

## **Why some mobile payment solutions are just not taking off in Africa**

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There have been a lot of launches of “mobile payment solutions” since MPESA’s success in Kenya. There was one launch in Zimbabwe and couple in South Africa between 2009 and 2011. With the exception of one bank in South Africa, most of the “mobile payment solution” launches have been greeted with lukewarm reception from the market.

The reasons why these players have not received the same kind of success as experienced in Kenya by MPESA are manifold. One of the key reasons for the mediocre market response is a lack of prior “thorough” market research to understand the key market variables which influence mobile payments uptake. The lack of thorough research is usually attributed to speed (the desire to be first to market, which is sometimes a false economy). Anyone who has read about the MPESA’s story will tell you that there were a lot of variables which needed to be just right for mobile money payments to take off.

Identifying the variables that influence mobile payment uptake e.g. the population of the unbanked, the size of the informal market, literacy and education levels etc and understanding how these variables influence each other are critical to the success of mobile payment solutions. If we take Zimbabwe for example, where there is a shortage of notes and coins due to the use of multi foreign currencies; one would assume that there will be a huge market for mobile payments. This might be true but one would still need to investigate and understand the reasons why people of Zimbabwe “seem” to prefer using cash as compared to other electronic channels. One reason might be the fact that many Zimbabweans lost confidence in the electronic payment systems which was brought about by the 2008 crisis; where companies and individuals lost money due to the rapid decline of the Zimbabwe dollar. This is however only one aspect of the Zimbabwean market variables that will need understanding.

The advice I would like to give to companies that want to launch mobile payment solutions is simple, understand the market variables that will positively and negatively influence the uptake of your mobile payment product. Also understand how these variables influence each other and identify what levers are at your disposal that you can use to influence these variables to your advantage.