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# MOBILE COMMERCE IN EMERGING MARKETS

Ericsson ConsumerLab

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# EXAMINING ATTITUDES



This study examines attitudes towards mobile commerce (m-commerce) adoption in the emerging markets of Latin America, Sub-Saharan Africa and Asia.

Mobile financial services will help to drive financial inclusion for consumers in these markets, where there is a rapid growth in mobile phone uptake and usage of mobile services. In these regions, only a minority of the population has a bank account.



# KEY FINDINGS



## Urbanization is accelerating

Growing numbers of people in emerging markets are moving from rural areas to cities.

## Informal economy leads to unstable income

The majority of workers in emerging markets are part of the informal economy.

## Main motivators

It is very important for people to have a service that is reliable, secure and fast.

## Paying in cash is common, but risky

Purchasing goods and settling bills using cash is common in these markets. It is a fast option when the customer and merchant are in the same place, but inconvenient when they are not.

## Adoption barriers

Users worry about potential scams or threats to the security of their information. Many also believe that you need to be affluent to use the service.

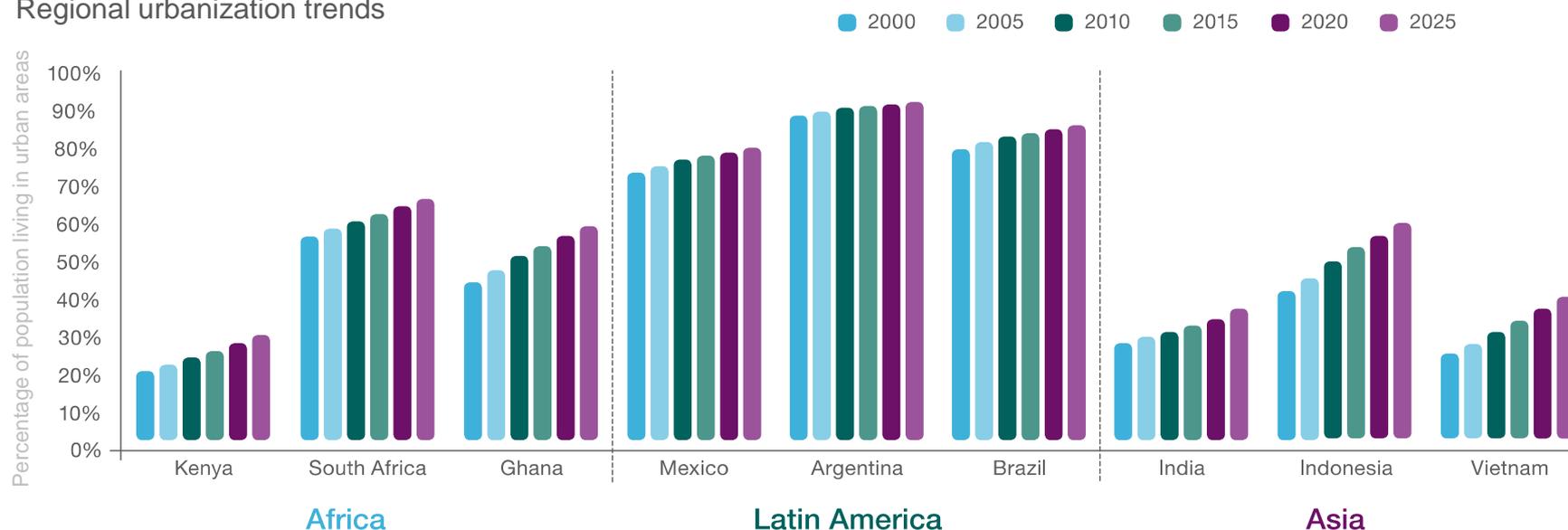
# GROWING URBANIZATION



Growing numbers of people are migrating from rural to urban areas. The majority of urbanization occurs in developing nations.

This figure shows how urbanization has increased in Africa, Asia and Latin America during the last decade, and how the trend is predicted to continue.

