



## Cash Preparedness in Senegal

### Cash Transfer Mechanisms



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## ACRONYMS

|       |   |
|-------|---|
| ACEP  | Alliance Crédit Epargne pour la Production    |
| CaLP  | Cash Learning Partnership                     |
| CMS   | Crédit Mutuel du Sénégal                      |
| CNCAS | Caisse National de Crédit Agricole du Sénégal |
| OA    | Oxfam America                                 |
| UFM   | Union Financière Mutualiste                   |
| WFP   | World Food Programme                          |

## BACKGROUND

Recognizing the growing importance of cash-based responses in humanitarian interventions and building on its own experience of implementing cash transfer programs through local partner organizations in Senegal in 2010 and 2012, Oxfam America (OA) sought to “hire a consultant to determine the most feasible option(s) for transferring cash at scale in the most timely and efficient manner in future emergencies and to make recommendations for preparedness actions including technical capacity, contingency planning, improved coordination, and internal systems. These recommendations will also include the type of data that should be collected in future assessments using KoBo and when and where this data should be collected”.

This report presents the findings related to the commercial **cash transfer mechanisms** available to support humanitarian interventions, with a focus on the areas of interventions targeted for OA future emergency response. They are:

- **Louga** in northern Senegal, home to agro-pastoralist and migratory pastoralist livelihood groups.
- **Kedougou**, in Eastern Senegal, a complex region characterized by agro-pastoralist, pastoralist, and mineral-extraction-based livelihood strategies.
- **Kolda** in the south, primarily agro-pastoralist and pastoralist

### 1. SENEGALESE FINANCIAL INCLUSION LANDSCAPE:

Before deciding on the use of cash-based interventions, it is essential to understand the financial inclusion context of Senegal.

**Table 1: Senegalese Financial Inclusion Landscape**

| Indicator  | Data               |
|--|--------------------|
| • Percentage of the adult population with bank accounts in 2011  | 7.40% (952,087)    |
| • Percentage of the adult population with accounts at a financial institution (extended to include, banks, MFIs and the Post office) | 23.40% (1,620,292) |
| • Number of bank branches in 2012  | 538                |
| • Number of ATMs in 2012   | 324                |
| • Number of POS devices  | 318                |

Source: Interview and email exchange with Oulimata Diop, Ministry of Finance

To open an account at a bank in Senegal, candidates must provide a government-issued ID, a proof of address and proof of a regular income of at least \$50,000 CFA, which is a challenge in a country where as much as 80% of the economy is informal<sup>1</sup>.

To open an account at an MFI, candidates must provide a government-issued ID, and agree to become a member of the MFI. In Senegal, MFIs work as savings and credit cooperatives. Fees can vary but from the information collected from MECBAS, an MFI member *Union Financière Mutualiste*, in Louga, these fees include:

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<sup>1</sup> Interview with Bara Ndaw, Planet Finance on 02/22

- Membership 2,000 CFA
- Social share 2,000 CFA
- Minimum deposit 1,000 CFA
- Savings book 1,000 CFA

This makes up a total of 6,000 CFA. In general, MFI have a three-month observation period before granting a credit to a new member<sup>2</sup>.

## 2. TRANSFER MECHANISMS

During field work in Senegal, 12 transfer options were considered and 11 organizations were interviewed. The cash delivery mechanisms considered in the scope of this research are:

- A. Direct distribution to beneficiaries
- B. At a Financial Institution without bank account
- C. At a Financial Institution into the bank account
- D. By card
- E. By mobile phone

Direct distribution is not discussed in this report.

Option C was quickly discarded given the low rate of bank accounts holders in Senegal at 7.40% and the challenges of opening bank accounts, mentioned above.

In Senegal, money transfers are regulated by law. All recipients (and sometimes senders) must provide a **government-issued ID** to collect fund transfers. In some instances, birth certificates are accepted if supported by another photo ID document.

