Scaling Innovations in Mobile Money (SIMM): 
PROJECT HIGHLIGHTS & ASSESSMENT
AGENDA

1. Welcome & Introduction
2. Snapshot: SIMM Project
3. Looking Forward: E-PESO
OUR SPEAKERS TODAY

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USAID/Philippines Program Management Specialist

Nandini Harihareswara
USAID Digital Finance Senior Advisor
USAID’s two decades of sustained support for expansion of the financial sector & financial inclusion in the Philippines:

**1997-2012**
- **MABS**: Microenterprise Access to Banking Services (focused on rural reach of financial services)

**2012-2015**
- **SIMM**: Scaling Innovations in Mobile Money

**2015-2020**
- **E-PESO**: Accelerating the shift to digital payments for broad economic growth
SIMM Project Assessment
Objective:
Increase financial inclusion for broad-based economic growth by:
• Boosting the expansion & rapid adoption of m-money
• Creating an enabling environment

Work Streams:
• Address supply and demand constraints to broader adoption of m-money
• Build trust and confidence in the m-money systems
• Create demonstration effects
• Promote global knowledge sharing

Strategic Areas of Focus:
1. Payment systems
2. Government services
3. Electronic payroll distribution

Cost and Dates:
• $3.243 million
• April 26, 2012 to January 16, 2015
Project Assessment Objectives

- Examine performance in development and implementation of various SIMM components and progress in establishing processes & partnerships
- Determine lessons learned, develop recommendations to strengthen ongoing implementation of SIMM, and inform E-PESO work plan

Team Members

- Nandini Harihareswara (Digital Finance Senior Advisor)
- John Callanta (Monitoring and Evaluation Specialist)
- Lucila Deza (Administrative/Logistics Coordinator)
- Josephine Joson (Documenter)
- Gerald Britan (Report Editor)
- Mr. Honorato Santos (Transport Coordinator)
Methods used in the assessment

- 6 focus group discussions
  - 30 participants
  - Rural coop members, workers coop members, public school teachers, and LGU employees from QC and Pulilan

- Interviews of
  - 40 key informants
  - LGUs from Batangas, QC, and Pulilan, coop leaders, QC students, community bank clients, utilities personnel, GPH departments from DSWD, BSP and City COA, Globe, Smart and BanKO providers, Project staff, Mission staff and MCC
Findings, Conclusions & Recommendations
Summary of Major Findings: Performance & Success

SIMM was creatively inclusive in the process to transition LGUs and MFIs to m-money.

COA circular enabled several LGU “proofs of m-money concept”

LGU work brought new stakeholders into this space, which brought great value to the private sector.

SIMM exceeded all targets.
Summary of Major Findings: Challenges

- Difficult to address all factors inhibiting financial inclusion & m-money usage
- COA enabled proof of m-money concept for some LGUs but translation to regional & national transition requires more work
- M&E system would have benefited if several important indicators became “BSP mandatory”
- Robust engagement with private sector players & integration of work plan against their strategic goals/investments will be critical for E-PESO’s success
1. How did SIMM work to **improve the capacity of its partners** to use mobile money services (including processes and partnerships)?
2. What were the planned or emerging benefits for target beneficiaries? What are the **outputs of SIMM**?
3. What policies, regulations, and other **enabling laws** have been introduced or are currently being developed as a result of interventions carried out by SIMM?
4. Good Practices: What were the **key strategies and interventions** that worked for SIMM? What factors contributed to achievement of results?
5. Lessons Learned: What **strategies/interventions did not work**? What factors constrained achievement of results?
6. Did the **monitoring and evaluation system** adequately measure the planned outputs and outcomes?
7. What **learnings can we apply** to E-PESO?
Q1: How did SIMM improve the capacity of its partners to use mobile money services (including processes and partnerships)?

SIMM employed the following process in engaging partners:

| Project Introduction | • Orientation events with LGUs, MFIs, mobile money providers, and main government partner (BSP)  
|                     | • Individual briefings – e.g., Calamba Water District |
| Enabling regulatory framework | • Review of existing laws/ordinances/policies  
|                     | • Commission on Audit (COA) circular on eORs enabled use of m-money in LGUs |
| Needs assessment | • Actual needs (LGUs, beneficiaries) shape priorities for conversion to m-money applications |
| Forging partnerships | • MOUs between SIMM and partner organizations  
|                     | • Contracts between m-money providers and partner organizations |
| Value proposition | • Terms of Reference development for needs to be part of business cases for mobile money providers |
| Operations mgt. | • Business process review and reengineering, technology development |
| Training | • Implementing staff of partners (m-money systems) and actual end users (financial literacy, orientation on m-money use) |
| Communication | • M-money campaigns for behavior change of targeted users |
Q1: How did SIMM improve the capacity of its partners to use mobile money services (including processes and partnerships)?

The process from SIMM introduction to actual use by beneficiaries ranged from 3-10 months.

