



CASE STUDY //

DIGICEL MOBILE MONEY (MonCash), HAITI

**FOCUSING ON VALUE
FOR CUSTOMERS
IS GOOD BUSINESS**

Challenge

A promising change in mobile money uptake and activity is now evident in Haiti after lackluster results between 2010 and 2015. Mobile money services were initially set in motion to facilitate distribution of grant payments to victims of the 2010 earthquake. What drove the recent surge in uptake and activity? What is different in Haiti's mobile money climate these days?

This case study provides answers to these questions and emphasizes a customer-focused model — or, more precisely, reflects a customer-centric business model showing early results. It also demonstrates how a pull strategy, rather than a push strategy, is the best way to drive uptake and use.

After providing context, the case study discusses drivers of the customer-centric approach and links them to the strong growth in mobile money uptake and use in Haiti in recent years. It shows that a granular understanding of what customers need, how they are empowered to use products, and how providers organize for delivery are essential ingredients of a successful model, adding value at both the customer and the financial service provider level.

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Context: Mobile money in Haiti

The level of financial inclusion in Haiti is low compared to other economies in the region. Of particular concern is the very low usage rates of formal financial services in the country. As of 2014, 19 percent of Haiti's 10.6 million adults held transaction accounts through a bank, a microfinance institution (MFI), or a telco. More specifically, only 13 percent of those in the bottom 40 percent of the income scale were served, and only 10 percent of those with low levels of formal education were served.¹

Another challenge to financial inclusion has been the scarcity of access points for formal financial services. As of mid-2014, the country's banking system consisted of 157 branches and 53 ATMs (66 percent of which were located in metropolitan Port-au-Prince), while cooperatives and MFIs operated a total of 270 branches across the country. Aside from the limited number of access points, use of formal financial services is constrained through very low levels of formal education and financial literacy among Haitians and the lack of proper identification for some members of the population. UNICEF data shows that between 2008 and 2012 Haiti's total adult literacy rate was 48.7 percent, although for youth aged 15-24 it was 72 percent on average.²

When considering the challenges of access to financial products and services in Haiti, the fact that three quarters of the population lives in poverty³ needs to be kept in mind. Mobile banking launched in Haiti shortly after the 2010 earthquake, supporting the objective to facilitate faster delivery of humanitarian cash payments to earthquake victims and help people more easily receive, send, and store money. Mobile money represents a huge opportunity in the country since, as of 2015, 69 percent of the population has mobile cellular subscriptions.^{4, 5, 6}

1. Global Findex 2014.

2. UNICEF data.

3. <https://cfi-blog.org/2016/03/14/financial-inclusion-amid-haitis-political-crisis/>

4. <http://data.worldbank.org/indicator/IT.CEL.SETS.P2>

5. <http://www.afii-global.org/blog/2016/08/natural-disaster-financial-inclusion-haiti-dfs-front-runner>

6. <http://old.seattletimes.com/flatpages/nationworld/haiti-shaky-recovery-part-2-earthquake-five-years-later-annivers.html>



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The Central Bank of Haiti and the Ministry of Finance began extensive reform measures in recent years and in 2014 launched a National Financial Inclusion Strategy (NFIS). The NFIS⁷ aims to promote a more economically inclusive society and empower individuals and small businesses, particularly in impoverished communities. One of the strategy's key components is improving physical access to financial services through non-bank agents and developing e-money and digital finance.⁸ Another key component is empowering consumers and strengthening consumer protection efforts, along with financial education and literacy.

7. http://www.brh.net/documents/strategie_inclusion_fin.pdf (in French)

8. http://www.brh.net/media/mobile_money_transforming_haiti.pdf

Digicel: Business challenges and contributions to financial inclusion in Haiti

In line with overall national financial inclusion efforts, Digicel was one of two telco/bank partnerships in Haiti to initially offer mobile money services in 2010. In 2012, Digicel acquired its competitor, Voila, and merged both mobile money offerings into a product called Tchotcho.⁹

But even with 30,000-40,000 active customers, adoption rates remained low after five years (on a 30-day activity basis).

The Digicel mobile money team faced three major business challenges: customer acquisition, retention, and low usage rates. As the GSMA noted, “Several challenges impeded the growth of mobile money in Haiti. These include low levels of customer education as well as agent liquidity issues.”¹⁰

To live up to these challenges, Digicel reviewed its mobile money offering based on available customer insights.

It decided to relaunch the service in July 2015, changing the brand name from Tchotcho to MonCash.¹¹ Customer insights gained through a simple but impactful approach triggered the rethinking. As part of the new strategy development, Digicel interviewed customers about money transfer agents like CAM and Unitransfer in March 2015.

