



Creating an ecosystem for electronic money

(2016 – 2017)

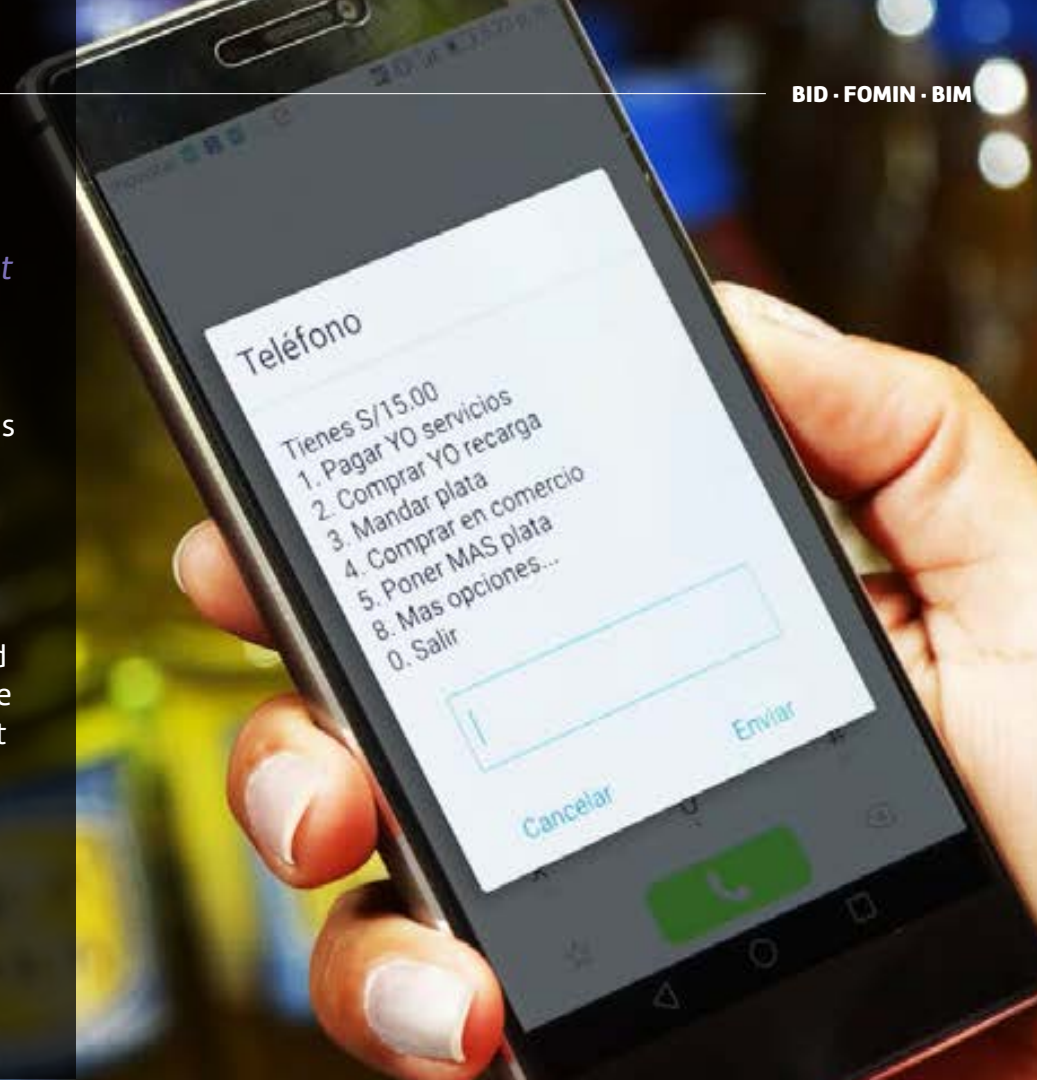
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Over four years (2011-2015), the idea for a digital payment model in Peru began to take form.

The confluence of actors with diverse natures, purposes and interests allowed financial entities, telecommunications firms and the State—meaning ministries, Congress and regulatory entities—to reach a consensus to create the legal and technological conditions to offer a new product to cover a demand for financial services that was far from satisfied.

After legislation was passed and a technological solution had been prepared, at the end of 2015 fundamental projects were rolled out to prepare the way to launch the Bim brand: a pilot project for adoption and use in the department of Cuzco and efforts to design a brand manual.



A woman with dark hair, wearing a bright pink sleeveless button-down shirt, is smiling and looking down at a smartphone she is holding with both hands. She is standing on a city street. In the background, there are blurred images of tall buildings, a tree with purple flowers, and a red truck. A semi-transparent pink banner is overlaid on the right side of the image, containing the text.

Proyecto Capital

Testing the solution

In the last quarter of 2015, a group of women, artisans and merchants from Chinchero and Andahuaylillas in the department of Cuzco were the first users to test Bim.

As part of “Proyecto Capital”, an initiative spearheaded by the consulting firm Edge Finance and the Ford Foundation, the Institute of Peruvian Studies conducted research and implemented a pilot program to generate knowledge to facilitate Bim’s launch, test operativity and determine acceptance levels among clients and agents.

