

The "Orange Money" Service in the Niamakoro and Faladié Districts of Bamako: Economic Benefits and Constraints

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ABSTRACT

Since 2010, Orange Money has played a major role in people's daily lives in Mali. The aim of this paper is to analyze the economic impact of Orange Money and its constraints in the neighborhoods of Niamakoro and Faladié in the district of Bamako. The methodology adopted was based on documentary research and a questionnaire survey carried out on a sample of 66 kiosk owners and 130 shopkeepers. The results showed that 81.82% of kiosk owners were women, and 84% of shopkeepers were men. The respondents, aged between 30 and 60 and over, are mostly married (51.5% of kiosk owners and 59.2% of shopkeepers) and are also well educated. Thus, 52.5% of shopkeepers and 40.91% of kiosk owners have higher education. In Niamakoro and Faladié, Orange Money kiosks and stores are concentrated in the center, along the main roads and in the markets. The kiosks and boutiques are used for cash deposits and withdrawals, and for purchasing phone top-up cards. The Orange Money service is used to pay water, electricity and canal subscription bills. For 95% of kiosk owners and 87% of shopkeepers, the income generated by Orange Money is primarily used for family expenses. This income is used to repay debts and other expenses, such as the purchase of motorcycles, telephones and housing lots, as well as for reinvestment. Numerous difficulties (lack of UV (titles materialized by Orange Money account registration), late payment, scams) hamper the activity.

Key words: Orange Money, economic benefits, constraints, Niamakoro, Faladié, Bamako

INTRODUCTION

Mobile money has contributed further to extending the reach of financial services and improving financial inclusion. In 2015, the number of mobile money services reached 271 in 93 countries. Mobile money is more widespread in low-income economies (81%) than in lower-middle (71%) or upper-middle (47%) income economies (GSMA, 2015, pp. 8-12). In Africa, and sub-Saharan Africa in particular, mobile money services have developed faster than in the rest of the world. Several factors explain this rapid appropriation of the service on this continent. These include access conditions to financial institutions and the expansion of cell phone networks (Soubeiga, 2016, p. 20). The rapid growth of mobile financial services is being driven by the appeal of banks for this system, and vice versa. Indeed, operators wishing to increase their service offerings through mobile-banking activity tend to call on banks to manage the financial and regulatory aspect, although some are beginning to develop their banking systems themselves. Similarly, banks developing their business always call on a cell phone operator covering a large part of the territory, as they don't have the tools to develop a telephone network themselves. What's more, this considerably reduces the costs incurred by banks (Fall, 2011).

In Africa, 10% of adults have an account enabling them to carry out financial transactions from a cell phone, compared with an average of just 1-2% on other continents. This figure rises to 60% in Kenya (Lohento & Bouëdrón, 2016, p. 22). Cell phone money transfers are an inexpensive, efficient and secure alternative. It enables emigrant workers to send money to their families back home without having to go through money transfer companies or acquaintances returning home (McGovern, 2011).

In Mali, three operators currently share the market. They are Orange Mali, Moov Africa Malitel (Maroc Telecom holds 51% of the capital, the Malian state 49%) and Telecel. In 2011, the total cell phone customer base stood at 10821.9 (4375.9 for Malitel and 6446 for Orange Mali), with a penetration rate of 70%. This rate was 11.1% in 2006. The number of subscribers in 2014 was 23.5 million, a penetration rate of 146% (AMRTP, 2012, p. 14; Wikipedia). By the end of 2019, two digital financial service providers are licensed by the Central Bank of West African States (BCEAO). These are Orange Finances Mobiles Mali (OFMM), qualified by the BCEAO as an electronic money issuer (EME), and telecommunications operator Moov Africa Malitel). Orange Finan Orange Finances Mobiles Mali (OFMM) uses the Orange Mali SA mobile telecommunications network and markets its Orange Money branded offering. Telecommunications operator Moov Africa Malitel markets its digital financial services under the trade name Moov Money (Sacko et al., 2021, p. 109). "Orange Money" with 27,000 distribution points and "Mobicash" with 17,000 distribution points offer the same services: money deposit, money withdrawal, bill payment, energy meter recharging, etc. (CNSMO, 2018, p. 16).

