

# AudienceScapes

## Africa Development Research Brief



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This research brief is based on data from the AudienceScapes surveys of 2000 Kenyan adults (age 15+) in 2009 and 2003 Tanzanian adults (age 15+) conducted in July 2010. Both surveys have a margin of error for the sample of +/-2.2 percent with a 95 percent confidence interval.

These nationally representative surveys are part of a broader project aimed at improving communication programs and needs assessments in developing countries. To access the complete analytical reports on the AudienceScapes surveys as well as other research and information, go to

[www.audiencescapes.org](http://www.audiencescapes.org).

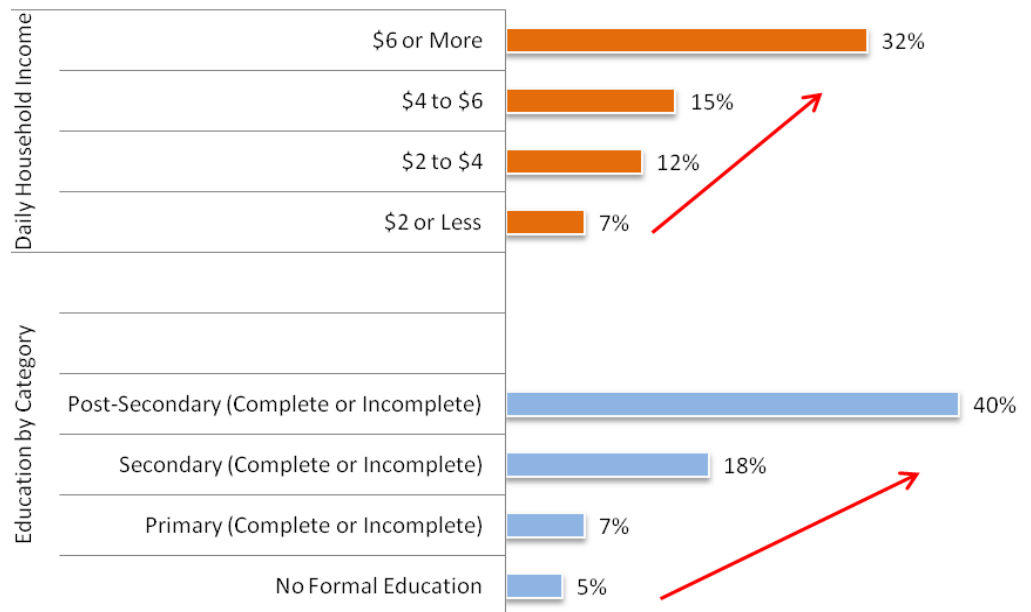
## Optimism for the Tanzanian Mobile Money Market: Early Survey Findings

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Within Africa's mobile banking industry, Kenya's M-Pesa has set the standard for success. This success has also set high expectations for mobile banking in Kenya's neighboring countries, especially Tanzania, and expectations for the M-Pesa model. What the mobile banking industry has found is that one size does not fit all. Not long after the launch of Tanzania's own M-Pesa service in 2008, operated by Vodacom, there was a realization that the country's mobile communications market had many more barriers to overcome to match the progress of Kenya M-Pesa.

### Tanzania: Mobile Money Usage Rates

% of each education/income category who have used mobile money at some time



AudienceScapes Tanzania National Survey of Adults (15%) n=2003

How these two countries vary from a mobile banking perspective, include differences in geography (Tanzania is much more expansive), population density (Kenya 41% versus 30% in Tanzania reside in urban areas), economic development and access to finance (both of which favor Kenya).<sup>i</sup> Despite some of the structural difficulties in the Tanzanian market there are signs that over the past year it may have finally turned a corner, with now a reported one million active m-money users in this country of some 41 million.<sup>ii</sup>

