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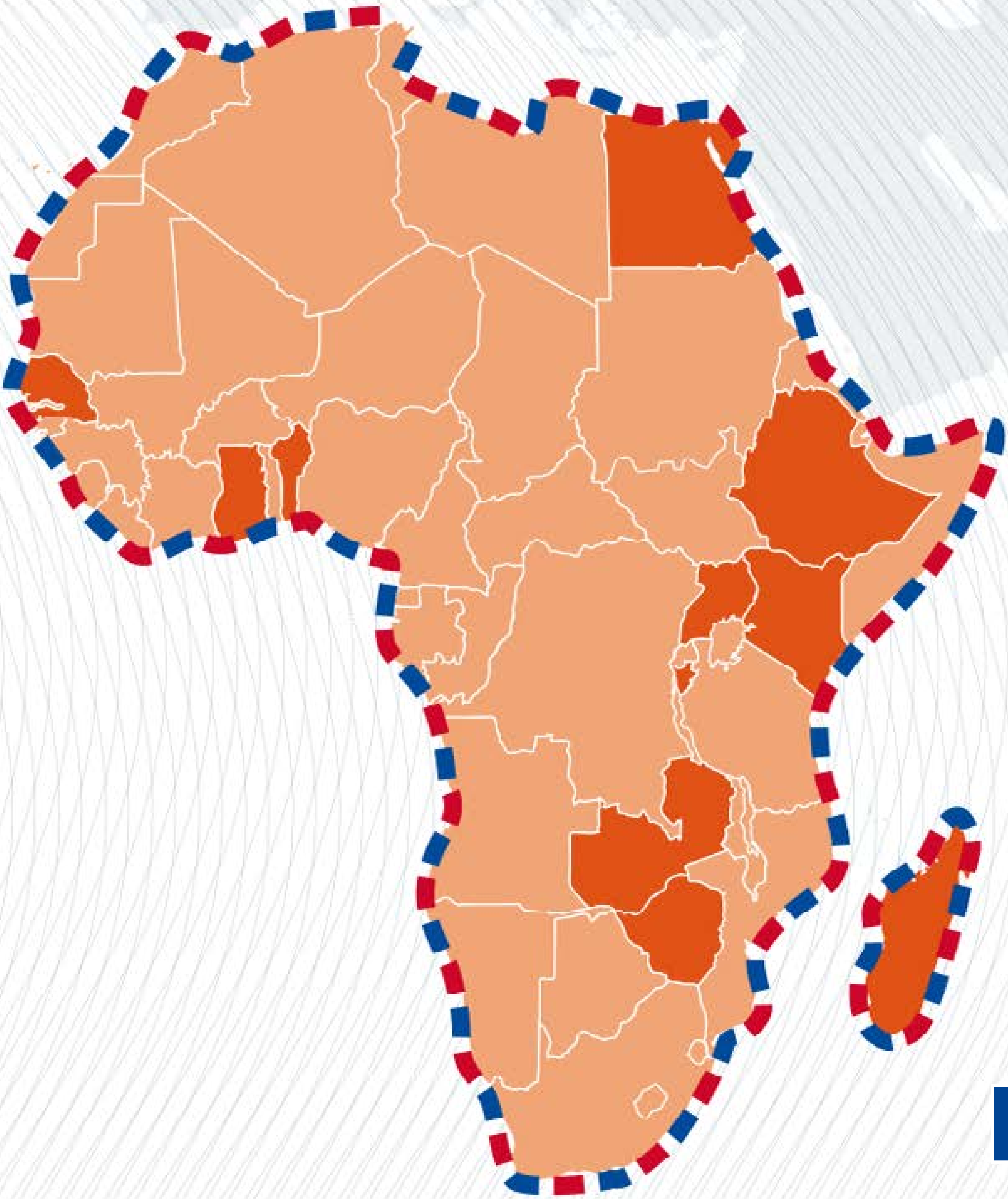
Baseline survey on the use of rural post offices for remittances in Africa



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This survey was commissioned by the Financing Facility for Remittances (FFR) of the International Fund for Agricultural Development (IFAD), and undertaken by Taylor Nelson Sofres, TNS-RMS, in the context of the African Postal Financial Services Initiative (APFSI).

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This final version incorporates all suggestions and recommendations received during the event.

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The African Postal Financial Services Initiative (APFSI)

APFSI is a joint regional programme implemented by IFAD's FFR in partnership with the World Bank, the Universal Postal Union, the World Savings Banks Institute/European Savings Banks Group and the United Nations Capital Development Fund, and co-financed by the European Union. This unique partnership aims to enhance competition in the African remittance market by promoting, supporting and enabling post offices in Africa to offer remittance and financial services and to foster dialogue between stakeholders, regulators and policymakers. APFSI is currently rolling out a large technical assistance programme in several African countries, supporting the provision of remittance transactions in rural areas and increasing access to finance by rural populations through post offices.

1 Project background

Context for the survey

Many African families have relatives living and working abroad who are enhancing the well-being of those left behind by frequently sending money to their families. Remittances to Africa have surpassed US$60 billion annually and continue to grow rapidly. These funds from abroad are vital to the welfare of millions of families and contribute enormously to the economic and social development of communities and countries of origin.

This survey was commissioned by the Financing Facility for Remittances (FFR) of the International Fund for Agricultural Development (IFAD), and undertaken by Taylor Nelson Sofres, TNS-RMS, in the context of the African Postal Financial Services Initiative (APFSI).

This baseline survey was undertaken in 11 African countries. The survey focused primarily on the four selected countries receiving direct technical assistance: **Benin, Ghana, Madagascar and Senegal**. Subsequently the survey was extended to seven other countries, eligible to receive technical assistance in the next years: **Burundi, Egypt, Ethiopia, Kenya, Uganda, Zambia and Zimbabwe**.

In this report, the term "remittance" refers to money transfers between persons both within the country and cross-border (international). The terms "mobile" and "mobile money" refer essentially to those people holding a mobile device with an account for mobile money, not to the value or volume of the mobile money transactions. In the framework of this report, all remittances via mobile are domestic.

