

THE PHYSICAL AND ELECTRONIC PAYMENT INTERFACE AND ITS INFLUENCE ON CONSUMER PAYMENT CHOICES AND INFORMAL PRACTICES: A CASE OF THE NATIONAL WATER AND SEWERAGE CORPORATION (NWSC) UGANDA.



Tugume Howard; Nanteza Justine; Kobusinge Justine

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About Benda Associates Limited

Research



Business start-ups



Agribusiness



Presentation outline

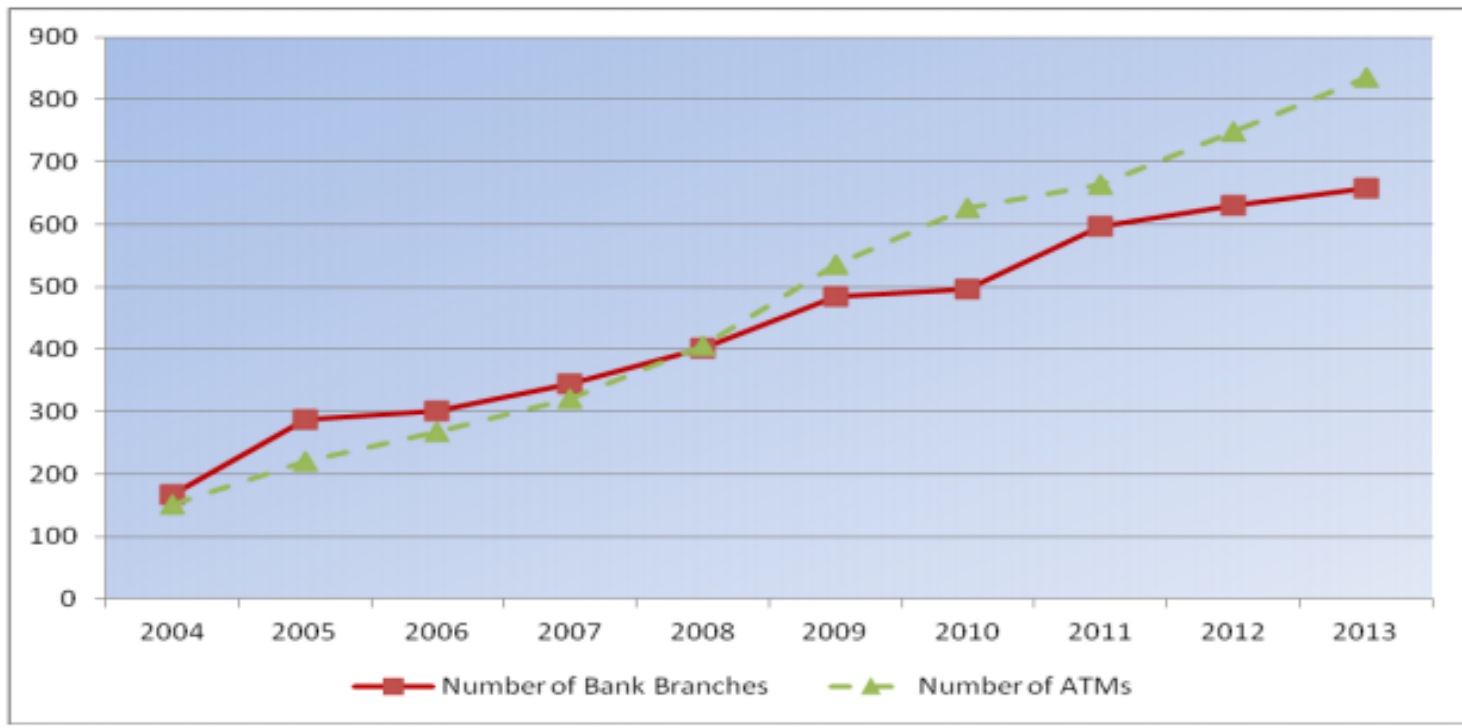
- Introduction
- Objectives
- Data and methods
- Preliminary results
- Limitations
- Concluding remarks
- Questions



