

## **An Analysis of the Impact of the Emergence of Mobile Money Transfer on the Cameroonian Economy: A Case Study of MTN Mobile Money (MTNMOMO)**

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### **Abstract**

*This research investigates the impact of Mobile Money Transfers (MMTs) on economic development in Cameroon, with specific attention to Mobile Telephone Network Mobile Money (MTN MoMo). Furthermore, the study was done in the town of Obala, 33km from Yaoundé. Data was collected using questionnaires and focus groups and it was analysed with Statistical Package for Social Science (SPSS) version 16 plus. The study showed that Mobile Money Transfers are significant to the Cameroonian economy, due to the fact that it has strongly contributed to economic development through creation of employment and financial inclusion. In addition, MMTs are easily accessible in remote areas and easy to use when paying and receiving tax. In short, this is the reasons why it has increased the use of electronic-wallet (e-wallet) money in Cameroon as well as reducing the transaction costs and risk. That said, the study therefore recommends that the government put in place regulations to deal with the Mobile Money Transfer sector to ensure that the interests of the consumer are safeguarded and at the same time guaranteeing the viability of the sector. Furthermore, mobile network operators are encouraged to improve service quality and ensure that people do not have challenges in accessing their funds due to network congestion and poor network connectivity.*

**Keywords:** Mobile Money Transfers, Economic Development, MTN MoMo, Rural Areas, Electronic Wallet.

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### **Acronyms**

ATM:	Automated Teller Machine
GSMA:	Global System for Mobile Communications
ICT:	Information and Communications Technology
ITU:	International Telecommunication Union
MMT:	Mobile Money Transfers
MoMo:	Mobile Money
MTN:	Mobile Telephone Network
QDA:	Qualitative Data Analysis
SGC:	Société Générale du Cameroun
TRA:	Telecommunications Regulations Agency

### **Introduction**

The emergence and advancement of mobile communication technologies over the last two decades have made global physical boundaries invisible as anyone in any corner of the world is reachable by the dial of a button, instantly

bringing a revolution to the way people do their banking. Data from the World Bank published in December 2012, indicates that 2.5 Billion people are unbanked (World Bank, 2012). The same report indicates; this figure includes 75% of the world's poor population are living in rural areas. Data from ITU facts and figures in 2013 indicates; mobile cellular penetration globally stands at 96% (ITU, 2013). Munyoro and Matinde (2016) note that recent advancements in mobile technology have continued to revolutionise the banking industry and the emergence of mobile banking has created opportunities for the vulnerable population and people who now have access to financial services. Pouttchi et al (2004) state that the mobile phone is popular and has created the scope for financial transactions on mobile phones, whilst Birch et al (2008), Saunders (2000) and Mas et al (2010) suggest that recent encroachment in mobile technology have continued to develop the banking sector and the advent of mobile banking has created prospects

for the susceptible people who now have access to pecuniary services. In short, this convergence of telecommunications and banking services has created opportunities for the emergence of mobile commerce, in particular mobile money transfers as noted by Vaughn (2007) and Munyoro and Matinde (2016). The advent of mobile money services in Cameroon in 2008 did not only usher in a new way of life as far as handling money is concerned but also triggered the rate of financial transactions for one reason or the other. Be it operators of the service, enterprises and private individuals, the uses and gratifications derived from the service are as varied as its gains reaped from it. In Cameroon, Mobile Money services were introduced in 2008, by Express Union. After the launch of Express Union Mobile, MTN Cameroon launched MTN Mobile Money in 2010. A year later, Orange Cameroon joined the digital market with Orange Money in 2011. Société Générale du Cameroun (SGC) later launched Monifone in 2012. As of now, there were about 6.8 million MM subscribers and close to 1.5 million active users in Cameroon. MTN Mobile Money by the end of June 2016 registered 2.4 million subscribers with about 220 000 active users whereas by December 2015, Orange Money registered 2.2 million subscribers and 200,000 active users and Express Union Mobile registered 500,000 subscribers and 300,000 active accounts<sup>1</sup>.

