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Challenges Facing the People in Accessing Mobile Money Services in Urban District Zanzibar

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Abstract
Background: *Mobile money is becoming important in the context of payment services where is used in many of developing economies and Zanzibar has no exception. This study analyzes challenges facing the people in accessing mobile money services in urban district Zanzibar.*
Materials and Methods*: The researcher has mainly employed quantitative research approach with appropriate method of analysis for this study. The sample size for this study consists of 100 mobile customers from Zantel, Tigo, Halotel and Airtel in Urban district in Zanzibar and survey questionnaire was used as data collection instrument. To achieve a credible study, descriptive statistical techniques were used to analyse the collected data from relevant respondents.*
Results: *The study found that over 50 percent of the total respondents faced some challenges which hinder the people to access mobile money services such as fear of security, system breakdown, lack of knowledge and fund insufficient.*
Conclusion: *Even if the customer faced these challenges but the problem of inaccessibility of mobile money services has been decreased in Zanzibar urban district*
Key wards*: Mobile money services, Mobile Platforms, Descriptive Statistics, Urban District Zanzibar*

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I. Introduction

Mobile payments technology is becoming increasingly significant, especially in the context of developing economies, where many low income households and microenterprises do not have ready access to financial services. Mobile payment facilitates financial inclusion, and offers potential for financial integration (Rugamba, 2013). According to Rugamba (2013), over the last five years, mobile financial services have grown significantly in the world. The rapid growth in the mobile money industry, in particular, has led to increased access for the less privileged and the disadvantaged population to affordable financial services not only within, but also across borders. Despite the opportunities this provides, the rapidly developing technology poses a challenge to regulators to support cross-border payments in a world that is also engaged in combating the rise in money laundering, terrorist financing, fraud and other financial crimes

Then the mobile money system was officially launched. In April 2008, Vodacom was the first mobile phone company to establish the mobile money through its well-known M-PESA after that was seen successful introduction of the mobile money. Currently the five major cell phone companies are competing for the market share of the mobile money services provision in Tanzania. These companies are Vodacom ltd for M-PESA, MIC ltd for TIGO- PESA, Air Tel ltd for its AIR TEL MONEY, ,Halotel company for its HALO PESA and ZANTEL for its EAZY-PESA (BOT 20111, BOT 2010, Bangens and Soderbeg 2011 and Alexandre and Eisenhart 2013). Studies show that up to November 2011 about 93% of Tanzania is aware at least one provider of mobile money services and 24% of the Tanzania are using the mobile money (Audiencescapes 2011). This rapid response to mobile money application in Tanzania has been result of distributing application of mobile phones in the country, also several studies reveal that 78% of the households own mobile phones and 63% of the individuals own mobile phones.

Financial system in Zanzibar, like that of many African countries, is dominated by banking institutions. The 2010's final report of the Directorate of Banking Institutions elaborates that, in Tanzanian financial system, banking institutions are the major players, accounting for about 75% of total assets of the system (BOT 2010). Alongside the banking institutions, literature mention other financial system institutions as pension funds,

insurance firms, security firms, bureau de change, microfinance institutions and mobile payment system (BOT 2010).

The easiest way to find out who gets excess to financial services, and to what extent, is by examining the accessibility of the most dominant type of financial institution. For the case of Tanzania, the rural residents are highly excluded from the system. However, the bank branches are highly increasing; the rural areas are not yet reached by these branches to the extent that can include the rural residents to the financial system. Up to December 2010, the totals of 473 branches of banks were at work country wide. Unfortunately, few of them are the branches that operate in Zanzibar and sum of 158 of these branches are in Dar-es-salaam, 35 are in Mwanza and 34 in Arusha (BOT 2011). You could find that about 48% of the countrywide branches, many branches are found only in three major cities of the country.

