The State of Inclusive Instant Payment Systems (SIIPS) in Africa report is an AfricaNenda initiative in collaboration with the World Bank and the United Nations Economic Commission for Africa. This annual think piece is derived from a comprehensive assessment of instant payment systems across Africa, employing a blend of research methodologies. It involves an in-depth industry analysis to identify key trends, best practices, and benchmarks. The aim is to guide the enhancement and growth of instant and inclusive payment systems, thereby hastening financial inclusion on the continent.

The SIIPS in Africa 2023 report marks the second edition of this endeavor. The report's goal is to enlighten both public and private sector stakeholders within Africa and internationally on the advancements within the instant retail payment system (IPS) landscape in Africa. This includes evaluating how inclusive these systems are in terms of functionality (their accessibility to all end-users) and governance (ensuring all licensed payment providers have equitable access and opportunities to contribute to system design).

For the 2023 edition, the report includes systems that were operational with live transactions as of June 2023. Data for this report was compiled using public sources from March to July 2023, complemented by comprehensive stakeholder interviews conducted in the same timeframe. The consumer research took place between May and June 2023. It involved extensive in-country qualitative and quantitative research covering low-income adult individuals and micro, small, and medium-sized enterprises (MSMEs) across five countries, namely Cameroon, Malawi, Morocco, Rwanda, and Senegal.

This consumer research exercise will be replicated in different countries annually, and insights will contribute to the annual SIIPS report content. The sample is not nationally representative, as this exercise was intended to draw out insights to inform how IPS can be designed to meet the needs of end-users better.
PRESENTATION STRUCTURE

SECTION 1
Methodology overview

SECTION 2
The current state of digital payment use
2.1 Digital payment usage analysis
2.2 Payment channel analysis
2.3 Use case analysis

SECTION 3
Understanding customer behavior
3.1 Pathway to habitual usage
3.2 User group perspectives
3.3 Core country themes

SECTION 4
Conclusion
4.1 Summary of customer research findings
4.2 Core implications for inclusive IPS scheme design
SECTION 1
METHODOLOGY OVERVIEW
Research methodology and corresponding objectives

**Quantitative survey**
- Understand consumer usage habits
- Measure frequency of digital payment usage and transaction profiles
- Rank the most used payment instruments
- Identify core barriers
- Number of individuals = 60
- Number of MSMEs = 40 (4 of which should be agents)

**In-depth interview**
- Map use-case characteristics and payment behavior
- Determine consumer perceptions of instant and inclusive payments using access, early usage, and habitual usage framework
- Map consumer journey
- Number of individuals = 9
- Number of MSMEs = 6 (1 of which should be an agent as well)

**Mystery shopping**
- In-depth understanding of the user journey—cost, recourse, and customer support
- Number of individuals = 3
- Number of MSMEs = 2 (1 of which should be an agent as well)

Objectives of the tool

**Sample size target per country**
- **Fieldwork was carried out in**: Cameroon, Malawi, Morocco, Rwanda, and Senegal
- **Quantitative data collection**: 15 Feb – 3 Mar 2023
- **Qualitative data collection**: 15 Feb – 6 Mar 2023
**METHODOLOGY: SAMPLED GROUPS OVERVIEW**

- **Lower and infrequent income earners**: Lower-income but infrequent income earners, including urban poor who live “hand to mouth” and lack regular employment, stable earning opportunities, intermittent piece job/gig workers, and people who are dependent on others in the family/community and/or on social grants.

- **Lower but frequent income earners**: Lower-income but frequent income earners are the slightly more affluent part of the lower-income mass market, earning a steady income (wages) or a salary, in the formal or informal sector.

- **Micro entrepreneurs***: Individual trader/merchants like hawkers, fruit and vegetable sellers, cobbler, and other crafts traders.

- **Small businesses***: Traders who have small, fixed premises or (mostly informal) shops/service providers, as well as smallholder farmers, and small agribusinesses.

**Definition**

- The study sample focuses on the “emerging market” that is expected to use digital payments and thus only sampled those in urban and peri-urban settings. The focus was on low-income earners and MSMEs and the sample is therefore not nationally representative. Any inferences made on a country-by-country basis are with respect to the sampled respondents.

**Sample proportion (quant. survey)**

<table>
<thead>
<tr>
<th>Group</th>
<th>Sample Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower and infrequent income earners</td>
<td>28%</td>
</tr>
<tr>
<td>Lower but frequent income earners</td>
<td>28%</td>
</tr>
<tr>
<td>Micro entrepreneurs*</td>
<td>18%</td>
</tr>
<tr>
<td>Small businesses*</td>
<td>26%</td>
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</tbody>
</table>

79% of the total sample for the quantitative survey are digital payment users (individuals and businesses) and 90% of the total sample for the qualitative research components are digital payment users (individuals and businesses).

Within each of the four groups, an adequate coverage of women and youth was ensured.

* Country specific monthly turnover cut-off has been applied.
## METHODOLOGY: DETAILED SAMPLING BREAKDOWN

<table>
<thead>
<tr>
<th>Country</th>
<th>Respondent Profile</th>
<th>Quantitative (Douala)</th>
<th>Quantitative (Limbe)</th>
<th>IDI (Douala)</th>
<th>IDI (Limbe)</th>
<th>Mystery shopping (Douala)</th>
<th>Mystery shopping (Limbe)</th>
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<tbody>
<tr>
<td><strong>Cameroon</strong></td>
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<tr>
<td></td>
<td>No/ infrequent income earners</td>
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<td>81%</td>
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<td>77%</td>
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<td><strong>Rwanda</strong></td>
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<td>No/ infrequent income earners</td>
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<td>83%</td>
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<td><strong>Senegal</strong></td>
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<td></td>
<td>Percentage of sample that are digital payment users</td>
<td>81%</td>
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</tbody>
</table>
SECTION 2
CURRENT STATE OF DIGITAL PAYMENT USE
Digital payment usage across the sampled countries: The majority of the sampled countries are in the emerging category, and none of them are in the leading category due to low use of digital payment by the population.

Countries have been categorized as nascent, emerging and mature based on the share of adults who used digital payments in the past year according to the Global Findex. "Super-users" are those who use digital payments at least once a week.

