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ACCELERATING INCLUSIVE PAYMENT SYSTEMS

THE STATE OF INCLUSIVE INSTANT PAYMENTS IN AFRICA 2023

CONSUMER RESEARCH INSIGHTS

Malawi

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.

PRESENTATION STRUCTURE

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SECTION 2

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2.1 Digital payment usage analysis

2.2 Payment channel analysis

2.3 Use case analysis

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3.1 Pathway to habitual usage

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Conclusion

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SECTION 1

METHODOLOGY OVERVIEW

Research methodology and corresponding objectives

Quantitative survey	In-depth interview	Mystery shopping

Objectives of the tool

Quantitative survey	In-depth interview	Mystery shopping
• Understand customer usage habits • Measure frequency of digital payment usage and transaction profiles • Rank the most used payment instruments • Identify core barriers to adoption and usage	• Map use-case characteristics and payment behavior • Determine customer perceptions on instant and inclusive payments using an access, early usage, and habitual usage framework • Map the customer journey	In-depth understanding of the user journey—cost, recourse, and customer support

Fieldwork itinerary

- **Quantitative data collection:** 15 Feb – 3 Mar 2023

- **Qualitative data collection**: 15 Feb – 6 Mar 2023

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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 and stable earning opportunities, including 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 size (quant. survey)	41	46	22	57

73% 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, researchers ensured **adequate coverage of women and youth**.

* Country-specific monthly turnover cut-off has been applied

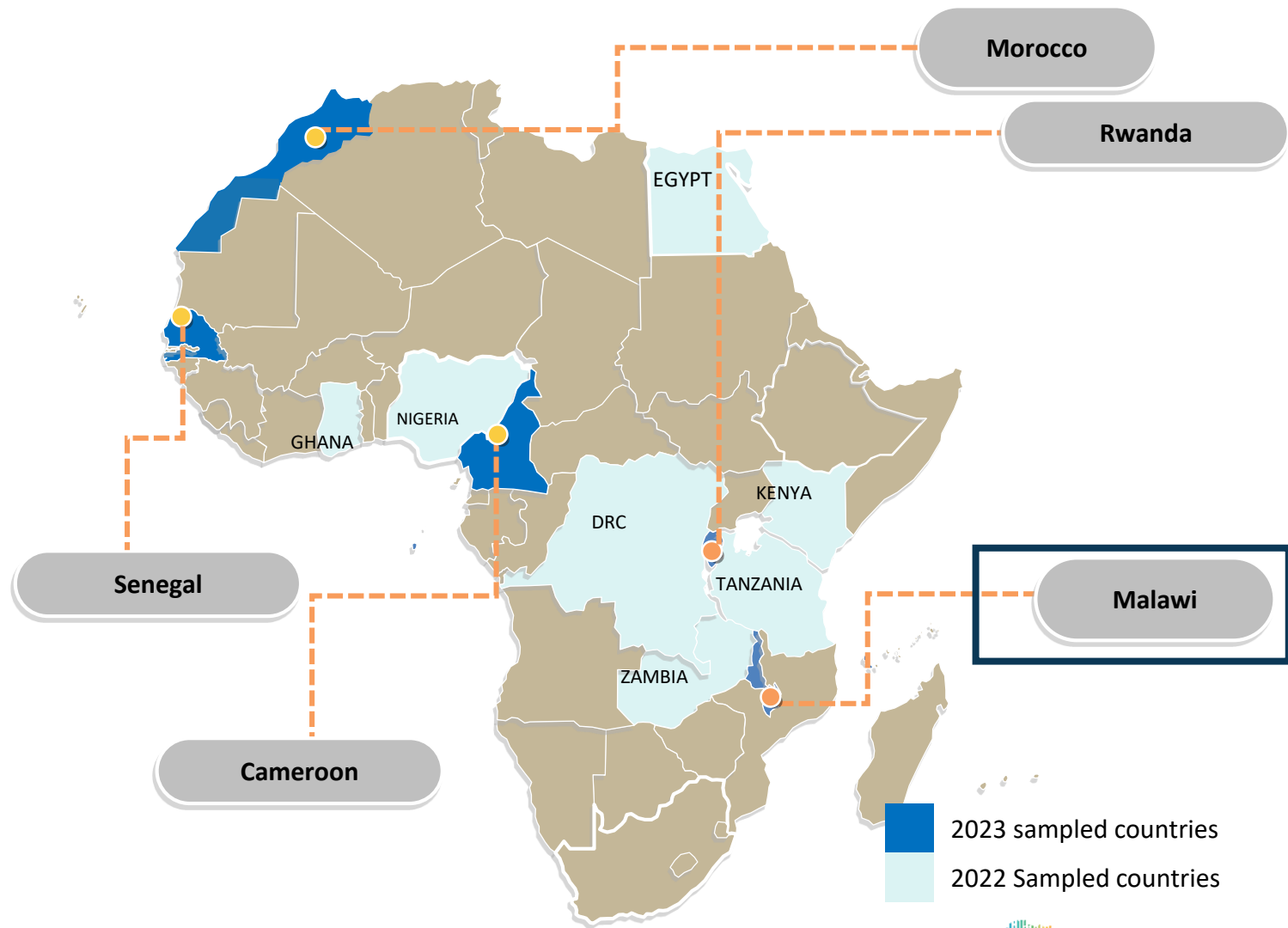The study sample focuses on the **''emerging market**'' that is expected to use digital payments and thus only sampled those in **urban and peri-urban** settings. The focus was on low-income earners and MSMEs and the sample is therefore **not nationally representative.** Any inferences made on a country-by-country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

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Sampled countries in 2023:
Cameroon, Malawi, Morocco, Rwanda, and Senegal

- The 2023 customer research was conducted in five sample countries: Cameroon, Malawi, Morocco, Rwanda, and Senegal.

- Cross-country averages are based on these five sample countries.

- The research complements research done in seven other countries in 2022 in using a similar methodology: DRC, Egypt, Ghana, Kenya, Nigeria, Tanzania, Zambia.

Morocco

Rwanda

EGYPT

Senegal

GHANA

NIGERIA

KENYA

DRC

TANZANIA

Malawi

ZAMBIA

Cameroon

2023 sampled countries

2022 Sampled countries

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SECTION 2

CURRENT STATE OF DIGITAL PAYMENT USE

Digital payment usage across the countries: Malawi belongs to the emerging category, as only 40% of the sampled population made or received a digital payment in the year prior to the survey.

Countries have been categorized as **nascent**, **emerging,** and **leading** based on usage data from the Global Findex. Most of the 2023 surveyed countries are in the emerging category.

		Leading cluster		Emerging cluster								Nascent cluster		
Share of users	Proportion of **population** using digital payments over the **previous year** [*Global Findex 2021*]	**Ghana**	**Kenya**	**Cameroon**	**Malawi**	**Nigeria**	**Rwanda**	**Senegal**	**Tanzania**	**Zambia**		**DRC**	**Egypt**	**Morocco**
		66%	78%	50%	40%	34%	39% *(2017 data)*	53%	50%	46%		22% *(2017 data)*	20%	30%
Share of "super-users"	Proportion of **weekly users** out of **digital payment users** [*including agent-assisted payments*] Individuals	86%	82%	83%	57%	83%	90%	94%	21%	53%		26%	14%	17%
	MSMEs	90%	82%	76%	77%	75%	98%	94%	45%	64%		28%	24%	8%

SECTION 2.1:

DIGITAL PAYMENT USAGE ANALYSIS

Cross-country analysis on the frequency of digital payment use: A Majority of Malawians who use digital payments do so on a weekly basis.

