ISSUE 03 - MARCH 2018

FSD Research Brief

THE GENDER AND AGE DIMENSIONS OF MOBILE MONEY ADOPTION IN KENYA

By Misha Mintz-Roth
John Hopkins University

INTRODUCTION

Today, over 70% of Kenyans have registered a mobile money account. The large majority—9 out of 10 account holders—use it for sending and receiving remittances, while many others use it for personal and business needs such as borrowing money from friends or paying wages. Much of why, or how often, Kenyans utilize mobile money varies across demographic categories and social and economic contexts, according to both gender and age. When interviewed, men and women of different age levels claimed to use their phones for varying reasons. Statistically, their levels of adoption and usage varied considerably too. Yet, up until now studies concerning mobile money and financial inclusion have focused largely on aggregate adoption rates and usage trends. Few have shed light on the ways in which women, men and young adults (men and women ages 18-25), use mobile money differently. This brief attempts to parse out these divides by presenting in a two-part preliminary study that provides a basic picture and raises some new questions for future research.

In the first part, the brief draws on statistical data gathered by FinAccess, a household survey program designed to measure access to and demand for financial services on a national level. By examining data over a seven-year period, between 2009 and 2016, the brief teases out key commonalities and differences among women, men and young adults. The second part builds on these findings by discussing field data and interviews collected between 2012 and 2016, supported by FSD Kenya. Utilising findings from four focus groups, as well as interviews and life history projects with 10 individuals, the brief provides a glimpse into the gendered behaviors and social ramifications surrounding mobile money usage in urban areas. The key sites for research were Nairobi and Mombasa.

BACKGROUND: MOBILE MONEY IN KENYA

Mobile money first emerged in Kenya in 2007. Safaricom, the country's largest telecom operator, launched M-Pesa –"Pesa" meaning money in Swahili – a person-to-person financial transfer platform. It recruited 400 agents, tasked with registering M-Pesa accounts as well as handle deposits and withdrawals. Agents were also facilitators of non-subscribers wishing to send or deposit money to account holders. By 2009, nearly 27.6% of Kenyan adults claimed access to a mobile money account; by 2013, the percentage increased to 62%. Today, mobile money remains vastly popular, with more than 70% of the country's adults claiming use. And while Safaricom was accompanied by competitors, including Airtel Money, Orange Money and Yu Mobile, M-Pesa remains the most popular mobile money platform, controlling over 80% of the market share with approximately 150,000 licensed agents. (CAK 2018)

PICTURING DIFFERENT USERS

Gender and age proved to be meaningful factors in terms of whether Kenyans used mobile money and to what ends. On the whole, men remained the most active users. According to *The 2016 FinAccess Household Survey* data, 76% of men (approximately 18.1 million men nationwide) claimed access to a mobile money account. Their overall percentage grew two-fold over the last seven years, from 2009 to 2016. Like most subscribers, the most common use was for sending mobile money between friends and family (90%), followed by saving (61%). Men were also most likely to use mobile money for everyday economic opportunities and conveniences, with 10% to 15% of them using mobile money for managing business needs such as giving or receiving wages (13%), or sending or receiving business payments (11%).

Women, on the other hand, showed comparatively lower adaption rates. As of 2016, 68% of surveyed women (approximately 16.1 million females nationwide) claimed access to mobile money accounts. While women were nearly as likely to use mobile money to transfer sums between friends and family, they were half as likely to use it for managing business finances, whether in giving or receiving wages (7%) or in making or receiving business payments (6%). Yet, women did demonstrate certain counter trends. Specifically, they were more likely than men to use mobile money accounts on a consistent monthly basis – 43% compared to 34%. (This is likely a reflection of women being primary mediators of household earnings .) In addition, women's overall rate of mobile money adoption since 2007 tripled compared to men's twofold increase over the same seven-year period, demonstrating a closing gap between gender groups.

