

FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

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FII QUICKSIGHTS REPORT MOBILE MONEY USER AND NONUSER STUDY WAVE 1

April 2014

THE FINANCIAL INCLUSION INSIGHTS (FII) PROGRAM

The FII research program responds to the need for timely, demand-side data and practical insights on the use of mobile money and other digital financial services (DFS), and the potential for their expanded use among the poor.

The program covers eight countries in Africa and Asia at different stages of DFS development. Research was launched in fall 2013.

FII is operated by global research group InterMedia and sponsored by the Financial Services for the Poor initiative of the Bill & Melinda Gates Foundation. All FII data and research is publicly available through the FII portal: www.finclusion.org.

QuickSights reports provide initial findings from each FII research project. These reports feed into subsequent Wave Reports which synthesize the results from all projects conducted during a wave of research in a given FII country.

All data and materials resulting from the FII program are the property of the Bill & Melinda Gates Foundation, but the findings and conclusions within are those of the authors and do not necessarily reflect positions or policies of the Foundation.

STUDY DESIGN

Objectives

- 24 focus groups were conducted with users and nonusers of mobile money to:
- Provide insights into why they are using or not using mobile money services.
 - Understand barriers to and triggers for uptake and use of mobile money.
 - Understand participants' perceptions of various mobile money brands and their brand preferences.
 - Capture participants' reactions to mobile money advertising and identify key messages that resonated with them.

Key research questions

- What is the level of awareness of mobile money among nonusers?
- What are the reasons for not using mobile money among those aware of the services?
- What challenges do mobile money users face?
- What types of mobile money advertisements resonate with participants and why?
- What types of mobile money advertisements do not resonate with participants and why?

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LOCATION AND PARTICIPANT PROFILE

- Fieldwork took place between Jan. 21 and Feb. 7, 2014.
- Focus groups were held in both urban and rural locations within the Southern and Northern regions. Focus group participants were mobile money users and nonusers, men and women, with incomes above and below the poverty line.
- Lagos and Abuja were pre-selected as two major urban population and financial centers.
- Kaduna and Enugu were selected based on their relatively high numbers of mobile money agents (based on the fspmap.com data), and, therefore, potentially higher access to mobile money services and higher mobile money usage.
- Specific areas for recruiting participants were randomly selected from FII national survey locations.
- There were six participants in each group. All participants were between 25 and 35 years old.

	Southern Region (16 groups)		Northern Region (8 groups)	
	Lagos, urban location	Enugu, rural location	Abuja, urban location	Kaduna, rural location
Users, incomes below poverty line	1 male group, 1 female group	1 male group, 1 female group		
Users, incomes above poverty line	1 male group, 1 female group	1 male group, 1 female group	1 male group, 1 female group	1 male group, 1 female group
Nonusers, incomes below poverty line	1 male group, 1 female group	1 male group, 1 female group		
Nonusers, incomes above poverty line	1 male group, 1 female group	1 male group, 1 female group	1 male group, 1 female group	1 male group, 1 female group

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SUMMARY OF FINDINGS (1)

Almost all nonusers were aware of mobile money services and could name specific mobile money brands. However, nonusers lack basic information about how the services work (how to start the process, available products, charges, etc.), resulting in misconceptions about the services and fear of losing money. Once they knew the details about the services and how they work, participants were able to abandon their misconceptions and fears about mobile money services.

The most recognized mobile money brands were those offered and promoted by banks. Banks get a resounding vote of trust, even though they are not completely immune to fraud. However, banks have limited coverage of rural and poor segments of the population. Mobile money services can potentially supplement bank coverage in rural/remote areas, if providers are able to assure users their services are secure.

Widespread fraud and scams via mobile phones have a strong negative effect on people's overall trust in mobile network operators (MNOs) and any of their services. To compete with bank-led mobile money deployments, MNOs and independent providers need to reassure the market about the safety of their services. Companies should implement anti-hacking and anti-fraud measures and regularly publicize their efforts through advertising.

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SUMMARY OF FINDINGS (2)

Security concerns are central for many participants. They recognize that carrying large amounts of cash, or withdrawing money via ATMs, is unsafe. Informing people about how mobile money provides a safe and convenient alternative to cash can encourage uptake and use.

During semiotics exercises, in which participants were asked to give their impressions of advertisements, the respondents were most complimentary of the advertisements with simple, self-explanatory visuals and direct messages. For example, ads showing people transacting from the comfort of their homes, using “flying money” to represent fast deliveries, or illustrating urban-to-rural transactions were well received.

