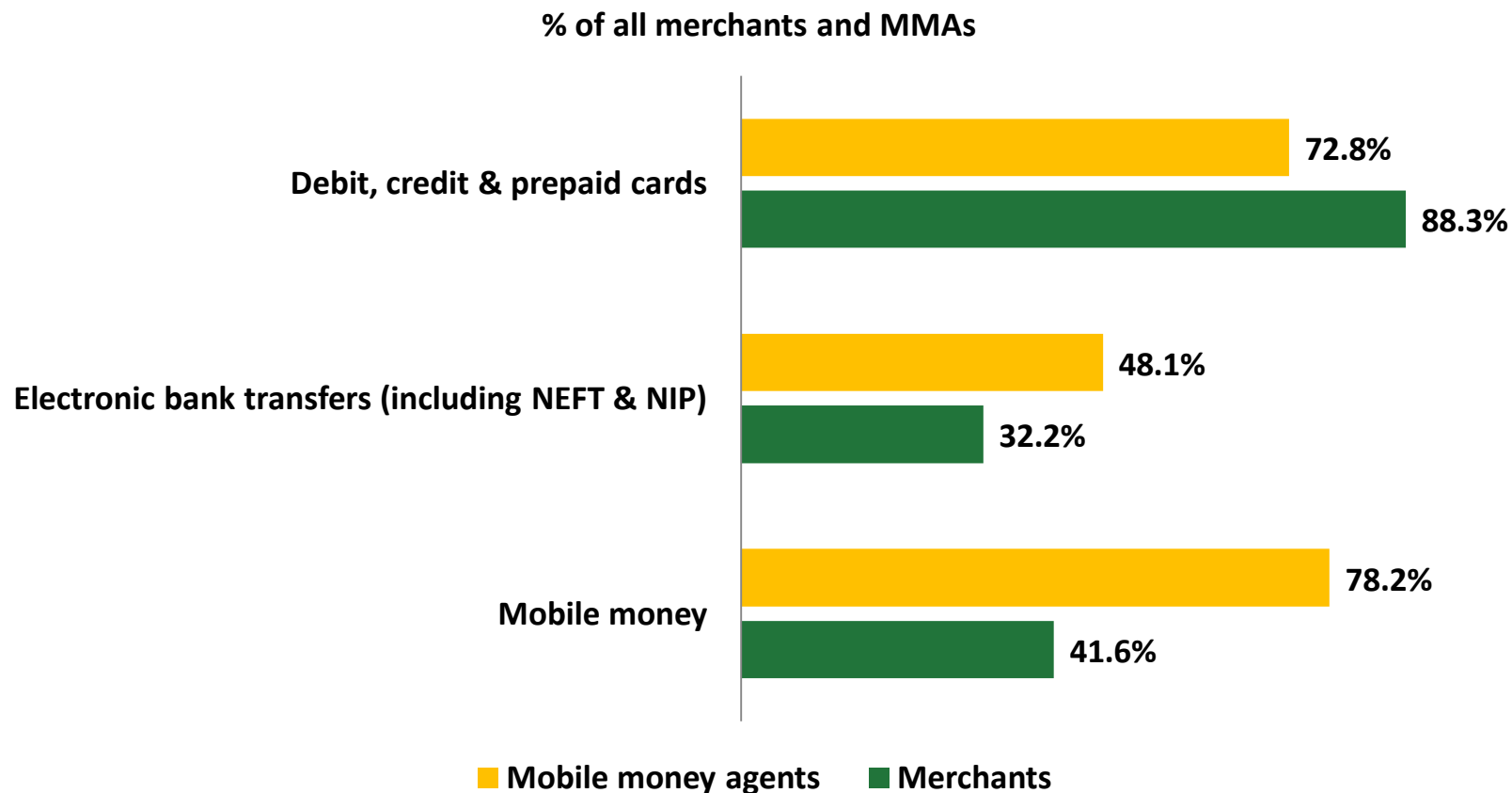
# Summary of Demographic Profile of Mobile Money Agents (MMAs) & Merchants

- 207 mobile money agents and 221 merchants were interviewed for this study
- All respondents were based in urban areas
- 73.6% of MMAs and merchants interviewed were male, while 26.4% were female
- Almost half of the MMAs and merchants interviewed were aged between 25 to 34 years
- 52.6% of businesses had been operating for a maximum of 5 years
- The main business sector of operations were wholesale/retail (44.1%), ICT (26.5%) and hospitality (6.0%)
- 84.8% of MMAs and merchants interviewed had fewer than 10 employees working for them



## Awareness of E-payment Instruments

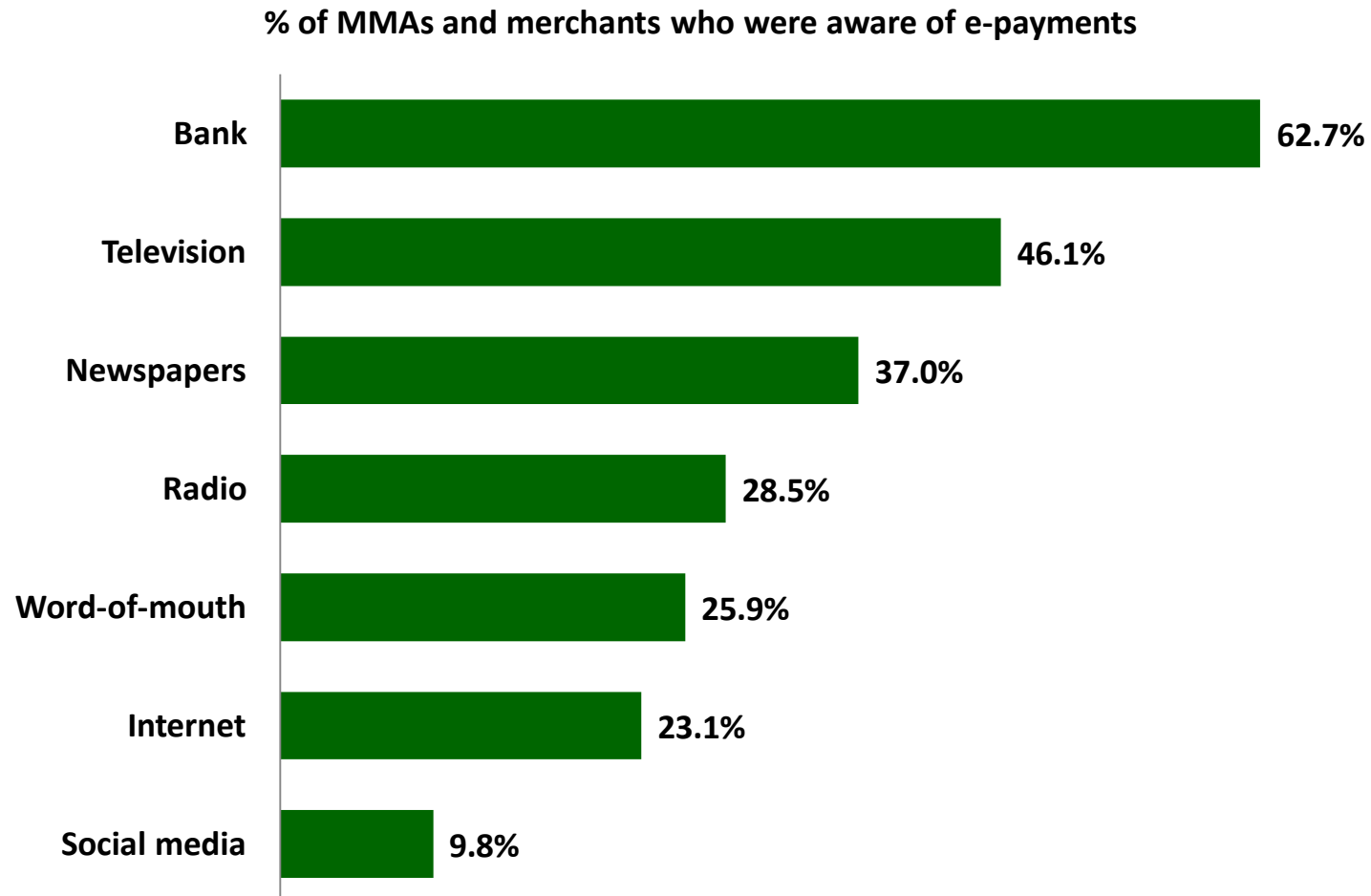
- 72.8% of mobile money agents versus 88.3% of merchants interviewed were aware of cards
- Mobile money agents were more aware of electronic bank transfers and mobile money than merchants



