

## Mobile money breakthrough predicted for Jamaica

An American economist is predicting that the introduction of mobile money services in Jamaica will find a ready market because of the scarcity of user-friendly financial services on the island.

The economist, Dr Dawn Elliott, made the forecast based on a survey which found that only a fraction of the Jamaican population has access to financial services, which limits their participation in the economy.

The revelation was made as she discussed the survey, commissioned by Solutions for Society, a think tank of the University of the West Indies.

The survey was completed in the middle of last year and launched at a conference in December.

Mobile money generally refers to payment services operated under financial regulation and performed from a mobile device. It allows users to pay for a wide range of goods and services with a mobile telephone instead of using cash, cheques or credit cards.

It also eliminates the need to visit banks or bill payment outlets to add to accounts, as well as the need to hold bank accounts.

Mobile financial services cover mobile banking, mobile remittances or money transfers and mobile payments.

The Solutions for Society survey shows that only 12 per cent of the Jamaican population owns the types of accounts which allow them to transfer money, write cheques or make credit card payments.

"Most Jamaican make payments using cash," said Dr Elliott, an Associate Professor in the Department of Economics at Texas Christian University.

"You have many folks outside of the system and those are the ones who have no payment access through account ownership," she added.

"They are not borrowing from the banks, they are not investing, they are not building assets, they are not building wealth, and their businesses stay in a survival mode," Dr Elliott said.

In addition, the survey shows that 33.65 per cent of the adult population do not own bank accounts, and therefore use cash or non-bank payment outlets at relatively high costs.

Moreover, almost 80 per cent of those who own a bank account cannot make payments easily or conveniently to support efficient commerce, as they do not own transaction accounts.

Dr Maurice McNaughton, director of the Centre of Excellence of the Mona School of Business and a member of Solutions for Society, told the conference that the use of mobile phones to conduct such transactions "has enormous macroeconomic potential," with implications for economic inclusion, as well as the efficiency of commerce.

Dr Elliot noted that financial institutions attracted deposits from more than two-thirds of the adult population, but those institutions have failed to redirect those deposits into borrowing and wealth generating activities or to support money-transfers on the island.

Wendell Smith, Assistant General Manager, Management Information Systems and Operations at Jamaica National Building Society said that by removing fixed agent and branch locations from the remittance system, "the costs for both domestic and international remittances will be reduced."