

UC Irvine

Final Reports

Title

Can Mobile Money Revolutionize an Ancient Saving System among Indigenous West Africans? Evidence from Ghana (IMTFI Blog)

Permalink

<https://escholarship.org/uc/item/3kc8q2rd>

Author

Osei-Assibey, Eric

Publication Date

2013-08-12

Copyright Information

This work is made available under the terms of a Creative Commons Attribution-NonCommercial License, available at <https://creativecommons.org/licenses/by-nc/4.0/>

Peer reviewed



Monday, August 12, 2013

Can Mobile Money Revolutionize an Ancient Saving System among Indigenous West Africans? Evidence from Ghana

By Eric Osei-Assibey based upon his [IMTFI-funded research project](#).

Introduction

The *susu* savings scheme has for many years served as an important avenue for savings for low income and financially excluded people in countries across West Africa. On a daily basis, these *susu* operators walk to their clients to collect small amounts of savings and return the full amount (minus a day's collection as a commission) usually at the end of each month. Even though there are about four types of *susu* schemes in the country including a type that looks like the well-known rotating savings and credit association (ROSCA), the most common one is where an individual *susu* operator reaches an agreement with a client (e.g., traders in the market, hawkers, barbers, hairdressers, etc.) on an amount, commission, and intervals for collection; makes daily (or weekly) rounds on foot, bicycle or motor bike to collect the amount; and records it on a simple card kept by the client.



A *susu* collector with a client (Photo credit: Michael Yeboah, Field Survey Assistant)

This study attempts to provide insights into the ancient *susu* savings operation in Ghana and the behavioral intention or willingness of *susu* collectors and users to adopt a mobile money (hereinafter referred to as "MM") platform as part of their savings practices. More specifically, this study investigates factors that determine one's intention to adopt the MM space as a savings channel, particularly in place of a traditional way of saving among many people in West Africa, i.e. *susu*. Using field survey data from market traders and *susu* collectors in several local markets in Ghana, and applying Innovation Diffusion Theory (IDT) and Technological Adoption Model (TAM) conceptual frameworks, this study has produced some interesting findings.

Preliminary Findings from the *Susu* Collectors Survey

1. The average amount of money per client that the *susu* operators collect in a given day varies somewhat across the survey respondents. The majority of operators (61.6%) collect between GHC1 and GHC5 at a time from their clients (exchange rate: US\$ 1 = GHC 1.85). The number of *susu* operators decreases as the amount of money collected from clients increases. This suggests how relatively small their daily savings are. The smallest percentage of *susu* operators in this survey (5.8%) contribute GHC20.

2. Regarding the extent to which they use mobile phones as part of their business, 39.5% of the operators reported that they often call their clients when they are not able to meet them in order to collect the daily *susu* contribution. While 40.7% also sometimes

Popular Posts



[Informal Credit Associations in Lucknow, India](#)

[Consumer Finance Research: Global Approaches and Methods - Taking On Debt \(Part 1\) Perspectives from across the Social Sciences](#)



[Lessons from the Field: M-Shwari and the Jua Kali in Kenya](#)



[Female Financial Literacy: Gender in Mobile Money and Financial Practices](#)

[How "the Poor" Account: Financial Reckoning and its Cosmoeconomics in Assam, India \(Part Three\)](#)

Blog Archive

- ▶ [2023](#) (1)
- ▶ [2022](#) (4)
- ▶ [2021](#) (14)
- ▶ [2020](#) (25)
- ▶ [2019](#) (20)
- ▶ [2018](#) (14)
- ▶ [2017](#) (54)
- ▶ [2016](#) (51)
- ▶ [2015](#) (84)
- ▶ [2014](#) (46)
- ▶ [2013](#) (49)
- ▶ [2012](#) (27)
- ▶ [2011](#) (26)

call their clients, 4.7% reported that they never call their clients. When the *susu* operator is unable to visit clients on a given day in order to make the collection, 30.7% reported that their clients call them often to inquire about their absence while 52.3% reported that their clients sometimes call them in order to find out why they were unable to turn up. This implies that although almost every one of the operators owns a mobile phone, the extent to which they use mobile phones in their daily activities is limited. When asked what the main constraints on their operations are, about 32% mentioned a lack of cooperation or consistency on the part of their clients in making the daily contribution as agreed. However, a significant proportion (30%) cited commuting or walking to and from their clients every day. For example, one operator speaking in the local language (Akan) complained during one of our interviews that “this work is so difficult and tiring; sometimes you can walk miles to one customer only for him/her to say that he could not pay because of bad sales for the day.”