**86.6% of MMAs and merchants interviewed think that they have an important role to play in driving adoption of the cash-less Policy and electronic payment instruments**

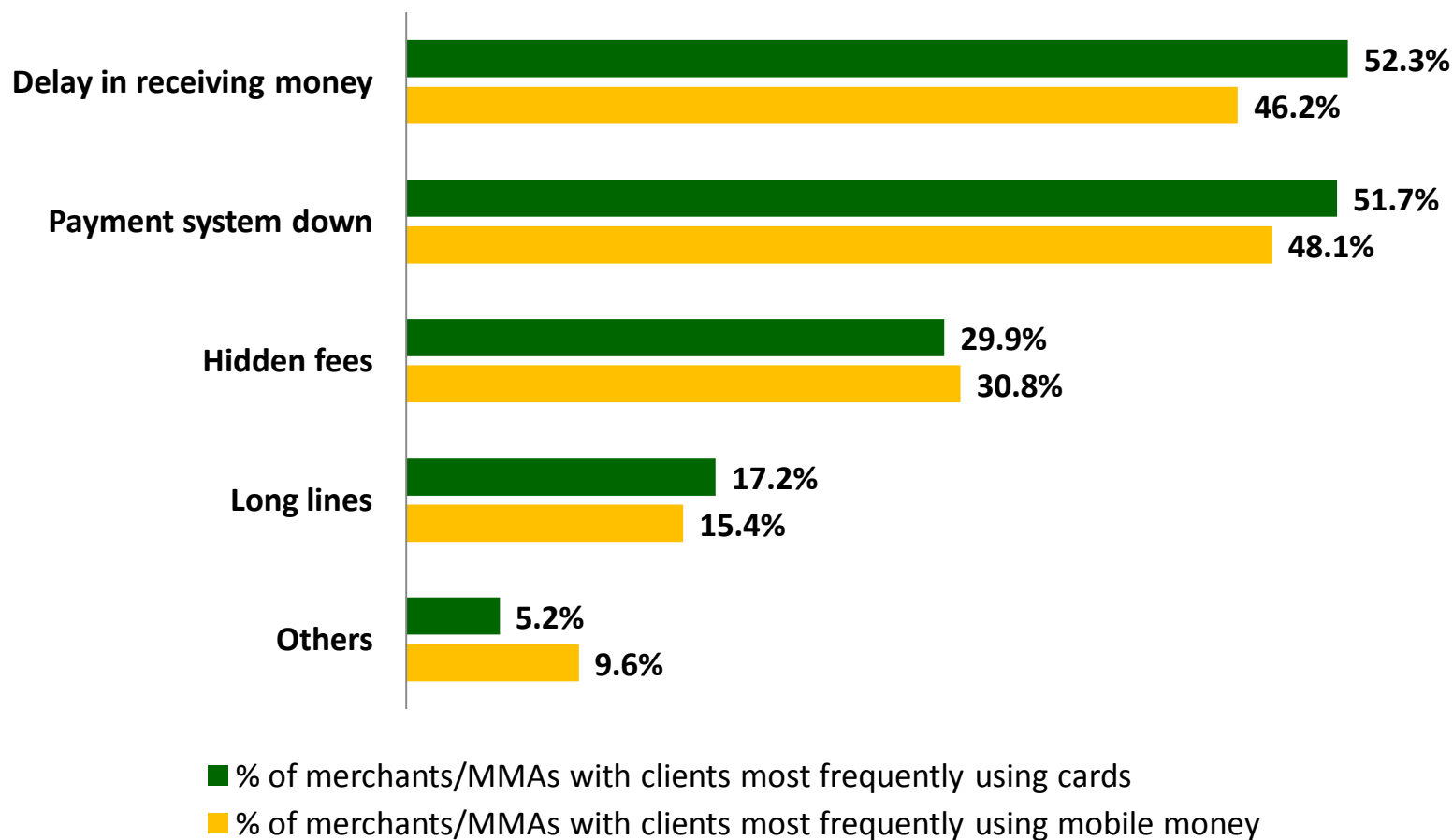
## Sources of Information about E-payments

- 62.7% of mobile money agents and merchants got their information about e-payment instruments from their bank



## Challenges Faced Using E-payment Methods

- The top three challenges faced by MMAs and merchants when their customers made payments using cards and mobile money were delay in receiving money, system downtime, and hidden fees



