

MOBILE MONEY BULK PAYMENT PRODUCTS

Capturing the Market Opportunity of
Global Development Organizations

———— JULY 2015 ————

Table of Contents

BACKGROUND	3
EXECUTIVE SUMMARY	4
MARKET OPPORTUNITY	8
KEY FINDINGS SUMMARY	12
ADOPTION OF BPPs	13
PROFILE OF A DEVELOPMENT ORGANIZATION CORPORATE CUSTOMER	14
DEVELOPMENT ORGANIZATION USE CASE FOR BULK PAYMENTS	15
RESEARCH OBJECTIVES	16
RESEARCH PARTICIPANTS	17
KEY INSIGHTS OF DEVELOPMENT ORGANIZATION CUSTOMERS	18
Customer profile: payment streams & modalities used	19
Customer drivers of BPPs adoption	22
Customer satisfaction & preferences on specific BPP features	24
Recommended improvements & additions	35
ANALYSIS & CONCLUSIONS	39
FINAL RECOMMENDATIONS	40
METHODOLOGY	43
NETHOPE PAYMENT INNOVATIONS PROJECT	44
ACKNOWLEDGEMENTS	45

DISCLAIMER: This report is made possible by the generous support of the American people through the U.S. Agency for International Development (USAID). The contents are the responsibility of NetHope and do not necessarily reflect the views of USAID or the United States Government.

Background

International relief and development organizations receive significant aid funding from donors which they regularly disburse in high volume, low value payments to millions of recipients for program and operational expenses.

Development organizations* (DOs) and donors are increasingly using and promoting the use of new digital payment technologies in their work, including the use of mobile money payments. Given such high volumes of disbursements, DOs are becoming important consumers of mobile money bulk payment products* (from here on referred to as BPPs), and in many cases introducing thousands of their payment recipients to mobile money for the very first time.

NetHope undertook investigative research in 2014-2015 specifically to shed more light on this trend. This research provides new visibility into DOs actual use and preferences for BPPs. It's intended to inform the design and development of BPPs to meet the bulk payment needs of DOs and enable easier adoption of them. Though governments and the private sector are also increasingly adopting bulk payments, this research focuses specifically on the experiences of DOs.

The aim of this report is to open the avenue for new business opportunities and partnerships between DOs and mobile money providers. Thus, the primary audience is mobile money providers and value added service providers who have direct oversight of product design. In addition, donors interested in encouraging the expansion of digital payments amongst DO partners, and the DOs themselves, will also find it provides valuable insights into trends on adoption, as well as guidance on standards around quality BPP design.

**GSMA defines bulk payments as a one to many transfer. For example: salary payments made by an organization to their employees' mobile wallets via a mobile money platform, or payments made by a government to a recipient's mobile wallet (G2P payment).*

**Development organizations are defined here broadly as non-profit organizations, local and international, that provide humanitarian relief assistance and development programming.*

Executive Summary

~**US\$29 billion** in donor funds spent annually to support **development programming & humanitarian assistance**



... & an estimated **10% (\$1.9 billion) to 30% (\$3.7 billion)** in **DO cash disbursements**

DOs frequently disburse **high volumes** of **low value payments**. 48 survey respondents reported disbursing:

17% operational expenses	25% program expenses	58% both
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Top 2 sectors for cash disbursements by those surveyed:



Health



Economic Development

Physical cash is a strong driver to adopt BPPs



100% respondents lean towards **'very concerned'** about **staff security & staff efficiency** (time & effort)

Key requirements for robust BPPs

- Enhanced reporting functionality
- Dedicated support to select agents to manage bulk disbursements
- Enhanced & dedicated customer service to corporate level & their recipients
- User friendly interface for the bulk payer



Potential MNO benefits from BPPs

- Generates fee revenues of est. **\$19-37 million** annually
- Drives retail customer acquisition - both in new segments plus numbers
- Drives usage of mobile money suite of products



Executive Summary

Development organizations (DOs) disburse high volumes of payments in their programs and operations in emerging countries, and are often burdened by disbursing these payments in physical cash yet highly motivated to adopt alternative solutions including BPPs. Considering this trend, NetHope conducted quantitative and qualitative research with DOs to learn more about these experiences.* Most BPPs are first generation products, and DOs expressed their challenges using them and offered recommendations for their enhancement. Despite the shortcomings, overall DOs appreciate the BPP payment modality more than disbursing physical cash. Furthermore, they recognize that BPPs can bring an array of benefits to both the disbursing organization and program recipients, for whom it may be the first introduction to mobile money.

DOs are also a potentially valuable corporate level customer for mobile money providers. Annually, US\$29 billion is channeled to DOs and humanitarian organizations -- much of which is disbursed in cash payments. It's estimated that transaction revenue for serving this market could generate US\$18.9 million to US\$37 million in transaction fees for service providers annually.* To help products meet this need, this research brings new visibility into DOs' use of and preferences for BPP features.

The growth in the development industry's focus on adopting digital payments not only offers mobile money providers new corporate level customers, but can also potentially drive mobile money uptake with the multitude of retail customers that they bring with them. Receiving their payments from DOs through mobile money can trigger usage of additional mobile money products (airtime purchase, bill pay, P2P transfers, etc.) and encourage retail customer loyalty. This growth warrants a focused approach by mobile money providers to incorporate their feedback into the design and development of BPPs. Based on DOs surveyed for this research, the top 3 features of BPPs that DOs rated higher are listed below.

CATEGORY	FEATURES
PRE-CONTRACT SERVICES	Information provided by the MNO about their BPPs
TECHNOLOGY, TRAINING & SUPPORT	Data privacy
PRODUCTS & SERVICES	Integrity of agents / Quality of service provided by agents

**This research was not intended as a large scale, statistically representative study.*

**Based on OECD average annual overseas development assistance and humanitarian assistance funding flows, it's estimated that US\$29.7 billion is channeled to DOs, and 10-30% of these funds are potentially disbursed in cash payments for programs and operations. Potential revenues from DO bulk payments were calculated based on an estimated 1% of the average transaction size of \$52.70, as reported in GSMA SOTIR 2014.*

Executive Summary

Regardless of the general contentment with the BPPs, the DOs surveyed offered suggestions for improvements and additions to the product offerings. The preferences below are listed in order of the greatest number of write-in comments.

TOP PREFERENCES FOR IMPROVEMENTS AND/OR ADDITIONS TO BPPs	SPECIFIC RELEVANCE FOR THE GREATEST DOs & BPPs	RECOMMENDED SHORT AND/OR LONGVIEW PRODUCT MODIFICATIONS
REPORTING & INFORMATION	<ul style="list-style-type: none"> DOs operate with donor funding that requires stringent financial controls and auditable transaction reports. They need the functionality to generate reports with timely proof of disbursement, verification of payment receipt, and available fund balance. 	<ul style="list-style-type: none"> Reporting and Financial Controls (short view): enhance transaction reporting that allows user generated reports with required detail, available as soon as funds are disbursed, and with sufficient information to enable tracing payments from disbursement to receipt by end recipient.
AGENT NETWORK & LIQUIDITY	<ul style="list-style-type: none"> DO bulk payers disburse 72% of their payments in rural and peri-urban areas where there tend to be fewer agents. DOs disburse large values in a single batch in these locations requiring higher levels of cash liquidity. 	<ul style="list-style-type: none"> Agents and Liquidity (short view): support designated agents to specifically manage bulk payments, provide BPP orientation and training, higher levels of liquidity management, and mobilization of agents to rural areas for large pay outs as needed. Agent Network (long view): build out a robust agent distribution network to underserved rural areas. Coordinate and encourage agents in nearby villages to utilize their mobile till to provide additional liquidity support to areas with low agent levels.
INTEROPERABILITY	<ul style="list-style-type: none"> DOs disburse payments to large numbers of recipients who may be customers of different MNOs and require solutions to streamline payments into a single batch disbursement out to many. 	<ul style="list-style-type: none"> Interoperability (long view): enable interoperability between all types of payment and financial service providers – either granting access to APIs to third party aggregators, and/or through agreements between service providers.
NETWORK COVERAGE	<ul style="list-style-type: none"> DO bulk payers disburse 72% of their payments in rural and peri-urban areas where network coverage is less prevalent or reliable. DO bulk payers will send large volumes of payments at once, which may stress the capacity of local networks. 	<ul style="list-style-type: none"> Mobile Network Coverage and Reliability (long view): expand and enhance network coverage to reach rural areas, and improve reliability of services to promote trust and confidence in the mobile money platform.

Executive Summary

TABLE CONT.

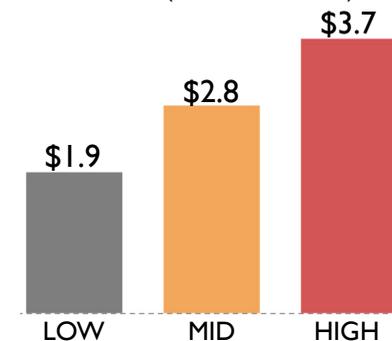
TOP PREFERENCES FOR IMPROVEMENTS AND/OR ADDITIONS TO BPPs	SPECIFIC RELEVANCE FOR THE GREATEST DOs & BPPs	RECOMMENDED SHORT AND/OR LONGVIEW PRODUCT MODIFICATIONS
FINANCIAL INCLUSION	<ul style="list-style-type: none"> DOs see BPPs as a means to financial inclusion. DOs disburse bulk payments to program participants at the base of the pyramid - many of whom are unbanked and may be using mobile money for the first time which can be an entry point for additional digital financial services. 	<ul style="list-style-type: none"> Digital Finance Products (long view): develop a suite of relevant products so that DO recipients use their mobile wallet and transact rather than cash out, including use of financial products like microinsurance, savings, credit, and other relevant payments such as school fees or utilities.
CUSTOMER SERVICE	<ul style="list-style-type: none"> DOs are new corporate level customers, and are introducing mobile money to thousands of new mobile money customers, which requires education, training and technical support to use these products. 	<ul style="list-style-type: none"> Customer Service (short view): enhance customer service (quality and access) for both the corporate level customer and for the recipient level so that designated MNO staff support trouble-shooting, provision of basic education and training on use of the BPPs. Training (long view): provide training packages at varying levels for DOs who may be willing to pay a premium for more engaged trainings for both DO staff and recipients of payments.
PAYER USE INTERFACE	<ul style="list-style-type: none"> DOs disburse high volumes of low value payments, to groups in predictable patterns but also at irregular intervals. They seek easy access to an online portal or downloadable software that allows convenient management of bulk payment disbursements to different groups over different time periods, organizes and stores payee data, and provides real time transaction history and customizable reports. 	<ul style="list-style-type: none"> User Interface (short view): enable the payer to establish levels of authority, maintain and organize payee data, confirm payments are received, and easily manage disbursements.

Market Opportunity

Globally, DOs process large volumes of bulk payments for programs in two sectors: general development (i.e. agriculture, economic development, education, health, etc.) and humanitarian assistance. The potential market opportunity for these payments to flow through mobile money services is significant.