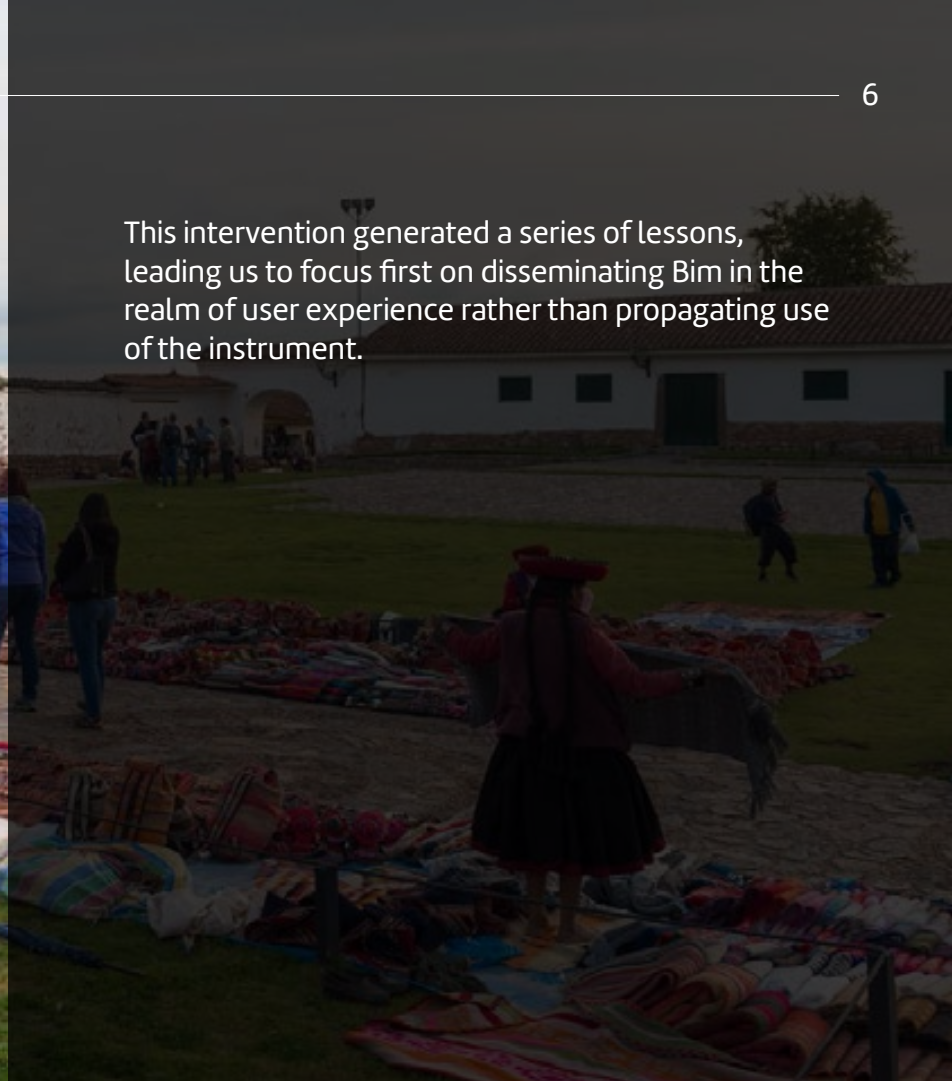
Research focused understanding the tool’s potential uses and the benefits for users. Subsequently, financial education workshops were held for both participants and future agents. Next, a pilot program for implementation was rolled out.





Chinchero Market – Cuzco

This intervention generated a series of lessons, leading us to focus first on disseminating Bim in the realm of user experience rather than propagating use of the instrument.



A construction worker wearing a white hard hat and safety glasses is looking at a smartphone. The background shows a construction site with scaffolding and structural elements. A semi-transparent teal banner is overlaid on the right side of the image, containing the text.

Bim, a full-time ally:

Creating a brand



“For those that strive to get ahead but do not have the necessary tools, Bim is a mobile wallet that provides access to a more practical way to make and receive payments; this simplifies life for users and their families. Because a full-time fighter always needs allies to won daily battles.”

Bim brand manual


This text, which opens the manual for the Bim Brand, represents the brand's promise or better said, its essence. The document explains the nature of the commercial brand; how it should be communicated; and the audiences to which it is directed.

Among its most noteworthy points, the manual defines Bim's personality as "positive, practical, friendly, perseverant, facilitating and close to users." Its purpose is to "support Peruvians in their day to day activities."

Bim is a brand which is characterized by the following attributes at the communications and action levels:

- **Empathy:** Understands the fighting, perseverant and entrepreneurial spirit of Peruvians and provides a tool that facilitates daily life.



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- **Simplicity:** Bim is an easy-to-use tool; it is practical and simple and allows users to make payments at any time regardless of where they are.
 - **Convenience:** A fast, secure and timely tool that gives users more time for family, studies and business.

