



Accelerating the deployment of mobile money

The Haiti case

Michel Stéphane Bruno
Chargé de mission pour les services numériques
Sogebank

06.02.16



- The Haiti Mobile Money Initiative
 - Background
 - Description
 - Results
- Lessons learned
- Perspectives

Background

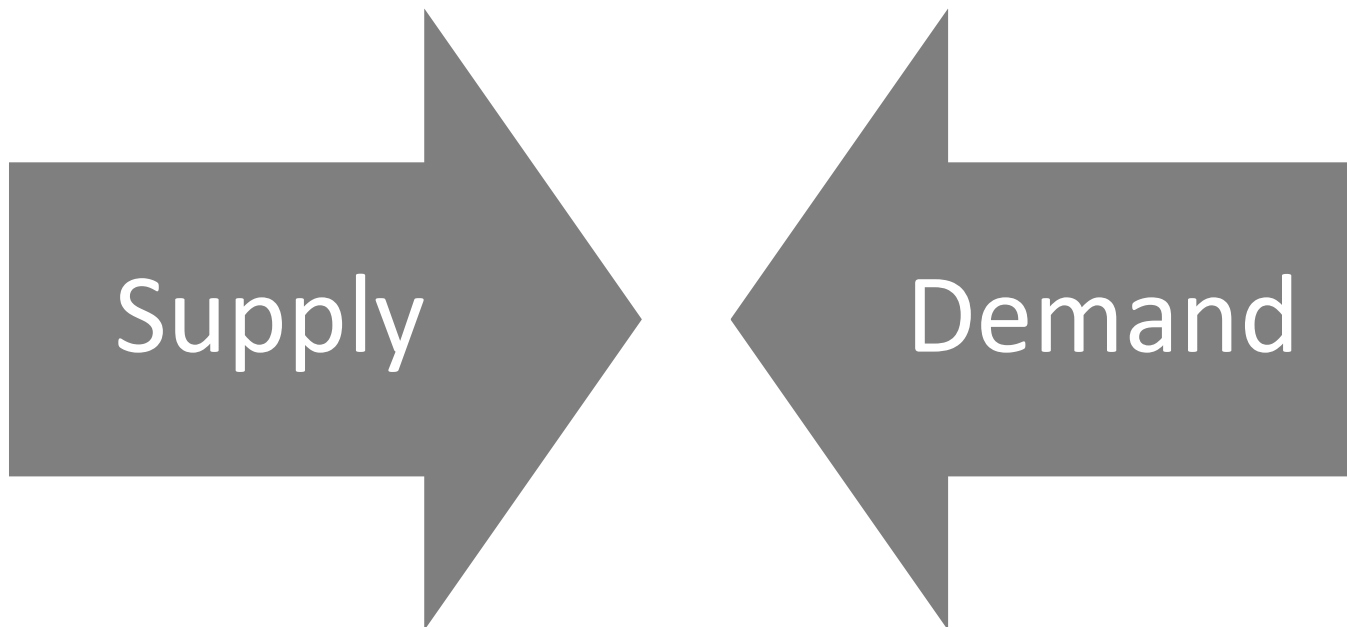


- The USAID HIFIVE project (Haiti Integrated Finance for Value Chains and Enterprises), a USAID project with a funding mechanism that aims, among other goals, to help introduce technology into financial services, launched in 2009
- Early assessment of interest for mobile money in 2009
- Negotiations under way with one operator, VOILA, in late 2009
- Earthquake in 2010: one third of bank branches destroyed, banks closed for more than 2 weeks
- Interest of Bill and Melinda Gates Foundation

The Haiti Mobile Money Initiative (HMMI)



- Partnership between USAID and the Bill and Melinda Gates Foundation:
 - \$10M of prize money from Gates Foundation
 - \$5M of grant money from USAID
- Objectives:
 - Accelerate the introduction of mobile money
 - Achieve scale rapidly
 - Sustainable services
- Official launch of the Competition:
 - June 10, 2010
- Duration:
 - 2 years: June 2010 – June 2012



