INSTANT AND INCLUSIVE PAYMENTS

Consumer research insights

Focus on Kenya

SIIPS 2022
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: The Democratic Republic of Congo (DRC), 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 Kenya 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.
1. Research methodology overview
   1.1 Research objectives & process
   1.2 Approach
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2. Assessment of payment instruments: Addressing payment needs and usage
   2.1 Leading payment needs for individuals and MSMEs are purchasing airtime and receiving customer payments respectively
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4. Conclusion and recommendations
   4.1 Summary
   4.2 Consumer voices: Recommendations on expanding digital payment options
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.

<table>
<thead>
<tr>
<th>Consumer research term</th>
<th>Instrument [channel]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile money wallet</td>
<td>MM [USSD/app]</td>
</tr>
<tr>
<td>Mobile money agent</td>
<td>MM [agent]</td>
</tr>
<tr>
<td>Payment application</td>
<td>PSP [USSD/app/browser]</td>
</tr>
<tr>
<td>Banking application</td>
<td>Bank [USSD/app/browser]</td>
</tr>
<tr>
<td>Banking agent</td>
<td>Bank [agent]</td>
</tr>
<tr>
<td>Bank hall transfer</td>
<td>Bank [branch]</td>
</tr>
<tr>
<td>Credit/debit card</td>
<td>Card [POS/browser]</td>
</tr>
<tr>
<td>Cash</td>
<td>Cash</td>
</tr>
</tbody>
</table>

MM: Commercial E-Money scheme, Bank: Interbank EFT debit/credit, Card: Debit Card
SECTION 1

RESEARCH METHODOLOGY OVERVIEW
**RESEARCH OBJECTIVES**

The objective of this research was to provide a consumer perspective that will add to the IIPs knowledge base by:

- Understanding which payment methods are used and for which purposes
- Identifying motivators and barriers consumers face when using digital payments
- Defining challenges experienced in accessing digital payments and opportunities for adoption
- Exploring use cases, desired features, unmet needs, and expectations of digital payments

**FIELDWORK ITINERARY**

- **Fieldwork locations:** Nairobi, Mombasa, Kisumu
- **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 interview
  - Immersions
**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**
  - In-depth understanding of customer journey and user experience

*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.
Lower- 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 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).

**Sampling Approach**

**QUANTITATIVE RESEARCH [258 respondents]**

<table>
<thead>
<tr>
<th>Respondent type</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
<th>18-29 years</th>
<th>30-45 years</th>
<th>45-55 years</th>
<th>Infrequent income/ micro businesses</th>
<th>Frequent income/ small businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>135</td>
<td>69</td>
<td>66</td>
<td>51</td>
<td>39</td>
<td>33</td>
<td>75</td>
<td>60</td>
</tr>
<tr>
<td>MSMEs</td>
<td>123</td>
<td>62</td>
<td>61</td>
<td>51</td>
<td>39</td>
<td>33</td>
<td>84</td>
<td>39</td>
</tr>
</tbody>
</table>

**QUALITATIVE RESEARCH [85 respondents]**

<table>
<thead>
<tr>
<th>Focus group discussion</th>
<th>In-depth interview</th>
<th>Immersions/Observation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>25</td>
<td>10</td>
</tr>
</tbody>
</table>

* Monthly turnover number cut-off applied was 1,000 USD and formality of premises
ASSESSMENT OF PAYMENT INSTRUMENTS: ADDRESSING NEEDS AND USAGE
Leading payment needs for individuals and MSMEs are purchasing airtime and receiving customer payments, respectively

