Uganda Consumer Protection in Digital Finance Survey

March 2021

Innovations for Poverty Action (IPA)
Uganda Communications Commission (UCC)
Associated survey dataset available here: https://doi.org/10.7910/DVN/ROLCU4

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Four-year program to support policymakers, financial service providers, and civil society to develop and test consumer protection solutions in four emerging markets.

Bangladesh  
Kenya  
Nigeria  
Uganda
What challenges do consumers face in digital financial services?

IPA has collaborated with the Uganda Communications Commission to conduct a survey on key themes in consumer protection, including:

- Fraud and loss of money
- Complaints handling and redress
- Pricing transparency and consumer choice
- Borrowing behavior

Survey responses identify which issues may be of greater or less concern, to inform future policy actions.

Reports from similar surveys conducted in Kenya and Nigeria allow for comparison across countries.
Contents

05–06: Methodology
07–11: Respondent Profile
12–19: Access and Usage
20–36: Challenges
37–41: Financial Stress
42–51: Competition and Choice
52–54: Transparency and Knowledge
55–60: Redress Process
61–64: Regulator Engagement
65: Policy Takeaways
**Methodology**

Random-digit dial phone survey of digital financial service users

**Sampling frame:**

- All possible mobile numbers following the Uganda mobile phone number allocation system that were active within Uganda in the week of July 22-26, 2020.
- Survey limited to mobile money, mobile banking and/or mobile loan consumers through filters at the start of the survey. No further filtering occurred during the survey. Respondents were made aware of the survey’s purpose during the consent process.

**Sample Size** – Round 1: 830, Round 2: 762

Conducted August 12 – September 30, 2020
This survey was carried out with respondents over two separate rounds, each lasting approximately 45 minutes. We decided to do this to reduce respondent fatigue with long surveys, particularly when administered over the phone. Round 2 took place an average of 4 days after Round 1.

The two rounds covered different topics with Round 1 focusing on DFS usage and challenges and Round 2 focusing on respondent perception and trust of the DFS ecosystem and actors, as well as demographics.
Respondent profile

• Respondents were limited to those who had done a financial transaction on their phone in the past 90 days.

• Overall, our sample skews more urban, younger, male, and better educated than the broader population of Uganda.

• This bias is common with random digit dial (RDD) methods and prevents the sample from being fully nationally representative, but it does not impede the ability to make inferences to better understand the larger population of DFS users in Uganda or to conduct segment analysis.
Regional profile

Geography

**URBAN/RURAL ESTIMATION**

Because surveys were conducted by phone, respondents’ urban/rural status was estimated based on the population density of the constituency respondents reported residing in. A cutoff of 468 individuals/km\(^2\) was selected so that the urban population approximately matched the Uganda Bureau of Statistics (UBoS) population estimate for 2019. Because of changes in sub-counties in recent past, we were able to generate an urban indicator for 68% of respondents. Approximately 55% of respondents were categorized as urban using this method.

<table>
<thead>
<tr>
<th>Region</th>
<th>Surveys</th>
<th>FinScope*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>50%</td>
<td>42%</td>
</tr>
<tr>
<td>Eastern</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Western</td>
<td>18%</td>
<td>26%</td>
</tr>
<tr>
<td>Northern</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*In 2018 Financial Sector Deepening (FSD) Uganda commissioned a nationally representative in-person survey called FinScope to assess how adults in Uganda manage their money, the extent to which they use financial services to do so, and to assess the level of financial inclusion. These statistics show the distribution of mobile money users across regions. For more on this, see https://fsduganda.or.ug/finscope-2018-survey-report.*
Gender, age, and education

In comparison to FinScope 2018, our survey skew younger, better educated, and male.

Gender (n=789)

- Female: 38%
- Male: 62%

Age (n=793)

- 18–25: 45% (Consumer survey) 33% (2018 FinScope sample)
- 26–45: 44% (Consumer survey) 49% (2018 FinScope sample)
- 46–65: 9% (Consumer survey) 16% (2018 FinScope sample)
- 66+: 1% (Consumer survey) 2% (2018 FinScope sample)

Education (n=829)

- Primary: 53% (Consumer survey) 26% (FinScope 2018 sample)
- Secondary: 46% (Consumer survey) 36% (FinScope 2018 sample)
- Tertiary: 28% (Consumer survey) 11% (FinScope 2018 sample)

FinScope sample 2018 for mobile money users is 65% female.

