ELAN AUGUST UPDATE

The Electronic Cash Transfer Learning Action Network

Ciara O'Malley talks liquidity monitoring, CGAP explores agent banking, and Bonnie Tyler runs through red gauze (while your ELAN team eclipse-gazed.)

CGAP Blog: No Inclusion without Customer Empowerment

Despite greater access to formal financial services, many low-income customers still use informal ones. Antonique Koning, a financial sector specialist at CGAP, argues that today's financial services fail to, "make customers feel empowered to engage with formal finance."

Research in Africa and Asia unveiled the four essentials customers look for when they engage with finance: choice, respect, voice, and control. These are captured in the Customer Empowerment Framework below, in this short video, or in their 57-page report, Customer Empowerment in Finance.

CGAP: Customer Empowerment in Finance.

New This Month

What Do Farmer Users Really (Really) Want?

In an ICTWorks blog post, USAID's Chrissy Martin reminds us of the challenges of learning a new payment system. Her suggestions for improving mobile money adoption include asking what a farmer *actually* wants, expanding our idea of a "user," and reassessing the starting point.

M-PESA Founder Shares Lessons Learned from 10 Years of Mobile Money

Members to NFC World Knowledge Centre can download for free Michael Joseph's lessons learned from building and deploying one of the world's most successful mobile money services. The three primary success factors include:

- a supportive regulatory framework,
- a reliable, simple, accessible service that is delivered through a well-trained and widespread agent network - (see below!) and,
- trust in your brand.

An Agent-Centric Approach to Banking: Audio Case Study from Cambodia

The Cambodian MFI AMK - with CGAP and a Phnom Penh-based behavior change lab - wanted to improve their agents' business. How did they do it? By looking at their agents as another customer segment. Through a process of trigger mapping - where pain points or triggers for specific behaviors are identified - they were able to highlight mismatches between agents' expectations and experiences and uncover possible solutions. August's blog on CGAP charts the story; or listen to their audio case study!

elan
The Electronic Cash Transfer Learning Action Network

Fintech Lingo Explained

Wonder what the difference between "insurtech" and "regtech" is? We thought so. Brush up on your fintech terminology. (Thanks, Reuters!)

Biometrics in Africa: Better for Authentication than Identification

In their new report, Biometrics in Digital Financial Services: An Overview, Financial Sector Deepening (FSD) Africa and Consult Hyperion argue that biometrics are time-consuming and expensive when used for identification (to answer the question "who am I?") This is because collecting biometric data is a manual process and all technologies have a failure-to-enrol rate, requiring alternate methods to ensure people are not excluded. Biometrics can, however, play a key role in authentication (to verify "I am person X.")

Ask the Expert: Ciara O'Malley - CARE International U.K

Ciara O'Malley
Senior Cash and Markets Advisor
CARE International U.K.

CARE International and World Vision, with support from DFID, embarked on Zimbabwe’s largest ever humanitarian cash transfer program. Ten months later, they were doing it in the midst of a liquidity crisis. Ciara O’Malley, CARE U.K.’s Senior Cash and Markets Advisor, took some moments with the ELAN to explain their shift to liquidity monitoring, the importance of solid data, and how many days – exactly – is “fortnightly.”

A liquidity crisis of this scale was considered a low-level risk before the Cash First program began. How did DFID cultivate a relationship with implementers that allowed for adaptation?

For CARE and World Vision, it was our first time doing a cash program of this scale in Zimbabwe. For DFID, too. It was also the first time the MNOs [EcoNet and NetOne] had delivered cash transfers at this scale – and for NetOne, the first time they had *ever* done humanitarian cash transfers. DFID really had a strong vision from the outset in seeing the potential of cash transfers in Zimbabwe. They wanted to be an active partner– they were fully invested in taking this risk with us and seeing it through.

By the time the liquidity crisis emerged, we were already around 10 months into the program and had very thorough monitoring systems up and running. So we also had evidence that the program was still working – that beneficiaries had adapted to manage the crisis, as had traders and merchants – and that, at the end of the day, the objective was still being met: People could access the goods and services they needed.

