



Tanzania Interoperability Post-Implementation Review

24 January 2018

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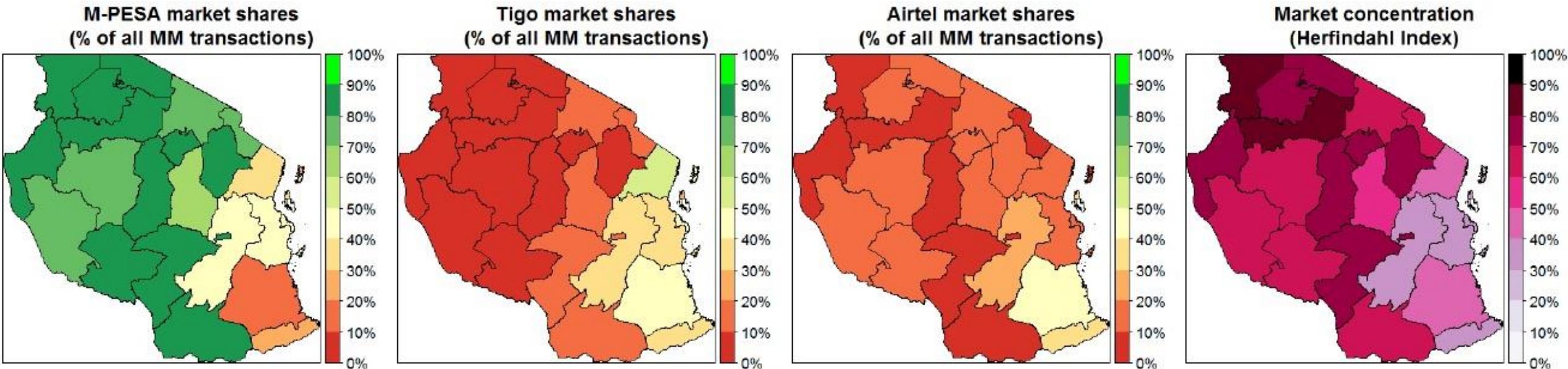
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Background

Background

Promise of interoperability



Sources: GIS FAPS Census: FSDT, 2014-2014, 45,429 Mobile Money Agent respondents

Mobile money interoperability promises reduced friction (cost, time and effort) in account-to-account transfer of payments across different mobile money providers. Ultimately, it is purported to generate more value for customers due to greater network effects and greater usage of digital funds as it encourages money to be kept in its digital form because it can easily be moved from one account to the other without having to cash out (GSMA, 2016).

Background

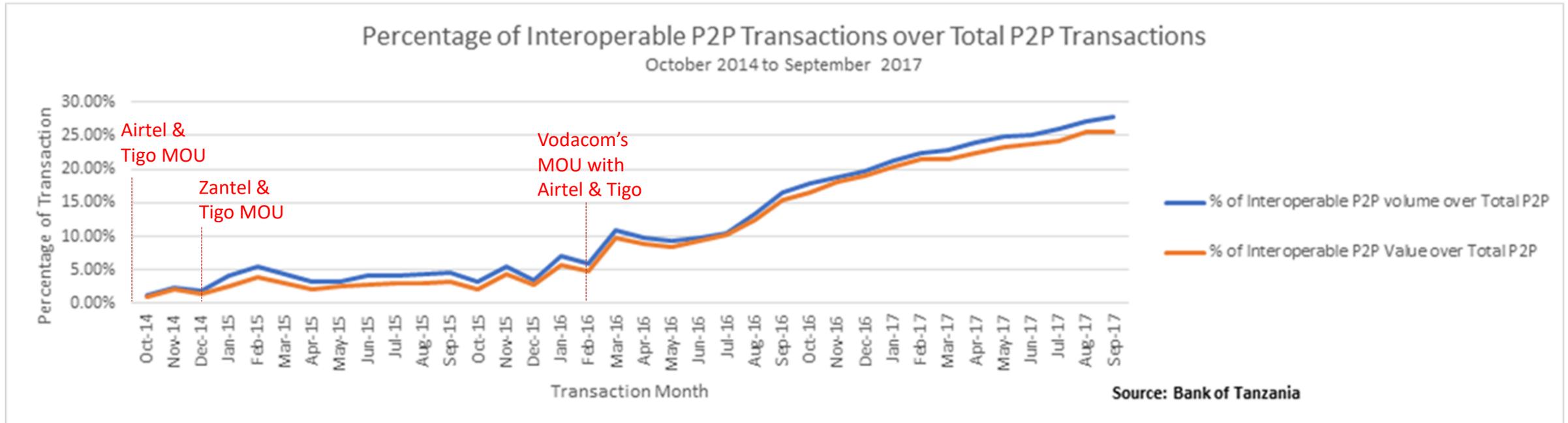
Evolution of mobile money interoperability



In 2013, the Bank of Tanzania began to encourage negotiations around account-to account interoperability having observed the integrations between banks and mobile money providers (GSMA, 2016). Through support from the IFC, Tanzania became the first countries to achieve mobile money interoperability among its main mobile money providers (Genesis analytics, 2017). The process was market led as the different providers came together to determine the rules of engagement. It began with a bilateral agreement between Tigo and Airtel in 2014.

Background

Observable results of interoperability



- **Interoperable P2P mobile money transactions have registered remarkable growth.** Since Vodacom joined in Feb 2016, interoperable P2P transactions have grown from being about 5% of total P2P mobile money transactions in both volume and value to being about 28% and 26% of the total P2P mobile money in volume and value respectively. **However, the percentage of mobile money subscribers using it and how they use it was not known and is the focus of this study.**

The objectives of the study were to:

i.

Understand use of interoperable P2P transactions in the Tanzania mobile money market.

ii.

Understand the real impact of interoperability on consumers.

Definitions

- **Cross-net:** Transferring value across different mobile networks / money providers. (Sender and receiver use different mobile money providers.)
- **Interoperable user:** Mobile money subscriber that sends value from their mobile wallet directly to the mobile wallet of a subscriber on a different network.
- **Non-interoperable user:** Mobile money subscriber who uses alternative channels to send value to a subscriber on a different network. The alternative channels considered in this study were sending money by:
 - Using a voucher option where the receiver on a different network obtains an SMS to cash-out using a voucher code at an agent affiliated with the senders network
 - Sending airtime which the receiver then exchanges for money from the agent affiliated with the senders network.
 - Switching from one's regular SIM to match that of the receiver
 - Using a friend's or neighbor's account
 - Over the counter direct deposit (OTC) where a mobile money subscriber performs an unauthorized cash deposit directly onto the wallet a subscriber on a different network typically avoiding the transaction fees.

Key takeaways

- Interoperable transfers are already in use by nearly 60% of all respondents
- There are no major demographic or sending behavior differences between non-interoperable and interoperable users
- Users and even non-users like interoperability
 - Fast, convenient and cheap
 - Private
 - Avoids problems with agents (e.g. float availability)
- Major reasons customers may not use interoperable transfers include:
 - Lack of awareness that interoperability exists (despite widespread advertising)
 - Usability concerns
 - Convenience of OTC transactions
 - Mobile service limitations such as network coverage in some areas is poor and some smaller providers not offering interoperability
- The main impacts of using interoperable transfers relate to keeping money in the wallet instead of than cashing in and out on each side.
 - People who use interoperable transfers are more likely to keep money in their wallet and use it for other purposes such as billpay.

Methodology



Understanding interoperability at the customer level

In this study, we used two methodologies to understand interoperability from the customer perspective:

- First, qualitative interviews with users and non-users to understand their experience in using the interoperable transfers.
- We then conducted a telephone survey to understand the quantitative aspects related to usage of cross-net transactions. We incorporated insights from the qualitative survey in designing the telephone survey.

The study took place in October and November 2017.

It is important to note that from this research, we are unable to say much about trends related to how the market evolved over time - The survey represents a single point in time. Although we asked people to reflect on the past 12 months, people find it difficult to remember time periods or recall their past habits or behavior.

Qualitative Research

Focus Group Discussions & In-depth Interviews

Focus group discussions:



- A total of 8 focus groups of 10 people each were conducted:
 - 2 in Dar es Salaam town,
 - 2 in rural Dar es Salaam,
 - 2 in Mtwara town,
 - 2 in rural Mtwara.
 - Both Dar es Salaam and Mtwara where market concentration of the three players is similar
- Criteria for recruiting participants:
 - All participants had used mobile money in the last 6 months, and
 - All participants had at one time sent money to someone on a different network
 - Half the groups had interoperable (account-to-account) users only
 - At least 2 participants were subscribers of Airtel money, Vodacom M-pesa and Tigo pesa (overlap was permitted).
 - At least a quarter of participants were women

In-depth interviews



- A total of 8 In-depth interviews were conducted.
- Knowledgeable respondents were selected from the focus group participants

