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INNOVATING DIGITAL FINANCIAL SOLUTIONS

Digitalizing Vendor Payments at the Olive Festival 2023

A Look into the Experience and Impact

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Introduction

The domain of Financial Technology, or FinTech, has gained prominence in Jordan, particularly in the realm of digital payments. As per the latest statistics, until the conclusion of 2023, Jordan has witnessed a total of more than [1](100 million) instant payment transactions on JoPACC's payments systems, amounting to a total value exceeding 19 billion JOD. The noteworthy progress in digital payments in Jordan has not been an isolated development but rather a result of concerted efforts towards achieving full interoperability for instant fund transfers amidst bank accounts and mobile wallets, in addition to establishing a highly efficient system for instant bill payments within the country.

In Jordan, the progression of instant payment services can be outlined through the following stages:

- **Launching the JoMoPay System in April 2014**

This system enables the registration of mobile wallets for the exchange of financial transactions between mobile wallets, and it was upgraded to enable transfers from mobile wallets to bank accounts.

- **Launching the Electronic Bill Presentment and Payment System (eFAWATEERcom) in June 2014**

This system facilitates the display and payment of bill values through various electronic channels, making it accessible to all sections of society without any impediments to its usage, including financial exclusion. The system is seamlessly integrated across all mobile wallet and bank applications and encompasses a dedicated payment application that enables users to pay using diverse options such as credit cards. Furthermore, it is integrated into the websites of billers who accept payments through eFAWATEERcom.

- **Permitting the Digital Onboarding of Individuals and Merchants to Mobile Wallets for the First Time by the Central Bank of Jordan in March 2020, Bypassing the Need to Visit Service Provider Branches**

This was one of the positive outcomes of the COVID-19 pandemic in Jordan, leading to a significant increase in the number of wallets created in 2020, which surpassed 1.2 million, as compared to 608,344 wallets at the end of 2019. During that time, the primary reason behind creating mobile wallets was to provide financial assistance and support to people during the lockdown period in Jordan. Relief organizations and government institutions, such as the National Aid Fund and the Social Security Department, leveraged mobile wallets to distribute aid to those in need.

[1] Figures include transactions conducted through the CliQ, JoMoPay, and eFAWATEERcom systems.

- Launching the Instant Payment System - CliQ in June 2020

This system enables instant transfers between bank accounts. It was also upgraded to enable transfers from bank accounts to mobile wallets. CliQ operates in adherence with the financial message standard ISO 20022.

- Enabling interoperability between the CliQ and JoMoPay Systems in December 2021

This update has enabled the JoMoPay system and the CliQ instant payment system, which both adhere to the same ISO (20022) messaging standard for financial messages, to send and receive instant transactions between each other. In other words, this update has facilitated instantaneous fund transfers amidst bank accounts and mobile wallets.

Although financial inclusion in Jordan is relatively low, standing at 47% according to the Global Findex Database 2021, the number of instant payment users has been steadily increasing, particularly in recent years.

Instant Payment System Users in Jordan
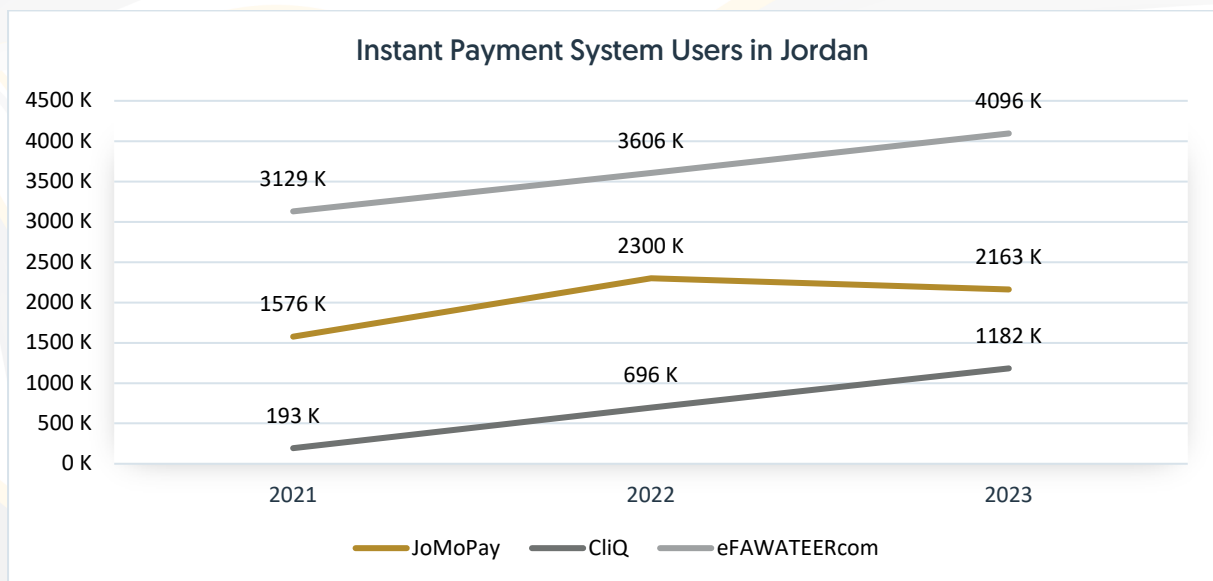
With this growth in instant payment users in Jordan over the years, financial exclusion remains an obstacle facing the less fortunate groups, especially women, youth, and refugees, which deprives them of access to finance, increases the cost of movement to use cash, and ultimately undermines their capacity to cope with and recover from unforeseen disasters.