**Economic background**

**Respondent profile**

### Monthly income (UGX)

- Less than 75,000: 0%
- 75,001–150,000: 5%
- 150,001–250,000: 10%
- 250,001–500,000: 15%
- 500,001–750,000: 20%
- 750,001–1,000,000: 25%
- 1,000,001–1,500,000: 40%
- 1,500,001–2,000,000: 40%
- 2,000,001–2,500,000: 20%
- 2,500,001–3,000,000: 10%
- More than 3,000,000: 5%

### Monthly income by bracket

- Lower income (less than 75,000–250,000): 20%
- Middle income (250,000–750,000): 40%
- Higher income (750,001–more than 3,000,000): 40%

N=744
**Household composition**

**Relationship to head of household**

- **Head of household**: Female 50%, Male 0%
- **Spouse of head of household**: Female 0%, Male 10%
- **Other**: Female 20%, Male 30%

**Marital status**

- **Married or cohabitating**: Female 60%, Male 40%
- **Divorced, separated or widowed**: Female 50%, Male 50%
- **Never married**: Female 40%, Male 60%
Access and usage

• Consumer access to smartphone is high (81%) and most respondents have their own phone (91%)
• Mobile money usage is pervasive amongst respondents (99%), though usage of mobile loans and mobile banking are less widespread (28% and 17% respectively).
• Two providers dominate the market for mobile money and digital loans.
• Male, better educated, and better off respondents report higher mobile money and money loan usage
## Access and Usage

### Digital financial service usage, by service type

<table>
<thead>
<tr>
<th>Service</th>
<th>Last 90 days</th>
<th>More than 90 days</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile money</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>DFS Agent</td>
<td>96%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Mobile loan</td>
<td>11%</td>
<td>16%</td>
<td>72%</td>
</tr>
<tr>
<td>Mobile banking</td>
<td>10%</td>
<td>6%</td>
<td>84%</td>
</tr>
</tbody>
</table>

- 99.6% of respondents have ever used **mobile money**
- 98% of respondents have ever used a **DFS agent**
- 28% of respondents have ever used **mobile loans**
- 17% of respondents have ever used **mobile banking**

Notes: Survey respondents includes only consumers that have used DFS in the past 90 days; N=830
Mobile loan usage by consumer segment

Access and Usage

28% of respondents have ever taken a mobile loan and they were more likely to be male, better educated, and better off financially.
Access and Usage

Mobile banking usage by consumer segment

Percent of each respondent type

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategory</th>
<th>0%</th>
<th>5%</th>
<th>10%</th>
<th>15%</th>
<th>20%</th>
<th>25%</th>
<th>30%</th>
<th>35%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n=762</td>
<td>Male</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>18-24</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>n=762</td>
<td>25-44</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>45+</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Education</td>
<td>Primary</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n=762</td>
<td>Secondary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tertiary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>Lower income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n=744</td>
<td>Middle income</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Higher income</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geography</td>
<td>Rural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n=520</td>
<td>Urban</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17% of respondents have ever used mobile banking and they were more likely to be male, better educated, and better off financially.
Access and Usage

Mobile money providers used by respondents

<table>
<thead>
<tr>
<th></th>
<th>Ever used</th>
<th>Used in the last 90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTN</td>
<td>83%</td>
<td>65%</td>
</tr>
<tr>
<td>Airtel</td>
<td>78%</td>
<td>55%</td>
</tr>
<tr>
<td>Africell</td>
<td>1.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>UTL</td>
<td>0.5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: Of mobile money users (n=827)
Access and Usage

Mobile loan providers

![Chart showing usage of mobile loan providers. MTN MoKash is used by 71% of those who have ever taken a mobile loan, and 93% in the past 90 days. Airtel Wewole is used by 47%. Solarpay, M-Kopa, and All others are used by 1.7%, 0.4%, and 0.4%, respectively.]

