

Promoting mobile money use through training and text- messages in Malawi

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Motivation

- **Most adults in Malawi are financially excluded:**
 - Only 34% of adults use at least one financial service from a formal financial service provider
 - Up to 52% of adults use no financial services
- **Low formal financial inclusion in Malawi:**
 - 28% of rural (63% of urban) use formal Financial services.
 - 18% of female and (29% of Male) with formal financial account



Motivation

- **Three of six priorities of the Malawi Financial Sector Development Strategy addresses these:**
 1. Expanding reach of digital payments
 - 99.7% of all payments are made in cash
 2. Leverage of VSLAs to enable savings groups
 - Membership grew by over 1 million adults between 2008 and 2014.
 3. Effective consumer empowerment and education
 - 64% of adults have never heard of an ATM,



Research Questions

Can training on mobile money and financial literacy plus reminder Short Messages Services (SMS) -

1. Influence **knowledge of digital financial services** by VSLA members in rural Malawi?
2. Influence **usage of digital financial services** by VSLA members in rural Malawi?
3. **Improve savings** by members of VSLAs in rural Malawi?

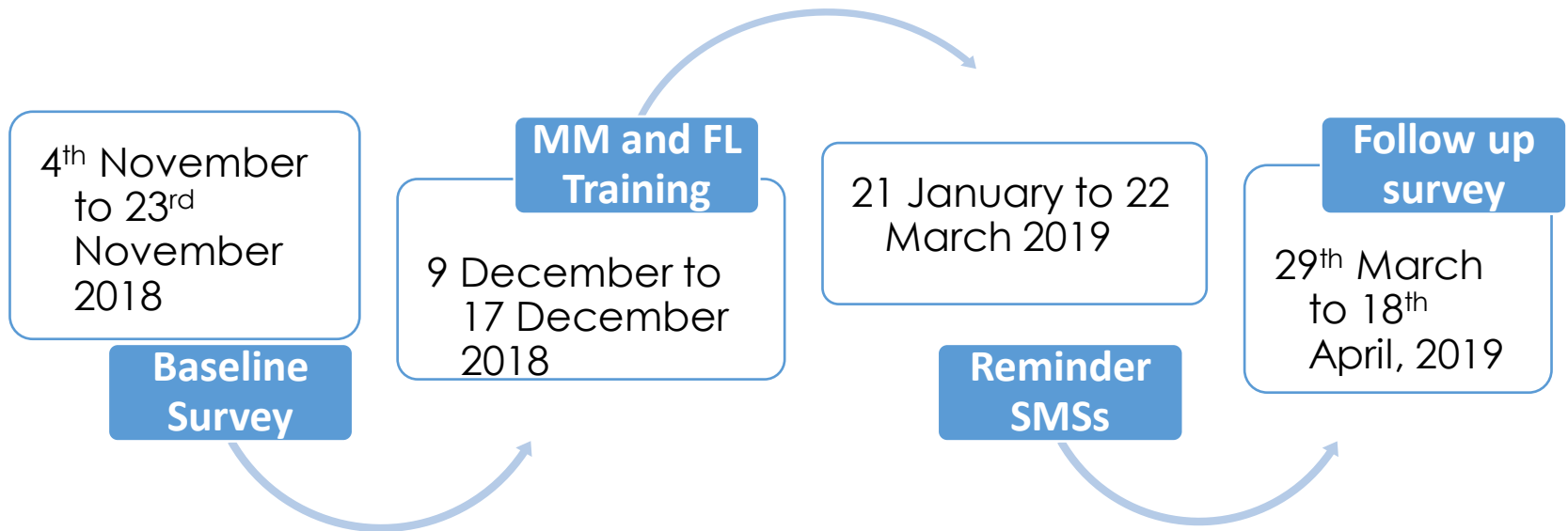


Methodology

- **Used field experiment in Mangochi and Machinga districts among VSLA members**
- **Control arm**
 - No intervention
- **Treatment arm**
 - Financial literacy and MM training
 - Plus regular financial literacy SMSs



Methodology



Baseline Characteristics

Table 1: Comparison of Baseline Household Characteristics

Household Characteristics	Treatment Group	Control Group	Difference
Age	37.3	38.9	-1.600
Household Size	5.810	5.600	0.200
Education (0/1)	0.670	0.720	-0.060
Married (0/1)	0.750	0.750	0.004
Male (0/1)	0.046	0.115	-0.069***
Wealth Index	-0.095	0.105	-0.200
Employed (0/1)	0.084	0.079	0.004
Observations	347	313	



