



DIARY OF A MOBILE MONEY PROGRAM
e-Book Two: Beneficiary Financial Diaries – In their Own Words





Community meeting in the Central Plateau.

Emily Wei/Mercy Corps

FORWARD

Diary of a Mobile Money Program is Mercy Corps' three part e-book series documenting the inception and development of our mobile money program in Haiti. **e-Book 1: From Planning Phase to Pilot Launch** related the origins of our commitment to mobile money, the partnerships we developed, the technology we helped test, as well as the operating environment we encountered when integrating mobile money into our pre-existing cash transfers programs.

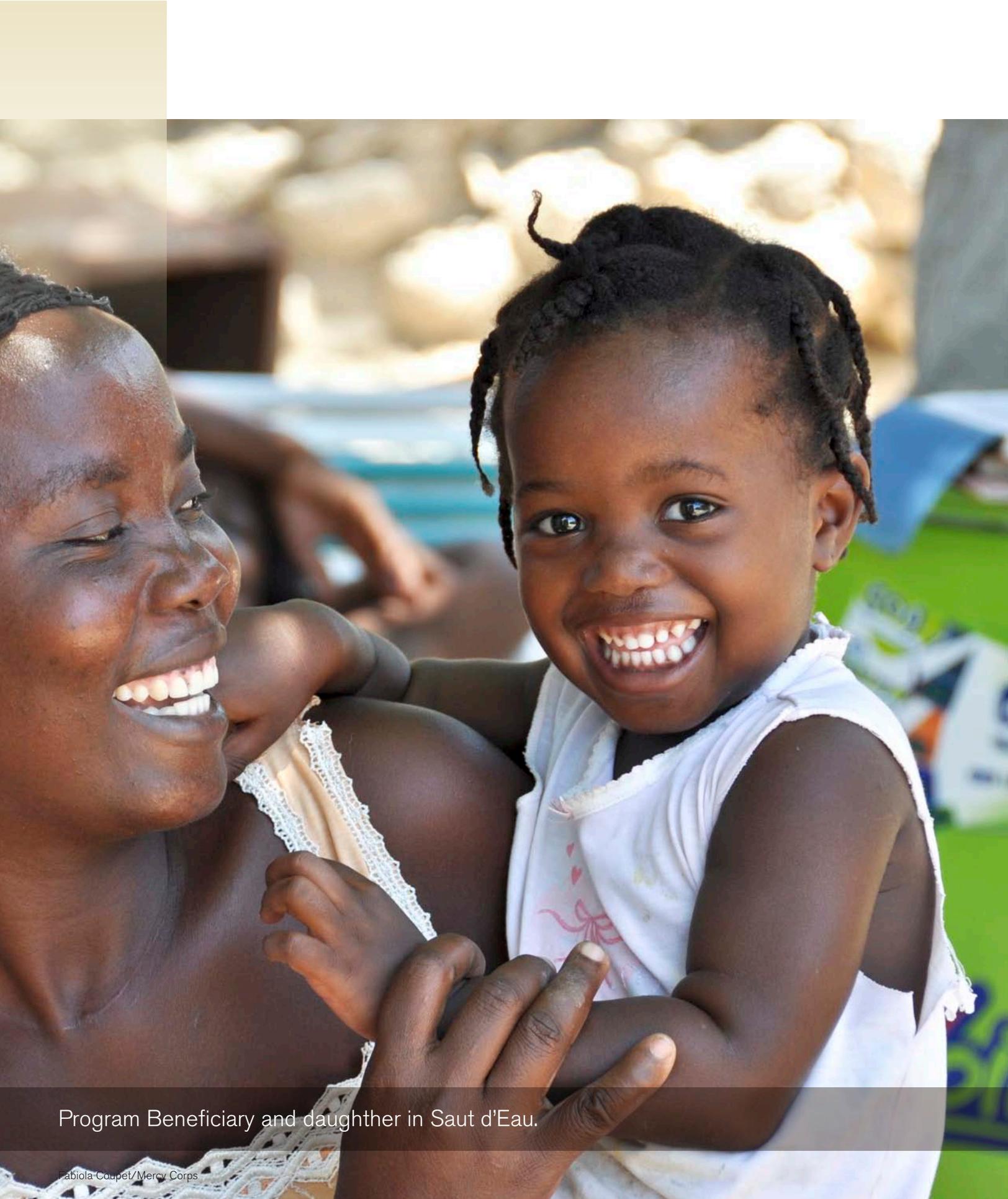
In **e-Book 2: Beneficiary Financial Diaries – In Their Own Words**, we move beyond initial program insights from the pilot phase to share the experiences of individual usage of mobile money as expressed by our program beneficiaries themselves. Drawing on information collected from beneficiary financial diaries, we take an intimate look at the financial lives of these vulnerable rural communities as a mobile money ecosystem is building around them and present a detailed overview of their perceptions, patterns, and preferences, as described by them.

We hope their voices and views will add to the emerging discourse regarding mobile money's ability to positively impact the lives of people who traditionally live at the margins of access to basic services.

Economic Recovery Program Team Mercy Corps Haiti

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Program Beneficiary and daughter in Saut d'Eau.

Fabiola Coupet/Mercy Corps

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T-Cash, the mobile money service offered by Voilà and Unibank.



Participating vendor
Jean Phillippe Janvier
outside his shop.

Erin Wildermuth/Mercy Corps

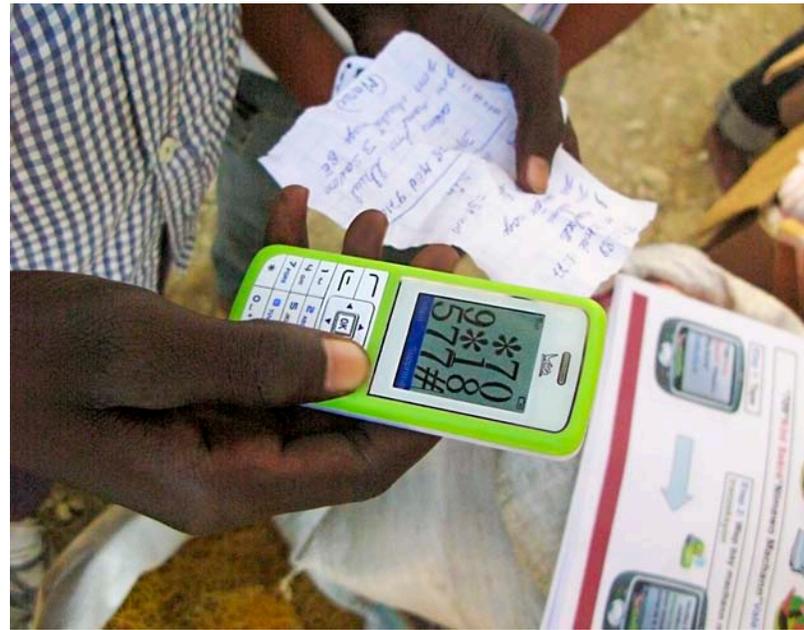
Extending Mobile Money's Reach

In e-Book 1, we introduced our initial pilot integration effort in Hinche and Mirebalais, two towns located in Haiti's Central Plateau region. We piloted the use of mobile money in our humanitarian response using T-Cash, the mobile service developed by our partners Voilà and Unibank, and powered by MoreMagic. During this phase, 415 cash-for-work participants received over 53,000 USD via electronic tokens on their phone that they then redeemed for cash at their local bank – a process known as cash-out.

As soon as the technology and regulations allowed, we expanded access to, and usage of, the e-wallet for our program participants. The launch of our Kenbe La food aid program in St. Marc, a second-tier city northwest of Port au Prince, afforded us the opportunity to integrate mobile money into program operations from the start. This particular integration involved not only the mobilization and training of targeted communities on how to make purchases using the e-wallet – a process known as m-commerce – but also the additional

step of assessing latent demand for and acceptance of mobile money among local vendors, a critical element in facilitating the development of an m-commerce ecosystem. By the end of May 2011, we grew the number of affiliated vendors from 32 to 60 and significantly increased the number of food aid participants trained on the e-wallet, from 832 to 5,867.

Having enabled communities to receive mobile payments (m-payments) and conduct mobile commerce (m-commerce) in accordance with program objectives, we wanted to capture individual experiences using the full complement of e-wallet functionalities (cash-in, cash-out, m-commerce, peer-to-peer transfers). This next stage of exploration took us to a remote yet revered location in Haiti's Central Plateau: Saut d'Eau.



