Consumer Behaviors in Benin
Analysis and Findings

United Nations Capital Development Fund
Background

• UNCDF, Finance Inclusive et Développement local
• Mobile Money for the Poor
  • Augmenter l’accès au services financiers via l’utilisation de technologie et agents
• Programmes en Ouganda, au Malawi, au Libéria, en Zambie, au Laos, au Népal, au Sénégal et au Bénin
• Plusieurs donateurs, Programme Global (UNCDF, Sida, AusAID, Fondation Gates, Fondation MasterCard)
• Aligné avec les initiatives de UNDP et UNCDF dans les Pays les Moins Avancés (PMA), travaille de manière étroite avec les programmes conjoints UNCDF/UNDP de Finance Inclusive
This report relies on data collected through mixed methods, both quantitative and qualitative

• **Quantitative Survey** conducted on a sample of 3,042 Beninese aged 15+ between December 2015-February 2016

• **Qualitative study** conducted through:
  - Focus groups
  - Dynamic focus group observation in three locations (four groups each location, 6 to 8 participants each)
    - Aguegue
    - Bohicon
    - Banikoara
  - In-depth interviews (16 per location)

• **Participants include:**
  - New users of digital financial services (DFS)
  - Prospective users of digital financial services
  - MFI users
  - Women (for a gender-specific approach)
Executive Summary
Key Findings

- The Beninese financial market offers consumers different types of financial services, including formal and informal options. Within this market, 25% of Beninese adults have used a formal financial product.
  - Only about two-thirds of formal financial product usage is with digital accounts (providing some form of digital access).
- While 25% have used a formal financial product, just 20% of Beninese adults say that they have their own, registered formal financial account in their own name, making them financially included. Only 11% are digitally financially included, meaning they have a full-service digital financial account.
  - Mobile money, banks and nonbank financial institutions (NBFIs) all drive financial inclusion, in near equal parts.
  - Once a consumer has an account, they tend to actively use it. Eight in ten (80%) accountholders have used their account in the past 90 days
  - Those who are currently financially included are more educated, live in urban areas and are employed. They also are actively using their accounts, suggesting a potential “early adopter” bias among current users.
- Awareness of mobile money does not convert to registered use. Over half (54%) of adults know of mobile money, 47% are aware of a mobile money provider, yet only 11% have used mobile money, with 9% having a registered mobile money account.
- More Beninese are financially active than have formal accounts, indicating a needs gap as well as interests in financial mechanisms.
  - Close to half of adults save 47%, even though only 20% have formal accounts. Twenty percent of adults also have borrowed money. Much of the savings and borrowing happens through informal mechanisms.
  - Informal financial mechanisms are used more than formal ones out of familiarity, not due to preference
Understanding Consumer Needs

• There is a needs-based progression with financial services that leads a consumer to a bank account
  - Consumers start with a tontine, building up to MFI use and then maybe having enough of a need or resources to use a bank.
  - Mobile money and digital financial services are not currently an explicit part of this progression.

• Consumers have three types of needs for digital financial services
  - **Circumstantial needs**: having access to financial services, having financial services that are easy to use and match consumers’ cognitive abilities, and feeling comfortable using the service
  - **Financial needs**: that facilitate life, such as savings, loans, money transfer and at will deposit/withdrawal. These facilitate business growth, payments, income smoothing
  - **Tangible needs**: from a financial product, such as fees and deposit/withdrawal amounts that match budget, income and expenses as well as customer service during first experiences with the product

• Consumers who are more aware of financial products associate mobile money and DFS with meeting consumer needs from financial services:
  - These include: including speed and ease of transfer, presumed low fees, and presumed low deposit requirements.

• Building meaningful awareness and connecting the consumer need to DFS is a critical hurdle for those consumers
  - In addition to speed and ease of money transfer, fees and deposit requirements that match income streams, financial safety and security can be a useful hook for showing DFS value.

• Lack of information channels and heavy dependence on peer groups pose challenges for increasing meaningful awareness and knowledge
  - Consumers in general have limited access to information sources, and therefore recruitment efforts must consider appropriate messengers for connecting DFS with a consumer need.
  - Demographics matter. Peri-urban as well as rural areas struggle more when it comes to awareness, knowledge. Youth show potential to be the next target market in the country.
Main barriers to DFS Uptake

• There are two main types of barriers to mobile money and DFS in Benin: lack of tools and skills for using DFS, and lack of knowledge about DFS.

• Lack of tools and skills: There are limitations that could hamper DFS uptake. These include:
  ✓ Limited diffusion of devices (75% of adults have access to mobile phones, but less than 66% own their own phone)
  ✓ Limited literacy (just over 33% are literate)
  ✓ Limited use of SMS (Only 33% regularly communicate via SMS, which is also a critical capability for DFS interactions)
  ✓ Limited awareness (although awareness of mobile money is over 54%, most consumers aren’t as familiar with what mobile money does or how to use it. Mobile money, a core DFS tool, is mostly unknown or considered to be “not needed” in the eyes of consumers: 42% don’t know what it is, 17% feel they don’t need it)

• Lack of knowledge: In addition to limited awareness, consumers do not yet have core, critical knowledge of DFS. This includes:
  ✓ Prospective users do not know where mobile money (or DFS) agents are located
  ✓ They do not know enough about how to use the service
  ✓ They do not know about services requirements (fees and how the process works)
  ✓ These are especially limiting for mobile money adoption.
  ✓ Adoption of digital access to financial services among current users could incur fewer barriers because of the existing product relationship

• Growth in knowledge, awareness may create new barriers to uptake. Once consumers know about it, they may decide that they can not afford it, or their current means of financial access is more affordable. These are barriers that typically arise with greater knowledge and exposure, even though they are not currently present in the marketplace
  ✓ This means that it is important for pro-active messaging around DFS matching one’s available resources and income streams, to allay any future fears or cost-based objections.
What is Benin financial landscape like?
There are a number of different types of financial services in the Beninese market.