<table>
<thead>
<tr>
<th>Rank</th>
<th>Individual Need</th>
<th>Proportion (%)</th>
<th>MSME Need</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purchase airtime</td>
<td>67</td>
<td>Receive customer payments</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>Pay for daily transport</td>
<td>48</td>
<td>Supplier payment</td>
<td>37</td>
</tr>
<tr>
<td>3</td>
<td>Buy household goods</td>
<td>34</td>
<td>Send staff money for airtime</td>
<td>19</td>
</tr>
<tr>
<td>4</td>
<td>Send money</td>
<td>11</td>
<td>Send staff money for transport</td>
<td>11</td>
</tr>
<tr>
<td>5</td>
<td>Receive salary</td>
<td>7</td>
<td>Pay for utilities</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Pay for utilities</td>
<td>7</td>
<td>Pay for business government services</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Receive money</td>
<td>6</td>
<td>Pay staff salaries</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Make benevolent contribution</td>
<td>5</td>
<td>Loan repayments</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Pay recurrent bills</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Loan repayments</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Most digitalized use case
- Individuals: Pay for government services
- MSMEs: Loan repayments

Proportion of respondents using primarily digital payments to satisfy the respective payment need:

<table>
<thead>
<tr>
<th>Proportion</th>
<th>No usage</th>
<th>Very low</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Very high</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0%</td>
<td>1–20%</td>
<td>21–40%</td>
<td>41–60%</td>
<td>61–80%</td>
<td>81–100%</td>
</tr>
</tbody>
</table>

*Payment needs that were not experienced by respondents over the past 7 days are not included in the ranking above.

- Individuals: paying for government services, payment of hospital bills, receiving govt. payments.

- All of the individual and MSME payment needs are digitalized, with varying levels of adoption.

- Payment for government services, utilities, sending and receiving money as well as loan/debt repayments are noted to be the most digitalized.
Mobile money usage is prevalent in addressing leading payment needs; however, there is an opportunity to increase usage of mobile money in making payments for daily transport.

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

- Individuals opted for mobile money as their primary payment instrument for a good number of their key payment needs. However, only about 12% of the respondents use mobile money to make payments for daily transport.
- Opportunity to increase the breadth of digital instruments available to individuals.
- Mobile money is a key digital instrument for sending and receiving money.

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

- MSMEs show a higher level of adoption of mobile money.
- There is an opportunity to digitize merchant payments where the usage of cash is high (59%) in receiving customer payments.

Total No. respondents sampled (n = 250): Individuals = 130; MSMEs = 120
Cash is the most dominant payment instrument used daily by both individuals and MSMEs.

**Frequency of use of main payment instruments and channels by individuals**

- **Cash use**: 96% use daily.
- **MM (USSD/app)**: 45% use daily, 33% use 2-3 per month.
- **Bank (USSD/app)**: 45% use daily.

**Frequency of main payment instruments and channels by MSMEs**

- **Cash use**: 96% use daily.
- **MM (USSD/app)**: 88% use daily.
- **Bank (USSD/app)**: 66% use once per month.

**MM (USSD/App)**: More than 50% of individuals and MSMEs use daily; however, usage by MSMEs is 10% higher than by individuals.

**Bank (USSD/App)**: Twice as many MSMEs use it daily as individuals (38% vs 17%); twice as many individuals use it once per week as MSMEs (21% vs 10%).

**Bank-based instruments (USSD/app)**: Used more on a monthly basis by MSMEs and on a bi-weekly basis by individuals.

Total No. respondents sampled (n = 250): Individuals = 130; MSMEs = 120
Mobile money strongly predominates: more than 80% of respondents use it

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

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Cash</th>
<th>MM (USSD/app)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash (in hand)</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>Cash (USSD/app)</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>Cash (PSP/agency)</td>
<td>4%</td>
<td>19%</td>
</tr>
<tr>
<td>Cash (Bank/agency)</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>MM (USSD/app)</td>
<td>67%</td>
<td>83%</td>
</tr>
<tr>
<td>MM (PSP/agency)</td>
<td>11%</td>
<td>18%</td>
</tr>
<tr>
<td>MM (Bank/agency)</td>
<td>19%</td>
<td>8%</td>
</tr>
<tr>
<td>MM (Retailer)</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>MM (Mobile)</td>
<td>0%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Usage of bank-based USSD/app channels is the second most preferred channel for both individual and MSME users, though it is 7% higher for individuals than for MSMEs.

Individuals prefer bank agents to MM agents (19% vs 4%), while MSME users prefer MM agents to bank agents, 17% versus 2%.

