

Market Power in Emerging Markets: Regulatory Dynamics and Policy Implications in East Africa's Mobile Money Sector

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Abstract

The interplay of structural, organizational, and regulatory factors that shape how firms compete and perform shape market power in emerging markets. Such is the interaction of market structure, firm attributes and regulatory conditions. In the East African mobile money sector, competition is determined by network effects, agent network reach, switching costs, platform dominance, and the regulatory enforcement, which differ with individual countries. The study targeted Kenya, Uganda and Tanzania's mobile money sector. Safaricom's M-Pesa in Kenya was the focal case. comparative insights were drawn from Airtel Money Kenya, MTN Uganda, and Tanzania's M-Pesa and Airtel Money markets. The study sought to establish the influence of market structure and firm characteristics on market power. In addition, the moderating effect of regulation in shaping these relationships was determined. The ability of the firm to influence prices, sustain market share advantages, maintain profit margins, create customer switching difficulties, and benefit from barriers to entry were used as the determinants of Market power. A descriptive comparative multiple-case design the used, with secondary data derived from of annual reports of the companies, communications and publications of the central banks, competition and policy reports and the peer-reviewed literature published mostly between 2015 and 2025. The results show that concentrated markets are instrumental in establishing the conditions of platform power, yet the sustainability of the power is largely determined by the capacity of the incumbent firm to transform structural advantages into daily customer reliance. This process is moderated by regulation, though not fully. Interoperability and non-exclusivity can help to alleviate lock-in and contestability barriers, but they do not necessarily eliminate the dominance once deep dependence on ecosystems is established. The paper has contributed to scholarship by merging market structure, firm characteristics and regulation into a single analytical framework and extending the discussion of digital market power to African mobile money ecosystems. The findings should inform policy making because they indicate that competition, communication and payment-system regulators should work together in to maintain innovation and at the same time reduce entrenched platform dominance.

Keywords: market power; mobile money; digital platforms; regulation; interoperability; East Africa

1.0 Introduction

In emerging markets, digital financial services are instrumental to the reconfiguration of competition. In most low and middle-income economies, companies are becoming more competitive with the use of digital platforms which link users, merchants, agents, banks and complementary service providers. As such, market power is not just exercised by having the capacity to increase prices above competitive levels, but also by having the capacity to control access, impose switching restrictions, establish technical standards and dominate participation in the broader ecosystem. These characteristics have made competition theorists to re-assess the previously held thinking of dominance and market power within platform-intensive sectors, particularly where cumulative advantages of network effects and integration of an ecosystem are realized over time (Cremer et al., 2019; OECD, 2022).

Mobile money, in contrast to the traditional payment systems which relied greatly on bank-controlled infrastructures, were born out of the platform of incorporating transaction services within telecommunications networks and agent-based distribution systems. This has particularly been an interesting development in Sub-Saharan Africa where mobile money has ceased to be an inclusion tool but a fundamental part of financial infrastructure that facilitate person-to-person money transfer, merchant payments, bill settlement, remittances, savings, credit and government disbursements. In East Africa, Kenya, Uganda and Tanzania have realized massive and advanced mobile money markets, yet they vary in the extent of concentration, the intensity of competition and the nature and timing of regulation (GSMA, 2024; Osabutey & Jackson, 2024).

These distinct aspects are important since mobile money markets portray most of the characteristics that are involved with platform power. An early lead mobile money provider will gain users, agents, merchants and complementary partnerships more quickly than competitors. The more the network is established, the more the customers might not want to change as their own contacts, transaction pattern, interactions with merchants and service records have already been established in one platform. This is the case when the interoperability is weak, agent networks are skewed and the platform spans to other related services like merchant acquisition, lending or savings. In such circumstances, a market can be formally open but still working in practice using sustainable asymmetries that enable one or two firms to have gatekeeper (OECD, 2022; Paelo & Roberts, 2022).

The mobile money market in East Africa is thus appropriate to undertake this research on market power in emerging digital markets. As of June 2025, Kenya had registered 47.7 million mobile money subscriptions (Communications Authority of Kenya, 2025). In Uganda, in 2024, 13.8 million of the fintech subscribers and 4.3 billion of the mobile money transactions were reported by the MTN Uganda (MTN Uganda Limited, 2025). In Tanzania, the communications regulator recorded 53.0 million mobile money subscriptions at the end-March 2024 and 55.7 million at the end-June 2024. Vodacom Tanzania recorded high growth in M-Pesa revenues in FY2025 (Tanzania Communications Regulatory Authority, 2024; Vodacom Tanzania PLC, 2025). These statistics are indicative that mobile money has ceased to be a marginal part of economic life in the East African Region. While other countries in East Africa like Rwanda, Burundi and Southern Sudan also have mobile money platforms, they were not included in this study due their limited scale of transactions, in addition to the lack of suitable publicly accessible data required for this study.

