

FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

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FII QUICKSIGHTS REPORT MOBILE MONEY CUSTOMER AND AGENT EXPERIENCES WAVE 1

April 2014

THE FINANCIAL INCLUSION INSIGHTS (FII) PROGRAM

The FII research program responds to the need for timely, demand-side data and practical insights on the use of mobile money and other digital financial services (DFS), and the potential for their expanded use among the poor.

The program covers eight countries in Africa and Asia at different stages of DFS development. Research was launched in fall 2013.

FII is operated by global research group InterMedia and sponsored by the Financial Services for the Poor initiative of the Bill & Melinda Gates Foundation. All FII data and research is publicly available through the FII portal: www.finclusion.org.

QuickSights reports provide initial findings from each FII research project. These reports feed into subsequent Wave Reports which synthesize the results from all projects conducted during a wave of research in a given FII country.

All data and materials resulting from the FII program are the property of the Bill & Melinda Gates Foundation, but the findings and conclusions within are those of the authors and do not necessarily reflect positions or policies of the Foundation.

TRIANGULATING THE CUSTOMER EXPERIENCE



Key objectives

- Mobile money agent in-depth interviews, customer exit interviews and mystery shopping exercises were conducted to provide a triangulated analysis of user experiences at cash-in/cash-out (CICO) points.
- The study focused on the dynamics between the mobile money provider, the agent and the customer at the agent location.
- The analysis aimed to highlight key barriers to uptake and registration, and best practices that stimulated continued use.
- The findings provide insights on potential provider- and agent-led improvements that can help agents better meet customer needs.

CONSUMER EXIT INTERVIEWS*

Objectives	Key research questions	Selection
<p>50 one-on-one interviews were conducted to:</p> <ul style="list-style-type: none"> Capture immediate impressions of agent performance and quality of service. Identify routine problems and best practices customers may experience at the agent location. 	<ul style="list-style-type: none"> How satisfied are customers with the service they received? How knowledgeable and helpful are agents in resolving problems? What does the agent do well? What are the routine problems they face while transacting with an agent? What can agents and providers do to provide better customer service? 	<ul style="list-style-type: none"> Regions were selected based on mobile-money-use rate, according to the FII national survey (high-use areas). Districts were randomly selected from FII national survey locations in three key regions: Dar es Salaam, Mwanza and Arusha. Exit interviews were conducted with every 2nd customer leaving a specified agent location after conducting a mobile money transaction. fspmmaps.com was referenced for selecting agent locations against the following criteria: <ul style="list-style-type: none"> Agents of the four main mobile money providers; 30 urban and 20 rural agents; A range of agent premises (e.g., shop, stand, umbrella). We found instances where selected agents were no longer active and required replacement.

Airtel Money, Tigo Pesa, Vodacom M-Pesa and Zantel Ezy Pesa agents were represented in all three research elements.

**Fieldwork was conducted between Nov. 30 and Dec. 19, 2013*

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MYSTERY SHOPPING EXERCISES*

Scenarios	What scenarios tested	Selection
<p>50 anonymous customer interactions were conducted with agents to:</p> <ul style="list-style-type: none"> Gain insight into agent performance in specific areas such as registration and troubleshooting. <p>To evaluate agent performance, researchers posed as customers and presented agents with various problems or issues, based on the following pre-set transaction scenarios:</p> <ul style="list-style-type: none"> Unregistered sending Registered, want to send Inactive registered, lost PIN Receiving money Registered, sent money to the wrong number 	<ul style="list-style-type: none"> Do agents encourage or discourage registration? Do agents provide adequate support for customers to register? How knowledgeable and helpful are agents in resolving problems? Do agents provide good service when customers need assistance (e.g., when they have sent money to the wrong number)? Do agents ask for customer PINs or charge extra fees? What are key problem areas at agent locations and how can agents improve service? 	<ul style="list-style-type: none"> Regions were selected based on mobile-money-use rates, according to the FII national survey (high-use areas). Districts were randomly selected from FII national survey locations in three key regions: Dar es Salaam, Mwanza and Arusha. fspmaps.com was referenced for selecting agent locations against the following criteria: <ul style="list-style-type: none"> Agents of the four main mobile money providers; 30 urban and 20 rural agents; A range of agent premises (e.g., shop, stand, umbrella). We found instances where selected agents were no longer active and required replacement. Both single- and multiple-provider agents were selected as part of the study.