Distances from branches are identified as a major reason for inaccessibility of the financial services to the rural residents. Tanzania has a large share of non-account-holders who cite distance as a reason for not having an account—47 percent—and also ranks near the bottom in bank branch penetration, averaging less than 0.5 bank branches per thousand square kilometers (Kunt and Klapper 2012). Again, the BOT (2010)'s report of Directorate of Banking Supervision summarizes the accessibility of financial services as 12.40% of the Tanzanian population was served by formal institutions (banks and financial institutions), 4.30% by semi-formal institutions (microfinance institutions and SACCOS) and 27.30% by informal village associations (VSLA/VICOBA), whereas 56.00% had no access to financial services. (BOT 2010)

The rapid acceptance of the mobile money in East Africa and Zanzibar in particular is not the only wonder that the mobile money has done in the world; it is also known that the mobile money has more warmly welcomed in Africa than in the West- a traditional home of changes. "Welcome to Africa, the home of mobile banking, until the west catches up" writes the October 27th The Times (2010) to mean and describe that the mobile money technology has been welcomed with a wider and accelerating market expansion in Africa more than anywhere else in the world.

The rapid adoption of the mobile money technology in Africa is associated with the rapid adoption of mobile phones and widespread application of the mobile phones. (Alexandre and Eisenhart 2013: Audiencescapes 2011). Africa showed quick adoption of the mobile phone's application. In 2000, the continent witnessed the 30% growth in mobile phone users and up to 2012 it was forecasted that the mobile money subscribers would have reached 735 million (Lachaal and Zhang, 2012).

Vodacom was the first one to introduce the mobile money services in Zanzibar through the lunch of its M-Pesa in April, 2008 after a successful launch in Kenya a year earlier (IFC 2010). Then Zantel with Z-Pesa, Tigo with its Tigo-Pesa and Airtel Tanzania with its Airtel Money came in. (BOT 2011, BOT 2010, Bangens and Soderberg 2011 and Alexandre and Eisenhart 2013).

Now the base of this study is to analyze the role of mobile money in enhancing financial services in Zanzibar. There is a need to analyze how much has mobile money contributed to the wide spread of the network of the financial services. The study is therefore grounded on how much the mobile money services helped the people to access the financial services in Zanzibar

II. Statement of the problem

Mobile money is a recent innovation that provides financial transaction services via mobile phone, including to the unbanked global poor. The technology has spread rapidly in the developing world, especially in Zanzibar the provision of formal banking services by solving the problems of weak institutional infrastructure and the cost structure. The introduction of mobile money in Zanzibar seems to be well known in some areas and for some people which led to improve financial services among Zanzibaris (Chale & Mbamba, 2015; Hoope, 2013; Bångens & Söderberg, 2011).

However, to what extent and to what kind of people, nobody knows about it. In the community formed by the poor and the rich, the rural and urban, the small and large business, the school and college students, the workers and the jobless, the distribution of the gains never equal. Nevertheless as impliedly learn through the preceding discussion all these people will be classified to the easiest way in order to identify those people who had no access to money transfer (sending and receiving money) and access the transactions (purchasing and selling) via debit and credits cards. Above all, there are several challenges that hinder the access of people to mobile money such as fear security, system breakdown, lack of knowledge and fund insufficient.

Therefore, there is a need to analyze the challenges facing the people in accessing mobile money services in Urban District Zanzibar.

III. Literature review

Theoretically, the researchers found the most relevant theory related to this study. This is, Unified Technology Acceptance User Theory (UTAUT).

UTAUT proposed by Venkatesh and others (2003) was developed through a review and consolidation of eight IT adaptation theories, namely, TAM, Motivational Model, Theory of Reasoned Action, Theory of Planned Behavior/Technology Acceptance Model, Model of PC Utilization, Innovation Diffusion Theory, and Social Cognitive Theory. The UTAUT aims to explain user intentions to use an information system and subsequent usage behavior. The theory suggests that four key constructs: *performance expectancy, effort expectancy, social influence, and facilitating condition*s. Gender, age, experience, and voluntariness of use are posited to mediate the impact of the four key constructs.

However, UTAUT is not perfect; this means there are some challenges facing the users. In order to apply UTAUT in certain IT applications such as mobile banking, modification and revision are needed. The review indicates that technology use varies from groups of individuals and the society in which they live. The theories indicate that technology is more likely to be adopted if it has positive impact to the individual or organization. Furthermore, the theories show that various people adopt technology at different levels.