**Mobile phones are increasingly ubiquitous** in Senegal, even in village with no electricity. Orange, the largest mobile network operator in Senegal claim to have 7 million subscribers out of a population of just over 12 million inhabitants<sup>3</sup>. Women in the OA Savings for Change program in Afi Dande Mayo, a village near Kedougou reported spending 100 CFA every two days to keep their phone's battery charged. This represents a monthly expenditure of 1,500 CFA (USD 3). In this region, a family of 6 can be fed for a day with 3,000 CFA.

### 2.1 DESCRIPTION OF THE TRANSFER SERVICES AVAILABLE ON THE MARKET

In Senegal, there is a wide variety of transfer mechanisms. They are generally classified under two categories, **cash-to-cash** and **account-to-cash**. Some services like OrangeMoney, WARI, Poste One, etc. offer both cash-to-cash and account-to-cash options.

**Cash-to-cash transfers**, like MoneyGram, Western Union, Rapid Transfer etc. can only be **initiated by an individual**. The sender is required to provide personal identification. There is a maximum of 3 million CFA that can be sent and of 5 transactions that can be conducted in a day. **Cash-to-cash transfers are, thus, not suited for humanitarian interventions.**

**Account-to-cash options**, like Ferlo allow organizations and individuals to transfer cash to individuals from virtual account held at the service provider. Often, organizations are given access to a

<sup>2</sup> Interview with Ababacar Sadir Ndour, MECBAS on 02/26

<sup>3</sup> Interview with Ousmane Sarr and Boubacard Niang, Orange on 02/20

password protected web portal from which they can disburse funds themselves to their chosen recipients. Alternatively, they can supply the service providers with a list of recipients for the provider to make the transfer on their behalf. This is the case for card-based systems. **Account-to-cash transfers are thus well suited for humanitarian interventions.**

During field work, the consultant met with **11 institutions** that can offer cash transfer services, where cash can be collected at financial institutions, by card or by phone. These transfer mechanisms are described below.

**Table 2: Account-to-Cash Options**

| Cash  | Service  | Features   | Notes   |
|---|--|--|---|
| At a Financial Institution without bank account | <b>ACEP (Alliance Crédit Epargne pour la Production)</b>     | <u>Description:</u> <ul style="list-style-type: none"> <li>• <b>Direct cash payment to beneficiaries on premise</b></li> <li>• OA transfers funds to ACEP (beneficiary amount + any fees)</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>• No cash collection fee for beneficiaries</li> <li>• Service fee to ACEP to be negotiated based on number of beneficiaries and amounts to be paid</li> </ul>             | Supported by a USAID program  |
|   | <b>CMS (Crédit Mutuel du Sénégal)</b>                        | <u>Description:</u> <ul style="list-style-type: none"> <li>• <b>Direct cash payment to beneficiaries on premise</b></li> <li>• OA transfers funds to CMS (beneficiary amount + any fees)</li> <li>• 2012 contract can be reactivated quickly with an addendum</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>• No cash collection fee for beneficiaries</li> <li>• Transfer fee: 1,500 CFA par transfer</li> </ul> | Used in 2012  |
|   | <b>CNCAS (Caisse National de Crédit Agricole du Sénégal)</b> | <u>Description:</u> <ul style="list-style-type: none"> <li>• <b>Direct cash payment to beneficiaries on premise</b></li> <li>• OA transfers funds to CNCA (beneficiary amount + any fees)</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>• No cash collection fee for beneficiaries</li> <li>• Service fee to CNCA to be negotiated based on number of beneficiaries and amounts to be paid</li> </ul>             | Affiliates new Wari agents  |
|   | <b>Jotali (Post Office)</b>                                  | <u>Description:</u> <ul style="list-style-type: none"> <li>• <b>Direct cash payment to beneficiaries on premise</b></li> <li>• OA transfers funds to the Post Office (beneficiary amount + any fees)</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>• No cash collection fee for beneficiaries</li> <li>• Transfer fee: 0-100,000 CFA = 1 310 CFA</li> </ul>   | Available through the Post Office network (Post Office + Poste Finance) |
|   | <b>UFM (Union Financière Mutualiste)</b>                     | <u>Description:</u> <ul style="list-style-type: none"> <li>• <b>Direct cash payment to beneficiaries on premise</b></li> <li>• OA transfers funds to UFM (beneficiary amount + any fees)</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>• No cash collection fee for beneficiaries</li> <li>• Service fee to UFM to be negotiated based on number of beneficiaries and amounts to be paid.</li> </ul>              | Local network of small MFIs operating in Louga                          |
| By card   | <b>EcoBank Salary Card</b>                                   | <u>Description:</u> <ul style="list-style-type: none"> <li>• <b>Beneficiary cards loaded with funds by Ecobank</b></li> <li>• Pre-paid debit card</li> <li>• Withdrawal at EcoBank ATMs with a PIN</li> <li>• Mobile ATMs can be deployed to support the program</li> </ul>  | Only available at EcoBank ATMs  |