The two mobile telephone companies and one money transfer agency using mobile money services in Cameroon for the moment are certainly reaping from the service which has become very fashionable among users. This study, therefore intends to ascertain the significance of mobile money transfers that is by establishing the contribution of mobile money transfers to the economic development of Cameroon. Some of the questions that need to be answered in this study are: has the adoption of mobile money transfers created employment and business opportunities for the people of Cameroon or has it improved financial inclusiveness in Cameroon?

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<sup>1</sup>Media Intelligence. Retrieve on the 12March 2019 from <http://www.mediainelligence.fr/publications/newslette/remittance/103-new-price-tables-from-mobile-money-and-traditional-operators-rash-of-strategic-moves>

The aim of the study is to establish the current use of mobile money transfer to economic development in Cameroon, its significance and challenges the sector is facing. And to ascertain the significance of mobile money transfers that is by establishing the contribution of mobile money transfers to the economic development of Cameroon.

To examine role of mobile money transfer in the transfer of money and payment of services.

To make recommendations to improve mobile money service in Cameroon.

### **Statement of the problem**

To what has the adoption of mobile money transfers created employment and business opportunities for the people of Cameroon? Has MTN Momo improved financial inclusiveness and money transfer in Cameroon?

### **Research methodology**

In this study, we adopted the mixed method. The positivism approach was used because it allowed for the unpacking of actual facts on the ground with no room for personal bias from the researcher, and the structured and objective approach positivism gives results that are highly reliable (Saunders et al, 2007; Wilson, 2010). That is why, Hair Jr et al (2016) propose that positivism as a research philosophy considers reality as things that can be objectively ascertained and described. In addition, the study used an exploratory research design because it allows for flexibility and testing of the research hypothesis (Saunders et al, 2007; Burns and Grove, 2003; Parahoo, 1997). Furthermore, questionnaires and focus groups were used to collect data (Saunders et al, 2007; Birmingham and Wilkinson, 2003). On the other hand, phenomenology philosophy was also employed due to its flexibility that allows explanations for different context (Munyoroetal, 2016). Using this philosophy, reality was subjective and embedded in complex and changing contexts as suggested by Oppenheim (1992). The research strategy used attempted to fulfil the research objectives and answer the research questions that had been posed. Initially, desk research was used to gather secondary data from previous researches that have looked at public policies and the media (Saunders et al, Munyoroetal, 2016). This was conducted through reading academic books, journals, the internet and

newspaper articles and it unveiled a background of the issues under study, thereby equipping the researcher with extensive knowledge on the subject (Munyoro et al, 2016). Equipped with this knowledge, we then ventured into field research to fill the identified research gap that of ascertaining the role of MTN MoMo in the economy.

The case study enabled the researchers to investigate the subject matter within the Cameroonian context. The population was made up of 220,000 active users and 50,000 agents in Cameroon by December 2015<sup>2</sup>. A sample of 250 was made up of 200 ordinary users of MTN MoMo and 50 MTN MoMo agents with whom in-depth interviews was carried out (Dillman, 2000; Hill et al, 2003; Samuel, 2006; Saunders et al, 2007). Questionnaires were used as they save time since they can be answered with assistance from the researcher. This led to the reduction of errors. Furthermore, the questionnaires employed the Like non-comparative scaling technique and this is a widely used rating scale which requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements or questions as illustrated by Albaum (1997). In addition, focus groups were used to collect information from MTN MoMo users and MTN MoMo agents. Hence, Holland (2000) notes that focus groups are critical in gathering data because they are easy to observe participants' body languages, have provision for further probing allowing grey areas to be clarified and also that they are faster in soliciting for information (Saunders et al, 2007).

This research study is on primary data collected from users of MTN MoMo users and MTN MoMo agents in the town of Obala, 33km from the capital city Yaoundé, in the Centre Region.

The study population consists of the following, categories. Two hundred MTN MoMo users were selected randomly, and Fifty MTN MoMo agents' respondents were selected randomly were interviewed. This study was conducted from January 2019 to March 2019. Questionnaires were administered and in-depth interviews were conducted among the following

categories; 200 MTN MoMo users and 50 MTN MoMo agents.

We observed the situation of the immediate environment of the research institution with focus on Mobile Money Transfers and Employment Creation, mobile money transfers agency network, income, savings, investments and poverty reduction, ease of registration coupled with a widespread agent network, financial infrastructure accessibility, mobile money transfers subscriptions, international remittances, and local remittances.

