

# INSTANT AND INCLUSIVE PAYMENTS

Consumer research insights

Ghana Report

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 **Ghana 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 .....	4
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## 1 Research methodology overview..... 5

1.1 Research objectives & process .....	6
1.2 Approach.....	7
1.3 Sampling Approach .....	8

## 2 Assessment of payment instruments: Addressing 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 for individuals; opportunities to drive digital payments include merchant payments, making payments for daily transport, among others .....	11
2.3 Mobile money USSD and mobile apps are the most commonly used digital payment channels among individuals and MSMEs.....	12
2.4 Mobile money is widely used across both individuals and MSMEs with limited differences between user groups.....	13

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

3.1 Mobile money awareness and usage is high, however there is room for driving usage through more use cases for individuals and MSMEs .....	15
3.2 Distance between senders and beneficiaries of funds transfer transactions is among key determinants of whether payments are made in cash or digitally .....	16
3.3 Key considerations for mobile money usage include perceived safety and security levels, availability of value added services and perceived convenience.....	17
3.4 Poor network connectivity and high transaction costs are the leading barriers to the usage of digital payments among individuals and MSMEs .....	18
3.5 The E-levy tax on all digital payments and fraud could be inhibiting high mobile money usage .....	19
3.6 User experience: how do drivers and barriers play out along a user journey?.....	20

## 4 Conclusion and recommendations ..... 21

4.1 Summary .....	22
4.2 Consumer voices: Recommendations on expanding digital payment options.....	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 with regards to digital payments



## FIELDWORK

Fieldwork was carried out in Accra & Kumasi

Quantitative data collection: May 13–21, 2022

Qualitative data collection (In-depth interviews, Focus group discussions, & Immersions): May 21–June 1, 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=150 individuals, 100 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: Identify key drivers of shifting consumer behavior toward IIPS

### Focus group discussions n=10

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

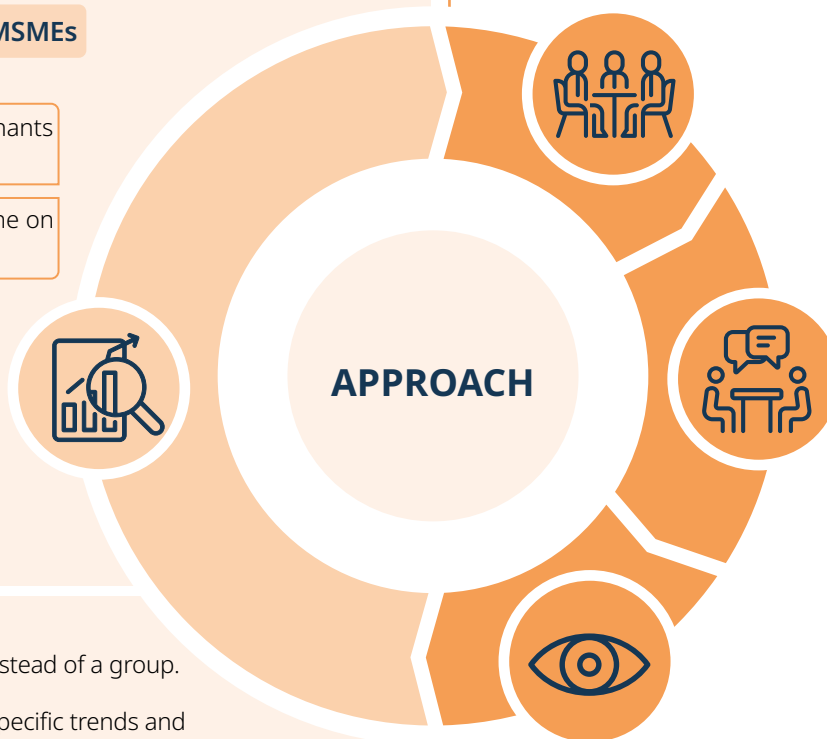
### In-depth interviews\* n=27

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

### Immersions\*\* n=10

- 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 throughout 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 [326 respondents]

Quantitative	Respondent type	Total	Male	Female	18-29 years	30-45 years	45-55 years	Infrequent income/ micro businesses	Frequent income/ small businesses
GHANA (Accra & Kumasi)	Individuals	200	102	98	89	65	46	88	112
	MSMEs	126	66	60	56	37	33	19	101