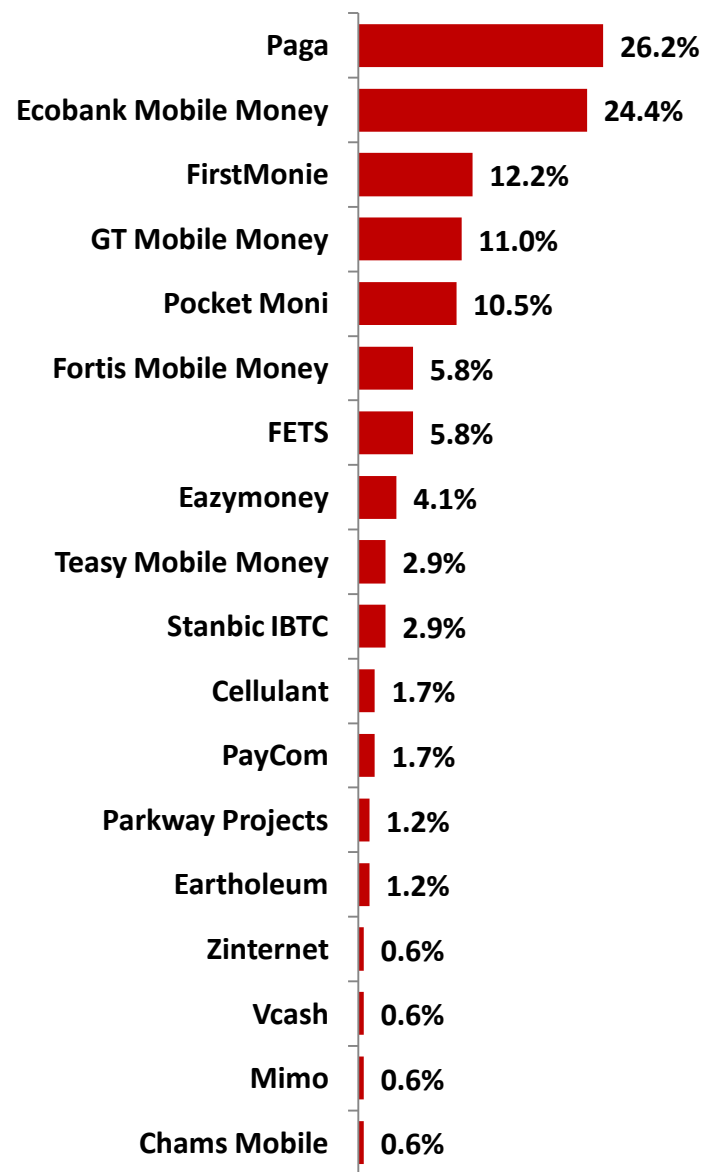
# Mobile Money Agents



# Which MMOs Do They Act as Agents For?

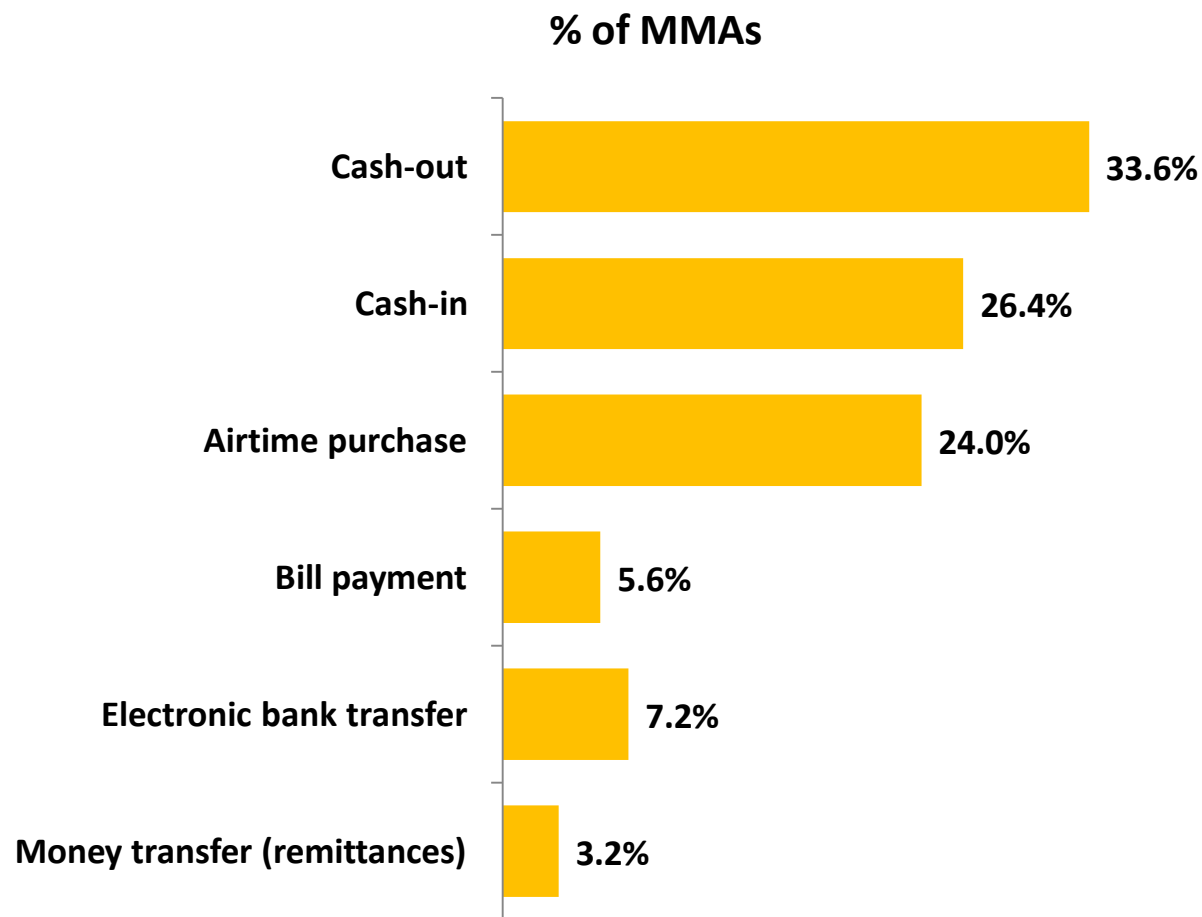
- 26.2% of the MMAs interviewed were agents of Paga

Which of the following MMOs are you an agent for?

