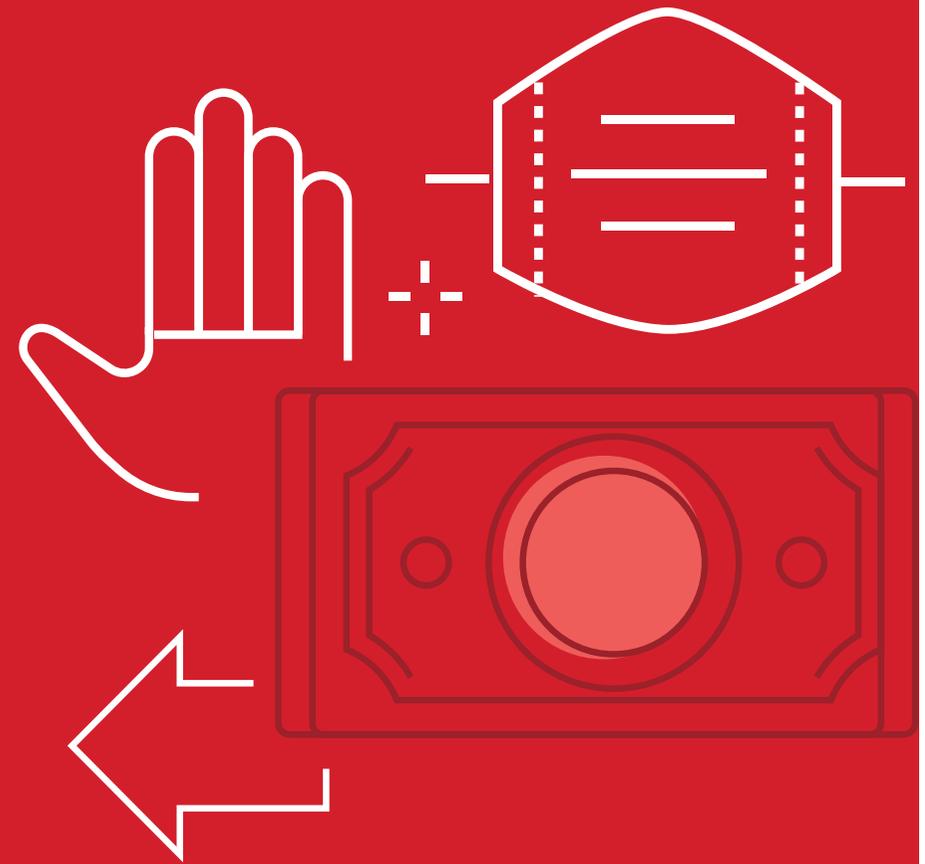
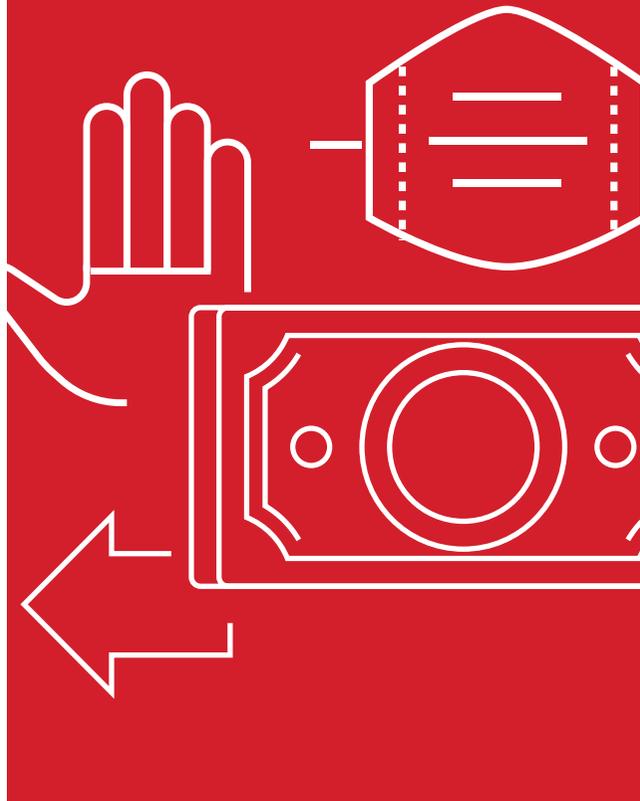


