Haiti Summary

<table>
<thead>
<tr>
<th>Mobile Money readiness</th>
<th>3/4 (Good)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Mobile Money Solution</td>
<td>Tcho Tcho Mobile and T-Cash</td>
</tr>
<tr>
<td>Population</td>
<td>9.7 million (Low)</td>
</tr>
<tr>
<td>Mobile Penetration</td>
<td>39% (Low)</td>
</tr>
<tr>
<td>Banked Population</td>
<td>20% (Low)</td>
</tr>
<tr>
<td>Remittance % of GDP</td>
<td>20% (Very High)</td>
</tr>
<tr>
<td>Percent under poverty line</td>
<td>80% (Very High)</td>
</tr>
<tr>
<td>Economically Active population</td>
<td>36% (Low)</td>
</tr>
<tr>
<td>Adult Literacy</td>
<td>53% (Low)</td>
</tr>
<tr>
<td>Main banks</td>
<td>Sogebank, Unibank, BNC, BUH, Capital Bank, Citi, ScotiaBank</td>
</tr>
<tr>
<td>Mobile Network Operators</td>
<td>Digicel (30% market share), Voila (25.5%)</td>
</tr>
<tr>
<td>Ease of doing business</td>
<td>174th out of 183</td>
</tr>
</tbody>
</table>

Opportunities

Haiti is one of the most populated and poorest country in the Caribbean Region. The 2010 devastating earthquake has put into evidence the lack of a sound and wide banking system and infrastructure, available to the base of the pyramid. Since 2010, two mobile money solutions have aroused in the Haitian landscape and have showed unparallel subscribers growth: in less than 2 years, Haiti has registered more than 800,000 mobile money customers, close to 10% of the total population. Opportunities remain to turn registered customers into more active and on the other side, develop nationwide agent networks leveraging on existing infrastructure (remittance networks, MFIs, bank branches...).
• Macro-economic Overview

• Regulations
• Financial Sector
• Telecom Sector
• Distribution Channel
• Mobile Financial Services Landscape
Macro-Economic Overview

Key Country Statistics

- Population of 9,719,932 (May 2011, density 350.27 ppl/sqm)
- A very young population: median age is 21
- $11.53Bn GDP in 2010 (PPP)
- $1,200 GDP per capita (PPP)
- Population below the poverty line: 80% (2003)
- Rural population: 48% (3.9% urbanization rate 2010-2015)
- Literacy rate: 52.9%
- Banking penetration: 20%
- 3,870 million mobile phones as of Feb 2011
- Annual remittance represents nearly 20% of annual GDP

Insights

- One of the largest market in terms of size potential in the Caribbean
- Post earthquake flood of NGOs and capital reshaped Haitian economy with increasing demand for cash-for-work
- A large amount of the population is not covered by the financial banking system: strong need for a financial system that would better address the population in terms of geographical and service offering segmentation to expand financial instrument reach
- Twice as many mobile phone users compared to banked population makes the mobile a relevant channel to explore to expand reach of financial services. Partnership with one of the existing mobile money service is a serious option to consider
- Strong migration in particular to the US, Canada, France and the Dominican Republic make international transfer a market to consider

Sources: IOM world, Wikipedia, 2010 CIA WORLD FACTBOOK, GSMA
Banking infrastructure availability is poor in Haïti:

- Most of banking branches, ATMs and PoS are located in Port-au-Prince metropolitan area
- Infrastructure is almost inexistent in some remote areas
- The 2010 earthquake has significantly damaged banking infrastructure

Banking infrastructure reach is poor in Haiti; on the other side, the mobile market has showed strong dynamism over the past years

Sources: IOM world, tradingeconomics, 2010 CIA WORLD FACTBOOK, GSMA
• Macro-economic Overview

• Regulations
  • Financial Sector
  • Telecom Sector
  • Distribution Channel
  • Mobile Financial Services Landscape
Role: Ensure stability of the Haitian financial system, foster its development and efficiency

Banque République d’Haiti (BRH)

Role: Haitian Telecom Regulator

CONATEL

On September 2010, the Central Bank of Haiti (BRH) issued a guideline on branchless banking

The Central Bank promotes the use of bank-led models for mobile money in Haiti

MNO partners cannot independently brand new services but need to partner with a bank whose role is clear and visible to consumers

Other guidance from the regulator includes restrictions on m-wallets, merchants and agents

The recent introduction of mini-wallets (with lower KYC requirements and transaction limits) has created significantly more flexibility in customer acquisition

Financial Institutions need an approval from the BRH before launching a branchless banking project

Source: CGAP 2012, BRH
There is currently no specific legislation that governs electronic payments in Haiti. In the absence of this regulatory framework, the Central Bank guidelines for branchless banking have provided a framework for the development of services.