Regional urbanization trends



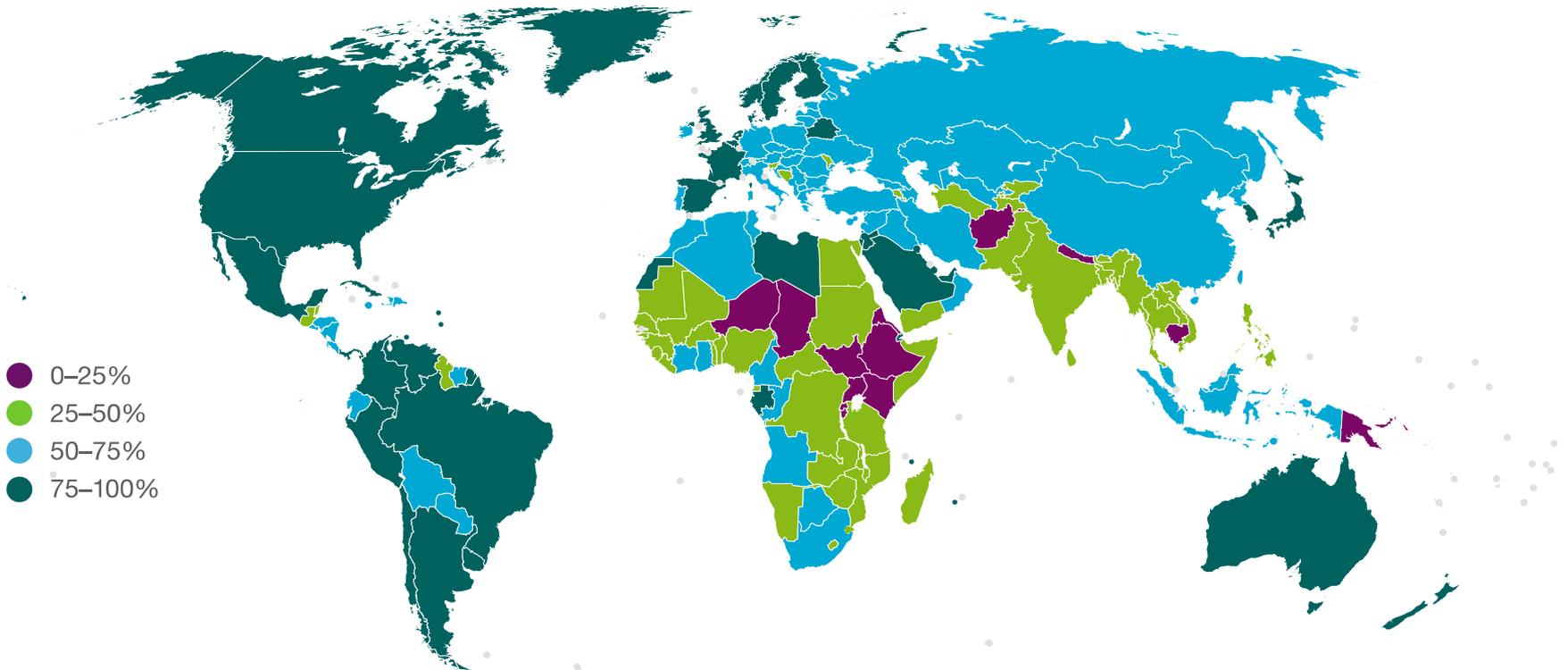
Source: World Urbanization Prospects, 2014 revision; United Nations, Department of Economic and Social Affairs, Population Division (2012) World Urbanization Prospects, 2011 Revision  
Base: Percentage of population residing in urban areas in each country, 2000-2025

# URBANIZATION AROUND THE GLOBE



The figure below shows the degree to which different regions around the world are urbanized.