**Guidance for National Societies**  
**Working with Financial**  
**Service Providers (FSPs)**  
**during COVID-19**



## Guidance for National Societies

### Working with Financial Service Providers (FSPs) during COVID-19



## Background

COVID-19 is a disaster of unprecedented needs and its impact has led to many movement and access restrictions being put in place, across multiple countries. Given this, CVA can be seen as a safer and efficient modality than in-kind, particularly given its ability to use innovative delivery approaches, where conditions allow. CVA is therefore a relevant modality that National Societies should continue to consider as part of their usual response analysis and programme design in response to this crisis.

Overall, the purpose of this guidance is to help National Societies (NS) consider how to map, select and contract financial service providers (FSPs), during COVID-19. The tip sheet provides specific guidance on COVID-19 sensitive considerations for analysing FSP capacities and ability to adapt, either for existing FSP arrangements or new ones. Due to the crisis, the pandemic may significantly affect levels of service delivery and operationality for FSPs, but also brings opportunities to explore possible new ways of working for delivering cash. The guidance also provides ways to ensure FSPs that NS choose to work with are incorporating public health requirements, to limit COVID-19 contamination.

Each country will have different set of COVID-19 restrictions and measures in place defined by its government. Similarly, each country may be experiencing a different level of threat or intensity of the emergency and its impact, at any given time. Therefore, the contents of this guidance can be adapted based on local context.

This guidance accompanies the **Guidance for National Societies on COVID-19 Sensitive Cash and Voucher (CVA) Programming Across the Project Cycle** and **Guidance for National Societies on Adapting RAM and MAG During COVID-19**.

All COVID 19 guidance notes are also intended to be used alongside other Movement tools: the **Cash in Emergencies Toolkit**, **Rapid Assessment of Markets Guidelines** and **Market Analysis Guidance**. This guidance does not duplicate existing tools and guidance, but provides tips and considerations for sensitive FSP assessment, selection and contracting.

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# 1

## Early considerations and preparedness

- **Start conversations with your FSPs now. Contingency planning with FSPs should be a priority**, as the situation from the pandemic is evolving and remains unpredictable for the foreseeable future.
- Seek an understanding on the following issues with FSPs, for any existing or planned CVA programming:
  - Is COVID-19 bringing, or likely to bring, any immediate changes to FSPs services? Less service points? Increased service rates?
  - How will current FSP contracts be affected? Consider if force majeure may be enacted. Revisit and clarify terms with your FSP.
  - Consider scenarios for if FSP liquidity becomes limited, if capital controls are put in place or banks close.
  - What are contingency plans for when/if client movement is limited?
  - What are the triggers, if any, to relax KYC? Are there alternative options for verification, besides physical verification?
  - Conduct advocacy and outreach with MNOs - negotiate reduced or waived data bundle fees; explore if mobile money will be offered at discounted or with waived transaction fees.
  - Keep up to date on any shifting government regulations or mandates, with relevant Ministries or Central Banks, that may affect KYC requirements, promotion of cashless payments, shifts towards favouring more digital payments, etc.

# 2

## FSP assessment and mapping

Refer to CiE tool '**Roadmap for service providers, organizational capacity and risk analysis**': for general guidance on FSP assessment, factoring in the following:

- An **updated FSP mapping** should be done if you are looking to re-assess your FSP capacity during COVID-19. As per the CiE guidance, it is also a key step for assessing CVA delivery options.
- Build on the **CiE tool FSP Capacity Checklist**, but include additional considerations around how COVID-19 may have affected FSP capacities, services offered and aspects of operationality.

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- In line with any Movement restrictions, FSP assessment/mapping will likely need to be gathered through **secondary data/desk research and remote data collection**, such as doing interviews by phone with FSPs.
- Build on any existing **FSP mapping or assessments available from other humanitarian actors, mobile network operators (MNO) or governments**.
- Participate and reach out to any national or local Cash Working Groups, to both gain information and contribute to any **collaborative FSP mapping and analysis**. **Coordination is critical for facilitating discussions with the private sector**.

