

Mobile Communications in Zambia

A demand-side analysis based on the AudienceScapes Survey

Chapter 6: Mobile Money Services - Whom They Reach

Mobile financial services (commonly referred to as mobile money) are fast-growing applications in developing countries, with their origins in successful applications in Kenya and the Philippines. In the development community, mobile money is promoted as a means of making safe and affordable financial products and transactions available to the general population, spurring economic well-being and improving quality of life. Although mobile money services have focused primarily on money transfers and payments, service providers are pushing the frontiers into savings, credit and investment products.

Zambia has a number of mobile money services, with each tailored to its target market and each used in different ways. For example, Celpay offers a variety of payment and transfer services. Early on, Celpay's focus was on connecting smaller businesses and their partners to create more efficient transactions. Celpay recently has begun to focus on individual users. Launched in 2001, Celpay offers person-to-person, person-to-merchant and person-to-corporate payments. This includes making utility, pay TV and some purchasing payments to businesses who have established a relationship with Celpay.

A recent entrant is the Mobile Transactions (MT) service. MT launched in 2009 and offers both payment and transaction services. MT's payment service targets companies, particularly in the agricultural products market, that seek an efficient way to pay unbanked employees or rural farm suppliers. Other m-money services include Zanaco Bank's Xapit and Standard Chartered Bank's M-banking.

Who in Zambia uses mobile money services and what kind of transactions are they conducting? As of spring 2010 when the AudienceScapes survey was conducted, mobile money services had yet to reach deeply within the unbanked community that many development practitioners would like to target (Figure 6.1). This partially is because the market's two major service providers had focused much of their m-money efforts on the business market.

Figure 6.1

Zambia: Profile of Mobile Money Users Percent of mobile money users of that distinction			
Banking Use		Education	
Unbanked	22%	Post-Secondary	59%
Banked	78%	Secondary	31%
Gender		Primary	8%
Men 54%	Women 46%	No Formal Education	1%
Household Mobile Phone Access		Setting	
Access 90%	No Access 10%	Urban 73%	Rural 27%
Percentage of overall respondents who have used mobile money in the past: 7.2 percent			
AudienceScapes Zambia April 2010: survey of adults (15+) who have used mobile money N = 143			

Current mobile money users in the survey were predominantly already banked, are urban dwellers, and have at least some secondary education. Education also seems to be a key determining factor, as 90 percent of m-money users possess at least some secondary education. Fifty-nine percent of m-money users also possessed some post-secondary education. Current m-money users also tend to be better off financially. About 51 percent of m-money users in the Zambian survey said they reside in high-income households; only 6 percent are in low-income households. Figure 6.2 below explores the reach of m-money and the market potential for m-money among the different income groups.

The importance of education as a factor in m-money adoption is not restricted to Zambia. In Kenya, where there the m-money adoption rate is much higher than in Zambia, some 71 percent of m-money users in a 2009 AudienceScapes survey said they had at least some secondary education.

The age the population of the m-money users mirrored that of the population as whole, with nearly half of users between 15 and 29, and 38 percent in between 30-44. However, young adults (15-29) are less likely than those 30-59 to be mobile money users. This is not surprising considering that older age groups (30-59) were twice as likely to currently have a bank account

