

# A CONSUMER PERSPECTIVE SURVEY ON CHOICE OF PAYMENTS



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# FOREWORD



**In the last 10 years Ghana has experienced tremendous growth in the development, deployment and adoption of technology in delivering financial services to consumers.**

The foundation for this growth was laid by the Central Bank of Ghana through the establishment of the Ghana Interbank Payment and Settlement Systems Limited (GhIPSS) as a key financial technology infrastructure provider.

In line with its mandate, GhIPSS in partnership with the banks have deployed 3 interbank payment platforms and delivered 8 interbank payment services (Appendix 1). The Ghanaian financial services sector has also proven to be a fertile ground for mobile payments (provided by Telcos) and auxiliary digital financial services (provided by FinTechs – Appendix 2).

In an effort to fulfill its brand promise to spearhead Ghana's migration to a cashlite economy, this consumer survey was instituted in June, 2018. The survey aimed at understanding the types of payment channels adopted by individuals and large corporates in Ghana and also to gain an understanding of the factors that influence their choices.

The survey was also motivated by our observation of Ghana's unusual volumes of cheque transactions compared to other digital services used by corporate and government agencies.

Our assumption at the beginning of this research was that cheques were the preferred mode of payments and collections for large corporate and government agencies. We assumed that the huge volumes of cheques came from large corporate organization and

government agencies who used this medium for making payments. We also reported that this choice stems from organizational culture and perhaps operational challenges in using electronic payment channels.

## KEY FINDINGS

Large organizations mostly use bank transfer and ACH direct credit in making payments. However collections from their business partners who are mostly SME's were by cheques.

There is a clear indication that the industry is inclined towards the use of digital services citing; security, inconvenience and speed as challenges identified with the use of cheques.

e-zwich and Mobile money are preferred by individuals for P2P and G2P payments while ACH and bank transfers are preferred by large corporate and government agencies for B2P, B2B, G2B payments.

Banks are the most important members of the financial services ecosystem as they play the critical role of delivering financial services to the end user. Unfortunately banks seem uninterested in meeting the needs of individuals.

GhIPSS would have to improve its stakeholder engagements with the banks. There is a need to forge a closer relationship with our partner institutions in order to get their buy-in and support.

Banks would need to explore partnerships in agency banking particularly in areas where there are no banks.

Public education and awareness such as banking fairs should be re-introduced as a platform where the public can benefit from direct education.