Airtel Money, Tigo Pesa, Vodacom M-Pesa and Zantel Ezy Pesa agents were represented in all three research elements

**Fieldwork was conducted between Nov. 30 and Dec. 19, 2013*

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AGENT IN-DEPTH INTERVIEWS*

Objectives	Key research questions	Selection
<p>50 one-on-one interviews with agents were conducted to:</p> <ul style="list-style-type: none"> Gain an understanding of agents' perspectives on their relationship with the service provider and customers. Understand the agent's perspective on the overall mobile-money business proposition. 	<ul style="list-style-type: none"> Who is the agent's customer base? What are the key issues and problems agents face in interacting with their customers and providing mobile money services? Are agents adequately supported by mobile money providers in conducting mobile money business? What does the agent think the providers can do better in supporting them and their customers? Do agents think mobile money is a sustainable business venture? What do agents need to provide better customer service? 	<ul style="list-style-type: none"> Regions were selected based on mobile-money-use rate, according to the FII national survey (high-use areas). Districts were randomly selected from FII national survey locations in three key regions: Dar es Salaam, Mwanza and Arusha. fspmaps.com was referenced for selecting agent locations against the following criteria: <ul style="list-style-type: none"> Agents of the four main mobile money providers; 30 urban and 20 rural agents; A range of agent premises (e.g., shop, stand, umbrella). We found instances where selected agents were no longer active and required replacement. Both single- and multiple-provider agents were selected as part of the study.

Airtel Money, Tigo Pesa, Vodacom M-Pesa and Zantel Ezy Pesa agents were represented in all three research elements.

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MAIN FINDINGS

Customer expectations of agent services go beyond providing basic cash-in/cash-out transactions. Customers turn to agents for education on products and services, and for conducting transactions on their behalf.

Knowledgeable agents, and those who can conduct transactions quickly, are most sought after by customers. Friendliness and the desire to help were also qualities greatly appreciated by customers.

Customers seem generally satisfied with the level of customer service received from agents.

Poor network quality and frequent network failures during transactions are the most common complaints among both mobile money customers and agents. Customers and agents also face challenges in getting confirmation that their transactions were completed successfully. Many did not receive confirmation text messages when depositing or sending money, leading to confusion and reinforcing suspicions of agent fraud.

There is ongoing confusion among customers about transaction charges, with many noting that fees displayed on posters at agent locations do not seem to match those calculated by agents. Agents noted that customers frequently complained about the perceived high transaction fees and many agents were worried about losing customers as a result.

Most agents are not exclusive to one provider. But, regardless of whether they work for one or multiple providers, most agents complain about the lack of support from mobile network operators (MNOs) in terms of ongoing training and promotional campaigns, and offers that could help agents attract and retain customers.

Agents are also concerned about the level of earnings from their businesses, with many complaining that their earnings were far lower than expected. Agents had a poor understanding of how their earnings through commissions on transactions were calculated and some noted displeasure with the amount of taxes deducted from their profits.

CONSUMER EXIT INTERVIEWS: THE CUSTOMER PERSPECTIVE



The shop of a mobile money agent working for Airtel Money and Tigo Pesa
Source: InterMedia

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Customer expectations for service go beyond basic cash-in/cash-out transactions

Agents are the first point of customer contact with mobile money services because most of the basic transactions, including account registration and cash deposit/withdrawal, take place at agent locations.

Customers expect agents to provide practical education on how to transact using registered mobile money accounts.

Educating customers about advanced mobile money uses, such as bill pay, and helping them with transactions require agents to explain the mobile money services menu and fee structure.

Agents are often asked to conduct transactions on behalf of customers whose digital and/or financial literacy is limited.



Vodacom M-Pesa agent shop
Source: InterMedia

Choosing an agent and a service provider

Visible signage and shop appearance

- Large and visible signage is key to attracting new customers to a specific agent. Many new customers, especially in urban areas, chose agents based on their display of large billboards or mobile money signs.
- Customers also are attracted to agent shops that appear clean, and avoid shops located in crowded areas.

Using the same agent

- Many people frequently use the same agents because they know the agents personally and trust them.
- Staying with the same agent is particularly attractive to customers if the agent also provides good customer service.
- Some people use a particular agent because he or she is the only one available; this is often the case in rural areas.

How do customers choose their service providers?

