Mobile money and financial inclusion in Mali: what has been the impact on saving practices?

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Population: 15.3 million

- Access to formal financial services (12%)
Objective:
- assess the potential of mobile banking in favour of financial inclusion, with particular consideration of users’ saving practices.
- Saving as a focus: from our previous work on Microfinance services quality in the same area.

Context:
- Increasing access to mobile phone network since 2006
- 2010: set up of the first mobile banking service, Orange Money, by Orange-Mali.
- Mobile money services: monetary deposit, withdrawal and transfer; do not allow for borrowing or saving against remuneration.

users charged for withdrawal
The project ..

Research questions

- Is mobile money meeting people’s saving needs?
- Is it a strong alternative for rural people?
- For which forms of savings is it used for (consumption, precautionary or investment saving)?
- What are the differences between somewhat agricultural areas, and Sahelian ones dependent on remittances from migrants?
Theoritical backgrounds

- Theories on poor people’s saving: liquidity trap, not enough surplus left for saving

  not supported by evidences:

- important unmet saving demand, accommodated to juggling with different informal saving means and arrangements.

- In some cases, saving seems to have more transformative impacts than microcredit does.
Constraints and barriers undermining the poor’ (up)saving:
- Transaction cost: monetary and non-monetary
- Lack of trust
- Regulatory barriers: prudential regulation
- Information and knowledge gaps
- Social constraints: intra-household, inter-household
- Behavioural biases: bias in preferences, in expectation, in prices appreciation

Hypothesis
- The potential of mobile money in saving access depends on the service features and the other existing formal and informal means of saving.
Methodology

- Field research: Orange Money users’ surveys.
- Three different areas in Mali:
  Bamako (urban area), Kayes (sahelian and emigration region), Sikasso (agricultural region).
- The questionnaire set up: clients’ financial profile; mobile money usage and interactions with other financial services; mobile money use for saving purposes.
First visit to the field

- November 2014: meeting with partners (mobile operator and research partners), recruitment of assistants, testing of the questionnaire, and sampling method choice.

First remarks:
- Growing number of mobile money account holders since 2012; from 800,000 (2012) to 2 million (2014).
- Interesting facts: regular small deposits in the mobile money account.
- Users: usage motivated by accessibility, low transaction costs, easiness.
Next Steps

- second field visit scheduled for February 2015: customer surveys and data collection in the three concerned areas.

- The survey: to understand the involvement of different constraints in the users’ choice of using the mobile money service for saving reasons.

- The results: to understand the poor’ saving demand and strategies; how much they accept to pay for saving commitment,

- facts on the future of mobile money service, particularly in terms of users’ saving access.
Thank you