

THE STATE OF INCLUSIVE INSTANT PAYMENT SYSTEMS IN AFRICA 2024

CONSUMER RESEARCH INSIGHTS

Ethiopia



INTRODUCTION

The State of Inclusive Instant Payment Systems (SIIPS) in Africa report is an AfricaNenda research and advocacy initiative conducted in collaboration with the World Bank and the United Nations Economic Commission for Africa.

SIIPS 2024 marks the third edition of this flagship series. The report aims to inform public and private sector payment stakeholders within Africa and beyond about advancements in Africa's instant retail payment system (IPS) landscape. The report includes insights on the inclusivity of the continent's live systems based on how accessible and useful they are for all end users, and whether all licensed payment providers in the country have equitable opportunities to provide input into their design and governance.

The SIIPS 2024 analysis includes IPS that were operational with live transactions as of June 2024. The data was compiled using public sources, complemented by a survey of central banks and IPS operators, and by comprehensive stakeholder interviews—all conducted between February and June 2024.

The consumer research reflected in this presentation also took place between February and March 2024. It involved in-country quantitative surveys and qualitative interviews featuring low-income adults and micro and small enterprise (MSME) owners in Ethiopia.

Though the consumer research sample is not nationally representative, it aims to provide insights to better inform the design of IPS to meet end-user needs.



CONTENTS

01 SECTION 1
Methodology overview4

02 SECTION 2
Digital payments
usage patterns09

- 2.1 User group usage pattern 11
- 2.2 Payment channel usage patterns 16
- 2.3 Use case patterns 17

03 SECTION 3
Enablers and drivers of
adoption and usage 18

- 3.1 Pathway to habitual usage 19
- 3.2 Access barriers 20
- 3.3 Enablers and barriers of early use 21
- 3.4 Enablers and barriers of habitual use 25
- 3.5 Voice of the customer on opportunities to
drive digital payment usage 29



SECTION 1

METHODOLOGY OVERVIEW



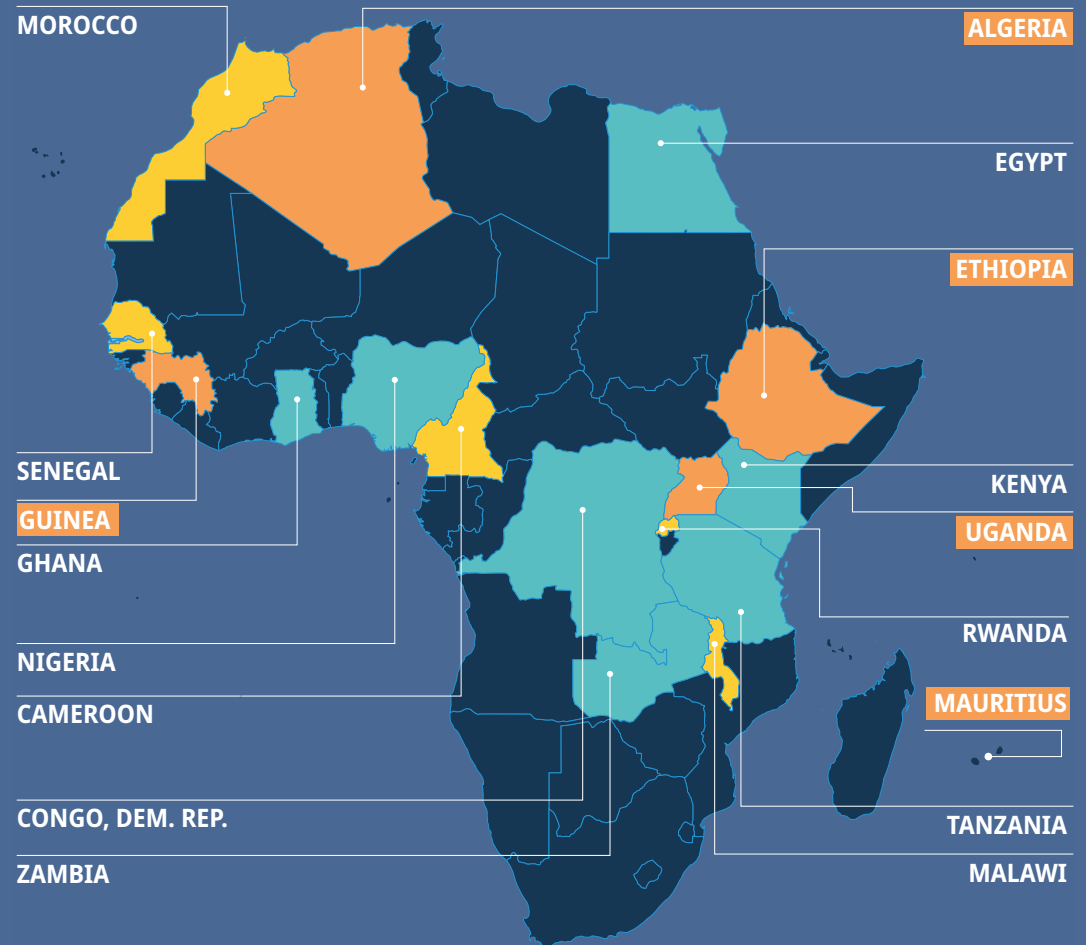
Sampled countries:

Algeria, Ethiopia, Guinea, Mauritius, and Uganda

The 2024 consumer research was conducted in five sample countries: Algeria, Ethiopia, Guinea, Mauritius, and Uganda.

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

The research complements research done in 2022 and 2023 using a similar methodology. The seven 2022 sample countries were Democratic Republic of Congo, Egypt, Ghana, Kenya, Nigeria, Tanzania, and Zambia. In 2023, the five sample countries were Cameroon, Malawi, Morocco, Rwanda, and Senegal.



