



# Future Adoption of a Digital Remittance Product

## Baseline Demand-Side Study on Digital Remittances in Jordan

Presented September 27, 2016

# Objectives

## To understand potential for future adoption of a digital remittance product

- Response to concept
  - Future market analysis (forecasting)
  - Behavioral segmentation (latent class analysis)
  - Qualitative response
- Barriers to adoption of a digital remittance product
- Enablers of adoption of a digital remittance product

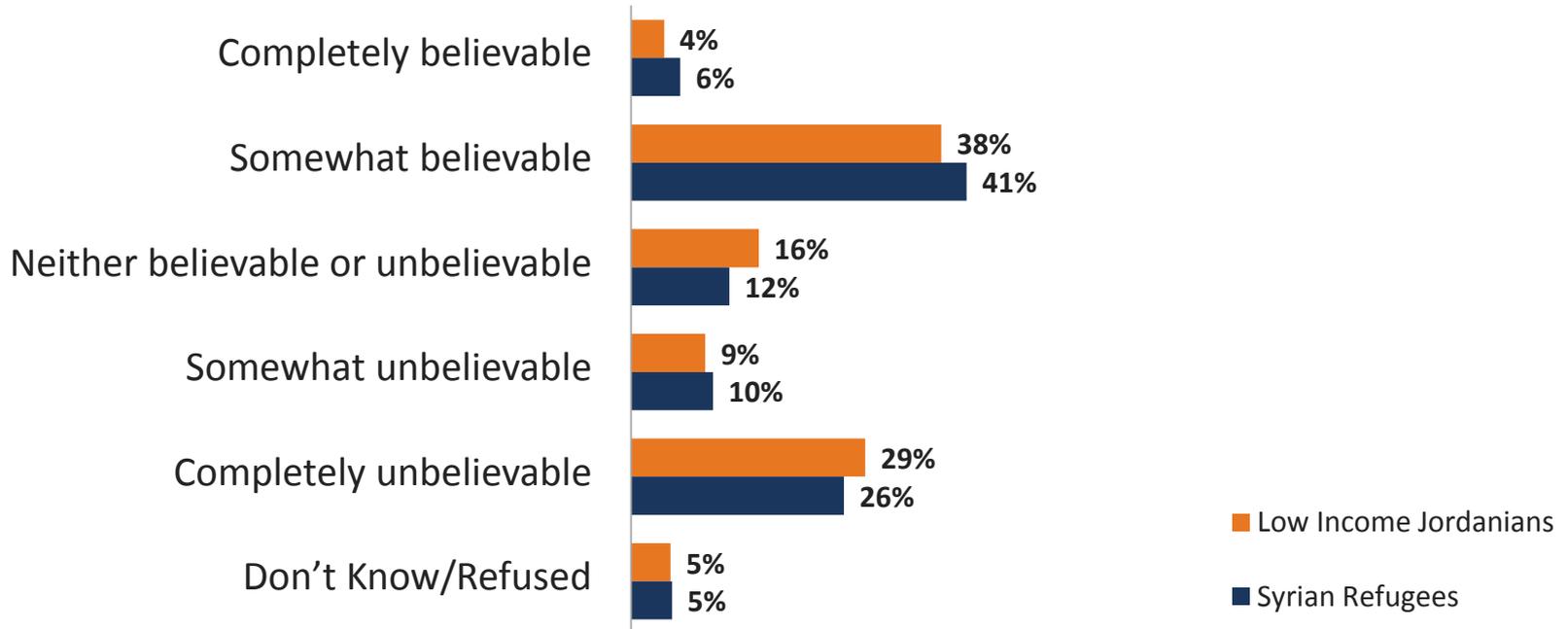


# SURVEY RESPONSE TO THE DIGITAL REMITTANCE PRODUCT CONCEPT

## CONCEPT TESTING

# Half find the idea of making domestic transfers on their mobile phone believable

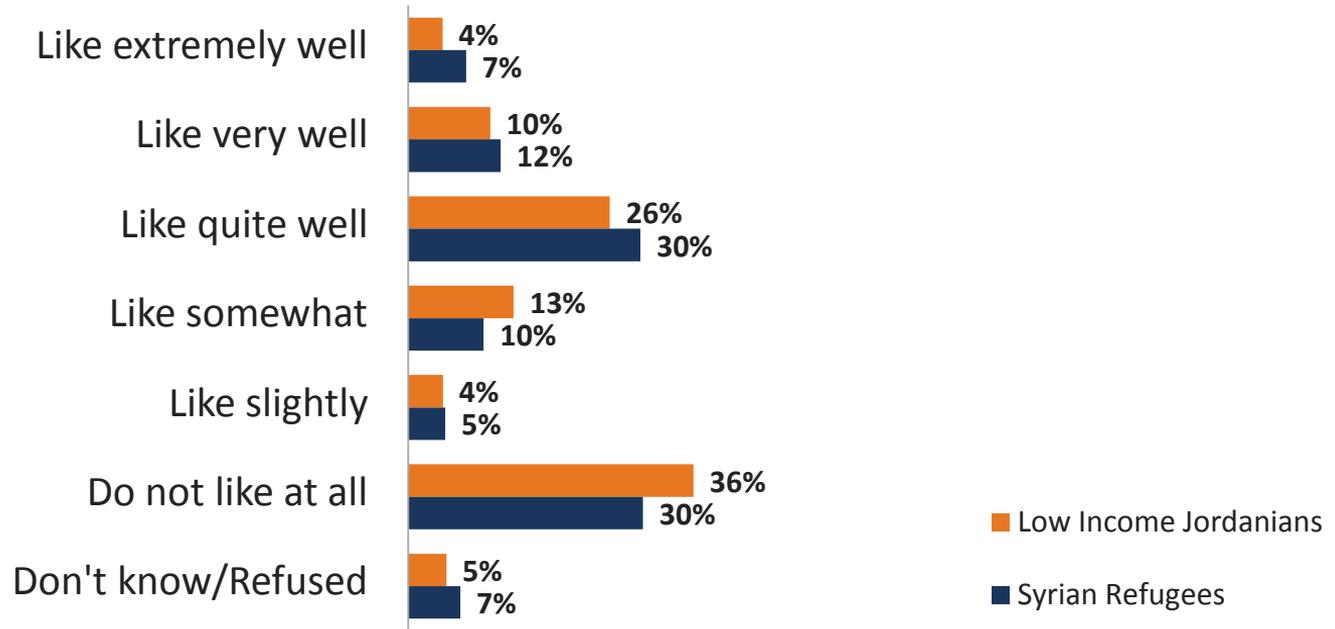
### Believability of Mobile Wallet Service



## CONCEPT TESTING

# And around half say they like the product to some extent

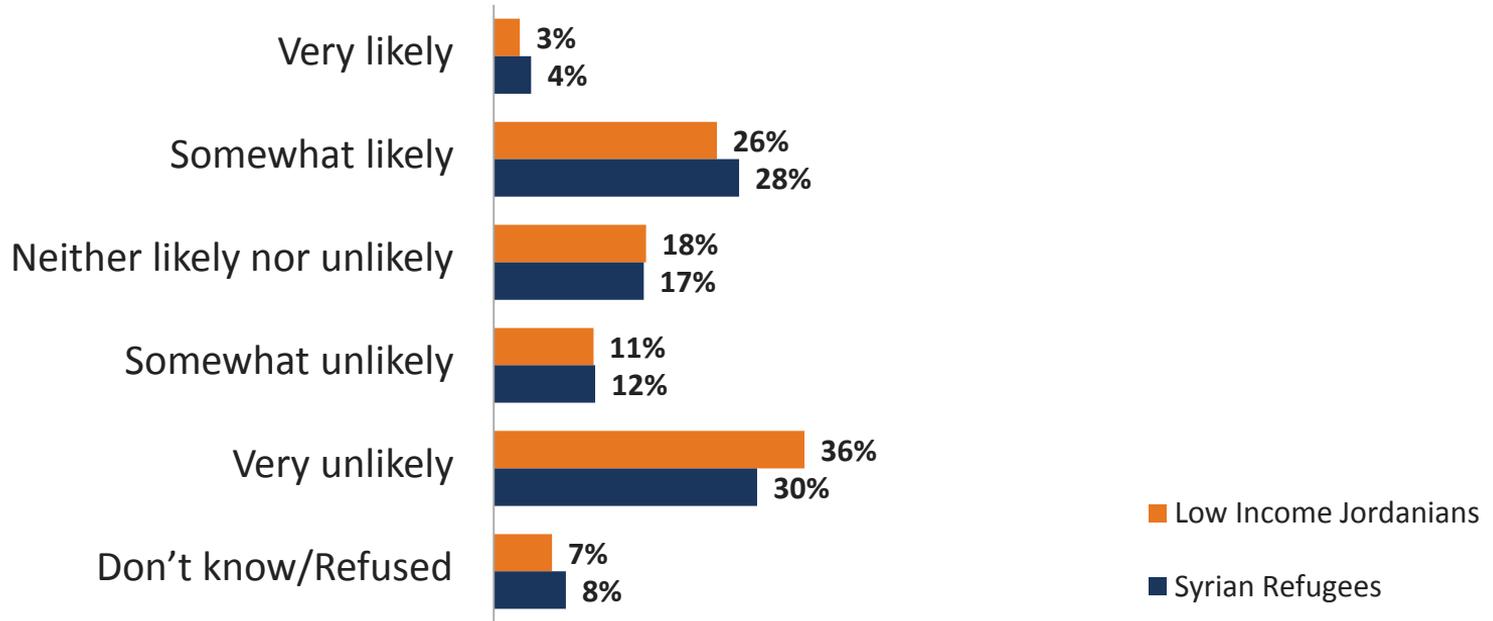
### Opinion on Mobile Wallet Service



## CONCEPT TESTING

# However, only a third said they would be likely to seek more information about the service

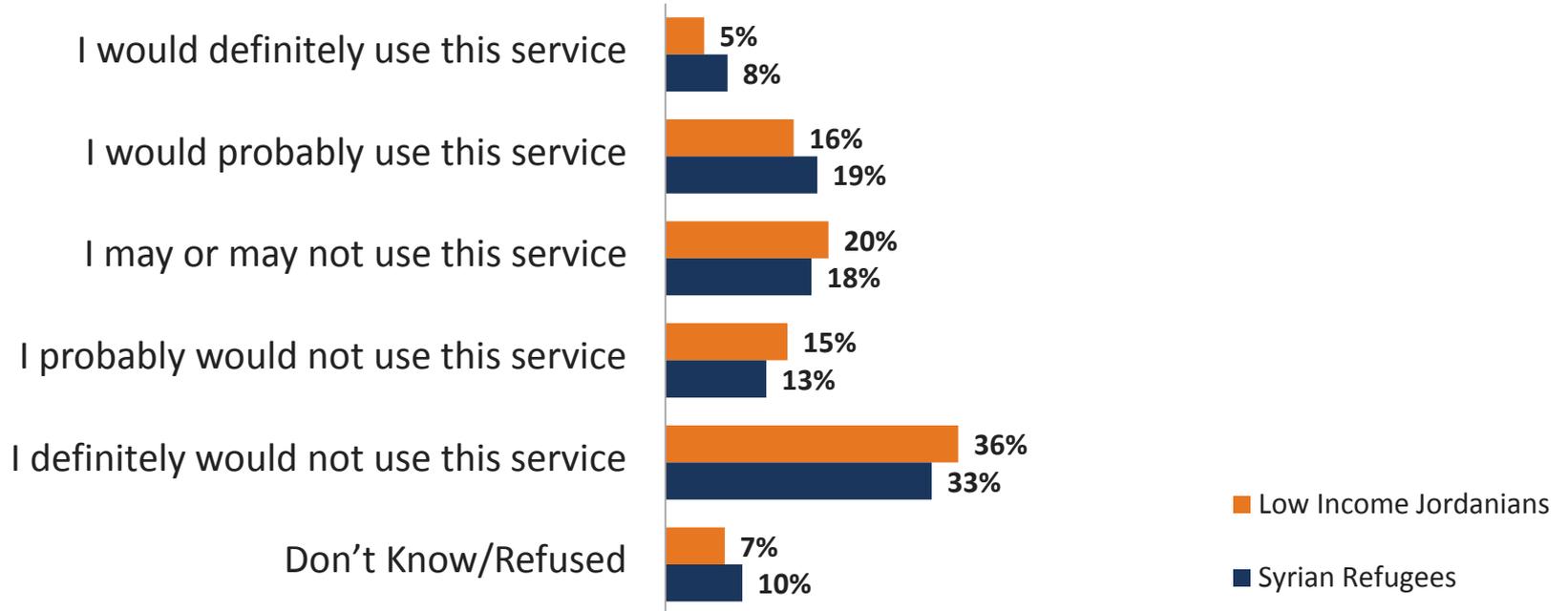
### Likelihood of Seeking More Information About Mobile Wallet Service



