Mobile Money Taxes and Affordability in Sub-Saharan Africa: Evidence on User Behaviour and Market Impacts

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Contents

Glossary

ATI	Addis Tax Initiative
DRM	Domestic revenue mobilisation
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BEAC	Banque des Etats de l'Afrique Centrale
CEMAC	Economic and Monetary Community of Central Africa
CICO	Cash-in and cash-out mobile money transactions
EMI	Electronic money issuing institution
IFFs	Illicit financial flows
Levy/tax	we refer to "levy" or "levies" when discussing taxation applied on mobile money services, given this is the most common use in Sub-Saharan Africa, likely because the term levy denotes a more temporary measure compared to a tax. However, the term "tax" might be used interchangeably. Moreover, mobile money taxes are also often called "e-levies" when they apply to other electronic transactions.
LMICs	Low and middle income countries
MMP	Mobile money provider
MNO	Mobile network operator
PIT	Personal income tax
PSB	Payment service bank
Tariff/price/fee	Fees include the tariff price charged by the MMP on the value of the mobile money transaction, plus any other fee, such as taxes/levies, also as a percentage of the transaction value. We refer to tariff, price or fee when discussing the price charged by a MMP.
UEMOA	West African Economic and Monetary Union
UNU-WIDER	The United Nations University World Institute for Development Economics Research
VAT	Value added tax
WDI	The World Bank World Development Indicators
WEO	IMF World Economic Outlook (WEO)
WID	World Inequality Database
WoRLD	IMF World Revenue Longitudinal Database

1
Executive summary

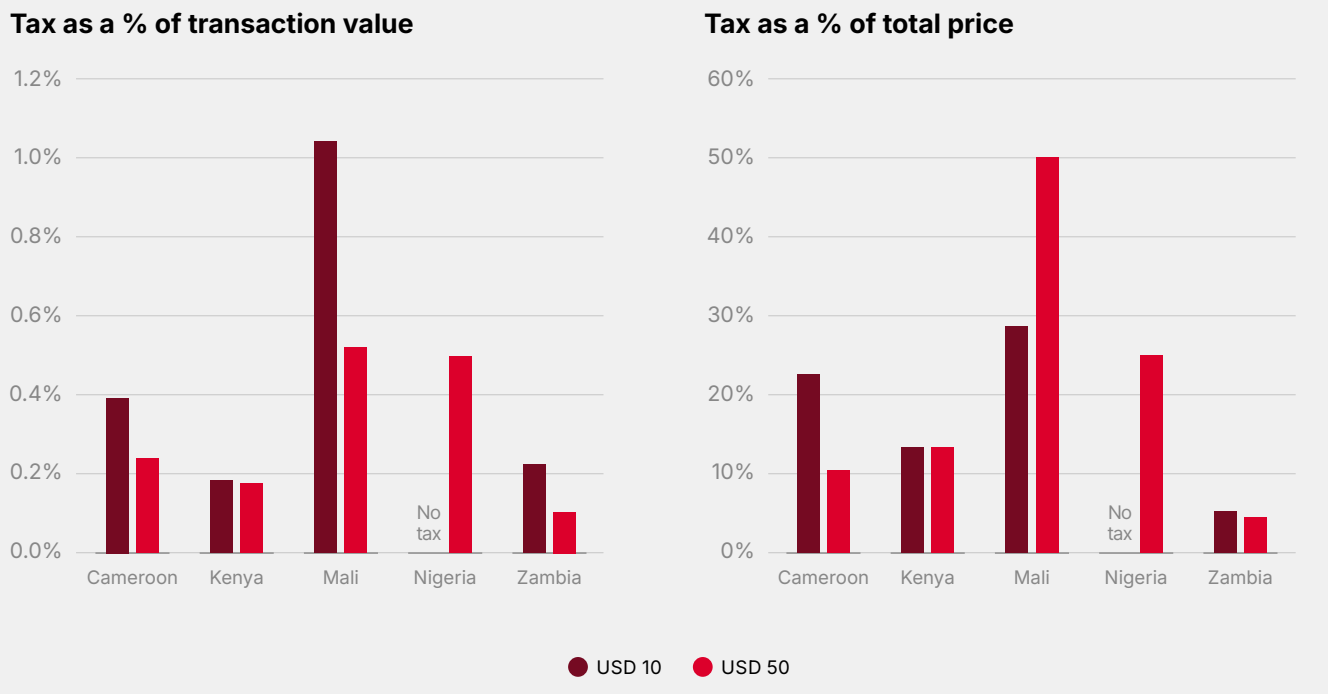
More affordable and widely available than traditional banking, mobile money has significantly boosted financial account ownership in Sub-Saharan Africa (SSA). The affordability of these services is influenced by several public policies, with taxation being one of the most significant, directly affecting costs for both providers and consumers. To support policy evaluation and reform, this report presents research into the level of affordability of mobile money and how it is affected by taxation. The research focuses on the SSA region.

The research adopted a mixed-methods approach, with quantitative and qualitative analysis based on secondary data on mobile money prices and taxation practices. Primary data was also collected from five countries, through interviews with central banks, regulators and mobile money providers (MMPs), as well as through original quantitative data submissions from MMPs.

The research found that levies that exceed 0.2% of transaction values have a significant detrimental effect on affordability and consumer behaviour. Levies applied as a flat and/or tiered rate tend to be more regressive, given the tariff structure, but levies applied on transaction values end up constituting a large proportion of the final price. Thresholds, below which transactions are exempt from levies, work well to protect lower income populations.

Figure 1:

Comparative tax as a % of transaction value and total price for a USD 10 and USD 50 transaction

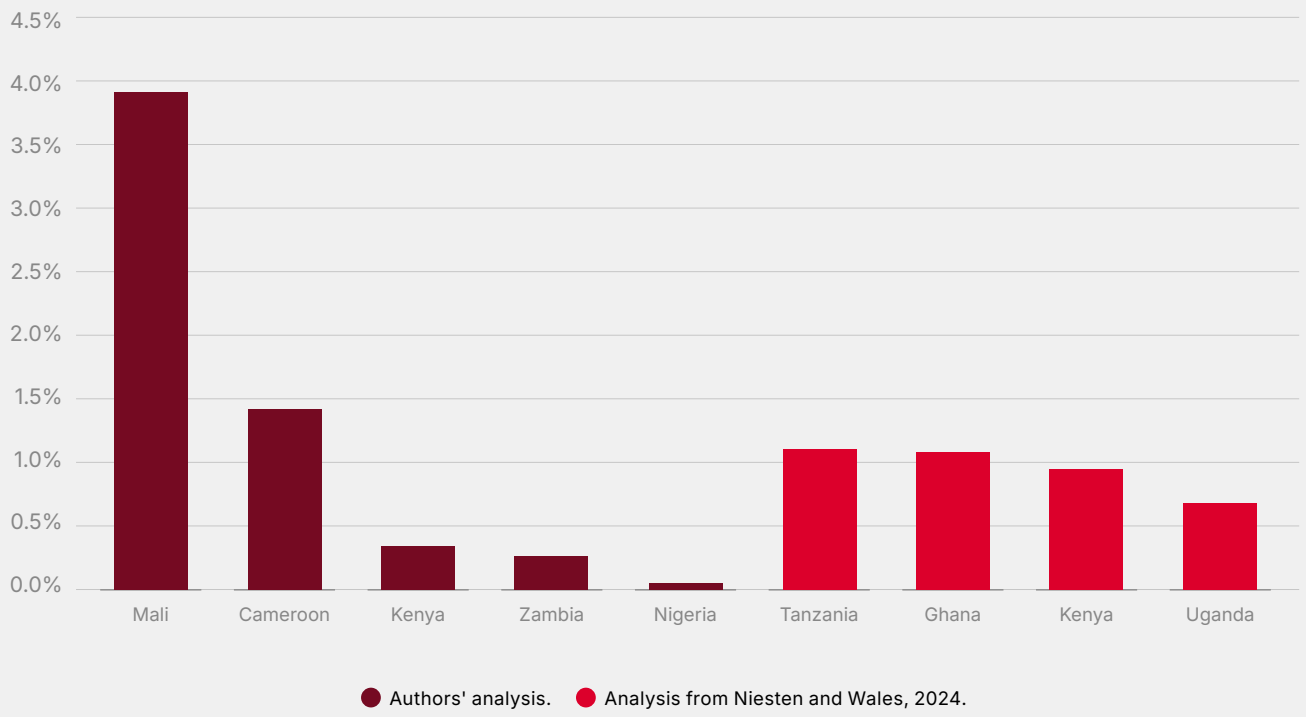


Source: Tariff prices are sourced from MMPs websites and levy amounts from finance laws. See country-specific analysis for details. USD values are in PPP.

Unless high rates are applied, which will have a significant downside for financial inclusion, the revenue raised by mobile money levies is modest.

Figure 2:

Comparative tax revenue collection from mobile money levies, as a % of total tax revenue



Source: Authors' estimates are based on 2025 data from revenue authorities and IMF WEO and central bank transaction data for the countries of study. For other countries, the data points are taken from Niesten and Wales, 2024 and refer to the year 2023.

The impact of mobile money levies is strongly influenced by existing market conditions and policies that affect competition, such as price regulation and interoperability. However, policy coherence is often lacking, leading to conflicting objectives, such as revenue mobilisation versus financial inclusion, and low political support for the levies. Furthermore, the absence of systematic evaluation and public scrutiny means that decisions are frequently made without robust impact assessments, resulting in a trial-and-error policy approach that, while adaptive, can create instability and deter long-term investment.

By reducing affordability, mobile money levies may erode or reverse the financial inclusion and economic growth benefits brought about by mobile money. On the other hand, mobile money taxation may be used to raise revenues for development objectives or earmarked for specific uses, such as funding infrastructure and social development. The report identifies policy recommendations that can help balance affordability and domestic revenue mobilisation (DRM).

Table 1:

Policy recommendations to balance affordability of mobile money and DRM

Reduce rates of mobile money levies	Rates that amount to over 0.2% of mobile money transaction value create significant pressure on prices and behavioural distortions.
Exemption thresholds	Introduce thresholds for lower value transactions to protect lower income consumers. These thresholds can be updated through a mechanism that reflects inflation.
Exemption groups	People with special needs and savings groups could be exempted from levies to incentivise their access and use of financial services.
Level playing field	Ensure equity with other financial products, especially banking, to minimise distortions.
Other policies that affect affordability	Interoperability, price controls and competitive conditions can have a large impact on mobile money levy policies. Careful consideration should be paid to competitive conditions.
Other revenue options	Balance the revenue generated from the levy with the negative impact on financial inclusion and consider alternative options, such as the digitalisation of tax collection.
Simplicity and predictability	Levies should be easy to understand and implement for consumers and businesses. The stability and predictability of the tax environment is important to maintain confidence and investment certainty.
Policy coherence	Mobile money levies should be discussed by all institutions involved in the governance of the sector and avoid general, one-size-fits-all policies.
Learning and evaluation	Ensure impact evaluations of the levies are conducted ex-ante and ex-post and available to public scrutiny.

2
Introduction

2.1 Background and context

The rise of mobile money in Sub-Saharan Africa has been instrumental in increasing financial account ownership across the region, with transformative effects on financial inclusion. Its success has been largely due to the affordability of mobile money services compared to traditional financial services, as well as their capillary distribution networks. To ensure that these benefits continue and reach an even wider population, it is important for policymakers and industry to analyse the impact of policies on prices and affordability.

One of the determinants of the affordability of mobile money is taxation. The widespread use and reach of mobile money services means they have attracted various forms of taxation in recent years, as governments look to fill revenue gaps through indirect taxation. This raises the cost of providing the services for mobile money operators, as well as the final cost to mobile money users, affecting the affordability and the availability of services, with often regressive impacts on underserved groups, including women, youth and displaced persons.

As a result, the benefits of mobile money through financial inclusion and economic growth may be reduced or reversed. On the other hand, mobile money taxation may be used to raise revenues for development objectives or earmarked for specific uses, as in Mali, where the levy contributes to funding infrastructure and social development, underscoring the need to evaluate and balance the positive and negative impacts of such policies.

2.2 Scope and objectives

This report presents evidence on the practices and impacts of mobile money taxation in Sub-Saharan Africa and provides recommendations for fiscal policies that balance the development of the mobile money market, financial inclusion and government revenue mobilisation.

The main objectives of this study are to:

- Review mobile money adoption and business models and analyse the affordability of services in selected countries.
- Provide a foundational view of the socio-economic impacts of mobile money adoption and its taxation that contribute to development pathways and a conceptual framework to evaluate the performance and impact of mobile money levies.
- Survey existing practices around mobile money taxation in Sub-Saharan African countries, to enable comparison of their implications for the efficiency, simplicity and equity of tax collection.
- Analyse the emergence of mobile money levies, and their impact on affordability, in five countries, including the resulting change in consumer behaviour, financial inclusion and public finances. The countries are Cameroon, Kenya, Mali, Nigeria and Zambia. The timeframe for the analysis is determined by data availability and the time of introduction or changes to mobile money levies.
- Provide evidence-based, actionable recommendations for industry and policymakers.

While the study aims to provide a broad overview of the issues across Sub-Saharan Africa, the selection of five countries for deeper research enables more detailed analysis and primary data collection. These countries were selected to provide the widest possible variety of policy designs and market maturity levels, and facilitate comparison across different types and designs of mobile money levies, as well as providing a regional balance.

2.3 Methodology

The evidence for this research was collected through a mix of qualitative and quantitative methods, and primary and secondary data collection. The review of mobile money adoption and use, taxation policy debates and mobile money tax reforms is based on a literature review and desk research on applicable taxes and policies in SSA (such as finance bills) from the point when mobile money levies were introduced in each country.

Secondary quantitative data is used to underpin the affordability and adoption analysis and was collected from public sources including:

- data on financial account ownership by country, gender and income sourced from World Bank Findex 2025;
- data on average transaction values and volumes by country sourced from the IMF Financial Access Survey;
- GDP and income shares for the affordability analysis sourced from the World Bank WDI and World Inequality Database;
- data on tax structure, government revenues and exchange rates sourced from IMF WoRLD database, WEO and UNU-Wider tax database;
- national data on market shares, mobile money transactions by type and data on revenues from mobile money levies sourced from central banks, national revenue authorities, statistical agencies and regulators.

Primary data was collected in the five deep-dive countries through 27 virtual interviews with policymakers, mobile money providers, consumer groups and civil society organisations. A list of the organisations consulted is provided in the Appendix. Moreover, in a number of countries mobile money providers have completed a bespoke quantitative data questionnaire on historical transaction values and volumes – this data is shown at the market level and the source is noted within the main analysis.

Data on prices used in the affordability analysis was collected from mobile money providers' (MMPs) websites for current prices and academic literature, and from primary data collection or other sources for historical price comparison.

2.4 Limitations

This development of the research presented in this report was limited by the available data, time constraints and involvement of stakeholders. Among these was the limited availability of historical tariff and transaction data, and lack of disaggregation within them by type of transaction and consumer type. This meant that an in-depth analysis of differential impacts on different types of transactions and consumer groups was not always possible. We mitigated this through qualitative insights from interviews, although few interviewees provided the necessary granularity.

The quantitative analysis is based on illustrative statistics and analysis of patterns and the historical evolution of the variables of interest. It is not an impact assessment that utilises statistical inference techniques and, as such, does not seek to isolate the quantitative impacts of tax policies, recognising that different phenomena will have influenced the behaviour of the variables at the same time. Nonetheless, the analysis provided can help form a judgement on the impacts of policies on affordability and adoption.

Finally, access to stakeholders for interviews has been limited by the project timelines and their availability. However, we sought to cover a wide range of stakeholder groups to support triangulation of the qualitative evidence.

3
Mobile money and affordability in SSA

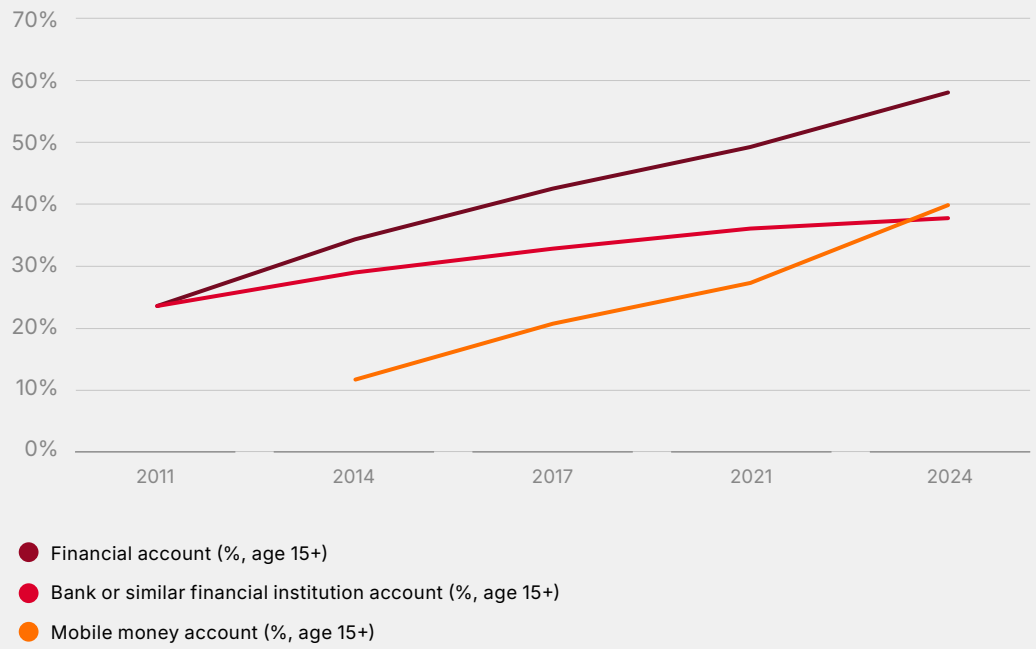
3.1 Mobile money adoption and usage

3.1.1 Mobile money adoption in SSA

Mobile money has enabled financial account ownership to rise dramatically in most countries in SSA, surpassing accounts at traditional banks, and supporting a jump in financial inclusion from 20% of the population in 2011 (when less than 8% of the SSA population had a mobile money account) to almost 60% in 2024.[1]

Figure 3:

Financial account ownership in SSA over time



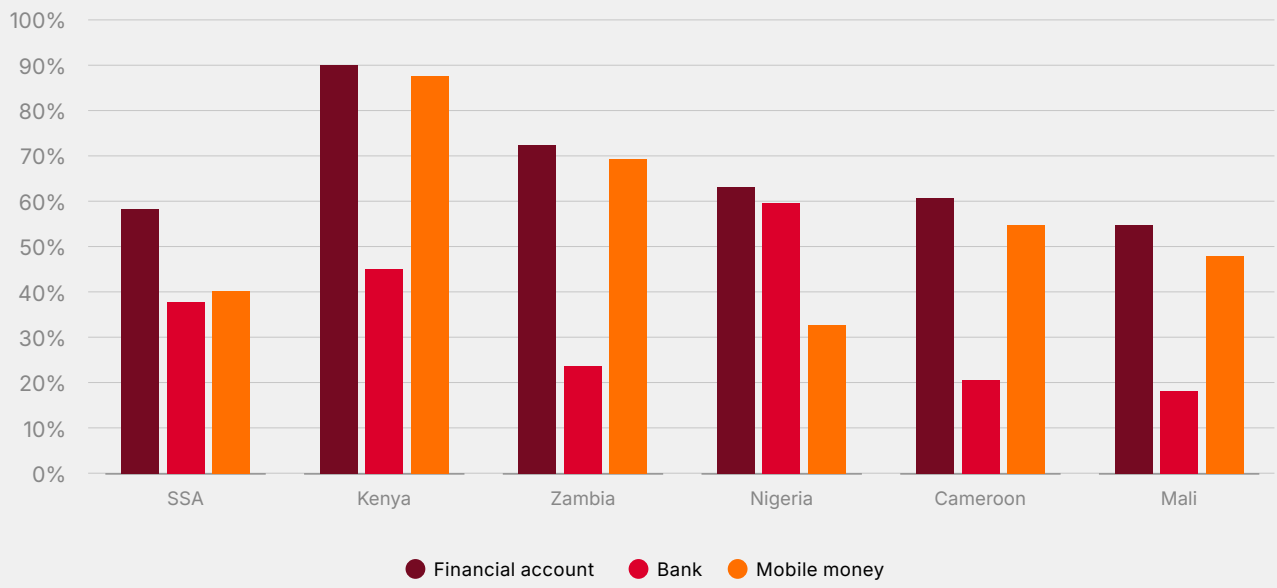
Source: World Bank Findex 2025. Percentage of adult population 15+ that report having an account. The Findex survey only started collecting data on mobile money services from 2014.

1 Klapper et al., The Global Findex Database 2025. Also applies to subsequent figures in this section. The historic data on mobile money accounts is from https://www.gsma.com/mobile-money-metrics/#global and refers to the number of registered mobile money accounts in 2012, divided by the total SSA population from World Development Indicators.

Of the countries in our analysis, Kenya and Zambia are the most advanced mobile money markets, with over 70% population coverage. Mobile money account ownership is only lower than bank account ownership in Nigeria, reflecting the bank-led model of regulation adopted by the country.

Figure 4:

Financial account ownership in selected countries and SSA average in 2024

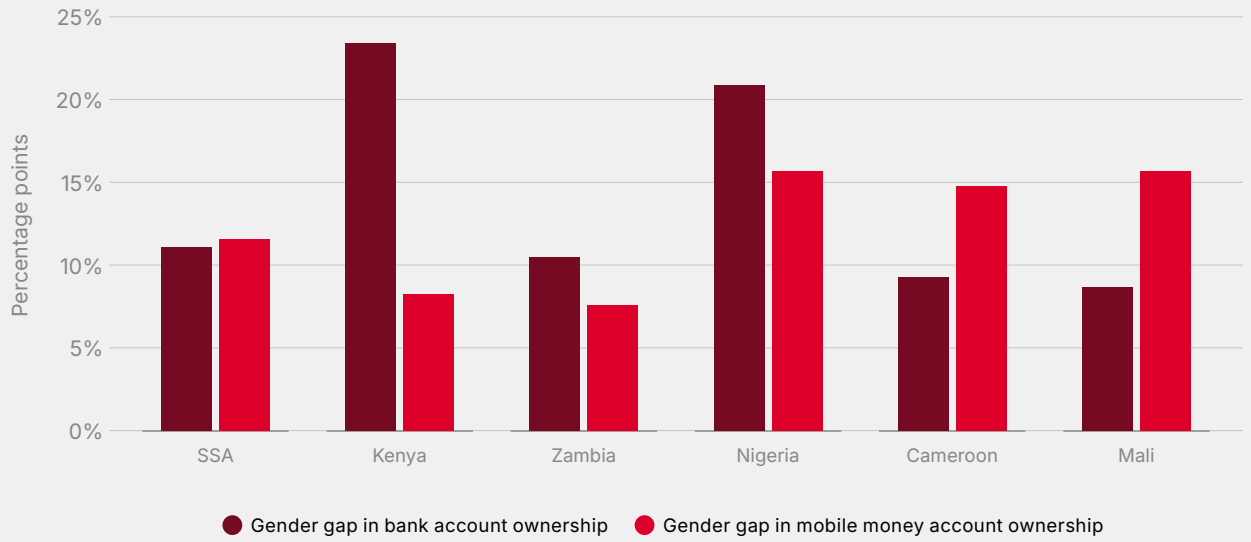


Source: World Bank Findex 2025. Percentage of adult population 15+ that report having an account.

3.1.2 Gender and income gaps in mobile money adoption

A substantial gender gap in financial inclusion remains in all countries, with account ownership among women being between 8 and 16 percentage points lower than among men. The gap in bank account ownership is even higher, at more than 20 percentage points in Kenya and Nigeria. Lower mobile money adoption seems to be correlated with a higher gender gap in mobile money.

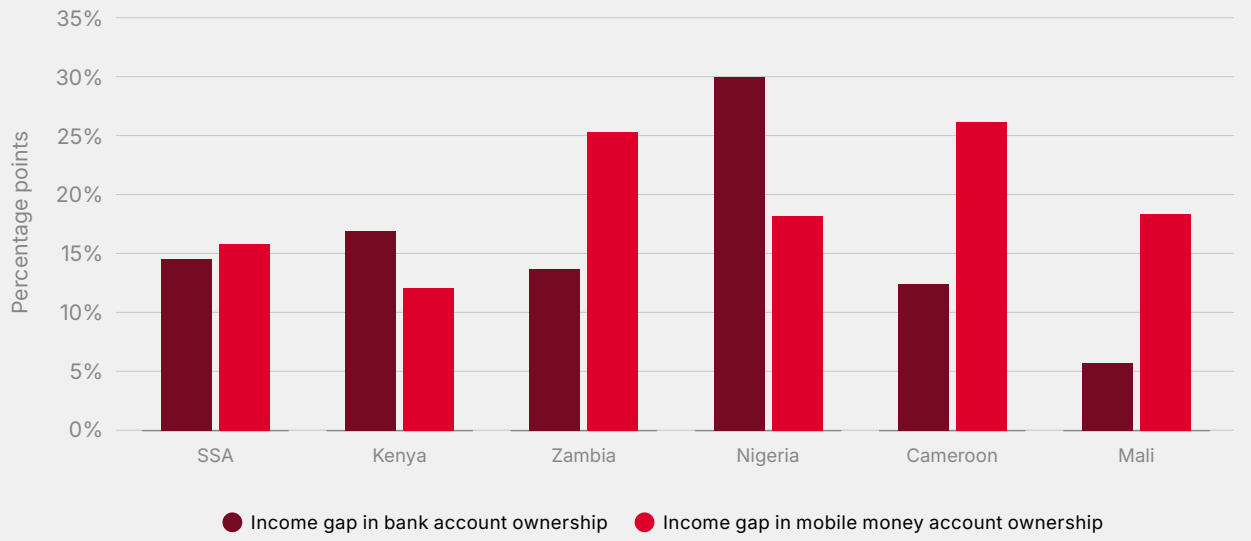
Figure 5:
Gender gap in financial account ownership



Source: World Bank Findex 2025. The bars represent the percentage point difference between account ownership for men and women.

There is an even higher income gap, defined as the difference in account ownership between the richest 60% of the population and the poorest 40%. The difference is around an average of 15 percentage points for both bank and mobile money adoption in SSA, ranging from 12 percentage points in Kenya to 26 percentage points in Cameroon for mobile money, highlighting the persistent challenges around the affordability of financial services.

Figure 6:
Income gap in financial account ownership



Source: World Bank Findex 2025. The bars represent the difference between account ownership for the richest 60% of the population and the poorest 40%, for bank and mobile money account ownership.

3.2 Mobile money's impact on affordability of financial services

3.2.1 Mobile money reduces the cost of financial services

Many studies have highlighted the role of mobile money in reducing transaction costs and improving access to financial services.[2] MMPs publish transaction fees on their websites and provide transaction confirmations by text. While a price comparison with banking for domestic transfers is difficult due to lack of data on the price of domestic bank transfers, there is plenty of evidence that mobile money significantly reduces costs for international remittances.