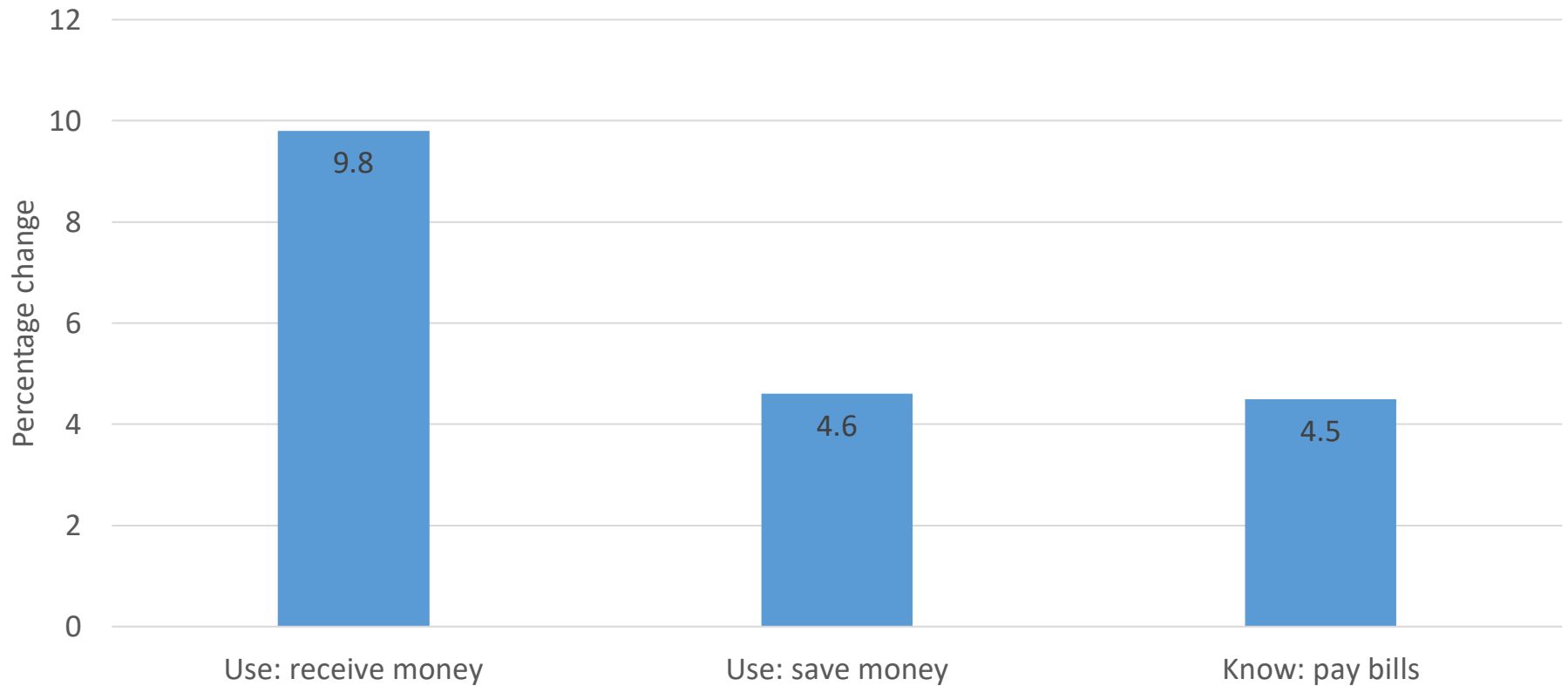
Baseline Characteristics

Table 2: Comparison of Baseline Access to Mobile Money and Bank Services

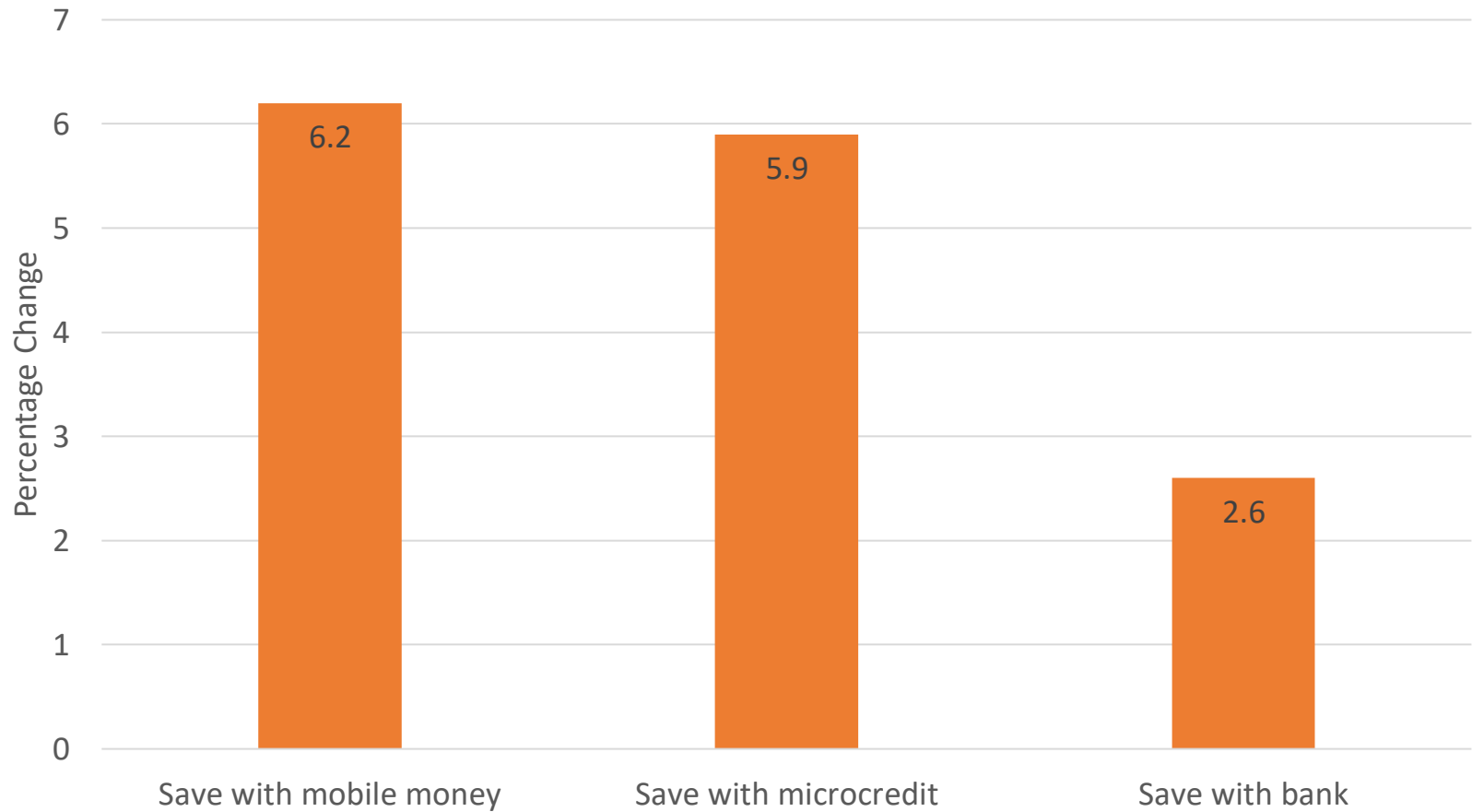
Indicators	Treatment Group	Control Group	Standard error
Own a phone	0.343	0.329	0.072
Access to relative's phone	0.793	0.843	0.049
Bank Account	0.035	0.048	0.017
Mobile Money A/C	0.156	0.176	0.042
Bank branch within	0.032	0.054	0.021
MM agent within	0.356	0.279	0.068



Impact on knowledge and utilization of mobile money



Impact on savings



Conclusions

1. Financial education that is reinforced with text message reminders is an effective way to improve knowledge and uptake of mobile money services.
 - Integrating mobile money into VSLAs thus improves access to financial services among unbanked people and potentially improves VSLA operations.

2. Financial education reinforced by text-messages is more effective in rural areas



Policy recommendations

1. Initiatives to encourage the digitisation of financial transactions should combine training with text message reminders
2. Mobile money services should target established and trusted groups, such as VSLAs



Thank you !

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