

**Timeline**

May - June 2020

**Research Implemented by IPA**

Yes

# Consumer Protection Consumer Survey

## Researchers

Matthew Bird

## Abstract

The InterMedia Financial Inclusion Insights Surveys have consistently shown Uganda to have the highest levels of consumer fraud in mobile money amongst countries surveyed in Africa and Asia. These surveys have also documented insufficient consumer use of formal complaints channels. Fraud risk and lack of proper redress channels can reduce use of digital financial services and may in part explain why many Ugandans still use over-the-counter transactions despite having registered mobile wallets. Yet beyond higher level statistics on fraud, little is known about why these frauds occur, their shifting nature, and why consumers do or do not raise these and other consumer protection issues via formal channels. This survey will measure the experiences of Ugandan users of mobile money, digital banking and digital credit products to identify consumer protection risks related to fraud in digital finance and complaints handling and redress. We will also leverage this existing survey to provide governments and organizations responding to the COVID-19 crisis with information about the financial impacts of the pandemic by measuring recent changes in financial resiliency, use of mobile money and phone-based loans, and instances of digital fraud.

## Project Outcomes of Interest

Mobile money and mobile loan usage, experiences with digital fraud, provision of personal finance management and fraud prevention tips, experiences with fraud during COVID-19.

## Partners

Uganda Communications Commission

## Key Findings

Redress and Complaints Handling

- Substantial differences in challenges reported by more educated and better-off segments raises questions regarding why these discrepancies exist.
  - Further research is needed to understand why this difference exists and if some segments truly experience less challenges.
- Only 40% of customers experiencing financial loss who complained had their issue resolved—a concern given the significance of these challenges which requires further investigation into why these issues go unresolved.
- Resolution rates are low for many DFS challenges. Redress mechanisms may not be working well for some consumers.

## Scams and Fraud

- Attempted scams are common with DFS users in Uganda. However, most consumers do not fall for these scams.
- 47% of respondents have experienced attempted scams or instances of attempted fraud since March 2020.

## Agent Conduct

- Agent overcharging is a common challenge, yet most consumers do not report this via formal channels.
  - How can providers enforce official fee rates and encourage consumers to refuse to pay extra fees?

## Competition and Choice

- Low levels of competition seen in mobile money and digital credit may require policies to encourage greater consumer choice in market.
- Price is key factor in digital credit, but only third factor in mobile money. Should price be a more important factor in consumer choice?

## Link to Results

[Uganda Consumer Protection in Digital Finance Survey](#)

## Impact Goals

- Build resilience and protect the financial health of families and individuals

## Project Data Collection Mode

- CATI (Computer-assisted telephone interviewing)

## Link to Public Data

<https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7910/DVN/ROLCU4>

## Results Status

Results