Research objectives

The research aims to measure – among potential customers in peri-urban and rural areas in the selected 11 African countries - the demand-side perspective (awareness, knowledge, needs, behaviour and perceptions) about receiving and sending money via postal networks and their financial practices (access to and demand for financial services, financial practices, or asset ownership). The findings of this study intend to help develop relevant technical assistance programmes in the four selected countries.

The research project gathered information among the target populations on two key themes:

A. **Knowledge, attitudes and practices of the rural population regarding remittances:**
   - Perceptions: attitude towards remittances and places for receiving them
   - Behaviour: current use and behaviour of consumers regarding remittances
   - Views on current post office services and improvements needed
   - Needs regarding reliable and affordable access

B. **The current use of, and prospects for improvement of, the postal network in the rural environment:**
   - Current awareness levels
   - Current usage levels
   - Opportunities for financial inclusion and wider use of post offices for remittances

Methodology

The research design comprised a range of qualitative and quantitative methods in which around 5,000 people in 11 countries were interviewed.[1]

A. **Qualitative research was carried out in four countries** – Benin, Ghana, Madagascar and Senegal – using two primary methods:
   - **Four focus group discussions in each country** (two focus group discussions carried out in two selected peri-urban or rural locations). In each location, the two groups were split by gender of receiver. Each of the male and female groups was further stratified by mode of remittance receipt: half received money sent to them via their local post office branch/agent; the other half through a bank branch/agent. All respondents were between 30 and 50 years of age.
   - **Four immersion sessions per country** (two respondent per location: one male and one female). Each respondent was a "regular" remittance receiver (i.e. at least once every two months). All respondents were between 25 and 45 years of age.

- **In total, 16 focus groups and 16 immersions were conducted across Benin, Ghana, Madagascar and Senegal.**

B. **Quantitative research was conducted in all 11 countries** – Benin, Ghana, Madagascar, Senegal, Burundi, Egypt, Ethiopia, Kenya, Uganda, Zambia, and Zimbabwe – using two primary methods:
   - **Household survey** in which, for each country, a minimum of 250 respondents were sampled and interviewed, for a total of 2,883 people across the 11 countries. All had received money within the last six months as a remittance (from within the country or abroad). Households were selected randomly within a 5 km radius of the local post office.

1 4,622 interviews were completed in the quantitative phase across the 11 countries, and 144 people were interviewed in the qualitative phase across the four primary markets.

  - **Exit survey** in which, for each country, a minimum of 150 interviews were conducted with local post office users (interviewed immediately after conducting their business), for a total of 1,739 people interviewed. Five locations (i.e. individual post offices) per country were investigated, except in Madagascar where seven locations were investigated to give better representativeness of the country. The sample structure was based on the traffic of the selected post offices.

- **In total, at least 400 interviews spread across five (or seven) locations per country were conducted in each country. In total, 4,622 quantitative interviews were conducted across the 11 countries.**

The complete baseline survey produced:

- 1 regional report covering the 11 selected countries
- 1 report focused on the four countries receiving direct technical assistance: Benin, Ghana, Madagascar and Senegal
- 11 individual country reports for Benin, Burundi, Egypt, Ethiopia, Ghana, Kenya, Madagascar, Senegal, Uganda, Zambia and Zimbabwe

This summary report presents the summarized findings of the baseline research in the 11 countries.

2 Executive Summary

Introduction

In 2014, around 5000 people across 11 African countries (Benin, Burundi, Egypt, Ethiopia, Ghana, Kenya, Madagascar, Senegal, Uganda, Zambia and Zimbabwe) took part in a multi-method baseline study commissioned by the Financing Facility for Remittances (FFR) of the International Fund for Agricultural Development (IFAD) and conducted by Taylor Nelson Sofres (TNS). The research explored a range of issues concerning a new development programme – the African Postal Financial Services Initiative (APFSI) – designed to increase rural access to affordable remittances transactions via the postal network.

Starting with four primary markets (Benin, Ghana, Madagascar and Senegal), and eventually rolling out to seven more (Burundi, Egypt, Ethiopia, Kenya, Uganda, Zambia and Zimbabwe), the APFSI technical assistance programme has four goals in mind:

(1) **Reduce transaction costs,** making remittances more affordable

(2) **Reduce transaction times**, modernizing the remittance system so that processing is faster and more convenient

(3) **Broaden the network in rural areas** for remittance collection, improving access for more isolated populations

(4) **Extend the range of financial services in rural areas**, enabling customers' access to a wider range of financial products. Savings, loans and insurance products can help protect people from adverse shocks and enhance their long-term financial independence.

Main findings

On the behaviour, attitudes and practices of rural populations regarding finance:

- **Remittances are one of the two main financial services used by rural African populations.** Use of remittances ranges from 50 to 92 per cent, with most countries at the upper end of the scale. The vast majority of remittance transactions are domestic rather than international.

- **Remittance money received is used to meet daily subsistence needs** – rather than luxuries or to create savings – by the majority of receivers in all countries except Madagascar. The portion of remittances used for day-to-day living expenses ranges from 48 per cent in Madagascar to 78 per cent in Senegal. Remittances are also used for the payment of school fees, health bills, and attending to emergencies. Additional remittance transactions during the year occur for special events such as Eid, Christmas or other celebrations.

In Madagascar and Uganda, monthly remittance transactions are typically less than US$100, while larger amounts are common in Egypt, Senegal and Zimbabwe, with more than 40 per cent between US$100 and US$200.
Across Africa, given the heavy reliance on remittances, transactions occur on a regular basis – usually once a month or more. Only in Benin, Ethiopia and Zambia, are remittances received less frequently.

- **Key drivers for the selection of a pay-out location are reliability, safety, proximity and availability of cash at the outlet**. The choice of the pay-out location is made primarily by the sender or the receiver, depending on the country. Remittance senders tend to prioritize the existence of a pay-out location in the area where the money is sent to, while receivers tend to prioritize cash availability.

- **Savings represent the other main financial service used in rural Africa.** Keeping savings is widely appreciated as a worthy goal, particularly to facilitate ambitions or to draw upon during times of adversity. However, saving is often difficult when incomes fall short of household needs. Nevertheless, savings (non-monetary as well as monetary) are kept by over 60 per cent of the population, except in Senegal and Egypt.

