



Developing guidelines  
for cash transfers in Somalia:

# MPSP service offering



This document *Recommendation 1 – MPSP service offering* belongs to a larger set of recommendations aimed at improving mobile money cash transfer processes in Somalia. Topics covered in the set of recommendations include: MPSP service offering, automation of the cash transfers, post distribution monitoring, common recipient registry, proof of ID, and enabling ecosystem. This document focuses on the services offered by MPSPs.



The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with almost 400 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in **Barcelona**, **Los Angeles** and **Shanghai**, as well as the **Mobile 360 Series** of regional conferences.

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The Somalia Cash Working Group (CWG) leads the inter-sectoral cash coordination mechanism and aims to improve the coordination of cash assistance, quality of implementation of cash assistance monitoring, evaluation and learning. It is co-chaired by the World Food Programme and Concern Worldwide/Somali Cash Consortium. The Financial Service Provider (FSP) workstream's objective is improving the systems and processes of humanitarian mobile money cash transfers in Somalia, benefiting programme participants by working with implementing agencies, mobile network operators, private sector and learning partners. The GSMA M4H has supported the FSP's work since 2020.

Further information on the Somalia CWG can be found here: [www.humanitarianresponse.info/en/operations/somalia/cash-activities](http://www.humanitarianresponse.info/en/operations/somalia/cash-activities)

## GSMA Mobile for Humanitarian Innovation

The GSMA Mobile for Humanitarian Innovation programme works to accelerate the delivery and impact of digital humanitarian assistance. This will be achieved by building a learning and research agenda to inform the future of digital humanitarian response, catalysing partnerships and innovation for new digital humanitarian services, advocating for enabling policy environments, monitoring and evaluating performance, disseminating insights and profiling achievements. The programme is supported by the UK Foreign, Commonwealth & Development Office.

Learn more at [www.gsma.com/m4h](http://www.gsma.com/m4h) or contact us at [m4h@gsma.com](mailto:m4h@gsma.com)

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# 1 Current state

Mobile Payment Service Providers (MPSPs) are entities that provide mobile payment services. MPSPs are commonly Mobile Network Operators (MNOs) but can also be banks or other financial institutions.

The main INGOs/agencies work primarily with the three major MPSPs across Somalia, namely Hormuud in South-Central, Gollis in Puntland and Telesom in Somaliland. All three MPSPs have similar technical capacity in terms of products and offering, and have discrete but wide-ranging geographical reaches, especially into rural areas.

Most INGOs/agencies do not differentiate between the three MPSPs they work with as all three of them offer similar services and arrangements. MPSPs are viewed by most INGOs/agencies as being responsive. MPSPs also express their desire to work on facilitating INGO/agency cash transfers. In the Somali market, some MPSPs take the lead in terms of innovation and has expressed their interest in improving the process, while others are less receptive to change.

“It is not challenging to deal with MPSPs. They have been responsive. MPSPs are interested in working with humanitarian agencies. Mobile money is the core business for many MPSPs, so they are very interested in working with humanitarian agencies on cash transfers.” - INGO

INGOs/agencies benefit from the same basic services, namely the mobile money transfers, recipient matching against MPSP customer lists, and receiving disbursement reports. However, some INGOs/agencies benefit from additional services from the MPSPs such as:

- Portal access: INGOs/agencies have direct control over their transfers. This is only currently being provided by Telesom and is in its pilot phase;
- Voice recognition: Funds are disbursed to the recipients once they submit an oral stamp;
- PIN verification: Funds are disbursed to the recipients once they submit their PIN code;
- SIM card provision and mobile money registration at recipient registration;
- Complaints and feedback mechanism through a hotline or SMS service;
- Awareness messages during humanitarian crises.

All MPSPs offer two types of contracts to INGOs/agencies: framework agreements and service contracts. Framework agreements are longer-term agreements which can span several years and multiple projects, whereas service contracts are developed for each separate project. Fees for mobile money and associated services range from 1% to 2.5% of the transfer amounts. These rates depend on:

- Total amount of money transferred by INGO/agency. The higher the total transfer amount, the lower the transfer fee;
- Additional services (as per examples listed above). The more additional services, the higher the transfer fee;
- Payment mechanism: payment in advance or payment in arrears. The lower the transfer fee when the amount is sent in advance.



## 2 Identified challenges

### INGOs/agencies

**1. Transparency and coordination.** INGOs/agencies expressed interest in some similar additional services, including voice recognition and access to a portal system. Some were not aware of the current existence of these additional services in the Somali context, suggesting a lack of communication between INGOs/agencies.

**2. Differentiated options.** All INGOs/agencies clearly expressed that although some additional services would be of interest to all, they each have very different interests and needs and would therefore not be interested in negotiating with MPSPs as a group. Their needs differ in terms of:

- Humanitarian vs. development-focused INGOs/agencies: Humanitarian INGOs/agencies are more likely to have to act quickly and send awareness messages to recipients, while development

INGOs/agencies are more interested in longer-term solutions. Additionally, humanitarian agencies are generally more flexible in terms of KYC requirements, while development actors are more stringent;

- Payments in advance vs. payments in arrears: Some INGOs/agencies are more risk averse and prefer paying in arrears although the associated fee is usually higher. Others are more willing to take risks and pay lower fees by making direct payments;
- Size: Larger INGOs/agencies can benefit from lower fees since they transfer large amounts of money and would like to avoid an increase in those fees which may be caused by negotiating rates as part of a coordinated group of INGOs/agencies.

