

Mobile Money in Haiti: A Baseline Analysis of Access, Use and Barriers to Adoption

A Report from the
Haiti Mobile Money Tracker Project

Prepared by InterMedia for the Bill & Melinda Gates Foundation
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About InterMedia

InterMedia (www.intermedia.org) is a research-based consultancy providing strategic guidance and insight into the behaviors and views of people globally, especially among hard-to-reach populations. We provide counsel on effective project implementation and engagement strategies in an increasingly complex media and communication environment, helping a diverse clientele map and measure how people gather, share and shape information from all sources, and how they can benefit from social applications of communication technologies.

With offices in Nairobi, Kenya; London, UK; and Washington, DC, InterMedia works with partners across the developing world to strengthen local research capacity. On the ground in about 60 countries annually, InterMedia's 40-plus research experts use innovative techniques to understand how information, communication and media resources can deliver impact.

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Departmental Map of Haiti

Executive Summary

This report presents the findings of a baseline survey of 1,008 Haitian adults (age 18+) conducted in March 2011 by the Haiti Mobile Money Tracker Project soon after new mobile money (m-money) services were beginning to be widely marketed in the country. The purpose of the survey was to provide a frame of reference for measuring the progress and impact of m-money services in general in Haiti, while also providing critical data to stakeholders in the financial access and economic development space. The survey examines respondents' basic access to and use of financial services, mobile communications and mobile money services (m-money).

Banking and Financial Markets

Finding a safe place to save or store money was their most commonly stated financial need or behavior. Other financial services such as borrowing money or conducting electronic transactions were far less common, even among those who said they are banked. In addition to the significance of saving money, survey findings highlighted the importance of money transfers, both domestic and international, for supplementing income. The importance of international remittances sent to Haiti from abroad is well documented, as they help thousands of families purchase basic necessities and thus support much of the Haitian economy.

Our survey found that domestic money transfers also play a critical role in Haitian economic life, which bodes well for the potential utility of m-money services. Over half of all survey respondents (56 percent) said they have received at least one domestic transfer in the past year, and about a quarter of respondents said they had sent a money transfer in that time. This generally conforms to the traditional understanding of domestic remittances, where individuals working in urban spaces assist rural family members or friends by sending money to supplement their income.

The survey also revealed a complex set of domestic money transfer routes between various urban and rural populations. Specifically, there is a significant amount of traffic between urban spaces and from urban to rural locations. Some 81 percent of *rural domestic transfer recipients* said that money sent to them came from an individual residing in Port-au-Prince and/or another city. This generally conforms to the traditional understanding of domestic remittances, where individuals working in urban spaces assist rural family members or friends by sending money to supplement their income. A majority of *urban domestic recipients* of money transfers (61 percent) also receive money from urban counterparts.

Frequent money senders and recipients appear to be primary target groups for m-money providers. Indeed, the adoption rate of m-money services among those who send money "about once a month" was 40 percent at the time of the survey, versus 28 percent for those who send money only once every three to six months. By comparison, only 4 percent of respondents who *receive* a money transfer at least once a month have actually signed up for such a service, revealing a large gap in key target groups for those interested in seeing m-money act as a financial inclusion tool.

The amounts of money an individual typically sends or receives may be a determining factor of which m-money service they would find useful. Overall, about half of all money senders said they send an

average of HTG1500 (US\$37) or less, fitting within the transaction limits of both Haitian m-money providers. Another 30 percent send between HTG1500 to 3000 on average, which can be accommodated by TchoTcho and T-Cash's full-wallet service.

Of the small percentage of money transfer users who conduct only domestic transfers, a large majority said they only send or receive HTG3000 or less per transfer. In fact, some 56 percent of domestic-only senders and 46 percent of domestic-only recipients only average HTG1500 or less per transfer. Though these individuals only make up a statistical minority within our survey sample, the finding is an indication that the typical money transfer being conducted domestically in Haiti fits the monetary parameters for m-money services.

Mobile Money Market

Mobile money services enjoy a very high level of awareness throughout the country. Some 80 percent of those surveyed said they had heard of such services and more than 70 percent of respondents could correctly identify which mobile service providers offer m-money products. However, this **high level of awareness, to be discussed in more detail later, had not necessarily been converted into knowledge of what m-money services offer, at least at the time of the survey.**

Among those who have not heard of m-money, 68 percent reside in rural areas and 49 percent live in low-income (Tier 1) households. These groups likely have the least amount of access to mass media and are also less likely to engage with potential mobile phone service and m-money agents.

The high level of awareness of m-money was registered despite only four months having passed between the launch of m-money services in Haiti and the survey fieldwork in March 2011. What's more, **close to one in 10 survey respondents said they had signed up for an m-money service** by then.

These **early adopters of mobile money tended to be relatively affluent, currently employed and better educated, implying that these services had not yet begun to filter through to the less privileged.** Sixty percent of those who have signed up for m-money had either a secondary or post-secondary education. **Only 1 percent of m-money users had either no formal education or a primary education, whereas this group encompasses 25 percent of the entire survey sample.** M-money users were also much more likely to reside in areas within and around Port-au-Prince, where providers have concentrated their marketing and outreach efforts.

Significantly, men (9.8 percent) and women (9.7 percent) were equally likely to have signed up for m-money services. Men and women were also equally likely to own a phone or use a mobile phone at least daily or weekly.

Mobile Money Activities

Forty percent of early adopters said they use a m-money service at least once a week; about one third of early adopters said they are sending money to others more often since they began using such services. However, when asked how frequently they thought they would use the service in the future, few said they would increase their rates of use going forward.

The survey found that the two most popular activities among m-money users are storing/saving money and withdrawing money, followed by sending and receiving money, which parallels studies recently conducted by researchers at the Institute for Money, Technology and Financial Inclusion. They found that m-money users would use so-called “Me2Me transactions” to store money and withdraw it at different geographical locations. These transactions help alleviate “problems of insecurity, inaccessible infrastructure, and uncertainties that Haitians face in their daily lives”.ⁱ

Marketing Mobile Money

There is great opportunity for m-money to continue to spread beyond the market’s more privileged early adopters. In fact, **83 percent of adult respondents said they would use a mobile phone to send or receive money in the future**. But in order to get people to use m-money services, they need to know such services exist and how the services can be of use to them.

Mobile money agents are a key part of outreach campaigns, since they determine the customer experience, which informs effective marketing and customers' knowledge of the service. Without a properly trained m-money agent network, convincing prospective customers of the advantages of m-money and building trust will be a challenge.

Generally, respondents had a positive impression of their experiences with m-money agents, with 83 percent describing it as very or somewhat favorable. However, when asked more specific questions about their experiences, the respondents tended to expressed less favorable impressions. For example, a large majority reported that agents were not helpful during sign up and lacked knowledge about the services.

Potential customers also need to be able to trust the providers of such services, given that m-money is a financial product. **Survey findings indicate that mobile network providers already enjoy a relatively high level of trust among Haitians relative to other potential sources of information about financial products and services.** Eighty-one percent of respondents said they trust either “somewhat”, “much” or “very much” mobile network providers. These numbers are higher than those received by government and international institutions.

Non-users of mobile money were asked to provide the main reason or reasons they have not done so. The most mentioned reason was not having access to a mobile money outlet (21 percent) followed by not having heard of m-money (12 percent) and not having knowledge of how to conduct m-money services (12 percent). The array of responses generally fell into two broad categories: a lack of knowledge and/or lack of access, with the former providing a real opportunity for m-money service providers.

In some ways, these findings correlate with what respondents listed as factors which would persuade them to use m-money. A large majority cited the need for further information about the service. When asked which particular services they would like m-money providers to offer, non-users essentially listed services that are already provided. This also highlighted the knowledge factor in the marketing equation, as these respondents evidently were not aware of the range of services from Tcho Tcho and T-Cash.

That said, **nearly three-quarters of m-money non-users said that it is very likely (29 percent) or somewhat likely (43 percent) that they will sign up for a service in the future.**

In marketing M-money, mass media has strong influence but so do word-of-mouth networks. Though these networks are challenging to tap into, they are powerful tools for spreading important information - even financial information. When respondents were asked to spontaneously list who or what provided the best advice about financial information, friends and family (29 percent of respondents) trailed only banks and bankers (44 percent) in those cited, with mass media scarcely mentioned at all.

Another group of individuals whom service providers may be able to tap into are m-money adopters themselves. **Some 61 percent of current m-money users said they were already recommending the services to others at least once a week. Survey findings showed a majority of non-users cited having another family member as an m-money user as a key persuading factor for the adoption of m-money.**

M-Money can also assist with the most common financial topics and services that Haitians would like more information about (new ways to save, manage their money, and transfer money). Service providers must be able to use their network agents, potentially “intermediaries” and current users to educate prospective customers about how m-money can meet their needs and financial concerns.

A Note About The Income Variable Used For This Report

InterMedia analysts often define income levels based on a self-assessed qualitative measure.

Respondents are asked: “Which of these answers reflect your family’s financial situation?” The available answers are: “We don’t have enough money even for food” (identified as “Tier 1” respondents in this report, n=258); “We have enough money for food, but buying clothes is difficult” (Tier 2, n=354); “We have enough money for food and clothes and can save a bit, but not enough to buy expensive goods such as a TV set or a refrigerator” (Tier 3, n=322); “We can afford to buy certain expensive goods such as a TV set or a refrigerator”, or “We can afford to buy whatever we want” (combined as Tier 4, n= 62).

The InterMedia survey also includes a question asking respondents to state their average monthly monetary income, but the analysis team did not consider the responses to be sufficiently reliable for rigorous analysis. In general, monetary income questions confront two challenges: the uncertainty of some respondents about their income levels expressed in monetary terms alone, and the unwillingness of some respondents to divulge their monetary income levels. These issues create data distortions and risk misinforming users of the data.

Introduction

Broad access to regular banking and financial services is crucial to an economy in normal times. It is even more crucial for a country attempting to recover from a major disaster and restore its economic footing. Without a safe means of storing, withdrawing and borrowing money, consumers and business owners waste time and effort, lose economic opportunities and face greater financial risks.

A lack of access to financial services has plagued Haiti's economy for decades and worsened substantially after the devastating earthquake in January 2010. Formal banking infrastructure was already very limited and only about 15 percent of the population had a formal bank account. Haitians residing outside the capital of Port-au-Prince or other major urban centers relied on - and still rely on - access to microfinance institutions such as [Fonkoze](#), savings clubs or hiding places in their homes.

According to local reports, about a third of bricks-and-mortar bank branches were destroyed in the earthquake. This further inhibited not only formal bank account holders' access to much-needed cash but also the ability of both "banked" and "unbanked" Haitians to use banks to receive money transfers or cash checks. Over half (55 percent) of the adult respondents in the March 2011 Haiti Mobile Money Tracker (HMMT) baseline survey said they could not access their own cash resources in the aftermath of the earthquake. In addition, nearly a third of the respondents said they had lost cash or savings as a result of the disaster. Meanwhile, many NGOs and international aid institutions found that the distribution of cash payments was inefficient and created security risks for recipients.

The Financial Services for the Poor initiative (FSP) at the Bill and Melinda Gates Foundation postulated that a robust m-money and/or banking system would greatly ease these problems.ⁱⁱ With this in mind, the Gates Foundation partnered with USAID to launch the Haiti Mobile Money Initiative (HMMI), featuring a \$10 million fund to incentive mobile service providers to launch m-money services relatively quickly. Digicel, Haiti's leading mobile network provider, won the first prize tranche of \$2.5 million in January 2011 after launching its Tcho Tcho Mobile service before competitors and according to HMMI criteria (notably, launching the service within six months of the award's announcement in June 2010, and processing at least 10,000 mobile money transactions through a network of at least 100 new agents). Voila, Haiti's second largest mobile network provider followed with its T-Cash m-money service and received a \$1.5 million second-to-market award. An additional \$6 million in market scaling awards were on tap to encourage the growth and sustainability of m-money in Haiti.

To help monitor the impact of the HMMI as well as mobile money in general, the Gates Foundation asked InterMedia to design and conduct household surveys of Haitian adults (18+) to assess knowledge of, access to and use of banking and mobile network services, including nascent m-money services available when the survey took place in March 2011.ⁱⁱⁱ The resulting HMMT Project survey sampled all ten Haitian administrative departments (Grand' Anse and Nippes samples were combined), based on figures from the latest Haitian census in 2003. In this analysis, the departments are also sometimes grouped by region: Northern (Nord, Nor-Ouest and Nor-Est Departments), Southern (Sud, Sud Est, Grand' Anse and Nippes), Central (Centre and Artibonite), and Western (Ouest and the capital Port-au-

Prince).

This survey cannot be considered nationally representative because the census is out of date, and because the survey could not be conducted in the large refugee camps created as a result of the 2010 earthquake. A new census is under way and will likely provide the basis for follow-up surveys.

Nevertheless, the findings summarized in this report provide a frame of reference for measuring the progress and impact of the HMMI itself and m-money services in general in Haiti, while also providing critical data to stakeholders in the financial access and economic development space. A follow-up survey is intended to produce trend data and offer a clear view on the progression of m-money and financial access efforts in Haiti. Data from the March 2011 survey will be available from August 2011 on InterMedia's AudienceScapes portal (<http://www.audiencescapes.org/>).

