AfricaNenda

ACCELERATING INCLUSIVE PAYMENT SYSTEMS

INSTANT AND INCLUSIVE PAYMENTS

Consumer research insights

Focus on The Democratic Republic of Congo

SIIPS 2022

INTRODUCTION

The State of Instant and Inclusive Payment Systems (SIIPS) in Africa report is an AfricaNenda initiative, together with the World Bank and the United Nations Economic Commission for Africa. It is an annual think piece that is developed from a detailed assessment of instant payment systems in Africa, through mixed research methods that involve conducting an in-depth industry analysis to establish key trends, best practices, and benchmarks, to inform the development and scaling of instant and inclusive payment systems to accelerate financial inclusion in Africa.

The State of Instant and Inclusive Payment Systems in Africa report, SIIPS – Africa 2022, is the inaugural edition. The report aims to inform public-sector and private-sector players in Africa and beyond about the developments in the instant retail payment system (IPS) ecosystem in Africa, including an assessment of the inclusivity of such systems, both in functionality (the extent to which they are accessible to all end-users) and governance (the extent to which all licensed payment providers have fair access and design input opportunities). For this report, only systems with live transactions and functionality as of June 2022 were included. The data in this report was gathered from publicly available resources from March to July 2022, and it was supported by extensive stakeholder interviews during the same period.

The consumer research was conducted between May and June 2022. It involved extensive in-country qualitative and quantitative research covering low-income adult individuals and micro, small, and medium-sized enterprises (MSMEs) across seven countries namely; The Democratic Republic of Congo, Egypt, Ghana, Kenya, Nigeria, Tanzania, and Zambia. This consumer research exercise will be replicated in different countries each year, and insights will contribute to the annual SIIPS report content.

This is the **Democratic Republic of Congo focus report.** The sample is not nationally representative, as this exercise was intended to draw out insights to inform how IPS can be designed to better meet the needs of end-users.

Contents

Glossary

For the purpose of fieldwork, the data collection tools use consumer-friendly terms to collect feedback.
The payment term and corresponding consumer term are shown in the table below.

Consumer research term	Instrument [channel]
Mobile money wallet	MM [USSD/app]
Mobile money agent	MM [agent]
Payment application	PSP [USSD/app/browser]
Banking application	Bank [USSD/app/browser]
Banking agent	Bank [agent]
Credit/debit card	Card [POS/browser]
Cash	Cash

MM: Commercial E-Money scheme; Bank: Interbank EFT debit/credit;
Card: Debit Card; PSP: Payment service provider.

SECTION 1

RESEARCH METHODOLOGY OVERVIEW

1

Research objectives & process

OBJECTIVES

Provide a consumer perspective that will add to IIPS knowledge base.

Understand which payment methods are used and for which purposes.

Identify motivators and barriers consumers face when using digital payments.

Define challenges experienced in accessing digital payments and opportunities for adoption.

Explore use cases, desired features, unmet needs, and expectations of digital payments.

FIELDWORK

Fieldwork was carried out in the 4 districts of Kinshasa: Tshangu, Mont Amba, Funa, and Lukunga

Quantitative data collection: Aprill 22–May 18, 2022

Qualitative data collection (in-depth interviews, focus group discussions, & immersions): May 9–28, 2022

RESEARCH EXECUTION PROCESS

Quantitative tool design

- Respondent Recruitment Screening Tool
- Survey Questionnaire Tool

Quantitative fieldwork

- Survey scripting and programming for mobile data collection
- Enumerator training
- Data collection
- Quality checks

Qualitative tool design

- Data review from quant. process

Qualitative data collection

| Focus group discussions | ▶ | In-depth interviews | ▶ | Immersions |

Approach

QUANTITATIVE RESEARCH: Identify customer behavior trends

Quantitative survey n=60 individuals, 49 MSMEs

- Take stock of digital payment patterns and determinants in general, and of instant payments in particular
- Allow comparison across countries and set a baseline on which time series data can be built up

QUALITATIVE RESEARCH: Understand key drivers of shifting consumer behavior towards IIPS

Focus group discussions n=5

- Identify key decision-making patterns
- Identify key trends in terms of customer behavior
- Spontaneously explore generalized perceptions

In-depth interviews* n=15

- Gain an in-depth understanding of the person's/business's socioeconomic and household reality
- Understand individual reasons for customer behavior

