



AfricaNenda
ACCELERATING INCLUSIVE PAYMENT SYSTEMS

INSTANT AND INCLUSIVE PAYMENTS

Consumer research insights

Focus on Egypt ●

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 **Egypt 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

Glossary4

1 Research methodology overview..... 5

1.1 Research objectives & process.....6
1.2 Approach.....7
1.3 Sampling Approach8

2 Assessment of payments instruments: Addressing payment needs and usage..... 9

2.1 Leading payment needs are purchasing airtime (individuals) and receiving customer payments (MSMEs).....10
2.2 Cash usage is prevalent in addressing leading payment needs for individuals and MSMEs; opportunities to drive digital payments include merchant payments, payments for daily transport, among others.....11
2.3 Digital payments are predominantly made through USSD and via agents.....12
2.4 MSMEs, especially young MSMEs, use mobile money more frequently than individuals do13

3 Understanding consumer behavior: perceptions, drivers, and barriers to making digital payments..... 14

3.1 There is a significant gap between mobile money awareness and usage among individuals.....15
3.2 Income earning means, incentives, and beneficiaries' options for receiving funds are among key determinants of how payments are made.....16
3.3 Key considerations for mobile money usage include perceived convenience, time and cost savings, ease of sending money to distant beneficiaries, among others17
3.4 Poor network connectivity and high transaction costs are highlighted as key digital payment barriers for individuals and MSMEs in Egypt.....18
3.5 Lack of privacy and transaction limits could be the reason for the significant gap in Egypt between awareness of mobile money and its usage.19
3.6 User experience: Understanding how drivers and barriers play out along a user journey.....20

4 Conclusion and recommendations 21

4.1 Summary.....22
4.2 Consumer voices.....23

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



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 ITINERARY

Fieldwork location: Cairo

Quantitative data collection: April 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=156 individuals, 71 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

- 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.

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

Focus group discussions n=5

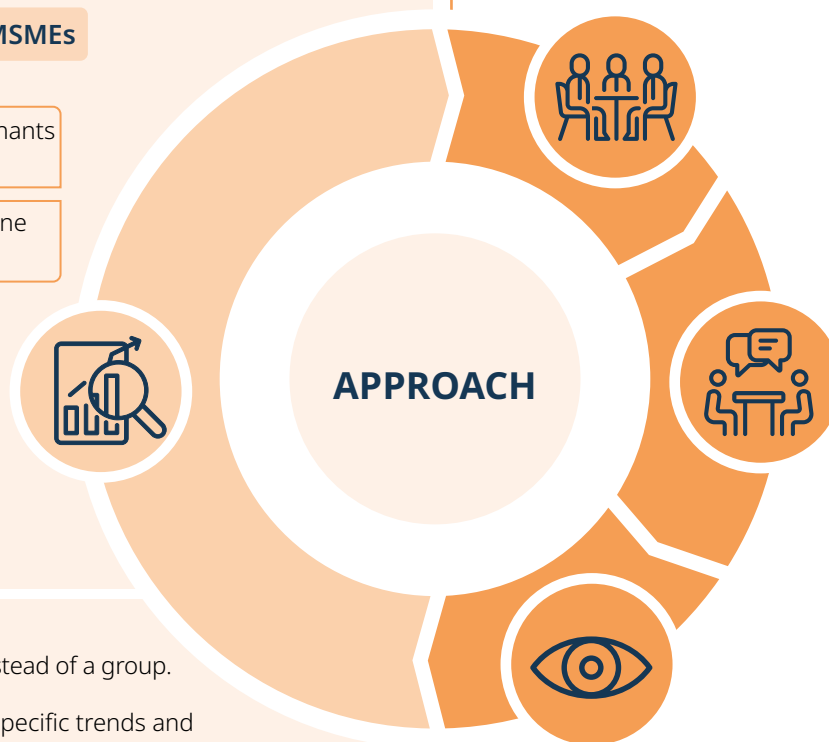
- Identify key decision-making patterns
- Identify key trends in terms of customer behavior
- Spontaneously explore generalized perceptions

