

THE STATE OF INCLUSIVE INSTANT PAYMENTS IN AFRICA 2023

CONSUMER RESEARCH INSIGHTS

Cross-country findings



INTRODUCTION

- 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.

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- 3.2 User group perspectives
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- 4.2 Core implications for inclusive IPS scheme design





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SECTION 1

METHODOLOGY OVERVIEW



METHODOLOGY: OVERVIEW



Research methodology and corresponding objectives

Objectives of the tool

Sample size target per country

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)







Fieldwork itinerary

- **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 but frequent income earners	 Micro entrepreneurs*	 Small businesses*
Definition	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-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.	Individual trader/merchants like hawkers, fruit and vegetable sellers, cobblers, and other crafts traders.	Traders who have small, fixed premises or (mostly informal) shops/service providers, as well as smallholder farmers, and small agribusinesses.
Sample proportion (quant. survey)	28%	28%	18%	26%
<p>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).</p>				
<p>Within each of the four groups, an adequate coverage of women and youth was ensured.</p>				
<p><i>* Country specific monthly turnover cut-off has been applied</i></p>				

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.

METHODOLOGY: DETAILED SAMPLING BREAKDOWN

Country	Respondent Profile	Quantitative		IDI		Mystery shopping	
		Douala	Limbe	Douala	Limbe	Douala	Limbe
Cameroon	No/ infrequent income earners	17	15	2	2	1	-
	Low frequent income earner	14	14	2	2	1	1
	Micro business	5	11	2	1	-	1
	Small business	15	9	2	2	1	-
	TOTAL		100		15		5
	Percentage of sample that are digital payment users		81%				
Malawi	No/ infrequent income earners	41		4		1	
	Low frequent income earner	46		4		2	
	Micro business	22		3		1	
	Small business	57		4		1	
	TOTAL		166		15		5
	Percentage of sample that are digital payment users		73%				
Morocco	No/ infrequent income earners	41		4		1	
	Low frequent income earner	36		4		2	
	Micro business	19		3		1	
	Small business	28		4		1	
	TOTAL		124		15		5
	Percentage of sample that are digital payment users		77%				
Rwanda	No/ infrequent income earners	29		4		1	
	Low frequent income earner	46		4		2	
	Micro business	33		3		1	
	Small business	17		4		1	
	TOTAL		122		15		5
	Percentage of sample that are digital payment users		83%				
Senegal	No/ infrequent income earners	39		4		1	
	Low frequent income earner	28		4		2	
	Micro business	29		3		1	
	Small business	44		4		1	
	TOTAL		140		15		5
	Percentage of sample that are digital payment users		81%				



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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.

		Emerging cluster				Nascent cluster
Share of adults using digital payments	Proportion of population using digital payments over the previous year [Global Findex 2021]	Senegal	Cameroon	Rwanda	Malawi	Morocco
			53%	50%	39% <i>(2017 data)</i>	40%
Share of "super users"	Proportion of weekly users out of digital payment users [including agent-assisted payments]					
	Individuals	94%	83%	90%	57%	17%
	MSMEs	94%	76%	98%	77%	8%

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.

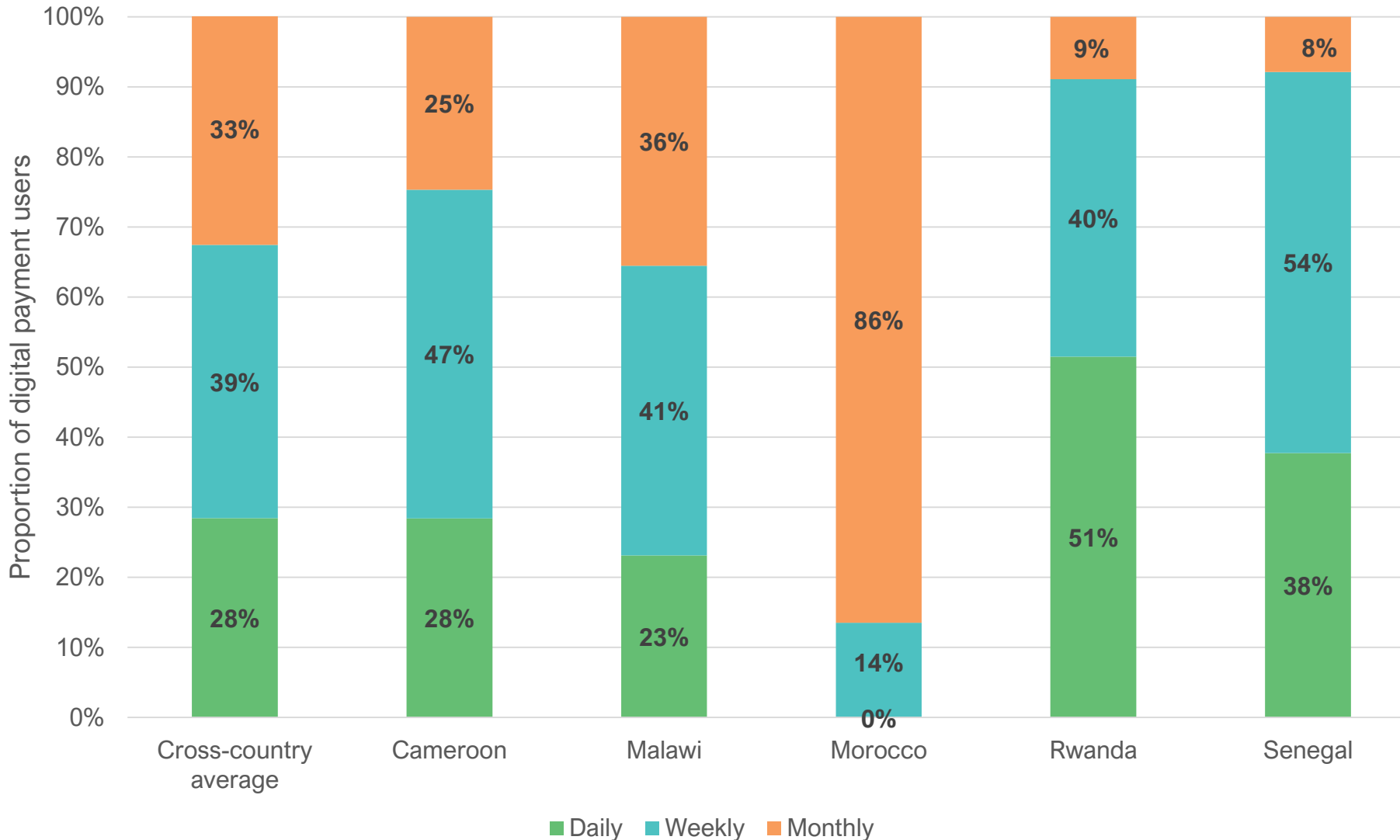
		Leading cluster		Emerging cluster			Nascent cluster		
Share of adults using digital payments	Proportion of population using digital payments during the previous year [Global Findex 2021]	Kenya	Ghana	Tanzania	Zambia	Nigeria	DRC	Egypt	
				78%	66%	50%	46%	34%	22% (2017 data)
Share of "super users"	Proportion of weekly users out of digital payment users [including agent-assisted payments]	Individuals	82%	86%	21%	53%	83%	26%	14%
		MSMEs	82%	90%	45%	64%	75%	28%	24%

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.



Cross-country analysis—frequency of digital payment use:
Over 50% of people transact multiple times a week in all countries except Morocco.