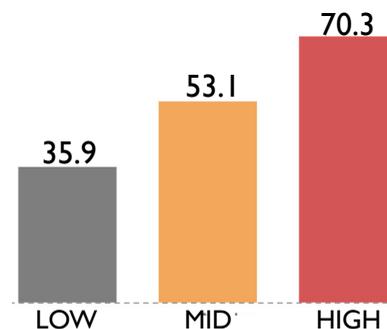
- » **Real Revenue Capture:** Using OECD data on funding flows* to non-governmental organizations (NGOs) for development and humanitarian assistance averaged over 4 years (2010-2013), an estimated US \$29 billion annually in donor funds are spent to support the sectors. Using conservative estimates that 10-30% of this funding is channeled to cash disbursements, the potential BPP transaction value would equal \$1.9 billion to \$3.7 billion USD annually and yield \$18.9 million to \$37 million in transaction fees.
- » **Dedicated Market:** Many DOs increasingly operate under mandates that require the procurement of digital bulk payment services.*
- » **Serve One to Reach Many:** A single DO is likely to process bulk payments annually to thousands or ten-thousands of recipients.
- » **Predictable Patterns:** While some payment streams are unpredictable, some payment streams are often pre-determined based on geography, time of month, with an established duration (e.g. 6 months, 1 year).
- » **Diversified Recipients:** DOs make payments to multiple market segments, not just the poor or socially marginalized, but also to vendors, staff, and local consultants.
- » **Drive Account Adoption:** DOs can catalyze account adoption by requiring their payment recipients to receive their transfers into a mobile money account.

POTENTIAL BULK PAYMENT VALUE
CORRESPONDING TO CASH DISBURSEMENTS
OF NGOs & HUMANITARIAN ORGANIZATIONS
2015 (Billions of US\$)



! It's estimated that 10%-30% of NGOs' total annual donor received funds are cash disbursements. For humanitarian organizations, cash disbursements are assumed to be proportional to the ratio of full cash transfer programs to total budgets, as reported in the Global Humanitarian Assistance 2014 report.

POTENTIAL BULK PAYMENT VOLUME
CORRESPONDING TO CASH DISBURSEMENTS
OF NGOs & HUMANITARIAN ORGANIZATIONS
2015 (Millions)



! This estimation assumes an average transaction value of \$52.70, as reported in the GSMA State of the Industry Report (SOTIR) 2014.

*OECD StatExtracts: <http://stats.oecd.org/index.aspx#>

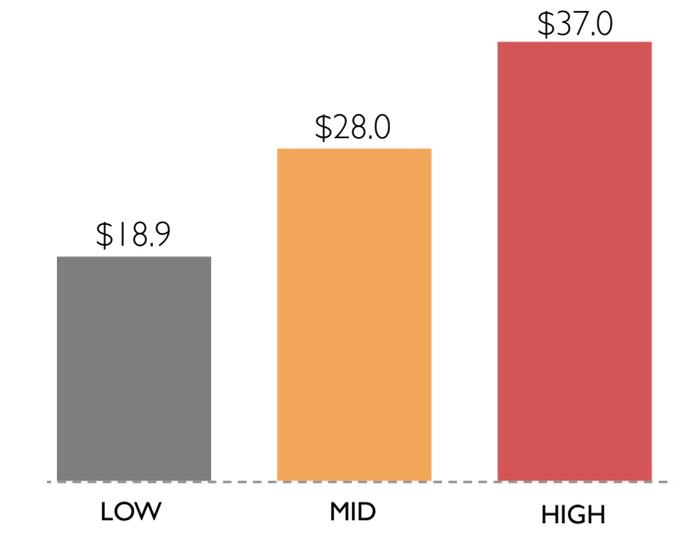
**In 2014, USAID released a Procurement Executive Bulletin that mandates all implementing partners disburse payments electronically where feasible. <http://bit.ly/1F45XNf>

Market Opportunity

Actively serving the DO sector has potential benefits for mobile money service providers:

- » **Transaction Revenue:** Capturing 10% to 30% of annual DO funding in transactions with transaction fees estimated at US\$.53 (1% on an average transaction value of \$53.72)* could generate between US \$18.9 to \$37.0 million in annual transaction fee revenue for mobile money providers.
- » **Drive Mobile Money Usage:** DOs often have broader financial inclusion goals as part of their development mandate, and may promote usage of mobile money wallets and their full suite of products, in particular savings, microinsurance, loans and payments.
- » **Service Expansion:** DOs pay salaried staff, contract laborers, vendors, as well as program beneficiaries; these segments range in age, education level, and residence (urban, peri-urban and rural).
- » **Solving a Real Market Problem:** DOs do not want to process cash payments, understand the risks, and are actively seeking alternatives to cash.
- » **Branding/Promotional Upside:** DOs process payments to support communities in need; products associated with these initiatives can enhance image and reputation by effectively serving DO bulk payment recipients and encourage customer loyalty.

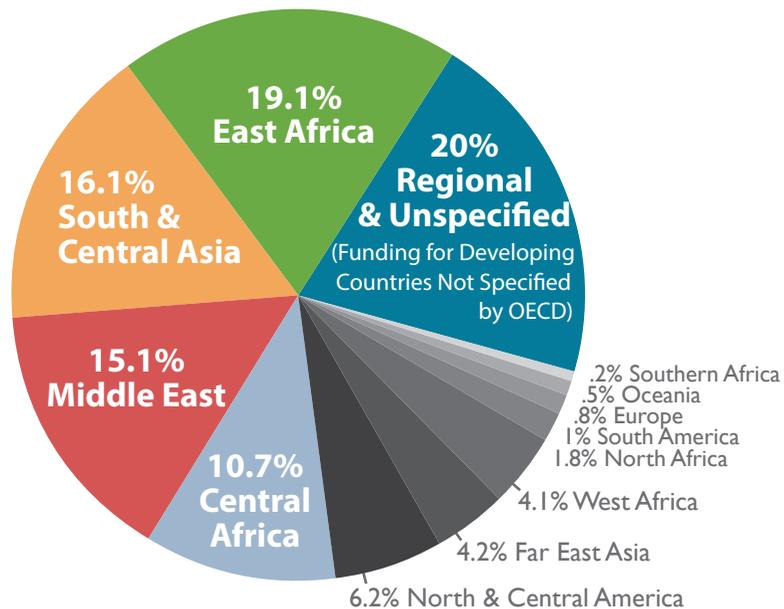
POTENTIAL BULK PAYMENT TRANSACTION FEES OBTAINED FROM NGOs & HUMANITARIAN ASSISTANCE 2015



! Fee estimates are derived from the assumption of \$0.53 per transaction (1% of the transaction value).

Market Opportunity: Humanitarian Assistance Funding by Region

GEOGRAPHIC DISPERSION OF FUNDING FOR HUMANITARIAN AID:

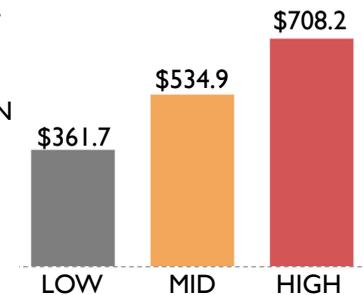


! Using OECD data for funding provided for humanitarian aid to OECD Development Assistance Committee (DAC) countries averaged for the years 2010-2013.

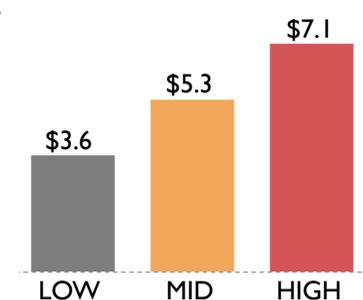


REGION SPOTLIGHT: EAST AFRICA

POTENTIAL BULK PAYMENT VALUE CORRESPONDING TO CASH DISBURSEMENTS OF NGOs & HUMANITARIAN ORGANIZATIONS 2015 (Millions of US\$)



POTENTIAL BULK PAYMENT TRANSACTION FEES OBTAINED FROM NGOs & HUMANITARIAN ORGANIZATIONS 2015 (Millions of US\$)



! Values are derived by multiplying the bulk payment global payment value and transactions fees calculated in this report by 19.1% (the geographic allocation of humanitarian aid for East Africa).

Gateway to Financial Inclusion

ACHIEVING FINANCIAL INCLUSION THROUGH MOBILE MONEY PAYMENTS

With 50% of the world's population having a unique mobile subscription* and 38% of the world's adults still unbanked the opportunity exists to bring access to financial services through the rapidly expanding marketplace of mobile money.

As of 2014, there are 255 mobile money services across 89 countries, and available in 60% of developing markets. DOs are reaching millions of low income consumers through humanitarian assistance and long-term development programs, and are well placed to introduce their program participants and beneficiaries to this mobile money marketplace where they may be able to access a range of financial services including payments, remittances, microinsurance, savings and credit.

In addition, DOs often have a broader development goal than simply digitizing payments, and as expressed by one research participant: "Adding products and services that could be useful like savings accounts or access to new financial services and products would be a huge bonus. This may help justify added expenses to use these bulk payments if they offered something of use for the beneficiaries."

GLOBAL FINANCIAL ACCESS INDICATORS



ADULTS HAVE A FINANCIAL INSTITUTION ACCOUNT



ADULTS HAVE A MOBILE MONEY ACCOUNT



ADULTS ARE UNBANKED

FINDEX (2015)

The Global Findex 2014 reports that moving away from cash can significantly increase financial inclusion through wage, government transfers and agriculture payments. DOs could have a similar impact if/when they disburse payments into a financially inclusive account rather than in cash.

*GSMA SOTIR 2014

Key Findings Summary

A total of 111 people participated in either the qualitative (32) or quantitative (79) research. Forty-seven percent of the quantitative survey respondents are users of BPPs, while 38% of the qualitative are users and another 50% advise DOs on their use.

DOs expressed concerns about disbursing payments in physical cash with two of the top concerns cited in both qualitative and quantitative research being security for staff and efficiency of processing disbursements. DOs are highly motivated to adopt digital payments, and in the quantitative survey revealed their top two influencers for adoption of BPPs as 1) higher mobile usage among organizations' recipients (payees), and 2) improved BPPs.

Most BPPs are first generation products, and DOs experienced challenges using them. However, despite the shortcomings of BPPs, DOs are satisfied overall to have a digital payment modality which is better than cash. The quantitative survey listed 31 different BPP features of which all were rated neutral to satisfactory.

Based on the quantitative survey, the three features of BPPs that DOs rated higher are listed below:

CATEGORY	FEATURES
PRE-CONTRACT SERVICES	Information provided by the MNO about their BPPs
TECHNOLOGY, TRAINING & SUPPORT	Data privacy
PRODUCTS & SERVICES	Integrity of agents / Quality of service provided by agents

Regardless of general contentment with the BPPs, DOs offered many suggestions for improvements (169) and additions (124) that would enable greater adoption of them. The most requested enhancements and additions to design features of the BPPs are summarized below based on the survey write-ins:

TOP 3 PREFERENCES FOR IMPROVEMENTS TO BPPs	TOP 3 PREFERENCES FOR ADDITIONS TO BPPs
1 REPORTING & INFORMATION	1 REPORTING & INFORMATION
2 AGENT NETWORK & LIQUIDITY	2 FINANCIAL INCLUSION / INTEROPERABILITY (equal number of comments)
3 NETWORK COVERAGE	3 PAYER USER INTERFACE

Adoption of Mobile Money Bulk Payments

The idea for this research originated from conversations with DOs about their experiences transitioning from cash to digital payments and universal themes emerged that revealed strong drivers for adopting digital payments:

- » less security risk due to reduced cash transport and handling;
- » improved efficiencies and scale in processing disbursements;
- » convenience and flexibility of payment procedures;
- » better transparency and reduced leakage; and
- » access to additional financial and business services for end recipients.