## CONCEPT TESTING

# And only a quarter said they may use the service themselves

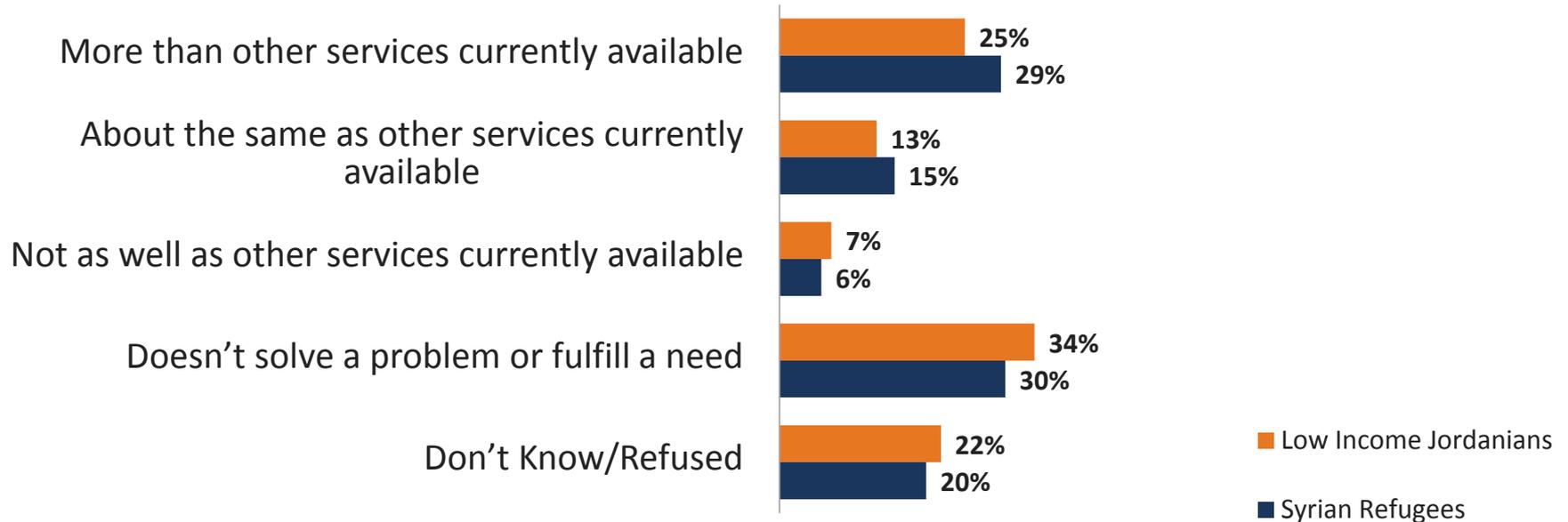
### Likelihood of Using Mobile Wallet Service



## CONCEPT TESTING

# This may be driven by the third of respondents who said it doesn't solve a problem or fulfill a need for them

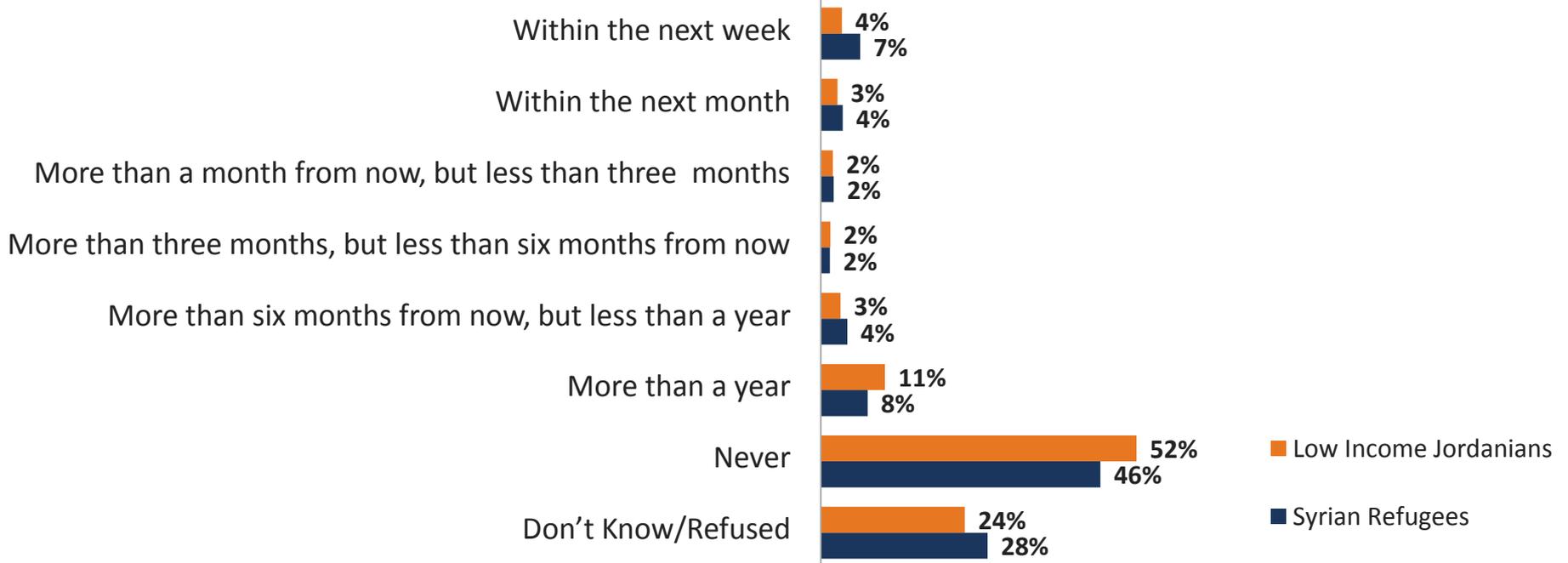
### Ability of Mobile Wallet Service to Solve a Problem or Fulfill a Need



## CONCEPT TESTING

# Or the half of respondents that said they wouldn't use the service

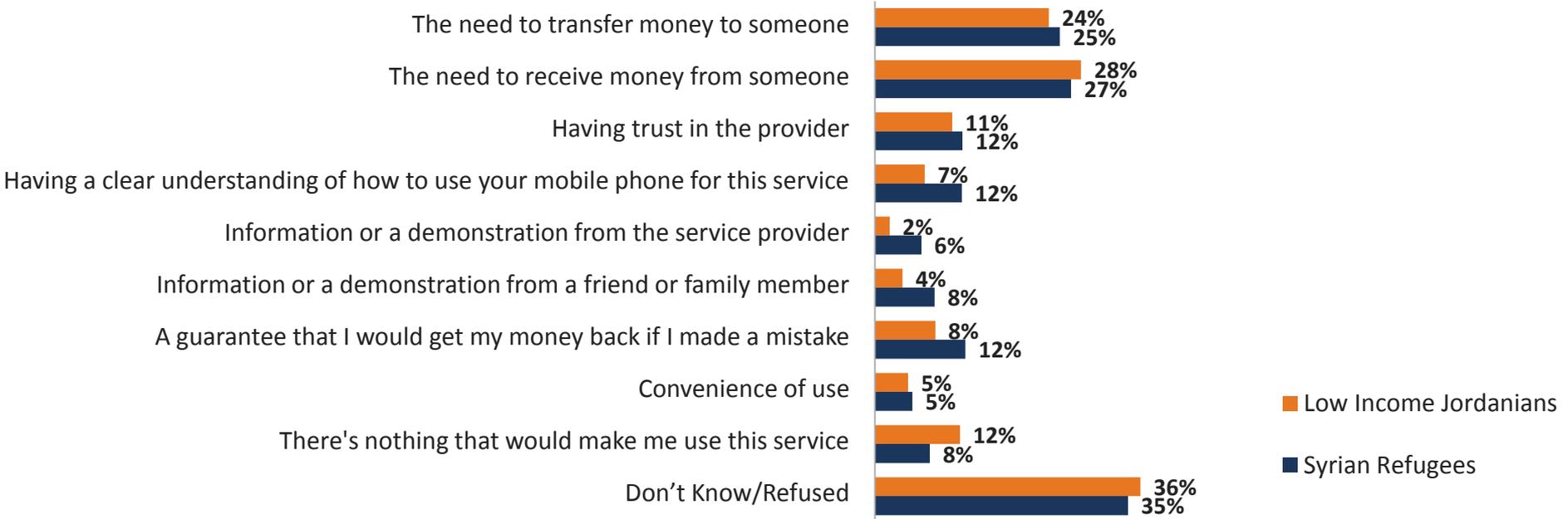
### I would be most likely to use this service:



## CONCEPT TESTING

# However, many said that future need to send or receive money may make them use it

### Reason For Potentially Using Mobile Wallet Service





# FORECASTING THE FUTURE USE OF A DIGITAL REMITTANCE PRODUCT



# Potential adoption rate for a digital remittance products for low income Jordanians\*

- **Potential adoption rate for sending domestic = 4.6% of total population**
  - This = 80,233 of low income Jordanians
  - 80% of these are new users of remittances
- **Potential adoption rate for receiving domestic = 4.4% of total population**
  - This = 76,745 of low income Jordanians
  - 84% of these are new users of remittances
- **Potential adoption rate for receiving international = 4.3% of total population**
  - This = 75,001 of low income Jordanians
  - 86% of these are new users of remittances

*\*There is insufficient evidence that low income Jordanians have a need to send remittances internationally to forecast a future market for this group.*

# Potential adoption rates for an international digital remittance product for Syrian refugees

- **Potential adoption rate for sending = 5% of total population**
  - This = 17,008 of Syrian refugees
  - 77% of these are new users of remittances
  
- **Potential adoption rate for receiving = 6% of total population**
  - This = 20,410 of low Syrian refugees
  - 73% of these are new users of remittances

*\*There is insufficient evidence Syrian refugees have a need for a domestic remittance product to forecast a future market for this group.*



Baseline Demand-Side Study on  
Digital Remittances in Jordan

# BEHAVIOURAL SEGMENTATION USING LATENT CLASS ANALYSIS



# Likely to send or receive money domestically

	Pragmatic Opportunists	Outright Rejecters	Selectively Curious
Group			
Group Endorsements	Likely to use, solves a problem	Rejects concept	Believable, liked concept, seek info
Size	6.5%	87.2%	6.3%

Q9.7C Do you feel this service is completely believable?

Q9.8C Would you be very likely to seek more information about this service?

Q9.9C Would you definitely use this service?

Q9.10C Do you extremely like this service?

Q9.11C Which statement best describes how well the service would solve a problem or fulfill a need for you? (More than other services currently available)



# Likely to send or receive money domestically

	Pragmatic Opportunists	Outright Rejecters	Selectively Curious
Service is believable	✗	✗	✓
Would seek more info	✗	✗	✓
Would use service	✓	✗	⊖
Like this service	✗	✗	✓
Service solves problem	✓	✗	✓

Q9.7C Do you feel this service is completely believable?

Q9.8C Would you be very likely to seek more information about this service?

Q9.9C Would you definitely use this service?

Q9.10C Do you extremely like this service?

Q9.11C Which statement best describes how well the service would solve a problem or fulfill a need for you? (More than other services currently available)

# Likely to send or receive money internationally

	Pragmatic Opportunists	Skeptical Users	Outright Rejecters	Indifferent Believers
Group				
Group Endorsements	Likely to use, solves a problem	Believable	Rejects concept	Believable, solves a problem
Size	10.1%	4.2%	80.2%	5.5%

Q9.7C Do you feel this service is completely believable?

Q9.8C Would you be very likely to seek more information about this service?

Q9.9C Would you definitely use this service?

Q9.10C Do you extremely like this service?

Q9.11C Which statement best describes how well the service would solve a problem or fulfill a need for you? (More than other services currently available)

# Likely to send or receive money internationally

	Pragmatic Opportunists	Skeptical Users	Outright Rejecters	Indifferent Believers
Service is believable	✗	⊖	✗	✓
Would seek more info	✗	✓	✗	✗
Would use service	✓	✓	✗	✗
Like this service	✗	✓	✗	⊖
Service solves problem	✓	✓	✗	✓

Q9.7C Do you feel this service is completely believable?

Q9.8C Would you be very likely to seek more information about this service?

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# QUALITATIVE RESPONSE TO CONCEPT



## In the focus group discussions, participants expressed enthusiasm at the potential for mobile wallet

*"I like the idea that I can use the mobile which is always with us, and not having to go to a place to send the money."*  
Jordanian Female, Mafrag

*"I like it, because it is convenient, easy to use, saves us trips to the exchange centers, no need to pay for transfer commissions."*  
Jordanian Male, Amman

*"I would use this service to save money because I can't open a bank account with small amounts like 50-100 dinars, but with this service I can save my money in my mobile."*  
Jordanian Male, Irbid

*"I would save my own personal money that I want to save for later use, even if it was 5 dinars."*  
Jordanian Female, Mafrag

## OPENNESS TO CONCEPT

# In the focus group discussions, participants expressed enthusiasm at the potential for mobile wallet

*"[Mobile wallet is] convenient, because there is no need to leave the house and be bothered to visit the store, also it can be helpful if someone needed to send money urgently and you couldn't go out."*

**Syrian Female, Amman**

*"If you hadn't explained this today, I might have ignored the ad [for mobile wallet services] even if I'll receive it many times."*

**Syrian Male, Mafrqa**

*"If this was available today, I'll use it. This is better than cash because when I have cash in my pocket I might spend more money."*

**Syrian Male, Mafrqa**

*"After I'll use it, make sure it is safe, and find out that it is better than the conventional ways I'll deposit any suitable amount"*

**Syrian Female, Irbid**



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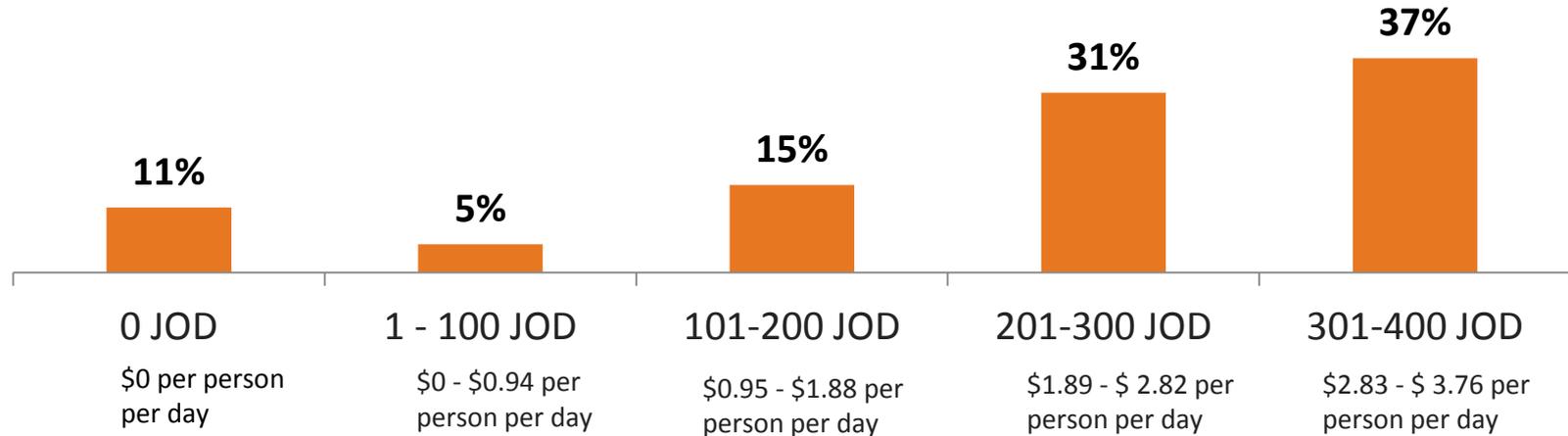
# BARRIERS TO ACCESSING A DIGITAL REMITTANCE PRODUCT

