Tanzania Mobile Money Tracker Study

Wave 3 Report

November 2012
Table of Contents

Introduction ......................................................................................................................................... 5
Executive Summary ............................................................................................................................ 6
Mobile Money Awareness .................................................................................................................. 8
Mobile Money Use ............................................................................................................................ 14
Barriers to Mobile Money Use .......................................................................................................... 25
Competing Alternatives to Mobile Money Use ................................................................................ 35
Appendix 1: Research Methodology ................................................................................................. 42
Appendix 2: Subsample Bases ........................................................................................................... 45

List of Figures

Figure 1. Percentage of Tanzanian Adults Who Could Spontaneously Name Each Provider ........... 8
Figure 2. Percentage of Tanzanian Adults Who Reported Seeing or Hearing a Mobile Money Advertisement in the Last Month .................................................................................. 9
Figure 3. Percentage of Tanzanian Adults Who Reported Seeing an Advertisement for Each Provider in the Last Month ........................................................................................................ 9
Figure 4. Percentage of Urban and Rural Adults Who Have Seen or Heard a Mobile Money Advertisement in the Last Month .................................................................................................. 10
Figure 5. "Which of the following statements would you say describes mobile money?" ............... 12
Figure 6. Change in Recognition of Mobile Money’s Different Uses by Urban and Rural Residents (Percentage Point Change) ..................................................................................................... 12
Figure 7. Active Mobile Money Use among Tanzanian Adults .......................................................... 14
Figure 8. Regions with Increases in Mobile Money Use in Wave Three ............................................. 14
Figure 9. Mobile Money Use by Region in Wave Three ..................................................................... 15
Figure 10. Mobile Money Use by Brand: Provider Used Most Frequently ........................................ 15
Figure 11. Percentage of Each Subsample Who Use Mobile Money .................................................. 16
Figure 12. Mobile Money Use Differs by Gender, Location, and Poverty Level .................................. 17
Figure 13. Percentage of Active Mobile Money Users in Each Subgroup ........................................ 19
Figure 14. Percentage of Active Users Who Began Using Mobile Money for Each Purpose ............ 19
Figure 15. Percentage of Active Mobile Money Users Who Used Each Mobile Money Service in the Previous Four Weeks .................................................................................................... 21
About InterMedia

InterMedia [www.intermedia.org] is a consulting group with expertise in applied research and evaluation. We help clients understand, inform and engage people worldwide – especially in challenging environments. InterMedia's offices are located in Washington, D.C., London and Nairobi, and we work with a global network of research partners.

Clients active in international development, global media and strategic communication come to us for insight on how people gather, interpret, share, and use information from all sources and on all platforms. We provide guidance and impact assessment for strategies focused on engagement, behavior change, content delivery and the use of communication technologies for social benefit.

InterMedia promotes knowledge sharing through a range of online and offline resources, including AudienceScapes [www.audiencescapes.org] – a research dashboard providing data and analysis on a variety of topics in developing countries. We are also committed to strengthening research capacity in the countries where we work.

Authors

Michelle Kaffenberger, Research Manager, InterMedia
kaffenbergerml@intermedia.org

Sidra Butt, Research Manager, InterMedia Africa
sidrabutt@intermedia.org

Acknowledgments

The authors would like to thank their colleagues for contributions to this report:

Abdinasir Abdi, Operations Manager
Joe Bonnell, Qualitative Practice Manager
Tim Cooper, Director of Research
Peter Goldstein, Director of Foundation Relations
Vivien Marles, Managing Director, InterMedia Africa
Max Richman, Research Analyst

The Tanzania Mobile Money Tracker Study is being carried out with funding from the Bill & Melinda Gates Foundation (BMGF). The research was conducted in Tanzania by InterMedia with Synovate and Ricochet Research, in conformity with the standards of the ICC/ESOMAR International Code on Market and Social Research [http://www.esomar.org/index.php/codes-guidelines.html].

All survey materials and data resulting from this study are the property of the BMGF, but the findings and conclusions presented in this report are those of the authors and do not necessarily reflect positions or policies of the BMGF.
Introduction

With support from the Bill & Melinda Gates Foundation, InterMedia is undertaking a one-year tracking study to understand the drivers of and barriers to mobile money (m-money) use among Tanzanians.

Starting in September 2011, the study covers four waves, with each wave comprising four research components. This report is based on the results of the third wave of research, which took place from May to June 2012. Details on the technical research approach are provided in Appendix 1.

Quantitative and Qualitative Research Components, Wave Three

<table>
<thead>
<tr>
<th>Research Component</th>
<th>Respondent Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Survey</td>
<td>A nationally representative sample of 1,999 Tanzanians 15 and older</td>
</tr>
<tr>
<td>Focus Groups</td>
<td>6 groups of registered mobile money users and 6 groups of non-registered users in Zanzibar Island and Dodoma</td>
</tr>
<tr>
<td>In-Depth Interviews</td>
<td>15 single-network mobile money agents, and 10 multi-network agents in urban and rural areas</td>
</tr>
<tr>
<td>Mystery Shoppers*</td>
<td>25 visits to mobile money agents in urban and rural areas</td>
</tr>
</tbody>
</table>

*Mystery shoppers are field researchers who played the role of potential customers and reported back on their experiences with m-money agents.

Active users, lapsed users and nonusers

This report defines active mobile money users as those who have used mobile money in the previous three months. Lapsed users have used mobile money at some point, but have not used it in the last three months. Nonusers have never used mobile money.

Younger participant, older participant

Focus groups were divided into two age groups. “Younger participant” refers to focus group participants who are 25 to 30 years old. “Older participant” refers to those 31 to 40 years old.

Sample base sizes

Base sizes for demographic and geographic breakdowns described in this report are provided in Appendix 2.
Executive Summary
Active mobile money use increased in wave three, rising from 24 to 30 percent of the Tanzanian adult population. Much of this growth came from rural areas. Exposure to mobile money advertisements also increased in wave three, rising the most in rural areas. Overall awareness of mobile money reached a new high of 97 percent of Tanzanian adults.

Responses from multiple sources suggest that difficulty moving from awareness to understanding of mobile money is an obstacle to use. Mobile money agents said mobile money providers should not only raise awareness through advertisements, but should do a better job of using their advertisements to communicate the service’s uses and benefits. Many active mobile money users reported they do not fully understand how to use the service, and expressed frustration in needing help with transactions.

Tanzanians overwhelmingly consider mobile money the safest, fastest, most convenient, and least expensive way to send or receive money. Yet more Tanzanians send and receive money through friends and family than mobile money. More Tanzanians used mobile money to save or store money in wave three than in wave two, rising from 16 to 23 percent.

Mobile Money Awareness
- Awareness of mobile money reached a new high of 97 percent of Tanzanian adults in wave three.
- More people reported seeing or hearing advertisements for mobile money in wave three than in wave two. Among mobile money providers, Airtel Money had the largest increase in reported advertising exposure, rising from 15 percent to 37 percent of Tanzanian adults.
- The increase in advertising exposure was concentrated in rural areas. Exposure remained constant, at 80 percent, in urban areas, while in rural areas it rose from 56 to 67 percent.
- Mobile money agents recommended moving away from advertisements that simply create awareness to advertisements that communicate the uses and benefits of mobile money.
- Perceptions of mobile money as more than just a way to send or receive money are growing. Nearly two-thirds of Tanzanians now view mobile money as a way to save money, and nearly one-third views it as useful for business.
- Recognition of mobile money’s uses beyond a money transfer service is growing faster in rural areas than in urban areas, although, overall recognition is still lower in rural areas.