As a fundamental aspect of its strategic approach intended to aid underprivileged communities, JoPACC carries out "Outreach Programs." These programs are designed to raise financial literacy, enhance the knowledge and understanding of digital financial services among these groups, encourage them to use these services, and measure their impact. By

directly interacting with these communities, JoPACC can effectively understand their needs and the challenges they face.

In pursuit of a common national objective, JoPACC has collaborated with the National Agricultural Research Center (NARC), a national institution affiliated with the Ministry of Agriculture, to promote the adoption and uptake of digital payments at the Olive Festival in 2023. The National Olive Festival is eagerly anticipated by thousands of visitors every year, as it provides a wide range of rural products, including top-quality olive oil. The festival is an excellent and trustworthy source for purchasing olive oil straight from the farms. Additionally, the center's laboratories offer a complimentary olive oil testing service, making the festival the best option for purchasing premium olive oil.

Hundreds of farmers, rural women, and local associations from all governorates of Jordan await the holding of this festival to participate in it and sell their rural products. The "Rural Products Exhibition" offered at the festival also contributes to supporting Jordanian women's projects, empowering them, and providing them with the opportunity to display and sell their products. People from all governorates of Jordan, including farmers, rural women, and local associations, eagerly await the festival to showcase and sell their rural products. In addition to this, the "Rural Products Exhibition" also serves as a platform to support Jordanian women's projects, empowering and providing them with an opportunity to display and sell their products to visitors attending the exhibition.

The training of vendors at the Olive Festival in Jordan to adopt digital financial services provided JoPACC with an opportunity to interact with marginalized groups, predominantly women. Through this interaction, JoPACC was able to identify some of the challenges faced by these groups, particularly in accepting digital payments. Further elaboration on these challenges will be presented later in this report.

About the Program

The primary objective of this program is to digitalize the payment services of vendors at the Olive Festival in Jordan for the year 2023. The Olive Festival is an annual event usually held between November 23 and December 2 and is one of the largest festivals in Jordan. In 2023, the festival attracted around 890 smallholder vendors, rural women, and heads of less fortunate families from all governorates of Jordan. Moreover, the festival witnessed an attendance of no less than 200,000 visitors, and its sales were estimated at 2.8 million Jordanian dinars. The proposed program was aimed at facilitating the digitalization of payment services for the aforementioned vendors, enabling them to reach a larger audience and enhance their sales.

One of the most significant observations that constituted a vital motivation and rationale for JoPACC to choose this festival as the ideal candidate for implementing this program was that "numerous families depend on the revenue generated from this festival to sustain their livelihoods throughout the year."

The implementation of this program was carried out in collaboration with the National Agricultural Research Center (NARC), a national institution associated with the Ministry of Agriculture. The center is responsible for organizing the Olive Festival on an annual basis.

The program included holding 9 training sessions for 255 vendors in the 2023 Olive Festival, the majority of whom were less fortunate women. During these sessions, participants were trained on instant payment services in Jordan, namely mobile wallets, CliQ, and eFAWATEERcom.

Throughout the training, the emphasis was placed on the process of receiving payments during the festival via instant payments available between mobile wallets, bank accounts, and both, facilitated by the interoperability of the CliQ and JoMoPay systems. JoPACC had meticulously developed training material tailored to this objective.

Between August 31 and November 16, 2023, two distinct phases of digital financial services training sessions were held. The first phase consisted of 210 participants who underwent training from August 31st to September 5th. The second phase was comprised of 45 participants who received training between November 13th and November 16th. The sessions, which spanned a total of 9 sessions, had the participation and presence of the mobile payment service provider Orange Money, who imparted practical experience and training to participants on the usage of mobile wallets.

The session arrangements encompassed JoPACC's provision of transportation coverage to and from the training centers, as well as the provision of incentives to participants. These measures aimed to encourage attendance at the sessions and ensure consistent usage. The details of the incentive program are explained further in the report.

Implementation Mechanism

The program encompassed conducting training sessions that lasted for six hours each, as outlined below:

1. The Theoretical Part

As a constituent of the program, theoretical awareness training sessions were held to educate individuals on the various benefits of digital payments. The following topics were comprehensively covered during these sessions:

- Benefits of Digital Payments

This involved presenting real-life instances that mimic the advantages associated with digitalizing purchasing and vending experiences such as eliminating the risks of carrying cash, the convenience of recording all sales transactions, and the cost-effectiveness of using digital payment methods to reduce transportation expenses.

- Mobile Wallets and Their Use

This covered all aspects of mobile wallets, from the necessary prerequisites to the registration process, as well as the various services offered, with particular emphasis on facilitating instant and seamless transfers between mobile wallets and bank accounts in Jordan. Furthermore, the discussion also delved into the associated fees and limitations, guidance on selecting the appropriate wallet provider, and instructions for submitting complaints or cancelations in case of any issues.

- The Instant Payment System (CliQ)

This entailed acquainting participants with the service and providing them with instructions on how to effectively utilize it for local fund transfers through the use of aliases, both inter-bank and from bank accounts to mobile wallets.

- Receiving Digital Payments Through Mobile Wallets and CliQ

This encompassed acquainting users with the benefits of individual and merchant accounts, and the prerequisites for initiating the account opening process. These accounts can enable users to receive payments, thereby enhancing their overall experience.