The World Bank Remittance Prices Worldwide finds that the average total cost of sending a cross-border mobile money remittance is substantially lower than traditional remittance methods, with the benchmark total cost of cross-border mobile money remittances at 3.54%, 2.81 percentage points below the global average for all sending methods, which was 6.35%.[3] In 2024, the cost of sending USD 200 was under 3% for most mobile money services worldwide.[4]

Globally, the GSMA found that the average value transacted on a 30-day active mobile money account is USD 3,269 per year, with an average of 211 transactions made each year per account and an average transaction value of USD 15.5.[5] As we will see in the rest of this report, the cost of mobile money transfers and cash-in and cash-out (CICO) transactions are usually set by MMPs as a percentage of the transaction value. They normally do not exceed 5% of the transaction value, even for the smallest transactions (less than USD 10) and are less than 1% or below for higher value transactions.

Mobile money services tend to be more affordable than traditional financial services, but competitive market conditions are an important determinant of the price. However, while increasing competition, where it is lacking, can improve vendor conduct and service quality,[6] excessively low prices can have particularly negative effects on profitability and the employment of rural agents,[7] a key driver of financial inclusion. In many West African countries, the mobile money market has been disrupted by the entry of non-MNO (mobile network operator) players, offering a 1% tariff price business model, where prices are subsidised by venture capital funding as a strategy to capture market share.[8] The sustainability of this model has been brought into question, as despite short-term gains for consumers, profitability margins for MNO-led MMPs diminish, agents' commission rates fall drastically and employment from the distribution network is lost, leading eventually to worsening access.[9]

2 For example, see Aron, 2018; De, 2015; Klapper et al., 2019.
3 World Bank, 2024. Remittance Prices Worldwide (RPW) report for Q1 2024.
4 Kipkemboi & Singh, 2024.
5 GSMA, SOTIR 2025.
6 Annan, 2025.
7 https://www.cgap.org/blog/can-disruptive-innovation-favor-financial-inclusion-in-cote-divoire
8 GSMA, 2024b.
9 GSMA, 2024b. Noah & Tacneng, 2024.

3.2.2 Mobile money affordability analysis

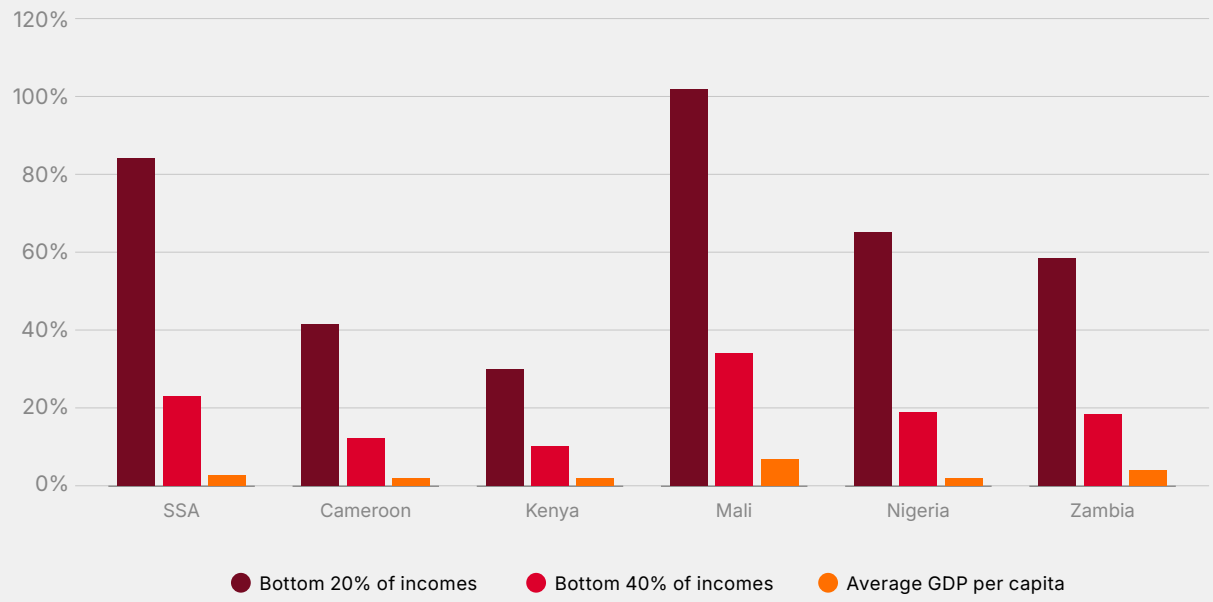
Average costs can mask significant variability in the affordability of services. Therefore, an analysis of the price of mobile money services compared to income is particularly important to understand the impact of pricing decisions and policies on those still excluded from formal financial services and potential further gains in financial inclusion.

The analysis below calculates the average annual expenditure on mobile money fees,[10] based on average values and number of transactions in each country. It then compares this to income levels to calculate affordability for the average income, the poorest 40% and the poorest 20% of the population.

The analysis estimates that annual expenditure on mobile money fees is equivalent to 2.8% of annual GDP per capita (PPP) (used here as a proxy for average income per person) in SSA on average, but it can rise to around 80% for the poorest 20% of the population. In Kenya (a lower-middle-income country), estimated affordability ranges from 1.7% to 30% of annual GDP per capita (PPP), depending on the income group. In Mali (a low-income country), the estimated cost is 6.9% of annual GDP per capita (PPP) for the average person. This approach assumes all income groups complete the same number and value of transactions each year; in practice, transaction behaviour varies by income, so these figures are illustrative and can imply implausibly high burdens for the poorest groups (including amounts exceeding 100% of annual income).

Figure 7:

Affordability of mobile money fees by income group



Source: Data on transaction values and volumes is from IMF Financial Access Survey 2025. Data on average GDP and exchange rates is from World Bank World Development Indicators. Data on income shares is from the World Inequality database[11]. It is assumed that tariff prices are 1.5% of transaction value on average based on prices observed in the markets reviewed for this study. GDP is in PPP USD.

10 Fees include the tariff price charged by the MMP on the value of the mobile money transaction, plus any other fee such as taxes/levies, also as a percentage of the transaction value. We refer to tariff price or fee when discussing the price charged by a MMP.

11 The data from the World Inequality database generally suggests greater levels of inequality than other sources but provides more up to date figures in our study countries.

3.3 Macro-economic impacts of mobile money

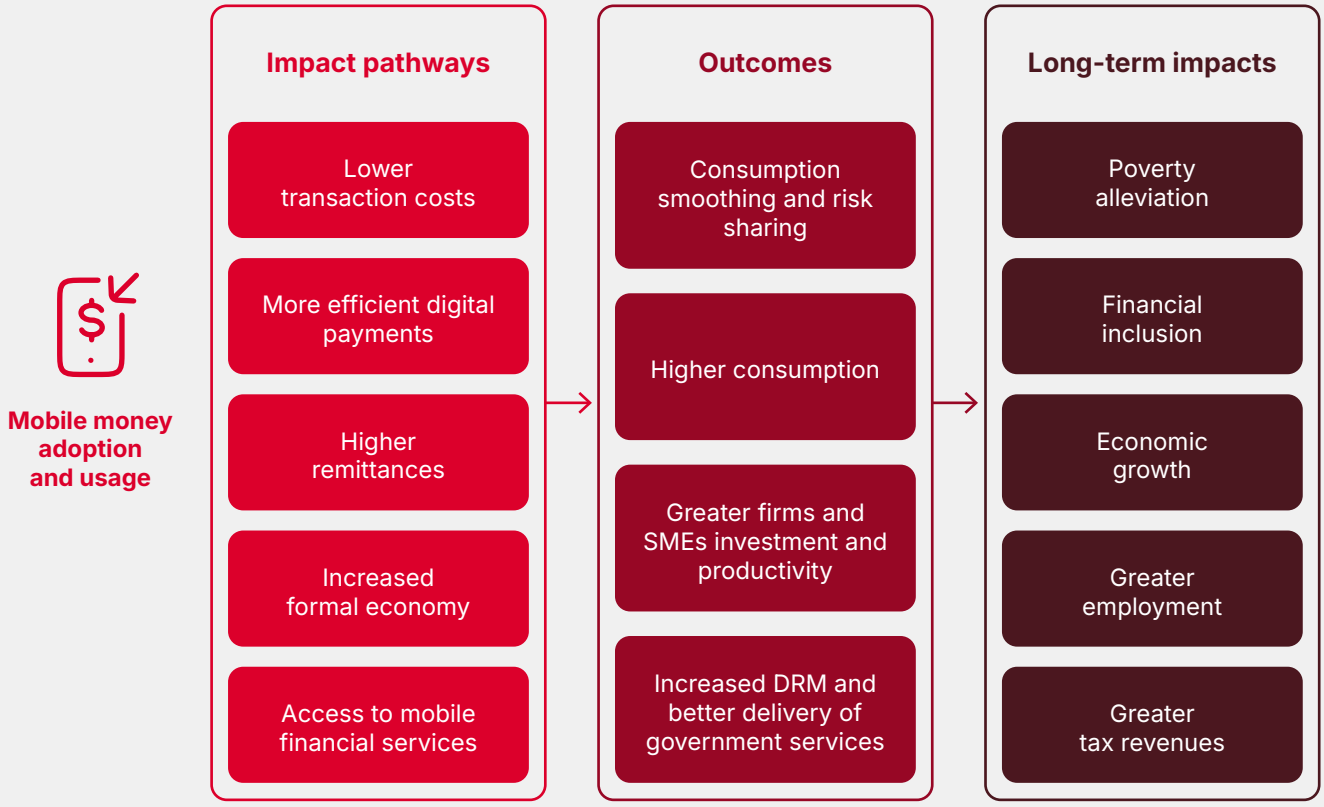
3.3.1 Pathways to economic growth

Access to mobile money brings financial inclusion to many individuals that would otherwise be excluded from the financial system and provides many advantages for people and businesses, reducing transaction costs and improving saving and credit opportunities. In addition, mobile money's prevalence and rapid growth have broader macro-economic impacts on the money supply, monetary and tax policy, economic growth and the broader financial system.

In order to understand how micro-level effects translate into macro-economic impacts, it is helpful to illustrate the channels or pathways through which mobile money improves social and economic outcomes for individuals, households and businesses. Eventually these impacts translate into greater economic growth and increased tax revenues and therefore need to be balanced against direct taxation on the services.

Lower transaction costs and higher remittances enable households to save more and lead to smoother consumption, resulting in better outcomes and poverty alleviation.[12] More efficient payment systems increase the productivity of SMEs and the private sector, boosting investment,[13] while incentives in formalising economic activities improve DRM and government service delivery.[14] Overall, these impacts produce greater economic growth, employment and tax revenue from increased economic activity. A GSMA study found that a 10-percentage point increase in mobile money adoption can increase GDP by 0.4% to 1.0% in a year.[15]

Figure 8:
Impact pathways and theory of change for mobile money



Source: adapted from GSMA Intelligence (2023), Beyond financial inclusion.

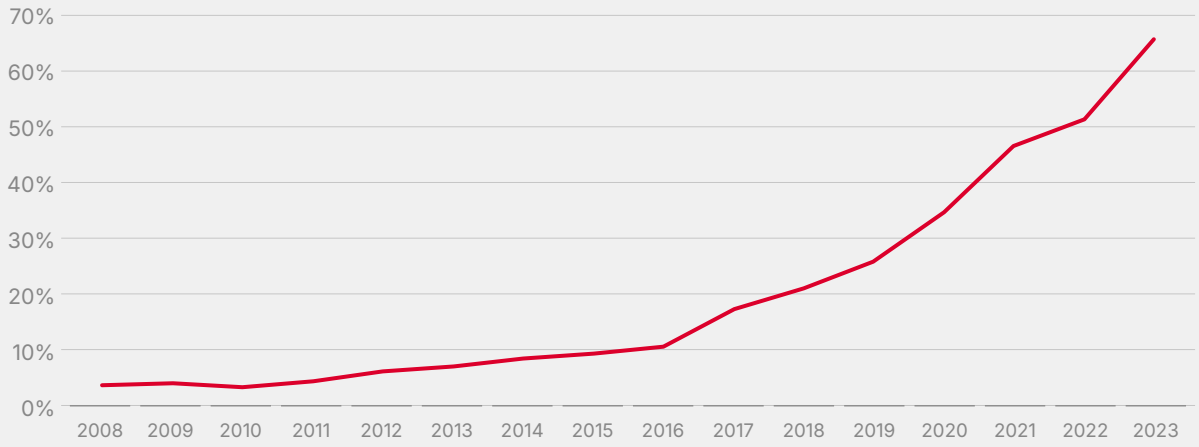
12 Tavneet, 2017; Aron et al., 2019; Aggarwal, 2019.
13 Hamdan, 2019.
14 Apeti et al., 2023.
15 GSMA Intelligence, 2024.

3.3.2 The macro-economic significance of mobile money

To gauge the size of mobile money within the broader economy and payment systems in SSA, we can look at the value of mobile money transactions as a proportion of GDP. Mobile money transactions represented over 60% of the region's GDP in 2023, climbing rapidly from a negligible proportion in 2008.[16] This can translate into significant economic impact: The GSMA estimates that a 10-percentage point increase in mobile money adoption can raise GDP by 0.4–1.0% per year.[17]

Figure 9:

Average value of mobile money transactions in SSA as a % GDP

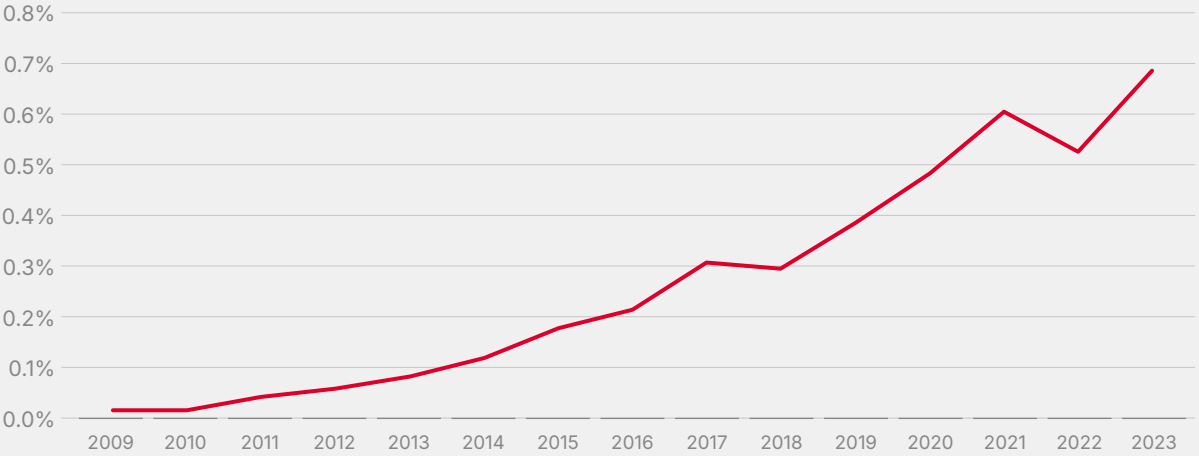


Source: IMF Financial Access Survey 2025.

Mobile money also has important implications for the composition of the money supply.[18] The value of outstanding mobile money balances has reached almost 1% of GDP on average in SSA (in some countries it is much more). This is sizeable – for example, in Zambia the value of outstanding balances is 1% of GDP, while total broad money is close to 30% of GDP.[19] This is an indication that the composition of broad money is changing, potentially driven by the substitution of cash with mobile money, with implications for monetary policy transmission.

Figure 10:

Outstanding balances on active mobile money accounts as a % of GDP



Source: IMF Financial Access Survey 2025.

16 International Monetary Fund. Financial Access Survey (FAS).
17 GSMA Intelligence, 2023.
18 Kipkemboi & Bahia, 2019; Shirono et al., 2023.
19 Data for mobile money outstanding balances if from IMF FAS, while data for broad money is from World Development Indicators. Broad money is defined as the sum of all liquid financial instruments held by money-holding sectors that are widely accepted in an economy as a medium of exchange, plus those that can be converted into a medium of exchange at short notice at, or close to, their full nominal value.

3.3.3 Mobile money ecosystem and business models

As the first non-financial institutions offering basic financial services to customers who would otherwise be excluded or underserved, mobile network operators (MNOs) have historically been the drivers of mobile money adoption in Sub-Saharan Africa. Alongside MNO-led mobile money providers (MMPs), banks have also started to offer financial services to the unbanked via mobile phones, directly or by partnering with MMPs. More recently, many non-MNO-led MMPs, such as OPay in Nigeria to Wave in Senegal and Cote d'Ivoire,[20] have obtained licences and launched successfully. Therefore, depending on the institution that is licensed to provide mobile money, there are four main models of digital financial services:

- **Bank-led model:** A bank can issue e-money as an extension of its traditional services.
- **Narrow bank model:** A non-bank is licensed to provide payments only, such as the Payment Banks of Nigeria / India
- **Electronic money issuing (EMI) institution:** Non-bank entities granted an EMI licence can be independent issuers of e-money.
- **Partnership model:** This model requires an MMP to partner with a bank, an MNO or technical service provider to be able to issue e-money.

Regardless of the institution that is licensed to issue mobile money, the value chain to deliver the service requires multiple players, from the provider of connectivity to agent networks and aggregators, to the safekeeping of customer funds in traditional bank accounts. This ecosystem is described in Table 2 below.

Table 2:
Mobile money ecosystem

Telecom channel provider	This is the institution which provides network access to users. This role is carried out by an MNO, irrespective of business model type
Agent network manager/aggregator	The interface between mobile money customers and the mobile money service provider, this physical agent network is generally outside of banks and ATMs
Payment service provider/national switch	The institution providing the front-end interface, including the phone interface for agents and customers; the back-end processing; and is responsible for clearing and settlement
Mobile-money issuer	This is the institution responsible for issuing mobile money and takes on the corresponding liability . If a mobile money user wants to convert his mobile money to cash, the mobile money issuer is legally bound to provide the required funds
Deposit holder	This role, irrespective of the business model, is carried out by a financial institution, typically a bank, which is responsible for safekeeping the funds deposited by mobile money customers

Source: Adapted from IMF, 2021 and GSMA, 2024b.

20 Definitions follow GSMA, 2024b.

4
Mobile money levies in SSA

4.1 Tax and development in LMICs

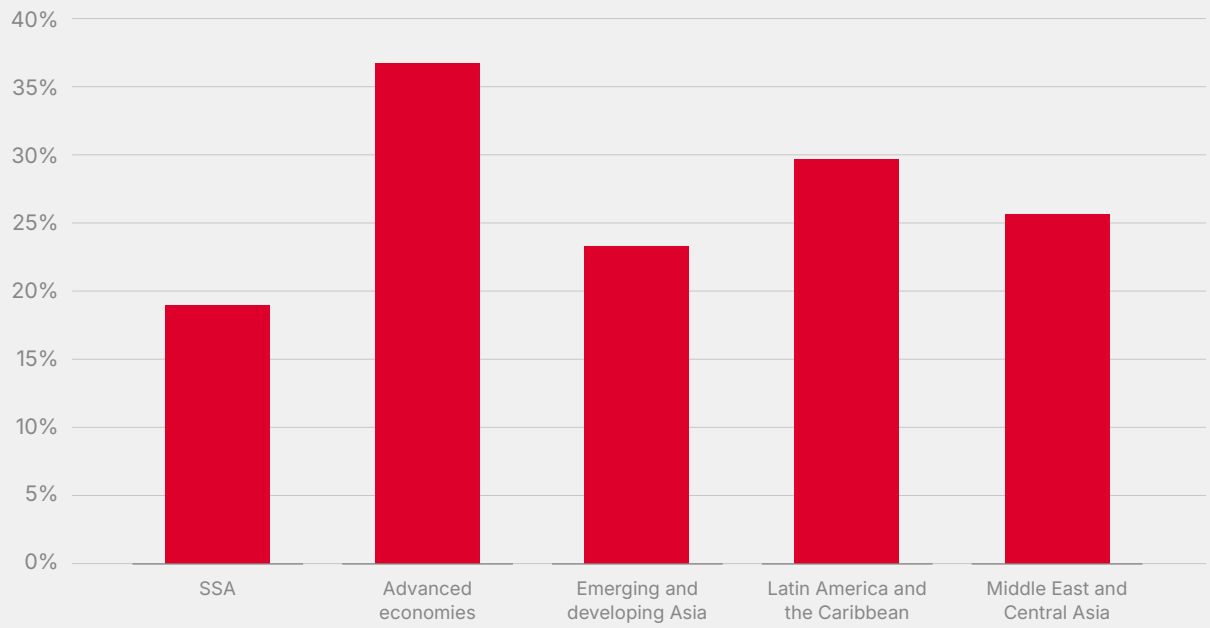
This section contextualises mobile money taxation as one of the policy tools SSA governments use to mobilise domestic resources in order to fund public services. It outlines key themes, debates and statistics on tax and development in low- and middle-income countries (LMICs), where they are relevant to SSA, and subsequently reviews the emergence of mobile money levies in SSA and their potential impact on affordability and other development outcomes.

4.1.1 Domestic revenue mobilisation in LMICs

Taxation and broader DRM (which includes tax and non-tax revenue) are foundational to state capacity and sustainable development, enabling countries to finance health, education, infrastructure and climate-related objectives. Strong tax capacity, efficient public spending, and deep domestic debt markets are interlinked pillars essential for economic resilience and growth.[21] There is evidence that DRM produces a virtuous cycle of economic growth, while countries with tax-to-GDP ratios below 15% tend to grow more slowly.[22]

SSA countries collect very low tax revenues compared to other regions of the world, with the average tax-to-GDP ratio standing at 19% in 2025, compared to over 35% for advanced economies.

Figure 11:
Tax-to-GDP ratios in 2025



Source: IMF World Economic Outlook April 2025. Government revenue as a % of GDP.

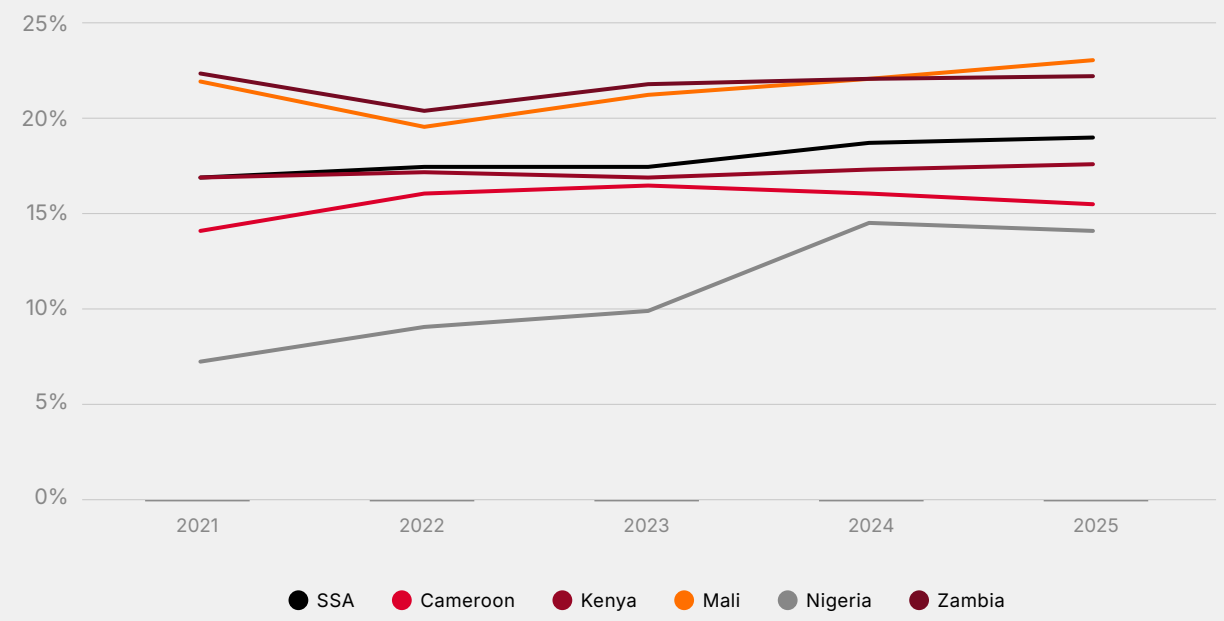
21 IMF & World Bank, 2024; Tanzi & Zee, 2001.
22 Gaspar et al., 2016.

In the context of shrinking development aid, strengthening DRM is ever more crucial and many international organisations are advocating for a "tax era of development".[23] For example, since its establishment in 2015, the Addis Tax Initiative (ATI) has driven political momentum for DRM, advancing the implementation of the Addis Ababa Action Agenda through enhanced tax systems. More recently, during the UN Financing for Development Conference in June 2025, the Seville Declaration on Domestic Revenue Mobilisation has called for renewed efforts to drive DRM and tax reform in developing countries.[24] The IMF estimates the additional revenue potential in LMICs is 9% of GDP on average.[25]

In recent years, many SSA countries have progressed significantly in raising additional tax revenue, with the average going from 16.9% of GDP in 2021 to the current 19%. For the countries in our analysis, Nigeria collects the lowest revenue, at 14% of GDP, but has dramatically increased it from 7% in 2021 through the current administration's reforms. Zambia and Mali collect more than the SSA average, at 22% and 23% of GDP respectively.

Figure 12:

Tax-to-GDP ratios over time for selected countries



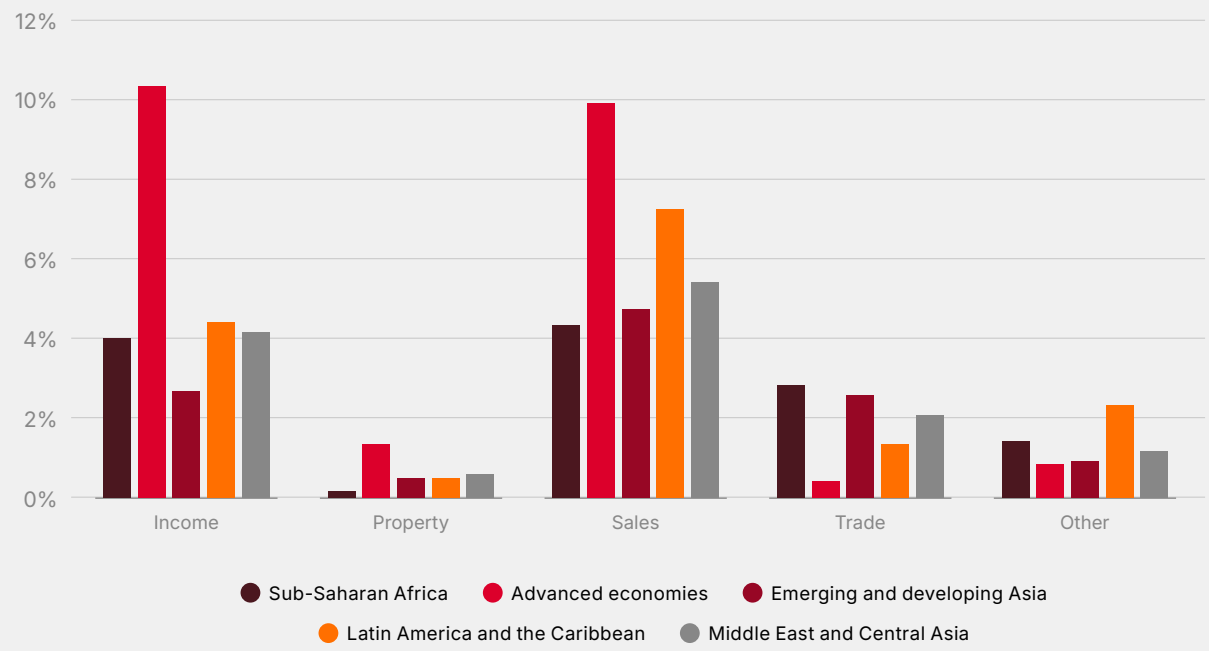
Source: IMF World Economic Outlook April 2025. Government revenue as a % of GDP.