#### Considerations when mapping FSPs during COVID-19

- Consider **FSP business continuity**, as many services are temporarily closing or discontinuing.
- Assess **availability, reach, networks and cash out points**. Are branch offices open and call centres operating? Lockdowns and movement restrictions may have impacted this.
- Has COVID-19 impacted FSP **liquidity**?
- Assess **flexibility and willingness of FSPs to continue or open services** in affected areas.
- Understand FSPs **ability to provide services that means less contact** between the provider and the beneficiary, e.g. **electronic or mobile transfer options, contactless payments**, etc.
- Are vendors **still accepting hard cash** or using electronic payment systems only?
- Assess **ability to provide guarantees for safer distribution or encashment**
- Discuss **mitigation measures** for risks that COVID-19 is posing to FSPs.
- Are FSPs **willing and able to engage in a tender process**, particular given the timeframe the IFRC selection process takes; also their willingness to move to an electronic submission, rather than paper based and capacity to supply necessary papers.

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### Working with Financial Service Providers (FSPs) during COVID-19



# 3

## FSP selection and contracting

Refer to CiE tool '**Roadmap for service providers, organizational capacity and risk analysis**' for general guidance on FSP selection and contracting, factoring in the following:

- Using information gathered during a COVID-19 FSP mapping, analyse which providers are most feasible and appropriate to work with.
- Build on existing service provider checklists under CiE step '**Research potential service providers**' where helpful, factoring in COVID-19 considerations.
- Consider using FSPs who **offer mobile money, banking cards and contactless payments. Using these mechanisms will minimise the risk of contamination associated with handling physical cash**, which can play a role in the chain of virus transmission. It will also minimise the need for "distribution" like settings and reduce physical contact.
- Overall, consider including a **higher weighting to FSPs who proposed electronic, automated or innovative solutions** to distribution, encashment, reconciliation and reporting activities. **Diversity of services and the ability to switch from one mechanism or financial product to another** (provided it has been requested in the tender) will allow contingency and continuity.
- **Consider awarding the contract to more than one FSP, for the same CVA programme** (with the same or different delivery mechanisms) to manage the risk, share the workload and provide an alternative, if the capacity of one is severely reduced. Although bear in mind all FSPs might be facing the same limitations.
- For both **new contracts and switching FSPs, due to COVID-19, remember to factor in the time required for a tendering and contracting process**, which in some instances can take 8-12 weeks. Given the evolving nature of COVID-19 however, this may mean FSP capacities have changed between mapping and contracting. Factor in contingencies and monitoring.
- Challenges sometimes occur with the FSP contracting processes when Finance and Logistics functions are brought in too late. **Consider having a kick-off meeting with all the key functions in your NS and with the IFRC if relevant (Operations, Logistics/Procurement, Finance)** to discuss the process and ensure it goes smoothly and correctly, from the outset.
- Use the COVID-19 capacity mapping information to **draft a realistic service agreement**, factoring in any limitations or issues due to the pandemic that have affected business.

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- Request information on any **potential increased costs to the service due to any necessary optional or mandated COVID prevention measures.**
  - Consider including a contract clause specifying a cap on surcharges and/or a trigger for both parties to discuss.
  - Ask if there is a way these charges can be avoided, such as if the **NS provides protective materials (hand sanitizer, gloves, mask etc.) in-kind** or undertakes some preventative activities themselves.
- If current restrictions are making transactions with existing FSP impossible or risky, **you may want to switch FSPs.**

#### Ensuring compliance with IFRC Procurement Procedures

- If a NS needs to ensure its existing or new FSP is compliant with IFRC Procurement Procedures, and the FSP can't follow the IFRCs standard procurement process it **may be possible to request exemptions, with sound justification.** See section 2.7.2 of the IFRC Procurement Manual which can be accessed [here](#) and will require a FedNet account.
- Where FSPs are unable to provide the necessary paper work for contracting, Programmes, Finance and Logistics should **determine together the minimum documentation required for the bid to be eligible.**
- If an authorized exemption is not applicable, where possible, **consider starting with direct cash distributions, alongside running the tender process** and then transition when the contract is in place.
  - Remember for IFRC procurement, when service fees are less than CHF 1,000, a Logistics Requisition is recommended and only one quote from a single FSP is required.

