



# Making Waves

Implementing Digital Finance  
for Sustainable Water Supply

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August 2018*



## What is digital finance?

**Digital financial services** are **payments, credit, savings, and insurance** that are delivered using **digital channels and technologies**

### Digital Channels:

- Mobile phone
- Credit/debit cards
- Internet
- Smartphone applications
- Blockchain

*Financial*  
↓

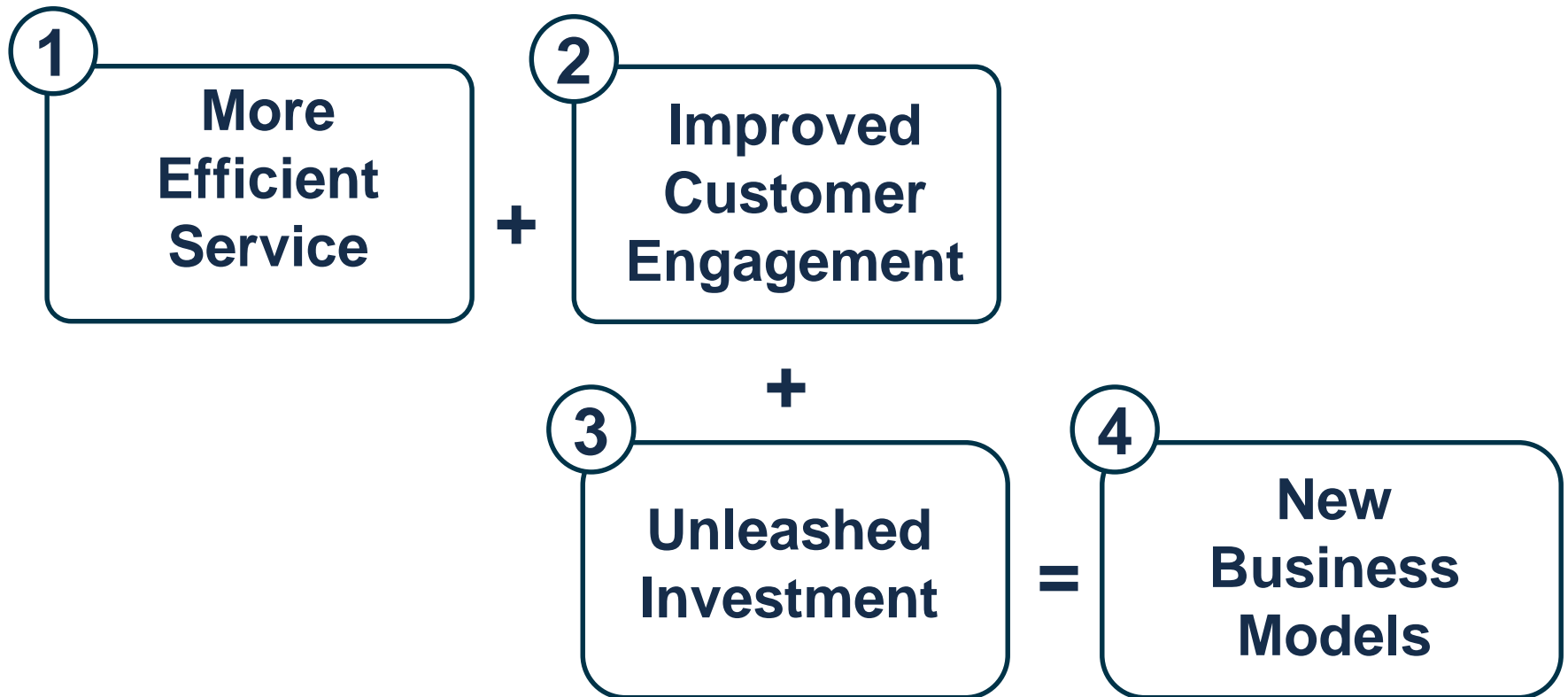
### Digital Technologies:

- Mobile money
- Mobile banking
- Internet banking
- Electronic money
- Cryptocurrencies

**247 million** active mobile money  
accounts in December 2017

## Why does digital finance matter?

**Digital finance can help millions more people to access essential services such as water, health, education, and energy**



What can digital finance do for water & sanitation?

