

Mobile Money Transfer:

A study on effectiveness and efficacy!

An Oxfam Innovation with Private Partners

Private Partners:



Development Partners:



Local Partner:



Implemented by:



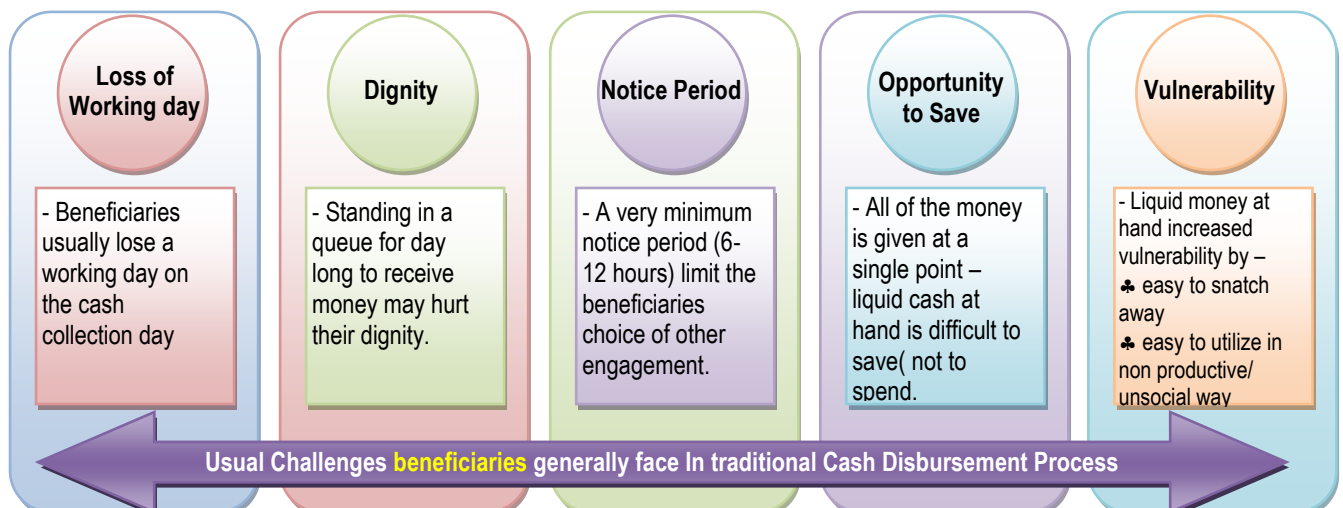
Yet another mile towards greater accountability!

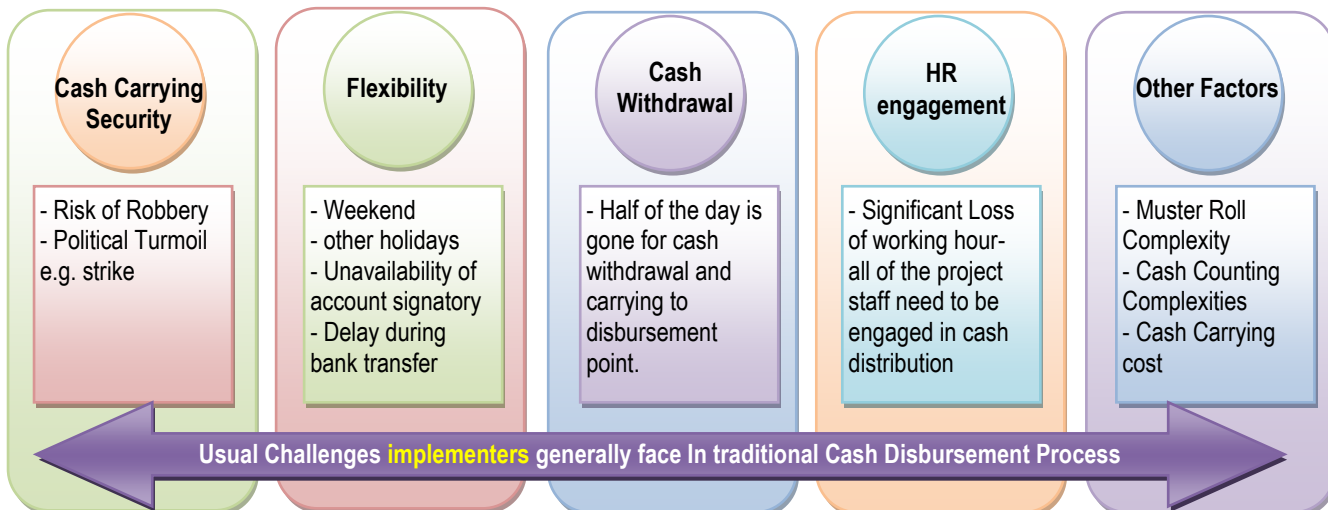
Background:

The general challenges of cash based programming also remain inevitable for the programs Oxfam started undertaking in this arena since 2011. With a dual objectives of reducing some of these challenges e.g. security, corruption, timely delivery etc. and trying out an innovative mechanism on behalf of wide humanitarian actors of Bangladesh, Oxfam implemented mobile based money transfer for the first time ever in the country. In its ECHO funded FRIEND project (a response initiative for North West Flood of 2012) Oxfam with its project implementation partner Gana Unnayan Kendra (GUK) first experimented this new cash transfer modality for their very vulnerable beneficiaries located in different Chars (extremely difficult to commute from the main land) of Gaibandha district. Through this model, Oxfam partnering with private sector financial institutions (bKash in this instant), transfers EFSL money to beneficiaries that simultaneously ensure access to formal financial institution for these poverty stricken people and reduce both logistical and administrative hassles for the implementers. On top of everything, it also increases the level of accountability, Oxfam and its partners strive for. This write-up will try to capture the lessons learned after the first disbursement made for 540 Cash for Work (CFT) beneficiaries of uria unions.

Rationale:

Since started working with cash based programming in 2011, Oxfam figured out some challenges that to a certain extent are pretty much common in most of the developing contexts. These were mainly:





Methodology:

For this study both structured and semi-structured questioning method were used. Few KII (in depth interview) along with a pre-designed questionnaire were used for understanding the benefits and challenges of this new method on different stakeholders.

Value Addition from the system:

Realizable by Beneficiaries/Project Participants:	
Opportunity to Save	- Beneficiaries need not to collect their payment in full. By keeping the residual amount in respective e-wallet, beneficiaries can better manage their expenditure.
Safe Storage	- Liquid money is a very lucrative item for theft or robbery. E-wallet protected by PIN, may provide with a safe and convenient storage of money for the beneficiaries.
Transaction Cost	- As beneficiaries need not to stand in queue for daylong to collect their payment, transaction cost is reduced by a considerable extent.
Rent Seeking Behaviour	- As theoretically payment can be made very discretely (only by a SMS notification), rent seeking behaviour from the village elites, debt collectors of institutional creditors (MFIs) can be mitigated.
Convenience	- As the system offers a 24/7 hours access to their deposit and agent network is rapidly growing, beneficiaries can literally enjoy the value of their money anytime anywhere
Pride and Dignity	- As beneficiaries need not to stand on queue for receiving money and they are in possession of a SIM, it is sometime referred as a source of their pride and dignity.
Access to financial services	- With respective bKash account, beneficiaries have ensured access to formal financial services offered by commercial banks.
Realizable by Project Implementers:	
NGO-AB Compliance	- According to the conditionality set out by NGO-AB, for cash based programming, account transfer is a must. This system automatically makes the process complied; otherwise, commercial bank usually don't show enough interest in enrolling these hard-core poor in their client-base.
Administrative Cost	- The system can greatly reduce the administrative cost especially in the context where recurrent payment needs to be made.

Efficiency	- By reducing logistical hassles, the system can increase programmatic efficiency by manifold.
Risk Management	- Mobile cash transfer modality can successfully mitigate some of the risks associated with cash transfers, especially security and liquidity management.
Accountability	- At least theoretically the system can provide with direct access with beneficiaries through mobile phone, allowing for more communication potentially leading to increased accountability.