Quantitative Research

Telephonic Survey

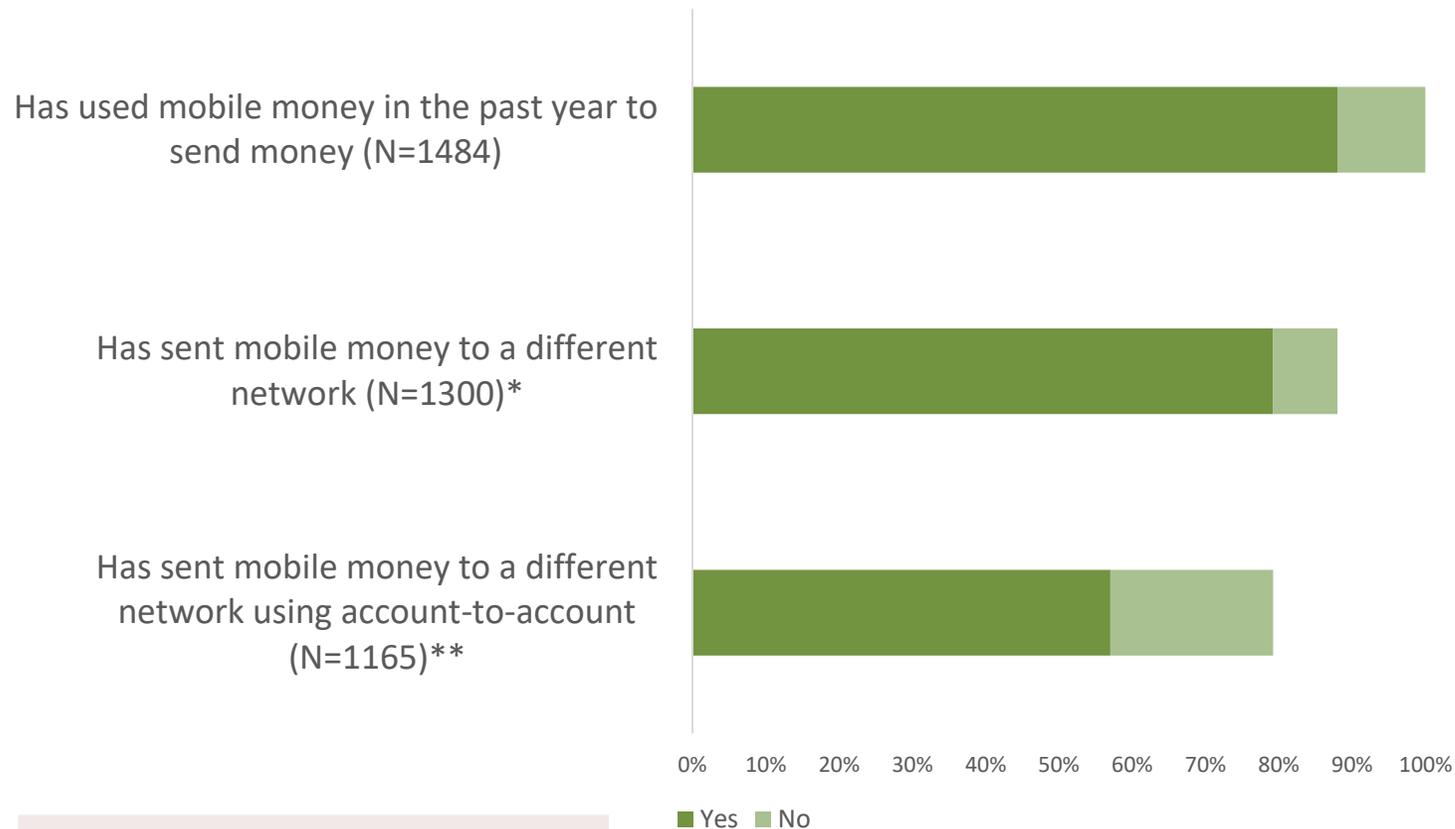


Criteria	Male	Female	Total
Respondents that used interoperable services to send money to someone using a different mobile money network within the last 12 months <ul style="list-style-type: none"> ➤ directly to their mobile money account = Interoperable respondent 	529	309	838
Respondents that used non-interoperable services to send money to someone using a different mobile money network within the last 12 months <ul style="list-style-type: none"> ➤ by giving cash to a mobile money agent having them complete the transaction from their account ➤ by switching their regular SIM to match that of the receiver ➤ by using a voucher – receive an SMS notification to go withdraw at senders agent within a specified time frame ➤ by using airtime which they then sell to obtain the cash ➤ by using a friend or neighbor’s account ➤ other 	197	130	327
Total interviews	<u>645</u>	<u>379</u>	<u>1024</u>

Findings

Using mobile money cross-net is very common

Nearly 80% have sent mobile money to someone on another network, and more than half have used the account-to-account interoperable transfer option



* of people who used mm to send money

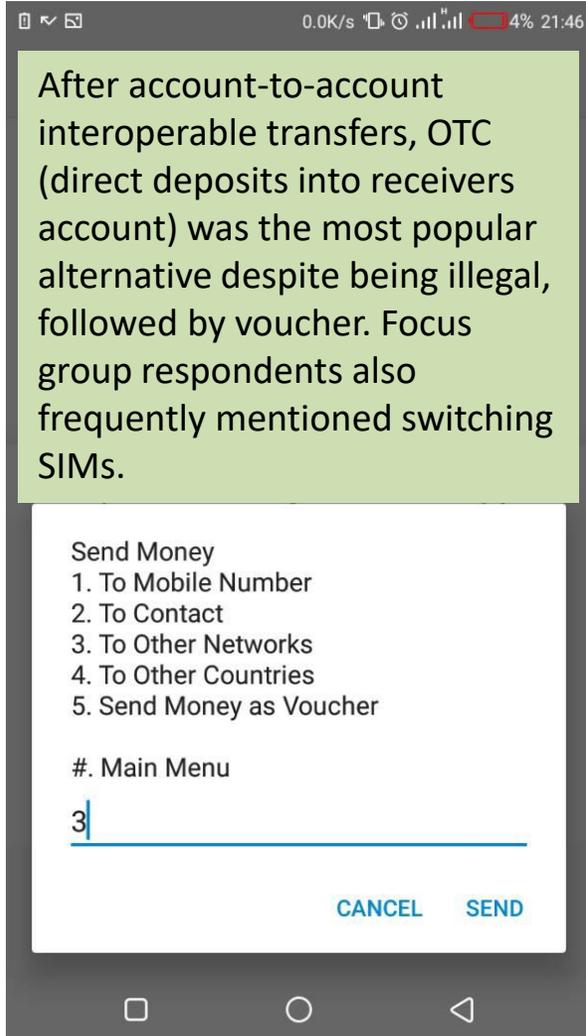
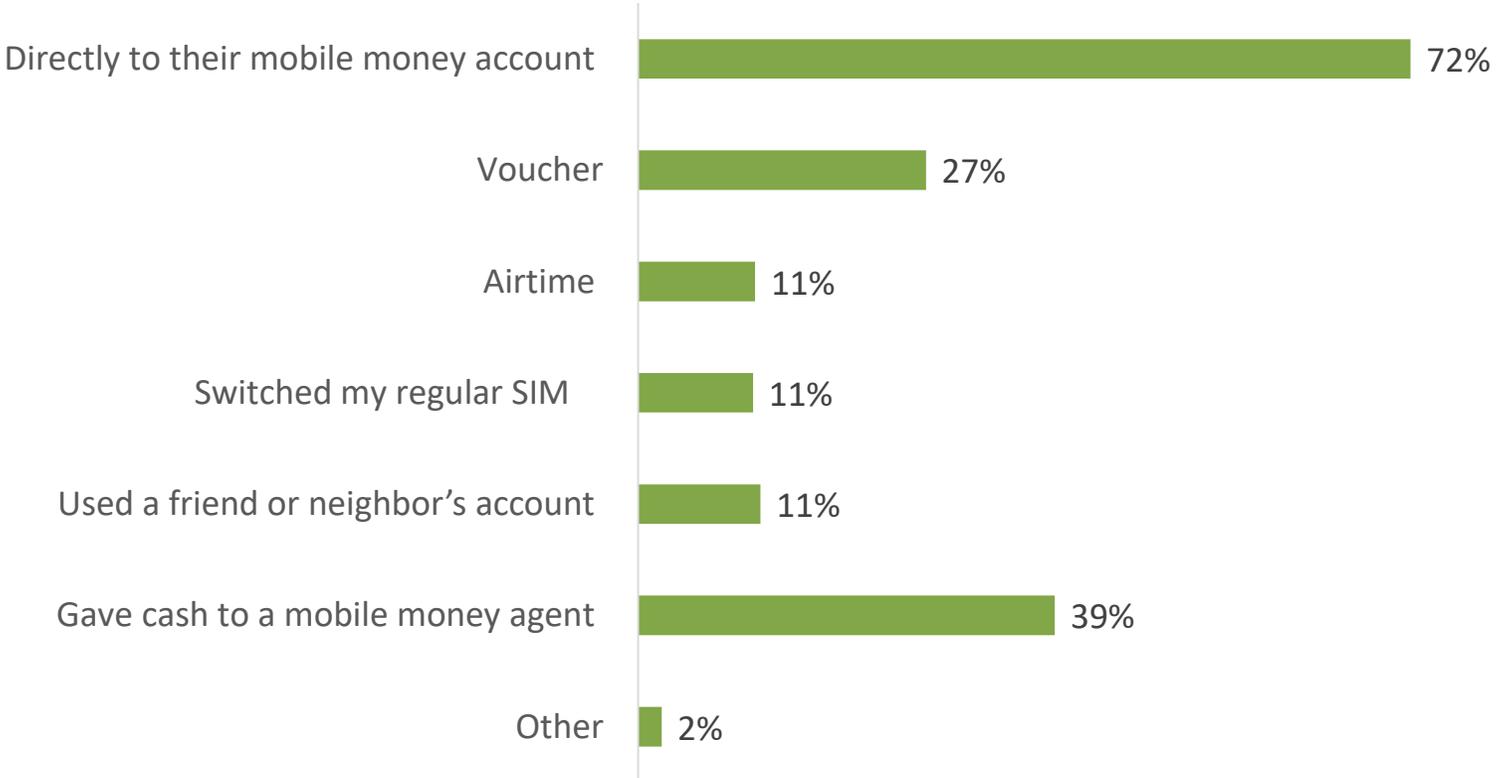
** of people who sent mm to another network

"So one advantage is that the networks have made things easier for us, because even if you are in the rural area, you are in a different province with your family, it is easier to send money and in good time...I send money to my parents, my wife, such people, and people I do business with because I am a taxi driver, someone might be in the rural area and send something to the city and asks me to pick it for him, and they send me the money on my phone, or they send me money so I can send them something to the rural area via the bus."

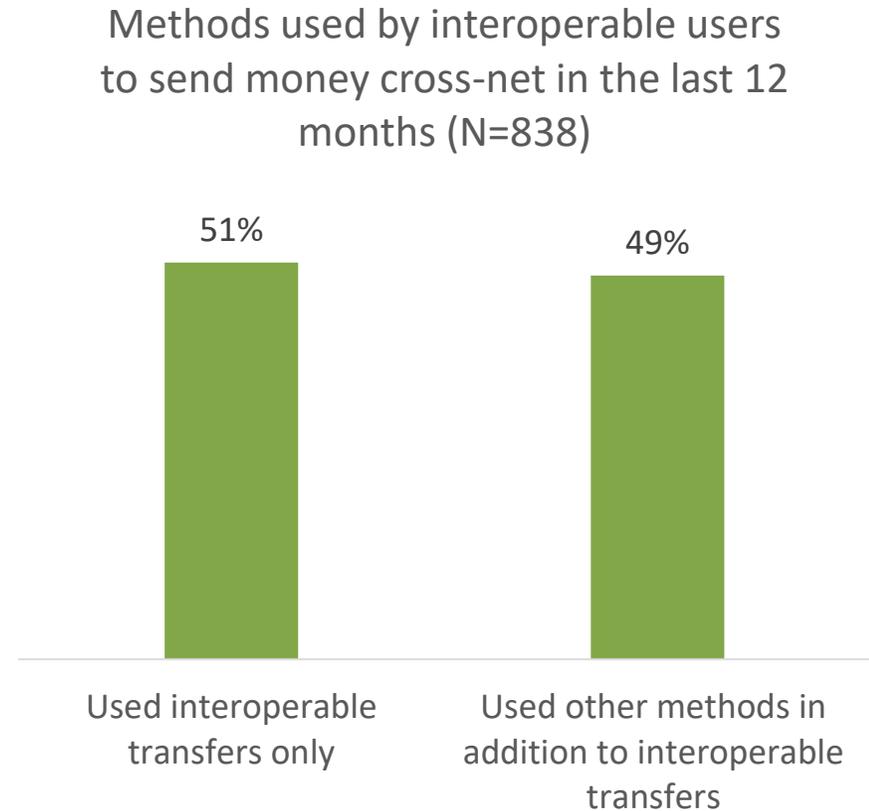
- Male IDI participant, interoperable group in Dar es Salaam town

Account-to-account transfers are the most common way to send money to someone on another network