In-depth interviews* n=15

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

Immersion** n=5

- In-depth understanding of customer journey and user experience



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 [226 respondents]

| Quantitative | Respondent type | Total | Male | Female | 18-29 years | 30-45 years | 45-55 years | In-frequent income/ micro businesses | Frequent income/ small businesses |
|--------------|-----------------|-------|------|--------|-------------|-------------|-------------|--------------------------------------|-----------------------------------|
| Cairo | Individuals | 156 | 96 | 60 | 70 | 48 | 38 | 72 | 84 |
| | MSMEs | 71 | 45 | 26 | 22 | 26 | 23 | 39 | 31 |

QUALITATIVE RESEARCH [45 respondents]

| Qualitative | Location | Focus group discussion | In-depth interview | Immersion |
|-------------|----------|------------------------|--------------------|-----------|
| Egypt | Cairo | 5 | 15 | 5 |

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

SECTION 2 ●

ASSESSMENT OF PAYMENT INSTRUMENTS: ADDRESSING NEEDS AND USAGE

A large white number '2' is centered within a green rounded rectangular shape. Below this green shape is a smaller teal rounded rectangular shape. The background of the entire slide is a dark blue color.

2

Leading payment needs are for daily transport (individuals) and employee allowances (MSMEs)

| | | Individuals | MSMEs |
|---|---|----------------------------------|-------------------------------------|
| Ranking of payment needs [proportion of individual respondents that had the payment need at least once a week]* | 1 | Pay for daily transport [28%] | Receive customer payments [17%] |
| | 2 | Buy household goods [24%] | Send staff money for transport [9%] |
| | 3 | Send money [9%] | Send staff airtime [6%] |
| | 4 | Receive money [8%] | Supplier payments [4%] |
| | 5 | Receive salary [2%] | Loan repayments [3%] |
| | 6 | Pay for government services [1%] | Send staff salaries[1%] |
| | 7 | Pay for utilities [1%] | Pay for utilities [1%] |
| Most digitalized use case | | Receive salary | Send staff airtime |

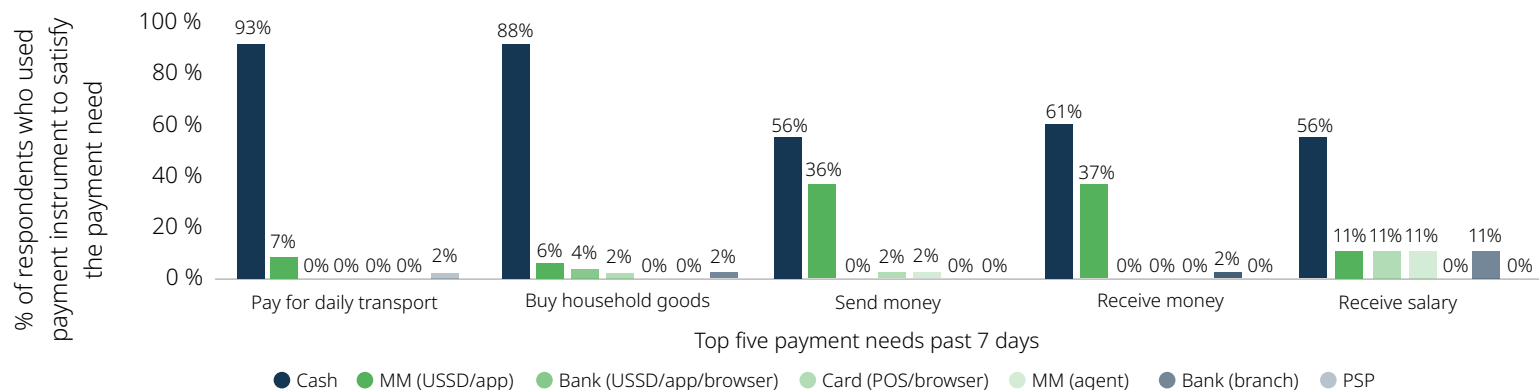
*Payment needs that were not experienced by respondents over the past 7 days are not included in the ranking above – individuals: repaying loans, making benevolent contributions, purchasing of airtime; payment of hospital bills, receiving government payments; MSMEs: settle recurrent bills and payments for government services