Note: Of those who have ever taken a mobile loan (n=230)
Access and Usage

Use of most recent mobile loan

- Household expenses: 96%
- Emergencies: 27%
- Business or agriculture expenses: 26%

N= 230
Access and Usage

Mobile banking providers

Type of mobile banking provider used

- Centenary Bank
- Stanbic Bank
- Equity Bank
- All others

Legend:
- Ever used (n=137)
- Used most in past 90 days (n=56)
Survey asked consumers about set of common DFS challenges to understand how many consumers may experience these issues across two periods:

1. Any challenges experienced since January 2020
2. The most significant challenge ever experienced

Phishing scams were the most common challenge, followed by poor customer care, and agents charging extra to complete transactions.

Men, urban, and more educated consumers report higher rates of incidences—is this due to deeper usage, more awareness, or other reasons?
Challenges experienced using DFS

Which challenges are most common for consumers

Percent of respondents reporting consumer protection challenges from Jan through Sept 2020

- **Phishing by phone or SMS**: 33%
- **Poor quality of customer care**: 31%
- **Agent charged you extra to complete a transaction**: 31%
- **Could not reach customer care**: 23%
- **Unexpected or unclear charges**: 19%
- **Incorrectly sent money**: 18%
- **Difficulty using shortcode menu or app**: 11%
- **Denied access to a new loan***: 10%
- **Money was missing or taken without your permission**: 6%
- **Agent did not keep your information safe or private**: 3%

Raises significant concerns regarding agent conduct

Opportunity to improve on disclosure of charges and review pricing structures in DFS

78% of respondents report experiencing at least one challenge

N=762. Percent of mobile loan users only reported for this challenge
### Challenges by service type

#### Percent of mobile money, mobile loan, and mobile banking users reporting each challenge

<table>
<thead>
<tr>
<th>Mobile money users (n=827)</th>
<th>Mobile loans users (n=230)</th>
<th>Mobile banking users (n=137)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agent charged you extra to complete a transaction</td>
<td>Could not reach customer care</td>
<td>Difficulty using shortcode menu or app</td>
</tr>
<tr>
<td>Poor quality of customer care</td>
<td>Money was missing or taken without your permission</td>
<td>Unexpected or unclear charges</td>
</tr>
<tr>
<td>Could not reach customer care</td>
<td>Difficulty using shortcode menu or app</td>
<td>Poor quality of customer care</td>
</tr>
<tr>
<td>Unexpected or unclear charges</td>
<td>Money was missing or taken without your permission</td>
<td>Incorrectly sent money</td>
</tr>
<tr>
<td>Incorrectly sent money</td>
<td>Poor quality of customer care</td>
<td>Incorrectly sent money</td>
</tr>
<tr>
<td>Difficulty using shortcode menu or app</td>
<td>Poor quality of customer care</td>
<td>Agent charged you extra to complete a transaction</td>
</tr>
<tr>
<td>Agent did not keep your information safe or private</td>
<td>Poor quality of customer care</td>
<td>Incorrectly sent money</td>
</tr>
</tbody>
</table>

**Concerns with customer care and charges dominate consumer concerns across product types.**

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Challenges experienced using DFS

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22
Better educated and higher income respondents report more challenges. While these segments may be more likely to experience challenges, differences could also be partially driven by higher DFS usage*, higher awareness of these issues occurring, or greater willingness to report these issues to surveyors. Understanding these differences in reported experiences merits further research.

*All respondents are DFS users, but there may be differences in DFS usage levels by consumer segment which may affect these results. For example, it is possible that higher income consumers are completing more transactions per month and so are more likely to experience issues.
Challenges experienced using DFS

By income level

Higher income respondents are more likely to report most challenges. These results may be driven by higher DFS usage, more awareness of challenges, or more willingness to report challenges.

Percent of respondents reporting each challenge
Challenges experienced using DFS

By gender

Men are more likely than women to report each type of challenge. Though, this difference is only significant for reaching customer care.

