

FINAL TECHNICAL REPORT / RAPPORT TECHNIQUE FINAL PROSPERA DIGITAL PHASE II: FINANCIAL INCLUSION FOR LOW-INCOME WOMEN IN MEXICO PROJECT NUMBER: 108484-001 FINAL TECHNICAL REPORT, APRIL 2019

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Prospera Digital Phase II: Financial inclusion for low-income women in Mexico
Project Number: 108484-001

Final Technical Report, April 2019
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SUMMARY

IDRC awarded DIRSI- now Centro Latam Digital (CLD)- funding in April 2017 to continue building on what was previously DIRSI's role in providing evidence-based recommendations and coordination support to the Office of the President of Mexico in the past administration during the pilot and post-pilot phases of the Prospera Digital program. Prospera Digital sought to implement a strategy to improve the way Prospera beneficiaries receive, access and use their conditional cash transfers and financial services through digital technologies by fostering an ecosystem of cashless transactions, facilitating access to financial services through digital solutions, and promoting financial education among women.

This grant was provided to cover the costs of key activities including: developing a mid-term project roadmap for the Office of the President; designing and executing a rigorous evaluation that measures the impact of the pilot and identifies barriers and opportunities for scaling; disseminating key findings and results of the pilot program; and providing research and general coordination support for scale-up activities following the pilot.

The pilot program was intended to be implemented during early 2017- Spring 2018, to test different strategies aimed at increasing the use of card payments and uptake of financial services among 10,000 beneficiaries of Prospera, Mexico's largest conditional cash transfer program, and to identify barriers and solutions for scaling up to the full universe of seven million of the poorest families in Mexico.

CLD provided expertise in the design of the pilot and coordinated the implementation of research and evaluation activities associated with Prospera Digital. However, due to delays in obtaining approval and required information from government stakeholders such as the social development bank Bansefi, in addition to a change in Prospera's priorities after the September 2017 earthquakes, and finally, a four month pause in social programs for the 2018 presidential elections in Mexico, pilot program activities concluded in April 2019. Despite the delays, in the end Prospera Digital reached a universe of more than 300,000 Prospera beneficiaries, significantly more than expected at the beginning stages of the project.

CLD worked closely with Prospera leadership to define the universe of beneficiaries who were included in the large scale migration process to card payments from July-October, and finalized the evaluation methodology. CLD in collaboration with CIDE experts also lead the design of a household survey with 4,500 beneficiaries interviewed in the state of Hidalgo to analyze key indicators such as labor participation, transfer and retirement time, savings and spending, security in obtaining and using funds, women's welfare status and intra-family relationships. It also analyzed the differentiated effects of women receiving text messages throughout the migration process with SMS notifications of payment, financial advice and reminders.

The following report includes a summary of the main activities implemented and an analysis of the mid-term impact of Prospera Digital interventions on the wellbeing of Prospera beneficiaries.

BACKGROUND

Prospera is Mexico's largest social assistance program and the world's second largest conditional cash transfer program. It currently supports 7 million low-income families, or about 30 million

Mexicans (a fourth of the country's population), through direct monetary transfers. Prospera has been recognized as a successful model for social inclusion internationally.

Today, Prospera benefits include about \$80 USD for families with children in primary and secondary school, and up to \$146 USD for families with children in high school. These are provided directly to female heads of household by wire transfer to their BANSEFI (social development bank) accounts or to BANSEFI physical cash-out locations. A number of conditional cash transfer programs have begun to digitize their processes yet very few have used digital technologies to transfer the funds directly to the beneficiaries. Transforming the reception of payments through digital banking can significantly reduce the problems of access and security as well as transaction costs for the government. Chile, Colombia and Peru, for example, have included electronic banking components to service their beneficiaries. All of them rely on a heavy financial education component, in an effort to ensure adoption.

Given the cost-effective advantages of digital transfers as well as the potential benefits of financial inclusion to beneficiaries, Prospera initiated a process of migrating women from cash transfers to a the digital delivery of financial resources . The vast majority of Prospera recipients have little to no experience with basic banking services such as savings accounts and credit. Almost 80 percent of the women who are recipients of the program live more than 4 km away from retail banking locations, and it takes them more than 30 minutes to reach a bank. In addition, the majority will spend more than \$3 USD to get to the banking locations, amounting to double the average daily income of the low-income population.

While technological advances to digital payments systems have been made, the Mexican government continues to face barriers to providing effective financial inclusion and literacy for its most vulnerable citizens. The current payment delivery system is highly inefficient both for the government and Prospera recipients. The logistical and security challenges of transporting over \$4 billion USD to about 120,000 communities across Mexico on a bimonthly basis are apparent. From the perspective of Prospera families, beneficiaries incur additional costs related to transportation and labor opportunity, as well as risks associated with receiving payments in cash.

Prospera Digital is based on the hypothesis that migrating to a digital payment system would increase financial inclusion of beneficiaries and potentially reduce household poverty levels, reduce program costs and mitigate security risks for the government as well as Prospera recipients. It would also simplify business transactions and generate more economic activity under formal mechanisms through the development of formal transaction ecosystems. This also ensures future uptake of mobile banking and other digital financial inclusion solutions aimed at compensating the lack of physical banking infrastructure in Mexico's more rural areas.

Moreover, evidence suggests that much of the infrastructure is already present for migrating to digital payment methods, financial inclusion SMS messaging, and in the future, a mobile payment platform. According to Mexico's National Institute of Geography and Statistics, currently more than 92% of Mexicans have access to cell phone coverage and, more importantly, 75% of the 120,000 Prospera localities have no physical banking infrastructure, but are covered by cell phone networks. Furthermore, 52% of current Prospera beneficiaries already own a cell phone.

In 2016, Prospera Digital (PD) working group partner Women's World Banking conducted qualitative fieldwork to understand the spending patterns and client experience of Prospera beneficiaries. Their

findings confirm that Prospera's current cash-transfer payment system results in high-costs incurred by beneficiaries accessing their bi-monthly payments. On average, women spend up to eight hours between traveling to a cash out point, waiting for their disbursement, and returning to their home localities. In addition, women spend up to 52 pesos total during this process, between expenses related to transportation to receive their cash payments (17 Mexican Pesos) and conducting balance inquiries (35 Mexican Pesos). Furthermore, receiving their cash payments in lump-sum has several drawbacks, including vulnerability to theft, and lower rates of saving and increased temptation spending.

Given the opportunity to promote the financial inclusion of Prospera beneficiaries through mobile services, CLD supported the Coordination of the National Digital Strategy (CEDN) of the Office of the President of Mexico in the process of collaboration with the Ministry of Social Development (SEDESOL), Prospera, the National Bank of Savings and Financial Services (BANSEFI) and the Ministry of Finance (SHCP) in the design and implementation of a payment digitalization and financial inclusion pilot called Prospera Digital.

