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FS SERIES #9: ENABLING MOBILE MONEY INTERVENTIONS

DIAGNOSTIC CHECKLIST

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DIAGNOSTIC CHECKLIST

This checklist serves as a reference for USG program officers when considering m-money interventions, including preconditions and other factors likely to contribute to sustainability and scalability. It contains a non-exhaustive series of questions addressing market factors, enabling environment issues and USAID programmatic considerations. Used in conjunction with the model scope of work in “FS Series #9: Enabling Mobile Money Interventions,” this checklist can be used to determine if program resources should be dedicated to m-banking and MMT and which interventions would be most appropriate in a given country’s context.

Key Questions	Yes	No	Comments/Responses
Market Factors			
Has there been prior work to promote or develop branchless banking or m-banking/MMTs in this country?			Look at what has been accomplished, what was not successful and why, and what successes can be built upon.
Does a minority of the population have a bank account?			If yes, what percentage? Low banking penetration may point to latent demand for financial services.
Does a sizeable number of the population own or have access to a mobile phone?			High mobile penetration may indicate familiarity with SMS and other mobile-based services.
Is there a dominant mobile operator with more than 50 percent of the market share?			Market share is important because it is related to a larger customer base for selling new services, a larger network of airtime resellers who can be converted into agents, stronger brand recognition, and a larger budget.
Is there a relatively large pre-paid airtime market? Are customers able to purchase airtime top-up services using their mobile phones (without scratch cards)?			May indicate readiness of population to “trust” electronic money and make the transition from stored value on phone to transactions with electronic money.
Can you identify private-sector partners — MNOs, financial institutions, or third-party providers — with which to work?			Private-sector partnerships are critical for sustainability and scalability of m-money interventions.
Are there banks and/or MFIs or other institutions located in the rural areas with a large branch/customer base?			M-money networks require points at which money can be exchanged for financial services.
Does a large percentage of the population send or receive regular payments/money transfers/remittances?			Large numbers of remittances or G2P transfers may indicate demand for MMT.
Is it costly and inconvenient to send and receive payments through existing channels, such as banks, post offices, other domestic remittance outlets, or ATMs?			If the quality of alternatives is low (e.g., <i>hawala</i> networks and bus companies), then it may be easier for clients to switch to MMT and avail of MFS.
Is there significant migration from rural to urban areas?			May indicate potential demand for remote payments and MMT.
Do banks and/or MFIs currently use core banking systems or are they considering having a core banking system in the near future that has an ATM switch?			This is a prerequisite for any financial institution adopting an ICT-enabled approach to ensure transactions can be processed accurately and in real-time.
Is there a national interbank switch?			This makes it easier for electronic money transactions within and between larger banks, which helps maintain agent liquidity and may enable access to a wider infrastructure of cash-handling points such as interconnected ATMs.

Key Questions	Yes	No	Comments/Responses
Enabling Environment			
Are there regulations governing the use of non-bank agents?			If not, how does the regulator view the use of agents for the handling of deposits and withdrawals?
Is there regulation governing money laundering and/or financing of terrorism?			A flexible (i.e., "risk-sensitive") regime for AML and CFT, including KYC, is critical for transformational m-banking.
Is there regulation governing the use of electronic money?			A key question is whether non-banks are permitted to issue electronic money and, if so, under what conditions and subject to what regulation.
Is there consumer protection regulation that governs bank and non-bank financial service providers?			This is not a precondition for m-banking, but systems will eventually need effective consumer protection to address the risks in electronic, remote payments.
Is there regulation governing the operation of payment systems?			Inclusive payment system regulation and effective payment system oversight are needed for m-banking as it reaches scale.
Is there regulation governing competition relevant to the banking and telecommunications sectors?			Policies governing competition among providers will affect key issues such as fair access to bearer channels by competing providers.
Do the regulators have sufficient capacity (human, technical, financial) to implement the above regulations on a regular basis?			Regulations may exist, but important to ensure that regulators can actually implement these.
USAID Programmatic Considerations			
Is there any existing USAID program in which m-money interventions could be integrated?			If so, need to ensure proper design with some flexibility and use appropriate mechanism from the beginning.
Are the time line and resources realistic to achieve the objectives of m-money initiatives?			It is critical to consider time frame, resources, and objectives for m-money interventions to ensure they match. These efforts generally take time to implement effectively and missions should have medium- to long-term programs to support this for three or more years.

Resources

Though there are many resources on aspects of m-money interventions, several are key to understanding issues covered in this checklist:

- CGAP, Branchless Banking Diagnostic Template, February 2008
- Gates Foundation, Scalable Deployment Framework, February 2010

Primary resources used in the development of this checklist can be found in the bibliography (Annex D). In addition, select Web sites recommended as "gateways" to further resources on leasing finance are listed below:

Recommended Web Sites

1. CGAP - www.cgap.org/p/site/c/template.rc/1.26.1475/
2. The Gates Foundation - www.gatesfoundation.org/financialservicesforthe poor
3. GSMA - www.gsmworld.com/our-work/mobile_planet/mobile_money_for_the_unbanked
4. International Finance Corporation (IFC) - www.ifc.org/ifcext/gfm.nsf/Content/Advisory+Services

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