



Photo pour CGAP de Mwangi Kirubi

DIGITAL CREDIT CONSUMER RISKS IN CÔTE D'IVOIRE: Results of national survey – Executive Summary

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Disclaimer

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BACKGROUND OF THE STUDY IN CÔTE D'IVOIRE ^(1/2)

This study is part of the activities of the **Laboratory for the Protection of Consumers of Digital Financial Services in the West African Economic and Monetary Union (WAEMU)** launched by CGAP in 2021, with the **objective of helping local actors build a responsible ecosystem for digital financial services (DFS) at the national and regional level**. To operate responsibly, the digital finance ecosystem requires at least three conditions to be met, referred to as the three Cs: ecosystem players' approaches are **customer-centric**, they have the **capacity to** promote a responsible approach, and **collaborations** help protect and bring value to customers.

THE LAB AIMS TO:

- Guide regional regulators, supervisors, consumer associations, and relevant national bodies, such as the observatories of the quality of financial services and agencies in charge of promoting financial inclusion, to analyze the risks of DFS to support the development of appropriate regulatory and supervisory frameworks
- Support providers to embed a customer-centric culture in all stages of their digital product life cycle (including suitability and relevance, fairness and respect, and choice)
- Facilitate dialogue between regulators, supervisors, providers, and consumers on responsible DFS.

BACKGROUND OF THE STUDY IN CÔTE D'IVOIRE (2/2)

This study in Côte d'Ivoire had three components:

1. A survey on the risks faced by users of digital financial services
2. An analysis of the mechanisms for collecting and processing complaints and complaint data
3. A survey on the results and risks of digital credit.

THIS REPORT COVERS PART 3 OF THE STUDY:

The results of the risk survey and complaints analysis are the subject of [a separate report](#). The study was carried out for CGAP in the first half of 2022 by Horus Development Finance.

OBJECTIVES AND METHODOLOGY

Objective: Analyze the impacts and risks associated with the use of digital credit and the opportunities for improving consumer protection.

DEFINITIONS

Digital credit

- 100% Automated
- Instant
- Accessible entirely by phone

2 main offers available in Côte d'Ivoire

- MomoKash (Bridge MF / MTN MFS)
- Orange Tik Tak (Orange Bank (OBA) / Orange Money)
- Amounts: 2,000 to 250,000 FCFA (\$3.3 to 410)*.
- Short duration (30 days in most cases)

Other digital credit offers are available in Côte d'Ivoire, notably from the MFIs BAOBAB and ADVANS. However, these offers are targeted the existing customers of these MFIs and deployed on a limited scale compared with the two offers proposed by the financial institutions partnering the Mobile Money providers.

SURVEY METHODOLOGY

Quantitative survey conducted by phone by KANTAR, May 2022

Sample of 1,099 people who have used digital credit at least once in the last 12 months, representative of digital credit users from the two main providers.

- The sample was drawn up on the basis of customer lists provided by Bridge MF and OBA, representative of their customer base.
- The representativeness takes into account (i) gender, (ii) loan amounts, (iii) the proportion of loans in default.
- Women account for 27% of digital credit users.

