

Bulk Payments

Receive salary, government or aid payments directly into a mobile wallet

The ubiquity of the mobile handset presents a significant opportunity to facilitate bulk payments in emerging markets. As traditional banking infrastructure in these countries can be limited, mobile wallets are a more viable option for money transfer between people, business and government.

By targeting governmental institutions or large companies, or even by addressing their own employees, service providers rapidly grow their subscriber base while encouraging usage of additional services. This promotes mobile money at the same time as building customer awareness and trust; both are key elements in the success of financial services.

What is a bulk payment?

A bulk payment is made by an organisation from a mobile money platform which transfers funds directly into a user's mobile wallet, in a safe, efficient and cost effective way. Three of the most common examples are salary disbursement, Government-to-Person transfers (G2P) and Aid/NGO payments.

64.7%

of bulk disbursements are G2P
(Government to Person) *

The role of government institutions

Governments play a major role in contributing to the financial transactions of a nation's economy. They pay the salaries of administrative employees, pensions, and provide social welfare funding. Relying on electronic and mobile technologies allows governments to:

- Reduce distribution costs: CGAP estimates that mobilising a fully-fledged bank branch costs \$250,000 versus \$2,000 needed to equip a local agent with the necessary software and hardware tools to conduct basic money transfers, deposit and withdrawal operations, and gather applications for insurance and loan products.
- Reduce security concerns associated with cash payments
- Fight against corruption. In a Latin American country, unemployed welfare recipients who pay a bribe to local officials to access their benefits dropped from 3.6 percent to 0.3 percent after the Ministry of Social Development moved to an electronic benefits card. This means that an estimated US\$10.7 million more was able to reach the intended recipients of low-income families.

The role of bulk payments in the mobile money ecosystem

Bulk payments are especially beneficial to service providers as a means to inject funds into the mobile money ecosystem. According to the GSMA, bulk disbursements continue to experience one of the fastest growth rates in product value.

48.4%

Bulk disbursement increase in terms of product value
between 2015 and 2014. This translates to inflows worth

\$670m

in December 2015 *

Supporting financial inclusion and developing mobile money usage

In emerging countries, governments look to financial inclusion for help in the fight against poverty, to reduce economic inequality, and to increase quality of life. Studies by the World Bank on poor families in Bangladesh, India and South Africa highlighted the widespread use of informal financial methods for savings and loans. However this leaves them exposed to high levels of risk in terms of security and reliability, while only being able to access a limited number of options.



Even some people living on less than US\$1 per day still invest 22% to 44% of the household income on housing, health, education, and self-employment, once nutritional needs are met. The delivery of G2P disbursements via mobile money services can help to facilitate financial inclusion by providing the poor with a safe account in which to store funds. It can also supply users with a tool to perform payments and transfers. Service providers can leverage their knowledge of user behaviours to add more advanced mobile financial service features onto basic mobile money accounts.

Those such as:

- Savings, loans, insurance services
- Money transfers and bill payments

G2P and NGO payments in the Philippines

24 million Filipinos live on less than US\$1 per day. Mobile money service, Globe GCASH is used both by the Government Department of Social Welfare (DSW) and the UN World Food Program (WFP) for disbursement of funds.

WFP distributes SIM cards that have to be registered with GCASH accounts. WFP then credits the SIM which end-users can use either to cash out or use within the GCASH eco-system. DSW credits the account associated with the end-user ID. End-users can cash out at GCASH agents.

The potential of bulk payments in Brazil

1 in 4 or 50 million Brazilians receive welfare. Bradesco, the largest private bank in Brazil has a branchless banking service via post offices and small retail shops serving around 5 million customers, 27% of whom were previously unbanked.

Bolsa Familia (Family Grant) is a conditional cash transfer program that disburses regular payments to poor families in the form of cash or electronic transfers into their bank accounts under certain conditions (keep children at school, go for regular medical checkups, prevention workshops).

- \$13 a month for each child aged 15 or younger up to 3 children
- \$19 a month for each child aged 16 or 17 still at school up to 2 children
- Extremely poor families receive \$40 a month with no conditions

The role of mobile money in the Ebola crisis

“In Liberia, for example, where 85% of daily market traders are women, the Ebola crisis saw inter-regional and cross-border trade grind to a near standstill in some areas, and forced traders to depend on savings for subsistence.

For many entrepreneurs, who had taken out loans from village savings and loans associations, or microfinance institutions, delinquent loans that were a direct consequence of the crisis posed a threat to both them, and potentially microfinance institutions.

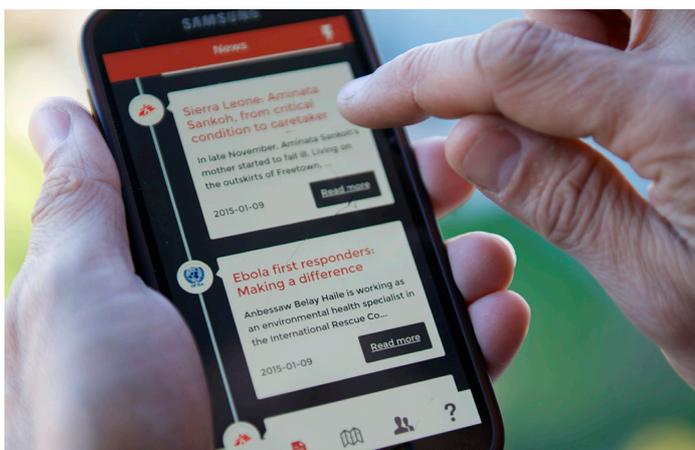
Part of the United Nations’ response saw the UN Women program deliver grants in the form of direct cash transfers to indebted entrepreneurs, via Lone Star Cell MTN’s mobile money deployment.

As the head of the USAID-funded Liberia Investing for Business Expansion (IBEX) program observed last fall, “The Ebola crisis has really forced local businesses to change their economic activities and adopt new marketing strategies.” Part of that strategic thought shift was a re-examination of the role of mobile money platforms as a delivery channel for IBEX.

For many of those on the front line, however, (and indeed, those paying them) the value and importance of mobile money did not need to be explored or tested. In Sierra Leone, more than 16,000 Ebola response workers received ‘danger money’ payments via mobile money.

Summing up the benefits of mobile payments, United Nations Development Program Country Director for Sierra Leone, Sudipto Mukerjee, said in interview, “Paying Ebola workers is paramount... We need to ensure that the right people are getting paid the right amount at the right time.”

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