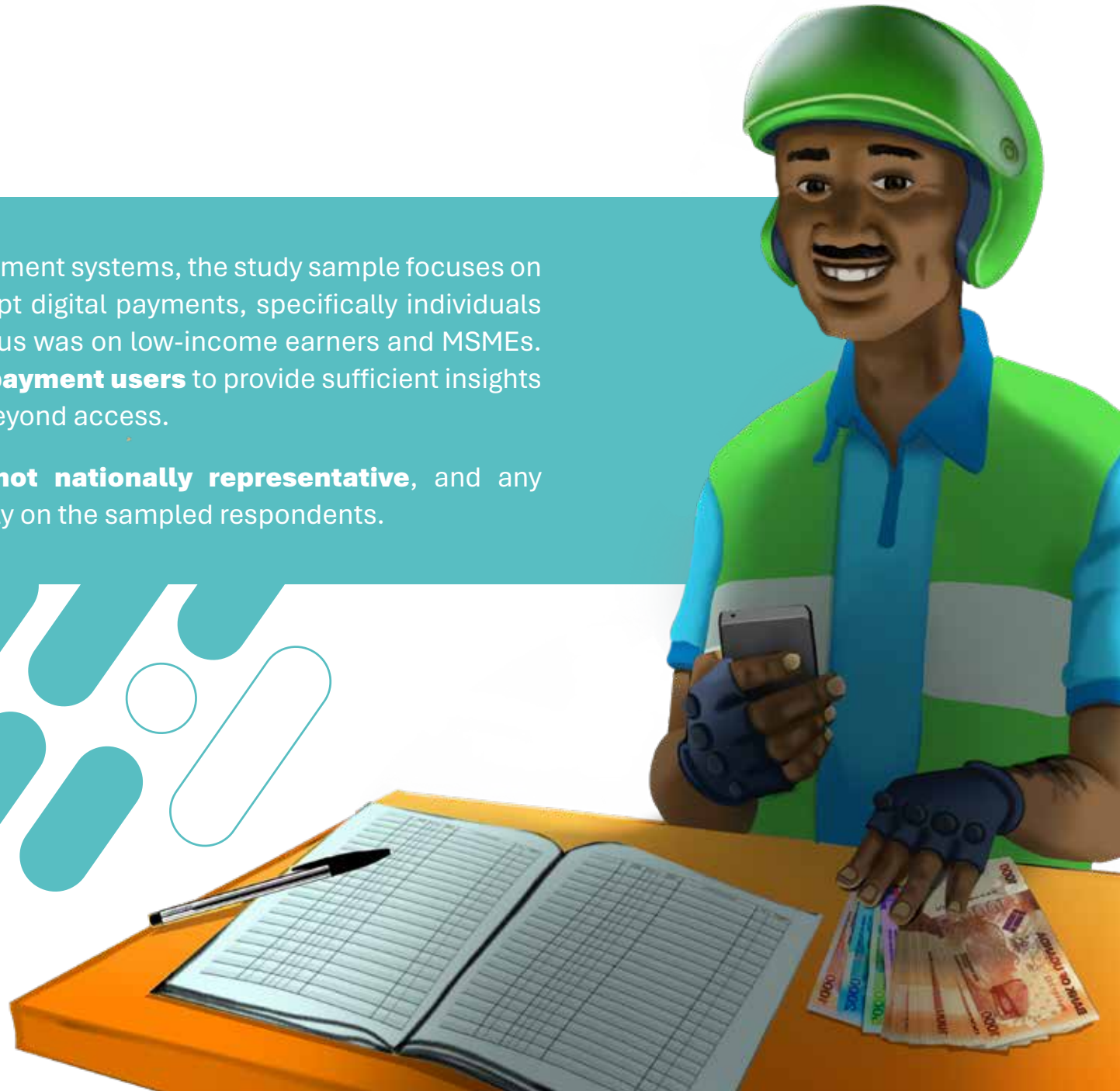
● 2024 Sampled Countries ● 2023 Sampled Countries ● 2022 Sampled Countries

Methodology:

Sampling approach

To inform the inclusive design of instant payment systems, the study sample focuses on the **“emerging market”** expected to adopt digital payments, specifically individuals in **urban and peri-urban** settings. The focus was on low-income earners and MSMEs. Additionally, the sample **targeted digital payment users** to provide sufficient insights into early and habitual usage constraints beyond access.

These consumer research findings are **not nationally representative**, and any country-specific inferences are based solely on the sampled respondents.



Methodology:

Overview



RESEARCH METHODOLOGY AND CORRESPONDING OBJECTIVES

| | Survey | In-depth interviews |
|--------------------------------|--|--|
| Survey objectives | <ul style="list-style-type: none">• Understand depth of consumer usage• Measure the frequency of digital payment usage and the popularity of transaction types• Rank the most-used payment instruments | <ul style="list-style-type: none">• Map use-case characteristics and payment behavior• Determine consumer perceptions of inclusive instant payment systems, using access, adoption, and usage frameworks• Frame consumer journey |
| Sample size target per country | <ul style="list-style-type: none">• Identify core barriers• Number of individuals = 60• Number of MSMEs = 40 | <ul style="list-style-type: none">• Number of individuals = 10• Number of MSMEs = 10 (out of them one is a mobile money agent) |



FIELDWORK ITINERARY

- Fieldwork was carried out in Algeria, Ethiopia, Guinea, Mauritius, and Uganda
- Quantitative data collection: Feb 11 – March 7, 2024
- Qualitative data collection: Feb 7 – February 28, 2024

Methodology:

Sampled groups overview



INFREQUENT INCOME EARNERS



FREQUENT INCOME EARNERS



MICRO ENTREPRENEURS*



SMALL BUSINESSES*

Definition

Lower and infrequent income earners include the urban poor, who survive “hand to mouth” due to the absence of regular employment and stable earnings. They include intermittent piece job/gig workers, and people dependent on family/community or social grants.

Lower and frequent income earners are the slightly more affluent part of the lower-income mass market. They earn a steady income (wages) or a salary in the formal or informal sector.

Individual traders/merchants such as hawkers, fruit and vegetable sellers, cobblers, and other crafts traders.

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

Sample proportion (survey)

28%

32%

20%

20%

74% of the total sample for the **quantitative survey** are **digital payment users** (individuals and MSMEs) and **68%** of the total sample for the **qualitative research components** are **digital payment users** (individuals and MSMEs).

Within each of the four groups, **women and youth** were adequately covered. The businesses sampled engage in various business activities.

