MOBILE MONEY IN UGANDA

In 2011, the Bill & Melinda Gates Foundation’s Financial Services for the Poor program commissioned InterMedia to conduct a three-year panel study of households in Pakistan, Uganda and Tanzania. This study is designed to monitor the uptake, use and market potential of mobile money (m-money) services. As part of this project, three mini-surveys are conducted between waves one and two and waves two and three of the study. These are the findings from the second mini-survey of the first wave of FITS Uganda, conducted in October and November 2012.

METHODOLOGY AND SAMPLE OVERVIEW

Of the 3,000 households selected for the FITS study, 1,957 households (65 percent) provided phone contact information and 932 households (31 percent) were successfully re-contacted for the second mini-survey; 579 households (19 percent) participated in both the first and second mini-surveys.

Ninety-seven percent of the re-contacted households lived in the same residence as they did when the main survey was taken.

The households that responded to the second mini-survey are different from the average household in the full FITS sample. All re-contacted households had access to a mobile phone (versus 73 percent of the total sample), 83 percent were rural (versus 86 percent), 75 percent of the mini-survey households reported living on less than $2 a day (versus 79 percent), and 75 percent were unbanked (versus 83 percent). The re-contact group was overrepresented by urban, well-off and banked households and might not have behaved similarly to the households who were not re-contacted. The findings of this mini-survey are not representative of all households in the sample.

KEY FINDINGS

M-MONEY REGISTRATION

Forty-three percent of re-contacted households registered a new m-money account between the main survey and the second mini-survey. Among disadvantaged households—unbanked, rural and poor—and households that had no m-money users at the time of the main survey, two in five reported a new registered account (Figure 1).

Among households who participated in both mini-surveys, 85 households (15 percent) reported a new account at the time of the second mini-survey, but had no m-money users in the household during the main or first mini-survey.

Seventy-six percent of the households with newly-registered accounts signed up with MTN Mobile Money. Of the remaining new m-money accounts, 16 percent were signed up with Airtel Money, 7 percent with Warid Pesa and 2 percent with M-Sente.

MTN Mobile Money retains its dominance in the Ugandan m-money market. Sixty-eight percent of newly-registered m-money accounts were exclusively with MTN.

Mobile Money; 8 percent of households signed up for new accounts with MTN Mobile Money and another provider. Twenty-eight percent of all households with new m-money accounts already had a registered user of MTN Mobile Money at the time of the main survey.

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1N=400

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Figure 1. Profile of households with new m-money accounts registered since the main survey

| Consumption: at or above $2 a day (n=230) | 47% |
| Consumption: below $2 a day (n=702) | 42% |
| Urban (n=161) | 52% |
| Rural (n=771) | 41% |
| Banked (n=229) | 50% |
| Unbanked (n=703) | 42% |
| HH with registered m-money users during main survey (n=255) | 50% |
| HH with non-registered m-money users during main survey (n=48) | 48% |
| HH with no m-money users during main survey (n=626) | 40% |

Source: FITS study of households (HH) in Uganda, October-November 2012; n=932.
M-Money Accounts for Household Savings

Thirty-four percent of surveyed households said they stored money on an m-money account in the past four weeks; 15 percent stored money during an earlier time period.

Banked, urban households and households living above the poverty line were most likely to use an m-money account to store money before and during the past four weeks (Figure 2).

Across all households, business earnings (from selling assets or earning money via a side business) are the main source of stored money (48 percent of households that saved in the past four weeks). A quarter of households each stored either part of a remittance (24 percent) or a portion of their household budget (23 percent).

Members of the majority of households were saving for a planned future purchase or to prepare for possible emergencies in their own or in another household (i.e., friend or family member’s household) (Figure 3).

Among households that never used m-money accounts to store money, the majority either did not have a registered account/did not use m-money (33 percent) or did not have extra money to set aside (31 percent). The safety of storing money in an m-money account was also a concern. Three percent of respondents were worried that other people might be able to access money on their m-money accounts; the same percentage were afraid they might spend the money themselves.

The full report of the first wave FITS survey in Uganda, “Mobile Money in Uganda: Use, Barriers and Opportunities,” as well as the FITS mini-survey reports are available at www.audiencescapes.org/FITS. For more information about the FITS project contact Anastasia Mirzoyants, FITS project director (mirzoyantsa@intermedia.org), or Peter Goldstein, FITS project principal (goldsteinp@intermedia.org).

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