

Exploring use of mobile banking services by the poor: Case of Wizzit Bank, South Africa

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ABSTRACT.

The rate of penetration of the mobile phone has exceeded any other technology, particularly in the developing world. This has seen the introduction of mobile based financial services to address financial exclusion. However, there is limited research on the usage of these mobile financial services by the poor. This paper seeks therefore to explore how mobile banking services are being used by the urban poor in five townships in Johannesburg, South Africa. It seeks to explore the social, technological and economic factors that have enhanced or inhibited use of mobile banking initiatives. In depth interviews with 15 users of a mobile banking initiative and focus groups of non-users were conducted.

The study applied the Capabilities Approach by Amartya Sen to analyse the contexts that can affect access and use of mobile banking services. Analysis of the data shows that mobile phone uptake does not directly translate to mobile banking uptake and usage. The study finds there are contextual influences of usage specifically the social, technological, economic and banking environment that the usage decision is made in. Usage is therefore shaped by who the users are, their family dynamics and their economic status, who they associate with, the banking alternatives available and perceptions of risk both on an individual and societal level.

Background

An estimated 50% of the world adult population is unbanked and do not have a basic bank account with formal financial institutions (Demirguc-Kunt & Klapper 2012). Information and Communication Technology (ICT) uptake has seen an unprecedented levels with mobile telephony taking centre stage. Between 2000 and 2008, mobile cellular penetration in Africa increased rapidly from instances of less than two in 100 inhabitants to instances of about 33 users in every 100 (ITU 2009). The rates of penetration of the mobile phone have been deemed the fastest ever for any technology and mobile phones are the most widespread ICT (ITU 2009).

Against this backdrop, a number of strategies have been identified that have the potential to improve economic participation of the poor and contribute to the improvement of their livelihoods. Of particular note are the twin objectives of improving access to Information and Communication Technologies (ICTs) and enhancing access to formal financial services by the poor. The convergence of the telecommunications sector and the financial sector can lead to the effective extension of financial services to the unbanked poor and change lives.

With the changing Information and Communication Technologies landscape, affordable and accessible technology is penetrating the developing world resulting in more uptake and usage of ICTs. In developing countries the mobile phone has improved access to remote areas and usage has drastically improved for low income users. Although the annual growth rate of mobile phones has de-

clined over the years the ITU (2012) reports that since 2001 double digit growth has been recorded in mobile phone subscriptions until 2011. It is estimated that by the end of the year 2011 penetration of the mobile phone was at 78% (ITU 2012).

A recent econometric study by the World Bank reveals a 0.8% point growth of GDP per capita for every 10% point increase in mobile phone penetration (Qiang and Rossotto with Kimura 2009). This has resulted in the mobile phone being recognised as, 'the single most transformative tool of economic development' (Jeffrey Sachs, cited in the Economist 2009).

The rapid adoption of mobile phones has the potential to extend financial services via mobile phone to underserving communities in a cost effective manner. Given the poor's desire to have access to formal financial services (Collins et al, 2009), the improvement of capabilities like ICTs can only help the poor meet their needs of financial inclusion. Access to sustainable and secure financial services has the potential to contribute to poverty alleviation (AFI 2010).

Donner & Tellez (2008) define mobile banking as a set of applications that allow one to conduct financial services that can include payments and transfers through a mobile phone linked to a store of value like a bank account. Poteous (2006) categorizes mobile banking into the additive model and the transformational model. The additive model is when mobile banking is just an additional channel for the already banked to facilitate transactions. On the other hand, the transformational model is when mobile banking is used as a channel of providing the previously unbanked with financial services. These ICT based financial services to the unbanked can provide a critical link of the poor to economic development through low cost savings and payments services (AFI 2010).

Mobile banking therefore deserves focus as a tool that can facilitate financial inclusion and effectively link mobile technology usage to poverty alleviation and socioeconomic development. Donner & Tellez (2008) argue that analysis of the social, technological, and economic contexts of use will have imperative input into the adoption and impact research in mobile banking. Amartya Sen refers to the social and economic issues that affect freedom of choice and use of any goods and services (Sen 1999). Amartya Sen's capability approach (also known as the capabilities approach) presents a concrete platform on which to build a comprehensive analysis of contextual factors affecting use of ICTs-based initiatives. Although statistics on access and uptake are important, there is need for more explorative studies into the motivation of use and non-use of mobile technology through the social and economic issues which can affect how one uses mobile banking.

This study therefore explored the factors that have enhanced use or inhibited use of mobile banking initiatives in the selected study area of Johannesburg. The study used a case study of Wizzit Bank

a subsidiary of SA Bank of Athens launched in 2005 to offer mobile banking facility to the unbanked and the under banked in the low income market. The study focused on the banked and under banked in urban and peri-urban areas of Johannesburg. It identified the socio-economic and technological contexts of usage/non usage which provide understanding of the impact of this usage on wealth management.

Research Questions

The study sought to address the following questions:

- i. What is the actual usage of the mobile banking platform by the urban low income earners?
- ii. For what purposes and in what situations is the mobile banking facility being used?
- iii. What are the factors that have enhanced or inhibited use of the mobile banking facility?
- iv. What are the benefits, opportunities and/or challenges that mobile banking has presented for users?