Agents are connected to the Bank
The Bank is responsible for regulatory reporting/compliance

Financial Institutions should make sure that the requirements in terms of AML and CFT are met by their agents:
- KYC requirements
- Transaction limits (daily, monthly, yearly) depending on client profile
- Maximum credit/debit balance limits
- Requirements in terms of technology security
- Financial institutions must comply with laws and rules governing AML and CFT

Momentum is building from industry and interested donors around revised legislation.
A set of proposed laws was elaborated by a Presidential Task Force in 2009 and is currently awaiting further review by the executive and the Parliament.

Agents remain bank agents
Agents are allowed to open accounts, deposit/withdraw funds, transfer funds
Requirements for agent recruitment make it difficult for small shops/retailers to qualify

The mini wallet has introduced a less stringent solution for mobile money providers to register new clients.
Customer Protection

- Financial Institutions must put in place procedures against fraud risks, confidentiality loss and unavailability of the services
- FI must be able to record clients complaints and customers should be able to verify the authenticity and identity of the agents

Payment System

- The principles of netting and settlements are applicable to the branchless banking activities
- Settlement are made by the BRH payment system: real time netting and settlement of all transactions, safeguard of transactions proofs and daily reconciliation

Interoperability

- PoS terminals, ATMs, switch payments, debit/credit/prepaid cards and mobile payment phones offered by financial institutions must be compatible with the BRH’s payment processor, interfaced with this platform and approved by the BRH prior to any deployment

Implications

- Due to the specificities of branchless banking activities it is expected a new agreement governing the relations between financial institutions and the Central Bank
- National switch to be put in place in Haiti
• Macro-economic Overview
• Regulations
• Financial Sector
• Telecom Sector
• Distribution Channel
• Mobile Financial Services Landscape
Financial Infrastructure

Facts:

- 1/3 of bank branches hit by the earthquake in the metropolitan region of Port-au-Prince
- Long queues at branches mainly for deposits and withdrawals operations
- Great number of NGOs flooded the country after the earthquake with extensive cash-for work programs and conditional cash transfers

<table>
<thead>
<tr>
<th>Banks</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Banks</td>
<td>12</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Branches</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ATMs</td>
<td>N/A</td>
</tr>
<tr>
<td>POS terminals</td>
<td>N/A</td>
</tr>
<tr>
<td>Credit cards</td>
<td>N/A</td>
</tr>
<tr>
<td>Debit cards</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Microfinance Institutions</th>
<th>196</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 20,000 customers</td>
<td>3</td>
</tr>
<tr>
<td>10,000 to 20,000 customers</td>
<td>1</td>
</tr>
</tbody>
</table>

Clearing and Settling

SPIH (Système de Paiements Interbancaires Haïtien)
- Ownership: Banque République d’Haiti (BRH)
- Participants: Financial Institutions registered at the BRH
- Real time settlement (HTG or USD)

Credit Bureaus

There are no Credit Bureaus in Haiti

Source: BRH, HiFive, Amarante Analysis
## Bank Snapshot

<table>
<thead>
<tr>
<th>Bank</th>
<th>Branches</th>
<th>ATMs</th>
<th>Deposit Accounts</th>
<th>Subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unibank</td>
<td>41 branches</td>
<td>6 ATMs</td>
<td>882,431</td>
<td>Several subsidiaries offering a large range of services (Unicarte, Unifinance, Unicrédit, Unitransfert, Micro Crédit National, UniAssurances, Fondation Unibank)</td>
</tr>
<tr>
<td>Sogebank</td>
<td>33 branches</td>
<td>24 ATMs</td>
<td>601,832</td>
<td>Several subsidiaries offering a large range of services (SogeXpress, Sogesol, Sogecarte, Sogebel, Sogefac, Fondation Sogebank)</td>
</tr>
<tr>
<td>BNC</td>
<td>23 branches</td>
<td></td>
<td>354,802</td>
<td></td>
</tr>
<tr>
<td>Capital Bank</td>
<td>21 branches</td>
<td></td>
<td>101,026</td>
<td>Several subsidiaries offering a large range of services (Capital Carte, Micro Credit Capital, Capital Transfert...)</td>
</tr>
<tr>
<td>BUH</td>
<td>14 branches</td>
<td></td>
<td>180,640</td>
<td></td>
</tr>
<tr>
<td>Scotiabank</td>
<td>4 branches</td>
<td>4 ATMs</td>
<td>22,161</td>
<td></td>
</tr>
<tr>
<td>BPH</td>
<td>N/A</td>
<td></td>
<td>21,613</td>
<td></td>
</tr>
</tbody>
</table>

