

UNIVERSITY OF GHANA

**THE ADVENT OF MOBILE MONEY AND ITS EFFECT ON BRANCH-BASED
BANKING IN GHANA: A CASE OF THE NATIONAL INVESTMENT BANK (NIB)**

BY

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DECLARATION

I, David Sidney Kodjoe, hereby declare that this research work is my original work and has not been presented in this University or any other university for any academic award. All references used in the work have been duly acknowledged.

I bear sole responsibility for any shortcomings in this work.

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CERTIFICATION

I hereby certify that this thesis was supervised in accordance with procedures laid down by the University.

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DEDICATION

This study is dedicated to God Almighty for His grace and guidance throughout the entire research. I also dedicate this work to my parents, Mr. Isaac T. Kodjoe and Col. Vida Otoo, for their consistent love and, to my brothers; Michael, Joel and Isaac, for their unrelenting support.

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ABSTRACT

Mobile money services have come to stay. In developing countries like Ghana, where the service has been extensively embraced and acknowledged as a tool to addressing financial inclusion, there is the need to find out how the banking sector, the main financial driver of the economy, is reacting to this development. This study seeks to find out how the advent of mobile money is affecting branch-based banking in Ghana using the National Investment Bank as a case. The study utilised a qualitative approach and gathered data through interviews with selected personnel at the National Investment Bank's Head Office in the Greater Accra Region. The study found that Mobile Money services are not a threat to the banking sector and hence have positive effects on branch-based banking in Ghana. The study also recommended that given the widespread use of Mobile money services, it is imperative that the Bank of Ghana and other regulatory bodies regulate the operations of the service by the "Telcos" in order to mitigate against the imminent risks as a result of the extensive use of the service.

Contents

CHAPTER ONE	1
INTRODUCTION	1
1.0 Background	1
1.1 Statement of the Problem	2
1.2 Purpose of the Study	3
1.3 Research Objectives	3
1.4 Research Questions	4
1.5 Significance of the Study	4
1.6 Organisation of the Study	4
CHAPTER TWO	6
LIETERATURE REVIEW	6
2.1 Introduction	6
2.2 Mobile Money Services	6
2.3 Mobile Money Services in Ghana	9
2.4 Opportunities of Mobile Money Services to the Banking Sector	11
2.5 Challenges of Mobile Money to the Banking Sector	12
CHAPTER THREE	14
METHODOLOGY	14
3.1 Introduction	14
3.2 Research Design/Approach	14
3.3 The Study Area	14
3.4 Target Population	15
3.5 Sampling Technique and Sample Size	15
3.6 Data Sources	15
3.7 Procedure for Data Collection	15
3.9 Data Analysis	16
CHAPTER FOUR	17
RESULTS AND DISCUSSIONS	17
4.1 Introduction	17
4.2 Presentation and Discussion of Participants' Responses	17
4.2.1 Impact of Mobile Money Operation on NIB	17

4.2.2 Impact of Mobile Money Operations on NIB Growth and Opening of Branches.	20
4.2.3 Challenges Confronting the Banks as a Result of Mobile Money Operations in Ghana	22
4.2.4 Measures Put in Place by NIB to Ensure Healthy Collaboration with the Mobile Money Sector..	24
CHAPTER FIVE	27
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	27
5.1 Introduction.....	27
5.2 Summary of the Research Findings	27
5.3 Conclusion	29
5.4 Recommendations for Practice	29
5.5 Recommendations for Policy.....	30
5.6 Limitations and Suggestions for Future Research.....	30
References.....	31

CHAPTER ONE

INTRODUCTION

1.0 Background

Literature shows that the concept of mobile money is one of the most enterprising innovations rapidly adopted in many facets of life (Suri, 2017; GSMA, 2017). This is particularly so in many developing countries that have embraced technology in order to digitise their economies (Maurer, Nelms & Rea, 2018). Mobile money has been described by Tagoe (2016, pg. 1) as “monies accessed and used through the use of mobile phones”. According to Suri (2017), without owning bank accounts, mobile money helps many mobile phone owners to deposit, transfer and withdraw money with ease. This has therefore brought about the worldwide adoption of the concept. Maurer, Nelms and Rea (2018) are of the view that the concept of mobile money is a phenomenon of the developing world which does not rely on internet-enabled smart phones but relies on basic mobile phones capable of voice and text. They were also of the view that, the concept of mobile money has become important due to the fact that more than 80% of the world’s population have access to mobile phones.

As at the end of 2015, about 93% of developing countries were offering about 271 mobile services, which is quite significant (Suri, 2017). Out of the 93% 19% of these countries had more mobile money accounts than the traditional bank accounts and about 37% had quite a lot of mobile money branches compared to bank branches. The statistics further indicate that, with the growing mobile money adoption in developing countries, Sub-Saharan Africa accounts for a significant percentage of 52% of all mobile money services. Acquah-Sam and Bugre (2018) also had similar views in which they mentioned that mobile money services have been helping to

solve the problem of financial inclusion because, such services have enabled many people residing in the remote parts of many Sub-Saharan African countries to access mobile money services.