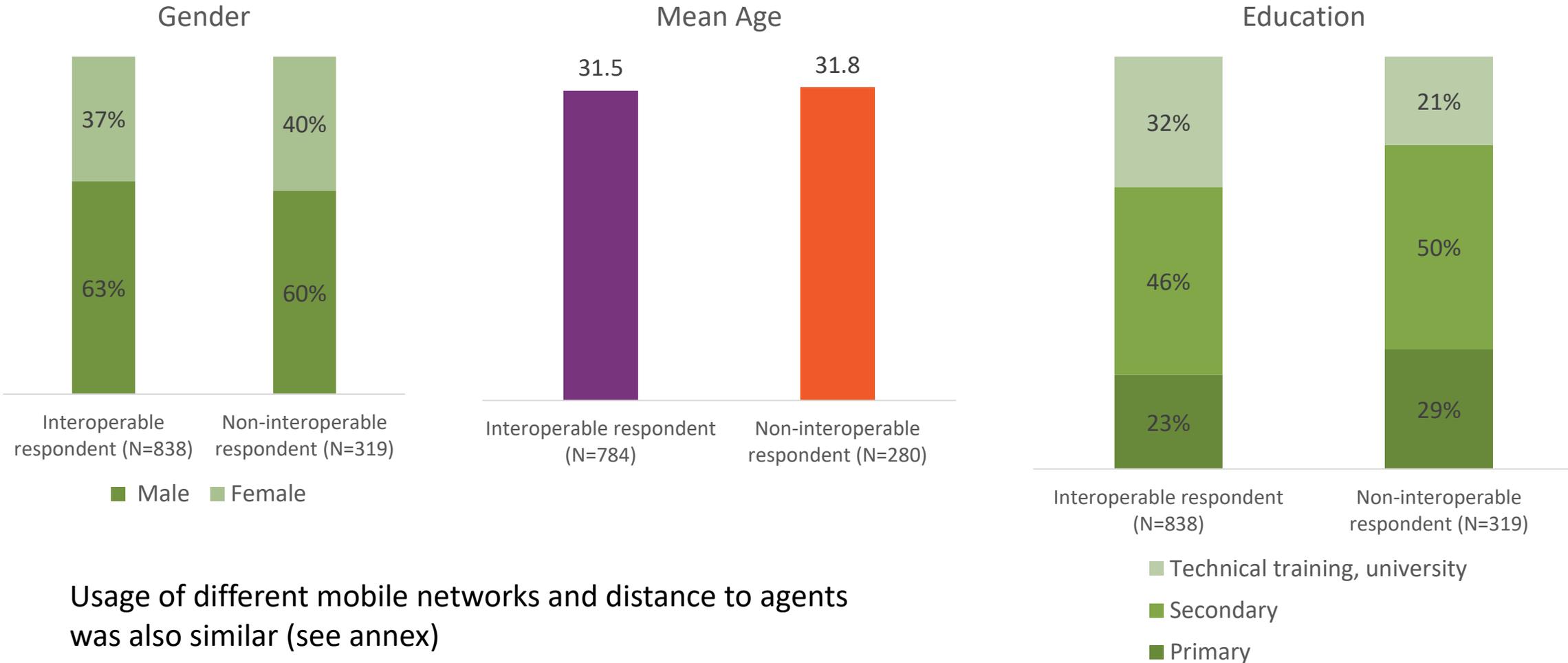
In the past 12 months, in which of the following ways have you sent money to someone with a different mobile money provider than yourself (multiple responses)? (N=1165)



51% of interoperable users did not use any other method for sending cross-net.

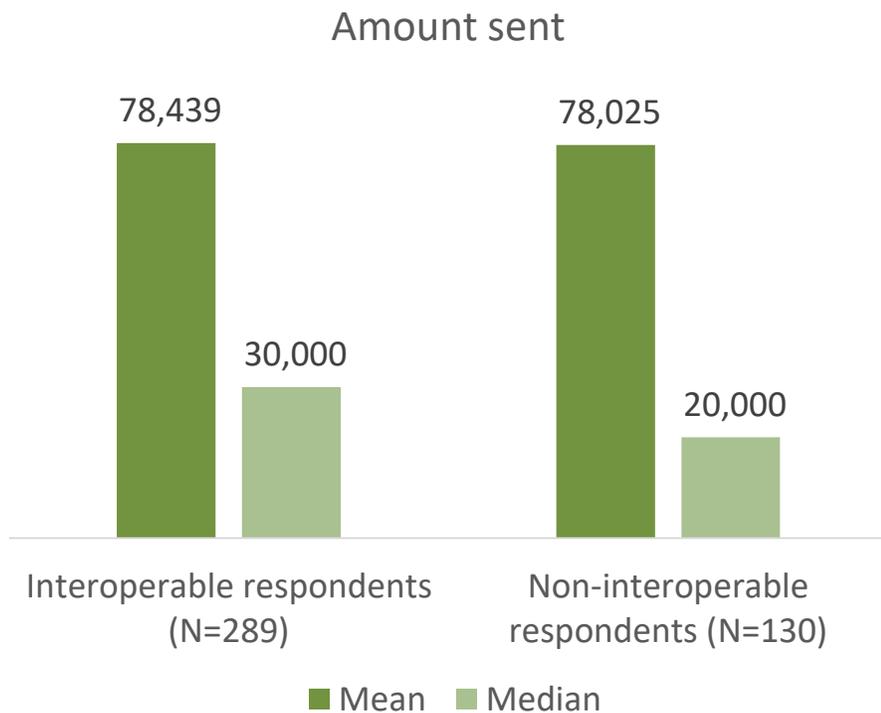


Users and non-users of interoperable transfers are similar across multiple dimensions 19



Usage of different mobile networks and distance to agents was also similar (see annex)

Users and non-users also make similar transactions

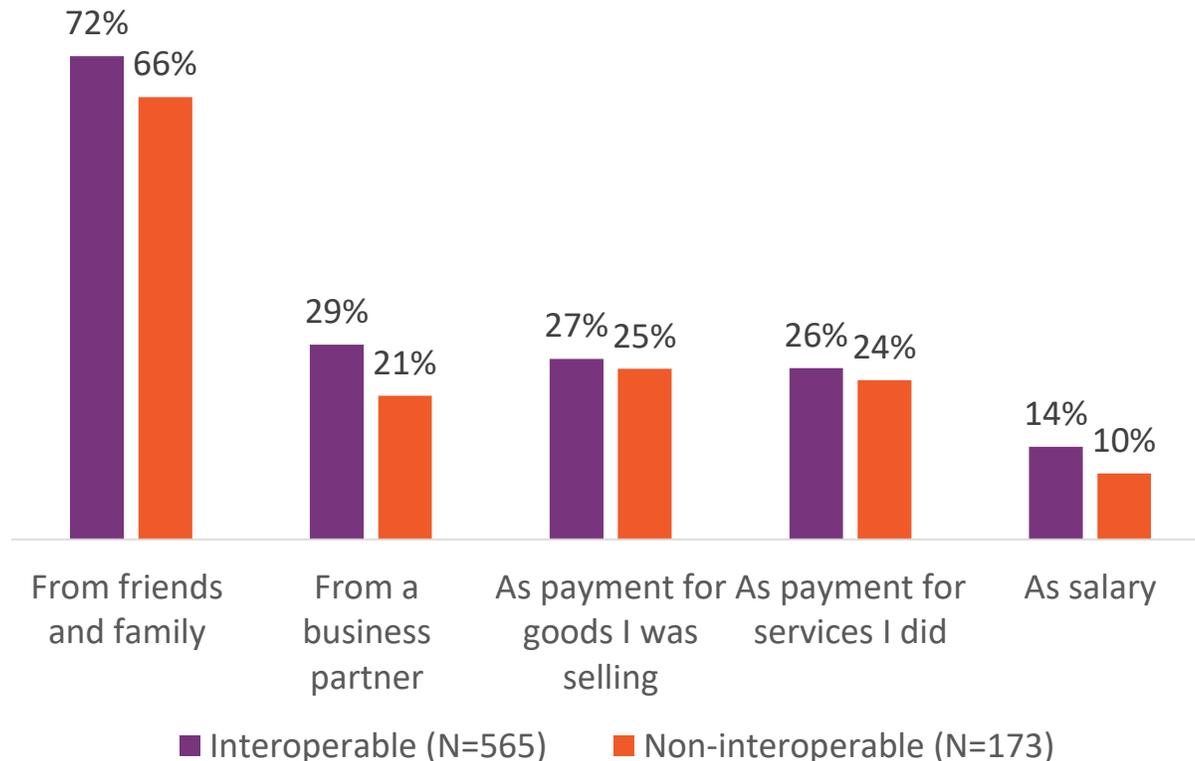


Use cases from the qualitative study include:

- Family members sending money for up-keep to relatives in the rural areas, and
- rural business people sending money to urban areas for buying stock.

For what purpose(s) did you receive money from someone on a different network?

*Receivers are from among senders to another network)



Users and non-users have similar mobile money providers

But non-users are more likely to use small providers that are not interoperable – or to have no mobile money account at all

Interoperable respondents (N=583)*

Sender's provider	Receiver's provider			
	Airtel	Tigo Pesa	Vodacom	Other
Airtel Money	0%	9%	12%	0%
Tigo Pesa	14%	0%	19%	1%
Vodacom M-Pesa	16%	26%	0%	1%

Non-interoperable respondents (N=210)*

Sender's provider	Receiver's provider			
	Airtel	Tigo Pesa	Vodacom M-Pesa	Other
Airtel Money	0%	5%	9%	0%
Tigo Pesa	12%	0%	13%	0%
Vodacom M-Pesa	12%	10%	0%	1%
Other	8%	7%	3%	1%
None	8%	7%	1%	1%

"...if I am here in Dar and [I want to send] money to a person in Manyara kiteto and the only available network there is Halotel, there is no way [for me to do that]. I have to go to the [Halotel] Agent to send him money as I [am] in Tigo..."

- **Male FGD participant, non-interoperable group in Dar es Salaam rural**

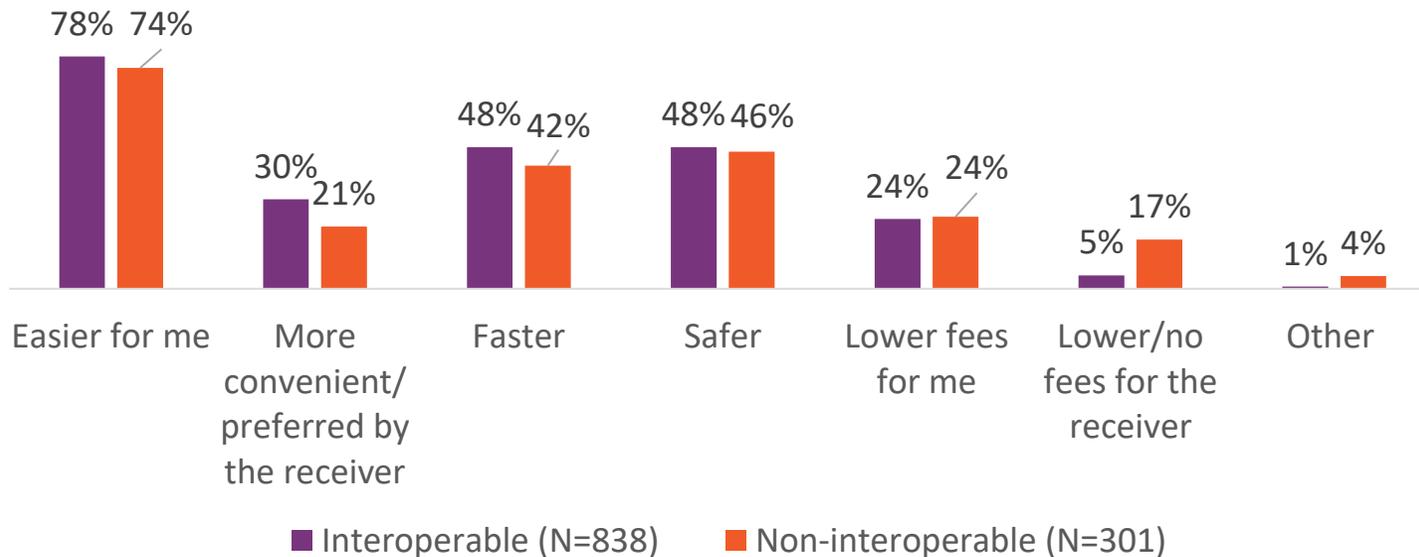
*Respondents whose responses suggested on-net transactions were excluded from this calculation. We posit that such respondents reported sending to a receiver on the same network by switching SIMS from their regular provider to match their receivers network

Ease, speed and safety dominate the reasons senders use a particular method

Sender reasons drive the choice (quantitative) but recipient reasons are important too (qualitative)

Last transaction:

What was the main reason for sending money the easy you did?
[account-to-account for interoperable respondents
in another way for non-interoperable respondents]



It is important to note the 17% who select a method that lowers the fees the receiver would incur. The mobile money channels that minimize the fees incurred by the receiver include OTC and the voucher method.