Urbanization percentage across world regions

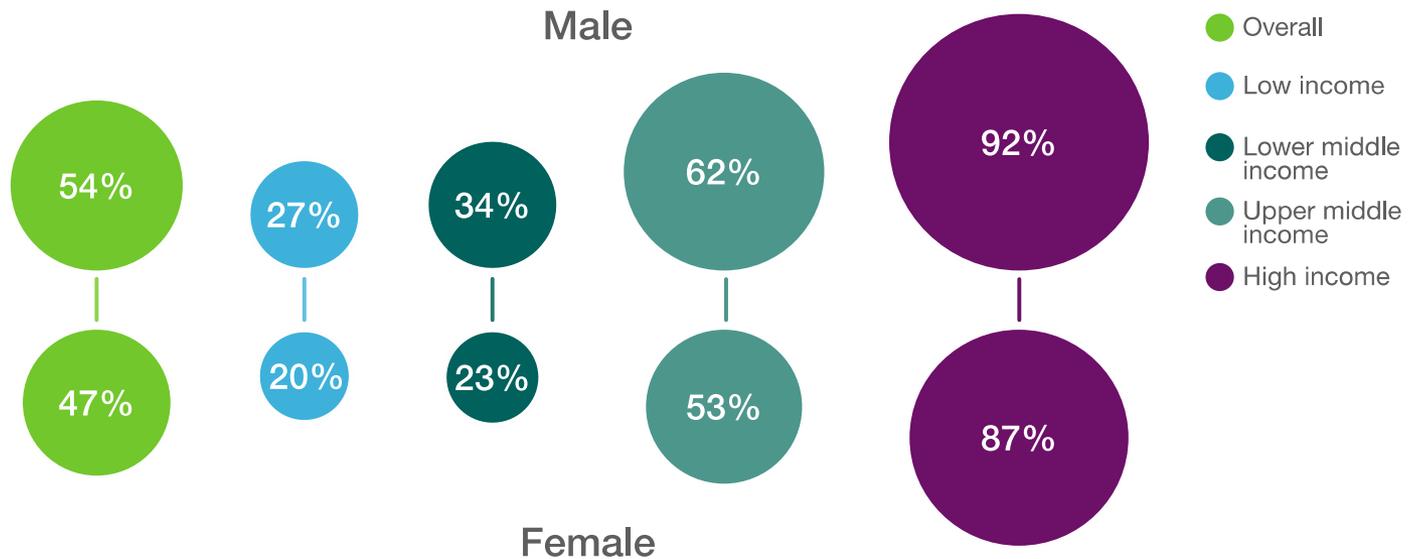


# THE GENDER GAP



Within the family group there can be significant disparities between genders when it comes to handling money, with more men having bank accounts than women.

Account holders based on gender and income levels



# THE INFORMAL ECONOMY



The informal economy can be defined as any economy outside of government regulation, taxation or observation.

It currently accounts for over half of global employment, and as much as 90 percent of employment in poorer developing countries.

Informal workers are usually self-employed and have an unstable income, making it difficult to plan their spending in advance.



# CIRCLES OF TRUST



People across all markets have a strong aversion to being indebted, especially those with a lower income.

They prefer to take out loans from relatives, friends or employers – people they know rather than institutions.

Connections to friends, family and colleagues therefore play a significant role when it comes to loans, savings and expenses.



We do not always have money in hand and the shopkeeper is known to us, that's why we buy on credit.



Khadija, 23, Bangladesh



# CASHONOMIES



Cash is king in emerging markets, offering a fast, convenient and transparent form of payment.

One driver for paying in cash is the opportunity to bargain. Many stores only accept cash, and discounts are sometimes given to consumers paying this way.

However, consumers worry about the safety of their cash, particularly in public spaces where cash is paid or withdrawn.

The majority of consumers with lower incomes in emerging markets do not have a bank account. They therefore have basic needs when it comes to financial products.



