

The background of the entire page is a photograph of two women. The woman on the left is older, with a warm smile, wearing a vibrant orange, yellow, and white patterned sari. The woman on the right is younger, also smiling, wearing a yellow and green patterned sari. They are both looking down at a smartphone held by the younger woman. The setting appears to be indoors with a patterned curtain in the background.

## The Innovation Fund for Mobile Money



## Innovation at BRAC

For over 40 years, the Bangladeshi organisation BRAC has challenged conventional wisdom in development. Whether in education, microfinance, or health, BRAC has identified unique models that bring services to the doorsteps of the poor, support women to become local change makers, and create opportunities for better livelihoods. BRAC has grown to reach 135 million people in Bangladesh, and also works in 10 other countries.

BRAC has accomplished this in part through frugal innovation—simple,

low-cost ideas that can be grown into large-scale solutions.

In 2011, BRAC established the Social Innovation Lab to strengthen the organisation's innovative culture. The lab's key activities include creating space for staff to share ideas, introducing new technologies and practices, and providing strategic support to address emerging challenges.



## The Innovation Fund for Mobile Money

The BRAC Innovation Fund for Mobile Money aims to increase innovation in mobile money by seeding a diverse set of projects that prepare BRAC to adopt mobile money at scale. This project is a unique partnership between the BRAC Social Innovation Lab and the Bill & Melinda Gates Foundation.

BRAC hopes to enable the poor to better access and understand the benefits of mobile money. It also plans to develop new services and products that mobile money makes possible. Finally, it seeks opportunities to improve its own organisational efficiency.

BRAC is not alone: many organisations around the world are also interested in using mobile money to create financial inclusion. While the potential is promising, the path remains unclear when thinking about how to empower millions. BRAC is poised to contribute to these discussions, and to provide leadership in making them a reality.





# What's Wrong with Cash?

Put simply, cash is expensive. It's insecure, hard to track, and subject to theft and fraud. Moving and storing cash can be costly—especially for the poor. As workers increasingly travel into the city to find employment, they need to send money home to their families. Even paying a utility bill might mean a long trip and missed time at work. It takes time and money to arrange these payments in cash, which sometimes don't get there at all. Also, many attempt to save money via informal schemes, but these are also risky and expensive.

For organisations, cash also poses many challenges. It is time consuming to maintain records, and manual data entry is susceptible to human error. It isn't safe for staff to travel with large amounts of cash. Collecting money from clients, and counting, tracking and securing cash can take a lot of time. These delays mean waiting time for clients and stress for BRAC staff.

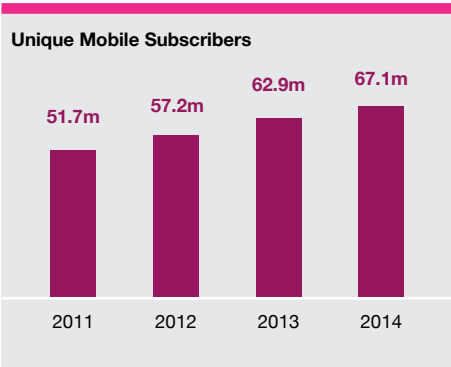
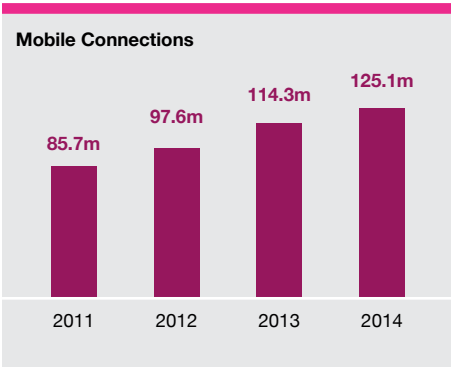
# How Can Mobile Money Help?

Mobile money is an umbrella term for the delivery of digital financial services over mobile platforms. In developing countries, most poor people don't have a bank account, but increasingly they have access to a mobile phone. For instance, in Bangladesh, where nearly half of all adults are unbanked, the mobile subscription base has reached 125 million.

Many poor people do not feel comfortable dealing with banks, which typically do not provide products or services that meet the needs of the poor. And, outside of major cities, banks and ATMs are rare.

Instead, mobile money users have 'wallets' linked to their mobile phone numbers. Users visit agents to load or withdraw money from their mobile wallets.