- The Electronic Bill Presentment and Payment System (eFAWATEERcom)

Participants were familiarized with the system's services through an interactive experience that demonstrated how to make electronic payments for basic bills such as water, electricity, and telecom services.

- Tips on Using Digital Financial Services

This entailed the provision of practical and realistic tips to users during their interactions with digital financial services, with the aim of minimizing the risks associated with such services. This was especially important considering that the majority of users belonged to the less privileged and older age brackets (41-50 years and 51-60 years), as well as those who were attempting to use such services for the first time.

- Digital Payments Incentive Program

This comprised a financial reward scheme that was digitally transferred to users' wallets/bank accounts. This program was based on a specific number of digital payment receipt transactions that took place during the festival period.

2. The Practical Part

As per the participatory approach that we adhere to in the sector, JoPACC extended an invitation to all wallet companies and merchant acquirers operating in Jordan to participate in the training before its commencement. The invitation was accompanied by an offer to promote their services to participants in exchange for a sponsorship amount, which was intended to support the National Agricultural Research Center (NARC) in organizing the Olive Festival. JoPACC conducted numerous meetings with various service providers to familiarize them with the program and address any queries they may have had. As a result, the training had the participation of the mobile payment service provider (Orange Money).

During the training sessions, Orange Money offered a practical and informative experience concerning its wallet services. Participants were provided with a comprehensive live demo of all the services available on the Orange Money mobile application, along with instructions on how to use them. The training program covered the following services:

- Aliases setup
- Instant local transfers
- International transfers
- Issuance of *plastic payment cards (provided by Orange Money - (Visa Type))
- Agent services
- Wallet limits and fees

Orange Money has also established a service booth at the training centers to provide assistance to participants in matters such as opening wallets, issuing plastic payment cards, and addressing any inquiries they may have.

* To encourage users to open wallets and use digital payment services, Orange Money presented an offer on its payment card issuance service (Visa), which was offered for (1 JODs) only to interested participants instead of the original issuance cost (5 JODs).

Target Group: Preliminary Survey

To evaluate the performance of participants and identify their characteristics, JoPACC developed a survey consisting of two parts. The first part aimed to assess participants' pre-training knowledge of digital financial services, their possession of the necessary tools to use such services, and their demographic characteristics. The second part was completed after the training program to measure participants' satisfaction with the program and identify areas for improvement.

According to the survey results conducted by JoPACC, which included 255 participants, females comprised 85% of the total participants. Furthermore, the age group of 41 years and above was found to be the dominant group, accounting for a significant 64% of the total participants. As per the academic perspective, 58% of the sample belongs to the secondary school or lower category.

85% Females	**64%** Above 41 years old	**58%** Belongs to the secondary school or lower category

Access to Infrastructure

99% of participants **own a smartphone**.

97% of participants **have internet connection** on their smartphones.

Financial Account Ownership and Usage

83% of participants **own a financial account** (bank account or mobile wallet).

27% of participants **do not use their financial accounts** at all, **31%** use them only **once a month**, **12%** use them **twice a month**, and **5%** use them **3 or more times a month**.

The two primary financial services used are **local instant transfers** and **bill payments**.

20% of participants **owned a bank account**, of whom only **20%** used **CliQ**.

Impact Analysis

Number of Vendors	Total Sales	Number of Visitors
890	**2.8 million JDs**	**218,552**

Subsequent to the completion of the training program, JoPACC conducted a visit to the festival with the aim of checking the level of adoption of digital payments by festival vendors and identifying any potential challenges they were facing.

During JoPACC's visit to the festival, it was observed that a significant number of vendors were accepting digital payments. Additionally, a considerable proportion of these vendors were displaying signs indicating their acceptance of digital payments through aliases on CliQ/mobile wallets.

Performance Analysis

With written consent from participants to track transactions on their CliQ accounts/mobile wallets during the festival, JoPACC analyzed their performance in detail. JoPACC's ownership of both the "CliQ" instant payment system and the JoMoPay system, which registers mobile wallets in Jordan for the purpose of exchanging financial transactions, facilitated the analysis of user data on both systems.

Upon conducting an in-depth analysis of the performance of the 255 trainees who underwent digital payment training, it was observed that 79 participants accepted digital payments during the festival. The total value of digital transactions received by the trainees was 25,369 Jordanian dinars, with a total of 362 transactions recorded. The average value of each transaction received by participants during the festival was 70 Jordanian dinars.

Throughout the training program, a total of 60 participants opened Orange Money wallets. Additionally, 86 issued Visa plastic payment cards that were linked to the wallet and provided at a discounted price during the training by Orange Money. Furthermore, a total of 100 wallets/ CliQ accounts were registered since the beginning of the training.

Transaction Analysis

JoPACC conducted training for a total of 255 participants. The training sessions were organized on different dates. Therefore, participants were divided into two groups. Group 1 consisted of 210 individuals who received training from August 31st to September 5th, while Group 2 comprised 45 individuals who underwent training from November 13th to November 16th.

Data for Group 1 was analyzed for eight months - four months prior to training and four months during and after it. For Group 2, whose training began almost two months later, two months of pre-training, followed by two months of during and post-training data were analyzed.

Below is a table displaying the dates that were analyzed for each respective group:

	Group 1 [4 months before & 4 months after]	Group 2 [2 months before & 2 months after]
Before Training	30th of April 2023 To 30th of August 2023	13th of September 2023 To 12th of November 2023
During and After Training	31st of August 2023 To 31st of December 2023	13th of November 2023 To 13th of January 2024

The analysis of user transactions before and after the training indicated significant growth for both groups. Group 1 observed a 46% increase in transacting users (from 89 to 130), while Group 2 experienced 53% growth (from 15 to 23). The overall growth for both groups was a 47% rise in digital payment users (from 104 to 153).