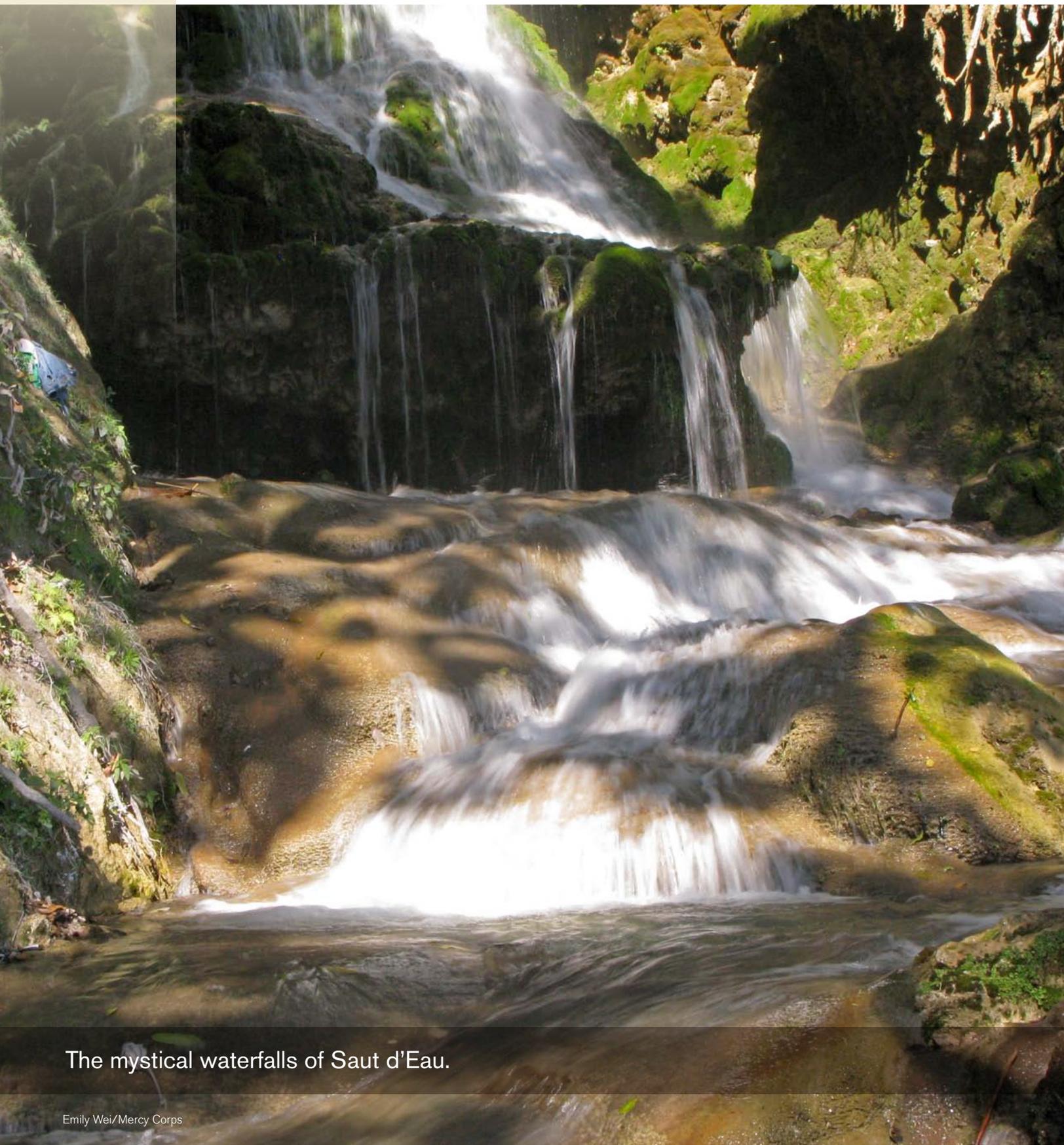
A program beneficiary initiating a m-commerce transaction.

Erin Wildermuth/Mercy Corps



Participating vendor Cliphonia Alfred at a mobile money training.

Erin Wildermuth/Mercy Corps



The mystical waterfalls of Saut d'Eau.

Emily Wei/Mercy Corps

Destination Saut d'Eau

THE CONTEXT

Saut d'Eau is a small town named after the large waterfall that annually attracts thousands of Haitians on religious pilgrimage during Our Lady of Carmel festival in July. The largest nearby town, Mirebalais, is one hour's drive away and costs roughly 100 HTG (approximately 2.60 USD) round trip by tap-tap, Haiti's local mini-bus service. Access to formal financial institutions is limited. The town center has only one microfinance institution (MFI) branch and the closest community or commercial bank branches are located in Mirebalais.

The bulk of Saut d'Eau's commercial activity, even for those living on the outskirts, is situated along two major roads in the center of town. There are few merchants. They range in size and inventory capacity, from multiple small shops re-selling mixed items to one or two commodity wholesalers. Like many rural communities in the Central Plateau, following the January 2010 earthquake, Saut d'Eau absorbed large influxes of internally displaced people. This sudden and rapid migration further compounded the precarious situation of these vulnerable populations.



"It's a big evolution. [Mobile Money] was a thing we didn't know. We didn't think that it [a transaction] could be done like that. And it turned out to be very clear, very good."

– Marie Saint Juste, 60,

OUR INTERVENTION

One emergency response mechanism deployed by Mercy Corps in this area was the distribution of unconditional cash grants (UCG). Targeted families received a one-time disbursement of 5,000 HTG (225 USD) to meet their immediate needs and those of their dependents.

In this context, we identified 100 beneficiaries who received their grant via T-Cash on mobile phones that we distributed to them. We also identified, vetted, and affiliated 8 vendors who expressed interest in accepting e-money. With this integration, we moved beyond using a single e-wallet transaction (cash-out during the cash-for-work pilot or m-commerce as part of the Kenbe La food aid program). Instead, we made the entire functionality of the service—cash-in, cash-out, peer-to-peer transfers, and merchant purchases— available to grants recipients and affiliated vendors.

To account for low literacy levels among the target group, we tailored our beneficiary mobilization and training methodology to include picture-based training materials, visual cheat sheets, and transaction simulations prior to disbursement day. We also encouraged elderly beneficiaries to bring a trusted family member to the mobilizations and trainings so they could assist them when making transactions, if need be.



T-Cash training material.

Erin Wildermuth/Mercy Corps



PORTRAIT OF A COMMUNITY

Our recipient community was rather dispersed geographically but roughly divided into two main groups— those living less than 10 minutes from the town center and those living in surrounding areas as far as an hour’s drive outside. Across both geographies, the majority of UCG recipients are illiterate women over the age of 50 living in a household with an average size of 7-8 people.

As can be seen in the average beneficiary profiles (Table 1, next page), unlike their more rural counterparts, town center heads of household are women. Data on weekly household income and expenses revealed that, on average, town center recipients earn and spend less per week. The majority use formal financial products (e.g. savings account) compared with more rural recipients who rely mostly on informal tools (livestock purchase, solidarity banking, etc.). A higher percentage also previously owned a phone before participating in the program, and is more familiar with cell phone technology.

A girl curious about mobile money at the school where the team conducted sign ups and trainings.

Erin Wildermuth/Mercy Corps

Table 1: Beneficiary Profile Overview

Average Beneficiary Profile:

Saut d'Eau Proper

| | |
|--|---|
| Sex | Female - 61% (Male 39%) |
| Age | 51 |
| Distance from Town Center | < 10 minutes |
| Household Size | 8 people |
| Head of Household | Female - 58% (Male 42%) |
| Weekly Household Income v. Expenses | Income - 575 HTG (14.38 USD) Expenses - 1383 HTG (34.56 USD) |
| Literacy | Illiterate - 74% |
| Financial Services Access/Usage | Formal* - 75% Informal** - 25% |
| Cell Phone Familiarity/Usage | Never previously owned a phone (52%) Never sent/received SMS (68%) Purchased minutes (70%) Never transferred minutes (83%) |

Average Beneficiary Profile:

Surrounding Areas

| | |
|--|---|
| Sex | Female - 56% (Male 44%) |
| Age | 51 |
| Distance from Town Center | < 60 minutes |
| Household Size | 7 people (range 2-15) |
| Head of Household | Male - 55% (Female 45%) |
| Weekly Household Income v. Expenses | Income - 1401 HTG (36 USD) Expenses - 2052 HTG (51 USD) |
| Literacy | Illiterate - 72% |
| Financial Services Access/Usage | Formal* - 17% Informal** - 83% |
| Cell Phone Familiarity/Usage | Never previously owned a phone (72%) Never sent/received SMS (80%) Purchased minutes (55%) Never transferred minutes (67%) |

* Formal refers to legal financial service providers such as banks, microfinance institutions, credit unions, etc.

** Informal refers to casual arrangement such as savings groups, money lenders, etc.

Financial Services Portfolio

Prior to introducing mobile money into this community, it was essential to build a better understanding of the types of financial tools individuals had access to, those they used, and their perceptions of them.

Rural Haitians use a variety of tools to maintain their financial portfolios. UCG participants reported using traditional savings or deposit accounts made available by two major commercial banks (Unibank and Sogebank), the largest and most widespread MFI in the country, *Fondasyon Kole Zepòl (Fonkoze)*, or a local banking institution *Cooperative d'Épargne et de Crédit de Mirebalais (Codecrem)* based in Mirebalais. Informal financial tools include: community banking or *banque solidaire* (Sol), an agreement among individuals put money into a common fund with regular rotating pay-outs; raising livestock (*élevage*); creating a “secret box” (referred to locally as *boîte secrète* or *tirelire*) that functions like a piggy bank; and visiting a *bric-à-brac*, someone who appraises objects then loans the owner cash but will keep the object if the loan is not repaid, much like a pawn shop.