23 Morra & Readhead, 2025.
24 The Addis Tax Initiative (ATI). (2025). Seville Declaration on Domestic Revenue Mobilisation, June 2025. Other initiatives include the Platform for Collaboration on Tax, a joint effort launched in April 2016 by the IMF, OECD, UN and World Bank.
25 Benitez et al., 2023.

4.1.2 Key issues in DRM for LMICs

The composition of tax revenues in LMICs indicates the specific issues facing SSA countries in increasing their revenue collection. Compared to advanced economies, the tax contribution of income and sales taxes is significantly lower in SSA countries, while all LMICs rely much more on trade taxes, such as customs duty.

Figure 13:
Composition of tax revenue by type of tax as a % of GDP



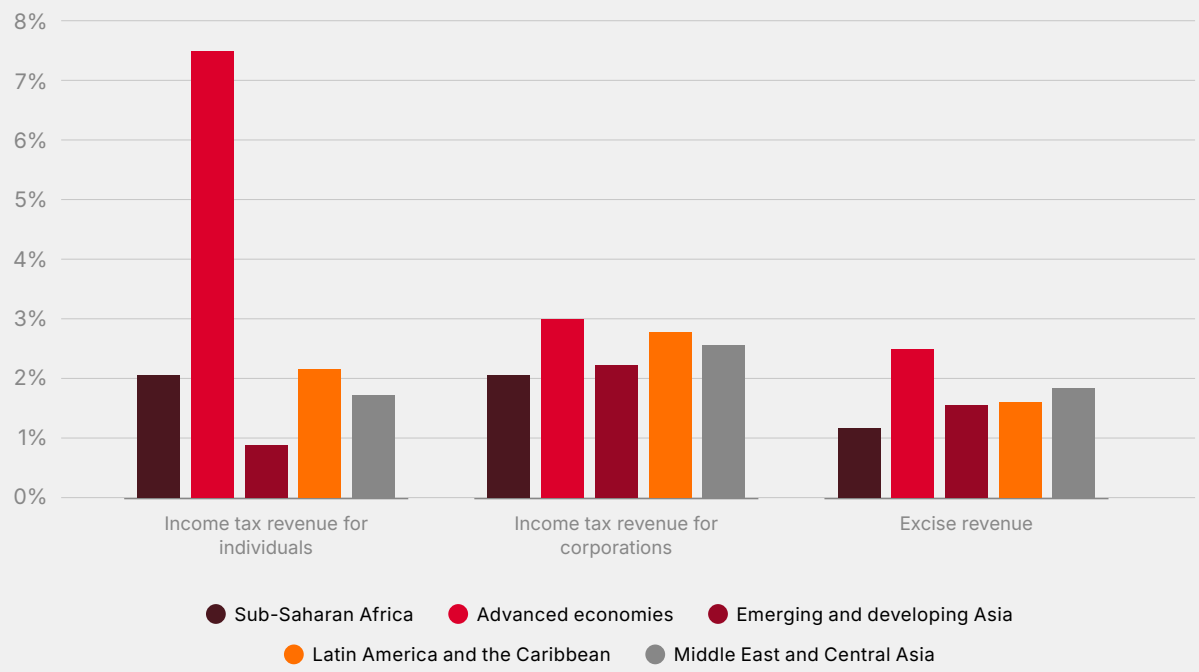
Source: IMF WoRLD database 2025. Government revenue by type of tax as a % of GDP.

Personal income tax (PIT) revenue is notably lower in developing countries than advanced economies, weakening PIT's redistributive impact. This represents an opportunity to increase revenue while improving progressivity. It is often argued that a solution is to reduce the size of the informal economy, which is considerable in SSA countries and results in loss of tax income.[26] For example, the ILO estimates that 83.8% of the population in Zambia and 95.4% in Mali were in informal employment in 2024.[27] However, traditional approaches to 'formalisation' often fail to achieve their objectives and there is a need for a more nuanced approach to addressing informal economy dynamics.[28]

26 Joshi et al., 2014; Besley & Persson, 2014.
27 https://ilostat.ilo.org/topics/informality/ .
28 Unpacking Formalisation: The need for a new research agenda on taxation and the informal economy – ICTD

Figure 14:

Composition of income tax revenue as a % of GDP



Source: IMF WoRLD database 2025. Income taxes and excise revenue as a % of GDP.

Corporate income tax revenue is also low in SSA, standing at 2% of GDP on average, and many organisations have argued that there is significant room to increase it, in particular, through establishing a global minimum tax rate and including in DRM those digital companies that serve customers, but do not have physical presence in the country.[29] The limited effectiveness of the substantive rules produced by the UN Global Forum and the OECD Inclusive Framework in addressing the needs of developing countries can be traced to procedural issues that prevent developing countries from participating fully in the agenda-setting and decision-making processes.[30]

Indirect taxes, notably value-added taxes (VAT) and excise taxes, are important sources of revenue for LMICs. Excise taxes on alcohol, tobacco, unhealthy foods and carbon represent growing revenue sources with added public health and environmental benefits—their concentrated production and import channels make administration easier in developing countries.[31] However, excises and sales taxes can have regressive impacts, as they make up a growing share of the expenditure on basic needs for poorer households.[32]

Tax evasion, money laundering and illicit financial flows (IFFs) contribute significantly to reduced revenues for LMICs: IFFs can account for up to 3.7% of Africa's annual GDP by some estimates.[33] Strengthening beneficial ownership transparency and the exchange of information across jurisdictions are critical enforcement measures to address these flows effectively as part of comprehensive tax administration reforms.[34]

Finally, the digitalisation of tax administration and revenue collection, as well as public services in general, has shown great potential in supporting revenue increases, compliance risk management and reducing leakages.[35] Digital tools, such as e-filing and using third-party data to pre-fill tax returns, are associated with higher tax revenue collection and reductions in VAT compliance gaps.[36] Digitalisation reduces corruption risks and boosts efficiency in tax administration.

29 OECD, 2014; Ndajiwo, 2020; Rukundo, 2020; ATAF, 2019.
30 UNGA, 2023.
31 https://www.who.int/health-topics/health-taxes#tab=tab_1
32 Thomas, 2024.
33 African Union (AU) Commission, 2019; UNCTAD (2020).
34 ATAF, 2019; OECD, 2023.
35 Apeti et al., 2023; Lund et al. 2017; Wandaogo et al., 2022.
36 https://www.afdb.org/en/news-and-events/speed-deployment-digital-tax-systems-experts-urge-during-kenya-vat-seminar-84997 .

4.2 Application of mobile money levies in SSA

The previous section illustrated the difficulties SSA countries face in raising domestic revenues, explaining the basic motivation of policymakers to resort to taxation of mobile money services. This section reviews how these levies are applied in practice across the region – table 3 compiles all of the findings for the countries that apply any type of taxation on mobile money.[37]

There is a wide variation in the design and application of mobile money levies in SSA countries. The tax base varies, i.e. some taxes are levied on the transaction fee (or tariff price), others on transaction value, as well as some direct taxes on operators, such as on revenues or profits. There is also variation on the type of payments included, with some countries targeting withdrawals only (Uganda and Mali), others targeting both transfers and withdrawals (Zimbabwe, Cameroon and Ghana). Rates range from 0.1% to 5% of transaction values, from 1% to 15% on fees or turnover and with several flat or capped rates.

Most levies were introduced since 2019 and some have been reduced, suspended or repealed. For example, Uganda reduced a proposed levy on the value of all mobile money transactions from 1% to 0.5% on withdrawals only, while Tanzania has scrapped a levy on transfers entirely.[38] These levies are in addition to standard taxes, such as VAT, and on top of specific levies on mobile services, such as on handsets and airtime.[39]

37 A note on terminology: we refer to “levy” or “levies” when discussing taxation applied on mobile money services, given this is the most common use in Sub-Saharan Africa, likely because the term levy denotes a more temporary measure compared to a tax. However, the term “tax” might be used interchangeably. These taxes are also often called “e-levies”.

38 Lees & Akol, 2021 for Uganda. For Ghana: https://www.ids.ac.uk/opinions/ghanas-e-levy-3-lessons-from-the-abolished-mobile-money-tax/. For data sources on taxation of digital financial services in Africa: https://digitalfinancialservices.tax/dfs-map/ .

39 GSMA (2023a), https://www.ictd.ac/blog/mobile-money-taxation-east-africa-harmonisation/ .

Table 3:

Summary of mobile money levies in Africa as of Q3 2025

Region	Country	Applicable taxes	Tax base & rate	Services	Applies to adjacent industries	Year introduced	Sources
Southern Africa	Zambia	Flat rate on P2P transactions of ZMW 0.08 - 1.80, depending on transaction values	Transaction value Tiered flat rate	Transfers	Betting, gaming	2024 Increased in 2025	Government of Zambia, Mobile Money Transaction Levy Act, 2024; Government of Zambia, Income Tax (Amendment) Act, 2024
	Zimbabwe	2% on transaction values in local currency; 1% on transaction values in USD; Transactions below USD 5 exempt	Transaction value 2%	Transfers & withdrawals	Banking	2014	Zimbabwe Finance Acts 2014, 2019, 2020, 2021, 2024 on Intermediated Money Transfer Tax (IMMT)
WAEMU	Benin	5% on transaction fee, minimum amounts payable based on value of transactions	Transaction fee 5%	Transfers & withdrawals	Digital & telecom services	2022	Benin Finance Law 2022
	Cote d'Ivoire	7.2% on revenues	Turnover 7.2%	All	Mobile	2019	Côte d'Ivoire Finance Act 2019
	Mali	10% on top-ups; 1% on withdrawals	Transaction value 1%	Withdrawals	Mobile	2024	Republique du Mali, Journal Officiel, 21 Fevrier 2025
	Burkina Faso	7% on revenues	Turnover 7%	All	Mobile	2020	Burkina Faso, Loi de finances 2020. Art 28
	Togo	Replaced VAT of 18% with mobile money transfers tax of 10%	Transaction value 10%	All	Banking	2025	Togo Loi de Finances 2024
Other West Africa	Ghana	Proposed at 1.75% of transaction value, then reduced to 1.5% and further. Exemption below GHS 100	Transaction value 1.5%	Transfers & withdrawals	No	2022. Reduced in 2023, 2024. Removed in 2025	Government of Ghana, 2022, 2023, 2024, 2025 Budget Statements
	Liberia	All mobile money providers to apply a fee of 2% on withdrawals	Transaction value 2%	Withdrawals	No	2025	Central Bank of Liberia, Directive 01/2025 on Mobile Money Cash Out Pricing Policy
	Nigeria	Flat rate NGN 50 on transaction value of NGN 10,000 or more	Transaction value Flat rate	All	Banking	2022	Federal Government of Nigeria, Electronic Money Transfer regulations, 2022

Region	Country	Applicable taxes	Tax base & rate	Services	Applies to adjacent industries	Year introduced	Sources
East Africa	Kenya	Introduced at 12% of transaction fees, then 20%, then 15%	Transaction fee 15%	Transfers & withdrawals	Mobile, banking	2013	Government of Kenya, Finance Acts 2013, 2018, 2023
	Malawi	1% withholding tax on all mobile money transactions, only proposed never introduced	Transaction value 1%	All	No	2019 proposed	GSMA (Clifford, 2020)
	Tanzania	Transfers and withdrawals transactions with a rate of TZS 10-10000, exemption for transactions below TZS 1000. Later decreased and removed on transfers.	Transaction value Tiered flat rate	Withdrawals	Banking	2021. Reduced in 2021 and 2022. Removed on transfers in 2023	The United Republic of Tanzania: Finance Act, 2021. Section 33; The National Payment Systems Regulations (Amendment), 2021 and 2022; The National Payment Systems Regulations, 2022. Niesten, H. and Wales, C. (2024)
	Uganda	15% on transaction fees; 0.5% on transaction values	Transaction fees 15% Transaction value 0.5%	Withdrawals values & all fees		2014 and 2018	Government of Uganda, Excise Duty Acts 2014 and 2018
	Somalia	5% tax on mobile money transactions and other electronic payments	Transaction value 5%	All	Digital transactions		GSMA (SOTIR, 2025)
CEMAC	Cameroon	0.2% on transaction values	Transaction value 0.2%	Transfers & withdrawals	Betting, gaming, banking	2022. Increased in 2025	Cameroon Finance Law 2022 and 2025
	Congo B	1% on electronic transaction values	Transaction value 1%	All	Banking and MFIs	2019	Republique du Congo, Loi N°40-2018 Du 28 Décembre 2018 Portant Loi de Finances 2019. Article 42e. VI. 1
	Chad	0.1% on transaction values	Transaction values 0.1%	Transfers & withdrawals	No	2022. Decreased in 2024	Republique du Tchad, Loi de Finances 2022, 2024
	CAR	1% on transaction fees	Transaction fees 1%	Transfers & withdrawals	Gambling	2024	IMF, CAR Country Report No. 24/198, Second Review under the Extended Credit Facility, June 2024

4.3 Impacts and performance of mobile money levies

4.3.1 Objectives and impacts of mobile money levies

There has been significant research and debate on the rationale and impacts of levies on mobile money services.[40] While the main motivation to impose them is often to raise domestic revenue, there may be other indirect objectives, such as incentivising formalisation. However, the rationale for imposing specific taxes on mobile money, as opposed to other services, is often unclear. The impact of these levies on affordability results in changes to consumers' and businesses' behaviour and ultimately affects financial inclusion and other positive pathways from mobile money adoption, such as those outlined in **Figure 8**.

This section briefly reviews the evidence around these effects, with a view to support the analysis and design of tax policies.

Mobile money levies increase prices for end-users and reduce affordability. Levies are passed through to the final price paid by mobile money users in the form of a higher fee per transaction. This can result in large increases in prices. For example, in Tanzania fees increased threefold for some transaction bands, while in Ghana a levy of 1.50% of transaction value translated to a 125% increase in fees for most transactions, despite MMPs reducing their margin.[41] The extent of the fee increase depends on how much MMPs decide to adjust their pricing as a result of the tax, referred to as the pass-through rate,[42] which in turn depends on competitive conditions and regulations that affect competition, such as interoperability.[43] Some governments have explicitly pre-empted the pass-through of mobile money taxes to consumers, e.g. in Benin, but this has resulted in lower investment in agent networks and reduced access.[44] In some markets, competitive conditions and business models can result in mobile money agents absorbing more of the tax burden. For example, in Cameroon mobile money agents experienced a significant decline in profitability after the introduction of the levy and this was especially the case for agents dealing in larger amounts of mobile money, and at higher transaction values.[45]

Higher prices can have a negative impact on financial inclusion and usage, as consumers and firms modify their behaviour. There is extensive evidence that mobile money taxes result in lower values and volumes being transacted, although some argue that the impact is transitory while others point to the fact that services continue to grow, but on a permanently lower path.[46] Uganda's mobile money tax led to a sharp decline in usage and a shift toward banks and cash.[47] A recent IMF report estimates that, across SSA, introduction of a tax on mobile money reduces the probability that individuals report using mobile money in the previous year by eight percentage points. The same report found that the average monthly value of taxed transactions declined by 40% in Cameroon and 47% in Central African Republic, and the number of transactions declined by 33% and 51%, respectively, after the introduction of mobile money taxes.[48] The impacts might also be indirect. For example, a consumer may anticipate the higher fees of a levy on cash-out and therefore reduce outstanding balances, number and volume of transactions and cash-ins. Moreover, taxes on fees and turnover that result in lower profits[49] may reduce the incentives of firms to invest, lowering the quality of service and leading to an eventual reduction in access points.

Mobile money revenues can positively contribute to DRM. The tax revenue impact is an important motivation for governments to raise mobile money taxes despite their negative impacts on financial inclusion. Evidence of the actual amounts collected is scarce, but Hearson et al. (2024) suggest that the revenue raised from taxing mobile money is modest, but not insignificant and typically amounts to around 1% of tax revenues.[50] The IMF and others have noted that often the targets are overestimated and the tax collected from mobile money levies underperform due to design challenges and demand response.[51]

40 To cite just a couple: Hearson et al., 2024; UNCDF, 2018.
41 Fichers & Penteriani, 2023; Penteriani, 2023.
42 Weyl & Fabinger, 2013.
43 Brunnermeier et al., 2023.
44 GSMA, 2025.
45 Noah & Tacneng, 2024.
46 Barczay et al., 2025; Hearson et al.,2024; Fichers &Penteriani, 2023; Penteriani, 2023.
47 UNCDF, 2021.
48 Barczay et al., 2025.
49 Niesten, 2024.
50 Hearson et al., 2024.
51 IMF, 2022b; Hearson et al., 2024.

Governments may look to mobile money levies to increase tax compliance and reduce tax administration costs. Mobile money taxes are sometimes introduced to bring informal activity into the tax net, but in doing so their incidence is likely to fall more heavily on the poorest.[52] Other policies can accomplish increased tax compliance without this adverse impact, e.g. digitalisation of government services as outlined above. On the other hand, taxes on mobile money may be easier to administer and collect compared to other types of taxation, given mobile money's capillary presence and traceability.

The distributional impacts of mobile money levies can be regressive, given mobile money's usage demographics. The extent of this impact depends on the design of the tax. Analysis of the impact of mobile money levies shows a greater incidence on lower value transactions, which are typically made by lower income consumers.[53] This is exacerbated by the structure of mobile money fees, which normally higher for lower value transactions, and the design of the levies – with taxes on fees being more regressive given this tariff structure. Therefore, taxing mobile money can be fiscally inequitable and hinder the current low level of financial inclusion, especially as the poor and unbanked segments of the population often live in rural areas and face high transaction costs from the formal banking sector.[54] Tools to limit the impact of taxes on the poorest can be built in, such as in Ghana, which had a daily exemption for low value transactions, or Nigeria where there is an absolute threshold for all transactions. It is important to note that even levies on transaction values can be regressive, through their impact on agents' commissions – as a tax imposed as a fixed percentage of the transaction value will lead to a bigger increase in the cost of higher-value transactions, on which operator fees typically represent a lower share of the value transacted.[55]

Uneven application of taxes to other financial services and means of payment can distort market dynamics. Mobile money is more convenient and accessible than banking especially for the unbanked and rural populations,[56] but has been found to be mostly complementary to traditional banking services in terms of financial intermediation and monetary policy transmission.[57] However when levies are not applied in the same manner to adjacent sectors, such as banking, it may distort competitive dynamics and result in an unequal treatment of different means of payments.[58]

The tax policy process, including consultation with stakeholders and the public and the simplicity of application, are important determinants of the performance of mobile money levies. Taxes are a key tenet of the social contract. How taxes are introduced, simplicity and transparency of application and the degree of consultation, all determine the extent of tax compliance. All of these factors have been shown to be relevant to the political economy of mobile money levies and their design,[59] as well as their dependence on the political cycle.[60] For example, taxes on fees, while being more regressive as shown above, face less opposition from the public, compared to taxes on transactions because the former is perceived to be absorbed by MMPs. Transparency and evaluation of the benefits of the taxes and how they are spent is also important. Some countries use earmarking, where revenue earned from a mobile money tax is tied to a specific expenditure. This can be used by tax authorities to engage popular support for a policy and to encourage compliance.[61]

52 Anyidoho et al., 2023.
53 Fichers & Penteriani, 2023; Penteriani, 2023.
54 IMF, 2019; IMF, 2022b; Barczay et al., 2025.
55 Noah & Tacneng, 2024.
56 World Bank, 2016.
57 Huang et al., 2024.
58 IMF, 2022b.
59 Clifford, 2020.
60 Prichard, 2015.
61 Prichard, 2019.

4.3.2 Evaluating mobile money levies

Based on best practice principles of taxation and the evidence of the impacts of mobile money taxes outlined above, this section proposes a framework to evaluate the design and the performance of different types of levies on mobile money. This framework is used in the country deep dives to evaluate the specific levies in each case and facilitate comparison.

Table 4:

Framework for evaluating the performance of mobile money levies

Tax principle	Evaluation criteria	Application to mobile money levies
 **Efficiency**	Economic efficiency	Balance revenue mobilisation versus financial inclusion and mobile money's socio-economic contribution
	Administrative efficiency	The levy is easy to administer and collect and compliance costs are minimised for government and businesses
 **Equity**	Horizontal equity	The levy is applied equally across industries providing similar services (e.g. banking)
	Vertical equity	The levy is not regressive and there is no differential impact across consumer groups or transaction types, e.g. greater impact on lower value transactions
 **Certainty**	Simplicity and clarity	The levy and its application are easy to understand for MMPs and users
	Transparency and consultation	The tax process is clear, and impact assessments and consultations (with regulators, MMPs, civil society) are carried out before introduction

Source: adapted from Niesten (2024) and OECD (2014).

5
Country deep dives

5.1 Zambia

Table 5:
Country data snapshot in 2024

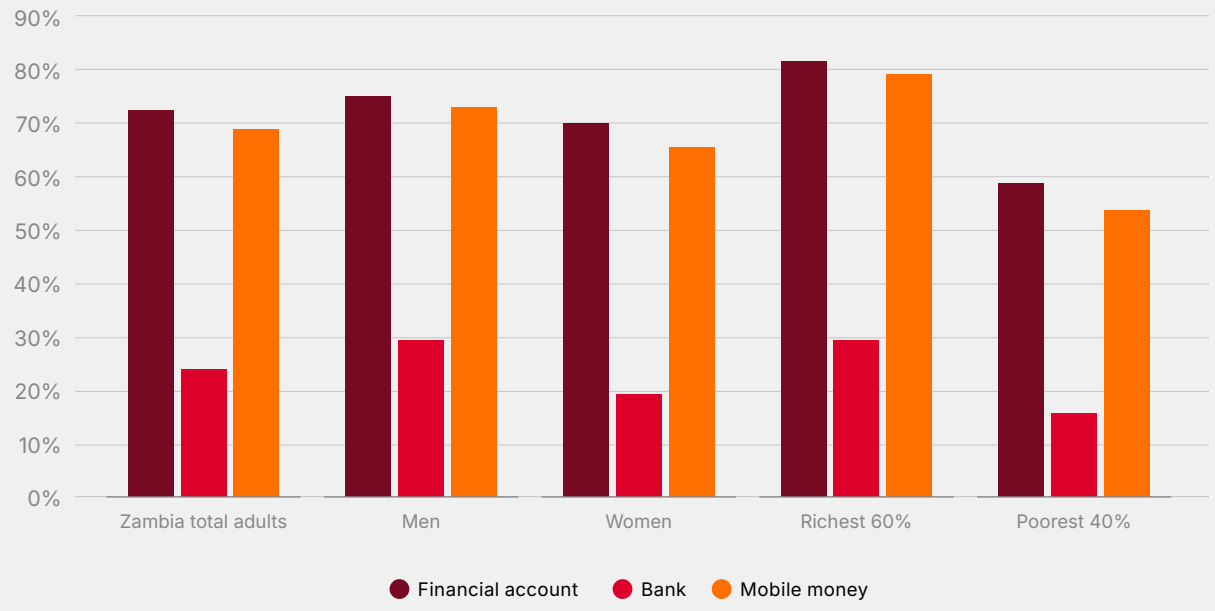
Population	**21.3 million**	Companies offering mobile money	**MTN MoMo, Airtel Money, Zamtel Kwacha**
Government revenue as % of GDP	**22.2%**	Financial account ownership as a % of adult population	**73%**
GDP per capita in PPP	**USD 4,108**	Mobile money accounts	**8.7 million**
Agriculture as % of GDP	**1.8%**	Mobile money transaction values	**ZMW 486 billion (circa USD 19 billion)**
Trade as % of GDP	**78.2%**	Taxes applied on mobile money	**Transaction value of P2P transfers / Tiered flat rate**

Sources: World Development Indicators, IMF WoRLD and WEO, Findex, Bank of Zambia. Historical USD exchange rates are from WDI.

5.1.1 Mobile money ecosystem and usage

Since the Bank of Zambia issued the first mobile money licence in 2011, access to financial services has grown considerably, mainly driven by mobile money. A 2024 Findex survey found that over eight million people had a mobile money account, equivalent to 70% of the adult population and much higher than formal bank accounts (just over 20%). However, uneven access remains across gender and income groups.[62]

Figure 15:
Financial account ownership in Zambia in 2024



Source: World Bank Findex 2025. Percentage of adult population 15+ that report having an account.

62 World Bank Findex 2025 and Bank of Zambia.

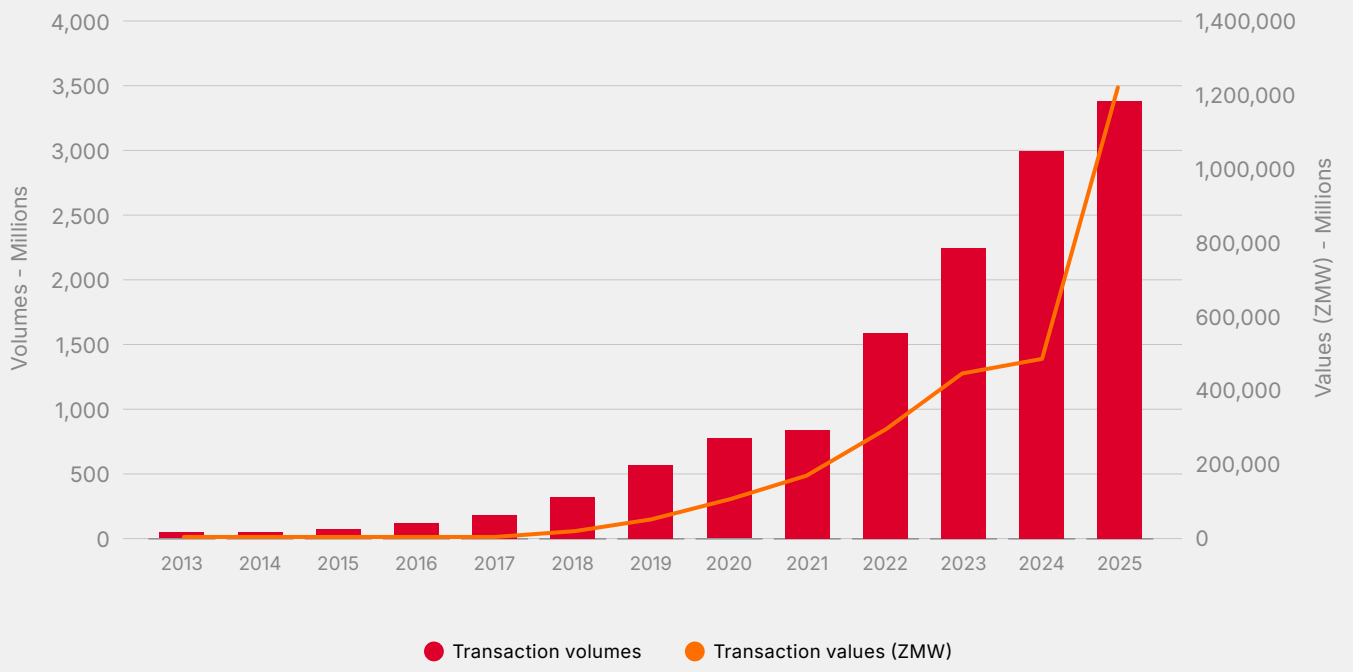
The mobile money market in Zambia is MNO-led and has three key players, established as separate entities by their MNO parent companies: Airtel Money, MTN Momo and Zamtel Kwacha. Data on market shares for mobile money is not available, but likely reflects that in the mobile business, as reported by ZICTA in 2024: Airtel 47.9%; MTN 31.6%; Zamtel 20.5%.[63] A fourth MNO, Zedmobile, launched in 2024 and now has a licence for mobile money.[64]

Building on payments, the mobile money market has grown into a vibrant ecosystem, with a wide network of agents, aggregators and fintech companies, and moved from pure money transfer to access to credit through mobile money history. A few banks have their own mobile money wallets, although the MNO-led companies are dominant. Basic infrastructure, such as network connectivity and access to smartphones, remain a challenge to further mobile money development.

