

# Haiti Mobile Money Business and Merchant Survey Results



**OCTOBER 2015**

**This publication was produced for review by the Haiti Mobile Money Initiative. It was prepared by DAGMAR and Imagines LLC.**

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## Acronyms

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B2B	Business-to-Business Transfer
B2P	Business-to-Person Transfer
BNC	Banque Nationale de Crédit
DAGMAR	Designing Advertising Goals for Measured Advertising Results
E-Money	Electronic Money
GOH	Government of Haiti
GSM	Global System for Mobile Communications
G2P	Government to Person Payments / Government Social Welfare Payments
HIFIVE	USAID Haiti Integrated Finance for Value Chains and Enterprises project
HMMI	Haiti Mobile Money Initiative
HTG	Haitian Gourde
MFI	Microfinance Institution
MNO	Mobile Network Operator
MSME	Micro-, Small and Medium Enterprise
NGO	Nongovernmental Organization
POS	Point of Sale Terminal
PSP	Payment Service Provider
P2P	Person-to-Person
P2B	Person-to-Business
SIM	Subscriber Identity Module
UMTS	Universal Mobile Telecommunications System
USAID	United States Agency for International Development
USSD	Unstructured Supplementary Service Data
WOCCU	World Council of Credit Unions

## About HMMI

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The Haiti Mobile Money Initiative (HMMI), co-funded by the Bill & Melinda Gates Foundation and the United States Agency for International Development (USAID), began in June 2010 and was designed to spur the launch of mobile money services in Haiti following the 2010 earthquake. Managed by the USAID-funded Haiti Integrated Finance for Value Chains and Enterprises (HIFIVE) program,<sup>1</sup> HMMI provided incentives to organizations that developed mobile money services and provided grants to address obstacles in the implementation of payment systems and improve access to financial services through mobile money.

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<sup>1</sup> HIFIVE was a USAID-funded program implemented from 2009 to 2015 by FHI 360 and World Council of Credit Unions. HIFIVE worked to transform the agricultural and rural finance sector in Haiti and expand financial inclusion through use of technology.

## About DAGMAR

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Designing Advertising Goals for Measured Advertising Results (DAGMAR) is a Haiti-based company established in June 2008 which provides services in all aspects of communication and research. It consists of a team of young entrepreneurs experienced in a wide range of professional areas: market research, statistics, marketing/advertising, communications, graphic design, public relations, and event planning. This diverse but united group of professionals provide a proactive, innovative and responsible approach.

DAGMAR is represented by Christine Coupet Jacques, MBA, who serves as CEO. The research section is headed by Jean Daniel Choute, who holds a BS in Applied Economics and Statistics. The research staff consists of a core group of four members plus a network of external consultants. This assignment was completed by professionals with experience conducting assessments and surveys on the national, departmental and local level utilizing various tools and research methods such as face to face, central location or expert interviews, focus groups, etc.

## About Imagines LLC

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Imagines LLC is a United States-based consultancy agency established in 2015 and specializes in Haitian community research and development. Imagines LLC is represented by Brittany Hicks, founder and CEO, with 3 years of experience working on mobile banking in Haiti, and Ansy Saintervil, Director of Business Development and Outreach, who has over 25 years of experience in both Haiti's banking and credit union sectors. Brittany and Ansy collaborated closely with DAGMAR on the survey questionnaire for the merchants, and Brittany worked as a data analyst to help review and interpret the findings to identify key patterns of responses by merchants that financial institutions and mobile technology providers can leverage when considering new products and solutions.

# Authors

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The Haiti Mobile Money supply side survey was commissioned by the Bill & Melinda Gates Foundation as a part of its contribution to HMMI. The research was conducted in Haiti by DAGMAR, in conformity with the standards of the ICC/ESOMAR International Code on Market and Social Research (<http://www.esomar.org/index.php/codes-guidelines.html>).

All materials and data produced from this study are the property of HMMI, but the findings and conclusions presented in this report are those of the authors and do not necessarily reflect the positions or policies of HMMI, the Bill & Melinda Gates Foundation or USAID.

## Research Context and Purpose

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Inspired by the success of M-Pesa in Kenya, HMMI, co-funded by the Bill & Melinda Gates Foundation and USAID, began in June 2010. HMMI was designed to spur the launch of mobile money services in Haiti following the 2010 earthquake. Managed by the USAID-funded HIFIVE program, HMMI provided incentives to organizations that developed mobile money services. It also provided grants to address obstacles in the implementation of payment systems and improve access to financial services through mobile money.

Seven months after HMMI began, two mobile service providers, Digicel and Voilà, launched services that allowed customers to use their phones as “mobile wallets” to send and receive money, pay for purchases, and receive humanitarian aid on their cell phones. Digicel, the first to meet HMMI requirements with its Tcho Tcho Mobile<sup>2</sup> service, won the US\$2.5 million “First to Market Award” in January 2011. Voilà received HMMI’s “Second to Market Award.” Through a subsequent “Scaling” phase, awards were granted when the providers reached each of two milestones: 1 million mobile money transactions and 5 million transactions. In April 2012, Digicel acquired Voilà, leaving a single product on the market.

The initial results of these efforts were impressive, with more than 800,000 mobile money users registered during the first two years of implementation. However, there was limited success transforming registered customers into active customers<sup>3</sup>, restricting the transformative impact of mobile money on the economy.

Although the results have fallen short of expectations, HIFIVE and HMMI have been successful in changing the landscape and dialogue about mobile money and electronic payments in Haiti. Haiti’s commercial banks, *caisses populaires* (credit unions), and microfinance institutions (MFIs) are in the process of defining mobile strategies. At the same time, new mobile money providers have entered the market, building on the groundwork laid by HMMI. Digicel made a strategic investment in one new entrant, Boom Financial,<sup>4</sup> a socially responsible Silicon Valley start-up firm focused on expanding financial inclusion, particularly with immigrant and unbanked families. Another new entrant, Lajan Cash, a joint venture between Banque Nationale de Crédit

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<sup>2</sup> Tcho Tcho Mobile was relaunched as Mon Cash in the summer of 2015; Tcho Tcho is used for the purposes of this report given that it was still Tcho Tcho at the time of research and initial report writing.

<sup>3</sup> Active is defined as one transaction in 90 days,

<sup>4</sup> At the time of research and initial report writing, Boom was an active service. As of July 31, 2015, however, Boom had ceased activity in Haiti.



(BNC) and HaitiPay, introduced a third product that is bank-led and focused on establishing a strong national merchant network.

This growing interest in mobile money sparked additional research, through HMMI, to identify opportunities to expand the distribution network of mobile money and digital financial services in Haiti, primarily through increasing the involvement of financial institutions. Whereas HMMI had focused on mobile operator-led solutions, this new research was meant to better understand current barriers to entry for financial institutions and ways to increase their involvement in mobile money. In initial interviews, financial institutions cited the need for a robust merchant network in which mobile payments could be accepted as a key component for driving the business case for investing in mobile solutions.

**In this context, HMMI embarked on research to help Haitian financial institutions better understand merchants: who they are, their access to financial services and business management practices, their perceptions of mobile money and barriers to usage, and potential operational “pain points” that could be overcome with mobile solutions. Although the research was primarily designed to capture information that financial institutions would need to design demand-driven mobile banking products and strategies for merchants, it can also be used by mobile network operators (MNOs) interested in enhancing or designing new merchant solutions.**

This research was not meant to address all of the challenges to expanding the use of mobile money and banking solutions in Haiti, including need for an interoperable and carrier agnostic merchant and agent network.

Other documents produced as a part of this research include (1) a tool to help financial institutions evaluate the advantages, disadvantages, and costs associated with different mobile integration models<sup>5</sup> and (2) a high-level, step-by-step methodology for financial institutions interested in integrating mobile solutions into their business lines.<sup>6</sup>

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<sup>5</sup> The report, *The Case for Bank-Led Mobile Adoption Strategies in Haiti*, including the *Interoperability Cost Analysis* tool can be downloaded [here](#).

<sup>6</sup> The report, *Haitian Financial Institutions and the Path to Mobile Banking Solutions*, can be downloaded [here](#).

## Potential of Increased Involvement of Financial Institutions in the Mobile Money Ecosystem

Two of Haiti's mobile money products (Lajan Cash and Tcho Tcho) operate as closed-loop, non-integrated transfer and payment solutions with financial institution oversight. Greater participation by financial institutions could:

- add much-needed liquidity and branch coverage to existing agent networks
- enhance mobile money's value proposition by offering integrated financial products and services (such as savings or loan products) issued by a financial institution
- increase consumer trust in mobile financial services through financial education and literacy programs
- help establish responsible regulation and oversight on new merchant networks

From the financial sector perspective, the vast potential offered by mobile money is best demonstrated in terms of geography. Close to half of Haiti's population lives in rural areas. However, of the 175 bank branches nationwide, 67 percent of all branches and 75 percent of all automated teller machines (ATMs) are in Port-au-Prince, with the remaining bank branches located in Haiti's larger second- and third-tier cities. Additionally, while banks hold 90 percent of total system assets, they typically serve only the formal sector, making them a less viable solution for the many informal merchants and underserved rural communities. In contrast, there are nearly 400 credit unions and MFIs, which hold 10 percent of total assets. Only about 20 percent are in Port-au-Prince; the remaining 80 percent cover the rural areas where close to half of the population lives.<sup>7</sup> Therefore, geographical location of merchants and their access and use of existing financial services was one major topic of exploration in this research.

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<sup>7</sup> *Projet de Strategie Naitonale d'Inclusion Financiere*. Banque de la République d'Haïti in collaboration with the World Bank. Distributed for BRH Financial Inclusion Conference, September 30 – October 1, 2014.

## Executive Summary

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Five years after the launch of HMMI,<sup>8</sup> Haiti's mobile money services remain underutilized, primarily supporting domestic payment products focused on person-to-person (P2P) transfers and social transfers from the government (G2P payments). Despite mobile wallet<sup>9</sup> solutions available to formal merchants and consumers for purchasing items at grocery stores and other formal businesses, usage is extremely low and many advertised merchants are unable to serve account holders visiting their locations.

The result is that the Haitian mobile money ecosystem lacks sufficient merchants and businesses that accept mobile money as payment for their goods and services. The current solutions, simply put, are not attractive enough to merchants and businesses, so consumers have few opportunities to keep or use their currency in digital form.

Previously, many actors within the Haitian mobile money ecosphere focused on price as the primary reason for lack of mobile adoption. Discussions around price, however, frequently mask concerns about a product's value: The market value of mobile banking is still unclear to merchants. Its convenience is not yet an improvement over cash. Safely storing funds and managing liquidity does not seem to be a motivating enough factor for merchants to exchange cash for digital currency.

To identify potential opportunities (“use cases”) where mobile might create value for more merchants and, in turn, for consumers, a survey was developed through this research to:

- perform an introductory market analysis of merchants across Haiti, including current access to financial services
- understand why these users are not part of the mobile money ecosystem, current barriers to use, and whether merchants believe mobile technologies could help their businesses grow
- identify “pain points” for these merchants that could be addressed through mobile solutions

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<sup>8</sup> HMMI launched a transaction-based award competition to stimulate private sector adoption of mobile money in Haiti as a way to eventually expand financial access to the poor.

<sup>9</sup> Merchant solutions are offered in two separate, closed-loop mobile money ecosystems: (1) Mon Cash, previously Tcho Tcho Mobile, is a mobile wallet service offered by mobile network operator Digicel and its financial partner Scotiabank and (2) Lajan Cash, a mobile account offered by BNC and its technology developer and partner HaitiPay.

- determine patterns in merchant behaviors and perceptions that could be utilized to introduce more beneficial mobile merchant products and use cases

The research included interviews with more than 500 formal and informal merchants in rural and urban areas across Haiti's 10 departments using both qualitative and quantitative research methodologies.

## General Sentiments

The general sentiments reflected in the merchant responses can be summarized as follows:

- Merchants are generally under-informed about the concept of mobile money. Many have heard of mobile banking, but few are using it. No merchants interviewed had previously considered using mobile money for business purposes.
- Merchants would prefer mobile money services offered directly from financial institutions over services offered by mobile operators. There is an established level of trust that financial institutions will help keep their funds secure.
- Cash remains the preferred method of spending money and receiving payments for goods and services. Many merchants believe digital accounts would help with cash management and security of funds, but the benefits of not carrying cash and financial inclusion do not outweigh the inconvenience of using the **current** mobile money accounts.

## Barriers to Accepting Mobile Payments

The most important barriers for merchants are:

- **Belief that cash payments are safe and cash liquidity management does not require a formal account with a financial institution.** Despite mobile wallets' being advertised as a safer alternative to storing cash than traditional, informal methods (e.g., storing under a mattress), respondents overall *do not perceive cash as insecure*. Additionally, *informal merchants do not perceive cash as difficult to manage* and typically have sufficient cash on hand for consumer transactions, particularly in marketplaces where they can get change from fellow merchants.
- **Limited education and understanding.** Seventeen percent of informal merchants either have no formal education or did not feel comfortable answering a question about their level of education. Of the remainder, only 22 percent have at least a high school education, 40 percent received only a middle school

education, and 21 percent attended only primary school. Education fosters financial literacy, advanced thinking, and problem solving, and improves self-confidence. Lack of education may be a barrier for companies' asking consumers and merchants to grasp the potential business benefits of self-service mobile solutions.

- **Trusting an unknown and unreliable technology.** Merchant responses also confirmed that *trust and technological comprehension remain as barriers to adopting new solutions*. Trusting mobile operators with digital minutes has not translated into trusting mobile operators with digital money. Five years after mobile money's introduction in Haiti, close to two-thirds of merchants expressed a *preference for mobile accounts to be sold by financial institutions rather than mobile providers*. Although the majority of respondents would be willing to accept mobile payments, close to one-fifth of formal merchants and one-quarter of informal merchants have no interest due to a lack of trust in the technology and a continuing preference for cash.

## Potential Benefits and Use Cases for Merchant Mobile Banking Services

The survey results revealed several promising indicators, suggesting that merchants would be willing to adopt mobile solutions if presented with a desirable product from a trusted source with reliable service levels. Mobile account applications could serve as an important financial management tool for merchants. More than 77 percent of informal and formal merchants believed that viewing financial activities on their phone would help them run their business more effectively. Benefits offered by a mobile merchant account could include:

- easier **control of finances**
- greater **security of funds** and financial assistance in developing a savings strategy
- **improved cost and time management**, reducing need to travel to financial institutions, suppliers, and other places of business to make and receive payments, deposits, and withdrawals
- better overall understanding of their business' financial health with **transaction history and receipts**
- a **competitive advantage** in attracting more customers
- a **minimized burden** of daily change and cash liquidity management

Formal merchants with excess liquidity are good candidates for becoming third-party cash-out agents, in addition to providing payments for services via mobile. Of the more than 25 percent of formal merchants that worried about having excess cash on hand at the end of the day, **85 percent expressed interest in becoming cash-out agents.** Mutually beneficial partnerships between financial institutions and formal merchants would minimize the cash management burdens of the financial institution and the merchant while strengthening a branchless mobile banking ecosystem.

## Potential Product Features and Use Cases

Over 75 percent of formal and informal merchants reported being interested or very interested in the following mobile services and application features, which they believed would help address some of their operational pain points, increasing the use cases for mobile adoption:

- P2P transfers:
  - P2P transfers enable the merchant to receive mobile payments from customers, reducing the burden of daily management of small change and cash liquidity.
  - Formal and informal merchants were willing to have a formal account by registering with a valid government ID, assuming this allowed more transactions per day than Tcho Tcho and Lajan Cash.
- Multi-currency accounts:
  - Many merchants accept and use euros, pesos, and U.S. dollars in addition to Haitian gourdes.
- Savings account:
  - Securely store funds received in lieu of nightly deposits and morning withdrawals.
  - Leverage savings accounts to apply for credit or establish larger lines of credit to grow the business.
  - Store large-value funds safely to repay wholesalers or save for big purchases for the business.
- Mobile credit:
  - Receive loan disbursements via a mobile account.
  - Use funds received as payments via mobile to pay back a loan.

- Pay back loans and lines of credit via a mobile device without visiting a branch of their financial institution.
- Person-to-business (P2B) and business-to-person (B2P) payments:
  - Pay wholesalers with a mobile transfer (P2B).
  - Receive payroll or revenue via mobile (B2P).
  - Process employee payroll for informal merchants as P2P via mobile and for formal merchants with B2P via mobile and tablet.
- Receipts and transaction monitoring:
  - Provide instant receipts to customers via mobile.
  - Maintain a digital record of business activity via mobile phone.
  - Maintain a daily/monthly transaction history for business reporting and tax purposes.

**Establishing a sound merchant network will require the development of products that the business community deems trustworthy and a value-proposition that is as convenient and secure as cash or benefits them in some way cash cannot.** In addition to developing simple, easy-to-use mobile solutions, strong instructional programs adapted to merchant education levels will be crucial for encouraging merchants and businesses to adopt mobile solutions.

# Research Approach

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For this research, the Haitian commercial environment was categorized into two groups:

- *Informal micro-, small and medium enterprises (MSMEs)*, defined by informal commercial activities. A typical MSME has no more than nine employees. Most small businesses in Haiti are informal with no headquarters or offices. Most are resellers/traders of goods, food producers/farmers, and transportation providers.
- *Formal small and medium enterprises (SMEs)* are defined as legally recognized commercial ventures, commonly with 10 or more employees.<sup>10</sup> Formal small businesses include importers/exporters, professional service providers (e.g., doctors/dentists), and retail stores (e.g., grocery, clothing, and hardware stores).

Throughout the report, informal MSMEs are referred to as informal merchants and formal SMEs are referred to as formal merchants.

Given the diversity of informal and formal merchants, DAGMAR used different survey tools and interview approaches to collect the data from business managers and owners in all 10 departments of Haiti to ensure a variety of opinions were captured (See Appendices A and B for copies of the tools).

## Qualitative and Quantitative Research Design

Qualitative research was used to understand behaviors, attitudes, and perceptions among the target groups. Since small businesses are less present in rural areas, more interviews were conducted in urban locations. Also, since it became clear that most small businesses were operating informally, more interviews were conducted with this category. A focus group approach was avoided because of the difficulty in scheduling, so the researchers collected more individual responses.

Quantitative research was used to measure the availability and reach of mobile money services, as well as behaviors and attitudes among the targeted groups. One-hour, face-to-face interviews were conducted with participants in rural and urban areas in all 10 departments. DAGMAR developed screening questionnaires to identify eligible merchants. Given the absence of a reliable sampling frame of informal businesses, we approached and interviewed them in areas such as open marketplaces and street sidewalks. The results and analysis that follow are derived from 526 interviews.

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<sup>10</sup> Formal institutions (e.g., government and factories), which typically have more than 100 employees, were included in the original scope of the research; however, we were unable to gain access to sufficient information from them in the allotted timeframe.



# Key Findings and Analysis

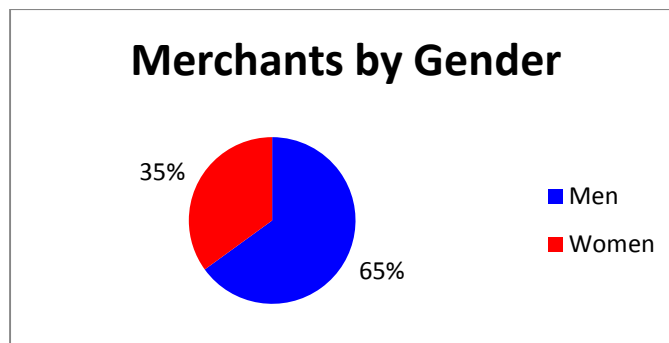
This section presents a synthesis of the survey and interview responses of the diverse group of formal and informal merchants representing a sample of Haiti’s merchant economy. They are not meant to be representative of all businesses throughout Haiti, but instead, are meant to give an indication of the range of needs and behaviors of this merchant sector in order to provide insights into its commercial potential for those interested in advancing mobile money. The data is intended to help provide a basis for creating additional research initiatives within the financial sector, as needed, prior to developing additional or improved merchant mobile banking applications and solutions.

## Section I. Variables of Merchants Interviewed

The sample composition of businesses and merchants interviewed within this study is presented based on 526 respondents. Variables provided by the merchants at the beginning, including gender, business type and location, of the interview were regularly cross compared against the data as a way to filter and disseminate the results. Comparisons were made and patterns of behavior were identified in order to connect responses across variables to highlight current and potential market needs.

### Gender (Male of Female)

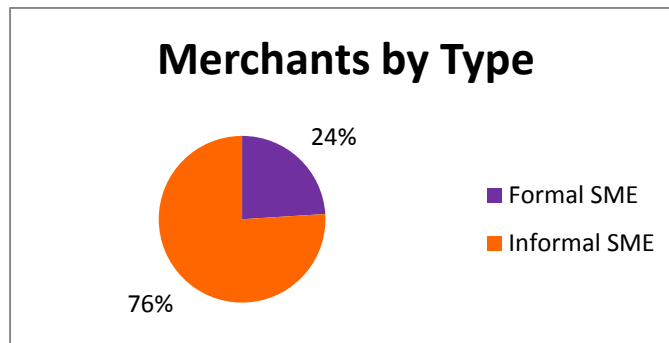
Five hundred and twenty-four respondents’ data were used in analyzing gender trends.<sup>11</sup> **One hundred eighty-six women (35 percent) and 338 men (65 percent) were surveyed**, with a disparity of two thirds of business owners surveyed being male. In the charts below, whenever possible, data representing females is red, and data representing males is blue.



<sup>11</sup> All data dividing male vs female is out of 524, instead of 526 respondents, as two surveys did not include the respondent’s gender; however data for formal vs informal and urban vs rural is always out of 526 total respondents.

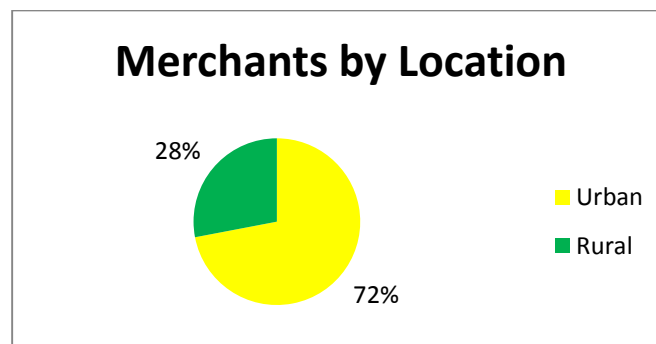
### Business Type (Formal Merchants vs. Informal Merchants)

Five hundred and twenty-six respondents’ data were categorized into formal vs. informal as defined based on type of business, number of employees, and whether or not it was formally licensed. Of those surveyed across all 10 departments, **127 were formal SME merchants (24 percent) and 399 were informal MSME merchants (76 percent)**. In the charts below, whenever possible, data representing informal merchants is orange, and data representing formal merchants is purple.



