



# A Sense of Inclusion

*An Ethnographic Study of the Perceptions and Attitudes to Digital Financial Services in Sub-Saharan Africa*



# Acknowledgements

This report is based on the ethnographic research produced by a research team at the African Studies Center Leiden, University of Leiden, led by Professor Mirjam de Bruijn and Inge Butter, in collaboration with Professor Abdou Salam Fall and Moustapha Sèye of LARTES-IFAN in Dakar. They authored the original academic report, *An Ethnographic Study on Mobile Money Attitudes, Perceptions and Usages in Cameroon, Congo DRC, Senegal and Zambia: Final Ethnographic Narrative Report (2017)*. The ethnographic study and academic report were commissioned by the Partnership for Financial Inclusion, a joint initiative of IFC and the Mastercard Foundation to expand microfinance and advance digital financial services in Sub-Saharan Africa. This shortened and synthesized report for the DFS industry was written by Anna Koblanck, Soren Heitmann and Gisela Davico of IFC. The writers owe thanks to Lesley Denyes, Joseck Luminzu Mudiri and Johannes Kinzinger of IFC and Ruth Dueck-Mbeba of the Mastercard Foundation, for providing feedback and input.

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## FOREWORD

As digital financial services have expanded rapidly across Sub-Saharan Africa over the past decade, millions of people who previously did not enjoy access to formal financial services can now make payments, save, borrow and sometimes become insured with a few clicks on a mobile phone or a finger's swipe at an agent's point-of-sale device. In countries such as Cote d'Ivoire, Kenya, Senegal, Tanzania and Uganda, rates of financial inclusion have doubled, while new and traditional providers have explored an emerging market with innovative services and products. Many providers have also found the new market challenging in unexpected ways. The source of those challenges is often a provider's limited knowledge of the new set of customers. What attracts the previously unbanked to digital financial services? What concerns or fears do they have regarding financial services and new technology? How do they perceive themselves in the economy and how may this influence customer behavior? These are complex questions with often diverse answers; depending on who you ask, in what market and at which point in the customer journey.

To gain a better understanding of the African DFS user and capture a sense of the deeper fabric of the emerging market, IFC and the Mastercard Foundation commissioned a comparative ethnographic study into the usage, perceptions and attitudes towards DFS in four countries on the continent; Cameroon, the Democratic Republic of Congo, Senegal and Zambia. Begun in September 2015, this one-year research project was carried out by the African Studies Center Leiden, the Netherlands, in collaboration with local research teams in all four countries<sup>1</sup>. It set out to explore the cultural and socio-economic market context for DFS in Sub-Saharan Africa, and how factors such as peoples' ideas of money, monetary relations within families and other networks, trust, and financial status may influence the decisions consumers make. The four countries were chosen to encompass both anglophone and francophone markets at the early stages of DFS development.

While DFS providers often employ both quantitative and qualitative market research to better understand the customer and the opportunities and challenges of the market, such research tend to focus primarily on existing demand, pricing and product design. Ethnography is the scientific study of peoples and cultures, and this qualitative research study aimed to provide an in-depth description of what digital financial inclusion means in relation to social and cultural factors. The research teams spoke to both users and non-users to learn what cultural or socio-economic drivers and barriers to uptake there may be, and also how the introduction of DFS may alter or influence social relations and cultural norms.

Ethnographic research is based on observation and personal stories rather than aggregated statistics. An ethnographic approach to market research brings out the voice of the individuals in a detailed and nuanced way, capturing and analyzing the anecdotal in a systematic fashion. This report thus aims to bring forth the voice of the DFS users and non-users in the study markets. It is a descriptive rather than prescriptive endeavor, aiming foremost to offer readers an idea of how DFS is viewed on the ground and a framework for looking at the potential of DFS for financial inclusion through the lens of the African consumer.

One of the interesting findings made relates to how digital payments interact with extended family structures and financial obligations within such structures. Some DFS users have found, for example, that the immediate accessibility of mobile transactions has made it difficult for them to escape unwanted solicitations for financial aid from distant family members. When money had to be transported physically, it was much easier to turn such requests down. In other markets, the researchers found that some users are uncomfortable using agents close by for lack of privacy in financial matters, while others want to make large deposits with agents in their own community to signal their economic status.

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<sup>1</sup> Senegal: Prof. Abdou Salam Fall, Dr. Moustapha Seye, Khadidiatou Diagne and Mame Diarra Boussou Ndiaye. Zambia: Dr. Marja Hinfelaar, Dr. Iva Peša, Caesar Cheelo, Edna Kabala and Cynthia Kamwengo. Cameroon: Dr. Walter Gam Nkwi and Emmanuel Ngang. DRC: Dr. Sylvie Ayimpam and Dr. Olivier Kahola.

This study is a knowledge product of the Partnership for Financial Inclusion, a \$37.4 million joint initiative of IFC and the Mastercard Foundation to expand microfinance and advance digital financial services in Sub-Saharan Africa. The seven-year program supports 15 clients in 10 countries<sup>2</sup> on the continent, and has so far helped to bring about 4.7 million active new DFS users, 17,000 additional agents, \$103 million in monthly mobile money transactions, 36,000 new credit accounts, and 900,000 new savings accounts<sup>3</sup>. The initiative runs a large research and knowledge program to build and share industry expertise for the public good and in support of the evolving DFS market and improved financial inclusion. The research program looks at the drivers for scale and uptake of DFS; what value DFS may bring to the financial market in Sub-Saharan Africa; and what the impact of expanded financial inclusion may be.

Financial inclusion is a means to an end. It is essential to inclusive economic growth and development. The World Bank Group is committed to help extend formal financial services to one billion people worldwide as part of the goal to reach Universal Financial Access by 2020. The expansion of DFS is central to this effort. New technology and innovative business models have made it possible to bank low-income people, small-scale businesses and rural populations that were considered

too expensive and too risky to serve under traditional brick-and-mortar bank expansion. DFS has created an entirely new market for affordable and sustainable financial services that acts as a catalyst for real sector development, not least by empowering informal small-scale entrepreneurs with the financial tools required to grow and prosper. This report gives a voice to some of the new users of DFS in Sub-Saharan Africa, and their perspectives of what works and what could work better.

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<sup>2</sup>Cameroon, Cote d'Ivoire, DRC, Ghana, Lesotho, Madagascar, Rwanda, Tanzania, Senegal, Zambia.

<sup>3</sup>As of 30 June 2017.

## EXECUTIVE SUMMARY

This study aims to understand what digital financial inclusion means in different African contexts in relation to historical, cultural and social factors. It is a comparative ethnographic exploration of the usage, perceptions and attitudes towards digital financial services in Cameroon, the Democratic Republic of Congo, Senegal and Zambia that ultimately aims to give a voice to both DFS users and non-users to provide insights for financial inclusion. It focused primarily on four key research questions: What is the contextual infrastructure of digital financial services in Sub-Saharan Africa? How is the meaning of money changing due to digitization? What are the factors informing people's perceptions and attitudes towards DFS? What is the impact of DFS on financial inclusion, beyond the numbers that measure access to formal financial accounts?

Ethnographic research is qualitative rather than quantitative in nature, and the findings of this study are based on field observations, interviews, focus group discussions and archive research carried out by the research teams in all four countries. Six themes emerged from the ethnographic findings that may serve as a framework for deepening our understanding of the emerging DFS customer and market: the historical roots of monetary transactions; mobility of people and money; technological appropriation; risk perceptions; networks of belonging; and economic hierarchies. These interrelated themes help to guide an understanding of how social and cultural factors may influence the success of DFS in a specific market. This approach also helps to understand how the introduction of DFS in turn influences the social and cultural context of a market.

For the purpose of this study, digital financial services are defined in line with the G20 High-Level Principles for Digital Financial Inclusion<sup>4</sup> as the deployment of digital means to offer a range of affordable and sustainable formal financial services to primarily underserved

communities. It includes services such as mobile wallets and agent banking. These differ from traditional forms of money handling in terms of accessibility, speed and convenience. Before the introduction of digital financial services in Sub-Saharan Africa about a decade ago, most monetary transactions were handled by post offices, banks, money transfer services such as Western Union, or simply hand-to-hand by enlisting the services of trusted allies to bring money across distances. In many African countries, savings have traditionally been conducted through informal savings clubs, and credit has often been obtained from family and friends.

The introduction of digital financial services has the potential to substantially increase financial inclusion<sup>5</sup> and transform the African financial sector as a full suite of financial services is offered far beyond urban centers. Considering the centrality of money to modern life, this is bound to have considerable effects on the communities in which the services are now offered, for example in relation to patterns of power, status and social relations. How this plays out may in turn affect the uptake of DFS in different markets. To discern how this may differ between specific cultural and social contexts, the researchers chose to focus on four countries that represent both the anglophone and francophone, and varying degrees of economic development.

The study started in September 2015. Overall, a total of about four hundred interviews were conducted over a period of about seven months at the eight research sites: Bamenda and Baaba in Cameroon, Kinshasa and Lubumbashi in the DRC, Dakar and Louga in Senegal, and Lusaka and Kitwe in Zambia. The researchers followed the same methodology in all areas, starting by mapping out the alternative channels ecosystem and its actors and then following these various actors in their use of a variety of services over the period of the study to reveal specific layered cultural and social practices

<sup>4</sup> G20 High-Level Principles for Digital Financial Inclusion, 2016 G20 Report, p.3.

<sup>5</sup> Measured as the percentage of adults (aged 15 years and above) who report having an account (by themselves or together with someone else) at a bank or other type of financial institution or report personally using a mobile money service in the past 12 months, The Little Data Book on Financial Inclusion 2015, World Bank Group, p. 163.

regarding money handling and how these may translate into drivers or barriers to the uptake and use of digital financial services.

The researchers interviewed both users and non-users of DFS, in urban as well as rural areas. In Zambia, the researchers used bus stations as sites for finding informants. In Cameroon, the team focused on the informal sector, interviewing *buyam-sellams*<sup>6</sup>, motor taxi drivers, and other small-scale business proprietors. They also spoke to students, teachers, journalists, accountants and farmers. The Senegalese team interviewed merchants, traders, and international migrants and their families. In the DRC, the researchers also primarily focused on the informal sector, speaking to merchants, traders and farmers, plus students. In each of the four study countries, the research teams chose two geographical locations in which to set up their case studies. The areas range from capital cities to peri-urban centers and rural towns, either close to each other or at a greater distance. In each country, the two chosen sites constituted two specific points in a regional monetary chain and were part of the national DFS ecosystem. The variety of the sites helped the researchers see similarities and differences across the four markets.

One of the main findings of the study is the crucial and overarching importance of trust, and how this notion is culturally specific and historically embedded in each society. All of the economies in which the case studies took place have experienced large swings of economic progression and deterioration over time, sometimes reflected in a collapse of the financial sector. Consequently, some potential DFS users have learned to primarily rely on informal financial services and may be reluctant to adopt services perceived to be linked to a volatile banking sector. In such markets, it may be especially important for DFS providers to distinguish themselves from traditional financial services providers to attract customers, and it also

becomes crucial to swiftly overcome any issues of balancing floats, network outages or similar bugs in the DFS system. If trust in financial services is already low in the market, time to win over users may be short.

Another key finding of the study is the high degree of mobility in the studied economies, both with regard to money and people. Many African economies are indeed mobile and network economies, and should thus be ideal for the introduction of DFS. Zambia, for example, is a mining economy with considerable internal migration. Typical for the mining economies of southern Africa is the long-term separation of families, with the male breadwinner working in the mining centers while the families remain behind in rural areas. Domestic remittances have thus long played a great part in the Zambian economy. To some extent, the plantation economy of northern Cameroon provides a similar context. In some other African countries, such as Senegal, international remittances are commonplace due to migration to Europe and other parts of the world. In all these types of economies money has been 'mobile' for a long time, and family structures and other networks are crucial for such mobility to take place.