Another theme also emerged: BPP design needs to evolve in order to generate broad uptake and sustained use by DOs. Amongst DOs, including 'pioneers' who adopted BPPs several years ago where mobile money services were first introduced in East Africa, the general experience has been that using first generation BPPs has been challenging at times. In most cases, DOs persisted in their use of these products and services despite them not always functioning smoothly or as expected, as most felt that it was still better than cash.

BPPs are desired by DOs, and their demand continues to grow. The market size of the development sector warrants a focused approach by BPP providers to be able to take advantage of this growing corporate customer level segment by providing new and improved BPPs.

GROWTH IN BPPS

As noted in the GSMA SOTIR 2014, though bulk payments are still only 2.3% of the global product mix for mobile money providers, some of the fastest growth in products occurred in bulk disbursements. (<http://bit.ly/1dIIGAo>)



Between December 2013 & December 2014, the value of bulk disbursements globally grew by **59.1%**



23.1% of all transaction value processed in December 2014 was for bulk, bill and merchant payments.



In 2014, ten respondents reported earning the majority of their revenues from business fees, reinforcing the growing importance of mobile money as a payment channel for businesses to conduct B2B & B2C transactions.



In the SOTIR 2013, **61%** of all mobile money deployments offered bulk payments services with an additional **28%** planning to add these services in 2014.

Profile of a DO Corporate Customer

DEVELOPMENT ORGANIZATIONS AND THEIR PAYMENT STREAMS

DOs implement programs in a wide range of sectors: health, education, agriculture, livelihoods, microfinance, peace building, etc. They also disburse cash transfers when delivering humanitarian assistance post disaster or emergency.

Typical payment streams may include per diem and travel payments for training workshops, daily wages to contract workers, social transfers to vulnerable groups, subsidies for enterprise or agriculture inputs, performance stipends to program participants, petty cash and vendor payments, etc.

DOs also often work closely with health, education, and agricultural value chains. They work closely with other large corporate clients in those particular sectors, including input suppliers for seed and fertilizer, wholesale purchasers, health clinics, and educational systems that collect school fees. In other words, DOs can play influential roles on other payment streams in addition to their own.

Because many DOs work with consumers at the low end of the market, payments are often disbursed to program participants who are typically excluded from the financial system, leaving DOs to resort to disbursing such payments in cash.

Despite having better access to banking services in urban areas, DOs still frequently disburse payments to staff, vendors, and local consultants in cash.



People affected by the Nepal earthquake queue for cash distributions in Makawanpur district; a typical cash disbursement that DOs want to avoid by using BPPs. Photo: World Food Programme / Ralph Ofuyo

DO Use Case for Bulk Payments

English in Action (EIA) is an NGO in Bangladesh that started implementing a program in 2008 to teach English as a pathway into work and out of poverty.

EIA's goal is to train 70,000 teachers by 2015. Each teacher participates in 8 workshops over 16 months. In 2008 alone they trained 750 teachers.

For each workshop, a teacher receives a training allowance payment of US \$3.87 or \$6.43/day, depending on location. Food and accommodation expenses are reimbursed by EIA directly to vendors using mobile money. Trainings take place mostly in rural and semi-urban areas.

EIA also makes monthly payments of US \$7.72-12.86 per month to 1,400 Education Officers to visit schools.

From 2008-2012, EIA conducted 4,500 trainings making all payments in cash, hand-delivered at the venues. It cost EIA US\$2,500 per training just for cash handling including travel, staff effort, and loss due to theft.

In 2013, EIA started disbursing payments through mobile money bulk payments and increased their own staff efficiency by 300% –going from 10 to 30 trainings with the same staff in the same period, and allowing their program to scale.*



Photo: EIA

*This use case was captured by USAID's mSTAR project, implemented by FHI 360.

Research Objectives

ANTICIPATED RESULTS: Product Demand & Profile

Research was framed to obtain:

- » Proof of aggregated demand from DOs for BPPs.
- » Detailed standard requirements around product needs from this customer segment that describe their ideal BPP.
- » Specific suggestions for a streamlined BPP design.

QUESTIONS & TOPICS

Questions were developed to identify:

1. DO customer market sizing as a specific customer segment: aiming to identify the customer potential in terms of the volumes, values and number of recipients of their payment disbursements in both cash and digital.
2. DO customer motivations (both willingness and ability) to adopt BPPs: aiming to identify the pain points of using cash and the drivers for adopting BPPs.
3. DO customer satisfaction with BPPs: aiming to identify specific features of the product and services that are satisfactory or unsatisfactory.
4. DO customer needs and preferences in a BPP: aiming to identify specific features of the product and services that would entice and/or enable DOs to adopt and use BPPs.



Research Participants

KEY INFORMANTS

ROLE	
IMPLEMENTER	2
ORGANIZATION ADVISOR	7
INDUSTRY ADVISOR	4
TYPE	
FINANCE	3
POLICY	3
PROGRAM	7
TECHNOLOGY	0
LOCATION OF RESIDENCE	
AFRICA	3
ASIA	0
EUROPE	3
LAC	0
MENA	0
NORTH AMERICA	7
LOCATION IN ORGANIZATION	
COUNTRY SPECIFIC	3
HEADQUARTERS	10
TOTAL	13

FOCUS GROUPS (5)

ROLE	
IMPLEMENTER	10
ORGANIZATION ADVISOR	9
INDUSTRY ADVISOR	0
TYPE	
FINANCE	3
POLICY	0
PROGRAM	15
TECHNOLOGY	1
LOCATION OF RESIDENCE	
AFRICA	7
ASIA	3
EUROPE	2
LAC	0
MENA	0
NORTH AMERICA	7
LOCATION IN ORGANIZATION	
COUNTRY SPECIFIC	10
HEADQUARTERS	9
TOTAL	19

ONLINE SURVEY

ROLE	
IMPLEMENTER	56
ORGANIZATION ADVISOR	23
INDUSTRY ADVISOR	0
TYPE	
FINANCE	16
POLICY	0
PROGRAM*	56
TECHNOLOGY	7
LOCATION OF RESIDENCE**	
AFRICA	33
ASIA	15
EUROPE	1
LAC	3
MENA	2
NORTH AMERICA	3
LOCATION IN ORGANIZATION	
COUNTRY SPECIFIC	N/A
HEADQUARTERS	N/A
TOTAL	79

*Includes all advisors; **Excludes advisors

PROFILES:



IMPLEMENTER

someone working within an organization who may or may not have direct responsibility for payment disbursements (cash and/or electronic).



ORGANIZATION ADVISOR

someone working within an organization, or as consultant to organization/s, providing guidance on disbursing payments who may or may not have direct responsibility for disbursing payments.



INDUSTRY ADVISOR

someone who works to promote digital payments in the industry as a whole.

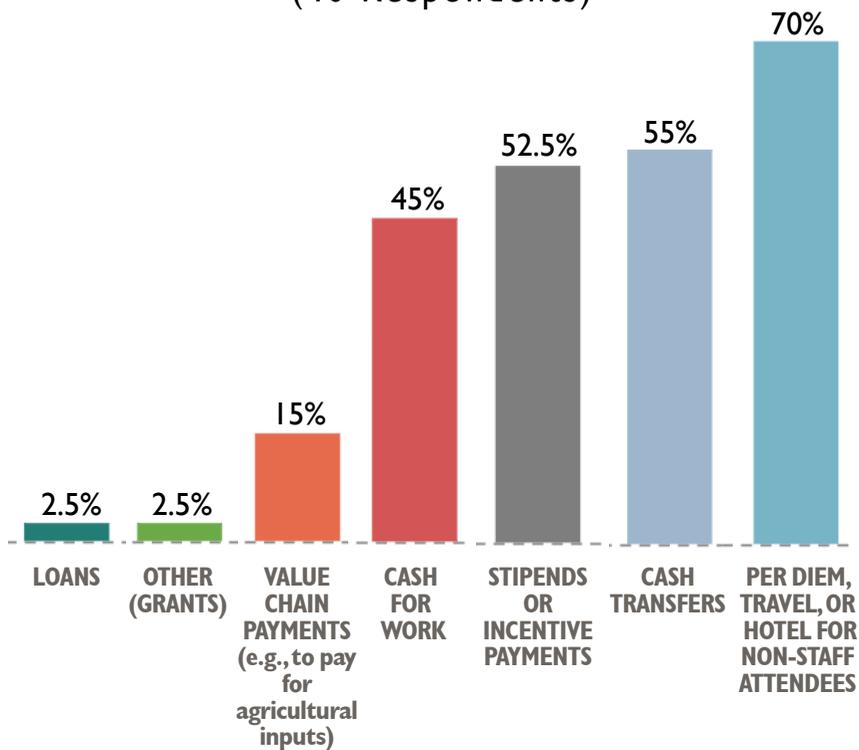
Key Insights Overview

- I. Customer profile: payment streams & modalities used
- II. Customer drivers for BPPs adoption
- III. Customer satisfaction & preferences on specific BPP features
- IV. Customer recommended improvements & additions to BPPs

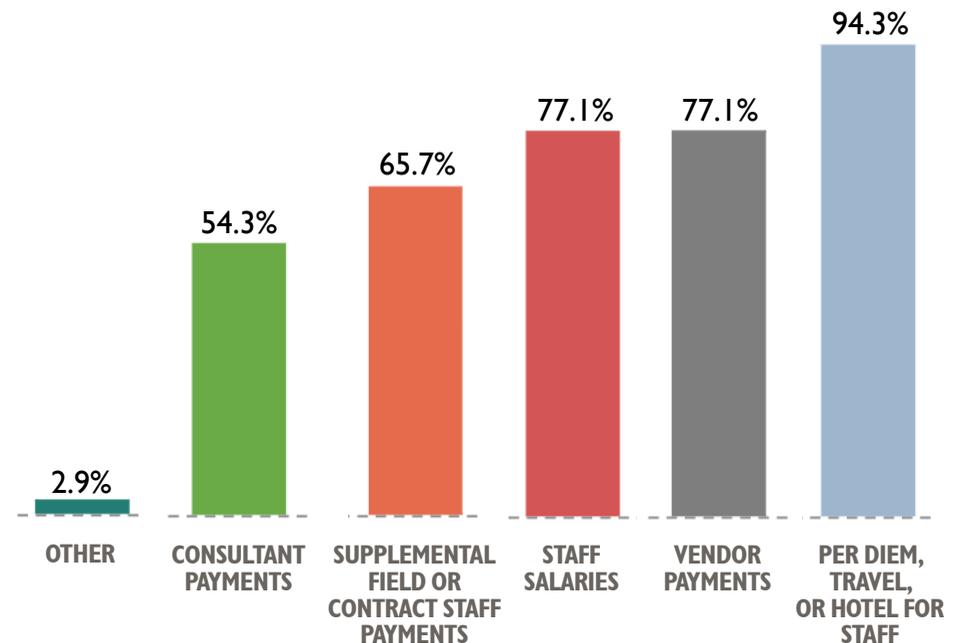


I. Customer Profile

PERCENT OF RESPONDENTS THAT DISBURSE THE FOLLOWING TYPES OF PROGRAM PAYMENTS* (40 Respondents)



