IPA Consumer Protection Research Initiative: RFP Overview

IPA Consumer Protection Initiative
Request for Proposals Information Session
February 10-11, 2021

Contact: financialinclusion@poverty-action.org
IPA Consumer Protection Research Initiative

Four-year program to support policymakers, financial service providers, and civil society to develop and test consumer protection solutions in four emerging markets.

Bangladesh  
Kenya  
Nigeria  
Uganda
Consumer protection challenges

Focus on key risks consumers face in digital financial services

• Fraud and loss of money
• Complaints handling and redress
• Pricing transparency and consumer choice
• Overindebtedness
Full and pilot projects using randomized controlled trial evaluations to assess the impact of a consumer protection intervention or market monitoring tool

Research in one of the four Focus Countries, or another leading DFS market

At least one research team member affiliated with research institution or university and holds a PhD/current PhD candidate.
Process and timeline

https://www.poverty-action.org/program-area/financial-inclusion/call-for-proposals

- Projects encouraged to partner with local IPA Country Office
- Country offices can help prepare proposals, budget, share relevant experiences with different research methodologies
- Research or implementing partner matchmaking
- Country office contacts
  - Bangladesh: Mohammad Ashraful (Ashraf) Haque
  - Kenya: Phebeans Oriaro Weya
  - Nigeria: Emeka Eluemunor
  - Uganda: Carin Mirowitz
Process and timeline

https://www.poverty-action.org/program-area/financial-inclusion/call-for-proposals

- Deadline for questions regarding RFP: February 13, 2021
- Deadline for submissions: February 26, 2021
- Awards announced: April 1, 2021
- All funded activities need to be completed before the end of October, 2023.
- Maximum award amount per project: $300,000* for full proposal, $50,000* for pilot proposal

*Institution overhead may not exceed 15% of the funding request
Existing evidence and priority research questions
https://www.poverty-action.org/program-area/financial-inclusion/call-for-proposals

- List of key research questions for each theme on RFP webpage
- Survey data for Kenya & Uganda available now; Nigeria soon to come
- Social media and complaints data analysis reports
Insights from Consumer Surveys in Kenya, Nigeria, & Uganda

William Blackmon
Research Manager, Innovations for Poverty Action

Shana Warren
Research Scientist, Innovations for Poverty Action

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Introduction

IPA conducted surveys in Kenya, Nigeria, and Uganda to explore issues around:

• Fraud and loss of money
• Complaints handling and redress
• Pricing transparency and consumer choice
• Borrowing behavior

Survey responses identify which issues may be of greater or lesser concern, to inform future research topics and policy actions.

Surveys in Kenya and Uganda were conducted in close collaboration with the Competition Authority of Kenya and the Uganda Communications Commission, respectively.
Methodology
Kenya & Uganda

Random-digit dial (RDD) phone survey of digital financial service users.

Sampling frame:
• Random sample of all active phone numbers nationwide
• Survey limited to active adult mobile money, mobile banking and/or mobile loan consumers through filters at the start of the survey.

Sample size: Kenya: 793, Uganda: 762

Conducted: August 12 – October 18, 2020

Consistent with results from other surveys, our respondents skewed somewhat towards male, better off, and more urban.
Piloting revealed random digit calls were heavily skewed, particularly towards highly educated respondents.

Following IPA guidelines, switched to in-person intercept surveys of customers near DFS agent locations in urban and peri-urban areas in Kaduna, Enugu, and Lagos. Lagos data collection continues, so today’s results from Nigeria are from Kaduna and Enugu only.

Conducted: August 24 – Present

Sample size: 483 (Kaduna: 205, Enugu: 278)
### Market Development

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile money</th>
<th>Mobile loans</th>
<th>Mobile banking</th>
<th>Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Kenya</strong></td>
<td>Last 90 days: 99%</td>
<td>More than 90 days ago: 27%</td>
<td>Never: 19%</td>
<td>92%</td>
</tr>
<tr>
<td></td>
<td>Mobile money: 11%</td>
<td>Mobile loans: 16%</td>
<td>Mobile banking: 10%</td>
<td>Agent: 95%</td>
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<tr>
<td><strong>Uganda</strong></td>
<td>Last 90 days: 99%</td>
<td>More than 90 days ago: 11%</td>
<td>Never: 16%</td>
<td>95%</td>
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<tr>
<td></td>
<td>Mobile money: 10%</td>
<td>Mobile loans: 6%</td>
<td>Mobile banking: 10%</td>
<td>Agent: 95%</td>
</tr>
<tr>
<td><strong>Nigeria</strong></td>
<td>Last 90 days: 11%</td>
<td>More than 90 days ago: 5%</td>
<td>Never: 4%</td>
<td>72%</td>
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<tr>
<td></td>
<td>Mobile money: 54%</td>
<td>Mobile loans: 6%</td>
<td>Mobile banking: 54%</td>
<td>Agent: 72%</td>
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<tr>
<td></td>
<td>Mobile money: 13%</td>
<td>Mobile loans: 13%</td>
<td>Mobile banking: 40%</td>
<td>Agent: 15%</td>
</tr>
</tbody>
</table>

