

National Financial Inclusion Study 2023 Report Review



FINANCIAL INCLUSION TECHNICAL SECRETARIAT

25 JANUARY 2024

Agenda

- ❖ Objectives
- ❖ Methodology
- ❖ Select Survey Highlights
 - ❖ **Demand Side (Access, Usage) (General Population)**
 - ❖ Account Ownership, Usage
 - ❖ Internet Access & Device Usage
 - ❖ Digital Methods Ownership, Usage, Awareness
 - ❖ Cash Usage and Pull Factors
 - ❖ **Supply Side (Access, Usage) (Micro – Small Merchants)**
- ❖ Conclusions



Objectives

The specific objectives of the study were:

- ❖ To provide data on the current knowledge, attitudes, and practices (KAP) of the **general population** as it relates to financial services including digital payment products.
- ❖ To provide data on the current knowledge, attitudes, and practices (KAP) of **Small and Micro Merchants** as it relates to financial services including digital payment products.

The **overall** purpose of the research was to measure **financial access and usage** of digital payment products (including electronic retail payment services) by the **adult population in Jamaica**. .

Survey Methodology

- ❖ The survey was conducted via the use of hand-held computers during the period of **February 10, 2023 – March 27, 2023**, with the final report delivered on 30 November 2023.
- ❖ The survey parameters included:
 - ❖ National representative sample 1,003 adults (18+ years)
 - ❖ All 14 parishes, using electoral divisions
 - ❖ Urban/rural, male/female
 - ❖ 420 Micro and Small Merchants (with 30 selected randomly)
 - ❖ +/- 5% at the 95% confidence level

Access, Usage and Quality Definitions



Figure 1: NFI Conceptual Framework

- ❖ **Access:** refers to the ability of individuals or enterprises to obtain financial services.
- ❖ **Usage:** refers to the actual use of financial products and services, which includes sending and receiving money, saving, depositing, doing cashless transactions, and using cell-phone banking
- ❖ **Quality:** refers to the quality of the financial products and the service delivery. Quality indicators are often assessed based on perceptions, which is a subjective measure.

Demand Side – Access & Usage (General Population)

- ❖ **Account Ownership, Usage**
- ❖ **Internet Access & Device Usage**
- ❖ **Digital Methods, Usage, Awareness**
- ❖ **Cash Usage and Pull Factors**



Account Ownership –Banked/Unbanked

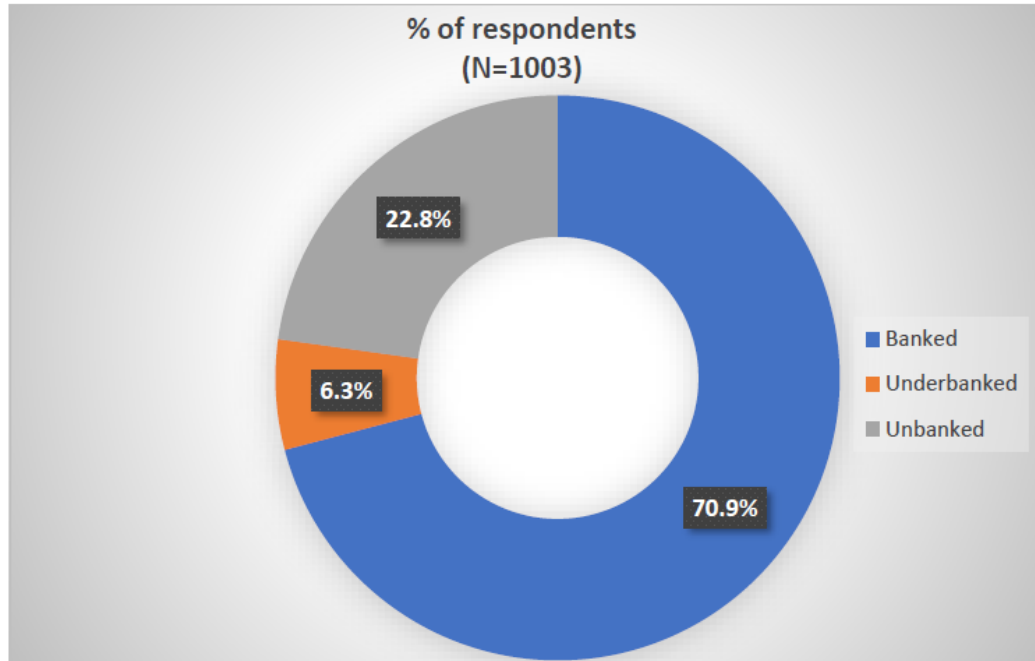


Figure 2: Financial Inclusion Profile: Percentage of Adult Population that is Banked, Under-Banked and Unbanked.

Table 6: Financial Inclusion Profile of Adult Population by Demographics

	Banked %	Underbanked %	Unbanked %
Total (N=1003)	70.9	6.3	22.8
Gender			
Male; (n=500)	70.4%	5.6%	24.0%
Female; (n=503)	71.4%	7.0%	21.7%
Age Group			
18-29y (n=312)	73.1%	5.1%	21.8%
30-39y; (n=206)	81.6%	3.4%	15.0%
40-49y; (n=170)	74.7%	7.6%	17.6%
50-59y; (n=150)	60.0%	8.0%	32.0%
60y and older; (n=165)	59.4%	9.1%	31.5%
Location **			
KMR and Montego Bay Urban; (n=281)	75.8%	5.7%	18.5%
Other Urban; (n=382)	74.3%	5.8%	19.9%
Rural ; (n=340)	62.9%	7.4%	29.7%
Socio-economic Level ***			
Upper Income (A/B); (n=68)	95.6%	0.0%	4.4%
Middle Income (C1); (n=112)	92.0%	1.8%	6.3%
Working Class (C2); (n=258)	79.8%	5.4%	14.7%
Lower Income (D); (n=565)	59.6%	8.3%	32.0%

- Overall, 70.9% of respondents were found to be banked, 6.3% underbanked and 22.8% unbanked
- Overall, financial inclusion was found to decrease with decreasing socio-economic status. Specifically, upper (95.6%) and middle-income (92%) respondents were significantly more banked vs working class (79.8%) and lower income (59.6%) socio-economic groups.
- Conversely, lower income respondents (32%) reported being unbanked vs upper income (4.4%)

Account Usage - Banked

Table 9: Financial Institutions Accounts with And Number of Accounts

	<i>% of banked respondents (n=774)</i>
Commercial Bank	91.6%
Building society	12.5%
Credit Union	17.1%
1 account	52.2%
2 accounts	27.9%
3 or more accounts	18.9%

Table 10: Activities Done in Past 4 Weeks at Main Types of Financial Institution

	Commercial Bank (n=705) %	Building Societies (n=96) %	Credit Unions/PC Banks (n=132) %
Withdrawal	62%	29%	17%
Deposit	49%	50%	42%
Payment	38%	14%	7%
Transfer	32%	16%	5%

- Most banked respondents had accounts with commercial banks (91.6%). Regardless of the financial institution, most (52.2%) respondents reported holding only 1 account.
- Among commercial banks, making a withdrawal (62%) was the activity done by the majority in the past 4 weeks, followed by making a deposit (49%). Among Building Societies and Credit Unions, making a deposit was the main activity engaged in (Building Societies; 50% and Credit Unions; 42%).