<table>
<thead>
<tr>
<th>Share of adults using digital payments</th>
<th>Proportion of population using digital payments over the previous year [Global Findex 2021]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senegal</td>
<td>53%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>50%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>39% (2017 data)</td>
</tr>
<tr>
<td>Malawi</td>
<td>40%</td>
</tr>
<tr>
<td>Morocco</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of &quot;super users&quot;</th>
<th>Proportion of weekly users out of digital payment users [including agent-assisted payments]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>94%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>83%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>90%</td>
</tr>
<tr>
<td>Malawi</td>
<td>57%</td>
</tr>
<tr>
<td>Morocco</td>
<td>17%</td>
</tr>
<tr>
<td>MSMEs</td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>94%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>76%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>98%</td>
</tr>
<tr>
<td>Malawi</td>
<td>77%</td>
</tr>
<tr>
<td>Morocco</td>
<td>8%</td>
</tr>
</tbody>
</table>

The countries sampled in 2022 spanned all three categories, whereas most of the 2023 sample are in the emerging category. Cameroon, Rwanda, and Senegal have a lower proportion of their populations using digital payments, but those that use digital payments show habitual usage. Smaller differences between early use and habitual use are observed for Malawi. Morocco's data highlights the need for greater uptake and digital penetration, as it currently resides in the nascent category.

*The most recent FinScope data from 2019 shows that approximately 30% of Rwandans transacted digitally in the past 12 months (AFR 2020).*
Digital payment usage across the 2022 sampled countries:
Most countries are in the emerging category. Ghana and Kenya stand out in the leading cluster.

<table>
<thead>
<tr>
<th>Share of adults using digital payments</th>
<th>Leading cluster</th>
<th>Emerging cluster</th>
<th>Nascent cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78%</td>
<td>66%</td>
<td>50%</td>
</tr>
<tr>
<td>Proportion of population using digital payments during the previous year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of &quot;super users&quot;</th>
<th>Proportion of weekly users out of digital payment users [including agent-assisted payments]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading cluster</td>
<td>Individuals</td>
</tr>
<tr>
<td></td>
<td>MSMEs</td>
</tr>
<tr>
<td>Kenya</td>
<td>82%</td>
</tr>
<tr>
<td>Ghana</td>
<td>86%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>21%</td>
</tr>
<tr>
<td>Zambia</td>
<td>53%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>83%</td>
</tr>
<tr>
<td>DRC</td>
<td>26%</td>
</tr>
<tr>
<td>Egypt</td>
<td>14%</td>
</tr>
<tr>
<td>(2017 data)</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>82%</td>
</tr>
<tr>
<td>(2017 data)</td>
<td></td>
</tr>
</tbody>
</table>

The 2022 countries sampled display lower shares of super users but higher early user rates for some countries than the prior year. The variations in terms of share of early users within the emerging category were more significant in 2022 than this year.
Over 50% of surveyed users use digital payments at least 2-3 times a week in all countries except Morocco.

Across all countries: Over 50% of surveyed users use digital payments at least 2-3 times a week in all countries, except for Morocco.

Monthly use: The majority (63%) of surveyed Moroccans use digital payments only once a month.

Daily use: Rwanda is the leading country with 51% of users making or receiving digital payments daily.
There is considerable variation among the countries, with respondents in Malawi reporting a weekly transaction volume three times higher than Morocco's. The transaction volumes consist of cash transactions, assisted transactions, and digital transactions.

**The socio-cultural value of cash**

- **In Malawi** cash preference is driven by social aspects such as **bargaining** and interpersonal interactions.
- **In Morocco** and **Senegal**, users feel that **giving alms** or handouts to the poor cannot be done digitally. The “tangible” effects of cash gives satisfaction.
- **Familiarity** – Individuals and businesses who have used cash over a long time have a greater preference to transact in cash, even when they can access and use digital payment methods.
Individual user group analysis—frequency of digital payment usage:
No significant differences across countries but there is a slight gender gap.

**Frequency of digital payment usage per individual user groups**

- Frequency of use on average is similar between user groups
  - There is a small gender gap in terms of daily usage among surveyed individuals. Frequent income earners are using digital payments slightly more regularly than infrequent income earners.
- Averages hide the significant differences between user groups based on volume of transactions and per country.
Surveyed MSMEs are more digitalized than individuals, especially non-micro enterprises.

- Younger MSME owners have slightly higher daily digital payment use than older ones.
- There are large differences between micro and small enterprises in terms of digital payment usage.
Gender, age, and frequency/scale of income are clear drivers of transaction volume.
User group analysis—country analysis:
Digital payment use differs significantly between countries, with more significant gaps emerging between groups.

<table>
<thead>
<tr>
<th></th>
<th>ALL RESPONDENTS</th>
<th>INDIVIDUAL RESPONDENTS</th>
<th>MSME RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MSME vs. individuals</td>
<td>Age</td>
<td>Gender</td>
</tr>
<tr>
<td>Cameroon</td>
<td>No significant variance</td>
<td>Younger use more</td>
<td>No significant variance</td>
</tr>
<tr>
<td>Morocco</td>
<td>Individuals use more</td>
<td>Younger use more</td>
<td>No significant variance</td>
</tr>
<tr>
<td>Malawi</td>
<td>MSMEs use more</td>
<td>Older use more</td>
<td>Men use more</td>
</tr>
<tr>
<td>Rwanda</td>
<td>No significant variance</td>
<td>Older use more</td>
<td>Men use more</td>
</tr>
<tr>
<td>Senegal</td>
<td>No significant variance</td>
<td>Women use more</td>
<td>No significant variance</td>
</tr>
</tbody>
</table>

Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of proportion of digital payment users that use digital payments at least once a week

- **Gender** differences among MSMEs are most pronounced in Morocco. Women-owned businesses outstrip men-owned counterparts with digital payment use in Cameroon.
- **Age** brings differences, as younger people/MSMEs are more digitalized in Cameroon and Morocco, but older people/MSMEs are more digitalized in Malawi and Rwanda.
- Unsurprisingly, **lower income levels** and frequency of earnings reduce the level of digitalization across all countries.
SECTION 2.2:
PAYMENT CHANNEL ANALYSIS
Payment channel analysis – deep dive on agent channel: Many still use agents to transact despite frequent digital payment use

![Proportion of frequent users that conduct digital & assisted transactions* at least once a week](chart)

<table>
<thead>
<tr>
<th>Country</th>
<th>Predominant agent roles per country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawi</td>
<td>Pay utilities for users and non-users</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Transact on behalf of women and elderly persons</td>
</tr>
<tr>
<td>Rwanda</td>
<td>Cash-outs for non-users who lack devices</td>
</tr>
<tr>
<td>Senegal</td>
<td>Cash-in &amp; cash-outs for digital users</td>
</tr>
<tr>
<td>Morocco</td>
<td>Cash-out digital money transfers, salaries and pensions</td>
</tr>
</tbody>
</table>

Total number of respondents: 349

The primary reason why agents are used is because cash is still the most dominant payment instrument. Digital payment users are often forced to cash out funds from their mobile money wallets to pay for transactions that are low value or merchants who do not accept mobile money payments.