## QUALITATIVE RESEARCH [87 respondents]

Focus group discussion	In-depth interview	Immersion/ Observation
10	27	10

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



## SECTION 2 ●

# ASSESSMENT OF PAYMENT INSTRUMENTS: ADDRESSING NEEDS AND USAGE



2

## Leading payment needs are purchasing airtime (individuals) and receiving customer payments (MSMEs)

		Individuals	MSMEs
Ranking of payment needs [proportion of individual respondents that had the payment need at least once a week]*	1	Airtime [85%]	Receive customers payments [52%]
	2	Transport [49%]	Supplier payments [22%]
	3	Household goods [41%]	Send staff money for transport [14%]
	4	Receive income [12%]	Send staff money for airtime [11%]
	5	Make benevolent contribution [10%]	Utility payments [6%]
	6	Send money [10%]	Send staff salary [2%]
	7	Receive money [9%]	Pay for business government services [1%]
	8	Pay for government services [2%]	To settle recurrent bills [1%]
	9	Pay for utilities [1%]	Loan repayments [1%]
	10	Receive Money from the government [1%]	
	11	Settle recurrent bills [1%]	
Most digitalized use case		Receive money	Send staff money for transport and loan repayments

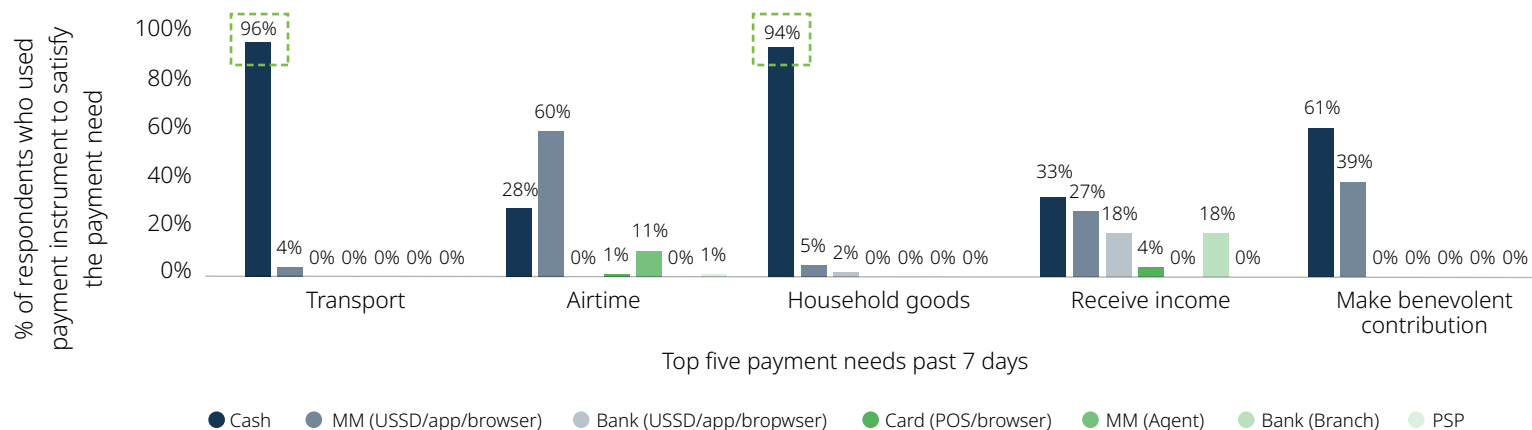
\*Payment needs that were not experienced by respondents over the past 7 days are not included in the ranking above – individuals: repaying loans, payment of hospital bills, receiving govt. payments

- All the MSME payment needs are highly digitalized.
- Individual payment needs are digitized but with varying levels of adoption and with long-distance P2P transfers being the most digitized.