Account Ownership Pull Factors

Table 16: Reasons for Opening an Account at Types of Financial Institutions

	Commercial Bank (n=705) %	Building Society (n=96) %	Credit Union/ PC Bank (n=132) %
To save money	66.5%	69.8%	89.4%
Receive a wage payment (from an employer)	38.4%	13.5%	3.8%
Receive remittances/ money from overseas	8.9%	4.2%	0.8%
Receive a payment from the government (not related to wages)	5.4%	1.0%	0.8%
To process a loan	4.4%	3.1%	14.4%
For my pension plan	3.7%	1.0%	1.5%
To conduct business	2.7%	6.3%	1.5%
For online shopping	2.7%	-	2.3%
To receive money from my husband/children/parents etc.	2.0%	-	1.5%
For online banking/ Travelling	1.6%	-	-
To collect or pay my rent/ mortgage	1.0%	1.0%	-
To collect insurance money	0.4%	-	0.8%
For my child/children to save in	0.7%	1.0%	1.5%

- ❖ Primary motivators for opening an account with a **commercial bank** was “to save money” (66.5%) and “to receive a wage payment from an employer” (38.4%).
- ❖ Similarly, **Building societies** was “to save money” (69.8%) and “to receive a wage payment” (13.5%).
- ❖ **Credit unions:** Motivations were “to save money” (89.4%) and “to process a loan” (14.4%).

Account Opening Process

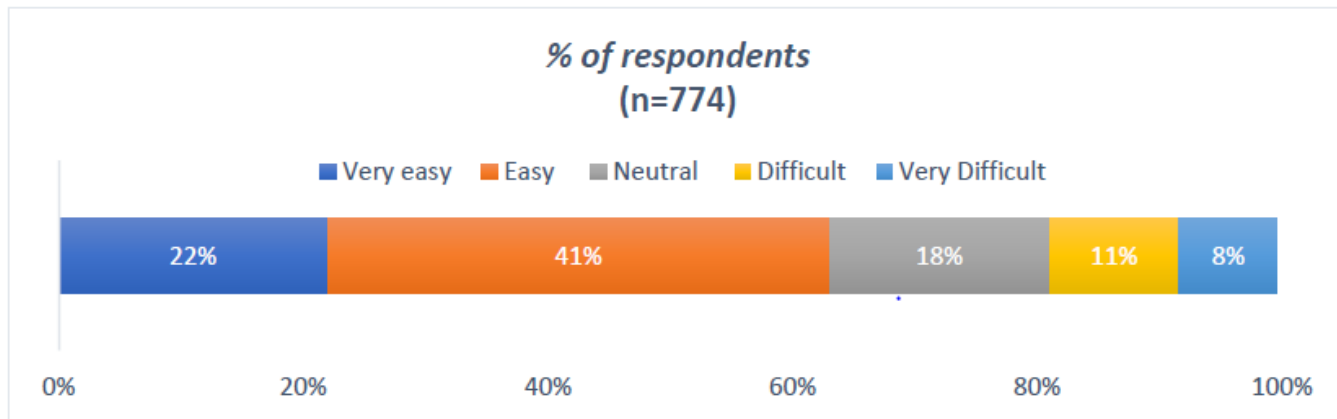


Figure 10: Perceived Level of Ease vs Difficulty with Opening a Transactional Account

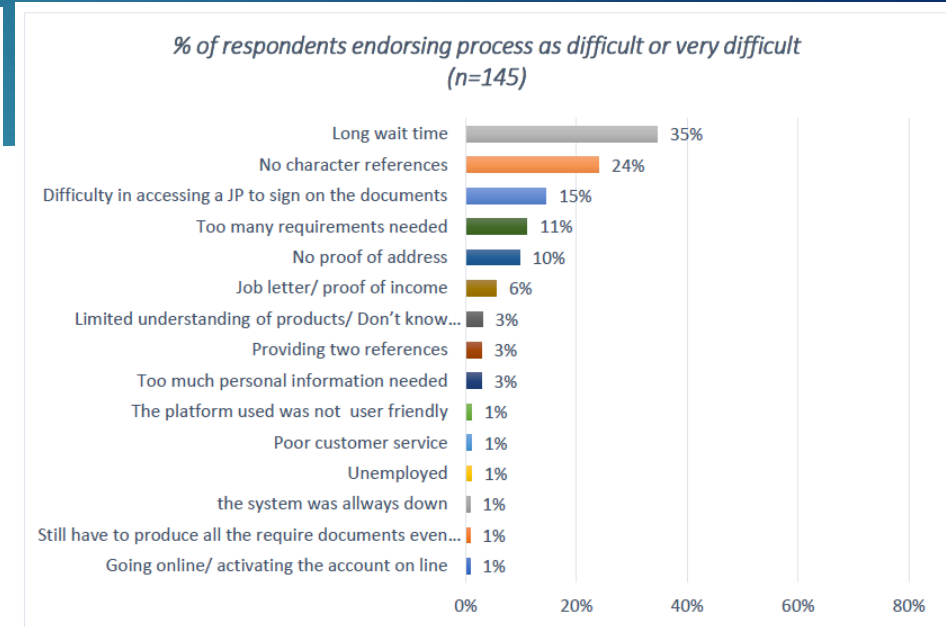


Figure 11: Reasons Very Difficult / Difficult to Open a Transactional Account

- When asked how they would describe the process of opening an account, 22% described the process as “very easy”, and 41% as “easy”. Conversely, 19% described the process as “difficult to very difficult”.
- Respondents who described the process as difficult to very difficult, gave reasons as – “long waiting times” (35%), “no character references” (24%), “no access to a JP to sign relevant documents” (15%), “no proof of address” (10%) and “no job letter” (6%).

Device Ownership & Usage/Internet Access

Table 36: Devices used to Connect to the Internet

	Cell phone	Desktop/ laptop Computer	Tablet	Television/ Smart TV
Total (n=932)	97.2%	43.8%	39.2%	17.3%
Bank Profile				
Banked; (n=679)	97.2%	52.0%	42.9%	18.9%
Underbanked; (n=60)	96.7%	23.3%	35.0%	15.0%
Unbanked; (n=193)	97.4%	21.2%	27.5%	12.4%
Gender				
Male; (n=458)	97.6%	44.3%	32.3%	19.7%
Female; (n=474)	96.8%	43.2%	45.8%	15.0%
Age Group				
18-29y; (n=308)	97.7%	53.2%	42.2%	23.4%
30-39y; (n=202)	99.5%	48.0%	49.5%	18.8%
40-49y; (n=164)	97.6%	42.1%	41.5%	22.6%
50-59y; (n=137)	96.4%	34.3%	33.6%	5.1%
60y and older; (n=121)	92.6%	25.6%	17.4%	5.8%
Location				
KMR and Montego Bay Urban; (n=260)	96.2%	51.2%	44.2%	6.5%
Other Urban; (n=366)	97.8%	44.5%	39.1%	21.0%
Rural; (n=306)	97.4%	36.6%	35.0%	21.9%
Socio-economic Level				
Upper Income (A/B); (n=68)	94.1%	94.1%	52.9%	14.7%
Middle Income (C1); (n=109)	95.4%	77.1%	56.9%	15.6%
Working Class (C2); (n=249)	98.4%	50.2%	45.0%	20.9%
Lower Income (D); (n=506)	97.4%	26.7%	30.6%	16.2%

