

SHORT-TERM CONSULTANCY OPPORTUNITY

THE EVOLUTION AND CURRENT STATE OF THE MOBILE MONEY INDUSTRY IN HAITI: A COMPARATIVE ANALYSIS

Issued on: May 21, 2015

Submit by: June 5, 2015

Period of Performance: June 22 – September 30, 2015

BACKGROUND

The Haiti Mobile Money Initiative (HMMI), a partnership of the Bill & Melinda Gates Foundation and the United States Agency for International Development (USAID), began in June 2010 and was designed to spur the launch of mobile money services in Haiti following the 2010 earthquake. Managed by the USAID-funded Haiti Integrated Finance for Value Chains and Enterprises (HIFIVE) program,¹ HMMI provided incentives to organizations that developed mobile money services and provided grants to address obstacles in the implementation of payment systems and improve access to financial services through mobile money.

Just seven months after HMMI began, two mobile service providers, Digicel and Voila, launched services that allowed customers to use their phones as a “mobile wallet” to send and receive money, pay for purchases and even receive humanitarian aid on their cell phones. Digicel, the first to meet HMMI requirements with their Tcho Tcho Mobile service, won the US\$ 2.5 million “First to Market Award” in January 2011. Subsequently, Voila received the “Second to Market Award” and “Scaling Awards” were granted when the providers reached one million and five million mobile money transactions. Digicel acquired Voila in April of 2012.

Following the competition phase, HMMI transitioned to providing resources and technical assistance to contribute to thought leadership and problem solving around mobile money, while also promoting its penetration into key sectors, including microfinance, agriculture and health through technical assistance grants. HMMI also focuses on key technology, market demand, regulatory and industry issues.

HMMI, in partnership with HIFIVE, has been the driving force in changing the landscape and dialogue about mobile money and electronic payments in Haiti. More explicitly, HMMI is the reason that Haiti’s commercial banks, credit unions (caisses populaires) and Microfinance Institutions (MFIs) are currently in the process of defining mobile-driven strategies. At the same time, new mobile money providers have entered the market building on the groundwork laid by HMMI. Digicel has made a strategic investment in one new entrant, Boom Financial, a

¹ HIFIVE is a USAID-funded program implemented by FHI 360 and World Council of Credit Unions that expands financial inclusion through improved access to financial products and encourages the use of technology to expand outreach.

socially responsible Silicon Valley start-up firm focused on expanding financial inclusion particularly with immigrant and unbanked families which has been working with World Council since 2011. Another new entrant, LajanCash, a joint venture between Banque Nationale de Crédit (BNC) and HaitiPay, has received grant funding to support payroll disbursements via its mobile payment platform and ease the integration of mobile money services for MFIs and credit unions.

The initial results of these efforts were impressive, with over 800,000 mobile money users registered during the first two years of program implementation. However, as of December 2014, there were only 60,000 active users, indicating that mobile money in Haiti is still far from achieving the transformative effect it was hoped to have on the economy.

OBJECTIVE

To assess the evolution and current state of the mobile money industry in Haiti, comparing uptake and usage patterns to markets with similar characteristics, as well as to market leaders, such as Bangladesh, Kenya, or Tanzania. This analysis will contribute to:

- ❖ Global understanding of the factors that support or hinder mobile money development and the extension of digital financial services, as well as the establishment of benchmarks for assessing industry development based on the differing country environments;
- ❖ Recommendations for strengthening the performance of mobile money and digital financial services in Haiti and establishing a robust, inclusive digital payments system that advances the Central Bank of Haiti's national financial inclusion strategy.

TASKS

1. Rapid literature review of existing mobile money and digital financial services globally, including a review of MNO vs. bank-led models to provide an overall global context and inform the final selection of comparison countries.
2. For a more in-depth review of specific markets, the consultant will propose three or four countries for comparison, including at least one market leader, taking into consideration where mobile money has led to increased digital financial inclusion, and two countries that are similar to Haiti in terms of the regulatory environment and other key market characteristics.
3. Collect data on mobile money development and performance in Haiti through review of Haiti project reports and in-country interviews with mobile money providers, regulators, financial institutions, agents, and mobile money clients. Areas of analysis will include, but are not limited to the following:
 - a. Characteristics of the products and services provided

