

MEMBER SERIES: FINANCIAL INCLUSION JOURNEY

HAITI: DIGITAL FINANCIAL SERVICES (SFD)



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LIST OF ACRONYMS USED

AFI	Alliance for Financial Inclusion
ATM	Automatic Teller Machines
BM	World Bank
BNC	National Credit Bank
BRH	Central Bank of Haiti
CRS	Catholic Relief Services
EDH	Haitian Electricity Company
HIFIVE	Project for integrated financing “to value chains and entrepreneurs” in Haiti
HMMI	Haitian Mobile Money Initiative
NICTs	New information and communication technologies
IMF	Microfinance Institutions
WFP	World Food Program
PRONAP	National processor of payments
RTGS	Real-Time Gross settlement system
SFD	Digital Financial Services
SPIH	Haitian Interbank payment system
USAID	United States Agency for International Development

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INTRODUCTION

The Alliance for Financial Inclusion (AFI), a network owned and driven by members with a common objective of scaling up financial inclusion at country level, has been able to facilitate the implementation of impactful policy changes at country level through its cooperative model that imbeds peer learning and peer transformation. It has been a decade now since the network began this quest to address the global challenge of financial exclusion. We have witnessed tremendous achievements in financial inclusion from our membership, driven by practical policy solutions that draw on lessons across the network.

AFI members have been focusing on ways to support countries in designing and implementing high-impact, tailor made solutions that meet their needs and challenges. These country-led approaches have created ownership and a sense of pride as ever more ambitious targets are set and achieved. It is imperative that such lessons are highlighted from each member's perspective on how AFI's peer learning approach and in-country implementation have been instrumental in facilitating transformation. Thus, we feature such practical lessons in this Members Series publication.

The Members Series serves to elevate the members' financial inclusion achievements and bring to the fore, key policy lessons that will benefit other members who are pursuing similar objectives. AFI's ethos of cooperation and knowledge sharing is served better when the financial inclusion journeys of our members are recorded and shared amongst the network, and beyond.

AFI membership, which represents about 85% of global unbanked, is uniquely positioned to tackle the global financial inclusion challenges. We have enormous lessons from the network that need to be highlighted and amplified. These range from the effective use of technology, application of national and regional coordinating structures, to the pursuit of specific financial inclusion enablers that are unique to countries and regions.



We are proud of the leaders in our member institutions, who through their unwavering efforts have been able to steer national-wide support in addressing financial inclusion challenges.

This Member Series publication will continue to feature the unique journeys of our members in addressing their financial inclusion challenges. The diversity of the network has the advantages of highlighting multiple approaches to tackle the common goal of financial exclusion.

Join me in this Series and let's journey with our member Banque de la Republique d'Haiti (Central Bank of Haiti) as they champion the transformation of the financial inclusion landscape in Haiti.

Dr. Alfred Hannig
Executive Director, Alliance for Financial Inclusion

FOREWORD

Financial institutions play an essential role in economic life because of their capacity for monetary creation, mobilizing savings, as well as financial intermediation relationships through the products and services they offer their clients. The access to, and use of, adequate financial products and services allows households to improve their living conditions, and lets companies develop their activities in a better way. It is true, however, that lack of access to financial products and services can limit the ability of economic agents to take full advantage of certain market opportunities.

Unfortunately, despite efforts to modernize the financial sector in Haiti, a large part of the population lacks access to basic financial services. The number of Haitians who are included financially is still relatively low. According to the Financial Inclusion Survey (Global Findex)¹ carried out by the World Bank (WB), the percentage of the population with a bank account increased from 22% in 2011 to 32% in 2017.² Similarly, because of the high costs of creating branches of financial institutions in remote and difficult-to-access areas, these areas continue to have an inadequate level of coverage or simply lack services altogether.

Through the Central Bank of Haiti (BRH), the country is a member of the Alliance for Financial Inclusion (AFI). Encouraged by the exchanging of information, availability of data and the feedback provided on the different strategies used by other countries to promote financial inclusion at the level of different AFI platforms, and motivated by the trainings provided with the support of the Alliance, the Haitian representatives managed to comply with the commitments of the Maya Declaration.