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%

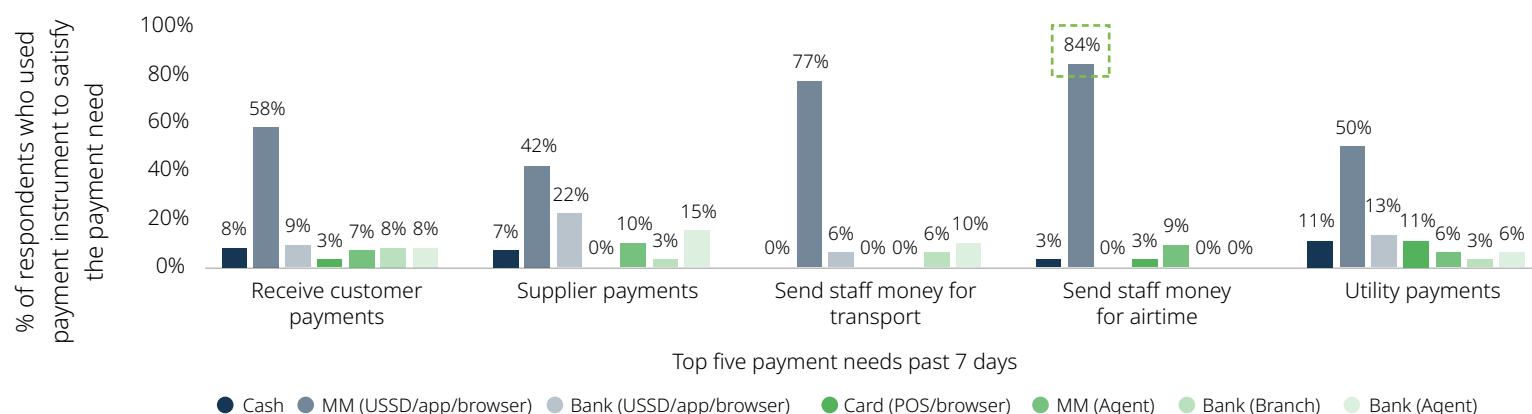
## Cash usage is prevalent for individuals; opportunities to drive digital payments include merchant payments, making payments for daily transport, among others

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



- Most of the key and frequently occurring individual needs are paid for or transacted in cash. Individuals also use bank-based instruments, both via branches and applications receiving income.
- Mobile money is a key payment instrument for purchasing airtime.

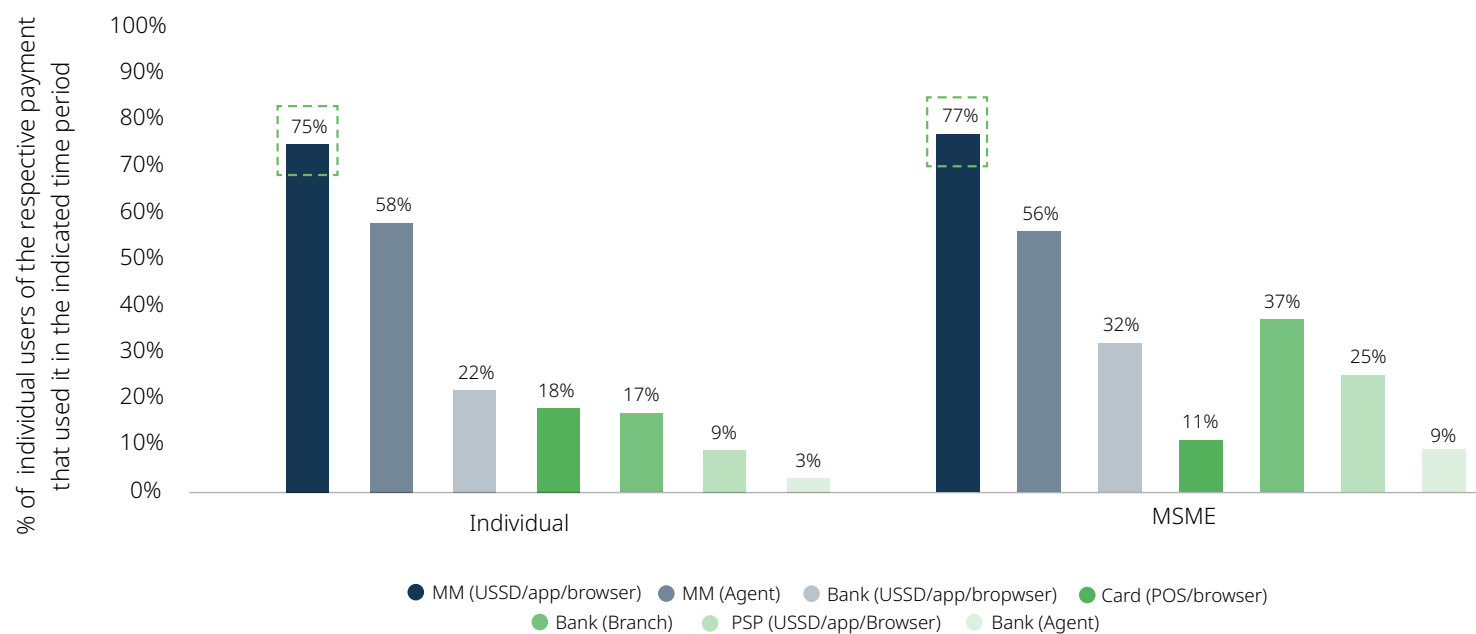
### Top MSME payment needs: overview of primarily used payment instruments and channels



- Mobile money is a key digital payment instrument adopted by MSMEs, with airtime purchases leading at 84%, followed by sending staff money for transport.