**CGAP has identified four potential areas of impact:**

# Landscaping of Digital Payments for Water 2018 Evaluation of Digital Finance in Water



&



Partnered to  
explore the current  
state of digital  
payments in WASH



Photo: © Jonathan Ernst/World Bank



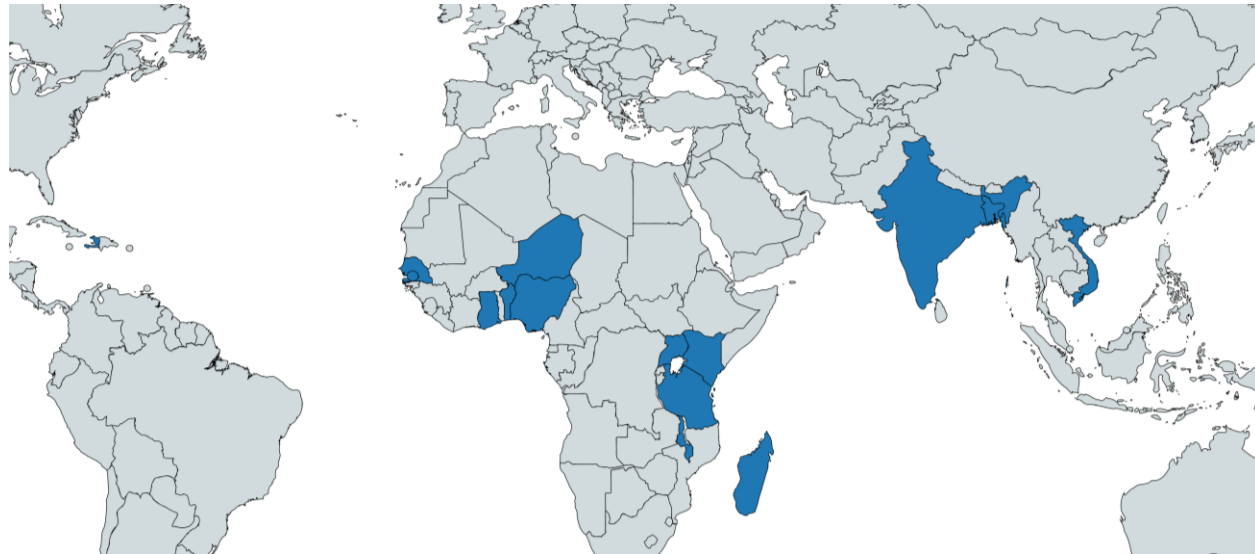
# Landscaping of Digital Payments for Water

We spoke to 22 water-oriented organizations

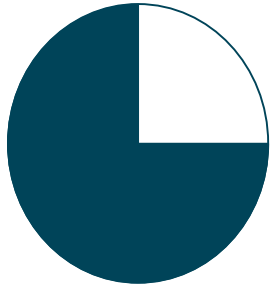


## Who we spoke to: Types and Geographies

- 5 Urban Utilities
- 6 Small Water Enterprises
- 3 Hardware Manufacturers
- 6 B2B Service Companies
- 2 Sanitation Providers
- 1 WSS Donor

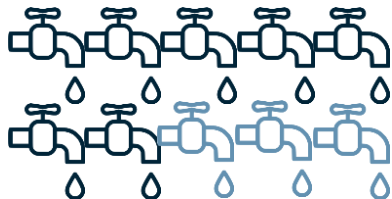


Results: This is where our interviewees are



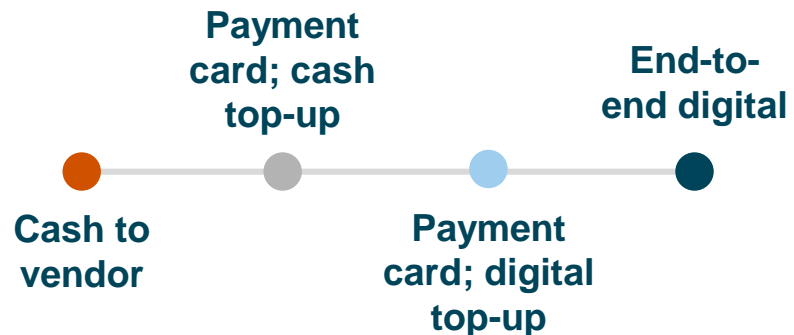
**9 out of 12 providers that collect customer revenue are accepting digital payments**

**Mobile payments ranged from 0 to 38% of revenue collected. The leader took five years to reach that level**



**7 out of 10 companies offering hardware or B2B services work closely with digital payments**

**Most communal points are semi-digitized**







## Key Findings

Cost savings are the major driver

*“[providers] are not going to increase the prices, so only way to increase revenue is to sell more or reduce costs”*

- HH Toilets: **\$1.10** per cash collection, **\$0.05** per mobile
- Utility: Cash collection costs **3.3%** of monthly revenue
- Container sanitation: collections are **15%** of pricing
- Small water enterprise: **20%** of revenue to vendors

Key Findings

Data

*“No one was sure what the revenue status was”*  
*Halima Murunga, Wonderkid*

**Many respondents did not know baseline measurements**

**Impossible to quantify return on investment**

**And no one was using payments data to influence business decisions**

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"So things are good, stuff is OK, and I reiterate my request for more specific data."

