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### Mobile money survey

**It's not wholly true that mobile money has been a runaway success across emerging markets. In east Africa, yes, but in many other parts of the world mobile users have been strangely reluctant to trust the phone companies with their money**

# Users know about mobile banking, but take-up is patchy outside east Africa

**Gavin Krugel: We found that consumers were able to articulate very clearly what they do with their money, where they keep it, why it's there, and what they have to pay this month**



Mobile money providers have to sort out some key service issues if they want to see greater uptake. The image of mobile money — or mobile banking — is that it has been an astounding success in emerging markets worldwide.

The truth is a bit more modest. Yes, says Gavin Krugel, who headed the GSM Association's mobile money programme for a number of years until early 2011. "There are 140-160 deployments, and another 100 in the pipeline," he says.

But, he adds, "of these deployments those in east Africa are doing well — those in Kenya, Uganda and Tanzania. The rest of them seem to have a challenge in scaling. They are not seeing the same degree of success." In some markets customers register for mobile banking services, but "not that many of them use it", he warns.

The contrast is stark across Africa: in the west, 2.3 million people have registered for mobile money, but only 7% are using the services; in the east, 2.6 million have registered, and 61% are using them.

In September 2011 Krugel went from the GSMA to Fundamo, the mobile money specialist that is now part of the credit card operation Visa.

The company has been trying to get a better understanding of what's going on. It has been carrying out a survey in six countries that, on the face of it, should be prime candidates for mobile banking: Bangladesh, Ghana, India, Indonesia, Nigeria and Pakistan.

"These are priority markets for us, where we have a lot of activity and clients," says Krugel, who is now Visa's head of emerging market customer strategy and market activation.

The company worked with a number of focus groups across all markets, and carried out 2,500 in-depth interviews, all of them with mobile phone users in the target markets.

#### Women only

"We focused on unbanked consumers — users and non-users of mobile money services. One focus group was of women only, because we found that some women did not speak as openly in the mixed group."

Awareness of mobile money is high, Krugel found. "On average 56% of consumers know what mobile money is." In two countries awareness was remarkably high: 93% in Ghana and 89% in Pakistan.

In Bangladesh, 53% know about the services — a potentially huge market in a country where 110 million people are unbanked. "Awareness is high. Operators have an aware market."

So why are so few mobile customers making use of the service? In order to find the reasons, the survey looked at how the 2,500 consumers were handling their money today.

"We found that consumers have complex and sophisticated needs. They were able to articulate very clearly what they do with their money, where they keep it, why it's there, and what they have to pay this month — school fees, for example, and electricity, transport and rent.

"They know where every penny is going — and even if they don't know where all of it is going, they know where it is now," says Krugel. "The important message from the survey was that these are financially literate customers even though they are unbanked. That's something I've been saying for a while."

#### Use of words

The survey found that part of the problem was the use of words. "We found that 'pay', 'payable', 'send' and 'give' were not terms that everybody uses. In Nigeria, for example, people don't pay their electricity bill, but they put money in their electricity bill."

The focus groups found further confusion when they noted that people were saying "Saving isn't for me", yet the same people were explaining how they kept money in different jars for different purposes, such as health or school fees. "And many had money in a separate container, hidden away for a rainy day," says Krugel, "and they knew exactly how much was in each jar."

The answer to mobile operators, he suggests, is that they should change their language, so that they can explain that keeping money in a mobile account is a way of replacing a jar or a biscuit tin.

"It's not what you say, but how you say it. We need to tell them: 'You can do that and your money will still be secure.'

"And no one said anything about keeping their phone safe. That wasn't an issue. The industry has been focusing on securing the technology, but the consumer is not concerned about that. Of course, that won't prevent us from securing the technology."

In fact, keeping money safe was a major concern, and Krugel believes this may be something that mobile operators can use to advantage. "In many markets there are the challenges of petty theft and household theft," he says. And women want to pro-

tect their household money from their husbands. "They know the money is there for a purpose."

Some 55% identified lack of trust in the mobile money service as a major concern. "They were concerned whether the money would still be there if the network was not available." In many markets people use more than one SIM card so that if one network is down there is an alternative.

But even more, 64%, said that ease of use was a problem. People were concerned about interoperability with other mobile money services. "And people were concerned that there should be transparent fee structures. There should be no hidden costs. People wanted quick and easy access to cash."

Why has mobile money been so successful in east Africa, particularly in Kenya? Probably, says Krugel, because the M-Pesa service — set up by Vodafone associate Safaricom — originated as a microfinance service that then was used to transfer airtime. This turned into a money transfer service, and Safaricom rolled out its agent network quickly so customers always had access to their money.

"They used the local vernacular, and promoted M-Pesa as a way for people to send and receive money. They just did it right." ■