|                 |                                    |  |  |
|-----------------|------------------------------------|--|--|
|                 |                                    | <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>No cash collection fee for beneficiaries</li> <li>Transfer fee : 300-500 per transfer</li> <li>Cost of card: 6,000 – 10,000 CFA (negotiable)</li> </ul> <b>N.B.</b> OA may need to open an account at Ecobank  |  |
|                 | <b>MoneaCard (Ferlo GIM-UEMOA)</b> | <u>Description:</u> <ul style="list-style-type: none"> <li><b>Beneficiary cards loaded with funds by Ferlo</b></li> <li>Pre-paid debit card with electronic wallet</li> <li>No account management fee for beneficiaries</li> <li>Withdrawal at ATMs of 11 partner banks with a PIN</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>Cash out fee at ATMs: 500 CFA</li> <li>Transaction fee on POS devices: 1,350 CFA</li> <li>Deposit : 2,500 CFA (refundable)</li> <li>Cost of card: 2,500 CFA (fee quoted for Oxfam, usual fee is 5,900 CFA)</li> <li>Possibility of charging OA for all fees</li> <li>No transfer fees to beneficiaries for OA</li> </ul>                 | Used by WFP (cards were negotiated at 2,000 CFA) |
| By mobile phone | <b>Orange Money</b>                | <u>Description:</u> <ul style="list-style-type: none"> <li><b>Mobile money transfer into a mobile wallet</b></li> <li>OA loads its own OrangeMoney account and initiates transfers to beneficiaries</li> <li>Beneficiaries must sign up to a mobile wallet</li> <li>Beneficiaries receive an SMS notification of payment</li> <li>Cash out transactions on the mobile device are done by the beneficiary (entry of PIN code, etc.)</li> <li>Allows gradual withdrawal of the transfer value. The remainder is stored on the phone.</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>Cash out fee: 1-10,000 CFA = 6%</li> <li>Transfer fee: 1-10,000 CFA = 100 CFA</li> </ul> | Mostly available in larger urban centers         |
|                 | <b>TigoCash</b>                    | <u>Description:</u> <ul style="list-style-type: none"> <li><b>Mobile money transfer into a mobile wallet or as an SMS notification</b></li> <li>Cash out transactions on the mobile device are done by the beneficiary (entry of PIN code, etc.)</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>TBD after product launch</li> </ul>  | Will launch end of year 2013                     |
|                 | <b>Yonatel</b>                     | <u>Description:</u> <ul style="list-style-type: none"> <li><b>Mobile money transfer into a mobile wallet or as an SMS notification</b></li> <li>OA loads its own Yonatel account and issues transfers to beneficiaries</li> <li>Beneficiaries may or may not need to sign up to a mobile wallet</li> <li>OA may need to open an account at SGBS (TBD)</li> </ul> <u>Costs and fees:</u> <ul style="list-style-type: none"> <li>TBD after product launch</li> </ul>   | Will re-launch second semester 2013              |
|                 | <b>WARI</b>                        | <u>Description:</u> <ul style="list-style-type: none"> <li><b>Cash transfer with SMS notification</b></li> <li>OA transfers funds to WARI (beneficiary amount + any fees)</li> <li>OA can access a secure web portal from which to initiate</li> </ul>   | Ubiquitous throughout the country                |

