



Perception of mobile money agents towards a cashless society and financial inclusion, a case of Lusaka, Zambia

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Abstract

The advent of digital platforms and new technologies has created a fresh outlook for technology-mediated payment transactions and multichannel financial services delivery. While mobile money agents depend on hard cash for their business, these technological advancements suggest that in the near future, this kind of business would be irrelevant. This study sought to understand the perceptions of mobile money agents towards a cashless society and financial inclusion. The study used mixed methods adopting the exploratory sequential design to collect and analyze data from 308 mobile money agents in Lusaka, Zambia. Data collection involved in-depth interviews and a self-administered questionnaire. The study found that the concept of a cashless society was not adequately understood by the mobile money agents. Challenges encountered include lack of operating space, low commission they get from telecommunication companies (TCCs), lack of an established linkage between agents and TCCs, and loss of money through scammers. The study found that the idea of a cashless society was far-fetched from Zambia adding that it would exclude people with network challenges. We recommend contacts between TCCs and Agents through which literacy sensitization programs targeted at mobile money agents for them to be previewed to trends in their business to enable them plan for the future can be actualized.

JEL Codes: G21, G23, G51, G53, O33

Keywords: Cashless society, mobile money agents, perceptions, financial inclusion

Introduction

The advent of digital platforms and new technologies has created a fresh outlook for technology-mediated payment transactions and multichannel financial services delivery (Lai, & Liew 2021) ^[17]. Alhassan et al. (2020) ^[11] posits that contrary to conservative and regulated banking industry, the non-banking service industry has been more fluid, flexible, and customizable. Chimfwembe, (2022) ^[7] stated that financial inclusion was seen as a key element in inclusive growth as access to finance allows economic players to make longer-term investment and consumption decisions, participate in productive activities, and adapt to unexpected short-term shocks.

The use of mobile money platforms is not short of concerns from users, agents and service providers in this case the banks and telecommunication companies. For example, past studies found that users' intention to use mobile payment is susceptible to the level of security exposure they perceive at the point of adoption (de Kerviler et al., 2016; Lai, 2017) ^[16]. Generally, users tend to accept a new payment alternative if they perceive lower security exposure (such as feeling reliable, safe, and unthreatened) that outweighs the old payment methods (Kumar et al., 2020; Lai, 2017) ^[15, 16]. Some of these studies show that socio-economic characteristics, such as income, education and ownership of mobile phones are important predictors of mobile money adoption (Munyegera and Matsumoto, 2016; Murendo et al., 2018; Batista and Vicente, 2020 ^[5]; Kabengele and Hahn, 2021) ^[19, 20]. Notable exceptions are several studies showing that, with an increasing distance from a person's home to the nearest agent, people become less likely to adopt mobile money (Jack and Suri, 2014; Munyegera and Matsumoto,

2016; Lepoutre and Oguntoye, 2018; Riley, 2018; Koomson et al., 2021) ^[11, 13, 18, 19, 24].

A study across 89 countries found that Sub-Saharan Africa has the largest adopters of Mobile Money Service rating at 81% (GSMA, 2014) ^[9]. Similar to MTN, Zamtel and Airtel TCCs in Zambia, Namisango, et al (2017) ^[21] posits that Uganda has 3 common TCCs operating mobile money service in; MTN (Mobile Money), Uganda Telecom (m-sente) and Airtel (Airtel Money). Munyegera et al (2016) ^[19] showed that by 2013 there were more registered mobile money accounts than bank accounts in Cameroon, the Democratic Republic of Congo, Gabon, Kenya, Madagascar, Tanzania, Uganda, Zambia and Zimbabwe.

The central bank's (Bank of Zambia) decisions towards cashless transactions were in line with calls by the World Health Organization's (WHO) encouragement of contactless payment to prevent the spread of COVID-19 with physical cash notes handling as noted by (Huang, 2020) ^[10]. Further, (Auer, Cornelli, & Frost, 2020) ^[3] acknowledged that the global COVID-19 pandemic stirred unprecedented safety concerns about coronavirus transmission via cash. Wisniewski, et al. (2021) ^[26] investigated "Switching from Cash to Cashless Payments during the COVID-19 Pandemic and beyond" and found that European consumers favored cashless transactions when they believed that handling cash presented a higher risk of infection. They further stated that the habits consumers developed during periods of restrictions and lockdowns appeared to further diminish their appetite for transacting in cash. Not only did these factors affect current choice of payment method, but also influence declared future intentions to move away from cash after the pandemic is over (Wisniewski, et al. 2021) ^[26].

