WEBINAR

LAST MILE DELIVERY OR DEADLOCK:
ADDRESSING FINANCIAL INCLUSION IN THE FACE OF COVID-19

APRIL 28, 2020

CONVENED BY
<table>
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<tr>
<th>TIME</th>
<th>TOPIC / ACTIVITY &amp; FORMAT</th>
<th>FACILITATOR/PRESENTER</th>
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| 0:00  | Introduction  
Connection logistics, meeting procedures.                                      | Emcee                                                      |
| 0:05  | Overview  
Impetus for the meeting  
Meeting objectives  
Mini-introduction (collective viewpoint) on “last mile challenges”. | Emcee                                                      |
| 15:00 | Issue Forum  
What are the biggest challenges to provide “last mile” financial services to vulnerable, rural people in the context of Covid-19? | Emcee with input from select partners and organizers.      |
| 40:00 | Design sprint  
What innovative tools/approaches, or improvements to them, can we feasibly implement and/or design over the next 60 days. | Participants will breakout into sessions led by group facilitators. |
| 70:00 | Groups make presentations on the results of their design sprints.                      | Group facilitators                                         |
| 85:00 | Discussions - next steps, stay in touch.                                                | Emcee                                                      |
| 90:00 | Close                                                                                   | Emcee                                                      |
Who are we?

Arifu

David Weekley Family Foundation

Busara

Ideo.org

Boma Project

My Oral Village
Why are we here today?

1. COVID-19 has had a *profound* effect globally on millions of people, and it is also spurring a lot of innovations and adaptations.

2. We care about the impact of COVID-19 on vulnerable populations, especially on women who are identified as extreme and ultra poor.

3. We think financial inclusion is an important aspect of this conversation as it is foundational element of building resiliency.

4. We believe this group of stakeholders can help.
What’s our goal?

The goal for today’s conversation is to **discuss barriers** that came out as top results in the pre-webinar survey we shared with you. Leveraging the expertise in this room we will work towards **identifying solutions** that we will share and work to turn into practical action.
Who is in the room?
The biggest challenge for rural women to use DFS during COVID-19 is:

- Agent access (31.3%)
- Agent liquidity (18.8%)
- Lack of numeracy/literacy (18.8%)
- Lack of place to charge phone (18.8%)
- Cost of transactions (18.8%)
- Lack of direct access to a phone (18.8%)
- Not as convenient than existing inform...
- Requires a change in mindset, behavi...

One easy change to improving usage of DFS during COVID-19 would be

- Increased agent networks (25%)
- Better liquidity (18.8%)
- Allow for physical Cash transfers (18.8%)
- Simplified apps and alternatives for SMS and USSD-only clients (18.8%)
- Eliminate fees (18.8%)
- Picture or voice-based education material for marketing of DFS (18.8%)
- Digitizing female-dominated financial use cases (e.g. Chamas)
Illiteracy and Innumeracy Concerns in Kenya

• Pockets of rural Kenya have large and persistent illiteracy.
• In some counties the numeracy skills required to read a social transfer amount in an SMS are often not learned by age 13.
• Reading 4-5 digit ordinal numbers (e.g. cash amounts, not phone numbers) is a modern skill, not mastered by many ancient civilizations, essential to functioning in the modern economy.
• Nationally randomized studies are finding large minorities who cannot read numbers worth $100 in their own currencies, even in nations with high official literacy rates.
• In a COVID-19 context, ‘isolated illiterates’ (often women-headed households) are especially vulnerable when we communicate with them through text.
‘Isolated illiterate’: a person who cannot read or write, and lives in a household where no one else can, either (UNESCO)

Isolated illiterates are highly vulnerable. To decode messages from governments or banks, they must leave home for help.

There are more isolated illiterate youth than isolated illiterate elders in poorer countries.

Isolated/proximate illiterates aged 15–29 as % of same peer group, ages 60+, selected countries 2010–2012

Source: Global Education Monitoring Report 2019, UNESCO, p. 182, Fig 13.2. GEM Report team analysis based on IPUMS data.
High illiteracy rates are in pockets, mostly rural, and concentrated among women. Historically, national literacy rates were over-estimated due to lack of direct testing (e.g., data for 2000 at right).

Source: UNESCO Institute for Statistics
‘Basic literacy and numeracy skills’

are defined here as

• ‘being able to read a word,’ and
• ‘being able to correctly place 2-digit numbers in size order.’

Note: Decoding a 4-5 digit number (e.g., a record of a social welfare transfer in Ksh) is a more advanced skill. That ability would be lower in every geography.

Nationally randomized tests from the Financial Inclusions Insights survey conducted in 2017 show:

Literacy and numeracy are independent capabilities – and the first is no guarantee of the second.

