

Mobile Banking in Port-à-Piment, Haiti

Primer & Strategy

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Acronyms

2G – Second-generation wireless telephone technology

3G – Third-generation wireless telephone technology

B2B – Business to Business

CHW – Community Health Worker

E-Money – Electronic Money

HIFIVE – USAID Haiti Integrated Finance for Value Chains and Enterprises project

HTG - Haiti Gourde

GSM - Global System for Mobile Communications

MEDA - Mennonite Economic Development Associates

MFI – Micro Finance Institution

MNO – Mobile Network Operator

MOU – Memorandum of Understanding

NGO - Non-Governmental Organizations

SIM – Subscriber Identity Module

UMTS – Universal Mobile Telecommunications System

USAID – U.S. Agency for International Development

USSD – Unstructured Supplementary Service Data

Executive Summary

This primer is an evaluation of mobile banking services and how they function in the Haiti context with a specific focus on the Port-à-Piment watershed. It is inclusive of supporting mechanisms such as agents within the watershed and in neighboring areas, merchants accepting mobile money and local market demand for mobile banking products. Digicel is currently the only mobile banking (m-banking) provider in Haiti with TchoTcho Mobile. Voilà also has a mobile banking product, T-Cash. However with the recent acquisition of Voilà by Digicel, the future of T-Cash is not clear.

It also includes potential applications of m-banking based on MVP goals and examples of how other organizations and projects have utilized this service. The Case Study gives an overview of how Mercy Corps set up their Kenbe-La program in 2010. Kenbe-La was a goods assistance program which provided \$40/month on a regular schedule to 200 beneficiaries using Voilà's T-Cash service. The challenges faced by the project and the lessons learned would be valuable for implementing a Millennium Villages Project (MVP) program in a similar vein.

The strategy is for implementing cash transfers to pay salaries for Community Health Workers working with the MVP in Haiti. It includes the partners involved, design and implementation and major challenges and their potential resolutions.

A. Overview of Branchless Banking

A1. What is Branchless Banking?

Traditional banking services such as checking accounts, saving accounts, money transfers and use of virtual money in the form of credit cards, debit or checks requires many customers in developing countries to physically go to a building housing a bank and stand in line for hours. Mobile banking has in the past decade become a viable option to circumvent having to physically access bank branches. M-PESA in Kenya has been one of the biggest success stories and in other developing countries where alternates to branched banking are few and far between. Different operators provide different services such as account creation, withdrawals, deposit and person-to-person transfer.

There are three major models for implementing such a system: MNO-centered, Bank-centered or a third-party led model. For mobile banking to work it is also necessary to have cell phone reception while handsets can be as basic as possible as long as they support Unstructured Supplementary Service Data (USSD) or customized SIM interactions depending on what communication protocols are being utilized.

A2. Mobile Banking in Haiti

Mobile banking in Haiti is a fairly recent phenomenon. The January 2010 earthquake was a catalyst in kick starting this sector considering that many of the few existing physical banking services offered were no longer operational. Access to money, be it paying salaries, managing personal funds or receiving remittances, was key. Remittances alone made up as much as 25% of the GDP (\$1.5 Billion)¹ in 2010. In June 2010, the Bill and Melinda Gates Foundation in partnership with the U.S. Agency for International Development (USAID) launched a fund called the Haitian Mobile Money Initiative which was in essence a competition to encourage the growth of the mobile banking industry in Haiti. The fund awarded \$2.5 million to the first company to establish 100 new outlets and carry out 100 mobile transactions, in this case Digicel, a local Haitian MNO. An award of \$1.5 million went to the company in second place i.e. Voilà, another MNO.

The remaining fund money was distributed based on market share gains in the following months. This initiative comes under the USAID Haiti Integrated Finance for Value Chains and Enterprises project (HIFIVE). However, it is necessary to keep in mind that although it seems that mobile banking took off with a bang in Haiti in 2010, many of the transactions that were conducted for the competition took place in a relatively short time period and the agent objectives being short-term may have led to many transactions being made merely for the sake of recording a transaction. Also, every MNO which chooses to implement this service has to procure a letter of non-objection from the Banque de la Republique d'Haiti (BRH) which further limits which corporations could carry out mobile banking operations. Currently in Haiti, all existing mobile banking options are MNO-centered with partnerships with specific banks.

In April 2012 Digicel Haiti bought out Voilà and at the current point in time there is only one mobile banking provider in Haiti. Digicel Haiti comes under Digicel Group Limited which has been in business for

¹ [Why Mobile Banking will take off in Haiti](#) E. Pereira. Forbes. 29th October 2010

over nine years and has operations in the Caribbean, Central America and the Pacific². From 2010 estimates, Digicel has over 2.2 million cellphone subscribers in Haiti³.

Wireless Coverage for Digicel



Digicel wireless coverage and location of Digicel stores

TchoTcho Mobile

Digicel's Mobile Banking product, TchoTcho mobile was officially launched in March 2011 and is offered in partnership with Scotiabank. At that point in time there were 300 agents in Haiti for TchoTcho. Additional banking partnerships agreements have also been signed with Sogebank and Capital Bank. Technical expertise is provided by YellowPepper, a Latin American company and a local Haitian partner for agent registration purposes and initial marketing for TchoTcho for Digicel was carried out via the Spark Group.