In Bamako, there are many distribution points for orange money services. The aim of this study is to analyze the economic benefits and constraints of "orange money in Niamakoro and Faladié in the Bamako district. The basic hypothesis is that, despite the problems, orange money is an income-generating activity. This research is structured along three main lines: methodological framework, analysis and interpretation of results, and discussion of results.

MATERIALS AND METHODS

Presentation of the Study Area

The study area covers the Faladié and Niamakoro districts in Commune VI of the Bamako district. Commune VI, created by Ordinance 78-32 (CMLN of August 18, 1978) is composed of ten districts, covering an area of 8,882 hectares and a population of 619,411 inhabitants in 2013 (Ministry for Decentralization and State Reform, 2016, p. 17). The study area is bounded to the north by Sogoniko, to the west by Kalabancoura, to the northwest by Daoudabougou, to the southeast by Sénou and to the northeast by Banankabougou (Figure 1).

The terrain is flat, with altitudes ranging from 333 m to 378 m. The climate is humid tropical, with alternating dry and rainy seasons. The harmattan wind blows during the dry season, which lasts from 5 to 6 months (November to April). Rainfall varies from 1,000 to 1,300 mm per year. Vegetation consists of a few plant species (*Mangifera indica*, *Anacardium occidentale*, *Azadirachta indica*) in certain concessions and in the streets and margins of the marshes. The study area is crossed by intermittent marigots that flow into the Niger River. In 1998, Niamakoro had 65215 inhabitants in 10498 households. Faladié was home to 32,273 inhabitants in 5,332 households (RGPH, 1998, p. 159). These neighborhoods are inhabited by Bambaras, Peulhs, Sonrai, Soninkés, Dogons, Bozo, Senoufos, Miniankas, Malinkés, Bobos, Mossis, Samogo, Khasonké and others.

Economic activity is dominated by the tertiary sector (commerce, administration and transport) and the primary sector (agriculture, livestock breeding, crafts, market gardening). The study area is a crossroads for road transport.

