



MOBILE SOLUTIONS (MS)



“Today, thanks to mobile technology, we are able to make transformative progress against almost every single challenge in development without the need for traditional infrastructure. For the 2.5 billion adults who lack access to basic financial services, money banking can accelerate financial inclusion, reduce the potential for corruption and inspire individual empowerment.”
– Administrator Raj Shah, October 2011

Mobile money (mMoney) can transform development. In a world with 500,000 bank branches and 4 billion phones, mMoney can drastically increase access to financial services while helping to root out corruption and improve governance. But we are not quite there yet—there are dozens of sub-scale mMoney efforts that have yet to achieve viral growth because the business model is not profitable, the regulatory environment is not yet conducive, clients either do not trust the channel, or the product does not meet their needs. Mobile Solutions seeks to bridge these gaps by:



Working with host governments to help identify big payment streams that could catalyze demand for mobile money (e.g. salary payment, utility collections).

Encouraging the use of mobile payments within our own programming and our implementing partner’s programming.

Promoting regulatory reform, including in Indonesia and Philippines, by working with in-country regulatory authorities to develop risk-based norms and standards that guide a safe and robust mobile financial services sector. We will also work with the G20 to integrate new financial inclusion commitments and establish minimal set of principles for USG involvement in MFS programming.

ILLUSTRATIVE ACTIVITIES

Afghanistan: USAID launched a \$5 million Mobile Money Innovation Grant Fund managed by the Financial Access for Investing in the Development of Afghanistan (FAIDA) program. Through this initiative, USAID hopes to convert more of the 400,000 Afghan civil servants and security personnel salaries currently being paid in cash onto the mobile phone, facilitate bill payment for the 750,000 electricity customers, and encourage USAID implementing partners to use mobile payments. When USAID helped the Afghan Government use mobile phones to pay 500 Afghan National Police, the officers thought they had received a nearly 30 percent raise. In reality, they just received their salary in full for the first time.

Haiti: USAID partnered with the Bill & Melinda Gates Foundation to launch the Haiti Mobile Money Initiative (HMMI) to encourage the start-up and scaling of mobile money products in Haiti following the earthquake. If successful, this effort will result in 5 million transactions. In January 2011, one year after the earthquake, HMMI awarded Digicel and its partner bank Scotiabank, its “First to Market” award of \$2.5 million for “Tcho Tcho Mobile.” In August, HMMI awarded mobile operator Voila and their bank partner Unibank \$1.5 million for “Ti-Cash.” By the end of July, our partners reached 300,000 subscribers and Haitians have conducted nearly 1,000,000 transactions.

For more information on our work, visit: <http://idea.usaid.gov/organization/ms>