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USAID/PHILIPPINES SCALING INNOVATIONS IN MOBILE MONEY (SIMM) PROJECT

ANNUAL PROGRESS REPORT
OCTOBER 2013 - SEPTEMBER 2014

OCTOBER 2014

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Scaling Innovations in Mobile Money (SIMM) Project Annual Progress Report

USAID-DAI Contract No. AID-492-C-12-00004

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ACRONYMS

BCC	Behavior Change Communication
BFA	Bankable Frontier Associates
BSP	Bangko Sentral ng Pilipinas
BWC	Broadcast Workers Cooperative
CCT	Conditional cash transfer
CDI	Cities Development Initiative
CI/CO	Cash-in/Cash-out
COA	Commission on Audit
DBM	Department of Budget and Management
DOF	Department of Finance
DOST	Department of Science and Technology
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
e-money	Electronic money
eOR	electronic official receipt
FEDCO	Federation of Cooperatives of Workers Organizations
FICO	First Isabela Cooperative Bank
FGD	Focus Group Discussion
FGIC	Fortune General Insurance Corp.
GIS	Geographical Information System
GPH	Government of the Philippines
GPS	Global Positioning System
GXI	G-Xchange, Inc.
IBC 13 BWC	Intercontinental Broadcast Corporation 13 / Broadcast Workers Cooperative
JDAO	Joint Department Administrative Order
KMBI	Kabalikat para sa Maunlad na Buhay, Inc.
LGU	Local Government Unit
LOP	Life of Project
MFI	Microfinance Institution
MFS	Mobile Financial Service
m-money	Mobile money
MMPs	Mobile Money Providers

MNO	Mobile Network Operators
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MPC	Multi-Purpose Cooperative
NATCCO	National Confederation of Cooperatives
OCVAS	Office of the City Veterinarian and Agricultural Services
P2G	Person to Government
PMP	Performance Management Plan
RPT	Real Property Tax
SBECO	Sikap Buhay Entrepreneurship and Cooperative Office
SEDPI	Social Enterprise Development Partnerships, Inc.
SIDCI	Soro-Soro Ibaba Development Cooperative, Inc.
SIMCO	San Isidro Multipurpose Cooperative
SIMM	Scaling Innovations in Mobile Money
SME	Small and Medium Enterprise
SSS	Social Security System
TAMIS	Technical and Administrative Management Information System
TOR	Terms of Reference
TOT	Training of Trainors
USAID	U.S. Agency for International Development

EXECUTIVE SUMMARY

From October 2013 through September 2014, the U.S. Agency for International Development (USAID) funded Scaling Innovations in Mobile Money (SIMM) Project reinforced the groundwork laid for the past two years in forging partnerships with SIMM pilot cities, government agency partners, microfinance institutions, private sector partners, and mobile money providers. With US\$1 million in additional funding and a four-month life of project extension made available by USAID, SIMM aggressively implemented activities to achieve more results in scaling m-money across the country by applying lessons learned in best practices and leveraging key relationships developed in the first two years. During this period, SIMM also expanded project coverage to two USAID Cities Development Initiative (CDI) cities: Iloilo City in Visayas and Cagayan de Oro City in Mindanao.

SIMM rolled-out activities targeted toward achieving more engagement and successful project implementation with partners to drive m-money payment options for their collection and payment systems; encouraging small and medium-sized enterprises (SMEs) to adopt m-money payroll; and initiating the agent network channel management strategy in SIMM cities. In addition, SIMM scaled its technical support for the m-money activities of its partners and expanded communications and financial literacy activities to all SIMM cities and project sites—such activities have shown to demonstrably increase awareness and foster uptake of m-money. Additional activities included activation events, information campaigns, consumer education, and agent training sessions tailored to the locality or entity.

Furthermore, SIMM continued to work with the Bangko Sentral ng Pilipinas (BSP) in undertaking priority tasks identified in the National Retail Payments System (NRPS) glidepath prepared by SIMM during the last fiscal year. Interoperability is a critical component to scale up m-money usage and promote financial inclusion.

SIMM was able to generate a considerable number of success stories and news on project events, activities, and testimonials of new mobile money users. These were shared extensively during meetings, site visits, events and sent out to media outfits, and posted online on the USAID/Philippines website and SIMM website, SIMM Facebook fan page, SIMM Twitter account, as well as on DAI website and partners' websites.

During the past year, SIMM has also compiled key lessons learned and best practices in growing mobile money adoption and usage, particularly on program management, stakeholder relations, and process guides. A key document incorporating best practices is the local government unit (LGU) mobile money implementation toolkit. The toolkit aims to enable LGUs to apply a systematic approach to implement mobile payments for local government fees and replicate the successful service offering of pilot SIMM cities. The document contains resources and templates that will help LGUs assess the costs and benefits of implementing m-money services, identify and contract service providers, and draw up an implementation plan. Toolkit development is ongoing. The completed toolkit is scheduled to be presented to the Bureau of Local Government Finance (BLGF) in December 2014.

The project's closedown plan and exit meeting calendar with key partners have also been drawn up and will be submitted for review and approval by the USAID.

CHAPTER 1: INTRODUCTION

The U.S. Agency for International Development (USAID) believes that development entails facilitating access to economic opportunity. Financial services provide the means for the poor and unbanked to build assets, better withstand shocks, and participate more broadly in the formal economy. In the Philippines, the lack of rural access to financial services presents a major barrier to achieving broad-based economic growth. Across the nation, 604 out of 1,635 municipalities do not have banks. With just 26 percent of Filipinos enjoying access to formal financial channels, a latent demand for financial services remains largely untapped.

Meanwhile, the Philippines counts 49% of population as unique mobile phone subscribers. An enabling regulatory environment has facilitated the expansion of mobile money (m-money) and has aided the creation of three unique electronic money models. Ubiquitous airtime distribution networks provide an established infrastructure to expand reach. These positive factors have created a ripe opportunity to leverage existing electronic money channels to address development challenges of financial and economic inclusion.

Despite many positive factors that have enabled the Philippines to become one of the most successful m-money markets in the world, other factors have constrained its growth.

OBJECTIVES AND KEY RESULTS

The Scaling Innovations in Mobile Money (SIMM) project builds upon USAID interventions in microenterprise access and mobile banking (m-banking) to further expand financial services. SIMM advances interconnected goals of increasing financial inclusion for broad-based economic growth through boosting expansion and rapid adoption of m-money services, and creating an enabling environment for m-money.

To reach these goals, SIMM will target three broad areas of strategic intervention: the payment system, government services, and electronic payroll (e-payroll) distribution.

Cutting across these strategic areas, the activities of SIMM will also address supply and demand constraints to broader adoption of m-money in the Philippines and promote global knowledge sharing.

Working with the government, the mobile network operators (MNOs), financial institutions, and local organizations, SIMM will address obstacles that are impeding the growth of branchless banking in order to achieve growth-oriented sustainable results and impact. SIMM focuses on three primary areas: creating business models that scale, achieving inclusive user uptake, and promoting global knowledge sharing of m-money. SIMM will be responsible for delivering the following results.

- Growth of m-money to more than 1.3 million active users (of which one-quarter are new subscribers to m-money services).
- More than 12,500 people trained (via financial education and literacy on the uses of m-money and m-money services) for improved household financial management.
- More than 10,000 people opening savings accounts via m-banking.
- Increased e-payroll implementation and adoption to 100 (small, medium, and large) businesses and two Government of the Philippines agencies/local government units (LGUs).
- An additional 2,500 CI/CO merchant partners operating mostly in rural areas.

- Increased volume (monetary value) of m-money transactions by more than 200 percent.
- Three conferences and venues for networking supported; and
- Three research papers and assessments produced for knowledge sharing.

OVERCOMING CHALLENGES IN SCALING MOBILE MONEY SERVICES DEPLOYMENT

During FY2012 and FY2013, SIMM focused on engaging partners, building relationship and trust among stakeholders, presenting proofs of concept and models, and pilot testing.

For FY2014, activities centered on deployment, identifying and addressing gaps, monitoring, and documentation. As part of the Project close out, assessment and review, and knowledge management efforts, SIMM compiled challenges in achieving scale during the deployment phase and how these challenges were addressed.

Table 1: Challenges in scaling mobile money services deployment and SIMM interventions

Building m-money ecosystems		
Area	Challenge	USAID/SIMM intervention
Demand side	<ol style="list-style-type: none"> 1. Lack of awareness among target market segment (LGUs, SMEs, MFIs and their clients), and low financial and digital literacy 2. Limited promotions and advertising of mobile money providers 3. Low ID card ownership for KYC compliance 4. Low trust and confidence of the clients to store their money 5. Large numbers of stakeholders to engage for ecosystem build up 6. Chicken and egg impasse between developing customer base and agent distribution network 7. Technology - Mobile network coverage and Internet coverage 	<p>SIMM engaged with the local government units (LGUs) given their unique position as among the most effective change agents in the area.</p> <ul style="list-style-type: none"> • LGUs benefit greatly from e/m-money application for their collections and disbursements especially in improving operational efficiency, transparency and better governance • TRUST: As a change agent, the LGUs instill trust in the new payment system, thereby overcoming a critical challenge of lack of trust in m-money among consumers. • POWER and INFLUENCE: They are empowered with the influence to convene other sectors such as their constituents, the local business sector, utility firms, and microfinance institutions to participate in the m-money ecosystem • LICENSE TO ISSUE: They can also issue valid IDs to enable their constituents to open m-money accounts. <p>Selection of SIMM priority areas based existing USAID partnerships, on fast time and strong demand for m-money (i.e. MFIs, large enterprise, SMEs, cooperatives, etc.)</p>
Supply Side	<p>The lack of mobile money agents is hampering the growth of mobile money.</p> <ul style="list-style-type: none"> • Lack of agents due to lack of incentives and viability of the business especially when they are restricted to servicing only one principal, i.e. exclusivity. • Slow take up due to agent 	<p>SIMM developed a new model that forged partnerships between the mobile money providers and agent aggregators on a non-exclusive basis. Features include:</p> <ul style="list-style-type: none"> • Lack of Scale - Leveraging on other financial services (i.e. bills payment, remittance, ticketing etc.) instead of offering standard cash in cash out services. • Liquidity - Using universal wallet system

	accreditation concerns, i.e., liquidity requirement, documentary requirement, slow on-boarding process.	enables agents to optimize their working capital. <ul style="list-style-type: none"> • Compensation - Leveraging high margin and low margin services by bundling fast moving good with cash in cash out services providing a better value proposition
Creating appropriate products and services needed by untapped market sectors (i.e. low income groups) at an affordable cost		
Area	Challenge	SIMM intervention
Key Sector - Private Payroll	Low adoption rate by the private sector due to switching cost to convert to m-money and low awareness of mobile money products and service	Launch of Mpayroll program in Feb 2014 aims to strengthen and align existing efforts of the mobile money providers and induce at least 100 business owners or employers to switch to m-money payroll by making it easier for them to hurdle one time switching cost and providing literacy materials
Key Sector – MFI	Lack of information on how m-money can be integrated into their operations and the specific costs and revenue items in doing so in order for them to make the benefit-cost evaluation and decision.	SIMM cooperated with five large microfinance institutions and helped them develop their mobile financial services business models. As a result, two products based on two mobile financial services models (or “m-banking” models) were introduced in the market. <ul style="list-style-type: none"> • “Own account management, outsourced technology” model implemented by NATCCO and Smart e-Money, Inc. (SMI) based on the Smart Unlipay service. In this model, the accounts and the float are both managed by the financial institution (FI), while the technology partner provides the mobile device as an access channel. • “Outsourced account management and technology” implemented by FICO Bank using GCash service. The service is used for deposit collection, loan collection, loan disbursement and m-payroll.
Addressing structural barriers and policies		
Area	Challenge	SIMM intervention
Policy Gaps	For person-to-government (P2G) payments, government agencies are still not fully confident to implement mobile money for collecting taxes and/or fees due to absence of regulation from the Commission on Audit (COA) governing rules on electronic official receipts (EOR) as required by DTI-DOF JDAO No. 10-01 series of 2010.	SIMM held several training for COA Auditors on electronic payment and collections policies and systems particularly Mobile Money SIMM provided technical assistance to that resulted in the issuance of Commission on Audit Circular 2013-007 last September 18, 2013, which provides the guidelines for the use of electronic receipts to acknowledge the collection of income and other receipts issued by the Philippine government. This new circular removes doubt and uncertainty about the legitimacy and acceptability of the use of electronic payments for government disbursements and collections. National and local government agencies can now fully and confidently collect fees using electronic payments, including mobile money. This circular is in line with government's thrust towards digitization of government transactions, including payments, in order to promote greater efficiency, transparency, accountability, and to reduce corruption.

Structural barrier	The lack of interoperability has kept m-money from reaching critical mass and has denied it the benefits of network effects as the m-money services remain as closed loops where their consumers and merchants have to be in one payment scheme only.	SIMM started the work of studying the current national payment system and assessing the reactions of the major players in the payments industry with the hypothesis that openness will bring about a larger customer base brought about by network effect which is for the good of everyone. The project has formulated a glide path towards inclusive payment system, and will formulate the business case for interconnection and a National Retail Payment System in the Philippines for greater financial inclusion.
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OVERVIEW OF ANNUAL REPORT

This report covers the progress of the SIMM project during the fiscal year from October 1, 2013 to September 30, 2014. Section 2 describes the progress of SIMM in reaching its targets for Year 3 per objective. During this period, significant milestones were achieved particularly in establishing mobile money ecosystems in SIMM pilot cities, expanding mobile money ecosystems to Iloilo and Cagayan de Oro Cities , the establishment of CI/COs, the activation of new users and enrolment of new savings accounts, development of the channel management strategy, and the rolling out of four projects namely the Mobile Finance Services (MFS) Business Models for Micro Finance Institutions (MFIs) Project, the Mobile Money Payroll (MPayroll) Program, the Financial Literacy and Training Needs Assessment Project, and the Behavior Change Communication Project.

During this period, SIMM also conducted several mobile money fora, activation events, government agencies and private sector meetings to push forth the adoption of mobile money, and the National Payments System. SIMM and Bureau of Local Government Finance (BLGF) of the Department of Finance are cooperating with the former to produce an LGU m-payment toolkit and for the latter to circulate it among all the local treasurers nationwide.

The progress of the project is categorized by objective and towards the end of the section, detailed project results and performance review show baseline data against accomplishments. Section 3 presents the lessons learned and best practices for the past year, particularly in terms of program management in forging partnerships, building ecosystems, and stakeholder relations.

CHAPTER 2: KEY PROGRESS TO DATE

BUILDING MOBILE MONEY ECOSYSTEMS IN SIMM CITIES

SIMM Batangas City

Batangas City is one of the three cities under the Cities Development Initiative (CDI) program of the USAID. SIMM held its first meeting with the Batangas City Government in August 2012. Various meetings were held with the Batangas City Local Economic, Investment and Promotion Office and City Treasurer's Office to provide feedback on the concerns relating to the COA regulation on electronic receipts. Upon the issuance of the needed circular, efforts resumed on identifying potential opportunities for P2G mobile money implementation with the City Government, and one of those is the assessment and collection of business taxes.

On March 31, 2014, the m-money payment system for business tax was formally launched. This complements the support of the USAID/Investment Enabling Environment (INVEST) Project to the City Government in streamlining business permit registration with which its process has been reduced from seventeen (17) steps which can take up to three days to complete, to two simple steps completed in just two hours. This m-money payment system is a result of SIMM's collaboration with INVEST, with the shared goal of providing a more convenient government transaction for constituents. SIMM facilitated the City Government's partnership with GXI to enable the use of the GCash platform for the business tax payment. This new service has the potential to ease payment processes of more than 5,000 registered businesses in the city.



Batangas City LGU, USAID, SIMM Project and GXI launched on March 31, 2014 the mobile money payment system for business taxes.

SIMM Valenzuela City

In December 2013, Valenzuela City announced that taxpayers can now pay their real property taxes through mobile phone, internet and Visa card, making it the first LGU to successfully complete such upgrade in payment options and allow their taxpayers to settle their dues with more convenience.

In September 2012, the City of Valenzuela developed an online billing system for Real Property Tax (RPT). In September 2013, the LGU linked their online billing system (via Valenzuela City's website) with Development Bank of the Philippines' (DBP) Internet Payment Gateway (IPG) which paved the way for the local government's readiness to accept credit card payments via the internet. In the same month, the City of Valenzuela installed DBP's point of sale (POS) terminals at the taxpayers lounge to allow its taxpayers to use either of their ATM or Visa credit cards to settle their business license fees, real property tax, and engineering permits.

On December 7, 2013, the City of Valenzuela completed the successful testing of mobile money, or the “m-money,” for RPT payment which finally marked the completion of Valenzuela City’s targeted set up for tri-modal payment options. Private individuals who own properties in the Valenzuela City may now conveniently pay their dues by simply using their cellular phones.



Newspaper Advertisement, December 11, 2013 announcing that taxpayers can now pay their real property taxes through mobile phone, internet and Visa card

On January 21, 2014, the City of Valenzuela officially launched its mobile real property tax assessment and payment system in partnership with G-Xchange, Inc. (GXI). Taxpayers can now have real properties assessed and pay the corresponding tax due using their mobile phones. The City of Valenzuela and GXI signed a Memorandum of Understanding (MOU) to implement the project on a pilot basis for six months. GXI waived the corresponding transaction fees during the six-month pilot period.

In March 2014, the City made available to its taxpayers mobile money as payment option for business permit, construction permit fees, and quarterly payments of business permit fees. In addition, taxpayers can inquire the amount due for their quarterly business permit fee via SMS. Valenzuela City’s automated building and construction permit application system was also enhanced by integrating the status inquiry and payment into GXI’s local government services platform.

Taxpayers can now inquire the status of their building or construction permit application through their mobile phone. Once the application is approved, the taxpayer will be informed of the fees due and can pay through GCASH.