Some of the findings of the study relate to the cultural and social appropriation of new technology, showing for example how the marketing of DFS sometimes misses the mark when not tailored to local identities. Regardless of actual legislation in a market, the study also revealed that people's perceptions of consumer protection policies play an important part in the decision to adopt DFS or not. Fears of new technology also emerged as a powerful barrier to DFS adoption, not just in terms of technological literacy but also due to the anticipated effect of new technology on social and cultural norms.

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<sup>6</sup> Buyam-sellams are small-scale traders who buy foodstuffs such as cocoyam, beans, cassava and fruits, from rural areas to retail in urban centers.

The choice to take up a financial service is also influenced by people's economic status and networks of belonging. Interestingly, the study shows that in some instances a sense of social or economic exclusion increases the likelihood of the adoption of DFS, while in other instances it can be a barrier. A majority of informants across the four countries had a preference for cash. This is believed to be partly due to unfamiliarity with the general concept of mobile money or e-money, a lack of financial literacy, a preference for personal contact when dealing with money, and even the simple fact that cash remains dominant in many day-to-day circumstances. In the studied markets, people still see themselves as belonging to a cash-based society as opposed to one revolving around digital money. For those who have chosen to appropriate DFS, the study shows that this can be a first step towards adopting a range of formal financial services and that DFS as such can serve to help formalize the large informal sector in many African countries.

The research study did not aim to produce actual recommendations for DFS providers, but only to help reveal some of the social and cultural factors at play in the expansion of digital financial inclusion in Sub-Saharan Africa. Some apparent advice can be drawn from the study though. It seems clear, for example, that DFS marketing needs to include a strong element of financial education to reach unbanked users due to a general lack of technological and financial literacy. Selling mobile money as a convenient tool or an attractive lifestyle choice is not enough. It seems wise as well, from a marketing perspective, to spend some time to understand how DFS is viewed in relation to social

and economic status in a given market: is it generally perceived as accessible or inaccessible by the unbanked? Understanding how important personal relations are in handling money in a market may help determine what branding to adopt in an agent network; proprietary or that of a partner, or both.

There's been a remarkable expansion of DFS in Sub-Saharan Africa over the past decade, with a real impact on the livelihoods and daily lives of millions of new users who have gained access to formal financial services this way. In many markets, the DFS infrastructure is now generally in place. To fully develop the potential of DFS for financial inclusion going forward, it is crucial to really get to know the new customers. This study seeks to add to that understanding from a fresh perspective.

## COUNTRY CONTEXTS

This section gives a short introduction to each of the research countries, and the broader market context for the chosen research sites.

### Cameroon: Bamenda Town and Baaba Village

Cameroon is a middle-income country in central Africa, constituting both anglophone and francophone areas. The research for this report was carried out in the town of Bamenda and the close-by village Baaba, in an English-speaking part of North West Cameroon called Bamenda Grassfields. From early colonial times, the region was transformed into a plantation economy. Both Bamenda and Baaba provided labor for the plantations, and are thus characterized by a mobility pattern linked to the economy that has hence shaped cultural and social life. In more recent years, the labor mobility of the plantation economy has been layered with new patterns of mobility following migration to other African countries and Europe.

Bamenda is a town of about 250,000 people, and has a history of constant influx of people from around the region. It is often characterized as a 'self-made' town, where the vast majority of the inhabitants (85 percent) are traders and farmers and only a small portion work in government services. Due to the absence of industries and a high unemployment rate, even high school graduates and college leavers are known to become small-scale traders. Still, Bamenda is considered an economically fast-growing town and commercial banks are increasingly establishing branches in the city. With high rates of domestic and international migration, remittances have become a crucial source of income for families in Bamenda. There is a proliferation of money transfer services such as Western Union, MoneyGram, Express Exchange, and Express Union, to handle money sent home from 'bush fallers', the term used locally to

describe individuals who have gone abroad in search of economic opportunities. One informant described how the lack of job opportunities has forced many families in Bamenda to "do everything possible so that a family member fall bush<sup>7</sup>."

Baaba is a village of about 40,000 people in the plains of Ndop, about 40 kilometers from Bamenda town. It is one of the traditional chiefdoms of Bamenda Grassfields, and the inhabitants form one ethnic group with its own language and customs. Many people have migrated from Baaba to Bamenda, Duala and further afield, forming a migratory network. Despite its economic growth and relative modernization, Bamenda's social structure is based on ethnic relations that extend into villages such as Baaba. These ethnic networks often also form the basis of certain trust-based exchanges, for example community-based savings groups, known locally as tontines or njangis<sup>8</sup>. The provision of either traditional or innovative formal financial services is extremely limited in Baaba.

In Bamenda town and Baaba village there were two mobile network operators offering mobile money services during the time of the research; MTN and Orange. MTN was the first service provider to introduce mobile money in Cameroon through a partnership with Afriland Bank in 2010. MTN Mobile Money offers payment transfers and bill payments (water and electricity). MTN is the customer-facing partner. Orange Money was introduced in 2011 in partnership with BICEC Bank and provides similar services to that of MTN, but with the additional possibility of paying for flight tickets and to make credit repayments. It has recently also entered a partnership with Total to enable customers to use mobile money to pay for petrol. Traditional money transfer services are a popular method of sending and receiving money in the region, especially for international and foreign currency transfers. Digital financial services offered by traditional banks were fairly invisible in the research region. Banks advertise such

<sup>7</sup>Nyamnjoh, F. (2004) Images of Nyango Among Bamenda Grassfielders, Langaa Publishing CIG.

<sup>8</sup> Njangis society is a group of members who come together, contribute money, and borrow to members. It is a social solidarity based on trust. Njangis constitute the informal sector of saving money, and the practice is widespread in Cameroon. It is estimated that more than half of money in circulation in Cameroon circulates in Njangi groups which banks / MFS cannot account for.

services, but the uptake is very low. When it comes to traditional banking, microfinance institutions and credit unions are most popular among the Bamenda population. Credit unions offer credit and savings possibilities. They also offer money transfers (tele-cash services), but these require that both sender and receiver hold an account with the credit union. Credit unions are considered more financially inclusive than banks as they allow customers to save and withdraw very small sums of money (the minimum is CFA500, less than one US Dollar).

The Rotating Savings and Credit Association (ROSCA), known among anglophone Cameroonians as njangi and among the francophone as tontine is a social network-based informal financial structure that is very popular in the area. These are groupings often based on gender, ethnicity, activities or similar, in which members pull their financial resources or human capital together to assist one another<sup>9</sup>. While mobile phones do play an important role in coordinating financial transactions within these groupings, money is not actually transmitted through mobile phones.

Cameroon is part of the Central African Economic and Monetary Community (CEMAC), and its central bank BEAC has determined that banks alone are allowed to issue e-money. While MFIs are popular in Cameroon, they are excluded. This has limited the development and growth of DFS products.

### Financial Inclusion in Cameroon

Accounts % age 15+ all adults 2014: 12.2

Financial institution account % 15+ all adults 2014: 11.4

Financial institution account % 15+ all adults 2011: 14.8

Mobile accounts % 15+ all adults 2014: 1.8

## Democratic Republic of Congo: Kinshasa and Lubumbashi

The Democratic Republic of Congo is geographically the largest country in Sub-Saharan Africa, but with an extremely limited infrastructure due to decades of civil war that only ended in 2003. The country is legislatively weak and continues to be subject to political unrest, and its financial sector is regarded one of the weakest on the continent. Financial inclusion has however rapidly increased from only 3.7 percent in 2011 to 17.5 percent in 2014<sup>10</sup>, mostly due to the introduction of digital financial services. Research for this study was conducted in the capital Kinshasa and in Lubumbashi, the second largest city in the country and its economic center.

Kinshasa is a large, bustling city of 10 million inhabitants that is the center of exchanges with the whole sub-region. With less than 10 percent of the population in salaried employment in either the private or public sectors, the majority of inhabitants earn a living in the informal economy. Lubumbashi is the main urban center of Katanga, a rich mining province in the south of the country. It is an industrial town, with less informal economic activity than Kinshasa.

In DRC, the principal users of DFS are the youth. The researchers found that the youth are attracted to the services due to the use of mobile phone grammar, its practicality and accessibility. For example, students in Lubumbashi who originate from other places in the country use mobile money services to receive funds from their parents. The proliferation of mobile money agents near university campuses in Lubumbashi is evidence of its popularity among students. Many of the students also work as DFS agents. The informal sector, which is largely unbanked, has also been quick to adopt DFS in the DRC. By contrast, DFS uptake among older generations, people who are fifty years and older, is low.

In DRC, the historical context in which DFS was introduced is one in which the informal economy plays a large part, there's a lack of communication infrastructure, and a history of bank defaults. The financial crisis in the early

<sup>9</sup> Njamnho & Fuh (2014) Njangi Sociality: Mobility, ICTs and Mobile Money Usages and Practices amongst Poor Rural Farmers in the Cameroon Grassfields, Overview Report, Langaa RPCIG.

<sup>10</sup> The Little Book on Financial Inclusion, Findex/Global Financial Inclusion Database, World Bank group, 2015.

1990's was followed by a twenty-year period in which the banking sector did not function properly. Banks have only reappeared from 2005 onwards, due to a return of investments in the mining sector following the end of civil war. The financial sector is still far from solid, with the International Bank of Africa in the Congo (BIAC) defaulting in 2016. There's thus a prevalent and persistent mistrust in banks among many Congolese, and the researchers found that many see DFS as the ideal alternative for those not comfortable with using traditional banking services.

DFS were introduced in DRC in 2012 following the release of a new regulatory framework by the central bank. At the time of the research there were four main mobile money services offered by mobile network operators: Airtel Money, M-Pesa, Tigo Cash and Orange Money. These services offer a range of products, including deposits, withdrawals, payments and airtime credit. There are also some DFS provided through partnerships between banks and MNOs, such as Pepele Mobile offered by Trust Merchant Bank (TMB) and five MNOs (Airtel, Africell, Orange, Tigo, Vodacom). The service offers deposits, withdrawals, transfers, bill payments, and the possibility of receiving salary payments into a mobile account. It operates in Congolese Francs and US dollars, and is multilingual (French, English, Lingala, Swahili, Tshiluba, and Kikongo). A couple of microfinance institutions also offer DFS, such as FINCA DRC, which had almost 300,000 DFS customers and more than 1,250 of its own agents at the end of June 2017. LIBIKI is a nano-lending service offered in partnership between Airtel Money and United Bank for Africa DRC (UBA).

In the DRC, the Central Bank (BCC) is responsible for accreditation of DFS providers and the regulatory framework is considered relatively enabling.

### Financial Inclusion in the DRC

Accounts % age 15+ all adults 2014: 17.5

Financial institution account % 15+ all adults 2014: 10.9

Financial institution account % 15+ all adults 2011: 3.7

Mobile accounts % 15+ all adults 2014: 9.2

## Senegal: Dakar and Louga

In Senegal, the research team conducted field work in the capital Dakar as well as in Louga, a town of about 80,000 inhabitants in a primarily agricultural and pastoralist region in the northwest of the country. The choice of research sites was motivated by a desire to explore any differences in DFS usage between urban centers and rural areas, but the researchers discovered there were no significant variances between usage in Dakar and Louga.

The economy in Louga depends on agriculture, livestock breeding and, to a lesser extent, fishing. It is also one of the top three areas of the country in terms of international migration, making remittances a core part of the local economy. Money transfer services have developed rapidly in areas with high migration like Louga, as well as in Dakar. The team focused its research efforts on understanding the reception and usage of DFS in the informal economy and with regard to migration.

The DFS market in Senegal is relatively developed with a number of mobile transfer services and mobile money services offered by operators such as Wari, Joni-Joni, Orange Money, Tigo Cash, and Yobantel. Together they offer a range of products including transfers, deposits, withdrawals, bill payments, and purchases at supermarkets, restaurants and shopping centers. It has also recently become possible for users to transfer money between some bank accounts and e-money accounts.

