



Mastercard Center
for Inclusive Growth

Ethiopia – Bashir Hashi/Mercy Corps



MOBILE MONEY ASSESSMENT AND CONTRACTING GUIDE

Author: Greg Reeve, Mobile Finance Experts



CONTENTS

Glossary	2
INTRODUCTION	5
How to use this guide	5
Getting started	6
Types of operators	7
An illustration of the mobile money process	8
PART 1: EVALUATING YOUR OPERATOR'S FIELD CAPACITY	9
Operator field capacity	9
Agent networks	9
Liquidity management	10
New customer registration	11
Customer service	11
PART 2: ASSESSING YOUR OPERATOR'S TECHNOLOGY	11
Operator technology and features	12
Selecting a mobile money operator	14
PART 3: ESTABLISHING EFFECTIVE CONTRACTS AND SERVICE LEVEL AGREEMENTS	15
The service delivery contract and annexes	15
The contracting process	16
Providing feedback on operator service	20
ANNEXES	20

GLOSSARY

AML (Anti-money Laundering) – A set of procedures, laws or regulations designed to stop the practice of generating income through illegal actions. These may include limits on the amount of money that can be held in a mobile wallet or limits on the number of transactions that a user can perform per month.

API (Application Program Interface) – A set of protocols for building software and applications. By using an API, companies can automate communications between databases and mobile money platforms to simplify the process of sending bulk transfers.

(Automatic) Bulk Registration – Some jurisdictions allow the bulk registration of customers with minimal Know Your Customer (KYC) information. Where allowed, bulk registration is valuable to programs, since it enables program participants to be registered for mobile money service rapidly and without direct contact with the operator. Some operators can perform bulk registration automatically from receipt of a participant list. Other operators complete bulk registration using a manual data entry process.

B2P (Business-to-person) – A transaction from a business or NGO to a person; e.g., cash transfers or salary payments.

Back-end (or back office) – The term mobile money operators use to refer to their processing technology and operations; back-end technology is not directly accessed by the program participant/transfer recipient.

Bulk transfer (or bulk payment) – A simultaneous transfer of funds from one entity to many recipients. Bulk transfer services are required by almost all humanitarian agencies implementing mobile money e-transfer programs.

Cash handling network – Mobile money systems rely on local agents to distribute physical cash. Agents must maintain sufficient cash on hand (liquidity) to serve their customers' cash-out needs. Typically, they access cash via local cash partners such as banks or aggregators (if the agent is part of a masteragent's network). This group of stakeholders involved in moving cash is referred to as the cash handling network.

CICO (cash-in, cash-out) – In the context of mobile money, CICO describes the start and end of a money send transaction. Cash-in is the process by which a customer credits his account with cash. This is usually via an agent who takes the cash and credits the customer's mobile money account. Cash-out is the process in reverse: a customer deducts cash from his mobile money account. This is usually via an agent who gives the customer cash in exchange for a transfer from the customer's mobile money account.¹

E-money – Short for "electronic money," is stored value held in the accounts of users, agents, and the provider of the mobile money service. Typically, the total value of e-money is mirrored in (a) bank account(s), such that even if the provider of the mobile money service were to fail, users could recover 100% of the value stored in their accounts. That said, bank deposits can earn interest, while e-money cannot.²

FSP (Financial Service Provider) – An entity that provides financial services. Money transfer services are offered by a number of different FSPs. Many mobile network operators provide mobile money services with a dedicated staff supporting the service. Banks and other providers may also offer mobile money or other bulk transfer services for humanitarian programs.

G2P (Government-to-person) – A transaction between a government entity and an individual; e.g., a social safety net payment.

IVR (interactive voice response) – An IT system that can be telephoned and guides the listener through a series of questions to access account information or conduct mobile money transactions. For example, "Press '1' to send money," "Press '2' to cash-out," etc.

KYC (Know Your Customer) – Also known as customer due diligence, KYC regulations are designed to combat money laundering, terrorist financing, and other related threats to the financial system. They refer to the ID checks that financial institutions perform to comply with national financial regulations. Typically, KYC checks take place when customers sign up for an account or conduct a transaction. However, KYC checks can also occur during events less visible to customers, such as creating customer transaction models and monitoring for unusual activity.

Liquidity – E-money and currency balances that agents must hold to provide cash-in or cash-out transactions; failure to hold sufficient balance will restrict service quality, thus good operators strictly manage liquidity.

Manual vs. automatic processes for bulk transfers (operator side) – Some operators' platforms automatically process bulk transaction instructions. Others may use a manual procedure that can mimic the bulk transfer operation, but can be as crude as a team of people conducting individual transfers on phones. Automatic processes are less error-prone than manual ones.

¹ GSMA. Mobile Money Definitions. July 2010. <http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2012/06/mobilemoneydefinitionsnomarks56.pdf>

² Ibid.

Masteragent (or aggregator) – An aggregator is a person or business that is responsible for recruiting new mobile money agents. A masteragent is responsible for managing the cash and e-money liquidity requirements of a certain group of agents. Often, these roles are combined and the two terms are sometimes used interchangeably.³

P2B (Person-to-business) – A transaction between an individual and a business; e.g., a utility bill payment.

P2P (Person-to-person) – A transfer from one individual to another; e.g., remittances.

POS (Point of Sale) Device – Devices that do not contain any money, but have the capability of performing transactions (e.g., in retail stores, restaurants, or mobile locations.)

Processing platforms – The technology used to manage the cash-in, cash-out and transfer operations for all e-money use. Processing platforms ensure messages are delivered and balances are accurately maintained. They also provide customers and agents with access to their e-money through USSD or IVR. Part of the “back-end”.

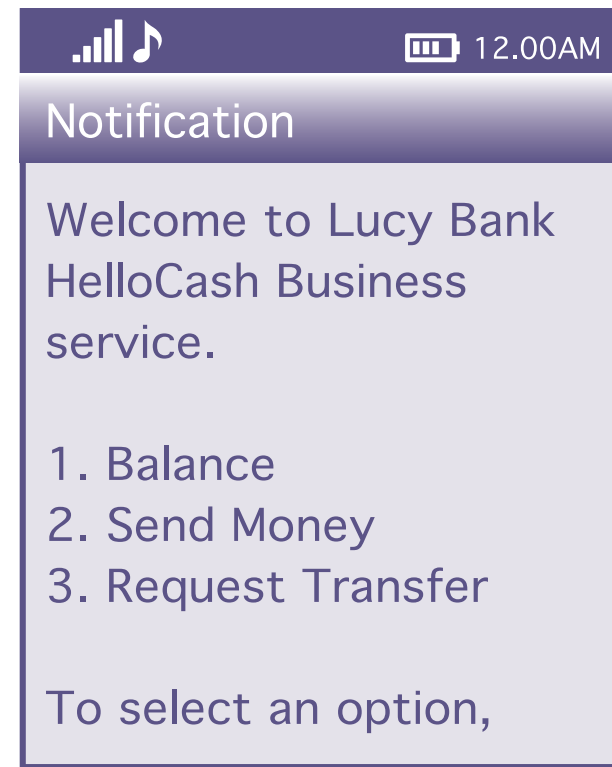
Service Delivery Contract – The legal agreement that defines the service commitment from the operator and how services will be delivered.

SLA (Service Level Agreement) – An optional (but recommended) annex to the Service Delivery Contract. SLAs define in greater detail the levels of service the operator will maintain.

Transaction code – Most mobile money operators assign a unique alphanumeric code to each transaction, which is used to confirm the transaction between sender and receiver. Often this code is referenced in the SMS sent to confirm a transaction has taken place.

USSD (Unstructured Supplementary Service Data) – A method of communicating with the mobile operator’s IT systems that is available on nearly all GSM phones. Instead of dialing a number, USSD is a set of codes that allows the user to communicate with the IT system. Sometimes these systems show up as menu of options (see Figure 1 as an example).

FIGURE 1: USSD MENU EXAMPLE



³ Ibid.

INTRODUCTION

Mobile money offers tremendous potential to enable cash transfers at scale and connect program participants to financial services. Oftentimes, however, humanitarian practitioners struggle to understand mobile money terminology to confidently evaluate different mobile money operators and to design contracts that lay the foundation for successful programs.

Furthermore, the majority of humanitarian work currently takes place in locations with weak or disrupted payment infrastructure. Using mobile money in these contexts requires careful assessments and joint planning with mobile money operators (hereafter “operators”)⁴ prior to, and throughout, program implementation.

Mobile money is a service in which a mobile phone is used to access financial services.⁵ Mobile money often includes the ability to make payments, transfer money, or access insurance, credit or savings products through a mobile phone. Mobile money is a type of **e-cash** (or **e-money**), an electronic substitute for cash that provides full flexibility for purchases. Humanitarian agencies often utilize mobile money **bulk payments** (or **bulk transfers**), a simultaneous transfer of funds to multiple participants.

HOW TO USE THIS GUIDE

This guide is designed to help humanitarian practitioners understand mobile money operators’ capacities, evaluate potential providers and design strong agreements for successful program implementation. The guide is designed to help you understand the operator’s constraints and challenges so that you can anticipate and mitigate implementation challenges.

The guide has an overview section and then is divided into three parts, each of which addresses a particular element of evaluating a mobile money operator or developing a successful partnership:

Evaluating your operator’s capacity in the field (part 1) will help you assess your operators’ networks of agents and capacity to meet program participants’ needs. Will they provide training to new users? Will they have enough cash on hand to meet your program’s demand?

Evaluating your operator’s technology (part 2) will help you evaluate what is happening “behind the scenes” at your potential operator(s). Is the mobile money service running on the best, most up-to-date technology? Is your operator prepared to provide a reliable, problem-free platform for you and your program participants?

Setting up Contracts and Agreements for Success (part 3) will help you review and structure agreements with your operator that set expectations for service delivery and allow you to maintain accountability during program implementation.

The annexed **Question Guide for Your Operator** should be used to support assessments in part 1 (field capacity) & part 2 (technology

⁴ Most ELAN resources refer to financial service provider (FSPs). Mobile money operators are as subset of FSPs that offer mobile-specific accounts and services, including mobile network operators (MNOs), banks, and others.

