

# Piloting Financial Service Providers in Pakistan

February 2020

**The Cash Practitioner Development Programme (CPDP) is a structured learning and development programme aiming to strengthen the cash and voucher assistance (CVA) expertise of humanitarian professionals in the Red Cross Red Crescent Movement and expand the ready pool of available cash experts.**

A distinguishing feature of this programme focuses on Actionable Learning from a specific topic related to applying and implementing CVA in real time scenarios giving participants an opportunity to gain experience, insights and technical expertise that is not attainable in a conventional classroom setting and online. This case study is the outcome of an Accountability and Practice Project carried out by one of the programme's graduates as part of their course work in the field. The insights, lessons learned and guidance from piloting the selection of financial service providers in the case of the Pakistan Red Crescent Society (PRCS) was thought to be of high relevance to the wider community of cash practitioners both within the Movement and beyond.

## Piloting Financial Service Providers Selection in Pakistan

This case study reviews the experience of the Pakistan Red Crescent Society's investment in piloting the selection of financial service providers (FSPs) to further strengthen its capacity to respond to those in need with cash assistance more rapidly, efficiently and effectively. Identifying and contracting the most appropriate FSP takes considerable time, effort and resources. Failure to have an FSP contract in place prior to an emergency can slow down response times by months ultimately leaving vulnerable people without cash assistance when they need it most.



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# Introduction

In an emergency context, such as a conflict or natural disaster, many humanitarian actors rely on their own delivery systems when it comes to providing the most vulnerable people with in-kind assistance, such as food kits, shelter materials, and other non-food items. Providing people with cash forms of assistance, however, usually relies on contracting the delivery of the assistance to a financial service provider (FSP), especially for larger scale cash deliveries. This is typically done to avoid the risks associated with transporting large volumes of physical cash, such as humanitarian vehicles being targeted for theft or the risk of costly losses due to accidents. An experienced financial service provider can usually also offer considerable cost savings due to having an efficient distribution system in place that would be relatively costly for a humanitarian organization to replicate. The use of the same service provider by multiple organizations can also help diffuse these costs more widely than if each developed their own cash distribution systems independently.

While these reasons for using a financial service provider for providing cash assistance in emergency contexts, or for early recovery and longer-term resilience, are quite clear, selecting the best ones to match an organization's operations are less so. Not all financial service providers in a country offer the same geographical coverage, financial products, or quality of services. They can often differ significantly in their willingness to absorb the risks and costs of operating under emergency conditions, especially where transportation access and security threats can increase their operational costs and harm their bottom lines. They may also differ in their understanding of the needs and requirements of humanitarian actors and may, as a result, not adhere to basic minimum standards or codes of conduct that the humanitarian organization aspires to and is expected to follow. Selecting the most appropriate financial service provider takes, as a result, considerable time, effort, and resources. Leaving contracting an FSP until an emergency response needs to be planned will typically slow down the response time by months reducing the chances that

the quality of the delivery matches closely to the desired outcomes. This would leave people without the assistance they need and imply that the costs of cash assistance would be considerably higher overall than they would be had the organization invested in selecting the best FSP in advance of an emergency. Thus, an organization's ability to respond rapidly to people's needs in an emergency setting means having an FSP in place well in advance. Investing in putting FSPs in place is a core ingredient to being cash prepared.

With the support of the British Red Cross and Danish Red Cross National Societies, the Pakistan Red Crescent Society (PRCS) began a Cash Preparedness Initiative in 2014 with the aim of strengthening its operational response capacity to deliver timely, effective, and scalable cash assistance to those most in need. At that time as part of a baseline assessment of the society's operational capacity it was recognized that few relevant financial service providers had been identified. At the same time, it was also understood that there was a limited number of options by humanitarian actors to deliver cash during a 2010 flood response in the country. While the PRCS delivered cash responses over the next several years, by 2017 there was greater awareness of the need to further improve the quality of cash delivery mechanisms for emergency responses.

This case study focuses on the PRCS experience in piloting the selection of FSPs in 2017 in a Cash for Work (CfW) scheme for rebuilding social assets and builds on lessons learned from previous FSP pilots. Investing in piloting FSP contracts allowed the PRCS to strengthen its responses in 2018 and 2019 as a result. While this case study highlights key risks and mitigation measures related to cash delivery mechanisms, it also provides guidance and recommendations that can be used more widely to further improve frameworks for identifying and selecting FSPs to improve response times, efficiency and effectiveness of cash and voucher assistance (CVA).



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# What Happened?