Source: BRH, Dec 2011
### MFI Snapshot

<table>
<thead>
<tr>
<th>MFI</th>
<th>Active Borrowers</th>
<th>Total Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sogesol</td>
<td>21,642</td>
<td>US$ 17,137,711</td>
</tr>
<tr>
<td>MCN</td>
<td>7,784</td>
<td>US$ 14,057,623</td>
</tr>
<tr>
<td>ACME</td>
<td>21,906</td>
<td>US$ 13,642,791</td>
</tr>
<tr>
<td>Fonkoze Financial</td>
<td>35,332</td>
<td>US$ 2,695,054</td>
</tr>
<tr>
<td>Services (SFF)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fondespoir</td>
<td>4,921</td>
<td>US$ 1,467,378</td>
</tr>
<tr>
<td>FINCA - HTI</td>
<td>8,122</td>
<td>US$ 1,216,000</td>
</tr>
<tr>
<td>IDM</td>
<td>4,590</td>
<td>US$ 858,665</td>
</tr>
</tbody>
</table>

Source: Mixmarket, 2012
# Large Financial Flows

<table>
<thead>
<tr>
<th>Opportunity analysis summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bill payments</strong></td>
</tr>
<tr>
<td>N/A</td>
</tr>
<tr>
<td>• Inefficient bill payment system</td>
</tr>
<tr>
<td>• Opportunity to use agents and mobile money schemes</td>
</tr>
<tr>
<td><strong>P2P (domestic)</strong></td>
</tr>
<tr>
<td>US$ 964m</td>
</tr>
<tr>
<td>• Strong domestic migration to the Port-au-Prince area</td>
</tr>
<tr>
<td>• Strong opportunity for alternative payment methods vs. physical transportation of cash</td>
</tr>
<tr>
<td><strong>G2P / CCT / Cash for work</strong></td>
</tr>
<tr>
<td>US$ 50m</td>
</tr>
<tr>
<td>• Estimated US$ 6m in transfers to 24,000 beneficiaries through 6 NGO programs, US$ 5m in restricted cash grants to 19,000 beneficiaries</td>
</tr>
<tr>
<td>• Huge opportunity to ensure efficient disbursement of social benefits programs</td>
</tr>
<tr>
<td><strong>Payroll</strong></td>
</tr>
<tr>
<td>US$ 330m</td>
</tr>
<tr>
<td>• Large informal sector</td>
</tr>
<tr>
<td>• US$ 330m estimated salary paid in 2011 to 228,000 employees</td>
</tr>
<tr>
<td>• Opportunity to pay salaries electronically (vs. cash, bank cheque payment today)</td>
</tr>
<tr>
<td><strong>Remittances (international)</strong></td>
</tr>
<tr>
<td>US$ 1.4bn</td>
</tr>
<tr>
<td>• International remittances flowing mainly from USA, Canada, France, DR</td>
</tr>
<tr>
<td>• Strong Haitian diasporas abroad that remit money home</td>
</tr>
<tr>
<td><strong>Credit &amp; micro-finance</strong></td>
</tr>
<tr>
<td>US$ 17m</td>
</tr>
<tr>
<td>• Largest MFIs are bound to banks but remain relatively small; opportunity to leverage mobile money to disburse/collect more effectively microloans</td>
</tr>
<tr>
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</table>

Source: CALP Dalberg, Digicel, USAID
• Macro-economic Overview
• Regulations
• Financial Sector
• **Telecom Sector**
• Distribution Channel
• Mobile Financial Services Landscape
Mobile Network Operators

- **Digicel**
  - 2.5 M subs (Feb 2011)
  - 66% Market share
  - Scotiabank was the initial bank partner of Digicel for the launch of Tcho Tcho mobile