INTRODUCTION

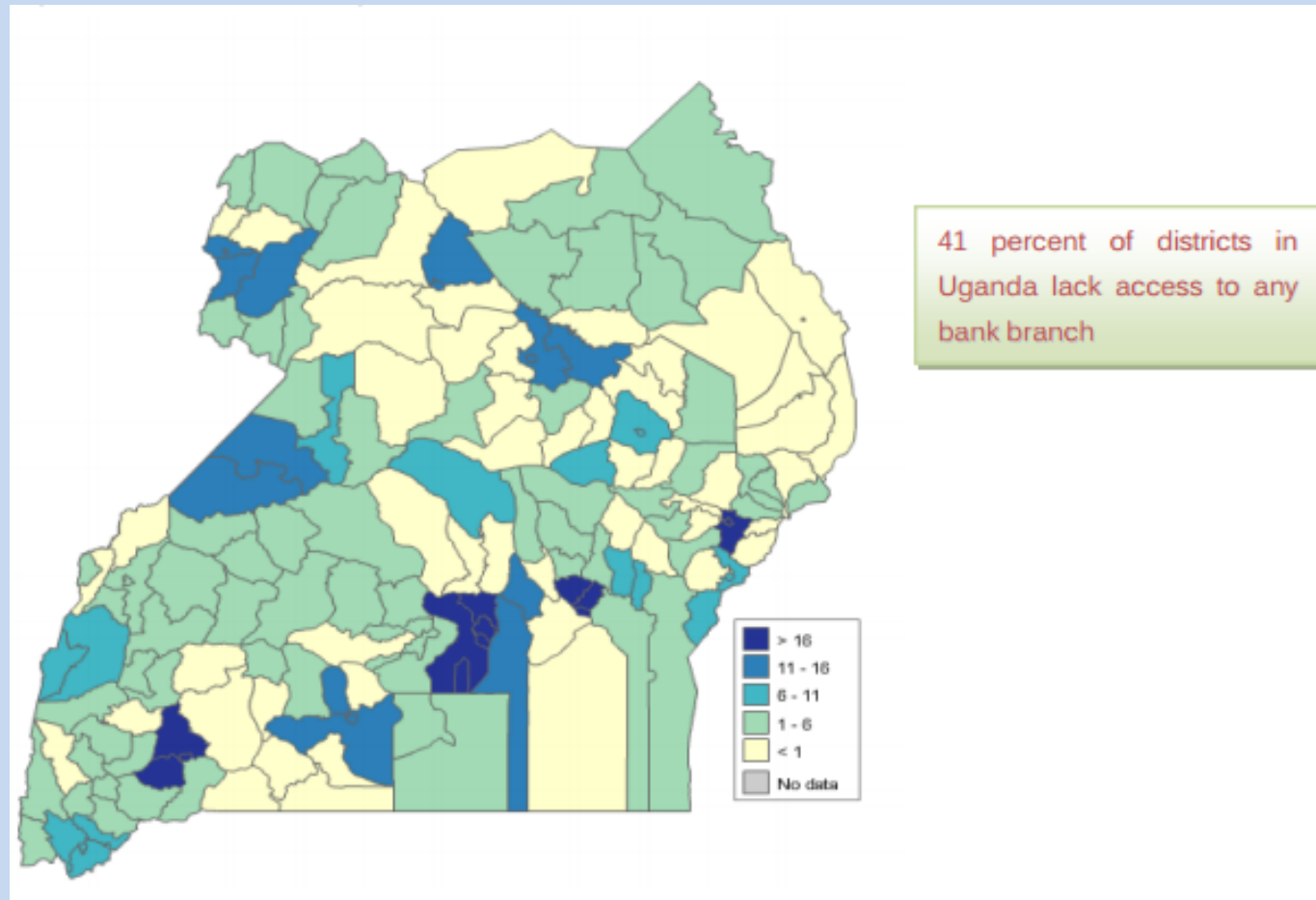


Number of Bank branches and ATMs



Source: BOU Financial Inclusion Report 2014