- Advertisements, promotions and personal recommendations
- When they hear the mobile money provider is waiving fees for sending/receiving money
- Word-of-mouth recommendations, especially about the quality of the network and transaction fees
- Availability of agents across the country, including places where customers send money to/receive money from

“[I chose this agent] because he is close to my home and I trust him.” Female customer, urban, Dar es Salaam
“[This agent] has good principals and has been of help to us in the village with the M-Pesa services.” Female customer, rural, Arusha

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Customers value knowledgeable, trustworthy and respectful agents



Mobile money agent and customer at the agent's shop
Source: InterMedia

Customers appreciate agents who understand mobile money services well, take time to explain the services (including transaction charges), and can resolve customer problems quickly.

Customers would like the agents to improve their knowledge about mobile money services and products, and have more printed informational materials available for customers.

Agent demeanor and attitude are key to retaining customers. Customers especially appreciate it when agents treat them with respect and address them with humility and dignity.

"[The agent] has completed my service with dignity." Female customer, urban, Arusha

"The agent provided good service and gave me the money in a timely manner." Male customer, urban, Dar es Salaam

The benefits of registering are clear to *registered* users

Why is it important to register?

Customers understand that transactions made through a registered account are cheaper. Fees for registered transactions are lower than those for transactions made using unregistered accounts.

Customers also think that conducting transactions through registered accounts is easier, faster, safer and more efficient.

- **Buying airtime:** Customers who participated in the exit interviews mentioned they did not have to look for a bank or an agent to buy airtime. This was one of the key benefits of a registered mobile money account.
- **Independence:** Some participants noted that having a registered account helped them manage their money better and at their own convenience as they are less reliant on agents.
- **Timely bill pay:** Having a registered account helps customers pay utility bills conveniently and in a timely manner.
- **Saving money:** Customers think it is easier to save and manage their savings with a registered mobile money account.
- **Barriers to registered use were minimal.** Most exit interview participants reported they could transact on their own; no significant issues were reported.

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Poor network quality causes multiple customer problems and undermines their trust in agents

- Many customers complain that **frequent network failures** often prevent agents from successfully completing a transaction. Network issues are common in both urban and rural areas.
- Customers also noted that **transaction confirmation messages arrive late or do not arrive at all**. In most cases, this problem is also due to network breakdowns. Having to wait for transaction verifications leads to further frustration among customers and reinforces their mistrust in agents.
- **Mistrust in agents** is further heightened by the customers' lack of understanding of how the service charges work. Customers frequently express concerns about agents trying to “con them” by overcharging for transactions or adding “hidden” fees. When possible, customers do not return to an agent they suspect of fraud.
- Agents not having **e-float** is an issue, but not as troublesome as network and messaging issues.

“The main problem I face is when I withdraw money and the [confirmation] message doesn't arrive to me or the agent on time.” Female customer, urban, Dar es Salaam

“[When there are network problems] we have to move to an elevated area [to get a better network signal] so we can send or withdraw money.” Male customer, urban, Arusha

MYSTERY SHOPPING: MOBILE MONEY BUSINESS AND INFRASTRUCTURE



Mobile money agent booth
Source: InterMedia

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Most agents operate close to main roads and have clear provider signage

- Agents position themselves close to main roads or market/shopping centers: 43 out of 50 agents visited during the mystery shopping exercises **were close to a transportation hub.**
- Most agents have the mobile money provider's **branding clearly displayed on the exterior of their outlet, advertising the mobile money services available at their agent shop.** Mobile money agents have some informational materials displayed on the interior walls; although kiosk and umbrella agents do not. Branding/informational materials, usually given to the agent by the mobile money provider, are related to transaction fees, bills payments and promotional offers.
- Although most agents had posters with tariff information on display, there were frequent discrepancies between posted tariffs and the fees charged by agents. Customers were confused by the differences and not able to understand whether the posters were current or not, and how the actual fees were calculated.
- Most agents did not have any informational materials for the customers to take home.

“There is a big board showing the three service providers Airtel Money, Vodacom M-Pesa and Tigo Pesa. The labeling was attractive and clear.” Multi-provider agent, urban, Mwanza

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Customers value agent venues that are clean, spacious and private

Comfort

- Space is a big issue for many customers, who want to have a place to sit or stand comfortably when transacting. In most cases, observed agent shops were clean, spacious and people could conduct their transactions comfortably.

Privacy

- Perceptions of security at agent shops were often linked to the agent's type of business. Mystery shoppers perceived stand-alone agents (those only offering mobile money services) to be safer than those who offer other services (e.g., food items).
- Many mystery shoppers reported feeling that their transactions were not private when the agent ran another business; they felt other shoppers could see their transactions.
- Mystery shoppers also mentioned, in crowded areas, where agent shops were in close proximity to other businesses, even customers at the other businesses could see their transactions.