Chapter 1. Banking and Financial Markets

Saving and Borrowing

Respondents in the survey placed great emphasis on the importance of saving money. Beyond being the most likely financial activity to be conducted, it was also the most popular financial topic about which respondents wanted to get more information. In fact, storing or saving money is the most popular m-money activity among current m-money users. These findings highlight how Haitians of diverse demographic backgrounds have a strong need for a secure, effective way to save money. Young adults (18-23) and low-income residents (identified as Tier 1, see income tier scale for explanation) were clear outliers, with far fewer respondents among their ranks saving money in the past year compared to others (Figure 1).

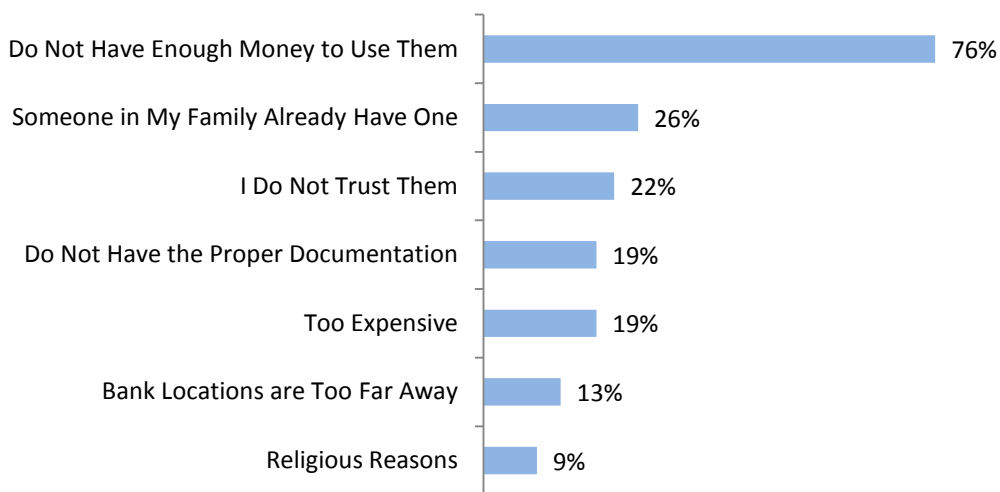
Borrowing money is a far less prominent financial activity, even among the banked. How respondents went about borrowing money varied considerably between demographic groups, particularly among income tiers. Overall, informal borrowing mechanisms were much more popular, whether they were receiving money from friends and family or gaining store credit from local retailers.

A large majority of respondents who had some form of loan said they used the money to pay for basic necessities such as school fees (46 percent of all respondents) and paying for emergency or health needs (39 percent). Only a very small percentage of respondents said they had borrowed money to purchase big-ticket items such as a house or automobile.

Figure 1

Haiti: Why Do You Not Have a Bank Account?

Percent who do not have a bank account for that reason



HMMT Baseline Survey March 2011: survey of adults (18+) n=299

Figure 2

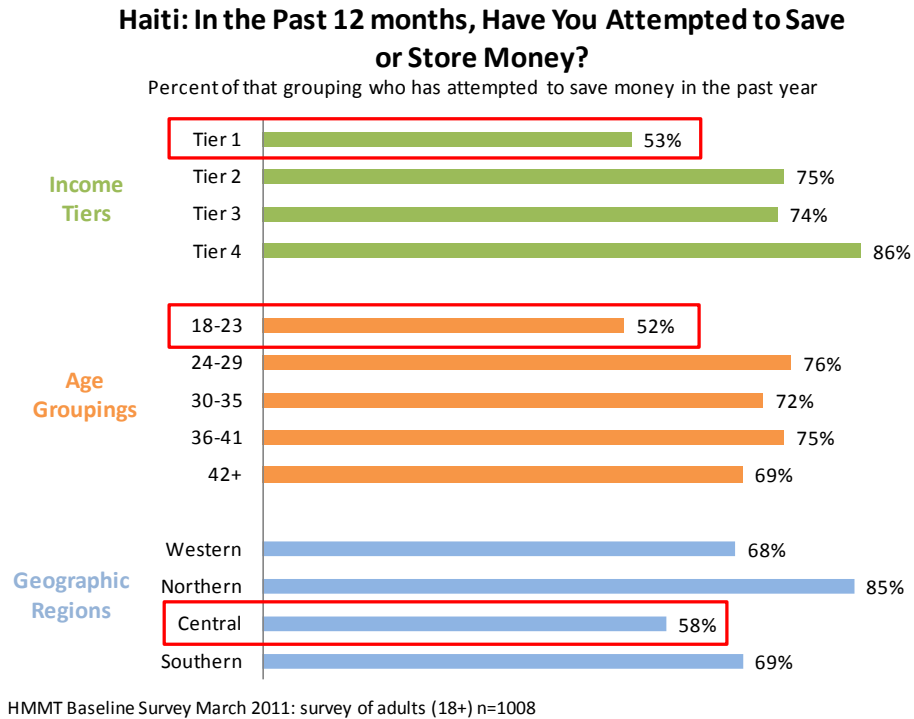
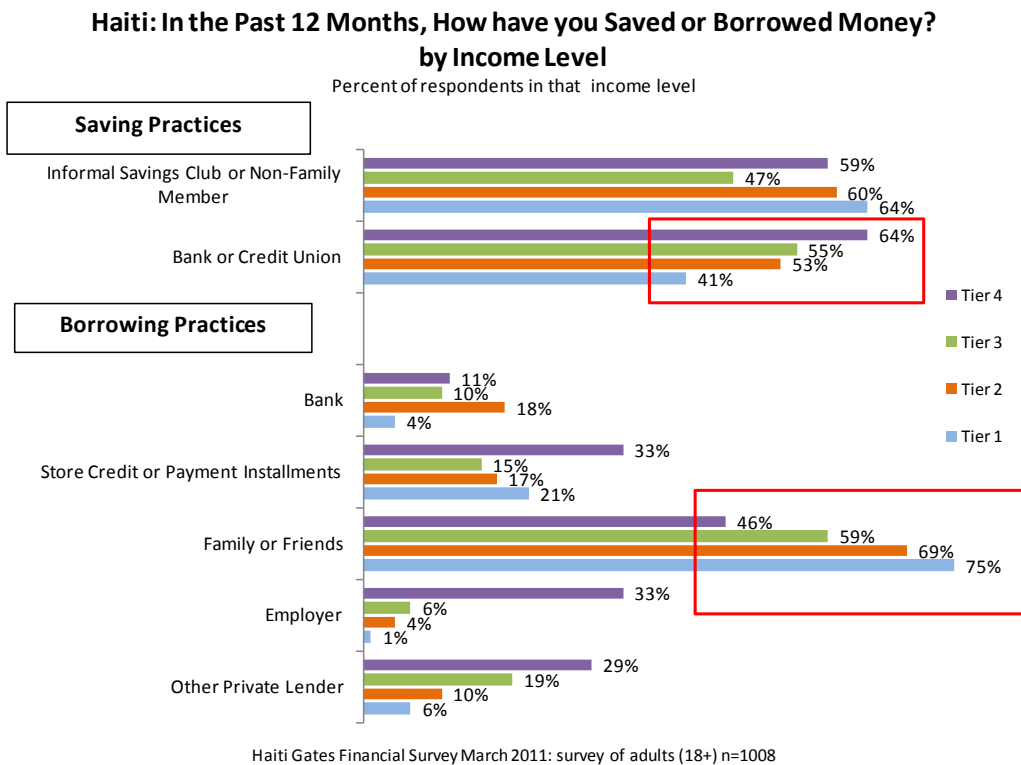


Figure 3



Continuing Importance of Bricks and Mortar Bank Locations

Despite apparently widespread access to financial services, including ROSCAS and MFIs, among survey respondents, a majority of them conduct deposits and withdrawals only one or two times a month. This could simply reflect the limited number of financial access points in the country, which suffer from long lines that require an individual to queue up for hours - or even days.

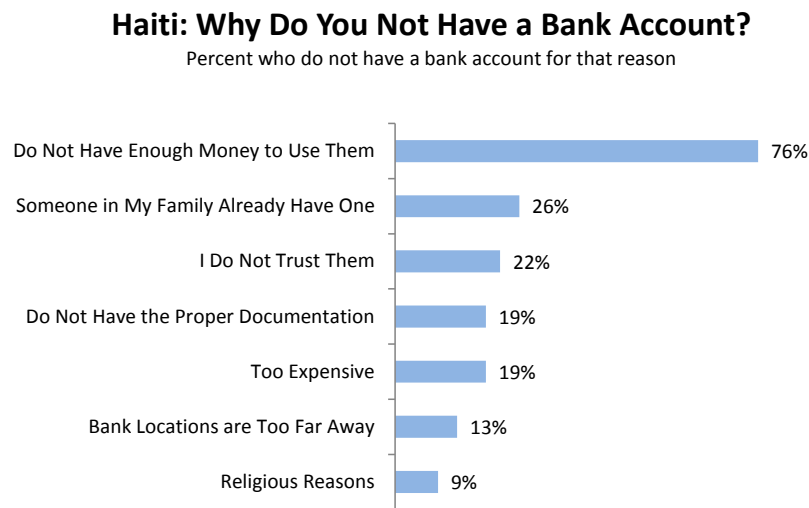
Depositing and withdrawing money from an account remains an “over the counter” process. At least 95 percent of respondents with a bank account said that when they need to deposit or withdraw money they do so “over the counter at a financial institution”. M-money services have the potential to alleviate the monetary and time costs of having to perform over the counter transactions by offering more points of access.

Haiti is very much a cash society. A large majority of transactions, as well as salary and wage payments, are in cash. Even among those with some form of banking account, only a fifth said they ever use checks to pay bills or purchase items. Similarly, only 14 percent of those who are banked conduct electronic transactions.

As a largely cash-based economy, there is great insecurity surrounding the transportation of cash between a person’s place of employment and a bank or their home. Retailers are especially vulnerable to being robbed for their daily earnings. Due to Haiti’s lack of banking infrastructure, retailers and merchants are forced to take greater risks carrying large amounts of cash from one place to another.

M-money adoption is seen as one possible remedy to diminish the insecurity surrounding the transportation of cash. As explained later in this report, research indicates that early adopters of m-money are already using these services to mitigate the risks of carrying cash by conducting “me2me transactions”.

Figure 4



HMMT Baseline Survey March 2011: survey of adults (18+) n=299

Chapter 2. Money Transfer Market

Domestic money transfers and international remittances are a central part of economic life in Haiti. Even before the devastating earthquake of January 2010, remittances that Haitians abroad sent to their families and friends in Haiti were roughly equivalent to a quarter of the country's gross domestic product.^{iv} Many families rely on such transfers to meet basic needs.^v In fact, some 67 percent of survey respondents said they had received a money transfer from abroad in the past year.

Our survey found that domestic money transfers also play a critical role in Haitian economic life, which bodes well for the potential utility of m-money services. Over half of all survey respondents (56 percent) said they had received at least one domestic transfer in the past year, and about a quarter of respondents said they had sent a money transfer in that time. Money transfers, international and domestic, in the survey were defined as the sending or receiving of money between people.

The lack of banking infrastructure and the bureaucratic nature of formal banking have made the conduct of money transfers an expensive and time consuming endeavor for most Haitians. A typical visit to the bank is measured by how many hours, not minutes, a person must stand in line.^{vi} Many money senders and recipients rely on informal means, whether it is giving the money to a travelling family member, a bus driver/courier or another non-family intermediary. Each of these methods pose their own problems, the most prominent being security.

Figure 5

Haiti: Demographic Comparison of Domestic Money Senders and Recipients		
Likelihood that someone will send or receive a money transfer		
Percent of respondents in that demographic group who either send or receive money transfers		
Demographic Group	Send	Receive
Location		
Urban - Rural	29% - 22%	69% - 47%
Income		
Tier 1	18%	57%
Tier 2	22%	59%
Tier 3	28%	54%
Tier 4	56%	55%
Gender	28% - 22%	54% - 58%
Men – Women		
Educational Attainment		
No Education/Primary	22%	57%
Incomplete Secondary	18%	54%
Complete Secondary	30%	60%
Post-Secondary	44%	55%
HMMT Baseline Survey March 2011: survey of adults (18+) who have sent a domestic money transfer in past year n=270; who have received a money transfer in past year n=747		

Who is conducting International and Domestic Transfers?