Total number of digital payment users: 513

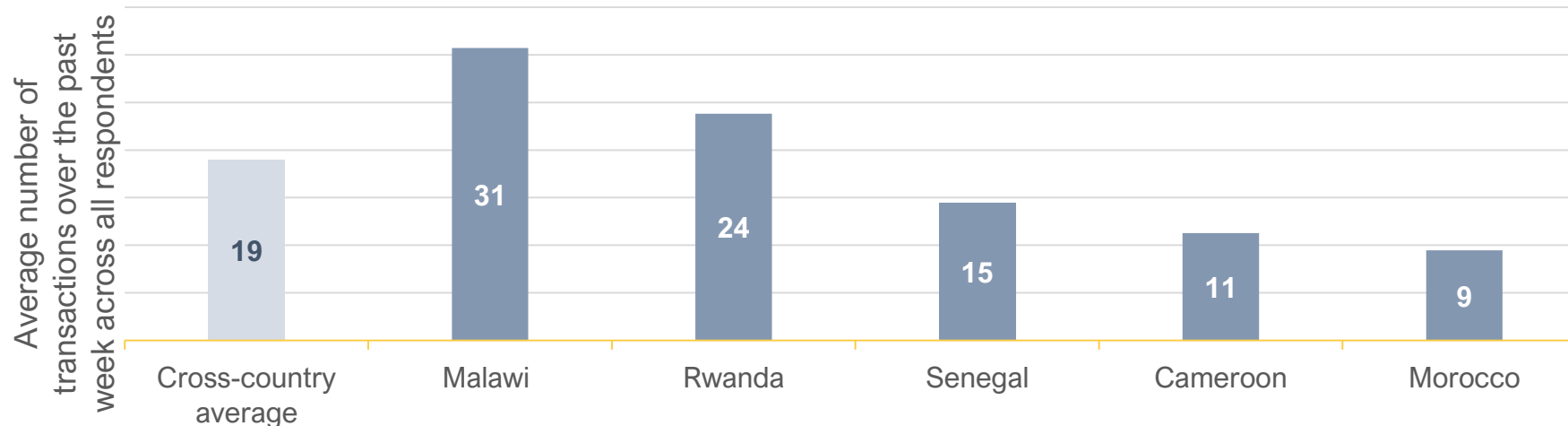


Across all countries: Over 50% of surveyed users use digital payments at least 2-3 times a week in all countries, except for Morocco.

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.

Cross-country analysis—weekly transaction profile: Weekly transaction volumes differ significantly across countries.



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.

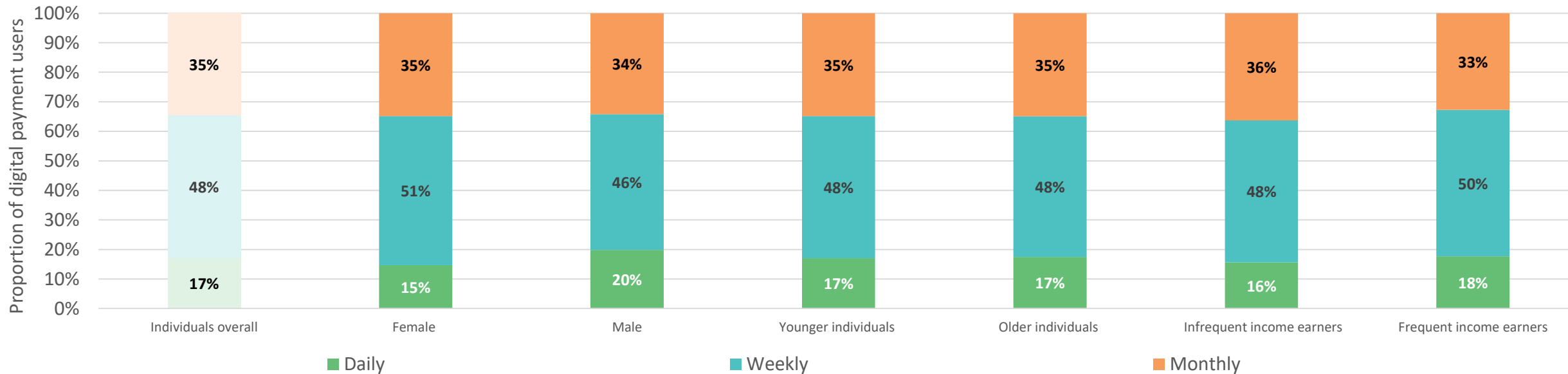
There is considerable variation among the countries, with respondents in Malawi reporting a weekly transaction volume three times higher than Morocco's. The transaction volumes consist of cash transactions, assisted transactions, and digital transactions.



Individual user group analysis—frequency of digital payment usage: No significant differences across countries but there is a slight gender gap.

Total number of individual digital payment users sampled: 281

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



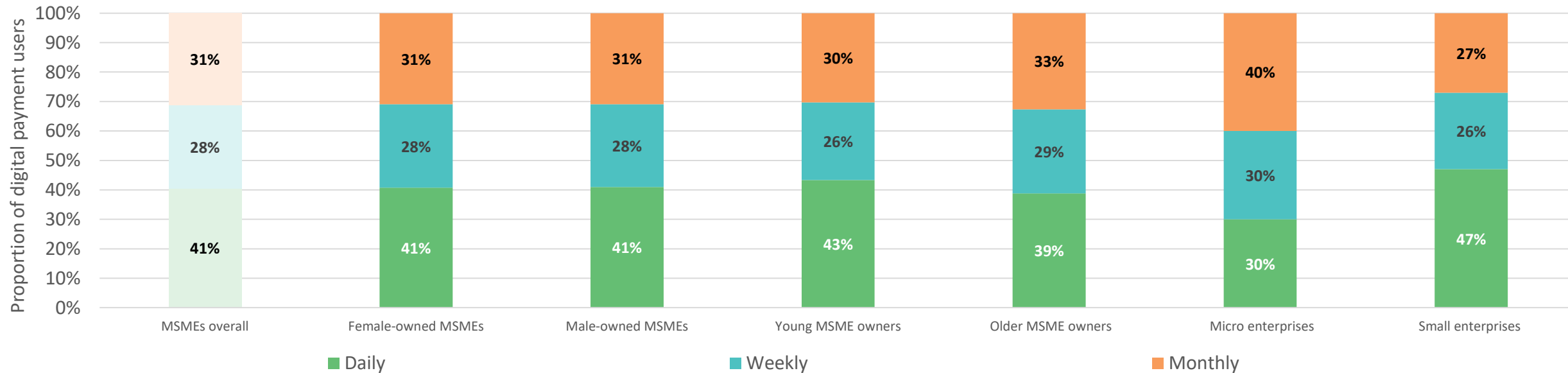
- Frequency of use on average is similar between user groups
 - There is a small gender gap in terms of daily usage among surveyed individuals. Frequent income earners are using digital payments slightly more regularly than infrequent income earners.
- Averages hide the significant differences between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



MSME user group analysis—frequency of digital payment usage:

A larger share of small enterprise owners and young MSME owners use digital payments daily than other MSME owners.

Frequency of digital payment usage per MSME user groups



Surveyed MSMEs are more digitalized than individuals, especially non-micro enterprises.