Table 37: Ways in Which Internet is Accessed

	Yes, at home	Yes, at work	Yes, at another location (specify)	Yes, mobile internet	No access
Total (n=1003)	81.2%	26.0%	8.2%	47.9%	7.1%
Bank Profile					
Banked; (n=712)	86.4%	31.0%	8.3%	52.1%	4.6%
Underbanked; (n=62)	82.3%	14.5%	6.5%	33.9%	3.2%
Unbanked; (n=229)	64.6%	13.5%	8.3%	38.4%	15.7%
Gender					
Male; (n=500)	79.2%	28.6%	9.4%	51.6%	8.4%
Female; (n=503)	83.1%	23.5%	7.0%	44.1%	5.8%
Age Group					
18-29y; (n=312)	88.5%	32.1%	15.7%	50.3%	1.3%
30-39y; (n=206)	85.0%	30.1%	6.8%	55.3%	1.9%
40-49y; (n=170)	81.8%	31.8%	4.7%	59.4%	3.5%
50-59y; (n=150)	81.3%	23.3%	4.7%	46.0%	8.7%
60y and older; (n=165)	61.8%	6.1%	2.4%	23.6%	26.7%
Location					
KMR and Montego Bay Urban; (n=281)	87.5%	37.0%	8.5%	45.2%	7.5%
Other Urban; (n=382)	87.7%	28.0%	8.4%	44.8%	4.2%
Rural; (n=340)	68.5%	14.7%	7.6%	53.5%	10.0%
Socio-economic Level					
Upper Income (A/B); (n=68)	100.0%	60.3%	8.8%	58.8%	0.0%
Middle Income (C1); (n=109)	93.8%	51.8%	15.2%	61.6%	2.7%
Working Class (C2); (n=249)	87.6%	31.0%	7.8%	50.0%	3.5%
Lower Income (D); (n=506)	73.5%	14.5%	6.9%	42.8%	10.4%

- Access to the internet and smartphone ownership is universal. Respondents indicated 97.2% and 43.8% ownership/usage of a cell phone and computer respectively to access the internet.
- The Internet is primarily accessed at home (81.2%) and via mobile internet (47.9%).

Digital Payment Methods – with/without Bank Account Ownership

Table 17: Digital Payment Method Requiring a Bank Account Ownership

	Debit Card	Credit card
Total (n=773)	86.9%	19.4%
Bank Profile		
Banked; (n=711)	89.2%	21.0%
Underbanked; (n=62)	61.3%	1.6%
Gender		
Male; (n=380)	87.1%	22.4%
Female; (n=393)	86.8%	16.5%
Age Group		
18-29y; (n=244)	91.0%	13.6% *
30-39y; (n=175)	93.7%	22.3%
40-49y; (n=140)	85.7%	21.4%
50-59y; (n=101)	93.2%	21.8%
60y and older; (n=113)	72.6% ***	23.0%
Location		
KMR and Montego Bay Urban; (n=229)	92.1%	24.1%
Other Urban; (n=306)	85.3%	20.6%
Rural; (n=238)	84.0%	13.4%
Socio-economic Level		
Upper Income (A/B); (n=65)	98.5%	66.2% ***
Middle Income (C1); (n=105)	96.2%	29.5%
Working Class (C2); (n=220)	89.1%	18.3%
Lower Income (D); (n=383)	81.2%	9.4%

Table 18: Digital Payment Method NOT requiring a Bank Account Ownership

	Prepaid Debit/ Credit Card	Mobile Wallet
Total (N=1003)	5.6%	11.8%
Bank Profile		
Banked; (n=712)	6.7%	14.6%
Underbanked; (n=62)	6.5%	4.8%
Unbanked; (n=229)	1.7%	4.8%
Gender		
Male; (n=500)	5.2%	13.4%
Female; (n=503)	6.0%	10.1%
Age Group		
18-29y; (n=312)	4.5%	20.5%
30-39y; (n=206)	8.7%	13.6%
40-49y; (n=170)	5.3%	8.2%
50-59y; (n=150)	7.3%	5.3%
60y and older; (n=165)	2.4%	2.4%
Location		
KMR and Montego Bay Urban; (n=281)	6.4%	13.9%
Other Urban; (n=382)	6.0%	12.6%
Rural; (n=340)	4.4%	9.1%
Socio-economic Level		
Upper Income (A/B); (n=68)	8.8%	16.2%
Middle Income (C1); (n=112)	12.5%***	29.5% ***
Working Class (C2); (n=258)	6.6%	15.1%
Lower Income (D); (n=565)	3.4%	6.2%

- Overall, the majority of banked respondents (88.5%) reported owning at least one method of digital payment. Debit cards (86.9%) were the most commonly owned method of payment.
- Ownership of digital payment methods which do not require a bank account were lower than credit card ownership at 19.4%. That is, 11.8% of respondents owned a mobile wallet and 5.6% owned a pre-paid debit/credit card.