- **Most other financial services are generally less frequently taken up overall.** There are certain markets with a significant proportion of interviewed people using loans (e.g. Burundi, Ethiopia) or other payment products (e.g. Burundi, Ghana, Kenya). Affordability worries often subdue potential borrowers' appetite for taking out loans. Specifically addressing this concern would likely help improve the appeal and drive uptake for loan products.

- **Mobile money services are a popular new area for growth**, with high penetration already established in several East African markets and beginning to make inroads elsewhere. The post office network has very recently started to capitalize on this trend as the intent to use mobile services is strong, and keeping up with modern technology will help maintain the relevance of post offices in the market.

- **Awareness and usage of formal remittance channels are high across the region**. Banks are the most well-known remittance points overall, with awareness levels ranging from 66 to 100 per cent. However post offices have a strong presence in certain markets, like in Benin, Burundi and Egypt, where over 9 out of 10 people are aware of the post office remittance services.

- **Mobile money remittances are making an impact in certain markets**: In the 11 countries surveyed, four out of five people interviewed know about this option. Although it is fairly new, and based on technology that not everyone has, in six countries it is already the most used method for remittance services. It is less well established in Benin, Egypt, Ethiopia and Senegal. Money transfer operators (MTOs) are the most used and preferred remittance channel in Senegal and Zambia, but these are less prominent elsewhere. As such, mobile money transfer services present both an opportunity and a threat to post offices' remittance services.

- **The remittance experience could be improved from a customer perspective.** Receivers voiced frustration with several operational issues:
  Total time taken to obtain a remittance was felt to be long – roughly half an hour on average – but highly variable by market, ranging from 26 minutes in Egypt to 54 in Benin. Time is either spent in travel to get to the remittance point, or, once there, waiting in lengthy queues for processing.
  Total costs to administer a remittance were also perceived negatively, although the amounts ranged widely across the region. In Ethiopia, the overall financial outlay averaged as little as US$0.72 compared to US$2.74 in Zimbabwe. Although not so expensive as to be prohibitive altogether, the costs were thought to be relatively excessive considering the small amounts involved and the essential lifeline nature of these payments to recipients.

- **Despite the negative elements, the majority of remittance users in most countries claimed they were satisfied** with the most recent transaction method they used, irrespective of the costs and inconvenience incurred. Benin, Egypt and Senegal were the markets with a lower level of appreciation for their most recent remittance service. These countries should be monitored carefully to ensure that any new service is tailored to better meet local customer expectations.

On the status and prospects of the postal network in the rural environment:

- **Remittance transactions (net) are the main reason for using post offices in six of the markets surveyed**: Benin, Burundi, Ghana, Kenya, Senegal and Zambia. It is among the top three reasons for the rest of the countries as well, confirming the pan-regional importance of this specific service within the post office's portfolio.
  In terms of the main sub-type of remittance transaction conducted by the post office, it is primarily to process domestic remittance receipts in most markets. Foreign remittance services (sending or receiving) are less often used through post office transactions in most places. The offer of the post offices could be improved especially in rural areas.
  Per country, use of the post office to send remittances (either internally or abroad) is generally less common than to receive them except in Benin, where post offices are more often used to send remittances than to receive them (53% vs 22%).

- **Use of mobile money services at post offices is becoming more established in specific markets**: there is an already notable usage in Burundi, Madagascar and Uganda as well as modest uptake in Kenya and Zimbabwe. These markets should be targeted aggressively by post offices to expand their customer bases as there is already a high level of mobile money usage in these places. The challenge is to capture more share than local competitors, ideally leveraging unique features or benefits of the post office. The disruptive nature of mobile money services also presents a threat to post offices.

- **Satisfaction among current customers is good overall.** In nine of the eleven markets, at least half of post office users said they are 'very satisfied' with post office services. At 37 per cent and 24 per cent respectively, Zambians and Zimbabweans were somewhat less satisfied. Therefore, these markets will need to address current sources of dissatisfaction before any attempts are made to launch a new approach.

- **Interest in, and intention to use, a wider range of financial services at rural post offices is encouraging for the inclusion programme across the region**. However, certain services – such as domestic remittances and mobile money – hold more appeal than others – such as loans. The patterns of interest and current usage/satisfaction vary widely across the region, so a tightly tailored approach per market is required.

Comprehensive analysis of the detailed findings across the 11 countries suggests a favourable outlook for the APFSI programme. Although some countries will require greater resources and investments or technical support than others, and certain operational issues will need to be addressed, overall the programme's aim of broadening rural African access to financial services via post offices appears from the study to be both viable and promising.