Number of Transacting Users Before and During and After the Training
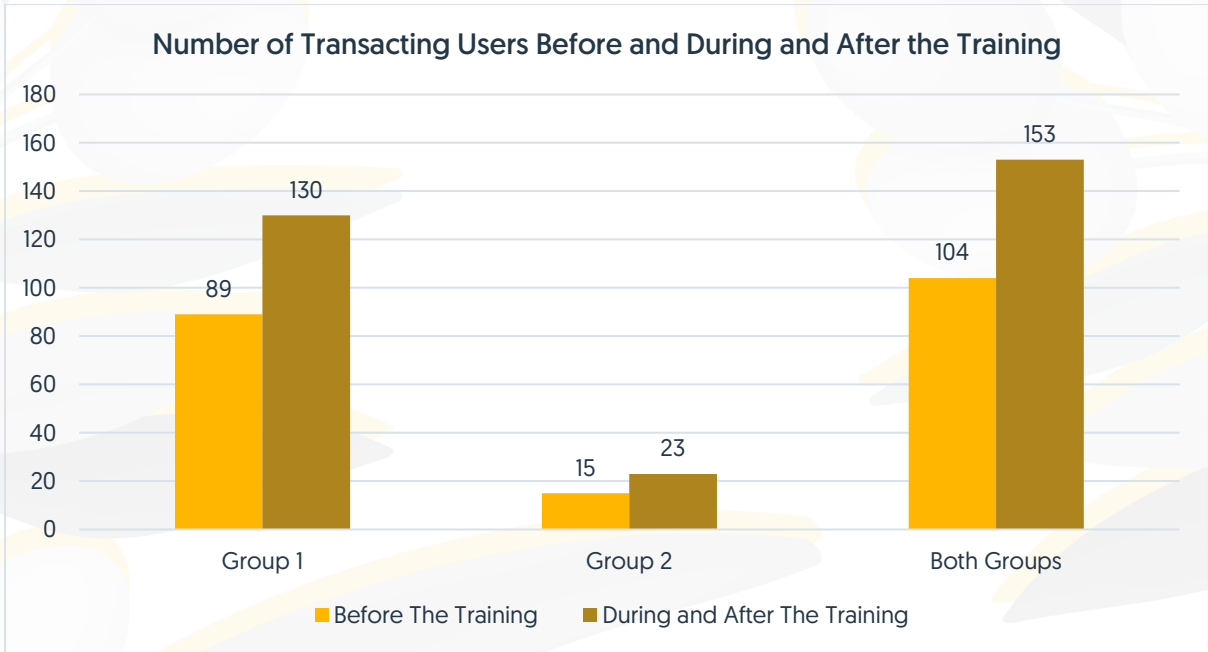
To pinpoint transaction peaks, the post-training period was segmented into 4 phases (during training, after training, during the festival, and after the festival). The below line chart analysis showed that the highest transaction numbers for both groups were during the digital payments training and the olive festival. Post-training transactions consistently surpassed those pre-training, confirming the positive impact of the training on participants' digital payment usage.