- **Formal**
  - Full service
  - Digital
  - MNOs
  - MFIs
  - Banks
  - & More

- **Informal**
  - Not full service
  - Non-digital

Figures are categorical only. As represented, they are not exclusive of each other or drawn to scale.
Not all formal financial services are digital

**Financial services use**
(Shown: Percentage of Beninese adults, N=3,042)
- 75% Have not used formal financial services
- 25% Have used formal, regulated financial services

**Digital users of financial services**
(Shown: Percentage of Beninese adults who have used formal financial services, n=702)
- 17% Have used digital financial services
- 8% have a DFS account in their own name


![Source: InterMedia Benin Financial Inclusion Insights for MM4P, December 2015-February 2016 (N=3,042, 15+).](image-url)
Bank accountholders are active users of their accounts

Bank account ownership
(Shown: Percentage of Beninese, n, 3,042)

- Have full-service bank account, 7%
- Not registered, 92%

* Appears the same as accountholders due to rounding

Bank account holders tend to have an additional financial mechanism

Bank account and mobile money account overlap
(Shown: Percentage of bank account holders, n=215)

- 60%
- 39%

Have a bank account and a mobile money account

Bank account and NBFI account overlap
(Shown: Percentage of bank account holders, n=215)

- 87%
- 13%

Have a bank account and an NBFI account

Benin is a two provider-dominated MNO market with room to grow; over one-third of adults do not yet have their own phone.

Mobile phone ownership and access
(Shown: Percentage of Beninese adults)

- 75% have access to a mobile phone
- 63% own a mobile phone

37% do not have their own phone

SIM card providers
(Shown: Percentage of mobile phone owners w/ at least one sim card from provider, n=1,781)

- MTN: 65%
- MOOV: 45%
- GLO: 3%
- BEL Benin: 1%
- Libercom: 0%

Reflects multiple SIM card ownership

Most individuals with mobile money access are account holders

Mobile money access
(Shown: percentage of Beninese adults, n=3,042)

- 11% have mobile money access
- 89% have no mobile money access

Registered mobile money accounts
(Shown: percentage of Beninese with mobile money access, n=306)

- 62% of mobile money users have a registered account
- 9% of all Beninese adults have a registered mobile money account

Most accountholders are active users; they are mostly men, above the poverty line, and living in urban areas.

Active mobile money use
(Shown: percentage of Beninese mobile money account holders, n=232)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Users Above Poverty Line</th>
<th>Users Below Poverty Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Women</td>
<td>74%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Active use demographic profile
(Shown: Active mobile money users, n=185)

<table>
<thead>
<tr>
<th>Location</th>
<th>Users Above Poverty Line</th>
<th>Users Below Poverty Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Rural</td>
<td>25%</td>
<td>75%</td>
</tr>
</tbody>
</table>

25% of active mobile money account holders are urban males living above the poverty line.

Source: Les enseignements de l’inclusion financière au Bénin pour le MM4P tirés de l’étude conduite par Intermedia (Décembre 2015 – Février 2016 sur un échantillon de 3 042 individus de 15 ans ou plus)
Approximately one in 10 adults use only informal financial services

Use of informal financial services
(Shown: Percentage of Beninese adults, N=3,042)

- 84% Use informal and formal services
- 11% Only use informal financial services
- 5% Formal users and nonusers of financial services

Profile: Informal users’ demographics n=365

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above $2.50 a day poverty line</td>
<td>26%</td>
</tr>
<tr>
<td>Female</td>
<td>62%</td>
</tr>
<tr>
<td>Under 35</td>
<td>37%</td>
</tr>
<tr>
<td>Rural</td>
<td>52%</td>
</tr>
<tr>
<td>Primary education or less</td>
<td>82%</td>
</tr>
<tr>
<td>Employed</td>
<td>77%</td>
</tr>
<tr>
<td>Married</td>
<td>73%</td>
</tr>
<tr>
<td>Own mobile</td>
<td>71%</td>
</tr>
<tr>
<td>Advanced phone user</td>
<td>36%</td>
</tr>
</tbody>
</table>

Financial inclusion currently reaches 20% of Beninese adults; 11% are digitally financially included.

- **20%** Financially included* (N=3,042)
- **11.3%** Digitally financially included* (N=3,042)
- **31.8%** of Beninese adults report being within 5KM of a mobile money agent, banking agent or a store or a kiosk with over-the-counter mobile money services (30.3% of women)
- **5.5%** Of Beninese adults have used some form of digital financial services (including OTC) in the past 90 days but do not have a registered account (5.5% of women)

*Rate of Beninese adults who have used an account in their name for some form of digital financial service (e.g. bank account with digital features, e-wallet service, NBFI account with digital features) (6.9% of women)

Beninese women lag behind their counterpoints in every financial inclusion indicator

- 4% have bank accounts
- 9% have NBFI accounts
- 6% are registered mm
- 84% are financially excluded
- 76% are financially excluded
- 12% have bank accounts
- 9% have NBFI accounts
- 12% are registered mm

For comparison across Africa and Asia:

<table>
<thead>
<tr>
<th></th>
<th>Kenya</th>
<th>India</th>
<th>Tanzania</th>
<th>Bangladesh</th>
<th>Uganda</th>
<th>Nigeria</th>
<th>Indonesia</th>
<th>Benin</th>
<th>Senegal</th>
<th>Pakistan</th>
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</thead>
<tbody>
<tr>
<td>Financial inclusion</td>
<td>69%</td>
<td>65%</td>
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<td>43%</td>
<td>39%</td>
<td>37%</td>
<td>24%</td>
<td>20%</td>
<td>15%</td>
<td>9%</td>
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<tr>
<td>Mobile money ownership</td>
<td>67%</td>
<td>65%</td>
<td>61%</td>
<td>9%</td>
<td>35%</td>
<td>1%</td>
<td>24%</td>
<td>9%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Full service NBFI ownership</td>
<td>11%</td>
<td>9%</td>
<td>1%</td>
<td>24%</td>
<td>6%</td>
<td>3%</td>
<td>3%</td>
<td>9%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Full service Bank ownership</td>
<td>27%</td>
<td>63%</td>
<td>8%</td>
<td>19%</td>
<td>11%</td>
<td>37%</td>
<td>23%</td>
<td>8%</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

- Shared market distinguishes Benin from other countries, most closely aligned with Senegal
- Some similarities with Bangladesh because all three forms of formal access have reach

* Nigeria, Tanzania, Kenya, Indonesia, Uganda, Pakistan, India and Bangladesh statistics come from 2015 Financial Inclusion Insights
How are different financial institutions perceived?
Account holders describe making *needs-based* decisions on which financial mechanism to use

- Some use tontines for daily savings and income smoothing, and an MFI for a business loan.
- Some use mobile money to conduct transactions and an MFI for business loans.
- Other combinations exist – some relationships become dormant as capabilities begin to overlap or savings become depleted.
This progression gives consumers more than one financial mechanism, and a choice based on what suits them.

**Tontine**
Most common financial tool. Traditional for building prosperity and community.

**MFI**
Accustomed to working in groups, borrowing as a group with MFI leverages cultural norms, builds savings habits.

**Bank**
Those who have built steady savings and healthy businesses are comfortable in banks, where balances can stay safe and transactions are facilitated.
MFIs help facilitate consumers’ businesses and provide savings accounts

WHAT PARTICIPANTS BELIEVE MFIs DO
• Provide loans to start and/or invest in businesses
  • Provide savings accounts

POSITIVE PERCEPTIONS
• Purpose is to help people with less access to resources
  ✓ Areas where there are no banks
  ✓ Some are for women only
• Secure means to save money
  ✓ Savings doesn’t get spent, destroyed or stolen
• Create community
  ✓ Many describe obtaining a “group” loan where bands of women get a loan together

NEGATIVE PERCEPTIONS
• Not always easy to set up, need requirements
  ✗ May need initial amount to put in savings account
• Transactions have protocol
  ✗ Have to submit forms
• Can be difficult to withdraw money
  ✗ Restrictions on how much can be withdrawn
Tontines can be perceived as untrustworthy but are often the only available option to consumers

WHAT PARTICIPANTS BELIEVE TONTINES DO
• Provide small loans to members to help with income smoothing, small business investments
  • Provide savings options for tontine members, potential to gain money

POSITIVE PERCEPTIONS
• Convenient
  ✓ Tontines are locally based, made up of neighbors, friends
• Community building
  ✓ Tontine members work together to provide aid in adversity as well as grow savings
  ✓ Some describe planning savings and income strategies together
• Source of bonus income
  ✓ Well-run tontines provide members with interest from the small loans

NEGATIVE PERCEPTIONS
• Untrustworthy
  ✗ Some describe tontine managers as having cheated members and misrepresented profits
  ✗ Others report that some members take loans and never repay, so savings are lost
• Not good for larger amounts
  ✗ Loan amounts are often not enough for significant business investments
Banks enjoy respect and trust but are not accessible to everyone

**WHAT PARTICIPANTS BELIEVE BANKS DO**
- Provide savings accounts and transactional accounts
  - Provide loans

**POSITIVE PERCEPTIONS**
- Secure and trustworthy
  ✓ Keeps money safe from theft, destruction, temptation to spend
- Enable transactions throughout Benin
  ✓ Merchants with business interests outside of village can transact with business associates further away
- Earn interest on larger amounts
  ✓ Savings can provide interest income if not withdrawn

**NEGATIVE PERCEPTIONS**
- Inconvenient
  ✗ Branches may not exist in village
- Long waits in lines
  ✗ Transactions require visiting a branch, waiting for available staff at a counter
- Restrictive
  ✗ Must have government issued ID and initial deposit amounts to open an account
- Network connections go down
  ✗ Many report that banks’ networks are unreliable, making transacting when desired unreliable
Even though it is a newer financial mechanism, the benefits of mobile money are known and attractive

**WHAT MOBILE MONEY (MM) DOES**
- Provides a transactional account to send and receive money
- Provides a means to save money daily

**POSITIVE PERCEPTIONS**
- Widespread interest
- Secure
  - Many describe MM as being just as safe as bank and MFI accounts
- Fast
  - Transactions are instantaneous
- Convenient
  - You can perform transactions from wherever you are and wherever your recipient or sender may be
  - You can save daily with MM
- No initial deposit requirement
  - You do not need money on hand to open an account

**NEGATIVE PERCEPTIONS**
- No real objections or negativity toward MM: No one ruled it out!
- Some recognized it is inconvenient for those not living in areas served by current mobile money providers
  - Many describe that MM has not arrived in their village yet, but they know it’s in neighboring areas
- Some concern over fees
  - Some complained the fees for conducting individual transactions are too high
Mobile money is not yet part of that progression and instead fulfills a different need