Study sites

The chosen area of study is Johannesburg, the largest city in South Africa and is recognised as the economic epicentre of the country. The urban setting was chosen for accessibility purposes and to reveal the extent of financial exclusion within areas where banking branch penetration is high. The South African urban townships are characterised by high poverty levels therefore the choice presented an opportunity to understand the often forgotten poor of the cities and determine to what extent they have been included in the formal banking sector. Data was collected from 15 mobile users in a selection of urban and peri urban areas. The originally proposed areas of study included Orange farm, Alexandra and Kathlekgong however, as the study progressed, the need for a diverse sample resulted in the inclusion of Orange farm and the areas of Mayfair, Soweto and Rooderport. Kathlekgong was excluded due to accessibility issues. Rooderport is an old residential suburb about 25km outside central Johannesburg. A number of informal settlements have surfaced in the Rooderport neighbourhood. This study focused on the main taxi rank in the central business district where Wizzit users were concentrated. Alexandra is a township located just adjacent to the plush neighbourhood of Sandton. Informal dwellings have been built around the old township that is dominated by low income earners. Orange farm is a peri urban informal settlement about 45 Km outside Johannesburg Central. Dominated by informal housing over 60% of residence live below the poverty line. Dobsonville is a township in Soweto. Soweto is an urban area in Johannesburg consisting of 87 townships dominated by low income earning Black Africans. Mayfair is an area in Central Johannesburg that has a large number of immigrant communities.

With the assistance of Wizzit Bank officials five areas were chosen specifically to secure a reliable sample for effective understanding of the behaviour of the financially excluded in facilitating payments, transfers and saving money. The five sites offered distinct study areas that presented samples of individuals from various backgrounds and settings with different motivations for using or not using a mobile banking facility. Therefore a level of sample heterogeneity was achieved. The study was also limited to the five areas due to time constraints.



Photo: Alexandra, Johannesburg, South Africa (Credit: author)

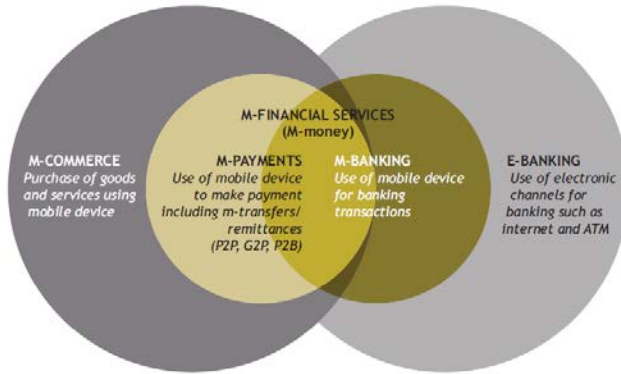


Photo: Orange farm, Johannesburg, South Africa (Credit: author)

Defining Mobile banking

There is no consensus on the definitions of the terms mobile payments and mobile banking. For the purposes of this report mobile financial services is the broad term used to refer to the financial services that can be accessed through a mobile phone and the transactions that can be conducted through the mobile phone (AFI 2010a). AFI (2010a) defines mobile banking as the subset of electronic banking (e-banking) where funds are accessed and financial transactions like balance enquiries, transfers, payments are conducted through a mobile phone. AFI (2010a) specify that mobile payments (m-Payments) are usually considered payments conducted via the mobile phone without the interaction with a store of value like a bank account, however sometimes mobile payments are conducted using a store of value. There can therefore be an overlap of mobile banking and mobile payments as shown below:

Figure 1: Definitional framework for mobile financial services:



Source: AFI (2010a)

Therefore mobile banking is defined as accessing a store of value through a mobile phone to conduct financial transactions that can include balance enquiry and can include facilitating mobile payments. For the purposes of this study this definition of mobile banking by the Alliance for Financial Inclusion is adopted. Three business models of mobile banking exist, the bank led model, and the telecommunications led model and the independent mobile banking model. The regulations in South Africa support the bank led model which only accepts operation of a mobile banking service if a Mobile Network Operator or a private sector company partners with a registered financial institution.

The greatest innovations of mobile financial services are emerging from the developing world particularly in Africa where financial exclusion is rife. Significant mobile financial services include M-pesa in Kenya, Globe in the Philippines, Zap and Wizzit in South Africa. The most recognised application is the M-pesa, (“M” for Mobile, “Pesa” for “Money” in Swahili); a mobile payment platform introduced in Kenya in March 2007, by the leading cell phone company in Kenya, Safaricom. M-pesa allows users to transfer funds, withdraw money and pay bills using their mobile phones.

The context -South Africa

In the post-apartheid fight against poverty, the South African government and the financial sector identified the need for basic financial services for the rural and urban poor as a key to achieving economic growth (Ardington and Leibbrandt 2004). In October 2003 out of various roundtable discussions in the financial sector, the Financial Sector Charter was established. The charter was a commitment by the financial sector and other stakeholders that included the government to increase access to financial services to the unbanked poor by the year 2008 (Ardington and Leibbrandt 2004). Its objective was to ensure that the development of a financial sector is racially inclusive in line with the black economic empowerment government efforts for the whole economy (Bankable Frontier Associates 2009). The Mzansi account was the first initiative by financial institutions in response to the Financial Sector Charter. The account was initiated by the big four banks in collaboration with Postbank who shared the costs and the risk of the project. The Mzansi account was an entry-level basic bank account which provided the low income client with a magnetic strip debit card and had low transaction costs with no minimum balance.

More recently the National Treasury department of South Africa published in February 2011 a policy document on financial inclusion. The document emphasized the commitment of the department to financial inclusion placing it as one of the top four policy priorities for the financial sector at large. It acknowledges the need for financial inclusion in order to attain inclusive economic growth. It specifies intentions to increase access of the poor to financial services by supporting Postbank and other dedicated institutions, creating an enabling environment and implementing reforms for micro-insurance (National Treasury 2011).