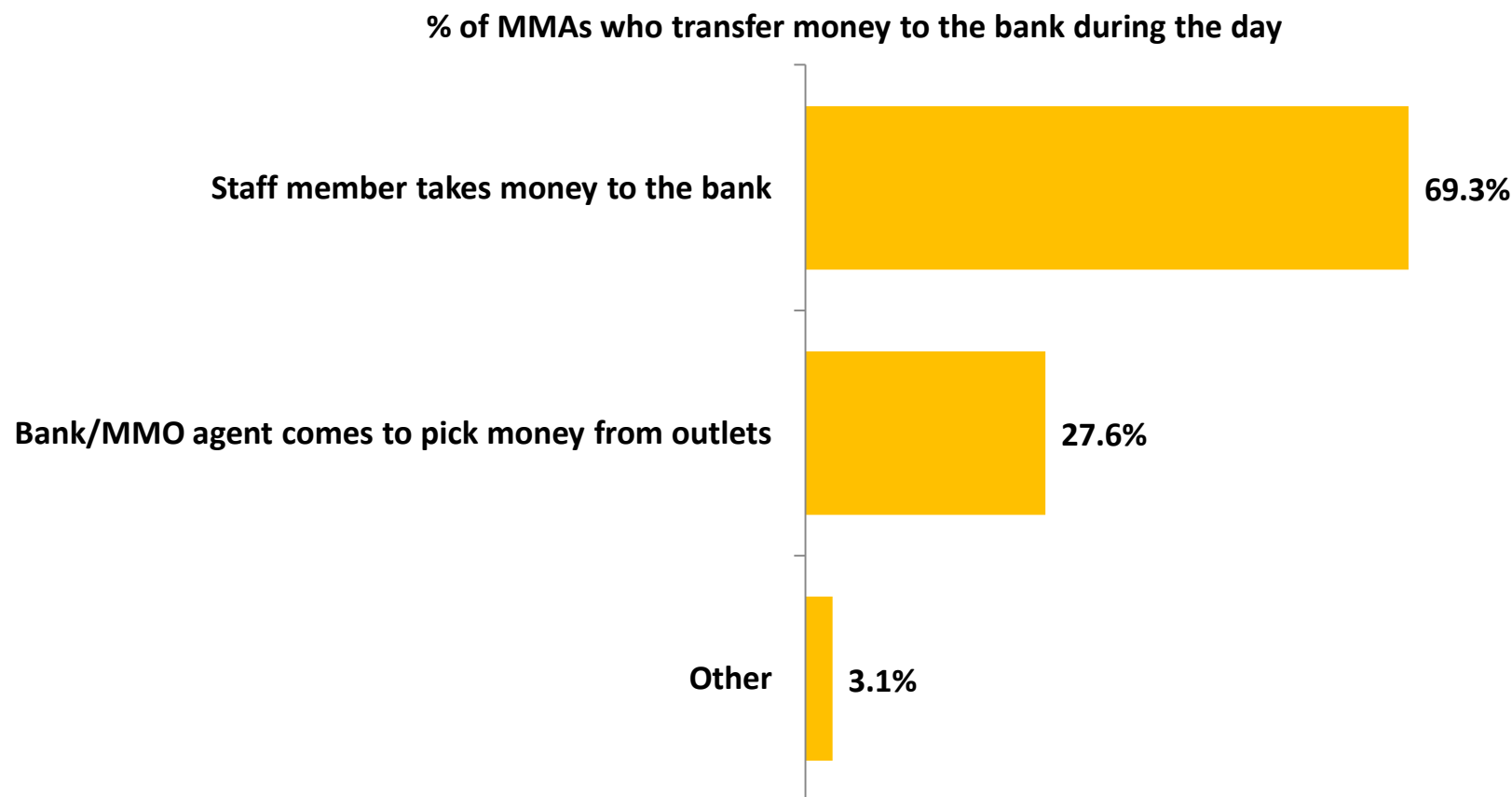


## Types of Transactions Conducted Most Often by MMAs

- 33.6% of the MMAs interviewed stated that the transaction they conducted most often was cash-out

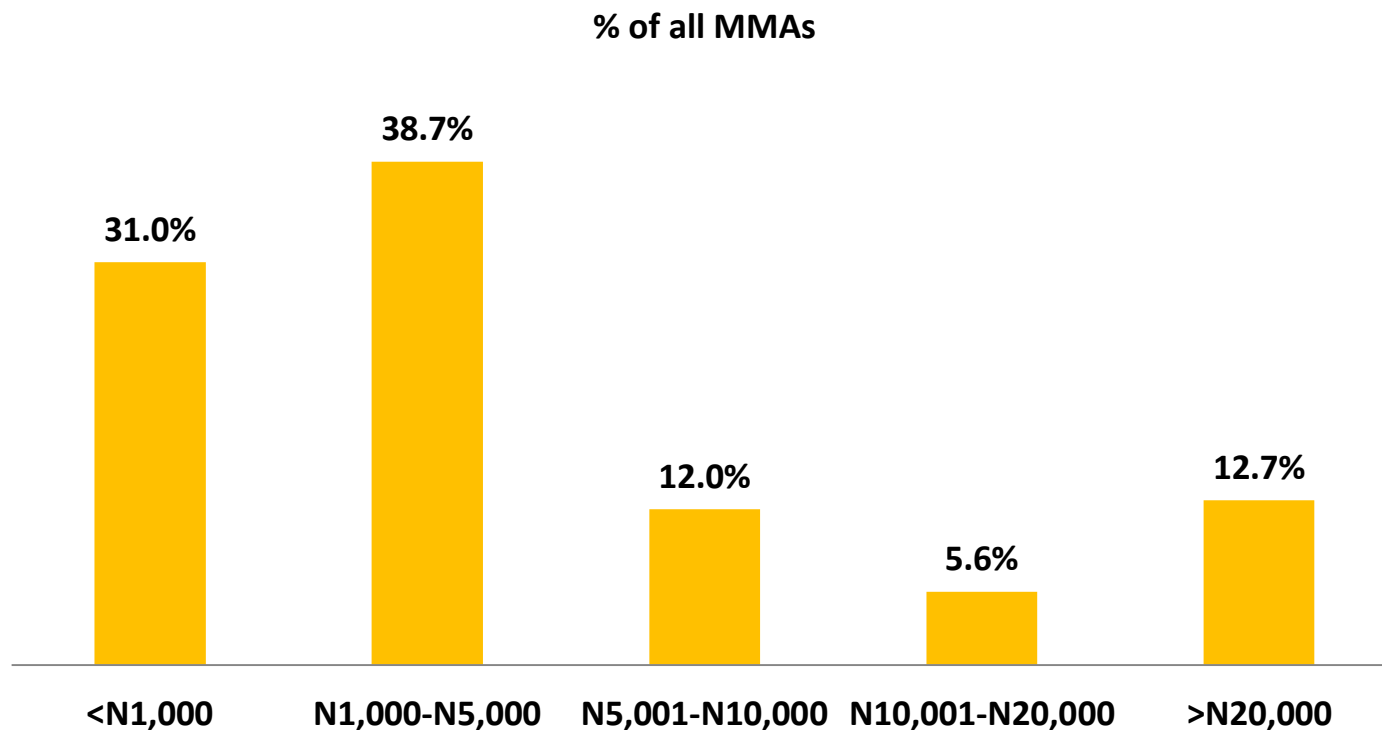


- In terms of liquidity, 56.6% of MMAs stated that they had to transfer money for their mobile money business to the bank during the day
- Of those MMAs, 69.3% stated that an employee had to take the money to the bank



