

Stipend transfers using mobile money: CLP's experience with bKash

Overview

CLP aims to improve the livelihoods, income and food security of over one million people living in extreme-poverty. Central to CLP's approach is the Asset Transfer Project. CLP's core participants receive a grant of Tk. 16,500 (around £138) to purchase an income-generating asset of their choice, normally cattle. Alongside this, a monthly stipend is provided to each participant for 18 months from the date the asset is purchased. In July 2012, CLP began using mobile 'phones as a way of transferring these stipends through bKash (the service provider). This provides *char*-dwellers with formal access to financial services.

CLP's role and the costs of using mobile money

Over the 18 month period each participant receives a total stipend of Tk. 8,100 (around £68). They receive Tk. 650 for the first six months, and Tk. 350 for the following twelve months. The stipend is transferred straight to participants' mobile 'phone SIM cards which can then be converted into cash through a bKash agent. CLP's role is primarily to support opening mobile money accounts, working with bKash to overcome operational challenges and monitoring stipend transfers. In addition to the Tk. 8,100 stipend transferred, CLP covers the costs of opening each mobile money account (registration and SIM card, but excluding mobile phone), and the monthly stipend transfer and commission costs over 18 months. These additional costs total approximately Tk. 312 (about £2.60), or 3.85% of the total stipend value of Tk. 8,100 per participant. CLP considers this method of stipend transfer to be cost effective.



A participant receiving money from the bKash agent

CLP's transition from cash to mobile money

A number of considerations were taken into account when making the transition from cash to mobile transfers. These included: security risks; limited mobility of *char*-dwellers; limited network connectivity; costs of using mobile phones; and mobility and liquidity of bKash agents. CLP began implementing stipend transfer through bKash with a pilot project in July 2012, which involved 434 beneficiaries. This ran for three months in two districts: Kurigram and Pabna. The success of the pilot led to mobile transfers being scaled up to all eight of CLP's working districts. The first phase ran from September 2012 to June 2013 with 10,400 beneficiaries. The project has just entered its third phase. Cumulatively throughout the three phases, CLP will provide stipends through mobile money transfers to 22,278 beneficiaries, and in the last year alone has transferred a total of Tk. 33.7m (around £280,833) through the bKash service.

Challenges faced by CLP

As with implementing any new technology, CLP has faced some challenges. One of the greatest challenges in *char* areas is people's lack of personal identification cards or other documents that are required to open mobile money accounts. Working together, CLP and bKash solved this, with bKash agreeing to use other methods of identification such as birth certificates and visual authorisation from the Project Managers of CLP's implementing partners. Another challenge results from core participants forgetting and entering the wrong PIN. When this happens the SIM card becomes blocked and the process of liaising with bKash and reactivating the card takes time. Illiteracy is common on the *chars* which means users need assistance operating their 'phones, sometimes having to disclose their PIN to helpers, which is a security risk. A final constraint relates to agent availability. At present, it is only possible for CLP to transfer stipends through bKash in areas where there are trained and registered agents available. This restricts CLP from scaling up the service from the current 50% of beneficiaries to all its beneficiaries (100%).

Benefits of mobile money

CLP has benefited from the use of mobile money despite the challenges noted above. CLP has found that making stipend transfers via mobiles is more convenient, secure, and less resource intensive than cash payments for both core participants and CLP staff. Previously, when distributing stipends to participants, CLP staff would have to carry large amounts of cash which carried a high risk of theft, as well as an increased risk of "leakage". This was also time consuming and required mobilising large numbers of staff. Now cash is easily sent through mobiles and withdrawn from bKash agents already located on or near the *chars*. Participants now have the opportunity to withdraw the



A bKash record book

money they need, thus reducing the chances of their full stipend being stolen. This also provides an opportunity to save money in a safe and secure way. Further, they can withdraw money at a time convenient to them so they do not lose time that could be spent elsewhere e.g. working. Some beneficiaries also use the service to receive remittances through the SIM from family members working in other areas of Bangladesh. Finally, women are now more empowered, as they have access to financial services, greater control over their money and time, and are engaged with the new technology.

Key takeaways from CLP's experience

CLP's experience with mobile money has yielded three key lessons for other development organisations. First, mobile financial services can be used in lieu of cash, even in programmes where beneficiaries cannot access formal banking services directly. Second, although the absence of national identity cards and mobile 'phones are usually a constraint accessing such services, collaboration between programmes and service providers can lead to innovative initiatives to overcome this barrier. Finally, stipend transfer through mobile 'phones has positive knock on effects, such as: providing a safe and secure way to save; an alternative means to transfer remittances; and enhancing women's empowerment.