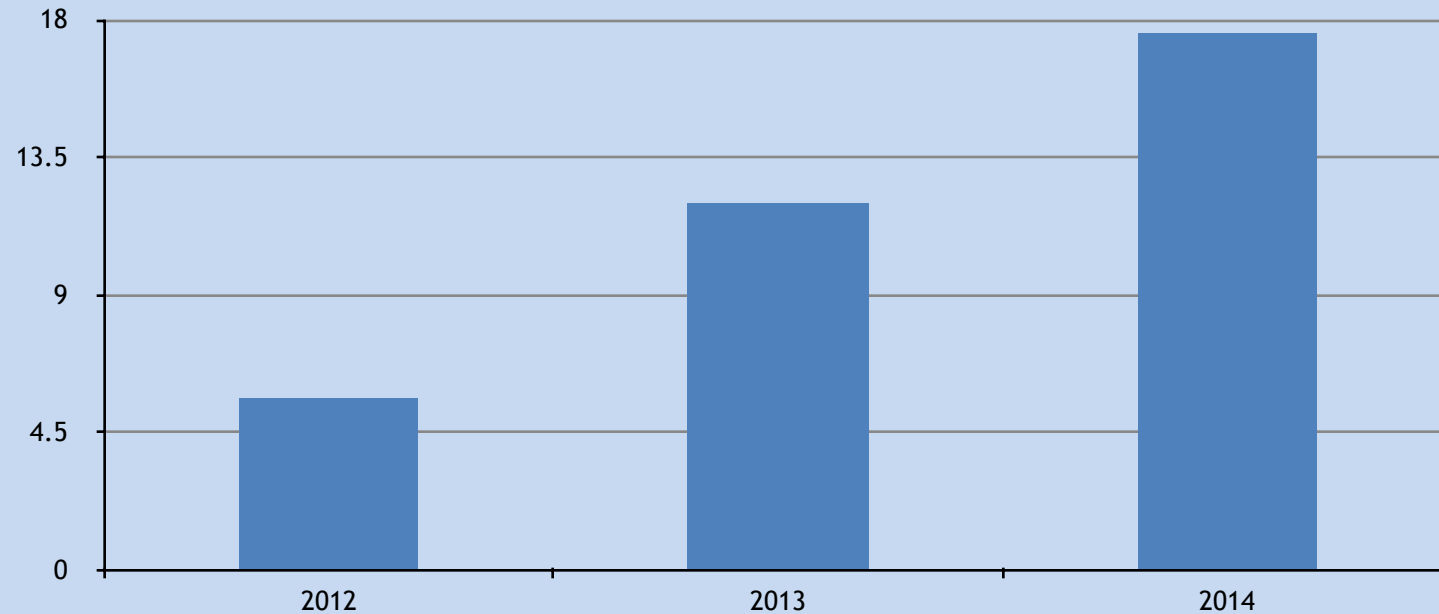
Distribution of banks and ATMS



Source: BOU Financial Inclusion Report 2014