Group 1 - Number of Transactions for 8 Months

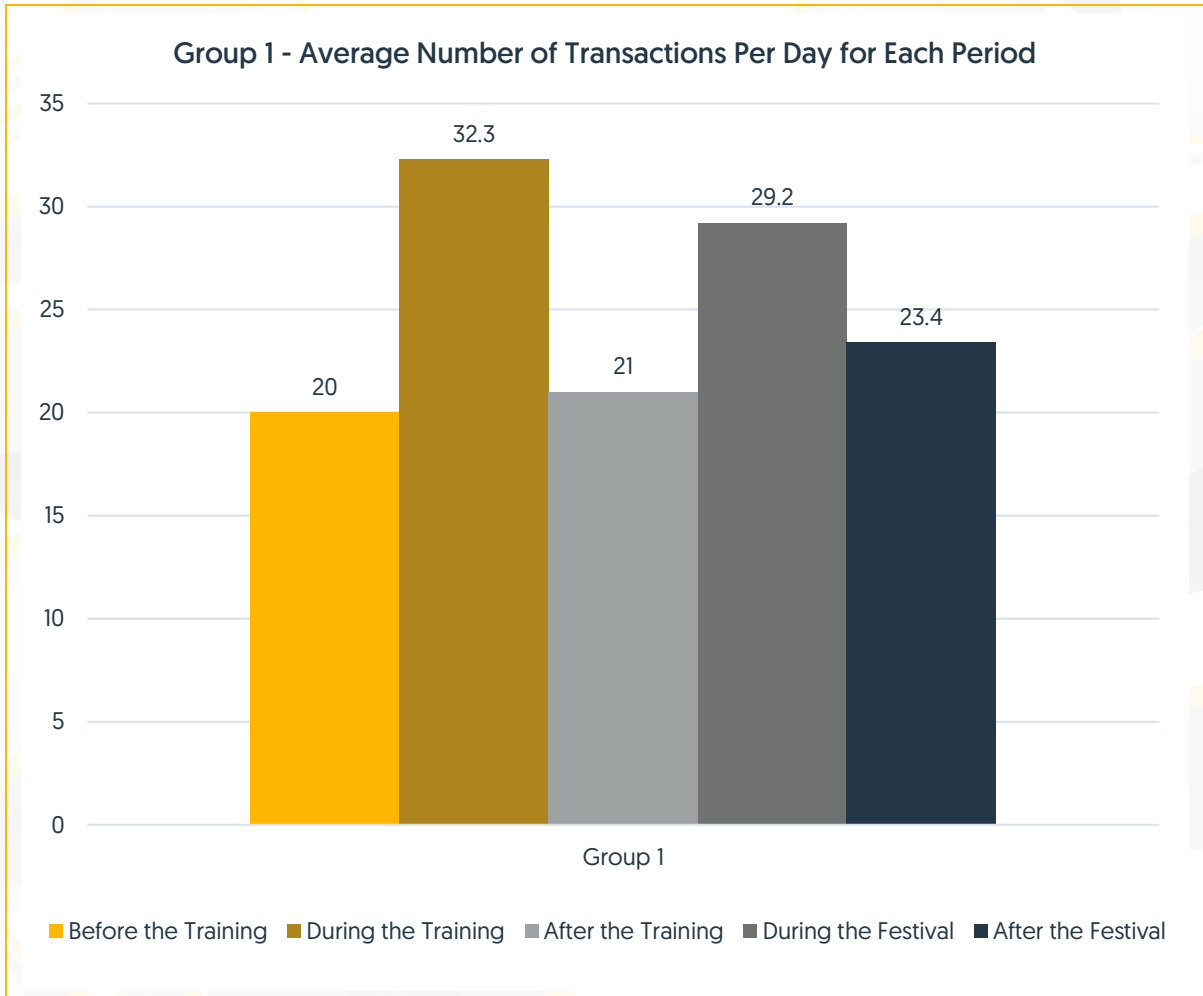## Group 2 - Number of Transactions for 4 Months
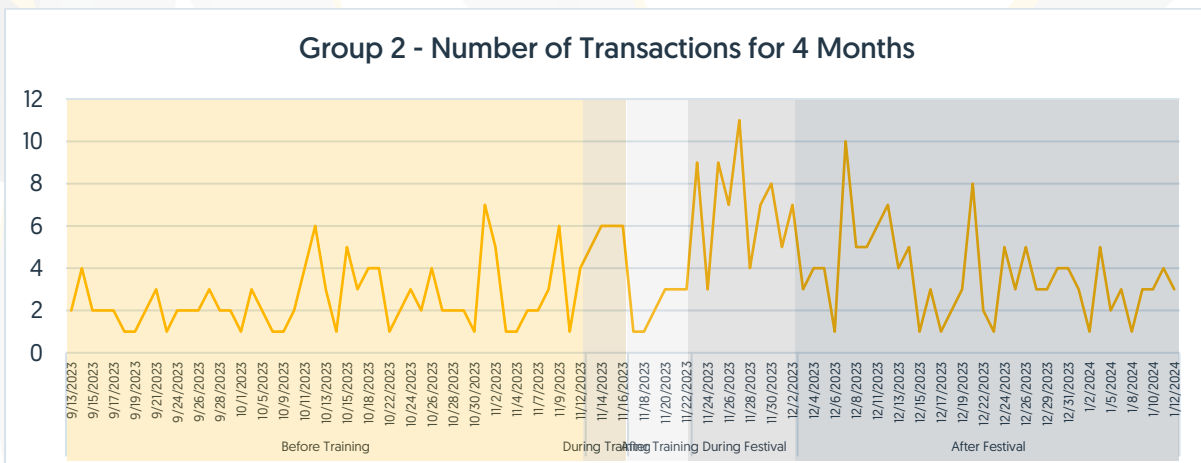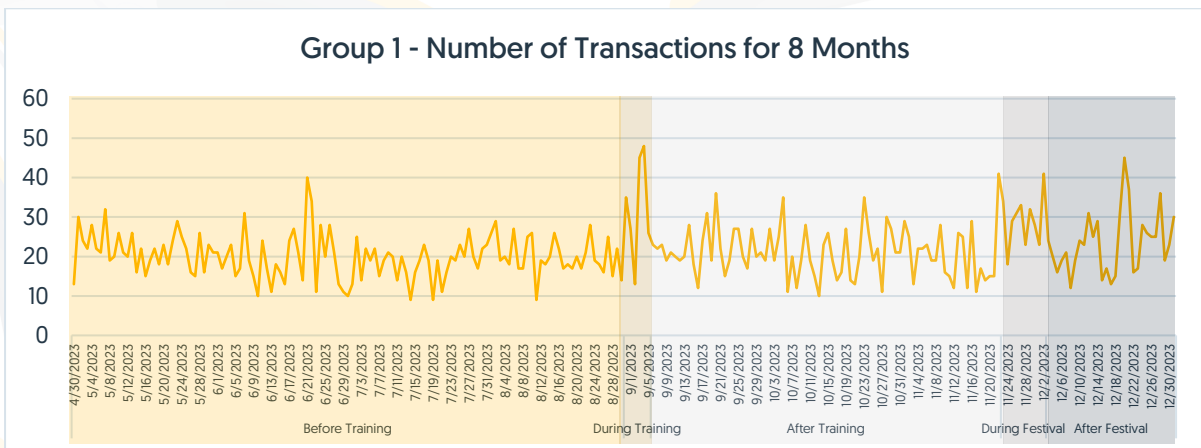
To validate this observation, a comparison of the average number of daily transactions for both groups during each period was conducted. For group 1, the average daily transaction count was recorded at 20 before the training, reached a maximum of 32.3 during the training, moderately increased to 21 after the training (compared to the count before the training), surged to 29.2 during the festival, and then declined to 23.4 after the festival, yet still remained higher than the pre-training level.

