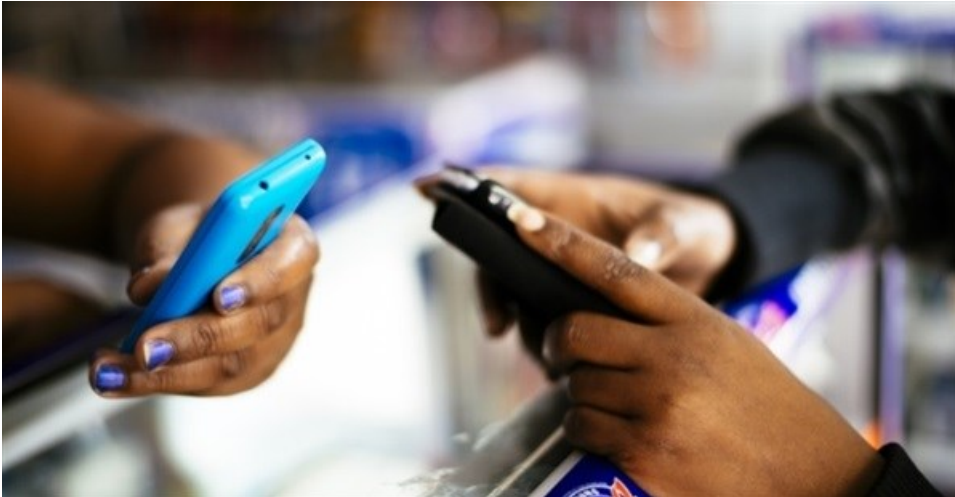


Mobile merchant transactions driving financial inclusion in emerging markets

The use of mobile devices to make retail and store payments will act as a driver for financial inclusion of the unbanked in emerging markets, forecasts a new study by Juniper Research. The research reveals that mobile merchant transactions by unbanked individuals will grow from 1.8 billion per annum in 2018 to 3.8 billion by 2023.



The new research, *Mobile Financial Services in Emerging Markets: Mobile Money, Loans, Savings & Insurance 2018-2023*, finds that Kenya and India will be core incubator markets for merchant services. Safaricom's Lipa Na M-Pesa product already has over 100,000 merchants enrolled, and by 2023, merchant payment transactions in the Middle East & Africa alone will surpass \$16 billion per annum.

The research singled out Mastercard as a key innovator in the sector. The company has launched a QR code-based solution with the aim of connecting 40 million micro and small merchants to its payments network by the end of 2020.



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Research author Lauren Foye explained: "Previously merchant payments relied upon SMS to facilitate transactions, with customers texting a code to initiate payment; thus the process was slow and inefficient. With QR code solutions, shoppers simply scan a merchant code to rapidly initiate the payment process."

Merchant payments: fast roll-out and lower costs

The research praised mobile merchant payments as they make digital transactions accessible to a much broader segment of society (as a Point of Sale terminal is not required). To nurture this, the research recommends that players provide value-added services, such as microloans, analytical tools and advice for businesses, in addition to SMS-based marketing services, as a means to drive engagement.

Juniper cautions that tariff rates must remain low, citing the fact that Lipa Na M-PESA was obliged to impose a 50% reduction in fees last year, both to address customer indifference and ward off competition.

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