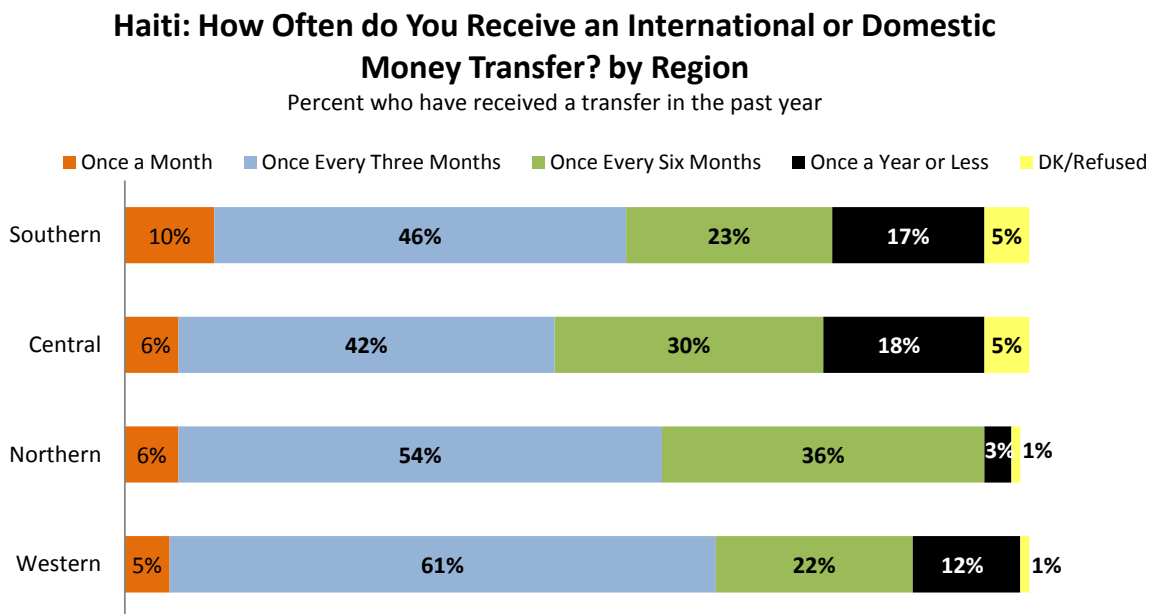
There are both similarities and statistically significant differences between Haiti’s international and domestic transfer markets. For example, the Ouest department (home to Port-au-Prince) and the Nord Ouest department (a tourism center) receive a disproportionate number of international remittances and domestic transfers compared to other departments. Both of these locations act as economic and political hubs, thus it is not surprising that they would see the highest amount of traffic.

On the other hand, senders and recipients of money transfers are themselves demographically distinct (Figure 5). Similar demographic differences are found by comparing those who conduct transfers frequently versus infrequently.

Overall, the frequency of receiving or sending money is rather low, with a large majority of international and domestic recipients only accepting one transfer every three months (54 percent) or six months (25 percent). Those who send or receive a domestic or international remittance relatively frequently (at least once a month) are rather distinct demographically compared to all others. The latter were 7 percent or respondents.

Demographically, many frequent money senders were higher income and better educated. Residents of the Western region (Ouest/Port-au-Prince Department) were also well represented among frequent senders. In general, the inverse was true for frequent money transfer recipients. Disadvantaged individuals and young adults (18-23) were much more likely to be frequent recipients of money transfers.

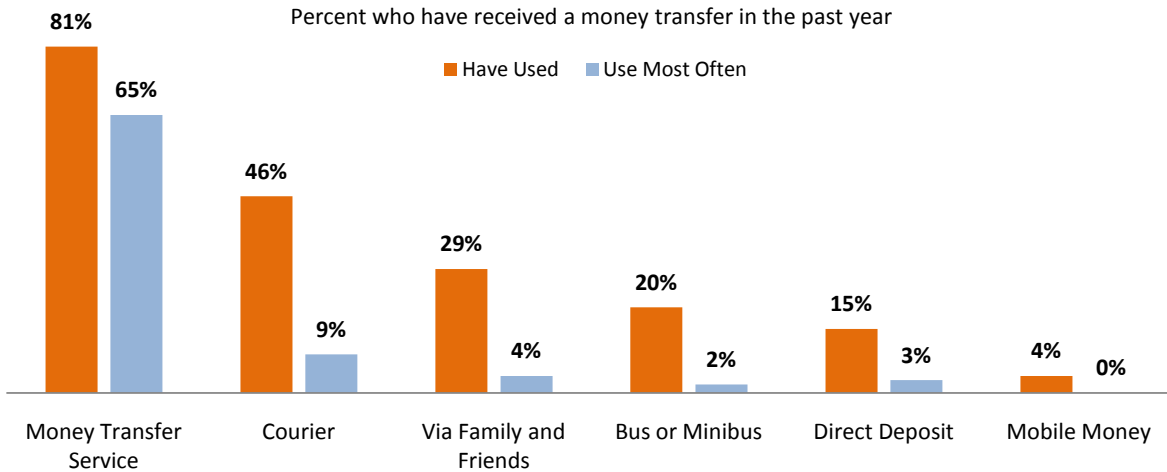
Figure 6



HMMT Baseline Survey March 2011: survey of adults (18+) who have received a money transfer in past 12 months n=786

Figure 7

Haiti: How have You Received a Domestic or International Money Transfer?

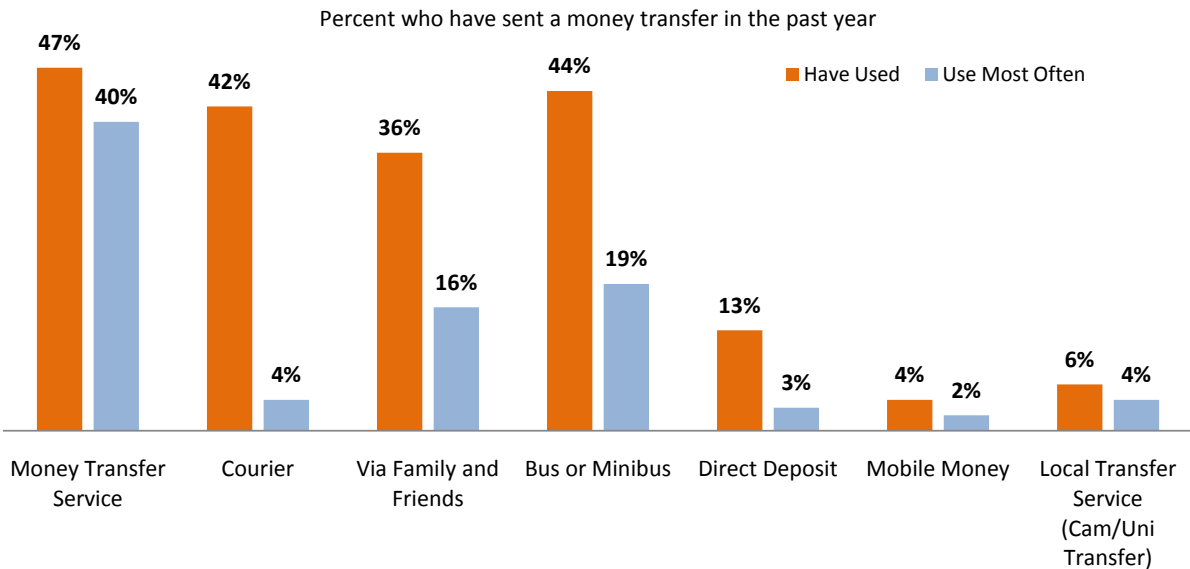


HMMT Baseline Survey March 2011: survey of adults (18+) have received a money transfer in the past year n=786

As mentioned earlier, Haitians use a variety of formal and informal means of sending money to others. Money transfer recipients in the survey reported receiving money directly from friends and family, via bus or minibus driver, courier or formal money transfer service, with the latter being the most common.

Figure 8

Haiti: How have You Sent a Domestic or International Money Transfer?



HMMT Baseline March 2011: survey of adults (18+) who have sent a money transfer in the past year n=268

International Remittances

Viewed demographically, 75 percent of urban respondents said they had received an international remittance in the past year, versus 65 percent rural respondents. This disparity showed up in all parts of the country covered by the survey, and is most likely a reflection of how urban centers tend to have a larger number of points of access to banking and financial services.

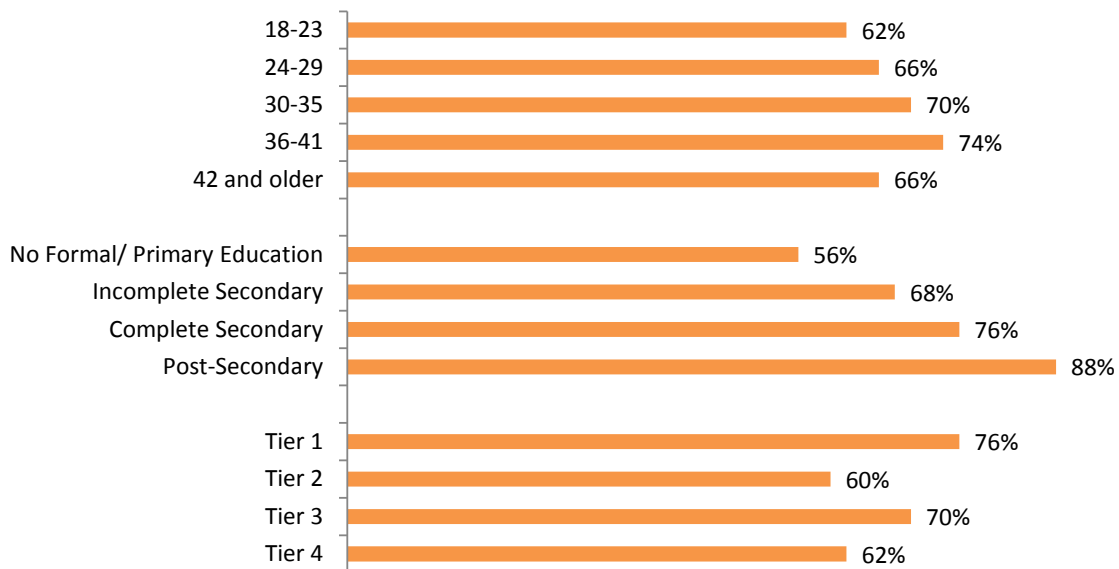
Perhaps logically, the income group in which respondents were most likely to say they received international remittances was the lowest Tier 1 group, with 76 percent responding in the affirmative. However, among educational levels, those with no formal education or only primary education were the least likely to have received remittances.

This may seem incongruous, given commonly held assumptions that low-income individuals have also lower levels of education. In fact, in the Haitian context, a large percentage of low-income respondents professed to be relatively well educated. Nearly a third of Tier1 low-income respondents said they have completed a secondary education and another 40 percent said they have some secondary education, suggesting that many low-incomers are educated enough to benefit fully from m-money services.

Figure 9

Haiti: Have You Received an International Remittance in the Past Year?

Percent of that demographic group who have received a remittance in the p



HMMT Baseline Survey March 2011: survey of adults (18+) n=1008

Domestic Money Transfers

The survey data revealed a complex set of domestic money transfer routes between various urban and rural populations. Specifically, there is a significant amount of traffic between urban spaces and from urban to rural locations. Nearly three-quarters of respondents who had received a money transfer said it came from an individual residing in either Port-au-Prince or another city. Fifty-six percent of these recipients reside in rural areas. This generally conforms to the traditional understanding of domestic remittances, where individuals working in urban spaces assist rural family members or friends by sending money to supplement their income.

However, another important finding highlighted the importance of urban-to-urban transfers. Forty-two percent of survey respondents who received money from an urban resident were also residents of Port-au-Prince.

Figure 10

Haiti: Where are Your Money Transfers Sent from?

Money transfer routes by region

Percent of respondents from that region who has received a domestic money transfer in the past year

Region of Residence	Port-au-Prince	Another City	Village or Farm
Western Region- Port-au-Prince	23%	42%	9%
Northern Region- Nord/Nord Ouest/ Nor Est	52%	52%	20%
Central Region- Artibonite/Centre	25%	77%	11%
Southern Region- Grand'Anse/Nippes/Sud/ Sud-Est	81%	7%	7%

HMMT Baseline Survey March 2011: survey of adults (18+) Western n=301; Northern n=108; Central n=84; Southern n=67.

Figure 11

Haiti: Where have You Sent Money to?

Money transfer routes by region

Percent of respondents from that region who has sent a domestic money transfer in the past year

Region of Residence	Port-au-Prince	Another City	Village or Farm
Western Region- Port-au-Prince	8%	81%	22%
Northern Region- Nord/Nord Ouest/ Nor Est	36%	43%	44%
Central Region- Artibonite/Centre	3%	82%	33%
Southern Region- Grand'Anse/Nippes/Sud/ Sud-Est	50%	29%	44%

HMMT Baseline Survey March 2011: survey of adults (18+) Western n=107; Northern n=66; Central n=33; Southern n=45.

Money Transfer Senders Ripe for Recruitment

As a group that encompasses some 25 percent of our survey sample, money transfer senders represent a key target for m-money service providers. These individuals most likely also have the social capital needed to sway individuals within their familial network to adopt m-money as a more efficient transfer mechanism.

Ninety percent of this sender group said they personally own a mobile phone. In fact, some 20 percent of money senders said they have already registered for m-money services. This is twice the adoption rate of the total survey sample. Two-thirds of domestic transfer senders are also transfer recipients, therefore they have a vested interest in benefiting from m-money efficiencies.

The adoption rate of m-money services among those who send money “about once a month” is actually 40 percent, versus 28 percent for those who send money once every three to six months. By comparison, only 4 percent of respondents who receive a money transfer at least once a month have signed up for the service, revealing a large gap in key target groups for m-money service providers.