Proportion of digital payment users

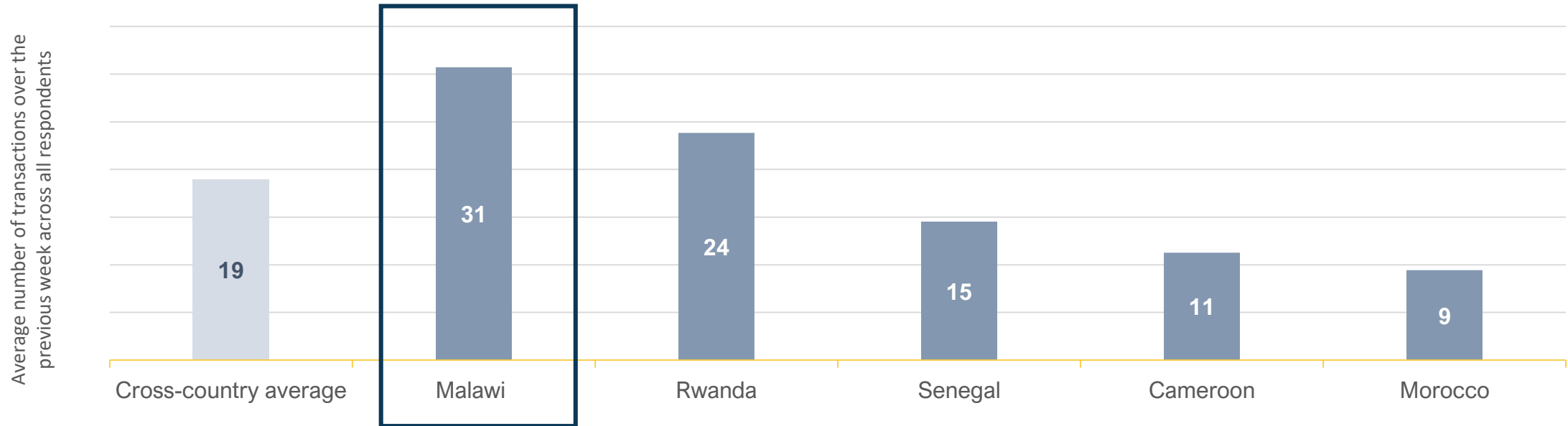| Category	Cross-country average	Cameroon	Malawi	Morocco	Rwanda	Senegal
Monthly	33%	25%	36%	86%	9%	8%
Weekly	39%	47%	41%	14%	40%	54%
Daily	28%	28%	23%	0%	51%	38%

Daily ■ Weekly ■ Monthly
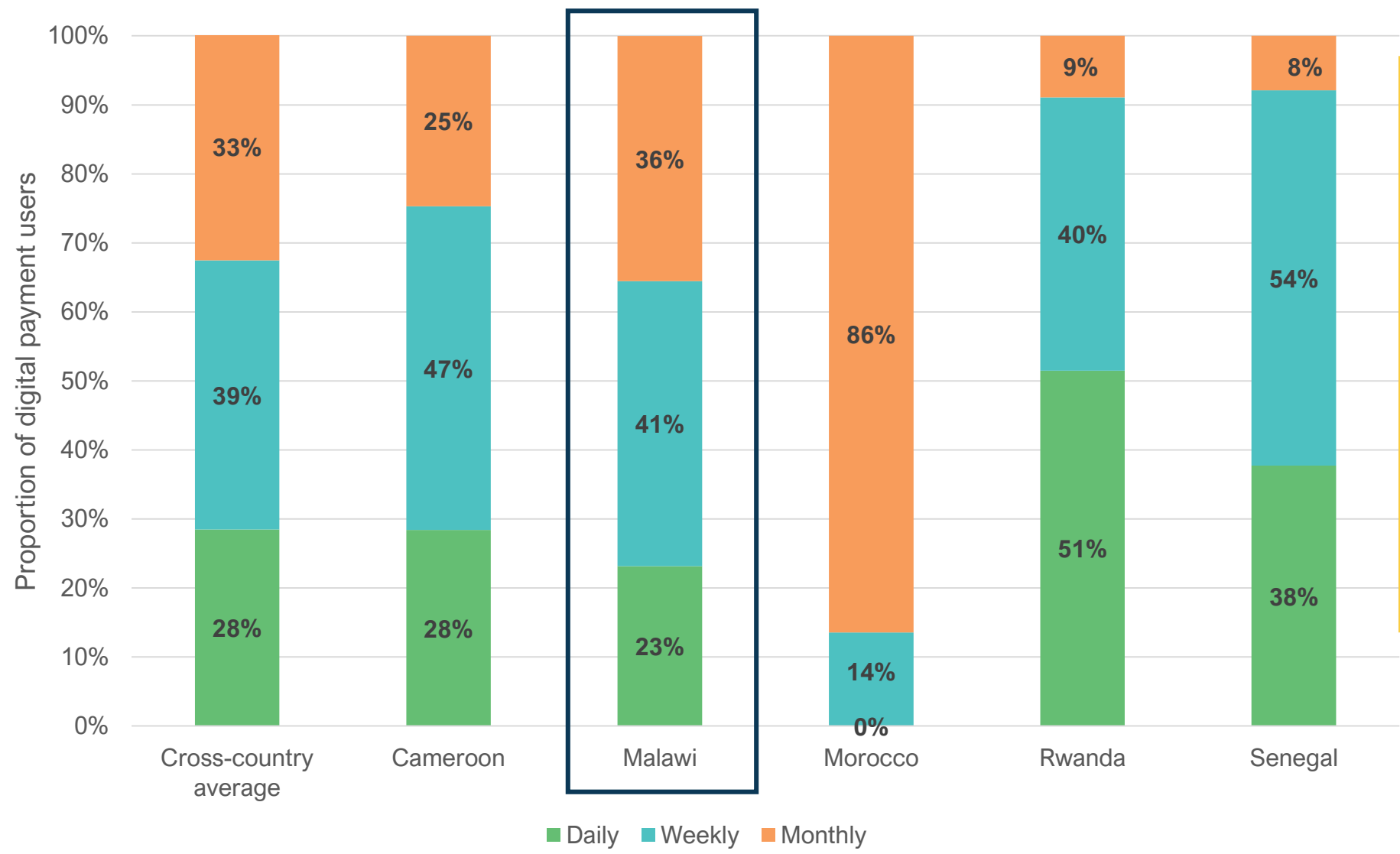
- **64%** of surveyed digital payment users in Malawi use digital payments **at least weekly.**

- **23%** of surveyed users make digital payments daily, indicating momentum for adopting digital services as part of their daily routines.

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Cross-country analysis—weekly transaction profile: Malawi has the highest reported average weekly transaction volume.

Average number of transactions over the previous week across all respondents

Cross-country average	Malawi	Rwanda	Senegal	Cameroon	Morocco
19	31	24	15	11	9

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User group analysis—weekly transaction profile: Men and men-owned MSMEs have a higher transaction volume than women-owned MSMEs.