## Mobile money USSD and mobile apps are the most commonly used digital payment channels among individuals and MSMEs

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

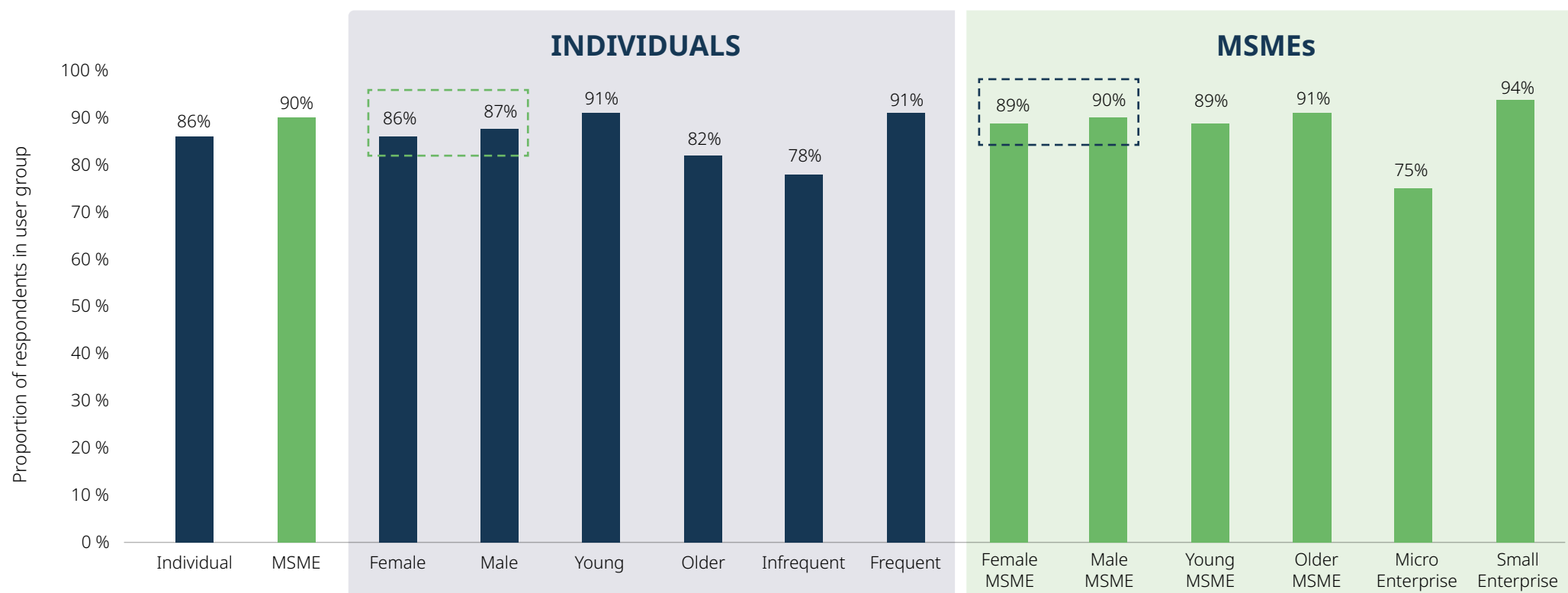


Total No. respondents sampled (n=250): Individuals = 150; MSMEs = 100



## Mobile money is widely used across both individuals and MSMEs with limited differences between user groups

### Group differences in mobile money use over the past 7 days



Largest difference exists from frequent to infrequent income earners, whose use is hampered by the uncertainty of cash flow.

Strong difference between small vs. micro enterprises, showing that small enterprises use mobile money much more frequently than micro enterprises.

