

Digitizing Payments in  
Ghana's Cocoa Supply Chain

TOOL FOR COCOA COMPANIES:

## **Modules Introducing Digital Financial Services to Staff & Farmers**



World Cocoa  
Foundation

BETTER THAN CASH  
ALLIANCE



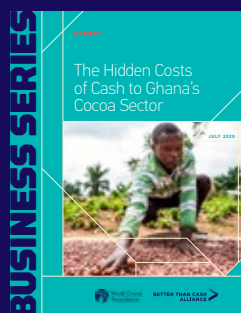


# INTRODUCTION

By adopting digital payments direct from licensed buying companies (LBCs) to farmers, firms can shorten their operational cycles, reduce their interest cost and achieve a higher return on their capital. The safety of staff and purchasing clerks (PCs) will be greatly improved, and farmers will be able to access relevant financial services and credit needed to invest in their farms.

To complement the **Costs of Cash study**, which set out why it is in all stakeholders' interests to digitize payments, the **Digitizing Payments in Ghana's Cocoa Supply Chain: Four Building Blocks for Responsible and Scalable Digitization report** sets out how to digitize payments in a way that is responsible and scalable and to the benefit of all stakeholders. Recognizing how digital payments can make a fundamental difference to farmers, WCF, along with its company members (LBCs, traders, exporters, manufacturers) and the Better Than Cash Alliance, supported and studied various payment digitization projects in Ghana between 2018 and 2020. Based on these various experiences, four key building blocks along with practical tools were designed to help companies put in place scalable and responsible digitization measures in the cocoa sector.

The building blocks and tool presented here have been developed with a view to ensure the future digitization journey takes place responsibly and that new initiatives are scalable.

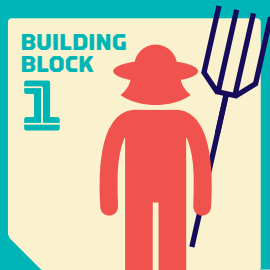


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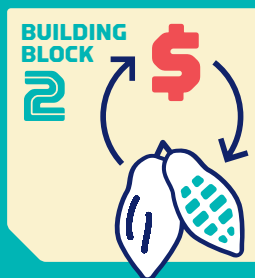
# FOUR BUILDING BLOCKS

COMPANIES' BUILDING BLOCKS FOR RESPONSIBLE  
AND SCALABLE DIGITIZATION OF PAYMENTS



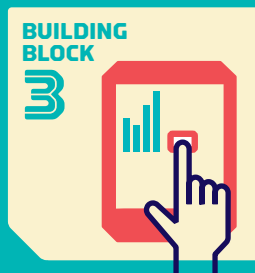
## Know your smallholder farmers

**TOOL A** – Farmers' survey digital  
finance questionnaire



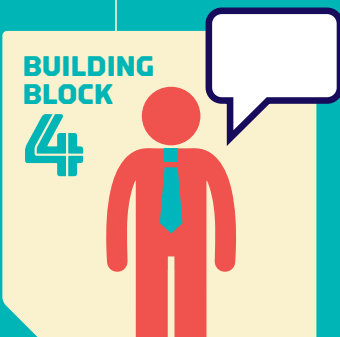
## Build the internal & external value proposition

**TOOL B** – RFP template to understand  
existing options to digitize



## Enable farmers to spend funds and access services digitally

**TOOL C** – Examples of DFS-enabled  
products available to farmers in Ghana



## Sensitize staff & farmers on digital financial services

**TOOL D** – Modules introducing Digital  
Financial Services to staff and farmers

## TOOL D

# Sensitize staff & farmers on digital financial services

Given the low level of financial and digital literacy in Ghana's rural areas, helping staff and farmers understand and embrace digital payments is crucial to success. This starts with developing materials for staff and PCs that explain why digitization is beneficial to the company and materials for farmers that explain the benefits for them to move away from cash to digital payments.

The Alliance and WCF have developed scripts for audio-modules (each approximately five minutes long and in English) that introduce DFS to staff and farmers and can be translated into local languages. *See next page*





# Modules Introducing Digital Financial Services to Staff & Farmers

## Module 1: Introduction to financial services

### MESSAGE

1

Greetings Farmers. My name is Maame Esi and I am a cocoa farmer like you. As a farmer, going to the bank can be a hassle. For my farm business, I often rely on digital finance because it's safe, convenient and less costly than traveling to a bank branch.