⁵ <http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2012/06/mobilemoneydefinitionsnomarks56.pdf>

capacity). The question guide offers suggestions for interpreting responses, which you can use to identify operator strengths and weakness and build these into your program planning and service delivery contract.

Additional annexes include a sample non-disclosure agreement (NDA), sample service delivery contract, and sample key performance indicator (KPI) and audit reports.

GETTING STARTED

Before digging into the detailed advice of this guide, you'll need to undertake an initial scoping to identify all operators in your program area and select those to be assessed in detail. Your office may have existing contacts or interactions with some providers (for example from previous programs or from your office's own payroll services.) Your local staff and program participants are typically the best source of information about available options, especially which networks are reliable in program locations. In sudden-onset emergencies, you may need to consider the damage to the relevant infrastructure. You may also want to consult your local Cash Working Group or refer to a resource such as [GSMA's deployment tracker](#).

Initial scoping occurs early in program development – once you have determined that cash can be an effective tool to meet your program objectives. It does not need to be time or resource-intensive and could be conducted even before funding is guaranteed.

After identifying operators with good coverage in your program area, you will move to a more in-depth assessment of potential operators (described in more detail in the following sections of this guide). As you set up meetings with each relevant operator, prepare for these discussions by making sure you can clearly communicate your requirements, including:

- The number of program participants and their location(s)
- The value and frequency of transfers, as well the planned or estimated transfer schedule
- Whether the majority of your program participants currently have access to a phone or SIM card and what network(s) they use
- What ID types most program participants possess
- The general literacy and numeracy levels of your program participants

Bring this information to your meetings with potential operators, along with the questions in the Question Guide (Annex 1). As part of this in-depth assessment you will want to visit some of your program locations to observe agents in the field and compare with the capabilities promised by the operator's head office.

Following your in-depth assessment, you may select an operator and eventually develop a contract. Part 3 of this guide will be particularly helpful during the contracting phase.

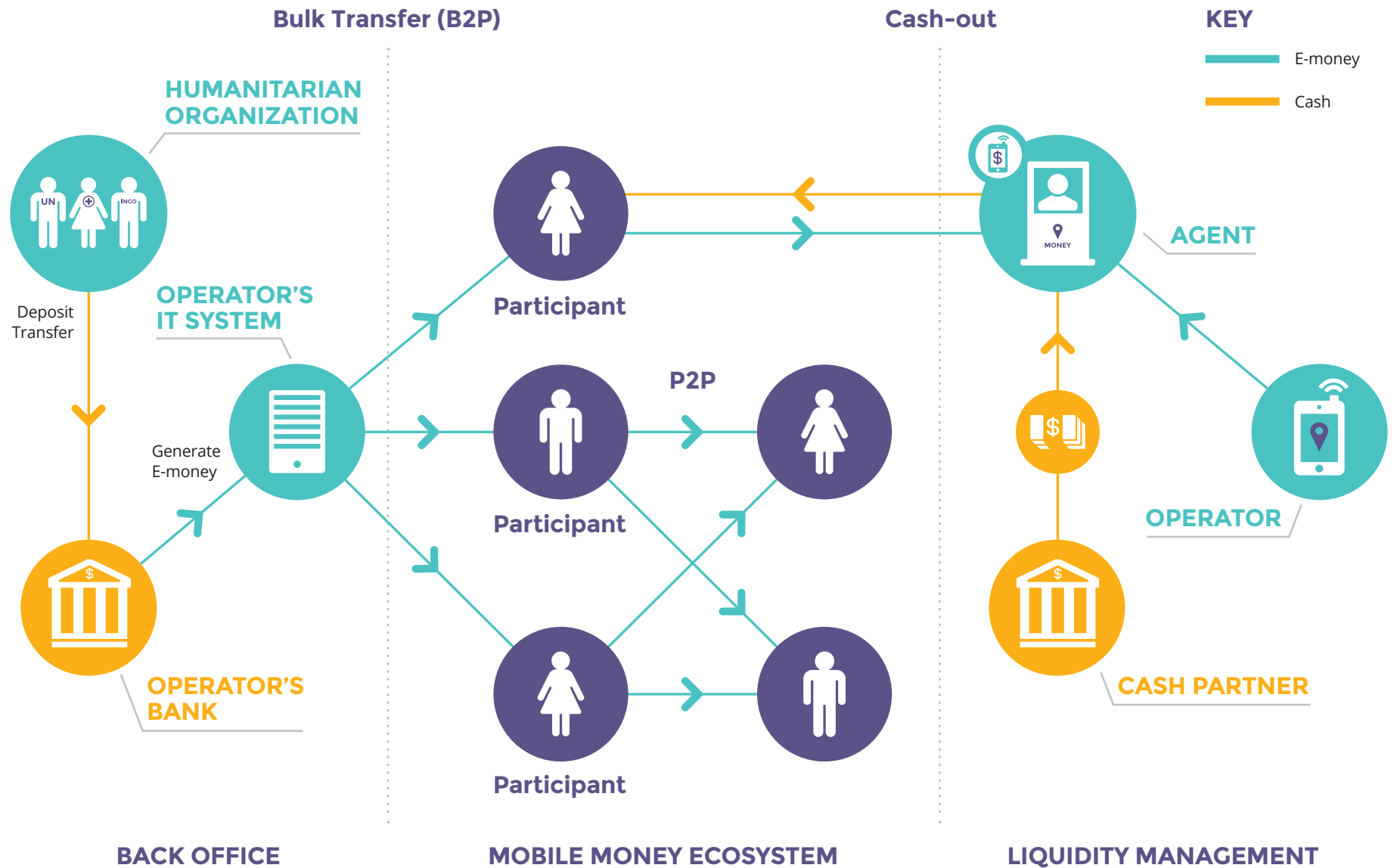


TYPES OF OPERATORS

Mobile money operators vary in their customer service and system capabilities. To help you judge the features offered, professionalism, and capacity of potential operators, we have developed three broad categories, which we refer to throughout this Guide:

Operator Category	Their Strategy
<p>Best in Class</p> <p>The most capable operators; their systems have been customized to meet customers' needs.</p>	<p>"E-money builder"</p> <p>These operators will be focused on building their e-money system and will want your business as a part of an overall strategy. They understand that poor service will impede long-term customer usage and will only offer what they can deliver. These operators will ask questions to determine your specific requirements and to fully understand if they can deliver the required service.</p>
<p>Average</p> <p>The majority of mobile money operators; their capabilities are limited by the back-end technology solutions they have selected, which are generally not customized for their users.</p>	<p>"Cash-in operators"</p> <p>These operators will be thinking about the low level of maturity of their own offering and will see you as an opportunity to increase cash flows into their system. They will view your participants as new subscribers and may look to generate new transaction revenue from them. Average operators may not understand wider liquidity issues (further described in Part 1 - Evaluating Your Operator's Field Capacity) and may offer poor service without significant involvement from you.</p>
<p>Poor & Troublesome</p> <p>Operators with the lowest maturity level; they have selected cheaper, low-feature IT systems that lack sophisticated features. Often their service is delivered manually and prone to error, poor audits, and bad operational quality.</p>	<p>"Any deal will do"</p> <p>Oftentimes, these operators just want to win business and tend to oversell their capacity.</p>

FIGURE 2: AN ILLUSTRATION OF THE MOBILE MONEY PROCESS FLOW



PART 1: EVALUATING YOUR OPERATOR'S FIELD CAPACITY

In your initial scoping, you narrowed down your search to a group of mobile money operators that provide good coverage in your program area. Now, you are ready to conduct an in-depth assessment of these operators. Schedule meetings with each of the operators you are considering and, if possible, send them an overview document with critical program details (noted above) in advance.⁶

OPERATOR FIELD CAPACITY

What is “field capacity”, and why is it essential to the success of your cash transfer program?

Field capacity comprises the liquidity, customer service, registration and agent network issues that have been recurrent challenges for humanitarian programs using mobile money.⁷ These elements of field capacity are critical for meeting program objectives and providing a smooth first experience for new mobile money users. Operators and humanitarian organizations have a common interest in providing participants a positive first experience with mobile money.

High quality field capacity is composed of four key elements:

- **Agent networks:** Does your operator have reliable agents where you need them?
- **Liquidity management:** Will those agents have sufficient cash on hand to meet the demands of your program?

- **New customer registration and training:** Will the operator support registration and training of new customers (your program participants)?
- **Customer service:** Are customer service mechanisms (for you and your program participants) available and reliable?

Low field capacity may leave you – and your program participants – confused and scrambling to make up for operator or agent shortcomings. Conducting a thorough initial analysis can help you identify potential weaknesses early on, set expectations for all partners and develop contingency plans.

These four components of field capacity are explained below. At the end of each section, you'll find a reference to a set of questions (Annex 1) for the operator head office and observations and questions to use when visiting the operator in the field, as well as categorization of responses by best-in-class, average and poor and troublesome.

AGENT NETWORKS

Mobile money agents will directly interact with your program participants. As such, it is critical to understand if their presence is robust enough to support your program needs, and if they are likely to provide quality service. Questions for the operator in this section are aimed at understanding clearly where agents are located, what volumes of customers they serve currently and what kind of support they receive from the head office. You will also want to know if the agents in your program areas are mostly cash-in or cash-out agents or

⁶ Note: your agency's procurement procedures may indicate a different order or components of outreach and information sharing with providers.

⁷ Krishnan, Vaidehi. Partnering for Success: E-cash use in humanitarian programming. ELAN. 2015. <http://www.cashlearning.org/downloads/partnering-for-success-in-e-cashfinal-elan.pdf>

if they perform both tasks equally, since your program will require the support of agents with additional cash-out capacity.

Temporary Expansion of Agent Networks

Some operators that lack sufficient agent presence in your target area may offer to temporarily assign agents to disburse cash. This is a complicated undertaking and involves significant logistics, security and management support from the operator. Typically, only a mature operator can successfully take on this challenge, so treat with caution any promises of agent expansion that are not accompanied with a full explanation of how it would be accomplished. Operators may also need to have a strategic purpose to take on this added responsibility (such as leveraging your program to complement an existing agent expansion strategy) and could charge higher fees to cover associated expenses.



See Question Guide section 1.1 and 2.1 for questions and observations for HQ and field agents about agent networks.