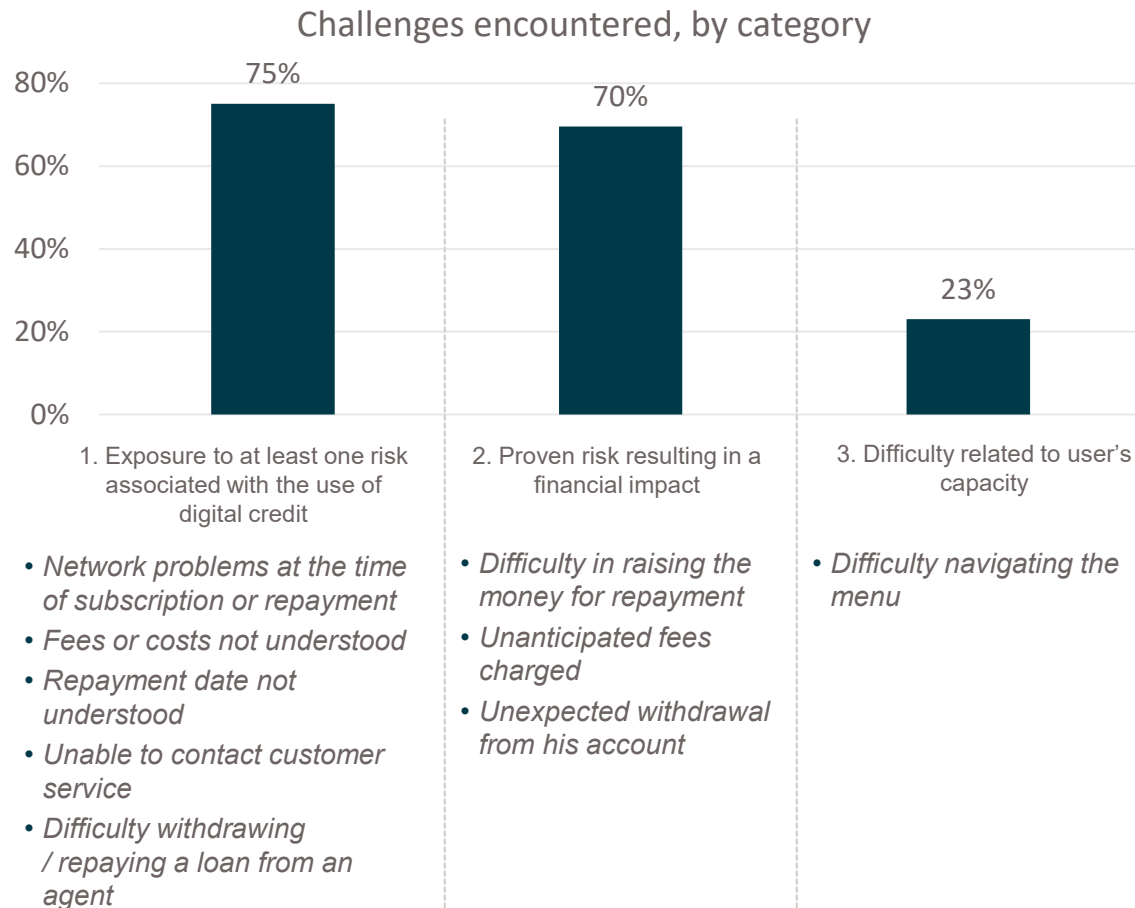
In this report, we considered any difference of 6.0% or less between two compared data to be insignificant.

* Offers are evolving and suppliers are working on larger digital credits

EXECUTIVE SUMMARY

Challenges faced⁽¹⁾ by users of digital credit, by category

While a large majority (89%) have experienced at least one challenge, 70% were exposed to at least one risk resulting in a financial impact.



Challenges related to the use of digital credits can be classified into **3 categories**:

- exposure to a risk that could affect the smooth use of the digital credit,
- proven risk with a financial impact for the user, and
- difficulty related to the capacities of the users themselves.

75% of digital credit users have been exposed to at least one risk that could prevent a smooth digital credit lifecycle.

70% have experienced at least one risk that has had a financial impact, primarily through difficulty in getting the money to pay back (49% of total users).

23% experienced difficulties related to their capacities.

Women are exposed to all the risks associated with a financial impact in similar proportions than men (74%, vs. 68% of men). Users in rural areas are less exposed to these difficulties but are exposed to difficulties linked to their abilities in a slightly higher proportion than users in Abidjan (27% vs 21% in Abidjan).

(1): In this report, as appropriate, the term "challenges" refers to the survey respondents' exposure to risk, money losses, or difficulties due to their lack of capacity.



EXECUTIVE SUMMARY

PROFILE OF DIGITAL CREDIT USERS IN CÔTE D'IVOIRE

Digital credit users are mostly men (73%) and live in urban areas (91%). They are 38 years old on average and 42% have a secondary. The majority of digital credit users are entrepreneurs (41%) and employees (36%). 40% have already borrowed from relatives but only 16% from banks and 7% from MFIs. **Compared to Mobile Money users**, among digital credit users there are **fewer women** (27%, vs. 44% for MM), **more capital city residents, Abidjan** (53% vs 44% for Mobile Money), and **more educated people**.