*Agent-assisted transactions refers to transactions where the respondent handed cash over to the agent to conduct the transaction on behalf of them
Here is the converted Markdown for the document:

**Payment channel* analysis—country analysis:**

Strong prevalence of apps in Morocco and Senegal; USSD dominates in Malawi and Rwanda.

<table>
<thead>
<tr>
<th>Country</th>
<th>Direct cash usage [% of respondents for whom this is the primary channel]</th>
<th>Most used digital channel [% of respondents for whom this is the primary channel]</th>
<th>Second most used digital channel [% of respondents for whom this is the primary channel]</th>
<th>Third most used digital channel [% of respondents for whom this is the primary channel]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>53%</td>
<td>Mobile money agents [19%]</td>
<td>USSD [18%]</td>
<td>Sim Toolkit [8%]</td>
</tr>
<tr>
<td>Morocco</td>
<td>69%</td>
<td>App [11%]</td>
<td>ATM [7%]</td>
<td>Bank agent [6%]</td>
</tr>
<tr>
<td>Senegal</td>
<td>62%</td>
<td>App [29%]</td>
<td>Mobile money agents [4%]</td>
<td>USSD [2%]</td>
</tr>
<tr>
<td>Rwanda</td>
<td>42%</td>
<td>USSD [50%]</td>
<td>Mobile money agents [4%]</td>
<td>Web browser [2%]</td>
</tr>
<tr>
<td>Malawi</td>
<td>52%</td>
<td>USSD [35%]</td>
<td>Sim Toolkit* [6%]</td>
<td>Mobile money agents [4%]</td>
</tr>
</tbody>
</table>

- Strong prevalence of app usage in both Morocco and Senegal strongly correlates with the high smartphone and internet penetration in these countries.
- Respondents in Malawi and Rwanda primarily use USSD. In these countries, internet and smartphone penetration is significantly lower than in Morocco and Senegal.
- Agents are the most-used channel in Cameroon, however, USSD trails close behind.

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*Refers to avenues through which payments are issued and received and are verified by banks or other payment providers.

**The World Bank (2011) defines a SIM Toolkit as a software that is placed on the SIM card itself that can be used to hold a mobile money application.
SECTION 2.3:
USE CASE ANALYSIS
In Rwanda and Senegal, the primary payment use cases are well digitalized for respondents. The use of digital payments for P2B payments such as grocery shopping, utility payments and transport are lagging other payment use cases, such as airtime and long-distance P2P transfers.
Use case analysis—country analysis for MSMEs:
Strong potential to further digitalize B2B payments.

<table>
<thead>
<tr>
<th>Use case analysis—country analysis for MSMEs: Strong potential to further digitalize B2B payments.</th>
<th>The most frequent payment use cases and their level of digitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong potential to further digitalize B2B payments.</td>
<td>Cameroon</td>
</tr>
<tr>
<td>• In Cameroon and Senegal, MSME use cases are less digitalized in comparison to individual use cases.</td>
<td>Receive customer payments [50%]</td>
</tr>
<tr>
<td>• Low-value payments to staff are digitalized whereas B2B use cases largely remain cash based.</td>
<td>Supplier payments [39%]</td>
</tr>
<tr>
<td></td>
<td>Airtime money for staff [100%]*</td>
</tr>
<tr>
<td></td>
<td>Transport money for staff [100%]*</td>
</tr>
<tr>
<td></td>
<td>Save business income [36%]</td>
</tr>
</tbody>
</table>

Legend

- Use case for which less than 40% of respondents conducted a digital transaction over the past week
- Use case for which between 40% and 70% of respondents conducted a digital transaction over the past week
- Use case for which above 70% of respondents conducted a digital transaction over the past week

*In Morocco, MSME respondents indicated that they only conduct transactions on a weekly basis for three use cases, consistent with the low volume of transactions for Morocco. The qualitative research suggests that this is because the surveyed MSMEs in Morocco generally do not conduct as many transactions as in other countries, including transactions with suppliers conducted on a less frequent basis.
SECTION 3
UNDERSTANDING CUSTOMER BEHAVIOR
SECTION 3.1:
PATHWAY TOWARDS HABITUAL USAGE OF DIGITAL PAYMENTS
Before consumers can use a digital payment product, they must have a financial account, physical access to agent or bank locations, and account-related documentation.

Digital payment usage framework: The path to habitual digital payment usage follows three phases

Access

Early Usage

Habitual Usage

Account holders must have a compelling reason to use a new digital payment method instead of cash, which can depend on the perceived balance between the costs and benefits of use.

Over time and through habituation consumers move from ad hoc transactions to consistent and frequent use of digital payments driven by ease of use, network effects, reliability, recourse, and speed.
Pathway towards sustained digital payment usage: Barriers and drivers based on the access, early usage, habitual usage framework.

**CAN YOU ACCESS IT?**
- Physical access
- Documentation
- Language

**WHAT MOTIVATES INITIAL USE?**
- **DRIVERS**
  - Use case
  - Cost of using cash
  - Access to additional services
- **BARRIERS**
  - Capability
  - Privacy
  - Trust
  - Financial confidence

**WHAT MOTIVATES HABITUAL USE?**
- **DRIVERS**
  - Ease of use
  - Network effects
  - Traceability and verification
  - Speed
- **BARRIERS**
  - Reversibility
  - Cost perceptions
  - Reliability
  - Fraud and harassment
Morocco has the lowest prevalence of access barriers among respondents.

Lack of phone access was highlighted as a critical barrier by respondents in Malawi, Rwanda, Senegal.

Internet access is the most significant barrier in Cameroon, Malawi, and Rwanda.

Lack of documentation is only viewed as a barrier by respondents in Cameroon, and Morocco.

