Private Sector role in Humanitarian Cash Transfers

9th December, 2015
Equity Bank

Purpose
“We exist to transform the lives and livelihoods of our people socially and economically by availing them modern, inclusive financial services that maximize their opportunities”

Vision
“To be the champion of the social economic prosperity of the people of Africa”

Mission Statement
“We offer inclusive, customer-focused financial services that socially and economically empower our clients and other stakeholders”

Motto
Growing Together In Trust

Positioning Statement
Your Listening, Caring Partner
Current Status & Ownership

NSE Publicly Listed/ Cross Listed at USE and RSE
- 10 million customers – 6 countries
- Loans- USD 2.14 Billion
- Asset Base ~ USD 4.01 Billion
- Deposits- USD 2.48 Billion
- Market Capitalization: ~ USD 1.66 Billion
- Profit Before Tax- USD 224 Millions
- Staff- 8,600

Ownership
Over 30,000 shareholders
Strategic Investors
- Norfund & Norfinance
- Genesis
- British – American Investments Company (Kenya) Limited
- Equity Bank ESOP
Regional presence – Kenya, Rwanda, Tanzania, Uganda, South Sudan & DRC
Equity Bank is one of the largest financial services providers in Africa. Our overarching objective is to grow the member base to over 100 million customers, in 15 countries across the continent.
Equity Group Foundation 7 Programmatic Pillars

- Monitoring and evaluation
  - Environment
  - Innovation
  - Entrepreneurship
  - Health
  - Agriculture
  - Education and Leadership Development
  - Financial Inclusion and Literacy

- ▪ Cash transfers
  ▪ Fanikisha
  ▪ Fanikisha+ (Tanzania)
  ▪ Financial Knowledge for Africa training programme

- ▪ Forest restoration
  ▪ Energy program

- ▪ Wings to Fly Learning
  ▪ Equitel - MY LIFE

- ▪ Equity Afia

- ▪ Wings to Fly
  ▪ Equity African Leaders Programme

- ▪ Transforming smallholder farmers
  ▪ Accelerating medium size farms

- ▪ Entrepreneurship training program
Equity Bank Cash Transfer Financial model

- **Affordability** – to programme and to beneficiaries
- **Accessibility** – last mile financial access
- **Secure** – two factor authentication. Bio and PIN
- **Accountability** – regulated institution
- **Flexibility** – prepaid or accounts,
  - Multiple wallets and vouchers
  - Cashlite or cash only
  - Financial and or non financial,
  - Online realtime or offline,
  - White label, cobrand or association
Cash Transfer Partners Can Leverage Equity Bank’s Extensive Payments Infrastructure Scaling Impact Sustainably
Equitel - New Platform for Partners in Social Payments

My Money
(Mobile banking)

My Phone
(Voice, SMS and data services)

My Life
(Channel for Foundation)

Full mobile banking application for the unbankable or where a Branch is not sustainable

Offering traditional telco services as the technology already exists

VAS & Content channel, extending the Foundation via mobile, and increasing reach

Mobile commerce platform for entrepreneurs

By using existing mobile infrastructure, there is limited investment required in Capex and spending can be concentrated on applications and ease-of-access

Established Mobile Operator
Payment Process

1. Enrolment
2. Payroll Processing
3. Payments
4. Case Management
5. Reporting
Enrolling Beneficiaries into a finance system

Data collection

Enrolment

- Collect Beneficiary details using Humanitarian partner identifier
- Biometric enrolment

Card Personalisation and Instant issuing

Humanitarian Partner & Equity Bank

EQUITY BANK
Challenges of private sector in doing humanitarian Cash transfers

- Limited markets and utilities
- High costs of setting up initial infrastructure
- Security
- Nature of calamity
- Financial Literacy
- Liquidity challenges
- KYC (Know your customer)
- Compliance and regulations
Agent Delivering HSNP Payment
Why Private sector in humanitarian Cash transfers

Policies and procedures: Private sector is guided by a set of very strict policies and procedures and can incorporate strict guidelines for cash transfers.

Social agenda: Corporates have moved to championing social/sustainability agenda and in creating scalable programmes as part of their strategies.

