

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

Mariam Sangaré

CESSMA (Centre for Social Sciences Studies on African, American and Asian Words), University of Paris 7 Diderot,
FRANCE

Isabelle Guérin

CESSMA, IRD(Institute for Research on Development),
FRANCE.

Population: 15.3 million

-Access to formal financial services
(**12%**)



The project

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?

Theoretical 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.

Theoretical backgrounds ..

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