3 Financial services experience in Africa

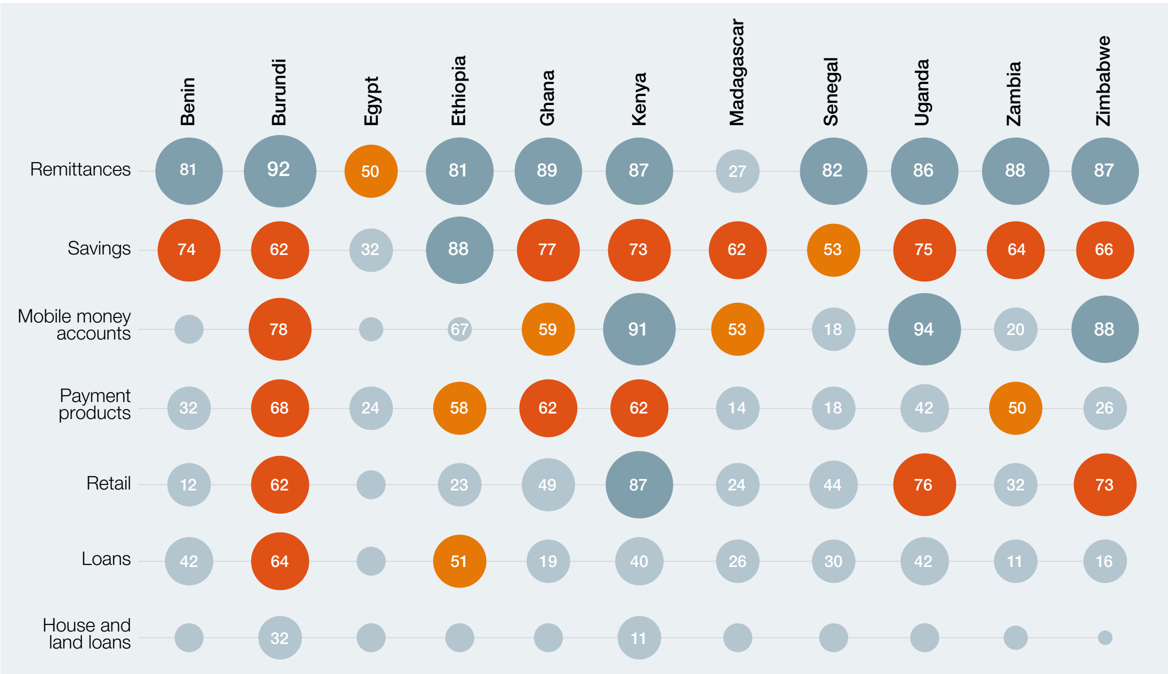
Overview of financial services used

Although the proportions vary widely by country, **remittances and savings (both formal and/or informal) are typically the main financial services used by rural African populations.**

Use of remittances ranges between 50% and 92%, with most countries at the higher end	• Remittance is by far the most common financial service used overall among the populations surveyed. Levels are highest in Burundi (92%), Ghana (89%), Zambia (88%), Kenya and Zimbabwe (87%), Uganda (86%), Benin (83%), Senegal (82%) and Ethiopia (81%). • Only in Madagascar (63%) and Egypt (50%) were fewer than four out of five people found to use this type of financial service.
Savings are also popular: 60% or more people have some type of savings in all but two markets surveyed	• Savings can take a variety of forms: (i) formal (e.g. in a bank or post office), (ii) informal (e.g. with a group of friends), or (iii) non-monetary (e.g. cattle, grain). Overall though, savings of any type are less commonly used versus remittances in most markets, with the exception of Ethiopia, with 88% of its rural citizens having some type of savings (+7% points higher than their equivalent remittance levels). Ethiopia also has the highest overall proportion of savings users of all the countries surveyed. Other markets with a strong savings culture include: Ghana (77%), Uganda (75%), Benin (74%), Kenya (73%), Zimbabwe (66%), Madagascar and Burundi (62%). • At the lower end, in Senegal just over half (53%) of the sampled population keeps savings, and in Egypt less than one third (32%).
Mobile money is making a big impact in East Africa	• Mobile money accounts rank as the most commonly used financial service by rural populations in East Africa. In Uganda, 94% of rural people interviewed own mobile money accounts. Mobile money penetration is also very high in Kenya (91%) and Zimbabwe (88%). Ghana and Madagascar record lower but still noticeable levels of usage, with respectively 59% and 53%. Mobile money usage is in an early nascent stage in Benin, Egypt and Ethiopia
More financial services are used by Kenyan, Ghanaian and Burundian populations	• Burundi, Ghana and Kenya have similar profiles in terms of financial service usage patterns: all three demonstrate a much greater range of services being used by their respective populations compared with other countries surveyed. [See Figure 1]
Cash loans do not feature as strongly across the region, particularly in Egypt, Zambia and Zimbabwe	• Although cash loans are present to a degree everywhere surveyed, few populations have high levels of usage compared to other financial product types that are more widely prevalent. Only two countries have at least half the population using loans from any source (i.e. including friends, family or employer): Burundi (64%) and Ethiopia (51%). Countries with middle levels – i.e. at least a quarter – using loans are Benin (42%), Uganda (42%), Kenya (40%), Senegal (30%) and Madagascar (26%). The remaining markets report low levels of 16% or less.

House and land loans are even less common	• Formal loans for house or land purposes are relatively rare, except in Burundi (32%) and Kenya (11%). Elsewhere, this type of loan is only used by fewer than one in ten people, as low as zero in Zimbabwe.
Certain barriers, particularly affordability, hinder greater loan take-up	• Obstacles mentioned which discourage more widespread use of loans include: too-high interest rates and inconsistency of loan criteria (e.g. micro loans approved for certain small purposes such as buying goods or paying tuition, but unavailable for bigger projects).

Figure 1 Use of financial services
(% among total sample, n=4,622)



Lower than 50% 50% – 60% 60% – 80% 80% – 100%

F3. What financial services or products do you personally use / have?
Base: Total sample (N=4,622)

Overview of savings patterns

Rural African populations are **highly aware of the importance of savings**, despite economic contexts that are often unfavourable to savings, where incomes do not usually meet needs, which makes retaining savings particularly difficult.

In spite of this, the study found that **rural African households are often trying to develop a savings culture**. They recognize that (i) financial sacrifices need to be made in order to achieve long-term goals and ambitions; and (ii) putting aside savings enables them to face unforeseen or emergency expenditures.

Non-monetary savings are very popular, especially in Madagascar and Senegal	• Non-monetary savings typically involve some income being invested in other activities which would then represent an additional income source. • Alternative savings exist in various forms (e.g. cattle breeding, gold jewellery, rice plantation). The benefits cited for these types of savings include: (1) Provision of an ongoing reward year after year (2) Reduced temptation to spend because there is no instant access to funds (3) A tangible item that could be sold in times of need
Monetary savings are kept through a number of arrangements, chiefly banks	• Monetary savings are mostly kept in banks, particularly in Ethiopia (82%) and Ghana (70%). Perceived benefits were articulated in terms of (i) higher credibility, reliability and safety of bank transactions; and (ii) wider range of financial products available.
Post office savings accounts are much more prevalent in some countries than others	• The current levels of post office savings vary highly by country. At the top end of usage, one in three Malagasy savers hold savings in post office accounts. Benin (24%), Egypt (21%) and Burundi (19%) are also strong markets for post office savings. All other countries had 5% or less usage.