Most of the literature on mobile money in Africa is skewed towards the financial inclusion, uptake, usage and development outcomes. Other literature deals with competition and regulation, especially in Kenya and Uganda. Despite this, the literature is still disjointed. Market structure, firm-level capabilities or regulation are often considered in isolation of each other as opposed to interplaying determinants of market power. In addition, not many studies have a comparative multi-country design that demonstrates that the same broad platform logic delivers varied results in different regulatory and competitive situations. This restricts theoretical knowledge and policy education (Osabutey & Jackson, 2024; Paelo & Roberts, 2022). The paper fills this gap by discussing the influence of market structure and firm characteristics on market power in the mobile money industry in East Africa and evaluating the moderating effect of regulation.

The paper makes three contributions. Firstly, it adds conceptually by reshaping market power in mobile money as a multidimensional platform outcome and not a limiting pricing problem. Second, it makes a contribution to the empirical evidence by combining company reports and disclosures, regulatory data and policy reports and academic research on three East African nations. Third, it adds to policy by explaining why interoperability, non-exclusive agency and regulatory coordination are important and demonstrates that there are limits to such interventions after incumbents have already established deep ecosystem embeddedness. (Brunnermeier et al., 2023).

2.0 Literature Review

Competition scholarship has acknowledged an ever-increasing trend of market power in the digital sector that is not confined to the classical conception of a monopolist increasing price. Platform markets can exercise power via data gathering, ecosystem domination, special treatment to users, establishment of technical interfaces or the capability to be a source of bottleneck to complementors. The Organisation for Economic Co-operation and Development (OECD) demonstrates how network effects, scale economies, switching costs and default positions make it difficult to analyze traditional competition. The implications are especially applicable to mobile money since providers do not simply sell one transactional service; they orchestrate a multi-sided ecosystem connecting consumers, agents, merchants, billers, financial institutions and other service providers (Cr  mer et al., 2019; OECD, 2022).

Mobile money is thus at the cross-roads of payment markets and platform markets. On one hand, there are users that require convenient, trusted and ubiquitous transaction channels. On the other hand, there are agents and merchants that generate cash-in, cash-out and payment acceptance points. In addition, there are banks, fintech partners, utilities and government actors that add their services to the platform. Paelo and Roberts (2022) comparison of Kenya and Uganda, demonstrate that the most popular mobile money platforms acquired significant market power by being the first mover, consequently forming the leadership (Paelo & Roberts, 2022).

There are three general views of literature on African mobile money. The first view is concerned with financial inclusion and developmental benefits. This study has contributed significantly by demonstrating that mobile money is able to reduce transaction costs, help households to be resilient, expand access to fundamental financial services and commerce. The review by Osabutey and Jackson (2024) addresses the new challenges and policy tensions. Market power is not always a major analytical issue in the inclusion-centered literature. That creates a significant gap as the same characteristics that facilitate the quick adoption can help entrench a dominant platform as well (Osabutey & Jackson, 2024). The second strand is more competition and market structure oriented. Mazer and Rowan (2026) state that competition in mobile financial services is not just based on how many providers are licensed, but rather on feasible access to the channels, agents and technical interfaces. The lesser developed is the integrated view that could explain the

interaction of market structure, firm characteristics and regulation to generate market power outcomes. The existing studies normally focus on one aspect more than the others.

Structural explanations uncover the role that concentration, early-entrant advantage and barriers to entry play in determining rivalry. At the firm level, it is possible to see how brand trust, the extent of ecosystems and service innovations contribute to the maintenance of a competitive advantage by incumbents. Regulatory accounts indicate the impacts of regulatory rules on the market conditions: licensing rules, interoperability and agency rules. The other issue that has not been resolved is the issue of temporal sequencing. Regulation effect might also be contingent on the content as well as the timing of introduction concerning the maturation of the platform. Early introduction of interoperability and non-exclusive access can help to ensure that cumulative advantage is not an unassailable concept. Comparative design of the present paper enables the consideration of temporal sequencing as the component of the moderating role of regulation (Brunnermeier et al., 2023; Domingo et al., 2023).

2.1 Market power and market structure

The concept of market structure is still central to the market power explanations of industrial organization. In mobile money, structure takes the form of concentration, asymmetry of the dominant companies, entry barriers, interoperability levels, agent network density and the relative openness of merchant and technical interfaces. Such structural factors determine how competitive a market actually is (Bain, 1951; Mazer & Rowan, 2016; Paelo & Roberts, 2022). The Kenyan example demonstrates the possibility of structure to create cumulative advantage. Safaricom was first to mobile money and established a large network of distribution and agents and used its dominant telecommunications presence to fast-track M-Pesa adoption. This created network effects over time, which were hard to replicate by competitors. The structure is also applicable in Uganda, where the characteristic became more of a duopoly between Airtel and MTN, creating slightly dissimilar competition impacts. In contrast, Tanzania had high concentration, but a relatively greater rivalry among a few large players, which is partially due to policy interventions that shifted some structural channels, through which first-mover advantage would otherwise become entrenched in dominance (Mazer & Rowan, 2016; Paelo & Roberts, 2022). (Brunnermeier et al., 2023).