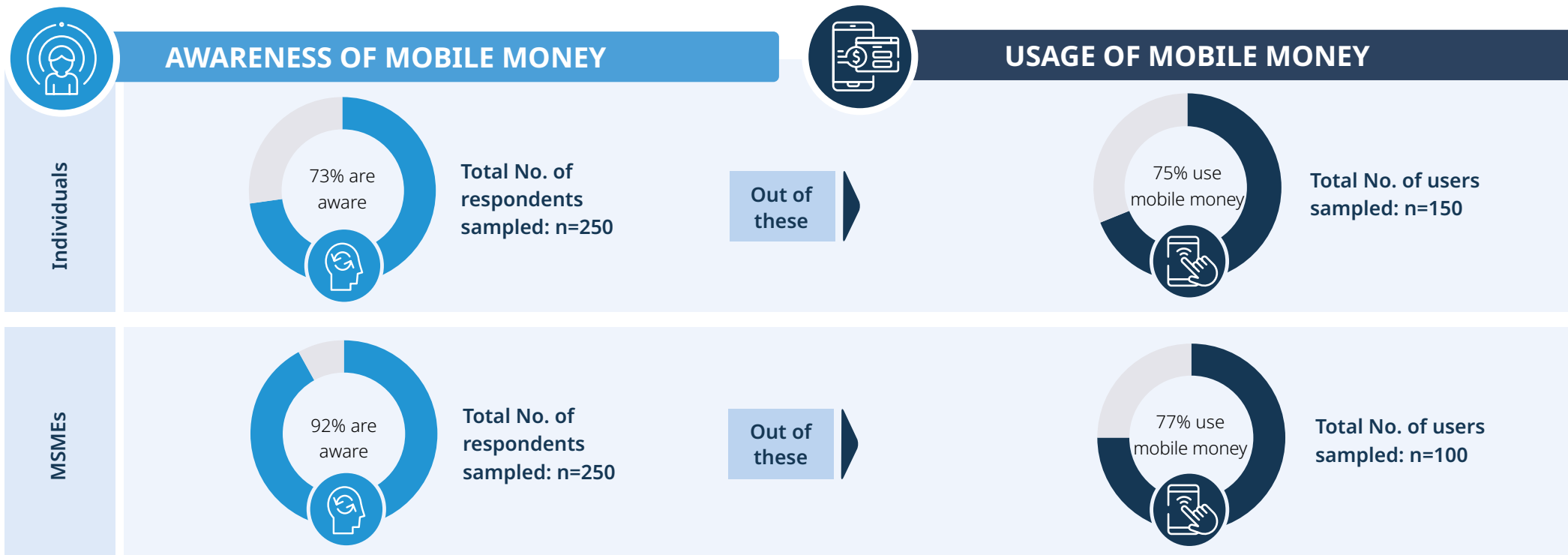
## SECTION 3 ●

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

A large, stylized number '3' is the central graphic element. It is white and set against a blue circular background. The entire graphic is positioned on the right side of the slide. Below the blue circle is a teal-colored rounded rectangle, and to the left of the blue circle is a smaller teal rounded rectangle, creating a layered, architectural feel.



# Mobile money awareness and usage is high; however, there is room for driving usage through more use cases for individuals and MSMEs



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



### DISTANCE/LOCATION

MSMEs prefer digital payments to pay for their goods in far off locations, e.g., when importing goods, but will prefer to pay cash when a beneficiary is in close proximity e.g., during customs tax clearance, to save transaction costs.

**//** **If I'm buying goods from China, I use the mobile money, but then when I'm clearing the goods that's when I use cash.** – Female respondent



### TRANSACTION AMOUNT/VALUE

When transaction amounts are small, individuals prefer to use cash. When transactions are large, e.g., paying worker salaries, digital payments are favored to add efficiency to the process.

**//** **I use the cash when I want to buy something cheaper, like something below GHS 10.** – Male respondent



### CUSTOMER CHOICE/VENDOR PREFERENCE

Some customers may dictate their preferred payment methods for certain kinds of transactions, while some MSMEs may also insist on digital payment transactions.

**//** **When the person comes and prefers to pay me in cash, I just accept and receive the cash.** – Male small business owner

# Key considerations for mobile money usage include perceived safety and security levels, availability of value-added services, and perceived convenience



## SECURITY

### PERSONAL SAFETY AND SECURITY

Digital payments reduce risks associated with theft and robbery.

**“Because of the robbers, most of us don’t like to carry cash on us.”**

– Focus group discussion respondent



## TRACEABILITY

### EVIDENCE

Allows transparency and accountability when paying for goods and services.