Percent of respondents reporting each challenge

- Someone took out a loan in your name (n=215)
- Agent did not keep your information safe or private (n=753)
- Money was missing or taken without your permission (n=762)
- Difficulty using shortcode menu or app (n=758)
- Incorrectly sent money (n=762)
- Unexpected or unclear charges (n=760)
- Could not reach customer care (n=762)
- Agent charged you extra to complete a transaction (n=756)
- Poor quality of customer care (n=760)
- Phishing by phone or SMS (n=762)
- Denied access to a new loan (n=215)

By gender:

Men are more likely than women to report each type of challenge. Though, this difference is only significant for reaching customer care.
Trust measurement amongst DFS users

METHOD

Respondents answered sets of questions about how much they trust various DFS actors, including agents and mobile network operators, across domains such as competency, integrity, and benevolence.

From these, trust indices were generated (using principal component analysis). Higher index scores represent higher trust.

We explore the relationship between trust and various consumer protection challenges by running multivariate regressions predicting changes in trust associated with experiencing each challenge. We control for the influence of age, gender, and education.

RESULTS

Experiencing consumer protection challenges is typically associated with less trust in MNOs and agents.

The association is strongest for issues directly caused by MNOs or agents. For example, experiencing unclear fees is strongly associated with lower MNO trust, and agent privacy issues are strongly correlated with a lower agent trust.

While correlation is not causality, this suggests many consumer protection problems lead to long-term damage to customer trust in providers.
Most challenges experienced are associated with reduction of trust. Mobile Network Operator trust is particularly strongly correlated with issues related to unexpected or unclear fees, customer care challenges, and being denied a loan.
Challenges experienced using DFS

Consumers generally find the provider most responsible for their challenge

Entity or person the respondent holds responsible for largest DFS challenge they faced (n=482)

- Mobile money provider: 39%
- Mobile money agent: 35%
- Myself: 20%
- Bank/loan provider: 5%
- Recipient: 2%
- Don't know: 0%
- Other: 0%

39% of respondents took some action to try to resolve their largest challenge.
Challenges experienced using DFS

Trust in agents

Most challenges experienced are associated with reduction of trust. Agent trust is particularly strongly correlated with issues related to agent misconduct, missing or incorrectly sent money, and poor-quality customer care.

Linear regression results. Dependent variable is trust in agents (composite index using principal component analysis). Independent variables include whether the challenge was reported and respondents' gender, age, and education. Coefficients on the challenge indicator shown. Separate regressions run for each challenge. 90% confidence intervals reported.
Scam attempts are quite common for DFS users

Challenges experienced using DFS

Percent of respondents who report having received calls or SMS from unknown parties...

N=762
Challenges experienced using DFS

**Scammers often pose as financial service providers**

When latest unknown call/SMS received (n=426)

- Last month: 23%
- 2-3 months ago: 36%
- More than 3 months ago: 42%

How scammer identified themselves (n=388)

- 49% Financial service provider representative
- 36% Did not identify themselves
- 3% Someone who mistakenly sent respondent money
- 3% Mobile money agent

Note: this result specific to scams experienced during the COVID-19 period.
Challenges experienced using DFS

What scammers request or offer when they contact DFS users

Scammer initiates a conversation around getting money or account information (n=426)

- Money be sent: [Bar chart showing distribution]
- Password/PIN: [Bar chart showing distribution]
- Payment reversal: [Bar chart showing distribution]
- Personal information: [Bar chart showing distribution]
- Account details: [Bar chart showing distribution]
- Other: [Bar chart showing distribution]

Scammer initiates an offering of products or services (n=183)

- Sell me a product: [Bar chart showing distribution]
- Send me money: [Bar chart showing distribution]
- Investment opportunity: [Bar chart showing distribution]
- Sell me healthcare product: [Bar chart showing distribution]
- Job opportunity: [Bar chart showing distribution]
- Insurance: [Bar chart showing distribution]
- Loan: [Bar chart showing distribution]
How consumers identify scams

Warnings from peers and knowing not to give out personal information are key to consumers avoiding scams

**If scammer initiated a conversation around getting money or account information (n=330)**

- From others' experiences
- Requested personal info
- No recent transactions
- Regular/personal number
- Never used service
- Checked account
- Poor language/grammar
- Holes in scammer's story
- Incorrectly identified me
- Own prior experience
- Other