Immersions n=5**

- In-depth understanding of customer journey and user experience

APPROACH
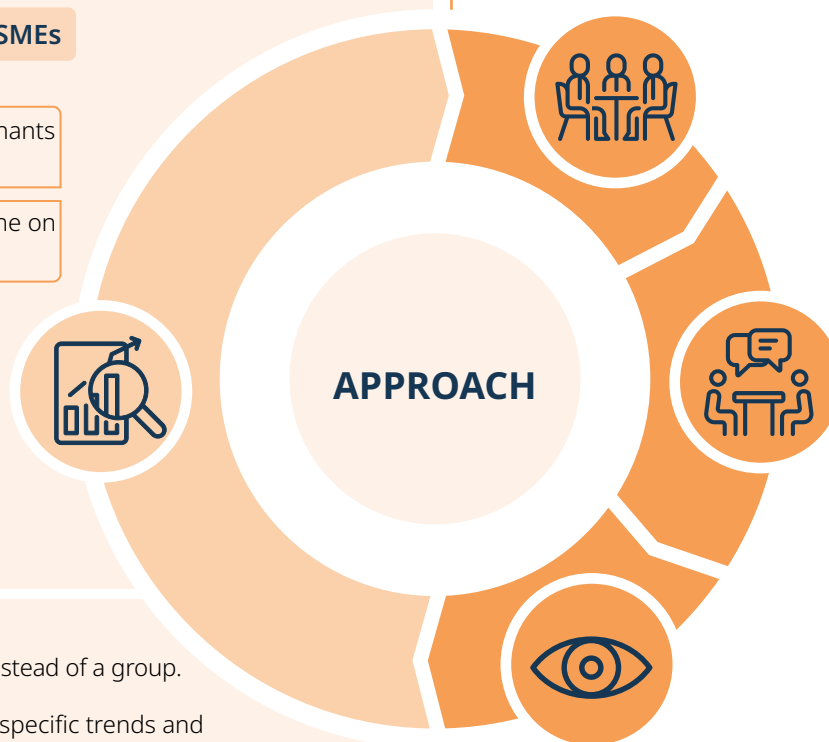
* In-depth interviews are interviews with individuals instead of a group.

** Immersions are interviews with individuals around specific trends and scenarios discovered through the focus group discussions and in-depth interviews.

Sampling Approach

DEFINITION

Lower-income and infrequent income earners

Include urban poor who live "hand to mouth" and lack regular employment and stable earning opportunities; intermittent piecework/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.

Micro entrepreneurs*

Individual trader/merchants like hawkers, fruit and vegetable sellers, cobblers, and other crafts traders.

Small businesses*

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

75% 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)

QUANTITATIVE RESEARCH [109 respondents]

Respondent type	Total	Male	Female	18-29 years	30-45 years	45-55 years	Infrequent income/ micro businesses	Frequent income/ small businesses
Individuals	60	31	29	24	22	14	31	29
MSMEs	40	27	22	19	14	16	19	30

QUALITATIVE RESEARCH [43 respondents]

Focus group discussion	In-depth interview	Immersions/ Observation
5	15	5

* Monthly turnover number cut-off applied was USD 1,000 and formality of premises.

ASSESSMENT OF PAYMENT INSTRUMENTS: ADDRESSING NEEDS AND USAGE

2

Making payments for daily transport (individuals) and payments for staff allowances (MSMEs) are the leading payment needs

		Individuals	MSMEs
Ranking of payment needs [proportion of individual respondents that had the payment need at least once a week]*

*Payment needs that were not experienced by respondents over the past 7 days are not included in the ranking above – individuals: repaying loans, payment of hospital bills, receiving govt. payments; MSMEs: pay staff salaries and settle recurrent bills. | 1 | Pay for daily transport [33%] | Receive customer payments [29%] |
	2	Make benevolent contribution [10%]	Pay suppliers [16%]
	3	Buy household goods [8%]	Send staff money for transport [10%]
	4	Purchase airtime [8%]	Send staff airtime [6%]
	5	Receive money [5%]	Pay for utilities [4%]
	6	Send money [3%]	Pay for business government services [2%]
	7	Settle recurrent bills [2%]	Loan repayments [2%]
Most digitalized use case		Receive money	Send staff airtime

- Paying for daily transport, benevolent contributions, and buying household goods are the most popular payment needs for individuals.

- The top three payment needs are largely still cash-based – these are also often done on a frequent, day-to-day basis, offering an opportunity for digitalization.

- For MSMEs, there is an opportunity in the further digitalization of customer payments.

Proportion of respondents using primarily digital payments to satisfy the respective payment need	No usage 0%	Very low 1–20%	Low 21–40%	Medium 41–60%	High 61–80%	Very high 81–100%

Payment digitalization opportunities include merchant payments, daily transport for individuals, and payments for government services by MSMEs

Top individual payment needs: overview of primarily used payment instruments and channels

% of respondents who used payment instrument to satisfy payment need

Top five payment needs past 7 days

- Pay for daily transport: 100%, 0% 0% 0% 0%
- Make benevolent contribution: 92%, 8%, 0% 0% 0% 0%
- Buy household goods: 87%, 13%, 0% 0% 0% 0%
- Purchase airtime: 56%, 41%, 0% 0% 0% 4%
- Receive money: 29%, 68%, 0% 3% 0% 0%