## 4

### Working with FSPs

Refer to RCRC CiE tool '[Roadmap set-up and implementation](#)' for general guidance working with FSPs, factoring in the following:

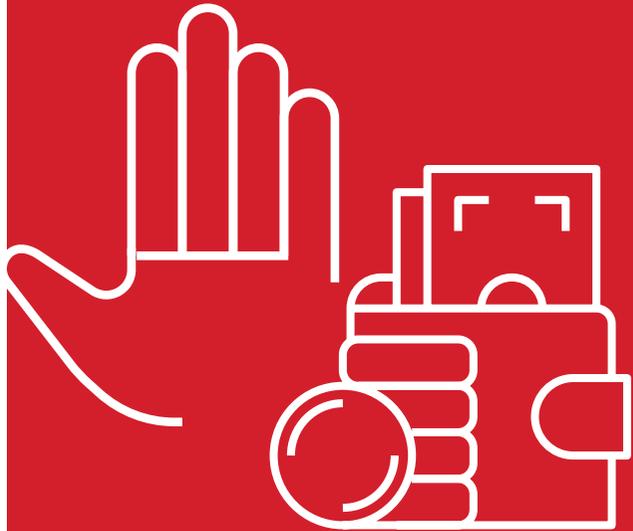
- Advocate with FSPs to ensure they are putting **appropriate health and hygiene measures** in place, to prevent COVID-19, such as social distancing and handwashing/sanitizer facilities, and can supply the needed materials (masks, soap, hand sanitizer etc.) as per national government/health advice.

#### Relevant links

- General guidance can be found here: <https://www.cash-hub.org/resources/procurement-tools-and-templates>
- A short training on procurement and contracting is on the IFRC Learning Platform: <https://ifrc.csod.com/ui/lms-learning-details/app/curriculum/e095751e-53d5-4e26-9f66-ee1db2c65e5d>

## Guidance for National Societies

### Working with Financial Service Providers (FSPs) during COVID-19



- Ask FSPs to use **new banknotes or disinfect** ones they are using in any cash distributions.
- Ensure FSPs **increase signage in branches/ communities stating COVID prevention measures.**
- **Stagger distributions so that encashment takes place over longer periods of time.** This will have to be carefully communicated and remotely monitored (i.e. phone calls or texts to households), to ensure that crowding isn't caused by other external factors.
- Consider training recipients **to report on services provided by FSPs, as part of monitoring,** particularly on COVID-19 behaviour adherence. Adopt use of **'mystery shoppers'**, if not already using.
- **Review contract terms and assess risk of failure to deliver** on programme objectives.
  - Consider **reviewing the contract KPIs/agreed service levels and draft a temporary revised service level agreement,** that still allows implementation to continue to a reasonable standard.
  - **Encourage FSPs to proactively contact the NS** when they think or know there is an issue. Let them know the **NS and FSP can work together to resolve issues,** without it being a breach of contract.
  - If necessary, a new FSP may be needed in worse case scenarios, but balance this with the reality that other FSPs may be experiencing similar issues.
  - **Instead of switching FSP, a new modality could be used instead, as a mitigation measure.**
- **Increase the frequency of FSP monitoring,** with regular engagement (by phone, if not possible in person) with the contracted FSPs regarding any changes in the situation, and if this may affect business (e.g. regulatory changes, losing staff to sickness or quarantine)
- **Try to preempt changes in service levels, look for ways to collaboratively mitigate any reduction in services and understand better what the NS could do to assist FSPs** to be able to continue at their maximum capacity.
- **Communicate proactively with households** to inform them of any potential service issues or changes.
- Understand any changes in regulations, such as Know Your Customer (KYC) requirements. **If KYC has been relaxed, consider what ID checks can be done remotely, what equipment is needed and how data protection will work** with the new approach.