The principal activity was to implement a pilot program that would identify and analyze the key barriers for the digital disbursements of Prospera payments and the implementation of a digital payment system, including adoption barriers among beneficiaries and local merchants. Furthermore, the pilot sought to analyze the impact of migration to a cashless payment system and if that change affects consumption patterns and the use of other financial services by beneficiaries. Finally, it also explored the potential impact on beneficiaries' financial behaviour by providing financial education messaging through an SMS platform to complement Prospera in-person financial training required for beneficiaries.

OBJECTIVES

The overall objective of this project was to generate high-quality research to support the Office of the National Digital Strategy within the Office of the President of Mexico for the design, implementation and scale-up of the Prospera Digital program. The objective of Prospera Digital is to improve the way Prospera beneficiaries receive, access and use their conditional cash transfers and financial services through digital technologies, and increase the social and economic impact of the Prospera program.

More specifically, this project intended to:

1. Provide research leadership and evidence-based recommendations to the Prospera program to address opportunities for streamlining digital financial services, integrating additional financial services and mobile tools and addressing potential adoption barriers for the long-term implementation of the program;
2. Lead the design and implementation of a rigorous evaluation methodology to measure the impact of the pilot and to inform future iterations of the program to promote financial inclusion; and
3. Provide support to the Office of the President in the design and initial implementation of scale-up of Prospera Digital.

For the 24 months, CLD built on its previous research and analysis conducted in Phase I of the project in 2016 to inform the Prospera Digital strategy aimed at transitioning beneficiaries currently receiving Prospera transfers in cash to a cashless payment ecosystem. CLD led the coordination of project activities within the Prospera Digital working group, in partnership with the Office of the President,

and led the design and implementation of research and evaluation activities. Below is a summary of the main project activities and outcomes.

PREPARATORY RESEARCH SURVEY

March-July 2017	August 2017	Sept-Oct 2017	Nov-Dec 2017	Jan-March 2018	April-June 2018	July-Oct 2018	Jan-Mar 2019	
Prep research survey	Banking Agent Trial	Transition prioritization plan and timeline	Activity suspension due to September earthquakes	Field research for transition protocol design	Pre-pilot to test transition protocol	Transition protocol adaptation	Large scale transition pilot	Endline Survey and Impact evaluation
					In field qualitative analysis and monitoring			
					Prospera operations pause due to elections			

In spite of growing evidence of the benefits of mobile payment solutions to provide financial inclusion for the unbanked (Suri and Jack, 2016; Ghosh, 2016; Kikulwe et al., 2014; Sihvonen, 2006; Mariscal et al., 2016), the first Prospera Digital Expert workshop that was held in May 2016 as part of Phase I activities revealed much skepticism among attendees about readiness or interest from Prospera beneficiaries in a mobile payments solution. Among the most skeptical were some of the Prospera and Bansefi staff who would be instrumental in the implementation of Prospera Digital.

That is, while the project was launched with high level support from the Office of the President and the approval from heads of both Bansefi and Prospera, it was important to provide evidence to back the project's objectives and garner institutional support. For this reason, one of the main priorities of the pre pilot phase was to gather more context specific information to advise the pilot design based on observations of the target population, in particular in terms of readiness and interest in a prospective mobile banking solution. This would help assess the potential limitations and barriers of the uptake of a digital payments solution. To this end, CLD along with working group partner Qué Funciona para el Desarrollo (QFD) conducted a rigorous randomized field survey with 19,000 beneficiaries in 34 localities in the Mexican states of Puebla, Chiapas and Yucatan during the spring of 2017.

The objective of the survey was to acquire information on:

- Financial behavior of Prospera beneficiaries, in particular withdrawal and use of Prospera benefits;
- The current costs (money / time) associated to collecting their benefits; and
- Access of beneficiaries to cell phones, familiarity with mobile solutions and their perceived advantages and concerns around a mobile banking solution.

This was a representative survey of beneficiaries receiving their Prospera payments through different methods (in person payment events, card deposits and other payment channels) in diverse communities across these states. Participation in the survey was voluntary and responses were anonymous. This study provided evidence to support that a mobile payments solution would be well received by Prospera beneficiaries. The survey detected high levels of mobile phone ownership among respondents and interest in a mobile payments solution with 44% of participants claiming they would use a payments app if it were offered to them. As was expected, there were variations in

these responses, which reflect differences in age and years of experience using mobile phones. These results also pointed to the perceived benefits of a digital payments solution with savings in time and money as the most salient features. However, beneficiaries revealed concerns regarding using a mobile payments solution, such as not receiving the money, not being able to make a payment due to network failure or making mistakes when trying to transact. Another key finding of this study was that even though all Prospera beneficiaries are Bansefi clients, few of them have a clear understanding that they are bank account holders. This information was critical to understand beneficiary perception of their financial services with Prospera and the obstacles to sustainable spending and savings habits, which in turn inform the future design of program interventions.

While the survey was being designed and prior to its application, a work session was held on January 2017 with implementing partners BIT, Women’s World Banking, CIDE and QFD along with both Prospera and Bansefi to discuss the next stages of the project. Specifically, the working group was interested in gathering information from Bansefi in terms of when the mobile banking solution could be launched and structuring a project timeline in which implementing partners would carry out several activities to streamline and facilitate the onboarding and training of users. This workshop was particularly relevant at this time given that between October of 2016 and January of 2017, Bansefi’s directors were substituted three different times, a fact that not only altered the initial project timeline but also resulted in changes of strategy and priorities for the bank. During this workshop, we identified weaknesses in Bansefi’s readiness to launch the mobile banking app, which was purportedly in final stages of development since mid 2016. Bansefi’s vulnerabilities included technical difficulties in ensuring app functionality with Bansefi’s outdated banking core and a complicated mix of online and offline activities associated to the onboarding process. Moreover, the bank’s representatives offered contradictory information about the necessary steps and conditions under which the app could be launched. Bansefi staff confirmed that given the administrative changes and technical difficulties, an estimated date for launching their mobile app would be no earlier than Fall of 2017.

