



## The Bahamas Consumer Payments Survey (2020)

June 2021

## 1 Introduction

This report summarises results from the Central Bank of The Bahamas' consumer payments survey, undertaken during October 2020. The survey focused on consumers' knowledge, access to and use of various financial products, as well as attitudes towards wider adoption of digital services. It provides input to ongoing initiatives to promote accelerated adoption of digital payments, reduction in the use of cash and cheques, and improved financial inclusion outcomes. The findings indicate widespread access to digital payments platforms, and banking services (deposits and payments instruments). As to electronic payments, indications are that preferences shifted more towards debit cards in the year-over-year comparisons, while credit card usage fell. In addition, consumers disclosed reduced cash and cheque usage on balance, although cheques only ranked higher than mobile wallets in terms of usage. Surveyed participants also indicated awareness of modern digital payments methods, and were receptive towards increased use of digital instruments. As regard the further use of digital channels for financial services, non-usage, though only among a minority of consumers, was commonly due to some preference for in-person (over-the counter) services, or due to lack of knowledge about the existence of such products. Some consumers also expressed safety and fraud concerns respectively, about cash and digital services channels.

## 2 Survey and Description of Sample

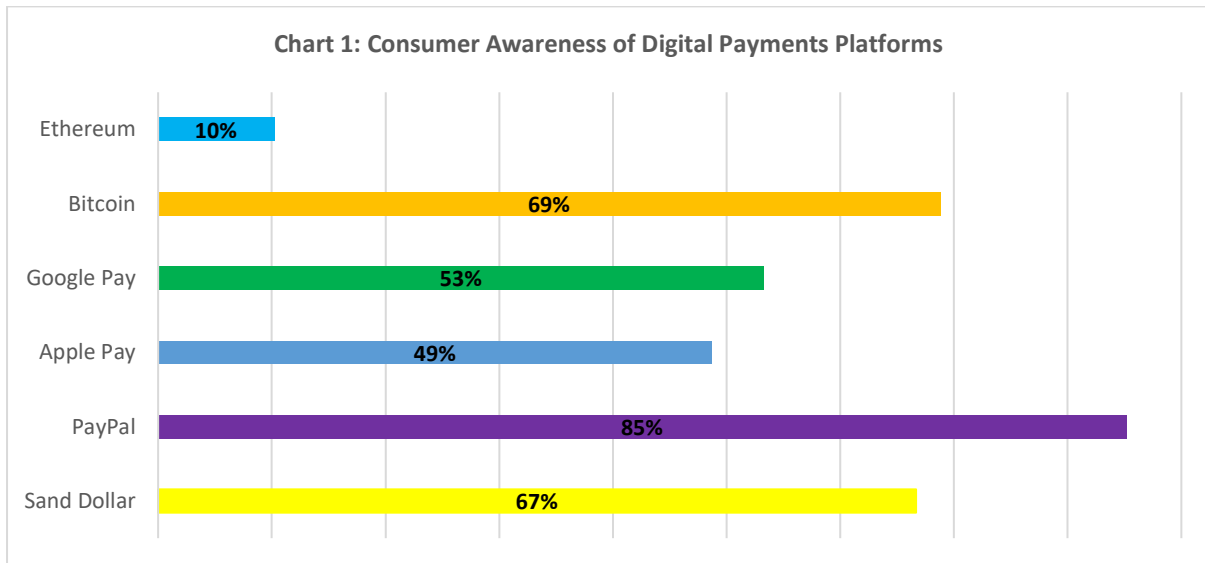
The Central Bank commissioned Public Domain, a local market research and strategy company, to execute the survey. Results were obtained from 1,509 respondents. In terms of demographics, 66% of respondents were female, while males comprised the remaining 34%. Respondents were ages 16 and over, grouped in ranges of 16-24 years (11%), 24-34 years (16%), 35-44 years (20%), 45-54 years (22%), 55-64 years (17%) and 65 years or over (14%).

By island of residence, the majority of participants lived in New Providence (82%), with Grand Bahama accounting for the second largest share (12%), and the remaining 6% in the Family Islands. In terms of access to technology, 94% of participants indicated ownership of a mobile phone and approximately 91% of these had a smart phone. As to employment status, a combined 52% were either employed on a full-time or part-time basis, and 12% were self-employed. Some 17% of respondents indicated that they were unemployed, and 15% were retired; students, homemakers and others made up the remaining 2%.

