AfricaNenda foundation

THE STATE OF INCLUSIVE INSTANT PAYMENT SYSTEMS IN AFRICA 2025

CONSUMER RESEARCH INSIGHTS

Madagascar

INTRODUCTION

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

SIIPS 2025 marks the fourth 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 payment systems (IPS) landscape. The report includes insights on the inclusivity of the continent's live systems for all end users and licensed payment providers.

The consumer research conducted for the report and reflected in this presentation took place between February and March 2025. It involved in-country quantitative surveys and qualitative interviews featuring low-income adults and micro and small enterprise (MSME) owners in Madagascar.

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.

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SECTION 1

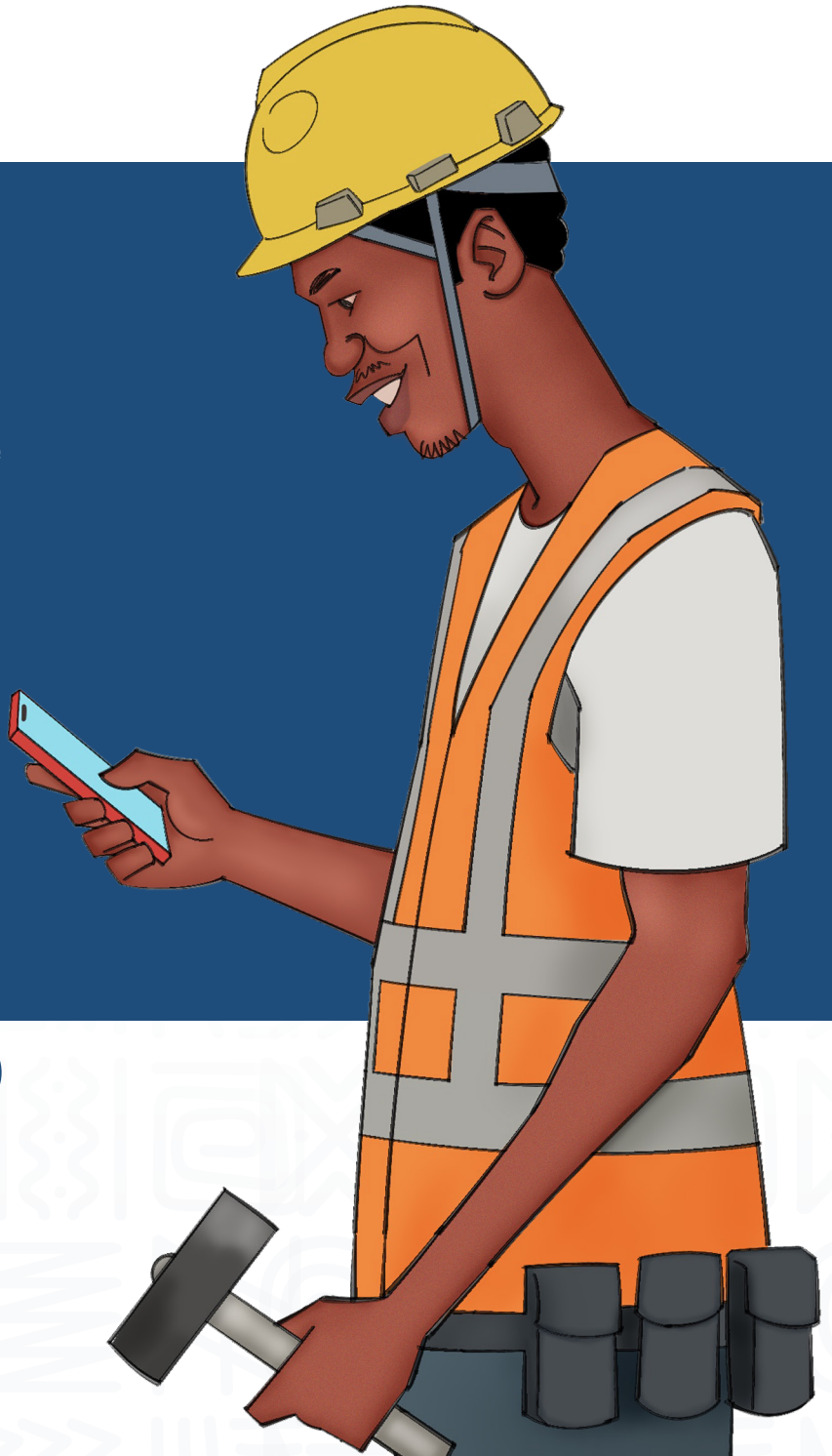
METHODOLOGY OVERVIEW

Section 1.1
Sampling Overview

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, peri-urban, and rural settings**, and includes individual users and MSMEs with different income levels.

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

Quotes used in this report reflect the views of the respondents and should not be interpreted as the opinion of the entire Malagasy sample or of the AfricaNenda Foundation.



Section 1.2

Research methodology and corresponding objectives

	Survey	In-depth interviews
Research objectives	• Understand end users' depth of usage by identifying desired use cases and, features and how they translate into system functionality for IIPS. • Understand patterns in awareness, access, adoption, and use of retail payments, while identifying usage enablers and barriers. • Measure the frequency of digital payment usage and rank the most-used payment instruments.	• Profiles included and excluded user segments and explored the unique needs, preferences, behaviors, characteristics, and barriers for each. • Determine end-user perceptions of digital payment offerings, using access, adoption, and usage frameworks. • Map use case characteristics and payment behavior. • Enhance understanding of end-user experiences through mystery shopping.
Sample size per country	• Number of individual customers = 54 • Number of Merchants = 55	• Number of individuals = 20 • Number of Merchants = 20
Fieldwork itinerary	• Fieldwork was carried out in Antananarivo Tsaralalana (urban), Ampefiloha (peri-urban), and Andranomena (rural). • Quantitative data collection: February 2025 to March 2025. • Qualitative data collection: February 2025 to April 2025.	

Section 1.3

Sampling Approach

	Individual Customers		Merchants	
	 **Infrequent Income Earners**	 **Frequent Income Earners**	 **Microenterprises**	 **Small Businesses**
Definition	These respondents include the urban poor who live "hand to mouth" and lack regular employment and stable earning opportunities. They include intermittent piecework/gig workers and people who are dependent on others in the family/community and/or on social grants.	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. They support infrequent income earners and, therefore, may be high remitters.	Traders/merchants like hawkers, grocers, and craft traders who have small, temporary premises or (mostly informal) shops. In this study, the selection criteria used for microenterprises were owners with no or just one employee.	Traders/service providers who have small to medium, fixed formal premises, such as small shops, restaurants, and chemists, sometimes with branches across different locations. In this study, the selection criteria used for small businesses were business owners with between 2-10 employees per premises.
Sample Proportion (Survey) N=112	59%	41%	18%	82%
Purposive Representation	**45%** of the total sample for the quantitative survey were digital payment users (individuals and merchants), while 55% mostly paid in cash.			
Sample (Qualitative Interviews) N= 40	Within each of the four groups, **adequate coverage by gender, youth, and geography** was ensured. Young/youth is defined as age 18-29 years old. Older means 30 years or more. The businesses sampled represent five sectors: small retail, groceries, food services, personal care services, and transport.			
Study Locations	**Urban:** Antananarivo (Tsaralalana) **Peri-Urban:** Ampefiloha **Rural:** Andranomena			

SECTION 2

DIGITAL PAYMENTS USAGE PATTERNS

Section 2.1
User group usage patterns—country context

Madagascar

Madagascar is seeing increased access to financial services and mobile money agents, which is paving the way for broader economic participation and financial inclusion.

Financial inclusion indicator		Country score
Digital payment usage	Proportion of the adult population using digital payments in the past year [Global Findex 2025]	22%
Financial account penetration	Proportion of the adult population that owns a formal account [Global Findex 2025]	24%
Gender gap	Gender gap in account ownership	9 percentage points
Number of mobile money agents	Number of registered mobile money agent outlets per 1,000 km^2 [IMF 2022]	101
Number of branches	Number of commercial bank branches per 100,000 adults [IMF, 2023]	1.63
Digital inclusion indicator		
Mobile network coverage	Proportion of the population within range of at least 4G/LTE mobile-cellular signal [ITU, 2023]	34%
Internet penetration	Proportion of the population using the internet [ITU, 2023]	20%
Mobile phone penetration	Proportion of the population that owns a basic mobile phone or smartphone with at least one active SIM card for personal use [ITU, 2023]	42%
Smartphone penetration/ adoption	Proportion of individuals using a smartphone with at least one active SIM card for personal use [GSMA, 2025]	36%
	Percentage of mobile phone connections (excluding licensed cellular IoT) through a smartphone	n/a

Cell phone penetration is 42%

4G/LTE mobile network coverage remains limited, while smartphone adoption shows an upward trend; internet use is low.