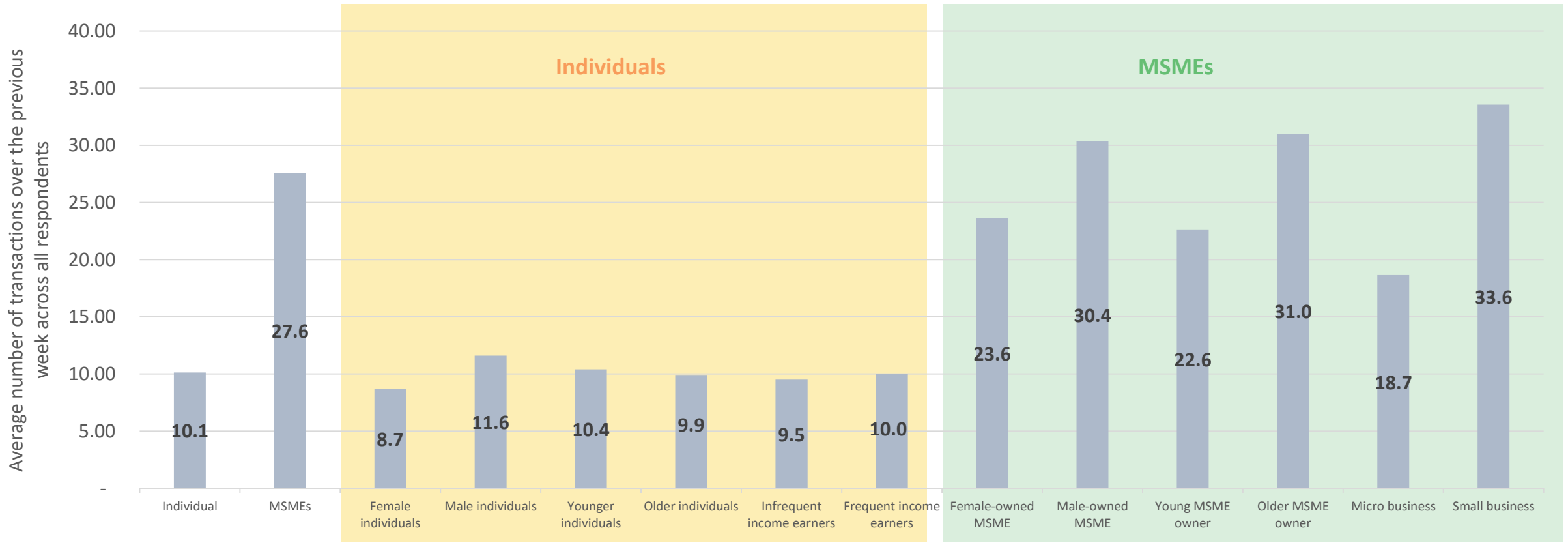
- Younger MSME owners have slightly higher daily digital payment use than older ones.
- There are large differences between micro and small enterprises in terms of digital payment usage.



User group analysis—weekly transaction profile:

Transaction volumes vary considerably between user groups.

Average number of transactions per week for the different user groups



Gender, age, and frequency/scale of income are clear drivers of transaction volume

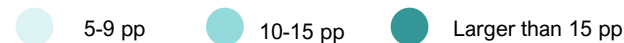


User group analysis—country analysis:

Digital payment use differs significantly between countries, with more significant gaps emerging between groups.

	ALL RESPONDENTS		INDIVIDUAL RESPONDENTS		MSME RESPONDENTS	
	MSME vs. individuals	Age	Gender	Frequency of income	Gender	Size of business
Cameroon	No significant variance	Younger use more	No significant variance	Frequent use more	Women use more	No significant variance
Morocco	Individuals use more	Younger use more	No significant variance	Frequent use more	Men use more	Larger use more
Malawi	MSMEs use more	Older use more	Men use more	No significant variance	Women use more	Larger use more
Rwanda	No significant variance	Older use more	Men use more		No significant variance	No significant variance
Senegal	No significant variance		Women use more		No significant variance	Larger use more

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.





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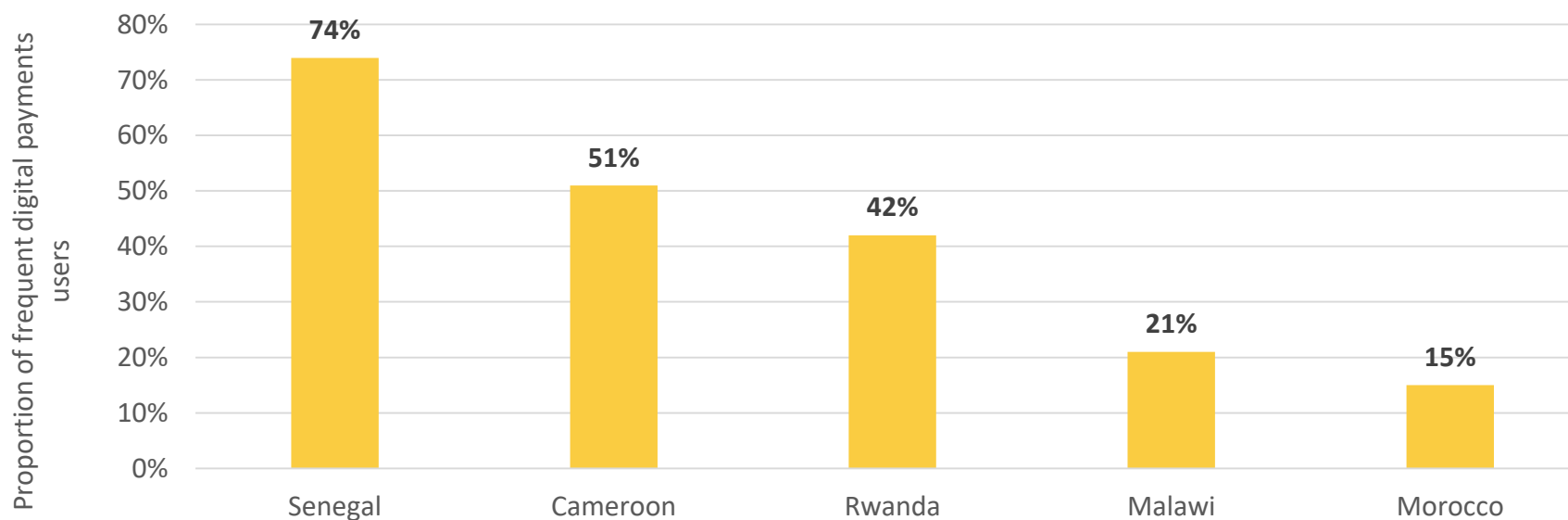
SECTION 2.2: PAYMENT CHANNEL ANALYSIS



Payment channel analysis – deep dive on agent channel: Many still use agents to transact despite frequent digital payment use

Total number of respondents:
349

Proportion of frequent users that conduct digital & assisted transactions* at least once a week



Predominant agent roles per country	
Malawi	Pay utilities for users and non-users
Cameroon	Transact on behalf of women and elderly persons
Rwanda	Cash-outs for non-users who lack devices
Senegal	Cash-in & cash-outs for digital users
Morocco	Cash-out digital money transfers, salaries and pensions

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*



Payment channel* analysis—country analysis:

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

Total number of respondents
sampled: 655

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

- 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.

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

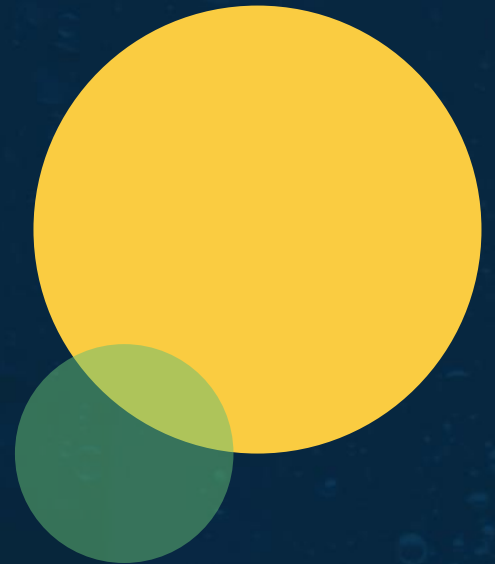
**The World Bank (2011) defines a SIM Toolkit as a software that is placed on the SIM card itself that can be used to hold a mobile money application.





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SECTION 2.3: USE CASE ANALYSIS



Use case analysis—country analysis for individuals:
Most P2B and B2P transactions remain in cash despite significant usage.