LIQUIDITY MANAGEMENT

Mobile money agents must have sufficient cash (liquidity) available to meet their customers' cash-out demand. This is particularly true for cash transfer programs, where participants almost always cash-out their entire transfer upon receipt. Even businesses with high levels of liquidity (such as pawn shops) may struggle to meet the demands of large cash transfer programs.

For this reason, it is important to understand how your operator plans to support their agents in planning for, and meeting, your program's cash-out requirements. Liquidity management can consume 20-30% of agents' time.⁸ If liquidity management costs are not built into your operator's business model, your program's extra demands can negatively impact cash recipients' experience.

Typically, agents can increase cash liquidity in two ways: either the agent goes to a bank or other cash point or receives a cash delivery (usually by an operator representative or masteragent).⁹ One or both of these channels should figure in your operator's liquidity planning.

Talking about cash management

Operators may be reluctant to discuss specifics about their liquidity management due to security concerns. Nevertheless, they should be able to provide general information that demonstrates a robust cash management system. If head office staff members are reluctant to discuss their liquidity management in detail, you may need to triangulate information by interviewing others involved in the process, such as agents and intermediaries (i.e., banks, masteragents).



See Question Guide section 1.2 and 2.2 for questions and observations for HQ and field agents about liquidity management.

⁸ Tool 5.6 - IFC Mobile Money Toolkit – <http://www.ifc.org/wps/wcm/connect/be4c9b804a1b7ad991ccfddd29332b51/Tool%2B10.5.%2BLiquidity%2BManagement.pdf?MOD=AJPERES>

⁹ A masteragent manages a group of agents, ensuring they have liquidity and are providing good service. Masteragents are rewarded with a percentage of their agents' commissions.

NEW CUSTOMER REGISTRATION

To capture the potential benefits of using mobile money accounts for other transactions, program participants who are not already mobile money account holders must be registered with your operator. (See textbox on sending to unregistered recipients on page 12 for a possible work around in limited cases.) If bulk registration is not available in your location, the in-person registration process will require work from your field team and support from your operator in the form of SIM card distribution, planning time, and technical support. Your operator may welcome your registration of new clients. If you want the operator to play a role in the process, be clear about expectations, roles and responsibilities for both field teams.



See Question Guide section 1.3 and 2.3 for questions and observations for HQ and field agents about customer registration.

CUSTOMER SERVICE

All operators should provide an avenue for their customers to troubleshoot account difficulties, learn more about company products, retrieve lost PINs, etc. Their customer service should extend to both you, as the humanitarian client, and your program participants, as product end users.



See Question Guide section 1.4 and 2.4 for questions and observations to clarify what type of support your operator will provide and interpretations of the reliability and accessibility of that support.

PART 2: ASSESSING YOUR OPERATOR'S TECHNOLOGY

Your operator's overall capacity is also rooted in the technology they use and the features they offer. Understanding this aspect of your operator's business will help you evaluate their capacity to support your program's objectives and identify any potential shortcomings.

Key aspects of operator technology include:

- **SMS notification:** Can SMS that accompany bulk transfers be customized for your program?
- **Bulk registration:** Can participants be registered in bulk?
- **Payment platform and payer interface:** How can your operator accept program participant details and payment instructions? Can you directly access a platform to send transfers?
- **Error messaging and retries:** Under what conditions will a transfer fail? How are transfers retried?
- **Error resolution:** How are errors recorded and what is the resolution process?
- **Reporting capabilities:** What type of audit report does the operator produce? What level of detail can they provide?
- **Interoperability:** Does the operator's system enable transfers to users registered with other operators?

Across these technologies, you are looking for signs of whether the operator has automatic or manual systems, as automatic systems will be more reliable.

Non-Disclosure Agreements (NDAs)

Some operators operate in formal legal environments and may be hesitant to provide details about their services (for example API or data file formats) without a signed NDA. A sample NDA can be found in Annex 2.



Each aspect of field capacity is explained below and linked to a question for the operator's head office (See **Annex 1 – Question Guide** for questions on each of the features below and a categorization of responses).

OPERATOR TECHNOLOGY AND FEATURES

SMS Notification

SMS notifications are text messages that mobile phone holders can receive from bulk or individual senders. Certain systems allow for the configuration of SMS notifications so that recipients can be notified in bulk that a transfer has been sent from a specific program. This feature can be particularly useful when your program participants are already utilizing mobile money (to differentiate program payments from other funds received).

Bulk Registration

Some systems are capable of registering your program participants in bulk if they are not already registered, which provides them with additional account functionalities. For either automatic or manual bulk registration, participants must possess (and in some cases you must have collected) required KYC documentation for registration to occur.

Sending to an unregistered recipient

Any user outside the service provider's network is an "unregistered recipient". Additionally, not all network users (SIM card holders) will have registered for the mobile money service. Most e-money systems permit sending to an unregistered recipient (within or off network); in these cases, the recipient must withdraw the entire sent amount at the service provider's agent, usually within a limited period of time. By contrast, a program participant registered with your operator will receive an SMS notifying them that money has been transferred to their mobile wallet. Their wallet balance will increase to reflect the transfer (minus any applicable fees). The registered user will have the opportunity to withdraw their cash at an agent or can use the wallet to perform other financial transactions, such as sending money to another person or paying for goods or services. An unregistered program participant will not have access to additional mobile wallet capabilities and there may be stricter limitations on the balance that can be sent to unregistered recipients (linked to AML/KYC regulations). To register for the mobile money service, users will have to undergo any relevant KYC checks. These are laid out in national legislation for different banking and cash transfer services. For more information about KYC in humanitarian programming, see the [ELAN KYC tip sheet](#).

Payment Platform and Payer Interface

Most mobile money operators use an IT system to manage their accounts and transactions, referred to as a "payment platform." The payment platform is often purchased from a specialist vendor, but

may also be developed in house. Some payment platforms are quite basic while others are more sophisticated. The file formats that your operator can accept and whether or not they can schedule transfers for a particular time offer insight into the sophistication and reliability of their system.

Some services also provide programmable interfaces (known as APIs) so that NGOs' or other providers' IT systems can directly link to the mobile operator's systems.

Errors: Messaging, Retries and Resolution

An error message is logged when transaction instructions are not processed correctly (resulting in no transfer sent to the intended recipient). There are a number of reasons why a transfer cannot be completed, some of which are outside the operator's control. For example, a transfer may fail if new money sent to a recipient exceeds the mobile wallet's permissible amount or as a result of a data entry issue. In these cases, some systems will retry the transaction before recording as a failure to send. Errors will be highlighted in your audit report. Once resolved, the operator will be able to re-send the failed transactions, but the ease of error resolution may vary significantly between operators.

You also want to ask where the funds that you've provided for the transfer will be held if the transfer fails. It is preferable to have funds returned to your account for re-use rather than being trapped in a suspense account until the errors are resolved.

Reporting Capabilities

All systems should be able to produce a report that details transfers sent for audit purposes. Some systems may have the ability to confirm that a recipient has cashed-out their transfer. Reports should include:

- Start and end dates of bulk payment transactions
- Bulk payment identification number(s)
- Any unique identifying name for the bulk payment (e.g. "Payments to Field Workers for Agriculture Program")
- The identification codes for the individuals within the organization who acted as Generator, Verifier and Confirmer for the bulk payment transaction
- The total payment amount
- The total fees incurred
- Any errors, retries, and final results

For each recipient, reports should include:

- The recipient's name
- The recipient's mobile phone number
- Amount paid to recipient
- Fees, if any
- Transaction status (completed/in progress – refers to the transfer being successfully sent by the operator, not the participant having cashed out) *Note: If sending to an unregistered participant, "in progress" will appear until the user cashes out since there is no mobile wallet to receive the transfer*
- Payment status, or cash out (Paid/Not Paid) – *Note: may or may not be available depending on the operator*
- Transaction code (Some MNOs create this code for each recipient payment made; other MNOs can identify each transaction using the mobile phone number.)

Interoperability

Interoperability is the ability to send funds from one mobile money operator's network to another's. Some mobile money operators offer this wallet-to-wallet interoperability. Where interoperability arrangements exist, it is more likely that your participants will already be registered with a relevant provider.

SELECTING A MOBILE MONEY OPERATOR

You have collected detailed information on the field capacity (Part 1) and features and technology (Part 2) of each of your potential operators. Now you must decide with which operator(s) you want to contract to deliver assistance to your program participants (in line with your agency's procurement policies and guidelines). As you review answers to questions you have posed, do most of them group within the "best in class" category, "average", or "poor and troublesome"?

The most important factors to consider when selecting an operator are that operator's **coverage and presence** in your program areas and their **field operational capacity**. These two factors underpin the benefits an operator may provide to your program participants and to your team.

If, after conducting this assessment, you realize only "average" and/or "poor and troublesome" operators are available, you may want to consider another delivery mechanism. If no other options are available – or if mobile money is still preferred despite your concerns – some possible ways to mitigate any challenges include:

- Review your assessment findings to identify the expected challenges of working with the best available operator and consider whether you might need multiple operator partners to reach sufficient coverage across your program areas.

- Spend ample time during the contract negotiation process (See Part 3) to ensure expectations and service options are clear.
- Pilot a small version of the program, scaling up only when you are satisfied with the operator's performance.
- Consider how you could support the partner's operational planning. For example, you could notify the operator well in advance about scheduled transaction needs and work with them to project liquidity requirements for relevant agents.
- Consider whether any third parties could support the most challenging aspects for you preferred operator (e.g., an aggregator that can manage sending instructions across several operators to reach people who do not have reliable coverage from a single operator).
- Review your program timeline and community communications plans. Do these need to be adjusted based upon your operator's capacity and stages where delays are anticipated?

In Part 3, this guide will take you through the steps to successfully contract with your selected operator and to set performance requirements within the service delivery contract.

PART 3: ESTABLISHING EFFECTIVE CONTRACTS AND SERVICE LEVEL AGREEMENTS

Why are contracts and service level agreements (SLAs) critical for your program's success?

Whether you have selected a “best in class” operator or one where you know you will need to do careful joint operational planning, it is important to hold operators accountable for delivering agreed-upon service. Carefully structured contracts with appropriate service level agreements (SLAs) are essential to meeting your program objectives, particularly when working with “average” or “poor and troublesome” operators. This section will help you review and finalize agreements for successful programs. Note, however, that this guidance does not replace formal legal review of MNO contracts by your Legal and/or Compliance Teams.