Pathway towards habitual usage—access barriers: Access barriers are the lowest in Morocco and the most prevalent in Rwanda.
Pathway towards habitual usage—access barriers:
Lack of phone and internet access along with agent network access challenges prevent people from accessing digital payments.

Lack of phone access

• Due to financial instability in Malawi, people do not have the ability to purchase devices that would enable them use digital methods extensively.
• In Cameroon, agribusiness owners are compelled to purchase produce from farmers in cash as most farmers do not have devices that would encourage digital transactions.
• In Senegal, those who do not own smartphones are excluded from the main method for merchant payment transactions, which is scanning a QR code from the payment service provider.

“When I pay for things like bananas or fruits, I pay in cash because the vendors do not have phones.”
Male, 30-44, User, Rwanda

Lack of internet access

• In some instances in Senegal, users are not able to send money if they do not have an internet connection; however, they still can receive money without an Internet connection.
• In Malawi, the tendency for low-income earners to use feature phones excludes them from internet access.

Challenging agent access

“People should not be walking long distances to find agents.”
Male, 18-29, Nonuser, Malawi

• In Senegal, users find it challenging that they are not able to access agents at night in the event they need their services.
• In Malawi, respondents reported broad unavailability of agents in rural areas.
Pathway towards habitual usage—early usage barriers:
Lack of trust is the most significant early usage barrier.

- Trust is the most significant barrier across all countries and lack of trust is particularly widespread among respondents in Malawi and Senegal.
- Data privacy also comes up as an early usage barrier among respondents in Cameroon and Morocco, but not as a very significant one.
- In Morocco and Senegal, the two countries with the highest payment app usage, a significant obstacle is a lack of understanding about how to use these apps and other digital payment channels.

**Percentage of respondents for whom the given barrier is topmost**

- **Cameroon**
  - Lack of trust: 14%
  - Lack of awareness and knowledge: 5%
  - Data privacy concerns: 6%

- **Malawi**
  - Lack of trust: 24%
  - Lack of awareness and knowledge: 9%
  - Data privacy concerns: 1%

- **Morocco**
  - Lack of trust: 12%
  - Lack of awareness and knowledge: 12%
  - Data privacy concerns: 7%

- **Rwanda**
  - Lack of trust: 8%
  - Lack of awareness and knowledge: 2%
  - Data privacy concerns: 1%

- **Senegal**
  - Lack of trust: 36%
  - Lack of awareness and knowledge: 10%
  - Data privacy concerns: 1%

Total number of respondents sampled: 655
Pathway towards habitual usage—early usage barriers:
Lack of exposure and literacy lowers trust levels.

Fear & distrust

- Lack of awareness about how digital payment channels and instruments work and how to use them can fuel distrust among non-users.
- Lack of trust of digital payments could be due to high incidence of fraud, as is the case in Cameroon.
- In countries like Morocco, where there are high levels of trust in one’s social network, individuals are more likely to direct face-to-face interactions than remote digital payments.

“At first, I was afraid that I would make a mistake when using it.... That’s what made me stay away.”

Female, 18-29, User, Morocco

Literacy & exposure levels

- Low literacy further influences low exposure to digital payments as non-users tend to distrust and avoid digital payments.
- Lack of awareness on how to use digital payments is a barrier in cases where users may be exposed and willing to use digital payments, but don’t know how to.

“It’s not that I don’t like digital payments, it’s just that I don’t know how to use it,...perhaps if I was shown how to.”

Female, 40-55 years, Non-user, Cameroon

Data Privacy

Personal data privacy is a concern especially when customers feel merchants or payment beneficiaries can access too much personal information from a transaction.

“I do not like how they can see all my personal identification information when I use my [...] app.”

Male, 40-55 years, User, Senegal

Lack of use case

The use of digital payments needs to provide a clear value for a specific use case.

“My landlord is right next to me; I see no need to do mobile money.”

Female, 30-44 years, User, Cameroon
### Pathway towards usage—early usage drivers:
Adoption drivers are context dependent, but overall agent and social networks play a major role in the early usage journey.

#### Cross-country drivers

<table>
<thead>
<tr>
<th>Key personas driving adoption:</th>
<th>MSMEs</th>
<th>Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agents</td>
<td>Friends and family</td>
<td></td>
</tr>
<tr>
<td>Marketing promotions</td>
<td>Pay utilities and receive money from family</td>
<td></td>
</tr>
<tr>
<td>Employer influence</td>
<td>Cameroon</td>
<td></td>
</tr>
<tr>
<td>Agent activity</td>
<td>Rwanda &amp; Senegal</td>
<td></td>
</tr>
</tbody>
</table>

#### Country-specific drivers

<table>
<thead>
<tr>
<th>CAMEROON</th>
<th>MALAWI</th>
<th>MOROCCO</th>
<th>RWANDA</th>
<th>SENEGAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends and family</td>
<td>Marketing promotions</td>
<td>Influence by friends and family</td>
<td>Government policy on COVID 19</td>
<td>Network effects</td>
</tr>
<tr>
<td>Network effects</td>
<td>Employer influence</td>
<td>Free services</td>
<td>Network effects</td>
<td>Marketing promotions</td>
</tr>
<tr>
<td>Marketing promotion (sales &amp; advertising)</td>
<td>Friends &amp; Family</td>
<td>Employer influence</td>
<td>Marketing promotions</td>
<td>Agent activity</td>
</tr>
<tr>
<td>Agent cross-selling of handsets</td>
<td>Agent activity</td>
<td>Training &amp; awareness campaigns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand from customers</td>
<td>“When I started working at the Limbe Tobacco Leaf company, they told us to register on {Malawi MNO} because that is where we would receive our wages.”</td>
<td>“I attended a training on digital marketing, that’s when I started using digital payment methods,...”</td>
<td>“I started using it frequently during the Covid pandemic, before that I used to use cash.”</td>
<td>“I came across […] agents going door to door explaining its use,....”</td>
</tr>
<tr>
<td>Male, 30-44 years old, Small enterprise, Douala</td>
<td>Male, 30-44 years old, Micro enterprise, Malawi</td>
<td>Male, 30-44 years, Agent, Morocco</td>
<td>Male, 30-44 years, Rwanda</td>
<td>Female, 30-44 years old, Senegal</td>
</tr>
</tbody>
</table>

#### Key personas driving adoption:
- **Agents**
- **Friends and Family**

#### Top use-case promoting adoption:
- **Receive customer payments**
- **Pay utilities and receive money from family**

#### Leading markets for network effects*:
- **Cameroon**
- **Rwanda & Senegal**

---

*Network effect is defined as a phenomenon by which the utility of digital payment products and services for a user depends on the number of users using it: the more users using a product, the more value each user will get.
Pathway towards habitual usage—habitual usage barriers: Unreliable mobile networks and transaction costs emerge as dominant barriers.