BANKING AGENT TRIAL

March-July 2017	August 2017	Sept-Oct 2017	Nov-Dec 2017	Jan-March 2018	April-June 2018	July-Oct 2018	Jan-Mar 2019	
Prep research survey	Banking Agent Trial	Transition prioritization plan and timeline	Activity suspension due to September earthquakes	Field research for transition protocol design	Pre-pilot to test transition protocol In field qualitative analysis and monitoring	Transition protocol adaptation Prospera operations pause due to elections	Large scale transition pilot	Endline Survey and Impact evaluation

Because of the constraints and limitations to making any progress on launching the digital payments solution, the working group agreed to proceed with a trial to increase uptake of financial services among Prospera beneficiaries who already received their funds digitally. Findings from the qualitative research performed during Phase I revealed that beneficiaries who were receiving Prospera funds digitally were not aware that they were Bansefi clients, even though they have a Bansefi card, are able to transact and use ATMs and have a fully functional bank account to their

name. The research findings attribute this to the spread of misinformation and confusion among beneficiaries about the difference between Prospera the program and Bansefi the bank. This limits the adoption and use of available financial services, and would therefore be a barrier to the uptake of any future mobile banking solution. With this in mind, a trial was designed with the objective of increasing awareness and providing beneficiaries with information about their Bansefi accounts and other financial services associated to it. In particular, the trial aimed to motivate the use of these financial services via banking agents. There is a body of literature that supports the role of banking agents as a means to promote financial inclusion. At the time of the trial design, Bansefi was launching their own banking agent services in partnership with Yastas, a network of mom and pop shops with capillarity in a significant number of Prospera localities. The trial aimed to inform beneficiaries about this service and motivate women to use Yastás agents to make use of their accounts and financial services such as balance checking, withdrawals and deposits.

CLD supported working group partner Behavioral Insights Team (BIT) in the design and implementation of this trial. The intervention had two components. The first was a training session and materials developed by Women's World Banking (WWB) for Prospera's bimonthly meetings with beneficiaries. In the participating localities, women were informed about their ability to withdraw cash, make balance consultations and other bank services at Yastás stores. Close to 19,000 women received this information through the training sessions. The second component was targeted at banking agents belonging to the Yastas network. The agents were provided with promotional material to inform Bansefi clients about the available banking services and store owners received text messages with reminders and motivation to complete more than 20 transactions with Prospera beneficiaries within 2 months. The intervention was applied through May 2017 with 130 Yastás stores in 11 states and 28 localities where Prospera beneficiaries are present.

The results of this trial were promising. Not only were both components effective at increasing transactions at Yastas banking agents but the agent intervention resulted in almost tripling the likelihood that beneficiaries use Yastas agents at least once. This constitutes a clear impact in terms of policy lessons that could be applied to other national cases. That is: the design of a financial inclusion program should address the knowledge gaps in the different actors involved in a payments ecosystem and how these can be addressed via different capacity building channels.

By conducting this trial, the Prospera Digital working group was also able to ascertain the effectiveness of Prospera bimonthly meetings as a channel to deliver information to beneficiaries. As will be described below, this was a critical factor for future stages of the project.

Attempts to Securing Financial Technology and a Mobile Banking Solution

Throughout the different stages of the project, one of the consistent findings from our field research has been the cost of lack of access to basic information of beneficiaries to their accounts. The lack of access to a cost and time effective basic information about their bank accounts places beneficiaries at a great disadvantage. A simple balance check requires many to travel to the nearest ATM and spend money on commissions due to the limited presence of Bansefi infrastructure in the country. This explains the high demand from beneficiaries for a mobile banking solution for balance consultation, payment notifications and even digital transactions.

For this reason, the working group made consistent efforts to persuade Bansefi into following through with a mobile banking solution for its clients. In Phase I of the project in 2016, user testing

with Prospera beneficiaries was conducted in the field using a mockup of the mobile app Bansefi was planning to launch. Findings from these user tests were positive and showed that in spite of a few necessary modifications, the app had a user friendly design and had potential for uptake. However, as previously stated, more substantial technical issues related to Bansefi's core banking system surfaced, which stalled the launch of the mobile banking tool. The working group then proceeded to provide Bansefi with an in depth analysis of different options the bank could offer its clients temporarily as a substitute of the mobile banking app. These options included interactive voice recognition, SMS and USSD for balance checking and integration with an external financial technology company for a wider array of services. Each one was analyzed in terms of functionality, feasibility and security. This was submitted to Bansefi for consideration in early 2017, with an offer for support in terms of testing and making further technical analysis.

However, the project faced two main challenges which derailed the original objective of launching and testing a digital payments solution. The first was that due to the continuous administrative changes and the technical challenges Bansefi faced and thus the mobile banking app became less of a priority for the bank. The second challenge was that high level leadership from the Office of the President was intermittent and there was limited involvement when it came to addressing the they key barriers to offering a digital payments solution.

One of these barriers was Bansefi's banking core, it would have been necessary to push for investing and modernizing it to allow improved services for clients, including the possibility to offer a mobile banking app. Another important barrier was the inability of private banks to participate in the disbursement of Prospera benefits. By decree, Bansefi as the social development bank is the only institution that can disburse Prospera funds. This eliminates the option of finding alternatives to launch and test digital payment solutions with other actors, and this also limited the project to Bansefi's possibilities and priorities. The political stakes associated to both of these barriers were high and this possibly prevented the project proponents in the Office of the President from addressing them. Notwithstanding, the Office of the President was critical in finding alternatives to ensure progress towards financial inclusion of Prospera beneficiaries, albeit within the constraints previously mentioned.

The administrative changes in Bansefi also resulted in appointed staff that was much less willing to participate in the project, in spite of attempts by the Office of the President to involve high level leadership from the bank. Collaboration with Bansefi diminished and continued to wane throughout the end of the administration's term and the possibility of focusing the pilot on testing a digital payments solution was cancelled. An essential lesson learned in these initial activities is that a state-led program of financial inclusion through digital solutions requires not only high-level commitment and active support but also a basic level of stability in the appointment of public officials. This specific project required political will of the state actors involved and having constant high level administrative changes took an important toll both on the projects timeline and objectives.

Making the Case for Transition to Cashless Payment Systems

March-July 2017	August 2017	Sept-Oct 2017	Nov-Dec 2017	Jan-March 2018	April-June 2018	July-Oct 2018	Jan-Mar 2019	
Prep research survey	Banking Agent Trial	Transition prioritization plan and timeline	Activity suspension due to September earthquakes	Field research for transition protocol design	Pre-pilot to test transition protocol In field qualitative analysis and monitoring	Transition protocol adaptation Prospera operations pause due to elections	Large scale transition pilot	Endline Survey and Impact evaluation

In the aforementioned context, the objectives of the project were shifted towards Prospera disbursement methods. Prospera began efforts to card beneficiaries and deliver funds via electronic transfers in 2009. The decision on which families could receive digital payments and which would receive cash payments was based on an analysis of the distance of each locality to ATMs and Bansefi branches. The basic criteria was that families receiving Prospera payments through debit cards should live at a distance of no more than 30 minutes from an ATM and no more than 1 hour from a Bansefi branch. From 2010, there had been no updates to this analysis, therefore families who would fit the criteria to receive card payments by 2017, were still required to attend cash payment events and the use of their Bansefi accounts was restricted. Of the seven million families that received Prospera benefits by 2017, nearly 80% were receiving their payments in cash. This not only limits the program's efforts towards financial inclusion, but it presents a costly and risky operation for both the government as well as its beneficiaries.

