Data from the Global Findex 2021

# The Impact of Mobile Money in Sub-Saharan Africa

REGIONAL NOTE

*Sub-Saharan Africa has shown significant growth in financial inclusion over the past decade, much of it driven by mobile money account adoption. The region continues to work on promoting more overall account access and usage as well as more equal access based on gender, income, education, and age. Moreover, payments using mobile money are increasingly common in Sub-Saharan Africa, yet millions of adults still receive or make common payments in cash. This points to opportunities to increase financial inclusion through payment digitalization.*

*This note is part of a series on financial inclusion in Sub-Saharan Africa. It focuses on the impact of mobile money on account ownership and usage through the lens of four economies:* **Cameroon**, **Malawi**, **Tanzania**, *and* **Togo**. *Other notes in the series provide an overview of the state of financial account ownership and use; share data on financial wellbeing, including perspectives on financial resilience, financial stress, and building financial capability; explore the impact of having a government-issued ID; and share opportunities to expand financial inclusion through agricultural payment digitalization.*[1] *Visit the* [Global Findex Africa] *page to acess them all.*

## Mobile money accounts have driven account ownership increases

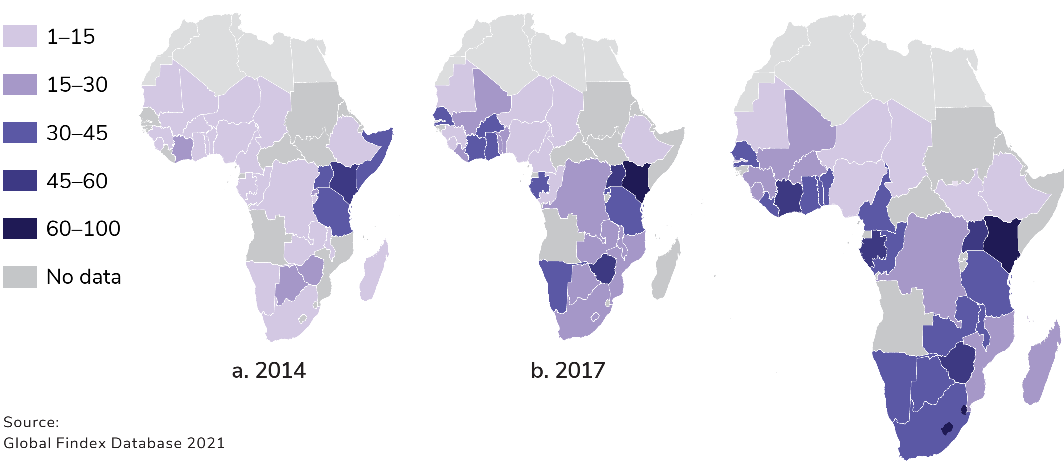
Mobile money has become foundational to increasing financial inclusion in Sub-Saharan Africa.[2] East Africa was once the epicenter of mobile money, given the pioneering mobile network operators in Kenya and elsewhere. These services have become more widely available in recent years, such that by 2022, Sub-Saharan Africa was home to all 12 of the world's economies in which more adults have only a mobile money account than have an account with a bank or similarly regulated financial institution.[3]

As of 2022, 28 percent of adults on average across Sub-Saharan Africa had a mobile money account. Though there remain a few economies with practically no mobile money adoption, they are the exception. In fact, 20 out of the 36 surveyed economies in the region have a 30 percent or higher share of adults with a mobile money account. This is more remarkable given the developing economy average of 13 percent mobile money account ownership.

FIGURE 1

*Mobile money has become an important enabler of financial inclusion in Sub-Saharan Africa*

Mobile money account ownership: 2014, 2017, 2021/2022




Source:
Global Findex Database 2021

WORLD BANK GROUP

Tanzania was an early adopter of mobile money, which was introduced into the country in 2008. By 2014, the first year the Global Findex collected data on mobile money accounts, 32 percent of adults had one, compared with just 19 percent of adults who had a bank account. As of 2021, 52 percent of adults in Tanzania had an account of any kind, with bank account ownership seeing only a modest increase to 23 percent of adults and mobile money account ownership rising to 45 percent.[4]

Though the exact enablers vary, the pattern seen in Tanzania of mobile money driving account ownership growth in recent years is common in many other economies in the region. For example, in 2014, Cameroon—a lower-middle income economy like Tanzania—had an account ownership rate of around 12 percent. By 2021, that rate had increased to 52 percent, with most of that growth accountable to mobile money (24 percent of adults in Cameroon had a bank account as of 2021). Yet unlike Tanzania, where mobile money account ownership was already relatively high by 2014, Cameroon's growth did not take off until after 2014.