Two types of ads were not well received. Those featuring urban and wealthy people were believed to create a perception of mobile money services as exclusive, and not targeted to people who are poor and who live in rural areas (i.e., the same group that is now underserved by banks). Additionally, some participants did not like ads that required prior understanding of mobile money services to get the message; in addition, these ads often contain a good deal of text and require basic literacy. These types of ads were deterrents rather than stimuli for nonusers and illiterate participants.

USING MOBILE PHONES AND MOBILE MONEY



The outlet of a mobile money “super agent” in Abuja, who represents a number of mobile money brands
Source: InterMedia

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Mobile phones are integral to participants' lives, and using multiple SIMs is common to address privacy, cost and network concerns

- Mobile phone users said their phones are central to their lives; several participants also use their phones for business operations. Almost all save their contacts on mobile phones.
- Use of mobile phones goes beyond just making calls; many Nigerians listen to music and access social media via their phones.
- Most participants only needed help with their phone when they used it for the first time or when learning to use a certain application.
- While sharing phones is common, people do not share their SIM cards.
- Most participants have more than one SIM card so they can take advantage of cheaper calls across networks, address gaps in network coverage, or get cheaper rates for calls and internet browsing through different providers.
- Some participants prefer using separate SIM cards for business and personal activities.

*“It’s all about network because I’m using two SIMs as I have some friends that are still living in villages. There are locations where Glo network is not there.”
(Urban male nonuser, below poverty line, Abuja)*

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While mobile money users often learn about the service through their banks, they start using the service because they need to send or receive money

- Users of mobile money often learn about the service through advertisements or text messages from their banks, or someone at the bank telling them about it and/or showing them how to use it.
- People also learn about mobile money through their mobile phone providers, friends, advertising via radio, TV and texts/SMS.
- However, a need to send/receive either money or airtime is the key driver of service uptake, and it often means individual's use a family member or friend to make the mobile money transaction on their behalf.

“My mum introduced me to it when I was broke. She said that she uses U-mobile and that I should go to my bank and they would activate it.” (Urban female user, below poverty line, Abuja)

“No bank is open on Saturdays, so you can't transfer money. I was once stranded in Lagos, so I asked someone to send me money urgently. They said they had sent me money straight away through mobile money. I thought they were joking, but I did receive it.” (Rural male user, above poverty line, Enugu)

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Advantages of mobile money, according to users

Convenience, speed, ease:

- Using mobile money means no waiting lines at the bank; transacting on any day of the week, any hour of the day; and transacting in regions where there are no banks.

Safety and security:

- A few people cited the dangers of carrying cash, especially large amounts. Mobile money helps solve this issue.

Business use:

- Being able to transact via mobile phone was cited as an advantage for people conducting business.

“...if you go to ATM to withdraw money, you see a lot of people queuing up, like more than 30 people. You sometimes wait three hours to withdraw money, but it’s much easier with mobile money.”
Urban male non-user, below poverty line, Abuja

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Disadvantages of mobile money, according to users

Delays due to network issues:

- Some experienced difficulties transacting or delayed transactions because of extensive network issues.

Fraud:

- Participants fear fraud aimed at scamming users (i.e., fraudulent text messages telling people they have to send an SMS to a certain number to receive a prize).

Over-spending:

- Participants felt having easy access to mobile money made them spend more.

“The main reason I don’t use it again is that I spend a lot with it. It is always in my hand, you can always buy things, you can always send transaction, and you can always withdraw money.”

So are you saying it makes you tempted to use it...

“Yes, it is even worse than ATM card. The phone is always in your hand. It will burn money faster.”

(Rural male user, above poverty line, Enugu)

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Key barriers to use among nonusers of mobile money is the lack of information, and the resulting lack of understanding and trust in providers

- Most nonusers were aware of mobile money services and could name specific brands.
- However, most nonusers did not understand what is needed to use mobile money and how to use it, resulting in a number of fears. Some of the common concerns included:
 - I'm going to lose my money if I lose my mobile phone.
 - I can lose money due to mobile network failures.
 - The charges for mobile money are high.
 - Hackers can break into my account and steal my money.

"I prefer going to the bank because I am not okay with charges and the mobile money services. I don't know much about it and I don't want to lose my money."
(Urban male nonuser, above poverty line, Lagos)

"I am scared of being a victim of internet fraud, because somebody can just take my money... Or you can just misplace your phone and somebody can transfer your money. That's why I want to learn about it and be sure about it." (Urban male nonuser, above poverty line, Lagos)

Common questions about mobile money:

What kind of phone is needed? Do you need an internet connection to use it? Who is it for? What are the charges? What if the phone is lost? Is it trustworthy?