Given the restrictions mentioned in the previous section and observing existing restrictions even for those women that had a debit card that was not being used, our team decided to focus in the "low hanging fruit". From April to September 2017, the Prospera Digital team worked closely with Prospera senior leadership to prioritise the transition of women currently receiving their bi-monthly payments in cash to a debit card payment system.

The transition to a digital transfer would generate clear advantages that included:

- More freedom for the beneficiaries to collect the money at their convenience;
- Ease in setting aside money in the account for continuous use, resulting in safe conditions for beneficiaries carrying less cash and smoothing consumption between payments;
- Positive impact in indicators associated to wellbeing, particularly work participation, time allocation and increased customer satisfaction; and
- Greater interaction with the financial system that can lead to financial inclusion.

As Prospera had no formal protocol to conduct this transition, we were faced with the opportunity to work with them in designing a process with different components that could ensure a smooth transition for women. One of these components was the strengthening of financial education messages via the delivery of SMS, not only to support women throughout the transition process but also to assess their response to this tool and have a proof of concept for the use of new technologies as a means to strengthen financial inclusion.

The main activities proposed in this timeline included:

- Define a **prioritization plan** to transition a select group of Prospera beneficiaries to a cashless payment ecosystem;

- Develop a **transition protocol and materials** such as training guides and an operations manual for Prospera staff and beneficiaries;
- **Conduct a pre-pilot in which the transition protocol would be tested** and monitored. These observations would be used to improve the protocol prior to the large scale pilot;
- **Conduct field research during the pre-pilot to get in depth feedback of the transition protocol materials.** This would help to ensure the content is understandable and user friendly and make any necessary adjustments before the large scale pilot stage;
- **Conduct a large scale pilot** to transition as many beneficiaries as possible to cashless payments;
- **Assess the impact of an SMS messaging tool** to provide women transitioning to card payments with reminders on the date of their payment and advice on how to best use the financial services they have access to; and
- **Evaluate the impact of this migration on the wellbeing** of beneficiaries by analyzing changes in the following areas:
 - *Work and income:* work participation; hours worked and type of employment; and beneficiaries' Individual and family income.
 - *Time allocation:* Use of time; time dedicated to compliance with Prospera activities; and number of attempts of withdrawing funds when not yet available.
 - *Customer satisfaction:* satisfaction with the Prospera cashless payment method and security levels (perception of safety and reported thefts).

CLD, Prospera and the CEDN team originally agreed to work on the design of this transition protocol in order to do a pre-pilot in the Fall of 2017 in which a small group of women would transition in order to test the process. This would provide inputs as to how the transition steps could be improved before doing a large scale pilot towards the beginning of 2018.

In order to prepare for the Fall pre-pilot, a meeting was held with Prospera Digital working group on August 25, 2017 in which CLD presented a proposal of selected localities for the pre-pilot transition based on eligibility. CLD also presented an evaluation design which would measure the impacts of the transition as well as the effects of financial education on financial variables including withdrawals, savings, consumption and deposits.

However, shortly after this meeting Prospera's activities were delayed by several weeks as a result of the earthquakes affecting Mexico in September 2017. The victims of the earthquake required cash transfers; Bansefi was mandated to deliver them and thus any other activity was put on hold. On October 20th, CLD, working group partners Women's World Banking (WWB), Behavioral Insights Team (BIT) and the National Digital Strategy (CEDN) of the Office of the President revisited Prospera Digital activities starting with a meeting with the directors of Prospera's Disbursement, Operations, and Impact Evaluation teams. At this meeting, the working group presented an updated proposal of activities timeline considering the delays and pushing the pre-pilot and pilot stages to 2018.

Prospera leadership remained committed to working closely with the Prospera Digital working group on each activity leading up to the transition pre-pilot now scheduled for February 2018. Prospera anticipated that up to 360,000 Prospera beneficiaries across the country would be migrated to card payments in 2018. The following sections describe the preparatory work for the pre-pilot, the implementation of the pre-pilot in January-April 2018 and the implementation of the large scale pilot in July-Oct 2018.

Field Research for Transition Protocol Design

March-July 2017	August 2017	Sept-Oct 2017	Nov-Dec 2017	Jan-March 2018	April-June 2018	July-Oct 2018	Jan-Mar 2019	
Prep research survey	Banking Agent Trial	Transition prioritization plan and timeline	Activity suspension due to September earthquakes	Field research for transition protocol design	Pre-pilot to test transition protocol In field qualitative analysis and monitoring	Transition protocol adaptation Prospera operations pause due to elections	Large scale transition pilot	Endline Survey and Impact evaluation

The working group agreed that the first step to design the protocol to transition women to cashless disbursement should be to select a few localities to conduct field research that would inform the design of content and training materials targeted at beneficiaries and Prospera staff in the field who work as workshop trainers. This exercise would also help to validate readiness in some of the selected localities for transition. The field research was designed as a series of interviews to complement findings from previous exercises and would focus more closely on the particularities of this population which were at the threshold of becoming fully banked. The main objectives of these interviews was to:

- Understand the experience Prospera beneficiaries have with different financial services, both formal and informal, and gauge their interest or reticence to use these services; and
- Understand the financial ecosystem in these communities (ex. infrastructure, distances, costs, formal and informal channels for loans and credits).

In early December, CIDE, WWB and CEDN staff traveled to the state of Tabasco to conduct in-depth interviews with Prospera beneficiaries in four of the selected localities where the transition would take place. In-depth interviews were conducted with twenty-four women between 20 to 50 years-old to understand their financial behavior, map the financial channels that target beneficiaries, assess beneficiaries' levels of familiarity, comfort and trust with various channels (including digital) and understand the current attitudes and perceptions of Prospera payments. Participants in this process were selected at random from a pool of candidates that was convened for other Prospera meetings.

Participation in this process was voluntary and responses from beneficiaries were anonymous¹ to protect their privacy rights. The gathered information was processed by Women's World Banking (WWB) who took the necessary measures to ensure the privacy of participants and protection of their data. Results from this analysis was shared with the Prospera Digital working group but neither Prospera nor any of the working group partners had access to the complete interviews. The signed contract with WWB prevents the organization from publishing the gathered information or using it for any purpose other than originally intended. Please refer to [Annex A](#) for a summary of the fieldwork activities, methodology and immediate findings.

As a result of this activity, the working group identified four specific interventions to be incorporated in the transition protocol. These interventions were designed to facilitate beneficiaries' understanding of new financial services that will now be offered to them by Prospera, and include:

¹Some reports include images of beneficiaries and quotes, however these are only illustrative and the reports were not made public.

