



© UNCDF Benin/2016

RESEARCH HIGHLIGHTS
INSIGHTS INTO ACTION

Advancing digital financial services in Benin: Needs and hurdles

In recent years, Benin has seen steady growth in supply and demand of financial services. Mobile network operators (MNOs) have joined banks, microfinance institutions (MFIs), traditional saving clubs (tontines), and other established financial providers to offer a broad range of financial products. Today, a mix of digital and non-digital services is driving financial inclusion. So far, a quarter of the adult population has used a formal financial product while one in five has an account in his/her name. A young population (half of the population of 10 million is below 34), a high possession rate of official identity documents (both national IDs and voter registration cards, accepted by MNOs but not banks nor MFIs) and a diffused ability to perform basic mathematic operations together present promise for the spread of digital financial services (DFS).

State of the market

According to a study by InterMedia, digital services represent a gateway to formal finance for many Beninese. Sixty-six percent of formal financial product usage is with digital accounts. Amongst the 20% of Beninese adults who own an account in their name, almost half are registered with one of the five MNOs operating in the country. While it is common to use and own multiple SIM cards, the mobile money market is currently serviced by two providers (MTN and Moov) and an MFI (ASMAB). In general, those who are currently 'financially included' are more educated, live in urban areas and are employed. This profile particularly

applies to mobile money account users, and may help in understanding the significant gap between mobile money awareness and registered use: indeed, while 54% of the adult population knows of mobile money, only 11% has made use of it and 9% own an account. The fact that more Beninese are financially active than have formal accounts points simultaneously to a needs gap and an interest in financial mechanisms.

Addressing needs

The study also highlighted how people think about different financial practices and attach advantages and disadvantages to each of them, according to their needs. While tontines are viewed as a familiar mechanism for community building, MFIs are generally perceived as a disciplining tool and banks, seen as a testament to healthy businesses, are deemed the institutions most suitable to managing steady incomes. In interviews, mobile money emerged—to those aware of its function—as a flexible instrument to swiftly and safely move money. For instance, one would use a tontine for daily saving and income smoothing, an MFI for a business loan and mobile money for conducting transactions. Preserving a diverse financial repertoire better enables consumers to meet their financial needs when it comes to easily and affordably accessing a range of services, spanning savings to remittances. Therefore, while there is a progression from usage of tontines to MFIs and eventually banks, formal institutions (both digital and non-digital) do not replace but rather integrate informal ones, which are used across

different population segments because of their role reproducing social ties.

... and overcoming hurdles

Further strides are required to overcome current barriers in Benin. Providers need to build meaningful awareness by showing DFS value. The hurdles that hamper DFS uptake include limited diffusion of devices (75% of adults have access to mobile phones but less than 66% own their own), limited literacy (36% are literate), limited SMS use (only 33% regularly communicate via SMS, a critical capability for DFS interactions) and limited awareness (mobile money, a core DFS tool, is unknown to 46% of consumers or considered 'not needed' by 17%). However, demographics matter to DFS adoption and winning the heart of the young population by addressing their needs can prove useful to advancing digital finance in Benin.

FOR MORE INFORMATION

Contact [Sabine Mensah](mailto:mm4p.senegal@uncdf.org), UNCDF Technical Specialist, at mm4p.senegal@uncdf.org

