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Definitions

- **Mobile Money (mMoney):** Service by which a mobile phone is used to access financial services.

- **Agent:** A person or business contracted to facilitate transactions for users. Also called “cash-in cash-out” merchants.
Outline

1. Context for mMoney payments in Liberia
2. Why mMoney in Liberia, and why mMoney for the GOL
3. How does mMoney work and what needs to happen
4. Pilots
5. Findings, conclusions and next steps
Liberian Context

- Only 5-7% of population have access to formal financial services
- Mobile phone penetration is approximately 2.4 million subscribers
- Mobile money by Lonestar first offered in 2011
- Market demand for more efficient financial services indicating growth opportunity for mMoney
- Government rebuilding from war and coping with Ebola
### Shortage of banking institutions

<table>
<thead>
<tr>
<th>County/District</th>
<th># of Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bomi</td>
<td>0</td>
</tr>
<tr>
<td>Bong</td>
<td>2</td>
</tr>
<tr>
<td>Gbarpolu</td>
<td>0</td>
</tr>
<tr>
<td>Grand Bassa</td>
<td>6</td>
</tr>
<tr>
<td>Grand Cape Mount</td>
<td>1</td>
</tr>
<tr>
<td>Grand Gedeh</td>
<td>1</td>
</tr>
<tr>
<td>Grand Kru</td>
<td>0</td>
</tr>
<tr>
<td>Lofa</td>
<td>2</td>
</tr>
<tr>
<td>Margibi</td>
<td>9</td>
</tr>
<tr>
<td>Maryland</td>
<td>4</td>
</tr>
<tr>
<td>Montserrado</td>
<td>47</td>
</tr>
<tr>
<td>Nimba</td>
<td>7</td>
</tr>
<tr>
<td>River Cess</td>
<td>0</td>
</tr>
<tr>
<td>River Gee</td>
<td>0</td>
</tr>
<tr>
<td>Sinoe</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
</tr>
</tbody>
</table>
### Number of Cash-in and Cash-Out Operators

**Lonestar Mobile Money Agents (Oct. 2014)**

<table>
<thead>
<tr>
<th>County</th>
<th>Count</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montserrado</td>
<td>186</td>
<td>47.3%</td>
</tr>
<tr>
<td>Nimba</td>
<td>51</td>
<td>13.0%</td>
</tr>
<tr>
<td>Lofa</td>
<td>42</td>
<td>10.7%</td>
</tr>
<tr>
<td>Bong</td>
<td>29</td>
<td>7.4%</td>
</tr>
<tr>
<td>Maryland</td>
<td>29</td>
<td>7.4%</td>
</tr>
<tr>
<td>Grand Gededeh</td>
<td>16</td>
<td>4.1%</td>
</tr>
<tr>
<td>River Gee</td>
<td>11</td>
<td>2.8%</td>
</tr>
<tr>
<td>Margibi</td>
<td>8</td>
<td>2.0%</td>
</tr>
<tr>
<td>Sinoe</td>
<td>6</td>
<td>1.5%</td>
</tr>
<tr>
<td>Grand Bassa</td>
<td>5</td>
<td>1.3%</td>
</tr>
<tr>
<td>Bomi</td>
<td>4</td>
<td>1.0%</td>
</tr>
<tr>
<td>Grand Cape Mount</td>
<td>2</td>
<td>0.5%</td>
</tr>
<tr>
<td>River Cess</td>
<td>2</td>
<td>0.5%</td>
</tr>
<tr>
<td>Cape Mount</td>
<td>1</td>
<td>0.3%</td>
</tr>
<tr>
<td>Grand Kru</td>
<td>1</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
Why Mobile Money?

• Security - cash can be stolen
• Time-saving - eliminates trips to banks
• Transparent - payment amount is clear and opportunities for fraud are reduced
• Financial inclusion - contributes to a shift to digital purchases throughout the country
Why Mobile Money – by the Government?