² [Digicel: About](#)

³ [Cellular Network Digicel in Haiti: 2.2 Million Subscribers in Four Years](#) M. Tison. La Presse Affaires. 8th October 2010

Currently the service allows you to:

1. Deposit money
2. Withdraw money
3. Person-to-Person transfer
4. Buy phone credit

Company-to-Person transactions can also be set up via the service on a contractual basis with Digicel. World Vision is known to be one of the NGO partners utilizing TchoTcho services for cash for work programs⁴.

Signing up for TchoTcho is free and mobile banking services are accessible from any phone on the Digicel network. You can also manage TchoTcho from your phone (i.e. verify your balance, call customer care and change your PIN.) A valid national ID is required to sign up for the service and the SIM card being used to sign up must be registered under the same individual and same ID⁵. A minimum of 100 HTG deposit is required to open the account but this is immediately accessible for use⁶.

There are trained agents all across Haiti used to facilitate all transactions.

Transaction Costs

Type of Transaction	Cost of Transaction		
	From (HTG)	To (HTG)	Cost (HTG)
Deposit Money	25	10,000	0
Withdraw Money	25	1,000	10
	1,000.01	2,500	20
	2,500.01	5,000	40
	5,000.01	10,000	60
Transfer Money to a TchoTcho Client	25	1,000	6
	1,000.01	2,500	15
	2,500.01	5,000	25
	5,000.01	10,000	30
Transfer Money to a Client without a TchoTcho account	25	1,000	20
	1,000.01	2,500	40
	2,500.01	5,000	80
	5,000.01	10,000	120
Balance Verification	First balance check is free. Each additional check is 1 HTG		
PIN Modification	Free		

* Minimum deposit to register for a TchoTcho account: 100 HTG

⁴ [Mobile Money in Haiti: Strategies for a Multi-Competitor, Multi-Industry Market](#) W. Hausman, M. Daggett, L. Bernasconi, D. Altman. CGAP. 7th February 2011

⁵ See Appendix A

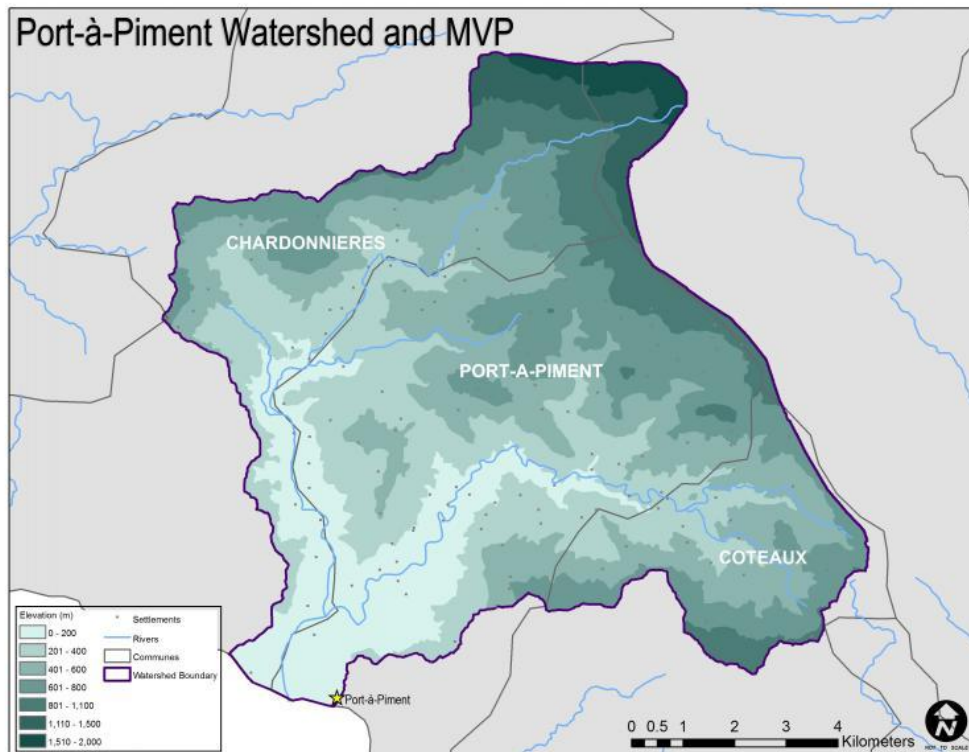
⁶ See Appendix A

Transaction Limits:

Transaction Amount per Month	60,000 HTG
Transaction Amount per Day	20,000 HTG
Amount per Transaction	10,000 HTG
Number of Refills per Day	10
Number of Transactions per Day	10
Maximum Balance	10,000 HTG

A3. Mobile Banking in the Port-à-Piment Watershed

The Port-à-Piment watershed is situated in the Sud department of Haiti. There are settlements dispersed throughout the watershed with the majority concentrated along the banks of the two rivers which run through the watershed⁷.



In the Sud department many of the bank branches are restricted to larger urban centers such as Les Cayes. For many Port-à-Piment residents it takes far too long to travel to get to these banks and the costs of travel can be exorbitant for farmers practicing mostly subsistence farming.

Mobile banking could be a viable option. From observational data, Digicel reception was found to be fairly uniform within the Port-à-Piment town limits. However there is no wireless reception in Rendell.

⁷ [Haiti Regeneration Initiative: MVP Site](#)

Agents are also few and far between. Currently there are only two agents in Port-à-Piment who facilitate TchoTcho services and they are not actively marketing the product.

