e-Payments Snapshot: Concern Worldwide Malawi

USAID promotes increased access to and usage of electronic payments in order to deepen financial inclusion, accelerate broad-based economic growth, and instill transparency into funding flows. These snapshots describe the experiences of USAID- and non-USAID-funded organizations that have begun to replace cash with e-payments so that others can apply their lessons learned to their own transition to e-payments.

Overview: Concern Worldwide Malawi's overall mission is to empower poor and vulnerable communities to attain their rights through high quality, participatory programs, the benefits of which will continue and multiply without ongoing support from Concern Worldwide. The three strategic goals for Concern Worldwide Malawi in the period 2014-2018 are:

1. Extremely poor households have improved livelihoods and nutrition security and increased resilience to shocks and hazards.
2. Women and girls are empowered and enabled to make decisions for their own wellbeing.
3. Concern programs achieve the highest standards of quality, effectiveness, and accountability.

A small grant provided by USAID and NetHope in 2013 enabled Concern Worldwide to research the use of mobile money in Malawi, aligning with the third strategic objective.

Target Group: The initial target group included participants in livelihoods and education training workshops who were paid meal, accommodation and travel allowances. After conducting initial research on options for transitioning these payments to mobile money in February 2014, Concern Worldwide was compelled to implement new requirements by the donor community in Malawi that

NGOs stop paying allowances to participants, and instead settle bills for meals and accommodation directly with suppliers. In the immediate term, Concern Worldwide changed the focus of the project to pay airtime reimbursements to staff using mobile money, and use this opportunity to test it and seek staff feedback and commitment. The impact and feasibility of this stoppage of cash allowances is being monitored closely and is proving to be difficult to implement in some areas. Therefore, in the future, this target group may still be relevant for mobile money payments.

Head office staff celebrate receiving their first blast of e-money (Sullivan/2014)
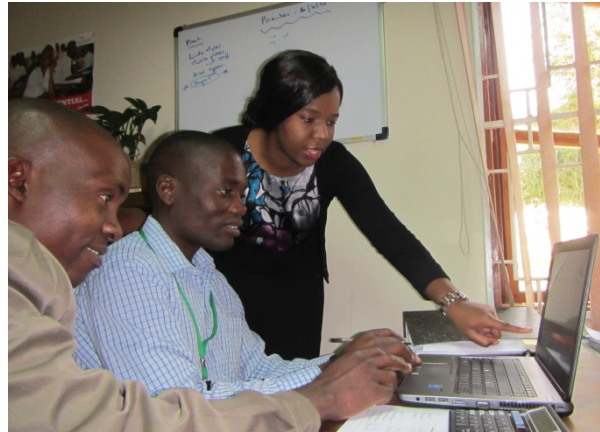
Transitioning to Mobile Money

Initial activities undertaken in the transition from cash to mobile money:

- Initial research into the options for non-cash payments
- Review of availability of mobile services in areas of operation
- Selection of mobile money providers
- Financial literacy training with staff
- Training of finance staff in the use of the mobile money system
- Testing of mobile money options with all staff for airtime refunds
- Issuing a survey to staff to gather their feedback on the use of mobile money
- Consideration of further options of mobile money

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Use of mobile money: The project introduced mobile money to reimburse all staff for their monthly airtime costs. Payments were made using the two mobile money providers, Airtel Money, used widely across Africa, and Telekom Network Malawi (TNM) Mpamba, a Malawian provider established in 2013. Both providers were selected to test their products and services, and to enable staff to use whichever provider they already subscribed to. The use of mobile money was popular with staff due to benefits gained from providers' bonuses earned (100% - 200%) if mobile money is exchanged for airtime rather than being withdrawn as cash or used to settle water, electricity or satellite television bills. The utility companies offer some incentives to use mobile money although these are less generous than the airtime allowances.

Pilot Observations and Outcomes

Comparisons between cash and mobile payments: Using mobile money to reimburse staff reduced the amount of cash paid out in four field offices by a total of $1,200 per month. Whilst this is not a significant sum compared to the overall country program, it's a move in the right direction and affirms Concern Worldwide's commitment to the use of innovative technology. The project is still in its infancy. In the longer term, once staff are familiar with the system, it is anticipated mobile money will reduce time spent by finance staff disbursing these payments by approximately 10 hours per month. Additionally, the time spent going to the bank to collect cash decreases, and with this, risks of theft and injury to staff.

Finance staff training to use the new system (Sullivan/2014)

Key challenges faced with switching to mobile money:

Challenges for the implementation	Challenges for the recipient
• Lengthy process to contract service providers • Provider's excel spread sheet disbursement system prone to errors • Service provider software issues or no software system at all • Transfers sent to obsolete/incorrect numbers difficult to resolve	• Network service coverage and disruption • Lack of agents in rural areas • Low levels of cash held by agents • Agents charging fees above the rate set by service providers • No confirmations from payments made to suppliers, eg for settling water bills

Opportunities created from mobile money: This pilot project has provided valuable lessons learned and encouraged Concern Worldwide to look at other areas where mobile money can be used in place of cash. The next phase of the project will consider paying monthly stipends to community volunteers and some smaller suppliers by mobile money. The move away from cheque payments to electronic banking is also on the agenda. If there is an opportunity to pay allowances to beneficiaries and training participants this will also be explored further.