SECTION 2

DIGITAL PAYMENTS USAGE PATTERNS



Country context overview:

The government mandating digital payments for certain use cases is driving usage in Ethiopia

| | | Nascent cluster |
|--|--|-----------------|
| | | Ethiopia |
| | Financial inclusion | |
| Digital payment usage | Proportion of the population using digital payments over the past year [Findex 2021] | 26% |
| Transaction account penetration | Proportion of the adult population that owns a formal account [Findex 2021] | 46% |
| Number of mobile money agents | Number of registered mobile money agent outlets per 1,000 km ² [IMF 2022] | 139 |
| Number of branches | Number of commercial bank branches per 100,000 adults [IMF, 2022] | 12.1 |
| | Digital inclusion | |
| Mobile network coverage | Proportion of the population within range of at least 4G /LTE mobile-cellular signal [ITU, 2022] | 33% |
| Internet penetration | Proportion of the population using the internet from any location over the past 3 months [ITU, 2022] | 19% |
| Mobile phone penetration | Proportion of the population that owns a mobile (cellular) or smart telephone with at least one active SIM card for personal use [ITU] | 58% (2016) |
| Smartphone penetration (ITU) | Proportion of individuals using a smart telephone with at least one active SIM card for personal use [ITU] | 43% |
| Smartphone adoption (GSMA) | Percentage of mobile phone connections (excluding licensed cellular IoT which are through a smartphone [GSMA] | (GSMA, 2021) |

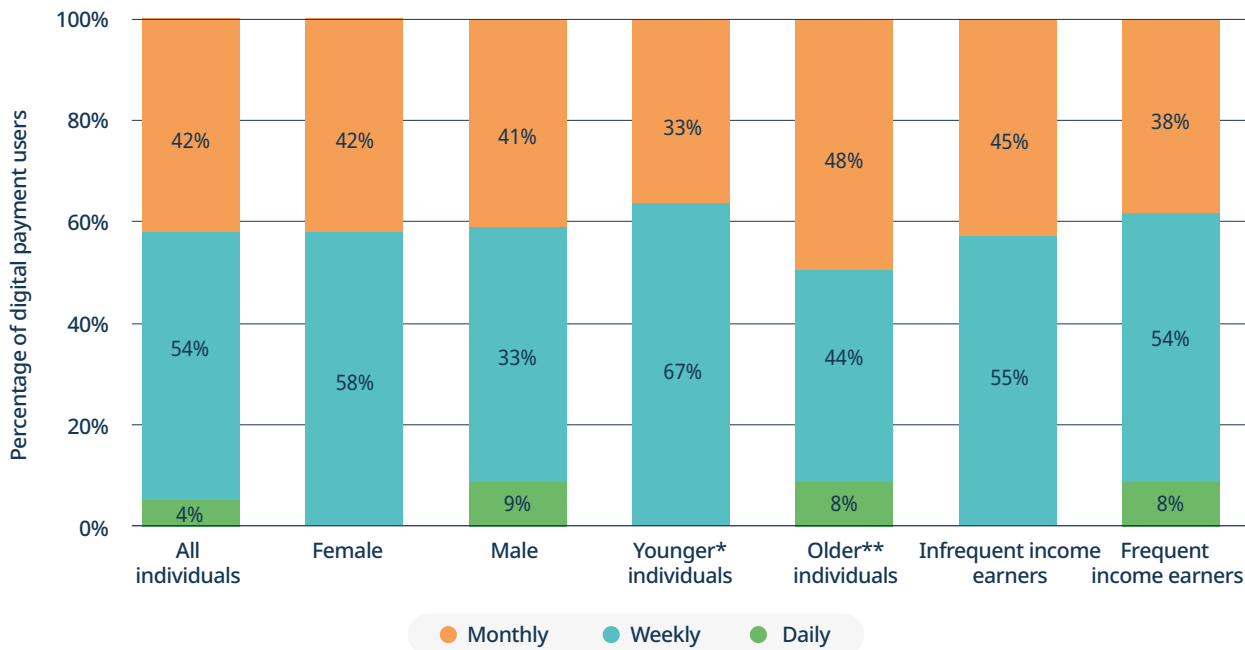


- Nascent in its adoption of digital payments, banks dominate the digital payment landscape in Ethiopia. The country also has a relatively high ATM penetration rate at 9.6 per 100,000 adults (GSMA, 2022).
- Though smartphone penetration is the second highest of the countries surveyed in 2024, internet penetration rates and mobile network coverage are comparatively low.
- The Ethiopian government has mandated the use of digital payments for taxes, fuel, and other purchases, which is driving the adoption of digital payments (GSMA, 2023).
- Long queues at banking halls and ATMS motivate consumers to turn to digital payments. However, the country's heavy reliance on a single primary mobile network provider often leads to network congestion.
- About two-thirds of sampled digital payment users in Ethiopia make digital payments weekly.

Section 2.1: User group usage patterns

Individual user group analysis — frequency of digital payment usage:

Younger individual respondents are at the forefront of digital payments.



Total number of individual digital payment users sampled: 46

Age-related digital payment use gap: Older respondents are accustomed to using ‘traditional methods’ due to a lack of familiarity with digital payment methods. This prevents early and habitual usage.