In the past five years, mobile money transaction values and volumes have increased roughly fivefold, reaching 180 million transactions per month and ZMW 113 billion (circa USD 5 billion) in June 2025.

Figure 16:

Evolution of mobile money transactions in Zambia



Source: Bank of Zambia. Values for 2025 are estimates based on H1 data.

63 Zambia Information and Communications Technology Authority (ZICTA), ICT Sector 2024 Market Report.
64 Bank of Zambia list of e-money issuing institutions: https://www.boz.zm/designated-payment-system-institutions.htm and GSMA Mobile Money Deployment Tracker.

5.1.2 The mobile money levy

In January 2024, the Mobile Money Transaction Levy Act, 2023, came into operation in Zambia, introducing a fixed, absolute levy amount on person-to-person (P2P) mobile money transactions. The initial rates ranged from ZMW 0.08 to 1.80, depending on the transaction value. The levy was then doubled with the Mobile Money Transaction Levy Act, 2024, which came into operation on 1st January 2025.[65] The table below summarises the applicable rates as of December 2025. The 2026 Budget has introduced further increases in the levy amounts, although not as much as had been previously proposed.[66]

Table 6:
Schedule of applicable levy amounts on mobile money transactions

Transaction value (ZMW)	Levy value 2024 (ZMW)	Levy value 2025 (ZMW)	2025 Levy as % of average transaction
Between 1 to 150	0.08	0.16	0.21%
Between 151 to 300	0.10	0.20	0.09%
Between 301 to 500	0.20	0.40	0.10%
Between 501 to 1,000	0.50	1.00	0.13%
Between 1,001 to 3,000	0.80	1.60	0.08%
Between 3,001 to 5,000	1.00	2.00	0.05%
Between 5,001 to 10,000	1.50	3.00	0.04%
Above 10,000	1.80	3.60	0.07%

Source: Government of Zambia, the Mobile Money Transaction Levy Acts, 2023 and 2024.

There have been disputes on the scope of the tax and the Zambia Revenue Authority (ZRA) clarified that it includes merchant payments and mobile recharges, although the application remains unclear on cash-in and cash-out transactions.[67] The responsibility to administer the levy was also moved from the Bank of Zambia to the Zambia Revenue Authority (ZRA) in 2025.[68]

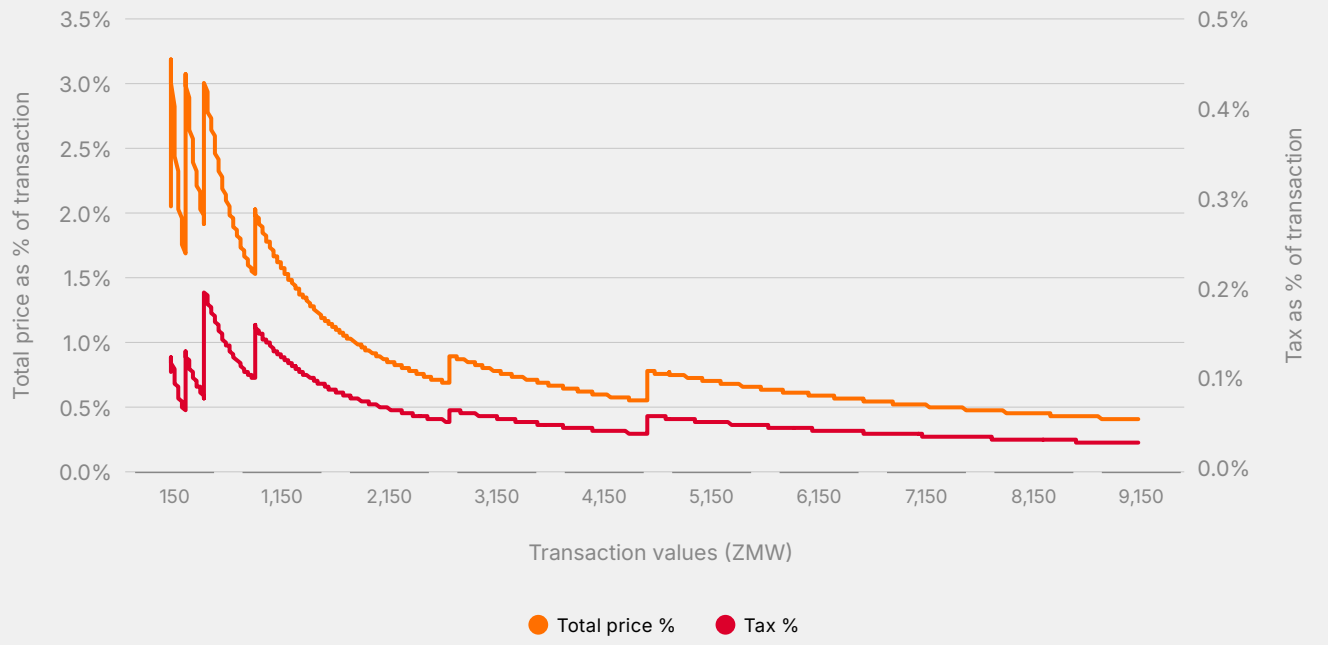
65 Government of Zambia, the Mobile Money Transaction Levy Acts, No.16 of 2023 and No.25 of 2024.
66 2026 Budget and address by Honourable dr. Situmbeko Musokotwane, MP, Minister of Finance and National Planning, delivered to the National Assembly on Friday, 26th September, 2025.
67 Airtel Africa, Annual report, 2025.
68 Zambia Revenue Authority, Practice Note No.1 2024. Government of Zambia, Income Tax (Amendment), No. 22 of 2024.

5.1.3 Pricing and affordability analysis

Zambia adopts market-led retail prices, but the wholesale price is regulated. After the policy changes in 2025, the average total price of an off-net P2P transaction was between 0.5% and 3% of the transaction value, while the levy accounted for between 0.05% and 0.2% of the transaction value.

Figure 17:

Average mobile money prices on off-net P2P transactions in 2025



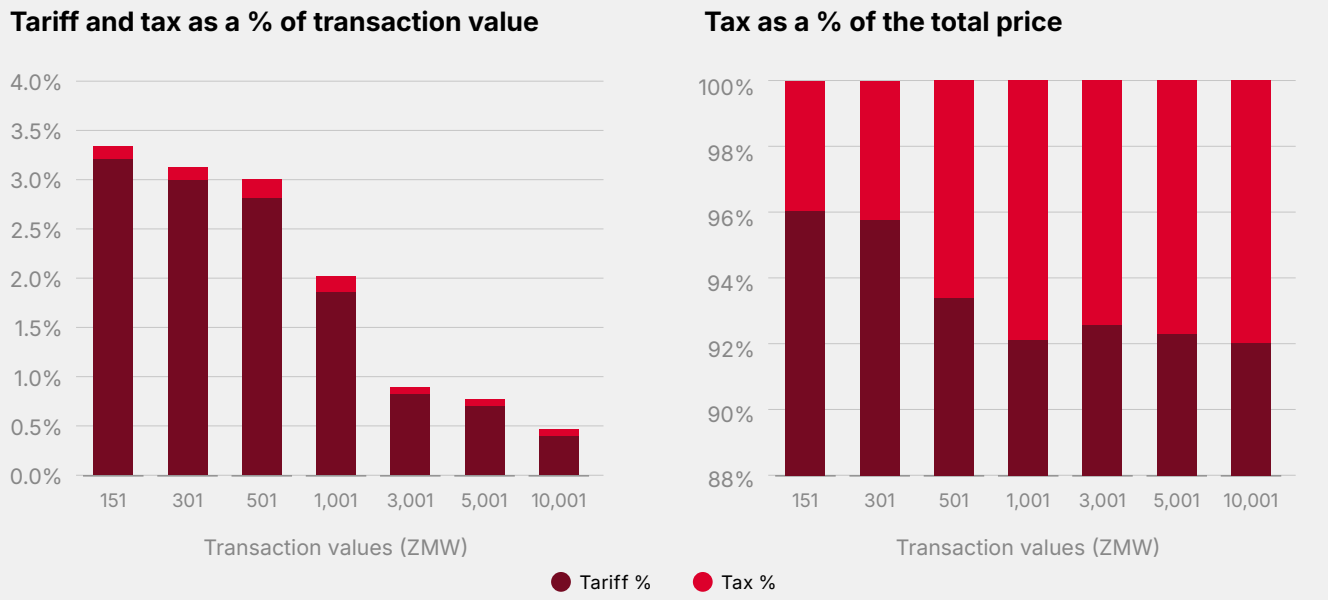
Sources: Tariff prices are sourced from MMPs websites, levy amounts are as above.[69]

While small in magnitude compared to transaction value, the levy is a non-negligible proportion of the tariff price – between 5.2% and 8%. For example, for a transaction of ZMW 5,001 (USD 210), the tax would be ZMW 3 and the average net tariff ZMW 35, which means the tax amounts to 7.7% of the final price. The tax follows the tariff structure closely, reducing as a proportion of transaction value for higher value transactions. However, the tax represents an increasing percentage of the total price paid (including tax and tariff price) for higher value transactions.

69 https://www.zamtel.zm/mobile_money.html ; https://www.airtel.co.zm/airtelmoney/transaction_fees ; https://momo.mtn.com/pricing/

Figure 18:

Average mobile money prices on off-net P2P transactions in 2025, by transaction value

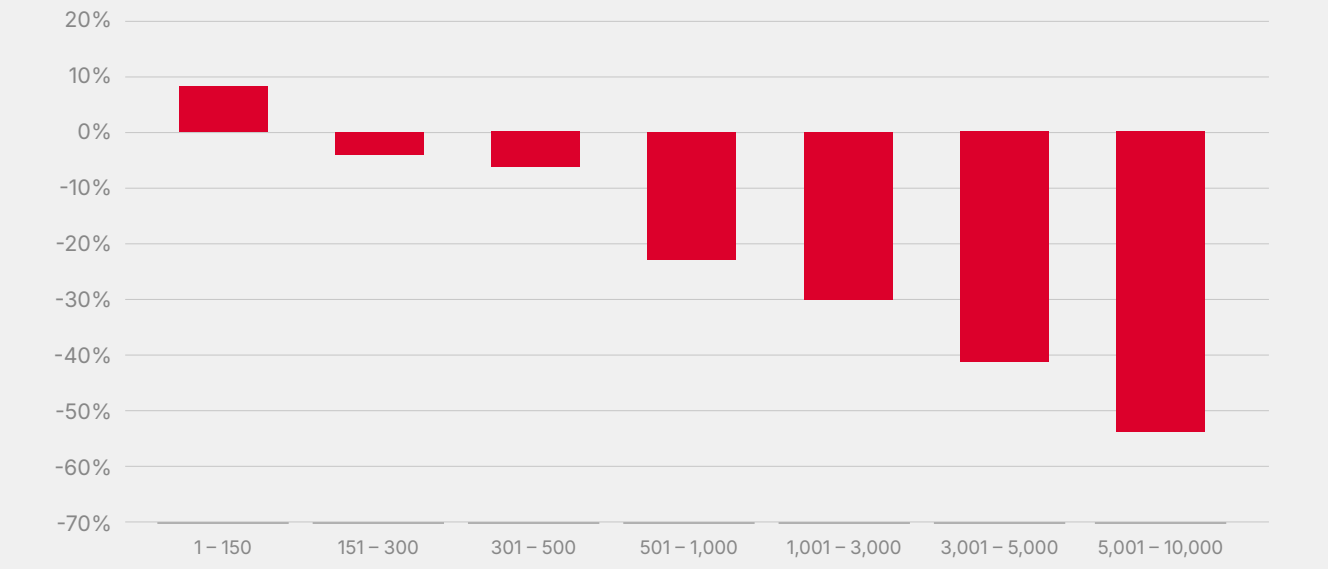


Sources: Tariff prices are sourced from MMPs websites, levy amounts are as above.[70]

In August 2024, the Bank of Zambia prohibited "unwarranted" fees on electronic money services and there was a significant reduction in price for some types of transactions, namely for P2P off-net transactions. The price of the latter decreased by between 4% and 62% from 2024 to 2025. This greatly affects the analysis of the impacts of the levy, as the two policies have opposite results on prices and therefore transactions, and it is difficult to isolate the impact of the levy from the impact of the directive on unwarranted prices.[71] This means that, while the cost of levy has mostly been passed on to consumers, they might not have felt the change, given the previous price reductions.

Figure 19:

Change in prices from 2024 to 2025, by transaction value



Sources: Tariff prices are sourced from MMPs websites and historical data has been available for Airtel and MTN. Transaction bands are in ZMW and follow the tariff structure.

70 https://www.zamtel.zm/mobile_money.html ; https://www.airtel.co.zm/airtelmoney/transaction_fees ; https://momo.mtn.com/pricing/
71 Republic of Zambia. (2 August 2024). Gazette Notice No. 764 of 2024: The Bank of Zambia Act 2022.

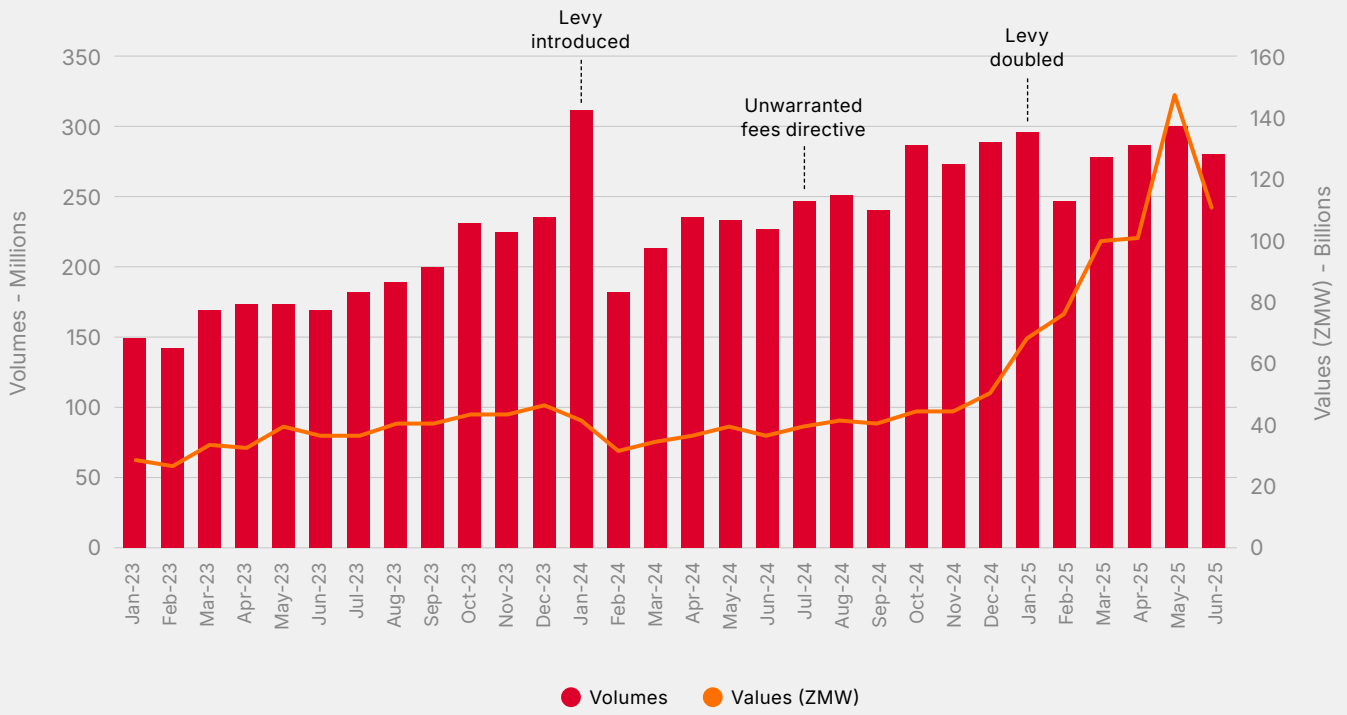
5.1.4 Impacts of the levy

The impact of the levy on prices and affordability is likely to be sizeable, but the decrease in transactions is confounded by a growing market and the impacts of the directive on price reductions. Stakeholders report that the tax has been mostly passed through to prices and the market experienced a reduction in growth as a result. However, the counteracting impact of the mandated reduction in prices for some transaction values make a before and after comparison difficult.

While volumes fell following the tax changes, values have increased since September 2024, reflecting the fact that the greater reduction in prices from the unwarranted fees directive was for higher value transactions.

Figure 20:

Transaction volumes and values and policy changes

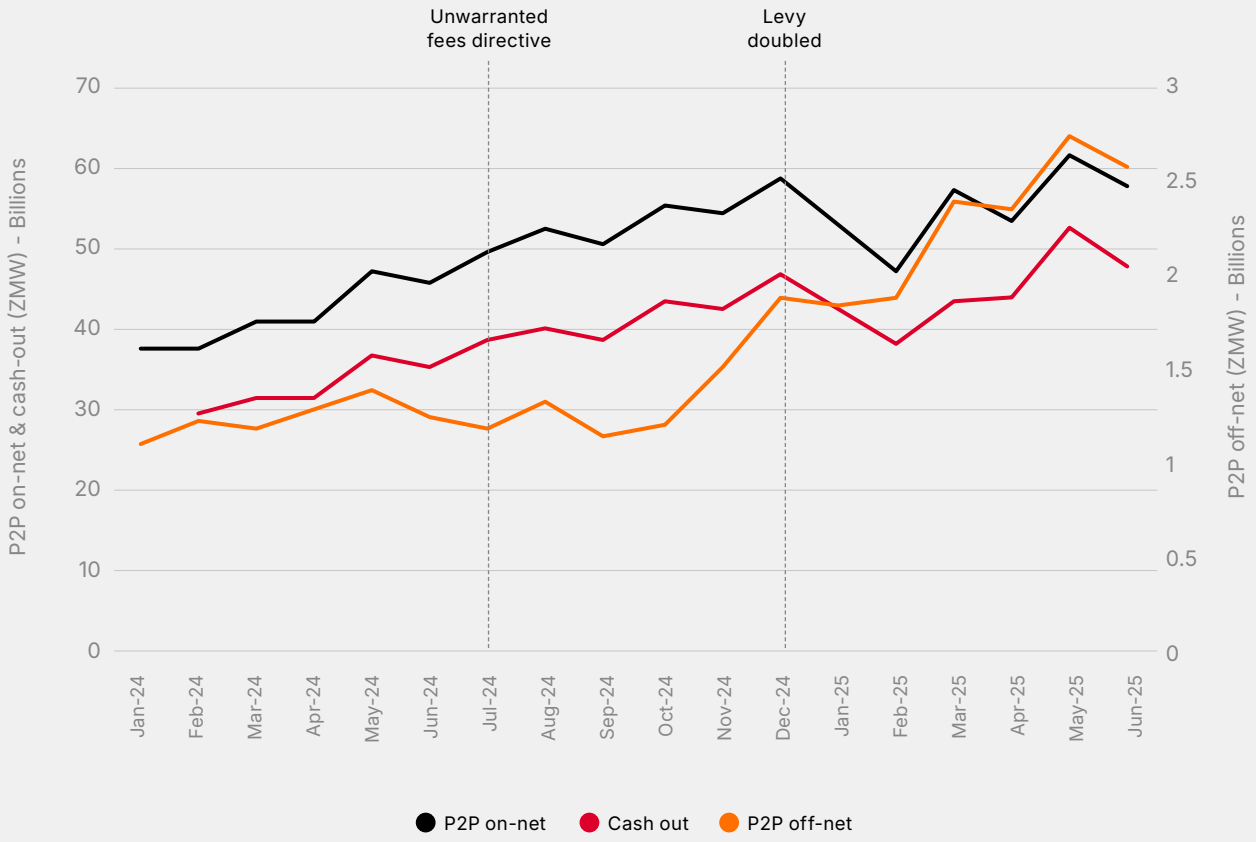


Source: Bank of Zambia.

Given the value of P2P off-net transactions were the most impacted by the unwarranted fees directive, looking solely at the impact on on-net P2P transactions can isolate the impact of the levy. From this analysis it appears that on-net P2P values (which account for the majority of overall transaction values) have decreased substantially since the levy was doubled in 2025 and are growing at a lower rate. While the levy applies only to P2P transactions, the parallel reduction in cash-out transactions, indicates that consumers are anticipating higher charges on P2P and reducing mobile money activity overall, likely reverting to cash.

Figure 21:

Transaction values, by type of transaction



Source: MMP data and author's analysis.

Tax revenue from the levy is small, but higher than target and non-negligible compared to total revenue. However, greater losses from investment and corporation tax might reduce economic efficiency. Revenue from the levy was ZMW 26 million in May 2025, equivalent to 0.25% of total tax revenue.[72] This is a modest, but important contribution to government revenue. However, MMPs' revenue has stalled since the doubling of the levy in January 2025, while if it had continued at the average monthly growth rate of the previous year, ZRA would have collected an additional ZMW 50 million over six months from corporation tax.[73]

Table 7:
Government tax revenue from the mobile money levy

Date	Actual revenue from Levy (ZMW million)	Target revenue from Levy (ZMW million)	Actual as % of total revenue
May-25	26.3	22.6	0.25%
Apr-25	26.8	20.5	0.17%
Mar-25	22.9	20.8	0.24%
Feb-25	25.6	19.1	0.26%
Jan-25	–	18.2	–

Source: Zambia Revenue Authority.

The levy has collected more than the target amounts, but the change in administration from BoZ to ZRA points to some challenges in administrative efficiency. Moreover, collection is not fully automated and when the levy was first implemented companies had to adjust their systems in order to pay the fee directly to ZRA, which constituted an additional operational cost and meant that initially market participants were found to be non-compliant.

As the levy does not apply to traditional financial services and bank transactions, it creates distortions in the market and discourages bank-to-wallet transactions. Given very few people use bank accounts and card payments, a levy on mobile money is more revenue generating, although it has negative implications for horizontal equity.

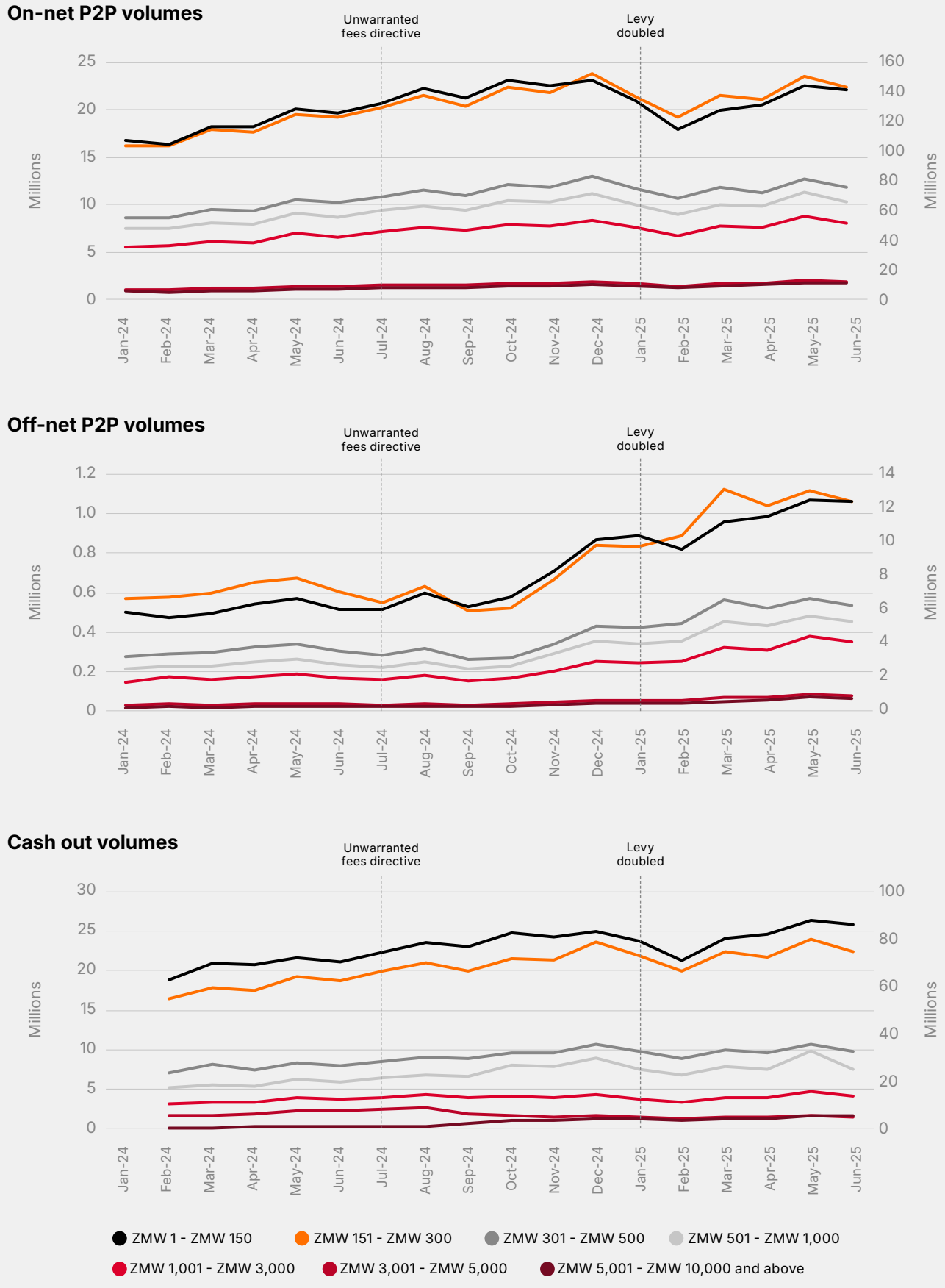
The negative impact of the levy is greatest on those segments of the population that rely more on mobile money, i.e. the previously unbanked and people on lower incomes. These consumers include micro and informal enterprises and savings groups. The levy structure implies that the amount paid in tax increases as a percentage of the total price, however its incidence is much greater at lower values transactions, which makes the levy regressive (as seen in Figure 18).

Finally, lower value transactions are more sensitive to price changes, as seen in the analysis below: transactions below ZMW 300 have decreased (in the case of on-net P2P and cash-out) and increased (in the case of off-net P2P) following the policy change. There is, therefore, a case for exceptions at ZMW 300.