At the audience level, the manual has three main audiences:

- **Primary:** Urban and rural unbanked populations (microbusiness people, men, women, youngsters and adults).
- **Secondary:** Banked, agents and companies.
- **Third:** Governments, regulators, media and opinion leaders.



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The launch



"This project (Model Peru) democratizes opportunities in the country and serves as a tool to improve the quality of life of low-income Peruvians. Today, with electronic money, we begin a new era in Peru."

*Oscar Rivera, former president of ASBANC
Press conference, Bim launch.*

On February 16, 2016, Bim, the mobile wallet offered by Pagos Digitales Peruanos S.A. (PDP)—the company that has been chartered to manage Modelos Peru—was launched in the market at a press conference with representatives from ASBANC, Pagos Digitales Peruanos, the ministers of Economy and Finance and of Development and Social Inclusion and other relevant actors.

34 financial entities and 3 of the 4 most important telecommunications companies in the country have joined the initiative, which began with an ambitious goal to reach 5 million users in 5 years, 2.1 million of which will actively conduct transactions with electronic money.

To support this launch, an intense marketing and communications plan was launched through different venues, including billboards and radio as well as television spots.

The mass campaign featured a “Ninja de los limones,” a character that sells ceviche, a typical Peruvian dish, from a street cart in Lima. The message encourages people to save time using Bim by making a comparison between how fast the character cuts lemons, a staple in ceviche, and how fast money can be sent through Bim.





***Manda plata
a nivel nacional con***

***Giros
Bim***

Tu Billetera Móvil -

Consejos Prácticos

Agentes -

In parallel, the issuers—banks and financial institutions—, executed a series of actions in the field to activate wallets and a digital campaign was rolled out through the Facebook account (www.facebook.com/MiBimPeru) and web site, www.mibim.pe.

Using USSD technology, Bim's functionalities at launch time were focused on sending money from person to person (P2P) and withdrawals of the same; this required a network of agents to convert electronic money into cash. At this point, it was also possible to by reload e-money through mobile phones.

By March 21st of 2016, about a month after launch, Bim had 53 thousand active users and approximately 6 thousand agents, which acted as e-money converters. Bim was off to an auspicious start.

Nevertheless, perhaps one of the most important lessons in this stage entailed creating an ecosystem of digital payments, which were contemplated in the law and in the memorandum of understanding signed by members of ASBANC. These aspects were firmly established on paper but success in the real world required a series of steps.

A close-up photograph of a young woman with dark hair, smiling and looking towards the camera while holding a smartphone. The background is blurred, showing other people in a social setting. A semi-transparent pink banner is overlaid on the right side of the image, containing the text.

When will
is not enough



“Today, more than a year after Bim was launched in the market, we can say that the learning process is on-going. Before when we heard an idea that seemed far-fetched, we discarded it. Today, we don’t do this because we are not able to imagine all of the possible uses that Bim can have.”

*Felipe Vásquez de Velasco
General Manager of Pagos Digitales Peruanos.*

If anything sums up the first two years of the Bim operation, it is the learning process mentioned by Felipe Vasquez de Velasco. This reflects the fact that we have remained alert and focused on trial and error in a market accustomed to using cash; unaware of the hidden costs of doing so; afraid to use the financial system; and with limited access to technology.

As mentioned in the previous chapter, the vast penetration of mobile lines in the country and the existence of a favorable legislative framework makes Peru fertile territory to scale up the use of electronic money. Although a solution was at hand, certain gaps had yet to be closed.

The first and perhaps **the most important was the effort to launch a network to facilitate e-money conversion.**

The model for agents had been highly successful in the country, so expectations were high that the ecosystem would be dynamized by small business owners who, acting as Bim agents, could reload money in the users' wallets (cash in) and convert electronic money into cash (cash out).





This did not occur naturally given that a large number of the users who opened electronic wallets, attracted by marketing efforts launched PDP or issuers, could identify no points to convert e-money. As such, the network was not aligned with a demand capable of driving the supply.

Three additional factors accompanied this scenario. The cost that training Bim agents entailed; the lack of options and functionalities that the wallet offered; and the fact that Bitel, one of the new pre-payment mobile operators in Peru was not part of the platform.

"Two or three things have been revealing throughout this process. One is that the network of agents is heterogenous; not necessarily innovative; and requires a learning process that is not automatic. At the beginning, we were very certain that the network of agents would automatically use Bim. Later, we realized that that restrictions and mistrust existed as well as valid reasons why agents found it difficult to use the service," says Carolina Trivelli, Chairman of the Board of Pagos Digitales Peruanos.

Without a functioning network for cash in and cash out, it was time to appeal to the concept put forth by Vasquez de Velasco: do not discard any ideas and appeal to creativity.



A man in a dark button-down shirt and jeans stands in the foreground, smiling and holding a piece of paper. He is addressing a group of people seated in a room. In the background, a large whiteboard is covered with handwritten notes and diagrams. Several colorful posters are pinned to the wall behind him. The room has a tiled floor and a bright, open atmosphere.