FREQUENCY OF USE

51% have taken out 2 to 5 digital credits (last 12 months), and 20% more than 5! And 22% have taken out digital credits with 2 different providers.

Only 5% have taken out 2 digital loans at the same time, due to the small amount (42%), or to a new need (32%).

And only 8% have taken out a digital loan while having a loan from a bank or MFI.

MOTIVATIONS

The top three reasons for taking out a digital loan:

1. **To meet occasional household needs (29%)**
2. **For the activity / business / farm (23%)**
3. Just to try (15%).

ADVANTAGES & DISADVANTAGES

The digital credit experience is **79% positive** (23% of which rate it "very good").

- **Advantages:** speed (72%), ease of use (32%), "no need to go to a branch" (15%).
- **Disadvantages:** interest rate (18%), short term (17%), and collection practices (19%).

DIFFICULTIES ENCOUNTERED

49% had difficulty raising the money to repay.

35% encountered a network problem when subscribing or paying out.

34% and 31% had difficulty understanding the repayment date or fee.

REIMBURSEMENT

- **33% used their savings** to repay.
- **78% have already repaid late:** not planned well enough (19%), forgotten (19%).
- Consequences: many SMS and calls (54%) and expenses (22%).
- 14% have had multiple loans at one time and have not been able to pay them all back.

RECOURSE

Only 6% of users contacted the provider with a question or complaint, mainly at a branch or call center. **29% of digital credit users were unable to reach customer service when they needed to.**

For 64% of those who were able to contact customer service, the problem has been resolved.



EXECUTIVE SUMMARY - FOCUS ON WOMEN

PROFILE OF WOMEN DIGITAL CREDIT USERS IN CÔTE D'IVOIRE

Women represent 27% of digital credit users, a figure that is much lower than the 44% of women among mobile money users. Female users of digital credit are more concentrated in the capital, Abidjan, than male users, (63% are in Abidjan, vs. 49% of men). More women than men are entrepreneurs (53%, vs. 37% of men), and earn less than 60,000 CFA francs (approx. \$98) per month. They borrowed less than men from relatives (34% vs. 42%), a bank (11% vs. 18%), but in similar proportion with an MFI (6% vs. 8%). Their resilience (ability to raise a given amount of money in 3 days) is much lower (48% vs 65% for men).

FREQUENCY OF USE

- The difference between men and women is not very significant in terms of the number of digital loans taken out in the last 12 months.
- But only 15% of women have ever taken digital credits with two different providers (vs. 25% of men).

MOTIVATIONS

Women have taken digital loans more often for their business (34% vs. 19% for men), and less for occasional household needs (23% vs. 31% for men).

ADVANTAGES & DISADVANTAGES

The difference between men and women is not significant on the positive evaluation of a digital credit.

- **Advantages:** speed (74%), ease of use (37%, vs. 30% of men), "no need to go to an agency" (at 17% vs. 14% of men).
- **Disadvantages:** insignificant difference (but more women cited none).

DIFFICULTIES ENCOUNTERED

- Women are overall exposed to bad experiences in similar proportions than men: difficulty in raising money (54% vs. 48% of men), misunderstanding of costs and fees (37% vs. 33% of men).
- The same goes for understanding the date of repayment (28% vs. 33% of men), and women had no more difficulty navigating the menu.

REIMBURSEMENT

- Women have similar proportions of late repayments to men (75% vs. 79% of men).
- The same applies to the lack of planning (15% of women vs. 20% of men), and just as many said they had forgotten to repay (19%).
- Unexpected medical expenses also explain the delay in close proportions (14% of women vs. 8% of men).

RECOURSE

- The difference between men and women is not very significant when it comes to the difficulty of contacting customer service.
- Four percent of women (vs. 7% of men) have contacted customer service, an agent or the police for a digital credit issue.



Photo pour CGAP de Mamadou Diop

The full report is available in French [here](#).

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