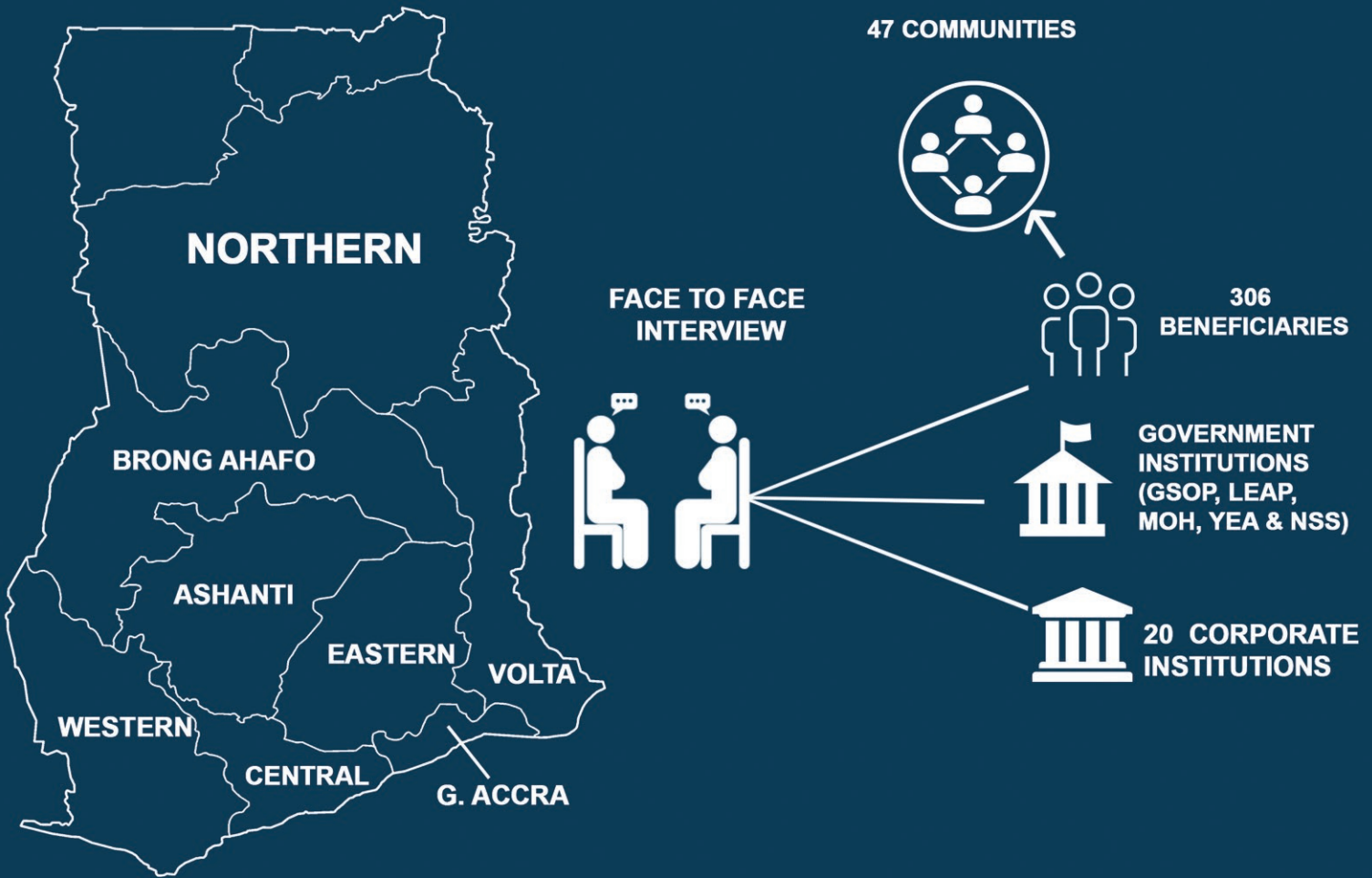
Finally, Bank of Ghana would need to provide a directive limiting the use of cheques for payments.

**MELISSA BABA**  
**RESEARCH & ENTERPRISE INTELLIGENCE**



# RESEARCH METHODOLOGY

## REGIONS VISITED



## The objectives of this survey were to:

- \* Explore the dynamics and emerging trends in payment channels used by Corporates and Government in Ghana.
- \* Ascertain and critically evaluate the factors that influence the choice of payment channels.
- \* Critically evaluate the success and failures of the identified payment channels.
- \* Assess the perception of both the Payor and Payee.





