

Level 1 Principles & the Gender Gap

A story about our users' users

Caribou Digital
Mojaloop Phase 4 Convening
Johannesburg, Jan 28th, 2019



Caribou Digital Background

- **Focused on building economically sustainable, ethical digital economies in emerging markets**
- **Work for Omidyar Network, BMGF, MasterCard Foundation, UK Space Agency, DFID, Australia's DFAT, World Bank, UNICEF & a range of commercial clients**
- **We specialise in quant & qual user research into digital lives, digital economy business models, DFS product development, entrepreneurship, satellite & space technology for development, digital identity.**

Background on the L1P/Gender project

- **Our “Mojaloop” Goal: Understand the implications on end-users of the Level 1 Principles as the guiding force behind Mojaloop.**
- **In brief, are any of the individual L1P principles or their cumulative impacts likely to affect women differently than men?**
- **Lead Researchers:**
 - **Dr. Savita Bailur**
 - **Heléné Smirtnik**
 - **Jake Kendall**

Research Methodology

- Qualitative research in Kenya and Cote D'Ivoire to map the financial lives of women across a broad sample
 - Kenya completed - 80+ user interviews
 - Informed by key expert interviews
- Quantitative data collection with nat. Rep samples across 5 countries - Kenya, Côte D'Ivoire, Nigeria, South Africa & Bangladesh
- Map behaviors, data and trends to LIP and gain a better understanding of how the principles affect women
- Suggestions on how guiding principles should be modified to close the gender gap

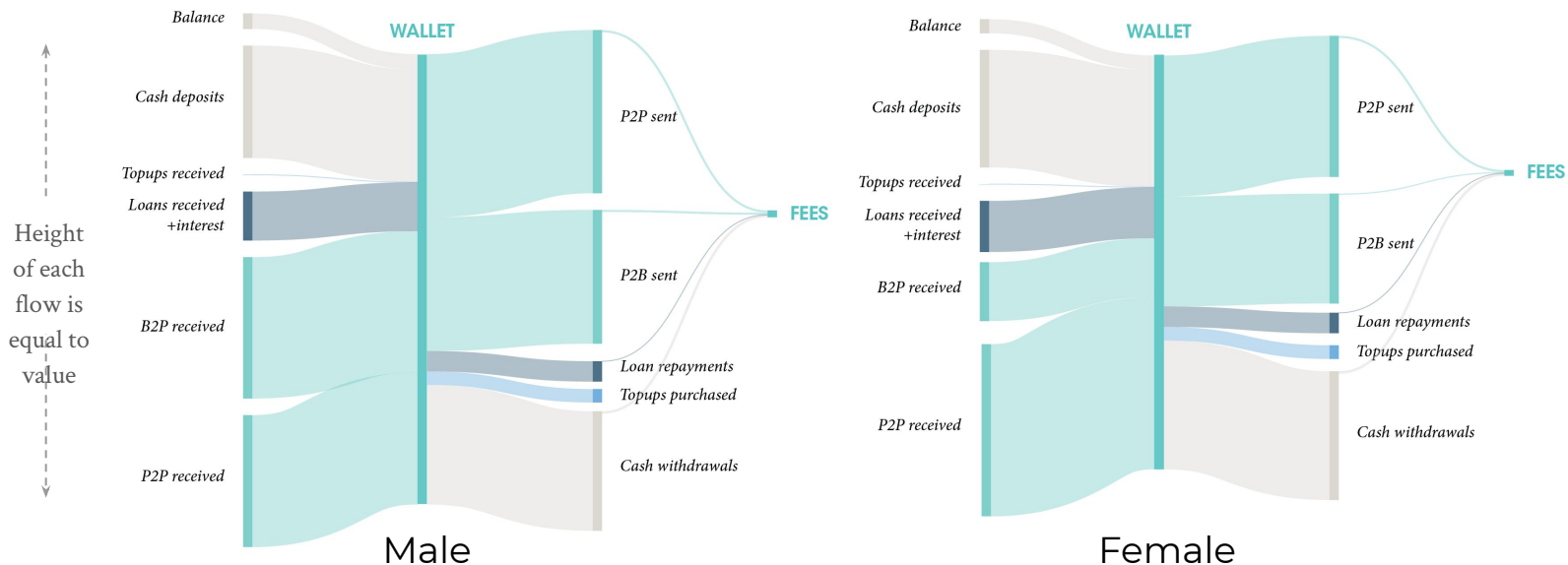


A young woman sitting in front of her kiosk in a quiet street of a peri-urban village, tells us about her own and client usage of mobile money, Photo credit: H. Smertnik

