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Trains at Different Stations: The Ghanaian-Kenyan Mobile Money Discourse (IMTFI Blog)

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Trains at Different Stations: The Ghanaian-Kenyan Mobile Money Discourse

By IMTFI researchers Edwin Mensah and Vivian Dzokoto

In this post, we offer some reflections from our experience in two recent conferences on mobile money uptake. The first was the "Reaching the Unreached: Mobile Money Uptake in Ghana" conference in Ghana in March 2013. The second was the GSMA MMU Global Event which took place in Nairobi, Kenya in July 2013.

Being on the organizing side of the first conference and attending the second one gave us some comparative insights into the dichotomous worlds of Ghana and Kenya's mobile money (MM) sphere. While it was encouraging to hear the promising reports by various mobile money operators in Ghana during the March 12-13 2013 IMTFI conference, their recounted milestones paled in comparison to the success stories presented at the 2013 GSMA/MMU conference by their East and South African counterparts.

Participants being taken through Airtel Money. Photo by authors.

Juxtaposing the conferences highlighted some important trends. Deliberations were geared toward finding ways to make the delivery of mobile money services faster, easier, safer, and more convenient—possibly without a glitch. Moreover, both conferences sought to create a conversation among different stakeholders in the mobile money space—from the mobile money industry, e-commerce experts in the private sector to government representatives. One key difference was that in the Ghana conference we reached out to actual and potential end-users. Based on these two experiences, we offer some reflections and open up some questions addressing mobile money in general by thinking through the different models of uptake between Ghana and Kenya.

What's up with M-Pesa vs what's next

Sited at the Sarova hotel in downtown Nairobi, the GSMA conference proceeded with a focus on balancing quality in mobile money distribution channels, highlighting the issues of interoperability, designing key performance indices (KPIs), managing risk and fraud, market research and customer segmentation, as well as the role of women in providing mobile financial services. The conference placed a more global emphasis on the issues facing the mobile money industry. The Ghana conference addressed the factors underpinning the non-adoption of mobile money in Ghana and sought to promote active usage of mobile money. Some of the emerging themes from the conference included: trust, mobile money security (due to internet fraud—*alias* "Sakawa"), scalability of the product, and the interoperability of platforms to ease and enhance transactions. Overall, the deliberations at the two conferences revealed some common elements of the problems dogging the mobile money industry. Among these were the issues of: *Connectivity, Security, Scalability, Interoperability, Accessibility, and Agent training and representation*.

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In spite of the commonalities stated here, and the strides made in improving the awareness of mobile money adoption in Ghana, a lot still remains to be done in combating the lack of knowledge and the resultant anemic adoption rates in the country. As the GSMA dialogue on the most pressing issues facing the industry progressed, one could not help but notice the contrast in the tales of the two sub-Saharan countries, namely Ghana and Kenya. *Clearly, the rate of adoption of mobile money and the evolution of the technology into other aspects of the economy are cruising at different altitudes in the two countries.*

In short, while Kenyans are looking forward to the next steps for M-PESA, Ghanaians are still wallowing in the pit of unawareness and an acute lack of knowledge of the product. These differences beg the question why mobile money adoption has been so successful in Kenya versus Ghana.

Registering for M-Pesa. Photo by authors.

A conversation between two businessmen/women, one from Kenya and one from Ghana raised another set of questions that have so far not been explored in the mobile money space. These questions have to do with socio-economic inequalities and different business cultures in the financial and communication sectors in the given countries. While we realize that this is anecdotal evidence at this given point, it opens up questions for various socio-economic and cultural factors to come into play for mobile money adoption. The following is an excerpt from the conversation:

Researcher: [Coming from Ghana]…we're quite surprised with the rate of adoption[in Kenya].

Ghanaian Business Woman: Okay, let me tell you why … Prior to the advent of mobile money, a large proportion of Kenyans felt financially and socially excluded in the country. In fact, most Kenyans, by virtue of their socioeconomic and financial status, are not allowed to conduct business with certain financial institutions meant for the upper class.

Kenyan Business Partner: That is true … the class system in Kenya is terrible. The social divide is so wide that the poor resent the rich and crime is increasing.

Ghanaian Business Woman: The extent of the social exclusion is so severe and pervasive that those of the lower class are assessed penalties, extra charges, and fees if they seek to conduct business in an "upper class" bank or a bank in an upper class neighborhood. This made mobile money very attractive to the poor and financially excluded and thus sped up its adoption upon introduction. It also explains in part why the central bank made financial inclusion a primary objective and aggressively took steps to address it—because it was causing more resentment and crime … But this doesn't happen in Ghana you see … it doesn't matter your status, you can always do business with any financial institution without incurring any extra charges. You are not treated differently.

Indeed, she seems to be on to something very interesting which our research, like many studies, had not uncovered. In this snippet of conversation, these actors on the ground brought to our attention particular factors that may affect mobile money uptake but are not commonly discussed in conference settings or panels. Some of these factors include socio-cultural factors that are hard to uncover with routine academic research and can play very significant roles in explaining consumer behavior in developing countries.

The key takeaway from this encounter serves as a contrast to my experience in the two conferences in that in going forward, mobile money research should look into questions about socio-economic factors, cultures, and institutions that play a role in uptake.

Posted by Nathan Dobson at 2:50 PM

Labels: Ghana, M-PESA, MMU

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