Based on a market survey of 15 sellers in the Saturday Port-à-Piment market, it seems the majority do not use any formal banking system. They prefer to store their money at home or invest in animals. Very few have heard of banking systems and even then have mostly heard of Caisses Populaires⁸ or Fonkoze as credit receiving mechanisms. Only 1 seller had heard of TchoTcho Mobile. In short there seems to be lack of information regarding financing and savings options irrespective of whether they are traditional banking mechanisms or branchless banking.

A4. How does Mobile Banking fit into the Millennium Village Project goals?

The Millennium Villages Project (MVP) in Port-à-Piment could use mobile banking to facilitate a number of initiatives.

Carbon Credit Disbursement: Keeping in mind MDG 7 – Ensure Environmental Stability, one of the focuses of the MVP is to stop and reverse the trend of environmental degradation across the watershed. Encouraging reforestation is one of the key interventions and a carbon credit scheme allowing smallholder farmers to earn carbon credits for planting and nurturing tree would lead to economic development as well as encourage environmental rehabilitation. Mali's Acacia Senegal Plantation Project⁹ is an example of such a scheme which aims to plant 10,000 acres of Acacia. This project is a partnership between National Institute of Rural Economics (IER), Déguessi Vert and the rural communities. These trees will sequester 100,000 tons of carbon dioxide by 2012 and over 500,000 tons by 2017¹⁰.

Alternatively Sustainable Agriculture Land Use Management (SALM) practices can be instated to help farmers increase carbon in soil and biomass on agricultural lands. The Western Kenya Agriculture Carbon Finance Project is one such project which will utilize new methods developed by the World to build up carbon in the soil¹¹. The World Bank's Carbon Finance Unit's BioCarbon Fund supported a pilot scheme involving more than 60,000 shareholders who farmed 40,000 hectares of land in western Kenya. This scheme was run by Vi Agroforestry. The BioCarbon fund is now planning to roll this out further within Africa. These 40,000 hectares are expected to capture 60,000 tons of carbon a year and are forecasted to increase participating farmer annual incomes by \$200 to \$400 per hectare¹².

However distribution of carbon credits is a challenge in itself due to lack of access to banks for farmers in rural areas. Mobile banking could be a viable solution for getting money to the farmers efficiently. One possible method of implementation could be a smartphone application which measures and

⁸ Credit Unions in Haiti

⁹ [Mali Acacia Senegal Plantation Project](#) Eco Carbone. Retrieved 17th April 2012

¹⁰ [Small Farmers in the Carbon Market](#) S.T. Diarra. Inter Press Service News Agency. January 16 2010

¹¹ Other carbon projects currently in planning and underway: [Humbo Assisted Regeneration Project](#), [International Small Group Tree Planting Programme \(TIST\)](#), [Cocoa Carbon Initiative \(CCI\) Project](#), [The Nile Basin Reforestation Project](#), [Nhambita Community Carbon Project](#) and [Trees for Global Benefits Program of EcoTrust Uganda](#)

¹² [Can Climate-Smart Agriculture Help Both Africa and the Planet?](#) F. Pearce. Environment 360. 15th December 2011

calculates offsets based on data inputted and sends a signal to a central server either via SMS or the internet to send out an automatic farmer payment for a specific amount through the mobile banking system. These measurements could be carried out by Community Agroforestry Agents who could verify plots once or twice a year. This is more likely to work for tree plantations, whereas monitoring soil rehabilitation practices would require more sophisticated mechanisms related to frequent monitoring and/or soil analysis on a regular basis to gauge carbon content.

Employee Salaries: Payment of employee salaries especially for Community Health Workers (CHWs), who tend to work in remote areas, can be facilitated by using mobile banking. However this would be contingent on whether there is a facility to withdraw money from a mobile banking account or purchase goods using money on the account. USAID recently signed an innovation grant with a major Afghan mobile network operator, MTN, partnering with the Afghan Education Ministry. This would allow MTN to begin paying teachers in ten provinces over the mobile network and ensure they get paid in time and not jeopardize their safety whilst travelling¹³. Another example would be in Haiti where Catholic Relief Services is attempting to negotiate a contract with Digicel to facilitate paying Parent Teacher Assistants.

Access to Credit: Unlike banks, Micro Finance Institutions (MFIs) usually do not have the capital to invest in developing a mobile banking infrastructure. However with an existing system in place, there have been several successful collaborations allowing clients to make regular loan repayments and saving deposits. In May 2009 Faulu Kenya became the first MFI to take deposits in Kenya using M-PESA. In December 2009 it launched a service to link savings accounts with M-PESA which allowed customers to earn interest and build good credit history by regular saving. By April 2010, Faulu Kenya had 30,000 customers using the service and on average \$60,000 was transferred between the two institutions every week¹⁴.

Remittances: Although currently Digicel does not offer receiving money from outside of Haiti, there is the possibility that third parties could be brought into a partnership and a system put in place to facilitate ex-patriot money transfer. One such middleman could be Washington based Microfinance International Corp.¹⁵ whose innovative ARIAS – Remittance Settlement Platform¹⁶ could be used to transfer money to a Digicel account and then re-routed to appropriate customers.

Government-to-Person (G2P) Payments: The Bradesco and Banco Postal model in Brazil allows for social safety net payments. 1.7 million clients received social security payments at Bradesco's Banco Postal outlets in 2009¹⁷. Such a mechanism could be used for delivering Government welfare checks especially those related to post-disaster.