The barriers for users vary considerably between the different countries:

- **Cameroon**: High transaction cost and lack of ability to reverse transactions
- **Malawi and Rwanda**: Unreliable mobile networks and high transaction costs
- **Morocco**: Lack of widespread acceptance of digital payments
- **Senegal**: Unreliable mobile network

Total number of digital payment users sampled: 513
Pathway towards habitual usage—habitual usage barriers: Barriers are context specific.

**Unreliable mobile network**

- In Cameroon and Rwanda, network failures when transacting with agents cause users to distrust agents.
- In Cameroon and Senegal, in certain instances, there is a long lag between completing a transaction and receiving the confirmation message.
- In Malawi, lack of reliable mobile network in all areas across all service providers cause delays and failed transactions.

**High transaction costs**

- Some businesses in Cameroon ask their clients to cover for transactions costs when paying through digital methods.
- In Rwanda, customers will sometimes avoid paying through digital methods to avoid charges.
- Transaction charges in Morocco are viewed as charges that only salaried people are able to pay.

**Complex usage**

- Bank processes for simple transactions such as paying utilities are viewed as complex to customers in Malawi.
- Certain bank applications are considered difficult to use in Morocco.

**Lack of network acceptance**

- Some traders in Cameroon insist that payments be made in cash.
- In Morocco, because cash is the most prevalent instrument, people insist on cash payments, especially the elderly.

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“**The shop keeper can tell you, there is no network, what can you do? You have to wait.**”  *Female, 30-44, User Cameroon*

“I dislike how slow the network is... a transaction can take too long.”  *Male, 18-29, User, Rwanda*

“If a client pays through a digital method, it will require a transaction fee when withdrawing, this is a loss to my business.”  *Male, 30-44, Non-user Malawi*

“Bank transactions are complicated to follow especially when you want to pay for utilities like water bills.”  *Female, 45-55, User, Malawi*

“**Most {traders} do not like digital channels, they prefer cash,... so you have to have cash.”**  *Male, 45-55, Non-user, Cameroon*
**Pathway towards habitual usage**—habitual usage drivers: Friends and family and utility payments drive usage while purchases and sales of business goods and services catalyze usage for businesses.

### Cross-country drivers

<table>
<thead>
<tr>
<th>Key personas driving usage:</th>
<th>Suppliers</th>
<th>Friends and family</th>
<th>Country-specific drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top use-case promoting usage:</td>
<td>Receive customer payments</td>
<td>Pay utilities and receive money from family</td>
<td>CAMEROON</td>
</tr>
<tr>
<td>Leading markets for network effects:</td>
<td>Cameroon</td>
<td>Rwanda &amp; Senegal</td>
<td></td>
</tr>
</tbody>
</table>

### MSMEs
- **CAMEROON**
  - Free transactions or lower transaction fees
  - Convenience in settling payments
  - Send money over long distances
  - “I do not have any problem with digital payments because it saves time. Even if they ask you $50 for charges, it is ok because it saves time instead of staying in line, waiting to pay bills, I prefer this.”
  - Female, 18-29, User, Limbe, Cameroon

### Individuals
- **MALAWI**
  - Speed and ease of transactions
  - Minimizes cash risks
  - Fast and easy to use
  - Free transactions or lower transaction fees for card payments
  - “When you are using (card provider) to buy goods, its free, there is no any deduction fee.”
  - Female, 18-29, User, Malawi

### Country-specific drivers
- **MOROCCO**
  - Helps with personal financial planning
  - Safe and easy to use
  - Can transact from anywhere
  - “It also allows me to track expenses.”
  - Male, 30-44, User, Micro enterprise, Morocco

- **RWANDA**
  - No transaction fees
  - User rewards and incentives
  - Access to loans
  - Speed and ease of transacting
  - “When I save money (Rwandan MNO) I receive interest, I can also borrow loans for my business.”
  - Female, 40-55, Small enterprise, Rwanda

- **SENEGAL**
  - Convenience in sending money over distances
  - Safety (minimizes cash risks)
  - Saves time
  - “I use (Senegal PSP) because I don’t have to worry anymore about receiving fake cash.”
  - Male, 30-44, User, Senegal
SECTION 3.2:
USER GROUP PERSPECTIVES
User group perspectives:
User group differences often relate to the perceived existence or non-existence of a strong use case for digital payments.

**Infrequent vs. frequent income earners**

Across all markets, people who have no income, or earn a low income infrequently or on an irregular basis do not consider themselves to be potential users of digital payments due in part to perceptions that **digital payments are best for employees earning a regular income**.

“The only thing that can encourage me to use these digital payments is to have enough money in my bank account or to receive a monthly salary from an employer.”

Female, 18-29, Non-user, Morocco

**Micro vs. small businesses**

Micro enterprises that trade in cash are more likely to perceive that their businesses are **too small to realize the benefits** from digital payment methods.

“My business is too small to use these kinds of [digital] method.”

Male, 30-44, MSE, Cash User, Malawi

**Youth vs. non-youth**

- **Youth** embrace digital payments more than the elderly, influenced by innovation, aspiration, and desire to engage in mobile and e-commerce opportunities. **Transaction safety** is a key usage driver among youth, whereas a lack of income and use cases is an early usage barrier for the group.

- **Older people conduct more transactions** and have more income but are less familiar with digital payments. Users aged between 30-44 years are more likely to have higher digital payments usage as they have more bills and household expenses to meet. However, older people may struggle with digital literacy barriers.

“Majority of the elderly moms here, have android phones in hand, that they use WhatsApp […] but when they come to transact, they ask for help from me.”

Male, 18-29, User, Agent, Limbe, Cameroon
User group perspectives—deep dive on gender perspectives:
Women face gender-specific barriers, though the severity depends on the context.

Drivers of usage

Similar drivers as for men: speed and convenience stood out as core drivers for women.

"I like that it is fast, there are some people who don’t know how to do it at once, I only have focus to confirm the name of the receiver."