Legend: ● Cash ● MM (USSD/app) ● Bank transfer through branch ● Bank (Agent) ● Card (POS) ● PSP
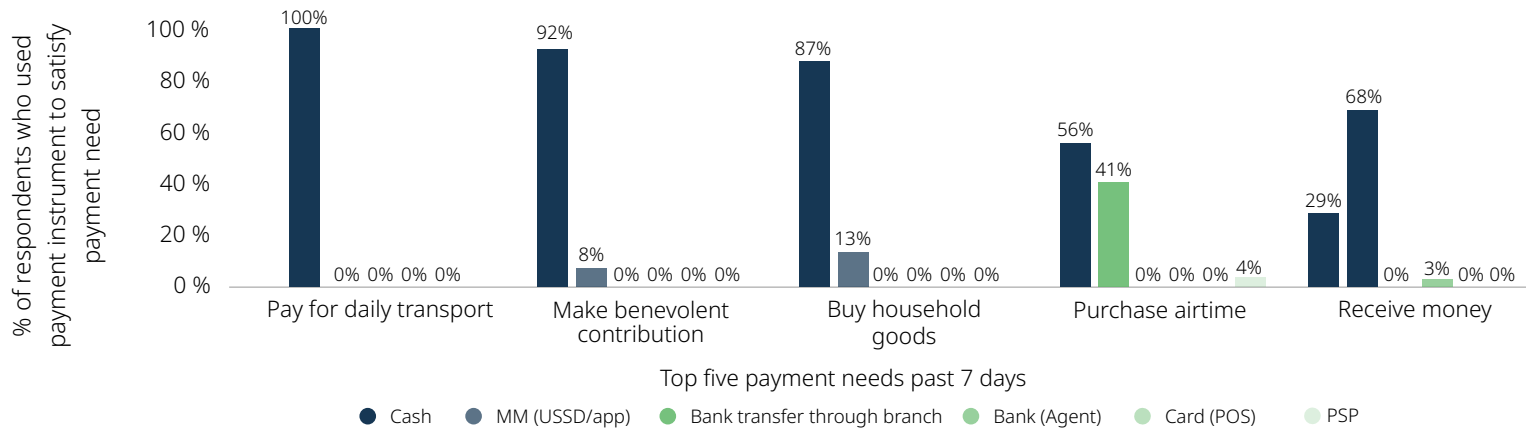
- Bank-based instruments are rarely used to satisfy payment needs.
- There is no digital instrument use for payments for transport.
- Receiving money is the most digitalized payment need.

Top MSME payment needs: overview of primarily used payment instruments and channels

% of respondents that used payment instrument to satisfy the payment need

Top five payment needs past 7 days

- Receive customer payments: 64%, 36%, 0% 0% 0%
- Supplier payments: 52%, 39%, 4%, 4%, 0%
- Send staff money for transport: 71%, 14%, 0% 0% 14%
- Send staff airtime: 43% 43%, 0% 14% 0%
- Pay for utilities: 100%, 0% 0% 0% 0%

Legend: ● Cash ● MM (USSD/app) ● Bank transfer (Branch) ● MM (Agent) ● Card (POS)
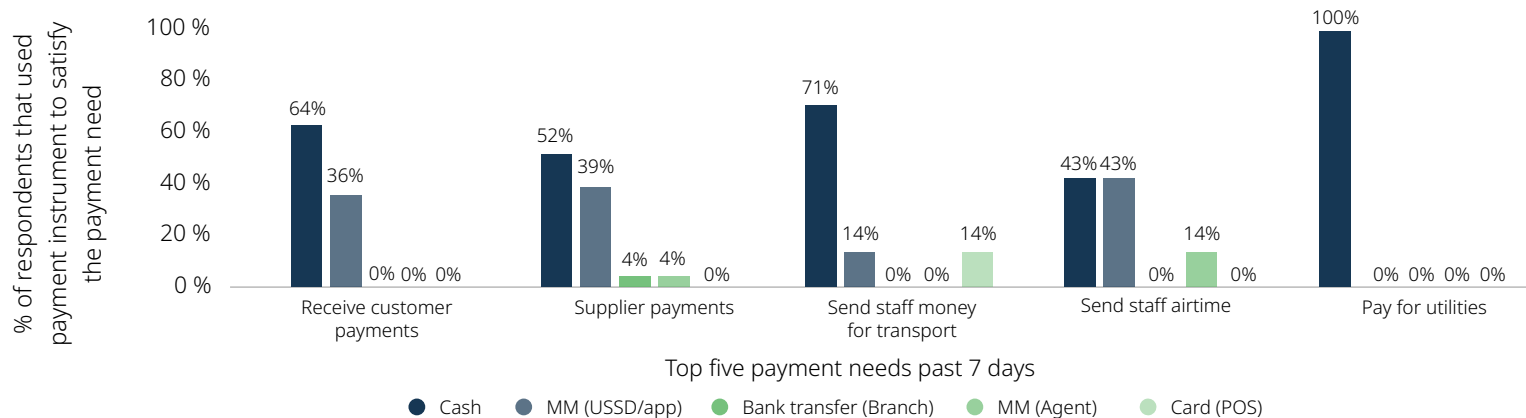
- Buying staff airtime and supplier payments are the most digitalized MSME use cases.
- There is an opportunity to further digitalize recurrent payment needs like utility payments.

Total No. of respondents sampled: n=109, Individuals=60, MSMEs=49

Cash is noted to have the highest daily usage for individuals and MSMEs

Frequency of usage of main payment instruments by individuals

% of individual users of the respective payment that used it in the indicated time period

MM (USSD/app)
- 1 per month: 18%
- 2-3 per month: 47%
- 1 per week: 18%
- Daily: 9%

