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Mobile Banking and Mobile Money Adoption for Financial Inclusion: A Study in Ghana and Nigeria

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Abstract

The literature informs that basic mobile phones have been adopted in Sub-Saharan Africa (SSA) and that they could help to transform the region's emerging economies (Bishop et al, 1999; ADB, 2003; Fisher, et al, 2004; Butler, 2005; Best, et al, 2006; Elijah & Ogunlade, 2006; Ssewanyana, 2007; Economist, 2008, Etim, 2011). Two important sectors in particular - banking and telecommunications - are developing innovative strategies and mobile phone apps to bring about financial inclusion to the 80 percent of African unbanked population. One of such strategies is the collaboration by banks and mobile network operators (MNOs) to deliver mobile phone-based money transfer services. One of Kenya's MNOs, Safaricom, leads the world with a successful mobile money transfer model that is called *M-Pesa*. According to Washington D.C's CGAP (Consultative Group for Assisting the Poor, 2010), Safaricom, enabled by the favorable policies of the Central Bank of Kenya, has offered M-Pesa since 2007; in 2010, it boasted of more than 9.5 million adopters. While M-Pesa has brought financial inclusion to millions of unbanked in Kenya with greater than 30 percent adopters in the country's urban centers like Nairobi, West African countries such as Ghana and Nigeria lag behind with less than 10 percent adoption rate (Economist, 2012). The question then is, why has mobile banking and money adoption lagged in West Africa, particularly in the two giants, Ghana and Nigeria? This question guided a mobile banking study in Ghana and Nigeria. Surveys were administered to self-selected students' participants in two large universities. Focus group interviews were conducted in both sites to help inform the survey results. The results exposed many critical factors that are hindering the adoption of mobile banking and mobile money in Ghana and Nigeria. Recommendations are made based on the findings in the study.