The data was analysed using SPSS 16+ (quantitative data) and Qualitative Data Analysis (QDA) in which the data collected using questionnaires and focus groups was transformed into some form of explanation of the respondents' views (Seidel, 1998; Munyoro, 2014). As suggested by Seidel and Kelle (1995) and Munyoro (2014), the process of QDA involved coding and writing. In this case we looked into themes by identifying passages of text and applying labels to those that indicated some thematic idea. This labelling or coding of themes enabled us to quickly retrieve all the texts that were associated with a particular thematic idea, and examine and compare them (Munyoro, 2014). Using Seidel's (1998) model, the research was divided into three parts, namely Noticing, Collecting and Thinking about interesting things and these parts are interlinked and cyclical (Munyoro, 2014; Gibbs, 2002). As suggested by Seidel, we noticed interesting facts in the data and assigned 'codes' to them, based on the topic or themes. SPSS 16+ was also used to analyse the quantitative data (Greasley, 2003).

## Results

- **Mobile Money Transfers and Employment Creation:** The study shows that mobile money transfers have helped to create thousands of jobs both directly and in supporting sectors of the economy. For example, 87.3% of respondents were of the view that mobile money transfers have contributed to the creation of employment.
- **Mobile Money Transfers Agency Network:** The study shows that the mobile money transfers agency network has been growing consistently since the launch of mobile money transfers in Cameroon and this is a clear testimony of jobs directly created into the economy, but the biggest

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<sup>2</sup> See BUSINESS IN CAMEROON No. 28 (2015). Retrieved from <https://www.businessincameroon.com/pdf/BC69.pdf>

chunk of the jobs created is not necessarily in the direct agency network but in the downstream industries that support mobile money transfers.

- **Income, Savings, Investments and Poverty Reduction:** Jobs created in any economy will contribute to economic activity as people gain employment, they are able to spend, make savings and contribute to taxes through income taxes collected by the government, further stimulating economic development. According to Klonner and Nolen (2008), using mobile phones leads to an increase in employment by 1.4% and income by 5.4%. Employment creation has a direct relationship with economic development of a country and employment creation is the biggest priority of any nation whether developed or developing (Hull, 2009). If a nation is able to create employment the more attractive the country would be for migrators, and this leads to increased spending on goods and services which results in increased economic activities and ultimately the bigger potential for government tax revenues and this promotes improved public goods delivery resulting in improved livelihoods (Keefer and Khemani, 2003). According to statistics availed by BUSINESS IN CAMEROON, there are close to 68 000 mobile money transfer agencies which translates to thousands of direct jobs created in the agency network, with countless more in support and related industries.
- **Ease of Registration Coupled with a Widespread Agent Network:** Ease of registration coupled with a widespread agent network where people can do deposits and withdrawals further strengthens the likelihood of more people adopting mobile money transfers. As shown in the study 91.7% of the respondents were of the view that the agency network for MTN MoMo is widespread making it easier for people in remote areas such as rural people to have access to money unlike before. This has also resulted in new business being formed because of the availability of money in those remote areas as people are able to buy since they will be having money in their accounts and creates employments. As suggested by Munyoro and Matinde (2016), mobile

money transfers are promoting entrepreneurship by providing opportunities for entrepreneurs to start their own businesses and be able to earn constant income.

- **Financial Infrastructure Accessibility:** Shane and Venkataraman (2000) argue that the availability of resources such as capital, human assets, raw material, infrastructure and utilities play a big role in motivating an entrepreneur. For example, 44% of adults and about 84% of the people in general take 17 minutes or less to find an MTN MoMo agent and 90% of these people walk in contrast to 11% of adults who visit ATMs and 53% will take 30 minutes or less to get to the ATM and 56% of these people will walk. 14% of adults who visit a bank branch and 61% of people in general take 30 minutes or less to get to the bank branch with 74% of these people using bikes and only 21% of the people walk. This clearly demonstrates that there is greater scope for financial inclusiveness in mobile money transfers as compared to traditional banks as more people can easily access a mobile money transfer agent as compared to a commercial bank (Kanyenze et al, 2011).
- **Mobile Money Transfers Subscriptions:** Mobile Money Transfers subscriptions have been increasing constantly since the introduction of the services in Cameroon in 2008, and 6.8 million Mobile Money subscribers and close to 1.5 million active users in Cameroon. MTN Mobile Money by the end of June 2016 registered 2.4 million subscribers with about 220 000 active users<sup>3</sup>. This point to popularity of the service and the contribution it has been making towards financial inclusivity. The results supported the idea of Porteous (2006) which stated that the adoption and usage rate of mobile banking is increasing rapidly in developing countries, with Cameroon's MTN MoMo facility obtaining more usage rate. Considering the results, mobile banking is