- Range of products/services offered, including utility payments and linkages to savings, credit/insurance products, enterprise solutions (agricultural supply chain, distribution and health)
- Ease of use (customer interfaces)
- Product fee structure: agent commission and user fees
- b. Uptake and usage trends
 - Number of registered and active users
 - Transaction volumes/values by primary product/service
 - Client disaggregation (rural/urban, male/female)
- c. Marketing strategies
 - Above the line (ATL)
 - Below the line (BTL)
 - Branding
- d. The regulatory environment and its impact on
 - The type and range of providers permitted (MNO-led vs. bank-led)
 - Cost of market entry and/or product pricing
 - Ecosystem development
 - Account opening
 - Product offer
 - Innovation
- e. Agent network development
 - Breadth of networks/accessibility of agents
 - Products and services provided
- f. Merchant payment network development
 - Number of merchants registered/active
 - Geographic breadth of networks
- g. Involvement of financial institutions in the mobile money ecosystem
 - Existing or potential mobile-linked products and services
 - Barriers to entry for the financial institutions
- h. Financial and technological literacy and Training
- i. Sustainability
- j. Design and impact of external support
 - The analysis should include exploration of the following questions:
 1. What does the HMMI experience say about the role incentive funds can have in effectively eliciting private sector investment without distorting or replacing market-based incentives?

2. Are there certain aspects of the ecosystem that a competition like HMMI is more/less useful for? Such as a competition narrowly targeted on merchant acceptance networks (merchant incentives and consumer purchasing decisions) or identifying clever supervisory tools for low-capacity markets?
 3. Does HMMI shed light on how a competition could be structured to ensure results are sustained beyond end of the competition (e.g., incentivize the development of commercially viable business models)?
4. Conduct secondary research on the three to four comparison countries.
 5. Draft final report:
 - Concise summary of mobile money and digital financial services worldwide to provide global context, including a global summary of MNO vs. bank-led models.
 - Description of the current state of the Haitian mobile money industry and how that performance compares to international experience.
 - Comparative analysis of the factors that have helped or hindered development of the industry in Haiti.
 - Recommendations for strengthening the performance of mobile money, and digital financial services in Haiti and establishing a robust, inclusive digital payments system that advances the Central Bank of Haiti's national financial inclusion strategy.

Transportation and support in setting up the in-country meetings will be provided by HMMI. Meetings will primarily be in Port-au-Prince with some interviews in the outskirts of Port-au-Prince (Carrefour, Croix des Bouquets, Cabaret, and Saint Marc).

REQUIREMENTS

- Strong knowledge of digital financial services and mobile money ecosystems around the world, including both MNO-led and bank-led models, with experience in Haiti a plus.
- Strong written and oral skills.
- Previous experience writing research papers or reports on mobile money related topics.
- Fluency in oral and written English, knowledge of French a plus.

TIMING

The consultancy will take place between June 22 and September 30, 2015. The anticipated work will include:

- 8 days of preparation – desk review of Haiti project documentation and global literature review
- Up to 12 days secondary research (3 per comparison country)
- 14 days in Haiti (must be carried out prior to July 31, 2015)
- 14 days for report writing, review and finalization

The consultant can recommend a different allocation of days as appropriate, with a maximum of 48 days.

DELIVERABLES

A comprehensive final report incorporating the analysis, conclusions, and recommendations described above. The report should be no longer than 30 pages, excluding annexes as appropriate.

SUBMISSION REQUIREMENTS

Individual consultants and firms are eligible to apply. The applicant should provide the following as a part of its application in English:

- A proposal outlining why you are qualified to do the work, how you would approach the work and a timeline for completing work, including consideration for back and forth review of the final report
- Resumes for individual consultants or researchers proposed by a firm
- A budget including travel to Haiti (in-country transport will be covered separately by World Council)
- Samples of other research papers or reports on mobile money
- Three references
- Biodata form for individual consultant submissions

Proposals must be submitted in English to recruit@woccu.org by June 5, 2015.

Disclaimer:

World Council is not obligated to issue any contract as a result of this request for applications and reserves the right to reject all offers. World Council will negotiate contract terms with the successful bidder upon selection. The contract will outline terms, scope, budget, and other necessary items.