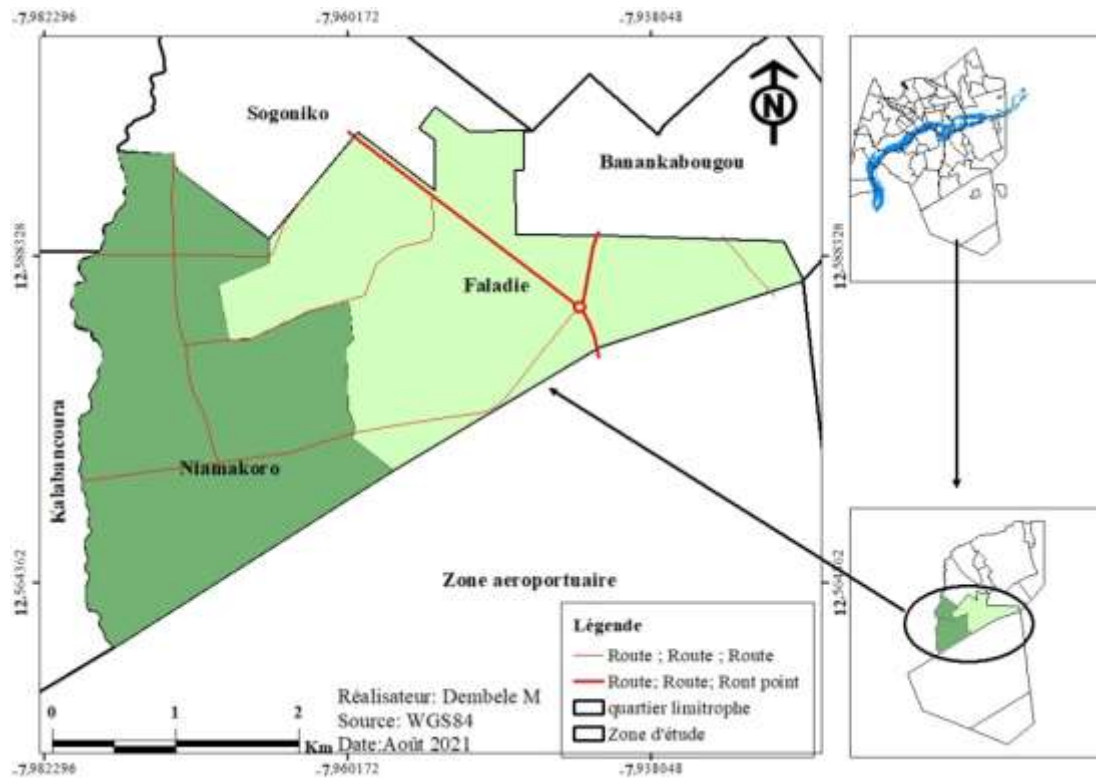


Figure 1: Presentation of the study area

Methodology

To carry out our work, we combined documentary research with field surveys (quantitative and qualitative). Survey (quantitative and qualitative). Documentary research was carried out in libraries and on the Internet. We read dissertations, scientific articles and project reports on Orange money.

To establish the study sample, we selected kiosk owners and shopkeepers according to their availability. We surveyed 66 kiosk owners and 130 shopkeepers operating Orange money in Faladié and Niamakoro. The sample size was 196 (Table 1).

Table 1: Number of interviewees by neighborhood

| Localities (neighborhoods) | Kiosk owners | Shopkeepers |
|----------------------------|--------------|-------------|
| Faladié | 27 | 50 |
| Niamakoro | 39 | 80 |
| Total | 66 | 130 |

Source: Field survey, June 2021

An elaborate questionnaire was submitted to these Orange money players. The data collected related to the socio-demographic characteristics (gender, age, level of education), economic benefits and problems of the players. For qualitative data collection, a questionnaire was sent to the resource persons, using the interview guide developed. The data were transcribed into tables, graphs, diagrams, figures and maps. The various illustrations were then analyzed and commented on.

RESULTS

Socio-Demographic Characteristics of Respondents

An activity dominated by women

Kiosk owners are mainly women, accounting for 81.82% of those surveyed, compared with 18.18% who are men. The women involved in this activity are characterized by their youth, aged under 30. 84% of shopkeepers carrying out Orange money transactions are men, aged between 30 and 60 (Table 2). Master's degree holders (people who have signed a contract with Orange to carry out the activity with clauses) prefer to work with women.

Table 2: Distribution of respondents by age

| Age | Booth owner | | | Shopkeeper | | |
|----------------|-------------|-----------|----------------|------------|-----------|----------------|
| | M | F | Percentage (%) | M | F | Percentage (%) |
| Under 30 years | 2 | 40 | 63,64 | 30 | 2 | 24,62 |
| 30 to 60 years | 8 | 8 | 24,24 | 47 | 11 | 44,62 |
| 61 and over | 2 | 6 | 12,12 | 33 | 7 | 30,76 |
| Total | 12 | 54 | 100,00 | 110 | 20 | 100,0 |

A predominance of married people in the business

Over half of kiosk owners and shopkeepers are married (Table 3).

The study reveals that 51.5% of kiosk owners and 59.2% of shopkeepers are married. Single people accounted for 22.44% of those surveyed. People carrying out "orange money" operations are divorced (12.24% of the sample) or widowed (8.67%).

Table 3: Marital status of respondents

| Status | Kiosk owners | | Shopkeepers | |
|--------------|--------------|----------------|-------------|----------------|
| | Number | Percentage (%) | Number | Percentage (%) |
| Single | 18 | 27,2 | 26 | 20,0 |
| Married | 34 | 51,5 | 77 | 59,2 |
| Divorced | 10 | 15,2 | 14 | 10,8 |
| Widowed | 4 | 6,1 | 13 | 10,0 |
| Total | 66 | 100,0 | 130 | 100,0 |

Source: Field survey, June 2021

A fairly high level of education among kiosk owners and shopkeepers

The survey results show that kiosk owners and shopkeepers are grouped into five different classes according to their level of education (Table 4).