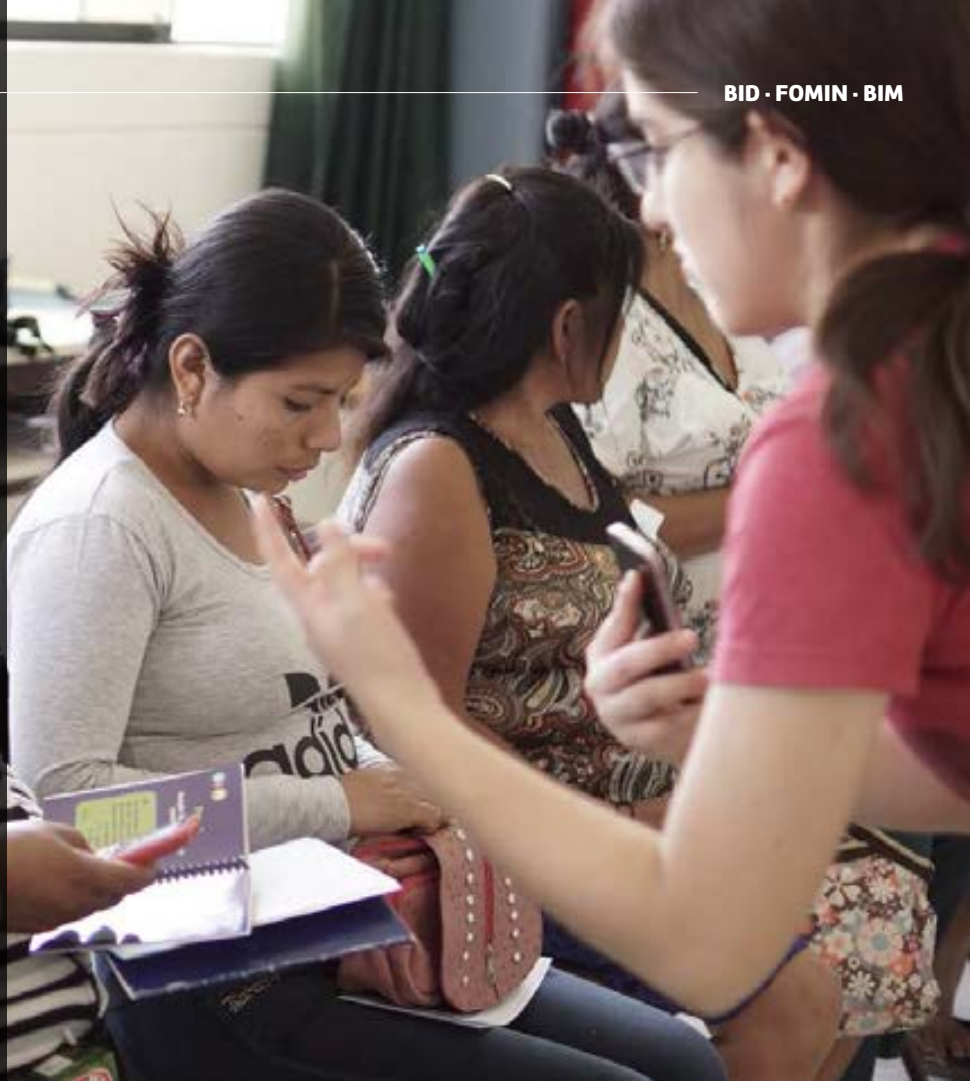
Creativity to grow

Faced with this reality, the PDP team rolled out a series of actions during the first operating year to disseminate Bim while dynamizing the ecosystem.

Next, we will provide a brief summary of these actions.

- **Promotion of affiliation to and use of Bim in users from the Programa Juntos in Catacaos, Piura**

The Programa Juntos in Catacaos, Piura, the National Program for Direct Support for the Poorest Population – Juntos, of the Ministry of Development and Social Inclusion (MIDIS), which promotes access to health and education services for the poorest families in the country, was chosen for a pilot program to disseminate the use of Bim in 5 hamlets in the district of Catacaos, department of Piura, in 2016.





A group of mothers was trained to use Bim and informed of the system's benefits so that they could teach more people about the product. Through the program ¡Afilia Bim!, we provided monetary incentives to affiliate other users and paid commissions on the first use of Bim.

The effort allowed us to directly contact 6447 mothers in the Juntos program to achieve an affiliation rate of 7.1% of beneficiaries. The total amount transferred on average per affiliate was S/ 39.3. The mean of the total transaction amount was S/ 26.9 and the individuals affiliated with Juntos engaged in transactions for S/ 46.5 on average.

