Partnering with FSPs to Deliver Cash in Nepal: Top Considerations

Cash transfers are a proven way to help disaster-affected communities flexibly meet urgent basic needs. Several humanitarian agencies are planning cash transfers to support tens of thousands of Nepali earthquake survivors. While initial responses will likely rely on direct cash in envelopes, cash transfers at a larger scale will require strong collaboration with Nepal's financial service providers (FSPs), including banks, remittance agencies and mobile money/transfer providers.

The quality of partnerships between an FSP and a humanitarian agency affects the quality of cash transfer programs. While no emergency program or partnership is seamless, flagging and addressing major issues early on can significantly improve satisfaction for everyone involved. The following partnership and risk management suggestions are compiled from previous humanitarian responses and can guide initial conversations with FSPs. Additional resources are available from CaLP, NetHope and Mercy Corps.

1. Do your homework on agent networks

The individual outlets or individuals ("agents") that will deliver cash to your program participants will be critical to the success of your cash transfer program. Drill down beyond the big picture by asking the following questions of both your FSP representative **and** local agents in targeted areas:

- How many agents are operational following the earthquake in your target areas?
- How much money (pre-earthquake) did these agents disburse on average on a daily/weekly/monthly basis? How many customers did the agents serve on an average day?
- What is the highest number of customers & cash disbursements that agents have served in a single day? What kind of extra support was needed to meet that "peak" demand for services?

Note: FSPs are often eager to assist after an emergency and may suggest that their agent networks can be scaled up, or temporarily expanded, to meet increased demand. Expanding agent networks, and ensuring sufficient liquidity to meet increased demand, has proven time consuming and challenging in cash transfer responses ranging from the Philippines to the Democratic Republic of Congo. It is preferable to work with existing agent networks, wherever possible. If agent expansion is necessary, plan carefully with your FSP to establish realistic goals and timelines.

2. Liquidity, Liquidity, Liquidity

Large-scale cash transfer programs often require agents to have significantly higher amounts of cash on - hand than normal. In previous humanitarian cash transfer experiences, lack of liquidity (or cash on-hand) has been a major stumbling block to effective programs. Questions to ask your FSP:

- How do agents manage cash flow in normal circumstances? How have cash movement processes been affected by the earthquake and how long will it take them to increase cash on hand?
- Do special security protocols get triggered for cash movements and management above a certain value? If so, how does this affect operations?
- Tip: Establish transfer amounts in round numbers that don't require a ton of change (for example, transfer 3000 Nepali rupees instead of 2,568). Likewise, providing smaller currency denominations (rather than one or two large bills) will help beneficiaries spend their cash easily.
- Tip: Check-in directly with agents to understand their cash management processes and limitations.

3. Know Your Customer (KYC) – and your FSP's data management processes

Some FSPs may need to register program participants as clients in order to establish accounts to transfer money to. Registration processes will be influenced by national "Know Your Customer" regulatory requirements. Your program participants may need to provide two sets of information – to both the humanitarian agency and to the FSP. In these cases, close coordination about data collection, sharing and management is critical. Data protection and privacy resources are available from CaLP. Tips and tricks:

- Map out program participant / client registration processes - & streamline – ASAP. Clarify who collects what data, when and how.
- Consider options if required IDs are not available among the target population
- Build in measures to reduce errors during data collection – or automate it where possible.
- Clarify when and how data is shared between the FSP and humanitarian agency– if at all.
- Collect minimally necessary data about program participants, share it with only necessary individuals/partners and safeguard all personally identifiable information.
- Clarify reporting processes with your FSP and incorporate reporting requirements into service agreements. Ask for sample reports – and share them with your finance staff.

4. Consider – and accommodate – target population needs

Accessing cash will be a different experience for the young vs. elderly, literate vs. illiterate, rural vs. urban, etc. Seek to understand potential barriers for all segments of target populations. Key considerations:

- Map agent locations and program participant residential areas. Calculate fees, travel time & other transaction costs to beneficiaries & factor these into decisions about transfer frequencies and amounts.
- Create pictorial training materials to explain the transfer process and consider using staff and community-based volunteers to provide on-site assistance.
- If new technology is involved, provide opportunities to practice. In a previous e-transfer program in Kathmandu, only 11% could independently complete a SMS and PIN-based transaction and 63% could enter their PIN number on a smartphone without help.
- Be clear about differences between accountability hotlines run by an NGO and customer service hotlines managed by the FSP (but expect confusion and be prepared to communicate between the two.) Ensure that your FSP has clear processes and tools to resolve customer issues. If your FSP uses a hotline, ask if the number is toll-free, what their normal call volume and response / wait times are and how they would be scale up support in the event of higher call volumes.

5. When using new technologies, expect the unexpected

Using new technologies can deliver advantages, but also entails risk. The following questions are compiled from recent (sometimes painful) electronic cash transfer experiences.

- When using mobile, check signal coverage. How will mobile-reliant FSPs serve areas without coverage?
- How frequent are payment platform outages and how quickly are outage issues resolved?
- For all e-transfers, but particularly important if using biometric platforms – how will beneficiaries that are immobile collect/receive their transfers?
- When using mobile money: how long are SIM cards active before becoming deactivated?
- When using mobile-based transfers; don't expect to be able to consistently communicate through a single SIM/provider – ownership of multiple SIMs is common in Nepal, and SIMs distributed for cash transfers may not be kept in phones or used for communication purposes.

6. Test, stress-test and don't put all your eggs in one basket

Your first distributions are likely to reveal weaknesses and issues in your (and your FSP's) distribution processes. Schedule a small pilot distribution, and proceed as quickly as possible to a "stress test" (at scale) where issues related to higher volume will be revealed and can be addressed. You may need to work with several FSPs if working in varied geographic target areas – this can also be a strategy for risk management.

Feedback and additions to this document are welcome. Please send comments, questions and feedback to smurray@field.mercycorps.org or lfrey@mercycorps.org