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<sup>3</sup> See

<http://www.businessincameroon.com/telecom/2510-6626-cameroon-between-june-and-september-2016-mtn-mobile-money-attracted-300-000-new-clients>

successful in developing countries with poor banking network as noted by Sarker and Wells (2003).

- **International Remittances:** Mobile Money Transfers have brought unprecedented levels of convenience to international remittances as more and more people can now send money from abroad to recipient's mobile money wallets and at lesser cost. Prior to the introduction of Mobile Money Transfers, money had to be sent through Western Union or MoneyGram and the recipient have to travel to the nearest town to be able to access the money, losing considerable productive time and resources. They now simply have to visit their local agents which most of the time is less than two kilometres away, saving considerable time.
- **Local Remittances:** Mobile Money Transfers have made it easy and convenient to send money to family and friends in remote areas. According to research respondents 98.3% of the respondents are of the opinion that Mobile Money Transfers have simplified the way they send money to their loved ones. Before the advent of Mobile Money transfers, it was not easy for people to find ways of conveniently sending money to their friends and families and this can also be counted as an added advantage for rural financial inclusiveness where the majority does not have access to traditional banking channels. Mobile money transfers have the potential to sustain economies world over, more so in the developing world where access to infrastructure is a big challenge (Donovan, 2012, *The Economist*, 2009). According to Klonner and Nolen (2008) a study by the World Bank showed that on average an additional 10 phones per one thousand people in a developing country boosts Gross Domestic Product growth by up to 0.8%.

## Discussions

With a banking development rate of barely 20%, Cameroon is country with 46% of its GDP is from the informal sector with no access to banking services. Despite rapid improvement in this area over the last ten years (it used to be 10%), particularly with the dynamism seen in the Microfinance sector (close to 500 Microfinance institutions have been approved by

the State), which spreads as far as rural neighbourhoods. When compared to many countries of the same level, Cameroon is still lagging behind<sup>4</sup>. Yet, according to the nation's Telecommunications Regulations Agency (TRA), mobile telephone penetration rate in Cameroon rose from 9.8% to 71% between 2004 and 2014. This explosion in mobile service usage has become an excellent opportunity to develop mobile banking and financial services that could help improve bank access in Cameroon. Mobile financial services, known as "mobile money", allow unbanked people to use their phones as a bank account: to deposit, withdraw and transfer money with their handset. People can also use mobile systems to pay utility bills and pay for goods in merchant shops. Developing countries are severely constrained by limited infrastructure and the difficulties of accessing financial institutions. Consequently, more than 2.5 billion adults, about half of the world's adult population are unbanked (World Bank, 2014). The reasons behind the exclusion of such a large number of people are related to barriers such as cost, travel distances and documentation requirements for opening a bank account in developing countries. However, of the world's 7 billion people, there are now 6 billion phone subscribers: over one billion of the unbanked people in the world have access to a mobile phone (GSMA, 2013). "Across UN-designated Least Developed Countries. Mobile money services are the key contributor for the rapid increase of financial inclusion among the Cameroonian citizens. Mobile money services enable people with different occupations and activities in life to send, receive and pay different bills using mobile phones. The key players in Cameroonian mobile money services provision are MTN MoMo, Orange Money and Express Union Mobile money. MTN MoMo has the highest Mobile Money users.