Through the launch of the National Financial Inclusion Strategy (NFIS) in 2014, the Haitian Central Bank managed to meet one of the first commitments. In 2018, it assumed four Maya commitments focused on different issues. The commitments were generated around the following topics: financial education, financial data collection, gender and Digital Financial Services (SFD). In relation to these issues, Haiti pledged to achieve the following objectives:

- 1 Develop a National Financial Education Strategy (February 2019);
- 2 To carry out a geospatial mapping of financial inclusion. This was carried out in May 2018;
- 3 Generate disaggregated data on the access to and use of financial products and services for specific groups, such as women's;
- 4 Continue with the modernization of the "National Processor of Payments" (PRONAP) payment system.



Today, more than ever, it is important to ensure access to financial products and services to the vast majority of the population, in order to promote sustained economic growth and work towards financial stability. The Central Bank of Haiti is convinced that the objectives of financial inclusion cannot be achieved without the participation of the different national actors. The path to travel requires both an individual and collective effort. BRH is also convinced that advances in New Information and Communication Technologies (NICTS) can help to reduce the financial exclusion gap by not only allowing more important access to the financial system, but also by promoting the availability of innovative financial products adapted to the everyday reality of families living in isolated communities, and for whom the level of service is insufficient.

For the Central Bank of Haiti
Georgette Jean-Loui
Director General

1 Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar and Jake Hess. 2018

2 <http://databank.worldbank.org/data/reports.aspx?source=global-financial-inclusion>

SUMMARY

With the Maya Declaration of 2011, we opted for the use of technological tools in SFD. To this end, new business models have been created, which allow more people not in the banking system to be able to carry out financial transactions. This is focused on developing a series of mechanisms and means to facilitate access to credit, savings and other financial services.

These technological innovations also enable the provision of more attractive and faster banking, and financial services through a multitude of programs and applications. This is how it is possible to collect secure and reliable data to measure the state of financial inclusion, establish new objectives, identify obstacles, develop effective policies, and conduct monitoring and the evaluation of policy impacts.

At the international level, these digital initiatives are gaining momentum. In 2017, the number of registered mobile money accounts increased by 24.6%, the volume of mobile money transactions increased by 24.8% and the value of transactions using mobile money in US dollars was 21.3 percent. The number of mobile money accounts registered worldwide has multiplied by a factor of five, increasing from US\$150 million to \$700³ million between 2012 and 2017.

When the BRH launched the NFIS in 2014, access to financial products and services was scarce compared to other economies in the region. The strategy has been adapted to the needs of the Haitian population and structured around credit, financial services of convenience, education, consumer protection, and the strengthening of financial institutions, as well as support infrastructure. The objectives developed from this strategy aim to optimize the capacity of the population to generate income in order to improve quality of life, promoting economic growth and individual empowerment. The said objectives were identified and some are in the process of implementation.

In parallel, the BRH implemented modernization works for the payments system by means of the creation of a “national switch”: the PRONAP, in 2007. Transactions made with existing payment methods, such as debit cards, prepaid cards, credit cards, cell phones, among others, was processed through the PRONAP. Likewise, the BRH initiated a process of continuous adaptation to the regulations applicable to the new technological tendencies, within the framework of the SFD. However, the low rate of financial literacy remains a significant obstacle to overcome, in order for SFD to drive financial inclusion in Haiti. Consumer protection and financial education are challenges to be faced in order to build confidence in financial products and services.

CONTEXTUAL ELEMENTS

THE CENTRAL BANK OF HAITI (BRH) INNOVATES ON PAYMENT SYSTEM ISSUES

Digital Financial Services (SFD) in Haiti dates back to at least 1996, with the introduction of Visa and Mastercard credit cards into the market. As part of the modernization of the payments system in the country, the BRH launched a project called the National Payments Processor (PRONAP) in 2007. This project allowed the bank to establish a “Real-time Gross settlement system” (RTGS), known as the Haitian Interbank payment system (SPIH). The SPIH allowed electronic funds transactions to be carried out between all banks, in order to facilitate customer access to electronic payment services at affordable rates.