### Location of Business (Rural, Urban, or Specific Department)

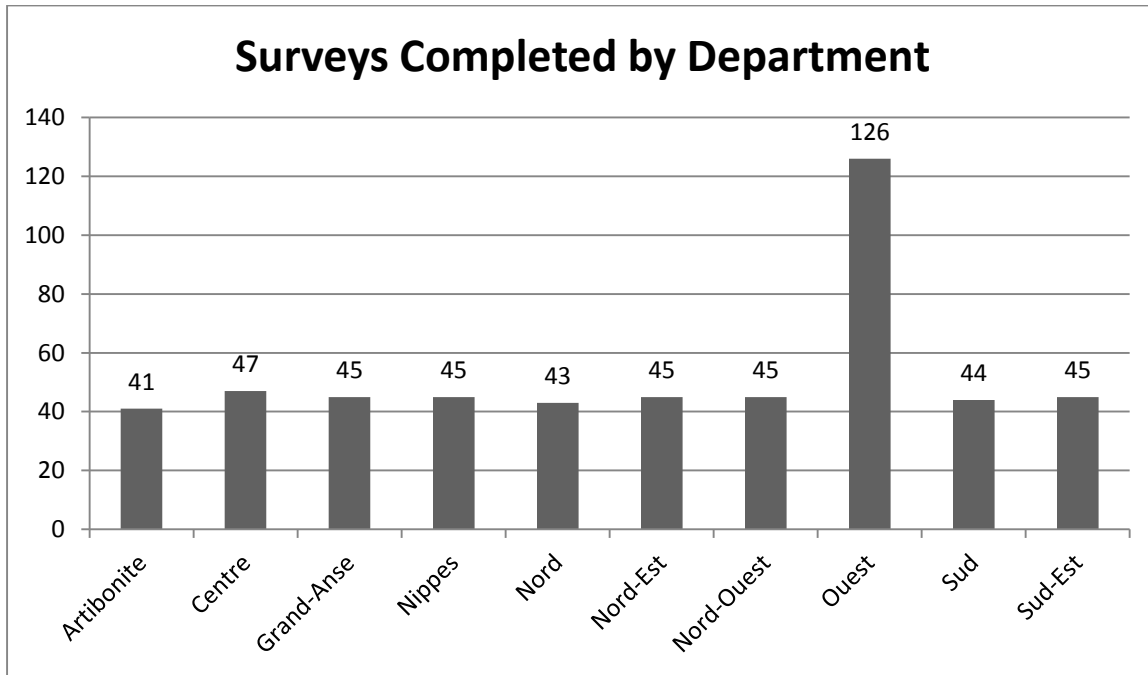
Five hundred and twenty-six respondents’ data was divided into urban vs. rural locations as well as divided based on the 10 departments (Artibonite, Centre, Grand-Anse, Nippes, Nord, Nord-Est, Nord-Ouest, Ouest, Sud, and Sud-Est) when appropriate. **Three hundred and eighty-one merchants surveyed (72 percent) are operating in urban areas and 145 merchants (28 percent) are operating in rural areas**. In the charts below, whenever possible, data representing merchants in urban areas is yellow, and data representing merchants in rural areas is green.



Approximately 45 merchants (8-9 percent) were interviewed in each department with the exception of the Ouest, where 126 merchants were surveyed. As a result of the concentrated populations and thriving mobile merchant networks in the Ouest, the decision was taken to interview more merchants in this department in hopes of finding more merchants with better awareness of mobile money and its potential benefits to



small and medium sized businesses. Because the sample from each department is so small, it is difficult to identify behaviors or characteristics specific to any one department.

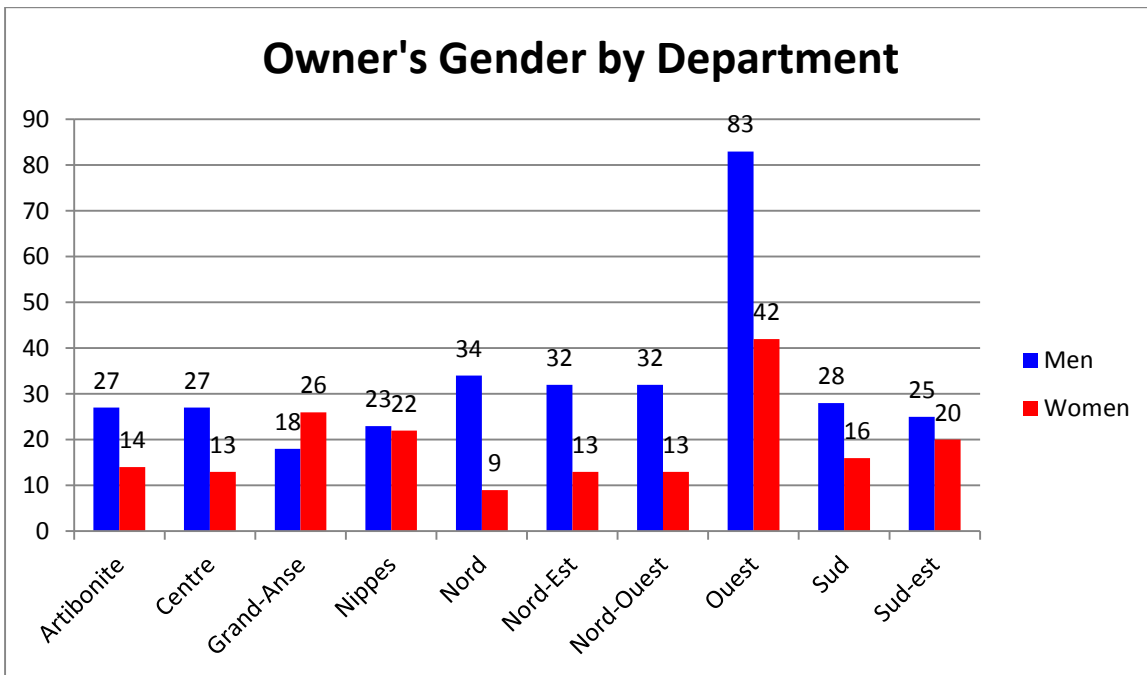
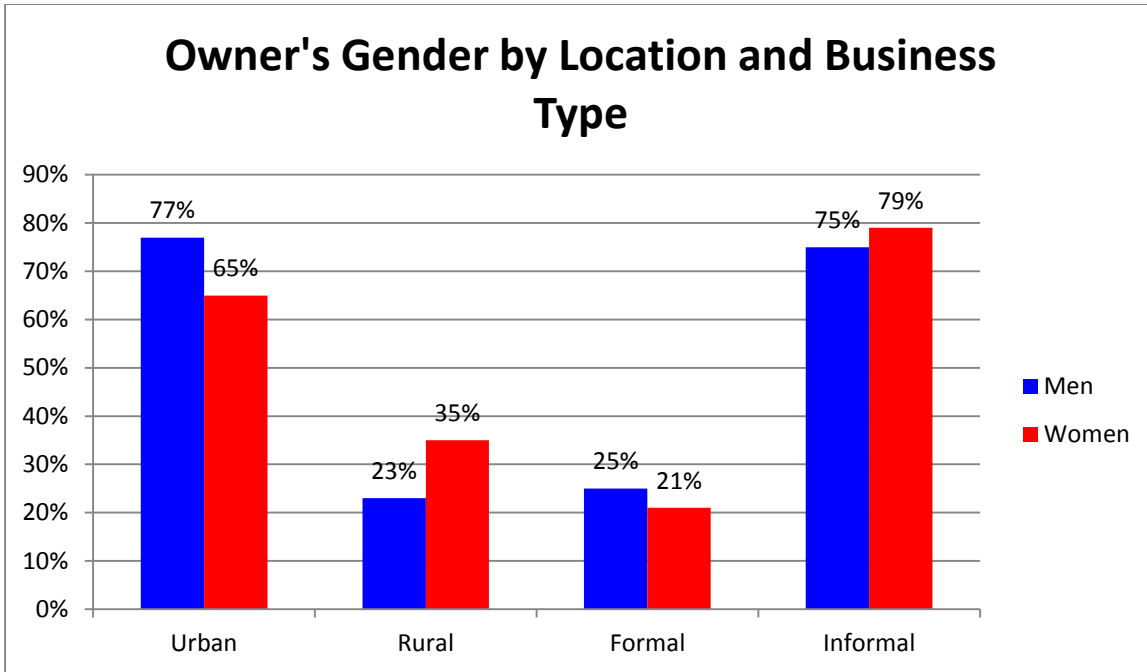


### Gender, Urban vs. Rural, and Formal vs. Informal

Cross comparing the key variables quickly identifies certain characteristics about the merchant pool interviewed and how responses varied based on a merchant’s gender, business type, or location.

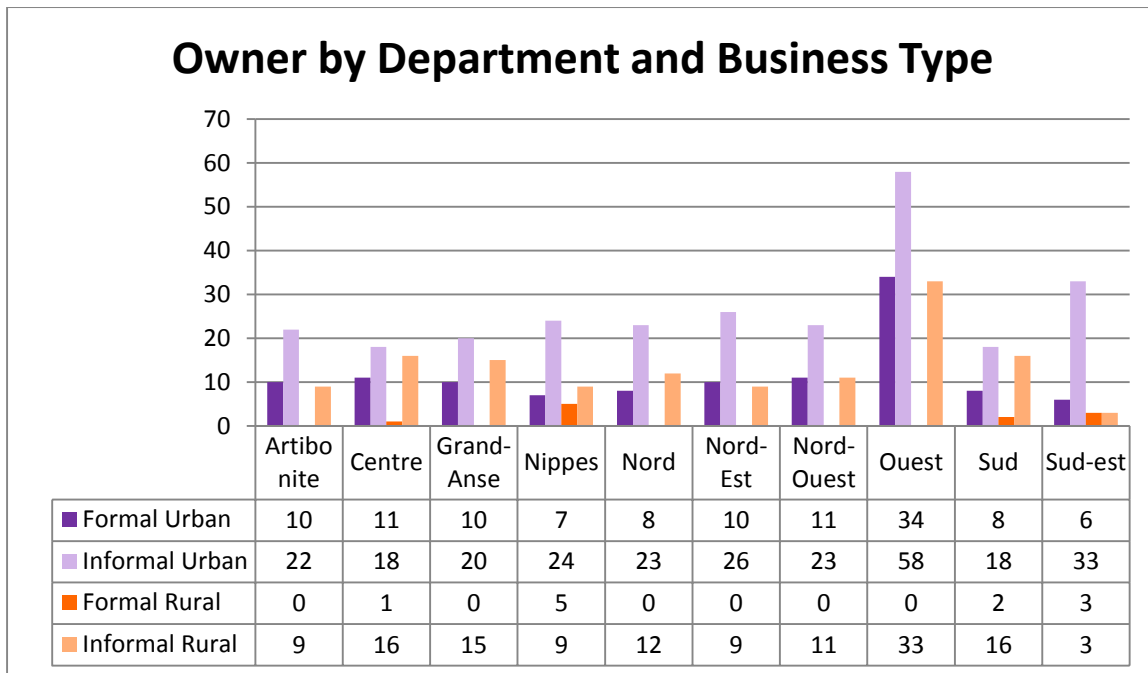
The first observations address how gender differs based on business type or location. Although more men were interviewed overall, percentage wise, it would seem women make up the majority of rural and informal merchants, compared to men who make up the majority of urban and formal merchants. Female business owners appeared to be better represented in rural areas, making up 35 percent of women interviewed, compared to 23 percent of men interviewed. In contrast 77 percent of males interviewed run their business in urban areas, whereas only 65 percent of women operate in urban areas. In addition, 75 percent of men and 79 percent of women interviewed run informal business; 25 percent of men and 21 percent of women have established formal licensed businesses.

When gender was divided by department, it was discovered that more women than men were interviewed in Grand-Anse, perhaps indicating more merchants in this area are female. The only departments that had an almost equal gender division based on merchants surveyed were Nippes and Sud-Est. In all other departments, approximately twice as many men were interviewed as women.



### Formal and Informal SMEs Separated by Rural vs. Urban and by Department

Without looking at gender, you can also quickly identify per department the different types of merchants in each region. In all 10 departments, formal rural merchants were the most excluded merchant type, whereas informal urban merchants were the easiest to find and interview.



**This data indicates that the majority of responses and percentages will be impacted by the majority of merchants being informal merchants running their businesses in urban areas.**

In addition, to gender, MSME type, and location of the business, variables such as a merchant’s level of education and type of phone help in filtering and understanding a merchant’s technological literacy.

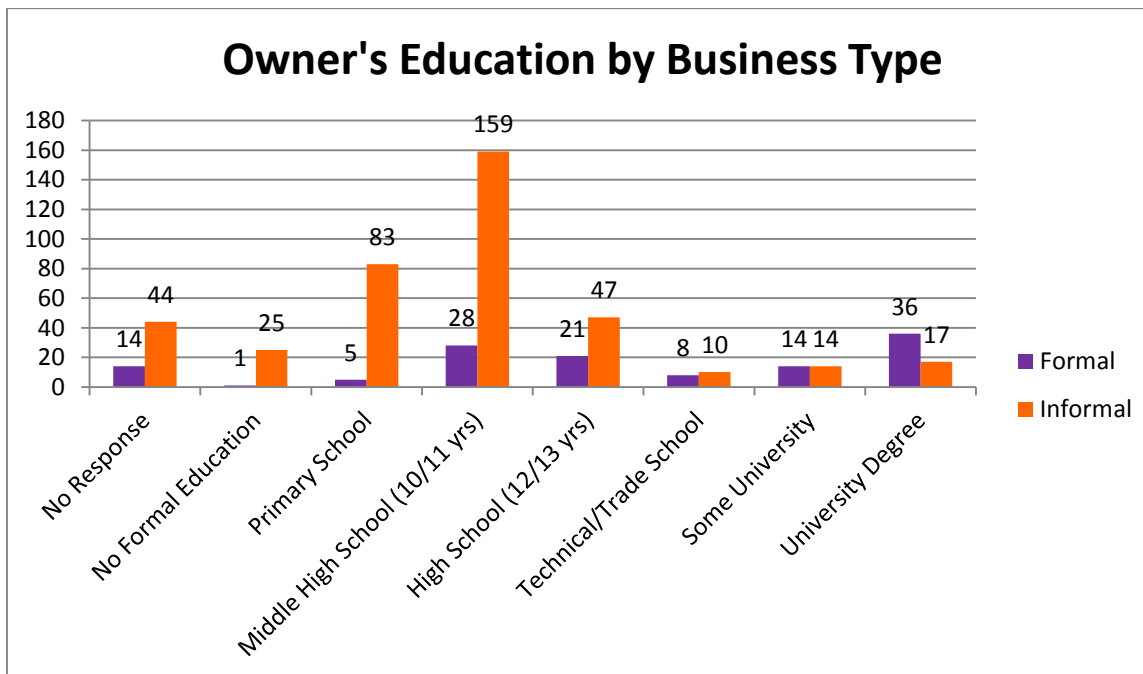
### Level of Education

Since education can have a positive impact in an individual’s business competency, technological literacy, and financial literacy, it was important to understand how much education merchants throughout Haiti have received. The educational status of the merchants revealed that (36 percent) have a middle school education, 13 percent have completed high school, 5 percent have gone to university, and about 5 percent have no formal education. Lack of formal education was highest among rural respondents at (9 percent) than in those surveyed in the informal sector (6 percent).

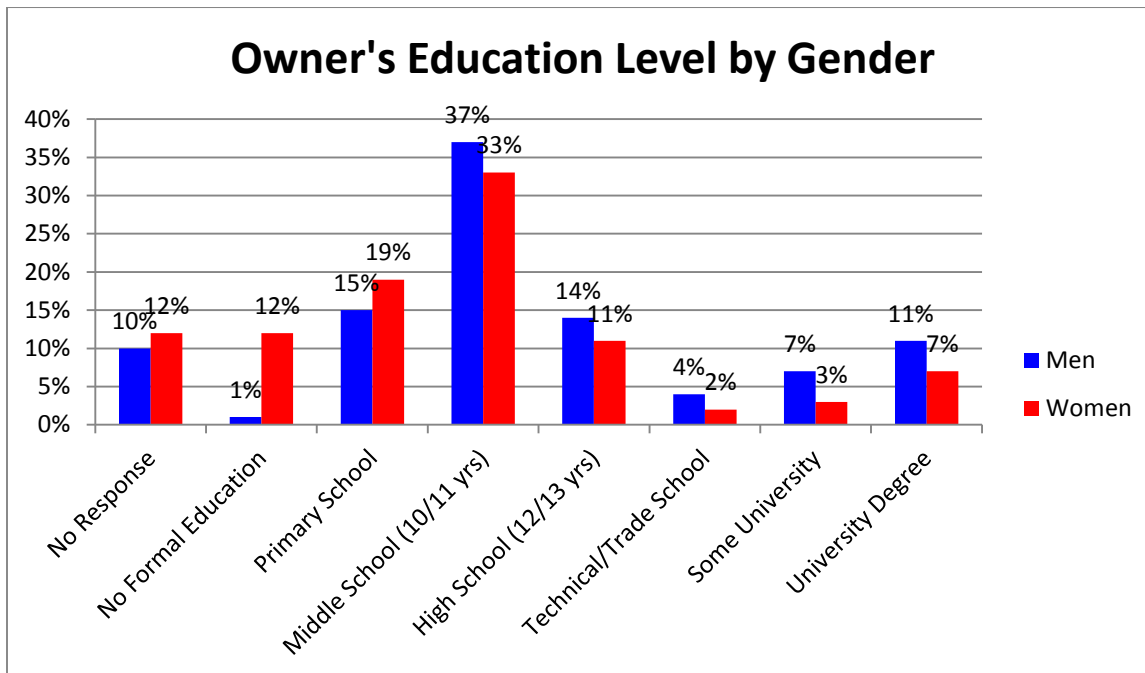


What is your highest level of education?	All	Area		Business Category		Gender	
		Urban	Rural	Formal	Informal	Male	Female
No formal education	5%	3%	9%	1%	6%	1%	12%
Primary school	17%	15%	21%	4%	21%	15%	19%
Middle secondary school	36%	36%	33%	22%	40%	37%	33%
Complete secondary school	13%	12%	17%	17%	12%	14%	11%
Technical or trade school	3%	3%	3%	6%	3%	4%	2%
Some university	5%	6%	4%	11%	4%	7%	3%
University degree	10%	11%	6%	28%	4%	11%	7%
Post-graduate	0%	0%	0%	1%	0%	0%	0%
No answer	11%	12%	7%	11%	11%	10%	12%

What is important to recognize is that even within the formal sector, more than 50 percent of merchants never advanced past a high school degree. The majority of informal merchants never completed high school, which is a disadvantage when trying to develop and manage a business. Their limited educational foundation might also limit their technological and financial literacy and competency.



Educational level also seemed to depend on a merchant's gender. Women are less likely to have received a higher level degree of education than men, with most women not advancing past middle school and only 12 percent reporting to have attended trade school or university.



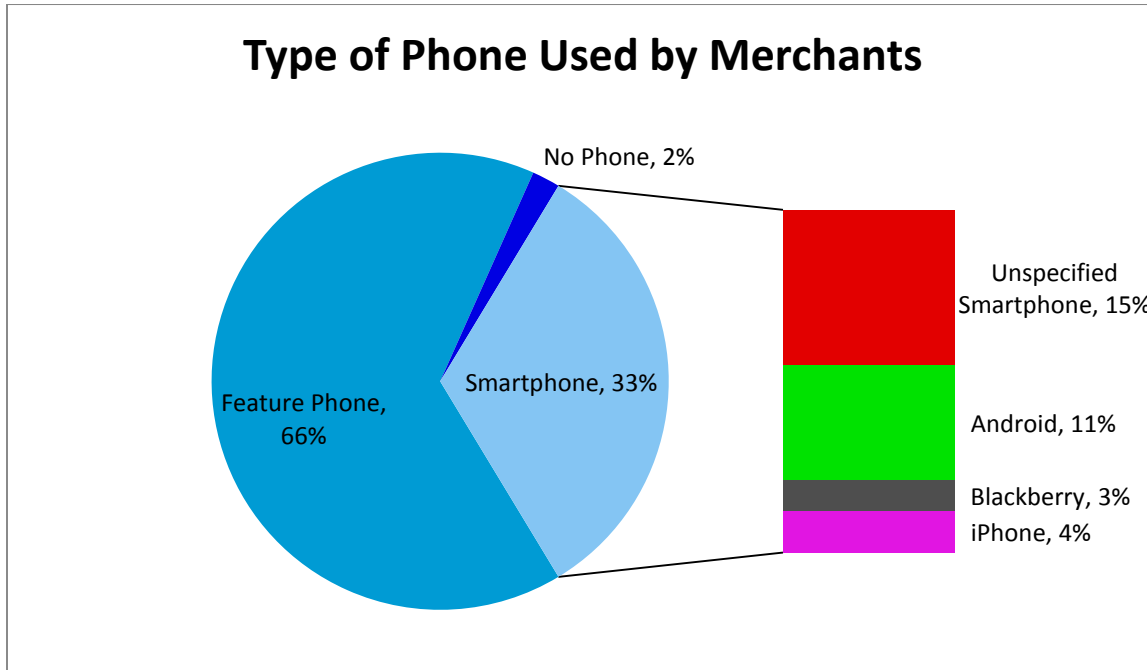
These trends show the importance of educating merchants and consumers as much as possible when introducing new products and services. Simple and easy to use solutions are important when the majority of users will have lower levels of education and understanding. This also points to a constraint in the country, where educating young men and women remains a struggle that impacts the present and future economy.

### Mobile Phones and Merchants

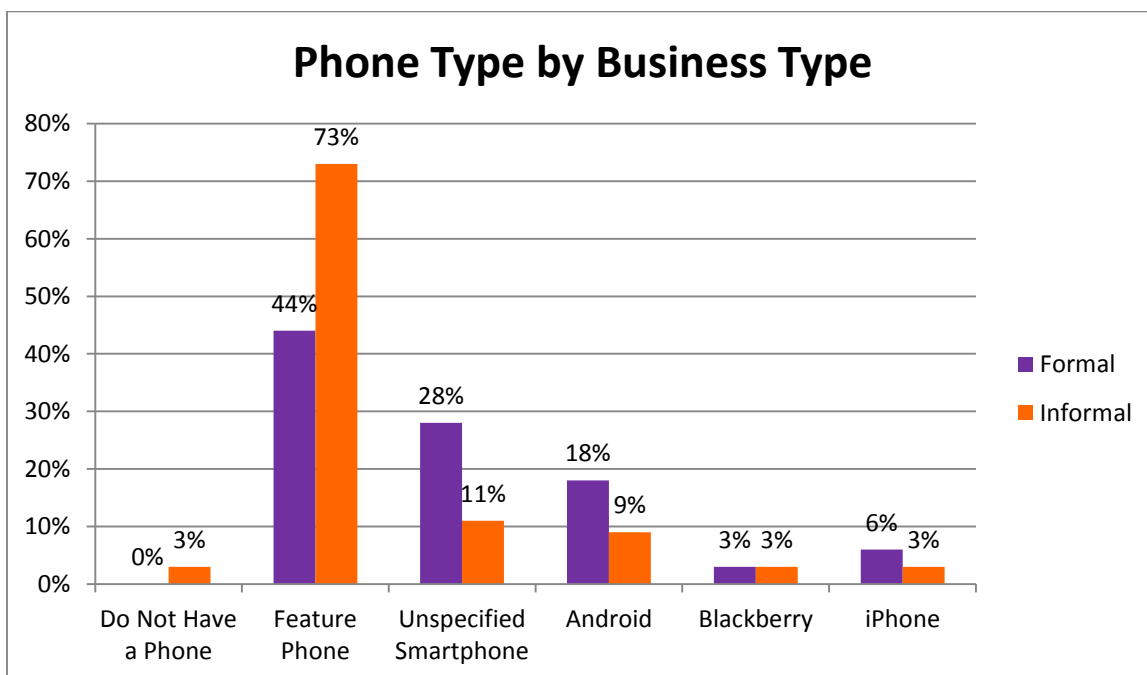
In addition to a merchant’s formal education, questions were also raised to try and better understand their technological capacity for using mobile phones and apps. One important factor in understanding a merchant’s mobile technical capacity is to understand the type of device they own, whether or not it can access the Internet, and the type of phone plan they have, all which indicate the users’ phone usage and habits.

### Phone Types

The mobile phone penetration amongst business owners is very high with almost all respondents (98 percent) having a mobile phone, and only 2 percent not having one. It is to be noted that the 2 percent who do not have a phone are a part of the informal sector and that 100 percent of formal merchants reported having a phone.