- Creates fiscal space
- Facilitates recruitment and retention
- Improves service delivery
How does government use of mMoneky work:

• MOF calculates the employees’ pay and mMoneky cash-out fee
• MOF deposits a single check to a “pool fund” account at commercial bank, together with an Excel spreadsheet for redistribution to individual employee accounts.
• GOL designated administrator debits the GOL account and credits employees’ mobile wallet
• Employees use mMoneky for purchases or cash-out at any agent
To get a mobile payment system running, we must tackle several components:

- Ensure a successful transition from payment based on cash and checks to a direct deposit platform that integrates with mobile money.
- Significantly expand the network of cash-in cash-out merchants.
- Maintain the security of the payment process without introducing opportunities for fraud.
- Support the modification of the legal and regulatory framework to facilitate a private sector-led mobile phone based payment system.
First pilot: Achieve proof of concept
USAID’s Advancing Youth Project

- Pays Ministry of Education teachers a monthly US$50 supplemental stipend
- Reach recipients in remote, county schools
- Reduce high cost of disbursements
- Reduce delay in receiving payments
- 100 teachers received their stipends via mMoney by June 2013 and the program is ongoing
Second pilot: Show savings and increase scale

Ministry of Youth and Sports, Liberia Youth Employment Program

- LYEP paid youth US$85 monthly salary
- 819 beneficiaries were receiving their stipends via mMoney in 5 counties
- mMoney realized savings of US$9,800 per month from July 2013 to July 2014
- Program suspended in August 2014
Third pilot: Show fast action

Presidential Back-To-School Program

• Modeled after the Liberian Youth and Employment Program

• 5,000 students were registered & paid via mMoney within one week

• Known as efficient and transparent initiative
Fourth pilot: Financial inclusion

Ministry of Gender & Development Social Cash Transfer

- Designed to provide funds to impoverished, disabled and at risk populations in 4 counties
- Some 1000 beneficiaries now using mMone, plans to scale up to 5000.
Fifth pilot: Salary payments

Disbursement of teachers’ salaries via mMone

• 91 Ministry of Education teachers signed up for 3 months’ salary payments via mMone pilot.

• 67 teachers are qualified by CSA, as only biometrically-verified teachers were eligible, to comply with policy to reduce “ghost workers”

• Most complex pilot due to unique payments variable by time worked and vacation considerations.

• Showed that mMone can be processed through the GOL payroll system (IFMIS) and is fully equivalent to direct deposit
Cost Benefit Summary

- Assuming GOL subsidizes the cash-out fee for 21,837 check recipients, the cost per annual would be $581,737.
  Calculation: $2.22 (Lonestar tariff fee) x 21,837 (recipients) x 12 (months)

- US$6 million in annual savings: $1.5m in enhanced productivity (savings in not moving cash, writing checks, spending time off to get paid) and $4.5m saved in travel and other costs incurred by employees
Scaling and Sustainability Challenges

- Coordinating between government agencies, telcos and banks
- Requesting that the Government of Liberia pay the cash-out fee
- Only one mobile network operator able to do this in Liberia
- Extending this to more rural areas
Achievements & Innovations

- Launching mMone using USAID-funded stipends as proof of concept for government salary disbursements
- Providing mMone informational brochures for government workers
- Deeper understanding within GOL of how this could work
Lessons Learned

• Need for champions with influence.
• Be able to communicate clearly the benefits of establishment of the legal and regulatory framework to the policy makers.
• Be able to address new risks introduced by mobile money.
• Took more time than expected to implement – more resistance than you would expect.
Looking Forward

- Support CSA to adopt mMoneypolicy for GOL employee transactions
- Integrate mMoneypolicy into ebola response
- Raise public awareness of mMoneypolicy
- Work with Lonestar MTN to establish a dedicated helpline to resolve GOL workers concerns
- Establish a tracking form to track GOL workers complains and respond to them
Questions and comments please.

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