Female, 30-44, Small enterprise, Rwanda

Barriers of usage

Country-specific barrier findings

- Rwanda & Malawi: Low literacy levels
- Morocco: Lack of income and financial independence
- Cameroon: Vulnerability to fraud and network delays
- Senegal: Data privacy violations

Overall barrier findings emerging across the countries

- Those that conduct more transactions are also more likely to use digital payments:
  - In Cameroon and Malawi women are more likely to manage household bills and expenses
  - In Morocco and Senegal, men are more likely to be responsible for settling household expenses.
- Women-led MSME respondents appear to encounter more frequent challenges compared to their men-led counterparts regarding customers who show reluctance to paying transaction charges when making mobile money payments.
- In Cameroon, Malawi, and Senegal, women are more likely to rely on agents to transact on their behalf. This is due to a range of factors such as low self perception about their ability to transact digitally, cumbersome passcodes, or low literacy and low digital exposure levels that are more pronounced among women.

"Women are always more vulnerable than men to fraud and thieves, they easily steal from us [...]."

Female, 30-44, Micro enterprise, Malawi
User group perspectives—deep dive on merchant perspectives: Businesses adopt digital payments to accommodate their customers or because they were onboarded by agents.

<table>
<thead>
<tr>
<th>Thematic perspective</th>
<th>Cameroon</th>
<th>Malawi</th>
<th>Morocco</th>
<th>Rwanda</th>
<th>Senegal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main early usage driver</strong></td>
<td>To facilitate customer payment</td>
<td>Agent outreach</td>
<td>Agent outreach</td>
<td>To facilitate customer payment</td>
<td>Agent outreach</td>
</tr>
<tr>
<td></td>
<td>“If I don’t have Mobile Money the customer won’t purchase but leaves, and doesn’t come back.”</td>
<td>“Agents who came here to my business.”</td>
<td>“I was not aware of mobile money, but when I went to the agency once, the employee installed it on my phone.”</td>
<td>“It was the first service provider company and many of my customers use (provider 1).”</td>
<td>“the agents came to my store... and convinced me to register.”</td>
</tr>
<tr>
<td></td>
<td>- Male, 18-29, User, Agent</td>
<td>- Male, 30-44, User, Agent</td>
<td>- Male, 30-44, User, Small enterprise</td>
<td>- Female, 45-55, Small enterprise</td>
<td>- Male, 45-55, Small enterprise</td>
</tr>
<tr>
<td><strong>Main habitual usage drivers</strong></td>
<td>Additional income from transaction fees paid out by customers</td>
<td>Traceability of transactions</td>
<td>Traceability of transactions and bonuses and rewards</td>
<td>Bonuses and rewards and access to savings and credit products</td>
<td>Advance payment of goods and services</td>
</tr>
<tr>
<td></td>
<td>“When 3 or 4 clients send me money using digital payments, at the end of the day, I end up with a surplus”</td>
<td>“The provider helps me keep records for future reference.”</td>
<td>“The 10% discount on the provider’s bill encourages me to use it.”</td>
<td>“[...] when I save money on the provider, after two weeks I receive interests according to which amount of money I have.”</td>
<td>“At the moment I have on me goods paid in advance that I have to deliver in November, all this is a question of trust.”</td>
</tr>
<tr>
<td></td>
<td>Male, 30-44, User, Micro enterprise owner</td>
<td>Male, 30-44, User, Small enterprise</td>
<td>Male, 30-44, User, Micro enterprise</td>
<td>Female, 45-55, User, Small enterprise</td>
<td>Female, 18-29, User, Small enterprise</td>
</tr>
<tr>
<td><strong>Main barrier</strong></td>
<td>Fraud</td>
<td>Lack of trust</td>
<td>Lack of familiarity</td>
<td>Unreliable mobile networks</td>
<td>Limited opening hours of agents</td>
</tr>
<tr>
<td></td>
<td>“When I had my money in my phone, scammers would call and say confirm your code, then withdraw all your money so that’s why I like when my money is in my cash.”</td>
<td>“We sometimes fail to do business with some people because when you tell them that you will pay via mobile money they always refuse. They do claim that we want to trick them, we want to take their goods for free.”</td>
<td>“I do not use digital payments because I have not seen someone using it; therefore it is better to have cash.”</td>
<td>“The technology fails; when customers want to pay me the networks fail”</td>
<td>“If I put my money on [mobile money], if I need it at night, I cannot get it.”</td>
</tr>
<tr>
<td></td>
<td>Female, 30-44, User, Small enterprise</td>
<td>Female, 30-44, User, Small enterprise</td>
<td>Female, 45-55, non-user, Micro enterprise</td>
<td>Male, 30-44, User, Small enterprise</td>
<td>Male, 45-55, User, Micro enterprise</td>
</tr>
</tbody>
</table>
User group perspectives—deep dive on agent perspectives:

The agent business is cash intensive for merchants and has both risks and rewards.

- Extra revenue from commissions
- Funds circulation for business needs
- Access to Internet
- Ability to provide for family
- Good business prospects

“Extra revenue from commissions helps make some money in addition to my small business in cosmetics and phone accessories.”

Male, 30-44, Agent, Senegal

- Lack of capital
- Cash handling
- Competition

“Mobile money is a business that requires money [...] When you don’t have capital, you are wasting your time [...] What kills us the most is the lack of capital.”

Male, 18-29, Agent, Cameroon

- Fake currency
- Theft and robbery
- Fraud
- Inability to resolve some customer complaints

“I always make sure when the government introduces a new bank note, I study the security features.”

Male, 30-44, Agent, Malawi

- Ledgers to record transactions
- Screenshots of transactions
- Name & ID verification
- Close shops early

“I close my business early to avoid thieves.”

Male, 30-44, Agent, Senegal
Across all countries, a high proportion of users perceives transaction costs to be unfair, but only in Cameroon, Malawi, and Rwanda did more than 15% of surveyed users view them as a barrier.

**Deep dive on selected barriers—transaction costs:** Transaction costs are perceived as high in all countries, but are not perceived as a major barrier in Senegal and Morocco.

"You go to eat maybe the 500 francs dish, you want to pay, maybe pay with the transaction cost, you pay the 500 francs with the transaction cost, you pay the motorcycle 200 francs with the transaction cost, all that there, you see, it is you who turns to be the loser."

Male, 18-29, User, Micro/Agent enterprise owner, Rwanda

They should remove charges completely....