<table>
<thead>
<tr>
<th>ORGANIZATIONS ASSISTED BY M-MONEY PROVIDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROVIDER</td>
</tr>
</tbody>
</table>
| BPI Globe BanKO | • LGUs- Quezon City, Pulilan Municipality  
• Five Batangas City cooperatives |
| Globe-GXI | • LGU – Batangas City |
| SMART e-Money | • National Confederation of Cooperatives (NATCCO)  
• Rural banks  
• SSS, PhilHealth and PAG-IBIG (cellphone load/credit as payment) |
FINDINGS

- SIMM facilitated partnerships between m-money providers, LGUs and MFIs & provided technical assistance

- Use of change management interventions

- Created strong relationships with key players

- Private sector interview indicated SIMM workplan could have been more aligned with companies’ strategic goals

- Collaboration of the m-money providers with SIMM improved providers’ public relations, promoted their m-money services, and allowed them to utilize SIMM-developed financial literacy training modules & related materials
Q2: What were the planned or emerging benefits for target beneficiaries? What are the outputs of SIMM?

**Main MM Benefits from KII and FGDS**

- Transparency of transactions / accountability
- Safety for disbursing personnel / actual users
- Convenience for the partner institution
- Savings on transportation expenses by end users
- Ability of “unbanked” to have savings accounts
- Liveliness – airtime load business
- Positive project return on investment...
Q2: What were the planned or emerging benefits for target beneficiaries? What are the outputs of SIMM?

**SIMM exceeded all project deliverables**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>TARGET</th>
<th>ACHIEVED</th>
</tr>
</thead>
<tbody>
<tr>
<td># of people opening savings accounts</td>
<td>10,000</td>
<td>149,899</td>
</tr>
<tr>
<td># of people trained</td>
<td>12,000</td>
<td>30,182</td>
</tr>
<tr>
<td># of conferences</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td># of research papers</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Value of activities funded by cost-sharing/contribution arrangements with SIMM</td>
<td>100,000</td>
<td>350,000</td>
</tr>
</tbody>
</table>
Q2: What were the planned or emerging benefits for target beneficiaries? What are the outputs of SIMM as of date?

...contd.

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>TARGET</th>
<th>ACHIEVED</th>
</tr>
</thead>
<tbody>
<tr>
<td># of govt. agencies using e-payroll/e-bills payment</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td># of cash merchants/agents</td>
<td>2,000</td>
<td>2,489</td>
</tr>
<tr>
<td>Contextual Indicator: No. of active mobile money users</td>
<td>1.3M</td>
<td>776,298</td>
</tr>
<tr>
<td>(as of June 2013)</td>
<td></td>
<td></td>
</tr>
<tr>
<td># of businesses using e-payroll/e-bills payment</td>
<td>100</td>
<td>114</td>
</tr>
<tr>
<td># of new users</td>
<td>250,000</td>
<td>328,072</td>
</tr>
</tbody>
</table>
Return on Investment (ROI)

98% Cheaper to create new LGU m-money users than MFI m-money users

50% Cheaper to create new agents to support LGU transition from cash to electronic

$19,310 $21,077 Average costs to transition a LGU and an MFI from cash to electronic systems, respectively
Q3: What policies, regulations, and other enabling laws have been introduced or are currently being developed as a result of interventions carried out by SIMM?

**FINDINGS**

- **National Level:** COA Circular No.2013-007 a.k.a. “Guidelines for the Use of Electronic Official Receipts of Government” (Sept 18, 2013)
  - Enabled by same circular, SIMM cities to pursue m-money & other e-payment options for other regularly collected fees

- **Local Level:**
  - **Valenzuela City:** Ordinance No.2012-139 authorized automated system for fee payment
  - **Pulilan, Bulacan:** Resolution No.42-2013 recognized BPI Globe BanKO as e-payments and e-disbursements provider
  - **Quezon City:** Ordinance SP-2228-S-2013 and its IRR authorized City Treasurer to accept alternative payment mode for taxes & fees

- **Initiated:** Alignment of national and sub-national objectives to boost expansion & rapid adoption of m-money
  - Interoperability study & National Retail Payment System
Q4: Good Practices: What were the key strategies and interventions that worked for SIMM? What factors contributed to achievement of results?

**FINDINGS:**

- Supporting the policy and regulatory environment
- Strong relationships. SIMM staff were technically competent, customer oriented, and trusted advisers.
- Mobilizing LGUs as change agents
- Change management advising for LGUs & MFIs
- Strong partnerships with m-money providers
- Designing new strategies with a clear business case
- Financial and m-money literacy trainings
- Bringing a new stakeholders & institutions together
- Coaching and troubleshooting with LGUs and MFIs/Cooperatives
- Strong BSP support
- Alignment of current LGU needs with m-money technology.
- Clear benefits to LGUs
Q5: Lessons Learned: What strategies/interventions did not work? What factors constrained achievement of results?