Conditions are important in structure since they have more affect than the existing market share. They influence what is to be expected in future competition. In cases where the provider possesses the largest agent network, better customer coverage and operates in a market that interoperability is partial or weak, smaller competitors have direct and indirect barriers to entry. They might not be able to lure merchants, to obtain equal distribution or to convince customers to move. In this respect, the structure influences market power by influencing whether competition is based on more or less equal terms or an ecosystem that is predisposed towards an incumbent (OECD, 2022; Paelo & Roberts, 2022). This leads to the first hypothesis.

H₀1: There is no significant correlation between market structure and market power in the mobile money market of East Africa.

2.2 Firm characteristics and market power

The ability to sustain power cannot be fully explained by structure alone. The ability of firms to turn structural opportunity into long-run customer reliance is varied. As such, the firm characteristics are of analytical significance. Brand legitimacy, transaction reliability, service innovation, distribution management, ecosystem breadth and financial capacity are platform-based capabilities that have the potential to strengthen or even increase structural advantage (Cr mer et al., 2019; Paelo & Roberts, 2022). The most dominant East African players depict this well.

According to the annual report of Safaricom, the M-Pesa revenues have increased to KSh 161.1 billion in FY2025 and the number of agents has grown to 298,890. In 2024, Mtn Uganda had 13.8 million fintech subscribers and 4.3 billion transactions and Vodacom Tanzania reported that M-Pesa revenue had increased to TZS 590.0 billion in FY2025. These are not just descriptive facts regarding the size of firms. They point at the functionalities that allow companies to further entrench user dependence and minimize the comparative appeal of competitors (MTN Uganda Limited, 2025; Safaricom PLC, 2025; Vodacom Tanzania PLC, 2025). Peculiarities of firms are important since users are not involved in platforms on an abstract level. They address practical issues: do they have trust in the service, do they have agents near them, do the merchants take the platform, are their transactions secure and are they offered complementary services under a single roof? A provider that has a more powerful brand, has a denser distribution, has a broader service line and has more solid technical performance is likely to enter into routine of users. It follows that

embeddedness also emerges as a source of power as it raises switching frictions even in the presence of nominal alternatives (Kuo, 2020; Paelo & Roberts, 2022).

Consumer switching behavior in mobile payment agrees with this thinking. Given Kuo's study in Taiwan, the results show that alternative attractiveness and mooring factors play a role in user migration. Mooring effects will be particularly pronounced in East African mobile money since the platform could be anchored in social transfer networks, merchant relationships and habitual patterns of transactions. These ties are, in turn, likely to be supported by firm capabilities, the drivers of market power (Grzybowski et al., 2023; Kuo, 2020). This argument justifies the second hypothesis.

H₂: Industry-specific attributes of firms have no significant effect on market power in the mobile money industry in East Africa.

2.3 Regulation as a moderator

Regulation is commonly viewed as a background in digital finance research, but in mobile money it plays a more central part. Regulation influences the type of participants, the terms of interconnection they may have, the exclusivity of the agents, the manner in which the payment systems are regulated and the issues to do with competition are tackled. Regulation can diminish or strengthen the impact of both structure and firm capability on market power or redirect it (Domingo et al., 2023; Ochen & Bulime, 2023). East Africa is an appropriate environment to investigate this moderating role.

Kenya rolled out wallet interoperability and subsequently merchant interoperability in phases, with the mentioned purpose of lessening friction among networks. Tanzania is often used as a significant example in that non-exclusive agency reforms and interoperability reforms minimized some of the structural benefits of first-mover position. The competitive environment within which dominant platforms operate was also altered as a result of reforms undertaken by Uganda such as the National Payment Systems Act and the policy developments. In all three environments, regulation changed the conditions of competition without eliminating asymmetry (Central Bank of Kenya, 2022a, 2022b; Domingo et al., 2023; Ochen & Bulime, 2023). It is not that regulation destroys market power, which is the point. Instead, it transforms the intensity and course of the relationships that create a market power (Brunnermeier et al., 2023).