In Ghana, like many Sub-Saharan African countries, mobile money services have been widely adopted. For instance, the 2015 Annual Payment System Oversight Report by the Bank of Ghana (BoG) showed that, with all the non-cash payment, mobile money services accounted for the highest volume of transactions with 94.11% of non-cash payment systems (BoG Report, 2015). The BoG statistics further revealed that between 2012 and 2015, mobile subscriptions growth in Ghana was 36.65% with a 247.25% increase in cumulative registered mobile money customers. This is an indication that mobile money services have become critical in the Ghanaian financial system. With this massive growth of mobile money services in Ghana, there is the need to investigate how this growth impacts establishing and opening of branches by banks in Ghana. This has become important as there is an increase in the opening of mobile money agent outlets, coupled with the recent collapse of some banks due to non-performance.

1.1 Statement of the Problem

Most countries are digitising their economies to ensure that the rate of dealing with physical cash in transactions are minimised. According to Acquah-Sam and Bugre (2018), reduction of physical cash transaction ensures efficiency in payment systems, which in the long run improves the living standards of citizens in a country, creates employment and enhances economic growth. For that matter, many developing countries including Ghana have widely and rapidly embraced mobile money services, as it has enabled over 80% of people without bank accounts to deposit, transfer and withdraw money (Tagoe, 2016). This is also supported by statistics from the Bank of Ghana (BoG) which indicate that the number of mobile money subscribers increased by 64.1%

between 2013 and 2014 (BoG Report 2015, cited in Acquah-Sam & Bugre, 2018). In addition, there has been an increase in the opening of mobile money outlets in the country due to the high subscription base of mobile money customers.

But as Ghana is witnessing significant growth in mobile money services, the banking sector is concurrently facing difficulties, which has led to the collapse of some banks. Although, there are a number of studies on the success and growth of mobile money services in Sub-Saharan Africa and for that matter Ghana, there is rare literature on how the success of mobile money services, which has led to the increasing opening of mobile money agent outlets, affects the performance and opening of branches of the banks in Ghana. Therefore, there is the need to explore the effect of mobile money services on the opening of bank branches in Ghana.

1.2 Purpose of the Study

The study seeks to explore the effect of mobile money services on the opening of bank branches in Ghana, using the National Investment Bank (NIB) as a case study.

1.3 Research Objectives

The specific objectives of this research are:

1. To examine the effect of mobile money services on the opening of NIB branches in Ghana
2. To explore the prospects and opportunities of NIB as a result of mobile money services in Ghana
3. To assess the challenges confronting NIB as a result of mobile money services in Ghana

1.4 Research Questions

In order to fulfil the aims of this research, the following questions serve as guide.

1. What are the effects of mobile money services on the opening of NIB branches in Ghana?
2. What are the prospects and opportunities available to NIB as a result of mobile money services in Ghana?
3. What are the challenges confronting NIB as a result of mobile money services in Ghana?

1.5 Significance of the Study

This research work will contribute immensely to practice, policy and literature. In terms of practice, this research will help the managers of NIB to understand the factors that enhance or mitigate the opening of branches as a result of mobile money services in Ghana. It will also afford the managers the opportunity to develop and implement strategies that will enhance the operations of NIB.

In terms of policy, the findings of this study will guide government agencies such as the Ministry of Finance, the Bank of Ghana and the Ghana Bankers Association to formulate appropriate policies that will enhance the operations of NIB and other banks in the country as well.

Finally, the study will contribute to knowledge in the area of factors that enhance or mitigate banks and for that matter opening of branches of these banks.

1.6 Organisation of the Study

Chapter one introduces the study. It presents the background to the study, the research problem, the purpose of the study, the study objectives, research questions, the significance of the study and the organisation of the study.

Chapter two consist explains concepts relating to mobile money systems and reviews empirical studies on the factors enhancing or mitigating the performance of NIB, prospects of NIB as a result of mobile money services in Ghana as well as challenges confronting NIB as a result of mobile money services in Ghana.

Chapter three presents the methodological issues of the research. It identifies the research design and approach, the study's population, sample size and sample technique, sources of data, data collection procedure as well as method of data analysis.

Chapter four discusses the results and findings, while Chapter five summarises and concludes the study as well as makes recommendation for future studies.

CHAPTER TWO

LIETERATURE REVIEW

2.1 Introduction

The study explores the effect of Mobile Money Services on Branch-Based Banking in Ghana. In this regard, literature is reviewed under the following themes: mobile money services, mobile money services in Ghana, opportunities of the mobile money sector to the banking sector and challenges of the mobile money sector to the banking sector.

2.2 Mobile Money Services

Mobile money, which is a form of mobile banking, has gained recognition in recent years. Halabi, Hachem, Al-Akhrass, Artail and Khan (2014) define mobile banking as “carrying out various banking services from any mobile equipment which is in the form of a mobile phone, tablet or any mobile device”. According to Khan and Faisal (2015), as people become deeply imbibed in the use of mobile phone devices, the manufacturers of mobile phones also start to enhance their features with more technologically advanced updates similar to that of a computer. Verma (2013) is also of the view that the recent smart phones and tablets boom has changed the way customers engage with their service providers. He identified that, the enhanced features of mobile phones and tablets allow customers to receive services from their service providers in real-time. In addition, it also helps customers to have a range of choices. Similarly, Chaturvedi (2013) reveals that the introduction of mobile phones has given access to many people who would not want to join queues at banking halls to transact with ease.