THE SERVICE DELIVERY CONTRACT and ANNEXES

The service delivery contract is a legally-binding agreement between you and your operator that details the service and how it will be delivered.

Service delivery contracts usually contain:

- Definitions of terms used in the contract
 - Timing and scope of the agreement, including the legal jurisdiction
 - Description of the service
- A Service Level Agreement, which will contain Key Performance Indicators (KPIs) against each element of the service that you want delivered, and any agreed-upon penalty clauses (see SLA section below)
 - Payment terms
 - Clauses covering protection of intellectual property of the operator
 - Rules for suspension and termination of the agreement
 - Local tax information
 - Dispute resolution procedures
 - Confidentiality clauses
 - Indemnity and liability clauses (restricting the liability of the operator)

Additional annexes are often included to specify the terms and conditions under which the service is used (including a planning schedule of bulk payments) and any regulatory limits of the service. You can find an example service delivery contract in Annex 3.

The service delivery contract is negotiated when service is requested (i.e., when you have selected your operator). Most operators will present the humanitarian agency with a standard contract where individual details are amended for your requested service. While a humanitarian agency can draft a contract to provide to the operator, the operator's lack of a draft contract is often a sign of limited capacity.

THE CONTRACTING PROCESS

Contract negotiation with operators has been one of the most time-consuming aspects of utilizing mobile money as a delivery mechanism.¹⁰

Each party approaches the contracting process from a different vantage point. It is important for you to understand your operator's priorities within this process, which are:

- **To gain clarity** – What do they need to demonstrate to win the contract at minimum cost?
- **To minimize overhead** – Wherever possible, operators will want to minimize costs; during implementation, this might mean sending reports rather than meeting in person.
- **To re-sign** – What can they do to win contract extensions and future work?

SERVICE LEVEL AGREEMENTS

A service level agreement details the types of service that are expected and the timeline within which the operator commits to proving them. In addition, the SLA identifies the KPIs (see next section) and any consequences for not meeting these indicators.

The SLA should also specify any operational reviews that will take place during the delivery period if time permits. These reviews offer the opportunity to check service against the KPIs and to manage expectations as the service is delivered.

Caution: Incentives to consider when negotiating your SLA

Note that operators will not agree to contract or service level terms outside their control.

As you negotiate amendments that apply in the case of service level failure, be aware that the operator will also consider whether they can meet the SLAs and still make a profit.

- If the answer is “yes,” the operator will pursue the agreement and strive for quality.
- If the answer is “no,” the operator may build the cost of the SLA “fines” into their margin and try to meet SLA. However, if they do not meet the SLA, **they will not be as concerned about failure.**



¹⁰ Cheaper, Faster Better? A case study of new technologies in cash transfers from the Democratic Republic of Congo. Sara Murray and Fidelis Hove. Mercy Corps 2014. https://www.mercycorps.org/sites/default/files/MercyCorps_DRC_CashTransfersCaseStudy_November2014.pdf

KEY PERFORMANCE INDICATORS

Below are several common KPIs you may choose to include within your Contract's SLA, potential areas of weakness, and clarifications or measures to address these challenges.

KPIs – WHAT TO ASK FOR, POTENTIAL CHALLENGES AND WHAT TO DO ABOUT IT

KPI	"Best in Class" Practice	Potential Challenges (operator's capabilities, or the program situation)	NGO Responsibilities and Contingency Planning
Registration of recipients	100% registration of recipients within an agreed-upon time period.	Program participants lack ID documents.	Collect correct ID information (or verify its availability) and mobile phone numbers for program participants. If ID documents are unavailable, ask your operator about alternative registration options.
Cash liquidity	100% of cash-out within a reasonable time frame (e.g., within one week from transfer date in your target area).	<p>The operator's response to this will uncover any concerns about operator liquidity and the ability of the cash partners to replenish within a reasonable timeframe.</p> <p>Operators may ask for more time (indicating a slow cash-partner delivery cycle) or lower KPI (alerting you to agents' low liquidity).</p>	<p>In some cases, it is possible to work with another third party (such as a cash delivery company). In this case, the operator would manage the transaction handling and reporting; the third party provides the cash handling facilities and traceability. In these situations, the operator usually assigns specific agents for cash-out.</p> <p>Cash out dates could also be staggered to manage liquidity.</p>
Delivery window	100% of transfers are sent to the intended recipient within a reasonable timeframe (e.g., a rate of 60 send transactions/minute).	Operators with a manual system will want to set a lower KPI.	Ensure program participants understand when transfers will be sent and how they can reach you if it is not sent on time.

KPIS – WHAT TO ASK FOR, POTENTIAL CHALLENGES AND WHAT TO DO ABOUT IT (CONTINUED)

KPI	"Best in Class" Practice	Potential Challenges (operator's capabilities, or the program situation)	NGO Responsibilities and Contingency Planning
Successful transfers	100% of successful transfers (send); exceptions are allowed for conditions outside the operator's control (see "Operator Caveats" below).	Any operator reticence is an indication of potential problems with quality. Ensure your earlier operator capability assessments are correct.	If lower-quality operators are your only option, make sure to review transfer reports carefully. Ask field officers to ensure participants are receiving transfers and appropriate service from agents.
Retries	100% of all failed transactions are retried with an agreed-upon time period.	Failures can be caused by incorrect phone numbers, transferred SIMs and other operational issues.	For longer programs, use operator-generated reports to correct failures following each transfer round.
Reporting on cash-outs	This is a rare feature that can be provided by only a few operators.	Many operators cannot provide cash-out information.	Ensure field staff is proficient in the technology to train participants on cash-out procedures and you can process feedback and complaints.
Audit information	100% of payments covered in audit report.	In the case of transfer failure, basic audit reports may not uncover retries or indicate that non-transferred funds may be held in a suspense account unavailable for the organization to access.	Request an audit report example in advance to understand what report weaknesses may be present. (See Annex 4 for an audit report example).

OPERATOR CAVEATS

Operators will want to include caveats to the KPIs to account for factors that might preclude them from delivering on their service commitments. The following caveats are reasonable additions:

Availability and accuracy of participant information – Participants have IDs that meet KYC requirements for registration. If the humanitarian organization has collected this information, the operator will assume this information is accurate and not verify or take responsibility for errors in the data received. (See “Registration of recipients” in the table above.)

Completing the transfer – You define the values of the transfers and the transfer dates. Your operator will commit to sending the bulk transfer, but not commit to all the transfers being successfully received. This is due to valid reasons that may prevent receipt of the transfer that are outside the operator’s control, such as regulatory account limits or technical failures on a participant’s mobile phone. Very few operators will commit to reporting on the actual cash-out by participants, since few back-end systems allow them to easily access and verify this information.

System and network availability – Service quality is directly related to service availability. Consequently, the operator will seek to limit the impact of delivery KPIs by limiting their system and network availability.

- A good operator will agree on 99% system availability for their mobile money system and a lower figure of 98% for their network (which the mobile money system relies on for access).
- Poor operators will try to reduce these figures. Anything below a commitment of 90% represents poor service.

Acts of God, terrorism – Operators will want to include reasonable exclusions for events outside of their control. Be careful to ensure that events over which the operator does have control (such as electricity) are not included here.

MANAGING OPERATOR SERVICE USING THE SLA

The SLA should include a commitment to regular reporting on the agreed-upon KPIs as well as a meeting schedule to discuss results. Typically, this is referred to as a “KPI Report Template” and is included as a separate annex (See Annex 5 for an example KPI Report).

The KPI report can be used to set the agenda for regular service review meetings. During these meetings, consider each KPI requirement, the level achieved by the operator, reasons for failure (if any), and measures taken by the operator to improve (if required).

Performance against KPIs can fall into one of three categories:

- **Met** – KPIs are being met – service is being delivered
- **Not-Met** – KPIs are not being met, but shortcomings are sporadic. Service is being delivered with some failures. At the service reviews, the humanitarian organization and operator should acknowledge the failures and identify remedies.
- **Not-Met-Service-Impact** – KPIs are not being met and your participants are not receiving their assistance. The operator will understand that failure to meet the service KPIs will impact your program participants. The Not-Met-Service-Impact is usually defined as Not-Met status consistently across a number of KPIs and across a number of reporting periods, or outside of a range of KPI sensitivity. This category encompasses full failures as well as underlying critical lapses in quality.

For larger contracts, a set of penalties for not meeting the service levels may be agreed upon. Typically, this is the lengthiest part of contract negotiation.

Operators will prefer penalties such as:

- **Service credits:** Credits that can be redeemed against future service requests (such as a percentage reduction in fees paid)
- **Payment delays:** Delays in agreed-upon payment terms, e.g., moving to a 60-day payment instead of a 30-day one while the service level is not being met.

As a last resort, operators may agree to refund all or part of the service cost. However, such a concession is unusual for large supply contracts.

When there is a consistent **Not-Met-Service-Impact**, you may choose to execute your service penalties. However, if you exercise your penalty rights, you may tip your operator's balance of effort from trying to remedy the problem to accepting the penalties.

PROVIDING FEEDBACK ON OPERATOR SERVICE

At the end of the service delivery, hold a final meeting to review the service levels met against the KPIs over the course of the program. The operator will typically request a final service delivery rating using the same KPI indicators mentioned above. You may seek to retain the right to exercise penalties against this final report in your contract.