PERCENT OF RESPONDENTS THAT DISBURSE THE FOLLOWING TYPES OF OPERATIONAL PAYMENTS* (35 Respondents)



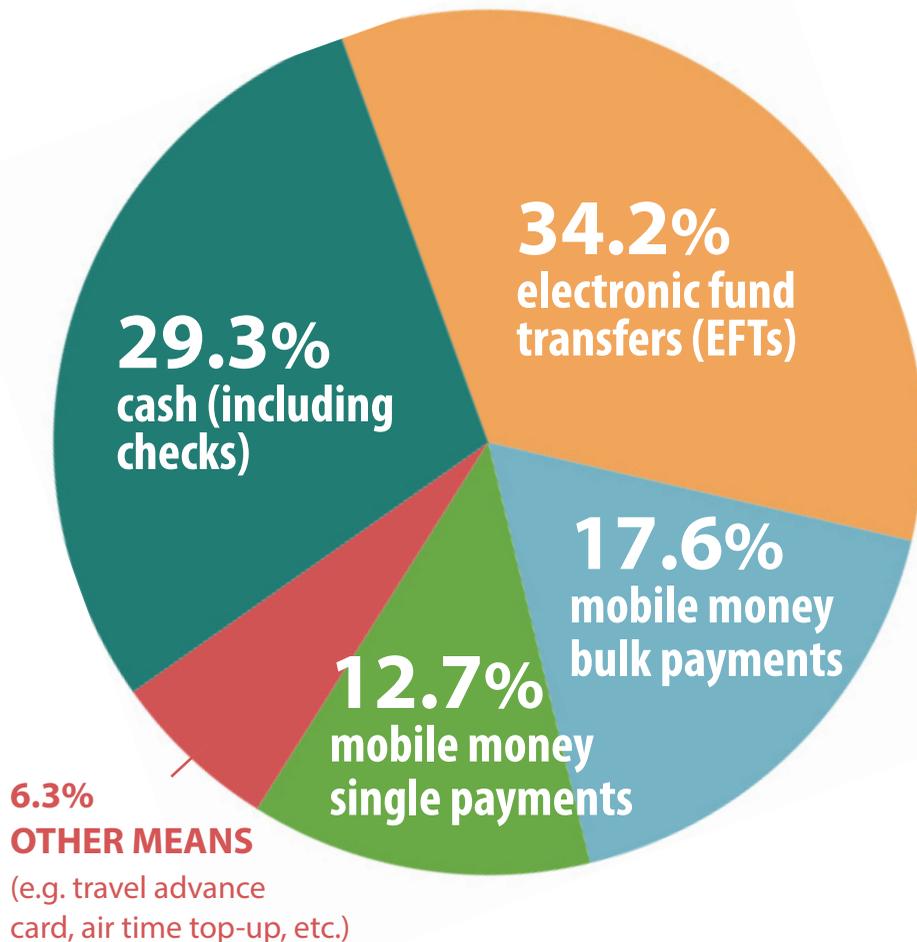
*Program payments are defined as payments that involve program participants or beneficiaries such as cash transfers, loans, training participant per diems, performance subsidies for extension workers and other non-staff field workers

*Operational payments are defined as payments that involve non-program participants, including but not limited to staff salaries, vendor costs, staff travel expenses, consultant costs, fringe payments

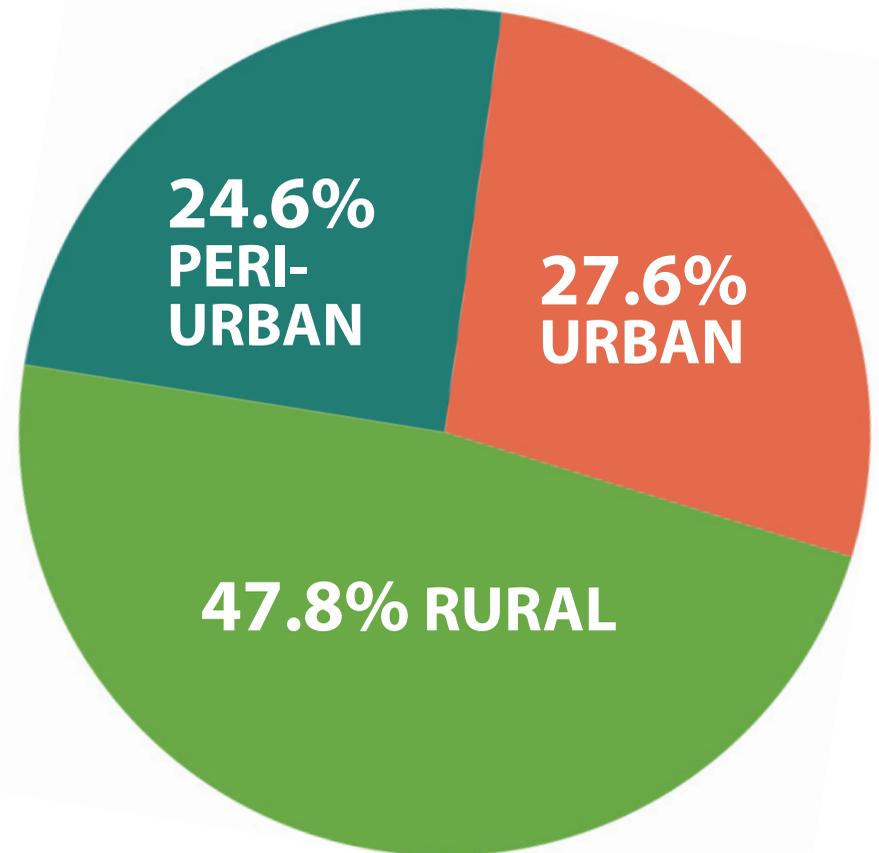
*All data is from implementers who responded to the online survey.

I. Customer Profile

DISBURSEMENT MODALITY
BY VALUE
(39 Respondents)



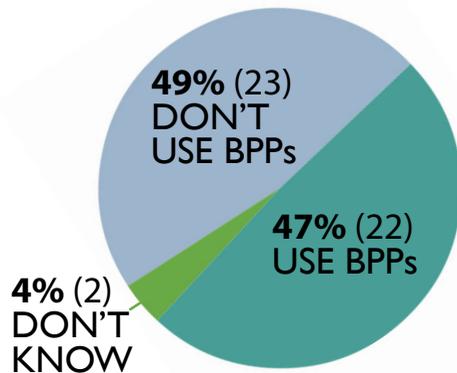
LOCATION OF PAYMENTS
BY VALUE
(38 Respondents)



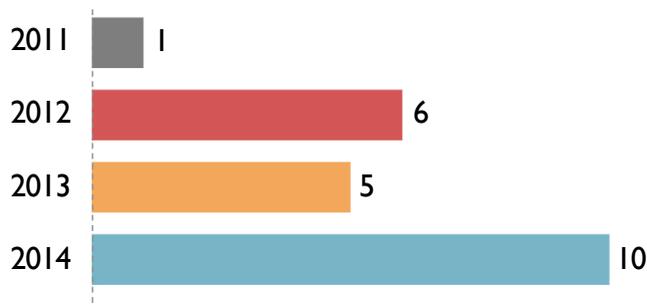
I. Customer Profile

Out of 47 survey respondents categorized as implementers, almost half of them use BPPs. Earliest adopters of BPPs began disbursing funds in 2011, and each year since more respondents began using the product. 2014 saw the highest number of respondents begin using BPPs.

SURVEY RESPONDENTS' USE OF BPPs
(47 Respondents)



RESPONDENTS' START YEAR FOR USING BPPs



*All data is from implementers who responded to the online survey.

SERVICE PROVIDERS USED
(19 Respondents)

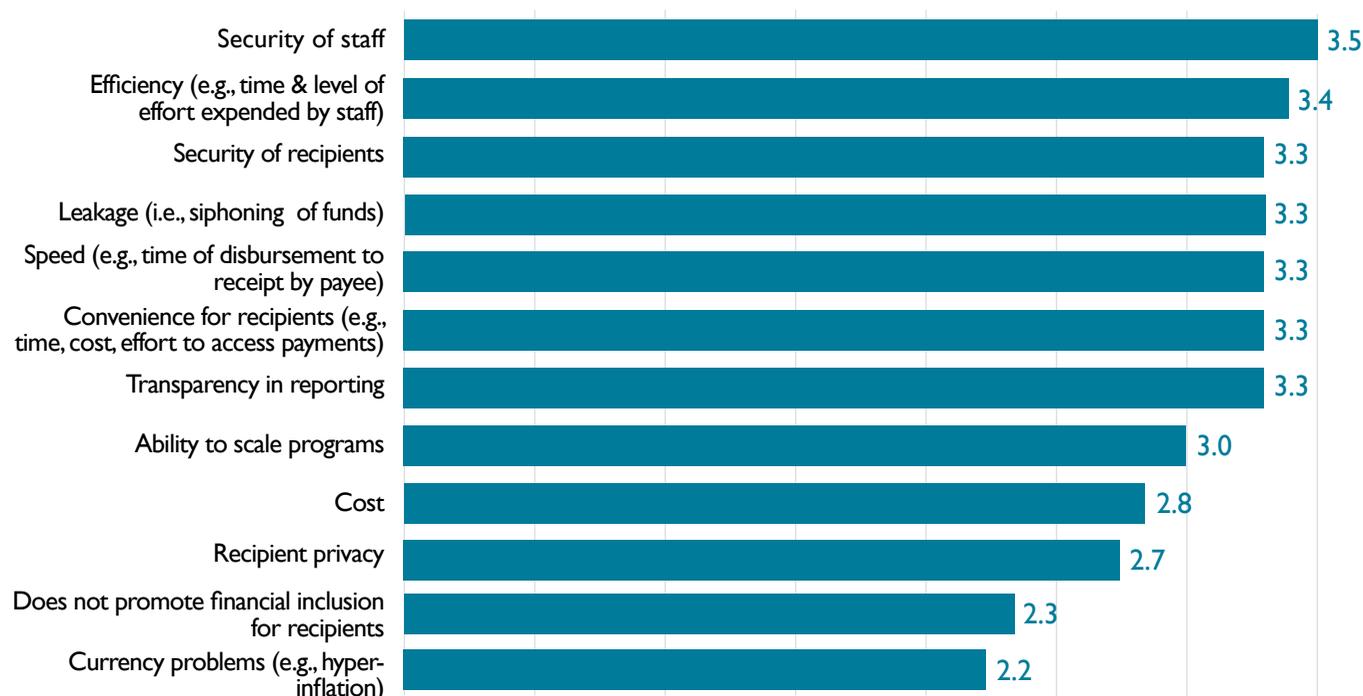
- ✓ AIRTEL LIMITED
- ✓ BKASH
- ✓ BPI-GLOBE-BANKO
- ✓ DUTCH-BANGLA BANK LTD. (DBBL)
- ✓ G-XCHANGE
- ✓ MPESA SAFARICOM
- ✓ MTN
- ✓ ORANGE
- ✓ SELCOM
- ✓ SMART MONEY INC.
- ✓ STANBIC IBTC MOBILE MONEY
- ✓ STANDARD CHARTERED BANK
- ✓ TIGO
- ✓ VODACOM
- ✓ ZANTEL

! Not all respondents specified the market in addition to SP

II. Drivers for Adoption

There are many case studies* documenting the drivers that catalyze DOs to transition away from cash in their programs and operations. The results from the survey indicate the common concerns with using cash as outlined in the table of responses below. Having to disburse payments in cash is a burden for many development organizations and their recipients, and when better options exist for them to facilitate these payments they are inclined to use them. It's believed that better BPPs, better coverage in the areas where DOs often work, and increased knowledge and acceptance amongst the general population will drive uptake of BPPs.

