




## Adopting mobile money: Lessons learned



“BRAC should always pride itself in being a trailblazing organisation, so don’t ever slow down, don’t ever stop innovating, and most importantly, don’t ever lose sight of the mission to extend a hand to those who need it.”

**Sir Fazle Hasan Abed, BRAC Founder and Chairperson**

## BRAC: Empowerment through innovation

Since 1972, the Bangladeshi organisation BRAC has challenged conventional wisdom in development through a dedication to alleviating poverty and empowering the poor. Whether in education, micro-finance or health, BRAC has produced unique models that bring services to the doorsteps of the impoverished, and equip women to become local change-makers. BRAC has grown to become the largest development NGO in the world, reaching 138 million people in Bangladesh and 11 other countries.

BRAC has accomplished this in part through *frugal innovation*—simple, low-cost ideas that can be grown into large-scale solutions. When BRAC got its start in newly sovereign Bangladesh, the immense scale of poverty and limited resources demanded innovative approaches that began in the field with individual villages and communities. Even today, BRAC continues to gather grassroots ideas through its many community health workers, field staff, learning centres, branch offices, and schools.

The essential philosophy that enables innovation at BRAC is a willingness to *learn while doing*. Planning and studying a problem can only take you so far in addressing complex problems of social justice and poverty. There are solutions you cannot develop fully without first doing what can be done with the tools you have, and then learning from successes and failures that result.



Ideas that work are then grown into larger solutions. There's a saying at BRAC: 'Small is beautiful, but big is necessary.' BRAC's expertise in reproducing simple interventions on a broad scale is the result of constantly studying the actual decisions that grassroots providers have to make, and distilling the principles of those innovations into reproducible techniques and learning.

This booklet documents essential principles that we've gleaned from our work with mobile money since 2012. Inside, you'll get a closer look at BRAC's philosophy in action. You'll also find lessons that can help you decide if and how mobile money can be deployed in your organisation's work.

To learn more, visit [innovation.brac.net](http://innovation.brac.net).

## Why mobile money?

Mobile money—the delivery of financial services through existing mobile phone networks—has the potential to improve the lives of impoverished people across the world, who currently depend on cash and other informal financial arrangements. The instability and expense inherent in the cash-dependent economy are consistent barriers to breaking the cycle of poverty.

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 more than half of all adults are unbanked, the mobile subscription base is nearly 121 million (Source: GSMA Intelligence, 4Q14).

Cash is expensive—especially for the poor. It's insecure, hard to track, and subject to theft and fraud. Many people attempt to save money via informal schemes, which are often risky and expensive. As workers increasingly travel into the city to find employment, they need to send money to their families back home; and receiving a payment may require a long trip and missed time at work. If, that is, the payment ever arrives.

Mobile money offers an alternative: Users open virtual 'wallets' with a mobile money provider, linked to their mobile phone numbers. Users visit agents to load or withdraw money from their mobile wallets. While transferring, receiving, and saving money are the primary needs, mobile money is also a gateway to a broader

range of financial services, such as credit and insurance.

### **Mobile Money at BRAC:**

#### **The story so far**

Cash poses many challenges to organizations as well. Moving and storing cash is costly, and it isn't safe for staff to travel with large amounts. Collecting money from clients, and counting, tracking, and securing cash can take a lot of time, and the manual record-keeping required is susceptible to error. BRAC believes that implementing mobile money internally can help deliver services more efficiently, and at a lower cost.

Beyond the operational gains, mobile money dovetails with BRAC's mission in several important ways. We see it as an essential tool in creating long-term financial inclusion, not just by reducing poor people's dependence on cash, but also by giving access to life-stabilising resources that many of us take for granted. Mobile money can also build bridges between isolated communities and the broader financial system, for instance by establishing an electronic identity and transaction history that can eventually become usable credit profiles.

Mobile money also supports BRAC's mission of addressing gender inequality, as it provides a new route to empower women to take control of their own financial lives. In Bangladesh, there are steep social and technological barriers to overcome, given



that the overwhelming majority of mobile phone subscribers are male.

BRAC has a long commitment to financial inclusion, beginning with its first microfinance activities in 1974, and today it is one of the largest providers globally of financial services for the poor. In 2001, BRAC established BRAC Bank Limited, with a focus on serving the ‘missing middle’ of small and medium-sized enterprises. Though the two entities operate independently, BRAC remains the largest shareholder of BRAC Bank.

