



# AFTER-ACTION REPORT: PEG AFRICA



## SUMMARY

In September 2016, USAID—as part of its commitment to Scaling Off-Grid Energy (SOGE) Grand Challenge for Development—provided a \$150,000 grant through the **Development Innovation Ventures** program to **PEG Africa** (PEG) to test and prepare for scale three pilot mobile money tools in Ghana. Founded in 2013, PEG Africa is now a leading PAYG solar provider in West Africa, with operations in Ghana, Senegal, and Côte d'Ivoire. In 2016, the company sought to identify ways in which it could better integrate mobile money into its largely cash-based business model. Mobile money has contributed to the rapid scaling of PAYG solar sales in East Africa, where it is far more prevalent than in West Africa. USAID saw great value in assisting PEG find ways to enable customers to more easily and reliably pay for their energy, while also smoothing the path for PEG and potentially other companies to rapidly scale in underserved West African markets.

The three payment solutions PEG proposed to test included:

1. **Pay Over the Phone (POP)** - customers can pay over the phone with their own mobile wallets by calling an agent at PEG's call center
2. **STAR** - a streamlined process by which customers can use their feature phone to pay from their own mobile wallet by dialing a shortcode (e.g. \*356\*1#) rather than the telco universal code \*190\*1\*3\*2#. This results in fewer steps than existing pay-by-text processes.
3. **Third Party Agents** - working with a third party to deploy a network of mobile money agents to key areas, equipped with appropriate liquidity and tools to work closely with PEG customers and improve payment rates.

With all three innovations, PEG sought to address ease of use, availability and accessibility of mobile money for its customers. Users of the POP and STAR mobile money solutions did not increase the value of their monthly repayments beyond the minimum owed; however, because users found the simplified menu and payment process easier and more convenient, they did not have to rely on others (e.g. educated relatives, a PEG personnel, or a mobile money agent), were less likely to default and became more timely and consistent with their repayments. Customers are then able to pay off their systems quicker and become eligible for other add-on loans. The two solutions, contributed about 20% to all company payments received per month. The new solutions increased payments made through customers' own mobile wallets to 28% and reduced defaults.

## KEY FACTS

**Date of award:** September 2016

**SOGE Grant:** \$150,000 USD

### Grant Milestones:

Pilot three payment solutions to increase payment value & frequency; increase overall mobile money usage; and decrease the number of delinquent/blocked accounts

**Timeframe to achieve milestones:** 12 months

**Milestones achieved?** Mixed

### Results:

#### POP - used by 2,500 customers

- All POP customers use their own mobile money wallet (versus 32% overall) with 72% of pilot participants continuing use.
- 1% decrease in blocked accounts (typically 6-7% for full portfolio).
- 7% increase in 'good payer status'

#### STAR - used by 5,000 customers

- The value of payments did not increase but the frequency was higher, and delinquent/blocked accounts lower.
- Increased customer's own mobile money usage

#### Mobile Money Agents

- 44% improvement in the value and speed of payments
- 17% increase in the volume of active customers
- 75% decrease in blocked customer accounts



PHOTO: PEG AFRICA

**INSIGHT:** Despite slow adoption, pay over the phone (POP) increased and sustained customer utilization of their own mobile money wallets, resulting in more consistent and timely payments

Due to the perceived cost of calling the call center, mobile connectivity issues, and PIN failures, there was slow adoption of POP. PEG addressed these issues by in-house testing and tighter service level agreements to ensure the system was working properly; communicating the additional benefits of using the call center (such as the ability for customers to check their loan balance); implementing a phone menu tree/Interactive Voice Response (IVR) system to assist illiterate customers; and working with customers to create a quick-dial entry in their phones for the call center. Their efforts led increased usage of POP, which ultimately led to a reduction in defaults, increases in the volume of regular payments/revenue, and improved

customer engagement with the company.

**INSIGHT:** While frequency of payments go up and defaults go down using shortcodes/STAR, user difficulties can easily revert customers back to using mobile money agents

During the pilot, PEG experienced recurrent issues with the resilience of the third-party payment gateway which contributed to delays in processing payments, leading to significant drops in the continued use of shortcodes/STAR. Once customers encountered difficulties, they easily lost their trust in STAR and reverted to their local mobile money agent for payments.

**INSIGHT:** Mobile money agents can dramatically decrease defaults and increase the value and frequency of

repayments, but their effective use requires decentralized recruitment and properly aligned incentives to balance between servicing existing customers and generating new ones

While recruitment of quality candidates is often an issue, decentralized hiring can speed the process.

**INSIGHT:** Companies using these new tech-aided solutions must effectively communicate about them to avoid overwhelming customers and to gain their trust in the technology as well as educate and empower their staff to utilize them

- Although the breadth of payment options is a net-positive, it is important for sales personnel to be effective communicators, able to explain the intricacies of the different options to new customers.
- Customer trust is critical and can be easily and quickly eroded. Regaining trust is difficult even if the cause is quickly addressed. Prioritize quality of service rather than speed of deployment of technology.
- Connecting staff members with customers who are excited about new tools is the best way to build support among the team for new processes they may be hesitant to adopt. This was demonstrated regularly with POP, as call center agents who now had additional responsibilities became advocates once they saw how well-received it was from customers.