The 2015 report of Global System for Mobile Communication Association (GSMA), which is an international body that represents mobile money operators worldwide, refers to mobile money as “the use of the mobile phones to transfer money and make payments” (GSMA, 2015, pg, 22).

Also, Nelms and Rea (2017) define mobile money as “financial services that are delivered through a mobile device”. GSMA outlined three prerequisites of a mobile money service; the first is that mobile payments should include bill payment, merchant payment, bulk disbursement and domestic and international transfer. Second, mobile money services must rely mainly on a network of transactional points outside bank branches and ATMs. That is what will make the service accessible to the banked, under-banked, and unbanked people. The last prerequisite is that customers must be able to use the service even if they do not have previous banking experience. According to Jack and Suri (2011), in the history of technology, mobile phones can be considered as one of the fastest-growing technologies. They are also of the view that the increasing growth rate of mobile money is as a result of availability of mobile phones as well as mobile network coverage. According to Khan and Ejike (2017), Sub-Saharan Africa is challenged with deplorable transportable roads and inadequate infrastructure, which is an impediment to communication and traditional banking, therefore the advent of mobile phone technology is a blessing. Jack and Suri (2011) concur that the introduction of phone technology has significantly reduced the cost of communication. Some scholars have identified some advantages of mobile phone technology in aiding mobile money transaction. For instance, according to Ngaruiya, Bosire and kamau (2014), mobile money transactions save time, are safer and have the capacity to reach more customers within a shortest possible time.

The services of mobile money range from transfer of money from one person to another to withdrawing money from one’s accounts etc. According to Klein and Mayer (2011), mobile money transactions give people the opportunity to send money and receive money through texting. They further disclosed that, over the past years mobile money transactions have dramatically improved, and that it goes beyond sending and receiving money. Klein and Mayer

also reveal that mobile money operation has evolved, and it is now sophisticated in terms of the activities involved. According to Mavhiki, Nyamwanza and Shumba (2015), in terms of efficiency, a lot of people, especially those in the informal sector, find mobile money transactions more efficient than traditional banking. The reason is that a lot of people in the rural areas and those in the informal sector ordinarily perceive business with the traditional banks as cumbersome and therefore turn to mobile money, which they believe to be more reliable and safer. The argument above might explain why many people, especially the less educated, those in the rural areas and those in the informal sector, have embraced mobile money compared to traditional banking. According to Ngaruiya, Bosire and kamau (2014), mobile money operations are becoming more and more popular because people see it to be safe, cheap and reliable. Researchers such as Lauren (2015) asserts that apart from mobile money platforms allowing people to send, receive and deposit money, it also helps in poverty reduction. Lauren's assertion is corroborated by Suri and Jack (2016) who also identified mobile money as a poverty alleviation tool in developing countries. They revealed that with the inception of mobile money operations in Africa, many people in the informal class who found it difficult to transact with the formal financial institutions in terms of saving, depositing and withdrawing money are now doing so using mobile money platforms. Even those with formal bank accounts can now conveniently link them with their mobile money accounts where they can withdraw and make payments. To Chaturvedi (2013), the convenient nature of mobile money has resulted to the increasing growth of mobile money operations. For instance, Tobbin (2012) reveals that between 2003 and 2012, mobile money projects were introduced in 42 developing countries. Tobbin's revelation is supported by the findings of Ngugi, Pelowski and Ogembo (2010) who also found that more developing countries are embracing mobile money operations because of the

advantages involved. In this regard, Muisyo, Alala and Musiega (2014) suggests that the mobile money industry and central banks of the countries that have adopted mobile money operations must put measures in place to streamline its operations. For instance, they proposed that the service providers should develop programmes to educate people on how to use the basic services. A similar suggestion was made by Roberts (2016) who is of the view that the ecosystem of mobile money operations needs to be checked and controlled. He additionally suggested that, the stakeholders of mobile money operations, especially the central banks and the telecommunication companies (“Telcos”) who have the capacity to do so, should put pragmatic measures in place to order to control mobile money operations.

