NIGERIAN MOBILE MONEY KNOWLEDGE AND PREFERENCES:
HIGHLIGHTS OF FINDINGS FROM A RECENT MOBILE MONEY SURVEY IN NIGERIA

The Nigeria Mobile Money Survey provides information on an unprecedented scale regarding the Nigerian population's knowledge and preferences about mobile money. IMTFI is pleased to be able to offer insight into Nigerian trends based on this survey of over 4000 rural and urban Nigerians from every region of the country. In light of the mobile money industry's interest in Nigeria, and the recent issuing of licenses by the Central Bank of Nigeria to 11 mobile money businesses, we hope that the trends that we have identified here will allow for a better understanding of this important area in its own terms, not just in reference to the mobile money miracle of Kenya.

Figure 1, Nigerian regional map, courtesy of Stratfor

The survey was conducted by a team led by Emmanuel Okoegwale of Mobile Money Africa and administered by Nigerian graduate students completing their compulsory national service obligations. Data was coded, compiled and analyzed by IMTFI.

The survey data has some limitations and it is difficult based on the sampling methodology and success rate of survey completion to draw statistically powerful conclusions.[1] In our report, data is stratified based on whether or not a respondent reported having a bank account. On a descriptive level, the results provide insight into general trends and perceptions in Nigeria's diverse population.

Overall, just more than half (55%) of the respondents were male and just less than half (45%) female. About a fifth of the respondents were from each of the following regions:

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[1] The sample contains an unrepresentative percentage of respondents with bank accounts. According to a 2010 NOI/GALLUP poll, 38% of Nigerians have bank accounts. In our data, however, 90% do. The banked and unbanked populations tend to be differently geographically distributed, as well, and we cannot determine from the survey whether this is representative of actual patterns of an effect of the sampling strategy.

North West, North Central, and South South (see Figure 1). About one in ten were from the North East and the South East. Only 5% were from the Lagos region. Although for the purposes of this working paper we focus on general trends, state and regional data are available and IMTFI is willing to discuss conducting additional analyses based on region on request.

FINDINGS

A.   WHO HAS A BANK ACCOUNT AND WHO DOESN'T?

In the survey sample, women were more likely than men to have bank accounts, and urban residents were more likely than rural residents to have bank accounts.
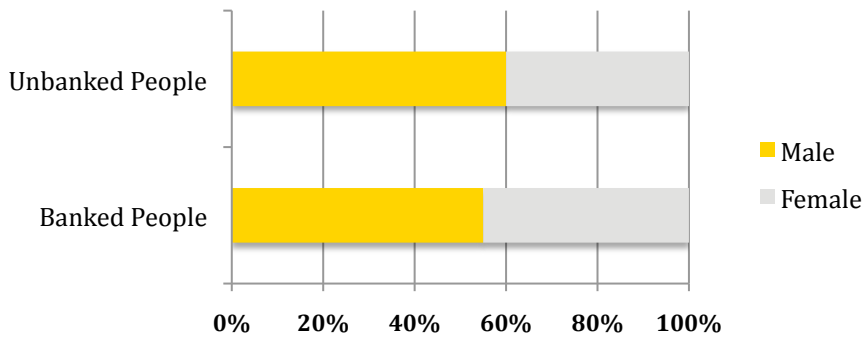
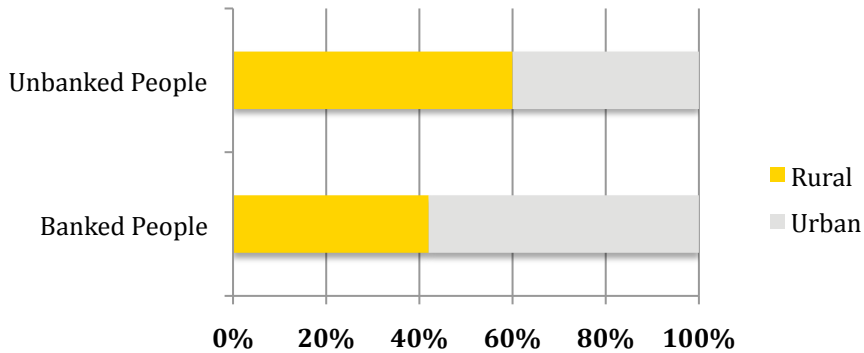Chart 1, Banked status and gender of respondents in the IMTFI Nigerian Survey