**Tontine, MFI, bank accounts:**
- Savings and loans
- Liquidity
- Income smoothing

**Mobile money:**
- Getting money from one place to another quickly, safely and conveniently (big draw)
- Knowledge of its function as a savings account, low deposit requirement
- This bodes well for MFIs, La Poste considering a mobile money transfer
  - Don’t have to wait in line. —
  - It is secure. —
  - All my sister has to do is call me, and I can just send and it goes over. —
  - Neither of us have to get on a bus. —
What are the main needs and aspirations?
Consumers have four main financial services needs:

- Access to safe, reliable savings
- Access to loans, credit
- Ability to transfer money safely, securely, quickly
- Ability to withdraw and deposit money at will

Factors in to income smoothing, making payments, building businesses, convenient access
They are also largely dissatisfied with their current financial condition; creating an opportunity for financial services that mitigate that pain point.

2015: Satisfaction with financial condition
(Shown: Percentage of Beninese adults, n=3,042)

- Satisfied, 22%
- Not satisfied, 59%
- Neither satisfied nor dissatisfied, 19%

- Comfortable having some debt in order to achieve goals, 29%
- Have too much debt right now, 15%
- Buy from several shopkeepers to ensure credit availability, 14%

The main perceived benefit of saving is the ability to manage emergencies and unexpected expenses

- Most explain that they use their savings more for covering sudden illnesses, accidents, funeral expenditures
- Not having money available for these unforeseen events can create disaster for the family
- Some explain that savings can lead to a better future for the family in the long term

Moreover

- Savings will build stronger businesses
- Savings can fund education
- Savings can buy land and build houses
For the purpose of saving, home building is a top goal

**Most important financial goals**  
(Shown: Percentage of Beninese adults, n=3,042)

- Building or upgrading the home: 21%
- Growing your business or a family member’s business: 21%
- Make more money: 17%
- Investing in the farm: 8%
- Buying a piece of land: 8%
- Paying school fees: 6%
- Acquiring some kind of personal asset: 4%
- Taking care of relatives: 2%
- Paying off a debt: 2%
- Acquiring furniture: 1%

Static across most demographics

*Source: InterMedia Benin Financial Inclusion Insights for MM4P, December 2015-February 2016 (N=3,042, 15+).*
Separate from mobile money, many would also like to have digital access to tontine, MFI and bank accounts

Interest in

- Moving money between an MFI and bank/mobile money account
- Accessing MFI through mobile phone
- Accessing MFI through ATM, or online interface
- Making deposits to any financial mechanism digitally
- Receiving paycheck digitally
- Receiving payments for services digitally
- Paying vendors/suppliers digitally

Note: “digital” refers to the concept of accessing currency in a form other than actual cash in hand, including mobile phones, ATMs, direct deposit, agent. Lack of knowledge/exposure limited observations of true preference during this exploratory phase.
How ready is Benin for DFS?
Literacy, SMS experience limit DFS readiness, especially for women…

<table>
<thead>
<tr>
<th>Factors that contribute to DFS Readiness</th>
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</thead>
<tbody>
<tr>
<td>(Shown: Beninese Adults, n=3 042)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to phone</td>
<td>75%</td>
<td>79%</td>
<td>71%</td>
</tr>
<tr>
<td>ID</td>
<td>97%</td>
<td>98%</td>
<td>97%</td>
</tr>
<tr>
<td>Beyond primary school</td>
<td>32%</td>
<td>38%</td>
<td>25%</td>
</tr>
<tr>
<td>SMS send</td>
<td>44%</td>
<td>51%</td>
<td>38%</td>
</tr>
<tr>
<td>Literate</td>
<td>36%</td>
<td>42%</td>
<td>30%</td>
</tr>
<tr>
<td>Numerate</td>
<td>99%</td>
<td>99%</td>
<td>99%</td>
</tr>
</tbody>
</table>

... and rural adults

### Factors that contribute to DFS Readiness

(Shown: Beninse Adults, n=3 042)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to phone</td>
<td>97%</td>
<td>99%</td>
</tr>
<tr>
<td>ID</td>
<td>99%</td>
<td>96%</td>
</tr>
<tr>
<td>Beyond primary school</td>
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<td>64%</td>
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</tr>
</tbody>
</table>

For comparison across Africa and Asia:

<table>
<thead>
<tr>
<th>2015/16:</th>
<th>Benin</th>
<th>Senegal</th>
<th>Indonesia</th>
<th>Kenya</th>
<th>Nigeria</th>
<th>Pakistan</th>
<th>India</th>
<th>Tanzania</th>
<th>Uganda</th>
<th>Bangladesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to a phone</td>
<td>75%</td>
<td>90%</td>
<td>79%</td>
<td>93%</td>
<td>93%</td>
<td>76%</td>
<td>90%</td>
<td>96%</td>
<td>85%</td>
<td>96%</td>
</tr>
<tr>
<td>Have national ID</td>
<td>97%</td>
<td>95%</td>
<td>94%</td>
<td>77%</td>
<td>32%</td>
<td>89%</td>
<td>82%</td>
<td>11%</td>
<td>41%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Literacy</td>
<td>36%</td>
<td>35%</td>
<td>95%</td>
<td>83%</td>
<td>78%</td>
<td>65%</td>
<td>66%</td>
<td>84%</td>
<td>57%</td>
<td>60%</td>
</tr>
<tr>
<td>Numeracy</td>
<td>99%</td>
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<td>96%</td>
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<td>98%</td>
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<tr>
<td>SMS</td>
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<td>64%</td>
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<td>75%</td>
<td>80%</td>
<td>40%</td>
<td>38%</td>
<td>78%</td>
<td>47%</td>
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</tr>
<tr>
<td>Beyond Primary School Education</td>
<td>32%</td>
<td>29%</td>
<td>60%</td>
<td>47%</td>
<td>73%</td>
<td>46%</td>
<td>58%</td>
<td>24%</td>
<td>39%</td>
<td>49%</td>
</tr>
</tbody>
</table>