As shown in Table 2 below, in one 35-member focus group we organized, everyone uses financial tools but usage is heavily skewed toward informal tools versus formal tools. Indeed, all 35 reported using some type of informal financial tool. Only 17 out of 35 (roughly 50%) participants, however, use at least one type of formal account. A much smaller number 4 out of 35 (roughly 11%) use multiple accounts with multiple formal financial institutions.



One financial institution may provide services for a number of institutions in Saut d'Eau.

Erin Wildermuth/Mercy Corps

Table 2: Usage of Formal and Informal Financial Tools

| Focus Group #1 Participants | Formal Tools | Informal Tools | Formal & Informal Tools | Multiple Formal Tools |
|-----------------------------|--------------|----------------|-------------------------|-----------------------|
| 35 | 17 | 35 | 17 | 4 |

When we asked participants about the advantages and disadvantages of these various tools, the central themes that emerged from focus group discussions and individual interviews were security, convenience, and trust.

With the secret box, multiple beneficiaries mentioned theft as a big concern that often deters them from saving in this way. Regarding Fonkoze, the local MFI, its hours of operation, which excludes evenings or weekends, was seen by many as an inconvenience because they often face emergencies outside opening hours many. When asked about Sols, a concept based on personal trust, many reported being cheated in some way. Interestingly, despite recognizing the risks associated with raising livestock (illiquidity; illness, death, theft of the animal etc.), few participants viewed this as a disadvantageous way to store, save, or even invest money because of the high return potential of livestock offspring.

Beneficiaries registering for the program.

Erin Wildermuth/Mercy Corps



Financial Diaries: Unveiling Perceptions, Patterns, and Preferences

The term financial diaries refers to a compilation of information sources gathered from beneficiary logbooks, focus group discussions, case study interviews, and aggregate transaction activity reports. Our financial diaries draw on qualitative and quantitative data collected from entry and exit surveys, focus group discussions, case-study interviews, recipient logbooks, and aggregated platform transaction reports, designed to provide a more detailed perspective on how individuals use mobile money, revealing their perceptions, preferences, and patterns of use.



PERCEPTIONS OF MOBILE MONEY

Through our qualitative data collection efforts, we identified potential obstacles to mobile money prior to our grants disbursement in an attempt to gauge whether people were generally receptive or skeptical of this new service.

A New Service – A Cautious Welcome

Gauging initial perceptions of mobile money and using an e-wallet was difficult not only because many participants had little to say before they used the service but also because innovation in itself brings a certain amount of bewilderment.

“Thieves can take the money from you and it can fall on the ground and get lost. But since your money is on your phone, no one can take it, you’re the only one who can make withdrawals, you buy with it...that’s why I see it’s better.”

– Paulinisse Eustave, 38

As a slightly mystical place, due to its mighty waterfall, Saut d'Eau is particularly susceptible to religiously-based rumors and fears. New technologies are not always received in a positive light. We soon recognized that local customs and behavior might represent a barrier to mobile money adoption and usage.

To mitigate these potential barriers, we emphasized the voluntary nature of the program, allowed for extra questions and answers time during mobilizations and trainings, facilitated discussions to uncover and address rumors, and held trainings and mobilizations in a local church.

Some in the community, however, were immediately positive when introduced to this new technology. One participant in particular, Guytho Monnay, had an unexpected insight to share (see next page).

Privacy and Safety

In predominantly cash-based economies where access to financial services is restricted, managing individual or family liquidity presents a number of challenges. In Haiti, one of the most pressing needs seems to be the storage and transport of cash. People we interviewed regularly expressed concerns about theft of household savings or being robbed en route to making purchases or payments.

Theoretically, an e-wallet provides a more discrete and secure way to receive, verify, and spend money. We found that for vulnerable Haitians, the perceived benefits of privacy and security of using T-Cash could enhance mobile money's uptake and adoption potential.



“Keeping money on the phone...is better because people don't know your business.”

– Pauline Michel, 47



Guytho Monnay
MOBILE MONEY PIONEER

Guytho Monnay is a single father of seven. Despite the additional economic burdens placed on him, he decided to take in three internally displaced people after the earthquake, “It was a problem, because when you looked at what you had to live on, with the wife and the kids already there . . . what you had, you had to sell to feed them . . . whatever you had is gone.”

Many of Guytho’s perceptions of mobile money mirrored those other beneficiaries we interviewed. Being able to receive money on the phone and conduct transactions without physical cash gave him a greater sense of security and privacy. He also valued the ability to cash-out at local vendors at times when banks or MFIs are usually closed.

We found that few participants saved



Guytho with his family.

Erin Wildermuth/Mercy Corps

Sex

Male

Age

43

Distance from Town Center

> 60 minutes

Household Size

8 people

Marital Status

Single

Occupation

Farmer

Weekly Household Income v. Expenses

Income - 3500 HTG (87.5 USD)

Expenses - 3500 HTG (87.5 USD)

Use of UCG grant

Land purchase (cash-out)

Building materials (merchant purchase)

Number of T-Cash Transactions

2

part of their grant on their e-wallet, for lack of trust in the system or for urgent daily living needs. When we asked Guytho if he had left money on his phone, he simply replied: “I left 90 KTG [2.25 USD on the phone for hope.” While he didn’t specify what he was hoping for, this demonstrated a sense of comfort and trust in storing some of the grant money on his e-wallet. In an environment where

even the smallest of savings can make a difference to one’s life, an e-wallet can be a reliable, convenient savings alternative.



Mireille Saintil
MOBILE MONEY PIONEER

Mireille Saintil is a single mother of eight and a seamstress by trade who took in an additional five displaced people after the earthquake. Her niece had been in class the morning it struck, and was killed when the building collapsed. Mireille's own daughter attends afternoon classes in the same building, "Mine could have died the same way as the other one," she observed quietly.

Mireille has been sewing and mending clothes since her father taught her the trade at age fifteen. After the earthquake,

however, people didn't have money to spend on clothing and her business suffered. This, alongside five new dependents, made life particularly difficult. Luckily, Mireille has other skills. She has a small subsistence farm for her family every year, which helps keep them all fed.

For someone who owns and manages her own small business, Mireille is surprisingly disconnected from formal financial tools. She doesn't have a bank account and is wary of informal saving mechanisms. She fears that any kind

Mireille at her sewing machine.

Erin Wildermuth/Mercy Corps

| | | | |
|----------------------------------|---|--|--|
| Sex | Female | Occupation | Seamstress |
| Age | 53 | Weekly Household Income v. Expenses | Income - 1050 HTG (26.25 USD) Expenses - 1750 HTG (43.75 USD) |
| Distance from Town Center | > 30 minutes | Use of UCG grant | Debt repayment (cash-out) Food supplies (merchant purchase) |
| Household Size | 9 people, 5 internally displaced people | Number of T-Cash Transactions | 2 |
| Marital Status | Single | | |

of loan, community banking or even a solidarity saving mechanism will leave her in debt so she shies away from these. But she takes her debts very seriously, “when the money comes in and you owe people you can’t eat it – you pay it back.”

Mireille spent the vast majority of her grant quickly, leaving only 69 HTG [1.73 USD] on the phone. She bought food and repaid an outstanding debt.

Though Mireille did not use mobile money as a savings device this time around, she did identify the value of

doing so: “When I make money here it flies... That’s why I say the T-Cash thing was good for me. If sometimes I sew and make 496 HTG [12.4 USD] I can take 100 HTG[2.5 USD] out and save it.”

She also mentioned that she felt more secure using mobile money. “The money could have gotten lost. If the phone doesn’t get lost, it stays. It’s better. Sometimes you go to buy and lose the money on the way, and don’t have money to buy. Thieves can take it too.”



“My account is with me, I go to the vendor and say vendor I need x amount. I don’t have to go home, to Mirebalais, to Fonkoze, or to the bank to get money. Here’s my bank. My bank is with me.”