## The history of mobile banking

Mobile banking can be traced back to the Second World War, when field cash offices provided the relevant currency of the country to all units and individual officers in whom they were based and received money from army post offices and officers' shops and this was an army

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<sup>4</sup> See Business in Cameroon No. 28 (2015). Retrieved on 06 March 2019 from <https://www.businessincameroon.com/pdf/BC69.pdf>

banking business. This originally set up in a tent and housed in a truck moving from one area to another especially in rural areas (Ferber, 1974; Porteous, 2009). Concomitantly, Schofield and Kubin (2002) suggest that the same evolution of mobile banking was taking place in Kirkintollock in Scotland that is in 1946 when the National Bank of Scotland, a constituent company of The Royal Bank of Scotland was the first to introduce the world's very first commercial mobile banking service. The reason behind the name mobile banking emanated from the mobile vans that were used to provide mobile banking facilities (Porteous, 2009). The facilities were largely directed to the rural areas such as Highlands and East of Scotland Islands and from there, the idea spread to other parts of North and South America, Europe, Arabic countries and Africa as they copied from Scotland's way of banking as noted by Schofield and Kubin (2002). In the process, contemporary mobile banking emerged in 1999 when European banks offered banking services via SMS through mobile smart phones with WAP support only to those with bank accounts Stephen (2007).

Suaranta (2003) suggests that Finland is the pioneer in the modern mobile banking because of its strong mobile phone industry and the development of the industry. This is further supported by Peltomen and Dholakia (2002) who state that the development of the telecommunications industry which took place in the 19th century resulted in the first telecom being built in Finland and the emergence of a cell phone on the market which then changed the way financial institutions conduct their business, as banks realized an opportunity to offer financial services through a mobile phone. This is echoed by Lonie (2010) who notes that the advent of smart phones has totally changed the business systems with new business models offering new ways of offering 24-hour accessibility to consumers. Researchers funded by the UK Department of International Aid and Development note that people in countries like Uganda, Botswana and Ghana were spontaneously using mobile phone airtime credits as a way of transferring money to relatives. The same scheme was proposed to help the repayment of microfinance loans in Kenya in partnership with Safaricom to launch M-PESA in 2007. To show its significance,

Standard Chartered in 2009 introduced mobile banking in seven markets in Africa through Unstructured Supplementary Data on GSM carrier enabling customers to access banking services using mobile phones (Okiro and Ndungu, 2013). Later on, Barclays bank also introduced its hello money mobile service allowing customers to access their banking services using mobile phones for free.

### **Technology adoption profiles of mobile money users**

While there were earlier deployments of mobile money in other countries, the launch of M-PESA by Safaricom in Kenya in 2007 experienced the fastest uptake with nearly 15 million users in five years (as of January 2012).<sup>5</sup> Using data from the Kenya Fin Access survey data in 2006 and 2009, which included 4,000 households, Mbiti and Weil (2011) find that active early adopters of M-PESA are likely to be urban, educated, banked and affluent confirming this profile of early adopters. Jack and Suri (2011a) conducted a panel study on M-PESA mobile money surveying 2,000 households across the country in 2008 and 2010. They also found the user profile of early adopters to be more literate, with higher levels of education and wealth, bank accounts, urban dwellers, and a slight male bias. In the follow-up survey by Jack and Suri (2011) find with time the demographics of Kenyan users begins to shift. According to Moore's innovation adoption model, which stratifies users as innovators, early adopters, early majority, late majority and laggards (Moore 1991) this is naturally expected. Jack and Suri (2011) find in Kenya the early majority is proving to be more balanced between men and women, with increased uptake from the rural areas and those with less education and less well off. In both rounds they find lack of mobile phone cited as the primary reason for not using the service, which suggests that many of the individuals who adopted M-PESA between the two rounds were those who already owned mobile phones. Collectively, these results indicate that with time this technology innovation will be adopted more broadly by the population encompassing the late majority users and eventually the laggard users.