Impact: Testimony from Beneficiaries:



Since her marriage to Mr. Safiqul Islam, in the last 11 years Douloton Begum and her family were internally displaced for three times due to river erosion. Her family with two sons is solely dependent on the earning of Safiqul, who is an agricultural day labourer. As local opportunities stands at bare minimum, he usually travels to neighbouring districts for earning their bread.

Douloton is very happy for receiving money through mobile SIM. In her words, she likes this mechanism more mainly for three reasons. These are: i) they don't need to wait day long

in queue for receiving money ii) they can save some of the money received for worse days iii) it provides with more flexibility in terms of withdrawing. She is also delighted as she understands that her husband can now send money to home through her bKash account. Earlier it was risky for him to bring the money down to home physically. Douloton values her SIM more than anything. She keeps the SIM in such a place, that even her husband does not know about.

*Douloton Begum (32)
Wife of, Safiqul Islam
Uria, Fulchori.*

Caselet: 01



Jobeda became a widow just after 6 years of her marriage and remain the same for the last 20 years. He has two sons and one daughter in her family. Few years back, she got her daughters married. But, her son-in-law was later proved not to be mentally balanced and since then, her daughter lives with Jobeda. Both of her sons are currently studying and economically the family is dependent on the meagre earning of Jobeda except the infrequent hundreds sent by her son-in-law occasionally.

Jobeda is also find it very helpful having money disbursed

through mobile SIM. In her experience it's not only provided her with more choices in terms of cash withdrawal but also helped her with not losing a working day for receiving cash. She also feels more empowered as now she has the means of communicating with her brothers and sisters. In her opinion, the best thing she received from the Project Implementers is the SIM that also helped retaining her dignity by not standing in the queue for money.

*Jobeda Khatun (50)
Wife of, late Abul Kashem
Uria, Fulchori.*

Caselet: 02



After the premature death of her husband some two years back, Bulbuli became psychologically imbalanced. Though she is the only bread earner of the family, we found her not even capable of communicating with others independently.

She has two sons and one daughter in the family and though mentally imbalanced, she passes her day in constant worries for arranging bare minimum for her family to live on.

Though she was not very sure, how this new bKash money is making any difference in her life, but she was making a

repetitive point that she likes it more than standing on the queue. Bulbuli was the only child of her parents. Her late husband had two brothers who are currently living with their in-laws houses. As a result, she became so vulnerable that even in dire need she does not have any one to go to. In our discussion, she made the point that it's better to have the flexibility of withdrawing money from SIM, but her constant worry was basically cantered on getting more opportunity of earning (i.e. extension of the project).

*Bulbuli (30)
Wife of, late Solaiman
Uria, Fulchori.*

Caselet: 03

Impact: Testimony from Implementers:



"We are really relieved to have this bKash system in place. It not only made our life easier but also has empowered our beneficiaries through ensuring access to ICT.

*Abdus Salam
Chief Executive Officer
Gana Unnavan Kendra, Gaibandah*



"This new bKash system has offered us more flexibility. Now, my staffs are not necessarily engaged with cash distribution point. Moreover, I don't need to worry with the availability of the cheque signatory."

*Qumrul Hassan Jilani
Project Manager, FRIEND (GUK)*

Challenges faced and measures to mitigate:

Registration	<p>Problem:</p> <p>Registration seems to be a very challenging step to start with this process. bKash being a bank account, needs identification documents along with photographs and other bio-metric identification. Bulk registration in the context of an emergency, is a painstaking process.</p>
	<p>Measures to mitigate:</p> <p>With another value adding feature (Smart Information Management System – SIMS), currently being tried out by Oxfam at the field, this problem can be greatly mitigated. With SIMS, for automated registration, all the information and identification documents are collected at the beginning and stored in a web-server. So, starting from photograph to other necessary documents, everything can be readily produced from SIMS.</p>