**If scammer initiated an offering of products or services (n=183)**

- From others' experiences
- Never used service
- Regular number
- Holes in scammer's story
- No recent transactions
- Scammer asked for money
- Requested personal info
- Poor language/grammar
- Not interested in scammer's offer
- Incorrectly identified me
- Other
Challenges experienced using DFS

How consumers react to phone and SMS scam attempts

Top 2 reactions by consumers after scam attempt (n=426)

- Ignored: 77%
- Responded: 16%

Way in which 16% of consumers responded to the scam (n=64)

- Checked scammer's claims: 35%
- Did not follow instructions: 25%
- Followed instructions: 20%
- Exposed scammer: 15%
- Called scammer back: 10%
- Hung up: 5%
- Asked scammer for details: 0%
Many consumers still send money to a wrong number

By far the most common cause of lost money while using DFS is sending money to the wrong person while using mobile money.

<table>
<thead>
<tr>
<th>How money was lost (n=170)</th>
<th>Where money was lost (n=160)</th>
</tr>
</thead>
<tbody>
<tr>
<td>96% Mobile money</td>
<td>91% Sent to the wrong number</td>
</tr>
<tr>
<td>3% Mobile banking</td>
<td></td>
</tr>
<tr>
<td>2% Mobile loans</td>
<td></td>
</tr>
</tbody>
</table>

Since early March when COVID-19 began, 47% of respondents have experienced attempted scams or instances of attempted fraud.
Financial loss: What it costs consumers

Challenges experienced using DFS

Frequency with which money was lost via phone

- Once: 78%
- Twice: 16%
- Three or more: 6%

Mean: 80,725
Median: 30,000

Note: total responses = 170
Financial Stress in 2020

This survey took place several months into the COVID-19 pandemic.

To understand the impact of COVID-19 we asked a series of questions on financial well-being and financial stress.

There is clear evidence how COVID-19 has affected household finances and risks like loan default.

75% report less income since start of pandemic and many have resorted to relying on negative coping strategies to survive.

Many report having trouble paying off both mobile and regular loans.
Ugandans lack sufficient emergency funds during the pandemic

Percent of respondents

- Have enough money for living expenses (n=762)
  - Strongly agree: 20%
  - Somewhat agree: 32%
  - Somewhat disagree: 28%
  - Strongly disagree: 20%

- Have sufficient emergency funds (n=762)
  - Strongly agree: 15%
  - Somewhat agree: 28%
  - Somewhat disagree: 27%
  - Strongly disagree: 30%
Financial stress

The pandemic has reduced household income and assets

Change in income since start of pandemic (n=760)

- Less income: 75%
- Same income: 13%
- More income: 12%

Actions taken to pay for food, healthcare, or other expenses since start of pandemic (n=762)

- Deplete savings: 60%
- Borrow regardless of ability to repay: 30%
- Sell assets including livestock: 20%
- Skip required loan payment: 0%

10 percent relocated due to the pandemic.
Many consumers have had trouble with mobile loan repayments in the past.

Sacrifices ever made to repay mobile loan (n=230)

- Reduce non-food expenditures
- Reduce food expenditures
- Non-payment of another debt
- Second loan to pay original
- Non-payment of school fees
- Sold personal or household assets
- None
- Other

Whether or not respondent has ever been late in repaying a mobile loan (n=228)

- Yes 68%
- No 32%
Financial stress

Most borrowers are not paying loans on time during the pandemic

Whether or not respondent has experienced trouble repaying loans since start of pandemic

<table>
<thead>
<tr>
<th></th>
<th>No difficulty repaying loans</th>
<th>Plan to pay later</th>
<th>Plan to pay part only</th>
<th>Do not plan to repay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular loan repayment (n=151)</td>
<td>26%</td>
<td>50%</td>
<td>22%</td>
<td>2%</td>
</tr>
<tr>
<td>Mobile loan repayment (n=699)</td>
<td>28%</td>
<td>56%</td>
<td>15%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Whether or not the pandemic caused difficulty in loan repayment* (n=90)

- Yes, 64%
- No, 36%

*Of those who've had difficulty in repaying mobile or regular loans
Consumer choice and decision-making

Two providers dominate the DFS market in Uganda

Price appears to be of limited importance for choosing providers of DFS:

• Which provider others use matters most for mobile money, followed by network quality and coverage
• Link to existing bank account matters most for choice of mobile banking provider
• Speed of disbursement, ease of repayment, and price matter most in mobile loans
• Consumers rely heavily on agents for their DFS transactions, though trust in agents varies greatly across respondents
Consumer choice and decision-making

Price is not a leading reason for choice of mobile money provider

Reasons for choosing mobile money provider (n=826)

- Others use this provider
- Better network quality/coverage
- Family/friend recommendation
- Least expensive provider
- First provider tried
- Provider is reputable
- Use provider for phone services
- Only nearby provider
- Only known provider
- Some transactions now free

Price is a limited factor in choice
Consumer choice and decision-making

Airtime purchase and person-to-person payments dominate mobile money usage

Purposes given for using mobile money (n=827)

- Buy airtime
- Receive money
- Send money to friends/family
- Save or keep money
- Pay bills/purchase items
- Receive payments for business
- Make payments for business
- Receive salary
- Gambling

Bar chart showing percentages for each purpose.
### Mobile banking is linked to traditional bank accounts

#### Reasons given for using mobile banking provider (n=75)

<table>
<thead>
<tr>
<th>Reason</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linked to my bank account/salary payment</td>
<td>50</td>
</tr>
<tr>
<td>This provider is reputable/trustworthy</td>
<td>40</td>
</tr>
<tr>
<td>Interface is easy to use</td>
<td>30</td>
</tr>
<tr>
<td>I tried this provider first</td>
<td>20</td>
</tr>
<tr>
<td>Least expensive provider my agent offers</td>
<td>10</td>
</tr>
<tr>
<td>Only provider my closest agent offers</td>
<td>10</td>
</tr>
<tr>
<td>This is the only provider I know</td>
<td>5</td>
</tr>
<tr>
<td>Friends/family use this provider</td>
<td>5</td>
</tr>
<tr>
<td>Some transaction are now free</td>
<td>5</td>
</tr>
<tr>
<td>Person I am sending to/receiving from uses provider</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Mobile banking security (n=120)

<table>
<thead>
<tr>
<th>Security Level</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very secure</td>
<td>41</td>
</tr>
<tr>
<td>Somewhat secure</td>
<td>43</td>
</tr>
<tr>
<td>Not very secure</td>
<td>17</td>
</tr>
</tbody>
</table>
Speed and ease drive choice of mobile loans

Reasons for using mobile loan provider (n=230)

- Speed of loan disbursement: 40%
- Ease of repayment terms: 30%
- Price: 20%
- Only provider I have account with: 20%
- Already using provider for other services: 15%
- I tried this provider first: 10%
- Only provider I am allowed to borrow from: 10%
- Provider is reputable/trustworthy: 10%
- Quality of services/customer services: 10%
- Network coverage: 5%
- This is the only provider I know: 5%
- Friend/family member uses services: 5%
- Only provider my closest agent offers: 5%
- Person am sending to/receiving from uses provider: 5%
Consumer choice and decision-making

Speed and ease drive choice of mobile loans

Reasons for using mobile loans instead of traditional loan (n=230)

- Ease of access: 90%
- Speed of loan decision: 70%
- Less paperwork or identification requirements: 50%
- No collateral needed: 40%
- Lower interest rate or fees: 30%
- No bank account needed: 10%
- Other: 0%

Percentage of mobile loan users who know the fees charged by other mobile loan providers: 5%
What do consumers use agents for?

Agent services (n=808)

- Deposit: 75%
- Send money: 70%
- Cash out: 66%
- Buy airtime: 66%
- Receive money: 34%
- Pay bill: 18%

96% of respondents have used an agent for DFS transactions in the past 90 days.
Proximity and Trust are primary factors for agent selection

Reasons given for choosing a specific agent (n=762)

- 45% ‘Proximity’ matters most
- 7% ‘Value Added Services’ matter most
- 48% ‘Trust’ matters most

Agent is respected/trustworthy: 29%
Agent is a friend: 13%
Friend or family recommended: 5%
Closest agent to me: 40%
Only agent close by: 4%
Only agent with my provider: 1%
Agent has float: 5%
Charges lower fees: 2%
Consumers have some skepticism towards agents regarding use of personal information