One demographic category that remains less studied is young adults. While exhibiting adoption rates similar to women, young adults have proven to be on the whole more likely to experiment with new mobile money-related products. Young consumers were more likely to utilise mobile money bill-pay options or cash collection services such as Lipa na M-Pesa, where their adoption rates were as high as 25%. In addition, according to the Boston Consulting Group, young adults made up more than half of the consumer base of M-Shwari, a mobile banking platform launched in 2012. (Boston Consulting Group 2015) This presents something of an anomaly: while young adults were the least likely of any group to adopt mobile money, they were the most likely to have the most diverse set of uses and to try new products once they were already subscribers. In addition, at 73% of registered users, young adults were the most likely to use mobile money for savings.

Chart 1: Comparison of adoption rates among adult men, adult women, and young adults in 2009 and 2016.

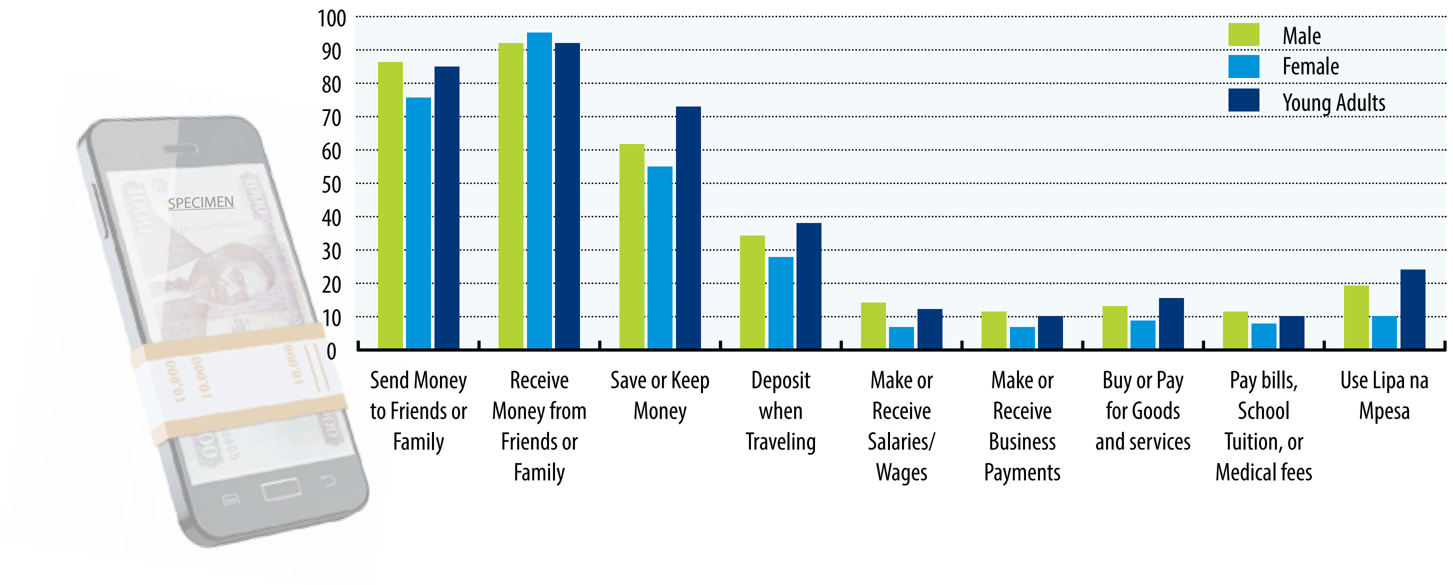

Chart 2: Active users of a financial institution or mobile money account
Percent of adult population (18 years +)

