



CRITICISMS AND CONTRIBUTIONS OF GHANA'S MOBILE MONEY MARKET

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ABSTRACT

In Ghana, the mobile money transfer system allows people to send money for market transactions using Short Message Service (SMS). It is easy, fast and needs no bank account. The service started in Kenya as MPESA introduced by Safaricom and has since been effected in other parts of the world especially in developing countries. This study, therefore, investigates the contributions and criticisms of mobile money Payment System on Ghana's market transactions. This study investigates the use of mobile money transfer service for market transactions in Ghana, its criticisms and market contributions from the customers' perspective. Both primary and secondary sources of data were employed for the study with pre-tested questionnaires and in-depth interviews as the market survey methods. The results of the study show that mobile money service in Ghana has indeed contributed to faster and convenient market transactions. Furthermore, the mobile money usage has also led to deepening of the financial and market system and thereby promoting a cashless economy.

The study recommends that critical measures be taken to bring improvements in the mobile money transactions in order to curb the drawbacks and criticisms about the service in the minds of customers. This will deepen our payment ecosystem and help win the confidence of the people in using the service for their daily market transactions.

Keywords:

Ghana, Mobile Money, Transaction, Market, Payment system, Short Message Service (SMS).

INTRODUCTION

Mobile money transfer system is gradually becoming a major means of payment for various market transactions in Ghana. It is a cash management service available on the mobile phone or Internet. It is mainly about facilitating money transfer for the Ghanaian market. The service is available to both mobile and non-mobile users.

In 2009, Ghana's leading telecommunications company, MTN, launched the service in the country following successes in Uganda and Cameroon. Today in the Ghanaian mobile money landscape, majority of Ghana's telecommunication networks offer mobile money services. Although the take-off is not as swift as witnessed in Kenya and Tanzania, there is every indication that the system will be strong in a few years.

The rapid growth of the mobile money usage in Ghana is partly on account of its faster and easier market transactions as a result of the recent advances in handset functionality, and mobile network technology. These developments have improved the payment system used in Ghana's market environment. In addition, it has also brought together different industry players, and other stakeholders in the field of business and marketing; thus, ensuring faster and easier transactions in our marketing activities. The use of mobile money services as a means of payment for transactions brings to the market a number of benefits to customers and marketers including convenience, speed, flexibility and affordability of the payment service.

Generally, a well-functioning payment system is imperative for ensuring the safety, stability, and soundness of a financial and market system in every economy. Efficient payment system facilitates timely completion of financial transactions to enhance job creation, economic growth and improved standard of living. Overall improvement in payment systems reflects in the entire economy through its inter-linkages with the fiscal, external and market sectors. This helps to facilitate movement of monetary claims between two or more parties for payment of goods and services.

❖ **Justification of the Study**

A high percentage of Ghana's population is "unbanked" meaning that, they carry out the payment of their transactions outside the banking sector. Payment options like the mobile money system that enable faster and easier money transfers without the use of a bank account, could have a major influence on this unserved segment of the population. Mobile money service gives anyone with a mobile phone on a registered network, the ability to transfer money, make cash payments and conduct other financial and market transactions over the phone.

❖ **Significance of the Study**

Transferring money has been part of the socio-economic development of every economy. Money is transferred for so many reasons; pay bills, as remittance, for trade, and among others.

As the mobile money payment service positively influences daily market transactions, this important study will help to understand the various issues related to the drawbacks and contributions of the mobile money service especially on market transactions. This help the stakeholders of the service to make informed decisions about the what can be done to ensure the smooth running of the service in market transactions in an appropriate manner.

❖ **Research Gap**

This research, attempts to bridge and fill the gap that exist in available literature as it seeks to explore the benefits and drawbacks of the mobile money system on market transactions in detail and the need for appropriate measures in ensuring the smooth running of the service as a contribution to the growing body of literature.

It is evident from available literature that, there are few studies on Ghana's mobile money payment system especially on market transactions. The findings and recommendations from this exceptional study would, thus, be significant in providing fresh and added information as well as useful guidelines in bridging the gap that exist in previous literature.

❖ **Research Objectives**

The study addresses the following research objectives;

- ❖ To investigate whether the mobile money system in Ghana has influenced market transactions.
- ❖ To identify the criticisms and contributions of the service from customers perspective.
- ❖ To suggest measures of making the system more appealing to customers for smooth market transactions.

REVIEW OF LITERATURE

Contributions of the Mobile Money System:

Bold (2012) reported that there is a positive relationship between mobile money adoption as a payment system and a faster and easier market transaction payment in Sub-Saharan Africa.

A study by **Robin (2016)** revealed that mobile money facilitates financial inclusion as it is used for transfers of money, payments for utilities, government revenue and others. The paper found

that mobile money integrates the excluded into the formal financial system which is a critical prerequisite for effective market participation and development.