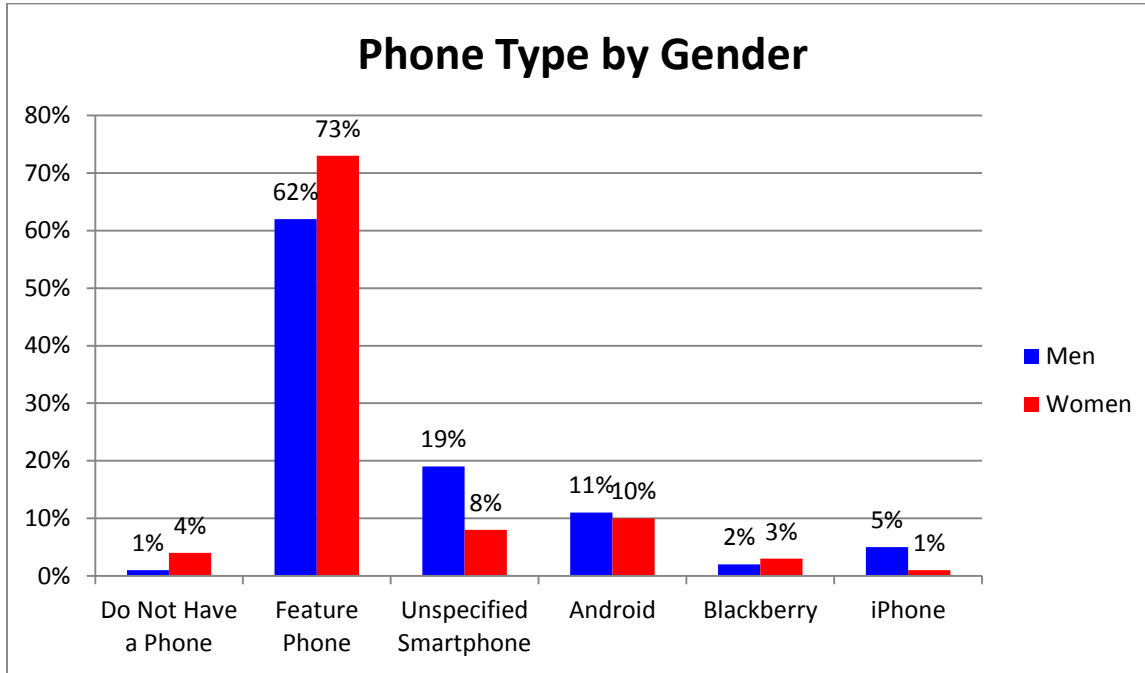


Most respondents who own a phone have a basic feature handset. This is especially true for informal merchants and merchants from rural areas. Fifty-six percent of formal sector respondents have access to a smartphone (Blackberry, Android, iPhone, or other brand), in comparison to informal merchant respondents, of whom 3 percent reported not having a phone and 73 percent only have access to basic feature phones.

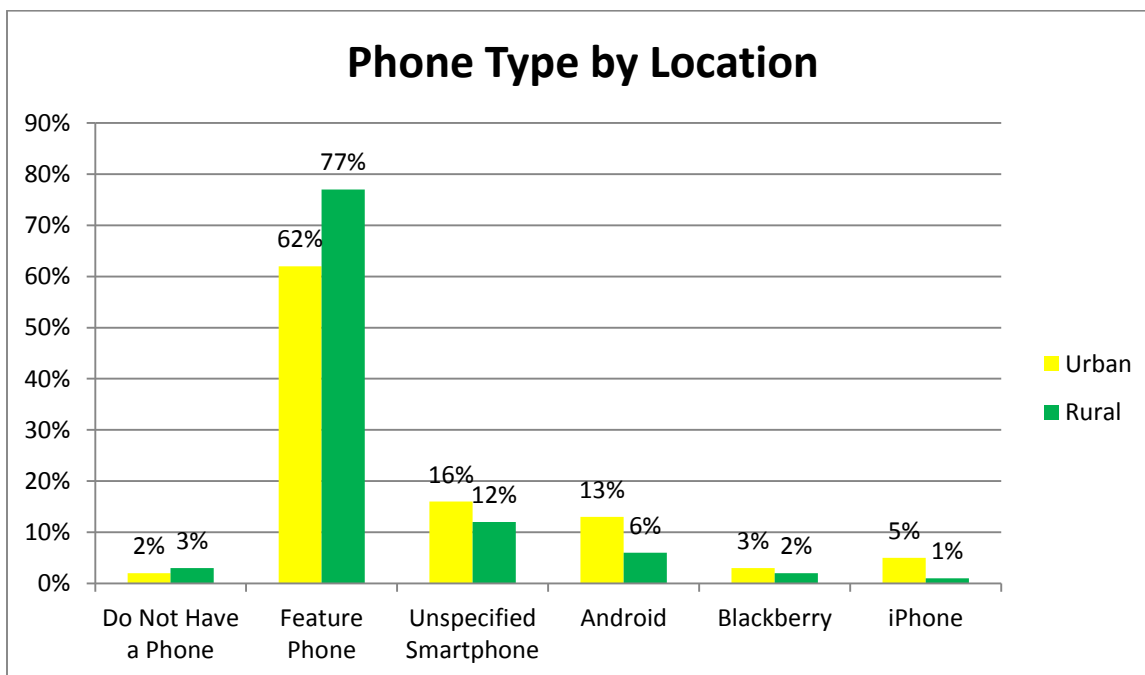




Men were more likely to have a smartphone than women. Only 1 percent of all men interviewed did not have a phone, versus 4 percent of all women.



While smart phone penetration was low across the board, it was more likely for an urban merchant to own a smart phone than a rural merchant.



This data shows that there is yet to be a dominant type of smartphone throughout Haiti, making it difficult for current mobile banking operators to depend on any single merchant facing smartphone application. Many merchants who have smartphones were unable to clearly state the type of smartphone they own.

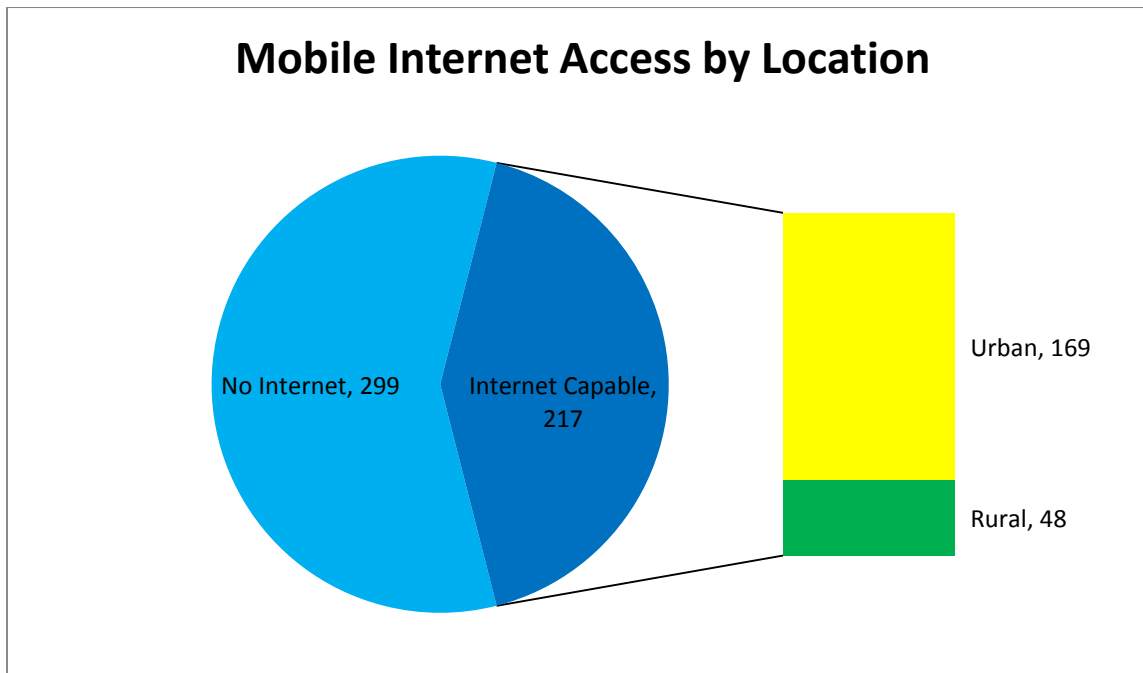
Phone usage and penetration amongst merchants indicate that for short-term development and planning, feature phone solutions remain critical to achieve widespread adoption.

### **Internet-Capable Phones**

In addition to the type of phone used by merchants, it is important to understand which phones could potentially connect to the Internet for potential financial applications such as mobile-based online banking functionality. Based on the 516 merchants with phones, 42 percent have the ability to browse the Internet from their phone, while 58 percent cannot. Seventeen percent of merchants with feature phones reported they can browse the Internet. Not surprisingly, 94 percent of all merchants with smartphones reported they can also browse the Internet from their phones. Of the 6 percent who reported they cannot, they all are on prepaid phone plans, and thus the limitation may be related to their carrier plan, not specifically the capability of the phone.

This shows a high probability that certain merchants could leverage new mobile technologies and online services via their phone to help manage their finances and their business. To better understand which merchant group will most benefit, the data was further broken down by merchant type and area.

Of 217 merchants with phones capable of accessing the Internet, 78 percent are in urban areas, versus 22 percent who are in rural zones. As for types of merchants, of those with Internet, 37 percent were formal and 63 percent were informal merchants.



### Frequency of Changing or Losing SIMs and/or Phones

One challenge of mobile financial services has been how often users either change their phone, phone number, or SIM card. In most cases, business owners interviewed keep their phones for long periods. Eighty-four percent of merchants with phones have not lost or replaced their phone or SIM during the past year while 16 percent have replaced them. Of the 16 percent (85 merchants) who have replaced their SIM or phone, 55 percent (47 merchants) changed the SIM/phone once in the last year, 27 percent (23 merchants) replaced their SIM/phone twice in the past year, and 18 percent (15 merchants) changed their SIM/phone between once a month to every few months.

Since all mobile financial services are linked to a user's mobile phone number, this shows that while there is a subset of users who will require special training to ensure they understand the importance of either retaining their mobile number or notifying the service provider should it change. This is also a reminder to service providers to carefully plan and design their products and operations to support the use case of changing phone numbers SIMs.

### Type of Phone Plan

As mobile phone penetration has increased over the past few years in Haiti, both hand set prices and prepaid or pay-as-you-go plans have become more affordable. Very few merchants interviewed currently have postpaid phone plans. Of 516 merchants with phones, only 11 merchants (2 percent) are on postpaid plans versus (98 percent) of respondents who have prepaid phone plans.

This data underlines the fact that among many mobile service providers worldwide, airtime top-up for prepaid plans remains a strong use case for mobile financial services. If merchants had mobile accounts, paying for minutes would be more convenient.

## Section II. Financial Inclusion of Haitian Merchants

In compliment to the variables outlined above, understanding a merchant’s current level of financial inclusion is important to understanding what drives their current business needs and which institutions are at the greatest advantage to convert existing customers to mobile account holders. One expected outcome of the questionnaire was to identify how mobile technology solutions could better serve merchants, and in order to do so, it was important to understand how merchants currently use financial services.

### Merchants with Accounts at Financial Institutions

Three hundred and sixteen merchants (60 percent of all surveyed) stated they have a financial account at a bank, credit union, or MFI. This shows that more of the merchants are “banked” in comparison with the national average of only 20 percent of Haitians.

Nevertheless, there is a contrast between financial inclusion for rural business owners and their urban counterparts: 54 percent of rural merchants have an account, while 62 percent of urban merchants have accounts. In addition, there are differences between the genders: 61 percent of all males versus 58 percent of all females have an account with a financial institution. Of 316 account holders, 100 were formal merchants (32 percent) and 216 were informal (68 percent); however, 79 percent of formal merchants have accounts and 54 percent of informal merchants have accounts.

Accounts by Gender	MALE	%	FEMALE	%
Has an account	207	61%	107	58%
No Account	131	39%	79	42%
TOTAL	338	100%	186	100%

Accounts by Location	URBAN	%	RURAL	%
Has an account	238	62%	78	54%
No Account	143	38%	67	46%
TOTAL	381	100%	145	100%

Accounts by Type	FORMAL	%	INFORMAL	%
Has an account	100	79%	216	54%
No Account	27	21%	183	46%
TOTAL	127	100%	399	100%

The 316 account holders had a total of 321 accounts held at credit unions, microfinance institutions, and banks.<sup>12</sup> Of the 321 accounts, 232 (72 percent) were in a bank, 64 (20 percent) were in a credit union, and 25 (8 percent) were in a MFI.

If you have an account with a financial institution, which type of institution is it?								
Department	By Number				By Percentage <sup>13</sup>			
	Bank	Credit Union	MFI	Number of Accounts by Department	Bank	Credit Union	MFI	Percentage of Accounts by Department
Artibonite	19	8	0	27	6%	2%	0%	8%
Centre	28	4	5	37	9%	1%	2%	12%
Grand-Anse	22	5	8	35	7%	2%	2%	11%
Nippes	26	3	2	31	8%	1%	1%	10%
Nord	18	5	0	23	6%	2%	0%	7%
Nord-Est	25	6	3	34	8%	2%	1%	11%
Nord-Ouest	16	4	0	20	5%	1%	0%	6%
Ouest	46	8	6	60	14%	2%	2%	19%
Sud	15	10	1	26	5%	3%	0%	8%
Sud-Est	17	11	0	28	5%	3%	0%	9%
Accounts by Financial Institution Type	232	64	25	321	72%	20%	8%	100%

The majority of merchants have established accounts with banks, and this appears to be the preference in all 10 departments. Even in the rural areas where banks are less prevalent, men and women are both twice as likely to have an account with a bank as with a credit union or MFI. Accounts in rural areas are held at three key banks: BNC, Sogebank, and Unibank, as well as MFIs: Fonkoze and MCN, and a variety of credit unions. It is important to note that credit unions are restricted and do not have a national footprint; the majority of credit unions named by respondents are part of the Le Levier Federation of credit unions.<sup>14</sup>

<sup>12</sup> Some people have accounts at more than one financial institution, thus there were 321 total accounts for 316 merchants.

<sup>13</sup> The sum of percentages across financial institution type by department may not equal the total percentage by department due to rounding.

<sup>14</sup> Le Levier is a federation of Haitian credit unions. It includes 29 federated credit unions throughout the national territory serving more than 430,000 Haitians across all 10 departments.

## Accounts with Specific Types of Financial Institutions

### Banks

Unibank was named most often within this sample: 42 percent of formal and 49 percent of informal businesses who specifically have bank accounts respectively stated they have an account at Unibank, followed by Sogebank with 25 percent of formal and 27 percent of informal and BNC with 25 percent of formal but only 19 percent of informal.

Department	% Breakdown of Merchant Bank Account Holders by Department	% Breakdown of Merchant Bank Account Holders by Business Category	
		Formal	Informal
Centre	12%	42%	58%
Grand-Anse	9%	39%	61%
Nippes	11%	41%	59%
Nord	8%	23%	77%
Nord-Est	11%	44%	56%
Nord-Ouest	7%	36%	64%
Ouest	20%	38%	63%
Sud	6%	46%	54%
Sud-Est	7%	33%	67%
<b>Total</b>	<b>100%</b>	<b>35%</b>	<b>65%</b>

Unibank was also the most frequently noted bank across departments, followed by Sogebank, and BNC.

Department	Most Frequently Noted Bank	Second Most Noted Bank
Artibonite	Unibank	BNC
Centre	Unibank	BNC
Grand-Anse	Sogebank	Unibank
Nippes	Unibank	BNC
Nord	Unibank	Sogebank
Nord-Est	BNC	Sogebank
Nord-Ouest	Unibank	Sogebank
Ouest	Unibank	Sogebank
Sud	Unibank	BNC
Sud-Est	Unibank	BNC & Sogebank

### Credit Unions

The most frequently cited credit unions where merchants held accounts were SUCCES in the South-East, CPF in the North, SOCOLAVIM in the Artibonite, and CAPOSAC in the South.



Only 15 percent of merchant account holders at a credit union were formal, showing the strong preference by informal merchants. This also shows the missed opportunity of credit unions to serve formal businesses in the local communities. With credit unions serving only 20 percent of all account holders, there is much room for growth.

Department	% Breakdown of Merchant Credit Union Account Holders by Department	% Breakdown of Merchant Credit Union Account Holders by Business Category	
		Formal	Informal
Artibonite	12%	3%	9%
Centre	6%	0%	6%
Grand-Anse	8%	3%	5%
Nippes	5%	2%	3%
Nord	8%	0%	8%
Nord-Est	9%	0%	9%
Nord-Ouest	6%	2%	5%
Ouest	14%	5%	9%
Sud	15%	2%	14%
Sud-Est	17%	0%	17%
<b>Total</b>	<b>100%</b>	<b>15%</b>	<b>85%</b>

Department	Most Frequently Noted Credit Union
Artibonite	SOCOLAVIM
Centre	COOPECLAS
Grand-Anse	CAPAJ
Nippes	COTEM
Nord	CPF
Nord-Est	CPD
Nord-Ouest	N/A (different credit unions named by all respondents)
Ouest	MAMEV
Sud	CAPOSAC
Sud-Est	SUCCES

### Microfinance Institutions

It is important to note that MFIs are not regulated to accept deposits, and therefore, MFIs are limited in their service offerings. And thus, merchants are unlikely to select an MFI for a savings account, but as is noted later in the research, they are more popular when considering where merchants go for loans. Among MFIs, Fonkoze was most named especially due to its locations in the Center and Grand-Anse. Similar to credit unions less than 7 percent of MFI account holders with accounts were formally registered merchants. It would seem MFIs are not extremely popular amongst this



sampling of merchants, but it would be worthwhile to do additional research to better understand if MFIs are currently serving the merchant sector in more rural areas and among women or if more could be done to reach this target demographic.

Department	% Breakdown of Merchant MFI Account Holders by Department	% Breakdown of Merchant MFI Account Holders by Business Category	
		Formal	Informal
Artibonite	0%	0%	0%
Centre	20%	4%	16%
Grand-Anse	32%	0%	32%
Nippes	8%	4%	4%
Nord	0%	0%	0%
Nord-Est	12%	0%	12%
Nord-Ouest	0%	0%	0%
Ouest	24%	4%	20%
Sud	4%	0%	4%
Sud-Est	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>12%</b>	<b>88%</b>

Department	Most Frequently Noted MFI
Artibonite	None
Centre	Fonkoze
Grand-Anse	MCN and Fonkoze
Nippes	Different credit unions named by all respondents
Nord	None
Nord-Est	Fonkoze
Nord-Ouest	None
Ouest	ACME
Sud	Fonkoze
Sud-Est	None

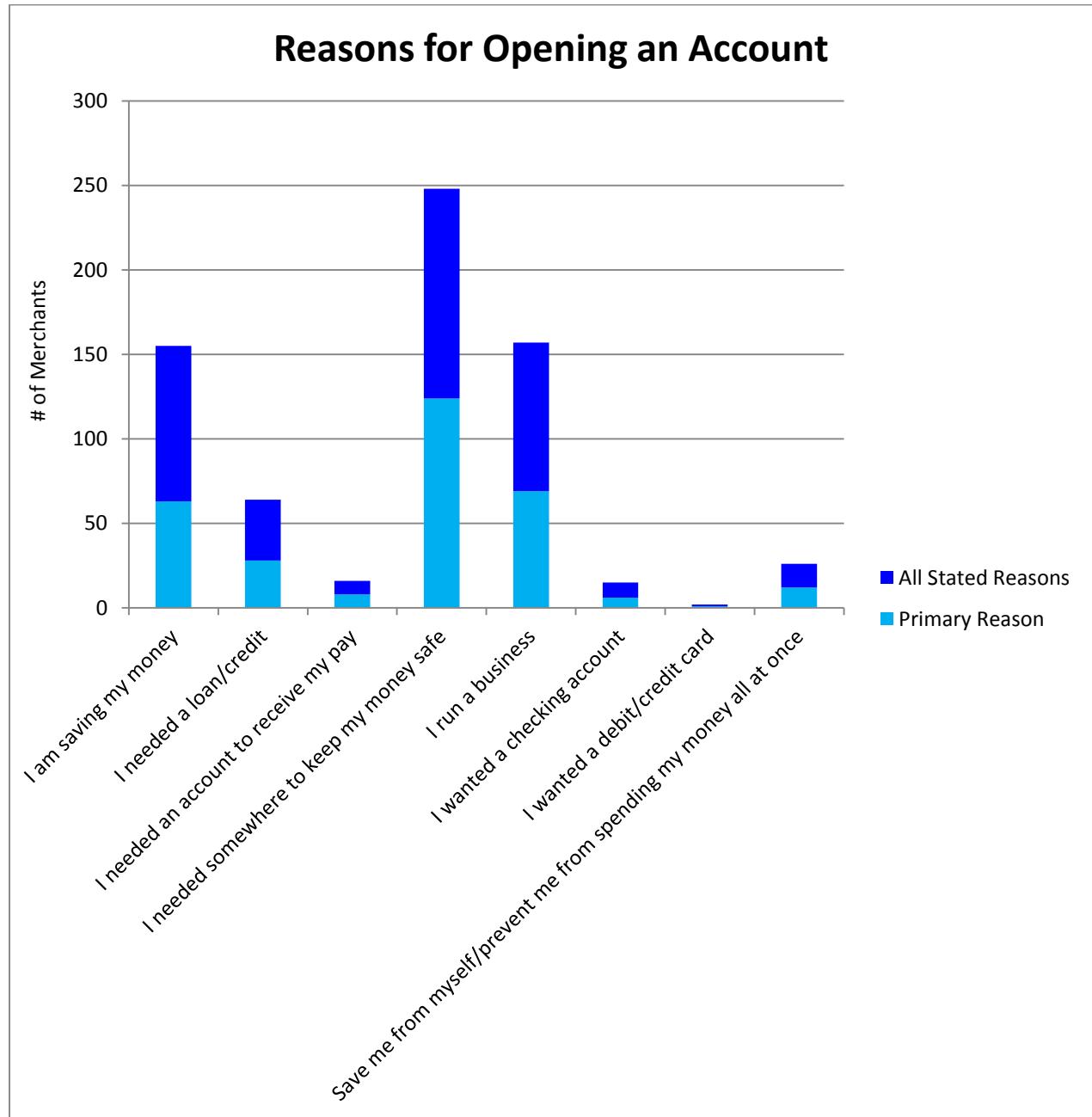
## Current Behaviors of Merchants Using Financial Services

### Motivation for Opening an Account

Respondents were asked to identify the reasons they have an account with a financial institution. The majority of respondents stated the need to keep their money safe, for savings or business needs as their reasons for opening an account. Another popular



response was that they needed the account because they run a business. In addition, some merchants open accounts because they need a line of credit.