Who is Using Mobile Money in Tanzania? Adoption rates of key Demographic Groups			
Percent who use a m-money service in that group			
Percentage of overall respondents who have used mobile money in the past: 12 percent			
Banking Use		Education	
Do not Currently have an Account	5%	Post-Secondary	40%
Currently have a Bank Account	36%	Secondary	18%
Gender	Men: 13% Women: 10%	Primary	7%
Household Mobile Phone Access		No Formal Education	5%
Access 90%	No Access 10%	Setting	
AudienceScapes Tanzania July 2010: survey of adults (15+) n=2003		Urban 21%	Rural 8%

While somewhat improper to compare Tanzania’s progress in m-money with Kenya’s, Kenya has set the industry standard by which all other m-money deployments will be measured. In our 2009 AudienceScapes survey of Kenya corroborates evidence from other sources that there is a large market for mobile money.<sup>iii</sup> More than half of all respondents (**55 percent**) in the survey said they had used a mobile phone at some point for money or financial business (e.g., to send or receive money, pay bills, and so on).

In contrast, the use of m-money is considerably lower in Tanzania, with **12** percent of all those surveyed reporting to have used an m-money service in the past. Within our 2010 AudienceScapes survey of Tanzania, **nine** percent of regular mobile phone users (weekly users) reported using mobile-based financial transactions at least once a month. Within Kenya the rate of use was **48** percent.

Despite Tanzania’s lower level of use there remains a strong potential for industry growth. Just over 13 percent of all survey respondents reported sending money transfers to other people domestic or international and only 21

percent of this group is already using a mobile phone to send money to others.

On the other side of a money transfer nearly 24 percent of Tanzanian said they receive money transfers. This correlates well with the fact that the most popular m-banking transactions were sending and receiving money following by sending or receiving an airtime transfer, an informal means of making a money transfer via mobile phone. In aggregate, some 29.5 percent of the survey either send or receive money transfer or both.

A sign that Tanzania’s mobile service providers fully realize the potential of the Tanzanian market was the recent launch of TigoPesa Tanzania’s fourth m-money service. Now, all four of the major mobile phone service providers also offer mobile money including Vodacom offering M-Pesa, Zain and Zap, Zantel with Z-Pesa and Tigo with TigoPesa.

Further evidence for optimism is that when we asking m-money users in July 2010 when they first signed up for the service 63 percent stated they had signed on in the past 6 months (*recent adopters*). Another 27 percent of m-money users stated they had only signed on in the past 6 months to a year. This influx of new users may be attributable to new competition in the market and an effort of all four providers to expand their agent networks and marketing campaigns.

When comparing *recent adopters* and those who have used m-banking for a longer period of time demographically we found that there is no substantial difference in who has been using m-money over time. For those interested in

promoting m-money as a tool for empowering the unbanked and less privileged, according to the 2010 survey data, Tanzanian m-banking users tend to already have access to banking services. Some 63 percent of m-banking users reported currently having a banking account.

If we compare the take up rates between the currently banked and unbanked we see that there is a very large gap between those who have experience with banking services and those without.