2.3 Mobile Money Services in Ghana

In the year 2009, MTN first introduced mobile money operations into the financial system in Ghana. This was followed by three other telecommunication companies namely, Vodafone, then Tigo and then Airtel. It is a clear indication that the government of Ghana did well in putting up the needed infrastructure for the “Telcos” to operate on. This can be witnessed in the wide network coverage across the country which allows even the rural communities to operate mobile phone devices. The National Communication Authority (NCA), which is a government agency responsible for supervising the “Telcos”, in their 2016 June quarterly statistical report on communication in Ghana, revealed that the rate of mobile penetration was 131.9% with the subscription base of about 36.6 million (NCA, 2016). According to the NCA’s report, the increase in mobile phone subscription was accompanied by a significant increase in mobile money subscribers in the country. The BoG’s Third Quarter 2016 Payment System Statistics indicates that between September 2015 and June 2016, the mobile money customer subscription base increased by 7,901,935 people. The Bank of Ghana (BoG) statistics on mobile money

operations in Ghana further indicate that the number of customers who were active as at June 2016 doubled with about a 104.12% growth rate. The value and volume of mobile money transactions also increased significantly at a growth rate of 115.83% and 102.31% respectively (BoG, 2016). The Consultative Group to Assist the Poor (CGAP) reports that close to 20% of adults in Ghana were having mobile money accounts as at 2015. The Ghana Banking Survey on “impact of mobile money services on banks’ operation” conducted by Price Water House Coopers (PWC) in 2016 indicated that 29% of the respondents were of the belief that mobile money operations have significantly impacted on banks’ operations, 57% indicated that the impact is moderate and 14% were of the view that the impact is very little (PWC, 2016).

Bank of Ghana’s (BoG) latest statistics on electronic payments in 2018 show that mobile money transactions in that year was GH¢233 billion (Myjoyonline.com, January 30, 2019). The statistics further indicated that the value of transactions increased from GH¢155 to GH¢233 billion in the same year, representing a drastic increase of 43%. The BoG data further revealed that the transaction volume on mobile money operations showed a significant increase from 2017 to 2018 reaching GH¢1.4 billion. With regard to the mobile money accounts with the commercial banks as at the end of December 2018, the data showed that there was an increase to GH¢2.6 billion from GH¢2.3 billion in 2017, representing an increase of 13.48%. The data also showed a significant increase in mobile money agents. According to the report, as at the end of December 2018, the total number of mobile money agents reached 393,000 up by 194,000 from 2017, representing a significant increase of 103%. The number of mobile money accounts at the end of December 2018 also reached 32 million, however the report indicated that only 13 million were active. The above statistics are evidence that mobile money operations have been embraced extensively by Ghanaians.

2.4 Opportunities of Mobile Money Services to the Banking Sector

According to Muisyo, Alala and Musiega (2014), mobile money has both positive and negative impacts on formal financial institutions. Mayhiki, Nyamwanza and Shumba (2015) are of the view that mobile money needs the formal financial institutions to survive. According to them, the mobile money agents need and hold accounts with the traditional banks. They further indicate that the situation presents a great opportunity to the banks to make gains. This is supported by the revelation of Acquah-Sam and Bugre (2018) who also found that mobile money serves enormous opportunities for banks. They argue that mobile money operations are springing at a faster rate in most developing countries and at the same time serve as customers to banks. Many scholars seem to agree with this assertion as Ondiege (2015) also argue that banks must see the increasing growth rate of the mobile money as an opportunity and not as a competition. He therefore advised that the banks must rather put measures in place to make use of the opportunity. Ngugi et al. (2010) also argue that the fact that mobile money has a transaction limit is also an opportunity for the banks to explore. They assert that there are a lot of people who would like to transact above mobile money vendors' limit. In this instance, the banks can liaise with the mobile money operators to attract customers whose transaction is above the threshold of mobile money. Similarly, Muisyo et al. (2014) seem to support this assertion, where they opine that the mobile money sector is complementing the banking sector. Again, Muisyo et al. (2014) suggest that it is high time the banks integrate with the mobile money sector to attract the small and medium enterprises so that they will grow with them. It seems the argument of Muisyo et al. (2014) holds, because most people beyond the middle class mostly want to transact on mobile money platforms. Unfortunately, there is a transaction limit and the banks can collaborate with the mobile money agents to attract these potential customers. Similarly, Mayhiki

et al. (2015) identified that mobile money vendors mostly need physical cash to transact, which they need from the banks. The mobile money vendors are therefore customers of banks. They further argue that, mobile money operations are not in any way competing with the traditional banks, but rather they serve as complements to each other and that the results of such complements will be seen in the long run. They concluded that, when the political and economic environment is favourable, most of the banks will enjoy the benefits of mobile money operations. The findings of Chopra and Wright (2012) also stated that, till date there is very little evidence to suggest that people are substituting their formal bank accounts with mobile money accounts. The World Bank's 2010 report indicates that mobile money operations in Kenya have a significant positive effect on banking institutions (Ngugi et al., 2010).