Empirically, the researchers provide detailed review on the previous studies carried out on the issues of mobile money.

Munongo and Bizah (2017), investigate on mobile money users' challenges evidence from developing countries. The study was conducted in rural Zimbabwe. A total of 250 questionnaires were distributed through 5 mobile payments registered outlets at Nemanwa Growth Point in Masvingo Rural District. Results reveal operational challenges such the lack of local dialects on the application, inhibitive costs, intermittent service interruptions and relatively low levels of ICT literacy due to lack of proper usage training by the service provider. Therefore, the study recommended that in order to accelerate financial inclusion in developing countries, relevant stakeholders to undertake ICT literacy campaigns, review transaction costs and incorporate local dialects on the mobile money platforms.

Collins, Liyala, Odongo, & Abeka (2016) conducted a study on the challenges facing the use and adoption of mobile phone money services in Kenya. A qualitative research technique was used using ethnography research design. The study established that mobile phone money use and adoption had numerous challenges that had hindered it. Most affected by the challenges were the mobile phone money users and potential users from the rural poor communities. Some of the challenges included lack of national ID cards by potential users, few mobile phone money agents, inadequate cash and e-floats by the agents, awareness and lack of information on how to access and operate certain features in mobile money platform, as well as language barrier.

Nyaga & Ogollah (2015), examines the challenges facing penetration of new mobile money transfer services in Nairobi. The questionnaire was used in this study as the primary tool for data collection. The researchers performed descriptive and inferential statistics to make sense of the data and presented the information in tables, charts and graphs complemented by the researchers own interpretation. Study found that there are several challenges facing penetration of new mobile money such as; User acceptance, environmental and technological factors, Product and service differentiation, customer experience. The study therefore concludes that customer experience plays a key role in mobile money transfer

Mshanga (2014), analyses the usage and challenges of mobile phone money in Tanzania, case of Dar es salaam. Descriptive cross sectional study design was deployed, where primary and secondary data were used, in the primary data face to face interview with the user of mobile phone was conducted using structured questionnaire. Secondary data were also collected, this involved systematic identification, location and analysis of documents containing information related to the mobile phone money services. The study found that most people who use mobile phone money services have bank account, and few have been connected to their mobile phone money services such that they can check their account balance and make money transfer from bank to mobile phone and vice versa. The common challenges cited are agents' absenteeism and insufficient e-float or cash to help with a transaction

IV. Methodology

Research Design: The quantitative research design is employed in this study. The rationale for choosing this research design is because of its suitability for a study because it enabled the researcher to solve the issue at hand and it shows the magnitude of the challenges facing the people in accessing mobile money services in Urban District Zanzibar.

Area of Study: The study focuses on urban district in Unguja, Zanzibar. The main reason for selecting this districts is because is busiest area with large number of population and diversity number of mobile money agents(ZHBS, 2016). The respondents of this study are customers of using these mobiles, covering old people, matured and officers from different government institution and Non-Government Organizations.

Population of the study: The target populations for this study were the mobile customers from Zantel, Tigo, Halotel and Airtel in Urban district in Zanzibar. The reason for selecting these customers from these platforms is because there are most usable mobile in urban district Zanzibar. Also, the researcher has obtained relevant information, such as accessibility of using mobile money, impact of mobile money and challenges facing the customers on using mobile money from this targeted population.

Sampling Techniques and Sample Size: Stratified random sampling technique was used in this study to select the respondents for the questionnaire survey. Based on this, study's population was divided into four strata/groups: customers who are using Zantel, customers who are using Airtel, customers who are using Halotel and customers who are using Tigo. This method was used because it enables the researcher to represent not only the overall population, but also the key subgroups of the population. A sample of 100 respondents was used and considered as appropriate for a study of this nature. The sample size comprises both gender, male and female, and data were collected from all 100 respondents through questionnaires survey (Eazypesa=40, Tigopesa=30, Halopesa=15 and Airtel money=15)

Data Collection Methods: Based on the nature of this study, primary data elicited from the targeted respondents in order to know the reality of what is happening to them at a point in time is preferred. Therefore, questionnaires survey was employed as the method of data collection. The reasons behind selecting questionnaire as a method of data collection for this study is because it is the most affordable way to gather quantitative data and practical way to gather data on the spot (Debois, 2016). Also, large number of participants can be reached within a limited time frame and produce data which cannot be determined by any other means.