## Daily Commission Earned from Mobile Money Business

- 38.7% of the mobile money agents interviewed said they earned an average of between N1,000 and N5,000 per day from their mobile money businesses

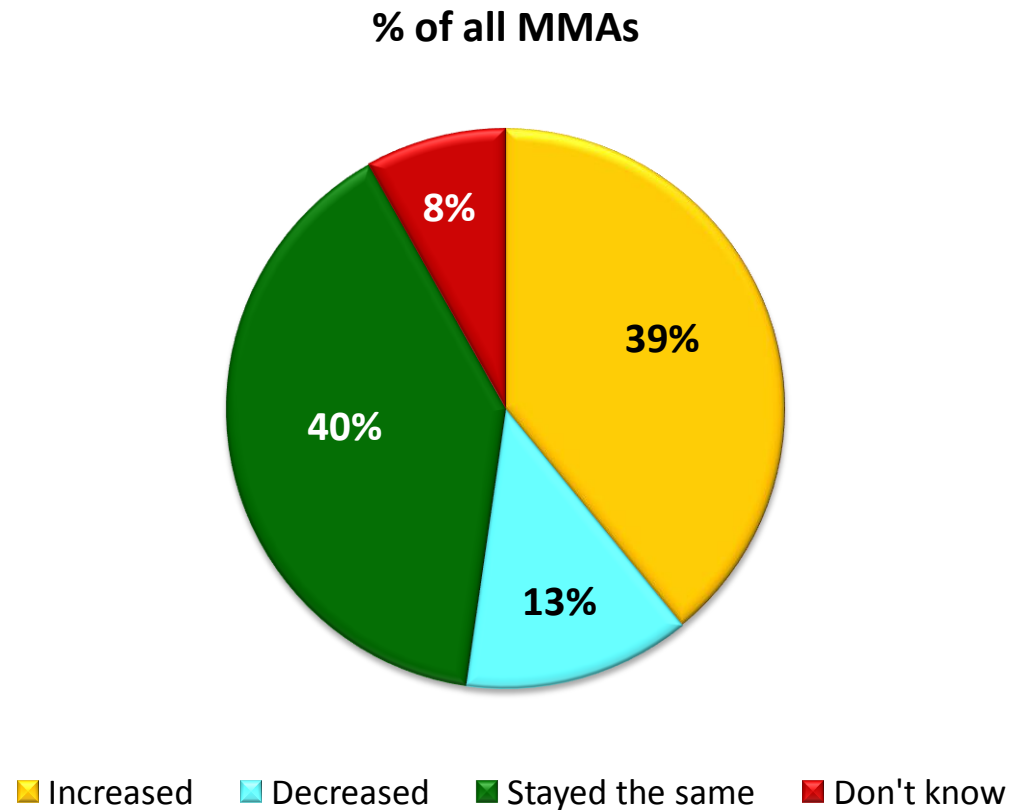


*“The commission is not encouraging, but the highest commission earned is from air time top up.” – Mobile Money Agent, Abia state*

*“Mobile money, for me as an agent, is very discouraging because as an agent one cannot make anything out of it, it is not profitable”. – Mobile Money Agent, Kano state*

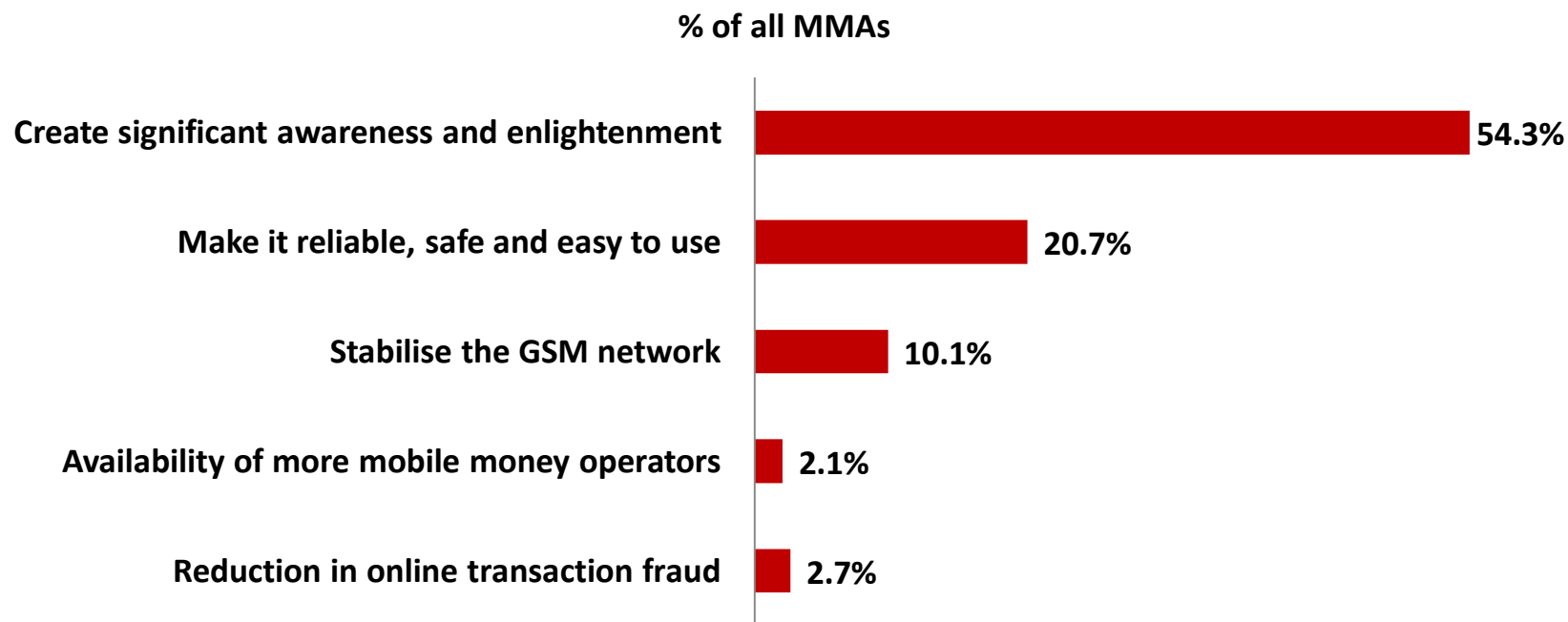
## Impact of Mobile Money on Business Revenues