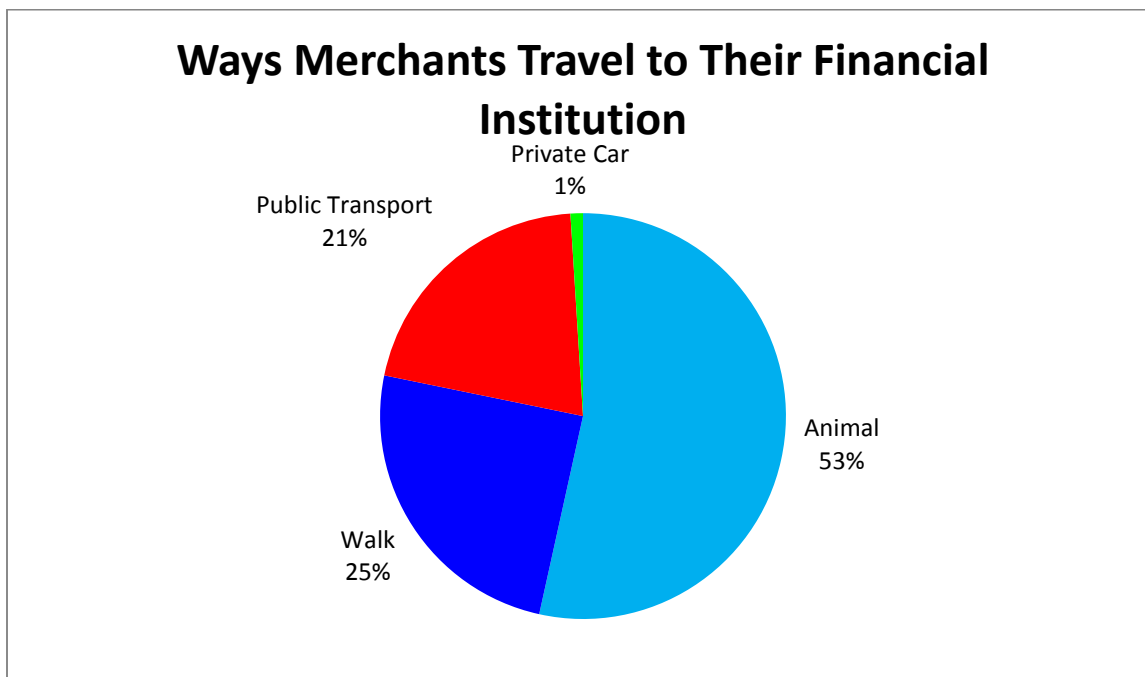


### Transportation Method for Visiting a Branch

When interpreting the data of the 316 merchants who have financial accounts, the variable was cross referenced against how merchants traveled to their financial institutions. Past research in financial services and inclusion in Haiti had speculated that for some consumers, the cost and burden of getting to and from the nearest financial

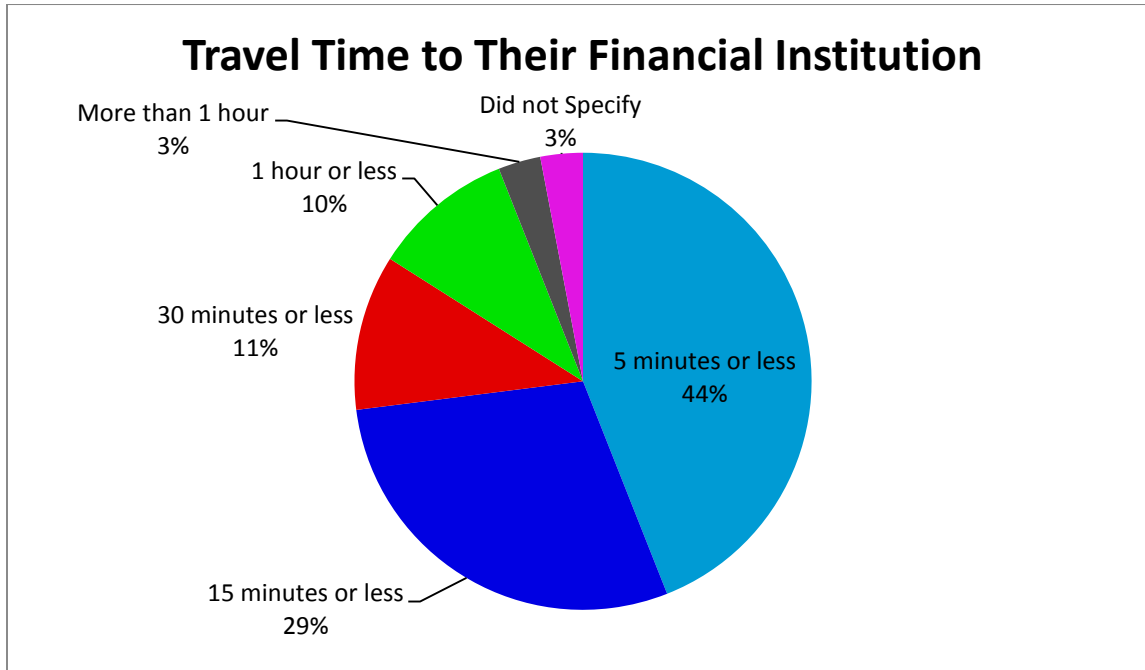
institution prevented consumers from using a financial institution in favor of managing their own cash. Therefore, as part of the survey, merchants were asked how they traveled to their financial institution and how long the one way trip was in order to establish a better understanding on the convenience of having an account in relationship to the amount of time and cost spent commuting.

Based on merchant responses, 54 percent of all merchants with accounts travel to their financial institution by animal such as horse, donkey, or mule, while an additional 25 percent walk. Only 21 percent travel by public transportation, and less than 1 percent go by private car. Based on this sample, one could speculate that the out-of-pocket cost of paying for transportation is actually quite low for 75 percent of merchants with accounts.



### Time Spent Traveling to a Branch

Next the cost was measured in terms of time spent traveling to the financial institution. Of 316 merchants with accounts, 44 percent responded that traveling one way to their financial institution took 5 minutes or less, 29 percent said 15 minutes or less, 11 percent responded 30 minutes or less, 10 percent 1 hour or less, 3 percent more than an hour, and 3 percent could not really say how long it took them. With the majority of merchants walking or traveling by animal, and commute times being predominantly 15 minutes or less, this indicated that three-fourths of merchants with financial accounts are being served by financial institutions in their immediate town or place of business that is a convenient walking distance.

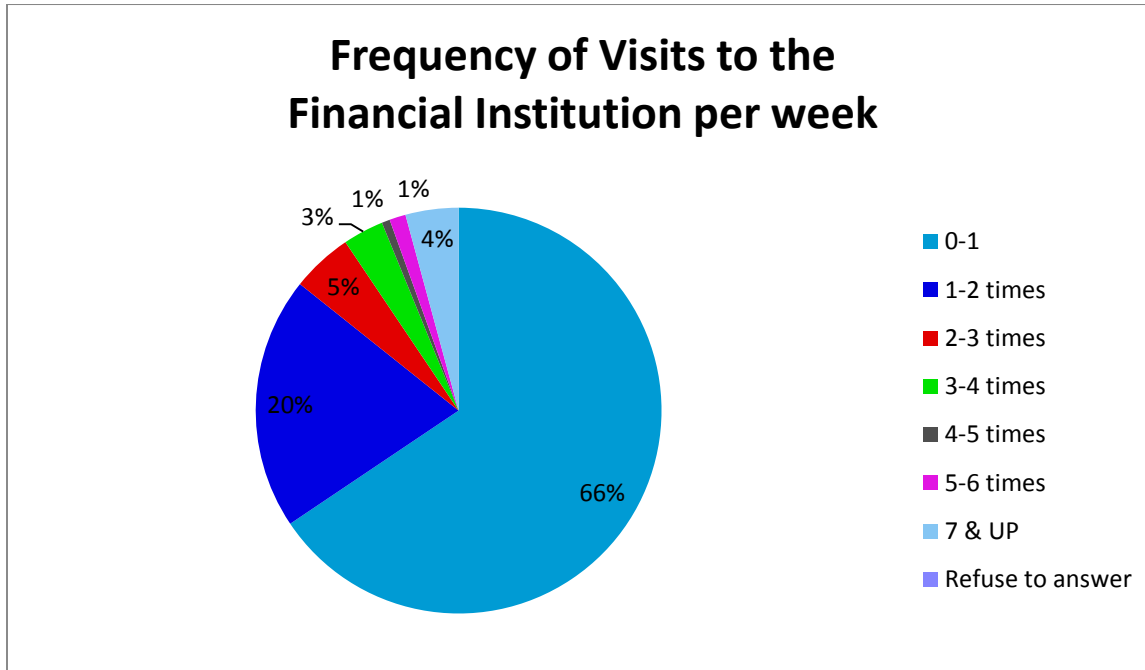


Of the 316 merchants with accounts, 31 percent travel by animal and are 5 minutes from their financial institution and an additional 15 percent travel by animal and are within 15 minutes. Of the merchants with accounts that travel by public transportation (21 percent), only 7 percent are within 5 minutes, and 8 percent are within 15 minutes. The specific outliers include 4 merchants who travel over an hour by animal, 5 merchants by public transportation and 3 merchants that walk the hour or more to visit their financial institution.

### Frequency of Visiting a Branch

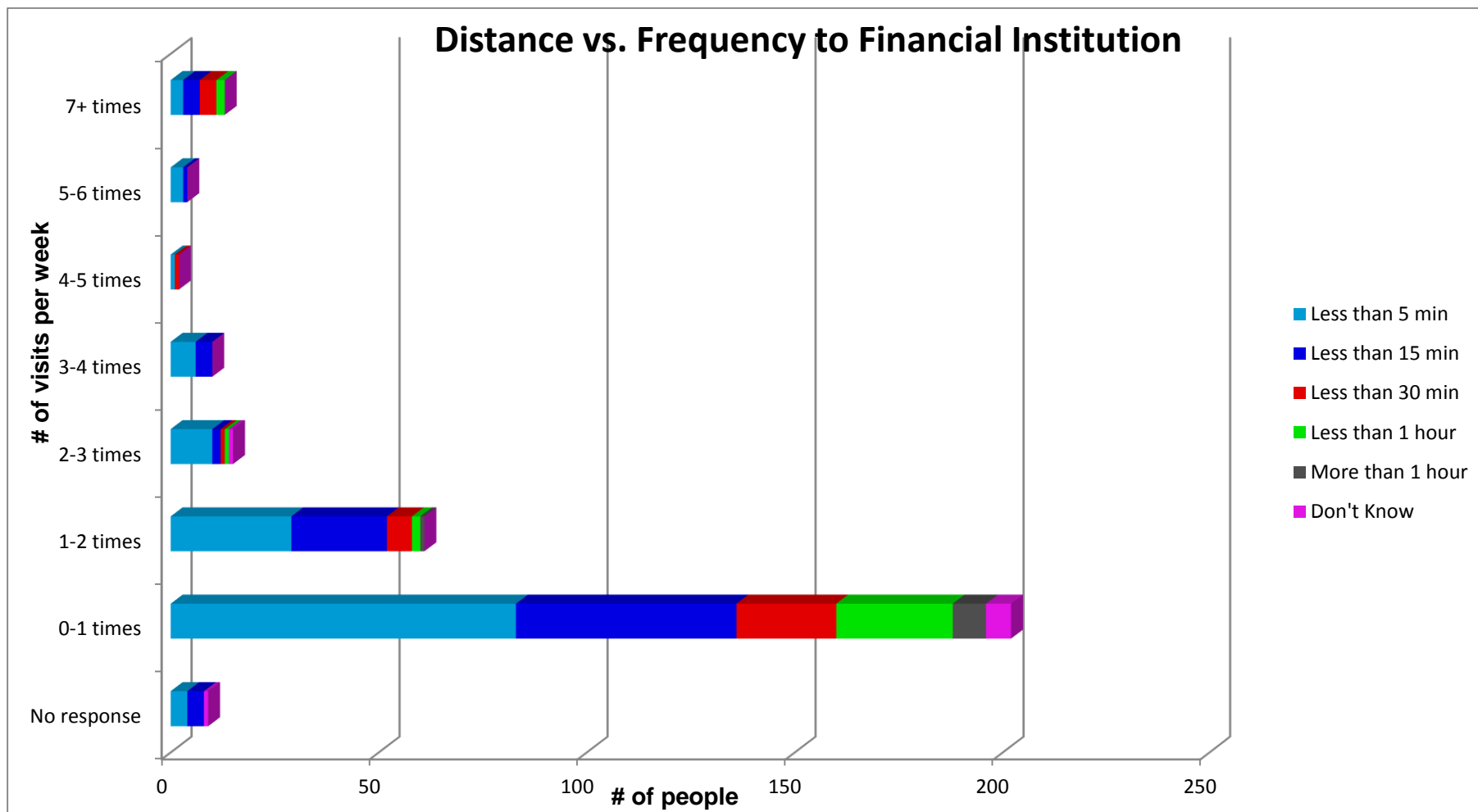
Next, the survey inquired how frequently they visit their financial institution. To be as precise as possible, the frequency of visits was cross-referenced against the amount of time it took merchants to travel to their financial institution.

The results showed no strong correlation indicating that merchants who are closest to their financial institution are more likely to visit their financial institution frequently. Financial institutions wishing to serve larger percentages of merchant communities worry about additional branch congestion and cash liquidity management. However, the majority of all merchants with accounts (66 percent) visit their financial institution 0-1 times a week. Only a small percentage (4 percent) of merchants, regardless of their commute time, visits their financial institution daily.



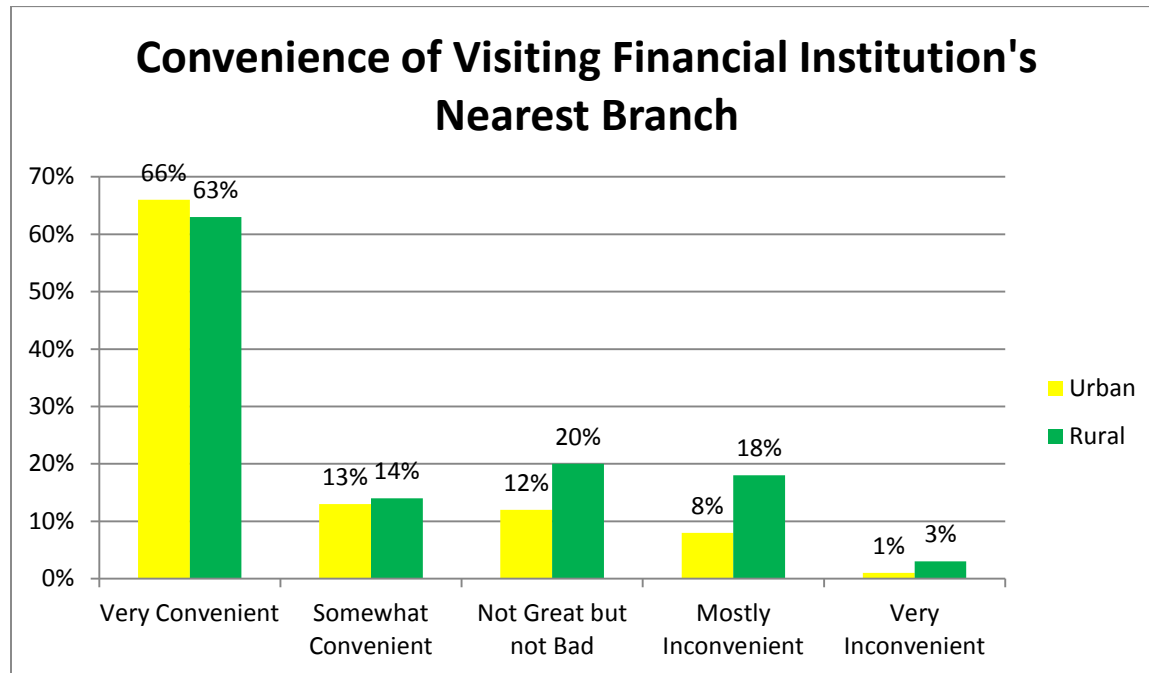
It is apparent that the majority of merchants visit their financial institution two or less times per week. When that is compared to the distance from their financial institution, the majority of merchants were within 5 minutes of their financial institution. Thus, being within close proximity of one’s financial institution, does not mean merchants are necessarily burdened with making frequent small monetary transactions. Similarly merchants that are 30 minutes or more from their financial institution, visit with almost the same regularity as those five minutes away.

This is important because it reflects that most merchants are using financial institutions within close proximity of their home and business, but the congestion faced by many financial institutions for small monetary transactions is likely not the result of merchant.



### Convenience of Visiting a Branch

Overall, 63 percent of merchants with accounts in rural areas and 66 percent of merchants in urban areas find their financial institutions’ branches very convenient.



The data regarding merchants with accounts is promising in that merchants are not heavily dependent on branch visits to manage their finances, but that when necessary, it is convenient and accessible to visit their branch. This makes these merchants ideal candidates of trying new technologies that could reduce their branch visits, while still having the comfort of knowing their branch is nearby and convenient in case additional services or support are needed.

### Trust Factor

For businesses that have access to a financial account, they clearly expressed their trust in the financial system. When asked if they trust their money is safe in a financial institution, 91 percent of the total respondents answered positively. A slightly stronger level of trust exists among informal merchants and urban merchants (92 percent), and a slightly lower level of trust among formal (87 percent) and rural merchants (85 percent).

		Do you trust that your money is safe at the financial institution where you have your account? Yes response.
<b>Category</b>		<b>Yes</b>
Business Type	Formal	87%
	Informal	92%
Location	Urban	92%
	Rural	85%

Results show that 61 percent of all businesses and merchants theoretically would trust a financial institution over a mobile operator in deploying mobile money services, especially 75 percent of the formal businesses. For informal merchants 57 percent of informal businesses would trust a financial institution more than a mobile operator. No difference is shown in preference when analyzing the data by urban merchants vs. rural merchants.

		In general, which institution would you trust the most for mobile a money service?				
	Category	Financial Institution	Mobile Network Operator	Other	No Answer	Total
Business Type	Formal	75%	18%	2%	5%	100%
	Informal	57%	35%	3%	5%	100%
Location	Urban	61%	31%	3%	5%	100%
	Rural	61%	31%	3%	5%	100%

Given these responses, it seems that offering mobile money accounts by trusted financial institutions instead of mobile phone companies would be preferable among most merchants, but there is a group of 35 percent of informal merchants and 18 percent of formal merchants who would rather trust a mobile money account with a mobile operator.

In addition, in terms of financial inclusion among the merchants, it is valuable to know that 60 percent of merchants with formal accounts at financial institutions in general are satisfied with the service they are receiving, the convenience of the branches near them, and the amount of time they take to travel to and from the branches. They have developed a strong level of trust with their financial institution and have confidence the money in their savings accounts are safe. **However, of 526 merchants interviewed, 210 (40 percent) are still “unbanked” or “underserved.”** This is the part of the population where it is hoped mobile banking can provide inclusion and access to financial services via mobile technologies.

### Section III. Financial Exclusion: Motivations and Behaviors of the Unbanked

What is preventing the “unbanked” merchants from having an account and continuing to operate using only cash? Of 526 merchants, 210 (40 percent) are “unbanked” and therefore considered financially excluded. When divided by department, merchants in the Ouest and Nord-Ouest are more likely not to have an account, with 54 percent of all merchants in the Ouest not having an account with a financial institution and 51 percent of all merchants in the Nord-Ouest not having an account. While the Nord-Ouest is

more secluded with less physical financial institutions to choose from, the Ouest has an abundance of options available to merchants, and yet half of merchants from this area, despite access, are still cash-driven in their financial habits.

### Reasons Merchants Do Not Have an Account with a Financial Institution

To better understand why these merchants are unbanked, merchants were asked to provide their own response as to why they did not have an account. Their responses were then grouped based on most similar answers. Of 210 unbanked merchants, 46 percent do not really know why they do not have an account. Fifteen percent prefer to manage money themselves, 10 percent do not trust financial institutions, 7 percent believe it takes too much time to complete a transaction at a financial institution, and 4 percent say financial institutions do not offer a service they would use. As for the rest, only two merchants stated that they are too far away, five merchants stated that they do not have valid identification (needed for opening an account), another five that they do not need to manage their money, four that they do not feel safe visiting a financial institution, and the rest provided unique reasons not repeated by others. These small outliers are mentioned in the graph below because although they seem insignificant among the sample of 526 merchants, when considered among the entire population, these responses may represent a larger percentage of merchants, especially those in rural areas.

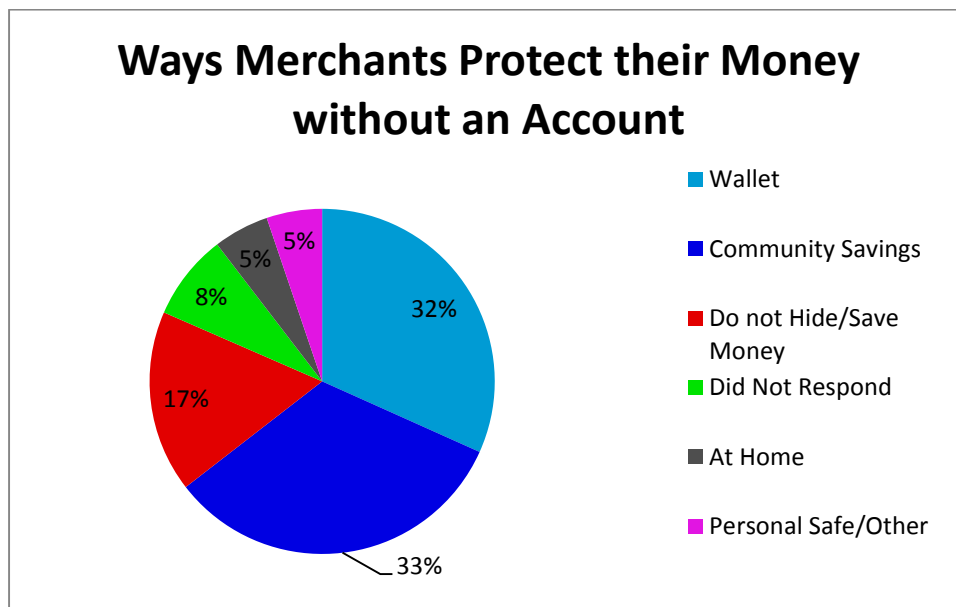




Financial Institutions should consider researching the barriers of merchants in greater detail. Few from this sample name distance as a barrier to financial institutions, but it is known that there are areas in Haiti where there are no financial institutions present, or where financial services are limited. Many of these barriers are related to perception, which financial institutions will need to overcome through additional research in their communities. As for the 7 percent who believe transactions take too much time, this is an addressable barrier that financial institutions could track, measure, and improve.

### Where Merchants without Accounts Keep Their Money

Most merchants without an account at a formal institution either have money in a community savings program (33 percent), or they keep their money in their wallet (32 percent). Seventeen percent stated they do not save/hide money. Eight percent preferred not to respond, while 5 percent keep their money at home or under their mattress and 5 percent have it in a personal safe or other method.



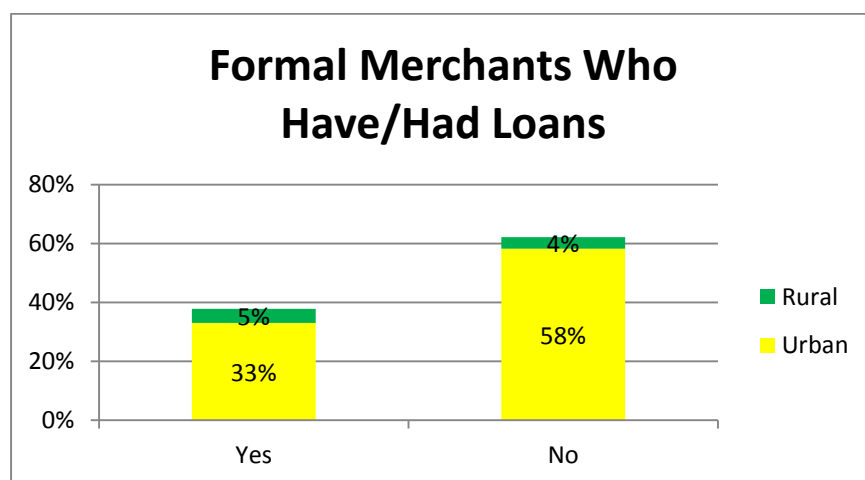
Knowing that almost the same percentage of “unbanked” merchants prefer a community savings program over their wallet shows there is a desire to save money, but perhaps they are farther down the economic ladder and need a helping hand into the world of financial services. Organizations and nongovernmental organizations (NGOs) focused on community savings programs could partner with MFIs and credit unions to help this sector of merchants transition from community savings to individual savings over time through the use of mobile account technologies.

## How Mobile Accounts Can Help Financial Inclusion

Specific to the barriers mentioned by merchants without accounts, mobile accounts offer an opportunity to serve the underserved. The desire to save exists among “unbanked” merchants, but perhaps the amount some merchants have available to save is too small for many larger financial institutions. For many of the underserved, mobile technologies offer a pathway to increase financial literacy and improve saving behaviors slowly over time. One way is to improve the community savings option through P2P transfers and group accounts. As community savings group members prove their ability to contribute regularly, financial institutions can work to establish microloans as confidence in their ability to meet payment requirements increases. Users who depend on wallets, store their money at home under the mattress, or leave cash in other undisclosed places are likely to adopt to a mobile account as long as their digital money can be made available in cash easily. Mobile accounts, as will be seen later in the survey, are considered safe and secure for storing funds.

