

Mobile Money Tipsheet:

Common Myths about Mobile Money

USAID promotes increased access to and usage of mobile financial services in order to deepen financial inclusion, accelerate broad-based economic growth, and instill transparency into funding flows. These tipsheets are intended to assist USAID implementing partners in Bangladesh to more effectively make use of these services.

From the Beneficiaries' Viewpoint	
Myth	Fact
<p>Mobile money is NOT SECURE The most common questions around mobile money are “What happens if I lose my phone?” and “Do I lose money along with the phone?”</p>	<p>A Mobile-PIN (MPIN) is required to execute a mobile money transaction. Even if the mobile phone is lost, the mobile money account will still be active and money in the wallet will not be accessible by others. Once a user has a replacement SIM, he/she can re-link his/her mobile money account to it by contacting the service provider.</p>
<p>Agents can STEAL customers' money Mobile money agents can conduct transactions on behalf of customers, therefore it is possible for agents to run away with the customer's money or to overcharge.</p>	<p>Customers using their own mobile money accounts are generally safe from agent theft or overcharging, as all transactions are cleared through the mobile money service directly. The biggest threat of theft for mobile money account users is providing their PIN to someone else, such as an agent. Over-the-counter transactions, which are technically illegal in Bangladesh, also carry the risk of an agent overcharging or theft for unsuspecting customers. Awareness of these risks is key.</p>
<p>Mobile money is TOO EXPENSIVE The transaction fees for using mobile money are too high for our organization and our beneficiaries.</p>	<p>In many cases, the fees associated with mobile money are actually lower than the cost of transporting cash. Mobile financial service providers also allow corporate accounts to pay the fee for cashing out on behalf of their recipients, ultimately making the transaction cost free to the receiver. For a quick overview of the cost benefits of using mobile money over cash payments from an organizational perspective, see this infographic.</p>
<p>Opening a mobile money account is TOO DIFFICULT The process for opening a mobile money account is too burdensome for most of our beneficiaries.</p>	<p>To open an individual account, each person is required to complete a Know Your Customer (KYC) form, provide a passport photo, and a copy of a national ID card, citizenship certificate, driver's license, or passport. This can be a challenge for some, although even organizations working with remote populations in the Chars have been able to help their beneficiaries to open accounts (see Mobile Money Snapshot on Chars Livelihoods Program to learn more).</p>
<p>A bank account is REQUIRED to open a mobile money account Customers need to have a bank account in order to use mobile money.</p>	<p>A bank account is not required to use mobile money. Per Bangladesh Bank's regulations, however, banks must ensure that a “mobile account” is opened for each customer using mobile financial services. Mobile accounts are held by the bank issuing the account.</p>
<p>Mobile money DOES NOT EARN INTEREST No interest is earned by saving money in a mobile wallet compared to a bank account.</p>	<p>Mobile money wallets earn interest, as required by Bangladesh Bank's regulations. As with a traditional bank account, interest rates vary by bank.</p>



From the Organization's Viewpoint

Myth

Fact

Mobile money is TOO COMPLICATED

Using mobile money will require us to institute new financial processes and may require additional work from our staff.

Using mobile money does not necessarily require additional processes, and in many cases it can actually reduce the workload of your staff. See these case studies of [WorldFish](#) and [Dnet](#) to learn about the benefits experienced by their staff after switching to mobile money.

Mobile money transactions have LOW LIMITS

The daily limits for mobile money transactions are way too low to meet the requirements of our organization.

Although the Bangladesh Bank sets daily and monthly transaction limits for individual accounts, those limits do not apply to corporate accounts. Corporate accounts can transact without any limitations.

Mobile money accounts can become DORMANT

Mobile money accounts become dormant if there are not any transactions made in a certain period of time, and once it is DORMANT the process for activating the account is cumbersome.

If an account does not have any transactions in a certain period of time, it is considered inactive for the purposes of reporting to the Bangladesh Bank. As soon as a customer wants to make a transaction, the account is automatically activated. The bigger risk is from a customer's SIM card being turned off due to lack of airtime top-up or usage. This is most often a problem when organizations distribute SIMs to individuals with the sole purpose of sending money to them, as those individuals might not use the SIM for airtime usage.

Mobile money can be extensively misused for MONEY LAUNDERING

Mobile money accounts are not a regular bank account and can therefore be easily taken advantage of for money laundering.

Per Bangladesh Bank's regulations, mobile financial service products need to comply with Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) requirements. This is enforced by KYC-based account opening, limits and rules on transactions and mobile wallet balances, and reporting when similar transactions are operationally detected. Although no transaction type is completely safe from money laundering, mobile money does have fairly stringent requirements in place to reduce the likelihood of its use for money laundering.

The PIN code is UNCHANGABLE

The PIN is generated at the time of opening an account and cannot be changed, so there is risk that beneficiaries will lose access to their accounts if they forget their PIN.

The PIN code can be easily changed by calling the provider's customer care line or through the service's USSD menu. Organizations should remind individuals to protect their PIN code and not share it with anyone, not even an agent, to ensure security.

DISCLAIMER

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