## 3 Consumer Awareness of Digital Payments Platforms

Among smart phone owners, about 87% reported using internet apps on a daily basis, a possible indication of the potential market size for digital payments services. Consumers also indicated awareness for the more common forms of digital payments platforms. Approximately two-thirds (67%) of respondents had previously heard of the Sand Dollar; there was also high name recognition of emerging domestic mobile wallet solutions offered by Central Bank-supervised payment services providers. A

high majority knew of one or more international mobile payment platforms (such as PayPal or Google Pay or Apple Pay); and of popular international crypto currencies, such as Bitcoin and Ethereum.



## 4 Access to Financial Products

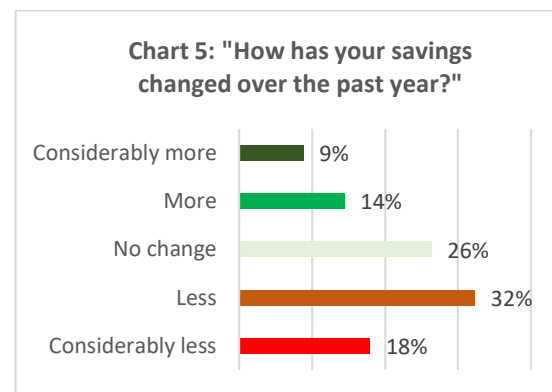
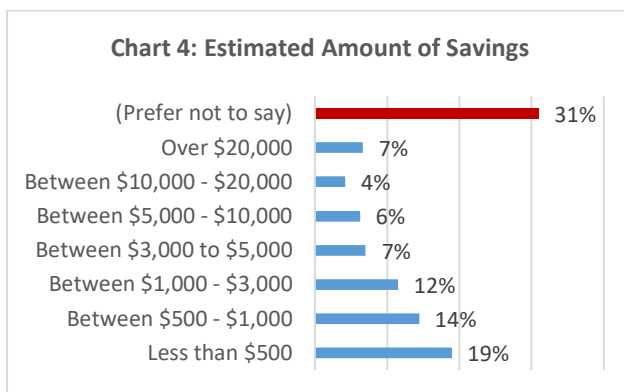
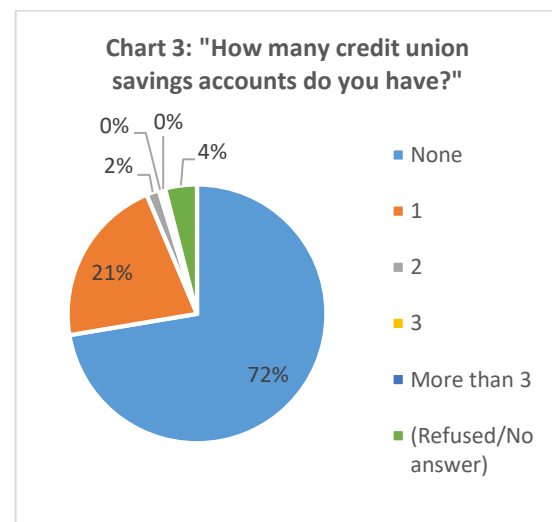
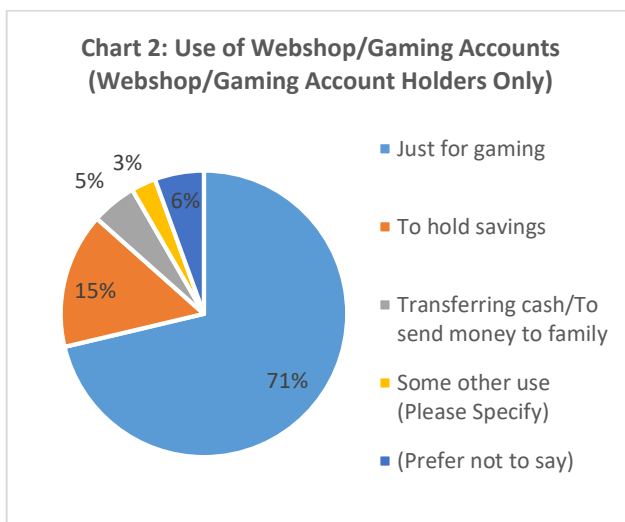
### 4.1 BANKING SERVICES