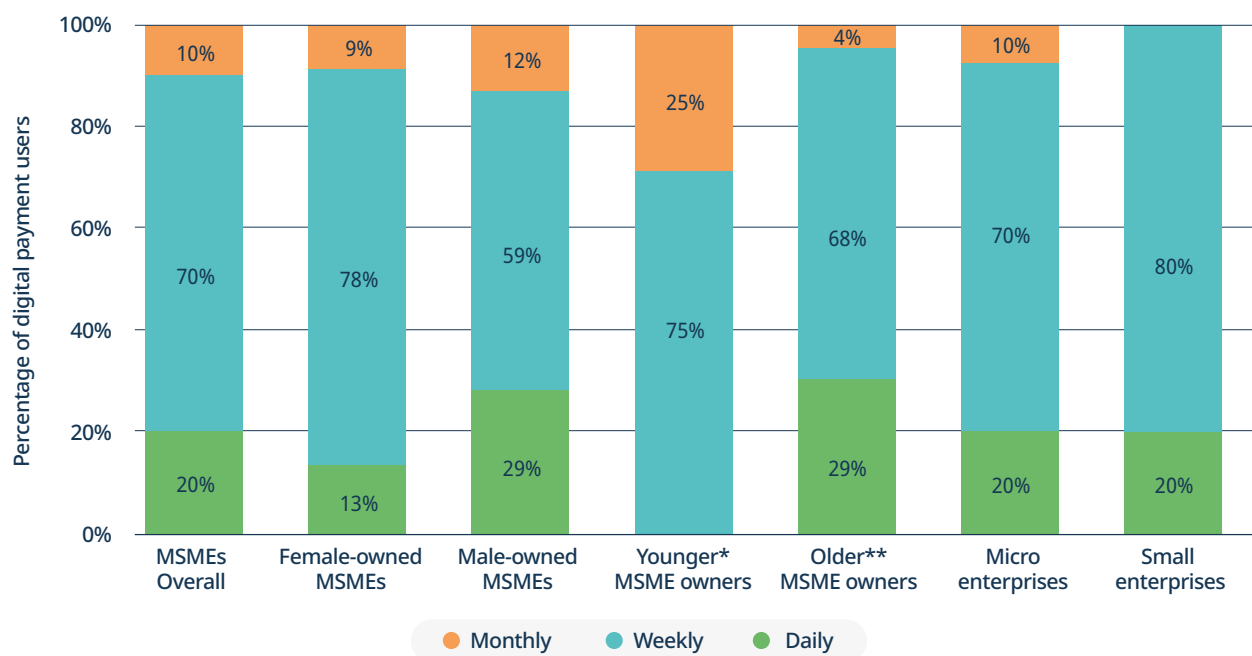
“Older people might not be as accustomed to relying on text messages or digital notifications; instead, they may prefer traditional methods such as reading information in their bank books. This lack of familiarity with digital communication methods can be a major hurdle for them when it comes to adopting and using digital financial systems.”

— Male, user

*Younger means that respondents are 18-29 years old. **Older means older than 30.

MSME user group analysis—frequency of digital payment usage:

There are significant age and gender gaps in digital payment usage in the Ethiopia MSME sample.



*Younger means that respondents are 18-29 years old. **Older means over 30.

Total number of MSMEs digital payment users sampled: 40

- **Surveyed MSMEs use digital payments more frequently than individual users do, as they generally make a higher volume of payments.** Businesses may also link their business digital payment channel to a personal account. The latter provides a flexible way of conducting other personal digital transactions

“In our business, customer is king; I ask them politely if they could make the payment via the method I want them to pay me... I have another account for my own personal issues. I use mobile banking that is linked to my personal account to make payments such as utility bills, provisions, and the like.”

—Female, user, agent and small business owner

- **Micro enterprises use digital payments slightly less frequently, partially due to mistrust and fear of fraud.**

“I mostly use digital payments for clients who I am familiar with and confident with.”

—Female, user, micro-enterprise owner

Deep dive on gender:

Fraud and lack of access to technology are challenges female respondents encounter when using digital payments.

Financial dependency: Women often rely on their spouses for financial support and receive it through cash, which limits their exposure to digital payments.

“If she doesn’t have a job, has three children (including twins), and relies on her husband, who does not have a permanent job, the likelihood of using digital payment systems could be minimal.”

— Female, non-user

Low levels of income: Women may be limited in their use of digital payments due to low income.

“Many women may have low monthly incomes, limiting their opportunities to engage in transactions through mobile banking or other forms of digital payment.”

— Female, non-user

Vulnerability to fraud and scams: Women perceive themselves as vulnerable to fraud and scams.

“They may face fraud...when a woman goes to the market, the first important thing is to set a limit for her birr, and the second is to protect herself from confusion and other forms of fraud.”

— Female, user

Female case study

Respondent details **Occupation:** Traditional handicraft seller
Income: Small business owner

“I am fully inclined to using cash and do not use digital payments at all. The reason is because I fear using digital payment methods that I am not familiar with.

I am however aware of the benefits, **but I do not know how to use them.**

In the news I have heard how **people are robbed or cheated, which discourages one from using these methods.** It is riskier, in my view, especially for someone like me who is not acquainted to these digital payment methods. Therefore, ways to ensure safety of these methods should be researched.”

Deep dive on MSMEs:

MSME respondents are driven to use digital payments by bank agent marketing activities.

| | | |
|---------------------------------|-------------------------------|---|
| Main early use driver | Agents explaining benefits | <p>“When I went to the bank to transfer money, the bank employees told us to use our phones instead of the windows, which is how I was first exposed to digital payments.”</p> <p>— Female, user, micro-enterprise owner</p> |
| Main habitual use driver | Convenience of speed and time | <p>“Because it is very instant and fast way of payment. It will save time and my energy.”</p> <p>— Male, user, micro-enterprise owner</p> |
| Main barrier | Poor mobile network | <p>“There were many occasions in which I failed to sell phones because my customers did not have cash and they could not make the payments via mobile banking due to poor network connection.”</p> <p>— Male, user, agent and small business owner</p> |

MSME case study

Respondent details Gender: Female
Occupation: Micro-enterprise owner

“I went to the bank once and **the staff asked if I was using mobile banking services**. They consequently requested my phone number, made an account, and **they helped me to use mobile banking services**.”

Digital payments are fast and time-saving. Currently, **I experience the network challenges** and sometimes the system deducts twice. Once, I received a text message from someone confirming that she had previously put money into my account. However, upon closer inspection, I discovered that the funds had not really been deposited into my account. She mentioned that network problems might be the cause and paid me. Most often the problem is network so fixing it will help to increase the use of digital payments.”

Deep dive on agent perspectives:

Surveyed agents are incentivized by commissions.

Business benefits and early usage pathway

Additional source of income: Especially, during the early days of digital payments marketing, agents could earn high commissions.

“In those days, the commission fee was big. They tell you that if you convince this many people to start using, they will pay you big.”
— Female, user, agent and small business owner

Challenges and risks experienced

Poor mobile network: Agents experience poor mobile network while helping non-users set up digital payment accounts.