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<sup>5</sup>[http://www.safaricom.co.ke/mpesa\\_timeline/timeline.html](http://www.safaricom.co.ke/mpesa_timeline/timeline.html)

## Mobile money systems

Mobile Money is defined as an electronic wallet that is a transactional account offered by a telecommunication provider. The account is linked to the mobile number of the customer. Through an agent of the mobile operator funds may be deposited into or withdrawn from the account. Agents are often referred to as cash-in and cash-out points of service. Agents are typically, although not exclusively, general shop owners, distributors, airtime or money change outlets due to their high liquidity. Agents are paid on a commission basis for conducting the transactions. Once funds are in the account a customer is able send money to another person, purchase airtime or other products, pay bills or check their balance directly from the phone using the Mobile Money platform or application. In some countries, these payment systems have been linked to ATM and POS networks for withdrawals or payments, as well as to banks, so that funds can be transferred between accounts. The mobile network operator holds all of the money in a collective trust account within a selected regulated bank. The accounts are not interest-bearing accounts in Cameroon, but the funds are protected within the formal banking system. Fees for using the mobile money services are based on the transaction type and vary according to providers. The cost of trying the services is basically free (zero)<sup>6</sup>, as there is no cost to open an account or deposit funds.

## Savings opportunity

Conflicting evidence available today has created an outstanding debate as to whether individuals save more or not through their mobile money accounts. According to the study by Jack and Suri (2011) 71% of all households indicated they saved money at home, “under the mattress”. Moreover, they find three quarters (75%) of households that are M-PESA users reported that they also used their mobile money account to save. Among M-PESA users, 21% reported that it is the most important saving instrument and 90% say it is one of the three most important vehicles for saving. Data

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<sup>6</sup>12 A person can complete a transaction for as little as 2Kwacha (37 US cents) by buying some airtime or electricity for no additional cost, which is a low risk means of testing the system works.

collected in Tanzania from 3,000 households indicates 90% of mobile money users without a bank account used their mobile account to save or store money in the last six months. From a small pilot study in Uganda, the results indicate that across users, regardless of their balances (low, medium, or high), the primary purpose to save in their mobile money accounts is for emergencies. Despite these user claims, Mbiti and Weil (2011) find in Kenya from analysing aggregate data reported to the Central Bank that M-PESA customers do not appear to actually be using the mobile money account for storing value. They calculate a low value of average holdings at a point in time to be about US\$3. Additionally, they conduct an analysis of stored value and deduced that customers must have high time discount rates, since holding funds in the account to minimize usage fees would be advantageous. In either case the discrepancy may be a result of methods used or type of data available, or alternatively a reflection of heterogeneity in the broad range of users. Interestingly, Dupas and Robinson (2011) found in Kenya that if you simply provide people with a safe and easy way to save money, they will save for health care needs. Dupas and Robinson (2009) also find strong evidence that a large fraction of female micro-entrepreneurs in rural Kenya face major savings constraints. In an experiment, women provided with savings accounts use the accounts to save to increase the size of their business and in turn, increase their income and expenditures. In addition, they find women who used their accounts to help cope with unexpected household health shocks, and thus better able to maintain inventory levels over shocks than women without accounts various mobile money studies of saving for future business investments.

## The concept of mobile money transfer in cameroon

Mobile Money Transfer (MMT) is an innovation that transfers money using the Information and Communications Technology (ICT) infrastructure of the Mobile Network Operators (Mbiti, 2011). Furthermore, GSMA (2010) defines mobile money transfers as the movement of value, made from a mobile wallet, accrues to a mobile wallet, or is initiated utilising a mobile phone. Mobile money transfers utilise the mobile network operator's

infrastructure as a channel to transfer funds from customer to customer known as peer to peer or person to person (P2P), or commercially to pay for goods, services, bulk payments such as payrolls/salaries or to move funds from the bank or vice versa known as person to business/bank (B2B). This movement of value from person to person creates value, fuelling economic activity, feeding into national income and in the long run resulting in economic development. In addition, mobile money transfers enable financial transacting which promotes spending in a society and as people spend money, they are creating value. MTN MoMo works with a dial of \*126#, it links the user to the Mobile Money platform as shown Figure 1 below.