Data Analysis and Presentation: The collected data in this quantitative study was analysed by making use of descriptive statistics such as frequencies, mean and standard deviation. Descriptive statistics were computed in order to acquire an initial feel of the data.

V. Study Findings

Demographic of the respondents

The part based on the characteristics of the respondents related to their Gender, Age and Educational level of respondents. The discussion of each characteristic follows bellow.

On customers' perspective as end users of mobile money services, the study found that the larger numbers of respondents are male with 62 respondents (62%) than the female who are only 38 respondents (38%). This implies that men access mobile money services more than women, because men were more influenced in using mobile money services compared with women.

By age, the researcher divided the age group into four groups and most of the respondents fall under age group of 31 to 45 years which represents 55 percent. This is because this age group is the most reproductive ages in any country.

Through education, the respondents were evenly distributed on the level of education. Primary level was 24 respondents which is equal to (24%) while in secondary level were 30 equal to (30%). The data also revealed that most of the respondents were in University level about 46 constitute (46%) of the total respondents. This result implies that main users of the mobile money are educated people with university educational level compared to non-educated one as they have more understanding and access to mobile financial services.

Table 1Demographic of the respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	62	62.0
	Female	38	38.0
Age	18-30	20	20.0
	31-45	55	55.0
	46 and above	25	25.0
Education	Primary	24	24.0
	Secondary	30	30.0
	University	46	46.0

VI. Challenges facing the people in accessing mobile money services

The challenges facing the people in accessing mobile money services in urban district Zanzibar was described. The respondents were given statements on the challenges which faced by them through accessing mobile money services. The following statements are presented below.

a) **Fear of Security:** The questionnaire distributed to users of mobile money specifically to answer the question whether to agree, strongly agree, disagree, strongly disagree or being neutral on the fear of security as challenges of mobile money services. The results are clearly shown in the following table below.

Table 2 Fear of Security

Reasons	Frequency	Percent
Agree	28	28.0
Strong Agree	44	44.0
Disagree	18	18.0
Strong disagree	10	10.0
Total	100	100.0

Source: Researcher (2020)

The results from Table 2 showed, that 44 (44%) respondents answered that they do strong agree that fear of security is a challenges facing them not to use mobile money followed by 28 (28%) respondents who agree with the statement. 18 (18%) respondents answered that they disagree on fear of security while only 10 (10%) respondents they strongly disagree with the fear of security. Therefore, the study clearly indicated that most of the customers were agreed that fear of security is one among the challenges of not using mobile money hence more than half of respondents replied.

These findings were supported by Nyaga & Ogollah (2015), which examines the challenges facing penetration of new mobile money transfer services in Nairobi. Their Study found that there are several challenges facing penetration of new mobile money such as; User acceptance, environmental and technological factors, Product and service differentiation, customer experience.

b) **Lack of Knowledge:** In this part of specific objective, researcher interested to ask respondents whether to agree, strongly agree, disagree, strongly disagree or being neutral on the challenges of mobile money services. The results are clearly shown in Table 3

Table 3: Lack of Knowledge

Level of agreement	Frequency	Percentage
Agree	55	55.0
Strong Agree	30	30.0
Neutral	5	5.0
Disagree	4	4.0
Strongly disagree	6	6.0
Total	**100**	**100.0**

Source: Field Data, 2020

Table 3 summarized the results about the challenge of insufficient understanding and lack of awareness and showed that, 55 respondents equal to (55%) agreed, 30 respondents equal to (30%) strongly agreed, 5 respondents equal to (5%) were neutral, 4 respondents equal to (4%) disagreed and 6 respondents equal to (6%) strongly disagreed. Therefore, Due to the results indicated, it is clearly shown that, most mobile phone money users consider this service is mainly aimed at sending and receiving money from a friend or relative.