SMS based platform	Problem: bKash as a system is operational only through SMS and to be able to realize the benefits of the system, users need to be literate. But much of our targeted beneficiaries in Bangladesh are mobile illiterate and they don't have access to mobile phones.
	Measures to mitigate: With relevant IEC materials and awareness interventions, the gap can be considerably reduced. Though number of mobile sets is still a challenge, but buying few low cost dual SIM set for the project, can make the operation much easier.
Agent presence and liquidity	Problem: As bKash is still a relatively new service in the market, the agent coverage yet to grow to a certain operational level. Moreover, the usual liquidity strength of the agents in remote places seem insufficient to meet the sudden demand arisen from the beneficiaries.
	Measures to mitigate: With effective advocacy, we managed bKash expanding their agency base in our working area very fast. Moreover, as during our interventions, income of individual agents increased rapidly, entrepreneurial locals become very interested in securing agency-ship. bKash also agreed to provide support with virtual agents and from their distributors, as they regarded this service as part of their corporate social responsibility.
Institutional buy-in	Problem: Being relatively new in the humanitarian practice, mobile money transfer still lacks Institution buy-in in few areas. For example, finance officers still are not very convinced with the system due to not having a formal acknowledgement receipt.
	Measures to mitigate: Though relatively slow, but development in this regard is also happening. The more agencies start recognizing the value of the system, the fast this institutional buy-in will be possible.

Conclusion:

Mobile based money transfer is still is an infant idea being tested in the field. Oxfam is trying it in the context of Bangladesh that is far more complex in terms of literacy, people's traceability and other socio-cultural realities. The learnings are still being gathered and till now no plausible comments on attribution can be made. But, from the early response gathering from the field, we are felling optimistic with the concept. We will be happy to explore it further and every interest to discuss it elaborately will be respected duly.

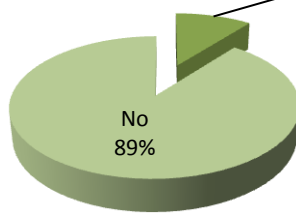
Enclosed:

1. Results form Post Electronic Distribution Monitoring
2. bKash one pager (background paper)

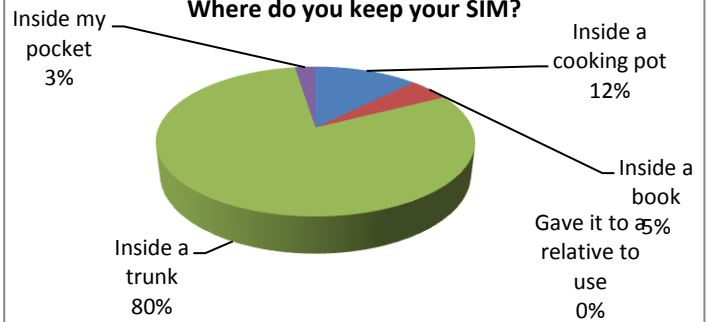
For futher info related to the concept and technical discourse, feel free to contact with ARouf@oxfam.org.uk

Results from Post Electronic Distribution Monitoring

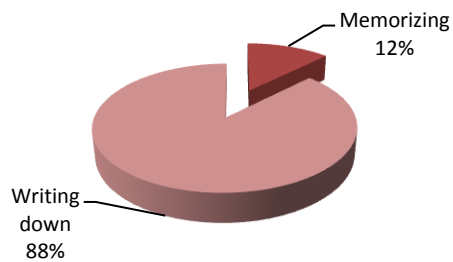
Do you have a mobile set at home? yes 11%



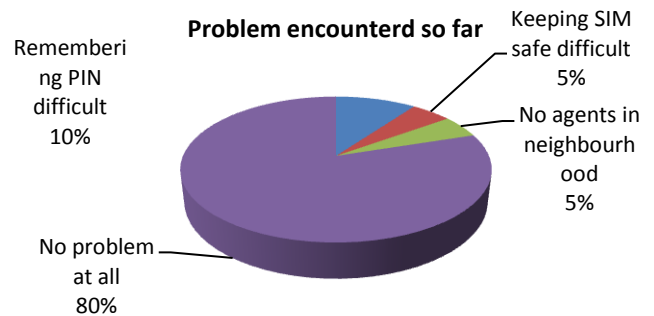
Where do you keep your SIM?