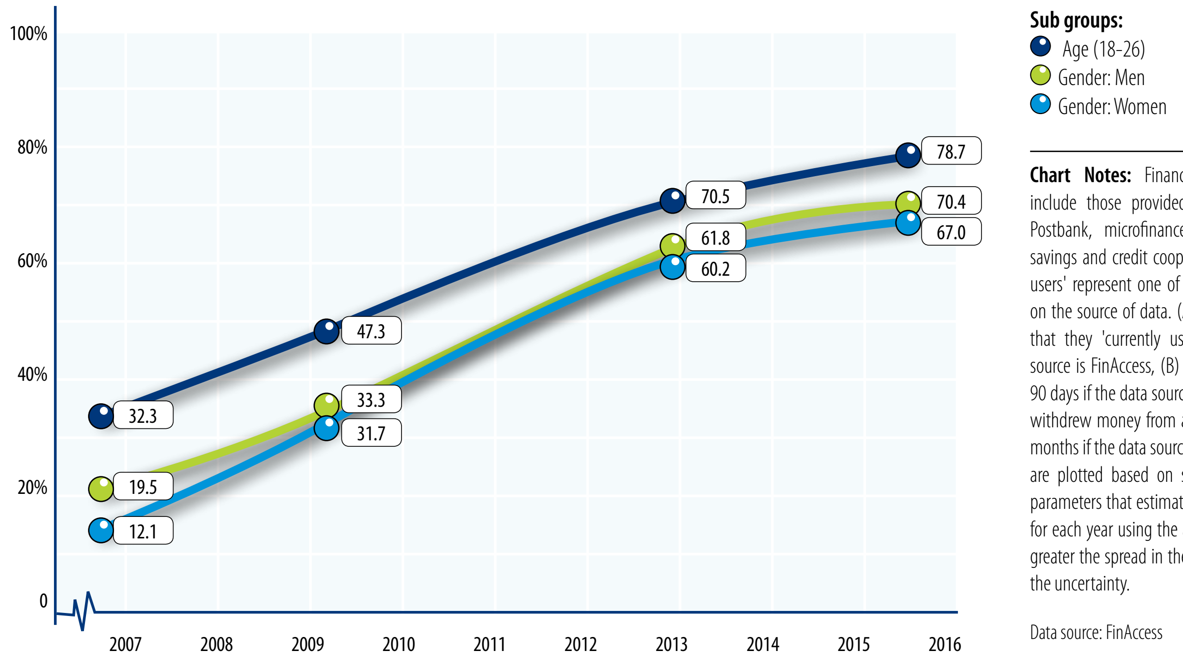

Chart Notes: Financial institution accounts include those provided by commercial banks, Postbank, microfinance institutions (MFIs)and savings and credit cooperatives (SACCOs). 'Active users' represent one of the following depending on the source of data. (A) individuals who report that they 'currently use' a service if the data source is FinAccess, (B) used a service in the last 90 days if the data source is FII or (C) deposited or withdrew money from an account in the past 12 months if the data source is Findex. 100 trendlines are plotted based on simulations of regression parameters that estimate the probability of usage for each year using the available survey data. The greater the spread in these trendlines, the greater the uncertainty.

Data source: FinAccess

PERCEPTIONS OF MOBILE MONEY

When asked how mobile money impacts on or changes one's life, higher adoption rates were not always indicative of positive perceptions. Men and women had a tendency to voice different opinions about mobile money that were not only appreciative of its added value but also a reflection of the way that mobile technologies were eroding certain social and economic practices and protocols. The following section discusses such perspectives across gender and age.