The Case Study - WIZZIT Bank

In South Africa, Wizzit mobile bank is a pioneer in the provision of branchless banking services and is worth studying. Launched in 2004, Wizzit Bank is a mobile phone based banking facility that offers banking facility across all wireless networks in South Africa with a noted presence in urban areas. Wizzit Bank operates as a division of the South African Bank of Athens Limited. Having established an unbanked market of 16 million people who required easily accessible and low cost banking services, the Wizzit bank introduced banking services to the unbanked and under banked and targeted low income communities. The International Finance Corporation (IFC) in its efforts to bolster the financial sectors attempts to provide financial services to the poor in Africa, acquired 10% shareholding in Wizzit Bank in 2007. Initially, Wizzit offered mobile banking services that include information services for the accounts. The bank also facilitated mobile payments specifically person to person transfers and offered a payment service for paying for goods and settling utility bills and buying cell phone airtime only. All transfers, bill payments and airtime purchases can be made via any basic cell phone however a debit card is also issued for use at ATMs and Electronic Funds Transfer at Point of Sale (EFTPos) machines. The bank has evolved over the years and now offers mobile finance through products such as funeral insurance facility and extended credit to long term user.

Wizzit is an accredited issuer of MasterCard’s Maestro debit card therefore the bank offers the account holder a Maestro branded debit card for use at ATMs and EFTPOS machines. To deposit money into their accounts, Wizzit account holders can visit ABSA, Post Bank or Bank of Athens branches. With this network Wizzit mobile bank users have access to 3,500 cash in points across the country. Wizzkids are the bank’s field agents who are employed by the bank to market the bank’s services, facilitate account openings and employ direct selling marketing techniques. Initially when the bank began operations it particularly employed previously unemployed young graduates in the local communities to market the service door to door and registering customers. However, now it additionally recruits unemployed people of all ages that reside in their target areas. Wizzit bank trains the Wizzkids to open accounts through know-your-customer (KYC) procedures and certifies them as Wizzkids when they can then earn commission based salaries on sales of Wizzit starter packs. It is estimated that within two years of operations there was an estimated 2000 Wizzkids (Ivatury and Pickens, 2006).



Photo: Wizzkid: Dobsonville Soweto (Credit: author)

To open a Wizzit mobile bank account, the Wizzkids requires only a copy of the applicant's identity document (A South African Identity Book or Asylum seeker permits). A photograph of the applicant is taken and emailed to the Wizzit head office and confirmation will be sent to the client when the account is opened.

Wizzit uses the Unstructured Supplementary Services Data (USSD) technology and transactions can be facilitated across all mobile networks. Through the Bank of Athens Wizzit can access the South African Interbank Clearing House System and this facilitates real time transfers. Wizzit does not charge the Wizzit user monthly fees but they charge the user for each individual transaction. These charges vary depending on the type of transaction the Wizzit user has initiated. Additionally, there is no minimum balance required on the bank account.

South Africa is one of the most developed nations in Africa with a mature financial system yet the country encounters challenges in fully meeting the banking needs of the poor (Collins 2010). Wizzit Bank therefore presents an interesting case of a private sector led telco neutral initiative attempting to provide financial services to the poor in this sophisticated financial sector. This is opposed to the bank led initiatives that financial institutions have introduced to the market which are not solely targeted for the unbanked poor. Unique insight in banking behaviour of the poor can be gained from the study of the Wizzit Bank initiative which can better inform Wizzit Bank as well as other mobile banking initiatives. Furthermore, Comminos et al (2010) reports that South Africa's unequal distribution of wealth is apparent in the mobile phone connectedness of the poor as penetration rates are still low for the poor. The Wizzit product therefore gives the researcher an opportunity to explore the banking / non-banking tendencies of the connected poor to further understand the potential impact of connecting the unconnected poor.

Methodology

Qualitative research investigates the in-depth experiences of people and seeks to understand the behaviour of people that a quantitative research may not capture (Devers 1999). An explorative study investigates unfamiliar areas and unknown phenomenon using an open and flexible approach to data collection (Terre Blanche, Durrheim and Painter 2006). As an explorative study into the usage behaviour of mobile banking by urban low income earners in South Africa, the qualitative approach is appropriate for this study. The sample selection was done in two phases. Through the assistance of Wizzkids as resource persons the Wizzkids as-

sisted in securing the study informants given the profile of expected respondents and their knowledge of their clients who are well informed about the Wizzit and have considerable experience using Wizzit. Using the profiles identified, the sample was purposively sampled. Snowball sampling was then used to complement the purposive sampling technique as a sample of low income earners using Wizzit was proving difficult to find. Individuals that the researcher came into contact with when using the purposive sampling technique were used to find other potential respondents. The sample included taxi drivers, vendors, social group members and immigrants.

Six key informant interviews were additionally conducted with the CEO of Wizzit as the principal key informant and the five Wizzkids working in the study areas Alexandra, Orange Farm, Mayfair, Soweto and Roodepoort. Participant observations were carried out during site visits before interviews commenced and also during data collection in the respective areas. Using in depth interviews with the use of an interview guide three aspects of choice decisions were explored. Firstly, the reasons for choosing to open a Wizzit account, secondly the reasons for the decision to actually use the mobile banking facility. Lastly, the different contexts and situations in which these decisions are made were explored. This was further developed for those that have bank accounts and use them in parallel with Wizzit. The reasons for the choice between the formal banking solution and the mobile banking platform were asked. This sought to understand the motivations of choice for this group of users.