THE CELL PHONE: A NEW PAYMENT METHOD IN HAITI

In Haiti, the cell phone market is led by two operators: Digicel and Natcom. These two operators have more than six million SIM cards in circulation and more than four million subscribers. Therefore, according to estimates, the penetration rate is 62.5% of the population, with 42% subscribers. This market represents a great opportunity for financial inclusion, considering only 32% of the population has a bank account.

Until 1996, credit card transactions in Haiti were executed through the Visa and MasterCard networks and complied with the international standards that they established. Debit cards issued by local commercial banks only allow transactions in local currency. Their operation is governed by modalities established by the issuing banks, in accordance with the prudential rules established by the BRH. However, the financial transactions processed through the SPIH can be made in different currencies, and the costs are pre-established by the BRH.⁴

With the exception of these initiatives, SFD is not very common in Haiti. However, after the earthquake of 2010, the panorama changed. The phone became the new medium used for certain authorized financial transactions.

THE NEW ACTORS

Following the January 2010 earthquake, the Bill & Melinda Gates Foundation, in partnership with the United States Agency for International Development (USAID), launched the Haitian Mobile Money Initiative (HMMI) in June 2010 in English, with the aim of improving access to financial services through mobile money. Administered by the USAID-funded integrated “value chains and entrepreneurship” project of Haiti (HIFIVE), HMMI offered incentives to different organizations to develop mobile money services and granted subsidies to overcome obstacles in the implementation of mobile payment systems.

³ GSMA report, 2018

⁴ Source: BRH

Seven months after the launch of HMMI, two mobile service providers, Digicel and Voilà, offered services that allow customers to use their cell phones as “mobile wallets” to send and receive money, pay their purchases and receive remittances in their cell phones.

LEGISLATION IN FORCE

The introduction of new information and communication technologies in SFD has a clear impact on the development of financial services. New business models have been created to allow more unbanked people to make financial transactions. However, to ensure the proper functioning of these models, a legal framework must be established. The regulation on SFD in Haiti is based on provisions scattered through some of the following laws:

- > Guidelines relating to Online banking, September 2010;
- > Additional note to the guidelines concerning online banking, February 2011;
- > Law on banks and other financial institutions, May 14, 2012;
- > Electronic Exchange Act of 17 March 2017;
- > Law on electronic signatures of March 17, 2017;
- > Circular Letter 101-3 of August 11, 2017;
- > Circular Letter 109 of April 3, 2017.

These provisions aim to regulate the functioning of the issuing instruments of payments in an appropriate manner. They also make it possible to ensure that e-money transactions comply with the current regulations, especially with regards to the fight against the laundering of assets and financing of terrorism, as well as consumer protection. These protections extend to all retail financial services and products, regardless of the type of borrower or supplier of products.

The first principles of the regulation on SFD are included in the guidelines published in September 2010 and supplemented by additional notes in October 2011.⁵ In 2012, a new law on the functioning of financial institutions was passed. This law contains articles on banks and other financial institutions (articles 72 to 77, article 83 and article 198 on electronic access to financial services). The new law provides for electronic access to financial services.

The laws on electronic signatures, electronic exchanges and electronic transactions were approved and a legal framework for these activities was established at the beginning of 2017. In the same year, the BRH adopted a law about the dissemination and publication of interest rates, fees, costs, commissions and interest charged to customers, for all products and services provided and/or offered to customers or in connection with any transactions made for customers.

OPTIONS ARE GEARED TOWARDS A BANK-LED MODEL

In accordance with the laws enforced,⁶ which authorize the transactions of “online bank accounts”, the BRH proposed the bank-Led model. This model allows banks to create alliances with mobile network operators in order to provide SFD.

Under this regulation, financial institutions are authorized to provide “online banking” services outside traditional branches through non-banking agents. Therefore, such financial institutions are legally responsible for the actions or omissions of these agents offering financial services. Financial institutions primarily support the BRH, to oversee the non-bank agent networks that are created.