Mobile Money Use
- Active mobile money use, defined as those who have used mobile money in the previous three months, increased by 6 percentage points to 30 percent of the Tanzanian adult population in wave three.
- Rural areas experienced higher growth than urban areas, although overall use is still lower in rural areas.
• Rural women below the poverty line remain the least likely to use mobile money, while urban men above the poverty line remain the most likely.
• In rural areas, women are less likely to use mobile money than men, but in urban areas there is no statistical difference between genders.
• The urban poor are more likely to use mobile money than the rural poor across both genders.
• Receiving money remains the most common reason people begin to use mobile money.
• Network coverage is the most important factor Tanzanians consider when choosing a mobile money service provider. Cost is the second most important consideration.

**Barriers to Mobile Money Use**

• In wave three, more nonusers reported not using mobile money because they “don’t know how to use it” than in wave two.
• The percentage of nonusers who reported they did not use mobile money because they “have not heard of it” dropped from 6 percent to 2 percent.
• Many nonusers in both urban and rural areas said their expenses often exceed their income, and with so little money, they did not see a need for mobile money services.
• The mystery shopping exercises revealed that mobile money agents often do not explain mobile money or its benefits even when nonusers ask for information.
• Many active mobile money users do not believe they fully understand the service. Many said they are unable to carry out transactions independently, and they do not like having to rely on others, particularly agents, for help.
• Active mobile money users reported more problems with agents in wave three (57 percent) than in wave two (48 percent).
• Both users and nonusers expressed fears about losing money in a mobile wallet if their phone is lost or stolen. They were also concerned about sending money to an incorrect phone number and being unable to retrieve it.
• Respondents reported network problems persist; the percentage of active users who could not complete a transaction because the network was down increased by five percentage points, to 62 percent.

**Competing Alternatives to Mobile Money Use**

• Friends and family remain the most common means by which Tanzanians transfer money, with 68 percent sending or receiving money this way.
• Transferring money through airtime vouchers, an informal money transfer method using prepaid airtime credit, dropped significantly, from 32 to 20 percent of Tanzanian adults.
• Mobile money is considered the safest, most convenient, fastest and least expensive way to send and receive money, compared with friends and family, airtime vouchers, dala dala buses, and direct deposit in a bank account.
• Tanzanians are increasingly using mobile money as a way to save money, rising from 16 percent of adults to 23 percent.
**Mobile Money Awareness**

Unlike in wave two, awareness of mobile money rose in wave three, reaching 97 percent of the Tanzanian adult population. Spontaneous recognition of all mobile money providers except NMB Pesa Fasta showed a statistically significant increase in wave three, which is notable as recognition did not increase significantly for any of the providers in wave two.

**Figure 1. Percentage of Tanzanian Adults Who Could Spontaneously Name Each Provider**

![Chart showing percentage of Tanzanian adults who could spontaneously name each provider.]()  

Total awareness, including both spontaneous and prompted recognition, has reached a new high of 97 percent of Tanzanian adults.

Tanzanians in some rural areas, however, still have not heard the term “mobile money.” When asked if they knew of M-PESA, some respondents knew the name but did not understand the services M-PESA provides.

*When I see some place is written M-PESA, I know there is a service there where people send money to each other. We don’t quite understand what those services are.*

– Female, Older Participant, Rural - Dodoma

Some nonusers in rural areas reported they had heard very little about mobile money from others in their communities, indicating that word-of-mouth may not be a strong information source in some areas. Others reported they do not know any mobile money users. Mobile money agents in rural locations said many of their new and prospective customers come to them having very little or no prior knowledge or understanding of mobile money services.

**Advertisements May Be Increasing Awareness**

In each wave, the percentage of Tanzanian adults who reported seeing a mobile money advertisement has increased.
In wave three, more people reported being exposed to mobile money advertising than in wave two. Airtel Money had the largest increase in exposure, by a wide margin.

The growth in advertising exposure is being driven almost entirely by increased exposure in rural areas. Exposure to advertising in urban areas remained consistent at about 80 percent between waves two and three, while exposure among rural residents increased by 11 percentage points. However, the total level of exposure is still lower in rural areas (67 percent).
Radio is the most common way people first hear about mobile money in both urban and rural areas. In wave three, 69 percent of people in urban areas and 78 percent of rural residents reported first hearing about mobile money on the radio.

Urban residents talked about seeing advertisements from multiple other sources as well, frequently citing TV, billboard advertisements, brochures and SMS alerts. Some said these sources first introduced them to mobile money.

* I heard about mobile money services through media announcements such as TV, radio. They also give out flyers and brochures.

– Male, Older Participant, Urban - Zanzibar

* We have also seen road car promotions and billboards announcing M-PESA and Ezy-Pesa.

– Female, Younger Participant, Urban - Zanzibar

In rural areas, signboards at local agent shops are a main source of mobile money advertisement. The mystery shopping exercise revealed that 24 of the 25 agents visited had signs in front of their shops to advertise their mobile money services.

Some rural residents reported that visual advertisements, including billboards and posters, are helping create initial awareness of m-money service providers. Other rural residents reported limited forms of advertisements in their areas. Several rural women reported seeing mobile money signs at their local markets, but were not aware of other forms of advertising.
Agents frequently noted that service providers need to strengthen advertising to improve understanding of their services. Agents recommended providers move their focus from simply creating awareness to communicating mobile money’s uses and benefits. According to agents, visual communication has been effective in creating initial awareness, but has not yet been effective at communicating mobile money uses and benefits.

I think the mobile money service providers need to have more adverts to educate more people because I think people still need more education.

– Multi Agent, Urban - Moshi

[The service providers] should have posters indicating the usage of their services, like a guideline of what to do, and how reliable their services are in order for the customers to read...The mobile service providers should continue educating the public more on their services.

– Multi Agent, Rural - Moshi

[The service providers] need to be educating customers more about the services because people understand things differently; we are not all the same.

– Single Agent, Urban - Mbeya

Agents recommend using verbal and interactive channels, particularly radio programming and road shows, to promote discussions related to mobile money. This, they suggest, would increase awareness and understanding among rural communities with high levels of illiteracy.

[The service providers] should be advertising through radio or promotions whereby they will provide information verbally.

– Multi Agent, Rural - Dodoma

**Awareness of Mobile Money’s Multiple Uses Is Growing**

Recognition of mobile money’s uses beyond sending and receiving money continues to increase significantly. With nearly two-thirds of Tanzanians now viewing mobile money as a way to save money, and nearly one-third viewing it as useful for business, perceptions of mobile money as more than just a money transfer service are growing.
Figure 5. "Which of the following statements would you say describes mobile money?"

Like advertising exposure, much of the growth in recognition of mobile money’s uses is coming from rural areas.

Figure 6. Change in Recognition of Mobile Money’s Different Uses by Urban and Rural Residents (Percentage Point Change)

While awareness of the different uses for mobile money is growing faster in rural areas than in urban areas, the growth is coming from a lower starting point. Overall, the level of awareness of various mobile money services is still higher in urban areas. Many rural residents still understand mobile money simply as a money transfer method.

*I don’t know much about it but I know that you can use it to send and receive cash.*

– Female, Older Participant, Rural - Dodoma

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012. *Represents statistically significant changes (p<0.05).
Urban men who use mobile money seem to have a strong grasp on the multiple ways they can use the service. In discussions, they identified sending and receiving money, storing and saving money, and bill payment services as mobile money uses.

I have heard that the service providers have now started offering other services such as paying your electricity bills, buying airtime and saving your money…with M-PESA.

– Male, Older Participant, Peri Urban - Dodoma

A number of Tanzanians suggested that mobile money providers should use advertising to promote the full range of mobile money services.

People used to see an advert of a father going to pay for his child’s school fee, and everybody said, I want the service and joined. They should do the same promotion with other services. Services such as payment of salaries, paying for fees. Some people have not understood what mobile money services are about; this is why we say education is important.

– Female, Younger Participant, Urban - Zanzibar
Mobile Money Use

Active mobile money use, defined as those who have used mobile money in the previous three months, increased during wave three to 30 percent of the adult population. The percentage of lapsed users remained constant at 3 percent, and the remaining 67 percent are nonusers.