Total number of respondents:
366

The most frequent payment use cases and their level of digitalization

		Cameroon	Morocco	Senegal	Rwanda	Malawi
Ranking of weekly use cases by prevalence among individual respondents [% of transactions that are done digitally]	1	Airtime [55%]	Pay for household goods [53%]	Send money [60%]	Airtime [80%]	Airtime [54%]
	2	Send money [59%]	Airtime [38%]	Airtime [75%]	Pay for household goods [74%]	Pay for household goods [51%]
	3	Save money [50%]	Pay for services [11%]	Receive money [65%]	Transport [53%]	Utility payments [38%]
	4	Receive money [59%]	Receive salary [67%]	Save money [85%]	Receive salary [70%]	Send money [51%]
	5	Pay for household goods [40%]	Save money* [67%]	Pay for household goods [40%]	Save money [77%]	Save money [44%]

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

**Sample size < 5 respondents*

*The bold text indicates that this is the most digitalized use case among the top 5

- 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.



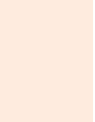


Use case analysis—country analysis for MSMEs: Strong potential to further digitalize B2B payments.

Total number of respondents:
289

The most frequent payment use cases and their level of digitalization

		Cameroon	Morocco	Senegal	Rwanda	Malawi
Ranking of weekly use cases by prevalence among MSME respondents [% of use case respondents that made or received a digital payment for the use case]	1	Receive customer payments [50%]	Receive customer payments [71%]	Receive customer payments [77%]	Receive customer payments [95%]	Receive customer payments [83%]
	2	Supplier payments [39%]	Loan repayments [36%]	Supplier payments [41%]	Airtime money for staff [83%]	Airtime money for staff [81%]
	3	Airtime money for staff [100%]*	Staff salaries [60%]	Airtime money for staff [50%]	Loan repayments [47%]	Supplier payments [52%]
	4	Transport money for staff [100%]*	The other use cases mentioned are not as frequent*	Transport money for staff [25%]	Save income [64%]	Transport money for staff [83%]
	5	Save business income [36%]		Utility payments [29%]	Transport money for staff [100%]	Save income [35%]

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
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**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.*

- In Cameroon and Senegal, MSME use cases are less digitalized in comparison to individual use cases.
- Low-value payments to staff are digitalized whereas B2B use cases largely remain cash based.

The bold text indicates that this is the most digitalized use case among the top 5.





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SECTION 3

UNDERSTANDING CUSTOMER BEHAVIOR





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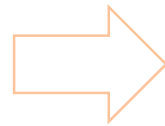
**SECTION 3.1:
PATHWAY TOWARDS HABITUAL USAGE
OF DIGITAL PAYMENTS**



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

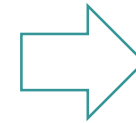
Access

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.



Early 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.

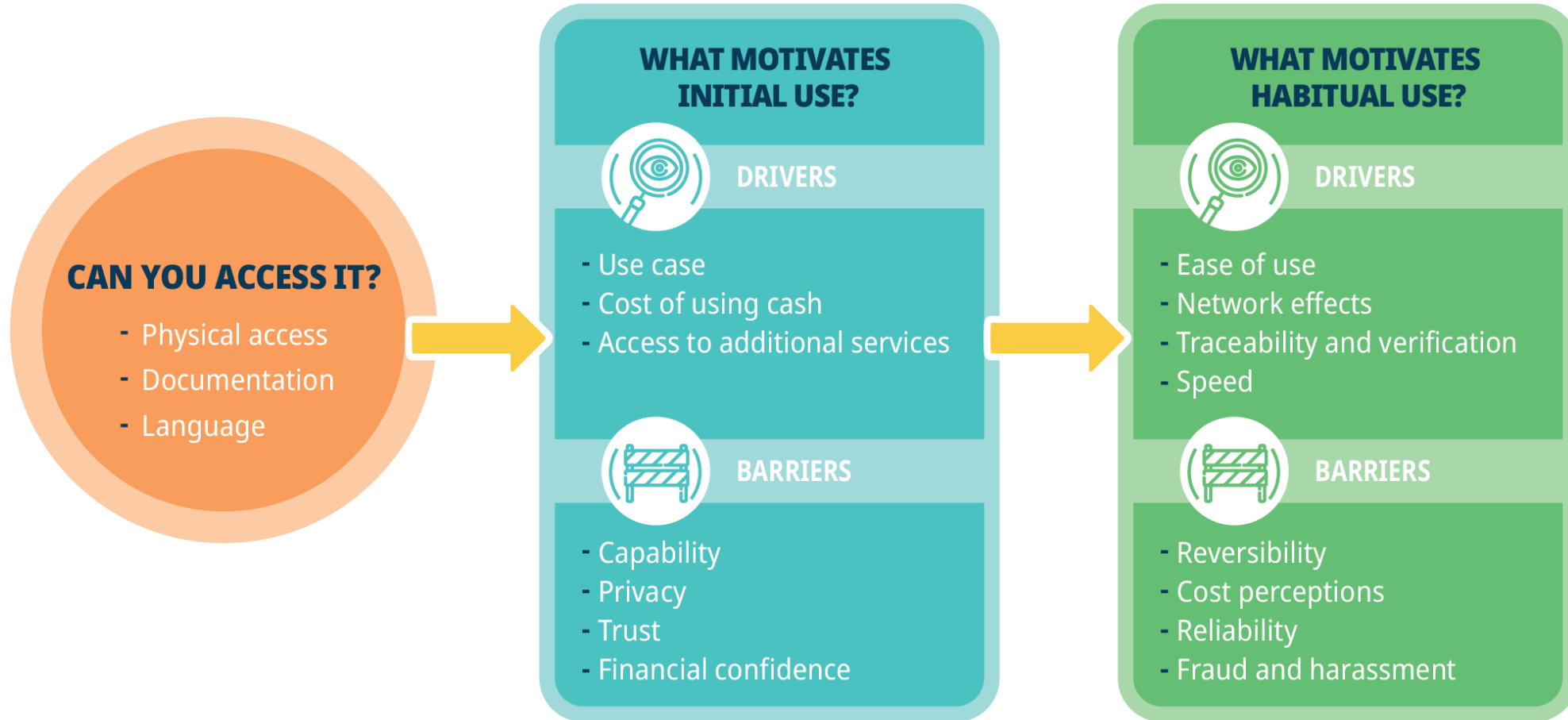


Habitual Usage

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.