Table 4: Distribution of players by level of education

| Level of education | Kiosk owners | | Shopkeepers | |
|--------------------------|--------------|----------------|-------------|----------------|
| | Number | Percentage (%) | Number | Percentage (%) |
| Koranic/medersa/literate | 2 | 3,03 | 10 | 7,69 |
| Primary | 12 | 18,18 | 8 | 6,15 |
| Secondary | 27 | 37,88 | 46 | 35,38 |
| Higher | 27 | 40,91 | 66 | 50,77 |
| Total | 66 | 100,00 | 130 | 100,00 |

Source: Field survey, June 2021

The educational level of the players is highly diversified. More than half of shopkeepers (52.5%) and 40.91% of kiosk owners have higher education. Some kiosk owners (3.03%) and shopkeepers (7.69%) have attended Koranic school/medersa or are literate. The high proportion of players with higher education is explained by youth unemployment, which forces them to engage in income-generating activities such as "orange money" operations.

Number of Years in Business

The number of years in business varies from less than 5 years to 16 years and over (Figure 2).

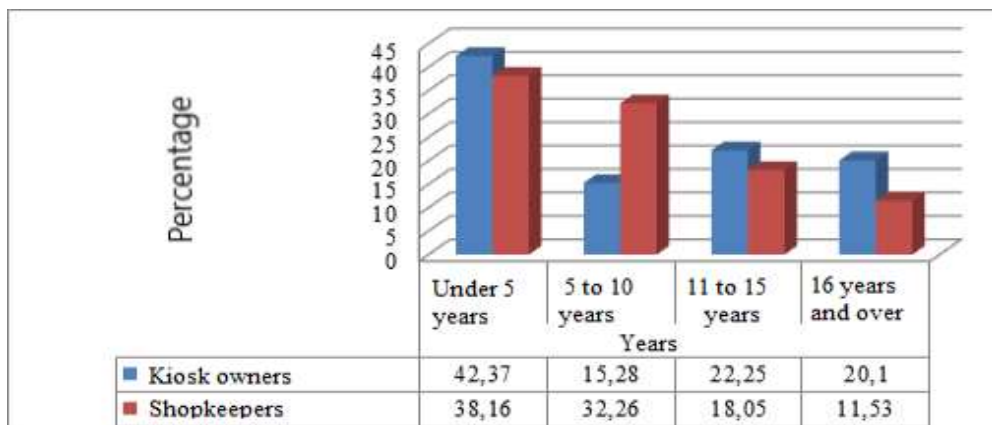


Figure 2: Number of years in business

Source: Field survey, June 2021

Kiosk owners and shopkeepers carrying out "orange money" operations who have been in business for less than 5 years account for 42.37% and 38.16% respectively. Other players have been carrying out "orange money" operations for 16 years or more. The high proportion of players with less than 5 years' experience may be explained by the fact that the profitability of the business has led to a growing interest among unemployed young people.

Uneven Spatial Distribution of Orange Service Outlets and Types of Operation

Orange money kiosks and stores are unevenly distributed across Niamakoro and Faladié (Figure 3).

An analysis of the map shows a high concentration of kiosks and stores in the center of Niamakoro and Faladié, along the main roads and in the markets. In other words, the profitability of the business is linked to its geographical location (a good location in an area of high human concentration), which represents an opportunity for the players. In kiosks and stores, various operations are carried out through orange money (Figure 4).