Average number of weekly transactions by user group

Individuals

MSMEs

| User group	Average number of transactions over the past week across all respondents
Individual	12
MSMEs	51
Female individuals	11
Male individuals	14
Younger individuals	12
Older individuals	13
Infrequent income earners	8
Frequent income earners	13
Female-owned MSME	34
Male-owned MSME	64
Young MSME owner	28
Older MSME owner	65
Micro business	21
Small business	63

- MSMES make significantly more transactions than individuals in Malawi.
- Interestingly, older MSME owners conduct more transactions than young MSME owners.
- Small businesses drive the majority of MSMEs transactions.

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User group analysis—frequency of digital payment usage: MSMEs are leading daily digital payment usage. There is a gender gap in usage.

Total number of digital payment users sampled: 121

Frequency of digital payment usage per user groups
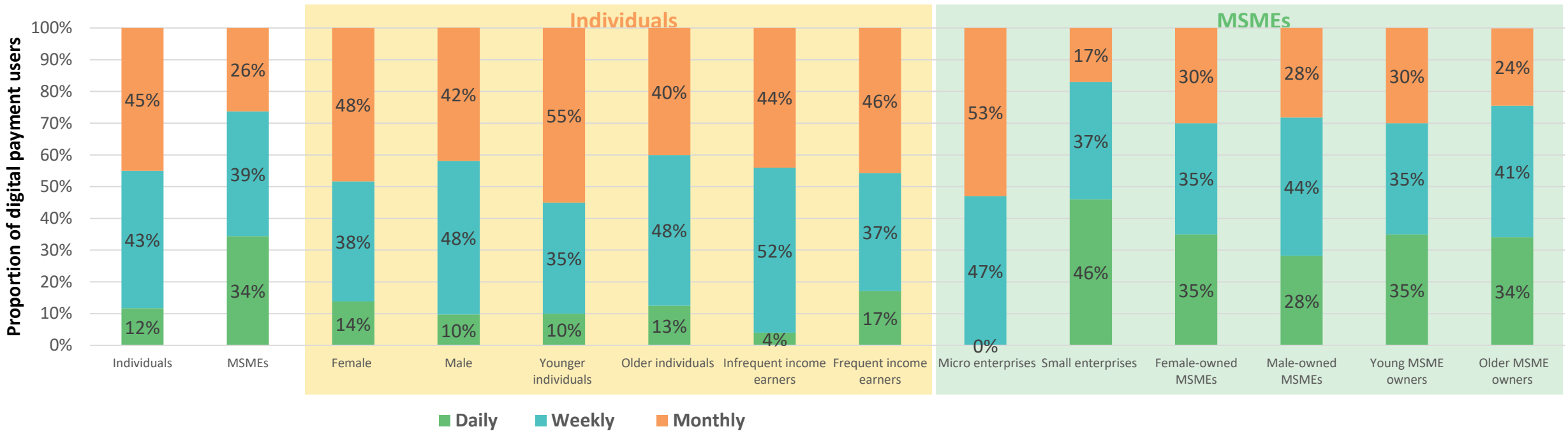
- MSMEs are significantly more active daily digital payment users than individuals. Women-owned MSMEs have a higher level of daily usage than male-owned MSMEs and almost the same level of weekly usage.

- Older individuals have a higher daily and weekly usage than younger ones.
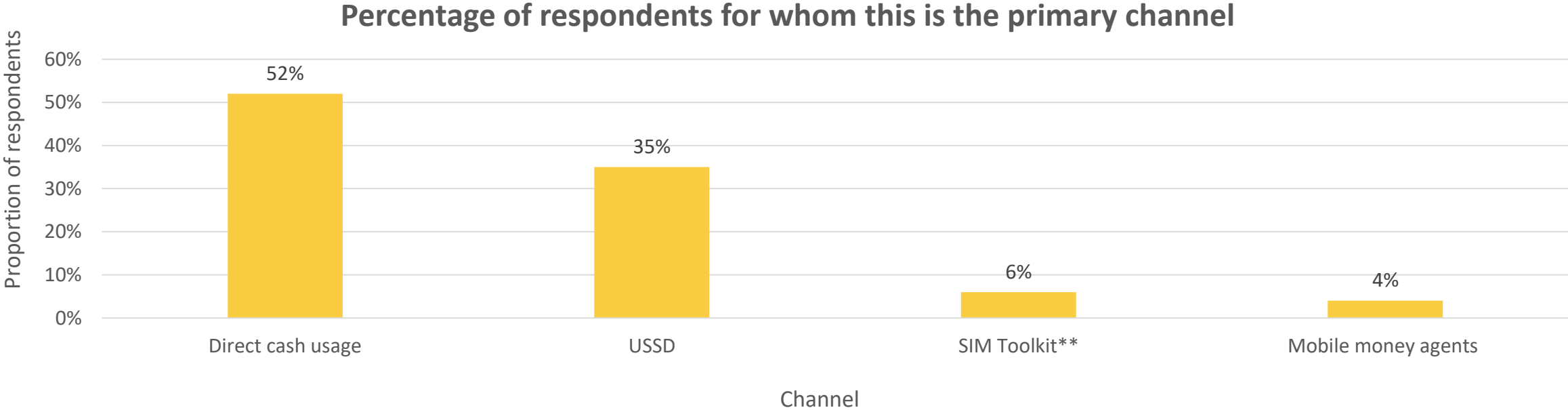
SECTION 2.2:

PAYMENT CHANNEL ANALYSIS

Payment channel* analysis: USSD is the most used digital channel in Malawi

Percentage of respondents for whom this is the primary channel

Proportion of respondents

- 60%
- 50%
- 40%
- 30%
- 20%
- 10%
- 0%

52% — Direct cash usage
35% — USSD
6% — SIM Toolkit**
4% — Mobile money agents

Channel

*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.

- Cash prevails in Malawi.
- USSD is the most dominant digital channel and users infrequently use mobile money agents or SIM Toolkit in Malawi.

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SECTION 2.3:
USE CASE ANALYSIS

Use case analysis—level of digitalization: MSME use cases are more digitalized but clear room exists to further digitalize B2B payments as well as utility payments and remittances.
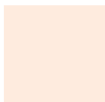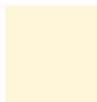
The most common five payment use cases that Individuals and MSMEs have at least once a week and their level of digitalization

		Individuals	MSMEs
Ranking of weekly use cases by prevalence among individual and MSME respondents [% of transactions that are done digitally]	1	Airtime [54%]	Receive customer payments [83%]
	2	Pay for household goods [51%]	Airtime money for staff [81%]
	3	Utility payments [38%]	Supplier payments [52%]
	4	Send money [51%]	Transport money for staff [83%]
	5	Save money [44%]	Save income [35%]

- The main payment use cases for MSMEs are well digitalized, whereas for individuals the most common payment use cases are not well digitalized yet.
- There is strong potential for digitalization of utility payments, airtime, remittances, and B2B payments.

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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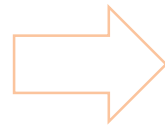
SECTION 3

UNDERSTANDING CUSTOMER BEHAVIOR

SECTION 3.1:
PATHWAY TO HABITUAL USAGE

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.
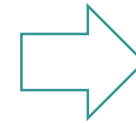
Habitual Usage

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.

