

The Evolution of Mobile Money and Insurance Partnerships in West Africa

Growth, Challenges, Risks, and Mitigation Strategies

Author:

David Samba Mansaray

Date:

April 2025

Affiliation:

Digital Financial Institute

Association of Chartered Certified Accountants

Contents

1. Introduction
2. Evolution of Mobile Money and Insurance Partnerships
3. Growth Drivers and Innovations
4. Impact on Financial Inclusion and Social Protection
5. Challenges and Risks
6. Mitigation Strategies
7. Opportunities and Future Directions
8. Recommendations
9. Conclusion
10. Appendix: References

Title: The Evolution of Mobile Money and Insurance Partnerships in West Africa: Growth, Challenges, Risks, and Mitigation Strategy

Author: David Samba Mansaray

1. Introduction

West Africa's financial landscape has undergone significant transformation over the past two decades, driven by the expansion of mobile money platforms and digital financial inclusion initiatives. Originally created to support peer-to-peer transfers, mobile money has evolved into a multifunctional ecosystem offering savings, credit, and increasingly, insurance services. This evolution has opened new avenues to extend financial services to underserved and low-income populations across the region.

Nevertheless, insurance penetration remains critically low compared to global standards. According to the United Nations Capital Development Fund (UNCDF), insurance premiums account for only 3% of Africa's GDP, a figure heavily influenced by South Africa's dominance, which represents approximately 70% of the continent's insurance market. This imbalance underscores both the vast untapped potential and the structural barriers, including low awareness, affordability challenges, and the need for sector modernization, that must be addressed to drive broader insurance adoption.

The convergence of mobile money and insurance offers a compelling opportunity to mitigate risks faced by individuals and businesses. This paper explores the evolution of mobile insurance partnerships across West Africa, drawing insights from Ghana, Nigeria, Côte d'Ivoire, Senegal, Mali, and Sierra Leone. It seeks to assess the developmental trajectory, measure socio-economic impacts, identify key risks, and propose strategies for building scalable and sustainable mobile insurance ecosystems.

2. Evolution of Mobile Money and Insurance Partnerships

Inception Phase (2000–2010): During this period, mobile money services were primarily focused on basic functionalities such as P2P transfers and utility payments. Insurance integration was minimal or nonexistent. For instance, in Ghana, MTN Mobile Money launched a rudimentary payment service, while Orange Money began similar initiatives in Côte d'Ivoire.

Expansion Phase (2010–2020): The increased penetration of mobile phones, coupled with user trust and ecosystem maturity, created a fertile ground for value-added services. Several significant partnerships emerged. In Ghana and Nigeria, Airtel Money and MicroEnsure collaborated to launch affordable health insurance products that reached over 2 million people by 2018, predominantly low-income earners who had never interacted with formal insurance providers. This initiative with MicroEnsure was further expanded in Ghana with Tigo and BIMA rolling out free life insurance to mobile users. In just one year, 1.5 million Ghanaians were enrolled.

In Kenya, while outside West Africa, Safaricom's M-Tiba platform, launched in 2016, enabled over 4.5 million individuals to access mobile-enabled health insurance, serving as an important reference for the region. A similar initiative was launched in Sierra Leone in 2024 by Smart System.

Integration Phase (2020–Present): The proliferation of API-based platforms has significantly enhanced the integration between insurers and mobile money operators (MMOs), enabling the seamless delivery of mobile-enabled insurance services. In Sierra Leone, the Insurance Association (SLIA), in collaboration with the country's two largest mobile money operators—Orange Money and AfriMoney—launched an initiative to offer vehicle insurance products via mobile platforms, broadening access to formal insurance. Similarly, in Nigeria, a joint regulatory framework established between the National Insurance Commission (NAICOM) and the Nigerian Communications Commission (NCC) paved the way for the distribution of mobile insurance products, reaching over five million

individuals by 2023 and significantly advancing financial inclusion efforts in the insurance sector. In Mali, Orange Money partnered with Insurtech company, OKO, to develop agricultural microinsurance solutions, leveraging mobile data for premium collections and facilitating claims payouts directly to farmers affected by weather variability.

3. Growth Drivers and Innovations

Key enablers for the growth of mobile insurance partnerships include:

Mobile Penetration: According to GSMA, Sub-Saharan Africa had 283 million active mobile money accounts by 2024, with penetration rates exceeding 80% in some West African countries.

Policy Support: Governments have incorporated digital finance into national strategies. Sierra Leone's National Strategy for Financial Inclusion (2020–2023 and 2023 - 2027) emphasized expanding insurance access via digital platforms, for example.