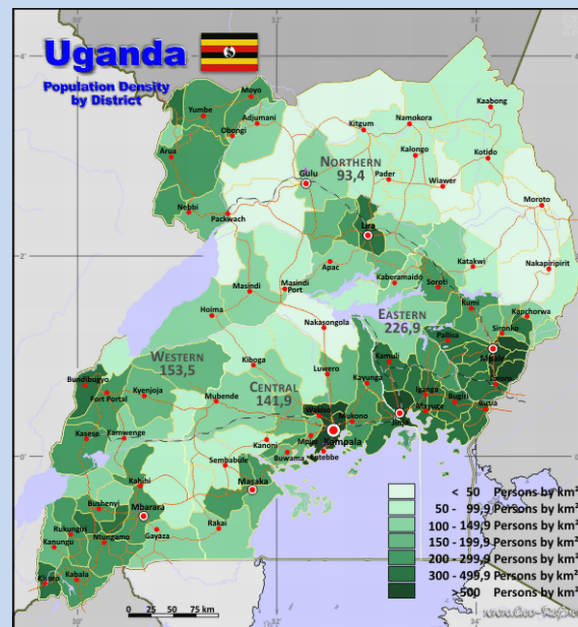
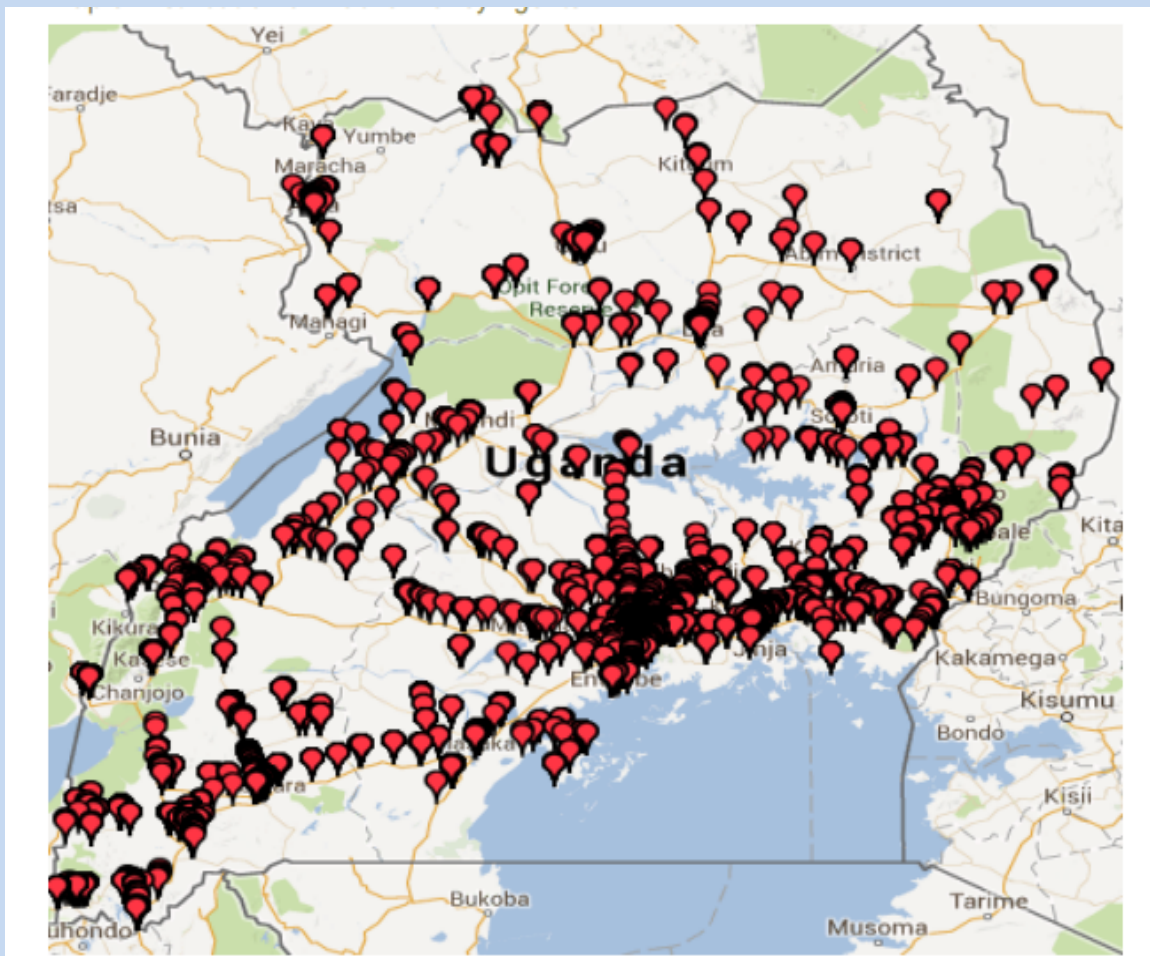
There is growth in money technology and innovations in Uganda