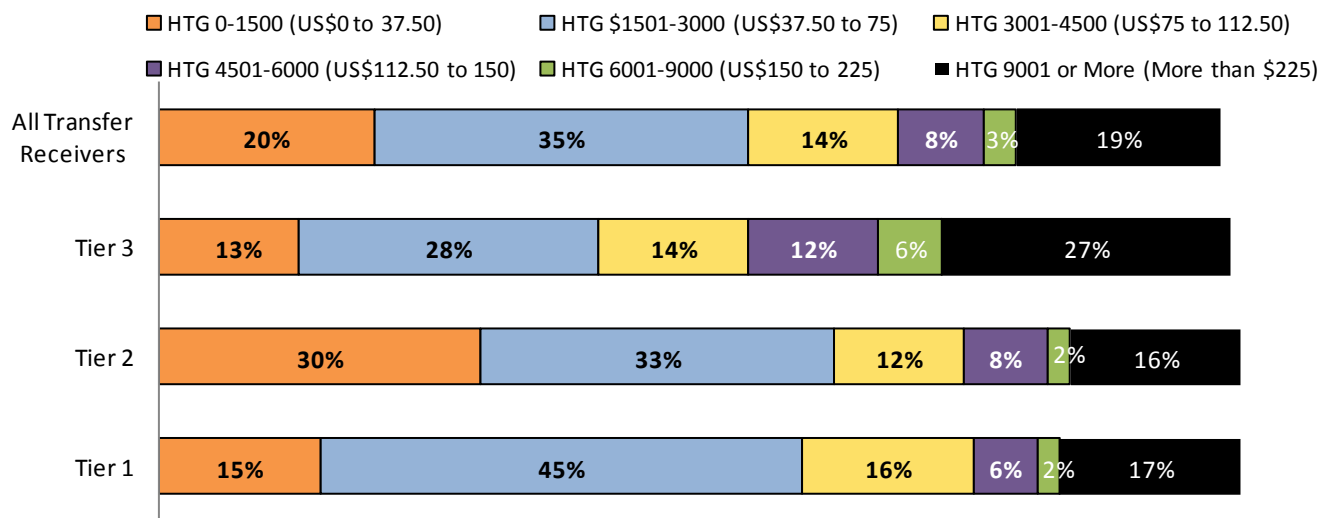
How Much Are People Sending and Receiving?^{vii}

The amounts of money an individual typically sends or receives may be a determining factor of which m-money service they would find useful. Both of Haiti's mobile banking service providers apply variable-rate service fees scaled to the amount of money sent. The major difference between Haiti's two mobile money services is that T-Cash offers a 'mini-wallet' and TchoTcho Mobile does not. At the time the survey was conducted, T-Cash offered both a 'mini-wallet' and a 'full-wallet'. The mini-wallet if chosen by the user places a limit of HTG1500 (US\$37.50) on how much can be transferred at one time, and a limit of HTG2500 (US\$62.50) on storage. No deposit or official identification is needed to sign up for the mini-wallet - all could be done by phone. Digicel's Tcho Tcho service is similar to the T-Cash full-wallet as they both have a higher maximum applying to both transfer and storage (HTG\$10,000 or US\$250) but Tcho Tcho's registration process was more complex and time consuming, requiring a visit to a service outlet, presentation of official photo identification, and a deposit of HTG\$100. Thus, the full-wallet might be more appropriate for a professional class of consumer, which can meet such requirements but also needs a higher maximum level.^{viii}

Figure 12

Haiti: How much on Average do You Receive from Each Domestic or International Money Transfer?

Percent of money receivers in that demographic group



HMMT Baseline Survey March 2011: survey of adults (18+) who have received a money transfer n=646; refused n=131.

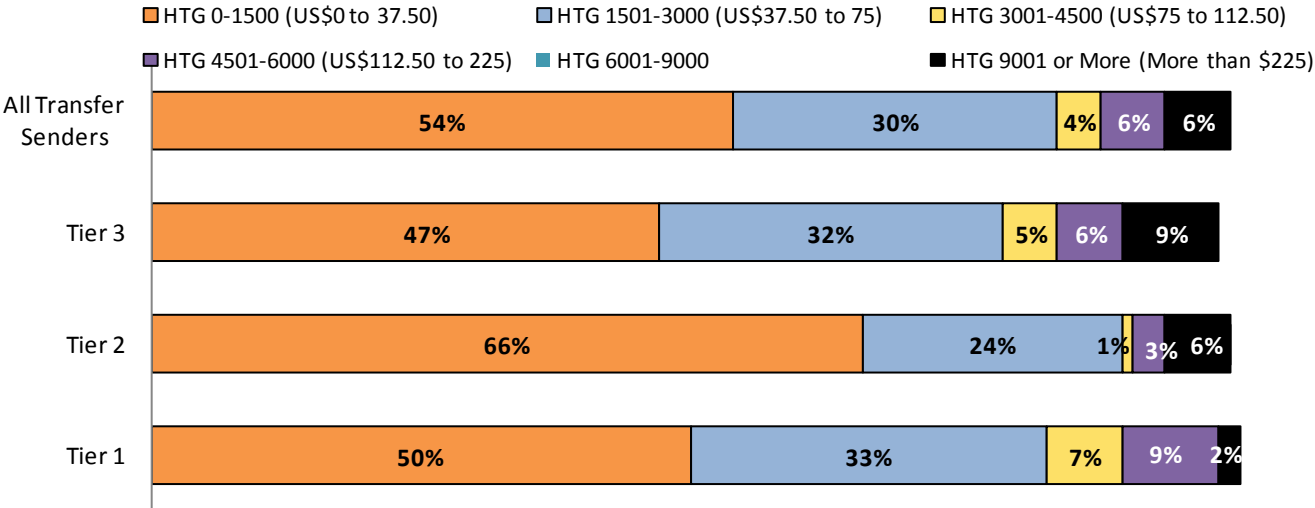
The large differences between recipients and senders (Figure 12 and Figure 13) in their reported average money transfer amount is potentially the result of the survey’s questionnaire. Both domestic and international transfer recipients and senders were grouped together when respondents were asked about the frequency and average amount of money transfers. Because of this, the large numbers of respondents who receive both domestic and international remittances have skewed the measure.

Of the small percentage of money transfer users who exclusively conduct domestic transfers, a large majority only sends or receives HTG3000 or less at a time. In fact, some 56 percent of exclusive domestic senders and 46 percent of domestic recipients only average HTG1500 or less. Even though these individuals only make up a statistical minority within our survey sample, the finding is an indication that the typical money transfer being conducted domestically in Haiti fits the monetary parameters for m-money services.

Figure 13

Haiti: How much on Average do You Send on Each Domestic or International Money Transfer?

Percent of money transfer senders in that demographic grouping



HMMT Baseline Survey 2011: survey of adults (18+) who have sent a money transfer in the past year n=216

Figure 14

Haiti: Comparison of Tcho Tcho Mobile and T-Cash Tariffs.				
HTG40= approximately US\$1.				
	Tcho Tcho Mobile		T-Cash	
Registration	Free		Free	
Deposit	HTG100 deposit		Free	
Transfer to a client	25-1000	6	1-25	Free
	1000.01-2500.00	15	26-599	1 /100
	2500.01-5000.00	25	600-1000	6
	5000.01-10000.00	30	1001-2500	15
			2501-5000	25
Transfer to a non-client	25-1000	20	5001-10000	30
	1000.01-2500.00	40	25-1000	20
	2500.01-5000.00	80	1001-2500	40
	5000.01-10000.00	120	2501-5000	80
			5001-10000	120
Withdrawal	25-1000	10	0-1000	10
	1000.01-2500.00	20	1001-2500	20
	2500.01-5000.00	40	2501-5000	40
	5000.01-10000.00	60	5001-10000	60

Chapter 3. The Haitian Mobile Money Market

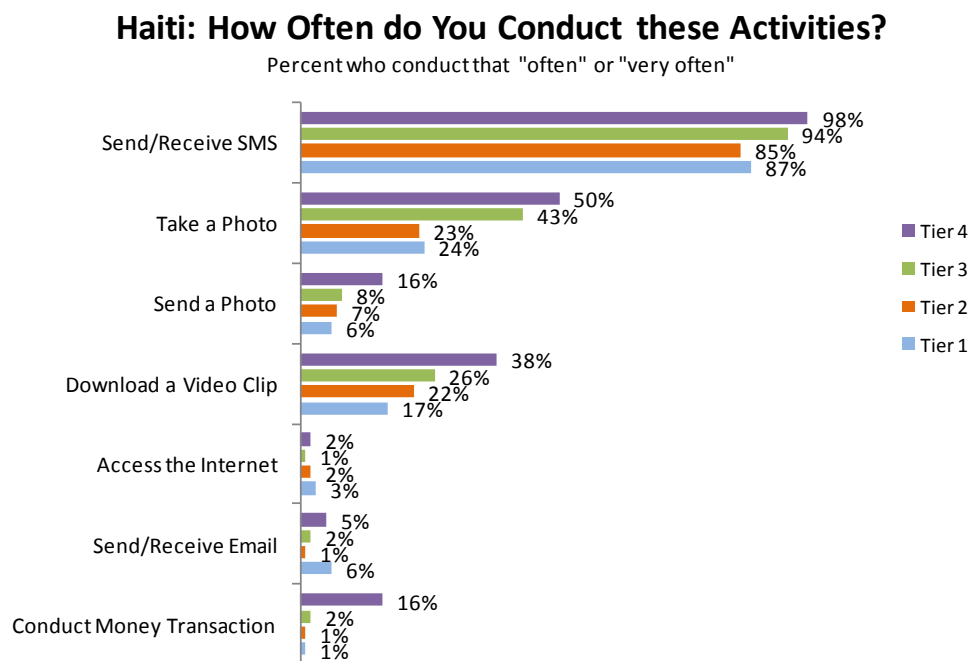
The Mobile Communications Context

Mobile communications use in Haiti, as in much of the world, has grown by leaps and bounds over the past five years. In fact, 80 percent of survey respondents said they own a mobile phone and use it on a daily basis, and this preponderance cut across all demographic and geographic groups. Seventy-eight percent of respondents said there are three or more mobile phones used in their household.

Lower prices of phones have helped to drive usage, thanks in large part to the entrance of Digicel into the market in 2006. Previously, the cost of a phone in Haiti ranged between US\$300 to \$500. In the HMMT survey, however, 56 percent of survey respondents said they purchased their phone for \$25 or less.^{ix}

Digicel is the clear mobile services market leader, according to standard market estimates, with approximately 2.5 million subscribers, versus about 1 million for Comcel (trade name Voila). Our household survey, conducted in March 2011, reflects this market dynamic with 87 percent of mobile owners in the survey said they use Digicel, against 49 percent for Voila. The figures also point to considerable use of multiple SIM cards to take advantage of the best rates. The amount of overlap between services can vary geographically (see Figure 16). Digicel was cited by 79 percent of respondents as the mobile service they use most often, compared to just 19 percent citing Voila.

Figure 15

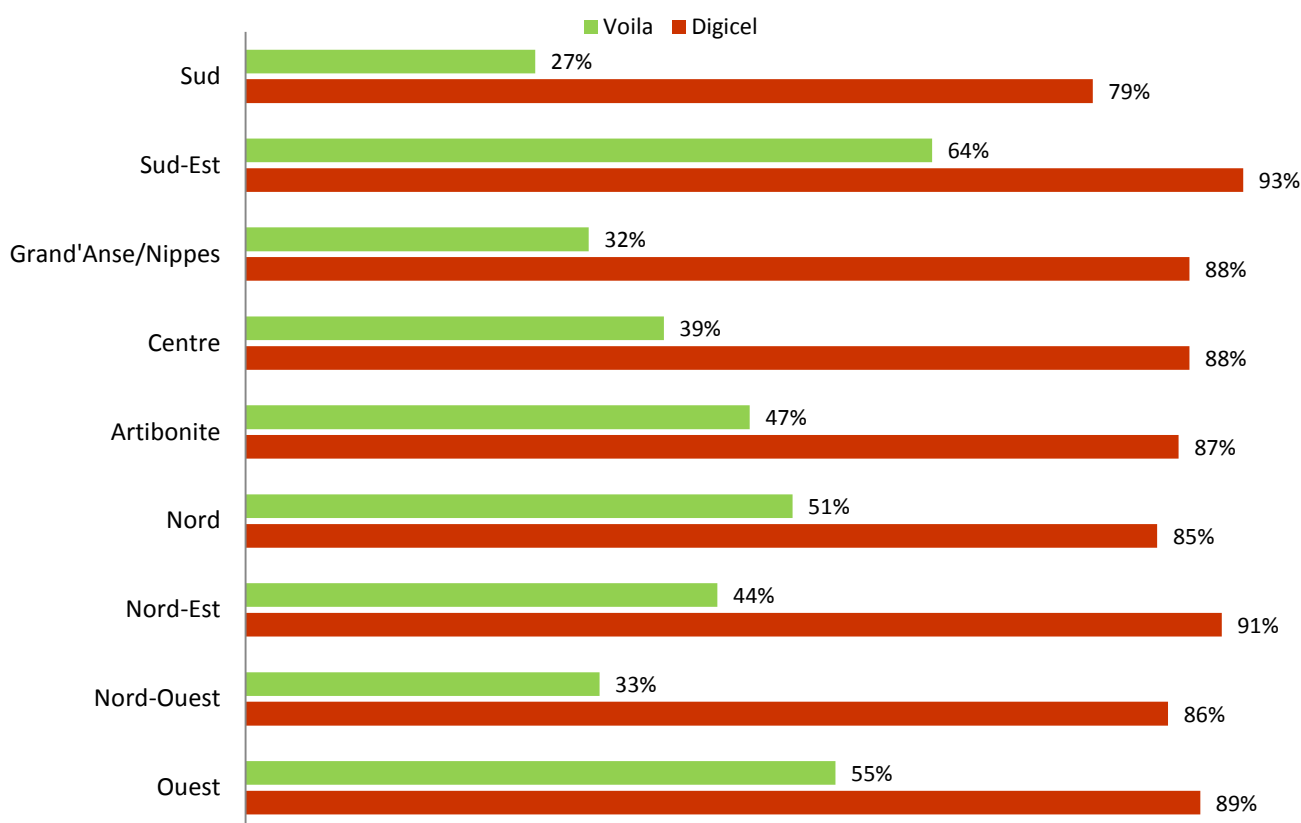


HMMT Baseline Survey March 2011: survey of adults (18+) those who use a mobile phone n=951

Figure 16

Haiti: Which Mobile Phone Services do You use? By Department

Percent of mobile phone owners who use that service



HMMT Baseline Survey March 2011: survey of adults (18+) who own a mobile phone n=927

Among those respondents who said they do not use or own a mobile phone, the common reason was a lack of access or lack of personal ownership (46 percent), with 25 percent saying they simply have no need for a mobile phone. A much lower percentage of this group cited either a mobile phone being too expensive (8 percent) or a lack of signal (2 percent) as reasons why they do not use one.