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Mobile network fraud is widespread and participants fear that mobile money will serve as another way to get scammed

- Many report being victims of mobile network fraud (e.g., being overcharged for calls, airtime credit “disappearing” from total balance, being charged for undelivered SMS).
- In addition, money can be deducted from one’s account for premium rate services (PRS) like ring tones they either did not subscribe to or subscribed to by mistake.
- Many report internet plans not activating or being cut off before the full subscription period is over.
- Finally, fraud is perpetrated by third parties over phone lines and SMS; in many cases these scams go unpunished.
- All of these create suspicion about services related to mobile phones and mobile money.

Challenges in using MNO phone services:

“Sometimes if you put 100 naira credit and you just make one call, they will cut 50 naira from your balance instead of the normal 20 naira.” (Rural female nonuser, above poverty line, Enugu)

Use limited by fear of fraud:

“There are some people that, even when you want to transact by sending money to them, they tell you to go and bring physical cash because they feel it is not secure.” (Urban female user, above poverty line, Lagos)

Mobile money marketing should address people’s sensitivities and fears related to the use of mobile networks for criminal activity by emphasizing security measures put in place to counter scams and fraud.

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Cash is still king despite safety concerns

- Most transactions are currently conducted in cash.
- Going to the market with large amounts of cash can raise concerns about being robbed.
- Participants carry cash despite concerns about safety, including the fear of being mugged while making ATM transactions.
- But people are not aware that mobile money can serve as a safe and/or easy alternative to cash, which not only highlights an opportunity, but reinforces the need to position mobile money as a safe and convenient way to make transactions.



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Banks get a resounding vote of trust across different demographic groups

- Independent mobile money providers (e.g., Paga) and MNOs that provide mobile money are not generally trusted.
- Most participants do trust banks, however, due to their familiarity with them, previous positive experiences, a bank's physical presence that allows for interaction, and banks' proven financial track records.
- They think banks specialize in financial services so they are more knowledgeable about managing money.
- Participants like the physical presence of banks and bank agents because it gives them a place to go where they can talk face-to-face with a representative.
- A phone line is considered less secure and seen as a more risky method of conducting financial transactions. In comparison, a bank account is seen as being private and secure.

“There are many people that use phone lines and anyone can send you a text message. When you try to trace the number you won't be able to because it tells you the number is switched off, but if a bank uses it, all you have to do is to walk straight into the bank and tell them the problem and they will figure it out.”

Rural female nonuser,
above poverty line, Enugu

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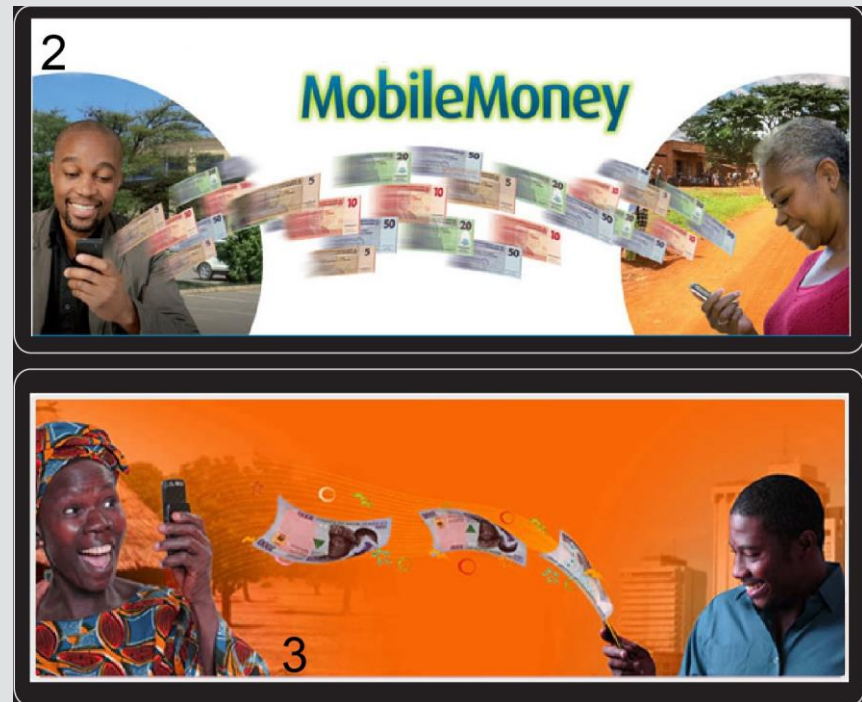
Mobile money brands affiliated with banks enjoy a similar level of trust Nigerians have for banks; independent brands and MNO-led deployments have to find a way to increase their reputations as reliable and trustworthy