- Literacy, low education attainment a greater issue for Benin
- Access to phones relatively low compared to other countries

* Nigeria, Tanzania, Kenya, Indonesia, Uganda, Pakistan, India and Bangladesh statistics come from 2015 Financial Inclusion Insights
Rural Beninese are substantially more disadvantaged than their urban counterparts; all readiness components are lower among the rural population than urbanites

<table>
<thead>
<tr>
<th>Demographics/ access to finance</th>
<th>Rural (n=1,936)</th>
<th>Urban (n=1,106)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above poverty</td>
<td>14%</td>
<td>42%</td>
</tr>
<tr>
<td>Male</td>
<td>50%</td>
<td>49%</td>
</tr>
<tr>
<td>Over 35</td>
<td>44%</td>
<td>47%</td>
</tr>
<tr>
<td>Primary education or less</td>
<td>78%</td>
<td>54%</td>
</tr>
<tr>
<td>Involved in agriculture (farm owner or laborer)</td>
<td>62%</td>
<td>27%</td>
</tr>
<tr>
<td>Access formal financial services</td>
<td>17%</td>
<td>34%</td>
</tr>
<tr>
<td>Access bank</td>
<td>3%</td>
<td>15%</td>
</tr>
<tr>
<td>Access OTC services</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Access mobile money</td>
<td>6%</td>
<td>18%</td>
</tr>
<tr>
<td>Access NBFI</td>
<td>10%</td>
<td>11%</td>
</tr>
</tbody>
</table>

“Readiness” becomes a top need for customer adoption

- It is a pain point for consumers, because they are conscious of their own perceived limitations

- It is a gap in the marketplace, because consumers do not know where to turn to get “ready”

- It is a NEED because consumers feel it will prohibit their own ability to use financial services

- This pertains to new customers, who wonder if they have what it takes to use the product

- This pertains to prospective users, who have not yet opened an account
Reflecting the gender, rural lag for phone ownership, these groups also are less likely to use a phone for advanced purposes.

**Total population**
(Shown: Beninese mobile phone users, \(n=2,130\))

- **Use a mobile phone for advanced functions**: 36%

**2015: Advanced phone use by demographic**
(Shown: Percentage of subgroups)

- **Male** (\(n=1,126\))
  - 43%
- **Female** (\(n=1,004\))
  - 28%
- **Urban** (\(n=938\))
  - 44%
- **Rural** (\(n=1,192\))
  - 26%

*Source: InterMedia Benin Financial Inclusion Insights for MM4P, December 2015-February 2016 (\(N=3,042, 15+\)).*
Consumers with greater mobile phone proficiency are more likely to have financial accounts, particularly mobile money accounts

**2015: Have ever sent a text message (SMS)**
(Shown: Percentage of mobile phone users, n=2,130)

- **59%** Have sent an SMS (SMS capable, all adults)
- **33%** financially included
- **37%** Have not sent an SMS (SMS incapable)
- **14%** financially included

*As defined in Financial Inclusion section

Barriers and pain points
Tangible Barriers to DFS

- Cost of mobile phones
- SMS experience
- Distance to formal financial points of service (POS)
Barriers to mobile money include:

• NOT knowing where a mobile money agent is

• NOT knowing enough about how to use mobile money

• NOT knowing enough about product requirements, including fees and how the process works

For prospective users, barriers are about awareness, not objection to services
Awareness varies according to the region, with lows of 16% and 17% respectively in Atacora and Plateau.

<table>
<thead>
<tr>
<th>Region</th>
<th>Mobile Money Awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alibori</td>
<td>40%</td>
</tr>
<tr>
<td>Atacora</td>
<td>16%</td>
</tr>
<tr>
<td>Atlntiq</td>
<td>53%</td>
</tr>
<tr>
<td>Borgou</td>
<td>42%</td>
</tr>
<tr>
<td>Collines</td>
<td>34%</td>
</tr>
<tr>
<td>Couffo</td>
<td>61%</td>
</tr>
<tr>
<td>Donga</td>
<td>30%</td>
</tr>
<tr>
<td>Littorl</td>
<td>68%</td>
</tr>
<tr>
<td>Mono</td>
<td>61%</td>
</tr>
<tr>
<td>Oueme</td>
<td>63%</td>
</tr>
<tr>
<td>Plateau</td>
<td>17%</td>
</tr>
<tr>
<td>Zou</td>
<td>50%</td>
</tr>
</tbody>
</table>

Lack of knowledge is a key barrier to having a mobile money account

**Reasons for not having a mobile money account**
(Shown: those without a mobile money account, n=1151)

- **42%** I do not know what it is
- **17%** I do not need, I do not do transactions
- **14%** I do not know how to open one
- **7%** There is no office service / or caretaker,
- **5%** I never have money to carry out transaction
- **2%** I do not have a national identity card or other
- **2%** I do not understand that service; I do not know what I pe

*Source: InterMedia Benin Financial Inclusion Insights for MM4P, December 2015-February 2016 (N=3,042, 15+).*
Barriers create imperatives for adoption