- Encourage deployment of MFSP

- Help institutions that want to leverage the mobile payment platforms

Phases of the competition



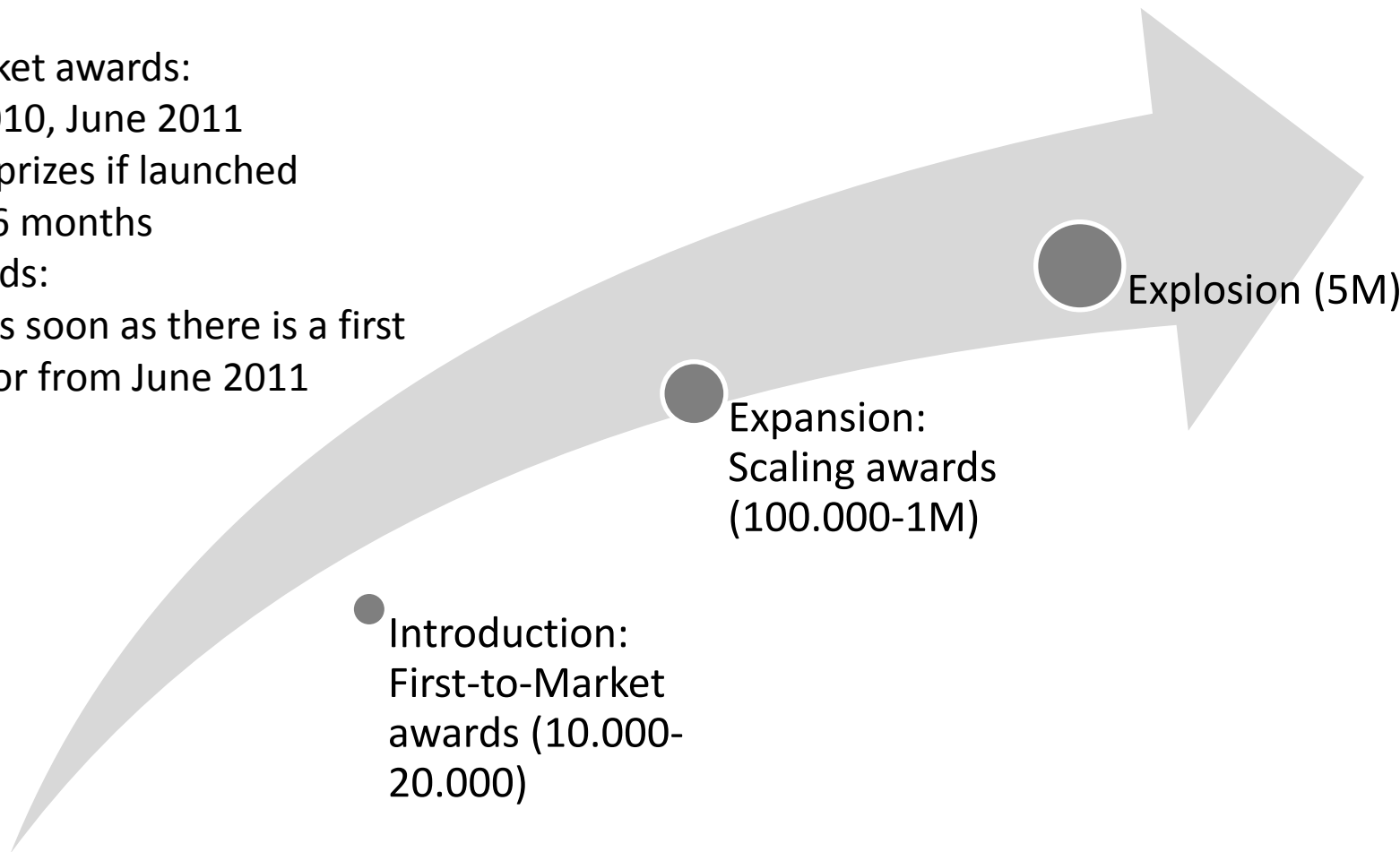
First-to-Market awards:

June 2010, June 2011

Higher prizes if launched
within 6 months

Scaling awards:

Starts as soon as there is a first
mover or from June 2011



Deployments



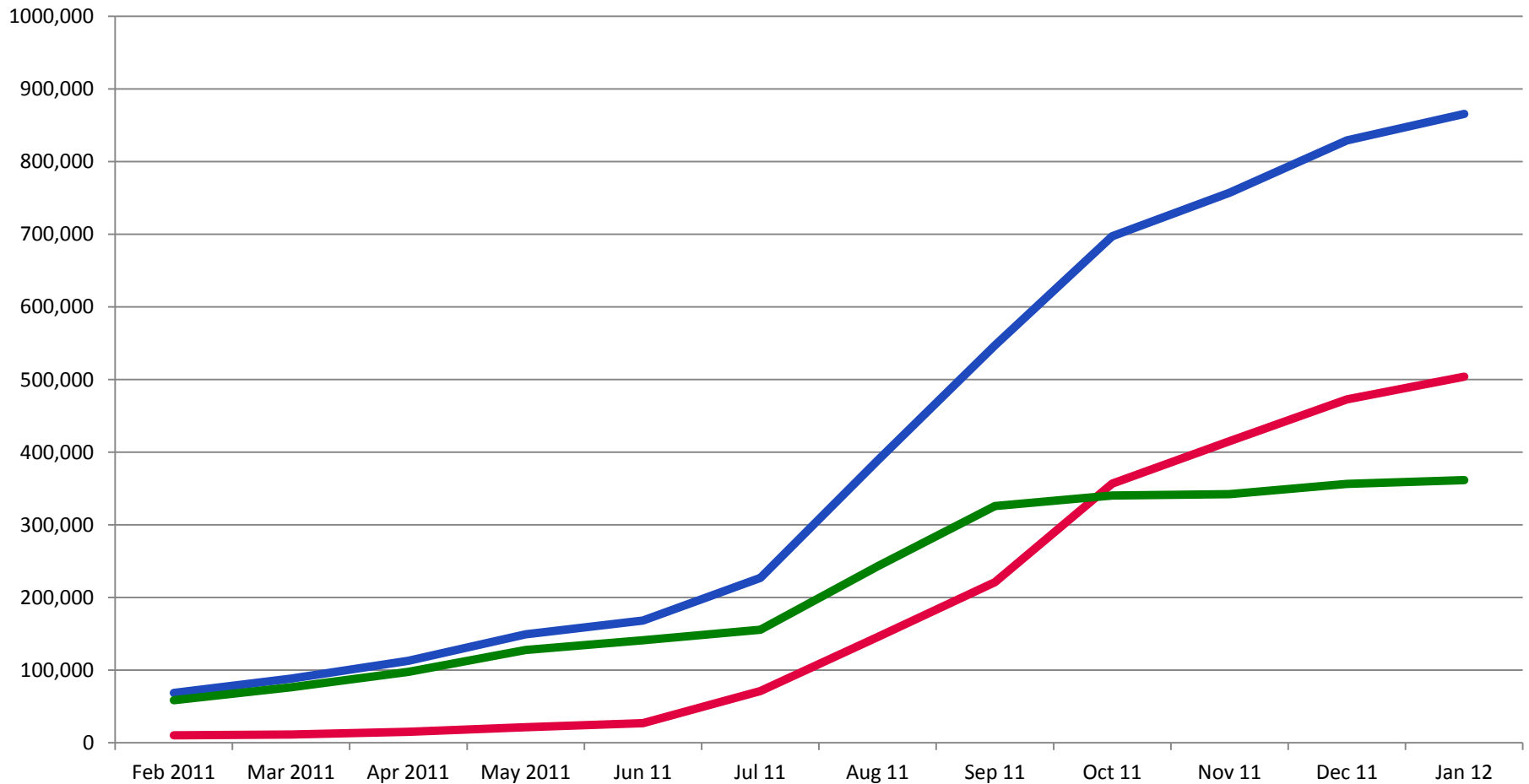
- 2 services launched:
 - TchoTcho Mobile from Digicel/Scotiabank
 - T-Cash from Voilà/Unibank
- They were launched in a highly competitive market at about the same time (around October-November 2010)
- More than 800,000 subscribers as of Jan. 2012
- More than 2,000 agents as of Jan. 2012





Cumulative Nbr of registered clients by month

— TOTAL — TchoTcho Mobile — T-Cash



1 year to reach 10% of population is a world record



- In about one year, mobile money has reached a 10% penetration in the population (800,000 for a total of about 8 million inhabitants)
- It took an average of 4 years to reach 10% of the population in other markets (source: World Economic Forum)
- Haiti has been the fastest growing mobile money market compared to other markets at the same point in their launch time