STRATEGIC FINANCIAL TRANSACTIONS ARE AUTHORIZED

In the context of the development of online banking and in accordance with the established legal provisions, the following transactions are authorized:

- > Mini-wallet with a maximum amount of 4,000.00 HTG (approximately \$62.00 USD with an exchange rate of 65⁷ Gourdes for \$1);
- > Full wallet with an initial maximum amount of 10,000.00 HTG (approximately \$153.00 USD, with an exchange rate of 65 gourdes for \$1);
- > Maximum deposit balance per individual account: 10,000.00 HTG (approximately \$220.00 USD, with an exchange rate of 65 gourdes for \$1);
- > Maximum amount for daily debit transaction: 10,000.00 HTG (approximately \$153.00 USD, with an exchange rate of 65 gourdes for \$1);
- > The cumulative monthly transaction cannot exceed 60,000.00 HTG (approximately \$923.00 USD with an exchange rate of 65 gourdes for \$1).

It should be noted that the legal provisions, the definition of the model and the presence of agents are appropriate, especially in rural areas and even in urban areas, for the distribution of convenient services.

5 CA/# 21-2010; [Http://www.brh.ht/circulaires/ld_01.pdf](http://www.brh.ht/circulaires/ld_01.pdf)

6 Decree of November 14, 1980 regulating the functioning of banks and banking activities in the territory of the Republic of Haiti. This decree, enforced from 1980, only allows banks to receive deposits made by the public.

7 Exchange rate as of June 19, 2018.

THE DEVELOPMENT OF DIGITAL FINANCIAL SERVICES IN HAITI: THE MAIN ACHIEVEMENTS

The Republic of Haiti became a member of the AFI, through the BRH, in 2011. By subscribing to the Maya commitments, the country also pledged to provide an environment conducive to the use of new information technologies, in order to facilitate better access to formal financial services and strengthen the inclusion, mainly for those in the Haitian population that are marginalized or chronically excluded, in particular from rural areas, agricultural communities, and day laborers and employees who operate in the formal or semiformal economy.

THE BRH PROVIDES A FRAMEWORK FOR DIGITAL FINANCIAL SERVICES IN HAITI

The principles concerning digital payment services in Haiti are not defined by a specific legal framework on payment systems, or by the legislation of financial institutions. The laws governing these issues are contained within a set of texts adopted in accordance with the evolution of economic activities, as explained in part 1.2 of this document.

All the provisions are intended not only to facilitate the transactions carried out by the SFD, but also to:

- > Promote financial inclusion;
- > Ensure that online banking services are provided by regulated financial institutions (the latter are allowed to use non-banking agents for the distribution of services);
- > Ensure that mobile banking transactions comply with existing laws, regulations and regulations in the fight against the laundering of assets and the financing of terrorism;
- > Promote competition and ensure consumer protection.

The aforementioned legal provisions have made it possible to move towards a clear and precise option for the provision of SFD in Haiti.

NEW PARTNERSHIPS FOR FINANCIAL INCLUSION

The financial incentives program for the development of SFD of the HMMI/USAID project in Haiti was the starting point on the road to financial inclusion through the use of new information technologies. To meet the HMMI/USAID offer and due to the business model requirements (“Bank-Led Model”) proposed by the BRH for the distribution of these Digital Financial Services, Digicel through its Tcho Tcho Mobile service, developed an alliance with Scotiabank and won first place, “First to Market Award,” and as

prize, \$2.5 million dollars from HMMI, in January 2011. The company Comcel-Voilà,⁸ in association with Unibank through its T-cash service, won second place, “second to Market Award,” and received the sum of \$1.5 million US dollars in August 2011.⁹

The initial results of these efforts were impressive; more than 800,000 mobile money users were registered during the first two years of implementation.

Initially, the experience created a snowball effect that was replicated by several development organizations. Non-governmental organizations, such as the Catholic Relief Services, Mercy Corps, Concern International, Oxfam and HelpAge International used the method of transferring money via cell phones in order to facilitate the payment of beneficiaries of Cash for Work programs before the earthquake.

THE MOBILE WALLET AS AN ALTERNATIVE TO CASH

Although the results did not meet the expectations, the regulation introduced by the BRH to facilitate SFD managed to change the outlook and promote dialogue on mobile money and electronic payments in Haiti. Haitian commercial banks, popular funds and microfinance institutions (MFIs) defined strategies to better penetrate the market with SFD. Meanwhile, new mobile money providers entered the market aided by the foundations established by HMMI.