In 2012, our microfinance programme offered small enterprise borrowers the ability to pay loan instalments via bKash, Bangladesh’s largest mobile money provider. Although too costly to scale, this pilot project verified that our clients were receptive of mobile money, especially in remote areas of Bangladesh. (See on page 7 for more information on bKash.)

In 2013, BRAC’s social innovation lab and the Bill & Melinda Gates Foundation launched the Innovation Fund for Mobile Money. The purpose of the fund was twofold: first, to create space for innova-

tion and ideas as BRAC adopts mobile money at scale; and second, to seed a diverse series of year-long pilot projects that could instruct and inspire development organisations around the world that are interested in adopting mobile money in their own work.

In March 2014, we launched the Innovation Fund Challenge, an open, web-based call for ideas that invited industry experts, BRAC staff, and the global development community into the conversation. How could mobile money solve a problem, improve existing services, or enable a new service offering? Over 100 ideas were submitted in just over a month, from which seven pilot projects were selected. These year-long pilot implementations in education, health, microfinance, integrated development, and disaster response were specifically designed to help BRAC understand the feasibility of and demand for mobile money among its clients, and also to provide usable insights for other development and relief organisations around the world.

The second round of the Innovation Fund



Challenge began in early 2015, and generated nearly 400 ideas. Eighteen advanced to the proposal stage, and in June, seven were selected for implementation. These new pilots address client needs in sanitation, microfinance and health care, including digital deposit interest and medical bill disbursement for victims of the 2013 Rana Plaza factory collapse.

### **Mobile money pilot programmes: Learning while doing**

As discussed above, BRAC's success is based on its ability to transform simple, small-scale ideas into effective, large-scale programmes. In many cases, organisations assume that the greatest long-term benefit comes from the broadest possible implementation and investment at the beginning.

It may be helpful to understand the philosophy and mindset with which we entered into these pilot projects, as it reflects our broader commitment to learning at the grassroots level what works for individuals in the field. Also, the lessons found later in this document will be clearer when you have an understanding of the goals, trade-offs, limitations, and implications of this method.

We define a pilot programme as an experimental rollout with a limited timeframe and scope. When we design a pilot, we consider what specifically we're testing for. For instance, is a technological solution possible? Will people use it and like it? Is this solution potentially scalable? The goal of these questions is to define a

learning environment in which failure is as beneficial as success.

It's just as important to know and accept what you're *not* testing, as a matter of defining parameters for the pilot's success, and establishing expectations. For example, it might be difficult to assess the time savings for field staff when they are focused on helping clients register for and master mobile money.

And, there are some questions that aren't appropriate at the pilot phase, such as cost-benefit analysis. In order to successfully pilot your projects, you should accept that you may not see significant or quantifiable savings at this stage; in fact, you should expect that short-term operational costs may temporarily increase, as you may be maintaining parallel systems for the duration of the pilot, or have yet to make the later organisational or policy changes that will be needed at scale.

These are trade-offs that must be weighed at the outset. The pilot programme may mean some short-term inefficiency. Launching a workable pilot may mean blanket expenditures to get technology into the hands of test users, or temporarily carrying usage fees to attract the broadest user base possible during the project's timeframe.

But these decisions point to the very reason that the pilot philosophy can be so useful for organisations. A limited scope of change is less challenging; staff and leadership can be engaged and excited about the potential of an innovative idea, rather than focusing on large-scale challenges or risks.

# bKash: Bangladesh’s mobile money leader

Inspired by the success of mobile money in East Africa, bKash launched in 2011 as a subsidiary of BRAC Bank Limited, in partnership with Money in Motion LLC (USA). The bKash vision was to bring mobile financial services to the 70 per cent of Bangladesh’s population that lives in rural areas. bKash not only delivers a broader range of financial services to all people in Bangladesh, but has a particular focus on increasing financial inclusion for low-income people.