### **Illustrating the various services offered by MTN MoMo**

MTN MoMo account is created in an MTN office or agent with the National Identity Card, Passport or Driver's licence for MTN SIM card holders. The user chooses a PIN code of five numbers. To access the MTN MoMo service, he dials \*126# and choose the desired operation. User can now use MTN MoMo to; transfer money, pay bills, buys MTN services, change pin code, bank operations, pay for services and mu account. Although MTN MoMo does not pay interest on deposits, and does not manage loans like official banks such as Afriland Bank, ECOBank, Union Bank of Africa, CCA Bank, Standard Chartered Bank, NFC Bank and, it can conveniently be considered as a bank that offer transaction services, in parallel with the formal banking system. In exchange for cash deposits, MTN issues a commodity known as "e-float," measured in the same units as money, which is held in an account under the user's name. This account is operated and managed by MTN MoMo, and records the quantity of e-float owned by a customer at a given time. There is no fee for depositing funds, but a tariff is levied on withdrawals. For example, the cost of withdrawing 6,000 FCFA in Cameroon is 170 FCFA and fees are charged to the user's account, from which e-float is deducted. E-float can be transferred from one customer's MTN MoMo account to an Orange user. In Cameroon, e-float transfers can also be used to pay for goods and services, electricity bills (ENEO), pay Canal plus, Land tax, Insurance, pay school fees, pay debts and Guinness Promo. It is also

important to note that on December 5, 2014 in Yaoundé, Cameroon's Finance Minister, Alamine OusmaneMey, signed a partnership agreement with MTN Cameroon and Orange Cameroon to implement "Mobile Tax", a new tax payment system using Mobile Money. The service is available 24/7 and rolled out in two phases. For the first phase, which has been underway for a few months now, "Mobile Tax" Mobile Money is only used to pay property taxes. For the time being, only land owners in Yaoundé and Douala are able to use this service<sup>7</sup>. The agency theory is ever more critical if mobile money is to be a success as the service relies heavily on agents to ensure that services are availed in all corners of the country, and it is not economically possible for MTN MoMo to have own stores to cover the length and breadth of the country. It is paramount that agency relationships are well managed with good rewards in terms of commissions and support in terms of training and branding to ensure that agents continue to operate in the best interests of MTN MoMo.

### **Conclusions**

In light of the study findings, it can be concluded that there is high mobile penetration rate currently standing at 91% as per Telecommunication Regulatory Agency (ART) report in 2016, mobile money transfers have contributed significantly towards entrepreneurship, employment creation, infrastructure and financial inclusion among other things. According to the Telecommunications Regulations Agency, the mobile telephone penetration rate in Cameroon rose from 9.8% to 71% between 2004 and 2014. This explosion in mobile service usage has become an excellent opportunity to develop mobile banking services that could help improve banking access in Cameroon. The Cameroon Business report, at endSeptember2016, the number of subscribers to the MTN Mobile Money service in Cameroon reached 2.7 million, an increase of 13.2% compared to the third quarter of 2016. In absolute value, this statistic reveals that 300,000 new clients joined this service in Cameroon, since there were only 2.4 million registered as at end June. By the close of

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<sup>7</sup>See Business in Cameroon No. 28 (2015). Retrieved from <https://www.businessincameroon.com/pdf/BC69.pdf>