- **Plan to scale up use by owners of bodegas in San Juan de Lurigancho.**

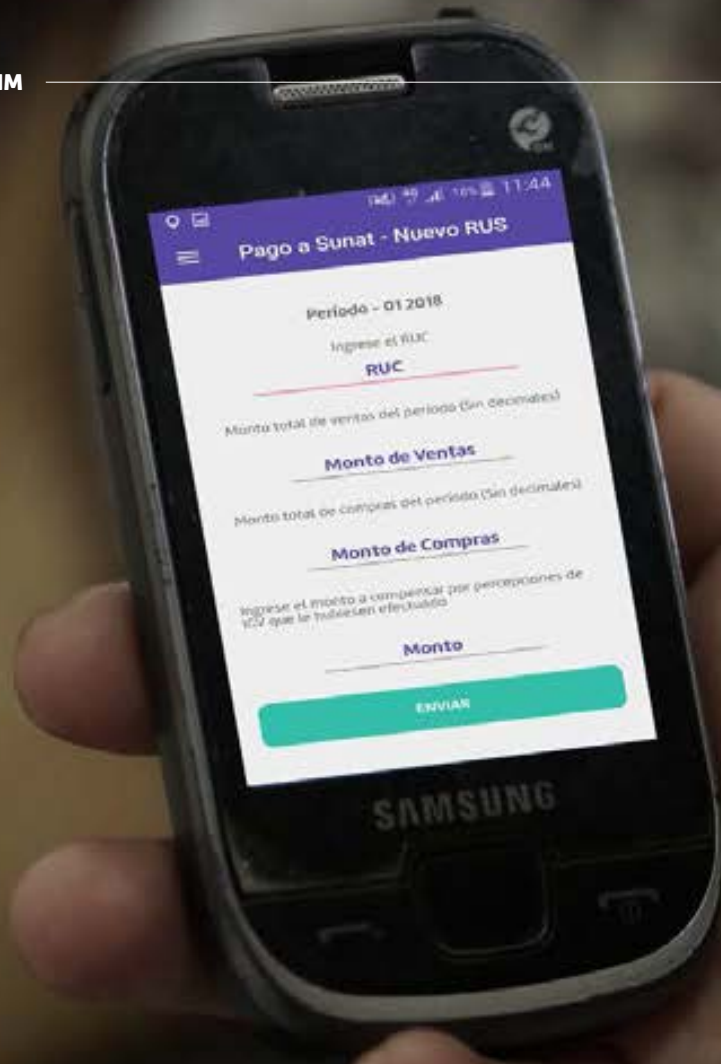
This effort focused on driving Bim's use as a transaction channel among a group of bodega owners in San Juan de Lurigancho and at three of the largest companies for mass consumption in the

country: Gloria, Lindley and Backus, who, in their role as distributors, would receive payments for merchandise through Bim.

The final objective was to gain in-depth knowledge of the sector to develop a plan to scale-up use by focusing on the bodega segment at the neighborhood level. To accomplish this, 7 profiles of bodega owners were developed for a total of 437 bodegas. Subsequently, training sessions were held with bodega owners and with the sales and distribution forces at the three companies to ensure the model's operativity.

Although the number of operations conducted by each bodega owner was not significant, we were successful in promoting the use of this tool among micro business owners in the most populated district of Peru –San Juan de Lurigancho –which has, to date, more than 1 million





inhabitants. Through this initiative, we learned about barriers to use and identified opportunities to improve provision.

- **Payment of the new RUS – The use of Bim to save time and promote formalization.**

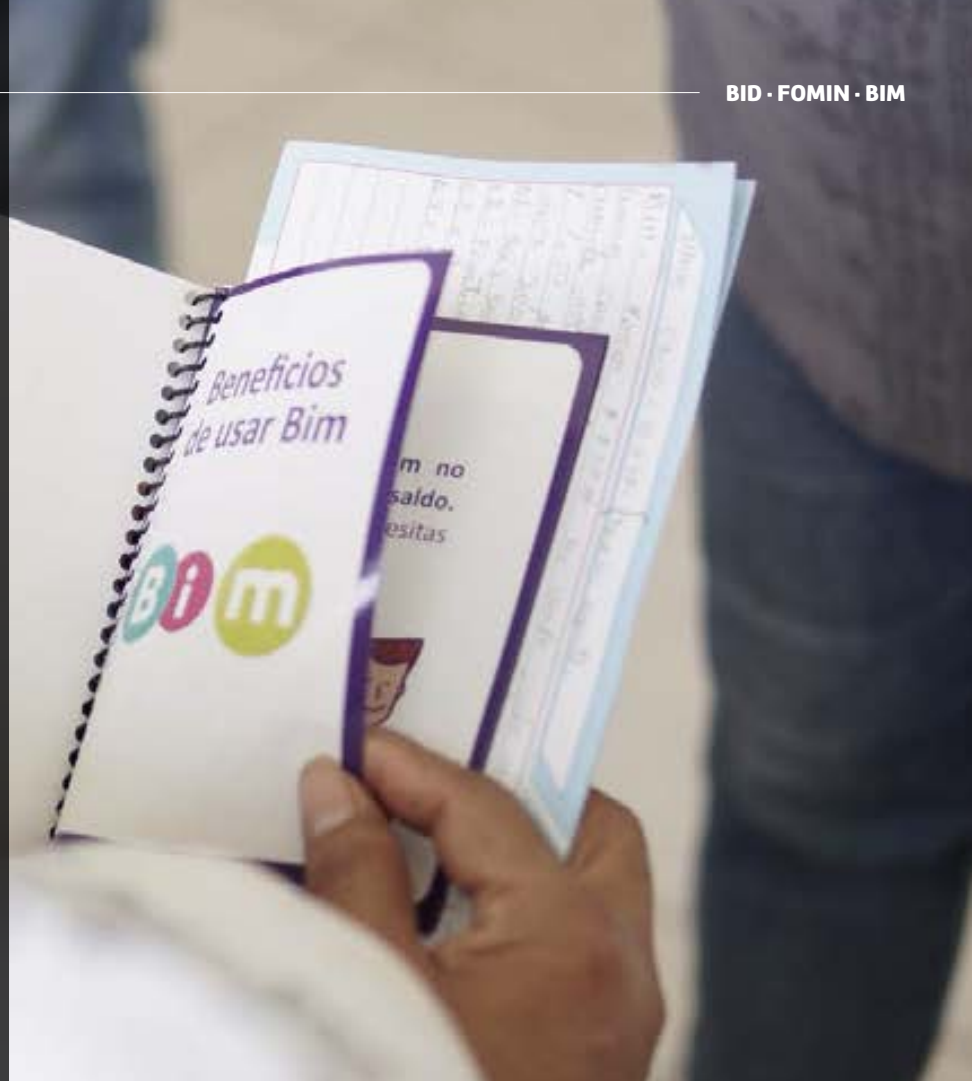
In Peru, a large number of small business owners operate under the new RUS (Simplified Sole Regimen). This modality applies to small businesses that do not issue invoices or to individuals that are tradesmen and have a monthly income under S/ 8,000.