# Limited Resources



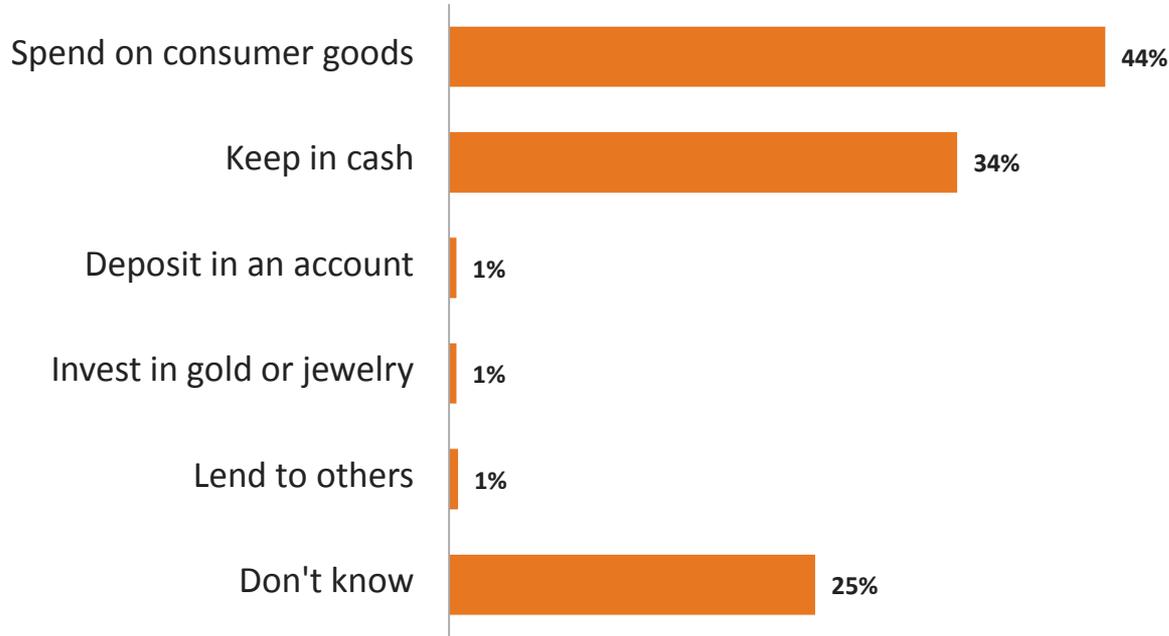
# Average monthly household income for low income Jordanians was 255 JOD

Mean monthly household income of low income Jordanians = 255 JOD (\$2.40 pppd)  
Median monthly household income of low income Jordanians = 300 JOD (\$2.82 pppd)





# One third of respondents reported that they would save leftover money if they had any

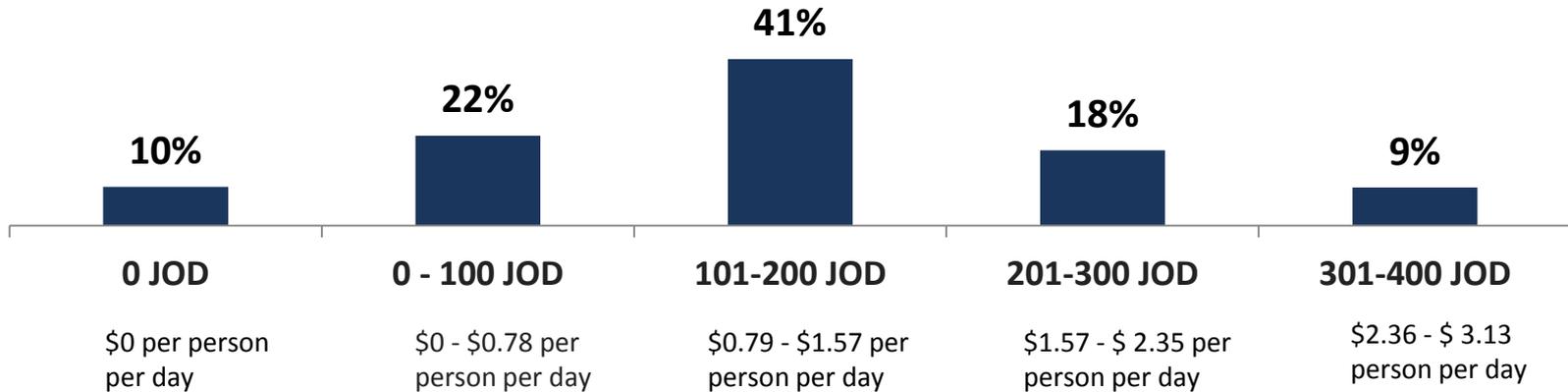


## LIMITED RESOURCES

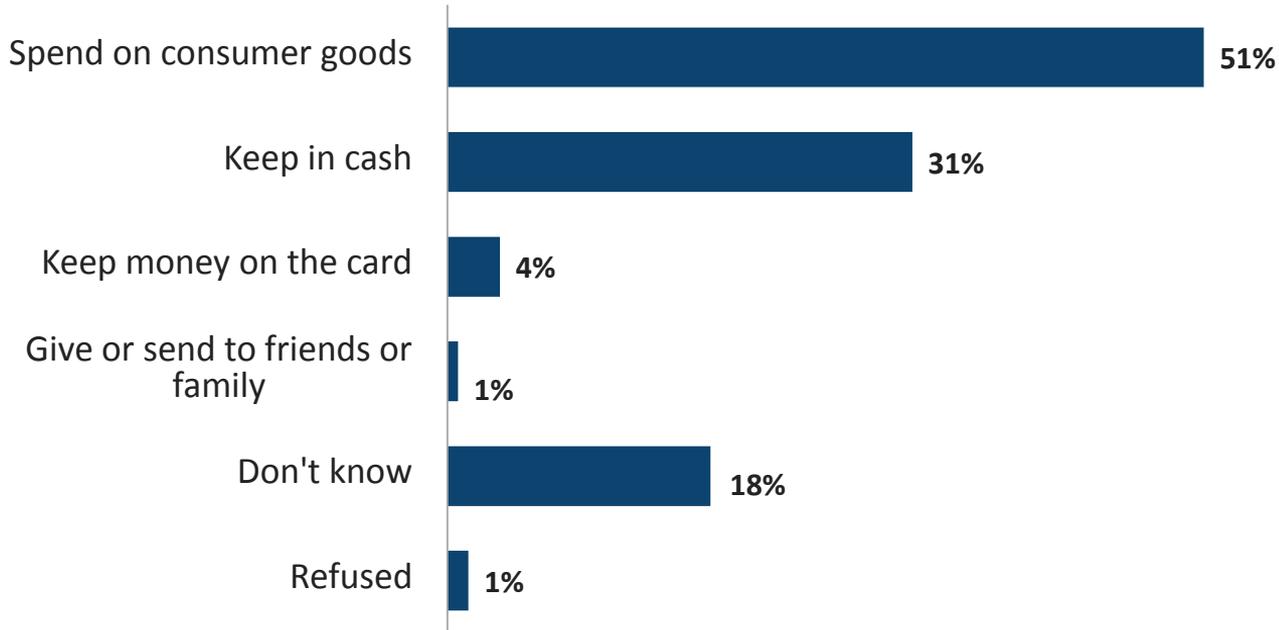
# Average monthly household income for Syrian refugees was 164 JOD

Mean monthly household income of Syrian refugees = 164 JOD (\$1.28 pppd)

Median monthly household income of Syrian refugees = 150 JOD (\$1.18 pppd)



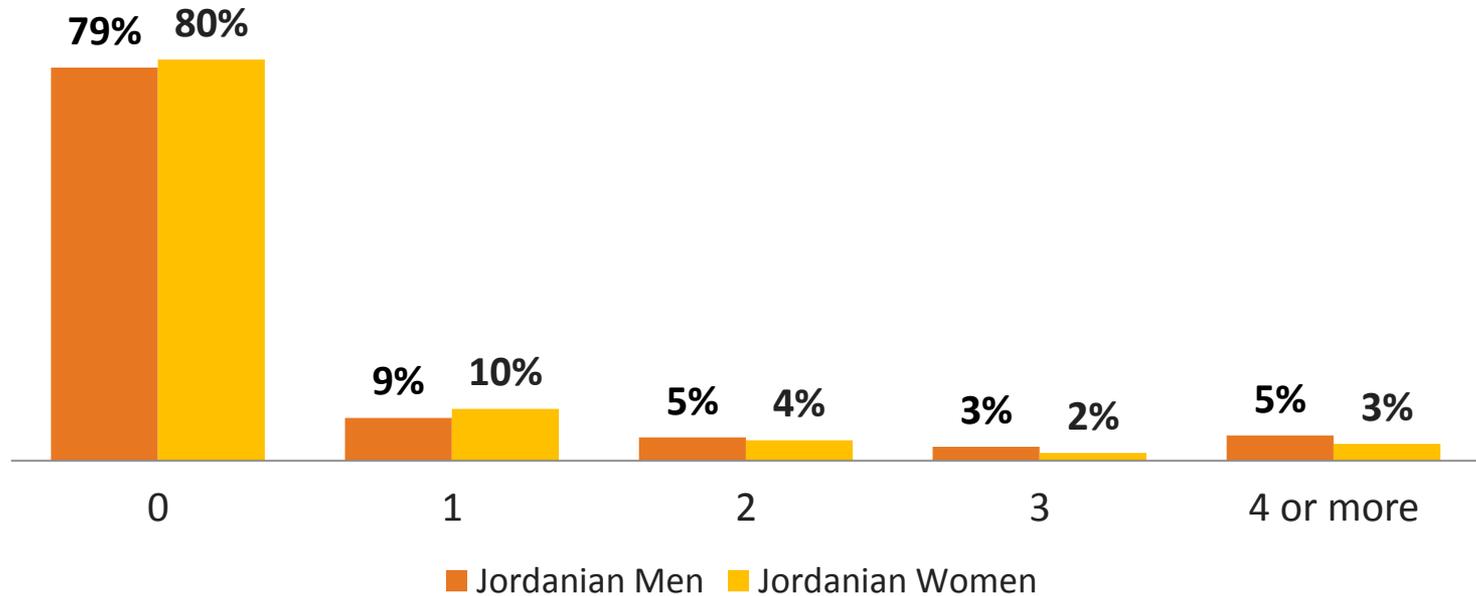
# One third of respondents reported that they would save leftover money if they had any