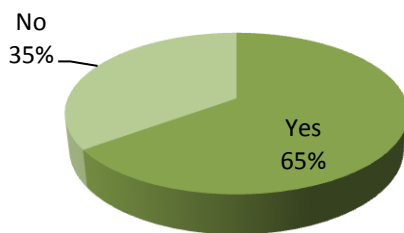
How do you remember your PIN number?



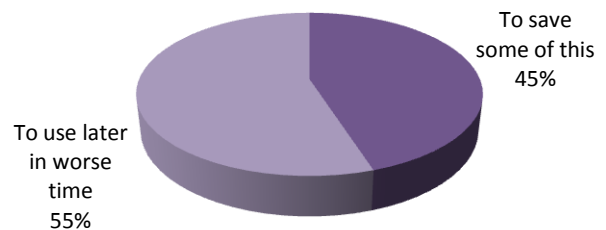
Problem encountered so far



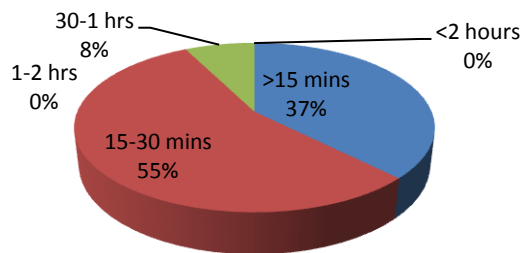
Have you withdrawn all of your money?



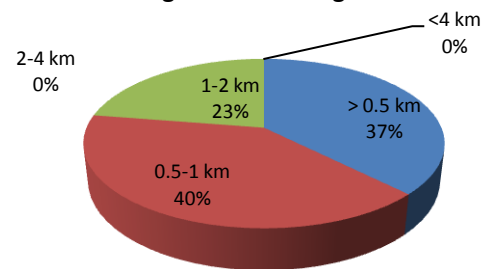
Why have you not withdrawn all the money?



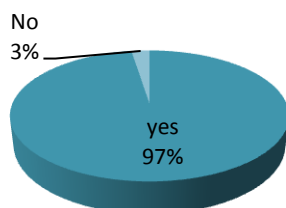
Avg. Waiting time for receiving money



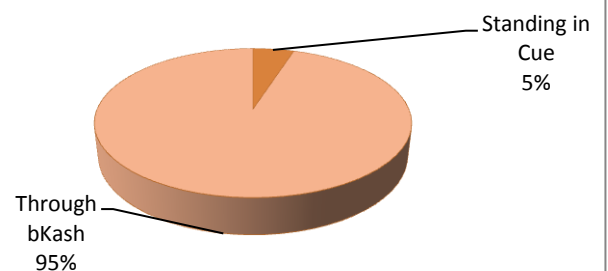
Avg. distance to Agents



Are you confident in withdrawing money alone from the agents?



In which way you feel more comfortable?





Using of bKash in enhancing FRIEND's Cash disbursement to beneficiaries

Background

The humanitarian sector has experienced rapid uptake in the use of cash transfers as a tool for humanitarian response in recent years in Bangladesh. And there is advancement in new technology in country means there is growing interest from donors, practitioners and governments as to how technology can best serve humanitarian responses. The demands of transferring money to large numbers of beneficiaries as well as the level of accountability required of cash transfer programmes have also led humanitarian actors to adopt new technological innovations that have potential to benefit humanitarian programming more broadly. Oxfam has initiated Cash Based Response from 2011 and one of major challenge Oxfam faced is ensuring security and timely delivery of cash to targeted beneficiaries. This challenge pushes Oxfam to explore potential alternative technology to transfer Cash.

bKash is a BRAC Bank Initiative which started their formal business in July 2011 with an aim to provide financial services through mobile phones to both the unbanked and banked people across the country. They provides an affordable, reliable and speedy money transmission facility for the transfer of money value from one place to another and from one person to another using the USSD (Unstructured Supplementary Service Data) capabilities of mobile phones.

