

# Mobile transactions surpass U.S.\$2bn

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The value of transactions processed through mobile platforms surpassed \$2 billion during the first five months of the year, highlighting the increasing number of people turning to mobile devices to transact.

According to the Reserve Bank of Zimbabwe's monthly report for January-May, mobile-based transactions were valued at \$2.35bn with analysts pointing out that the practice could spread as the unbanked and rural people are now embracing mobile payments.

The service has become important taking into account that the country now has a thriving SME and the informal sector (the shadow economy) which is estimated to hold around \$7bn.



In addition, the mobile money transfer has created vast opportunity of employment in addition to convenience in the payment system or much more improved trade facilitation which is critical for economic development. The mobile payments market has also grown from traditional money transfer services and now includes various forms of payments including bill payments among others.

Telecommunication firms dominate the mobile payment market, with Econet Wireless' Ecocash enjoying the bigger market share. Net One's One Wallet and Telecel Zimbabwe's Tecash are some of the major providers of mobile payment

services.

During the last three and half years, Econet moved \$11bn through Ecocash.

Meanwhile, total banking sector credit to the domestic economy rose by 16,42 percent to \$4.87bn in May 2015, from \$4.53bn in April 2015.

On a year-on-year basis, growth in credit to the private sector was 4,8 percent in May from 4,7 percent a month earlier. The monthly growth in credit to the private sector was flat at \$3.76bn.

During the month of May, loans and advances constituted 82,47 percent of total credit to the private sector, followed by mortgages advanced by building societies, 11,92 percent and other investments at 3,93 percent.

On a sectoral basis, credit was distributed as follows: agriculture (18,86 percent); services (17,82 percent); manufacturing (15,05 percent); distribution (14,92 percent); mining (6,28 percent); transport and communications (3,10 percent) and construction (1,03 percent).

Consumptive borrowing by households remained high at 18,33 percent of the total credit to the private sector. Credit to the private sector was mainly channelled towards asset purchases, inventory build -up, consumer durables and vehicle purchases.

The proportion of borrowed funds utilised for capital development remained low at 5,2 percent of the total loans and advances. In terms of allocation, the procurement of plant and equipment, land development, and office equipment, accounted for 3,7 percent, 0,8 percent and 0,5 percent, respectively. Annual broad money supply growth further decelerated from 4,9 percent in April to 3,7 percent in May 2015.

On a monthly basis, broad money rose by 1,1 percent to \$4.487bn in May, from \$4.438bn a month earlier. The annual growth in broad money continued to be underpinned by increases in long term and savings deposits.

Partially offsetting these increases were declines in demand and short term deposits.

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