# Few Financial Connections

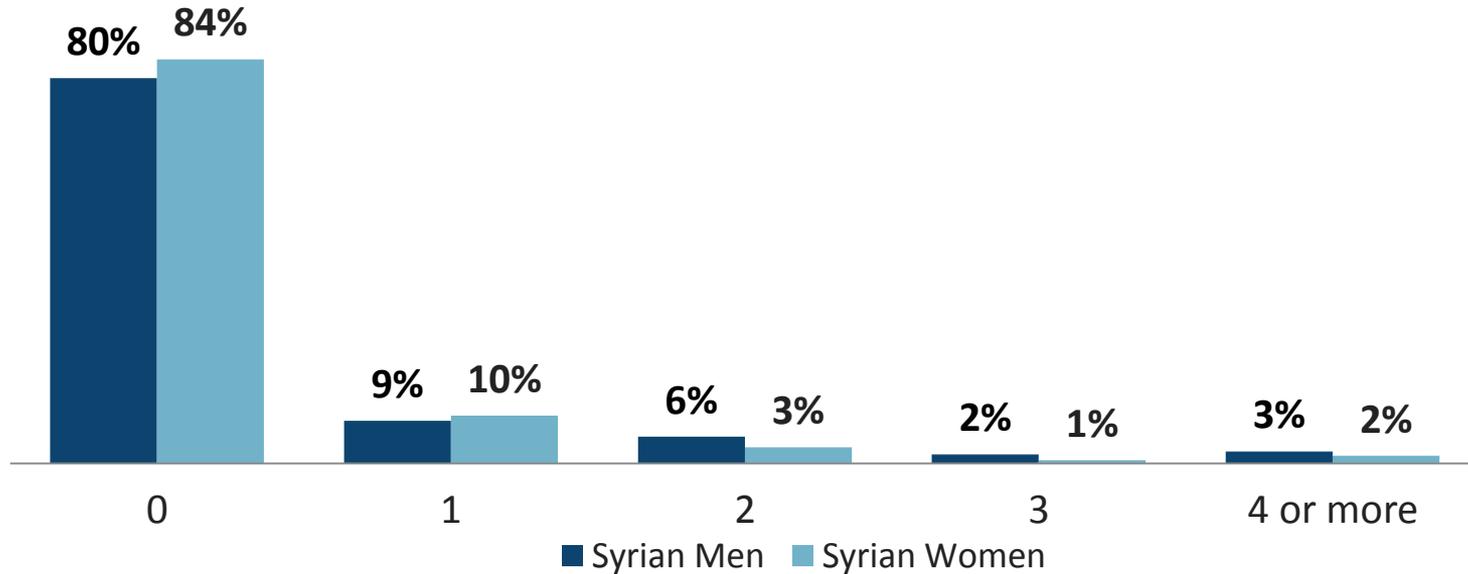


# Only 2 in 10 low income Jordanians report having financial connections with people outside of their households



## FEW FINANCIAL CONNECTIONS

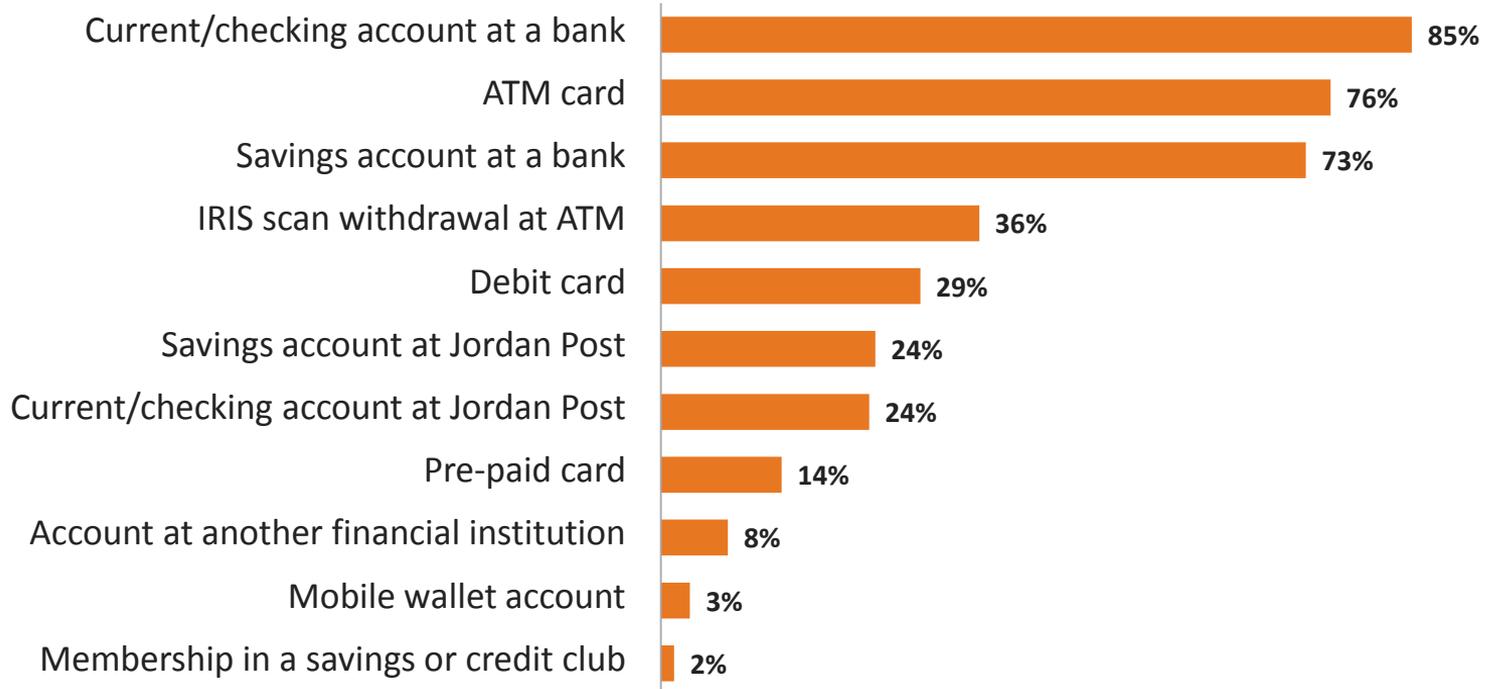
# Similarly, only 2 in 10 Syrian refugees report having financial connections outside of their household



# Limited Experience of Formal Financial Services

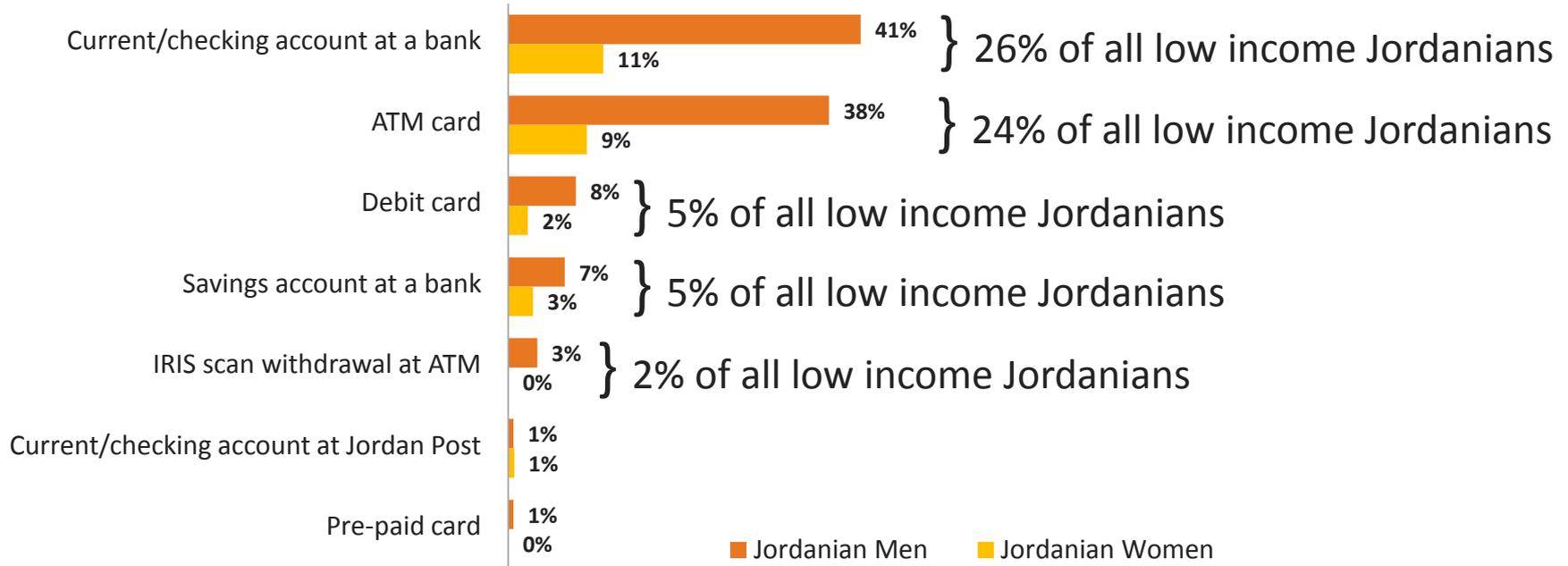


# Awareness of traditional financial institutions and services among low income Jordanians is relatively high





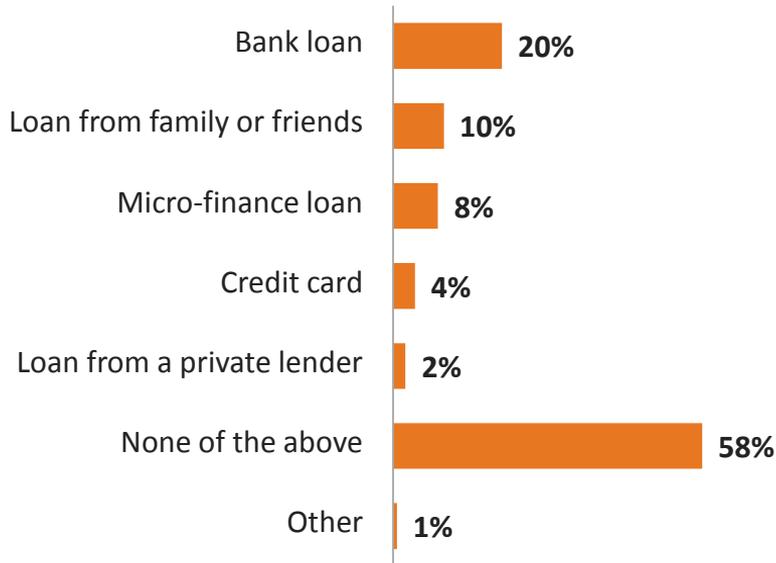
# However, usage of financial services is low, particularly among women



