



# Digital Financial Inclusion in Jamaica: Insights and Opportunities



World Food Programme

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## About the World Food Programme

Reaching nearly 150 million people in over 120 countries each year, the World Food Programme is the world's largest humanitarian organization saving lives in emergencies and using food assistance to build a pathway to peace, stability and prosperity, for people recovering from conflict, disasters and the impact of climate change.

WFP Caribbean works with national, regional and international partners to strengthen the region's resilience to the climate crisis, and other risks. WFP adopts a systems-focused approach as part of its capacity strengthening efforts through research and advocacy, digitalization, human resource development, south-south cooperation, and by investing in critical infrastructure and assets. WFP works with partners to provide direct assistance to populations impacted by shocks when events surpass national and regional capacities.

These investments place the most vulnerable people at the centre of efforts to minimize the combined impacts of climate, economic and other shocks on the Caribbean. WFP Caribbean's multi-country strategic plan supports 22 countries and territories across the English- and Dutch-speaking Caribbean through leveraging its expertise in vulnerability analysis and mapping; end-to-end supply chain management; shock-responsive social protection; food systems strengthening and climate risk financing.

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# Unlocking the Potential of Digital Payments for Social Protection in Jamaica

## I. Introduction

World Food Programme (WFP) support to the Government of Jamaica dates back to provision of school feeding programmes in the 1970s. Following the establishment WFP's multi-country office in the Caribbean in 2018, engagement has focused on strengthening social protection systems and preparing them to respond to shocks. WFP collaborated with the Ministry of Labour and Social Security (MLSS) in 2021-22 to implement a food assistance programme reaching nearly 41,000 vulnerable Jamaicans, followed by a programme that provided cash transfers to 26,000 beneficiaries who were not already part of the country's flagship social protection programme. Both programmes were designed to mitigate socioeconomic impacts of the COVID-19 pandemic.

The MLSS/WFP cash transfer programme piloted the first use of digital wallets by the government to deliver cash benefits, which provided significant scope for learning. The experience highlighted the importance of understanding how different payment delivery mechanisms, particularly digital options, might be used to reach the most vulnerable and in emergencies – including opportunities for using of digital financial services to advance financial inclusion. The speed of these solutions makes them of particular interest in how digital payments might be used to support people when shocks occur.

This research was launched to analyse enablers and barriers for digital financial inclusion through three dimensions: the demand for such services from individuals, the supply of digital and financial services from providers, and the overall digital and financial ecosystems. A team from the MLSS and the WFP consulted 103 participants in 13 focus group discussions and semi-structured interviews in four parishes across Jamaica. These discussions were held in Clarendon, Kingston and St Andrew, St Elizabeth, and St Mary. Key informant interviews were also held with representatives from the private sector, the Bank of Jamaica and other stakeholders. A digital readiness survey was disseminated to 510 micro, small, and medium-sized retailers to collect experiences from merchants across the island. A user journey workshop was conducted bringing together different stakeholders to explore social assistance payments and how beneficiaries navigate assistance - identifying obstacles to processes and proposing actionable solutions.

As this research is intended to enhance and optimise the delivery of social assistance and inform the use and implementation of digital payments, the demand-side analysis predominantly focused on beneficiaries of these programmes and of previous WFP assistance. The supply-side findings were informed the digital readiness survey and also informed by interviews with private sector entities. The ecosystem findings focus on efforts by the Bank of Jamaica and other stakeholders in creating an enabling environment for the success of digital payments and digital financial inclusion.

## II. Background

Since the early 2000s, there has been a steady increase in interest and appetite for digital financial solutions worldwide. Jamaica is no exception. This increase has been accelerated by the exigencies compelled by the COVID-19 pandemic and the rapidly advancing financial infrastructure in other parts of the world. The Jamaican government and financial institutions have been working to encourage the adoption of digital payments by implementing policies that promote financial literacy and by offering incentives to individuals and businesses that use digital payment methods.

As a result, there has been an increase in the number of individuals and businesses using digital payment platforms, including mobile payments, online banking and electronic payments. A few platforms were tested, but subsequently failed in Jamaica prior to the endorsement by the Bank of Jamaica (Jamaica's central bank) in 2022 of the Lynk digital wallet, and the introduction of the island's first digital currency, JAM-DEX. At least two banks and one telecommunications service provider have since declared plans to develop digital wallets, including one mobile wallet (a mobile wallet is a type of digital wallet that is solely based on mobile devices – including mobile phones or smart watches). These developments in the introduction of digital solutions enabled the MLSS and WFP to deliver cash transfers to vulnerable populations affected by COVID-19 via a new regional digital payments provider, WiPay.

As the world moves towards a more digital future, finding ways to take advantage of these opportunities to improve security, speed and convenience is crucial. The potential for cashless transactions that can be conducted with digital wallets makes them particularly relevant in Jamaica in heightened security challenges, following a series of robberies of armoured vehicles in several parishes.<sup>1</sup> While the adoption of these solutions has been lower than anticipated by the Bank of Jamaica,<sup>2</sup> there is tremendous potential for the use of the solutions to support efforts to develop more shock-responsive social protection systems and advance wider efforts towards a digital economy.

In Jamaica, opportunities exist to expand and improve accessibility, cost-effectiveness and timeliness of social protection programmes, which are implemented through paper-based processes and delivered through cheques at overburdened parish offices with some through bank and credit union transfers. Efforts to enhance systems require greater understanding of individuals' preferences around receiving and spending cash, as well as barriers or concerns in using different forms of payment. It is also important to take into account people's experiences and demand for digital products; levels of financial literacy and awareness; the availability and accessibility of technologies; and the regulatory, legal and institutional frameworks that support them.

While the advantages of widened use of such technologies are well recognized, it is critical that social protection programmes leave no one behind and that adoption of digital payments consider and do not

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<sup>1</sup> Jamaica Gleaner. "Gunmen attempt to rob Beryllium vehicle in St Elizabeth". April 5, 2023.

<sup>2</sup> Jamaica Gleaner. "Slow rollout of digital wallets, merchant acceptance hobbling Jam-Dex".

exacerbate existing vulnerabilities. Ensuring that users are placed at the centre of programme design is imperative when developing new pathways for payments and associated technologies.

### **Testing digital social assistance payments: Digital payments pilot during COVID-19 (2021)**

In 2021, WFP partnered with the Ministry of Labour and Social Security to launch a cash transfer programme designed to help mitigate the socioeconomic impacts of the COVID-19 pandemic. Cash transfers totalling USD \$940,000 were delivered to 26,000 beneficiaries not part of the government's social protection programmes. The payments were transferred in partnership with WiPay, the financial service provider identified by the government with technical support from WFP. This was the first time that the government had used a digital payment provider for a social protection grant or as part of an emergency response, which the MLSS was keen to pursue owing to the time required to issue cheques. The aim of using this digital tool in the MLSS and WFP COVID-19 cash assistance programme was to provide more efficient access to entitlements and to increase timeliness of payments while factoring in social distancing concerns.

While the payments were issued rapidly, some beneficiaries experienced challenges in redeeming their assistance, including information on accessing payments, inaccuracies in personal information, and difficulties accessing distribution points for persons in rural areas. Through positive collaboration among the MLSS, WFP and WiPay, adjustments were made to programme delivery, including the use of a dashboard to track distribution and redemption of cash and to problem-solve. This dashboard included real-time updates on uptake per location, which then facilitated swift decision-making in deploying mobile payment units in hard-to-reach communities. Furthermore, WiPay increased their network of agents from 25 in December 2021 to over one hundred by the end of the programme in April 2022. The availability and use of a WiPay mobile unit helped improve the speed at which redemptions were taking place and the ability to reach remote areas that might have been difficult for beneficiaries to cash-out otherwise. The speed at which new locations were established and mobile units deployed highlights the flexibility and responsiveness of the provider. Lessons learned from this experience were collected to inform future programmes and stimulated further discussions on strengthening the social protection system, and ultimately this research on harnessing the potential of digital payments for social protection in Jamaica.