In its early days, BRAC worked closely with bKash to build an agent network across the country—in some cases, overcoming user distrust of mobile money by recruiting agents from our own microfinance clients. Since 2011, bKash has become the leader of a national ecosystem that includes 20 providers, supporting 29.2 million registered clients, supported by more than 542,000 agents. (Source: Bangladesh Bank)

bKash Services	Rates (as of Nov 2015)
P2P Transaction	BDT5
Buy Airtime	Free
Cash In	Free
Cash Out	1.85%
Payment (P2B)	Free
Disbursement (B2P)	0.25%
Bank settlement fee for corporates	1.50%







**BRAC lives by a philosophy of learning while doing. The following pages contain key lessons, questions and considerations for organisations considering mobile money solutions for their clients and staff.**

**These are gleaned from our first wave of Innovation Fund pilot programmes, as well as BRAC's other mobile money experiences in Bangladesh.**

## Taking the first steps

*Like all technology solutions, mobile money should solve problems, not create them. Start by finding pain points in the existing system, and then decide if mobile money has the potential to solve them.*

### Where to begin?

It can be helpful to begin by mapping out all of your current cash payment and collection activities. For instance, what are all the steps required to get cash from the bank to the client? Then generate project ideas by identifying common pain points, for both clients and staff.

For example, our branch office accountants need to manually record all the cash-related information, which means writing and counting each and every amount, no matter how small. By bringing mobile money into the system, they can easily access and enter transaction information online, which saves them substantial time. Also, clients aren't waiting in line while deposits are counted and receipts are written out.


### Consult your clients

Talk with your clients before starting the project. You can even circulate a formal survey, to understand your clients' needs, and also gauge their awareness of mobile money.

Consulting with your clients can also help you understand the broader consequences of the process changes you're

considering. These can seem relatively minor in the planning stages, but can have an unexpectedly large impact on your clients. When we first gave clients the option to deposit their savings via mobile money, we removed the savings passbook (which the credit officer no longer needed to sign) and replaced it with a quarterly printed statement. But when we saw that clients were reluctant to begin using mobile money if it meant they no longer received a passbook, we finally realised that their need was more about record-keeping than the signed formal receipt. Giving them a savings card on which they could record transaction details themselves led to much higher rates of adoption.

Fee collection for schools is another good example; by digitising the process, the school's administration had efficiently implemented a flexible payment system that enabled parents who rely on informal employment or day wages to pay when they could. We expected that there would be a lot of resistance from parents about moving to digital payments. But our clients (many of whom were not already using mobile money) responded very positively, even taking the opportunity to pay several months' tuition in advance. It turned out that many parents were pleased to have an alternative to having their children deliver tuition money—only to learn later that they instead bought snacks on the way to school!



“When I first heard about bKash, I wasn’t sure. I was thinking, how can a mobile device be useful for taking school fees? Where would the money go? I was afraid because if the money gets lost then I would be in trouble. But after starting to use it, I found it really useful. I learned more features and became an expert. It saved my time—not only professionally but also personally.”

**Mohammad Mojjibur Rahman,**  
**Senior Programme Organiser, BRAC**



These ancillary consequences to consider may also be social; seemingly small changes to the financial dynamic of a household can have unexpected effects—some empowering, and some undesirable. For instance, in rural Bangladesh, a mother who can receive mobile money on her phone doesn't need to make a long trip to the market, which requires someone to watch her children. On the other hand, in some cases a woman may not be allowed out of the home if she doesn't physically need to visit a branch to deposit her savings.

Of course, you won't be able to definitively answer these questions through interviews and surveys. That's why you're launching a pilot programme, after all. But unless you've met with your clients and

tried to understand their situation, you won't know what potential problems to keep an eye out for.

### **Prepare your clients**

Help your clients to understand mobile money and its uses. The benefits may not be apparent from the technology component alone, particularly when *any* new cost may be perceived to be more expensive than cash. Often, you're influencing basic financial habits, which can take a long time to change. Be patient, and be prepared for an involved, recurring process. For instance, in preparation for a rural pilot, BRAC staff held semi-monthly training sessions for a year, which were an opportunity for community members to master the technology in ways that were useful to them.

You can even develop materials to prepare your clients, which can be particularly helpful if mobile phone prompts and menus are not in the local language. This documentation is also an opportunity to deliver other functional benefits to ease the transition to a new system. For example, our microfinance programme introduced a process card that shows, step by step, how to use bKash. This card can be used by the client, or by the agent/person helping them. On the back, they can keep track of their savings deposits. It wasn't beautiful, but it was highly functional.



