



Digital Credit and Savings Working Group
6th session: Digital Solutions for Monetary Assistance in the DRC

Adrian Pfaff-Seiler, CFA

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Abbreviations and Acronyms

BCC	Congolese Central Bank (Banque Centrale du Congo in French)
CRS	Catholic Relief Service
DRC	Democratic Republic of the Congo
KYC	Know Your Customer
MM	Mobile money
MMO	Mobile money operator
NGO	Non-governmental organisation
UN	United Nations
UNHCR	UN High Commission for Refugees
UBA	United Bank of Africa

Context

In November 2018, Élan RDC organised an event “From aid to economic resilience: humanitarian-private sector cooperation to further financial inclusion in the DRC”. It focused on humanitarian cash transfers. 15 months later, Élan wanted to review the current situation of cash transfers while focusing the debate down to digital transfer solutions. To do so, it revisited the common challenges that had been formulated in 2018: “Know your customer” (KYC) regulation, managing customer complaints, agent liquidity and the mobile money (MM) ecosystem development. For preparation, Élan asked past participants how they have been dealing with the challenges since 2018.

The novelty of the workshop compared to 2018 was to bring in additional actors that offer different technical and organisational solutions to the same problems. Élan widened the scope of participating organisations so as to look for solutions beyond the private (mobile money) operators and the humanitarian sector.

Objective

The workshop had three objectives. First, to provide a space where participants could exchange ideas on how to overcome the challenges mentioned above and to learn from these. Second, new actors could showcase different **technical, organisational and regulatory solutions that are available in the market**. Third, it aimed at getting a clearer view on next possible steps as well as learning which actors might be able to take these forward.

Participation

The technical workshop on humanitarian cash transfers was held in Kinshasa on 5 March with 40 participants (including seven from Élan RDC). 26 organisations/institutions were represented: eight donors and international cooperation programmes (including Élan RDC), five credit institutions, four financial/support service providers (including a fintech), three mobile money operators (MMO), two banking associations, two non-governmental organisations (NGOs), one researcher and one consultant. Most of the private institutions were represented by their representative in charge of cash transfers and/or digital solutions.

Topics of Debate

1.1 Demand Side of Humanitarian Cash Transfers

Cash transfers for beneficiaries are seen today as potentially the main tool to provide humanitarian support in the future. One quarter of the ~8m targeted Congolese already receive help by this means. Key advantages - security, rapidity, cost efficiency and traceability - have to be weighed against challenges, i.e. illiteracy, network coverage, transfer rates, cash-out problems, return on investment preoccupations and security as well as KYC challenges.

The experience of existing solutions is encouraging. UNHCR’s multi-sectoral solution in Mulongwe (South Kivu) follows a mid- to long-term perspective and hopes to find synergies with other mobile phone solutions. Yet, technical problems (no real-time visibility of transactions, long registration process, issues with 2G, opaque complaint mechanism) often obscure the benefits and thus reduce acceptance among the sponsor and the beneficiaries. The Catholic Relief Service (CRS) added to the debate the problem it encountered of agents who are not specifically trained to serve such a group of beneficiaries. This negatively affects the beneficiaries’ experience with CRS’s cash transfer provider.

1.2 Supply side of Humanitarian Cash Transfers

Even though challenges around identification, customer complaints and agent liquidity/MM ecosystem development are continuing, private actors have found partial technical, organisational and regulatory solutions, yet mostly individual ones. Orange Money presented its solution when identification documents are missing. It includes these non-identified beneficiaries on a separate list. The cash transfers are then indirectly channelled through the humanitarian sponsor which acts as guarantor. To partly mitigate liquidity constraints, Orange has set up better cash planning cooperation with the humanitarian sponsor and local banks.

New technologies such as transfer solutions by block chain offer new approaches to common problems. Leaf Global hinted at more flexible identification solutions (used in other countries for refugees and displaced people) such as those that are based on community validation. This is, however, not yet validated by regulatory bodies in the DRC. Other solutions need to be explored. Leaf also elaborated on the necessity of strong partnerships with local agent networks and its own efforts to diversify cash-out/payment options so as to reduce the level of liquidity required.

Several identity documents validated by local authorities are now accepted for the purpose of identification in the humanitarian sector. This helps cover the majority of beneficiaries, including refugees. Most stakeholders recognized that they have been able to work with those types of identification documents, but still needed to use alternatives to ensure they would not have duplicates. These include biometric solutions in places where some people seem to have access to multiple identity documents.

Above all, most stakeholders expressed the need for a unique national identification document, to help streamline the KYC process.

Points for future discussion

The humanitarian sector continues to be interested in an exchange with the private sector around cash transfer solutions. The Cash Working Group invites financial services providers to get in touch to arrange specific sessions on the solutions offered. Beyond this narrow scope, the feedback forms also revealed the need for future exchange among a broader group of humanitarian organisations, the government and the private sector, such as is assured by this working group.

New technical solutions for cash transfers need to be tailored to the specific circumstances on the ground. As Flash pointed out, payment solutions might be brought to remote areas via satellite technology. Block chain technology for money transfer is well adapted to the cross-border market. Other actors wish to see more efforts undertaken to ease the integration of new technology in the local economic context.

Identification and KYC continue to be major issues for operators and sponsors, especially among internally displaced persons. While there have been common initiatives, it seems that many actors are currently opting for individual solutions. Orange reported on its effort to convince the Central Bank (BCC) that the list of recognised identification documents needs to be extended, such as IDs given out by NGOs. United Bank of Africa shared insights on its experience with its financial inclusion programme for students, providing them with cards that are student ID cards and payment cards at the same time. The World Food Programme is convinced that the BCC and the government need to be approached together by all stakeholders in (digital) finance to find common solutions and avoid grey areas.

This common effort would be more powerful if credible actors such as the humanitarian organisations played a key role in it. On a smaller scale, this has already been done by the UN and humanitarian organisations, but the responsiveness of the government has been low. In the feedback forms, stronger engagement with the government and the BCC is consensus without denying how political the topic of identification is. Efforts by international organisations such as the World Bank might help to frame this effort.

The educational barriers of digital mobile money solutions for humanitarian purposes need to be lowered. The ecosystem remains underdeveloped not only because of a rudimentary supply side but also because intangible financing solutions are not generally easily adopted by beneficiaries. An educational effort to promote digital payments in the humanitarian context seems fundamental. One could also add security issues, pointing to a more comprehensive approach.

Liquidity issues need to be made transparent in the cash transfer set-up process early on. The possibility of a mapping as an effort toward more transparency was briefly discussed. Closely tied to the ecosystem development, there seems to be a need for the involvement of more partners: banks and MFIs, agents, NGOs, the local economic web.

Several participants expressed interest in organising future workshops on the topic.