Number of registered Mobile money users in Uganda



Sources: Daily monitor December 11, 2014; Fits, 2013

Distribution of MM Agents in Uganda

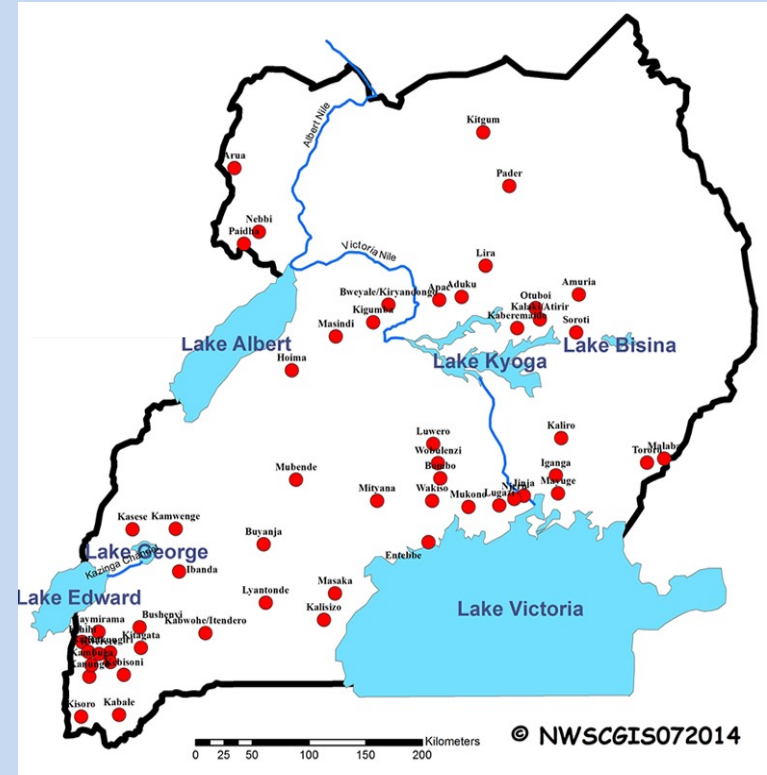


<http://www.geo-ref.net/en/uga.htm>

Source: Brand Fusion Ltd & Gates Foundation

About NWSC

- Established in 1972
- Offers water and sewerage services
- Serves over 3m people
 - urban areas in 38 districts



NWSC operation districts (Source:
<http://www.nwsc.co.ug/>)