## Planning checklist

*Below are some questions to consider when planning a mobile money project. Not all may be applicable to your organisation and its clients, nor is this list exhaustive. But in our many pilot projects, these are the significant recurring questions we've encountered.*

---

### Organisational need

*Can mobile money increase the efficiency or security of your payment activity?*

---

#### What are your organisation's pain points with cash?

- ☐ Inconvenience of handling/distributing cash?
- ☐ Many different types of cash transactions?
- ☐ Expense and risk of securing and transporting cash?
- ☐ Fraud/corruption?
- ☐ Legitimate added costs from third parties?
- ☐ Record-keeping/monitoring?

---

### Client needs

*Do your clients need mobile money? Are they ready to adopt it?*

---

#### Who are your clients?

- ☐ What percentage are already mobile phone users?
- ☐ What percentage are already mobile money users?
- ☐ What percentage have bank accounts? Or use formal financial services?
- ☐ Do they receive regular stipends or assistance?
- ☐ Do they regularly send or receive payments? How frequently?

*Continued on next page*

---

## Client needs, continued

---

### What are your clients' pain points with cash transactions?

- ☐ Inconvenience
- ☐ Lack of security
- ☐ Financial stability
- ☐ Need control over their finances
- ☐ Geographically remote
- ☐ Fraud/corruption
- ☐ Legitimate added costs from third parties

---

## Logistical and financial concerns

*What factors outside of your organisation might impact your project's success?*

---

- ☐ What are the regulatory barriers?
- ☐ Will there be new documentation or records requirements?
- ☐ Who will pay transaction fees? Can they be eliminated/reduced?
- ☐ Who will pay cash-out fees? Can they be eliminated/reduced?
- ☐ Does your typical client have access to ID and documents required to register for a mobile money account?

---

### What strengths do you need in a mobile money provider?

- ☐ What support/resources can your mobile money provider offer?
- ☐ A strong agent network?
- ☐ Low cost?
- ☐ Geographic coverage?
- ☐ Support resources?
- ☐ Reliable network?

## Preparing for change


*Are you ready to implement mobile money?*

---

- Is it technologically possible?
  - Can your manual systems be automated?
  - Can your infrastructure move the required data?
  - Is the required equipment available?
  - Do you have staff or outside resources to build and maintain the new technological solution?
- 

### **Is your organisation prepared?**

- What are possible internal policy barriers?
- Are your leaders engaged/excited about the change?
- Is your staff engaged/excited about the change?
- Do you have a central team to manage the change?
- Do you have resources to train your staff?
- Do you have enough staff to support your clients during the change?
- Is there a central team to manage the collaboration?
- Do you have a promotional strategy for the new product/service?



“Mobile transactions have never seemed so simple. It is unreal how easily we can make transactions without having to leave the house!”

**Shahina Akter, BRAC microfinance borrower**



## Enabling adoption

*Clients need to know what's in it for them before making changes in their financial lives. They trust you: Empower them.*

### **Don't underestimate the benefits of—and demand for—mobile money**

We were surprised in our pilots at the latent demand for mobile money. Given that women represent the majority of BRAC clients, and mobile phone owners are overwhelmingly male in Bangladesh, we anticipated that the primary benefit of mobile money—financial empowerment—would be hard to get across, and that it would be difficult to create demand for digital financial services.

We discovered that this mindset caused us to underestimate how excited our clients would be about the convenience of mobile money, not just its potential for financial inclusion and empowerment.

Be aware of secondary benefits, as well. For instance, once our clients registered for bKash wallets, they were delighted to discover that they could also reload their mobile airtime through their phones, without leaving home or spending extra money on airtime cards in the market.

### **Technology is not the same challenge for everyone**

There was surprising diversity in our clients and the way they use technology in their day-to-day lives. In our school fees pilot, we saw that young people are not

only more likely to use mobile technology, but they also master it quickly after only a short training. They can then help their parents and others, making them an excellent entry point for mobile money adoption. On the other hand, our older clients needed more hand-holding to get started using mobile technology.

### **Prepare for registration issues**

Make sure that your programme is prepared to on-board its users, and anticipates logistical pain points that aren't necessarily associated with mobile money technology.