Surveys in March 2022 during the pilot inquired on several issues, including account ownership, finding that 69 percent of people had some form of account - 10 percent owning a credit union account, 58 percent with a bank account, and 1 percent with a mobile money account (a similar survey in November 2021 found that only 51 percent of people had an account – the change could be due to changes in the sample or that some had opened accounts). When queried on the main benefits, 87 percent indicated improved food consumption and 37 percent indicated that they were better able to cover medical bills.



### III. Demand-side Findings: Listening to What People Say

The qualitative component of this research was key to understanding consumer behaviour and preferences related to digital payments, particularly among social protection beneficiaries and vulnerable populations who often have less access to formal financial systems. Topics covered included how people make a living, their largest expenditures, ability to save, access to and experiences with (digital) bank and credit union accounts; knowledge of digital mobile money wallets and financial literacy. Understanding how these topics differ for women, men, the elderly and people with disabilities, can provide valuable insights for the design of effective social protection programmes and payment solutions. By understanding the barriers and obstacles experienced by these populations, policymakers are better informed on options for digital solutions, and ultimately design more inclusive, accessible, and shock-responsive social protection systems.

According to the Global Findex Database, the number of people making payments through digital means has increased from 31 percent and 41 percent from women and men in 2014 to 39 percent and 42 percent respectively. Similarly, there has been an increase from 1 percent to 13 percent in owning a mobile money account for the same period. There were however modest reductions in the numbers of men and women reporting owning an account with a financial institution.<sup>3</sup> Some possible explanations for these trends in account ownership and preferences in making payments are highlighted below.

#### Economic status and vulnerability

Those consulted in focus groups face high levels of economic vulnerability, with many dependent on pension or low-earning jobs in the informal sector, including backyard farming and produce sales. These vulnerabilities were exacerbated by the rising costs of goods and services, including the cost of utility bills, medication, and school or childcare-related expenses. For seniors, healthcare costs were considered to be the heaviest financial burden. Participants struggle with the limited capacity to put aside regular savings and respond to unexpected expenses and events. Few participants indicated having savings for emergencies or “rainy day” savings, which are often depleted once an unexpected crisis occurs. For many, especially seniors, saving usually entails putting some cash aside at home. While community savings groups are common in other countries in the Caribbean (such as Dominica and St Lucia<sup>4</sup>), only few participants mentioned contributing to a “partner” (local savings group) and using the “draw” to support savings and capital investments. Reasons for the limitation in the use of “partner” include the inability by some persons to pay back, lack of formal regulations, and poor experiences with friends and neighbours.

*“With prices going up and salary staying the same or lower, you need to learn to do more with less.”- **Woman, 41, St***

<sup>3</sup> Global Findex Database: <https://www.worldbank.org/en/publication/globalindex>

<sup>4</sup> See publications from the World Food Programme: *Digital Financial Inclusion in Dominica: Insights and Recommendations from Focus Group Discussions and Interviews (2023)* and *Unlocking the Potential of Digital Payments for Social Protection in St Lucia (2023)*

There is nevertheless a strong sense of community and people feel able to depend on family, neighbours or their church in serious times of need. At the same time, there is a reluctance to ask for help and a fear of not being able to repay, particularly among seniors. Still, there is a clear preference for borrowing from friends, family, or neighbours compared to formal financial institutions.

## **Distrust of formal financial services and particularly digital services**

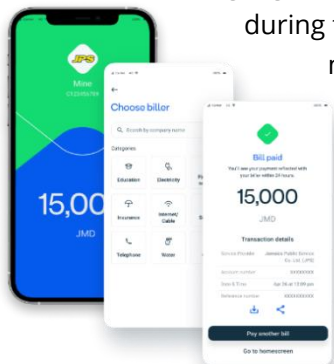
Participants expressed moderate and at times extreme distrust of financial services generally. Savings accounts with banks and credit unions are widely accepted, with most persons opening bank accounts to receive salary allotments or remittances from overseas. Money in these accounts is more likely to be accessed through by in person visits to the branch or ATM withdrawals instead of online or through other digital services. Several participants reported having negative experiences with banks, related to long wait times at banks and ATM machines, high fees and interest rates, and complicated systems and technology that were not user-friendly enough for older people. Experiences saving with credit unions appeared more positive.

*"It difficult to do business at bank, long waits, long lines, two hours to do one transaction, many of the elderly don't understand ATMs. Put one million in and try to get one million out, when get it back don't get one million, so what sense put money in a bank? They are taking from you. Banks are not customer friendly, it's all about their profits. Have to have a job, have to meet bank criteria, it make no sense to be there. Some people don't read well, difficult for people to reach the machine because they are ill, so caregiver needs to go to ATM, bank say that cardholder needs to be in the bank. Me don't know who to trust."* **Woman, 79, Clarendon**

The elimination of the "bank book" (paper records of transactions conducted on a bank account) was also an inconvenience reported by several bank clients not yet versed with digital processes, who find it harder than before to have oversight of their accounts. This phaseout further eroded trust in banks. Of the ninety-eight focus group participants, only four men and two women mentioned use of digital banking; half of whom were based in Kingston and St Andrew. ATM and branch coverage is a major inhibiting factor, especially for people living in rural areas, seniors, those who are ill, and people with mobility challenges. People lamented tedious processes and requirements for opening bank accounts, despite most possessing identity cards.

Further inconveniences were noted surrounding the cash of cheques issued for social protection assistance these included incurring fees for cashing a cheque formal financial institution, or in the case of utilizing an informal channel such as supermarket or pharmacy some retailers condition that part of the amount is spent at the shop itself.

While most persons have mobile phones (including smart phones), it was clear from focus group discussions that the distrust of financial services also translates to a distrust of emerging digital solutions, such as mobile wallets. Fear of fraud or being scammed is a major concern for people not using digital wallets, so much that some ignored text messages sent to collect assistance



during the COVID-19 cash assistance programme. While a few participants mentioned being aware of Lynk, a nascent digital wallet service based in Jamaica, only one respondent who reported using the application. Despite signing up for the service to conduct transactions in her shop, she has found that customers do not use the application, and she therefore only uses it to pay bills and purchase phone top ups. A major benefit, she indicated, has been the additional safety of transacting digitally, instead of being faced with the security threats experienced when dealing with cash.

## Clear generational gap in knowledge and use of digital financial products

For both men and women there was the clear age gap in knowledge of and use of digital financial products and services. Often elderly populations are helped by and sometimes dependent on younger persons, including children and close neighbours. Others are uncomfortable with seeking support and would prefer to keep the privacy of their finances to themselves, so they resort to mechanisms that they are familiar with.