Low-income economies like Malawi and Togo have seen similarly rapid mobile-money enabled account ownership growth since 2014 from 18 percent for both economies, to 43 percent and 50 percent respectively (see Figure 2). As with Cameroon, rapid growth occurred between 2014 and 2017.

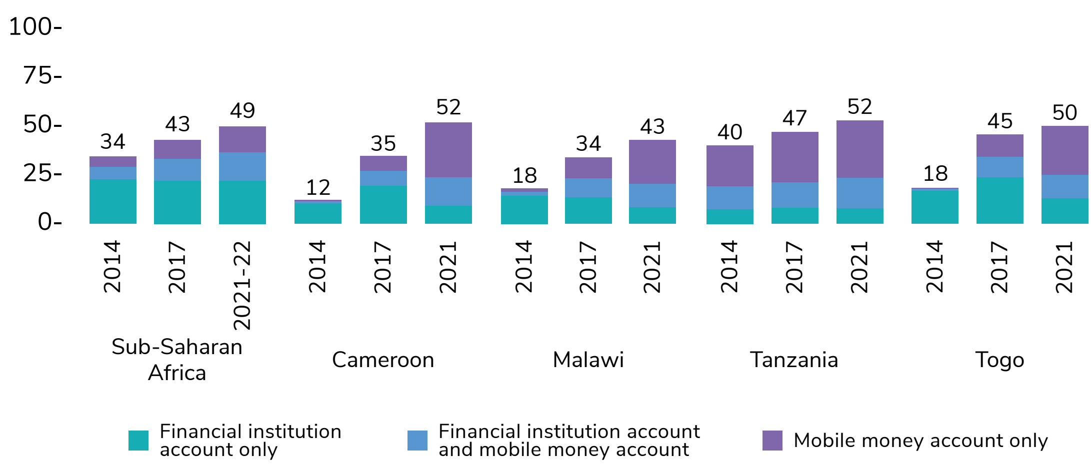
As mobile money continues to spread across the continent, its benefits are accruing to new adopters, such that some economies saw a 20-percentage point or more mobile-money-enabled increase in account ownership between 2017 and 2021.

The role of mobile money in an individual's financial life varies depending on the owner. Some adults *only* have a mobile money account, and some have both a mobile money and traditional bank accounts. The data also suggests substitution of mobile money to replace traditional accounts in economies such as Malawi and Togo, where between 2017 and 2021, growth in mobile money account adoption occurred concurrently with a decline or stagnancy in bank account ownership.

FIGURE 2

*Mobile money has driven account ownership growth across Sub-Saharan Africa*

Adults with an account (%), 2014-2022




Source: Global Findex 2021

## Mobile money accounts drive more equitable financial inclusion

Mobile money accounts have helped drive greater gender equity in account ownership—at least in some economies. In seven of the 15 economies where more than 20 percent of adults have a mobile money account, women have equal or higher mobile money account ownership than men. Age equity also appears to be greater for mobile money accounts in the context of gender. Although the gender gap for bank accounts increases as women age, it remains small-to-insignificant for men and women of all ages who only have mobile money.