- An advisory letter addressed to Prospera local operations and training staff explaining the beneficiaries' transition from cash to cashless payments with instructions of how to deliver content. This framework highlighted the convenience of saving and using new financial services and was to be delivered and presented by the trainers at the bi-monthly workshop given to beneficiaries during cash payment events;
- a brochure with simple, visual explanations on how to use the ATM, a tutorial, and tips for saving and maximizing card benefits. This would also be delivered to beneficiaries by Prospera local operations and training staff at the bi-monthly workshops; and
- an ongoing SMS campaign that runs before and during payment cycles to remind beneficiaries of their payment dates, card benefits, and savings tips.

Given that Prospera delivers cash payments are disbursed bimonthly, the transition process would be carried out in the following way:

January-February	March-April	April-July 1st	July 2nd-August	July 2nd-August
Official notification of transition to beneficiaries Training for card payments	First Prospera payment through debit card	Prospera operations suspension due to elections	Official notification of transition to beneficiaries Training for card payments	First Prospera payment through debit card
Transition protocol pre pilot (15,000 families)			Transition large scale pilot (300,000 families)	

Once developed by the working group, the transitioning protocol and materials were ready to be tested in the field. The operations team at Prospera determined that the number of beneficiaries participating in the pre-pilot transition to cashless payments would be 15,905 families in 39 localities, in 23 States. Of these, CLD selected 2-3 communities as targets for a qualitative analysis of the content provided to beneficiaries in the Prospera transitioning protocol.

Pre-pilot and Qualitative Analysis

March-July 2017	August 2017	Sept-Oct 2017	Nov-Dec 2017	Jan-March 2018	April-June 2018	July-Oct 2018	Jan-Mar 2019	
Prep research survey	Banking Agent Trial	Transition prioritization plan and timeline	Activity suspension due to September earthquakes	Field research for transition protocol design	Pre-pilot to test transition protocol and SMS intervention In field qualitative analysis and monitoring	Transition protocol adaptation Prospera operations pause due to elections	Large scale transition pilot	Endline Survey and impact evaluation

The pre-pilot to test the transition protocol began on January 2018. Prospera Digital working group monitored the implementation of the transition protocol in the field from February 19 - March 31, 2018. CLD joined WWB and CEDN in conducting fieldwork in a total of five communities in the states of Guanajuato, Tabasco, and Zacatecas, and carried out a qualitative analysis of the interventions.

The objective of this fieldwork was to conduct interviews with beneficiaries and Prospera operations staff who delivered the workshops. The team also conducted user testing of the intervention materials using small variations to understand:

- The level of comprehension by Prospera beneficiaries of the content provided on the workshop informing them of the transition to debit card payments;
- The experience of beneficiaries with the different versions of the brochure which explained the transition and had instructions on how to use their debit card, the benefits, tips and how to operate an ATM;
- The clarity, utility and understanding of the content by the operations team of Prospera leading the information sessions where this announcement and materials were disseminated; and
- The quality of the delivery of the information session.

Based on this qualitative analysis, CLD worked with CEDN, WWB and BIT to adjust the interventions and reinforce messaging to beneficiaries. Recommendations for adjusting the training materials for these interventions were presented to Prospera. Some of the most important findings from this research were that women responded more to easier text than to graphic descriptions and visual aids in the brochure. More importantly, based on women's reactions to the different brochure versions, we were able to dissuade Prospera from prioritizing an official greeting from the government as it proved to be distracting and instead we persuaded them to highlight in the first sentences that women would begin to receive their benefits via their debit card. The complete findings from this research can be found in [Annex B](#). The final letter and brochure were approved by Prospera in May 2018 and can be found in [Annex C](#).

SMS Intervention

The SMS component of the interventions was key to incorporating mobile technology to promote Prospera Digital's financial inclusion objectives. For the SMS campaign trial, CIDE selected localities that have mobile phone connectivity, and where at least 30% of beneficiaries owned mobile phones. Of the 15,905 beneficiaries that migrated to cashless payments, 77% reported having their own mobile phone. Of those with mobile phones, beneficiaries aged 35-50 were more likely to have one, as well as larger families.

The SMS messaging campaign trial (**Annex D**) lead by BIT began at the end of February, 2018. SMS messages were sent through RapidPro, an open source communication platform, to approximately 2,870 beneficiaries within the greater pre-pilot group. With RapidPro, the government is able to send and receive data using basic mobile phones, manage complex workflows, automate analysis and present data in real-time. The participating beneficiaries were randomly allocated to either control or treatment group. Treatment groups included messages with 1) reminders of payment dates 2) information and advice messages regarding savings and tips. Messages were sent up to three weeks before beneficiaries received their first cashless payment on the March-April payment cycle, with individuals receiving three to four messages per week. CEDN and BIT later monitored responses to analyze beneficiaries interaction with the messaging platform.

Per this analysis, some comments and frequently asked questions from beneficiaries included:

- Requests for information regarding the PIN;
- Spontaneous messages from the users, for example 22% asked for the date of payment or if the deposit had been made;
- Responses with doubts about how to retrieve or get a new card;
- Responses about which cashier to go to or where they are located; and
- Requests for confirmation that it is possible to leave some of the support on the card.

To identify changes in spending patterns and other financial behavioral effects of this campaign, CEDN² also analyzed Bansefi transaction data for the period of March through the electoral ban, ending on July 2, 2018. This analysis identified trends in the following effects on account management:

- Variety of use cases: purchases, withdrawals, inquiries
- Variety of use of access points: withdrawals, cash-back at stores, Bansefi branches, banking agents
- Complete withdrawal of funds in a single transaction vs. various withdrawals
- Savings and signs of gradual consumption

The preliminary results of this trial indicated that women see value in having a direct communication channel via mobile phones to acquire information from Prospera. This could be seen by the proactive messages women sent in which again, lack of their account information appear to be the salient issue beneficiaries face. The Prospera Digital working group recommended to Prospera to continue the use of SMS campaigns during the larger migration beginning in July, with new variations of messaging (see [Annex E](#)).

Prospera operations pause and large scale transition pilot

March-July 2017	August 2017	Sept-Oct 2017	Nov-Dec 2017	Jan-March 2018	April-June 2018	July-Oct 2018	Jan-Mar 2019
Prep research survey	Banking Agent Trial	Transition prioritization plan and timeline	Activity suspension due to September earthquakes	Field research for transition protocol design	Pre-pilot to test transition protocol and SMS intervention In field qualitative analysis and monitoring	Transition protocol adaptation Large scale transition pilot	Endline Survey and impact evaluation
					Prospera operations pause due to elections		

The project had several delays due to external factors outside of our control that prolonged the timing for implementation of the large scale pilot. One of the delays were caused by the 2018 electoral process which involved a pause in Prospera activities from April 1 to July 2, 2018, and the subsequent delay in the transition of beneficiaries to cashless payments. This meant that following the pre-pilot stage from January-April 2018, activities in the field had to be paused and the large scale pilot would not be implemented until July 2018.

