



# ANA Research: Senegal Country Report 2016

## Building on agents' optimism to advance digital financial services in Senegal

Agents in Senegal reap higher profits than their colleagues in all countries included in the Agent Network Accelerator (ANA) project. High transaction volumes and low operational costs guarantee steady profits. The prevalence of crime and fraud is lower than in East Africa. The local digital financial services (DFS) market is shared among four dominant players, but most agents are non-exclusive and serve three providers on average. This position allows them to push a provider, which gives them leverage. The situation appears particularly auspicious in rural areas, which (unlike in other countries) seem to be more dynamic than urban centres—including Senegal's capital Dakar. Money transfer is the leading service, catering to the widespread need of sending remittances, both within the country and across international borders. However, most transactions are over the counter (OTC) and still a limited number of customers have a mobile wallet. This suggests that the sector has yet to realise its full potential.

### A remittance-driven rural success

Four major DFS providers currently vie for Senegal's growing market. One of them, Wari, has a strong foothold both in Dakar and in the rural areas. A key feature of Senegal's digital financial landscape is the importance of urban-rural remittances. In general, the average value of transactions is higher in the countryside than in urban areas (including Dakar) for withdrawals (US\$29 vs. US\$23), money transfers (\$25 vs. \$22) and

international remittances (\$157 vs. \$134). Rural agents also appear to be better trained and supported than urban agents. Liquidity appears well managed both in cities and countryside: only 6 percent of the total volume of transactions is refused due to lack of cash or e-float.

### Expectations (and profits) run high

The ANA study captured widespread optimism among mobile money agents, most of whom foresee themselves in agency in one year. Over half of the agents surveyed, particularly in rural areas, are new in business. The median monthly revenue per agent is \$160. Based on purchasing power parity, this is more than in other countries surveyed by the ANA project. Profits are high for two main reasons: low operational costs and low level of exclusivity of the agents. The latter aspect is particularly important; indeed, non-exclusive agents (accounting for 66 percent of the total) have higher profits (\$146) than exclusive agents (\$92).

However, the popularity of OTC transactions eclipses the possible advantages of opening a mobile wallet account. Agents blame a lack of customer awareness and scant information from the providers. Improving agent and customer profiling and investing in agents' support may facilitate the shift to a mobile wallet model, resulting in a more complete, and satisfying, usage of a broader range of financial services.

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# A snapshot of Senegal's DFS landscape

Senegal presents one of the most promising DFS markets in West Africa. The path to its development is traced by a recent study commissioned by the UNCDF MM4P (Mobile Money for the Poor) programme and conducted by The *Helix* Institute of Digital Finance within the framework of the ANA project. The research was based on the stratified sampling of 1211 agents across the country and classified according to the location, considering the Dakar metropolitan area, other urban centres and rural areas. Its main goal was to explore the reasons behind the success of an agent network and offer insights on how to advance a comprehensive digital finance agenda.

To read the full report, [click here](#)

## Products and service offered by the agents



## Agents' transaction volumes in relation to



## Main obstacles to the expansion of the services

- Service downtime
- High pressure due to significant competition
- Low resources to buy liquidity



## Opportunities for improvement

- Pushing agents and clients towards the adoption of mobile wallets
- Improving market analysis to better tailor products to customers' needs
- Monitoring and reducing service downtime
- Improving agents' compliance
- Enhancing coordination among the providers to outsource the agents' support.

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