As in many other mobile communication markets, a lack of mobile phone ownership does not preclude an individual from using a mobile phone. A quarter of respondents who said they do not own a mobile phone said that they own a SIM card which they use in other people's phones. Family members were most often mentioned by non-mobile owners (70 percent) as to where they can borrow a phone. Interestingly, local businesses such as cyber cafes or mobile phone kiosk (53 percent) were cited as the second-most common place to borrow, followed by friends (46 percent) and other people in the community (14 percent).

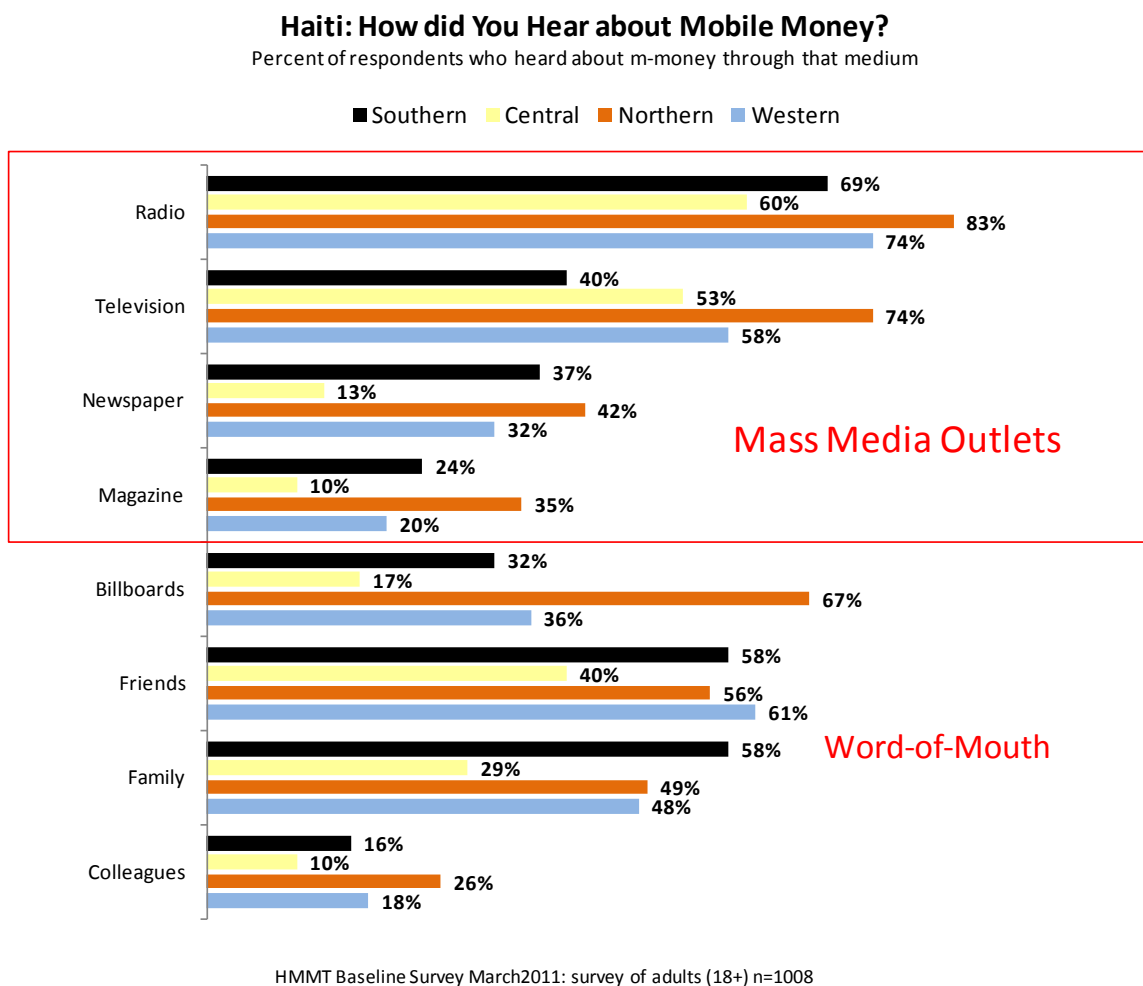
The importance of local businesses such as mobile phone kiosks and cyber cafes for phone "renting" should be a key point of interest for m-money marketers, their network agents and NGOs interested in reaching bottom-of-the-pyramid mobile users. The use of m-money services like T-Cash only require the ownership of a SIM card. Therefore an individual who does not own a phone could potentially still conduct money transactions at a mobile kiosk or cyber café.

Profiling Mobile Money Users

Mobile money services enjoy a very high level of awareness throughout the country. Some 80 percent of those surveyed said they had heard of such services and more than 70 percent of respondents could correctly identify which mobile service providers offer m-money.

Among those who have not heard of m-money, 68 percent reside in rural areas and 49 percent live in low-income (Tier 1) households. These groups likely have the least amount of access to mass media and are also less likely to engage with potential mobile phone service and m-money agents.

Figure 17



Who is signing up for Mobile Money Services?

In the four months between the launch of m-money services in Haiti and the survey fieldwork (March 2011), the adoption of such services looked relatively robust. Close to one in 10 survey respondents said they had signed up for m-money. Nearly half of these (46 percent) signed up more than a month prior to the survey. With 32 percent of m-money users saying they signed up only in the past week, it seems that adoption continued to be strong even after the services' initial outreach campaigns.

These early adopters of mobile money tended to be relatively affluent, currently employed and better educated (Figure 18), implying that these services had yet begun to filter through to the less privileged. This is in line with separate research findings looking at early adopters of other m-money services.^x

Sixty percent of those who have signed up for m-money had either a secondary or post-secondary education. Only 1 percent of m-money users had either no formal education or a primary education, whereas this group encompasses 25 percent of the entire survey sample. M-money users were also much more likely to reside in areas within and around Port-au-Prince where providers have concentrated their marketing and outreach efforts.

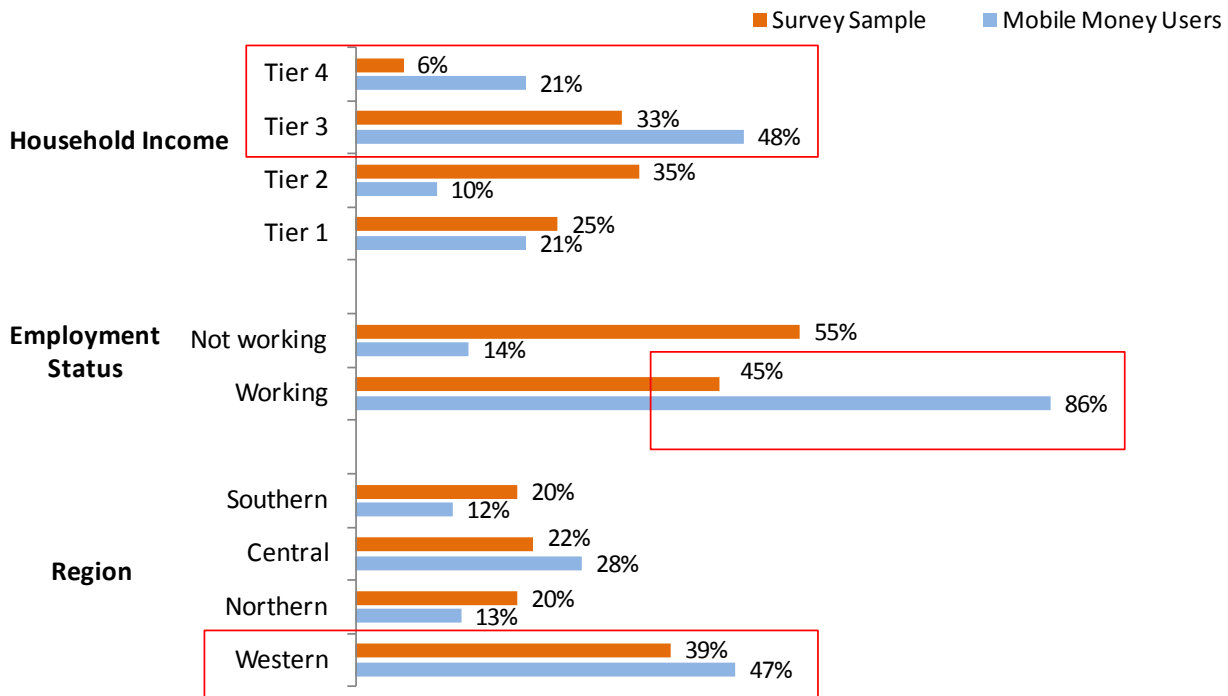
Interestingly, men (9.8 percent) and women (9.7 percent) were equally as likely to have signed up for m-money services. Men and women were also equally as likely to own a phone or use a mobile phone at least daily or weekly. Some 92 percent of early adopters said they have a bank account of some sort, though as mentioned previously, the definition of "bank account" may be quite broad for respondents.

Early adopters identified in the survey were also significantly more likely to say that they would purchase a new mobile phone within three to six months of its release. Early adopters were also three times more likely than other mobile users to possess more than one SIM card and more likely to subscribe to more than one mobile service provider.

Figure 18

Haiti: Demographic Profile of Early Adopters vs. Survey Sample

Percent of mobile money users and survey respondents in that grouping



HMMT Baseline Survey March 2011: survey of adults (18+) n=1008 and those who have signed up for m-money n=99

According to the survey data, Digicel has parlayed its mobile market dominance into a strong lead in m-money subscriptions. In fact, 68 percent of m-money subscribers said they were using Digicel, versus 31 percent for Voila. As is seen in the numbers, there were not many m-money users who employed both services.

The large difference in subscription rates between the two services may reflect several variables in the market including deployment strategies, service coverage area, and the timing of marketing campaigns. Digicel had invested an estimated \$370 million in infrastructure development since 2006 and benefits from a much larger coverage area than Voila. The latter has invested an estimated \$200 million in the past 10 years.^{xi}

Both m-money service providers have partnered with international NGOs and local businesses to provide direct cash for work payments or salary payments. However, Voila has focused much of its efforts on such high-volume-payment clients who use the service to pay employees or distribute aid payments. Digicel has taken a more horizontal approach to the market, particularly in high-traffic areas such as Port-au-Prince and other urban centers, which lends itself to higher overall adoption rates.