– Pepe Dubenord, 70

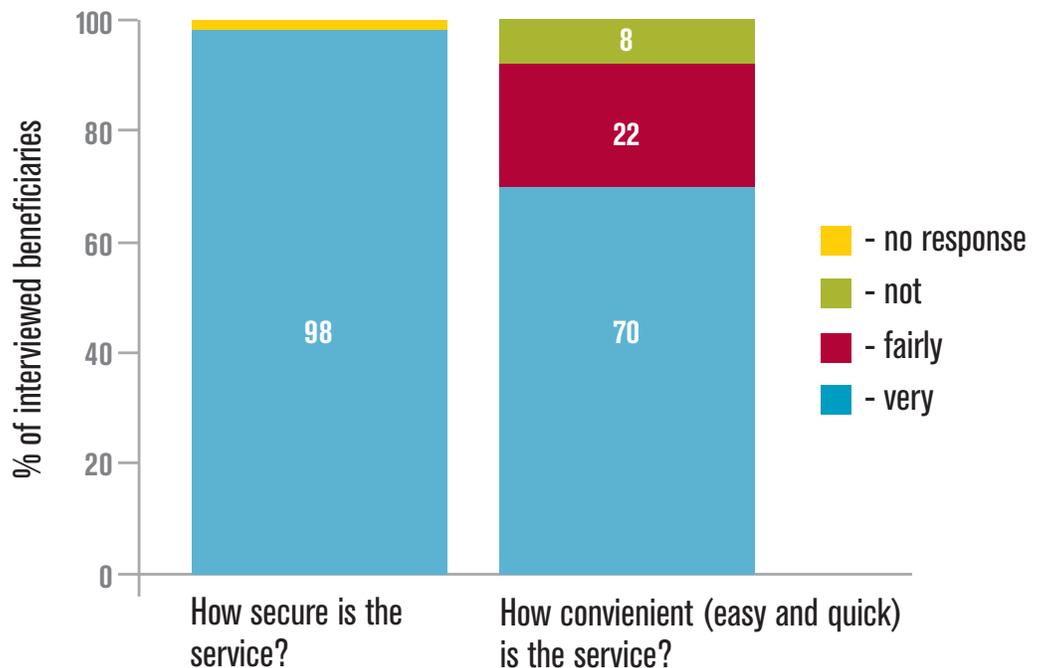
Convenience

As with most new services, convenience is a crucial litmus test indicating whether or not the service can effectively compete with existing alternatives and achieve broad adoption rates.

While the term convenience often has many definitions and interpretations, in this particular context, we use it broadly to refer to the overall process of using mobile money. Can customers, for example, access the service when they want, where they want, and without too much difficulty?

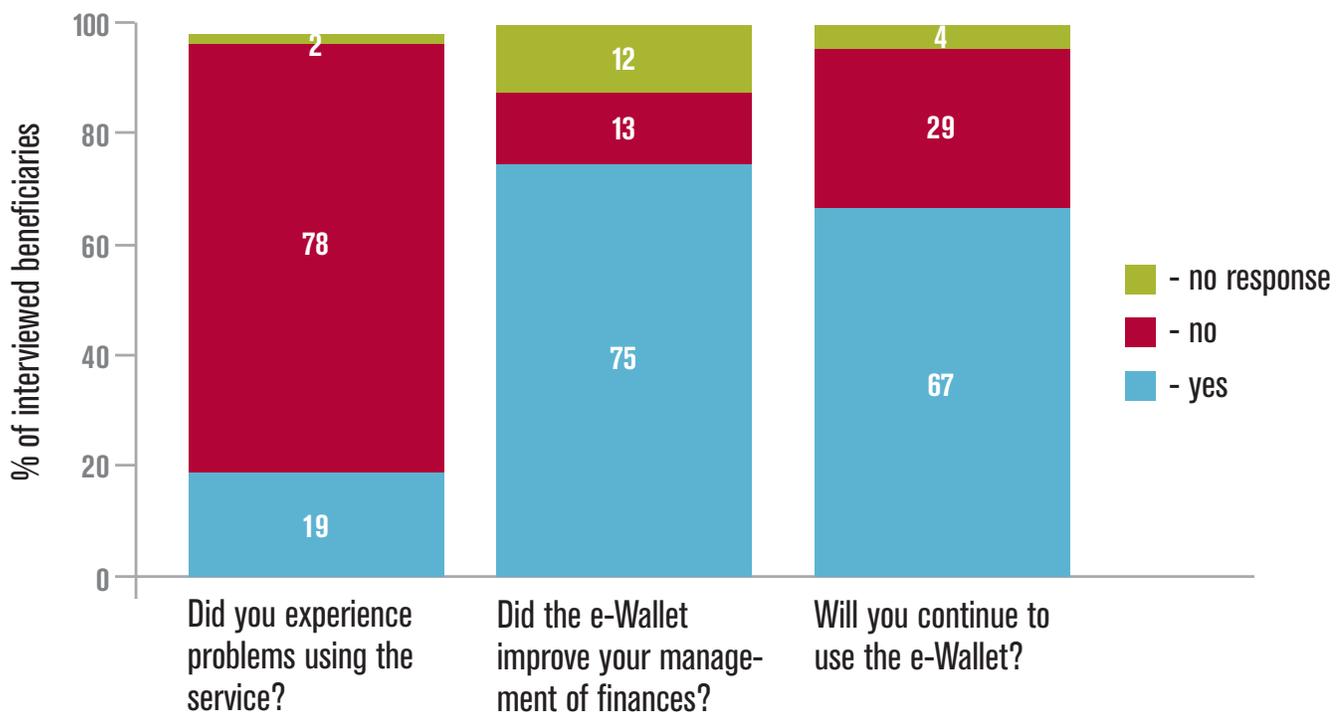
As shown in Graph 1.1, nearly 100% of respondents felt very secure using mobile money and a vast majority felt the process was convenient.

Graph 1.1
Security and convenience



As Graph 1.2 above indicates, despite experiencing problems using the service, 3/4 of survey respondents felt that mobile money positively impacted their ability to manage personal finances and more than 2/3 expressed an interest in continuing to use the service.

Graph 1.2
Link between problems, benefits and future usage



“I can have a problem with my child and I don’t have money in my hands. I don’t want to break the safe, there are plenty people at the house, I don’t want to break the safe in front of people. But I can leave with my phone, and go to any doctor.”

– Jacqueline Belony, 20



Paulinisse Eustave
MOBILE MONEY PIONEER

Paulinisse Eustave's home did not survive the January 2010 earthquake. In the scramble for housing, his wife and three children moved to Saut d'Eau, while he moved in with his mother in Mathurin, a town on the outskirts of Saut d'Eau. His sister and her family, fleeing from Port-au-Prince, also took up residence in Mathurin for several months.

Paulinisse has been farming for over

twenty-five years but rarely produces enough to sell. Like many Haitians, he is likely to buy an animal if he has extra money. To him, the animal is like a savings account but with interest as it increases in value as it grows or produces offspring that can be sold. Still, Paulinisse doesn't see animals as a risky investment although they can easily become sick or die.

Paulinisse in front of rubble outside of his home. He now lives with his mother.

Erin Wildermuth/Mercy Corps



Sex

Male

Age

38

Distance from Town Center

> 30 minutes

Household Size

7 people, 4-6 internally displaced people

Marital Status

Married

Occupation

Farmer

Weekly Household Income v. Expenses

Income - 1000 HTG (25 USD)

Expenses - 1750 HTG (43.75 USD)

Use of UCG grant

Livestock purchase (cash-out)

Number of T-Cash Transactions

1

Paulinisse’s only contact with formal financial services is when he runs out of food, money or animals. Then he needs a loan. His family will usually lend him small amounts but for larger amounts he depends on the community bank Codecrem.

Though familiar with basic saving mechanisms, credit and banking, Paulinisse did not fully understand the

usefulness of mobile money until he began using the service. Once theory had become practice, he began to see the convenience of mobile money as its main asset: “I don’t want to empty the account. I can have an emergency in Bouk, Saut D’Eau, that’s where my children are living. I can be called right now, if one became sick. I can go on my phone and send 250 HTG [6.25 USD] for first aid.”

Ease of Use

Beyond general perceptions of convenience, our Beneficiary Financial Diaries also gathered insights regarding the actual steps involved in using mobile money. Specifically, this told us how easy or difficult it was for individuals in a rural somewhat isolated community to access their e-wallet applications on the phone and input the appropriate codes to initiate specific transactions (i.e. cash-out, merchant purchases, etc.).

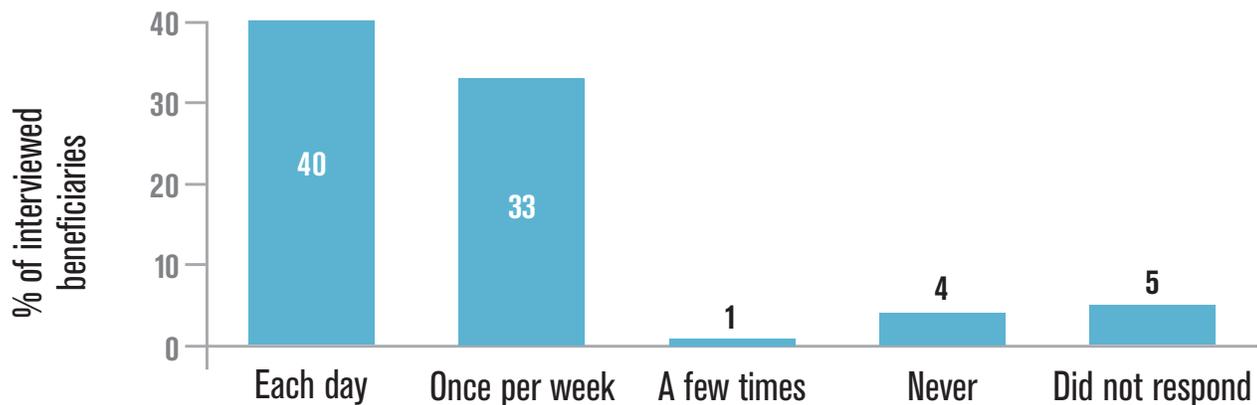


André Augustin checking his T-Cash balance on his phone.