NWSC payment innovations

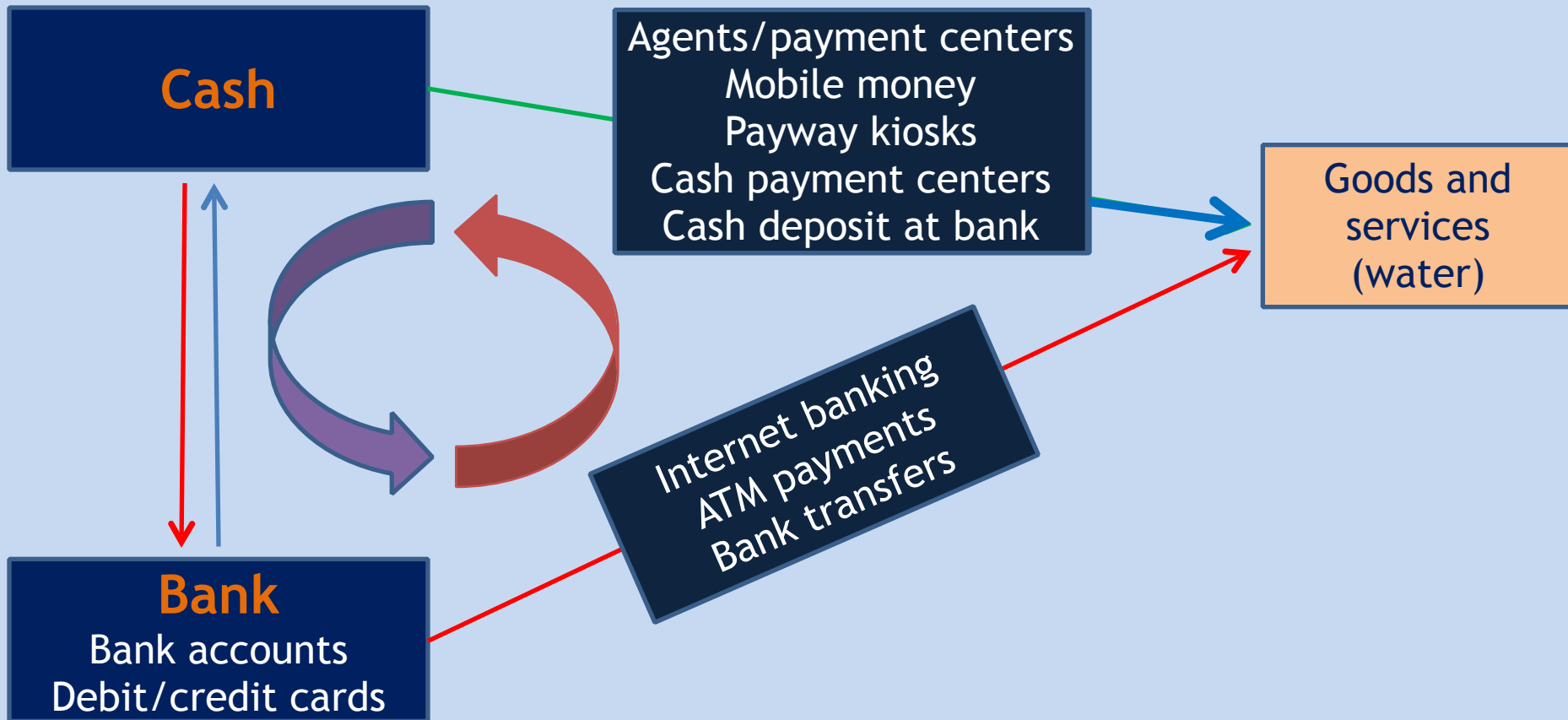
- Mobile money anytime anywhere
- Direct debit (internet banking and standing orders)
- ATM
- E-payment done at bank (Cash deposits at the bank)
- On spot billing

NWSC has provided quick and easy payment options and platforms



Source: <http://www.nwsc.co.ug/>)

Conceptual framework



Research problem

NWSC clients have a range of payment methods that are either cash based or electronic. They continue to use all methods but no study has been done to fully analyze what drives consumer choice and the impact the new payment methods have on informal/fraudulent practices.