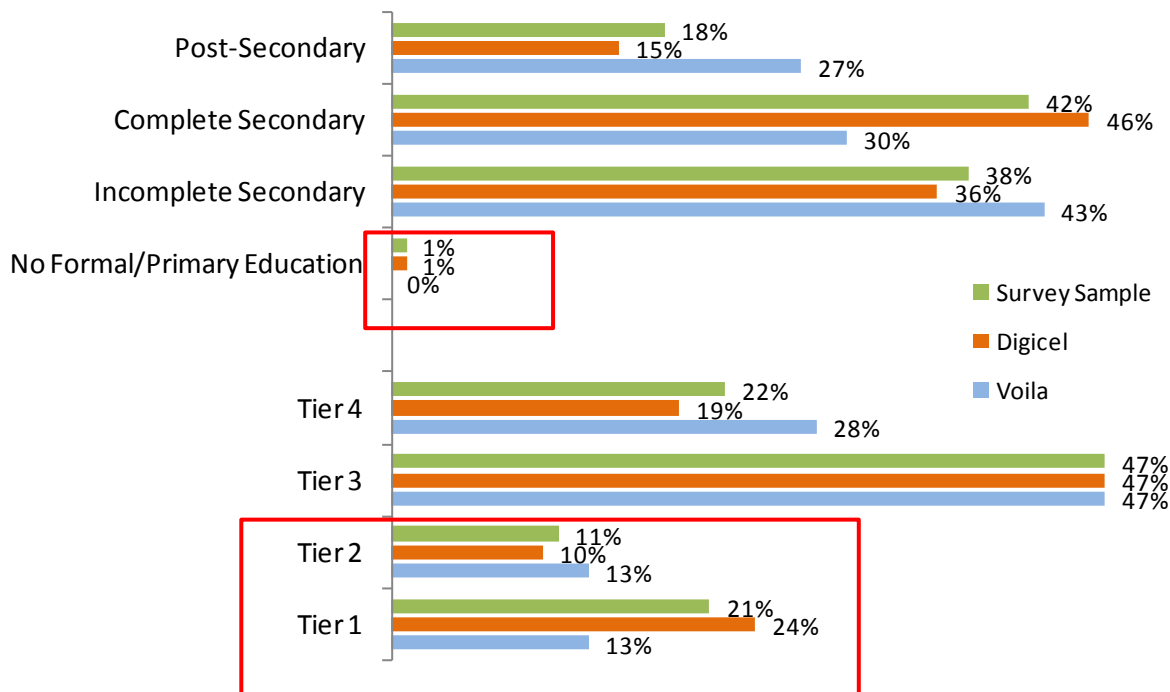
Despite Digicel's apparent market dominance at the time of the survey (March 2011), the data also indicate that T-Cash was making strong commercial gains at the time. As mentioned above, some 32

percent of m-money adopters had only signed up for the service in the past week. A majority of these adopters were T-Cash users. In fact, 55 percent of T-Cash users in the survey said they had only just signed up in the past week, compared to only 22 percent of Tcho Tcho users. The relative youth of the m-money market (only four months old at the point of survey fieldwork) and the market's continued fluidity leaves each service's market position in question.

Figure 19

Haiti: Demographic Profile of Early Adopters by M-Money Provider

Percent of m-money users in that demographic group



HMMT Baseline Survey March 2011: survey of adults (18+) have signed up for mobile money n=99

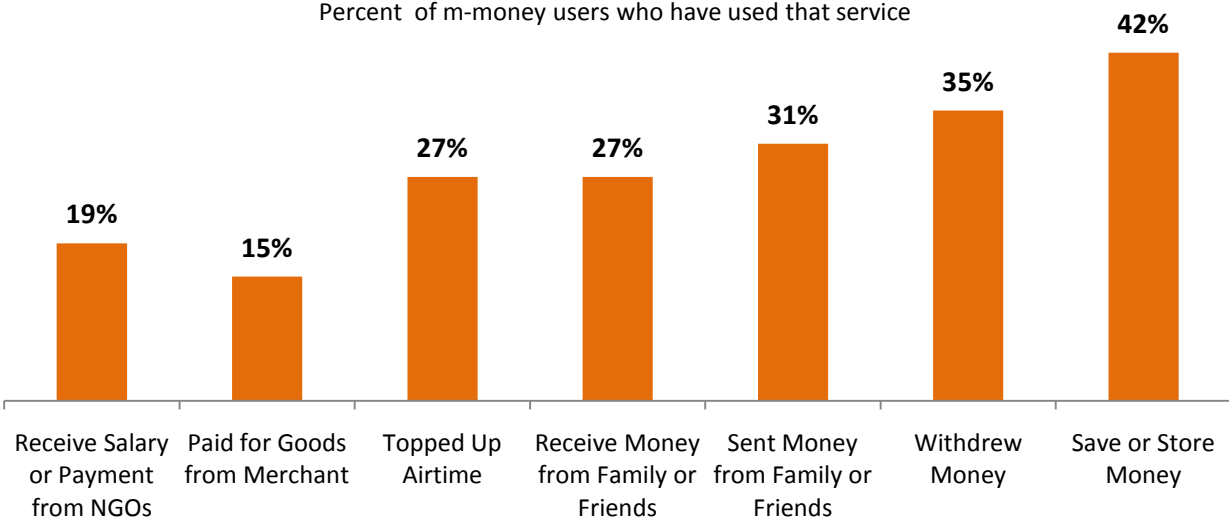
Forty percent of early adopters said they use the service at least once a week and nearly 34 percent of early adopters said they are sending money to others more often since they began using such services. However, when asked how frequently they thought they would use the service in the future, few said they would increase their rates of use going forward.

The survey found that the two most popular activities among m-money users are storing/saving money and withdrawing money, which parallels studies recently conducted by researchers at the Institute for Money, Technology and Financial Inclusion. They found that m-money users would use so-called “Me2Me transactions” to store money and withdraw it at different geographical locations. These transactions help alleviate “problems of insecurity, inaccessible infrastructure, and uncertainties that Haitians face in their daily lives”.^{xii}

Figure 20

Haiti: What M-Money Services have you used?

Percent of m-money users who have used that service



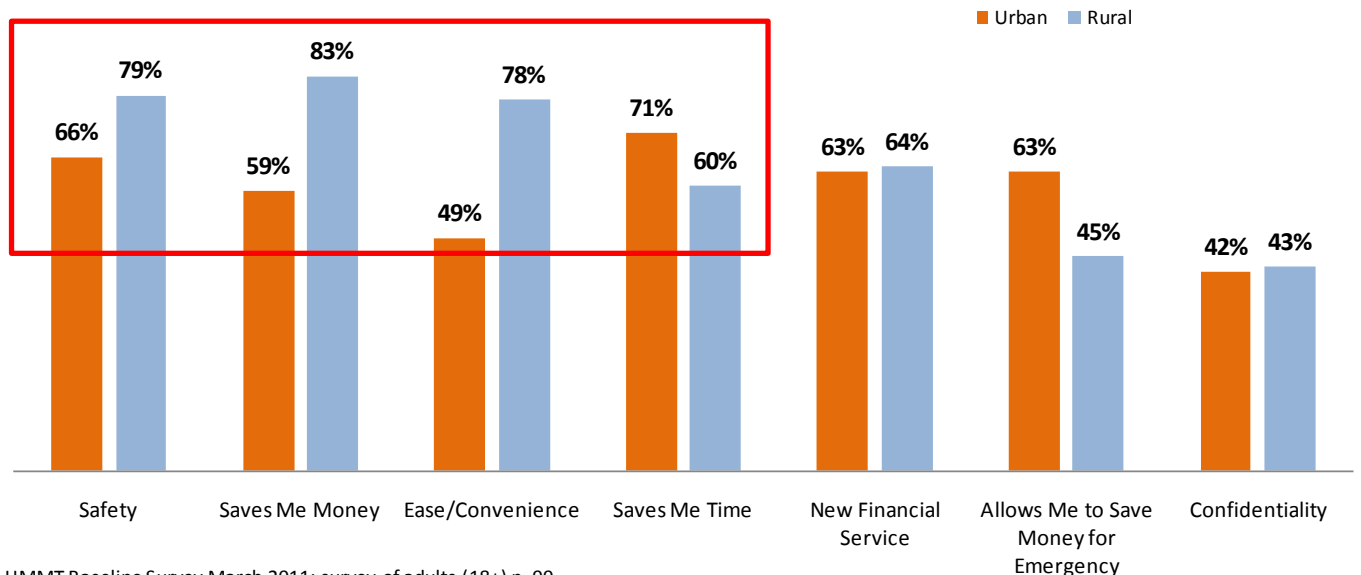
HMMT Basline Survey March 2011: survey of adults (18+) n=99

The use of m-money services as safe places to store money - whether temporarily or for longer periods of time - seems to have organically emerged out of what are the perceived advantages of m-money. A large percent of rural users, in particular, cited “safety” as a key advantage of m-money (Figure 21).

The survey showed that urban and rural users emphasize certain advantages more than others. Rural users emphasized safety, saving money and convenience over saving time and confidentiality. This may stem from the difficulties that rural money senders and recipients encounter in order to safely send and transport cash.

Haiti: What are the Advantages of Using Mobile Money?

Percent of respondents who have signed up for m-money



HMMT Baseline Survey March 2011: survey of adults (18+) n=99

Figure 21

Experience with Mobile Money Outlets

Mobile money agents are the backbone of any m-money service, since they determine the customer experience, which informs effective marketing and customers' knowledge of the service. Without a properly trained m-money agent network, convincing prospective customers of the advantages of m-money and building trust will be a challenge.

Proximity of agents is also crucial to success. In the survey, about 12 percent of respondents said they had interacted with an m-money service agent (this could have been to conduct m-money business or simply to enquire about it). Over half of these respondents said they live within 250 meters of the closest m-money outlet, while only 5 percent said they live more than 1 kilometer from the closest outlet.

The close proximity of outlets to many respondents has translated in short commute times. A full 65 percent of people who have had interaction with a m-money agent said it only take them 15 minutes to travel to their closest m-money outlet, with another 26 percent traveling 15 to 30 minutes. Short distances and travel times translate into lower costs for the user to conduct transactions when needed.

Sixty-four percent of people who have interacted with a m-money agent said it only cost them between 1 and 20 gourdes to travel to the closest outlet. Another 30 percent said travel cost them between 20

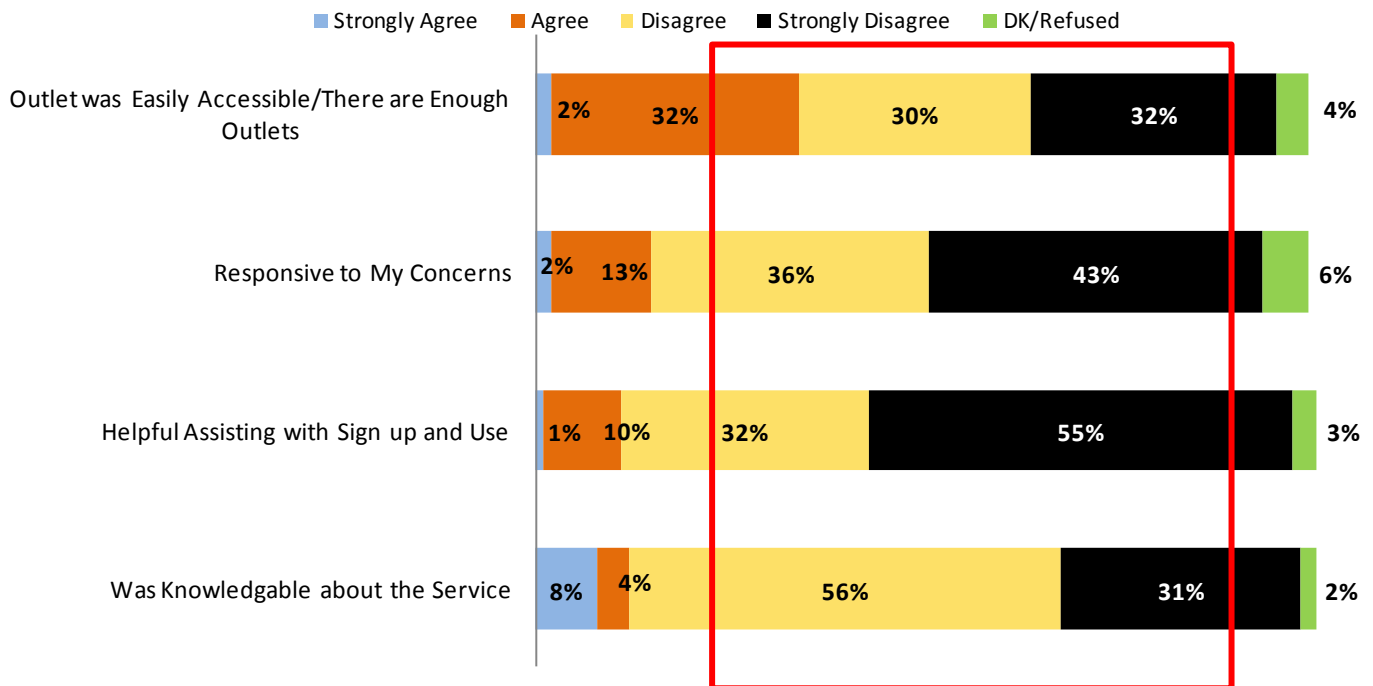
and 40 gourdes (40 gourdes = US\$1). The close proximity and low travel costs to an outlet may have been a motivational force for these individuals.

Generally, respondents had a positive impression of their experiences with m-money agents, with 83 percent describing it as very or somewhat favorable. However, when asked more specific questions about their experiences, the respondents tended to expressed less favorable impressions (Figure 22).

Figure 22

Haiti: How much do You Agree or Disagree with this Statement about M-Money Outlets?