E-WALLET AND PERFORMANCE INDICATORS

In January 2012, the non-governmental organizations listed above disbursed about \$6,000,000.00 US dollars to more than 2,400 beneficiaries.¹⁰ The cell phone was used for these transfers.

Digicel’s MonCash mobile wallet replaced the Tcho Tcho Mobile product in July 2015. MonCash was launched together with a financial literacy program with the help of 500 to 600 trainers. These trainers made door-to-door visits to potential clients to explain how MonCash works.

Currently, through MonCash, customers can perform multiple transactions, such as cash-in, cash-out, P2P, payment services (EDH, NuTV,¹¹ among others) and mass disbursements (CRS, WFP, etc.). The following chart shows the evolution of the MonCash portfolio of clients over the last 2 years.

Since 2017, with the withdrawal of Scotiabank’s activities in Haiti, Digicel’s MonCash service is offered in partnership with Sogebank. As shown in Figure 1 above, the number of MonCash customers increased from 674 in March 2016, to 875 in March 2018, representing an increase of 30% for the period. The evolution of the number of transactions processed for this period in the last 4 years is reflected in the preceding graph. During the same period, the transaction volume increased by 28% and the value of the transactions by 35 percent.

8 Company purchased later by Digicel

9 Gates foundation and Dalberg, 2012.

10 Gates foundation and Dalberg, 2012.

11 First digital terrestrial television in Haiti

THE EVOLUTION OF THE DIGITAL MARKET IN FIGURES

The use of digital technology in Haiti dates back to the year 1996, with the introduction of the first international credit cards from the foreign companies, Visa and Mastercard, as shown in the graphic below. After the launch of the SPIH in 2007, the Haitian financial sector launched a debit card on the market in 2008.

In June 2010, Digicel and Comcel/Voila launched, respectively, the Tcho Tcho electronic wallet and T cash. In March 2012, Digicel acquired Comcel-Voilà, and T-Cash merged with Tcho Tcho Mobile.

In June 2013, the National Credit Bank, in partnership with a mobile payment service provider, Haiti Pay, launched Lajan Cash.

In May 2012, the Haitian Government implemented the program “Timanman Cheri” (my dear mother) for the disadvantaged mothers, so that they could receive money, through Tcho Tcho Mobile, to pay for their children’s schooling.

In October 2013, Le LeVier, a federation of Credit Unions, introduced in partnership with BOOM Financial INC., a new digital financial product called: “Boom” focused on expanding financial inclusion, particularly for immigrant and unbanked families. This program didn’t last long and was suspended in 2015.

FIGURE 1: EVOLUTION OF DIGITAL TRANSACTIONS IN HAITI

The graphic below shows the development of the digital market in Haiti.



To date, MonCash has more than 900,000 customers. In March 2018, MonCash had 2,200 active agents and carried out 7.1 million transactions, totaling 44 million US dollars. This growth is due to the improvements made in the Tcho Tcho mobile model, as the alignment of agents' rewards in performance issues, liquidity and price decline to improve product utilization.

In May 2013, a new competitor appeared in the market with the arrival of Lajaon Cash in the digital financial market. The new e-wallet is a product of the National Credit Bank (BNC), in association with the French company Tagattitude,¹⁴ with HAITI PAY being the representative for Haiti. HAITI PAY manages a version of the TagPay platform based in France. The product Lajaon Cash can be used from the platforms of the 2 operators: Digicel and Natcom. Initially, the target audience could pay for their purchases using Lajaon Cash in several supermarkets, including Delmas 2000, Giant Super Market, Compas Market, Epi D'Or, Extra market, Cosmetica, Olympic Market, Office Zone, Top Distribution, Janot Beauty Supply, among others. Today, this product is available at 39 BNC branches and provides services to more than 800,000 customers in the 10 departments of the country. In addition Lajaon Cash works with a network of 375 agents and 695 service points.

NEW DEBIT CARDS

There are two mobile wallet companies and two banks offering online banking services (ADB): "Sogelzi" and "Unibank tout kote".

The "Unibank tout kote" card, launched on the market in 2014 by Unibank, allows anyone, in any geographic region of Haiti, to open a bank account remotely and use a bankcard to perform transactions with non-bank correspondents.