Chart 2, Banked status and location of respondents in the IMTFI Nigerian Survey

B.   HOW CLOSE TO A BANK DO RESPONDENTS LIVE OR WORK?

Regardless of location or banked status, most urban (75%) and rural (60%) respondents surveyed lived or worked within 5 km of a bank.

Respondents were slightly more likely to live or work very close to post offices than to bank branches. Of those surveyed, 27% of urban respondents and 20% of rural respondents reported living or working fewer than 2 km from a bank, while 63% and 39%, respectively, reported living or working within the same distance of a post office. Nonetheless, we focus on proximity to banks here because, (as we demonstrate in item F. below) many respondents favor using banks for their money transfer needs while few would prefer to use post offices.
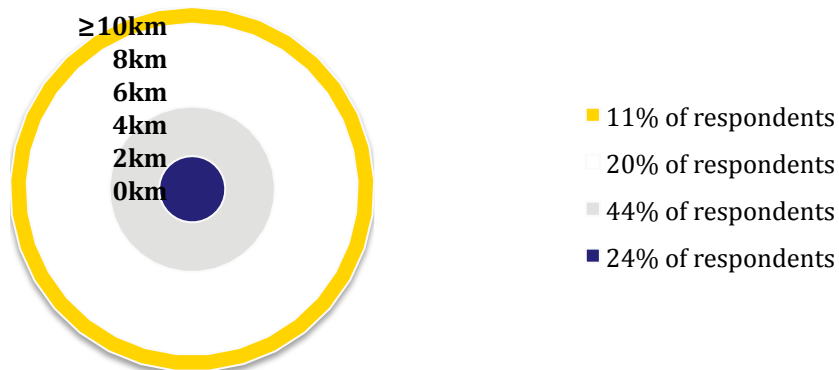

≥10km
8km
6km
4km
2km
0km

■ 11% of respondents
  20% of respondents
■ 44% of respondents
■ 24% of respondents

Chart 3, Banked respondents' nearest bank to home or work, in kilometers

≥10km
8km
6km
4km
2km
0km

■ 10% of respondents
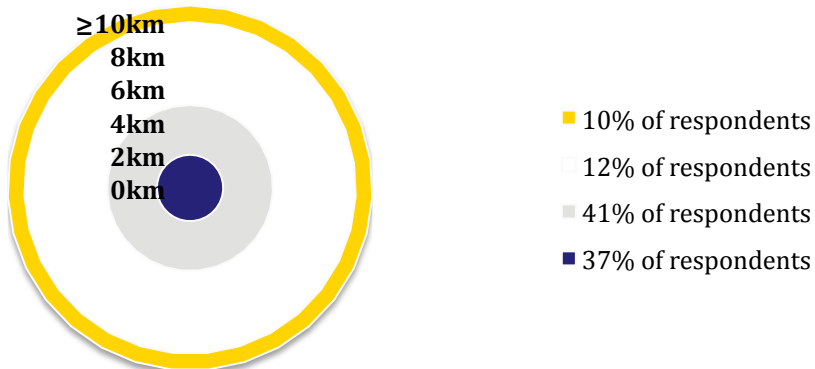 12% of respondents
■ 41% of respondents
■ 37% of respondents