Although the PRCS began its cash preparedness initiative in 2014 and had a potential FSP provider, by 2017 there was growing recognition of the need to re-examine FSPs to improve the timeliness and scalability of emergency responses using cash. The PRCS piloted alternative services to further strengthen its operational capacity resulting in improved responses in 2018 and 2019.

By 2017, the Pakistan Red Crescent Society already had experience implementing CVA in emergency settings along with contracting out to a financial service provider to deliver cash to disaster affected communities. After the 2010 flood response, which revealed the limited cash delivery options in use by other humanitarian actors, the PRCS began its cash preparedness initiative in 2014, as shown in Figure 1. There was not much information at that time about the financial service providers and the cash delivery mechanisms they had to offer although an initial mapping exercise did take place. The following year, in October 2015, a 7.5 magnitude earthquake struck the North West of the country and the PRCS decided to respond to the needs of the most vulnerable earthquake victims in need with cash assistance. The National Society already had an existing partnership with a telecommunications company, Telenor, and decided to pilot a partnership agreement to use their Easypaisa remittance system to deliver cash to beneficiaries. The PRCS targeted 1679 households (HH) for unconditional cash assistance and this took 3 months to complete the implementation from the inception date.

Two floods took place the following year in 2016 and the PRCS decided once again to respond with cash assistance. The Easypaisa system was again used to respond to the most severely affected flood victims in Gilgit-Baltistan in June, and in Balochistan in October. The total number of households receiving assistance were 427 followed by 137 and 1059. The time frames for completing the implementation ranged from 2 to 4 months across these interventions, despite an ongoing cash preparedness initiative that sought to deliver timely, efficient and effective responses.

## 2014

### Cash Preparedness Baseline Start of cash preparedness initiative

In the last quarter of 2014, British RD and Danish RC collaborated to support PRCS in its cash preparedness. One of the first tasks was to map out Financial service providers in the country.

## 2015

### Pilot with Telenor - Easypaisa First pilot cash response with FSP

1,679 households received unconditional cash grant with Easypaisa through the bilateral support of the German and Danish and British Red Cross.

**Timeframe taken from inception to completion:** 3 months

## 2016

### Further pilot tests Pilot test in GB and Balochistan

Series of pilot in two provincial branches (Gilgit-Baltistan, Khyber Pakhtunkhwa both in April and Balochistan in August) following two separate responses, heavy rains and flash floods. 427, 137 and 1,059 households respectively received cash assistance through Easypaisa.

**Timeframe taken from inception to completion:** KPK: 2 months, GB: 4 months, Balochistan: 2 months

## 2017

### DREF Cash Response and additional 2 FSPs pilot test in AJK for CBDR

#### DREF Cash response and pilot test of 2 FSPs

DREF operations was launched in February of 2017 in response to flash flood following heavy snow fall in Balochistan. A total of 1,500 household received cash assistance through Easypaisa

**Timeframe taken from inception to completion:** 2 months. Pilot testing of 2 additional FSPs (UBL Omni Mobilink- JazzCash) providing cash - for - work assistance to 532 individuals.

## 2018

### Extension of agreements to long-term

After review of the pilots in 2017. PRCS decided to extend the framework agreements of the three FSPs until 2020. JazzCash and EasyPaisa used to pay per diem of volunteers for a large scale mosquito net distribution.

**Timeframe taken from inception to completion:** 2 months. Pilot testing of 2 additional FSPs (UBL-Omni and Mobilink-JazzCash) providing cash - for - work assistance to 532 individuals

## 2019

### DREF Response DREF Cash Response

DREF response due to drought in southern province of Sindh. A total of 1,357 households received cash assistance through Telenor. RedRose and Telenor manual integration was tested and eased financial reporting and reconciliation.