Objectives and questions

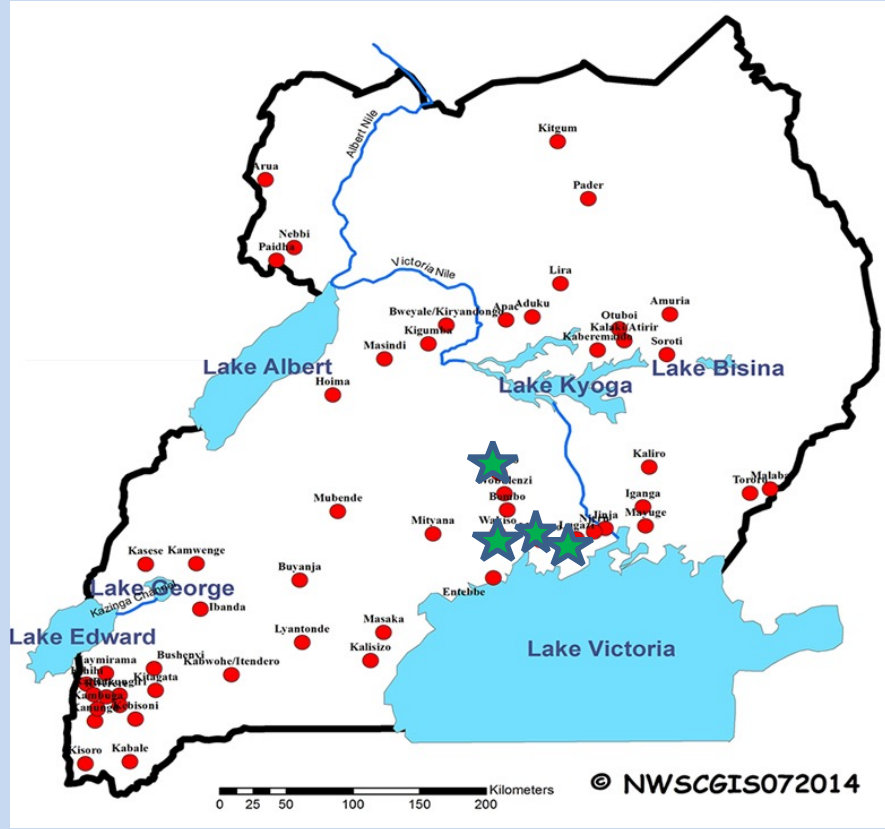
- Examine the factors that drive people's payment choices in NWSC
 - What is the role of demographics and social economic characteristics?
 - Why choose to pay bills using mobile money and other electronic payment method ?
 - How satisfied are the users of mobile money or electronic payment methods?
- Examine the impact that the interface between physical and electronic payments has on informal practices in NWSC.
 - What fraudulent or informal practices experienced in cash payment systems?
 - has the e-payment system changed the fraudulent/informal practice dynamics?