- Low levels of digitalization of payment needs for both individuals and MSMEs.
- Buying staff airtime is the only use case which has a very high degree of digitalization.
- Among individuals, usage of digital payment across each of the top 5 methods does not exceed 40%.
- MSMEs noted to have a slightly higher use of digital instruments than individuals.

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

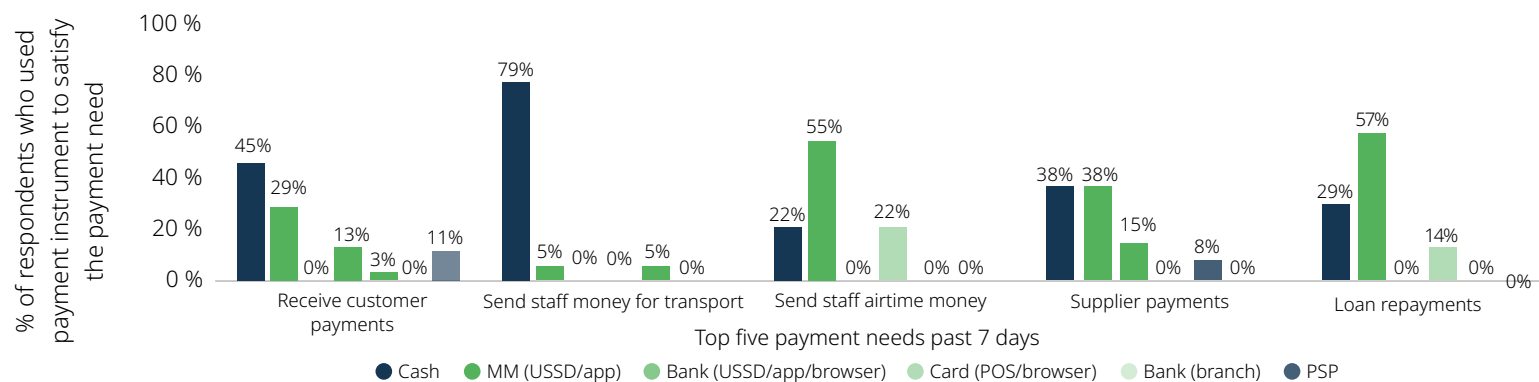
Cash usage remains prevalent for individuals' leading payment needs; opportunities to drive digital payments include merchant payments, daily transport, among others

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



- Across the different payment needs, cash is the dominant payment instrument.
- Mobile money is used for sending and saving money.