Figure 7. Active Mobile Money Use among Tanzanian Adults

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>24.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 2</td>
<td>23.6%</td>
</tr>
<tr>
<td>Wave 3</td>
<td>30.3%</td>
</tr>
</tbody>
</table>

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012. *Represents statistically significant changes (p<0.05).

Growth in mobile money use was not uniform across the regions of the country, however. Much of the growth was concentrated in a handful of regions.

Figure 8. Regions with Increases in Mobile Money Use in Wave Three

Source: InterMedia tracking survey of Tanzanian adults; wave 3, n=1,999; May-June 2012. Changes were significant at an 85% confidence level (p< 0.15).
The level of mobile money use also varies significantly by region. Arusha and Kilimanjaro have two of the highest usage rates, while the neighboring region of Manyara has the lowest.

**Figure 9. Mobile Money Use by Region in Wave Three**

The proportion of active mobile money users who use each mobile money brand remained constant, with Vodacom’s M-PESA leading by a wide margin.

**Figure 10. Mobile Money Use by Brand: Provider Used Most Frequently**

Source: InterMedia tracking survey of Tanzanian adults; wave 3, n=1,999; May-June 2012.
Mobile money use increased across almost every demographic listed in Figure 11 in wave three. Rural areas experienced higher growth than urban areas, and more than a quarter of women now actively use mobile money.

More affluent groups experienced the biggest increases, including the banked and those above the poverty line. However even the unbanked and those below the poverty line registered significant increases.

**Figure 11. Percentage of Each Subsample Who Use Mobile Money**

<table>
<thead>
<tr>
<th></th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>24</td>
<td>24</td>
<td>30*</td>
</tr>
<tr>
<td><strong>Poverty Level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above $1.25/day PPP</td>
<td>35</td>
<td>38</td>
<td>47*</td>
</tr>
<tr>
<td>Below $1.25/day PPP</td>
<td>16</td>
<td>15</td>
<td>19*</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>28</td>
<td>26</td>
<td>34*</td>
</tr>
<tr>
<td>Female</td>
<td>21</td>
<td>21</td>
<td>27*</td>
</tr>
<tr>
<td><strong>Residence</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>41</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>Rural</td>
<td>18</td>
<td>17</td>
<td>23*</td>
</tr>
<tr>
<td><strong>Age Group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-29</td>
<td>23</td>
<td>23</td>
<td>30*</td>
</tr>
<tr>
<td>30-44</td>
<td>27</td>
<td>25</td>
<td>32*</td>
</tr>
<tr>
<td>45-59</td>
<td>28</td>
<td>26</td>
<td>33</td>
</tr>
<tr>
<td>60+</td>
<td>14</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td><strong>Banking Status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banked</td>
<td>53</td>
<td>53</td>
<td>67*</td>
</tr>
<tr>
<td>Unbanked</td>
<td>18</td>
<td>18</td>
<td>23*</td>
</tr>
</tbody>
</table>

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012; Subsample bases available in Appendix 2. *Represents statistically significant changes (p<0.05).

Further segmentation of the population (Figure 12) shows that rural women below the poverty line remain the least likely to use mobile money. Urban men above the poverty line are most likely to use the services.
Figure 12. Mobile Money Use Differs by Gender, Location, and Poverty Level

Wave 1 | Wave 2 | Wave 3
Urban male above poverty
Nonusers: 47% | 40% | 38%
Inactive Mobile Money Users: 4% | 4% | 4%
Active Mobile Money Users: 50% | 56% | 58%

Wave 1 | Wave 2 | Wave 3
Urban female above poverty
Nonusers: 48% | 55% | 58%
Inactive Mobile Money Users: 4% | 4% | 4%
Active Mobile Money Users: 44% | 6% | 6%

Wave 1 | Wave 2 | Wave 3
Urban male below poverty
Nonusers: 65% | 58% | 59%
Inactive Mobile Money Users: 2% | 8% | 6%
Active Mobile Money Users: 63% | 31% | 30%

Wave 1 | Wave 2 | Wave 3
Urban female below poverty
Nonusers: 34% | 34% | 35%
Inactive Mobile Money Users: 3% | 3% | 2%
Active Mobile Money Users: 30% | 29% | 34%
Mobile Money Use Differs by Gender, Location, and Poverty Level (cont.)

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural male above poverty</td>
<td>Rural female above poverty</td>
<td>Rural male below poverty</td>
<td>Rural female below poverty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonusers</td>
<td>Inactive Mobile Money Users</td>
<td>Active Mobile Money Users</td>
<td>Nonusers</td>
<td>Inactive Mobile Money Users</td>
<td>Active Mobile Money Users</td>
</tr>
<tr>
<td>65%</td>
<td>64%</td>
<td>49%*</td>
<td>70%</td>
<td>69%</td>
<td>65%</td>
</tr>
<tr>
<td>6%</td>
<td>5%</td>
<td>3%</td>
<td>24%</td>
<td>26%</td>
<td>33%*</td>
</tr>
<tr>
<td>22%*</td>
<td>24%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012; Subsample bases available in Appendix 2. Some categories do not add up to 100 percent due to rounding. *Represents statistically significant changes (p<0.15).

In rural areas, women are less likely to use mobile money than men, but in urban areas there is no statistical difference between genders. The urban poor are much more likely to use mobile money than the rural poor, across both genders. Rural males above the poverty line use mobile money at a relatively high rate of 47 percent, more than any other rural groups.

Active mobile money use increased among rural men above and below the poverty line, and among rural women above the poverty line. In urban areas, use only increased among women above the poverty line.
Mobile money use increased among both the banked and unbanked (Figure 13), with a 14 percentage point jump among the banked. Use also increased among both the literate and illiterate.

**Figure 13. Percentage of Active Mobile Money Users in Each Subgroup**

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012; Subsample bases available in Appendix 2. *Represents statistically significant changes (p<0.05).

**Reasons for Using Mobile Money**

Receiving money remains the most common reason people begin to use mobile money. Sending money is the second most common reason, although it dropped from representing 41 percent of active users in wave two to representing 32 percent of users in wave three. Growth in mobile money use appears to be coming from receivers of mobile money transfers.

**Figure 14. Percentage of Active Users Who Began Using Mobile Money for Each Purpose**

Source: InterMedia tracking survey of Tanzanian adults; wave 3, n=1,999; Base n=606 active mobile money users; May-June 2012.
Many Tanzanians reported starting to use mobile money to send or receive regular transfers to family members and to transfer money in emergency situations, such as illness or death. This was similar to the findings in previous waves.

My mother was sick. In the village where my mother is, are no bank services and to get to the banks, you had to travel to town. So I sent her money instead through mobile money services and they received it.

– Male, Younger Participant, Urban - Zanzibar

I ask for help from relatives when my kid is sick and they send via M-PESA and then I take the child to the hospital.

– Female, Younger Participant, Rural - Dodoma

Many young, urban females discussed how they began using mobile money as students to receive tuition money from their parents. They had been receiving cash from their parents, but sought out a better alternative and chose mobile money. Many continue to receive mobile money transfers from their parents for their personal expenses.

The first thing that made me go for this service is because my parents are far from here and I am studying. Sometimes when I am in need of money, they have to look for somebody to give the money to and bring to me. So mobile money services were easier for them to send money through.

– Female, Younger Participant, Urban - Zanzibar

I had not registered with M-PESA but had heard about it. Back then I was at school and people had to send me cash to use for school fees. So I decided to ask the agent and register so that when the money comes, it goes directly to my phone account.

– Female, Younger Participant, Peri Urban - Dodoma

Tanzanians’ everyday uses of mobile money also indicate that growth is being driven by transfer recipients. The percentage who had received mobile money in the four weeks prior to the survey increased significantly, while the percentage who had used mobile money to send money did not change.¹

¹ The change shown for “Sent Money” in the figure is not statistically significant.
The percentage of rural mobile money users who had received a mobile money transfer in the previous four weeks increased significantly, from 74 percent to 84 percent.