Oxfam is Implementing Food Security Response Initiatives and Efforts for floods in North Western Districts (FRIEND) Project by Gono Unnayan Kendra (GUK), its Partner, in Gaibandha as a member of NARRI and funded by ECHO. Bangladesh's first mobile financial service provider bKash has been selected as the delivery agent for transferring cash to beneficiaries under FRIEND project. And this is the first time Oxfam is going to initiate Cash Transfer through Mobile System with Support from bKash. This write up elaborates the process with potential risk of this initiative and the strategies to minimise risk.

FRIEND project and its scope

The direct beneficiaries of Oxfam's humanitarian intervention under FRIEND project consists of households that are the most affected by the floods in one 5 Unions of Fulchori Upazilla of Gaibandha District. Under Oxfam's humanitarian response, all targeted **3371** HHs in Gaibandha district will receive a total of **6,520 BDT** from the participation in both CFW & CFT. A separate Unconditional Cash Grant (UCG) activity will focus on the **2% (67 HHs)** of affected households who are in a critically vulnerable situation (i.e. elderly/disable/heavily pregnant female headed households unable to move out of their shelter and with no member able to participate in the other cash transfer activities).

Why bKash

Using bKash as delivery agent will result in possible reduced corruption and security risks, reduced workload of agency staff (both Oxfam & GUK), greater flexibility for recipients. Regarding cost for service rendered by bKash, the amount is only 2.10% per 100tk which is lowest in the world among same kind of projects undergoing in different parts of the globe. As for resilience, the delivery method is apt to be very effective during emergencies considering little time required to prepare or scale up the capacity to disburse money in project area once it is in place and running. Scaling up can be done rapidly with low or no additional cost. Human resource costs to operate the cash transfer can be controlled easily by the agency (here Oxfam GB).

Cash Transfer Process

Oxfam with the help of its implementing partner GUK will distribute SIM to each identified beneficiary. SIM cost will be borne by Oxfam and will be of no cost to beneficiaries. During distribution of SIM to beneficiaries, GUK will make a database of beneficiary along collecting their photograph and other biometric identifications. During payment day under CFW and CFT, beneficiaries will go to designated bKash agent close to them and use agents phone to access the secret PIN sent to each of the beneficiary's SIM number. A GUK staff will be present to oversee the process and ensure accountability at bKash agent point. The PIN number will then be entered to special bKash authentication software in agent's phone and upon authentication of the beneficiary the allocated cash will be paid to him/her.

Probable Risks and corresponding options to counter them

Major risks have been identified at three stages (or point) of cash transfer to the selected beneficiaries.

1. Risk in beneficiary Identification methods:

Risk-	Identity fraud;
option to counter-	National IDs against government database, electoral.
Risk-	Recipient lacks required rolls or other databases documentation;
option to counter-	Identification by community members.
Risk-	Slow process;
option to counter -	train GUK staff to better manage and speed up database creation of beneficiaries.

2. Risk in authenticating beneficiaries at bKash agent point:

Risk-	Identity fraud of beneficiary;
option to counter -	Visual authentication at point of payment, by GUK staff.
Risk-	recipient cannot retrieve PIN from SIM;
option to counter -	presence of GUK staff at designated bKash point to help beneficiaries.

3. Risk at Point of payment (PoP) :

Risk-	Fraud or corruption by bKash agent;
option to counter -	Can be more or less flexible or convenient to have strong monitoring of bKash agents and complaint system installed for instant reporting to GUK consequently to Oxfam.
Risk-	Lack of affordable accessibility to bKash agent depending on time and geography in project area;
option to counter -	strategically designate bKash agents in geographic position that will enhance accessibility and ensure long opening hours for cash disbursement to the beneficiaries.

Steps to increase acceptability of Mobile cash transfer among beneficiaries

Mobile phones for receiving funds have been shown to be acceptable to recipients if there is adequate training at inception of the project and ongoing support. In this regard, GUK (implementing partner) will provide training and support to beneficiaries. bKash agents designated for cash disbursement under FRIEND will also be sensitized about the scope and challenges of the project to improve the process and ensure accountability. In case of acceptability of such innovative and technology based cash transfer, it has been observed that a cash disbursement seems to provide a strong motivation for recipients to learn how to use innovative technology. There are many examples of recipients who are illiterate but who are more than capable of remembering and using a PIN.