



**Business Consultation Report**  
**Cash Transfers Coordination:**  
**Working together to improve efficiency and coordination**  
**5 & 6 May 2015, Geneva, Switzerland**

## **Introduction**

The Business Consultation on cash transfers coordination was organized by the Private Sector Section of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) on 5 and 6 May 2015 in Geneva. The consultation was held in the margins of a 2-day Learning Event on Cash Coordination, co-hosted by OCHA, the Cash Learning Partnership (CaLP) and the Swiss Development Corporation that brought together over 80 participants from donors, UN agencies, NGOs and the private sector.

The objective of this consultation was to identify issues and recommendations on the future role of the private sector in the coordination of humanitarian cash transfers, and to build and solidify multi-sector networks for improved emergency preparedness and response in cash transfer programming. The outcomes of the consultation are being submitted to the World Humanitarian Summit (WHS).

This consultation was attended by selected participants from the private sector, including Paul Musser, Vice-President from Mastercard, Wolfgang A. Maschek, Vice President from Western Union, Chris Williamson, Senior Manager for Mobile Money from GSMA, Adam Smith, Chief Executive Officer of Squidcard, and Satwik Seshasai, Vice-President from Segovia.

## **Issues**

The following key themes and issues emerged from the discussion:

1. The main issue for greater cooperation is the lack of understanding between the humanitarian community and the financial service providers, particularly the use of appropriate terminology, such as *cash transfers* or *digital payments*.
2. The humanitarian community lacks understanding of the mobile money business model. Mobile money is not only about the technology and handsets, but also about creating the agents' network that will deliver positive customer experience and meet system-wide liquidity demands. Building agents' networks is at present the biggest challenge for mobile network operators and requires significant investment. Moreover, it usually takes 3 to 5 years for mobile money service providers to become profitable.
3. An increasing number of cash transfer programmes creates a large and valuable volume of datasets, thus increasing the necessity for secure processes and the storage of such data. The data accumulated should be further analysed to better understand the

outcomes of cash transfer programmes, in particular the consumption patterns of beneficiaries.

4. The technical aspect of conducting the payments is relatively simple. Complexities lie in the regulatory environment for financial payments, which is country specific and set by the national central bank.
5. Before deciding on cash transfer assistance deeper understanding of the needs, the context and the market is needed.
6. The private sector panel suggested that the humanitarian system must be better prepared for cash disbursement in emergencies. For example, by establishing standard procedures for multi-purpose coordination before the emergency. The system should be led by objectives and have clear leadership. Private sector participants also recognized that one of main obstacles in establishing more effective external partnerships are the “territorial” issues over cash transfers within the aid community.
7. Participants from the humanitarian community raised the issue of costs in providing cash disbursement service by companies. Private sector participants highlighted that the business model needs to be sustainable and could not be offered as a long-term pro-bono service. The representative of Mastercard gave an estimation of between 10 and 20 years to establish a fully functional payments system that provides a full return on the initial investment. Companies need to earn enough to reinvest in the quality of the system to always enhance its capacity and efficiency.
8. The private sector emphasized the need to more clearly define the timeframe of the operational framework for cash transfer programs. The systems required by humanitarians can have significantly different timeframes. For example, service requirements for long-term protracted crisis differ significantly from those for sudden on-set emergencies. Humanitarians, therefore, need to better communicate the overall service requirements of cash transfer programs, especially their time horizon.
9. Finally, private sector participants highlighted the problem of general financial and technology illiteracy among the humanitarian community and the affected population.

## **Recommendations**

The following recommendations were made to overcome challenges faced by the digital payments industry when engaging in emergency preparedness and response:

1. The humanitarian community should focus more on ensuring data protection and privacy. The humanitarian community will need to decide what architecture to use to ensure data security and personal privacy. Decisions need to be made on whether the data protection architecture should be centralized or distributed. The humanitarian community also needs to decide the extent to which collected data will be used to improve the cash transfer systems and be shared with local institutions.
2. Before selecting a service provider or providers, the humanitarian community should gather more information on the private sector offers, be better informed on which questions to ask when selecting a service provider and better understand the differences between various products offered on the digital payments market. The service providers’ agent network in areas where the cash payments are required is particularly important.

3. The humanitarian community should gain deeper understanding of the digital payments market and invest in training and capacity building activities. These activities could be designed and implemented together with the financial payments industry. As a minimum, the humanitarian community could regularly consult the GSMA's Annual State of the Industry Reports to learn more about the latest developments in the mobile money industry.<sup>1</sup>
4. Private sector participants recommended secondments from the private sector to relevant agencies of the United Nations to bridge some of the expertise gaps. For example, MasterCard has seconded staff to the World Food Programme (WFP).
5. Humanitarian workers should verify and evaluate the regulatory environment before deciding to pursue cash transfers. At present, no global agreement on electronic payments and cash transfer operational framework exists. Instead, each state has its own national laws and regulations regarding cash transfers. Obtaining a national permit to operate is usually a complex and lengthy procedure for service providers. The private sector panel advised caution when choosing which company to partner up with as not every digital payments company has the regulatory disposition to establish itself in every country.
6. Humanitarian and private sector participants agreed that such dialogue needs to continue as they have much to learn from each other. The humanitarian community would be able to fill technology gaps, while financial service companies would learn how to better distribute and manage their products in unstable and difficult areas.

## **Commitments**

The consultation agreed on the following commitments:

1. As part of preparedness measures private sector participants committed to work together and prepare a market assessment for digital payments in 25 countries. The assessments will assist the humanitarian community in deciding whether cash is an appropriate response modality. Such 'cash transfer readiness' assessments would include an overview of available digital payments infrastructure as well as of the national regulatory environment. This would also serve as a good exercise in learning how to collaborate and be more efficient in preparing country assessments at short notice.
2. Private sector participants agreed to be members of an informal consultation group that will work together with the humanitarian community (including OCHA, WFP, United Nations High Commissioner for Refugees and others) on digital payments in humanitarian action.
3. The humanitarian sector should consider deploying private sector cash transfer experts to humanitarian operations. Private sector participants committed to work together with the aid community to identify opportunities for such deployments and make their staff available on a case by case basis.

OCHA will keep communication channels open and is ready to act as the broker of these relationships and to facilitate discussions as required.

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<sup>1</sup> GSMA: Mobile Money for the Unbanked. <http://www.gsma.com/mobilefordevelopment/programmes/mobile-money-for-the-unbanked/insights/industry-reports>