Emerging collaboration between banks and mobile network operators in Sub-Saharan Africa is a marked indication of a positive move towards financial inclusion for the 80 percent of the Africa's unbanked population. Bold, et al, (2012) also found that in SSA the use of mobile phones for mobile money services is the main driving force behind the recent progress made towards financial inclusion. **(Mohit, 2010)**.

Adam (2015) found that mobile subscribers in Kenya and South Africa who do not have bank accounts are now using mobile money for banking and market related transactions

Moreover, **Etim (2013)** also analysed M-PESA growth trend and noted that M-PESA gained 2.37 million subscribers in the first year of implementation and in a 2008 survey of households in Kenya; about 43 percent indicated they used M-PESA. The study was repeated in 2009, and nearly 70 per cent of households were found to be M-PESA users.

Criticisms of the Mobile Money System:

Weber (2010) found in a study that reliability, security, high cost, low payout rates, low follow on sales and inadequate mobile money agents. These could be seen as the major drawbacks to this particular payment system, which is gradually penetrating the economy.

Amediku (2016) found that mobile money is not reliable since transactional payments that are deposits made can easily fail or be insignificant if the message confirming the transaction gets mistakenly deleted. This is possible due to the fact that the transaction is done using the mobile phone and since the owner is constantly handles it, there's the risk of losing such messages and this causes a lot of inconvenience to the parties involved in the transaction: to both the agent and the one who made the deposit or the one to make the withdrawal.

According to **Ehrbeck (2012)**, in making the Mobile Money transaction, it takes a while for the confirmation message to be sent thus slowing down the whole process. This goes a long way to create inconvenience for both the agents and the client. Sending messages can be slow because of the nature of some telecommunications networks in some locations in the country. In places where the network is not really good, it takes a while for such messages to be sent.

This completely distorts the whole process since it can take hours for the merchant to get receipts of payments and consumers do not want to be kept waiting more than a few seconds. This has led to slow adaption to and acceptance of mobile money services among many also poses a major challenge to the rollout of the services in certain sectors of the economy.

According to **Mbiti (2011)**, closely linked to the issue of mobile money transaction drawbacks is the SMS/USSD encryption interface that the system normally uses to validate transactions. If the SMS/USSD encryption ends in the radio interface then the message is a plain text. This brings about a break in the security of transactions since this will imply that though deposits have been made it may not have been validated. This may take some time to resolve as the plain text message only means that the transaction has not been validated and may lead to loss of funds on the part of the client. **Bold (2012)**, also noted that the Mobile Money payment service is new in the system and there are many high costs associated with this method of payment. The cost of setting up short codes and paying for the delivery of media via a Multimedia Messaging Service and the resulting customer support costs to account for the number of messages that get lost or are delayed. Costs involved also includes recruiting agents for the service, training them on the basic ethics of the service and setting up Mobile Money stands at various locations in order to make it more accessible and convenient. These raises the cost involved in this payment system compared to the others.

According to **Jong-Moon (2016)**, illiteracy among the populace is high in Ghana. Thus, most people are not able to use the platform. This is due to the cumbersome procedures one has to go through to make payments with mobile money. Illiterate clients also find the mobile money cumbersome thus they do not accept it for payment.