ANNEXES

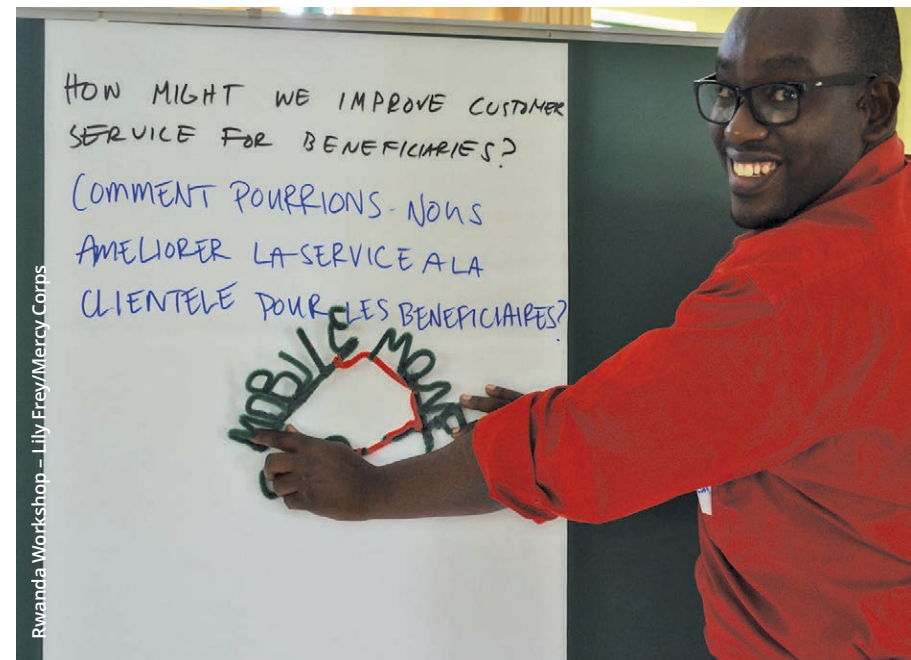
Annex 1 – Question Guide: Assessing Your Operator

Annex 2 – Sample Non-disclosure Agreement

Annex 3 – Sample Service Delivery Contract

Annex 4 – Sample Audit Report

Annex 5 – KPI Report Template



This resource was created by the Electronic Cash Transfer Learning Action Network (ELAN). The ELAN works to improve how electronic cash and electronic vouchers are used to assist survivors of natural disasters and conflict. It brings together staff from humanitarian organizations and the private sector to improve e-transfer programs.

elan

The Electronic Cash Transfer
Learning Action Network

This report was made possible by a grant from The Technical and Operational Performance Support (TOPS) Program. The TOPS Micro Grants Program is made possible by the generous support and contribution of the American people through the U.S. Agency for International Development (USAID). The contents of the materials produced through the Micro Grants do not necessarily reflect the views of TOPS, USAID, or the U.S. Government.

The Electronic Cash Transfer Learning Action Network is convened by Mercy Corps, with support from the MasterCard Center for Inclusive Growth.



Mastercard Center
for Inclusive Growth

QUESTION GUIDE: ASSESSING YOUR OPERATOR

This question guide accompanies the ELAN Mobile Money Assessment and Contracting Guide, which explains the significance of the question areas listed below for implementing a successful program.

GENERAL INTRODUCTORY QUESTIONS:

1. Where do you have coverage, and what percentage of the market do you reach in these areas?
2. What fees do the clients pay? (other than by the NGO bulk payer)
3. Are there any limitations on service (e.g. maximum cash out, validation of the name of the SIM holder)¹?
4. Do you offer any complementary products and services?

KEY:

Color indicates to whom each question should be directed.

- Question for head office
- Field observation
- Question for field agent

ASSESSING OPERATIONAL CAPACITY (SEE PART 1)

1. QUESTIONS FOR HEAD OFFICE

1.1 Questions for head office about **agent capacity**

Question	Best in Class	Average	Poor and Troublesome
<p>Where exactly are your agents located?</p> <p>How many agents are in the specific areas/communities targeted by our program?</p>	<p>Presents a map with up-to-date GPS locations of agents. Agent density is within the range of 1 agent per 150-800 registered customers in your target areas.</p> <p>An average of 500 active customers per agent is an ideal target and demonstrates good agent management from the operator.</p>	<p>Directs you to a set of agent locations in printed form or online. Agents exist in your target areas, but agent density is 1 agent per fewer than 150 registered customers.</p> <p><i>(Note: these ratios are most relevant in urban areas where agents are likely not to have another business. If rural areas are served by retail businesses that also serve as agents, coverage aligning with participant locations is more important than agent-to-customer ratios.)</i></p>	<p>Cannot or will not provide information on agent locations; may refer to business names in communities without providing specific locations or contact details.</p>

¹ This validation step can cause delays if the program participant gives a phone number based on a SIM that was purchased/registered by someone else (often a family member or a friend).

1.1 Questions for head office about **agent capacity** (continued)

Question	Best in Class	Average	Poor and Troublesome
<p>In our target communities, how many transactions do your agents perform, on average, per day? Are agents mostly cash-in or cash-out agents?</p>	<p>Shares in great detail the volume and type of transactions taking place in your target areas. Agents perform 30 or more transactions/day, which demonstrates that they have a reliable business that they want to promote – which, in turn translates to maintaining good liquidity to service customers.</p>	<p>Provides anecdotal evidence of agent activity. Agents perform 15-30 transactions/day.</p>	<p>Operator may be unable to answer this question. Agents perform 15 or fewer transactions/day.</p>
<p>How are agents monitored and supported by the operator? How often are they visited by operator staff, and what happens during those visits?</p>	<p>Support visits take place every two weeks by a dedicated field-based field marketing organization (often a third party employed by the operator).</p> <p>Visits ensure that agents have appropriate training, confirm that site materials are visible and customer information clearly displayed and educates the agents on any promotions to be launched.</p> <p>Issues of liquidity or poor performance are raised and solutions addressed.</p>	<p>Agents are visited once/month or less often by a head office-based agency management team.</p> <p>Visits cover the similar topics as best-in-class answer. Calls from head office may be used in lieu of some in-person visits.</p>	<p>Agents may only receive a support visit once every six months.</p> <p>Visits cover the similar topics as best-in-class answer. Calls from head office may be used in lieu of some in-person visits.</p>
<p>Do you segment or grade your agents? If so, what is the grading structure? In <insert target area>, what category do agents fall into?</p>	<p>Has a clear grading system for agents that impacts management strategies. High-performing agents may receive incentives such as access to new marketing materials and/or agent loans. Lower-performing agents receive support from a dedicated field marketing team.</p>	<p>Segments agents to identify where new agents are required, but does not know which agents are performing well/poorly. There is no system to reward good agent performance or improve upon poor performance.</p>	<p>Does not segment or grade agents; does not implement differentiated approaches to supporting agents at different performance levels.</p>

1.2 Questions for head office about **liquidity**

Question	Best in Class	Average	Poor and Troublesome
<p>What is your cash management strategy? How do you ensure that agents maintain enough cash liquidity?</p>	<p>Systems are in place to monitor demand for cash and agents' cash on hand.</p> <p>Advanced operators may also have automated forecasting models to help managers improve liquidity decision-making, calculate at what frequency cash should be replenished at each site, and in what amount cash should be delivered.</p>	<p>Agents manage their own liquidity. New agents are given access to cash partners (usually banks) and rebalance with the bank when required. Liquidity rebalances are done on a weekly basis and toward the end of this period, agents may have insufficient cash or e-money liquidity. The operator may try and place a high reliance on cash partners or agent aggregators to provide additional cash liquidity during the (program) bulk transfer period.</p>	<p>No tools exist at the head office to manage agent liquidity.</p> <p>Instead, the operator relies on customer complaints to identify agents with poor cash liquidity.</p>
<p>Who within your organization is responsible for monitoring liquidity? How are agents connected to the cash handling network?</p>	<p>A dedicated operator management team monitors cash and e-money liquidity on a daily basis, and intervenes if it identifies trends affecting liquidity.</p>	<p>Agents manage their own liquidity. If the operator receives complaints about liquidity, they may work with local cash handlers to boost local capacity.</p>	<p>There may not be a person with designated responsibility to manage liquidity.</p>
<p>How much cash liquidity do agents have, and how quickly do your cash partners provide liquidity when needed? Will they be able to provide cash-out services for <insert number> additional customers over the course of a week?</p>	<p>Responds with a clear understanding of the cash and e-money liquidity of their agents.</p> <p>They may be able to demonstrate the systems they use to monitor and control agent liquidity. Best in class operators also understand that agents are different (e.g., some mostly perform cash-out, some mostly perform cash-in, and some are more balanced.)</p> <p>They ask about the needs of your program, acknowledge and plan for the potential need to work with the agents and cash partners to provide extra liquidity for the duration of your program.</p>	<p>Will be aware that cash liquidity is an on-going challenge for agents and may have negotiated cash partnerships for agents to re-balance and obtain cash liquidity. However, they will likely not have an active monitoring system themselves, instead relying upon the agents and cash partners to manage liquidity issues.</p>	<p>May dodge the question or provides an incomplete or misleading answer. The operator may be downplaying known problems with liquidity or truly does not have a complete grasp of how problematic cash liquidity can be. Either response raises questions about the operator's quality.</p> <p>Any operator who tries to convince you that liquidity is not a problem without having asked for full details of your program is demonstrating a lack of understanding.</p>

1.3 Questions for head office about **new customer registration**

Question	Best in Class	Average	Poor and Troublesome
<p>What strategies do you have in place to enroll large numbers of new customers at one time?</p> <p>When have you done this previously?</p> <p><i>(Note: See the ELAN Data Starter Kit KYC Tip Sheet for more information about national KYC regulations.)</i></p>	<p>Whether or not they have direct experience, these operators will understand the challenges of mass registration. Best in class operators will ask you to confirm the KYC information you have collected and will be aware if their country's financial regulations permit bulk registration. (If bulk registration is allowed, it will typically be performed by their IT services department.)</p> <p>These operators will suggest customer training to raise awareness of terms and conditions for mobile money account holders. They will ensure that new customers receive SMS to inform them they have been registered.</p>	<p>These operators will want you to provide KYC information for your program participants and will work with their IT department to conduct bulk registration if regulations permit.</p>	<p>These operators will not have a proposed process for registration or may expect the NGO to register each customer individually.</p> <p>Alternatively, they may also be willing to do a bulk registration of your program participants – even if such registration is not permitted by law.</p>
<p>What type of training / support are you able to provide for your new customers? Can agents be utilized as a part of our trainings for new users?</p> <p>How are key fees, terms and conditions new customers need to be aware of communicated?</p>	<p>This operator will demonstrate a willingness to arrange training for your program participants to ensure a good customer experience. Typically, they will suggest that agents deliver training. Depending upon your program's size, the operator may also suggest carrying out special training sessions.</p>	<p>Average operators will likely inform their relevant agents of the expected surge in demand due to your program and may require that they perform training and explain account membership details. However, there will be little or no follow-through by the head office on whether trainings took place as planned.</p>	<p>This operator will share fee details with you, however this information may not be readily available. They will not think to engage their agents to meet your training needs, likely suggesting that you train your program participants on account management yourself.</p>