Erin Wildermuth/Mercy Corps

An important element of personal financial management is being able to maintain an accurate accounting of expenses and how much money is available. Services that improve an individual's access to financial information can often contribute to improved financial management and better decision-making. In cash-based economies such as Haiti, regular or rapid calculations as to how much money is on hand or at home can be challenging, especially in communities with lower levels of financial literacy.

Graph 1.3
T-Cash Balance Inquiry Check



One of the basic functions of the e-wallet application is the ability to query your account balance whenever you want. During every mobile money mobilization or training that we conducted in Saut d'Eau, we explained and simulated this and other functions (purchase, cash-in, cash-out, P2P transfer, etc.) with our participants to enable them to make use of the entire e-wallet. Graph 1.3 above reveals that nearly 90% of survey respondents had used the account balance check function. More importantly, nearly 50% were checking their e-wallet balance every day.



Marie Saint Juste **MOBILE MONEY PIONEER**

On any given day Marie Saint Juste can be found just outside the gate of Our Lady of Mount Carmel Church in Saut-d'Eau. There she sells a variety of things including rosaries, necklaces and candles. Her children are grown and having children of their own. While some contribute to the household, Marie is still responsible for seven people. Unlike many other residents of Saut D'Eau, Marie has no contact with her relatives outside the town.

Marie began her career as a merchant selling snacks and other food items for immediate consumption. When her first

stall wore out, she set it aside and started over with a larger stall selling a greater variety of merchandise. She has helped her daughter, Benaria, set up a candy stall nearby. Marie buys goods on credit and feels lucky if her profits are enough to pay her debts and feed her family. When she doesn't have enough she doesn't eat.

Marie is no stranger to financial services. She once participated in a community solidarity saving scheme where members contributed 25 HTG [0.63 USD] a day to the pot but it fell apart when members could no longer pay into it. Marie is also familiar with

Marie at her shop outside Our Lady of Mount Carmel Church.

Erin Wildermuth/Mercy Corps

| | | | |
|----------------------------------|--------------|--|---|
| Sex | Female | Occupation | Merchant |
| Age | 60 | Weekly Household Income v. Expenses | Income - 1050 HTG (26.25 USD) Expenses - 1750 HTG (43.75 USD) |
| Distance from Town Center | > 10 minutes | Use of UCG grant | Food supplies (merchant purchase) Snacks for re-sell (merchant purchase) |
| Household Size | 8 people | Number of T-Cash Transactions | 2 |
| Marital Status | Single | | |

formal banking and has a savings account with Fonkoze. The opening balance was 125 USD and she withdraws from it anytime she finds herself unable to feed her family. The account has stagnated at around 12 USD and Marie is worried about taking out any more, afraid that Fonkoze will close the account.

Mobile money is something that took Marie some time to wrap her head around: “The thing I didn’t understand was the money that will come on the phone. And I did not know how to look for it on the phone.” She was one of the many mobile money recipients that chose

to involve her children in the process. Benaria, her daughter, attended Mercy Corps’ training and was one of the first to pick up the technology.

When we asked her mother how she had learned so quickly, Marie proudly announced that she had sent her daughter to school. Benaria was even able to help other recipients use T-Cash. Now that Marie sees how easy it is to use, she is especially interested in accruing interest. “When I leave the T-Cash and it increases? Then I would never take all of it . . . I will never leave it empty.”



TRACKING PATTERNS OF USE

Through the use of participant mobile money logbooks and aggregated transaction reports from our partners, we identified patterns of activity to supplement our qualitative assessments and gave us additional insight into how people actually used the service. In particular, we noted which types of items they purchased, how much e-money was being spent each day, how many transactions occurred, and what types of transactions people performed.

The first aspect of mobile money and UCG usage we identified, principally through the recipient logbooks, was the type of items

Foodstuff at local store.

Lisa Hoashi/Mercy Corps





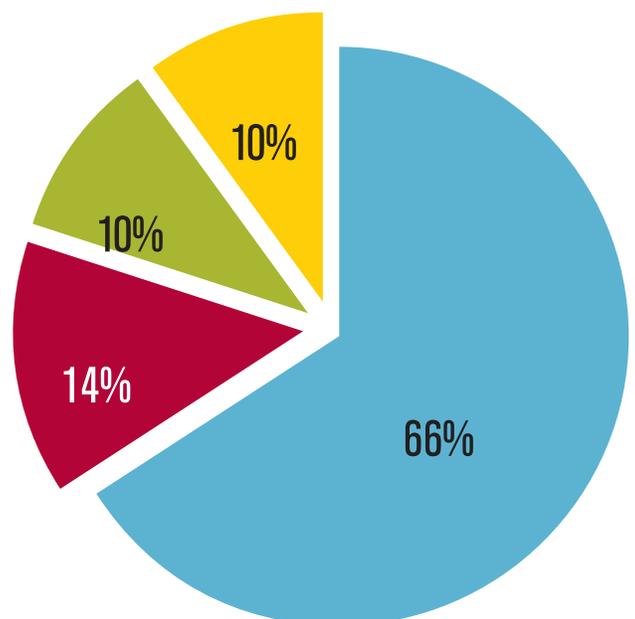
Melanie Suffisante Civil and son conducting their first cash out transaction.

Erin Wildermuth/Mercy Corps

purchased with e-wallet. The pie chart in Graph 2.1 breaks down e-wallet purchases into four major categories: food supplies (rice, beans, cooking oil, tomato paste, etc.), building materials (nails, aluminum siding, wooden beams), personal care (soap, laundry detergent, etc.), and snacks/quick consumption items (crackers, candies, and other individually wrapped foods). The majority of e-wallet purchases (66%) fell into the food supplies category, supporting earlier observations that recipients were able to effectively use these grants to satisfy immediate needs and priorities.

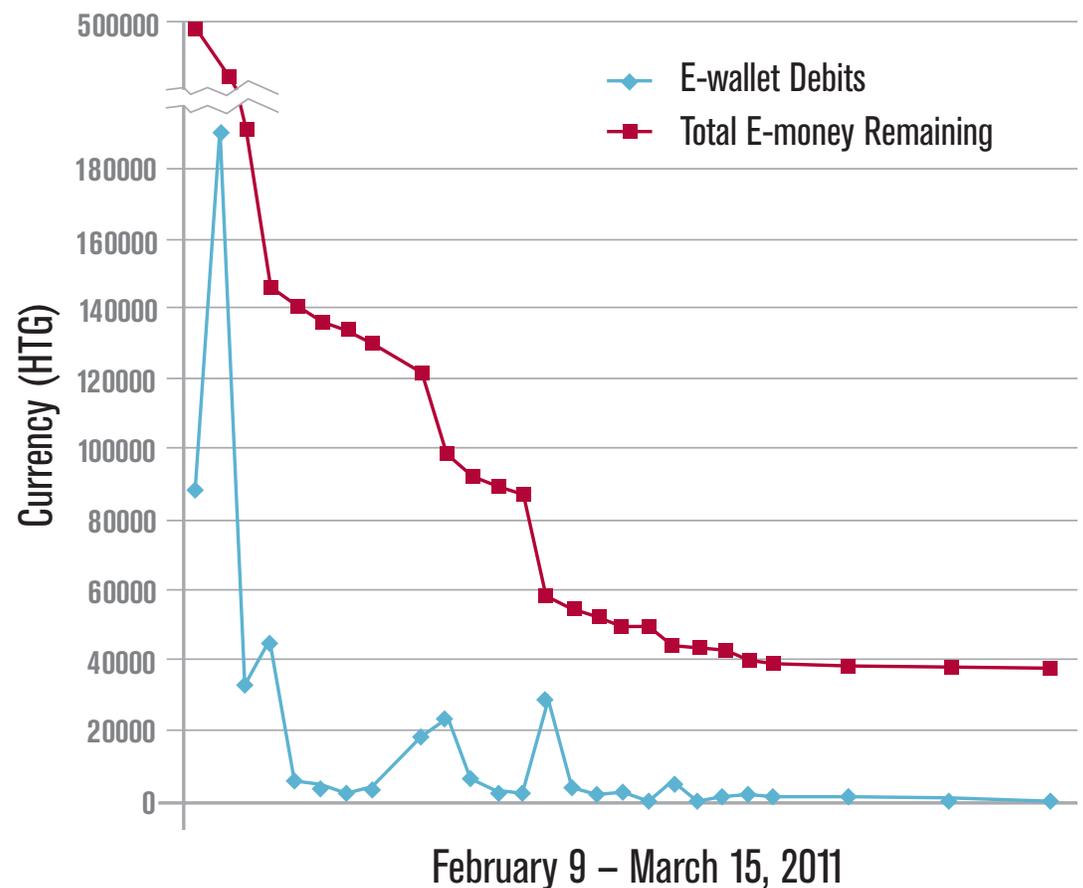
Graph 2.1
Items Purchased
Using Mobile Money