Debit Card and Online Banking Profiles

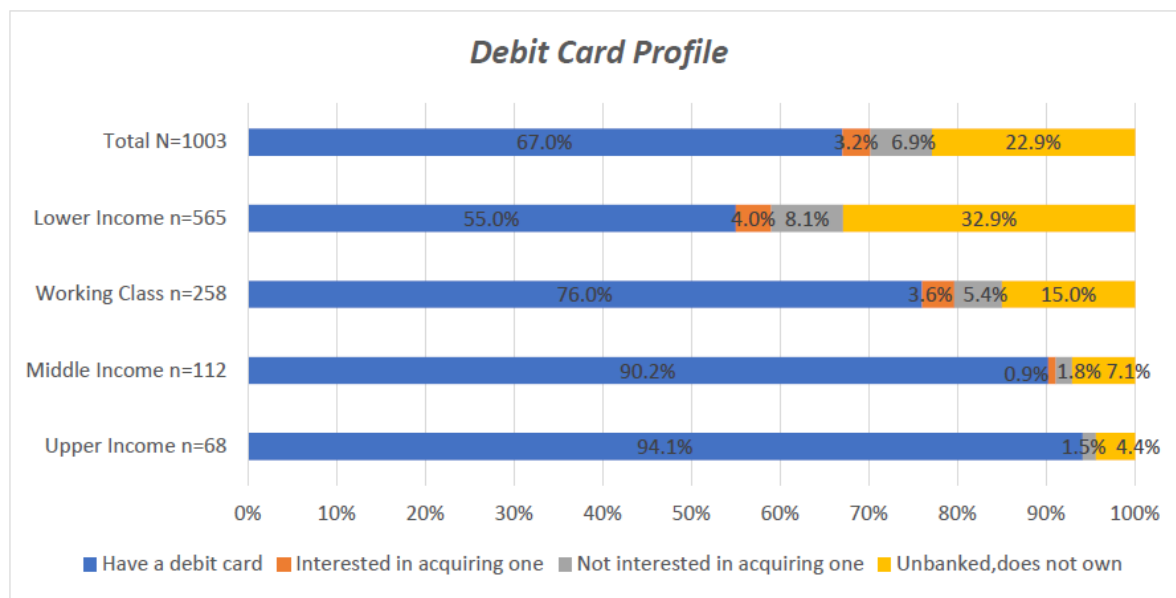


Figure 15: Debit Card Profile by Socio-economic Groups

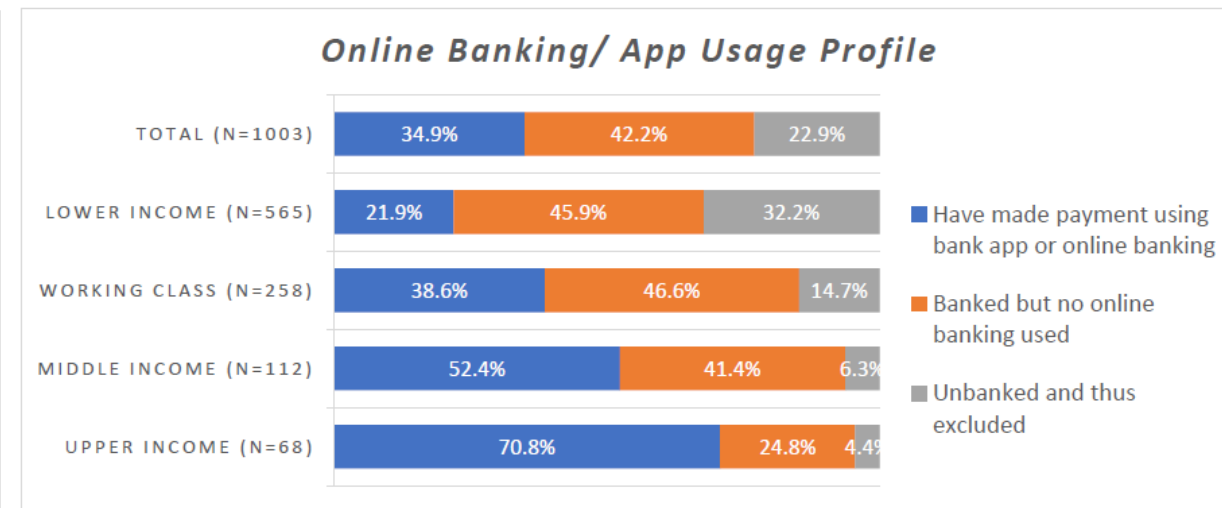


Figure 19: Online Banking/ App Usage Profile by Socio-economic Groups

- Debit cards (67%) were the most commonly owned method of payment.
- Online banking and the use of online banking to make payments, emerged as the method of payment with the second highest penetration.
- More than a third (34.9%) reported using online banking, with 42.2% being banked but not online. (opportunity for expansion).

Prepaid Card and Mobile Wallet Profiles

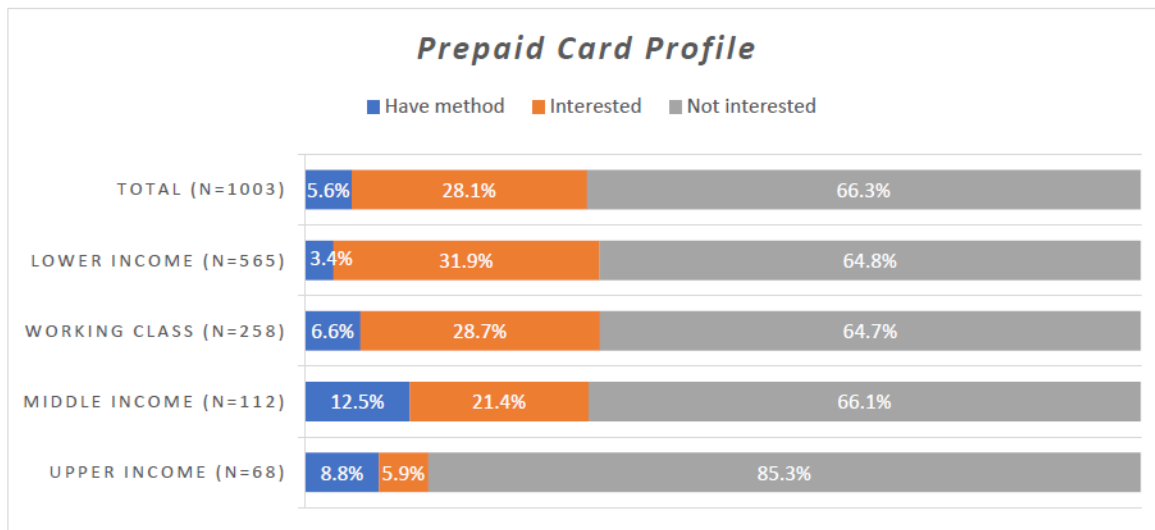


Figure 17: Prepaid Card Profile by Socio-economic Groups

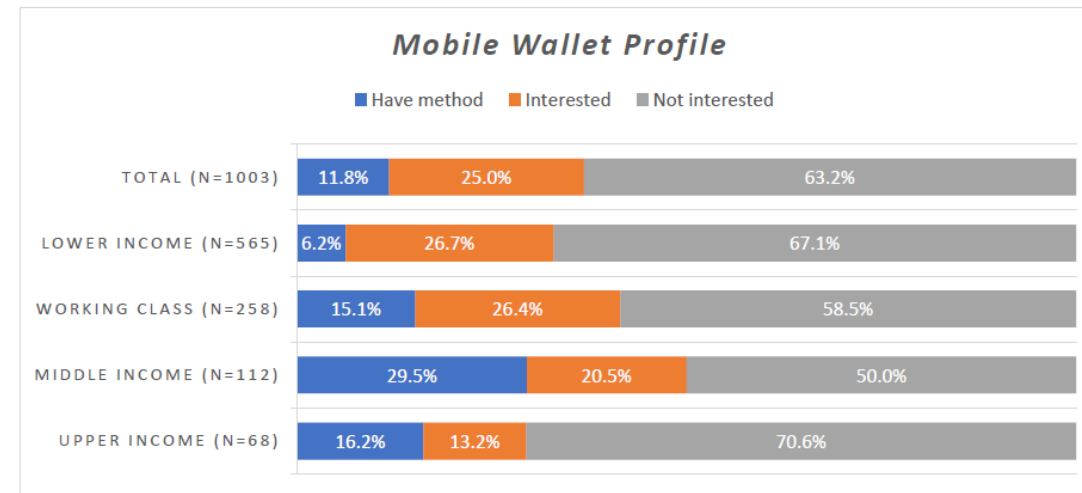


Figure 18: Mobile Wallet Profile by Socio-economic Groups

- Only 5.6% of respondents reported ownership of prepaid cards, 28.1% expressing interest in acquiring same, and 66.3% were **“not interested”** in pre-paid cards.
- Ownership of mobile wallets was twice that of ownership of prepaid cards. Only 11.8% reported ownership of a mobile wallet with 25% expressing interest in acquiring same. The majority, (63.2%) were **“not interested”** in mobile wallets.