2.5 Challenges of Mobile Money to the Banking Sector

Even though some literature agrees that mobile money is more of an advantage to the banking sector than a disadvantage, some have also identified some challenges that according to them, if not addressed, can go a long way to affect the banking sector. For instance, Economides and Jeziorski (2017) argue that the mobile money sector needs a regulatory framework that will help streamline the activities of Mobile Money. According to them, this will help foster healthy internal competition and innovation which the banks can leverage on to attract customers. Tagoe (2016) also had a similar view in which he expressed that having a proper regulatory framework supports the growth of the mobile money sector. He added that the regulatory framework in the mobile money sector ensures that service providers do things right which in the end brings about improvement in the sector. The findings further alluded to the fact that having a proper regulatory framework in place serves as a protection for customers' finances which in the end, attracts more customers. From the above, it seems the regulatory framework being stressed by

scholars is very important in protecting customers from financial losses. It can also be noticed from the arguments and findings of research works that regulating the activities of mobile money operators also helps to attract new customers, which supports the growth of the industry. Another challenge identified by Kessey (2010) is the complexity of technology involved in mobile money operation. Kessey is of the view that most mobile money customers in developing countries either do not have formal education or have less education, hence find it difficult to operate complex technologies. According to Kessey (2010), even those in the elite class sometimes find it difficult to operate some kind of technologies. He therefore advised that mobile money service providers (Telecommunication Companies) must always minimise the complexity of their technologies to facilitate its operation. It seems the challenge with regard to the complex nature of technology is on spot. This is because, in most of the developing countries, a lot of the customers of the mobile money sector fall within the informal sector of which most of them have less education or do not have formal education at all. Therefore, making mobile money technology simple for customers will help boost the sector, and the banking sector as well, as most of the mobile money agents are customers of banks.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methodology for the study. This section presents the research design, target population, sampling technique, sample size, data collection procedure and method of data analysis.

3.2 Research Design/Approach

The study employs a cross-sectional survey design. Cross-sectional survey design enables the researcher collects data from the participants at one particular point in time (Sedgwick, 2014). A qualitative approach is adopted for this study. This is because qualitative research allows a researcher to examine the details of respondents and how they make sense of their social and personal world (Creswell, 2017). It gives the researcher the opportunity to examine participants in detail and allows them to give their personal experience and accounts of a phenomenon or event.

3.3 The Study Area

The study covers the portions Greater Accra Region of Ghana. This region is selected because a proportional number of the National Investment Bank (NIB) workers are located in the region. Also, the headquarters of NIB and many of its branches are located in the Greater Accra Region. Therefore, it is easier to get the relevant workers of NIB to participate in the study.

3.4 Target Population

Babbie (2008) describes the study population as the collection of an element from which a study sample is selected. The target population consists of all the 1100 workers of the National Investment Bank across the Greater Accra region.

3.5 Sampling Technique and Sample Size

Purposive sampling technique which is “a type of non-probability sampling in which the units to be observed are selected on the basis of the researcher’s judgment about which ones will be the most useful or representative” (Babbie, 2008) is used to sample participants. The purposive sampling technique helps the researcher to use his own judgement to select the participants who will be most useful for the study. With the sample size, about five (5) officials of NIB are selected for the study.

3.6 Data Sources

Both primary and secondary data is used for this study. According to Babbie (2008), both primary and secondary data help the researcher to effectively analyse a phenomenon under study.

3.7 Procedure for Data Collection

Face-to-face interviews are used to collect primary data. According to Abawi (2013), interviews involve collecting data through asking questions and receiving responses to the questions asked. Each interview lasted between 30 and 90 minutes and was recorded with an audio recorder after seeking permission from respondents.

3.9 Data Analysis

Thematic analysis is used to analyse the data. Thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data (Braun & Clarke, 2006). It organises and describes data set in detail.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter of the study presents the results of the research. The chapter also includes the discussion and analysis of the results.

4.2 Presentation and Discussion of Participants' Responses

The table below shows the various themes gathered from the responses of the participants.

Table 4.1: Categories of common themes emanating from the study

-
1. The Impact of Mobile Money Operation on NIB
 2. Impact of Mobile Money Operation on NIB growth and opening of branches
 3. Challenges Confronting the Bank as a result of Mobile Money Operation in Ghana
 4. Measures Put in Place by NIB to Ensure Healthy Collaboration Mobile Money Sector
-

Source: Field Survey (2019)

4.2.1 Impact of Mobile Money Operation on NIB

With regard to the impact of mobile money operation on NIB, all the respondents were of the view that mobile money operation in the country has contributed significantly to the banking sector contrary to the claim by some people that mobile money activities are a threat to the traditional banks. This assertion supports the views of Chopra and Wright (2012) who stated that there is no evidence till date that suggests that people are substituting their formal bank accounts with mobile money accounts. They further mentioned that because of the fast-growing technology, a lot of people are now subscribing to technologically based financial transactions. According to some of the respondents, mobile money operation has increased over the years, which is positive to the banking sector. To them, mobile money operations are not a threat at all

to the banking sector. Again, the respondents agreed that in Ghana, many people especially those in the lower class did not have the habit of saving but with the introduction of mobile money operations by the 'Telcos' in the country, many people have subscribed to mobile money platforms. They alluded to the fact that, people who are in the lower class and even some in the middle class had negative perceptions about the traditional banks. For instance, they mentioned that, people accused the banks of unduly delaying customers whenever they are in the banking halls for various transactions. Therefore, a lot of people had the perception that transacting with the traditional banks can be frustrating for which they do not want to transact with the banks. To them, the allegation that the banks deliberately frustrate customers cannot be entirely true. According to some of the respondents, the banks follow procedures and processes which are all measures to safeguard customers' monies but many of the customers do not have the patience to go through the processes which create the impression that the banks deliberately frustrate the customers. They also admitted to the fact that some bank operations sometimes frustrate customers which should not be the case.