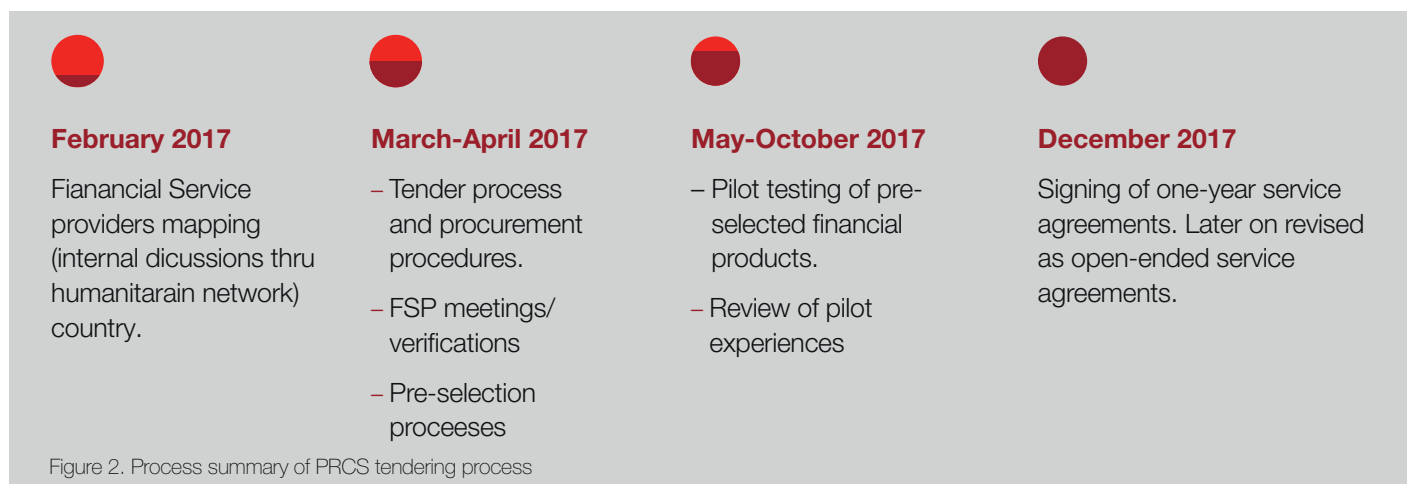
**Next plans:** Further testing of RedRose digital integration for upcoming projects. Discussion and exploration of bank-based-money products and postal services. 2 months. Pilot testing of 2 additional FSPs (UBL Omni Mobilink- JazzCash) providing cash - for - work assistance to 532 individuals

Figure 1. Cash Preparedness timeline in Pakistan

In 2017, the PRCS recognized the need to further improve its capacity to implement cash responses in terms of speed and scalability. Earlier in the year, the PRCS launched a Disaster Relief Emergency Fund (DREF) response in Balochistan following flash floods due to heavy snowfall. Cash was primarily used to respond to those most in need of flood related assistance. This response drew attention to the need to focus on the speed of the cash delivery mechanism to improve the timeliness of the society's cash interventions. Pakistan's Cash Working Group (CWG) also raised greater awareness that year of the country's growth in FSPs and the potential new ways for delivering cash assistance to those most in need. There was an increase in mobile money services with branchless banking being promoted by the government, an increase in the use of bank cards and mobile applications, as examples. This prompted the PRCS to explore the possibility of e-payment services, but also raised more questions about other possibilities for improving cash preparedness by focusing on the delivery

mechanisms to ensure that they could deliver to communities most in need and more rapidly.

An evaluation of the previous years' cash responses further reinforced the need to explore more carefully other FSPs and products. During the previous cash implementation, the PRCS relied on only one FSP. This imposed severe restrictions on the National Society's capacity to respond with cash assistance. The coverage, for example, was limited to a network of agents primarily in certain northern provinces of the country. With the limitation to the number of distribution agents, beneficiaries would have to travel for long hours to go to the nearest shop to claim cash assistance unless better alternatives could be found. By March of 2017, the PRCS started a tendering process and by the end of the year, after piloting two more FSPs, the national society had three financial service providers in place offering a wider variety of cash delivery options from mobile money remittances, bank-on-wheels, ATM cards and a few others. The process is summarized in Figure 2.



Although there was little known about the financial service options at the beginning of the cash preparedness project in 2014, that situation changed in 2017. Table 1 presents an initial mapping at the beginning of the process of the FSPs and the types of financial products and disbursement solutions they offered. This table was the result of gathering information from the humanitarian network in the country. (More specific details of the information used to map and match specific qualities and features of the FSPs is provided in Annex 1. These selection criteria can be useful for providing a starting point for others to consider and expand upon for improving the overall FSP selection process). Bilateral meetings were held with members of the CWG and further cross checked with those using various services throughout the country.

\*Computerized National Identity Card (CNIC) – Pakistan Government issued national identity card  
 \*\*Pilot tested in 2017  
 Table 1. Initial mapping of FSP products

| Company name                   | Financial product Brand                            | Financial Product/ Disbursements solutions  |
|--------------------------------|--|---|
| Telenor (Telecommunication)    | Easypaisa (Mobile money remittance)                | <ul style="list-style-type: none"> <li>- Disbursement through Biometric Verification</li> <li>- *CNIC-based Disbursements Solution</li> </ul>   |
| Mobilink** (Telecommunication) | JazzCash (Mobile money remittance and ATM Network) | <ul style="list-style-type: none"> <li>- Disbursement through Biometric Verification</li> <li>- *CNIC-based Disbursements Solution</li> <li>- ATM Card-based Disbursement</li> <li>- Bank on wheels (Cash Van)</li> </ul> |
| United Bank Limited**          | Bank-based money transfer                          | <ul style="list-style-type: none"> <li>- Over the counter</li> <li>- Bank on wheels (Cash Van)</li> </ul>   |

## Pre-selection

Once the mapping was completed, the selection and contracting process was guided by PRCS' procurement guidelines and technical support from the cash technical committee (CTC) to indicate PRCS's internal cash technical working group (which provides guidance and implements the activities of PRCS' cash preparedness initiative, including ensuring financial services providers are in place for a timely and effective response).