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Pathway towards habitual digital payment usage:
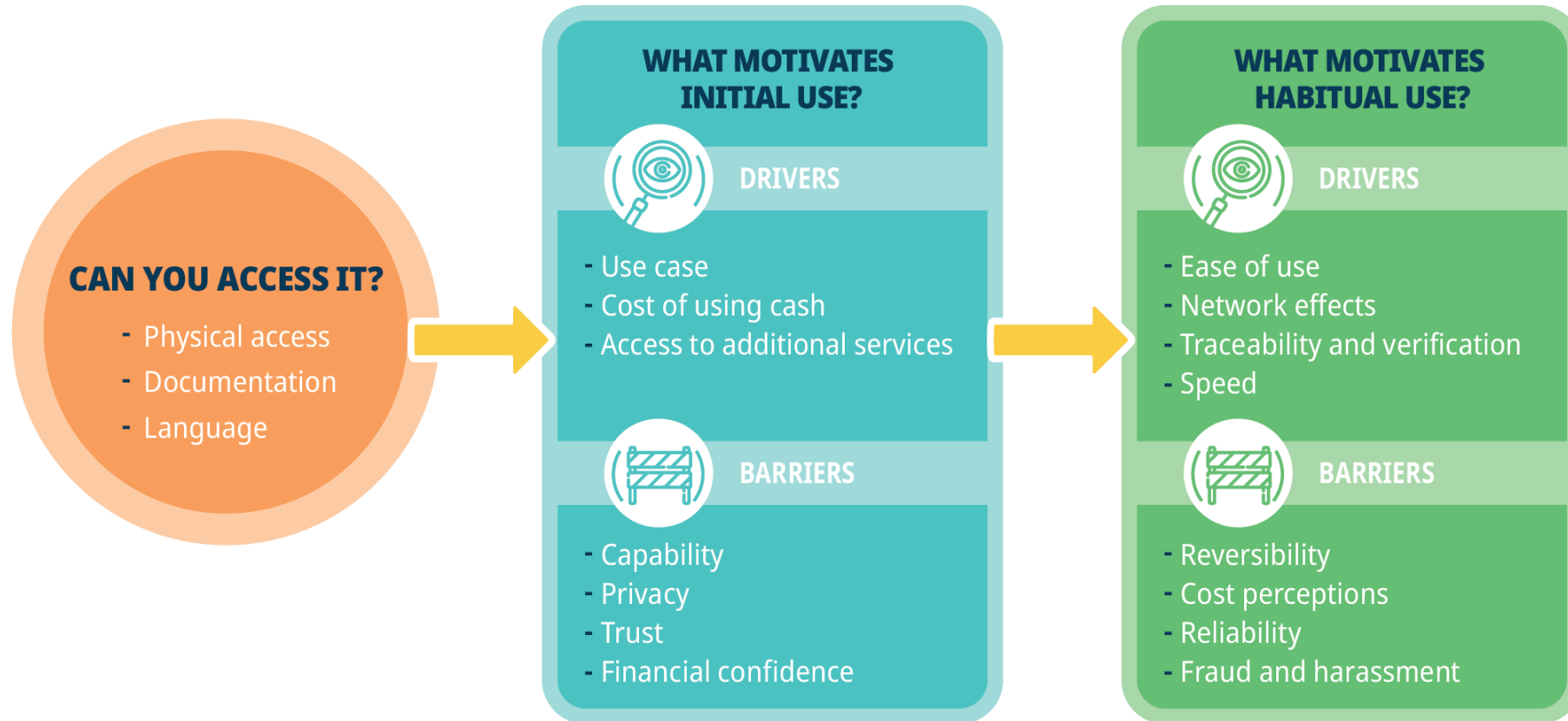Barriers and drivers based on the access, early usage, habitual usage framework

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

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Pathway towards habitual usage—access barriers:
Lack of internet and phone access limit digital payment access in Malawi.

Proportion of respondents for whom the given barrier is topmost

Proportion of nonusers

- Malawi
- Cross-country average
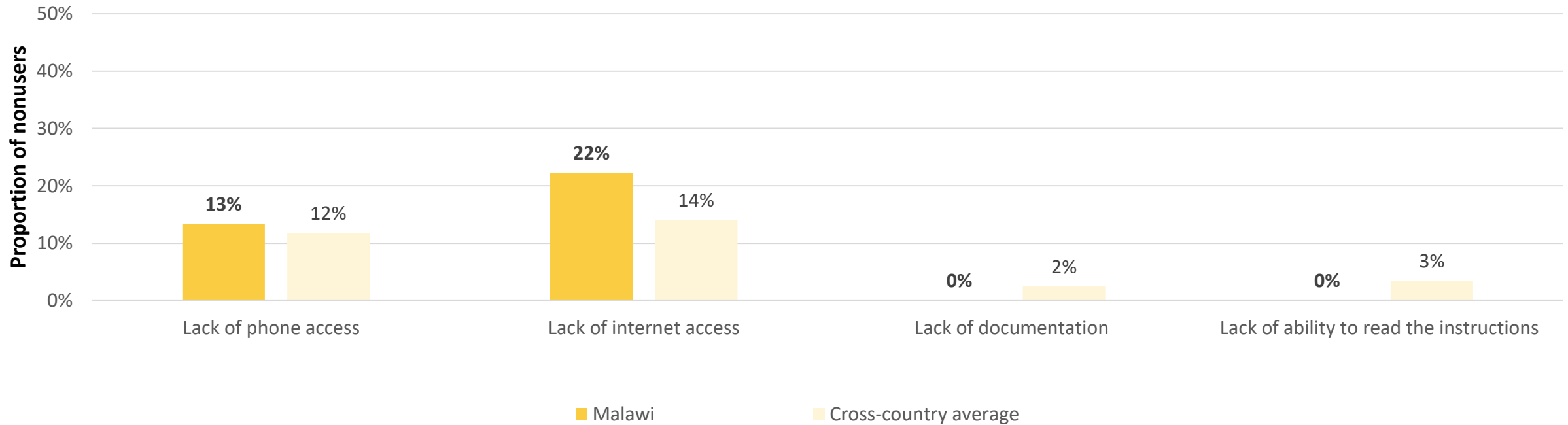
- Lack of internet and phone access are perceived to be the primary access barriers.
- Unlike in other surveyed countries, lack of documentation and the ability to read instructions are not perceived as barriers to digital payments in Malawi.

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Lack of agent access

"People should not be walking long distances to find agents."

Male, 18-29, Non-user, Infrequent income earner

There are very few agents found in the rural areas, and the few are distant which limits users from cashing in/out.

Lack of phone access

"You know that many people have no financial capacity, they are very poor they cannot afford to buy a phone."

Female, 30-44, User, Micro enterprise

Financial instability among low-income earners inhibits the ability to purchase mobile devices.

Language barrier

"…that person doing the transaction doesn't know how to switch languages on that mobile phone, this definitely is going to discourage use of digital services."

Male, 45-55, User, Frequent income earner

Language interpretation may hinder end-users from using digital payments extensively.

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Pathway towards habitual usage—early usage barriers:
Lack of trust is preventing digital payment usage in Malawi.