### MPSPs

**1. Streamlining.** Two of the three major MPSPs expressed interest in streamlining the cash transfer process in order to increase efficiency and avoid repeat negotiations. They expressed particular interest in signing longer-term framework agreements rather than service contracts for each project.

**2. Dialogue with INGOs.** The need for increased dialogue is twofold:

- One MPSP shared that they would not be interested in offering additional services because they have not heard of any interest from INGOs/agencies. They would be willing to innovate and provide additional services if INGOs/agencies expressed interest;
- All MPSPs felt there was a lack of communication in the registration process, whereby the location and dates of registration were not shared with the MPSPs. By sending an MPSP representative with the INGO/agency teams at this stage, recipients could easily register for a SIM card if they did not have one.

“Streamlining the process is always better than being engaged in negotiation after negotiation. It would be easier for agencies rather than having multiple discussions and multiple quotations sent etc. For us, setting up the cash transfer process between us and the agency once, and then having the option of making any slight modifications the agency would like thereafter for any subsequent projects would be ideal.” – MPSP



## 3 Potential solutions

We suggest two potential solutions to address the identified needs:

### Increased dialogue and coordination

Increased dialogue and coordination are needed at several levels and between different types of stakeholders:

- **Between INGOs/agencies:** While a strong coordination group exists with the CWG at the national and regional levels, as well as a donor coordination group, the pilot of the portal system has gone unnoticed by most. We suggest conducting specific CWG learning sessions whereby INGOs/agencies share their experience with various additional services and innovations provided by MPSPs.
- **Between MPSPs:** The major MPSPs across the three regions are linked under the same business umbrella. However, some are more innovative than others and some offer additional services. We suggest increased coordination in the services that all three of them offer. Hormuud in South-Central for example could share their experience
- and know-how following the implementation of their portal while Telesom could do the same following their pilot with CARE International regarding voice recognition.
- **Between INGOs/agencies and MPSPs:** Many INGOs/agencies are not aware of the full range of the MPSPs' service offerings. The available services should be made transparent by the MPSPs by providing a menu of service offerings to the INGOs/agencies. This would benefit both the INGOs/agencies who would be able to access more services, but also the MPSPs who could charge fees for those additional services. Meetings between both groups would also allow MPSPs to discuss their current additional services, INGOs/agencies to express their interest in certain additional services and for MPSPs to discuss the feasibility of implement these services.

### Improved partnerships

All INGOs/agencies expressed interest in voice recognition to unlock the transfer of funds to recipients. Most expressed that they were reluctant to invest in the solution because the initial cost was so high. CARE International and Telesom

have now invested in voice recognition. However, if multiple INGOs/agencies express interest in the same solution, INGOs/agencies and MPSPs should consider partnering and sharing the cost of investing in solutions that would benefit all of them.

“The more solutions they have at their disposal the better it is for them and the easier their work. Humanitarian agencies can pick and choose at their will and utilise readymade solutions that we can provide. We are always ready to support, we have a team of developers who work tirelessly to improve and develop services. We do not force any humanitarian agencies to take particular solutions; they freely choose what best fits their project. They may even ask for slight customisations of existing products which we are happy to fulfill.” – MPSP



## 4 Targeted recommendations

Stakeholder	Recommendation	Difficulty <sup>1</sup>	Timeframe <sup>2</sup>	Cost <sup>3</sup>
<b>CWG</b>	Assign one CWG meeting and learning session a year to discuss and align MPSP service offerings	Low	Short-term	Low
	Organise and lead coordination meetings between MPSPs and INGOs/agencies	Moderate	Medium-term	Moderate
<b>INGOs/ agencies</b>	Participate in annual coordination meetings between MPSPs and INGOs/agencies	Low	Medium-term	Low
	Consider entering into framework agreements rather than service contracts with MPSPs	Moderate	Short-term	Low
	Involve partner MPSPs in the recipient registration process	Moderate	Short-term	Moderate
	Partner with other INGOs/agencies and technology firms to invest in and develop solutions that would benefit all	High	Long-term	High
<b>MPSPs</b>	Participate in coordination meetings between MPSPs and INGOs/agencies	Low	Medium-term	Low
	Instigate biannual coordination meetings between Hormuud, Gollis and Telesom to discuss service offerings and potential innovations	Moderate	Medium-term	Low
	Provide a set menu of services and associated range of fees to all INGOs, update and share it on an annual basis	Moderate	Medium-term	Low

<sup>1</sup> The level of difficulty refers to the level of effort and coordination required to implement the recommendations. Recommendations with a 'low' difficulty level might only require coordination within one type of stakeholder, while those with a 'high' level may require coordination between multiple types of stakeholders.

<sup>2</sup> The timeframe refers to how long it is assumed to take for a recommendation to be implemented. 'Short-term' recommendations are those that could be implemented within a period of three months, 'medium-term' could be implemented between three months and year, while 'long-term' recommendations could be implemented over period of more than a year.

<sup>3</sup> The cost refers to how much each recommendation is expected to cost to implement. 'Low'-cost recommendations should require little to no cost at all to implement, 'medium'-cost recommendations would require a certain amount of investment but which could be covered by one type of stakeholder, while 'high'-cost recommendations would require significant investment from multiple types of stakeholders.