SIMM provided technical assistance to the LGU on all facets of implementation such as development of requirements, forging of partnership with GXI, development of back-end processes for electronic payments, training of LGU front liners back-end process owners and implementation of information and communication campaigns. SIMM worked with the LGU to pass Ordinance No. 75 in February 2013 authorizing and recognizing the use of automated payment systems, which enabled the LGU to adopt and/or implement electronic payment systems, including mobile money, for government financial transactions.

SIMM Municipality of Pulilan, Bulacan

Pulilan officially became the third SIMM pilot city with the Memorandum of Understanding (MOU) Signing in February 2012 between USAID Mission Director Gloria Steele and Pulilan Mayor Vicente Esguerra Sr. After securing local resolutions recognizing BPI Globe BanKO as electronic payments and collection service provider of the municipality and authorizing the municipal mayor to enter into a cash management agreement with BPI Globe BanKO for the use and operation of electronic payments facility, the LGU payroll system and payment system for Pulilan Water System was officially launched on August 2013.

Since then, a total of 11,976 accounts have been opened in Pulilan Bulacan. Accountholders range from government employees, jeepney and tricycle drivers, mother leaders and volunteers, students, teachers. Pulilan Water System has collected a total of 111 bills paid via mobile money amounting to Php99,127 with 78 users actively paying bills via mobile. There are 9 BanKo partner outlets (BPOs) activated in

Pulilan, of which 7 have encountered some funding problems and two actively operating. Through the BPOs, in the past 9 months, a total of 279 accounts were opened, a total of 828 transactions, and an asset value of Php 643, 837.

SIMM Quezon City

Immediately after formalizing the partnership between SIMM and Quezon City in January 2013 to implement the m-money project, both partners immediately worked on the development of payment use cases and business processes, selection and negotiation of commercial terms with mobile money providers, and other support activities such as the crafting of proposed City Council Resolution for the implementation of mobile money. This City Council resolution was ratified last October 2013, with the issuance of an ordinance amending Ordinance # SP-1508, S-2005 which specifies the inclusion of mobile money as an alternative mode of payment for city taxes and fees.

In addition, The Quezon City Local Government signed a service agreement with BPI Globe BanKO in November 2013 as a disbursement method for educational stipends to over 10,000 government student-scholars released every semester at a range of US\$34 to US\$229 (PhP1,500 to PhP10,000) and for monthly allowances of 12,000 public school teachers worth US\$69 (PhP3,000).



Quezon City launching event on December 11, 2013 with GXI President Paolo Baltao, Mayor Herbert Bautista, USAID Washington Deputy Assistant Administrator Greg Beck, USAID/Philippines Program Management Specialist Teresita Espenilla, and BPI Globe BanKO Vice President Rob Nazal.

Marketing efforts that included a range of activities and distribution of materials by SIMM, GXI and the local government were undertaken in the first quarter of 2014 to increase awareness and induce usage of the new system. Training support for front liners and end users were provided by SIMM as well. By the end of first quarter, 276 payments were made via GCash with total tax collection of about US\$12,702 (PhP550,000), ranging from US\$4.6 to US\$439 (PhP200 to PhP19,000). A Help Desk System was put in place in March 2014 to ensure timely and efficient support service is available to tax payers.

To ensure sustainability of the project, the city government is currently in the process of establishing the business rules for the electronic official receipts which will give confidence to the taxpayer to continue using the system. The city government will continue the financial literacy training and public information campaign on the electronic systems to increase awareness.

SIMM Cagayan de Oro City

SIMM initially engaged the local government of Cagayan de Oro City in April 2014 and conducted an initial assessment on the streamlined business permit process of the city. SIMM presented to City Mayor Oscar Moreno the result of the initial assessment and the proposed mobile money services implementation. Steps were undertaken to get the support of the City Council to pass the needed ordinance recognizing and the use of electronic payment systems for LGU fees. On July 2014, the Council passed the Ordinance on Electronic Payments entitled “*Recognition of the Use of Electronic Payment Systems for Financial Transactions with Cagayan de Oro City*” on July 7, 2014 (attached as Annex 1F).

After securing the approval, SIMM provided technical assistance to the LGU to implement a mobile money payment system for financial transactions, specifically for business taxes with a potential to benefit about 21,000 registered businesses in Cagayan de Oro City.

Beginning mid-July to September 2014, commercial and technical preparations were undertaken by CDO LGU, SIMM and the mobile money provider. Cagayan de Oro City decided to launch mobile payment of real property tax, business tax, traffic citation and other fees which will include market rental fees, building permit and other local taxes and fees.

Cagayan de Oro City will launch its mobile payments on October 22, 2014.

SIMM Iloilo City

Iloilo City is another city under the Cities Development Initiative (CDI) program of the USAID, and also an LGU partner of USAID/INVEST Project. In collaboration with INVEST, SIMM conducted an initial assessment on the streamlined business permit process of Iloilo City in February 2014. The results of the initial assessment and the proposed mobile money services implementation were presented to Iloilo City Mayor Jed Patrick Mabilog. The Mayor endorsed the SIMM project to the joint executive-legislative department. On May 2014, Mayor Mabilog issued an Executive Order creating the SIMM project management team, which includes both the oversight committee and the project team to implement mobile payment system for local government financial transactions.

SIMM provided technical assistance to the Iloilo City to implement mobile money payment system for local government financial transactions, which included an LGU mobile money implementation toolkit. The toolkit includes an implementation work plan, templates and resource materials such as electronic payment systems regulations. Likewise, SIMM drafted the city ordinance that will allow the city government to implement electronic payment systems. The draft ordinance was filed with the Iloilo City Council on April 22, 2014 and was approved on July 1, 2014. Iloilo City will launch its mobile payment for business tax on November 2014.

OBJECTIVE 1: Facilitating E-Payroll Distribution

- Facilitate the e-payroll implementation of businesses not currently served by commercial banks
- Promote e-payroll options to established businesses
- Support the implementation of e-payroll to public sector agencies

- Facilitate the e-payroll implementation of businesses not currently served by commercial banks

Mobile Financial Services (MFS) Project

The expansion and use of mobile money transactions through Microfinance Institutions (MFIs) was identified by SIMM as a key opportunity area as they represent huge transactions related to microfinance services especially in the rural areas.

MFIs cater to the low income economic segment – a segment that has been previously shut out of access to deposit products. Mobile money was proven to be an ideal channel for short- to long-term savings accumulation product since it requires no maintaining balance, no penalties, and are accessed through outlets that the consumers feel more comfortable with (cash in/cash out agents which are usually neighborhood stores, pharmacies, internet cafes, or pawnshops).

SIMM provided technical assistance to Microfinance Institutions (MFIs) by developing business models for mobile financial services to demonstrate how mobile money can reduce cost, speed up processing time, improve value chain, improve customer satisfaction and enable new financial services that will spur its expansion.

Five financial institutions participated in this project. These are:

- Center for Community Transformation (CCT) Savings and Credit Cooperative, a cooperative MFI
- First Isabela Cooperative (FICO) Bank, a cooperative bank
- GM Bank, a rural bank
- Kabalikat para sa Magandang Bukas Inc. (KMBI), a microfinance institution with a non-governmental organization (NGO) license
- National Confederation of Cooperatives (NATCCO), a federation of cooperatives

Business models were completed for all participating MFIs in July 2013.

CCT opted to continue with the pilot and initially considered GCASH as a mobile money provider. They subsequently decided to go with Smart Money due to a management decision to outsource all information and communications requirements to just one vendor, Smart Communications. CCT signed a partnership agreement with Smart in June 2014. 214 microloan clients of the pilot branch, Malabon, have registered for Smart Money accounts and are receiving their microloan proceeds via Smart Money.

In November 2013, FICO Bank signed an implementing agreement with mobile money provider G-Xchange Inc. (GXI) to allow FICO Bank and its clients to use the GCASH platform in using mobile money for bills payment and loan disbursements. In February 2014, FICO Bank launched its MFS product and the Wais na Nanay Savers Club (WNSC) in Benito Soliven, a remote municipality about an hour away from pilot branch in Cauayan City, Isabela.

Prior to launch, SIMM provided technical assistance to FICO Bank for the completion of specifications and requirements needed for GXI's development work on the GCASH menu and how to set up and integrate the check digit facility into the FICO Bank menu. To prepare the front liners for the launch, GXI's training team conducted a training on GCash basics (features, benefits, and how to complete transactions) and selling/promotion skills to nineteen (19) FICO staff.

SIMM also provided technical assistance in the development of FICO Bank's new microdeposit product, the WNSC which targets housewives who want to make small, regular deposits via mobile money. FICO Bank currently has 449 registered GCASH users with PHP4.5 million (USD104,000) total transaction including disbursements and repayments. FICO Bank's rollout to additional branches was hampered by the sparse agent network in their coverage area. Initially, the bank identified clients that can serve as potential CICOs and assisted them with the agent accreditation requirements. Three of these clients have been accredited. Their agent wallets have not been activated, however, and are not yet operational. SIMM will be coordinating with partner aggregator Auto Top-up Ventures Inc. to help build the agent network in FICO Bank's service areas.

GM Bank requested to expand the business model to include the agent business model to make an informed decision as they had experienced using GCASH before and had challenges with using existing GCASH agent network. The agent business model was delivered May 2014, leaving very limited time to start a pilot. Furthermore, GM Bank is still in the midst of changing its core banking solution.

KMBI decided not to continue with the pilot as its Board of Directors see the SIMM project in conflict with its investment in a remittance network that will also offer agency banking in the future.

NATCCO, as a federation of cooperative, planned to offer MFS to its member cooperatives in addition to its existing IT services such as MIS and ATM. NATCCO chose to white label SMART's Mobile Banking Services (MBS) and use its member cooperatives as its agent network. SMART's MBS was completed in May 2014. Integration acceptance testing will be completed end-October 2014 and user acceptance tests will be completed by December 2014.

Achievements

- *Developed seven (7) MFS business models*

The following different business models were created for the five (5) participating FIs. The business model included the definition of the product, price, partner, promotion, place, financial models, and impact analysis of MM to the organization's operations.

- Loan disbursements and repayments for loans in a group with GCASH for CCT
- Loan disbursements and repayments for individual loans with GCASH for FICO Bank
- Closed loop agency banking with SMART for GM Bank's microfinance clients
- Agency banking with GCASH for GM Bank's microfinance clients
- Loan disbursements and repayments for loans in a group with GCASH for KMBI
- NATCCO's business model as a mobile banking platform provider using SMART's Mobile Banking Service (MBS)
- NATCCO's member coop business model using NATCCO MM for loan disbursements and repayments
- *Successfully completed two pilots with live transactions with FICO Bank and CCT*

FICO Bank launched MFS in January 2014. MFS was used for disbursements of employee allowances, repayments for jewelry and microfinance loans, and for deposits and withdrawals of a new savings product aimed for group savings, called "Wais na Nanay" (sensible/practical mother). The use of MM of FICO Bank continues to grow since launch. However, FICO Bank's clients appreciate the use of MM more for buying airtime and paying bills. This is because the use of MM for FICO Loans repayments and deposits has a service fee. Furthermore, FICO Bank and GCASH are still unable to setup enough agents. In spite of this, FICO Bank aims to continue using MM with existing and new loans and savings products.

CCT signed a partnership agreement with Smart in June 2014. 214 microloan clients of the pilot branch, Malabon, have registered for Smart Money accounts and are receiving their microloan proceeds via Smart Money.

- *Developed an agent business model for GM Bank utilizing actual client locations and the bank's loan products and schedule*

As requested by GM Bank, SIMM developed an agent business model using actual GM Bank client data. The business model considered the number of agent per clients based on geo-mapped client locations. Then number of transactions is based on the area's population and number of expected loan repayment transactions. The business model shows possible agent sustainability although will require liquidity support from GM Bank.

- *Conducted business process redesign (BPR) workshops and redesigned core business processes to integrate mobile money with CCT, FICO Bank, and NATCCO's member cooperative, Socorro Island Empowered People's Cooperative (SOEMCO).*

SIMM conducted business process for CCT, FICO Bank, and NATCCO's member coop SOEMCO. The workshop starts with a lecture on how to do BPR and then the facilitator leads the group on understanding how business processes will be affected with the integration of MM. Business process maps of the redesigned processes were delivered to the participating FIs.

- *Developed marketing materials for NATCCO for two sets of audiences: partner cooperatives and end users/clients.*

SIMM developed marketing materials for NATCCO and for its member coops. The marketing materials for NATCCO are aimed to encourage its member coops to implement NATCCO's MFS. The business kit included a presentation on the business model and a brochure explaining MM benefits and a snapshot of possible revenues with MM. The marketing materials for the end clients include a brochure focusing on the benefits of MM and brief instructions on how to use MM. This also includes a registration form.

SIMM Quezon City

Sikap Buhay Entrepreneurship and Cooperative Office (SBECO)

During the year, SIMM continued to work with SBECO and their partner institutions to promote the adoption of mobile money loan collection and disbursement and increase financial literacy among vulnerable sectors.

International Broadcast Center (IBC) 13 Broadcast Workers' Association (BWC)

In September 2014, BPI Globe BankO conducted an end user training for over 40 members of the IBC 13 BWC members. Facilitators conducted live simulation of core services: savings, microinsurance, paying bills, cashing in and cashing out electronic money, sending money, purchase of discounted airtime load, and managing account through online BanKOLink system. Towards the end of the end of the training, the first batch of mobile money loan disbursement to 12 members who have applied for loans was released.

As part of the sustainability plan of the project, a Financial Literacy and Mobile Financial Services Training of Trainers was conducted in February 2014 covering 30 cooperative members. Among the key learnings include proper budgeting, importance of savings and setting financial goals and using their new BanKO accounts for electronic transfers, payment of bills and availment of microinsurance for the family. Results of the post exam show an average score of 6.70 out of 8 in terms of new knowledge learned.

As of date, the mobile money disbursement system is in full operation and total of 150 IBC 13 members have registered as new mobile money users including those under their Iloilo satellite office.

Notably, the cooperative's Chairperson became one of the champions of the City Government and actively promoted the mobile money project with the members of his federation, including the Filipino

Inventors Society Producer Cooperative (FISPC). As a result, SIMM was invited by FISPC in July 2014 to their newly launched segment in DZRB Radyo ng Bayan , 738Hz Am Band called “*Ugnayang Koooperatiba ng Bayan*”, to share the objectives of the SIMM project, benefits and success stories of mobile money and how to avail of the services.

Quezon City Federation Tricycle Operators Drivers Association (TODA)

In July 2014, SIMM met with Quezon City’s Sikap Buhay Entrepreneurship and Cooperatives Office and the seven TODA Presidents from District 1-6 to discuss the microinsurance program proposal of BPI Globe BankO. The aim of the microinsurance program for TODA is to provide more financial services to tricycle drivers with low premiums and wide coverage for unanticipated events such as accidents, death and loss of livelihood. Quezon City has approximately 5,000 tricycle operators for adoption of mobile money microinsurance program.

BankO developed a special product that provides group microsavings and microinsurance for TODA members for Php100 premium, which includes a savings accounts, P25 initial deposit and microinsurance covering up to P20,000 accidental death, P5,000 accidental burial assistance and P2,000 accidental medical reimbursements. Other incentives as part of the program is cash amount (P10/member) for the association for every member who opens an account, franchise fee loan and TODA membership customized ID.

The Federation Presidents was scheduled to meet with the heads of each respective tricycle groups to discuss next steps. However, due to other priorities of the TODA, the activity has been postponed indefinitely. SIMM has forged partnership between Sikapbuhay and BPI Globe BankO to continue the activity even after the life of the SIMM project. This activity is part of the QC mobile money collections and disbursements project under SIMM project that targets vulnerable sectors particularly those belonging from low income households.

SIMM Batangas City

Ilijan Multi-Purpose Cooperative

In October 2013, SIMM launched the m-money services in Brgy. Ilijan, Batangas city in partnership with Ilijan Multipurpose Cooperative. The Ilijan Multi-Purpose cooperative has over 600 members; around 400 members immediately signed up for BPI Globe BankO accounts during the launch.

Pinagbuklod Multipurpose Cooperative

In November 2013, SIMM entered into a partnership with another Batangas cooperative, the Pinagbuklod Multipurpose Cooperative. The cooperative serves a community located 20 kilometers away (around an hour of travel time) from Batangas City. Recognizing that mobile payments translate to savings in time and transportation costs, around 600 cooperative members immediately opened BankO accounts. Following the launch, SIMM and BPI Globe BankO conducted a one-day financial literacy symposium, with more than 500 high school students of the Balete National High School in attendance. The symposium, which focused on savings, resulted in around 400 of the student-participants activating new BankO savings accounts.

Mahacot Multi-Purpose Cooperative

Mahacot Multi-Purpose Cooperative became a BanKO partner outlet in January 2014. Following the launch, the cooperative and partner BPI Globe BanKO held a caravan to promote the use of m-money and showcase its benefits. Around 180 of the cooperative's 200 members opened m-money accounts during the event.

Soro-Soro Ibaba Development Cooperative (SIDC)

In 2014, SIMM initiated the enrollment and activation of GCASH accounts for SIDC's more than 8,000 depositors and borrowers. SIDC, an existing GCASH partner outlet, expressed interest in increasing GCASH transactions among its members but was hindered by the cost of the GCASH PowerPay card. SIMM assisted SIDC in acquiring the cards by working out an arrangement with GCASH to provide the cards at no cost to SIDC.

After the account activations, SIDC piloted m-money payroll using GCASH. Prior to the mobile money payroll rollout, the main branch office had to send cash to branch managers. This posed risk of theft to the branch managers when withdrawing the cash for payroll distribution.

SIMM Cagayan de Oro City

First Community Cooperative (FICCO)

Before SIMM began its project extension work in Cagayan de Oro City, FICCO was already an active partner of GXI through its mobile payroll system, mobile loan disbursements and collection and the activation of select FICCO branches as Globe's cash-in cash-out (CICO) agents. FICCO has 194,000 members spread across its 69 branches in Mindanao and the Visayas. With its P7.31 billion worth of assets, FICCO is the biggest community-type cooperative in the Philippines.

