Adoption and Use of Mobile Money Services in Nigeria

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INTRODUCTION

The Bill and Melinda Gates Foundation [BMGF] (2013) reports that more than two billion people globally are outside the formal financial sector and are either financially excluded or underserved. Increasing access to quality and affordable financial services accelerates the well-being of households, communities, and economies especially those in the developing world. One promising way to deliver financial services to the poor both profitably and at scale is through digital payment platforms delivered through mobile telephony. With many challenges and difficulties, including infrastructure, policy and regulatory constraints, associated with access to financial services through the bricks and mortar model, driving financial inclusion using mobile money has been considered a veritable approach, especially for rural dwellers.

The Central Bank of Nigeria licensed twenty-one mobile money operators (see Table 1) to provide mobile money services to millions of Nigerians as a means of bridging the gap between the financially served, the underserved and un-served. However, unlike some Kenya where 70% of the population are active mobile money subscribers with just six licensed mobile money operators, Nigeria, with more MMOs has less than a million (about 0.8%) adult as active mobile money subscribers (EFInA, 2014) indicating low adoption and acceptance of mobile money, most prominent in rural areas where bank penetration is low (Kama & Adigun, 2013, p.33; KPMG, 2015, p.13).

MNOs and financial institutions remain key drivers of mobile services although this is dependent on the licensing and regulatory framework in place. To determine which of these categories is first mover in terms of deployment is largely the dictate of regulatory authorities (Lal & Sachdev, 2015). In Nigeria, MNOs provide voice, data, auxiliary services including mobile payments, in partnership with banks and other third parties. MNOs have the infrastructure and capacity to operate at scale, yet, great challenges to adoption and use of services continue to threaten operations and growth of the sector.

This chapter explored causes of mobile money adoption in Nigeria alongside recommendations to policy makers, mobile money operators, agents and institutions promoting financial inclusion. The state of Nigeria's mobile money services is established through a quantitative analytical approach using data from EFInA's Access to Finance *and* InterMedia's Financial Inclusion Insight nationwide surveys.

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Table 1. Registered Mobile Money Operators in Nigeria

Mobile Money Service	Company	Website	Status	Model
ReadyCash	Parkway Projects	http://www.readycash.com.ng/	Active	Non Bank-led
UMo	*UBA AfriPAY*	*www.umo.net*	*Inactive*	*Bank-led*
GTMobileMoney	GTBank	http://www.gtbank.com/ mobile-money	Active	Bank-led
FirstMonie	FirstBank	http://www.firstmonie.com	Active	Bank-led
PocketMoni	eTranzact	http://www.pocketmoni.com	Active	Non Bank-led
Paga	PagaTech	http://www.pagatech.com	Active	Non Bank-led
Fortis Mobile Money	Fortis MFB	http://www.fortismobilemoney.com	Active	Non Bank-led
*909# Mobile Money	Stanbic IBTC	https://web.909wallet.com/	Active	Bank-led
Monitise	*Monitise MM Nigeria Litd*	*http://monitisemmnigeria.com.ng*	*Inactive*	*Non Bank-led*
FetsWallet	FETSWALLET	https://www.fetswallet.com	Active	Non Bank-led
Ecobank Mobile Money	Ecobank	http://www.ecobank.com/mobilemoney.aspx	Active	Bank-led
QikQik	Eartholeum	http://www.eartholeum.com/about-qikqik-1.html	Active	Non Bank-led
Teasy Mobile	Teasy Mobile	http://teasymobile.com	Active	Non Bank-led
Mimo	Mkudi Limited	https://www.mimo.com.ng/about	Active	Non Bank-led
EazyMoney	Zenith Bank	http://www.eazymoney.com.ng	Active	Bank-led
PIDO	PayCom	http://www.paycom-ng.com/	Active	Non Bank-led
Vcash	Virtual Terminal Network	https://www.virtualterminalnetwork.com/	Active	Non Bank-led
Cellulant Wallet	Cellulant Nigeria Ltd.	https://www.cellulantwallet.com	Active	Non Bank-led
Zinternet Mobile Money	*Zinternet Nigeria Limited*		*Inactive*	*Non Bank-led*
Fidelity Mobile	Fidelity Bank	https://www.fidelitybank.ng/mobile-money/	Active	Bank-led
Zoto Mobile Money	Hedonmark Management Services Ltd	www.zoto.com.ng	Active	Non Bank-led

Source: Central Bank of Nigeria

BACKGROUND

Financial Inclusion and Exclusion

Financial inclusion and exclusion have received global attention because of their impacts on development. A common thread to several definitions of financial inclusion (Devlin, 2005; Sarma, 2008; Sarma & Pais, 2011; Demirguc-Kunt & Klapper, 2012; World Bank, 2014; Park & Mercado, 2015; Demirguc-Kunt, Klapper, Singer, & Van Oudheusden, 2015) is its link to ownership of an account with a formal financial institution and the conduct of financial transactions using same account within the last ninety days (Allen et al, 2013; InterMedia, 2015, p.2). Sarma (2008) defines financial inclusion as a process that ensures the ease of access, availability and use of the formal financial system for all members of an economy. Although financial exclusion may be voluntary or involuntary (Park & Mercado, 2015), formal financial services should be readily available and accessible to all. Consequently, Kasprowicz and Rhyne (2013) define financial inclusion as a state in which everyone who can use financial services (including disabled, poor, and rural populations), has access to quality financial services at affordable prices, in a convenient manner, and with dignity for the clients.

The Global Findex (2014) posited that an inclusive financial system is critical to reducing poverty and achieving inclusive economic growth as getting more people to participate in the financial system opens up potential for business expansion, investment in children's education, ability to absolve financial shocks, combat financial risks associated with individual and business transactions and empowering women economically to have control over their finances. Thus, financial inclusion is critical to inclusive growth as access to finance can enable economic agents to make longer-term consumption and investment decisions, participate in productive activities, and cope with unexpected short-term shocks (Park & Mercado, 2015). Sarma and Pais (2011) proposed an index of financial inclusion that aggregates access, availability and use as measures of a country's financial inclusion standing. Absence of these three key factors is what leads to financial exclusion (Peruta, 2015).

According to EFInA (2014) about 40% of the adult population (18+ years) are excluded (unbanked); about 12% are informally included (under-banked) – using informal financial in-