A pensioner who lives with her husband, Susan is a longstanding bank account holder and was unfamiliar with the challenges faced by others when recently opening an account. She noted an interest in learning more about using technology as she is aware that the world is changing. She expressed some fear of being scammed with messages via mobile phone and raise the need for customer service representatives to be more caring in their responses and interactions. *“My husband teaches me. I have a granddaughter who will call and say, ‘Come Grandma this is what you do.’”*

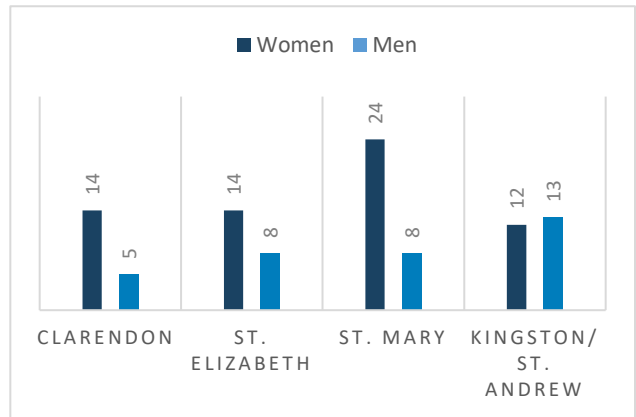
Generally, people expressed an openness to learning about new technology and digital payments. The same sentiment has been previously expressed in a monitoring survey conducted after the MLSS and WFP COVID-19 cash assistance programme with 56% of those surveyed willing to access future social protection payments through digital means. This willingness also transcended to the use digital means to pay bills and buy groceries with 57 percent and 53 percent respectively.<sup>5</sup>

Focus group participants were grateful for the opportunity to discuss topics related to digital financial products and would welcome the creation of safe spaces to raise be further informed about the topic, raise issues, and ask questions. Even if there are some barriers and apprehensions about using digital payments, it is important to have more tailored processes and outreach in place so that vulnerable groups have more potential to use such services given some of the potential benefits and interest to learn more.

<sup>5</sup> Link to PDM.

## Gender dynamics play a role in making financial decisions

The participation of men for focus groups was lower than that of women, which may have been influenced by social norms and pride that hinders many men from requesting support. Participants expressed that women were also often the one to collect social assistance benefits, even when assistance was provided for overall household welfare. Men and women both mentioned they had responsibilities related to childcare, though this appears to fall more on women.

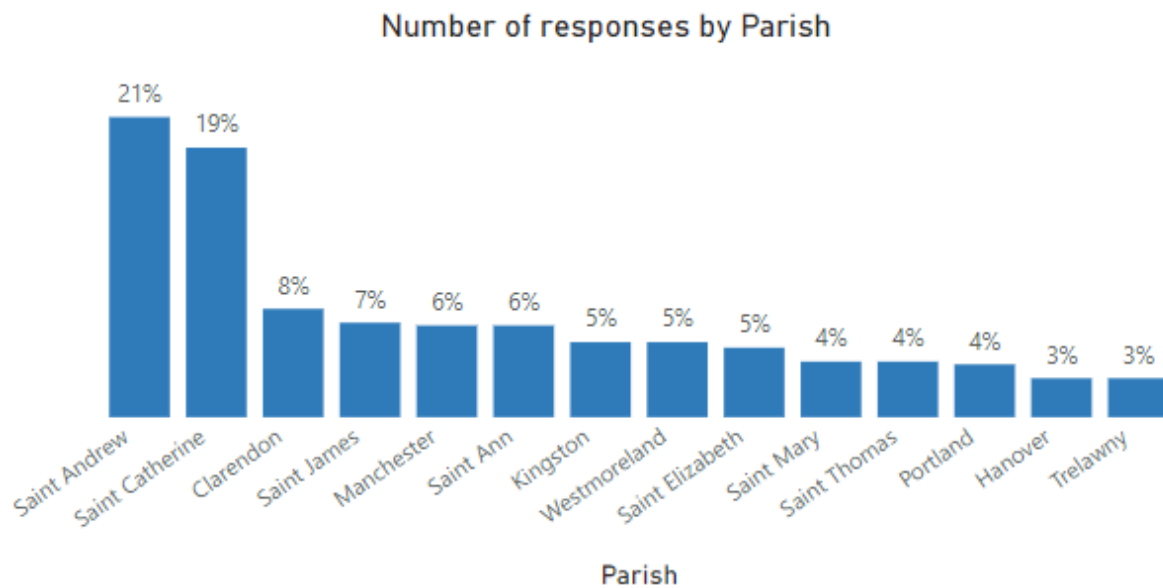


All of the women in focus groups indicated that they feel empowered to make their own financial decisions, which was contrary to findings across other countries where similar discussions have been convened. Men also expressed that women made financial decisions, with a few male participants in one focus group indicating that they regularly consult their partners for household financial decisions. Surveys by WFP conducted with beneficiaries of the COVID-19 cash support found that 47 percent of respondents indicated that women primarily made decisions on household expenditures, with 26 percent indicated that decisions were joint and 23 percent that they were made mainly by men. When it came to how the cash transfer was used, 57 percent of respondents indicated women made the decisions. Nevertheless, the Global Findex Database shows Jamaican women trailing behind men on indicators such as account ownership, owning a debit or credit card, borrowing money from a financial institution or friends, and capacity to come up with emergency funds within seven days.

## IV. Supply-side Findings

By carrying out day-to-day transactions through a range of payment options, retailers can create a more accessible environment for a range of digital financial services and contribute positively to the user experience. Identifying challenges and opportunities among vendors is critical to unlock the potential of digital payments in Jamaica. This section presents the main findings of a digital readiness survey aimed to better understand perceptions of retailers towards digital financial services, which WFP designed in collaboration with MLSS, the Planning Institute of Jamaica (PIOJ) and UNICEF.

The digital readiness survey was conducted in person from November to December 2022 with 510 retailers island-wide and gauged opinions and capacities on digital infrastructure, financial services, mobile/digital platforms, and security. Respondents were 59 percent women and 41 percent men, with the most retailers located in the most populous parishes of Saint Andrew (21 percent of respondents) and Saint Catherine (19 percent).

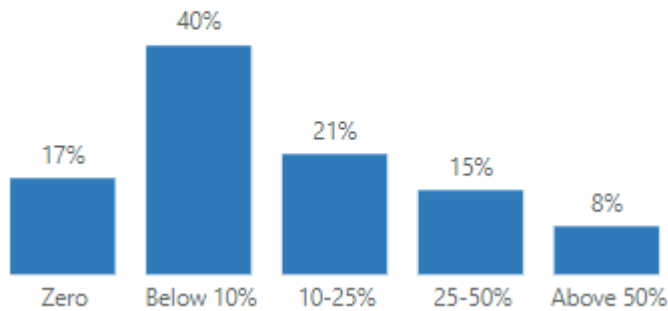


This survey was complemented by key informant interviews with some representatives from financial institutions, mobile network operators and digital payment solutions. These interviews largely were used to probe findings from initial desk research, the focus group discussions and the digital readiness survey and to inform the user journey workshop.

## Clear preference by retailers for cash compared to other forms of payments

The digital readiness survey found that retailers had limited knowledge and use of digital payments. Sixty percent of retailers indicated that people in their community do not use digital wallets, while another 34 percent did not know if people use digital wallets. Of retailers indicated that people in their community do not use digital wallets, while another 34 percent did not know if people use digital wallets. Among the retailers surveyed, only 10 percent accepted mobile payments for goods and services, of which 72 percent estimated that mobile payments accounted for 25 percent and less of overall monthly payments.