Percent who have experience with a m-money outlet



HMMT Baseline Survey March 2011: survey of adults (18+) n=117

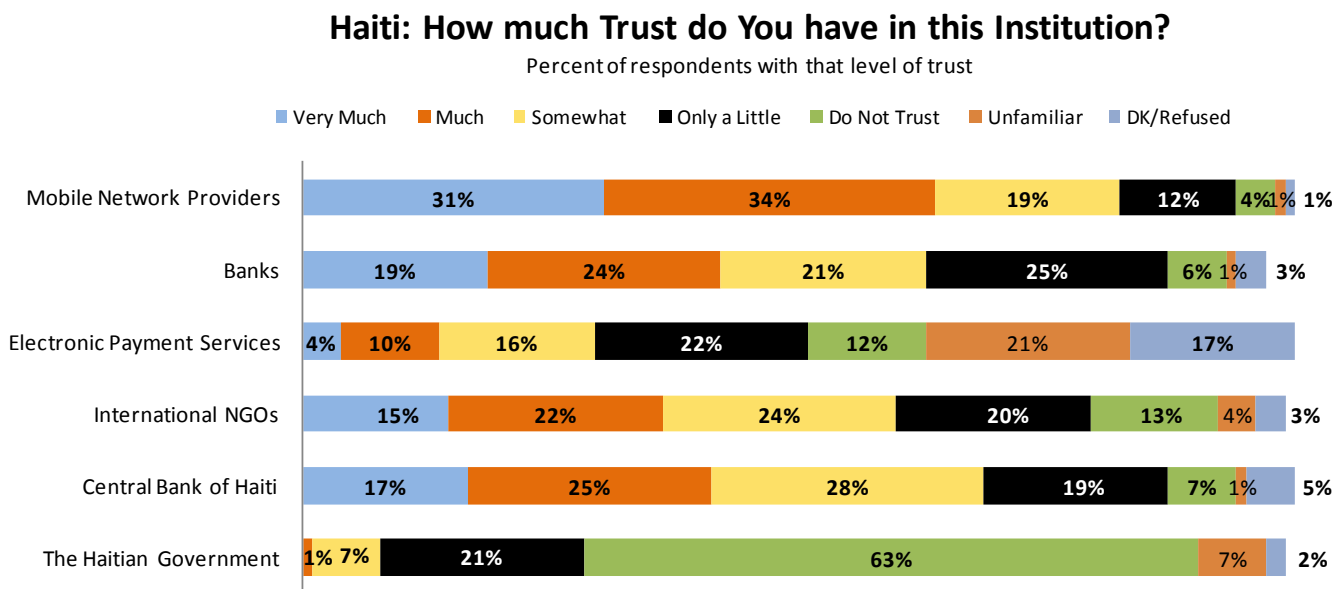
Chapter 4. Marketing Mobile Money

In order to get people to use m-money services, they need to know such services exist and how the services can be of use. Potential customers also need to be able to trust the providers of such services, particularly given that m-money is a financial product.

Figure 23 indicates that mobile network providers already enjoyed a relatively high level of trust among Haitians, relative to other potential sources of information about financial products and services. Eighty-one percent of respondents said they trust either “somewhat”, “much” or “very much” mobile network providers. These numbers are higher than those received by government and international institutions.

What's more, 83 percent of mobile owners surveyed said they would use a mobile phone to send or receive money in the future.

Figure 23



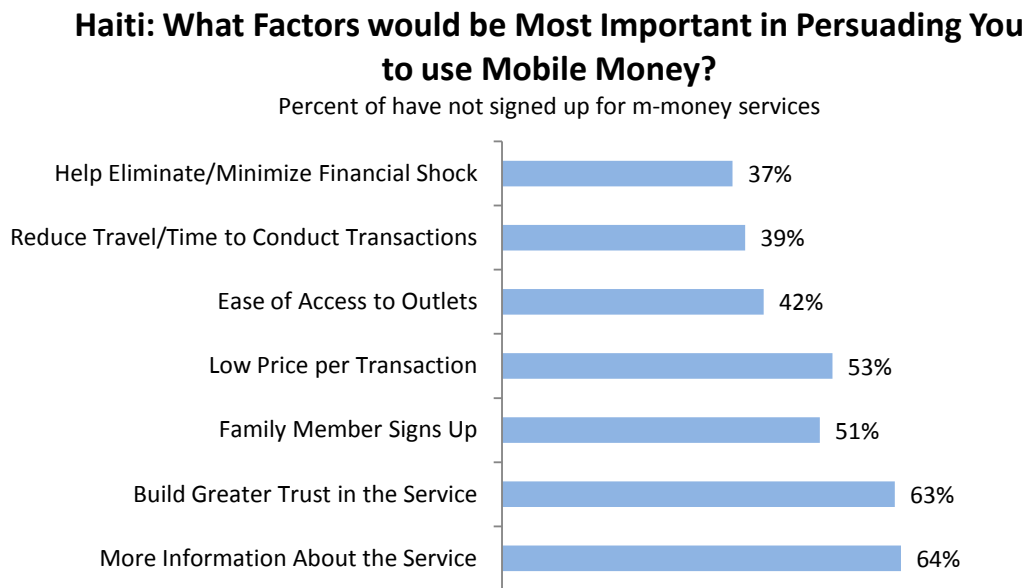
HMMT Baseline Survey March 2011: survey of adults (18+) n=1008

Non-Users of Mobile Money Services

Non-users of mobile money were asked to provide the main reason or reasons they have not done so. The most mentioned reason was not having access to a mobile money outlet (21 percent) followed by not having heard of m-money (12 percent) and not having knowledge of how to conduct m-money services (12 percent). The array of responses generally fell into two categories: a lack of knowledge a lack of access, with the former providing a real opportunity for m-money service providers.

In some ways, these findings correlate with what respondents listed as factors which would persuade them to use m-money. A large majority cited the need for further information about the service. It is also noteworthy that trust again comes into the picture, even though there appears to be widespread trust in mobile operators.

Figure 24



HMMT Baseline Survey March 2011: survey of adults (18+) n=912

That said, nearly three-quarters of m-money non-users said that it is very likely (29 percent) or somewhat likely (43 percent) that they will sign up for a service in the future.

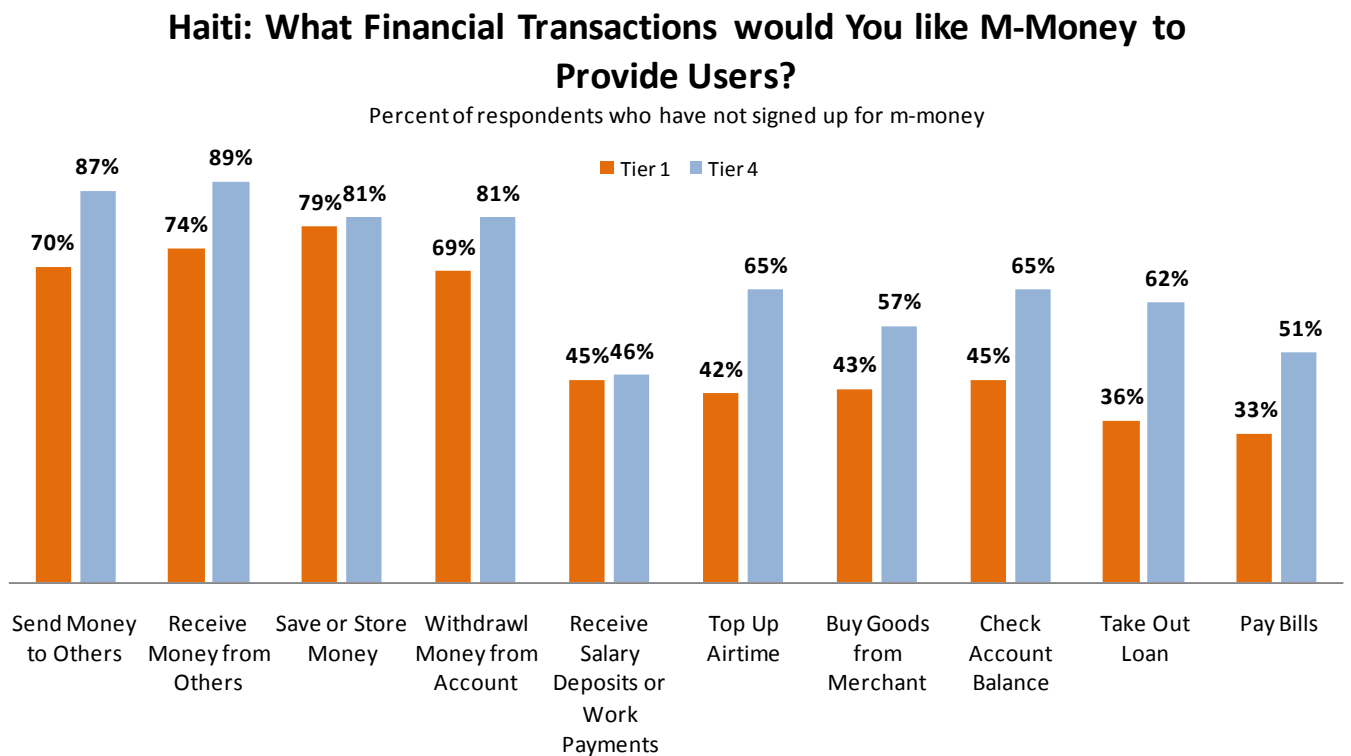
When asked which services they would like m-money providers to offer, non-users essentially listed services that are already provided (Figure 25). This also highlighted the knowledge factor in the marketing equation, as these respondents evidently were not aware of the range of services from Tcho Tcho and T-Cash.

The survey also indicated that respondents are most interested in finding new means of making these transactions more cost effective and convenient. M-money has the capability of providing new

efficiencies but it is up to service providers to articulate to potential customers how m-money can help them.

Another key potential growth area for both Digicel and Voila is mobile-based cash-for-work payments. Voila has already begun to make headway in this area through its partnership with the NGO Mercy Corps. The partnership has focused much of its efforts on the coastal port town of St. Marc, providing m-money payments to participants in cash-for-work programs. In the survey, some 15 percent of respondents said they were participating in some form of cash-for-work program. Only 35 percent of those in cash-for-work programs said they were receiving payment via mobile phone or mobile voucher. Of those who were not receiving cash-for-work payments via mobile phone or voucher, some 90 percent said they would like to receive payment in this way. While Voila seems to have focused its efforts on such nonprofit-driven payments, interest in such systems among private sector business may grow as mobile money use expands.

Figure 25



HMMT Baseline Survey March 2011: survey of adults (18+) n=912

As mentioned previously, there is a very high level of awareness that m-money services are available, even though knowledge of their offerings are lacking. Respondents are finding out about m-money services through many channels. As Figure 26 shows, mass media has proven to be an important way to reach out to potential customers. Discussion with friends and family is nearly as important in many

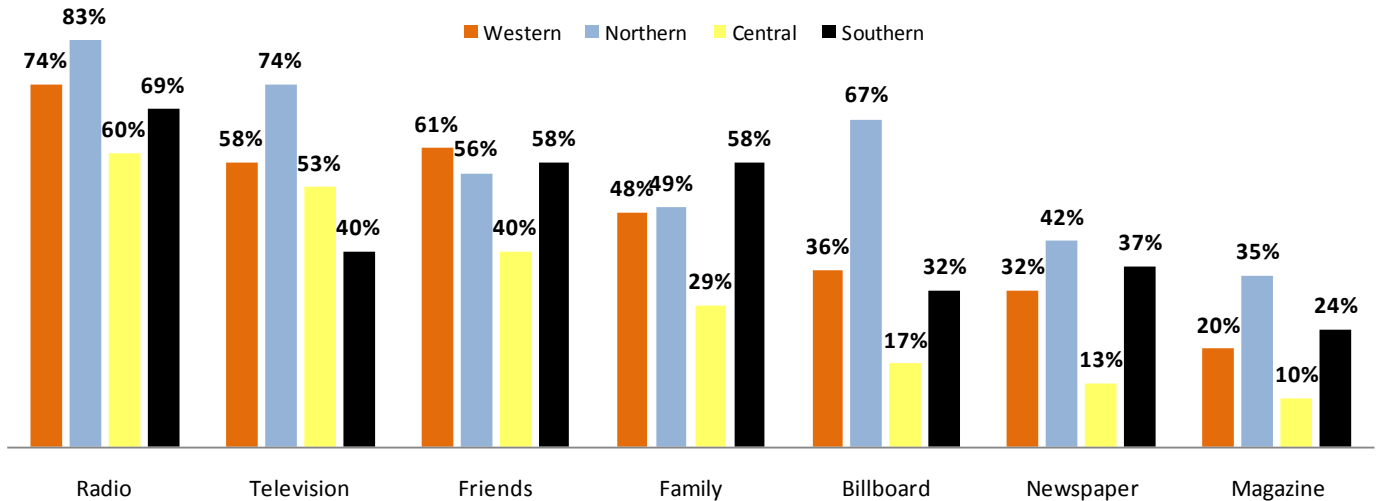
areas of the country. That said, word-of-mouth networks are more difficult for service providers to channel into.

Word-of-mouth is also listed by respondents as one of their central means of learning about new products and market innovations. For example, in the Southern Region (Grand Anse/Nippes, Sud, Sud Est departments) getting information from friends and family was more prevalent than television and all other mass media formats except radio. The survey showed that word-of-mouth dissemination has the potential to have a more lasting affect than mass media advertisements. When respondents were asked to spontaneously list who or what provided the best advice about financial information, friends and family (29 percent of respondents) only trailed banks and bankers (44 percent), with mass media scarcely mentioned.