|  |  |  |  |
|--|--|--|--|
|  |  | <p>transfers to beneficiaries</p> <ul style="list-style-type: none"> <li>• Beneficiaries receive notification of the transfer by SMS</li> <li>• Beneficiary confirm their phone number and present a government-issued ID to the Wari agent to cash out</li> <li>• Cash out transactions on the mobile device are done by the Wari agent</li> </ul> <p><u>Costs and fees:</u></p> <ul style="list-style-type: none"> <li>• No cash collection fee for beneficiaries</li> <li>• Transfer fee: 1,200-1,400 CFA per transfer</li> </ul> |  |
|--|--|--|--|

Source: Interviews with service providers

## **2.2 ASSESSMENT OF THE TRANSFER SERVICES AVAILABLE ON THE MARKET**

To determine the suitability of the transfer services identified above, they can be compared using a series of criteria such as:

- Cost
- Security
- Speed
- Acceptability
- Flexibility
- Resilience (based on likely hazards)
- Scalability
- Registration requirements
- HR needs

*Adapted from Harvey, P., Haver, K., Hoffman, J., Murphy, B. (2010) Delivery Money. Cash Transfer Mechanisms in Emergencies. CaLP*

This regards to cost, determining the relative cost-efficiency of one transfer service over another requires designing a number of program scenarios because of the services have startup costs (cost of cards, etc.) which are only absorbed over time.

Table 4 below attempts to provide a cost comparison of the various transfer options considered in order to illustrate possible cost-efficiencies.

Three scenarios are envisioned, both based on a transfer of 40,000 CFA to 1,000 beneficiaries. Scenario 1 assumes one transfer (one month). Scenario 2 assumes three transfers (three months – past programs), and Scenario 3 assumes five transfers (lean season).

|                       | Scenario 1 | Scenario 2 | Scenario 3 |
|-----------------------|------------|------------|------------|
| Bens                  | 1,000      | 1,000      | 1,000      |
| Transfer Amount (CFA) | 40,000     | 40,000     | 40,000     |
| Duration (Months)     | 1          | 3          | 5          |

**Table 3: Transfer Services Cost Benchmark**

| Service                            | Quoted fee  | Transfer fee | Cash out fee | Cost of Card | Scenario 1 (1 Month) | Scenario 2 (3 Months) | Scenario 3 (5 Months) |
|------------------------------------|---|--------------|--------------|--------------|----------------------|-----------------------|-----------------------|
| <b>ACEP</b>                        | N/A   |              |              |              |                      |                       |                       |
| <b>CMS</b>                         | 1,500 per transfer  | 1,500        | 0            | 0            | 41,500,000           | 124,500,000           | 207,500,000           |
| <b>CNCA</b>                        | N/A   |              |              |              |                      |                       |                       |
| <b>Jotali (Post Office)</b>        | 1,350 per transfer  | 1,350        | 0            | 0            | 41,350,000           | 124,050,000           | 206,750,000           |
| <b>UFM</b>                         | N/A   |              |              |              |                      |                       |                       |
| <b>EcoBank Salary Card (Min)</b>   | Transfer fee: 300 – 500   | 300          | 0            | 6,000        | 46,300,000           | 126,900,000           | 207,500,000           |
| <b>EcoBank Salary Card (Max)</b>   | Card: 6,000 -10,000   | 500          | 0            | 10,000       | 50,500,000           | 131,500,000           | 212,500,000           |
| <b>MoneaCard (Ferlo GIM-UEMOA)</b> | Cash out fee: 500<br>Card: 2,500*   | 0            | 500          | 2,500        | 43,000,000           | 124,000,000           | 205,000,000           |
| <b>Orange Money</b>                | Cash out fee: 1-10,000<br>CFA = 6%<br>Transfer fee: 1-10,000<br>CFA = 100 CFA | 10%          | 6%           | 0            | 46,400,000           | 139,200,000           | 232,000,000           |
| <b>TigoCash</b>                    | N/A   |              |              |              |                      |                       |                       |
| <b>Yobantel</b>                    | N/A   |              |              |              |                      |                       |                       |
| <b>WARI (Min)</b>                  | 1,200-1,400 per transfer  | 1,200        | 0            | 0            | 41,200,000           | 123,600,000           | 206,000,000           |
| <b>WARI (Max)</b>                  |   | 1,400        | 0            | 0            | 41,400,000           | 124,200,000           | 207,000,000           |