Kotkowski, & Polasik, (2021) ^[14] investigated how the COVID-19 pandemic had changed an important aspect of everyday life; how people make payments. The empirical study was based on a survey of over 5,000 respondents from 22 European countries. The study found different results from the studies reviewed above as it shows that consumers who had been making cashless payments prior to the outbreak of the pandemic had been even more likely to do so since it broke out. On the other hand, the consumers who had mostly been paying in cash have often continued to do so. The divide between those who pay in cash and those who do not, therefore, seemed to have widened during the pandemic. The inconsistency in results regarding financial inclusion around cashless transactions call for more studies. While Mobile Money has been esteemed in research for its positive impact on financial inclusion, the situation in Lusaka is different. Mobile Money booths were removed from streets by the Lusaka City Council leaving them without operation sites. Agents were left as hawkers, a situation which poses as a security risk as they move with money. This study aims to explore the perception of Mobile Money Agents towards a cashless society and financial inclusion in Lusaka, Zambia.

Methods and Materials

The study used mixed methodology relying on exploratory sequential design whereby qualitative data was sought first and supported by quantitative findings. We purposely selected 308 Mobile Money Agents aligned with the three telecommunication companies namely Zamtel, Airtel and MTN (ZICTA, 2020). These are at the core of mobile money and their perception influence uptake of the services by users as well as the general perception of service providers. The instruments that were used in this study are a questionnaire for quantitative data collection and in-depth interview were used for qualitative data from selected mobile money agents. Quantitative data was analyzed using the Stata to identify trends and patterns within the mobile money industry across telecommunication companies and qualitative data from interviews was thematically analyzed manually to identify key concepts and experiences related to mobile money, with a specific focus on its relevance in a cashless society.

Results

Understanding and Perception of a Cashless Society

We sought to understand the Mobile Money agents' understanding of the concept of a cashless economy (cashless society) and we found that the concept was not fully understood. Figure one below shows the responses to the statement "Zambia a cashless society".

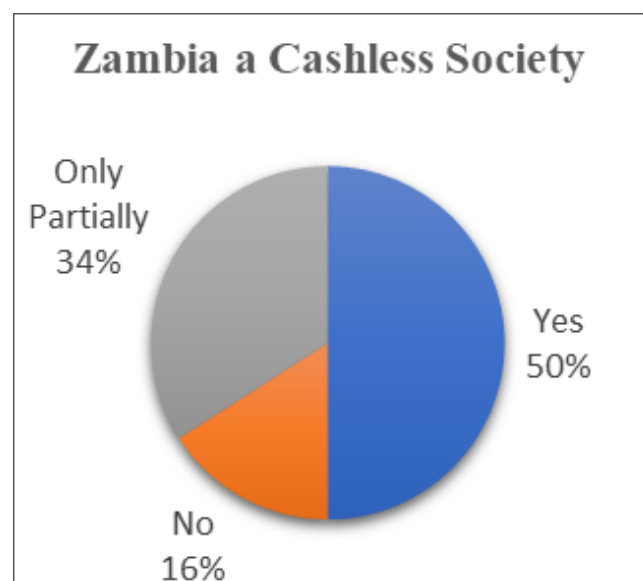


Fig 1: Understanding of a Cashless

Fig. 1 shows that among the 308 respondents, 154 (50%) held the view that Zambia was a cashless society with another 49 (16%) respondents indicating that it was partially a cashless society. 105 (34%) respondents indicated that Zambia was not a cashless society.

This finding relates to the responses we obtained during the in-depth interviews that revealed that agents did not understand what a cashless society was. The majority indicated that they were not sure what it was while those that attempted only defined the words "cash" and "less" as follows;

I think it's the hardship of money like right now the past 2 months mobile money has been due to electricity so people are coming that much (Male Interviewee).

