

MicroSave India Focus Note #137

Are Mobile Money Wallets Really Customer-Centric?

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May 2016

Key Points:

1. Customer acquisition form rejection rate is around 20% in all research geographies
2. More than half of the active MM users expressed satisfaction with respect to the service offered by Mobile Money providers
3. Only one-third of users received timely communication about changes in product and/or processes
4. 75% of active users are aware of customer support facilities

Globally, digital financial services (DFS) have become a popular option for deepening financial inclusion. Proliferation of DFS, with 271 deployments across the globe, has brought the focus on protection of end-customers. Initiatives such as GSMA's Mobile Money Code for providers and the Smart Campaign's client protection principles for digital financial services (DFS) highlight this. In addition, global financial policy-makers and think-tanks such as Alliance for Financial Inclusion (AFI), Global Partnership for Financial Inclusion (GPFII) and Financial Action Task Force (FATF) are drafting financial inclusion policies that are more customer-oriented and friendly. These initiatives represent industry-wide commitments to build awareness, better practices and standards that can improve customer service and mitigate customer-related risk.

In this Note, we explore the customer centricity of Mobile Money (MM) wallets. It presents the experience of rural and urban customers on four critical aspects: 1. customer acquisition/opening of a wallet; 2. service availability and user experience; 3. communication of service features; and 4. availability of recourse mechanisms to customers. The Note also looks at the pain points of customers that hinder adoption and usage of MM in India.

MicroSave recently conducted a study in the micro-remittance corridors of India. Mumbai and Delhi act as the predominantly sending ends while Bihar and Uttar Pradesh (East) as the receiving ends. The study surveyed 576 MM customers and nearly 400 agents from these four geographies. This quantitative work was supported by qualitative research on 80 agents. These customers/agents are associated with three different MM providers: Airtel Money, Vodafone m-pesa and Idea Money.

Opening a (full KYC) Wallet/Customer Acquisition

Opening a MM account is the first step towards promoting adoption of mobile money wallets. Full KYC¹ wallets are opened by filling a customer acquisition form (CAF) at the agent outlet. The study reveals that about half of the MM users expressed dissatisfaction with the current customer acquisition process due to following factors:

- Time taken by agent to pitch MM product and services
- Time taken by agent to fill the CAF
- Turnaround time (TAT) for account activation
- Rejection rate of CAF

In almost all cases, the agent explains the features of the wallet to the customers. On an average, an agent takes about 10–20 minutes to pitch for MM services to potential customers. More often than not, the agent's pitch to new customers is unstructured and a clear, concise, and convincing argument is missing. The time taken to make a pitch has considerable opportunity cost for agents, and for customers as well, especially when it is delivered after the customer has had to queue/wait to get the agent's attention.

Typically, the agent, or the field staff of the provider/ distributor fills the CAF; thereby limiting customers' role to signing it. Illiterate or semi-literate customers take longer, as they often do not know key details, or provide wrong information, that later become the cause for rejection. Most agents in urban areas take less than 10 minutes to fill a CAF. In rural areas, however, only 40% of the agents take less than 10 minutes and the remaining 60% agents take around 20 minutes to fill the form. Approximately 90% of agents reported a TAT of up to 10 days for activation of an "open" MM wallet. This TAT is higher in rural areas, as agents are widely dispersed, making it difficult for the distributor's staff to cover all agents on a daily basis. This delays the submission of CAFs to the verifying agency.

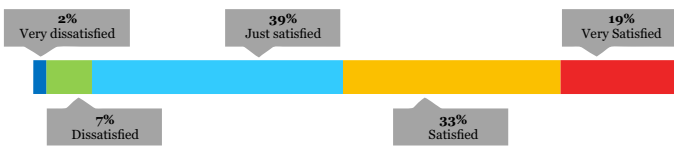
The CAF rejection rate is consistently around 20% in all research geographies (either by bank or the agency). Reasons for this include lack of proper training of agents, incorrectly filled forms (often due to customer illiteracy), and issues with KYCs.

Service Availability and User Experience

More than half of the active MM users expressed satisfaction with respect to the service offered by MM providers.

¹ A full KYC wallets can be opened by semi-closed pre-paid payment instrument (PPI) issuers or banks. It requires adherence to extant KYC norms and allow higher limits (USD 1,500) as compared to minimum KYC wallets (USD 150). Only full KYC wallets opened with banks, also known as open wallets, allow cash withdrawal through various touch points like BCs and ATMs. PPI issuers tie up with banks to offer open wallets, e.g. Airtel Money with Axis Bank. The semi-closed wallet (SCW) with / without KYC allows users to do various transactions within the specified limits.