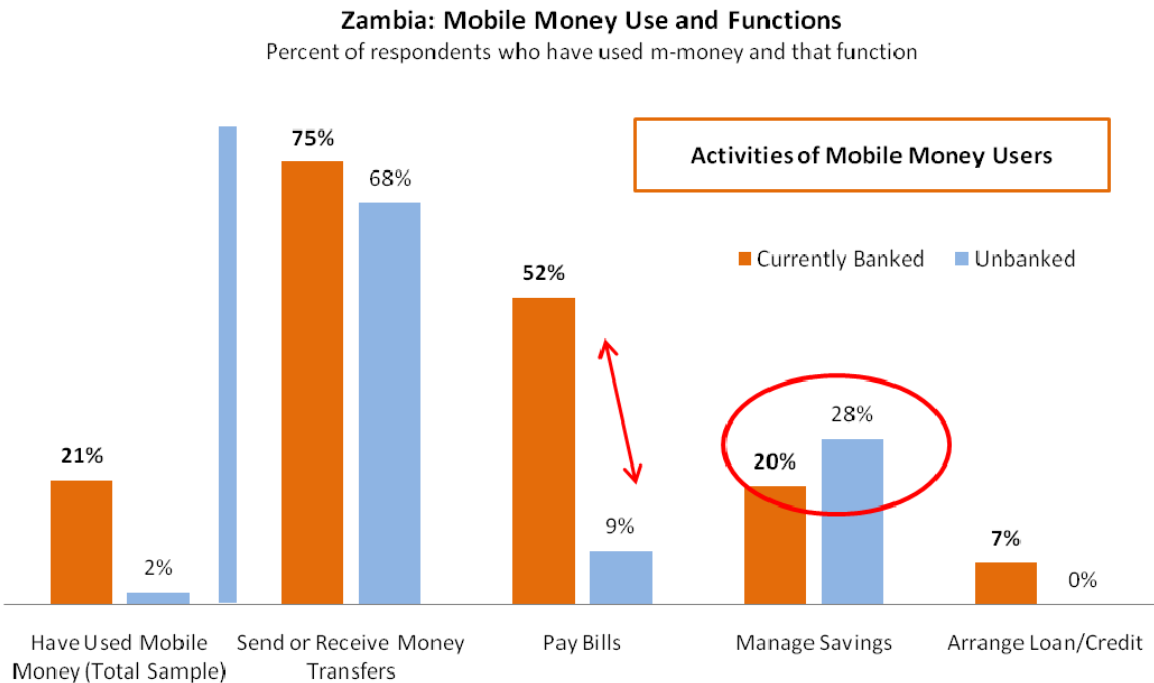
compared to those 15-29 and were in general more likely to conduct money transfers, the most common m-money transaction.

Symptomatic of mobile money being an urban phenomenon (Figure 6.1), more than a third of m-money users reside in the capital Lusaka and another 22 percent in the mineral-rich Copper Belt province. In fact, 16 percent of respondents in the Lusaka province have used m-money in the past, more than any other province and more than twice the national average. Again, this is not surprising considering how little rural residents and those in rural provinces are exposed to m-money advertising. Urban respondents are twice as likely (18 percent) to recall receiving information about m-money in the past week compared to rural respondents (9 percent).

Figure 6.2

Zambia: Mobile-Money's Reach and Market Potential among Different Income Groups				
Percent of that income group who have adopted that practice				
Income Level	High-Income	Upper-Middle-Income	Lower-Middle-Income	Low-Income
Have Used Mobile-Money in the Past	16%	8%	2%	3%
Received Info on M-Money in past week	20%	13%	11%	8%
Market Potential				
Used Money-Transfer Service in Past 12 months	39%	20%	10%	6%
Receive Money-Transfer at least every three months	26%	11%	10%	6%
Send Money-Transfer at least every three months	21%	9%	11%	3%
Currently have a Bank Account	52%	26%	13%	8%
AudienceScapes Zambia April 2010: national survey of adults (15+) n=2000; High-Income n=409; Upper-Middle-Income n=521; Lower-Middle-Income n=656; Low-Income n=342				