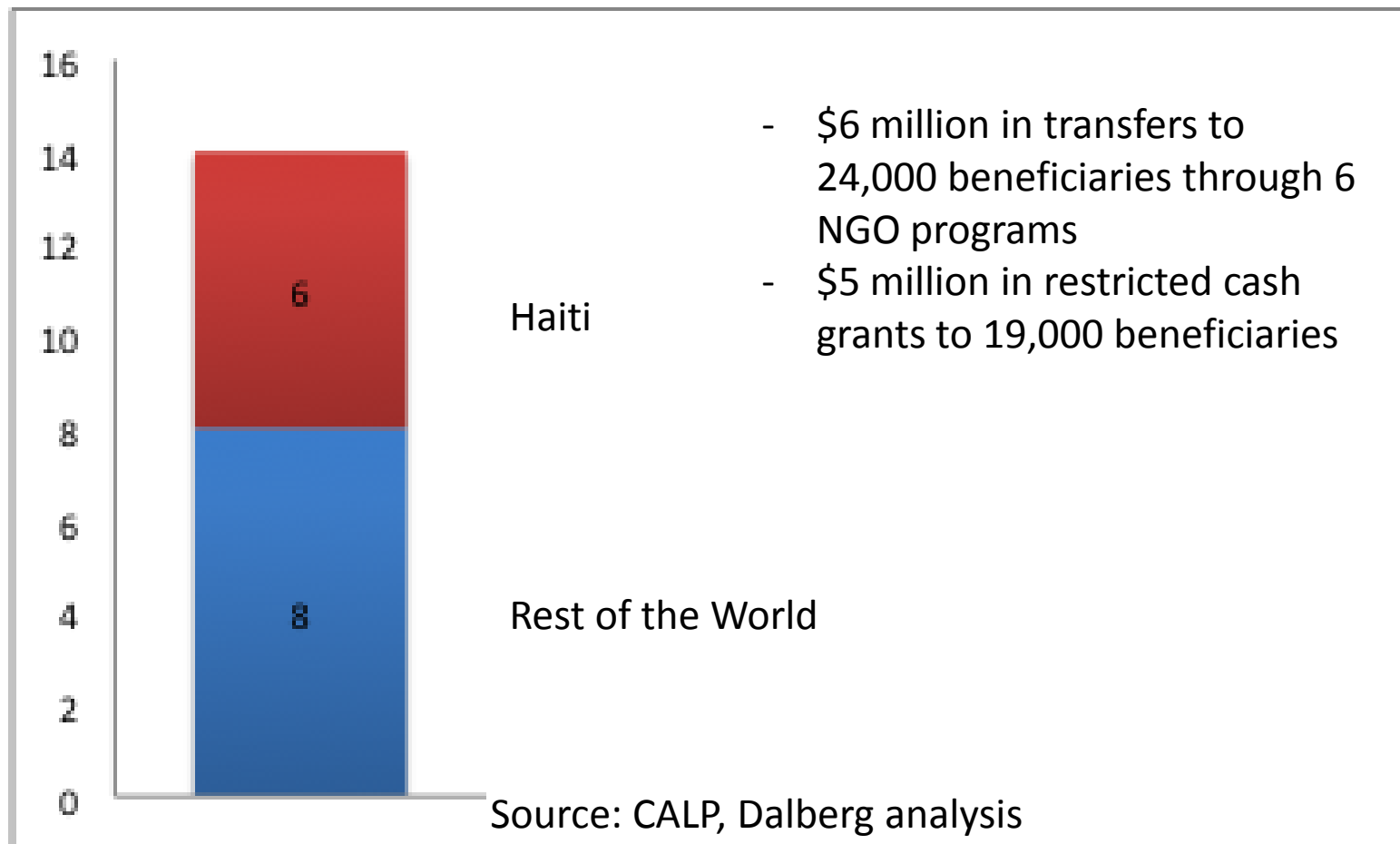
The context in Haiti



- 1/3 of bank branches hit by the earthquake in the metropolitan region of Port-au-Prince
- Long lines at the banks arriving in the street
- Great number of NGOs flooded the country after the earthquake with extensive cash-for-work programs and conditional cash transfers



Haiti accounted for 40% of the world's cash disbursement programs through mobile money



Comparing cash transfer mechanisms in NGO programs



Speed

- MM is approximately 2 to 2.5 times faster than delivery of physical cash or physical vouchers
- Improvements will increase as processes are refined

Source:
Dalberg, 2012



Security

- Incidence of theft of cash transfers fell by 50% with the use of MM
- 82% of beneficiaries surveyed found MM safer and like the privacy of receiving money on the phone



Cost

- MM was found to be 35% more expensive than traditional paper vouchers
- However, most of the costs are associated with first-time establishment, the fact that it was a nascent service
- Over time, those costs drop and MM become 15% less expensive



The drawbacks with NGO programs

- In such early stages, NGOs do the bulk of customer education and they tend to tailor their training to their needs: beneficiaries assimilate the product to a program
- What happens when the program ends? Entire ecosystems have been lost when there is no longer donor money circulating into the ecosystem

Other obstacles



- Weak regulatory environment
 - Very restricted wallet sizes:
 - Mini-wallet: US\$100 or less
 - Full wallet: US\$250
 - Bank-centric regulation
 - No comprehensive agent and merchant nomenclature
- Current services assume face-to-face transactions for merchant payments and only user-initiated transactions
- Requirements for agent recruitment make it difficult for small shops to qualify





Lessons learned

- The limits of prize mechanisms for deployment of new product versus development of prototypes
- The focus on earthquake alleviation and NGO programs introduced a connotation that mobile money is for the poor
- The guidelines issued by the Central Bank give banks negotiating power, requiring all non-bank entities to partner with a bank
- The relaxation of KYC requirements allowing anonymous, effort-free opening of accounts had an adverse effects: these customers were less likely to become active
- The focus should not be on a specific technology, but on efficient electronic transactions and adapted tools for the market segments