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

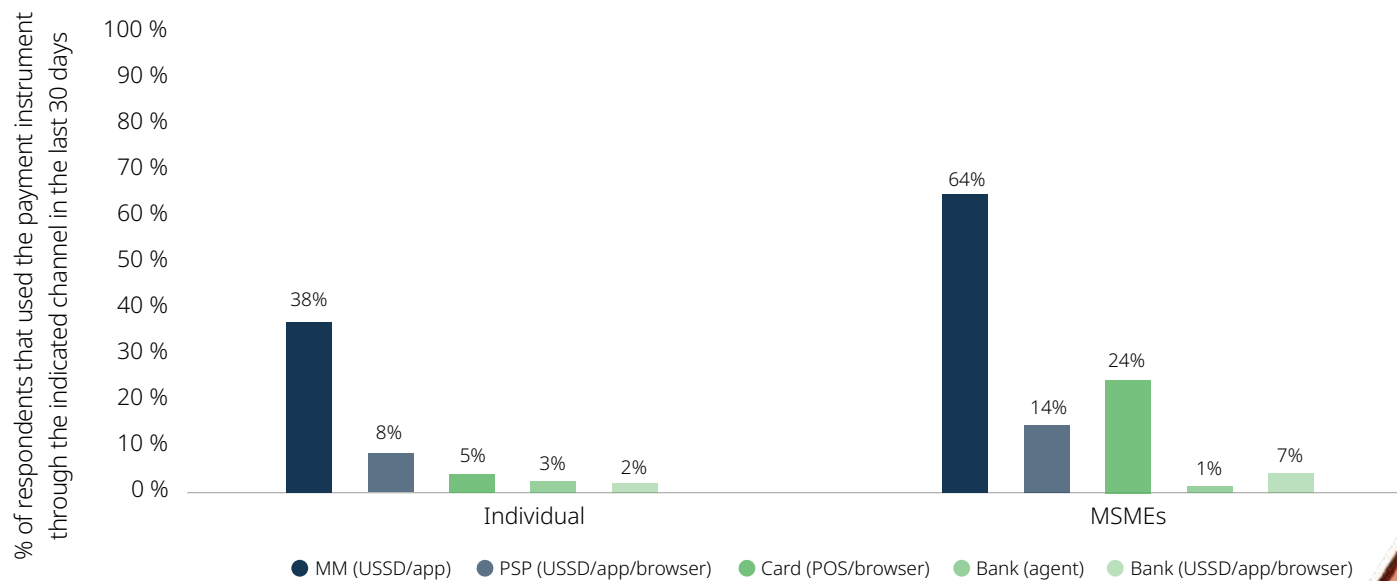


- For payment or transaction needs that are **within the control** of the MSME, cash and mobile money wallets are preferred and used in most cases.
- Use of mobile money is noted to be the most preferred for sending staff airtime and loan repayments.
- Payment service providers provide an opportunity for a digital instrument to be used by both individuals and MSMEs.

Total No. respondents sampled (n=227): Individuals n=56 MSMEs n=71

Digital payments are predominantly made through USSD and via agents

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



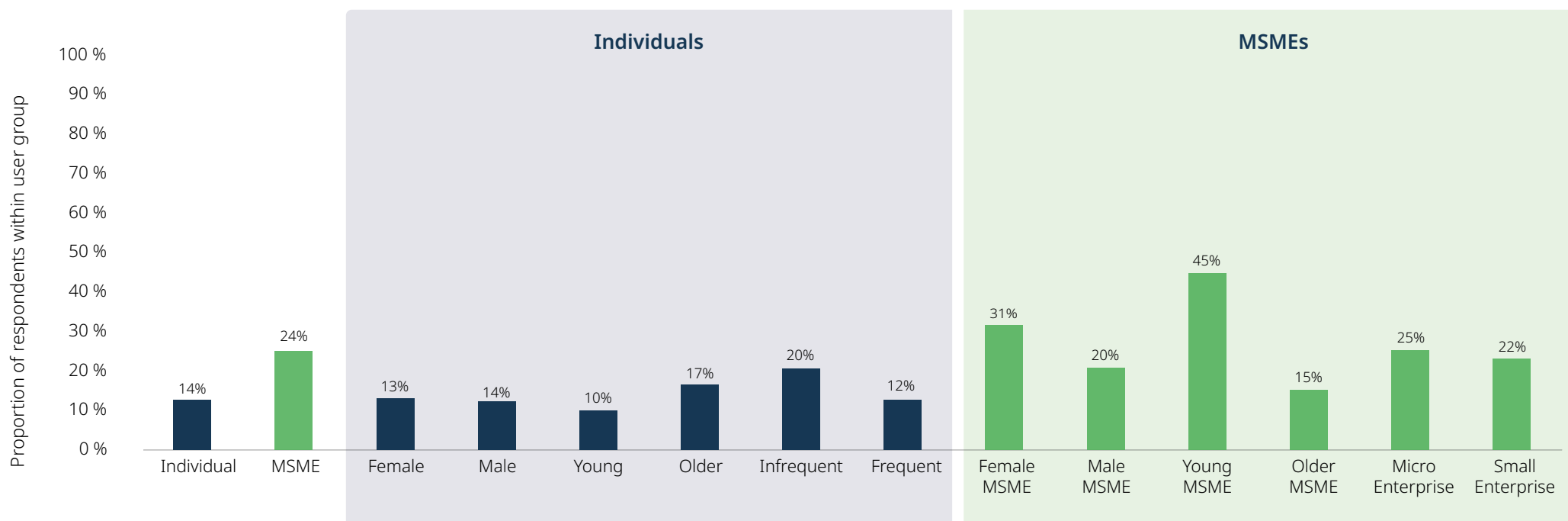
Several digital payment instruments are available, with mobile money through USSD or apps growing in usage and acceptance.