Group 2's pre-training average was 2.5 transactions per day. During training, it increased to 5.8 transactions per day. After training, there was a brief decline to 2.2 transactions per day (lasting only 4 days), which increased to 7 during the festival and finally dropped to 3.6 after the festival, which also remained higher than the pre-training level. Details have been consolidated in the charts below.
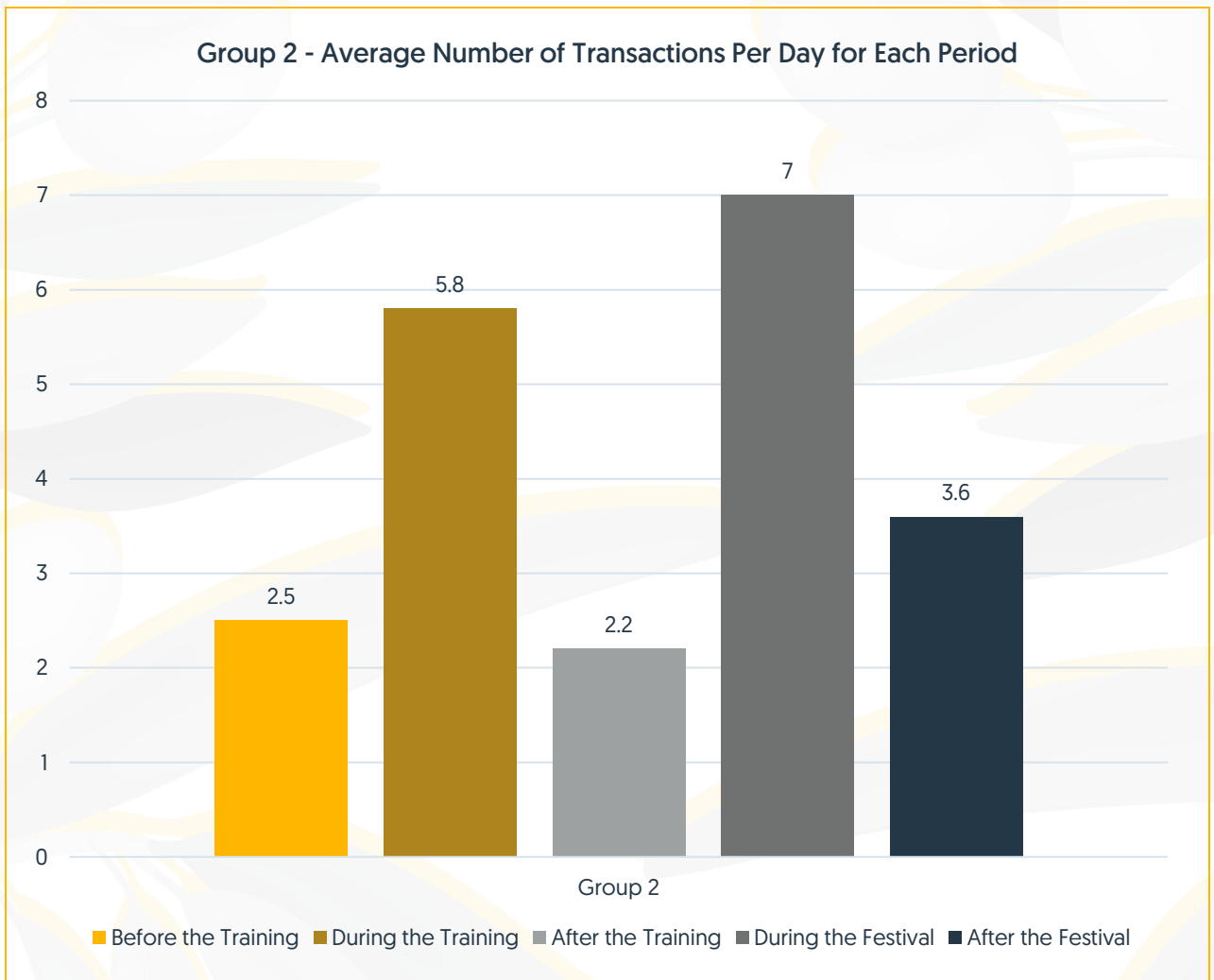
Group 1 – Period Dates	
Period	Date
Before Training	30th of April 2023 to 30th of Aug 2023
During Training	31st of Aug 2023 to 5th of Sept 2023
After Training	6th of Sept 2023 to 22nd of Nov 2023
During Festival	23rd of Nov 2023 to 2nd of Dec 2023
After Festival	3rd of Dec 2023 to 31st of Dec 2023

Group 1 - Average Number of Transactions Per Day for Each Period

Values shown: 20, 32.3, 21, 29.2, 23.4

Legend: ■ Before the Training ■ During the Training ■ After the Training ■ During the Festival ■ After the Festival

Group 2 – Period Dates	
Period	**Date**
Before Training	13th of Sept 2023 to 12th of Nov 2023
During Training	13th of Nov 2023 to 16th of Nov 2023
After Training	17th of Nov 2023 to 22nd of Nov 2023
During Festival	23rd of Nov 2023 to 2nd of Dec 2023
After Festival	3rd of Dec 2023 to 13th of Jan 2024

Group 2 - Average Number of Transactions Per Day for Each Period

Legend: ■ Before the Training ■ During the Training ■ After the Training ■ During the Festival ■ After the Festival

User Registration

After the training, both group 1 and group 2 experienced an increase in registrations for CliQ and mobile wallet accounts, and a sizable portion of the newly registered users were transacting, indicating that users had not only created accounts but also used them to carry out payment transactions.