A key measure of financial inclusion is the level of ownership of accounts at banks or credit unions. The survey revealed a high degree of access and usage of the traditional and more common financial services. Considering all of the possibilities, only 5.6% of individuals disclosed that they did not have any access to deposit services at either a bank or credit union; alternatively 94.3% survey individuals had access to some form of deposit facility. In particular, as it relates to banking services, 89% of respondent reported that they maintained at least one savings account at a banking institution and 54% disclosed that they owned at least one pre-paid debit card. Smaller proportions of consumers indicated that they maintained at least one of the other types of banking products, including bank chequing accounts (32%), bank-issued credit cards (40%) and bank fixed deposits (23%). Further, 28% reported owning at least one joint bank savings account, with smaller percentages owning joint chequing accounts (8%), joint fixed deposit accounts (3%) and joint bank-issued credit cards (4%). In the meantime, only one-quarter (24%) of participants used any form of credit union deposit account.

### 4.2 ONLINE GAMING

As to online accounts for gambling (“web shop” accounts) these holders represented 15% of the respondents; and 71% of such users indicated that such accounts were used only for gaming. Another 15% of “web shop” account holders also treated the facilities as stores of savings, while 5% of such persons used them to enable transfer of funds to family members. In the meantime, the gaming accounts were also not

widely used in isolation from bank-like facilities, as only 5% of gaming patron disclosed that they did not have access to deposit facilities at either banks or credit unions. Also, gaming accounts held significantly low average balances: with the average of less than \$50 maintained in about 72% of the accounts, between \$50 and \$100 in 12% of accounts, and with average balances in excess of \$100 maintained in less than 7% of facilities. Comparatively, estimates as of December 2020, are that 85% of Bahamian dollar accounts on the lower-end of the holdings spectrum averaged about \$1,110 in funds; whereas the lower threshold for remaining bank deposits exceeds \$10,000.



## 5 Product Usage Patterns and Trends

### 5.1 CASH AND CHEQUES

Although the use of digital payments methods is growing, cash remains the most commonly utilized method of payment among surveyed residents—but with diminished usage. A majority (51%) reported using cash on an “almost daily” basis over the past six months leading up to the survey, with another 18% using cash, an average of at least twice weekly; and 14% at least once weekly. Less than 4% reported never using or not having cash. At the same, there appeared to be some

movement away from cash vis-à-vis other payments methods, with a combined 42% of persons reporting decreased usage from a year earlier, relative to a combined 28% that increased cash usage. Meanwhile, 29% of persons kept their level of cash usage “the same”.

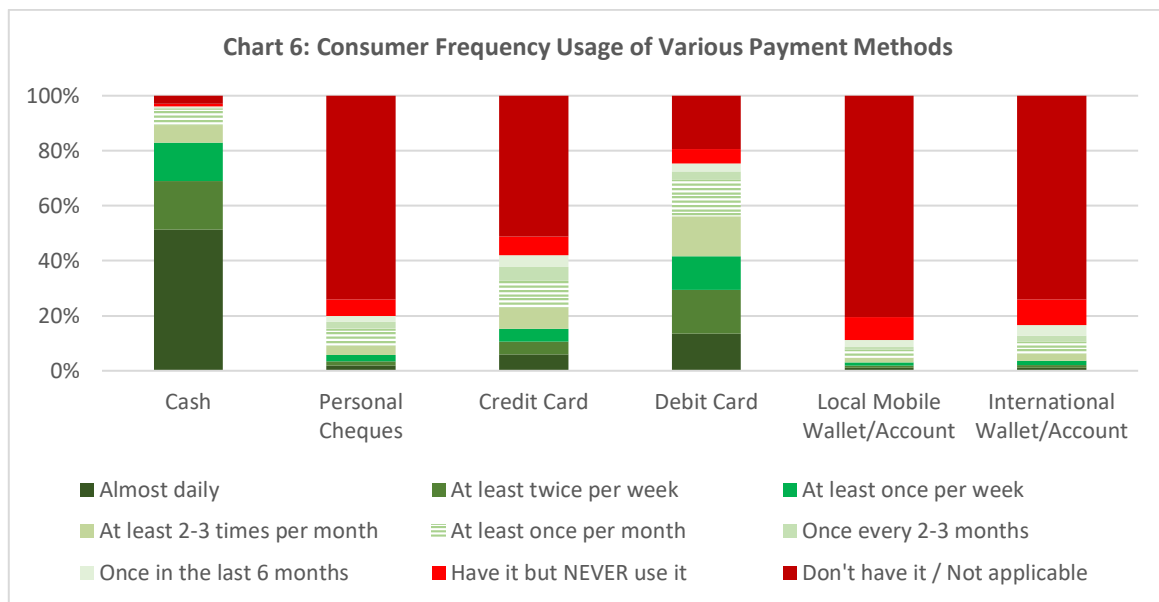
Similar insights emerged on cheque usage. Some 20% of persons indicated having used personal cheques over the previous six months. About 40% of that number reported decreased usage compared to higher usage among only 9% of respondents, and 32% who revealed no change.

