



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 informal¹.

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:

¹ 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 member².

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 inhabitants³. 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

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

³ 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	ACEP (Alliance Crédit Epargne pour la Production)	<u>Description:</u> <ul style="list-style-type: none"> • Direct cash payment to beneficiaries on premise • OA transfers funds to ACEP (beneficiary amount + any fees) <u>Costs and fees:</u> <ul style="list-style-type: none"> • No cash collection fee for beneficiaries • Service fee to ACEP to be negotiated based on number of beneficiaries and amounts to be paid 	Supported by a USAID program
	CMS (Crédit Mutuel du Sénégal)	<u>Description:</u> <ul style="list-style-type: none"> • Direct cash payment to beneficiaries on premise • OA transfers funds to CMS (beneficiary amount + any fees) • 2012 contract can be reactivated quickly with an addendum <u>Costs and fees:</u> <ul style="list-style-type: none"> • No cash collection fee for beneficiaries • Transfer fee: 1,500 CFA par transfer 	Used in 2012
	CNCAS (Caisse National de Crédit Agricole du Sénégal)	<u>Description:</u> <ul style="list-style-type: none"> • Direct cash payment to beneficiaries on premise • OA transfers funds to CNCA (beneficiary amount + any fees) <u>Costs and fees:</u> <ul style="list-style-type: none"> • No cash collection fee for beneficiaries • Service fee to CNCA to be negotiated based on number of beneficiaries and amounts to be paid 	Affiliates new Wari agents
	Jotali (Post Office)	<u>Description:</u> <ul style="list-style-type: none"> • Direct cash payment to beneficiaries on premise • OA transfers funds to the Post Office (beneficiary amount + any fees) <u>Costs and fees:</u> <ul style="list-style-type: none"> • No cash collection fee for beneficiaries • Transfer fee: 0-100,000 CFA = 1 310 CFA 	Available through the Post Office network (Post Office + Poste Finance)
	UFM (Union Financière Mutualiste)	<u>Description:</u> <ul style="list-style-type: none"> • Direct cash payment to beneficiaries on premise • OA transfers funds to UFM (beneficiary amount + any fees) <u>Costs and fees:</u> <ul style="list-style-type: none"> • No cash collection fee for beneficiaries • Service fee to UFM to be negotiated based on number of beneficiaries and amounts to be paid. 	Local network of small MFIs operating in Louga
By card	EcoBank Salary Card	<u>Description:</u> <ul style="list-style-type: none"> • Beneficiary cards loaded with funds by Ecobank • Pre-paid debit card • Withdrawal at EcoBank ATMs with a PIN • Mobile ATMs can be deployed to support the program 	Only available at EcoBank ATMs

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

		<p>transfers to beneficiaries</p> <ul style="list-style-type: none"> • Beneficiaries receive notification of the transfer by SMS • Beneficiary confirm their phone number and present a government-issued ID to the Wari agent to cash out • Cash out transactions on the mobile device are done by the Wari agent <p><u>Costs and fees:</u></p> <ul style="list-style-type: none"> • No cash collection fee for beneficiaries • Transfer fee: 1,200-1,400 CFA per transfer 	
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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)
ACEP	N/A						
CMS	1,500 per transfer	1,500	0	0	41,500,000	124,500,000	207,500,000
CNCA	N/A						
Jotali (Post Office)	1,350 per transfer	1,350	0	0	41,350,000	124,050,000	206,750,000
UFM	N/A						
EcoBank Salary Card (Min)	Transfer fee: 300 – 500	300	0	6,000	46,300,000	126,900,000	207,500,000
EcoBank Salary Card (Max)	Card: 6,000 -10,000	500	0	10,000	50,500,000	131,500,000	212,500,000
MoneaCard (Ferlo GIM-UEMOA)	Cash out fee: 500 Card: 2,500*	0	500	2,500	43,000,000	124,000,000	205,000,000
Orange Money	Cash out fee: 1-10,000 CFA = 6% Transfer fee: 1-10,000 CFA = 100 CFA	10%	6%	0	46,400,000	139,200,000	232,000,000
TigoCash	N/A						
Yobantel	N/A						
WARI (Min)	1,200-1,400 per transfer	1,200	0	0	41,200,000	123,600,000	206,000,000
WARI (Max)		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 recipient⁴. Electronic transfer options should, thus, be favored.

⁴ 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...			
ACEP	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
CMS	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
CNCA	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
Jotali (Post Office)	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
UFM	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
Ecobank Salary Card	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
MoneaCard (Ferlo GIM-UEMOA)	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
Orange Money	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
TigoCash	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
Yobantel	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
WARI	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
ACEP	Basile Senghor	Regional Accountant	33 967 18 60 77 531 20 44	
CMS	Justin Albert Mendy	Regional Director	33 981 16 13	jmendy@cms.com
CNCAS	Omar Touré	Branch Manager	33 985 19 50 77 740 92 68	omar.tour@cncas.sn
CSI (WARI)	Mamadou Wilane	Business Development Manager	33 821 15 33 77 638 98 53	mamadou.wilane@csi.sn
Ecobank	Mame Amadou Gaye		33 859 83 11	mgaye@ecobank.com
FERLO SA	Salim Thiandoume	Commercial Advisor	33 869 77 08 77 324 08 28	thiandoumesalim@gmail.com
La Poste (Jotali)	El Hadji Massow Diallo	Transfer Manager	77 531 71 95	elhadjjalo@hotmail.com
Orange	Boubacard Niang	Ingenieur Commercial	33 869 44 97 77 644 77 66	boubacar.niang@orange-sonatel.com
Tigo	Serge Mounghanou	Tigo Cash Project Manager	33 869 74 20 76 675 29 40	serge.mounghanou@milicom.com
UFM	Djiby Cissé	Partnership Director	77 650 75 83	cissedjiby47@gmail.com
Yobantel	Edouard Roca	Coordinator	33 839 55 38 77 206 50 13	edouar.roca@socgen.com