Traditional money transfer services such as Ria and Money Express are also commonly used, particularly for international remittances. Some of the older systems of transferring money physically still exist along digital means, such as hand-to-hand transfers through social network intermediaries (family, village, known via-via). This was particularly the case in Louga, and is generally the case in remote rural areas that lack electricity and DFS service points. Sending cash through the post office was popular before money transfer services were introduced, particularly by international migrants. As in Cameroon, savings groups, so-called tontines, play a prominent role in providing financial services, especially savings and credit, to the broader population.

Senegal is part of the West African Economic and Monetary Union (WAEMU) and falls under the regulation of the regional central bank, the BCEAO. The regulator oversees financial sector activities, including e-money, and has a role in providing e-money licenses to banks, MFIs, and MNOs.

### Financial Inclusion in Senegal

Accounts % age 15+ all adults 2014: 15.4

Financial institution account % 15+ all adults 2014: 11.9

Financial institution account % 15+ all adults 2011: 5.8

Mobile accounts % 15+ all adults 2014: 6.2

## Zambia: Lusaka and Kitwe

Since the 1920's, the economy of Zambia has been dominated by copper mining. This has resulted in a high degree of domestic migration and urbanization in the Copperbelt towns, as well as a high level of mobility between rural and urban areas. This migration and mobility has been accompanied by a high level of domestic remittances. For this study, the research team opted to focus on DFS usage in the capital city Lusaka as well as Kitwe, one of the larger towns in the Copperbelt.

Kitwe is a secondary city situated in the industrial heartland of Zambia, with over 500,000 inhabitants. It has high rates of unemployment and there is much scope for improved financial inclusion in peri-urban areas and informal settlements. Lusaka has a population of about 2.5 million, and is less characterized by poverty but displays highly unequal development patterns. The research team covered a range of social actors in both research sites, including for example entrepreneurs, students, civil servants and bus drivers.

In Zambia, banking services were historically provided by commercial banks, often of a foreign origin, e.g. Barclays of the United Kingdom and Standard Chartered Bank of South Africa (Stanbic), while the post office handled money transfers and remittances. There are today a number of DFS providers, with Celplay introducing the first service already in 2002 (it had its license deactivated in 2013 and is no longer operating). What sets the Zambian DFS market apart is the strong

position of Zoono, an independent and interoperable payments service provider that came onto the market in 2009. It originally only provided money transfers, but has recently developed a full suite of DFS products.

Airtel and MTN both offer mobile money services since 2011 and 2012 respectively, today offering products such as payments, savings, bill payments, and bulk payments. MTN also offers loans in partnership with JUMO, which is licensed by the Bank of Zambia as a non-deposit taking financial institution. These loans are provided to consumers and small businesses without any requirement of savings or collateral. Overall, Zoono is the market leader for transactions, despite higher consumer fees. Some banks offer DFS too, such as Zanaco's Xapit, FNB's e-wallet and Barclay's e-wallet. Zanaco's offering, in partnership with Airtel Zambia, has been on the market since 2008 and is popular among farmers, traders and suppliers. Part of its popularity lies in the fact that it does not require network access, and the software has been designed to cater specifically for low-income groups.

There are a number of traditional monetary transfer services too, such as SwiftCash provided by the Zambia postal services. Shoprite is a major South African supermarket chain that offers national money transfer and payments services to its customers, and Western Union and MoneyGram are popular services for international money transfers. MoneyGram has recently entered into a partnership with Stanbic Bank, making its services available through the bank's branches.

In Zambia, regulations were under development by the Bank of Zambia during the time of the study and were considered to be lagging behind dynamic market developments.

### Financial Inclusion in Zambia

Accounts % age 15+ all adults 2014: 35.6

Financial institution account % 15+ all adults 2014: 31.3

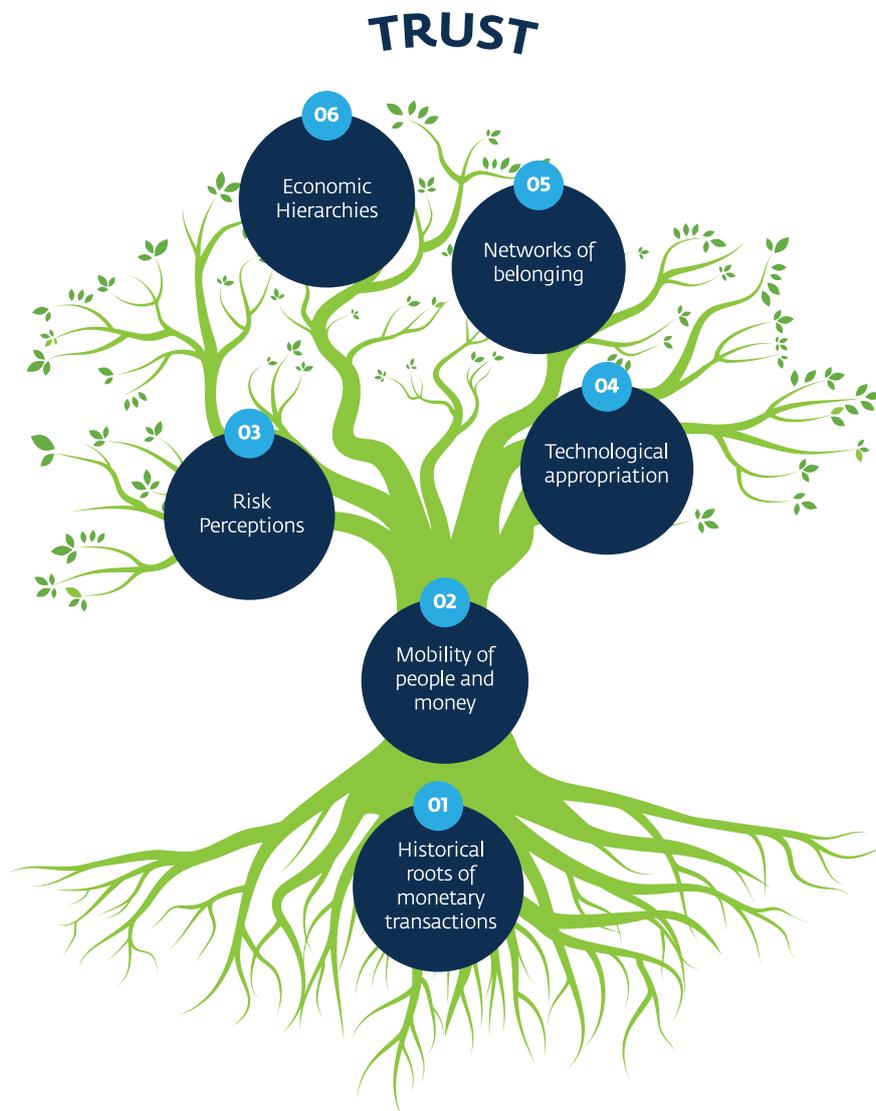
Financial institution account % 15+ all adults 2011: 21.4

Mobile accounts % 15+ all adults 2014: 12.1

## MAIN RESEARCH FINDINGS

This study uses an ethnographic approach to understand DFS users and non-users, identifying a socio-cultural framework to describe how key factors may drive or inhibit use and trust towards digital financial services. There are six themes articulated in the framework: historical roots of monetary transactions, mobility of people and money, technological appropriation, risk perceptions, networks of belonging, and economic hierarchies.

The ethnographic research methodology is qualitative in nature, drawing from people's self-descriptions and observing their behavior and relationships with digital financial services. While the six-point framework provides structure, the ethnographic approach is organic in nature to allow researchers the opportunity to follow the subject as it evolves. Researchers analyze, interpret and distill people's expressions of excitement, frustration, optimism, concerns and judgements of digital financial services into a coherent description. The framework is illustrated by a tree, representing a synthesis of market factors that yield defined yet interconnected and inter-dependent structures.



### Digital Financial Services Understanding People's Perceptions And Relationships

A 6-point Framework

As a tree grows from its roots, people's perceptions of mobile money are rooted in the historical context of monetary transactions. Experiences from the past carry forward through cultural memory that underpin present day attitudes, in both positive and negative aspects. From this base grows the cultural relationships people have with the mobility of money. For example, there may be minimal cultural context with regard to financial mobility in societies that have remained geographically close; whereas others may have had long cultural experience with remittances and sending money elsewhere through various channels.

On top of this, two principle themes branch out that can help categorize potential drivers or barriers to people's use and uptake of digital financial services; risk perceptions and attitudes to adopting new technology. Here, actual consumer protection policies and practices are not as important as people's perceptions of risks and protections. Behavior is guided by what the individual perceives to be true and what the community affirms to be true. For example, a cultural norm that a cash-in transaction could risk physical money vanishing without recourse could be a powerful barrier, despite consumer fraud protection.

Attitudes about new technologies are also socially driven perceptions of reliability or ease of use that underpin willingness and ability to adopt a new way. Technological appropriation is a more fundamental cultural norm than merely adopting to means. New technology has the power to change, or "appropriate" established socio-cultural norms. Attitudes about new technology may come from a deeper level, as a response or judgement about how that cultural norm could change. For example, a DFS bill payment service offers a fast and reliable solution; but such technology may change the social norm of physically walking to the branch, engaging with people along the way and chatting with the local clerk. New technology may be seen as bringing about a social loss.

Further out towards the edges of the ethnographic DFS tree we find social networks and economic hierarchies. Like the branches of a tree, social networks are complex, interconnected and yet often clearly independent. Networks of belonging identifies social relationships horizontally, while economic hierarchies describe a vertical order. Whereas belonging to an informal savings circle may help to create a feeling of inclusion; a bank branch with bankers in suits and ties may evoke a sense of exclusion. Social relations, either vertical or horizontal, may impact how potential users view DFS.

A tree is a whole organism, not separate roots and leaves. As a whole, the six-point framework describes Trust. Each individual category can act as a driver or a barrier for adopting and using digital financial services. The way the user feels about DFS often depends on the degree of trust he or she ultimately feels for the service on offer. For an individual to believe in the underlying value proposition, to be receptive to marketing campaigns, to feel at-ease with the transaction community, an individual must place his or her trust in the product and provider.

What does this mean for DFS providers? The framework offers an approach to understanding the underlying social and cultural fabric of a market in a systematic way that goes beyond the anecdotal. The following research summary highlights some of the insights gained in the study of Cameroon, the Democratic Republic of Congo, Senegal and Zambia, and how these can be helpful to the industry and for the expansion of financial inclusion.

## HISTORICAL ROOTS OF MONETARY TRANSACTIONS

In Sub-Saharan Africa, digital financial services have been introduced into generally mobile and network-based economies where there's often a historical mistrust of the financial sector due to previous defaults and lack of regulatory support. The researchers found that people's perceptions of digital financial services are linked to the specific history of monetary transactions in a given market. In Cameroon, for example, they found that a history of migration and remittances sometimes function as a barrier to DFS uptake as people prefer to rely on already existing monetary transfer services for remittances. In Zambia, on the other hand, a history of remittances through the postal system has helped DFS adoption through a long-standing awareness and use of money transfers. In the DRC, people seem to consider DFS a welcome alternative to a limited, volatile and malfunctioning traditional banking sector.

The researchers found that two particular factors with links to the historical roots of monetary transactions help determine the reception of DFS; the (1) perceptions of, and experiences with, financial institutions; and (2) the historical reliance on social networks.

### Perceptions and experiences of financial institutions

In all four study countries, the researchers found varying degrees of skepticism towards the traditional financial sector, for varying reasons. In DRC, a lack of confidence in the banking system emerged repeatedly during singular interviews conducted for this study, and was evident in all focus group discussions held in both Kinshasa and Lubumbashi. There are two sources for skepticism. Banking services have never been widely available in the DRC, but have been reserved for only the small part of the country's workforce that is formally employed.

Secondly, there was an almost complete breakdown of the country's banking system in the early 1990's coupled with the collapse of popular Ponzi pyramid schemes, the two most prominent ones known as Bindo Promotion and Nguma Promotion.