CONCERNS OF USING CASH (Averages from 62 Respondents, both implementers & advisors)



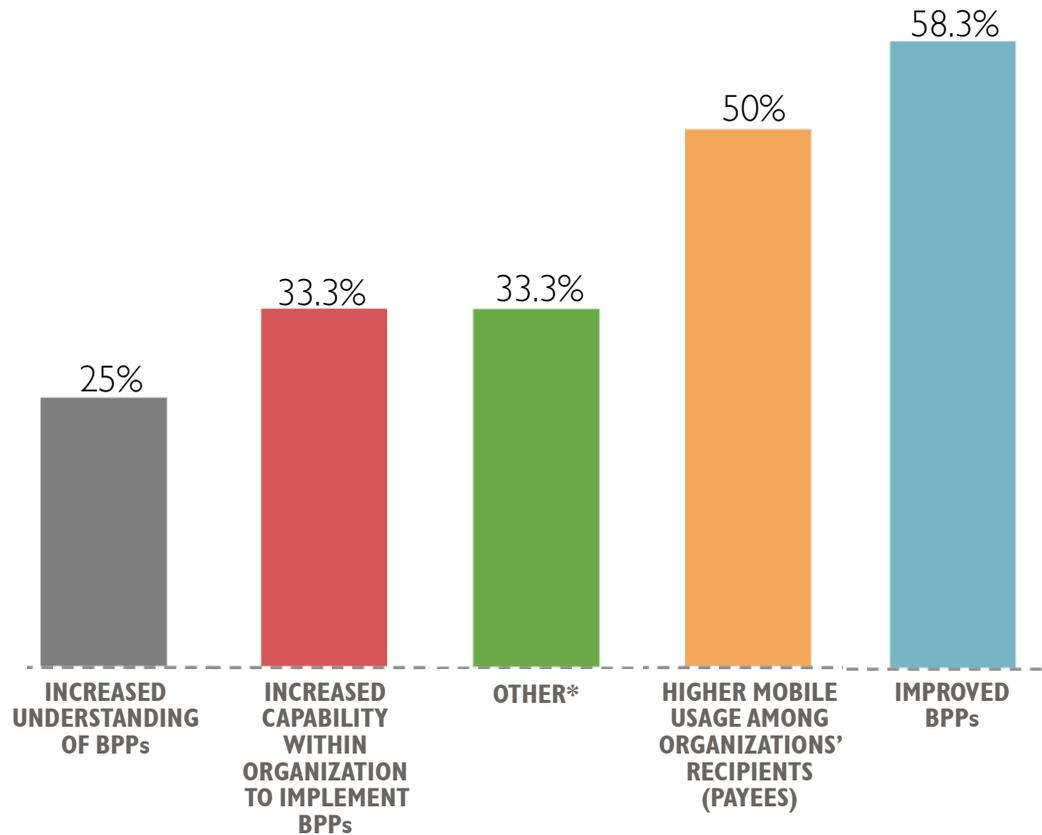
Not at all concerned (1) ↔ Very concerned (4)

Very Concerned (4)
Concerned (3)
Somewhat Concerned (2)
Not at all concerned (1)

*<http://betterthancash.org/resources/publications/>

II. Drivers for Adoption

INFLUENCERS TO ADOPT BPPs FOR NON-USERS (12 Respondents)



*OTHER

“Taking the view of local organizations, or private sector businesses, I think increased capabilities within the organization combined with higher usage (acceptance) by recipients.”

“... Having a web interface to do bulk transfers and get adequate receipts and financial statements to maintain transparency.”

“Increased capacity of agents to manage amounts we disburse and increased coverage of areas we operate in.”

III. Customer Satisfaction & Preferences

The research sought feedback on a wide array of 31 different features of BPPs. Features were divided into the following three categories in order to facilitate the online survey. Implementers were surveyed on their satisfaction with these features, while Advisors were asked about the importance of these features to the DOs that they advise.

PRE-CONTRACT SERVICES

Fees for payment recipients
Fees for your organization
Information provided by the service provider about their BPPs and services
Negotiation and finalization of the contract
Trial period

TECHNOLOGY, TRAINING & SUPPORT

Ability to set privileges for users with different levels of authority
APIs for platform integration
Customer service for your organization
Data privacy
Data security
Ease of product use for your organization
Installation of payment transaction software
Interoperability with other service providers used by payment recipients
Mobile network geographical coverage
Mobile network reliability
Reliability of payment transaction software
Resolution of payment errors
Storage of recipients' names & numbers
Training for your organization
Transaction reporting (e.g., types of reports available, timelines)
User interface for payment entry/ organization by the payer

PRODUCTS & SERVICES

Availability of agents
Customer service for payment recipients
Ease of product use for payment recipients
Integrity of agents
Liquidity (i.e. agents having appropriate balance of e-float and cash on hand)
Ongoing marketing and awareness of education for payment recipients
Quality of service provided by agents
Registration for new payment recipients
Technical support for payment recipients
Training for the payment recipients

III. Pre-Contract Services

Pre-contract services encompass the process of acquiring BPP services covering steps from initial information seeking through to contract negotiations. Analysis shows that users are neutral to satisfied with all features in this category. Advisors rate all, except the trial period, as important to very important.

USER SATISFACTION WITH PRE-CONTRACT SERVICES OFFERED BY BPP SERVICE PROVIDERS (20 Respondents)



ADVISOR IMPORTANCE OF PRE-CONTRACT SERVICES OFFERED BY BPP SERVICE PROVIDERS (23 Respondents)

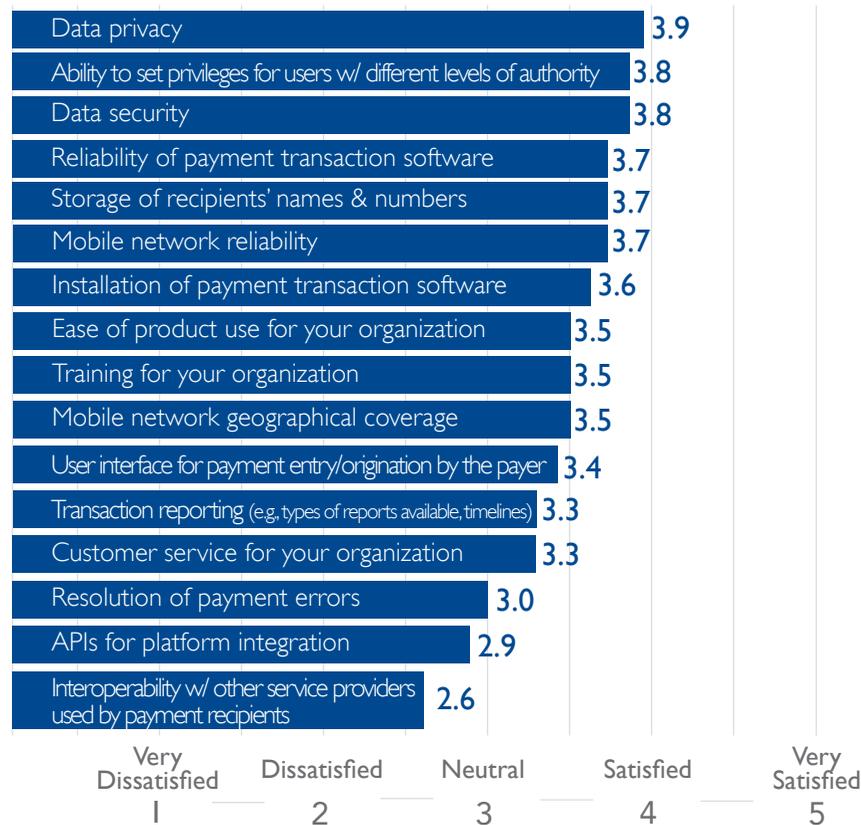


! Users rank their satisfaction with pre-contract services, while advisors rank the importance of pre-contract services to the organizations they advise.

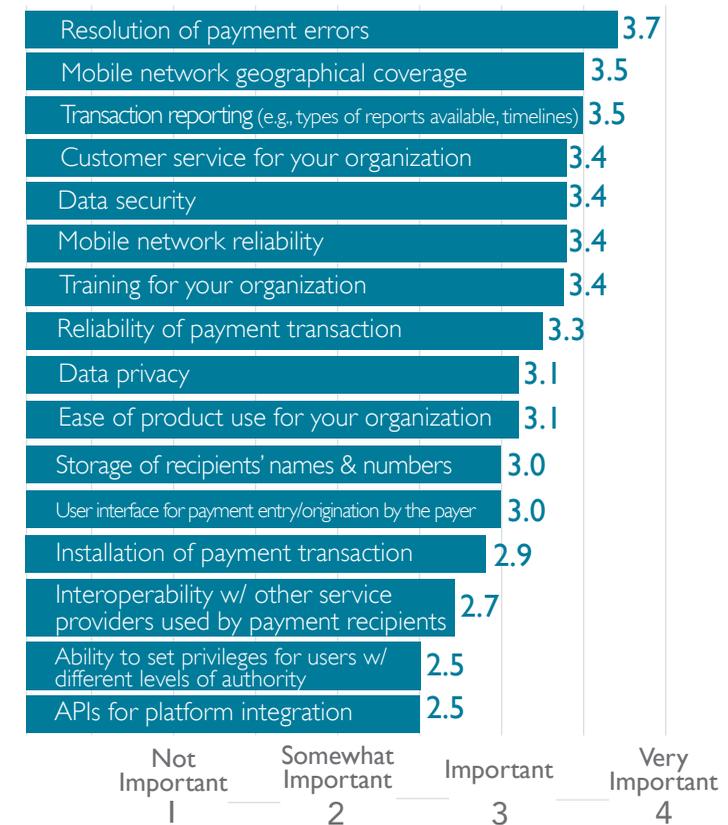
III. Technology, Training & Support

Technology, training and support encompasses a broad range of features from network infrastructure to the software platform to data storage. Analysis shows that users were neutral to satisfied with most features in this category. Some features that advisors rated as important, but users were dissatisfied to neutral with, are key features that may provide greater value to DOs for improvement; for example, resolution of payment errors, transaction reporting, or customer service.

