Assessing mobile money checklist

Using money transfer companies as third party service provider is likely to have advantages in many situations. However, the capacity of the institutions to deal with cash transfers and the risks of working with them need to be assessed carefully. Such an assessment requires a solid understanding of the payment system. This tool does not replace the need for finance and legal expertise when choosing a money transfer company to provide cash transfer services, but aims to indicate the sorts of question that must be considered.

In identifying which institutions to use, consider the money transfer companies that have been contracted by NGOs in a particular country/region and why. Is the money transfer company operational in the area in which the programme will be implemented? If not, can it recommend a money transfer company with whom to work?

The checklist below outlines the information needed to assess the most appropriate money transfer company through which to work. Factors determining the choice of institution include:

* the possible risks associated with different institutions.
* the services they provide in terms of the relative cost of transfer charges and the likely effectiveness of delivery from the recipient’s point of view.
* their management capacity.
* their systems and infrastructure

### Checklist for assessing the capacity of a money transfer company

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| Issue | Information needed |
| General information on government policies | * What are government regulations on payments and transactions?
* Has there been currency devaluation in the past five years?
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| Background information | * Who is the owner or shareholder of the bank (government, private or group of companies)? Can you track back ownership to an international banking network?
* Are you able to obtain annual reports/financial statements for the money transfer company and its chain of ownership? What is the value of the money transfer company’s assets and what funds is it managing? What is the balance of payment (level of reserves, level of bad debts)?
* Are there any plans for the money transfer company’s owners to divest its shareholding?
* Have any other organizations used the money transfer company? (ICRC/International Federation/United Nations/international or national non-governmental organizations)? What are their perceptions of performance and/or what have their experiences been?
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| Legal provision | * What financial and legal status does the institution have?
* Does the money transfer company follow local regulations around remittances?
* Which government department supervises money transfer companies in-this country?
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| Services provided and area coverage | * What kinds of service are available for transferring cash?
* Is the service provided by the money transfer company accessible to recipients (distance, operating hours, identity requirements, recipients’ mobility, disability, literacy) and to what extent is the service acceptable to beneficiaries (e.g., some Muslim communities or individuals may prefer to use a sharia banking system)?
* What is the coverage of the money transfer company? How many agents does the money transfer company have, and where are they? (Map the locations of outlets and services extended from these outlets, if possible.)
* Does the money transfer company offer physical transport of cash to remote locations (i.e., from an agent to a project/distribution site)? If not, can this be negotiated? What are the fees or insurance costs for this service?
* Is the money transfer company using computerized systems which are sophisticated enough to protect it from external threats? Are these computer systems networked through to rural agents?
* Do local agents have counting machines?
* Does the money transfer company and its agents have the ability to source or provide large quantities of small denomination notes? Within what timescale?
* Are the daily operating procedures adequate for monitoring performance and transactions of tellers to protect against internal risks?
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| Management capacity | * Given the current volume of remittances/business and the money transfer company’s management capacity, how many additional clients could reasonably be added as a result of the programme?
* Who is the money transfer company manager? What experience does he/she have of managing larger amounts of funds and NGO relationships? To what extent are the staff members experienced in working with rural communities?
* Does the company have the money transfer capacity to provide technical support in case of problems (hot line, staff availability and knowledge) and reporting capacity?
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| Credibility | * How has the money transfer company performed in the past year? Has the core business (remittance) increased or decreased significantly? If so, why?
* What insurance does the money transfer company have?
* Has a reputable international audit company audited the money transfer company? Was an unqualified audit opinion given? If not, what was the nature of the qualification?
* What risks and constraints are there in the process of transferring funds in hard currency? Is money transferred into a central account and then to branches? If so, how long does it take to transfer funds from headquarters to branches?
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| Service fee | * What are the costs for services, such as:
* transfer of funds (may be a flat rate or a percentage of each transfer – usually between 2 per cent and 7 per cent per transaction)
* exchange rate (where applicable)
* any commission or other fees charged to the cash recipients
* any other applicable fees?
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