# DRIVING CHANGE

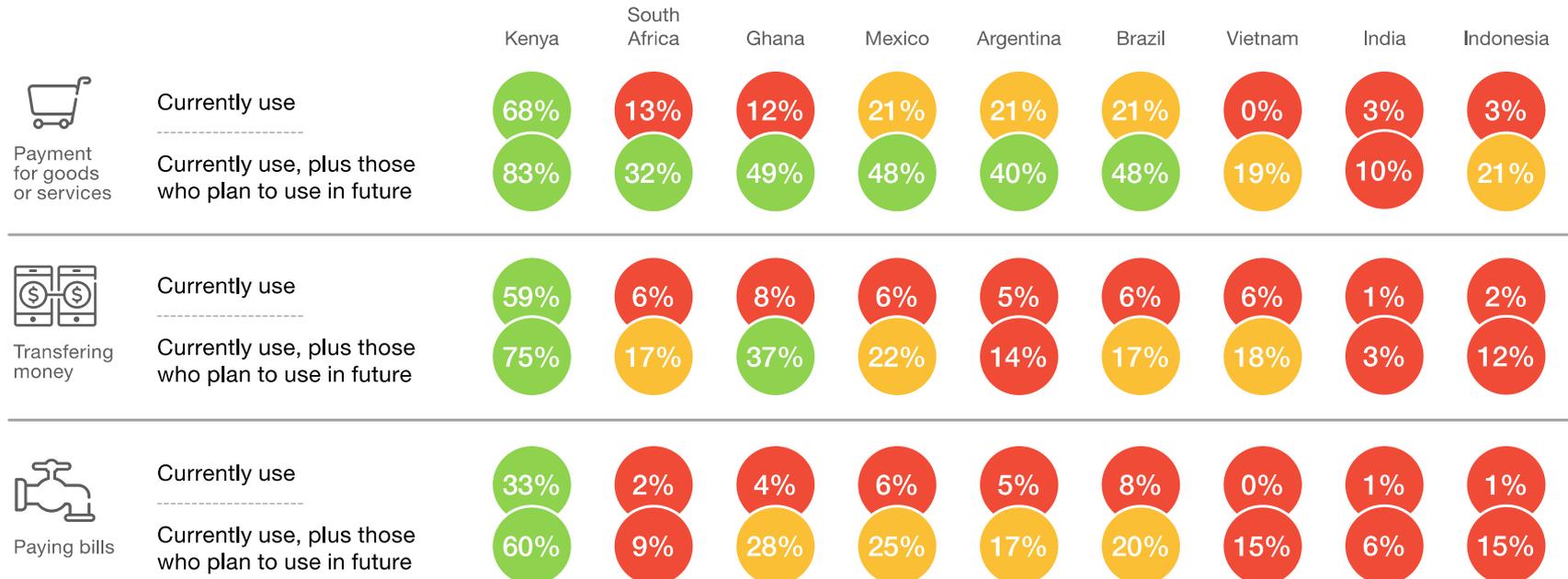


Interest in using mobile financial services is growing.

This figure shows the mobile financial services that are currently popular in the countries studied, and which are likely to become more popular in the future.