According to figures from the National Tax Administration (SUNAT), there are more than 425,000 taxpayers in this regimen. The new RUS, due to its nature and low cost, aims to formalize a large group of the population.

This formalization will improve tax collections while allowing small businessmen to generate a tax history to become subjects of credit or to open current accounts, which improves the conditions of their business.

For many small business people, for example those that own bodegas, paying their RUS requires closing their businesses to travel to the bank and wait in long lines, which wastes time and money.

To address this issue, DDP worked together with SUNAT to allow the tax administration to collect this tax through Bim. Our technological systems were integrated while we rolled out a marketing and communications campaign that included the BTL, activations and a digital presence based on the concept that by saving time, one saves money.





- **Implementing the network of cash in and cash out.**

Alongside these efforts, and by taking advantage of the model's concept of interoperability, we worked with a group of issuers to implement the technological adaptations that were needed to make the cash in and cash out system more robust.

In 2016 and 2017, Bim was integrated with different issuer platforms.

This effort allowed us to increase the points to load and convert electronic money, including web pages and mobile applications through BCP, BBVA and Interbank. Financial entities such as Prymera e Ica were brought on board along with financing entities such as Credinka and Compartamos, Banco Financiero and GNB.

At the banking agent level, we incorporated Crediscotia and BCP, which has the largest network of agents in Peru, as well as BBVA Continental and Banco de la Nacion.

BBVA Continental and Banco de la Nacion also gave all Bim users, whether or not clients, the opportunity to use the banks' ATMs throughout the country to make cash withdrawals.

It is important to note that the Banco de la Nacion, a State institution, had to modify its statutes to become part of the Model Peru initiative.

Each of these integrations represented significant technical and adaptive challenges, which required working with different cultures, objectives and needs while addressing the reticence of issuers, who were, quite understandably, reticent.





And although the network posted sustained growth, it remained insufficient. In this scenario, PDP designed and launched a concept in the market to expand Bim's network for electronic money conversion.

- **Bimers – a new model to expand Bim's conversion network**

The Bimers program launched in April 2017 may revolutionize the market.

The banking agent model works according to a series of requirements, including (based on the reality of each financial institution), average cash flow, good credit ratings, an active RUC and the use of a POS instruments to conduct transactions.

The Bimer concept offers everyone the possibility of becoming a point of money conversion through Bim and with only a mobile phone in hand, conduct transactions such as reloading a mobile phone or making cash withdrawals and deposits. The Bimer receives, as an incentive, a commission for each transaction conducted.

Initially, the campaign offered incentives for each reload that was sold. Under the concept “Being a Bimer is making your business grow solely through your mobile phone,” the program promoted affiliation and sparked the interest of issuers in affiliating higher numbers of Bimers at their financial institutions by offering promos and benefits.

For Bimers, the use of this tool means less use of cash, which means more security.





“Bim has given my business more tranquility; now I don’t have to manage money. I do not give my suppliers cash, even when I sell some products with Bim,” says Maria Rosario Quiroz, a Bimer from the district of San Juan de Lurigancho in Lima.



In the time that Bim has operated, it has recruited a total of 3,200 Bimers, who have conducted more than 342 thousand transactions a month for a total of S/ 12 MM. This is proof of the model's success. The Bimers' model has expanded the network to convert money and constitutes an opportunity to generate more business for a large group of small businessmen.