➤ **Model for the Study**

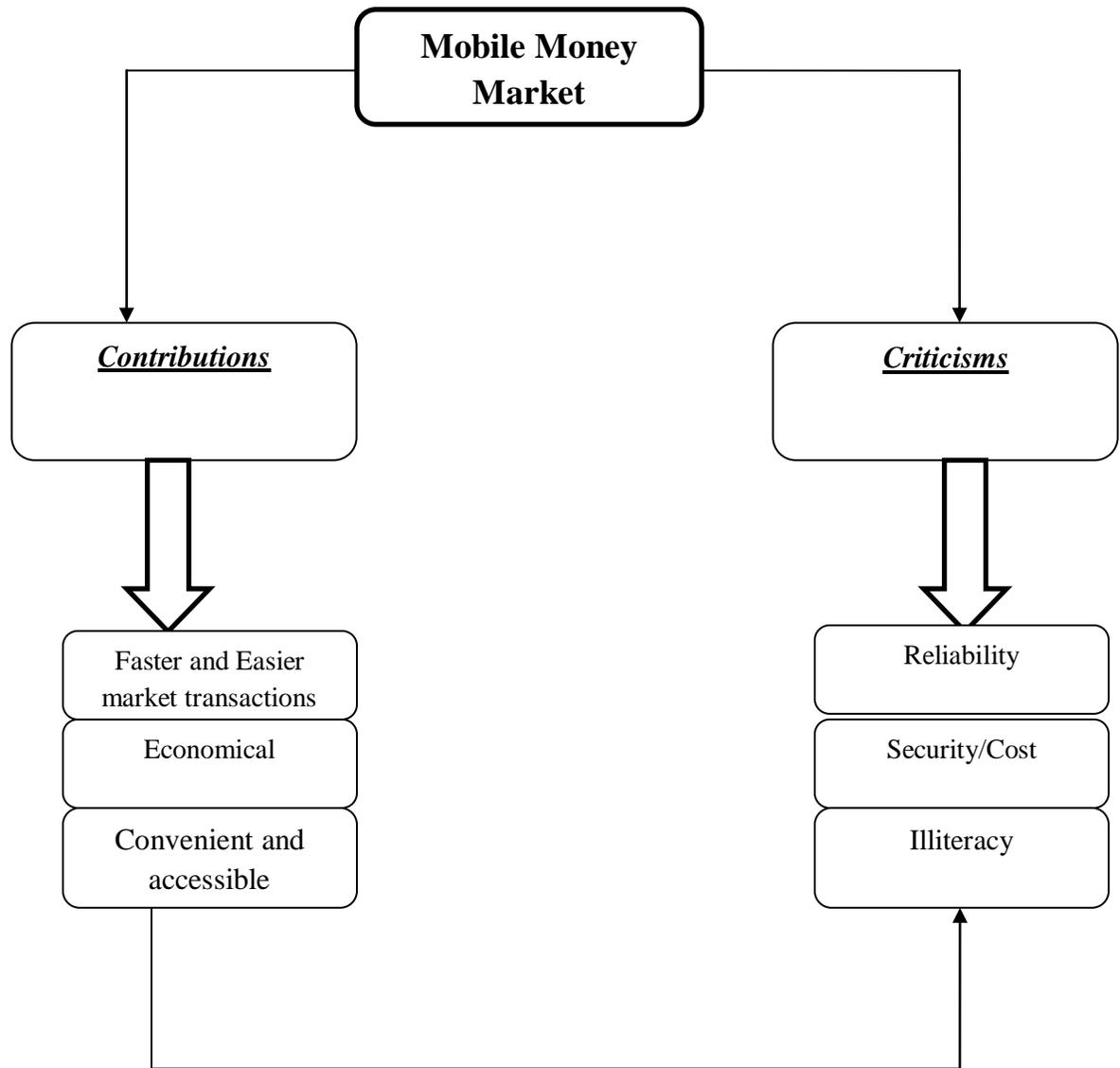


Figure 2.1 Source: Model Developed for the study

The above figure portrays a conceptual model of the mobile money market developed for the study. Factors influencing its contributions and criticisms from customers' perspective are also identified in the model.

❖ Hypotheses

The following are the hypotheses developed for the study;

H₀: Mobile money payment services has no positive influence on market transactions.

H₁: Mobile money payment services positively influences market transactions.

METHODOLOGY

In this exploratory study, both qualitative and quantitative approaches, supported with primary and secondary sources of data were adopted. In-depth interview sessions were held with customers to know their opinions on the mobile money market in four cities in Ghana, West Africa. Each interview lasted for fifteen (15) minutes. Furthermore, well-structured Questionnaire consisting of both closed and open ended measured on a five-point Likert-scale were filled up by each respondent to ascertain their views.

Based on the characteristics of the population and the objective of the study, a convenience sampling technique, was adopted for the study with a sample of 200 customers. All the study modules were checked for reliability and validity with Cronbach's alpha coefficient, calculated in order to assess the internal reliability of all items in the questionnaire. Statistical tools were also used to test the hypothesis formulated.

ANALYSIS OF DATA

Table 4.1: Feedback from Respondents (N = 200)

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Attribute	Description	N	%
Level of Education	Graduate	116	58.0
	Postgraduate	53	26.5
	Others	31	15.5
	Total	200	100.0
How long have you been using mobile services?	Less than a year	09	4.5
	1-3years	21	10.5
	4-6years	69	34.5
	7years and above	101	50.5
	Total	200	100.0
Mobile money services saves me time and cost	Strongly agree	78	39.0
	Agree	112	56.0
	Neutral	06	3.0
	Disagree	04	2.0
	Total	200	100.0
Mobile money services are trustworthy	Strongly agree	67	33.5
	Agree	94	47.0
	Neutral	18	9.0
	Disagree	21	10.5
	Total	200	100.0
My transactions get affected during Network Failure	Strongly agree	58	29.0
	Agree	91	45.5
	Neutral	22	11.0
	Disagree	29	14.5
	Total	200	100.0
Mobile money services can be Frustrating and requires lots of mental work	Strongly agree	34	17.0
	Agree	93	46.5
	Disagree	73	36.5
	Total	200	100.0

Source: Field data

The table above shows the responses gathered from the study. With respect to respondents' level of education, it is observed that, 116 respondents constituting (58.0%) are graduates. This means that majority of the respondents have completed senior high or university education.

