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IMTFI
INSTITUTE FOR MONEY, TECHNOLOGY
& FINANCIAL INCLUSION

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Reimagining Rurality in Mobile Money Times: Life, Identity, and Community in Southern Uganda (Part 1)

By IMTFI Researcher [Prince Karakire Guma](#)

In some parts of rural Uganda, a whole village will use one or two phones to bank, to contact relatives, to share money amongst themselves, to access loans, and simply to check weather reports. Low teledensity does not imply lack of mobile money use and spread. Freed from the expense of ownership and maintenance, an individual of a particular group or community will spend longer periods of time per use on the available gadget(s), hence generating more revenue not just for the individual or group involved, but for the whole village. Such collective use by a community makes the dream for financial inclusion plausible—even a reality—for rural life.

In this 2-part blog post series I present vignettes organized around three themes—life, identity, and community—through which mobile money and rurality is re-imagined. Mobile money inclusion is providing new tools to maintain existing practices and values, reshaping but also reinvigorating rural-urban ties, and along with these, new understandings of the rural.

Rural Life, Identity, and Community in Mobile Money Times

My study provides a snapshot of the impact of the mobile financial services in rural Uganda in relation to debates on financial inclusion and empowerment. Mobile money is increasingly turning out to be a most viable tool of financial inclusion to those who have neither bank accounts nor deposit lockers nor credit cards, but do have a basic mobile phone. The Ugandan Central Bank recently cleared the path to mobile finance, a shift that forced the nation's banks to look seriously at the low-income consumer banking market for the first time. Provoked by discussions of rurality vs. urbanity and the exclusion of remote and rural towns and villages before mobile money, I wanted to understand the extent of changes today in light of the rise of initiatives such as MTN Mobile Money (MTN), M-sente (UTL), Airtel Money (Airtel), and Orange Money (Orange), which have led to the growth of an increasingly complex mobile money ecosystem that allows funds to be transferred between rural and urban subscribers. Mobile money has changed the ways of life for groups most at risk of poverty and social exclusion that often lack access to traditional bank accounts. Populations previously excluded because they do not own property or a business are beginning to get included through a myriad of mobile money innovations and applications.

With the emergence and dispersion of mobile money services in southern Uganda, 'the rural' has attained a certain kind of dynamism and fluidity, and a whole new identity through varied features of lifestyle, community, traditions and landscapes. I explore this problematic within a so-called "traditional" rural setting—still remote, excluded and poverty stricken—that is at the same time representative of emergent and transformative innovations through mobile money. I understand the rural as part of an integrated space within mobile spatial systems that delete, rub away or disable the aspect of distance between issuer and receiver, urban and rural, and modern and traditional. I explore how the rural territory is re-interpreted through processes, lifestyles and behaviors influenced by the new contemporary technologies of mobile financial transformations.

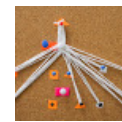


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The setting for this study is the village communities of Masaka and Rakai comprised of households that are spread over hilly lands. Families of up to five adults and sometimes ten children live in a single homestead, which are often clusters of mud-brick and iron-roofed two or three bedroom dwellings with a sitting and dining room, and occasionally a kitchen. Birdcages, kraals and/or gardens are reserved for subsistence crops – especially banana cultivation.

Most people have extensive kin across the corners of the village or in the neighborhoods. Given that many can trace their ancestry over five generations, the idea of family, kinship and network in such communities is profound. These are rural communities in every sense. But there are also glimmers of transformation with regard to life, community, sociality and identity.

Interviews and focus group discussions were my primary method in the two communities, along with observations of daily activities. I identified community leaders, such as local councilors, religious leaders and traditional leaders, as potential participants and used purposive sampling to ensure a full range and extent of the phenomena necessary to answering my research questions. This method of analysis allowed me to better understand the 'lived' realities of mobile innovation in the rural context in ways that challenge the discursive marginalization of communities most at risk of rural poverty and social exclusion.

Life

The money transfer application has proved to be the most important “killer application” of mobile money, fundamentally transforming rurality in Southern Uganda. It supports the indigenous and traditional settings, realities and world-views of the Baganda who constitute about six million people, or 16.7 percent of the entire population of the country.



Before mobile (money) innovations and services, quality of life and access to social services were poor in the southern districts of Uganda. Literate rural residents exchanged information on crucial news such as serious

illnesses through letters. But for the illiterate this was problematic. Letters were less informative and were often disseminated informally through trusted friends and it would often take days, weeks or even months to receive a reply. Today, calling and the use of texts or "SMS" have replaced most of the letter writing. Mobile money, which operates through text and "SMS," meets basic functionality needs and operates on the most basic handset. It takes old technology and uses it in new and innovative ways that enhance and substitute older practices of sociality, social life and lifestyles.

Mobile money has tremendously influenced peoples' savings behavior where previously keeping money under mattresses or in fabric, often tied in knots, was common. Now mobile phones are clearly substituting for traditional unreliable savings channels and remittance services. Where previously people only used trustees and formal institutions including banks and other financial institutions, mobile money has now made it possible to send money from urban centers to Ugandan villages through remittances at even lower transaction costs. Without having to travel long distances and cue in traditional banks, or travel across borders, rural dwellers are now able to receive money in the comfort of their homes.