Different needs for different segments of the market



The informal merchant



The student



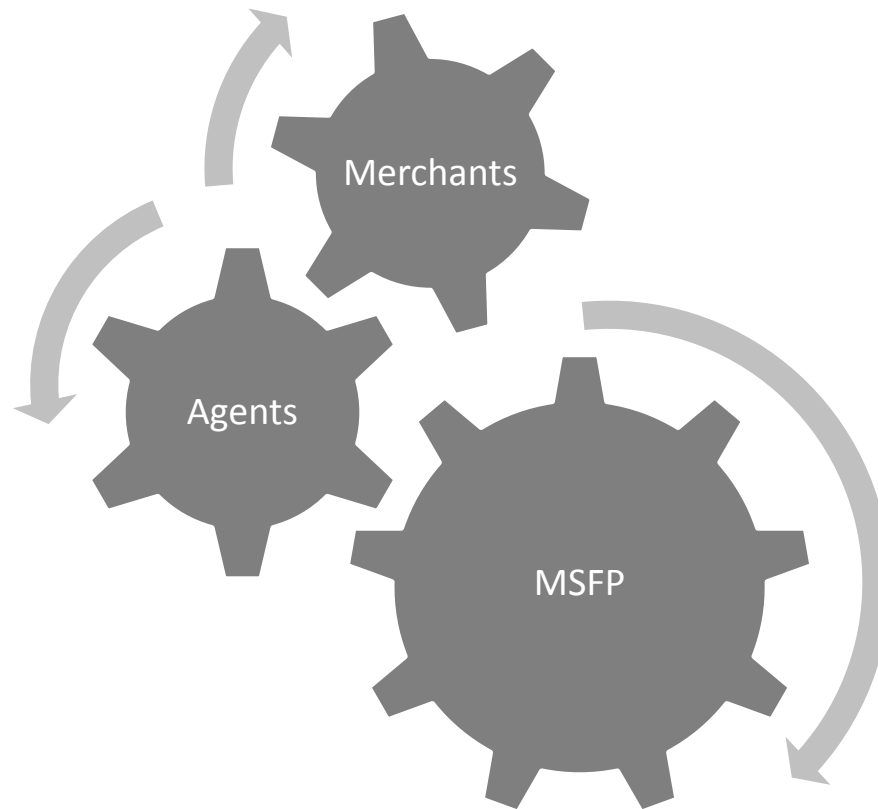
The professional



The trendy early adopter

How to address the needs of these different market segments?

The missing piece to serve the client?



?

Developers!



- The popularity of the smartphone ecosystem is determined by the number of developers creating innovative applications for that ecosystem
- This implies having APIs that developers can use to enhance, develop services beyond the basic functionalities of the core mobile money platform
- Support various merchant payment scenarios (remote transactions, merchant-initiated, automated payment processing, etc.)
- MFSP in Haiti has received all kinds of requests requiring costly customizations that are not scalable