In connection with how long respondents have been using mobile services, a good majority of the respondents, 101 representing (50.5%) have been with mobile services for more than seven years and are therefore conversant with its usage.

Majority of them also agree that mobile money system is trustworthy as 94 respondents constituting (47.0%) believe that it is trustworthy. Nevertheless, 21 respondents (10.5%) have the idea that, it is not reliable.

Moreover, responses related to the fact that network failure do affect transactions was not all that encouraging as majority of the respondents 91 representing (45.5%) strongly agreed to that. This gives a clear signal that most of the respondents believe that unstable network negatively affect their mobile money transactions.

Lastly, majority of the respondents 93 representing (46.5%) also agree to the idea that, Mobile money services are can be Frustrating and requires lots of mental work. On the other hand, however, 73 respondents constituting (36.5%) also disagree.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
0.815	0.759	21

Cronbach's coefficient was calculated to measure and determine the internal consistency reliability of the survey. The value of Cronbach's alpha obtained above is 0.815. This meets the minimum acceptable value of 0.7 and thus, showing that there is sufficient reliability of the data used in the survey.

Table 4.11.1 Results of Chi-square Test

Contributions of Mobile Money Marketing	Chi-Square Value	df	Asymp. Sig. (2-sided)	Results
D1: Enhances economic activities	288.170 ^a	6	.000	Supported

D2: Faster and Easier market transactions	135.840 ^b	6	.000	Supported
D3: Convenient	208.550 ^c	6	.000	Supported
D4: Accessible	159.400 ^b	6	.000	Supported
D5: Cheap	153.600 ^c	6	.000	Supported
D6: Secured	175.880 ^b	6	.000	Supported
D7: Reliable	86.789 ^b	6	.000	Supported

From the table above, the results of Chi-square tests for all the hypotheses formulated in connection with the contributing factors influencing mobile money for marketing transactions are all in significant level. The Chi-square values are all above 0.5. Thus, the null hypothesis is rejected and the alternative hypotheses is accepted at a 5% significant level that Ghana's mobile money payment system positively influences market transactions.

❖ FINDINGS

The study came out with the following findings:

- During the interview session with respondents, it was found that, the problem of network failure which sometimes negatively affects transactions is the main disadvantage why people have failed to subscribe to the mobile money system. This was evident as a majority of the respondents 91 representing (45.5%) strongly agreed to that. This gives a clear signal that most of the respondents believe that unstable network negatively affects their mobile money transactions which put them at risk.

- Majority of them also agree that mobile money system is trustworthy as 94 respondents constituting **(47.0%)** believe that it is trustworthy. Nevertheless, 21 respondents **(10.5%)** have the idea that, it is not reliable.
- The mobile money payment system positively influences market transactions as it helps speed up faster and easier market activities.

❖ CONCLUSION

The advantages of the mobile money payment system are manifold and explicitly verifiable from its phenomenal success in the financial and market sectors. Since the introduction of the mobile money service in Ghana in 2009, the service has narrowed the pool of unbanked persons in Ghana and signed on more than 1.5 million active subscribers while recording a total of 18.5 million monthly transactions. The service also provides employment to 19,500 merchants across the country and thus, serving as means of ensuring sustainable livelihood.

More importantly, this unique mobile payment system has also contributed to a more faster and easier market transactions helping all and sundry to buy and sell at their convenience. It is therefore concluded that, the mobile money payment system positively influences market activities in Ghana and should be upheld.

❖ RECOMMENDATIONS

The study has revealed that development of the mobile money sub-sector encourages financial inclusion and deepens the payment systems on the Ghanaian market. Mobile money sub-sector is therefore one of the key drivers of the payment systems in Ghana. The study therefore recommends:

- Telecommunication networks operating the mobile money services act honestly, by presenting all terms and information about their mobile money services in a clear and accurate way to aid customer decision-making;

- There is the need for Mobile money operators and collaborating banks to treat every consumer fairly and not discriminate against customer irrespective of amount received or sent.
- Telecommunication networks operating the mobile money services must strengthen customer complaints' handling and redress. In addition, mechanisms must also be put in place so that the processes become easily accessible, independent, fair, accountable, timely and efficient; convenience associated with the mobile money system.

❖ **MANAGERIAL IMPLICATIONS**

- Adequate internal dispute resolution mechanisms must also be provided in order to ensure transaction literacy education for the public and strengthen internal controls to minimized mobile money related and cyber fraud complaints.
- Network failures was the main setback reported by customers and this seems to be the main issue preventing non-users of the service as it negatively affects uncompleted transactions, thus, operators must work on network stabilization to reduce customers' risk.

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