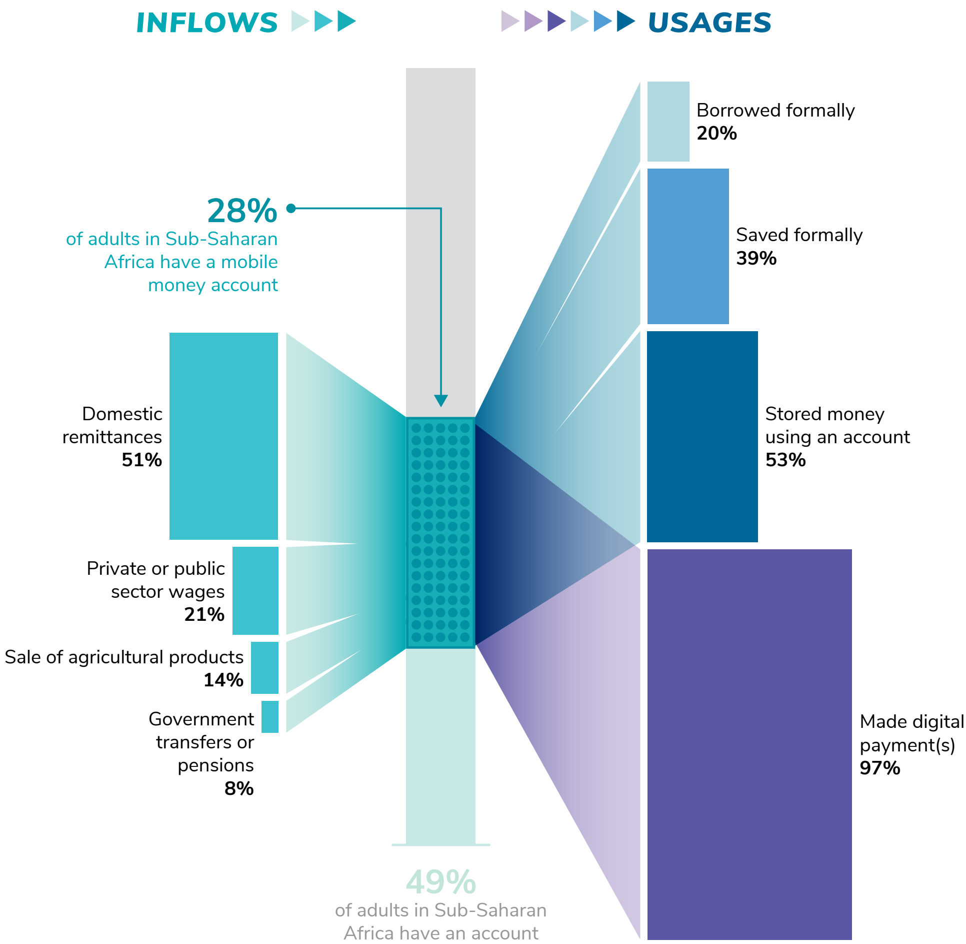
### Account owners use mobile money for a variety of payment types

Of the adults who have mobile money accounts in the region, a large share uses them to receive a payment into their account. These include government payments, private sector wage payments, payments for the sale of agricultural products, and remittances. In Togo, for example, around 40 percent of adults who received government payments accepted them into a mobile money account. Similarly, private sector employees received wages through mobile money. In fact, in Cameroon, Malawi, and Tanzania, a higher share of private sector wage recipients received their money into mobile money accounts than into bank accounts (see Figure 3).

FIGURE 3

*Adults in Sub-Saharan Africa use mobile money accounts for a range of purposes*

Adults with an account (%), 2014-2022




Source: Global Findex 2021

Agricultural payments represent a significant opportunity to expand digital payments with mobile money. A significant share of adults in Cameroon (25 percent), Malawi (20 percent), Tanzania (27 percent), and Togo (34 percent) receive payments for the sale of agricultural goods or livestock. A minority of those recipients are paid directly into an account, yet recent years have seen mobile money driving increased digital payment adoption by agricultural producers. For instance, in Cameroon, just 4 percent of agricultural payment recipients are paid into a bank account, yet 16 percent are paid through mobile money.

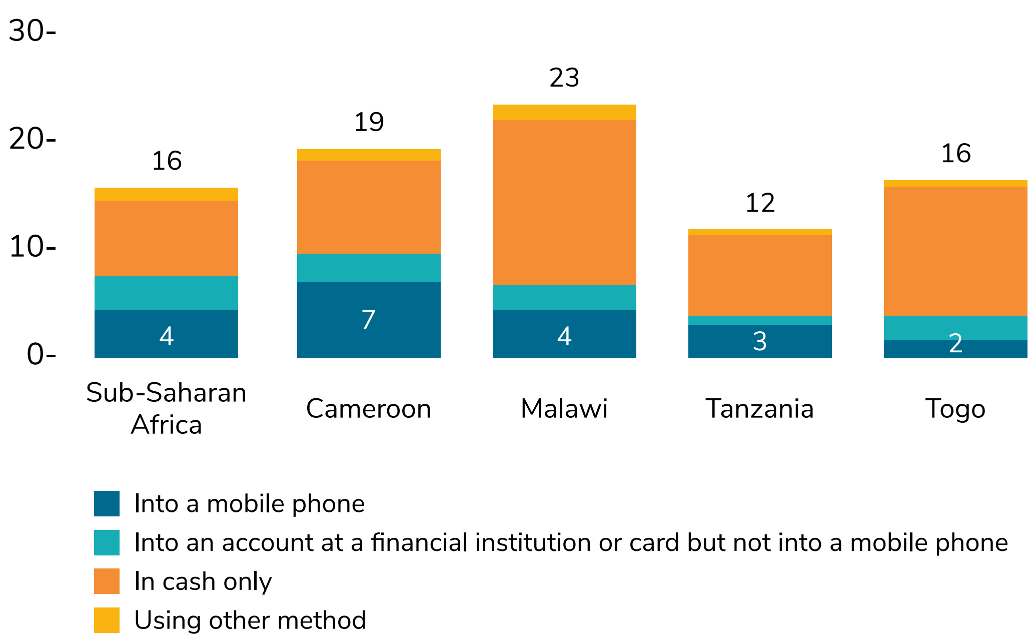
## Mobile money account owners use them for far more than just P2P payments