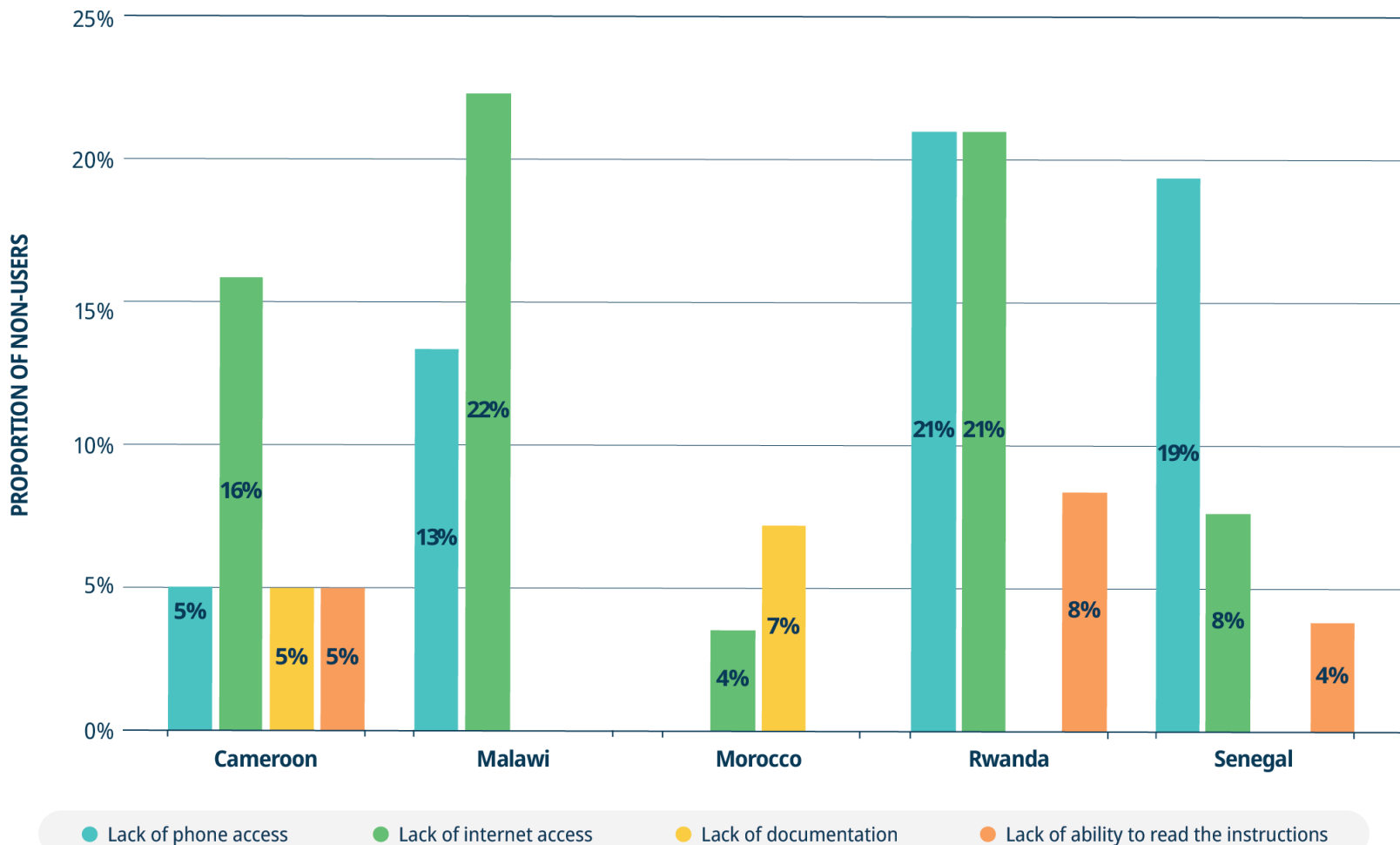


Pathway towards habitual usage—access barriers:

Access barriers are the lowest in Morocco and the most prevalent in Rwanda.

Total number of non-users sampled: 140

Percentage of respondents for whom the given barrier is topmost



- 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:

Lack of phone and internet access along with agent network access challenges prevent people from accessing digital payments.

Lack of phone access

“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

- 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.

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

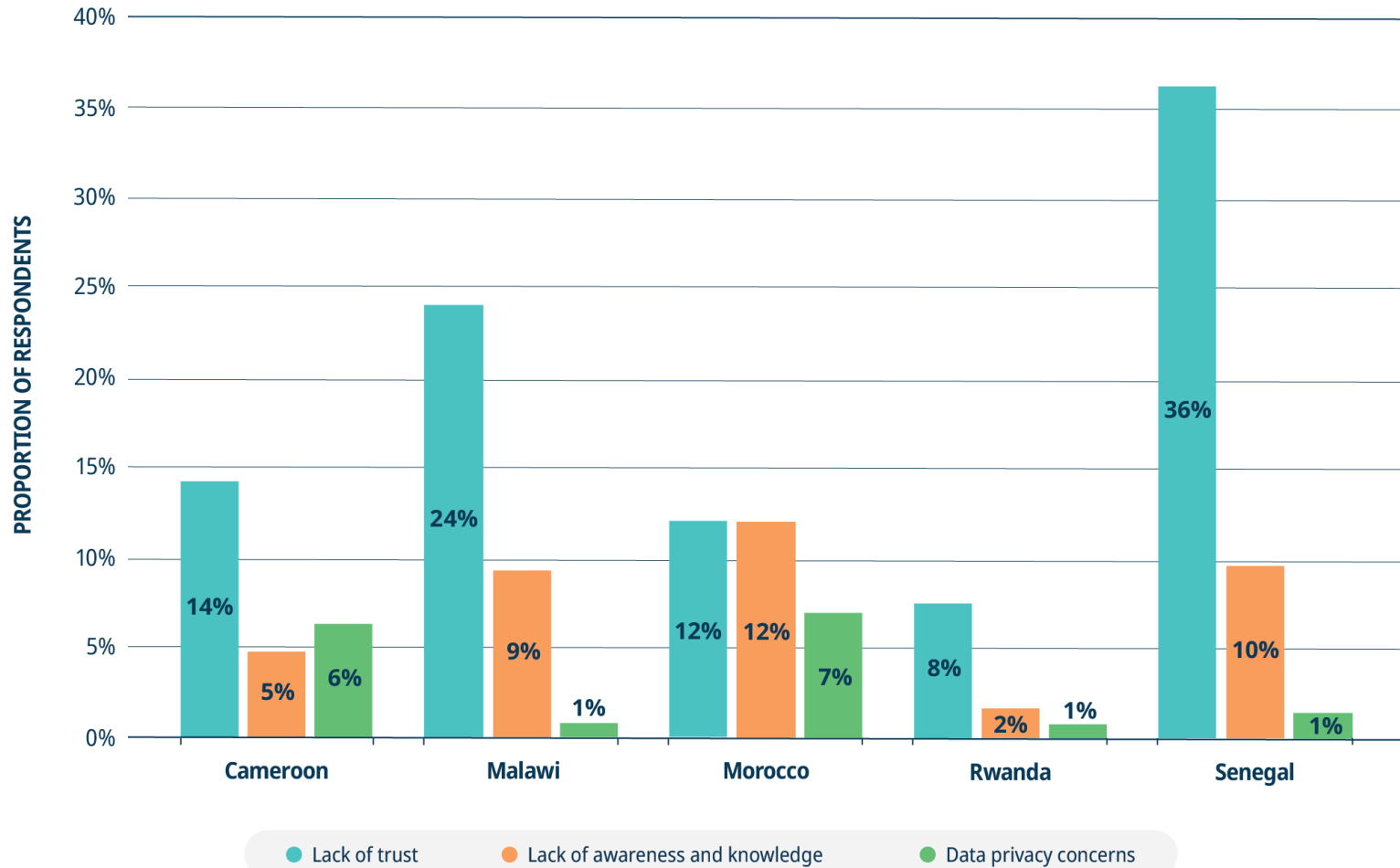
- In Senegal, users find it challenging that they are not able to access agents at night in the event they need their services.
- In Malawi, respondents reported broad unavailability of agents in rural areas.



Pathway towards habitual usage—early usage barriers:
Lack of trust is the most significant early usage barrier.

Total number of respondents
sampled: 655

Percentage of respondents for whom the given barrier is topmost



- 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.

Pathway towards habitual usage—early usage barriers: Lack of exposure and literacy lowers trust levels.

Fear & distrust

“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

- 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.

Literacy & exposure levels

“ 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

- 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.