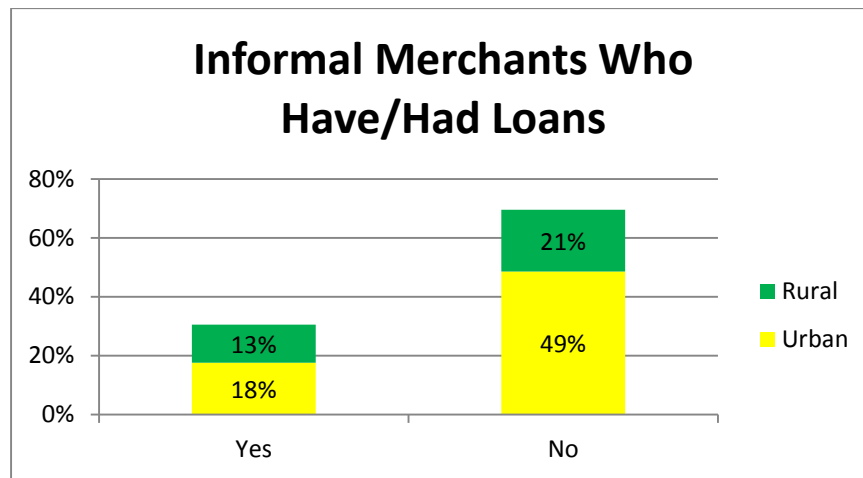
## Section IV. Merchant Loans and Credit Services

Beyond savings accounts, merchants were also asked about their experiences with loans. When asked, 62 percent (79) of formal merchants stated they do not currently have nor have they ever had a loan and 38 percent (48) of formal merchants have or have had one. In the formal sector, 88 percent of the 38 percent of merchants who have or had loans are in urban areas, and 12 percent were rural, while 94 percent of the 62 percent without a loan are in urban areas compared to 6 percent in rural areas.



In addition, of the 48 formal merchant respondents with loans, 23 percent were female and 77 percent were male.

Of informal merchants 69 percent (276) do not have, nor have they ever had a loan, while 30 percent (121) have had or have a loan and less than 1 percent (2) didn't want to answer. Of the informal merchants who have or had loans, 42 percent were rural and 58 percent were urban, compared to 30 percent of rural merchants without a loan and 70 percent of urban merchants without loans.



In addition, of 121 informal merchant respondents with loans, 36 percent were female and 64 percent were male.

A summary of merchants that have had loans by business category, area, and zone is as follows:

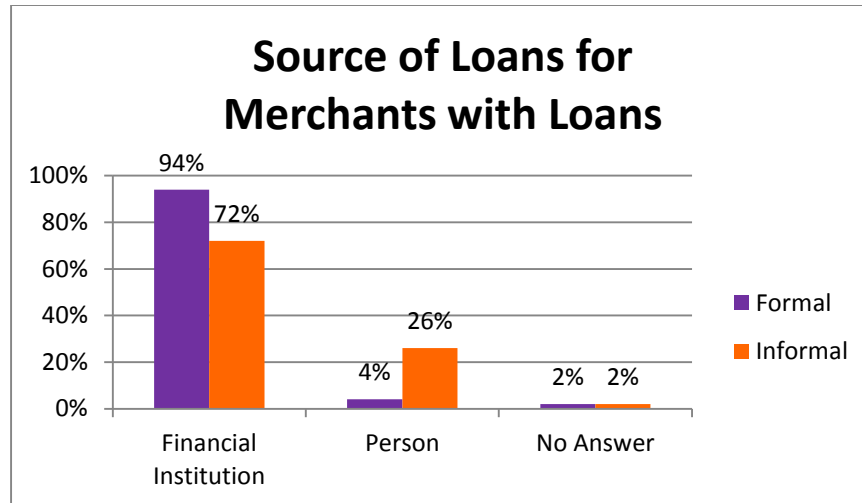
		Do you currently have a loan or have you ever had a loan?
		Yes
Business Category	Formal	38%
	Informal	30%
Area	Urban	29%
	Rural	39%
Zone	Metropolitan Area	29%
	Greater North	21%
	Greater Center	40%
	Greater South	39%

### Source of Loans

In terms of total respondents, only 132 merchants interviewed (25 percent) have loans or have had loans with a financial institution. Thirty-three merchants (6 percent) have loans from an individual, and the remaining 1 percent did not want to respond with whom.

In the informal sector, 72 percent of merchants with loans have them with a financial institution, 26 percent from a person and 2 percent did not wish to respond with whom.

In the formal sector, 94 percent of merchants have loans with financial institutions, while 4 percent have loans with an individual and only 2 percent did not wish to identify their source of funds.



Formal and informal merchants with loans are likely to take a loan from the financial institution where they have their savings account.

### Most Popular Financial Institutions for Loans

When merchants were asked which institutions provided their loan, unlike savings accounts, the trend was towards credit unions and MFIs instead of banks.

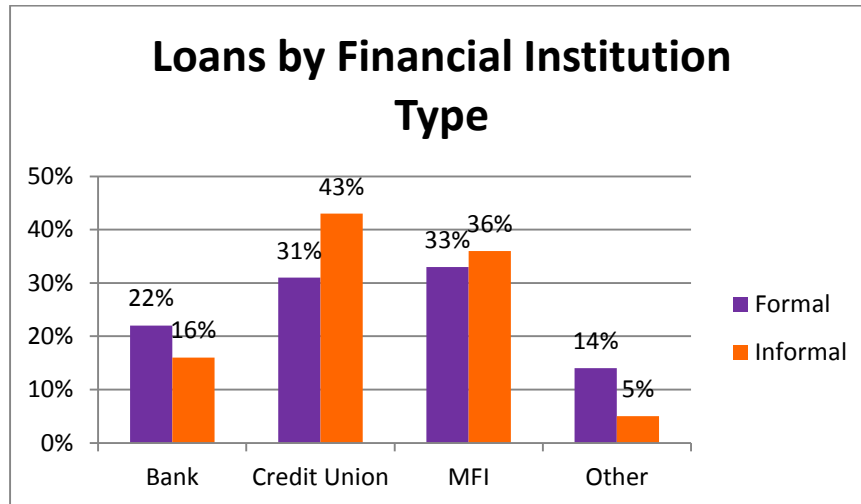
Among 45 formal merchants with loans at a financial institution, 31 percent have loans with a MFI, 33 percent with a credit union, and 22 percent with a bank. An additional 13 percent did not want to answer the question. Among formal merchants, the most named institutions were:

- Banks: Capital Bank, Unibank, Sogebank
- Credit unions: Capaj, Cotem
- MFIs: MCN, Acme, Sogesol, and Fonkoze

Among 121 informal merchants with loans from an institution, 43 percent have loans with a credit union, 36 percent with a MFI, 16 percent with a bank, and 5 percent have loans with a different organization or did not know which institution. Among informal merchants, the most named institutions were:

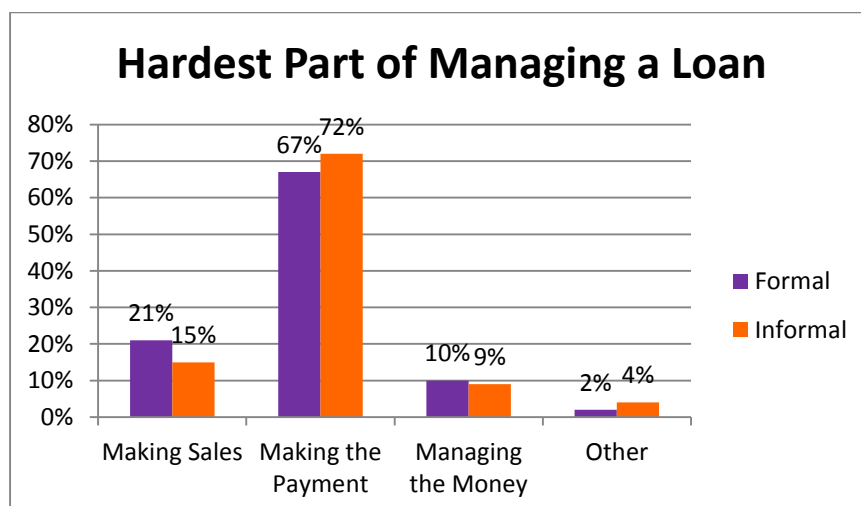
- Banks: Unibank, Sogebank, BNC

- Credit unions: Succes, Caposac, Socolavim, Coopeclas
- MFIs: Acme, Sogesol, MCN, and Fonkoze



### Difficulty in Managing Loans

Although the majority of merchants with loans felt they were not difficult to manage, merchants of the formal and informal sector were in agreement on the top three most difficult aspects to managing a loan: 67 percent of formal merchants and 72 percent of informal merchants believed loans were hard to manage, felt making the payment is the hardest part, and was in part due to the process. Other concerns raised by merchants included making sales to earn the revenue needed to pay back the loan, managing the funds once received, and receiving a loan of an adequate size.



When considering merchant mobile financial services, the processes currently used by financial institutions can be improved with technology. The process for paying a loan

can become easier for the borrower and lender. In addition, management tools, reminders, and trackers can be a part of the applications in order to benefit the financial institution tracking the loans and payback rates, while helping merchants better manage their funds and understand how their current sales projections will positively or negatively impact the likelihood of them making their payment on time. The technology can track trends and remove some of the guesswork involved in deciding to grant new loans, and project the likelihood of merchants repaying loans on time.

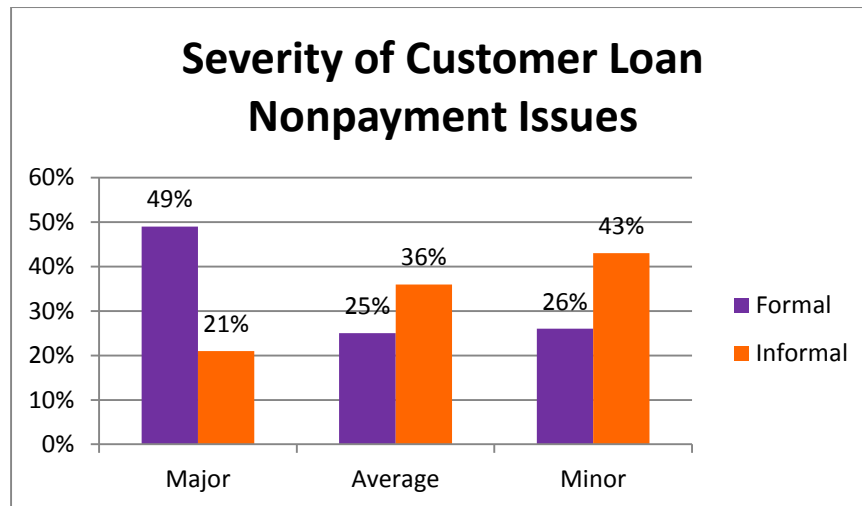
### Merchant Credit Lending

In addition to borrowing habits of merchants, it was discovered there are also interesting lending habits. In total, 66 percent of respondents said they sometimes loan money to their customers or offer them credit. Sixty-six percent of informal merchants and 68 percent of formal merchants loan money or offer credit to their customers. It was also identified that 68 percent of all merchants in urban areas and 61 percent of all merchants in rural areas loan money or offer credit to their customers.

		Do you ever loan money to your customers? Or offer items on credit?
		Yes
Type	Formal	68%
	Informal	66%
Location	Urban	68%
	Rural	61%
Zone	Metropolitan Area	52%
	Greater North	66%
	Greater Center	71%
	Greater South	75%
<b>Total Sample</b>		<b>66%</b>

However, lending funds and or merchandise to clients without receiving immediate payment causes problems for some merchants. Ninety-one of the formal merchants (72 percent) say they lend money or merchandise to clients, however of those who lend, 72 (80 percent) said they have issues with non-payment. Of those reporting issues with nonpayment 49 percent say nonpayment is a major issue, 25 percent say the issue is average, and 26 percent say the issue is minor.

Two hundred and eighty-seven informal merchants (72 percent) say they lend money or merchandise to clients, however of those who lend, 246 (86 percent) say they have issues with non-payment. Of those reporting issues with nonpayment, 21 percent say nonpayment is a major issue, 36 percent say the issue is average, and 43 percent say the issue is minor.



With so many merchants acting as both borrowers from financial institutions and informal lenders to customers, there is a strong value chain that could be leveraged to the advantage of financial institutions and mobile solution providers wishing to expand services into mobile loans. Perhaps instead of P2P transfers, there is a stronger need for P2P loans and borrowing.

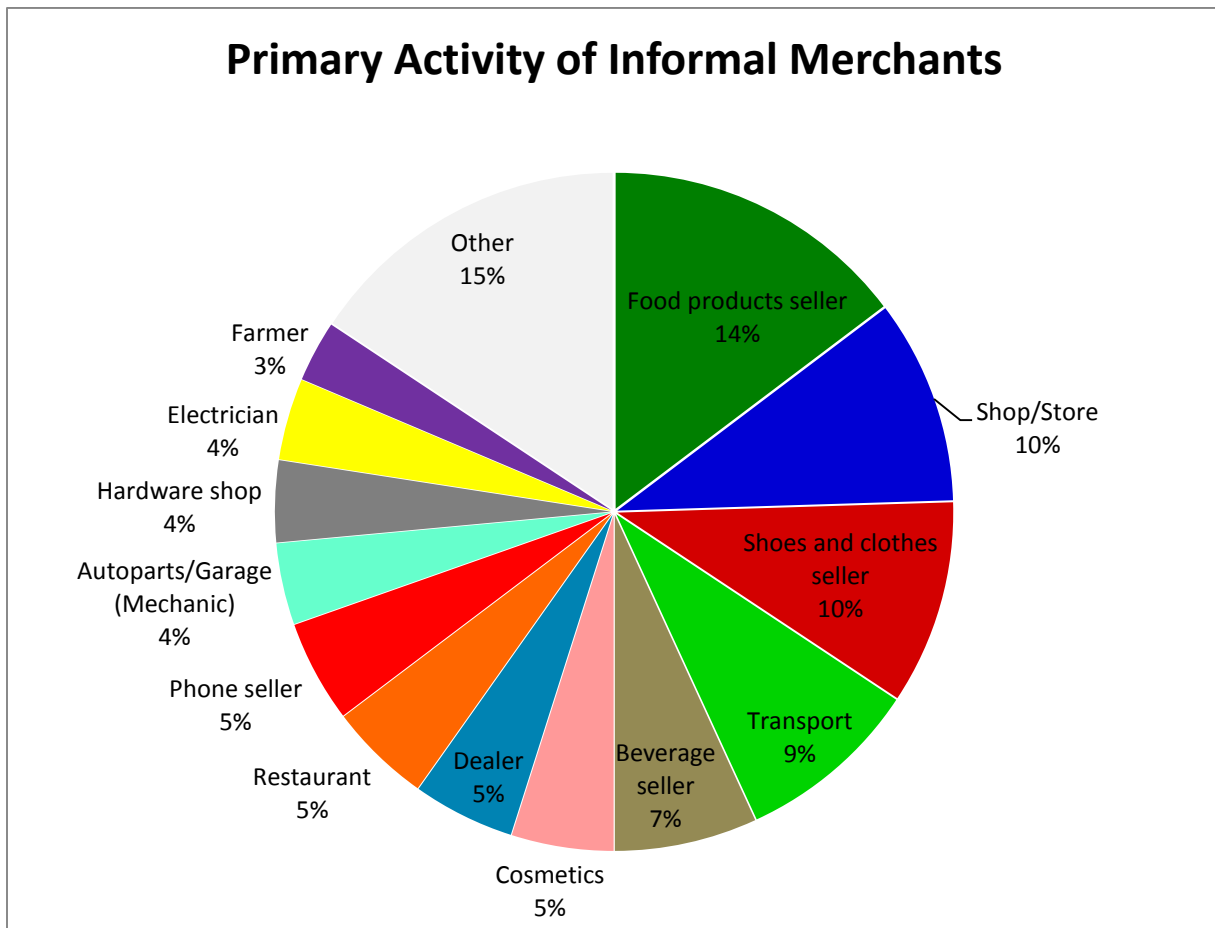
## Section V. Understanding the Merchant Businesses

Within the category and formal and informal merchants, subcategories were defined to help categorized needs and wants based on type of business or service. The table below shows the detailed composition of the formal and informal businesses.

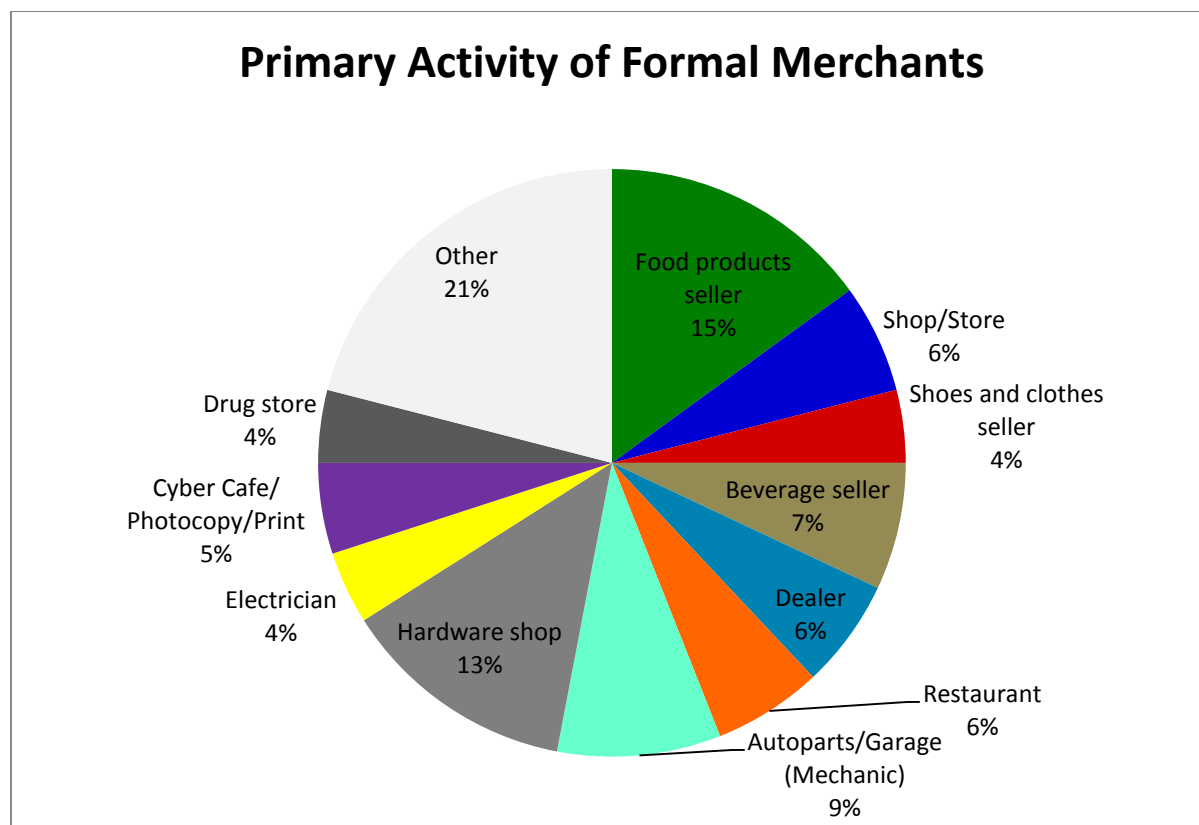
Merchant Type		Area of Activity		
		Urban	Rural	Total
Formal	Resellers/traders of goods	6	2	8
	Transportation	2	0	2
	Importers/Exporters	11	0	11
	Professional Service Providers	24	2	26
	Retail stores/Groceries/Hardware	73	7	80
	<b>Total</b>	<b>116</b>	<b>11</b>	<b>127</b>
Informal	Resellers/traders of goods	225	111	336
	Food Producers /Farmers	5	11	16
	Transportation	33	12	45
	Other	2	0	2
	<b>Total</b>	<b>265</b>	<b>134</b>	<b>399</b>
<b>TOTAL INTERVIEWS</b>		<b>381</b>	<b>145</b>	<b>526</b>

## Primary Business Activity of Merchants Interviewed

The primary business activity of respondents is reselling products. Fifteen percent of respondents in the formal and informal sectors sell food products, 10 percent of informal agents sell clothes and shoes, and 13 percent of formal business are hardware shops. However, the share of service activities is not negligible: 9 percent of the informal sector is in transport and 9 percent of the formal sector provides auto parts and mechanic services. The charts below summarize the types of businesses owned by respondents.







### Number of Employees

Only 30 percent of businesses have staff or employees. In the informal sector, only 20 percent have one or more employees besides themselves, while 61 percent of formal businesses have employees. Formal merchants are three times as likely to have employees; 78 percent of informal merchants working for themselves. Men are more likely to have businesses with employees: 35 percent report having employees, versus only 22 percent of females. Rural areas show the highest response rate with businesses managed solely by the owner (74 percent); those in the south rank highest (80 percent).

		Do you have any employees or other persons working for your business?			
		Yes	No	No Answer	Total Business Sample
<b>Type</b>	Formal	61%	39%	0%	127
	Informal	20%	78%	2%	399
<b>Location</b>	Urban	32%	66%	1%	381
	Rural	24%	74%	2%	145
<b>Gender</b>	Male	35%	63%	2%	186
	Female	22%	78%	0%	338

*\*In some cases the total percentage for yes vs. no does not add up to 100% due to missing responses in the overall sample. Those who preferred not to respond are marked in the "No Answer" column.*

Very few merchants interviewed reported having more than four employees. Less than 25 percent of all merchant types have more than four employees, and the majority of merchants only have one or two paid employees.

Number of employees	Type		Location	
	Formal	Informal	Urban	Rural
1-2	52%	74%	61%	71%
3-4	23%	18%	21%	18%
5-6	8%	5%	7%	6%
7-8	3%	1%	3%	0%
9-10	7%	1%	4%	3%
>11	8%	0%	4%	3%
<b>Total</b>	<b>75</b>	<b>76</b>	<b>117</b>	<b>34</b>

Number of employees	Zone			
	Metropolitan Area	Greater North	Greater Center	Greater South
1-2	63%	52%	81%	64%
3-4	17%	30%	15%	15%
5-6	11%	4%	0%	9%
7-8	2%	4%	0%	0%
9-10	7%	2%	4%	3%
>11	0%	7%	0%	9%
<b>Total</b>	<b>46</b>	<b>46</b>	<b>26</b>	<b>33</b>

This information is extremely informative; most merchants, especially informal, are sole proprietors of their business and those merchants with staff, are employing extremely small numbers of workers.

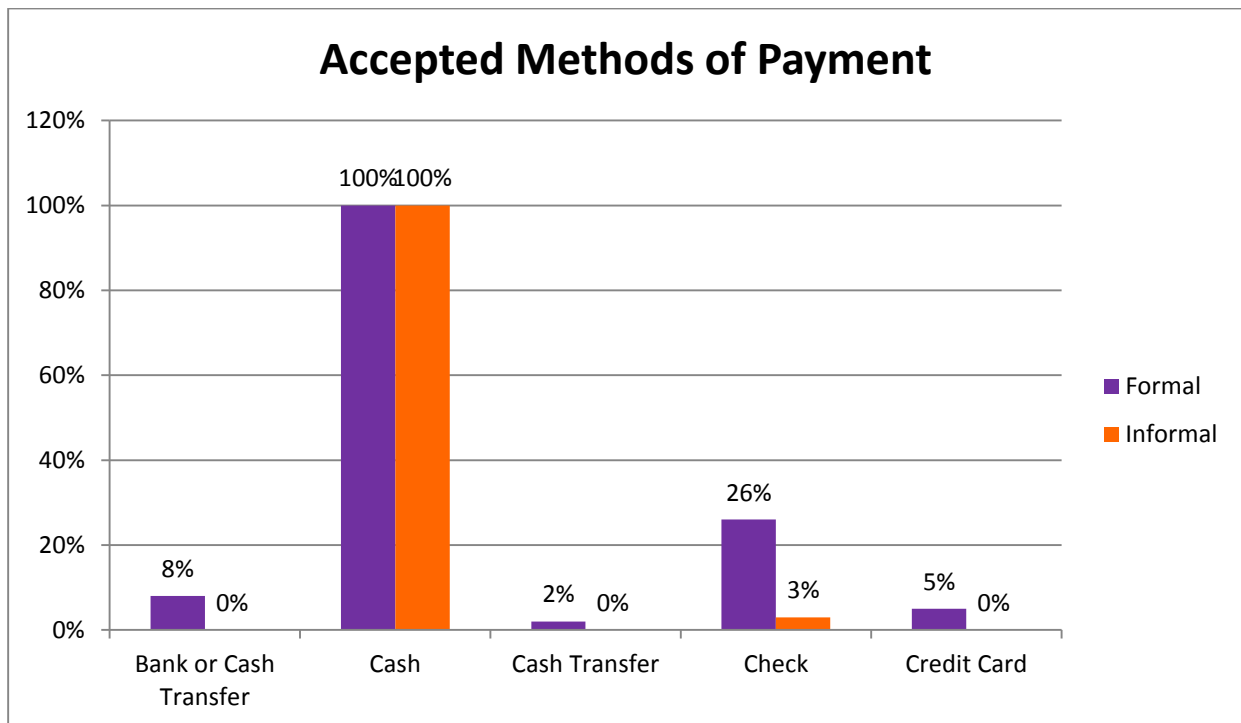
In terms of payroll services, small merchants would not be a target group, but in terms of creating solutions for merchants, technology must only be sold to a single user. Since mobile solutions depend on a single account reference, such as a mobile phone number, knowing that merchants often work alone, works to the advantage of mobile platform providers wanting to exploit this pattern and behavior.