¹³ [Innovating in Afghanistan](#) R. Shah. Impact Blog, USAID. August 24th 2011

¹⁴ [Microfinance and Mobile Banking: The Story So Far](#) K. Kumar, C. McKay and S. Rotman. Focus Note CGAP #62, July 2010

¹⁵ [Banker Launches Cell-Phone based Remittances for Immigrants in the U.S.](#) Microfinance Africa. January 7th 2011

¹⁶ [ARIAS – Remittance Settlement Platform](#)

¹⁷ [FS Series #11: Innovations in Financial Service Delivery – Branchless Banking](#) Chemonics International Inc. June 2010

Business-to-Business (B2B) Payments: Mobile Transactions¹⁸ in Zambia are currently working with
Zambian Breweries¹⁹ on supplier payments. Such a model could be utilized to purchase supplies for the
MVP itself and to encourage more efficient payment systems between local vendors and their suppliers
in larger cities. This has the potential to reduce travel costs and save time.

¹⁸ [Mobile Transactions](#)

¹⁹ [Zambian Breweries](#)

B. Case Study

B1. Mercy Corps: Kenbe-La

Mercy Corps was one of the first organizations to take advantage of mobile banking technology in Haiti to aid implementation of their programs. Venturing into this sector early on had many challenges and a case study of their methodology, on ground experience and lessons learnt, proves invaluable for anyone looking to implement something similar in the country.

Mercy Corps partnered with Voilà in 2010 for a number of its cash distribution programs: Cash for Work; Unconditional Cash Grants (UCG) and Local and Regional Procurement (LRP). These programs were implemented in the Central Plateau (Saut d’Eau) and the Artibonite (St Marc, La Chapelle, and Verettes) in Haiti, primarily because post-earthquake, many of the Internally Displaced Persons (IDPs) from Port-au-Prince (PAP) moved to these areas. This Case Study focuses on the Kenbe-La²⁰ program and was generated in collaboration with Mercy Corps²¹.

Project Type	Local and Regional Procurement (LRP)
Location	St. Marc, Haiti
Mobile Banking Provider	Voilà - T-Cash (Now part of Digicel Haiti)
Design & Implementation	<p>Voilà provided Mercy Corps with a T-Cash electronic account and Mercy Corps provided beneficiaries and vendors with mobile phones, SIM cards with T-Cash (e-wallet) already set up.</p> <p>The process: Mercy Corps deposited a bulk sum into a designated Voilà bank account. Voilà converted this deposit into electronic money (e-money). Mercy Corps disbursed e-money into beneficiary wallets on a monthly basis on a set schedule. Approximately \$40/month to buy basic food supplies Beneficiaries received a text message on their phone notifying them of the disbursement. Beneficiaries would use e-money at vendors’ and purchase food products (e-commerce). Vendors would utilize UniTransfer (the official cash-out agent of UniBank) to redeem the e-money in their e-wallets for cash. Since Kenbe-La was a goods assistance program, the beneficiaries’ e-wallets had a restriction on them, only allowing purchase of selected food items (corn, oil, beans and rice).</p>
Technology	Voilà set up an online platform which would allow the project manager of each project to logon and disperse the money to the beneficiary whenever needed.
Agents	Money transfers were conducted either directly through Voilà or through super agents such as UniTransfer which have access to larger cash repositories.
Transaction Costs	There was no minimum deposit amount. Mercy Corps paid out the transaction costs to Voilà on the behalf of beneficiaries.

²⁰ Creole Translation: Hang in There

²¹ Lois Eva Adhiambo Adongo, Project Manager - Mobile Technology, Mercy Corps, Haiti and Erin Wildermuth, Documentation and Communications Officer, Mercy Corps (2010-2011).

Training	Mercy Corps was on ground whenever a beneficiary received a disbursement for the first time. They handed out clear picture-based handouts with detail on m-banking codes and how to use them. There were also demonstrations run by Mercy Corps and additional training for vendors.
Number of Beneficiaries	7800

Challenges:

Insufficient Network Coverage: Mercy Corps initially had some trouble with cellphone reception in the areas they were working in. However this was primarily due to m-banking being new to Haiti. Over time Voilà set up additional base stations and it was no longer an issue.

Limited Online Platform Functionality: This was overcome by regular meetings via phone, in person and detailed correspondence with Voilà and Unibank.

Access to Electricity: Charging phones in remote areas without access to electricity was an issue. It was difficult to ensure important messages got through. Mercy Corps attempted to mitigate this by handing out solar chargers to some of the households receiving disbursements.

Merchant Recruitment: Initially merchant and agent recruitment was an issue considering Haiti was new to m-banking. However when the merchants/agents became cognizant of the benefits from increased sales volume²², they were a lot more open to utilizing and facilitating the service.

Low levels of literacy and numeracy skills amongst participants: Mercy Corps utilized picture-based training materials to overcome this challenge.

Low levels of familiarity with cellphone technology: This was especially true for the older generation. Many of the older beneficiaries had their children fill out the codes on their behalf which did away with the security aspect. Mercy Corps encouraged younger people to help older beneficiaries during training but there was emphasis during trainings with beneficiaries and vendors on why each individual should be inputting their own data to prevent theft and to be more independent.

Inconsistent Beneficiary Attendance to the Financial Education Training Sessions post Kenbe-La: This was due to many reasons such as work, school, lack of contact information for beneficiaries and no cash incentive since the program money had already been disbursed at that point. Contact information was presumed to be available via registration of Voilà SIM cards. However it is fairly common to change SIMs in Haiti across providers as well as exchange them within family, so it would have been better to have a central database of beneficiaries. To encourage attendance Mercy Corps conducted door to door mobilizations, posted flyers with locations and times and encouraged vendors and community leaders to spread the word.