Integrity: Private sector is accountable and delivers value for money as part of their DNA.

Technology and Innovation: Private sector is able to develop modern ways in which cash can be delivered most efficiently and effectively depending on the situation of need.

Efficiency and effectiveness: Cash accessed at the convenience of the beneficiary using the agency model and ensures the intended beneficiary accesses the cash transfer.
Why Private sector in humanitarian Cash transfers

Accommodate cash and in-kind assistance: Private sector will receive cash inclined to only in-kind access but measure in monetary terms.

Accountability: due to already set reporting standards of the private sector, cash transfers are aligned to the already existing standards ensuring high level accountability.

Provision of re-usable technology and infrastructure: Private sector implements technology that is not closed loop and can be re-used during scale up or future interventions.

Compliance: private sector request KYC (know your customer) documentation ensuring that compliance levels are adhered to.

Investment: investment opportunities are open for building an asset base for poor households enabling them to invest in various activities for example access to credit facilities, insurance to their assets (for example Index Based Livestock Insurance)
Multi Wallet Multi Programme Capability

- Bank Account
- Seeds
- Fertilizers
- Equipment
- Insurance
**Equity Bank Social Payments Experience**

| **Number of Beneficiaries households** | ✔ 68,624 households |
| **Areas covered by Program** | ✔ Turkana, Mandera, Marsabit, Wajir |
| **Amount of Cash Transfer** | ✔ Ksh 2,150.00 graduated 3,000.00, to 3,500.00 to Ksh 4,600.00 |
| **Total HSNP I (including 2 bonus cycles paid to 50,000 exiting beneficiary households)** | ✔ Ksh 4.79 Billion |

**Model**

- ✔ Bio-metric authentication, with a smartcard & photograph.
- ✔ Agency Model across Northern Kenya
- ✔ Installation of solar equipment to support POS equipment

**Capitalizing Private Sector’s Expertise in Delivering Payments**

- ✔ Strong Public Private Partnership- PPP- Equity Bank / DFID / GoK / MasterCard to Scale Social Payments Innovation

**Digital Cash Delivery in a Manner that Deepens Financial Inclusion**

- ✔ Biometric PrePaid Cards Holds Digital Cash
- ✔ Agency Model and Branches are Sustainable Rural Financial System Infrastructure Supporting Local Cash Economy
- ✔ Agency Model- Shared Prosperity Growing Local Entrepreneurs
- ✔ Build “Last Mile” for National Payments System

**Improving Aid Agencies Data Security, Privacy Systems and Compliance with Financial Regulations**

- ✔ Security - Card System is EMV- Europay MasterCard and Visa- Compliant
- ✔ Beneficiary Data Confidentiality per CBK Prudential Regulations
- ✔ Strong KYC- Know Your Customer- Manage AML/ Fraud
Equity Bank Social Payments Experience

| Number of Beneficiaries households | 100,000 households on regular cash transfer  
275,000 households on emergency intervention |
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Areas covered by Program</td>
<td>Turkana, Mandera, Marsabit, Wajir</td>
</tr>
</tbody>
</table>
| Amount of Cash Transfer             | 2014 – Ksh 4,600.00; 2015 – Ksh 4,900.00; 2016 – Ksh 5,100.00  
2017 – Ksh 5,400.00 |
| Total HSNP II for 100,000 regular cash transfer | Ksh 11.46 Billion |
| Model                               | ✓ Bio-metric authentication, with a smartcard & photograph.  
✓ Agency Model across Northern Kenya  
✓ Installation of solar equipment to support POS equipment |
| Capitalizing Private Sector’s Expertise in Delivering Payments | ✓ Strong Public Private Partnership- PPP- Equity Bank / DFID /GoK/ MasterCard to Scale Social Payments Innovation |
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Empowerment of Women

Women Empowerment

Starting Small Scale Businesses
HSNP provided me with my daughter Noti

I bought Noti using the HSNP arrear money. Noti is not just a donkey but a daughter to me. She accompanies me to most places I go and helps me carry goods such as firewood, water and other loads”, shared Nuria with a warm smile.
Empowerment of Women

Cash Transfers Help Widowed Rosemary Fend for Her Ten Children

Rosemary Eligoi, looks much older than her 37 years. Although she has nine children and is now expecting her tenth, this has not dampened her future. She is facing life stoically, thanks to the Hunger Safety Net Program that has given her a glimmer of hope.