During wallet registration and setup, some of our clients didn't have the requisite know-your-customer (KYC) documentation. In rural areas, the closest photo studio and copy machine are hours away, and a passport photo can cost over USD1, not including travel costs. People can't be expected to travel that far and pay that much to obtain or copy the documents required for a 'free' mobile money wallet. Also, agents were either unavailable or unable to assist our clients in registering their wallets.

We've encountered similar challenges in many areas. Sometimes, BRAC field staff assumed the task of taking pictures, copying the national ID, etc, which was a huge enabler for all our rural clients. We also built relationships with additional agents who could support our clients.



### **Voluntary or mandatory?**

This is an important decision, and there are benefits and limitations to both alternatives. Obviously, requiring that clients use mobile money to use or receive a service can drive adoption, and increases the operational benefit to the programme. For example, in our first microfinance pilot in 2012, we saw nearly 100 per cent uptake when we made mobile money mandatory for borrowers. (Note that in this particular case there was no additional cost to the user, as bKash provided free SIM cards and waived all fees.)

On the other hand, we have ethical concerns about forcing people to use a new financial transaction technology in other contexts (particularly when user fees apply), so we didn't feel we could make the use of mobile money mandatory. We

accepted that this would mean retaining parallel systems during the pilot, and not necessarily capturing the full operational benefit.

If you can demonstrate to clients the specific areas where mobile money is actually more convenient for them, they will want to adopt it. Our secondary school fees payment system began on a voluntary basis, and participation among our clients who are mobile phone users is now 100 per cent, because they could see the immediate value of the new technology. However, clients may not engage with your value proposition if it's offered on a voluntary basis, preferring to stick with cash as usual, perceiving it to be more secure and less expensive (even when it *isn't*, in reality).

## **Clients are imperfect, just like everyone else**

Any computer programmer will tell you that error detection and correction is an essential part of building any technological solution. This principle also applies to your programme design and staff training, which must anticipate human error and build in systems to respond.

Clients will forget their wallet PIN. They'll lose their SIM. People will send money to the wrong number. Agents will dispense airtime instead of money.

We saw similar issues across many of the pilot projects, which caused significant loss of trust among our clients when BRAC staff and mobile money agents were unprepared or unable to solve the problem. This runs the additional risk of hampering adoption as users share their experiences with others.

The good news is that the pilot stage is a great time to discover problems you weren't able to anticipate, before rolling out a project at scale.

## **Customer care needs to go beyond technical support**

Be prepared for problems that may not be apparent when you're solely focused on the technology solution. You may also need to consider new avenues of delivering support, because the mobile money provider's resources may not be appropriate for your client base. If there's scepticism about mobile money among your clients to begin with, then the trust they have in your organisation may be

an important factor in adoption, which means that your organisation, not the mobile money provider, has the obligation to make sure your clients can use the new technology successfully.

As an example, customer care by phone is really complicated for the typical rural woman. She may not know her national ID number or transaction history. She may be reluctant to speak with customer care agents, and instead have her credit officer speak on her behalf, which most mobile companies won't allow. Even unlocking a dormant account might require three or four costly calls to the mobile provider's customer support number, which is also a huge source of stress if she has money locked in her account.

Also, your organisation is in the best position to understand how adopting a financial tool that is foreign to them can be a strongly emotional issue for poor people, who can't afford to lose any funds through failed transactions or blocked access. Acquainting them with the technology may not be enough; in many cases we've seen that we have to check in with users several times before they have the confidence to handle larger transactions on their own.

As we launched our pilots, we gave our field staff training in both technical and customer support, rather than relying on only the agents or technical support resources of the mobile money provider. BRAC staff members were even trained to teach rural users English numbers, using slate and chalk.

## Partnering with mobile money providers

*It's up to you to figure out how mobile money can be used. The business of mobile money providers is to ensure that their system is reliable and profitable, not to customize things for you.*

### **Mobile money providers don't like to customise**

Remember that the operating, regulatory and technical environments that providers work in are incredibly complex, with millions of transactions a day. The job of the typical mobile money provider is to keep their network running and transactions moving, not to create additional tools or provide extra services to you. Except in the case of specifically pro-poor providers, their mission is not your mission. But, implemented wisely, their business can help you achieve your goals.