²² In some cases vendors managed to double their monthly sales volume

Absence of an all-encompassing MOU with partners: Mercy Corps had an MOU with Unibank but not with UniTransfer which was the institution providing cash-out services on behalf of Unibank. This caused a number of issues since part-way through the program implementation UniTransfer showed displeasure over the program's payment structure. However since they were not directly part of the MOU with Mercy Corps, they were unable to resolve this directly with Mercy Corps and were at one point intending to discontinue operations for Kenbe-La. In the end they decided to see the program to completion but it may have negatively affected their relationship with customers. In the future, however, it may be better to have all partnering organizations be part of the MOU to ensure expectations are agreed upon. The existing MOU was also a challenge to uphold since regulation around m-banking was weak in Haiti and the MNOs were more focused on scaling in the private sector.

Restriction of beneficiary e-wallets: For the Kenbe-La program, beneficiaries were only allowed to access specific features of the Voilà e-wallet. However Mercy Corps realized that this was in contradiction to their Mobile Money integration project aims and additional training was provided post program implementation on all features of the e-wallet to beneficiaries.

Monopoly of Vendors: Considering m-banking was fairly new, there was not enough time to include all vendors available both as merchants and as cash-out options. Since there wasn't much competition, it is difficult to encourage competitive rates for extra charges like cashing out e-money.

Recycling of MSISDNs: The MSISDN is a number which uniquely identifies a subscription on the mobile network (GSM or UMTS). The standard operating procedure for MNOs is to recycle MSISDNs that are inactive due to failure to top-up airtime. Mercy Corps had to reach a special agreement with Voilà to provision for MSISDNs of beneficiaries and vendors not to be recycled during the program period.

Lessons Learned:

Many of the challenges Mercy Corps faced had a lot to do with m-banking being new to Haiti. The program not only had to implement a system of money transfer but also introduce beneficiaries to the concept of mobile banking. Some of the key takeaways from the project:

- Although it was necessary to restrict m-wallet capability, training on the full suite of services from the onset would have encouraged faster transition from early-acceptance to adoption in the long-term
- A program set up and planning phase and an End of Program transition plan are imperative to encourage on-going use of m-banking services by beneficiaries and participating merchants.
- Based on research conducted by Dalberg Consultants, mobile money does show a significant increase in speed of transfer and is heading towards becoming even more efficient as the processes and systems are fine-tuned.
- Mobile Money may be safer and faster than traditional cash transfer mechanisms but in the context of Haiti, it may not necessarily be cheaper. Over time however with greater uptake and better system delivery, the costs associated with training beneficiaries and supporting agents may go down. Also with more competition in the sphere, the transactions costs may become more competitive.

- Beneficiaries valued safety, convenience, accessibility and reliability more than cost savings²³.

C. Strategy to Utilize Mobile Banking in Port-à-Piment

C1. Partners

Prior to the implementation of any mobile banking facilitated program within the Port-à-Piment watershed, a MOU would need to be drawn up and MVP should include the following partners:

Côte Sud Initiative (CSI): CSI is a 20 year sustainable development initiative in the South department of Haiti. CSI and MVP collaboration is imperative since the Port-à-Piment watershed also falls within the South department and many of the organizational aims are aligned.

EarthSpark: EarthSpark’s mission is to empower communities by eradicating energy poverty²⁴. Their project Enèji Pwòp is currently underway in the Port-au-Prince area, and in the Cote Sud region, Les Cayes to Tiburon²⁵. There is a partnership between Fonkoze and EarthSpark to devise a credit system to allow the purchase of more expensive energy systems through a Rent-to-Own model. EarthSpark works through merchants within the communities who sell their products. Ideally EarthSpark would want to use mobile banking to facilitate transfers of cash between EarthSpark and the merchants and the merchants with the customers. Integrating the microfinance aspect into the mobile banking structure would be an added bonus. EarthSpark also has a solid existing relationship with Digicel which could be leveraged to the mutual benefit of all parties.

Digicel Haiti: Now the only m-banking provider in Haiti, Digicel would be the partner MNO and the key player when negotiating transaction costs for bulk transfers and individual cash-outs.

Scotiabank: Scotiabank is the e-money handling partner for Digicel.

UniTransfer: UniTransfer is a subsidiary of Unibank and is one of the leading players in the money remittance services in Haiti. Services provided include money transfer, food/item transfer, international and domestic top-up service and bill payment service. It has more than 50 offices and 300 authorized agents²⁶ and has been used in the past for cashing-out Voilà e-money. Considering that Digicel bought out Voilà, there is scope to renegotiate contracts to acquire the same cash-out services within the Port-à-Piment watershed for Digicel.

Fonkoze: Fonkoze is “Haiti’s alternative bank for the organized poor” and is the largest MFI in Haiti. As of Dec 2010, Fonkoze has 43 branches across Haiti with 50,533 active loan clients²⁷. Fonkoze also works

²³ 98% of the respondents from a household monitoring survey Mercy Corps conducted recognized that the cash transfer modality for Mobile Money was well received. About 97% of the respondents felt safer using Mobile Money, while 75% found Mobile Money more convenient than cash.