The Myth of Universal Access and Universal Mobile Literacy

- Total penetration of SIM cards: 110% (however, does not include individuals who own more than one)
- Percentage of municipalities affected by poor connectivity issues: 20%
- Out of 64 million adult Filipinos population with access to a SIM Card: 49 MILLION
FINDINGS: Factors constraining results

- Competition of Existing, Trusted Providers - Presence of less cumbersome, more familiar payment options (pawnshops, electronic payment online, debit and ATM cards)

<table>
<thead>
<tr>
<th>Amount Sent (Php)</th>
<th>Mobile Money</th>
<th>Remittance Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GCash(^1)</td>
<td>BanKO(^1)</td>
</tr>
<tr>
<td>500</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>1,000</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>3,000</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>5,000</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>10,000</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

Fees is composed of 1% transaction fee and 2% cash-out fee

Fees compose of 2% cash-in, 2% cash-out and transaction fee
1. **The Absolute Must of COA Policy:** Absence of COA circular delayed services for LGUs

2. **Insufficient coverage and liquidity** of ATMs and agent partner outlets

3. **Culture Wars: Receipts vs. Texting**

4. **Poor Customer Service:** Heavy reliance on SIMM staff to report challenges and/or complaints to service providers

5. **Users are Cheap (aren’t we all?):** Transaction Costs/Price Sensitivity
   - 1. Banks don’t charge (make money on float)
   - 2. LBC business model eliminates transaction fees to users
   - 3. SIMCO discontinued loan disbursement service (P50 transaction fee)

6. **Higher cost of Scaling Microfinance Use of Mobile Money:**
   - 1. Project ROI greater for LGUs vs. MFIs
   - 2. When CCT MOA reduced users 6000 to 250 users should engagement have ended?

7. **Engagement with Water Utility**

8. **Engagement with National Government:** DSWD & DBM

9. **Cost of Connectivity = Cost of creating Financial Inclusion?**
   - 1. Center for Community Transformation (MFI)
   - 2. Batangas City

10. **Technical Challenges:**
    - 1. Choice of one provider over another because of incompatible IT systems
    - 2. NATTCO and Smart – still waiting…
Q6: Did the monitoring and evaluation system adequately measure the planned outputs and outcomes?

**FINDINGS**

- **Sufficient M&E Plan:** The SIMM M&E Plan was substantially sufficient and compliant with current USAID Performance M&E guidance.
- **Data Gaps:** M&E data heavily reliant on BSP and private sector reporting. Data not required for some important m-money.
- **Data Inconsistency: Apples & Oranges**
  - Provider data not uniform making comparison difficult.
  - Absence of defined data fields leads to inconsistent regulatory requirements/requests.
- **Need Regulatory Completion:** BSP still to complete the amendment of the e-money report which will make the inclusion of the new indicators permanent.
Q6: Did the monitoring and evaluation system adequately measure the planned outputs and outcomes?

**FINDINGS**

<table>
<thead>
<tr>
<th>TRACKED BY BSP</th>
<th>SUGGESTED FOR BSP TRACKING</th>
</tr>
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<tbody>
<tr>
<td><strong>USAGE</strong></td>
<td></td>
</tr>
<tr>
<td>• Disaggregated by inflow and outflow</td>
<td>QUALITY &amp; USAGE</td>
</tr>
<tr>
<td>• No. of transactions by account disaggregated by transaction type (quarterly)</td>
<td>• No. of transactions by unique users</td>
</tr>
<tr>
<td></td>
<td>• No. of transactions by account disaggregated by transaction type</td>
</tr>
<tr>
<td><strong>ACCESS</strong></td>
<td></td>
</tr>
<tr>
<td>• No. of registered m-money users by account &amp; unique subscribers</td>
<td>ACCESS</td>
</tr>
<tr>
<td>• No. of dormant registered m-money users by account &amp; unique subscribers</td>
<td>• No. of active &amp; inactive agents</td>
</tr>
<tr>
<td>• No. of active &amp; inactive agents</td>
<td>• Agent transaction volume</td>
</tr>
<tr>
<td>• Agent transaction volume</td>
<td></td>
</tr>
</tbody>
</table>
Q7: What lessons can be learned for E-PESO?

**RECOMMENDATIONS**

- **Fixing the National Payment Systems is Critical**
  - Understanding larger payments system is critical
  - Interoperability can drive a large & dynamic e-payments sector
  - This may take time
- **Increasing Co-leadership with the Private Sector**
  - Engage service providers in design of the workplan and indicators, mapping against strategic goals of the sector
  - Expand engagement with pawnshops and other service providers & credit cards
- **Reorient New Staff, especially FSPs**
- **Requiring investments in agent networks and liquidity as part of template contracts for LGUs/MFIs with service providers**
- **The Receipt Conundrum:** Receipts vs Texting
- **Watch for Lessons:**
  - Smart Bayad load pilot in Tacloban
  - ASKI/BankO: Sari-sari stores as cash-in/cash-out outlets
  - Tacloban response
- **Enemy of One is the Many:** LGU payments need to be comprehensively transitioned
Looking forward:
E-PESO
THANK YOU

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