USER SATISFACTION WITH TECHNOLOGY, TRAINING & SUPPORT OFFERED BY BPP SERVICE PROVIDERS (20 Respondents)



ADVISOR IMPORTANCE OF TECHNOLOGY, TRAINING & SUPPORT OFFERED BY BPP SERVICE PROVIDERS (23 Respondents)



! Users rank their satisfaction with technology, training and support, while advisors rank the importance of technology, training and support to the organizations they advise.

III. Technology, Training & Support

Qualitative participants expressed several common perspectives around technology, training and support offered by BPP Service Providers.

MOBILE NETWORK COVERAGE & RELIABILITY: these features may be relevant to mobile money in general, but for bulk payments they are particularly important because DOs disburse 72% of their payments to recipients of development programs in rural and peri-urban areas* where network coverage is less prevalent. In addition, reliability of the service is of great concern for DOs when disbursing payments to hundreds of people at once, as a failed transaction can lead to large groups of discontented recipients requiring considerable communication efforts on the part of the DO. Perhaps most importantly it can diminish trust in both the paying organization and the mobile money service. For many who are new customers this can result in reluctance to continue using mobile money for any services.

Though quantitative survey participants were neutral to satisfied with mobile network coverage and reliability in the ratings, it was the second most listed feature for improvement in the survey write-in, and was raised by several qualitative research participants. For example, mobile network reliability was an issue raised by the focus group participants from Malawi who discussed issues with network outages that would last up to two weeks. In some cases, this led to missed cash entitlement payments as the message about their payment timed out.



“Sometimes the telecom service breaks down. It’s so annoying... You work really hard, you get everything in on time, you approve everything, you stay late, and then you find out that actually [the MNO’s] network is down, and there’s nothing you can do about it. And it’s like, ‘Oh well, you’ll get it tomorrow.’”

This was relevant even in countries like Kenya with established mobile money services.



“We use mobile money bulk payments to pay around 3,000 beneficiaries every month. We have a couple of challenges with mobile money bulk payments, one of which is network coverage because the northern part of Kenya is considered to be a remote area and not all areas where we work have 100% network coverage.”

Some participants also expressed that not having access to information about where coverage is adequate to use mobile money services was a challenge, limiting their ability to plan and use BPPs in certain areas.

*The quantitative survey respondents disburse 47.8% in rural areas, 24.6% in peri-urban areas, and 27.6% in urban areas.

III. Technology, Training & Support

INTEROPERABILITY: this feature is relevant to mobile money in general, and evidence shows that where it exists mobile money transaction volume can increase,* however for disbursing bulk payments it is of particular importance. Interoperability is relevant because DOs often disburse payments to a diversity of recipients who may be customers of different MNOs, making it unfeasible to arrange a single batch payment. Without interoperability, DOs are resigned to one of the following options: a) request all recipients/payees register with the same MNO, b) sign contracts with multiple MNOs, c) sign a contract with one MNO that enables “off-net” transactions that deliver cash out tokens to recipients who are not on the same network, d) sign a contract with a third party aggregator where available, e) sign a contract with one MNO to disburse mobile payments where feasible and pay the remainder in cash, or f) disburse all payments in cash.

On average, users in the survey were dissatisfied to neutral in their rating of interoperability, and it received some of the most write-ins for top three features to be improved or added. Several qualitative participants described its particular relevance for bulk payments. One participant explained the primary reason they want this feature:



“I think the other challenge is around the interoperability of bulk payments. If you’re an international NGO, you might want to send money to 1,000 people, and if 100 of those people use a particular mobile money service, that might have value and you might go for it, but it’s going to be tricky to manage. No one wants to run multiple payroll systems or cash disbursement systems in parallel. In general, I think the market needs an interoperable approach where you go through one provider and you can reach all of your payees through one gateway.”

Another participant described the need for interoperability across different types of service providers (i.e. between banks & MNOs):



“In Nigeria right now, one of the challenges is [having] a third party where it can go across mobile networks and across banks. For example, MTN has a mobile wallet, and IBTC has a mobile wallet, and there are 19 others, and then you can sit on any of the mobile networks. So, a platform that can aggregate or allow you to bank with whoever you want to bank with, or operate on any mobile network, would be helpful because we’re designing this for scale.”

In the absence of interoperability, several participants explained how they use a third party aggregator:



“In Uganda where you have I think three MNOs and each of them has a third of the market, they’re not interoperable. I can’t as a financial manager say that you should sign up with one. And at the same time, having implemented a project, I can’t really say, “You should use all three,” because that’s just a pain. Aggregators fill that gap great. They’ve got the accounts signed up with everyone. They’ve got an electronics system that gives me payment confirmation. I’ve become a very big fan of aggregators.”

III. Technology, Training & Support

PAYER USER INTERFACE: one feature that is specific to bulk payments is the corporate customer level (payer) user interface. When disbursing high volumes of low value payments, an online portal or downloadable software allows DOs to manage bulk payment disbursements to different groups over different time periods, organize and store payee data, view transaction history and generate transaction reports which are mandated by their donors (discussed further as its own feature). Some MNOs service providers have an online portal or downloadable software that allows the DO corporate customer to manage and disburse bulk payments relatively independently, while others require submission of an excel file to the MNO service provider that then disburses the bulk payment. Some DOs mentioned they would prefer the functionality similar to an online banking portal, but in general, improvements in the user interface would ease adoption and use for many DOs.

Though the respondents in the quantitative survey were on average neutral to satisfied with the user interface, it was the second most written in feature to be added. Several qualitative participants discussed user interfaces and some of the challenges with current platforms:



“In some cases, well, there isn’t a platform. There is no web interface or way to do these transactions on their own. They have to actually call up the mobile network operator or their service provider and say ‘Hey, I want to move one million shillings and here’s what I want to do. I’m going to send you a spreadsheet.’ So, one is having some sort of web interface that they can access.”

“I think the third party user interfaces seem to be more user-friendly, and they are more interested in being more user-friendly than the mobile network operators.”

“I’ve been pretty happy with the bulk payment modules, but I think they’re not often very user-friendly. But I think that, as the market matures, you’re going to see more established telecom companies making the online portals and they will become more user-friendly.”

Some specific functionalities with this feature addressed the ability to manage payee data in the system, including storing and grouping payee data:



“Within that web interface being able to easily manage their recipients, basic things you would think of in say, a customer relationship management system. Adding users, stopping users from receiving payments, setting up automatic conditions that allow a payment to be sent to someone or not, so managing your customers or your end users that are going to receive payments.”

III. Technology, Training & Support

REPORTING & FINANCIAL CONTROLS: these features are particularly relevant for DOs because they operate with donor funding that requires stringent financial controls and auditable transaction reports. They need to be able to generate reports with information such as timely proof of disbursement, verification of payment receipt by recipients, and available fund balance. The ideal platform would enable easy access to a portal or dashboard, where the DO customer could check transaction status, do bulk transfers, see progress status, reconcile balances, and generate reports. Without basic reporting functionality, DOs may be unable to use BPPs at all.

Though transaction reporting functionalities were rated on average neutral to satisfactory in the survey ratings, it received the most write-ins for the top three features to be added and to be improved. Financial controls also received several write-in comments.



“There are a lot of requirements within the international development sector for auditing and traceability.”

“I want to do like a bank reconciliation at the end of the month and say, “We made this payment, and this one didn’t go through, or this one went and it bounced, or this money got lost because we sent it to the wrong person.” They don’t have a good system to assist you to do those reconciliations. You know mobile wallets are very small payments for many people. So you spend hours and hours going through very small payments, checking them and confirming.”

“... about the audit trails and knowing that the money’s actually been received, those types of features I think are also important selling points for people on our finance staff. I think the traceability of the audit trail is really important.”

Financial controls were often cited as one of their greatest requirements in BPP. Control features include ability to set different user profiles that enable respective authority levels (e.g. maker, checker, approver) for a payments so that only a specific manager can execute a payment. For some DOs this is a must-have or it will not meet their treasury requirements.



“One of the real reasons I like the [MNO] module is they have the maker/checker/authorizer functions. So I could set up the accounts to where only my accountants could upload and only I could execute.”

“I’ll mention one challenge. I can’t remember exactly where it came up, and we ended up not doing mobile payments in that country. The website did not have multiple levels of approval. Us accountants like to have two or three levels of approval, preferably rule-based with dollar value thresholds and that sort of thing.”

III. Technology, Training & Support

CUSTOMER SERVICE: these features related to the DO corporate customer level and respondents expressed a range of customer service and support issues that impacted their ability to plan, trouble-shoot, and execute bulk payments.

Though survey participants rated customer service on average neutral to satisfactory, there were many write-in comments for improving and adding features. Qualitative participants were generally dissatisfied with the level of customer service they receive. This dissatisfaction was a result of a range of issues, from general unresponsiveness to e-mails with the BPP service provider to difficulty obtaining technical support to install the software at the DO's office or to resolve transaction errors. The processes to return funds not received or collected by recipients, and to resolve payment reconciliation problems were considered inadequate by a few participants:



“The communications between the service providers and customers was very poor, which made planning very difficult. There was not a lot of responsiveness to customer feedback...”

“It would be really great to see a service that really cares about its corporate clients and continues to try to innovate based on lessons learned. This is pretty common in the software industry to have customer success managers to make sure that your clients are happy and that the products are being used in the most effective way possible. I think that could be a really interesting addition to the bulk payment system that could be really useful.”

III. Products & Services

Products and services encompass features related to the services that accompany delivery and distribution of the bulk payments. Analysis shows that users were neutral to satisfied with most features in this category. Some features that advisors rated as important, but users rated as neutral, are key features that may provide greater value to DOs for improvement, for example, liquidity, customer service for payment recipients and technical support for payment recipients.

USER SATISFACTION WITH PRODUCTS & SERVICES OFFERED BY BPP SERVICE PROVIDERS (20 Respondents)



ADVISOR IMPORTANCE OF PRODUCTS & SERVICES OFFERED BY BPP SERVICE PROVIDERS (23 Respondents)



! Users rank their satisfaction with products & services, while advisors rank the importance of products & services to the organizations they advise.

III. Products & Services

The qualitative key interviews and focus groups revealed a few common perspectives around products and services of BPPs.

AGENT DISTRIBUTION NETWORK & LIQUIDITY: though these features are relevant to retail mobile money services this has exceptional relevance to DO bulk payers given the high number of their payments being disbursed in rural and peri-urban areas (where there tend to be fewer agents generally) and given the large values disbursed in a single batch in a given location which requires higher levels of cash liquidity than for normal retail business.

Though survey participants were on average neutral in the rating of agent network and liquidity, these features received the most write-ins for top three features to be improved. Multiple qualitative participants also described the agent distribution network as a key feature they would like to see improved, especially number of agents in rural areas.



“The number of available and capable cash-out agents and the ratio with the number of beneficiaries that we want to target is really low. So that’s why we are not so sure and confident in adopting mobile bulk payments for every mission, or for every program.”

“If the mobile money services are just in urban centers, it’s not really convenient for most of the people that we’re trying to reach.”

“It seems like a pretty basic problem, because I think if service providers don’t have agents in an area, they really shouldn’t be promising bulk services. We’ve seen that over and over again.”