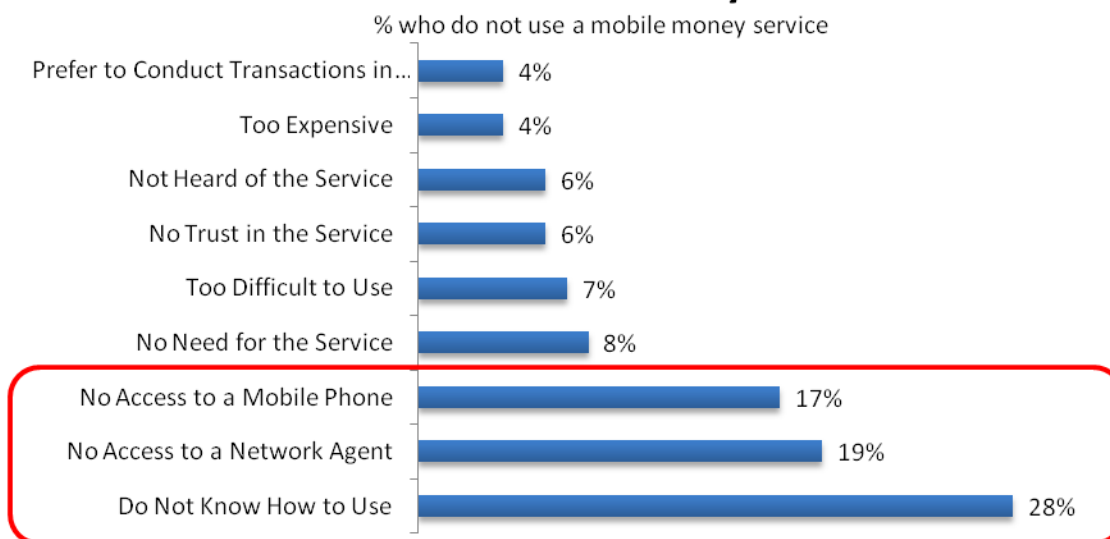
**This highlights the importance of financial literacy and its influence on m-banking adoption, especially of formal banking practices**, as those Tanzanians who currently have a bank account are exponentially more likely to have used (36 percent) m-banking compared to those who do not have an account (5 percent). This gap in m-banking adoption is larger **between those who have experience with formal banking services than informal banking services**.

The issue of financial literacy, along with functional numerical and reading literacy, comes into play again when AudienceScapes asked those who have not used an m-money service what was their “main reason” for not using the service.

Tanzania: Influence of Financial Literacy on Mobile Banking Adoption			
How Access and Past Use of Banking Services Influences M-Banking Use			
Percent who have used mobile banking in the past			
Financial Transaction	Has access to or has used that service in the past 12 months	Has No Access or has not used that service in past 12 months	Key Lesson
Currently Have Bank Account	36%	5%	What this information reveals is that Tanzanians who have used banking services in the past year, especially formal banking, are substantially more likely to have used m-banking.
Conducted Formal Savings in past 12 months	37%	7%	
Conducted Informal Savings in past 12 months	20%	11%	
Borrowed from Formal Bank in past 12 months	30%	11%	
Borrowed from Informal Banking Mechanism in past 12 months	22%	11%	
AudienceScapes Tanzania National Survey of Adults (15+) n=2000.			

By far the top reason for not using such services was a lack of knowledge how to use m-money. This indicates that m-money service providers are not necessarily having difficulty informing Tanzanians about the services but have been unable to thoroughly convince them that the services can be easily used and are beneficial. Helping to overcome this information barrier would be to tackle the second top reason given, not having access to a network agent.

## Tanzania: Main Reasons Why Some Do Not use Mobile Money



AudienceScapes National Survey of Tanzania 2010: survey of adults (15+) who do not use a mobile money service n=1714

While Tanzania’s m-banking market, with its many challenges, has been unable to replicate the success of Kenya there are signs that it is finally turning a corner. If the first half of 2010 is any indication the take up rates of m-money services will only increase, as competition increases, agent networks expand and service providers devote more resources to direct marketing. Especially market’s leader Kenya m-banking model has many potential lessons for Tanzanian service providers and vice versa, as Tanzania’s M-Pesa has been an innovator in its own right.<sup>iv</sup>

<sup>i</sup> Camner, Gunnar Emil Sjöblom and Caroline Pulver. (2009). “What Makes a Successful Mobile Money Implementation?: Learnings from M-PESA in Kenya and Tanzania”. *Mobile Money for the Unbanked*. Groupe Speciale Mobile Association.

<sup>ii</sup> “Annual Report 2010”. The Mobile Money for the Unbanked Programme. Groupe Speciale Mobile Association.

<sup>iii</sup> See, for example, research by CGAP and GSMA, summarized in “Mobile Banking: From Concept to Reality” at *Consultative Group to Assist the Poor*. <http://www.cgap.org/p/site/c/template.rc/1.26.10806/>

<sup>iv</sup> “Annual Report 2010”. Vodacom Tanzania introduced a new system of providing lines of credit via MasterAgents to network agents that were having difficulty maintaining operational liquidity. P.8.