- Mobile money: Financial services that can be accessed via mobile devices.
- Mobile loans: Loans that can be arranged through mobile applications.
- Mobile banking: Traditional banking services through mobile apps.
- Agent: Services provided by agents or representatives.
## Market Development

<table>
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<tr>
<th>Country</th>
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<tr>
<td><strong>Kenya</strong></td>
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<td><strong>Uganda</strong></td>
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<td><strong>Nigeria</strong></td>
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<td><img src="9%25" alt="9%" /></td>
<td><img src="54%25" alt="54%" /></td>
<td><img src="72%25" alt="72%" /></td>
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<td><img src="98%25" alt="98%" /></td>
<td><img src="6%25" alt="6%" /></td>
<td><img src="13%25" alt="13%" /></td>
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</tbody>
</table>

**Last 90 days** | **More than 90 days ago** | **Never**
## Market Development

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<td>19%</td>
<td>92%</td>
</tr>
<tr>
<td><strong>Uganda</strong></td>
<td>99%</td>
<td>11%</td>
<td>10%</td>
<td>95%</td>
</tr>
<tr>
<td><strong>Nigeria</strong></td>
<td>11%</td>
<td>3%</td>
<td>54%</td>
<td>72%</td>
</tr>
</tbody>
</table>

- **Last 90 days**
- **More than 90 days ago**
- **Never**

### More details:
- **Kenya**:
  - Mobile money: 99% (Last 90 days), 27% (More than 90 days ago), 19% (Never)
  - Mobile loans: 27% (Last 90 days), 27% (More than 90 days ago), 65% (Never)
  - Mobile banking: 19% (Last 90 days), 16% (More than 90 days ago), 65% (Never)
  - Agent: 92% (Last 90 days), 6% (More than 90 days ago), 2% (Never)

- **Uganda**:
  - Mobile money: 99% (Last 90 days), 11% (More than 90 days ago), 10% (Never)
  - Mobile loans: 11% (Last 90 days), 16% (More than 90 days ago), 84% (Never)
  - Mobile banking: 10% (Last 90 days), 6% (More than 90 days ago), 84% (Never)
  - Agent: 95% (Last 90 days), 2% (More than 90 days ago), 3% (Never)

- **Nigeria**:
  - Mobile money: 11% (Last 90 days), 4% (More than 90 days ago), 85% (Never)
  - Mobile loans: 3% (Last 90 days), 98% (More than 90 days ago), 0% (Never)
  - Mobile banking: 54% (Last 90 days), 6% (More than 90 days ago), 40% (Never)
  - Agent: 72% (Last 90 days), 13% (More than 90 days ago), 15% (Never)
Which challenges are most common for consumers
Kenya

Percent of respondents reporting consumer protection challenges:

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phishing by phone or SMS</td>
<td>56%</td>
</tr>
<tr>
<td>Incorrectly sent money</td>
<td>35%</td>
</tr>
<tr>
<td>Denied access to a new loan</td>
<td>23%</td>
</tr>
<tr>
<td>Poor quality of customer care</td>
<td>17%</td>
</tr>
<tr>
<td>Could not reach customer care</td>
<td>17%</td>
</tr>
<tr>
<td>Difficulty using shortcode menu or app</td>
<td>15%</td>
</tr>
<tr>
<td>Unexpected or unclear charges</td>
<td>11%</td>
</tr>
<tr>
<td>Money was missing or taken without your permission</td>
<td>5%</td>
</tr>
<tr>
<td>Agent charged you extra to complete a transaction</td>
<td>3%</td>
</tr>
<tr>
<td>Someone took out a loan in your name</td>
<td>3%</td>
</tr>
<tr>
<td>Agent did not keep your information safe or private</td>
<td>2%</td>
</tr>
</tbody>
</table>

While individually challenging, this may suggest a well-functioning credit market.

28% of respondents report at least one customer care issue.

Opportunities to improve user interface and comprehension through consumer testing.