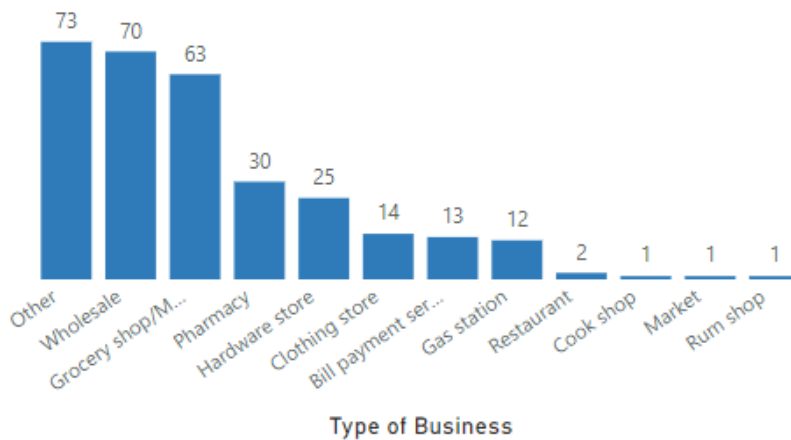
Percentage of monthly payments received through mobile payments as estimated by respondents



53 percent of businesses who accepted mobile payments only accepted one provider, with only 6 percent (n=5) businesses accepting payments from more than one provider.<sup>7</sup> NCB and Lynk were the most commonly used providers with 53 percent of respondents citing their usage.<sup>8</sup>

Other service providers less commonly used were Sagicor My Cash, Xoom and DigiWallet. 82 percent of businesses who accept mobile payments also accepted debit and/ or credit cards.

Type of businesses who accept credit/debit card payments



Larger retailers in the scope of the survey, such as pharmacies and grocery shops/ minimarts were more likely to have point of sale (POS) machines for card transactions, but other less formal retailers were far less likely to have these, mainly due to the costs of operating an POS machine. Retailers may be charged a number of fees including: (i) monthly rental fees when operating a device from a local financial institution; (ii)

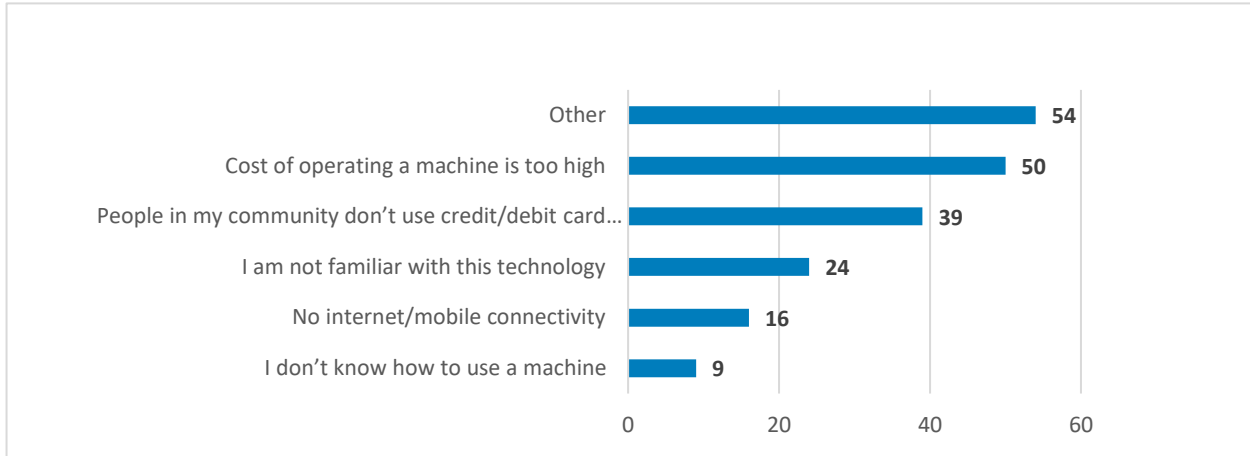
commission fees and taxes (typically a percentage of the transaction amount plus general consumption tax); (iii) monthly account charges; and (iv) the cost of installing and maintaining an internet connection.

<sup>7</sup> 39% responded 'other' provider used but did not specify.

<sup>8</sup> The category 'other' accounted for 41% of responses.



Other inhibiting factors were unfamiliarity with POS technology and the perception that their community does not use debit or credit cards. Interviewees also indicated that POS terminals are hard to come by and adoption is further disincentivised by the fees for the use of VISA/Mastercard networks. This increased cost of doing business is eventually passed on to consumers through an increase in the price of goods.

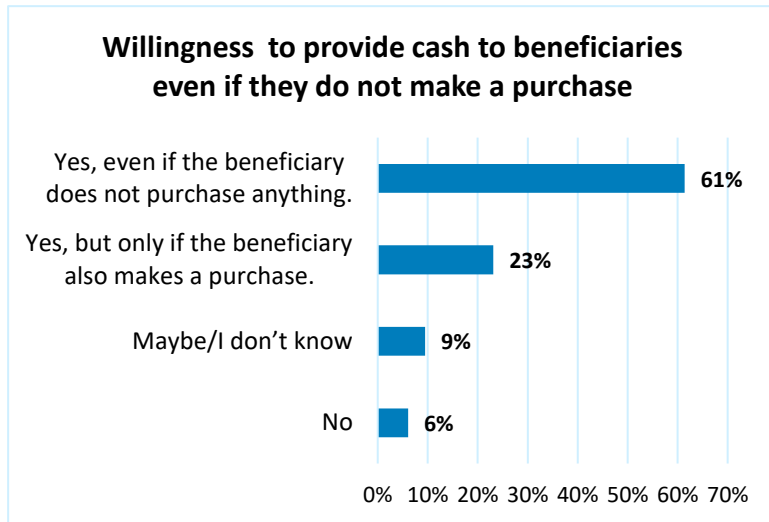


Interviews with key informants emphasized the knowledge gap in using digital payments as a hurdle to retailer adoption, stressing that targeted efforts are needed to improve the knowledge of merchants as much as that of consumers. Some perceive that there is a general misunderstanding of the digital payment space that hampers associations from advocating for a more inclusive and flexible regulatory environment. Improved communication is needed to facilitate adoption of digital payments. Some private sector informants acknowledged the trust issues with banks and digital financial products. They also expressed that gaps in financial and digital literacy increase risks of fraud or theft, when persons relying on others for help with digital financial transactions. For example, when digital payments are not inclusive in their access by persons with disabilities, these persons may be taken advantage of. Several initiatives and campaigns have been rolled out with online demos, scholarships, and in-person trainings to sensitize and familiarize clients to new features and technologies in the digital financial space. That said, many expressed more needs to be done to address the myths and fears that people may related to opening bank accounts and using digital products.

## Interest in providing cash withdrawal services to beneficiaries of social protection programmes

Fifty-two percent of retailers consulted stated an interest in providing cash withdrawal services to beneficiaries of social programmes, with a maximum amount of cash disbursement for per person or per day varying greatly. When probed about providing this service even if beneficiaries did not make a purchase at their business, 61 percent of retailers expressed willingness, while 23 percent indicated that they would only

provide cash withdrawal to beneficiaries who make purchases. Respondents showing willingness to provide cash withdrawal services were more likely to be the owner of the business or have indicated lower security concerns in their perspective areas, and/or typically sustained higher liquidity levels. This included those already in the cash withdrawal service industry (such as bill payment providers), gas stations, and pharmacies. It is worth noting that businesses in St Andrew showed the strongest objection to providing cash withdrawal services. This is likely related to higher level of security concerns in St Andrew (42 percent) relative to other parishes; and higher opportunity cost of adopting such services given that St Andrew has proportionally fewer businesses core activities that are tied to cash withdrawal services. When asked about the reasons for disinterest, interviewees shared concerns about space or crowd control, resource constraints, trust issues, lack of time, and security. Furthermore, forty-two percent of respondents perceived security as a concern for people cashing out at ATMs, money agents or banks in the community. The main concern was physical threats and/or robbery when trying to access cash, as reported by 80 percent of respondents.