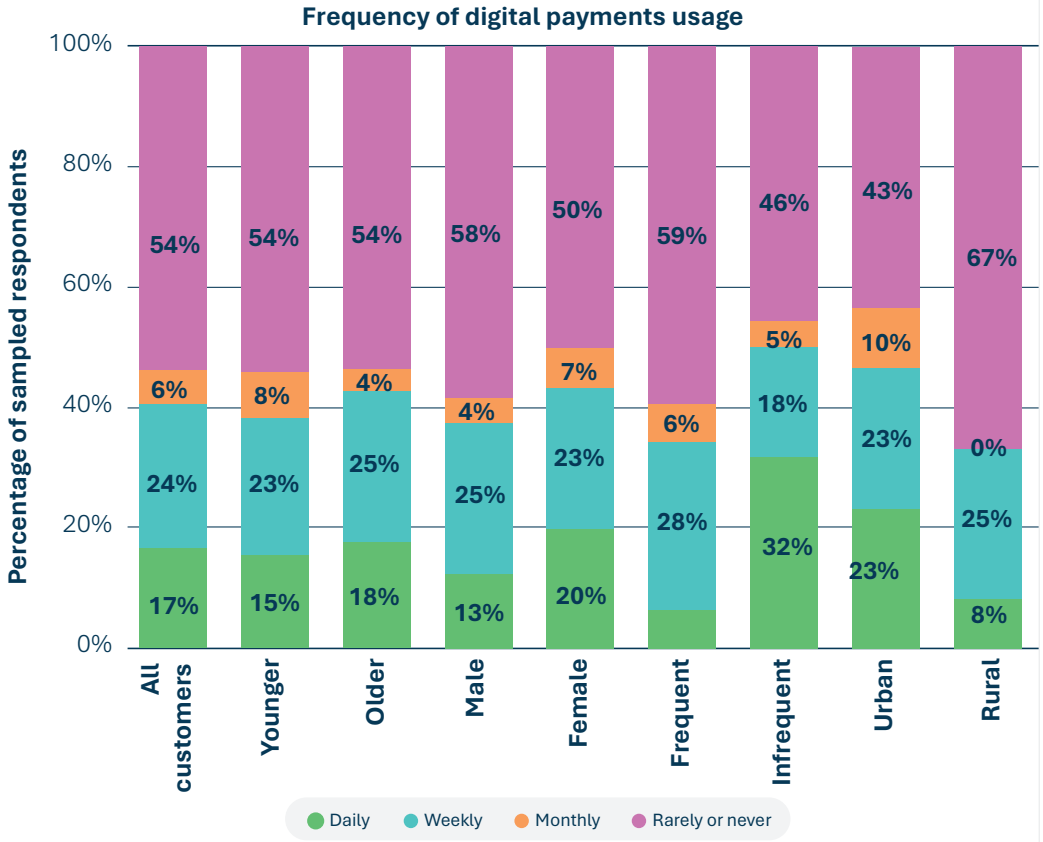
Person-to-government payments are generally cash-based. However, the government promotes G2P payments through the postal service of Madagascar, a digital payment popularly known as Paositra Malagasy.

Early in 2025, the government placed an electronic levy of 5% on all Electronic Money Establishments (EMEs), a measure meant to raise additional revenue for economic development. Leading EMEs called for reform, without which the adoption and growth of digital financial services in the country would be stifled.

Section 2.2
User group usage patterns—individuals

Madagascar

Digital payments usage is strongly associated with receiving income directly into an account. Women, older, urban, and infrequent earners are more likely to use digital payments daily in Madagascar.



(N=54; individual customer respondents)

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

Receiving income digitally drives downstream digital use.

People with formal salaried jobs may receive their wages via bank transfers, which drives regular usage. Informal sector workers receiving incomes via mobile money may also use digital payments more frequently.

> **"I receive my monthly salary via bank transfer, as part of my company's payment policy that prioritizes secure and transparent transactions through direct bank deposits."**
>
> *—Man, individual user, urban*

Users rely on mobile money for person-to-person transfers, driven by its convenience and speed. Bank transfers are associated with security.

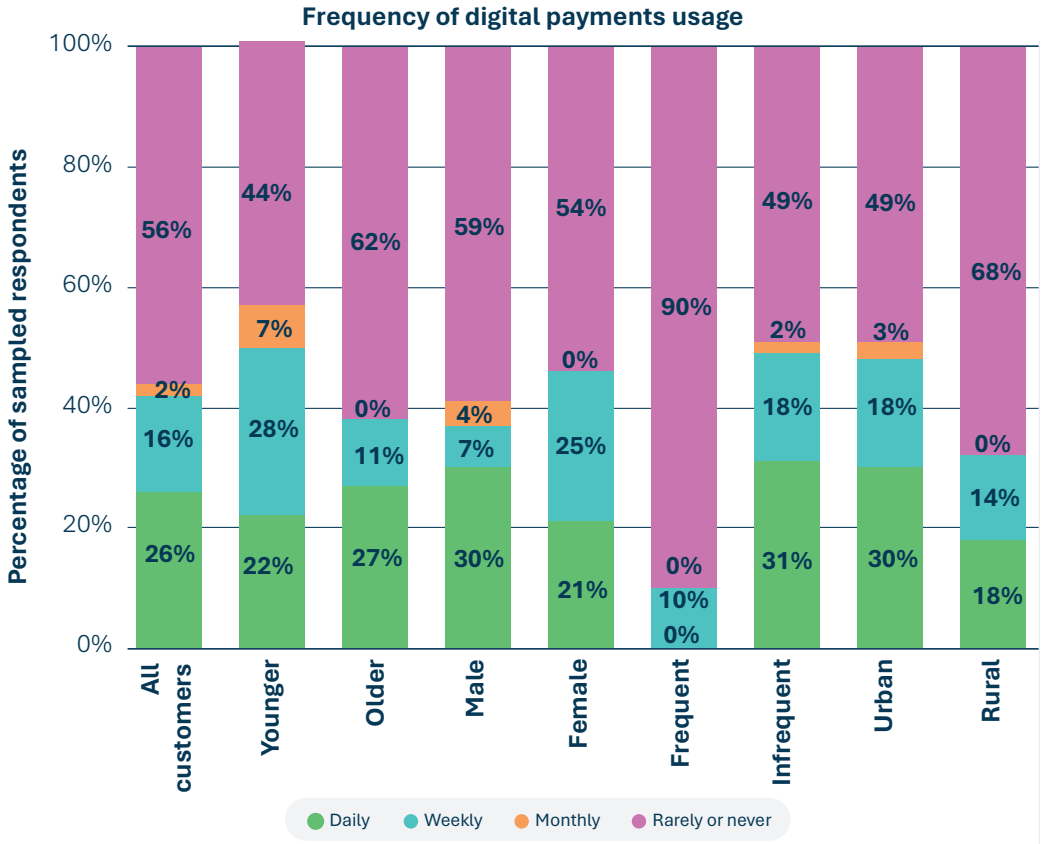
> **"In general, my relatives send me money via mobile money, especially through [Provider B], because it's a simple, fast, and convenient way to make money transfers remotely, without the need to travel. This allows me to receive money securely, no matter where I am."**
>
> *—Man, individual user, urban*

Digital payments are less relevant for rural adults without electricity.

> **"We don't have electricity, so there is no bill to pay."**
>
> *—Woman, individual user, rural*

Section 2.2
User group usage patterns—merchants

Merchants use digital payments more frequently than individual customers do. Daily merchant users are more likely to be older, men, and small business owners in urban areas.



Total: (N=55)

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

Merchants use mobile money primarily to receive customer payments for daily business transactions.

> **"We use mobile money to receive payments from customers and pay our suppliers. The money is directly reinvested into our business to increase productivity and maximize profit."**
>
> *—Woman, merchant, urban*

Bank accounts remain the core channel for initiation and storage of large payments.

> **"The bank account is used for storing and saving money. It is divided into two types: The savings account is for savings and allows us to earn bonuses. The current account is mainly used to store funds for stock purchases."**
>
> *—Woman, merchant, peri-urban*

Merchants use POS terminals (TPE) for large customer payments.

> **"When the amount is significant, we offer the POS terminal (TPE) as a payment method to customers."**
>
> *—Woman, merchant, urban*

Mobile money offers speed, convenience, and security, especially for daily transactions and when handling cash is risky or impractical.

> **"We also use mobile wallets to receive customer payments. These mobile solutions are specifically designed to facilitate transactions with customers, offering them a convenient and secure means of payment."**
>
> *—Man, merchant, urban*

Section 2.2.1
Merchant deep dive

Most urban merchants adopt/accept digital payments due to customer demand. However, rural merchants face network issues and customer reluctance, which slow adoption. Fraud and technical complexity are also critical barriers.