Rosemary knows first hand the benefits of the HSNP. In 2011, she joined Phase 1, exactly two years after its inauguration.

She describes those times as tough. Her husband who was the family’s bread winner had passed away. Death of her husband, a respected assistant chief then, plunged the family into a period of difficulty. From being provided for, they faced a life of lacking almost all the basic necessities of life.

“Life for me and my children looked bleak. But with cash transfers from the HSNP, I am grateful that the support helped my children not to drop out of school,” she proudly says.

During the challenging period after demise of her husband, she trekked long distances, risking attack and sexual assault from ruthless bandits in search of firewood.

“HSNP is a great initiative. In Phase 1, I received 3,500 shillings every two months for six months,” she says her face beaming with genuine happiness.

She says that without the cash transfers, she is convinced she would have died and not be alive today to share her success story.
# Equity Bank Social Payments Experience

**Orphans & Vulnerable Children (CT-OVC) - (2012 – 2015)**

## Number of Beneficiaries households

| Number of Beneficiaries households | 57,246 households |

## Areas covered by Program

- Nairobi, Mwingi, Kitui, Thika, Bungoma, Busia, Embu, HomaBay, Kilifi, Kisumu, Kwale, Machakos, Makueni, Malindi, Murang’a, Nakuru, Nyandarua, Nyeri, Taita Taveta, , Gucha, Vihiga, Kakamega, nandi, Kisii, Samburu, Isiolo, Trans-nzoia, Bomet, Lugari, Nyando, Butere, Bondo and Teso

## Amount of Cash Transfer

- Ksh 4,000.00

## Total value CT-OVC

- Ksh 3.003 Billion

## Capitalizing Private Sector’s Expertise in Delivering Payments

- **Strong Public Private Partnership - PPP** - Equity Bank / UNICEF/ World Bank /GoK/DFID and MasterCard to Scale Social Payments Innovation

## Digital Cash Delivery in a Manner that Deepens Financial Inclusion

- Biometric PrePaid Cards Holds Digital Cash
- Agency Model and Branches are **Sustainable Rural Financial System Infrastructure** Supporting Local Cash Economy
- Agency Model - **Shared Prosperity** Growing Local Entrepreneurs

## Improving Aid Agencies Data Security, Privacy Systems and Compliance with Financial Regulations

- **Security** - Card System is **EMV**- Europay MasterCard and Visa- Compliant
- Beneficiary Data **Confidentiality** per CBK Prudential Regulations
- **Strong KYC**- Know Your Customer- Manage AML/ Fraud
### Equity Bank Social Payments Experience
#### KCEP (Kenya Cereal Enhancement Programme) 2015 to 2018

<table>
<thead>
<tr>
<th>Number of Beneficiaries households</th>
<th>40,000 farmers</th>
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<tbody>
<tr>
<td><strong>Areas covered by Program</strong></td>
<td></td>
</tr>
<tr>
<td>b) Eastern Kenya: Embu, Kitui and Tharaka</td>
<td></td>
</tr>
<tr>
<td><strong>Capitalizing Private Sector’s Expertise in Delivering Payments</strong></td>
<td>✓ Strong Public Private Partnership- PPP- Equity Bank / IFAD/ EU to Scale Agriculture Subsidy Innovations</td>
</tr>
</tbody>
</table>
| **Digital Cash Delivery in a Manner that Deepens Financial Inclusion** | ✓ Account based cash transfer  
✓ Debit card with wallets  
✓ Agro-dealers to issues subsidy including seeds, fertilizer  
✓ Access to credit for all the 40,000 farmers |
| **Improving Aid Agencies Data Security, Privacy Systems and Compliance with Financial Regulations** | ✓ Security - Card System is EMV- Europay MasterCard and Visa- Compliant  
✓ Beneficiary Data Confidentiality per CBK Prudential Regulations  
✓ Strong KYC- Know Your Customer - Manage AML/ Fraud |
THANK YOU

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