- - Food Supplies
- - Building Materials
- - Personal Care
- - Snacks/Quick Consumption Items

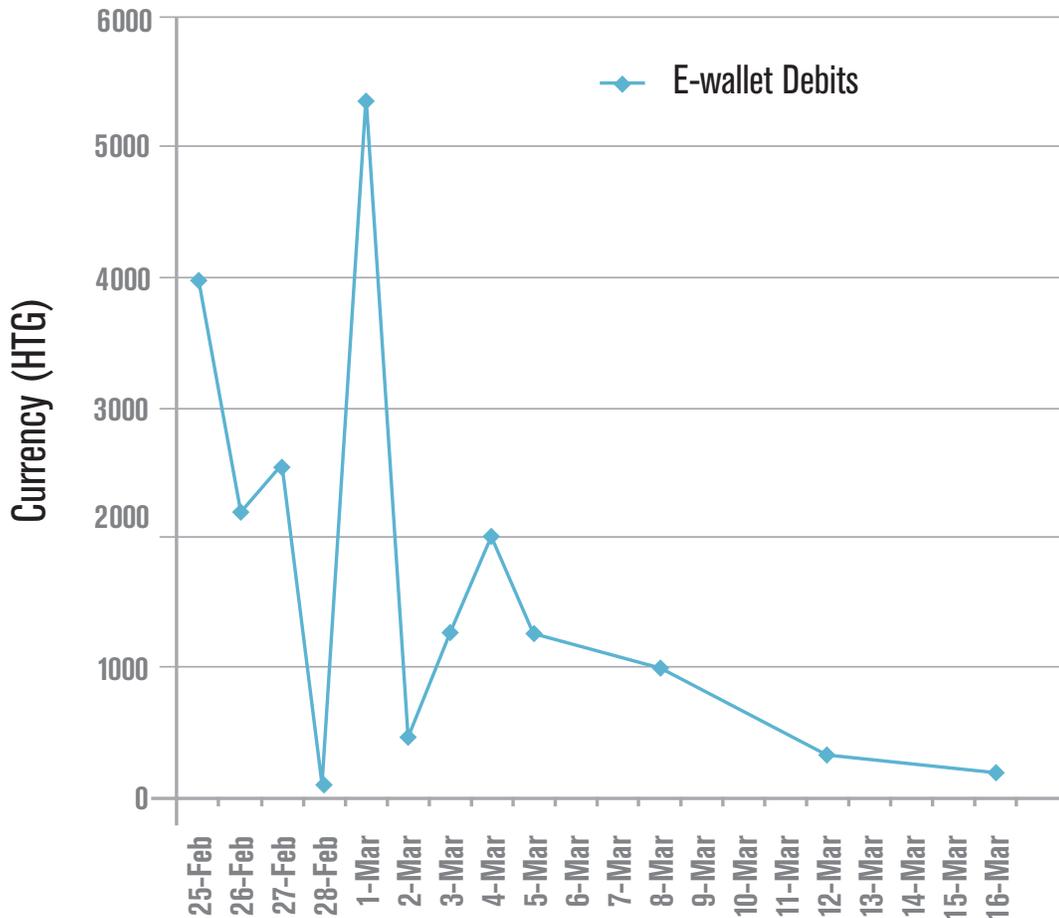


Graphs 2.2 and 2.3 reveal that UCG recipients were able to make transactions, at relatively high volumes, immediately following the disbursement. Recipients continued to use their e-wallets into the fourth week after receiving their grants. A large number of them maintained an e-wallet balance throughout, which supports earlier observations regarding participant willingness to use the service in the future or as a possible savings mechanism.

Graph 2.2
e-Money Spend v. Aggregate e-Wallet Balance



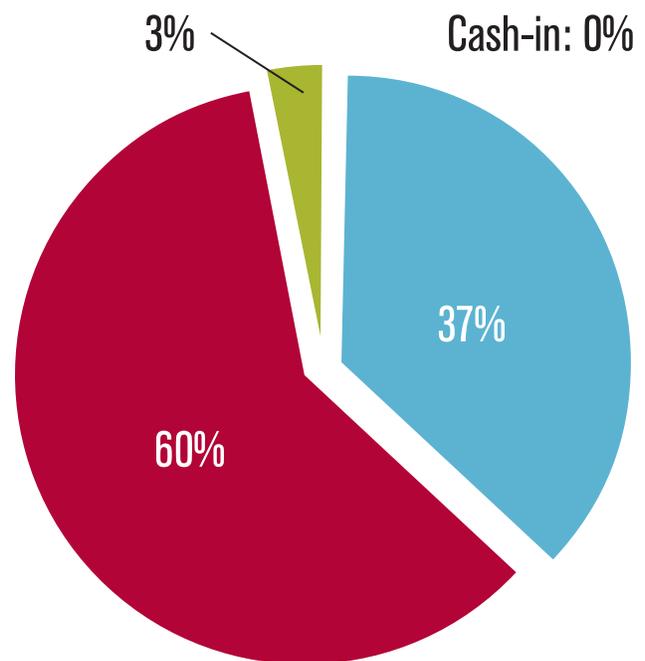
Graph 2.3
e-Money Spend: 2 Weeks after Disbursement



While the volume of transactions over an extended period of time demonstrated recipients were regularly able to use the service, what is also telling are the kinds of transactions being made. As seen in Graph 2.4 (next page), of the total recorded transactions between February 9 and March 15, 2011, 60% were purchases and 37% were cash-outs.

Graph 2.4
Breakdown of Transaction Type

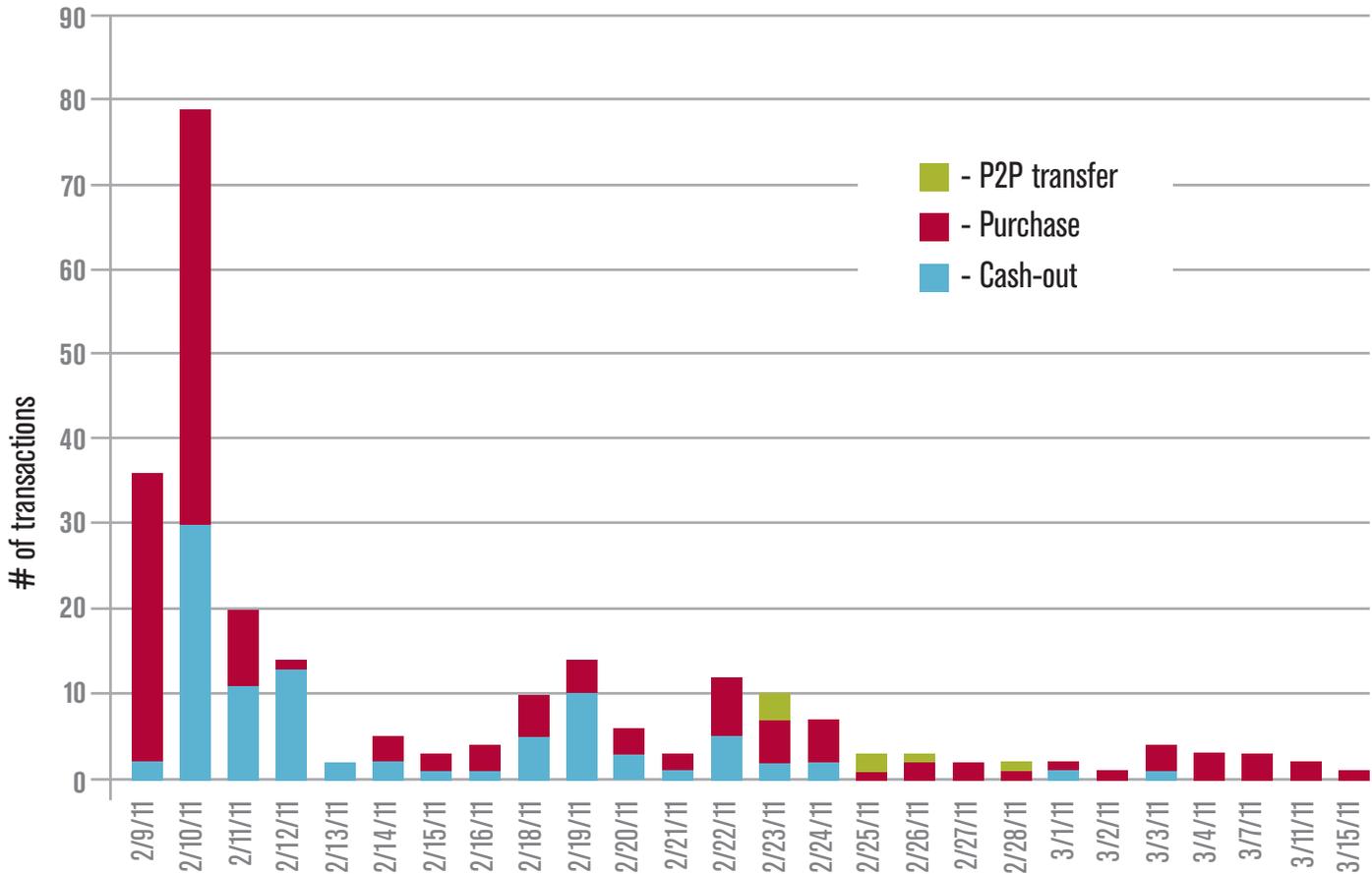
- Cash-out
- Purchase
- P2P
- Cash-in



This graph supports the assertion that the e-wallet application itself was not an impediment to the use of UCG funds for immediate needs. Were recipients not able to make purchases, one might expect to see the percentage figures for purchases and cash-outs inverted as people sought to extract the entire value of the grant and return to cash-only transactions. Additionally, the above graph demonstrates that there was some experimentation of the e-wallet functionality beyond purchases and cash-outs as 7 P2P transfers, of amounts ranging from 5 HTG (approx .13 USD) to 180 HTG (4.5 USD), were recorded.