Cash
- 1 per month: 8%
- 2-3 per month: 12%
- 1 per week: 4%
- Daily: 74%

● 1 per month　● 2-3 per month　● 1 per week　● Daily
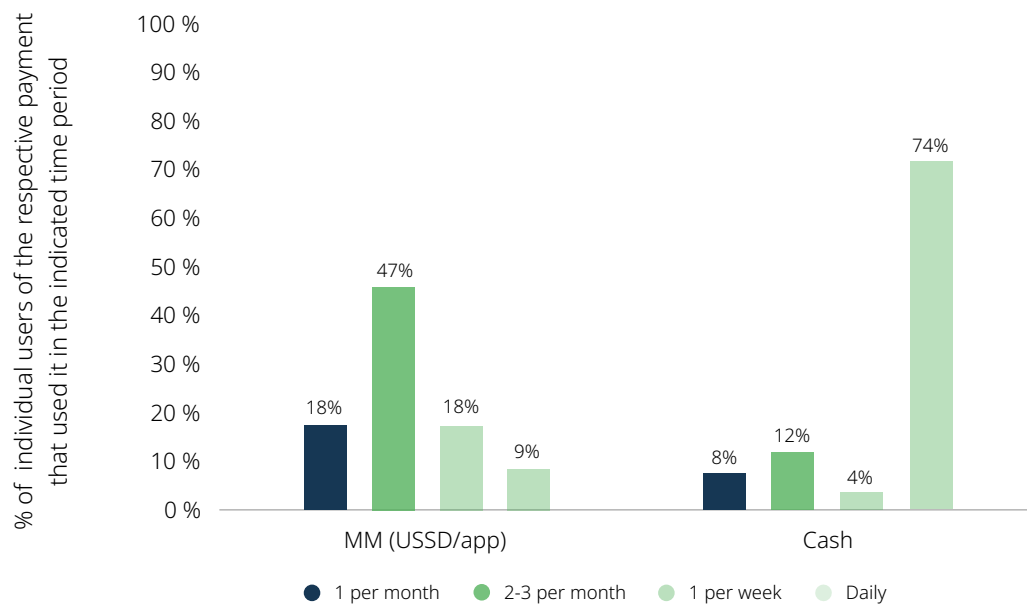
Frequency of usage of main payment instrument by MSMEs

% of individual users of the respective payment that used it in the indicated time period

MM (USSD/app)
- 1 per month: 20%
- 2-3 per month: 52%
- 1 per week: 12%
- Daily: 16%

Cash
- 1 per month: 10%
- 2-3 per month: 5%
- 1 per week: 14%
- Daily: 62%

● 1 per month　● 2-3 per month　● 1 per week　● Daily
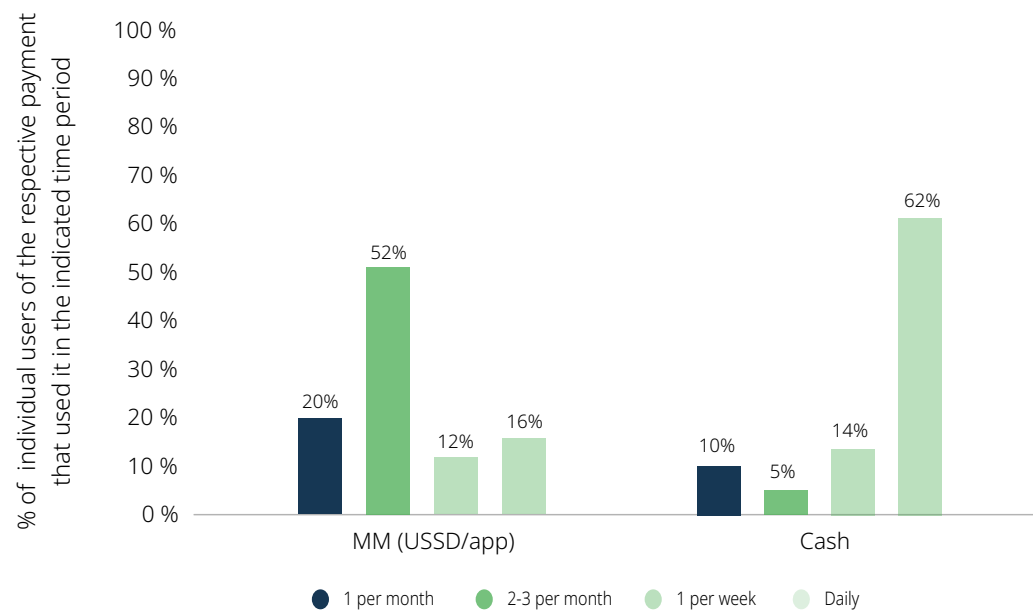
Total No. of respondents sampled: n=109, Individuals=60, MSMEs=49

Digital payments are predominantly made through mobile money USSD and app channels

Usage of payment instruments through the respective channels in the past 30 days

% of respondents that used the payment instrument through the indicated channels in the last 30 days

Individuals: MM (USSD/app) 57%, MM (Agent) 7%, Bank (USSD/app) 2%, Bank Agent 2%, Card (POS) 3%, PSP 2%

MSMEs: MM (USSD/app) 57%, MM (Agent) 6%, Bank (USSD/app) 4%, Bank Agent 0%, Card (POS) 0%, PSP 0%