² Due to the delicate nature of this data, CEDN in the Office of the President was the only working partner to receive an anonymized data base with the necessary information to perform the analysis. This ensured that individual's private data would be handled under strict security following regulations on government handling of personal data.

During this electoral freeze, CLD worked with implementing consortium partners to modify migration training and communications materials based on the findings and observations of the migration process pre-pilot ([Annex F](#)). CLD worked closely with Prospera leadership to define the universe of beneficiaries who were to be included in the large scale migration process from July-October 2018, and finalized the evaluation methodology.

Prospera Digital work in the field resumed in July 2018. The large scale pilot was launched with a target population of 300,000 beneficiaries who would transition to card payments. Beneficiaries were notified about their transition to cashless in the July payment cycle, and began to receive their payments through debit card as of September-October 2018.

CLD’s mid-term impact evaluation, including household surveys, included the subsequent September-October and November-December payment cycles.

ENDLINE SURVEY AND MID-TERM IMPACT EVALUATION

March-July 2017	August 2017	Sept-Oct 2017	Nov-Dec 2017	Jan-March 2018	April-June 2018	July-Oct 2018	Jan-Mar 2019	
Prep research survey	Banking Agent Trial	Transition prioritization plan and timeline	Activity suspension due to September earthquakes	Field research for transition protocol design	Pre-pilot to test transition protocol and SMS intervention In field qualitative analysis and monitoring	Transition protocol adaptation Prospera operations pause due to elections	Large scale transition pilot	Endline Survey and Impact evaluation

As agreed with Prospera Digital working group, the impact of the transition to the cashless payment system would be evaluated through an endline survey to capture effects on wellbeing indicators. This would provide valuable input for future administrations and present evidence on the positive impacts of this transition on women’s wellbeing. Prospera program beneficiaries receive their payments every two months and the transition from beneficiaries to cashless payments requires two payment cycles, the first for notification and training and the second for effective transition to debit card payments. This means that the beneficiaries who participated in the large scale pilot were notified of their transition on July 2018 and received their first payment on the card between September and October 2018. To capture significant effects of this transition, it was necessary to leave at least three payment cycles under the new modality, i.e. with payments on card. These timeframes were determined in order to obtain a deeper analysis of the transition to debit card payments given that the indicators included in the analysis (labor force participation, status of women in the household, among others) would require a long period for any significant change to be observed. This is why the evaluation and final survey and pilot assessment was delayed until early 2019.

The survey firm was hired on February 8, 2019, and proceeded to conduct one hour-long interview with 30 beneficiaries in 150 communities, tallying to 4,500 beneficiaries interviewed in the state of Hidalgo using a household survey designed by Prospera Digital lead researchers from CIDE Susan

Parker and Fernanda Marquez. The interviews were conducted through the first week of April 2019. A descriptive analysis of the survey can be found in [Annex G](#).

Again, private data protection was an important aspect of the research process; Centro Latam Digital took careful steps to ensure the privacy of survey respondents. All participating companies in the bidding process were required to submit their privacy policies to ensure that there was strict adherence to Mexican data privacy law and care would be taken to ensure protection and security of the acquired data. This was one of the main criteria that was assessed by CIDE's internal review board in the selection of the implementing partner. Furthermore, care for the protection of subjects' data was reflected in the contract signed by the provider and CIDE which stated that in signing said contract, the company was committing to ensure the privacy and protection of individual's data during and after the development of the survey as well as to maintain strict confidentiality of the information gathered.

Methodology

In order to analyze the effects of deposit versus cash-delivered benefits the working group agreed with Prospera that a randomized experiment in the Mexican state of Hidalgo would be performed. Prospera provided a list of localities for which they considered that transitioning to a deposit based system was feasible. This list of localities contained 5,880 communities who had previously participated in a small credits program with Prospera in 2017. A first criterion was that Hidalgo, having approximately 690 localities in the list we were given, was one of the few states with a sufficient number of localities to have a large enough sample at the locality level. While the research team considered the possibility of including more than one state in the sample, Prospera specifically requested that activities be concentrated in one state in order to guarantee the feasibility of the experimental design.

Of the available localities in Hidalgo, 150 communities - the smallest administrative divisions in Mexico- were chosen for the experimental design. The criteria for selecting these 150 communities included (1) having cell phone networks; (2) having between 30 and 150 beneficiary families; (3) having a population size between 100 and 5,000; and (4) communities that previously received all payments in cash.

The sample was randomized at the locality level so that all beneficiary households in a locality were either assigned to be transitioned to receive benefits with deposits or to continue receiving payments in cash. They were randomized into three groups: a control group that would continue to receive benefits in cash (C), a group that would start to receive benefits via direct deposit (T1), and one that would receive deposits and additionally receive SMS messages to support the transition to using financial services (T2). The communities were assigned to each group using a randomized stratified design. The variables used to stratify the communities were (1) the number of beneficiary families in the community; (2) the proportion of households with a cell phone; and (3) the number of ATMs within 5km of the community.

We compared the outcomes of these three groups in terms of labor force participation, status of women and intra-family relations, time use, savings and spending and safety in obtaining and using payments. The reason why these indicators were chosen is in response to the findings from previous focus groups with beneficiaries. One of the most salient results was the time allotment that beneficiaries have to invest in receiving their Prospera payments in cash. Each payment event

requires beneficiaries to be physically present for an average of five hours to receive an envelope with cash. This does not include the distance many have to travel in order to reach the venue assigned by Prospera for the payment event. This was something that women mentioned as a factor that limits job opportunities, in particular formal jobs, since asking to leave work once for a full day every couple of months is perceived as a barrier for employment.

Another indicator that was measured through the survey is status of women and decision making power of women within the family. This indicator was also chosen given the results of the aforementioned focus groups in which women pointed out that the necessary effort in picking up cash payments calls for logistic arrangements that makes payment dates known not just to women but to families and communities. Women mentioned this limits their decision making power and their discretionality about how the money will be used because other family members are aware of its availability and it also presents a risk factor for them, particularly in localities with high crime rates. We also looked into the differentiated effects for women who receive text messages throughout the migration process with payment notifications, financial advice and reminders. See [Annex H](#) for complete survey format and questionnaire.