72 Data from Zambia Revenue Authority, who is collecting the tax from Jan-25 (so no earlier data is available).
73 Data on revenue is from MMPs. The revenue loss estimate is a back of the envelope calculation is based on revenue data from MMPs shared as part of this research; it assumes 30% profitability and applies the 30% corporation tax in Zambia.

Figure 22:

Transaction volumes by type and value of transaction



Source: MMP data and author's analysis. In all graphs, transactions between 1-150 ZMW are on the right axis.

The structure of the levy is intricate, there have been frequent changes and the scope is unclear. Given the complex structure of the levy, it is possible that people have not fully understood the application of taxes, especially in addition to the concurrent, but countervailing policy of reducing prices through the unwarranted fees directive. Moreover, there remains uncertainty on the application of the levy, despite the additional practice notes issued by ZRA, including on the types of transactions included in the scope, as mentioned earlier.

There was some, but not extensive, consultation with stakeholders and market participants before the levy was introduced and then increased. Some interviewees have reported a lack of transparency and consultation, and inconsistencies on policy alignment across government agencies. For example, the BoZ launched a "Go Cashless Campaign" to support digital financial services adoption at the same time as the introduction of the levy. This lack of coordination within government may undermine policy effectiveness. Finally, it appears the government has taken a cautious trial and error approach, starting with low absolute tax rates, that it then increased.

Table 8:

Summary of the performance of the levy

Tax principle	Evaluation criteria	Zambia levy evaluation	
Efficiency	Economic efficiency	🟡	Modest revenue for government, negative impact on transactions
	Administrative efficiency	🟡	Some collection problems (change to ZRA) and frequent changes to rate
Equity	Horizontal equity	🔴	Not applied equally, banking not affected
	Vertical equity	🔴	Levy is regressive, high impact on low-value high frequency transactions
Certainty	Simplicity and clarity	🔴	Not transparent how price includes levy. Intricate structure
	Transparency and consultation	🟡	Some consultation with ZICTA and industry

🔴 Poor performance 🟡 Adequate performance 🟢 Good performance

Sources: authors' elaboration based on evidence collected.

5.2 Mali

Table 9:
Country data snapshot in 2024

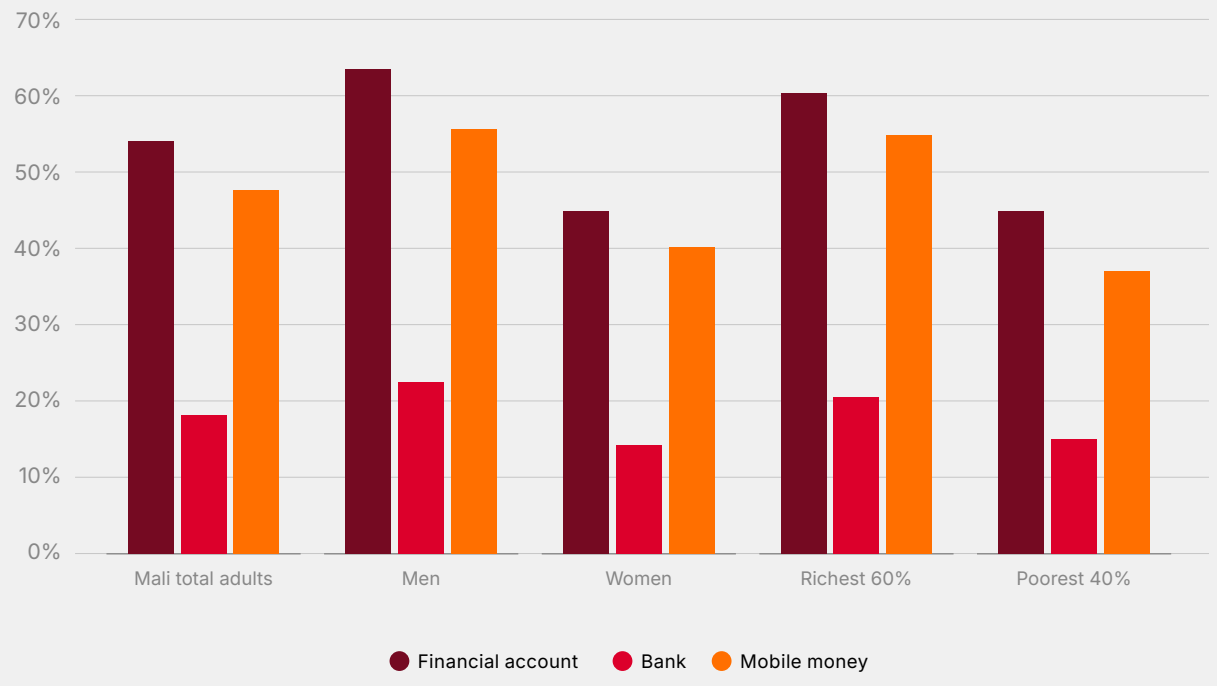
Population	**24.5 million**	Companies offering mobile money	**Orange Money, Moov Money, Sama, Wizall Money**
Government revenue as % of GDP	**22.1%**	Financial account ownership as a % of adult population	**55%**
GDP per capita in PPP	**USD 3,308**	Mobile money accounts	**6.4 million**
Agriculture as % of GDP	**33.4%**	Mobile money transaction values*	**XOF 15,000 trillion (circa USD 25 billion)**
Trade as % of GDP	**50.9%**	Taxes applied on mobile money	**Transaction value 1% of withdrawals**

Sources: World Development Indicators, IMF WoRLD and WEO, Findex, BCEAO. * Data for 2023. Historical USD exchange rates are from WDI.

5.2.1 Mobile money ecosystem and usage

Financial account ownership in Mali stood at 55% in 2024, with the majority via mobile money, which is used by 48% of the adult population. There are around six million active mobile money accounts, making up circa 8% of total accounts in the UEMOA (West African Economic and Monetary Union).[74]

Figure 23:
Financial account ownership in Mali in 2024



Source: World Bank Findex 2025. Percentage of adult population 15+ that report having an account.

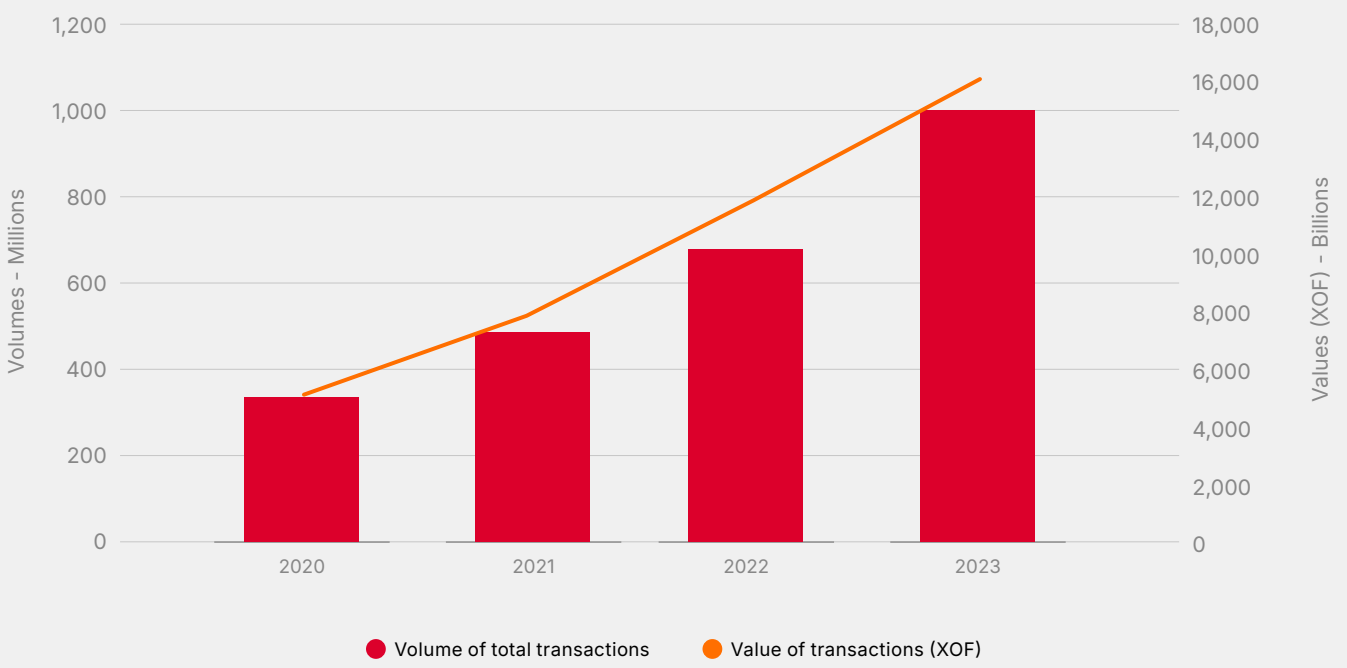
Mali's mobile money market is regulated by the BCEAO (Banque Centrale des Etats de l'Afrique de l'Ouest), which applies uniform regulations to all UEMOA countries. The telecoms regulator, Autorité Malienne de Régulation des Télécommunications/TIC et des Postes (AMRTP), oversees and collaborates with BCEAO on the MNO-led mobile money services. Taxes are established by national governments.

Orange Money, a subsidiary of Orange (Sonatel), was the first company to be issued a mobile money licence. Subsequently Moov Money launched in 2014, as a subsidiary of Maroc Telecom, which had taken over the state-owned operator Sotelma.[75] In September 2023, SAMA Money in Mali was also granted an EMI license.[76] After similar launches in other West Africa countries, Wave entered the market in 2021, but following some issues, relaunched more recently.[77] MMPs' market shares are not available, but MNO market shares were the following in 2024: Moov Africa 36% and Orange 59%.[78] However, mobile money market shares might be quite different given the presence of other competitive players.

Mobile money transactions volumes in Mali amounted to 1 billion in 2023, with XOF 15 trillion in value (USD 26 billion). The latter amounted to around 12% of the total market in UEMOA. Compared to other markets in UEMOA, Mali is less mature and transactions tend to be mostly cash-out (withdrawals) and cash-in – Mali accounts for 15% of cash-out and cash-in values in UEMOA, higher than the country's total transaction value share (12%). [79]

Figure 24:

Evolution of mobile money transactions in Mali



Source: BCEAO.

75 https://www.bceao.int/en/content/electronic-money-issuing-institutions-0 and GSMA Mobile Money Deployment Tracker.
76 GSMA, 2024b.
77 GSMA, 2024b and key informant interviews.
78 GSMA, 2024b.
79 BCEAO, Tableau de Bord de la Monetique Regional dans l'UEMOA a fin 2023, August 2024.

5.2.2 Tax structure and the mobile money levy

The mobile money levy was introduced in Mali in 2025, effective from 28th February. It applies to withdrawals only, at 1% of the transaction value. It was introduced at the same time as a 10% excise on mobile credit top-ups.[80] It is likely that it was introduced only on cash-out transactions because they are much more prevalent than P2P, as seen above.

The revenue from both levies is earmarked for the "Fonds de Soutien aux Infrastructures de base et de Développement social" (Fund for Supporting Basic Infrastructure and Social Development Projects) and their official definition is "prelevament du fond Soutien". The levies' decree establishes the fund and sets out that it is intended to receive revenues derived exclusively from these specific levies.[81] The decree does not extend the levies to any other sector or service.

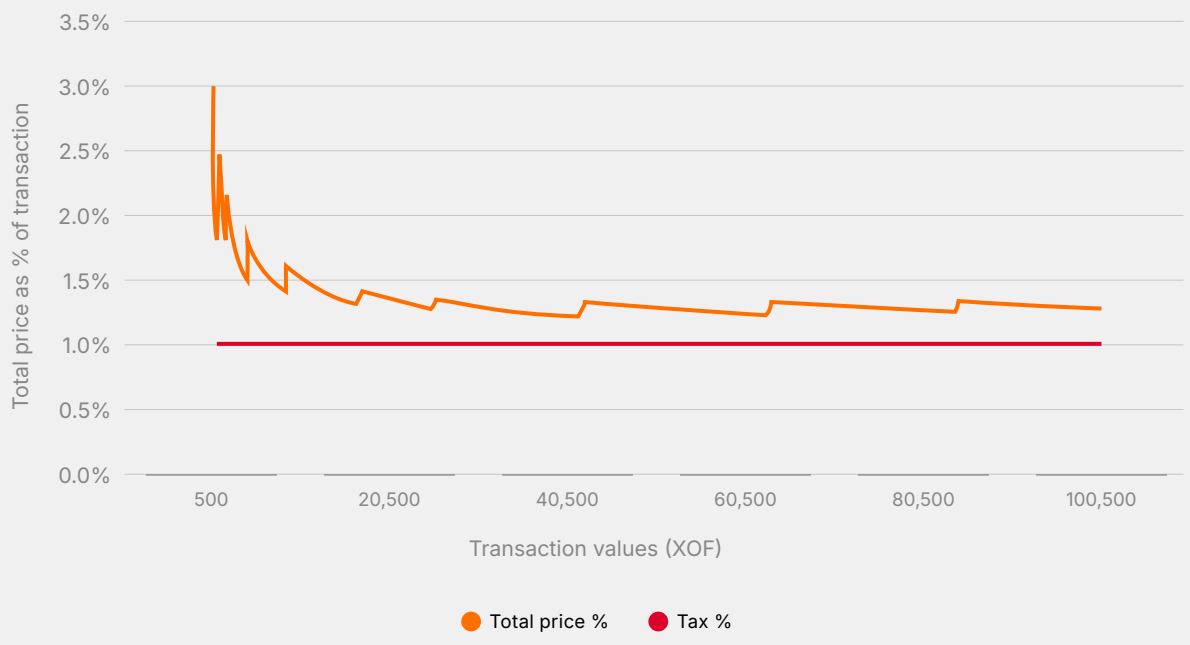
5.2.3 Pricing and affordability analysis

Pricing and affordability in the Malian mobile market have been greatly affected by the entry of non-MNO players, SAMA and Wave, offering a 1% tariff price business model, where prices are subsidised by venture capital funding as a strategy to capture market share, as seen in other markets in West Africa.[82]

Before this disruption, cash-out tariffs were 3% of the transactions price,[83] while they are now at 1% for transactions over XOF 5,000. Tariffs are higher for lower values, but still lower than 3% for most transactions – for example, a XOF 1,000 (less than USD 2) transaction costs 1.8%.

Figure 25:

Average mobile money prices on cash-out transactions in 2025



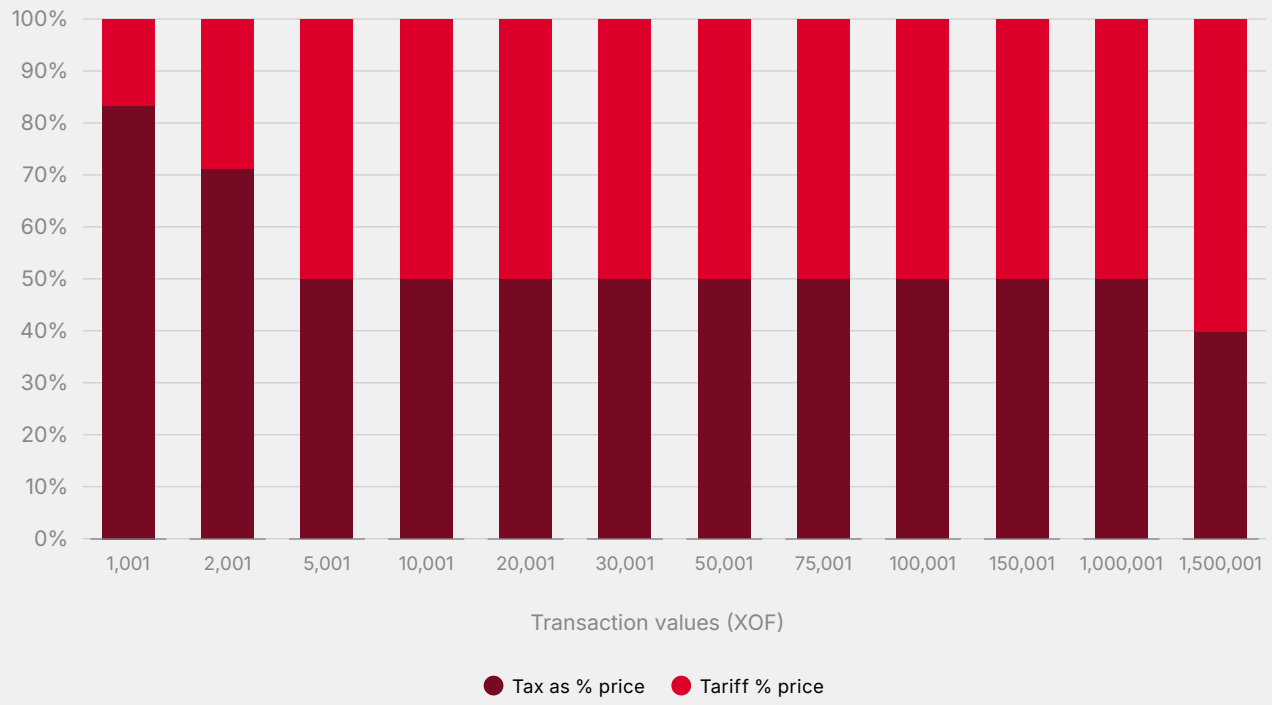
Sources: Tariff prices are sourced from MMPs websites, they exclude the 1% levy.[84]

80 Journal Officiel de la Republique du Mali, Soixante-sixième Année Numéro 05 21 Février 2025.
81 Journal Officiel de la Republique du Mali, Soixante-sixième Année Numéro 05 21 Février 2025.
82 GSMA, 2024b.
83 Key informant interviews.
84 https://www.orangemali.com/fr/transfert/transfert-national.html?offer=Frais+de+transfert ; https://www.orangemali.com/fr/tarifs-orange-money.html

Given the significant change in competitive conditions, the increase in price due to the 1% tax is more than offset by the reduction in price due to market conditions and therefore an analysis of the impact of the tax on transaction values and volumes is not straightforward. However, the lower price means that the levy accounts for a significant proportion (between 17% and 60%) of the final price. Given the levy is a fixed percentage of the transaction value, its absolute amount increases with transaction value and, in this sense, it is not regressive. Moreover, the tariff structure is also mostly a fixed percentage of transaction value. However, this means that tax constitutes a lot of the price paid by consumers.

Figure 26:

Average mobile money prices on cash-out transactions in 2025, by transaction value



Sources: Tariff prices are sourced from MMPs websites, levy amounts are as above.[85]

5.2.4 Impacts of the levy

Despite the concurrent reduction in price from changing competitive conditions, the cost of transactions has doubled due to the tax and stakeholders report a reduction in mobile money usage. Stakeholders have observed that some prices have increased, for example, Orange was charging a 1% tariff right before the introduction of the tax and then fully passed through the additional 1%. However, it appears that Wave is subsidising the cost of tax.[86]

Given Mali is a maturing market, consumers can still easily find alternatives to transfer money and they may have returned to traditional transfer methods, such as delivering cash to family and friends via motorbike taxis. Stakeholders have reported a reduction in transaction volumes and values from mid-2025 and a more recent return to growth. The overall perception is that the market is likely to continue to grow, but at a reduced rate than before the tax.

85 www.orangemali.com/fr/tarifs-orange-money.html ; www.orangemali.com/fr/transfert/transfert-national.html
86 Key informant interviews.

A back-of-the-envelope calculation suggests that tax revenue from the mobile money levy could amount to XOF 130 billion per year, equivalent to only 0.89% of GDP and 3.85% of government revenue.[87] However, the impact on MMPs and agent profitability may jeopardise the sustainability of the current pricing models, as the tax has reduced already low profitability margins for MNO-led MMPs and consequently agents' commission rates.[88] There might also be indirect consequences on taxation due to lost corporation tax paid by local companies.

Earmarking of the collected funds from the levy can be positive to rally support and facilitate collection, but efficiency may be dictated by spending choices. The funds from the levy are collected by the Ministry of Finance in the Fonds de Soutien, managed by the Deputy Director of the Presidency.[89]

There is limited horizontal equity, as the tax does not apply to banks and other financial transactions. The levy applies to all withdrawal transactions via mobile money, therefore, it covers all MMPs, but excludes bank transactions. Additionally, MNOs are subject to the tax on mobile top-ups.

The tax and tariff structure is not regressive, given it is applied as a percentage of the transaction value. However, the level of the rate and the level of prices means that the tax significantly lowers affordability for the end consumer.

The application of a fixed percentage of the transaction value makes the levy simple and easy to understand, and this might have contributed to little push back by the public, although stakeholders reported little-to-no consultation before introduction.

Table 10:
Summary of the performance of the levy

Tax principle	Evaluation criteria	Mali levy evaluation	
Efficiency	Economic efficiency	🔴	High revenue for government in the short term, but return to cash and traditional transfers. MNO and agent profitability greatly reduced, given additional changing competition
	Administrative efficiency	🟡	Earmarking and collection by Ministry of Finance seem to be working but will depend on efficient spending
Equity	Horizontal equity	🔴	Not applied equally, additional taxes on MNO-led MMPs
	Vertical equity	🟡	Levy is not regressive, but a large percentage of price
Certainty	Simplicity and clarity	🟢	Simple to understand for consumers, no changes
	Transparency and consultation	🔴	Little-to-no consultation

🔴 Poor performance 🟡 Adequate performance 🟢 Good performance

Sources: authors' elaboration based on evidence collected.

87 This is based on transaction value data from BCEAO, assuming constant growth from the latest available year (2023) and GDP from IMF WEO.
88 GSMA, 2024b. Noah & Tacneng, 2024.
89 Key informant interviews.

5.3 Kenya

Table 11:
Country data snapshot in 2024

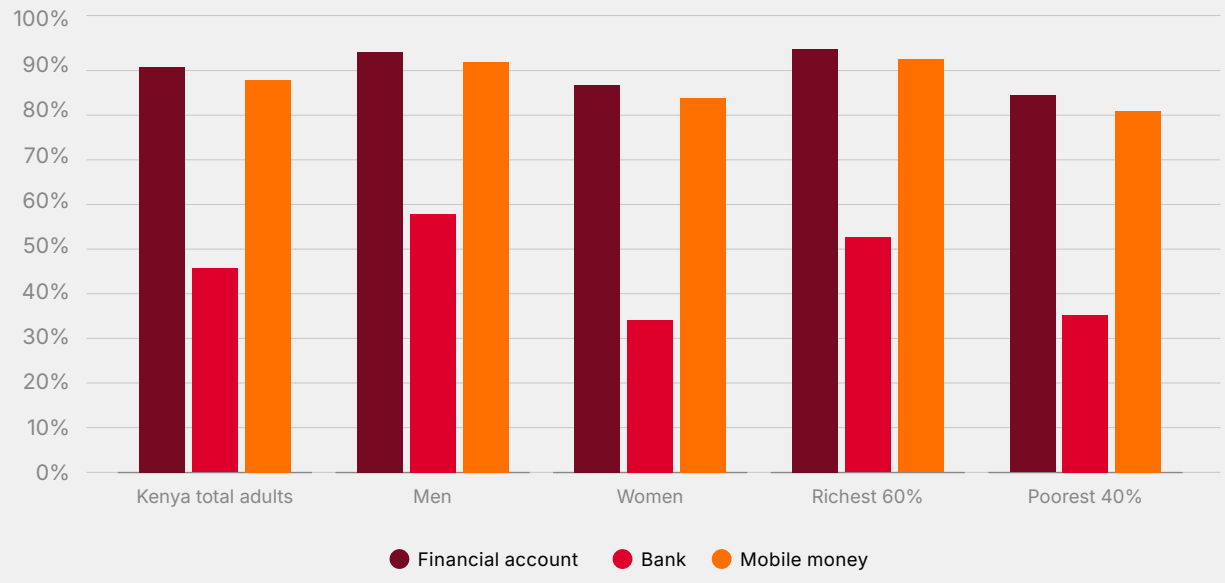
Population	**56.4 million**	Companies offering mobile money	**Safaricom, Airtel Money Kenya, Telkom Kenya, others**
Government revenue as % of GDP	**17.4%**	Financial account ownership as a % of adult population	**90%**
GDP per capita in PPP	**USD 6,619**	Mobile money accounts	**31 million**
Agriculture as % of GDP	**21.3%**	Mobile money transaction values	**KES 8.7 trillion (circa USD 65 billion)**
Trade as % of GDP	**30.3%**	Taxes applied on mobile money	**15% of transaction fee on transfers & withdrawals**

Sources: World Development Indicators, IMF WoRLD and WEO, Findex, Central Bank of Kenya. Historical USD exchange rates are from WDI.

5.3.1 Mobile money ecosystem and usage

Kenya has been a pioneer in digital financial services and the majority of the Kenyan population is now banked via mobile money, with 87% of adults reporting using mobile money in 2024 compared to 45% having a bank account. This widespread use is reflected in broad access across the population, as both gender and income gaps are amongst the lowest in the region at around 10% and even as low as 1% by some measures.[90]

Figure 27:
Financial account ownership in Kenya in 2024



Source: World Bank Findex 2025. Percentage of adult population 15+ that report having an account.

90 In this report we use data from World Bank Findex 2025 to compare the gender gap across the countries of study. However, GSMA SOTIR 2025 reports gender data for mobile money accounts for Kenya, using the GSMA consumer survey. Mobile money account ownership in 2024 was respectively 95% for men and 94% for women, 90 days active users were 95% and 93%, and 30 days active users were 93% and 89% of the total population.

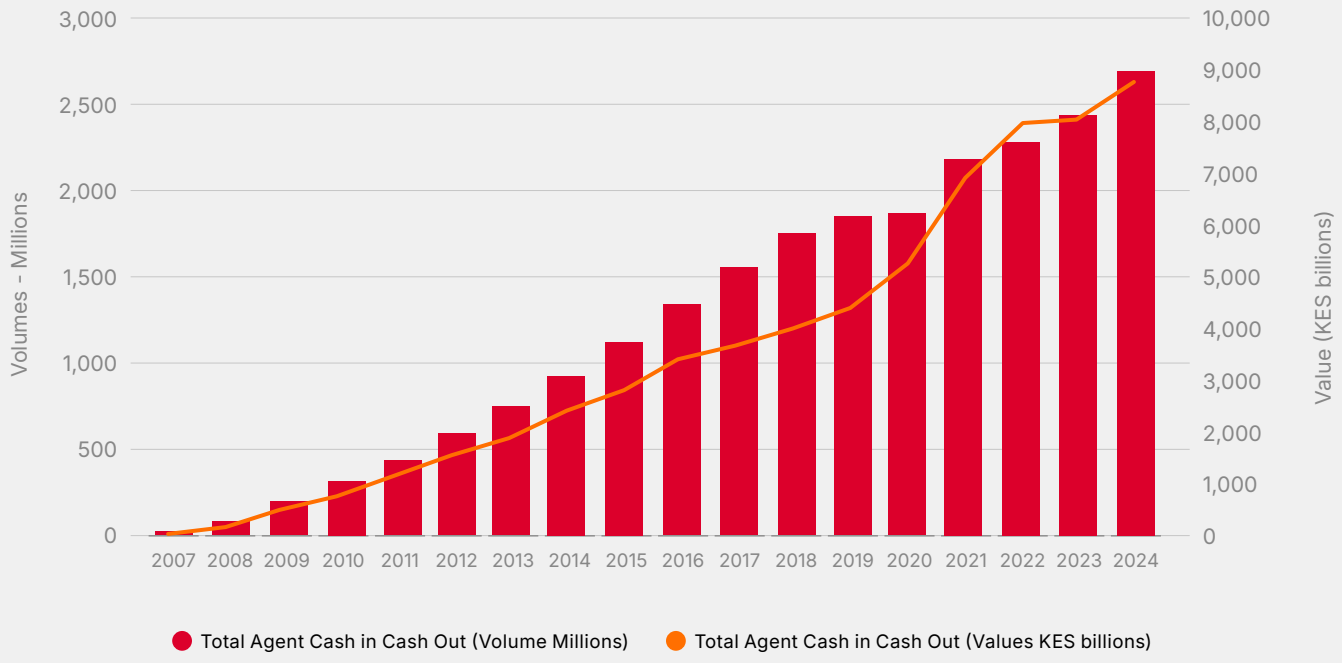
The mobile money market in Kenya is dominated by MNO-led MMPs, with some fintechs and bank partnerships providing additional competition. They are regulated by the Central Bank of Kenya (CBK) and authorised as Payment Service Providers under the National Payment System Act 2011 and National Payment System Regulations 2014.[91] MNO-led MMPs need to obtain a licence from the Communications Authority of Kenya (the telecoms regulator) and they need to comply with additional requirements, such as SIM registration and KYC.