Figure 26

Haiti: Where did You See or Listen to a M-Money Advertisement?

Percent who have consumed a m-money advertisement

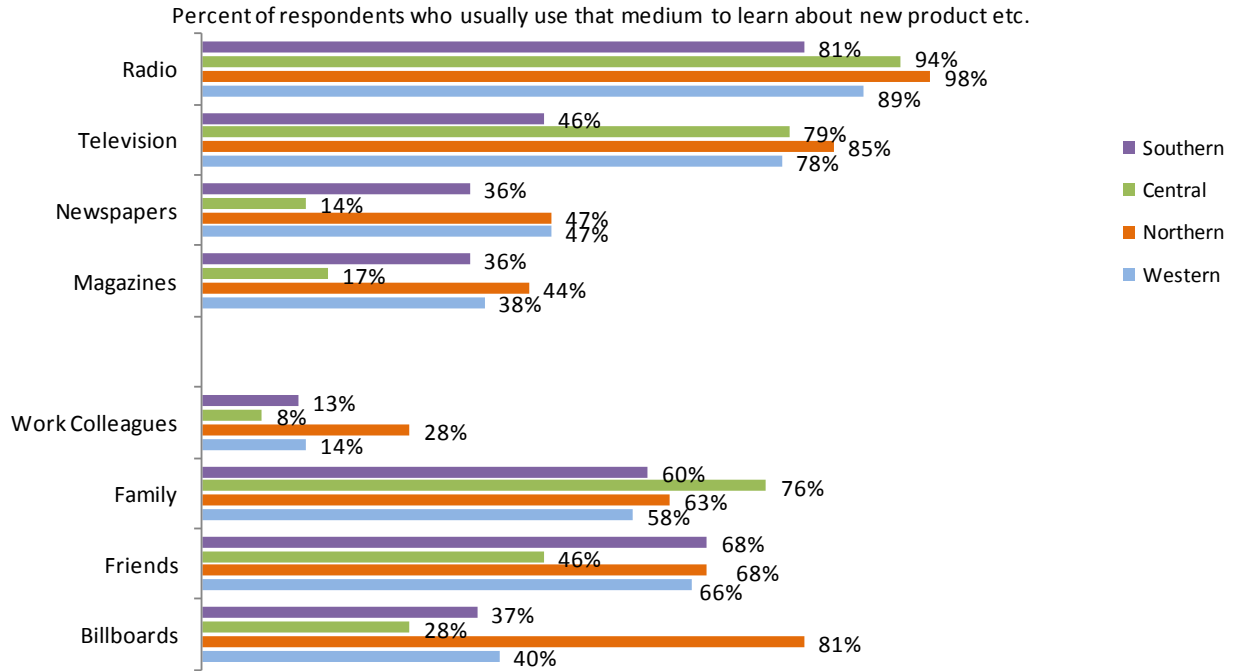


HMMT Baseline Survey March 2011: survey of adults (18+) n=796

A recent analysis conducted by researchers at the Institute for Money, Technology and Financial Inclusion emphasized the notion that if m-money is to be used to extend financial services to the poor or unbanked, it is important that m-money act as an extension to Haiti’s existing social structure and target a specific practical need and market segment. The report emphasizes the potential for previously existing “intermediaries” to play a role in customer education. Researchers suggested that by “employing individuals in the community who are known and trusted intermediaries could also build up trust and support in the system”.^{xiii}

Figure 27

Haiti: How do You Usually Learn about New Products, Services and Technologies?



HMMT Baseline Survey March 2011: survey of adults (18+) n=1008

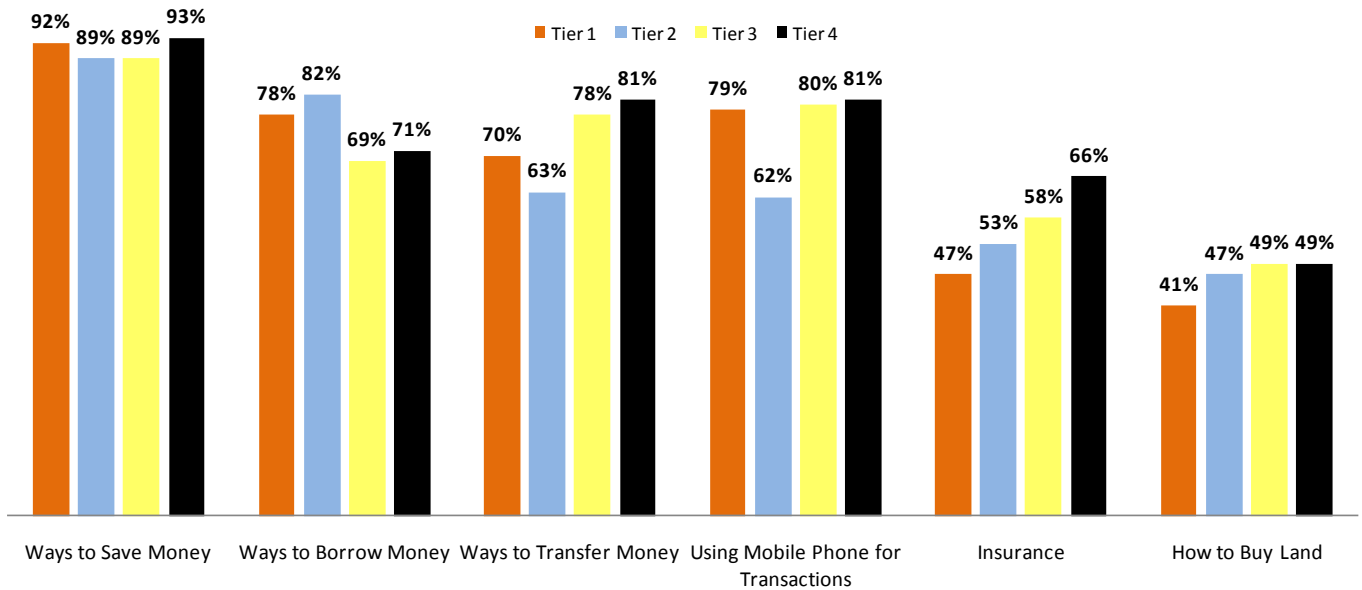
Another group of individuals that service providers may be able to tap into are m-money adopters themselves. Some 61 percent of current m-money users said they are already recommending the services to others at least once a week. The survey revealed that these individuals spoke with a larger number of people who they had stronger social ties with. Therefore they were more likely to spread the word about m-money with family, close friends and colleagues who they have greater social interaction with. This may be a limitation on the range of individuals they can share information but it is within these closer social networks where trust is built. Individuals within these close social networks are also more likely to conduct financial transactions between each other. As Figure 24 showed a majority of non-users cited having another family member as a m-money user is a key persuading factor for the adoption of m-money.

M-Money can assist with the most common financial topics/services that Haitians would like more information about (new ways to save, manage their money, and transfer money). Service providers must be able to use their network agents, potentially “intermediaries” and current users also, to educate prospective customers about how m-money can meet their needs and financial concerns.

Figure 28

Haiti: What Financial Topics would You like to Get More Information about?

Percent who want more information about financial topics



HMMT Baseline Survey March 2011: survey of adults (18+) n=1008

Technical Notes

I. Methodology for the HMMT baseline survey

The HMMT baseline survey was conducted in March 2011 by means of face-to-face interviews based on a sample representative of 1,008 of the population 18 years of age and older living in Haiti. This sample size has a margin of statistical error of +/-3% and a confidence level of 95%.

The sample framework utilized both the 2003 population census assigned to l'Institut Haïtien de Statistique et d'Informatique (IHSI) and the electoral census (2003) by the Provisional Electoral Council (CEP).

The first stage consisted of selecting population groups in four regions and using the 10 departments as stratification. The second stage consisted of selecting the municipalities (communes) and the districts (sections) and the sample of the population in the sample districts. The districts were distributed in the urban and rural areas throughout the country based on the sample framework.

The primary sampling unit in these sections is villages. The strata in the first selection stage are:

- a. Northern Region: Includes the provinces of Nord, Nord-Ouest and Nord-Est.
- b. Central Region: Includes the provinces of Centre and Artibonite.
- c. Western Region: Made up of the province of Ouest. This province is where the capital, Port-au-Prince, is located.
- d. Southern Region: Includes the provinces of Sud, Sud-Est, Grand Anse and Nippes.

The sample points are defined for the second stratification stage as:

- e. Village
- f. Zone: Urban and Rural

This sample design made it possible for the regional results to be representative of the population.

Completed Interviews

Completed Interviews and Population target

Department/county	Completed Interviews	%	Population of voting age (18 and above) according to the 2003 Census	%
ARTIBONITE	168	17%	725.159	15%
CENTRE	60	6%	296.458	6%
GRAND ANSE/ NIPPES	84	8%	1344.913	7%
NORD	108	11%	454.630	10%
NORD EST	36	4%	159.815	3%
NORD OUEST	60	6%	298.533	6%
QUEST	348	35%	1.844.138	39%
SUD EST	60	6%	258.704	5%
SUD	84	8%	344.212	7%
Total	1008	100%	4.726.561	100%

Completed Interviews Total Population and Target Population According to Census

Department/county	Completed Interviews	%	Population 2003 Census	%	Population in voting age (18 and more) according to the 2003 Census	%
ARTIBONITE	168	17%	1.299.398	16%	725.159	15%
CENTRE	60	6%	581.505	7%	296.458	6%
GRAND ANSE/ NIPPES	84	8%	626.928	7%	1344.913	7%
NORD	108	11%	823.043	10%	454.630	10%
NORD EST	36	4%	308.385	4%	159.815	3%
NORD OUEST	60	6%	531.198	6%	298.533	6%
QUEST	348	35%	3.096.967	37%	1.844.138	39%
SUD EST	60	6%	484.675	6%	258.704	5%
SUD	84	8%	621.651	7%	344.212	7%
Total	1008	100%	8.373.750	100%	4.726.561	100%

Completed Interviews/weights and Population in voting age/weights by gender and age.

Sex	Age	Completed Interviews	%	Population in voting age (18 and more) according to the 2003 Census	%
Male	18-29	188	19%	871.267	18%
Male	30-44	233	23%	669.683	14%
Male	45-59	75	7%	393.497	8%
Male	60+	13	1%	288.809	6%
Female	18-29	216	21%	1.009.806	21%
Female	30-44	214	21%	751.502	16%
Female	45-59	62	6%	412.619	9%
Female	60+	7	1%	329.378	7%
		1008	100%	4.726.561	100%

ⁱ Baptiste, Espelencia, Heather A. Horst and Erin B. Taylor. (April 2011). "Mobile Money in Haiti: Potentials and Challenges". Institute for Money, Technology and Financial Inclusion.

ⁱⁱ Khan, Maha. "Helping Haiti: an Interview with the Bill and Melinda Gates Foundation". *Mobile Money for the Unbanked*. GSMA. 10 October 2010. Accessed May 2011. <http://mmublog.org/blog/helping-haiti-an-interview-with-the-bill-and-melinda-gates-foundation/>.

ⁱⁱⁱ The survey's sampling plan was distributed nationally, covering rural and urban areas and all the socio-economic strata of the population over 18 years of age that are Haitian by birth (n=1008). Population distribution of the sampling plan was based on Haiti's most recent certified national census (2003).

^{iv} Conger, Lucy. "Keeping remittances flowing to Haiti". Inter-American Development Bank. 18 January 2010. Accessed May 2011. <http://www.iadb.org/en/news/webstories/2010-01-28/keeping-remittances-flowing-to-haiti,6481.html>.

^v Orozco, Manuel. "Understanding the Remittance Economy in Haiti". Inter-American Dialogue. Commissioned by the World Bank. March 2006. Accessed May 2011. <http://www.thedialogue.org/publicationfiles/understanding%20the%20remittance%20economy%20in%20haiti.pdf>.

^{vi} Baptiste, Espelencia, Heather A. Horst and Erin B. Taylor. (November 2010). "Haitian Monetary Ecologies and Repertoires: A Qualitative Snapshot of Money Transfer and Savings". Institute for Money, Technology and Financial Inclusion. Accessed May 2011. http://www.imtfti.uci.edu/imtfti_haiti_money_transfer_project.

^{vii} When questioning respondents about the frequency of sending or receiving money transfers or about how much money on average they receive or send the questionnaire does not separate domestic and international money transfers.

^{viii} Baptiste, et al. (April 2011).

^{ix} Baptiste et.al. (November 2010).

^x Jack, William and Tavneet Suri. (January 2011). "Mobile Money: The Economics of M-PESA". Accessed May 2011. <http://www.mit.edu/~tavneet/M-PESA-Final.pdf>.

^{xi} Dalberg Global Development Advisors. (December 2010). "Haiti Mobile Money Initiative (HMMT): *Tracking the launch of mobile money in Haiti*". http://www.cgap.org/gm/document1.9.49740/Haiti_Mobile_Money_Initiative_%20Dalberg_Presentations.pdf

^{xii} Baptiste, Espelencia, Heather A. Horst and Erin B. Taylor. (April 2011). "Mobile Money in Haiti: Potentials and Challenges". Institute for Money, Technology and Financial Inclusion.

^{xiii} Ibid, p.22.