The respondents therefore agreed to the fact that with the introduction of mobile money operations, a lot of people have the confidence that they can easily assess their funds at any material moment. But they were quick to mention that the fact that many people are subscribing to mobile money platforms do not mean that the traditional banking sector is collapsing. The above response is supported by Mayhiki et al. (2015) who argue that mobile money operation is not in any way competing with the traditional banks but rather they serve as complements to each other and that the results of such complements will be seen in the long run. Some respondents expressed their happiness about the fact that mobile money services are promoting the culture of savings among Ghanaians. This stems from the fact that mobile money service is

closer to the people compared to the traditional banking halls. Therefore, it is easier to send and receive money on mobile money platforms as compared to transferring money through the traditional banks. Another reason why some respondents think a lot of people want to transact through mobile money service is that, customers feel comfortable saving any amount of money in their mobile money wallet than sending same to banking halls which most of them consider as a “waste” of time. It was also gathered through the interviews that mobile money wallets of many people are conveniently linked to their bank accounts, which to them is impacting positively on the traditional banks. According to some respondents, the situation is even increasing the number of customers’ accounts with the banks. Below are some of the responses of the respondents.

Respondent 1

“Mobile money is not a threat to the banking sector. I hear people say that mobile money is competing with the banks and that the customers of the banks are shifting to mobile money. I can confidently tell you that is not true. Mobile money is rather increasing our customer base. Our operations are quite different. There is no competition. The competition is among the banks. Because of the current crisis in the banking sector, if you don’t strategise your customers will leave you and that is a challenge. So, the challenge is among ourselves (banks)”

Respondent 2

“Mobile money service has increased the culture of saving. In Ghana, the lower class have the notion that there is inconvenience in transacting with the banking sector and all that. Even some of them have not tried it but unfortunately, they rely on hearsay to take decisions. Some of them also feel to deal with the banks you need to have huge amount of money. Therefore, most of them

were not saving with the banks. But with the introduction of mobile money in the country, at least, majority of the people have mobile money wallets. In this case, you will realise that mobile money vendors have become a vehicle to mobilise the money for us which is very positive.”

Respondent 3

“Most parts of the country have not been covered by the banks due to many reasons. So, it means that we are not everywhere. Mobile money vendors go for the money and bring them to us. They have accounts with the banks. This means that we are aiding each other and not competing. Certainly, mobile money service has limits. There are certain transactions you cannot do with mobile money service. You definitely have to come to us. Our situation with them is a win-win situation”

4.2.2 Impact of Mobile Money Operations on NIB Growth and Opening of Branches.

Concerning the impact that mobile money services have on the opening of more branches by NIB, the respondents were of the view that NIB will continue to open more branches and that mobile money operations have contributed massively to this success. The respondents were of the view that the customer base of the bank is growing because people now feel comfortable to deposit and withdraw monies from their traditional bank accounts through their mobile money wallets. They also mentioned that the mobile money vendors also have accounts with the traditional banks which is healthy for the banking sector. The respondents asserted that the profit margins of many traditional banks have increased significantly due to the operation of mobile money in the country. The above responses by respondents corroborates that of Bugre (2018) who found that mobile money serves as an enormous opportunity for the banks. For instance,

they mentioned that there are remote places in the country where the banks do not find suitable to establish banking halls due to the population, accessibility and many other reasons, but these places have access to mobile money vendors who provide them with mobile money services. Some of the respondents asserted that these monies involved in the mobile money transactions eventually find their ways to the banks through the accounts of the mobile money vendors. They further indicated that as the accounts with the banks increase, deposits increase and this translates into increased profit margins for the banks. The respondents also revealed that when deposits of banks keep on increasing, the banks also keep expanding. This to them results in the opening of new branches across the country.

For instance, some of the respondents mentioned that, in 2011, NIB had 27 branches across the country but as at now, the bank has about 57 branches across the country. They indicated that NIB now has branches in all the regions in Ghana. They indicated that NIB will even continue to increase the number of branches it has currently because it wants to get closer to many more people across the country. Another key point indicated by the respondents is that many traditional banks are also offering mobile money services because of the positive impact it has on the traditional banks. According to the respondents, the banks are offering mobile money services because they believe that doing so will increase their customer base and mobilise more deposits for the banks, and this supports the assertion of Ondiege (2015) who indicated that banks must see the increasing growth rate of mobile money service as an opportunity and not as a competition. The respondents believed that, non-performance of banks cannot be attributed to the existence of mobile money services because there is no evidence pointing to that effect. Instead, it might be due to other reasons. Below are some of the responses of the respondents:

Respondent 4

“NIB has been opening branches across the country. It is our mission to reach out to a lot of Ghanaians. For instance, we had 27 branches as at 2011. As we speak, we have 57 branches across the country. It clearly shows how fast NIB is growing. There are a number of factors that have contributed to this success and I can tell you that mobile money operation is one of them. They themselves are our customers and they are also indirectly getting us new customers. We cannot rule them out of the success we are chalking today”

Respondent 5

“If you check, you will realize that NIB is doing well in terms of opening new branches. Before you can open new branches, you must have a good standing in the industry. And to be in good standing you must have loyal customers. I can therefore conclude that we are able to open new branches because we have loyal customers. Some of our customers are mobile money vendors. We need them to expand. With their operation we will continue to expand by opening more branches. Mobile money operation has impacted positively into the banking sector and continues to do so.”

