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**Timeline**

2020

**Sample Size**

1,000 users of mobile financial services

**Data Repository**

<https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi%3A10.7910/DVN/ROLC...>

**Research Implemented by IPA**

Yes

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# Mobile Financial Services, Consumer Protection and Dispute Resolution in Uganda

## Abstract

Mobile financial services have become the main channel of financial inclusion, especially in low-income countries. However, consumer protection failures in the sector remain common. In Uganda, researchers partnered with the Uganda Communications Commission to conduct a phone-based survey among 1,000 users of mobile financial services to inquire about their experiences. In addition, they are leveraging access to mobile network operators' customer care logs to test and implement new tools for analyzing complaints and resolving disputes.

## Policy Issue

Mobile financial services (MFS) have the potential to help improve people's income-earning potential and thus reduce poverty. In recent years these services have become the main channel of financial inclusion for millions of consumers, especially in low-income countries. In 2019, the number of registered mobile money accounts surpassed one billion and for the first time digital transactions accounted for most mobile money flows.<sup>1</sup> However, MFS have also become a conduit for fraud and other criminal activities, especially consumer-oriented frauds. This situation poses a threat to consumer use in vulnerable segments and has led to

significant economic losses for providers. While companies are implementing some measures to address fraud and related crimes, more data and evidence is needed to design and implement effective measures against financial criminal activities.

## Context of the Evaluation

Between 2016 and 2017, the proportion of Ugandan adults using financial services rose from 55 percent to 63 percent. This increase was largely driven by mobile money users<sup>2</sup>, but more types of products are emerging, including millions of digital credit users (with MoKash and Wewole the clear market leaders in terms of user base) and a growing number of financial technology companies entering the payments and credit markets.

In a recent survey, 53 percent of consumers reported being victims of fraud<sup>3</sup> and 57 percent of the providers ranked consumer fraud in financial services as the most disruptive type of crime<sup>4</sup>. Despite the severity of this problem, detailed statistics at the consumer level about the extent and evolving nature of fraud and other risks in MFS are not available. This study aims to fill this gap by mapping and diagnosing the experiences of Ugandan MFS users. The research takes place during the COVID 19 pandemic, a context in which the Uganda Communications Commission (UCC) reports an increase in fraud involving mobile money

## Details of the Intervention

Note: This study is not a randomized controlled trial

Researchers partnered with the UCC to conduct a phone-based survey among 1,000 users of MFS. The survey covers consumers' experiences with MFS, preferences over service providers and levels of trust, price awareness and transparency, fraud and dispute resolution, and questions to measure the financial impact of the pandemic. The findings will help UCC develop strategies to protect consumers from fraud and to address and redress complaints. Additionally, it will provide insights of the economic impact of COVID-19.

IPA and UCC are also testing and implementing new tools to analyze complaints against mobile network operators (MNOs). This analysis uses databases of calls made to MNOs customer care centers to map out the types of issues consumers face in telecommunications and mobile financial services. The objective is to provide additional information on consumer protection issues such as fraud, pricing, and the effectiveness of dispute resolution in mobile financial services. The results will allow a comparison between consumers who use formal complaint channels and those who remain silent or pursue other methods of resolution.

## Results and Policy Lessons

Project ongoing. Results forthcoming.

## Sources

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<sup>1</sup> The Mobile Money Programme. “2019 State of the Industry Report on Mobile Money”.

<sup>2</sup> The Financial Inclusion Insights. “Uganda Wave 5 Report Fifth Annual Fii Tracker Survey”

<sup>3</sup> The Helix Institute of Digital Finance. “Agent Network Accelerator Survey Uganda Country Report 2015”.

<sup>4</sup> PwC. “Global Economic Crime and Fraud Survey: Uganda Report 2018”.

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