Rapid Cash Deployment | Best Practices

Introduction

Cash transfers delivered by mobile money are uniquely suited to the COVID-19 humanitarian response. They're quick, contactless and allow households the flexibility to respond to their individual circumstances. There is an abundance of evidence that cash transfers reduce household monetary poverty, stimulate health service use, improve dietary diversity and foster economic autonomy -- all of which is going to be increasingly important as some of the poorest countries in the world grapple with the health and economic impacts of the COVID-19 pandemic.

By delivering cash transfers via mobile money, rather than physical cash, these transfers become virtually contactless, allowing NGOs to protect both their recipients and their staff, and to comply with government directives to socially distance.

Crown Agents Bank / Segovia Technology support NGOs to deliver best-in-class cash transfer programs in some of the most difficult operating environments around the world.

Drawing on learnings from our programs (like the one in Malawi described below), we've endeavoured to compile responses to the most common cash transfer questions we receive, share best practices and suggest ways cash transfer programs can evolve in response to the current global pandemic.

Case Study: GiveDirectly Malawi

Challenge: GiveDirectly wanted to launch a new 7.5 million USD cash program funded by a major global donor in Malawi, a country neither organization had previously worked in. There had never been a cash transfer program delivered at scale in Malawi and there was significant scepticism over whether the mobile money agent network was enough to support such a program.

Solution: Segovia partnered with Airtel to deliver cash transfers directly to recipients using mobile money, launching a new payment corridor in order to do so. Recipients were able to cash out using community-driven communication and transportation solutions.

Results: Over 10,000 recipients have successfully received cash transfers through this program and cashed out in Malawi in the past year. This suggests that even in countries with less developed mobile money ecosystems and lower mobile phone penetration, the local market finds a way.

Cash Transfer Q&A

- **What information do I need before I can begin a cash transfer program?**
  - While cash transfer programs often gather and utilize a broad set of beneficiary information, originating payments through mobile money only actually requires three data points:
    a. Recipient name
    b. Recipient phone number
    c. Amount to be transferred

- **How do I establish who I should be paying through my cash transfer scheme?**
  - Traditional cash transfer programs employ extensive field staff to identify beneficiaries as they need to register beneficiaries, capture data relevant to determining their eligibility for a program (e.g., family size, age, income level), acquire data needed to execute transfers (name, phone number) and conduct follow-on engagement. (e.g., to enable M&E).
  - In the current circumstance, innovative alternatives are required to identify beneficiaries and allow transfers to be done quickly, in compliance with local requirements (e.g., "shelter in place" orders) and with minimum risk to both staff and recipients. *See "COVID-Specific Cash Transfer Considerations" section below.*

- **How do I ensure enough liquidity will be available to enable recipients to "cash out"?**
  - Particularly in markets with smaller, newer or less significantly adopted mobile money platforms, we advocate for ongoing engagement with the mobile money provider, making them aware in advance of large distributions that are planned so they can proactively prepare their resourcing accordingly. While this is not strictly required to ensure success, it can go a long way to fostering mutually beneficial collaboration.
  - However, one of the key learnings we've discovered is that "top-down" coordination of liquidity is often unnecessary. In the Malawi example above, while GiveDirectly initially actively coordinated cash outs with Airtel and later with super agents, over time they found that this was increasingly unnecessary. Communities and local agents self-organized to ensure that they were able to access sufficient liquidity.
  - The current COVID-19 situation has further diminished the need to coordinate access to funds. *See "COVID-Specific Cash Transfer Considerations" section.*

- **Do beneficiaries/recipients need to have a phone? If so, a specific type of phone (e.g., a smartphone?)**
  - No specific type of phone is required. The beneficiary will need an active SIM (i.e., a MSISDN) card that can be inserted into a phone when transacting. For example, it is common for members of a community to share a device.

- **What are the minimum "Know Your Customer" (KYC) requirements that a potential recipient needs to sign up for a mobile money account?**
    - KYC requirements are set by local regulators and operators, and thus vary widely by market. However, several countries allow for a tiered KYC system, allowing most people to access a basic level account, with additional formal documentation providing access to higher transaction/wallet limits.
    - For example, in Liberia a beneficiary can acquire an account with a photo, a registration form, a reference from a third party (e.g., a clergyman or village/clan head/chief) and an acceptance of terms and conditions.

