



## **THE USE OF MOBILE MONEY SERVICES AMONG MARKETEERS IN ZAMBIA - CASE OF KABWATA MARKET**

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### **Abstract**

*The study looked at the use of mobile money services by marketeers in Zambia. A case study of Kabwata market was used to gain an insight on the use of mobile money services among marketeers. It was found that most marketeers are aware of different mobile money operators and mobile money services. Marketeers were mainly using their mobile money accounts for remittances, receipts, bill payment, airtime purchase and savings. However, there was a need for financial literacy campaigns for Zambia to attain 70 percent financial inclusion by the end of 2022.*

*Keywords: Financial inclusion, Mobile Money, Marketeers, Zambia*

### **INTRODUCTION**

The importance of an all-inclusive financial system has been widely recognised by the policy makers and recent studies have demonstrated that it has become a policy priority for many governments. Development theories have provided significant clues about the impact of financial inclusions on economic development. In fact, some models prove how lack of access to finance services can lead to poverty traps and inequality (Aghion and Bolton 1997).

Sharma (2008), defines financial inclusion as a process that ensures that accessibility, availability and usage of formal financial system for all members of an economy. This definition tackles several areas, reflecting the variety of possible services available, such as payment, credit, savings account, insurance, pensions, and the potential different segments of the society such as individuals, households, or communities in accessing mainstream financial services. Furthermore, this definition highlights that not all financial services are appropriate for everyone. Financial inclusion includes three main dimensions:

1. Access- means the opportunity to approach services, such as debit card owner, ATM, mobile banking, payment, etc.
2. Use- represented by the capability of the customer to have a bank account.
3. Depth- denoted by the aptitude to a loan.

### **Problem Statement**

The Zambian government through the Ministry of Finance and Economic Development launched a 5-years financial inclusion strategy in 2017. The strategic objective is to attain 70 percent financial inclusion by the end of 2022. In light of the strategy being implemented by the central bank, the study examined the use of mobile money services among marketeers as a tool to the attainment of financial inclusion.

## **LITERATURE REVIEW**

### **Mobile Money**

A market-level analysis conducted by Mbiti and Weil (2011) found the introduction of M-PESA in Kenya led to significant decreases in the prices of money transfer competitors. Additionally, they found an increase in the frequency of receiving remittances, which the authors conclude over-time has contributed toward financial inclusion in the country (Mbiti and Weil, 2011, Jack and Suri, 2011).

In Mozambique, Batista and Vicente (2013) found evidence that the marginal willingness to remit money increased by the availability of mobile money. They also observed substitution effects of mobile money for traditional alternatives for both savings and remittances.

In Niger, Aker et al (2011) looked at the effects of using mobile money accounts for delivery of cash transfers versus traditional methods. Specifically, they found that mobile money reduced the overall transaction costs of recipients, while offering an increase in freedom, flexibility, and privacy.

A qualitative pilot study conducted in rural Cambodia by Vong et al (2012) identified benefits of time, security and convenience for micro-entrepreneurs who use mobile money services in rural areas. From this literature, the expectation is that micro-entrepreneurs would benefit positively from the use of mobile money.

### **Savings opportunity**

Conflicting evidence available today has created an outstanding debate as to whether individuals save more or not through the use of mobile money. According to the study by Jack and Sur (2011) 71% of all households indicated saving money at home, “under the mattress”. Moreover, they found three quarters (75%) of households that are M-PESA users report also using their mobile money account to save. Among M-PESA users, 21% reported that it is the most important saving instrument and 90% say it is one of three most important vehicles for saving.

Data collected in Tanzania from 3,000 households indicates 90% of mobile money users without a bank account report using their mobile account to save or store money in the last six months. From a small pilot study in Uganda, the results indicate that across users, regardless of their balances (low, medium, or high), the primary purpose to save in their mobile money accounts is for emergencies. Despite these user claims, Mbiti and Weil (2011) found in Kenya from analyzing aggregate data reported to the Central Bank that M-PESA customers don't appear to actually be using the mobile money account for storing value. They calculate a low value of average holdings at a point in time to be about US\$3 (203 KSH). Additionally, they conducted an analysis of stored value and deduced that customers must have high time discount rates, since holding funds in the account to minimize usage fees would be advantageous. In either case the discrepancy may be a result of methods used or type of data available, or alternatively a reflection of heterogeneity in the broad range of users. Interestingly, Dupas and Robinson (2011) found in Kenya that if you simply provide people a safe and easy way to save money, they will save for health care needs.

Dupas and Robinson (2009) also found strong evidence that a large fraction of female micro-entrepreneurs in rural Kenya face major savings constraints. In an experiment, women provided with savings accounts, they used the accounts to save to increase the size of their business and, in turn, increase their income and expenditures. In addition, they found women to use the accounts to help cope with unexpected household health shocks, and thus better able to maintain inventory levels over shocks than women without accounts. Hence there is a need for more empirical research in this regard.