Chart 4, Unbanked respondents' nearest bank to home or work, in kilometers

C. HOW MUCH EXPERIENCE DO RESPONDENTS HAVE USING MOBILE MONEY?

The survey asked about airtime topups used as a means of transferring money. At the time of the survey, there were no formal mobile money services licensed in Nigeria. Airtime topup was familiar to almost 50% of the banked population as a form of money transfer. It was less familiar to the unbanked, but, still, 33% of the unbanked had sent or received airtime as a money transfer.
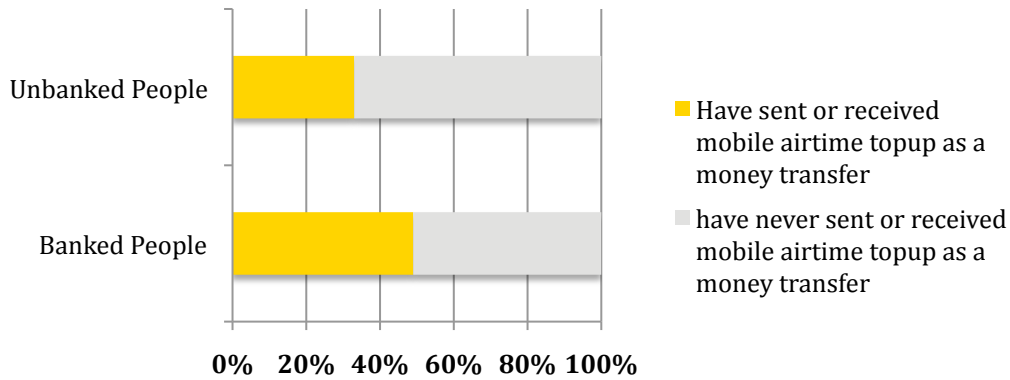

Chart 5, Percentage of banked and unbanked respondents who have received mobile money airtime topup as a money transfer.

D. WHAT MOBILE CHANNELS DO RESPONDENTS USE?

The survey attempted to assess people's use of various mobile channels. Both banked and unbanked populations were familiar with SMS text messaging, and banked people were more familiar with USSD than the unbanked. The use of other channels was relatively small. These results may be due to respondents' lack of understanding of the question posed. Categories are listed as per the original survey. The findings suggest that SMS and USSD are both familiar platforms and that either or both could be used as the rails for other services.
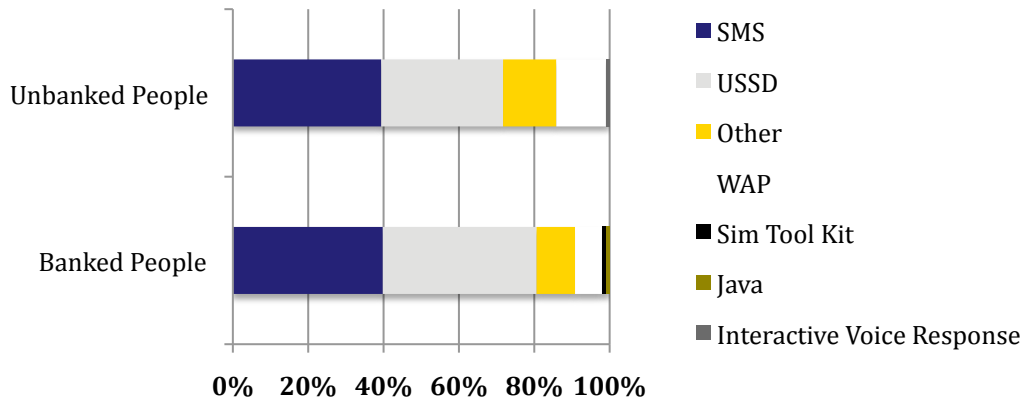

Chart 6, Percentage of banked and unbanked respondents who use various mobile channels

E. WHO WOULD RESPONDENTS PREFER TO FILL THE ROLE OF MOBILE MONEY PROVIDER?

In general, unbanked respondents seem to prefer banks first and mobile network operators second as mobile money providers, while banked respondents hold the same preferences, but in the reverse order. While few in any groups favored the government as a mobile money provider, unbanked urban people favored it the most (3% of respondents chose it as their preferred option) while urban banked respondents favored it the least (0.5% of respondents chose it as their preferred option).