Safaricom M-Pesa dominates the market, with 90% market share, followed by Airtel Money at 9% and Telkom T-Cash at less than 1%.[92] While Airtel Money operates as a subsidiary of the MNO, M-Pesa remains an integral part of the parent company Safaricom.

The total value of CICO transactions in Kenya has been growing exponentially and reached almost KES one trillion in 2024, equivalent to 52% of the country's GDP.

Figure 28:

Evolution of mobile money transactions in Kenya



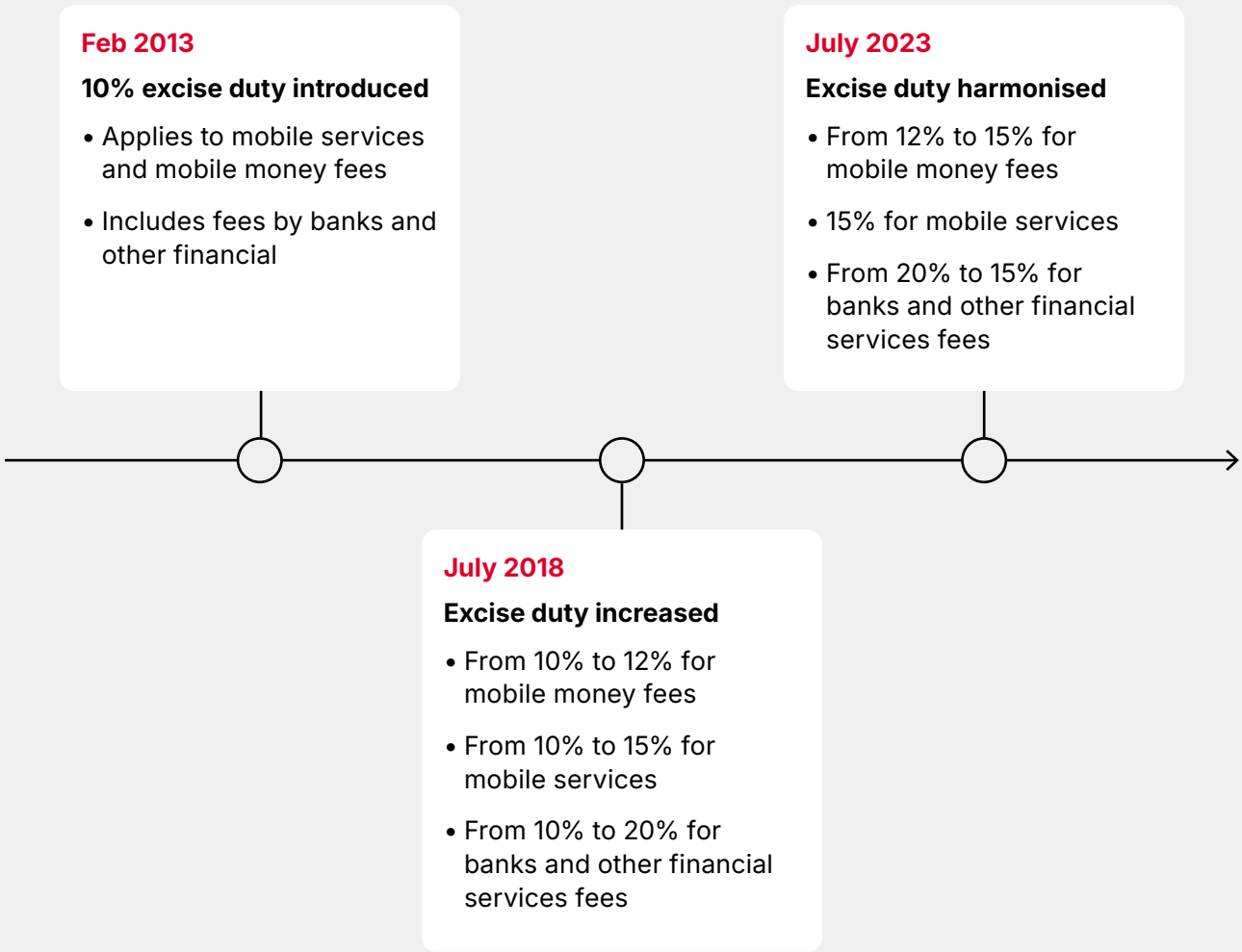
Source: Central Bank of Kenya.

91 https://www.centralbank.go.ke/national-payments-system/
92 Communications Authority of Kenya, Fourth Quarter Sector Statistics Report for 2024/2025.

5.3.2 The mobile money levy

The mobile money levy in Kenya has had a long and convoluted history, with many changes to the scope and rates. It was initially introduced in 2013, as an excise duty of 10% on "money transfer services by cellular phone service providers, banks, money transfer agencies and other financial service providers". The Finance Act 2018 increased the excise tax on mobile services from 10% to 15% and the excise on mobile money fees from 10% to 12% – while the rate for transfers by other financial institutions was set at 20%. In 2023, a unique rate for the excise duty on money transfer fees was fixed at 15% for both mobile money and bank transactions. Digital lenders are subject to the rate of 20%.[93] The 2024 Finance Bill, which has been subsequently withdrawn, included a provision to increase the tax on mobile services to 20%.[94]

Figure 29:
Evolution of mobile money transactions in Kenya



Sources: Government of Kenya, Finance Bills and A. Diouf & H. Niesten (2023).

93 Republic of Kenya (2018) Finance Act 2018, No 10 of 2018; Republic of Kenya (2012) Finance Act 2012, No 57 of 2012. Republic of Kenya, Finance Act 2023, No. 4, Sec. 47(b).
94 GSMA, 2025b. Key informant interviews.

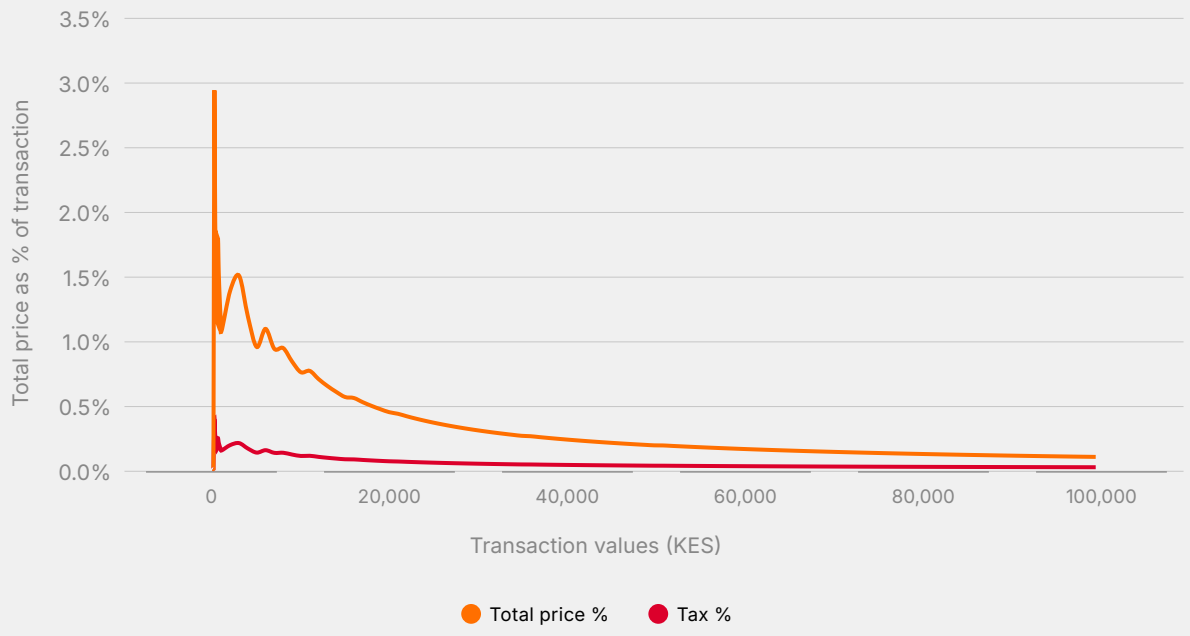
5.3.3 Pricing and affordability analysis

Kenya adopts market-based pricing, although there are discussions around upcoming price regulation.[95] Recent progress on interoperability across platforms has meant that MNOs and fintechs can provide more competition, reducing prices, especially since the value proposition of non-dominant players, such as Airtel, is often affordability.

The average final price (including tariff and tax) represents between 0.1% and 3% of the transaction value, with the tax accounting for 13% of the final price. The perception of stakeholders is that the Kenyan market is very price sensitive, and any price changes from regulation or business tariffs results in adjustments by consumers. Businesses often absorb part of a tax increase, passing the rest on to consumers.

Figure 30:

Average mobile money prices on off-net P2P transactions in 2025



Sources: Tariff prices are sourced from MMPs websites, levy amounts are as above.[96]

5.3.4 Impacts of the levy

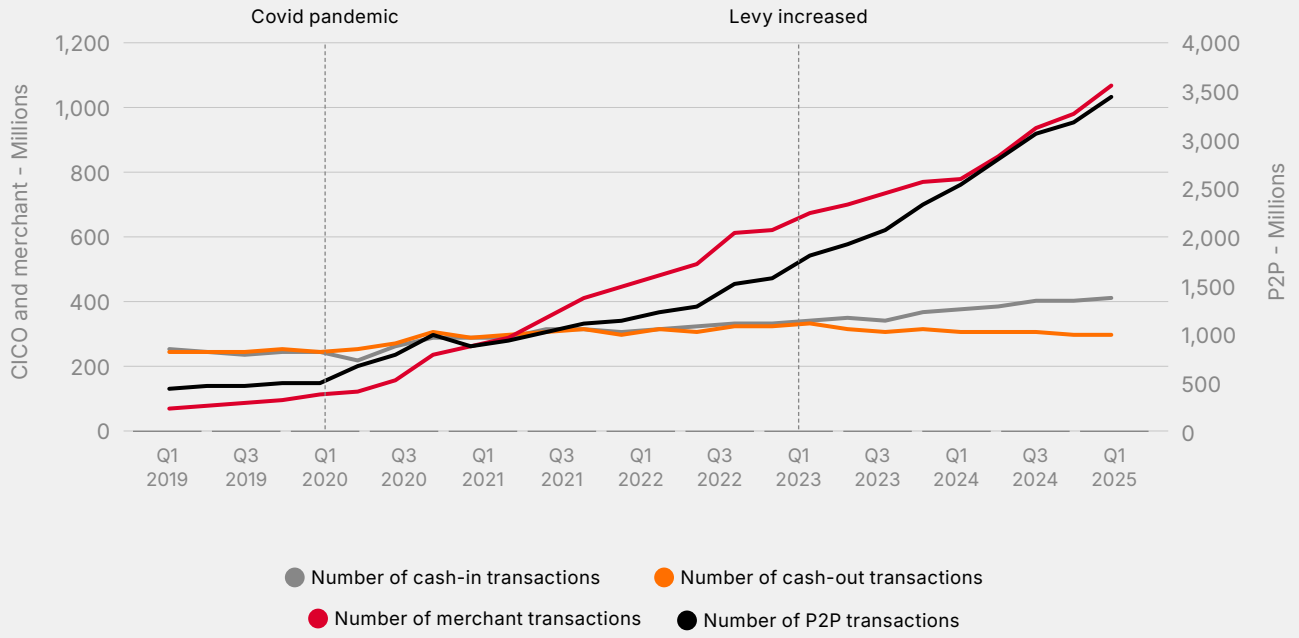
The mobile money market has experienced rapid growth in recent years despite the increase in levy rate.[97] There has been an initial reduction in transactions that interrupted the growth path and caused a short-term adjustment, but the market recovered in the medium term.[98] Supporting the recovery, around the same time, there was an increase in transaction value limits, which helped grow higher value transactions.[99]

The cost of the tax tends to be passed on, in agreement with the regulator, with lower pass-through for lower value transactions and higher on the higher values.[100] This dynamic, together with the structure of the tax as a fixed proportion of the tariff price, means that the tax tends not be regressive in structure. However, the distinction between formal and informal payments tends to perpetuate inequality, as shown below.

95 https://cioafrica.co/kenya-plans-57-cut-in-mobile-money-fees-to-drive-digital-finance/
96 www.safaricom.co.ke/main-mpesa/m-pesa-for-you/tariffs-limits/consumer-tariffs-limits ; www.airtelmoney.ke/tariffs_charges ; www.telkom.co.ke/t-kash/t-kash-personal/t-kash-withdraw/
97 Safaricom PLC, 2025 Annual Report and Financial Statements.
98 Key informant interviews.
99 Central Bank of Kenya, Increase in Mobile Money Transaction and Wallet Limits, September 8, 2023.
100 Key informant interviews.

Figure 31:

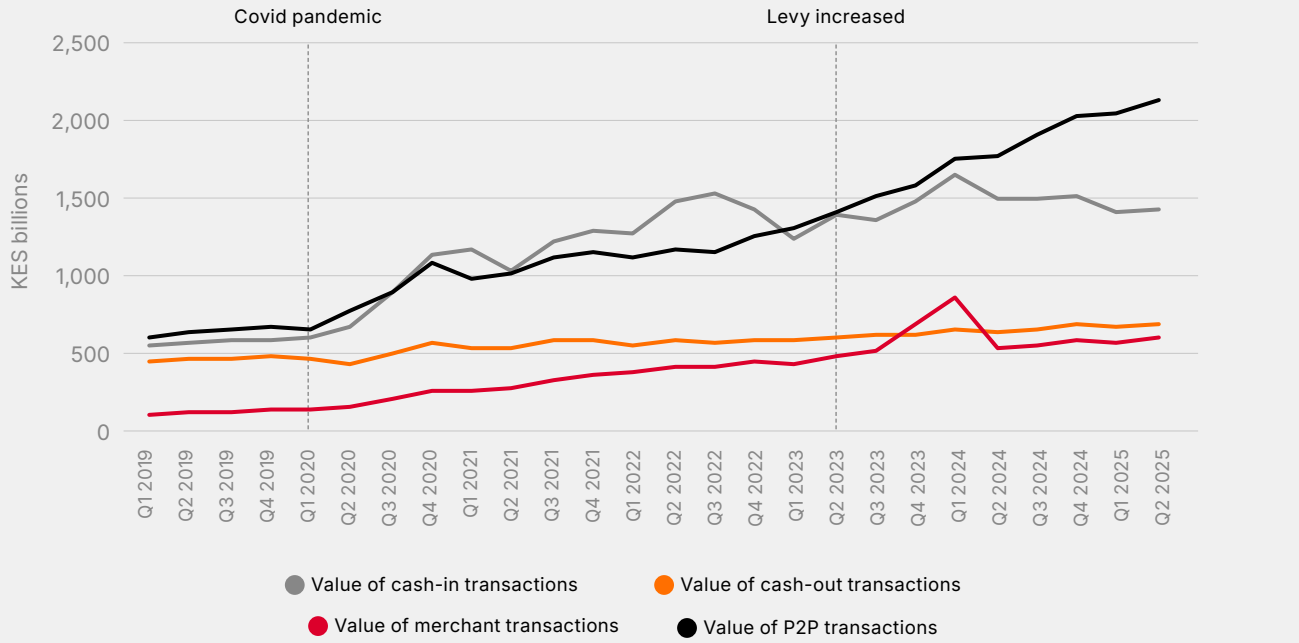
Transaction volumes by type of transaction



Source: MMPs data and authors' analysis.

Figure 32:

Transaction values by type of transaction



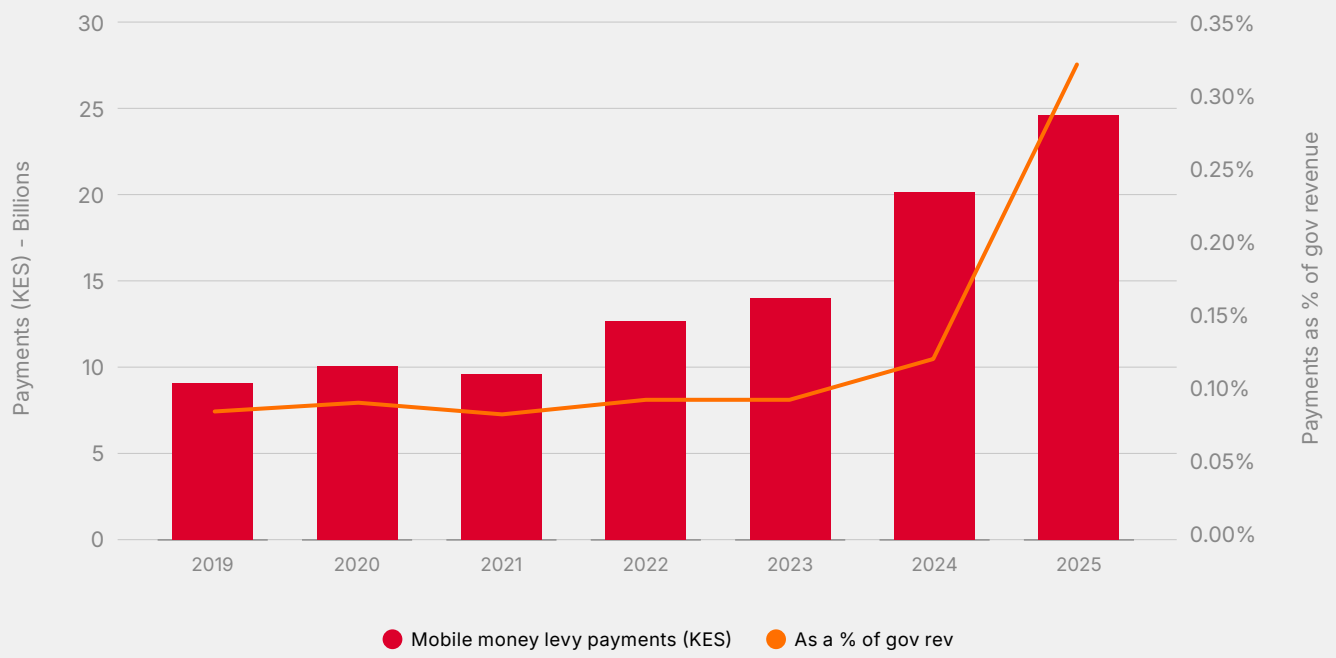
Source: MMP data and author's analysis.

Despite the high rate of taxation, tax collection from the levy continues to increase, thanks to the growth of the mobile money market. However, stakeholders believe a reduction in the taxation rate could trigger more transactions and therefore more tax intake overall. This is plausible given the high existing rate: a reduction in rate would imply a greater than proportional increase in the tax base and therefore higher tax revenues.

The tax collection from the mobile money levy amounted to almost 0.3% of the Government's total tax revenue. It also represented 40% of the amount collected from financial services excise and 12% of all collection from excise taxes, making it one of the more lucrative excises.[101]

Figure 33:

Government tax revenue from the mobile money levy



Source: MMPs data and Kenya National Bureau of Statistics.

Beyond revenue raising, the levy is seen by the Government as an incentive to formalise economic activity. This was intended to be achieved by designing an exemption for formal businesses who are registered with the Kenya Revenue Authority (KRA). However, there is evidence that people are adapting and learning to leverage exemptions and loopholes – as seen in the spike in merchant payments after the levy increase (shown in Figure 32) - without necessarily improving formalisation.[102] Moreover, there might be more efficient ways to achieve this objective. For example, the KRA has attributed growth in revenue to the roll out of technology in tax collection, including the eCitizen platform that collects KES 1 billion per day.[103]

The levy applies equally to adjacent sectors, such as banking, but this was not always the case and frequent changes to the scope and rates have caused uncertainty and uneven treatment. In particular, there were various issues with the different rates of excises on mobile services and mobile money, which meant that at times the MMPs that were part of an MNO were subject to different rates.

101 Data on other excise revenue is from Kenya National Bureau of Statistics, Economic Survey 2025. Page 121. Data on total revenue is from KNBS and data on the mobile money levy comes from MPPs.
102 Diouf et al., 2023.
103 https://www.kra.go.ke/news-center/press-release/2122-kra-records-11-1-growth-in-revenue-collection ; https://www.the-star.co.ke/news/2025-09-04-e-citizen-from-sh60m-to-sh1bn-collection-daily .

Despite the levy structure not being regressive, the tax has affected poorer segments of the population more and perpetuated inequalities in informal and formal activities. The merchant payments exemption allowed consumers to adjust by moving more of their formal transactions to merchant payments and substituting with cash for their informal transactions – this was especially true for poorer households.[104] Moreover, micro and small enterprises who are not registered with KRA were not able to access the exemption and were thus more affected.[105]

Frequent changes to the scope and rates of the levy increased uncertainty and there was a lack of communication to the public about the application of the levy and the exemptions. Stakeholders reported that the lack of stability of tax policy required lots of resources to ensure compliance and there were significant risks that businesses might miss a key policy change.[106] This instability also jeopardises investment and pricing decisions over time. Moreover, surveys found a lack of awareness, especially in some parts of the population (poorer and larger households and MSMEs) on how the tax works and how exemptions are applied.[107]

There is consultation with stakeholders on policies, but often changes are not discussed in advance and civil society had a strong negative reaction to mobile money taxes. The Government is perceived to understand the important role of mobile money in the country and to engage with the private sector to negotiate policies, including learning as the business matures and how to adapt policies and regulations.[108] However, levies are often introduced or increased as short term and unexpected revenue measures and this affects business confidence. Importantly, the political cost of levies on mobile money is high, as demonstrated by the riots of July 2024, where the levy was a central issue.[109]

Table 12:
Summary of the performance of the levy

Tax principle	Evaluation criteria	Kenya levy evaluation
Efficiency	Economic efficiency	Modest revenue for government, short-term impact on transactions
	Administrative efficiency	Collection is complicated by exemptions and distinction of informal transactions
Equity	Horizontal equity	Applied on other financial services, but unequal treatment with mobile
	Vertical equity	Levy structure is regressive as it follows tariff structure, with higher impact on poor households and informal workers due to the exemption design
Certainty	Simplicity and clarity	Simple structure but frequent changes to scope and rates make it hard to understand and comply
	Transparency and consultation	Good consultation, but short-term unexpected changes and strong public backlash

Poor performance Adequate performance Good performance

Sources: authors' elaboration based on evidence collected.

104 Diouf et al., 2023.
105 Ibid.
106 Key informant interviews.
107 Diouf et al., 2023.
108 Key informant interviews.
109 https://www.bbc.co.uk/news/articles/c2jj5mee1pmo

5.4 Nigeria

Table 13:
Country data snapshot in 2024

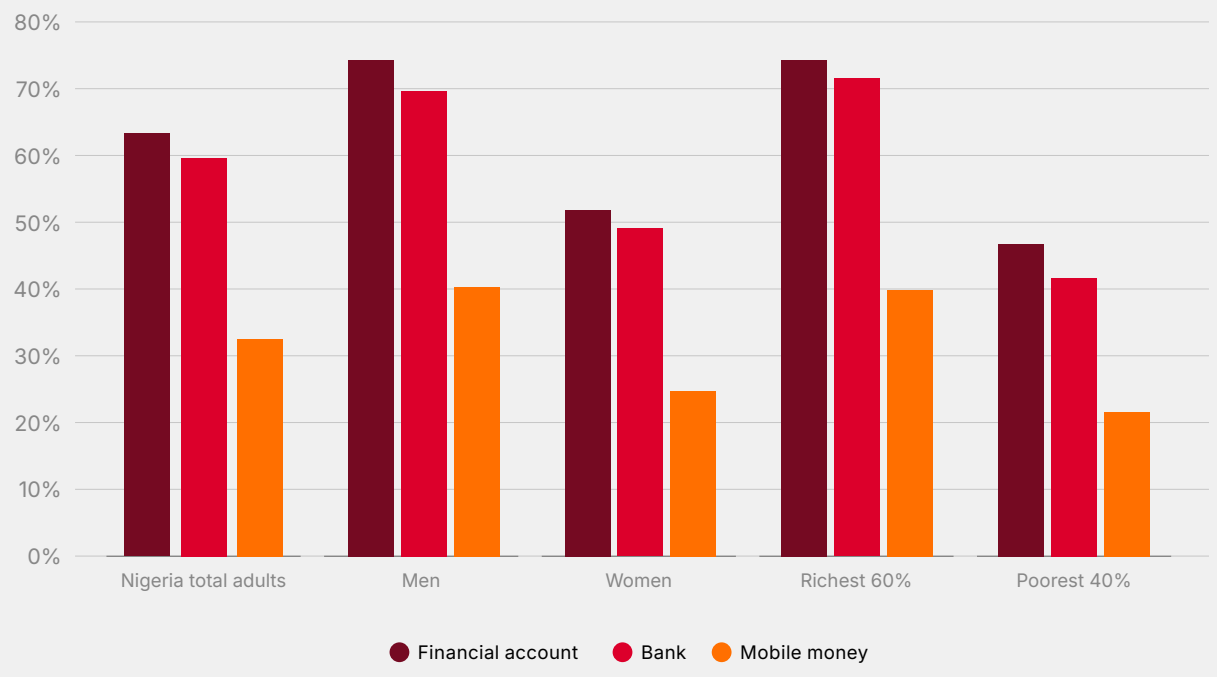
Population	**232.7 million**	Companies offering mobile money	**Stanbic Bank, Ecobank, OPay, PalmPay, MTN MoMo, SmartCash (Airtel)**
Government revenue as % of GDP	**14.4%**	Financial account ownership as a % of adult population	**63%**
GDP per capita in PPP	**USD 6,440**	Mobile money accounts	**45 million**
Agriculture as % of GDP	**20.4%**	Mobile money transaction values	**NGN 160 trillion (circa USD 108 billion)**
Trade as % of GDP	**NA**	Taxes applied on mobile money	**Transaction value of transfers over NGN 10,000 at NGN 50 flat rate**

Sources: World Development Indicators, IMF WoRLD and WEO, Findex, Central Bank of Nigeria. Historical USD exchange rates are from WDI.