*"I'm a civil servant. I don't trust getting paid through banks, as the history of Bindo and Nguma has taught me a lot. I am still afraid of being scammed by these banks. This is the case with the BIAC, which has no liquidity to pay its customers. I am always among the first to collect money once my account has been credited. I always empty my account. So, I don't trust the banks. Concerning Pepele Mobile, last month we were served by independent agents in Pepele Mobile outlets, but at the end of April, when we went to collect our salary, these independent agents told us that they had no money to pay us with. This meant we had to return to the bank. The conditions weren't ideal—I spent hours queuing up before being served. So Pepele Mobile changed nothing." — Anonymous civil servant and Pepele Mobile customer, Kinshasa, DRC<sup>11</sup>*

*"I never leave my [DFS] account with more than 50 US dollars for long. DRC is an unstable country where anything can happen, and I will never forget the disasters that hit the banking service in the past. So I don't have much trust in it and I use my account carefully." — Diam, Lubumbashi, DRC*

A large part of the Congolese population is active in the informal sector, which has historically been very inventive in terms of finding ways of transferring goods and money due to the lack of financial infrastructure. The informal sector has also proved to be an early adopter of DFS.

The researchers encountered similar historical mistrust in the financial sectors in Senegal and Cameroon, where semi-formal credit unions and savings clubs have become popular alternatives to traditional banking.

<sup>11</sup>All interviews carried out in DRC and Senegal have been translated from French into English.

*“The Credit Union is the best thing that we have in anglophone Cameroon, because the security of our money is guaranteed. In the mid-1980s most banks collapsed because of mismanagement and corruption in Cameroon. e.g Cameroon Bank, Credit Lyonal Camerooniase, BIZ Finance. These sad events have never occurred in the Credit Union league, so how can I depend on Cameroonian Banks again? Even the money transfer agency like Express Union, and First Trust that also provide saving and loan schemes, I don’t trust them I only receive and send money. When I am going to Ndu with money, I usually deposit it at my credit account here in Bamenda and collect at the Credit Union in Ndu. At times I also use Express Union, though not often.”*  
— Cassian Ndi, a journalist/blogger based in Bamenda, Cameroon.

*“There are many financial institutions in the city and the people of Louga are very used to them because the transfer via hand to hand had enormous risks and there was a lot of embezzlement. The situation was so critical that it could jeopardize the whole money transfer system. Towards the 70s, 80s, banks did not enjoy a lot of popularity. One could give as example the case of the famous BNDS. Banks often went bankrupt and this created a lot of credibility concerns. Therefore, people were not used to the banking system and were afraid to put their money in banks. Furthermore, there were a lot of cases of embezzlements. Things have changed nowadays, banks are managed better and the attitude of migrants toward financial institutions has improved. Migrants are able to send their money safely to their families without fearing misappropriation.”*  
— Mr. T., 65 years old, Louga, Senegal.

In Zambia, the economy has been dominated by copper mining since the 1920’s. This resulted in high levels of internal migration and urbanization in the mining region of the country, as well as a high degree of mobility of both people and money between urban and rural areas. In the early days of the mining industry, remittances took the form of goods, such as sewing machines, bicycles, fabric and soap. From the 1940’s, postal transfers became accessible to the African elite. While this established historical drivers for DFS generally, these historical roots also helped construct economic hierarchies that may serve as a barrier for the informal sector today. One informant recounted for example, how he was able to use postal transfer services to order his suits from South Africa in the 1950’s. It appears, the use of postal services for remittances remained fairly common until very recently.

*“I really wanted a bank but at that time (1967-68) in Kaunda’s era, we didn’t have many banks. Even those who worked in parastatals were paid over the counter, not via bank accounts. The Post Office was there for buying money stamps and keeping money, but it was too far. Many people were attacked on their way to the Post Office as they took money for safekeeping. The National Savings Bank was also available but was strictly for people who were working in formal employment and only used for settlement of pensions. So for some of us that were in small private businesses, we kept money in our bombasas. You would wear at least 3 pairs of shorts and put your money in the second pair of shorts as you walked around.”* — Friday Kaoma, retiree, 69 years old, Kwacha Township, Zambia.

Traditional banking was largely out of reach for Zambians in general during colonial days, but became more common after independence in 1964 for formal wage earners, such as civil servants. Most people simply kept cash at home, as savings options were limited. The divide between middle-income families and the informal sector was thus established early on and led to deeply entrenched exclusionary financial practices. The development of a broader entrepreneurial class after independence remained limited due to the nationalization of industry from the late 1960s. According to informants the creation of wealth was seen as suspicious during the rule of Kenneth Kaunda until 1991.

*“Government used to investigate people who had lots of money in their account or even certain goods, like [those who had] color TVs in their homes. Officials would pay you a visit to enquire how you could afford a color TV instead of a black-and-white TV.[...] Because of such government intimidation lots of people would keep money in their houses, and that’s why up until now many people still keep money in their homes.”*  
— Mr Chibesa, taxi driver, Lusaka, Zambia.

As a result of liberalization policies under the rule of President Frederick Chiluba (1991-2001), the banking sector expanded rapidly and Zambia today has a relatively high degree of formal financial inclusion for the region. For the informal sector, access to banking services have remained limited however. The state closure of several banks, such as Meridian BIAO in the mid-1990’s, has kept some people weary of the reliability of banks.

## The historical reliance on social networks

Social networks have long played a role in monetary transfers in the research countries. This makes sense, both from practical and trust points of view. Historical material discovered by the research team in Cameroon also reveal the importance of control with regard to remittances. The letters of a woman known as Fuam Kfaang, who worked in the plantations in the Bamenda Grassfields area in the 1940's, describes how she sent money to her family at home through people travelling to her village Kom. The letters shows how Fuam not only remitted money to family members, but also dictated how she wanted this money to be used. In a letter dated 14 March 1943, sent through a man called Johnson travelling to Kom on annual leave, Fuam informed her brother Samma Foin that 20 pounds were for her younger brother Ful to build a comfortable house for her, while 10 shillings were for Samma Foin to assist in the upkeep of his daughter. In a letter from Samma to Fuam on 23 July 1943, Samma accounts for the use of money that she had sent to him:

*“Part of the expenses: 2 pounds for the ‘native doctor’ for the medicine Rowo requested for her mysterious sickness; 10 shillings for juju consultation and an unspecified amount given to another brother, Johnny, while Samma himself used 10 shillings for out of pocket expenses; 13 shillings went to legal fees as a result of litigation initiated by Johnny’s relatives against Samma.”<sup>12</sup>*

The important role of social networks, sometimes coupled with a mistrust of formal financial institutions as described above, are evident in the continued popularity of semi-formal credit unions and savings clubs in some of the research countries.

<sup>12</sup> From fieldwork notes by Walter Gam Nkwi, March 2016.

## DFS Drivers and Barriers

The historical roots of monetary transactions continue to underpin social norms and attitudes today, which serve as both drivers and barriers to adoption of digital financial services. Where there's a general mistrust of the financial sector, DFS can be perceived either as an extension of a malfunctioning financial sector or a welcome alternative. How exactly this plays out may depend on how a provider positions itself in the market. Historical familiarity with remittances, domestic or international, often serves as a driver for DFS adoption.

In markets where sections of society that have been excluded from traditional formal financial services have set up informal structures to serve their needs instead, DFS services may struggle to gain traction if they are perceived as either disruptive to or beyond the reach of existing socialized monetary networks. Conversely, there may be great opportunities in the market for service providers that manage to successfully adopt and build on existing socio-financial norms and structures to make products more intuitive to targeted users.

Theme	
Historical Roots	
Cameroon	History of traditional monetary systems that still remain very popular today
DRC	Use of banks has never been wide spread and a series of banks collapsed in the past
Senegal	Traditional ways of sending and saving money are still very present today
Zambia	Domination of copper industry led to labor migration and remittances

Barrier Driver

## MOBILITY OF PEOPLE AND MONEY

All four research countries exhibit a general culture of mobility, founded on the historical movements of people, goods and money as described above. In general, it is fair to assume that such established mobility should be fertile ground for the introduction of DFS. The potential of DFS, at least in an introductory stage, is linked to the reasons people need to transfer money and the general mobility of people, goods and services. It is also linked to cultural trust in the intermediaries who are handling the money.

In Cameroon, the mobility of money is strongly linked to the geographical mobility of people, in itself often linked to economic opportunity, as well as consumption and social expectations. Money is sent to family members who need financial support or in case of festivities or ceremonies. In urban areas such as Bamenda, some people are using DFS to pay utility bills and education fees. During Christmas, the mobile network is often overburdened due to remittances sent home to family from those living abroad. These remittances are then often dispersed further within the country. September is another busy month, when school and university fees are due. DFS providers try to link to these surges in transfers, but the persistent technological divide between urban centers like Bamenda and rural areas such as Baaba mean that many transactions still happen through traditional monetary transfer services, credit unions or njangi.

DRC's culture of mobility is similarly linked to the geographical movements of people and goods, across a vast country that generally lacks transportation and communication infrastructure.

In such a context, movements across large distances necessitate secure methods of communicating and transferring money. The informants interviewed for this study said they sent money for commercial and consumption purposes, as well as to family and to pay for education. While established monetary transfer services such as Western Union seemed to be used for

large commercial and international transfers, DFS are preferred for relatively small transfers of school fees and contributions to family.

*“Mobile money services have made the task easier, and been a massive help in receiving money from my brothers in Cabinda (Angola). Before, I was happy to queue and waste a lot of time in money transfer agencies.”*  
— Patrick, student, Kinshasa, DRC.

*“I have used mobile money for a year already. My parents are in Matadi (Bas-Congo province); they regularly send me money by mobile money services, as I don't have the identity document required to open a bank account or withdraw money from a transfer agency.”*  
— Bardo, student, Kinshasa, DRC.

In Senegal, international remittances are central to the system of monetary transfers, both historically and today.

*“Today we see there are more and more transfer points. This is because here in Louga, most users are from abroad, and need to send their family money for spending. They therefore need to use a means of transfer to be able to send this money for day-to-day outgoings. This is why each day a new transfer operator comes to light. Only yesterday I saw a new Baraka.”*  
— A.K, manager of a DFS service point, Louga, Senegal.

*“In the holidays I often go to Morocco to work, and if I need to send my parents money I give it to a Senegalese trader in Marrakesh and she sends it to Senegal by Wari. Then she gives you the code in case your parents don't get a message. It's really useful.”* — C.S., Louga, Senegal.

The researchers also found an extensive use of DFS for person-2-person (P2P) and over-the counter (OTC) transactions, primarily for consumption purposes and peaking during religious holidays. As in Cameroon, there's still a use of social networks and more traditional forms of sending money to support family members who live in areas that lack DFS infrastructure:

*“Our grandparents travelled a lot, especially in winter to the groundnut basin in Salaam for their business, mainly farming and breeding; and often these trips required them to send money to their family for their outgoings, and this was carried out via intermediaries.”*

— M. T., 65 years, Louga, Senegal.

*“It’s a practice that has always existed despite the development of money transfers that, unfortunately, aren’t accessible to all. Sometimes the money can be lost during the journey, and everyone has to pay the same sum. That is to say, the amount of the travel ticket, whatever the sum sent.”*

— M.L., 30 years old, Louga, Senegal.

In Zambia, the linkages between the urban mining centers and rural areas established through the emergence of the mining sector remains today, with steady flows of people, goods, services and money between the Copperbelt and other regions of the country.

*“Lots of my friends at college use Zoono to receive school fees and support from parents. I have one friend whose parents usually deposit money into his MTN money account. Whenever he has problems he just withdraws money from this account.”* — Joseph, 21 years old, college student, Lusaka, Zambia.

Interviews in all four countries also clearly showed that the sums of money transacted are generally very small, especially within family networks that are geographically spread out. Often, people transfer funds just to cover daily expenses – sometimes instantly sharing income that is being generated in micro-businesses to cover family spending.

*“Deliveries of between 5,000 and 10,000 francs (\$8-17) are more common. This can be explained firstly by the fact that most transactions are intended for day-to-day expenses. The development of money transfers can also be explained by practices rooted in the culture of people, which is to pay living expenses on a day-to-day basis.”*

— C.D., manager of a DFS service point, Louga, Senegal.

