

UC Irvine

Final Reports

Title

Leveraging Mobile Value Added Services (MVAS) for the Growth of Women Micro-Entrepreneurs (WMEs) in Fiji (IMTFI Blog)

Permalink

<https://escholarship.org/uc/item/5vm3450h>

Author

Sathye, Milnd

Publication Date

2014-09-08

Copyright Information

This work is made available under the terms of a Creative Commons Attribution-NonCommercial License, available at <https://creativecommons.org/licenses/by-nc/4.0/>

Peer reviewed



Monday, September 8, 2014

Leveraging Mobile Value Added Services (MVAS) for the Growth of Women Micro-Entrepreneurs (WMEs) in Fiji

By IMTFI researcher *Milind Sathye*

The ever-increasing penetration of mobile phones presents enormous opportunities for women micro-entrepreneurs (WMEs) in developing countries, including Pacific island countries such as Fiji, to grow their businesses. Existing research by organizations such as the [GSMA](#) suggests that mobile services are being utilized by women to empower their lives. The [Cherry Blair Foundation for Women](#) cites several studies in countries such as Indonesia, Egypt, and Nigeria in which nearly 88% of the women interviewed desired mobile value added services (MVAS) to grow their businesses. Prior studies by the IMF in Africa have found that MVAS contributed significantly to the growth of micro-enterprises. Delivery of MVAS such as m-banking and m-enterprise services to WMEs is particularly important for business growth through access to information, payment services, advertising, communication, and is found to enhance social welfare leading ultimately to poverty alleviation.



Fast food/tea vendor (WME), Suva, Fiji (Photo by Milind Sathye)

A team consisting of Prof. Milind Sathye, Prof. Biman Prasad, Prof. Dharmendra Sharma, Dr. Parmendra Sharma, and Dr. Suneeta Sathye proposed to study the unexplored situation in Fiji and identify the challenges faced by WMEs in the use of MVAS so that suitable policy initiatives could be taken by the Fijian government for faster growth of this sector. We focused on WMEs because of their importance from the standpoint of inclusive growth. The [International Centre for Research on Women](#) found that 'improving women's access to technology has the potential to spur their economic advancement and stimulate broader economic growth. Regrettably, technology has been underused in unlocking women's economic opportunities' (2010:2).

We found that most WMEs owned Nokia phones, followed by Alcatel; other brands such as LG, Sony, and Motorola were not used by many. Further, a substantial proportion of respondents had prepaid subscriptions. The average expenditure of respondents on mobile services was less than US\$16 per month, which the WMEs consider to be relatively high. Few respondents used data service (such as emails, attachments, web browsing) on their mobile phone while most were using SMS in addition to voice. Availability of affordable data services would help access to information and communication.

The WMEs identified the following main challenges:

Popular Posts



[Informal Credit Associations in Lucknow, India](#)

[Consumer Finance Research: Global Approaches and Methods - Taking On Debt \(Part 1\) Perspectives from across the Social Sciences](#)



[Lessons from the Field: M-Shwari and the Jua Kali in Kenya](#)



[Female Financial Literacy: Gender in Mobile Money and Financial Practices](#)

[How "the Poor" Account: Financial Reckoning and its Cosmoeconomics in Assam, India \(Part Three\)](#)

Blog Archive

- ▶ [2023](#) (1)
- ▶ [2022](#) (4)
- ▶ [2021](#) (14)
- ▶ [2020](#) (25)
- ▶ [2019](#) (20)
- ▶ [2018](#) (14)
- ▶ [2017](#) (54)
- ▶ [2016](#) (51)
- ▶ [2015](#) (84)
- ▶ [2014](#) (46)
- ▶ [2013](#) (49)
- ▶ [2012](#) (27)
- ▶ [2011](#) (26)

Access to information: The WMEs felt that government departments should provide information about programs for women over the mobile phones, and that it should also be possible for them to interact with the government via mobile. The government agencies in Fiji were not making use of MVAS capabilities, which is a major hurdle. It increases the transaction costs for WMEs as they are required to deal with these agencies in the traditional way, that is, by personal visits or through mail, which is comparatively costly and time consuming.

Access to training: The WMEs desired basic training on the use of MVAS applications from government agencies such as the National Centre for Small and Medium Enterprises Development (NCSMED). Younger entrepreneurs were more enthusiastic about the use of MVAS applications. Appropriate training by government agencies for WMEs would help them realize the potential of MVAS applications for the growth of their businesses.