5.4.1 Mobile money ecosystem and usage

Financial account ownership in Nigeria stood at 63% in 2024, led by access to traditional banking at 60%, with mobile money penetration at only 33%. There are significant gender and income gaps for banking of over 20 percentage points and slightly less for mobile money.

Figure 34:
Financial account ownership in Nigeria in 2024



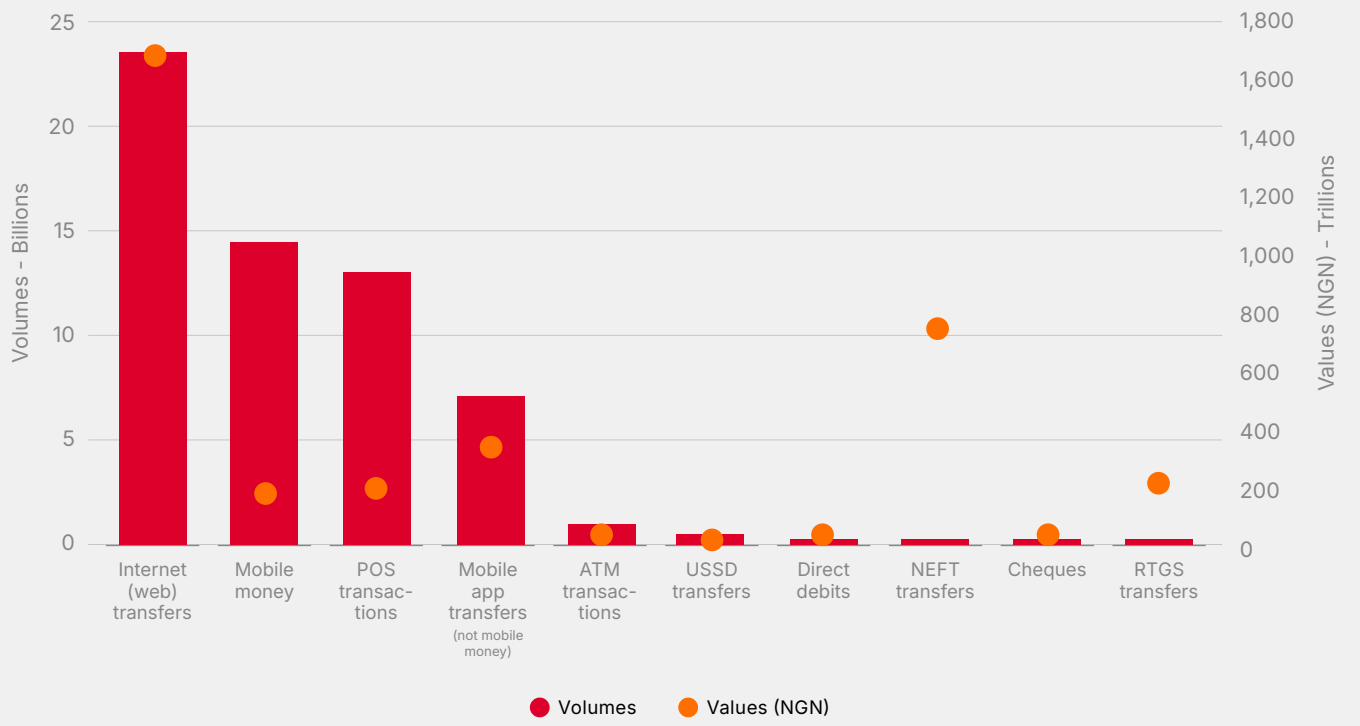
Source: World Bank Findex 2025. Percentage of adult population 15+ that report having an account.

The mobile money market in Nigeria has evolved from a bank-led model to mobile money licences to offer services in partnership with commercial banks (called mobile money operators or MMOs), to more recently a hybrid model where MNOs have been allowed to offer mobile money services through subsidiaries under Payment Service Bank (PSB) licences.[110]

The largest MNO-led MMPs (or PSBs in this case) are MTN MoMo and SmartCash, the subsidiary of Airtel. They launched PSBs in the country in 2022 and have quickly grown to serve many millions of subscribers, but the MMOs OPay and PalmPay remain dominant, as well as banks that offer payments online and by USSD (unstructured supplementary service data), through fragile partnerships with MNOs.[111]

Figure 35:

E-payments transactions in Nigeria in 2024



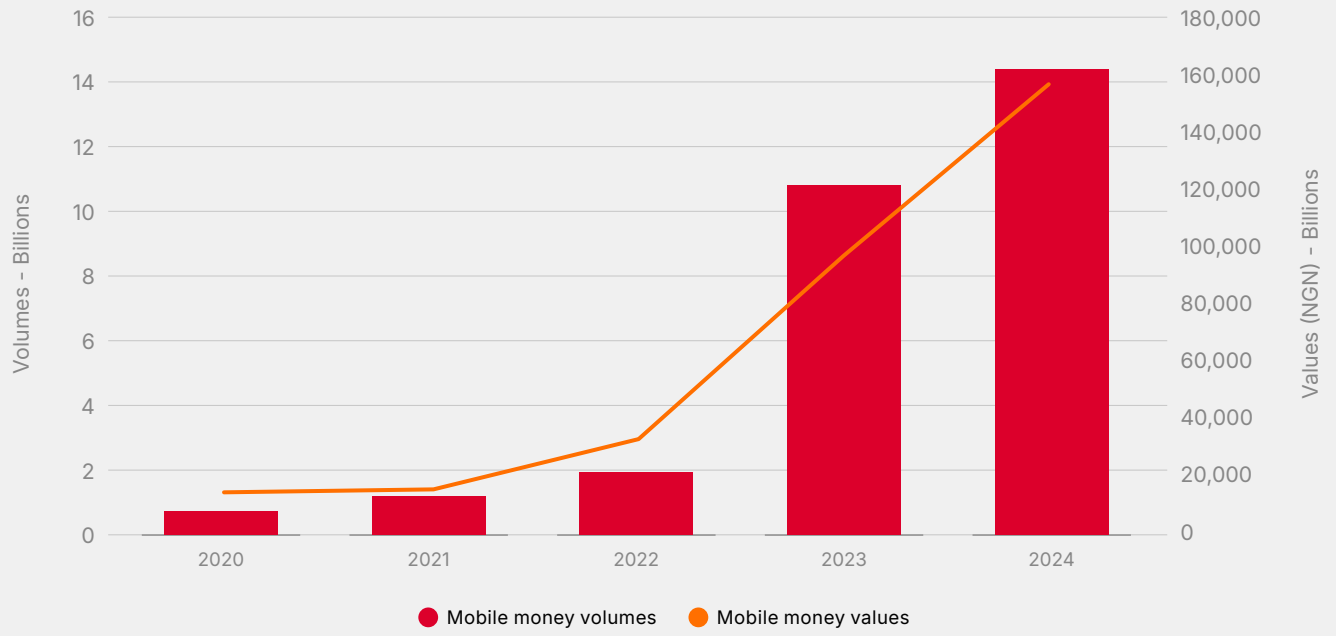
Source: Central Bank of Nigeria.

Given significant issues with access to cash, Nigerians have turned to e-payments, especially during the 2023 Naira crisis,[112] but financial inclusion remains constrained due to the restrictive licencing regime and persistent connectivity challenges, especially in rural areas.[113] There has been significant progress though following the launch of MTN MoMo and Airtel SmartCash in 2022. MoMo reported almost three million active accounts at the end of 2024.[114] Interoperability was also introduced recently through a national switch, opening up the market to many other smaller fintech players, who also offer various value-added services, and additional competition from super agents.

110 https://www.cbn.gov.ng/PaymentsSystem/PSPs.html ; GSMA, SOTIR 2024; Ironsi, 2022; GSMA, 2022; Central Bank of Nigeria. (2021). Supervisory Framework for Payment Service Banks.; Central Bank of Nigeria. (2021). Regulatory Framework for Mobile Money Services in Nigeria.
111 Key informant interviews, MMPs annual reports.
112 https://www.chathamhouse.org/2025/03/nigerias-economy-needs-naira-stay-competitive
113 GSMA, 2025c.
114 MTN Group, Financial Results, Data Sheet 2024.

Figure 36:

Mobile money transactions in Nigeria



Source: Central Bank of Nigeria.

5.4.2 The mobile money levy

The mobile money levy in Nigeria, called the Electronic Money Transfer Levy, was introduced in 2022 and it is collected at the federal level. It applies to "all electronic receipts or transfers of money deposited with a bank in any type of account" and it is imposed on the account receiving the transfer. It applies a flat rate of NGN 50 (USD 0.033) on the transaction value, only for transactions of NGN 10,000 (USD 6.5) or more.[115]

The structure and application of the levy is straightforward and non-discriminatory as it applies on all electronic transactions (as such, to banks as well). The minimum threshold also makes it non regressive. However, there are some issues with double taxation, as explained below.

5.4.3 Pricing and affordability analysis

The pricing of mobile money and other electronic transactions is tightly regulated in Nigeria. The wholesale price cannot exceed the maximum established by the CBN[116] and companies cannot charge any fee or services that is not listed. The pricing guidelines were established to avoid discriminatory pricing and access, but they have not been updated for high inflation since 2017. This makes the wholesale prices quite affordable – below 2% of transaction value for most transactions and below 1% for transactions over NGN 60,000 (USD 40) (see **Figure 37**).

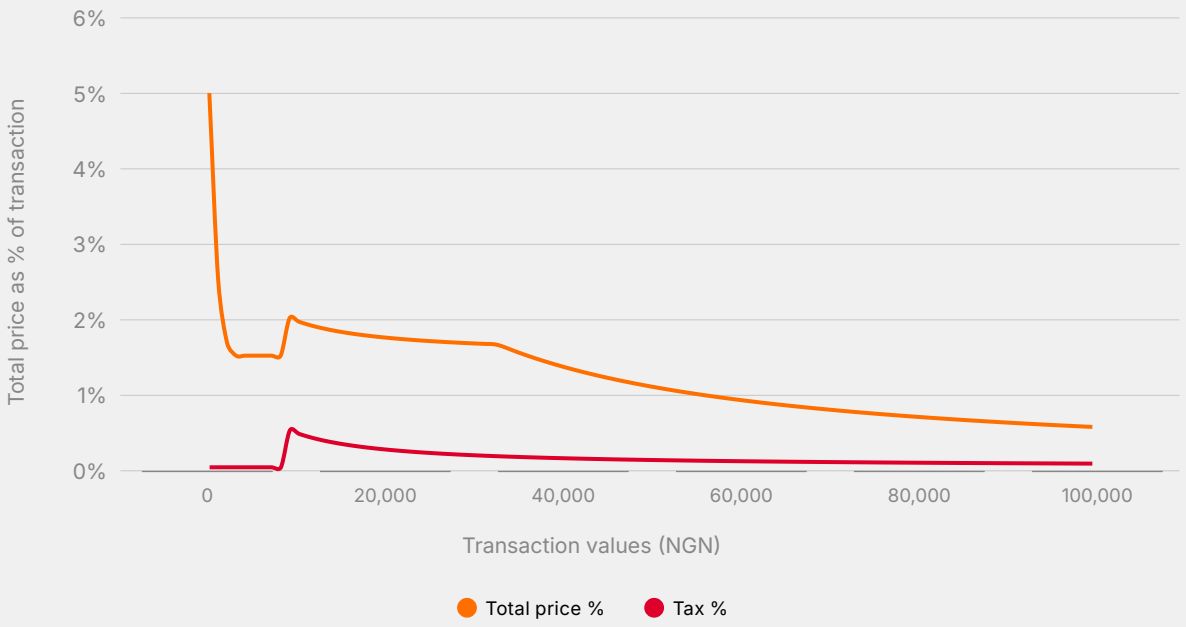
However, retail pricing is then established by mobile money agents and it is unregulated, given the difficulty to enforce price regulation for dispersed and often informal businesses. It is common for them to charge up to 10% for each transaction for lower values (for example, NGN 100 for every 1000), but on average they charge 2% of the transaction.[117]

Considering the levy and the wholesale price structure, the levy incidence is null at very low value transactions (given the exemption threshold), but is a sizeable proportion (up to 25%) of the price for transactions between 10,000 and NGN 40,000 (USD 7 to 27). For higher value transactions, the levy is 9% of the price.

115 Federal Republic of Nigeria, Official Gazette, Electronic Money Transfer Levy Regulations, June 2022.
116 Central Bank of Nigeria, Guide to Charges by Banks, Other Financial Institutions and Mobile Payments Operators, 2017.
117 Key informant interviews. See also on agent pricing: https://businessday.ng/exclusives/article/banking-agents-commissions-make-up-55-of-customer-charges/

Figure 37:

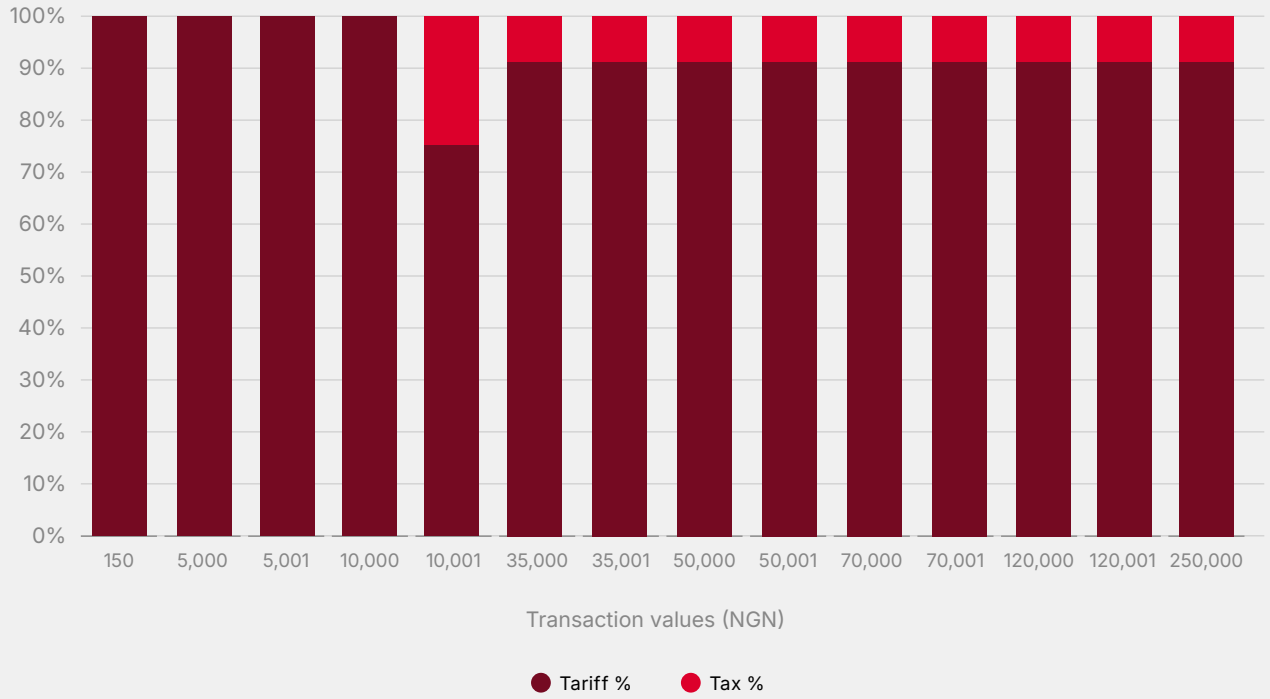
Wholesale mobile money prices on off-net P2P transactions in 2025



Sources: Tariff prices are from CBN, levy amounts are as above.[118]

Figure 38:

Wholesale mobile money prices on off-net P2P transactions in 2025, by transaction value



Sources: Tariff prices are from CBN, levy amounts are as above.[119]

118 Central Bank of Nigeria, Guide to Charges by Banks, Other Financial Institutions and Mobile Payments Operators, 2017. Electronic Money Transfer Levy Regulations.
119 Central Bank of Nigeria, Guide to Charges by Banks, Other Financial Institutions and Mobile Payments Operators, 2017. Electronic Money Transfer Levy Regulations.

5.4.4 Impacts of the levy

Given the relatively small value of the levy as a percentage of the price and the high threshold for exemption, the levy has not had a significant impact on affordability and consumers have not changed their behaviour significantly as a consequence. Interviewees agreed that there is still high demand for e-payments, especially given the challenges in obtaining cash in Nigeria and the frequent devaluations. Moreover, at higher value transactions, consumers are less price-sensitive and the reliability of the transaction is more important than the price.[120]

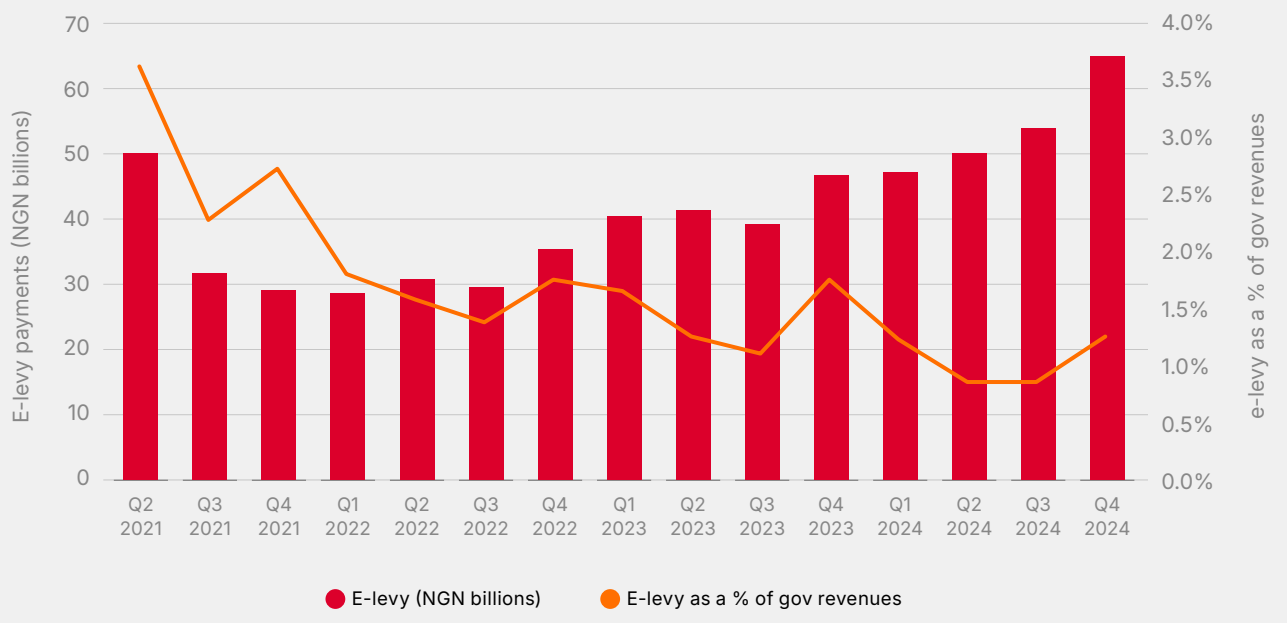
Nonetheless, some segments of the population can experience negative impacts, especially those that carried out frequent transactions that are just above the threshold, such as market traders and petrol stores. This negative impact is increasing over time since the value of the threshold has not been adjusted for inflation.

Other policies that affect competitive conditions and affordability may have greater impact on the market than the levy and may affect the sustainability of MMPs' business models. The restrictive wholesale pricing regime, the ability of agents to push costs onto consumers and high competition from interoperability, imply that MMPs' profit margins are squeezed, limiting investment and their ability to support financial inclusion targets.

The levy sustains the Government's revenue targets, but the proportion of tax intake from MMPs is small and may not be proportionate to the corresponding impact on financial inclusion. The amounts of levy collected have been increasing over time in absolute value, while decreasing as a percentage of total revenues as the Government has implemented sweeping tax reforms across the economy to expand the tax base and reduce leakages. However, while the total contribution of the levy to tax revenue was 1.2% in 2024, the contribution of mobile money to this was only 0.06%.[121] Finally, stakeholders believe the Government hasn't considered the countervailing negative effect from constrained financial inclusion.[122]

Figure 39:

Government tax revenue from the electronic transactions levy



Source: Federal Inland Revenue Service.

120 Key informant interviews.
121 Data from the Federal Inland Revenue Service. The share of mobile money has been estimated given share of transaction values from CBN.
122 Key informant interviews.

Nigeria is in the process of reforming its complex federal tax system of collecting and distributing tax revenues from the federal level to the states and to local authorities. In addition, a large proportion of government revenue comes from the oil sector, while the VAT rate is very low. Moreover, there is a need to streamline and harmonise different taxes applied at different levels. In this context, the electronic transfer levy is relatively easy to administer and a reliable, albeit not large, source of revenue. It is therefore unlikely that it will be removed or affected by the broader reforms, especially given it is collected at the federal level.

The levy performs well on horizontal and vertical equity, as it applies broadly on all electronic transactions and includes the high exemption threshold. A separate excise had applied to MNO-led MMPs' parent companies, but this has now been scrapped.[123] The threshold works well to protect lower income customers, but should be updated for inflation.

The structure and application of the levy is perceived as simple to understand and has not generated much public backlash. However, there does not seem to have been much consultation or impact assessments at the time of introduction.[124]

Table 14:
Summary of the performance of the levy

Tax principle	Evaluation criteria	Nigeria levy evaluation	
Efficiency	Economic efficiency	🔴	Low rate and exemption mean consumers are less affected by the levy, but MMPs are under pressure from competitive conditions and restrictive pricing
	Administrative efficiency	🟢	Levy performs well compared to complex federal tax system
Equity	Horizontal equity	🟢	Levy is applied equally to all players
	Vertical equity	🟡	Exemption threshold protects lower incomes but should be updated for inflation
Certainty	Simplicity and clarity	🟢	Levy is relatively simple to understand and no frequent changes
	Transparency and consultation	🟡	No evidence of consultation or impact assessments

🔴 Poor performance 🟡 Adequate performance 🟢 Good performance

Sources: authors' elaboration based on evidence collected.

123 Nigeria Finance Act 2025.
124 Key informant interviews.

5.5 Cameroon

Table 15:
Country data snapshot in 2024

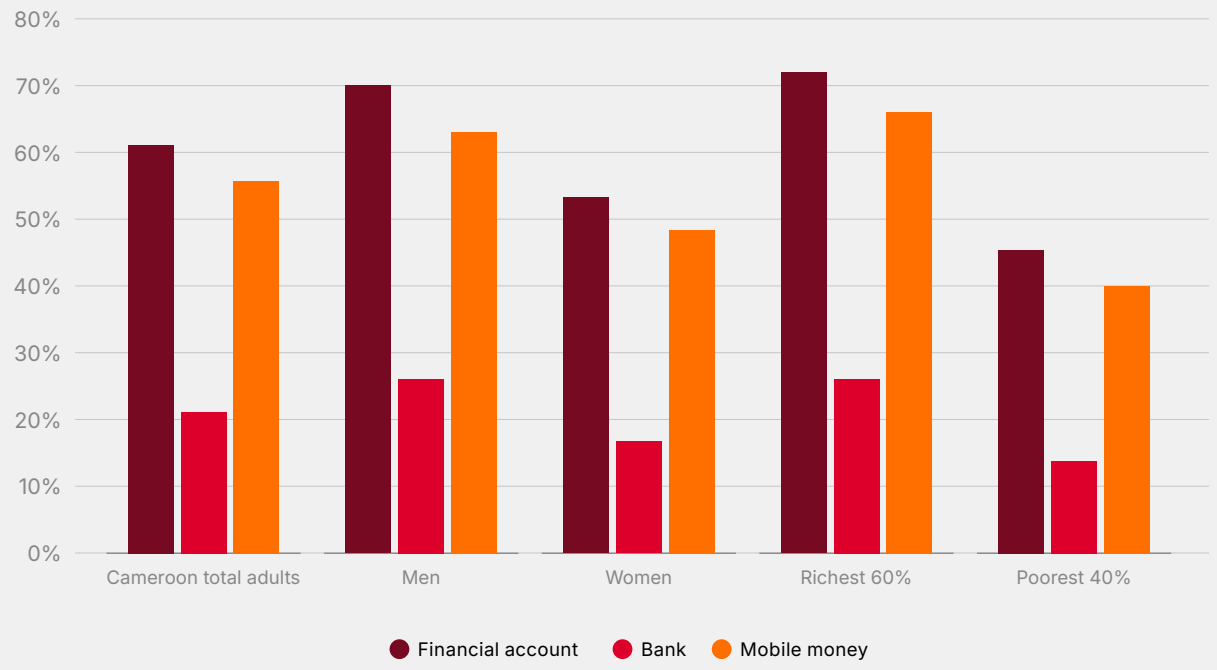
Population	**29.1 million**	Companies offering mobile money	**MTN MoMo, Orange Money, Camtel, Wave**
Government revenue as % of GDP	**15.9%**	Financial account ownership as a % of adult population	**61%**
GDP per capita in PPP	**USD 5,592**	Mobile money accounts	**9.4 million**
Agriculture as % of GDP	**17.4%**	Mobile money transaction values*	**XAF 22 trillion (circa USD 36 billion)**
Trade as % of GDP	**35.9%**	Taxes applied on mobile money	**Transaction value of 0.2% of transfers & withdrawals**

Sources: World Development Indicators, IMF WoRLD and WEO, Findex, BEAC. * Data for 2023. Historical USD exchange rates are from WDI.

5.5.1 Mobile money ecosystem and usage

Some 60% of the adult population in Cameroon has a financial account, thanks mainly to mobile money (55% penetration), while bank accounts are at 21% penetration. There is a large gender gap at 16 percentage points, but the income gap is even larger, at 26 percentage points.

Figure 40:
Financial account ownership in Cameroon in 2024

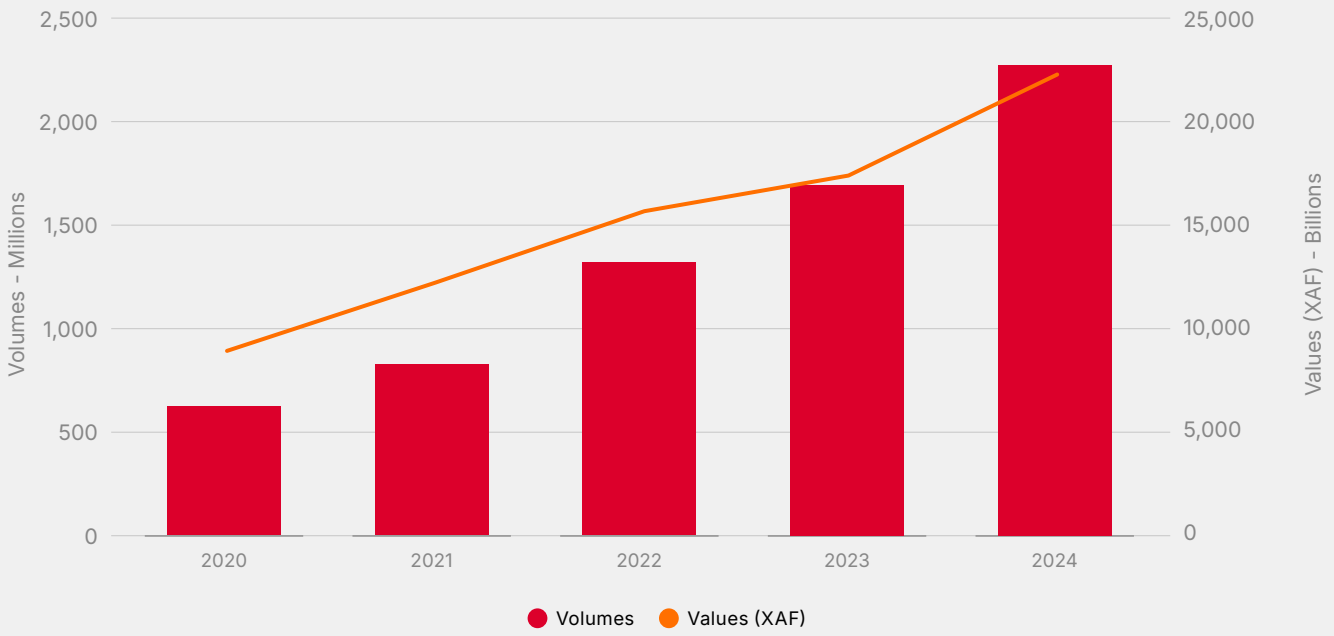


Source: World Bank Findex 2025. Percentage of adult population 15+ that report having an account.