A concentrated market can be very dominant where the interconnection is low, exclusivity exists and where there is fragmentation of oversight. It is possible that the same market will be more contested in case regulation opens channels, discourages exclusionary behavior and shared infrastructure. In a similar manner, a very competent incumbent can maintain lasting power in the context where the ecosystem is allowed to be closed, whereas increased competitive pressure is seen in scenarios where interoperability and agent access is expanded (Brunnermeier et al., 2023; Domingo et al., 2023). This implies two moderation hypotheses. To begin with, the competitive-related regulation must decrease the intensity of the positive correlation between the market structure and the market power. Second, it ought to lessen firm strengths of positive correlation between firm features and market power by rendering said capabilities less exclusionary.

H₃: Regulation has no significant moderating effect on the relationship between market structure and market power in the mobile money industry in East Africa.

H₄: Regulation does not moderate the relationship between firm characteristics and market power in the mobile money sector in East Africa.

2.4 Conceptual Model and Framework.

The article is grounded in the Structure-Conduct-Performance (SCP) model that has been linked to the industrial organization school of thought of Mason and Bain. The classical SCP model assumes that market structure determines the behavior of firms and that performance outcomes are affected by the behavior. The original formulation was developed in more traditional industries, but with appropriate modifications, its logic can be applied in the modern-day digital platform environment. In mobile money, there is concentration, barriers to entry, network reach and interoperability conditions. Actions involve ecosystem expansion, pricing, bundling, distribution decisions and strategic utilization of customer relationships. The present paper operationalizes performance based on the multidimensional definition of the market power (Bain, 1951; Bourai et al., 2024; Mason, 1939). (Brunnermeier et al., 2023).

A more firm-centric resource-based perspective is inapplicable in this case and a better framework is SCP since the phenomenon being studied is not merely competitive advantage at the firm-level alone. The article poses the question of how platform power arises as a result of the interplay between external market environment, internal firm resources and policymaking decisions. The Structure-Conduct-Performance paradigm can be easily transported into policy discussions since

it can connect what is visibly happening in the sector to the results of competition. Meanwhile, there are two extensions of the framework. First, the paper includes the characteristics of digital platforms, including multi-sidedness, switching and ecosystem dependence. Second, it directly presents regulation as a moderating factor, (Bourai et al., 2024). The conceptual model based on this argument is shown in figure 1. Market structure and firm characteristics are specified as the two main explanatory variables. The dependent variable is market power, which is measured in terms of sustained market share advantage, price control, customer switching cost, entry barrier and gatekeeper status. The relationships of each explanatory variable and market power are moderated by regulation and this affects the way the structure and capability are turned into enduring dominance.

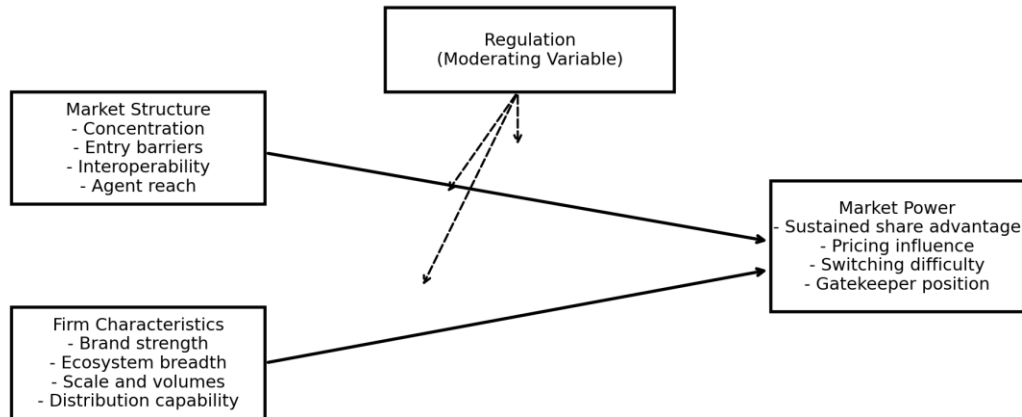


Figure 1. Conceptual model of market structure, firm characteristics, regulation and market power in East Africa's mobile money sector.

3.0 Methodology

The research took a descriptive comparative multiple-case study that is all founded on secondary data. The design is suitable since the paper aims to elaborate on the formation and moderation of market power in a variety of country settings as opposed to approximating a single causal coefficient using primary data. The comparative method enabled the analysis to reveal both the general regional trends and country specific difference. Kenya, Uganda and Tanzania are chosen as they are one of the most developed mobile money markets in East Africa, as well as due to the

significant differences in concentration, rivalry and regulatory evolution (Bowen, 2009; Goodrick, 2014).