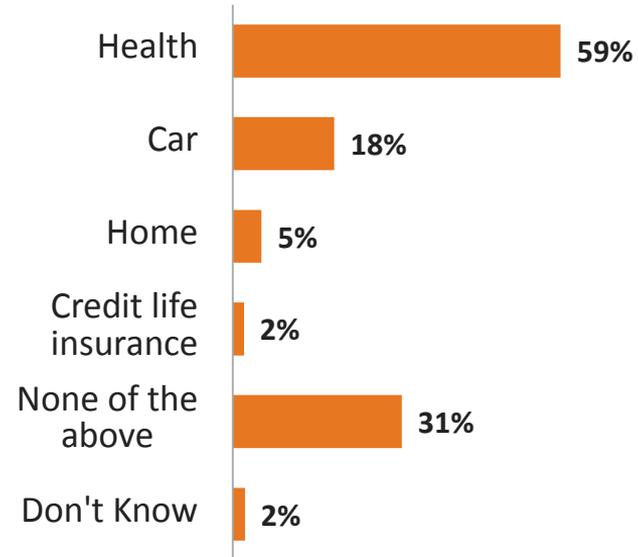


# And most low income Jordanians report having health insurance but very few use other types of insurance or financing

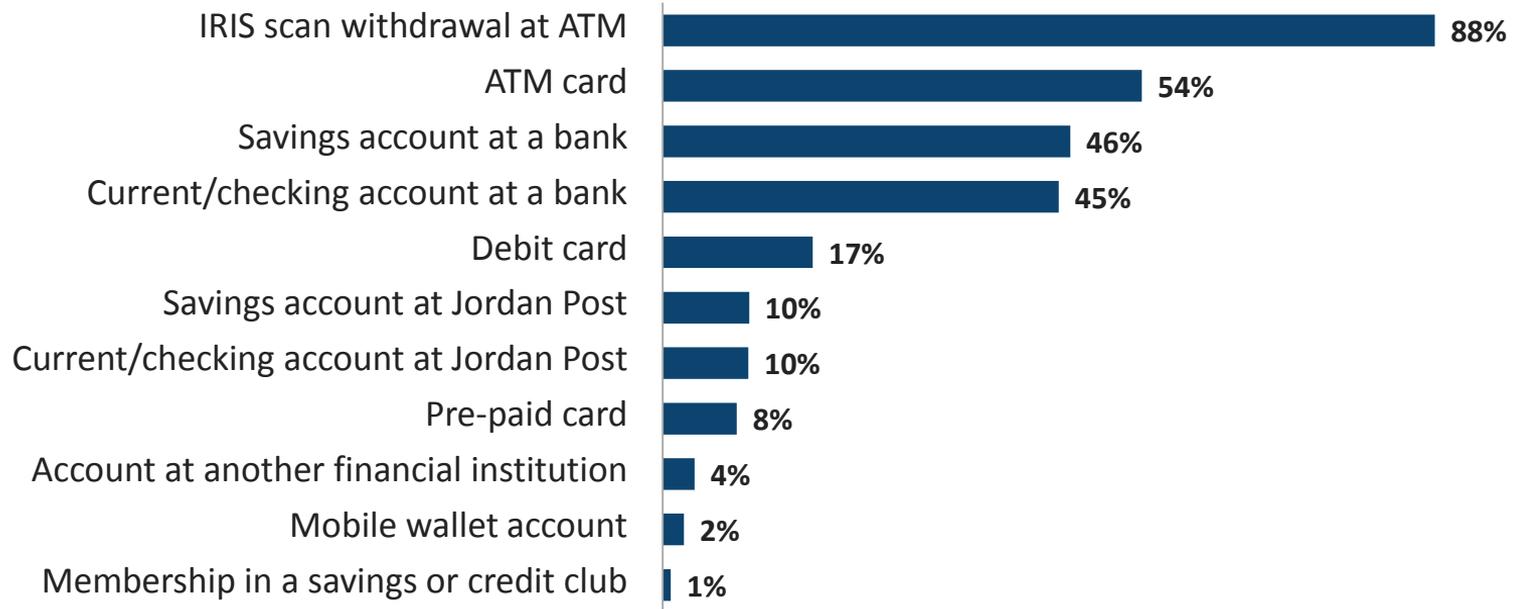
Use of Forms of Financing



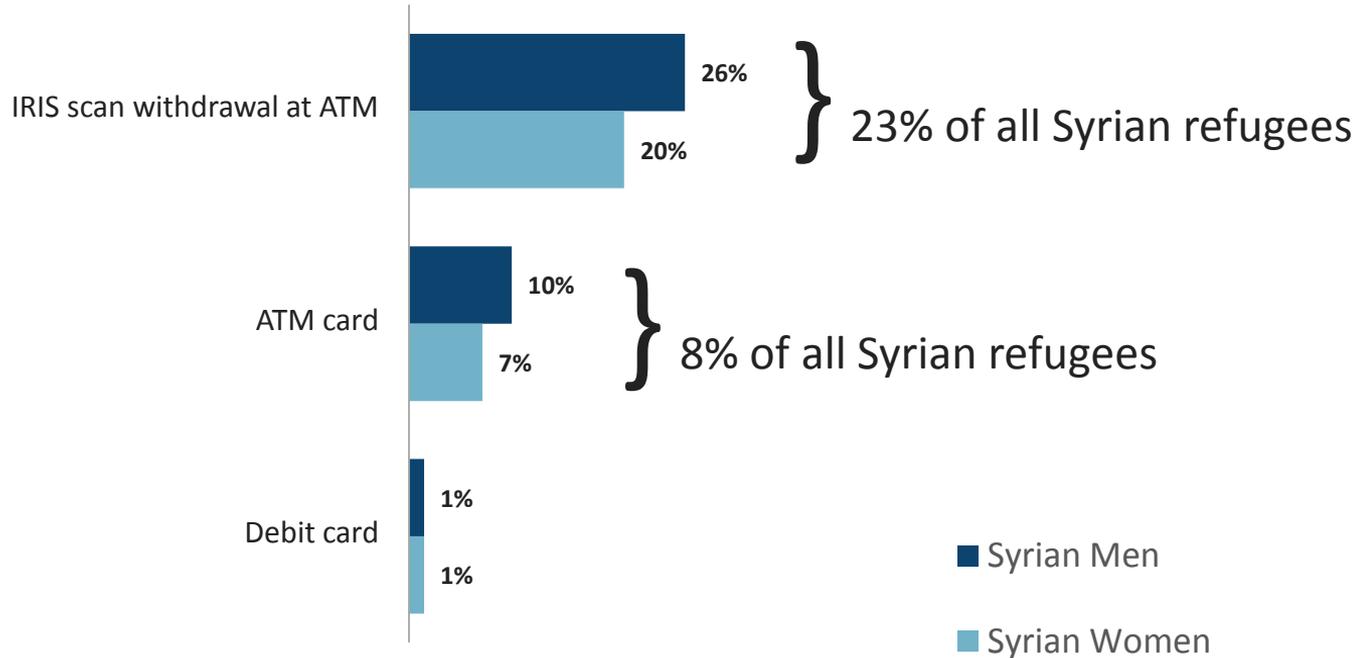
Use of Forms of Insurance



# While awareness of Iris scan accounts is high, awareness for most other traditional financial services is low

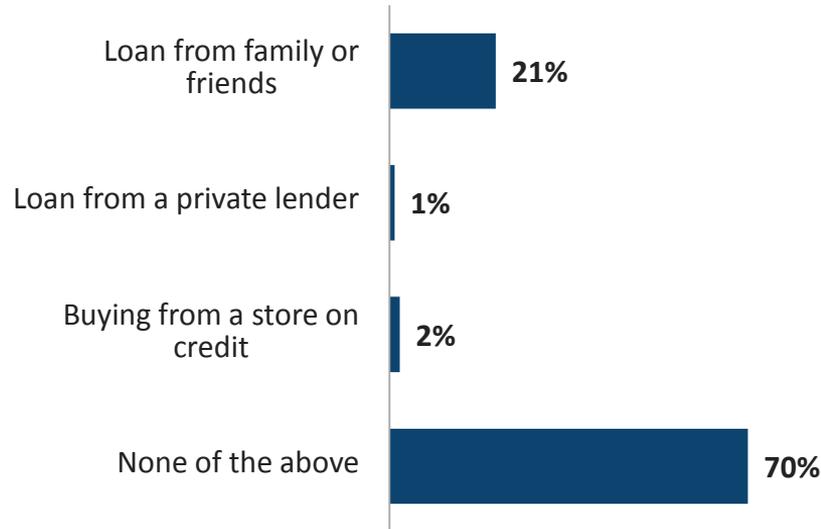


# Use of financial services is low across the board

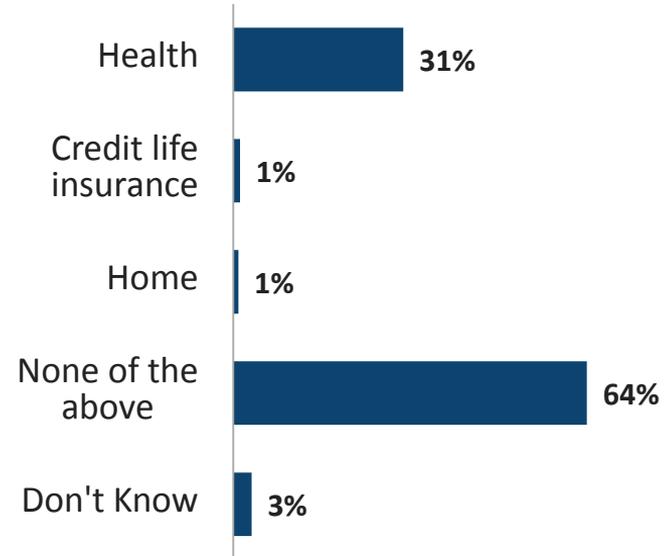


# And most Syrian refugees report not having health insurance or other forms of financing

Use of Forms of Financing



Use of Forms of Insurance



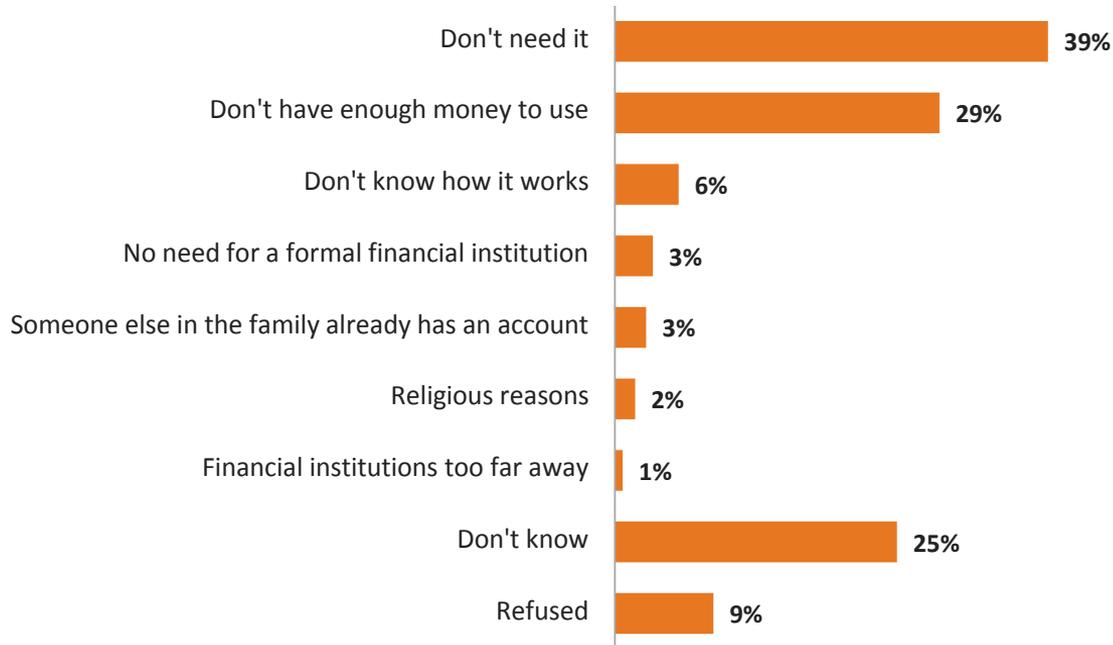
Q3.2 Which, if any, of the following forms of financing do you currently have?

# Lack of Perceived Need



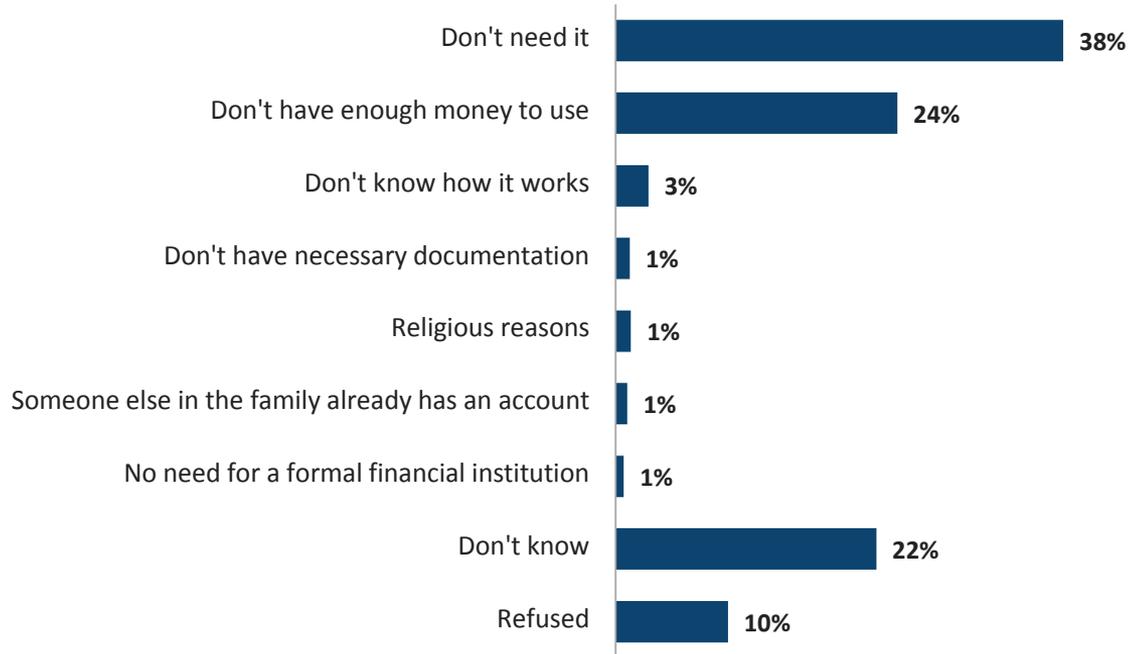
# Perceived need for financial services is low amongst low income Jordanians

## Reasons For Not Using Financial Services



# Perceived need for financial services is low amongst Syrian refugees

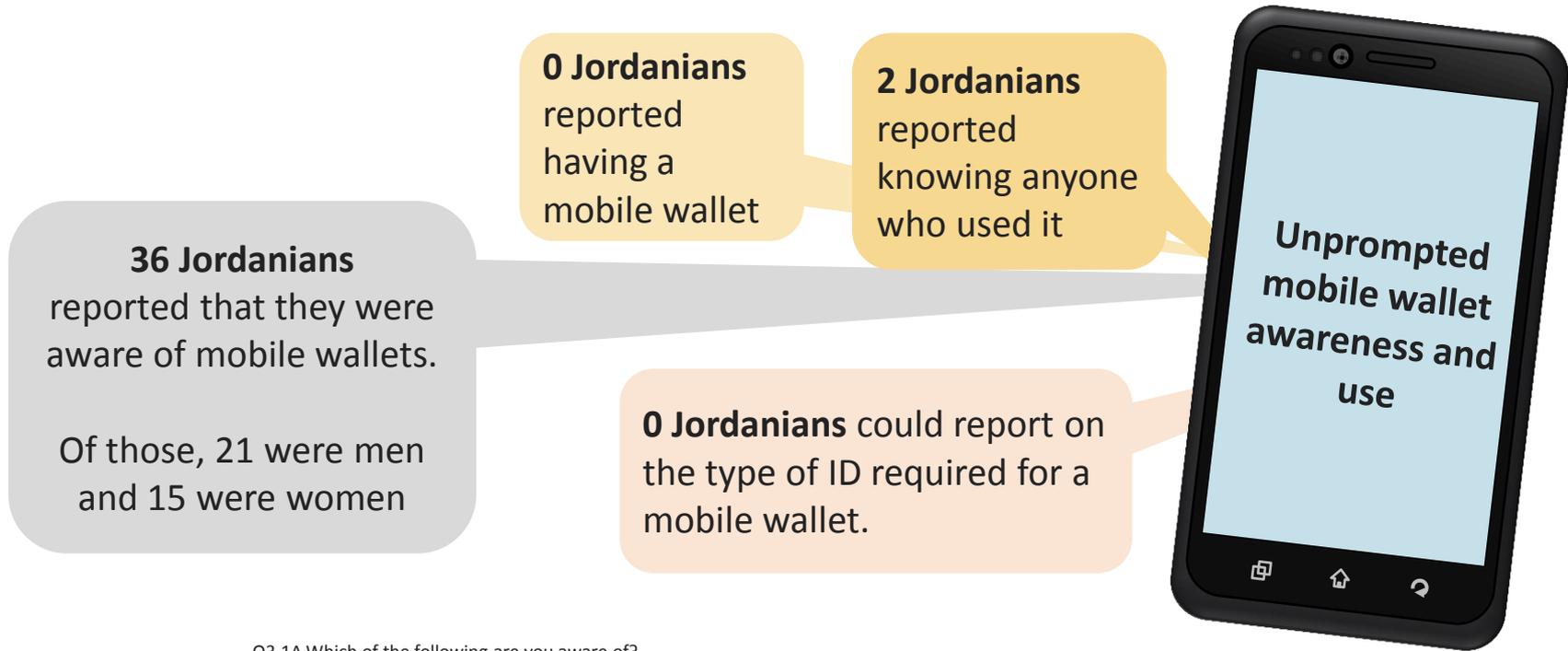
## Reasons For Not Using Financial Services



# Lack of Awareness of Mobile Wallet



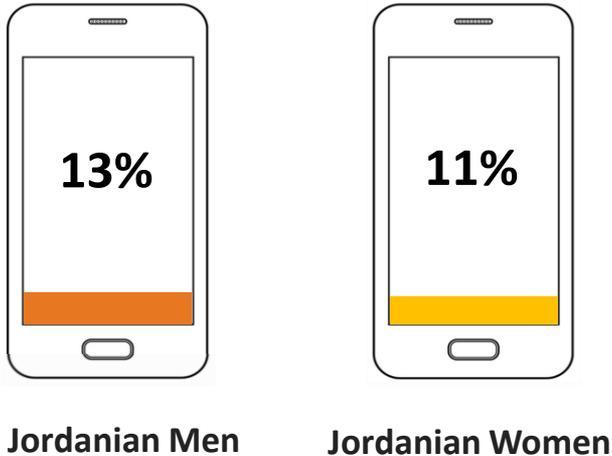
# When not prompted, very few low income Jordanians report awareness of mobile wallet services



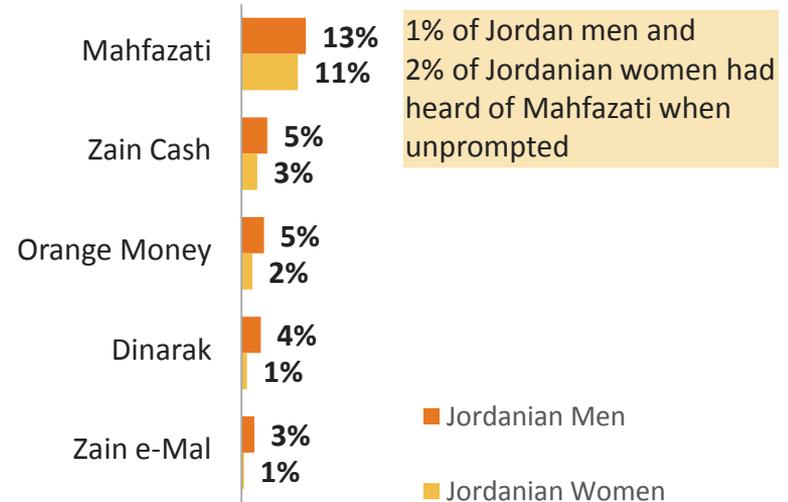
- Q3.1A Which of the following are you aware of?
- Q3.1B And do you currently have this?
- Q4.2 Do you know anyone who has a mobile wallet account?
- Q4.1. Can you name a mobile wallet service?
- Q4.3 What type of ID was required for you to open a mobile money account?