An invitation for submission of proposals was advertised and proposals were screened by the cash technical committee. The process of selection was aided by a technical review process using an FSP baseline checklist that was further contextualised and modified to inform the decision for selection while ensuring that complete and consistent information was collected. It was at this point that the cash technical committee realised that one company could offer various financial products further strengthening the need to map and compare accurately the delivery capacities of the FSPs. It was important to review the advantages of each financial product measured against the selection criteria in the technical review tool with emphasis on the requirements for efficiency, experience and capacity crossed check from other members of the national cash working group, legal requirements, security features and lastly reporting and reconciliation requirements. As opposed to selecting a single company to deliver cash, the PRCS learned that the individual money products of each company needed to be evaluated against operational requirements. To select the FSPs, it was important to consider specific targeted beneficiary needs and that the delivery mechanism for those specific conditions.

Three FSPs submitted their proposals and were evaluated. One company offered only a specific financial product (bank-on-wheels) that was also offered by the other two companies. Following the proposal evaluations, meetings were set for two selected FSPs, allowing their representatives to further explain their financial products and services including a discussion on service costs. PRCS's cash preparedness and disaster management programs were also shared with the FSPs to guide the discussion of the meeting and future possible engagements. Two FSPs agreed to present their potential solution for cash delivery to targeted communities and expressed interest to have a partnership agreement with PRCS.

## Key learning from pilot testing the FSPs and their products

In 2017, following the selection process above, the PRCS and the two selected FSPs agreed to draft and sign a Memorandum of Agreement (MoA). This resulted in the signing of two one-year contracts. The first was with Mobilink-Jazzcash and the second with UBL-Omni. This short-term agreement was conceptualized to allow for piloting opportunities within the period of one year to respond to a targeted community with cash assistance using their services to test the quality of the delivery mechanisms, especially timeliness of the response, but not without also considering other insights gained. As a strategy to further support this pilot process and FSP contracting, the piloting opportunity was presented to the Movement partners to support the actual cash distribution process.

In May 2017, the piloted framework agreements were tested with the community-based disaster risk reduction project. The project aimed to support the construction and rehabilitation of small-scale disaster mitigation interventions that included building and reconstruction community assets in the remote communities supported by cash-for-work (CfW). At the end of the pilot test in October 2017, a total of 532 individuals took part and received their cash disbursements with 36 small scale mitigation projects completed.

### **In this pilot, cash disbursements were tested via three schemes:**

1. The use of Computerised National Identify Cards (CNIC) with disbursements in cash with the use of a cash van.
2. CNIC-based money remittance via FSP accredited shops/agents through money remittance and for UBL.
3. Use of CNIC verification through bank agents.

Due to the remoteness of the communities targeted for the distribution despite designating shops and locations for the distribution, network coverage and receiving SMS for the codes to be used for financial transactions became an issue for the JazzCash, which relied on SMS. The cash van, however, was received quite well as beneficiaries only needed to be present in the agreed cash disbursement locations. There were sudden changes in the schedule, however, as the armoured van used was also contracted out by the FSP to a local bank which initially refused to agree to the identified cash disbursement locations. This caused delays and additional, unexpected, planning for the field team to resolve this issue.



Photo: © PRCS 2017 Cash distribution during the pilot in Azad Jammu Kashmir State, Pakistan



# What were the main challenges?

In addition to the need to respond to the unexpected problems that arose during the cash distributions mentioned above, a reflection workshop was held at the end of the pilot for identifying other problems that arose and their potential solutions. It was recommended, for example, that mobile messages should be in Urdu to help resolve constraints related to the beneficiary's inability to read English from UBL and Jazz Cash. More cash disbursement points which are closer to the villages should be made available to shorten beneficiary travel times. Also, messages received from the FSP such as Jazz Cash and UBL Omni should clearly identify the sender's name (company name) rather than a numeric code, such as 527. This will help the beneficiaries clearly and easily understand who is sending them messages and greater clarity on receiving the required amount. Identifying these issues through piloting would allow for even better performance in future responses even through the same FSPs.