Male, 30-44, User, Malawi

*Transaction cost fairness indicator also reflects responses from non-users*
Deep dive on fraud and recourse mechanisms:
There were varying levels of fraud incidences.

- Fraud seems highly prevalent among respondents in Cameroon and Rwanda and much less prevalent in Morocco. Except for Cameroon, surveyed users seem largely to be able to resolve their transaction issues.
- Surveyed users in Morocco and Senegal have the lowest experience of fraud and the lowest use of USSD.

Total number of digital payment users sampled: 513
Deep dive on fraud and recourse mechanisms—fraud experiences: Suspicious phone calls are the dominant fraud experience.

Cameroon
Experience
- Suspicious messages and calls informing customers of niceties, upon reaching back, their money is stolen.
- Robbery and violence sometimes when transacting with agents.

Coping mechanisms
- Vigilance when transacting.
- Abandoning digital payments.
- They cash out money after having completed digital payment transactions to avoid having money left in their mobile wallets.

“We don’t dare leave large sums of money in our accounts.”
Male 45-55, Frequent income earner

Malawi
Experience
Con men provide fake bank notes at the agents.

Coping mechanism
Agents scrutinize new bank note features.

“Whenever government has introduced a new banknote, I must study all the security features so that I should be able to differentiate the original banknote and fake one.”
Male, 30-44, Agent

Morocco
Experience
- Theft of wallets which often have customers’ credit cards.
- Theft at ATM machines.
- Suspicious messages from unknown contacts.

Coping mechanism: customers forego using digital payments.

“They put a sticker in the place designated to insert credit cards. After a customer performs a transaction, the card remains sticky and does not come out. swindlers then come and take out the card and the money.”
Male, 45-55, User,

“’I’m afraid that any problem (fraud) will happen to me, that’s why I wasn’t excited to use the app.’”
Female, 18-29, Frequent income earner

Rwanda
Experience
Suspicious phone calls from unknown contacts.

Coping mechanism
Avoid sharing personal passwords with others.

“There is digital fraud where con artists might trick you, and you end up sending money to the wrong number.”
Female, 18-29, Small enterprise

Senegal
Experience
Suspicious calls from people disguised as MNO agents asking customers to relay their passwords.

Coping mechanism
Customers prefer to maintain small balances in their mobile money wallets.

“Someone calls you and says they are from (Senegal MNO) and they want your passcode. You hear these stories of fraud all the time on the radio.”
Female, 40-55, Small enterprise

Male, 30-44, Agent

Male 45-55, Frequent income earner
Deep dive on fraud and recourse mechanisms—recourse experiences:
The need for and quality of recourse varies between countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Recourse need</th>
<th>Mechanism</th>
<th>Time taken</th>
<th>Experience</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>Loss of funds due to fraud</td>
<td>None</td>
<td>N/A</td>
<td>Dissatisfactory</td>
<td>Unresolved/unreported</td>
</tr>
<tr>
<td>Senegal</td>
<td>Reverse payment due to transaction errors</td>
<td>Self-initiated or MNO call centre</td>
<td>Instant with some providers, otherwise 24 hrs</td>
<td>Satisfactory</td>
<td>Refunds (or loss for merchant)</td>
</tr>
<tr>
<td>Malawi</td>
<td>Transaction time outs due to network delays, resulting in faulty transactions</td>
<td>Contact agent or MNO call centre</td>
<td>24-72 hours</td>
<td>Dissatisfactory</td>
<td>May not get all funds back</td>
</tr>
<tr>
<td>Rwanda</td>
<td>Lack of transaction confirmation due to network delay</td>
<td>Contact MNO call centre or agent</td>
<td>24 hours-1 month</td>
<td>Satisfactory</td>
<td>Takes too long to refund</td>
</tr>
<tr>
<td>Morocco</td>
<td>Loss of funds due to fraud</td>
<td>Bank or self-initiated</td>
<td>Instant</td>
<td>Satisfactory</td>
<td>Issues resolved</td>
</tr>
</tbody>
</table>

User group differences in Senegal using the recourse mechanism of a payment service provider:

**Individual users** can self-initiate recourse to reverse transaction errors on the app.

**Merchants** using the app are unable to stop recourse on payments they have received via the app even when they are legitimate payments.
Deep dive on selected barriers—customer service experiences: Low engagement levels with terms and conditions (T&Cs) and clear country differences regarding the accessibility of customer services.

**Awareness**
- Users in all markets are generally aware that there are Terms and Conditions (T&Cs).
- Users in Morocco and Rwanda are more likely to be unaware of T&Cs than in other markets.

**Attitudes**
Most users in all markets generally ignore T&Cs. T&Cs are considered “a waste of time.”
- Some users accept T&Cs in order to access service.

**Engagement:** Keen users find small text, lengthy statements a barrier, especially in Morocco.

**Which issues drive customers to reach out for support?**

**Leading customer issues requiring customer support:**
- Transaction errors.
- Transaction verification.
- Fraud reporting.
- Unclear transaction charges.

**Customer service experience**

**Senegal & Morocco:**
- Easily accessible directly through the provider.
- Instant resolution.

**Rwanda & Malawi**
- Often accessed through an agent first.
- Agent may refer users to MNO call center or office.
- May take 24-72 hours to resolve.

**Cameroon:**
- Least accessible customer service.
- Agents are unable or unwilling to assist.
- Users forced to visit MNO office in person.
- Issue may never be resolved.
Voice of the customer on how digital payments can be improved

**Cameroon**
- Eliminate fraud
- Reduce transaction charges
- Improve access to customer support

“Lower the fees, ... that’s what most customers are crying about.”

Male, 18-29, User, Cameroon

**Malawi**
- Reduce transaction charges
- Improve agent access especially in rural areas
- Improve network reliability

“Improve the network......you may fail to buy food because you have money on your phone, but you can’t withdraw it because the network is not stable.”

Male, 30-44, User, Malawi

**Morocco**
- Sensitize public on usage and benefits
- Increase incentives, rewards, and discounts for usage
- Increase number of customer support staff

“The positive side of using digital networks must be clarified.”

Male, 40-55, User, Morocco

**Rwanda**
- Expand access to customer service and support
- Help people acquire handset devices
- Increase number of outlets using merchant IDs

“Truly, they have to respond to the call for better customer service.”