Digital Payment Usage

Table 21: Digital Payment Method Used for in least 1 of 8 activities in the Past 12 Months (pay bills online/ in branch, telebanking, purchases in stores, online shopping, send and receive money, buy phone credit)

Payment methods used for at least one of eight specific transactions in the past 12 months	Socio-Economic Group				
	Upper income n=68	Middle Income n=112	Working Class n=258	Lower Income n=565	Total n=1003
At least one digital payment method used	98.5%	91.1%	67.4%	40.7%	57.1%
Debit Card	80.6%	80.4%	60.5%	33.1%	48.7%
Online/ Bank App ***	69.1%	50%	33.7%	16.8%	28.4%
Credit Card***	57.4%	27.7%	10.9%	5.8%	13.1%
Pre-paid card/ mobile wallet	8.8%	12.5%	7.0%	3.7%	5.9%

- Overall, more than a half (57.1%) of respondents had used at least one digital payment method in at least one instance in the past 12 months.
- Conversely, 42.9% had used no digital payment method over the same period.
- Almost all upper (98.5%) and middle income (91.1%) respondents had used at least one method in the past 12 months with 67.4% of working-class and 40.7% from the lower income demographic.

Method of Payment for: Bill Payments and In-Store Purchases

Table 25: Methods Used to Pay Bills in Branch by Socio-economic Group

Methods used to pay bills in branch	Socio-Economic Group (Base=persons engaging in the activity)				
	Upper income {n=34}	Middle income (n=71)	Working class (n=182)	Lower income (n=396)	Total (n=683)
Cash	32.4%	70.4%	81.3%	89.4%	82.4%
Debit Card	52.9%	36.6%	26.9%	14.1%	21.8%
Online/ Bank App	20.6%	9.9%	6.6%	3.5%	5.9%
Credit Card	29.4%	8.5%	5.5%	2.5%	5.3%
Pre-paid debit/credit Card	0.0%	2.8%	0.5%	0.8%	0.9%
Mobile Wallet	0.0%	0.0%	0.5%	0.3%	0.3%

Table 26: Methods of Payment Used for Purchases in Store by Socio-economic Group

Methods of payment used for making purchases in store	Socio-Economic Group (Base=persons engaging in the activity)				
	Upper income (n=68)	Middle income (n=110)	Working class (n=243)	Lower income (n=506)	Total (n=927)
Cash	47.1%	70.9%	83.1%	93.5%	84.7%
Debit Card	72.1%	69.1%	46.5%	25.3%	39.5%
Credit Card	44.1%	20.0%	5.8%	3.2%	8.8%
Pre-paid debit/credit Card	2.9%	3.6%	1.6%	0.2%	1.2%
Online/ Bank App	1.5%	0.0%	0.8%	1.2%	1.0%
Mobile Wallet	1.5%	0.0%	0.0%	0.2%	0.2%

- ▶ Cash was the main payment method used by middle income, working class and lower income respondents to settle bills or in-store purchases.
- ▶ In contrast, most upper income respondents reported using digital payment methods, and in particular debit cards, to pay bills and make purchases in store.

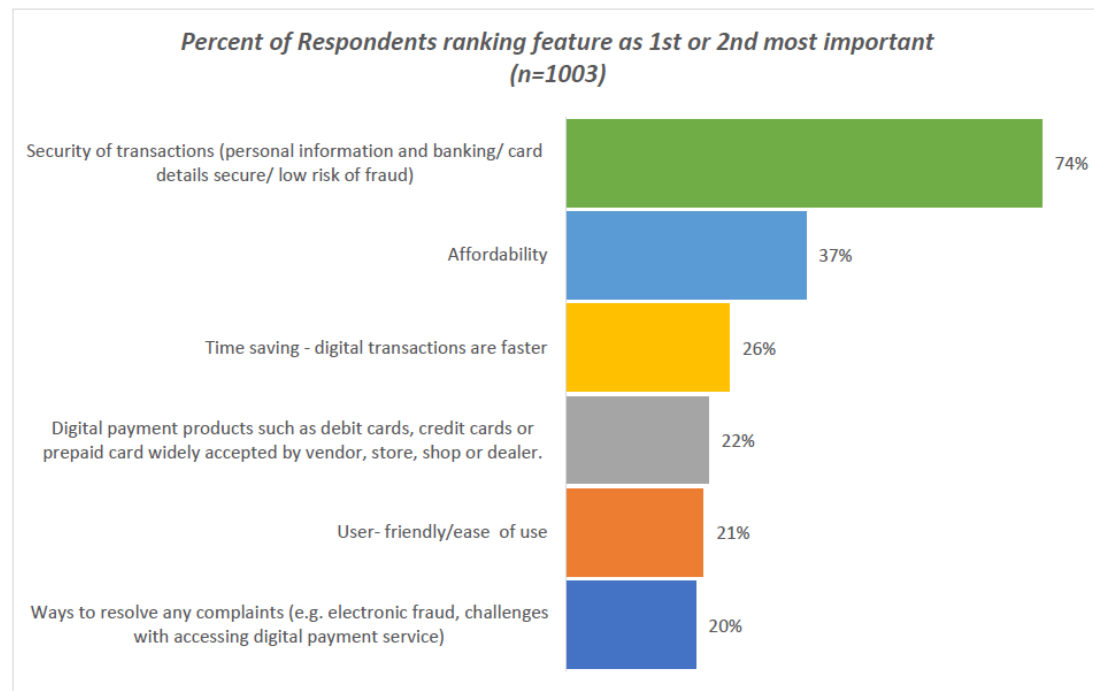
Reasons For Not Having Digital Payment Options

Table 31: Reasons Do Not Have Digital Payment Options

	Debit card (n=101) %	Credit card (n=622) %	Prepaid card (n=947) %	Mobile Wallet (n=885) %
Not interested	35.6%	30.4%	32.8%	35.4%
No Specific reason	8.9%	13.7%	18.1%	16.6%
Lack of trust	5.9%	2.1%	2.0%	3.1%
Security concerns	4.0%	1.8%	2.0%	2.7%
Don't see the purpose for it	4.0%	4.7%	5.0%	4.4%
Inconvenience	3.0%	1.8%	1.4%	1.5%
Increased risk of fraud	3.0%	1.3%	0.8%	1.5%
Government tax	3.0	1.9%	0.6%	0.6%
Fees and charges	2.0%	13.2%	1.3%	1.1%
Unable to open an account (due to lack of funds)	2.0%	4.2%	3.8%	2.1%
Don't want to run the risk of overspending	2.0%	1.3%	0.3%	0.2%
Don't have enough funds in the bank	2.0%	1.8%	0.5%	0.6%
I do not meet the necessary identification requirements / unable to meet the requirements such as current photo ID, TRN and employment information (KYC requirements)	-	2.4%	1.3%	0.3%
Privacy	1.0%	0.6%	0.3%	0.8%
Don't understand how it works	1.0%	0.3%	1.1%	1.9%
Never heard of it	-	1.0%	12.4%	12.1%
Never thought about getting one	-	2.1%	2.4%	1.4%

- ❖ Despite differences in penetration of the various digital payment methods, there was no rejection of any method.
- ❖ Primary reasons for not owning any method were a general “lack of interest” by 30% or more and “no specific reason” (debit card 8.9%; credit card 13.7%; prepaid card 18.1% and mobile wallet 16.6%).
- ❖ Over 12% had “never heard” of a prepaid card or mobile wallet.
- ❖ Lack of trust, security concerns and the risk of fraud were some other reasons given.