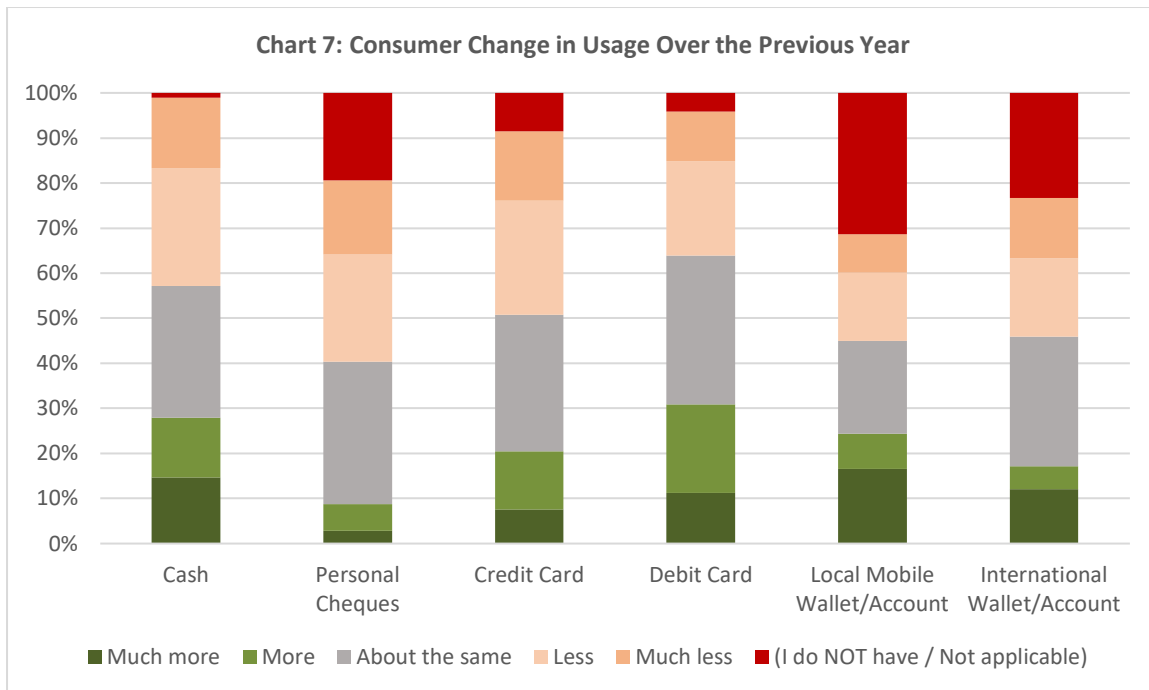
### 5.2 CREDIT AND DEBIT CARDS

In the meantime, debit cards were the most commonly used electronic form of payment, but with no shift in net usage. However, credit card utilisation decreased in the year-over-year assessment towards less usage. In particular, an estimated 75% of surveyed consumers reported using a debit card at least once during the prior six-month period. Further, 56% had used a debit card at least once per month or more frequently on average, and 42% at least once per week or more frequently. When compared to the prior year, 33% of debit card users indicated that their usage of debit cards “remained the same”, and a combined 32% decreased their debit card use, while 31% increased their use of debit cards. By comparison, 42% of respondent indicated that they used a credit card at least once in the prior six months, with less than 20% using credit cards on a weekly or more frequent basis. Compared to the previous year, 41% of credit card users reported less usage of the medium versus 21% who reported increased usage; only 30% noted that their credit card usage remained “about the same”.