Four types of documents made the evidence base. The First constitutes of company reports and investor publications, particularly annual reports, integrated reports and earnings releases by Safaricom PLC, MTN Uganda and Vodacom Tanzania. The second group is regulatory and supervisory publications issued by institutions like the communications Authority of Kenya, the central Bank of Kenya, the Bank of Uganda, the bank of Tanzania and the Tanzania communications regulatory authority. The third category is comprised of competition and policy documents of the organizations like the OECD, GSMA, CGAP and the European Centre of Development Policy Management. The fourth category includes peer-reviewed journal articles and scholarly working papers on mobile money competition, interoperability and digital platform markets. (Brunnermeier et al., 2023).

The time frame was used in the study is between 2015 and 2025. It is during this time that the East African mobile money ecosystems grow into maturity, the level of integration into everyday economic activity is defined and significant regulatory shifts, including interoperability reforms and payment-system governance developments. The main unit of analysis is the provider-country mobile money market context. The analysis does not consider Kenya, Uganda and Tanzania as homogenous national markets, but rather as organized competitive landscapes where particular providers operate under particular regulatory frameworks (GSMA, 2024; Ochen & Bulime, 2023). (Brunnermeier et al., 2023).

The discussion was done in five phases. To begin with, documents were examined to come up with a historical perspective of how each of the markets has evolved. Secondly, a theory-based coding frame was implemented on the basis of the categories based on the conceptual model; concentration, first-mover advantage, agent network reach, ecosystem breadth, brand strength, switching difficulty, interoperability, non-exclusivity, pricing influence and gatekeeper position. Thirdly, the study conducted within-case study of each of the countries and followed the interaction between structure, firm characteristics and regulation. Fourthly, the paper juxtaposed cases in the three countries to reveal similar patterns and significant differences. Fifthly, the moderating role of regulation was used to interpret the findings to evaluate how much policy

interventions ease or maintain dominance (Bowen, 2009; Krippendorff, 2019). (Brunnermeier et al., 2023).

Since the research was based on documentary evidence, it prioritized triangulation and interpretive discipline as opposed to statistical inference. Arguments based on company reports are where feasible checked against regulator statistics, policy reports and scholarly literature. There was no intention to make any particular document definitive, but to construct converging evidence among the sources. The hypotheses thus served as the theoretically informed propositions in order to conduct the structured comparison rather than being tested in econometric estimation (Bowen, 2009).

Limitations were also realized. Institutional bias may appear in documentary evidence, particularly where companies described their performance or regulators release positive reports about the results of reform. The richness of the data is not exactly symmetrical among the three countries. Moreover, since the data was not collected through interviews or surveys, it fails to directly view consumer perceptions on switching difficulty. These constraints do not nullify the design, but it involves cautious interpretation of results and caution in causal assertions.

4.0 Findings

4.1 Kenya: Concentrated Leadership and Depth of Ecosystem

Kenya shows the best platform leadership in mobile money in East Africa. The long-established competitive advantage of Safaricom in mobile telecommunications left a positive foundation of development of M-Pesa, yet the emergent strength of the platform cannot be comprehended as merely a by-product of the telecom market share. Instead, M-Pesa was integrated strongly into both the daily economic life as a result of network size, reach of agents, integrating merchants and use of repeated transactions. As of June 2025, Kenya had 47.7 million mobile money subscriptions and Safaricom recorded that M-Pesa earned KSh 161.1 billion in FY2025, which constituted 44.2 percent of its service revenues in Kenya. These numbers indicate not only the scope, but also the profound monetization and centrality of the ecosystem (Communications Authority of Kenya, 2025; Safaricom PLC, 2025).

Therefore, H₀₁ was rejected indicating that market structure has a significant relationship with market power. The dominance was favored by the market structure. Safaricom moved in early, ramped up and developed a strong network of agents that increased the cash-in and cash-out convenience. The network effects increased the asymmetry between the lead platform and its competitors: customers would prefer to use the platform already used by their contacts and merchants and service providers had a reason to integrate with the platform which has the most active users. Concentration, in such an environment, was practically an obstacle to smaller competitors. Competitor platforms might be present, yet this was significantly more expensive to attract users, merchants and agents to similar densities (Paelo & Roberts, 2022; Safaricom PLC, 2025).

For H₀₂, the null hypothesis was rejected and the study concludes that Industry-specific attributes of firms significantly affects market power. The brand trust, operation reliability, scope of distribution and breadth of eco-system enhanced user reliance on M-Pesa at Safaricom. The significance of the platform in person-to-person transfers was strengthened by the fact that it was used to pay bills, settle currency in the hands of merchants and other related financial services. This breadth is important as it makes it hard to switch. A client who is contemplating switching to a new system does not simply compare the pricing of transfer, but also the acceptability of the alternative, its ease of access via agents and its complete integration into everyday life. The capabilities at the firm-level of Safaricom thus enhanced structural advantage (Paelo & Roberts, 2022; Safaricom PLC, 2025).