Main early use driver	Customer demand is fueled by speed and efficiency	**"Our customers seek quality products and the latest technology... 40% are processed through digital methods."** *—Woman, merchant, urban*
Main habitual use driver	Convenience and customer retention drive merchant digital usage	**"Digital payments are fast, accessible, and secure—they've become part of our daily routine."** *—Woman, merchant, urban* **"If we don't offer digital payments, customers might not come."** *—Woman, rural merchant*
Main barrier	Network issues and high fees are the main challenges hindering adoption	**"The network was interrupted... we waited hours for a transaction."** *—Woman, merchant, rural* **"Withdrawal fees are too high, and customers refuse to pay them."** *—Man, merchant, urban*

Merchant case study 1	
Respondent Details	Gender: Man
	Occupation: Merchant
Digital payments are simple, fast, and better than cash	
"Digital payments simplify the process and ensure fast service." *—Woman, merchant, urban*	
"We avoid cash due to risks like theft and counterfeit bills." *—Man, merchant, peri-urban*	

Merchant case study 2	
Respondent Details	Gender: Women
	Occupation: Merchant
Digital payment enhances business operations	
"Digital payments reduce accounting errors and provide transaction traces." *—Man, merchant, urban*	
"We no longer count bills; we just press keys on the machine." *—Woman, merchant, urban*	

Merchant case study 3	
Respondent Details	Gender: Women
	Occupation: Merchant
Failure of one digital payment platform reduces trust in all digital systems	
"Losing money to [Provider H]'s system failure was devastating. It made me question all digital payments." *—Woman, merchant, peri-urban*	

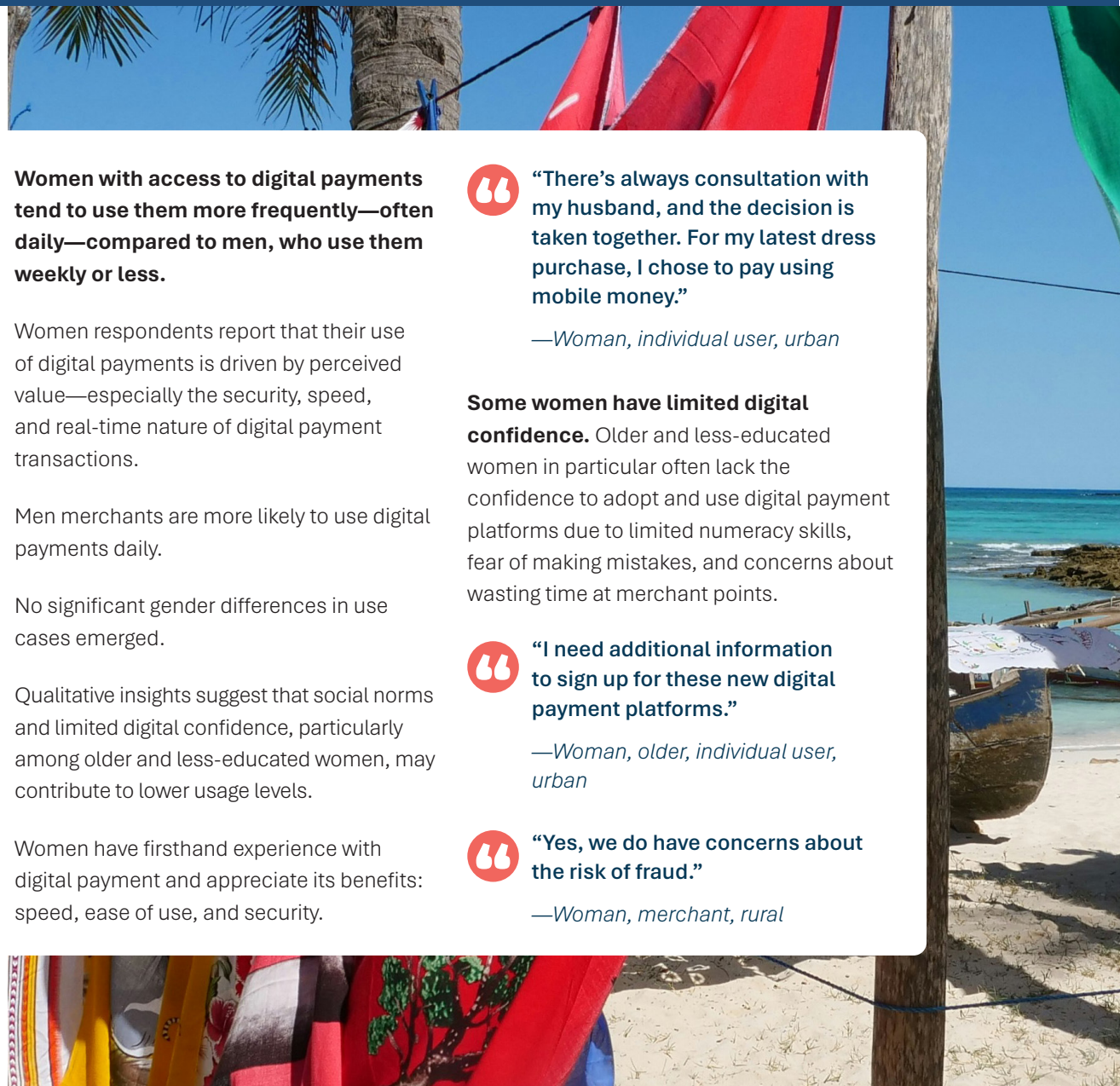
Section 2.2.2
Gender deep dive

Women value speed and security

Women's fears about fraud are peer-influenced

Women need support to register

Women have negotiated autonomy in decision-making



Women with access to digital payments tend to use them more frequently—often daily—compared to men, who use them weekly or less.

Women respondents report that their use of digital payments is driven by perceived value—especially the security, speed, and real-time nature of digital payment transactions.

Men merchants are more likely to use digital payments daily.

No significant gender differences in use cases emerged.

Qualitative insights suggest that social norms and limited digital confidence, particularly among older and less-educated women, may contribute to lower usage levels.

Women have firsthand experience with digital payment and appreciate its benefits: speed, ease of use, and security.

> **"There's always consultation with my husband, and the decision is taken together. For my latest dress purchase, I chose to pay using mobile money."**
>
> *—Woman, individual user, urban*

Some women have limited digital confidence. Older and less-educated women in particular often lack the confidence to adopt and use digital payment platforms due to limited numeracy skills, fear of making mistakes, and concerns about wasting time at merchant points.

> **"I need additional information to sign up for these new digital payment platforms."**
>
> *—Woman, older, individual user, urban*

> **"Yes, we do have concerns about the risk of fraud."**
>
> *—Woman, merchant, rural*

Section 2.3
User group usage patterns—use cases

The level of digitalization varies for different payment use cases, though it is rapidly increasing for household expenses, salaries, bills, and sending money.

	Individual customers	Merchants
1	Pay for household expenses (P2B), e.g., groceries, school fees, etc.	Pay business bills (B2B), e.g., electricity, rent, etc.
2	Pay bills (P2B), e.g., water, electricity, gas, etc.	Receive customer payment (P2B)
3	Send money (P2P)	Send money for personal use (P2P)

Use case for which less than 60% of respondents made or received a digital transaction over the 2 weeks.

Use case for which between 60% and 70% of respondents made or received a digital transaction over the past 2 weeks.

Use case for which over 70% of respondents made or received a digital transaction over the past 2 weeks.

Individual users

Utility bill payments like internet subscriptions and electricity are highly digitalized, but transaction costs limit regular use of mobile money wallets.

"I use mobile money for bill payments and internet subscriptions, since it offers quick, secure, and convenient payment methods without the need for travel. I prefer simplicity and the comfort that comes with it to managing finances remotely."

—Woman, individual user, urban

There is a growing number of customers who use digital payment platforms for peer-to-peer transactions and sending money to family members.

"In general, my relatives send me money via mobile money because it's a simple, fast, and convenient way to make money transfers remotely, without the need to travel. This allows me to receive money securely, no matter where I am."

—Man, individual user, urban

Merchants

Merchants report using digital payments extensively to accept customer payments and settle business-related bills, but salary payments to employees remain overwhelmingly cash-based.

"To pay the employees, we pay them directly in cash. Casual workers and sellers have low-value wages; many of them are paid in cash."

—Woman, merchant, urban

"We pay our electricity and JIRAMA bills via mobile money and our rent in cash."

—Woman, merchant, rural

"We pay the electricity bills via [Provider B]."