Total No. respondents sampled (n=227): Individuals n=56 MSMEs n=71



MSMEs, especially young MSMEs, use mobile money more frequently than individuals do

Group differences in mobile money use over the past 7 days



Total No. respondents sampled (n=227): Individuals n=56 MSMEs n=71

SECTION 3 ●

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

3

There is a significant gap between mobile money awareness and usage among individuals



AWARENESS OF MOBILE MONEY



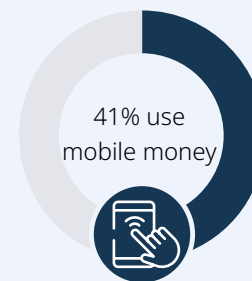
USAGE OF MOBILE MONEY

Individuals



Total No. of respondents sampled: n=156

Out of these



Total No. of users sampled: n=148

MSMEs



Total No. of respondents sampled: n=70

Out of these



Total No. of users sampled: n=67



ATTITUDE

“Making payments using bank cards requires a certain class and certain places.” – Male respondent

“People’s culture hasn’t switched to mobile wallets and credit cards, so most of the transactions are cash money.” – Male small business owner

Income source incentives, and beneficiaries' options for receiving funds are among key determinants of how payments are made



USER CHARACTERISTICS

Income earning means

Consumers will often purchase an asset using a payment method that is influenced by how they receive their income/salary.

// Because I get paid in cash... I always have cash, so I pay in cash."

– Male respondent

Personal preferences

The opportunity to bargain for lower commodity prices is motivation to make cash payments.

// Paying in cash allows you to discuss the price with the salesman and he may give you a discount."

– Female respondent



USE CASE CHARACTERISTICS

Type of transaction

Digital instruments accommodate a variety of payments (e.g., fuel, electricity/internet/hospital bills), which promotes convenience, privacy, safety, and budget planning.

Payment requirements

Digital payments facilitate ease of doing business for some types of trade.

Rewards & incentives offered

Some payment instruments may offer rewards and discounts on usage to incentivize users to transact more.

Beneficiary terms and preference

MSMEs prefer customers to pay in cash because it is familiar to them.

// It's comfortable to always have a card by which you can eat, buy anything or even pay for hospitals."

– Male small business owner

// The merchant asked me to send money as a deposit payment before booking the goods and I did."

– Female small business owner

// This is applicable with some providers,.....If a trip cost is EGP 100, I pay only EGP 80."

– Female respondent

// I prefer cash...most people are not aware of using any other methods."

– Male small business owner

Key considerations for mobile money usage include perceived convenience, time and cost savings, ease of sending money to distant beneficiaries, among others



CONVENIENCE

Transaction convenience

Allows one to send/access their money anytime, also avoids hassles associated with long queues in banks when accessing cash

“You are not limited by working hours, official holidays, reluctant employees, or queues.”