*“I live with my mother, my two brothers, their wives and children. My father died in 2007. We bear the household costs. Sometimes my mum asks me for money for an expense and I might have nothing on me, so I tell her to wait until I get to the workshop and as soon as I get the money I’ll*

*send it on to her. Working as a tailor means starting from zero in the morning and getting 20,000 francs during the day (\$35). That’s life, and that’s how we adapt to every situation. Some customers also send me money by Wari to pay for me to make their clothes.”* — Participant nr. 6, Focus Group discussion, Dakar, Senegal.

*“In my family, there is a fair division of expenses between my children, according to their incomes. The oldest pay for electricity and each month gives me day-to-day expenses on the day his wife cooks. He sends money every month for day-to-day expenses. The younger one also pays for water and expenses when his wife is cooking; he also pays the domestic worker’s wage, which is rarely high.”* — Widow, 63 years old, Senegal.

*“I’m here in Kinshasa for health reasons. My husband is in the east of the country. Every day he sends me at least 5,000 Congolese francs (\$3) to cover my transport costs.”* — unnamed woman at a DFS service point, Kinshasa, DRC.

*“Faced with very hard living conditions, people are united with the people they work with and no matter how little they earn, they can always find a way of sending money to their family, even a little.”* — Participant nr. 3, Focus Group discussion, Dakar, Senegal.

Those who don’t have family members to send money to make less use of money transfers:

*“I almost never use money transfer services because I don’t send or receive money. I live with my parents, so I have nobody to send money to.”* — C.V., 22s old, moto driver, Dakar, Senegal.

## DFS Drivers and Barriers

A cultural norm that recognizes the need for money and goods to move is a driver for use and adoption of DFS. This is particularly evident in societies where the practice of sending money home, often from urban centers to rural areas, is well established. In such contexts, society also often attaches great importance to the intermediaries of the transfers. This permits DFS services like P2P to integrate into familiar norms, and cultural confidence that money will be handled properly along the way to be received at its final destination. In communities with less migration, or where social norms expect transactions to occur face to face instead of through intermediaries, the lack of familiarity with monetary transfers may be a barrier to DFS adoption. Understanding the cultural context of monetary mobility may, for example, help DFS providers consider how much, and what type of, financial literacy training is necessary to facilitate uptake of DFS.

Theme	
Mobility of People and Money	
Cameroon	History of mobility of money and people due to work migration
DRC	Movement over large distances requires secure methods of sending money
Senegal	Emphasis on international remittances due to emigration to Europe
Zambia	High levels of labor migration due to copper boom in the past

 Barrier     Driver

## PERCEPTIONS OF RISK AND CONSUMER PROTECTION

The researchers found that lack of information on the risk aspects of the financial system in general, and for DFS in particular, has created distrust and skepticism towards DFS in some markets. While many users of DFS appreciate the accessibility and flexibility of the services, others find the informality of DFS a barrier to usage. This is perhaps mostly the case in markets where trust in the financial sector and the overall regulatory framework is relatively high, such as Senegal and Zambia. It is important to point out that this is about perceptions of risk and customer protection, rather than actual policies. It's about whether users and potential users feel protected, regardless whether an adequate policy framework is in place or not.

*“MTN regularly deducts airtime credit from my phone, so I am afraid that if I open a mobile money account the company will do the same with my money. I don't trust them. They want to exploit poor people like me. I can never use mobile money. I don't actually trust MTN. Its network is poor. They send uncalled for messages to my phone.”* — Angel Njoya, street vendor, Bamenda, Cameroon.

*“Most important for me, when I look around here, there's no security. These are like banks right in the street, at the bus station where sometimes we witness theft and all forms of pick pocketing. So I ask myself, why should I trust a lady who doesn't have guaranteed security with my K2000 (\$ 210) if that's all I have? What would happen to my money if this person is attacked? Who will be liable, is it her as an individual, MTN or whoever she works for? What if the person she works for just started the business and can't even pay me back, do I have the time to start following them, dragging them to court and even appear there, leaving my busy job which is my bread and butter? So there are questions that not even the teller can answer that make me not even use these services. I even discourage a few of my close friends and relatives from using them because one will not even know what happened to their money when the unfortunate occurs. My family is all here and if I need to send money I use a trusted person to do it for me or even deliver it myself if that person isn't available.”* — Mr. Ngenda, a 37-year-old bus driver in Ktiwe, Zambia.

*“I stopped using Orange Money because there was no security. Once someone stole 90,000 francs. They just told me it had been withdrawn, but there was no way of finding out who had withdrawn it.”* — O.S., 32 years old, shop assistant, Dakar, Senegal.

*“It is difficult to trust that your money is safe with MTN or Zoono. With these network problems you are not sure if it is really true that they have network problems or if it is just your money that they do not have to give you...I try by all means to only deposit a small amount in the account which I use in a few days for either airtime or to buy electricity.”* — Anonymous user, Zambia

*“I don't really know much about mobile money. What I know about it is that you can use it to pay your bills on your phone. That is convenient, but some things are better done in person. You don't want to hear these stories where employees have taken money from your account. It is too common in Zambia to hear these stories where tellers and managers connive to take money from customers' bank accounts. So I would not be interested in even trying mobile money. It is more reassuring to go to DSTV (TV service provider) directly and give the person cash and get the receipt, not over your phone. I don't know anyone personally who has had their money stolen from their account, but I have heard it on the news. Generally such banking practices have put me off mobile banking and mobile money. With this technology, someone can hack into your account and you wouldn't even know it. They could constantly take out small amounts of money every month, and you wouldn't even know...If stricter controls were put in place then I would start using mobile money/banking. If the system involved an alarm or alert going off if someone tried to access your money. There is need for a policing body, neutral from banks, that monitor the system....For an unknown thing like mobile money, if the payment hasn't gone through it takes time to figure that out and there is no one you can shout at. If someone can hack into your email for those financial scams, then what more your phone?”* — Rebecca, 34 years old, front desk administrator, Lusaka, Zambia.

In Senegal, one of the participants in a focus group discussion in Louga expressed concern about the possibility of digital services being hacked by fraudsters or scammers taking control of DFS transactions and accounts. Similar concerns were raised by informants in the other research countries as well, where informants said they would hear or experience money disappearing:

*“I’d like to draw your attention to security. Although everyone uses these transfers, it is very interesting to monitor security; it’s easy to get a licence and open a money transfer service, but fraudsters can do all sorts from their computers; they can defraud you and take all your money. Because I often hear this kind of thing on the radio, a manager who cheats people, and even if his services are guaranteed I will never be paid back, and I think it’s a lack of security for the manager. For example, also if you had millions in a Microcred account and one fine day they tell you there is a risk of losing your money, so to reassure us, no longer would they ensure our security.”*  
— M.D.F., multiservices manager, Louga, Senegal.

However, overall, this Senegalese focus group expressed confidence in DFS drawing on their own experience with DFS services:

*“For me security’s not a problem, insofar as it’s happened to us all once, having to transfer money from our parents or a friend or whoever. I for example, when I buy a case, I send my brother at the end of every month, and now to send him money I don’t have to give all his details - just his telephone number and address right away. We can at least see that it’s something reliable, because of the data-base and the log, and records and everything, so I give his telephone number and its details appear: District, address, etc. So I think it can be considered reliable, security guaranteed. Then there’s the code that appears on your mobile phone and nobody can see this code - I think that’s confidential; you have your number and you use the code, so if they don’t receive it you can send them the code by message so they can go and get that money. So I think it’s secure; these services, and transfers, are basically guaranteed.”<sup>13</sup>*

*“Now you can send money without even giving your ID, but the person who receives the money can’t pick the money up without first handing in their ID even if they have the code. First of all they need to present their ID. So it’s reliable. Because you can’t pick your money up without giving<sup>14</sup>.”*

*“Orange Money has really made things easier. Above all, it’s a kind of wallet where you can store your money and not be afraid of losing it. Even if you lose your phone, when you get it back your money is still there because only you know your secret code.”* — B.C., 29 years old, sales rep, Louga, Senegal.

While there are many factors involved and different explanations for money being ‘lost’ in the digital system, the researchers found that it is really the lack of clarity regarding consumer protection that often fosters skepticism regarding DFS. Even when policies have been introduced and rights are known to customers, some informants complained that in reality there are no guarantees that the policies are enforced. The poor, uninformed and marginalized in an economy often bear the brunt of risk because they are generally the least protected as consumers and have relatively few avenues for seeking protection or redress, especially in an imperfect market or regulatory framework. In the DRC, the researchers found that different digital financial services are offered with different levels of consumer protection – with greater protection for those services that require full documentation and larger transaction values. This has led to a perception that there’s greater protection for rich DFS users than for poorer ones.

*“These mobile money services have different standards for the rich and poor. For the over \$100 dollar account you need to sign a contract with the Shop, but for us, those with under \$100, there is no document to provide security. What’s more, when you lose your SIM card, there is a lengthy procedure to re-open your mobile money account. Whereas the blank SIM card is automatic for all networks!”*  
— Johnny, Kinshasa, DRC.

*“My father works in Bukavu. He regularly sent me money by M-PESA both to pay my school fees and for other day-to-day expenses [...] I can’t withdraw more than 100 dollars a month because I have a standard account. Moreover, I’m still a minor, so I can’t open a premium account as I don’t have the necessary identity card (electoral card or passport).”* — Sarah, 4th-year student in Kinshasa, DRC.

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<sup>13</sup> Louga Focus Group, Participant nr. 6

<sup>14</sup> Louga Focus Group, Participant nr. 3

## DFS Drivers and Barriers

Perhaps the most important insight gained for DFS providers from the above findings is that it is not the actual consumer protection policies that are most important, but the market's perceptions of such policies and their enactment. Many informants identified specific risks or recounted anecdotes about a DFS transaction that went awry, resulting in money lost. These sentiments can diffuse throughout social networks and create barriers, even in cases that are not factually based. Even if the error was due to user error or a misunderstanding of the service, the provider may be faulted. This highlights how important it is to rectify glitches in the system or service right away, and to acknowledge and handle the reputational risk that incidents of fraud or technological failure may carry beyond the affected individual customer. That said, informal sector users in DRC cited lenient Know-Your-Customer requirements as a driver for early and enthusiastic adoption of DFS, valuing the opportunity to be able to perform quick, easy and anonymous transfers.

Theme	
Risk Perceptions	
<b>Cameroon</b>	Poor consumer protection; people prefer more reliable means to send and save
<b>DRC</b>	Different DFS account with a perceived difference in consumer protection
<b>Senegal</b>	A strong, recognized regulatory environment of banks and DFS providers
<b>Zambia</b>	Low trust in banks creates trust opportunities for DFS and international MNOs

■ Barrier    ■ Driver

## TECHNOLOGICAL APPROPRIATION

The uptake of DFS is strongly linked to experiences with the technology and knowledge of how the technology works, and fears of what the new technology may bring. Technological appropriation is not only related to skill and technical literacy, but also to perceptions of new technology and the role it can and should play in the existing monetary ecosystem. One of the advantages of DFS is the speed with which one can transmit money from one place to another, compared to older transfer techniques. However, speed and accessibility may not always be positively perceived by users or potential users. In many African communities, the social network of the extended family offers financial support but is also linked to financial obligations. In the past, not being able to quickly transfer money could be an excuse not to respond to a request for financial support from your social network. Some informants told the researchers that this becomes more difficult with the use of DFS. This seemed to be the case especially in Senegal, where international remittances play a central part in the economic lives of many families.