“The environment is not good for money transactions because it is a normal shop, other [people] come in to buy groceries; it's also a market, there is a crowd of people of different kinds and it is not safe.” Mystery shopper, single-provider agent shop, rural, Dar es Salaam

“The environment is not good for transactions because there is no privacy. The agent sells beer in the shop; a thief can come, pretend to be a customer, check out who is making a big transaction and then steal from him.” Mystery shopper, multiple-provider agent shop, rural, Mwanza

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Mobile money customers compete for agent time

During the mystery shopping exercises, a significant number of customers were interrupted by other customers during their interaction with agents.

The interruption was almost always due to another customer coming into the shop and requiring service. This was the case particularly when the agent ran another business.

Mystery shoppers in stand-alone agent shops therefore tended to have faster and more successful transactions.



Mobile money agent shop
Source: InterMedia

“A customer came wanting to buy onions so he [the agent] left me standing and served that other customer.” Mystery shopper, single-provider agent shop, rural, Arusha

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With few exceptions, agents were friendly and had a positive demeanor

Agent demeanor (includes how customers were greeted and if the agent was willing to help):

- **Positive:** Most agents were friendly and greeted mystery shoppers pleasantly.

When the mystery shopper presented a problem:

- A few agents asked what the problem might be and how they could help.
 - Mystery shoppers said agents were helpful, showing them the menu and telling them what they needed to do to complete a transaction.
- **Negative:** There were only few instances where an agent either did not greet a mystery shopper, or was rude and unwilling to help a mystery shopper complete the transaction.

“The agent welcomed me with greetings and showed the interest in assisting me... and wanted to know what services I needed.”

Mystery shopper, multiple-provider agent, umbrella, urban, Dar es Salaam

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When presented with a problem beyond a simple transaction, almost half of the agents did not have enough knowledge to address the issue

- **Twenty-three out of 50 mystery shopping transactions were not completed to the mystery shoppers' satisfaction.** Below are the top two scenarios in which agents were not able to help their customers. None of the transactions failed because of a network problem because no actual transactions were attempted.

Scenario: Lost PIN or money sent to a wrong number

Problem: Agent did not call the customer-care line and/or did not give the number to the customer

Few agents tried to call a customer-care line or provide a number to the customer. Most just told mystery shoppers to go to the provider's head office.

Scenario: New customer registration

Problem: Agents lack capacity to register customers

In several cases, transactions were not possible because the customer was not yet registered. Many agents either did not offer to register the customer or did not have the knowledge or necessary documents (e.g., registration books) to register the customer.

"He [the agent] said he did not have a book to register people and it takes about three days to be able to use it [the new account]. [The agent] consider it a bother to register customers and have them later come in and complain. He said if I want to register I should go to the head office with my ID. They could register me fast and I could use the account [right away]." Mystery shopper, multiple-provider agent, umbrella, urban, Dar es Salaam

AGENT INTERVIEWS: RELATIONSHIP WITH MOBILE MONEY PROVIDERS AND CUSTOMERS



The mobile money shop of an agent working for Vodacom M-Pesa and Tigo Pesa
Source: InterMedia

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Vodacom M-Pesa has the largest agent network

- Agents commonly represent multiple service providers with most agents working for at least two mobile money service providers.
- Country-wide, Vodacom M-Pesa agents are the most common (as noted from the in-depth interviews and mystery shopping exercises during fieldwork). Tigo Pesa agents are common in the Dar es Salaam region.
- M-Pesa agents are the most common exclusive agents, although most exclusive agents said they intend to add other providers later.
- Agents, who do not currently offer Airtel Money services, said they want to add Airtel Money because customers are showing increasing interest in the provider following its offer for no-fee transactions.



A street sign publicizes a mobile money agent's relationship with multiple providers
Source: InterMedia

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MNO's ongoing support for agents appears to be lacking

- The reasons agents started a mobile money business varied, but the most common motivation was to have a viable source of income and long-term employment. Many agents were encouraged to start their businesses by other agents.
- Almost all agents said registering as an agent and setting up the mobile money business was done relatively quickly and easily. After registration, agents received a SIM card, log book, external signage (billboards) and other basic materials from the mobile money service providers.
- Most agents received some form of start-up training that covered basic issues about conducting transactions and bookkeeping, but did not address more complex issues such as dealing with erroneous transactions or handling consumer complaints. Start-up training is usually done by MNO representatives, who visit agents after they establish their businesses.
- A few agents did not receive any initial training at all and either learned on the job, or received training from other agents.
- Agents, who did receive MNO training at start-up, thought it was helpful and wanted to get follow-up training on issues such as registration and handling customer complaints.
- Agents also wanted additional assistance in the form of updated promotional materials and a dedicated MNO customer-care phone line. Currently mobile money agents use the general customer-care line, which is often busy. In addition, customer-care representatives are not always able to answer agents' questions.

