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Reaching beyond existing demand:

A study on the influence of mobile phone money transfer on market development in



Abstract

The convergence of mobile telephony and financial services has the potential to significantly expand access to financial services to individuals at the base of the pyramid. In Uganda, roughly 80 percent of the population has no access to banking services, and mobile phone money, a financial service and transaction made on a mobile phone could address this financial gap. The focus of this phenomenological study was to explore the influence of mobile phone money on market development in Uganda, in particular, from the experiences of 4 MNOs, 8 agents, and 19 users in Kampala district. The main question for this research was: What is the influence of mobile phone money on market development in Uganda? The conceptual framework for this study was based on Kim and Mauborgue's concept of Blue Ocean Strategy (Kim & Mauborgue, 2005). Key findings revealed that research participants believed mobile phone money had significant impact on their lives and on market development. Successful implementation of mobile phone money very much depended on positive regulation, agent networks, retailer sector, access to mobile phones, and user perceptions. The most used mobile phone money service was transfer of money to relatives and friends. The main conclusion from this study is that mobile phone money has provided a more efficient channel for financial transaction and inclusion in Uganda. Over 2 million adults who were previously unbanked are accessing financial services using their mobile phones. The main recommendation is that financial inclusion through mobile phone money requires regulators, policy makers, and users to work together and consider addressing potential gaps in regulations and user protection. Further research should focus on: the extent to which Mobile Phone Money is used to transfer funds from rural areas to urban centres; and the level of income and access to Mobile Phone Money.