The first mobile money products—designed and delivered by mobile phone network operators—were intended to facilitate person-to-person (P2P) payments. That use case dominated the mobile money space for years in Sub-Saharan Africa. No longer. The Global Findex 2021 data show that mobile money account owners now use their accounts for a range of purposes, including to receive and make a variety of payment types, as well as to save, store money, and borrow (see Figure 4).

FIGURE 4

*Mobile money is becoming more popular than bank accounts for receiving private sector wages digitally*

Adults receiving private wages (%), 2021/2022




Source: Global Findex 2021

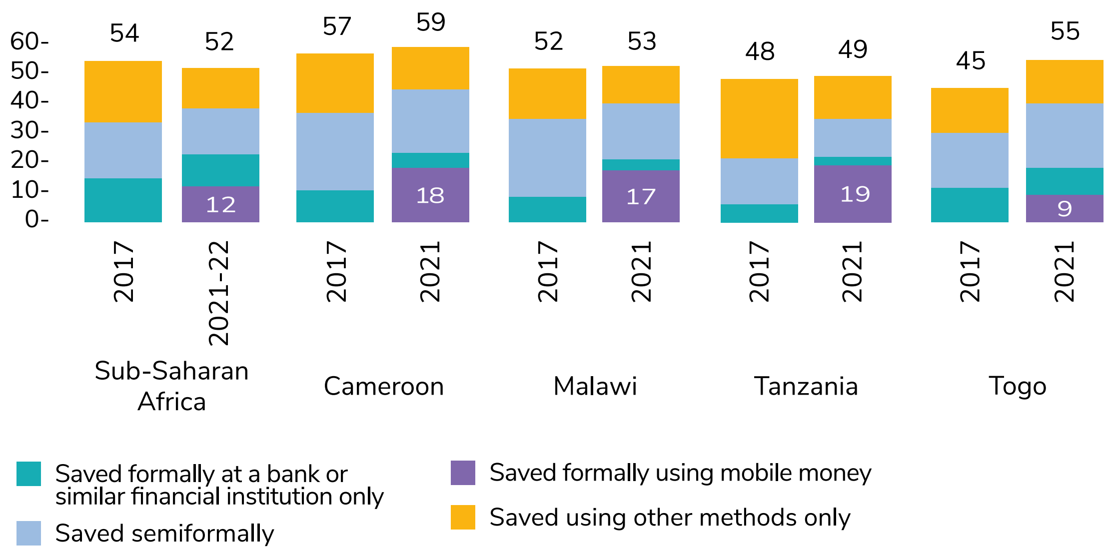
## Mobile money users save money in their accounts

Global Findex 2021 data on savings rates across the region shows that on average, the share of adults who saved remained unchanged at about 50 percent between 2017 and 2021. Yet the way people saved shifted due to mobile money adoption. Specifically, the data suggests that some adults who were saving at home or through less formal means transitioned to formal savings, enabled by their mobile money account. As of 2021, 44 percent of savers did it formally across the region. In Cameroon, Malawi, and South Africa, the savings rate was at or above the regional average and a higher share of adults saved using mobile money than using a bank account (see Figure 5).

**FIGURE 5**

*Mobile money is motivating more savers to shift semiformal savings balances into accounts*

Adults who saved any money (%), 2017-2022




Source: Global Findex 2021

## Borrowing using mobile money is becoming more common

Mobile money also enables more widespread access to credit in some economies. Of the 12 percent of adults in the region who borrowed formally in the year prior to the Global Findex 2021 survey, nearly half borrowed from a mobile money provider.