The results of the survey should consider the fact that the timing for implementation of the pilot to transition women to card payments and the time when the endline survey was implemented, many of these indicators would possibly not show differences in the indicators as this would require a longer span of time between the transition and observable changes as well as several payment cycles. The possibility of performing the endline survey at a later date to allow more time to assess changes in these indicators was not possible due to project time restraints. However, a decision was made to keep these indicators as part of the evaluation given the relevance they have for future decision makers and the possibility of Prospera to replicate this exercise in the future.

Synthesis of Results

The Prospera Digital working group was able to convince Prospera to leave a group of eligible localities in Hidalgo out of the transitioning group. This was necessary in order to have a control group for the evaluation. A preliminary analysis of the data (see [Annex I](#)) indicates that Prospera followed through on the agreement to leave this control group untouched and the localities that were assigned to remain with cash payments in order to provide us with a control group (C) were in fact kept in the preexisting cash-based regime. Also, the transition to cashless payments for the one hundred communities that were assigned to this treatment was successful as beneficiaries in these communities did in fact start to receive their cash transfers (CCTs) via direct deposit. This allowed us to estimate the causal effect of transitioning to open loop on relevant economic variables by comparing mean outcomes.

In terms of the transaction costs of receiving Prospera payments, our results suggest that beneficiaries perceive moving to a deposit based system as having increased the costs of accessing CCTs for them—at least in the first few months after the transition occurred. Women that transitioned to the deposit based system report spending more time and money while getting their payments when they must withdraw it from an ATM as opposed to receiving it at one of the payments points organized by Prospera. This could be explained by the fact that there were many payment points organized for distributing cash—perhaps too many—and were therefore closer to beneficiaries on average. In this sense, in order to properly assess the efficiency gains of transitioning towards card payments, one must take into account not only the costs experienced by beneficiaries

but also the reduction in costs for the government of delivering benefits in cash. Additionally, the higher reported costs of accessing CCTs could reflect the **existence of transition costs or a learning curve** for accessing and using an ATM that are likely to fall over time. Finally, while the cost of retrieving payments might be higher, these higher costs might be mitigated by the gains in terms of financial inclusion and its benefits and the greater convenience and flexibility of being able to withdraw payments at will.

In terms of the economic variables of interest analyzed, we found a significant effect of transitioning to a deposit-based system on women's intra-household bargaining power and decision-making. It is likely that by transferring the money into an account held by the (female) beneficiary as opposed to a payment in cash, the transfer may be less salient for other family members. Receiving benefits directly into an account may give women the flexibility to conceal the amount and the time at which the withdrawal is made, thus enabling them to have greater control of the transferred resources. In particular, our results show that women's decision making increases within the households. Women in both treatment groups report making decisions on their own more frequently.

We found no effects on labor force participation or saving behavior variables. This might be due to the (plausibly temporary) increase in perceived costs of accessing benefits that were deposited into an account as opposed to delivered in cash. It is also important to note that not many payments have been made since the transition took place and these indicators are likely to require a longer period to elapse in order to capture any significant effects.

We analyze differential effects of the two possible treatments: where beneficiaries simply transitioned to receive benefits through deposits and the other where they transitioned to receive benefits through deposits but also received SMS with advise on how to use and administer their Prospera benefits. We found that both treatment groups had similar outcomes after the transition, and find no differential effects in terms of the variables we analyze. These results are preliminary at this point, as we have not been able to directly assess whether the SMS randomization was properly implemented. This, however, is not to say that beneficiaries do not value this channel of communication as a means to access relevant information about their accounts. By engaging proactively with the platform, sending requests for further information about their accounts and deposit dates, beneficiaries assigned to the text messages treatment group showed signs of demand for a digital solution to facilitate access to financial information. It is also important to point out that transaction data analysis performed after the pre-pilot stage showed significant effects on the group that received text messages, specifically in the variety of use cases (purchases, withdrawals, inquiries) and access points and consumption smoothing. In terms of identifying these effects, this data is more reliable than surveys, however due to a complete restructuring in both the Office of the President and Prospera teams with the new administration, it was not possible to gather and analyze this data in order to complement survey findings.

Challenges and Lessons Learned

One of the primary challenges faced during this implementation of this project was Bansefi's exclusivity over the disbursement of Prospera conditional cash transfers. This inter-ministerial agreement limited opportunities for developing a digital payment tool and diversifying the disbursement methods through partnerships with fintech and private banking solutions. In addition, Bansefi had little operational and technical capacity to integrate more sophisticated wallet and digital

payment platforms to its banking core, limiting the scope of this project to cashless deposit payments complimented by SMS messaging campaigns. Even though CEDN was key in promoting the implementation of Prospera Digital in accordance with the national development plan of the previous administration, the high-level support to the project was not continuous; it was intermittent as at times, it pursued other political priorities. Moreover, coordination with Prospera and Bansefi was an ongoing challenge due, on the one hand to long-standing conflicts between the two actors and on the other, to the limited capacity to innovate and respond quickly to opportunities for adopting digital financial inclusion strategies.

One important change that the new administration has made is cancelling this inter-ministerial agreement, which is no longer in effect. Private banks will now participate in the transfer of funds in social programs. While this may open opportunities for digital payment solutions in the future, it is important to note that the Prospera program is undergoing a process of restructuring based on the priorities of the new administration. This has meant that the Prospera team has not given priority to the continuity of previous projects and is focused on the transformation of the program and then resume pending projects. In this sense, it was a challenge to ensure the optimal conditions to implement the final survey, and present preliminary results. From CLD we have approached the new Prospera team, given that the results of this study will be very useful for the new strategy of the program, which consists in carding as many beneficiaries as possible. Not only have we sought to continue the discussions with Prospera staff but we have sought other avenues of collaboration with other actors within the new administration, including representatives from the Office of the President and the Banco de Bienestar to ensure the necessary support for the initiative and its continuity. An important policy suggestion to the new administration is that the Banco de Bienestar and Prospera consider reducing ATM fees for Prospera beneficiaries to reduce the transaction costs of receiving their money through electronic deposits, given the perceptions noted in the endline household survey.

Given the very unusual context in which the survey took place, particularly the short period of time that elapsed between the point in which women received a cashless payment and the analysis of their perceptions was performed, the results should be taken with caution. We attribute the negative perception both to a reaction to an unknown process and to the lack of support from the new administration for its implementation. These conjectures follow findings from earlier qualitative research point to enthusiasm from women in terms of using a mobile payments app.

A transition from cash to card payments is an important step in the direction of financial inclusion, as a fully functional bank account is a necessary precondition for the uptake of a mobile banking solution. But this is not enough. Evidence from this pilot study shows that women who transitioned to card payments perceive higher costs in receiving their Prospera benefits and in getting information from their accounts. But in spite of that, it is clear that card payments are not a perfect substitute of mobile banking solutions given the financial ecosystems in which Prospera beneficiaries transact. It is still important to provide a mobile banking solution that enables women to access information on their accounts, make payments and receive notifications of deposits.

