Mobile Money Cash Transfer Experiment in Niger

“In response to the 2009–10 drought and food crisis in Niger, an international non-governmental organization, Concern Worldwide, designed a short-term social protection program. The program sought to prevent increases in malnutrition and asset depletion by providing unconditional cash transfers to approximately 10,000 drought-affected households during the “hungry season” – the 5-month period before the harvest.” (Aker et al., 2016).

“Targeted households in 96 villages in Niger received a monthly unconditional cash transfer, with women as the primary beneficiary. The first delivery channel provided the cash transfer manually, whereby cash was distributed in individual envelopes (the standard mechanism). The second delivery channel provided the cash transfer electronically, whereby program recipients received the transfer via the m-transfer system, as well as a m-transfer-enabled mobile phone. The third delivery mechanism was the same as the manual cash mechanism, but households also received a m-transfer-enabled mobile phone.” (Aker et al., 2016).

Using a randomized experiment, the authors of this paper study the effects of using mobile money in delivering a cash transfer program in Niger.

Quick facts

Barriers addressed

Entry & Capability
Lack of phone & SIM ownership
Real or perceived lack of money
Low digital financial capability

Digital & Physical Infrastructure
Distance from financial service points

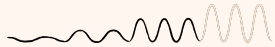
Social Norms
Ambivalence or antagonism towards women’s financial independence

Product & Market Design
Complex onboarding process

Segment focus

1 2 3 4

Customer Journey Relevance



Geography

Niger

Key stakeholders involved

Concern Worldwide
Zain (now Bhartia Airtel)
96 villages in Niger

Sources

Aker et al., 2016.

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Key activities

1. Identification of 96 vulnerable villages for the cash transfer intervention via a village vulnerability exercise
2. Assign 32 villages to one of three interventions:
   - Cash group: manual cash disbursement through envelopes at a designated collection point
   - Zap group: receive cash transfer via mobile-money equipped phone
   - Mobile group: mirrored the cash disbursement group but also received a mobile money-enabled phone and training
3. Assessment of program through a regression analysis using four datasets including household surveys and village-level surveys

Outcomes/results

- “Receiving a cash transfer via mobile money led to different uses of the transfer and increased household diet diversity.” (Aker et al., 2016).
- Participants in the Zap group had lower costs to get the transfer. “While cash and mobile program recipients traveled an average of approximately 4 kilometers (round-trip) from their home village to obtain the transfer, Zap program recipients traveled 2 kilometers to “cash out” at the nearest agent... Including the waiting time during the transfer, the average cost savings to Zap program recipients over the program period would have been about 20 hours.” (Aker et al., 2016).
- “Mobile phone usage was higher among the Zap and Mobile households as compared with the Cash households.” (Aker et al., 2016).
- “Overall, 53% of program recipients in the Cash villages reported that they were responsible for spending at least part of the cash transfer, and almost all recipients (99%) stated that they were consulted on how to spend the cash transfer.” (Aker et al., 2016).

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Key enabling environment factors for the intervention

- Concern Worldwide encouraged/influenced the mobile phone operator to register m-money agents for the program.
- Although phone ownership was low before the program started, the population was relatively digitally literate. 61% of respondents had used a mobile phone in the few months.

Key design elements and principles that led to successful outcomes

- The program was designed for women; the mobile phone, digital literacy training, and cash transfers were given to the woman of the household in all treatments.

Potential for scale/replicability

The benefits of the program in the Niger context—a country with limited road infrastructure, low literacy rates, and high financial exclusion—suggest that the approach could thrive in less marginalized countries with more developed infrastructures, higher literacy rates, and lower rates of financial exclusion.

Challenges encountered during the program

One challenge encountered during the program was related to the limited mobile money agent network in Niger. While program recipient households in this study "used mobile money to receive their cash transfer, they did not use it to receive remittances or to save – two important aspects of financial inclusion." (Aker et al., 2016). The researchers hypothesize that this is potentially related to the limited mobile money agent network in the country.

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Recommendations from the research

While no recommendations are explicitly given in the study, the authors suggest that future programs that take a similar approach should aim to execute the program in a country with a strong agent network. By operating with an established network, future programs can determine if participants take up other financial services use cases like receiving remittances or saving.

> *The approach could thrive in less marginalized countries with more developed infrastructures, higher literacy rates, and lower rates of financial exclusion.*