# Finally Possible

Send & receive Mobile Money across all networks  
Simple. Easy. Direct

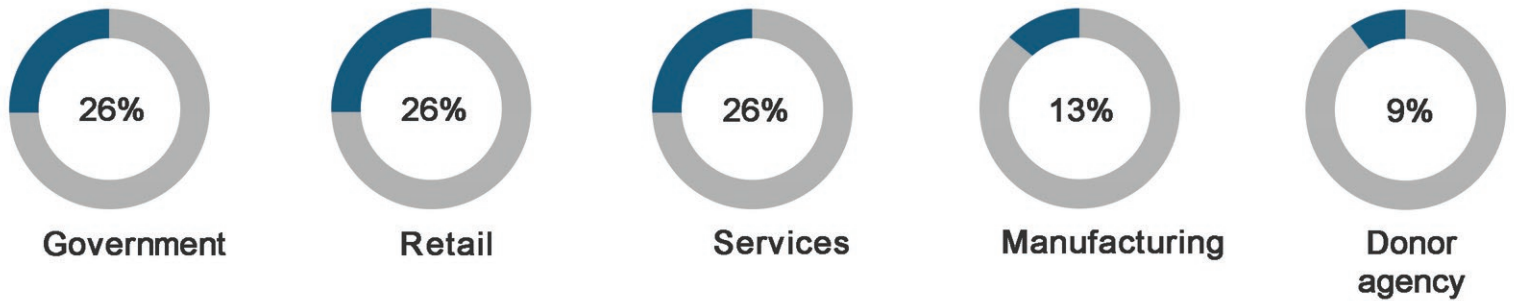


# SUMMARY FINDINGS

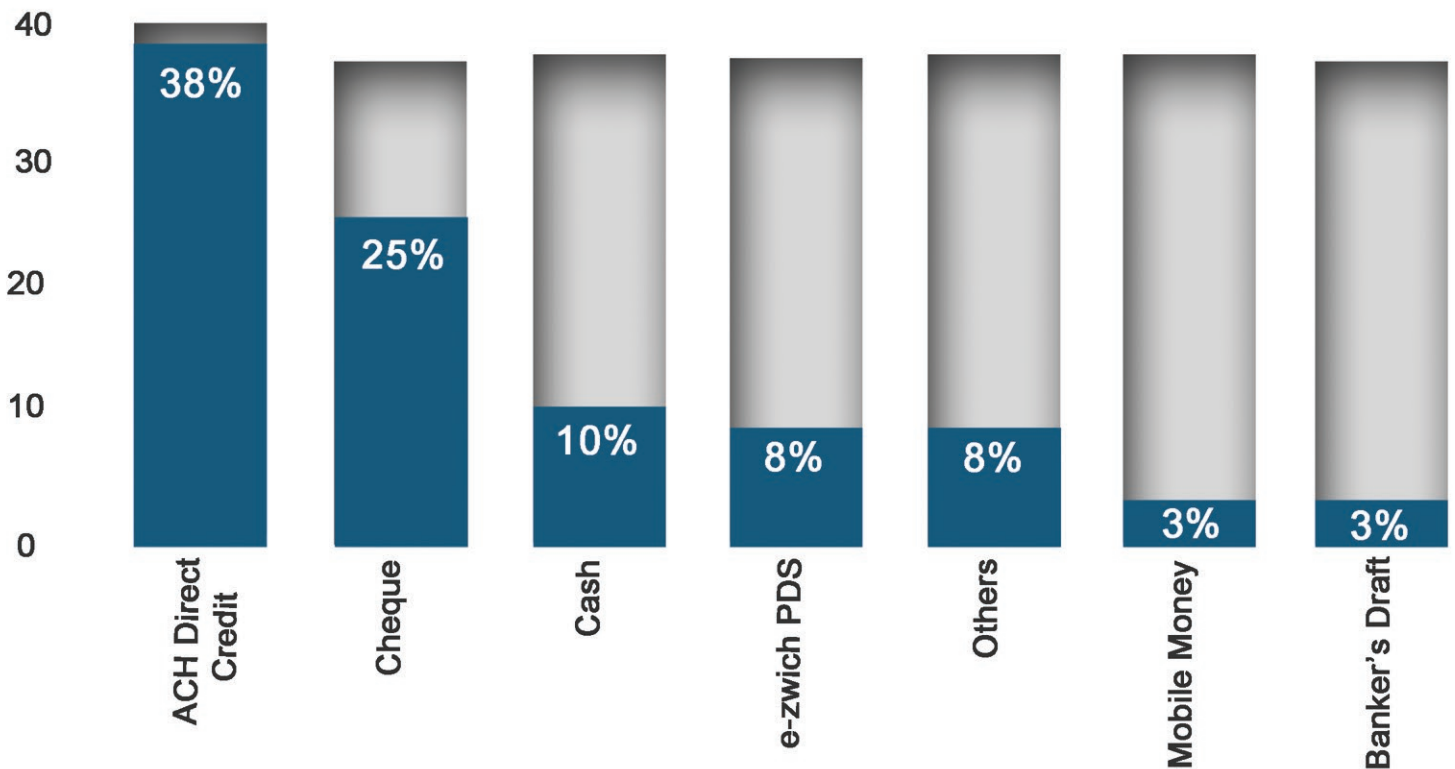
Our findings reveal that most corporates have adopted electronic payment channels particularly **ACH Direct Credit** for all payments. Organizations that used e-zwich and Mobile money were all government institutions and these channels were used for G2P payments.