Quantitative Analysis - Caribou Digital Data

Tracing flow of value into and out of mobile wallet shows females with lower total value and lower value of B2P transfers

In addition to higher total value, males showed much higher value of B2P payments received, a category that includes bank transfers, merchant payments (if they run a business), salaries, and gambling payouts. We will explore this more to try to determine, for example, to what extent this reflects analog socioeconomic realities (men more likely to run a business) vs. DFS-specific behaviors (men using multiple financial accounts to manage money).

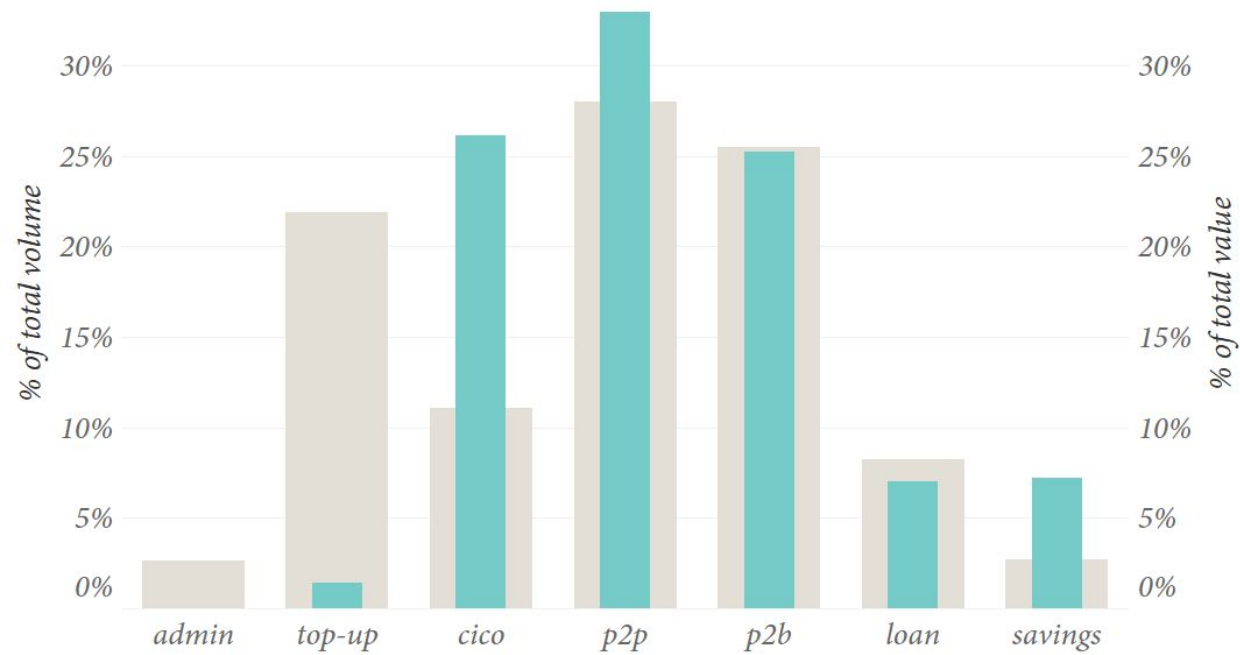


Quantitative Analysis - Example

Total transaction volume and value, by type

October 2019, n= 64,162 transactions

Caribou Data · insights built on privacy



Quantitative Analysis - Caribou Digital Data

- **Questions we can ask of the data:**

- What does aggregate activity by gender look like on different types of DFS products?
- What does CICO frequency look like between men and women?
- Who's more likely to use digital credit/savings? P2P volume/value?
- How often do we see “fee avoidance” behavior?
- How are different customer segments using OTT services?