1.4 Questions for head office about **customer service**

Question / Observation	Best in Class	Average	Poor and Troublesome
<p>What customer service mechanisms exist? What languages are they available in, and what are their operating hours? Are there fees associated with accessing customer service? How do program participants notify the operator of agent malpractice?</p> <p><i>(Note: See section 2.4, which encourages you to test the customer service mechanism to confirm these responses.)</i></p>	<p>The best customer care operations are provided from the USSD menus, separate IVR phone lines, and options to walk-in at any operator brick-and-mortar location. These operators will usually support the country's major languages and will be free to use.</p> <p>These operators will have a clear avenue for customers to report an agent for suspected malpractice and will highlight this service on their website.</p>	<p>Customer care is usually provided through a free-to-use 3-5 digit phone number and then via IVR. Typically it is available in the country's two or three most common languages.</p> <p>Average operators will support the ability for customers to report an agent for suspected malpractice using the normal customer care channel. Processes to ensure there is adequate follow-up exist but are not always followed.</p>	<p>Customer care is available via a phone and IVR system, but it takes a long time for someone to respond. Operators are untrained and do not successfully resolve problems.</p> <p>Poor and troublesome operators will support customers' ability to report an agent for suspected malpractice using the normal customer care channel. However, complaints are rarely followed up directly with the agent and few or no internal processes exist.</p>

2. FIELD QUESTIONS AND OBSERVATIONS

2.1 Agent network field questions and observations

Question / Observation	Best in Class	Average	Poor and Troublesome
<p>(Observation) Are point of sale marketing materials and customer information items such as prices, agent number and terms and conditions clearly displayed and in good condition?</p>	<p>Yes.</p>	<p>Yes, though a bit weathered and possibly cluttered by other advertising.</p>	<p>No, or difficult to see.</p>

2.1 Agent network field questions and observations (continued)

Question / Observation	Best in Class	Average	Poor and Troublesome
<p>(Observation) Are agents following operator requirements and best practices for transactions, including:</p> <ul style="list-style-type: none"> ➤ Checking customer IDs when required ➤ Not accessing / using the customer's PIN ➤ Completing any required documentation (e.g., transaction log books or sales records) 	<p>Yes. Agents understand and follow regulations for checking customers ID, noting transactions in log-books (if required). Agents do not perform transactions on behalf of customers.</p>	<p>Documentation is completed, but is hard to read. Agents conduct cursory ID checks.</p> <p><i>(Note: this may be difficult to observe as an outsider. Asking a few questions of a mobile money user about their typical experience may help triangulate.)</i></p>	<p>If required, documentation books exist, but are not regularly used. Agents do not check IDs (customers do not present ID and are not asked); agents perform transactions for customers, only passing the phone to them to enter their PIN.</p>
<p>(Observation) Cross-check several agent locations with information provided by the operator's head office or website. Does reality match the sales pitch?</p>	<p>Near 100% accuracy on their agents, all of whom will be available to serve customers.</p>	<p>Approximately 70% accuracy on their agents. Some may have moved, be closed or have switched to other operators without the operator having updated their records.</p>	<p>Less than 70% accuracy on their agents. Agents may have moved location, be closed, or switched to support other operators.</p>
<p>What kind of training did you initially receive? What kind of support to you currently receive from the operator? On average, how many customers do you see per day? Per week?</p>	<p>Cross check with information provided by operator – the same evaluation criteria from 1.1 apply.</p> <p>Some discrepancies are likely, even for best in class operators, as some responses will vary by agent but the scope of inconsistencies between sales pitch and agent observation will be more significant for poor and troublesome operators. If you raise these discrepancies with head office, best in class operators will have processes for resolving them.</p>		

2.2 Liquidity management field questions and observations

Question / Observation	Best in Class	Average	Poor and Troublesome
<p>Does the agent have sufficient liquidity to support the additional recipients' cash out needs? Ask to see the agent's record book (often shared upon request) to see the number of cash-outs per day.</p> <p>(Observation) Where is the agent located? What does this indicate about their available liquidity?</p>	<p>More than 25 cash-outs/day means the agent is running a profitable business and will care about their customers needs – providing extra liquidity if they are aware of future demands.</p> <p>Agents behind bars can be a good indicator that they have cash available on the premises.</p>	<p>15-25+ cash-outs/day means the agent is running a profitable business and will care about their customers needs – providing extra liquidity if they are aware of future demands.</p> <p>Lower than 15 cash outs/day may indicate a niche business for the agent and consequently the agent may not keep large amounts of cash liquidity available.</p>	<p>Agent does not have record book, or it is incomplete or shows a low number of cash-out transactions.</p> <p>Agent will only keep small amounts of cash available and is unlikely therefore to increase their cash balances leading to poor quality service to your recipients.</p> <p>An agent under an umbrella in public could indicate that they have low cash availability.</p>

2.3 New customer registration field questions and observations

Question / Observation	Best in Class	Average	Poor and Troublesome
<p>Have you participated in mass registration campaigns for new customers before? Would you be willing to do so? Why or why not?</p>	<p>Agents have participated in mass registration campaigns before.</p> <p>Operator provides compensation incentives for agents to support registration and training activities.</p>	<p>Agents express willingness conduct training and registration.</p>	<p>Agents express disinterest in registration and training activities (particularly if head office communicated that agents will have this responsibility).</p>
<p>(Observation) Observe agents enrolling new clients (or have a staff member open up an account to test procedures). Are terms, conditions, etc. clearly explained to new customers? Does the agent provide a clear explanation of the terms of service? Is the KYC information checked? Do they keep a log of transactions?</p>	<p>Agent requires KYC information and follows correct registration procedure.</p> <p>Customer terms and conditions are displayed clearly and agent may also take time to explain service to new client.</p> <p>There may also be some documentation on site that explains the service(s) available for new customers.</p>	<p>Agent asks for KYC information and follows correct registration procedure.</p> <p>Customer terms and conditions may be weathered and not visible. Agent may or may not explain the service to the new client.</p>	<p>Agent opens new account without reference to the KYC identity documentation, or even fakes this to register the new client.</p> <p>Customer terms and conditions are not visible and the agent does not explain the service.</p>

2.3 New customer registration field questions and observations (continued)

Question / Observation	Best in Class	Average	Poor and Troublesome
(Observation) Do agents prominently display fee information?	Yes, all agents.	Some agents.	No.

2.4 Customer service questions and observations

Question / Observation	Best in Class	Average	Poor and Troublesome
(Observation) Try using the customer service mechanisms. Do they function as advertised?	Calls are answered quickly, multiple languages are available, ID is checked if you try to perform any transaction. The operator is knowledgeable about your query.	Calls are answered relatively quickly, the operator is not very knowledgeable about the service, you may not be asked for your ID or may be able to proceed without providing it.	Calls are not answered quickly; limited language options are available; operators are unable to answer your questions or seem unwilling or unable to help.

3. ASSESSING YOUR OPERATOR'S TECHNOLOGY (SEE PART 2)

Below are operational questions for the operator's head office and how to evaluate the answers.

Question	Best in Class	Average	Poor and Troublesome
SMS Notification: Can your service configure a text message so that recipients know a transfer is coming from us?	SMS text can be fully configured to name the NGO and program associated with a transfer (e.g., "You have just received KES500 from Save the Children's Nakuru Maternity Project")	Only the generic money received SMS is available.	

Operational questions for the operator's head office and how to evaluate the answers (continued)

Question	Best in Class	Average	Poor and Troublesome
<p>Bulk Registration: Do you support sending to unregistered recipients?</p> <p>Can you support automatic bulk registration for our program participants?</p> <p>(See also sections 1.3 and 2.3 on field registration capacity.)</p>	<p>Unregistered recipients can be included in the bulk transfer.</p> <p>Automatic bulk registration can be completed (if regulations allow).</p>	<p>Unregistered recipients can be included in the bulk transfer.</p> <p>Manual bulk registration may be possible (if regulations allow) or the operator may work with you on a registration campaign.</p>	<p>Only registered recipients can be included in the bulk transfer.</p> <p>Unregistered customers will need to complete registration before receiving a transfer; this is a separate process, typically administered by local agents.</p> <p>Automatic bulk registration is not supported even if permitted by regulation.</p>
<p>Payer Interface: Do you support input as a data file?</p> <p>Do you support input as an Excel spreadsheet?</p> <p>Can disbursements be scheduled for a specific time? For example, if want payments to be made on Saturday, 21 May between 10 AM and 12 PM; is that possible?</p>	<p>Yes, data file input is an option and the operator can provide example formats and documentation.</p> <p>Disbursements can be scheduled to commence at any time, and usually have a capacity of hundreds of sends/minute.</p>		<p>Operator asks for data in Excel format only.</p> <p>Operator will offer to schedule disbursements, but will not commit to a particular number of sends/minute.</p>
<p>Payment Platform: Does your e-money system have an API for bulk disbursement?</p>	<p>Yes, an API is available, enabling the NGO's (or aggregator's) IT systems to manage the bulk sending process by directly communicating with the operator's payment platform.</p> <p>These operators will also support other methods of sending participant information and payment instructions. (See previous response.)</p>	<p>No, an API is not available. Other options may be available, such as data file input.</p> <p>The operator can share sample formats for data files.</p>	<p>No, an API is not available.</p> <p>Operator requires data in an Excel sheet.</p>

Operational questions for the operator's head office and how to evaluate the answers (continued)