On June 27, 2014 SIMM held an exploratory meeting with FICCO's management on the possibility of building on FICCO's existing mobile money services. SIMM also discussed its efforts to build the mobile money ecosystem in the city. The collaboration resulted in the distribution of 6,000 PowerPay cards to its new members. SIMM also delivered a Financial Literacy Training of Trainers (ToT) for selected staff. Participants of the Financial Literacy Training are now doing echo sessions to their co-employees and coop members.

SIMM Valenzuela City

SIMM collaborated with both the business and cooperative sectors in Valenzuela City to promote mobile money for local government financial transactions and for e-payroll.

In July 2014, SIMM conducted the 2nd Mobile Money Summit for Cooperatives, in collaboration with Valenzuela City's Cooperative Development Office (CDO), to launch mobile payments for RPT, business permit, and construction permit. 77 representatives from 27 cooperatives in Valenzuela City attended the summit. Topics covered included: how to apply for business permit and pay fees due using m-money, process for real property tax assessment and payment using m-money, automated building and construction permit application process featuring the use of mobile phone to inquire status of application and payment using GCASH, and the basic features of GCASH. The summit resulted in one cooperative (4HG Multi-purpose Cooperative) expressing interest to explore the use of GCASH for e-payroll and at least three cooperatives (Holy Cross Savings & Credit Cooperative, 4HG Multipurpose Cooperative and San Isidro Labrador Parish Multi-purpose Cooperative) expressing interest in becoming CICOs.

In August 2014, SIMM conducted a Mobile Money Forum with the business community to launch mobile payments for RPT, business permit, and construction and business permit. The forum was also used as a venue to promote GCASH PowerPay e-payroll service as an alternative to manual payroll distribution for local businesses.

- Promote e-payroll options to established businesses

Mobile Money Payroll (MMPay) Program

In the Philippines, there are around 945,000 businesses employing 7.81 million people nationwide. By employment grouping, there are 844,760 (89.4%) establishments classified as *micro* (with employment of 1 to 9); 92,025 (9.7%) are classified as *small* (with employment of 10 to 99); 4,136 (0.4%) are classified as *medium* (with employment of 100 to 199) and; 4,083 (0.4%) are classified as *large* (with employment of 200 and over).¹

Recognizing the potential to scale up m-money adoption by promoting electronic payroll (e-payroll) disbursements to receptive businesses, microfinance institutions (MFIs), and government agencies, the SIMM Project assisted private businesses by providing technical assistance to implement and adopt mobile money (m-money) payroll to its employees.

Technical Assistance Program (TAP) For Mobile Money Payroll

Payroll is among the best ways to scale a new payment system. This was seen with the ATM experience in the Philippines. ATMs became ubiquitous when more and more companies used it to distribute payroll. It takes lesser effort and resources to convince efficiency and cost-driven businesses to adopt m-money payroll than to communicate directly with consumers. In addition, once the employees receive m-money payroll, it will encourage them to regular use.

Many small and medium enterprise businesses in rural and urban areas are still using cash envelopes for payroll. Most of the companies would benefit from m-money payroll as it is among the cheapest electronic payment methods in the market. It does not require an average daily balance (ADB) of cash deposit. Banks offer current account-savings account-based ATM cards, as well as pre-paid cash ATM cards, subject to ADB requirements or higher transaction fees than m-money providers. ADB requirements, although not a direct cost, have economic costs as they tie precious capital from being used productively by businesses. Although there are few large companies which have no difficulty meeting the ADB requirements due to their very large cash flows from daily sales collections, most companies prefer to use cash more productively than keeping it as cash deposits earning very small interest revenues.

Challenges

M-money payroll is among SIMM's strategic interventions to make m-money reach critical mass in the Philippines. Although there is huge potential of m-money payroll among the private sector, they are faced with major barriers to m-money adoption by SMEs and large businesses due to lack of awareness and appreciation of m-money benefits to business owners and employers, and the lack of financial literacy of their employees.

¹ 2012 List of Establishments as of 12/18/2012. National Statistics Office

Since m-money payroll is not yet clearly understood in the market, more work has to be done in educating and assisting implementation of the companies and their employees in moving towards m-money payroll.

During the first phase of m-money promotion to SMEs and large businesses, the following were main reason why businesses did not convert to m-money payroll disbursement:

- Cost: cost of ATM card, disbursement fee, conversion fee (peso-to e-money and vice versa), and withdrawal fee
- Competition from banks, prepaid cards, and debit cards
- Ease of use and acceptance of new technology: bigger companies prefer to use payroll system that are more flexible (includes government contributions, HR facility etc.)
- Market - choosing the right market for mobile money payroll is as important (i.e. location with good number of cash in/out merchants, perimeter from the place with available more affordable competitor products)

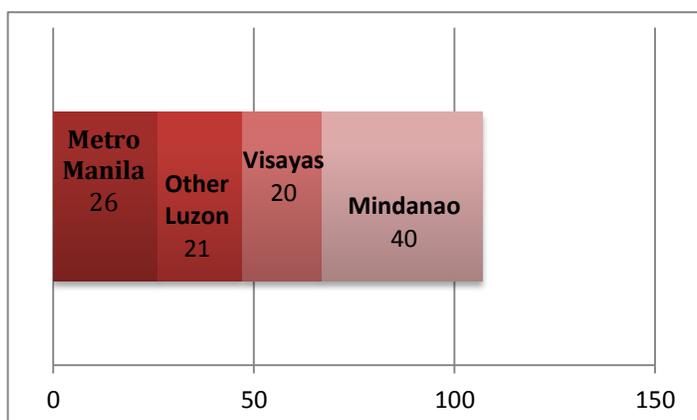
Implementation Strategy

With the switching cost being identified as a major barrier, additional funding was made available to give employers the option of inducing trial by minimizing switching cost to m-money payroll. The cost of ATM cards or the cost of disbursement for the first three (3) months of implementation was subsidized by SIMM. Then, both employers and employees were shown the benefit-cost analysis based on their experience, which encourages them to agree to bear the subsequent recurring disbursement fees.

Table 2: M-Money Payroll Business Conversion Dashboard

	Metro Manila	Other Luzon	Visayas	Mindanao
Small Enterprise	-	3	-	10
Medium Enterprise	2	1	5	9
Large Enterprise	24	17	15	21

Figure 1: M-money Payroll Conversion Rates by Region²



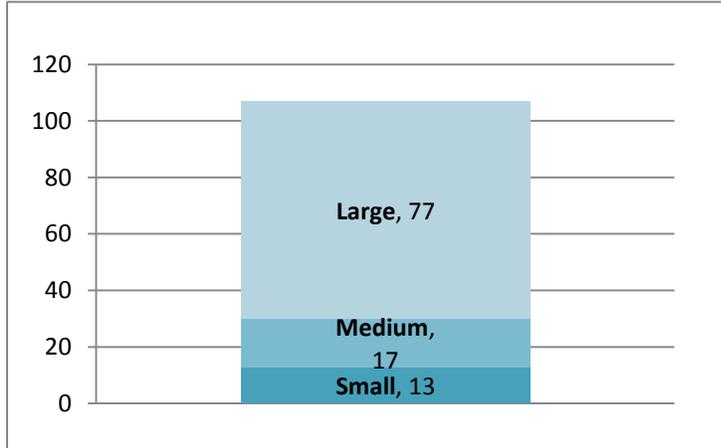
The table above shows the number of businesses that converted to m-money payroll for the period of February to October 2014. There are more than **130,000 registered m-money payroll employees** with the majority coming from the Mindanao Region, as shown below.

Out of **107 m-money payroll partner companies** that adapted m-money payroll, small and medium enterprises have a

² Mindanao has the largest conversion rate at 37%, followed by Metro Manila at 24%, other parts of Luzon at 20%, and Visayas at 19%.

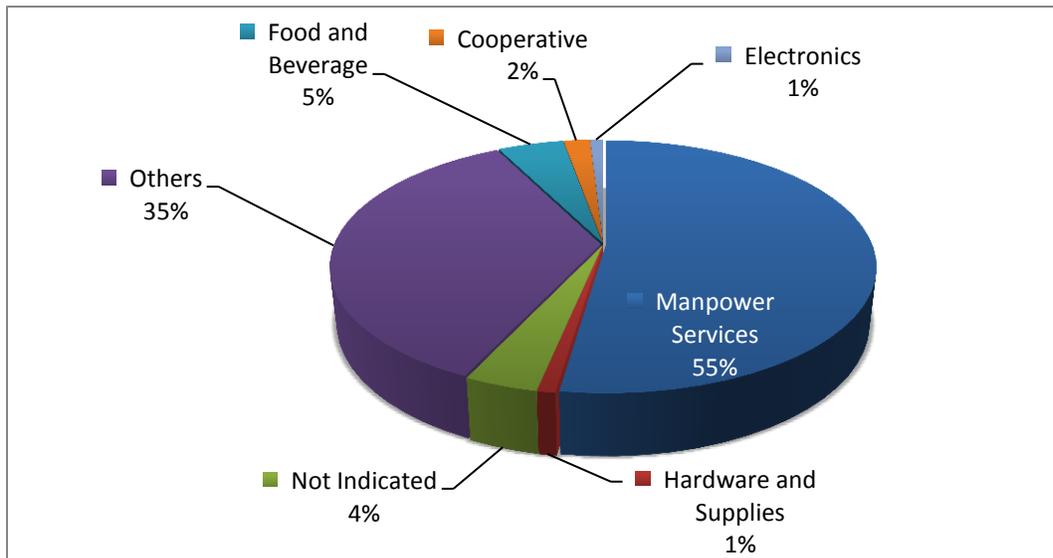
combined total of 28.04%. Subsequently, 9 out of 77 large enterprises have employees more than 5,000. While large businesses mean higher capital (ergo higher capacity to maintain annual daily balances in the bank), a cheaper and more convenient way of disbursing/accessing salaries is preferred. A higher savings in terms of disbursement cost becomes more recognizable in bigger organizations.

Figure 2: M-money Payroll Conversion Rate by Employee Size ³



In addition, the distance of SMEs as well as the behavior of employees in manpower agencies will best explain why those in Mindanao are most receptive to m-money payroll compared to others.

Figure 3: M-Money Payroll Conversion Rates by Industry ⁴



Some businesses in rural and urban areas are still using cash envelopes for payroll. Salaries of these

³ Businesses categorized based on the number of employees: (a) Micro: 1 - 9 employees, (b) Small: 10 - 99 employees, (c) Medium: 100 - 199 employees, and (d) Large: More than 200 employees.

⁴ Others includes Call Center, Marketing, Trading, IT, Manufacturing, Medical Services etc.

employees are mostly sent to families in distant provinces. Cash handling costs and security risk faced by organizations that manage employee payrolls through physical cash payments will be drastically reduced with the adoption of m-money. For many employees, m-money would imply a more convenient and cheaper way to save, spend and remit money to their loved ones.

SIMM Cagayan de Oro City

To promote e-payroll in Cagayan de Oro, SIMM in partnership with the Cagayan de Oro Chamber of Commerce and Industry conducted a business forum attended by 53 Oro Chamber member businesses. As a result, 6 establishments adopted m-money payroll two months after the forum.

- Support the implementation of e-payroll to public sector agencies

In line with the Philippine Government's goal to achieve greater transparency and security in financial transactions of public funds, SIMM pushed forth mobile money payroll and disbursements so that local governments can provide more convenient, secure and transparent transfer of funds ensuring access to additional financial services to its employees and constituents.

SIMM Municipality of Pulilan, Bulacan

During the year, SIMM continuously monitored implementation of activities to address challenges and increase usage of m-money payroll and collection system adopted by the Pulilan Municipal Government.

Government Mobile Money Payroll is now institutionalized and continuously opens accounts for new employees. As of the writing of this report, a total of 307 employees are receiving payroll through their BPI Globe BanKO accounts - from the Mayor, councilors, division chiefs, rank and file employees to street sweepers. Notable highlights of the new system include ensuring the security of the Treasurer from death and government funds from robbery. The new system has reduced operating costs of municipality on transportation (rental of the ambulance, man hours of the driver, gas), man hours of the Treasurer's staff in changing money, counting and releasing and reconciling/balancing the amount withdrawn vs., disbursed, man hours of the employees queuing. A revised case study will be provided in the next quarter to demonstrate the reduced transaction cost as a result of the shift from manual to electronic systems after one year of implementation.

SIMM Quezon City

During the year, SIMM continued to streamline the disbursement processes of Quezon City to reduce delay of disbursement by improving the Division Office and Student Youth and Development Program (SYDP) electronic database, reducing the number of reports and physical transport of documents from SYDP and Division office to Quezon City hall and across departments; and building confidence in the new electronic process.

The Quezon City Local Government signed a service agreement with BPI Globe BanKO in November 2013 as a disbursement method for educational stipends to over 10,000 government student-scholars released every semester at a range of US\$34 to US\$229 (PhP1,500 to PhP10,000) and for monthly allowances of 12,000 public school teachers worth US\$69 (PhP3,000). The selection was based on the key features that aimed to increase and improve access to banking services for its city scholars and teachers through the mobile phones from 3 percent interest with PDIC insurance, no maintaining balance, cheapest way to send money domestically and internationally, payment of bills and access to microinsurance and microloans.

Scholars

Starting October 2013, activation events with financial literacy sessions were held for the thousands of city scholars to open accounts and provide knowledge on financial education.

Scholars previously waited up to three months and claim stipends personally in the Quezon City Hall. Since the first disbursement on March 2014, the scholars received their stipends straight in their mobile phones wherever they are in the country.

They cited the following benefits: process is more comfortable, better, safer, and easier; time and cost efficient; and money is more secure. The following issues and challenges were identified: lack of knowledge on withdrawal and other transaction fees, difficulties in locating partner outlet, accounts activation (i.e. account is not registered, wrong MPIN provided or forgotten MPIN), and failed withdrawals due to system errors in partner outlets or unregistered accounts.

Below are the major findings of the evaluation survey:

- 66% said that receiving stipend is faster
- 52% said they were able to save by using their BPI Globe BanKO
- 66% said that receiving their stipend is accessible through BPI Globe BanKO
- 75% said they were able to save time in receiving their stipends
- 63% gave a high rating for their overall experience with the new BPI GLobe BanKO
- 82% were aware of the transaction costs
- 100% received SMS notification of their stipend release
- 64% liked the new mobile money system more than the old system

SIMM is closely monitoring the progress of the pilot run with BPI Globe BanKO, including conducting a Training of Trainers (TOT) session with the SYDP staff and disseminating customized primers for teachers and students with frequently asked questions and troubleshooting for common concerns. After the pilot run, SYDP plans to implement the mobile money system to 5,000 scholars.

Teachers

SIMM encountered challenges with some teachers primarily because of the withdrawal charge of BanKO and lack of awareness of the services and features of mobile money. SIMM was able to determine two causes of the initial resistance: 1) poor information dissemination from the Division of City Schools to the principals, faculty club presidents, and down to the teachers; and, 2) given their spending and saving habits, there is a need for personal financial management sessions for public school teachers.

To address these concerns, SIMM conducted data gathering activities and orientations in schools to principals, members of the Quezon City Public School Teachers' Association (QC PSTA), and teachers from February 20 to March 22. Division Office, BanKO, and SIMM also released official statements, memorandums, and primers specifically for frequently asked questions and common concerns.

To help build the case, SIMM conducted a random survey with about 200 teachers across the different schools, to gather information on the spending and saving habits of teachers. Major findings include:

- 86% said they pay bills through Bayad Center while the rest pay through banks, MERALCO Office, and LBC;
- On average, the respondents spend Php30 for transportation;

- Per month, 3/4 of the respondents buy airtime worth PhP100-PhP499 per month;
- As for sending money, the average amount sent was PhP2,400, and more than half send at least once a month. Most of them send through LBC followed by Cebuana Lhuillier;
- Almost all of the respondents buy from Mercury Drug. The second most popular establishment was the mall, followed by supermarket, then bookstore; and
- Less than half said they saved PhP1,000 or more per month, while PhP0-PhP99 came in second.

The caravans finished before the summer break; hence, the project faced disbursement problems as only principals and administrative clerks were in schools. After the enrollment and first week of classes in June 2014, BankKO distributed the cards in the Division Office with authorization letters from the teachers allowing school representatives to pick up their cards. BankKO then introduced a verification system, where teachers are supposed to confirm that they've received their accounts by providing information via USSD. The initial deadline of June 20 was postponed due to low compliance; hence, the July disbursement was completed on August 27, 2014 with 8,100 teachers.

Within the next two weeks, teachers complained of not being able to withdraw their allowances. BankKO and SIMM diagnosed the two common causes as ATM cards not being linked to the SIM cards, which meant the ATM card was not activated and could not validate financial transactions, and MPIN-related concerns (e.g. incorrect MPIN, exceeded allowed number of tries, etc).

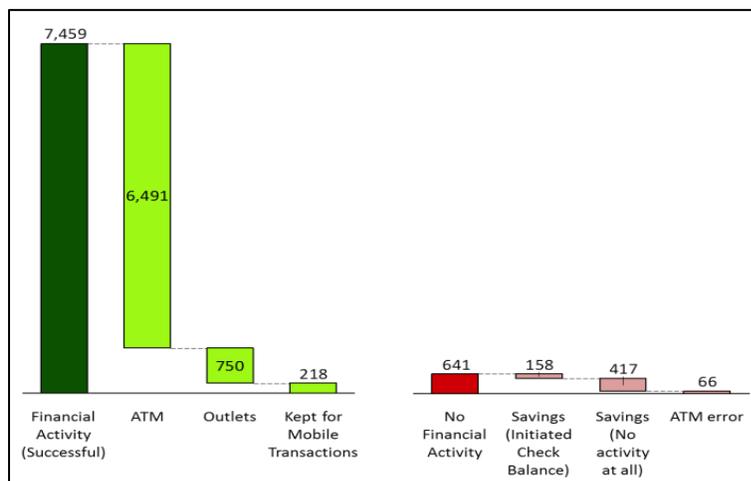
To address these concerns immediately, BankKO representatives were stationed in the Division of City Schools, while roving customer representatives moved among schools. A customized USSD for customer care was developed as QC LGU Help Desk, and disseminated in the QC and DO websites and social media channels.