Proportion of respondents for whom the given barrier is topmost

Legend: ■ Malawi   ■ Cross-country average
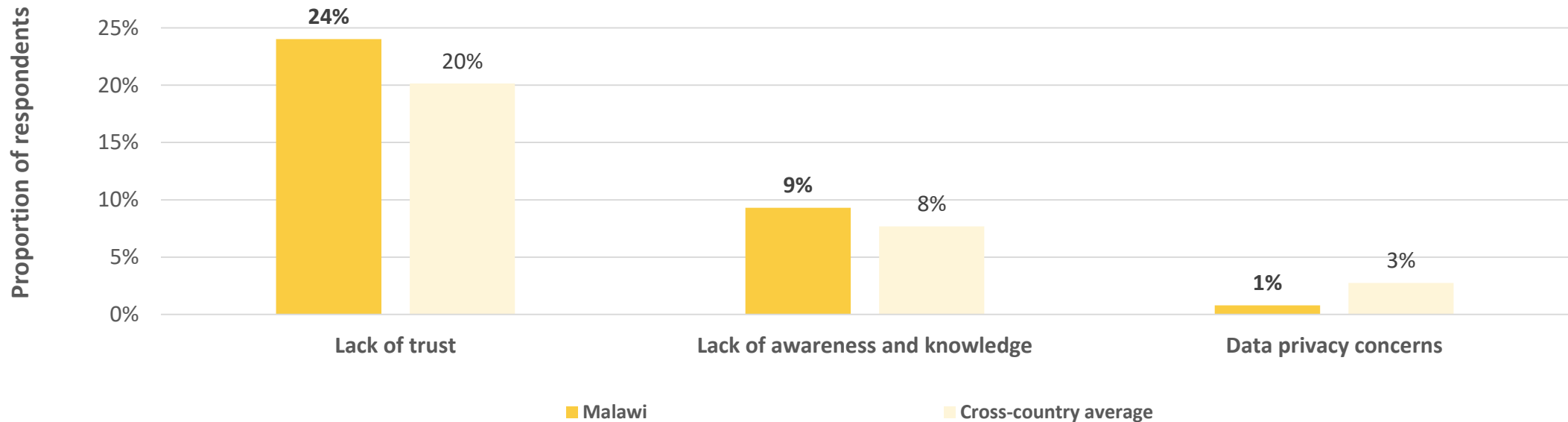
- Trust is the most significant adoption barrier in Malawi.

- Lack of knowledge about how to use digital payments also comes up as a more significant adoption barrier in Malawi than in other sampled countries.

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Pathway towards habitual usage—early usage drivers and barriers:
Agent outreach and word of mouth are driving adoption whereas distrust and low literacy levels are holding it back.

Main drivers

Influence from family and friends

Customers are influenced to use digital payments by their friends and relatives for domestic or cross-border remittances.

"I have my relative who stays in Kasungu, he was failing to send us some financial support, so he advised me register on mobile money."

Female , 30-44 User , Small enterprise

Agent outreach

An increase in MNO agents and advertisement/sensitization has led to adoption of digital payments.

"Workers from service providers were coming in our area and its where I opened."

Female , 18-29 , User, Frequent income earner

Cash handling risks

Cash handling risks have led customers take up digital payments for greater security

"For example, I carry cash and I go in town, thieves can steal from me, but with digital means, nobody can know that you have money."

Male, 45-55, User, Frequent income earner

Main barriers

Low literacy levels

Lack of education, and lack of awareness of the value of digital payments is a barrier to adoption.

"Some are uneducated, they don't know the advantages of using digital payment methods."

Female , 30-44 , User, Micro enterprise

Distrust

Businesses fear fraud associated with digital payments and are reluctant to adopt these methods.

"We sometimes fail to do business with people from these places because when you tell them that I will pay you via mobile money, they always refuse. They do claim that we want to trick them and take their goods for free."
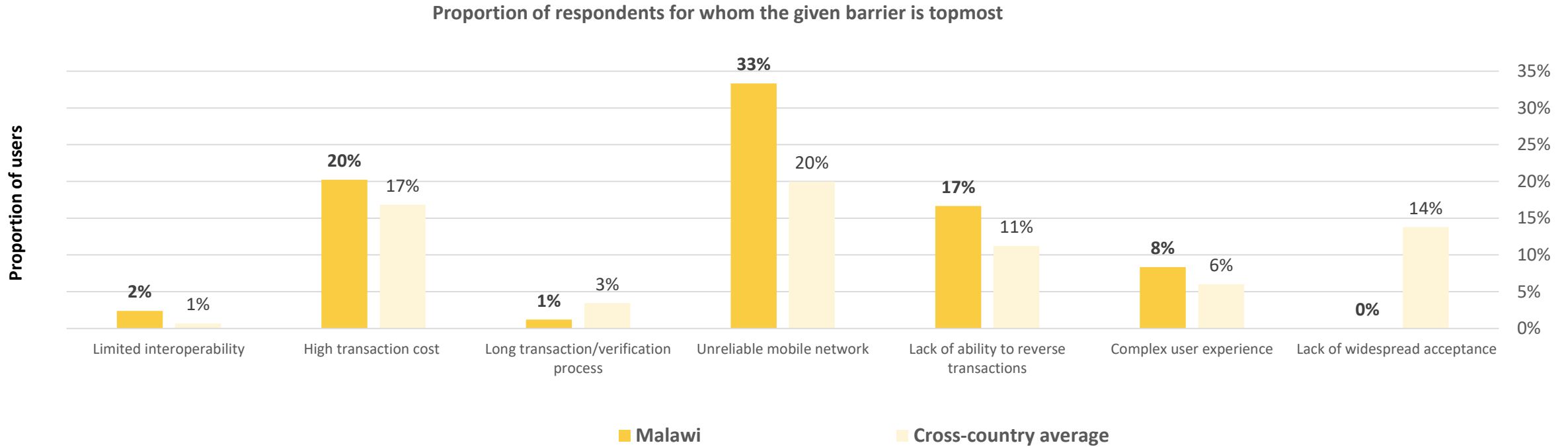
Female, 30-44 , User, Small enterprise

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Pathway towards habitual usage—habitual usage barriers:
The main barrier preventing habitual usage of digital payments is the unreliable mobile network.

Proportion of respondents for whom the given barrier is topmost

Proportion of users

	Malawi	Cross-country average
Limited interoperability	2%	1%
High transaction cost	20%	17%
Long transaction/verification process	1%	3%
Unreliable mobile network	33%	20%
Lack of ability to reverse transactions	17%	11%
Complex user experience	8%	6%
Lack of widespread acceptance	0%	14%

■ **Malawi**   ■ **Cross-country average**

- The unreliable mobile network is the most significant barrier to habitual usage for respondents in Malawi.

- High transaction costs are also emerging as a clear usage barriers in Malawi.

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Pathway towards habitual usage—usage drivers and barriers:
End users love the convenience and transport-related cost savings from using digital payments, while the unreliable mobile network, lack of agents, and high transaction costs are preventing further usage.

Main drivers

Cost savings

Digital transactions help cut costs on transport when sending money long distances.

"When you send money via digital, it means you have reduced the costs like transport, because it is cheaper and faster to use digital than going there physically."

Female, 30-44, User, Micro enterprise

Free transactions

Users enjoy free transactions on mobile banking and card usage while using banks.

"I use bank to pay bills because there is no transaction fees."
Male, 30-44, User, Small enterprise

Convenience

Being able to pay for multiple services via digital channels is a driver to usage.

"I prefer to pay things that way, because it is so easy to do such type of transactions by paying it digitally other than cash."

Female, 18-29, User, Frequent income earner

Main barriers

Unreliable mobile network

Network instability causes delays in transaction processes, which frustrate users.

"Sometimes when we want to buy electricity, we have network interruptions, sometimes for the whole day, hence failing to access electricity."

Female, 30-44, User, Frequent income earner

Lack of agents

Customers travel long distances looking for agents, which affects their ability to cash in or cash out.

"If it happens that on that day you are in an area where there are no mobile money agents, you won't be able to withdraw"

Female, 30-44, User, Small enterprise

High transaction costs

Users feel transaction costs are too high and they may not explore other digital payment channels.