Mobile money is also substituting traditional ways of making monetary payments. Payment through agents or “middleman” have especially been substituted by mobile means

“To be honest, I have been able to regularly double my profits because I don't have to deal with the hustle of transport and those untrustworthy middle men. With my phone, I can easily track fluctuating prices on the markets with a phone application. It's just as simple as punching in a number and asking a question. It is efficient. And I hope it's our future. You can get all these services from where you are. It could help a lot of people.” (Ezra, 2014 interview)

of cashing in (depositing funds), cashing out (withdrawing of funds), transferring funds through person-to-person (money transfer) or purchasing of airtime, even to make payments to workers. When asked why they used mobile money, some rural residents in my study suggested that it was the appropriate alternative and substitute to unfavorable fixed and traditional ways of spending money such as cash. They said that using traditional bank accounts, credit cards and financial facilities were very complex to understand, operate, and maintain in remote villages and was often the preserve only of those wealthy enough to afford a handset. They pointed out that mobile money improved access and efficiency and simplified their lives when they needed to access goods and services.

The sector that has benefited the most is probably education, where schools have substituted traditional means of paying tuition and other school fees – such as delivering funds in person or proxy, and use of agents such as banking institutions – with mobile alternatives. Many community schools in the region have now adopted mobile money as an acceptable means and mode of payment. They were registered with MTN and Airtel Uganda Limited where parents were allowed to transfer school fees and other school related costs for the kids. Some explained that they used electronic transaction forms for additional home goods and food items such as sugar and salt. Others used mobile money for paying utility bills for water and electricity, and salaries to their house girls or housemaids and other support staff in their homes, instead of going to the bank to withdraw cash.

Mobile money remittances exert multiplier effects on the community. For instance, they have in some cases motivated young local men and non-receiving households to start seasonal entrepreneurial activities. Before, youths used to have no choice but to leave their villages for towns and cities like Masaka, Mbarara and Kampala, so much so that there were not enough youths to work in farms and gardens. But with the fast paced changes through mobile money many are now realizing that the rural is indeed a fine place to live and work. One young man who was part of a group of young men molding mud bricks and then baking them in huge ovens to make them strong and resistant to erosion by water or rain explained how they would sell the bricks to the remittance-receiving households to build houses on their homesteads.

“My wife introduced me to mobile money. Since we live far apart, we use the services that are very fast to trade together and support each other. I am a fisherman at the shores of Lake Victoria in Kalangala many miles away from my home. So I send the fish to her and she sells it in the market. We communicate through the phone and she sends the money through mobile money. I save much of it through mobile money as well. I am able to pay our son's school fees from anywhere and also keep in touch about his progress.” (Twaha, 2014 interview)

In fact, where non-existent infrastructure has typically stood in for the “rural” as static or cut-off from the world, it is exactly this reality that shows dynamism because it has inspired the

tremendous uptake and transformation of mobile money. The absence of clear roads, accessible banks, hospitals and transport facilities in rural areas explain why a mobile phone will be popular for saving, transferring and making real-time payments. Access to health attention and remittance payments through mobile technology is a dream come true for rural residents. There was also the case of multi-nationals and NGOs coming to the village that had substituted in-person payments in cash with mobile money payments and other mobile applications to reach out to the communities and distribute emergency aid to families.

As such, the new infrastructural concepts engineered by MNOs are not only broadening the range of transactions that target the rural poor, they are also providing dynamic substitutes making rural spaces and territories even more fluid. Such accessibility and availability means that almost

everyone in every corner of the country, community and village has a story to tell about mobile money.

While the increasing number of money transfers from urban to rural territories through the mobile phone has also increased the flow of information between people in and outside the village, one consequence is that urban dwellers are increasingly keeping away from these rural localities owing to the convenience and reliability with which mobile applications provide them. According to a church priest,

"... a lot of people here come to the village when it's Christmas. They only come to the village for the seasons' holidays. And when they come here, it's as if there is nothing to keep them there. They leave as soon as they arrived. Mobile phones have encouraged our people in the urban not to visit at all. They have provided an easy means of communication and sending money. People no longer need to physically come here. It is as if the major motivation for people to purchase phones nowadays is so that they can avoid expenditure on travel to the village. It is as if there is no need for the inconvenience of having to make constant trips to the rural." (Sam, 2014 interview)

While some study participants worried about the changes brought by mobile money it was also clear that it was not introducing entirely new ways of life but substituting what already exists. Mobile money seems to enhance rural lifestyles of community through which people who are registered are able "connect to all" including their kin, friends and community. It provides opportunities to establish and maintain community, collaboration, and access, which I will describe in part 2 of this blog post.

To read part 2 of *Reimagining Rurality in Mobile Money Times: Life, Identity, and Community in Southern Uganda*, see [here](#).

Posted by Ursula Dalinghaus at 7:47 AM



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