



# Mobile Money Tipsheet:

## Checklist for rolling out mobile money

USAID promotes increased access to and usage of mobile financial services in order to deepen financial inclusion, accelerate broad-based economic growth, and instill transparency into funding flows. These tipsheets are intended to assist USAID implementing partners in Bangladesh to more effectively make use of these services.

Mobile money, and mobile financial services (MFS) more broadly, have become a popular choice for domestic remittance in Bangladesh.<sup>1</sup> The adoption of MFS offers increased transparency and operational efficiency at an organizational level, as well as being an affordable and convenient choice of sending and receiving money at an individual level. Given that only 29% of the population has an account at a financial institution, MFS offers a potential channel for financial services for the country's lower income segments.<sup>2</sup> This represents a fantastic opportunity for the development community to leverage MFS to both promote financial inclusion as well as to increase the efficiency and transparency of their projects and programs. Moreover, the use of electronic payments, such as mobile money, instead of cash is now the new default for all new USAID awards.<sup>3</sup>

Effectively incorporating mobile financial services in projects and programs requires a programmatic approach. The following is a checklist prepared based on the experiences incorporating MFS into multiple projects in Bangladesh. USAID's mSTAR project can also provide support with any of these steps via [on-demand technical assistance](#).

### I. Understand what is possible

- What services exist** - [The Mobile Financial Services \(MFS\) regulations](#) published by Bangladesh Bank has listed out possible services that can be introduced through MFS. Of those, deposits, withdrawals, domestic money transfer, and mobile airtime top-up are the most popular services. Details about pricing and services offered by providers are available in the recently published [Mobile Financial Services in Bangladesh](#) report. The services offered by all the providers are generally the same with differences in pricing. For example, five of the nine providers listed in the report are providing cash-in at either an agent or bank branch for free, person-to-person transfers range between BDT 3 - 5.
- What limitations exist** - As mobile financial services in Bangladesh are still at a relatively nascent stage, there are certain limitations to the service. It is currently not possible to transact between MFS accounts of different providers, meaning that both sender and receiver need to have an account with the same provider. Many banks have not yet linked their traditional banking services with their MFS transaction platform. Thus, services such as loans and accessibility with other banking products through mobile are generally not yet available.
- How to open an account** – The process for opening an account is different depending on whether you are opening a corporate account as an organization or an individual account.

<sup>1</sup> mSTAR Bangladesh uses the phrase 'mobile financial services' or MFS when referring to the use of mobile phones for any type of financial service (i.e. money transfer). The term 'mobile money' is used when referring to the funds being used via MFS. In other words, 'mobile money' is to cash as 'mobile financial services' are to banking services.

<sup>2</sup> <http://datatopics.worldbank.org/financialinclusion/country/bangladesh>

<sup>3</sup> To learn more about this new requirement, refer to USAID's Procurement Executive's Bulletin No. 2014-06 available online at [http://solutionscenter.nethope.org/assets/collaterals/PEB\\_No\\_2014-06.pdf](http://solutionscenter.nethope.org/assets/collaterals/PEB_No_2014-06.pdf). Additionally, [this Q&A](#) from Bruce McFarland, Chief of Operational Innovations at USAID's Global Development Lab provides further insight and clarification on the PEB.



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- As an organization, you will need to open a corporate account by signing an agreement with one or more providers. It is currently not possible to send funds between different providers, so you will need accounts with the chosen providers you plan to send money through.
- For individuals, generally a copy of their national ID, driving license, or passport, and an active SIM card are needed to open an MFS account. Bangladesh Bank has kept some flexibility with ID documents as not all individuals are able to provide a national ID, especially in rural areas (i.e. an individual lacking the required standard documents can also open an MFS account with a citizenship certificate issued by their Union Parishad Chairman along with a valid photo ID).

## 2. Assess feasibility in your project/program

- Map all cash payment streams in your project/program** - It is difficult to determine possible areas of MFS integration in a project without a detailed assessment of where cash is being used. Doing this will require detailed consultation with your program and finance team at HQ as well as in your field offices.
- Identify the potential areas where MFS can be incorporated** - Based on your cash mapping exercise, identify where MFS might be able to be used, including both payment types and geographic locations.
- Determine availability of mobile financial services in targeted areas** - Transactions are dependent upon mobile network connectivity, so you will need to ensure that mobile network coverage exists in the areas you are targeting. In addition, not all MFS providers work on all mobile networks, so you will also want to identify what networks have coverage in your target area. Finally, it is important to identify which MFS providers have sufficient agent presence, liquidity (i.e. do agents always have cash when you need it?) and proximity to project beneficiaries in target areas.
- Understand your target recipients** - Although staff and beneficiaries maybe aware of MFS, it does not necessarily mean they know how to operate an MFS account. Also, while most program staff may own mobile phones, ownership and access to mobile phones may not be as widespread at the beneficiary level. Knowing this information is crucial for understanding how you can potentially use MFS, and what types of capacity building might be required. In addition, you will need to know whether your recipients meet the requirements to open an account. It is not possible to open an individual MFS account without proper documentation. Arranging passport size photographs is relatively easy, although limited availability of a national ID or driving license can be a barrier, particularly in rural areas.<sup>4</sup>
- Conduct analysis and comparison between existing payment streams and mobile financial services** - Understanding the time required for processing payments and the associated costs for each payment stream will help you to see how cash compares to MFS in your case. A basic cost-benefit analysis of how cash compares to MFS can provide a good indication of whether a shift makes sense or not. It is important to look at more than just transaction costs. Time savings across all steps of the process (from issuance to collection to reconciliation) and travel costs need to be considered when conducting a cost-benefit analysis. NetHope's [Costing Utility Analysis Tool](#) is a helpful template for completing this.