### 5.3 MOBILE WALLETS

Usage of mobile wallets was relatively low. Only 17% of persons used an international wallet account in the last six months, while only 11% used domestic mobile wallets during the same period.





#### 5.4 AUTOMATED BANKING MACHINES (ATMs)

The availability and accessibility of ATMs in the country contributes to the relatively high level of usage among the populace, predominantly for cash transactions. As banks have pushed to reduce in-branch traffic, some have made it mandatory for customers of some of the main commercial banks to use ATMs for cash withdrawals below a specified threshold<sup>1</sup> and for deposits. According to the survey, most persons in The Bahamas uses ATMs for these two purposes. In particular, a large majority of respondents (88%) indicated use of ATMs to withdraw cash, with 81% using the machines at least once per month or more frequently for that purpose. More than half of the respondents (59%) also reported some level of ATM usage for making deposits and an approximately similar share (60%) for querying account balances.

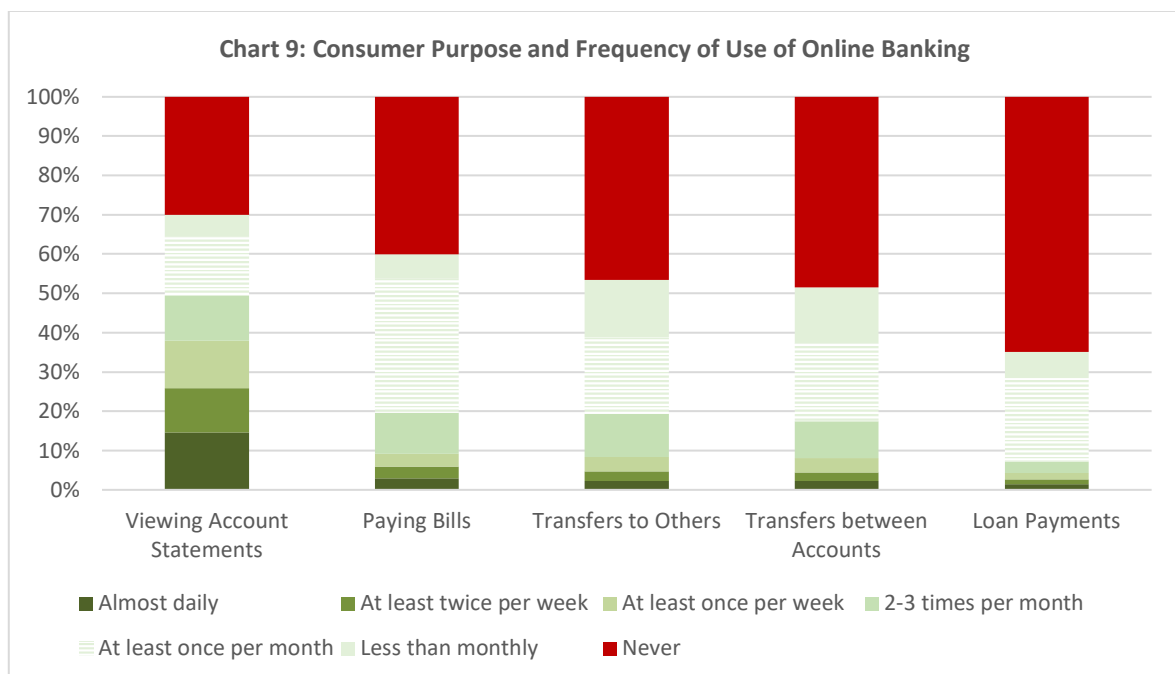
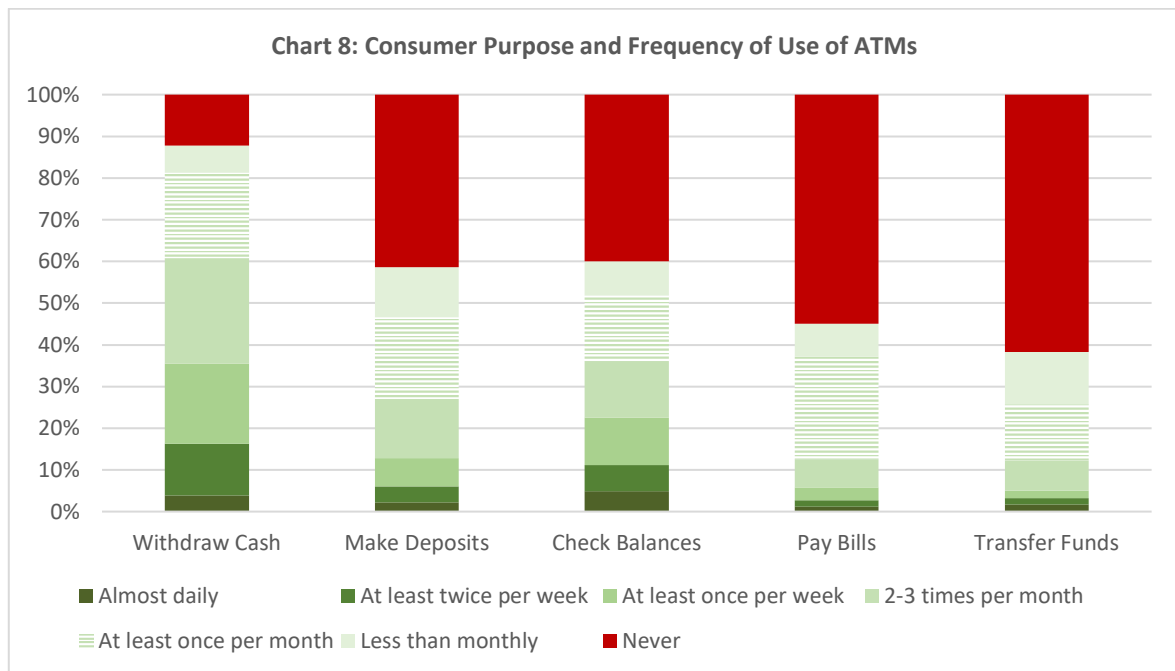
Less than half of surveyed consumers used ATMs either for bill payments (45%) or to transfer funds (38%). The most commonly cited reason for avoiding ATM use for these two purposes was a preference instead to conduct such transactions via online banking.

