

Pakistan Flood Response: Piloting Cash Transfers through Prepaid Debit Cards



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INTRODUCTION

Prepaid debit cards are an emerging form of plastic money. Its unique characteristics of not requiring a bank account, allowing withdrawals/usage only up to the extent of pre-loaded amounts and customising it to one's needs makes it an option worth considering when choosing a payment method in Cash Transfer Programming (CTP).

As part of its study on innovative payment methods in Pakistan, Oxfam GB carried out a pilot-run of United Bank Limited's (UBL) WIZ prepaid debit card in Upper Sindh. The objective of the pilot-run was to understand the WIZ card's viability and effectiveness as a payment method in on-going and future CTP in the country.

Recent examples of large scale usage of prepaid debit cards include the Government of Pakistan's (GoP) assistance to 312,000 conflict related Internally Displaced People, distributing PKR 7.8 billion (approximately GBP 55.8 million) in 2009, and more recently to over 1.4 million flood affectees', with total disbursements over PKR 27.99 billion (approximately GBP 200 million) through the WATAN card programme.

This document outlines the normal procedure for using WIZ Cards, observations from the pilot-run and lists recommendations for usage on a large scale.

Pilot-run Information:

The pilot run was carried out on a small scale without formal arrangements with UBL. Cards were bought off-the-shelf to understand the overall process and enable the identification of key issues that would need to be addressed for large scale usage.

Beneficiaries: 14 (three women and 11 men) beneficiaries were selected for payments through the WIZ Card. All beneficiaries were part of a single group working under Community Conditional Cash Grant activities with Oxfam GB. Beneficiaries were selected as a representative sample of other beneficiaries under the project, and were mostly illiterate with little or no bank literacy.

Payment info: Each group member was entitled to PKR 6,000 (approx. GBP 43) for 20 days of work with the group supervisor receiving PKR 10,000 (approx. GBP 71) for 20 days of work. Total work was planned for 80 days with a 20 day payment cycle.

Implementation Area: Beneficiaries belonged to Rahimabad Union Council of Shikarpur in Sindh province. The closest UBL bank was in Khanpur (12 to 15km's from Rahimabad) and the closest working ATM was in Shikarpur town centre (28 to 30km's from Rahimabad).

WIZ Card - General Information



Photo: United Bank Limited

UBL's WIZ prepaid debit card is advertised as the first 'prepaid' debit card of Pakistan. The three categories of WIZ cards offered by UBL have various limits of loading/reloading, maximum balance allowed, ATM withdrawals eligibility, point of sale (POS) usage and internet usage. Each card has an expiry date of three years from the date of issuance.

Eligibility

- Applicant must have a valid Computerised National Identity Card (CNIC)
- Applicant must be of 18 years age or older.

Normal Application Procedure

- Step 1 Fill out the application form, sign and deliver to any online UBL branch along with a copy of the CNIC and initial deposit (minimum PKR 500 per card). Collect the WIZ card from the branch after 2-3 days and call the help-line for activation of the card. The help-line will activate the card after due verification of the caller/applicant. This activation will be subject to NADRA confirmation of the CNIC, which usually takes 24 hours. After the card is activated, a second call is placed to the help-line for PIN generation. After answering a series of verification questions correctly, the applicant is asked to punch in his/her four digit PIN code.
- Step 2
- Step 3
- Step 4 Withdraw cash from any specified ATM.

Schedule of Charges

Card Issuance	PKR 100 + 16% Federal Excise Duty. There is no issuance fee on purchase of cards with initial balance of PKR 10,000 and above.
Re-load fee	0 (Zero)
Switch Transaction Fee	PKR 15 on withdrawal of money from any 1-link ATM (non UBL ATM's).

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PILOT-RUN OBSERVATIONS AND ANALYSIS

Applying for WIZ Cards

Key challenges and issues:

- Filling in the one-page English application form: Project staff gathered form data and filled the forms for all beneficiaries. Beneficiaries were not able to fill the forms themselves because of their literacy level and inability to read and write in English. Application forms were only available in English.
- Acceptance of thumb impressions for signatures: The bank did not accept thumb impressions and required proper signatures from beneficiaries. The application forms were accepted after simple signatures were obtained from beneficiaries as most of them had no reading and writing skills.

WIZ Cards were received for all 14 beneficiaries within one week of lodging application forms.

Activation/PIN Generation:

Key challenges and issues:

- Problems in getting through to the help-line due to network traffic.
- Lengthy on-hold times - up to 20 min per card in some cases.
- Beneficiaries' inability to understand and respond to verification questions asked by the help-line operator despite arranging a local language operator.

- CNIC verification problems

Activation/PIN generation was completed within 2-3 days. The local branch manager facilitated the help-line verification process and asked beneficiaries to punch in the four digits PIN code.

Due to issues with CNIC validation, 2 of the 14 cards were not activated. To respond to this issue, new WIZ card applications had to be filed for the two people after issues with their CNIC's were resolved.

Cash withdrawal from ATM's

Beneficiaries had no prior ATM experience, but this issue was secondary to the fact that they could not read the options on the ATM screen. Project staff had to facilitate cash withdrawal from the ATM with the beneficiary standing by their side and observing the process. It was also observed that a few beneficiaries of the WATAN Card programme were present at the ATM point and were being assisted by an individual charging a fee for ATM operation facilitation. No switch transaction fee was applicable as a UBL ATM was used.