SIMM provided statistics of the disbursement status as of the writing of this report to the City Administrator, Division of City Schools and QC PSTA.

First Batch of July Disbursements, total 8,100 teachers

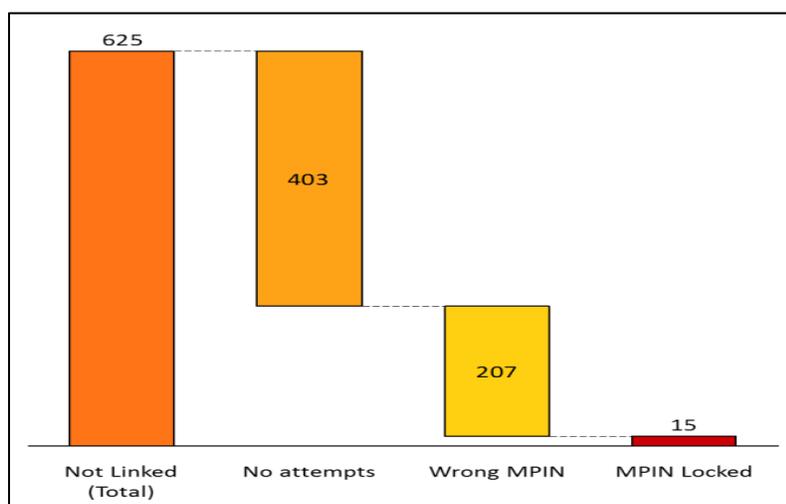
7,459 of the teachers have been able to cash out, of which 6,491 have been able to withdraw from ATMs and 750 cashed out from partner outlets

Figure 4: Data for First Batch of July Disbursements for QC Teachers



218 use the BankKO mobile products and services (Pay Bills, Buy Load, Send Money, Web Access). The rest have had no recorded activity and may be saving their allowance.

Figure 5: Data for 2nd Batch of July Disbursements for QC Teachers



Second Batch of Disbursements +/- 13,000 for immediate Troubleshooting

- 625 teachers have yet to link their ATM cards with their SIM cards and encountered wrong/locked MPIN (a prerequisite to be able to access ATM transactions, similar to traditional banking wherein you need to activate ATM card via machine)
- 100 teachers have not opened accounts

- 200 teachers reported wrong accounts
- 72 reported duplicate numbers

Despite the challenges encountered, there have been positive changes from the manual to mobile money payroll and disbursement processes

- Payroll has now reduced paperwork and is now processed by volume and not by batch for more standard and consistent disbursement
- Processing of payroll within the QC LGU from budget to treasury takes up to 1 week and a half
- Teachers are becoming familiar and aware with the benefits of mobile financial services and are now duly informed of their allowance providing some insight on their cash management

Lessons learned in implementing government mobile money payroll is

- An effective communication channel is critical to cascade information especially in large bureaucracies from the Quezon City Government, Division of City Schools to the 13,000 public school teachers
- A virtual private network (VPN) for the entire Division of City Schools can facilitate communication across the 142 schools whose locations are dispersed in Quezon City
- Shifting to electronic money including mobile money project implementation requires a strong financial literacy/ cash management program to respond to the underlying constraints under a cash-withdrawing environment
- Current features of mobile money technology still require more intensive and practical application training and education. More refinements should be made to ensure that the products and services are simple and intuitive especially for the target consumers belonging to the low income household.
- Customers sales support through the partner outlets and virtually is essential to the sustainability of a mobile money ecosystem to increase confidence to the consumers that problems encountered are responded to within a reasonable time.

- Continuous training for partner outlets to improve servicing to the consumers and transfer of knowledge of the new products and services and other critical information.

OBJECTIVE 2: Reducing Transaction Costs in the Payment System

- Support and expand the wide adoption of P2G at one government of the Philippines agency
- Facilitate an efficient payment system to private sector utilities via m-money

SIMM Cagayan de Oro City

Mobile Money-based Real Property Tax, Business Permit and Traffic Citation Assessment and Collection System

To date, Cagayan de Oro City has 21,343 registered businesses and 223,580 active real property units. Because of the volume of taxpayers paying the above cited fees, the City Treasurer’s Office decided to pilot the mobile money for business and real property tax payments. Like other SIMM cities, Cagayan de Oro would also like to have a “Country’s First” achievement, hence the inclusion of the traffic citation payment in the mobile payment menu. The City collects and average of Php6 million per month covering 1,000 traffic citations. Other fees were also included which will cover collections such as billing permit, market rental fees and payments at the local civil registrar.

Beginning August 2014, CDO’s LGU IT Team and SIMM commenced its technical preparations for the integration of their billing system into GXI’s mobile money platform. A USSD menu has been developed which was submitted to GXI for review and development.

SIMM Iloilo City

Mobile Money-based Business Permit Assessment and Collection System

As agreed, initial operationalization of mobile money for Iloilo City will be used in the business permit payment service for quarterly payments on a pre-computed tax due.

Iloilo LGU began working on the contracting requirements in September 2014 and is currently on the final stages of the technical preparations, after which selected service provider Globe can begin its system integration. The LGU will launch its mobile payment for business tax in November 2014.

SIMM Quezon City

Following the Election Period and oath taking of Mayor Bautista in June 2013, SIMM worked immediately to develop payment use cases followed by other activities to assist the LGU with payment stream prioritization, business processes development, selection and negotiation of commercial terms with mobile money providers and other support activities such as the crafting of proposed City Council Resolution for the implementation of mobile money.

Several policy gaps momentarily delayed implementation, since national audit rules supersede local policies. After a series of consultations and discussions with several national agencies, the project

facilitated the issuance of the COA regulation on the Electronic Official Receipts, enabling the city government to confidently collect taxes and issue official receipts electronically in September 18, 2013. This City Council resolution was ratified last October 2013, with the issuance of an ordinance amending Ordinance # SP-1508, S-2005 which specifies the inclusion of mobile money as an alternative mode of payment for city taxes and fees. SIMM gained ground in piloting applications of mobile money for assessment and collection of real property taxes in Quezon City. The Implementing Rules and Regulations pursuant to Ordinance SP-2228, S-2103 was issued on December 20, 2013.

This new service was formally launched on December 11, 2013, with the local government signing a service agreement with G-Xchange Inc. to use the GCASH platform as an option to assess and collect payments for real property taxes. This aims to cater to potential payments of more than 300,000 as processed by the local government last year, and also about 200,000 delinquent payments.

Marketing efforts that included a range of activities and distribution of materials by SIMM, GXI and the local government were undertaken in the first quarter of the year to increase awareness and induce usage of the new system. Training support for front liners and end users were provided by SIMM as well. By the end of first quarter, 276 payments were made via GCash with total tax collection of about US\$12,702 (PhP550,000), ranging from US\$4.6 to US\$439 (PhP200 to PhP19,000). A Help Desk System was put in place in March 2014 to ensure timely and efficient support service is available to tax payers.

In August, SIMM updated COA on the progress and next steps of the electronic collection systems and gather feedback on the city's plan to expand the services to other government fees primarily business permit and market stall fees and the launching of the electronic official receipts. Main feedback from COA include: (1) a clear procedure for the new electronic process that should ensure faster reporting processes, (2) COA read-only access to transaction reports from the acceptance of payments, issuance of receipts to revenue received.

As a result of the consultation, the Mayor immediately issued a Memorandum Order addressed to key offices – the City Treasurer's Office, Information Technology Development Office, Communications Coordination Center (CCC), Market Development Administration Department, Public Assistance Information Service Office (PAISO), and Accounting Department. On August 28, 2014, the Mobile Money committee convened to discuss directives of the memorandum and the status of the action items.

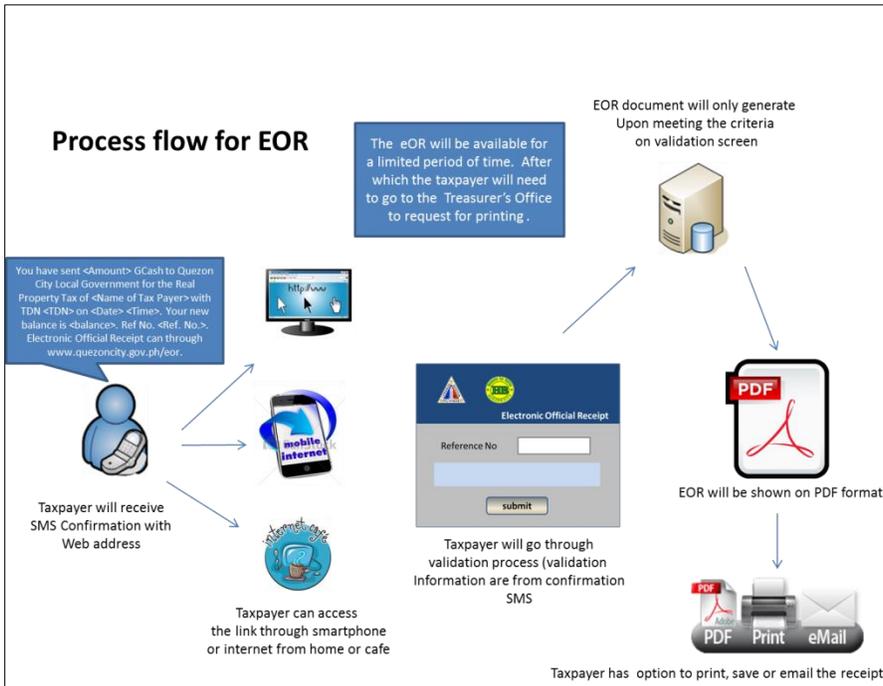
As part of the goal to ensure a faster, more secure and more accountable system and to provide an end-to-end solution for taxpayers when transacting with government, the city government has established the business rules for the Electronic Official Receipts (eOR) to efficient taxpayers experience from assessment, payment and confirmation.

To ensure inclusive access, the taxpayer can be able to access their eOR through the Quezon City website (www.eor.quezoncity.gov.ph). The taxpayer has to enter the transaction reference number which can be found in the confirmation SMS message of the successful payment. For security purposes, the taxpayer will also be required to enter the alphanumeric Captcha, a program to distinguish human from machine input, typically as a way of thwarting spam and automated extraction of data from websites. Upon validation from the ePayment server, the eOR will be displayed as Adobe Portable Document Format (PDF) that can be downloaded, saved or printed. The eOR will be accessible to the taxpayer up to 45 days (pending validation) from the date on issuance. After the period, the taxpayer will need to request for a certified true copy from the city hall.

In August, SIMM engaged ICT Specialist to work with the QC Information Technology Development Office (QC ITDO) to develop the eOR web system that is connected to the QC local server to validate and print electronic official receipts. After a month, the prototype was developed and is now pending testing. The eOR can be accessed by opening this address <http://119.92.184.92> on the web browser. The

test reference number is 123456789 to see the eOR format in PDF. The eOR is tentatively scheduled for launching together with the expanded mobile services on November 12, 2014.

Figure 6: Electronic Official Receipt Process Flow



In July, SIMM provided technical assistance to the Quezon City Government in preparing the eGOV Awards 2014 submission of the QC Mobile Services demonstrating the innovation of the program in making tax compliance very easy for taxpayers from making pioneer local policies, 24/7 tax assessment and payment system anywhere and anytime using an accessible device, the mobile phone, and accountable management and tracking of government financial transactions.

On September 23, National ICT Confederation of the Philippines (NICP) sent a letter to Quezon City government notifying their nomination as a finalist for the eGov awards Government to Business category, recognizing the exemplary work of Quezon City in integrating ICT as part of good governance strategies.

eGov awards is organized by the National ICT Confederation of the Philippines (NICP), in partnership with the Department of the Interior and Local Government (DILG) and the Cyber City Teleservices Philippines Inc. The eGov award also called the Awards for Excellence in ICT for Good Governance -in honor of the late Secretary Jesse Robredo is an annual search for the best practices in local government units in utilizing information and communications technology (ICT) to effectively and efficiently deliver its public services directly to its constituents and to its business stakeholders. The eGov awards night will be held October 24, 2014 at the SM Fountain Court, SM Lanang, Davao City.

SIMM Valenzuela City

Mobile Money-based Real Property, Business Permit and Building/Construction Permit Assessment and Collection System

SIMM assisted the Valenzuela City LGU to implement a mobile-based real property tax, business permit and building/construction permit assessment and collection system. SIMM provided technical support for system integration to integrate Valenzuela City's online real property tax system, business permit and licensing system and automated building and construction permit application system with GXI's LGU mobile services platform. The mobile-based RPT assessment and payment system was announced on December 11, 2013 but was officially launched on January 21, 2014. The mobile-based quarterly

business permit fee assessment and payment system as well as the mobile-based building and construction permit status inquiry and payment system were made available to the public in March 2014.

SIMM Batangas City

The City Government of Batangas launched its business tax m-money payment system on March 31, 2014 to complement its recent success in streamlining business permit registration process. With the support of the USAID/ INVEST Project, the process has been reduced from seventeen (17) steps which can take up to three days to complete, to two simple steps completed in just two hours. This m-money payment system is a result of SIMM's collaboration with INVEST, with the shared goal of providing a more convenient government transaction for constituents. SIMM facilitated the City Government's partnership with GXI to enable the use of the GCASH platform for the business tax payment.

The initiative will be piloted for six months beginning April 2014 in time for the city's deadline for quarterly payments (a significant portion of taxpayers opt to pay business taxes in staggered phases). The goal is to institutionalize the mechanism by the end of the year in preparation for the January 2015 renewal period.

Expansion of collection via mobile money services for real property tax, however, was put on hold upon advice from City Treasurer. Batangas City is currently updating their tax revenue for real property units and will be issuing new tax declarations for all real property units. The city resolution authorizing the signing of the MOU with service provider GXI is also undergoing city council review. All tax, market fee, and other LGU fees collections via mobile money have been put on hold.

- Facilitate an efficient payment system via m-money

SIMM Pulilan Bulacan

Pulilan Water System

As part of the efforts of the SIMM project to increase the demand for mobile money, several activation activities were implemented during the year to key sectors and all barangays to promote key uses of mobile money including savings, payment of Pulilan Water System and other bills, sending money and purchase of airtime load.

As of date, a total of 11,976 accounts have been opened in Pulilan Bulacan exceeding the target of 10,000 total households. Accountholders range from government employees, jeepney and tricycle drivers, mother leaders and volunteers, students, teachers.

Pulilan Water Mobile Money Collections has collected a total of 111 bills amounting to Php99,127 with 78 users actively paying bills. A challenge encountered is identifying the least costly channel to transfer funds collected via mobile money.

Table 3: Pulilan Water System Collection Data

Paybills Transactions (January-September 30, 2014)	Data
Total Active Pay Bills users	78
Total Count of Bills Paid	111
Average Value Per Pay Bills Transaction	942.8
Total Value of Pay Bills from all Customers	99,127
Average Total Value of Pay Bills per Customer	1,270.9

As the payment and disbursement project completes the cycle towards settlement and reconciliation, some concerns were raised by the Municipal Accountant on July 2, 2014 regarding the amount deducted from collections made for Pulilan Water System using BPI Globe BanKO system. It appears that since Sep 6, 2013, the amount being credited to Pulilan's Land Bank account is almost consistently short of Php 150.

The issue on the deductions made has been provisionally resolved with BanKO crediting back total of P7,350.25. To ensure that no further deductions are made to the collections remitted to Pulilan's Landbank account, BanKO will be using an over-the-counter check deposit. Upon further investigation, it has been identified that Landbank main office charges a Real Time Gross Settlement (RTGS) or interbank fee for transfers made outside of Metro Manila which is on top of the charges made by Philpass. As a result, the RTGS is immediately deducted in the amount to be transferred and does not reflect in the Pulilan Landbank passbook. To ensure appropriate settlement and reconciliation of collections of government taxes and fees, upon agreement with Landbank, the following request letters will be submitted by the Municipality of Pulilan, Bulacan.

- Two letters instructing Landbank to credit back the RTGS incurred to Pulilan Landbank account for the period January-September 2014 and another for August – December 2013
- Two letters every year requesting to waive the RTGS for the period January – June and July – December

SIMM is closely monitoring this activity to ensure that all reportorial requirements of Commission on Audit are complied with.

Scaling BanKO Partner Outlets in each Barangay

Following the forum presenting the BanKO Partner Outlet (BPO) business proposition for small medium businesses on as a revenue generating product, a total of 9 BPOs have been activated. Through the BPOs, in the past 9 months, a total of 279 accounts were opened, a total of 828 transactions, and an asset value of Php 643, 837. Of particular interest is Sylver Café that has shown significant activity and increase in its volume of transactions.

BPO activation in the rural setting encounters difficulty in continuing operations due to the slow return of investment (earning only 1%) and the expenses incurred funding the mobile money wallet (traveling to and from the bank to convert cash to e-money). SIMM is studying one successful BPO that has increased its volume of transactions from P15,000 to 300,000 to assess how it can be replicated to the other BPOs

SIMM is working to document best practices and develop an agent model that can be replicated and scaled in Pulilan, Bulacan to ensure sustainability of active use and continuous servicing of BPOs.