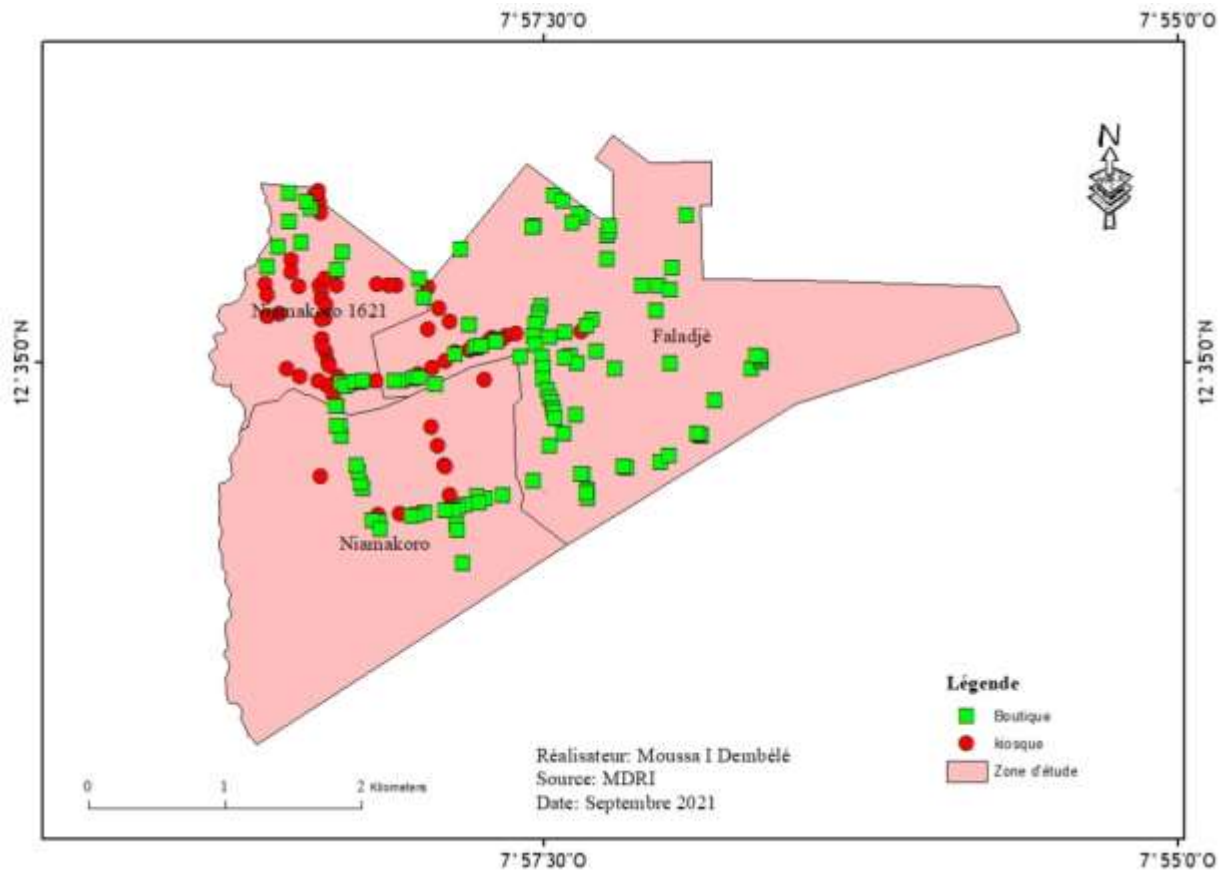


Figure 3: Map of orange money points in Niamakoro and Faladié

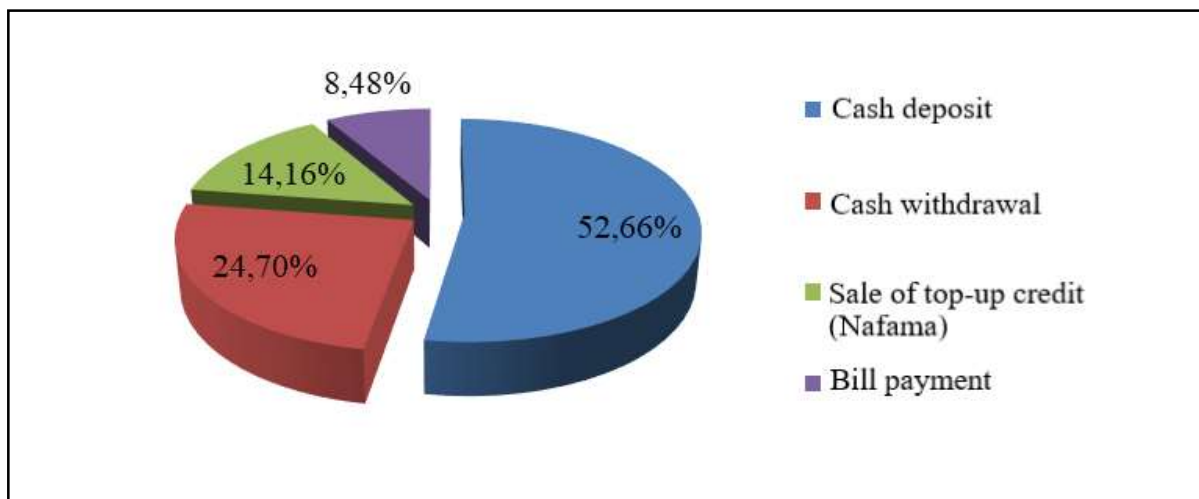


Figure 4: Types of operation

Source: Field survey, June 2021

In Niamakoro and Faladié, Orange Money outlets make deposits and withdraw cash. They sell telephone top-up cards. They pay water, electricity and Canal subscription bills.

The study shows that cash deposits account for 52.66% of transactions, compared with 8.48% for bill payments. The high percentage of deposits can be explained by the presence of the bus station and also the presence of many seasonal workers who send money to their families.

Revenues and How They are Used

Orange money services generate monthly revenues ranging from 20,000 CFA francs to 300,000 CFA francs or more (Table 5).

Table 5: % distribution of players by monthly income

| Income | Kiosk owners | Shopkeepers |
|------------------|--------------|-------------|
| Less than 100000 | 56,06 | 63,08 |
| 100000 to 200000 | 21,21 | 13,08 |
| 201000 to 300000 | 9,09 | 7,69 |
| 301000 and over | 13,64 | 16,15 |
| Total | 100,00 | 100,00 |

Source: Field survey, June 2021

The survey reveals that more than half of kiosk owners (56.06%) and shopkeepers (63.08%) earn less than 100,000 CFA francs a month. The lack of funds to provide services may explain these high proportions.

Some players earn more than 300,000 CFA francs a month from their orange money business. The money generated enables them to meet various household expenses, as shown in Table 6.

