

MEXICO'S DIGITAL MONEY REVOLUTION

How the Prospera Digital e-banking program could put money in the hands of Mexico's low-income families with just a few taps — and transform their lives in the process

POSTED BY ALANNA MITCHELL ON JUNE 20, 2017

Every two months, millions of Mexican women make a pilgrimage to travelling government caravans and other official gathering points to meet representatives who hand them envelopes filled with cash.

They do so as part of a national financial inclusion program called Prospera, which is designed to help low-income women feed, clothe and educate their children. And it is vast, supporting seven million women across 120,000 communities who collectively receive US\$4 billion a year.

But why do they have to travel? Why not just wander down to the bank? About 5.6 million of the women are “unbanked” — they have accounts at Bansefi, the national savings and financial services bank of Mexico, but they live in rural communities where banks, automated tellers and even point-of-sale terminals don't exist.

The process to get the money to the women is expensive and time-consuming, both for families and for the government. Women often spend money on buses to collect their cash. Not only that, but many women fear that they will be robbed or attacked once they have it.

The solution is digital money, says Gloria Mayne Davó, a program coordinator based in Mexico City with [DIRSI](#), a regional organization that conducts research on information and communication technology policies and regulations and their impact on poverty. DIRSI is working with the office of Mexico's President Enrique Peña Nieto to determine how to get the money to women more safely, cheaply and easily via a program called Prospera Digital. While rural communities don't have banks, many do have mobile phone coverage, and some families already have mobile phones. That means, if trained, the women could collect Prospera benefits as electronic payments.

But how to nudge them in a cashless direction? With a starting grant last year of \$178,000 from the [International Development Research Centre](#), DIRSI began to assess what it would take to help the women use digital banking systems.

That meant looking at other countries, including Paraguay, Colombia, Chile and Peru, to see how e-banking was working there. It also meant mapping the areas in Mexico that have mobile coverage and identifying small businesses that could serve as cash points, as well as figuring out the cultural barriers to e-banking.

A key was that the women tend not to trust the government and its services. They fear that the government will be able to track their electronic spending. Some also have trouble conceptualizing the idea of electronic money compared to cash in hand.

For example, the 1.5 million Prospera beneficiaries who live in or around cities and get their money from banks or automated tellers tend to withdraw all their money in one fell swoop, six times a year. Cash is king.



Teresa de Jesus Palacios, 42, a beneficiary of Mexico's Prospera project, checks her mobile phone on her porch in Tres Picos in the state of Chiapas. A new branch of the project, called Prospera Digital, aims to make Prospera benefit payments to women such as de Jesus Palacios more efficient by using mobile e-banking. (Photo: IDRC/James Rodriguez)

“They're afraid that they'll turn on the phone and the money won't be there,” says Ben Petrazzini, a senior program specialist at IDRC in Uruguay. “Once we have some of them using it and relying on it, they'll see it's safe.”

The second phase of the program is a pilot project, supported by a \$750,000 IDRC grant, that's focused on two things: helping 30,000 of the urban women who already use debit cards to switch to mobile banking and helping a select sample of women in rural and semi-urban areas who currently receive cash transfers switch to debit and mobile banking. The goal is to extend the pilot project to some of the 5.6 million rural women in the Prospera program by early 2018. Overall, the plan is to show by the end of next year — when the presidency changes — how the digitalization of Prospera could benefit all seven million women. “We want it to become part of the core DNA of Prospera,” Davó says.

But it's not just about money. Prospera Digital is also ultimately about helping low-income women gain digital skills and become more financially literate. Doing so could open other possibilities. Over time, Prospera Digital could help women save money, change their spending patterns and maybe even open a line of micro-credit to start a small business.

It's a strategy that has worked in other countries, Davó says. In Kenya, where low-income families have embraced the digital banking concept, rates of poverty have fallen, women have gained more control over family finances and some have begun businesses, she says.

“It's the gateway to digital life,” says Petrazzini of Prospera Digital's potential. “It opens up a whole new world.”

With luck, the new single-dose vaccine will leap over regulatory hurdles in key countries within two years, he says. Then, the task will be to teach small farmers or their veterinarians how to inject it into their livestock, keeping healthy and alive not just the animals but also the people who depend on them.

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READING AS THINKING

Answer the following in complete sentences.

1. Circle five key words associated with the main ideas of the article. Using these key words, write a brief summary.

2. Sketch a picture that you think would best represent the article's theme. Write a caption.

3. How would digital money be a better solution than government caravans or official gathering points for cash handoffs for low-income women in Mexico?

4. A) Which four countries did DIRSI study to see how e-banking was implemented?
B) What are some possible reasons for specifically looking at these countries?

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5. Ben Petrazzini believes that once the women start using Prospera Digital and relying on it, they'll see that it's safe and their fears of the money disappearing in the digital world will subside. Do you agree or disagree? Justify your answer.

6. Besides receiving money more efficiently, what are some benefits of Prospera Digital for low-income women?

7. Propose a different title for the article. It should be clear, related to the theme and incite the reader to learn more.

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Think-Pair-Share

8. *Think*

Pretend that you are a journalist who will need to prepare questions for an interview with Gloria Mayne Davó and/or Ben Petrazzini about Prospera Digital.

A) First gather the following fundamental information:

WHO	
WHAT	
WHEN	
WHERE	
WHY	
HOW	

B) What are four open-ended questions that you would ask Gloria Mayne Davó and/or Ben Petrazzini about Prospera Digital?

9. *Pair*

With a partner, look over your questions and develop a list of criteria for strong questions. Choose the best four questions based on your criteria. Make changes as necessary.

10. *Share*

Share your questions with the class. Once everyone has shared, choose some of the most powerful questions and discuss possible answers to them as a class.

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ONLINE

1. Using [Google Maps](#), locate Mexico and explore the country by using Street View and the satellite and map modes. Using the quick facts section and other research tools, find the following:
 - a. The population
 - b. The capital city
 - c. The neighbouring countries
 - d. The major bodies of water
 - e. A rural community that does not have a bank
2. Read about how [UNICEF is using Prospera Digital](#) to reduce maternal and childhood mortality in Mexico. Does Canada have a similar program for people living in remote locations? Would it be beneficial?
3. Watch how [Prospera Digital helps mothers](#).
4. Learn about the [implications of a cashless Canada](#).
5. Learn more about Mexico's [National Financial Inclusion Strategy](#).

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CROSSWORD:

Across

3. Prospera benefits are this type of payment
6. Prospera has been described as this
8. Ultimately, Prospera Digital is about helping low-income women attain literacy of this type
12. The women fear that the government will electronically track this
13. Millions of Mexican women meet up with these sent by the government to deliver cash
14. Hurdles

Down

1. Extreme financial need
2. Together
4. A banking system that relies on electronic means
5. In the country
7. Long journey
9. Many rural communities have mobile phone _____
10. The national savings and financial services bank of Mexico
11. To start a small business, some need to open this type of line of credit