Check out our website www.mm4p.uncdf.org

 @UNCDFMM4P

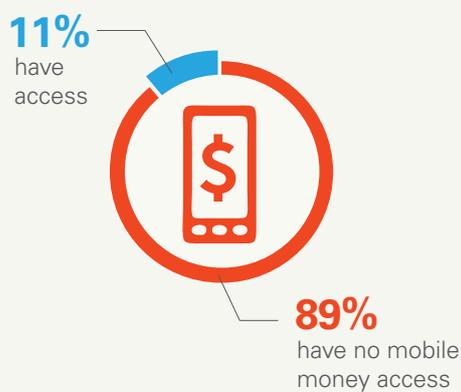
 MOBILE MONEY FOR THE POOR

Digital financial services in Benin: Perceptions of use, needs and interest

The aim of the study was to capture perceptions of the use of, needs for and interest in DFS in Benin. To do so, InterMedia used both quantitative and qualitative methods of data collection. The quantitative survey was conducted with a representative sample of 3,042 Beninese, aged 15 and above, between December 2015 and February 2016. The qualitative study was based on 4 focus groups of six to eight participants each and 16 interviews in three different locations (Aguague, Bohicon, Banikoara). The participants included new and prospective DFS users and MFI users. Special attention was paid to MFIs customers and female users, a segment of the Beninese population with overall lower financial inclusion rates. The research found that, particularly in rural areas, women lag behind in phone ownership, DFS readiness, DFS awareness and financial service usage.

To read the full report, go to our website: www.mm4p.unCDF.org

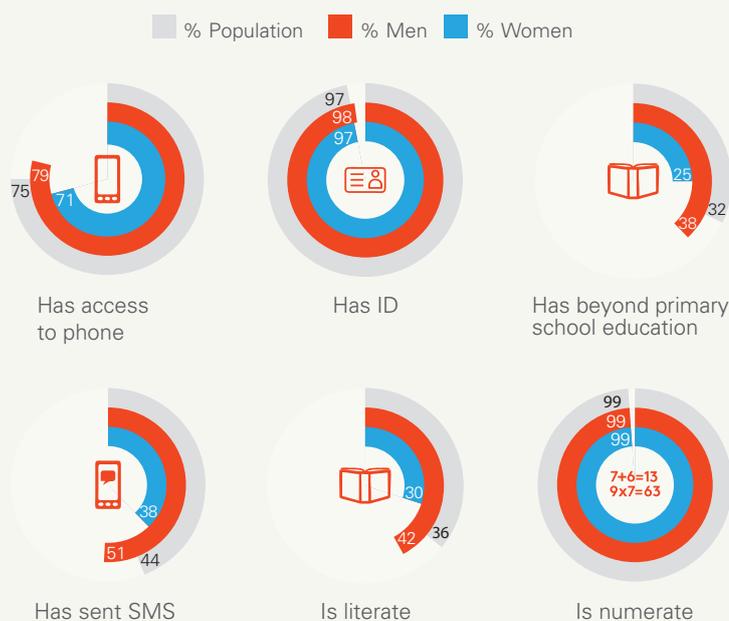
Mobile money access rates



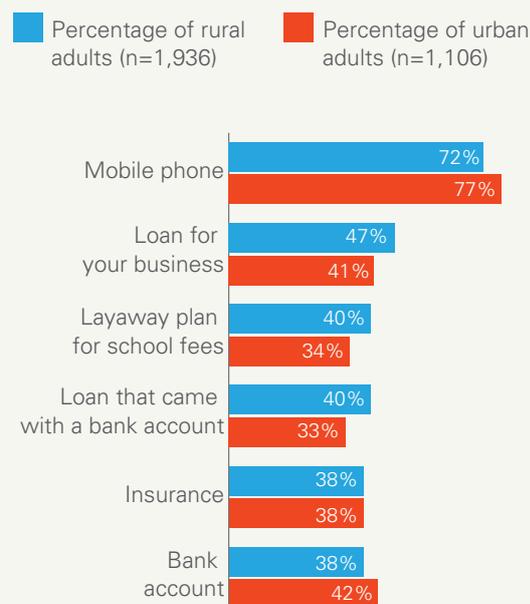
Reasons for not having a mobile money account



Readiness levels



Very important tools for households



These highlights are brought to you by Mobile Money for the Poor (MM4P), a United Nations Capital Development Fund (UNCDF) programme.



October 2016. Copyright © UN Capital Development Fund. All rights reserved.

The views expressed in this publication are those of the author(s) and do not necessarily represent the views of UNCDF, the United Nations or any of its affiliated organizations or its Member States. The designations employed and the presentation of material on the maps and graphs contained in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNCDF concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.