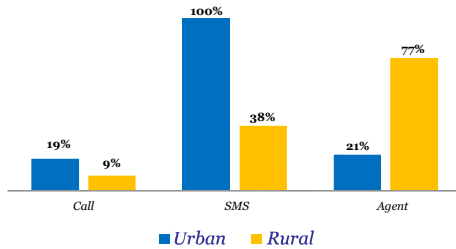
Level of satisfaction with respect to services offered by providers



However, the marquee money transfer service still sees few transactions conducted by KYC compliant users, both in rural and urban areas (see graph). While using money transfer service, the four most critical issues faced by users are:

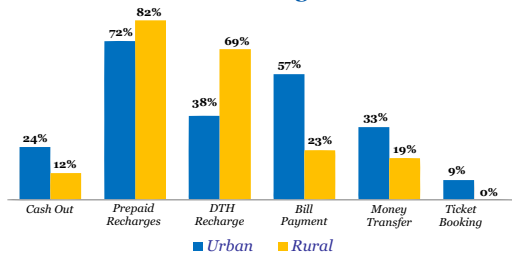
- Fund transfer to the wrong account number;
- High TAT for fund reversal (i.e. crediting sender’s account) when funds get stuck due to incorrect details of beneficiary;
- Transaction failure, leading to debit of sender’s wallet without corresponding credit in the receiver’s wallet;
- Network downtime, which may not allow MM users to send/receive money.

Source of Communication



In rural areas, one-third of the MM wallet users faced these issues during money transfer. These are compounded by complicated USSD interfaces and less intuitive USSD menus, which can be major barriers to MM self-initiated transactions. *MicroSave* studies in other mobile market markets such as Uganda and Bangladesh also highlight how these experiences affect MM uptake. Other services such as bill payment and ticket booking also suffer from technical and interface related issues, which reduce the uptake of MM services.

% of MM users using a MM service



Communication of Updated Features

Our research highlights that the providers lack robust communication channels to provide timely updates to customers about any new offer or changes in service features. Only one-third of users received timely communication about changes in product and/or processes, while the rest rely on agents to keep them updated. Hence, users typically remain unaware of any discounts or cash-back offers rolled out by the providers to promote and increase uptake/usage of MM. Nearly three out of four active users in rural areas reported

“agents” to be their primary source of information. SMS emerged as a strong medium of communication in urban areas, where all users received timely updates. Nearly 20% of users also received information from customer support centres. Below the line (BTL) activities act as a catalyst to build product awareness in rural and/or urban areas (dominated primarily by the client segment, comprising rural migrants). Some of the common BTL activities, such as mobile van campaigns, canopy installations and street plays (*nukkad natak*), etc., have the potential to not only generate “curiosity”, but also to gain “attention” of the audience.

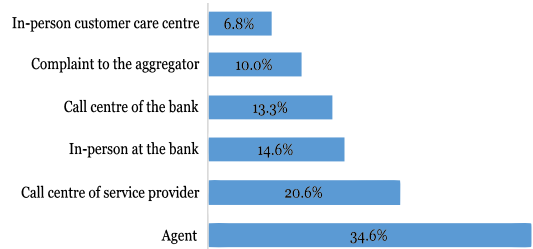
However, providers seem to perform few BTL campaigns as 97% of the active mobile users have never seen any BTL activity. The providers have largely focused on ATL activities, as some 70% of the active (mainly urban) users acknowledged seeing television advertisements for MM services. However, almost half of users have been unable to completely understand the product and services through these ATL campaigns. The limited adoption and traction of MM raises questions about the adequacy and efficacy of this approach to marketing.

Customer Recourse Mechanism

In a market where interaction with provider/distributor field staff is limited at best, users are largely dependent on customer support systems. Approximately 75% of active users in this study are aware of customer support facilities; this includes 82% active users in rural areas and 61% active users in urban areas. Further, in urban areas, 87% of users are satisfied with the customer support system. One third of customers are dependent on agents as the only recourse mechanism. This is also corroborated below by other *MicroSave* research which highlights the dependency of customers on the agents for recourse.

This finding is similar to trends in other global markets; for instance, in Ghana and Rwanda, some 61% and 52% of MM users visit the agent as a means of recourse.

Awareness of Recourse Option Amongst The 47% Who Are Aware of Customer Recourse



These findings provide evidence to service providers of the need to: 1. improve processes related to customer acquisition and TAT for account activation; 2. strengthen the user experience by building robust technological platforms; 3. focus on using better/simpler user interfaces; 4. provide swifter client recourse mechanisms for agents and customers; 5. invest in agent training; and 6. enhance BTL marketing and communication methods. These efforts will enable a better customer experience of MM services.