Process notes were taken during the whole period of data collection and observations were also noted. After every in-depth interview and focus group study the interviews were immediately summarised to record immediate impressions and analysis of the study. After the data was transcribed and coded, broad themes were identified and thematic maps were generated considering broad ideas from the respondents and popular terminology. The thematic analysis encompasses analysing and identifying themes in collected data (Braune & Clarke 2006). A theoretical thematic analysis was used in this study to identify relevant themes in the data set. A number of themes around usage and contexts of usage then emanated from the theoretical thematic analysis. The broad themes were then further broken down to establish finer coherent categories. These were then analyzed in relation to the literature review and research questions to direct development of meaning to the collected data.

Findings

Users of mobile banking services

The study finds that users of the Wizzit mobile bank are mostly the under banked. This study confirms Porteous (2008) initial study of Wizzit which finds that the mobile banking solution had limited impact on financial inclusion as the users were not necessarily the unbanked poor but were formally employed residents of urban areas, the banked and the marginally banked. However, Bångens and Söderberg (2008) argue on who is referred to as poor as the majority of Wizzit clients actually earn less than R1500 (less than 200 USD) per month. Considering these levels of income the users of Wizzit identified by Porteous(2008), Bångens and Söderberg (2008) argue that they are not necessarily well off individuals. The study observes that most of the Wizzit users are not necessarily previously unbanked people but constitute the under banked group in financial inclusion. However, in line with Bångens and Söderberg (2008) argument the study finds that users

are not necessarily prosperous as most are informally employed, some are formally employed with low paying jobs and others observed in this study are under banked pensioners. The formal banking sector is not meeting the needs of these underserved clients and therefore they seek alternatives like mobile banking that meet their needs.

Motivation and contexts of use

Various factors and contexts can determine the transition of each potential user from being occasional users to using mobile banking platforms for day to day transactions. Gencer (2011) acknowledges that the demographic, socio-economic, political and business factors were perfectly placed for the astounding adoption rates that Kenya experienced with M-pesa. This study corroborates this finding as it finds that the socio economic and the operating environment play a critical role in determining adoption. What this study further finds is that these factors continue to play a role in the life of mobile banking product, impacting usage specifically frequency of use and context of use. The way clients of Wizzit use it, is shaped by who they are, their family dynamics and their economic status, who they associate with, the alternatives available and perceptions both on an individual and societal level. The motivations of using mobile banking are driven by these different contexts. This article will outline the contexts in which decisions to use or not to use mobile banking services were made and how these contexts impacted usage.

Motivation and usage in social contexts

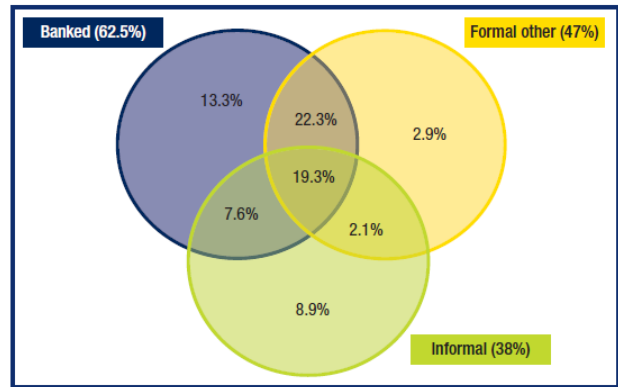
The prevalent feeling among the respondents was that most of the mobile banking transactions were motivated by social factors. Usage of mobile banking services were therefore shaped by social relationships, family dynamics and social perceptions.

i. Social relationships

Morawczynski & Pickens (2009) in their study of M-pesa users find that users of mobile banking are using it to complement informal savings mechanism. The findings in this study support the Morawczynski & Pickens findings and additionally show that mobile banking services are now being used in conjunction with informal savings mechanisms within savings groups (stokvels). Convenience, ease of use and access has encouraged the under banked and unbanked to use the service to conduct transactions **within** social groups. One specific savings group of older unemployed women has encouraged all member of the group to open Wizzit individual accounts to ensure that when disbursements of their communal savings are made they are then made into these individual accounts from their pooled Wizzit account. Most savings group members have existing banks accounts with other banks but the association encouraged every member to open the Wizzit account. A second group of vendors have an association that offers loans to its members to purchase stock to keep businesses afloat highlighted that they initially had individual Wizzit accounts and then opened a group/ business account for their association. The pooled account is used to store borrowed funds meant for lending to the association members. It is interesting to note that one user stopped using the Wizzit account when the savings group was no longer in existence and only reopened a new account five years later when she re-joined another group. The findings show that the social relationships dictate the adoption and usage of mobile banking services. The social context drives usage of mobile banking services to complement other existing financial services.