Donor Support: International development partners such as DFID, GIZ, and the Gates Foundation have funded pilot schemes to demonstrate feasibility and impact.

Product Innovation: Insurance products have evolved to include: Bundled offers (e.g., airtime top-up bundled with life insurance); Usage-based premiums (e.g., pay-as-you-go insurance); Instant claims settlement via mobile wallets, creating attractive solutions for easy adoption.

In addition to the primary growth drivers, it is important to recognize the role of cultural adaptability in product design. For instance, insurance services offered during key local festivals or linked to community events often see higher uptake. In South Africa, mobile insurance plans (MyMTN Prepaid Funeral Khava), offered

during funeral ceremonies, were significantly more appealing when integrated with traditional burial support schemes.

Agent network expansion also acts as a significant enabler. In many West African countries, face-to-face interactions facilitated by mobile money agents have played a crucial role in driving mobile insurance adoption, particularly in rural and underserved areas.

4. Impact on Financial Inclusion and Social Protection

Mobile-enabled insurance solutions have proven instrumental in enhancing financial resilience, providing critical protection against health emergencies, crop failures, and death-related expenses.

MicroEnsure and Airtel have played a pivotal role in advancing financial inclusion across Ghana, Nigeria, and other African countries by delivering low-cost insurance products through mobile platforms, often using innovative freemium models linked to airtime usage. Their efforts have introduced millions of underserved individuals to formal insurance services, fostering greater financial security and trust.

Empirical evidence supports the broader socio-economic impact of these interventions. Health insurance coverage among Nigerian women significantly improves maternal healthcare access, according to BMJ Public Health report, while OKO Insurance's weather-indexed policies have compensated over 20,000 drought-affected farmers in Mali.

Together, these initiatives have laid the groundwork for stronger integration between mobile money and insurance services, offering a scalable pathway to deepen financial inclusion across West Africa.

5. Challenges and Risks

Despite notable progress, several critical challenges continue to hinder the expansion of mobile insurance in West Africa.

1. **Regulatory Fragmentation:** Overlapping or conflicting policies from insurance and telecommunications regulators often stall product deployment and create operational uncertainty for mobile money operators and insurers.
2. **Low Insurance Literacy:** In Mali, for instance, only 8% of adults understand basic insurance concepts despite high levels of mobile phone access, underscoring the need for intensified education efforts, according to World Bank.
3. **Data Privacy and Trust:** The sharing of customer data between mobile network operators (MNOs) and insurers raises significant compliance and trust concerns, especially in jurisdictions lacking robust data protection frameworks.
4. **Technology Gaps:** Many traditional insurers continue to operate legacy systems that are ill-equipped to integrate with modern mobile platforms, resulting in delays in premium collections, claims processing, and customer servicing.
5. **Fraud and Cybersecurity Risks:** SIM swap fraud, identity theft, and related cyber threats remain persistent risks across West African markets, undermining customer confidence and system integrity.

Language barriers also continue to impair customer engagement in multilingual countries such as Nigeria and Cameroon. Inadequate onboarding communication sometimes leads customers to perceive mobile insurance deductions as hidden fees or “taxes.”

6. Mitigation Strategies

To overcome these barriers, several strategic actions are recommended:

Regulatory Coordination: Regional bodies such as the West African Insurance Companies Association (WAICA) and the Economic Community of West African States (ECOWAS) should prioritize the harmonization of digital insurance frameworks across member countries. Aligned regulations would reduce operational friction, enable cross-border scalability, and create a more conducive environment for mobile-enabled insurance growth.

Targeted Education Campaigns: Addressing the low level of insurance literacy requires the development of customized communication strategies tailored to specific demographic and linguistic groups. Leveraging mobile platforms, localized languages, visual aids, and community engagement models will be critical to improving customer comprehension and trust.

Technological Modernization: Ghana's pilot initiatives exploring blockchain-based insurance record-keeping illustrate the potential for enhanced transparency, fraud mitigation, and seamless integration between mobile money operators (MMOs) and insurance providers. Broader adoption of modern digital infrastructure would strengthen operational efficiency and service reliability across the region.

Strengthened Governance Frameworks: The establishment of formal Service Level Agreements (SLAs), Key Performance Indicators (KPIs), and joint oversight boards between MMOs and insurers is essential for fostering accountability, managing performance, and ensuring sustainable, mutually beneficial partnerships.

7. Opportunities and Future Directions

The future is promising for mobile-based insurance schemes.