“Although Bim is an instrument that satisfies the real needs of consumers, without an efficient and adequate network it was very difficult to trust the tool. If satisfying the need implies that the consumer must have a great deal of knowledge and entails a complicated process of constant trial and error, the consumer prefers to wait until these issues are resolved before beginning to use the tool,” says Trivelli.





It is important to note that thanks to these efforts, Bim currently has more than 22,500 points of electronic money conversion throughout Peru. This includes 2,500 ATMs, 15,000 agents and 5 thousand Bimers.

In 2016-2017, the most important lesson that the team of Pagos Digitales Peruanos learned was to concatenate, integrate and direct intentions to achieve a common objective. Nevertheless, to create an ecosystem, you need more than just a network. You also need a series of actors and situations that offer consumers something attractive enough to spur them to interiorize the product and consider it a real solution to their needs.

A woman with short brown hair, wearing a bright pink long-sleeved sweater, is smiling and giving a thumbs-up gesture. She is standing in front of a market stall. Above her are several yellow and purple hanging signs with the word 'Bim' in colorful letters and the word 'aquí' in white on a purple background. The stall behind her is filled with various goods, including bags of snacks and other market items. A semi-transparent purple banner is overlaid across the middle of the image, containing the text 'Driving the market' in white.

Driving the market



Nevertheless, in this first period of adapting and learning, Bim had a more positive impact on the digital payment market in the country.

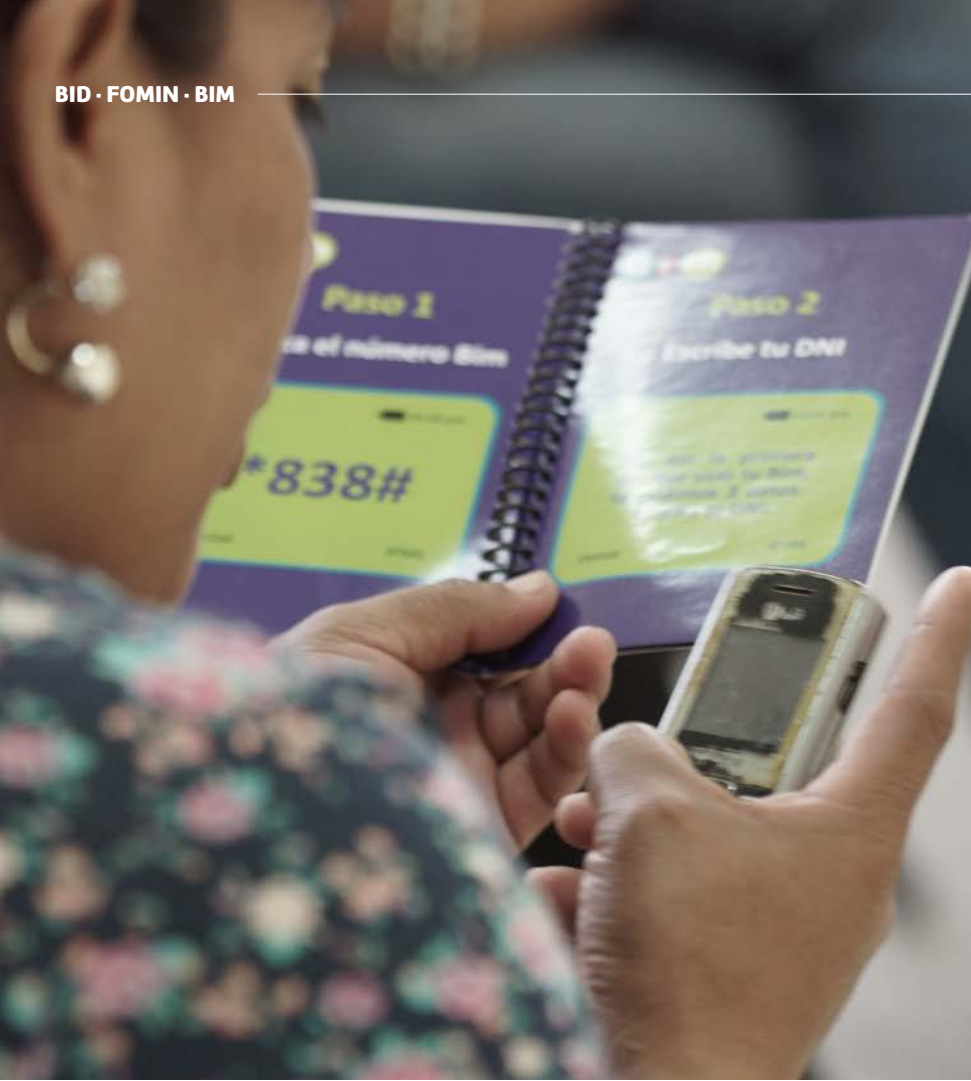
The study “Using mobile phones to promote financial inclusion in Peru: the case of electronic money,” published by Osiptel, examines the market for digital payments in Peru and states that:

- Bim’s implementation has dynamized the electronic money service¹, where an increase in users and the transaction amounts have been observed.
- From October 2015 to July 2016, 1,974, 092 electronic money transactions were conducted for a total of US\$ 374,695 (without IGV) at the mobile telephone operator level. This figure has increased since January 2016 “driven mainly by Bim’s entrance in the market.”