While not common, some urban residents discussed using M-PESA to pay utility bills. Those who do use it for this purpose appreciate the ease of m-money.

*With M-PESA, the service that I use a lot and like is that of paying for electricity bills. I do not have to go to TANESCO and pay for electricity; I just purchase it on my phone.*

– Male, Younger Participant, Urban - Zanzibar

More Tanzanians used mobile money to store or save money in wave three than in wave two, and many Tanzanians talked about the safety and convenience that comes with saving in a mobile wallet.

*If your money is on M-PESA and a person steals the phone, your money would still be there. It is easy to cash out when you have a problem and it is safe to save.*

– Female, Younger Participant, Rural - Dodoma

**Mobile Money as a Savings Tool among Women**

Women focus group participants in both urban and rural areas reported a substantial level of control over household expenditures and finances, including spending and saving money. Among mobile money users, many of the women who save money reported saving it in their mobile money accounts. Privacy and security are the main reasons they gave for saving with their mobile money account. They said that when they save with mobile money, their money is not accessible by family members and is safe from theft. Some women reported they even keep their mobile money savings a secret from their husbands.
There are times my husband wants to use the money without a reason. What I do is I tell him that I don’t have money but if I see there is a strong need for getting money I would just go out and pretend I am going to get a loan from someone, but I actually go to the agent and cash out.

– Female, Younger Participant, Rural - Dodoma

While women are also largely responsible for daily purchases, such as food and clothing, they did not report using mobile money for these types of transactions.
**Mobile Money in Tanzanians’ Financial Lives**

In the focus group discussions, Tanzanians described the ways they use their money. The schematic below was developed based on their responses. The expenditures that the participants discussed fall into a few main categories, and they talked about using mobile money in some categories but not others. The area where mobile money is most commonly used is support for extended family through mobile money transfers. Others talked about using mobile money to transfer money in emergencies, while others use their mobile money wallet to save money. In Figure 16, the dark green boxes represent ways that focus group participants reported using mobile money. The light green boxes represent other expenditures for which mobile money is not yet being used.

**Figure 16. Regular Expenditures and Mobile Money**

Many Tanzanians reported receiving money transfers from a variety of sources, and then sending transfers on to others.

"I receive money from my parents and I receive money from my sister for her daughter’s upkeep… I also use mobile money services to send money to my other family members… Out of the money I receive, I use it for school fees, food, different social uses and I also save a bit for myself… I send to my young sister/brother who is at a college, I help her/him a little."

– Female, Younger Participants, Urban - Zanzibar

Source: InterMedia tracking survey of Tanzanian adults; wave 3 qualitative research focus groups; May-June 2012.
Choosing a Mobile Money Provider

Network coverage is the most important factor Tanzanians consider when choosing a mobile money service provider. Cost is also a consideration, with a fifth of Tanzanian adults considering it most important.

Figure 17. Most Important Factors When Choosing a Mobile Money Provider

Source: InterMedia tracking survey of Tanzanian adults; n=1,999; May-June 2012.

In Zanzibar, focus group participants described the agent network as particularly important. There, Zantel is the most popular provider for voice and message services, but most active mobile money users register with either M-PESA or Tigo Pesa rather than Zantel’s Ezy Pesa. Focus group participants cited M-PESA and Tigo Pesa’s better agent networks as major reasons for this, as well as perceptions that M-PESA and Tigo Pesa are more reputable and their networks more reliable than Ezy Pesa.

*Vodacom impressed me more because their agents are placed in many places. Even close to where I stay, there is an agent.*

– Female, Younger Participant, Urban - Zanzibar
Barriers to Mobile Money Use
Tanzanians report a variety of issues and barriers that prevent them from using mobile money, or from using mobile money more actively. Some of the issues are specific to nonusers, while others apply to nonusers and users alike. Some of these barriers include a lack of understanding of mobile money services, issues with agents, security concerns, security risks tied to PIN sharing, problems with registration and network service, and difficulties charging phones.

Reasons Nonusers Give for Not Using Mobile Money
More nonusers reported not using mobile money because they “don’t know how to use it” in wave three than in wave two. The percentage who reported their reason for not using is that they “have not heard of it” dropped from 6 percent to 2 percent.

In wave three a greater percentage reported that the services are too expensive and that the services are “only for rich people/business people.” These perceptions may dissuade poorer Tanzanians from trying the services.

Thirty-nine percent of nonusers cited lack of access to a mobile phone as the reason they do not use mobile money. Mobile phone ownership and access did not increase in wave three, indicating that access may continue to be an obstacle to mobile money uptake.
Figure 18. Percentage of Nonusers Who Report Not Using Mobile Money for Each Reason

<table>
<thead>
<tr>
<th>Reason</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t know how to use it</td>
<td>37%</td>
<td>33%</td>
<td>42%*</td>
</tr>
<tr>
<td>Don’t have access to a mobile phone</td>
<td>41%</td>
<td>39%</td>
<td>38%</td>
</tr>
<tr>
<td>Don’t have access to an agent</td>
<td>37%</td>
<td>35%*</td>
<td>32%</td>
</tr>
<tr>
<td>Do not need these services</td>
<td>30%</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td>Services are inconvenient</td>
<td>19%</td>
<td>19%</td>
<td>22%</td>
</tr>
<tr>
<td>Services are too expensive</td>
<td>11%</td>
<td>11%</td>
<td>16%*</td>
</tr>
<tr>
<td>Too difficult to use or register for</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Only for rich/business people</td>
<td>8%</td>
<td>9%</td>
<td>12%*</td>
</tr>
<tr>
<td>I do not trust these services</td>
<td>5%</td>
<td>6%</td>
<td>9%*</td>
</tr>
<tr>
<td>Have not heard of these services</td>
<td>5%</td>
<td>6%</td>
<td>2%*</td>
</tr>
<tr>
<td>Prefer in person</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012; Subsample bases available in Appendix 2. *Represents statistically significant changes (p<0.05).

As shown in Figure 19, among urban residents and those above the poverty line, “not needing mobile money services” is the most common reason reported for not using the services. All other demographic groups cite lack of access to a mobile phone and lack of understanding as the main two reasons they do not use mobile money.
Lacking a need for mobile money emerged even more prominently in focus group discussions with nonusers. Many nonusers in both urban and rural areas said their needs and expenses often exceed their incomes. They said they frequently resort to loans from family and friends to provide for their family’s needs. With so little money, they do not see a need for mobile money services.

_I have no one to send money to. I live with my parents…I am not expecting money from anyone nor am I sending or receiving money. The services are not available in the rural areas and my family is there, so even if I register whom am I sending the money to?_

– Female, Younger Participant, Peri Urban - Zanzibar

Many participants also viewed mobile money as an extra expense, so even when they need to transfer money, they prefer a free alternative such as sending money with a friend or family member.

**Lack of Understanding among Nonusers**

Lack of understanding of how mobile money works is cited by nonusers as a significant obstacle to using mobile money.

_I will use it if I get to understand the importance, its safety and how it works. Give us knowledge of that service…Knowledge is very important. I don’t understand the issue of putting money in the phone…For me now, I don’t use it because I know nothing about how to use the services._

– Male, Older Participant, Urban - Zanzibar

In many cases, nonusers were aware of mobile money services but had only a very basic understanding of the uses and benefits. When asked to rate their level of understanding on a scale of zero to 10 (zero represents no understanding), many nonusers gave themselves a score of zero or one. Often their knowledge of mobile money was limited to the names of the providers.
Even though I know there are those services, Tigo-Pesa, Ezy-Pesa that is the core of what I know...I would like to learn more, to be provided with what is the importance of using this service. I need someone to explain the importance of using these services.

– Female, Younger Participant, Peri Urban - Zanzibar

Rural nonusers, especially those with limited literacy, recommended using village meetings and informational sessions to spread information and increase understanding of mobile money services.