Female, 30-44, User, Rwanda

**Senegal**
- Introduce Wolof as a language of use
- Simplify use of payment codes for customer transactions
- Sensitize public on usage benefits

“I think with new technologies, it should be possible to tell me when I make a mistake inputting the wrong number.”

Female, 30-44, User, Senegal
## Summary of customer research findings: Landscape and usage behavior

<table>
<thead>
<tr>
<th>Landscape</th>
<th>Unique landscape characteristic</th>
<th>Emerging</th>
<th>Nascent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional differences in provider preferences.</td>
<td>High transaction volumes.</td>
<td>Government policy promoting digital payment usage.</td>
</tr>
<tr>
<td>IPS</td>
<td>No IPS</td>
<td>No IPS</td>
<td>Cross-domain IPS</td>
</tr>
<tr>
<td>Proportion of population using digital payments over the past year (Global Findex 2021)</td>
<td>50%</td>
<td>40%</td>
<td>39% (2017 data)*</td>
</tr>
<tr>
<td>Proportion of digital payment users that use digital payments at least once a week (including assisted transactions)</td>
<td>80%</td>
<td>67%</td>
<td>93%</td>
</tr>
<tr>
<td>Main payment providers used</td>
<td>MTN &amp; Orange Money</td>
<td>Airtel Money, TNM, NBS bank</td>
<td>MTN, Equity Bank Rwanda, Airtel Money, Bank of Kigali</td>
</tr>
<tr>
<td>Main payment channel used</td>
<td>Mobile money agents</td>
<td>USSD</td>
<td>USSD</td>
</tr>
<tr>
<td>Most digitalized use case for individuals overall</td>
<td>Send or receive money</td>
<td>Pay for government services</td>
<td>Airtime</td>
</tr>
<tr>
<td>Most digitalized use case for MSMEs overall</td>
<td>Recurrent payments</td>
<td>Transport money for staff/receive customer payments</td>
<td>Transport money for staff</td>
</tr>
</tbody>
</table>

*Finscope data from 2020 shows 30% of Rwandans used digital payments past 12 months*
## Summary of customer research findings: Main barriers and drivers

<table>
<thead>
<tr>
<th>Drivers of usage behavior</th>
<th>Emerging</th>
<th>Malawi</th>
<th>Rwanda</th>
<th>Senegal</th>
<th>Nascent</th>
<th>Morocco</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main barriers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High level of fraud</td>
<td>• Lack of phone and Internet access</td>
<td>• Unreliable mobile network</td>
<td>• Lack of phone access</td>
<td>• Lack of trust</td>
<td>• Lack of trust</td>
</tr>
<tr>
<td></td>
<td>• Lack of trust</td>
<td>• Lack of trust</td>
<td>• Lack of trust</td>
<td>• Lack of trust</td>
<td>• Lack of understanding how to use it</td>
<td>• Lack of widespread acceptance of digital payments</td>
</tr>
<tr>
<td></td>
<td>• High transaction costs</td>
<td>• High transaction costs</td>
<td>• High transaction costs</td>
<td>• High transaction costs</td>
<td>• Unreliable mobile network</td>
<td>• Complex usage</td>
</tr>
<tr>
<td></td>
<td>• Lack of Internet access</td>
<td>• Lack of agent access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Main drivers</strong></td>
<td>• Family and Friends</td>
<td>• Agent outreach</td>
<td>• Customer awareness campaigns</td>
<td>• Marketing promotions</td>
<td>• Free services</td>
<td>• Safety</td>
</tr>
<tr>
<td></td>
<td>• Agent outreach</td>
<td>• Long distance transactions</td>
<td>• Employer influence</td>
<td>• Convenience</td>
<td>• Time saving</td>
<td>• Helps with personal financial planning</td>
</tr>
<tr>
<td></td>
<td>• Network effects</td>
<td>• Marketing promotions</td>
<td>• Marketing promotions</td>
<td>• Agent outreach</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Marketing promotions</td>
<td>• Family and friends</td>
<td></td>
<td>• Access to additional financial services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Free transactions or lower transaction fees</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
SECTION 4.2:
CORE IMPLICATIONS FOR INCLUSIVE IPS SCHEME DESIGN
Core implications for inclusive IPS scheme design

- **IPS versus PSP.** End users are dependent on payment service providers (PSP) for digital payment access and use. The PSP can either drive broad access and usage without an inclusive IPS or can undermine inclusive IPS results through inadequate service delivery. A dominant PSP may propel widespread digital payment usage even without an inclusive IPS, as is the case in Cameroon, Rwanda, and Senegal.

- **Preconditions for success.** Phone and internet access remain significant impediments to digital payment use, which is outside the control of the IPS and direct participants. National digital strategies are key to addressing this barrier.

- **IPS design implications:**
  - **Trust in provider and importance of recourse.** Trust is critical for the early and habitual use of digital payments. Scheme rules and operations must build and retain consumer trust by enabling effective recourse mechanisms and consumer protection. The respective recourse mechanisms should scale with the market and can range from simplified rules to complex, centralized real-time analytics.
  - **Consumer capability and awareness.** Distribution, marketing, and targeted education initiatives are needed to onboard and empower consumers, and to demystify risks of digitalization, especially for women and the elderly. Industry-wide initiatives could be adopted toward this goal in collaboration between IPS and their participants.
  - **Agent networks.** Participant PSP agent networks are key to enabling access to those without devices and/or digital literacy, and to promote awareness.
  - **Language.** Communication is needed in multiple languages to appropriately reach consumers to build capabilities and trust.
  - **Network effects** kick in when digital payment instruments are widely accepted. A broad set of use cases need to be enabled and accepted by the retail ecosystem to grow usage. Supplier payments from MSMEs is a particular gap.
  - **Reliability and ease of use** are key drivers or barriers to use. Complex USSD menus, failed transactions, and apps that malfunction were particularly harmful to use.
  - **Prices** are perceived as high across all countries. IPS and participating PSPs that generate revenue through scale and volume rather than transaction cost are more likely to drive usage, given the untapped market of financially excluded population.
AfricaNenda is an African-led team of experts committed to unlocking the potential of digital financial services for the financially excluded across the continent by accelerating the scale-up of instant and inclusive payment systems. AfricaNenda’s approach is to provide public and private sector stakeholders with technical expertise and the capacity to reduce barriers to digital payments. AfricaNenda wants to enable everybody in Africa to make digital transactions seamlessly and at a low cost wherever they are on the continent by 2030.

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