What does monitoring for liquidity look like?

We *had* been looking at traders, but only as it related to market price and food security monitoring. So we adapted our monitoring system to include a liquidity cash tracker, which focused on tracking the severity faced by the agents in terms of cashing out. We began tracking liquidity fortnightly. [Editor's note: every two weeks, folks!] We also did an in-depth analysis of one particular district that was experiencing an acute liquidity shortage – to understand what the problems were and how beneficiaries and traders were adapting.

What did the analysis reveal?

There are two types of roles – cash agents and cash merchants. Cash merchants are registered with the government as traders and follow certain fee structures from MNOs, which are very low. You can buy goods and services with merchants using your e-wallet, but you don't get cash back with these transactions.

Cash agents are primarily there to cash in/cash out – with a separate, higher fee structure set by the MNOs. Cash agents don't have to be registered traders.

In our areas, there were initially a lot of cash agents and fewer cash merchants. When the crisis hit, no one was cashing in, because hard cash was so hard to come by, so the agents started to adapt. Some began charging higher fees, above regulations, to meet the higher costs of doing business (since they were frequently making multiple trips to the bank to get cash as there were withdrawal limits imposed). Some went out of business. MNOs did provide soft loans to certain cash agents with good track records, but this response wasn't sufficient for the scale of the crisis. Other cash agents began selling goods as unregistered merchants: They would cash-out a portion of a client's e-wallet, on the condition that the client purchased goods in their shop with a proportion of their money.

Although the private sector was very quick to adapt to mobile money so they could continue doing business during the national cash crisis, certain public services still relied on cash – like schools, transport, and healthcare. But schools eventually adapted to mobile money payments, which was a great relief to these communities.

How did you decide to use mobile money, and what were some of the challenges?

We did a market assessment from the outset and a feasibility study. Communities were familiar to an extent with mobile money, mainly through remittances. However, they were not familiar with e-payments. They also were not frequently using phones and mobile wallets, so there were plenty of issues in the beginning with blocked PINs, lost SIMs, etc. Although communities' baseline of knowledge and awareness wasn't zero, they still required extensive support. However, it seems that the MNO's underestimated the resources required from their side to support a program at this scale.

So what we did – two-three months into the program – was bring in Gender and Accountability community focal points. This wasn't part of the initial design. We were very concerned with the potential effect the program might have with in regards to gender relations, so these community-nominated focal points supported awareness around household shared decision-making. We also trained them to resolve some basic technical issues, so they were the ones who became the first port of call […] particularly for more vulnerable people or older people who struggled with the mobile money platforms. These community focal points were the cornerstone for the success of the program.

With this experience in mind, what might be specific action plans around encouraging the adoption of mobile money and overcoming barriers to agent registration?

In terms of risk mitigation, should the MNOs fail, we had a pre-established MOU with an identified cash courier. So actually having actions to back up that plan showed that we were a serious player.

With KYC, one thing we came up against was proof of residency: A number of our beneficiaries in rural areas didn't have this official documentation. So instead, the beneficiaries could get a letter from their local leader, who would verify their local residency – and then the MNO accepted this as proof of residency. Identifying these acceptable backup measures is key if you can't secure the official documentation. And also working with communities – if possible – to secure the official documents, which would benefit not only the cash transfer program, but accessing other social services and support financial inclusion.

Most preparedness work is really advocacy. We have a policy paper called Cash in Crisis. It's geared towards donors and governments and focuses on the policy recommendations we would like them to take up in order to promote a conducive environment for the delivery of CTP when there is a risk of a liquidity shortage.

What lessons learned – from this program or others – have you used in new programs?

We are in the process of setting up a cash program inside Syria and also Yemen. We have just published two studies based on programs we had in Niger, Ethiopia, and Zimbabwe. One looks at how to design and implement cash programs to maximize resilience, and the other examines how to measure resilience in cash programs…We are very much taking the recommendations [from these studies] into consideration now.

The Electronic Cash Transfer Learning Action Network