Recipient considerations are also important in the choice of how to send money

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The qualitative study showed that recipients have some say over how the money is sent

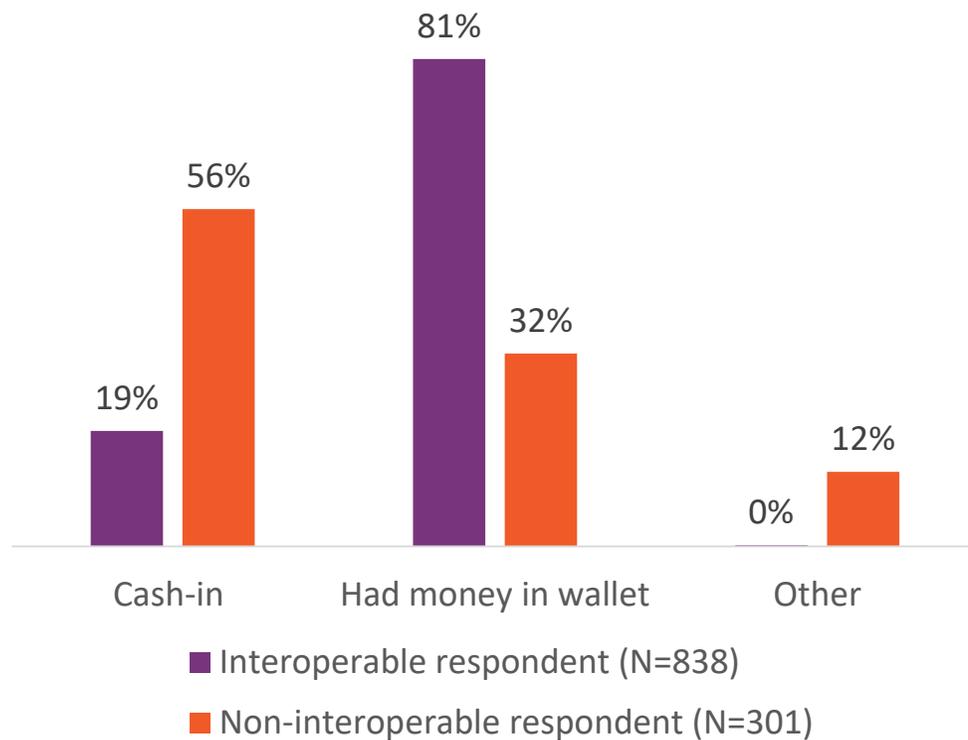
- Many senders check-in with recipients before sending, since they later might have difficulties accessing the money due to lack of agent coverage and relative strength of networks in some areas.
- Another observation was in one focus group discussion in Mtwara all participants had requested for digital loans from their various services provider mostly from Airtel and Tigo. These digital loans are deducted automatically once there is a default. Thus, most of the participants that had defaulted avoided using the mobile money provider they owed. They advised senders to send to their alternative provider mobile money wallets.

"I make the decision. The sender always asks me which phone network I would prefer then he sends the money. But I make the decision. The sender cannot complete the transaction without asking me first. I can tell the [sender] to send the money [to my] Airtel when I have a debt on my Tigo SIM card."

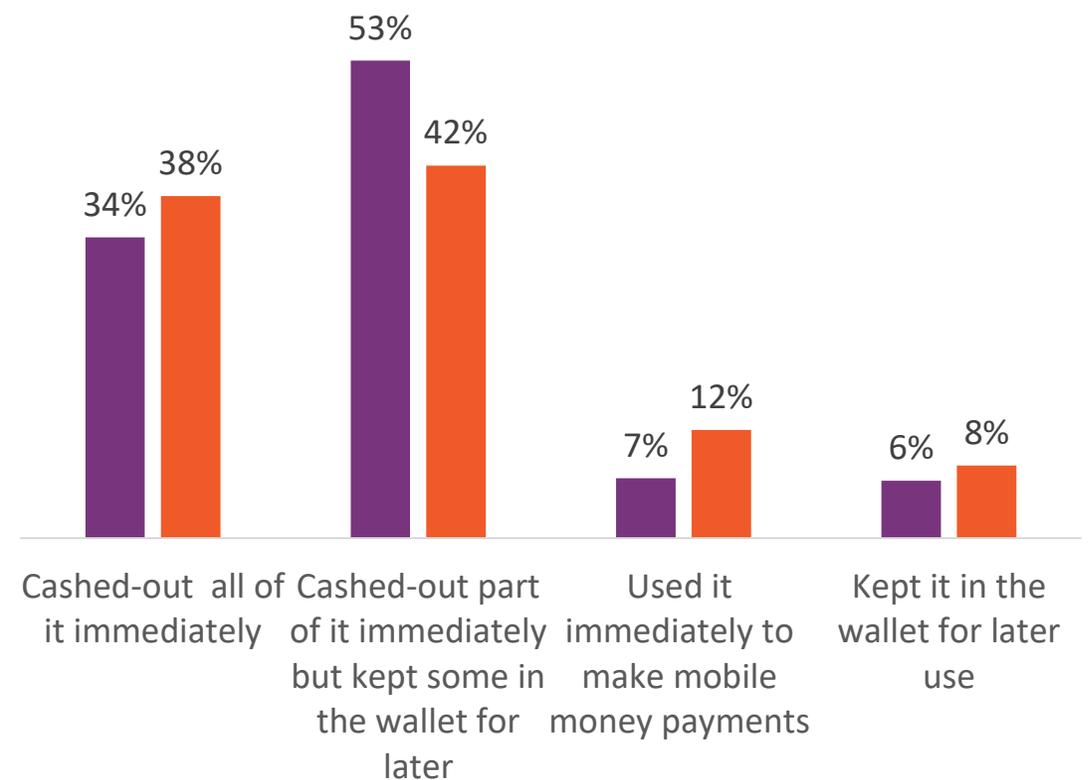
-Female FGD participant, interoperable group in Mtwara rural

Interoperable respondents are more likely to keep more money in their wallet ²⁴

Did you cash-in for this transaction or did you already have money in your wallet?



What did you do the last time you received money?



Qualitative interviews confirmed that interoperable users had less need to cash in or out compared to non-interoperable users

- Respondents said they store money on their wallet longer now because there is less need to cash out with interoperability.

"I store money for a long time as now money goes directly to my account and I have no fear that I will delete the text." - **Male FGD participant, interoperable group in Mtwara town**

- They also cited that they pay bills via mobile money now since they are more likely to have money in their wallets. Because they save money in their wallets for longer, they are able to buy electricity tokens from their phone and also airtime directly.

"Yes [I pay bills using my account] No [I did not do before]. Nowadays after this new system [interoperability] that's when I do it more...The flow of money has increased [since] I can send and receive money from any network." - **Male FGD participant, interoperable group in Mtwara rural**

- **On the converse non-interoperable users usually did not keep cash in their wallets:**

"On my side I think to send directly through the agent is better because you ... give the money to the agent and give him the instructions so you don't need to have money in your account." - **Male FGD participant, non- interoperable group Mtwara rural**

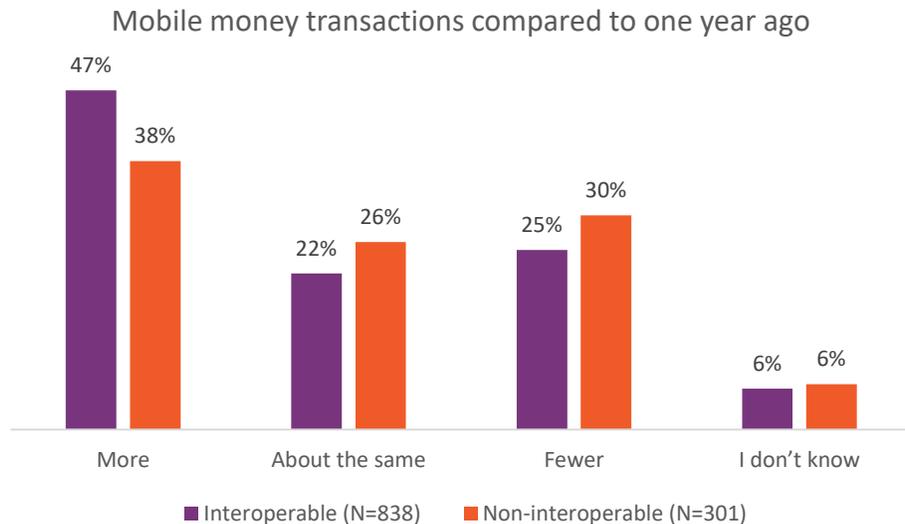
Interoperable users send money more frequently

- Respondents reported that interoperability has made it easier to send money to people using other networks. They now send money more frequently, including to people using other networks (see annex), as they no longer have to resort to alternative ways which they consider cumbersome.
- Respondents explained that they sent more because now they always have some money left in their wallets and they are more confident that the money is received. The fact that money goes directly into the receivers wallet even when he/she is on a different network is more re-assuring. They also get a confirmation message.

Yamina’s mother uses Tigo because of better coverage in her area, while Yamina uses Vodacom. Initially, Yamina* used to send money to her mother by asking her to look for someone with a Vodacom SIM. That often proved challenging so she resorted to using buses or people who were travelling up-country. This involved a lot of effort so she ensured that she sent a lumpsum each time. Interoperability has now made sending money home easier. She now can send small amounts whenever she wants instead of sending lumpsums:

“Because I send more frequently I think the amounts have decreased compared to before. Unlike before let’s say I wanted to send money to my mother in the village I could send 200,000 at once, but now that I can send maybe every 2 days 20,000 or 10,000 - something like that”

- Female FGD participant, interoperable group in Dar es Salaam town



Opportunities and barriers for interoperable transfers

Advantages of interoperability

Customers in focus groups cited many advantages to interoperability

- Time savings
- Convenience
 - don't have to switch between SIMS
 - no need to go to an agent to withdraw or cash in for every transaction
 - Money is received directly into the wallet where it can be stored until its needed.
- Greater certainty that receiver has indeed received the money - Business people reported they not have confidence to send larger amounts to business partners using other providers as they are sure the money will be received in their wallets. Initially, they opted for bank direct deposits.
- Privacy - people do not have to visit an agent to withdraw and so people do not know they have received money
- Rewards for using the service - Tigo (get money, bundles, and airtime)
- Ability to bypass agent-related problems, such as:
 - Agent float problems
 - Agents in certain areas still do not know how to do voucher transactions, they were hesitant to allow customers from other networks to cash out at their services
 - Agent dishonesty



"There are differences and benefits. The benefits is that you are proud that the money comes direct to your account and you can be able to withdraw any time but in the past [Voucher method] the time to withdraw the money was very limited. Then the second is that in the past you were supposed to show the agent the message you received then he gives you the exact amount. So there is a difference and there are positive effects."

- **Male FGD Participant, interoperable group in Dar es Salaam town**

"But the system of today is good because the money goes direct to your account, but that of message sometimes were rejected by the agent claiming that there is network problem".

- **Male FGD Participant, interoperable group Dar es Salaam town**

"Interoperability saves time as if you have money in your account then there is no need to go to the agent you just send it yourself."