Mobile money was not identified as a preferred channel for B2B and B2P payments, but was a preferred choice for P2P payments. The use of cash by Organizations and government institutions was limited to internal **“petty cash”** expenses

## SECTORS



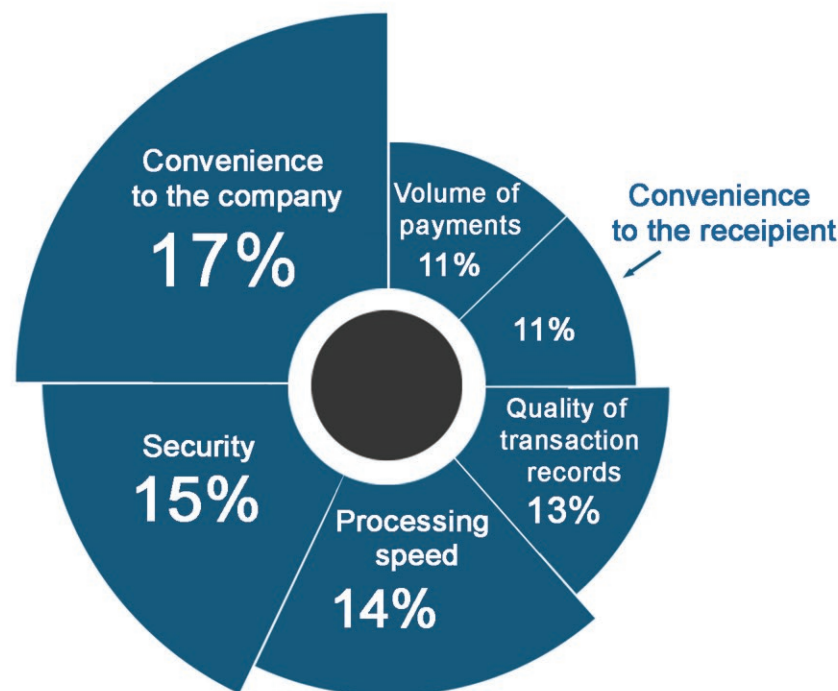
## PAYMENTS CHANNELS USED BY COMPANIES





# SUMMARY FINDINGS

## FACTORS INFLUENCING CHOICE AMONG CORPORATES



**Key factors that influenced the choice for migrating from cheque to e-payments are security, convenience to the payer and speed.**

Quality of transaction records, convenience to the recipient and Volume of payments are auxiliary factors while cost only became a factor in cases where the transactions were voluminous and repetitive.

At no point did any institution make reference to technical or operational challenges pertaining to the use of these e-payment services. The challenges faced by most corporates however is with collections where most business partners (who were largely SMEs) preferred paying with cheques. This culture of paying with cheques enables the partner delay the actual receipt of funds. This practice unfortunately affects the inflows of the large corporates.

There is a need for aggressive sensitization of the merits of e-payment channels to SMEs and legislation to deter the use of cheques.

e-zwich also came up as the preferred payment channel for G2P payments mainly because of government's need to demonstrate and ensure integrity in the pay files. The biometric feature on the e-zwich card ensured that government paid the right beneficiaries thereby eliminating the instances of ghost names.

In spite of the adoption of e-zwich by government for bulk payments, and the biometric feature of the card making it secure and easy to use e-zwich beneficiaries complained of difficulty in accessing their funds from banks.

Banks play a key role in the deployment and management of these e-services. The research findings buttress this fact and

reveals that banks are the strongest members in the financial ecosystem.

This assertion is evident in the fact that 80% of the institutions surveyed had adopted the Ecobank OMNI for their payments which were all deployed by Ecobank. GhIPSS role in delivering these services was absent.

Additional value added services such as systems support, education and reduced processing cost were factors that improved adoption of these e-payment services among large corporates and government agencies.