From the two words Cash and less I think it's a society without cash (Female Interviewee).

The country with no money were people are broke (Male Interviewee).

When people in society have less money maybe because of a bad economy (Female Interviewee).

Am not sure about that, maybe you explain for me (Female Interviewee).

Zambia was partially a cashless society as the country had only begun cashless transactions but was still heavily dependent on cash. The interview has some respondents that had a correct understanding of the concept of a cashless society or economy.

A society that doesn't use coins or paper notes for transactions but uses mobile or electronic transactions (Female Interviewee).

This is a system where you don't use cash to conduct transactions, you have access to money by use of electronic systems or platforms (Male Interviewee).

Experience and Challenges

We sought to explore the experiences of mobile money agents in relation to their operation space and the ease of using this platform for transactions. Figure 2 highlights the duration respondents had been doing the mobile money business from which their responses to experiences are based.

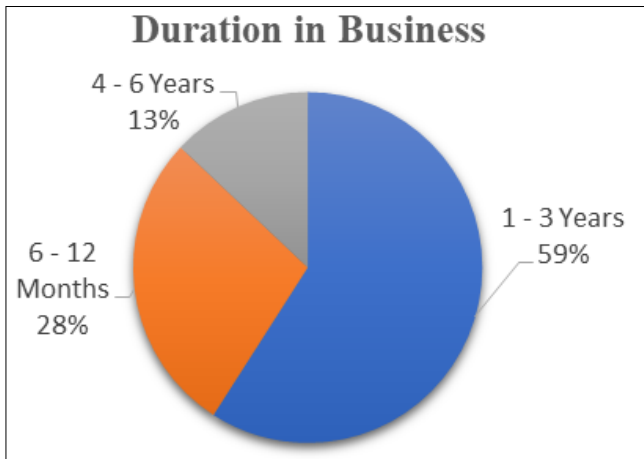


Fig 2: Duration of Mobile Money Agents in Business

Fig 2 shows that the majority 182 (59 percent) of the Mobile Money Agents had been in business for 1 to 3 years and 40 (13 percent) of the respondents were a minority but with more experience as they were in the business for 4 to 6 Years. Figure 3 below presents their responses to the statement “from my experience, work has become easy for us mobile money agents” on a Likert scale of 1 to 5 with 1 representing strongly disagree, 3 representing neutral and 5 representing strongly agree.

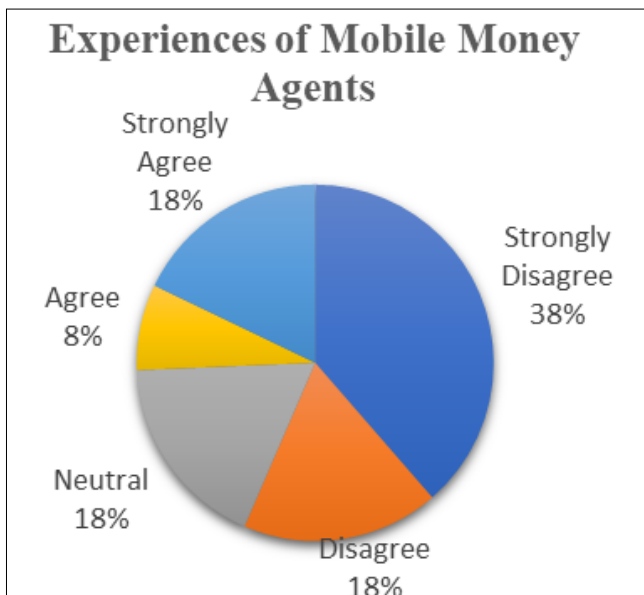


Fig 3: Experiences on Agents in Business

Fig. 3 shows that the majority 119 respondents representing 38 percent of the sampled size strongly disagreed with having an easy experience with another 55 (18 percent) respondents. Another 55 respondents (18 percent) where neither agreed or disagreed while only 24 (8) participants agreed to having an easy experience on the mobile money business.

The interview revealed that mobile money agents had challenges with operating space after having their booths relocated from strategic locations and town centers. One interviewee narrated;

We have no space to operate from, our booths were destroyed without compensation. We are not safe with our money and with this cold our health is affected. Profit has also reduced because people want privacy as they transact (Interviewee, Town Center).