When disbursing bulk payments for their programs and operations, DOs often disburse to groups of individuals in a specific geographical location. This creates a challenge for agents to ensure they have sufficient cash liquidity on hand to meet demand for cashing out:



“Increasing the use of bulk payments exacerbates the challenges with liquidity and may stress even well-developed systems, particularly in rural areas where there is no infrastructure to access cash and the costs may be high to disburse cash to agents.”

“Your agents need to have cash available to do big payouts, and those payouts put demands on the agent liquidity that go way above what they’d normally have to cope with. Maybe operators have to create special ways to manage liquidity just for those bulk payments. If it’s not managed well, then agents run out of cash, and customers will get annoyed, especially when it’s their salary or a social payment that they really need and depend on.”

“If there is not enough cash flow within the system, the beneficiaries are not going to be able to access the money when they want to access the money. If you’re going to distribute \$1 to every beneficiary and you have 10,000 beneficiaries, you need to have \$10,000 in a single day. And sometimes you find that most of the mobile companies ... are not able, actually, to handle that.”

Most participants recognized the particular challenges of solving the liquidity problem for bulk payments, and expect that once the digital marketplace offers more options to use mobile money, either by broader merchant acceptance or savings products for example, it would alleviate problems with liquidity and would expand the use of mobile money in general.

III. Products & Services

END RECIPIENT CUSTOMER SERVICE & TECHNICAL SUPPORT: these features are relevant to retail mobile money services in general, however, given that DOs are often disbursing to new mobile money users and recipients from the low-income segment of the market (lower education levels and less experience with financial services), these features are high priorities for DOs. Many of their recipients are being introduced to mobile money for the first time via these BPPs and this trigger to use mobile money can lead to loyal and active customers if trust in the system is generated during these initial experiences. Improving this feature can have broader benefits as improving service and support for the lower capacity clients also improves the client experience for all levels of mobile money users.

Customer service and technical support for the end recipient was rated on average dissatisfied to neutral by survey participants; education and marketing was also one of the top write-ins for most added and improved feature. Though qualitative participants recognized the need to share the role of educating end recipients with MNOs, they also raised some concerns. Multiple participants viewed education and training to use mobile money as necessary to build recipients' trust in the system, and to promote further use of the mobile money wallet after receiving a bulk payment instead of simply cashing out:



“One of the challenges is really educating the clients. Transitioning from a cash society to a mobile money society or virtual cash is challenging in environments where people are not familiar with that and maybe have never had a bank account. So how do we make sure that they know what they’re receiving, where to access these agents, and what the transaction fees are?”

“I would focus perhaps a little bit more on the learning and education sides for the beneficiaries, because often it’s not sufficient. It’s not just convincing them to use it, it’s helping them to use it more constructively. It isn’t just money in and money out. I think that there has not been a lot of work on the education sides. There have been brochures to sell, but not education and use and how to manage.”

“We did this in seven countries, and just had to go back to the drawing board because the consumer education part was so off that there was just no way we could introduce the new products. So the way you do customer education from the MNO’s perspective is critical... and this is where sometimes NGOs have a role to play.”

Another expressed challenge for their recipients was support for trouble-shooting, such as unlocking dormant accounts. It was mentioned that the cause may be due to forgotten PIN numbers, but regardless of the reason it was seen as a challenge for recipients to rectify this due to the need to travel to specific centers (cost of time and money) or simply manage the process themselves:



“...ways for changing the PIN, the beneficiaries have to call the customer manager, and this is very difficult to reach them and get service from them. So, I think [the MNO] and other mobile financial services can improve their process so that customers can more easily access them.”

Though some of the issue relates to regulatory compliance on Know Your Customer (KYC) requirements, there were concerns raised about how to facilitate registration for new mobile money wallets with recipients who may lack proper identity cards:



“Sometimes we tend to work with a number of undocumented individuals, and it’s always a challenge for the beneficiary to provide the right identification for the customer due diligence process.”

IV. Recommended Improvements

Users and advisors were asked to write in the top three features they would most like to see improved in BPPs on the market. A total of 69 (47 users, 22 advisors) survey respondents answered this question with 169 write-in comments. Their comments were categorized and features that received at least three comments are listed in the table below. The top three features that received the most write-in comments were: 1) Agent Network and Liquidity, 2) Network Coverage, and 3) Reporting and Information.

# of COMMENTS	RECOMMENDED IMPROVEMENTS	SPECIFIC RECOMMENDATIONS
19	AGENT NETWORK & LIQUIDITY	“Stronger and more widely available agent and vendor network.”...“Agents having enough funds for remote distributions.”
16	NETWORK COVERAGE	“Wider network to enable especially rural recipients access services.”...“Consistent network coverage in non-urban areas.”...“The MM server was often offline in the DRC even when mobile networks were working.”
12	REPORTING & INFORMATION	“On-time verification that payment was made. I can only see the payments the day after. In a payroll environment that can be unsettling.”...“Feedback on recipients receiving finances.”...“Ability to review transaction statements with ease.”
11	INTEROPERABILITY	“Integration of all service providers.”...“Enhanced interoperability with other platforms.”...“Integration with existing bank system.”
11	PRICING	“Pricing and charges of each transaction.”...“Reduced transaction charges.”
10	EDUCATION & MARKETING	“A more methodical approach to promoting awareness of and education about the features and benefits of mobile money.”...“Capacity building of payment recipient.”...“Developed to encourage customers to hold money or withdraw over time, rather than a simple transfer.”
8	EASE OF USE	“Ease of use for illiterate persons.”...“User interface should be easy to operate.”
8	SECURITY & RISK	“User interface security features enhanced.”...“Ensure risk mitigation measures.”
7	CUSTOMER SERVICE	“Walk in centres for beneficiaries as one window solution in case of any difficulty/problem.”...“Effective and efficient customer care.”

IV. Recommended Improvements

TABLE CONT.

# of COMMENTS	RECOMMENDED IMPROVEMENTS	SPECIFIC RECOMMENDATIONS
5	FINANCIAL CONTROLS	“Ensures adherence to compliance issues in the case of an audit.”...“Increase the authorization levels in the system. Most organisations require a) Data Entry Person b) Verifier c) 2+ payment authorizers.”...“Add the ID of the payment initiator in the report.”
5	MORE MMBP SERVICE PROVIDERS	“General availability of bulk payment products.”...“Most important focus is ability to have a large network of service providers.”
5	SOFTWARE INTERFACE	“Better back office.”...“Save corrections data on beneficiaries (e.g. correct numbers phones).”...“Easy to integrate and use APIs.”
5	SPEED	“Improve time taken to transfer funds from bank account to MM account.”...“Quicker bank transfer/clearing times.”
4	FINANCIAL INCLUSION	“Introduction of other associated services like banking, savings and lending.”...“Integration to microfinance institutions to the ecosystem to give loan to value chain participants through MM bulk payment platforms.”...“Alluring savings products.”
4	PRODUCT FEATURES	“USSD menu in local language (i.e., in Bangla).”...“Disbursement notification SMS in local language (i.e., in Bangla).”...“Easier operating system within the cell phones.”
4	REGULATORY ISSUES	“Less restrictions on registration by regulator - ability to transfer to groups with limited ID or existing financial account.”...“Non conversion to local currency.”...“Higher sending limits.”
3	FLEXIBILITY	Flexibility in terms of offering bundled services linking GSM and mobile money.

IV. Recommended Additions

Users and advisors were asked to write in their top three features they would most like to see *added* to mobile money bulk payment products on the market. A total of 64 (46 users and 18 advisors) survey respondents answered this question with 124 write-in comments. Their comments were categorized and features that received at least 3 comments are listed in the table below. The top four features that received the most write-in comments were: 1) Reporting and Information, 2) Software Interface, and 3) Financial Inclusion, and 4) Interoperability.

# of COMMENTS	RECOMMENDED IMPROVEMENTS	SPECIFIC RECOMMENDATIONS
26	REPORTING & INFORMATION	“Verification of recipients before transfer.”...“SMS confirmation of transaction to recipient, and verification of recipients having received money.”...“Customized portal, or dashboard, to check status, do bulk transfer, see progress status, provide reporting and reconciliation with possibility to extract own reports.”
10	PAYER USER INTERFACE	“Ability to group recipients into different transaction groups and send the money to all the recipients at a click of a button.”...“Accessibility to enter payments myself. I can only email the file to the provider and then they enter it.”...“User friendly interface.”
9	FINANCIAL INCLUSION	“Bundling with other financial inclusion enablers such as insurance, savings.”...“Addition of micro insurance and loan facility to the bulk payment products.”...“Consistent and easy mobile savings options.”
9	INTEROPERABILITY	“Clearing house between mobile operators/mobile money service providers (this is ESSENTIAL to get mobile money to scale to macro level).”...“Interoperability switch between MM and other bank PSPs.”...“Interoperability with other payment channels (bank accounts, card networks, etc.)”
5	ACCEPTANCE NETWORK	“True digital wallet solutions.”...“More retail and partner relationships so that 100% cash out not always necessary.”...“Ability to use mobile money as a means of payment in more local businesses.”
5	CUSTOMER SERVICE	“Customer satisfaction feedback.”...“Fast track to handle customer issues.”...“Ease of refund processes in case of errors.”
5	EDUCATION & MARKETING	“Better training and awareness raising offered by MNO.”...“Overview awareness of the product and how it operates.”...“Marketing campaign to promote the service.”

IV. Recommended Additions

TABLE CONT.

# of COMMENTS	RECOMMENDED IMPROVEMENTS	SPECIFIC RECOMMENDATIONS
4	EASE OF USE	“Easy to use interfaces for finance staff.”...“User friendly set up.”
4	FINANCIAL CONTROLS	“Ensures adherence to compliance issues in the case of an audit.”...“Security features for approvals.”...“Payment interfaces with better options for permissions/segregations of duties.”
4	PRICING	“Flexibility on cost, or cost of service reduction based on volumes of payments.”...“Availability of mobile money bulk info pricing via text on demand.”...“Sender pays feature -- for a minimum number of transactions. No set up or maintenance cost to receiver.”
4	SECURITY & RISK	“Increased safety.”...“Ensures risk mitigation measures.”
3	AGENT NETWORK	“Avaibility of enough agents.”...“Extension of network in all impact areas.”...“Major recruitment of payee outlets as liquidity agents in the value chain.”
3	REGULATORY ISSUES	“Government to introduce identification to enable registration of phone numbers.”...“Improvements in identification.”...“Bulk KYC - send does initial registration, KYC confirmed when receiver does first withdrawal.”
3	SMART PHONE CAPABLE	“Ability to print the transaction data using a smart phone.”...“A mobile app instead of USSD, as most of our employee and a lot of beneficiaries use smartphones.”

Analysis & Conclusions

There were limitations to this research. While participants provided some indication of which features are most satisfactory and which should be improved or added, essentially people only know what they have experienced in a nascent industry with first-generation products, and often in only one market. Furthermore, the scope of this research did not allow for a deep dive into the specific details of each feature. Finally, conducting a market sizing to identify the volumes and values of payment flows proved to be difficult. Though specific market level research would be valuable to identify potential and existing bulk payment customers, map volumes and values being disbursed by DOs to ascertain the business case, and glean preferences by both DO corporate customers and their recipients, this may be time and resource intensive.