Providers may be able to provide you with information about clients and agents, establish fixed cash-in and cash-out rates (even across programmes), verify the network and agent coverage for project areas, and expedite opening of mobile wallets for staff and clients

### **Solving problems together can help you build relationships with mobile money providers**

A good working relationship with your mobile money partner can still alleviate many problems you may encounter. Discuss challenges with your providers, such as lack of agents or network

coverage in remote areas; it may be useful feedback for them, and in some cases they can help fast-track things. Providers are members of a growing industry, and can put you in contact with other organisations, or even offer best practices from their industry that you'll find useful.

But it's important to engage providers as early as possible in the process. Including them in your staff workshops and meetings can strengthen the relationship before your project launch. Take them with you to meet clients and front-line staff! The successes they see may surprise and inspire them, and they'll empathise more with the challenges.

Also, remember that you can also build this relationship by reaching out and engaging the agent network. Many providers are working through third parties and distributors who may have more direct interaction and understanding of your client base. Make these third parties part of your initial client research, and invite the local agents in your project area to client events and training sessions. Not only will it be informative for your clients and staff to get to know them, the agents will find it empowering to be included in your project's mission.



“bKash is merely a tool that opens up an exciting frontier of innovation to make mobile money a mainstream financial service.”

**Kamal Quadir, CEO, bKash**

## Implementing technology

*If you build the technology before launch, you may or may not get off the ground. Launching before technology is complete may get you faster start, but a more painful process. There are pros and cons to either decision.*

### **Mobile money's benefits are not limited to the client use case**

As uninteresting as it may sound, on the programme's side, mobile money is often merely a tool to refine and simplify operational processes. But it's the *data* the system generates that's interesting, as well as the interaction between digital information systems and mobile money.

For instance, let's say we start to input a community health worker's activities digitally, which the system uses to automatically calculate her monthly performance incentives, and disburses the payment via mobile money. What's really exciting is that her performance data is now accessible, and the system that reimburses her is highly efficient and accountable.

### **Additional technology is often required for mobile money to be valuable**

Once you eliminate the need for paper-based and manual systems, you've created a new data source. You may need to consider technological solutions in other areas that capture that benefit.

These solutions aren't necessarily complicated, but do need to be anticipated. For example, when BRAC's schools switched

fee collection from cash to mobile money, the school's administrator could see the financial flows from wherever he was. By entering these into a spreadsheet, he could now track exactly how much every student had paid. However, if BRAC hadn't provided a laptop and spreadsheet software to manage this step of the process, mobile money wouldn't have been as beneficial to him.

### **But additional technology may slow down your process**

In general, the technology challenges will appear to be the largest and most urgent, but you need to balance them against the operational need. Adding technology to a process might help you achieve your project's goal, but does it increase staff workload? If you need to build software systems from scratch, it can delay the project's launch; but, when the software is done, it will reduce workload. Here again, you should be prepared for more work and higher cost in the beginning.

On the other hand, is the need or problem so urgent that you don't have time to wait for a full software development cycle to begin studying solutions? Our pilots have only a 12-month timeframe, so developing and testing a new technological solution might mean a project never launches. What's important is to get the process right before assessing the technological requirements. Refining payment activities now can enable a better technical solution down the road.



## Financing mobile money

*Realistically, mobile money may increase time, cost, and work in the short term. But stay focused on the long-term benefits: The costs aren't that big, but the vision needs to be.*

### End-user fees hamper adoption

People are hesitant to pay a cash-out fee—and everyone (both internally and externally) fixates on it. Cash is perceived to be free by many, despite the hidden costs of insecurity, theft, fraud, corruption, etc. So the acceptable ‘cost’ to the user varies from project to project.

Because transaction amounts are relatively small and require a trip to the branch office, many clients find digital deposits both convenient and cost effective.

To make deposits at the branch office, many clients were already spending small amounts of money and time. For example, a client depositing USD2.50 probably pays USD0.25 for her rickshaw ride. On the other hand, the cost of a similar bKash transaction is less than USD0.05, and can be done from her home.

We believe this may be true of our Dabi loan clients, whose monthly instalments





are also relatively small. For those who migrate or work full time, it's difficult to attend the group meetings where the loans are collected. Even at 1.85 per cent, the bKash charge on a monthly loan instalment is USD50—small enough that clients are willing to bear it. However, we are much less certain that our Progoti clients would use mobile money, because their instalments are often over the cash-in limit of USD320, and the 1.5 per cent collection fee adds up over time.