Importance of Payment Features



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Figure 23: Ranking Digital Payment Attributes by level of Importance

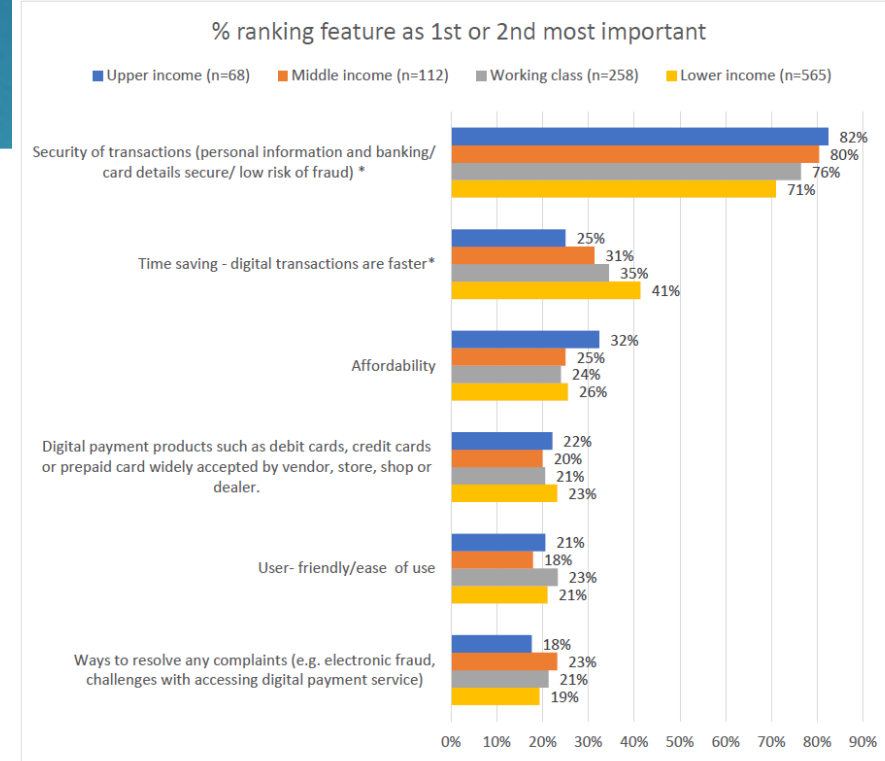


Figure 24: Level of Importance of Payment Features by Socio-Economic Group

- ▶ “Security of transactions” regarding digital payment features was the top concern at 74%.
- ▶ “Affordability” of use was the second most important consideration with a 37% rating.

Digital Services – Awareness and Usage

Table 33: Awareness of Digital Payment Services

	ePay	NCB Quisk	Lynk	Sagicor MyCash
Total (N=1003)	47.6%	37.6%	64.4%	44.0%
Bank Profile				
Banked; (n=712)	51.7%	41.9%	70.9%	44.0%
Underbanked; (n=62)	32.3%	29.0%	58.1%	35.5%
Unbanked; (n=229)	38.9%	26.6%	45.9%	46.3%
Gender				
Male; (n=500)	50.4%	37.8%	65.2%	46.8%
Female; (n=503)	44.7%	37.4%	63.6%	41.2%
Age Group				
18-29y; (n=312)	47.1%	34.6%	73.1%	40.4%
30-39y; (n=206)	51.5%	40.3%	68.0%	48.1%
40-49y; (n=170)	52.4%	42.4%	64.7%	48.8%
50-59y; (n=150)	48.0%	36.0%	58.0%	44.7%
60y and older; (n=165)	38.2%	36.4%	49.1%	40.0%
Location				
KMR and Montego Bay Urban; (n=281)	52.3%	42.7%	68.3%	41.3%
Other Urban; (n=382)	48.2%	38.2%	65.2%	45.5%
Rural; (n=340)	42.9%	32.6%	60.3%	44.4%
Socio-economic Level				
Upper Income (A/B); (n=68)	58.8%	55.9%	86.8%	48.5%
Middle Income (C1); (n=112)	72.3%	64.3%	88.4%	58.9%
Working Class (C2); (n=258)	48.8%	35.7%	65.5%	43.8%
Lower Income (D); (n=565)	40.7%	31.0%	56.5%	40.5%

Table 34: Digital Payment Services Ever Used

	Alliance ePay	NCB Quisk	Lynk	Sagicor MyCash
Total (n=781)	4.1%	4.2%	10.0%	3.2%
Bank Profile				
Banked; (n=595)	5.0%	5.5%	11.8%	3.9%
Underbanked; (n=41)	0.0%	0.0%	4.9%	0.0%
Unbanked; (n=145)	1.4%	0.0%	4.1%	1.4%
Gender				
Male; (n=401)	4.5%	5.0%	10.5%	4.5%
Female; (n=380)	3.7%	3.4%	9.5%	1.8%
Age Group				
18-29y; (n=269)	4.5%	6.3%	18.6%	4.5%
30-39y; (n=170)	6.5%	6.5%	2.3%	0.9%
40-49y; (n=130)	4.6%	2.3%	6.9%	4.6%
50-59y; (n=110)	0.9%	0.9%	2.7%	0.0%
60y and older; (n=102)	2.0%	1.0%	1.0%	0.0%
Location				
KMR and Montego Bay Urban; (n=225)	4.4%	7.1%	13.8%	5.3%
Other Urban; (n=303)	5.0%	4.0%	8.6%	3.0%
Rural; (n=253)	2.8%	2.0%	8.3%	1.6%
Socio-economic Level				
Upper Income (A/B); (n=65)	4.6%	4.6%	13.8%	7.7%
Middle Income (C1); (n=107)	12.1%	14.0%	24.3%	8.4%
Working Class (C2); (n=203)	4.4%	3.9%	11.3%	3.4%
Lower Income (D); (n=565)	1.7%	1.7%	4.9%	1.0%

- ▶ Of the four (4) Apps probed, awareness was highest for Lynk (64.4%), then ePay (47.6%) and Sagicor MyCash (44%), with awareness lowest for NCB Quisk (37.6%).
- ▶ The middle income demographic reflected the highest usage across the products, and banked respondents were more aware vs the unbanked.

Cash Usage and Pull Factors

Table 24: Frequency of Cash Usage in Past 6 Months

	Everyday	One to Two times weekly	Once per fortnight	Once every few months	Less Often	Don't know
Total (n=908)¹⁹	72%	21%	4%	2%	2%	0%
Bank Profile						
Banked (n=634)	72%	21%	4%	1%	1%	0%
Underbanked (n=58)	67%	17%	2%	5%	5%	2%
Unbanked (n=216)	72%	21%	2%	1%	3%	0%
Gender						
Male (n=453)	79%	16%	2%	1%	1%	0%
Female (n=455)	65%	25%	5%	2%	2%	0%
Age group						
18-29y (n=279)	74%	19%	3%	1%	1%	0%
30-39y (n=189)	77%	16%	4%	2%	1%	0%
40-49y (n=153)	80%	16%	3%	0%	1%	0%
50-59y (n=134)	70%	24%	4%	1%	2%	0%
60y and older (n=153)	56%	31%	4%	4%	5%	0%
Location						
KMR & Montego Bay Urban (n=249)	71%	22%	3%	2%	2%	0%
Other Urban (n=344)	74%	19%	4%	2%	1%	0%
Rural (n=315)	70%	22%	4%	1%	3%	0%
Socio-Economic Group						
Upper income (n=68)	46.2%	43.6%	7.7%	2.6%	0%	0%
Middle income (n=112)	68.8%	22.6%	4.3%	1.1%	3.3%	0%
Working Class (n=258)	70.2%	21.1%	3.7%	2.1%	2.5%	0.4%
Lower income (n=565)	74.9%	18.7%	3.0%	1.3%	1.7%	0%