It gives me access to monitor my account wherever I use my mobile phone. Plus, with digital financing, I can deposit and withdraw cash from any mobile money agent. Because it saves me time and money, my business is growing faster.

### MESSAGE

2

For most farmers in the village, it has always been difficult for us to access money for high-quality inputs, such as fertilizer and weedicides.

In this new age where computer and mobile phones are used to provide solutions for most problems farmers encounter every day, most of us don't even know where and how to access such information or services.

The government is committed to moving the entire country, including the Agri sector, towards a cash-lite economy. Cash-lite simply means buying and selling without using solid money in your hand. Do you know a good example of this? You guessed right. Mobile money is a very good example. Digital finance allows us to promote the cash-lite agenda, and at the same time, avoid the risk of keeping large amounts of money, which often attracts armed robbers and thieves. It also empowers you to make speedy transactions when buying goods or receiving payment for good bought.

### MESSAGE

3

Digital finance is the use of electronic money instead of cash. Digital finance enables you to enjoy the flexibility of banking on your phone (even basic yam phones) from the comfort of your homes, farm or anywhere. Banks also issue cards like e-Zwich, which you can use to access the money in your bank account to make transactions. This is another form of digital finance. For both mobile money and bank cards, you can buy products like fertilizers, weedicides by simply transferring money from your wallet or account to the seller's account. You can also pay school or hospital related expenses and even top up airtime on your mobile phone in the comfort of your home. Card transactions can be done by walking to an agent point as long as the agent has a POS (also known as Point of Sales machine) machine.

By avoiding transacting in cash and rather keeping your money digitally on your mobile money wallet or your e-Zwich-linked bank account, you will enjoy:

- i. Security of your money and yourself.
- ii. Rapid payments.
- iii. Not being cheated by middlemen but rather getting the full amount of money from your cocoa buyer.
- iv. Access to financial services, such as loans and savings accounts, which earn interest, pensions and insurance.

### MESSAGE

4

Over the next month, we will call you once every week to educate you on what digital finance is all about and how you, a cocoa farmer, can access and utilize these services to your advantage.

### MESSAGE

5

If you miss any of our calls, don't worry. Just flash back the number you missed the call from and we will call you back. You can always flash the call number any time to listen to the last message. This message is brought to you by the World Cocoa Foundation and endorsed by COCOBOD. Thank you.

## Module 2: How to use digital financial services

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### MESSAGE

1

Greetings Farmer, this is Maame Esi the cocoa farmer. This week, we will talk about how to use digital financial services. There are two ways to do this. You can do it through a bank account or through mobile money.

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### MESSAGE

2

For payment through your bank accounts, the buyer of your cocoa will make a transfer from their account into your account. You can withdraw this money either at a bank branch or through an e-Zwich card either at an ATM or at an agent point with a POS (also known as Point of Sales machine). Today, I have Mr. Entsil, who works with one of the rural banks, to educate us on how to operate a bank account.

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### MESSAGE

3

Operating an account is very easy. You can send and receive money through your bank account. You can also secure loans from the bank through your bank. You need three things to open an account:

- One! Any national ID card. Examples of ID cards you can use include voters ID, passport, driver's license, Ghana card.
- Two! You need an original copy of your utility bill. This can either be your water bill, light bill or prepaid receipt. It does not need to be in your name.
- Three! You need two passport-size pictures.

Enter a recognized government-approved bank and request for an account opening form. The staff at the bank will assist you to complete the form if you need help. Once the process is complete, the bank will generate an account number for you. The process should not take more than 30 minutes if you have all the documents needed.

If you choose to use an ATM card, the bank can make one for you. You will be given a unique personal identification number (or PIN) to enable you to withdraw using your card either at an ATM or agent point. This unique 4-digit PIN is like a key to the money in your account that confirms that you approve each transaction. Please take good care it and never share it with anyone, even bank staff, agents, family or friends. This is for your own protection.

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### MESSAGE

4

Thank you, Mr. Entsil. I hope this was as informative to you as it was to me. Now I have Mr. Sampson who will teach us a thing or two about how to operate a mobile money account.

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### MESSAGE

5

You need two things to open a mobile money account.