Table 1 Pattern of savings by place/ type
(% among total sample, n=4,622)

	Benin	Burundi	Egypt	Ethiopia	Ghana	Kenya	Madagascar	Senegal	Uganda	Zambia	Zimbabwe
SAVINGS (any kind)	74	62	32	88	77	73	62	53	75	64	66
Savings account in a bank	23	33	7	82	70	47	23	15	51	45	24
Savings at MFIs	14	21	1	16	9	16	9	4	4	4	1
Savings via the post office	24	19	21	1	2	4	33	4	1	1	5
Savings with a tontine/ merrygoround/club	21	6	9	36	2	27	1	17	12	10	10
Savings with a group of friends	17	10	3	8	4	14	1	14	19	16	16
Savings given to a family member or friend to keep	10	9	1	7	1	9	2	12	4	12	5
Savings you keep in a secret hiding place	14	11	3	11	7	6	6	14	11	15	29
Non-monetary forms of savings	13	12	2	5	1	15	18	6	6	4	3

4 Understanding remittances in Africa

Overview of the remittance pattern

Remittances are a major source of household income in most African countries, either as the main source of income or as an important supplement to the main source.

Money received is primarily used to meet basic household needs	• Rather than serving as a luxurious top-up to provide treats for recipients, in the majority of cases the remittances received are put toward meeting ordinary daily household needs. Dependence on remittances for simple day-to-day needs is highest in Senegal (78%) and Burundi (77%). • Madagascar is the only country where fewer than half (48%) of the remittances are used for everyday purposes.
Other remittance purposes often relate to school fees, emergency issues or future plans	• Beyond the ordinary daily subsistence role, recipients describe a range of other expenses for which remittances are or would be used. For example, education fees were often mentioned in Kenya (28%), Benin (27%) and Zimbabwe (25%). Settlement of urgent issues (e.g. unexpected bills) was a frequent remittance need expressed in Uganda (39%), Senegal (35%) and Zambia (32%). Paying for healthcare costs was a notable remittance cause in Benin (27%), Burundi (27%) and Senegal (20%). • The Egyptian remittance pattern is unusual, as almost 32% of receivers say they put the money toward retirement savings. In all other countries, remittance use for retirement purposes is very low (under 5%).
Remittances are predominantly domestic	• Across all countries surveyed, the vast majority of remittances received are from domestic sources. Internal remittances were highest in Uganda (98%), Kenya and Zambia (97%), Madagascar (94%), Burundi (93%) and Benin (91%). However, the 'lowest' rates of domestic received remittances were still quite high in Senegal, at 69%.
International remittances' place of origin varies widely	• Internationally, no single continent is the main source of remittances across the markets surveyed. In fact, other African countries are the main source of remittances to Zimbabwe (15%) and Benin (9%). Asia provides most of the non-domestic received funds to Ethiopia (10%) and Egypt (9%), while Europe is the main source for Senegal (31%), Ghana (12%) and Madagascar (5%). • It is worth noting that rural post offices are less prominently active in the international remittance context.

Typically monthly remittance transactions amount to less than US$100	• Average monthly remittance transaction values tended to be under US$100 in most places surveyed, particularly in Madagascar (80%) and Uganda (71%). However, larger amounts – between US$100 and US$200 – were fairly prevalent in Egypt (44%), Senegal (40%) and Zimbabwe (40%). • Ethiopians stand out for receiving the greatest proportion of bulk payments per month: 12.5% receive more than US$500 in remittances per month.
Remittances are mostly received monthly or more frequently	• The typical frequency of remittance receipts is monthly or more frequently in eight of the markets surveyed. Only in Benin (64%), Ethiopia (63%) and Zambia (69%) are remittances received less often.
Special occasions are cause for exceptional remittances, in addition to regular funds received	• Besides the regular receipt of remittances, special occasions and unforeseen situations call for additional remittances. These funds are often received in cases of unplanned events (e.g. emergency, illness/death) and celebrations (e.g. Eid, Ramadan, Christmas, social events); specific one-off payments (e.g. to clear debt, pay for transport) are also reasons for sending extra ad hoc remittances.

Table 2 Place of origin for received remittances
(% among all receiving remittances, n=3,352)

	Benin	Burundi	Egypt	Ethiopia	Ghana	Kenya	Madagascar	Senegal	Uganda	Zambia	Zimbabwe
From same country	**91**	**95**	**84**	77	**80**	**95**	**94**	69	**98**	**98**	**80**
From abroad	9	5	16	23	20	5	6	31	2	3	20
From another African country	9	3	6	1	4	3	1	8	1	2	15
From Europe	2	1	1	2	12	-	5	31	-	-	3
From Asia	-	-	9	10	1	-	-	-	-	-	-

The remittance receipt experience

The African remittance-receiving experience **often has features that could be described as cumbersome and far from ideal.**

Several issues lead to consumer frustration with the operational side of remittance, particularly: **heavy time-consumption, lack of accessibility, relatively high cost of usage,** and **weak reliability** (based on patchy Internet connectivity).

Total time taken to obtain remittances is roughly half an hour on average **But this varies significantly by country:** from 26 minutes in Egypt to 54 minutes in Benin	• The remittance process can be complex, particularly for illiterate receivers requiring practical assistance from staff. This can result in long queues. Processing time ranges from as little as 9 minutes in Uganda to 28 minutes in Benin. • Apart from the actual transaction processing time, there is also the time required for recipients to travel to the cash-out point. Receivers complain that there are often not enough remittance points in their neighbourhood or that they prefer the more efficient service offered in branches in cities, despite the longer distance. This leads to travel times ranging from 15 minutes in Egypt to 26 minutes in Benin and Ghana.
Remittance costs are felt to be high relative to recipients' financial means **Total costs to receive remittances are more expensive in some places than others:** from as little as US$0.72 in Ethiopia to US$2.74 in Zimbabwe	• Considering that remittances are largely used by recipients for subsistence purposes, the indirect costs of undertaking the transactions (paying for travel to the cash-out point or to communicate about the remittance) are considered as very high. • Where travel expenses are incurred "en route" to collect remittances, it is the biggest burden in Egypt, where the average spent is US$2.03. It is least costly in Ethiopia at US$0.17. • Regarding remittance communication costs (e.g. calls to arrange), there is less variance between the countries but still some difference. Communication costs are most expensive in Zimbabwe (US$1.15) and Senegal (US$1.12) and cheapest in Egypt (US$0.07).
Successfully getting the cash makes frustrations along the way bearable **Overall satisfaction with the remittance system is high** **Less satisfaction in 3 countries**	• Most recipients find remittance cash available when they go to collect it (over 90%), In Burundi, However, 11% of recipients reported that funds were only partially available or unavailable. • Recipients stating they were 'very' or 'rather satisfied' with the last method they used to receive money ranged from 85% in Egypt to 98% in Uganda. • The least enthusiastic recipients, with under half 'very satisfied' were in Egypt (47%), Senegal (45%) and Benin (39%).