SIMM Cagayan de Oro City

In June 2014, meetings were held to introduce the Project to the power and water utility companies in Cagayan de Oro City. Furthermore, mobile money providers were invited to discuss the mobile payment system and share their implementation experiences with the other utility companies. Cagayan Electric Power and Light Company (CEPALCO) signified support for the Project and will adopt mobile payments on the second quarter of 2015. Currently, CEPALCO is technically constrained due to the on-going testing of their Customer Enterprise Management System (ECMS). For the mobile bills payment, the ECMS will be the system that will interface with the mobile companies in the exchange of information. Cagayan de Oro City Water District (COWD) has done all the commercial and technical requirements and is now waiting for GXI to make the service available. In parallel, selected frontline staff of CEPALCO and COWD was trained last July 2014. They were capacitated on the pertinent knowledge, skills and attitude in handling consumers' questions and concerns on mobile bills payment.

SIMM Iloilo City

To boost adoption of m-money in Iloilo City through efficient payment systems, SIMM is collaborating with other key stakeholders to build a mobile money ecosystem. SIMM presented the project to Panay Electric Company (PECO) and Metro Iloilo Water District (MIWD). PECO is currently completing the contracting requirements for GXI.

Because of MIWD's new management and upon the request of the new general manager, SIMM made another round of project presentation on September 1 and held subsequent meetings including the presentation of GXI.

OBJECTIVE 3: Improving Public Service Delivery (G2P)

- Increase transparency, reduce leakages, and efficiently scale up social protection programs with m-money
- Enhance financial literacy of Cash Conditional Transfer (CCT) and non-CCT beneficiaries

- Increase transparency, reduce leakages, and efficiently scale up social protection programs with m-money

Cash transfer programming for Typhoon Haiyan-affected communities

Super Typhoon Haiyan (known in the Philippines as Yolanda) made landfall on November 8, 2013, killing more than 6,000 people and affecting 16 million more. Most of the public infrastructure across the central Philippine islands was demolished. The storm destroyed nearly 90% of the homes in Tacloban, the largest city in the affected area with a pre-storm population of 220,000.

In times of disaster response and recovery, cash transfer programming can help families get back on their feet and regain their assets quicker; and so when Typhoon Yolanda struck the Philippines, SIMM partnered with the United Nations' Office for the Coordination of Humanitarian Affairs (UN OCHA) to introduce mobile money for cash for work programs in affected communities.

Traditionally, cash transfers are conducted through physical cash distribution, which is insecure and costly. SIMM, through the UN OCHA Cash Working Group, reached out to more than fifteen government agencies, humanitarian organizations and mobile money providers such as the Department of Social Welfare and Development, LandBank of the Philippines, Mercy Corps, Philippine Red Cross, United Nations Development Programme, BPI Globe BankKO, Globe-Xchange Inc. and Smart e-Money Inc. to help develop standards in program design, beneficiary targeting, and cash coordination to maximize manpower, time and money.

SIMM's unique role in holding the chairmanship of the UN OCHA's Cash Working Group resulted in important achievements, namely: (a) the introduction and promotion of m-money and electronic payment (e-payment) systems in cash transfer programming to humanitarian agencies; (b) opening of communication channels and facilitating information exchange among mobile money providers and the humanitarian agencies; and (c) creation of a financial service provider (FSP) readiness map and matrices showing locations of reactivated FSPs and products offered for cash transfer programs, and how agencies may engage FSPs.

Mercy Corps, GOAL International, and UNDP implemented m-money cash transfer programs reaching up to over 32,000 typhoon victims.

- Enhance financial literacy of CCT and non-CCT beneficiaries

Financial Literacy Training

SIMM contracted the Social Enterprise Development Partnerships, Inc. (SEDPI) in developing and conducting financial education, particularly for MFIs, SMEs, government, and other low income households as the target beneficiaries of the project.

At the start of the year, SEDPI completed the Development of Training Modules on Financial Literacy and Consumer Education and proceeded to the conduct of financial education to target beneficiaries of SIMM, which include MFIs, SMEs, government units, and other low-income households

The series of financial education aims to equip consumers (mobile money adopters) with knowledge and skills in handling their money with responsible saving, spending, borrowing, and investing. It also allows SIMM to understand the needs, preferences, habits, and behaviors of SIMM's stakeholder segments and localities, as well as communicate the appropriate value proposition of mobile money and its current providers in the country.

In April 2014, SEDPI completed the conduct of 23 training sessions, exceeding contract target of 18, using the main delivery modes identified such as classroom type, individual and small group orientations depending on the needs of the training arm of partner organizations, their clients, members and beneficiaries and front liners or cash-in and cash-out agents. The first phase trained about 900 participants on financial literacy and mobile financial services under the Training Support Program.

As a result of the SIMM no cost-extension for four months, additional trainings were needed as new partner organizations have been engaged who have requested to be trained on financial literacy and how to use and promote mobile money products and services in their organization and to their respective members and clients. The training sessions are part of the partnership for activation of new mobile money accounts and cash-in and cash-out agents. As such on July 1, 2014, a new Purchase Order was issued to SEDPI to conduct an additional 30 training sessions of its partners.

Starting August, an additional four month extension was approved to continue implementation of project activities in SIMM Cities, Cagayan de Oro City and Iloilo City, additional partners under the expansion of agent network and Mpayroll program (covering 100 businesses) require training sessions upon launching of their mobile money services scheduled from August through November 2014.

By September 2014, an additional 16 training sessions were completed. Participants also reported positive feedback on the trainers and training sessions, particularly on topics on the importance and discipline of saving, proper budgeting, differentiating needs and wants, debt management, creating financial goals, as well as increased interest in insurance and mobile money. Participants raised concerns on security, uses and features, cash-in and cash-out outlets (e.g. convenience, questions on entrusting their money to non-bank institutions, etc.), and transaction fees.

SEDPI trainers regularly administer pre- and post-tests to full training of trainers and participant sessions in order to quantify the audience's knowledge on financial concepts and mobile money features before and after the training. The average score of pre-tests is 4.9, while the average score of post-tests is 6.5. The post-test is composed of eight items with multiple choices. Five out of eight are questions on financial concepts, while three are true and false questions on how mobile money can support these concepts.

As of the writing of this report, the first half has been accomplished, while the remaining is being completed before the end of November 2014.

- Enhance financial literacy of CCT and non-CCT beneficiaries

Supporting CCT Graduate Program to Promote Financial Inclusion

Pantawid Pamilyang Pilipino Program or 4Ps is a human investment program for children through health and education. It provides social assistance through health and educational cash grants to poor household with children 0-14 years old and/or pregnant women which are transferred upon the compliance of beneficiaries with the program conditionalities. In 2014, the coverage was extended to include beneficiaries whose children are in high school (15 to 18 years old) under the modified conditional cash transfer (MCCT) program. By end of March 2014, the total beneficiaries of 4Ps have already grown to 4,006,854⁵. The 4Ps is implemented through the Department of Social Welfare and Development (DSWD).

Based on the First Quarter of 2014, 4Ps report, 57.3% of total cash grants are distributed manually through cash pick-up mode using third-party conduits like remittance service providers, postal service, rural banks and cooperatives⁶. Only 42.7% uses Landbank's cash card (electronic money) service. The share of cash card as mode of payment has not improved since 2013 and this is primarily due to the limited number of ATMs deployed by Landbank particularly in the countryside where most of the beneficiaries are coming from. Cost to distribute cash grants manually using conduit costs significantly higher at P42 per transaction vis-à-vis cost of using cash card at P20 per transaction.

Mobile money presents a game-changing innovation with the potential to leapfrog not only conventional banking models but also development challenges of financial and economic inclusion. Traditional

⁵ Program Implementation Report, Pantawid Pamilyang Pilipino Program, DSWD, March 2014

⁶ Program Implementation Report, Pantawid Pamilyang Pilipino Program, DSWD, March 2014

financial institutions have been unable to reach low-income customers adequately, especially in remote areas, given the cost of brick-and-mortar branches (i.e., building infrastructure, telecommunication facility, manpower, etc.). However, low mobile phone ownership amongst 4Ps beneficiaries has been an issue in past hampering the use of mobile money to distribute cash grants. According to DSWD, only 14% of 4Ps beneficiaries nationwide have mobile phones (at least one mobile phone per household), a far cry from the almost 100% penetration as reported by mobile network operators. In urban areas, penetration is higher at 20% but in rural areas penetration is low at 11%.

Instead of proposing to DSWD to adopt mobile money for the remaining 40% beneficiaries not using Landbank's cash card, SIMM recommended to DSWD to explore the use of e-voucher system which features biometric technology for recipient authentication for compliance monitoring and cash grant distribution. The system proposed can also work on-line, in case the e-voucher is used to withdraw from ATMs or transact on POS terminals, and off-line in remote areas with no telecommunication coverage. The draft proposal / concept paper was submitted by SIMM to DSWD.

SIMM shifted its work to providing financial literacy to graduating 4Ps beneficiaries and promoting mobile money accounting opening to encourage low-income families to save money. SIMM Project supported BPI-Globe BanKO, which partnered with DSWD, conduct financial literacy caravans to over 200,000 beneficiaries under the Sustainable Livelihood Program (SLP), a transition program for the 4Ps. BanKO conduct financial literacy training during SLP gatherings, facilitated opening of BanKO accounts among beneficiaries and accredited BanKO partner outlets (BPO) in the covered areas to service the cash-in, cash-out transactions of beneficiaries. SIMM specifically subsidized the cost of account opening which covers the cost of the card, the cost of card packaging, the starter kit and the account registration cost. The program generated over 60,000 new BanKO accounts.

Banking the Unbanked—Promoting M-money to the Poor and Marginalized Sector

Consistent with the objective of SIMM Project which is to increase financial inclusion by boosting adoption of mobile money, SIMM partnered with MMPs to promote the use of mobile money to the marginalized or low-income sector of the Philippine society. SIMM, in collaboration with BPI-Globe BanKO worked on to promote the use of mobile money through civil society institutions and non-government organizations which includes Lakas ng Kababaihan in Naga City, a mass-based women's exclusive organization working to provide women with livelihood opportunities; the Foundation for the Development of the Urban Poor, Inc. (FDUP), an NGO working with the urban poor communities to build empowered communities that are secure in their land and homes; and Gifts & Graces (G&G) Fair Trade Foundation, a social enterprise which provides opportunities for greater equity in trade that small and marginalized producers would not normally have access to. The activities covered conducting activation caravans to targeted communities and delivering financial literacy training to community members that opened m-money accounts with BanKO.

Institutions like Lakas ng Kababaihan, FDUP and G&G work with the marginalized or low-income segments. They work to help alleviate poverty by providing skills training and extending credit to members. To some extent, they have financial transactions with their members like disbursement of loan, collection of loan and disbursement of stipends. They have significant influence over their members to the point where they can mandate the use of mobile money for payment transactions. Hence, working through these institutions can quickly scale up the adoption of mobile money and effectively increase financial inclusion among the low-income segment. This collaboration with BanKO has resulted to over 15,000 new m-money user accounts opened.

OBJECTIVE 4: Promoting Supply-Side Networks

- Develop focused channel management strategy
- Encourage platform integration (merchant network with banking back office)

- Develop focused channel management strategy

Channel Management Strategy Study

According to a research by McKinsey & Company, managing the agent network is the most critical post-launch success factor of mobile money providers (MMP). Agents conduct the cash-in and cash-out (CICO) functions, enabling customers to convert cash into electronic money and back again in convenient locations. In the eyes of the customer, the agent is the face of the MMPs. This means the agent can either build or destroy trust and credibility in the system⁷.

However, based on FGDs, consumer and partner interviews conducted by SIMM, the lack of agents persists as among the top challenges to m-money growth. The growth of the agent network in the Philippines is hampered by a combination of factors, namely lack of liquidity of outlets, high cost of liquidity rebalancing, low commissions or margins and requirement of remittance license for outlets to perform cash-in, cash-out.

SIMM is conducting a channel management strategy study with the objective of developing a “go-to-market” strategy that will serve as the roadmap to expand the CICO network in the country and thereby boost the adoption of m-money. The study will identify the right channels to tap based on the target segments, and agents that can meet the liquidity and back-end systems requirements; propose the structure to expand distribution penetration, to service and to manage the agents; propose a compensation structure (trade discounts, fees or commissions) for all levels of the channel management structure; and define the channel or trade standards. The study includes conduct of research on existing cash merchant network, a scanning of the retail trade industry to identify possible retail channels, identifying best distribution practices of other industries like fast moving consumer goods (FMCG), in-depth analysis of agent economics (margins, volumes, turnover and profitability). An FGD with m-money users will also be conducted to understand consumer experience with existing agents and to validate resulting channel strategies of the MMPs.

The channel management strategy study is a technical assistance to SIMM-partner MMPs, namely, BPI-Globe BanKO, GXI and Smart E-Money, Inc. SIMM will award the project in July 2014 to a sub-contractor that will conduct the channel management strategy study. The study is expected to be completed in November 2014. The full study report will be included in the final report which will be submitted to USAID at the end of SIMM contract period.

⁷ McKinsey (2012), Mobile money: Getting to scale in emerging markets

Expansion of CI/CO Network through ATVI and Remitbox

We indicated in above that growth of CICO network in the country is hampered primarily by a combination of lack of liquidity, high cost of liquidity rebalancing, low commissions or margins and low transaction volume. Sari-sari stores which is the dominant retail channel in terms of reach have limited liquidity, are not used to visiting banks to rebalance liquidity and are used to high margins (8% to 10% on fast moving consumer goods). Some outlets try offering the service encouraged by the growing remittance industry but are disgruntled and stops offering the service due to very low or nil volumes.

Given the above factors, very few channels are left offering CICO services, namely, pawnshops, drugstores, supermarkets and big retailers. They are retail chains (Puregold, SM, Villarica Pawnshop, Tambunting Pawnshop, Generica Drugstore, etc.) where decision to carry or not carry a product or service is made by the head office, they are very liquid and are used to high transaction values, they have trained frontliners and they are used to visiting the nearest bank for cash management.

On the other hand, there is an evolving channel that provides and aggregates financial services. When electronic load (e-load) was introduced to replace (or complement) card-based airtime top-up, a number of innovative and technologically savvy e-load dealers developed platforms to electronically distribute and e-load inventory retailers and dispense (top-up) e-load to subscriber prepaid accounts. To maximize their platforms, they integrated financial services into their menu of services such as bills payment, remittance and other electronic vouchers which uses the same wallet system used for e-load. These dealers have effectively shifted their business model from e-load distribution to aggregation of financial services.

Financial service aggregators have put in place universal wallet systems that facilitate simplified settlement and liquidity management at the backend. Retailers in their networks don't have to maintain multiple wallets which mean lower working capital for the business (lower inventory). They have established settlement processes which settles all transactions the following day (transaction date + 1 day). Most platforms offer real-time or almost real time reporting and an automated centralized monitoring and analysis of transactions and inventory levels which allows platform providers to effectively manage their networks. Outlets within their network are required to settle through the nearest settlement bank so therefore they are used to visiting a bank to rebalance liquidity.

Auto Top-Up Ventures, Inc. (ATVI) and Remitbox Corporation (Remitbox) are two of the leading and more innovative financial service aggregators in the country today. ATVI provides a multi-delivery aggregation platform for various mobile, prepaid, payment, financial, merchant and channel services by working with reputable content providers and mobile aggregators. ATVI has 1,444 retailers within its network. Remitbox offers a web-based platform built primarily for money transfer. More than a purely traditional one-to-one remittance play, Remitbox also offers other financial services in its ecosystem to cater to the B2B and B2C environment. Remitbox currently powers the domestic money remittance operations of HLhuillier Jewelry & Pawnshop, Prime Asia Pawn & Jewelry Shop Inc. and Gemmary Pawnshop & Jewellery Inc. bringing its network to about 800 outlets nationwide.

SIMM has forged partnerships between MMPs and ATVI and Remitbox to pilot CICO expansion via financial service aggregators. SIMM has provided technical assistance to both MMPs, ATVI and Remitbox to facilitate platform integration. Platforms of GXI and ATVI are now integrated for CICO and bills payment services. GXI and Remitbox have already completed the integration of remittance service and are currently doing integration for CICO service. SIMM is provided technical assistance for capacity building through financial literacy and train-the-trainor (TOT) training for ATVI and Remitbox personnel and communication support by providing communication materials to help promote CICO service.

OBJECTIVE 5: Driving Customer Usage

- Deepen understanding and analysis of consumer knowledge, needs and behaviors on m-money through conduct of market research

- Deepen understanding and analysis of consumer knowledge, needs and behaviors on m-money through conduct of market research

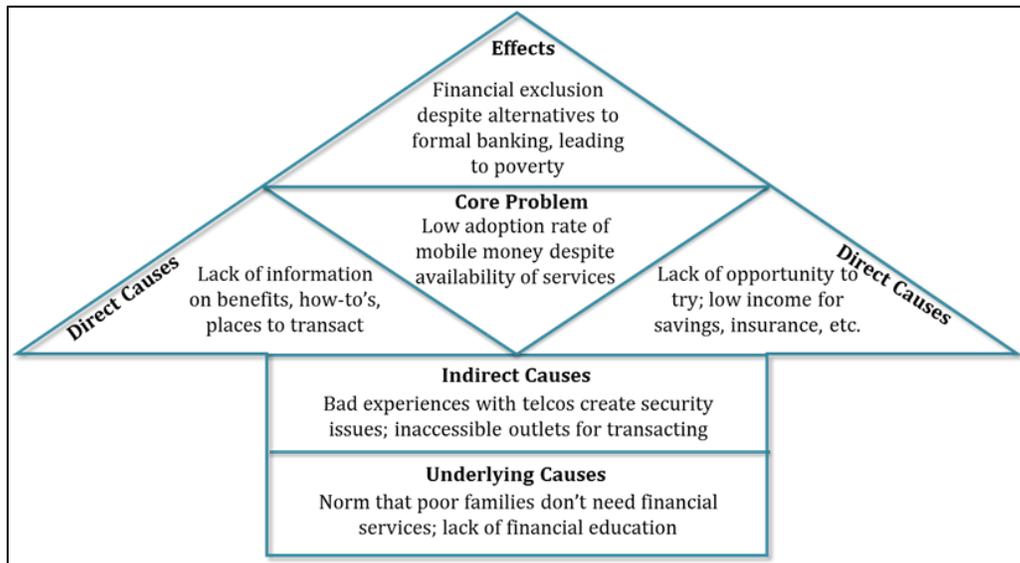
Behavior Change Communication (BCC) Project

To better understand mobile money usage in the Philippines that can aid implementers in localizing strategies that can bring m-money services to scale, SIMM commissioned a research entitled ‘Audience and Communication Analysis’ as part of its Development of Behavior Change Communication Plan and Outreach Materials for Driving Adoption and Usage of Mobile Money in the Philippines or Behavior Change Communication (BCC) Project in August 2013. This provided a deeper analysis and understanding of the needs, preferences, habits, and behaviors of current and potential users of mobile money services across SIMM’s stakeholder segments and localities.