—Man, merchant, rural

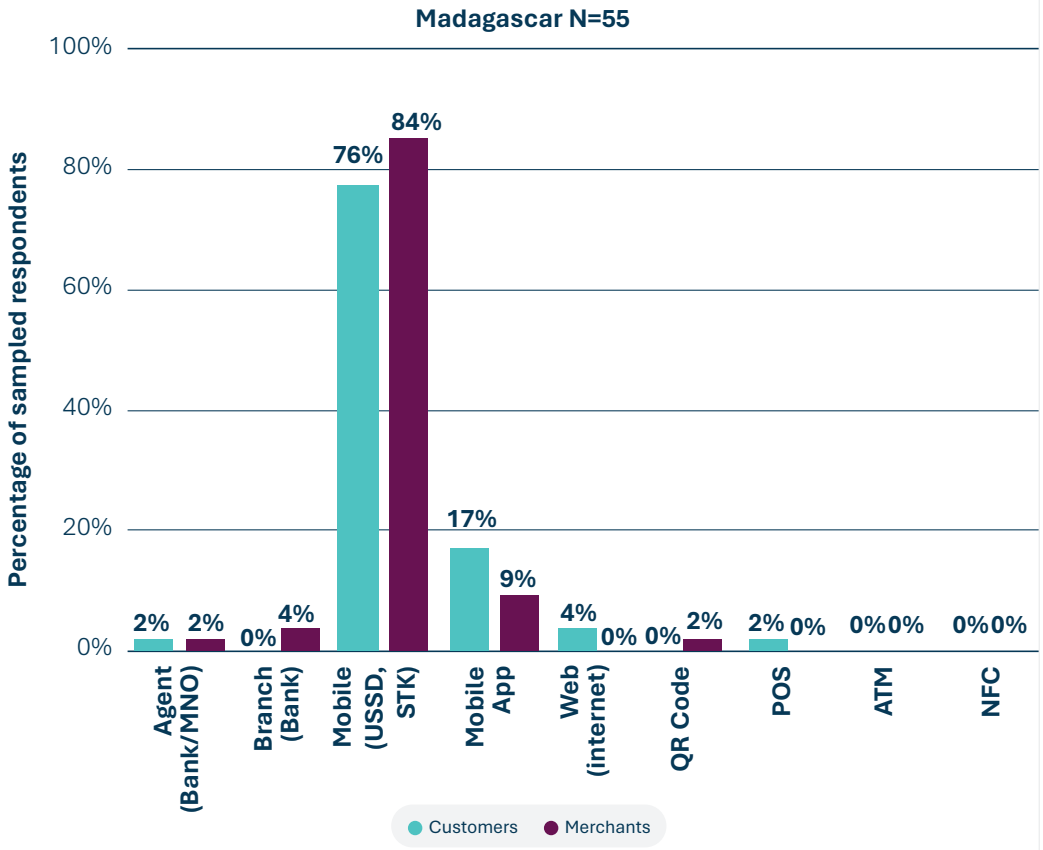
Merchants use formal and informal savings methods. Informal savings groups are a reason for holding or accepting cash in businesses.

"We generally receive payments from customers in cash and occasionally via mobile money. We store the daily revenue in a safe, and at the end of the week, we make a bank deposit for security reasons."

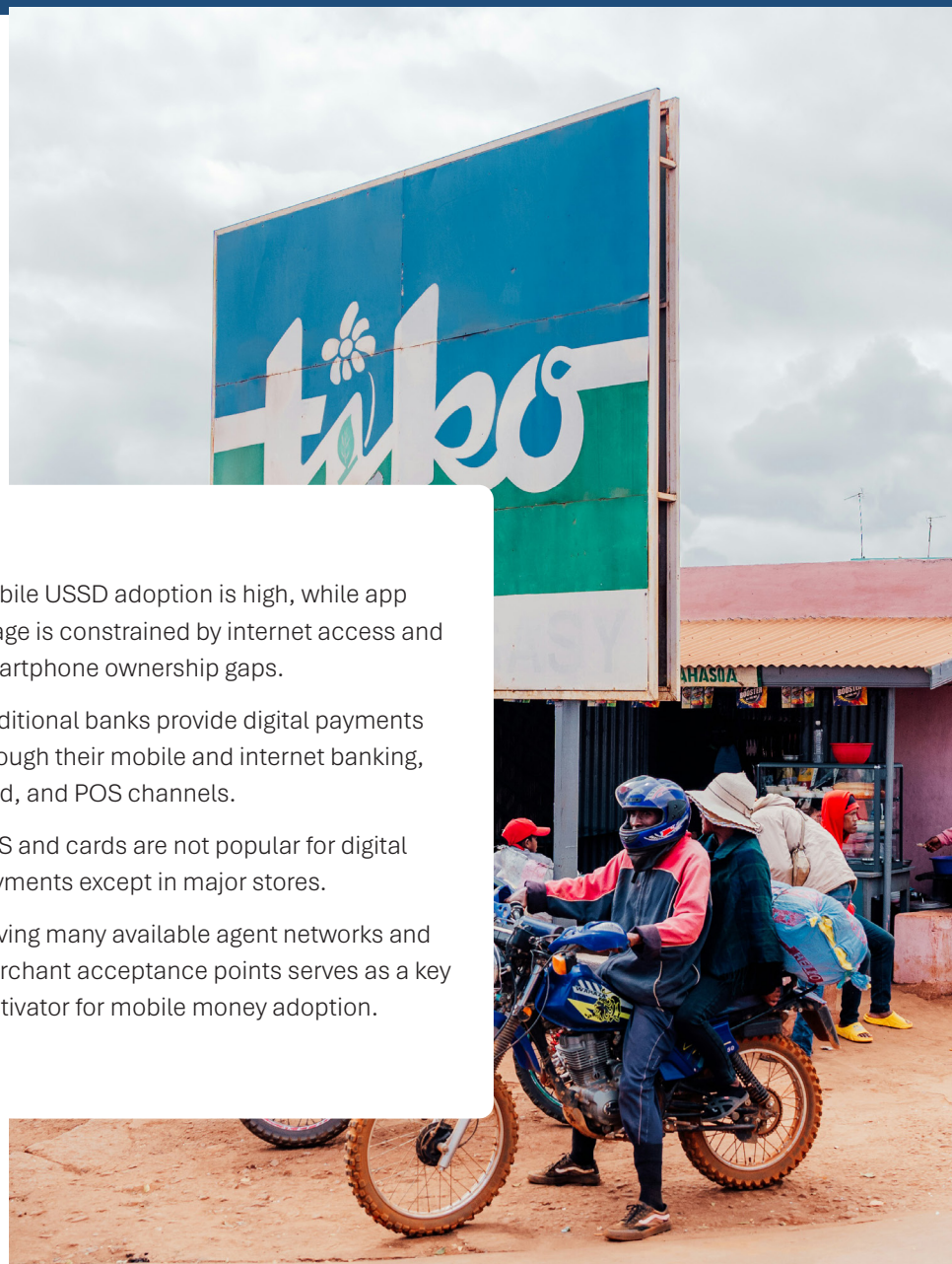
—Woman, merchant, urban

Section 2.4
User group usage patterns—payment channels

Mobile money via USSD is the most popular payment channel. Mobile apps and mobile banking are emerging. Card-based POS use is not common.



(Customers N=25; Merchants N=24; only digital users)



- Mobile USSD adoption is high, while app usage is constrained by internet access and smartphone ownership gaps.
- Traditional banks provide digital payments through their mobile and internet banking, card, and POS channels.
- POS and cards are not popular for digital payments except in major stores.
- Having many available agent networks and merchant acceptance points serves as a key motivator for mobile money adoption.

Section 2.5
Summary of user profiles

Five end-user profiles emerged from considering the quantitative survey findings and usage patterns in combination with the in-depth interviews. These profiles humanize the observed usage patterns by highlighting distinct motivations and behaviors that influence digital payment adoption.

Individual users			MSMEs	
				
Situational user	**Digital mover**	**Cash-first user**	**Juggling Merchant**	**Structured Boss**
Wants convenience but will **forego it for cash if the cost and context** are not right. Large value, online purchases, and the inconvenience of carrying change encourage the use of digital payments.	Wants a **fully digital life**, motivated by speed, the ability to track expenditures, and recurring digital incomes.	Both individuals and owners fall into this microenterprise category. The cash-first user wants **familiarity**, not surprises, but is curious about digital payments. Human support, **simplicity**, and remittances drive usage.	Wants to **see the money working** but finds digital stressful except when customers demand it or for reconciliations at the end of the day.	Wants systems and **professionalism** motivated by ease for customers, supervising employees (visibility), and avoiding cash risks.

Digital mover
Highly digital individual end user

Wants a fully digital life and a frictionless user experience.

Age:	Financially established adult (36-54 years old)
Occupation:	Office employee
Income classification:	Salaried—frequent earner
Location:	Urban
Education level:	Post-secondary
Financial access:	Has two or more financial accounts: bank or mobile money
Digital access:	Smartphone owner with access to apps

Aspirations & priorities (what matters most)

- Aspires to have a fully digital life and options to pay digitally.
- Pursues financial goals and tracks spending.
- Need for control drives use of digital payments.
- Views digital payments as improving their social status.

> **"I directly transferred their salaries to their respective accounts via mobile money because I find this method the easiest."**
> *—Woman, individual user, urban*

> **"Aside from receipt of payment via digital payments, we moved a step further to pay our suppliers with a bank debit card."**
> *—Man, individual user, urban*

Payment behavior

- Sees clear benefits of digital payments, such as:
  - Ease of managing routine expenses (e.g., rent, utility bills).
  - Help avoid overspending.
  - Anytime, anywhere convenience.
- Large-value payments still require a bank branch visit.
- Needs help using some features.