Although GhIPSS plays a vital role of providing inter-bank payment infrastructure, banks' role in delivering the services to the consumer cannot be underestimated. Ghana's drive towards a cash lite economy hinges on the full support of member financial institutions.

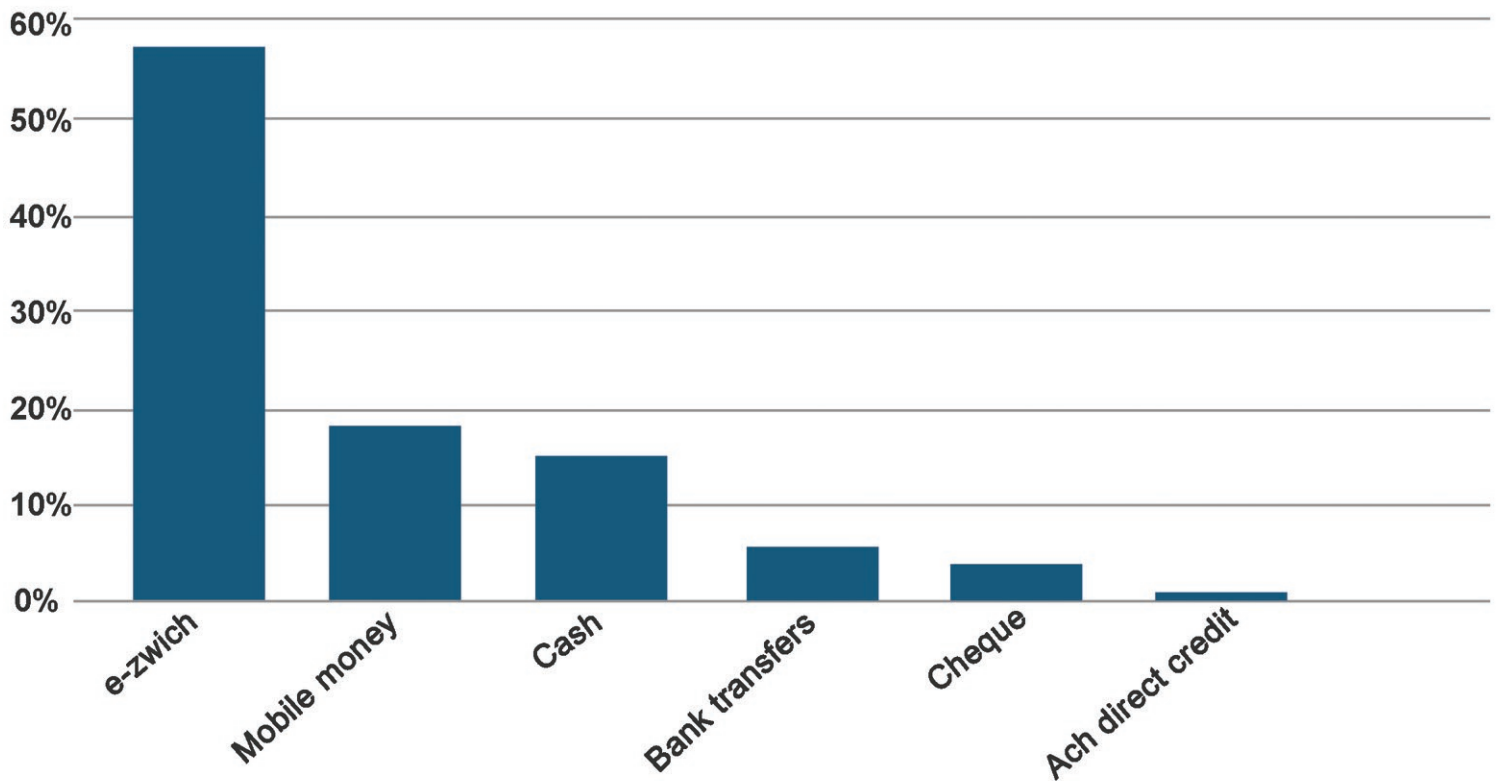
# SUMMARY FINDINGS

A total of **306 beneficiaries** were interviewed across the country. **67%** were aware of e-payment channels i.e. e-zwich and Mobile money. A few knew of cheques and bankers draft but none had heard of ACH and were unaware of this platform.