After pilot testing, feedback was shared with both FSPs and the lessons learned were considered as valuable by all the organizations involved. From the PRCS operational perspective, the piloting experience also expanded the team's capacity to improve planning and strategies for future challenges and how to select the financial services that best match what the PRCS requires while meeting the needs of the beneficiary communities.

**Table 2 summarizes a few of the key problems identified in the pilot areas and solutions that could further improve the delivery of cash in future responses:**

| Challenges   | Recommended Solutions  |
|--|--|
| CNIC-based payments disbursement issues due to problems in mobile network coverage | The option of Jazz Cash Van is most appropriate instead of CNIC based disbursement       |
| Less number of authorized retailers for CNIC-based disbursement                    | No. of authorized retailers should be up to 4-5 for quick disbursements of cash payments |
| Changes in payment schedule (Jazz Cash Van)  | The payment schedule should be followed as communicated                                  |

Table 2. Key problems identified and solutions recommended in pilot areas

# Next Steps, Lessons Learned and Recommendations

By the end of 2017, the PRCS had tested three financial service providers in total offering a variety of financial disbursement solutions (the original FSP plus two additional ones). In addition to selecting the FSP, this learning also stressed the need to select the most appropriate financial service within the FSPs depending on a variety of factors such as location, beneficiary literacy and language requirements, and timing. This piloting also provided the team with more clarity on how to set up the cash delivery response more quickly depending on the actual disbursement solution selected for a specific response, thereby cutting response time while improving the quality of the delivery mechanism. This learning further stressed how important it was to consider service level conditions, such as the use of a cash van with a third-party entity, connectivity with mobile networks, in addition to others.

The lessons from recent Disaster Relief Emergency Fund (DREF) responses further informed the emergency preparedness of PRCS where dependence on telecommunication companies that maybe fast to set-up and could be scaled-up quickly using short message service (SMS) may not always work perfectly and are always dependent on mobile network coverage. By the first quarter of 2018, the PRCS decided to extend the framework agreements to all three FSPs and has continued to use all three for cash disbursements since then rather than relying on a single provider or service product.

Other changes were also envisioned after this piloting exercise. The PRCS plans to include an addendum to the agreement with Telenor to include mobile wallets to promote financial inclusion with biometric features that address changes in the priorities of the Pakistan government. RedRose digital integration with Telnor will be explored for upcoming projects and to address the need to further diversify disbursement solutions, the PRCS plans to explore bank solutions (National Bank of Pakistan and Bank Islami) and other mobile-based solutions (Upesa of Ufone), especially for higher density locations and urban contexts. With all these plans, it is important for the PRCS to always consider the lessons learned from the pilot, the contracting experiences and consistently opt for an improved and better delivery solution that is fast and scalable.

In summary, this case study highlights the importance of having not only FSPs in place to deliver cash to targeted communities, but also having the right FSPs in place. Failure to invest in the selection and piloting phases risks a poor ad hoc selection, delayed responses, cost overruns, failure to meet agreed standards, and, in the end, failure to deliver emergency assistance to the most vulnerable households rapidly, efficiently, and effectively, leaving them without assistance when they need it most. Further, investing in the FSP selection process can be viewed as cost and time saving, but also as an approach to mitigate these failure risks. Some of the key learning that can be derived from this experience are mentioned below:

## **Align FSP selection with National Society's strategic mandate; not the reverse**

Not all FSPs are able to deliver cash to the same communities in the same way in terms of time, costs, quality of service, and risks, especially in emergency cases. It is critical to have as much clarity as possible about the most vulnerable communities the national society is likely to target for cash assistance in advance and to map which FSPs can most likely cover those target communities. This will help ensure that the National Society is prepared as far as it is possible to deliver cash in a timely, efficient and effective way reaching those most vulnerable in need of assistance rather than the reverse, targeting those who happen to be accessible and within reach of an FSP even if they are not the most in need.

Aligning the strategic mandate in terms of communities the NS aims to serve with FSP selection can help mitigate the risk that an FSP is not able to deliver cash assistance where and when needed in the way desired.



## **Learn from others' experiences**

It takes considerable time, effort and resources to map out which financial services providers are available in addition to the key qualities of the services they have to offer. Further, what is agreed on paper may differ from what happens in reality, especially how well they are able to perform in terms of cash delivery to vulnerable communities in need during an emergency. This process does not need to be started from scratch and in the case of Pakistan, it was beneficial to start the FSP selection by learning from other humanitarian organizations' experiences. The national cash working group provided regular updates on FSP mapping in the country, for instance. This information along with the experiences of others improved the National Society's understanding of the challenges, coverage, costs, and benefits of the using specific providers in specific contexts.