Men: High adoption rates and high expectations

Many urban male informants we interviewed were quick to appreciate mobile money's widespread transformations for small businessmen. Newspaper vendors and second-hand clothing salesmen in Mathare, a slum in Nairobi, explained that mobile money offered "advantages to the small guy" and was a "pace-setter." John* said that customers can pay for his merchandise electronically, giving him more opportunities. Independently, he liked to save, send, pool, or distribute money between himself and other businessmen. Peter, another Mathare resident, said that he used mobile money to send advances to business colleagues in Western Kenya, where he often traveled to pick up textiles to resell in Nairobi. He said this was a valuable tool to help him allocate money toward future business. He no longer had to buy merchandise from local Nairobi vendors who, in his opinion, "take all the earnings." Maurice, another second-hand clothing salesman in Kariobangi, a slum area just

northeast of Mathare, shared the same sentiment. It "gives me freedom to move around and sell clothing [without] worrying about thieves," he said. By "topping up" (i.e. depositing money into his mobile account), he can store and keep money electronically when working in Gikomba, an open air second-hand clothing market notorious for petty crime.

Even amid widespread usage and gains, men were also apt to express discontent. Most of these grievances weren't directed toward business, but in relation to family and marital life. According to informants, mobile money was

* All the respondents names have been changed to conceal their identities

a blessing and a curse. Insofar as it has helped them achieve better business returns, it has also made them vulnerable to claims from family members and friends. That is, just as mobile technology has increased business efficiency and earnings, so, too, has it increased obligations to remit and re-distribute earnings in a more efficient manner.[1] Elvis, a charcoal distributor from Kariobangi, explained that M-Pesa helped him build and manage his business. But it has also made him more exposed to claims coming from his wife and children as well as younger brother, sister and grandmother in-law. Prior to mobile money, he contended, he was able to support them. These days, mobile money has caused him a lot of "stress" from unmet expectations. Maurice (above), who provides for his widowed sister, wife, and children, also said mobile money increases one-way financial transfers within the household—typically from a migrant husband or father to wives and children. "Only once did I receive KShs. 50, " he said, "and it was sent to me by accident."

Yet, perhaps the most widespread concern related to marriageability. While married with two children, Peter, the textile vendor in Mathare, explained that he sees young men struggling under pressure to acquire the means to pay 'dowries' or demonstrate earning potential. With jobs increasingly scarce, "men [who] would normally marry at 25 or 30 years old are now unable to do so," he said. "They need to travel farther away [to make money] in order to marry." He explained that "after turning 35, if they are still single, people will generally give up on them." For those young men who migrate to find work, sending remittances are indicative, said Peter, of one's future potential to provide.

Women: empowerment, secrecy, and care

On the whole, women carried a more positive attitude toward mobile money and its impact on society. Despite lower adoption levels, they were more unanimous in describing its added value. According to women we spoke to in Nairobi's Kawangware and Kibera neighborhood, they sent money to friends and family because it was their "wish" and "desire," describing such transfers in terms of care and affection. Sylvia, a self-employed woman from Nairobi, explained that she sends money to her sister in Mombasa. "In the past I didn't have much contact with [my sister,] but now, because of M-Pesa, she is always contacting me for money [and vice versa]." Others testified to sending money secretly. That is, they transferred money between household members without fathers or husbands knowing, worried that the latter would claim their right to it. Nancy, working and living in Nairobi, sends money secretly to her sister completing a college degree as well as her mother in Western Kenya when the latter is in a "fix." "I want to help her out if she is in a corner," Nancy said, "because she was there for me." Rachel, working part-time as a waitress in Mombasa, also said that she would send KShs. 2,000 (approximately $20) to her sister every few weeks. Rather than wait to visit home, which is nearly 700 kilometers away, she would send money "any time" to help her sister without her father knowing.

1 60% of men, according to FinAccess data, send money to relatives and friends on a weekly or monthly basis, while only 17% say they receive money on the same basis.

On the whole, women carried a more positive attitude toward mobile money and its impact on society. Despite lower adoption levels, they were more unanimous in describing its added value.