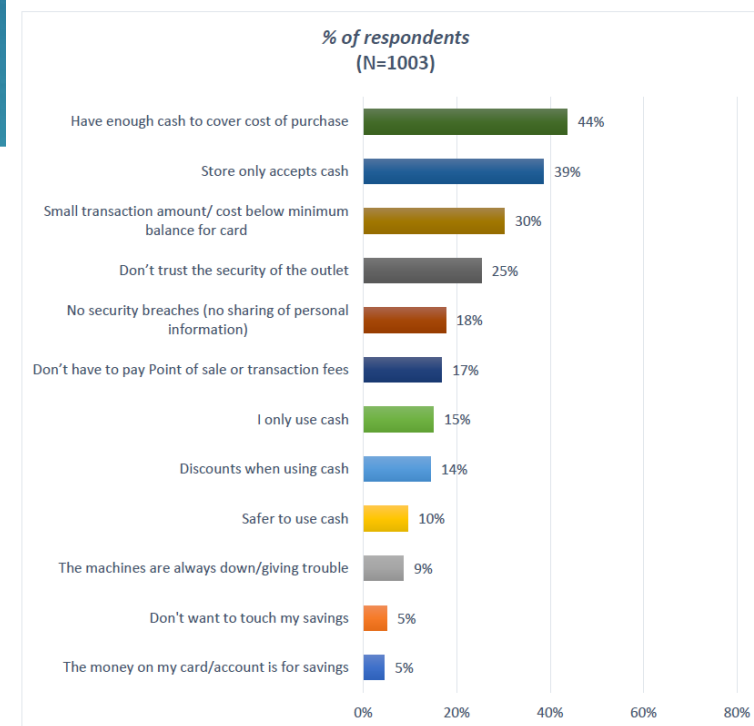


Figure 27: Reasons use Cash When the Option to Use a Debit Card, Credit Card, Prepaid Card, Mobile Wallet is Available

- Cash is the method of payment commonly used by the majority every day. Almost three-quarters (72%) of respondents reported using cash on a daily basis.
- Lower income respondents (74.9%) were most likely to report daily usage of cash, while upper income respondents (46.2%) were least likely to report daily usage of cash
- Precautionary considerations, stores only accepting cash, and minimum transaction requirements were the main pull factors for using cash.

Supply Side – Access & Usage (Micro-Small Merchants)

- ❖ **Digital Payment Method Penetration**
- ❖ **Payment Methods Accepted or Preferred**
- ❖ **Reason for Preferring Cash**
- ❖ **Concerns About Non-Cash Payment Methods**



Digital Payment Method Penetration

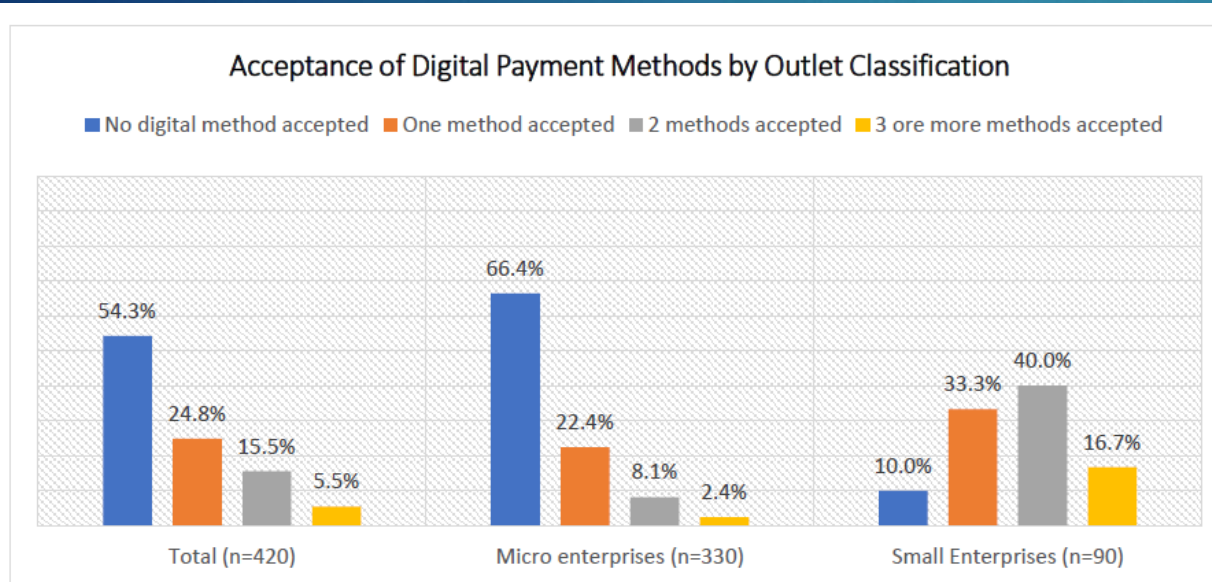


Figure 37: Acceptance of Digital Payment Methods by Outlet Classification

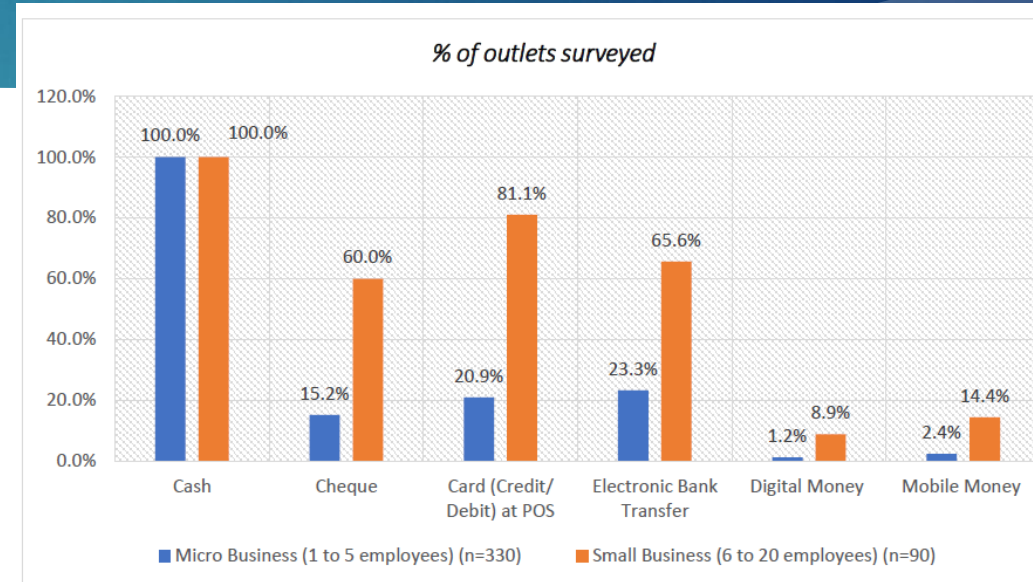


Figure 38: Payment Methods Accepted by Outlet Type

- ▶ The consumer's ability to use digital payment methods is limited by the penetration of digital payment method acceptance.
- ▶ Approx. 66.4% of micro enterprises did not accept digital payments vs 10% of small enterprises.
- ▶ Cash was universally accepted by both micro and small enterprises.