A large percentage of people you might find have not gone to school. If you give us brochures, we might see it as just a paper. I might pick it up, tear it and throw it away. It is better if [service providers] go from one village to another and they can call people [to a meeting] and show them how to register with M-Pesa. They should educate us.

– Female, Older Participant, Rural - Dodoma

Some nonusers, however, did not seem interested in learning more, frequently noting that they had never been curious enough to seek more information about the services.

Agents frequently reported that they do not believe it is their responsibility to educate nonusers or advocate mobile money use. They seemed willing to explain mobile money to customers who specifically ask, but they do not explain or promote mobile money to other customers unprompted. Most agents considered educating customers to be the responsibility of the service providers.

The government and service providers should educate [illiterate and rural nonusers] ... if [agents] have time [they] will educate [nonusers] but if [they] don’t then [they] will just help them use the service and then let them go. Otherwise you will be overwhelmed if you have to teach everyone, but I don’t have the time… My main responsibility is to assist the customers to transact.

– Multi Agent, Rural - Dodoma

The mystery shopping exercises indicated that agents are even less helpful than they claim. They revealed that agents often do not explain mobile money or its benefits even when nonusers ask for information. Shoppers reported that agents rushed their responses, and agents limited their explanations to simply saying mobile money is a way to “send and receive” money. In multiple instances, agents referred the mystery shopper to in-store informational materials for further information on the services and mobile money registration process rather than providing additional explanations.

When mystery shoppers tried to register, some agents only took the time to explain the registration process but did not explain how to use the services thereafter. This may deter active use, as some newly-registered users do not understand how to operate the service.

Lack of Understanding among Active Users
Many active mobile money users do not believe they fully understand the service. When asked to rate their level of understanding on a scale of zero to 10 (zero represents no understanding), many
active users rated their understanding below five. They reported that they do not understand the different ways they can use mobile money. Many also said they are unable to carry out transactions independently, and they do not like having to rely on others, particularly agents.

*When I want to send, I go to the agent. I take my phone to the agent, show her the number of the person to whom I want to send money, I give the money to her. That's it. I don't know anything else. It should not be that I have to go to the agent and give my PIN number to him/her. I should be able to do the process myself.*

– Female, Younger Participant, Urban - Zanzibar

Active users continue to have problems with basic operations. Similar to wave two, 22 percent of mobile money users reported they were unable to complete a transaction because they could not get all the way through the menu or procedure on their phone. Users reported that they often learn more about how to use mobile money from friends and family than from agents.

Mobile money agents and users alike suggest that better advertising and informational campaigns are needed to improve understanding and increase active use.

*They should have more seminars and promotions to make more customers understand their services. They should give us more posters that give more details on the services and that will also help us educate some of our customers.*

– Multi Agent, Rural - Moshi

**Agent Issues**

The percentage of active mobile money users who reported problems with agents increased in wave three, from 48 percent to 57 percent. The types of agent-related problems users experienced, however, remained the same, with insufficient e-float and insufficient cash remaining the top complaints of active mobile money users. The percentage of active users who experienced an agent with insufficient e-float increased in wave three, from 24 to 31 percent. All other problems in Figure 20 remained constant.
On multiple occasions the mystery shoppers encountered agents who could not answer their questions, and the agents referred the shoppers to other, more knowledgeable agents elsewhere. In some cases, it was an employee of the main agent who was helping customers. Mystery shoppers said these employees were often unable to fully assist them.

In interviews, some agents reported they had received little or no training from the mobile money service provider. They said they were providing mobile money services based on skills and knowledge they had developed on their own.

Nonusers who were interested in learning more about the services said they would most likely visit an agent for further information. However, some doubted whether the agent would be able to answer their questions and provide adequate information. Many believed that agents do not

Source: InterMedia tracking survey of Tanzanian adults; n=1,999; Base n=606 active mobile money users. Multiple answers were allowed.

<table>
<thead>
<tr>
<th>Problem</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient e-float</td>
<td>31%</td>
</tr>
<tr>
<td>Insufficient cash</td>
<td>25%</td>
</tr>
<tr>
<td>Absent/closed</td>
<td>22%</td>
</tr>
<tr>
<td>Agent asked for PIN</td>
<td>20%</td>
</tr>
<tr>
<td>Agent was rude</td>
<td>7%</td>
</tr>
<tr>
<td>Charged above the listed transaction cost</td>
<td>5%</td>
</tr>
<tr>
<td>Charged me to deposit</td>
<td>4%</td>
</tr>
<tr>
<td>Only conducted part of the transaction</td>
<td>4%</td>
</tr>
<tr>
<td>Gave less money/e-float than owed</td>
<td>4%</td>
</tr>
<tr>
<td>Not knowledgeable about the service</td>
<td>3%</td>
</tr>
<tr>
<td>Refused to perform the transaction</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Figure 20. Percentage of Active Users Who Experienced Each Agent Problem**
understand the services well, and ranked agent understanding below five on a scale of zero to 10 (zero represents no understanding).

_Sometimes you go to the agents; some of them don’t know what they are supposed to do to serve you and can’t explain the services to you…In my opinion many agents don’t have the ability to give the services they offer._

– Male, Younger Participant, Urban - Zanzibar

Some nonusers expressed mistrust in agents. Many agents operate in semi-permanent kiosks, such as the one pictured, or from portable stands, which can be taken down and moved. The lack of permanence made some nonusers question whether such agents could be trusted with their money.

Operating hours for the semi-permanent agents were often unclear, which added to perceptions that the agents are unreliable.

_Semi-permanent mobile-money agent stand in Dodoma._

_If you go to an agent at 6 p.m., he will tell you that he is no longer working, so where do we go? ...If we hear a bank was burnt, we know where to go to get our money but when we find suddenly the agent has moved, we don’t know where to go in case of any problems with our transactions._

– Male, Younger Participant, Urban - Zanzibar

Some mobile money users suggested that mobile money agents should have more permanent and secure structures, and provide more assurances of the security of their money and transactions like banks do.

**Security Concerns**

Tanzanians continue to express concerns about the security of mobile money. Both users and nonusers fear losing the money in their mobile wallet if their phone is lost or stolen. Most focus group participants had a poor understanding of the steps to take for retrieving it.

_With the phone, my phone can be stolen…So the money I have on the phone, how will I get it back? ... I don’t know or I am not sure if my phone is stolen, if I am going to get my money back or not._

– Female, Younger Participant, Urban - Zanzibar
Agents said service providers should provide better information to customers to allay fears about using mobile money, and to assure customers of the security of the funds in their mobile accounts.

**PIN Sharing**

PIN sharing remained a security issue in wave three. A PIN number is used to access a user’s mobile money account on the user’s phone. Sharing a PIN poses a security threat as someone with the user's PIN number and access to the phone could steal money from the user’s mobile money account. Thirty-three percent of active users reported sharing their PIN in the previous six months, which is consistent with wave two. Of that 33 percent, almost one-third reported sharing their PIN “always,” and another quarter reported sharing their PIN “very often.”

Many users reported sharing their PIN because they needed help completing a transaction. Most users who share their PIN share it with agents as agents are the ones they most often turn to for help.

**Figure 21. Mobile Money Users Share Their PINs With…**

![Bar chart showing PIN sharing with different categories: Agent (55%), Spouse (17%), Brother/Sister (10%), Other (7%), Friends (6%), Other family (4%), Parent(s) (2%)]

Source: InterMedia tracking survey of Tanzanian adults; wave 3, n=1,999; Base n=193 active mobile money users who have shared their PIN in previous six months. (Multiple responses were allowed.)

Seventy-eight percent of those who had shared their PIN also reported they did not know how to change their PIN.

Similar to previous waves, many users reported using their birth year as their PIN, making it easy to guess a user’s PIN. The mystery shopping exercises revealed that agents often advise customers to set their PIN as the birth year, in order to remember it more easily.