### Methods of Payments Made and Accepted

Haiti's economy and merchant networks are dominated by cash. The degree at which cash dominates makes it extremely difficult for new solutions to compete. To get a better sense of how much cash dominates, merchants were asked what methods of payments they use to manage their businesses.

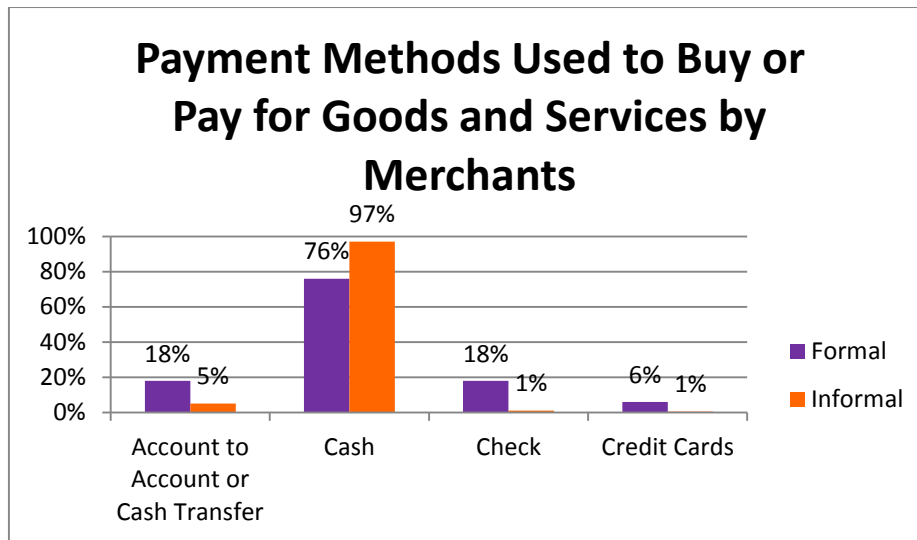
## Methods of Payment Made

Not surprisingly, 100 percent of formal and informal merchants that participated in the survey accept cash. Of 393 informal merchants who provided an answer, only 3 percent accept checks in addition to cash, but no other payment methods are accepted. Of 125 formal merchants who provided an answer, an additional 26 percent accept checks, 8 percent accept bank or cash transfers as payment, and only 5 percent accept credit or debit cards.



This shows that amongst merchants, beyond cash, the payment methods accepted require the least amount of infrastructure to support. Paper checks are as easy to exchange as cash, but require the merchants visit a branch to receive their payment, and credit and debit cards require point of sale (POS) terminals and relationships with credit card processing providers.

In terms of methods, merchants themselves use to pay wholesalers and pay for goods and services, cash also dominates with the occasional use of checks, credit cards, and transfers. Only 119 formal merchants and 345 informal merchants answered this question. Formal merchants in their own business transactions are 18 percent more likely to use payment methods other than cash such as bank to bank transfers, cash transfers or check. Credit cards are still used the least as a payment mechanism, supporting the earlier point that the infrastructure within Haiti doesn't support this payment mechanism well.



In order for mobile financial solutions to stand any chance to compete against cash, the convenience level must be extremely high and the processing of the payment must be extremely quick and easy without the need of complex infrastructure. Mobile solutions are most ideal to meet this balance and could easily overpower credit cards and checks within Haiti especially with such low penetration of consumers who have access to these types of payment mechanisms.

### Degree of Business Management Sophistication

The survey set out to ask deeper questions to better understand how merchants run and operate their businesses. One important question related to finances was whether or not merchants had a formal system for tracking their transactions. Most businesses do manual accounting using paper ledger to track transactions or provide receipts.

The paper ledger is more common amongst formal merchants, of which 51 percent of formal merchants use this means to track their business over counting cash at the end of each day. Only 19 percent of informal merchants use this method as the primary way to track their business activity. Formal merchants count cash or track receipts as the next most common method. Nineteen percent of formal merchants count their cash as the primary method for transaction monitoring. Fifteen percent of formal merchants track receipts as the primary method for transaction monitoring, 6 percent use this as a secondary method, and 2 percent use this as a tertiary method.

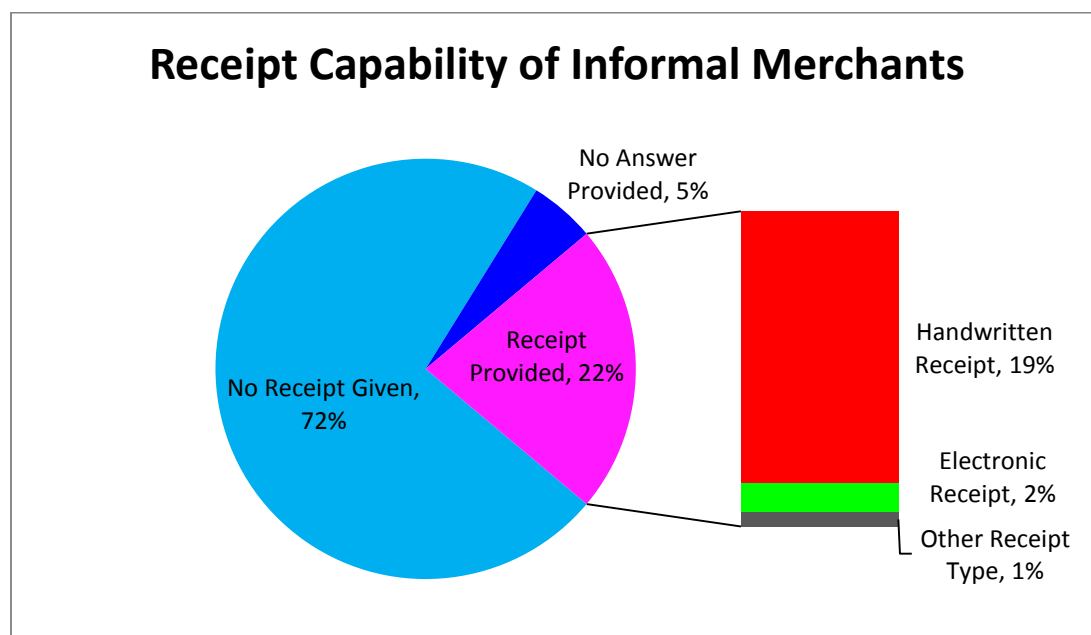
Informal merchants predominantly count their cash, with 48 percent stating this as their primary means of tracking. Four percent of informal merchants count inventory as the primary method and an additional 1 percent use this as a secondary verification tool. 2 percent of informal merchants count receipts as a primary method and 4 percent use counting receipts as a secondary method.

A significant portion, 22 percent of informal business and 6 percent of formal business, do not track their transactions at all. In terms of more advanced systems, less than 1 percent of informal businesses and 6 percent of formal businesses use an electronic POS system.<sup>15</sup>

Existing Accounting System		Formal	Informal
No accounting	I don't track	6%	22%
Manual accounting	I use a paper ledger	51%	19%
	I just count the money	19%	48%
	I count the inventory	2%	4%
	I track the receipts	15%	2%
Electronic accounting	I use an electronic POS system	6%	1%
	No Answer	1%	4%
	<b>Total</b>	<b>127</b>	<b>399</b>

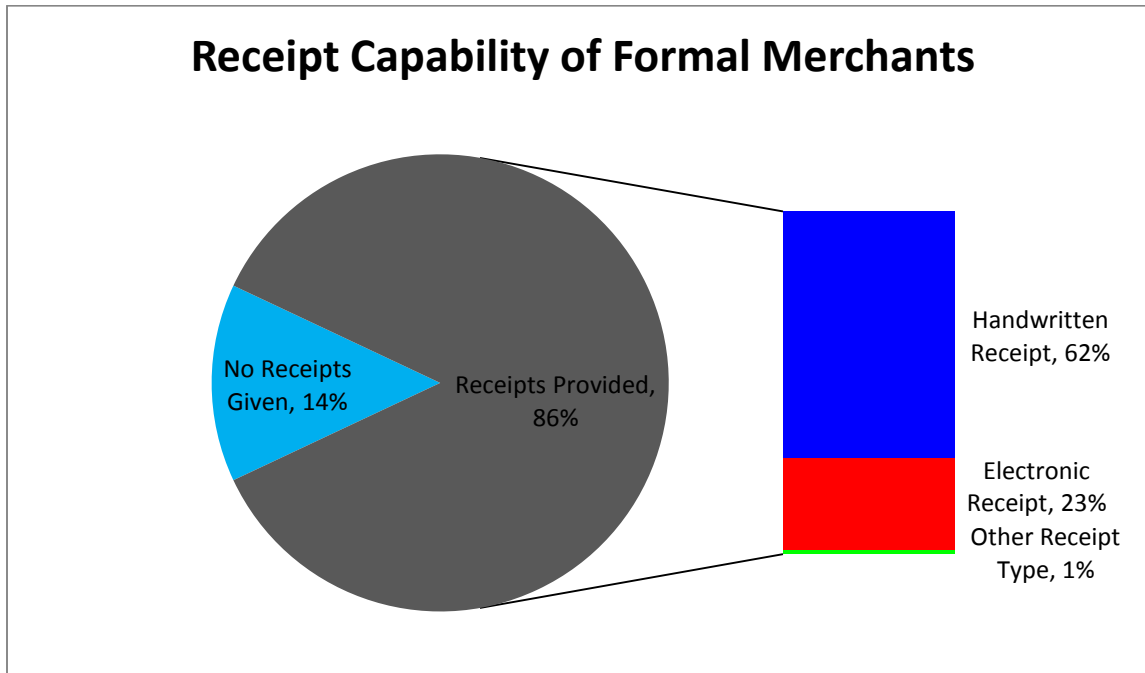
### Receipts

With so many merchants using receipts as a means of tracking, it is also important to understand how many merchants can provide receipts to consumers, or have records they can retain for business purposes. Of 399 informal merchants, only 22 percent can provide receipts to their customers. Of those 89 informal merchants providing receipts, 85 percent provide handwritten receipts, 10 percent provide electronic receipts, and 5 percent did not wish to answer.



<sup>15</sup> Details of what systems were used were not provided.

Of 127 formal merchants, 109 (86 percent) provide receipts. Of those providing receipts, 72 percent use handwritten receipts, and 27 percent use electronic receipts, while 1 percent did not wish to answer.



With so many businesses dependent on cash and paper receipts, it is not surprising that the majority of businesses in Haiti remain informal: the fact that merchants struggle to properly track daily transactions can lead to difficulty in managing a business, its inventory, profit and return on investment, and would make paying taxes on revenue near impossible. The implications of merchant behavior and the implications on tax management will be discussed later in the report.

### Business Inventory and Tracking

After transaction monitoring, another critical component to managing a small business that involves reselling of goods is inventory management and tracking. The survey sought to understand a merchant’s awareness of their inventory and the sophistication of their tracking tools. Fifty percent of informal merchants and 62 percent of formal merchants did not provide an answer regarding the value of their inventory, either because they did not feel comfortable doing so or they do not really know.

According to respondents, on average, the inventory values of formal business are near HTG 600,000 (\$12,766), approximately 10 times more than informal business at HTG 60,000 (\$1,277). Formal businesses in the urban areas show an average inventory

value of about HTG 600,000 (\$12,766).<sup>16</sup> It was discovered that merchants in the North and Center had a high average stock on hand, above HTG 700,000 (\$14,894), compared to the Metropolitan Region which shows an average of HTG 624,833 (\$13,294). The South showed the lowest average stock on hand with HTG 387,083 (\$8,236). Formal merchants in rural areas were unable to provide this information.

In the informal businesses, the gap between the urban and rural stock levels is not very significant with less than HTG 10,000 (\$213) difference. However, in this case the Metropolitan Region showed the lowest average of stock on hand with HTG 40,092 (\$853) and the Center Region showed the highest levels with HTG 114,583 (\$2,438).

While the values of inventory are influenced by the types of products and services sold, the values provided help introduce financial institutions and mobile providers into the possible value of these merchants as customers and users.

FORMAL		Location	Total merchants	Minimum (HTG)	Maximum (HTG)	Mean (HTG)
Location	Urban		116	2,500	3,772,000	601,410
	Rural		11	NA	NA	NA
Zone	Metropolitan Area		34	2,500	3,772,000	624,833
	Greater North		31	50,000	3,500,000	729,427
	Greater Center		21	15,000	2,790,000	728,125
	Greater South		41	20,000	1,000,000	387,083

INFORMAL		Location	Total merchants	Minimum (HTG)	Maximum (HTG)	Mean (HTG)
Location	Urban		265	1,100	750,000	64,409
	Rural		134	900	750,000	73,699
Zone	Metropolitan Area		90	900	300,000	40,092
	Greater North		107	2,000	750,000	77,920
	Greater Center		64	2,500	750,000	114,583
	Greater South		138	1,500	350,000	59,766

Based on these values, financial institutions and mobile platform providers should focus additional research on how financial services can help minimize merchant risk when having to maintain high values of inventory. Merchants with substantial investments in inventory may become interesting prospects for business loans, while merchants with low value inventory that perform well, might become strong prospects for small business loans at MFIs and credit unions.

Across all merchants interviewed, a mobile tracking system for transactions and inventory would be an improvement over current methods prone to human error. Since

<sup>16</sup> This assumes a currency exchange of approximately 47HTG=1 USD

it is already known that most merchants lack advanced education and lack sufficient financial services, mobile banking solutions provide a unique opportunity to improve the lives of merchants in the way they manage their money. However, new solutions must be easy to use and be helpful, otherwise the new technology will be seen as more cumbersome, confusing, and risky than continuing their customary behaviors that depend on cash.

## Sales and Customer Activity

Another way to measure a merchant's value to a financial institution or mobile merchant ecosystem was to determine the level of transactions handled each day and the level of traffic for a specific business type.

### Average Number of Clients per Day

Of the merchants interviewed, 41 percent of informal businesses and 35 percent of formal businesses receive at most ten clients daily. However, 58 percent of informal businesses and 65 percent of formal businesses serve at least 11 clients, while 8 percent of informal businesses and 17 percent of formal businesses serve more than 51 customers a day.

Number of Customers	Formal		Informal	
	#	%	#	%
1-10	29	35%	116	41%
11-20	20	24%	83	29%
21-30	8	10%	30	11%
31-40	1	1%	9	3%
41-50	11	13%	18	6%
51 & +	14	17%	23	8%
Don't know	0	0%	4	1%
<b>Total</b>	<b>83</b>	<b>100%</b>	<b>283</b>	<b>100%</b>

By focusing on the merchants serving more than 30 customers a day, 75 informal merchants serve more than 30 customers a day, and 85 percent of them are resellers of goods and services with an almost even split between urban and rural merchants. Men make up 72 percent of the informal merchants with more clients.

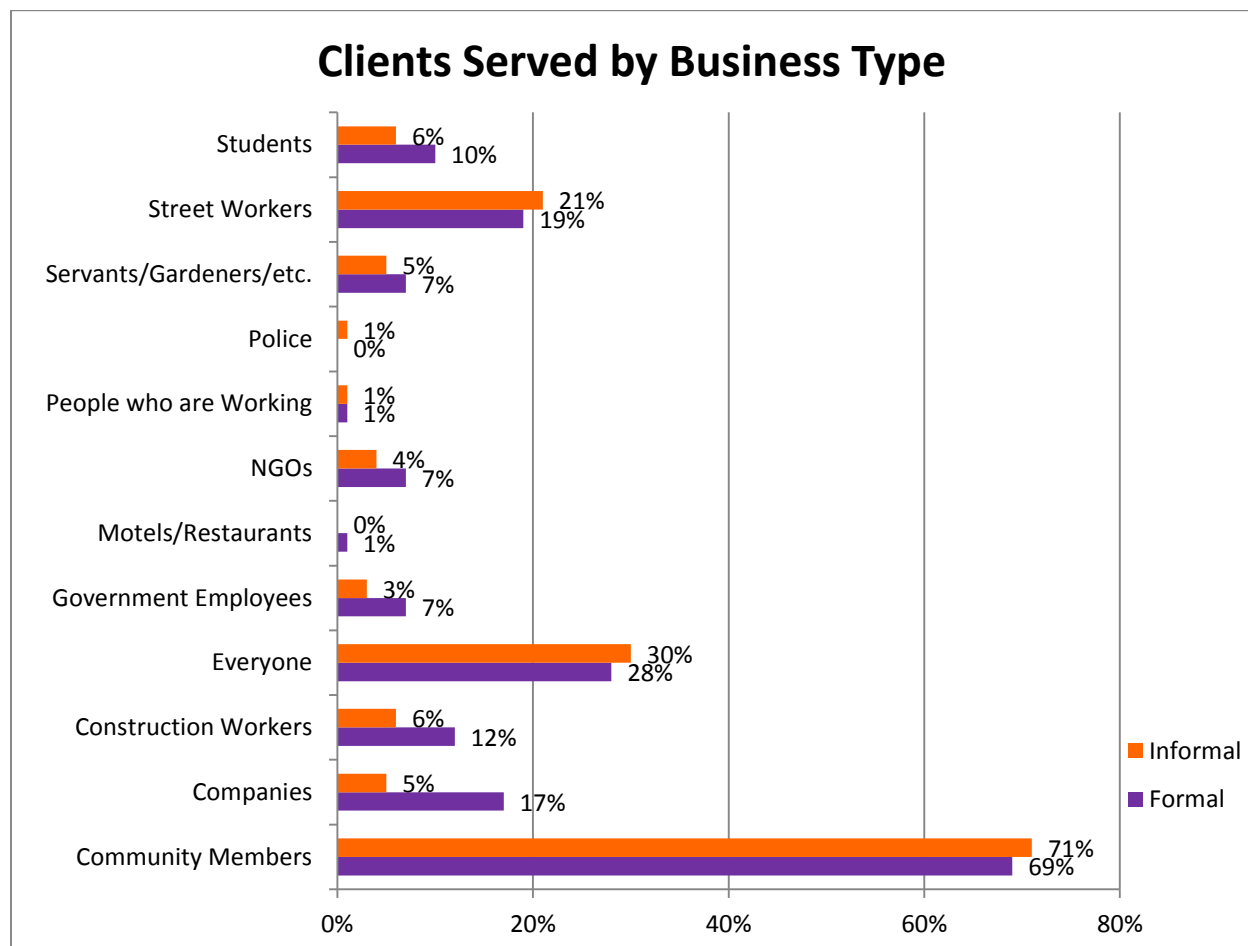
As for the formal merchants only 33 believe they serve more than 30 customers a day, of those 45 percent are retail/grocery store/hardware store merchants. Unlike the informal sector, in the formal sector all the merchants serving more clients are in the urban areas, but this may have more to do with the interview pool. In addition 73 percent of formal merchants serving more than 30 clients a day were men.



## Client Data

In order to better understand the supply chain, merchants were asked who their primary customers were. This helps to determine the consumer base that could potentially be indirectly acquired as a result of merchant solution adoption.

Merchants, both formal and informal are primarily selling goods and services to members of their community. When asked to describe the type of clients they serve, in general, 69 percent of formal business owners and 71 percent informal business owners claimed that clients are community members.



Learning that most merchants are serving their communities means their ecosystem is contained within a small diameter from their place of business. This is a reminder, that if merchants have mobile solutions suited to their business needs, there is a high probability they could start to convert customers to using digital currency assuming the products and solutions were as convenient or beneficial to merchant and client alike.

## Section VI. Behaviors and Pain Points of Formal and Informal Merchants

### Liquidity and Cash Management

With so many merchants using financial institution accounts as a safe place to store and save money, additional questions were asked to get a sense of the merchants liquidity, and their perception of security working and handling their liquidity.

#### Frequency of Deposits

In the formal sector, out of 127 merchants, only 1 merchant felt they made enough money in a day to justify going to make a deposit at a financial institution. 44 percent of formal merchants take home the cash earned each night. 20 percent of formal merchants say they keep the funds from the day's sales at their point of business. 35 percent didn't feel comfortable responding to the question.

Although financial institutions do not want to encourage more foot traffic into their branches for daily deposits and withdrawals, the number of merchants risking transporting their earnings home in cash makes a strong argument for digital accounts as a measure to secure funds.

Looking at the informal sector 73 out of 399 merchants (18 percent) feel they make enough money in a day to warrant visiting a financial institution to make a deposit. Despite their high volume of transactions, the value per transaction is likely lower. Even still this means 82 percent of informal merchants have no means to safely secure their liquidity at the end of each day.

In total, 23 percent of merchants feel that they make enough money during one business day to need to make a deposit at a financial institution, ranking higher in the formal sector with 36 percent.

#### Safety and Sense of Security in Transporting Cash for a Merchant

When asked how safe they felt going home with the cash on hand, only 105 formal merchants wanted to answer the question. Of the 105 merchants who admit to transporting cash themselves, 55 percent feel safe, while 45 percent do not like having to transport the cash.

In the informal sector, when asked how safe they felt going home with cash on hand, 387 of 399 merchants answered the question. Of the 387, 79 percent of informal merchants felt safe, while 21 percent do not like having to transport cash.

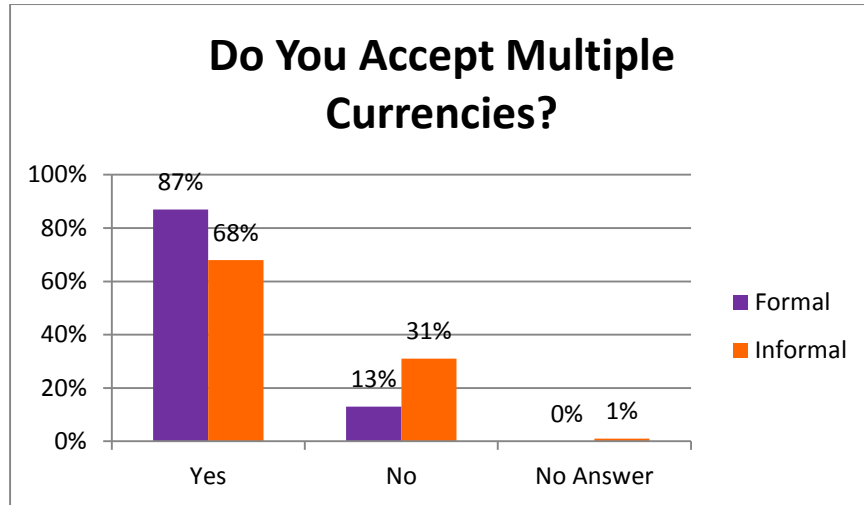
Again the discrepancy between the types of merchants regarding liquidity and security may have mostly to do with the amount of cash they handle and their surroundings. Those who do not feel safe are pretty evenly split between rural and urban areas, and the perception of safety may be influenced by other external factors not measured in this research.

However, the survey did specifically inquire as to how many merchants had ever been robbed while conducting business or traveling to or from their business. Robbery is a reality that 44 of 399 informal merchants (11 percent) and 26 of 127 formal merchants (20 percent) have faced. All of these merchants conduct business in urban areas, and these events highlight a concern that does exist within the segment of the population. Despite the risk, most merchants still consider handling and transporting their cash themselves more convenient than having to visit a financial institution to safely store their funds.