Female beneficiaries

The three female beneficiaries faced the same problems as explained above. All three came to the local bank for activation/PIN generation. Only one female came to the ATM for cash withdrawal with the other two sending their male relatives



Female beneficiaries receiving their WIZ Card. Photo: Oxfam

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Subsequent Payments

Subsequent payments to the same beneficiaries were done through the order cheques, which was the payment method previously used for them, and for other beneficiaries in the programme. This decision was taken after experiencing delays in the receipt and activation of the WIZ Cards, the number of man-hours required by Oxfam and partner staff to support the beneficiaries for registration and withdrawal of cash.

Implementation Timeline:

Week 1	Pilot-run beneficiary identification, data gathering and form-filling.
Week 2	Lodging of applications with local bank, and resolving issues relating to acceptance of forms.
Week 3	Application process shifted to Karachi, time spent on coordination with banks and waiting for WIZ Cards
Week 4	WIZ Cards received, Activation/PIN generation of WIZ Cards and withdrawing money from ATM.

RECOMMENDATIONS

For the beneficiaries that willingly took part in the pilot-run, it was an exciting yet wearisome experience. Appropriate planning, external coordination and understanding the context and conditions in which it is to be used will be key prerequisites for using WIZ Cards on a larger scale.

Key considerations:

- **Literacy levels of beneficiaries:** Beneficiaries must be able to read and write. Facilitation and **orientation** from project staff can help to an extent, however PIN generation and ATM operation need to be controlled by the beneficiary. The risk of beneficiaries being defrauded of their entitled amount increases if facilitation extends to PIN generation and ATM operation.
- Beneficiaries might not have **access to phones** to call the help-line for activation/verification. This has to be facilitated by the agency or bank.
- **Valid CNIC's** are a must for WIZ cards and it is a strict requirement of the State Bank of Pakistan that this condition must be met unless a waiver is approved by the State Bank. Where beneficiary numbers are high, there will be a sizeable number with various problems relating to CNIC's. CNIC's marked as suspect, fraud or alien in NADRA's database will not be verifiable. Proper procedures

to facilitate beneficiaries in addressing CNIC related issues need to be in place before using WIZ cards on a larger scale.

Quick tip: CNIC's can be verified by messaging a CNIC number (without dashes) to 7000, PKR 12 per SMS is normally charged. A response message from NADRA stating the name and father's name in Urdu will be sent certifying the CNIC as valid.

- **Setup planning** should occur well in advance of payment due dates to take into account application, activation and PIN code generation times.
- **Agreement with banks** at the regional or headquarter levels can lead to greater coordination, personalised service and faster processing times. Branch managers in remote locations often do not have the decision making authority and have limited knowledge of the regulations. Having **joint-discussions** with banks and including other NGO's in discussions may help with tailor-made solutions and reducing service costs.
- **Points of Payment (PoP)** in locations close to beneficiaries should be identified in advance. Further, the liquidity and capacity of PoP's to meet certain payment requirements should be understood and agreed to in advance. Points of payment could include branches with a functional ATM or other PoP's explained below. **Switch transaction fees** (see schedule of charges above) will be applicable where ATM's of banks other than UBL are used by beneficiaries for their withdrawals. If beneficiaries must access another bank's ATM, switch transaction fees should be factored into the payment, the number of withdrawal fees would be estimated based on the size of the total cash transfer value.
- **Small one-off grants:** WIZ cards will not be ideal for one-off cash grants of a small value, The setup times (application, activation and PIN generation) and cost per Card (PKR 100 + Federal Excise Duty of PKR 16 at present) would be high when compared to the total value of the grant, and to the costs of other payment options.
- **Large one-off grants:** Wiz Cards are worth considering when the size of each individual grant is substantial and beneficiaries have the option of withdrawing their grant in several instalments. This option is an attractive option when carrying large sums of money present security concerns for both programme staff and

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beneficiaries.

- **Recurring grants:** Wiz Cards are also a viable choice when cash grants are transferred at regular intervals (such as a Cash for Work or Social Safety Net programme). Once properly set up, subsequent instalments can be transferred on the due date very quickly by issuing standing instructions or making one pay order to the bank. This is not only an attractive option in terms of security and timeliness of payments, but also reduces programme support needs once the system is set up and beneficiaries are sensitized.
 - The Wiz Card would also support projects to achieve objectives of improving access to appropriate financial services for beneficiaries, and of advocating for unregistered beneficiaries to obtain their CNIC cards
 - **Special arrangement possibilities:** Special arrangements discussed and agreed as part of a formal agreement with the bank will help alleviate the key constraints identified above. Initial discussions with the Bank reveal the following possibilities;
 - a) Application forms could be auto-filled by the bank, drawing up necessary details from NADRA's database.
 - b) Cards could be pre-activated by the bank removing the need to call help-lines for activation.
 - c) Bank can provide on-site camps for overall facilitation i.e. form-filling, card issuance, verification/activation and beneficiary orientation.
- d) Point of Payments (PoP's) could be increased and brought closer to beneficiaries by installing point of sale devices at selected shops/outlets or those branches which do not have an ATM. These extra PoP's can provide for cash withdrawals or purchase of goods during business hours.
 - e) Where it is difficult for beneficiaries to operate an ATM, the bank could agree to install biometric identification devices at designated PoP to identify a beneficiary and proceed with the transaction.
 - f) The State Bank of Pakistan (SBP) may agree to waive off some of the Know Your Customer form-filling requirements making it easier for illiterate beneficiaries and expediting large scale implementation.
 - g) In large-scale distributions, NADRA could be mobilised to be part of the arrangement providing on-site registrations and verification of CNIC's. This will help the bank to process card issuance and activation more quickly.

The special arrangements highlighted above might come with added cost to the organisation.



Beneficiaries calling the help-line for activation/PIN generation in the local bank. Photo: Oxfam