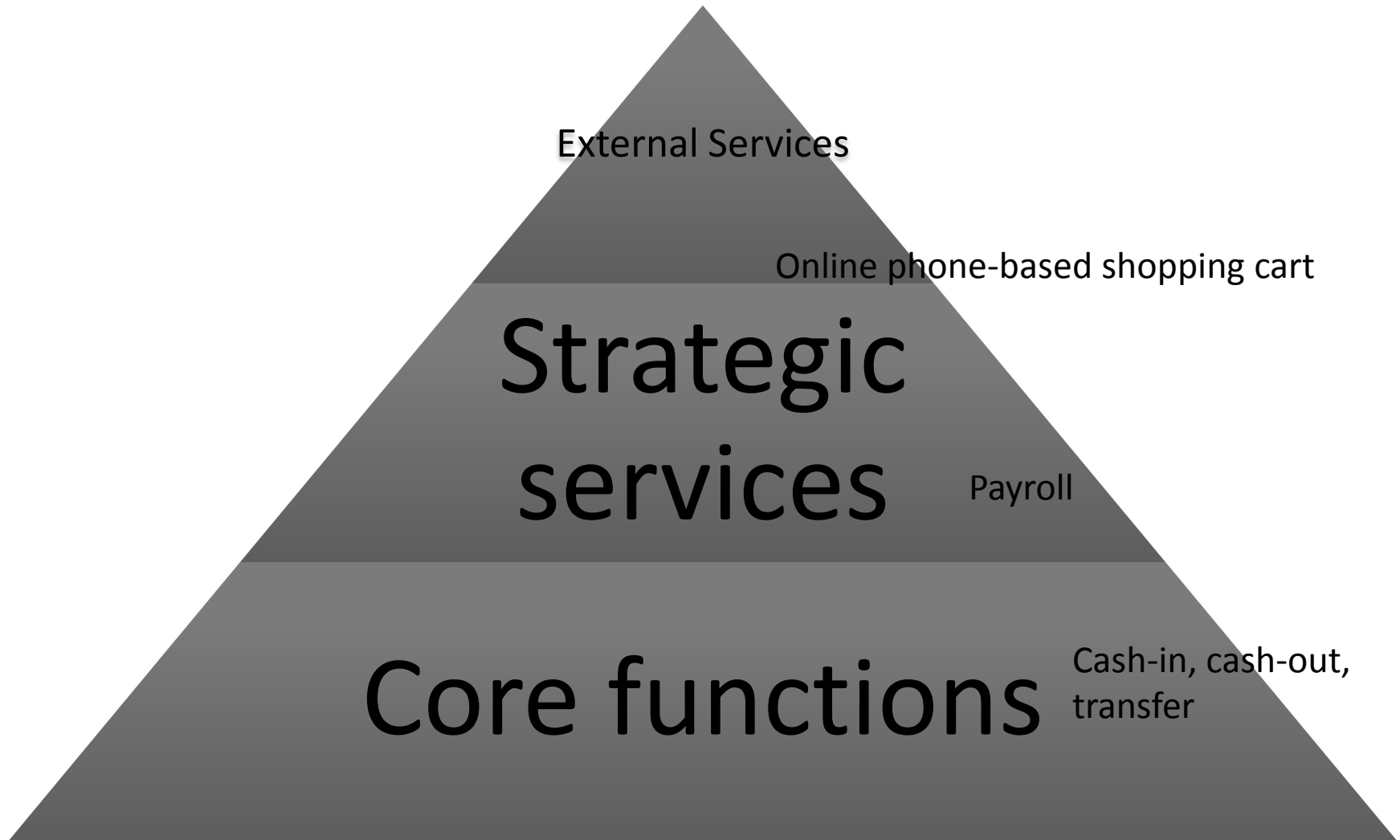
Characteristics of a good API



- Allows different payment scenarios:
 - Face-to-face (in presence)
 - Remote transactions
 - End-to-end automated processes
 - User-initiated transactions
 - Merchant-initiated transactions
- Allows external, flexible business rules to be applied by the merchant in a transaction
- Allows transmission of meta-data with the transactions
- Might give access to other core properties of the platform (like verifying if a specific phone number is a valid account)
- Flexible channels (Web, SMS, USSD)



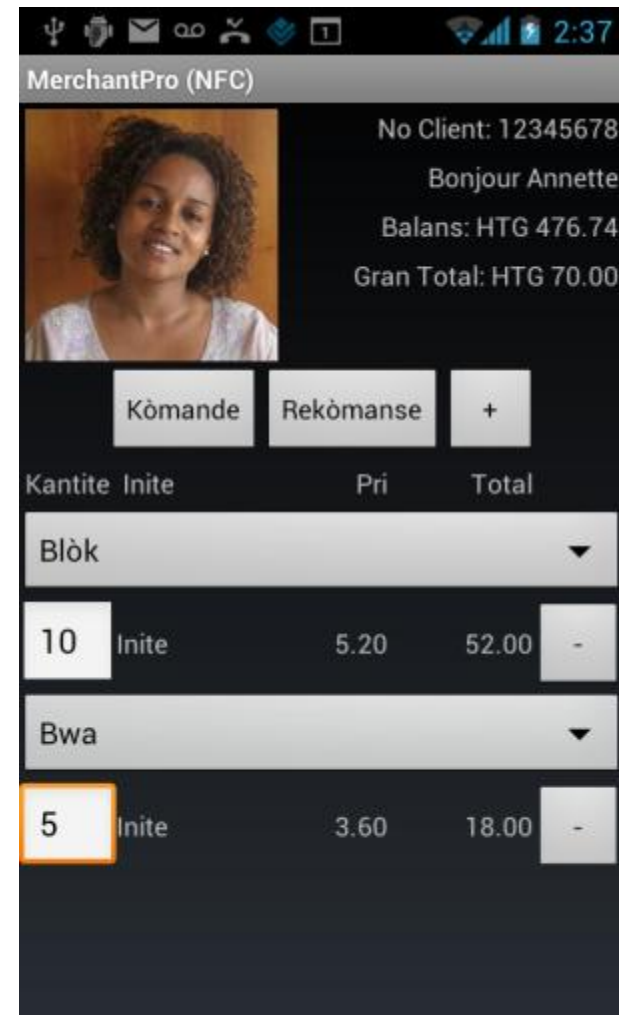
Various levels of access





A few examples already

- eVoucher platform developed by a third-party and linked to TchoTcho Mobile (used by UNDP, CARE, CRS)
- Agent app allowing KYCing customers and making cash-in, cash-out transactions by a third-party
- Web site accepting mobile wallet payments
- Government conditional cash transfers