> **"I get 20% bonuses on purchase offers on my account."**
> *—Man, individual user, urban*

Key pain points

- Merchants do not accept digital payments or do not know how to use them.
- The need for multiple accounts to increase choice.
- Cash-only merchants, especially public transport—finding change wastes time.
- Network issues cause embarrassment.

> **"In my daily life, I notice that many merchants do not yet accept digital payments, which can sometimes be frustrating, as it forces me to use cash or look for other alternatives to pay for my purchases."**
> *—Man, individual user, peri-urban*

Structured boss
Highly digital MSME end user

Sees digital payments as essential business tools and uses them to schedule payments to ensure accountability and professional service to clients and employees.

Age:	Older (36-50 years old)
Business type:	Retail trade
Business classification:	Small business
Location	Urban or main street of a peri-urban or rural setting
Turnover:	High volumes
Formalization:	Has two or more employees, has formally registered the business, and has a permanent location
Education level:	Post-secondary
Financial access	Has two or more financial accounts: bank and/or mobile money
Digital access:	Has a business device, phone, or POS and cash register

Aspirations & priorities (what matters most)

- Hopes to expand the business by serving more customers.
- Focuses on customer service quality.
- Emphasizes compliance.
- Wants visibility over business operations

> **"We primarily use digital payment methods, including bank cards (credit/debit) and mobile payments. Card payments via payment terminals are preferred for larger transactions, while bank transfers are used for online orders. Cash payments have become less common due to the rise of digital payments."**
> *—Woman, merchant, rural*

Payment behavior

- Plans cash management in line with business operations. Makes some payments weekly, others monthly.
- Offers multiple digital payment channels for customers.
- Visits the bank to make a deposit on a cash-heavy day.
- Finds digital payments secure and an essential operational tool.
- Perceived digital payments benefits include:
  - Collecting payments
  - Records
  - Paying employees, suppliers, and business bills, such as electricity
  - Compliance—tax and policy compliance
  - Handling large value payments

Key pain points

- Cash prevalence limits real-time visibility into business operations.
- Customers require help to transact.
- Cash is risky, and finding change wastes time.
- Network issues affect operations.

> **"For mobile money, the confirmation notification sometimes takes a while to arrive...we have to ask customers to wait for the message."**
> *—Man, merchant, peri-urban*

Situational user
Moderately digital individual end user

A typical situational user is an irregular earner who finds both cash and digital payments convenient depending on the situation. They use digital mainly for e-commerce and large-value payments.

Age:	Early career (18-35 years old)
Occupation:	Semi-formal employee
Income classification:	Infrequent earner
Location:	Peri-urban or urban
Education level:	Post-primary
Financial access:	Has at least one financial account: bank or mobile money
Digital access:	Owns a smartphone or basic phone

Aspirations and priorities (what matters most)

- Seeks convenience, ease, and cost savings when making payments.
- Desires digital options that are simple, affordable, and fit specific needs (e.g., digital for large or remote transactions).
- Open to using new platforms if they come with incentives like cashbacks.
- The context of the transaction determines the payment method (e.g., urgency, amount, distance).
- Wants the ability to control how they receive and spend money.
- Familiarity with one approach may make them hesitant to learn a new digital process.

> **"Yes, it has become easier for most people to make digital transactions without assistance, thanks to platforms like mobile money. These services have simple and accessible interfaces, allowing anyone, even without technical skills, to make payments independently."**
> *—Woman, individual user, urban*

Payment behavior

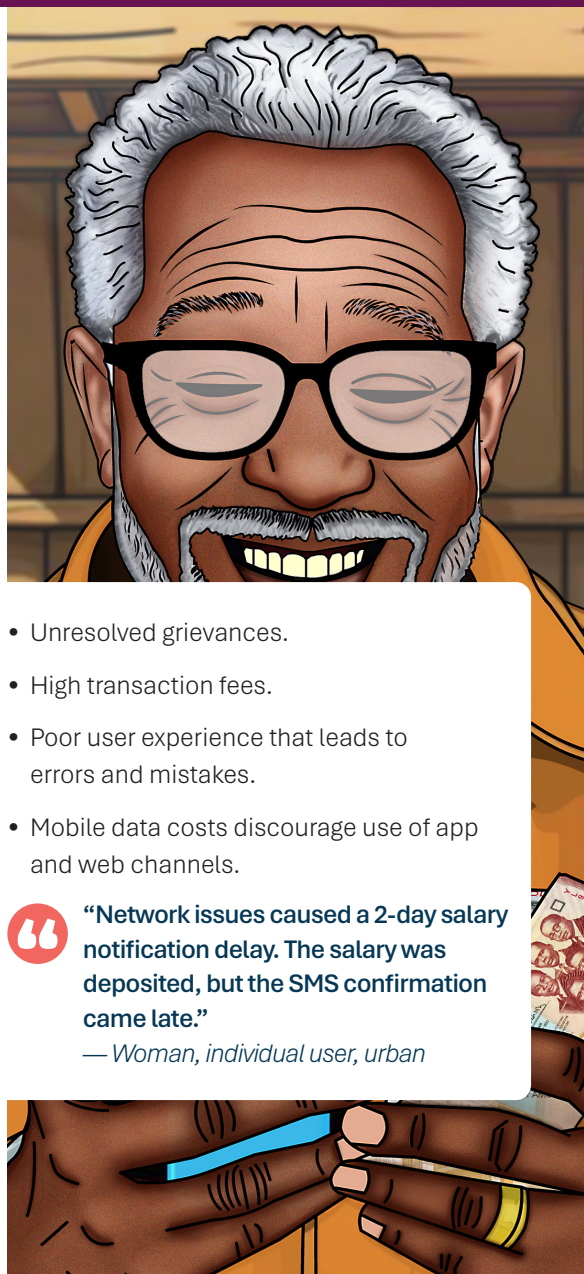
- Uses cash for small-value purchases.
- Uses digital payments for large-value payments or routine expenses like rent, TV subscriptions, and electricity. It helps to avoid queues.
- Prefers cash to avoid digital transaction fees and other costs.
- Receives wages in cash or through mobile money; if the former, they must deposit at an agent to conduct digital payments.
- Negative experiences or unresolved issues discourage use of digital payments in more contexts.

> **"I pay rent via [Provider B] because the landlord lives far away. It's faster than traveling, but sometimes network issues delay transactions."**
> *—Woman, individual user, urban*

Key pain points

- Network issues.
- Unresolved grievances.
- High transaction fees.
- Poor user experience that leads to errors and mistakes.
- Mobile data costs discourage use of app and web channels.

> **"Network issues caused a 2-day salary notification delay. The salary was deposited, but the SMS confirmation came late."**
> *— Woman, individual user, urban*



Juggling merchant
Moderately digital MSME user

A typical juggling merchant operates a microbusiness, either self-run or with one employee, and skillfully balances cash and digital payments. While it can be stressful, using digital tools helps them serve customers better and steadily grow.

Age:	Younger (18-35 years old)
Business type:	Retail services
Business classification:	Microenterprise
Location:	Urban or peri-urban
Turnover:	Moderate
Formalization:	One or no employees, semi-permanent outlet, no formal registration
Education level:	Post-primary
Financial access:	Has one financial account: either a bank or mobile money account
Digital access:	Has a personal phone and a cash register

Aspirations and priorities (what matters most)

- Speed of transactions
- Serving more customers to increase sales
- Certainty that transactions go through without errors or delays
- Fast end-of-day reconciliations
- Benefits of digital payments include:
  - Access to customer contacts
  - Record keeping
  - Access to loans
  - Easy reconciliation

Payment behavior

- Recognizes that they must support multiple digital payment methods to meet diverse customer preferences.
- Trusts traditional channels (e.g., banks) more than e-money wallets.
- Appreciates that digital payments are faster than cash since there is no hassle finding change.
- Adopts a new method if customers insist on it.
- Prefers digital for large-value payments.
- Prefers cash for local supplier payments to avoid fees.
- Finds cash more practical in the morning and when the recipient is present. Pays employees in cash, as it is available.

Key pain points

- Misunderstanding the digital payment fees and making errors.
- Network delays.
- Merchant fees that reduce sales margins.
- Some suppliers demand cash.
- Finding change.
- Agents close early and open late.
- Missing features—transparency and reconciliations.

> **"When the total purchase [of inventory] amount is significant, I make payment via mobile money. For smaller purchases, it's cash."**
> *—Woman, merchant, urban*

> **"There is no specific period, day, or month when accepting a cash payment method is mandatory before another payment system. We accept any payment system available, depending on the situation and the customers' choice."**
> *—Woman, merchant, urban*

Cash-first user
Minimally digital individual or microenterprise end user

A typical cash-first user is a rural, low-income earner who cautiously uses digital payments out of necessity yet faces access barriers and low digital confidence.

