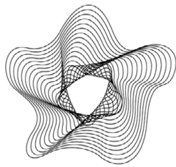

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Lessons from the First Decade of (Studying) Mobile Money

A preliminary overview[1]

Taylor C. Nelms
Department of Anthropology
University of California, Irvine
tnelms@uci.edu

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1. Methodological and Conceptual Innovation

Studies funded by IMTFI run the gamut methodologically, from large-scale surveys to fine- grained ethnographic fieldwork. Many studies offer promising methodological innovations. Researchers can be found uncovering new datasets (e.g. information from national central banks, accounts-level data from financial institutions, financial diaries that track transaction-level activity in people's everyday lives), turning familiar data to new uses (e.g., mapping financial exclusion), and deploying other creative methods (e.g., tracking mobile money use by following a particular ritual)—sometimes to exciting ends. Creative methodologies have led, in a few cases, to innovative conceptual interventions: "juggling debt," "the financial exclusion trap," "the contingency fund," etc. These are terms with some potential to travel.

2. Back to Basics: Mind Your Ps and 2s

IMTFI studies confirm important lessons of mobile money's first decade with regard to what factors shape whether and how mobile money is used in practice. We learn that despite all the focus on all the other financial services mobile phones might be able to provide, peer-to-peer (P2P) money transfer remains the most popular use case for the people who are actually using mobile money. Moreover, the classic contexts for that use case—e.g., internal migration— remain compelling business and development propositions, while other efforts to promote long- term savings, credit, insurance, and so on have often floundered.

At the same time, many studies also confirm important lessons about the *limits* of that familiar P2P use case. These limits usually stem from the sometimes-forgotten complications of the "Ps" and the "2s" in P2P. For example:

A) Infrastructure often appears as a primary limiting factor for mobile money uptake. For all the talk of trust, knowledge, education, and so on, it may simply be that infrastructure is the key, specifically: (1) consistent electricity provision, mobile network coverage, and internet access; and (2) proximity to mobile money agents, who are crucial for onboarding users, serving the cash-in/cash-out function, and so on.

B) With regard to the latter (the agent network), we learn that there is no shortcut, no magic bullet. Agents and the institutions that support and manage agents face a variety of challenges: making a living is no guarantee, costs and barriers to entry are high, liquidity management is difficult, customer service can be undermined by a range of factors well outside the agent's control, and so on. Agents often have to take on other economic activities to make ends meet, and they also must conform to existing expectations about the role of financial intermediaries: In some cases, agents take on the role of informal money courier (cashing mobile money transfers out and carrying the cash to nearby villages); in others, agents are seen through the expectations (good and bad) associated with local moneylenders. Moreover, agents are absolutely central not only to making mobile work in a practical sense, but also to securing trust, branding, educating users, and so on. This "human factor" cannot be overlooked or downplayed. Agents face two ways, and so complications can emerge at two different interfaces: with the customer and with the banking and governance institutions up the value chain.

C) Some of the earliest lessons we heard from the field were about the ways culture and history shaped user's perceptions of and experiences with mobile. Studies continue to bear out the importance of culture and history. While the connective capacities of mobile phones are often celebrated, they are also sometimes decried. For example, across sub- Saharan Africa, we learn about the anxiety that mobile phones and mobile money provoke about truth and lies, concealment and revelation. This anxiety is both gendered and generational: older men worrying about the (now-less visible) actions and intentions of women on the phone or complaining about young people using the phone when face- to-face interaction is expected and valued (e.g., when extended an invitation for a funeral or other rite-of-passage event). In several different studies, we hear about indigenous proposals for video calls—that is, the suggestion from an older man that if he could only *see* the person he was talking to or receiving money from, he would trust it more. Concerns like these cluster regionally; these concerns about how mobile phone alter communication appear especially strong in sub-Saharan Africa, while in Latin America, for example, we hear more complaints about fees and how charges make mobile money less "authentic" and more vulnerable to accusations of self-interest and price-gouging.

D) A common finding from around the world, however—one that may seem commonsensical, but may have been lost in the theoretical shuffle—is that mobile money uptake has more to do with interpersonal social networks than anything else. The majority of people, from Bolivia to Nigeria to the Philippines, learn about mobile money through word-of-mouth encounters with established social contacts in existing social networks.

3. Space: Borders, Scales, and the Rural/Urban Divide

There are important insights in these studies about the spatialization of mobile money, in particular about borders and scales and especially with regards to the persistent rural/urban divide. Borders and scales do not only channel value in particular ways: shaping the institutional and infrastructural lacunae that produce financial exclusion, producing delays in getting to an agent, establishing remittances corridors, giving people a way to play different asset classes and forms of value off one another. They also shape people's ideas and perceptions. We have sometimes criticized the focus on the classic rural-urban money transfer use case. But this focus might itself have important cultural effects, changing how rural areas are seen by outsiders and changing how people living in rural areas see themselves.

4. Time: Futures, Savings, and Cycles

Time is also an important factor, although not always in obvious ways. First, some studies show that a focus on poverty and impoverishment should not lead us to overlook the fact that the poor also have long-term *aspirations* and plans for the future, whether or not they use mobile money to meet those aspirations. Second, in several projects we learn about the importance of mobile phones for specifically *short-term* savings—for example, to collect contributions for an upcoming coming-of-age ritual. Many people see mobile money as fast,

but not safe or secure— good for transfers, but not for saving, doubted as a durable form of value, but useful to avoid some of the short-term problems of cash (highway robbery, for example). Thus many people use mobile money in conjunction with cash and other, non-cash value forms with longer time horizons (such as savings with deities, having children, buying land or building a home, or investing in livestock). Finally, several studies suggest that *seasonal* cycles are important in shaping people's experiences with mobile money: in south Asia, wait times for customers at agent outlets skyrocket during festivals; in central Africa, September (start of the school year) and December (a "festive season") are key periods for mobile money transactions; across Latin America and the Caribbean, airtime purchases increase during sales seasons.