In this way, mobile money seemed to help women cultivate networks of care, even keying itself into relationships of trust and loyalty. (For further discussion, see Heyer and Mintz-Roth 2016). As Nancy (Above) explained, she no longer has to rely on the "shylocks" – a word she used for usurious lenders in her neighborhood – but could borrow money from office colleagues and church friends, which she referred to as her "wenzake" ("confidantes"). "They understand what I am going through," she explained. "They support me when I'm in need." Others also explained that mobile money has enabled a broader support for elderly women and mothers in particular, who statistically earn on average 58% less than their male counterparts (Worldbank, 2017). During our interviews, senior aged women repeatedly explained that mobile money helped them gain access to husbands and children's earnings and safeguarded their role as primary household financial mediators. Mary, from Kawangware, who sells donuts ("mandazi"), said that she received money from her husband once a week to purchase food and manage the home. "Mamas need some help," Mary explained. "Children send money to their mother to show they appreciate her. . . . If you empower the mother, you empower the family. But if you send [money] to the father, then he will eat and drink the money so the family can't have it."

Young adults: technology savvy and economic status

The last category of customers we spoke to were young adults. These were predominantly men and women aged 15 to 25 studying and working in Nairobi and Mombasa. Many voiced a similar set of appreciations as mentioned above toward mobile money, which they used to access commercial and household financial connections and save and store cash. As Francis, a newspaper vendor from Mathare explained, mobile money helped him maintain a network of customers who pay intermittently in lump sums. "Having M-Pesa has helped me gain regular customers, who I can rely on." Michael, a a young man working as a flower vendor in Mombasa, explained that he used M-Pesa to save and receive money and pay customers. "When I have it, I put aside KShs. 100 or KShs. 200 a day," he explained, as he and other street-side merchandisers occasionally pooled money together via M-Pesa to support other friends and colleagues in need. Damaris, who sold potatoes while studying, said that she and other colleagues pool money via mobile money to purchase ingredients in bulk. In addition, several informants mentioned that they use M-Pesa to receive money from household members – mothers, fathers, and siblings –while completing educational degrees. (From our interviews among low- and middle-income residents, KShs. 1,000 to KShs. 2,000 Shillings per term was typical.)

Yet, many young adults also spoke of having a mobile money account as a status indicator and symbol of aspiration and identity, not to mention proof that someone was "serious." Mobile money was a marker of reliability and urban and technology savvy. As Michael. (above) explained, "We are all doing the same thing [working as street side vendors], but with [M-Pesa] I am [a] known [entity] because they know I usually have money stored on me. I am creditworthy." Another young man named Dennis, working and living in Kibera, spoke about having a mobile money account as a point of independence and self-realization. He explained it in this way:

> *"Having M-Pesa proves that I am an adult. . . If I have my own account, I must be serious about who I am. . . I once used my mother's account to receive and withdraw money. Now I have my own, and I do what I want with it."*

Part of the reason young adults might feel this way about mobile money accounts is that few are old enough to picture society without them. Having a mobile money account – like a mobile phone or social media profile – is a rite of passage, akin to finding one's way, comparable to earning a college degree, finding a job or renting a personal apartment. Not having one may even be a cause for suspicion. As Gerald explained, having an M-Pesa account helped him join a syndicate of vendors and "hawkers." Without it, he would not be in business, he said. He would have no "friends." Christine, a young woman studying at Kenyatta University, explained that she will only rent apartments with roommates who have mobile money accounts. At month end, when it is time to pay bills. "[she] needs money quickly." "I can't wait," she explained, "I need it immediately, or else we are all in trouble."

CONCLUSION

Findings:

This note offers a preliminary picture of the way in which mobile money is adopted by, and used among men and women and populations of different ages. The data collected points to several different trends and themes. To summarise:

An over-the-counter M-Pesa transaction a local pizzaeria: Having a mobile money account–like a mobile phone or social media profile–is a rite of passage, akin to finding one's way, comparable to earning a college degree, finding a job or renting a personal apartment.

Men and women perceive the advantages and disadvantages of mobile money differently.