The research was conducted by Hamlin-Iturralde Corp. (TeamAsia) in two SIMM pilot areas, Quezon City representing the urban stakeholders, and Pulilan, Bulacan, representing the rural stakeholders. Primary research methods used were focus group discussions with a combined number of 68 respondents from the target segments of consumers, SMEs or business owners, and cooperative officers and members for both SIMM cities, key informant interviews with more than 10 individuals representing the LGUs, and surveys with 376 respondents from Pulilan and 384 respondents from Quezon City. Secondary research method included desk research on existing marketing materials and media coverage on topics relevant to the project. Insights from the three MMPs were also gathered for the research.

The raw data from the primary research activities and the consolidated data from the secondary research activities were processed into the problem analysis, target audience and the situational SWOT analysis. The study defined the core problem as the low adoption rate of mobile money. Despite availability of mobile money services and promotional activities by telecommunication companies, take-up rate for mobile money is still low. Disinterest in mobile money was alluded to three main reasons: lack of experience, lack of sufficient information, and not seeing the need for it.

Figure 7: Problem Tree



The results of this study led to the development of a behavior change communication (BCC) plan and outreach strategies to address existing barriers to mobile money adoption. It was determined that influencers, both direct and indirect, must be actively engaged to raise mobile money knowledge and relevance in the target segments' lives. The combination of awareness, relevance, and security is seen as a tipping point for change in the target audience.

- Improve knowledge of partners and target segments on financial literacy and education on m-money including consumer protection

During the last quarter of 2013, SIMM collaborated with another USAID Project, the Basa Pilipinas (Read Philippines) Program, which is a four-year effort in the Philippines to improve reading skills in the early grades. The project will seek to improve the reading skills of 1 million children in Filipino, English, and selected mother tongues by 2015.

This collaboration resulted in Basa Pilipinas adopting mobile money for the disbursement of travel expenses of its teachers attending trainings. Basa Pilipinas partnered with BPI Globe BanKO, and apart from activations of accounts for teachers, this paved the way for a series of financial literacy and end user trainings for public school teachers in various provinces such as Ilocos Norte, Cebu and Bohol. More than 6,000 public school teachers attended the trainings and received their BPI Globe BanKO accounts.

Furthermore, with savings resulting from lower cash handling costs, USAID/Basa Pilipinas Project is able to subsidize cost of cash-out and ATM withdrawal fees for teachers, and to ensure that teachers are supported throughout the reimbursement process; Basa also utilized frontline SMS to send text blasts to teachers. Through text, Basa was able to troubleshoot payment issues, survey teachers' reactions to the technology, and offer opportunities to answer questions.

- Develop appropriate behavior change communication (BCC) materials on mobile money

To foster the wide-scale adoption of mobile money in local ecosystems, SIMM and TeamAsia developed a BCC plan and communication materials that can effectively position mobile money as a convenient, affordable, and secure mode of payment for government, businesses, microfinance institutions, and their respective clients.

The BCC plan is anchored on the results of the research and follows three execution phases, namely inform, induce, and institutionalize. Inform focuses on public awareness by addressing audience- and stakeholder-specific information gaps, induce focuses on encouraging the target audience to try using m-money by communicating practical benefits and demonstrating use through experiential means, and institutionalize focuses on sustaining gains, promoting regular and sustained use by reinforcing relevance and financial inclusion messaging. Key messages were developed to be communicated to the target audience across the different phases of execution, using identified communication channels such as on-ground activation, above-the-line, below-the-line, stakeholder relations, mobile marketing, and social media.

Table 4: Key BBC Messages and Content Themes

Execution Phases			
	INFORM	INDUCE	SUSTAIN
Key Message	Mobile money lets you access financial services in the most convenient, economical way so you save time and resources and focus on what's important in your life.	Mobile money is a very secure and convenient way of managing finances for the business and the family.	Consistent use of mobile money can mean more money saved and less worries for individuals, families, and the community.
Content Themes	<ul style="list-style-type: none"> • Maximizing mobile money's many practical uses • Access to savings and credit 	<ul style="list-style-type: none"> • Success stories across segments and pilot areas • Going cashless and reaping the rewards 	<ul style="list-style-type: none"> • How everyone benefits from mobile money • Impact of mobile money in the family and community
How do we change ideas about mobile money?	<ul style="list-style-type: none"> • Highlighting the benefits is a key step in introducing mobile money services. • Mobile money does not replace cash, it makes cash function better. • Use positive examples and success stories. 		

Crafting the taglines, key messaging and logo design for m-money adoption took into consideration the insights, values and personality, and reason to believe of respondents, and also a unique selling proposition, and the benefits and essence of m-money. These also underwent one round of pre-testing in both Quezon City and Pulilan, Bulacan. The image below shows the unique selling proposition or main tagline of m-money and its logo developed by TeamAsia, supported by three main benefits of convenience (*in Tagalog, madaling gamitin*), affordability (*matipid*), and secure (*sigurado*) with corresponding icons.

Figure 8: Mobile money logo



Figure 9: Mobile money benefits icon



Madaling gamitin!



Matipid!



Sigurado!

SIMM and TeamAsia also designed materials for the application of the taglines and key benefits, specifically calendars, posters, fans, flyers, and marketing kit folder targeting MSMEs and general consumers. The materials underwent one round of pre-testing with respondents from Pulilan, Bulacan and

Quezon City.

The BCC Plan was piloted and localized for Quezon City, aimed at increasing awareness and inducing usage of mobile money, in this case GCash, for real property tax assessment and payment. For this purpose, a set of marketing, publicity and visibility activities were planned for January through March 2014 in partnership with the City Government and GXI. Based on a targeted approach, only 276 taxpayers out of a potential of more than 200,000 active tax payers used GCash to settle their taxes within the period. Findings and recommendations to further refine the strategy for Quezon City and other SIMM cities are attached as Annex.

A Social Media Campaign Project was also piloted in July 2014 following SIMM's four-month project extension. Social media is one of the approaches identified in the BCC plan to raise knowledge and utilization of m-money and is seen to be highly effective based on insights published, such as the Southeast Asia Digital Future in Focus 2013 report by comScore, a global leader in providing insights on the behaviors of people in the digital world, which stated that the country has the second highest Facebook penetration rate in the world at 92.2%, next to Brazil. The social media campaign is set to run for one month and aimed at raising awareness and inducing trial of m-money nationwide, but also focusing on a targeted audience in the SIMM pilot cities of Quezon City, Valenzuela City, Batangas City, and Pulilan, Bulacan.

- Support partners to implement effective social marketing campaigns to drive mobile money usage

To improve local capacity for implementing effective social marketing campaigns and developing communication plans for mainstreaming mobile money services to ensure the continuity of the project, SIMM and TeamAsia conducted a one-day Social Marketing Workshop in December 2013 at the Quezon City Hall with about twenty (20) LGU, MFI, and cooperative representatives from Public Information Offices and marketing teams to share with them findings of the Audience and Communication Analysis Study and the BCC plan, and enable them to devise mobile money marketing strategies that will work in their respective localities.

The workshop included an intensive training on social media, which has become an important marketing tool in the industry today. The training helped participants realize social media's convenience of use and potential to aid the success of mobile money adoption.

Relevance and impact of social media were discussed, and as social networking sites have become the main platform of online marketing, participants were given a lecture about the basics of Facebook and Twitter that could help them in their own social media campaigns on mobile money.

Content development for social media pages was also tackled, and participants were also taught how to maximize the different elements of social media platforms to analyze their audiences and use their

demographics and interests to their campaign's advantage. To back up the knowledge and skills that they have learned from the training, they were also taught the ethics in posting.

All of the discussions were supplemented with exercises that participants actively participated in, and a major output of the group work are the outreach activity plans each group has created, which is expected to be rolled-out in their respective areas.

Collaboration with other USAID Projects

With technical assistance from SIMM and MMP BanKo, USAID project Basa Pilipinas disbursed travel expenses through BPI Globe BanKO m-money accounts to more than 5,000 teacher-beneficiaries. The beneficiaries were trained during a series of teacher trainings held in Cebu City, La Union, Ilocos Norte and Ilocos Sur on account registration, activation and the uses and benefits of the BanKO account.

With savings resulting from lower cash handling costs, Basa was able to subsidize cost of cash-out and ATM withdrawal fees for teachers, and ensure that teachers are supported throughout the reimbursement process. The project also utilized frontline SMS to send text blasts to teachers. Through text, Basa was able to troubleshoot payment issues, survey teachers' reactions to the technology, and answer teachers' questions.

OBJECTIVE 6: Promoting Global Knowledge Sharing of M-Money

- Promote global enabling regulatory environment
- Support research agenda into the needs of the unbanked
- Integrate knowledge sharing component

- Support research agenda into the needs of the unbanked

Given the project's mandate to increase financial inclusion by catalyzing widespread adoption and usage of mobile money (m-money), SIMM analyzed the possible reasons why m-money in the Philippines remains at sub-scale despite being the first in the world and having been in the market for fourteen years. Based on surveys and research reports about m-money in the Philippines, lack of awareness, lack of trust and poor accessibility of cash merchants consistently figure among the top reasons why people have not adopted it. Lack of awareness and trust are driven by the limited use of the closed loop m-money payment services which means that there were only few people they can send money to and few billers or merchants accepting the payment scheme. The demand side of payments is a complicated two-sided market where consumers will only adopt new payment systems if there are enough people or merchants accepting them, and merchants will only adopt them if there are enough consumers using them. Hence, the low consumer adoption and low merchant adoption are in a system of reinforcing loop as in a downward spiral with the effect of keeping overall adoption of m-money low.

Growth in adoption is also not aided by the difficulty in putting value or "money" into the m-money account prior to being able to use it. Those who opened m-money accounts end up not using it actively, therefore not encouraging new, would-be adopters. The difficulty is due to (1) lack of electronic channels to move funds or pay from bank deposit or e-money accounts to another bank deposit or e-money accounts, and; (2) lack of cash merchants (or "cash-in/cash-out agents") which do not thrive because there are not enough m-money customers, thus is another case of a negative reinforcing loop structure.

To breakout of the structure that is keeping m-money adoption and usage low, SIMM believes that it is critical to enable movement of funds from any bank deposit or e-money account to any bank deposit or e-money account in an efficient, affordable, convenient, electronic and interoperable way. In this way, the utility of m-money will increase immediately as m-money account owners will be able to pay or transfer funds to, or be paid or receive funds potentially from 43.6 million bank deposit accounts covering 26% of Filipino adults, and from over 11 million e-money accounts. Not only will it benefit m-money but will also usher in the growth of electronic payments and transform society from cash to cash-lite, which would serve the bigger societal goal of financial inclusion.

In a progress meeting with the Bangko Sentral ng Pilipinas (BSP) in August 2012, SIMM proposed the vision to the Deputy Governor of Supervision and Examination Sector, Mr. Nestor Espenilla, Jr., and his team. Mr. Espenilla decided to support this vision and recommended to SIMM to proceed towards realizing this vision starting with articulating a global best practice framework that will ensure the safety and soundness of the national payments system and with obtaining a broad consensus among the payments industry players to implement it. It was also agreed to focus the scope on retail payments only as it is critical to achieving the goal of financial inclusion.

SIMM sponsored NPS courses in April 2013 and in June 2014 to create awareness, set a common language to stimulate the right discussions and understanding of the subject, and establish a national agenda for NRPS among BSP officials, other government officials, and financial industry leaders. Last October 2013, SIMM prepared a high-level glide path towards setting up the NRPS which was well received by the BSP.

Based on the high-level glide path, it was clear that the critical components towards implementing the NRPS are the governance and risk management framework of NRPS and the single national utility clearing operator.

Hence, BSP and SIMM agreed to implement Phase 2 of the project with the following scope of work:

1. Review and recommendations on regulations governing payments
2. Guiding principles of the governance model and risk management framework
3. Guiding principles of the national utility clearing operator
4. Economic model of the national utility clearing operator
5. High-level action plan on key work streams and activities

In June 2014, SIMM, together with BFA, held an NRPS visioning and strategy formulation with BSP officials to guide the implementation of the NRPS. During the same month, a planning workshop among BSP officials and financial industry leaders was also held to reach a broad consensus on the vision behind NRPS and the possible means of achieving it.

Based on the workshops held in June 2014 and data and information obtained from the BSP and the financial industry, SIMM proceeded to work on putting together the guiding principles on establishing a Payments System Management Body (PSMB) and risk management framework, the guiding principles and economic model of a single national utility clearing operator, and the high-level plan of work for key streams in moving towards NRPS.

In July 2014, these were presented to the BSP officials, then to an audience of BSP officials and major payments industry participants.

Annex IX shows the list of participants in all the NRPS workshops held.

In all the NPS courses and NRPS workshops held, the concept of implementing an inclusive, efficient and interoperable NRPS was widely supported and received positive feedback from almost all concerned. Once implemented, it is envisaged that the NRPS will not only promote financial inclusion but will also result in an improvement in GDP as well given the experience of other countries which implemented it.

Like the NRPS Phase 1 activity, the Phase 2 activity conducted this fiscal year received very good feedback from the BSP and the payments industry participants.

Next step is to execute the high-level activities in the plan of work starting with organizing the program management office and the steering committee. The bulk of the activities is expected to be executed during USAID's follow-on program to SIMM.

- Integrate knowledge sharing component

Participation in an ICT Forum to showcase LGU Innovation in government financial transactions

SIMM participated in the ICT Innovations Forum—*Key to Accelerating Local Governments' Competitiveness*, in June 2014. The forum was organized by USAID in cooperation with the Department of Interior and Local Government (DILG), the Department of Science and Technology (DOST), the Department of Trade and Industry (DTI) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ).

The main objective of the forum was to promote the use of technology in delivering basic services at the local level like business permit, fiscal management and disaster risk reduction and management, to name a few, and in making regulatory functions of local governments more efficient and effective. The forum included briefing on government's policies and programs aimed at promoting the use of technology to enable the delivery of more efficient government services at the local level and to promote more transparent government operations, vendor presentations on latest technologies for government services that LGUs can tap in making local government services more efficient, and showcased LGUs that have successfully implemented innovative solutions/government services that maximized the use of technology.



Key players in implementing m-money services for LGU payments: Left to right: Mamerto Tangonan (COP, SIMM Project), Norman Tabud (Chief of Staff, Office of the City Mayor, Iloilo City), Hon. Rex Gatchalian (Mayor, Valenzuela City), Hon. Oscar Moreno (Mayor, Cagayan de Oro City), Atty. Reginald Dimacuha (Chief of Staff, Office of the Mayor, Batangas City) and Tess Espenilla (USAID Philippines)

Through the forum, SIMM showcased the SIMM pilot cities that have already adopted m-payments for revenue collection and stipend or subsidy disbursement, namely, Quezon City, Valenzuela City, Batangas City and the Municipality of Pulilan. SIMM also introduced Iloilo City and Cagayan de Oro City as new pilot areas that were currently in the process of implementing m-money for local government financial transactions.

Communications

For the period October 2013 to September 2014, SIMM continued to build on its existing presence online through the project website and social media networking sites. Moreover, SIMM has been proactive and consistent in producing USAID success stories, news stories and knowledge sharing sessions for knowledge exchange and information dissemination about the project.

SIMM Digital Engagement

SIMM's online presence has gained ground based on a review of site analytics and social media insights. The project is tapping traditional and non-traditional media to share data and emerging best practices on scaling mobile money programs in the Philippines.

For the past year, the SIMM project website received a total of **14,730** page views, with January 2014 having an all-time high hits or page views at **2,031** since inception of SIMM website in September 2012. Site traffic for the year was at an average of **1,227** visits per month or **40** visits per day.

SIMM's website, www.simmphil.org is still on the top three Google chrome result for the search item, and search terms referred to the website include *Scaling Innovations in Mobile Money (SIMM) Project, G X-Change and simm philippines*. Visits to the website were made mainly through referrers with the top three being search engines like Google search, Google image search, and Yahoo search, through Facebook and through Twitter. The website also has to date **24** blog followers, re-posting SIMM's stories and announcements. Furthermore, to help increase visits to the SIMM website and to encourage knowledge sharing, e-newsletters in the form of success stories and news, resources and images were made available for viewing and downloading (see Annex D).

SIMM on Social Media

To gauge the overall impact of social media, SIMM continuously monitors relevant metrics on social media and microblogging sites, especially Facebook. This is to deepen the mode of measurement and analysis of the project's social media presence and its effect to stakeholder outreach and online behavior.

There was a considerable increase across most indicators as compared to the previous year particularly with page consumption, engaged users, total reach, viral reach, and viral impressions registering more than 1,800% increase. The table below summarizes key indicators of Facebook page-level (macro) data for the last twelve months:

Table 5: Social media indicators

Indicator	Total
Page likes Lifetime - Total number of people who have liked the page (unique users)	2,579
Page Stories Number of page stories (total count)	8,774
Page consumption Average number of clicks on any of the page content per month. Clicks generating stories are included in "Other Clicks." Stories generated without clicks on page content (e.g., liking the page in Timeline) are not included. (total count)	628
Engaged users¹ Average number of people who engaged with the page (unique users) per month	495
Total reach Average number of people who have seen any content associated with the page (unique users) per month	6,100

Organic reach Average number of people who visited the page, or saw the page or one of its posts in news feed or ticker per month. These can be people who have liked the page and people who haven't. (unique users)	503
Total impressions Average number of impressions seen of any content associated with the page per month (total count)	12,114
Organic impressions Average number of times that posts was seen in News Feed or ticker or on visits to your page per month. These impressions can be by people who have liked the page and people who haven't. (total count)	3,050

¹ Engagement includes any click or story created

²These stories include liking the page, posting to the page's timeline, liking, commenting on or sharing one of the page posts, answering a question posted, responding to one of the events, mentioning the page, tagging the page in a photo or checking in at a location.