**“I use mobile banking and mobile money solutions because, I really need proof of payment.”** – Male respondent



## VALUE-ADDED SERVICES

Mobile money allows consumers to save and access credit as well as pay back loans easily.



## EASE OF MANAGING FUNDS

### EASE OF MANAGING BUSINESS AND PERSONAL FUNDS.

Small business owners can have a merchant ID for receiving payments from customers. The same wallet allows one to save and settle payments seamlessly.

**“I have an account for my business, so I cash it out through mobile money to bank account withdrawals.”**

– Focus group discussion respondent



## CONVENIENCE & SPEED

- Consumers can transact at any location without the need for physical presence.
- Digital payments are useful for paying wages/bonuses to many employees at once.
- Instant transfer of money for long-distance transactions:

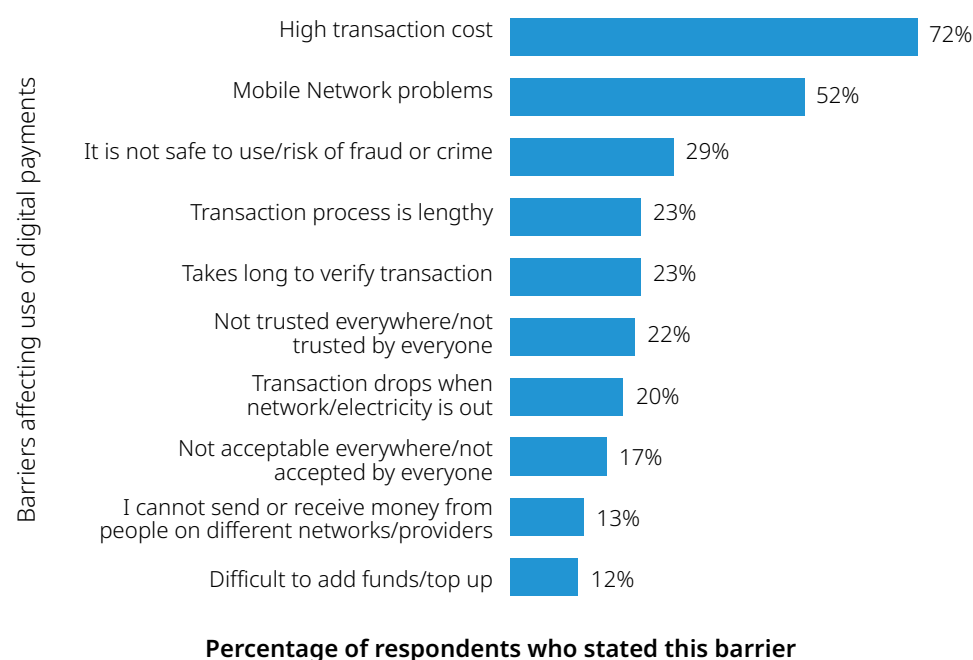
**“You would not have to worry too much about the cash you have on you because everywhere you are, you can easily send the money and it is safe as well.”** – Focus group discussion respondent

**“Despite your location you can still do a transfer and the person can instantly get the money.”** – Male respondent

## Cashless Transactions

# Poor network connectivity and high transaction costs are the leading barriers to the usage of digital payments among individuals and MSMEs

## INDIVIDUALS



## MSMEs



“Electronic [payments] can take a long process, so I do not use electronic payments.” – Female Respondent

“[With] this E-Levy [tax] that the government has now introduced, it has made most of my customers want to do physical [cash] payment.”  
- Female small business owner

Total No. respondents sampled (n= 250): Individuals = 150; MSMEs = 100

# The E-levy tax on all digital payments and fraud could be inhibiting high mobile money usage



## E-LEVY TAX

E-Levy tax on all digital payments curtails the use of mobile money payments despite consumer preference for digital payments.

**“Mobile money is not attractive because of the E-Levy charged.”**

– Young respondent

**“Before the introduction of the E-Levy, we preferred mobile money.”** – Female respondent



## DIFFICULTY IN REVERSING TRANSACTION ERRORS

Simple errors such as input of a wrong digit on the transaction amount can be difficult to resolve and could result in loss of money.

**“I once overpaid my bill at a supermarket... when I realized my mistake, I asked the lady at the shop to help me but she said, “Madam we cannot refund it so just call the mobile money provider.” ... It took 6 weeks to get my money back. How can I make a digital payment again?”**

– Young respondent

**“When there is any wrong transaction, the providers should quickly reverse the transaction and we should be promptly refunded.”**

– Female respondent



## HIGH INCIDENCE OF FRAUD

Users are particularly susceptible to scams or incidents of fraud on some networks.