Ability to read a long number is often *not* acquired in primary school. Instead it is acquired by participation in the formal economy, often over decades of practice.
Problem Statements Overview for Design Sprint Breakout Sessions

Problem Statement for groups 1a,b (Convenience): What can be done to help Halima conveniently continue her business, make use of her cash, and contribute to her savings in light of the challenges imposed by COVID-19?

Problem Statement for groups 2a,b (Agent Access / Liquidity): How can the private sector and government respond to address the access and liquidity challenges Abdi is facing? What is realistic?

Problem Statement for groups 3a,b (Numeracy / Literacy): In the context of Jane’s capabilities and those of her family, what can be done to increase her awareness on COVID-19, and her comfort with the use of mobile money?
Halima is a mother of 5 who lives in North Horr. She has a small shop near her home that she has run with 2 other women for the past year. She has a phone, which she uses to receive and send phone calls, and send money via mobile money. However, for her business almost all of her transactions are handled in cash. To date, she has about 20,000 on hand from her business income. She has saved an additional 5,000 in her savings group from monthly contributions she has made at each meeting. She does not have a formal bank account because the bank branch is too far away. In March she began to hear about COVID-19. She has heard it is spread by foreigners and that it can be transmitted through cash. She doesn’t know what this means for the cash she currently has on hand, and while there is a mobile money agent, he is located about 5 km away. Halima feels like she cannot trust the cash she has on hand nor can she rely on mobile money as a way to conduct her business. Her savings group is no longer meeting so she can no longer contribute regularly to her savings.

**Question:** What can be done to help Halima conveniently continue her business, make use of her cash, and contribute to her savings in light of the challenges imposed by COVID-19?
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<th>Potential solutions</th>
<th>Unknowns</th>
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<td>Trust in cash still higher in communities and institutions like savings groups. Yet, fear of cash handling under COVID19; creates opportunity to digitize. Challenges with using mobile money if many services do not use it, including essential savings groups. Savings groups are not convening Personal risk and financial cost associated with traveling to agent / bank branch. Phone access provides linkage to potential information.</td>
<td>Use trusted relationships to improve digital uptake of non-adopters. Apply physical distancing at cash agents including info on cash handling. Design products for savings groups and community members to create a wider market demand for digital. HSNP or other programs, provide information and logistical solutions to last mile households under social protection programs. Transmit information and how-to content over digital mediums like SMS. Drone banking!</td>
<td>From consumer point of view, more information needed on user constraints. What information should government be pushing out to alleviate stresses among community members? What are the constraints to pursuing models among pvt sector/ financial institutions?</td>
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What can be done to help Halima conveniently continue her business, make use of her cash, and contribute to her savings in light of the challenges imposed by COVID-19?

### Insights & issues
- Convenience is limited because there is limited infrastructure which makes it difficult to use mobile money.
- Cash remains central. However, is potential source of infection.
- Savings major way to build resilience - merits attention, at least in the medium to long-term.

### Potential solutions
- Improve incentives to agents through commissions, help expand network
- Improve incentives to customers to leave balances.
- Improve incentives to local stores to accept digital currency, this encourages keeping balances on digital wallets.
- Disseminate ideas about how to disinfect bills and coins
- Leveraging SG structures and processes through phone trees to encourage in-home savings
- Identify short-term (<6mo) vs. medium-term (6-12mo) vs. long-term (>12 mo) solutions

### Unknowns
- What do we know about income-generating opportunities that people still have? Which ones they have lost?
Problem Statement for groups 2a,b: Agent access / liquidity

Abdi is a bank agent near Isiolo and he runs a small shop near the town centre. Abdi also is authorized as an agent for government cash transfers. Since COVID-19 announcements and restrictions have been placed, his business is down. He has been told that starting tomorrow the government will provide more resources for low-income households through its existing safety net program. Abdi knows the next nearest government agent is 3 km away and that in the wake of COVID-19 he is likely to have a large number of people show up requesting funds. This is both exciting as it could mean more business for him, and challenging. He doesn’t know if he will have sufficient liquidity to provide cash payments and even though the government has asked people to use digital money, many still value the tactile security of cash. He is also concerned about a large crowd showing up and that being cause for spreading the virus. Yet, he can’t afford to turn people away.

Question: How can the private sector and government respond to address the access and liquidity challenges Abdi is facing? What is realistic?
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<td><strong>Insights into the liquidity constraint:</strong></td>
<td><strong>Potential solutions to address the liquidity constraint:</strong></td>
<td></td>
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<tr>
<td>- Agents face liquidity issue and reach out to local banks for cash but local (smaller) banks are running out of cash as well.</td>
<td>- Instead of distributing cash, the cash can go to merchants directly and the merchants can distribute goods.</td>
<td></td>
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<tr>
<td>- Banks are running out of savings too which further reduces availability of cash.</td>
<td>- Encouraging usage by making $1 of digital money worth MORE than $1 of cash because usually it is worth less due to the inconvenience.</td>
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<tr>
<td><strong>Insights into the public health concern:</strong></td>
<td><strong>Potential solutions to address the public health concern:</strong></td>
<td></td>
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<tr>
<td>- Agents are concerned that they may be a hub for virus transmission.</td>
<td>- The agents can be a node for public health information (precautions) and supplies, can install hand washing stations, etc.</td>
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How can the private sector and government respond to address the access and liquidity challenges Abdi is facing? What is realistic?