Age:	Young students or seniors over 55 years old
Occupation:	Student Smallholder farmer Kiosk operator
Income classification:	Salaried–frequent earner
Location:	Rural
Education leve:l	Primary or less
Financial access:	Has access to a bank account or mobile money (own or shared)
Digital access:	Has a basic phone, no smartphone

Aspirations and priorities (what matters most)

- Wants to feel included and stay connected with family.
- Needs a secure and reliable channel for receiving remittances.
- Values trusted human support (e.g., agents) and fears making mistakes.
- Prefers flexibility—cash is simple, familiar, and usable anywhere.

> **"I pay salaries in cash to dodge fees, or I earn income in cash."**
> *—Man, individual user, peri-urban*

Payment behavior

- Uses at least one digital channel (e.g., card, USSD, bank transfer).
- Has low digital and financial confidence—often needs help to register or use platforms.
- Avoids complexity and finds digital payments difficult to navigate.
- Has no urgency to adopt, since many nearby merchants lack phones or digital payment options.
- Prefers cash, as it is still widely accepted and familiar.
- Recognizes the value of digital payments for utilities and sending money over long distances.

> **"When I purchase goods and services, I systematically prefer cash as a payment method to facilitate exchanges and better manage my expenses."**
> *—Man, individual user, urban*

Key pain points

- Limited agent coverage and restricted opening hours.
- Complex and slow reversal process when errors occur.
- Providers do not take pains to provide information on how digital payments work.
- Network issues disrupt access and lead to transaction failures.

Stories about fraud create apathy and disinterest in digital payments.

> **"We stopped using mobile money after a transaction issue. The operator found no anomalies, but we never received the money."**
> *—Man, merchant, peri-urban*

SECTION 3

ENABLERS AND BARRIERS TO THE ADOPTION AND USE OF DIGITAL PAYMENTS

Section 3.1
Pathway to habitual use of digital payments

Digital payment usage framework

The path from awareness to habitual digital payment use

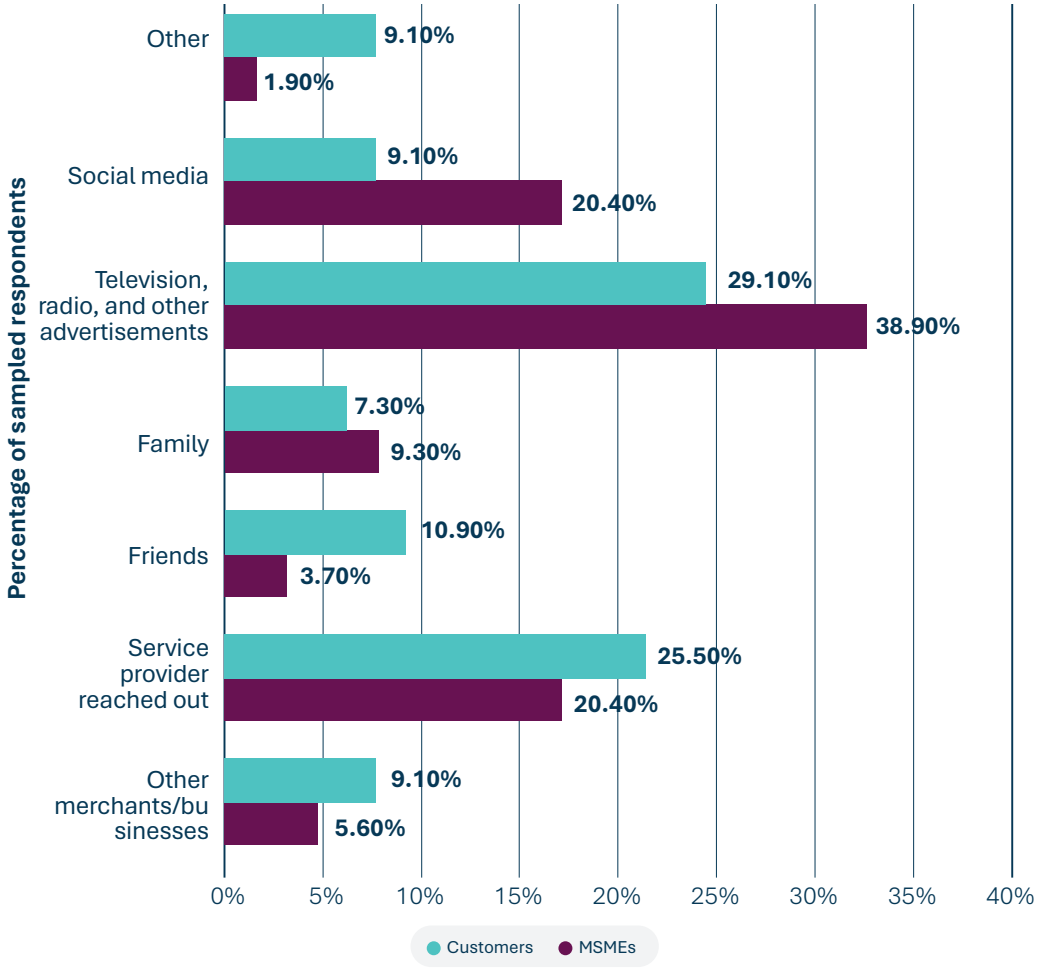
	Awareness | *What is it and why should I care?*	**Access** | *Can I easily start using it?*	**Adoption and early use** | *Why use it instead of cash?*	**Habitual use** | *Does it make life easier?*
Main Features	• Understanding what digital payments are, how they work, and their benefits • Exposure to available tools (apps, USSD, cards, etc.) • Messaging through trusted channels (media, agents, peers, institutions, and providers) • Addressing misconceptions, fear of high fees, scams, and mistrust	• Availability of the required infrastructure (POS, mobile phones, branches, ATMs, agents, mobile network, and internet) to support usage • Affordable mobile data or zero-rated platforms • Reduced onboarding friction (easy registration, ID/document flexibility) • Accessibility for people in remote or underserved areas	• Initial registration and first-time use • Positive onboarding experience (user-friendly interfaces, support, incentives) • Immediate value realization (e.g., time and cost savings, safety, convenience) • Risk-free trial experiences (e.g., low-cost or no-cost transactions)	• Integration into daily routines (e.g., paying bills, shopping, transfers) • Reliable service (speed, network uptime, payment confirmations) • Ongoing perceived value (incentives, traceability, cost-effectiveness) • Customer support and trust reinforcement • Diversification of use cases
Why it matters	• Awareness is the foundation. Without it, people won't seek out or consider digital payment options. Many remain unaware of the benefits or doubt their relevance or safety. Effective awareness campaigns help users overcome psychological and knowledge barriers.	• Even if users are aware, they cannot participate without access. A lack of identification documents, limited bank or agent coverage, and barriers to digital tool access continue to block many from entering the formal financial system.	• This is the tipping point where users move from intention to action. A seamless early experience can build trust and encourage continued use. Negative first impressions (e.g., scams, poor support) lead to abandonment.	• Long-term inclusion depends on repeated, confident use. Users must trust the system will work when needed. Sustainability requires services to be affordable, accessible, and responsive.

User Attrition/Churn | *Is the risk and hassle worth it?*

Not all users stay. Many who once registered or tried digital payments abandon them due to unresolved issues like poor network, lack of device, poor user experiences (technical failures, system downtime), fraud or scam exposure, complexity of use (unintuitive interfaces), lack of support when something goes wrong, and persistent distrust. In many cases, users revert to cash, perceiving it as safer, more accessible, and more reliable. Addressing these pain points is crucial to retaining users and preventing financial exclusion.

Section 3.2
Awareness of digital payments

Both individual users and merchants learn about digital payments primarily through television and radio advertisements, followed by service provider field outreach and social media (Facebook) advertisements.



Total sample of respondents: N= Customers – 54; merchants – 55

Facebook and other social media are key information sources on digital payment

> **"I saw mobile money ads on Facebook and decided to try online purchases."**
>
> —Woman, individual user, urban

Section 3.2.2
Merchant awareness insights

Active provider engagement drives awareness of digital payment instruments.
Mobile money remains the most widely recognized and used channel.

Instrument	Example	Context and description		Merchants		Quote
		Awareness Level	**Description**	**Awareness Level**	**Description**	
Mobile money (USSD)	USSD	Very High	Mobile money is the most popular instrument overall	Very high	Providers' initiative to onboard merchants drives awareness	**"I know and accept mobile money from customers who buy from our shop."** *— Woman, merchant, peri-urban*
Mobile bank apps and cards	Debit and credit cards	High	Card awareness is high; they often pay for high-value transactions	Moderate	Awareness is higher among larger businesses	**"I am familiar with bank cards and banking services."** *—Woman, customer, peri-urban*
Internet banking (web-based) and QR codes	Visa cards	Low	Awareness is low	Moderate	Low awareness and limited availability	**"I have vast familiarity and knowledge of all these channels, including QR codes, but I only use mobile money and the bank card."** *—Man, merchant, peri-urban*

Section 3.3
Access to digital payments

Access gaps and barriers

High mobile money accounts and phone ownership are enabling digital payments adoption, but digital literacy, smartphone ownership, and provider gaps may hinder access for some users, particularly in rural areas.