\* Refundable deposit of 2,500 CFA is not considered nor the 1,350 CFA fee on POS as the scenario assume cash out at ATMs.

Whilst Wari is the cheapest option in scenario 1, it's outpaced by Ferlo in Scenario 3, as economies of scales are reached with card-based options as program duration lengthens. OrangeMoney remains the most costly option at all times.

When payments are made to a large number of recipients, over a recurring period, electronic transfer are more cost-efficient. Moreover, the use of electronic transfer options can strengthen the quality of programming through improved security for staff and beneficiaries, reduced leakage, improved reconciliation and control of expenditure, greater speed and efficiency of transfer reduced costs for the agency and recipient; and the potential for realizing wider impacts for the recipient<sup>4</sup>. Electronic transfer options should, thus, be favored.

<sup>4</sup> Smith, G., MacAuslan, I., Butters, S. and Tromme, M. (2011) 'New Technology Enhancing Humanitarian Cash and Voucher Programming', a Research Report commissioned by CaLP, p4



Table 6 below recaps on the additional assessment criteria identified above. With regards to resilience, it must be noted that none of the options considered seem likely to be affected by the hazards identified

**Table 4: Transfer Services against Assessment Criteria**

| Option Service                     | Security                 | Acceptability                        | Speed (estimates)                   | Flexibility                           |                          | Scalability                                 | Registration Requirements        | HR Needs                     |
|------------------------------------|--------------------------|--------------------------------------|-------------------------------------|---------------------------------------|--------------------------|---|----------------------------------|------------------------------|
|                                    |                          |                                      |                                     | More bens ...                         | Available...             |   |                                  |                              |
| <b>ACEP</b>                        | ID card                  | Bens used to MFIs                    | Up to 2 months                      | increases delivery time               | During office hours only | Limited 250 -300 bens/day                   | Name, ID Card, Address           | Partner                      |
| <b>CMS</b>                         | ID card                  | Bens used to MFIs                    | 2 weeks (existing contract)         | increases delivery time               | During office hours only | Limited 250 -300 bens/day                   | Name, ID Card, Address           | Partner                      |
| <b>CNCA</b>                        | ID card                  | Bens used to MFIs                    | Up to 2 months                      | increases delivery time               | During office hours only | Limited # bens/day                          | Name, ID Card, Address           | Partner                      |
| <b>Jotali (Post Office)</b>        | ID card                  | Bens very used to Post office        | 1 month                             | increases delivery time               | During office hours only | Limited by # branches                       | Name, ID Card, Address           | Partner                      |
| <b>UFM</b>                         | ID card                  | Bens used to MFIs                    | Up to 2 months                      | increases delivery time               | During office hours only | Limited by # bens/day                       | Name, ID Card, Address           | Partner                      |
| <b>Ecobank Salary Card</b>         | PIN                      | Bens not used to cards               | 1.5-2 months (if cards in stock)    | may increase queues at ATM            | 24/7                     | Limited by # of ATMs                        | Program ID                       | 1 WARO + 1 Finance + Partner |
| <b>MoneaCard (Ferlo GIM-UEMOA)</b> | PIN                      | Bens not used to cards               | 1 month if blank are cards in stock | unlikely to increase queues at ATM    | 24/7                     | Limited by # of ATMs                        | Name, ID Card, Address           | 1 WARO + 1 Finance + Partner |
| <b>Orange Money</b>                | PIN                      | Bens not used to m\$                 | 1 month                             | is unlikely to increase delivery time | During shopping hours    | Limited by # of agents + liquidity          | Name, ID Card, Address + Phone # | 1 WARO + 1 Finance + Partner |
| <b>TigoCash</b>                    | PIN                      | Bens not used to m\$                 | N/A                                 | N/A                                   | During shopping hours    | Not available until Q4 2013                 | Name, ID Card, Address + Phone # | 1 WARO + 1 Finance + Partner |
| <b>Yobantel</b>                    | PIN or ID card + Tx code | Bens not used to m\$ but used to SMS | N/A                                 | N/A                                   | During shopping hours    | Not available until Q3 2013                 | Name, ID Card, Address + Phone # | 1 WARO + 1 Finance + Partner |
| <b>WARI</b>                        | ID card + Tx code        | Bens used to SMS                     | 2-3 weeks                           | is unlikely to increase delivery time | During shopping hours    | Limited only by agent liquidity (cash flow) | Name, ID Card, Address + Phone # | 1 WARO + 1 Finance + Partner |