“Yes they [MNO] did [provide support at start-up]: they gave me billboards, including the big one outside my shop. They also gave me posters that have my agent ID.... I did not get trained, but I sat down with experienced agents who assisted me...” Male, single-provider agent, rural, Arusha

Biggest Challenges Faced by Mobile Money Agents



Network



Transaction charges

- **An unstable network** is the top problem for agents. Customers are frequently unable to conduct/complete transactions, and, they don't always receive transaction confirmation messages. Anecdotal evidence suggests transaction receipts are either delayed or do not arrive at all; customers tend to blame their agents, as well as the MNOs, for both of these problems.
- Agents also reported customers are increasingly vocal and unhappy about the perceived **high transaction charges and unclear fee structures**. Agents worry they might be accused of fraud and lose their businesses.
- **Problems with agent liquidity** do exist but they are not as frequent as issues with network failures and perceived high transaction fees.
- **Agents worry about being defrauded** and have heard from other agents about several incidences of individuals making fraudulent transactions. However, few have had personal experience with attempted fraud.
- The **top two customer problems** agents have to deal with are retrieving a lost PIN and retrieving money sent to a wrong number.

"Network failure is a big problem, some customers are forced to come to my office and give me their phones to try and get the network for them. This also forces me to transact on their behalf though there are others who will not share their PIN numbers with me so I direct them to areas with network." Male, single-provider agent, rural, Arusha

"I don't want to be blamed for the high deductions. People switch networks due to high costs. I would like to advice the network providers to reduce the deductions so as to attract more customers. If they do that, customers would increase." Male, multiple-provider agent, urban, Dar es Salaam

"When they (MNOs) decide to increase the charges most of the time, the clients and us, the agents, have no information on the same so most of the clients come in very angry and think that we are stealing from them. This puts us in a bad place." Male, multiple-provider agent, urban, Dar es Salaam

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Agents earn less than what they expected

- The majority of mobile money agents do not seem to understand how their commission is calculated. Some agents do not even know which transactions earn commissions.
- Agents complained the commissions earned and sent to them from the mobile money service providers, via mobile money, appear different from the agents' own calculations of commissions earned based on the transactions they conducted.
- Almost all agents complained their commissions are just too low and value-added taxes (VAT) are too high and eat into their earnings.

“They (MNOs) have a system of sending messages on the commissions we make each day, the message comes a day after. Usually when you work today, they send you your revenue the next day.... No [they do not explain how the commissions are earned]. That is our biggest complaint.” Male, single-provider agent, rural, Arusha

“I know that this number of customers have given money, because I have not known what percentage I am getting, those are kind of training they ought to give us so that we know what percent we get when a person sends or withdraws money.” Female, single-provider agent, rural, Arusha

GLOSSARY OF TERMS

- **Agent** – A person or business contracted/registered by a DFS provider to provide services to DFS customers using their own bank or mobile money account.
- **Below the poverty line** – In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). **For this particular study, digital financial services include bank services and mobile money services.**
- **Financial inclusion** – A state in which all people who are able to use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line. PPI has been widely accepted in the sector of financial inclusion as the basic measure of poverty.
- **Mobile money (mobile money)** – A service in which a mobile phone is used to access financial services.
- **Nonuser** – An individual who has not used a DFS on their own or somebody else's account.
- **Over-the-counter (OTC) users** – Mobile money users who accessed the services over the counter (i.e., via a mobile money agent).
- **SIM card** – A removable micro-card that contains a subscriber identity module that securely stores the electronic codes used to verify subscribers' identities on mobile phones and computers.
- **Tariff** – A list of the price a customer is charged for each type of (mobile money) transaction.
- **Urban/rural** – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

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The Financial Inclusion Insights program is operated by InterMedia and supported by the Bill & Melinda Gates Foundation. All data and materials resulting from the program are the property of the Gates Foundation, but the findings and conclusions within are those of the authors and do not necessarily reflect positions or policies of the foundation.



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