– Male small business owner



TIME SAVINGS

Time and cost saving benefits

Digital payments offer the ability to access the service anywhere and anytime, saving time and money on costs occasioned by sending money in person.

“I will save time and effort. Sometimes I am exhausted, and I can't go to my sister, so I send money to her.” – Young respondent



EFFICIENCY IN DISTANT PAYMENTS

Facilitates remote payments

Ease of sending money to friends and relatives in distant areas

“If the distance to the person I am sending money is far, it is preferable to use E-wallets.” – Male small business owner



FLEXIBILITY OF USE

Ability to do multiple transactions using one instrument

Allows one to do more than one type of payment



SAFETY BENEFITS

Minimizes risks to personal safety

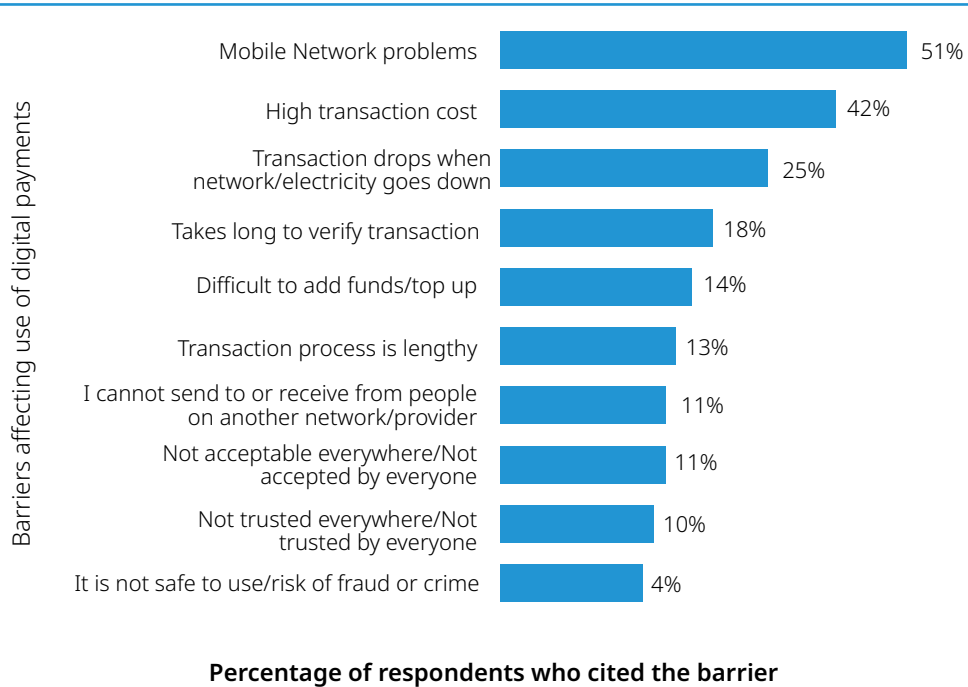
Eliminates cash handling risks when transacting in large amounts, e.g., losing cash, being paid in fake currency

“...I buy with bulk cash, ...that's unsafe to take with me while buying things for my store.” – Male small business owner

