

Mobile money transforming Haiti

Financial inclusion essential to economic growth

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Mobile banking is transforming the lives of the poorest people who have never before had access to financial services. In Haiti, the central bank is working with the World Bank to improve financial inclusion with the aim of empowering individuals and small businesses.

Governments are increasingly aware that access to financial services can transform the lives of the poor and create more prosperous economies. Regulators are taking steps to make banking more widely available globally but the World Bank estimates that 2bn people still do not use formal financial services, including more than 50% of adults in the poorest households.

Access to financial services opens doors for families, enabling them to invest in their future through education and health, helping them to meet short-term and long-term goals, and to react better in an emergency. A major benefit of financial inclusion is that it allows people to access finance. Credit facilities enable businesses to create jobs and reduce poverty. In addition, the growth of mobile banking means that those in remote areas no longer face costly journeys to make transactions.

Financial inclusion through mobile banking

The aftermath of Hurricane Matthew, which devastated parts of Haiti in October 2016, shows the benefits of a population having access to financial services. With many roads destroyed by the storm, people in need could not get access to cash. As the country started to recover, mobile money came into its own, with transactions being carried out by phone instead.

Mobile banking was launched in Haiti shortly after the 2010 earthquake, which killed an estimated 220,000 people and left 1.2m homeless. The United States Agency for International Development and the Bill & Melinda Gates Foundation donated \$10m to speed up the development of mobile money. The foundation says the aim was to enable ‘humanitarian organisations to deliver cash to earthquake victims more quickly and to help Haitians send, receive, and store money securely with their mobile phones’.

Within months, banks in Haiti, in collaboration with telecommunication companies, followed the lead of USAID. Many Haitians now control and access their money without having a bank account. Using a phone, a customer can settle bills, pay for goods in a store and make transfers from one account to another.

The Banque de la République d’Haiti, as the regulator of the financial system, is building on the mobile banking initiatives by developing the financial and credit sectors in order to create conditions for economic growth and development. For a country to effectively extend financial inclusion, it has to focus on accessibility, mobile banking and financial literacy.

A tailored strategy needed for developing countries to increase economic growth

In 2014, Haiti’s central bank, in collaboration with the World Bank, launched its National Strategy for Financial Inclusion, which is designed to reduce poverty and income inequality. It aims to promote a more economically inclusive society and to empower individuals and small businesses, particularly in impoverished communities. Financial literacy is a key component of the strategy. The population needs to learn to understand and manage money, and to learn how to use financial products and services.

The strategy is tailored to the needs of Haiti and structured around: credit for economic growth, local financial services, education and consumer protection, strengthening of financial institutions and support infrastructure. A unit on financial inclusion, which is being created by the central bank, will implement and monitor the policies. The benefit of having a strategy is that it focuses attention on what needs to be done and clearly sets out a plan to achieve it.

Haiti committed to establishing its strategy after joining the Alliance for Financial Inclusion. The organisation was set up in 2008, with funding from the Bill & Melinda Gates Foundation, to help policy-makers increase financial access for the poorest populations worldwide. ■

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