METHODOLOGY



Survey area

- Four districts in Uganda
 - Kampala (capital city)
 - Mukono (urban)
 - Mpigi (semi-urban)
 - Luweero (rural)



User interviews

- Randomly selected from clientele lists
- 200 have so far participated from three districts.
- 170 have been analyzed
- The exercise is still ongoing



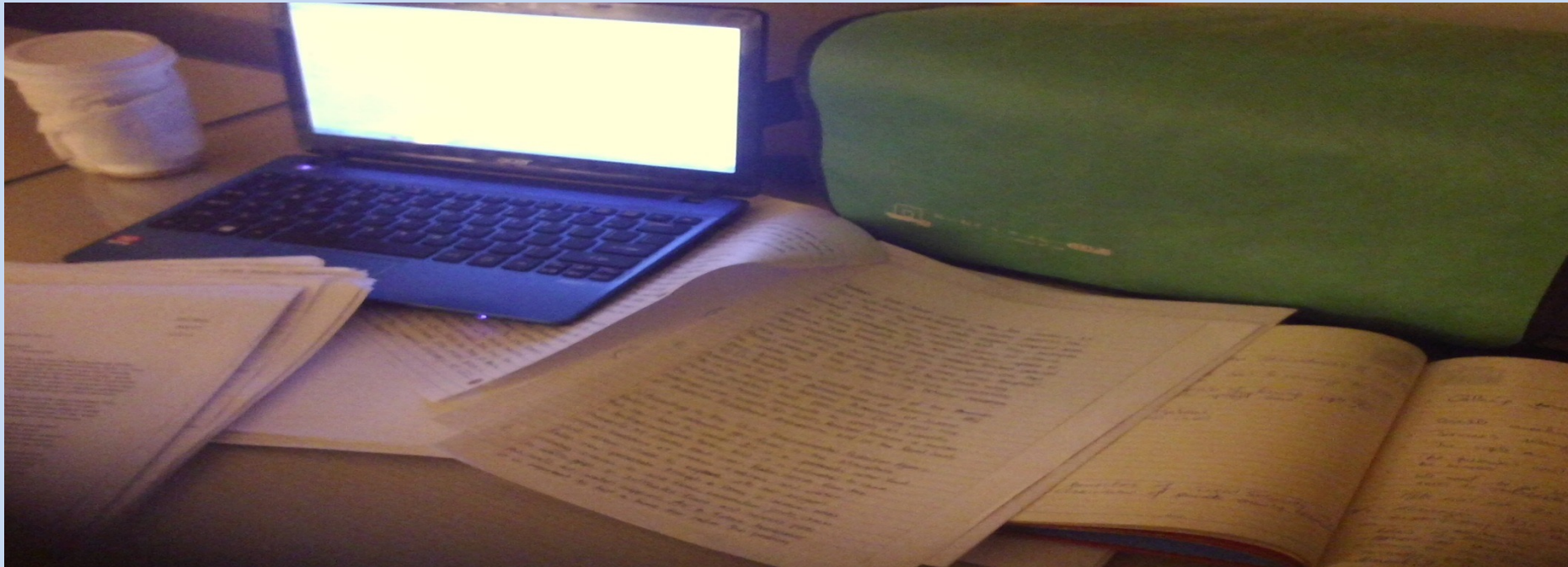
Expert interviews

- NWSC workers
- Bank managers
- Scholars

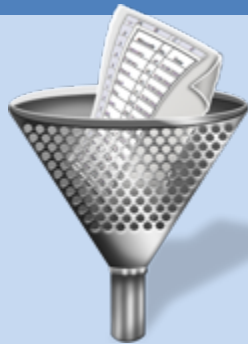


Document reviews

- NWSC reports and publications especially from head office
- News papers
- Other scholar output



PRELIMINARY RESULTS



Descriptive analysis

1. Results from a survey of users

a. The respondent knows that s/he can pay for water bills using the payment

MM	152 (89 %)	170
BT	63 (37.06)	170
CD	144 (85%)	170
Cash	99 (58%)	170

b. The respondent used a payment method in the previous six months

MM	68 (40%)	170
BT	13 (8%)	170
CD	134 (79%)	170
Cash	39(23%)	170

c. One attribute/ reason why a respondent used a payment method

	Cheap	Convenient	Easy	Fast	Did not	Near	Safe	Total
MM	0 (0%)	8 (4.71%)	15 (9%)	41 (24%)	102 (60%)	1 (0.5%)	3(2%)	170
BT	0 (0%)	0 (0%)	6 (4%)	3 (2%)	157 (92%)	0 (0%)	4 (2%)	170
CD	8 (5%)	7 (4%)	18 (11%)	3 (2%)	34 (20%)	21 (12%)	79 (46%)	170
Cash	0 (0%)	18 (11%)	6 (4%)	10 (6%)	131 (77%)	0 (0%)	5 (3%)	170

Source: Computed from survey data.



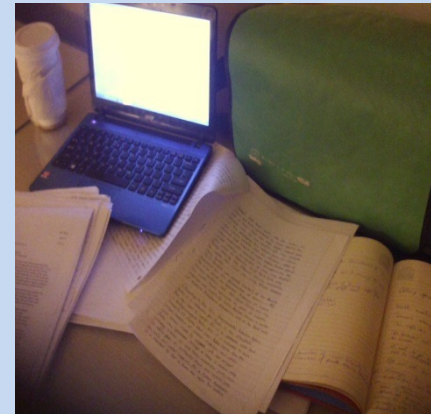
2. From expert interviews:

- Yes e-payment methods can reduce corruption between users and agents of providers
- The users are now exposed to ‘modern’ malpractices like hacking.
- Advanced innovations in payment are good but not good enough for our people.



3. Summary from document review

- In 2013 mm payments went high
- NWSC stopped receiving cash at their offices
- Water bills can now be paid anytime anywhere thanks to mm and ATM



LIMITATIONS

- The intention was to study drivers of payment systems in Uganda yet the product (water) is urban and gender biased
- Some payment methods do not have enough representation in the data collected and we are likely to drop them from further analysis.
- Informal practices are not documented so analysis is rather hard than impossible



CONCLUSION

- It's too early to draw conclusions

But,

- There are signs that research questions will be answered at the end of the analysis.
- Your suggestions, concerns and questions will enrich this work





Thanks

Still to do

ACTIVITY		2014	2015				
		12	1	2	3	4	5
Reconnaissance meetings							
Data Collection	Documents Reviews						
	Key Informant interviews						
	Administering questionnaires						
Submission of mid-term report							
Data entry and analysis (Logit model)							
Report writing							
Dissemination workshop							
Submission of final report							