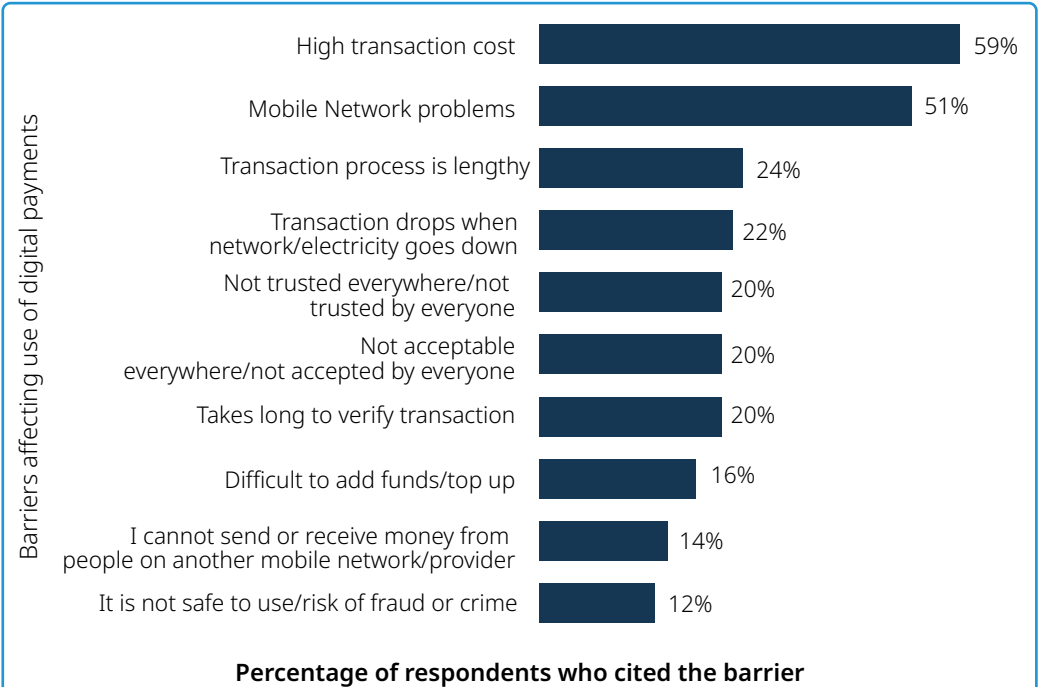
Cashless Transactions

Poor network connectivity and high transaction costs are highlighted as key digital payment barriers for individuals and MSMEs in Egypt

INDIVIDUALS



MSMEs



Total No. respondents sampled (n=227): Individuals n=56 MSMEs n=71

Lack of privacy and transaction limits could be the reason for the significant gap in Egypt between awareness of mobile money and its usage



LACK OF PRIVACY

Some payment instruments require users to declare the sources of incoming funds.

“If you receive a large amount of money, they keep asking you for details about it... ‘From where do you get your money?’ etc.”

– Male respondent

Users may become uncomfortable having to disclose information about their transactions to a third party.

“They keep asking questions...”

– Male respondent



LONG QUEUES AND CONGESTED NETWORKS

Access to services such as bank/mobile agents or bank hall services is inhibited by long queues.

“I send someone who waits in a queue and then I give him a small commission.”

– Male respondent

“Bank branch is very crowded; I have to wait for 3 or 4 hours.”

– Female small business owner

“I tried to transfer from a certain app, but I couldn’t use it.”

– Female Respondent

“There is a lag when transferring money to someone.... But the bigger problem [for me] was trying to reach customer service.”

– Male small business owner



TRANSACTION LIMITS AND RESTRICTED PAYMENTS

Users are limited by the cap on transaction value within a given time period.

“One of the providers has a certain limit. It is EGP 20,000 or 30,000.”

– Male small business owner

Digital payment instruments lend themselves to very niche/specific use cases, thus creating a usage barrier for consumers.

“My son had a project that he needed to finish, and he kept searching for any kiosk that has a certain payment service provider’s brand to pay for the internet at 3 am.... Paying with a bank card in this situation would have been better, but I do not have any bank card....”

– Female respondent

User experience: How do drivers and barriers play out along a user journey?



AMAL, 25 YEARS OLD, MARRIED

- Housewife
- Started using digital payments in university to pay school fees
- Uses mobile money by two different providers to transact



"I prefer using a certain mobile money provider to receive and send money to relatives. This is because the provider's network can be found in most places in Egypt. I was introduced to this brand by my sister to pay my savings into 'table banking' [money pooling].