This reflects the findings of Finscope (2010) study that 3 in 4 individuals in South Africa who use informal products additionally use formal banking products with only 13.3% using purely banking services as depicted below:

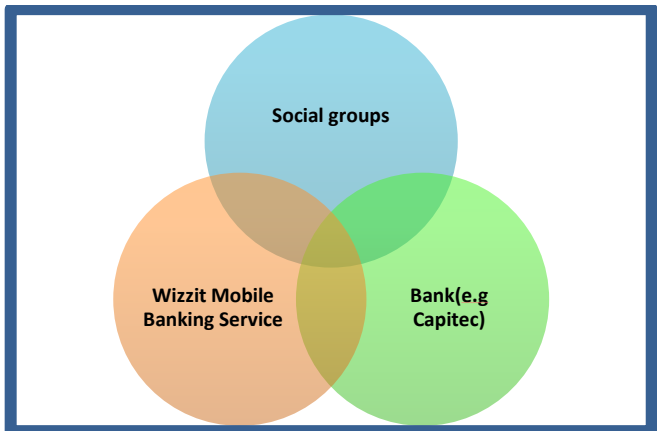
Figure 2: Overlaps in product /service usage



Source: Finscope (2010)

According to Finscope the banked are those individuals using services offered by registered commercial banks and the formal other are those individuals that are using formal institutions that are not commercial banks to conduct their financial transactions. The informal are therefore users of informal services that include savings groups (Finscope 2010). This is confirmed by Demircukunt & Klappers (2012) as they find that in Sub-Saharan Africa 5 per cent of adults report having saved using both formal and community-based methods in the past year. The findings of this study depict a similar level of overlapping use of financial services driven by social factors as shown in Figure 2 below:

Figure 3: Interrelationships of Wizzit with other financial services



Source: Authors

This shows the use of mobile banking services to complement traditional informal financial practices. The social groups encourage the adoption of Wizzit and allow for usage of mobile banking services within the group and beyond. Therefore the social context allows for introduction of new transactional partners. The influence of social groups on use of mobile banking services reflect the potential impact that mobile banking can have on relationships and communities at large.

Mobile banking services can build relationships through increased transactional activity within the social group and ultimately impact communities. Donner & Tellez (2008) refer to a potential theme of changes in social structures and relationships due to use of a communication technology. They however are skeptical on the impact of mobile banking on communities beyond just increased transactional activity. This study however confirms Oluwatayo (2012) findings that social groups can present a platform for informal training of mobile technology as they teach each other how to use the technology and this encourages mobile banking usage.



Photo: Some members of a savings group: Dobsonville Soweto (Credit: author)

ii. Family dynamics

The study finds that family dynamics determine usage of mobile financial services. According to Medhi, Ratan & Toyama (2009) and Morawczynski & Pickens (2009) family structure shapes the use of mobile payments. They find that when family members, usually dependents resides or are in school in different areas than the core family, mobile payments are used to send funds to them. The findings of this study echo these findings as most respondents referred to being able to transfer money to their parents and children in other provinces in South Africa for groceries. They acknowledge that the mobile banking service is fast and convenient.

Most of the respondents use Wizzit to save money. One major attribute that was important to them, particularly to women, was the ability to be able to open accounts for their children and grandchildren. They reiterated the ease of opening accounts without being asked for a lot of supporting documentation encouraged them to open the accounts. The women in the social groups confirmed that being able to open accounts for their grandchildren helped them to be able to deposit money to accumulate savings for their future. They would then be able to guide their grandchildren to manage their finances.

One of the other reasons that the Wizzit account holders opened Wizzit accounts and still kept other formal banking accounts was to be able to maintain separate accounts for different purposes. When asked why they still kept both the Wizzit account and the traditional account operational most respondents highlighted that one account was used specifically for savings for the children and the users did not want to mix long term savings and day to day needs. Therefore the family dynamics motivated the opening of a Wizzit account and the account is used to manage the savings

portfolio. This study therefore finds that some of the under banked own a bank account and still open a Wizzit account for diversification purposes. The reasons cited for storage of the funds therefore determined the transactional activity in the Wizzit account.

What is interesting to note is that most users highlighted that they do not share the mobile banking account with any family members or with friends.

iii. Social perspectives

Most participants agreed that societal views and perceptions of risk and potential benefits of using mobile banking services determined usage and non-usage. This study confirms Medhi, Ratan & Toyama (2009) findings that perceptions determine usage and findings that trust plays a role in adoption and use (Poteous 20017). These perceptions are shaped by the nature of the services offered, the design of the product and the branding and marketing strategies. Mas and Radcliffe (2010) finds that the organisation providing a service, the technology delivering the service and the partners and agents need to be trusted to encourage adoption.

• The Agent Model

The agent model was an interesting aspect that determined the level of trust accorded to Wizzit by its users. GSMA (2010) notes that field registration agents' models can determine use. The report highlights that field registration does not necessarily translate into usage as agents push for registration to earn income but usage may be limited if newly registered customers cannot locate a cash in/cash out agency. In Wizzit's case, the registration is done by Wizzkids however the cash in / cash out function can be done at various partner branches including Post Bank. Most respondents appreciated the use of Wizzkids for registration as they could be immediately taught how to use Wizzit to facilitate transactions. Some respondents however highlighted that when they cannot locate the Wizzkid when they have a query or need assistance it can result in them not using the service and looking for alternatives.

The Post Bank in certain areas has accommodated Wizzkids in their banking halls however others are less fortunate and have no fixed location that they operate from. This lack of fixed place of work impacts on trust and ultimately usage. One Wizzkid drew my attention to an area in South Africa called Kahlekong where Wizzkids do not have a fixed office. She observes that there is less growth and usage there in comparison to areas where a Wizzkid has been strategically located in the Post Office. More clients have been secured and more usage is recorded in the fixed location as users trust that when they need assistance they can go directly to the Postbank and find a Wizzit agent.

Wizzkids also revealed that there is a high staff turnover at Wizzit specifically with Wizzkids. This has resulted in users losing confidence in the service when the agent that opened their account for them cannot be found. This has resulted in dormant accounts and limited use of the service. On the other hand it is interesting to note that some Wizzkids that have been located in specific areas for a significant period of time are trusted by their clients to deposit money for them in their accounts.