## V. Ecosystem Findings

Jamaica's digital financial ecosystem is evolving with a vision to promote a digital economy and accelerate the adoption of digital payments. These ambitions have been accelerated by the impacts of the COVID-19 pandemic alongside a range of efforts undertaken principally by the Bank of Jamaica as well as other key stakeholders. The Bank of Jamaica retains supervisory and regulatory oversight of commercial banks and other licensed deposit-taking institutions in the country, and monitors compliance with all relevant legislation and regulations, including those related to digital payments.

The Bank has assessed the extent to which private sector players – most notably mobile wallet providers – are ready to provide digital wallet payment solutions in accordance with national regulations. Reduced Know Your Customer (KYC) requirements for digital wallets apply, making them more suitable for the underserved and unbanked. The Bank is therefore working with MLSS on piloting some of these solutions as part of MLSS national programmes.

In parallel, the Bank of Jamaica has invested its efforts in the enhancement of the legal and regulatory framework for payment providers through the Financial Inclusion Strategy; launch of BoJ's Regulatory Sandbox (and the launch of the Central Bank's Digital Currency JAM-DEX, with the stated intent to provide a safe and secure for the unbanked and underbanked to access financial services with KYC requirements. In the nascent digital wallet ecosystem, the Bank is discussion with various providers that could facilitate the use of JAM- in addition to Lynk (when one registers for a Lynk wallet they are automatically registered for a JAM-DEX wallet). The Bank is currently on developing the infrastructure and merchant network that uses DEX, while the Government continues to incentivize registration of merchants and customers to the platform, as well as use of the digital wallet.



Another key player in the sector is the Financial Services Commission. The Commission is responsible for supervising non-bank financial institutions such as insurance and pension service providers. The Commission is part of a broader group that plays a role in implementing various aspects of the government's financial inclusion agenda, including enhancing the delivery of (digital) products and services to underserved populations. The Ministry of Finance and the Public Service has oversight of the Financial Services Commission, and through the Financial Regulations Division (FRD) is responsible for development of the regulatory framework of the country's financial sector. Together, these institutions worth together to analyse financial sector issues and create an enabling environment for the wider adoption of digital payments.



In the wake of positive developments in the financial market infrastructure and the financial regulatory environment, major strides have been realized in building the public's trust in digital technologies. A significant challenge remains the incentivization of the financially excluded – meaning people who are unbanked, unserved, or underserved – to adopt digital payments. Products and services need to be developed that suit the needs of those excluded, while further developing the required infrastructure.

The Bank of Jamaica is tasked with driving the Financial Inclusion Strategy while ensuring that activities are implemented according to plan. A number of stakeholders have been working alongside the Bank to increase the uptake and adoption rate of digital payment products and services, though financial and digital literacy continues to be a major barrier. While smartphone penetration is not a significant barrier in Jamaica, there remains quite some work to convince potential users that phones can be safely used for managing finances. The Bank is embarking on efforts to advance people's financial literacy, in addition to exploring potential offline solutions to access these services, such as the use of unstructured supplementary service data (USSD) codes.<sup>9</sup>

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<sup>9</sup> USSD codes are sometimes referred to as "quick codes" or "feature codes." Such codes are a communications protocol used by GSM cellular telephones to communicate with a mobile network operator's system.

## VI. Conclusion and Recommendations

All components of this research demonstrate the potential of digital financial solutions to transform Jamaica's economy and promote financial inclusion. To fully realize these benefits, there needs to be a collective effort to address the challenges facing digital financial inclusion in Jamaica, and ensuring that no one is left behind in these developments. The recommendations generated through this research provide a roadmap for stakeholders to work together to create an enabling environment for digital financial inclusion, alongside utilization of digital technologies for social assistance. By leveraging digital technology and promoting financial inclusion, Jamaica can achieve its economic development goals and improve the lives of its citizens.

While the recommendations are mainly targeted at the government to consider for enhancement of access to and greater adoption of digital financial products and services, financial service providers have an important role to play, as do UN agencies.

**Support wider adoption of inclusive digital modalities for social protection payments in parishes where usage is noted to be higher than average:** Businesses in some parishes have taken the initiative to introduce digital payments to perhaps compensate for the absence of adequate financial service provider infrastructure (banks/ ATMs) in communities. This may present an opportunity for the Government to accelerate the use of digital modalities for social protection payments and further expand use in these parishes. The MLSS and WFP are planning to test digital cash payment options, which may provide an excellent use case for such efforts.

**Provide people with more choice for how to access their benefits, including a digital payment option:** Through its social protection programmes, MLSS has provided people with choice in terms of how beneficiaries elect to receive their entitlement (through cheques, bank transfers, credit union transfers). When people choose when and how to receive assistance based on access, privacy, good service, cost and user interfaces, gains are amplified for them, and for the whole of society. By onboarding additional (digital) financial service providers, the government can provide more choice in terms of the payment instrument and the company/provider through which people receive assistance.

**Amplify enabling efforts for the regulatory environment:** The government should accelerate its efforts to foster an enabling regulatory environment that encourages innovation while ensuring the safety and security of digital financial services for end users. Consideration should also be given to reducing the operating costs for point-of-sale machines with a view towards further developing the digital finance infrastructure.

**Further promote digital and financial literacy:** The Jamaican government should further invest in programmes that promote digital and financial literacy among its citizens, particularly in rural and underserved communities and in Downtown Kingston, where the largest number of unbanked individuals was recorded. In tandem with these efforts, government might develop separate initiatives for retailers on financial literacy and use of digital tools for relevant businesses to promote digital financial services while increasing uptake. The government may also consider training community champions to provide support within communities. Experienced users of specific digital financial

products and services could be incentivized and trained to support their communities. As community champions, this cadre could become a trusted source of support.

**Foster wider collaboration among stakeholders in implementing the National Financial Inclusion Strategy:** With a view towards implementation of the National Financial Inclusion Strategy led by the Bank of Jamaica as the coordinating agency, the government might consider increasing the involvement of financial institutions, mobile network operators, fintech companies, international and national organizations in implementing priority activities. For its part, the Ministry of Labour and Social Security – through its parish managers and staff – may be well placed to amplify facets of the national literacy programme by integrating advocacy, education and outreach efforts alongside interactions with recipients of PATH and other social assistance programmes.

**Maintain a dialogue with people assisted:** Providing beneficiaries of social assistance programmes with a platform and space to voice their needs, preferences and obstacles is crucial to building people's confidence and trust; and to debunk myths and dispel fears. Creating channels for two-way conversations through focus group discussions and other means can be mutually beneficial. Convening such discussions – and socializing findings among concerned audiences and entities – will also help government in understanding the views of the beneficiaries it is seeking to assist while improving service delivery where needed.

**Increase access to and drive targeted investments for digital infrastructure:** The government should invest in expanding the country's digital infrastructure, including continued improvement of broadband access and increase of the number of mobile phone towers. Regarding accessibility to cash-in cash-out services, government might target a range of businesses (and parishes) that show willingness to disburse social assistance payments, feature reliable internet connectivity and have requisite liquidity. The findings from the digital readiness survey can be utilized to direct policymakers and private sector to such retailers.

**Provide incentives for use of digital financial services:** The government could provide incentives to financial institutions and other service providers to offer digital financial services. This could include tax breaks or other incentives that would encourage investment in this area, including for greater deployment of point-of-sale machines.

