BIZCOMMUNITY

Mobile money drives demand for financial services

Visa Inc and Fundamo, the Visa-owned mobile money platform, recently announced the results of a study that reveals consumers in six developing countries are already highly aware of mobile money services - the ability to make payments or send funds simply by accessing an account on their mobile phone. Nearly 90% of consumers surveyed by Visa expressed interest in making use of these services in the future.

The Visa Mobile Money study analysed the financial services needs and expectations of mobile money among nearly 2 500 consumers, mobile money agents, and merchants in Bangladesh, Ghana, India, Indonesia, Nigeria and Pakistan.

The results reveal that consumers' needs for financial services are far more sophisticated than previously believed and go well beyond the established transaction set offered by mobile money services today. The study also found that security concerns associated with carrying cash and the need to quickly send money to family members living far away are among the key drivers for mobile money adoption.

"Thanks to the mobile money community, millions of previously unbanked people are now able to make basic electronic transactions such as person-to-person and bill payments. Our potential for driving far reaching social and economic change, while at the same time growing transaction volumes in developing countries, is significant. But we'll limit that potential if we don't learn to stop and really listen to our customers," said Hannes van Rensburg, CEO of Fundamo and group country manager, sub-Saharan Africa, Visa Inc.

The Visa study suggests that the success of mobile financial services is determined by how deeply a mobile money provider understands its customers and tailors the service to the needs of consumers and mobile money agents - from service menus, to marketing and education. The study also uncovered key barriers to adoption and identified best practices for mobile money providers.

Key Findings

- ### Awareness of mobile money is high

  The study found there is high awareness of mobile money services and capabilities among consumers in developing economies. Across the six countries surveyed, average awareness stood at 56% and three countries stood out in particular: In Ghana, awareness was at 93% with MTN identified as the most known mobile money provider; in Pakistan 89% of the public are mobile money aware and easyPaisa is the most recognised brand; and 53% of consumers in Bangladesh were aware of mobile money and identified bKash as the leading brand.

- ### Consumers have complex, sophisticated financial services needs

  While many survey participants did not have a formal financial account, several examples of complex and sophisticated money management systems emerged across the six markets. Using a range of techniques, the majority of respondents shared how they set money aside for education, healthcare, emergencies and life events. The majority of consumers surveyed intend to use mobile money to send money to family members (81%), pay utility bills (56%) and save money for their family (52%).

- ## Preventing theft, ability to quickly send money drives adoption

  The primary driver and reason to adopt mobile financial services, according to the study, is not to establish formal savings, but rather the need to protect funds from theft and the ability to more easily send funds, pay bills, school fees, etc. Across the six countries, 80% of respondents cited "safety of not having to carry around a lot of cash" as the primary perceived benefit of mobile money, while 63% of respondents listed "speed of getting money to family members living far away" as the second most important benefit.

- ## Ease of use, trust and lack of interoperability are barriers to adoption

  Across the countries where surveys took place, respondents cited ease of use (64%), lack of trust in mobile money providers and agents (55%), and lack of interoperability with other mobile money services (28%), as primary barriers to adoption.

  In addition, lack of accessibility to mobile money agents, mobile network reliability, communication and education appear to be major barriers, preventing activation and usage of mobile money accounts.

Best Practices

- ## Listen to Your Customers

The results of Visa's study suggest that fine tuning how a mobile money operator markets its service can have an impact on consumers' desire to adopt such a service. For example, the study found that "safe keeping" rather than "saving" money is a primary driver for why consumers in developing countries are interested in using mobile money services. This suggests that mobile money providers should invest in additional research to better understand their customers' needs, tailor information, education and marketing efforts to the needs of consumers and mobile money agents, and adopt local terminology.

"One key learning from this study could be summarised as 'it's not what you say, it's how you say it'," said Gavin Krugel, head of Emerging Market Customer Strategy and Market Activation, Visa Inc. "This single insight has massive implications for the vernacular used in mobile money menu structures, the education of mobile money agents and consumers, and creation of mass market advertising."

- ## Ensure mobile money services are easy to use and offer a transparent fee structure

Ease of use was listed as the biggest barrier to adoption by survey respondents (64%). Consumers, merchants, and agents alike also cited the importance of offering a clear pricing structure as a key need of a mobile money program. Individuals are price sensitive and evaluate alternative options meticulously. For example, the cost of calls was the primary reason for choosing a mobile network operator in five of the six markets surveyed.

- **Build an extensive mobile money agent network**

Not having prevalent accessibility to mobile money agents is ranked as a key barrier to the adoption of mobile money. In order to drive adoption, cash and customer service will need to be readily accessible to meet expectations. 54% of consumers cited quick and easy access to cash as a key benefit of mobile money.
The Visa Mobile Money study was conducted February through August 2012. Visa surveyed nearly 2 500 individuals in six countries and 15 cities through a combination of field surveys, in-depth in-person interviews, and focus groups with men and women ages 18-44 years of age.

Respondents had to own a mobile phone. The study included both in-depth qualitative and quantitative research on money management needs, habits and practices as well as factors that need to be addressed for the successful adoption of mobile money services.

Particular focus was placed on understanding the needs of unbanked consumers as well as the needs of merchants and agents who will be offering mobile money in both urban and rural areas within these markets.