In sum, lessons of this project show that Prospera Digital was an advance towards financial inclusion that was cut short of its significant potential due to numerous factors at play where the lack of ownership of the project by a public entity as well as a lack of a determined high-level leadership were important. In comparison to other mobile money projects such as those in Kenya and Perú, Mexico's experience lies somewhere in the middle. In Kenya the success is given by the uptake of a mobile wallet by millions of people. As Suri and Jack (2016) document, access to mobile money in

Kenya, improved the allocation of labor, diminished risks, increased savings and thus lifted out of poverty around 200,000 households. However, the success of M-Pesa business model has yet to be replicated. Moreover, M-Pesa never became a mobile banking model for the poor. Indeed, market-led approaches to mobile money services are rare and there may be a role for the State to play as a catalyst for mobile banking tailored for the poor to succeed. In the case of Perú, the State has been a leading actor in creating a multi-stakeholder platform involving banks and mobile phone operators to ensure financial inclusion of the unbanked via mobile payments tied to individual's bank accounts. The experience of Prospera Digital is a first step in this direction as it ensures beneficiaries have access to their bank accounts via card payments, but there is yet to be a mobile solution to reap the benefits of digital payments.

In other areas of research, an important lesson from this project is that conditional cash transfer programs, as any public cash transfers, generate a host of personal data from beneficiaries which requires the necessary protection to ensure individual's privacy or status in the program is not compromised. This is particularly delicate in the Latin American context where the quality of data protection laws is variable and practices such as the use of social programs for pork barrel politics is common. The findings from this project helped identify critical lines of inquiry that as a Center of Digital Policy we will pursue, that of digital rights and cybersecurity. We also support further research and future conversations with specialists around the cybersecurity and personal data protection implications of ICT interventions in conditional cash transfer programs and other financial inclusion initiatives in Mexico and the region.

FINAL PRODUCTS AND DISSEMINATION

Key outputs of this project and related analyses include:

- [Preparatory research survey and qualitative analysis](#)
- [Recommendations for adjustments to advisory materials and impact evaluation](#)
- Transition protocol design
 - [Advisory Letter to beneficiaries](#)
 - [SMS campaign trial intervention messaging](#)
 - [Final SMS intervention messages variation](#)
- [Banking agent trial and migration pilot](#)
- Endline survey and mid-term impact evaluation
 - [Survey descriptive analysis](#)
 - [Survey format and questionnaire](#)
- [Working paper highlighting key findings of the impact of large-scale transition pilot](#)
- [Working Paper with preliminary results highlighting Prospera Digital case study in the context of digital conditional cash transfer programs](#)

Beyond the timeline of the grant, CLD will continue disseminating key findings from the impact evaluation to build on a series of materials documenting project outcomes. These findings will be presented at international forums and academic conferences identified as opportunities for reaching relevant government, civil society and academic leaders.

In June 2019, principal investigator Judith Mariscal will present recent findings from Prospera Digital as a panelist of a session on "Financial Inclusion" taking place Wednesday, June 5th from 10:30 to 12:00 at the Women Deliver Conference. The panel will explore finance as a tool for closing the

gender gap – investing in women as drivers of economic growth, health and wellbeing of families and communities, and for increased employment of women.

CLD will continue to aim to have policy influence with the results of Prospera Digital by building relationships with the new Prospera team under the new structure of the program within the Ministry of Wellbeing (Secretaría de Bienestar), formerly known as the Ministry of Social Development (SEDESOL). A detailed analysis of the findings will be presented in a report with recommendations for the new administration. CLD's research team on Prospera Digital has already spoken to new leadership at Banco de Bienestar (former Bansefi) to present the project and understand Banco de Bienestar's priorities and opportunities for using Prospera Digital findings to inform the design of new digital payment services reaching Prospera beneficiaries.

Working Papers

CIDE is capturing the activities and processes related to the design and implementation of the pilot and developing articles, case studies, reports, and digital publications to share knowledge and preliminary findings to audiences through various communications outlets. These materials vary from technical reports to academic articles. They will serve as part of a comprehensive case study highlighting the collaborative process and successes of the program to be disseminated at the international, national and municipal levels.

Currently underway is an academic paper titled "A State-led model of financial inclusion through mobile services" written by Judith Mariscal. This paper examines different mobile money initiatives, in Kenya and Perú, highlighting the roles played by the market and the state in promoting financial inclusion and compares them to preliminary results from Prospera Digital recent financial inclusion pilots in Mexico. These countries were selected because they are contrasting efforts towards financial inclusion, each with their benefits and drawbacks. Whereas in Kenya the success is given to the uptake of a mobile wallet, this does not imply financial inclusion since a mobile wallet does not equal a formal bank account and there has been little involvement from the State in this success story. In the case of Perú, the State has been a leading actor in creating a multi stakeholder platform involving banks and mobile phone operators to ensure financial inclusion of the unbanked via mobile payments tied to individual's bank accounts. The experience of Prospera Digital is a first step in this direction as it ensures beneficiaries have access to their bank accounts via card payments, but there is yet to be a mobile solution to reap the benefits of digital payments. The paper documents the potential mid- to long-term impact on the improvement on welfare of CCT beneficiaries. This paper offers policy suggestions to Prospera to scale cashless payment ecosystems nationally, with recommendations that may be applicable to other developing countries. Please see [Annex J](#) for an executive summary.

In addition, senior researchers Fernanda Marquez-Padilla and Susan W. Parker will further elaborate on key findings from the mid-term impact evaluation in their working paper "From Cash to Deposits: Effects on Women's Work and Wellbeing Preliminary Results from the Prospera Digital Program".

These working papers are being produced and will be shared with relevant audiences via Centro Latam Digital (CLD), a new regional digital policy research center based at CIDE. CLD will submit these articles for consideration in the following journals: Journal of Information Technology and Politics, Journal of Information Policy, Information Technologies and International Development (ITID) and the Journal of Development Economics.

External Evaluation

Lastly, CLD invited three external evaluation firms to present proposals to assess how the organization was successful in achieving the objectives of the project and to navigate the barriers for executing it. This assessment will look into the conditions in which the project was developed, how the working group was able to find opportunities in the challenges that were met. The selected firm will apply a methodology that will also assess CLD's capacity to advance project goals, leadership in the design and evaluation of the pilot, and management of internal and financial resources for this project. After examining proposals presented through a closed invitation for proposals, CLD selected Cívicus Consultores to conduct the evaluation, which will include a review of documents, interviews with Prospera Digital consortium partners, and a qualitative analysis of feedback received from structured interviews with National Digital Strategy representatives. This evaluation is underway and will be presented to IDRC as an annex document to the final financial report on May 24, 2019.