Barriers:
Prospective users would like to use mobile money, but:

- There are no agents/outlets in their area
- Do not fully understand how interactions work, even though they like the concept
- Are concerned that it would be cost-prohibitive, even though they see the value in it
- Are uncertain they will be able to learn how to use mobile money

- Need access points, and knowledge of access points
- Need to demystify the process of making a transaction to build trust
- Need information on fees to make this seem a good value
- Require assistance in using until comfortable
Perceptions around fees: A barrier to customer adoption

• Consumers are conscious of the cost of using financial mechanisms and what the mechanism yields them for the cost (Banks have higher fees and deposit requirements to use, but give you added safety and security for your money)

• They currently talk about costs of using financial services (tontines, MFIs) conceptually, instead of in monetary units (CFA)
  • For instance: I make 30 deposits into a Tontine and get 29 back. I pay in for 3 months and the fourth month I can withdraw

• They are also conscious of the liability of the group (if someone else in the group of a Tontine or MFI defaults, it could have impact on them). This factors into their consideration of cost

• Consumers like for their money to work for them, so any pricing could be evaluated as “what am I getting for this?”

The cost is therefore calculated by considering not only the fees of the service, but also the possible risks and the lack of benefits compared to other services. This is why preserving financial alternatives is crucial.
There are five hurdles on the path to digital financial services adoption; Technology and Education, in particular, form basis for DFS readiness

TECHNOLOGY
- Do I own a phone?
- Am I comfortable with texting?

EDUCATION
- Am I comfortable enough reading words and numbers to be able to use the service?
- How much effort will it take to learn how to use it?

NEEDS
- How satisfied am I with the status quo of managing my money?
- How well served am I with current financial providers to which I have access?

TRUST
- How much do I trust the providers of these services?
- How much do I NOT trust the other services?

AWARENESS
- How aware am I of DFS?
- What communication channels are available to reach me?

[Hurdles are fluid and may follow a different order]
Addressing barriers, speaking to needs builds trust

Consumers: Might be unsure of whether to trust mobile money

Do not know enough about mobile money to use

Still have needs that can be satisfied by mobile money
What is the Role of Social Networks?
Financial education and knowledge primarily comes from friends and family.

Who do you depend on for financial advice?
(Shown: Percentage of Beninese adults, N=3,042)

- Family, friends, neighbors: 35%
- Spouse: 31%
- Myself: 30%
- Bank: 1%
- MFI: 1%
- All other (excluding DK/refuse): 2%

Prospective users can envision learning about DFS through a friend or family member, or number of different socially-oriented channels.

A friend or family member who is currently using it introduces them to it.

**Most commonly mentioned channels:**

- Mass media
- Town-hall style meetings
- Church, the community and leaders
- The mayor or community chief, but not the government/authorities

**Offered up less frequently:**

- Door-to-door by a community-member provider representative
- Employers
- Schools
- Electricity companies
The significance of social networks in financial practices suggests that various types of mobile money/DFS agents, rooted within the community, can play a key role to build awareness

- **Mobile, mobile money/DFS agent**
  - Bus, van or some form of mobile unit that comes to an area regularly for cash-in/cash-out or bill-pay
  - Especially relevant in Aguegue

- **Post office as an agent**
  - Known entity in the community

- **Shopkeepers serving as agents**
  - Shopkeepers offer credit, informal savings options using merchandise as credit
  - Could be natural synergies

- **Bill collectors, money lenders, tontine administrators serving as agents**
  - Digitizing the relationship and potentially adding more transparency into the process/less concern about money being stolen/lost

- **MFI administrators as agents**
  - Existing satisfaction with MFIs, digital access could extend their utility

- **Utility companies as agents or channels into an account**
  - Already collecting money for services that are essential for individuals
What are the main financial needs?
Borrowing money is primarily for investment and growth, sometimes for emergencies and routine expenses

Have taken a loan in the past 12 months
(Shown: Percentage of Beninese adults n=3,042)

<table>
<thead>
<tr>
<th>Reason for loan</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>38%</td>
</tr>
<tr>
<td>Emergency expenses</td>
<td>32%</td>
</tr>
<tr>
<td>Educational expenses/school fees</td>
<td>19%</td>
</tr>
<tr>
<td>Medical payments</td>
<td>17%</td>
</tr>
<tr>
<td>Boost business</td>
<td>16%</td>
</tr>
<tr>
<td>Routine purchases, such as groceries</td>
<td>16%</td>
</tr>
<tr>
<td>Bills</td>
<td>5%</td>
</tr>
<tr>
<td>Large purchase (e.g. TV)</td>
<td>3%</td>
</tr>
</tbody>
</table>

Consumers have mostly informal lending options at their disposal

<table>
<thead>
<tr>
<th>Have you taken a loan from the following institutions? (Shown: All Beninese Adults, n=3,042)</th>
<th>Percentage of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family or friends</td>
<td>10%</td>
</tr>
<tr>
<td>MFI</td>
<td>5%</td>
</tr>
<tr>
<td>ASCA/lending group</td>
<td>1%</td>
</tr>
<tr>
<td>Informal money lender</td>
<td>1%</td>
</tr>
<tr>
<td>Bank</td>
<td>1%</td>
</tr>
<tr>
<td>SACCO</td>
<td>1%</td>
</tr>
<tr>
<td>Shopkeeper lets you take credit</td>
<td>0.22%</td>
</tr>
<tr>
<td>Buyer of crops/harvest</td>
<td>0.16%</td>
</tr>
<tr>
<td>Government institution</td>
<td>0.14%</td>
</tr>
<tr>
<td>Employer</td>
<td>0.12%</td>
</tr>
</tbody>
</table>