“When you meet people who accept your suggestion and try to set up their account, the network would not be working.”
—Female, user, agent and small business owner

Fraud: Agents experience fraud when using digital payments and subsequently lose money.

“Some young men came in numbers and cheated me...one of them asked me if he could transfer 10,000 Birr to my bank account via mobile banking so that I hand him the money in cash. He showed me a screenshot, and I gave him the 10,000 Birr...the person transferred 10.00 Birr but I did not see the dot.”
—Male, user, agent and micro-enterprise owner

High transaction costs: Agents express concerns about high transaction costs incurred for each transaction completed.

“The banks have started to charge you for transactions, something which is bigger than the interest itself...But when you think of the 5 Birr from each one of the whole millions of people, it is quite something.”
—Female, user, agent and small business owner

MSME case study

Respondent details Gender: Male
Occupation: Agent and micro-enterprise owner

“I am an agent, and I was introduced to digital payments by {Provider 1} staff. I, however, was approached by {Provider 5} staff, and they requested me to be their agent, to which I agreed.

I like using **digital payments because they are swift**. On the contrary, users must be **attentive when using digital payment methods to avoid making mistakes**. I always log in to my bank account and confirm that the correct amount is deposited before I give my customers the item they want. I also keep screenshots for every transfer I make via mobile banking and further ask the receiver to show the confirmation message.

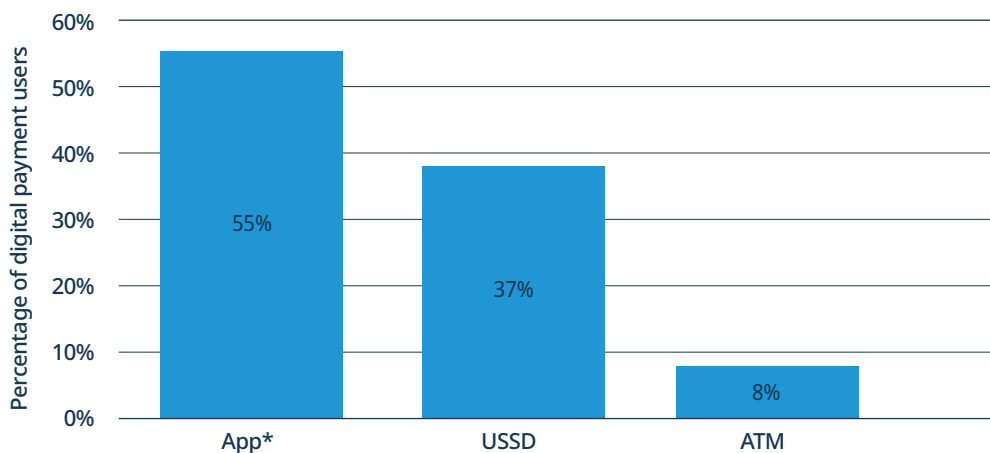
For example, a person transferred an amount higher than he was required to pay and I observed the mistake and reimbursed the extra money to him. Not everyone does that and people must take all the necessary precautions to avoid losing money.”

Section 2.2: Payment channel usage patterns

Payment channel usage patterns:

Strong prevalence of app usage among respondents in Ethiopia.

Total number of respondents sampled: 117



85% of respondents stated that **cash** is their primary payment method

- Certain payments, including business taxes and utilities such as water and electricity, are encouraged by the government to be paid via the Telebirr system, which can be used via the app or the USSD channel.
- In situations where USSD would not support a certain transaction, users are inclined to favor apps over USSD.
“Payments can be made through a short code message...However, when purchasing packages from {Provider 2}, an application is necessary.”
— **Female, user, micro-enterprise owner**
- USSD is favorable when there isn't an internet connection.
“I use *889# (USSD). It does not require internet connection.”
— **Female, user, small business owner**
- Despite a relatively high ATM penetration, some respondents struggle with ATM access due to unavailability, being faulty, or cash outage.
“You may consider using an ATM, but there may only be one in the area, and the ATM machine may be out of money or inoperable.”
— **Female, user, small business owner**

Section 2.3: Use case patterns

Use case patterns:

Total number of individual users: 46
Total number of MSME users: 40

Frequent use case payments are not highly digitalized among respondents.

| Most frequent use cases ranked | # | Individuals | MSMEs |
|--------------------------------|---|----------------------------------|---------------------------|
| | 1 | Airtime | Receive customer payments |
| | 2 | Pay for household goods | Supplier payments |
| | 3 | Bus fare or fuel | Save business income |
| | 4 | Receive wage | Loan repayments |
| | 5 | Send money to family and friends | Airtime money for staff |

■ Use case for which less than 40% of respondents made or received a digital transaction over the past month
 ■ Use case for which between 40% and 70% of respondents made or received a digital transaction over the past month
 ■ Use case for which above 70% of respondents made or received a digital transaction over the past month

Customers want to pay digitally—merchants must be able to receive customer payments digitally to meet customer demands

“Many customers want to use mobile banking or transfer.”
— Female, user, small business owner

Loan accessibility—Businesses can repay loans through digital payment channels and in some instances, also access loans through them.

“If I have to make payments and I do not have money, I decide to use [Provider 2] because I want to get credit via [Provider 2].”
— Male, user, agent and small business owner

Convenience for distant transactions—Users prefer digital payments while sending money to family or friends located far away.

“Yesterday I have transferred money to rural families through mobile banking...I use mobile banking for such purpose.”
— Male, user

Digital payments are not always accepted—Cash is convenient and instant for payments such as bus fare, thus it is the preferred payment method.