²⁴ [EarthSpark: Mission](#)

²⁵ [Enèji Pwòp](#)

²⁶ [UniTransfer](#)

²⁷ [Fonkoze: Key Statistics](#)

as a payment agent for UniTransfer so in the absence of a UniTransfer branch; Haitian families can use Fonkoze to get emergency cash²⁸. This could prove useful for any programs implemented in the Port-à-Piment watershed since both UniTransfer and Fonkoze could be utilized for cashing-out. Fonkoze is piloting a “Mobile Branch” model²⁹ which would travel to remote areas and disburse cash. In addition Fonkoze got funding in 2011 through the Mennonite Economic Development Associates (MEDA) for Fonkoze Mobile³⁰ which supports three key initiatives: creation of the Micro insurance Catastrophe Risk Organization (MiCRO), technical assistance on leveraging existing mobile money products including conversion of existing Fonkoze branches to mobile money agents and acting as an advisor for a mobile direct remittance partnership to allow overseas Haitians to send money using an e-wallet.

C2. Program Development

Using the CHW salary payment as an example, following is a potential summary of how that program would be developed:

Project Type	Cash for Work
Project Description	Paying monthly salaries for CHWs using mobile money and facilitating institutions / merchants to allow cash-outs and exchange for goods using m-commerce
Location	Port-à-Piment, Haiti
Mobile Banking Provider	Digicel Haiti
Design & Implementation	<ol style="list-style-type: none"> 1. Digicel provides MVP with a TchoTcho electronic account 2. MVP deposits a bulk sum for salary payments on a scheduled monthly basis into a designated Digicel bank account. 3. Digicel converts this deposit into electronic money (e-money). 4. MVP disburses e-money into beneficiary wallets on a monthly basis on a set schedule. 5. Employees receive a text message on their phone notifying them of the disbursement. 6. Employees would use e-money at vendors’ and purchase food products (e-commerce) or they could cash-out their e-money through Digicel agents, UniTransfer or Fonkoze 7. Vendors would utilize UniTransfer or Fonkoze to redeem the e-money in their e-wallets for cash.
Technology	Modify Voilà’s existing platform to suit program goals. Since Voilà is now under Digicel, technology created for Voilà would be Digicel property.
Agents	There are two existing Digicel agents in Port-à-Piment and once Digicel starts reaping the benefits of transacting with a greater population, entrepreneurs in Port-à-Piment are likely to acquire training as agents to tap this market. Unitransfer in Port-à-Piment and Rendell would be trained as a TchoTcho agent and appropriate mechanisms would be set up to ensure there is enough cash on hand to service the increase in TchoTcho users.

²⁸ [Cash for Haiti Could Undermine Rebuilding Effort](#) N. Hodge. Wired. 12th February 2010

²⁹ [Mobile Banking Fonkoze Style](#) Fonkoze. 17th March 2010

³⁰ [Fonkoze Mobile](#), MEDA

Transaction Costs	Negotiate no minimum deposit amount for CHCWs against bulk amount to be deposited by MVP in Digicel account. Negotiate lower transaction costs in lieu of marketing and training services to be provided by MVP.
Training	Pre-program training to be carried out on benefits and use of mobile banking technology. It should be hands on and accompanied by picture-based manual in Creole and French. Monthly training sessions rotating across locations in the watershed to troubleshoot issues with disbursement and utilization on e-money. These sessions could also be used to spread financial education.
Number of Beneficiaries	Pilot of MVP CHWs. 60 CHWs (1 for 500 households) ³¹

C3. Challenges

Cellphone Reception

This is the biggest challenge which needs to be addressed prior to program launch. In essence, within the watershed only the Port-à-Piment Township has Digicel reception. When initiating a mobile banking based program it is imperative that beneficiaries be able to access the mobile network. However in its absence, the beneficiary would have to travel to an area with cell phone reception and carry out all related program activities. For CHW payments this would work since they have to report to the township once or twice a month. They can choose to cash-out on their visits or purchase goods using e-money. However they would be unable to cash-out outside the township since a) they would not receive the SMS with the identification number needed to cash-out and b) because they would not be able to initiate the process to buy from a merchant since neither the CHW nor the merchant will have cellphone reception.

Hence, if MVP wants to use this service down the road for programs which would require m-banking in the rural setting such as disbursement of carbon credits, it would be necessary to encourage Digicel to widen their mobile network either by setting up additional cellphone towers or using new innovative technology to enhance existing communication networks.

Agent Scale-Up

Many beneficiaries of mobile banking programs live in remote areas. Cash transfer requires considerable time, money (for transport) and effort³². It would be important to facilitate less travel and more agents dispersed within the watershed. Following are some example of agent to client ratios for multiple m-banking providers in different countries.

³¹ Performance Monitoring Health Sector L. Georges. 9th December 2011

³² Mobile Banking and Conditional Cash Transfer Programs E. H. Diniz, N. Fingermann, N. Best. Inshort #26 September 2011

	M-Banking Providers				
	Banco do Brasil	Bradesco	EKO	FINO	M-PESA
Country	Brazil	Brazil	India	India	Kenya
Established	2004	2001	2008	2006	2007
# of Agents	15,300	24, 200 (6,038 in post offices)	500 (Delhi and State of Bihar)	10,000 (25 states)	21,000
Population Served	800,000 ³³	13,600,000	50,000 ³⁴	46,110,000 ³⁵	13,000,000
Services Provided	Bill payment Transactions Linked to bank accounts Government – to-person payments	Account opening Deposits Withdrawals Loans	Interest bearing bank account Money transfer product	Savings account	Transfer money Pay bills

One has to take into consideration that implementing a program within the watershed would have the added difficulty of no access due to lack of roads and flooding of transport routes through riverbeds during the rainy season. These transport issues would affect both beneficiaries and agents. When selecting agents, banks should consider locations which clients regularly visit. The size, location, and general ambiance of the agent premises are also important factors to take into consideration.³⁶

It is difficult to find agents with the liquidity necessary to manage cash-outs especially if the majority of the time the client is withdrawing the entire amount disbursed. Agents then sometimes charge additional amounts for cash outs which can be prohibitively expensive for the client. This is why it is important to have key vendors be part of the program MOU to ensure set processes in line with client needs and limitations.