Legend: ● MM (USSD/app) ● MM (Agent) ● Bank (USSD/app) ● Bank Agent ● Card (POS) ● PSP
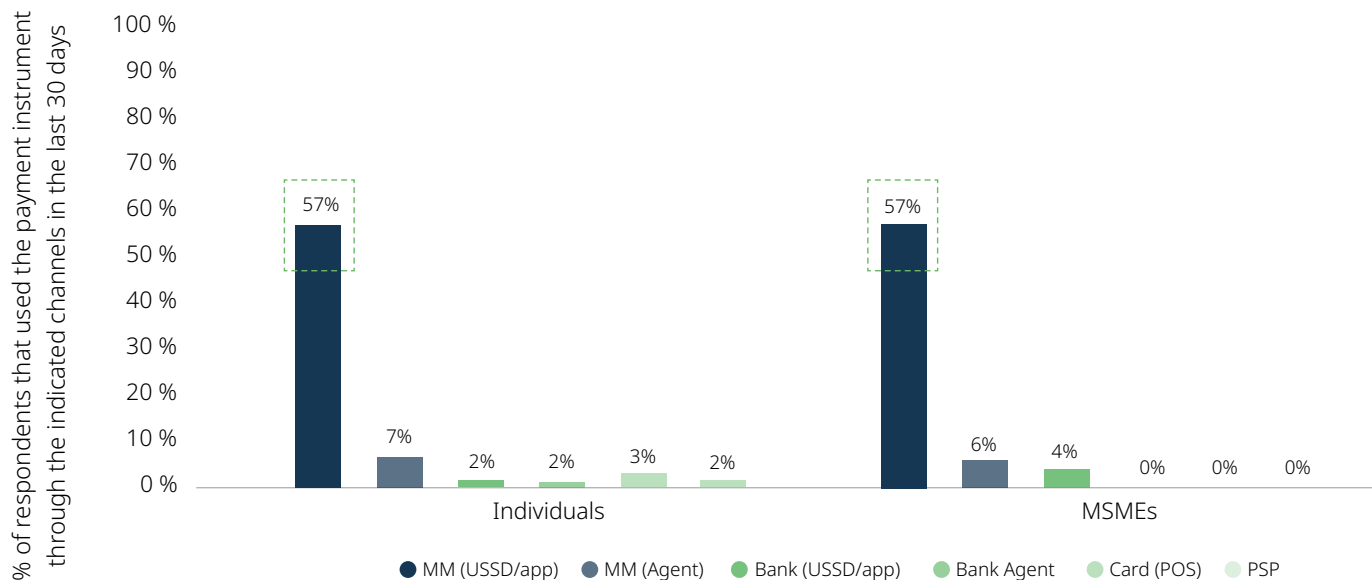
Mobile money, through the USSD channel, is the most-used digital payment instrument, with equal usage among individuals (57%) and MSMEs (57%).
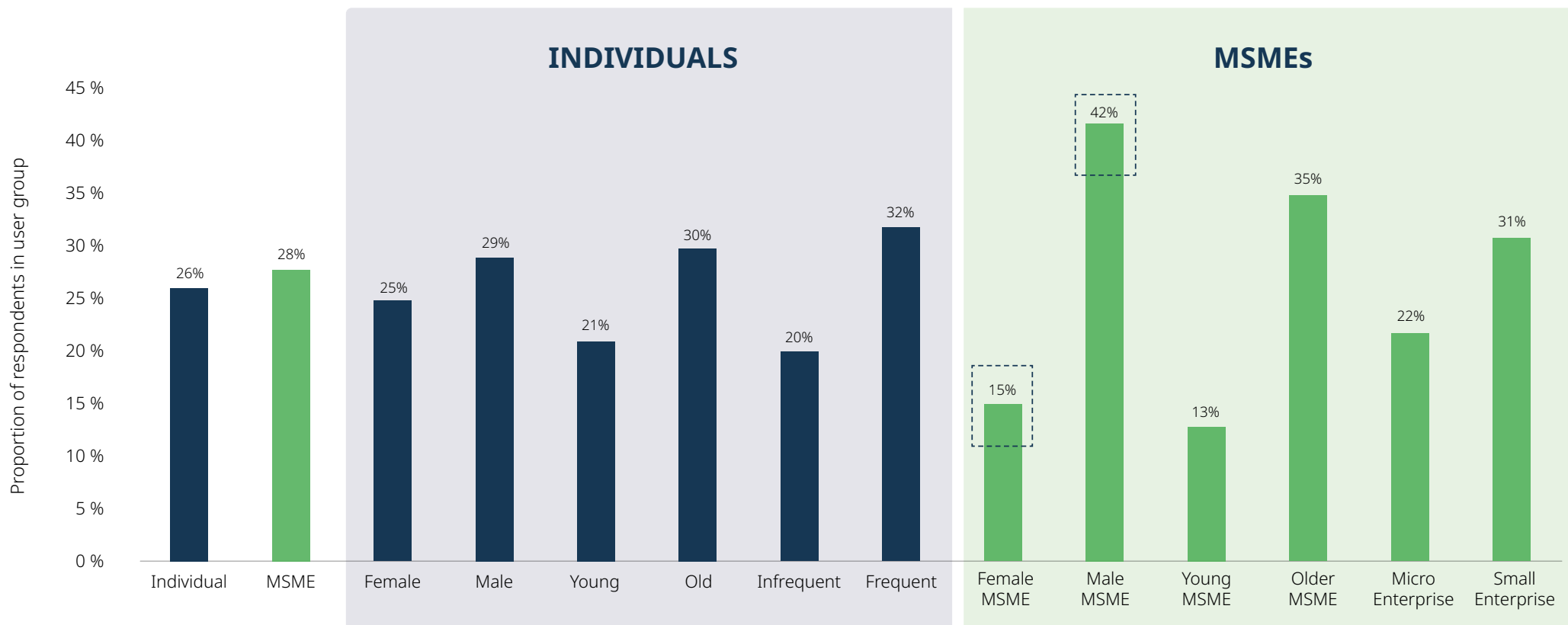
Low usage of bank-related digital payment instruments across consumers and MSMEs.