Channels used to receive remittances

Awareness and usage of formal remittance channels are high across the region. **The key drivers for the use of formal remittance channels** tend to be based on their **perceived safety, security and reliability**, as well as the **availability of cash.**

Senders prioritize as follows: existence of channel at recipient's location, safety/security, then availability of cash.

Receivers tend to prioritize in a slightly different order: availability of cash, reliability, safety, then proximity to cash-out point.

Banks are the most widely known remittance operators overall	• Banks are by far the most well-known formal remittance channel among the rural populations surveyed overall. Awareness of banks for remittances was lowest in Senegal (66%) but as high as 100% in Ethiopia.
Awareness of the PO remittance option has local strongholds: awareness is high in Egypt, Benin and Burundi	• Post offices are also well-known in the region to offer remittance services, but not as strong in certain markets such as Uganda (19%), Kenya (25%) and Ghana (35%). Awareness of the option to receive remittances at the post office is highest in Egypt (99%), Benin (91%) and Burundi (90%).
Mobile remittances are well-known in Uganda, Kenya, Zimbabwe, Burundi, Madagascar, Ghana & Zambia	• Mobile money is a new but extremely prominent remittance option in seven countries, where at least four out of five people know about it, rising to 100% in Uganda. However, its impact is patchy. In the other four countries (Benin, Egypt, Ethiopia and Senegal) fewer than half of remittance receivers are aware of this channel.
MTOs are much less prominent	• MTOs are well-known in Senegal (92%) and Zambia (89%), but less known elsewhere.
Mobile money is the most frequently used remittance receipt channel in six African countries	• Mobile money has become the most often used channel for remittance receipt in Uganda (93%), Kenya (79%), Madagascar (76%), Zimbabwe (65%), Burundi (59%) and Ghana (52%). • Banks are the most frequently used formal remittance channel in Ethiopia (95%), while post offices lead in Egypt (90%) and Benin (35%). MTOs are the most common remittance point in Senegal (56%) and Zambia (39%).
Remittance channel preference closely follows its usage pattern	• "Preferred channel" for remittance receipts mirrors "channel most frequently used" Mobile money is the preferred method for remittance receipt in Uganda (90%), Kenya (70%), Madagascar (69%), Zimbabwe (63%), Burundi (60%) and Ghana (50%). • Similarly, banks are the preferred remittance option in Ethiopia (93%). Post offices lead in Egypt (87%) and Benin (35%). MTOs are the top choice in Senegal (53%) and Zambia (35%).

5 Current situation of post offices in Africa

Post offices provide numerous communication and financial services for local citizens in rural Africa. Services provided may include: letter/parcel processing, banking (including mobile money, savings and pension administration), remittance processing (both sending and receiving), as well as other specific tasks of local institutions.

Remittance transactions (sending and/or receiving, net) are the primary reasons for people using post offices in six of the markets surveyed: Benin, Burundi, Ghana, Kenya Senegal and Zambia. It is also among the top three reasons in the other five countries surveyed as well, highlighting the importance of the remittance role for the post office pan-regionally. However, in Uganda and Ethiopia, use of the post office for remittance – either inbound or outbound – is relatively less common than in other territories.

Domestic remittance (net) is the top PO service in 5 markets; also commonly used in 3 others	• Sending and/or receiving remittances from domestic sources is the main reason for using post offices in Benin (76%), Zambia (69%), Burundi (50%), Kenya (43%) and Ghana (39%). This is the case for at least one in five post office users in Senegal (31%), Madagascar (25%) and Zimbabwe (20%).
Foreign remittance services (net) are generally lesser-used PO services	• Post offices are not as frequently used for international remittances compared with the domestic equivalent, either for sending or receiving, in most countries surveyed. Post offices could expand their offer and marketing of such remittance services, especially in rural areas.
Take-up of mobile money services within POs is good in certain markets	• Penetration of mobile money accounts at post offices among the overall post office user base is well established in three markets – Burundi (40%), Madagascar (21%) and Uganda (18%) – and at a nascent stage in Zimbabwe (11%) and Kenya (5%).
There is considerable potential for the post office mobile money offer to grow	• Comparing wider market penetration with the post office mobile money service numbers, data suggest that mobile could take off in markets where the system is already popular but not yet widely used via the post office. By capturing market share, the post office mobile money service has room (and a good chance) to build up its customer base, particularly in markets like Ghana and Kenya where uptake on this is currently low but overall consumer usage via competitors is high. Mobile money technology also provides the opportunity to expand the coverage of the services of post offices, for example to nearby retailers as agents, and to link the remittances with other financial services. Clearly, the disruptive nature of mobile money presents also a threat to post offices that try to continue with the paper-based habits of the 20th century.

'Regular' post office visit frequency varies greatly across the region	• Postal networks in Egypt and Madagascar are the most frequently visited, with, respectively, 64% and 56% of post office users stating they use them regularly. In contrast, the lowest proportions of regular post office visitors are found in Zimbabwe (24%), Burundi (27%), Kenya (29%) and Ethiopia (30%).
Satisfaction with African post offices is generally good	• More than seven out of ten people describe themselves as "very satisfied" with the service currently offered by their post office in Kenya (78%), Madagascar (77%) and Ghana (72%).
Zimbabwean & Zambian post office users are much less happy than average	• Attitudes are much less positive in Zimbabwe and Zambia, where only 24% and 27% (respectively) of post office users say they are very satisfied with the services there. At 50%, the Benineses are also less likely than others in the region to score the post office with the highest rating for satisfaction.