Whether through digital payments or access to banking services, mobile money has tremendous potential to improve financial inclusion among the poor—even in remote corners of the developing world.



## The Potential of Mobile Money in Bangladesh

Bangladesh is the fastest-growing mobile money market in the world, growing 266 percent in 2013 alone, when 13 million users performed more than USD 2.2 billion in transactions. Garment workers, rickshaw pullers and domestic servants in Dhaka often send money to families in their home villages; parents send money to their children who study away from home.

Also, mobile money has great potential to make services cheaper, smarter and more responsive. But in order to achieve true financial inclusion, it must provide access to other important services, such as credit, savings and insurance.

A lack of traditional financial information makes it difficult for banks to offer services to the impoverished. The identification information and transaction data generated by a mobile money platform can help to bridge that gap. For instance, basic credit profiles could be compiled for poor customers, enabling automated loan products.

## But...Mobile Money Is Not a Silver Bullet

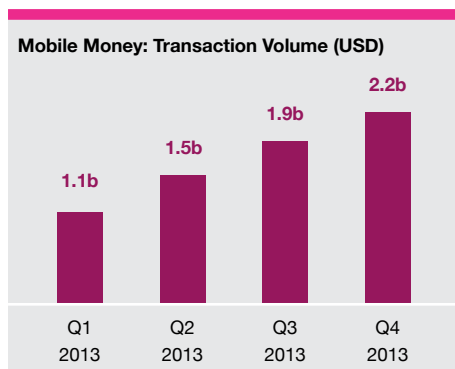
There is huge potential for mobile money to improve financial inclusion for the poor, but it's by no means a given.

While Bangladesh has the best cellular coverage of any developing nation according to GSMA Intelligence, many rural areas still have inconsistent access to a network signal—or even to electricity.

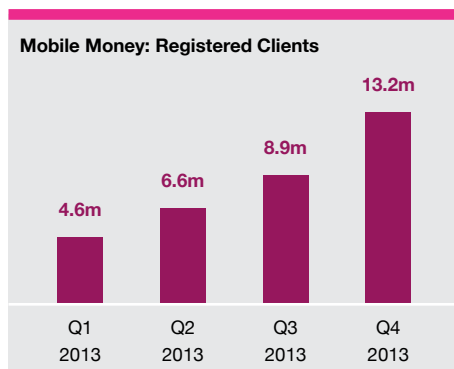
Mobile phone ownership has increased significantly, but the ultra-poor may still not have access. Most mobile money transactions are over the counter, as many do not have their own wallets, or are uncomfortable using them.

Women's access is often the most limited. The overwhelming majority of agents are men in public areas, which can make access difficult for women.

Many of the poor are illiterate, making it hard to understand messages, especially as most menus and instructions are written in English, not Bengali.