Total No. respondents Sampled (n = 250): Individuals = 130; MSMEs = 120
The mobile money usage gender gap is over 5%, for both individuals and MSMEs.

### Differences in mobile money usage

**INDIVIDUALS**

<table>
<thead>
<tr>
<th>Group</th>
<th>Proportion of Respondents in User Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>82%</td>
</tr>
<tr>
<td>MSME</td>
<td>82%</td>
</tr>
<tr>
<td>Female</td>
<td>79%</td>
</tr>
<tr>
<td>Male</td>
<td>86%</td>
</tr>
<tr>
<td>Young</td>
<td>87%</td>
</tr>
<tr>
<td>Older</td>
<td>80%</td>
</tr>
<tr>
<td>Infrequent</td>
<td>82%</td>
</tr>
<tr>
<td>Frequent</td>
<td>83%</td>
</tr>
</tbody>
</table>

**MSMEs**

<table>
<thead>
<tr>
<th>Type</th>
<th>Proportion of Respondents in User Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female MSME</td>
<td>78%</td>
</tr>
<tr>
<td>Male MSME</td>
<td>87%</td>
</tr>
<tr>
<td>Young MSME</td>
<td>79%</td>
</tr>
<tr>
<td>Older MSME</td>
<td>84%</td>
</tr>
<tr>
<td>Micro Enterprise</td>
<td>80%</td>
</tr>
<tr>
<td>Small Enterprise</td>
<td>86%</td>
</tr>
</tbody>
</table>

Individuals: The customer profile for a mobile money user is a young male who receives income frequently.

MSMEs: An MSME that uses mobile money is a small enterprise that is not newly established, and its owner is male.

Total No. respondents sampled (n = 250): Individuals = 130; MSMEs = 120
SECTION 3

UNDERSTANDING CONSUMER BEHAVIOR: PERCEPTIONS, DRIVERS, AND BARRIERS TO MAKING DIGITAL PAYMENTS
Mobile money awareness and usage are high among individuals and MSMEs, but users wish for increased provider competition.

**AWARENESS OF MOBILE MONEY**

- **Individuals**
  - 97% are aware
  - Total No. of respondents sampled: n=250

- **MSMEs**
  - 98% are aware
  - Total No. of respondents sampled: n=250

**USAGE OF MOBILE MONEY**

- **Individuals**
  - 87% use mobile money
  - Total No. of users sampled: n=130

- **MSMEs**
  - 83% use mobile money
  - Total No. of users sampled: n=120

**ATTITUDE**

- “We should not only have one dominant mobile money player, yet we have other platforms…” – Female respondent
- “There should be some competition between the different mobile money service providers.” – Male respondent

Total No. respondents sampled (n = 250): Individuals = 130; MSMEs = 120
Beneficiary receiving options, distance, and payment amounts are key determinants of how payments are made - in cash or digitally

**Beneficiary Terms & Conditions**

Beneficiary terms affect consumer choice of payment method, e.g., institutional policy may require payments to be transacted digitally or through bank accounts.

Some MSMEs may also require their customers to pay in cash (withdraw funds) to pay for goods and services.

**Distance/Location**

When money is sent to beneficiaries far away, digital payments will be used because this offsets transport and time costs.

Beneficiaries nearer to each other may choose to use cash to make payments and receive income.

"If the person that I want to pay the money is far from me, I just pay using mobile money. ... If the person is with me, I can pay using cash." – Male respondent

**Transaction Amount/Value**

When transaction amounts are small, individuals prefer to use cash to settle payments.

When transactions are large, banks may be preferred for security reasons.

"If it's giving me a lot of money, then I will go for bank." – Female respondent
Motivations for high mobile money usage include perceived convenience, traceability of transactions, value-added benefits, and security

**VALUE-ADDED BENEFITS**
- Can help one save and purchase assets through micro-payments/hire purchase.
- Allows (MSMEs) to save and access credit for business capital as well as paying back debt.