Total No. respondents sampled (n=100): Individuals = 60; MSMEs = 40

Men are noted to use mobile money [USSD/app] more than women, with an especially visible gender disparity among MSMEs

Group differences in mobile money use over the past 7 days

INDIVIDUALS

Individual	MSME	Female	Male	Young	Old	Infrequent	Frequent
26%	28%	25%	29%	21%	30%	20%	32%

MSMEs

Female MSME	Male MSME	Young MSME	Older MSME	Micro Enterprise	Small Enterprise
15%	42%	13%	35%	22%	31%

Proportion of respondents in user group

Total No. of Respondents Sampled: n=109, Individuals=60, MSMEs=49

UNDERSTANDING CONSUMER BEHAVIOR: PERCEPTIONS, DRIVERS, AND BARRIERS TO MAKING DIGITAL PAYMENTS

3

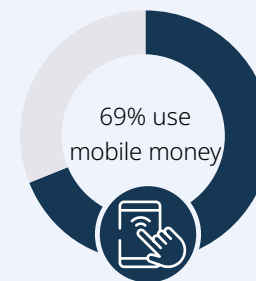# There is a considerable gap between mobile money awareness & usage among MSMEs

Individuals

AWARENESS OF MOBILE MONEY

73% are aware

Total No. of respondents sampled: n=60

Out of these

USAGE OF MOBILE MONEY

69% use mobile money

Total No. of users sampled: n=52

MSMEs

AWARENESS OF MOBILE MONEY

92% are aware
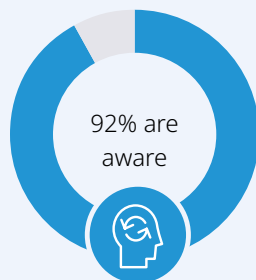
Total No. of respondents sampled: n=49

Out of these

USAGE OF MOBILE MONEY

57% use mobile money
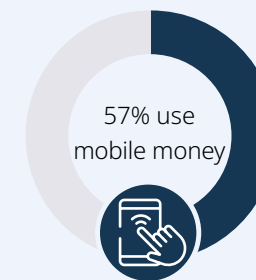
Total No. of users sampled: n=38

ATTITUDE

"Personally, I could also use digital (payments) but with complaints I hear from people, I am discouraged and prefer cash." – Male frequent income earner

"I would really like to be the one who makes decisions about my own income [and not a system]." – Male infrequent income earner

"I prefer to see my money; I can even wake up at night to check my money because the bank can also go bankrupt like we have witnessed before." – Young infrequent income earner

Distance between senders and beneficiaries of funds transfer transactions is among key determinants of whether payments are made in cash or digitally

USER CHARACTERISTICS

Type of income

Individuals who earn a regular monthly income will have their income paid via a bank account. From there, they will settle recurrent needs digitally, pay other expenses, and then put aside money in their mobile money wallet for unforeseen events.

Infrequent income earners are more likely to receive their income through cash or to cash it out immediately.

"When I receive my income, I first I disburse [settle recurrent bills] then I do the expenses, and the rest of the money, I put in my phone." – Focus group discussion frequent income earner

Nature & type of business

The nature of the business may determine how income is received, e.g., online-based sales services use digital/mobile money payments, especially those that are far away/overseas.

"I always need cash to get supplies from other big traders." – Focus group discussion respondent

USE CASE CHARACTERISTICS

Distance/location

Individuals are more likely to use their wallets if transfer will save cost of transport.

Bank transfers will be made in the event a consumer needs to send money overseas for purchase of goods/transaction with close kin abroad.

"I do not use it [mobile money payments] commonly...only sometimes if I need to send money to the village to buy fish." – Focus group discussion respondent.

Type of transaction

Depending on the nature of an event and mode of transaction it demands, that mode will be the one they will use.

Daily mandatory needs are often paid for with cash. Distance payments that are urgent will be done digitally.

"In case of emergency, I use it [mobile money] to send money to my wife." – Male frequent income earner

Key drivers for cash or mobile money usage include perceived security and transaction size

SECURITY

- Eliminates the need to carry large sums of cash
- Mitigates risks of mugging, pickpocketing, and robbery

"Even if someone stole my phone, it's not my mobile money wallet that will be stolen!" – Female respondent

DISTANCE

- Facilitates transactions to/from remote areas
- Facilitates payment to suppliers who may be in distant locations

"I owe money to the lady in front of me; if she is far away, instead of travelling to see her, I can send it with my electronic wallet." – Female respondent

CONVENIENCE

EASY AND SIMPLE TO USE

Users find digital payments easy to use, especially when purchasing their airtime for stories and megabytes.

"I use digital currencies because it is easier and more convenient." – Male small business owner

Cashless Transactions

ABILITY TO SAVE INCOME

LACK OF ALTERNATIVE OPTIONS TO SAVE CASH

Due to distrust of banks, traders are increasingly relying on mobile wallets to save income.