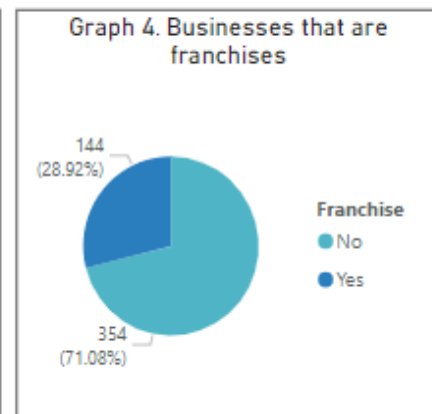
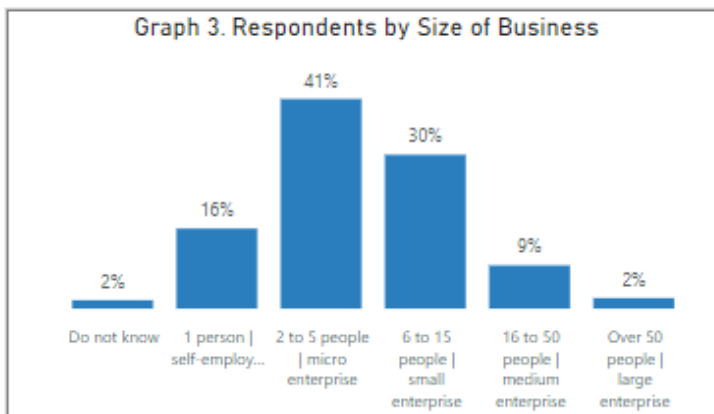
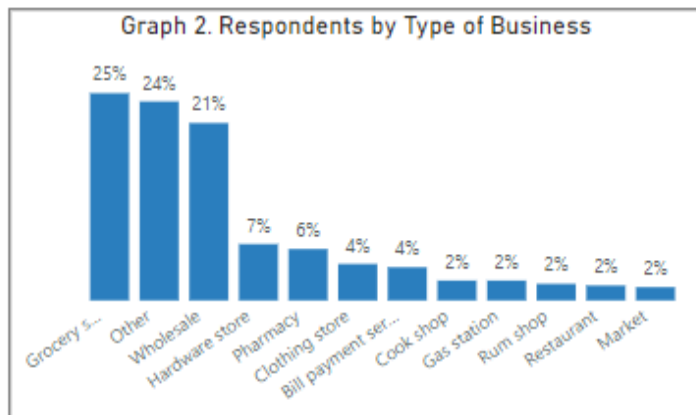
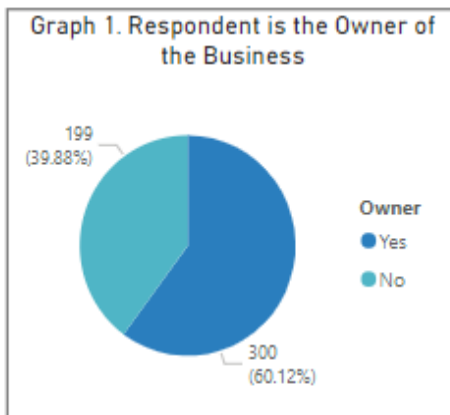
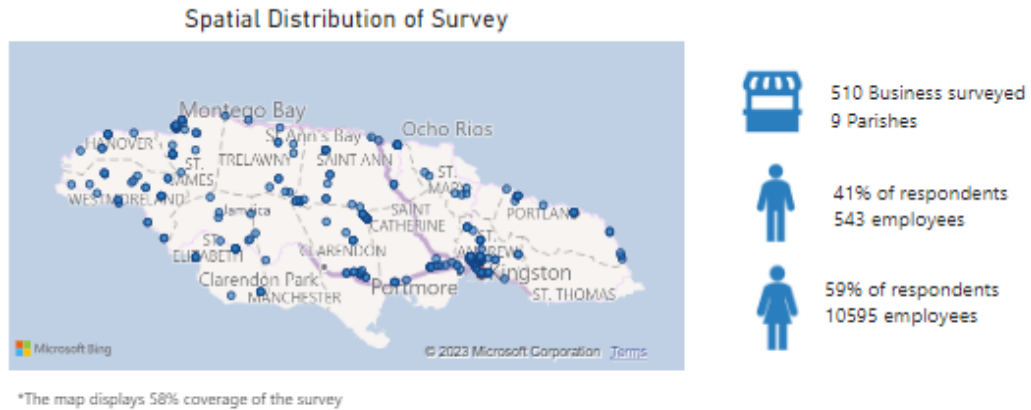
**Use evidence to inform social assistance programme design:** Ensure that relevant inputs garnered from focus group discussions and digital readiness survey are considered and integrated within future programming for social assistance programmes, particularly those with a cash component.

**Develop a strategy to promote the inclusion of children and young people and persons with disabilities into the digital economy.** With increasing access to the internet via mobile phones and computers, young people are more empowered to foster greater independence as they become productive citizens; engage in entrepreneurial activities; and are more amenable to developing digital literacy, skills and build a good digital footprint. There are also burgeoning opportunities within schools to increase the use of and access to financial systems to support daily transactions. Sensitization of Payment Service Providers to deploy inclusive payment products and services, coverage of



infrastructure and quality of the network of agents and the accessibility of payment mechanisms for persons with disabilities are all essential steps to ensure inclusion.

Respondents Profile



Banking services used by respondents and card payment services accepted by respondents.



60% of respondents accepted debit/credit card payments



86% of communities businesses had bank/credit union accounts

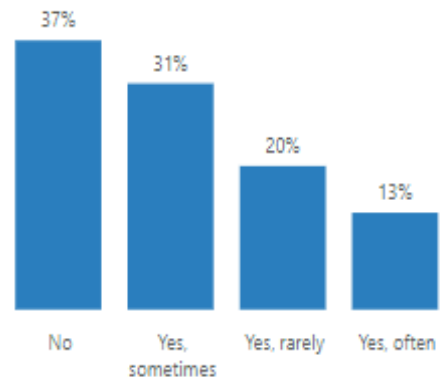
Reasons for no payments through bank cards

- Cost of operating a machine is too high
- I am not familiar with this technology
- I don't know how to use a machine
- No internet/mobile connectivity
- Other
- People in my community don't use credit/debit card payments
- Waiting for machine (application submitted)
- The process is difficult
- Plan to start in the future
- Not interested
- Machine not working at the moment
- Gives too many problems
- Does not own a machine
- Application was rejected based on the business operator's name
- All the above

Reasons for no bank account

- I am not familiar with the service
- I do not meet ID requirements
- I don't have enough money to keep in my account
- I don't trust banks
- I was refused the service
- Inconvenient hours
- Inconvenient locations
- Other

Graph 5. Businesses that do not accept bank card payments do customers request this service?