Some respondents however mentioned that they trust Wizzit because of the use of the Post Bank as cash in/cash out office. For them the association with the governmental institution that they have known for a long time gives them the confidence that their money will be there when they need it. The integration of mobile banking with facets of the formal banking services - specifically

in this case the debit card and the interaction with a banking institutions like the Postbank and ABSA - makes the mobile banking service more trustworthy.

The idea of the brick and mortar model of banking is still considered the pillar of trust as most respondents highlighted that they would be more confident in Wizzit if it had its own branch.

- **Mobile banking attributes**

Most respondents highlighted that the reason they decided to start using Wizzit was because they were informed by Wizzkids that the facility was easy to use and could facilitate transfers over the phone when they had no time to go to the bank. The mobile banking attributes and the perceived usefulness in day to day activities motivated non users to start using Wizzit.

Trust is an immensely important issue to immigrant communities. Most respondents in the Somali immigrant community in Mayfair revealed that usage depended on the acceptability and understanding of the product or service within their social structures and their community at large. How the service is perceived in within their community determines adoption and usage. One interesting aspect of the social perceptions in the Somali immigrant community that is impacting uptake and use was the affordability and low barriers to entry of Wizzit. This study finds that some respondents were suspicious of Wizzit because of these attributes. The immigrant community are suspicious of a bank account that is affordable and easy to open. This perhaps emanates from a financial exclusion background especially in South Africa were immigrants struggle to open bank accounts.

Box 1: Social Perspectives and trust in mobile banking

An interesting illustration of the relationship between trust and affordability of services was described well by one immigrant. A 23 year old previously unbanked college student, *'..if you are going to go to school and a school is cheaper than other schools, the students ask why the school is cheaper....because maybe the teachers are low. So they ask themselves why this card is easy to get....'*

The findings show that social perceptions play a key role in determining use of mobile banking. Additionally the study shows that trust needs to be earned in such communities to ensure uptake and usage. To be able to transfer money to another one has to trust that the money will be transferred and the recipient should be able to trust the service provider to want to receive the funds via that mode. More importantly to save money in your account you need to believe that when you need to use the funds they will be readily available. Perceptions of risk can result in low transactional activity.

Sometimes therefore market penetration strategies need to acknowledge the need to gain trust. One respondent advised us to recommend Wizzit to use Somali students to translate to potential clients so they can explain the services better to establish a level of trustworthiness. Additionally, he recommended that a workshop could be held to provide information to gain trust as people were not comfortable with depositing money *'in a card you get in*

the street'. This is echoed by the Grameen Foundation study of Tanzania where they find that Mobile financial services can only be used for long term savings if trust is established through marketing and education campaigns. Trust determines usage and patterns of usage and therefore needs to be addressed through thorough marketing strategies.

- **Branding and reputation**

The issue raised by respondents of education workshops links with an issue that was raised by other respondents as well. Awareness programmes are essential to build knowledge of the product and services in communities. The study observes that with Wizzit there is a lack of awareness of the bank and the services offered in the South African market. This directly impacts uptake and usage. With no marketing campaign there is limited visibility and knowledge of Wizzit's service. One Wizzkid highlighted that some clients end up not using the facility because when they try using the card or approach partners, retailers and banks to facilitate a transaction they are not allowed to perform their transactions because they are not aware of Wizzit. This discourages Wizzit users and they prematurely stop using the facility. The embarrassment from the rejection of the Wizzit card may make users lose trust in Wizzit and discontinue using it. He highlighted that the nature of Wizzit's license operating as a subsidiary of the Bank of Athens did not permit them to market their services as fully fledged banks do. He related one incident he witnessed in a Pep store where a Nigerian man was flatly refused use of his card to purchase goods from the shop. The Wizzkid had to intervene and only after speaking to the manager was the man then allowed to use his Wizzit card to pay for his purchases. The issue was that they were not aware of Wizzit and its debit card. This was also highlighted by other respondents who specified that they then can resort to trusted alternatives that include Checkers/Shoprite Transfers to facilitate transfers and cash to make payments. This supports Mas and Radcliffe (2010) findings that aggressive marketing can increase trust and usage as the more a facility is used the more trustworthy it becomes as more can vouch for it.



Photo: Registration of Somali Immigrants: Mayfair, Johannesburg South Africa (Credit: author)

On the other hand however, the Maestro Branded Wizzit card has motivated adoption and usage. Wizzit bank issues maestro branded cards that can be used on any Maestro branded machines any-

where in the world. Additionally, Wizzit cash in transactions can be conducted in ABSA banking halls anywhere in South Africa. ABSA is one of the leading commercial banks in South Africa. The study finds that some users associate Wizzit with a level of 'seriousness' as the debit card can be used anywhere in the world. They refer to it as an 'international bank'. This motivates them to use the mobile banking services confidently. Some of the non-users of Wizzit when quizzed about why they had not opened Wizzit accounts they referred to their fear of being scammed. When the aspect of ABSA being a partner to Wizzit was brought to their attention they were motivated into looking into opening a Wizzit account.

Motivation and usage in the banking environment

i. Regulatory environment

The study finds that the South African strict regulatory environment has hampered progress to financial inclusion in the country. Reference was made to the limitations of mobile banking solutions within the Bank led model that South African government supports. As a subsidiary of the bank of Athens, Wizzit bank cannot conduct marketing campaigns as a separate entity. This essentially has impacted the levels of awareness of the service in the country and directly affects uptake and usage. Additionally, as highlighted trustworthiness of the product evolves from knowledge and wide usage of the mobile banking service.

ii. Formal banking customer environment

Most participants highlighted that they chose to use Wizzit because they were not satisfied with the banking services the formal banking sector offered them. The South Africa financial sector is considered the most developed on the continent (Collins 2010). The South African government has shown a commitment to financial inclusion through its financial inclusion programme and policy reformation efforts by the National Treasury Department. The study shows that although most urban residents have access to banking accounts the challenge that exists is that they are under banked. Some specific attributes of the formal banking sector drive the under banked to mobile financial services.