“For transportation expenses like taxi fares, cash is often the preferred payment method, as it’s more convenient and immediate than initiating a digital transfer.”
— Female, user

SECTION 3

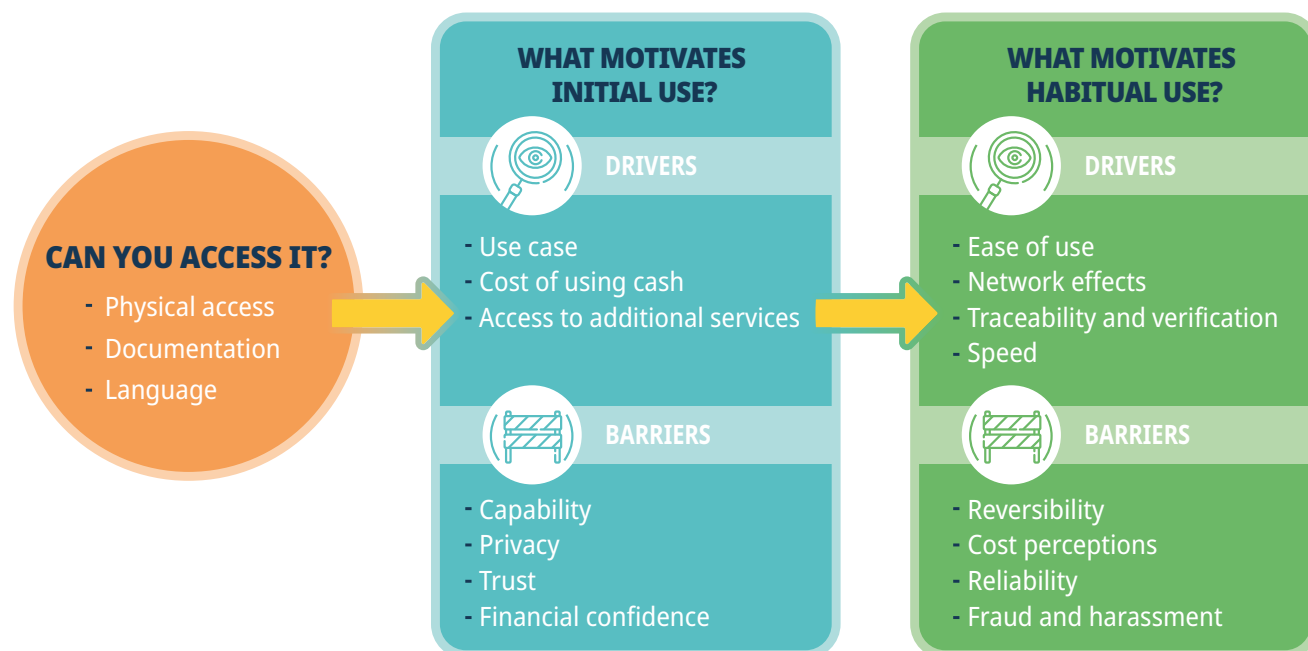
ENABLERS AND BARRIERS TO
ADOPTION AND USAGE



Section 3.1: Pathway towards habitual use of digital payments

Digital payment usage framework:

The path from access to habitual digital payment use follows three phases.






Section 3.2: Access barriers

Access barriers:

Lack of phone access and the inability to read the instructions are hampering access to digital payments, especially for individuals.

Total number of non-users sampled: 31

| Ranking of barrier based on % of non-users that stated it | MSMEs vs. individuals | Women vs. men | Qualitative insights |
|---|--|----------------------------------|--|
| 1  No phone | More pronounced for individuals | More pronounced for women | Apps are the primary digital payment channel and therefore non-users perceive that they need a smartphone to do any digital transactions. “I still receive my salary directly from the bank, but I’ve decided to get a smart phone and download the telebirr application to receive my money in this way.” —Male, non-user |
| 2  Cannot read instructions | More pronounced for individuals | More pronounced for men | Inability to read due to illiteracy may prevent one from using a digital payment interface. “They should be literate; at least read and write. I think illiterate people cannot use digital mode of payment.” —Female, user |
| 3  Unable to afford digital payment costs | No significant variance | More pronounced for men | The high costs of digital payments hinder accessibility, particularly for lower-income individuals. “With a minimal wage and restricted transactions, I find cash more practical than engaging in digital financing.” —Male, non-user |

Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of the proportion of non-users that identified the barrier as significant




- 5-9 pp
- 10-15 pp
- Larger than 15 pp

Section 3.3: Enablers and barriers to early use

Early use barriers:

Longstanding cash dependence is inhibiting early usage of digital payments among respondents in Ethiopia.

Total number of respondents sampled: 117

| Ranking of barrier based on % of respondents that stated it | MSMEs vs. individuals | Women vs. men | Qualitative insights |
|--|--|----------------------------------|---|
| 1  Do not need digital payments | No significant variance | More pronounced for men | Lack of a need for digital payments inhibits early usage. A strong cash preference further hinders the uptake of digital payments. “Others do not have transactions which they can make using these methods.” —Male, user, small business owner “In addition, some people have the customary practice that is they may believe that they will not be alive if they don’t have the cash.” —Male, user, micro-enterprise owner |
| 2  Lack of awareness and knowledge | More pronounced for individuals | More pronounced for women | Low level of awareness among the community prevents access to digital payments. “The first issue is a lack of awareness, and in Ethiopia, majority of the people live in rural areas with limited access to information and resources.” —Female, user |
| 3  Digital payments cost more | No significant variance | More pronounced for women | Transaction costs associated with digital payments contribute to the perception that they cost more. “The amount of money may not be that much, but I don’t think they’re right because it’s unreasonable whether they deduct a lot or a little.” —Female, user |




Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of the proportion of non-users that identified the barrier as significant

- 5-9 pp
- 10-15 pp
- Larger than 15 pp

Early use barriers (1/2)

Recommendations from family and friends and agent customer acquisition activities are driving early use.

Total number of respondents sampled: 117

| Ranking of driver based on % of respondents that stated it | | MSMEs vs. individuals | Women vs. men | | Qualitative insights |
|--|--|--|-------------------------|--|---|
| 1 |  <p>My family or friends recommended digital payments</p> | More pronounced for individuals | No significant variance | Friends and family influence early usage of digital payments. | <p>“I began to use {Provider 2} after hearing and observing my friends using it to complete their payments.”</p> <p>—Female, user</p> |
| 2 |  <p>Agent has explained benefits of using digital payments</p> | No significant variance | No significant variance | Bank providers have propelled adoption of digital payments by advocating for and guiding digital account setups. | <p>“I went to {Provider 1} for banking and the staff told us that they had started digital finance. When digital finance first started, it was started with the SSD system.”</p> <p>—Female, user</p> |
| 2 |  <p>I receive an income payment digitally</p> | No significant variance | No significant variance | Employers may influence early digital payment use by remitting income through digital channels. | <p>“I received my salary at the bank, and they transferred it to {Provider 1} where I used mobile banking. The organization has its own rules, and it uses digital methods to complete all tasks, including paying my salary.”</p> <p>—Female, user</p> |



Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of the proportion of non-users that identified the barrier as significant

- 5-9 pp
- 10-15 pp
- Larger than 15 pp

Early use barriers (2/2)

Recommendations from family and friends and agent customer acquisition activities are driving early use.