Payment Methods Businesses Accept/Prefer

Table 39: Payment Method Business' ACCEPT by Outlet Type Details

Type of Outlet	Cash	Cheque	Card (Credit/Debit) at POS	Electronic Bank Transfer	Digital Money	Mobile Money
Merchant: Total (N=420)	100.0%	25%	34%	32%	3%	5%
Merchant Size						
Micro Business (1 to 5 employees) (n=330)	100.0%	15.2%	20.9%	23.3%	1.2%	2.4%
Small Business (6 to 20 employees) (n=90)	100.0%	60.0%	81.1%	65.6%	8.9%	14.4%
Customer Base						
Individual (n=258)	100.0%	10.5%	21.3%	19.0%	1.6%	1.9%
Business & Individual (n=160)	100.0%	46.9%	53.1%	53.1%	4.4%	9.4%
Product/ Service Based						
Products (n=207)	100.0%	19.8%	26.1%	19.8%	2.9%	3.4%
Service (n=123)	100.0%	24.4%	35.0%	40.7%	1.6%	5.7%
Both (n=90)	100.0%	36.7%	50.0%	50.0%	4.4%	7.8%
Location						
Urban including KSA, St. Catherine & Montego Bay (n=120)	100.0%	21.7%	36.7%	25.0%	3.3%	5.0%
Rural (n=300)	100.0%	26.0%	32.7%	35.3%	2.7%	5.0%

Table 41: Preferred Payment Methods

Type of Outlet	Cash	Card (Credit/Debit) at POS	Electronic Bank Transfer	Cheque
Total (n=420)	78.0%	10.0%	6.0%	0.2%
Merchant Size **				
Micro Business (1 to 5 employees) (n=330)	81.8%	7.6%	3.9%	0.3%
Small Business (6 to 20 employees) (n=90)	65.6%	18.9%	11.1%	0.0%
Customer Base *				
Individual (n=258)	84.5%	7.4%	2.7%	0.4%
Business & Individual (n=160)	68.8%	13.8%	10.0%	-
Product/ Service Based **				
Products (n=207)	84.5%	9.2%	2.9%	0.5%
Service (n=123)	75.6%	8.1%	10.6%	-
Both (n=90)	67.8%	14.4%	4.4%	-
Location				
Urban including KSA, St. Catherine & Montego Bay (n=120)	76.7%	15.0%	2.5%	0.8%
Rural (n=300)	79.0%	8.0%	6.7%	-

- ▶ All micro and small businesses (100%) accepted cash and reflected a combined 78% preference for cash.
- ▶ Acceptance of digital payment methods ranged between 5% and 34%, which is even lower (0.2% - 10%) by preference.
- ▶ The businesses' preference and payment method acceptance profile may create a co-dependency with the public profile and vice-versa.

Reasons for Cash Preference/ Concerns for Non-Cash Methods

Table 42: Reason for Preferring Cash Payments (unprompted)

	Cash (n=329)
Make the transaction easier/ easier to use	25%
More convenient	19%
It is more tangible/ it is physical	17%
Because I run a small shop	13%
I get a lot of local customers and they mostly use cash	13%
Prevent fraud	6%
Because the customers prefer it	5%
Don't have to deal with the bank, get the money direct	5%
Sure of the payment	5%
the money is instant	4%
Doesn't attract a fee	4%
Will not experience cyber thieves	3%
easy access	3%
The machine goes out of service sometimes	2%
Don't have to worry about persons card being declined (loss of sale)	1%
It is safer	1%
Liquidity of assets	1%
don't want to deal with the banks	1%
it is the most universal	1%
no delay on funds	1%

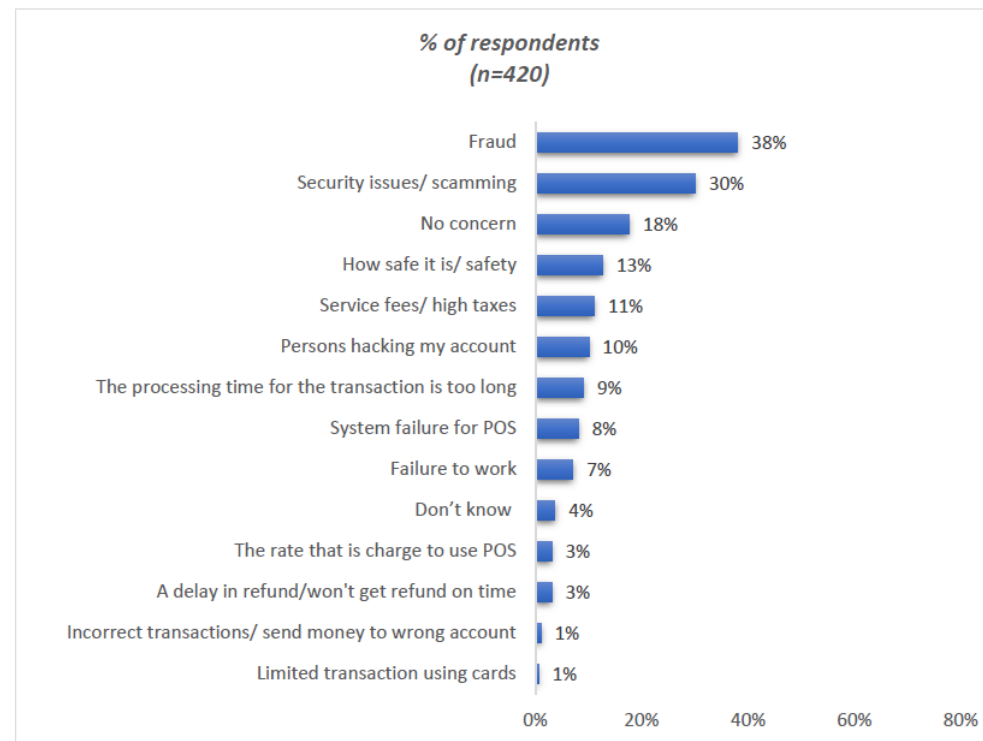


Figure 42: Concerns About Payment Methods Other Than Cash

- ▶ Cash was preferred because it made transactions easier (25%), was more convenient (19%), more 'tangible' (17%) and suited for small shops (13%).
- ▶ Concerns about non-cash (digital) methods include fraud (38%), Security/Scamming (30%), No Reason (18%) and Safety (13%)

Summarized Conclusions

- ❖ There remains a significant unbanked population at approximately 22.8%.
- ❖ The lower income demographic was less financially included than the relatively higher income demographic. Similarly, rural were less included vs urban, and the older less included vs the younger socio-economic segments.
- ❖ The account opening process was largely reported as 'easy to very easy' (63%) with 19% reflecting perceptions of 'difficult to very difficult', citing concerns with long waiting time, references and no access to JPs.
- ❖ There is both high mobile (97.2%) usage and internet penetration along with high cash usage on both the demand and supply sides.
- ❖ The general banked population has high debit card ownership and usage but relatively low online and other digital payment usage.
- ❖ There is notable general awareness of digital payment services, which are constrained by limited product knowledge and negative perceptions regarding fraud, security and breach of personal information.
- ❖ There was a high incidence of lack of demand interest for digital payment methods. This could be attributed in part to lack of product knowledge, security and fraud concerns, in addition to the prevalence of the high usage and acceptance of cash.