The impact of mobile money on borrowing is much higher in Tanzania, where 11 percent of adults borrowed through a mobile money account, compared with just 4 percent of adults borrowing from a bank or similar financial institution, like an MFI. In Cameroon, the rates of mobile money versus bank borrowing are closer to par at 5 percent and 7 percent of adults, respectively. In Malawi and Togo—both lower income than Cameroon and Tanzania—formal borrowing rates are lower than the regional average at 10 percent and 8 percent of adults, respectively, with only 3 percent and 2 percent adults borrowing using mobile money. In general, Sub-Saharan African economies with the most mature mobile money markets—such as Kenya—have the highest rates of mobile borrowing.

## Barriers to mobile money account ownership and use persist

There are clear benefits to mobile money for financial inclusion in Sub-Saharan Africa, yet millions still lack access. To understand why, the Global Findex 2021 survey asked unbanked adults why they do not have a mobile money account. The respondents could give multiple reasons.

The most common barrier across the region to getting a mobile money account was lack of money, which is consistent with the reasons given for not having a bank account, discussed in the overview note in this series. Most respondents name lack of money along with other reasons, however (respondents could give as many reasons as were relevant).

The lack of a mobile phone was the second most common reason across the region for not having a mobile money account. In most Sub-Saharan African economies, unbanked women are more likely than unbanked men to say their lack of a mobile phone is a reason they do not have an account. The lack of documentation needed to open an account ranked as the third most common barrier across the region. Yet apart from Cameroon, all the economies we highlight in this note show a lack of documentation as the second most common barrier, ahead of not having a mobile phone.

Finally, 14 percent of unbanked adults in the region said that they use an agent or someone else, such as a family member or friends, to make payments and therefore they do not need their own mobile money account. Even in an economy such as Tanzania, which has embraced mobile money, 30 percent of unbanked adults say they do not have an account because they use an intermediary to make payments for them. Across Sub-Saharan Africa, women are on average no more likely than men to name use of an intermediary as a barrier. This suggests a universal need to improve digital skills for everyone.

Overcoming barriers to account ownership could help maintain the momentum of increased financial inclusion across Sub-Saharan Africa. Initiatives focused on expanding access to mobile phones and to government-issued IDs and documentation—ideally combined with efforts to open accounts for the unbanked and to provide onboarding support—could bring widespread benefits including financial access and wider connection to the digital economy.

## Mobile money adoption and expansion come with consumer protection risks

Any efforts to leverage mobile money accounts and digital connectivity to expand financial inclusion should be matched with complementary efforts around consumer protection. Digital financial services such as mobile money require digital skills, including the ability to activate a digital wallet or account, navigate user interfaces, manage passwords, and use authentication services. Atop these challenges are risks for consumers, including lack of transparency about fees and other terms of service, aggressive marketing, poor dispute resolution, data or identity theft, mobile app fraud, and other threats.[5] These risks are not new, and they exist as well with bank accounts, but they have been amplified by the reach and convenience of mobile money.

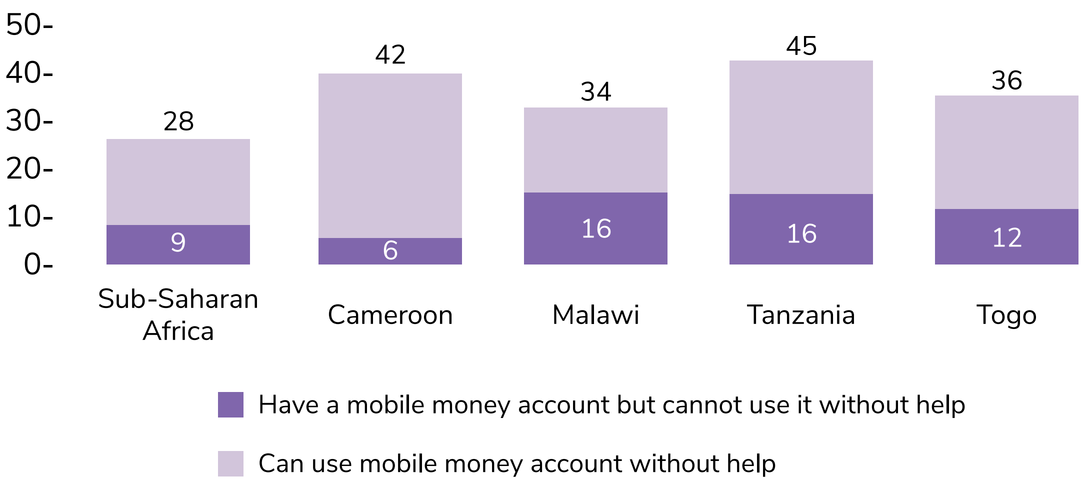
For example, Global Findex 2021 data show that a significant share of account owners who received wage payments directly into their accounts paid unexpected fees: in Cameroon, 5 percent of these adults reported paying surprise fees. While we do not know if those fees were unofficial or if the user simply did not understand the fee schedule, either scenario points to the potential for exploitation. Women, who often have less prior financial experience, may be more vulnerable to paying unanticipated fees as well as facing other forms of exploitation.

