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A Study of Money and Financial Services and the Impact of ICTs Among Poor Communities in Developing Countries: The Case of Botswana (Synopsis of Research Results)

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Publication Date

2010-10-01

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A Study of Money and Financial Services and the Impact of ICTs Among Poor Communities in Developing Countries: The Case of Botswana

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2009

Funded Research 2015

Funded Research 2014

Funded Research 2013

Funded Research 2012

Funded Research 2011

Funded Research 2010

Funded Research 2009

Project Year

2009

Region(s)

Southern Africa

Country(ies)

Botswana

Project Description

This paper proposes a study to understand what perceptions, values and uses are attached to money and other forms of wealth among the poor in Botswana. Further, the study seeks to understand the means, traditionally or otherwise by which money is generated, preserved and transferred. The study will also establish what patterns of saving, investment and financial services exist among the poor and whether new ICTs such as mobile phones could be used to provide access to financial services to the poor. Finally, the study will make recommendations on locally-tailored methods of providing financial services to the poor. Methodologically, a multiple case-study approach will be employed by targeting seven poor communities in both rural and urban Botswana. A semi-structured interview questionnaire will be designed to collect views of thirty key informants from seven carefully selected poor community settlements. A focus group meeting in form of a workshop will be conducted to investigate and make recommendations on suitable and locally tailored methods of providing financial services to the poor. Data collected will be analyzed using a qualitative software package. This study is significant because it provides an in-depth analysis of how the poor use money and what intervention methods, with ICTs or otherwise, can be used to make them financially secure.

Researcher(s)

Beatrice Magembe, Alice Shemi

About the Researcher(s)



Beatrice Magembe holds a Bachelor of Commerce degree with a major in Accounting from the University of Nairobi, Kenya and a Master of Business Administration degree from Colorado State University. She is currently a Senior Lecturer in the Department of Accounting and Finance at the University of Botswana.



Alice Shemi has a Bachelor of Science degree from University of Zambia and Master of Business Administration in Information Systems from University of Hull, UK. She is a Senior Lecturer in Business Information Systems, Department of Accounting and Finance, University of Botswana.

Synopsis of Research Results

This study focused on gaining an understanding of the perceptions, values and uses that are attached to money and other forms of wealth among the poor who earn less than US\$1 in Botswana. It also sought to establish the patterns of saving, investment and financial services that exist for the rural and urban poor. The study also investigated the use of mobile phones, mobile banking, and other locally-tailored methods that can assist in the provision of suitable financial services to the poor.



Qualitative information was obtained from semi-structured face-to face interviews and observations of the research participants provided the main source of data for analysis. Multiple case studies were undertaken in six different locations of the poor in Botswana to provide a contextual in-depth understanding of financial issues affecting the poor. Individual stories were also obtained from eleven persons from a township in Gaborone with the aim of getting in-depth stories of how the poor lived on less than a US dollar a day. A focus group session was further conducted to gather more stories affecting the poor.

Our findings revealed that money is a very significant commodity among the poor in Botswana who earn less than one US dollar per day, as they state 'Money is life'. Money determines the number of things one is able to do in society. There was an alienation of the poor from saving in the formal banking system as they do not meet the minimum banking requirement. The supply-side of financial services does not provide relevant information for those who earn less than US\$1. The poor have carved out their own way of survival. Some keep or hide their money at home or reserve with friends for safe keeping. Saving is also used in the Motshelo system (where they contribute a certain amount of money each month and buy food at the end of the year so that they share). Some Motshelo systems require members (usually 6) to contribute a fixed amount every month which is given to a member on a rotational basis. Alternatively, there is funeral insurance with funeral proprietors, which most people have registered for. Our respondents earn very irregular income, which is mostly used to meet short-term needs. They rent the cheapest accommodation which is usually not in good shape and also unsafe. There is also a strong dependence on family ties and the community to assist in time of emergencies. Very few have kept their money in form of livestock.



The current practices to assist the poor did not work very well, thus making the poor more marginalized. The government's food-for-work (popularly known as lpelegeng) which gives marginalized people 'temporary jobs' does not offer permanent jobs and pays very little money. On the supply side, the financial system in Botswana has not yet incorporated the poor in the system and the use of mobile phones to deliver financial services to the rural and urban poor is not offered.

On the use of ICTs, this study established that most respondents were computer and internet illiterate. The use of mobile phones for communication is very common, but not for banking purposes. With a climate that is very unreliable, most people who earn less than a dollar a day in Botswana have no background of subsistence farming. They need various forms of assistance and collaboration from other organizations, and the financial sector to help them succeed with one project or another. Currently, very few organizations, if any, have taken bold steps to assist the poor.

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