### **Structuring costs as an organisation**

Unless the mobile money provider is explicitly pro-poor, its business model and transaction fees may not be appropriate for your clients. Users most in need of financial inclusion may have transaction sizes, frequencies, or account balances that are atypical of the mobile money provider's user base.

You must consider the fee issue at an organisational level, when planning a mobile money implementation. Can you afford to simply carry all fees for your users? Will paying usage fees for a limited period, such as a year, be sufficient to catalyse adoption? This is not just a client question: Your decision can even impact the overall viability of providers in a nascent mobile money ecosystem.

Some decisions are easy to make, because they're clearly win-win for both end user and organisation. Here at BRAC, we get our mobile allowances through bKash, which is convenient because buying airtime via mobile money is free.

But whether to receive our salaries the same way is a bigger decision, because the cash-out cost is higher (+1.85 per cent). Unless the mobile money ecosystem is mature enough that employees don't have to cash out, or paying salaries is hugely expensive (which isn't the case for BRAC), then this may not make sense for the organisation or its staff.

Organisations may be willing to incur a fee when it enables an increase in revenue. When we were fundraising for our winter warmth campaign, our objective was to reach a broader population of potential donors by accepting mobile money. In previous years, we had only collected donations from BRAC staff, and we had never before collected cash donations from third parties. Even if we had to pay a collection fee to bKash, the potential for generating more funds made it worthwhile.



“BRAC is the most astounding  
social enterprise in the world.”

Paul Collier, author of *The Bottom Billion*

## Generating (and maintaining) enthusiasm and engagement

*Front-line staff will make or break your programme. Before you begin, decide how to get them to believe in and promote mobile money. You may have to get the whole organisation excited.*

### **Make sure your staff understands what's in it for them, too**

Engagement comes from demonstrating the benefits to all parties. Even if the programme's mission is better service to the client, the specific way that's articulated to staff can highlight how streamlining processes will make their work easier.

In most of our branches, cash is handled by our branch accountants. When clients came to the branch to deposit cash, these accountants were the ones who explained how much easier it would be to make the deposit from home using mobile money. This direct contact with the client at the actual pain point is the most effective communication of mobile money's value, but wouldn't have been possible if we hadn't inspired our branch accountants that mobile money was helpful to *them*, as well.

### **Engage your staff with interesting activities**

Part of our work has been to get all BRAC employees excited about the potential of mobile money. We held office learning sessions, and made it a central part of our annual frugal innovation forum, bringing in experts from around the world.

By engaging as many people as possible within BRAC, we enabled collaboration across our programmes.

We launched the innovation fund challenge as an open call for ideas from the global community, but it also was a rallying concept within BRAC. We encouraged field staff to participate through several promotional videos featuring senior leadership, and launched a recognition programme internally, to award those whose ideas were finally selected.

### **Show, don't tell**

It's not enough for staff to just go through the motions: You need to make them true believers. Taking videos of clients and staff, and showing them to other staff and senior leadership, enhances the excitement. Even if it's only a pilot project, make sure to document it, because seeing the project in action will excite your staff, and they'll be more willing to be involved when you transition to scale.

This is especially important for your senior leadership, who are in the best position to advocate for any organisational changes that may be required. Even at BRAC, it can sometimes be difficult for leadership to appreciate what a difference mobile money can make for our clients. When we arranged visits or showed them video of pilot clients, mobile money went from an idea they supported to a change they were inspired to advocate.

## Learning from pilot experiences

*Things are going to go wrong: Learn from them. Helping others understand what a pilot program is all about will help manage expectations and create buy-in later.*

### **Pilots have different parameters for success**

Pilot projects are safer, but sometimes even a short-term investment isn't successful at the end. In some cases, the time allotted for a pilot is not enough for proof of concept. Or, the trade-offs you made to get the experiment off the ground end up interfering with the outcome. Remember that this is to be expected. Whatever happens, the idea is to learn and adapt throughout the process.