Measuring the daily frequency of mobile money transactions gave a better sense of whether or not a small number of recipients were making large volumes of transactions. Interestingly, the pattern of transactions identified in Graph 2.5 closely mirrors the pattern for transaction volume above, indicating that days with high transaction volume generally corresponded to days with frequent e-wallet use.

Graph 2.5
Transaction Frequency



The green segments on this graph, which represent P2P transfers, are also part of interesting side-story within this community of grants recipients. Sama Thelamise, an unemployed, single, 76-year-old woman living at least 30 minutes outside Saut d’Eau received 4 separate P2P transfers totaling 385 HTG (approx 9.63 USD). Each of these transfers occurred 2 weeks after we disbursed the grants.

At the very least, these activities indicate that a certain sub-set of the recipient population elected to allocate a portion of their grant to a fellow grant recipient using the P2P functionality of the e-wallet. But it may also demonstrate the potential for community members to more easily and quickly distribute financial resources to those in chronic need or who are experiencing short-term crises.



Participating vendor
Martine Guerda Blanc
at her stall.

Erin Wildermuth/Mercy Corps

Martine Guerda Blanc
MOBILE MONEY PIONEER

Martine Guerda Blanc's home was severely damaged by the earthquake. Afraid to live in a cracked house, she left her daughter and husband in Port-au-Prince to join her extended family in Saut D'Eau. One of Guerda's brothers sent money from overseas to help her to get back on her feet. While he still sends money from time to time, Guerda now

supports her brother, sister, nephew and niece largely off the profits she makes in her shop.

Guerda saw the benefits of mobile money right away: "If the money was inside [a bag] they could have taken it from me but if it's on my phone you can't take from it. It is like a safe for me." However, like many of the



Sex

Female

Age

28

Distance from Town Center

< 10 minutes

Household Size

5 people

Marital Status

Married

Occupation

Merchant

Weekly Income

Income: 4000 HTG (100 USD)

Cash-outs Conducted with T-Cash

8

Total cashed-out: 10,000 HTG (252.50 USD)

Sales Conducted with T-Cash

14

Total purchased: 25,752 HTG (643.80 USD)

participating vendors, Guerda was not initially interested in conducting cash-out transactions due to perceptions that commissions earned on purchases would be greater than on cash-outs and that diminishing one's cash reserves would create additional challenges. Within two days of seeing mobile money in action, though, Guerda felt comfortable

conducting her first cash-out. Given that cash-outs are a voluntary service provided by T-Cash merchant-agents, Guerda's decision was indicative of the cautious but growing acceptance that mobile money was receiving in this rural, somewhat removed, section of central Haiti, in spite of the novelty factor.



Mercy Corps staff talking to participating vendor Cliphonia Alfred at her stall.

Erin Wildermuth/Mercy Corps

CHALLENGES

One of the challenges that we faced in our pilot phase, and continued to contend with throughout the UCG integration process was how to build and support a network of vendors. This challenge is especially pervasive given the nascent characteristics of the technology in Haiti, and will be the theme of E-book 3: Scaling up – Developing a Merchant Network. In an ideal ecosystem, every affiliated vendor would be willing and able to fulfill all mobile money transactions – purchases, cash-in and cash-out. They would then manage their liquidity by trading their electronic earnings for cash with a mobile money agent. Theoretically, this agent is a local vendor who is large enough to support the liquidity needs of the locale. Once mobile money has become more commonplace in Haiti, this theory can be put into practice, but until then supporting the cash flow of small vendors remains a challenge.

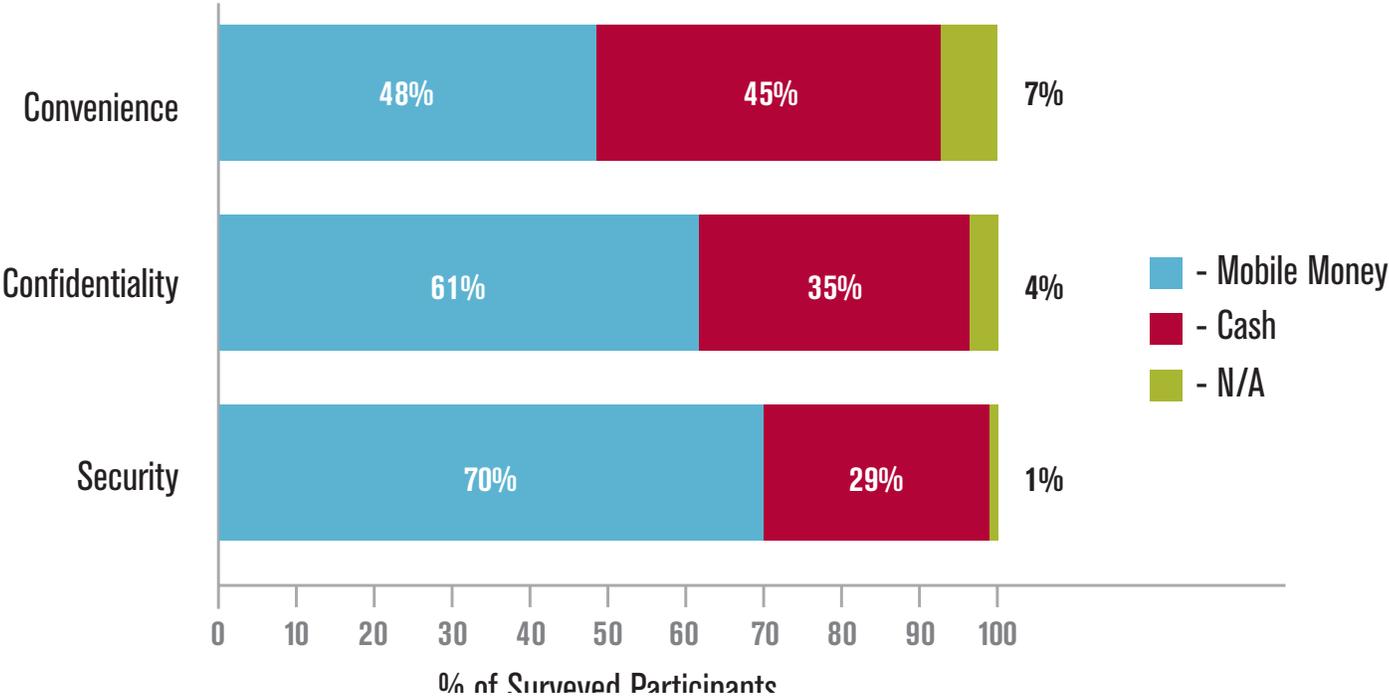
The nearest financial institution for Saut d'Eau vendors to manage their cash flow by trading T-Cash in for physical money was in Mirebalais. Two hours and 100 HTG (2.6USD) return away, vendors were not anxious to travel to town often. This resulted in a general wariness toward cash-out transactions. To compensate themselves for the travel time and cost to Mirebalais some vendors charged beneficiaries a premium for cash-out services. Also, although T-Cash offers financial incentives to perform cash-outs, vendors did not think them as lucrative as those affiliated with purchases, as they are more accustomed to selling goods than financial services. For several vendors, this changed naturally once the program was underway. These vendors made all the difference, allowing beneficiaries to fully access all the functions of the e-wallet. This gave the Mercy Corps team a more realistic view of the types of vendor behavior that are likely to occur in a rural mobile money ecosystem. It also demonstrated the necessity of strong monitoring practices to ensure that vendors live up to their contracts with the service provider, at such an early stage of ecosystem development

COMPARING PREFERENCES: T-CASH VERSUS CASH

Despite using a mix of financial tools on a regular basis, on a daily basis all participants rely on cash. In order to gauge program participants' preference for mobile money relative to its most obvious competitor in the marketplace – cash – Mercy Corps Haiti's Monitoring & Evaluation team conducted a survey of 83 of 100 grants recipients one month after the disbursement.

