



RESEARCH HIGHLIGHTS
INSIGHTS INTO ACTION

Consumer behaviours in Senegal: analysis and findings

Senegal features a variegated financial landscape, including formal and informal, digital and non-digital financial providers

There is a high level of mobile phone ownership, ID registration and numeric literacy, three defining criteria for digital financial service (DFS) preparedness that hint the local market might embrace digital finance. A growing number of Senegalese are discovering formal financial institutions through digital means of payment, particularly over the counter (OTC). Supply is rich and varied, with four major DFS providers: two OTC money transfer operators (third party providers), Wari and Joni Joni, and two mobile network operators, Orange and Tigo. Demand is growing: Senegalese feel their primary financial needs—purchasing/renovating a home, investing, and paying school fees—could be answered by DFS. The picture emerging from the InterMedia Consumer Behaviours in Senegal Report is encouraging.

Over-the-counter dominance

Most Senegalese tend to use multiple financial institutions, comparing their perceived reliability, ease and security. Indeed, growing adoption of formal finance is not eroding the popularity of established institutions such as saving clubs (tontines). While it is difficult to ascertain the informal financial sector's size, a telling indicator is that cash is still king: it does not involve transaction surcharges, it is universally accepted, and other alternatives are not as prominent though new ways of saving and

transferring money are gradually gaining ground. Although only 7 percent of the population has a bank account, DFS are driving the adoption of formal finance and over half the population has recently used OTC money transfer and/or mobile wallet. OTC is particularly popular. The typical OTC user is male, employed, educated, without access to other formal financial institutions and well aware of all points of sale within five kilometres of his domicile. He is also loyal to the brand and regularly uses the service. Registered mobile money users lag in numbers, though they are more likely to access a broader suite of services. The report suggests several reasons for OTC dominance over mobile money: low literacy and education affecting the level of readiness, compounded by a lack of perceived need and knowledge. But scant awareness is not, per se, a barrier to mobile money account ownership. Indeed, although awareness of mobile money products is higher in urban areas, it is not directly correlated to usage. Non-users might be either aware or unaware. Two factors stand out regarding OTC dominance: the convenience and the chance to work with an agent. In fact, agents seem to play a crucial role in driving adoption, by encouraging customers to open a DFS account and even supporting them to perform basic operations.

Significance of social networks

A defining characteristic of Senegalese financial behaviour is the significance of social networks. Most Senegalese rely on family and friends for loans, even for basic consumption. Trust is paramount, which is why people with close ties are the main source of financial advice. This is true particularly when it comes to achieving key aspirations, such as home renovation, children's education and other investments, and to sustaining self-discipline and household budgeting. Swaths of the population with limited access to financial services, mostly women and rural Senegalese, are showing growing interest in innovative tools to send, save and borrow money. DFS can fit the bill, but trust must be fostered by conveying meaningful information through reliable channels.

FOR MORE INFORMATION

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 MOBILE MONEY FOR THE POOR

Grasping customer behaviours in Senegal

Senegal is seeing slow but steady growth in DFS adoption. The level of preparedness and awareness is high, and OTC transactions are increasingly popular. The next step is to scale up usage of DFS by creating a value proposition for mobile wallets that would encourage users to explore the full suite of services offered. The aim of the research conducted by InterMedia with a sample of 2,845 Senegalese adults was, on one hand, to provide a snapshot of financial supply and demand and on the other, to capture the main financial needs and behaviours in order to clarify how DFS can best meet the pressing demand for more accessible and efficient financial tools. The baseline survey was complemented by a qualitative study using in-depth interviews and focus groups in Dakar and Kaolack to understand customer adoption, OTC usage and gender-based challenges. Major barriers remain for women, due, amongst other things, to time constraints because of family commitments, limited financial decision-making power and greater familiarity with informal institutions.

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

DFS providers



Mobile network operators



Third party providers

DFS readiness

(Percentage of Senegalese adults, n=2,845)

90%



Have access to a mobile phone

97%



Are numerate

95%



Have an ID

35%



Are literate

29%



Have beyond a primary school education

DFS awareness and experience



80%

Are aware of at least one mobile money provider

8%

Have used mobile money

Major gender-based challenges and imperatives to foster greater DFS amongst women

CHALLENGE

- Has difficulty managing time and finances
- Demonstrates resourcefulness that might lead to more informal use of financial services
- Likes cash and struggles to understand DFS
- Is at a stage in life that could make product adoption more difficult
- Has three personas of financial management: independent, co-decide and restricted
- Keeps accounts and amounts private at home

IMPERATIVE

- Appeal to a woman's needs, illustrating how DFS can help in her life—remember, one microfinance institution was credited with 'helping make women's lives better'
- Make DFS appear as resourceful as she is, and offer her greater access/flexibility than found with informal options
- Do not demonize cash; instead, show how DFS offer many of the positives associated with cash and/or helps protect her cash
- Proactively try to capture her attention and equip her with an account prior to marriage; consider targeted stage-in-life initiatives
- Do not assume all women are restricted from accessing financial mechanisms
- Equip her with privacy-protecting elements in her account (biometrics, know-your-customer requirements)

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



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