4.2.3 Challenges Confronting the Banks as a Result of Mobile Money Operations in Ghana

With regard to the challenges confronting the banks as a result of mobile money services, some of the respondents are of the view that some people still find it difficult to operate mobile money by themselves, which in the long run can affect the customer base. They quickly added that, it is however not a major challenge now but if measures are not put in place, it will go a long way to have negative impact on mobile money services as well as the operations of the traditional banks.

Some of them advised that, more simple mobile apps can also be introduced to aid its operation. In their view, the more people feel comfortable with self-service, the more people will continue to subscribe to mobile money application, which will in turn impact positively on the banks. They are of the view that technology is good but when it is complex to operate it might not achieve its purpose. The data also revealed that as the mobile money service is growing at a faster rate, there is the need for government to regulate its activities to forestall any future difficulties. Some of them for instance cited the current non-performance of a number of banks which subsequently led to the collapse of some of banks as an example. They were of the view that, the fact that mobile money is doing well does not mean there cannot be future challenges. They mentioned that, once it has happened in the traditional banking sector, it can also happen in the mobile money sector. To them, if customers feel they are safe it will continue to boost their confidence in transacting through mobile money which will also boost the banking sector. The above is supported by Tagoe (2016) who was also of the view that having proper regulatory framework supports the growth of the mobile money sector. Respondents' responses also corroborate the assertion of Jeziorski (2017) in which he argued that the mobile money sector needs a regulatory framework to streamline the activities of the sector. Below are some of the responses of the respondents:

Respondent

“Currently I don’t have much problem with mobile money service. What I will say is that mobile money is being subscribed by many people irrespective of their class. Because, it is a technology thing, what I expect is for the telecommunications and other appropriate authorities to have in place software which simplify its operation. We know very well that most people in the lower

class who are less educated find some of these things difficult to operate and it is on this background I am suggesting that everything about it should be easy and simple to operate.”

Respondent

“Because of what is happening in the banking sector, I think the earlier the authorities start regulating mobile money service the better. Yes, it is good and we are all happy about it but we don’t know what will happen tomorrow. It is about customers and we expect that the necessary measures are put in place to safeguard customers’ hard-earned income. What happened in the banking sector should be a wakeup call to ensure it does not happen to other sectors.”

4.2.4 Measures Put in Place by NIB to Ensure Healthy Collaboration with the Mobile Money Sector

Regarding the future plans of the banks to ensure maximisation of the opportunity mobile money services present to the banks, some of the respondents were of the view that plans are in place to educate the general public on the need to adopt the culture of saving irrespective of a person’s location. They were of the view that some parts of the country inaccessible by the banks but because mobile money service is closer to them, it will be a step in the right direction to help educate the general public because these monies are lodged into the accounts of the banks. Another measure according to the respondents is better customer relation. According to the respondents, for any financial institution to do well, there is the need for a good customer relationship between the financial institution and their customers. For that matter they believe that, a good customer relationship between the mobile money vendors and their customers will go a long way to boost the confidence people have in them. They therefore believe that there is the need for a collaboration between the banks, ‘Telcos’ and mobile money vendors to deliberate on the kind of customer relationship to have with their customers to boost their various sectors.

The respondents admitted that there is no such collaboration currently, but they believe it is something the stakeholders must start to think about. Some of the respondents were also of the view that strategic partnership is something that can boost both the banking sector and the mobile money sector. Respondents also indicated that developing mobile apps that are user friendly is something that can help both the banking sector and the money sector grow at a faster rate. According to them, easy to use mobile apps will make it easier for people to download and use which will in the end increase the customer base of both sectors. Below are some of the responses from the interview regarding this topic.

Respondent

“We have to come together to educate the general public on the need to save their monies with appropriate institutions, and I think there is a future plan for that. We can’t operate in every corner of the country, therefore, what we can do is to educate the people to continue to transact with mobile money vendors and the money will get to us. I mean, the vendors have their accounts with the banks and the more they get customers we also benefit.”

Respondent

“The banks have to collaborate well with the mobile money vendors. We can achieve this by ensuring that there is a good customer relationship between the banks and the mobile money vendors as well as between mobile money vendors and their customers. What the people want is good customer relationship. Customers are discerning and I can tell you if you provide them with poor service they know and they will punish you for that.”

Respondent

“The way forward is strategic partners with the stakeholders. I mean, the banks, telecommunication companies and the vendors. We must have a plan. We must come together to strategize the way forward”

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the research findings, conclusions, and recommendations for future research. It also discusses the contributions of the study to theory, policy and practice as well as the limitations of the study.