"I don't have a salary....After selling, I receive money by e-wallet, save the profit and buy other goods, I don't empty my mobile money wallet." – Female small business owner
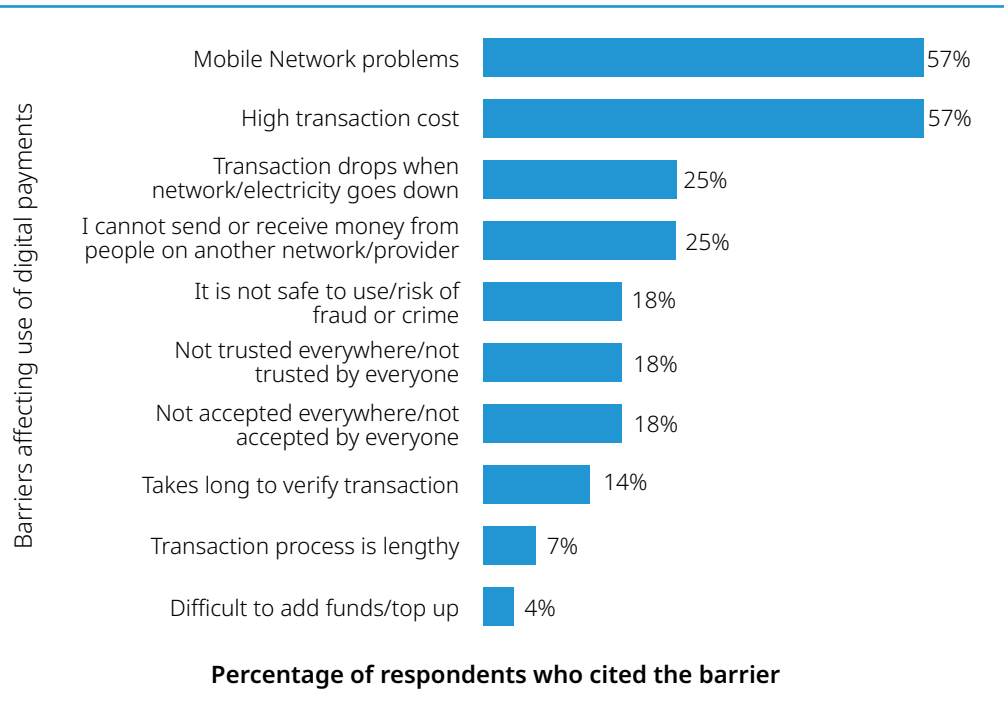
LARGE-VALUE TRANSACTIONS

Digital payments are considered preferable for larger transactions.

"Already you should know by banking it is much more serious and it is much more reassuring and confident we can carry out large transactions." – Young respondent
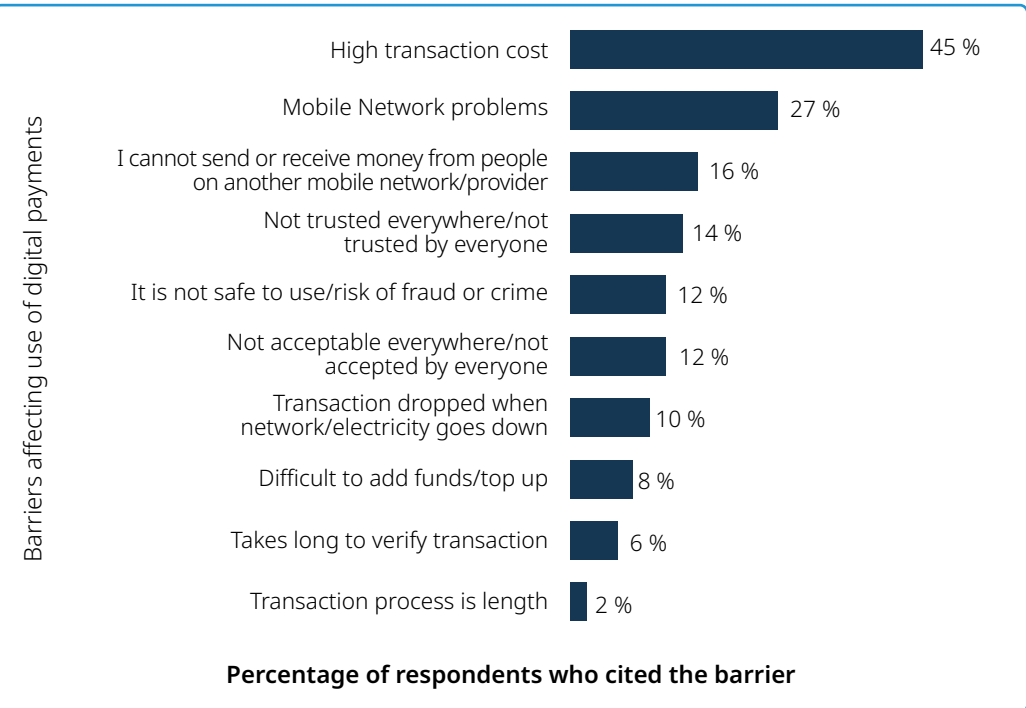
Poor network connectivity and high transaction costs are the leading barriers to the usage of digital payments among individuals and MSMEs

INDIVIDUALS

Barriers affecting use of digital payments

Barrier	Percentage
Mobile Network problems	57%
High transaction cost	57%
Transaction drops when network/electricity goes down	25%
I cannot send or receive money from people on another network/provider	25%
It is not safe to use/risk of fraud or crime	18%
Not trusted everywhere/not trusted by everyone	18%
Not accepted everywhere/not accepted by everyone	18%
Takes long to verify transaction	14%
Transaction process is lengthy	7%
Difficult to add funds/top up	4%

Percentage of respondents who cited the barrier

MSMEs

Barriers affecting use of digital payments

Barrier	Percentage
High transaction cost	45 %
Mobile Network problems	27 %
I cannot send or receive money from people on another mobile network/provider	16 %
Not trusted everywhere/not trusted by everyone	14 %
It is not safe to use/risk of fraud or crime	12 %
Not acceptable everywhere/not accepted by everyone	12 %
Transaction dropped when network/electricity goes down	10 %
Difficult to add funds/top up	8 %
Takes long to verify transaction	6 %
Transaction process is length	2 %

Percentage of respondents who cited the barrier

"It takes a fee even to check your own account or balance."