High Transaction Costs

For the CHW program, following would be a typical breakdown of costs and profits in HTG. The initial 100 HTG deposit needed to start an account could come from the first paycheck. This is a deposit and not a cost. Monthly CHW salary is a flat fee of 2,250 HTG³⁷.

Transaction	CHW	MVP	Digicel Agent
Deposit of Salary	+ 6,000	- 6,000 -30 ³⁸	+30

³³ Banco Do Brasil MD&A Q209

³⁴ FS Series #11: Innovations in Financial Service Delivery – Branchless Banking Chemonics International Inc. June 2010

³⁵ [FINO, India](#)

³⁶ FS Series #11: Innovations in Financial Service Delivery – Branchless Banking Chemonics International Inc. June 2010

³⁷ Payment for Accompagnateurs for Partners in Health Zanmi Lasante, Haiti.

Withdrawal of Salary	-60	0	+60
Net	+5,940	-6030	+90

The above scenario is the minimum number of transactions, although it is quite likely that each CHW will conduct more than one transaction i.e. withdraw different amounts multiple times. The 20 HTG transaction cost could potentially be negotiated with Digicel to 10 HTG if MVP guarantees a certain number of transactions per month.

The following table compares the transaction costs charged by TchoTcho to other popular mobile banking service providers around the world for the 6,000 HTG salary proposed:

Type of Transaction	TchoTcho, Haiti	mPesa, Kenya ³⁹	EasyPaisa, Pakistan ⁴⁰
Deposit Money	0 HTG	0 HTG	0 HTG
Withdraw Money	60 HTG	72 HTG	85 HTG
Transfer Money to user with same mobile banking service	30 HTG	25 HTG	85 HTG
Transfer Money to user without mobile banking service	120 HTG	99 HTG	170 HTG
Registration Fee	0 HTG	0 HTG	0 HTG
Minimum Deposit	100 HTG	50 HTG ⁴¹	23 HTG

When comparing to other services around the world, TchoTcho has similar price points. An additional consideration which be kept in mind when considering transaction costs, is the cost that CHWs usually incur to cash checks or withdraw money from traditional banks. If Les Cayes is taken as the nearest major centre, the cost of traveling from Port-a-Piment to Les Cayes one way is approximately 30 HTG, therefore 60 HTG return which is comparable to the cost for withdrawing money albeit without the inconvenience.

Customer Uptake

M-banking users would require extensive training on use of the service and education on why they should use m-banking. Without buy-in from the user end any program implemented to promote m-banking will not be sustainable. Training has to be provided on financial management, benefits of a good credit rating and savings with potential interest collection versus investing in animals which has greater risk. For trainings to be effective it is necessary for the users to have trust in the system. A pilot with CHWs is a good way of proving to the local population that the system works, is timely, efficient and reliable.

³⁸ Presuming all CHWs have TchoTcho accounts set up

³⁹ [SafariCom, Kenya](#)

⁴⁰ [Telenor Pakistan](#)

⁴¹ [Mobile Payments Go Viral M-Pesa in Kenya](#) I. Mas, D. Radcliffe Bill & Melinda Gates Foundation March 2010

Conclusion

There are many potential applications of mobile banking within the Port-à-Piment watershed. With an existing mobile banking system already in place, it is a matter of designing a robust process for carrying out cash transfers, training agents and clients alike and rolling out components of the program in manageable blocks i.e. start with paying salaries for CHWs, build institutions to facilitate cash-outs, recruit merchants willing to sell goods for e-money and then scale to implement other programs such as carbon credit disbursement. Starting with the Port-à-Piment Township will set up a strong base from which services could expand across the watershed.

Appendix A: TchoTcho Mobile Official FAQs

[Translated from French]

Why should I use TchoTcho Mobile?

TchoTcho Mobile is a convenient, economical and secure. In case of loss or theft of your phone, you can block your number and retrieve a replacement SIM service has the Customer.

My money is secure with TchoTcho Mobile?

Yes, because for all your transactions, the system will ask for your PIN, known only to you. On the other hand, your money is safe in an account at the Scotia Bank.

Transactions by SMS and USSD are they safe?

Yes because all information are sent via messages that leave no history on your phone. The system is 100% secure.

What is the cost of acquiring an account TchoTcho Digicel Mobile?

There is no acquisition cost to register for the service. However, a minimum of 100.00 HTG is necessary to open the account. This amount is however available for your use immediately after opening the account.

Is TchoTcho Mobile compatible with my mobile phone?

Yes, TchoTcho Mobile is compatible with all cell phones operating on the Digicel network.

Do I need to have access to internet on my cell phone?

No. All transactions are done via SMS.

How can I deposit money into my TchoTcho Mobile account?

The deposits can be made through the network of authorized officer throughout the TchoTcho Mobile national territory.