## Financial services used on mobile devices

Low percentage of mobile phone users ● ● ● High percentage of mobile phone users

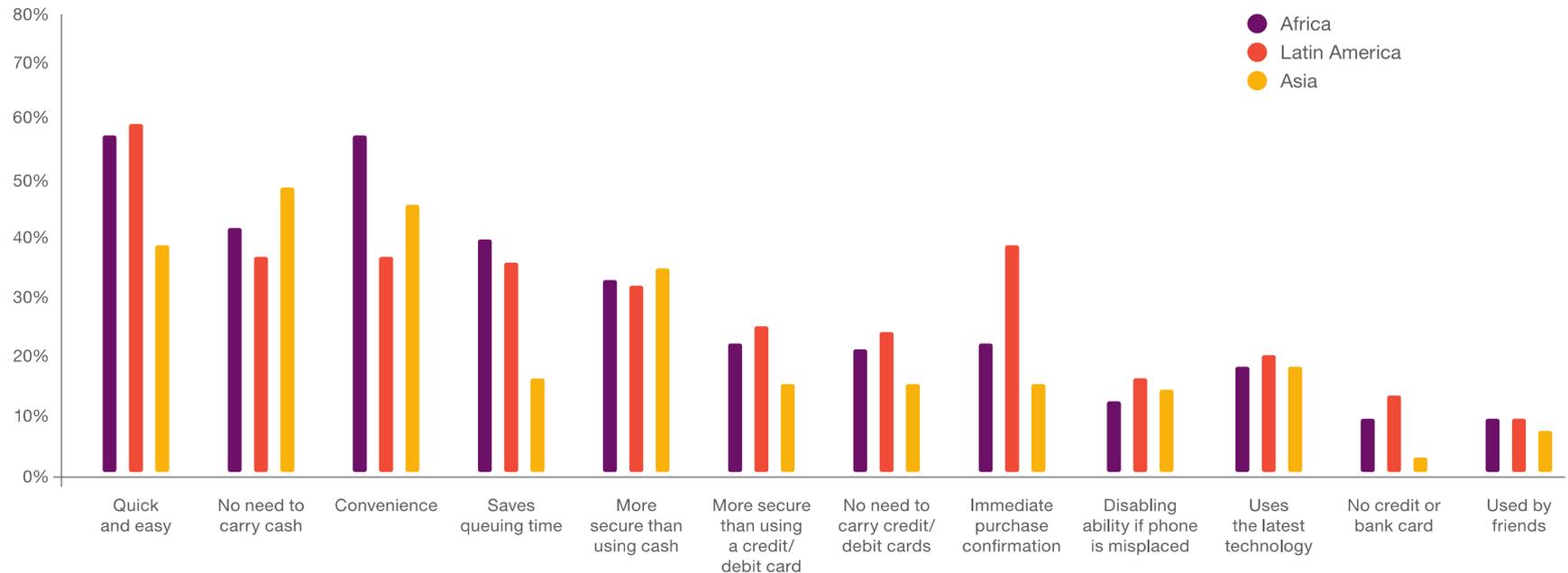


# REASONS FOR USE



In Africa and Latin America, speed and ease of use are key motivators for using mobile financial services.

In Asia, not having to carry cash is the primary reason for use.



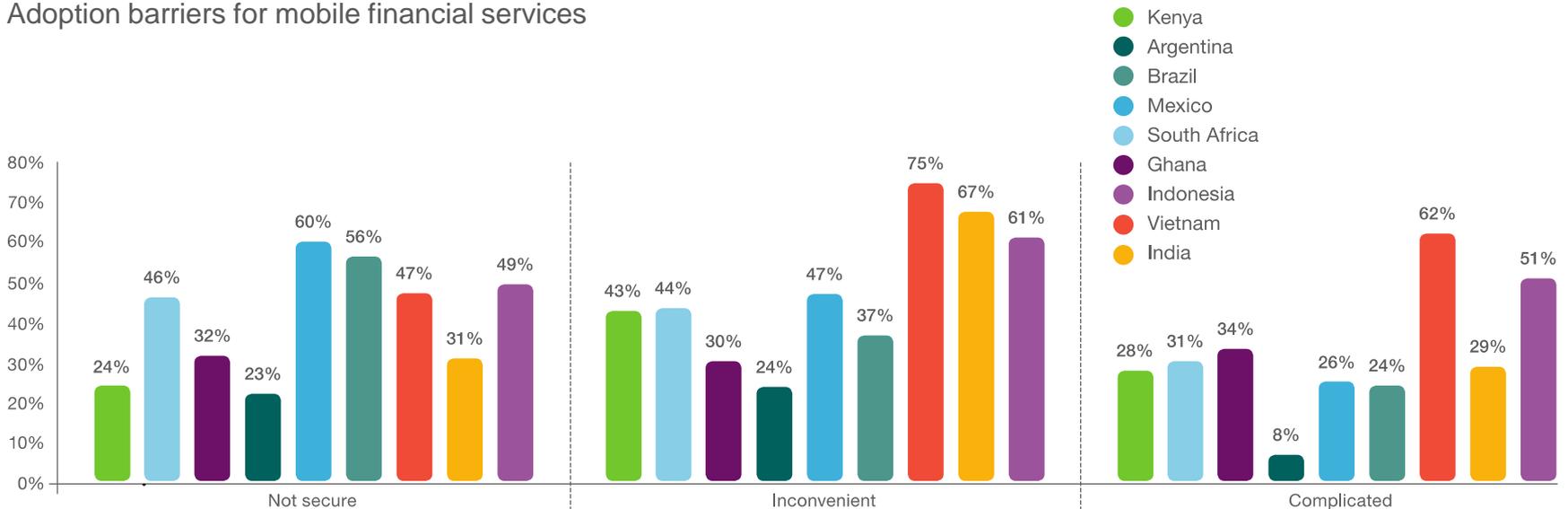
# BARRIERS TO ADOPTION



Within Africa, Kenyan consumers see inconvenience as the main barrier, whereas South African consumers see lack of security as the most off-putting factor.