**Registration Issues**

Although registration is free for all mobile money service providers, three of the 25 mystery shoppers were asked to pay a registration fee. Generally, they were asked to pay 1,000 Tanzanian shillings (TZS) (about US$0.63). Some mobile money users reported similar fees.
I thought [registration] was free. I was told to pay a thousand shillings and I was not prepared. If we need to pay money for registration, they need to explain that.

– Female, Younger Participant, Urban - Zanzibar

It was unclear, however, whether the TZS 1,000 fee reflected a problem with agents overcharging their customers, or if it included other legitimate costs (i.e., the cost of a new SIM card, which would account for TZS 500).

When you go to register, you buy a SIM card, you pay 1,000 and then you register. They take 500 for SIM because that SIM card costs 500 and the agent takes 500. So it is TZS 1,000 in total.

– Male, Older Participant, Peri Urban - Dodoma

In some cases focus group participants reported that the agent deposited the remainder into the new mobile money account, forcing an initial deposit. Through this, the agent would earn a fee from the deposit, but most of the registration “cost” would be returned to the mobile money user.

Such unclear reports from Tanzanians may indicate mobile money users do not understand the registration process, and do not understand where their money is going when they give it to the agent to register. According to nonusers, reports of registration fees (whether true or misinformed) are contributing to their perceptions that mobile money is expensive and that registration is costly.

In a few instances, mystery shoppers were unable to register because the agent did not have the required registration forms. These agents directed the shoppers either to another agent or to the service provider’s office to register.

Network Problems
Network problems persist. The percentage of active users who could not complete a transaction because the network was down increased by 5 percentage points to 62 percent. This also represents a 10 percentage point increase from wave one.

The mystery shoppers also experienced network problems. On multiple occasions, the agents they visited could not complete a transaction because of network issues. Agents normally directed the shoppers to another agent or the service provider to conduct the transaction.

The network issue is quite a hindrance to people registering and another issue with transactions - if someone hears the experiences of their friends or families they tend to be discouraged.

– Multi Agent, Rural - Mbeya

Phone Charging
As in waves one and two, close to 60 percent of mobile phone owners in wave three reported that they must pay to charge their phones. Among rural residents and those below the poverty line, the percentage increased to 74 and 77 percent, respectively. Without a charged phone, actively using mobile money is difficult.
Discussions with rural residents revealed additional complexities. Rural phone users often have to travel from their rural village to town centers, which can be a long distance, in order to charge their phones. Reported fees at charging stations ranged from TZS 100 to 300. In addition to paying a fee, phone users reported they risk theft of their phones or batteries if they leave them at charging points.

There are many problems with charging your phone elsewhere… Somebody can even steal your phone or change your battery. You take it for charging once per week and [the charging agent] knows your battery is good. He changes your battery and puts in a broken one.

– Female, Older Participant, Rural - Dodoma
Competing Alternatives to Mobile Money Use

Alternatives for Sending and Receiving Money

Friends and family remain the most common way Tanzanians transfer money, with 68 percent of Tanzanian adults sending or receiving money through friends or family in the previous six months. Transferring money through airtime vouchers, an informal money transfer method using prepaid airtime credit, dropped significantly, while the use of mobile money increased.

Figure 22. Percentage of Tanzanian Adults Who Used Each Method to Send or Receive Money in the Six Months Prior to the Survey

![Chart showing percentage of Tanzanian adults who used each method to send or receive money in the six months prior to the survey.]

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012. Multiple responses allowed. *Represents statistically significant changes (p<0.05).

When the question was changed slightly and Tanzanians were asked which method they use most often to send or receive money (Figure 23), friends and family and mobile money remained the top two options. However, the percent who answered mobile money increased by 8 percentage points compared with wave two. Twenty-seven percent of Tanzanians now use mobile money most often to send or receive money.

As shown in Figure 22, a similar percentage of Tanzanians had used mobile money, dala dala buses, and airtime vouchers in the six months prior to the survey (between 20 and 31 percent each). But when asked which they used most often, as shown in Figure 23, differences emerged. Only six percent use airtime vouchers and 5 percent use dala dala buses most often, while far more use mobile money most often.
Mobile money is now considered the best transfer method in each of four benefit categories shown in Figure 24. It is considered the safest, most convenient, fastest, and now in wave three, the least expensive way to send and receive money. In wave two, friends and family were considered the least expensive option. Airtime vouchers lost ground in every category, showing that it is becoming a less-preferred method for transferring money.
Figure 24. Percentage of Tanzanian Adults Who Consider Each Service the:

**Safest Method** for Sending and Receiving Money

---

**Most Convenient** Method for Sending and Receiving Money

---

**Least Expensive** Method for Sending and Receiving Money

---

**Fastest Method** for Sending and Receiving Money

---

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012. Multiple responses allowed. *Represents statistically significant changes (p<0.05).
Urban mobile money users discussed the safety and convenience of mobile money as two of their primary reasons for using the service.

*I know that my money is safe in my mobile account, so I use it when I need money…When you have cash sometimes people know especially when you are carrying a big amount of money, but with M-PESA no one will know that you are sending money and no one can take it from you…Mobile money services are [also] easy because it reduces the problem of standing in queues [at] banks.*

– Male, Younger Participant, Urban - Zanzibar

Many rural residents acknowledged that sending money through friends, family, or dala dala buses can be risky, costly, and inconvenient. Yet both nonusers and agents report that many nonusers still prefer these methods to mobile money. They report that nonusers are familiar and comfortable with the older methods, and so continue using them.

*[Nonusers] are using the buses. They feel like since they are dealing with an individual agent we might mislead them and steal from them…They have used the bus method for a long time, I think; they are comfortable with sending money with the bus driver.*

– Agents, Rural - Dodoma

Tanzanians also continue to use friends, family, or dala dala buses to send money to people who live outside the reach of mobile money agents, mobile network coverage and bank branches.

**Alternatives for Saving & Storing Money**

Tanzanians are increasingly using mobile money as a way to save money. Saving at home or at work is still by far the most common place to save, and the percentage that saved by buying a durable asset, such as livestock, increased.
Figure 25. Percentage of Tanzanian Adults Who Have Used Each Method in the Last Six Months to Save or Store Money

Tanzanians consider home or work the most convenient and least expensive place to save, but they consider a bank account the safest place to save. As in wave two, Tanzanians continue to face an apparent tradeoff in which they have to choose either safety or convenience and low expense for savings. With 81 percent saving money at home and only 15 percent saving money at a bank, convenience and expense clearly take precedence.

Source: InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012. Multiple responses allowed. *Represents statistically significant changes (p<0.05).
Figure 26. Percentage of Tanzanian Adults Who Consider Each Method the:

**Safest** for Saving or Storing Money

- **Bank account**
  - Wave 1: 53%
  - Wave 2: 57%
  - Wave 3: 54%
- **A safe place at home or work**
  - Wave 1: 25%
  - Wave 2: 24%
  - Wave 3: 18%
- **Mobile Money "wallet"**
  - Wave 1: 9%
  - Wave 2: 8%
  - Wave 3: 13%
- **Buying durable assets**
  - Wave 1: 5%
  - Wave 2: 3%
  - Wave 3: 5%
- **With a trusted individual**
  - Wave 1: 4%
  - Wave 2: 3%
  - Wave 3: 4%
- **Merry go round or SACCO**
  - Wave 1: 4%
  - Wave 2: 3%
  - Wave 3: 4%

**Source:** InterMedia tracking survey of Tanzanian adults; wave 1, n=2,000; wave 2, n=2,000; wave 3, n=1,999; September 2011-June 2012. Multiple responses allowed. *Represents statistically significant changes (p<0.05).