5.2 Summary of the Research Findings

The study explored the advent of mobile money and its effects on branched-based banking in Ghana. The main objectives of the study were (1) To examine the effect of mobile money services on the opening of NIB branches in Ghana, (2) To explore the prospects and opportunities of NIB as a result of mobile money services in Ghana, (3) To assess the challenges confronting NIB as a result of mobile money services in Ghana. Subsequently, a qualitative technique was employed for the study. Purposive sampling technique was employed to sample the respondents. Face-to-face interviews were also conducted with participants. Thematic analysis was then used to analyse the transcribed data.

Below are the main findings:

- (1) The study discovered that mobile money services are not a threat to the traditional banks.

It was also found that the mobile money sector impacts positively on the banking sector.

In addition, it was revealed, through qualitative interviews, that mobile money vendors serve as a vehicle for the banks to reach out to the places which do not have access to banking halls.

- (2) It was also revealed that the operation of mobile money service has aided the banks to open new branches.
- (3) With regard to the challenges confronting the banks as a result of mobile money services, it was revealed that mobile money services do not pose any challenge to the banking sector. However, respondents were of the view that the technology for mobile money operation should be made simple to boost the sector. Respondents also suggested that there must be a regulatory framework to safeguard customers' hard-earned income.
- (4) In relation to the measures put in place by the banks to ensure healthy collaboration with mobile money service, respondents were of the view that there is the need to educate the general public on the need to adopt culture of saving. Respondents also suggested that there is the need for a better customer relationship between the stakeholders. Respondents also revealed that strategic partnership will help enhance the collaboration between the banks and the mobile money vendors.

The findings of the study revealed that mobile money services are not a threat to the traditional banks. It was also found that the mobile money sector impacts positively on the banking sector. It was also revealed that the operation of mobile money services has aided the banks to open new branches. The study further revealed that mobile money services do not pose any challenge to the banking sector. Respondents suggested measures such as public education, strategic partnership and good customer relation to boost the banking and mobile money sectors.

5.3 Conclusion

From the findings of the study, it is my opinion that banks and mobile money service providers must partner in order to optimise returns from the service and achieve mutual goals. Through this partnership banks and “Telcos” can combine resources to engage in public education to draw in the portion of the population that is still lagging in adopting the mobile money service.

5.4 Recommendations for Practice

Based on the findings of this research, it is recommended that managers of banks must put measures in place to collaborate effectively with mobile money operators to enhance the performance of both the banking and mobile money sectors. This can be achieved by forming strategic partnership which ensures a win-win situation for both sectors. Also, the banking sector must collaborate with the mobile money operators to educate customers on the need to develop the culture of savings.

In addition, managers of banks must team-up with mobile money vendors to reach out to customers in places which are not closer to the banking halls. Because mobile money services have limits in terms of transaction, the vendors can at the same time serve as agents of the banks where they can open traditional accounts for new customers on behalf of the banks.

The managers of banks must also collaborate with the mobile money operators to develop common apps which will serve the common interest of both sectors. These apps must be simple and easy to use by customers.

Furthermore, banks must collaborate with mobile money operators to establish better customer relationship among the stakeholders. Good customer relationship must be developed between the

banks and the mobile money operators as well as between the mobile money operators and their customers.

5.5 Recommendations for Policy

Bodies such as Bank of Ghana, Ghana Bankers Association and National Communication Authority (NCA) in collaboration with the management of banks need to develop policies that will ensure effective collaboration between the banking sector and the mobile money sector. Also, the Bank of Ghana must have comprehensive policies to regulate the mobile money sector to safeguard customers' savings. BoG must also ensure effective monitoring and evaluation of mobile money activities to bring sanity to the sector.

5.6 Limitations and Suggestions for Future Research

First, the current research was conducted using one bank as case study, however future research may look at the effect of mobile money service on more banks.

Second, the study used a qualitative approach to explore the effects of mobile money on branch-based banking. Future research may use quantitative or mixed method.

Third, the sample size used for the current study was small, future studies may increase the sample size.

Fourth, this study focussed on the effects of mobile banking on branched-based banking; future studies may also conduct research on the risk associated with mobile money services on customers.

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APPENDIX

INTERVIEW GUIDE

TOPIC: THE ADVENT OF MOBILE MONEY AND ITS EFFECT ON BRANCH-BASED BANKING IN GHANA; A CASE OF THE NATIONAL INVESTMENT BANK (NIB).

1. How will you describe the operation of Mobile Money Operation in Ghana?
2. How do Mobile Money operations impact on NIB's operation?
3. What opportunities does Mobile Money present to NIB?
4. What challenges does NIB face as a result of Mobile Money Operations in Ghana?
5. Do Mobile Money operations in Ghana affect NIB's growth and opening of branches?
6. In your opinion, do you think Mobile Money operations in Ghana are regulated?
7. Does your bank have any measures in place that liaise with the Mobile Money sector?
8. How do you assess the general impact of Mobile money on the Ghanaian Banking Sector?
9. In your assessment, do you think Mobile Money Operations in Ghana impact on the Ghanaian banking sector? How.