To summarize, the 79 quantitative survey respondents rated neutral to satisfied for most of the BPP features within each of the three categories: pre-contract services (5 features); technology, training and support (16 features); and products and services (10 features). There were many write-in recommendations for improvements (169) and the addition of new features (124) to BPPs, which illustrates a modicum of satisfaction with current BPPs but a desire for enhancements in order to make these products easier to adopt. The deeper discussions with the qualitative participants, including 13 KI and 19 FGDs participants, revealed similar insights leading to the overall conclusion that DOs are generally satisfied with BPPs because they are far better than the risks and burdens that exist with making disbursements in cash.

The findings provide evidence that DOs are driven to adopt BPPs and are motivated to trial and use them despite their shortcomings. It revealed growth in the adoption of BPPs in the past three years despite challenges with first generation platforms and infrastructure limitations. However, BPPs are becoming popular with DOs, and making refinements to the next generation BPPs could drive adoption faster and further in the development industry. Though the exact market size is difficult to quantify, estimates reveal a clear market opportunity and the trends in the development and humanitarian assistance industry show a global-wide push toward digitizing payments.* This could result in greater demand for mobile money by both corporate level customers and the multitude of new retail customers they bring along with them.

*TRENDS TOWARDS DIGITAL PAYMENTS IN DEVELOPMENT

Over the past few years, industry coalitions, multi- and bi-lateral donors have been strongly promoting adoption of digital payments in the development and humanitarian industry. Examples include:

- » The **World Bank**-led report to the G20 in 2014 that highlights how digitization of payments, transfers, and remittances contributes to the G20 goals of broad-based economic growth, financial inclusion, and women's economic empowerment. <http://documents.worldbank.org/curated/en/2014/08/20326428/opportunities-digitizing-payments>
- » The **Better Than Cash Alliance** provides expertise in the transition to digital payments to achieve the goals of empowering people and growing emerging economies focusing on Governments, the Development Community and the Private Sector. <http://betterthancash.org/>
- » The **Cash Learning Partnership** aims to improve the quality of emergency cash transfer and voucher programming across the humanitarian sector. There is a growing recognition in the humanitarian sector that in an emergency, cash transfers and vouchers can be appropriate and effective tools to support people affected by disasters. <http://www.cashlearning.org/about-us/overview>
- » The **ITU** established a focus group in 2014 to study the industry and eventually work towards the creation of an enabling framework for digital financial services endorsed by the ITU Global Regulators Symposium. <http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/default.aspx>

Final Recommendations

Based on feedback from research participants, the **value in segmenting DOs as a unique corporate level bulk payment customer is apparent**. DOs may share some similarities with all bulk payment customers. For example, DOs use BPPs to disburse salaries similar to a business disbursing wages, or disburse social protection payments similar to a government agency disbursing pensions. However, viewed as a unique corporate level customer segment allows MNOs to identify and exploit specific preferences, and increase demand and use of BPPs. For example, DOs have strict requirements for reporting on use of their donor funds which raises issues about having a user interface that enables financial controls and auditable transaction reports. Also, many DO disbursements are targeted at recipients at the low-end of the market who may possess lower education levels and reside in rural areas, which raises specific issues about terms of customer service and technical support for recipients, as well as access to agents with liquidity in rural areas.

Promoting use of BPPs by this segment could lead to increased revenues in two ways - through both corporate level customer bulk payment fees, and also through increased usage of mobile money by new retail customers introduced to mobile money through receipt of payments from DOs.

Making **improvements and enhancements to BPPs features** could lead to a greater number of DO customers and increased usage among them. While some enhancements may require more time and investment, some could be relatively easier and quicker to implement. Based on the findings, the following are the most recommended enhancements to BPPs by DOs.

SHORT VIEW MODIFICATIONS

- 1. Reporting and Financial Controls:** enhance transaction reporting that allows user generated reports with required detail, that can be available as soon as funds are disbursed, and contains sufficient information to enable tracing payments from disbursement to receipt by end recipient. Assuming the MNO already generates detailed information, providing a set of reporting features could be a relatively easy enhancement to promote uptake.
- 2. Agents and Liquidity:** support designated agents to specifically manage bulk payments, providing BPP orientation and training, higher levels of liquidity management, and mobilization of agents to rural areas for large pay outs as needed.
- 3. Customer Service:** enhance customer service (quality and access) for both the corporate level customer and for the recipient level so that designated MNO staff support trouble-shooting, provision of basic education and training on use of the BPPs.
- 4. Payer User Interface:** enable the payer to establish levels of authority, maintain and organize payee data, and easily manage disbursements.

Final Recommendations

LONG VIEW MODIFICATIONS

1. **Agent Network:** build out a robust agent distribution network to currently underserved rural areas.
2. **Interoperability:** enable interoperability between all types of payment and financial service providers – either granting access to APIs to third party aggregators, and/or through agreements between service providers.
3. **Mobile Network Coverage and Reliability:** expand and enhance network coverage to reach rural areas, and improve reliability of services to promote trust and confidence in the mobile money platform.
4. **Digital Finance Products:** develop a suite of relevant products so that DO recipients use their mobile wallet and transact rather than cash out, including use of financial products like microinsurance, savings, credit, and other relevant payments such as school fees or utilities.

NEXT STEPS

Based on the comments and discussions with DOs experienced in using BPPs in the field, general themes around useful product functionality and requirements have emerged. As product iterations continue to progress, setting core standards for BPPs offerings can provide guidance for both DOs seeking to adopt mobile payments as well as providers looking to design a product that will require less customization and be applicable to entire market segments. Disseminating these standards to BPP providers, mobile money platform providers, and DO membership organizations such as NetHope can promote greater understanding of product requirements and available offerings to inform both the supply and demand side.

A quicker, practical, market-specific approach to ascertain the value of DO payments streams and to iterate on BPP functionality, in order to acquire and/or retain DO customers may be to partner initially with one of the larger DOs in a specific market to collaborate and transition all of their cash payments, starting with small batches and with ‘low hanging fruit’ (i.e., recipients more accustomed to mobile money in areas where network and agent coverage is robust) and follow a systematic process:

1. Start first with their internal payments that they still disburse in cash to their own staff such as salaries, travel per diems, petty cash.
2. Then transition their operational payments in urban areas such as vendor payments or local consultants.
3. Then transition their program payments to recipients in groups that are located first in urban areas, then in peri-urban areas, and finally in rural areas.

This allows for learning and iteration in a low risk scenario that can lead to discovery of specific minimum requirements and priorities for

Final Recommendations

product design and development. The experience can enable the MNO to determine where to direct resources and manage quality control, and even whether to limit the scope of services so as to focus on control in deployments that are set-up for success, rather than extending beyond current capacity.

Despite any product limitations or challenges in using them, DOs indicated that they will likely continue using BPPs as it's still better than disbursing in physical cash. However, designing BPPs that meet their needs and preferences will make it that much easier and quicker for them to adopt, and for DOs to promote wide-spread adoption of mobile money by their program participants.

As a next step to this research, NetHope intends to continue the dialogue around BPP standards and specifications with providers and developers as well as DO customers. To participate in the discussion and/or provide feedback to this report contact: paymentinnovations@nethope.org.

Methodology

RESEARCH PROCESS

This research took place between late 2014 and early 2015. Because the mobile money industry is generally nascent, and the markets where BPPs exist are still limited, the pool of experienced respondents for this customer segment (i.e. relief and development organizations as current users of BPPs) is small. However small the pool, their feedback is useful because it is based on practical experience with BPPs, as well as a strong drive to adopt alternatives to cash.

The market research included qualitative and quantitative components. The qualitative research included 13 key informant interviews (KI) and 5 focus group discussions (FGD) with 19 people (carried out by an external researcher). The participants in the KIs and FGDs were identified by NetHope as relevant industry advisors, advisors to DOs, and implementers within DOs. Semi-structured questionnaires with open-ended questions guided the interviews and focus groups. Nearly all interviewees were supporters or early adopters of mobile money. The quantitative research included an online survey which generated 79 responses. The invitation to participate in the online survey was disseminated as widely as possible through direct invitation and social media including LinkedIn and Twitter.

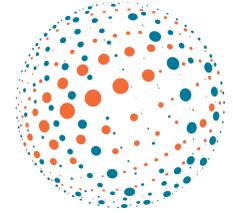
There are a few recognized limitations to collecting the data. The responses are pooled and may not be representative of all BPPs, at all times. As noted by one participant:

“The quality of the systems vary really, really greatly from place to place, from country to country, and sometimes even within countries from region to region.”

Market sizing data was challenging to collect given the type of survey used, and given the complex process for a DO to estimate volumes, values and recipients. Specific, targeted surveys would be more useful to obtain this type of data which requires more time and resources than was available for this research project. Therefore, estimates on market size were based on available data regarding funding channeled to relief and development activities.

About the Payment Innovations Project

NETHOPE
PAYMENT INNOVATIONS



The NetHope Payment Innovations Project was launched in 2011 as part of the Global Broadband & Innovation Alliance program supported by the United States Agency for International Development (USAID). The Project started out by supporting USAID and its collaboration with other stakeholders to launch the Better Than Cash Alliance, and continues to promote demand for digital payments globally in the development industry. Since then, with support from USAID's Digital Finance Team, the project has continued to develop knowledge tools and provide support to the industry including:

- Creation of a Toolkit designed for development organizations on how to adopt electronic payments;
- Training for USAID implementing partners on how to adopt electronic payments;
- Garnering small grants for development organizations to adopt electronic payments;
- Providing guidance through webinars and presentations to development organizations in their journey from cash to electronic payments, including presentations on specific resources on bulk payment products and bulk payment service providers.

To contact the Payment Innovations Project, email: paymentinnovations@nethope.org,

ABOUT NETHOPE & USAID DIGITAL FINANCE

NetHope is a non-profit member based organization bringing together the knowledge and power of 43 leading international relief and development organizations so that the best information communication technology (ICT) solutions and practices can be used to serve people in the developing world.

USAID's Digital Finance Team fosters transformative and market-driven solutions to empower individuals through financial inclusion, data-driven evidence, and access to mobile technology. The Team offers knowledge tools and support to dramatically increase the adoption of mobile technology throughout USAID's programs, and partners with other donors, governments, companies, and NGOs to accelerate proven

NOTES

<http://solutionscenter.nethope.org/communities/payment-innovation>

<http://www.usaid.gov/news-information/fact-sheets/digital-finance-fact-sheet>

<http://betterthancash.org/>

<http://solutionscenter.nethope.org/toolkit/view/c2e-toolkit>

<http://nethope.org/media/press-room/usaid-nethope-announce-3-grants-for-electronic-and-mobile-payment-implement>

<http://nethope.org/media/press-room/visa-and-nethope-announce-five-grants-supporting-innovations-in-health-farm>

http://solutionscenter.nethope.org/assets/collaterals/USAID_NetHope_ePayment_Toolkit_Step5.pdf

<http://solutionscenter.nethope.org/webinars/view/no-interoperability-no-problem-webinar>; <http://solutionscenter.nethope.org/webinars/view/electronic-payment-successes-with-schools-in-uganda-with-beyonic-and-educat>

Acknowledgements

AUTHORS & CONTRIBUTORS

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