- **How can I communicate with current or potential beneficiaries?**
    - Particularly in a no physical contact environment, we encourage the use of SMS messages, which can be sent to the same phone numbers (MSISDNs) as mobile money transfers.
    - In our case, we've integrated with an Africa-based cross-border solution that allows our customers to send messages alongside their payments or independently, but multiple services exist that enable one-off or bulk communication without having to be physically present in the local market or using a phone/SIM from that market.

- **What tools are available to assist with beneficiary management?**
    - While Microsoft Excel was once a commonplace tool for keeping track of beneficiaries – recording personal information, determining eligibility, generating payment lists – several additional options now exist that are more user-friendly, more secure and more specifically tailored to the cash transfer use case. We have partnered with multiple such providers and are happy to facilitate introductions.

COVID-Specific Cash Transfer Considerations

Beneficiary Identification & Targeting

A combination of factors – including the need to rapidly deploy funds, the health risks associated with direct contact between staff and potential beneficiaries, and local rules restricting movement – make traditional methods of selecting beneficiaries infeasible, if not impossible.

As a result, we've begun to see some innovative strategies being considered, including:

- Targeting all mobile money subscribers within a geographic region
    - Mobile money operators have offered to cooperate in identifying, to the best of their ability, all users within a given geofenced area
- Targeting recipients of existing non-cash assistance (e.g., those provided with health services or in-kind distributions)
    - Any program that has the phone numbers of those with whom it works can quickly ascertain which are registered for mobile money and, thus, able to receive funds
    - Those who are not registered can be encouraged, via bulk SMS, to sign up, at which point they'd be eligible for a distribution

    - Mobile money operators have been working to expedite onboarding processes, including by enabling KYC review via WhatsApp (i.e., having individuals submit their documents digitally)
- Targeting individuals based on a vulnerability index created in collaboration with mobile money operators (using mobile money transaction, telecom and other available histories)
- Targeting mobile money recipients at the lowest tier KYC on a platform (as a proxy for income level)

While these approaches are less precise than more conventional targeting methods, they are rapidly and safely, deployable, allowing funds to arrive in the hands of those who need them.

Liquidity Management

While our experience suggests traditional concerns regarding availability of funds are generally overstated, in the current circumstances, liquidity considerations are less prominent than ever. Governments around the world, to minimize interpersonal contact and the handling of shared physical items (e.g., banknotes), have worked with financial service providers to vastly increase the adoption of digital payments over cash. Not only are there cost benefits to this approach (as noted below) but the increased acceptance of digital currency by merchants, suppliers, government entities and others minimizes the need to "cash out" mobile wallet balances, reducing the strain on agents in communities that receive disbursements well in excess of normal transaction flow.

At the same time, mobile money operators have worked with local governments to ensure their agents are considered critical workers and can continue to provide services and offer/access liquidity. For those for whom retaining balances in their wallets is impractical, agents thus remain available.

Reduced Costs / Enhanced Access to Funds

Two of the primary tools governments and operators have deployed to encourage the use of digital payments are reduced fees and increased transaction/wallet limits.

We have identified several mobile network operators who, either independently or in response to rules implemented by regulators, have reduced or eliminated fees on a range of transactions, including, but not limited to, peer-to-peer (P2P) transfers, merchant payments and bill payments.

Such developments have an indirect impact on organizations operating cash transfer schemes - whereas schemes often include subsidies or other amounts in excess of the intended currency to be received (to ensure beneficiaries' net amount obtained is not diminished by the imposition of fees), such additions will often no longer be necessary.

In total, this can reduce the cost, or increase the amount available for disbursement, by up to 5%.

In parallel, several regulators have increased the limits applicable to mobile wallets, allowing individuals to receive larger transfer amounts and/or to maintain greater balances, both of which increase the range of use cases for which mobile will be an appropriate distribution modality.

Mobile operators are working to complement these developments through the introduction/expansion of voucher-based disbursements, restricted to specific activities (e.g., procuring foodstuffs, accessing healthcare).

While of secondary consideration, we expect the cumulative impact of all of the above to be a sustained increase in the adoption of digital financial services as new subscribers register for accounts, existing customers gain familiarity with a broader set of use cases, and regulators/operators retain the market-enhancing practices/policies established in response to the crisis. Organizations using bulk transfers as part of their response toolkit will play an important role in accelerating and expanding that process.