*“Emigrants used to come up with excuses as to why they couldn’t send money when their families asked. Now money transfers are numerous. With any operator, if you send money you can retrieve it immediately at any time.” — B.C., 29 years old, sales rep, Louga, Senegal.*

*“Now, with the development of money transfers, whenever a family member asks for money, you need to make it clear - either you have money or you don’t. You can no longer claim you can’t get it to them (hand to hand delivery, timetable: road transport, etc.) because if you say that, the person will answer that you should send it by Wari, Joni-Joni, etc.” — Policeman, service user in Louga, Senegal.*

*“Of course, the development of money transfers has brought about transformations at a social level. As the old saying goes, emigration doesn’t bring about much profit but rather the possibility of economizing and saving; for example, if you have a job in the morning and you earn 50 Euros, you save it but unfortunately in the day you get a call from WhatsApp or Viber to request money, and you have to send it because you no longer have any excuse. You can’t save anymore because you also want your family to have a good life. Previously, the*

*family would wait until you got back to pay some large debts; now you send money at the end of each month and your wife goes to the shop to pay. But there are some things that can’t wait, like ceremonies or a death, when you are called upon to send money as soon as possible.” — O. S., 23 years old, a DFS user and ex-manager of multiple DFS services in Louga, Senegal.*

*“Now we’re required to look after our friends and family when they’re having problems – there’s no more excuse. The excuse that goes ‘I’ll send you money when someone is traveling’ doesn’t work anymore because you can send money from anywhere you want. Now the word ‘warimoko,’ send me money by Wari, has come into play.” — Participant nr. 5, Focus Group Discussion, Dakar, Senegal.*

Because DFS are relatively new, a single bad experience can damage the reputation of providers overall. This is perhaps especially true in markets where trust in the financial sector and/or financial services is historically low, and/or where financial literacy and awareness is particularly low. The researchers found that perceptions of how DFS technology works can be as influential in the decision on whether to appropriate the service or not as the actual performance of the service. They found the standard complaints regarding lack of network coverage, issues with agents’ float and fears of fraud that one often encounters in DFS markets in Sub-Saharan Africa, but also negative perceptions of new technology based on more cultural ideas.

*“The problem is that there are many people who don’t have information on how DFS work and they don’t even know what to say at a booth. I have had to instruct many people of what is involved in sending and receiving money before they could use it. Some illiterate people in Mutendere are against mobile money, they say “don’t use it, it will eat your money”. This is because people don’t understand that deductions are made on transactions due to service charges. Such confusion arises if the teller does not explain things properly to the customer.” — Mobile money teller, Mutendere, Lusaka, Zambia.*

*“Sometimes you encounter network problems, especially when there is a promotion. You enter #144, but nothing happens. Except for the network problem, I don’t see any other problems because even if you make a transaction and it isn’t successful, you are sent a message informing you that the delivery has been cancelled.” — B.C., 29 years old, sales rep, Louga, Senegal.*

*“I forgot the password to my Airtel Money account and I feel lazy to go to the shop and change it, so I haven’t used it in a long time...The only problem with Zoono is that it is costly. Also, finding a booth with money so difficult when you want to withdraw. Sometimes you have to walk a long distance to find another booth. I have also found some booths are often closed for many days, then after some time they open. At others you are just told “they have closed”. Most of them don’t even work on a Sunday, so you find yourself saying maybe I shouldn’t be using Zoono.” — Joseph, 21 years old, college student, Lusaka, Zambia.*

*“On two occasions, I was sent money via the account of one of my grandchildren. Once I got to the shop with her to withdraw the money, we were told to wait because the network was down!...We had to wait over two days to get this money simply because of network disruption. On other occasions, it was a problem with the currency to be withdrawn. I was sent \$100, but the agent we went to withdraw it from told us there were no notes in US dollars to give us. He could give us Congolese francs, but this was worse, because at a lower exchange rate.” — Mrs Esther, 60 years old, non-user of DFS, DRC.*

*“One day I wanted to withdraw \$900 from my account to make a transaction. But this was impossible since no service point had the capacity to serve me, due to the amount I wanted to withdraw. I wasted a lot of time and spent a lot of money on transport to get to town to be served.” — Jean, landlord, DRC.*

*“MTN offers very poor services. Many times when I call a friend the answer is: The number you are calling is not available, while the person may just be standing next to you. How does MTN think to offer better mobile money services when its network is so poor?” — Mr Ndi, journalist, Bamenda, Cameroon*

Perhaps the most interesting finding in this regard was the extent to which informants in all four markets felt alienated by DFS advertising. Some non-users said that they did not use mobile money services because television/radio/print advertisements did not effectively

communicate how customers could activate an account or how to access the service on a phone menu. Non-users across all age groups expressed the need to produce more adverts providing step-by-step instructions and for agents to engage more directly with customers until they become comfortable with the use of mobile money technology. Many users only adopted the services when they had been introduced to them by family or friends.

*“I have seen the Airtel Money advert on TV, but I haven’t paid much attention to it. I have also seen MTN money billboards in town but they don’t really make one understand what it is about. The Airtel Mr. Money song is catchy and explains what it’s about much better than the MTN billboards. It is a better way of marketing. Not just putting up billboards and posters. Like over there, I am seeing a Zoono poster that says send money here and whenever I have seen it I’m just like what’s this thing about, how does it work?” — Rebecca, 34 years old, front desk administrator, Kabulonga, Zambia.*

*“I used to see TV adverts for mobile money that were interesting. Like one advert where lights go off in a house and then people use their phone to pay for ZESCO. There was another one where a man is eating at a restaurant but he realizes that he has no money to pay so he uses mobile money. The song would say ‘send money instantly’, but it would not be too clear how it works. I only understood it when I started this work as a teller.” — Teller, Lusaka, Zambia.*

*“Some adverts are not easy to understand. I saw one where a woman was buying bread and was given half a loaf, then later a full loaf of bread and at the end of it all the message was on MTN mobile money. To me, it was so unrelated and wasn’t clear what that was all about. Adverts are not so innovative to drive home the message. They don’t address why DFS should be used and trusted over banks and physical payments.” — Mrs. Mapoma, Kitwe, Zambia.*

*“I first learnt about mobile money from adverts, but I only started using Zoono in 2014 when a neighbor who works at Zoono introduced it to me.” — Joseph, 21 years old, college student, Lusaka, Zambia.*

*“I’ve been signed up since last month. I haven’t even started. A lady passed by and explained that I should start saving. I watched all the adverts on telly.” — V.G., 66 years old, retired technician, Dakar, Senegal*

“Mobile money companies need to be more aggressive in their marketing. Every business should be using mobile money. There need to be more promotions to encourage people to use it. But they also need to clearly explain what kind of services are available, because sometimes people don’t understand. I am interested in financial payments systems, so I am always observing and listening to what people are saying. The other day my two sisters, aged 20 and 22, were singing that Airtel Money advert song, but when I asked them what Airtel Money is they said they don’t know. These are two girls in college. If they don’t get what it’s about then what other people do, especially those who are not highly educated? They need to make the message clearer.” — Thomas Chifuka, 25 years old, entrepreneur, Lusaka, Zambia

In Senegal and Zambia, providers such as Wari, Joni-Jon and Zoon, are very popular, partly because of ease of use. These services have also all been in the market for quite some time, allowing people to become literate in the way they operate. Informants in the informal sector in Senegal, for example, said they prefer to use simple mobile money transfer services rather than DFS linked to accounts.

“Wari is quicker: it requires only certain protocols. The fastest time in the informal sector counts a lot. For us, time is gold. Western union and others are more complicated.” — A.N., 37 years old, carpenter, Dakar, Senegal.

“I think Orange Money is more complicated than Wari, Joni-Joni and others. With Orange Money, you need an account with passwords—it’s complicated, whereas with Wari you just bring your ID and that’s that. Also, with proximity and our relationships with managers, sometimes they give you the money without an ID card.” — D, 24 years old, welder, Dakar, Senegal.

For some, it is clear that even the simplest services are too difficult to appropriate:

“You know money transfer services are very useful and make our job easier when it comes to paying our bills. Nevertheless, this service is more suitable for the educated who know how to use it. In my case it is difficult because I am illiterate, and my son is too young to help me. My husband doesn’t even mention it, he thinks only about money and he is more illiterate than me.” — R.G, market vendor, Dakar, Senegal.

“Personally, I prefer receiving money this way rather than sending it. When you receive, it you know in advance how much has been sent, while the other way around, due to my illiteracy, they can ask you more than they should for delivery costs. As I’m not too sure, if my son, who is at university, is not there, I prefer not to use them.” — F.N., 47 years old, street vendor, Dakar, Senegal.

“I don’t use this system, because I can’t read or write. I can’t even use my phone. To send a money order, people would write for me. Now I don’t know how to send or receive money. My kids do all this kind of thing for me.” — P.A., former jeweler, Louga, Senegal.

## DFS Drivers and Barriers

The promise of technology is a key driver of DFS uptake, while the failure of such promises to live up to expectation is a well-known barrier to uptake in most markets. Many DFS providers are well aware of how impatient users can be with issues of connectivity or liquidity management. The ethnographic study also revealed a deeper dynamic to technological appropriation and its relation to social norms, e.g. that technology that delivers individual empowerment might pose social disruption. This is likely to be most important in communities where group-based financial relationships and face-to-face interaction plays an important role, and DFS providers acting in such markets may want to consider how to ally themselves with existing structures. The findings on marketing show how important trust is in the early adoption of DFS, and suggest it may be wise for providers to adopt an experiential approach to marketing in close contact with users who can become ambassadors for the service.

Theme	
Technological Appropriation	
Cameroon	The DFS technology has not yet reached rural areas, remaining urban
DRC	Strong usage of mobile phones, but unreliable infrastructure
Senegal	Low technological and financial literacy
Zambia	Ineffective advertisements discouraged potential users

■ Barrier     ■ Driver

## NETWORKS OF BELONGING

Belonging is an intrinsic feature of social life. People define what networks they belong to, and in so doing, also create exclusion. Social networks play an important role in the daily subsistence of people everywhere, but even more so in societies where the state plays a marginal or malfunctioning role. As demonstrated above, monetary transactions are strongly linked to social networks, and as such, mobile money or DFS can be seen as an abstraction of social identities and relations. For some people, financial choices are mainly rational and cost-related, but for others, the feeling of belonging to and the trust they place in certain networks providing financial and social services is more important. A general observation throughout the four research countries was that informants make use of plural services depending on their needs and what is available, and by balancing the importance of community and formality.

The widespread existence and use of semi-formal credit clubs or savings societies in several of the research countries, based often on common ethnic, trade or gender identities, demonstrate how important social networks and a sense of belonging is with regard to monetary transactions. Belonging to a financial community provides the social security many people need, a form of security that commercial financial services may not offer or be able to replicate. Some of these informal socio-financial structures are themselves exploring the possibilities of DFS.

The researchers found that while many informants would use DFS for payments, they would turn to established structures for savings and credit, including family and friends. This is partly due to the fact that savings and credit services are not always offered in the initial market development of DFS, but also partly due to the sense of social belonging that membership in njangis and tontines bring. These gatherings not only provide a form of financial services, but also social interaction with family, friends and the community. They offer very concrete financial services in a local context, while DFS

may be seen as the complete abstraction of monetary transactions on the different end of the scale. In Zambia, a common sentiment heard across generations was that people do not like 'money moving in the air', but prefer to handle transactions using cash. A majority of informants across the four countries had a preference for cash, expressing to some extent a fundamental sense of belonging to a cash-based society.

*“When I assisted my friend Joseph to pay his fees at the Teacher Training College in Bambili, Joseph reciprocated in 1988 when he received his first salary. In fact, he paid me back and even added some money to what I had spent. Life Na Njangi, help me today and I will help you tomorrow... Even my children know that my investment to them in terms of education is because I expect them to care for me in my old age and to give me a befitting burial when I die. As I struggle to pay their fees I am playing njangi.”*  
— Ni Richard Tohnain, njangi member, Cameroon.

*“I belong to many Njangi groups or Tontins, for example, the English Teachers Njangi group; the CCAST Njangi Batch and Ntaumlung Know Your Neighbour Njangi Group. Belonging to this group encourages me to interact, socialise, save money and maintain connection and ties with friends.”* — John Takang Menkefor, English Teacher, Bameda, Cameroon.

*“I’m really trying to save money to get my own motorbike....Some days I don’t even have 1,000 francs for the tontine, because work doesn’t always bring in these sums. If I can, I put 500 francs to one side for those days, and I try to have 1,500 francs the following day to make up. That’s why I never opened a bank account – it’s harder to keep up with. With the tontine it’s easy to get a motorbike because they have a sense of solidarity, unlike banks.”* — C.V., 22 years old, moto driver, Louga, Senegal.