# When prompted, more low income Jordanians have heard of mobile wallets, but their awareness is still low

Have Heard About Mobile Wallets (Prompted)



Have Heard of Specific Mobile Wallet Services (Prompted)



Q9.5 I would like to ask you about your familiarity with services called “mobile wallet”. Can you tell me if you have heard of them before?

Q9.6 It doesn’t matter if you have never used the mobile network itself, but can you tell me if you have heard of any of the following mobile wallet services?

# When not prompted, very few Syrian refugees report awareness of mobile wallet services

**25 Syrians** reported that they were aware of mobile wallets.

Of those:

- 22 were men and 3 were women
- 6 were inside a camp and 19 were outside a camp

**0 Syrians** reported having a mobile wallet

**0 Syrians** reported knowing anyone who used it

**0 Syrians** could report on the type of ID required for a mobile wallet.



Q3.1A Which of the following are you aware of?

Q3.1B And do you currently have this?

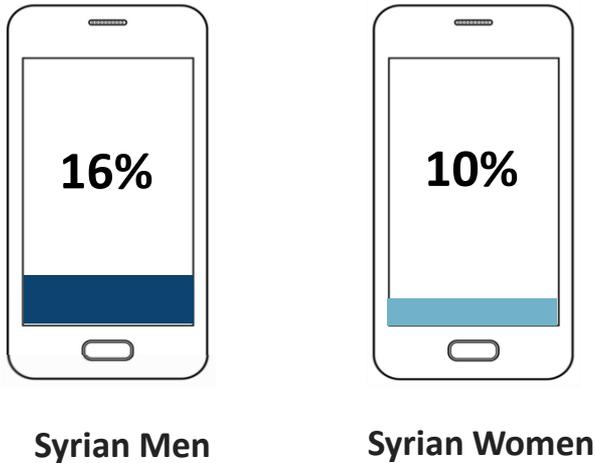
Q4.2 Do you know anyone who has a mobile wallet account?

Q4.1. Can you name a mobile wallet service?

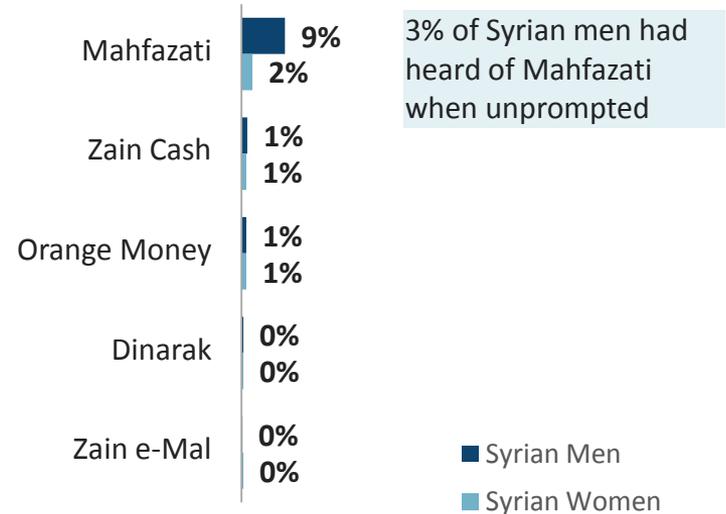
Q4.3 What type of ID was required for you to open a mobile money account?

# When prompted, more have heard of mobile wallets, but their awareness is still low

Have Heard About Mobile Wallets (Prompted)



Have Heard of Specific Mobile Wallet Services (Prompted)



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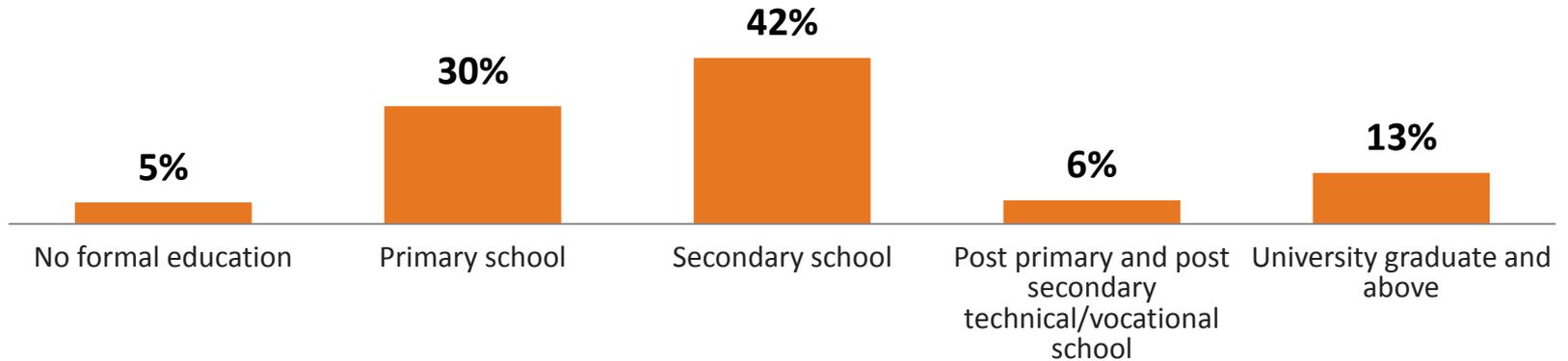
Baseline Demand-Side Study on  
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# ENABLES FOR ACCESSING A DIGITAL REMITTANCE PRODUCT

# Literacy and Numeracy are High



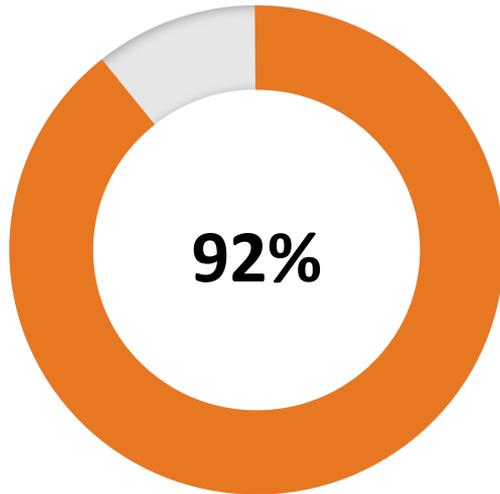
# More than half of low income Jordanians surveyed have completed secondary school