"These mobile money companies should reduce their charges."
Male, 45-55, User, Frequent income earner

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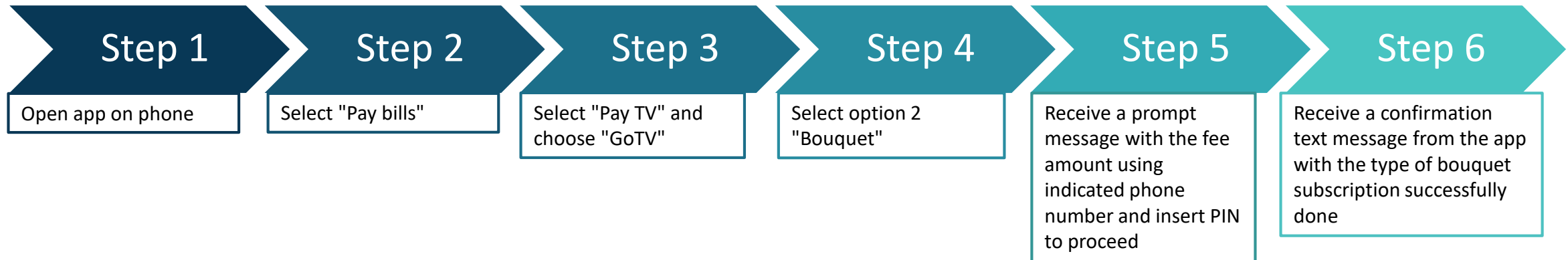
Example of a mobile app transaction journey

BUSINESS USE CASE – PAYING FOR TV SUBSCRIPTION

Usage drivers

- Users are happy they can clearly select the type of bundle based on affordability.

    "They display the bouquet* which also contains the amount of money attached to each bouquet for you to pay what you can manage."

- Users appreciate the transparency of transaction costs.

    "It shows the fee which it will deduct before you confirm with your pin number."

*Bouquet: Type of subscription bundle which includes number of channels and amount one can pay for.

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Open app on phone	Select "Pay bills"	Select "Pay TV" and choose "GoTV"	Select option 2 "Bouquet"	Receive a prompt message with the fee amount using indicated phone number and insert PIN to proceed	Receive a confirmation text message from the app with the type of bouquet subscription successfully done

Usage barrier

The process is considered lengthy and may result in time-outs and a need to restart.

"Long process to complete the transaction, it cancels. So you have to start all over again which is bad."

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Example of a mobile app transaction journey

INDIVIDUAL USE CASE – SENDING MONEY TO A RELATIVE

Usage drivers
- Users find value in the ability to confirm recipient details before completing a transaction.

  "This step is so helpful because if you find that the name displayed is not the one you want to send money to, then you have an opportunity to cancel the process and start it again."

- Avoiding personal transport costs and associated time for long-distance payments

  "My mother is sick in my home village, and I have to send her some money at least daily depending on my situation that day. By sending the money to her on mobile money, it means I cut the transport costs."

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Dial *provider code* # on phone to initiate payment process	Select payment use case – Send money	Select recipient's MNO to send money to	Input recipient's phone number	Insert PIN to confirm payment	Receive text message confirmation about completion/success of the transaction
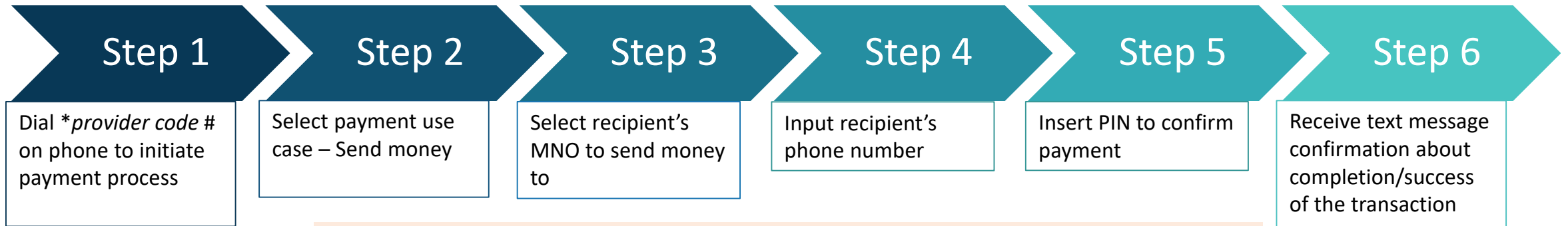
Usage barriers
- Unstable network can cause delayed or incomplete transactions.
  "It's just that sometimes network can let you down, you have seen for yourself here, as we were doing those processes we faced network delays."
- High transaction costs.
  "…these costs are sometimes not justifiable, so it is difficult to cope with these costs."

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SECTION 3.2:
USER GROUP PERSPECTIVES

Main driver

Transaction verification: Women appreciate that they can confirm the recipient's number and thus avoid making mistakes.

"It is just a matter of checking the phone number you want to send money to, check it two or three times before you press the send button."

Female 30-44, User, Small enterprise

Main barriers and risks

Gender discrimination: Women face stereotypes and thus their payment needs are not solved quickly.

"Most of the times people feel like women are weak and they are not treated with much urgency"

Female, 18-29, User

Low literacy levels: The lower relative education of women can limit their skills in using digital forms of payments.

Fraud: Women consider themselves to be more vulnerable to fraud.

Female case study

Respondent details

✔ **Age:** 30-44
✔ **Occupation:** Small enterprise that deals with phone accessories and agribusiness

" One day I wanted to pay my solar bill via mobile money agent but all the **agents I visited refused to help me** because all of them said that the process is very long.

A customer went to my friend's agent shop pretending to send some money worth Mwk 30,000 and asked her to send money on his behalf and he would send it back to her wallet. The customer then sent a message to her showing she had received the money and he left. When she confirmed her balance and found no money had been received, she knew she had been conned. She did not report the issue because she felt she may not recover her money.

Women are always vulnerable to thieves and fraudsters. These people can easily steal from us […]. We tend to realize when something bad has already happened to us. We are easily carried away, we don't gather the facts first.

Also, most women did not go to school, therefore they cannot easily make a transaction using digital platforms."

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User group perspectives—deep dive on merchant perspectives:
Merchants use of digital payments is highly influenced by customer preferences.

Main early usage driver	Agent outreach	*"Agents who came here by business.''* *- Male, 30-44, User, Agent*
Main habitual usage driver	Traceability of transactions	*"The provider helps me keep records for future reference."* *Male, 30-44, User, Small enterprise*
Change of use over time	Fast reversal of funds has been introduced	*"In the past we were not able to reverse the money when you had sent to a wrong person/number, the money could be reserved [only] after 24hrs. But nowadays you can reverse it in less than 3 minutes."* *Male, 30-44, User, Small enterprise*
Main barrier	Lack of trust	*"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."* *Female, 30-44 , User, Small enterprise*

Merchant case study

Respondent details

✔ **Gender**: Female
✔ **Age:** 30-44
✔ **Occupation:** Small enterprise

"I receive my income mostly via cash, **but I have some customers who prefer paying using mobile money**. I pay for electricity and purchase farm inputs for my business. I also use mobile money most of the time because **many people I do business with use mobile money**.

When I receive payment via digital channels like mobile money I have to go and withdraw it at the agent**. If I get to an area where there are no mobile money agents**, it means I will not withdraw money thus I can't purchase my business' stock. That causes a loss to my business as I have to use transport looking for an agent, and it also wastes my time.