Table 6: Percentage distribution of kiosk owners and shopkeepers by use of income

| Use of income | Kiosk owners | Shopkeepers |
|-----------------|--------------|-------------|
| Family expenses | 95 | 87 |
| Reinvestment | 5 | 4 |
| Debt repayment | 30 | 5 |
| Other | 45 | 10 |

Source: Field survey, June 2021

An analysis of the data shows that income is used in a variety of ways by the players. For example, 95% of kiosk owners and 87% of shopkeepers use their income for family expenses. These expenses include food, health, school fees, weddings, christenings, clothing, wedding trousseaux, and so on. Some players also use the income from Orange Money operations to pay other expenses (rental fees, purchase of housing lots, motorcycles, telephones, etc.). The money is used to pay off the debts of 30% of kiosk owners and 5% of shopkeepers. It should be noted that very few players (5% of kiosk owners and 4% of shopkeepers) use their income to grow the business (reinvestment).

Problems Inherent to the Business

In Niamakoro and Faladié, orange money activities generate income. Despite this, the players encounter numerous difficulties in carrying out the activity.

The "unité de valeur" (UV) is an electronically-based monetary unit that can be used to carry out various "orange money" operations. High customer demand is leading to a shortage of UVs. The study shows that for 60% of kiosk owners and 40% of shopkeepers, the lack of UV is a major obstacle to operations.