Question	Best in Class	Average	Poor and Troublesome
<p>Error messaging:</p> <p>(1) What error conditions does your system recognize?</p> <p>(2) What is the retry procedure?</p> <p>(3) What happens if:</p> <p>a) E-money is sent to a registered user and fails?</p> <p>b) E-money is sent to an unregistered user and fails?</p> <p>c) E-money is sent to an unregistered user and the 'voucher' validity time elapses before redemption?</p>	<p>(1) The failure conditions can be shared in a document.</p> <p>These failure conditions may include: wallet limits exceeded, money transferred, but SMS not received (if phone is switched off), and number does not exist.</p> <p>(2) Retries will take place for each error according to the rules of the system. An error and retry report is produced.</p> <p>(3) (a) (b) Automatic return of the funds to the NGO's dispersal account upon failure so that it can be immediately used again.</p> <p>(c) Automatic return of the funds to the dispersal account (minus any send fees) upon timeout so that funds can be used again.</p>	<p>(1) Basic failures (see best in class response) are recognized.</p> <p>(2) Failure records may be retried, or may just be reported as failures. Documentation may or may not be available.</p> <p>(3) (a) (b) Allocation of the funds to a suspense account upon failure awaiting an investigation into the failure.</p> <p>(c) Automatic return of the funds to the dispersal account (minus any send fees) upon timeout so that it can be used again.</p>	<p>(1) Basic failures (see best in class response) may be recognized but these conditions are not documented.</p> <p>(2) As the process is manual, the retries are also manual and may be limited based on the time available. Documentation is not available.</p> <p>(3) (a) (b) The NGO needs to co-ordinate a re-send with the operator once the issues are identified and resolved.</p> <p>(c) Automatic return of the funds to the dispersal account (minus any send fees) upon timeout so that it can be used again.</p>
<p>Error resolution:</p> <p>What is your process for correcting errors?</p>	<p>Some errors (e.g. limits failures) will be automatically retried after a short period.</p> <p>You will also receive an error report and you will have an opportunity to correct more complicated failures (e.g. phone no longer available) before the operator retries again.</p>	<p>You will receive an automated error report and you will have an opportunity to correct failures (e.g. phone no longer available, KYC/AML limits exceeded) before the operator retries again.</p> <p>The retry will be a separate bulk or individual transfer.</p>	<p>You will receive a manually produced error report and you will have an opportunity to correct failures (e.g. phone no longer available, KYC/AML limits exceeded) before the operator retries again.</p> <p>The retry will be a separate bulk or individual transfer.</p>

Operational questions for the operator's head office and how to evaluate the answers (continued)

Question	Best in Class	Average	Poor and Troublesome
<p>Reporting Capabilities: (1) Can I see an example of an audit report for your bulk transfer service? <i>(Note: An operator will often say that the audit report cannot be shared, because it contains confidential information. You can ask to see an anonymous audit report instead.)</i> See ELAN Mobile Money Assessment and Contracting Guide for what to look for in this sample report. Review the report to determine if it was system-generated (more reliable) or was human-generated (more error-prone). Use of a manual system does not preclude usage of that operator, but it will allow you to consider how you measure and monitor success, especially now that you have identified the risk factors.</p> <p>(2) Can the audit report include whether the recipient has cashed out?</p>	<p>(1) Provides a full audit report produced by an automated system (consistent formatting, time stamp, etc.)</p> <p>(2) The audit report can show recipient cash-out information (the mark of a sophisticated system).</p>	<p>(1) Operator is able to show you an example of an audit report that shows successful transactions, failed transactions, retries, and reasons for failure.</p> <p>Audit report has been created automatically and shows signs of being system-generated (consistent formatting, time stamp, etc.)</p> <p>(2) The audit report does not show recipient cash-out activities.</p> <p><i>(Note: if you are having trouble determining whether a report was system- or human-generated, comparing two audit reports produced at different times can often show formatting differences suggesting human-generated audit reporting.)</i></p>	<p>(1) Operator is unable to show you an example of an audit report; the audit report provided in handwritten; or the audit report is not automated (signs of human creation including erratic formatting, spelling errors, etc.)</p> <p>(2) The audit report does not show recipient cash-out activities.</p>
<p>Interoperability: Do you offer interoperability with other mobile money providers? (If yes) Which ones?</p>	<p>Operators that offer interoperability will demonstrate how they can transfer funds across networks. This will often reduce the need for registration as your recipients may already be on another operator's network.</p> <p><i>(Note: when transfers are sent to another operator's network, the sending operator cannot be responsible for the other network's agents' liquidity availability.)</i></p>	<p>Most operators do not offer an interoperable service and will refer to their 'send to unregistered' service. (See Part 2 of Mobile Money Assessment and Contracting Guide for more information.)</p> <p>Funds sent to an unregistered customer will be held awaiting the redemption from the recipient. After a period of time any unredeemed value will be returned to the NGO and the transaction noted as 'Not Sent'.</p>	

SAMPLE NON-DISCLOSURE AGREEMENT

MUTUAL NON-DISCLOSURE AGREEMENT

THIS AGREEMENT is dated the **day of** **20**

BETWEEN **[Name]**, registered in [country] whose registered address is [Address], (“NGO”)

AND **[Name]**, [address] (“Operator”)

(individually referred to as “Party” and collectively referred to as “Parties”)

WHEREAS:

NGO and the Operator intend to carry on commercial discussions with each other in connection with the matter of mutual interest described below and anticipate sharing information of a confidential or proprietary nature in the course of those discussions and wish to enter into this agreement to protect the confidential or proprietary nature of information to be disclosed by the Parties to each other.

The matter of mutual interest is providing bulk transfer services for NGO clients (hereafter called “the Matter”)

NOW IT IS AGREED by and between the parties as follows:

1. To facilitate discussions, meetings and the conduct of business between the Parties with respect to the Matter, it may be necessary for either Party to disclose (“Discloser”) to the other Party (“Recipient”) Confidential Information as defined below.
2. The Recipient shall be entitled to disclose the Confidential Information to its employees, contractors and advisers and Group Parties, provided that the Recipient will ensure that any such employee, contractor or adviser or Group Party has a legal obligation to keep the Confidential Information confidential which, in the case of employees, contractors or advisers, shall be both during and after their current employment or engagement, on terms no less strict than this Agreement. Any disclosure of such Confidential Information by any employee, contractor or adviser or Group Party will be deemed to be a breach of this Agreement by the Recipient.
3. Each Party acknowledges and agrees:
 - a. All Confidential Information acquired by either Party from the other Party shall be and shall remain the exclusive property of the disclosing Party or the member of its group providing it;
 - b. To hold all Confidential Information in confidence and to procure that its representatives, advisers and associates hold all such Confidential Information in confidence.

MUTUAL NON-DISCLOSURE AGREEMENT

- c. To limit access to such Confidential Information to authorised individuals (the “Permitted Personnel”) who have a need to know the Confidential Information in order for the Party to participate in the Matter.
 - d. To procure that its Permitted Personnel are aware and adhere to the terms of this Agreement;
 - e. To use such Confidential Information only for purposes of work, services or analysis related to the Matter and for other purposes only upon such terms as may be agreed upon between the Parties in writing; and
 - f. To return promptly to the disclosing party, or to destroy any copies of such Confidential Information in written, graphic or other tangible form at that Party’s request and any such destruction shall be certified in writing to the disclosing Party by an authorised officer of the Recipient;
 - g. The obligations of each of the Parties with respect to Confidential Information shall extend for a period of three (3) years following the date of disclosure of that Confidential Information; provided, however, that confidentiality obligations herein shall survive for a period of three (3) years from the date of termination of this Agreement; and
 - h. Neither disclosure of Confidential Information, nor this Agreement shall be construed as (i) requiring a Party to disclose or accept Confidential Information, (ii) permitting a Party to use or sell the Confidential Information or products derived therefrom, or (iii) granting to either Party any rights by license or otherwise, express or implied, under any patent, copyright, trademark, trade secret or other intellectual property right now or hereafter obtained or licensable by the other Party, or (iv) a representation or warranty by either Party as to the accuracy or completeness of the Confidential Information (other than as expressly set out in any agreement subsequently entered into by the Parties).
4. These obligations contained in this Agreement do not apply to Confidential Information that:
 - a. As shown by reasonably documented proof, was in the other’s lawful possession without restriction on use or disclosure prior to receipt thereof from the disclosing Party; or
 - b. As shown by reasonably documented proof, was received by one Party in good faith from a third party not subject to a confidential obligation to the other Party and without breach of this Agreement; or
 - c. Now is or later becomes part of the public domain through no breach of confidential obligation by the receiving Party; or
 - d. Is disclosed pursuant to a requirement imposed by a governmental agency or is otherwise required to be disclosed by operation of law, except that prior to any disclosure pursuant to this subsection, the Party receiving the request for the information shall notify the disclosing Party and provide them with an opportunity to participate in objecting to production of the Confidential Information; or
 - e. Was developed by the receiving Party independently from and without the developing person(s) having access to any of the Confidential Information received from the other Party; or
 - f. Is authorised in writing by the disclosing Party to be released or is designated in writing by the source as no longer being Confidential Information.
 5. The Recipient acknowledges that money damages may not be an adequate remedy for any breach of this Agreement. The Discloser will be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any breach of this Agreement in addition to all monetary remedies available at law and in equity.
 6. Neither this Agreement nor provision of Confidential Information pursuant to it shall be construed as an agreement, commitment, promise or representation by either Party to do business with the other or to do anything except as set out specifically in this Agreement.