I also **experience high transaction costs** especially when I want to send money direct from my wallet to somebody's wallet, and I feel they should be removed."

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User group perspectives—deep dive on agent perspectives:
Agents offer education, thus driving adoption but experience business challenges mainly due to network issues and fake notes.

Business benefits

Commissions and bonuses: Agents receive bonuses from the service providers for agent services they conduct.

"It is where I earn my daily living and they give me good bonuses."

Male 30-44, Agent

Challenges and risks

Network instability: Agents have no control over network stability which greatly affects their businesses during transactions.

"It {network} affects my business in the sense that when the network is not working it's difficult to make any digital transaction"

Male 30-44, Agent

Fake notes: Fraudsters may provide fake notes to agents for deposits/sending money on their behalf which leads to agents losing money.

Wrong input: Agents make mistakes by inputting the wrong number of the recipient.

"And there was this problem, I sent money to a wrong person"

Male 30-44, Agent

Customer frustrations: Agents become the customer service point when customers have no control over the back-end.

Agent case study

Respondent details

✔ **Gender**: Male
✔ **Age:** 30-44
✔ **Occupation:** Agent and grocery store

"We sometimes meet with **rude customer**, but I do handle them in a polite way. Sometimes you can pay DSTV for your customer, but you will see him coming back claiming that channels are not working. I am just an agent but the entertainment company is to blame.
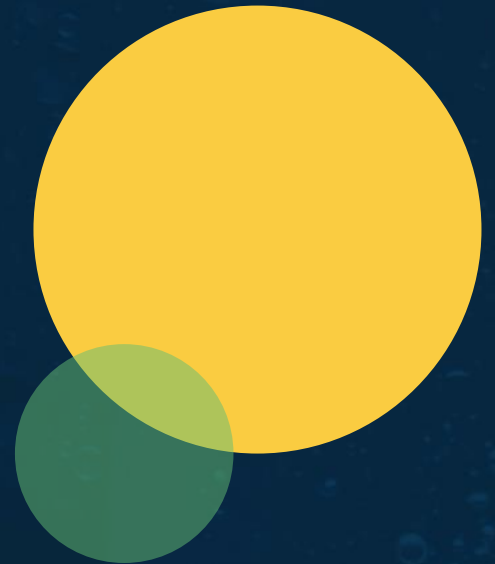
The **network hiccups** are a challenge to our businesses and the service providers should be letting us know in good time whenever they are/want to upgrade their systems.

Fraudsters can also bring us **fake banknotes** and they tend to bring more money like Mwk150,000 and thieves as well. I always make sure that whenever government has introduced a new banknote, I study all the security features so that I should be able to differentiate the original banknote and fake one and I make sure that I close my business early to avoid thieves."
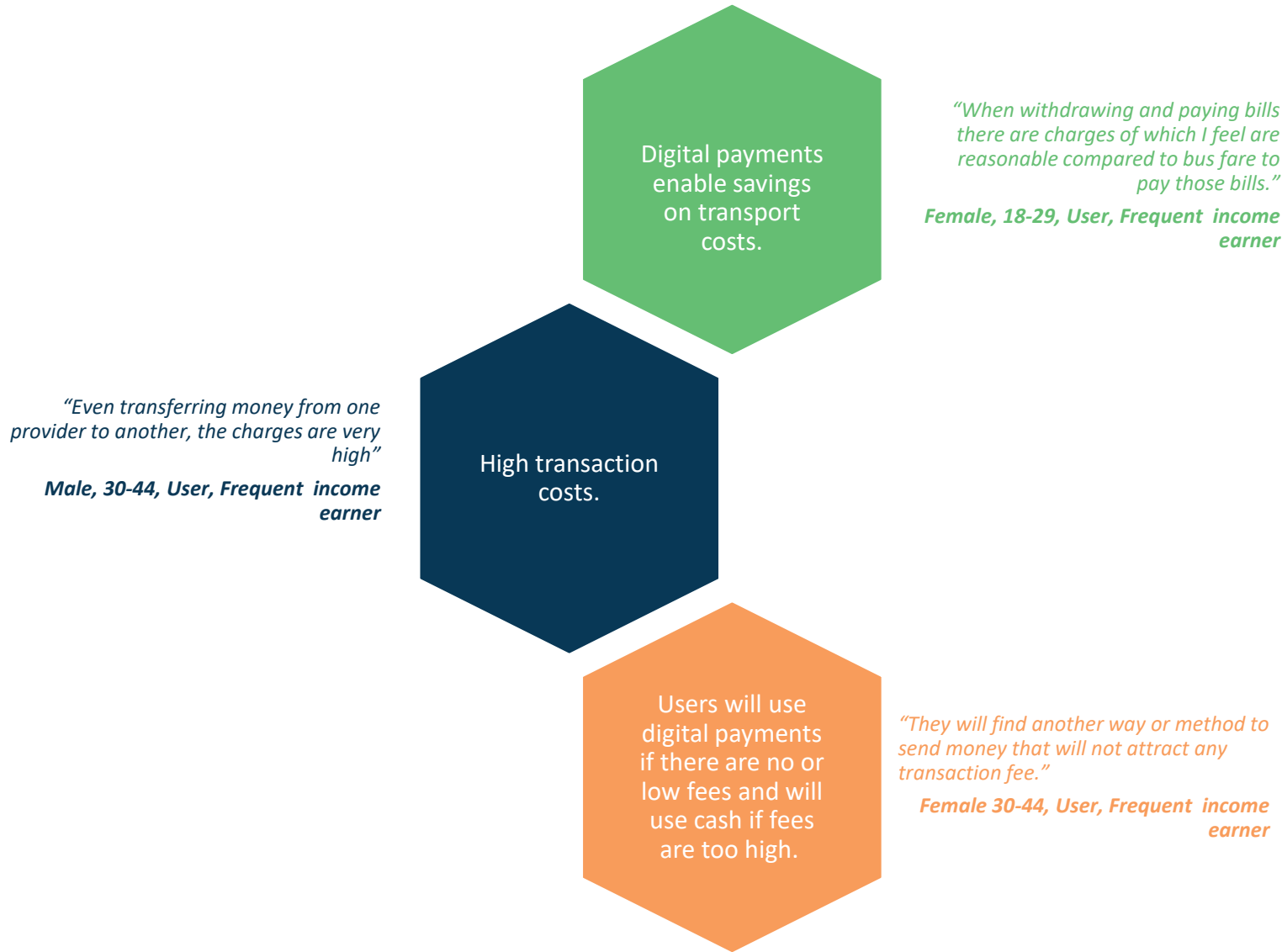
Core country themes: Deep dive on transaction cost experiences and perceptions.

Digital payments enable savings on transport costs.

"When withdrawing and paying bills there are charges of which I feel are reasonable compared to bus fare to pay those bills."

Female, 18-29, User, Frequent income earner

"Even transferring money from one provider to another, the charges are very high"

Male, 30-44, User, Frequent income earner

High transaction costs.

Users will use digital payments if there are no or low fees and will use cash if fees are too high.

"They will find another way or method to send money that will not attract any transaction fee."