The research team in Senegal found a strong social relationship between shopkeepers and customers that facilitated a form of credit service on behalf of both parties. The same service would probably not be offered or available through formal financial services in the same way.

*“You also need to consider social relationships between shopkeeper and customers visiting the store. Because sometimes when things are low, it's the shopkeeper who gives you credit. But if you have your salary, you should try and deposit most of that; in that way the shopkeeper will buy goods, and then towards the end of the month he can give you credit.” — A focus group participant in Louga, Senegal*

This would suggest that agents can play a very central part in promoting the uptake of DFS. For those customers who value a personal relationship when handling money, for reasons of trust or a sense of social belonging, the role of the agent is critical.

At the same time, the researchers also found that DFS may help to circumvent the use of social networks for monetary transfers, hinting at a change in society related to the possibilities of anonymity and individualization offered by DFS. In Louga, Senegal, a young man described how he prefers to receive remittances from family abroad through DFS as this allows him to keep the full sum of money to himself:

*“Transactions [through DFS] are carried out discreetly; because previously, if you sent money to your mum, your family, via a friend, for example, everybody knew that you had sent money. Conversely, if your child sends it by transaction, you can pick it up discreetly in money transfer agencies without anybody being any the wiser.” — O. S., 23 years old, Louga, Senegal.*

## DFS Drivers and Barriers

DFS can be a marker for either social inclusion or exclusion, depending on the market context. Conversely, social networks can provide strong drivers or barriers for DFS usage by creating feelings of inclusion or exclusion, respectively. Generally, affirming social relationships helps to drive DFS usage and social trust. DFS providers may find it harder to gain traction in communities

where a sense of identity is created through existing monetary relationships if the DFS service does not offer a socially accepted alternative identity or if it may even be seen to threaten existing social norms and identities. It may be possible to use marketing tools and agent networks to create social networks around DFS services that encourage uptake in a similar way to informal sociofinancial structures.

Theme	
<b>Networks of Belonging</b>	
<b>Cameroon</b>	Strong feelings of social exclusion in the informal sector
<b>DRC</b>	Anonymity of DFS transfers
<b>Senegal</b>	DFS strengthens social ties due by enabling fast, daily transfers
<b>Zambia</b>	Social exclusion of formal financial services due to self-perception

■ Barrier    ■ Driver

## ECONOMIC HIERARCHIES

Economic hierarchies are strongly linked to networks of belonging, and the researchers also looked at how DFS relates to economic status and a sense of financial inclusion. Interestingly, they found people who viewed DFS as 'for the rich' and they found others who regarded DFS as 'for the poor.' They also found informants who said DFS worked as a stepping stone towards more traditional formal financial services.

Historically, banking services in general have been perceived as available only to a small elite in all four research countries. This has also often factually been the case. In most African economies, the financial sector has historically targeted larger corporations and salaried employees only.

*"I know of many people who are late [have passed away] that traded and wanted to keep money safely in banks. But there was also fear of the banking system itself. If there was a bank like NATSAVE for example, you would hear that it would be in town and in first class streets. No ordinary person would be free in the first class street."* — Mr. Koama, trader in the 1970s, Zambia.

*"I don't use banks, I don't trust them. I'm afraid of them. I don't like to take out loans; that creates more problems than you had before. The same applies for micro-finance services. I've thought about it, but I have never tried it."* — M.B., 50 years old, tailor, Dakar, Senegal.

*"Sometimes I save the little I have [with a microfinance institution]. With the big banks, I'm just a little trader."* — Anonymous man, 36 years old, trader, Louga, Senegal.

Compared to traditional banks, DFS is often seen as a more accessible and affordable alternative for people who have long been excluded from formal financial services.

*"Bank accounts are prestigious and it would be nice to have one. But we are just not the right class. The banks require so many papers to fill in just to open an account. You also find that the buildings themselves are intimidating with those flashy windows. I passed through one bank where you can't be served unless you press a machine for a ticket. That told me that this is really not for someone like me. If you compare MTN mobile money, it's in the station with*

*no guards to make you feel like you are doing something wrong. The environment is so free and just what we are used to. We still get the same services of depositing and withdrawing like the formal banks and we have developed some level of trust because we haven't been disappointed or been turned down whenever we demand for our money."* — Mr. Liseli, Kitwe, Zambia.

*"The agent completes the transaction for the customer. We don't feel inferior to them. But when we used to go to the banks, the officials made it known from the beginning that they were better than you, that banks are not for the poor. This is why I don't go [to the bank]. Money transfer services are both decentralized, accessible and user friendly."* — Participant nr. 6, Focus Group Discussion, Dakar, Senegal.

*"Self-employed people, like market traders, fear commercial banks. They fear the charge of opening an account, monthly charges and even checking their balance. Mobile money accommodates everyone in the system, poor or rich."* — Anonymous, Zambia.

*"Mobile money helps people who don't have bank accounts. You can do the same things with mobile money that you can do with a bank account. When people go to banks there are so many charges so poor people say 'ahhhh, this is not for me.' But with mobile money, anyone can use it."* — Joseph, 21 years old, college student, Lusaka, Zambia.

While DFS are often touted as inclusive services and in general appeal to a much broader set of users than traditional banking services, the research showed that there are people who feel DFS are also out of reach for the poor. According to the research team in Zambia, a number of informants professed that once their expenses have been covered they have so little money left that they cannot transfer or save money on any channel. Rachel, a merchant living in Lubumbashi, DRC, believes for example that mobile money is for "people who have studied". She traffics minerals between Lubumbashi and villages located about 300 km away in the region of Kolwezi:

*"These mobile money innovations, I know nothing at all about. I hear people talking about it but I do not use it. Because I think it is better for those who have studied more than I have. And I also fear, if my phone is stolen, I would lose my money isn't it? [...] I do not keep my money in the bank. In contrast,*

*as gold never fails and has not lost its market value over the years, what I do is invest everything in my gold jewellery.”*  
— Rachel, mineral trafficker, Lubumbashi, DRC.

*“Yes, mobile money is a good thing but it is better for people who are educated and have money. Uneducated people do not understand the technology and concepts behind sending money on the phone. Mobile money would be practical for farmers, teachers and companies operating in rural areas, but I don’t think it is high on the priority list for most poor people. They are more concerned with how they can get enough money or food to eat, not where to keep their money. People in the village are especially superstitious and want to see the money in their hand.”*  
— Anonymous, Zambia.

The research teams found a clear divide between middle-income earners and those earning day-to-day income, but also differences between the four markets. In DRC and Senegal, the informal sector has been quick to adopt DFS. In Cameroon and Zambia however, many people in the informal sector seem to believe they do not have enough money to use DFS.

*“Several of our informants, especially the buyam-sellams, hawkers, and ‘Okada’ or ‘Bendskin’ riders we interviewed, stated: “Mobile money is for the rich.” These people did not deem their income sufficient enough to allow any money left to be transferred somewhere else or even to be saved. The fact that the rural outreach of DFS is so far lacking has contributed to the somewhat elitist nature of the services.”* — Excerpt from Intermediate Fieldwork Report, Cameroon.

*“In our fieldwork, the sense of social exclusion ranked high with those who did not access formal financial services. For them, banks, mobile phone shops and sometimes even the mobile banking booths themselves, are seen to be places to which they do not belong. To some extent this is exclusion based on self-belief: They feel like outsiders and even fear that on entering these spaces they will be refused service. The [flashy] advertising of these products reinforced this notion of exclusion. The adverts aim at common people’s aspirations, but seem to work against a particular class which feels excluded from social mobility.”*  
— Excerpt from Intermediate Fieldwork Report, Zambia.

This also plays into how receptive prospective users are to advertising. In Zambia and in the DRC, informants mentioned that DFS advertisements seem directed

exclusively at a certain section of society. Adverts are not in local language, and the informants did not recognize themselves in the storylines sketched.

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. The country case studies show that several financial systems function in parallel and are often interlinked. People are often part of some kind of financial community within which they exchange or save money, making use of both formal and informal systems. The informal financial channels create a feeling of being financially and socially included, while statistically this may not be the case. Some informants had used DFS as a stepping stone towards traditional banking services, supporting the argument that DFS can serve as an entry point for more advanced financial inclusion.

*“Using mobile money is still costly, especially for the poor. However, it is a really good service in terms of financial inclusion. Poor people who are unbanked can access a savings account and send/receive money. But mobile money needs to expand in rural areas...I think most youths are not using mobile money for business because they don’t have a proper financial management system. They do not think of how having an account and method to monitor finances is important. Most people prefer to handle cash. People also prefer cash because it is more secure. They still don’t understand mobile financial services or even online financial transactions.”* — Thomas Chifuka, 25 years old, entrepreneur, Lusaka, Zambia

*“I try to deposit K10-30 (\$1-3) from my earnings at the end of every day in my Airtel Money account. At least with mobile money, marketers can deposit small money. Can you imagine going to a bank and trying to deposit K30? They will look at you like you are mad. I will be using mobile money for daily savings, then at the end of the month I can have the courage to take K200 (\$21) from this money and deposit it in my bank account at UBA (United Bank of Africa).”* — Mr. Chisa, Lusaka, Zambia.

Similarly to Mr. Chisa above, Ms. Muyenga, a small-scale entrepreneur in Kitwe, described how she uses DFS to save small daily earnings, which she then transfers to her bank account, saying that she is too embarrassed to take these small amounts to the bank.

"I am an entrepreneur from Kitwe, and I run a catering and events business. I have grocery stalls surrounding several hospitals and clinics in the Copperbelt. In 2015, I realized that Airtel Money provides cheap money transfers and savings. Through my Airtel Money account, I have been able to monitor how my fritter business has grown, and I have saved all the profits from the fritters I have sold. In my opinion, Airtel Money is a good way to invest in small businesses. In my account I can save small amounts of money, which would be too little to deposit in a bank account. My fritter business has helped me realize I can use mobile money for my entrepreneurial ambitions. In my opinion, mobile money encourages the poor to start businesses and monitor the growth. Through mobile money, even those without prior technological or financial experiences can participate in the financial system."  
 — Ms Alexinah Muyenga, Nkana East, Zambia.

"With these new services, we don't feel so marginalized, because whatever sum you have you can send it discreetly to your family, and they can pick it up in full peace of mind. I also think that the more common and diversified these services are, the better things will be, because everyone will do their best to satisfy the customer. This healthy competition is great for the customer."  
 — Participant nr. 1, Focus Group Discussion, Dakar, Senegal.

"Of course, money transfer services are a step forward for us other citizens of the neighborhood, who prefer not to keep money on them in these uncertain times. Now we can keep money in our electronic wallet, that is to say in our phone, and make transfers and withdrawals as needed. The growth of these services was therefore much needed in the face of banks' problems with making their services available to the poorest." — Participant nr. 3, Focus Group Discussion, Dakar, Senegal.

## DFS Drivers and Barriers

The examples above show that DFS can be used to mediate between the informal and the formal economy, and that they can function as a means of not just expanding financial inclusion but also to deepen it. It appears that once users have adopted the technology and service, they are eager to explore a range of products and services when available. It also appears that economic aspiration can serve as a driver for DFS uptake in some instances, while it is clear that if marketing messages and user instructions are too far removed from the reality of the unbanked an aspirational message may miss its mark. It is notable that, in some markets, DFS are not seen as available or tailored to the needs of the poor.

Theme	
<b>Economic Hierarchies</b>	
<b>Cameroon</b>	Existing socio-economic inequalities reinforced by DFS
<b>DRC</b>	Informal sector embraces DFS technologies, which reduce economic hierarchies
<b>Senegal</b>	DFS provide informal sector a stepping stone to formal financial services
<b>Zambia</b>	DFS orientated toward formal sector, reinforcing existing norms

■ Barrier     ■ Driver

## TRUST

Trust emerged as an overarching and important factor in the appropriation of DFS in all four research countries. Trust is a culturally specific and historically embedded notion in society, creating a unique fundamental market context in each research country. For historical reasons, trust in the formal financial sector is especially low in DRC and Cameroon. DRC has been practically without a functioning banking sector since the early 1990's, and the government has not come to customers' rescue when banking institutions have failed. In Cameroon, formal financial institutions have historically been out of reach for most people, who have instead come to depend on semi-formal credit unions and savings club for their financial needs.