- 39.0% of MMAs interviewed stated that the revenue generated from their normal business had increased since they became mobile money agents



# What Would Encourage Customers to use Mobile Money?

- 54.3% of MMAs interviewed believed that more customers would be encouraged to use mobile money if there was better awareness and enlightenment

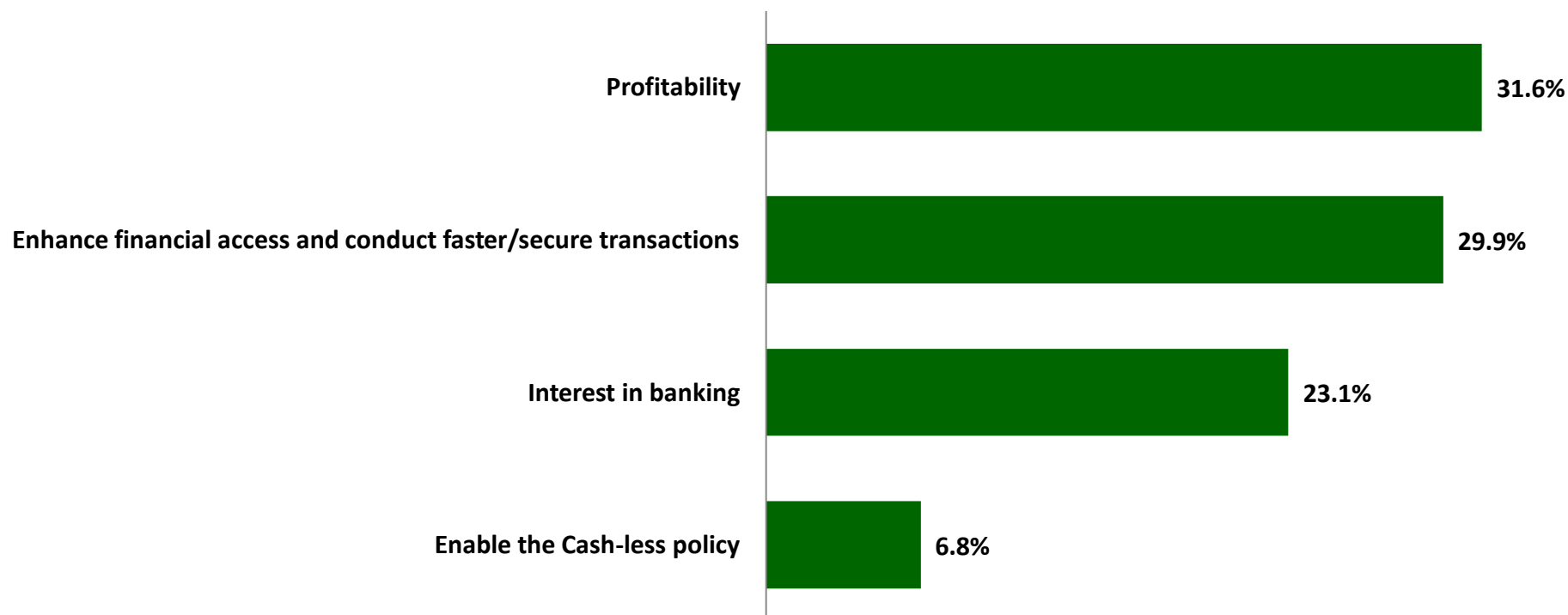


*“To create general awareness for what mobile money is, just like when GSM was introduced, many people were not ready to go for it but as time goes on, people have to embrace it because it is a part of them.” - Mobile Money Agent, Kano state*

## MMA's Interested in Becoming Bank Agents

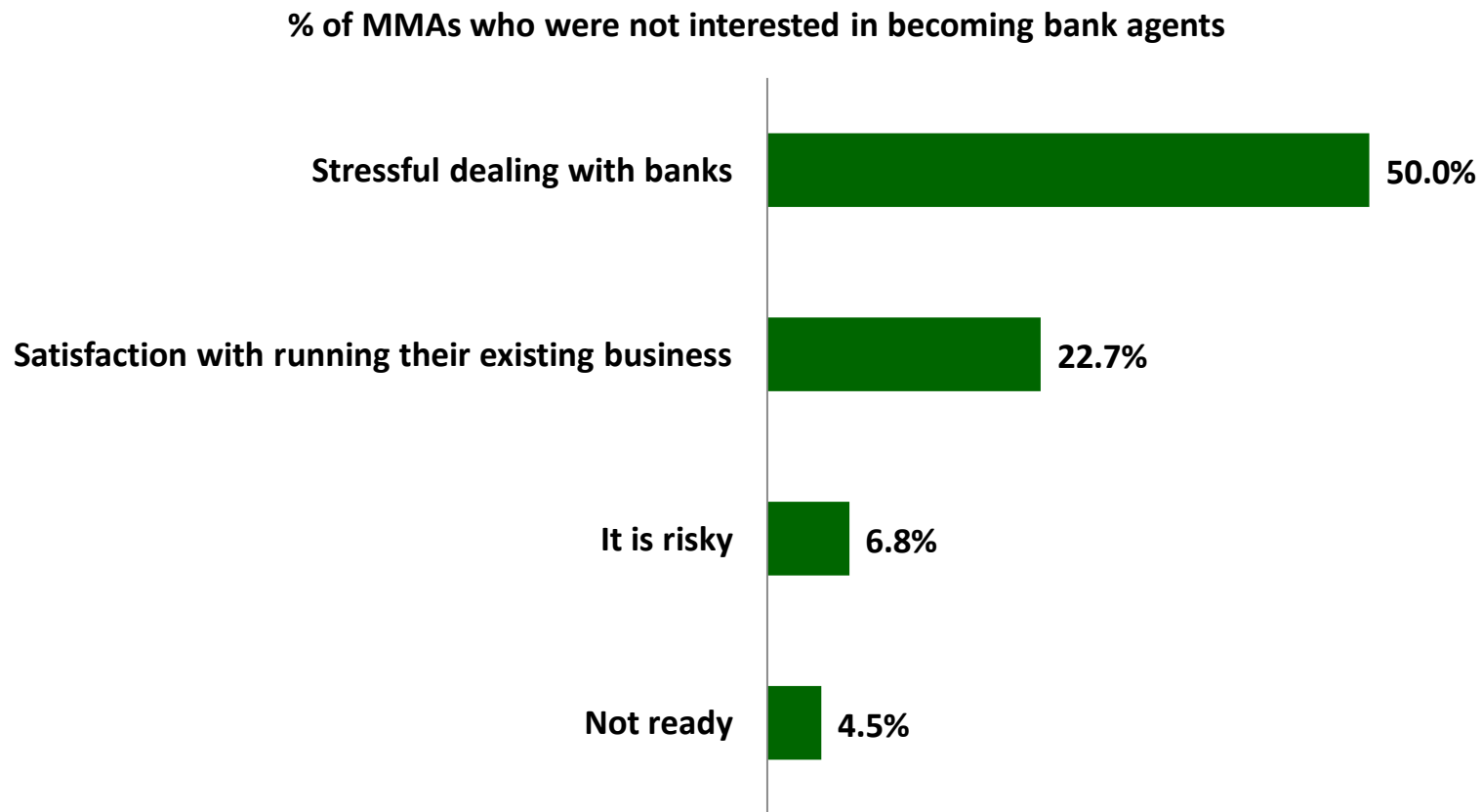
- 59.0% of the mobile money agents interviewed expressed an interest in becoming bank agents
- Of those MMAs that were interested in becoming bank agents, profitability was the top reason