- ✓ **Firstmonie:** A service of an established bank that has earned the trust of customers, the brand is considered reliable and secure. Some participants complained of delays in conducting transactions due to slowdowns in the network.
- ✓ **U-mobile:** Launched by an international bank, participants consider the brand reliable, but, some participants said transaction costs are too expensive.
- ✓ **GTBank mobile money:** Participants think it is trustworthy (a service of the top Nigerian bank) and secure. They said it offers good services, and is considered to have no network issues. Some charges for app installations were considered to be rather high.
- ✓ **Ecobank mobile money:** Participants trust it because it is part of a large banking group. They don't think the fees charged by Ecobank are high.
- ✓ **Paga:** Participants did not show a high level of trust in Paga, an independent company. They expressed a lack of understanding about how the service operates (i.e., since Paga is not affiliated with a bank they feel they cannot hold it responsible for any problems).
- ✓ **MTN:** Participants generally expressed dislike for network problems associated with this MNO-led mobile money service provider.



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PARTICIPANTS' REACTIONS TO MOBILE MONEY ADVERTISING

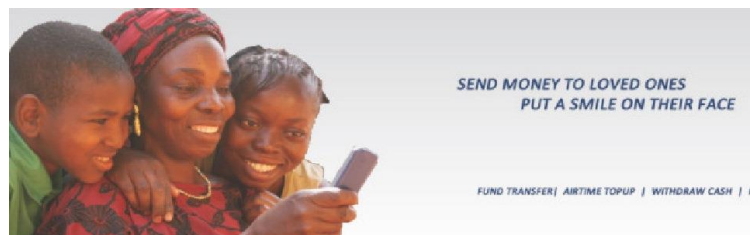


Examples of mobile money advertisements used in focus group discussions in Nigeria
Source: www.mtn.com.ng, www.ecobank.com (accessed November 2013)

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Feedback on advertising – how did we do it?

- Participants' views on mobile money advertising were sought to identify what types of advertisements were effective and why. The feedback can help inform future marketing communications about mobile money.
- Online images of providers' mobile money advertisements were collected and organized into collages.
- The collages were shown to participants and a series of questions was asked regarding familiarity with the images, whether the advertisements resonated with them and why or why not, and what they thought were the key messages being conveyed in the advertisements.
- Participants were shown four collages containing mobile money advertising sponsored by banks (First Bank, Ecobank, GTBank, Stanbic IBTC, Zenith Bank); mobile network operators (MTN, Airtel, Etisalat); and independent mobile money companies (Paga, eTranzact).



Examples of mobile money advertisements

Source: www.pocketmoni.com, www.mypaga.com, www.u-mo.net (accessed November 2013)

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Advertisements with simple, self-explanatory visuals and messaging were well-received by respondents

- Advertisements with **visuals that clearly conveyed the most information (non-textual)** received the most positive response.
- For example, participants found the image of money “flying through the air” to be a **clear way of showing that you can transact quickly** across regions, even internationally.
- Advertisements showing someone **sending money to family (e.g., mother) in rural areas** received positive responses as it resonated with a sense of responsibility, duty, and caring for others.
- Participants responded well to images that showed people comfortably **transacting from wherever they are**.

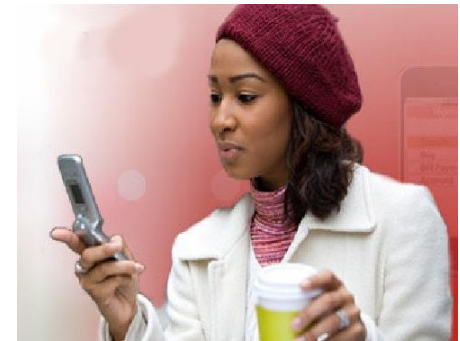


Examples of mobile money advertisements
 Source: www.ecobank.com, www.mtn.com.ng, www.mypaga.com
 (accessed November 2013)

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Many nonusers of mobile money thought that the advertisements were aimed at urban, wealthy people and excluded rural residents

- Many nonusers often noted that the images in advertisements represented people who conduct business, are professionals and live in urban areas.
- Many nonusers also thought the advertisements emphasized exclusivity, portraying people with money, smart business attire and expensive phones.
- Some users and urban participants also found the images promoted exclusivity.
- More effort could be made to tailor advertisements to poor and rural populations. For example, ads could portray people who are dressed appropriately for rural settings (e.g., traditional Nigerian dress).