It is very fast in terms of speed, easy to use, and a convenient way to send money to my parents and also to receive money from my husband.

For me, this is the best app to use on my mobile line because of the ease of sending money to my relatives, who are also customers to this provider.

However, I experience challenges when using the provider's app. When it lags or delays when doing online shopping sometimes, it can be frustrating. In addition to this, you cannot use the app on a WiFi network. You must use cellular data, which means you incur data charges, and this adds to the high transaction charges.

Another challenge is when you use the wallet, the provider does not allow you to use any other payment app. I therefore have an additional line to access services by the additional provider as my mobile line allows one to use only one payment app."



Drivers in the user journey experience

Fast payments

Simplicity and ease of use

Digital convenience – sending and receiving money over long distances

"For me, one of my mobile money providers' app is the best app to use on my mobile line because of ease of sending money to my relatives."



Barriers in the user journey experience

Connectivity challenges (can only use cellular data to transact on app)

Interoperability challenges – network operator only allows one payment app on handset

"Another challenge is when you use this mobile wallet, the provider does not allow you to use any other payment app."

SECTION 4 ●

CONCLUSION AND RECOMMENDATIONS



4

Summary

State of digital payment use in Egypt



Strong cash dominance in Egypt – cash use is made easier due to the common perception of safety in Cairo, allowing people to freely move with cash.



Several digital payment instruments are available, with mobile money gaining acceptance and growing in use.



Other payment instruments include cards, bank-based instruments, and payment service provider instruments like Fawry, Meeza, Lucky, etc.



MSMEs show higher use of digital payment instruments as compared to consumers. This is the case especially for bank-based instruments.



Both MSMEs and individuals have a preferred payment frequency of 2-3 times a month for digital payments. This could indicate usage of specific payment instruments to meet a particular recurrent payment need.

Key drivers and barriers to digital payment use



DRIVERS

- Digital payment benefits such as transaction speed, convenience, and the availability of a diverse number of payment instruments have driven adoption.
- Aspirational value of cashless payments for many individuals.
- Government initiatives in providing alternatives to payroll cards, such as Meeza, expand user access to a range of domestic payments.
- Rise in e-commerce and m-commerce is driving adoption of digital payments over cash payments.

“I think in 5 years we will not have cash...we will use mobile money and cards.” – Young respondent



BARRIERS

- Large population makes it difficult to optimally serve and satisfy consumers' payment needs through current agent networks.
- Security features on most digital payment instruments may subject users to lengthy, complicated processes, sometimes requiring them to have two handsets in order to access PIN Security codes.
- Egypt, being a high-trust society with cash (which has social value, plus a culture that inhibits petty crime), presents digital payment instruments with the challenge of drawing users who have no real motivation to convert.
- Lack of interoperability constrains consumers' access to digital payments. MNOs restrict use of other payment instruments on their network, thus forcing users to have an additional handset solely for transacting digitally.

CONSUMER VOICES: RECOMMENDATIONS ON EXPANDING DIGITAL PAYMENT OPTIONS



STREAMLINE AND IMPROVE SECURITY FEATURES

Cumbersome security features when using digital payment instruments such as bank apps limit the convenience benefits of digital payments for users.

// I wish I could use my fingerprint or voice to unlock my bank app instead of all the passwords.”

– Female respondent

// To increase security and make the wallet open by my fingerprint.””

– Male small business owner

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



ENSURE UBIQUITY OF PAYMENT INSTRUMENTS

Consumers are caught between the benefits of network ubiquity—which allows them to communicate and transact with friends and family—and lack of freedom to choose a digital payment instrument that is cost effective or one that allows users to make multiple payments to different providers.

// But the grocery won't take money from me via mobile money.”

– Female respondent

// When I want to send money to my sister I use mobile money, when I want to purchase something, I use my bank card, when I pay bills, I use mobile money by my second preferred provider.... It depends on what I am doing and the most affordable option.”

– Female respondent



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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