There may be aspirational reasons for the rural unbanked to prefer bank-led mobile money. And, banked people's apparent lack of enthusiasm for bank-led mobile money may indicate dissatisfaction with the banks, and/or their imagined use-cases for mobile money (i.e., for money transfer rather than for bank-specific functions like savings or loans).
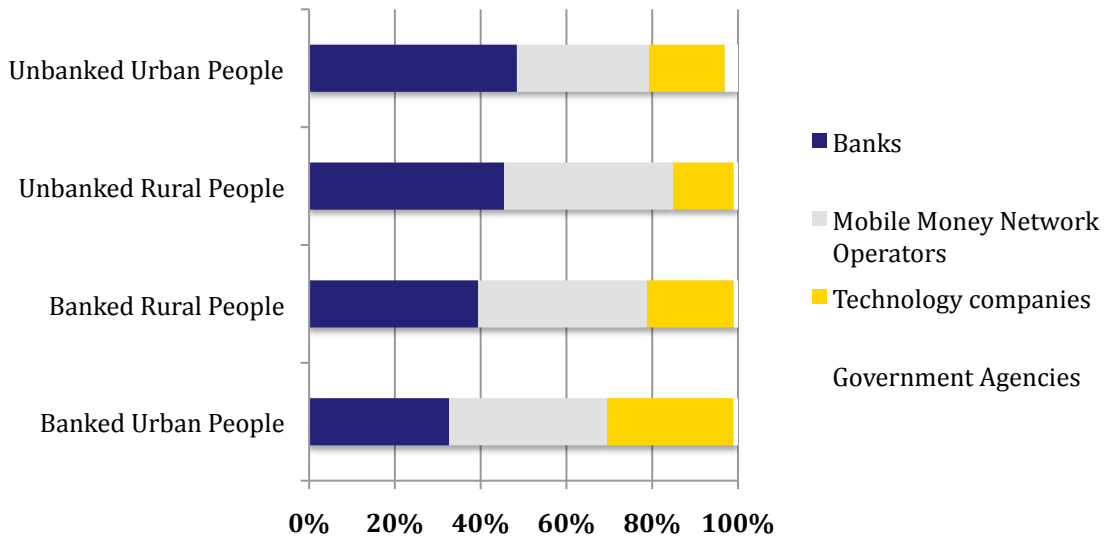
Chart 7, The preferred mobile money providers of banked and unbanked people in rural and urban places.

F.   HOW WOULD RESPONDENTS PREFER TO DO MOBILE MONEY TRANSACTIONS?

Many respondents who live or work very close to banks say that they would use banks to send mobile money, but more favor agent locations (among the unbanked) or mobile phones (among the banked). Interestingly, banks are much more popular among those who live or work a little bit further away from them. Again, this may represent aspirational factors for those at some distance from banks. Those in closer proximity to banks may recognize that long lines or wait times make them less suitable for quick transfers or other transactions. Our data shows a preference for agent locations among banked and unbanked respondents who live and work far away from banks. While many (35%) of the unbanked respondents most distant from banks also show a preference for using mobile phones, few (11%) of the banked respondents in similar proximity to a bank do. This suggests an important role for a distributed agent network – that is, that a successful mobile money service can't get going by phones alone.
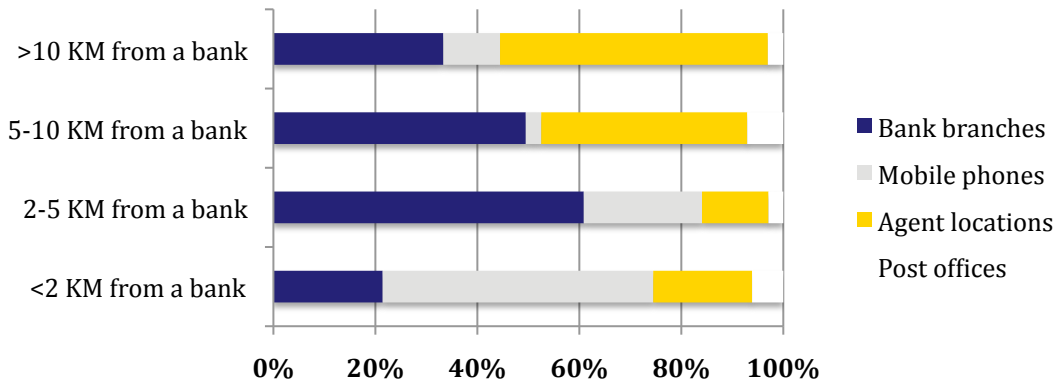