Notes: n=769–793 except for “Denied access to a new loan (n=430) and “Someone took out a loan in your name” (n=426); January – October 2020.
Which challenges are most common for consumers

Uganda

Percent of respondents reporting consumer protection challenges:

- Phishing by phone or SMS: 33%
- Poor quality of customer care: 31%
- Agent charged you extra to complete a transaction: 31%
- Could not reach customer care: 23%
- Unexpected or unclear charges: 19%
- Incorrectly sent money: 18%
- Difficulty using shortcode menu or app: 11%
- Denied access to a new loan: 10%
- Money was missing or taken without your permission: 6%
- Agent did not keep your information safe or private: 3%

N=762

78% of respondents report experiencing at least one challenge.

Raises significant concerns regarding agent conduct

Opportunity to improve on disclosure of charges and review pricing structures in DFS
**Which challenges are most common for consumers**

**Nigeria**

**Percent of respondents reporting consumer protection challenges:**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agent charged you extra to complete a transaction</td>
<td>42%</td>
</tr>
<tr>
<td>Phishing by phone or SMS</td>
<td>42%</td>
</tr>
<tr>
<td>Unexpected or unclear charges</td>
<td>33%</td>
</tr>
<tr>
<td>Difficulty using shortcode menu or app</td>
<td>23%</td>
</tr>
<tr>
<td>Poor quality of customer care</td>
<td>17%</td>
</tr>
<tr>
<td>Money was missing or taken without your permission</td>
<td>13%</td>
</tr>
<tr>
<td>Could not reach customer care</td>
<td>9%</td>
</tr>
<tr>
<td>Incorrectly sent money</td>
<td>2%</td>
</tr>
<tr>
<td>Agent did not keep your information safe or private</td>
<td>1%</td>
</tr>
</tbody>
</table>

N=483
# Debt Stress

**Kenya**

## Percentage of mobile loan users who reported making sacrifices to repay mobile loan (n=430)

<table>
<thead>
<tr>
<th>Sacrifice</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce non-food expenditure</td>
<td>50%</td>
</tr>
<tr>
<td>Reduce food expenditure</td>
<td>40%</td>
</tr>
<tr>
<td>Nonpayment of another debt</td>
<td>30%</td>
</tr>
<tr>
<td>Second loan to pay for first loan</td>
<td>20%</td>
</tr>
<tr>
<td>Nonpayment of school fees</td>
<td>10%</td>
</tr>
<tr>
<td>Sold personal/household assets</td>
<td>0%</td>
</tr>
<tr>
<td>None</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>

## Mobile loan users who reported ever experiencing the inability to repay a mobile loan on time (n=430)

- **Yes, experienced 77%**
- **Never experienced 23%**
### Debt Stress

#### Uganda

### Sacrifices ever made to repay mobile loan (n=230)

<table>
<thead>
<tr>
<th>Sacrifice</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce non-food expenditures</td>
<td>35%</td>
</tr>
<tr>
<td>Reduce food expenditures</td>
<td>30%</td>
</tr>
<tr>
<td>Non-payment of another debt</td>
<td>20%</td>
</tr>
<tr>
<td>Second loan to pay original</td>
<td>15%</td>
</tr>
<tr>
<td>Non-payment of school fees</td>
<td>10%</td>
</tr>
<tr>
<td>Sold personal or household assets</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Whether or not respondent has ever been late in repaying a mobile loan (n=228)

- Yes: 68%
- No: 32%
Pricing Knowledge
Kenya

Do consumers know mobile money fees?

- Incorrect or don’t know: 35%
- Exactly correct: 57%
- Off by less than 10 percent: 8%

N=321

How do consumers learn about mobile money fees?

- Notice on phone before transaction: 25%
- Receipt after transaction: 72%
- Sign at branch or agent: 3%

N=589
### Pricing Knowledge

#### Uganda

**Do consumers know mobile money fees?**

<table>
<thead>
<tr>
<th>Knowledge Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorrect or don’t know</td>
<td>83%</td>
</tr>
<tr>
<td>Off by less than 10 percent</td>
<td>8%</td>
</tr>
<tr>
<td>Exactly correct</td>
<td>10%</td>
</tr>
</tbody>
</table>

*N=156*

**How do consumers learn about mobile money fees?**

<table>
<thead>
<tr>
<th>Learning Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipt after transaction</td>
<td>64%</td>
</tr>
<tr>
<td>Notice on phone before transaction</td>
<td>24%</td>
</tr>
<tr>
<td>Poster at branch of agent</td>
<td>8%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>1%</td>
</tr>
</tbody>
</table>

*N=698*
Kenya

Consumers' action after scam (n=649)

- Ignored
- Responded
- Reported to MNO
- Reported to other
- Warned friends and family
- Other

Consumers' action if they responded to the scam (n=131)

- Exposed scammer
- Did not follow instructions
- Followed instructions
- Called scammer back
- Asked scammer for details
- Checked scammer's claims
- Reached out to provider
- Unclear
- Hung up

How can we increase consumer reporting of scams so that these numbers are blocked?