Savings is driven by long term oriented investment and protecting family needs

**Reasons for saving**
(Shown: percentage of saving adults)

- Start/expand your business: 50%
- Protect family from poverty/crime: 28%
- Make ends meet: 29%
- Protect belongings: 13%
- Education for yourself: 11%
- Buy expensive items: 11%
- Get ready for retirement: 8%
- Build children's fund for education: 6%
- Build children's friend for wedding: 2%
- Give back to community: 1%

Financial goals are primarily oriented around investing in future growth or prosperity

**Most important financial goals**
(Shown: All Beninese Adults, n=3,042)

- Building or upgrading the home: 21%
- Growing your business or a family member's business: 21%
- Make more money: 17%
- Investing in the farm: 8%
- Buying a piece of land: 8%
- Paying school fees: 6%
- Acquiring some kind of personal asset: 4%
- Taking care of relatives: 2%
- Paying off a debt: 2%
- Acquiring furniture: 1%

Static across most demographics

Limited inclusion does NOT mean limited financial interest
There is also significant interest in mechanisms that help pay for school fees, and bundled products.

**2015: Interest in financial products**  
(Shown: Percentage of adults, N=3,042)

<table>
<thead>
<tr>
<th>Product</th>
<th>Very important</th>
<th>Somewhat important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Layaway plan for school fees</td>
<td>37%</td>
<td>31%</td>
</tr>
<tr>
<td>Credit plan for school fees</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>Loan that came with a bank account</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>Loan that came with a mobile money account</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>Loan that came with an insurance plan</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>Mobile money account that came with a smartphone</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Pre-paid card to make payments</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>Pre-paid card for receiving income</td>
<td>19%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Additionally, women tend to exhibit less demand for financial services, save for a desire to obtain business loans.

### Demand for financial services, mobile phones among those without

(Shown: Percentage of adults, by gender and subgroup)

<table>
<thead>
<tr>
<th>Service</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile phone</td>
<td>87%</td>
<td>88%</td>
</tr>
<tr>
<td>Business loans</td>
<td>71%</td>
<td>66%</td>
</tr>
<tr>
<td>Mobile money account</td>
<td>66%</td>
<td>73%</td>
</tr>
<tr>
<td>Savings account</td>
<td>65%</td>
<td>74%</td>
</tr>
<tr>
<td>Insurance</td>
<td>61%</td>
<td>66%</td>
</tr>
<tr>
<td>Bank account</td>
<td>50%</td>
<td>54%</td>
</tr>
</tbody>
</table>

The primary reason for not having each of these items is “do not have enough money”, regardless of gender.

Rural Beninese are not resigned to this gap, though, as they place great importance on financial tools

Very important tools for households
(Shown: Percentage of urban, rural adults)

- Mobile phone: Rural 72%, Urban 77%
- Loan for your business: Rural 47%, Urban 41%
- Layaway plan for school fees: Rural 40%, Urban 34%
- Loan that came with a bank account: Rural 40%, Urban 33%
- Insurance: Rural 38%, Urban 38%
- Bank account: Rural 38%, Urban 42%

Rural (n=1,936)  Urban (n=1,106)

Consumers have significant needs when it comes to managing money

- Focus on help in managing daily transactions, sending and receiving money, helping to save through small amounts

- Allow small, incremental, and/or infrequent savings deposits that match the way in which a consumer can save

- Low fees or no fees – formal accounts seem unapproachable if fees take too large a chunk of consumers’ funds

- Convenience is key – people want to transact where they are, whenever they need to

- Keep money safe from cheaters, thieves, accidents and the temptation to spend through easy saving of small amounts
Building a DFS value proposition
What does DFS need to convey and to whom?
Building readiness is key to capitalizing on consumer interest in the marketplace

Readiness and Interest across Benin among the un-included
(shown: no formal account)

- Many Beninese are not yet ready for DFS, lacking critical components for uptake.
- At the same time, there is interest in many of the functions of DFS, even though formal financial account ownership is relatively low and consumers do not connect formal accounts with a meaningful value proposition.
- To best identify broad-based groups target groups for building a value proposition, we combined readiness factors with interest:
  - Readiness factors: based off of having some combination of mobile phone, SMS ability, national ID, literacy and numeracy
  - Interest factors: based off of question positive responses to some combination of: would you like to use your phone to: pay bills, make purchases, save, take loans
- This shows that up to 83% are interested in the core functions that DFS can offer, even though 70% lack various components of readiness.

There is DFS opportunity in the gap between what existing financial products offer, and what consumers need or want.

**Existing products mostly offer:**
- Place to save
- Place to get a loan
- Limitations on withdrawals
- Requirements on deposit amounts

**Consumers ALSO need:**
- Way to transfer money safely, securely, affordably
- Options for making smaller deposits and withdrawals
- Accounts with fees/requirements that match their budget

**Consumers would LIKE:**
- Ways to transfer money digitally
- Ways to pay bills digitally
- Ways to make purchases digitally
- Shopkeepers: Ways to accept payment digitally
Digital financial services may also address current pain points in financial management