## FAMILIARITY WITH DIGITAL PAYMENT



## PREFERRED METHOD FOR RECEIPT OF PAYMENT

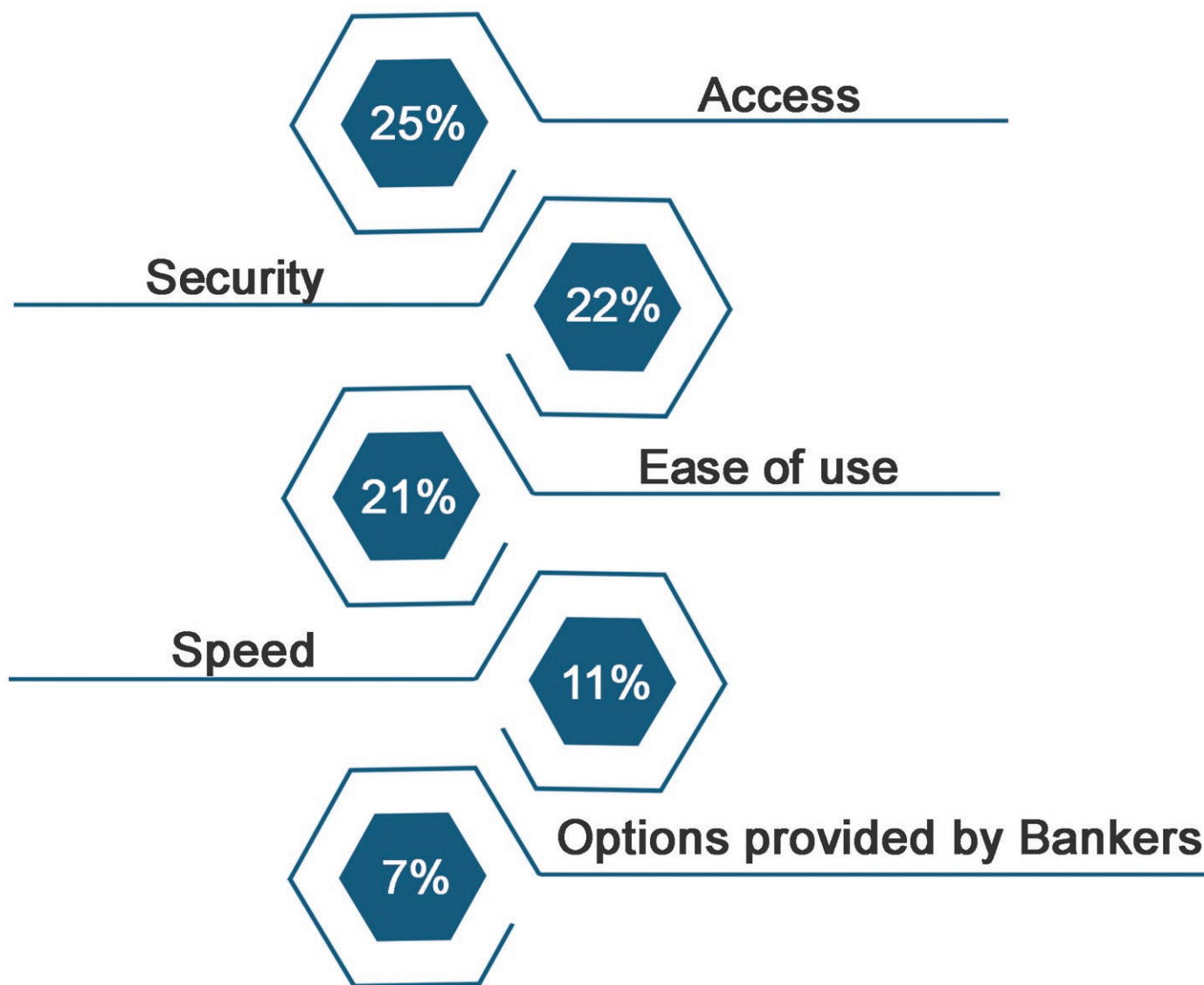


Cash, e-zwich and Mobile money remain the most used means of P2P transactions. **82%** used e-zwich because it is the primary medium for accessing their benefits from government while **26%** used mobile money for P2P payments and to receive remittance.