Men demonstrated an ambivalence about mobile money: they claimed that it both galvanized earning potential, especially through facilitating business, while also exposing them to relatives and acquaintances making claims on those earnings. This was particularly burdensome in the context of demonstrating marriageability, where inability to demonstrate one's income power compromised prospects for marriage.

Women, on the other hand, were greater proponents of mobile money and the changes it offered them in everyday life. They often described their transfers to other women not in the language of obligation but affection and care. They cited improved opportunities to earn and access financial capital from friends and colleagues without husbands or fathers knowing, as well as an improved ability to support elderly women and mothers.

Young adults perceived mobile money as an important status symbol, helping them construct and maintain valuable economic relationships.

Young adults – men and women under the age of twenty-five – saw having a mobile money account as imperative for expanding one's financial network. It offered both practical capabilities in sending and receiving money and was also indicative of one's creditworthiness and professional know-how. Being without a mobile money account made one liable to being seen as non-equipped for urban life.

This brief underscores the need for more granular and comprehensive studies which can provide a better understanding of why or how populations adopt and use mobile money and the overall ramifications such technologies have. The brief is an initial step towards a more nuanced understanding of the changes taking shape since Kenya's mobile money revolution.

REFERENCES

1. The Boston Consulting Group (2015). *Financial Services for Younger People: Prospects and Challenges* <http://www.mastercardfdn.org/wp-content/uploads/2015/08/Youth-Financial-Services.pdf> Accessed on January 22, 2017.
2. *FinAccess Household Survey (2016).* <http://fsdkenya.org/wp-content/uploads/2016/02/The-2016-FinAccess-household-survey-report1.pdf> Accessed on January 22, 2017.
3. FSD Kenya (2014). *"Kenya Financial Diaries: Shilingi kwa Shilingi – The Financial Lives of the Poor."*
4. Communications Authority of Kenya (2018) *"First Quarter Sector Statistics Report for the Financial Year 2017/2018."* <http://www.ca.go.ke/images/downloads/STATISTICS/Sector%20Statistics%20Report%20Q1%20%202017-18.pdf> Accessed on March 7, 2018.
5. Johnson, Susan (2012). *"The Search for Inclusion in Kenya's Financial Landscape: The Rift Revealed."* FSD Kenya. .
6. Munga, Boaz and Onsomu, Eldah (2014). *State of Youth Unemployment in Kenya*, Brookings Institute <https://www.brookings.edu/blog/africa-in-focus/2014/08/21/state-of-youth-unemployment-in-kenya/> Accessed on January 22, 2017.
7. Suri, Tavneet and William Jack (2016). *"The Long-Run Poverty and Gender Impact of Mobile Money."* Science Vol. 354, Issue 367, pp. 1288-1292.
8. The World Bank (2017) *"Ratio of Female to Male Labor Force Participation Rate (%)"* <https://data.worldbank.org/indicator/SL.TLF.CACT.FM.ZS?locations=KE> Accessed on September 12, 2017.

About FSD Kenya:

The Kenya Financial Sector Deepening (FSD) programme was established in early 2005 by the UK's Department for International Development (DFID) to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. Working in partnership with the financial services industry, the programme's goal is to expand access to financial services among lower income households and smaller enterprises to create value through financial inclusion. It operates as an independent trust under the supervision of professional trustees, KPMG Kenya, with policy guidance from a Programme Investment Committee (PIC). Current funders include are the Swedish International Development Agency (SIDA) and the Bill & Melinda Gates foundation.

Government of Kenya

UKaid from the British people

EMBASSY OF SWEDEN Nairobi

BILL & MELINDA GATES foundation

FSD Kenya Financial Sector Deepening

FSD Kenya is an independent Trust established to support the development of inclusive financial markets in Kenya • **A** 9-Riverside, 3rd Floor, Riverside Drive • PO Box 11353, 00100 Nairobi, Kenya • **T** +254 (20) 513 7300
info@fsdkenya.org • www.fsdkenya.org • @FSDKe