The "Sogelzi" card, launched in 2015, is a savings account that allows the use of Sogebank branches, Sogexpress agencies and all Sogebank ATMs to carry out transactions and pay for purchases at business affiliated to the Sogecarte network.

The chart opposite indicates the number of transactions carried out via debit cards during the period between 2012 and 2016.

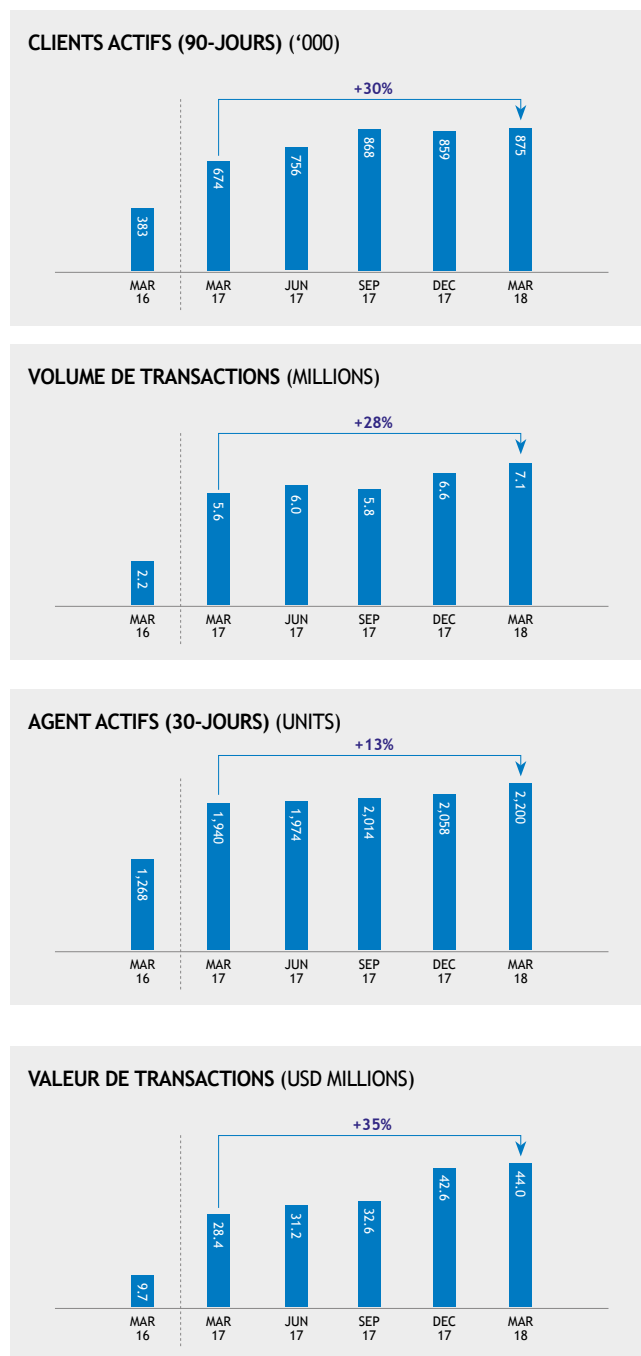
The number of open accounts increased from 92,119 in 2015, to 169,030 in 2016. With "Unibank tout kote" transactions can be carried out through 329 operating points, thanks a network of 1,107 merchants.

PANORAMA OF THE DIGITAL FINANCIAL POTENTIAL IN HAITI

Today, the financial landscape consists of seven commercial banks that service a total of two million customers; 52 financial cooperatives serve 912,806 members; and 132 microfinance institutions have 250,000 clients.

There are currently two mobile network operators (bank-led model with 2,797,990 users) in Haiti. According to these estimates, 25.7%¹⁵ of the population, estimated at 10,911,819 inhabitants, could be interested in the mobile banking service.