3. On the specific issues about MM uptake and willingness to adopt MM in their operations, we received very interesting responses from the operators. First, while about 83% of the respondents claimed to be aware of MM as a means of transferring money, exactly half (50%) do not think that it is feasible to employ such a technology in the *susu* business. Second, notwithstanding the responses above, more than 62% are actually willing to adopt MM, if made available, although more than one-third (34%) perceived it to be a potential threat to their business. Some of these concerns about MM uptake were also expressed during a focus group discussion. For example, some operators believed that the process would be too complicated particularly for the market women whose education and knowledge of mobile phones are limited. Besides, the issue of network quality and the frequency of going outside a coverage area or experiencing network loss could hamper the operation and discourage savings. For example, one *susu* collector said, “What will happen if in the process of a client sending his/her contribution the network vanishes on the mobile phone, or the phone got stolen. Won’t somebody steal the money?” In his view, such an incident could discourage savings or lead to diminished trust along the line.

4. Others were also not sure what role they are likely to play in the event of MM adoption in *susu* operations. However, a few were optimistic and they are looking forward to it since they believe MM could enhance their operations by reducing the number of walk ins and outs they embark on daily basis and reduce the time they spend commuting between clients in order to make daily collections. However, if any such thing should happen, one operator suggested that they should be made agents of the telecom companies so that they can continue to earn a livelihood.

Preliminary Findings from the *Susu* Users Survey

1. In regard to their daily contributions, the survey responses indicate that *susu* users contribute a minimum of fifty Ghana pesewas (GHC 0.50) and a maximum of GHC200 with a mean payment of just a little over GHC8.

2. Among the major reasons for which respondents use *susu* savings rather than formal and semi-formal banking institutions, 42.2% of *susu* users reported that their income is too low and thus they can only save small amounts at a time. Besides, 14.9% of *susu* users found *susu* savings more convenient when compared to formal banking institutions.



A *susu* collector with a client in a local market (Photo credit: Barbara Andoh, Field Survey Assistant)

3. On the thorny issue of trust, while about 93% of *susu* users trust their *susu* collectors, about 55% reported that they feel quite apprehensive if they do not see their collectors every day. While 93.5% of respondents own a mobile phone themselves, only 36.5% have ever sent an SMS using their mobile phone. The proportion is much smaller (2.4%) when asked whether they have ever transferred money via their mobile to someone else, although a little over 7% has received either money or talk time credit on their mobile

phones. Of those who answered in the affirmative, 55.6% reported that it is convenient to transfer money via mobile phone while 22.2% find it easy to do so as well.

4. As a key determinant for the adoption of MM services, this study reveals that only 36.5% of the respondents would be comfortable texting their *susu* contribution via mobile phone to *susu* collectors. As to whether they are willing to do so, about 41% are willing to transfer their *susu* savings via a mobile phone to the *susu* operators.

5. Of the remaining 59.1% who are unwilling to transfer their *susu* contribution via mobile phone, 61.8% reported that they either do not have enough knowledge or are not conversant with some of the functions of mobile phones. Others (14.6%) are skeptical as to whether their *susu* contributions would be delivered to the *susu* operator. Close to 8% also think that they may forget to send their *susu* contribution if MM is adopted.

6. As to whether the level of education of the *susu* user has some association with their willingness to adopt MM as part of *susu* services, the results show that about 75% of the illiterate traders and 61% of primary school dropouts are unwilling to accept MM adoption. This implies that the higher one's educational level, the more willing he/she will be to accept the use of MM.

Summary of Results from Logistic Regression Estimation

Generally, among the *susu* collectors, we found perceived risk, education level, relative advantage, and the age of the collector to be statistically significant in influencing the behavioral intention of MM adoption. With respect to *susu* users, we found such constructs as trialability, observability or awareness, compatibility or education attainment as well as the influence of the physical presence of the *susu* collector to be statistically significant in influencing one's behavioral intention to accept MM. These findings have important implications for MM uptake and the modernization of the *susu* operations in Ghana. While MM uptake remains significantly low, these findings suggest that the way to increase uptake is to create more awareness, embark on financial literacy programs, and reduce the mistrust and perception of risk of the entire MM platform.

Concluding Remarks and Suggestions for Future Research

Although these findings are largely consistent with many previous studies on MM adoption, some of the findings are quite striking and may require further empirical research. For instance, the finding that the daily physical presence of their *susu* collector is the primary reason that motivates *susu* users to honor their savings commitment is potentially an important factor in explaining why respondents were not sure whether an MM platform would be an effective method of saving. The issue, then, is to what extent does the human factor matter vis-a-vis technology in encouraging saving among low income earners in developing countries.

[Link to Working Paper, What Drives Behavioral Intention of Mobile Money Adoption? The Case of Ancient Susu Saving Operations in Ghana.](#)

Posted by TSF at 12:30 PM



No comments:

Post a Comment

To leave a comment, click the button below to sign in with Google.

SIGN IN WITH GOOGLE

[Newer Post](#)

[Home](#)

[Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