*This helped the NS to avoid replicating errors and produced a baseline at the start of the cash preparedness project for the exploration of specific financial service solution.*

## **Focus on specific financial products during selection – qualities, including the cost and the benefits**

It is critical to look beyond the characteristics of the financial service provider by focusing also on the specific financial service products they have to offer in order to map how appropriately they match the potential communities the National Society is likely target, especially in likely emergency scenarios. Typically, organizations prefer known, reputable, companies without dissecting the financial product that would suit specific operational needs, but a company's reputation is only one indicator along with its financial standing and compliance with government regulations. More focus should be on the mapping of financial products that would fit operational needs such as geographical coverage, scale and security risks. Each company also offers various financial products and solutions while some may even be able to offer customizations based on an organization's needs. It is critical that each financial product offered is evaluated and the full range of benefits are considered.

*The FSP baseline checklist helps in laying-out criteria to inform our decisions for choosing financial service solutions.*

## **Invest in pilot testing in the framework agreement prior to full engagement or long-term agreements**

There is always a risk of the unknown and in the case of financial service providers, it is not possible to predict how they will respond to specific conditions that arise, especially in an emergency setting. As a result of unknown risks, it is not possible to completely predict how well an FSP may perform in terms of delivering cash to a targeted community and to include all of these provisions in the contract in advance, or to assess and compare between FSPs in the selection and contracting process. In this case, it was good practice to consider clauses for pilot testing prior full engagement. The pilot test allowed real problems in specific contexts to be tackled and practical solutions and adjustments to be identified. During the pilot phase, it was known that the bank on wheels service (use of armoured vehicle) offered by one of the companies, for example, was sub-contracted to a local bank which refused to travel to the agreed distribution site. Since the agreements happened between the two banks, it left the national society no choice but to reschedule the distribution further causing costs to the beneficiaries.

*Piloting agreements with FSPs in advance can help an organization to mitigate the risk that they select the wrong FSP for longer term delivery.*

## **Ensure to include penalty clauses in agreements and enforce when determined necessary**

Penalty clauses safeguard standards set on the agreements and ensure accountability for both parties. Any incidents that are beyond the agreed condition, such as in the case above of delays due to an unknown third-party provider, should also be cited in the penalty clauses of the agreement so that both parties can be held accountable after consultation with the legal department.

*Penalty clauses can help mitigate risks of unforeseen costs, such as delays or other hidden fees, helping to ensure that the delivery is as close as possible to the level desired while meeting minimum standards.*

## Consider mitigation measures on the risk analysis of organizations/NGOs using the same financial service at the same time

FSP mapping should also inform the humanitarian community about who is using which services where and when, especially in times of crises. There is a risk that multiple actors using the same products and providers at the same time in a given community can exceed the capacity of the FSP to deliver. This could result in delays of delivery and place additional costs and burdens on targeted communities. The mapping of the services and providers various actors are using can be partially mitigated in the FSP selection process, but other measures should also be considered to ensure timely, efficient and effective cash responses. Keeping framework agreements open to a considerable number (minimum 3 options) should facilitate avoiding the risk of delays due to overwhelming demand from humanitarian actors. Diversifying financial products and disbursement solutions is also helpful. In selecting disbursement solution, consideration of diverse technologies and systems for disbursements may it be SMS dependent, bank-based or postal service manual disbursements can also mitigate this risk.

Mapping out the use of FSPs and specific products by different actors can better inform the response options analysis and help mitigate the risks associated with exceeding the capacity to deliver by different FSPs.

## Maintain professional relations with FSP counterparts

In many cases, FSPs are not well informed of minimum humanitarian standards when it comes to delivering cash, and they are unlikely to be well aware of likely conditions and scenarios in emergency contexts. This could result in failure to deliver when and where needed, or other quality gaps not being achieved. In this case, maintaining professional relationships with the FSPs was helpful in terms of ensuring faster transactions and in some cases FSPs were keen to learn from the experience and make adjustments to their products on offer to better meet the conditions in the targeted communities. Further, sharing lessons learned was appreciated and other forms of strengthening the relationships, such as inviting FSPs to events hosted within the humanitarian community was helpful in raising awareness of the specific needs and requirements of humanitarian actors.

Maintaining communication is key for ensuring that when an agreement is activated, services will be rapidly set-up and risks of delayed response or complications in addressing administrative issues on set-up maybe mitigated.

## Continuously capture learning and feedback

Each time an FSP is used to deliver cash assistance to a targeted community, there are likely to be valuable lessons learned that could be used to improve future responses in terms of making them quicker, more efficient and more effective. It is unlikely that one type of service product or provider can be identified that will be the best or most appropriate in all future responses. This is also especially the case as products, technologies, costs and qualities change over time.