Some of our mobile money pilots, such as school fees and microfinance, were ready to begin scaling immediately, and other programmes are excited about adopting them. Some pilots were focused primarily on technological problems, and so were not able to produce a body of successful results in the field in the pilot timeframe. Success of other projects that depended on outside factors could not be accurately gauged (eg, our digital system for disbursing disaster relief via mobile money was not fully field-tested, as there were no cyclones during the pilot).

### **Pilots enable dialogue and organisational changes**

People let you try things in a pilot, which means more evidence for discussions of

necessary policy and system changes later on. In many pilots, staff began to understand the benefits of mobile money, and to think of organisational changes themselves, such as opening a central wallet, that would make the process even more efficient.

Of course, pilots only have this enabling influence when you make them visible. We met quarterly with our senior leadership to update them on pilot project status, what was working and what wasn't. Share both the questions you're asking and the answers you're finding. Maintaining an ongoing dialogue will help to build credibility and confidence in the work you're doing, in preparation for scaling the ideas that work.

### **Pilots offer reduced risk**

Because it's only a pilot, you can deal with failures. But there are much bigger risks at scale. If, at the pilot level, you're seeing one blocked SIM a day, or the software isn't working, it's manageable. We had days when the bKash network was down, and no transactions could be made. But at scale, you'll need to know that the mobile money partner can provide the services you need (eg, technical support, customer service, turnaround time on disbursement). Pilots let you learn all that so you can negotiate with providers, develop better internal support, etc, before transitioning to scale.





## So, what next?

*You've finished your pilot project. Regardless of the outcome, if you've managed expectations, engaged your people, and focused on learning, you probably have a good idea whether mobile money is an appropriate tool for your organisation. What do you do now?*

Now is the time to be ambitious. Capitalise on the cultural and operational change you've set in motion, especially when your people are engaged and senior leadership is behind you. Focus on reaping the greatest benefits from the broadest adoption, not through incremental change.

By now, you'll have learned enough about the risks and challenges of this kind of project. You'll be more confident in educating clients and working with mobile money partners. Once you know what you're doing, it's time to be aggressive in scaling up your project.

Before the pilot, we encountered significant scepticism that our clients could use bKash, or whether our front-line staff could use and support the technology. But during the pilots we found that most field staff welcomed the change, seeing that it could reduce their work. Although some clients needed hand-holding, we could see clearly what they gained in convenience and confidence. Seeing people react so positively gave senior leadership more confidence in the operational change, as the projects scale.

Begin by answering questions that were set aside at the pilot stage. You can now weigh costs and benefits of the project

in its final form, map capital and resources required for full implementation, and establish benchmarks and conditions for success in the field.

In many cases, you'll have accepted that the pilot included a lot of things that were inefficient, often because more ideal solutions were unrealistic or premature for the pilot phase. As you transition to full scale, you can make changes to increase efficiency, because you have the data from the pilot to create realistic baselines and expectations. For example, in our microfinance pilot, we set up an individual merchant wallet for every branch; at scale, we'll switch to central wallets. But committing to such a big policy change could have stalled the pilot if we'd tried to do it from the beginning.

Launching at scale creates new opportunities to negotiate with your mobile money provider. For instance, work on establishing bulk rates and discounts, because your organisation is fully committed to mobile money and can document the response among your clients, and project the user base you can deliver.

Finally, make sure you share what you've learned. Document your findings for mobile money providers, financial institutions, and other development organisations. Share successes and failures alike, and ask questions you don't think you've found the answers to yet.

As we learned from the innovation fund challenge, you never know where your next great idea might come from.

## For additional information

---

### **innovation.brac.net**

---

Keep up to date with BRAC's latest mobile money developments, and learn what else the social innovation lab is doing.

---

### **blog.brac.net**

---

Engage in dialogue with BRAC development experts.

---

### **brac.net**

---

Learn more about BRAC's innovative work in alleviating poverty and empowering the poor.



Visit us at  
**innovation.brac.net,**  
**blog.brac.net,**  
**and brac.net**  
today!





**115,000+**

Total  
employees

**138 Million**

People  
Reached

**1** Largest NGO  
in the world



## BRAC

BRAC Centre  
75 Mohakhali  
Dhaka 1212  
Bangladesh

T : +88 02 9881265  
F : +88 02 8823542  
E : [info@brac.net](mailto:info@brac.net)  
W : [www.brac.net](http://www.brac.net)

## Photo Credit

BRAC

## Follow Us