**Most Convenient** for Saving or Storing Money

- **A safe place at home or work**
  - Wave 1: 49%
  - Wave 2: 45%
  - Wave 3: 43%
- **Mobile Money "wallet"**
  - Wave 1: 16%
  - Wave 2: 18%
  - Wave 3: 17%
- **Bank account**
  - Wave 1: 25%
  - Wave 2: 19%
  - Wave 3: 14%
- **With a trusted individual**
  - Wave 1: 8%
  - Wave 2: 8%
  - Wave 3: 7%
- **Buying durable assets**
  - Wave 1: 4%
  - Wave 2: 4%
  - Wave 3: 5%
- **Merry go round or SACCO**
  - Wave 1: 4%
  - Wave 2: 5%
  - Wave 3: 4%

**Least Expensive** for Saving or Storing Money

- **A safe place at home or work**
  - Wave 1: 48%
  - Wave 2: 52%
  - Wave 3: 45%
- **Mobile Money "wallet"**
  - Wave 1: 15%
  - Wave 2: 15%
  - Wave 3: 23%
- **Bank account**
  - Wave 1: 16%
  - Wave 2: 17%
  - Wave 3: 12%
- **With a trusted individual**
  - Wave 1: 10%
  - Wave 2: 9%
  - Wave 3: 9%
- **Buying durable assets**
  - Wave 1: 4%
  - Wave 2: 2%
  - Wave 3: 4%
- **Merry go round or SACCO**
  - Wave 1: 5%
  - Wave 2: 4%
  - Wave 3: 4%
In discussion groups, Tanzanian adults explained some of the reasons for their saving behaviors. Active mobile money users were concerned about retrieving money if their phone was lost or stolen, dissuading many from viewing mobile money as a savings and storage tool.

Both mobile money users and nonusers were concerned about the accessibility of money stored in a mobile wallet in emergencies. Specifically, agents lacking sufficient cash to complete a transaction, down networks, and agents’ limited operating hours make mobile money too unreliable for savings intended for emergencies in the eyes of many Tanzanians.

*I feel like it is not that safe taking all my money to M-PESA...When you go to an agent, wanting to cash out, and the agent says the network is not good, maybe you have something very urgent [that you need the money for].*

– Male, Older Participant, Peri Urban - Dodoma

Some discussion group participants were concerned about saving with mobile money because it was unclear what would happen to their stored money if they died. They were concerned that their family would have difficulty claiming the money.

Many Tanzanians reported saving money in a “home bank” because it is a lower cost and more accessible option than both banks and mobile money.

*Having cash at home is more convenient than a bank or M-PESA. There are times you get visitors at home, you would have go to an M-PESA agent and cash out, but that takes time. So if you don’t have money at home, that becomes a problem...The money I kept in the house I use for emergencies as well. For example when a person in the house gets sick and needs to get to the hospital. I will take the money at home and call a taxi.*

– Male, Older Participant, Peri-Urban - Dodoma

Participants acknowledged that the accessibility of home bank savings makes their money vulnerable to theft and use by other family members. However, this did not deter them from continuing to save in their home bank.
Appendix 1: Research Methodology

Quantitative National Survey
A nationally representative survey sample of 2,000 Tanzanian adults (1,999 in wave three), defined as those aged 15 and older was drawn using a multistage and randomized sampling approach. Tanzania’s National Bureau of Statistics Population and Housing Census 2002 was used as the primary sampling frame. Randomized respondent selection at the household level ensured representation by key demographics including age and gender. The survey collected a wide range of respondent data including:

- demographic characteristics;
- access to and use of mobile phone services and m-money;
- access to and use of financial services, including formal and informal savings products;
- obstacles to adopting m-money among nonusers of m-money; and
- perceptions of mobile network operators.

The quantitative component provides a national perspective, allowing the Bill & Melinda Gates Foundation and other key stakeholders to take a broad view of the mobile money market in Tanzania. The survey reveals the ways the m-money industry is evolving and the barriers and facilitators to the broad uptake and use of m-money services.

InterMedia designed a fully structured (maximum 30-40 minute) questionnaire in English, which its field partner, Synovate Tanzania, translated into Kiswahili (both English and Kiswahili versions were used during fieldwork, along with a list of key terms translated into local vernacular to assist respondents with limited fluency in English or Kiswahili).

The margin of error for the full sample of 2,000 is +/- 2.19% at a 95% level of confidence. Differences in findings and changes over time are statistically significant at the 5 percent level, unless otherwise stated. Throughout the report, changes that are marked as statistically significant refer to a change from the previous wave.

In wave three, weighting was applied to the gender and age variables to ensure accurate representation of the population. The minimum weight used was 0.78, and the maximum weight used was 1.94.

Qualitative Research
In addition to the survey, qualitative research was conducted to contextualize and provide additional insights to the survey findings. The qualitative component of the study probed more deeply into the knowledge, attitudes and patterns of behavior that emerge from the quantitative data.
The qualitative segment of the study consisted of three approaches, as detailed below:

**Focus groups with current and potential m-money users**
- 12 total groups
- 6 Dar es Salaam; 6 Mbeya
- 6 registered & 6 non-registered users
- 8 participants per group
- Younger groups - Aged 25-30 years
- Older Groups - Aged 31-40 years

**In-depth interviews (IDIs) with m-money agents**
- 25 total interviews with mobile money agents
- 5 regions – urban & rural; Dar es Salaam, Mwanza, Dodoma, Mbeya & Moshi

**Mystery shoppers at m-money outlets**
- 25 total
- 5 regions – urban & rural; Dar es Salaam, Mwanza, Dodoma, Mbeya & Moshi

**Focus Groups**
Participants in the focus group discussions were quota-controlled for demographic characteristics (gender, age and location) and on m-money user status (current users, lapsed users, nonusers). The focus groups were held in two locations, representing rural and urban settings. Groups were facilitated by experienced moderators. Each focus group, approximately two hours in length, was conducted in Kiswahili, using a structured topic guide incorporating projective qualitative research techniques.

**In-depth Interviews**
In each wave, InterMedia interviews 25 mobile money agents. Agents are selected by geographic location (with a majority of agents located in rural areas), the mobile network providers the agent represents, and the type of agent (those who provide services for a single mobile money provider and those who provide services for multiple providers). Agents are drawn from at least five geographic locations every wave.

Interviews are guided by a semi-structured questionnaire, standardized for all interviews in a single wave, but revised each wave in order to build on previous findings. Interviews are conducted in the agent’s preferred language (primarily in Kiswahili) and last no longer than one hour per interview.

The interviews are aimed at understanding:

- Agents’ interactions with current and potential customers, including problem resolution
- Agents’ interactions with the mobile money service providers
- Level of support agents receive from service providers in terms of marketing, promotional and service support.
Mystery Shopping Exercises
Mystery shopping exercises are a form of ethnographic research, which provides a firsthand perspective on the way mobile money agents interact with their customers. InterMedia conducts “mystery shopper” visits in each of the locations where the in-depth interviews with agents are being conducted, to include both rural and urban locations. In each location, the mystery shopper approaches the mobile money agent (not including the agents selected for in-depth interviews) and inquires about specific mobile money products and services through a range of customer scenarios. The mystery shoppers then report back on their experiences.

The research provides insight into:

- Appearance and cleanliness of agent shops
- Informational and promotional materials in agent shops
- Quality of agents’ customer service
- Agent problem-solving abilities

Poverty Index Calculation
The poverty line was constructed using the Grameen Foundation’s Progress out of Poverty Index (PPI) for Tanzania. Given households are traditionally hesitant to provide income information in household surveys, PPI provides an objective and accurate indicator for poverty status, and requires less survey time. It is based on key practical information, such as family size, type of housing, number of children attending school, and more. The responses are scored, and the total score indicates the likelihood that a respondent is above or below the poverty line.

The PPI indicators are selected from nationally representative surveys, such as the World Bank Living Standards Measurement Survey. Benchmarked against national poverty measures, the indicator is most accurate at the national level, with margins of error of +/-2% at a 90% confidence interval on average. The margin of error increases for smaller groupings (i.e., regions). The average margin of error for individuals, for example, is +/-12% at a 90% confidence interval.