FIGURE 2: EVOLUTION OF MONCASH'S PORTFOLIO¹³



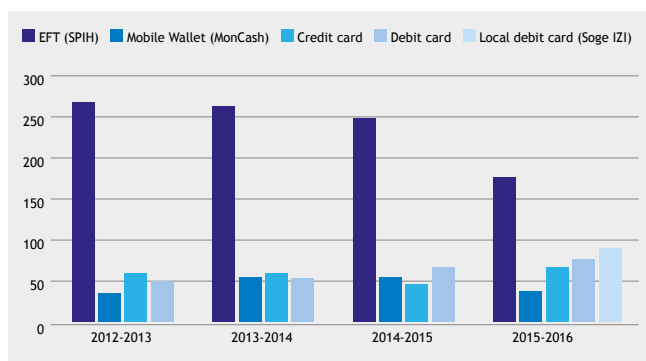
These figures show that there is great potential for SFD in Haiti. However, if the established legal framework has allowed the development of these services, in order to facilitate their expansion, the different actors must take into account the lessons learned in order to better understand the challenges facing the sector and propose appropriate solutions.

13 Source: Presentation «Inclusion Financière in Haiti - Stratégie MonCash» (Financial inclusion in Haiti-MonCash strategy), MonCash, April 2018

14 Fintech developed a platform called Tagpay of technological solutions that allows banks to offer financial services to unbanked people.

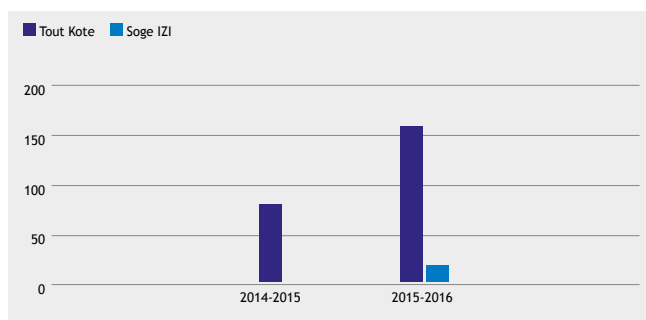
15 The population taken into account is 10,911,819 inhabitants, [Http:// ihsi.ht/produit_demo_soc.htm](http://ihsi.ht/produit_demo_soc.htm) June 18, 2018.

FIGURE 3: NUMBER OF DIGITAL TRANSACTIONS PROCESSED FOR THE 2012-2016 PERIOD ('000)



Source: BRH, monitoring report.

FIGURE 4: EVOLUTION OF PAYMENTS MADE WITH DEBIT CARD ('000)



Source: BRH, monitoring report.

TABLE 1: THE POTENTIAL OF INSTITUTIONS WORKING WITH DIGITAL ISSUES IN HAITI

BANKS	FINANCIAL COOPERATIVES	MICROFINANCE INSTITUTIONS (IMF)	MOBILE NETWORK OPERATORS (MNO)
7 Banks	52 cooperatives	132 Microfinance Institutions	2 MNO
Good technological infrastructure	Insufficient technological infrastructure	Insufficient technological infrastructure	Bank-Led Model
2 million customers	912,806 Members	250,000 customers	2,787,978 Users

Source: Come on, 2017

LESSONS LEARNED AND PERSPECTIVES

KEY FACTORS FOR THE DISSEMINATION OF DIGITAL FINANCIAL SERVICES (SFD) IN HAITI

The use of SFD in Haiti has been favored internationally; the January 2010 earthquake was the detonating element that caused Haitian financial services to include the e-wallet and, in particular, mobile money in its services.

The Haiti Mobile Money Initiative (HMMI) project, which aims to improve access to financial services through mobile cash, has aroused great interest. It was used after the earthquake of 2010 to facilitate the transfers of funds from the beneficiaries of the cash for work programs at the time.

Similarly, the socio-economic context of Haiti (a high rate of poverty, among others) and the high percentage of unbanked rural population represent new opportunities for mobile money services. Only 32.6% of the Haitian population has a bank account compared to 55.1% in the Latin American and Caribbean region (Global Findex, 2017). There is a big market and a strong demand for mobile money services in Haiti, although it is necessary to raise a set of limitations.

LIMITATIONS AND CHALLENGES FOR DIGITAL FINANCIAL SERVICES IN HAITI

A number of limitations have been identified for the development of SFD in Haiti.

INTEROPERABILITY AND INTERCONNECTION

The interoperability of the SFD of different suppliers and different types of SFD is not sufficiently efficient among the different providers of “online banking” services, the ATM network and non-banking agents.