*"Only three years ago I started to use M-Pesa to send money. Before that, I called on the "travel agencies" which at the same time do the work of mobility of money. The use of a mobile financial service has more advantages than the sending of money by travel agencies. Immediately I send money, immediately my correspondents in Katanga receive it. In the agencies, there was a lot of delay and problems."*  
— Mama Georgina, fumbwa seller (liana leaves), 50 years, Kinshasa, DRC.

*"When I just started using Airtel Money and MTN mobile money, you would find that agents from both these companies did not have enough float or had network challenges. That left me with no choice but to make a lot of trips to the kiosks in an attempt to withdraw money. I have not experienced that recently and the services are more reliable now..."*  
— Mrs Fridah Chalwe, 57 years, housewife, Kitwe, Zambia.

In Senegal and Zambia, there is historically a higher level of trust in formal financial institutions. Though access to formal financial services has remained limited to a section of society, the financial sector is generally viewed as reliable. In Zambia, where the state has been fairly robust and supportive of the financial sector, respondents regularly professed that they would trust DFS more if state or bank backing was stronger. The privatization reform process in Zambia in the 1990's left large parts of Zambian industry in foreign ownership, giving rise to a common mistrust or dislike of foreign investors and capital also in the financial sector.

*"I come to trust both the bank services and Mobile Financial Services (MFS) under Zoono. The bank has always offered safe and reliable services. Equally, my experience with Zoono is positive. The instant message for the transaction assures me that the recipient will collect the money I send. A long time when you used Swiftcash as a sender of money to some place, you would have to send the transaction number to the receiver. Today, it's automatic. When you send money to someone, there's a message to the receiver that contains the transaction number which they need to collect the money. After the receiver collects the money, as a sender receive an instant message about such a transaction. The flow of information is so satisfactory and reassuring of the reliability of the money transfer service."*  
— Ms Rosemary Mapoma, lecturer, 54 years, from Nkana East, Zambia.

*"I think mobile money services are reliable. I have only one transfer service called Wari; I make almost all my remittances and withdrawals through this transfer service. I found it to be the easiest and less tiring way – you get your message easily and then just pick up your money to pay what needs paying. It's all confidential. You get your message on your mobile, you go and pay who you need to pay and then go about your business. Personally, I've seen that it's reliable, all above board, it's a quick transfer method. I've never had any problems; it's easy to pick up your money."* — AD, Louga, Senegal.

*It is fair to assume that trust levels are generally low in the early stages of market development, as people in general are cautious to adopt new services and products. Once the concept has been proven though, trust levels should rise.*

*"I don't trust mobile money services. In fact, I have no interest in mobile money even though MTN floods my phone with messages concerning mobile money."* — Melody Timajeh Kimbong, 26 years old, accountant, Bamenda, Cameroon.

*"The first change I noted was peoples' trust in giving their money to a third party. Although there are rare cases of fraud, which are well reported, people continue to use these services. I should also state that with the development of internet and social media, this trust goes further. Traders now sell their wares on Facebook with their networks; those who are interested make their choice and contact the vendor. The conditions for stock not yet available, is to pay 50 percent in down payment pending receipt of the goods. I have a friend who only sells online and that works fine."*  
— Participant nr. 2, Focus Group Discussion, Dakar, Senegal.

## DFS Drivers and Barriers

Trust is not a separate factor or theme in any given market, but often the overall outcome of the previous six themes in the analytical framework presented here. Depending on historical roots, mobility of money and people, technological appropriation, risk perceptions, networks of belonging and economic hierarchies, people in a market may tend towards trusting DFS on introduction or be more skeptical. Trust is the basis of every economic transaction. People don't use a financial service they don't trust. All previous six themes play an important part in the decision people make on whether to trust DFS or not.

In Cameroon, for example, DFS is introduced as a competitor to already established systems of trust with regard to financial services, especially locally anchored credit clubs and savings societies. Although DFS offer convenience and services beyond these socio-financial networks, many people seem not ready to put their trust in DFS in the same way. In DRC, by contrast, DFS have not come to replace existing systems of trust in the same way. Many Congolese seem instead to view DFS as a welcome alternative to the malfunctioning banking sector. In each country, the context and history of the financial sector varies and may require different approaches for DFS providers entering the market.

Theme	Cameroon	DRC	Senegal	Zambia
<b>Historical Roots</b>	History of traditional monetary systems that still remain very popular today	Use of banks has never been wide spread and a series of banks collapsed in the past	Traditional ways of sending and saving money are still very present today	Domination of copper industry led to labor migration and remittances
<b>Mobility of People and Money</b>	History of mobility of money and people due to work migration	Movement over large distances requires secure methods of sending money	Emphasis on international remittances due to emigration to Europe	High levels of labor migration due to copper boom in the past
<b>Technological Appropriation</b>	The DFS technology has not yet reached rural areas, remaining urban	Strong usage of mobile phones, but unreliable infrastructure	Low technological and financial literacy	Ineffective advertisements discouraged potential users
<b>Risk Perceptions</b>	Poor consumer protection; people prefer more reliable means to send and save	Different DFS accounts with a perceived difference in consumer protection	A strong, recognized regulatory environment of banks and DFS providers	Low trust in banks creates trust opportunities for DFS and international MNOs
<b>Networks of Belonging</b>	Strong feelings of social exclusion in the informal sector	Anonymity of DFS transfers	DFS strengthens social ties by enabling fast, daily transfers	Social exclusion of formal financial services due to self-perception
<b>Economic Hierarchies</b>	Existing socio-economic inequalities reinforced by DFS	Informal sector embraces DFS technologies, which reduce economic hierarchies	DFS provide informal sector a stepping stone to formal financial services	DFS orientated toward formal sector, reinforcing existing norms

■ Barrier ■ Driver

## CONCLUSION

The ethnographic framework presented in this study is designed to be used. Each theme provides a category for exploring historical, social and cultural DFS drivers and barriers at the overall market level. Examined together, the themes provide a high-level risk assessment for a given market. As such, it may help providers identify areas of specific concern to increase DFS uptake or activity.

For example, the assessment in this report produced four socio-cultural drivers and two barriers to DFS uptake in Senegal; demonstrating how the persistent use of traditional ways of sending and saving money as well as low levels of financial and technological literacy may pose challenges to DFS providers in the market. The long-established prevalence of migration and remittances in the Senegalese market, a relatively high level of trust in consumer protection, well established practices of transfers within social networks, and an appreciation for how DFS may be a stepping stone to access more traditional forms of banking services, are factors that may work in favor of DFS in Senegal on the other hand, and can be leveraged by providers.

In Anglophone Cameroon, a plantation economy has established historical patterns of mobility of people and money that creates a conducive market environment for DFS. Still, the continued trust in, and popularity of, established socio-financial structures is a barrier to DFS market development. Low levels of technological appropriation and DFS reach in rural areas, a perception of poor consumer protection, existing socio-economic inequalities, and strong feelings of social exclusion in the informal sector, may also make this a challenging market for DFS providers. In the DRC, a historical mistrust of the banking sector seems to work against the adoption of formal financial services in general, but favor the adoption of DFS over other financial services. An underdeveloped technological infrastructure and unclear policies with regard to consumer protection also work against DFS adoption, while the need to transfer money across the vast country, the perceived anonymity of DFS transfers, and the convenience DFS

offers to the informal sector, are factors that work in favor of DFS expansion. In Zambia, the mining economy has created domestic labor migration coupled with remittances that lay a natural foundation for DFS, while ineffective marketing appears to discourage potential DFS users and at least certain segments of the market seem to consider formal financial services out of reach. It is notable that technological appropriation is a challenging issue across all markets.

On a more granular level, the framework offered in this report may be helpful in guiding specific engagements and rollout strategies. Applying an ethnographic lens on a specific market segment may help inform marketing strategies, product development, or the placement and roles of agents. The study that this report is based on did not intend to produce any recommendations for DFS providers, but it is possible to derive some practical insights that may be valuable to providers:

### Make pain points valuable

An ethnographic analysis of a market may help identify historical, social or cultural pain points that hinder DFS uptake, such as a historical mistrust of the financial sector in the DRC. These may be turned into value propositions instead, similar to how disruptions have driven DFS uptake in some markets. In Zimbabwe for example, mobile money adoption was initially driven by merchant payments due to the general liquidity crisis in the economy. In Kenya, M-PESA usage spiked during the post-election crisis in 2008 when bank branches and ATMs closed. In the DRC, DFS providers have been able to launch themselves as a reliable alternative to the established financial sector.

### Marketing must inspire trust

This study showed that DFS marketing appears to easily miss the mark if not sufficiently anchored with target audiences. Due to the relative newness of DFS to most markets, trust is key to adoption and usage. In order for

marketing to inspire confidence and trust among users, it must relate to local social and cultural complexities. It may be wise to take an experiential approach to marketing to build trust over time, and perhaps even enlist existing users as brand ambassadors.

### **A good product is not enough**

Many providers have attempted to replicate the social and cultural bonds of rural savings groups to capture their deposits, without much success. This suggests that more factors are at play other than product design. It may be that people simply like to meet together to conduct financial services for social reasons. Or maybe some feel pride in being able to show off their cash to their social networks. Removing the social aspects of the service may be taking away the whole reason for why people use it. One can't assume that something that's cheaper, safer and faster is actually preferable.

### **Intuition is important**

New technology is intimidating for most people. The repeated requests from informants for this study for marketing to be more functional highlights this issue. Providers would be wise to look for ways to build user interfaces that are more familiar and intuitive. This may mean mimicking the way users top-up airtime, or issuing paper receipts even when an SMS will suffice.

### **Human interaction is important**

Money handling is central to modern life, and as shown in this study also closely linked with social relations. Advanced technology does not replace the need for human interaction, especially not when building trust for a new product or service. It's therefore critical to have well trained agents and call centers, and to provide many ways for users to build a relationship with an institution. Providers may even want to consider opening customer service centers where people can walk in to address any issues.

### **Make it as easy as possible**

This study shows that there are existing historical, social and cultural drivers and barriers to DFS uptake in every market. Providers would be wise to leverage the drivers, and to ensure not to impose any further barriers. Have no costs or no commitments to join. Provide alternative KYC or biometric identification to cut down on cumbersome paperwork. M-Shwari in Kenya became very successful, for example, because it does not require anyone with an M-PESA account to supply additional information: users self-register by simply opting into the service on the M-PESA menu.

### **Know Your Customer, really**

This study suggests that there are common historical, social and cultural experiences and perceptions in any market that can act as either drivers or barriers to DFS adoption. Understanding what these factors are and why they exist may be critical to successfully building a DFS service. It is equally important to acknowledge that these differ from market to market, and that one factor may be a driver in one market but a barrier in another. Testing variables such as pricing sensitivities and product design is important, but may be more successful if done against a solid understanding of the deeper fabric of a market.

Although DFS offer access to financial services and potentially also finance in a way that was previously not possible for the broad majority of people, this study shows that there are historical, cultural and social factors in some markets that raise barriers to adoption. There are other factors that work in favor of uptake. Knowing what is what in a given market could help further increase and deepen financial inclusion on the continent.

The Partnership for Financial Inclusion is a \$37.4 million joint initiative of IFC and the Mastercard Foundation to expand microfinance and advance digital financial services in Sub-Saharan Africa. It is also supported by the Bill & Melinda Gates Foundation and the Development Bank of Austria, OeEB. Launched in 2011, the seven-year program works with microfinance institutions, banks, mobile network operators and payment service providers across the continent to increase financial inclusion.

For more information, visit [www.ifc.org/financialinclusionafrica](http://www.ifc.org/financialinclusionafrica)

**For further information:**

**Anna Koblanck**

[akoblanck@ifc.org](mailto:akoblanck@ifc.org)