- **Female FGD Participant, interoperable group in Mtwara town**

"I felt like things have been made easier...if I wanted to send money; maybe if I am sending to someone who has Airtel, then I had to look for a person with Airtel number or ask the person am sending to look for an Airtel number."

- **Male IDI participant, interoperable group Dar es Salaam town**

"When money comes direct to my account there is some level of confidentiality as I don't have to go to an agent for that agent to know how much I have received, But now I have my password, I have the message and also there is convenience as I can receive money at any time morning afternoon or evening I mean any time unlike before I have to show the agent the message maybe the agent have closed their agency or the shops have been closed so I had to wait until tomorrow, so now it's better as money comes direct to me and am free to withdraw it anytime I want as well as I mean it's convenient."

- **Female FGD Participant, interoperable group in Dar es Salaam town**

So why doesn't everyone use account-to-account transfers?

- **Barriers**
 - Awareness
 - Usability
 - OTC is an attractive alternative
 - Mobile service limitations
 - General problems related to completing mobile money transactions

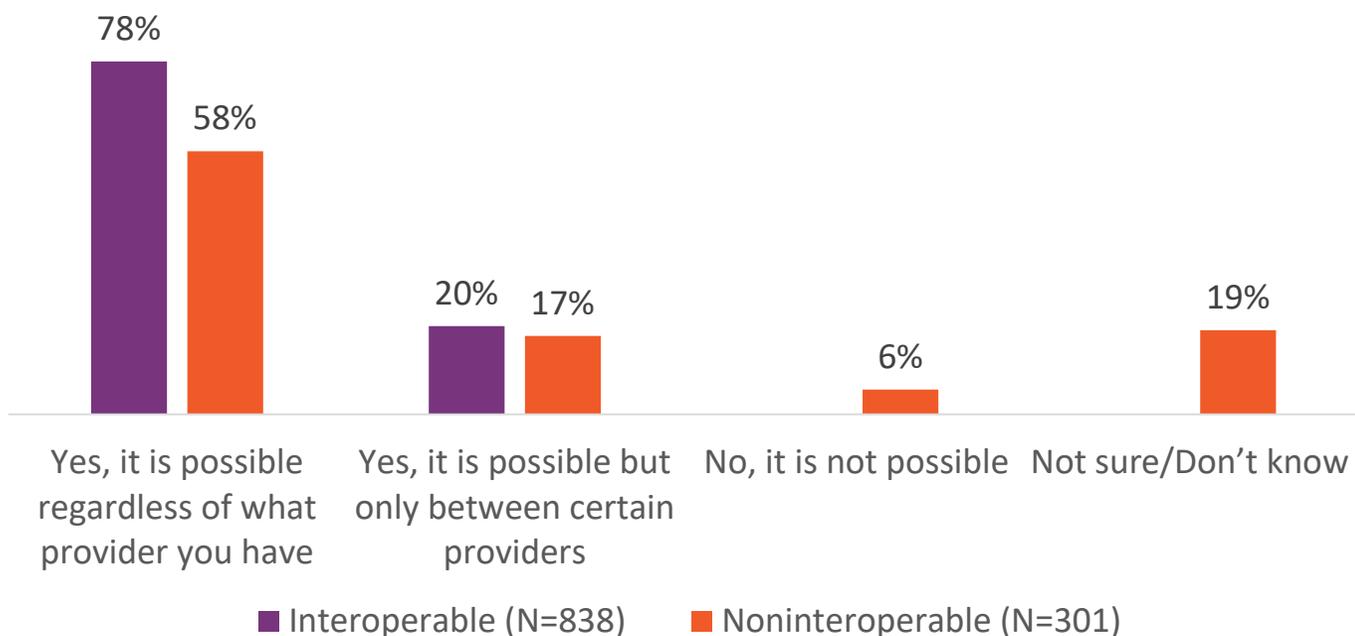
Awareness is a barrier, despite advertising



- In the non-interoperable FGD sessions, people were unaware of interoperable solutions despite advertising.
- A few have heard from other people but they didn't know how to use it or access it.
- They feared trying it out since there is no information available on how it works and what the implications are i.e. the cost.
- Some people that had two different SIM cards have been testing out by sending from one of their lines to the other.
- Those who were aware became aware through: Additions to the USSD menu, Instructions on new SIM packets, Word of mouth, Advertisements (Billboards, prints, caravan show, Tv, radio), SMSs from providers

A quarter of non-interoperable users are unaware of the service

Is it possible to send directly from your account into an account in another network?

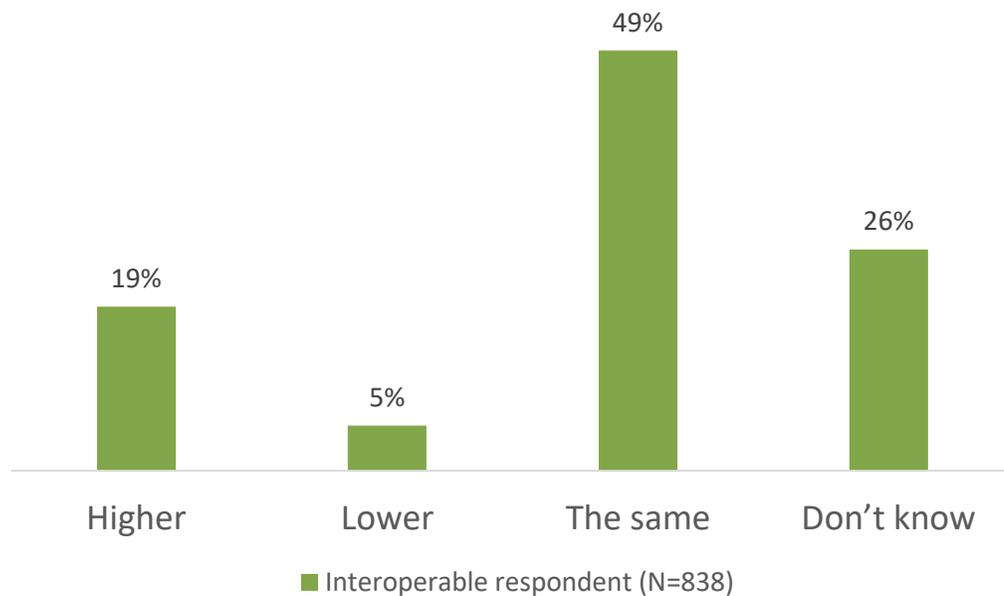


NB: Interoperable transfers are currently available amongst the major mobile money providers but some of the smaller providers are not yet part of the system. Thus both the YES answers are “correct” in terms of the current market conditions.

*2% of the interoperable respondents provided unusual answers and were therefore not visualized

Half of interoperable users were not aware of the correct pricing of interoperable transactions

Was the price you paid to send higher or lower than when sending to a person in the same network as you?



Mobile money charges for interoperable transfer between major providers are the same as on-net transfers, but less than half of all respondents were aware of this.

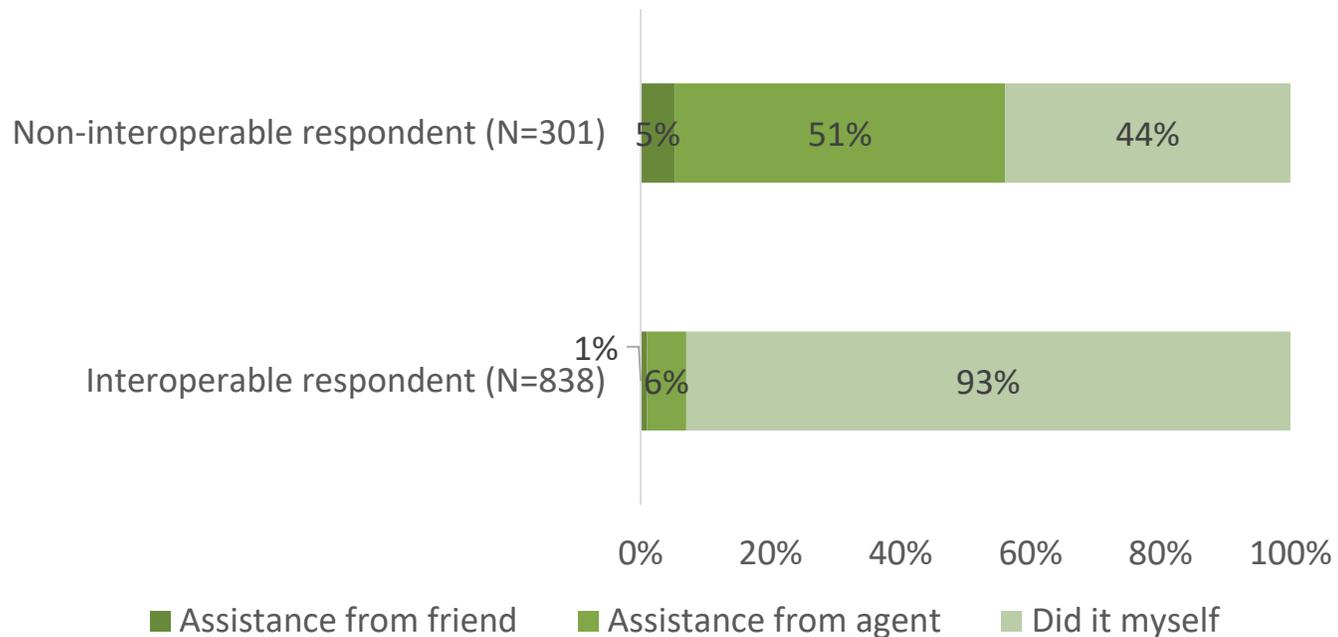
The few that thought it was higher were stuck with the perception that sending cross-net must be higher based on their previous experiences with voucher transactions. Some qualitative respondents reported that even when the money moved directly to the receivers account, they paid a fee close to the transfer fee plus what would be the cash out.

"I don't think...(there are any charges).. and if there are charges very little, something like TShs 500. Last time I sent money and there were no charges" **Male FGD Participant, interoperable group in Mtwara rural**

Usability is a barrier among non-interoperable users who were more likely to need help with completing a transaction

Asked assistance for latest* transaction to send to another network

*account to account for interoperable respondents



Non-interoperable respondents were likely to ask for help, especially from agents, to send money to people on other networks.

Respondents also emphasized that the process of sending cross-net is long and more complicated than sending on-net.

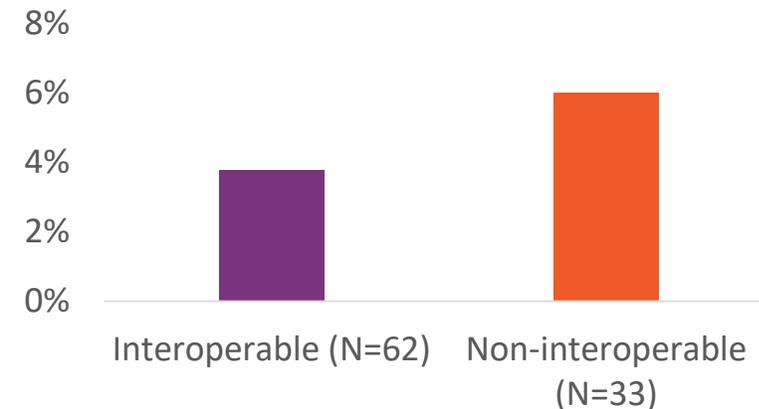
“The process is very long and complex hence they should simplify”
- Male FGD Participant, interoperable group Mtwara town

OTC could be cheaper

Although the quant study showed that non-interoperable transfers were nearly twice as expensive as account-to-account transfers, OTC might be cheaper if you have to go to the agent anyway

- For interoperable users who are more likely to already have money in their wallet, convenience, speed and safety make interoperable transfers more attractive.
- However, non-users were less likely to keep money in their wallet, so they would have to go to the agent to cash in anyway
- Once at the agent, the cost of an OTC deposit transaction is free. The agent may charge a commission because the transaction type is not allowed by the mobile money providers, but they often do not.

