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**Timeline**

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**Sample Size**

792 mobile money users

**Research Implemented by IPA**

Yes

# Measuring the Impact of Legal Assistance on Mobile Money Dispute Resolution in Uganda

## Abstract

Disputes over mobile money transactions between consumers and service providers often go unresolved. This may hurt consumers, prevent them from paying their bills, and reduce their trust in providers. As such, the lack of resolution can discourage consumers from adopting potentially advantageous mobile accounts. In Uganda, researchers are designing an intervention offering free legal consultation to mobile money consumers to help resolve disputes with service providers.

## Policy Issue

In 2020, the number of registered mobile money consumers in the world grew 12.7 percent; from 1.06 billion people to 1.2 billion people, with Sub-Saharan Africa responsible for 43 percent of all new accounts.<sup>[1]</sup> However, despite the financial flexibility granted by mobile money accounts to consumers, there are many instances in which consumers send payments through their providers for bills like rent and utilities, but payments are delivered improperly or not delivered at all. When consumers dispute the faulty transaction with the providers and try to get back their money, the dispute is often unresolved and money is not returned. This outcome hurts consumers financially, lessens their trust in providers, and weakens the positive effects of mobile money systems.

In recent years, research on mobile money systems and consumer protection has grown. However, there is limited literature relating to the potential economic impacts of access to the legal system for consumers and its ability to provide consumers with adequate redress

channels. Therefore, this study may help our understanding of how affordable legal representation can facilitate long-term consumer protection.

## Context of the Evaluation

There are about 27 million registered mobile money account consumers in Uganda conducting over US \$20 billion in transactions every year.<sup>[2]</sup> A survey conducted by IPA in Uganda on mobile money consumers found that nearly half of consumers in Uganda encountered a problem with their providers and only 20 percent of those consumers were able to resolve their dispute and recover their money.<sup>[3]</sup> Due to their experience in dispute resolution, lawyers have subsequently taken an increased role in handling disputes between consumers and mobile money providers as stronger mobile money and consumer protection regulations take hold.<sup>[4]</sup>

## Details of the Intervention

In Uganda, researchers will partner with the Center for Technology Disputes Resolution - Uganda (CTDR-U) to design an intervention offering free legal consultation to mobile money consumers to help resolve disputes with service providers.

The legal assistance intervention takes place in Kampala with 792 mobile money consumers. To analyze the impact legal consultation has on improving dispute resolution outcomes, the researchers are dividing the participants into the following groups:

- **Direct assistance from CTDR-U:** 264 consumers will have their disputes with mobile money providers handled directly by CTDR-U lawyers and law students. First, CTDR-U will call providers to resolve the dispute. CTDRU-U will then write an initial letter to the providers about the details of the transaction and the information of the agent involved in the transaction. Lastly, CTDR-U will write a final warning letter to providers about attempts to resolve the dispute at hand and a threat of a lawsuit or informing Ugandan regulators.
- **Self-resolution via CTDR-U website:** 264 consumers will be directed to the CTDR-U website where they will be guided through resolving their dispute on their own. They will use the same steps towards dispute resolution taken by CTDR-U lawyers and law students.
- **No intervention:** 264 consumers will not receive any legal assistance from CTDR-U to resolve their dispute.

During the intervention, the researchers will conduct a survey to assess the intervention's short run effects on the outcome of consumers' dispute resolution, recovery of money, and other aspects. Following the intervention, the research team will conduct a survey to assess the intervention's long-run effects for participants such as trust in mobile money providers, and rate of mobile money services use.

## Results and Policy Lessons

Research ongoing; results forthcoming.

## Sources

<sup>[1]</sup> Carlos Mureithi, “Half of the world’s mobile money services are in Africa,” QuartzAfrica, March 30, 2021  
<https://qz.com/africa/1990532/africa-continues-to-be-the-global-leader-in-mobile-money-services/>

<sup>[3]</sup> UNCDF, “The Impact of Mobile Money Taxation in Uganda,” United Nations Capital Development Fund, November 22, 2021,  
<https://www.uncdf.org/article/7313/the-impact-of-mobile-money-taxation-in-uganda>

<sup>[4]</sup> Mazer, R., & Bird, M. (2021). *Consumer Protection Survey of Digital Finance Users: Uganda* [Report]. Innovations for Poverty Action.  
<https://www.poverty-action.org/sites/default/files/Uganda-Consumer-Survey-Report.pdf>

<sup>[5]</sup> Parliament of the Republic of Uganda, “Bill regulating mobile money passed,” Parliament of the Republic of Uganda, May 29, 2020,  
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