5. Financial Inclusion Is a State(-building) Project

There is a tendency in some critical academic corners to see financial inclusion as an extension of neoliberalism. But studies show that many successful efforts harness the mobile channel are for the delivery of *state services*. Whether it involves receiving government subsidies, making utility payments, or receiving cash transfers, mobile money may be linked with the transnational reinvention of the welfare state. The basic lesson of many studies seems to be that a big new idea in development is actually quite traditional: the state has a major role to play in financial inclusion. This is especially evident in India's new financial inclusion projects and in the rise of cash transfers in Latin America and sub-Saharan Africa, in particular. Two common threads:

A) We learn in several studies that mm uptake has more to do with resources than with education or "literacy," knowledge, or trust. That is, simply put, people use mobile money when they have more money to use. This is a straightforward but not insignificant finding.

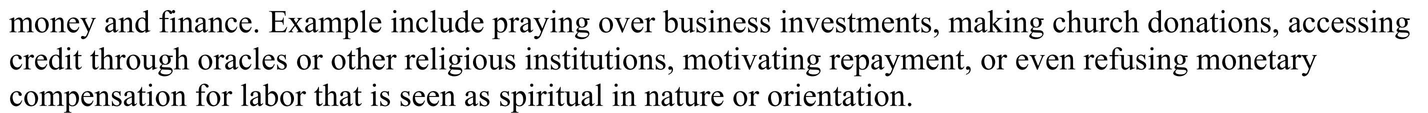
B) State interventions in and through mobile money are always at least potentially threatened by two bugaboos: corruption and populism (that is, accusations of, say, "buying votes"). People worry about both, and those worries can be enough to derail a mobile money project. In some contexts, non-state providers (or systems with a non-state brand) might be better situated to deliver social services, because of histories that associate the state with failure, inefficiency, corruption, or politicization. Cross-cultural studies of mobile money should ask: Who's afraid of the welfare state?

6. Shame: Trust's Evil Twin

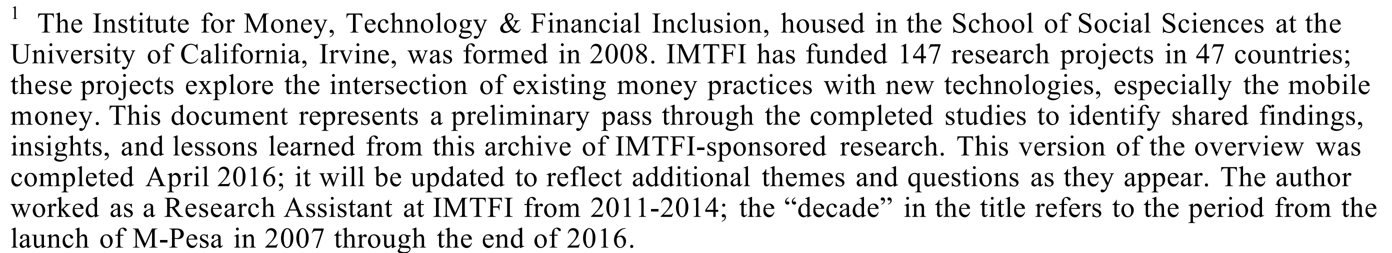
Studies of money, including studies of mobile money, often end with a lesson about trust. And indeed, trust is a central factor shaping mobile money uptake and use. But trust is complicated; it is not a single variable, but many: People might trust one institution (or kind of institution) over another; one group of people (neighbors, coworkers, kin) over another; one stranger (differentiated by race, gender, age, and so on) over another. Furthermore, in a surprising twist, in many studies from all over the world, *shame* (rather than trust) turns up as a key factor. Trust might secure someone's commitment, but it is shame that motivates them in the first place. Shame might motivate someone to save in order to avoid having to turn to one's social networks to borrow. Shame might motivate someone meet their financial obligations and make payments on their loans (especially when religion is also involved—e.g., when missing a payment is see as "un-Islamic"). Or shame might drive the financial maneuvering behind coming-of-age rituals, because—for example—to run out of beer or food, not have enough gifts, or be able to provide a satisfactory ceremony would be deeply embarrassing, not just personally, but for one's family.

7. God Matters

Finally, religion comes up in many studies, often on the edges of the study and even when the researchers were not looking for it. Faith in God, the divine, the supernatural, or the ancestors is linked in myriad ways with



money and finance. Example include praying over business investments, making church donations, accessing credit through oracles or other religious institutions, motivating repayment, or even refusing monetary compensation for labor that is seen as spiritual in nature or orientation.



[1] The Institute for Money, Technology & Financial Inclusion, housed in the School of Social Sciences at the University of California, Irvine, was formed in 2008. IMTFI has funded 147 research projects in 47 countries; these projects explore the intersection of existing money practices with new technologies, especially the mobile money. This document represents a preliminary pass through the completed studies to identify shared findings, insights, and lessons learned from this archive of IMTFI-sponsored research. This version of the overview was completed April 2016; it will be updated to reflect additional themes and questions as they appear. The author worked as a Research Assistant at IMTFI from 2011-2014; the "decade" in the title refers to the period from the launch of M-Pesa in 2007 through the end of 2016.