Transaction fee for last cross-net transaction



“If my phone has money I will send that money using my phone and not go to the agent but if I have money cash I will go to the agent and tell the agent to send the money to that person and not deposit that money to my account and then send money to that other person. I have never paid the agent.”

- Male FGD participant, interoperable group in Dar es Salaam rural

...other reasons for OTC

- Customers also liked OTC transactions because they overcome unreliable network problems, and have faster recourse.



"[I like making transactions by using mobile money agents] to avoid deductions. For instance, if I send fifty thousand through a mobile agent, it will reach the whole amount, but if I use different mobile network there will be some deductions. Another thing is that, I get assurance that money has reached the person concerned. That, once network fails she or he [the agent] can fix the problem...In case there is a problem an agent can be able to communicate with headquarter technicians to fix it, instead of incurring expenses travelling from village to town seeking for services [help] where they require special documents like identity card."

- Male FGD participant, non- interoperable group in Dar es Salaam rural

"It is just not my custom to send money directly from my phone if it is to another network. Sometimes if I have it in my phone I tend to send it to the agent first and most of the times if I do that they ask me to send them some extra money so as to cover the charges that have to be encountered in making the transaction."

- Male FGD participant, interoperable group in Dar es Salaam town

Mobile services limitations

- Most respondents owned and used more than one SIM card to optimize:
 - **Varying network availability** - Certain networks are only strong in certain areas so people maintain multiple SIMs.
 - **Competitive data and voice packages** – different MNOs had different pricing and promotions.
 - **Credit facilities** – using a different provider to avoid consequences related to defaulting on a loan issued by another provider.
 - **Some smaller providers do not offer interoperability.**
- It appeared to be an ingrained habit that was supported by the facts that most owned phones that were dual SIM and obtaining multiple phones to hold multiple SIMs was easy due to availability of many cheap Chinese phones.

"I decided to have two SIM cards because I wanted to be reachable in all environments, both the urban and the rural areas, for example in the rural areas there are some places which a certain network is not available, so having two SIM cards will facilitate the limited communications."

- Female FGD Participant, non interoperable group in Mtwara rural

"[I have] one phone and 3 sim cards because some places the network coverage for a certain sim card can be poor, example when I am at the farms Tigo is not very much reliable like Voda and Airtel so I shift to Airtel. [With interoperability] I do not use other networks for transactions, I just use them for communication so that means only my Airtel number is the one used for transactions."

– Male FGD participant, interoperable group in Dar es Salaam town

"I have one phone with two lines because I mostly use Tigo [for communication], but I use Airtel to send money because its charges are low"

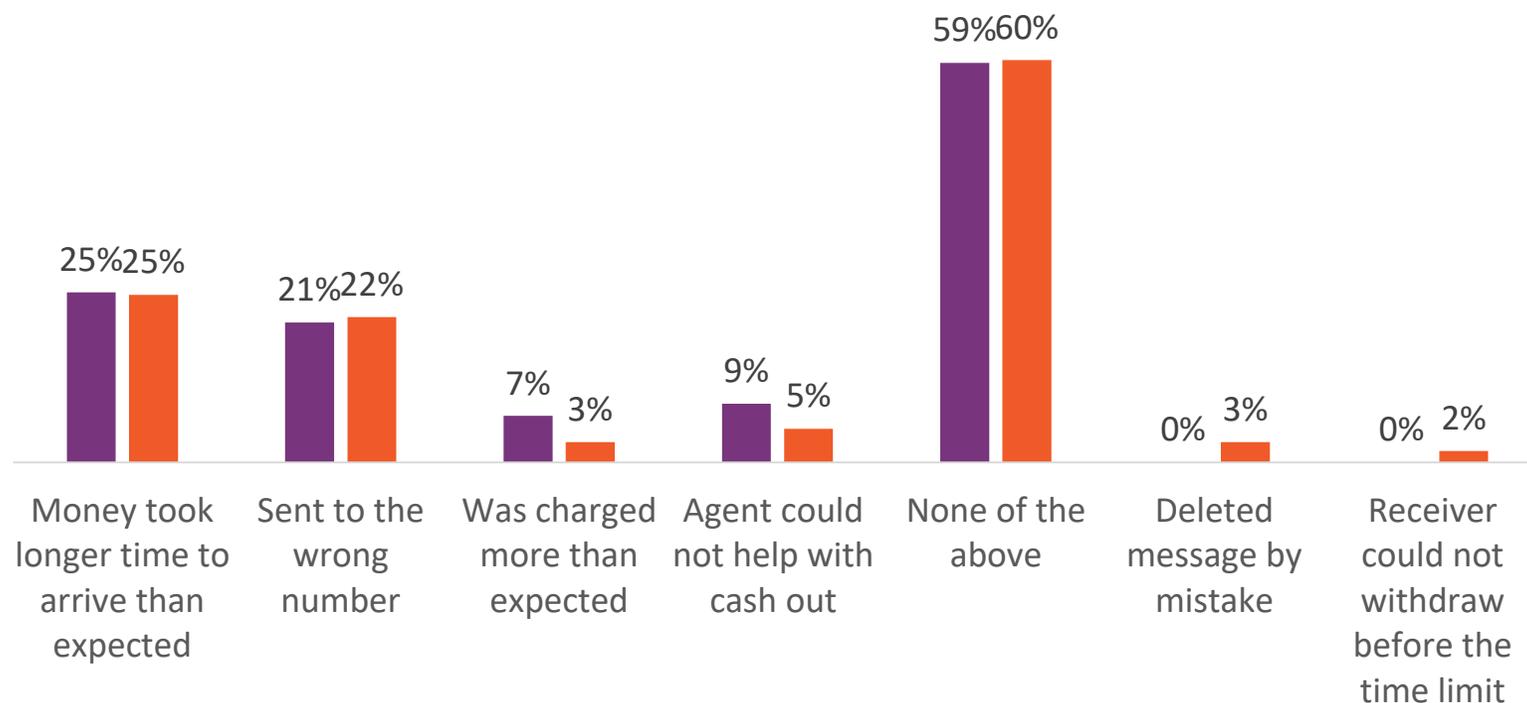
- Female FGD participant, non- interoperable group in Dar es Salaam rural

"I make the decision. The sender always asks me which phone network I would prefer then he sends the money. But I make the decision. The sender cannot complete the transaction without asking me first. I can tell them to send the money through Airtel because I have a debt on my Tigo SIM card...if he send the money [to Tigo] they are going to take their amount and I get nothing."

Female FGD Participant, interoperable group in Mtwara rural

A significant number of interoperable and non-interoperable users had encountered problems related to completing mobile money transactions

Issues encountered when sending* to another network
 * account to account for interoperable respondents/
 through another method for non-interoperable respondents



- Cross-net transactions take longer to reach recipients (network delay) making senders nervous.
- Delays in receiving confirmation messages compound people's worries about sending to the wrong number.

"First I entered the menu, there was no name, I was worried. So I sent him and called him, and he told me that the message was not yet. She stayed about two hours again, she did not see any message, I told her then look at the balance and then let me know if she has received the money. After a while she told me that there is money in her balance but she had not receive any message." – **Male participant, Interoperable group in Mtwara town**

Sending to the wrong number is a worry and a frequent error

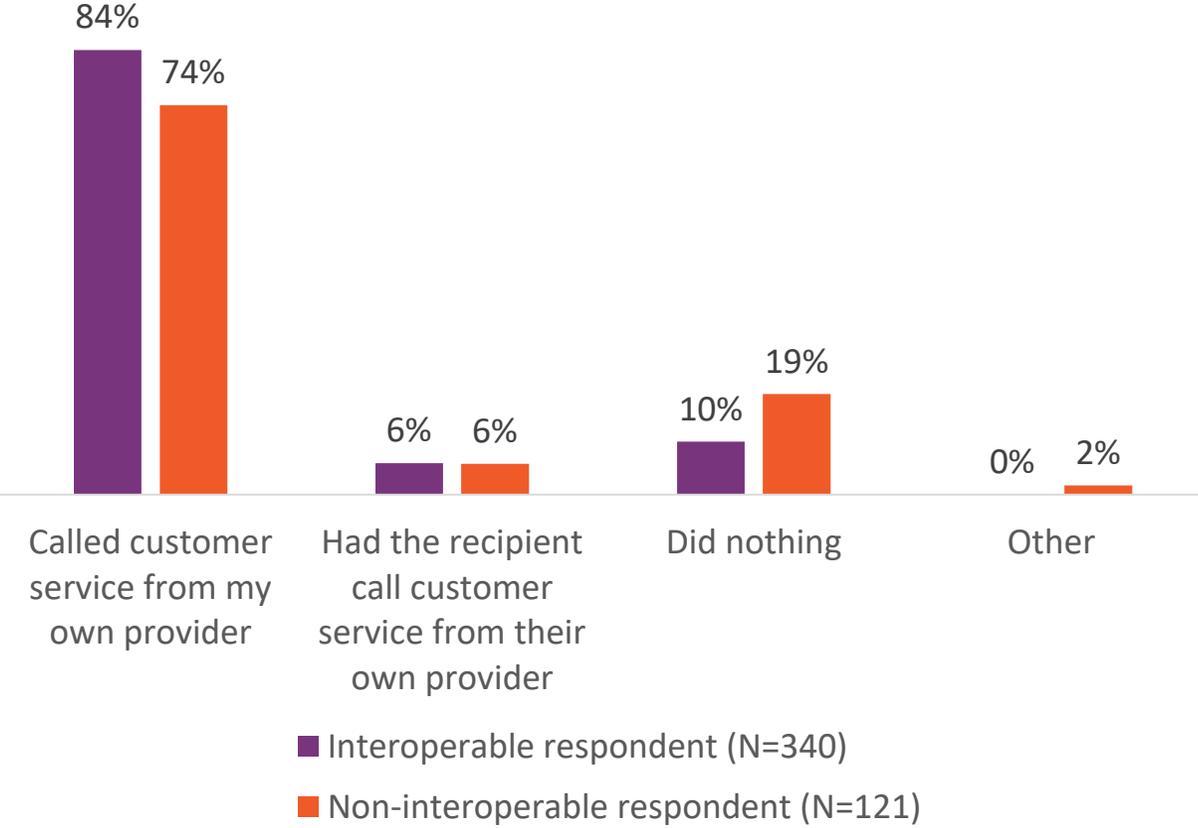
- Most respondents in one group all liked Tigo because you could see the name of the recipient before sending the transaction and in case of a mistake you could easily cancel the transaction, unlike with Vodacom and Airtel that only send you details of the recipients after the transaction. However, when using interoperable services the notification message only shows the phone number of the intended recipient. So when it takes longer to get a confirmation, users panic.
- Most respondents copy the number of the recipient down on a piece of paper (even those who have a smartphone) before sending.

It was 30,000 I was sending to my brother...instead of dialing 65 I dialed 64, and after I realized I had sent to the wrong person. So I called the Tigo network and they asked me to visit an Airtel office. It was at night and the offices were closed so I had to wait till the next day. So such disturbances I do not like... I went to the offices the next day. They checked...but they told me that the person had a debt of 4,000 so only 26,000 was available and that they will return the 26,000, so I should contact the Tigo people to send my money back to me. So what I did, I contacted the Tigo customer care and went to the office. And truly less than 24 hours I had my money back though I had lost 4000.