Respondents’ perception of agents

<table>
<thead>
<tr>
<th>Perception</th>
<th>Act in your best interests (n=808)</th>
<th>Keep your information safe (n=808)</th>
<th>Not cheat or deceive you (n=806)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completely</td>
<td>20%</td>
<td>15%</td>
<td>29%</td>
</tr>
<tr>
<td>Mostly</td>
<td>24%</td>
<td>19%</td>
<td>26%</td>
</tr>
<tr>
<td>Somewhat</td>
<td>40%</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>Not at all</td>
<td>16%</td>
<td>32%</td>
<td>15%</td>
</tr>
</tbody>
</table>

14% percent of DFS users have...

- asked an agent to withdraw cash without them being physically present
- shared a PIN or other account details with an agent
Factors affecting consumer choice vary by service provider

Reasons for selecting different service providers

Mobile money provider (n=826)
- Accessibility: 5%
- Price: 23%
- Family/friends use: 50%
- Reputation: 5%
- Linked to other product I use: 7%
- Technical quality: 3%
- Repayment terms: 3%
- Speed of disbursement: 7%
- Other: 7%

Mobile loan provider (n=230)
- Accessibility: 15%
- Price: 26%
- Family/friends use: 6%
- Reputation: 3%
- Linked to other product I use: 10%
- Technical quality: 10%
- Repayment terms: 8%
- Speed of disbursement: 18%

Mobile banking provider (n=75)
- Accessibility: 10%
- Price: 19%
- Family/friends use: 7%
- Reputation: 9%
- Linked to other product I use: 39%
- Technical quality: 7%
- Repayment terms: 9%

Agent (n=762)
- Accessibility: 45%
- Price: 2%
- Family/friends use: 5%
- Reputation: 42%
- Linked to other product I use: 5%
- Technical quality: 9%
- Repayment terms: 3%
- Speed of disbursement: 7%
- Other: 3%
Price awareness and transparency

Unexpected or unclear charges was the fifth most common DFS challenges experienced, with 19% of respondents reporting this issue.

Understanding fees is key to facilitating consumer choice and to avoid hidden charges which can deplete value and trust for consumers.

Most respondents identify costs for mobile money through post-transaction receipt—not pre-transaction disclosure. For mobile loans, most respondents (54%) identify the loan cost by notice on phone before transaction.

Respondent knowledge of the costs of mobile money is mixed, with only 13% recalling the cost of a withdrawal at an agent within a +/- 5% range.
Price awareness and transparency

Transparency and knowledge

Mobile money fees (n=698)
- Receipt after transaction: 24%
- Notice on phone before transaction: 8%
- Poster at branch or agent: 1%
- Don’t know fee: 67%

Mobile loan fees (n=223)
- Receipt after transaction: 15%
- Notice on phone before transaction: 31%
- Poster at branch or agent: 54%
- Don’t know fee: 5%

5% of mobile loan users know fees of other loan providers (n=228)
Price awareness and transparency

Younger, rural respondents know mobile money withdrawal fees best

Percent reporting correct mobile money transaction fee by transaction type and respondent characteristics

<table>
<thead>
<tr>
<th>Category</th>
<th>Gender n=145</th>
<th>Age n=145</th>
<th>Education n=145</th>
<th>Income n=143</th>
<th>Geography n=106</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>18-24</td>
<td>Primary</td>
<td>Lower Income</td>
<td>Rural</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>25-44</td>
<td>Secondary</td>
<td>Middle Income</td>
<td>Urban</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45+</td>
<td>Tertiary</td>
<td>Higher Income</td>
<td></td>
</tr>
</tbody>
</table>

13% of respondents report almost correct withdrawal fees (+/- 5%)
Complaints handling and redress

• For those who had experienced key DFS challenges such as lost funds they were asked about any actions taken to address these challenges

• Most consumers did not attempt to resolve their issue (61%)

• For those who did attempt to resolve their issues, contacting the agent is the most common channel used for redress, followed by contacting the provider

• Only 40% of consumers who tried to resolve their issue were successful

• Most consumers who did not resolve the issue did not change usage as a result
Types of challenges experienced