Commissions are the players' earnings. It's the share that an intermediary receives as remuneration. Kiosk owners (81%) and shopkeepers (19%) do not receive their commissions on time.

Lack of UV and late payment of commissions are causing problems with customers. When buying top-up credits or depositing money, false transactions are often observed. These

are due to misspelled telephone numbers, connection disruptions that hamper operations, and scams that are commonplace.

DISCUSSION

In Niamakoro and Faladié, 81.82% of kiosk owners were women and 84% of shopkeepers were men. Actors ranged in age from under 30 to 61 and over. Results for marital status show that 51.5% of kiosk owners and 59.2% of shopkeepers are married. More than half of shopkeepers (52.5%) and 40.91% of kiosk owners have higher education. Some kiosk owners (3.03%) and shopkeepers (7.69%) have attended Koranic school/medersa or are literate. Kiosk owners and shopkeepers carrying out "orange money" operations who have been in business for less than 5 years represent 42.37% and 38.16% respectively. Some players have been making "orange money" transactions for 16 years or more. Orange money outlets make cash deposits and withdrawals. They sell telephone top-up cards and pay water, electricity and Canal subscription bills. Cash deposits account for 52.66% of transactions, compared with 8.48% for bill payments. These results confirm those of GSMA (2015, pp. 41-47), which states that globally, the sector remains dominated by P2P transfers and phone credit purchases. P2P transfers accounted for 71.5% and phone credit purchases 66% of the total number of transactions. Bill payment is also a common use case (57.5% in 2015) of these payments are made over the counter). For money transfers our results are superior to those of Lonie et al. (2015). For them, in Côte d'Ivoire, of the \$2.5 billion in transactions, money transfers from individual to individual account for 6%; bill payments and topping up telephone credit account for 3%. Chevrier (2018, pp. 14-15) states that via Orange Money, school fees are paid in Côte d'Ivoire, orientation fees for baccalaureate holders in post-bac courses are paid in Guinea, and salaries for community-based health workers are paid in Burkina Faso.

In the Niamakoro and Faladié neighborhoods, Orange Money services are unevenly distributed. This result corroborates those of Soubeiga (2016, p. 61) who states that the mobile network is unevenly distributed in Burkina Faso. Thus, 96% of the national territory was covered by the mobile network at the end of 2014.

In both neighborhoods, orange money services are carried out in kiosks and stores, for which they are an additional activity. These results are not in line with those of Chevrier (2018, p. 18), according to whom 95% of distribution relies on gas stations, supermarkets, grocery stores, hair salons and pharmacies. Problems include the risk of fraudulent withdrawals, scams and errors in beneficiary numbers. Despite these constraints, orange money services generate income. Monthly revenues range from CFAF 20,000 to CFAF 300,000 or more. More than half of kiosk owners (56.06%) and shopkeepers (63.08%) earn less than 100,000 CFA francs a month. Revenues are used for family expenses, payment of location fees, housing lots, motorcycle telephones, etc. They are used to pay debts and to cover the costs of the business. They are used to pay debts and to reinvigorate the business (reinvestment). Players have problems with value units and commission reimbursements. They are victims of scammers. Aren't Orange Money agents involved in these scams? Aren't they accomplices of the scammers?

CONCLUSION

This study has enabled us to analyze the economic spin-offs and constraints of Orange Money activity in the Niamakoro and Faladié neighborhoods. Kiosk owners and shopkeepers sell phone top-up cards and make money transfers (deposits and withdrawals). Orange money is used to pay electricity, water and canal bills. The lack of Value Units handicaps work. Players find it hard to earn their commission. They suffer from scams. Despite the difficulties, the orange money business generates income. In this way, it helps to reduce poverty. The income generated is used for family expenses, payment of location fees, housing lots, motorcycle

telephones, etc. It is used to pay off debts and to cover the cost of the service. They are also used to pay off debts and to reinvigorate the business (reinvestment).

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