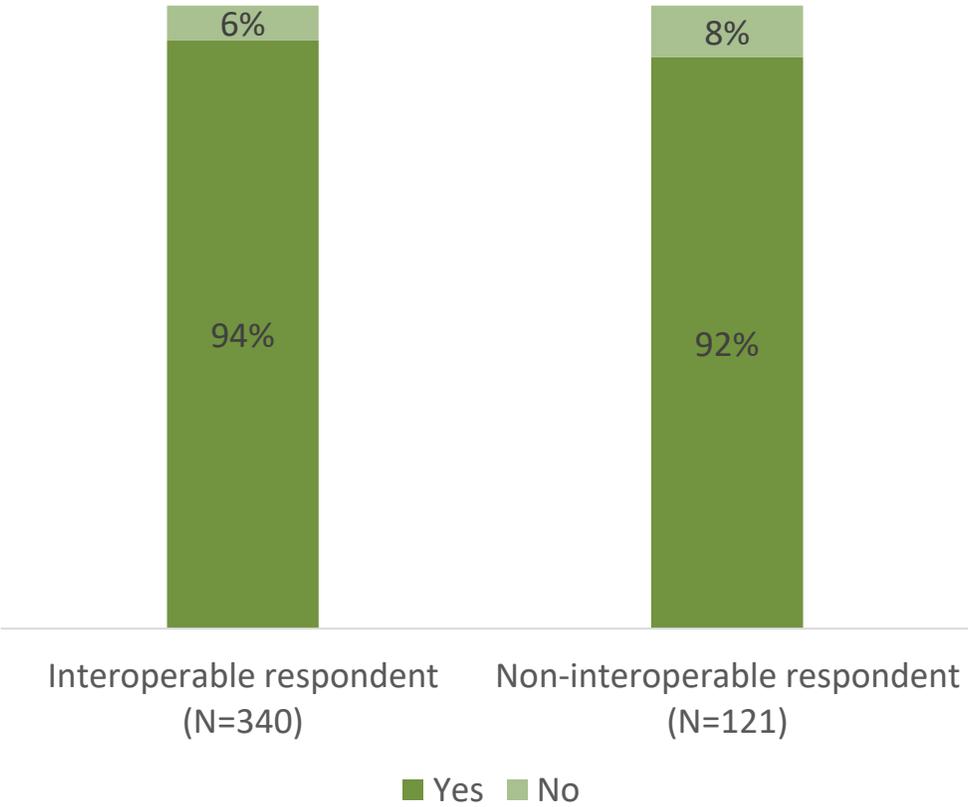
- Male IDI participant, interoperable group in Mtwara rural

But on the positive side, when something went wrong, problems were generally resolved

Reaction to most recent incident

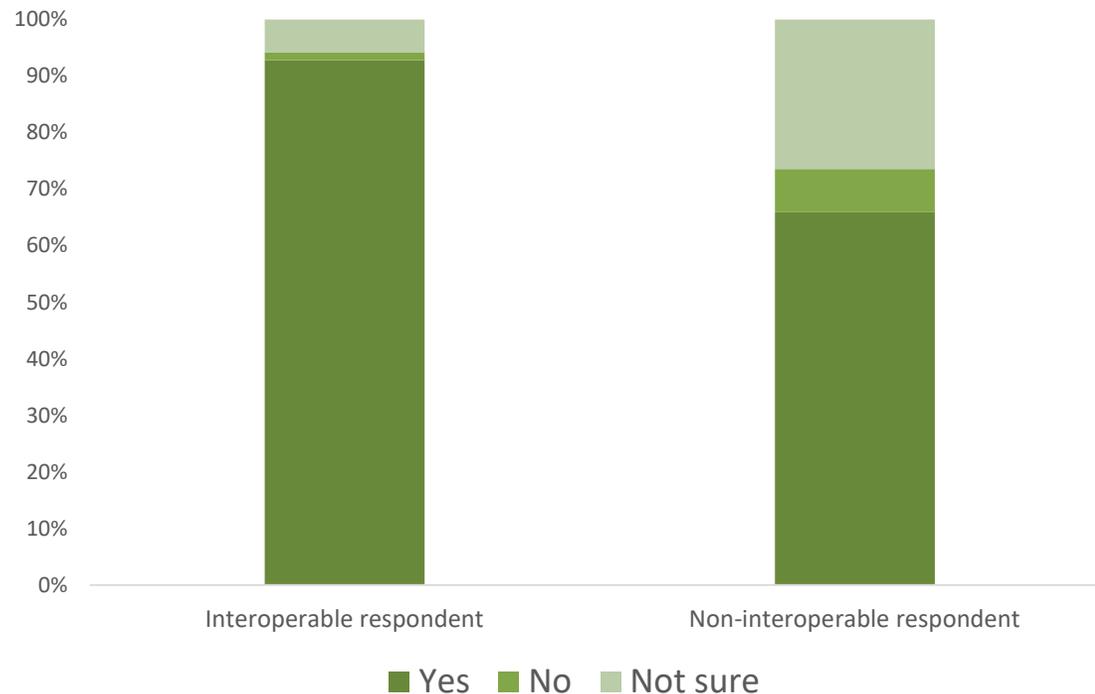


Was the problem solved?



Non-interoperable users think they will use account-to-account transfers in the future

If tomorrow you had to send money to someone in another network, would you use account-to-account transfer?



“Yes its possible and it [an interoperable solution] will be much better, because I might have my account which has money and I know that I can send even to Airtel even though money is on my Tigo line. Hence I can send at any time using my line without having the trouble to take my money out of my Tigo line and then send it using another means. This way its good.”

- Female FGD Participant, non-interoperable group in Dar es Salaam rural

Impact stories

Impact stories

Interoperable solutions have changed transaction behaviors for some

Meet "Aisha"

- Lives in Dar es Salaam
- 27 year-old businesswoman

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Saves more on her wallet:

"Right now I can say I save more than I used to...it doesn't cost me to save money there and when I want to send it to someone I can move it to M-Pesa so it's easy."



Sends smaller amounts more frequently :

"Before let's say I wanted to send money to my mother in the village I would send 200,000 at once. But now that I can send maybe every 2 days 20,000 or 10,000 - something like that"

Has replaced her old ways to sending/receiving money: "We used to send money through people or buses going to or coming from the village... I personally was impressed by this [new interoperable] service and I can also say that it made it easy for me to send money as I used to use other methods to send money before it came so I was very happy as it was easy."

Impact stories

Interoperable solutions have empowered customers & made P2P transfers more convenient and secure

More convenience:

“When...you are sending me money from Tigo to go to Vodacom, the money is secure. ***It comes to the money in my SIM card..*** It has also really eased the process”.



More secure: “There was a risk of deleting the message or someone could steal from you because the main code was not what was sent, instead it was your phone number. Therefore, if someone knew your phone number, he had the ability to steal from you....***Once they made it easier, the money now goes directly to my account, to my wallet. This is unlike the procedure before that used to be confusing and was untrustworthy.***”

Meet “John”

- Lives in Dar es Salaam
- Businessman who sells imported clothes

More autonomy: “When I go to the agent, I just tell him to deposit the money in my account. ***Then I will get to decide how I am going to send to a recipient, which is different from asking the agent to do it. It just makes it easier.*** [Before I had to ask] the agent to directly deposit in the persons account and since you give the recipients number in a rush you get a number wrong. Then...after some time the recipient tells you they have not received [the money]”

Conclusions & Recommendations

Cross-net transactions are frequent and people are already using interoperability

But there is room to grow uptake and value



- Uptake has been rapid: most mobile money users are already using account-to-account transfers. Even those who are not, think they will be doing so soon.
- However there is still room to grow uptake, as well as value.

Overall it seems that the transition to account-to-account is rapidly under way

Recommendations: increasing uptake

Addressing major concerns would make it easier for new users to adopt account-to-account transfers and existing users to increase usage

- **Awareness**

- Continued marketing/ awareness - especially around know-how and cost
- Cost: Publicize that cross-net rates are not different from on-net as half the people were not aware that the costs were the same

- **Usability:**

- Wrong numbers: Can name verification for cross-net take place before sending just like on-net transactions?
- Speedy confirmation messages: Can confirmation messages arrive more quickly for cross-net transactions?
- Standardized USSD menus across providers, so that users do not get confused when sending from one network to another. For instance, for some of the providers, when you select option to send on-net but you end up putting phone number for another provider, the transaction will go through but as a voucher transaction. Other providers still have an explicit voucher option on their menus.
- Build a customer centric menu - too many steps and timing out when using USSD. For instance, why can't the system route the transaction automatically to the interoperable option on realizing that the number is for another provider?

- **Network availability**

- Stable infrastructure needs to be in place for interoperability to fully be embraced by all. Network coverage is very crucial in the other regions to make seamless transfer of money.
- Improve customer care – currently one network tries to blame the other network when problems occur during a cross-net transaction.

Recommendations: increasing value

Much of the value in account-to-account transactions comes from using the wallet rather than cashing in/out

- **Retaining money in the wallet** - Respondents cited sending more P2P transfers when they kept money in the wallet, as well as paying bills and making merchant payments. Additional use cases could be institutional payments (such as for school fees and health centers).
- **More frequent transactions** - Respondents claimed to make more transactions when they used account-to-account services.
- **Value to sender and recipient**
 - Value to the sender is mostly convenience and peace of mind (knowing they got the money). This could be increased with better and quicker confirmation messages and having the receivers name come up before completing the transaction.
 - Value to the recipient includes not only convenience but also the value of getting more frequent transfers (which include some transfers that wouldn't have happened at all). Since most senders are usually better-off than most recipients, this could be equality-enhancing.

Annex

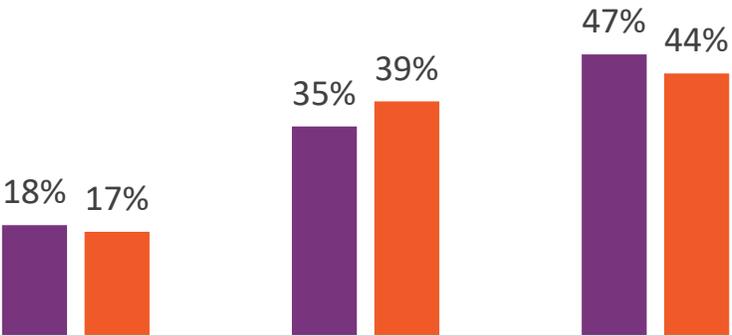
Users and non-users of interoperable transfers are similar 49 across multiple dimensions – more data