“I saw my friends are getting loans... It really encouraged me to be saving a little money with the mobile credit product.” – Young male respondent

**TRACEABILITY**
- Transparency and accountability when paying for government service; digital payments deter corruption, bribery, and extortion tendencies.
- Proof of payment and records of transactions determine consumer choice of payment methods. When customers feel vulnerable, or the beneficiary may not be a trusted entity, traceability becomes important.

“We prefer mobile money so that if someone decides to run away with our money, when we go to the police, we have the evidence.” – Female respondent

**CONVENIENCE**
- Business convenience – no need to struggle looking for change as customer pays exact amount
- Can help a business or individual aggregate payments and savings easily
- Some individuals may consider cash more convenient than digital payments.
- Some businesses find cash more convenient when re-stocking

“I think my mobile money provider has made business to be effective.” – FGD respondent

“Cash also helps make quick purchases.” – Female respondent

**DIFFERENTIATE INCOME AND TRACK FUNDS**
- Can be useful in paying workers commissions and sales bonuses, as there is a digital record of transactions that can be traced to a particular worker’s effort.
- Digital payments help consumers plan and differentiate business income from personal payment needs.
- Individuals may prefer to save money on mobile money wallets to avoid unplanned expenses when holding cash.

“This savings wallet for businesses enables me to differentiate between the money I get from the online business and the other that I get from this business.” – Male respondent

“My mobile money provider will give you a statement of how you have been transacting in your business.” – Focus group discussion respondent

**SECURITY**
- No need to walk around with large sums of cash
- Fear of losing cash through theft-pickpocketing, mugging
- Digital payments also help avoid the danger of receiving payments in fake currency notes
- MSMEs trading in areas with high insecurity will prefer to make and receive payments via digital means

“One once I put my money on my mobile money wallet, even if they steal from me, the money will still remain in my mobile wallet.” – Female respondent

“You can just leave the house with your phone, and you will be okay.” – Female respondent

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More than 60% of individual and MSME respondents cited high transaction costs as the main barrier to increased usage of mobile money payments.

### Barriers affecting use of digital payments

<table>
<thead>
<tr>
<th>Barriers</th>
<th>INDIVIDUALS</th>
<th>Percentage of respondents who stated the barrier</th>
<th>MSMEs</th>
<th>Percentage of respondents who cited the barrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>High transaction cost</td>
<td>69%</td>
<td></td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Mobile Network problems</td>
<td>30%</td>
<td></td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>It is not safe to use/risk of fraud or crime</td>
<td>22%</td>
<td></td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Not acceptable everywhere/not accepted by everyone</td>
<td>22%</td>
<td></td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Not trusted everywhere/not trusted by everyone</td>
<td>14%</td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>I cannot send or receive money from people on another network/provider</td>
<td>11%</td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Takes long to verify transaction</td>
<td>10%</td>
<td></td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Transaction process is lengthy</td>
<td>9%</td>
<td></td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Transaction drops when network/electricity goes down</td>
<td>7%</td>
<td></td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Difficult to add funds/top up</td>
<td>4%</td>
<td></td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

"Mobile money is very expensive."
- Young respondent

"You might try even up to five times and it {mobile network operator} is still telling you that the transaction has failed; yet the money has already been sent like 5 times to that person."
- Male respondent

Total No. of Respondents Sampled: n=109, Individuals=60, MSME=49
Other key deterrents to increased mobile money usage include unlawful reversals, loss of data privacy, fraud, among many others.

**TRANSACTION LIMITS, REVERSALS, AND LOW-VALUE TRANSACTIONS**

“A client can come to my shop and spend ksh. 200/= on clothes…. later on, he reverses the transaction....”
– Male respondent

“You might have to do mobile money transactions in bits, you can’t send ksh 200,000/= at once.”
– Focus group discussion respondent

“Some people earn very little,....... A garbage collector expects to collect ksh. 20/= from 20 people in a day.... He will budget for that ksh. 400 for that day, if you send him money through mobile money then the value will be less than Ksh 400 because of the withdrawal transaction costs....”
– Young female respondent

**LOSS OF DATA PRIVACY**

“My mobile money provider should not link my information with banks; my information should be confidential.”
– Focus group discussion respondent