Two other interviewees added as follows;

The council destroyed our booths, we have no place to run our business here in town (Interviewee, Town Center).

Government also chasing us from the places we worked from was unfair (Interviewee, Chelstone)

Based on this, we sought to appreciate their experiences regarding operating space. Figure 4 presents the working station/space used by the 308 respondents in the questionnaire.

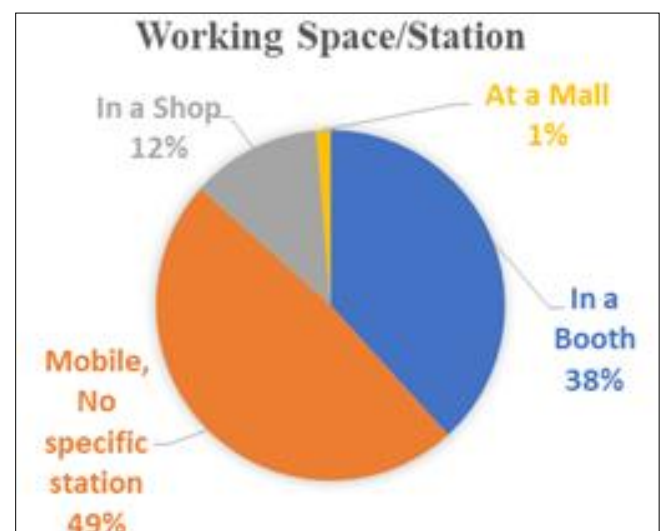


Fig 4: Working Space/Station

Fig. 4 shows that the majority (148 respondents: 49 percent) had no specific station as they worked on mobile basis in the town center, at entrance to shopping malls and in the busy streets while only 1 percent (4 respondents) were operating from shops at the mall while 12 percent (37 respondents) operated from shops in residential areas and markets and 117 of the respondents (38 percent) operated from booths. When further asked what they perceived as their relevance from the authorities’ point of view, 216 respondents (70.2 percent) disagreed to the statement “Mobile Money agents are considered important in Lusaka judging from how we are treated by authorities”, 25 respondents (8.1 percent) were neutral while 22 respondents (7.2 percent) agreed with the statement.

The prominent challenges that emerged from both the interview and the questionnaire responses include the following; Security concerns particularly due to lack of privacy, Loss of money due to scammers, too little commission from telecommunication companies, reduced flow of customers who also expressed security concerns regarding transacting in the open space.

These challenges have been aggregated from the following among other responses from the interview and questionnaire;

Not me but my friend lost money and he received a text that you have sent money to someone but he did do that we were together (Female Interviewee, Woodlands).

Too much competition and operating from the street is not safe but again that's where we make something (Male Interviewee, Kabulonga).

Besides the challenges, the mobile money business had positives which included the following as gathered from respondents;

The positives about the business are that some of the people prefer the use of mobile money services due to easier access and timely excursion (Male Interviewee, Chelstone)

The good thing about mobile money is that there is money especially if you have enough capital and you are located on the good location (Female Interviewee, Chilenje)

Feasibility of a Cashless Society and Relevance of Mobile Money Agents

From the themes that have been highlighted above, the other theme that emerged was future role and relevance. Looking at the experience from the COVID-19 when it was almost mandatory to perform cashless transactions as precaution and because some people preferred cashless transactions, we sought to establish the plans mobile money agents had regarding a completely cashless economy and the relevance of their services.

The idea of a cashless economy for Zambia was far-fetched as the majority of the mobile money agents held the view that it's was not feasible to go cashless in Zambia citing the following perceived challenges; Poor and limited network coverage across the country, Lack of Mobile phones by some people, Security of funds from scammers. A few saw it as a positive development while noting that it would mean no business for agents.

In their perception, a cashless economy would be exclusive to a majority of Zambians particularly for the elderly, those without phones and those in places of poor network.