³These stories include liking the page, posting to the page's Wall, liking, commenting on or sharing one of the page posts, answering a question posted, RSVPing to one of the events, mentioning the page, phototagging the page or checking in at a Place.

Data produced from July 10 to August 19 (40 days) reflects the results of the social media campaign spearheaded by a third party—TeamAsia. The campaign developed a variety of Facebook contents i.e. infographics, bit strips, and an online contest which has resulted in a considerable 88% increase in Facebook followers during the indicated time period.

Topics that generated the most number of Facebook activity were about events organized by SIMM, global stories about financial inclusion, and the entries coming from the social media campaign, with emphasis on the Facebook contest which increase Facebook followers by 2,000. Facebook contents that acquired majority of the page consumption were the bitstrips and infographics.

SIMM was also active in engaging the public with its presence in another social media site, Twitter, through its account **@mmoneyphl**. Since the account's creation on May 24, 2012, SIMM was able to gain a total of 504 followers (122 followers before the implementation of the social media campaign on July 10, 2014). Its Twitter presence, however, was able to acquire a significant increase of 75% since engaging with Team Asia for a social media campaign, resulting with a total of 382 additional followers. SIMM has a total of 522 Tweets using the official hashtag #MobileMoneyPH to increase visibility in the Twitter society.

Table 6: Indicators - SIMM Twitter account

Indicator	Total
Retweets Entries that have been reposted by another Twitter user	302
Favorites Tweets that have been favorite by different Twitter users	195
Tags SIMM Twitter account that has been mentioned in Tweets by different Twitter users	121

News and Articles on SIMM Project

SIMM also gained considerable media reach from October 2013 to September 2014 with media presence in a number of online news, print articles, ads, blogs, and a radio guesting. SIMM was mentioned in a total of 85 news placements in print, online, television, and radio (see Annex E)

ANNUAL PROGRESS PER PMP PROJECT INDICATORS

Number of registered mobile accounts in the Philippines as of June 2014

Since beginning of the project, SIMM has been working with the providers to continuously standardize and update figures to generate comparable data. It must be noted that, Mobile Money User data (i.e. no. of registered mobile money accounts, active user) are not part of the reportorial requirements of Bangko Sentral ng Pilipinas (BSP) hence additional data requests were made to generate baseline figures starting Sep 2012. SIMM is working with the BSP and the MMPs to discuss and agree on a standard definition and interpretation in preparation for expanded BSP report on electronic money.

Table 7: September 2014 Baseline Revisions

SEPTEMBER BASELINE REVISIONS				
Reporting Date	BankO	GCash	Smart	Total
As of Sep-12	218,180	2,231,446	7,096,889	9,546,515
As of Jun-14	218,180	1,426,743	4,944,210	6,589,133

Notes on Baseline Data

1. As of September 2012 baseline data, total number of registered mobile money accounts was reported at 9.5 million.
2. All throughout FY 2013, all the mobile money providers (MMPs) underwent several organizational changes resulting to management turnovers, changes in key performance indicators and data parameters, system enhancements, and purging of numbers. Due to data limitations, it must be noted that cumulative figures were only added quarterly from baseline initially reported in September 2012.
3. In FY 2014, after continuous consultations conducted quarterly to review data quality and refine parameters/definitions, new data sets were provided further refining and clarifying the data limitations of the two major providers. It was found that figures released quarterly by one of the major providers, GCash, were in cumulative format and revised the data parameters to consider the user activities/behavior particularly due to the account being closed or inactive as of the reporting period. As a result, aggregate figures were over reported.
4. In June 2014, baseline data has been updated and refined using current data parameters/definitions. Notably, excluding almost 3 million accounts of purged data from the major providers, baseline as of September 2012 will be at 6.5 million mobile money accounts. As a result, cumulative totals have been revised accordingly.

Currently, user data definition, particularly the number of registered mobile money accounts and active users are appreciated differently across providers depending on its relevance to their business goals. Since mobile money relies on a mobile wallet linked to a mobile number and a SIM card, data can be volatile depending on the user activities/behavior. Common problems include defective or broken, lost, expired, recycled SIM cards accountholders that may result to a mobile money account number being closed.

For example, Globe SIM cards have two expiration dates: first one is within 4-6 months after the airtime load expires (expiration can be reversible); after which, the SIM card

expires for the second time and is now permanently closed and tagged for queuing. Further, there are new/unused Globe SIM cards expires a month after the indicated date on the package

Fairly recently, BPI Globe BankKO informed SIMM based on agreement with GCash, BankKO-tagged accounts (i.e. KYCd and approved by compliance) will no longer expire. Please note that previously, KYCd accounts need to have at least one telecommunication transaction and one BankKO transaction within 3 months to prevent expiration of the SIM.

As of date the standard definition is “*Number of active registered mobile money accounts opened daily (KYC, over the phone or air activation)*”. Active refers to newly opened mobile money accounts and active or valid registered accounts and excludes the following:

1. Dormant accounts for 6 months are considered inactive
2. SIM cards are locked after 6 months of no activity.
3. Accounts can be reactivated within the validity period of two years
4. Reported lost SIMs are deactivated
5. For GCash, BanKo tagged depositors are removed from the GCash count
6. Other specific concerns may vary based on different products from trade, payroll to consumers
7. Historic accounts for 6 months are considered inactive (SIM cards are locked and loses signal). Accounts can be reactivated within the validity period of two years

Provider	Data limitations
Smart Money	<ol style="list-style-type: none"> 1. Data of Smart was previously reported showing monthly not quarterly numbers. Data has been updated to cover quarterly period. 2. In September 2013, data was updated starting June 2013 as cumulative numbers were purged by 2,152, 679 or 30 percent as of end June (from 7,257,863 in March 2013 it was reduced to 4,844,996 in June 2013). Major reason is due to the multiple sources of data with various parameters that are added together to generate the figures. 3. Cumulative figures reported do not match quarterly numbers reported when added from baseline. This may also be attributed to the various sources of information form Business Operations, Business Analytics and Data Operations that consolidated. 4. Figures can have up to two mobile money accounts linked to a unique mobile number. 5. Reported cumulative figures have a shortfall of an average of 7 percent across all quarters covered 6. These do not include deactivated and dormant accounts. Deactivated are accounts that have not been used for 6 months. An account can be activated within 2 years from opening with a penalty fee. An account will become dormant after two years of inactivity.
GCash	<ol style="list-style-type: none"> 1. Cumulative figures of GCash reported in September 2013 were only added from baseline initially reported in September 2012. 2. GCash did not submit number of registered users due to data extraction issues in their system for the period Oct-Dec 2013. Please note that as a result, September 2013 data submitted was reportedly under review.

Provider	Data limitations
	<ol style="list-style-type: none"> 3. Number of registered mobile money accounts opened daily since 2004 until June 2013 (i.e. KYC, over the air activation). Active or Valid accounts excludes the following <ol style="list-style-type: none"> a. Dormant accounts for 6 months are considered inactive b. SIM cards are locked after 6 months of no activity. c. Accounts can be reactivated within the validity period of two years d. Reported lost SIMs are deactivated e. For GCash, BanKo tagged depositors are removed from the GCash count f. Other specific concerns may vary based on different products from trade, payroll to consumers g. Historic accounts are considered inactive (SIM cards are locked and loses signal). Accounts can be reactivated within the validity period of two years 4. The figures are automatically updated and extracted quarterly showing as of cumulative figures.
BanKO	<ol style="list-style-type: none"> 1. Numbers starting January 2013 were increased due to change of parameters from weekly to daily generation due to missing accounts not accounted 2. Cumulative data includes all accounts KYC and approved. 3. Cumulative figures are more stable because bank accounts are not closed unless initiated by the account holder. BanKO account is still active even if SIM is locked after 6 months.

A cursory look at the quarterly data from Sep 2012 baseline to June 2014 below shows the number of mobile money accounts that are registered and tagged as active, totaling more than 8 million accounts. Despite the large dip in the number of registered accounts in March 2013 after the purging of one of the major providers, the highest share in the total percentage of registered accounts is still Smart at 65 percent followed by GCash at 26 percent and BanKO at 8 percent, with a combined 34 percent for Globe.

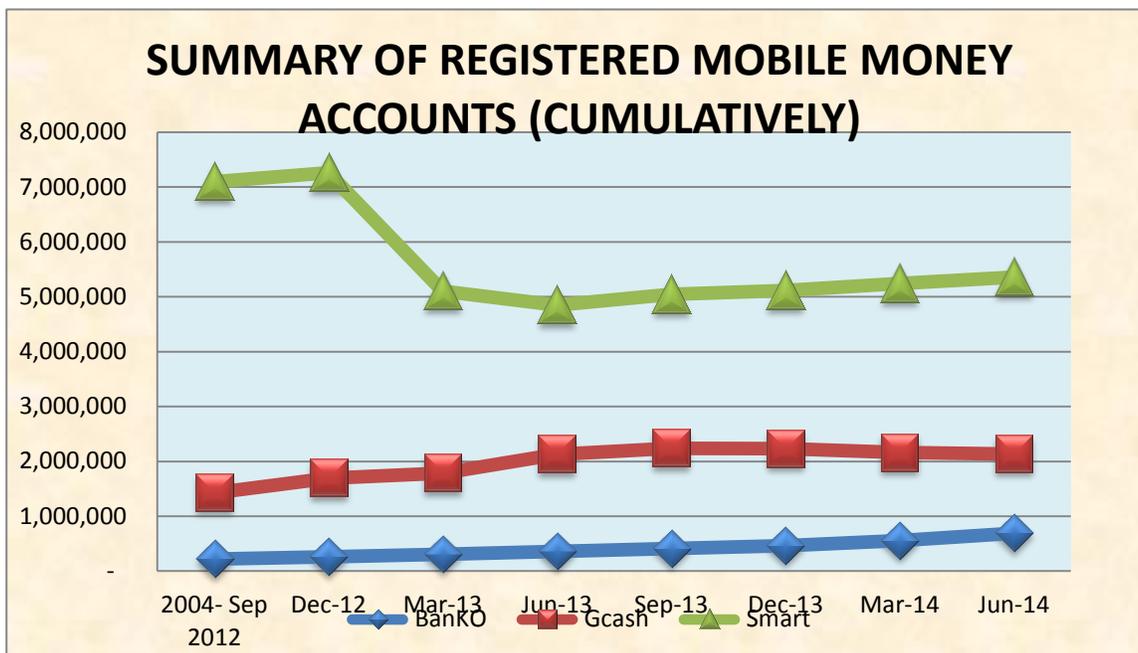
Mobile Money Providers	Jun-14	Market Share
Gcash	2,134,807	26%
Smart	5,359,281	65%
BanKO	688,810	8%
Total	8,182,898	

Apart from the major purging of numbers in FY 2013, quarterly data shows volatility of the accounts with spikes of increase and ‘drop outs’ across the quarters primarily due to dormant accounts and/or inactive/deactivated SIMs, as previously discussed. Hence, due to current data limitations, the yearly figures may provide a better representation of the progress of the mobile money growth in the Philippines. It is recommended that further discussion be made with BSP to regulate the volatility of the mobile number as the basis of the e-wallet account number.

BanKO report shows a more stable increase in new savings accounts opened via branchless banking with a rate of increase of 216 percent from baseline figures. It must be noted that BanKO as an interest-bearing and insured deposit accounts is governed by banking rules and regulations while the other two providers are regulated as e-money wallets. GCash growth rate is at 50 percent rate and Smart money at 8 percent. The slow growth of Smart Money may be attributed to its organizational restructuring and movement to Smart e-Money, Inc. (SMI), the financial services subsidiary of wireless leader Smart Communications, Inc. (Smart).

Type	Mobile Money Providers	Sep-12	Jun-14	Rate of Increase
E-Wallet	Gcash	1,426,743	2,134,807	50%
	Smart	4,944,210	5,359,281	8%
	Total	6,370,953	7,494,088	18%
Branchless Bank	BanKO	218,180	688,810	216%
Grand Total		6,589,133	8,182,898	24%

Figure 10: Summary of Registered Mobile Money Accounts as of September 2014



Financial Literacy and Mobile Financial Services Training Summary

SIMM contracted the Social Enterprise Development Partnerships, Inc. (SEDPI) in developing and conducting financial education, particularly for micro financial institutions, small medium enterprises, government, and other low income households as the target beneficiaries of the project.

At the start of the year, SEDPI completed the Development of Training Modules on Financial Literacy and Consumer Education and proceeded to the conduct of financial education to target beneficiaries of SIMM, which include MFIs, SMEs, government units, and other low-income households

The series of financial education aims to equip consumers (mobile money adopters) with knowledge and skills in handling their money with responsible saving, spending, borrowing, and investing. It also allows SIMM to understand the needs, preferences, habits, and behaviors of SIMM's stakeholder segments and localities, as well as communicate the appropriate value proposition of mobile money and its current providers in the country.

To address the different training needs of partner organizations, four types of training sessions were created for SIMM.

Type A or full training of trainers includes 15 topics on financial literacy and mobile financial services, and sessions on how to facilitate effective information dissemination on financial literacy and its link to mobile money use. Type A trainings range from two to three days with an average of 15 participants.

The Office of City Veterinarian and Agricultural Services hosted a Type A training for 14 participants from 8 multipurpose cooperatives in Batangas City on November 26-27, 2013. The participants reported that “[the trainers] give examples that we can relate in our personal living.” The cooperatives represented in attendance have since integrated financial literacy in their operations, such as general assemblies and orientation of new members.

Type B or TOT for frontlines includes topics specific to the mobile money provider and services of the partner organization and how to conduct individual and small group orientations to target customers. Type B trainings last for half to one day with up to 20 participants per session.

Before launching the real property tax mobile money payment option in Quezon City, SEDPI facilitated two frontline trainings with the cashiers and public information officers of the city hall payment center. Return demonstrations did not push through to give more time for questions. The participants gave positive feedback after the sessions, commenting that they were “anticipating for the launching of this new way for taxpayers” and “new product, new experience.”

Type C or TOT on small group orientation focus on training participants on how to disseminate information and address concerns for targeted end users. Type C trainings usually last one day and the range of participants depend on the needs of the partner organizations.

One training session was conducted each for BPI Globe BanKO and Remitbox. From February to March 2014, SIMM, BPI Globe BanKO, and volunteer LGU personnel held a series of orientation sessions on the features and services of BanKO to Quezon City teachers. SEDPI then conducted a Type C training on March 6 for the BanKO and LGU personnel with modules specific to the supplemental allowance disbursement and how to address questions and concerns raised by teachers. The BanKO and LGU personnel were then able to facilitate orientations to teachers for the rest of the caravan.

The other was supposed to be a Type B frontline training with Remitbox. However, the company had a separate network of frontlines who deal with the client face-to-face. The training was then customized to include technical aspects and how the attendees can cascade the information delivered to the frontlines. Attendees commented that they were satisfied with the trainers and it was “a lively and fun training. At the same time I learned a lot.”

Type D or participant session on financial literacy and mobile financial services include topics relevant to current or potential end users. Type D trainings range from half a day to one day with number of participants ranging from 10 to 50.

Eight Type D training sessions were conducted for the Center for Community Transformation (CCT). The cooperative adapted SMART Money for loan disbursement and collection. CCT wanted their end users (*nanays* of the community) to be financially literate and able to maximize the features of their mobile money accounts. A total of 230 participants received financial literacy and mobile financial services training from June to August 2014. Participants reported favorable feedback, with comments like “*maayos magpaliwanag. Marami pong salamat at may natutuhan kami sa kung paano gamitin ang needs at wants,*” and “*napapanahon at angkop sa pagkakataon.*” Aside from guidance on personal finances, one commented “*malaking tulong para sa aming may mga negosyo.*”

In April 2014, SEDPI completed the conduct of 23 training sessions, exceeding contract target of 18, using the main delivery modes identified such as classroom type, individual and small group orientations depending on the needs of the training arm of partner organizations, their clients, members and beneficiaries and frontlines or cash-in and cash-out agents. The first phase trained about 900 participants on financial literacy and mobile financial services under the Training Support Program.

As a result of the SIMM no cost-extension for four months, additional trainings were needed as new partner organizations have been engaged who have requested to be trained on financial literacy and how to use and promote mobile money products and services in their organization and to their respective members and clients. The training sessions are part of the partnership for activation of new mobile money accounts and cash-in and cash-out agents. As such on July 1, 2014, a new Purchase Order was issued to SEDPI to conduct an additional 30 training sessions of its partners.

Starting August, an additional four month extension was approved to continue implementation of project activities in SIMM Cities, Cagayan de Oro City and Iloilo City, additional partners under the expansion of agent network and Mpayroll program (covering 100 businesses) require training sessions upon launching of their mobile money services scheduled from August through November 2014.

By September 2104, an additional 16 training sessions were completed with __ total participants. Participants also reported positive feedback on the trainers and training sessions, particularly on topics on the importance and discipline of saving, proper budgeting, differentiating needs and wants, debt management, creating financial goals, as well as increased interest in insurance and mobile money. Participants raised concerns on security, uses and features, cash-in and cash-out outlets (e.g. convenience, questions on entrusting their money to non-bank institutions, etc.), and transaction fees.