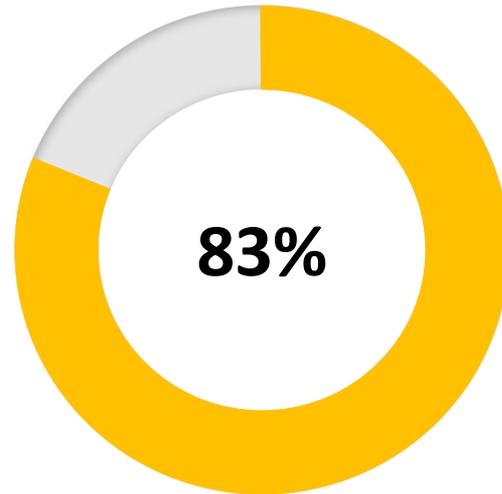


# And most low income Jordanians surveyed have basic numeracy skills

Correctly answered a basic math question

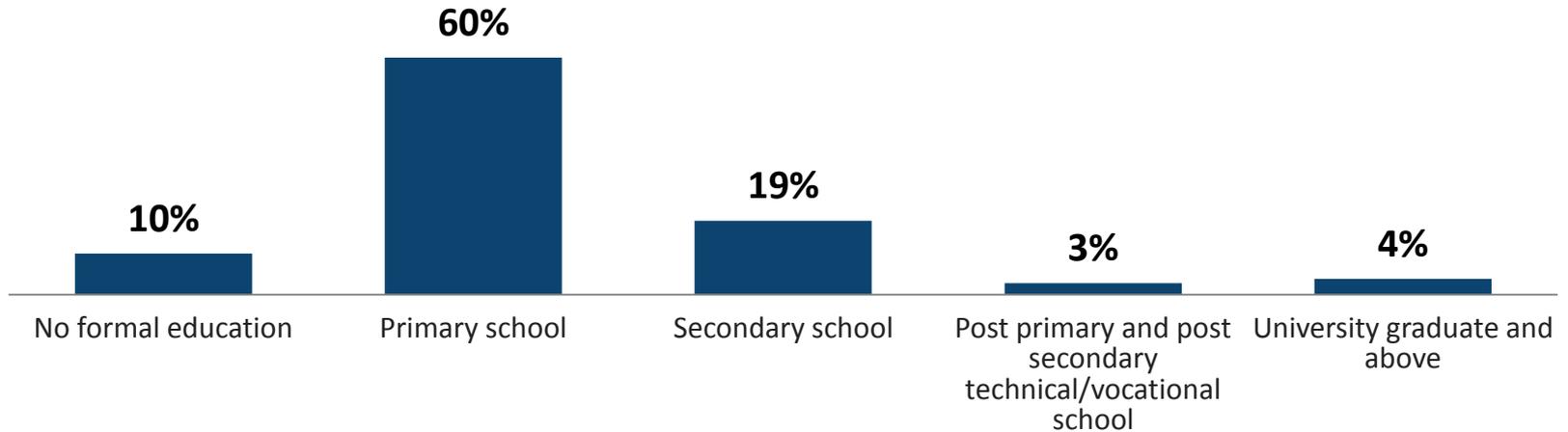


Jordanian Men



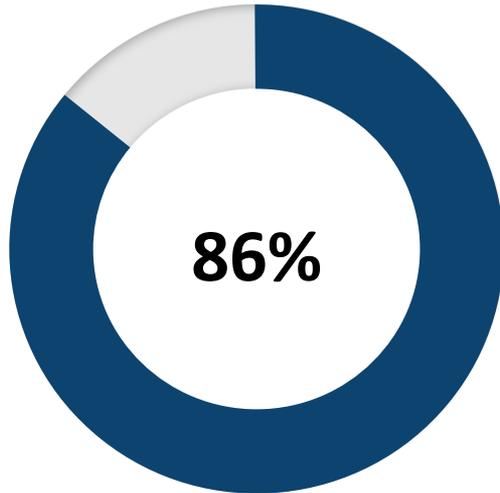
Jordanian Women

# More than half of Syrian refugees surveyed have completed primary school

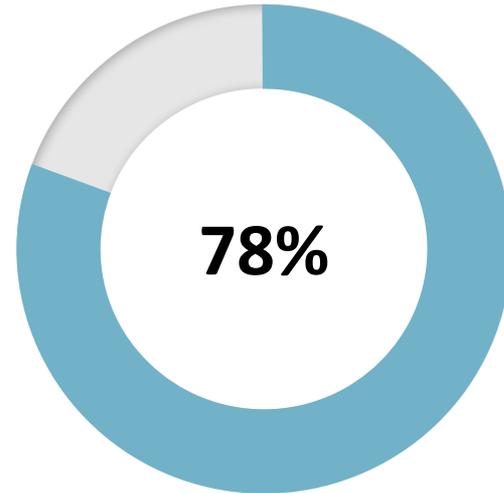


# And most Syrian refugees surveyed have basic numeracy skills

Correctly answered a basic math question



Syrian Men

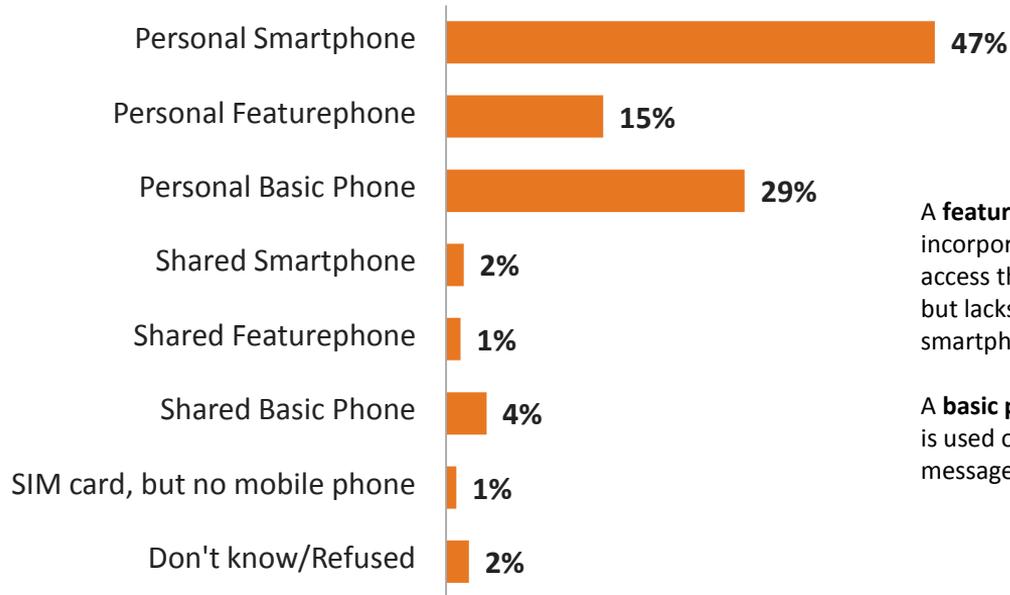


Syrian Women

# Widespread Access to Technology and Information



# Mobile phone usage, and particularly smart phone usage, is high among low income Jordanians

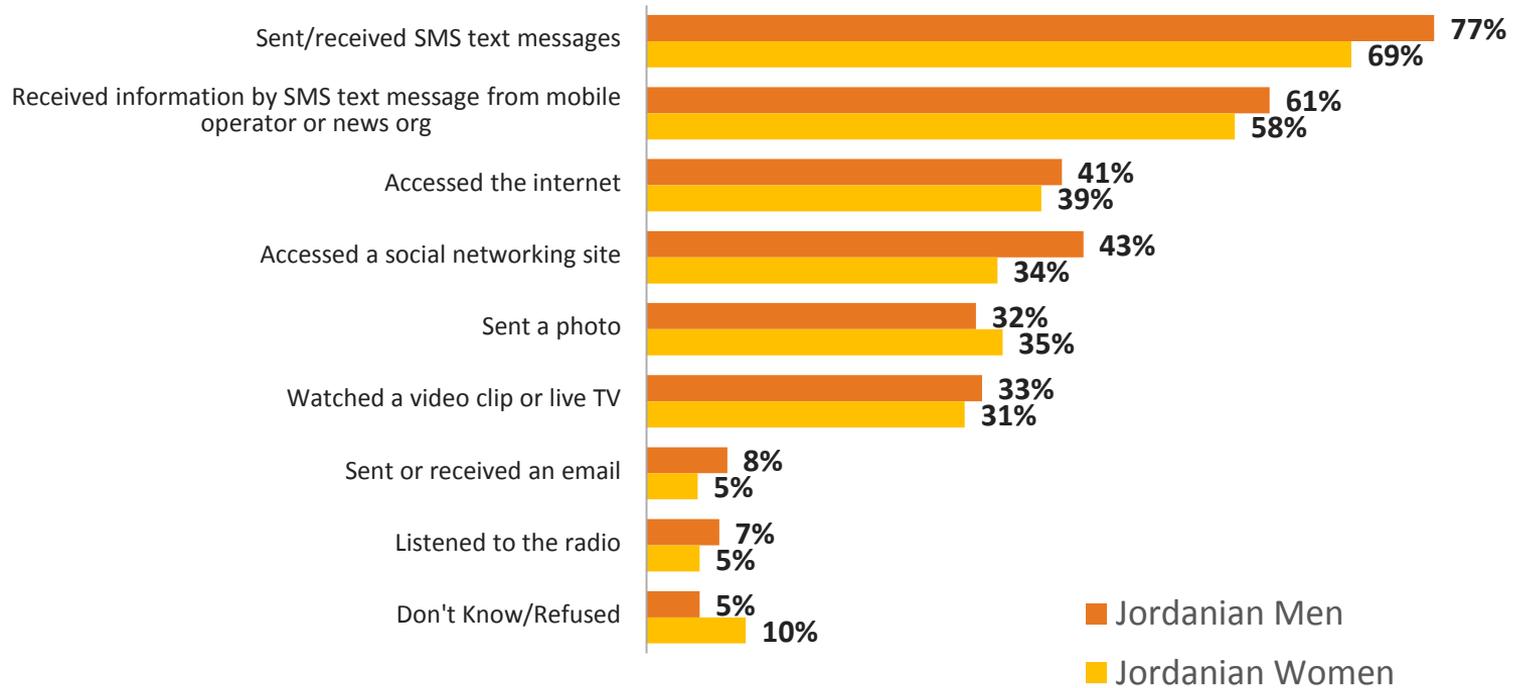


A **feature phone** is a mobile phone that incorporates features such as the ability to access the Internet and store and play music but lacks the advanced functionality of a smartphone. However, it is not app-enabled.

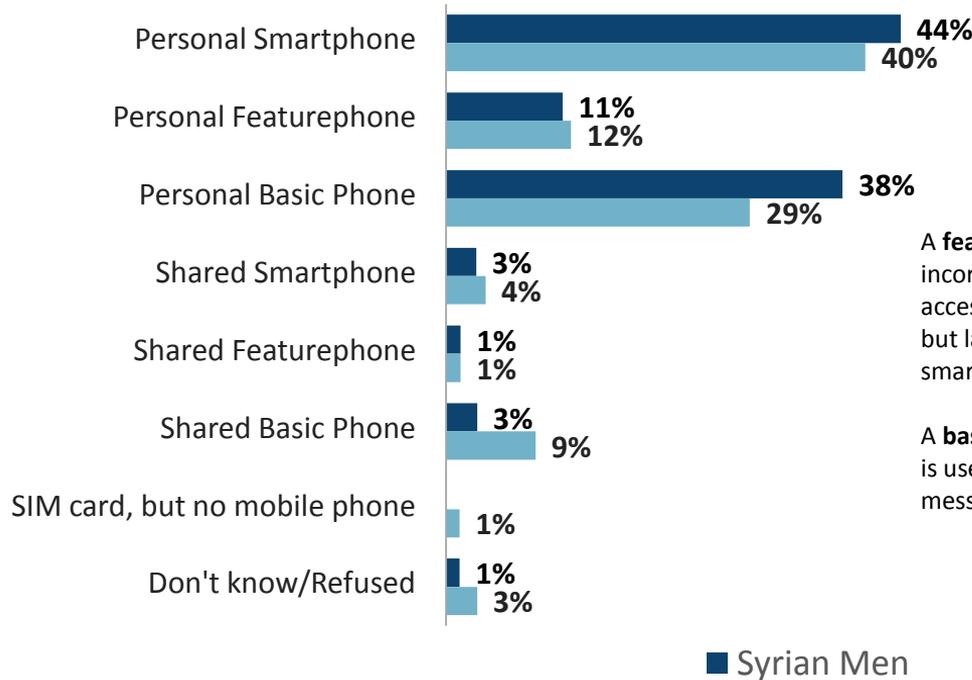
A **basic phone** lacks advanced functions and is used only to make calls or send SMS/text messages.



# Mobile phones are used for texting and accessing the internet



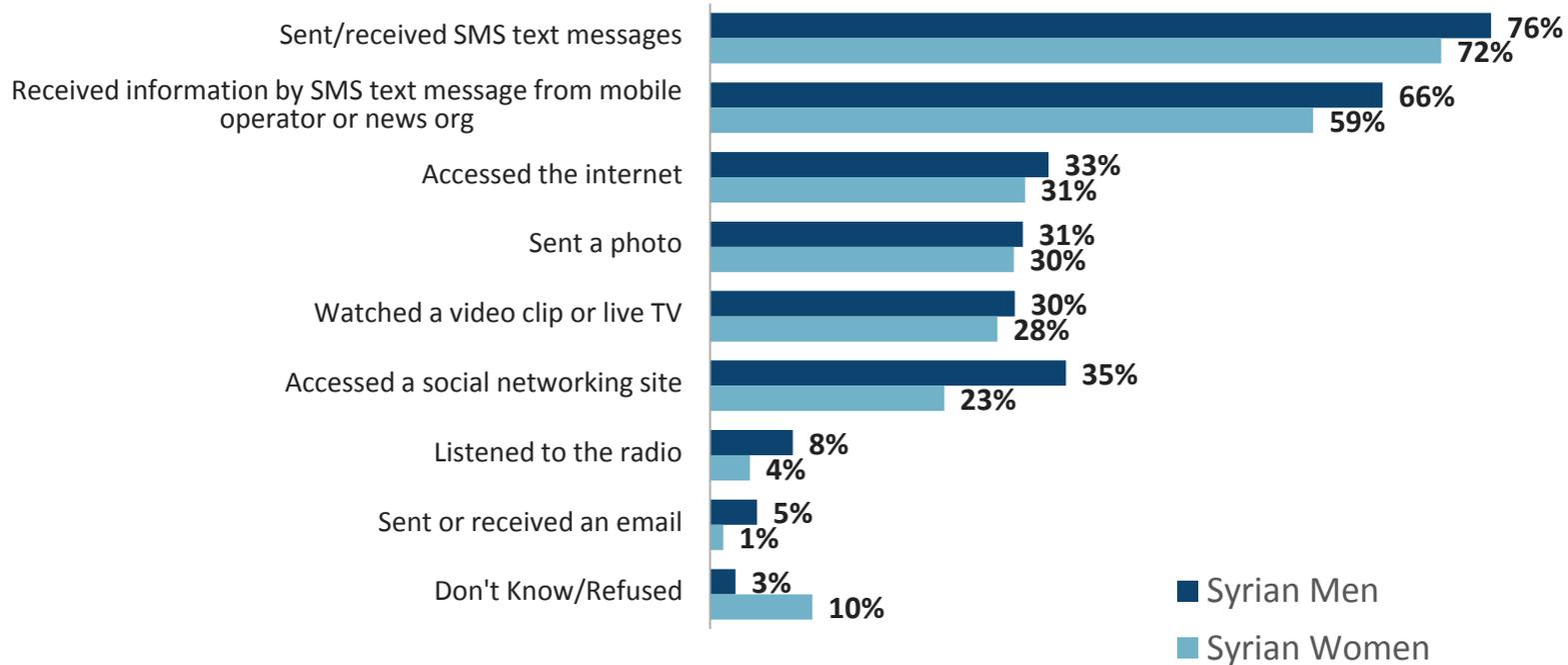
# Similarly, the majority of Syrian refugees have their own personal phone



A **feature phone** is a mobile phone that incorporates features such as the ability to access the Internet and store and play music but lacks the advanced functionality of a smartphone. However, it is not app-enabled.

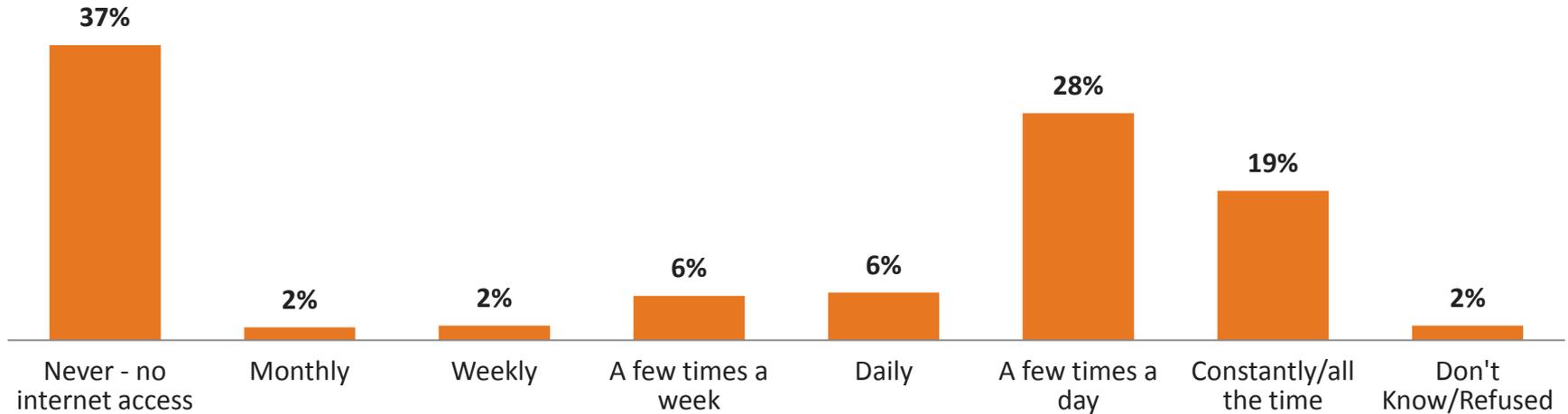
A **basic phone** lacks advanced functions and is used only to make calls or send SMS/text messages.

# Text messaging and accessing the internet are the most common mobile phone activities

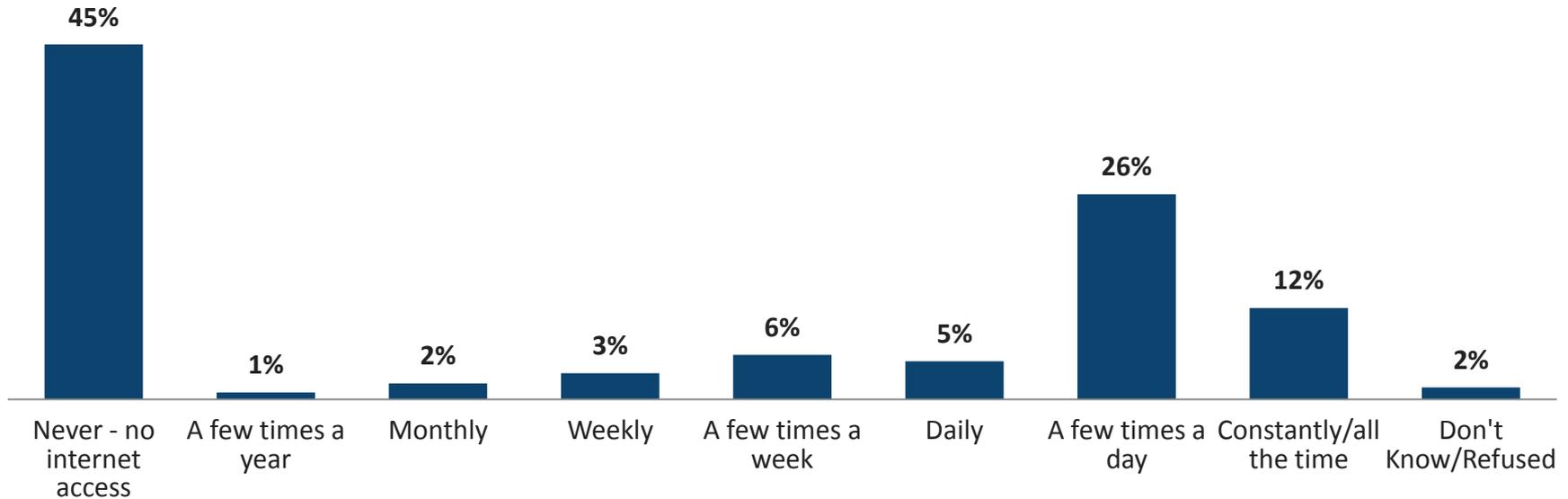




**While over a third of low income Jordanians report they have no internet access, nearly half say they access it at least a few times a day**