Regarding the threats they anticipated in the mobile money business as agents, prominent was increase in scums on digital platforms and security as emerged from the following responses;

Scammers are working with these airtel people. Also, government policies Money is hard to come by people are brock (Female Respondent Kanyama)

Change of government especially if they allow carders. No jobs making people broke. Scammers are also on the increase and we don't get help from telecommunication companies (Male respondent, Town center).

Security from people targeting us and attacking us since they know we have money - they see us make transactions in the streets so it's a threat. Some people won't use us anymore if we completely go cashless (Female respondent, Crossroads).

Most people now mostly use phones sending money or pay bills, so am sure agents will lose business in future but not now (Male Respondent, Kanyama)

If the problem of scammers is not worked on we might lose our capital (Male Respondent Chalala)

With the issue of scammers coming out strongly, we probed further to understand interventions in place. Interviews revealed that scammers were only happening on the Airtel network and not on MTN and Zamtel networks. Further, it was found that mobile money agents had no direct contact with telecommunication companies to support them in such instances. They were treated as any other network subscriber.

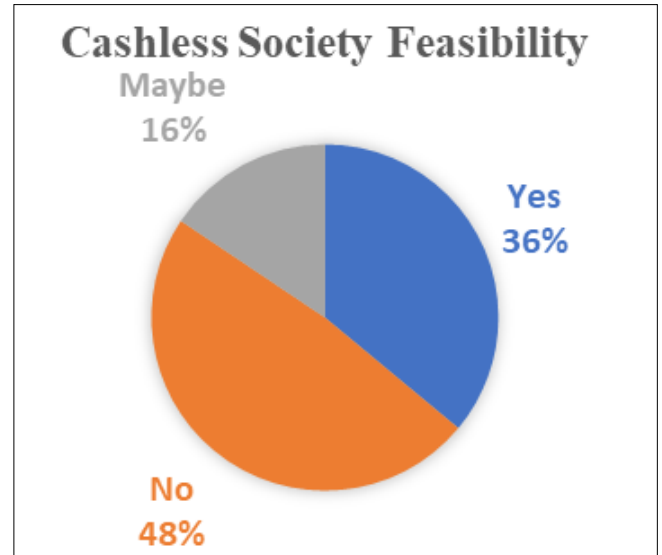


Fig 5: Feasibility of a Cashless Society

Fig. 5 shows that the majority (149 respondents: 48 percent) indicated that a cashless society was not feasible, 111 respondents (36 percent) held the view that it was feasible and 48 respondents (16 percent) saw the possibility of a cashless economy.

After explaining what a cashless society was and asking what they perceived would be their nature of operations in a cashless society, respondents held the opinion that they would serve as consultants and helpers to those with difficulties on technological advancement.

Discussion and Implications

Understanding and Perception of a Cashless Society

The study found the mobile money agents' understanding of a cashless society was insufficient as the majority did not know what a cashless society or indeed how it promotes financial inclusion. Despite the majority being educated at diploma level, a cashless society was understood as merely a country where its members have no money. Zambia was partially a cashless society as the country had only begun cashless transactions but was still heavily dependent on cash. The interview has some respondents that had a correct understanding of the concept of a cashless society or economy. This poor understanding impacted their operations as there were poor services and reduced customer influx. A similar poor service was observed by Chigozie, et al (2023) ^[6] that posited that although there was evidence for low quality services by mobile money agents, the mobile money agents' role can be an important tool in achieving financial inclusion in Nigeria.

Our study found that the knowledge possessed by the agents informs agents and other factors found by previous studies did influence service quality and profitability of mobile money agents. Kabala (2023) posits that adoption of personal mobile money accounts is significantly determined by education level, number of years agents have been in business, perceived usefulness of mobile money technology and perceived ease of use of personal mobile money accounts.

Experience and Challenges

Susan, & Novianti, (2019) ^[25] in their study titled "benefits of technology for business", they highlight that technology

makes work easier as business men can easily make decisions. Based on this understanding, our findings were contrary to expectation as the majority of them indicated having experienced hardships in their businesses. We found that mobile money agents work independently from the telecommunications companies and this poses operational challenges including loss of money. This is different from the landscape of Mobile money services in Uganda which involve partnerships between telecommunication companies (TCC) and commercial banks (Kasekende, 2012) ^[12]. The TCCs in Uganda play a dominant role in the partnership by contracting a network of agents and operating the telecommunications infrastructure for effecting transactions and storing virtual money.