The frequency with which unbanked adults rely on family members, friends, or correspondent agents to fulfill financial transactions is another vulnerability that less sophisticated financial users face. Even adults that already have mobile money accounts may be vulnerable. For example, the Global Findex 2021 survey asked respondents about their ability to use their mobile money account and found that across Sub-Saharan Africa around 30 percent of mobile money account holders cannot do so without help. That rate is much higher in some economies such as Malawi, where it is 46 percent (see Figure 6).

FIGURE 6

*Nearly one-third of mobile money account owners in Sub-Saharan Africa cannot use their account without help*

Adults with a mobile money account (%), 2021/2022




Source: Global Findex 2021

As mobile money continues to grow, financial regulators and supervisory agencies in Sub-Saharan Africa must develop better supervisory monitoring systems to identify the types of financial risks in the market and measure their frequency and impact. It is also important to require that providers take steps to ensure mobile money users fully understand disclosures about product features and fees.

## Endnotes

1. This note includes data from African economies surveyed in 2021 (which are included in regional, developing economy, and global averages reported in the Global Findex 2021 report and related deliverables) as well as 11 surveyed in 2022 due to COVID-19 related delays. The 2022 economies include Botswana, Chad, Comoros, the Democratic Republic of Congo, Eswatini, Ethiopia, The Gambia, Lesotho, Madagascar, Mauritania, and Niger. In total, this regional note includes data from 36 Sub-Saharan African economies.
2. The Global Findex defines account ownership as having an account with a financial institution (such as with a bank, credit union, or microfinance institution) and/or a mobile money provider. Throughout this regional note, we use the term "bank" to refer to any financial institution that offers similar services to traditional banks, including credit unions, cooperatives, and microfinance institutions (MFIs). These financial institutions have historically operated through primarily physical channels but may now offer banking apps that allow customers to access traditional banking products through the internet or using a mobile phone. This is in contrast to mobile money operators and other fintechs who offer accounts that are supported by a network of mobile money agents independent of the traditional banking network. Typically, 100% of the cash in mobile money is held in a fully prudentially regulated institution such as a bank.
3. They are Benin, Cameroon, Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, Gabon, Guinea, Malawi, Sierra Leone, Tanzania, Zambia, and Zimbabwe.
4. Some account owners have just a mobile money account or just a bank account, while others have both. As a result, the percentages of mobile money account ownership plus bank account ownership will often be higher than the total share of adults with an account of any kind.
5. Chalwe-Mulenga, Majorie, and Eric Duflos. 2021. "The Evolving Nature and Scale of Consumer Risks in Digital Finance." CGAP (blog), October 19, 2021. Consultative Group to Assist the Poor, Washington, DC.

# About Findex

Since 2011, the Global Findex Database has been the definitive source of data on the ways in which adults around the world use financial services, from payments to savings and borrowing, and manage financial events such as a major expense or a loss of income. The 2021 edition is based on nationally representative surveys carried out in 2021 and 2022 of about 145,000 adults in 139 economies representing about 97 percent of the world's population. Initially including 123 economies in 2021, the database now includes data on Botswana, Chad, Comoros, Congo, Dem. Rep., Eswatini, Ethiopia, The Gambia, Lesotho, Madagascar, Mauritania, and Niger, which were surveyed in early 2022. The database, the full text of the report, and the underlying economy-level data for all figures—along with the questionnaire, the survey methodology, and other relevant materials—are available at http://www.worldbank.org/globalfindex.