These responses expose consumers to fraud risk
Agents charging extra fees is quite common in Nigeria and Uganda but rare in Kenya.

Ever charged extra fees by a mobile money/mobile banking agent?
# Agent Conduct

## Uganda

## Respondents’ perception of agents

<table>
<thead>
<tr>
<th></th>
<th>Completely</th>
<th>Mostly</th>
<th>Somewhat</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act in your best interests</td>
<td>20%</td>
<td>24%</td>
<td>40%</td>
<td>16%</td>
</tr>
<tr>
<td>Keep your information safe</td>
<td>15%</td>
<td>19%</td>
<td>33%</td>
<td>32%</td>
</tr>
<tr>
<td>Not cheat or deceive you</td>
<td>29%</td>
<td>26%</td>
<td>30%</td>
<td>15%</td>
</tr>
</tbody>
</table>

**14%** percent of DFS users have asked an agent to withdraw cash without them being physically present.

**14%** percent of DFS users have shared a PIN number or other account details with an agent.
Agent Conduct
Nigeria

<table>
<thead>
<tr>
<th>Respondents’ perception of agents</th>
<th>Completely</th>
<th>Somewhat</th>
<th>A little</th>
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<td>15%</td>
<td>36%</td>
</tr>
<tr>
<td>Not cheat or deceive you</td>
<td>28%</td>
<td>38%</td>
<td>25%</td>
<td>8%</td>
</tr>
</tbody>
</table>

4% percent of DFS users have...
- asked an agent to withdraw cash without them being physically present
- shared a PIN number or other account details with an agent
Complaints Redress
Uganda

Type of action in response to challenge, by number of consumers

- Agent overcharging
- Incorrectly sent money
- Poor customer care
- Unexpected/unclear fees
- Denied loan
- Couldn't reach customer care
- Missing money
- Difficulty with shortcode/app
- Other challenge

- Contacted provider
- Contacted agent
- Contacted recipient
- Other response
- Took no action

- 40% of those that took action resolved their issue
- 32% of those that took action spent money doing so

- 0
- 20
- 40
- 60
- 80
- 100
- 120
- 140
### Challenges Reported by Consumer Segment

**Kenya**

#### Percent of each respondent type reporting any challenge

<table>
<thead>
<tr>
<th>Category</th>
<th>Groups</th>
<th>Percent Under 10%</th>
<th>Percent 10-20%</th>
<th>Percent 20-30%</th>
<th>Percent 30-40%</th>
<th>Percent 40-50%</th>
<th>Percent 50-60%</th>
<th>Percent 60-70%</th>
<th>Percent 70-80%</th>
<th>Percent 80-90%</th>
<th>Percent 90-100%</th>
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</thead>
<tbody>
<tr>
<td>Gender</td>
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</tbody>
</table>

*90% confidence intervals*
Dive deeper: access the raw data

Kenya Survey Data
https://doi.org/10.7910/DVN/F8ZRPF

Uganda Survey Data
https://doi.org/10.7910/DVN/ROLCU4
1. **Provider data:** directly from providers or working with regulators
   - Including transaction data and complaint log data
   - Direct source: complete, limited selection or recall issues
   - Requires strong provider or regulator buy-in, data quality varies (tip: create detailed data request templates and develop strong relationships with provider technical staff)

2. **Social media data:** public posts filtered by keyword, app store reviews
   - Free, relatively easy to access, near real-time
   - Inherently restricted to social media users

3. **Other possibilities:** regulator data, sensed data from consumer devices (e.g. call/SMS records or app usage from phones)
Social media data from Twitter, Facebook, and Google Play Store (Dani Madrid-Morales & Melissa Tully)

Monitor posts about consumer protection issues.
MNO complaints data from Uganda (Uganda Communications Commission & Matthew Bird)

Flag spikes in complaints

Predict calls about fraud
Administrative Data

Example 3: Transaction data

Investigate total cost of banking

Savings and loan transaction data in Sierra Leone (Bank of Sierra Leone and UNCDF)
Thank you