

Toward the promotion of electronic payments



November 21, 2019

The Social and Private Costs of Retail Payment Instruments in Costa Rica



ECB Methodology

Supply side	Demand side
Central Bank of Costa Rica	Retailers (644)
Financial entities (36/46)	Households (2016)
Other stakeholders (2/8)	



Results

Payment instrument	Number (millions)	Value (₡ thousand of millions)	Social Costs (₡ thousand of millions)	Social unit costs (₡)		Share (%) based on			
				Per transaction	Per ₡1 of sale	Number	Value	Social Costs	Average payment value
Cash	1.141,7	7.544,2	171,9	151	0,023	73,2%	34,8%	40,3%	6.608,0
Débit card	247,6	3.844,3	100,8	407	0,026	15,9%	17,7%	23,7%	15.527,5
Credit card	119,2	3.296,9	118,6	994	0,036	7,6%	15,2%	27,8%	27.655,5
Electronic transfers	50,8	6.995,4	34,9	688	0,005	3,3%	32,3%	8,2%	137.739,3
Total	1.559,3	21.680,9	426,2	273	0,020	100,0%	100,0%	100,0%	13.904,6

Social costs as % of GDP 1,37%

Work with financial entities

Payment instrument	Recovery (percentage)
Cash	16,0
Débit card	92,7
Credit card	123,7
Electronic transfers	61,4

Strategy

1. Lets move to instruments with highest recovery percentage
2. Cards fees are enough to continue with EMV and online PIN
3. The income from electronic transfers are not only fees

What about retailers?



Cards payments

Accept card payments	75,7
More than one acquirer	41,0
Accept American Express	
Average Merchants fees (by size of bussiness)	
Biggest	2,8
Large - Medium	3,8 - 4,2
Small - Micro	4,4 - 4,5
Does not accept cards	24,3
Formal bussiness with out bank account	8,2
Reasons	
He had but not anymore	12,1
Acquirer not offer the service	44,4

Electronic transfers

Would accept mobile payments	58,3
Large	45,3
Medium	65,9
Small - Micro	58,0
Conditions of service	
Greater security	37
Immediate confirmation	21,4
Would not accept it	41,7
Reasons	
Is not safety	51,8
Don't know how it works	31,2

And households?

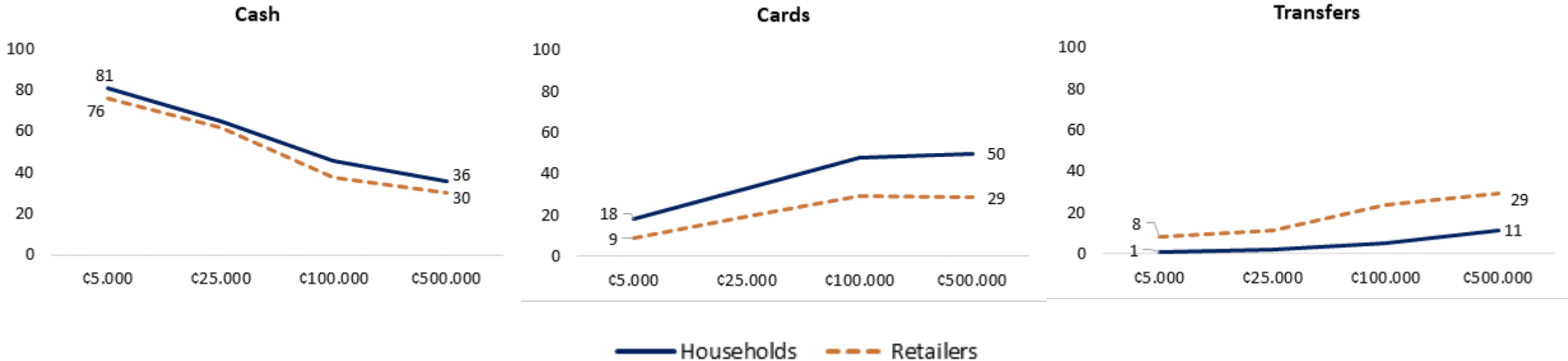
Financial Inclusion	
Account (age 18+)	71,2
Just one	47,3
More than one	23,9
Household without account	12,6
Reasons for not having an account	
Don't need it	77,9
Just use cash	8,3

	Debit Card	Credit Card
Ownership	68,8	16,7
Prefer not to use it to pay	47,8	41,3
Use it in all possible payments	25,7	27,2
Bad Experience		
No	90,5	
Card not accepted	2,2	

On-line banking	
Use of banks web site	33,7
Check balances	88,8
Payments	66,7
Transfers to persons	29,2
Reasons not to use	
Don't like - is not necessary	42,7
Don't know how	35,4
Is not easy	31,6
Mistrust	24,8



Payment preferences



Issues

- 30% want to stay in cash, because mistrust, fear and difficulty of use electronic payments.
- Great confidence in high value, but we need to promote for low value.
- Lack of interoperability and malfunctions adds complexity to card payment.
- 12.000 businesses without card payments, and acquirers are not competing for them.

Regulations and payments innovation



Regulations

1. **Fintech participation in Sinpe**
2. **Improve customer information**
 - Notifications
3. **Digital signature for on-line banking**
4. **Law on payment card systems**
5. **Financial Consumer Protection Law**

Innovation



- A. **L Program**
- B. **Electronic payment in public transports**
- C. **QR codes for Sinpe Mobile**
- D. **Tool for detecting suspicious operations in Sinpe**
- E. **BCCR Strategic Plan 2020-2024**
 - Promote cyber-security of payment and financial system.
 - Improve cyber-resilience of the national financial system.

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