**% of MMAs interested in becoming bank agents**



## MMA Not Interested in Becoming Bank Agents

- 41.0% of MMAs interviewed stated that they were not interested in becoming bank agents
- Of those MMAs, the top reason cited for their lack of interest was that dealing with banks is stressful



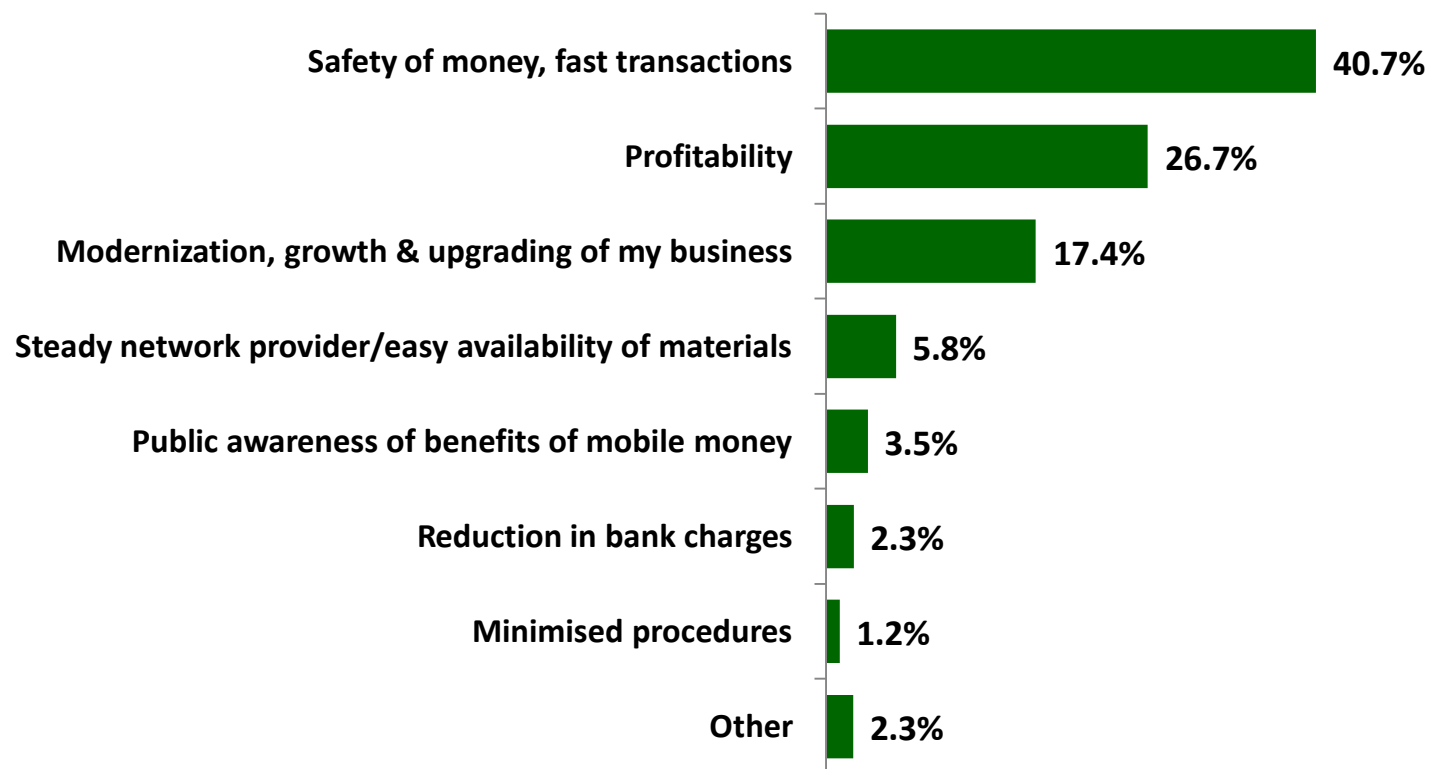


# Merchants

# Merchants Interested in Becoming Mobile Money Agents

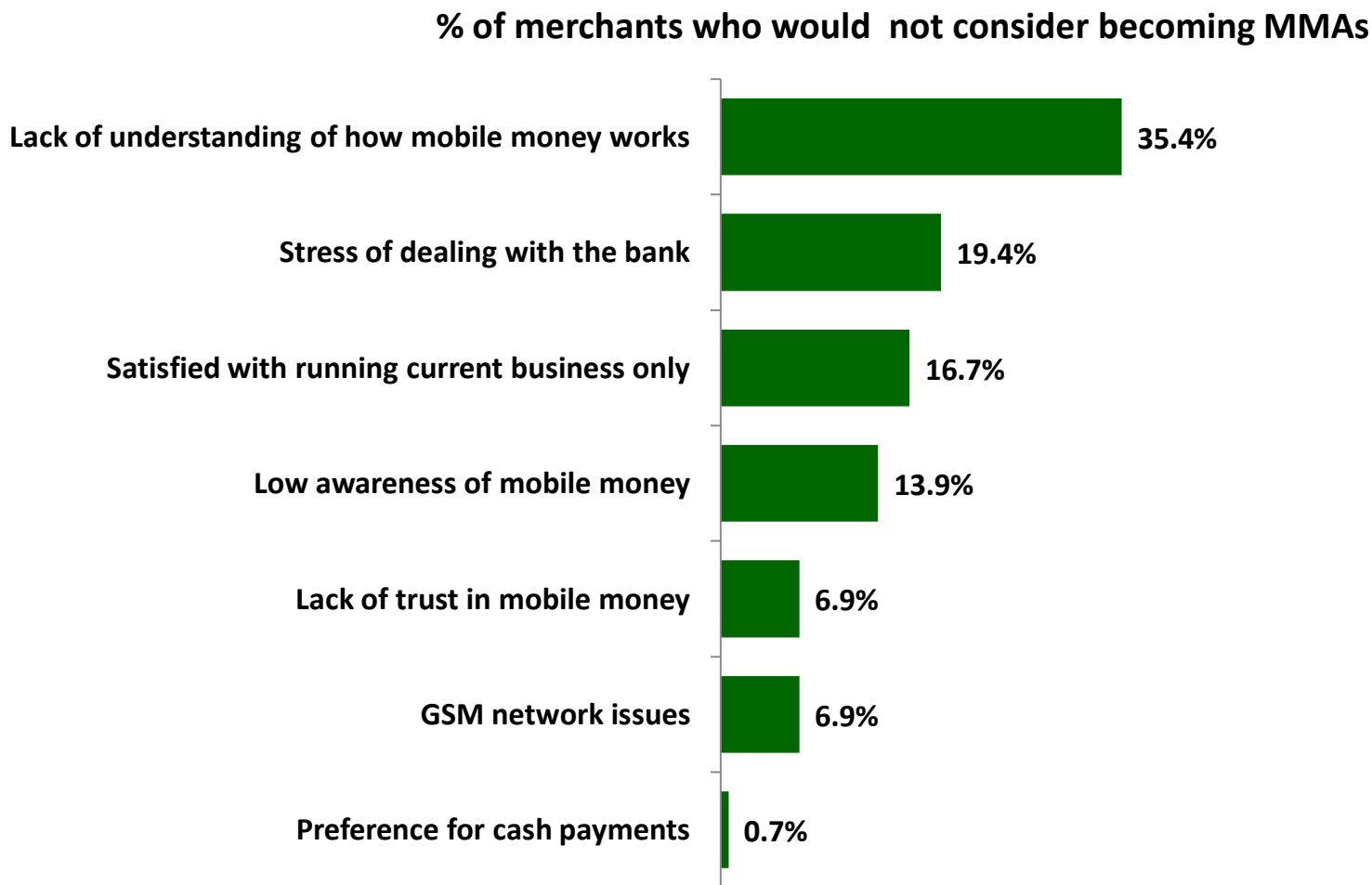
- None of the merchants interviewed were mobile money agents
- 32.4% of the merchants interviewed were interested in becoming mobile money agents. The top reason they cited for their interest was that their money would be safe and it would be fast to transact

**% of merchants who would consider becoming a MMA**



# Merchants Not Interested in Becoming Mobile Money Agents

- The top reason cited by merchants not interested in becoming mobile money agents is that they do not know how mobile money works



## **D. Summary & Recommendations**

### **Customers**

- Cards were the most widely known and used e-payment instrument among respondents in the cash-less phase II states.
- Electronic Bank Transfer (including NEFT & NIP) was the least popular in terms of awareness and usage.
- Men tend to be more likely to use e-payments instruments than women.
- Overall awareness of mobile money remains relatively low.
- Mobile money had the largest gap between awareness and usage.
- Only 4.4% of customers interviewed said they currently use mobile money.
- Most mobile money transactions were conducted monthly.
- TV, word-of-mouth, and banks were the top three sources of information about mobile money.
- Only 20.0% of customers that were aware of mobile money could name a mobile money operator.
- The top three reasons for not using mobile money were lack of trust, lack of know-how, and unreliable GSM networks.

### **Mobile Money Agents (MMAs) and Merchants**

- 86.6% of MMAs and merchants interviewed think that they have an important role to play in driving the adoption of the cash-less policy and electronic payment instruments.
- Electronic bank transfers were the least known e-payment instrument among MMAs and merchants.
- Banks, TV, and newspapers were the top three sources of information about e-payments.
- Challenges faced by both MMAs and merchants when providing electronic payment services were delay in receiving money, payment system downtime and hidden charges.
- The top three transactions conducted most often by MMAs were cash-out, cash-in, and airtime purchase.
- 38.7% of MMAs interviewed generated an average of N1,000 to N5,000 daily from their mobile money business.
- Awareness, reliability, and improved GSM networks were the key factors cited by mobile money agents that would encourage customers to use mobile money.