Total number of respondents sampled: 117

| Ranking of driver based on % of respondents that stated it | MSMEs vs. individuals | Women vs. men | Qualitative insights |
|--|----------------------------------|-------------------------|--|
| 3  Customers want to pay digitally | More pronounced for MSMEs | No significant variance | Adoption among MSMEs is largely influenced by customers requesting digital payment channels. —Male, user, micro-enterprise owner |
| 3  Everyone else is using digital payments | More pronounced for MSMEs | No significant variance | Increased usage of digital payments influences early usage among others. —Female, user, small business owner |

Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of the proportion of non-users that identified the barrier as significant

- 5-9 pp
- 10-15 pp
- Larger than 15 pp



Deep dive on the role of agents:

Surveyed agents drive awareness of benefits among respondents and support users in the case of errors.

Access

Limited access to agents

Customers within certain areas find it difficult to access agents.

“Banks should ensure accessibility to every community. Positive initiatives from the past, such as the introduction of agents, highlight the importance of making digital financial systems accessible to everyone.”

—Male, user

Early use

Key influencers of early usage of digital payments

Agents drive adoption by creating awareness of digital payments among community members.

Agents and bank employees also drive adoption by supporting the customer registration process on mobile banking, as it requires a formal financial account.

Agents guide users who have difficulty using their account.

“Our people sometimes prefer to be taught by agents or directly by service providers rather than by individuals such as myself and others. They do not believe others.”

—Female, user

Habitual use

Recourse

Agents may reimburse an excess amount to the customers if an error was made, such as paying more than necessary.

“A person transferred an amount larger than he was required to pay and I observed the mistake and reimbursed the extra money to him.”




—Male, user, agent and small business owner

Section 3.4: Enablers and barriers to habitual use

Habitual use barriers:

Poor mobile network connectivity is significantly inhibiting the habitual use of digital payments.

Total number of users sampled: 86

| Ranking of barrier based on % of users that stated it | MSMEs vs. individuals | Women vs. men | Qualitative insights |
|---|----------------------------------|--------------------------------|--|
| 1  Poor mobile network | More pronounced for MSMEs | More pronounced for men | Network challenges are a limiting factor for users as they create doubt about whether digital transactions are completed. “My customers do not use it and they make payments in cash when there is a network problem.” —Female, user, small business owner |
| 2  Difficulty in reversing or correcting a transaction | No significant variance | More pronounced for men | A slight mistake when making a transaction using digital payments may lead to loss of money. “When such mistakes occur, banks often advise individuals to negotiate directly with the recipient...once a transaction is completed, it’s typically considered final, and banks may not have the authority to reverse it unilaterally.” —Female, user |
| 3  Digital payments not always accepted | More pronounced for MSMEs | No significant variance | A high number of business outlets do not accept digital payments, thus limiting user benefits. “Aside from supermarkets, hotels, and other large retailers, the vast majority of stores do not accept digital payments.” —Female, user |




Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of the proportion of non-users that identified the barrier as significant

- 5-9 pp
- 10-15 pp
- Larger than 15 pp

Habitual use drivers:

The convenient nature of digital payments encourages respondents to use digital payments regularly.

Total number of users sampled: 86

| Ranking of driver based on % of respondents that stated it | MSMEs vs. individuals | Women vs. men | Qualitative insights |
|--|--|--------------------------------|---|
| <p>1</p>  <p>Convenience</p> | More pronounced for individuals | More pronounced for men | <p>The ability to use digital payments anytime and anywhere drives usage.</p> <p>Digital payments offer a time convenient solution, as they eliminate the need to visit a bank for deposits or withdrawals.</p> <p>“It allows you to accomplish various payments conveniently over the phone from the comfort of your home.” — Female, user</p> <p>“As I told you it eases my life, you will not be expected to go to the bank and queue, there is not time restriction, so that’s why I prefer to use digital platforms over using cash.” — Female, user</p> |
| <p>2</p>  <p>Speed</p> | No significant variance | No significant variance | <p>Digital payments enable instant transactions.</p> <p>“Digital payments are very instant and fast way of making payments.” — Male, user, micro-enterprise owner</p> |
| <p>2</p>  <p>Safety</p> | No significant variance | More pronounced for men | <p>Digital payments provide an alternative to carrying significant amounts of cash, which can be stolen.</p> <p>“You cannot just carry around a large sum of money in cash. It is obvious that using mobile transfers is much better than carrying around, say, five hundred thousand birr.” — Female, user, agent and small business owner</p> |

Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of the proportion of non-users that identified the barrier as significant

- 5-9 pp
- 10-15 pp
- Larger than 15 pp

Deep dive on transaction costs:

Digital payment fees and costs are considered high by respondents.



Percentage of respondents that perceive the level of fees as unfair

39%

Sources of information

- Confirmation message
- Personal calculations
- Friends and family
- Service provider

Individuals

Generally perceived as high

“I think there should be no service charge. I can say it is a theft. It is not affordable, when you transfer money, you will be expected to pay a service charge.”

—Male, user

High transaction costs in transfers from one bank to another

“When you transfer from {Provider 6 }to {Provider 1}, it costs too much.”

—Male, user

Users do a cost-benefit analysis on transaction costs vs benefits

“It is reasonable in terms of what I need and can get at other banks nearby using my ATM...Because it saves you time, energy, and transportation costs.”

—Female, user

MSMEs

Value perception: MSMEs are less concerned than individuals about transaction costs, as digital payments offer time-cost efficient transactions in situations where they would otherwise need to travel or queue in banks.

“You have to consider it in light of the hassles from which it spares you. I think of the business I lose if I must go to the bank for every transaction.”

