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## Final Reports

### Title

An Assessment of Adoption and Use of Mobile Money Services in East Africa: Case Studies from Uganda and Tanzania (Synopsis of Research Results)

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### 2011

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### Project Year

2011

### Region(s)

East Africa

### Country(ies)

Uganda, Tanzania

### Project Description

The last two decades have seen many countries undertake major policy reforms to create liberal market-oriented economies that aim at developing competitive financial systems. This has allowed the infiltration of commercial financial institutions and the proliferation of mobile phones in developing countries has changed the money landscape with the fast adoption of mobile money services. Scholarly research on the adoption and use of mobile money services in the developing world is scant. Even less attention has been paid to the social and cultural contexts surrounding the adoption and use of these services. Much has been written about mobile money services in Africa, particularly since the success of M-PESA in Kenya and MTN's mobile money services in Uganda, but there is a paucity of studies on why mobile money services in Tanzania are not garnering the same level of media, scholarly and customer attention. Despite the close proximity of Tanzania, Uganda and Kenya, the mobile money service landscape in each is quite different. There appears a compelling reason to systematically investigate the adoption behavior in view of the variability in the rate of adoption of mobile money services in Tanzania and Uganda. Using the Technology Acceptance Model (TAM), this study seeks to examine: 1) the phenomenon and pace of adoption and use of mobile money services and delves further into social cultural factors that nurture positive and/or negative intentions toward mobile money service adoption and use in Uganda and Tanzania; and 2) the effects of a customer's mobile experience and how this builds trust and loyalty/support for mobile money services.

### Researcher(s)

Batilda Moshy, Paul Mukway

### About the Researcher(s)



**Batilda Moshy** is an Assistant Lecturer at Sokoine University of Agriculture in Tanzania. Currently she leads the Network for the Study of Rural Livelihoods and Inequalities in East Africa [NERLIEA] region. She completed her Master's in Tourism Management at the University of Westminster in London and holds a Bachelor's Degree in Tourism from Makerere University. She has been trained in Innovation

management by the Centre for Innovation Management at the University of Brighton in the United Kingdom. Batilda has been involved in research and teaching for almost four years. Her key research interest is on innovation in the service sector particularly tourism, banking and finance, information services and transport sector.

**Paul Isolo Mukwaya** has just completed his PhD in Geography from Makerere University Kampala Uganda. He has been working on "Reducing the carbon footprint from transportation in growing cities: Application of city planning approaches in Kampala City." For the last six years, he has also been lecturing in the Department of Geography Makerere University. He is a Ugandan and received his B.A. in Geography from Makerere University and a Master's of Philosophy degree in Social Change, specializing in Geography, from the Norwegian University of Science and Technology in Trondheim Norway. For the last five years, his research has focused on infrastructure and local economic development; institutional aspects of global environmental change; carbon emissions and energy use in transportation; and urban health and livelihoods.



## Synopsis of Research Results

The last two decades have seen many countries undertake major policy reforms to create liberal market-oriented economies that aim at developing competitive financial systems. This has allowed the infiltration of commercial financial institutions, and the proliferation of mobile phones in developing countries has changed the money landscape with fast adoptions of mobile money services (MMS).

Scholarly research on the adoption and use of MMS in the developing world is scanty. Even less attention has been paid to the social and cultural contexts surrounding the adoption and use of these services. There has been a lot written about MMS in Africa, particularly since the success of M-PESA in Kenya and MTN's MMS in Uganda, but there is a paucity of studies on why mobile money services in Tanzania are not garnering the same level of media, scholarly and customer attention. Despite the close proximity of Tanzania, Uganda and Kenya, the MMS landscape in each country is quite different. There is a compelling reason to systematically investigate the adoption behavior in view of the variability in the rate of adoption of MMS in Tanzania and Uganda.

Using the Technology Acceptance Model (TAM), this study sought to examine:

- 1) the phenomenon, pace of adoption and use of MMS, and delves further into social cultural factors that nurture positive and/or negative intentions toward MMS adoption and use in Uganda and Tanzania; and
- 2) the effects of customer's mobile experiences and how these build trust and loyalty/support for MMS.

Results from the study indicate that: (1) at present there is not specific regulation/law governing the operations of MMS in both Uganda and Tanzania. One can find a multitude of regulations and stakeholders deeply involved in mobile money services; (2) traditional Technology Acceptance Model (TAM) constructs may not be as widely applicable determinants of adoption and use of MMS in Uganda and Tanzania as they have been found to be in many studies.

Out of the identified TAM factors, the strongest predictors of frequency of use of MMS in both countries combined were positive attitude and customer care services. In Tanzania, the strongest predictors of frequency of use of MMS were customer care services, convenience and low cost, while in Uganda the strongest predictors were positive attitude, awareness of service and social influence. The resulting final model explained 7%, 5% and 9% of the variance in frequency of use of MMS in both countries combined, Uganda and Tanzania respectively. We argue in the report that several contextual and situational factors including emergencies, the unexpected need to use MMS and hurry are also important in mediating adoption and use of MMS. Our data reveals that users are more likely to resort to MMS when no other means for receiving and sending money are available; and (3) customers appreciate and have quickly embraced MM transfer as a means of sending and receiving money; and over 60% of customers trust the

service.

However, mobile money fraud within the telecom companies, instabilities in the telephone networks, and making wrong transfers are worrying trends in the MM business.

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