



Step 5

Selecting a Service Provider

KEY QUESTIONS

- What alternatives to cash does the market offer?
- How can your organization identify and select a service provider?

The market assessment outlined in Step 4 will identify existing service providers and available electronic payment (e-payment) products in your market. However, you may need to conduct additional due diligence on the service providers and their products to compare services and select the provider(s) that best meet your organization's needs. In any market the service provider options may include financial institutions such as banks, MNOs, and third party service providers.

Based on input from many organizations, the analysis and negotiations required to identify and contract the right service provider can be formidable. One lesson early adopters of e-payments learned is to involve multiple disciplines in the organization early in the

process. You should involve your key staff from finance, operations, legal, and IT departments. With a multidisciplinary working group or team, your organization will be better able to effectively communicate and articulate your product needs to a private sector service provider and establish a framework for collaboration.

Your multidisciplinary team should develop the minimum business requirements document—a Request for Information (ROI) or a Request for Quotation (RFQ) that can be issued to service providers to solicit information or a price quote. There are some key considerations specific to e-payments you should consider in preparing RFQs, conducting due diligence, and negotiating product or

KEY TOOL

SERVICE PROVIDER CAPACITY ASSESSMENT

This tool provides a guide for your organization to use when deciding on an e-payments service provider in your market. The tool has two sections:

- 1) A statement of requirements for a bulk e-payments product that can be used to disburse funds. This can be inserted into a ROI, RFP, or RFQ.
- 2) Specific questions based on the statement of requirements that your organization can use to guide an interview with e-payment service providers.

service delivery. For each component listed below the specifications should address two customer levels—that is, the corporate customer or payer and the end user or payee. For example, training or staffing a customer service helpline for your staff implementing the payment system will be very different from training or staffing a customer service helpline for your payment recipients.

Key Specifications

- ✓ Product specifications for a bulk payment product
- ✓ Distribution channels and networks
- ✓ Customer service and training
- ✓ Data privacy/security/internal controls

When bulk payment products exist in the market (products that allow payments from one payer to multiple recipients) your organization may follow its standard procurement procedures and purchase the service as a corporate customer and “off the shelf.” In this case, issuing an ROI can be useful to receive detailed product specifications that can inform creation of RFQs.

There may be instances or markets where you choose to enter into a higher

level business partnership with the service provider to refine or even develop bulk payment products. This can be a long, intense, and complex process. For example, in June 2013, given the lack of options in the Democratic Republic of the Congo, Mercy Corps put out a global Request for Proposal, and decided to partner with a card company called Squid that could deploy their solution in multiple countries.



A consortium or buyers' club approach may also be useful in some markets. For example, your organization by itself may not have the significant payment volumes to generate interest or make it worthwhile for the service provider to customize a payment product. However, by coordinating with other organizations that seek the

STORIES FROM THE FIELD

USAID contractor, JSI Tanzania wanted a better system to disburse cash to 20-200 training participants. Multiple MNOs offered mobile money products; JSI's payment recipients also used multiple MNOs' mobile money systems that were not interoperable. Rather than make a choice that would exclude some recipients or use all the MNOs' platforms independently, JSI contracted with a third party service provider who streamlined the process by aggregating JSI's payments and routing them through all the MNOs' mobile money services.¹

same type of bulk payment product, you may be able to generate interest, allow the provider to standardize contracts, and streamline negotiation procedures. By aggregating demand and agreeing to common requirements for the product, you may interest the service provider in developing a more tailored product or be able to negotiate discounts on the product from the service provider.

¹ Webinar “No Interoperability, No Problem”: <http://solutionscenter.nethope.org/webinars/view/no-interoperability-no-problem-webinar>

Learn More	Recommended Resources
<i>Tips for negotiating with service providers</i>	<ul style="list-style-type: none"> • The Digitizing Payments Process Kit is a collection of documents that provides practical guidance and resources for organizations that are shifting from cash-based to mobile payments for employees, contractors, or program beneficiaries. It was created by Vital Wave in coordination with USAID and with the support of the Bill and Melinda Gates Foundation after the successful implementation of a digital payments project in Uganda. In addition to describing the challenges and potential solutions for the expansion of mobile payments in Uganda, it contains a practical work plan, a description of required roles, processes, and resources, and dozens of useful tools for USAID missions, donor agencies, implementing partners, mobile operators, Business Process Outsourcing vendors, and other interested service or technology providers.
<i>Reports and guidance</i>	<ul style="list-style-type: none"> • Financial Documentation in the Use of Electronic Payments, Reference Tool: shows screenshots of different bulk payment service web interfaces. • Standards and Practices Report for Electronic and Mobile Payments, Section 6 on Evaluation of Payment Alternatives, Risks, and Mitigants. • Protecting beneficiary privacy: A CALP tool presenting principles and operational standards for the secure use of personal data in cash and e-transfer programs. • Profiles of Service Providers, Products and Services located on the NetHope Solutions Center. • Webinar (USAID and NetHope) on the basics of using a third party service provider/aggregator to disburse funds to many people on different mobile networks featuring two companies—Selcom Wireless from Tanzania and Yo! Payments from Uganda, which have developed a solution to interoperability challenges in their markets, and John Snow, Inc., (JSI) from Tanzania, which uses this solution to facilitate last mile bulk mobile money payments.
<i>Experiences from the field</i>	<ul style="list-style-type: none"> • ELEVATE Phase I Report, MasterCard Worldwide & Mercy Corps: July 2013. Describes results and learning from mobile voucher tests conducted in slum areas of Kathmandu, Nepal • Case study: a dialogue between MNOs and USAID implementing partners in Uganda; Appendix 5 from Uganda Market Assessment and Case Studies which documents Q & A between three MNOs and USAID implementing partners during an Electronic Payments workshop organized by USAID and NetHope in Kampala, Uganda on November 8th, 2012. • Webinar “Deploying mobile payments successfully with Beyonic and Educate! in Uganda,” 2014. The organization Educate! and service provider Beyonic offer insight to organizations looking to incorporate mobile money into their day-to-day operations.