– Focus group discussion respondent

"Mobile money providers should have an agreement on interconnectivity in the purchase of airtime and sending/receiving money."

– Female small business owner

Total No. of Respondents Sampled: n=109, Individuals=60, MSMEs=49

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Fraud issues, fear and distrust of financial institutions, and low literacy levels may be the basis for high mobile money awareness but low usage, especially among MSMEs

FRAUD, SCAMS, & INCONSISTENT FEES BY MOBILE MONEY AGENTS

"I had just withdrawn some money [from an agent], then I received a call, I was told it was my mobile money provider… and they wanted to give me a bonus of $25, then [the caller] asks me for my code… It was a scheme to extort money."

– Male respondent

"Mobile money agents are used to asking for money when depositing. Once when I was depositing about US$400, the agent asked me for 10% of the amount deposited."

– Male small business owner

FEAR & DISTRUST OF SYSTEMS & INSTITUTIONS

"Our people have lost the taste for putting money in the bank, they prefer to walk around with sometimes US$10,000 in cash like that"

– Focus group discussion respondent

"I prefer to see my money; I can even wake up at night to check my money because the bank can also go bankrupt like a bank that did recently."

– Young respondent

Low literacy, understanding, & exposure to tech

"A lot of the population do not know how to use it [digital payments]."

– Focus group discussion respondent

"Here in the DRC there is not a large number of people who are used to this kind of mobile money and digital channels."

– Young respondent

User experience: Understanding how drivers and barriers play out along a user journey

"I sell textile fabrics to customers in Kinshasa. Part of my business is run online. Most of the time, I will use mobile money to make payments to suppliers. More so, I also use it to receive payments. During COVID, I started using a certain provider's solution to make payments to suppliers in China.

I particularly like using mobile money because it is easier in managing business and personal finances. If I have 10 payments, I can use the withdrawal fees of one person and benefit from the withdrawal fees of 9 other customers. Another thing is the security; it is not easy to lose cash or receive payment in fake currency.

What is important for me is that customers can use mobile money to order reserve fabrics, and they like using mobile money.

Mobile money payments are fast and save time; it takes less than 2 minutes to transact and one can transact in both US dollars and Congo francs

Some of the challenges I face when using mobile money are over-billing. I am charged for checking my balance and I am also charged an account maintenance fee. Also, transactions drop when there is a network issue."

KINGANDO YOUS
Kevin textile trader
Kinshasa [DRC]

- Sells textile fabrics to customers in Kinshasa
- Part of his business is run online
- Uses mobile money to make payments to suppliers and also receive payments
- During COVID, started using a certain provider's solution to make payments to suppliers in China

Drivers in the user journey experience

Strong use case exists for long-distance supplier payments

Increased security

Speed and simplicity of usage

"If you are quick it takes about 2 minutes or even a minute to do a transaction."

Barriers in the user journey experience

Overcharging customers

Network connectivity problems

"If there is a network problem or an error in the procedure or even more than 2 minutes, you have to start from scratch."

CONCLUSION AND RECOMMENDATIONS

4

Summary

State of digital payment use in the Democratic Republic of Congo

Cash is predominantly used in the DRC for both individuals and MSMEs.

Mobile money is the most widely used digital instrument, whereas bank-based instruments are barely used.

Gender differences are clearly noted in use of digital instruments, with men and male-led-MSMEs showing higher and more frequent use.

Small enterprises show a higher usage of digital instruments as compared to micro enterprises.

Merchant payments and payment for transport present opportunities to drive the adoption of digital payments among individuals.

Key drivers and barriers to digital payment use

DRIVERS

- Due to the disadvantage of having to carry money, consumers would prefer to use digital payments.
- Distance encourages consumers to use digital payments as this saves the cost of transportation.
- There is a well-developed network of agents, allowing for sufficient access.

BARRIERS

- The frequent stories around banks' bankruptcy have caused mistrust among consumers adopting digital payments.
- The lack of standardized costs for cash-in and cash-out at mobile money agents, coupled with indiscipline and poor customer handling, deter use.
- Erratic electricity power supply results in network downtime, resulting in dropped transactions and unreliable digital payment services.

CONSUMER VOICES: RECOMMENDATIONS ON EXPANDING DIGITAL PAYMENT OPTIONS

AUGMENT DIGITAL PAYMENTS ADOPTION AMONG MSMEs

Digital adoption by MSMEs, especially traders, would also help increase breadth of digital usage among individuals, serving different payment needs.

IMPROVE DIGITAL PAYMENT AWARENESS

"The responsibility lies with these companies [MNOs] to ensure the popularization of these methods... everyone should know the merits of digital payments....even to 'momas' [elderly female traders] in the market." – Female small business owner

In your opinion, what should be done to make digital payments more instant and inclusive?

ENSURE TRANSPARENCY OF FEES

"They must review the billing system, the withdrawal fees, the account maintenance fee when checking our balance. It's too complicated."
– Male respondent

HARMONIZE CUSTOMER EXPERIENCE AT TOUCH POINTS

Unregulated mobile money agents, who do not adhere to MNO transaction rates, present a risk of reducing frequency of use of mobile money due to increased cost and safety risks.

AfricaNenda
ACCELERATING INCLUSIVE PAYMENT SYSTEMS

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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