When asked about their basic financial needs, sending

Digicel Group and Digicel Haiti

Launched in Jamaica in 2001, Digicel is now active across 32 markets in the Caribbean, Central America, and Asia Pacific. The company’s mission is to deliver the best network, the best service, and the best value to customers — and give back to communities.

Digicel’s 2030 strategic agenda includes a focus on putting customers in control and delivering an amazing network experience for them. The total mobile customer base of Digicel Haiti today is 4.5 million.

MonCash

Services offered through MonCash are P2P payments, merchant payments, and bill payments. Mobile recharge is also an important service offered, with 6 percent of mobile recharge done through MonCash. However, MonCash does not offer savings, lending, or other financial services as yet. Financial services beyond payments, such as remittances and digital credit, are planned for future roll-out.

9. <https://www.digicelgroup.com/ht/en/mobile/need-help/services/tcho-tcho.html> (in French)

10. https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2017/05/Mobile_Money_Humanitarian_Cash_Transfers.pdf

11. <http://www.haitilibre.com/en/news-14795-haiti-economy-digicel-tchotcho-becomes-mon-cash.html>



— photo © Digicel Haiti

person-to-person (P2P) remittances resonated strongly with most interviewees. Of all available existing products (P2P transfers, merchant payments, and bill payments), P2P appeared to be the only product with mass market appeal. These two underlying points were further confirmed by previous experience of Digicel personnel with mobile money deployments in Africa.

Based on customer insights, the Digicel MonCash relaunch aimed to simplify the product portfolio, focus on P2P transfers, and strengthen the understanding that agents are also customers who need to be understood and served. The relaunch also emphasized empowerment aimed at customer understanding and use of P2P transfers. Ultimately, empowerment enabled customers to have a better experience with the MonCash service.¹²

Through the relaunch, the Digicel MonCash team considerably pushed financial inclusion in Haiti. Within two years of the relaunch, MonCash grew its active customer base to 805,000 customers (on a 90-day activity basis), with a target of reaching 1 million. On a 30-day activity basis, Digicel now has 540,000 active customers. In line with customer growth, transaction value also grew significantly — from \$3 million to \$32 million worth of transactions per month in the same period. Comparing Digicel's MonCash and GSM customer churn between June 2016 and June 2017 reveals that churn is significantly lower for the MonCash business than for the GSM business. The numbers also show that customer retention is higher for MonCash than for the business that makes up the GSM numbers. As for the service's profitability, at the time of the relaunch MonCash was losing over \$1.2 million per year. However, it broke even in 2016 and expects to turn to a profit as the company expands into new products in the near future.

The success of the relaunch can be linked to MonCash's clear focus on better understanding and serving its customers. A deeper understanding of the customer-centric drivers behind the MonCash success allows other financial service providers in the Caribbean region and beyond to learn from this case study. Although Haiti has its own unique history and culture, as well as a challenging local environment, its experience with mobile money demonstrates that similar successes are possible elsewhere.

12. <https://www.digicelgroup.com/en/about/digicel-2030.html>

The customer-centric approach driving the success of MonCash

The customer-centric approach MonCash used to address the business challenges of customer acquisition, retention, and usage is best described by focusing on four main drivers: I.) customer value, II.) customer empowerment, III.) agents as customers, and IV.) change management.

I. FOCUS ON WHAT CUSTOMERS TRULY VALUE

The MonCash relaunch stripped the offering down to the part of the service that was most essential and relevant to customers: P2P transfers. Based on existing customer knowledge, it became clear that P2P was Digicel's main value proposition. Focus on this use case allowed the brand to concentrate on providing the best possible experience for customers performing P2P transfers, while at the same time targeting efforts to empower customers in understanding and actively using P2P transfers. Customers further embraced the option to buy airtime via MonCash and now a significant amount of such purchases in Haiti are conducted via the service. As customers become more familiar with purchasing airtime via MonCash, they become accustomed to the service and are more likely to utilize it in other ways.¹³

As a result, Digicel has experienced a reduction in the amount it spends on agent commissions for airtime sales. In fiscal year 2017, Digicel saved approximately \$2 million in airtime commissions — more than twice the amount saved the previous fiscal year. Nevertheless, through the payment of transaction commissions, a majority of these savings translate into new revenue streams for participating MonCash agents.

MonCash also focused on providing customer value by reviewing their service's pricing structure. The team decided to forgo some profitability in order to drive customer usage and volume, and positively impact customer experience through lower prices. To promote ease of trial and increase speed and frequency of transactions, P2P pricing was massively reduced by an average of 50 percent. Product affordability translated to decreased customer costs and lower barriers to adoption of the service.