SEDPI trainers regularly administer pre- and post-tests to full training of trainers and participant sessions in order to quantify the audience’s knowledge on financial concepts and mobile money features before and after the training. The average score of pre-tests is 4.9, while the average score of post-tests is 6.5. The post-test is composed of eight items with multiple choices. Five out of eight are questions on financial concepts, while three are true and false questions on how mobile money can support these concepts.

As of the writing of this report, the first half has been accomplished, while the remaining is being completed before the end of November 2014.

Training Materials

Videos

SEDPI developed videos with a subcontractor for the production of videos on financial literacy and mobile money. The videos covered topics on mobile money security, mobile money use on purchasing goods, mobile money use on remittances, financial literacy on loans, financial literacy on insurance, financial literacy on savings, and mobile money services for savings, loans, and insurance.

The videos were in Filipino, and they were customized with the features of the different mobile money providers as needed.

Comic books

SEDPI developed four comic books focusing on the following topics: financial planning, insurance, loans, and savings. The comic books introduced the financial concept and the appropriate mobile money feature to complement the key message.

The comic books generally received positive feedback from participants during the pilot testing phase, although the participants commented on characters, storyline, language of use/selection of words, overall look of the comics, and the key information being imparted in the comics.

Training Manual

Each participant is provided with a trainer's guide appropriate for the training they received. The manual for financial literacy and mobile financial services contain 15 training sessions inclusive of printed copies of handouts and PowerPoint slides relevant to each sessions. The modules were also constructed in a way so the trainer can combine different modules as needed for the training they will facilitate.

Also included are mobile money related materials, such as features complementary to key financial concepts, and comparison of the mobile money providers.

Table 8: Training Data FY2013

Date	Training Title	Female	Male	Total	Type of Training
5-Sep-13	Live Disbursement and End Users Training for IBC 13 BWC Members	19	23	42	Project intro + m-money usage
19-Sep-13	BankO partner outlet training for Ilijan MPC	0	0	0	CICO Training
25-Sep-13	Valenzuela Cooperative Mobile Money Summit	63	42	105	Project intro + m-money usage
26-Sep-13	Mobile Money Training for Government Auditors	25	7	32	Project intro + m-money usage
12-Oct-13	Bringing Mobile Financial Services to Barangay Ilijan	325	155	480	Project intro + m-money usage
19-Oct-13	Mobile Money: Serbisyong Pinansyal Para sa Batangas	325	155	480	Project intro + m-money usage

Date	Training Title	Female	Male	Total	Type of Training
22-Oct-13	Training on BPI Globe BankKO Registration and Activation for the Division City of Schools	0	0	0	Mobile Money Usage
21-Oct-13	Training on BPI Globe BankKO registration and activation	0	0	0	Mobile Money Usage
Oct 23-24	Financial Literacy and Mobile Financial Services Train the Trainers (ToT)	26	18	44	SEDPI
Nov 5-6	SEDPI ToT to FICO Bank	16	12	28	SEDPI
Nov 13-15	Financial Literacy and Mobile Financial Services Training of Trainers Program	66	17	83	SEDPI
15-Nov-13	Financial Literacy Symposium	258	216	474	Roll-out execution
21-Nov-13	PUP Financial Literacy and Activation Program	126	75	201	SEDPI
Nov 20-22	Financial Literacy and Mobile Financial Services Training Batch 2	48	27	75	SEDPI
Nov 26-27	Conduct of Financial Literacy and Mobile Financial Services Training of Trainers for Batangas Cooperatives	32	6	38	SEDPI
29-Nov-13	BPI Globe BankKO Partner Outlet (BPO) Training for Agents	4	4	8	CICO Training
30-Nov-13	Mobile Money: Serbisyong Pinansyal Para sa Batangas	136	66	202	Project intro + m-money usage
3-Dec-13	BankKO Disbursement Facility Training for End Users	13	4	17	Project intro + m-money usage
Dec 12-13	Financial Literacy and Activation of students and teachers	40	6	46	SEDPI
13-Dec-13	Social Marketing Training	14	16	30	OTHERS - BCC project
20-Dec-13	Training for QC Cashiers	24	8	32	SEDPI
18-Dec-13	Business Process Redesign Seminar Workshop	8	10	18	Roll-out workshop
Oct - Dec 2013	Training of ASKI members on BankKO benefits, products and services			10,192	Roll-out execution
9-Jan-14	TOT for Valenzuela City LGU	10	4	14	SEDPI
15-Jan-14	GCASH and PowerPay+ 101 Training for Frontliners of FICO Bank	10	8	18	CICO Training
15-Jan-14	FinLit and MFS Training for Sikapbuhay Batch 3	41	18	59	SEDPI

Date	Training Title	Female	Male	Total	Type of Training
24-Jan-14	CCT Business Process Review and Redesign Training Workshop	8	9	17	Roll-out workshop
29-Jan-14	CCT Business Process Review and Redesign Training Workshop	2	4	6	Roll-out workshop
30-Jan-14	Financial Literacy for Microbusiness Owners	15	1	16	Roll-out execution
11-Feb-14	Launch of MFS in FICO Bank	56	14	70	Project intro + m-money usage
17-Feb-14	FinLit and MFS Training for IBC 13 Coop	17	15	32	SEDPI
19-Feb-14	Mobile Money for LGUs - Dinner workshop			0	Project Introduction
20-Feb-14	81st Annual Convention of LGU Treasurers and Assessors			0	Project Introduction
24-Feb-14	FinLit and MFS Training for Quezon City teachers	114	39	153	SEDPI
26-Feb-14	FinLit and MFS Training for Quezon City teachers	100	29	129	SEDPI
27-Feb-14	FinLit and MFS Training for Quezon City teachers	78	50	128	SEDPI
27-Feb-14	GCASH real property tax payment system orientation for QC barangay captains	43	66	109	Project Introduction + M-money usage
28-Feb-14	FinLit and MFS Training for Quezon City teachers	300	100	400	SEDPI
6-Mar-14	SEDPI Training for BankO BDS and Activation Assistants	4	2	6	SEDPI
8-Mar-14	Orientation with Barangay Bagbag Fairview Household Owners and Sitio leaders on the GCASH system	0	0	0	Project Introduction + M-money usage
12-Mar-14	SEDPI TOT with CCT and NATCCO	15	4	19	SEDPI
29-Mar-14	Gcash orientation for QC barangays	0	0	0	Project Introduction + M-money usage
15-Apr-14	TOT with Batangas City LGU Frontliners	29	6	35	SEDPI
15-Apr-14	TOT for Vendors Assoc and M-Money Vendors	22	10	32	SEDPI
30-Apr-14	Orientation to Division Office Employees	26	18	44	SEDPI
16-May-14	SIMM Training During Executive Committee Meeting	3	6	9	Project Introduction + M-money usage

Date	Training Title	Female	Male	Total	Type of Training
2-May-14	Roll-out workshop with SEDPI	8	2	10	SEDPI
9-Jun-14	NPS-I Course	0	0	0	Roll-out workshop
18-Jun-14	Center for Community Transformation (CCT) Savings and Credit Cooperative Financial Literacy	67	0	67	SEDPI
25-Jun-14	Center for Community Transformation (CCT) Savings and Credit Cooperative Financial Literacy	61	2	63	SEDPI
July 14-15, 2014	Training of Trainers with Valenzuela City LGU	27	25	52	SEDPI
14-Jul-14	Training of Trainers with Valenzuela LGU Frontliners AM	4	9	13	SEDPI
14-Jul-14	Training of Trainers with Valenzuela LGU Frontliners PM	5	5	10	SEDPI
25-Jul-14	Training of Trainers with CEPALCO and COWD Frontliners	13	11	24	SEDPI
July 25-16, 2014	Training of Trainers with FICCO	14	16	30	SEDPI
25-Jul-14	Participant session with CCT AM	20	1	21	SEDPI
25-Jul-14	Participant session with CCT PM	40	1	41	SEDPI
1-Aug-14	Participant session with CCT AM	7	4	11	SEDPI
1-Aug-14	Participant session with CCT PM	20	7	27	SEDPI
8-Aug-14	Participant session with Pulilan school	42	42	84	SEDPI
11-Aug-14	TOT Frontliner for Remitbox	9	11	20	SEDPI
17-Oct-14	Participant session with Pulilan teachers	18	3	21	SEDPI
TOTAL		2,573	1,266	14,031	

CHAPTER 3: LESSONS LEARNED AND BEST PRACTICES

During the past year of project implementation ending September 30, 2014, SIMM has compiled key lessons learned and best practices in growing mobile money adoption and usage.

Proof of Concept Models

Local Area Engagement

The Local Government Units (LGU) as change agents – The choice of LGUs as partners in building m-money ecosystems in cities and municipalities is proving to be effective, provided there is strong support from local executives who see the relevance and benefits of the project. Initially, they drive medium to high volume mobile money disbursements.

- **SCALE:** LGUs have many applications that may benefit from mobile solutions and that are relevant to a large number of potential consumers
- **TRUST:** Filipino masses generally trust their LGUs.
- **POWER:** Leveraging LGUs' properties and power to convene for promoting new mobile solutions
- **INFLUENCE:** Leveraging LGUs' influence on key stakeholders of the mobile solution
- **LICENSE TO ISSUE:** LGUs can issue valid IDs

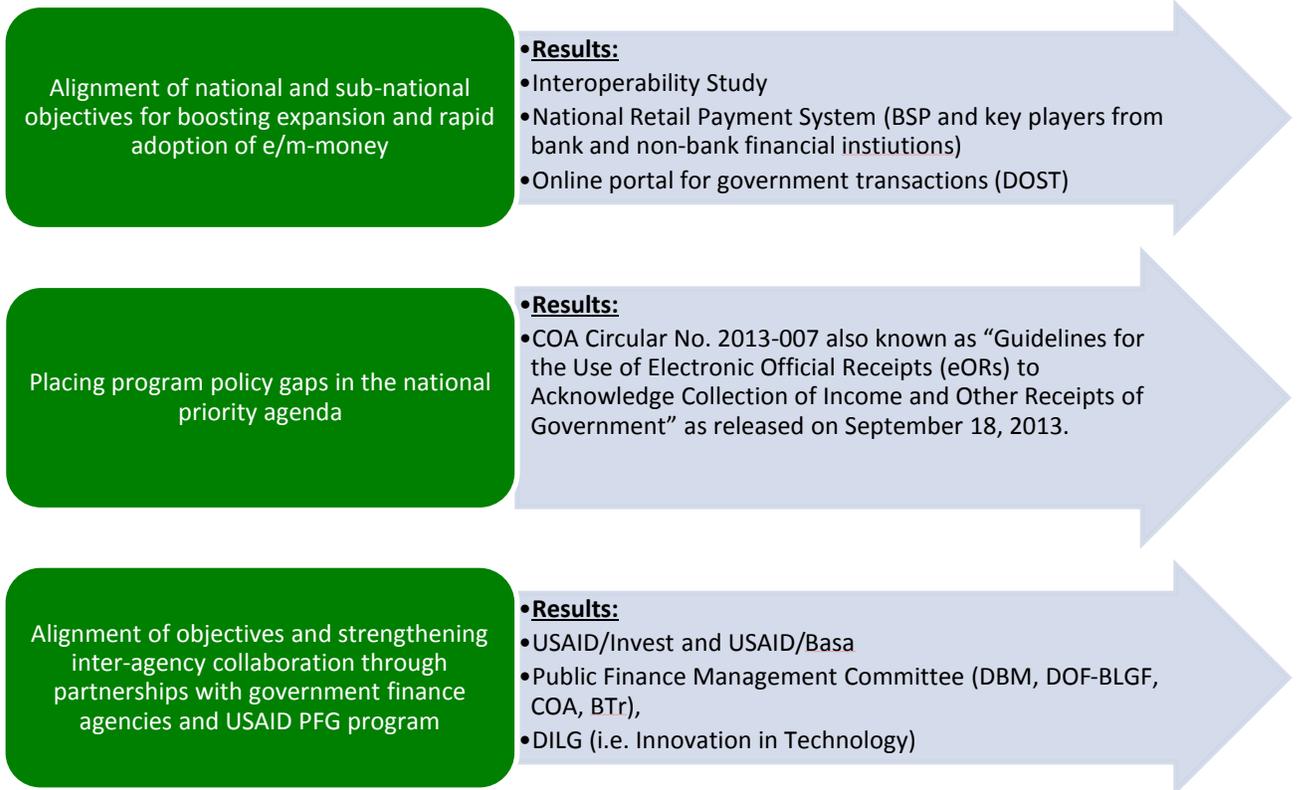
Selection of LGU priority areas

- Fast time to market
- Large addressable market of people who will benefit in receiving m-money
- Large addressable market of people with strong demand for m-money

Creating Local Government Toolkit for mobile money adoption



National Government Engagement



Development of m-money models for Microfinance Institutions

- Develop and Pilot test Mobile Financial Services (MFS) business models for MFIs, to design impacted business processes, and document new models that integrate mobile money in MFI operations.
- Pilot MFIs were selected based on geographical reach (with preference over those operating in SIMM cities), large membership base, financial capacity and services

Table 9: M-money models for FIs

Model	Product	Results
Own Account Management, Outsourced Technology	<p>PinoyCoop Mobile</p> <ul style="list-style-type: none"> • a mobile banking system which seamlessly integrates (via switches) the Smart Money platform to NATCCO's existing ATM (eKoopbanker). • Clients of NATCCO member cooperatives can access their ATM savings account via their mobile phones • a white labeled product provided by Smart EMoney Inc that will also provide clients access to additional financial products and services including bill payment, airtime top-up, Intra-NATCCO Transfers, and Inter-Bank Fund Transfers (IBFT) 	<ul style="list-style-type: none"> • The new mobile money payment system addresses two stringent requirements that prior partnerships have been unable to comply with (i.e. retaining client data and float of the organization). • The service will be launched in July 2014 and will initially serve 60,000 members of NATCCO primary cooperatives. • For the full-scale rollout, the service will be available to NATCCO primary cooperatives' 2.3 million members.
Outsourced Account Management and Technology)	<p>FICO Bank model</p> <ul style="list-style-type: none"> • Mobile platform is outsourced, no real time integration between mobile money provider system and bank's core banking system; client interface is via the biller menu (clients' mobile wallets to bank's mother wallet) • Batch transaction reports are sent via mobile money provider's secure file server 	<ul style="list-style-type: none"> • A new micro deposit product launched in February 2014 that enables deposit-taking via mobile money that specifically caters to the cash flow behavior of housewives who want to make small and regular deposits. • The new product has reduced the costs from an average travel cost of Php100 or \$2.2 to just a transaction cost of Php5 or .11 cents for deposits. • The project has allowed housewives the convenience of making deposits and allowing them to build up their savings regularly.

Development of M-payroll Program to address barriers of SMEs, lack of knowledge of the product and switching cost to convert to m-money

- Develop a program that aims to work on the existing efforts of the mobile money providers and induce at business owners or employers to switch to m-money payroll by making it much easier for them to hurdle one-time switching costs and providing financial literacy materials kit (i.e. training modules and manuals and other collaterals like m-money comic books and instructional videos) to each partner SME.

Development of Agent Aggregator Model to address barrier of agent network hampered due to gaps of the existing model from lack of scale, liquidity requirement and compensation

- Lack of Scale - Leveraging on other financial services (i.e. bills payment, remittance, ticketing etc.) instead of offering standard cash in cash out services.
- Liquidity - Using universal wallet system enables agents to optimize their working capital.
- Compensation - Leveraging high margin and low margin services by bundling fast moving good with cash in cash out services providing a better value proposition

Program Management

- a. Creation of dedicated counterpart project teams for mobile money initiatives, ensuring policy decisions and implementation of agreed commitments and deliverables.
- b. Leveraging resources of sectors involved such as mobile money providers' manpower and marketing support, partnership with telecommunications on other products, and forging of local partners and logistical support from government have proven to be helpful in achieving more results.
- c. Coaching and knowledge sharing among its team members on more effective selling and negotiation techniques that increases understanding, buy-in and maximizing activation commitments of its implementing partners.
- d. SIMM project led by industry experts facilitate strong partnerships with private sector
- e. Strengthening partnerships with mobile money providers are key in ensuring SIMM objectives are in the key priority programs
- f. Understanding the barriers of current strategies of mobile money providers through research and consultations
- g. Developing and presenting new strategies with clear business case
- h. SIMM's practice of putting the needs of its demand-side implementing partners first has earned their confidence and trust in pursuing their mobile money projects with SIMM. They appreciate the needs-based selling more than mobile money product selling. For organizations with lower change management capacities, SIMM's handholding of partners, including joint project management, has helped project implementation run faster and smoother.

Under stakeholder relations and building ecosystems

SIMM has been successful in driving partner buy-in via business case selling. A simple cost-volume-profit analysis demonstration has been effective in convincing small to medium-sized cooperatives. For larger sized partners, working with them to create their business models has also been proven to be effective. Not only do they become more prepared to invest in m-money projects, they have proven to be more committed to the project implementation journey as well.

Working with large MFIs as drivers and agents of mass activations is also showing promising results. With their large memberships and customer base, helping them use mobile money for disbursements is driving mobile money adoption and promoting its regular use.

Working with local government cooperative office or division such as OCVAS of Batangas City LGU and Sikap Buhay of Quezon City LGU has gained considerable results in terms of project reach. These offices have become champions in promoting mobile money to their cooperative members and even endorsed cooperatives that are likely to adopt the technology.

Successful experience of pilot cooperatives in the implementation of mobile money services provides opportunity to share first-hand experience on mobile money with other cooperatives.

Monitoring and Evaluation

- a. Institutionalize and standardize key performance indicators with BSP including the ff to track user and agent data (quarterly and cumulative):
 - i. Quality and Usage
 - Number of transactions by unique users
 - Number of transactions by account disaggregated by transaction type
 - ii. Access
 - Number of registered mobile money users by account and unique subscriber
 - Number of dormant registered mobile money users by account and unique subscriber
 - Number of Active and Inactive agents
 - Agent transaction volume
- b. Conduct consumer study to identify needs of low income and vulnerable sectors for development of appropriate product