- Safety, speed of completing transactions, and profitability were the key factors cited by merchants that would encourage them to consider becoming mobile money agents.

## Driving uptake and usage of digital financial services

- Sensitisation of the CBN's cash-less policy should continue in all cash-less phase II states. Promotion of the cash-less policy should include information about how to use a range of digital financial services, especially mobile money.
- Regulators and financial services providers should deploy policies and business strategies that improve public perception of trustworthiness, security and reliability of digital financial services.
- To build trust in digital financial services it is important that:
  - Consumer protection and redress mechanisms are implemented as soon as new products/services are deployed
  - Awareness campaigns focus on explaining how digital financial services are secure
  - Users are encouraged to view them as an attractive alternative to cash
  - Financial services providers provide simple, transparent fee structures and focus on educating customers, agents and merchants about the applicable charges
- Financial services providers and regulators should conduct awareness programmes targeted at small businesses, to encourage e-payment transactions for Business to Person transactions (e.g. paying salaries); Business to Business transactions (e.g. paying suppliers); Business to Government transactions (e.g. paying taxes); and Person to Business transactions (e.g. receiving customer payments).

## Driving uptake and usage of mobile money

- Financial services providers and regulators should conduct awareness campaigns to help customers better understand the benefits of using mobile money. The mobile money industry should continue to collaborate to drive awareness and uptake of mobile money. Driving meaningful customer usage of mobile money may require deep engagement with new customers, which can be achieved through agents, providing toll-free customer service lines, and designing relevant promotional literature.
- To significantly increase the usage of mobile money, the value proposition needs to be defined for customers, mobile money agents, and mobile money operators (MMOs). MMOs also should consider implementing incentives for both agents and customers to drive transaction volumes.
- MMOs need to educate customers that mobile money transactions can be carried out across schemes.
- Government, regulators and MMOs need to work together to ensure that mobile money can be used to pay for a wide range of transactions such as bus fares, school fees, hotel & conference reservations, and airline tickets.
- To increase the uptake of mobile money and drive transaction volume among registered users, consumers should be encouraged to familiarise themselves with the mobile money menu and process without incurring any fees. This will help to build trust and confidence.



**THANK YOU**