Feedback from responses should be regularly collected and shared so that cash delivery can improve over time. It is also a good practice to share the feedback and learning to a wider community-of-practice, such as the country cash working.



Photo: © Rosie Matheson

## Annex 1. Mapping Selection Criteria of Financial Service Providers

This Annex provides an overview of the selection criteria piloted by the PRCS for selecting the most appropriate FSPs for delivering cash assistance rapidly, efficiently, effectively and for scalability. These criteria may provide a starting point for others initiating an FSP selection process.

| Service                                     | Requirements for set-up and encashment  | Services provided and coverage   | Costs  | Experience and capacity  | Legal requirements and Security features   | Reporting   |
|---|---|--|--|--|--|---|
| Disbursement through Biometric Verification | Beneficiary list to be provided by PRCS<br>Biometric verification done through NADRA database<br>Beneficiaries will be requested to visit Biometric enabled JazzCash outlet and submit copy of CNIC           | SMS based awareness campaign for the beneficiary<br>Installation of biometric machines at specified locations for the purpose of making disbursement payment | Prefunding to Mobilink Microfinance Bank Limited dedicated account | PDMA – Flood relief Fund – Punjab thru ACTED.<br>Disbursed PKR 550M to 21,000 families in 38 locations.<br>Pakistan Bait ul Maal- Disbursement for Child Support Program- PKR 500M to 70,000 beneficiaries | Biometrics are NADRA verified<br>Complaint resolution through dedicated JazzCash Helpline<br>Ensuring only the intended recipient receives the funds   | JazzCash will do bulk reversal of uncollected funds based on written request of PRC<br>Reporting and reconciliation requirements as per client's requirements |
| ATM Card-based Disbursement                 | 5 working days required prior disbursements<br>Real time funds realization<br>JazzCash requires list of beneficiaries with CNIC and mobile number   | Cash withdrawals through nationwide 1-Link / M-net ATM Machines<br>Bulk registration of beneficiaries for funds disbursement                                 | Please see below   | FDMA – FATA, disbursed PRK 2.1B in Khyber, South Waziristan and Kurram Agencies  | Dedicated Complaint Management   | After every disbursement, JazzCash will share detailed disbursement report with the PRC   |
| CNIC-based Disbursements Solution           | PRC needs to open core bank account with MMBL<br>4 working days required prior disbursements<br>PKR 15,000 monthly cap of cash disbursements<br>No Mobilink SIM requirement;<br>Any number can be facilitated | Convenience of withdrawing money from over 65,000 JazzCash Agents  | Please see below   | ACTED – Cash Disbursements in Sindh, KPK and FATA with Cash Van solutions  | JazzCash Team will send Transaction ID & Passcodes in two different SMS message to beneficiaries.<br>We also have the option of resending Transaction ID/ Passcode in case the SMS message is not received by the end beneficiary<br>Option of providing access of our portal to client relevant executive who will be able to download a file containing transaction ID's & passcodes for onward distribution to the relevant beneficiaries | JazzCash team will send the disbursement report to the client for record purposes along with the status of transaction being successful or not                |



## Reconciliation & Reporting

Information was also collected in advance to confirm how the use of the funds would be reported and reconciled, namely:

- Funds disbursement confirmation report;
- Month on month total disbursement comparison;
- Overall Funds issuance status report.

Periodic reporting as per the requirements of client upon mutual consensus between MMBL & client.

## Pricing/Costing

Information was also collected in advance over the prices for the services and volumes to compare more accurately the full costs and benefits in addition to the qualities outlines above.

### Disbursement through Biometric Verification

| Transaction Slabs | Pricing (Incl. of FED) |
|-------------------|------------------------|
| 0 – 1,000         | XXX                    |
| 1,001 – 2,500     | XXX                    |
| 2,501 – 4,000     | XXX                    |
| 4,001 – 6,000     | XXX                    |
| 6,001 – 8,000     | XXX                    |
| 8,001 – 10,000    | XXX                    |
| 10,001 – 13,000   | XXX                    |
| 13,001 – 15,000   | XXX                    |

### ATM Card-based Disbursement

A fee of Rs.XXX (Incl. of FED)/disbursement will be charged to the client.