Chart 8, Preferences in mobile money transactions for banked respondents who live or work at different distances from banks
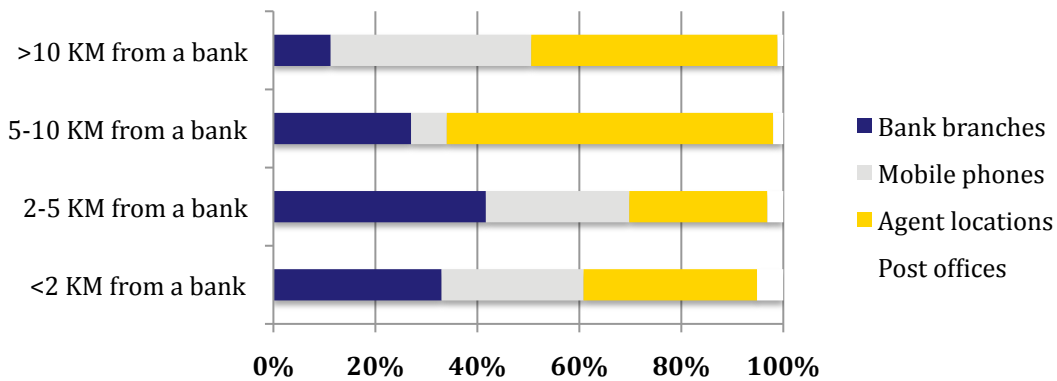

Chart 9, Preferences in mobile money transactions for unbanked respondents who live or work at different distances from banks

G. WHAT WOULD RESPONDENTS USE MOBILE MONEY FOR?

Transfers and bill payments, including paying government utilities, are the name of the game. It is interesting that there is such a high interest in bill payments, which suggests a strong business case for more than P2P money transfer and indicates pain points associated with bill payments to both private and public entities.
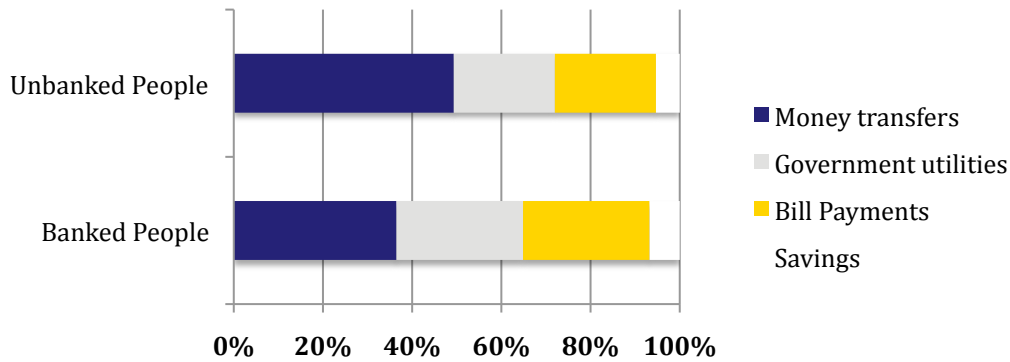
Chart 10, How respondents would use mobile money