**Source:** Interviews with service providers.

**Keys:** Bens = beneficiaries, m\$=mobile money, Tx = transactions, #=number

### 3. CONTACT LIST OF THE COMMERCIAL TEAMS INTERVIEWED

| Organization             | Name                   | Position                     | Phone Number                 | Email  |
|--------------------------|------------------------|------------------------------|------------------------------|--|
| <b>ACEP</b>              | Basile Senghor         | Regional Accountant          | 33 967 18 60<br>77 531 20 44 |  |
| <b>CMS</b>               | Justin Albert Mendy    | Regional Director            | 33 981 16 13                 | <a href="mailto:jmendy@cms.com">jmendy@cms.com</a>                                       |
| <b>CNCAS</b>             | Omar Touré             | Branch Manager               | 33 985 19 50<br>77 740 92 68 | <a href="mailto:omar.tour@cncas.sn">omar.tour@cncas.sn</a>                               |
| <b>CSI (WARI)</b>        | Mamadou Wilane         | Business Development Manager | 33 821 15 33<br>77 638 98 53 | <a href="mailto:mamadou.wilane@csi.sn">mamadou.wilane@csi.sn</a>                         |
| <b>Ecobank</b>           | Mame Amadou Gaye       |                              | 33 859 83 11                 | <a href="mailto:mgaye@ecobank.com">mgaye@ecobank.com</a>                                 |
| <b>FERLO SA</b>          | Salim Thiandoume       | Commercial Advisor           | 33 869 77 08<br>77 324 08 28 | <a href="mailto:thiandoumesalim@gmail.com">thiandoumesalim@gmail.com</a>                 |
| <b>La Poste (Jotali)</b> | El Hadji Massow Diallo | Transfer Manager             | 77 531 71 95                 | <a href="mailto:elhadjjalo@hotmail.com">elhadjjalo@hotmail.com</a>                       |
| <b>Orange</b>            | Boubacard Niang        | Ingenieur Commercial         | 33 869 44 97<br>77 644 77 66 | <a href="mailto:boubacar.niang@orange-sonatel.com">boubacar.niang@orange-sonatel.com</a> |
| <b>Tigo</b>              | Serge Mounghanou       | Tigo Cash Project Manager    | 33 869 74 20<br>76 675 29 40 | <a href="mailto:serge.mounghanou@milicom.com">serge.mounghanou@milicom.com</a>           |
| <b>UFM</b>               | Djiby Cissé            | Partnership Director         | 77 650 75 83                 | <a href="mailto:cissedjiby47@gmail.com">cissedjiby47@gmail.com</a>                       |
| <b>Yobantel</b>          | Edouard Roca           | Coordinator                  | 33 839 55 38<br>77 206 50 13 | <a href="mailto:edouar.roca@socgen.com">edouar.roca@socgen.com</a>                       |