Female 30-44, User, Frequent income earner

High transaction costs are perceived to be more acceptable for long-distance transactions

*"**Transaction fees are too high** especially when you are making big payments. When you want to withdraw money, they deduct more.*

*Though sometimes it is understandable, especially when you want to send or receive money from someone who is far away because **you can save on transport costs as well as time to go there**.*

*It changes, the fee increases depending on the amount of money you are sending, the more money you send the higher fee is raised. If you calculate that deduction fee very well by the end of the day, **it's a lot of money which has been deducted**, so it pains me."*

Female, 18-29, User, Small enterprise

Core country themes: Deep dive on consequences of unreliable mobile networks.

Main challenge
Network is a major challenge among digital payments users.

Usage barrier
In emergency cases, users feel that digital payments are not reliable due to network challenges and delayed customer support.

Verification process
A verification process may take longer than expected due to network challenges.

Customer support not meeting expectations
Users are frustrated when customer support does not resolve their problem.

Use of agents as a coping mechanism
Users trust agents with their money to help when network is down.

An unreliable network strongly affects user's experience.

"I was buying prepaid electricity units. I found that the network is not available, it just said operation failed. It was at an agent, I left the money with the agent, so that when network is back they should buy (electricity) for me."
Female, 18-29, User, Small enterprise

"...they {customer support} were supposed to help me within an hour because I was sending the money to be used as transport to take my sister to the hospital...to rescue the life of my sister who was sick."
Female, 18-29, User, Frequent income earner

"They told us to wait for three days, we did that. We called them, but to my surprise they told us that we were late, the error was supposed to be resolved on the same day it occurred. I was very angry with this response, then I left and I didn't follow it up again up to now."
Female, 18-29, User, Frequent income earner

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Voice of the costumer on how digital payments can be improved

Access
- Increase agent coverage, especially in the rural areas.
- Provide free SIM cards to include more customers on digital payment platforms.

Sensitization
- Build awareness and sensitization of digital payments.

Security enhancement
- Use a specific identifiable MNO number that users can recognize to prevent fraud.

"May be if the service providers should use one identifiable number to communicate to its customers so that we may be able to notice these scammers."
Female, 30-44, User, Frequent income earner

Transaction charges
- Reduce the costs of transactions to increase usage of digital payments.
- Provide free transactions for payment of necessary utilities such as water.

Network stability
- Provide/upgrade networks to enhance faster and instant transactions.

Complete transactions
- Enable automatic reversals when an error has been made e.g. ,money sent to an unregistered number.
- Facilitate complete transactions that correspond to account deductions when money has been sent.

"They should improve on network for it to be stable. You may fail to buy food while you have money in the account because you failed to withdraw due to network".
Male, 30-44., User, Frequent income earner

Customer care access
- Enhance customer care access to customers.
- Empower customers to initiate recourse against errors and fraud cases.
- Expand availability of agents in rural areas.

Customer care support
- Improve customer care support by resolving errors instantly.

"They should open more agents in the rural areas and sensitize them on the advantages of using digital methods.".
Female, 30-44., User, Small enterprise

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SECTION 4

SYNTHESIS AND CONCLUSION

Summary

The state of digital payment usage in Malawi

- Cash still dominates among MSMEs and low-income earning individuals in Malawi.

- USSD is the most used digital payment channel.

- Agents are a very common way of transacting, especially for sending money over long distances, but their presence is not widespread.

- Digital payments are viewed as easy, modern, and safe methods to transact and store money.

- **Main payment service providers**

  - TNM Mpamba
  - AirtelMoney
  - NBS Bank

Key drivers and barriers of digital payment use

Drivers

- **Friends and relatives** are the main drivers of adoption due to the need to send/receive money.

- **Free transactions** while using banks or mobile banking drive usage among individuals and MSMEs.

- **Convenience** of sending money long distances without incurring transport costs drives digital payment usage.
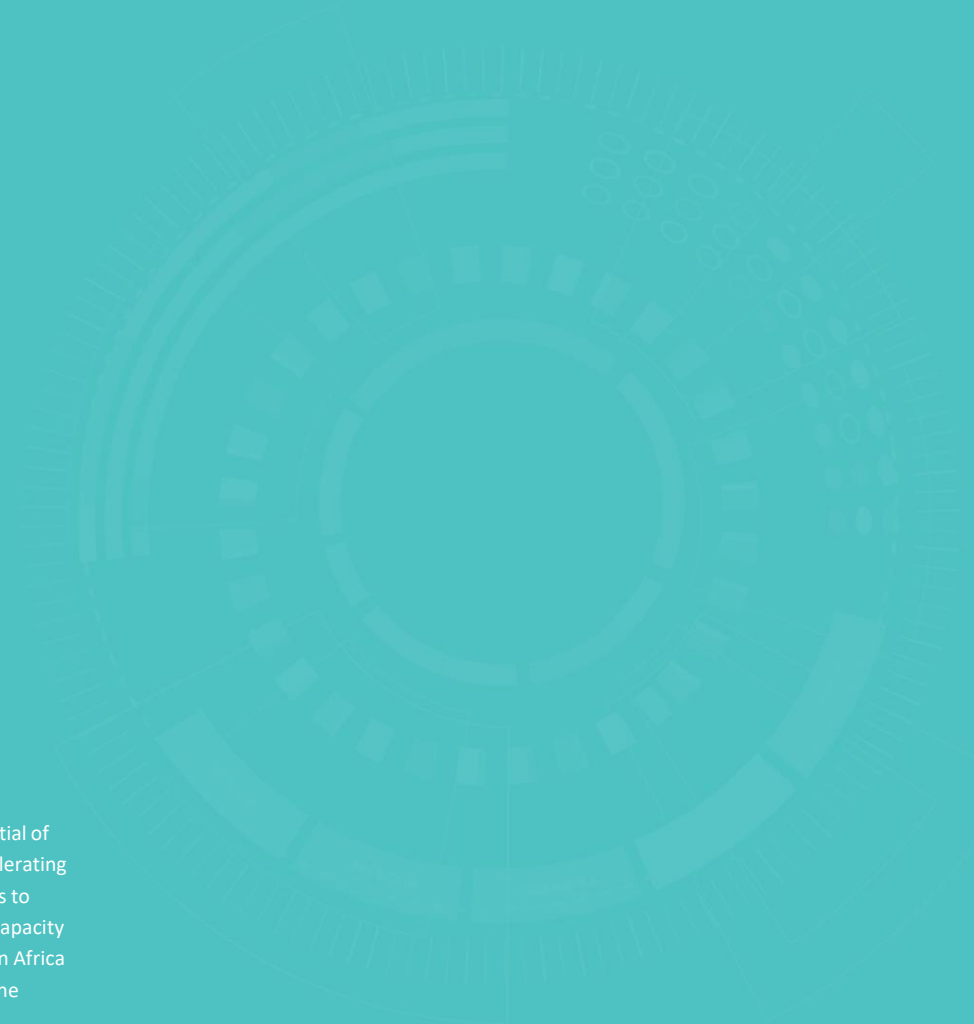
Barriers

- **Network instability** is the greatest barrier that limits adoption, early usage, and habitual usage of digital payments.

- **Lack of agents** is an access and usage barrier for making deposits/withdrawals, especially in rural areas.

Core emerging country themes

- **Network:** Most incomplete transactions are caused by poor network systems. Businesses face network disruption which affect their operations and may cause money loss.

- **Transaction costs**: Transaction costs are perceived as being too high, especially for large value transactions. However, high transaction costs are perceived to be more acceptable for long-distance transactions due to the time and cost savings for those transactions.

- **Gender:** Women seem to be deliberately targeted by hackers, scammers, and agents as they are perceived as "sensitive."

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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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