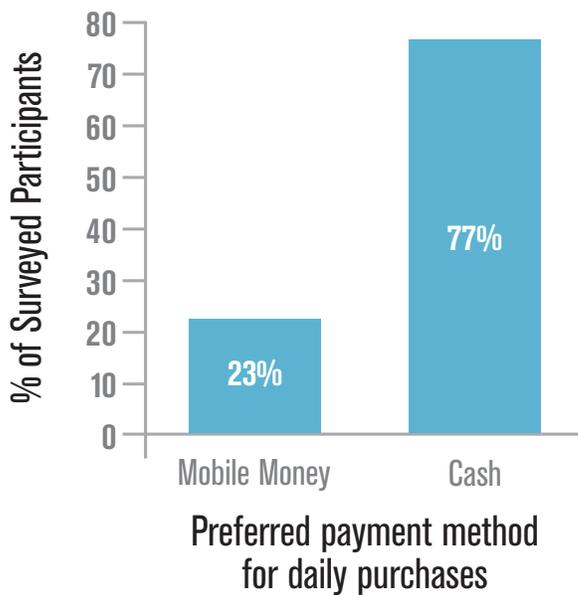
As graph 3.1 depicts, when asked to choose between mobile money or cash based on the three factors listed below, surveyed participants expressed a stronger preference for mobile money in each instance, sometimes by a considerable margin.

Graph 3.1
Despite nascent state of mobile money, substitution potential exists

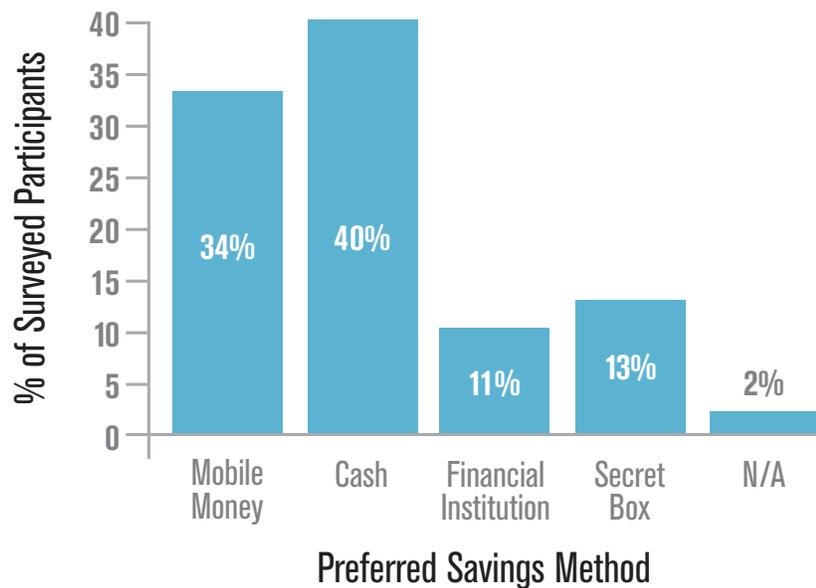


While these preferences suggest positive uptake and adoption potential for mobile money, the service is still quite new and, as Graph 3.2 below shows, cash will likely remain the option of choice in certain types of commercial transactions.

Graph 3.2
Broad-based substitution will take time



Graph 3.3
Competitive Savings Alternative



This preference may shift noticeably in the future as the amount of e-money in circulation grows along with affiliated merchants and cash-agent networks. Finally, one of the more interesting and unexpected survey outcomes was the preference for mobile money relative not only to cash but other savings methods, formal and informal. In fact, with the exception of holding on to cash as savings, surveyed participants expressed a preference for mobile money compared to other savings methods by more than a 2:1 margin.



Odette Joseph

MOBILE MONEY PIONEER

Odette Joseph with daughter.

Erin Wildermuth/Mercy Corps

Sex

Female

Age

27

Distance from Town Center

> 30 minutes

Household Size

8 people

Marital Status

Married

Occupation

Unemployed

Weekly Household Income v. Expenses

Income - N/A

Expenses - N/A

Use of UCG grant

Livestock purchase (cash-out)

Donation to a community member

Savings (on the e-wallet)

Number of T-Cash Transactions

2

Odette Joseph is a mother of five, expecting a sixth. Her husband works as a driver in Port-au-Prince to support their family. Odette would periodically travel to sell goods in the capital city. The road is long and the money is meager but she adds to her household finances and gets to see her husband. The earthquake damaged one of the rock walls of her home but she was able to temporarily fix it with palm tree leaves.

Perhaps because her husband receives a steady paycheck, Odette has a keen sense of how to use financial tools. Odette is part of a Fonkoze credit program through which she deposits a certain amount each month as a method of building savings. As a part of the program,

she is also able to borrow when needed.

Aside from formal financial tools, Odette participates in a variety of informal saving and lending arrangements. Her next-door neighbor is always willing to lend her up to 250 HTG (6.25 USD) when times are tough. She also participates in a sol and buys animals as a savings mechanism. "When you buy an animal, it is money saved," she tells us.

When introduced to mobile money, Odette remained true to her diversified approach. She cashed-out enough to purchase a horse to facilitate travel, gave some of it away, and she kept a small amount on the e-wallet as a savings reserve.

Conclusion

In this second e-book installment, we attempted to convey the experiences of using mobile money as expressed by communities we mobilized and trained on this new service. It is worth re-emphasizing here that mobile money remains in its nascent stages here in Haiti. Our decision, therefore, to bring full e-wallet functionality to our grants recipients in Saut d'Eau at this time has given us valuable insights into the challenges and opportunities that lay ahead.

For the market segments we serve—rural, poor, and vulnerable—mobile money awareness, adoption, and usage will develop more gradually than in larger population centers with more developed economic infrastructure. These segments will also require ongoing support from external, interested parties. Illiteracy and non-numeracy are clear barriers for many within this segment but they are not insurmountable. And while price inflation and commission hunting are obvious downsides for any mobile money user, these practices are not prohibitive to broad adoption and can be mitigated. Specifically, target consumer education will contribute to greater transparency around service pricing and commission structures. Continued and close coordination with the mobile money service provider will also help enforce ethical behavior among affiliated merchants whose commissions are contingent on fulfilling their contractual obligations as mobile money agents.

Despite these early difficulties, the mobile money integration we initiated in Saut d'Eau revealed that this burgeoning service can positively impact lives – in both anticipated and unanticipated ways. Based upon our previous integrations of mobile money into cash-for-work and food aid programs, we expected a fair number of grants recipients to view the service as a secure, confidential, and convenient alternative to certain types of cash-based transactions. We were also pleased, but not surprised, to learn that many preferred mobile money as a savings mechanism when compared with other existing financial tools. Finally, we were prepared for a certain



Beneficiary completing the Know-Your-Customer identification form.

Erin Wildermuth/Mercy Corps



Hills around Saut d'Eau.

Erin Wildermuth/Mercy Corps

percentage of users to encounter problems with the service but that the majority of people would be willing to use mobile money in the future.

As is so often the case in these situations, what we did not anticipate proved the most interesting. During two separate focus groups, when discussing why some participants elected to leave part of their grant on their e-wallets, two different individuals responded that they could use e-money as a cash advance mechanism if an emergency arose that required physical currency:

“I left it because it can be early morning or night when I have a problem or one of the kids has a problem. The vendor is sleeping and me, I have an emergency. I just take my phone and I don’t have the money. I will go to one of you and say ‘I need money fast’ and they give me his/hers and then I leave.”

– Marie Saint Juste, 60

“If I have a problem at night, I can say, ‘keep this phone for me, lend me x amount of money, tomorrow I will settle it with you.’ As long as he/she verifies I have money on it for real, he/she will give it to me.”

– Marie Camene Israel, 52

Both of these women seem to imply that mobile money is reliable enough that other T-Cash customers in the community would provide them with a temporary cash loan that they knew would be repaid. In Haiti where the ability to rapidly access cash is difficult, mobile money may be able to meet yet another demand in the daily lives of people with the least access but the greatest need.



Erin Wildermuth/Mercy Corps

Next on the Horizon: Developing Vendor-Agent Networks

Integrating mobile money with our unconditional cash grants program in Saut d'Eau has resulted in a wealth of feedback. We better understand how beneficiaries are likely to spend their money, what advantages they find most important, and how the service can be amended to better serve their needs. Our next step is to build a robust and sustainable e-money ecosystem.

As described above, Mercy Corps' Kenbe La food aid program provides beneficiaries with forty dollars a week to spend on a specific range of basic goods. Thus far, mobile money integration into the Saint Marc LRP program has brought a limited e-wallet experience to almost 6,000 beneficiaries and trained 60 vendors. When the program ends in September 2011, beneficiaries will have access to the entire functionality of their e-wallets.

What happens next may very well mark mobile money's evolution from a nascent technology to a mass market service. Stay tuned for ***e-Book 3: Scaling up – Developing a Merchant Network.***



Program beneficiary leaving vendor's shop.

Fabiola Coupet/MercyCorps

For more information on the program, please contact
Kokoévi Sossouvi,
Economic Recovery Program Manager
ksossouvi@ht.mercycorps.org

For more information about Mercy Corps, please contact
Joy Portella,
Director of Communications
jportella@sea.mercycorps.org



45 SW Ankeny Street
Portland, OR 97204

888.842.0842
mercycorps.org