## Mobile Payment Usage



61% of communities had Banks available

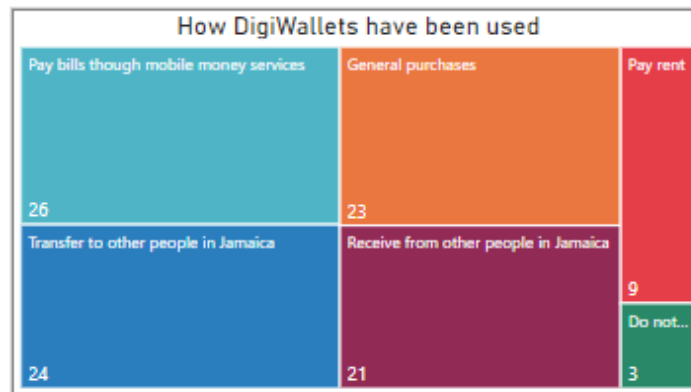
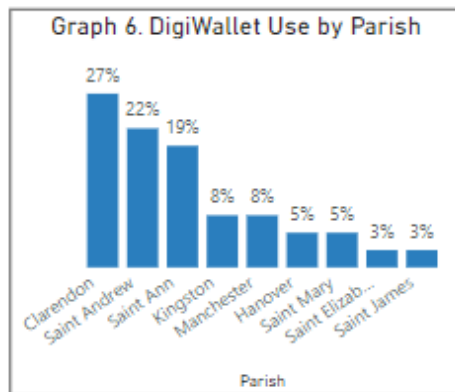


67% of communities had ATM's available



10% of respondents accepted mobile payments

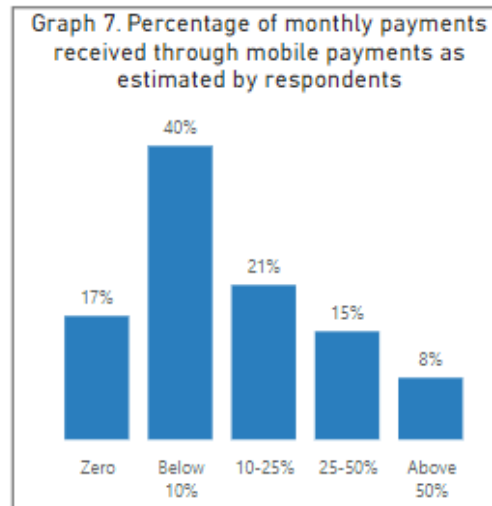
### Community Use of Mobile Payments



### Business Use of Mobile Payments

**Table 1. Mobile Payment Services accepted by respondents' businesses**

Parish	Xoom	Sagicor	MyCash	Lynk	NCB	Quisk	Other
Clarendon	0	0	1	1	1	2	
Hanover	0	1	2	2	1		
Kingston	0	1	0	1	1		
Manchester	0	0	0	1	0		
Portland	0	0	0	0	0	2	
Saint Andrew	0	2	3	1	4		
Saint Ann	0	0	1	1	2		
Saint Catherine	0	1	1	4	1		
Saint Elizabeth	0	1	2	2	4		
Saint James	1	0	0	2	2		
Saint Mary	0	0	0	0	2		
Trelawny	0	0	0	2	0		
<b>Total</b>	<b>1</b>	<b>6</b>	<b>10</b>	<b>17</b>	<b>21</b>		



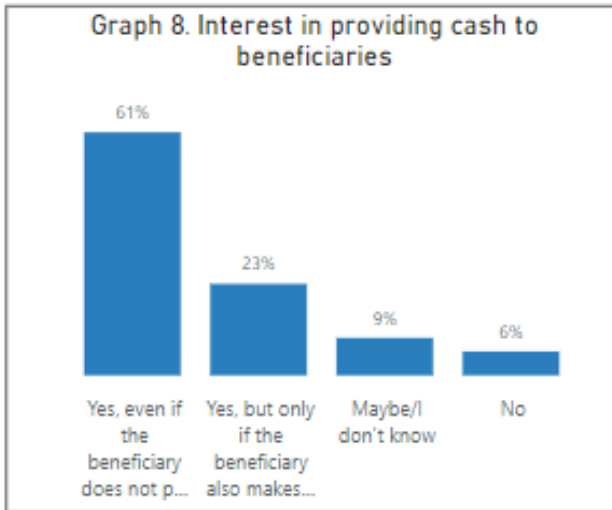
# Interest in providing cash withdrawal services to beneficiaries of social programmes



13% of respondents already offered some type of remittance services



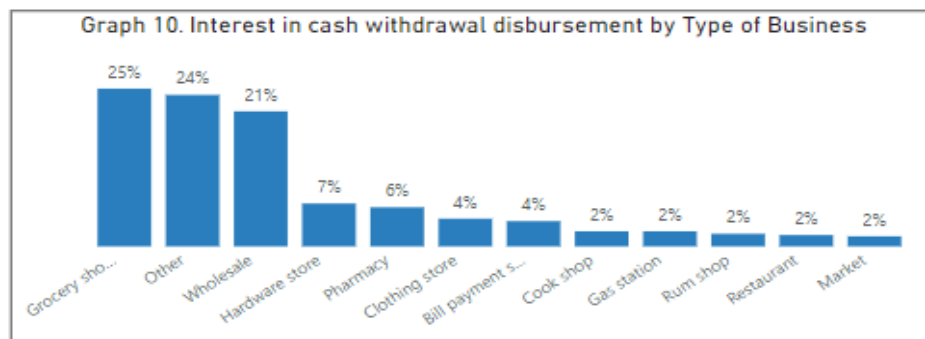
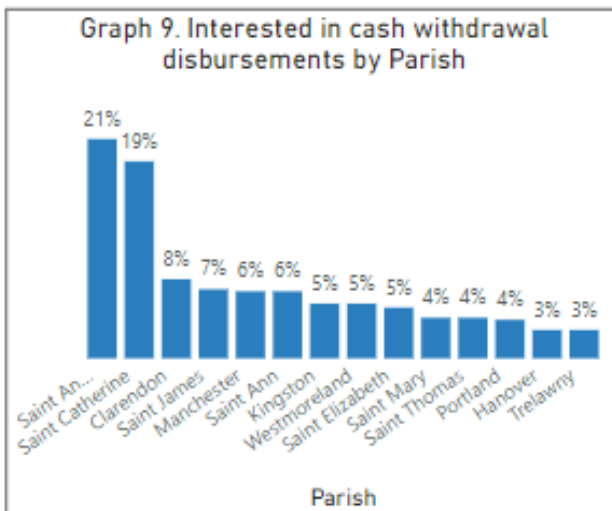
52% of respondents were interested in providing cash withdrawal services to beneficiaries of social programmes