—Male, user, small business owner

External bank transfers: MSMEs incur high transaction costs when transferring money from one bank to another. There are no transaction costs incurred when making a transfer from one account to another within the same bank.

“There is no cost when you make transfers from {Provider 1} account to another {Provider 1} account. The cost is when you make transfers to an account in another bank.”

—Female, user, small business owner

Double deductions: MSMEs in some instances refrain from using digital payments due to fear of duplicated transaction costs.

The primary obstacle impeding my full acceptance of digital payments is the intermittent issue of improper double deductions by {Provider 1}.”

—Female, user, micro-enterprise owner

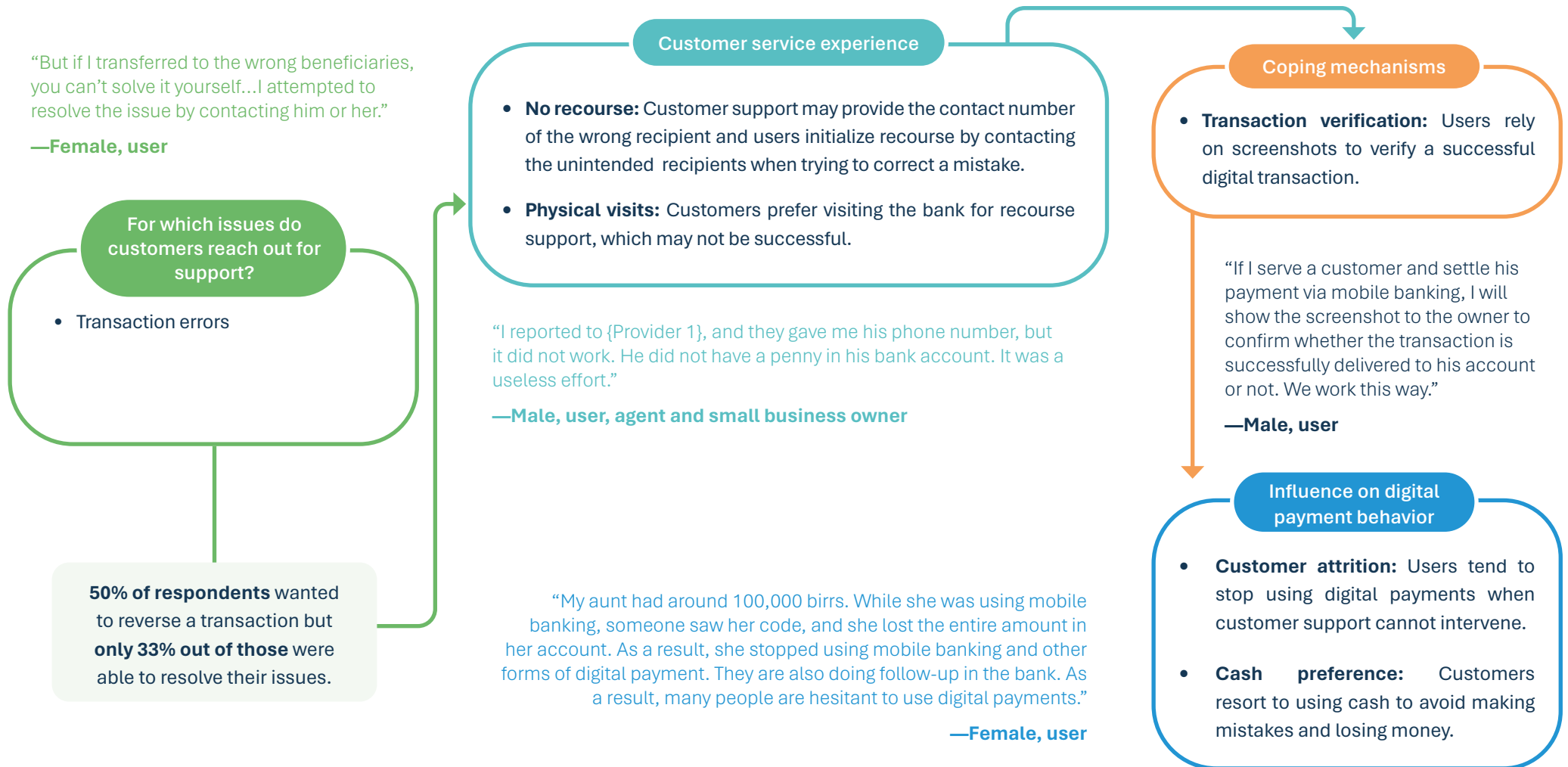
Increase in transaction costs: MSMEs perceive increasing transaction costs to be unfair.

“{Provider 1} has started increasing deducting fees of digital payments different from the previous one when the amount is equal or more than 10,000 ETB. In this case it might not be fair.”

—Male, user, micro-enterprise owner

Deep dive on customer service experiences:

Unreliable customer service discourages digital payment usage.



Section 3.5: Voice of the customer on opportunities to drive digital payment usage

Voice of the customer on opportunities to drive digital payment usage:



Customer awareness

- Enhance customer awareness of existing digital payment methods.
- Offer customer training on the access, usage, and benefits of digital payments to promote uptake.

“Creating awareness among people; that would make everything easy for those who hesitate to use these methods. It is obvious that everything is becoming more digital.”

—Male, user, small business owner



Enable more competition

- Enable more MNOs in the country to offer digital payment solutions.

“{Provider 4} has started operating in the country, and it is not accessible yet. The population of the country is in millions. Therefore, it would be good if there are multiple telecom service providers because the existing network is very poor.”

—Female, user, agent and small business owner



Customer support

- Provide effective recourse mechanisms.

“When such transaction mistakes occur, banks often advise individuals to negotiate directly with the recipient to recover the amount.”

—Female, user



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AfricaNenda Foundation is an independent, African-led organization created to accelerate the growth of inclusive instant payment systems that will benefit all Africans, including the poorest and currently financially excluded. AfricaNenda believes that inclusive instant payment systems can play a pivotal role in creating universal access to financial services for many financially excluded adults and are critical to achieving universal financial inclusion in Africa by 2030.

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