Following the completion of training for group 1, a total of 15 new registrations were recorded, out of which 9 users were transacting. This implies that 60% of the new users were transacting after the training. On the other hand, group 2 had 5 new registrations after the training, of which 2 users were transacting. Therefore, the proportion of transacting new users in group 2 was 40%. Across both groups, the overall percentage of new users engaging in transactions was 55%. This underscores a 7.8% increase in registered users from the overall pool of trainees.

Percentage of New Transacting and Not Transacting Users
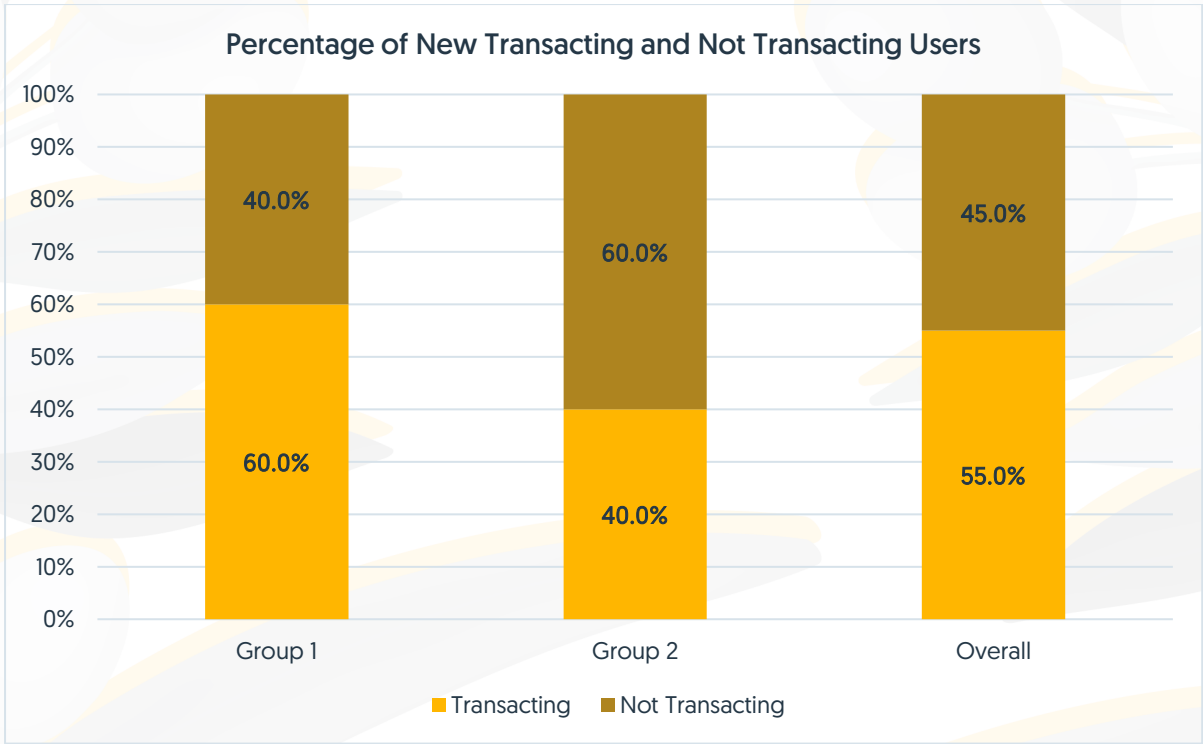
The Incentive Program

To enhance the practical experience of festival vendors, JoPACC implemented an incentive program that encourages vendors to utilize digital payment services during the festival period. Specifically, the program focuses on payments made through mobile wallets and CliQ accounts throughout the festival period from November 23rd to December 2nd, 2023. The details of the program are outlined below:

Incentive	Terms
JOD 100 for the top three participants who accept payments through CliQ/ Mobile Wallets	• The total number of payment transfers received by participants must not be less than 50 transactions. • In the event that the number of received transfer transactions is equal among more than three eligible participants, three winners will be selected randomly. • Incentives will be transferred to the winner's mobile wallet/ CliQ account.
JOD 25 for the top 25 participants who accept payments through CliQ/ Mobile Wallets	• The total number of payment transfers received by participants must not be less than 20 transactions. • In the event that the number of received transfer transactions is equal among more than 25 eligible participants, 25 winners will be selected randomly. • This offer does not apply to participants who have received incentives from the previous offer. • Incentives will be transferred to the winner's mobile wallet/ CliQ account.
JOD 10 for every participant who accepts at least ten payments through CliQ/ Mobile Wallets	• This offer does not apply to participants who have received incentives from the previous offer. • Incentives will be transferred to the winner's mobile wallet/ CliQ account.