13. http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2017/05/Mobile_Money_Humanitarian_Cash_Transfers.pdf



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Another important hurdle MonCash identified all along the customer journey related to a lack of agent liquidity, which led to an inability to complete customer transactions. As discussed in section III below, MonCash addressed the liquidity issue by focusing on the experience of agents themselves, providing them with the necessary support to offer positive customer experience to their own customers.

II. EMPOWER CUSTOMERS TO USE YOUR SERVICE

Low levels of customer awareness and education were a central impediment to a stronger launch of MonCash and mobile money in Haiti. To address the issue, in the summer of 2015 MonCash began undertaking one-on-one customer education, using 500 local educational sales representatives to educate customers about the service and walk them through the sign-up and usage process. Two-way communication between MonCash representatives and customers was established, creating an impact as awareness of the service increased and customers became comfortable asking questions about it. Although the tactic did deliver, it was still not enough to drive large-scale uptake and use. The MonCash team identified a remaining barrier: customers were not undergoing positive transaction experience and still faced difficulties understanding and using the service. In September 2016, MonCash decided to try something different. The team opted to pilot a method fully embedded into customers' social contexts and communities.

The pilot moved from using a one-on-one method to offering group “clinics” and interacting with entire communities — an approach that has enabled MonCash to reach scale. Digicel educational sales representatives worked with local agents to bring together as many people as possible from a community. At the clinics, customers were informed about the MonCash service and received support in signing up, but, more importantly, got to experience a hands-on trial exercise in P2P transactions. Educational sales representatives transferred e-money to clinic attendees' e-wallets to perform the trial, and those taking part were actively empowered by learning how to send each other P2P transfers. The new approach demonstrated that more customers signed up for the service and remained active. While quantitative data is not available to assess the approach, qualitative customer interviews showed that activity levels were a result of creating a support network within communities.

Five reasons for the success of the MonCash clinic approach

1. Customers are empowered through knowledge.
2. Customer trust is built by providing a safe trial environment for first-time use of the service.
3. A convincing first customer experience is delivered within a known social network.
4. Strong ties are built between customers — as well as between customers and local agents.
5. The approach is sustainable since it enables customers to provide each other with further support within the community, and continue this support after educational MonCash staff and agents have left.

III. YOUR AGENTS ARE ALSO YOUR CUSTOMERS

It is common knowledge that agent networks are crucial for driving customer awareness and providing good customer experience. A 2016 study revealed that “half of all users...learned about the existence of Digicel’s MonCash and learned how to use the service from a mobile money agent.”¹⁴ Agents are, therefore, another customer group that needs to be understood and served well by providers. Aware of this fact, the MonCash team analyzed and revisited the agent channel, looking to better understand their agents’ experience and pain points. As a result, the agent incentive and commission structure was overhauled to ensure that the MonCash channel offered a commission structure at parity (at least) with the recharge channel. This ensured that no disincentives existed for agents planning to adopt the new MonCash service.

“Involving MonCash agents was crucial to build the connection between our agents and our customers! Beyond agents, we aimed at creating a social support network for customers within their own community, composed of their peers. We learned that education about the service can be done within the community and among customers and that this leads to truly empowered customers.” — Tara Auguste, Director of MFS, Digicel, Haiti

14. http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2017/05/Mobile_Money_Humanitarian_Cash_Transfers.pdf



— photo by
Anthony Asael,
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One vital pain point MonCash identified all along the customer journey, but specifically relevant for initial customer interactions with the service, was a lack of liquidity at the agent level. Agent liquidity is crucial for customers to complete any transaction. To address this pain point and enhance customer experience, MonCash combined mobile recharge and MonCash channels. Agents could move from funding two working capital e-wallets (one for recharge and one for MonCash) to a single, consolidated MonCash e-wallet instead. This increased working capital efficiency for agents, improved liquidity levels available to agents for MonCash transactions, and improved customer cash-out success rates.

Digicel also invested heavily in building out its overall agent network to improve availability, expanding from 600 to more than 2,000 agents nationwide in the past two years.

IV. MANAGE CHANGE TO FOCUS YOUR ORGANIZATION ON YOUR CUSTOMERS

Building a strong focus on understanding and better serving customers implies substantial organizational change over the medium to long run. Such efforts require that internal and external organizational change is well managed.

In the case of MonCash, internally, the team's aim was to build on existing business knowledge by involving employees from the core telco business in the MonCash work. Experienced employees from operations, sales, and customer care were brought into the mobile money team to create a strong link with the core business, leverage existing infrastructure, and lower hurdles to change for the MonCash team. As the experience shows, coordination between the core telco business and the mobile money startup was crucial. MonCash was first able to leverage the sales infrastructure by including colleagues from sales. Building on existing relationships with sales teams on the ground, these employees made MonCash a priority.