<table>
<thead>
<tr>
<th>PAIN POINT</th>
<th>DFS USE CASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily income is typically unstable and unpredictable</td>
<td>Digital accounts connected to savings can facilitate <em>income smoothing</em></td>
</tr>
<tr>
<td>It is difficult to save small amounts consistently over time</td>
<td>DFS particularly suited to <em>daily savings of small amounts</em></td>
</tr>
<tr>
<td>Small businesses need cash infusions to grow and provide more income</td>
<td>DFS connected to <em>MFI loans</em> make access easier and convenient</td>
</tr>
<tr>
<td>School fees can be difficult to pay on time and consistently</td>
<td>DFS makes <em>paying for education</em> without having to physically deliver payments, and potentially with a savings mechanism for affording the fees</td>
</tr>
<tr>
<td>Cash savings are not secure from theft, destruction and temptation</td>
<td>DFS provide inherently <em>secure savings</em> mechanisms</td>
</tr>
<tr>
<td>Savings with groups requires reliance on potentially untrustworthy individuals</td>
<td>DFS provides <em>trustworthy</em> transactions</td>
</tr>
<tr>
<td>Need to quickly, easily transact with individuals in other areas of Benin</td>
<td>DFS furnishes fast transactions to send/receive money to anyone, anywhere</td>
</tr>
</tbody>
</table>
This suggests five* important elements for a consumer-facing value proposition:

• **Easy to use**  
  ✓ Even with limited digital experience

• **Facilitates budgeting**  
  ✓ Which addresses a pain point

• **Facilitates saving**  
  ✓ Which addresses a need

• **Helps support financial stability**  
  ✓ Which is a pain point

• **Is meant for people like you**  
  ✓ To bridge the gap between financial mechanism and perception of needing it

* Additional modes of research may expand this list to include over five important elements and/or refinements on this list.
There are specific gender-based challenges for women when it comes to financial management and financial services

✓ Her personal time and money are limited; this necessitates that she depend on other people and/or become quite resourceful in planning
✓ Her household dynamics may require that she only participate jointly in financial activities, or be restricted
✓ If she has an account, she might struggle to keep it private from men in the home, and it may become vulnerable to a man’s household debt
✓ Institutions may require that a man cosign an account
✓ She might feel she has limited financial options because of what is available in her area, as well as feeling comfortable using a product other than an MFI or tontine
✓ Communities of women using a tontine or MFI create a “sisterhood” that can be very persuasive and comfortable for women, making it difficult for them to progress to another financial product
✓ She will expect and require more person-to-person interaction to open a new account and learn how to use it
Imperatives that address challenges associated with fostering greater DFS among women:

<table>
<thead>
<tr>
<th>Gender-based challenge</th>
<th>Imperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Difficulty managing time and finances</td>
<td>• Appeal to a woman’s needs, illustrating how DFS helps in life. Remember, one MFI was credited with “helping make women’s lives better.”</td>
</tr>
<tr>
<td>2: Three personas of financial management; independent, co-decide, restricted</td>
<td>• Do not assume all women are restricted from accessing financial mechanisms</td>
</tr>
<tr>
<td>3 and 4. Keeping accounts private in the home, keeping amount in accounts private at home</td>
<td>• Equip her with privacy-protecting elements on her account (biometrics, KYC requirements)</td>
</tr>
<tr>
<td>5. Account policies that require a guarantor</td>
<td>• Foster responsible policies and procedures that consider alternative guarantors, or offer a benefit to the male for being a guarantor</td>
</tr>
<tr>
<td>6. Limited options beyond tontines, MFIs</td>
<td>• Women know that microfinance helps them specifically in ways that other financial tools may not</td>
</tr>
<tr>
<td></td>
<td>• Consider digital access to tontines, MFIs as a way to bring her into digital transactions using a financial mechanism with which she is comfortable</td>
</tr>
<tr>
<td></td>
<td>• Build exposure to other formal financial services by illustrating that she can access these, and that they are for her</td>
</tr>
<tr>
<td>7. Women expect a high-touch relationship with her financial product</td>
<td>• Emanate recruitment, interaction of tontines, MFIs with women</td>
</tr>
</tbody>
</table>
Insights and implications
What does this mean for next steps?
Seven key components will drive recruiting new consumers into DFS accountholders

1. Be prepared to foster DFS readiness; many consumers lack the required basic skills

2. Develop DFS interfaces that are comfortable with those with low literacy, numeracy, or who are developing readiness

3. Offer one-on-one support that mirrors an agent-consumer relationship to promote user skills and comfort with using an account

4. Position accounts as a tool for keeping money safe and secure but still accessible for household needs

5. Employ target audience plans that accommodate harder to reach, typically financially excluded populations, such as lower income, rural residents and women

6. Cultivate the youth so that they enter the financial ecosystem with a full-service, digital account

7. Facilitate or even utilize more formal communications channels for dissemination of messages about accounts
A way forward

• However, consumers do not yet associate DFS as a relevant mechanism for their lives.
  ✓ Interest in the activities that can be performed with DFS, and interest in loan and savings products, is substantial (between 57% and 68%). At the same time, mobile money, a core DFS tool, is mostly unknown or considered to be “not needed” in the eyes of consumers (42% don’t know what it is, 17% feel they don’t need it).
  ✓ This suggests that consumers do not yet recognize a core value proposition for DFS.
  ✓ It also suggests that building out the digital ecosystem and innovating on bill pay, merchant payments and savings products will have some real traction once consumers are ready to adopt DFS.

• The potential value proposition could prompt adoption of readiness elements, such as phones and SMS.
  ✓ Knowing of a tool that facilitates life goals or day-to-day needs might be a nudge toward mobile phone acquisition, SMS capabilities or ID acquisition.
  ✓ Other components, such as literacy, education and numeracy, will need to be addressed through form and function of specific DFS, optimized for low literacy, education levels.
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LearchC@InterMedia.org

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