#### 5.5 ONLINE BANKING

Part of local commercial banks' streamlining of operations in recent years has been a push towards increased use of online services platforms. A combined 70% of those surveyed reported some level of usage of online banking, if only for viewing account statements. Other common tasks included bill payment (60% of responses), transferring money to others (53%), and transferring funds between accounts (51%). Also noteworthy, approximately 35% of individuals used online access to service loan obligations. Among those who did not report usage of online facilities, a common

<sup>1</sup> That is, for transaction of less than B\$1,000 at some banks.

reason for reluctance was a preference to physically visit the bank to conduct their banking services.

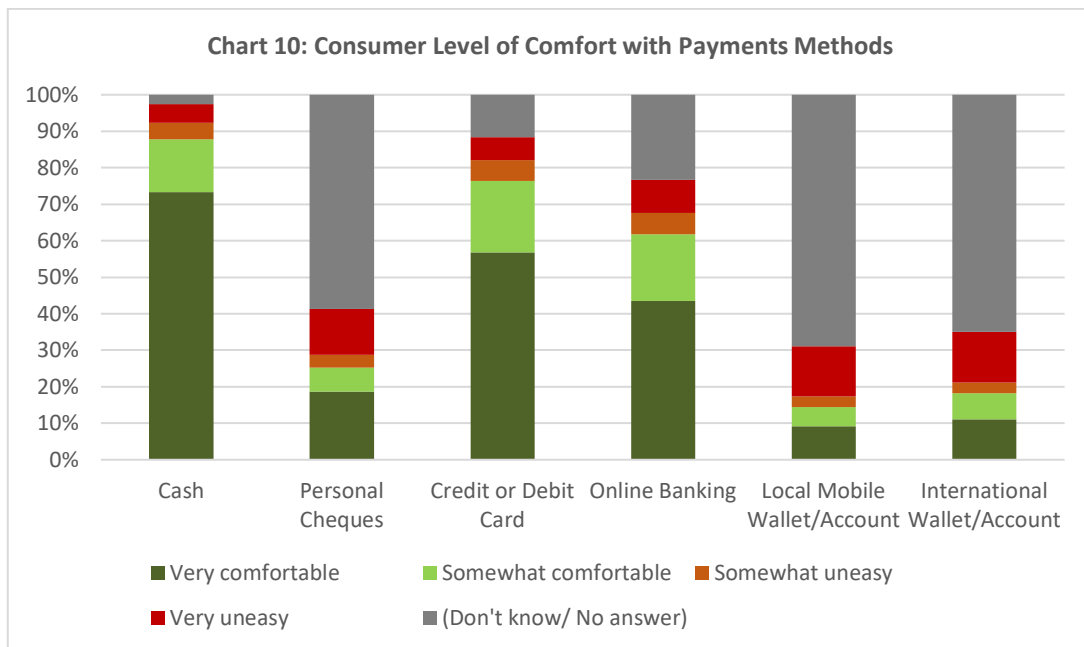


## 6 Comfort Level with Payment Products

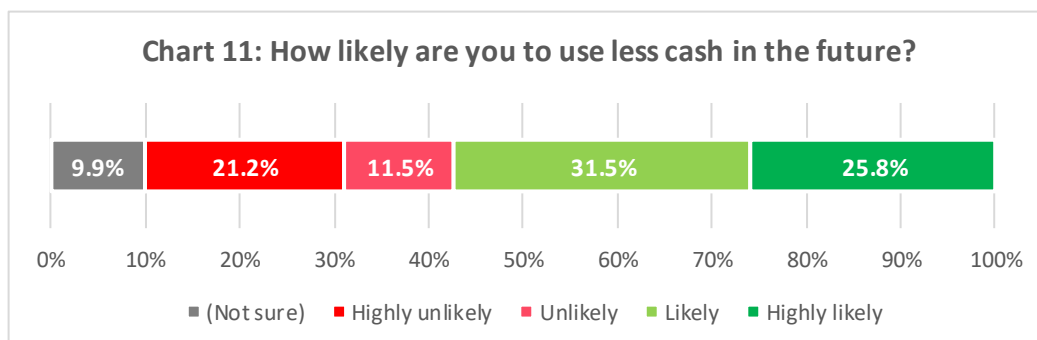
According to the study, respondents were most comfortable with using cash, debit/credit cards. Cash was the method with which respondents were most comfortable, with a combined 88% being either “very comfortable” or “somewhat

comfortable” with the instrument. A combined 76% reported some level of comfort with the use of debit and/or credit cards, and a combined 62% reported the same for online banking. Reflecting a lower level of usage, only 25% indicated some level of comfort with using cheques, with a combined 16% indicating some level of uneasiness.

As it relates to mobile wallets, only 14% and 18% reported at least some level of comfort with local and international platforms, respectively. At the same time, a large majority reported no knowledge of local (69%) and international (65%) mobile wallet platforms.