- Digicel acquires Voila in 2012, and retires T-Cash, transferring all active accounts to its TchoTcho Mobile platform (now called Mon Cash)
- Other mobile payment services entered the market:
 - Lajan Cash, 2012
 - Boom, 2013-2015
- The two largest banks launched their own agent banking services, based on hybrid card/mobile strategies



- Sogebank's approach to financial inclusion
- Light KYC requirements (one piece of ID, no proof of address, etc.)
- 20mn for account opening
- Fingerprint authentication
- Fast deposits/withdrawals (swipe and fingerprint, paperless)
- No minimum balance required
- Automatic enrollment to Internet banking and mobile banking
- Recently introduced EMV cards

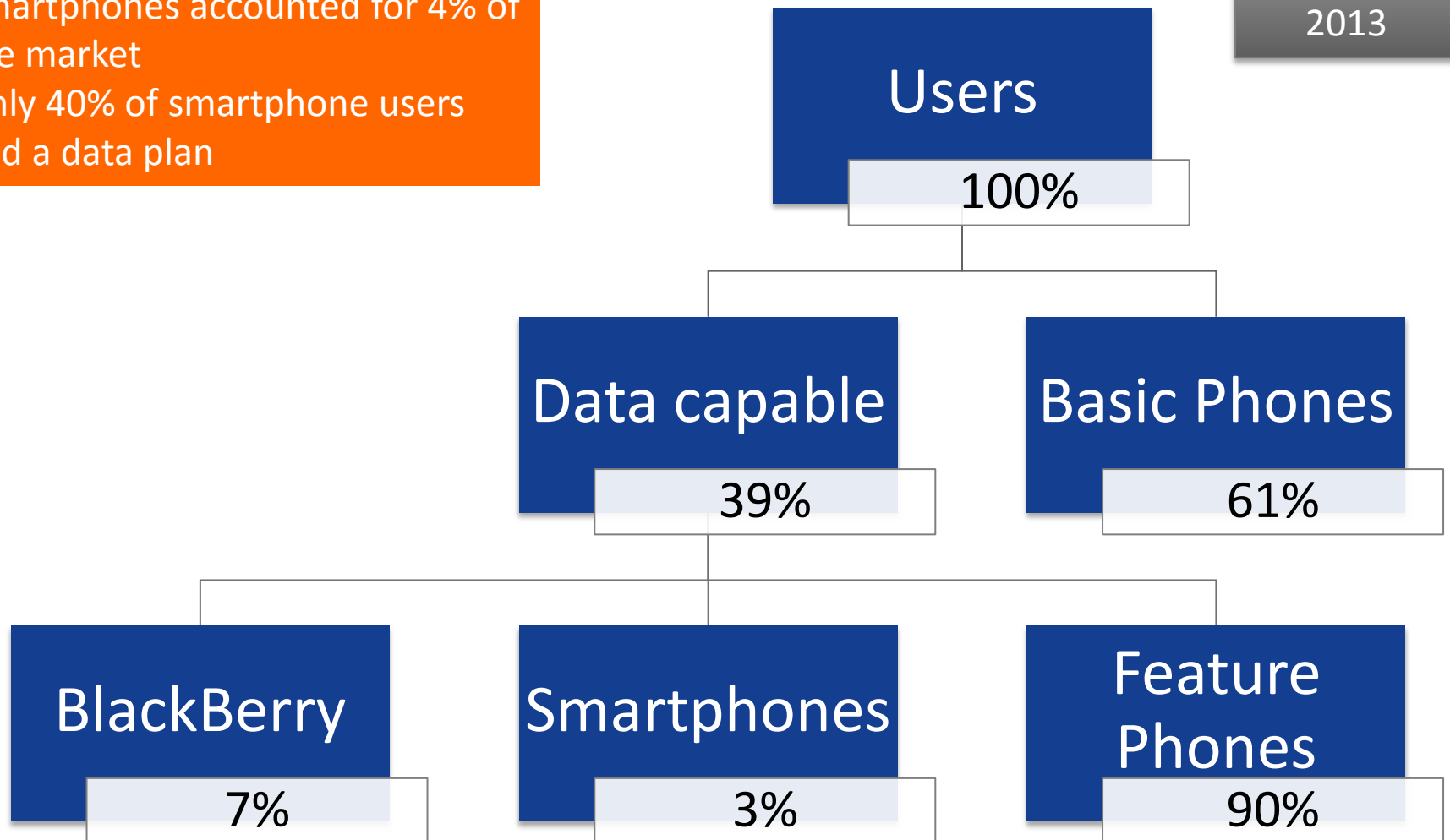


Opportunity: The Penetration of smartphones in Haïti



2013

- Smartphones accounted for 4% of the market
- Only 40% of smartphone users had a data plan