## Key Findings

### Integration and Activation



- **Can take over a year to integrate**
- **Do not underestimate how much help people will need**
- **Usage is constrained by a lack of other usage**
- **Beware fee structures that keep customers on cash**

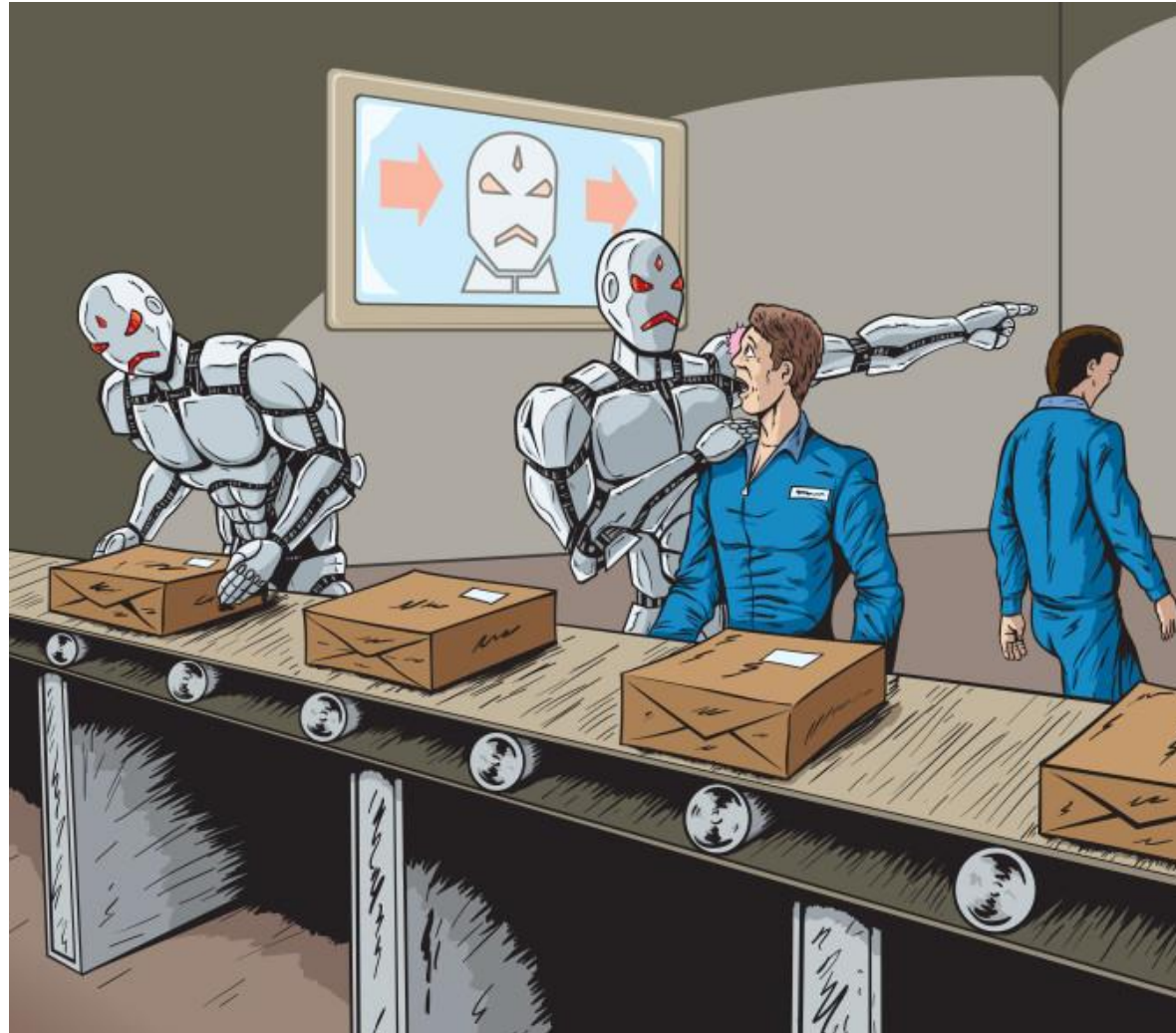
*"When there is coverage, the payment for water is very small, a micro-payment even, and the transaction fee makes it prohibitive."*

## Key Findings

# Workforce automation is a real concern

*"If we could move all payments to digital, we would be happy. Staff **could work on other tasks**, it would reduce transport and security costs, and customers would have added convenience"*

- Multiple providers could not or would not reduce their staff
- Digitization requires finding more productive work for people whose jobs were cash-based







## Conclusion

Great expectations,  
tempered by reality

### Digital finance can help:

- Establish fully-automated service points
- Scale prepaid water (“there is no prepaid meter without mobile money”)
- Combine financing with usage

But no technology can solve for a lack of management, robust processes, or customer centricity

## Links to CGAP Reports

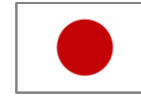
### ***CGAP Brief: Digital Finance & Sustainable Water for All***



### ***Digital Finance for the Real Economy: Water***







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