Travel to agents (one way in minutes)



median

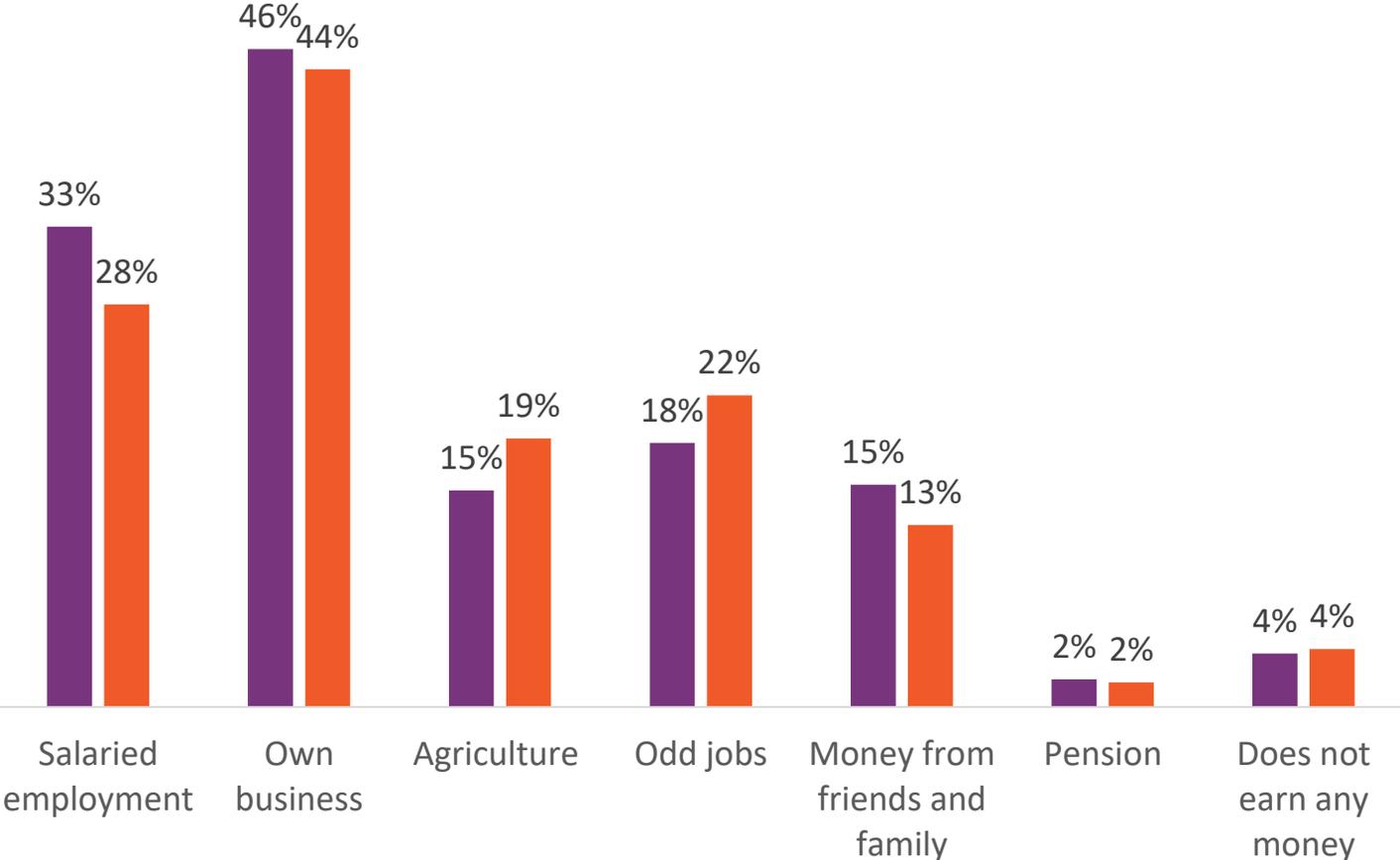
Main mobile money provider



Airtel Money Tigo Pesa Vodacom M-Pesa

■ Interoperable (N=838) ■ Non-interoperable (N=301)

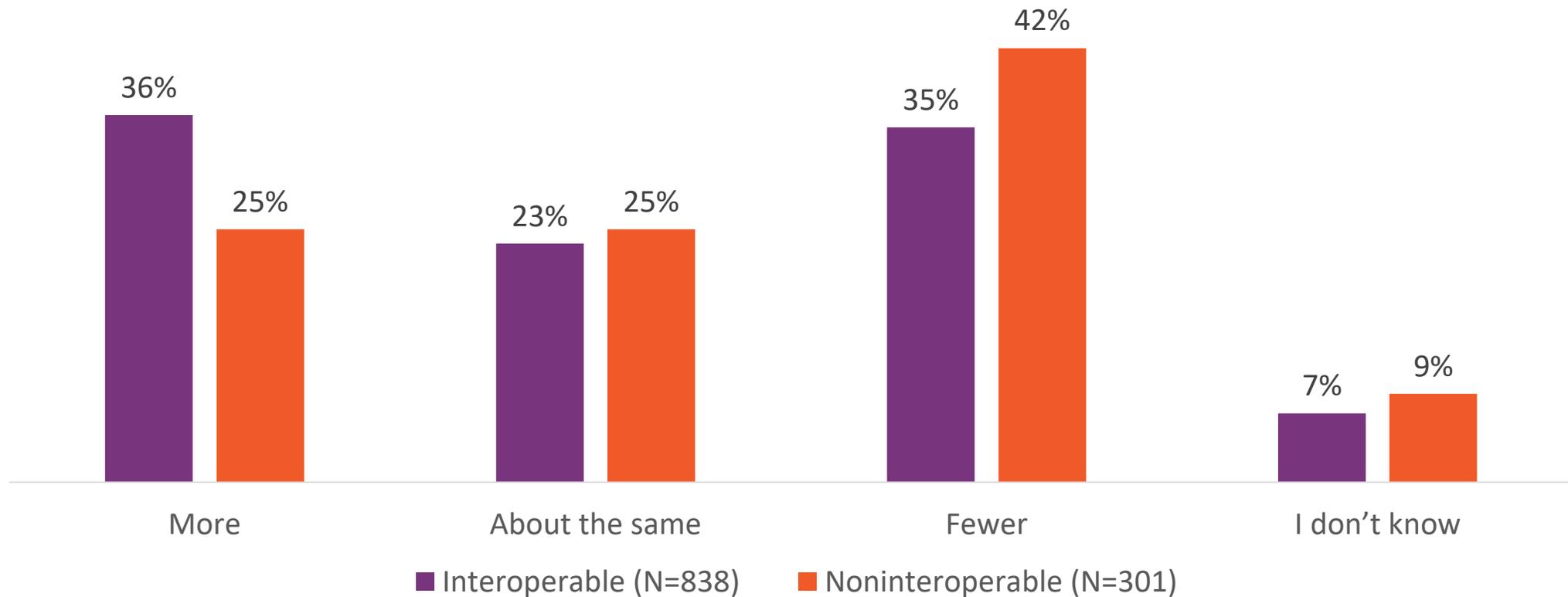
Income sources (multiple responses)



■ Interoperable respondent (N=838) ■ Non-interoperable respondent (N=301)

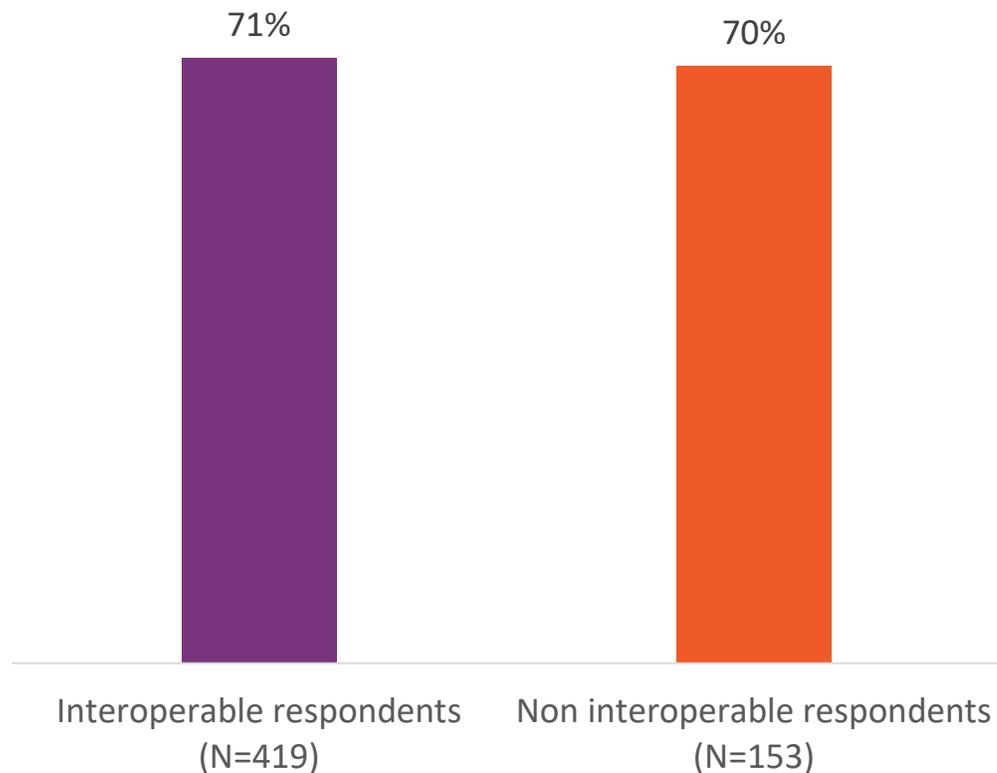
Interoperable users send cross-net more frequently than⁵⁰ non-interoperable users

Mobile money transactions to another network compared to one year ago



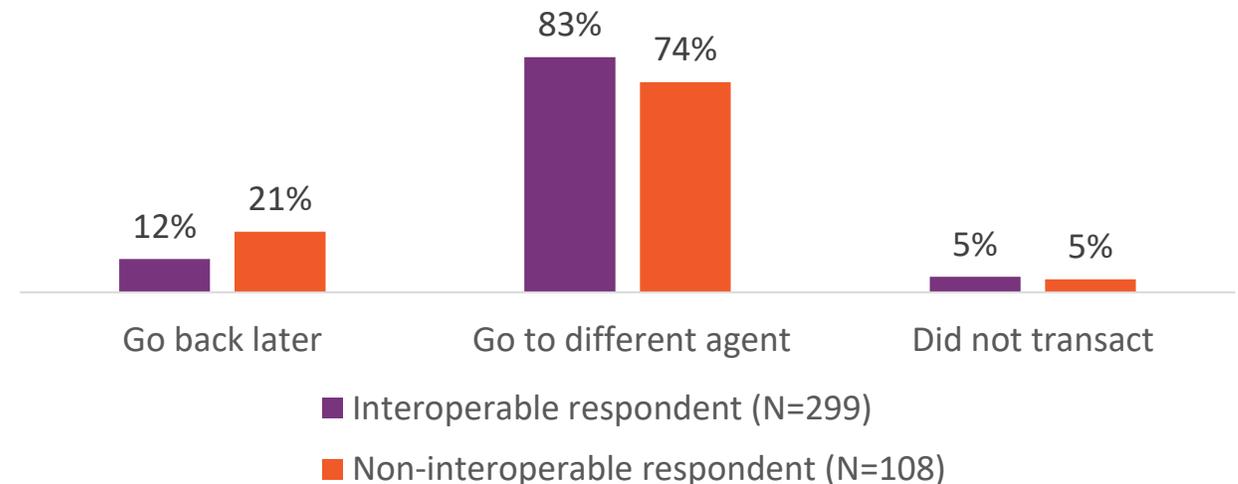
Access to liquid agents was an issue

At least 1 time in the past month unable to cash in or cash out at agent



From the qualitative interviews, we found that many mobile money agents in Mtwara don't have an adequate float to operate, this makes it harder for customers because it means they have to use alternative ways of sending money. Mostly they operate with a cash float of TShs 50,000 or less. In addition, agents in rural Mtwara were scattered. It was common for customers to pay for motorbikes to be able to access them, which is costly.

Last time when was not able to cash-in or cash-out



Interoperable merchant payments

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From the Focus Group Discussions:

- Tigo merchants accept mobile money payments from other providers
- Most respondents had not done this, but one respondent who owns a boutique said some of her customers from different networks pay her through a Tigo pay bill number