- Free ATM card
- Free replacement card
- First 1-Link withdrawal will be waived off/ disbursement

### CNIC-based Disbursements Solution

| Transaction Slabs | Pricing (Incl. of FED) |
|-------------------|------------------------|
| 0 – 1,000         | XXX                    |
| 1,001 – 2,500     | XXX                    |
| 2,501 – 4,000     | XXX                    |
| 4,001 – 6,000     | XXX                    |
| 6,001 – 8,000     | XXX                    |
| 8,001 – 10,000    | XXX                    |
| 10,001 – 13,000   | XXX                    |
| 13,001 – 15,000   | XXX                    |

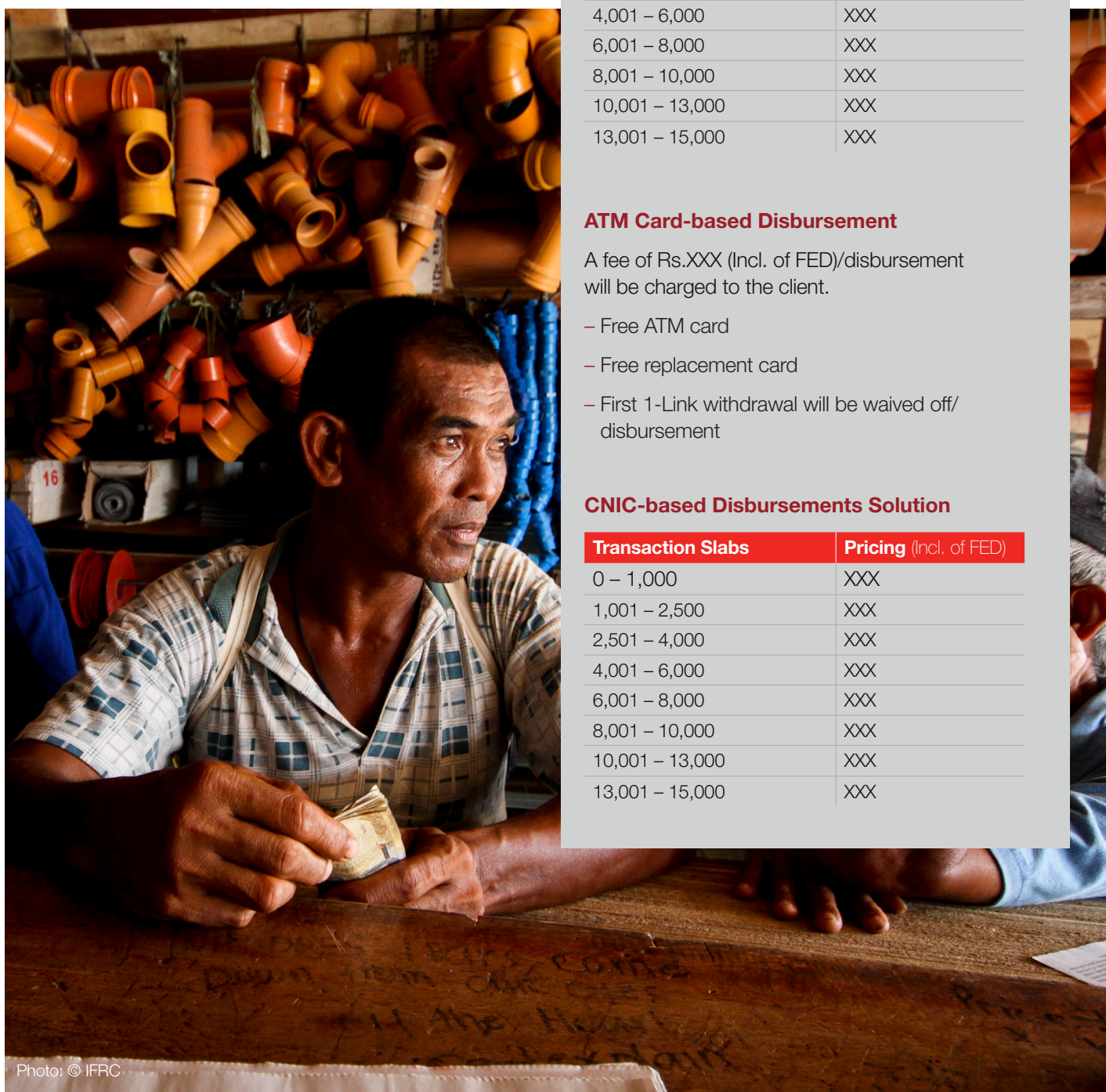


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## FSP Delivery Capacity and Coverage

1. Reach and actual capacity of outlets?
2. Is Biometric data capture required?  
How many days are required from data captured registration to actual cash distribution?
3. Reach and actual functionality of 1-Link.M-net ATM
4. How soon will the ATM card become available after registration/submission of list of beneficiaries?
5. How long will the ATM card and replacement become free of charge?
6. Does slabs mean amount of prefunding to be disbursed?



### Contact information

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