This report uses the $1.25/day purchasing power parity (PPP) poverty line. The percentage of the survey’s sample estimated to fall below the $1.25/day PPP is 56 percent, which is similar to the 61.2 percent of the Tanzanian population falling below this poverty line in the official Progress out of Poverty/Grameen Foundation Poverty Scorecard for Tanzania.
## Appendix 2: Subsample Bases

### Figure 27. Base Sizes for Demographic and Geographic Analyses: Number of Tanzanian Adults Surveyed in each Category

<table>
<thead>
<tr>
<th></th>
<th>Total Sample*</th>
<th>Active m-money users</th>
<th>Lapsed m-money users</th>
<th>Nonusers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>1,999</td>
<td>606</td>
<td>57</td>
<td>1,335</td>
</tr>
<tr>
<td><strong>Residence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>568</td>
<td>271</td>
<td>21</td>
<td>276</td>
</tr>
<tr>
<td>Rural</td>
<td>1,431</td>
<td>335</td>
<td>36</td>
<td>1,060</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>965</td>
<td>332</td>
<td>31</td>
<td>602</td>
</tr>
<tr>
<td>Female</td>
<td>1,033</td>
<td>275</td>
<td>26</td>
<td>733</td>
</tr>
<tr>
<td><strong>Poverty level</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below $1.25 a day</td>
<td>1,204</td>
<td>229</td>
<td>35</td>
<td>940</td>
</tr>
<tr>
<td>Above $1.25 a day</td>
<td>795</td>
<td>378</td>
<td>22</td>
<td>395</td>
</tr>
<tr>
<td><strong>Detailed demographics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban, Male, &gt;Poverty**</td>
<td>133</td>
<td>78</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Urban, Male, &lt;Poverty</td>
<td>79</td>
<td>28</td>
<td>5</td>
<td>46</td>
</tr>
<tr>
<td>Urban, Female, &gt;Poverty</td>
<td>214</td>
<td>118</td>
<td>5</td>
<td>91</td>
</tr>
<tr>
<td>Urban, Female, &lt;Poverty</td>
<td>142</td>
<td>48</td>
<td>6</td>
<td>88</td>
</tr>
<tr>
<td>Rural, Male, &gt;Poverty</td>
<td>243</td>
<td>115</td>
<td>8</td>
<td>120</td>
</tr>
<tr>
<td>Rural, Male, &lt;Poverty</td>
<td>510</td>
<td>112</td>
<td>13</td>
<td>385</td>
</tr>
<tr>
<td>Rural, Female, &gt;Poverty</td>
<td>205</td>
<td>67</td>
<td>4</td>
<td>134</td>
</tr>
<tr>
<td>Rural, Female, &lt;Poverty</td>
<td>473</td>
<td>41</td>
<td>11</td>
<td>421</td>
</tr>
<tr>
<td><strong>Age Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-29</td>
<td>980</td>
<td>294</td>
<td>23</td>
<td>662</td>
</tr>
<tr>
<td>30-44</td>
<td>585</td>
<td>186</td>
<td>23</td>
<td>376</td>
</tr>
<tr>
<td>45-59</td>
<td>270</td>
<td>88</td>
<td>8</td>
<td>174</td>
</tr>
<tr>
<td>60+</td>
<td>165</td>
<td>38</td>
<td>4</td>
<td>123</td>
</tr>
<tr>
<td><strong>Literacy Level</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cannot read or answer the questions</td>
<td>172</td>
<td>20</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>Can read but not answer the questions</td>
<td>44</td>
<td>8</td>
<td>2</td>
<td>34</td>
</tr>
<tr>
<td>Can read and answer the questions</td>
<td>1,767</td>
<td>575</td>
<td>53</td>
<td>1,139</td>
</tr>
</tbody>
</table>
### Base Sizes for Demographic and Geographic Analyses: Number of Tanzanian Adults Surveyed in each Category (cont.)

<table>
<thead>
<tr>
<th></th>
<th>Total Sample*</th>
<th>Active m-money users</th>
<th>Lapsed m-money users</th>
<th>Nonusers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banking Status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banked</td>
<td>323</td>
<td>218</td>
<td>14</td>
<td>92</td>
</tr>
<tr>
<td>Unbanked</td>
<td>1,669</td>
<td>388</td>
<td>44</td>
<td>1,237</td>
</tr>
<tr>
<td><strong>Regions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arusha</td>
<td>77</td>
<td>43</td>
<td>1</td>
<td>32</td>
</tr>
<tr>
<td>Dar es Salaam</td>
<td>171</td>
<td>95</td>
<td>5</td>
<td>70</td>
</tr>
<tr>
<td>Dodoma</td>
<td>97</td>
<td>36</td>
<td>3</td>
<td>58</td>
</tr>
<tr>
<td>Iringa</td>
<td>91</td>
<td>30</td>
<td>1</td>
<td>60</td>
</tr>
<tr>
<td>Kagera</td>
<td>111</td>
<td>42</td>
<td>2</td>
<td>67</td>
</tr>
<tr>
<td>Kigoma</td>
<td>74</td>
<td>21</td>
<td>2</td>
<td>51</td>
</tr>
<tr>
<td>Kilimanjaro</td>
<td>87</td>
<td>46</td>
<td>5</td>
<td>37</td>
</tr>
<tr>
<td>Lindi</td>
<td>49</td>
<td>5</td>
<td>1</td>
<td>43</td>
</tr>
<tr>
<td>Manyara</td>
<td>59</td>
<td>4</td>
<td>0</td>
<td>55</td>
</tr>
<tr>
<td>Mara</td>
<td>76</td>
<td>30</td>
<td>4</td>
<td>42</td>
</tr>
<tr>
<td>Mbeya</td>
<td>118</td>
<td>30</td>
<td>4</td>
<td>84</td>
</tr>
<tr>
<td>Morogoro</td>
<td>107</td>
<td>26</td>
<td>4</td>
<td>77</td>
</tr>
<tr>
<td>Mtwara</td>
<td>71</td>
<td>14</td>
<td>0</td>
<td>57</td>
</tr>
<tr>
<td>Mwanza</td>
<td>155</td>
<td>42</td>
<td>6</td>
<td>107</td>
</tr>
<tr>
<td>Pemba</td>
<td>21</td>
<td>3</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Pwani</td>
<td>51</td>
<td>9</td>
<td>3</td>
<td>39</td>
</tr>
<tr>
<td>Rukwa</td>
<td>65</td>
<td>19</td>
<td>2</td>
<td>45</td>
</tr>
<tr>
<td>Ruvuma</td>
<td>68</td>
<td>22</td>
<td>1</td>
<td>45</td>
</tr>
<tr>
<td>Shinyanga</td>
<td>153</td>
<td>20</td>
<td>7</td>
<td>126</td>
</tr>
<tr>
<td>Singida</td>
<td>58</td>
<td>10</td>
<td>1</td>
<td>47</td>
</tr>
<tr>
<td>Tabora</td>
<td>99</td>
<td>21</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Tanga</td>
<td>96</td>
<td>25</td>
<td>3</td>
<td>68</td>
</tr>
<tr>
<td>Zanzibar</td>
<td>45</td>
<td>12</td>
<td>0</td>
<td>33</td>
</tr>
</tbody>
</table>

*Statistical weighting was applied to the dataset so that the sample more closely matched the population. As a result, some categories do not add up to the “total sample” column due to rounding.

** > Poverty refers to those above the poverty line, and < Poverty refers to those below the poverty line.
InterMedia
www.intermedia.org

Headquarters
Washington, D.C.
Tel: +1.202.434.9310

Europe Office
London, U.K.
Tel: +44.207.831.8724

Africa Office
Nairobi, Kenya
Tel. +254.720.109183

For general enquiries
generalinfo@intermedia.org