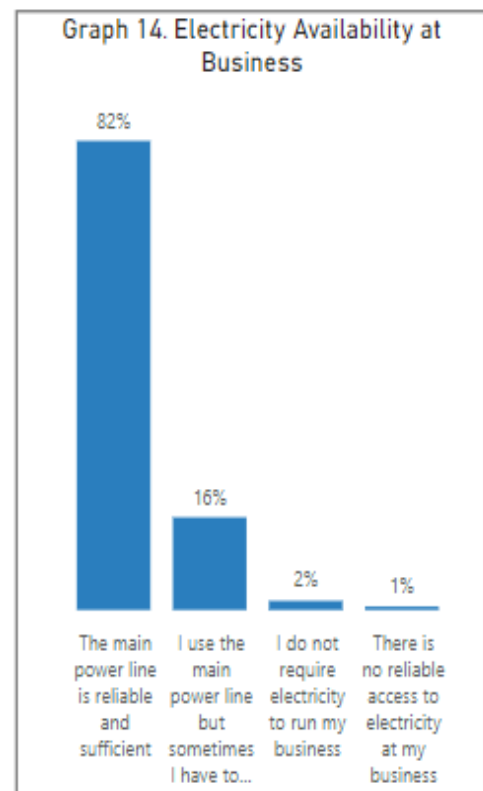
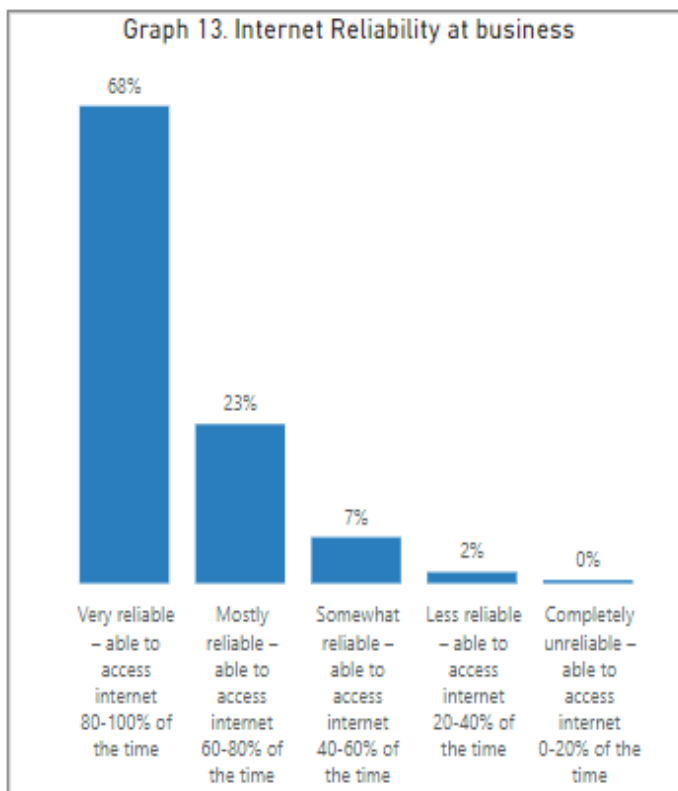
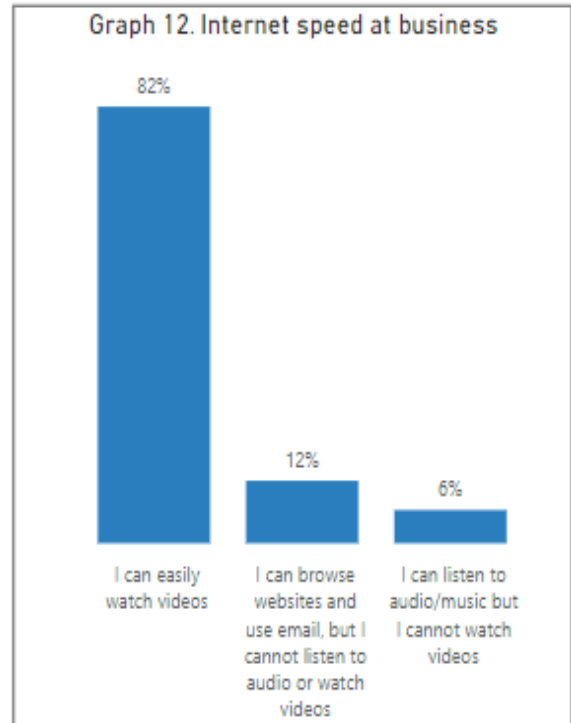
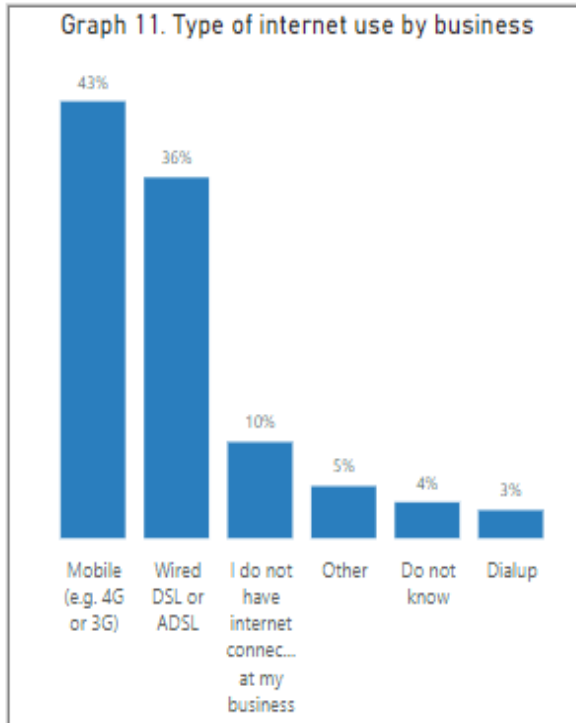
### Table 2. Reasons for disinterest

Reason for disinterest

- Crowd control
- Doesn't trust government
- Don't know how to do it
- Don't like to visit the bank
- Hygiene reasons
- I don't know
- Insufficient space
- Lack of resources
- Mainly because of where the business is located
- More threat to the business
- No account yet
- No money availability
- No reason
- No time
- Not beneficial to me
- Not interested at the moment
- Not relevant to our services
- Not stated
- Only handles cash
- Prefer not to say
- Relocating
- Sales people dont accept cheques or cards
- Security reasons
- Too complicated
- Too risky
- Would have to consult manager/board



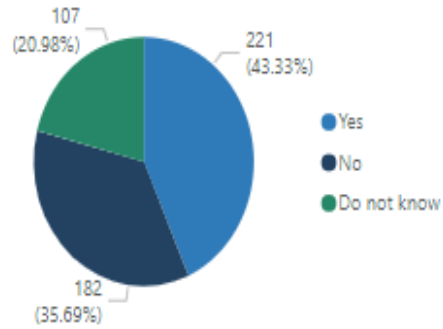
## Internet and Electricity Access





## Security Concerns around cash withdrawal services

**Graph 16. Security concerns for people cashing out at ATMs, money agents or banks in the community**

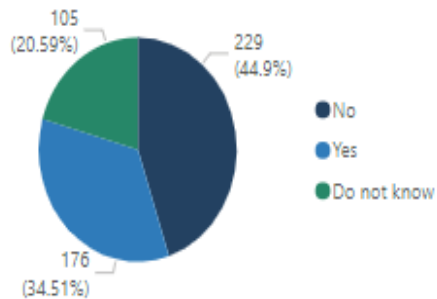


**199** Physical threats and/or robbery when trying to access cash

**43** "Skimming" where perpetrator captures the magnetic stripe and keypad information from ATM machines, gas pumps and retail and restaurant checkout devices for later use

**5** Other  
 With any atm machine withdrawal there is risks  
 Security is not enough  
 Once money us involved security is a big concern  
 Crime rate is high

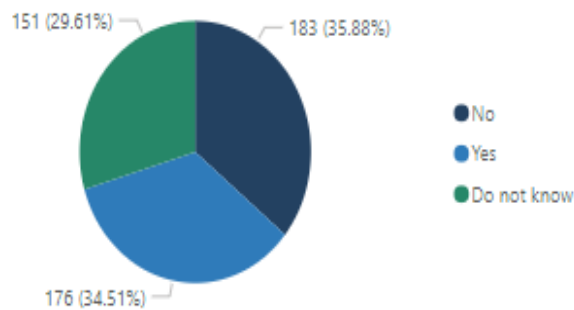
**Graph 17. Security concerns for people to cash out at local shops such as grocery shops, pharmacies, and fresh markets**



**172** Physical threats and/or robbery when trying to access cash

**5** Other  
 Anything concerning money you must have security concerns.  
 Environment not secure enough  
 It is base on the area that the business is located

**Graph 18. Security concerns for merchants cashing out users of digital financial services at local shops such as grocery shops, pharmacies, and fresh markets**



**122** Physical threats and/or robbery when trying to access cash





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