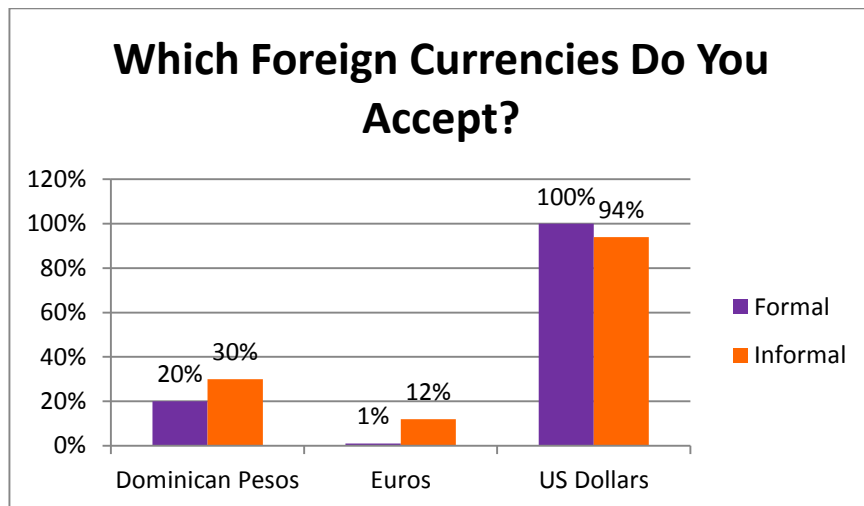
		Do you feel like you make enough money during the day that you need to make a deposit at a financial institution?	Do you feel safe during the day with the amount of money you carry?	Do you feel safe going home with the amount of money you have on hand?	Have you ever been robbed while conducting business activities? For example, while going to work, going to a financial institution, going home, buying goods
		Yes	Yes	Yes	Yes
<b>Type</b>	Formal	36%	65%	46%	20%
	Informal	18%	76%	77%	17%
<b>Area</b>	Urban	25%	73%	69%	18%
	Rural	17%	74%	70%	18%
<b>Zone</b>	Metropolitan Area	23%	60%	56%	25%
	Greater North	17%	88%	79%	14%
	Greater Center	29%	60%	54%	19%
	Greater South	23%	79%	78%	16%

## Currency

The instability of Haitian Gourdes can also encourage many businesses' desire to accept multiple currencies. When asked, 68 percent of informal merchants and 87 percent of formal merchants confirmed they do accept multiple currencies.



The most popular foreign currency is the US dollar which is accepted by all formal merchants and 94 percent of informal merchants. This is followed by Dominican pesos which are accepted by 20 percent of formal merchants and 30 percent of informal merchants. The euro is not as widely accepted, with only 1 percent of formal merchants and 12 percent of informal merchants accepting them as payment.



As mobile financial services develop and continue to compete against cash, having solutions that support using and receiving multiple currencies will ensure the products and solutions remain as convenient and as flexible as cash as possible. The currency conversion between Haitian Gourdes and other currencies is also an opportunity for stakeholders to earn profit off currency exchange services and transfers. In a country with so much of the economy supported through international aid and NGOs, having products and solutions in the marketplace supporting multiple currencies will continue to encourage adoption on a local and global scale.

## Section VII. Mobile Money Awareness and Interest

Merchants, both formal and informal, face many challenges in running a business in Haiti. There is a belief among mobile finance technology developers that solutions offering better transaction control, monitoring and digital payments can ease the burden of cash management and provide greater security to merchants. At the same time, financial service providers want to reach merchants throughout Haiti to help encourage better saving habits and eventually provide credit services to those with some credit history or proof of steady income. If mobile financial services were provided with merchants in mind, it could be a win-win for the merchants, financial institutions, and technology providers in achieving a cashless ecosystem with greater utilization.

However, awareness of mobile money must first be established among merchants and their clients. Therefore, the survey attempted to better understand not just merchants' current perceptions of financial services, but to create a conversation around how mobile technologies could potentially benefit their business; and based on potential services, to collect merchant opinions and gauge interest.

### Awareness of Mobile Money

Sixty three percent of merchants have heard about mobile money services. The greatest level of awareness was found amongst respondents with formal businesses (75 percent), from urban areas (65 percent) and within the Greater Center (75 percent).

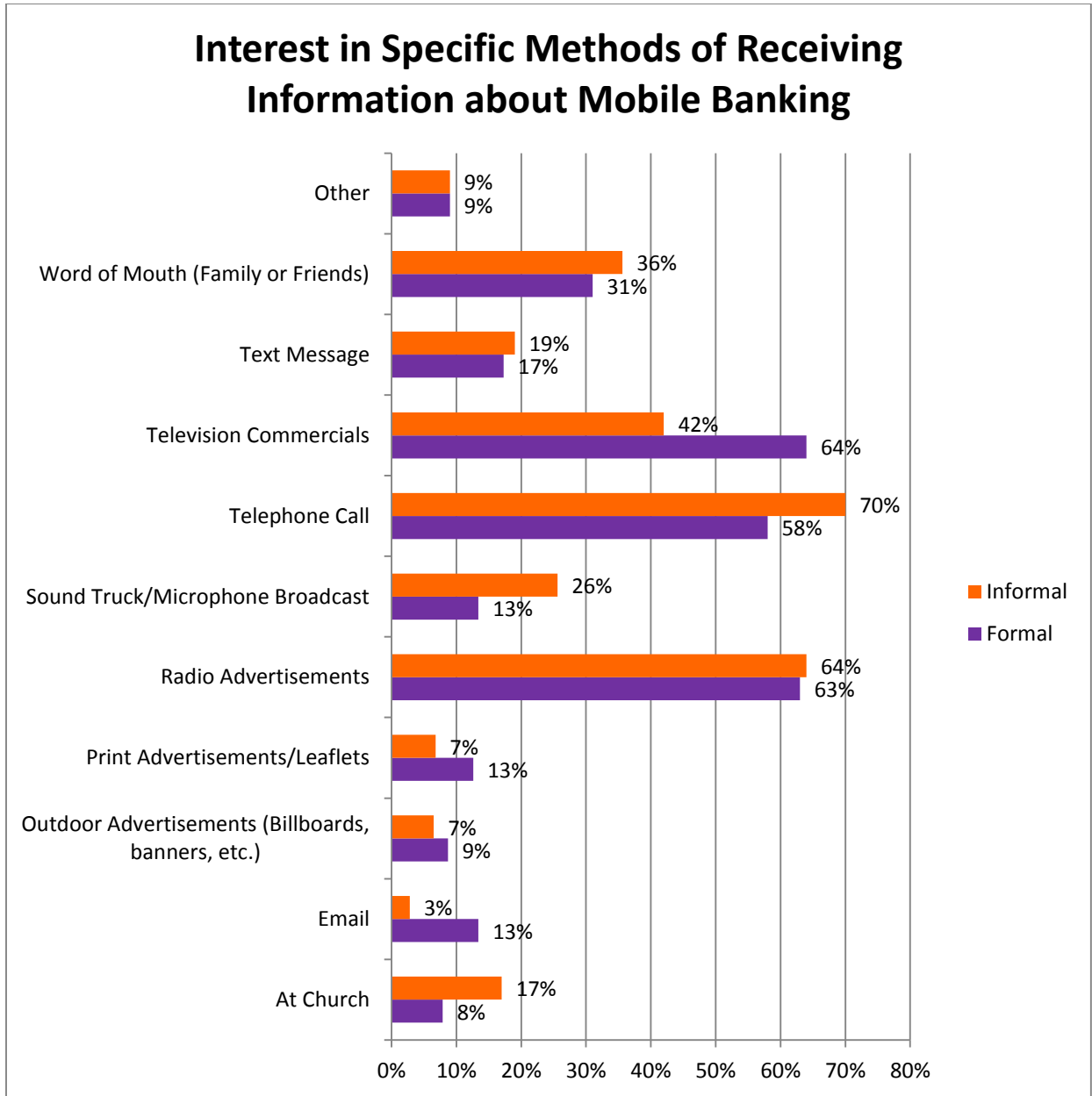
		Have you heard about mobile money service?	
		Yes	Number of Businesses
Type	Formal	75%	127
	Informal	59%	399
Location	Urban	65%	381
	Rural	57%	145
Zone	Metropolitan Area	58%	124
	Greater North	66%	138
	Greater Center	75%	85
	Greater South	57%	179
<b>Total</b>		<b>63%</b>	<b>526</b>

This is a promising start to know that although adoption rates are low, awareness has reached key demographics. More outreach and education is still needed especially amongst informal merchants and throughout the rural areas of Haiti, which represent the majority of the population which would likely benefit from new channels of digital financial inclusion.

## Most Effective Marketing Methods When Reaching Merchants

While radio remains the most accessible form of media in Haiti, formal businesses would prefer to receive information about mobile money service by TV advertising (64 percent) while informal business agents prefer telephone calls (70 percent). The two groups have a favorable sentiment on radio advertising, with 63 percent for formal business and 64 percent for informal business. Receiving phone calls (or automated calls) is third most popular among formal businesses at 58 percent. Interest in receiving text messages was substantially less with 17 percent for formal merchants and 19 percent of informal merchants interested. Email is an option for 13 percent of formal sector versus only 3 percent of the informal merchants. Proximity media such as a sound truck is more of an option for the informal sector with 26 percent interested in this method and only 13 percent of those in the formal sector. Another popular proximity tactic is church meetings with 17 percent of informal business owners showing interest versus only 8 percent in the formal sector. See graph below.

When considering marketing initiatives for mobile financial services awareness, one should consider the methods that will reach the most potential users. With electricity being an extreme limitation, most service providers would be best to focus their educational marketing efforts on radio and sound trucks, and add additional brand awareness through posters, billboards, and other public “out of home” branding initiatives.



### Willingness to Try New Technology

The majority of respondents, 53 percent, are very willing to try new technology. The respondents from the formal businesses (65 percent), from urban areas (55 percent) and from Greater Center (67 percent) are more inclined to use new technologies. Meanwhile, those most resistant to adopt new technology are from informal businesses (17 percent), rural businesses (20 percent) and those within the Metropolitan area (17 percent).

		Willingness to try new technology?			
		Very willing	Somewhat willing	Not willing	Number of respondents
<b>Type</b>	Informal merchants	50%	33%	17%	<b>399</b>
	Formal merchants	65%	29%	6%	<b>127</b>
<b>Location</b>	Urban	55%	32%	13%	<b>381</b>
	Rural	48%	32%	20%	<b>145</b>
<b>Zone</b>	Metropolitan Area	52%	30%	18%	<b>124</b>
	Greater North	39%	49%	12%	<b>138</b>
	Greater Center	67%	19%	14%	<b>85</b>
	Greater South	58%	27%	15%	<b>179</b>
<b>Total sample</b>		<b>53%</b>	<b>32%</b>	<b>15%</b>	<b>526</b>

The strong willingness to adapt to new technologies is an extremely promising sign. Similar to when feature phones were first made available to the masses, if a new technology is affordable and improves the lives of people in some way, Haitians are strongly motivated to adapt quickly. Since the willingness is there, but adoption rates are still low, one can conjecture that the current services are either not affordable or not an improvement over cash and therefore the resistance is not so much to the new technology, but a resistance to the belief that it can make their lives better in some way.

As part of the survey, merchants were also asked if they would be interested in being contacted to receive more information about mobile financial services; 119 formal merchants (94 percent) and 300 informal merchants (75 percent) were interested in receiving additional information on mobile banking.

### Perceived Barriers to Mobile Banking Accounts

When identifying why merchant usage is so low, each merchant was asked to provide up to four reasons on why they were not using mobile services, including barriers they faced and personal opinions on the technology.

For many it was difficult to come up with a specific reason: 24 percent of informal merchants and 17 percent of formal merchants said nothing was wrong with the service. However, network failures are the biggest problem/barrier for 17 percent of formal merchants and 13 percent of informal merchants, poor handling of the service is a barrier for 13 percent of formal merchants and 9 percent of informal merchants, and lack of trust in the products is a barrier for 12 percent of formal merchants and 10 percent of informal merchants.



In addition, 5 percent of all merchants stated there are significant issues with electricity, 7 percent worry about problems if they lose their phone, 3 percent fear hackers on the system, 3 percent don't feel like the services are reliable, 3 percent think the service needs to be more accessible, and 2 percent do not think the system works in general.

There were wide varieties of answers, but almost every merchant was able to provide one or more specific reasons why they don't use mobile accounts. While the sample is small, the range of responses can make it seem difficult to overcome negative perceptions that have built over the past five years. However, if more attention is given to providing a quality customer experience based on a more stable and dependable merchant and agent experience, the trust in the product would come as a result along with a greater confidence in the mobile banking model as a whole. Greater education in the technology and the service would likely ease those worried about losing their phone or system hackers. Network issues and poor customer experiences are at a minimum preventing 30 percent of merchants from considering mobile solutions.

### Perceived Benefits of Mobile Banking Accounts

In addition to describing problems with mobile banking, merchants were asked to provide up to four benefits of mobile banking or things they like about current products on the market. Despite not currently using mobile accounts, merchants were asked about the benefits of mobile accounts over using cash: 44 percent feel that having a mobile account would make their money safer, 14 percent said it would make transactions easier, 9 percent believed it would save time on travel to visit branches, and 7 percent thought it would save time in their operations. Other benefits identified by merchants was a belief that accepting mobile payments for goods would help increase sales and eliminate problems and risk associated with handling, carrying, and transporting cash.

Perceived Benefits of Mobile Banking	Number of Responses	%
Don't need to carry cash or change	33	6%
Helps with progress on a national level	12	2%
Improves safety	248	44%
It's a good idea	31	6%
Makes transactions & purchases easier	76	14%
Nothing is good about it	28	5%
Other	15	3%
Provides better control & visibility of my finances	24	4%
Requires less time to travel	53	9%
Saves time	38	7%
<b>Total</b>	<b>558</b>	<b>100%</b>

Forty-five percent of informal merchants and 55 percent of formal merchants believe safety of their money along with privacy and confidentiality of their business is the largest benefit. Nineteen percent of informal merchants and 18 percent formal merchants felt one of the greatest benefits was that with mobile accounts making and accepting payments is easier without the need for cash, or exact change. Eighteen percent of informal merchants and 9 percent of formal merchants felt that the benefit comes with the convenience of how much time it will save in their operations, especially since they will not have to travel to a branch to manage their account.

### Informal Merchants

Informal merchants have a strong interest in mobile financial services, with 31 percent expressing that accepting and making payments would be very appealing for customers and 50 percent believing it would be appealing for customers. Only 18 percent thought it would not be appealing and 1 percent did not wish to provide an answer. 30 percent would be interested and 45 percent would be very interested in accepting mobile payments from customers.

In general 77 percent of informal merchants felt using a mobile account would be better than having to exchange cash. The top reason they felt mobile accounts are better than cash was safety (28 percent).

Informal merchants understand and agree with the basic benefits to mobile banking being a branchless experience. Seventy-eight percent of informal businesses think that it would be a good thing to get paid by their customers using mobile money and then using that electronic money to pay their own loans without going into a financial institution. This is not surprising when combined with the fact that 54 percent of informal merchants with loans at a financial institution said the hardest part of having the loan, is the payback process. Easing this experience and providing more efficient ways to earn money and repay loans is a strong motivating factor among informal merchants to use a mobile account or mobile financial service solution.

Considering only 31 percent of merchants have loans, this shows that perhaps more informal merchants would seek loan services knowing the repayment could be handled via a branchless experience.

In addition, close to 80 percent of informal businesses expressed an interest in using mobile money to pay their suppliers/wholesalers electronically. Of those, 34 percent are very interested and 46 percent are interested. This has a dependency on wholesalers adopting mobile solutions, but if payments could be real-time and tracked electronically, this alone should reduce wholesaler time and cost and provide strong motivation for

considering the new technology. More research would be needed, but again the limited sample is showing positive indications and promising potential for future solutions.

Informal		Do you think having mobile account for your business would be better than having to exchange cash?	Imagine if your customers paid you using mobile money and you could use that money to repay loans directly from your phone without going to a physical branch at a financial institution. Would that interest you?	If you had money in your mobile money account, would you be interested in paying your wholesaler with a mobile transfer if they accept that type of transaction?		If you could check all your transaction activities anytime on your phone, would this be helpful to your business?
		Yes	Yes	Very interested	Interested	Yes
Location	Urban	77%	77%	31%	49%	78%
	Rural	76%	80%	40%	40%	78%
Zone	Metropolitan Area	73%	76%	28%	46%	71%
	Greater North	83%	79%	19%	60%	80%
	Greater Center	53%	75%	39%	42%	67%
	Greater South	84%	79%	46%	38%	86%
	Total	76%	78%	34%	46%	78%

Seventy-eight percent of informal merchants liked the idea of managing their transaction history using a mobile account. The top reasons being that it would help merchants facilitate their business, help them control their work and their money, help save them time.

### Formal Merchants

Formal merchants have a strong interest in trying mobile accounts, with 80 percent expressing perceived benefits of mobile banking for their business. Thirty-one percent of the 127 interviewed are very interested, and 49 percent are interested. Of the 20 percent of formal merchants who are not interested half were unable to provide a specific reason, while the remaining half most commonly stated cash is better or that they don't trust the current mobile systems.

In general, 76 percent of formal merchants agree that mobile account services would help them attract a wider range of customers. An even greater portion, 83 percent believe that using a mobile account would be better than accepting and exchanging cash. When asked why, 49 percent of formal merchants desired better safety of their money, 23 percent believed it would make transactions easier, and 9 percent felt a mobile account would help them better manage their time. Other less popular responses included accounts helping them control their business and improve their sales, limiting the need to carry cash, and preventing the need to move around as much because of cash.

When asked about loans, 83 percent of all formal merchants would be interested in using a mobile account to receive payments from customers and repay loans via mobile without the need to visit a branch. Eighty-eight percent were also interested or very interested in using a similar mobile account to manage payments to their wholesalers.

Eighty-four of formal merchants liked the idea of managing their transaction history using a mobile account. When asked why, the responses fell into four categories: control, time, safety, or convenience.

**Control:** 18 percent believe mobile transaction histories would give them better control of their business, 15 percent state it would give them better control of their money, and 1 percent said it would help them manage their clients better.

**Time:** Transaction histories on a mobile account were seen as a time saver for 11 percent of respondents, and an additional 4 percent believed it would save time otherwise spent traveling to their financial institutions. 2 percent believe the benefit is saving time doing calculations, and an additional 1 percent would save time when doing inventory.

**Safety:** Five percent named safety as a benefit of transaction histories, perhaps because of the visibility and certainty of the payments.

**Convenience:** Nine percent believed the convenience of a transaction history would help them run their business more efficiently. Nineteen percent of respondents felt a mobile transaction history would be beneficial, but did not have a specific reason why.



Formal		Do you think having a mobile account for your business would be better than having to exchange cash?	Imagine if your customers paid you using mobile money. You could use that money to repay loans directly from your phone without going in to a physical branch or financial institution. Would that interest you?	If you had money in your mobile money account, how interested would you be in paying your wholesaler with a mobile transfer if they accept that type of transaction?		If you could check all your transaction activities anytime on your phone, would this be helpful to your business?
		Yes	Yes	Very interested	Interested	Yes
Area	Urban	84%	83%	38%	52%	84%
	Rural	82%	82%	18%	55%	82%
Zone	Metropolitan Area	91%	91%	47%	50%	88%
	Greater North	87%	81%	29%	58%	90%
	Greater Center	67%	76%	38%	43%	67%
	Greater South	83%	81%	32%	54%	85%
<b>Total Sample</b>		<b>84%</b>	<b>83%</b>	<b>36%</b>	<b>52%</b>	<b>84%</b>

### Interest in Being an Agent for Mobile Services

In order for branchless mobile banking to be successful, one critical requirement is access to cash via a strong agent network. In order to build a strong merchant network, merchants must show an understanding of the benefits of accepting mobile payments, but also a willingness to help develop the cash-in and cash-out networks. This part of the survey included formal merchants only, since informal agents are unlikely to pass a due diligence process with financial institutions.

Although only 26 percent of formal merchants reported having an excess of cash at the end of the day, 28 percent said they were interested or very interested in being a cash-out agent. Meanwhile, 26 percent of formal merchants also say they have trouble maintaining their cash level throughout the day, but when asked about their willingness to be a cash-in agent responsible for collecting cash on behalf of a mobile service, 41 percent were interested assuming proper training was provided.

Among a small pool of 127 merchants, it is clear identifying agents for expanding the branchless ecosystem of financial institutions presents obstacles in agent willingness.

The strongest interest of this sample group was in the Ouest, Sud-Est, and Nord-Est. All formal merchants with interest were located in urban areas. While the Ouest will present the smallest challenge in growing the mobile ecosystem, finding formal merchants in rural zones will be more challenging for financial institutions seeking cash-in and cash-out agents.

<b>Interest in Being a Mobile Agent by Department</b>	
<b>Department</b>	<b>Number of Responses</b>
Artibonite	3
Centre	1
Grand-Anse	1
Nippes	3
Nord	1
Nord-Est	4
Nord-Ouest	2
Ouest	18
Sud	2
Sud-Est	4
<b>Total</b>	<b>39</b>

This is why a multi-step approach that includes informal merchants in the ecosystem may be pivotal in growing a more robust merchant ecosystem. Finding ways to strengthen informal merchants via mobile technologies could help transition informal agents to formal ones. Seventy-one percent of informal merchants said, if given the opportunity they would like to be a licensed and formally recognized business.

## **Section VII. Preparing Informal Merchants for Formal Business Growth**

For many merchants, their value in the ecosystem has significant potential. However, regulations and compliance requirements make it difficult for them to grow their business. Increased access to financial services and new technologies can help support this growth, enabling them to play a larger role in the economy.

Three hundred and ninety-nine informal businesses were interviewed during this research. While various factors not addressed in this survey impact why businesses have not yet become licensed, when asked 74 percent of urban informal merchants and 66 percent of rural merchants say that if given the opportunity, they would prefer be formal and recognized.

Informal Merchants		If given the opportunity would you prefer to have a business license and be a formal/recognized business?	
		Yes	
Location	Urban	74%	
	Rural	66%	
Zone	Metropolitan Area	63%	
	Greater North	84%	
	Greater Center	57%	
	Greater South	73%	
<b>Total Informal Sample</b>		<b>71%</b>	

### Mobile Account KYC Requirements Preferences of Merchants

Part of being a legally recognized business requires a registered financial account with verified Know Your Customer (KYC) information. Most informal merchants interviewed (94 percent) actually would prefer an account which required an ID and did not limit transactions per day in the way the current merchant Tcho Tcho account does.<sup>17</sup> The option of having an account with no ID and limited transactions was not very popular because it does not address the needs of merchants that require higher account balances and need the flexibility to make more transactions per day.

Informal		Which type of mobile account would you prefer?	
		A mobile account that does not require an ID but limits your activity to 10 transactions or 4000 HTG (Option 1)	A mobile account that requires an ID but does not limit the amount or value of your transactions (Option 2)
Area	Urban	5%	94%
	Rural	5%	93%
Zone	Metropolitan Area	7%	90%
	Greater North	7%	94%
	Greater Center	5%	92%
	Greater South	1%	96%
<b>Total</b>		<b>5%</b>	<b>94%</b>

The majority of merchants interviewed have an inventory value greater than the limits set for mini wallets. Many merchants also have inventory greater than the value of the current Tcho Tcho full wallet. While it's difficult to determine if business activity would exceed the acceptable limits of daily deposits and withdrawals of the current mobile

<sup>17</sup> TchoTcho mini wallets do not require registration with valid KYC, however the mini wallet's balance and daily transactions are limited to approximately \$100 USD (5,000 HTG).

solutions that are offered to them (option 1 in the table), this information combined with the previous statistics about most merchants having a valid ID, is important when understanding the value of the current mini-wallet on the market in Haiti. The mini-wallet was created for users who did not have an ID and who only needed to store a small value in their digital account. While mini-wallets remain the most used product via Tcho Tcho, Boom and Lajan Cash have shown a user's willingness and capacity for registering for an account with a valid form of government ID. In considering merchant products, there is an apparent desire for accounts that require KYC, as long as the account limits support the merchant's business needs.