Data Privacy

“ I do not like how they can see all my personal identification information when I use my [...] app.”
Male, 40-55 years, User, Senegal

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

Lack of use case

“My landlord is right next to me; I see no need to do mobile money.”
Female, 30-44 years, User, Cameroon

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



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

MSMEs

Key personas driving adoption: Agents
Top use-case promoting adoption: Receive customer payments
Leading markets for network effects*: Cameroon

Individuals

Friends and family
 Pay utilities and receive money from family
 Rwanda & Senegal

Country-specific drivers

CAMEROON

- Friends and family
 - Network effects
 - Marketing promotion (sales & advertising)
 - Agent cross-selling of handsets
 - Demand from customers
- “Most of my people are on {Cameroon MNO}, So I went to {Cameroon MNO}”*
- Male, 30-44 years old, Small enterprise, Douala*

MALAWI

- Marketing promotions
 - Employer influence
 - Friends & Family
 - Agent activity
- “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.”*
- Female, 30-44 years old, Micro enterprise, Malawi*

MOROCCO

- Influence by friends and family
 - Free services
 - Employer influence
 - Training & awareness campaigns
- “I attended a training on digital marketing, that’s when I started using digital payment methods,....”*
- Male, 30-44 years, Agent, Morocco*

RWANDA

- Government policy on COVID 19
 - Network effects
 - Marketing promotions
- “I started using it frequently during the Covid pandemic, before thar I used to use cash.”*
- Male, 30-44 years, Rwanda*

SENEGAL

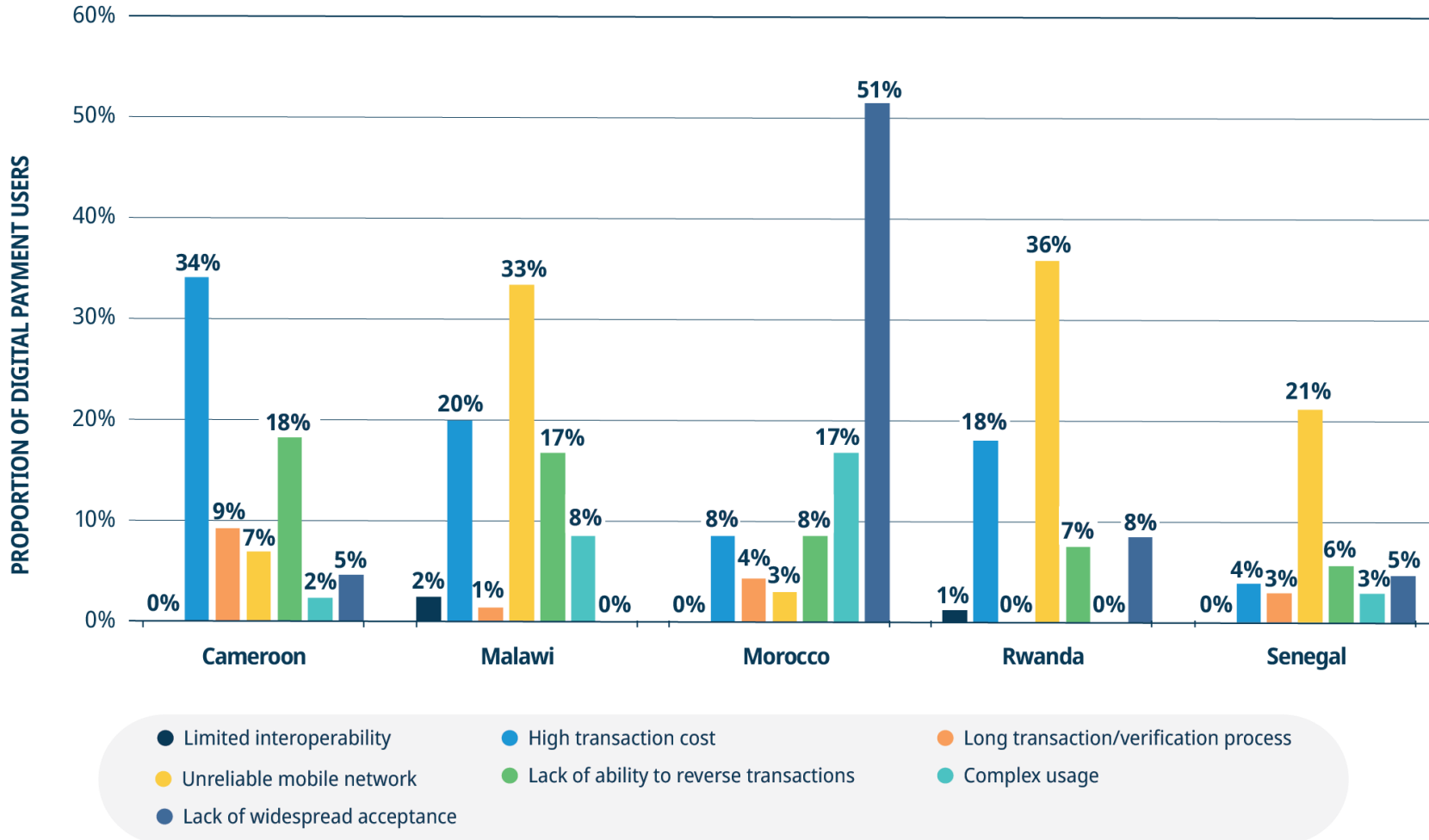
- Network effects
 - Marketing promotions
 - Agent activity
- “I came across [...] agents going door to door explaining its use,....”*
- Female, 30-44 years old, Senegal*

*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.

Total number of digital payment users sampled: 513

Percentage of respondents for whom the given barrier is topmost



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



Pathway towards habitual usage—habitual usage barriers: Barriers are context specific.

Unreliable mobile network

"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

- 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

"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

- 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 transactions are complicated to follow especially when you want to pay for utilities like water bills."

Female, 45-55, User, Malawi

- 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

"Most {traders} do not like digital channels, they prefer cash,....so you have to have cash."

Male, 45-55, Non-user, Cameroon

- 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.



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

MSMEs

Key personas driving usage: Suppliers
Top use-case promoting usage: Receive customer payments
Leading markets for network effects: Cameroon

Individuals

Friends and family
 Pay utilities and receive money from family
 Rwanda & Senegal

Country-specific drivers

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 500 frs 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

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

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





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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.



vs.



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



vs.



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



vs.



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

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

Barriers of usage

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.

Thematic perspective	Cameroon	Malawi	Morocco	Rwanda	Senegal
	To facilitate customer payment	Agent outreach	Agent outreach	To facilitate customer payment	Agent outreach
Main early usage driver	<p><i>"If I don't have Mobile Money the customer won't purchase but leaves, and doesn't come back."</i></p> <p>- Male, 18-29, User, Agent</p>	<p><i>"Agents who came here to my business."</i></p> <p>- Male, 30-44, User, Agent</p>	<p><i>"I was not aware of mobile money, but when I went to the agency once, the employee installed it on my phone."</i></p> <p>- Male, 30-44, User, Small enterprise</p>	<p><i>"It was the first service provider company and many of my customers use {provider 1}."</i></p> <p>- Female, 45-55, Small enterprise</p>	<p><i>"the agents came to my store... and convinced me to register."</i></p> <p>- Male, 45-55, Small enterprise</p>
	Additional income from transaction fees paid out by customers	Traceability of transactions	Traceability of transactions and bonuses and rewards	Bonuses and rewards and access to savings and credit products	Advance payment of goods and services
Main habitual usage drivers	<p><i>"When 3 or 4 clients send me money using digital payments, at the end of the day, I end up with a surplus"</i></p> <p>Male, 30-44, User, Micro enterprise owner</p>	<p><i>"The provider helps me keep records for future reference."</i></p> <p>Male, 30-44, User, Small enterprise</p>	<p><i>"The 10% discount on the provider's bill encourages me to use it."</i></p> <p>Male, 30-44, User, Micro enterprise</p>	<p><i>"[...] when I save money on the provider, after two weeks I receive interests according to which amount of money I have."</i></p> <p>Female, 45-55, User, Small enterprise</p>	<p><i>"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."</i></p> <p>Female, 18-29, User, Small enterprise</p>
	Fraud	Lack of trust	Lack of familiarity	Unreliable mobile networks	Limited opening hours of agents
Main barrier	<p><i>"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"</i></p> <p>Female, 30-44, User, Small enterprise</p>	<p><i>"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."</i></p> <p>Female, 30-44, User, Small enterprise</p>	<p><i>"I do not use digital payments because I have not seen someone using it; therefore it is better to have cash."</i></p> <p>Female, 45-55, non-user, Micro enterprise</p>	<p><i>"The technology fails; when customers want to pay me the networks fail"</i></p> <p>Male, 30-44, User, Small enterprise</p>	<p><i>"If I put my money on {mobile money}, if I need it at night, I cannot get it."</i></p> <p>Male, 45-55, User, Micro enterprise</p>



User group perspectives—deep dive on agent perspectives:

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

Habitual usage pathway

- Friends & family
- Rewards & benefits
- MNO recruitment

"I wanted to work with them because I like how people were exchanging money."