- **Unaffordable products and services**

Participants highlighted how the formal banks were providing services that were affordable to them as the charges are too high for the amount that they earn and deposit in their accounts. Affordability of formal banking services has been the reason for exclusion of individuals from the formal financial sector and they have resorted to mobile financial services. The MFS Report (2011) refers to this noting that in instances where the formal banking has high penetration, mobile financial services are merely additive driven by the low cost of using mobile driven services.

- **Lack of Personalised Services**

One issue that was clearly raised by a number of the respondents was that the formal banking sector did not offer personalised services that they think they deserve as customers. The under banked desire a level of personalised service that the traditional banks are not willing or not able to provide and this results in dormant accounts. The extent of the personalized touch that vulnerable groups desire is best summarized by a savings group member who stated that '*..and then Wizzit ...when it's your birthday I like that they send you a message and say happy birthday to you*' (Social Group Member 1). An interviewed non user of Wizzit however

referred to Capitec Bank that targets low income earners and highlighted its service and products as offering client oriented services.

Additionally the mobile banking model Wizzit has the component of Wizzkids that are usually members of the communities in which these clients reside. This brings into the banking services scenario a human face that understands the plight of these communities and identifies with them. Most respondents agreed that the Wizzkids are always in the community and their interaction with them allows them to use Wizzit more frequently and gives them the confidence to use it. This is echoed by Medhi, Ratan & Toyama (2009) who highlight that clients still desire that human face to any transaction and this encourages usage. Moreover, a level of trustworthiness comes into play when dealing with a familiar face that contacted easily.

- **Inappropriate products and services**

Additionally, the study shows that the unbanked and under banked require a set of financial services that are not merely payments or merely bank accounts. This quest for additional services can result in the migration of the bottom of the pyramid from the formal banking sector to solutions like mobile financial services and defeat all efforts directed to financial inclusion. The concept of 'under inclusion' that CFI (2011) refers to comes to mind. The idea of financial inclusion has resulted in a global drive that seeks full inclusion of underserved populations, however there are those that are now financially included but receive inadequate services to meet their needs. Financial inclusion should not only be about percentage of inclusion and headcount but about the quality of service, the range of services and the extent to which they meet the needs of the targeted group and the usefulness of the services offered (CFI 2011).

Motivation and usage in economic contexts

The economic status of an individual determines his or her use and patterns of use of mobile banking. How much one saves depends on how much one has at their disposal and one's economic situation. This is reiterated by Collins et al (2009) that the poor are wealth managers and therefore desire to save despite their economic situations.

i. Occupation and Employment status

This study finds that the employment situation determined how and why individuals use their mobile banking account. Most of the taxi drivers revealed that they were motivated to save money in the mobile banking account because the future was unknown. Therefore, the lack of job security impacts what services of mobile banking the account holder is motivated to use how he then uses them. The economic context, in which the decision to use or not use mobile banking services is made, shapes the motivations of mobile bank ensuring usage. Most users saved an amount each month to accumulate savings for an unknown future. One respondent concerns were captured as, '*I was saving money because in a taxi business there's no guarantee, tonight the boss can just tell you that you no longer have a job. So I was saving it for rainy days*' Taxi driver 1

The research finds that the type of job the Wizzit account holder has also influences usage. With their profession taxi drivers are constantly on the road and have limited time to conduct financial transactions therefore the mobile banking solution presents a convenient, fast solution to banking needs. Therefore, they use Wizzit to buy airtime, pay for electricity and transfer money to their families whilst they are at work. The profession for this group plays

an essential role in the choice of banking solution and the motivations for using the solution.



Photo: Roodepoort Taxi Rank, Johannesburg, South Africa (Credit: author)

The vendors also highlighted that in their informal businesses sometimes business is low and high transaction costs would be detrimental to their profitability. Just as McKay and Pickens (2010) find that costs of transactions determine usage, Wizzit's low transaction fees and no minimum balance requirement motivate them to use it. Additionally, they were not eager to leave their vending stands unattended to go to the bank. Therefore with Wizzit they do not need to leave their business premises for some banking transactions. This confirms findings by Mbogo (2010) that individuals are motivated to use mobile banking if it fits well with their business operations and contributes to profitability.

ii. Income status and Wealth management

The findings show that most of the respondents use Wizzit for savings that are then utilised on a periodical basis to conduct transfers. The study finds that users store their money in their accounts and do so almost each and every month. The amount saved depends on the amount earned per month the more income earned the greater the deposit. The money is saved for unforeseen circumstances that include unemployment, funerals and health issues. The mobile banking service is not necessarily used for day to day transactions but is frequently used for airtime purchases and electricity purchases particularly in emergency situations when the electricity is cut unexpectedly. Mobile banking is used in the economic portfolios of the unbanked and under banked.

Mobile banking is also used merely as a safe place for storage of hard earned money. This is also highly prevalent in certain groups particularly immigrants who have limited safety options as their living arrangements do not allow for safe storage of cash. This is in line with Demircuc-Kunt & Klappers (2012) findings that a secure location is one of the reasons that motivate individuals to open a formal savings account.