- **Some insights from the data:**

- Women more likely to engage in savings behavior, men engage in credit behavior.
- Nigeria is way more complicated in terms of financial behavior than Kenya
- Only 19% of 90-day active m-Pesa users with smartphones used the MySafaricom App

Qualitative Research - Caribou Digital Research Team

- **80 Qualitative Interviews with users in rural, peri-urban and urban areas - majority women and**
- *"I used to have a challenge with M-Pesa before... whenever I sent money to a wrong number, it would just go directly. That was before the 25 seconds details confirmation period was introduced. These days, I just confirm the details and if it's wrong, I cancel the transaction."* Female smallholder farmer, rural area
- *"Before I realized, twenty-five seconds were gone and the money too. I wish they gave us one minute, twenty-five seconds is very short Then I call the person who tells me 'oh, I had a problem, it is God who sent you to send me this money.'"* Female market seller, rural area

→ Qualitative Insights and hypotheses into the interactions between gender and LIP

End-user impact of L1P (example)

Category	Level One Principles	Greatest gender difference through qualitative research
End user impact	Access points	High
End user impact	Notifications	High
End user impact	Tiered KYC/Secrecy/Not sharing accounts	High
End user impact	Consumer education	High
End user impact	Enabling programs	High
Scheme design	Irrevocability	High
End user impact	Pricing transparency	Medium
End user impact	User experience	Medium
End user impact	Enable inexpensive user devices	Medium

End-user impact of L1P (example)

Category	Level One Principles	Greatest gender difference through qualitative research
Scheme design	Push/real time	Low
Scheme design	Interoperability	Low
Scheme design	Scale	Low
Scheme design	Identifiers	Low
Scheme design	Fraud management	Low
Scheme design	3rd party settlement	Low
Scheme design	System components	Low
System design	Additional protocols	Low
Government support	Government use	Low

End-user impact of L1P (example)

Category	L1P	End user impact	Positive impact on women	Negative impacts /improvements to principle
Scheme Design	Irrevocable	<p>Greater impact on women than men</p> <p>On balance: Negative client impact (though we recognize the key role this plays in overall system functioning) Should modify to include features such as a validation of sender before, AND short recall period after the transaction.</p>	<p>The ability to cancel a payment before it goes through, as provided by M-Pesa's 25-second window, has been critical in increasing women's confidence in using DFS (relating back to trust and control) and was cited by a large number of women in focus groups as being important. We believe that this feature is valuable even if there are other features (such as name validation) as many users still make mistakes in the amount or just click through the validation (even though they have unlimited time to verify).</p>	<p>The complex, ad-hoc revocation process that exists for M-Pesa transactions after the 25s window is daunting for many users and has even led to fraud which creates more caution, so much so that many women reported returning to cash. We believe ad-hoc revocation is not valuable and should be obviated by features like recall and name validation.</p>

Linking Qualitative and Quantitative Research

- Irrevocability consistently came up in the qualitative interviews
- Question: What % of female participants in the panel reverse transactions? How often?
- Linking data to the qualitative observations builds a strong case for making a recommendation:
 - We recommend that the irrevocability principle should be updated as follows: *Final payment orders cannot be rescinded once they reach the switch, providing assurance that the receiver's account cannot be debited without their consent. Schemes should mandate some combination of a timed grace period to cancel payment, recipient name confirmation before the transaction is completed and an easy digital process for requesting return of funds from the recipient after an erroneous transaction.*

Initial Recommendations (incomplete list):

- (Tiered) KYC - LIP principles should be updated to recommend some form of ID authentication for cash out transactions though its not clear this belongs in the tiered KYC area.
- User Experience - we recommend updating the principles with: The user interface is simple and intuitive for a consumer; the user interface is designed to prevent user errors and fraudulent activity; this includes features like being able to hide notifications, showing the recipient name prior to transaction, saving frequent transaction addresses, and enabling language localization.
- Notifications - Per our previous discussions, we recommend updating the principles with: Notification of account activities from all parties controllable by the end user.

Timeline

- Feb. 2020
 - Qualitative research in Cote D'Ivoire
 - Ongoing data collection panels in ZA, Nigeria, Cote D'Ivoire, Kenya and Bangladesh
- End of March - Research Summary and white paper
- Explore how the lessons learned can be used to guide DFSP execution for gender equal products outside of the LIP/Mojaloop context

Thanks!

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