- One! an ID card. You need an ID card to register a sim card. Any of the following IDs will be accepted: voters ID, passport, driver's license, national ID, NHIS card, etc.)
  - Two! A registered SIM card. If you don't already have one, you can purchase a mobile SIM card from an agent or vendor anywhere close to you. Once you have the SIM card, you must insert it into your phone. If you are not sure how to do this, ask the seller of the SIM card to assist you.
  - Three! Select your mobile money provider. Mobile money service is provided by all the telecommunication companies in the country, so you will need to select a provider and activate their SIM card. Recently, it has also become possible to send money from one mobile money network to another (for a fee).
  - Four! Each mobile money service provider has a special short code used to initiate a transaction, please ask the agent/vendor to guide you through as it is their basic responsibility.
  - Once you are done with the registration process, you'll be required to create and keep a unique 4-digit PIN to approve all your mobile money transactions. This number should be known and used by only you and no other person and allows you to confirm that you approve of any transaction.
  - Before you make mobile money payment to anyone, make sure you have the person's correct mobile phone number so that you don't transfer cash to the wrong person. This is a costly common mistake that you will want to avoid. If this does happen to you, please contact the customer service desk of the mobile money provider you subscribe to and they will assist in trying to retrieve the money.
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### MESSAGE

6

Today we have learned how to set up and use a bank account as well as mobile money account. In our next call, we will learn some of the digital financial service products available through your mobile money wallet or bank accounts.

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### MESSAGE

7

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## Module 3: Digital financial services products

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### MESSAGE

1

Agoo farmers, this week we will talk to you about some of the types of digital financial products to help you make a choice. Some of the products available are savings/investment, insurance, loans, pensions, etc.

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### MESSAGE

2

#### **Savings**

Saving is the act of putting money aside for future use. You can save in your bank account (and have access to the money through your bank card or on mobile money wallet). Depending on the product you use, savings can give you up to 12% interest per year, which can be used to purchase additional inputs, pay school fees and also take care of the home.

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### MESSAGE

3

#### **Insurance**

Insurance is a protection from financial loss of assets and properties. This often requires you, the policy holder, to pay a small premium to cover the asset being insured. If any misfortune befalls an asset that is covered by an insurance policy, you, as the policy holder, are compensated. Examples of assets being covered in an insurance includes houses, cars, personal health or even life. Insurance is important because it protects you and your family in the case of unexpected negative events.

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### MESSAGE

4

#### **Loans**

A loan is a sum of money that is borrowed and expected to be paid back, normally with some interest. As a farmer, through digital financial services, you can take advantage of digital loan products to cover smaller expenses like inputs on your farm. There are now a few companies that, based on an evaluation of your phone use and payment history, can lend you money, which will be paid back via mobile money. These amounts are usually small to begin with but increase as you pay back your loans. Keep in mind that digital loans are just like traditional loans in the following ways: 1) they must be repaid in a timely manner; 2) you should only take loans if you are certain you can repay them; and 3) you should not take loans to repay another loan. This will drive you into too much debt.

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### MESSAGE

5

#### **Pensions**

As you grow older, you will need to have some means of income when you are too old to work. For those in formal employment, their company also contributes a portion to the employee's pension fund. If, however, you are not a salaried worker, you will need to cater for this yourself. A pension plan allows you to contribute towards funds for your retirement while you are still productive. Most importantly, a pension increases the likelihood that you can rely on your own means even in old age.

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### MESSAGE

6

#### **Merchant payments**

In addition to purchasing financial products such as savings, insurance and pensions, farmers can also use digital means to purchase products. This is called merchant payments. One such example is the purchase of solar sets. These days there are home solar systems, which include lights and can power small items such as a TV and radios. They require an initial down payment via mobile money and then work in the same ways as pre-paid electricity or airtime: you pay with mobile money and the system works until the money is used up. Once you pay again, the system works. This continues until you pay off the value of the solar system in about 18 months. Given how unstable and expensive electricity is, you may want to consider this type of option.

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### MESSAGE

7

Today, we have learned about four different products that you can access with digital currency: namely savings, insurance, loans and pensions. We have also learned that we can use mobile money to access products such as pay-as-you-go solar systems. Finally, I'm sure you have noticed that more and more shops are now accepting mobile money as a form of payment. This allows you to carry less cash wherever you go, which, as you know, makes you more secure.

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### MESSAGE

8

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## **Better Than Cash Alliance**

The Better Than Cash Alliance is a global partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments in order to advance the Sustainable Development Goals. Based at the United Nations Capital Development Fund (UNCDF), the Alliance has 75 members, works closely with other global organizations, and is an implementing partner for the G20 Global Partnership for Financial Inclusion.

## **World Cocoa Foundation**

The World Cocoa Foundation, a member of the Better Than Cash Alliance, is a non-profit international membership organization whose vision is a sustainable and thriving cocoa sector – where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved.

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