Is there a maximum amount I can expend on my TchoTcho Mobile account?

There is a monthly maximum of 60,000 HTG, you cannot transferor or expend more than that amount. To make a deposit, Always present a valid ID.

Where can I withdraw money from my TchoTcho Mobile account?

Withdrawals can be made through the agent network.

Do I need to keep a minimum balance on my TchoTcho Mobile account?

No, there is no minimum balance required. However, your account must remain active. If no operation is performed over a period of 12 months, your account will be canceled.

Can I use Mobile TchoTcho outside of Haiti?

No, TchoTcho Mobile is intended for a domestic use only.

How long does it take to start my financial portfolio on TchoTcho Mobile?

Your TchoTcho Mobile is active the instant you complete the registration process.

How can I contact TchoTcho Mobile for any questions?

Call 202. Our customer service will be happy to serve you.

What should I do if my mobile phone is lost or stolen?

In either case, please call 202, to block your phone number.

If I lose my phone will the person who finds it have access to my money?

Money on your Mobile TchoTcho is protected by a password, your PIN. Unless this person knows your PIN, it will be impossible to access your money.

Does the person to whom I send money have to be registered with the TchoTcho Mobile service?

No. You can send money to people not registered with TchoTcho Mobile. However, the recipient will receive a PIN valid for ten days, during which period he/she must recover the money. Otherwise the amount will be returned.

Can I have more than one TchoTcho Mobile account?

No. Each person has access to one TchoTcho Mobile account. Giving you access to all services: Deposit, withdrawal, recharge, transfer.

Do I have to register to each of the services?

No. You register only once.

What if I forget my PIN?

Call our customer service at 202. They will ask questions to verify your identity and send you a temporary PIN. You will then have access to the main menu by typing * 202 # and you can then change the PIN.

Does my TchoTcho Mobile affects my bank account?

Your TchoTcho Mobile will not affect your bank account, it is a separate service on your phone.

What will happen with TchoTcho Mobile if I have a new phone?

Even if you change your phone, your TchoTcho Mobile will not be affected because it is attached to your number and not the handset.

What will happen with my TchoTcho Mobile if I have a new phone number?

The money will stay on your old number until you submit a request to transfer your credit to the new number. To transfer your TchoTcho Mobile to a new contact number customer service at 202 or visit an agent of TchoTcho Mobile.

Why do I need a piece of identification to register or to transact business?

As called for settlement of the Central Bank of Haiti, you should submit a piece valid national ID to register for the service TchoTcho Mobile, to make cash withdrawals or to make deposits. The acceptable forms of identification are: the national identification card, passport or driver's license.

Is a photocopy of my ID sufficient to register for the service or to transactions with an agent?

No. The agent will need to see a piece of original identification.

What happens if someone else registers my number by mistake for TchoTcho Mobile?

If for some reason your number is registered by another person in the service TchoTcho Mobile by mistake, you should call the customer service of TchoTcho Mobile at 202. A series of questions will be asked to verify your identity.

Can I register for TchoTcho Mobile if I have a SIM from another operator?

No. TchoTcho Mobile is available only to clients of the Digicel network.

It is there a maximum I can spend with TchoTcho Mobile?

Yes. You cannot make a transaction more than 20,000 HTG per day. You cannot do a transaction over 8,000 HTG in one go. These limits apply to all transactions: depositing, withdrawal, sending and receiving money and purchasing minutes.

What is the difference between a client who has registered for TchoTcho Mobile and a customer not registered?

When a client is registered with TchoTcho Mobile he/she has access to it on his menu TchoTcho Mobile phone and may have access to all services offered by this product. An unregistered customer is one who

receives the money from TchoTcho Mobile without being a customer. A client can only withdraw the cash he has been transferred but cannot conduct other transactions.

What services are offered?

1. Deposit of money. Deposit to other TchoTcho Mobile is not allowed).
2. Remove money from account from any authorized officer of TchoTcho Mobile.
3. Transfer money to TchoTcho Mobile user or unregistered person.
4. Buy your phone minutes for Digicel and those of others.
5. Control your Mobile TchoTcho (i.e. verify your balance, call customer care and change your PIN.)

Do I have to pay a monthly/yearly set fee for using the TchoTcho Mobile service?

No. TchoTcho Mobile charges you every time you trade - refer to the fee schedule for details. You are only charges for the transactions you have CARRIED.

Does TchoTcho Mobile works through other wireless service providers?

Only Digicel customers can register a TchoTcho Mobile. However the person who you transfer of money to does not need to have a TchoTcho Mobile. However, the service is cheaper if you send money to another TchoTcho Mobile.

Can I buy minutes with TchoTcho Mobile if I'm not in Haiti?

Yes. If you have money on your TchoTcho Mobile and you have roaming service on your phone.

Can I buy minutes for non-Digicel?

No. For now you can only buy minutes for Digicel phones.

What happens if I have not received an SMS confirming the transaction TchoTcho Mobile?

There is a period for receiving SMS TchoTcho Mobile. If this happens, call Customer Care at 202 who will advise you of the status of your transaction on the system TchoTcho Mobile.

What happens if the Digicel network is down?

As TchoTcho Mobile works via SMS if the SMS service Digicel is down, TchoTcho Mobile will not work.

What happens if I transfer money to a wrong number?

The TchoTcho mobile service transactions cannot be reversed. This is why the system asks you to confirm the phone number and enter the PIN at least twice before making a transfer.