Online Banking

The two “Online Banking” services available so far in Haiti are Lajaon Cash and MonCash. There is no interoperability between these products as they belong to different providers of “online banking” services in Haiti.

ATMs

At the moment, the largest banks in the country each have their own ATM network. The problem of interoperability arises between the banks’ ATMs for debit cards. With the completion of the pilot phase of the PRONAP project, the ATMs of the different banks will be interconnected.

Non-banking agents

Regardless of the transactions, there is no interoperability between the non-banking agents of the different vendors.

STRUCTURAL DEFICIENCIES

Coverage of the telecommunications network

The lack of good coverage in mobile network issues at the national level limits the distribution of SFD, which

currently covers only 55% of the national territory. Rural areas are the most affected by this problem.

Marketing issues

The distribution of SFD is limited by the lack of marketing on the part of the suppliers of these services. According to a survey carried out by members of financial cooperatives in July 2017, 65% of the population without a mobile Money account expressed a lack of understanding on the functioning of online bank accounts and indicated their lack of knowledge about online banking. This lack of knowledge does not contribute to the use of SFD.

Cultural problem

In Haiti, cash transactions are common. The lack of confidence towards the mobile operators has not allowed the cultural obstacles in relation to the use of cash to be overcome.

Financial education and Consumer protection

A good part of the population has not been able to benefit from a financial education. Moreover, the fact that there is no consumer protection authority means that confidence in the SFD has not been promoted.

RISKS

The SFD also generates some risks. While these risks are not specifically related to the Haitian market, it is important to keep them in mind.

Technological

There are risks associated with digital technology, such as the possibility of interruption of services and loss of data, including payment instructions.

Third party intervention

Transactions can also be affected by human interventions. Fraud can occur at the system level, without forgetting the risks of the non-implementation of the rules on the laundering of assets and the Financing of Terrorism (AML/CFT).

To mitigate these risks, the Haitian supervisory and regulatory regimes must be adjusted as the market develops.

LESSONS LEARNED AND PERSPECTIVES

LESSONS LEARNED

The development of the SFD requires a strong political will on the part of the actors involved. The strengthening of the institutional and normative framework for the development of the SFD in Haiti must be able to rely on this political will. Likewise, in order to be able to guarantee the interoperability between the different operators of SFD, it is necessary to promote a financial education and to develop the necessary infrastructure for the expansion of the SFD in Haiti.

As part of the implementation of the national Haitian Financial Inclusion strategy, a presidential Commission and a Technical Secretariat were planned to support the Commission, while the activities were being coordinated. By resolution of the Council, the Financial Inclusion unit

was created by, and as part of, the BRH. The creation of the Presidential Commission will take a little longer.

The development and expansion of SFD in Haiti require that existing regulations be amended. The regulation introduced by the BRH to facilitate SFD was able to change the outlook and promote dialogue on mobile money and electronic payments in Haiti. However, this regulation remains incomplete and the elaboration of more comprehensive standards and legislation on SFD issues remains a challenge for Haiti due to the number of different actors involved.

The lack of interoperability between the different mobile money operators is also another challenge for Haiti. Stronger political will is required to promote mobile money services in the country, in addition to greater cooperation between the different mobile money operators to meet this challenge.

Also, the poor state of infrastructure, such as the mobile Internet network, the electricity network and the road infrastructure, are obstacles to the expansion of the SFD, in particular to mobile money services. It is necessary to develop these infrastructures simultaneously for the expansion of mobile money services in Haiti.

PERSPECTIVES

It is clear that the development of the use of technological tools in finance will lead to an expansion of SFD. New business models have been created to allow more unbanked people to be able to perform financial transactions.

In Haiti, SFD are available, although access and use of these services remains limited. The various initiatives in the field of financial education and consumer protection should allow for greater use of such services. The definitive deployment of PRONAP by the BRH will help to solve some of the problems mentioned above.

The revision of certain circular letters and laws proposed by the BRH should allow for further development of the SFD. On the other hand, the next implementation of the payment monitoring system should also increase public confidence in the SFD.

The use of SFD is essential to promote financial inclusion, but this does not generate money. The Central Bank of Haiti should optimize the capacity of the population to generate funds in order to improve their quality of life.

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