MUTUAL NON-DISCLOSURE AGREEMENT

7. This Agreement shall be construed in accordance with the laws of England. The Parties hereby consent to the exclusive jurisdiction of the courts of England and consent that all personal service of process be made by certified mail or registered mail directed to the address stated herein and service so made shall be deemed to be completed upon actual receipt thereof. The Parties waive any objection to jurisdiction and venue of any action instituted against it in England, and agree not to assert any defense based on lack of jurisdiction or venue. The Parties waive the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement.
8. The Recipient acknowledges that all Intellectual Property Rights in the Confidential Information vest in the Discloser and the Recipient further acknowledges that it shall have no rights in respect of the copyright, trade marks (registered or unregistered) or the other Intellectual Property Rights in the Confidential Information by virtue of a disclosure thereof to it.
9. This Agreement is the entire agreement between the Parties with respect to disclosure of Confidential Information pertaining to the Matter and supersedes all prior agreements and understandings with respect to this subject. This Agreement may be amended only by written agreement executed by both Parties. This Agreement shall be binding on the agents, successors and permitted assigns of the Parties.
10. If for any reason, any provision of this Agreement shall be determined to be invalid, void or unenforceable by a court or regulatory body of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated unless removal of the provision in question results in a material change to this Agreement. Further, no failure or delay by a party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or exercise of any rights under this Agreement.
11. Assignment. Neither Party shall assign this Agreement to a third party without the other Party's prior written consent, which such consent will not be unreasonably withheld, denied, conditioned or delayed; provided, however, that each Party may assign the rights and obligations to any Group Party.
12. Third parties cannot benefit from this Agreement under The Contracts (Rights of Third Parties) Act 1999.
13. Either Party may terminate this Agreement on thirty (30) days written notice to the other Party.
14. Counterparts and Facsimile Delivery. This Agreement may be executed in two or more identical counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute the Agreement when a duly authorised representative of each Party has signed a counterpart. The Parties intend to sign and deliver this Agreement by facsimile transmission. Each Party agrees that the delivery of the Agreement by facsimile shall have the same force and effect as delivery of original signatures and that each Party may use such facsimile signatures as evidence of the execution and delivery of the Agreement by all Parties to the same extent that an original signature could be used.
15. In this Agreement unless the context otherwise requires the following words and expressions shall have the following meanings:
 - "Agreement"** means this Mutual Non-Disclosure Agreement;
 - "Confidential Information"** means any and all information and know-how that the Discloser and/or its Group Parties and/or its agents may from time to time disclose to the Recipient or the Recipient's

MUTUAL NON-DISCLOSURE AGREEMENT

Group Parties during the course of the Matter or which otherwise becomes known to the Recipient either during the course of the Matter or during the course of any previous discussions, negotiations or relationship with the Discloser in relation to the Matter, whether orally, in writing, digitally, in the form of machine readable code or embodied in hardware or any other physical medium which relates to the business, including but not limited to the business plan of the Discloser or their Group Parties, data, know-how, designs, illustrations, drawings, photographs, illustrations, notes, memoranda, terms of business, financial information, financial projections, financial records, customers and suppliers, sales and marketing information, spreadsheets, specifications, technical information and computer software of the Discloser and/or its Group Parties;

“Discloser” means the Party which has disclosed Confidential Information to the other Party;

“Group Party” means any Party which is, or is a subsidiary of, the ultimate holding Party of the relevant Party from time to time, where “subsidiary” and “holding Party” have the meanings ascribed to them in section 1159 of the Companies Act 2006 or such other legislation as may amend, extend, consolidate or replace the same from time to time;

“Intellectual Property Rights” means (i) patents, designs, trade marks and trade names (whether registered or unregistered), copyright and related rights, moral rights, database rights and know-how; (ii) all other intellectual property rights and similar or equivalent rights anywhere in the world which currently exist or are recognised in the future; and (iii) applications, extensions and renewals in relation to any such rights;

and

“Recipient” means a Party that has received Confidential Information of the other Party.

<p>Signed for an on behalf of NGO:</p> <p>Signature:</p> <p>Name:</p> <p>Title:</p> <p>Date:</p>	<p>Signed for an on behalf of the Party:</p> <p>Signature:</p> <p>Name:</p> <p>Title:</p> <p>Date:</p>
---	---

SAMPLE SERVICE DELIVERY CONTRACT

**BULK PAYMENT SERVICES AGREEMENT
(Business to Customer payments)**

BETWEEN

Supplier

- and -

(THE CLIENT)

THIS AGREEMENT is made this day of 20.....

By and between

A. Supplier,

and

B. Client.

RECITALS:

WHEREAS, Supplier provides Bulk Dispersal services to Customers via the supplier network; and

WHEREAS, the Client wishes to use the Bulk Dispersal service for remittance of electronic money to individuals ('payees') to receive supplier value on their SIM card upon which such payees can withdraw cash from Supplier Agents.;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties, intending legally to be bound, mutually agree as follows

DEFINITIONS AND INTERPRETATION

In this Agreement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Cash" means currency notes and coins ...;

"E-Money" means the electronic value issued by Supplier and representing an ...;

"Effective Date" means, notwithstanding the date of signature of the Definitive Agreements, the Signature Date;

"Intellectual Property Rights" means, in respect of each Party, such Party's proprietary rights, title and interest in and to any and all names, logos, trademarks, ...;

"Supplier Service" means the mobile money transfer services provided by ...;

"MSISDN" means the Mobile Subscriber Integrated Services Digital Network Number issued to the Payee which uniquely identifies the Payee on the

DURATION OF AGREEMENT

Defines the length of time the agreement

OPERATION AND SCOPE

Defines the operation to be performed and the scope of the agreement.

SERVICE FEES

Defines the service fees to be paid by the client for the services. These usually include per payment fees and overall service fees.

CONFIDENTIALITY

Clauses that define confidentiality for the service and the data that is used to provide it. This is a two-way set of confidentiality clauses.

WARRANTY, INDEMNITY & LIMITATION OF LIABILITY

These clauses define the limitations and warranty that the service is provided under. The operator will properly include clauses to limit their liability if the client provides incorrect MSISDN data for example, or if AML wallet limits are exceeded.

This is the section that can be amended to include some clauses for a Service Level Agreement.

INTELLECTUAL PROPERTY: USE & PROTECTION

The operator will want to protect their intellectual property and will restrict the client from copying their technology.

SUSPENSION

The operator will include terms under which it is reasonable to suspend the service, such as reasonable concern that the client will not make the payment for the bulk transfer.

TERMINATION

The operator will include terms to allow them to terminate the service, for example in the event of unresolved default of an agreed obligation.

TAXES

Taxes are the obligation of the client not the supplier and this will be made clear here

INDEMNITY

The client agrees here to indemnify the supplier for any legal dispute raised because of the misuse of the service by the client.

DISPUTE RESOLUTION

Standard dispute resolution clauses are included in the event of a disagreement.

PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM

A good contract will include definitions of unacceptable behaviour and the sanctions provided to ensure the service meets regulatory and legal rules.

FORCE MAJEURE

A standard clause which means that the supplier or client is not to blame for events that are major and outside of their control (such as fire, floods, wars etc)

SCHEDULE 1: OPERATION OF THE SERVICES

- (i) The Client shall be allocated a short code which will be the Client's e-money account number.
- (ii) The Client shall deposit money into the e-money Trust Account held by supplier.
- (iii) Supplier shall then issue e-money value into the Client's e-money account equivalent to the cash deposit within six (6) hours of the transaction.
- (iv) The Client shall be responsible for maintaining the list of Payees whose e-money accounts will be credited with e-money value. These numbers will be uploaded by The Client onto the Web interface provided by supplier and The Client will schedule the date and time of remittance.
- (v) The Client will schedule the date and time of payment and at the appointed time supplier through the e-money System will cause the transaction to be effected in one bulk movement of E-Money. Charges on account shall be automatically deducted at source from the Client e-money account per transaction.
- (vi) The Payee account numbers listed by The Client shall be credited with E-Money value and a report generated within two (2) hours on the status of the accounts. The report will reflect whether the transaction has been completed or not.
- (vii) The Payee or e-money account holder will be informed by text message emanating from supplier of the credit into his e-money account.
- (viii) The amounts credited by The Client into the Payees accounts will reduce the outstanding balance on The Client's e-money account.

SAMPLE AUDIT REPORT

ACME Operator Ltd

Bulk Transfer Audit Report

Report Date: 12/05/2016 12:13

Customer: NGO NAME

Programme: Election Observers – North East Program

Our Reference: BULK-ACME-23008

Number of customers: 7,523

Overall Amount to be transferred: 15,046,000 KES

Fees due: KES 451,380 remittance fees plus KES 300,920 (2% handling fee)

Note: SMS has been configured to read 'Umepokea KES 123 kutoka NGONAME - Uchaguzi Observer Malipo' which is 'You have received KES 123 from NGONAME - Election Observer Payment' in English

Process Report

Bulk Transfer started at 11/05/16: 18:00 and completed at 11/05/16: 18:12

7,523 records were read successfully

7,516 payments were made successfully

7 payments failed

Failure Report

Recipient	Mobile No.	Remittance	Status	Payment	Error Status
George Mwangi	070092666	KES 2,000	Failed	Not Made	Wallet Full Retried 3x
Mabel Njorge	078898907	KES 2,000	Failed	Not Made	Mobile Number incorrect

Success Report

Recipient	Mobile No.	Remittance	Status	Payment	Timestamp
Henry Mwangi	07073666	KES 2,000	Success	Paid	11/05/16:18:00:36
Mary Kwaku	07567275	KES 2,000	Success	Paid	11/05/16:18:00:37

EXAMPLE KPI REPORTING TABLE

Note that this example uses three reporting periods:

KPI Description	KPI Target	Report Period 1	Report Period 2	Report Period 3	Review actions
Registration of recipients – once operator agrees recipient list registration will be performed by the operator within agreed period of 1 week.	100% registration of recipients within agreed 1 week time period.	99% of registrations complete.	100% registrations complete.	N/A	1% failure in initial reporting period due to incorrect phone numbers and invalid ID provided. Rectified and registrations completed.
Availability of cash-out within one week from transfer date in target area.	90% cash out liquidity.	85% Cash out liquidity achieved – some recipients having to wait for cash availability.	72% Cash out liquidity achieved – many recipients having to wait for cash availability.	91% Cash out liquidity achieved.	Issues: Additional Cash partners provided for agents in target area following poor initial performance. Addressed in KPI review meetings and operator improved – no penalty action taken.
Transfers made within a rate of 60 send transactions/minute.	100% of transfers within 60 send transactions/minute.	100%	100%	100%	Target Met.
Transfer successful subject to caveats.	100% of successful transfers; exceptions are allowed for conditions outside their control.	100%	100%	100%	Target Met.
Retries – all failed transfers are retried within agreed period.	100% of all failed transactions are retried within 2 days.	100%	0%	100%	Major issue in reporting period 2 – operator was not monitoring failures and did not resend 23 failed transactions. Payment terms were amended to 60 days during this period. Operator resolved.
Reporting on cash-out behavior of recipients.	Agreed reporting sent at the end of each month.	Reporting one week delayed.	Reporting provided on time.	Reporting provided on time.	Program staff sent reminders to operator in advance of report due date.
Audit information.	100% Audit report to be provided.	Audit report provided on time.	Audit report provided on time.	Audit report provided on time.	Request an audit report example in advance to understand what weaknesses might exist.