Table 3 Reasons for post office visits

(% among all who ever used PO services within Exit sample, n=1,374)

%	Senegal	Benin	Ghana	Zambia	Burundi	Kenya	Madagascar	Egypt	Ethiopia	Uganda	Zimbabwe
NET Remittance*	**86**	**84**	**77**	**69**	**52**	**48**	29	20	15	8	24
Receive remittance ALL	75	38	64	45	31	31	27	16	8	6	14
Receive DOMESTIC remittance	22	33	26	45	29	26	23	11	8	5	10
Receive FOREIGN remittance	**53**	5	**38**	-	2	5	4	4	-	1	4
Send remittance ALL	11	47	13	24	21	17	2	4	7	2	10
Send DOMESTIC remittance	9	43	13	24	21	17	2	4	7	2	10
Send FOREIGN remittance	2	4	-	-	-	-	-	-	-	-	-
Mobile cash in/out	-	-	-	-	37	5	21	-	-	24	12
Current acct (w/cheques)	1	1	-	-	8	1	-	3	-	-	-
Savings acct	7	12	-	-	3	6	37	57	-	-	11
Other	7	3	22	26	1	34	12	20	80	63	49

NET remittance = All remittances combined, IE sent & received, both domestically and internationally

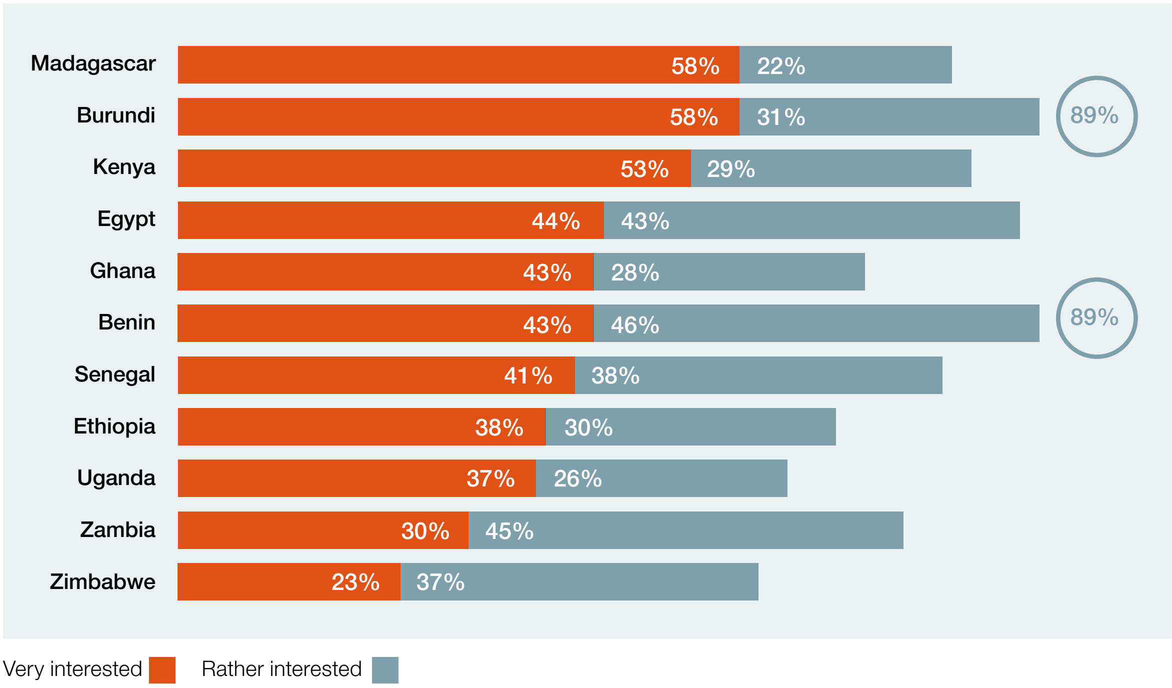
Table 4 Mobile money used anywhere* vs Mobile money used at POs**
(*among total sample, n=4,622; **among all who ever used any PO services, n=3,090)

%	Burundi	Madagascar	Uganda	Zimbabwe	Kenya	Ghana	Zambia	Senegal	Benin	Ethiopia	Egypt
Use mobile money anywhere	**78**	53	**94**	**88**	**91**	59	20	18	5	1	1
Use mobile money in post office	40	21	18	11	5	<1	-	<1	-	-	-

6 Post offices as a mode of expanding financial inclusion in rural Africa

The attitude of rural citizens in Africa towards using a greater range of financial services via post offices is positive overall. In all countries, at least 60 per cent of those surveyed expressed some level of interest, with the greatest proportion of 'very interested' people in Burundi and Madgascar. Markets with the highest total interest levels in post office financial services are Burundi and Benin, at 89 per cent each.

Figure 2 Level of interest in (any) potential PO financial services
ranked by % "Very interested" (% among total sample, n=4,622)



However, having an interest in post office financial services is one thing. Commitment to take them up is another. **People's enthusiasm for the post office's financial product range in terms of actual commitment, i.e. "I definitely will use", is much stronger in some markets** – such as Benin, Ghana, Kenya and Uganda – than others – such as Egypt, Zimbabwe and Madagascar.

Also, **certain services – such as domestic remittance receipt and dispatch – are more likely to be taken up than others**: personal loans and sending remittance abroad attract less interest.