- **Voïla**
  - Trilogy International Partners
  - 1.2 M subs (Feb 2011)
  - 33% Market share
  - Unibank was the initial bank partner of Voïla for the launch of T-Cash

+ Natcom

**Note:** Digicel Group acquired Voïla in Haiti in March 2012 but the two companies will continue to be run separately.

Sources: Wikipedia, interviews with partners, Amarante Analysis
Key Learning:

- Despite a steady growth between 2005 and 2010, mobile penetration remains relatively low in Haiti compared to other Caribbean markets.
- Until recently and the purchase of Voila by Digicel, two players were dominating the market.
- Digicel in particular has demonstrated a strong dynamism positioning itself as the market leader, by far, despite entering the market only in 2005.
- Subscribers’ growth rate remains very high.

Sources: Companies websites
• Macro-economic Overview
• Regulations
• Financial Sector
• Telecom Sector

• Distribution Channel

• Mobile Financial Services Landscape
Distribution Landscape

- Informal economy is very strong in Haiti:
  - Most Haitian works in the informal economy
  - Street vendors flourish, especially in the urban areas

- Retail network is mainly composed by small retail shops and informal street retailers; there are few hypermarkets / supermarkets, most of them in the urban center of Port-au-Prince

- Airtime distribution is organized around
  - Super-agents (e.g. Alo Haiti is a Super agent of Digicel)
  - Small vendors that circulate through the streets and sell airtime (called direct-direct for Voila airtime vendors and pap padap for Digicel airtime vendors)
  - Airtime agents have been used by MNOs as MM agents partners

Source: MMU, Amarante Analysis
• Macro-economic Overview
• Regulations
• Financial Sector
• Telecom Sector
• Distribution Channel

• Mobile Financial Services Landscape
Current MFS Initiatives in Haiti

Joint Venture model
Service co-branded and co-distributed with the operator and/or the bank

Bank-led model
Mobile channel is only seen as an access channel (bearer) to banking services

Operator-led model
Service entirely distributed and managed by the operator under its own license and own brand

Operator-driven model
Service distributed and managed by the operator under a partnering bank’s license

Third-party led Model

Highlights

- In November 2010, Digicel launched TchoTcho mobile in partnership with Scotiabank and Yellow Pepper

- In December 2010, Voila announced the launch of T-Cash in partnership with Unibank. Voila will primarily target its 1M customer base and leverage Unibank’s channels as agents

- US DoS might consider an independent platform in Haiti for Reconstruction Fund

Regulatory barrier for non FI to issue accounts

Level of financial integration
MFS Implementations

### Tcho-Tcho mobile

- 518,000 Subscribers (Jan 2012)
- 920 cash in/out agents (Jan 2012)
- Partner bank: Scotiabank
  - Regulatory compliance, account opening
  - Agent management
- Services
  - Cash in/out
  - P2P transfer, airtime purchase
  - salary payment for NGO workers
- Operator model but with a partner bank (Scotia in Haiti) and open to a multi-bank model
- Ecosystem:
  - NGOs (Worldvision...), cash-for-work, employers...
- Tcho Tcho model:
  - Minimum deposit required
  - Information services charged
MFS Implementations

- 380,000 Subscribers (Jan 2012)
- Partner Bank: Unibank on a revenue share model 60/40
  - Regulatory compliance
  - Auditing and liquidity management of agents
- Services:
  - USSD interface
  - Cash in/out, P2P transfer
  - Merchant payment, Mini-wallet (*700#), payroll
- Ecosystem
  - NGOs, (Red Cross, Worldvision, MercyCorps...)
- Distribution
  - ~500 agents managed by Voilà (identification, recruitment, training)
  - Not using airtime agents
  - Several Tiers of agents (super agents, sub agents...)
- T-Cash model
  - Cost of transfers is free under 25 HTG
  - Free airtime incentive of 40 HTG
  - Revenue share with the bank
  - Focus on payroll clients
Cumulative Number of Mobile Money Registered Users by Months

Haiti has been the fastest growing mobile money market in the world

Source: HiFive
Haiti Accounts For 40% of The World’s Cash Disbursement Program Through Mobile Money

Mobile Money Platforms

- Pre-paid cards
- Smart cards
- Electronic vouchers delivered via mobile

Source: CALP, Dalberg analysis