1. Empleando la Telefonía Móvil para promover la inclusión financiera en el Perú: el caso del dinero electrónico: http://www.osiptel.gob.pe/Archivos/Docs_RePEc/opt/DocumentosTrabajo/DT33_GavilanoRomero-2016.pdf

- During the same period, the Issuing Companies of Electronic Money that generated the highest revenues for providing access to telecommunications networks were:
 - Pagos Digitales Peruanos: 73%
 - Jupiter Technology: 16%
 - Gmoney: 11%
- In the same period, the transactions volume was as follows:
 - Pagos Digitales Peruanos: 1'550,445 (79%)
 - Jupiter Technology: 394, 858 (20%)
 - Gmoney: 28,789 (1%).



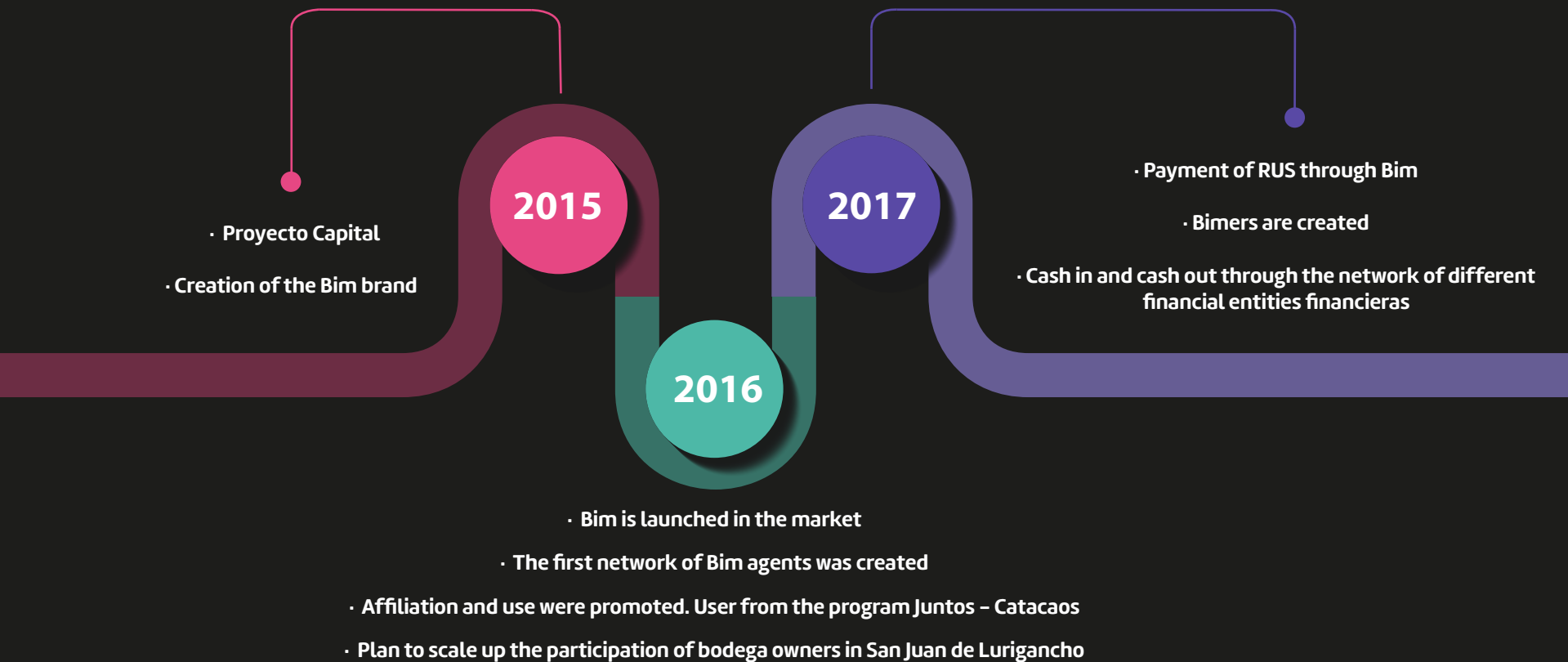


According to the study, “Pagos Digitales Peruanos (...) has covered the vast majority of electronic money transactions registered in all the months since its began operating (January 2016). This is due to the fact that PDP has signed contracts with the bulk of mobile telephone companies and has a wide network of agents”.

In this way, and despite difficulties, Bim’s entry in the market has generated a positive impact and has dynamized the market for digital payments in Peru.

The steps taken at this point to scale up the use of the tool and affiliate new strategic partners will be fundamental.

The ecosystem over time



Creating an ecosystem for electronic money (2016 – 2017)

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