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<sup>4</sup> One example of a development project that was able to overcome this barrier is the Chars Livelihoods Program. You can learn more about their experience [here](#).

### 3. Designing the pilot and preparation

- Identify pilot focus** - Although there may be multiple areas where MFS can be incorporated, starting off pilots in a single area or on a small scale is recommended at the beginning. Learnings and experiences from such pilots about using MFS and the quality of services offered by MFS providers should be used to design large scale transitions.
- Identify and train a coordinator and champions** - Identifying the focal point to manage your pilot is the first step in the design process. It is also important to identify champions both from the program team as well as the finance team as both departments will be involved in the disbursement processes. Providing them with training and capacity building on how MFS works, its potential benefits, and how to communicate these messages to others are important for proper roll out. Along with the coordinator and champions, training should also be provided to additional staff members who can act as a backup if needed.
- Finalize the locations, number of beneficiaries, timeline, and number of transactions for the pilot** - This should be based on what you think is feasible based on your initial findings from the steps above. It will help you to determine the size of the pilot and guide discussions with prospective service providers.
- Notify beneficiaries and staff about the planned transition** - While designing the pilot, it is important to receive feedback from staff and target beneficiaries. They can provide accurate information on current pain-points and their level of buy-in to a transition. Identifying these pain-points will enable projects to make adjustments before implementation, obtain staff and beneficiary buy-in, and ensure a smoother transition.
- Identify business requirements and issue a request for quotations (RFQ)** - Business requirements vary from project to project. Some projects may need support for account registration. Others may require different reporting processes from providers (e.g., whether transactions statements should be in hard copy or soft copy, whether transactions statements need to be provided monthly, weekly, or after executing every transaction). All of your requirements should be included in an RFQ that you can issue to MFS providers. The RFQ should also require respondents to include a price quotation, as well as their agent coverage. The latter is important because the number and locations of providers' agent networks vary, and not all providers may have agents in the areas you are targeting.
- Select provider(s)** – Selecting a provider should be based on a number of different factors. While price is a crucial factor in the selection process, it is by no means the only criterion. You should also consider agent network strength, provider reputation, and the provider's ability to scale up if the pilot is successful. In some cases, you may decide to use the services of more than one provider so that your recipients have a choice.
- Sign agreement and open corporate account** - To conduct transactions through MFS, the most convenient way is to open a corporate account with the provider's bank. Otherwise, you will need to transfer funds from your bank account to the provider bank account before transaction are conducted, which can cause delays.

### 4. Implementation/Rollout

- Update internal financial processes** - The change from making payments with cash to MFS will require that you update your internal financial processes accordingly. Some steps that were required with cash may no longer be necessary, while some new steps may have to be introduced. Mapping your existing payment processes in a flow chart may help you to more easily understand the changes required to implement the new payment system using MFS.



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- Facilitate opening of accounts for target recipients (if necessary)** - Accounts of all beneficiaries or staff who are involved in the pilot must be activated before transactions are executed. While the number of people in Bangladesh with MFS accounts is growing, there is a good chance that at least some of your recipients will need to open an account. It is important to note that 3-4 days are needed by providers to verify registration documents, after which full functionality is enabled for the MFS account.
- Train target recipients** - Customers usually receive training from the agents or providers when the account registration takes place, during which time they set their PIN and learn about available functions. The quality of agent provided trainings varies, and may need to be supplemented. Through mSTAR, [Dnet](#) and [WorldFish](#) have both developed training materials for these purposes, which may serve as a useful reference. If you will be sending mobile payments to beneficiaries, it is helpful to ensure that your staff are trained on how to use MFS in advance so that they can provide support to beneficiaries. This is because your beneficiaries are more likely to be comfortable discussing their queries with staff that they interact with on a regular basis instead of an agent.
- Prepare to execute transactions** - Under corporate agreements, transactions are executed by the providers. Many of the providers still require disbursement lists to be emailed to them before they execute the payment, rather than allowing for online management and execution of the payments directly by your staff. You will therefore need to have a clear process for keeping track of recipients and their mobile numbers. If you have the wrong mobile number and send money into the wrong account, you may not always be able to get it refunded. You will also need to check on any failed transactions, which the provider will notify you about in a confirmation email after processing your batch of payments.
- Ongoing monitoring** - Cash-out from agent points should be monitored to determine whether agents have sufficient liquidity to support pilot beneficiaries. These issues will indicate a provider's ability to scale up the pilot if/when needed. In addition, you should continually monitor the experience of your recipients so that you can identify and adjust to any barriers that might exist that could impede their uptake.
- Scale up beyond pilot** - Once the pilot has been executed successfully in one project/program, organizations can scale it up within that project/program and implement MFS in other programs where relevant. Many of the efficiency gains that you see from transitioning to using MFS will exponentially increase as you increase your scale of usage. The process for scaling should build on the experiences of your pilot, incorporating all of the lessons learned from that roll out. It should be well-planned but flexible, with provisions for ongoing monitoring and evaluation for continued iteration and improvement to meet your organization, staff, and beneficiary needs.

For a helpful and more detailed step-by-step guide to this entire process, check out USAID and NetHope's [Making the Journey from Cash to Electronic Payments: A Toolkit for USAID Implementing Partners and Development Organizations](#).

#### DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.

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