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Mobile Money Payments in Ghana: Part Two, Public Intervention (IMTFI Blog)

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Mobile Money Payments in Ghana: Part Two, Public Intervention

By Yaw Owusu-Agyeman and Abena Offe

In the second of two blog posts on mobile money uptake in Ghana, we look at the role we believe the government of Ghana can play in promoting mobile money uptake. We have explained in detail some key responsibilities of government in the uptake of mobile money in Ghana and some lessons drawn from the conference that was organized in March 2013.



Photo by Yaw Owusu-Agyeman and Abena Offe

Creating a cashless society

The creation of a cashless society will help all Ghanaians and more importantly the businessmen who travel very early in the morning and late in the night to carry out

business transactions. Other participants also indicated that the Bank of Ghana must put in place measures to create a cashless economy with the introduction of mobile money services. Key to these processes will be the use of mobile money agents to create awareness of the benefits of transacting business without the use of cash. The agents could also educate individuals on the advantages of using mobile money and more importantly, train and register them at their own convenience. Thus, people will not have security concerns if the government and BOG direct or encourage the uptake of the services.

Participants at the conference were unanimous in their submission that the role of government in mobile money was very important especially in the design and implementation of policies that support the uptake of mobile money in Ghana. Other presenters also indicated that financial institutions, especially the banks would have to develop appropriate blue prints with the MNOs and the Ministry of Finance to develop special products for farmers in the rural communities to sell their farm produce. This point was corroborated by the Minister of Communication who indicated that government will continue to partner individuals and organizations to ensure that mobile telecommunication and mobile money reaches the both rural and urban poor. He also indicated that government would create the enabling environment and policies that would ensure that Ghana developed a cost effective and affordable information communication infrastructure for the benefit of all Ghanaians.

MNOs, retail agents, consumers, NGOs and other related agencies all indicated that there is the need for government to control the agency networks and provide agents with the necessary financial support to promote mobile money across the country. According to one of the presenters at the conference, the agency network has not been well considered by all stakeholders in Ghana and is one of the contributing factors to the low uptake of mobile money in Ghana. In order to develop user confidence in any digital financial payment system, it is important to provide adequate state-controlled security measures that will protect all parties in the transaction and this can only be well

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structured by the government through the Ministry of Communication.

Other issues of concern included: the need to increase consumer awareness of mobile money and other forms

of digital financial payment systems, improving information dissemination about the use of Mobile Money and the involvement of retailers and consumers in the product design and usage. Since government had a department responsible for the dissemination of information to rural areas, some participants to the conference were of the opinion that the Information Services Department could play a leading role in education people in the rural areas about the benefits of mobile money. Participants at the conference also strongly opined that there was the need to involve consumers in the design and development of any mobile money product to ensure increased patronage and use.



Photo by Yaw Owusu-Agyeman and Abena Offe

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Role of government in mobile money uptake

Global trends in Information Communication Technology require all countries to adopt best practices that seek to include all citizens especially the less privileged. While urban dwellers continue to benefit from the gains of infrastructure and technological development, it is imperative for government to provide rural dwellers with the necessary digital financial services to make them also enjoy the gains of a cashless society. Government funding in the mobile money sector is very necessary at this time when there seem to be several challenges confronting MNOs and banks. Several people have called for government to pay for the cost incurred by rural dwellers when transferring money through mobile money systems as a way of encouraging the uptake of digital financial services. There have been several calls by various organizations and individuals that a committee comprising the government, National Communications Authority, the

Ghana Chamber of Communications and the MNOs be set up to find alternative ways of promoting mobile money in Ghana.

One of the key areas of concern as stated by some participants was the role of government in developing mobile money in Ghana through an effective interoperability system that would be backed by effective policies. These policies, according to those who argue for the establishment of an interoperability unit, would enable government to build trust among users of mobile money about the security of their transactions and the support of government in the process. Participants who argued for the setting up of the interoperability unit added that areas that could be of key concern in any interoperability system were: customer level, agent level and platforms where different MNOs could work together to ensure that the transfer of funds could be done across different platforms. Government could also provide agents with additional capital to expand their businesses and help increase the customer base of money in Ghana.

Today, Ghana has an active branchless banking market with three (3) mobile network operators and twelve partnering banks that are at the forefront of this drive. There are also a reported 3 million registered customers representing 20 percent of the adult population in Ghana. Available statistics from the three Mobile Network Operators in

Ghana that are into mobile money show that there are 5.4 million subscribers with total daily transactions of approximately GHC 16.5 million. If all stakeholders would harness their resources and ideas, we could as a nation reach the “unbanked,” especially those in the rural areas. Other sectors such as insurance companies, rural banks and trading companies could team up with the MNOs to provide digital services and payment systems to the rural and urban poor.

Finally, there are calls for government to take the initiative to pay pensioners, teachers and health officers in rural communities through mobile money as a way of promoting mobile money among rural dwellers. Although the Bank of Ghana, through its guidelines for the promotion of branchless banking in 2008, has provided improved platform for the use of digital financial services and payment systems in Ghana, this has led to little success in the area of mobile money. Government’s involvement in the promotion of mobile money could be extended to areas such as payment of gate fees for entry to all sports facilities, payment of fees for entry to all tourist sites, payment of utilities, payment of road tolls and the payment vehicle examination and insurance across the country. Government could also seek the advice of experts in the mobile money business to advise it on appropriate interventions in addition to what we have listed to promote mobile money as has been done in Kenya and Tanzania. If well driven, we consider mobile money as the future of formal financial services in Ghana especially among in our rural communities.

-Read Part 1 Blog post, ["Mobile Money Payments in Ghana: Part One, Private Intervention"](#)

-Cited in David S. Evans and Alexis Pirchio, [“An Empirical Examination of Why Mobile Money Schemes Ignite in Some Developing Countries but Flounder in Most,”](#) University of Chicago Coase-Sandor Institute for Law & Economics Research Paper No. 723, March 2015, 2.

Posted by Nathan Dobson at 9:38 AM



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