	Most mentioned reasons for not using digital payments*	Merchants vs. individual customers	Urban vs. rural users	Men vs. women	Qualitative insights
1	**High transaction fees**	More pronounced for individual users	More pronounced for urban users	More pronounced f or men	**When making payments via mobile money, transaction fees typically range around 3% of the transferred amount. For instance, a 5,000 Ariary payment incurs fees between 200-300 Ariary."**—*Man, individual user, rural* **"The main factor that prevents me from using a bank card is the high withdrawal fees charged by the bank."** —*Woman, individual user, urban*
2	**Network or platform outages**	More pronounced for merchants	No variation	No variation	**"Network problems, unavailability of balance, and sometimes password errors."** —*Woman, individual user, peri-urban*
3	**Fraud and security issues**	No variation	No variation	No variation	**"As I mentioned earlier, my money disappeared from my [Provider B] account, and I couldn't recover it until today. So, I don't want to try other digital payment methods for fear of losing more money. I prefer cash payment."** —*Man, individual user, urban* **"These days, it's hard to tell the difference between a scam and a reliable service. You can never be sure that after depositing a large sum of money into an account, the operator won't suddenly disappear."** —*Man, customer, peri-urban*
4	**Customer demand/market adoption**	More pronounced for merchants	No variation	More pronounced for men	**"Adopting a payment method depends on the options our clients, suppliers, and staff use. Several people ask us whether we accept a specific payment method; we implement it."** —*Woman merchant, urban*

This analysis was drawn from both qualitative and quantitative surveys.

Top adoption barriers from merchant interviews

- Network outages and delayed resolution of issues
- High transaction fees
- Low customer demand

Top adoption barriers from individual user interviews

- Network challenges/outages
- Fraud and security issues
- Complex account (banking) registration procedures
- Lack of information/understanding

Access and adoption enablers

Among sampled respondents, urban users prioritize convenience and incentives, while rural users need infrastructure (network) and education. This suggests that simplifying UX, reducing fees, and improving infrastructure are pivotal to accelerating digital payment adoption in Madagascar.

Total number of non-users sampled: 30

Top enablers mentioned by both merchants and individual users	Key enabler sentiments: What specific aspects would make me sign up?	Qualitative insights
Ease of use	User-friendly interface	**"If they add features that are easy for us to use, I wouldn't hesitate to join their system."** —*Woman, individual user, urban*
Lower transaction fees	Reduced transaction costs would encourage high adoption	**"Lowering these costs would make these services more attractive."** —*Man, individual user, rural* **"The fees should be reduced. High costs are a major turn-off."** —*Woman, merchant, urban*
Network reliability	Stable and reliable connection would drive adoption	**"Improved network quality would ensure smoother transactions."** —*Man, merchant, urban* **"A better connection would reduce latency and network issues."** —*Woman, individual user, rural*
Security and trust	Trust and security would encourage adoption	**"If customers ask us to adopt it, we'll consider it."** —*Woman, merchant, urban* **"Opportunities to earn money or access financing would encourage me."** —*Woman, individual user, peri-urban*
Customer demand	Merchants prioritize their customers' demand for adoption	**"If customers ask us to adopt it, we'll consider it."** —*Woman, merchant, urban* **"Opportunities to earn money or access financing would encourage me."** —*Woman, individual user, peri-urban*
Awareness and education	Training and education of customers would drive adoption	**"Education on security for employees and customers would increase confidence."** —*Woman, merchant, urban* **"Training would motivate me; I find it complicated to adapt."**—*Woman, individual user, rural*

*The analysis of the key enablers was drawn from both surveys and in-depth interviews and cut across both genders, merchants, and individual users.

Section 3.4
Early use of digital payments

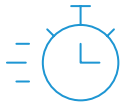
Early use barriers

Persistent user barriers—ranging from habit and error to security fears—continue to limit digital payment use.

	Ranking of why they still use cash based on the % of users who stated it	Individuals vs. MSMEs	Women vs. men	Qualitative insights
1	 Network/technical issues	More pronounced for **individual users**	More pronounced for **women**	**"One of the main difficulties I encounter is the network connection issue during a transaction."** *—Man, individual user, urban* **"Sometimes the network is down, which prevents transactions from being completed."** *—Woman, merchant, urban*
2	 User error/wrong number	More pronounced for **individual users**	More pronounced for **women**	**"I made a typing error by entering the wrong number. As a result, I sent more money than intended."** *—Man, individual user, rural*
3	 Habit/traditional preference	More pronounced for **individual users**	More pronounced for **women**	**"Even for [Provider B], I'd love to get rid of it, but I can't. Life is changing very fast, and I'm behind the times when it comes to technology."** *—Woman, individual user, peri-urban*
4	 Security concerns	More pronounced for **individual users**	More pronounced for **women**	**"As I mentioned earlier, my money disappeared from my [Provider B] account... So, I don't want to try other digital payment methods for fear of losing more money."** *—Woman, individual user, urban*
5	 Password/PIN issues	No variation	More pronounced for **women**	**"I've also forgotten my PIN before and exceeded the allowed number of attempts."** *—Man, individual user, peri-urban* **"The main challenge we sometimes face is that customers forget their mobile money account password."** *—Man, merchant, urban*

Early usage enablers

The most common and significant enablers revolve around convenience, security/reduced cash handling, and incentives to promote digital payments.

	Ranking of enablers based on the % of non-users who stated it	MSMEs vs. individuals	Women vs. men	Qualitative insights
1	 **Convenience & speed**	No variance	More pronounced for **women**	**"I transferred money via QR code—it was a great experience!"** *—Woman, individual user, urban*
2	 **Security & reduced cash-handling risks**	More pronounced for **individual users**	More pronounced for **men**	**"I use my bank card to avoid carrying cash due to insecurity."** *—Man, individual user, urban*
3	 **Incentives (discounts/ cashback)**	No variance	More pronounced for **women**	**"Cashback would encourage me to use digital payments more."** *—Woman, individual user, peri-urban*

Total number of non-users sampled:

Section 3.5
Habitual use of digital payments

Habitual use enablers

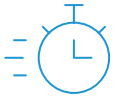
Users habitually use digital payments because they are efficient, secure, convenient for all payment sizes, and promote remote transfers. Enhancing these attributes can deepen adoption.

	Key barrier	How it affects/limits habitual usage	Qualitative insights
1	**Network instability and system downtime**	Frequent connectivity issues cause failed or delayed transactions	**"The networks are often down, which makes transactions difficult."** *—Woman, individual user, urban*
2	**Transaction errors (typos)**	Many highlight frequent typing errors for passwords and PINs	**"I sent more money than intended due to a typing error."** *—Man, individual user, urban* **"A customer paid an amount higher than intended; we had to refund the difference."** *—Woman, individual user, peri-urban*
3	**High transaction fees**	Perceived high cost or confusing fee structures among some service providers	**"Customers complain of high mobile money fees, which is a disincentive to usage."** *—Man, merchant, urban*
4	**Fraud concerns**	Fear of fraud creates uncertainty about the dependability of digital payments	**"Rumors spread that YAS was deducting money without notice; I withdrew all my funds."** *—Woman, individual user, peri-urban* **"Operators disappeared after a few years; I worry about sustainability."** *—Man, individual user, peri-urban*
5	**Delayed confirmations**	Clients face delayed transaction notifications	**"The message confirming my salary deposit was delayed by two days."** *—Woman, individual user, urban*

Total number of users sampled: 69

Habitual use enablers

Users habitually use digital payments because they are efficient, secure, convenient for all payment sizes, and promote remote transfers. Enhancing these attributes can deepen adoption.

	Ranking of barriers based on the % of non-users who stated it	MSMEs vs. individuals	Women vs. men	Qualitative insights
1	 **Speed/convenience**	More pronounced for **individual users**	More important to **women**	**"My decision about the payment method depends on several factors... allows me to make secure and fast transactions."** —*Woman, individual user, urban* **"Digital payments would be the best solution for my business because they offer several advantages. First, they enable fast and secure transactions."** —*Woman, merchant, urban*
2	 **Security**	More pronounced for **individual users**	More important to **women**	**"This payment method allows me to make secure and fast transactions without having to carry cash."** —*Woman, individual user, urban*
3	 **Remote transactions**	No variance	More important to **women**	**"When my family or relatives ask me for money, I prefer using mobile money because it allows me to transfer funds quickly without needing to travel."** —*Man, individual user, rural*
4	 **High-value transactions**	More pronounced for **merchants**	More important to **women**	**"For the payment of raw materials for our creations, I always pay via mobile money, using [Provider B], because the amount is very high—over 500,000 ariary."** —*Woman, individual user, urban* **"As for me, it depends on the customers... but if it is over 200,000 ariary, we suggest they pay via digital payment."** —*Woman, merchant, urban*
5	 **Business efficiency**	More pronounced for **merchants**	More important to **women**	**"Using digital payments reduces potential errors in accounting, as well as improves security."** —*Woman, merchant, urban* **"Digital payments greatly simplify business transactions... Everything can be done online, including ordering, payment, and delivery."** —*Woman, merchant, urban*

Section 3.6
Drop-off from digital payment use

Reasons for drop-off

There is a significant drop-off rate of 10%, according to survey data. Users who discontinue usage cite excessive transaction fees and unresolved transaction issues.