Embedded Insurance Expansion: MTN Ghana, through its partnership with aYo, offers voluntary subscription-based life and hospital insurance via mobile channels, highlighting the potential for seamless insurance integration within digital ecosystems.

AI-Driven Risk Management: Machine learning and advanced analytics are enabling dynamic risk pricing and fraud detection, improving operational efficiency and offering more personalized insurance solutions.

Public-Private Partnerships (PPPs): Strategic collaborations between governments, mobile network operators, and insurers can scale affordable insurance products, building on successful digital financial inclusion models.

Cross-Border Portability: UEMOA-led interoperability initiatives could allow customers to maintain mobile insurance coverage across national borders, fostering regional financial integration and customer retention.

Climate Resilience and Youth Inclusion: Programs like Pula in Nigeria utilize satellite imagery to deliver indexed crop insurance to young farmers, enhancing agricultural resilience and offering innovative models for addressing climate risks.

8. Recommendations

While not exhaustive, the following recommendations offer a strategic foundation for strengthening collaborations between MMOs and insurance companies to drive broader financial inclusion and innovation..

Foster Collaborative Innovation: Encouraging partnerships between fintech startups and traditional insurers can significantly accelerate product development cycles and enhance service delivery. Initiatives such as hackathons, innovation labs, and regional accelerators—similar to those sponsored by the African Fintech

Network—should be leveraged to incubate novel, customer-centric mobile insurance solutions.

Strengthen Capacity Building for Agents: Mobile money agents should be equipped with comprehensive insurance training to enable them to serve not only as transaction facilitators but also as frontline educators and brand ambassadors. Strengthening agent capacity will improve customer engagement, drive product adoption, and build trust within underserved communities.

Promote Gender-Sensitive Product Design: Given the growing role of women in the informal economy, it is imperative to embed gender-sensitive features into insurance products. Tailored solutions, such as maternal health insurance delivered through mobile money platforms—as successfully implemented via Airtel Money in Uganda—should be adapted and replicated across West Africa to close critical coverage gaps.

Advance Regional Regulatory Standards: Stakeholders should advocate for ECOWAS to spearhead the development of harmonized digital insurance standards across member states. A unified regulatory framework would facilitate cross-border scalability, enhance consumer protection, and create a more competitive and inclusive digital insurance ecosystem.

Expand Insurance Literacy Initiatives: Comprehensive insurance education campaigns should combine digital tools (e.g., SMS prompts, mobile apps, social media) with traditional media outreach (e.g., radio, community meetings) to effectively raise awareness and understanding of insurance products among low-literacy and rural populations.

Support Agile Insurtech Development: Establishing and funding Insurtech incubators dedicated to mobile insurance innovation would foster agile product development, rapid prototyping, and market-responsive solutions that meet the dynamic needs of underserved customers.

Enhance Community Engagement: Community-based organizations and grassroots networks should be actively involved in the co-creation of insurance products to ensure cultural relevance, enhance product appeal, and foster stronger customer loyalty.

Invest in Insurer IT and Data Infrastructure: Insurers must prioritize investments in modern IT systems, data analytics capabilities, and cybersecurity measures to seamlessly integrate with mobile platforms, enhance service delivery, and protect customer information in an increasingly digital ecosystem.

9. Conclusion

Mobile money and insurance partnerships present a transformative opportunity to advance financial inclusion across West Africa. These collaborations offer an accessible, scalable mechanism for extending social protection to vulnerable and underserved populations. However, achieving long-term sustainability requires more than technological innovation; it demands deliberate cross-sector coordination, user-centered product design, robust governance frameworks, and sustained investment in digital infrastructure. With strategic action and collective commitment from stakeholders, mobile-enabled insurance can be unlocked as a powerful tool for building resilience, promoting economic empowerment, and fostering inclusive prosperity throughout the region.

Appendix: References

1. UNCDF (2024). Advancing Insurance and Risk Financing to Bridge the Financial Divide in Ghana
2. GSMA (2025). State of the Industry Report on Mobile Money.
3. World Bank (2021). Financial Inclusion Overview – Mali.
4. BIMA (2018). “Digital Microinsurance Case Studies.
5. MicroEnsure (2019). Health Insurance Innovations in Nigeria.
6. MicroEnsure (2015). mHealth Compendium volume 5
7. OKO Insurance (2022). Crop Insurance for Smallholder Farmers.
8. NAICOM (2022). Regulatory Strategy for Mobile Insurance.
9. Pula Advisors (2024). Climate-Smart Agricultural Insurance in Nigeria.