21% of respondents reported no serious challenge. Of those that did, 61% took no action to resolve it. Of those that did take action, only 40% resolved the issue, but most (79%) did not modify their usage in response.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Number of consumers experiencing each challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agent overcharging</td>
<td>140</td>
</tr>
<tr>
<td>Incorrectly sent money</td>
<td>120</td>
</tr>
<tr>
<td>Poor customer care</td>
<td>100</td>
</tr>
<tr>
<td>Unexpected/unclear fees</td>
<td>90</td>
</tr>
<tr>
<td>Denied loan</td>
<td>80</td>
</tr>
<tr>
<td>Couldn't reach customer care</td>
<td>60</td>
</tr>
<tr>
<td>Missing money</td>
<td>40</td>
</tr>
<tr>
<td>Difficulty with shortcode/app</td>
<td>20</td>
</tr>
<tr>
<td>Other challenge</td>
<td>0</td>
</tr>
</tbody>
</table>

Complaints handling and redress
Many consumers do not take actions to address challenges they face.

Type of action in response to challenge, by number of consumers

- Contacted provider
- Contacted agent
- Contacted recipient
- Other response
- Took no action

Challenges:
- Agent overcharging
- Incorrectly sent money
- Poor customer care
- Unexpected/unclear fees
- Denied loan
- Couldn't reach customer care
- Missing money
- Difficulty with shortcode/app
- Other challenge

Graph showing the number of consumers taking each type of action for each challenge.
Complaints handling and redress

Complaints presented in person are resolved at higher rates

Type of channel used by those who took action (n=256)

- In person: 56%
- Phone (Voice, SMS, USSD): 43%
- Other channel: 2%

Consumers reporting whether or not the issue was resolved, by channel

- In person: 100% resolved
- Phone call: 85% resolved, 15% other outcome
- Other channel: 10% resolved, 90% other outcome
Many consumers do not modify their usage as a result of challenges

Consumers’ behavior change as a result of problem resolution

- Did not affect usage: 70% (89% resolved)
- Reduced usage: 19% (7% failed to resolve)
- Stopped using service: 8% (1% failed to resolve)
- Changed providers: 3% (3% failed to resolve)

Many consumers do not modify their usage as a result of challenges.
Complaints handling and redress

Consumers do take action over financial loss

Out of all the respondents who experienced a problem involving a financial loss (n=602)

- 81% took some action to try to resolve the issue
- 40% successfully resolved their issue
- 91% successfully resolved their issue within one day
- 32% spent additional money as part of the resolution process

Top 4 actions taken (n=170)

- 37% Contacted provider via phone or SMS
- 25% Talked to the agent
- 12% Contacted provider in person
- 6% Contacted family member or friend

Note: Financial loss refers to incorrectly sent money or money missing or taken without permission
Regulator Engagement

UCC is well known to users of digital financial services. 84% of respondents had heard of UCC prior to this survey.

Television and radio are the primary channels that raised consumer awareness of UCC.

Male and better educated consumers are more familiar with UCC.

Despite high awareness, only 3% of respondents have ever contacted UCC.
A large majority of respondents are familiar with UCC

Overall, 84 percent of respondents had heard of the Uganda Communications Commission prior to this survey, and 3 percent had contacted them.

Male, better educated, better off respondents are more likely to have heard of the UCC.

90% confidence intervals
Awareness of UCC is quite high (84% of respondents), with 60% of these having known of UCC for more than 3 years. Most respondents learned of UCC via radio (39%) or television (25%).
While 71 percent of respondents said they would consider contacting UCC if they faced an issue with their provider, only 3 percent have actually contacted UCC. How can more consumers be made aware of UCC's call center functions?

How would you contact UCC? (n=637)

- 62% Phone
- 31% In-person
- 18% Email
- 17% Social media
- 1% Website
Policy takeaways from consumer survey

Redress and complaints handling

• Substantial differences in challenges reported by more educated and better-off segments raises questions regarding why these discrepancies exists.

• 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.
Policy takeaways from consumer survey

Scams and fraud
- Attempted scams are common with DFS users in Uganda. However, most consumers do not fall for these scams.

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?
Thank you