These findings are consistent with several earlier studies that investigated the challenges facing mobile money services users. For example, Munongo and Bizah (2017), investigate on mobile money users' challenges evidence from developing countries. They found that there are operational challenges such the lack of local dialects on the application, inhibitive costs, intermittent service interruptions and relatively low levels of ICT literacy due to lack of proper usage training by the service provider.

c) **System Breakdown**: In this part of specific objective, researcher interested to ask respondents whether to agree, strongly agree, disagree, strongly disagree or being neutral on the difficulties of technical issues as challenges of mobile money services. The results are clearly shown in Table 4

Table 4: System Breakdown

Level of agreement	**Frequency**	**Percentage**
Agree	50	50.0
Strong Agree	30	30.0
Neutral	5	5.0
Disagree	5	5.0
Strongly disagree	10	10.0
Total	**100**	**100.0**

Source: Field Data, 2020

Table 4 summarized the results about the challenge of difficulties of technical issues and showed that, 50 respondents equal to (50%) agreed, 30 respondents equal to (30%) strongly agreed, 5 respondents equal to (5%) were neutral, 5 respondents equal to (5%) disagreed and 10 respondents equal to (10%) strongly disagreed. Therefore, Due to the results indicated, it is clearly shown that, most of customers faced with the problem of technical issues since 50% of the respondents agreed.

The results also supported by the results of Msganga (2014) on the analyses the usage and challenges of mobile phone money in Tanzania, case of Dar es salaam. The study found that, the common challenges cited are agents' absenteeism and insufficient e-float or cash to help with a transaction and providers network experiencing system failures.

d) **Fund insufficient:** Here the researcher interested to ask respondents whether to agree, strongly agree, disagree, strongly disagree or being neutral on the fund insufficient as challenges of mobile money services. The results are clearly shown in Table 4.**13**

Table 4: Fund Insufficient

Level of agreement	Frequency	Percentage
Agree	55	55.0
Strong Agree	30	30.0
Neutral	5	5.0
Disagree	4	4.0
Strongly disagree	6	6.0
Total	**100**	**100.0**

Source: Field Data, 2020

Table 4 summarized the results about the challenge of insufficient understanding and lack of awareness and showed that, 55 respondents equal to (55%) agreed, 30 respondents equal to (30%) strongly agreed, 5 respondents equal to (5%) were neutral, 4 respondents equal to (4%) disagreed and 6 respondents equal to (6%) strongly disagreed. Therefore, Due to the results indicated, it is clearly shown that, most mobile phone money users experienced fund insufficient during their transaction services.

Furthermore, the above findings are consistence with the findings of Collins, Liyala, Odongo, & Abeka (2016) which they conducted a study on the challenges facing the use and adoption of mobile phone money services in Kenya. Their findings represents some challenges such as lack of national ID cards by potential users, few mobile phone money agents, inadequate cash and e-floats by the agents, awareness and lack of information on how to access and operate certain features in mobile money platform, as well as language barrier.

VII. Conclusion

In analyzing the challenges facing the people in accessing mobile money services in Urban District Zanzibar based on its findings and discussion, this study concludes that more than half of the total respondents were faced several challenges which mentioned in this study. These challenges are; fear of security, system breakdown, lack of knowledge and fund insufficient. Therefore, the problem of inaccessibility of mobile money services has been decreased in Zanzibar urban district.

VIII. Recommendations

The mobile money platforms should increase their efforts to make sure that anytime the services are available. The platforms should agree to develop the retailers as the special, distinct segment of their customers. The platforms should also renegotiate with the retail shops on the benefit they could get in accepting payment via mobile money when the customer buy goods or services. The particular attention should be set to reduce the challenges towards improvement of the services in Zanzibar urban district. The platforms should establish branches to both customers' problems and agents. The government on its side should take the mobile money sector as seriously important as it has increased the development of the people of Zanzibar.

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