The study has revealed that security concerns were common among the majority of mobile money agents. This is consistent with past studies that found that users' intention to use mobile payment is susceptible to the level of security exposure they perceive at the point of adoption (de Kerviler et al., 2016; Lai, 2017) ^[16].

On the contrary, Odoyo, et al (2016) ^[22] in their study established that mobile phone money use and adoption had numerous challenges that had hindered it. This included the fact that mobile phone money users and potential users were from the rural poor communities, lack of National Registration Cards (NRC) by potential users, few mobile phone money agents, as well as language barrier. Similar to what we found, inadequate cash and e-floats by the agents, awareness and lack of information on how to access and operate certain features in mobile money platforms.

Besides the challenges, the mobile money business had positives which included its ability to earn a living for an agent consistent with Kabbalah, (2023) also earlier found that mobile money plays a critical role in boosting savings and improving the livelihoods of agents.

Feasibility of a Cashless Society and Relevance of Mobile Money Agents

Looking at the experience from the COVID-19 when it was almost mandatory to perform cashless transactions as precaution and because some people preferred cashless transactions. We found that the idea of a cashless economy for Zambia was far-fetched as the majority of the mobile money agents held the view that it was not feasible to go cashless in Zambia adding that a cashless economy would be exclusive to a majority of Zambians particularly for the elderly, those without phones and those in places of poor network. Contrary to this, Kabbalah (2023) found that mobile money is the most affordable payments system in Zambia and would be useful for serving the financial inclusion needs of low-income earners and poor people.

On the other hand, Ouyang, (2022) ^[23] found that the use of in-person payment in a month increases the likelihood of gaining access to credit in the same month by 56.3%. Conditional on having credit access, a 1% increase in the in-person payment flow leads to a 0.41% increase in the credit line. Importantly, the positive effect of in-person payment flow on credit provision mainly exists for the less educated and the older, suggesting that cashless payment particularly benefits those who are traditionally underserved. Chimfwembe, (2022) ^[7] stated that financial inclusion was seen as a key element in inclusive growth as access to finance allows economic players to make longer-term investment and consumption decisions, participate in

productive activities, and adapt to unexpected short-term shocks.

Contrary to these views of agents in this study, the World Payments Report (2017) showed that cash in circulation in relation to GDP decreases in a small number of countries — Sweden, Denmark, the UK, Canada, and South Africa — while the overall trend is that this ratio is stable or increasing. The trend is continuing globally where non-cash transactions grew globally with 10.1% in 2016. This report was before the COVID-19, but we can see that countries like Sweden were close to a cashless society and it was completely okay for a merchant to refuse cash for a transaction for online transactions. This short international comparison shows that the low use of cash in Sweden is atypical. There are other countries showing similar patterns — like Denmark and the UK — but even compared to these, Sweden has a stronger and faster decline in the use of cash (Arvidsson, 2019) ^[2].

Further, Wisniewski, et al. (2021) ^[26] in their study titled “Switching from Cash to Cashless Payments during the COVID-19 Pandemic and beyond” found that European consumers favored cashless transactions when they believed that handling cash presented a higher risk of infection.

While it may not be feasible in their perception, the momentum regarding a cashless society is too strong for them to ignore. It is clear, their opinion could be informed by the fact that the concept of a cashless society was not understood.

Conclusion

Mobile money and other digital transaction platforms have been established to be convenient and a positive ingredient towards financial inclusion. The rate at which its adoption has been paged suggests the need for preparation on the part of mobile money agents as many services in the study site are available on mobile money platforms. This study found that the concept of a cashless society was not adequately understood by the mobile money agents which affected their operations in many areas including not having a clear plan for their services in a completely cashless society. The study found that the idea of a cashless society was far-fetched from Zambia adding that it would exclude people with network challenges. We recommend literacy sensitization programs targeted at mobile money agents for them to be previewed to trends in their line of business to enable them plan for the future. We also recommend for advocacy that mobile money agents have an established relationship between TCCs and ensure agents are engaged when making decisions that have a direct impact on their operations.

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