Male, 30-44, Agent, Rwanda

Benefits

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

"It's a business that helps me make some money in addition to my small business in cosmetics and phone accessories."

Male, 30-44, Agent, Senegal

Barriers

- 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

Risks

- 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

Coping mechanisms

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

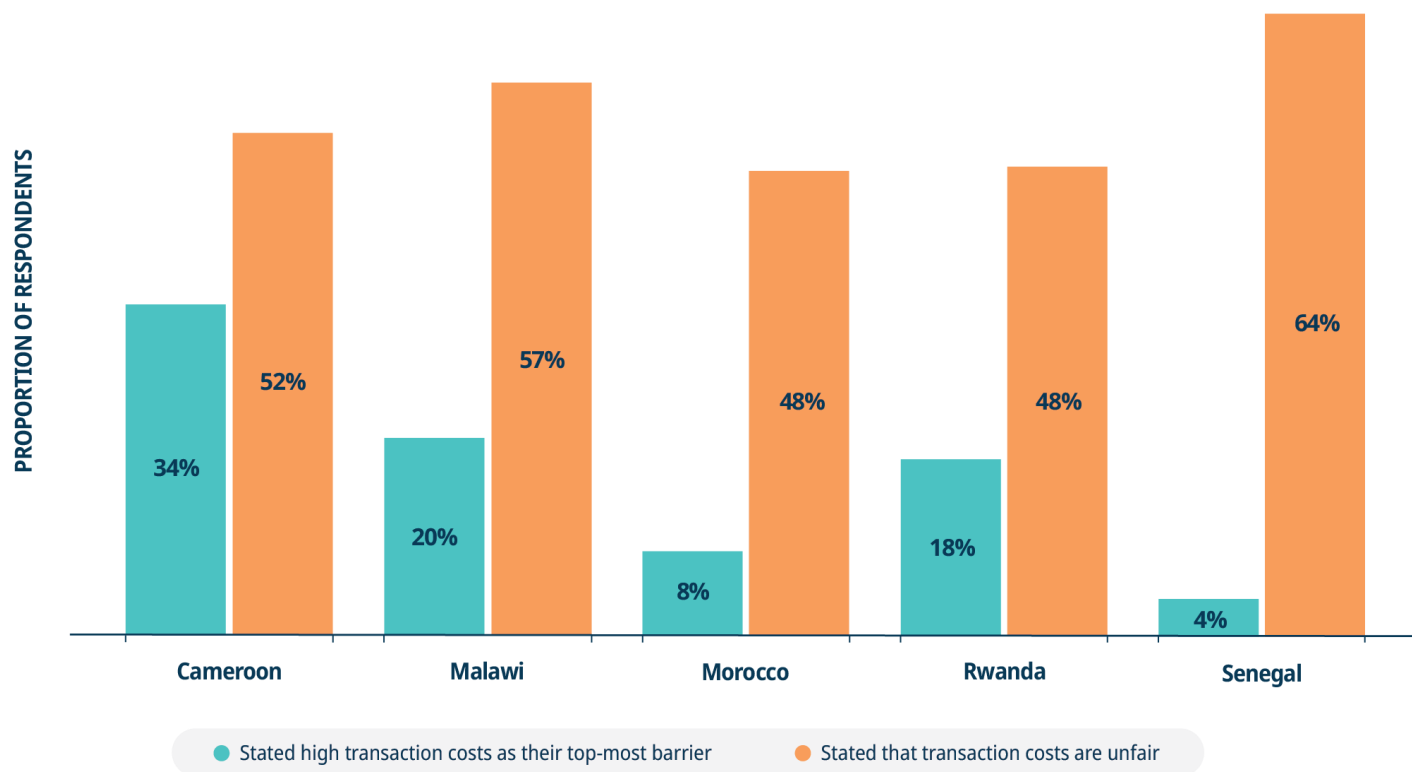
"I close my business early to avoid thieves."

Male, 30-44, Agent, Senegal



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.

Proportion of respondents which experienced this barrier



“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

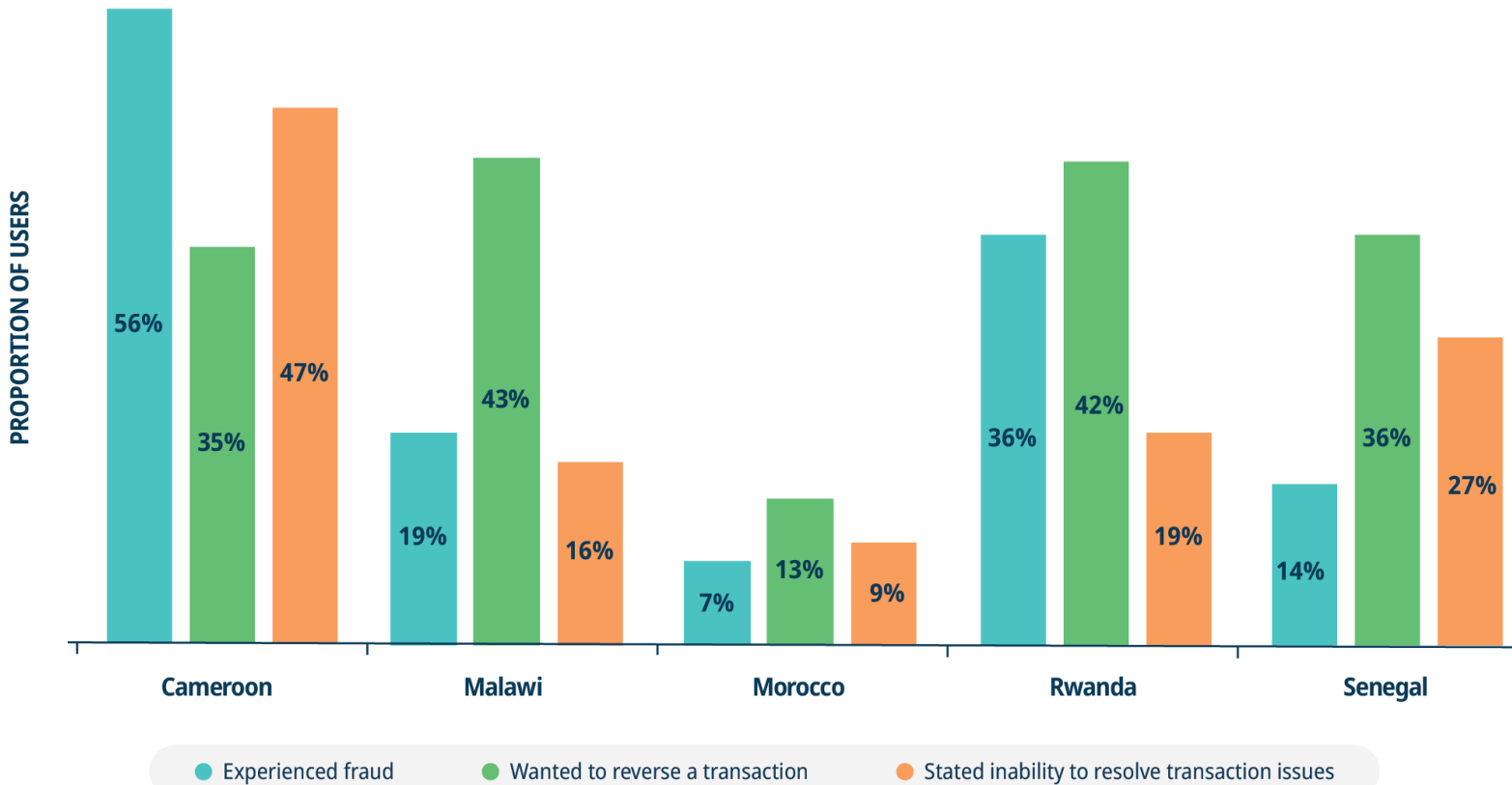
**Transaction cost fairness indicator also reflects responses from non-users*

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 fraud and recourse mechanisms:
There were varying levels of fraud incidences.