The market in Cameroon is regulated by the Banque des Etats de l'Afrique Centrale (BEAC), which applies uniform regulation across CEMAC members. The license and business model evolved from a bank partnership model to a mixed model with Orange Money and MTN acquiring PSB licences in recent years and leading the market with around 50% market share each.[125] The state-owned telecom operator also launched a mobile money service, but it has had limited impact so far.[126] While YUP Cameroon ceased activities in 2022, Wave is set to enter the market soon via a bank partnership.[127]

Cameroon is the largest mobile money market in the Economic and Monetary Community of Central Africa (CEMAC), accounting for 63% of the total number of transactions, followed by Congo (25%) and Gabon (19%).[128] Compared to other countries in the sub-region, mobile money is very engrained for cash-in and cash-out usage, but overall it is still an emerging market, with merchant payments and regulation for value added services still developing.[129]

Figure 41:
Evolution of mobile money transactions in Cameroon



Source: BEAC, Rapport sur les Services de Paiement dans la CEMAC en 2022 and 2023.

5.5.2 The mobile money levy

The levy, called the "Money Transfer Tax", was introduced in 2022 at 0.2% of transaction value on all mobile money transactions (transfers and withdrawals). In 2025, it was increased by adding a flat rate of XAF 4 on each transaction, on top of the 0.2% of the value. The 2025 Finance Law also increased the rate to 1% for transactions for gambling and entertainment, and expanded the scope to include banking and MFI transactions.[130]

The levy was introduced by the government of Paul Biya and did not generate substantial debate at the time, due to the government's strong majority in parliament. The revenue from this new tax was estimated to be around XAF 20 billion in the first year.[131]

125 Key informant interviews. There is limited public data on market shares and licences. BEAC published an old version of the licensee list in its 2022 report above.
126 https://itweb.africa/article/state-telco-camtel-to-launch-mobile-money-service-in-cameroon/6GxRKqYQdp2qb3Wj
127 BEAC, Rapport sur les Services de Paiement dans la CEMAC en 2022. Key informant interviews.
128 BEAC, Rapport sur les Services de Paiement dans la CEMAC en 2023.
129 Key informant interviews.
130 Cameroon, Finance Laws 2022 and 2025.
131 Noah & Tacneng, 2024.

5.5.3 Pricing and affordability analysis

The mobile money market in Cameroon is subject to market-based pricing, with fees ranging from 2.25% to 2.65% of transaction value for most transactions (including tax). The announcement of the entry of Wave in the market in June 2025 does not appear to have had an impact on pricing yet, but stakeholders believe it will further push down prices overall.[132]

Figure 42:

Average mobile money prices on off-net P2P transactions in 2025

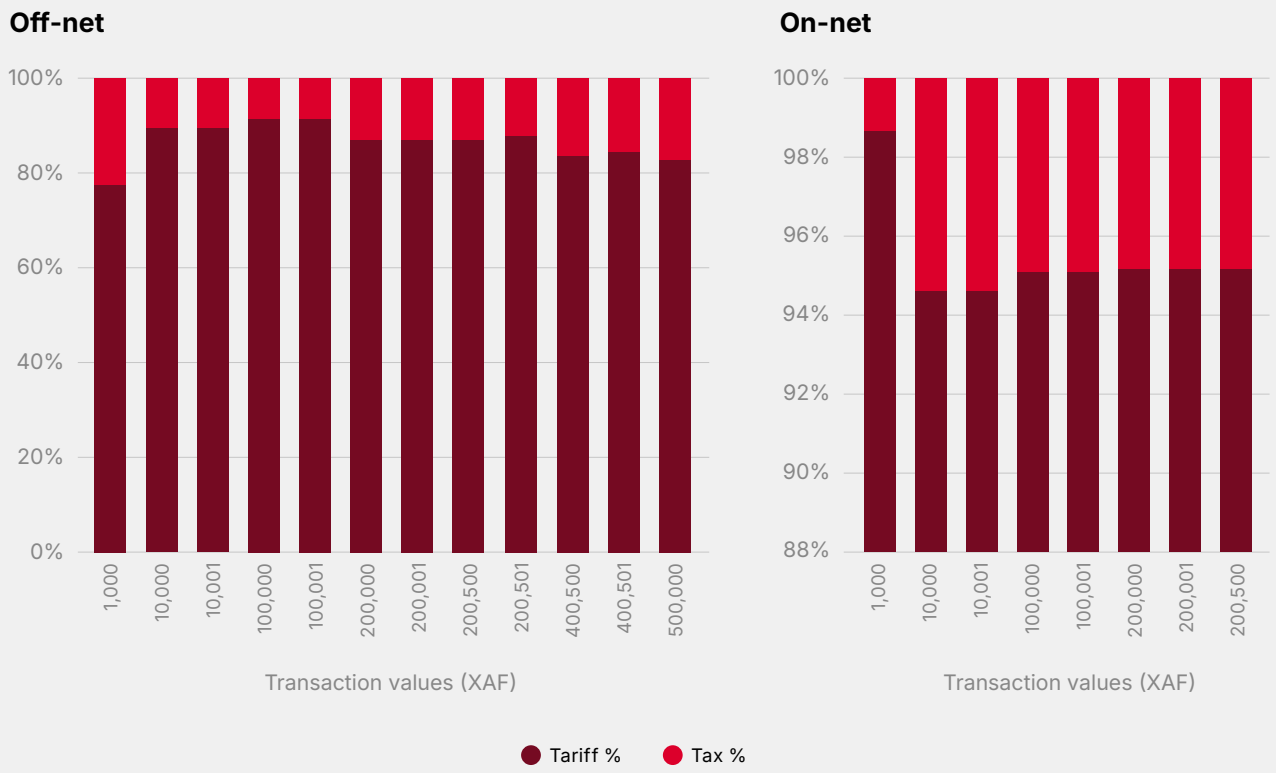
Sources: Tariff prices are sourced from MMPs websites, levy amounts are as above.[133]

132 https://techafricanews.com/2025/08/11/wave-appoints-joel-bertrand-ndjodo-former-mtn-executive-to-lead-cameroon-operations/ . Key informant interviews.

133 https://momo.mtn.com/pricing/ ; https://orangemoney.orange.cm/fr/tarification-orange-money.html

Given the structure of tariff prices and of the tax, the levy ends up representing a significant part of the final price – between 9% and 23% for the average off-net transaction and over 40% for on-net. For the average value of the transaction by electronic money in CEMAC, which was around XAF 10,000 francs in 2022, the levy would have represented 10% for off-net and 44% for on-net.[134] The proportion on P2P on-net transactions is much greater because the absolute tariff is lower, and the flat rate of XAF 4 becomes a much higher proportion of the final price.

Figure 43:
Average tax and tariff as a % of price for off-net and on-net P2P transactions in 2025, by transaction value



Sources: Tariff prices are sourced from MMPs websites, levy amounts are as above.[135]

5.5.4 Impacts of the levy

The impact of the tax on pricing is significant and has increased after the introduction of the XAF 4 flat rate. The 0.2% rate already amounted to a large proportion of the price and the additional flat rate has increased end-users' costs further especially for lower value transactions. Still, stakeholders feel mobile money services present good levels of affordability, and are, therefore, growing despite the tax. However, the market is showing signs of pressure - stakeholders reported that there has been a return to cash for some transactions, while upcoming changes in competitive conditions might mean the sustainability of the profit margins might be at risk. A recent IMF report quantified this impact for the first five months after the tax was introduced and it estimated that the tax caused a 40% reduction in the average monthly value and a 33% reduction in the number of transactions. The report found a high short-term price elasticity in the demand for mobile money (-2.1), implying that a 10% increase in the total price is associated with about a 21% decline in the average monthly transaction value per user.[136]

134 BEAC. Rapport sur les Services de Paiement dans la CEMAC en 2022.
135 Pricing sources as above.
136 Barczay et al., 2025.

The government has prioritised revenue-raising objectives, especially since the most recent IMF arrangements.[137] The levy appears to be performing well in terms of revenue, and the recent increase in rate signals that the government is capitalising on a good source of revenue, rather than signalling underperformance.[138] Our estimates are that the levy can represent 1.39% of total government revenues in 2025. The government feels that mobile money captures financial flows from Cameroon's large informal sector that otherwise would not be taxed, while being easy to administer due to being very traceable. However, other options might be more efficient, such as reducing fuel subsidies and digitalising revenue collection.[139]

There is a strong case for exemption of lower value transactions, given the tariff structure and the additional flat rate of the tax. In addition, some stakeholders feel a tariff-based tax would be preferable, as it's less aggressive and has less impact on consumers. In terms of horizontal equity, the last Finance Law expanded the scope to adjacent industries, as well as increasing the rate on online gambling transactions.

While there was limited consultation before policy changes, the tax has not been controversial with the public, possibly because the government has encouraged the narrative that every citizen must contribute to developing the country. The impact on financial inclusion does not seem to have been considered, with priority given to increasing the tax take under the IMF programme. Despite a recognition of the possible negative impacts, the IMF has not published the tax policy diagnostic of the levy and lists it as a positive measure towards the programme's objective of fiscal consolidation.[140]

Table 16:
Summary of the performance of the levy

Tax principle	Evaluation criteria	Cameroon levy evaluation	
Efficiency	Economic efficiency	🟡	High revenue for government, little impact on transactions but may jeopardise business model
	Administrative efficiency	🟢	Good revenue performance and ease of administering
Equity	Horizontal equity	🟡	Applied equally after some changes
	Vertical equity	🔴	Levy is regressive due to pricing structure and flat rate
Certainty	Simplicity and clarity	🟡	Relatively simple structure, but there have been changes to rates and scope
	Transparency and consultation	🟡	No consultation, but public support

🔴 Poor performance 🟡 Adequate performance 🟢 Good performance

Sources: authors' elaboration based on evidence collected.

137 IMF, Cameroon article IV reports, for example IMF Country Report No. 25/71.
138 Key informant interviews.
139 Key informant interviews.
140 IMF, Cameroon Article IV 2022 (IMF Country Report No. 22/75) - IMF, 2022b.

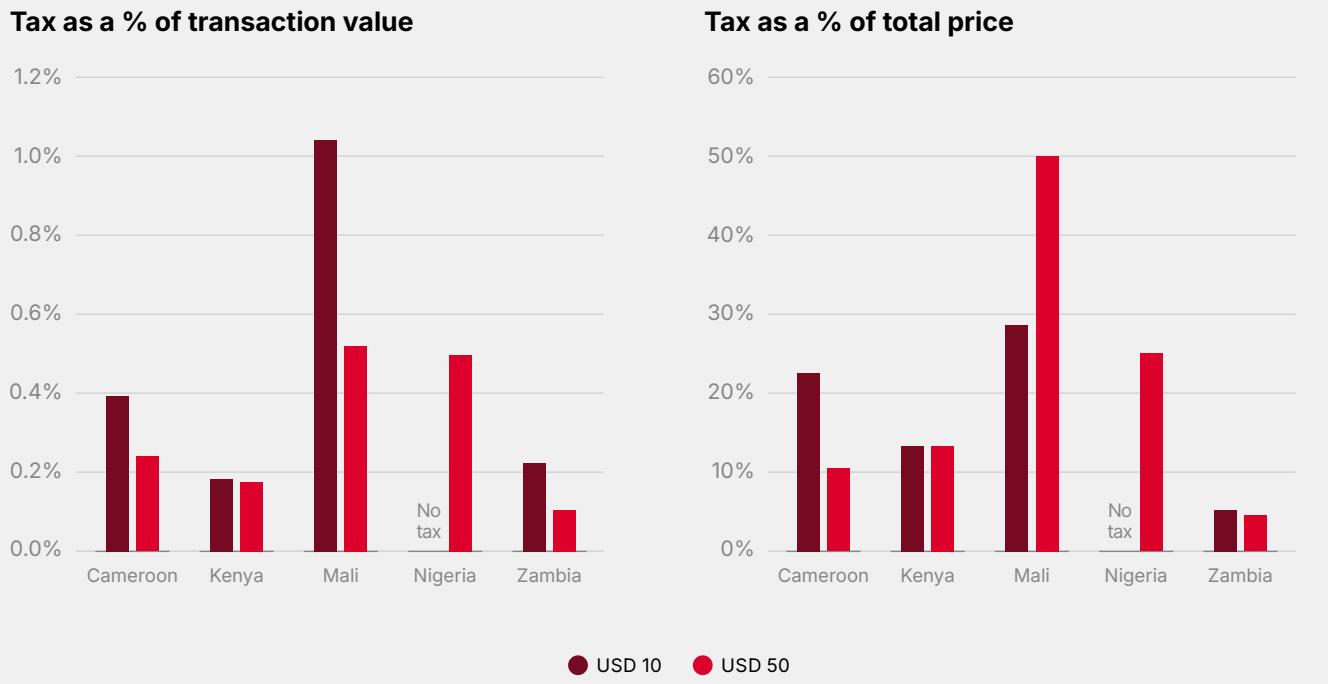
6
Conclusions and recommendations

6.1 Key findings and comparative analysis

Based on the analysis of the country deep dives and the context introduced earlier in the report, this section presents some key comparative findings.

At 1% of transaction value, the Malian mobile money levy is the highest as a percentage of prices, as well as of transaction value. Cameroon applies a 0.2% levy on transaction values plus an additional flat rate of XAF 4, making it the second highest-incidence tax. The levies in Kenya and Zambia have a relatively lower impact on final prices, while the rate of the Nigeria levy is within our sample average, but has adopted a successful lower threshold.

Figure 44:
Comparative tax as a % of transaction value and total price for a USD 10 and USD 50 transaction



Source: Tariff prices are sourced from MMPs websites and levy amounts from finance laws. See country-specific analysis for details. USD values are in PPP.

Levies tend to be more regressive when they are applied as a flat and/or tiered rate, for example in Zambia and Cameroon, as well as when they are applied on the tariff price, as in Kenya, given the tariff structure is normally skewed with lower value transactions attracting higher tariffs in relative terms.

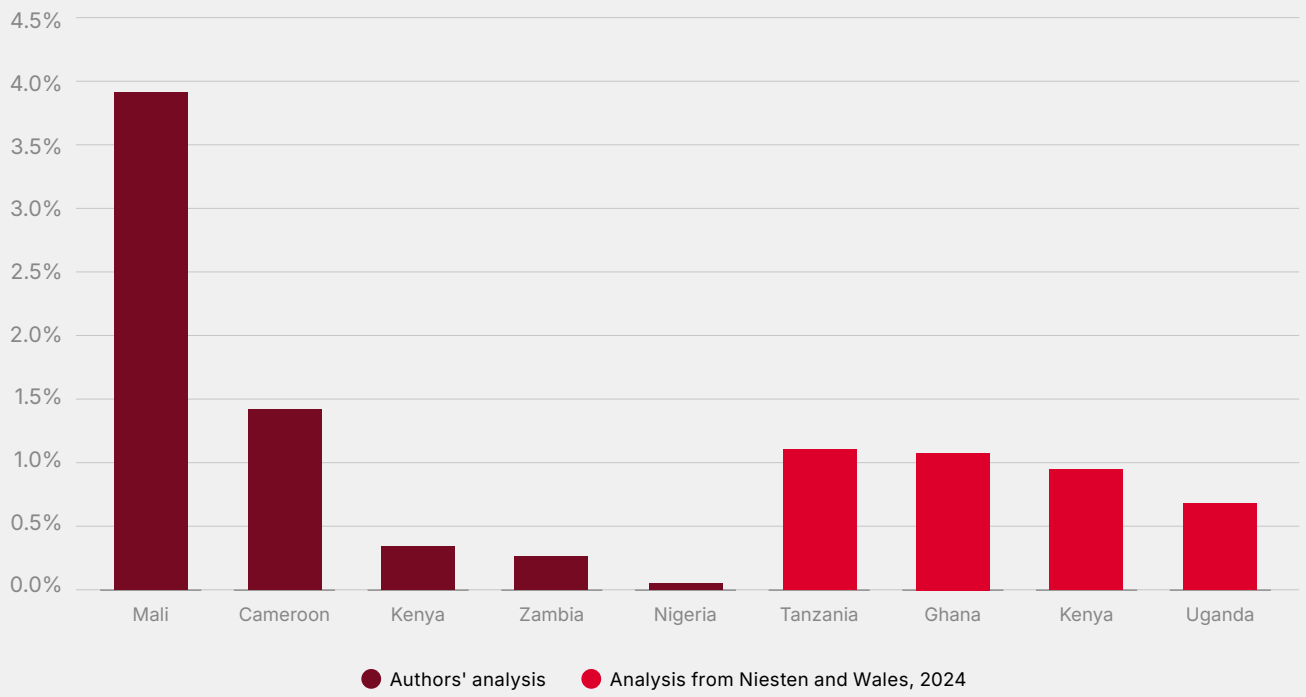
Levies applied on transaction values are less regressive, but they end up constituting a large proportion of the final price, as in Mali and Cameroon. Exemption thresholds for lower value transactions works well to protect lower incomes (e.g. Nigeria), but exemptions to encourage formalisation may have detrimental impacts on poor and informal workers (e.g. Kenya). Exemption thresholds are regarded favourably by many stakeholders – for example stakeholders in Zambia have suggested a threshold of at least ZMW 300, while in Nigeria it was felt NGN 35,000 should be appropriate, rather than the current NGN 10,000.

The extent of the impact of the levies depends greatly on existing competitive conditions and other policies that affect prices. For example, in Cameroon and Mali, an environment of low prices reduces the impact of high levy rates on consumers, but puts significant risk on the sustainability of the MNO-led business model. Interoperability conditions and price controls are also key, for example, in Nigeria a restrictive wholesale pricing environment puts pressure on operators while failing to protect end consumers. In Zambia, a recent pricing directive counteracted the effects of a levy increase.

The revenue raised by mobile money levies is modest, unless high rates are applied with likely significant downside for financial inclusion. A comparison of revenue collection across countries, broadly reflects the rates applied, with Mali and Cameroon raising 3.9% and 1.4% of total revenue from the tax, respectively. It is important to note that these amounts are upper bound estimates, given data is not available for these countries and the estimates do not consider the behavioural adjustment as consumers are likely to reduce transactions. Other countries collect less than 0.5% of revenues from these levies.

Figure 45:

Comparative tax revenue collection from mobile money levies, as a % of total tax revenue



Source: Authors' estimates are based on 2025 data from revenue authories and IMF WEO and central bank transaction data for the countries of study. For other countries, the data points are taken from Niesten and Wales, 2024 and refer to the year 2023. We have excluded from their results Zimbabwe because it is an outlier (9.3%) and Nigeria because we believe they also included the revenues from transactions other than mobile money (the total was 1.38%).

This research found a general lack of policy coherence and coordination across agencies responsible for tax policy, ICT policy and monetary policy, with revenue mobilisation being decided without considering other government commitments, for example on financial inclusion. There is often a lack of alignment between pricing regulation and domestic revenue mobilisation efforts, as seen in the case of Zambia and Nigeria.

In some countries, there has been significant political animosity as a result of levies and lack of consultation, with high political costs. Other countries, such as Cameroon, have managed to gather support from the public through a narrative around development and the social contract. However, this approach might be at risk given a potential change of government and, in general, makes tax compliance dependent on political fluctuations.

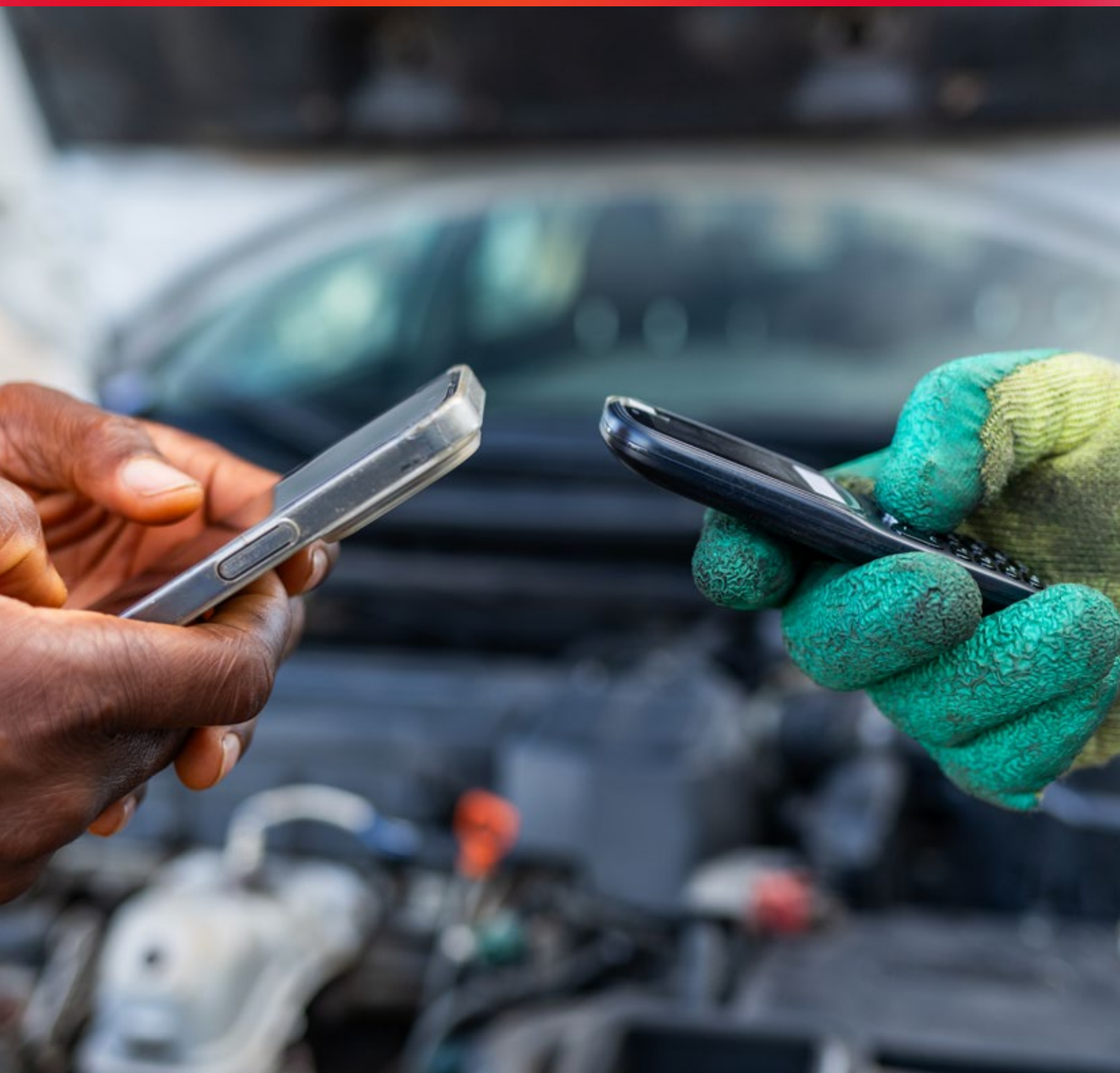
Learning and evaluation, and policy impact assessments are often lacking so that a robust appraisal and data gathering on the impact of the levies is often missing and not subject to public scrutiny. Some governments appear to employ a trial-and-error approach, recognising that the mobile money market is evolving and are willing to change course, as seen in Kenya, although frequent policy changes may create instability and discourage investment.

6.2 Policy recommendations

The recommendations below emerged from discussions with stakeholders and as a result of the synthesis of the evidence gathered throughout the report. They are focused on policies that recognise the need for DRM and other government objectives, while seeking to design less distortive taxation policies for both businesses and consumers.

1. **Reduce rates** to lower the impact on behaviour and distortions to the market. In particular, rates that amount to over 0.2% of mobile money transaction value are shown to create a significant pressure on prices.
2. **Exemption thresholds.** Introduce thresholds for lower value transactions to protect lower income consumers. Exemptions should be granted for values below USD 10 and up to USD 20 and should include a mechanism to update for inflation. This would ensure that the unbanked and low value transactions are not affected and avoid the worst outcomes for financial inclusion. However, it should be noted that exemptions will make the tax more difficult to administer and understand.
3. **Exemptions groups.** People with special needs and savings groups could be exempted to incentivise their access and use of financial services. Exemptions for registered businesses have been shown to be detrimental to the poorest segments of the population, because, while their objective is to incentivise formalisation, they also affect more negatively those who work in the informal economy who tend to be on lower incomes.
4. **Level playing field.** Ensure equity with other financial products, especially banking, to minimise market distortions.
5. **Consider impact of other policies that affect affordability.** Interoperability, price controls and competitive conditions can have a large impact on the manner and magnitude of the effect of mobile money levies. Careful consideration should be paid to competitive conditions that deflate pricing in order to quickly capture market share, as they may depress margins excessively and make the market as a whole unsustainable. Moreover, price regulation can be inefficient, especially if reviewed infrequently, and competitive price discovery works best to enable businesses to react to policy and market changes.
6. **Other revenue options.** Balance the revenue generated from the levy with the negative impact on financial inclusion and consider alternative options, such as the digitalisation of tax collection.
7. **Simplicity and predictability.** Levy design should be easy to understand and implement for consumers and businesses. The stability and predictability of the tax environment is important to maintain confidence and investment certainty.
8. **Policy coherence.** Mobile money levies should be discussed by all institutions involved in the governance of the sector, from the central bank to the telecoms regulator to the Ministry of Finance. This approach will avoid general, one-size-fits-all policies and will improve the evidence base for policy and support a detailed impact analysis by community and constituency.
9. **Learning and evaluation.** Ensure impact evaluations of the levies are conducted ex-ante and ex-post and available to public scrutiny.

7
Appendices



List of stakeholders interviewed

Country	Organisation
Cameroon	BEAC
Cameroon	MTN Cameroon
Cameroon, Mali, Nigeria	IFC, international Finance Corporation, World Bank Group
Cameroon, Nigeria, Zambia	MTN Group
Kenya	Airtel Kenya
Kenya	Safaricom Kenya
Kenya	Vodacom Group
Mali	Orange Mali
Mali	AMRTP
Cameroon	In Touch Group
Nigeria	Lagos Business School
Nigeria	ALTON
Nigeria	MTN Nigeria
Nigeria	Nigeria Communications Commission
Zambia	PAYZ association
Zambia	Airtel Zambia
Zambia	ZICTA

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