Kenya gives more mixed evidence to H₀ and H₀₄. Regulatory changes added wallet interoperability and subsequently merchant interoperability and thus alleviated certain transactional frictions among networks. The reforms must have eased the lock-in along the edge and indicated a greater dedication to contestability. However, the reforms failed to shake M-Pesa off its leadership. This indicates that regulation moderated the relationship between the two structure and firm characteristics on the one hand and market power on the other hand but only partially. Reforms raise contestability more slowly than a technical perspective of interoperability may suggest, once a dominant platform has acquired wide social and commercial embeddedness (Central Bank of Kenya, 2022a, 2022b; Paelo & Roberts, 2022). (Brunnermeier et al., 2023).

4.2 Uganda: Duopolistic Competition and High advantages of the incumbency.

Uganda is an alternative pattern of competition. Instead of one main force crushing loosely held competitors, the industry has developed more as a duopoly whereby MTN and Airtel constitute the majority of significant competition. This structure generates greater competition than Kenyan case, yet one that does not nullify high market power. Rather, the power manifests itself in the relative ability of the dominant companies to dominate customer relationships, transaction networks and ecosystem connections (MTN Uganda Limited, 2025; Paelo & Roberts, 2022).

The evidence rejects H_{01} , but more qualitatively than in Kenya. The existence of market power in a duopolistic market is still possible in cases where the difference between major platforms and minor competitors is large. The 2024 performance of MTN Uganda reveals the magnitude of its fintech presence, including 13.8 million fintech customers and 4.3 billion transactions. These numbers show that the structural conditions are still advantageous to large incumbent even in the presence of rivalry. Power does not require the market to be monopolistic to become durable; the presence of high concentration among two lead providers might be adequate to create barriers to expansion to fringe competitors (MTN Uganda Limited, 2025; Paelo and Roberts, 2022).

H_{02} is also rejected by the evidence. The transaction intensity, the customer scale and ecosystem relevance of Mtn Uganda indicate the manner in which firm-level capabilities transform structural position into long-lasting effect. When customers make recurring transactions in a single platform, when the agent networks and merchant relationships are more established and when the supplier is already a part of a wide range of financial interactions, it becomes harder to switch. This does not imply that consumers are absolutely stuck, but rather that the abilities of the incumbent establish inertia and pragmatic reliance (MTN Uganda Limited, 2025; Paelo and Roberts, 2022).

Uganda also helps to substantiate H_{03} and H_{04} by demonstrating the partial impact of regulation. The regulatory environment in the country has developed with the directions on interoperability and the further payment-system reforms such as the National Payment Systems Act. These reforms enhanced the institutional underpinning of more interlinked digital payments and minimized the risks that market outcomes would be influenced by unregulated incumbent behavior. Nevertheless, the documentary evidence indicates that big providers are not yet that weak. Regulation thus does not eliminate but rather tempers the connection between concentration, capability and market power. The Ugandan example is particularly helpful as it demonstrates that moderation is possible

even in the case where no individual company is as dominant as Safaricom in Kenya (Ochen & Bulime, 2023; Paolo & Roberts, 2022). (Brunnermeier et al., 2023).

4.3 Tanzania: Intense Competition within More Contestability-Oriented Reforms.

Tanzania is especially educative since it has a large market size and more interventionist attitude towards some rules associated with competition. The market is monopolized, but competition amongst large operators has traditionally been intense compared to Kenya and policy decisions regarding non-exclusive agency and interoperability have been relevant. According to Tanzania Communications Regulatory Authority data, there were 53.0 million mobile money subscriptions and 55.7 million subscriptions at the end of March 2024 and Vodacom Tanzania in FY2025 the M-Pesa revenue increased to TZS 590.0 billion, which is 38.9 percent of service revenue. Meanwhile, the regulator statistics show that few platforms continue to dominate the market (Tanzania Communications Regulatory Authority, 2024; Vodacom Tanzania PLC, 2025). (Brunnermeier et al., 2023).

The Tanzanian case rejects H_01 but also elucidates its boundaries. Form is important since there is still a high degree of asymmetry due to concentration and first-mover advantages. A wide distribution infrastructure and a big installed base still counts when it comes to user choice. Tanzanian research indicates that the proximity of agents also affects the consumer subscription behavior which supports the significance of distribution geography as a market structure element. Nevertheless, Tanzanian evidence indicates that structure can be more disputed in the case of a weakening of policy in some channels of exclusion (Grzybowski et al., 2023; Mazer & Rowan, 2016).

H_02 is also rejected in this case. The brand presence, ecosystem growth and relevance of transactions will continue to be the core of power at Vodacom. A big trustworthy platform can be maintained as a leader not just due to its size, but also due to its utility in numerous daily financial transactions. In this aspect, Tanzania is similar to the other two instances: the stronger the firm capabilities, the stronger the structural advantage. However, the case demonstrates that capabilities can be more contested in case smaller competitors are able to reach agents or to interconnect more efficiently (Vodacom Tanzania PLC, 2025).

