

Briefing Note. A consumer view of financial behaviour and ICT in Ghana

By Research ICT Africa! (Ria!)

This note presents the results of a household survey by Research ICT Africa! (RIA!) on the use of Information and Communication Technologies. The survey covered some aspects of financial behaviour in order to test the hypothesis that mobile phone enabled payments could offer financial inclusion to the unbanked. The results presented here are preliminary and nationally representative results will only be published in May 2008. [This note has been prepared for circulation at the CGAP/DfID Regulators Workshop on Branchless Banking, London, March 10th.](#)

Do people have a bank account?

Of the 1094 people interviewed¹ just over 54% had access to an account (i.e. at least one member of the household had an account) and 40% even had their own bank account (only 35% in rural areas). When considering the male female divide, 45% of men had accounts, while only 36% of women had them.

Lack of access to a bank account has an impact. In terms of savings, many of the unbanked keep their money in a "safe place". It also means that when people need money, they end up borrowing from neighbours and family, stretching the community's resources.

Compare how people with and without bank accounts store cash	Yes (N=441) % respondents	No (N=650) % respondents
Keep in the bank account	89.1	0.9
Keep in credit /savings group	9.1	13.1
Give it as a loan to family and friends	3.2	3.7
Buy some kind of goods to store money	14.1	22.2
Invest in the household	12.7	21.4
Keep in a personal "safe place"	27.9	77.8
Other	3.2	11.7

Compare how people with and without bank accounts access small amounts of money	Yes (N=441) % respondents	No (N=650) % respondents
Selling something	28.6	39.8
Borrow from friends	10.2	19.8
Borrow from family	13.6	23.5
Withdraw from some kind of formal savings scheme	9.3	15.4
Withdraw from bank	66.7	1.5
Borrow from a merchant	0.7	0.8
Other	26.8	41.1

Of those without bank accounts, only 26% of respondents indicated they do not need a bank account, implying that over 74% would like access to a bank account (that is 43% of the whole sample). Of those people who would like a bank account, but do not have one, 67% use phones (either their own mobile or public phones) and 60% even own a mobile phone.

So would a mobile phone enabled proposition be attractive to the unbanked?

Attitudes towards banking – comparison between those with and without bank account	No (N=650) % respondents	Yes (N=441) % respondents
You can easily live your life without having a bank account	71%	52%
Mobile phone banking can be trusted if backed by a mobile phone operator	35%	46%
Mobile phone banking can be trusted if backed by a bank	44%	65%
You would consider having your salary (or your main source of income) paid into mobile phone bank account.	36%	64%
You are prepared to use technology	37%	59%
You often don't feel in control of your finances	22%	29%
Banks take advantage of poor people	27%	29%
Computers frighten me	15%	17%
The Internet is here to stay	32%	56%
You try to avoid technology as much as possible	15%	15%
You do not like to carry cash	32%	47%
Having a bank account makes it easier to get a loan	40%	54%
You are saving for something specific (education, a holiday, appliances, furniture, a car)	39%	48%

¹ The sample was split 47% major urban, 25% other urban, and 28% rural areas. The results will be weighted to obtain nationally representative figures and unbiased estimators.

A considerable proportion of the respondents without a bank account felt that life could easily be lived without an account. Those with bank accounts exhibit more positive attitudes towards mobile banking and are more prepared to use technology; on the other hand there is little difference in attitudes towards technology itself. Note that more of the banked do not like carrying cash, so this appears to be an attractive feature of accounts. More of the banked feel that having a bank account makes it easier to get a loan.

More of the banked are saving for something specific

When comparing the views of men and women there is only one issue on which opinions are divided - a greater proportion of men feel that banks take advantage of people.

Would a mobile phone enabled domestic money transfer system be enough?

Sending and receiving mobile phone airtime has been a strategy of users for trading and remitting finance at a distance. It has become a proxy payment system. So how many people get involved with airtime transfers? Approximately 25% of respondents had sent and 44% received airtime as a form of money transfer. Of those **without** a bank account 20% had sent airtime and 47% received airtime. Perhaps reflecting the sophistication of those with a bank account, 32% had sent airtime.

Certainly there is a demand for money transfer. There are considerable transfers between families (and friends). 17% of respondents indicated that their household received money from people living in other villages or cities. The amount received ranges from 20,000 to 5,000,000 Cedis (median is 400,000 Cedis) and 90% use the money for household expenses.

How do people get the money? Many bring it home in person or send it with a relative, the post office and bank accounts only serves a small percentage.

70% of people receiving national remittances make use of phones.

The strategies of receiving are of course reflected in the sending. But perhaps the higher status or disposable income of the senders means that 83% of people sending money nationally use phones.

Means used to receive and send national remittances	Receive % respondents	Send % respondents
Bring it home in person	51.1	40.3
By another relative	25.6	36.9
By a neighbour	11.4	11.1
By bus driver or stranger	4.5	9.1
Through a merchant	4.5	0
Through a bank account	5.7	4.3
Through western union / MoneyGram / Foreign exchange bureau	2.8	0
Through the post office	6.3	9.7
Other	0.6	1.1

Would there be a demand for an international remittance service?

12% of respondents indicate that their household received money from people living abroad. The amount received is a larger range than domestic remittance and ranges from 60,000 to 20,000,000; median is 1,200,000. Only 73% use money for household expenses, the rest being "invested" in business or a significant asset.

Means used to receive international remittances	(N=43) %
Bring it home in person	4.0
By another relative	15.9
By a neighbour	9.5
By bus driver or stranger	0.8
Through a merchant	2.4
Through a bank account	23.0
Through western union / MoneyGram / Foreign exchange bureau	54.8
Through the post office	2.4
Other	2.4

In this case Western Union, MoneyGram or Foreign Exchange Bureaus dominate the transfer flow, although the bank capture a quarter of the market.

Only a small number of people send money internationally (0.6%). For urban populations 31% of urban respondents receive remittances, and 26% of rural respondents receive money. Receiving international remittances appears to be a mainly urban phenomenon. Almost one half of urban households receiving money are receiving it from abroad, whereas 73% of money transaction to rural households comes from within the country. Of people receiving international remittances, 86% use phones.

Adoption of Mobile Phone Propositions

A mobile phone based banking solution would cover 67% of those currently without bank accounts. Such a service would be used for storing cash securely and for making money transfers - people currently carry cash and make extensive use of airtime transfers. An international remittances service would benefit a relatively small number of people, although the sums are larger, and in total a significant amount of money is transacted. Mobile services would reduce risks associated with storing cash in a safe place, and with carrying cash.

Research ICT Africa! (RIA!) [www.researchictafrica.net] fills a strategic gap in the development of a sustainable information society and network knowledge economy by building the ICT policy and regulatory research capacity needed to inform effective ICT governance in Africa. The network was launched with seed funding from the IDRC [www.idrc.ca] and seeks to extend its activities through national, regional and continental partnerships. The network is hosted at the Witwatersrand University, LINK Centre [link.wits.ac.za], under the directorship of Professor Alison Gillwald. The survey was designed and coordinated by Dr. Christoph Stork. Each member country has a nodal member responsible for coordinating RIA! activities in his/her respective country. There are further regional coordinators for East Africa, Dr Lishan Adam, and for West Africa, Dr Olivier Nana Nzépa. This note was prepared with the assistance of Gamos UK [www.gamos.org], and with funding from IDRC and DFID [www.dfid.gov.uk]. This document is an output from a project funded by the respective donors for the benefit of developing countries. The views expressed are not necessarily those of the donors.