## **Empowerment & diversification**

Through ethnographic research Morawczynski (2009) identified that mobile money helps rural users to manage risk and diversify resources within their existing structures of power and dependency, which potentially affects intra-household power distance and bargaining. Aker et al (2011) also find initial evidence through an experiment that due to reduced cost of receiving transfers and greater privacy through mobile money, there was a potential link to intra-household decision-making. For some women in Morawczynski's study, mobile money was considered secret (private) savings that provides women with partial financial autonomy, which allows women to make financial decisions without asking their husbands. In addition, the women noted being able to save for the purchase of household items, unexpected illnesses, and school fees. The women also shared their desire to use the mobile money account to save specifically to start an income generating activity for greater reliability of income and freedom. Aker et al (2011) suggested that users of mobile money receiving the same amount of cash as non-users diversify their diets more and produce a more diverse basket of agricultural goods. These are important areas for further research, especially as it relates to individual and household decisions of income generation through farming or other business activities.

## **RESEARCH METHODS**

### **Research Design**

The study was an exploratory research conducted to get an insight on the use of mobile money among marketeers in Lusaka.

The researcher used both primary and secondary data in the study. The primary data was collected through the use of questionnaires. With open and closed ended questionnaires administered to target respondents. Secondary data was collected from library text books, journals, magazines, newspapers, internet and reports.

The target population in this study was limited to 200 marketeers at Kabwata market. The sample size for this research study was cross sectional as data was gathered just once in order to answer the research questions. Cross sectional study was used because of limited resources and time constraints. 40 respondents were selected out of 200 marketeers.

### **Sampling Method**

The sampling technique used in the research was, 'non probability convenient sampling'. Convenience sampling refers to the collection of information from members of population who are conveniently available to provide the information. This sampling method is most often used

during the exploratory phase of research project and is the best way of collecting basic information quickly and efficiently (Sekaran, 2009).

Therefore, in this research, questionnaires were distributed to the participants based on convenience and willingness to take part in the study.

### Research Instrument

This study used questionnaires and interviews. The use of interviews was made in this study for a detailed understanding of the situation. This research method enables the researcher to obtain relevant information for a highly targeted audience. Interviews also provide the respondent with the opportunity to express their feelings and opinions freely.

### Data Analysis

In this research both qualitative and quantitative approach to data analysis were used. However, more of the qualitative approach was used.

## FINDINGS AND DISCUSSION

The following were mobile money services providers to marketeers at Kabwata Market.

Table 1: Mobile money services providers

OPERATORS	RESPONDENTS	MARKET SHARE
ZAMTEL	4	10.00%
MTN	15	37.50%
AIRTEL	16	40.00%
ZOONA	2	5.00%
KAZANG	3	7.50%
543 KONSE Kabat	0	0.00%

Kabwata market had many operators with Airtel Money being the most popular followed by MTN Mobile money. Marketeers are able to do transactions from the comfort of their tables or shops or stands due to the high numbers of mobile money agents. It was also found that some marketeers are agents themselves. Some marketeers were providing mobile money services such as sale of electricity units, payment of water bills as a diversification method. This has made mobile money product more accessible at markets.

Financial inclusion demands that financial services be easily accessible as was the case at this market, People need to find it easy to open an account and manage their funds easily.

The following were the common uses of mobile money services by marketeers.

Table 2: Uses of mobile money services among marketeers

SERVICES	USES	PERCENTAGE
Receiving	30	75.00%
sending	32	80.00%
savings	20	50.00%
Bill payment	25	62.50%
airtime	20	50.00%

From the study, it was found that most marketeers used their mobile money account to receive and send money. Sending money alone accounted for 80 percent use by the respondents. The higher percentage for sending money via mobile money was as result of loan repayments. Most marketeers were doing village banking and the mode of paying back their loan obligations were via mobile money.

Table 3: Amounts saved by marketeers

SAVINGS	MARKETEERS
K100-K200	15
K200-K300	10
K300-K400	10
ABOVE K500	5

In terms of savings, all the respondents were using mobile money account for savings. The study was also showed that both men and women used mobile money for private savings which was line with the findings of Morawczynski (2009). Saving on mobile money was found to be cheaper as they were no account charges incurred. However, there was no incentive for saving more money in phones. The operators need to make it more attractive for marketeers to save more money in their mobile money accounts by paying interest on the saved money. The values being saved by most marketeers on their accounts were less than K300 and this might change if some interest was to be earned.

The Bank of Zambia (BOZ) increased the amount one can keep in their mobile money account from K5,000 to K20,000. They also revised the amount one can send to the maximum

of K20,000 but individual operators have set their own limits to thwart financial thefts. The revisions by the central bank were aimed at encouraging more usage of mobile money services amidst the coronavirus pandemic. The pandemic has also increased the use of mobile money services especially for bill payments. With covid-19, more people were accepting payments via mobile money to avoid handling money which could be contaminated.

## CONCLUSION AND RECOMMENDATIONS

The use of mobile money services by the marketeers showed how the government's strategy of financial inclusion was being implemented. From this study, one would conclude that the country was moving in the right direction towards achieving the 70 percent financial inclusion by 2022. However, the central bank should reduce the withdraw fees and the transfer fees from mobile money account to bank account to stimulate more use of mobile money services. This will decongest the banks and reduce the cost of doing business via mobile money

Low levels of financial literacy remain the biggest barrier to achieving the 70 percent set target by 2022. Therefore, they need to enhance financial education among the people who are financially excluded. The government and the operators need to conduct financial literacy campaigns in order achieve a higher percentage of financial inclusion.

More products should be introduced on mobile money menu and interest rates be paid to encourage savings. A future research should be undertaken to appreciate the effects of financial education on financial inclusion.

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