Examples of mobile money advertisements
Source: www.mtn.com.ng, www.eazymoney.com.ng
(accessed November 2013)

“I would love more pictures where this woman is carrying something on her head rather than it being more like a shadow. It would be more real, so that women from local markets can relate to this. What we have here depicts some form of class.”
Urban male user, above poverty line,
Lagos

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Basic literacy and prior understanding of mobile money services were required to decipher some of the advertisements

- Advertisements with ambiguous visuals (i.e., not self-explanatory) or indirect messages created confusion.
- Some of the images that generated confusion are presented to the right. Participants were unclear about:
 - The type of transaction the images were portraying.
 - What the image (top right) was trying to say. They asked, “Did she receive money? Is she browsing the internet? Is she registering? Are they playing with the phone? Are they reading an SMS?”
 - The direction of the transaction (i.e., not clear if the person is sending or receiving) was confusing for some.
- Text was helpful in deciphering the actions in the images, although participants noted this required literacy.
- Advertisements aimed at poor and rural residents, who are less likely to have basic literacy, should rely more on conveying the message visually rather than via text.



Examples of mobile money advertisements participants said were confusing.
 Source: www.mypaga.com, www.u-mo.net (accessed Nov 2013)

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Advertisements depicting women were interpreted as reflecting the status quo - men as primary earners and women as receivers

- A number of mobile money advertisements were aimed at women specifically. The majority of participants felt the ads were natural and reflected the existing gender balance (e.g., men were breadwinners and wives were at the receiving end of transactions).
- This response is common across all groups: males, females, users, nonusers, poor and non-poor groups. Participants saw this “men are providers, women are receivers” setup as relevant to their lives and not as a negative.
- Some urban participants spoke of mobile money enabling women to take greater part in their financial lives (e.g., enabling women to send money to family members).
- Future marketing materials can tap into the female market by depicting ways mobile money can enhance their work and personal lives, rather than just depicting women as passive receivers.



Examples of mobile money advertisements

Source: www.stanbicibtcbank.com,
www.firstmonieonline.com
 (accessed Nov 2013)

“Man is the head of the household...they should provide.” Rural female user, below poverty line, Kaduna

“This lady [in the ad] could get money from her husband and thought ‘I need to send money to my mummy’ and send to her mum.” Male, user, non-poor, Lagos

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High potential for uptake and use if secure ecosystem exists

- Despite the fear of fraud and a lower level of trust in mobile money than trust in banks, people also show a positive attitude towards mobile money.
- A few want to save or borrow through mobile money services, though most prefer to save in banks or village schemes.
- Some show interest in paying bills or shopping with mobile money, but worry that getting a mobile money account involves a long process.
- Participants point to a need for increased education about mobile money services, particularly in rural areas.

“It depends on the system and the world system we have now... we have not started using this mobile money we can’t really tell what other means of payment would be like because for now what we have available is cash payment.” Rural male nonuser, above poverty line, Enugu

GLOSSARY OF TERMS

- **Agent** – A person or business contracted/registered by a DFS provider to provide services to DFS customers using their own bank or mobile money account.
- **Below the Poverty Line** – In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). **For this particular study, digital financial services include bank services and mobile money services.**
- **Financial inclusion** – A state in which all people who are able to use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line. PPI has been widely accepted in the sector of financial inclusion as the basic measure of poverty.
- **Mobile money (mm)** – A service in which a mobile phone is used to access financial services.
- **mWallet** – A data repository that houses consumer data sufficient to facilitate a financial transaction from a mobile phone.
- **Nonuser** – An individual who has not used a DFS on their own or somebody else's account.
- **Over-the-counter (OTC) users** – Mobile money users who accessed the services over the counter via a mobile money agent.
- **Remittances** – Money or its equivalent (food or goods) sent from one person to another (P2P payments).
- **SIM card** – A removable micro-card that contains a subscriber identity module that securely stores the electronic codes used to verify subscribers' identities on mobile phones and computers.
- **Urban/rural** – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

For more information, contact:

Aibek Iliasov, FII Nigeria Research Manager

IliasovA@InterMedia.org

Peter Goldstein, FII Program Director

GoldsteinP@InterMedia.org



www.finclusion.org | Twitter: @finclusion_FII

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Headquarters
Washington, D.C.
Tel: +1.202.434.9310

InterMedia Europe
London, U.K.
Tel: +44.207.253.9398

InterMedia Africa
Nairobi, Kenya
Tel: +254.720.109183