### **Benefits of Formal Licensed/Regulated Business**

Almost all informal merchants expressed interest in becoming formal licensed businesses if given the opportunity. However, despite this interest, the benefits of having a registered business are largely unknown to a wide majority (81 percent) of informal business owners. There is a clear lack of understanding of the overall system, taxes, regulatory framework and benefits of being registered. It is for similar reasons that they don't implement any formal controls and accounting in their businesses. Without a clear understanding of the benefits, it will be difficult to determine how to motivate informal merchants to become formal entities based on mobile money services alone.

### **Other Potential Benefits/Considerations: Tax Law Compliance**

It is not the responsibility of financial institutions to force merchants or account holders to pay their taxes, especially since the current government does little to enforce tax law across the informal merchant sector. However, mobile accounts could be beneficial if the Haitian government should enforce tax payments.

When asked if merchants charge customers any additional taxes or sales taxes, almost all of the merchants declared that customers are not charged taxes. Considering the importance of income tax and sales tax in many economies, the fact that Haiti does not collect any tax from consumers and merchants who undertake the majority of daily transactions has a negative impact on the national economy.

Based on the fact that most merchants do not hold formal accounts or understand fiscal regulations, it would require considerable effort from the government, mobile money stakeholders and their sponsoring financial institutions to ask users to comply and help educate them in order for them to achieve compliance. While mobile account providers are not responsible for enforcing tax legislation, the mobile technologies can make including sales tax easier on merchants while also making auditing these merchants



and their businesses easier. Merchants with electronic records stored and saved by the sponsoring financial institution will be better able to comply with government requests.

If government organizations try to force mobile merchant accounts into charging and paying taxes without enforcing the same requirements on the current cash-based merchants, the risk is an additional disadvantage to adapting to mobile financial accounts. If however, introduced properly and gradually among informal merchants in parallel with fair national reform, mobile money could be one opportunity for Haitian authorities to increase their revenue base by formalizing this currently informal sector of businesses that dominate the marketplace.

## Conclusion

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Mobile financial services have created new opportunities for formal and informal merchants in Haiti, but the challenge of spreading awareness and education across this sector remains. Without strong incentives and product features that motivate merchant adoption and network growth, consumer usage will likely remain low.

Overall, merchants are able to see the benefits of mobile banking as a more secure way to handle their cash, save for the future, and manage business purchases and payments. Mobile accounts have the additional benefit of being able to help businesses better manage their finances, track transactions and inventory, and save time, while minimizing costs and risks associated with cash management and transport. Most merchants are interested in accepting mobile payments from customers because they feel that it is safer, will help their businesses grow, and will be easier for customers and themselves because they will not need to carry so much cash or have exact change. Many formal merchants expressed an interest in accepting cash-in transactions, and a slightly smaller margin expressed an interest in supplying cash-out transactions for mobile account holders.

Merchants expressed a preference for products provided by a financial institution. They need to have trust in the service provider. They also want to know the technology and network will be reliable so they and their customers can trust and use the service. Much like mobile financial technology investors, merchants want a strong and large merchant network because they understand the benefit that comes with a digital financial ecosystem that enables access to branchless banking, financial services, and account management from a mobile device.

This research provides a first step in gathering information to develop demand-driven products and services that offer merchants an easier alternative to how they currently manage their businesses and process payments. A reliable national merchant network will benefit not only the merchants, but also their customers and wholesalers; large businesses hoping to take advantage of payroll services; financial institutions wishing to attract new clients; government entities wishing to better enforce regulations; and technology providers wishing to achieve mass adoption of additional digital financial services and payment solutions.



# Appendix A: Interview Questionnaire

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## Questionnaire for Informal Businesses

### MM - SMEinF-Vendor Questionnaire

**A** **BANK ACCOUNT OWNERSHIP & USAGE**

Q1. Do you have an account at a Financial Institution such as a bank, credit union, micro-credit institution, etc?

1. yes  2. No (If yes, go to 1.4)

1.1 If no, why not? (select all that apply)

I don't trust them	1
There is not one close to me	2
I spend too much time to do a transaction	3
I don't feel comfortable/not accepted inside the branch	4
I prefer to have the money with me (manage the money myself)	5
They don't offer a service I would use	6
I don't feel safe visiting one	7
OTHER: (please specify)	8

1.2 If no account, where do you store your money

Wallet	1
Mattress	2
Community savings VSLA Sol	3
Personal Safe	4
OTHER: (please specify)	5

1.3 If no account, do you use ~~usury~~ loans?  1. yes  2. No

Q1.3.1 If yes, why do you use this method over getting a loan with a financial institution?

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IF NO, GO TO SECTION B

1.4 If you have an account, why did you open it?

I needed somewhere to keep my money safe	1
I needed a loan/credit	2
I run a business	3
I wanted a checking account	4
I needed an account to receive my pay	5
I wanted a debit/credit card	6
Save me from myself-prevent me from spending my money all at once	7
I am saving my money	8

Q1.4.1. If saving...what are you saving for?




MM - SMEinF-Vendor Questionnaire

Q2. Where do you have your account?  
List F.I.s (select any that apply)

Credit Union (2) Name: \_\_\_\_\_

MFI (3) Name: \_\_\_\_\_

Bank (1) Name: \_\_\_\_\_

2.1. Have you ever done a deposit  1. yes  2. No

2.2. Have you ever done a withdrawal  1. yes  2. No

Q3. Do you trust your money is safe in this account?  1. yes  2. No



Q4.	<p>How do you get to your financial institutions? LET INTERVIEWEE ANSWER UNPROMPTED, AND SELECT ANY BOXES THAT APPLY</p>	<p>1. Animal transport (i.e. horse, donkey, other) 2. Walk 3. Public transportation (tap tap, moto, etc) 4. Private vehicle (car, moto) 5. Other _____</p>
Q5.	<p>How long does it take you to travel to the financial institution from your home/shop (oneway only)?</p>	<p>Actual Answer _____ (categorize accordingly) 1. Don't know 2. Less than 5 min 3. Less than 15 min 4. Less than 30 min 5. Less than 1 hour More than 1 hour</p>
Q6.	<p>How many times a week do you go to your financial institution?</p>	<p>1. 0-1 2. 1-2 3. 2-3 4. 3-4 5. 4-5 6. 5-6 7. 7 or more</p>
Q7.	<p>How convenient is it for you to visit your branch?</p>	<p>1. Very convenient 2. Sometimes convenient 3. Not great, not bad 4. Mostly inconvenient 5. Very inconvenient</p>

**MM - SMEinF-Vendor Questionnaire**

<b>Q8.</b>	How would you rate your in-branch experience?	<ol style="list-style-type: none"> <li>1. Excellent</li> <li>2. Good</li> <li>3. Average</li> <li>4. Not good</li> <li>5. Very bad</li> <li>6. Don't know</li> </ol>
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<b>B MOBILE PHONE OWNERSHIP &amp; USAGE</b>		
<b>Q9.</b>	What is your willingness to try new technology?	<ol style="list-style-type: none"> <li>1. Very willing</li> <li>2. Somewhat willing</li> <li>3. Not willing</li> </ol>
<b>Q10.</b>	What type of mobile phone do you have?	<ol style="list-style-type: none"> <li>1. Don't have a phone</li> </ol> Write phone model here: <ol style="list-style-type: none"> <li>2. Feature</li> <li>3. Smartphone</li> <li>4. Blackberry</li> <li>5. Android</li> <li>6. Iphone</li> </ol>
<b>Q11.</b>	Does your phone allow you to connect to the internet?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No ;
<b>Q12.</b>	What type of phone plan do you currently use?	<input type="checkbox"/> 1. Prepaid <input type="checkbox"/> 2. Postpaid
<b>Q13.</b>	In the last year how often did you change your SIM card or phone number?	<ol style="list-style-type: none"> <li>1. Never</li> <li>2. Maybe once a year</li> <li>3. Twice a year</li> <li>4. Every few months</li> <li>5. Once a month</li> </ol>

<b>C BUSINESS DESCRIPTION</b>		
<b>Q14.</b>	What is your main business?	Write in:
<b>Q15.</b>	How many years have you operated your current business?	Write in years:
<b>Q16.</b>	How many days per week is your business open?	Circle 1   2   3   4   5   6   7
<b>Q17.</b>	How many hours per day?	Write in total hours
<b>Q18.</b>	Do you sell anything to other businesses or wholesale anything as a distributor to other businesses?	<ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> </ol> IF YES, Please describe

MM - SMEinF-Vendor Questionnaire

<b>Q19.</b>	What do you find are the benefits for you in having a formal licensed/regulated business?	<ul style="list-style-type: none"> <li>• Don't want to answer</li> <li>• Not a regulated business</li> <li>• List benefits</li> </ul>
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<b>D. STAFF</b>			
<b>Q20.</b>	Do you have any employees or other persons working for your business?	1. Yes 2. No IF YES COMPLETE SECTION IF NO PROCEED TO NEXT SECTION	
<b>Q21.</b>	How many employees do you have altogether?	1. Number of family working here _____ 2. Number of other employees _____	TOTAL
<b>Q22.</b>	Where are your employees living in relationship to your business location(s)?	1. Proximity to the workplace 2. Within the same Commune 3. Within the same City 4. Within the same Locality 5. Within the same region 6. Outside this region	

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END OF FILTERING  
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### MM - SMEinF-Vendor Questionnaire

Now I would like to ask you about your regular costs in running the business.  
(Here the Currency is denoted as HTG)

F	COSTS	Local Currency	Circle one – PER WEEK / PER MONTH
1.	How much rent do you pay for your premises?	HTG	1. Per week 2. Per month 3. *DK/refused to answer
2.	How much are your electricity costs?	HTG	1. Per week 2. Per month 3. *DK/refused to answer
3.	How much are your water costs (if any)?	HTG	1. Per week 2. Per month 3. *DK/refused to answer
4.	How much are your gas costs (if any)?	HTG	1. Per week 2. Per month 3. *DK/refused to answer
5.	How much is your wages costs (if any)?	HTG	1. Per week 2. Per month 3. *DK/refused to answer
6.	How much is your transportation costs?	HTG	1. Per week 2. Per month 3. *DK/refused to answer
7.	How much did you pay for your business license	HTG	3. *DK/refused to answer
8.	What percentage of your revenue must you pay in taxes?	_____ %	3. *DK/refused to answer
9.	Do you have any other reoccurring operational costs?	HTG	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No ;
10.	If yes, please provide more details?		List Items
11.	If yes, what do you estimate is the total cost for these regular	HTG	1. Per week 2. Per month 3. *DK/refused to answer

G	LOANS	
1.	Do you currently have a loan or have you ever had a loan? IF NO, GO TO QUESTION 6	1. Yes 2. No
2.	If yes, with a person or an institution?	1. Person 2. Institution
3.	If an institution, which one?	(USE FI LOCATION CARD)
4.	What is the hardest part of managing a loan?	List
5.	How often do you make the loan payments?	_____time(s) per week _____time(s) per month
6.	Do you ever loan money to your customers? Or offer items on credit?	1. Yes 2. No
7.	Do you have issues with non-payment for goods and services sold to clients?	1. Yes 2. No
8.	If yes, how major would you say the problem is?	1. Minor 2. Average 3. Major



### MM - SMEinF-Vendor Questionnaire



H	SOURCE OF GOODS	
1.	How often do you buy goods or inventory?	___ day ___ week ___ month ___ quarter
2.	Where do you go to purchase your goods?  LET ANSWER, PROMPT IF NEEDED: <ul style="list-style-type: none"> <li>• Depot</li> <li>• Other markets</li> <li>• Farmers</li> <li>• Friends</li> <li>• Other</li> </ul>	Write in answer
3.	What methods of payment do you use to buy your goods?	Select all that apply <ol style="list-style-type: none"> <li>1. Cash</li> <li>2. Check</li> <li>3. Account to account wire transfer</li> <li>4. Debit Card</li> <li>5. Credit Card</li> <li>6. Cash remittance</li> </ol>
4.	Do you have purchase arrangements with wholesalers?	1. Yes 2. No
5.	If yes, do you ever receive credit from the wholesaler?	1. Yes 2. No
6.	If yes to 4, do any of your wholesalers deliver to you?	1. Yes 2. No
7.	What is the most difficult part of procuring goods?  LET ANSWER PROMPT IF NEEDED: <ol style="list-style-type: none"> <li>1. Transportation of goods</li> <li>2. Inventory management</li> <li>3. Seasonal availability</li> </ol>	Write in answer

## Questionnaire for Formal Businesses

I SALES	
1.	How many customers do you serve in a day, on average?
2.	Do you plan how much change you need on hand in order to serve customers at the beginning of your workday? 1. Yes 2. No
3.	Do you feel like you make enough money during the day that you need to make a deposit at a financial institution? <input type="checkbox"/> 1. Yes <input type="checkbox"/> 2. No
	If yes, Why  If no, Why
4.	Do you feel safe during the day with the amount of money you carry? 1. Yes 2. No
5.	Do you feel safe going home with the amount of money you have on hand? 1. Yes 2. No
6.	Have you ever been robbed while conducting business activities? For example, while going to work, going to a financial institution, going home, buying goods 1. Yes 2. No
7.	Who do you sell your goods/service to? (multiple answers) LET INTERVIEWEE RESPOND UNPROMPTED; If no answer given, provide prompts <ul style="list-style-type: none"> <li>• Community members</li> <li>• Servants, gardien (other people's homes)</li> <li>• Construction workers</li> <li>• Street workers</li> <li>• Gov. employees</li> <li>• NGO's</li> <li>• Companies</li> <li>• Students</li> </ul>
8.	Do you have any other sources of income? 1. Yes 2. No
9.	If yes, what?
10.	Do you know the value of the inventory you keep on hand? <input type="checkbox"/> Don't know / refused <i>Kombyan koh machandiz ou kwe ou gyan la? MOVED FROM K. LOANS</i> HTG
11.	What forms of payment do you accept? 1. Cash, 2. exchange of goods, 3. check, 4. Cash remittance
12.	Do you accept multiple currencies? <input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No If yes, which ones?
13.	Are there any periods of time, where your business transactions are larger or smaller? In other words, are there regular times when business slow or heavy? Write in:

MM - SMEinF-Vendor Questionnaire

14.	Is business generally getting stronger, getting weaker or staying steady?	1. Stronger 2. Weaker 3. Steady
15.	Do you have the capability of giving a receipt to your customers?	1. Yes 2. No
16.	If yes, How? (paper, text ....)	
17.	How do you track your daily transactions?	1. I don't track 2. I use a paper ledger 3. I just count the money 4. I track the receipts 5. I count the inventory 6. Other...

A little while ago, we have talked about the mobile money services. We would like to know, How do you see this service could be applicable to your business.

Interview continue...

**J Mobile money SERVICE AWARENESS**

1. What are the top 3 ways you would like to receive information about mobile money services?  
SHOW CARD (circle answers)

Word of Mouth- Friend/Family	1
Sound truck/microphone	2
Telephone call	3
TV adverts	4
Radio adverts	5
Print adverts	6
Billboards / outdoor adverts /out of home images/street banner	7
Community leaders (pastor, teacher, business owners, mayor, city council, senator, deputy)	8
Physical Mail/Haiti Messenger	9
text message	10
E-mail	11
At church	12
At school	13
At Work	14
Others (please specify)	15



MM - SMEinF-Vendor Questionnaire

**K INTEREST IN USING MOBILE MONEY IN YOUR BUSINESS/TRANSACTION**

	QUESTIONS	SMEinF 1. Resellers/traders of goods (PAP/Rural small town)	SMEinF 2. Food Producers /Farmers	SMEinF 3. Transportation
1.	How appealing do you think mobile money services is for consumers as a method to make and receive payments?	READ OUT 1. Very appealing 2. Appealing 3. Not appealing	READ OUT 1. Very appealing 2. Appealing 3. Not appealing	READ OUT 1. Very appealing 2. Appealing 3. Not appealing
2.	What would you say are the benefits of it? What do you like about the ideal service?	• ..... • ..... • ..... • .....	• ..... • ..... • ..... • .....	• ..... • ..... • ..... • .....
3.	What would you say are the biggest problems with the mobile money service? The things you dislike about it?	• ..... • ..... • ..... • .....	• ..... • ..... • ..... • .....	• ..... • ..... • ..... • .....
4.	Do you think having mobile account for your business would be better than having to exchange cash?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No If yes, why? If no, why?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No If yes, why? If no, why?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No If yes, why? If no, why?
5.	Would you be willing to use mobile money to accept payments from your customers?	READ OUT 1. Very Interested 2. Interested 3. Not interested	READ OUT 1. Very Interested 2. Interested 3. Not interested	READ OUT 1. Very Interested 2. Interested 3. Not interested

MM - SMEinF-Vendor Questionnaire

	QUESTIONS	SMEinF 1. Resellers/traders of goods (PAP/Rural small town)	SMEinF 2. Food Producers /Farmers	SMEinF 3. Transportation
6.	Imagine if your customers paid you using mobile money and then you could use that money to repay loans directly from that phone without going to a physical branch at a financial institution. Would that interest you?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No
7.	If you had money in your mobile money account, would you be interested to be able to pay your wholesaler with a mobile transfer if they accept that type of transaction?	READ OUT 1. Very interested 2. interested 3. Not interested	READ OUT 1. Very interested 2. interested 3. Not interested	READ OUT 1. Very interested 2. interested 3. Not interested
8.	If you could check all your transaction activities anytime on your phone, would this be helpful to your business ?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No If yes, Why?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No If yes, Why?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No If yes, Why?
9.	What if you could directly receive your net crop proceeds via mobile instead of visiting distributor-would this save you costs/time?		1. Yes 2. No IF YES Please explain	
10.	In general, Which institution would you trust the most for mobile money service?	1. Financial Institution 2. Telephone operator 3. Other	1. Financial Institution 2. Telephone operator 3. Other	1. Financial Institution 2. Telephone operator 3. Other
11.	If given the opportunity would you prefer to have a business license and be a formal/recognized business?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No
12.	If opening a mobile money account requires you to have a driver's license/NIF/CIN/passport, would that prevent you from being able to register?	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No	<input type="checkbox"/> 1. yes <input type="checkbox"/> 2. No



MM - SMEinF-Vendor Questionnaire

QUESTIONS	SMEinF 1. Resellers/traders of goods (PAP/Rural small town)	SMEinF 2. Food Producers /Farmers	SMEinF 3. Transportation
13. Which would you prefer, a mobile account that does not require an ID but limits your activity to 10 transactions or 4000 HTG (OPT. 1) or A mobile account that requires an ID, but does not limit the amount or number of your transactions (show card) (OPT. 2)	<input type="checkbox"/> 1. Option1 <input type="checkbox"/> 2. Option2	<input type="checkbox"/> 1. Option1 <input type="checkbox"/> 2. Option2	<input type="checkbox"/> 1. Option1 <input type="checkbox"/> 2. Option2
14. After our discussion, would you be interested in having a person call you for more information about mobile money, if yes (get their tel number			

Thank you very much for your time today















END FORMAL INTERVIEW –BEGIN FINAL SECTION L INFORMALLY - Interviewer can improvise according to situation

L.	EDUCATION
1	<p><i>You are very smart, and I'm very impressed by your business.</i></p> <p>May I ask what level of education you have?</p> <ol style="list-style-type: none"> <li>1. No formal education</li> <li>2. Primary school</li> <li>3. Middle high school (10 or 11 years)</li> <li>4. High school (12 or 13 years)</li> <li>5. Technical or trade school</li> <li>6. Some university</li> <li>7. University degree</li> <li>8. Post-graduate</li> <li>9. <i>Refused</i></li> </ol>

Date : \_\_\_\_\_ Interviewer Name: \_\_\_\_\_

## Appendix B. Tools Used/Show Cards

Below is a list of data collection tools used in the field to collect accurate and appropriate information according to survey objectives.

<p><b>Preferred communication channels “show cards” to prompt answers</b></p>	Bouch nan bouch – Zanmi / Fanmi		Lapòs / Haiti Messenger	
	Megafòn / Pòtwa		Mesaj tèks / SMS	
	Apèl nan telefòn		E-mail	
	Piblisite nan TV		Nan Legliz	
	Piblisite nan Radio		Nan lekòl	
	Piblisite enprime (Jounal, Magazine, Mayo)		Nan Travay	
	Bilbòd / Piblisite / Imaj / foto / Bandwòl nan lari		Lòt (Tanpri presize) :	15
	Dirijan Kominotè (pastè, Pwofesè, Pwopriyete biznis, majistra, konsèy minisipal, senatè, depite)			

## Mobile money demonstration (print screens) and how it works

### SEVIS LAJAN NAN TELEFON

Se yon sevis ki itilize telefon ou pou fe tranzaksyon kob. Ou kapab fe bagay sa yo avel:

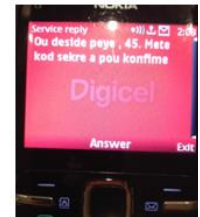
- Anregistreman Gratis
- Depoze lajan nan yon kote ki otorize fe sa
- Retire lajan nan yon kote ki otorize fe sa
- Transfe lajan bay yon lot moun
- Peve yon machandiz kote ki akseptè mwayen sa.



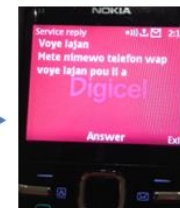
Lajanw an sekirite, siw pedi telefon ou, ou pap pedi lajanw.

### Meni tchotchto mobile

#### Pèman




#### Voye lajan





Haiti Mobile Money – Business and Merchant Survey Results



The collage displays several key documents from the survey:

- USAID Haiti Report:** A document titled "Non touch mon Zemi / Fami" with a table of contents listing various services and their counts.
- Survey Form:** A form with sections for "Lajan / High Message", "Mwen Wi / SMS", "E-mail", "Non Lajan", "Non Mwen", "Non Tansey", and "Laj (Tansey prezite)".
- List of Financial Institutions:** A detailed table listing various banks and financial institutions across different regions of Haiti.
- SEVIS LAJAN NAN TELEFON:** A poster explaining that services are available via phone and listing options like free registration, deposits, withdrawals, transfers, and bill payments.
- Meni tchotcho mobile Pèman / Voye lajan:** A poster showing mobile app screens for making payments and sending money.

- Letter of introduction (mandate of work)
- List of financial institutions per area

**Briefing on survey objectives and questionnaires:**



**Interview simulation:**





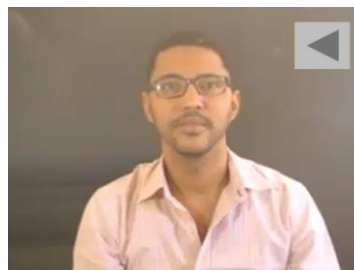
**Introduction speech video** uploaded into Smartphones for data collectors to show to respondents and build trust.

**Script:**

*Pou komanse, Map di nou yon gwo Bonjou,*

*Mèsi anpil deske ou koumanse pa aksepte gade ti video sa.*

*Nou pran tan nou pou nou fe ti video sa, paske nou vle ou konprann enpotans travay ki ap pral fet la.*



*Tou dabo, map prezante ou kiyès kap fe travay sa. Mwen se youn nan repranzantan enstitisyon kap fe travay sa.*

*Enstitisyon sa rele DAGMAR. DAGMAR ap kolabore ansanm ak Le "Konsey mondyal koroperativ" WOCCU pou reyalize travay sa. E kom ou konnen sa deja, tout travay enstitisyon sa yo ap mennen se pou we kouman pou yo amelyore kondisyon kominote yo parapo a de seri de pwoje ki ap fet.*

*Moun sa kila avew jodia pral pozew kek ti kesyon sou kòman lavi an ye lè'w se yon Komèsan, kisa biznis ou a ye menm, kisa ki gen ladann ak yon latriye lot kesyon sou menm sije a.*

*Travay sa ap fèt la pou eseye apresye sa ke moun yo komprann de sevis ki deja sou mache a epi poze kesyon sou potansyel sevis ki ka genyen pi devan, men ki poko devlope. Bi travay sa se pou enfliyanse konpayi teknolojik ak enstitisyon finansye yo vini ak de sevis ki ta bay moun yon maximum avantaj.*

*Youn nan bagay enpotan pou konnen, seke tout enfomasyon ou pral bay yo ap rete konfidantiel / ki vle di yap rete sekre.pou sa ka fet rapidman, Tanpri metew alez, epi mete moun ki pral pale avew la alez tou, ...*

*Mesi anpil, kenbe la !!!*