Table 5 Services "I will definitely use if available at the post office in my location"
(% Agreeing among all respondents in exit sample, n=1,739)

%	Benin	Ghana	Madagascar	Senegal	Burundi	Egypt	Ethiopia	Kenya	Uganda	Zambia	Zimbabwe
Receive domestic remittance	81	67	24	41	44	13	47	59	60	60	25
Send domestic remittance	88	51	23	33	52	6	47	60	50	48	20
Mobile Money cash in/ out	54	52	49	17	76	-	44	52	58	27	29
Saving accounts	69	48	16	25	32	49	49	51	48	46	16
Receive international remittance	49	72	16	57	7	6	40	44	35	27	11
ATM/ debit card	53	45	5	12	27	9	50	43	42	47	9
Current account w/ cheque book	54	37	5	9	48	3	37	28	26	13	6
Personal loan	42	20	4	8	21	-	30	38	23	15	7
Send international remittance	50	38	6	14	3	3	25	32	23	8	6

Strong enthusiasm 70%+: Some enthusiasm 49%-69%: Weak enthusiasm <20%:

A variety of issues were anticipated in terms of possible benefits versus potential disadvantages with respect to expanding local post office service options:

BENEFITS: more economical and time-saving	• The most appealing benefits mentioned included: (a) **cheaper prices**; (b) **more convenience**; and (c) **proximity to home or reduced transport costs**.
Disadvantages: likely to be time-consuming and/or expensive	• The main bottlenecks feared included: (a) **very slow service**; (b) **high fees**; and (c) **cash not being available as needed**. In Uganda 16 per cent of users were concerned about trustworthiness, but this was not a major issue elsewhere.

Across the region, the level of interest in additional financial services offered by the post office tends to be a function of the current level of satisfaction. Therefore, some markets are going to be better primed than others for expanding inclusion via this channel. It will be important to bear this in mind when designing each individual country's tactical plans.

7 Conclusions

The rationale for APFSI appears promising: rural populations in Africa are largely enthusiastic about receiving remittances through their local post offices. Moreover, enabling these communities to access a broader range of financial services through the postal network seems achievable in the majority of countries investigated.

The outlook for the APFSI programme is positive due to a number of features described below, combined with the behaviour and attitude of the population.

Existing behaviour indicates appetite	• The cultural habit is there: most people already either send or receive remittances domestically or internationally.
Preference for formal finance arrangements	• Customers feel more confident and secure undertaking financial business within reputable formal institutions.
Post office footprint supports access	• African post offices have wide coverage. This can promote business in areas where banks are not readily available.
Convenience of local finance is appealing	• Rural clients are keen to conduct financial transactions locally, eliminating long/costly travel to urban locations.
Established history underpins trust	• Post offices have a long heritage and are considered credible and trustworthy. New services will have a head start on trust.
Existing post office services are appreciated	• Overall, people are satisfied with the current quality of post office services. Extending the range of services seems appropriate and valid.
Many pledge to use more services	• In most countries there is a strong intention to use more financial services, if and when made available at post offices.
Infrastructure is already in place	• Post offices are already providing financial transactions. What has been done so far could be leveraged and optimized.
New services may be vital for post office survival but require new approaches	• Digitization of financial services has advanced and new competitors have left post offices less active rurally. Further services will boost their activity and relevance but will also require new approaches. People are willing to walk to pick up their remittances, but are less inclined to do so for depositing small amounts. New approaches between cash, mobile and accounts are needed.

Capacity-building in marketing	• Building up a central marketing capacity is essential to capture the many and diverse opportunities within a consistent approach and progressive mode.
Innovative new distribution models through partnerships	• An expanded coverage of the postal network through partnerships with mobile telecom operators and retailers can help to further reduce the time and cost to pick up remittances.
Cost-efficiency in cash management	• A challenge is the transport of cash to post offices in rural areas and to other points. In fact, this often represents the most significant part of the costs of remittance transactions for the post offices.
One size solution will not fit all	• Variance on key variables (e.g. current post office savings levels) underlines the importance of a bespoke approach per market.

Overall, increasing the post office service quality, at a lower cost, for the most used services in a typical country would help in two ways: (1) to assist consolidation of the current customer base; and (2) to introduce complementary or added-value services.

8 Overall recommendations

Enable a technology-based offer	• Money transfers and technology are closely linked. The African postal network needs to catch up with advancing technology via: (1) **Renewal and/or upgrade of facilities** (e.g. computer access, broad-band connectivity and updated and user-friendly websites, mobile) (2) **Training and capacity-building programmes for staff**.
Offer value-added services	• **New infrastructures and improved technological services** should address issues related to system reliability and/or network failures (e.g. bugs, slow service). This will result in much-desired service efficiency and increased competitive advantage.
Drive awareness	• It is very important for the African postal networks to **increase awareness among their rural populations about the existence of available financial services at post offices**. This can be achieved through: (1) **Mass communication** (e.g. TV and radio spots) (2) **Outreach campaigns** (e.g. in-home visits, distribution of brochures, screens in waiting rooms) • Marketing deserves further consideration. Establishing professional marketing strategies is a key factor for successful results.
Convey a more modern image	• Post offices should strike an appropriate **balance between their long-time experience** – which is appreciated – **and modernity** – which is sought after (and increasingly needed). • The existing **connotation of credibility and trustworthiness of post offices can be leveraged** but a **more modern image and outlook should also be strived for**. This can be achieved through various mechanisms (e.g. imagery displaying post offices with young and dynamic people, sponsoring local academic or cultural programmes/activities).
Integrate market research as a long-term, systematic tool of a professional marketing function	• Ongoing monitoring and assessment at the local level will enable and support: (1) **Deep understanding** of client behaviours, needs and preferences in order to optimize and localize the service range per market (2) **Timely development** of appropriate new products or services and **relevant communications** about them (3) **Build-up of a much-needed professional marketing function** focusing on the post offices providing demand-driven and competitive services.

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The IFAD-administered US$35 million, multi-donor Financing Facility for Remittances (FFR) is composed of the Consultative Group to Assist the Poor, the European Commission, the Government of Luxembourg, IFAD, the Inter-American Development Bank, the Ministry of Foreign Affairs and Cooperation of Spain, the United Nations Capital Development Fund and the World Bank. The FFR works to increase economic opportunities for poor rural people by supporting and developing innovative, scalable cost-effective and easily accessible remittance services that promote financial inclusion and productive investment in rural areas. Currently, the Facility's portfolio includes almost 50 projects in more than 40 countries across the developing world. For more information, please visit www.ifad.org/remittances www.remittancesgateway.org

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International Fund for Agricultural Development
Financing Facility for Remittances
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 5459 2012
E-mail: remittances@ifad.org
www.ifad.org
www.remittancesgateway.org
ifad-un.blogspot.com
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