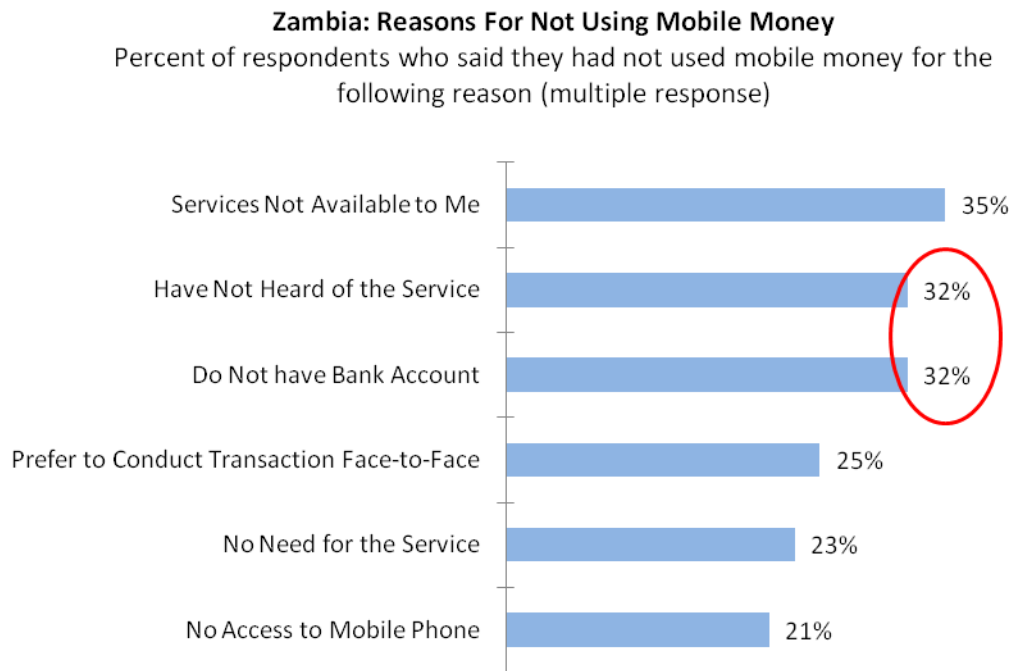
Figure 6.3



AudienceScapes National Survey of Zambia April 2010: survey of adults (15+) n=2000; have used m-money in the past N =144.

Money transfers are by far the most common activity conducted by m-money users. In general, those who already have a bank account were more likely to conduct various m-money transactions, especially the payment of bills. This is not surprising considering that m-money services until recently required a bank account and focused their campaigns on more advantaged groups. The one exception is the management of savings (Figure 6.3). What this tells us is that the unbanked who are using m-money, even though they encompass a smaller percentage of users, are taking up the opportunity to do more than send and receive money transfers and adopt basic formal banking practices.

Figure 6.4



AudienceScapes Zambia April 2010: survey of adults (15+) who have not used mobile money N = 1856

Two out of the top three reasons for why some Zambians have not used m-money (“have not heard of the service” and “do not have a bank account”) are reflective of a lack of information about or understanding of the product (Figure 6.3). Not all m-money programs in Zambia require a bank account to operate them, revealing that there is a lack of understanding among Zambians about m-money and how it may benefit the consumer.

Via. Market Potential

As m-money providers like Cellpay shift their target audience towards the masses, more expansive marketing campaigns informing consumers about the benefits of m-money will help sensitize Zambians to the the service and dispel their assumptions about who is qualified to use it. When asked about their level of satisfifaction regarding information on m-money services, 42 percent of respondents said they lacked sufficient information about m-money to make even a judgement. Only 22 percent of non-mobile money users said they were very or somewhat satisfied with the amount of information they were receiving. Those who lacked information on m-money or were dissatisfied with the level of information they are receiving

are more likely to be unbanked and less affluent indicating a large untapped segment of the population that could potentially benefit from m-money.

The survey data reveal that there is substantial room to grow for the m-money sector. Seventeen percent of respondents say they used a money transfer service in the past 12 months. Although this is not the only type of service offered by m-money operators, it is the most used function among current mobile money users and users in other African countries. Further indicating that there still is an audience for m-money in Zambia is that only 24 percent of those who have sent a money transfer has used m-money in the past.