January 2013

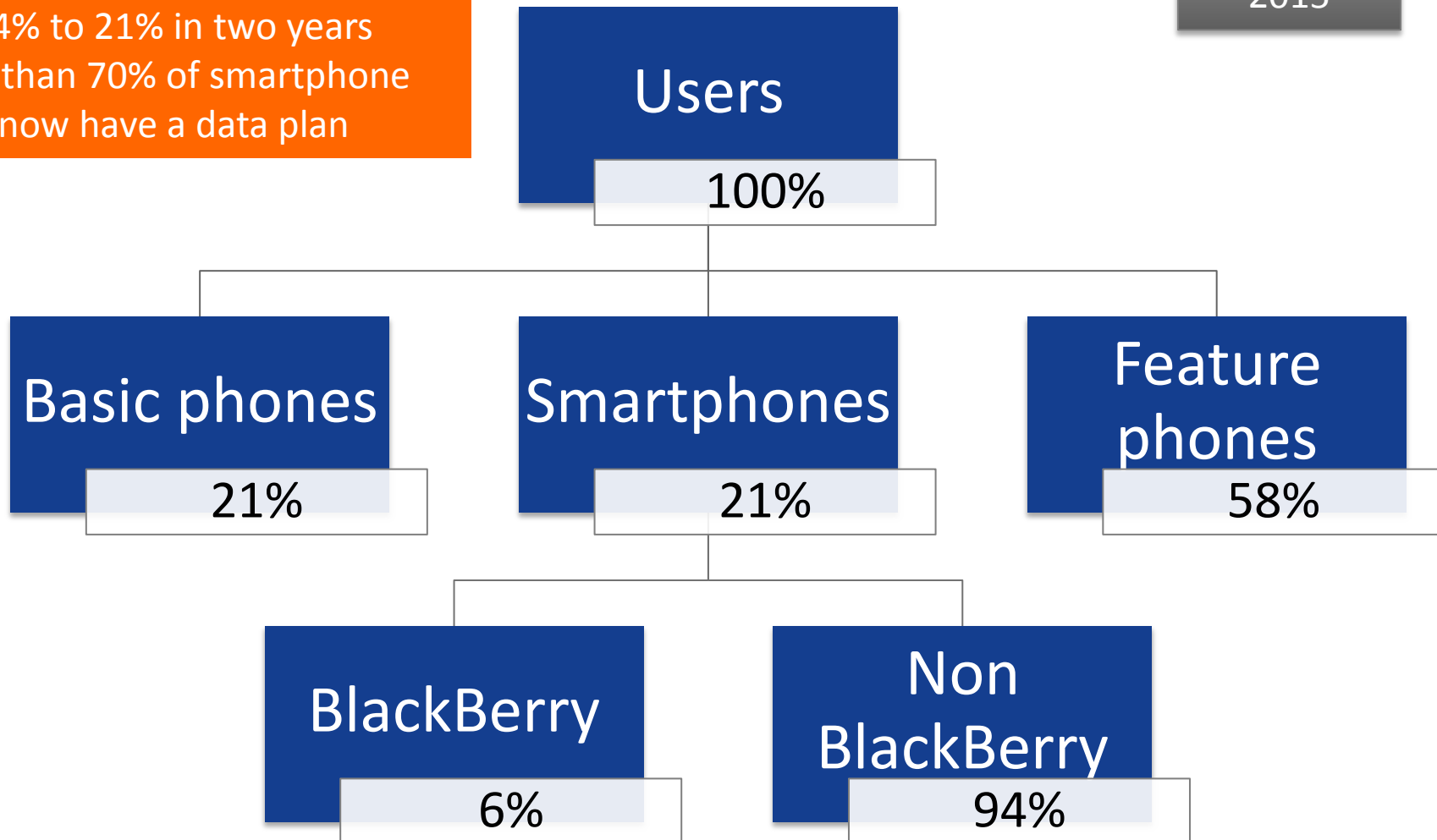
Opportunité:

The Penetration of smartphones in Haïti (suite)



2015

- Proportion of smartphones went from 4% to 21% in two years
- More than 70% of smartphone users now have a data plan



August 2015

Opportunity:

The Penetration of smartphones in Haïti (end)



- In two years, market went from **64,000** to about **1 million smartphone users** with data plan!
- **Android** phones and tablets represent **more than 90%** of smartphones

Conclusion



- HMMI did not achieve all of its objectives, but shackled the financial industry in Haiti
- All major banks in Haiti either have: mobile money product, a card product, an hybrid mobile/card product, agency banking
- The race has started to get to the next frontier of financial inclusion
- What can I do with my payment instrument?
- If your answer is “cash-in, cash-out, transfer”, you have a problem!
- If you hesitate more than 5 seconds before answering, you have a BIG problem!
- Digital Financial Services have to solve a problem in your daily life

Thank you...