Total number of digital payment users sampled: 513

Proportion of respondents which experienced this barrier



- **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**.



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

Deep dive on fraud and recourse mechanisms—recourse experiences:
The need for and quality of recourse varies between countries.

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

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.

T&C awareness, attitudes, and accessibility

Which issues drive customers to reach out for support?

Leading customer issues requiring customer support:

- Transaction errors.
- Transaction verification.
- Fraud reporting.
- Unclear transaction charges.

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.

Customer service experience



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





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SECTION 4

SYNTHESIS AND CONCLUSION



Summary of customer research findings: Landscape and usage behavior

		Emerging				Nascent
		Cameroon	Malawi	Rwanda	Senegal	Morocco
Landscape	Unique landscape characteristic	Regional differences in provider preferences.	High transaction volumes.	Government policy promoting digital payment usage.	One player is dominating the payment app space.	App-based DFS ecosystem
	IPS	No IPS	No IPS	Cross-domain IPS	No IPS	Cross-domain IPS
	Proportion of population using digital payments over the past year [Global Findex 2021]	50%	40%	39% (2017 data)*	53%	30%
	Proportion of digital payment users that use digital payments at least once a week [including assisted transactions]	80%	67%	93%	94%	14%
Usage behavior	Main payment providers used	MTN & Orange Money	Airtel Money, TNM, NBS bank	MTN, Equity Bank Rwanda, Airtel Money, Bank of Kigali	Wave, Orange Money, Free Money	CIH bank, Wafacash, Cash Plus
	Main payment channel used	Mobile money agents	USSD	USSD	Mobile app	Mobile app
	Largest user group differences based on at least weekly usage [size of gap in percentage points]	Older > younger MSME owner [17 pp]	Small enterprise > micro enterprise [32 pp]	Small > micro enterprise [9 pp]	Small > micro enterprise [9 pp]	Male-owned > female-owned MSME [18 pp]
	Most digitalized use case for individuals overall	Send or receive money	Pay for government services	Airtime	Save money	Receive salary
	Most digitalized use case for MSMEs overall	Recurrent payments	Transport money for staff/ receive customer payments	Transport money for staff	Loan repayments	Receive customer payments

*Finscope data from 2020 shows 30% of Rwandans used digital payments past 12 months



Summary of customer research findings: Main barriers and drivers

Drivers of usage behavior

Emerging					Nascent
Cameroon	Malawi	Rwanda	Senegal	Morocco	
Main barriers					
<ul style="list-style-type: none"> • High level of fraud • Lack of trust • High transaction costs • Lack of Internet access 	<ul style="list-style-type: none"> • Lack of phone and Internet access • Unreliable mobile network • Lack of trust • High transaction costs • Lack of agent access 	<ul style="list-style-type: none"> • Lack of phone and Internet access • Unreliable mobile network • High transaction costs 	<ul style="list-style-type: none"> • Lack of phone access • Lack of trust • Unreliable mobile network 	<ul style="list-style-type: none"> • Lack of trust • Lack of understanding how to use it • Lack of widespread acceptance of digital payments • Complex usage 	
Main drivers					
<ul style="list-style-type: none"> • Family and Friends • Agent outreach • Network effects • Marketing promotions • Free transactions or lower transaction fees 	<ul style="list-style-type: none"> • Agent outreach • Long distance transactions • Employer influence • Marketing promotions • Family and friends 	<ul style="list-style-type: none"> • Customer awareness campaigns • Government policy during the COVID-19 crisis • Access to additional financial services 	<ul style="list-style-type: none"> • Marketing promotions • Convenience • Agent outreach • Network effects 	<ul style="list-style-type: none"> • Free services • Safety • Time saving • Helps with personal financial planning 	





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SECTION 4.2:

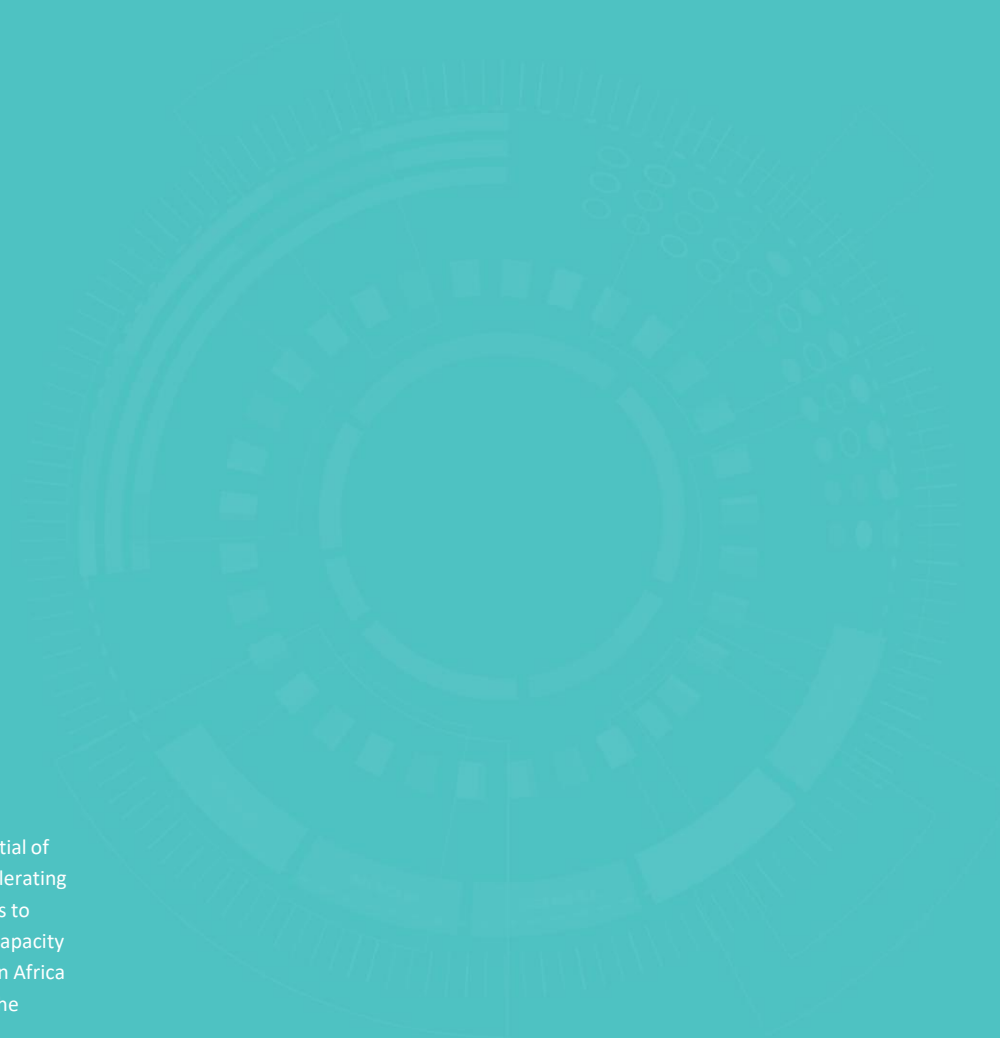
CORE IMPLICATIONS FOR INCLUSIVE IPS SCHEME DESIGN



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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