Absence of a forum: Many WMEs stated that there is no forum available to discuss issues related to mobile phone banking or MVAS. Consequently, the issues remained unresolved. The Consumer Council of Fiji was unable to take up their cases as WMEs are classified as 'businesses' and not as 'consumers'.

Over-regulation: WMEs were unequivocal in their opinion that over-regulation is the main problem that is hampering their growth. They are not allowed to operate from home, which increases their operating costs. For example, a day care centre can't be run from the home of the WME, and so one has to rent separate premises which increase operating costs and also puts clients at a disadvantage.

Access to insurance, finance, and capital: The WMEs stated that banks are reluctant to provide finance and services like insurance to them. There are limited grants available to WMEs, and the NCSMED could play a more proactive role. Some of the WME respondents found the interest rates and bank fees to be prohibitively expensive. Furthermore, the WMEs stated that even small shocks from the market throw them out of business, but no policy is currently in place that could help them overcome such situations and revive their enterprises. Lack of capital was identified as the main hurdle in business expansion.

The respondents stated that if these challenges could be addressed through MVAS, they would be willing to use such services. Access to business tools, access to mentorship, and access to markets were the top three purposes for which the respondents would like to use MVAS applications. The WMEs were also willing to pay for such applications. When asked which platform they would be comfortable with for accessing relevant mobile services, the respondents indicated SMS, followed by IVR, WAP, and USSD.

The interviews with WMEs revealed that they were aware of the value of MVAS for business growth and were willing to pay for such services if their business challenges could be addressed.

Interestingly, despite the demand for MVAS, the providers of such services lagged behind. We interviewed key industry experts and policymakers to understand the supply-side issues. Seven major themes emerged from these interviews:

Licensing regime: It is important that Fiji prescribes a licensing regime for MVAS players, and such players could be brought under the license category of 'other service providers'. MVAS needs to be accorded industry status for there to be an orderly development.

M-payments: While in some countries there is a resistance to m-payments as there are concerns that it may lead to tax evasion, the experience of China is different and such payments were found to have forced merchants to report more of their sales than before, which increased tax revenue. Fiji may like to consider similar measures.

Competition from mobile network operators: Financial institutions in Fiji are worried about competition from mobile network operators (MNOs). The banks contend that such operators are not considered as 'banks' and so are out of the purview of banking regulation, which is detrimental to competition. The Reserve Bank of Fiji, however, has concerns about the supply of money, including electronic money, falling off of the radar.

Infrastructure cost: Industry representatives pointed out that the high cost of setting up a

mobile tower – anywhere between US\$408,000 to US\$489,000—is a major hindrance to the rapid spread of MVAS. Because of the competition between Vodafone and Digicell, the towers are not being shared. Given that the population of Fiji is sparse, it would help if either the government provided subsidies for tower construction or there was legislation mandating that MNOs share towers for a price.

Lack of interoperability: The CEO of South Pacific Business Development (SPBD) stated that mobile phone banking is still young in Fiji, with the major hindrance being a lack of interoperability.

Misleading statistics of penetration: The CEO of SPBD stated that the statistics of mobile penetration are computed as a ratio of the number of mobile phones or SIM cards issued to a population, but many Fijians have multiple phones and even tourists can have SIM cards. A more effective method would be to count the number of mobile phone *accounts*.

Which P2P model? Of the three P2P payment models—that is, the remittance service provider-dominated model, operator-dominated model and partnership model—industry representatives believe that the partnership model would work better for Fiji given the limited size of the market.



The view of the market where the fast food/tea vendor is located
(Photo by Milind Sathye)

Overall, MVAS can make valuable contributions to the growth of WME businesses in Fiji, but their deployment is hamstrung by the policy hurdles and industry challenges outlined above. Fijian authorities need to pay urgent attention to remove the barriers for deployment of MVAS to promote growth of WMEs, which in turn could help alleviate poverty.

Read more about this research in [a report](#) by Milind Sathye and Biman Prasad.



Posted by TSF at 6:04 PM



No comments:

Post a Comment

To leave a comment, click the button below to sign in with Google.

SIGN IN WITH GOOGLE

[Newer Post](#)

[Home](#)

[Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

