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Mobile Money Payments in Ghana: Part One, Private Intervention (IMTFI Blog)

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Mobile Money Payments in Ghana: Part One, Private Intervention

By Yaw Owusu-Agyeman and Abena Offe

The World Bank report of 2012 indicates that global mobile phone subscription now stands at 6 billion. This figure represents approximately 75 percent of the world's population. In Ghana, the present mobile phone penetration of 98% makes it a fertile ground for the promotion of mobile money activities. Statistics from the World Bank Report show that between GLO, MTN and Airtel there are 5.4 million subscribers with total daily transactions of approximately GHC (Ghana Cedi) 16.5 million. Nonetheless there is a lack of penetration in rural areas.



Photo by Yaw Owusu-Agyeman and Abena Offe

Over the course of two blog posts we will look at the different roles that private technology companies and the government of Ghana can play in promoting mobile money uptake. We are interested in looking at responsibility, awareness, uptake, promotional material, stakeholder conferences and gaps between rural and urban

dwellers.

Several factors account for the low patronage of digital financial services and payment systems in the urban and rural communities in Ghana. Some of these factors include; fear of losing money that is stored electronically, lack of trust in the digital financial payment systems, time lost in engaging on electronic transaction while physical contacts could provide results and lack of proper information on the advantages of using mobile money.

The Role of the Private Sector

The need to increase the number of mobile money users in Ghana calls for diverse strategies from the various Mobile Network Operators (MNOs) involved. Some of the strategies include: media advertisements, sales promotion strategies and the use of retail agents to sell the products. While government is expected to play a significant role in the expansion of mobile telecommunication in Ghana, the role of MNOs in the development of appropriate products and distribution systems cannot be underestimated. This was evident during a Ghana based IMTFI/GTUC conference where all the MNOs in the mobile money business took turns to explain to participants their network system and how they had worked over the years to increase their customer base. What was missing however was a collaborative effort among the three MNOs to develop a sustainable strategy to educate mobile phone users to include mobile money in their daily business transactions. Another issue that came up was about the funding of such an advertising drive. Some MNOs indicated that they could not solely fund the adverts since the benefits would go to all the companies involved. One main awareness creation strategy that the study identified was the use of mini durbars (festival) to explain to a particular community, the benefits of mobile money.

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Challenges in Network Operations

The challenges mobile phone users face with respect to network connectivity came up in discussions at the conference and most presenters and discussants noted that the MNOs should ensure their network had very minimal challenges since mobile money uptake in Ghana also depends on the 'strength' of connectivity. Some participants advised the MNOs to get state of the art technology to augment their existing equipment in order to provide quality services to their clients while they also consider expanding their operations to the rural communities where individuals cannot have access.

Relationship between Mobile Network Operators and Consumers

Some respondents we interviewed at the conference were of the opinion that there is a big disconnect between the MNO products and the larger audience, a problem we encountered in our own investigations and data collection.

As one respondent explained: "I do not think that partnerships as suggested will be the ideal solution because it will only lead to additional costs which are punitive to the poor. The rural banks seem to play a crucial role in providing banking services to the rural population. I believe the rural banks could be the starting point (entry point) since people have confidence in them. Let rural banks rollout agents with their identity to reach out to the poor further in the interior."

Problems included apprehension on the part of some respondents because they had very little idea about the rationale of the researchers; fear of disclosing information about their businesses; and suspicion of the researchers because of the prevalent cases of fraud in the districts by people from outside the community.

Engaging the Informal Sector

The informal sector continues to be Ghana's leading sector in the employment of people and most participants indicated that the informal sector should be the focal point in the development of mobile money transactions in Ghana. Various presenters from the telecommunications organizations took time to discuss the market potential of their products and services while identifying the benefits of their products to people in the informal sector. Some participants indicated that programs designed for mobile money uptake should include people from the informal sectors as well as opinion leaders from the various surrounding communities.

The conference organizers were able to inform the MNOs to do their presentations in the local dialects as well and this allowed the market women to present their challenges in the use of mobile money to the MNOs. When conferences are held, the language used in communicating should also not be restricted to English alone but more importantly, the use of indigenous languages should be paramount. One respondent indicated that: *"a critical attention needs to be looked at with regard to the rural, uneducated and educated. So far I have observed that we are not able to resolve the problem facing our rural folks and this has resulted in the seeming bottlenecks in mobile money uptake. Secondly, a separate body needs to be set up to act as an intermediary between banks (rural and private) and the end user. The appropriate means already exist as more than 99% of the population use mobile phones."*

Our Results

Our study brought to light the difficulties retailers encounter in their day to day activities. It was noted that mobile network operators (MNOs) were quite reluctant to train retailers because they felt that retailers were not under any obligation to serve their interest but

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rather have every incentive to switch to represent rival companies. This factor seems to be a major setback for mobile money uptake in Ghana. Most of the retailers interviewed were either disinterested in mobile money services or were completely ignorant about the benefits of the product. The lack of enthusiasm about mobile



Photo by Yaw Owusu-Agyeman and Abena Offe

money was a major concern. An intensive educational campaign is recommended to boost the current adoption levels. This may be achieved with collaboration between mobile network operators, retailers and government. The results show that although a reasonable number of retailers had heard of mobile money, very few had used the product. Their responses revealed the need for further education on the benefits of mobile money usage and the relevance of transacting business without holding cash. To increase the adoption rate in Ghana, MNOs must leverage their resources to create an awareness of mobile money and its associated benefits.

Posted by Nathan Dobson at 1:45 PM



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