The strongest evidence to reject H03 and H04 is in Tanzania. The prohibition of exclusive agency and the creation of interoperability diluted the degree to which first-mover advantage could become imbued with unquestioned dominance. Such reforms failed to remove asymmetry, nor to completely equalize rivalry, but altered the medium through which structural and firm-based advantages were transformed into long-lasting market power. Moderating logic of regulation is more evident in the Tanzanian case than in the Kenyan case and somewhat more evident than in the Ugandan case (Domingo et al., 2023; Grzybowski et al., 2023; Mazer & Rowan, 2016). (Brunnermeier et al., 2023).

5.0 Discussion

The findings demonstrate that market power in mobile money cannot be diminished to a small issue of transaction charges or official market share. Power is exerted in East Africa by sustained share benefits, ecosystem reliance, agent-networked leverage, switching frictions and the capacity to be an effective gatekeeper to complementary services. This corresponds to a wider digital competition literature, which has suggested that the price-based tests only partially capture the phenomenon of interest in platform markets (Cr  mer et al., 2019; OECD, 2022).

The results indicate the applicability of a modified SCP framework in the analysis of mobile money. Structure is evidently important, but not acting in vacuity. The effect of structure is mediated and strengthened by the firm characteristics in that the firm determines whether initial advantage can be converted into daily user dependence. Regulation then modulates the intensity of that transform, by broadening or constraining the lines of exclusion. The use of this adapted version of SCP reading is particularly helpful, in that it does not fall into two analytical traps: to assume that platform dominance is merely a concatenated consequence of concentration and to assume that it is solely a matter of firm-internal capability. Rather, the results indicate that power is institutionalized and relational (Bourai et al., 2024; Paelo & Roberts, 2022).

Digital market power literature remains influenced by the cases of large developed economies, particularly in the context of global technology companies. The East African mobile money markets indicate that the platform power may take place in much different institutional contexts and on the basis of financial infrastructures that are deeply integrated in development paths. This is important to competition policy since in many emerging markets regulators are in a tricky

balancing act. They desire to maintain innovation and inclusiveness and not to entrench the private gatekeepers. In this regard, it is hinted that this balance can be established only when regulation is not delayed, in coordination and to structure and conduct (Cr  mer et al., 2019; Osabutey & Jackson, 2024).

Meanwhile, the results warn against the naive optimism on the policy side. Interoperability is a concept widely touted as a silver bullet to mobile money dominance, yet the relative data indicate otherwise. Interoperability is important, particularly when it increases the practical extent of smaller actors, but its impact varies depending on when it is implemented and whether it is limited to wallet-to-wallet transactions or extends to merchant payments, agent access and the integration of the ecosystem. Interoperability can also enhance the contestability margin without necessarily altering the power structure, assuming it is introduced when the default transactional infrastructure is already in place (Brunnemeier et al., 2023; Domingo et al., 2023).

Equally, non-exclusive agency will enhance competition, although it is better with more comprehensive reforms. The importance of agent sharing is due to the fact that the physical distribution is a central point of digital payments in most emerging markets. Non-exclusive agency will never bring equal competition, however, when one platform continues to control merchant networks, customer trust and integration of services. The paper asserts in favor of a layered regulatory design where contestability can be reinforced at the same time in terms of infrastructure access, technical interconnection, conduct oversight and consumer-facing switching conditions (Grzybowski et al., 2023; Mazer Ro&wan, 2016).

Lastly, the results emphasize the significance of institutional coordination. At the crossroads of telecommunications, payments, competition and more and more data governance, mobile money is situated. This in practice implies that no single regulator is capable of effectively dealing with the dynamics of market power on its own. Regulators of communications can monitor operator behavior and technical interfaces. Payment systems and prudential conditions may be controlled by central banks. The exclusionary behavior and domination issues can be addressed by the competition authorities. In situations where these institutions act in silos, formal reform may fail to remove structural and behavioral advantages by the incumbents. The comparative cases thus highlight that the effectiveness of the regulations is not only determined by the content of the rules, but institutional coherence (Domingo et al., 2023; Ochen & Bulime, 2023).

It has a wider implication to scholarship on competition in emerging markets as well. The examples of East Africa indicate that the problem of governance is not merely how to avoid monopoly, but how to deal with the dominance in industries where size itself is perhaps often developmentally useful. Big platforms can facilitate inclusion, merchant development and network stability, but their success might decrease contestability. It does not imply that the policy goal is a fragmentation as such. Instead, it is disciplined openness: maintaining the efficiencies of scale without allowing the incumbent to transform those efficiencies into the exclusive control (GSMA, 2024; Osabutey & Jackson, 2024).