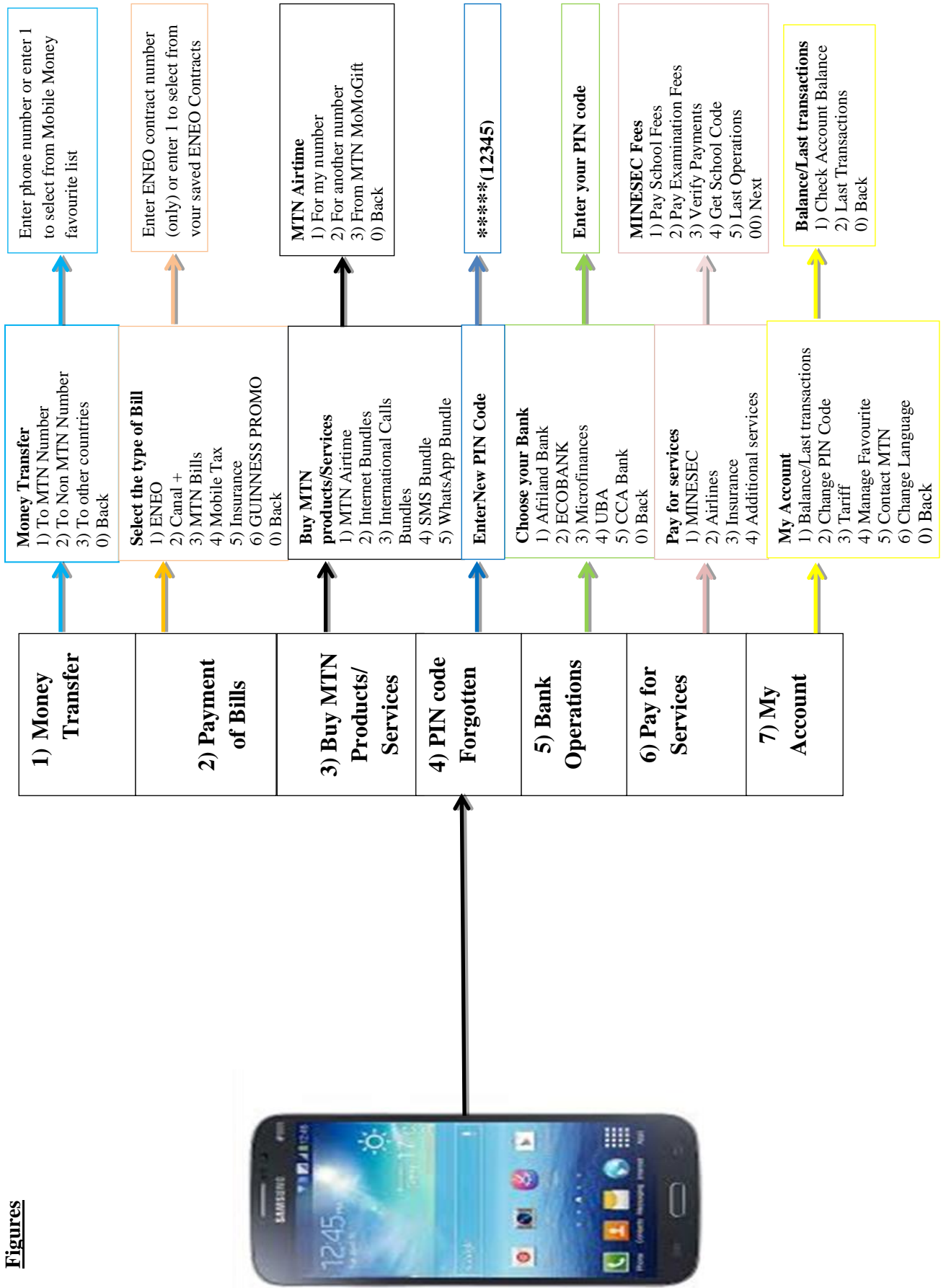


2015, MTN Mobile Money opened 5000 Cash In/Out Points. Mobile money transfers subscriptions over the same period have been increasing exponentially since the introduction of the services in Cameroon, as by the end of 2010 there were 3.56 million and by the end of the second quarter of 2016 the figure had risen to 8.08 million mobile money subscriptions, according to figures released by Cameroon Business report. This alone has an effect that people who did not have access to banking services before have access to banking services (Lonie and Wagner, 2013). Mobile money transfers have also had an influence on the ability to save, as people without access to traditional banking services can now safely make savings on their mobile money transfer wallets. For example, a holder of an MTN MoMo account can choose to put a portion of their e-wallet balance in a savings account and earn interest on it, and at the same time, these amounts accumulated qualifies them for a loan based on their savings as noted by Scharwatt and Williamson (2015). As suggested by Munyoro and Matinde (2016), the use of mobile money transfers is a sustainable way of transacting and encouraging the adoption of plastic money by Cameroonian as it ensures that people can

transact without the need to carry cash. In addition, the adoption of mobile money transfers has also ensured that people can access banking services in the comfort of their homes and transactions like payment of bills, purchase of goods and services, payment of school fees, electricity bills can simply be done by the click of a button without the need to visit a bank as was the case prior to the adoption of mobile money transfers. Oluniyi (2009) indicates that, through the invention of mobile money, subscribers enjoy the convenience of having instant access to their money any day of the week and anytime of the day in the comfort of their place of dwelling without the need to visit the bank to join long queues to withdraw or deposit their money.

In order to examine causal relationships between constructs of the study, future studies may apply longitudinal approach instead of quantitative data used in this study. Examination of causal relationships between the constructs could shed more knowledge beyond the inter-relationships which was investigated in this study.

**Figures**



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