“I once paid bus fare using mobile money. The conductor used my phone number to harass me...it caused problems with my husband.”
– Female respondent

**FRAUD & VULNERABILITY TO SCAMS**

“Another barrier that I would think of is fraud; once you get a certain mobile line, you will start receiving messages from unknown people...”
– Female Respondent

“There are at times conmen who can call you and ask you to give out your mobile money wallet details and when you deposit money the money will get stolen.”
– Male respondent
User experience: Understanding how drivers and barriers play out along a user journey

“I like using cashless means because I don’t have to carry cash with me. I prefer using my mobile banking app wallet. I decided to get this app because it is cheaper as compared to mobile money, which is very expensive, even though most people prefer it. This mobile banking option is very cheap because transactions do not have any charges.

To use the SIM provided by the bank, I must have an extra handset so that I can switch the mobile banking line on. I have a mobile line from a telco, for making and receiving calls. When I have money in my mobile money wallet, I transfer the money to my banking app wallet using the Paybill number. Then I use the mobile banking app to make payments since it is cheap. There are times when you are in the supermarket shopping, the mobile money wallet hangs; hence I am not able to transact using mobile money.

With the banking app wallet, I don’t have to go to the bank to queue so that I can withdraw money from my bank account. I just transact using my phone. It makes work easy. It is safe to use. When your money is in the account, it is safe. No one will know that you have money in the account. You can make transactions at any given time.

Right now, if you look here, the banking app is down. The bank network is the frustration. The bank network should always ensure that there is full network coverage because the transaction goes hand in hand with the network. If there is no network, you cannot carry out that transaction. You cannot use the till number or even make payments if there is no network.”

Drivers in the user journey experience
- No transaction charges when using the mobile banking application
- Digital convenience in transacting directly from bank account to phone

Barriers in the user journey experience
- Unstable or erratic network issues
- Inability to confirm beneficiary details when making payments

JESSICA KEMUNTO, MSME trader, lives in Nairobi, Kenya
- Has a bank account with a leading bank
- Uses both mobile money and mobile banking to conduct digital payment transactions
CONCLUSION AND RECOMMENDATIONS
Summary

State of digital payment use in Kenya

Cash and mobile money have high usage and are interchangeably used by both individuals and MSMEs.

Digital payment use is deepening as more users (individuals and MSMEs) use digital payment instruments on a daily basis.

The mobile money landscape is dominated by one player offering multiple solutions. The development of highly consumer-centric products and services for the consumer market has cemented the market.

However, as a result, consumers feel exploited by perceived high transaction costs.

Furthermore, this has also constrained consumers’ choices and slowed the uptake of diverse digital payment solutions.

Access to digital payments is diversified, through channels such as USSD, apps, etc.

Key drivers and barriers to digital payment use

Drivers:
- Reliable connectivity, stable platforms, and well developed agent networks are key to the delivery of instant and inclusive payments.
- Value addition solutions such as interest-earning savings accounts on mobile wallets, and the ability to access credit secured by digital savings, accelerate adoption and use.

Barriers:
- The youth are mainly excluded due to lack of IDs or delayed ID renewal, while people living in rural areas are most likely to be excluded as they are underserved by mobile network coverage and agents.
- High cost of transactions coupled with limited competitive options make consumers feel exploited.
- Data privacy concerns exist, and consumers are concerned about fraud.
EXPAND DIGITAL PAYMENT OPTIONS TO MATCH CONSUMERS’ OPTIMISM

Consumers are enthusiastic about digital payments but lack access to alternative payment instrument options delivered by a range of providers.

“Other telco providers should also improve when it comes to mobile money transfers so that there is some competition between the different service providers.” – Male respondent

“I think the world is going digital…so it is better you get used to them.” – Young male respondent

BIOMETRIC SECURITY FEATURES CAN INCREASE USER ADOPTION, E.G., FOR DISABLED PERSONS, HENCE DRIVING INCLUSIVITY

Biometric security features may potentially resolve data privacy challenges.

“They should introduce [biometric] security features like thumbprints…Everyone can easily use it; even a blind person. The services will then be for all.” – 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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