Motivation and usage in technological contexts

Technological challenges can inhibit the adoption and use of the mobile phone for banking services (Medhi, Ratan & Toyama 2009, Ivatury and Pickens 2006). This study corroborates this. Although most of the respondents revealed that facilitating transactions via the phone were easy, some elderly women particularly the ones in the stokvels were technologically challenged. The study finds that their interaction with the mobile phone was mere-

ly for answering phone calls and for other services like text messages or buying electricity most of them are assisted by their children or grandchildren.

Despite this they were eager to learn and are looking to the Wizzkids to train them on how to facilitate transactions by themselves.



Photo: OlderWizzit Bank user in Rooderport, Johannesburg South Africa (Credit: author)

Study limitations

The study has a number of limitations. The approach of in-depth interviews with users and non-users in Gauteng does not necessarily present a holistic picture of usage of mobile banking solutions in South Africa by the urban poor. A quantitative approach could better determine the national perspective of the usage of mobile banking in South Africa. A survey of the users in South Africa may be more indicative of the South African experience. The use of solely qualitative methods could have impacted the quality of the output as a quantitative section in the study could have best analysed the impact of demographic factors that include gender, race and income on mobile banking use. The choice of urban low income earners instead of the rural poor limits the focus on the extremely poor users in South Africa since the poorest of the South African population in rural areas will not be interviewed. The researcher is aware of these limitations. The focus however brings to light issues of financial exclusion beyond distance and how mobile banking models are impacting lives of the unbanked and under banked urban and peri urban residents.

The use of one case study may have contributed to sampling bias as only users of mobile banking from one institution were considered in the study.

Discussion of results

The study finds that most of Wizzit users in the areas of study were not previously unbanked individuals. Most of the respondents had an existing basic bank account when they opened a Wizzit account. It highlighted that mobile banking is being incorporated into the economic portfolios of the under banked as a complementary service to existing formal and informal financial services. This complementary usage of mobile banking with formal and informal products is driven by the strengths and limitations of the three models of financial service delivery. The need to address issues of convenience, safety, affordability, flexibility and trust shapes the usage patterns of financial services. Goss et al (2011) refer to the goal of achieving financial inclusion model linkages

that allow for leveraging of strengths of formal banks, mobile money schemes and savings led groups in delivering financial services. The findings of this study can contribute to this argument of developing partnership models for greater financial inclusion.

The overlapping use of different financial service models speaks to the continued diversification of the savings portfolio of low income earners. This echoes Collins et al (2006) findings that the poor are cognizant of the need to save and want to save on a regular basis. Interestingly, social practices facilitate complimentary usage. Although technological capabilities to use mobile technology play a role in determining usage, contexts shape the usage of mobile banking. The social practices seem to play a bigger role in determining adoption, usage and contexts of use of the mobile banking platform as even the technologically challenged are willing to use the service. The older users who are technologically challenged receive assistance to facilitate transactions from younger family member. The influence of social relationships on use of mobile banking services reveal the potential role of mobile banking in bolstering relationships and solidifying informal mechanisms of savings.

The assistance of technologically challenged users by family members, social group members and Wizzkids also highlights that mobile banking models are highly dependent on human interaction for adoption and use. Therefore in the life cycle of mobile financial services and designing of mobile banking solutions the human component in an efficient agent network is still critical for sustained usage.

The study also places a lens on the under banked and the existing formal banking services offered by the registered financial institutions in financial inclusion projects. The basic bank accounts offered to the unbanked poor are expensive to maintain, however mobile financial services like Wizzit offer a level of convenience and affordability that low income earners require. There is need to continuously assess to what extent the basic bank accounts offered by the banking sector are addressing the needs of the bottom of the pyramid in financial inclusion strategies. This can feed into designing future financial inclusion interventions.

The study finds that the regulatory environment not only plays a key role in the adoption of mobile banking but continues to play a role in usage as well. It shapes the services and products that the banking sector and MNOs can offer to the unbanked and under banked masses. It therefore impacts on the usage of mobile banking and determines success of mobile led financial inclusion strategies. Efforts for financial inclusion may require a more unified effort towards achieving the goal to address some of the banking environment challenges that limit adoption and usage of mobile banking. The role that the various industries and the associated regulators play in determining the extent of financial inclusion should be emphasized.

The contextual study of mobile banking usage reveals the range of users and the target market. This can assist in the development and designing of solutions that meet the needs of the underserved. Whilst the potential for mobile phones to facilitate financial inclusion and impact lives of the under banked and unbanked is widely recognised there is need to design products with a full understanding of the relevant contexts within which the target market would utilise mobile banking services.

Implications for further research

Although this qualitative study is useful in understanding the reasons of usage of mobile banking and the different contexts that shape usage there is need for a more quantitative investigation into the unbanked masses of South Africa specifically focusing on the extent of usage of mobile financial services in both rural and urban areas. Additionally, there is need for more impact studies to determine the true value of mobile banking for the previously unbanked. More quantitative approaches to understanding the impact of contextual variable would be critical in the ICT for development.

Conclusions

This study has provided a comprehensive analysis of the contextual influences of usage of mobile banking services. This study therefore can contribute to impact studies in the ICT for development debate. The overall penetration of mobile phones simply highlights the potential scope and the potential market for mobile banking, however it does not necessarily translate to uptake of mobile banking and not necessarily to usage that impacts livelihoods. Considering the contextual use of mobile banking and the needs that drive usage in designing mobile financial services is key to realising this transformational potential.

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