As the service developed, it became increasingly important to leverage external partners that were strategically aligned with the MonCash vision and would allow the brand to grow further. MonCash recently began a new partnership with Sogebank, which is expected to facilitate the next growth phase through new products and services as well as improved agent liquidity management. Sogebank (formally known as Société Générale Haïtienne de Banque or the Haitian Banking Corporation) is among Haiti's three largest commercial banks. The partnership opens the door to new products such as ATM withdrawals, bank-to-e-wallet transfers, nano loans, and international money transfers.

“Ensuring the customer trusts that the product works is crucial for continued use. To build customer trust, we were able to link and leverage the recharge platform, which allowed agents to have liquidity within the platform for both of their businesses: recharge as a mature business and MonCash as a nascent business.

Leveraging the recharge platform in an effective way is not straightforward, but a critical part. In this way, we were able to enhance the customer experience and build trust, as customers were able to try out MonCash and have a positive first-time customer experience at the agents.”
— Selorm Adadevoh, CEO, Digicel, Haiti

Managing external partnerships can be a challenge, and alignment on objectives is crucial for success. Clearly defined communication channels and regular feedback loops are critical for coordinating activities, discussing progress, addressing bottlenecks, and creating common understanding. Having formalized service level agreements (SLAs) or other documentation with external partners in place and agreed upon is crucial. Digicel and Sogebank have such documents, which provides a clear understanding of all Digicel operational processes and ensures that Sogebank understands expectations and their role.

MonCash further partnered with FINCA, a nonprofit microfinance organization with affiliated local institutions in 21 countries, including Haiti. The partnership launched based on customer surveys and focus groups which revealed that 93 percent of FINCA customers owned a mobile phone with a Digicel line and wanted to be able to repay loans via mobile phone. The partnership allows MonCash customers to easily and securely do so; now, FINCA customers simply transfer cash to their e-wallet through a nearby MonCash agent and send their loan repayment via mobile phone. Customers no longer bear the monthly cost of a long, expensive, and sometimes risky journey to a FINCA branch.¹⁵ The partnership demonstrates how, with aligned objectives and strategic vision, partners can together become more customer-centric and enhance the experience customers have with their service.

These four drivers of MonCash success show how, if done right, a focus on better understanding and serving customers can drive substantial customer uptake and growth. There are many pathways an organization can take to become more customer-centric. The case of MonCash in Haiti depicts one approach that may be helpful for others looking to replicate its success in the region. Their journey, however, is just beginning. Further challenges lie ahead as MonCash continues to grow and explore new ways to better serve its customers.

15. <http://www.finca.org/blogs/4-ways-finca-brought-new-life-to-mobile-payments-in-haiti/>



— photo © Digicel Haiti

Remaining challenges on the long journey toward customer centricity

Building on its recent success in tackling the three business challenges of customer acquisition, retention, and usage, the MonCash team plans to further enhance the service offering and continue responding to customer needs. Additional offerings are in the making, including the provision of digital credit, international remittance services, bank to e-wallet transfers, ATM withdrawals, and expansion of the MonCash biller network. To effect these changes, MonCash is investing in upgrading its local technology platform. Several hundred thousand dollars has recently been allocated to the platform upgrade, a worthwhile investment for enhancing the product as well as the risk and security side of the MonCash business.

Moving forward on its customer-centric journey, the MonCash team plans to dive deeper into understanding the active customer base they successfully acquired over the past few years. With a substantial number of customers now actively using MonCash, the next step is to acquire an even more detailed understanding of these customers by analyzing customer journeys — from awareness to trial to usage, identifying different user segments,¹⁶ and specifically looking at MonCash “super users.” These efforts will allow Digicel to rethink the design of P2P services for specific sub-segments and design new services that truly fit customer needs.

Having executed so well in Haiti, the MonCash team continues to aim high. Early stage discussions are ongoing on leveraging the Haiti approach to roll out mobile money in other countries where Digicel operates. If conditions are right, it can be done. Requirements include low availability of alternative, non-cash options for informal payments; a large, unbanked population; and a high need to transfer or exchange cash frequently over short or long distances, to name a few. For one, Selorm Adadevoh believes that *“We made it work in Haiti. This approach can also work in other areas of the Caribbean.”*

16. MonCash has a strong background in using segmentation since Digicel worked with CGAP in 2015 to test the CGAP Customer Segmentation Toolkit, (<http://www.cgap.org/publications/customer-segmentation-toolkit>), part of the CGAP Customer-Centric Guide (customersguide.cgap.org).