### Insights & issues
- Security is a major challenge
- Another challenge is the increased spread of the disease as a result of shared items eg pens, ID cards (for customer verification)
- Agent economics have reduced (because a lot of P2P is happening) - agents have adjusted their liquidity/float levels
- People are taking advantage of the charge-free transfers (e.g., send $10 five times to avoid money transfer charges)
- There’s a need to confirm that the agents have the balance (liquidity) to carry out transactions. Also, are they approved?
- Some programs partner with just one or two FSPs. e.g., a program, uses only one bank e.g., Equity Bank

### Potential solutions
- Stagger payments especially for one-off transfers i.e., those that are not conditional Front load payments so that the contact with beneficiaries is limited
- Clear communications around cash transfer that money will always be available and beneficiaries don’t need to access all of it at once
- To benefit from liquidity, programs should expand the number of payment service providers (instead of partnering with just one FSP or just a few)
- Empower/use agents as advocates to educate the community on use of digital financial services products - thus reducing the general reliance on cash

### Unknowns
- N/A
Problem Statement for Groups 3a,b: Numeracy / Literacy

Jane trades in livestock in a small community outside of Maralal. She is 30 years old and did not attend school. She has a phone which she borrows from her husband to make and receive calls. Jane does not speak Kiswahili, and no one in her household can read or write. She interacts with Kenyan currency by counting the features (e.g., a 100 Kenyan shilling note with an elephant on it becomes 1 elephant). She has heard of COVID-19 from her family and friends, and has seen new signs posted in her community, but doesn’t know what they say. She has heard that COVID-19 can only be transmitted by foreigners. She has also been told that she can only use mobile money now to pay for things in the store.

**Question:** In the context of Jane’s capabilities and those of her family, what can be done to increase her awareness on COVID-19, and her comfort with the use of mobile money?
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### Insights & issues

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<th>Possible misinformation:</th>
<th>Mobile money challenges:</th>
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<td>- Current messages not in appropriate formats</td>
<td>- Agent networks are often far from individuals.</td>
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<tr>
<td>- Usual circles of information may be broken down.</td>
<td>- Individuals may not be able to understand mobile money messages</td>
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<td>- Tapping into a wider network might not be possible now.</td>
<td>- Agents experience liquidity challenges</td>
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### Potential solutions

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<th>Deliver training where people are:</th>
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<td>- Water collection sights or other places people still need to go provide an opportunity for accurate information delivery through local languages and illustrations by community health workers.</td>
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<td>- It is also a good place to teach people about mobile money, and set up mobile money agencies.</td>
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<td>- Provide phones and cash transfers as incentives.</td>
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<td>- Coordination to enable consistent messaging and flow of cash transfers.</td>
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### Unknowns

- Language to use for the voice prompts or information delivery.
- Proximity might be an issue for the health workers.
- Is it worth the transit costs for people to access banks or agents to obtain liquidity?
- Supply and demand of agent networks and the business case.
In the context of Jane’s capabilities and those of her family, what can be done to increase her awareness on COVID-19, and her comfort with the use of mobile money?

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<td>Misinformation/ Mistrust</td>
<td>Radio (local languages) and other existing infrastructure such as CHVs, chiefs to deliver training -use voices they trust to combat mistrust and misinformation</td>
<td>Ability to access wifi -payment</td>
</tr>
<tr>
<td>Rising food prices due to restrictions negatively impact Jane without her understanding why</td>
<td>Agent offices (including learning shops and graphical guidance in-shop).</td>
<td>Access to mobile money agents</td>
</tr>
<tr>
<td>Non-literacy coupled with lack of instant validation to verify whether her digital transactions were successful makes use of digital money difficult for Jane</td>
<td>Smart feature phones - shareable apps with mix of graphics and voices.</td>
<td>Absence of a validation process how would we know she has received funds - like voice</td>
</tr>
<tr>
<td></td>
<td>- Edutainment use of plays to deliver information</td>
<td>- She has ID and ability to charge a phone</td>
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<td>- Relationship with the person she is sharing the phone with</td>
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Looking Forward

Post-Webinar Summary and Action Statement

Coming Soon!

List of e-Resources to help address Last Mile Financial Inclusion in the face of COVID-19:

https://docs.google.com/spreadsheets/d/1yaEDM3tJJ5NGLM7SDkhGtjKceQYKNqNIYNNeTnbSu88/edit#gid=0

Interested in joining a working group of practitioners, researchers and funders to address the challenges of Last Mile Financial Inclusion in the face of COVID-19?

Please contact wendy.chamberlin@bomaproject.org