# SUMMARY FINDINGS

## FACTORS INFLUENCING CHOICE AMONG BENEFICIARIES



While Mobile money was preferred for P2P and remittance because of the proliferation of mobile money agent locations, fraud is a major deterring factor thereby limiting the **value of transactions** performed.

The issue of fraud was largely perceived as none of the 306 beneficiaries interviewed had experienced Mobile Money Fraud. e-zwich on the other hand is liked for its security and ease of use as the users

indicated that they did not have to memorize a pin to be used for verification. However respondents indicated that difficulty in accessing funds on their e-zwich cards is a major deterring factor thereby limiting the **volume of transactions** performed.



## ACH Direct Credit

# Paying employees made easy

From your company account, you can make payments directly into employee accounts in other banks with ACH Direct Credit. Choose Express for a same day service and standard for a next day service.



# CONCLUSIONS

There is a huge market for e-payments and DFS with both individuals, government agencies and corporates already using digital services. Cheques are still being used because it enables the payer delay when the funds finally arrives at the bank of the recipient. This culture of delaying payment by using cheques gives room for fraud and causes undue liquidity challenges for the recipient. To curb the use of cheques, there is a need to limit the value of cheque transactions.

Although most banks have setup their branches to offer DFS, bank staff do not have adequate understanding and training of the various DFS therefore making it difficult for them to support the demands of customers. Bank staff also view e-zwich and mobile money as competing products and are unable to appreciate the business value these platforms offer. These observations were deduced from our interactions with the respondents and goes to confirm our findings from a number of mystery shopping done by GhIPSS staff.

Difficulty in accessing services particularly in bank branches is a major challenge that would eventually lead to customer dissatisfaction particularly for e-zwich services.

GhIPSS would need to continuously invest in building a relationship with banks in order to get their support. Agent banking has proven to be a game changer in delivering DFS to mobile money customers, an adoption of this approach in delivering e-zwich services especially in remote areas would significantly improve customer satisfaction for e-zwich services.

**Finally the survey shows a clear distinction in the needs of individuals, government agencies and corporates when it comes to their choice of payment channels. Improved customer service, niche branding and targeted communications would ensure each consumer is informed of the options that best meet their payment needs.**

# RECOMMENDATIONS



GhIPSS to improve engagement with partner institutions through regular forums.



Banks should invest in agency banking ( Credit Unions and Mobile money agents )



Continuous training of bank staff to build their capacity in delivering DFS



Partner member institutions to offer public awareness and education.



# APPENDIX

## Appendix 1

## WHO WE ARE

The Ghana Interbank Payment and Settlement Systems Limited (GhIPSS) is a wholly owned subsidiary of the Bank of Ghana. It was incorporated in May 2007 with a mandate to implement and manage interoperable payment system infrastructures for banks and non bank financial institutions in Ghana.

## PRODUCTS AND SERVICES



Payment Distribution System  
International and Local Remittance  
Banking  
Retail  
Biometric Search Engine



Standard Clearing  
Express Clearing



ACH Direct Credit  
ACH Direct Debit



gh-link EMV Card Scheme  
Interbank Switching and Processing  
Payment Gateway Services  
GhIPSS Instant Pay (GIP)  
3D Secure Services  
Hosting Services  
Settlement Services  
Mobile Money Interoperability

GhIPSS' payment infrastructure is currently used by all banks in Ghana including the ARB Apex Bank and its affiliates, (The Apex body for Rural and Community banks) Savings and Loans Companies and Third Party Payment Service Providers (**MasterCard, VISA, e-tranzact, MTN Mobile Money, Airtel-Tigo Cash, Vodafone Cash, Fintech Start-ups'.**)

# APPENDIX

## Appendix 2

# GHANA FINTECH LANDSCAPE





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