Source: Bangladesh Bank Data



Source: Bangladesh Bank Data

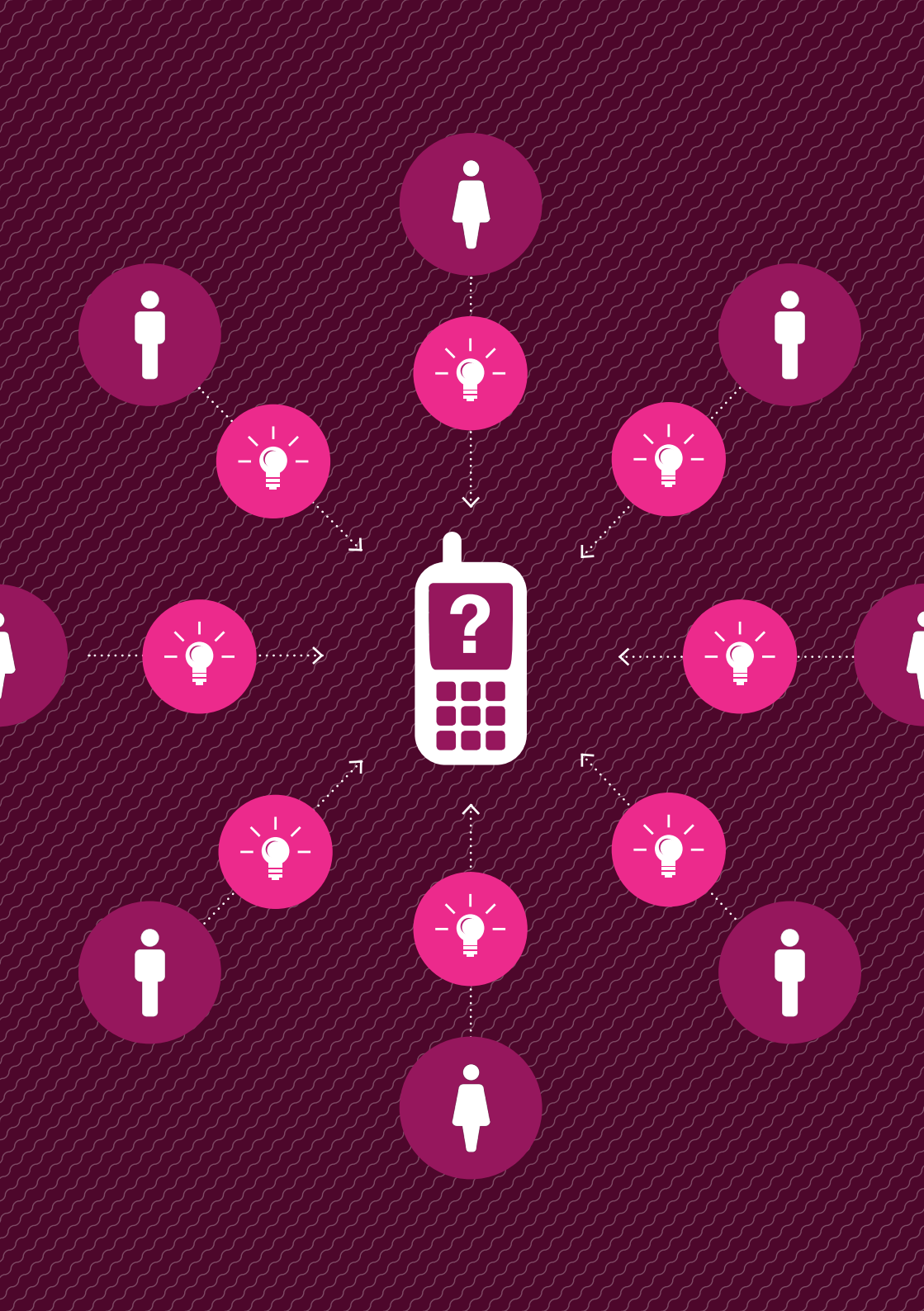
## Generating Interest in Mobile Money at BRAC

A critical part of the Innovation Fund for Mobile Money is to create excitement about mobile money within BRAC. The Social Innovation Lab invited mobile money leaders from around the world to share their insights at the annual Frugal Innovation Forum, organised roundtable events, and even held a flash mob to build interest.

In March 2014, the Social Innovation Lab launched a challenge for ideas: How could mobile money solve a problem, improve existing services, or enable a new service offering?

In just over a month, 100 ideas were submitted. With the guidance of external experts, and judges from BRAC's senior leadership team, seven winners were selected.





## Learning and Getting the Word Out

BRAC is interested in learning from others, understanding and capturing the lessons from the pilot projects, and sharing insights. In fact, this is just one part of a broader initiative to digitise as much as possible within BRAC's operations.

Already, lessons from the Innovation Fund have been highlighted on such blogs as *Forbes*, *Impatient Optimists*, *BRAC* and *Next Billion*. In the months to come, more detailed information will be shared about implementing mobile money and the organisational changes that it necessitates.

### **Forbes.com, 29 Nov 2014**

"Mobile Money...according to BRAC and the Gates Foundation could improve the economic and health outcomes of the country, especially of women and children. With a healthy appreciation of the complexities in scaling digitally, faith in innovation at the grassroots level and years of planning, these organizations just might make mobile money the future of finance. ... For [the unbanked], a significant portion of Bangladesh's population (estimated 70%), access to formal financial services for starting businesses, paying for children's education and health services, and paying salaries for community health workers could translate to millions of improved and saved lives."

### **Next Billion, 6 June 2014**

"Given the developments in the mobile money market, BRAC saw a tremendous opportunity to utilize this technology in improving its product and service delivery, as well as operations. In addition to the earlier loan installment collection and savings pilots, Education Programme also recently started disbursing its student scholarships via bKash. We started to ask ourselves: Is there more that we can do?"