**“I don’t like paying through mobile money because of one or two issues I get, especially with these fraudsters.”**

– Female respondent

**“Network providers must work on their system so that they eliminate the fraudsters.”**

– Male respondent

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



### MS. QUAYE

- A tailor
- Uses mobile money by a particular smaller provider in the market, for digital payments
- Despite higher charges compared to leading mobile money providers, she prefers its convenience and reliability



"I prefer using mobile money by a smaller provider than the market leaders to avoid network challenges, especially at night.

The networks by the leading providers are usually jammed so you cannot buy data bundles. Some providers offer cheaper data bundles at night than during the daytime, and that's when most people prefer to buy data and browse, which jams the network, so I prefer using mobile money by this smaller player, even though it comes with a little more charge because the provider is not a telco. It's so easy to use you simply dial the USSD code and you can buy airtime and data from any network."



#### Drivers in the user journey experience

Ease of transaction from anywhere at anytime

**"...because it's mobile money it's easier to just take it anytime, any day, even if it is late."**

Network ubiquity: widely accepted and readily acceptable

**"When you talk of mobile money, almost every Ghanaian has a mobile money wallet."**



#### Barriers in the user journey experience

Paying the wrong beneficiary

**"Sometimes you can just do a mistake and the money is gone."**

Difficulty in reversing wrong transaction

**"I know some providers that will take either 3 days or less than a week to get back to you but with some, it will take them like either 2 weeks or something if you're fortunate then you can get it back."**



## SECTION 4 ●

# CONCLUSION AND RECOMMENDATIONS

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4

# Summary

## State of digital payment use in Ghana



**Cash and mobile money** are used interchangeably by both individuals and MSMEs; banking-based instruments have noted increased use among MSMEs compared to individuals.



Cash use is still the dominant mode of payment. It is considered instant.



**Mobile money agents** play an intermediary role in converting cash to mobile money and vice versa when needed.



There has been an increased uptake of digital payments due to COVID-19.



Overall MSMEs are observed to use a variety of digital instruments for their payment needs, even though mobile money dominates.



MSMEs are noted to have higher frequency of using digital instruments for the different payment needs.



Access of digital payments is diversified with channels such as **USSD, application**, etc.

## Key drivers and barriers to digital payment use



### DRIVERS

- High acceptance of digital instruments allows for a favourable environment to foster increased adoption and increased frequency of use.
- Continued innovation by providers through providing access to credit and rewards has increased the number of payment instruments available to both individuals and MSMEs.
- One of the key drivers among MSMEs is the need to keep records and transact long-distance payments.
- Convenience, safety, and traceability are some of the main drivers for both individuals and MSMEs.



### BARRIERS

- Perception of fraud presents a threat to digital payments in general, because it reduces the trust required for increased adoption.
- The E-L levy that is currently imposed on digital transactions has constrained use. Consumers feel exploited by perceived high transaction costs due to the added tax.
- Low trust, occasioned by fraud and misuse of one's personal data, creates an adoption challenge for users.
- Mobile network downtime disrupts the customer experience.

## CONSUMER VOICES: RECOMMENDATIONS ON EXPANDING DIGITAL PAYMENT OPTIONS



### STRENGTHEN SECURITY FEATURES ASSOCIATED WITH MOBILE MONEY PAYMENTS

High numbers of fraud-related cases have undermined consumer demand, trust, and confidence in using digital payments.



### ENSURE THE INCLUSIVITY OF TRANSACTION FEES

**//** Even though mobile money is easy to use, the charges are what is scary. It deters you.” – Female respondent



### HAVE ROBUST CONSUMER RECOURSE PROCEDURES IN PLACE

**//** They will call you in the name of the mobile money providers or whatever payment company to try to defraud you. That’s our challenge.”  
– Female respondent



### SIMPLIFY TRANSACTION PROCESSES THAT ARE OFTEN LONG AND NON-USER FRIENDLY

**//** You have to undergo so many processes, downloading apps and stuff before you can access some digital payments.”  
– Focus group discussion respondent

What can be done to make digital payments more instant and inclusive?













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.


AfricaNenda is fiscally sponsored by Rockefeller Philanthropy Advisors and supported by the Bill and Melinda Gates Foundation.

**For more information:**

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