For persons indicating at least some level of uneasiness with using cash, the most commonly cited reason for such was safety concerns, while those disclosing uneasiness about using credit/debit cards and online banking cited worries over fraud. Those who were uneasy about using personal checks and mobile wallets platforms mostly indicated that they were “not interested”.



In the meantime, a majority of respondents (56%) indicated that they were likely on some level to reduce their usage of cash in the future. Only one-third of users said that this was unlikely or highly unlikely; whereas 10% of persons were unsure how



their usage patterns would vary. Given relative comfort with using alternative instruments, current unease is lowest for online banking and usage of online credit and debit cards, suggesting that these platforms are immediately poised to benefit more than mobile wallets. However, the latter stands to gain ground as consumer awareness of these instruments expands.

## 7 Conclusions

While cash still appears to be the most commonly used payments instrument, consumers' increasing shift towards electronic instruments was evident in the 2020 survey on consumer payments patterns. Meanwhile, consumers expected on balance that use of cash would decrease further in the future. Attitudes also waned towards cheques usage. Consumers are most poised to embrace change through electronic delivery channels of commercial banks. However, increased education and awareness of mobile wallets options could also encourage wider adoption of such instruments.

Also noteworthy in the results was the significant overlap in consumer usages of deposit products offered by credit unions, alongside those availed from banks. An overwhelming majority of persons who use credit unions also maintain deposits at banks. Additionally, the results show very low usage of online gambling or webshop accounts as substitutes for access to accounts at banks or credit unions. Again, the significant majority of gaming patrons also make use of banking or credit union facilities.