### **Impatient Optimists, 18 June 2014**

"With bKash now the default for sending money from person to person (P2P), BRAC can continue to support increasing adoption of mobile money in ways that help the poor in Bangladesh."

Title	Programmes	Description
<b>(Nearly) Cashless Branch</b>	Integrated Development Programme	Digitising the majority of client and staff services in a remote area, such as loan repayment and staff allowances
<b>Mobile Micro-Insurance for Borrowers and Their Families</b>	Microfinance Programme	When clients take out a new loan, they have the option to purchase insurance, such as credit shielding, through mobile money
<b>Flexible Fee Payments for Secondary Schools</b>	Institute of Educational Development, BRAC University	Enabling low-income parents to pay school fees via mobile money on a flexible schedule
<b>Savings for Adolescents</b>	Education Programme	Increasing financial awareness and encouraging mobile-based savings habits among adolescents
<b>Mobile Payments for Community Health Workers</b>	Health, Nutrition and Population Programme	Digitising payments to grassroots workers who provide basic health services to their communities
<b>Post-Disaster Digital Relief</b>	Disaster, Environment and Climate Change Programme	SMS-based vouchers for affected households to access goods from local businesses, which BRAC reimburses via mobile money
<b>Mobile Disaster Relief Funds</b>	Disaster, Environment and Climate Change Programme	Mobile-money-based mechanism for local fundraising to quickly mobilise resources for disasters and other crises

Imagine if people in the  
most remote areas of the  
world had access to  
convenient and affordable  
financial services...







(Nearly)  
Cashless  
Branch

BRAC is establishing a nearly cashless branch office in the *chars*, hard-to-reach islands in many of Bangladesh's rivers. Transitioning to mobile money helps both BRAC clients and staff save time, overcome transportation barriers, and safely access funds.

Imagine if everyone  
in the world had  
access to insurance...







### Mobile Micro-Insurance for Borrowers/Families

Most poor people lack a formal safety net and are vulnerable to shocks such as accidents or death.

BRAC is now offering insurance to its borrowers, with low-cost products designed especially for their needs. These policies are available to existing financial clients through a payment via mobile money, and help protect poor households against accident and illness.



**Imagine flexible  
payments to make  
services more  
affordable...**







### **Flexible Fee Payments for Secondary Schools**

Paying school fees once a month can be a challenge for low-income parents.

To address this, a flexible mobile money payment scheme is being introduced at secondary schools for low-income children. Parents can easily make payments when they have money, and rest assured that it has reached the school safely.



**Imagine that young  
people were excited  
about saving money...**







#### Savings for Adolescents

To increase financial awareness and encourage savings behaviour, adolescents—primarily girls—can save money via their mobile phones. This offers them a secure and fun option, helping them to develop a lifelong savings habit.

**Imagine if grassroots  
health care workers could  
receive payments instantly,  
across the country...**







### **Mobile Payments for Community Health Workers**

This initiative is improving operational efficiency, transparency and convenience by using mobile money instead of cash to disburse honorariums and incentives to thousands of workers who provide basic health care services in their communities.



**Imagine if disaster  
victims had immediate  
access to relief...**







### Post-Disaster Digital Relief

When a disaster strikes, it's critical that the most vulnerable can access relief as soon as possible.

In the event of a disaster, BRAC clients will receive an SMS code that they can bring to a local business and receive pre-determined relief goods. BRAC will reimburse the store owners via mobile money.



**Imagine you could  
instantly send money  
when and where it's  
most needed...**







**Mobile  
Disaster Relief  
Funds**

Many would like to donate after disasters and crises such as slum evictions, garment factory fires, and floods, but it's often difficult to mobilise funds quickly. By sending money via their mobile phones, Bangladeshis will have an easy and secure way to help each other out.

## The Path Ahead

These ideas are only the beginning. As these projects take shape, BRAC is working to increase the scale of what worked, and understand what didn't. BRAC will share what it has learned, both internally and with the rest of the world.

You can keep up with the Innovation Fund at [innovation.brac.net](http://innovation.brac.net). This year, BRAC will scale up a few promising projects, and call for another round of innovative suggestions. Be ready to submit your idea, which could potentially change the lives of millions.







**100,000+**

Total  
Employees

**135 Million**

People  
Reached

**1** Largest NGO  
In the World



Connect with BRACworld  
[www.brac.net](http://www.brac.net)

BRAC Centre / 75 Mohakhali  
Dhaka 1212 / Bangladesh