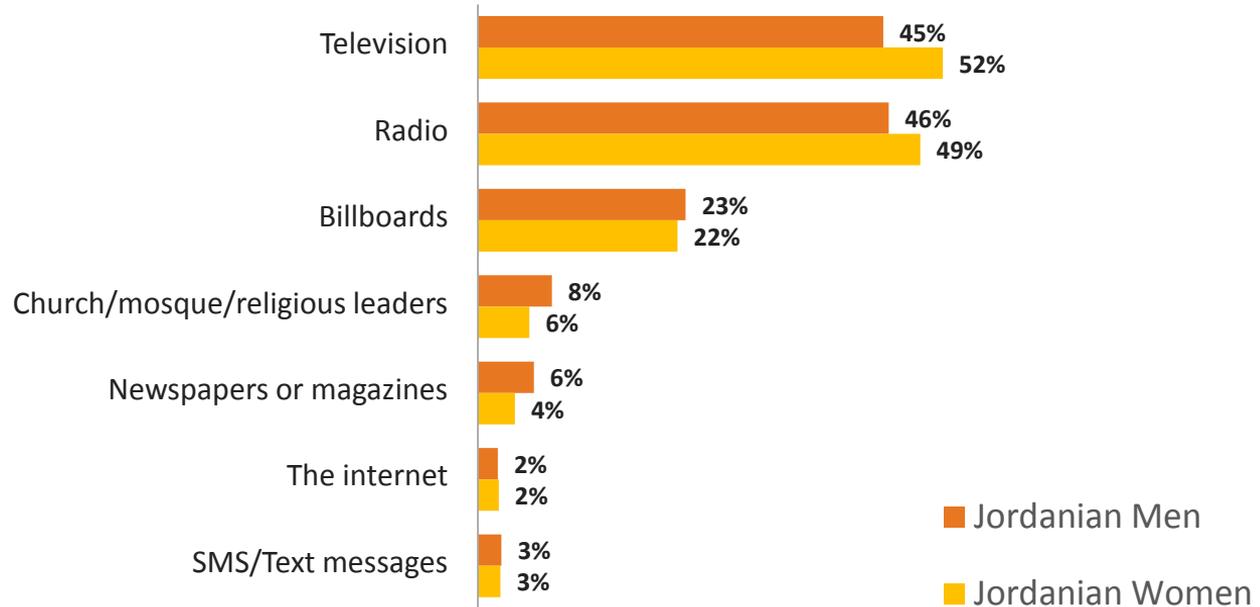
# Nearly half of Syrian refugees have no access to the internet, however more than 4 in 10 access the internet at least daily





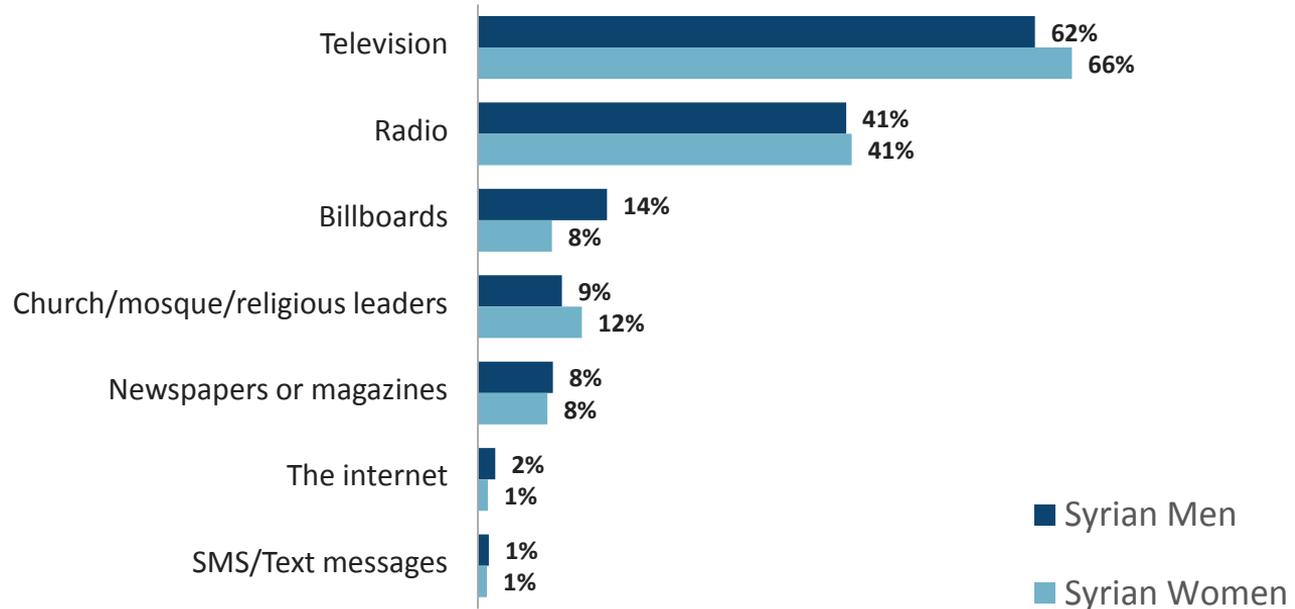
# The majority of Jordanians report trusting television or the radio as a medium for information about financial services

Total Trust in Information Sources on Financial Products and Services



# The majority of Syrian refugees report trusting television or the radio as a medium for information about financial services

Total Trust in Information Sources on Financial Products and Services



## INFORMATION SOURCES

In the focus group discussions, participants expressed that they also rely on informal networks for advice

*“I would take more than one opinion...from people that I know with experience.”*

*Syrian Female, Amman*

*“[We get information and advice from] someone who is close to us, not necessarily a family member, it could be a close friend or a family member that we trust.”*

*Syrian Male, Amman*

*“We'll ask those who have tried the service before and take their advices. After asking them we'll make the decision... each of us has a person that looks for their opinions.”*

*Jordanian Male, Irbid*

*“I'll ask the person who has tried that service before, and even after asking them for all the information I'll still visit the source for more information.”*

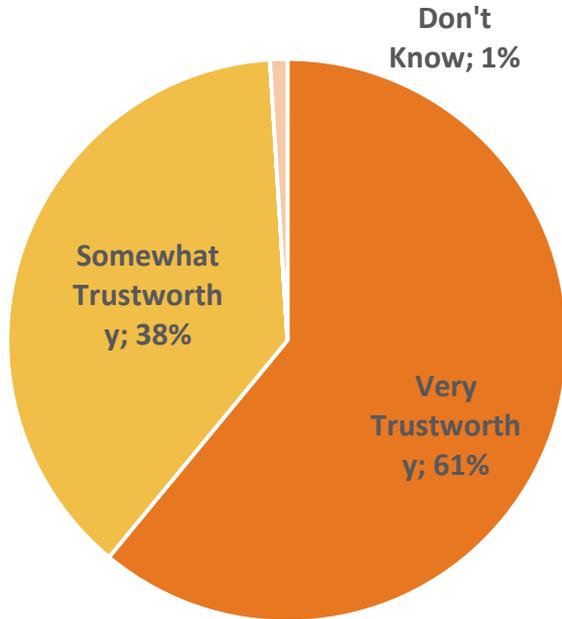
*Jordanian Female, Mafraq*

# Trust in Financial Institutions

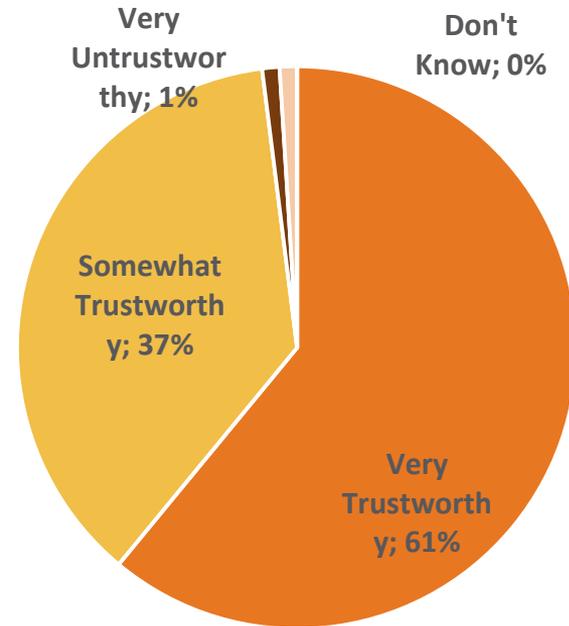


# Those that use financial services find them very trustworthy

Trustworthiness of Checking Accounts



Trustworthiness of ATM Cards





## In the focus group discussions, participants expressed trust in financial services and remittance providers

*“If this company is supported by a strong bank [we will trust it]. If not, people may not trust them and think that they are taking the money to fool them.”*

*Jordanian Female, Amman*

*“[I prefer] exchange centers, because it is faster and secure, where if you give someone money to deliver it, he might lose it or take a long time.”*

*Jordanian Male, Amman*

*“The bank is more credible, I can [remit] with the bank and save money.”*

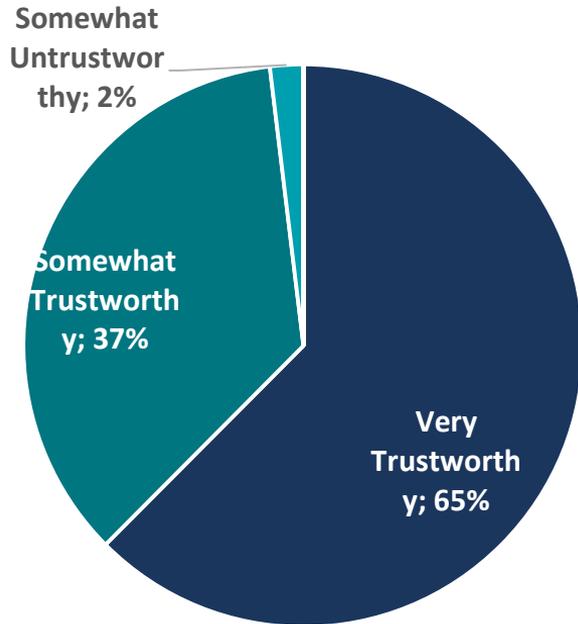
*Jordanian Male, Irbid*

*“We trust Banks now and put unlimited money in it.”*

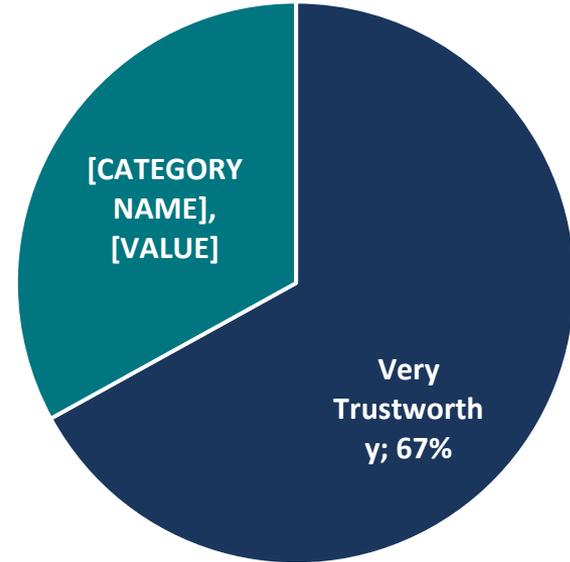
*Jordanian Female, Amman*

# Those that have financial services find them very trustworthy

Trustworthiness of Iris Scan Accounts



Trustworthiness of ATM Cards



## In the focus group discussions, participants expressed trust in financial services and remittance providers

*"It is well known that the most trusted bank in each country is the central bank, because it is backed up by the government."*

*Syrian Female, Amman*

*"The exchange center is better and more secure...exchange centers provide a secure way of transferring money also a proof of where the money came from."*

*Syrian Male, Mafraq*

*"I prefer banks because they are fast, easy and secure."*

*Syrian Male, Mafraq*

*"The central bank is backed up by the government, it supports projects, loans, salaries for employees. I would support any organization that is backed by the government."*

*Syrian Female, Amman*

# Price and Convenience

# On average, low income Jordanians would pay a 4% transaction fee for this types of service



Optimal pricing for low income Jordanians is around **4% of transaction value**



**Too long a transaction time:**  
41 minutes  
**Optimal length of time for transaction:** 26 minutes



**Too high travel cost:** 6 JOD  
**Optimal travel cost:** 3 JOD



**Too long travel time:**  
78 minutes  
**Optimal travel time:**  
26 minutes

- Q9.19 Transaction time too long
- 9.20 Ideal transaction time
- 9.21 Travel time too long
- 9.22 Ideal travel time
- 9.23 Travel cost too high
- 9.24 Ideal travel cost

## PRICE AND CONVENIENCE

# On average, low income Syrian Refugees would pay a 3-4% transaction fee for this type of service



Optimal pricing for Syrian refugees is around **3-4% of transaction value**



**Too long a transaction time:**  
1 hour 31 minutes  
**Optimal length of time for transaction:** 21 minutes



**Too high travel cost:** 10 JOD  
**Optimal travel cost:** 4 JOD



**Too long travel time:**  
48 minutes  
**Optimal travel time:**  
14 minutes

- Q9.19 Transaction time too long
- 9.20 Ideal transaction time
- 9.21 Travel time too long
- 9.22 Ideal travel time
- 9.23 Travel cost too high
- 9.24 Ideal travel cost



# Baseline Demand-Side Study on Digital Remittances in Jordan

# SUMMARY

# Summary

- Response to concept in the quantitative survey was lukewarm:
  - Limited experience and understanding of the product described led to a poor forecast for future adoption and a large behavioral segment of “outright rejecters”.
- However, the qualitative research demonstrated that when explained thoroughly, both Syrian refugees and low income Jordanians were extremely open to the concept of a digital remittance product.
- While barriers such as low income and small networks limit the potential market, high literacy, access to technology, and trust in financial institutions may signal strong product potential.



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Zusammenarbeit (GIZ) GmbH

Baseline Demand-Side Study on  
Digital Remittances in Jordan

**THANK YOU**

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