	Most mentioned reasons for ever or potentially dropping off from using digital payments	Qualitative insights
1	Fraud and loss of money	"As I mentioned earlier, my money disappeared from my [Provider B] account, and I couldn't recover it until today. So, I don't want to try other digital payment methods for fear of losing more money. I prefer cash payment." —*Man, individual user, urban*
2	Excessive transaction fees	"Rumors spread that [Provider O] was deducting money without notice; I withdrew all my funds." —*Woman, individual user, peri-urban*
3	Poor service quality	"I've also forgotten my PIN before and exceeded the allowed number of attempts." —*Man, individual user, peri-urban* "If my money is not secure or if the fees increase, I may consider stopping using digital payments." —*Woman, Customer, peri-urban*
4	Transaction issues	We stopped using mobile money after a transaction issue. The operator found no anomalies, but we never received the money." —*Man, merchant, urban*

*Ranking and supportive quotes are derived from qualitative analysis.

SECTION 4

END-USER PERSPECTIVES ON THE FUTURE OF IIPS

Section 4.1
End users' voices

High transaction costs

- Users request reductions in digital payment fees to encourage continuous usage.
- Incentivize merchant-related payments with lower fees to boost digital payments.

"For me, no, these services are accessible, but they are not affordable due to the high transaction fees. These fees should be reduced." *—Woman, individual, peri-urban*

"I would like the fees to be free. I know that's not possible, but who wouldn't want that to happen one day? However, at the very least, I would like the fees to be reduced."
—Woman, individual user, urban

Network instability

- Enhance network quality with additional towers.
- Establish a network status alert system to inform users in real-time of downtime or slow service.
- Expand mobile and internet infrastructure, especially in underserved rural and peri-urban areas.

"Yes, I almost always face a network issue at the end of each month, especially with [Provider O], which is one of the most widely used here in Antananarivo. In some cases, we even lose money because of this network problem."
—Woman, merchant, urban

"The challenges we often face when using digital payment are more network issues." *—Woman, merchant, urban*

Digital financial literacy

- Providers should design and distribute financial literacy campaigns related to digital payment use cases.
- Merchants should receive incentives to train end users in digital financial services.
- Develop and disseminate training content in local languages, with audio-visual assets and accessible channels.

"If there is a training or a little orientation to follow, I could be motivated, because I still find it a bit complicated to adapt to it using the digital payment system."
—Man, individual user, peri-urban

Security and Fraud

- Run awareness campaigns on fraud tactics and digital payment best practices.
- Establish easier fraud and reporting systems with fast, transparent resolution mechanisms.
- Educate users on strong password generation tips through reminders and SMS dissemination.

"It might just be a distrust that could lead us to consider stopping using it." *—Man, individual user, rural*

"If my money is not secure or if the fees increase, I may consider stopping using digital payments." *—Woman, individual user, peri-urban*

"Yes, it may be due to the network issue. My biggest fear is losing my money." *—Woman, individual user, urban*

"My biggest fear in digital payments is scams and hacking." *—Man, merchant, urban*

Platform infrastructure issues

- Establish technical feedback loops so users can report bugs and glitches directly to developers for prompt resolution.
- Develop a more user-friendly digital payment merchant platform that runs on low data usage.

"We've previously experienced problems with POS terminal payments. Although the bank card had expired, we followed the entire process, and a 'rejected' notice was displayed. Luckily, the consumer was still there and quickly brought this to our attention. We had to tackle the problem immediately. After verifying, it was discovered that the old and new bank cards were mixed up. The recent card was used again, and this time the transaction was successful. This was a time-consuming task."
—Woman, merchant, urban

Section 4.2
Implications for IIPS design

Coordinated efforts through public-private partnerships can help accelerate growth in the digital payment sector in Madagascar.

Payment ecosystem

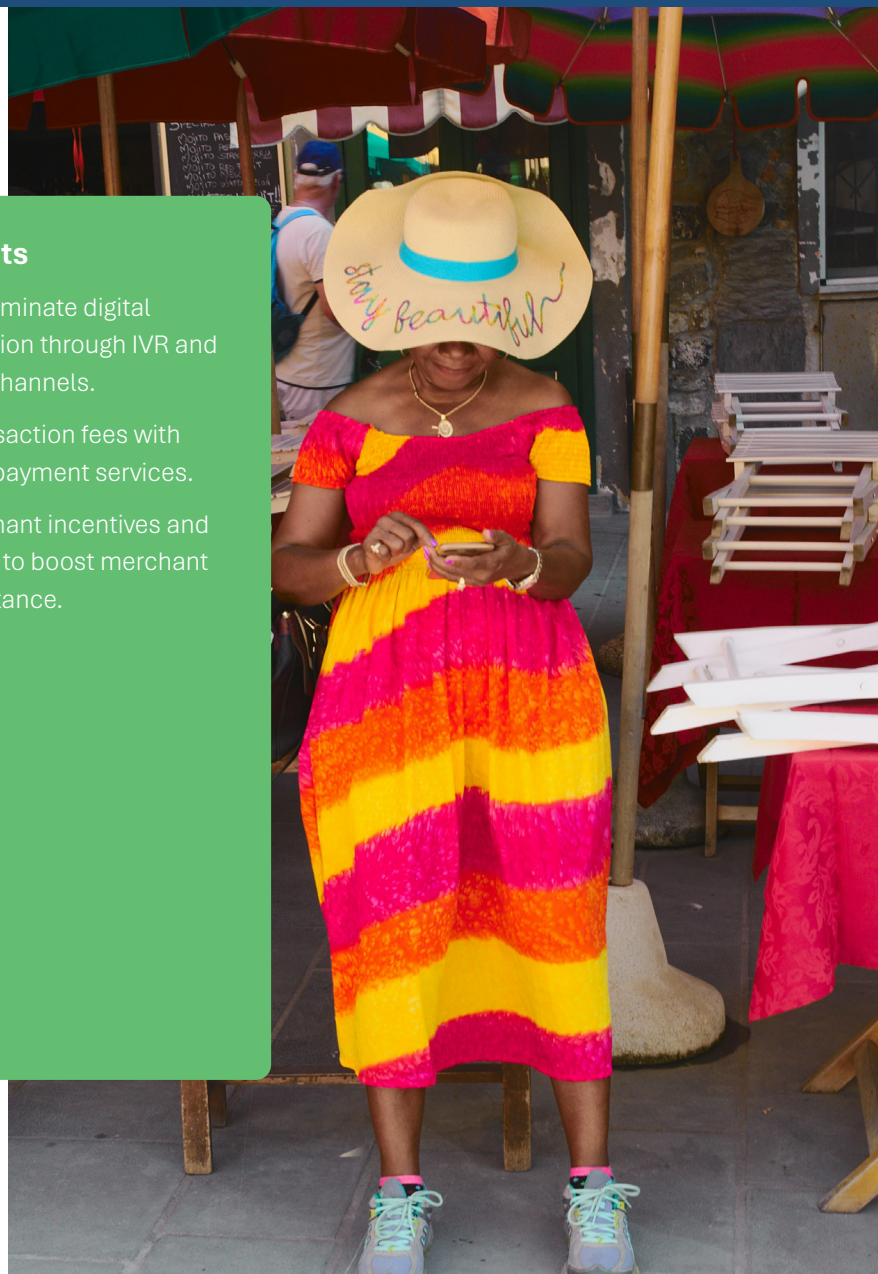
- Establish a policy advocacy working group that fosters collaboration between regulators, financial institutions, and technology companies to drive financial literacy and promote affordable, inclusive digital payments.
- Improve digital payment infrastructure with a focus on expanding connectivity, including in rural areas.
- Expand the country ID system with digital features for simplified KYC processes.
- Mobile networks and access points for financial services.

IIPS operators

- Innovate to ensure sustained vigilance against digital fraud and theft. Streamline fraud resolution through a combination of provider-level and ecosystem initiatives.
- Create an affordable, transparent, and realistic pricing structure that depicts the product value proposition.
- Enhance interoperability of channels and platforms across providers and networks.

IPS participants

- Adopt and disseminate digital financial education through IVR and other low-light channels.
- Offer lower transaction fees with bundled digital payment services.
- Introduce merchant incentives and award schemes to boost merchant payment acceptance.



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AfricaNenda Foundation is an Africa-based, African-led nonprofit working with central banks and payment ecosystem stakeholders to accelerate the design, development, launch, and improvement of inclusive instant payment systems.
Our team of 25 experts in 14 countries provides technical expertise, builds capacity, shares knowledge, and advocates for inclusivity across the instant payment system project lifecycle.
Through this work, we aim to help deliver the power of seamless and affordable digital payments to 260 million financially excluded Africans by 2030.

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