Security is also seen as a major barrier for adoption in Latin America, however Asian consumers see inconvenience as the biggest barrier.

Adoption barriers for mobile financial services



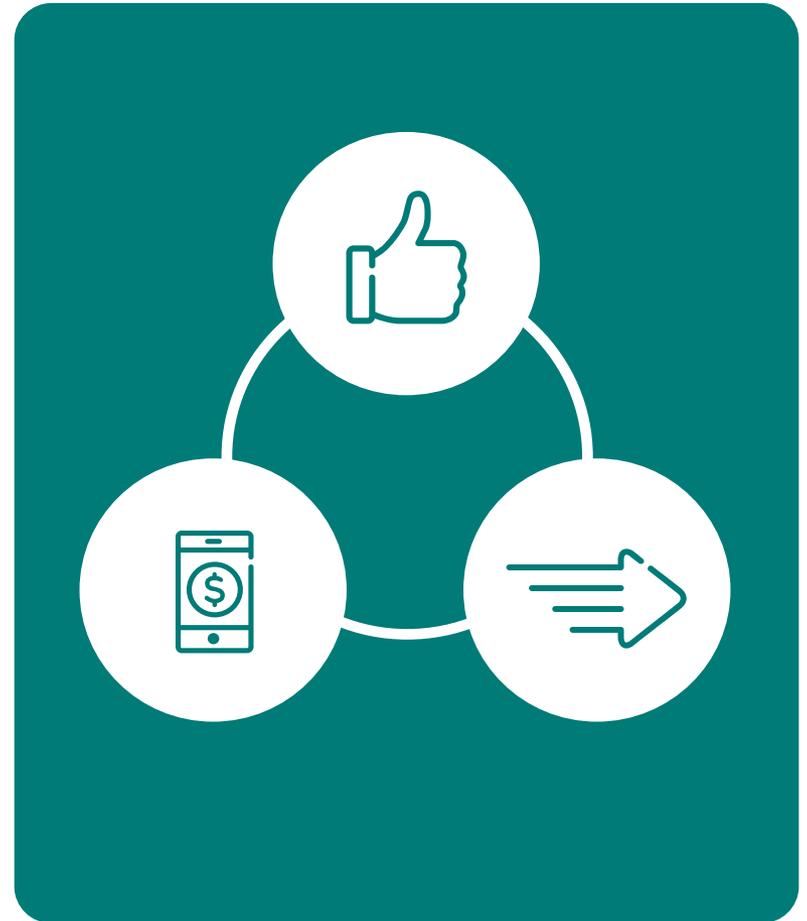
# MAIN MOTIVATORS

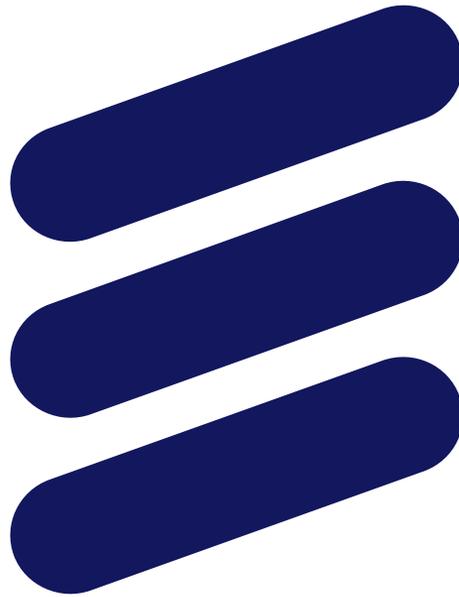


The main motivators for mobile financial services across these markets are:

- › Convenience
- › Speed
- › Not having to carry cash

While many can see the potential benefits, there are still those who are put off by the idea that the services are not completely secure, or that they are aimed at people with higher incomes.





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