In regard to the incentive program, a total of six vendors were beneficiaries, as follows:

Participant	Number of Transactions	Value of Transactions	Incentive
1st Winner	90	3,838 JD	100 JD
2nd Winner	27	823 JD	25 JD
3rd Winner	16	606 JD	10 JD
4th Winner	11	1, 127 JD	10 JD
5th Winner	11	746 JD	10 JD
6th Winner	10	784 JD	10 JD

Post-training Feedback

Upon selecting the winners of the incentive program on the basis of transaction volume, JoPACC subsequently contacted them through phone calls. The primary aim of this interaction was to delve into their experience of utilizing digital payment services during the festival and solicit their valuable feedback. As a result, JoPACC has identified a set of commonly agreed-upon points:

- The digital payment process via mobile wallets/ CliQ accounts was deemed smooth and effortless. Nonetheless, the intermittent weak internet connectivity at the festival site was identified as the only drawback encountered during the process.

- First-time users turned into advocates for digital payment services after experiencing their benefits in facilitating buying and selling processes, encouraging others to adopt these services.

- Vendors have reported an increase in their income due to enabling digital payment services. This is attributed to the fact that digital payment services have expanded their customer base, thereby encouraging many buyers to make larger purchases even when they do not have cash during the transaction.

- Participants utilizing digital payment services have expressed their inclination towards utilizing these services more frequently. Specifically, they have extended the range of their usage to include payment card issuance and bill payments.

Moreover, based on the survey that JoPACC distributed to participants after the training, the following feedback was observed:

98%
of participants were satisfied with the training program.

100%
of participants are more likely to use digital financial services as a result of the training program.

Main Challenges

The following challenges pertaining to the use of digital payment services through direct interactions with participants were observed:

- <u>Illiteracy</u>

The issue of illiteracy preventing the effective use of digital payment services was brought to our attention multiple times during the training workshops. Thus, it is imperative to provide speech-based services on digital financial services applications.

- <u>Lack of Familiarity with the Use of English Language in Some Services</u>

Some services in banking applications and mobile wallets still require the use of the English language, which may pose a challenge for users who are not familiar with it. This is especially noticeable in the recipient confirmation service for local transfers (Payee Confirmation), where names are displayed in English instead of Arabic, making it difficult for participants to read, despite the availability of Arabic versions for all applications.

- <u>Lack of Agents in Some Governorates</u>

One of the major concerns raised by a number of participants, particularly those residing in Jerash and Karak governorates, was the unavailability of mobile money agents in their villages. This often necessitates them to travel long distances to the nearest city to obtain the service, which they find inconvenient.

- <u>Lack of Trust in Digital Financial Services and Preference for Using Cash</u>

The phrase "cash in hand is better" was echoed by several participants who expressed a sense of distrust when using digital financial services to transfer and save money. The physical nature of cash is still perceived as a reliable source of security, which bolsters national and institutional efforts to promote the adoption of digital financial services.

- <u>Lack of Familiarity with Mobile Wallet Services</u>

A significant number of participants were surprised to learn about the ability of mobile wallet applications to facilitate international money transfers, issue plastic payment cards, and perform ATM withdrawals and deposits. Many of them held the belief that these services were exclusively offered by banks.

- <u>Reliance on Third-Party Assistance When Using Services</u>

Despite a high percentage of participants owning financial accounts, a significant number of them reported seeking assistance from relatives, shops, or agents to access their services. This dependency on a third party renders them susceptible to fraudulent activities, exploitation, and the imposition of additional fees.

- Exploitation by Some Agents

Participants raised concerns about additional fees being charged in certain governorates where agents were exclusively available, even though there were no fees for some agent services. This highlights the importance of creating awareness about the fees, terms, and conditions of services offered by mobile wallet providers, as well as providing information on how to learn about them and report issues.

- Difficulty in Dealing with Smart Apps

During the training, it was observed that digital illiteracy constituted one of the obstacles, particularly among older trainees who were not accustomed to the concept of downloading and using a mobile application.

- Exploitation by Some Agents

Conclusion

Undoubtedly, the prevalence of cash usage remains deeply ingrained in Jordanian society, particularly among those who belong to the less privileged segments. Encouraging the adoption of digital payment services demands a comprehensive approach that goes beyond mere awareness-raising and training. It necessitates incentivizing and enabling the utilization of such services across all domains. In this regard, it is imperative to eliminate or mitigate service fees and ensure that payment agents are accessible to individuals residing in remote areas who face logistical challenges in accessing the main service centers.

By implementing this program, we have observed promising outcomes in facilitating the digital utilization of financial accounts among individuals who had not previously used them. Nevertheless, we have also noticed a preference towards cash usage, even among groups who were familiar with digital payment tools. Although the shift from cash to digital payments is gradual, it is unavoidable, particularly with the favorable infrastructure and progression of digital payment systems in Jordan.

Notwithstanding the aforementioned, it is worth noting that the training program aimed at facilitating the opening of mobile wallets and activating the CliQ service has shown positive results. A total of 100 wallets/ CliQ accounts were registered since the beginning of the training. Furthermore, the program had a substantial impact on the number of transacting users, resulting in an impressive 47% rise. As a result, JoPACC has received numerous requests to conduct more such training sessions at the governorate level due to their effectiveness in improving the lives of trainees who were previously unaware of the importance of digital financial services.

Conducting such outreach programs is an essential aspect of JoPACC's strategy for 2023 - 2026. A key objective of this strategy is to increase access to, adoption, and utilization of digital financial services. These outreach programs are designed to serve disadvantaged segments of society, including women, refugees, and youth, and are in line with the National Strategy for e-Payments of the Central Bank of Jordan for the years 2023 to 2025, as well as the Economic Modernization Vision for the years 2023 to 2025.