The article also indicates that the relationship between structure and the firm characteristics can be path dependent. The greatest impact of early structural advantages is to be swiftly converted into habits, trust and ecosystem depth. When this happens, subsequent regulatory interventions work against an already deposited pattern of use. This aids in understanding why technical reforms can enhance contestability yet generate no drastic market share redistribution. It is not that the reforms are irrelevant but because they are introduced in ecosystems where market power has already been transformed into social and organizational, rather than technical (Kuo, 2020; Paelo & Roberts, 2022).

Such results also narrow down the theorization of regulation in digital platform markets. A fair portion of the literature on the policy front is inclined to dichotomize regulation as either facilitative to innovation or limiting to dominance. The evidence of the East Africans speaks to a more subtle perspective. Regulation is not external to the market as a remedial ex post facto action; it is constitutive of the market insofar as it determines who is able to use infrastructure, how interfaces are regulated and what sorts of coordination will be possible. Regulation, in that sense, belongs to the competitive architecture, rather than is the reaction to its failures (Domingo et al., 2023; Ochen & Bulime, 2023).

6.1 Policy Implications

Results suggest that policy should focus on a more substantive interest in market design. To begin with, the competition agencies and regulators in the sector must not only look at the overall market shares but also look at the practical determinants such as agent network access, merchant acceptance, breadth of interoperability and ecosystem closure. It is via these that concentration is converted into market power.

Regulators are to enhance interoperability to more than a basic person-to-person transaction. The concept of wallet interoperability can be helpful, but the existing comparative evidence indicates that its competitive impact is limited when the merchant payments, bill settlements and complementary financial services are concentrated to a single platform ecosystem. Greater contestability agenda would also encompass merchant interoperability, standardized APIs and non-discriminatory access to important interfaces where suitable.

Policy ought to deal with distributional challenges. The role of agent networks continues to be significant in East African mobile money, particularly in non-high-income urban areas. One of the most enduring obstacles to smaller competitors can be mitigated by rules that discourage exclusivity and allow sharing of access. Nevertheless, these reforms are to be followed by consideration of the standards of operation, consumer protection and dispute-resolution tools to ensure that the quality and trust is not compromised.

Regulators ought to be more attentive to ecosystem bundling. The greater the integration of transfers, merchant payments, savings, credit, insurance and government or enterprise interfaces of a leading platform, the harder it is to compete against any one of the services dimensions by a competing platform. This does not imply that bundling should not be banned in this manner. Instead, it implies that competition authorities must be sensitive to whether ecosystem growth is generating unfair foreclosure, discriminatory access or a de facto bottleneck of complementary providers.

Finally, it can be argued that more conscious regional policy learning is a strong case. Various combinations of regulatory instruments have been experimented with in Kenya, Uganda and Tanzania. An East African discussion on the contestability of digital payments that is more systematic has the potential to disseminate good practices and eliminate the danger that reforms

are left in fragments. This is especially applicable since cross-border online payments and regional payment-system integration are becoming more topical.

6.2 Conclusion

The aim of this paper was to describe the roles of market structure and firm characteristics in the determination of market power in the mobile money industry in East Africa and how such relationships are mediated by regulation. Based on a comparative documentary study of Kenya, Uganda and Tanzania, the paper concludes that the product of the interaction of concentration and asymmetry, firm-level ecosystem capabilities and the timing of regulation and its design best explains market power in mobile money. The preconditions of platform leadership are structural conditions; firm characteristics change those conditions into long-lasting user dependence; and regulation may soften, redirect or maintain those effects.

The comparative evidence confirms all four hypotheses as well as demonstrates that regulatory moderation is not absolute but partial. Competition-based reforms like interoperability and non-exclusive agency could enhance contestability, although they do not necessarily help to lessen dominance once a platform has become entrenched in the routine transactions. This renders mobile money an especially significant platform to consider the idea of digital market power in the emerging economies.

The article thus adds to the discourse on digital platform regulation. It demonstrates that East African mobile money markets are no fringe cases, but analytically rich exemplars of how platform power plays out beyond the conventional contexts of giant world technology companies. To policymakers, the key point is obvious, ensure that inclusion and innovation can co-exist with a healthy competition, the regulation should speak to the ecosystem factors, which make dominance sustainable. To the researchers, the research is indicative of upcoming research, which may include primary data, switching evidence on the user level and even more narrow measures of the ecosystem dependence.

The analysis could be enriched in future research in at least two ways. To begin with, event-based analysis could be used to determine how specific regulatory changes, for example, specific interoperability milestones or agency reforms affected market share and transaction flows over

time. In addition, the comparative work could be extended into other emerging regions with digital payment growth under varying institutional settings.

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