H. WHAT ARE RESPONDENTS' CONCERNS ABOUT MOBILE MONEY?

Urban unbanked people are more worried about theft (40%) than rural unbanked people are (29%), and but about equally concerned about fraud (36% vs. 34%). The opposite is true of banked people. Banked urban people are slightly less concerned (31%) about theft than rural banked people are (36%), but more worried about fraud (35%) than rural banked people are (29%). These results may indicate both knowledge about certain kinds of risks and the risks themselves to different people in different places.
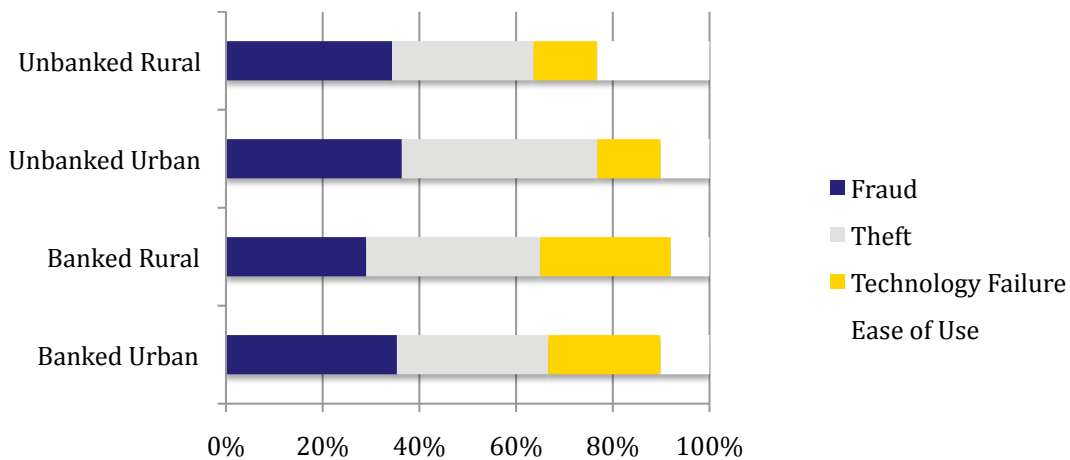
Chart 11, Rural and urban respondents' concerns about mobile money

CONCLUSIONS

Ready for mobile money, especially money transfer: The main lesson of the survey is perhaps the population's readiness for mobile money, particularly mobile money transfer services. Although mobile money services had not been offered in Nigeria at the time of the survey in 2011, a near majority of the banked sample and a third of the unbanked sample had experience with money transfer using airtime topup. Few respondents were interested in using mobile money for savings – the main application desired was money transfer.

Bill pay, especially for banked clients, is desired (and will keep money in the system): Banked people, with more bills to pay, want to pay them via mobile. Combining private and government bills, this outranks money transfer. For the unbanked, transfer and bill payment are both desirable, with a preference for transfer.

Basic, familiar interfaces: The majority of respondents also reported using the SMS and USSD channels on their phones. Although not reported in this working paper, respondents also valued ease of use highly, even when compared to security. This suggests the money transfer on basic feature phones via these channels may be viable.

Banks do not fare well in our survey, nor does the government. People without access to banks want them, but people with access and bank accounts are less sanguine, and would prefer mobile money services to bank services. There are both opportunities for mobile network operators here, but also for banks: the rural unbanked still have aspirational attachments to banks and banking.

Agents are likely to be important, especially for clients at some distance from banks (>5km): Unbanked clients closer to banks are evenly divided on whether they would use a bank branch, their phone, or an agent for their transactions. A majority of banked clients close to banks prefer to use their mobiles, but some would choose agents. The further from a bank you are, the more likely you are to want to conduct transactions via agents.

Theft and fraud depends on where and who you are: Urban unbanked people worry more about theft; urban banked people worry more about fraud. Rural unbanked people worry more about fraud; rural banked people worry more about theft. These patterns probably have to do with perceived security of the system based on distance from cities and trust in banks and technology, as well as the differential ability to safely secure one's possessions depending on where one lives and one's trust in organizations like banks. These concerns probably need to be addressed by segment, and warrant further research.