

Why is it important?

- **Merchant mobile payments are still not widely used** despite the advantages that e-money payments bring - being safe from theft or fire; being in general cheap and efficient; transparent and easier bookkeeping; merchants can use e-money to pay staff & suppliers, can be used in countries where there is a lack of liquidity etc.
- However, **many merchants do not prefer e-payments for various reasons**, so users still need to carry cash. Both the demand side (cash transfer recipients and other clients) and supply side (merchants) need to be ready, which is often not the case.

What can you do to increase merchant acceptance of e-payments?

- **Sending money to peoples own accounts is often preferred to cash-over-the-counter** because of increased assurance/transparency and the indirect positive outcomes for people (ability to save in a safe/secure place, increased digital and financial literacy, financial empowerment, etc).
- **Advocate with regulators to provide incentives for merchants and customers** taking up e-payments. Governments have a key interest in digitization.
- **Understand the merchants**, their payment flows - how do they operate? Are they registered businesses? Try understand the challenges and barriers that they face and identify solutions.

Here are key reasons stated by merchants that pose barriers and solutions/arguments to e-payments adoption (adapted from [CGAP](#)):



Identified issue/perceived disadvantage	Key counter arguments/messages
Their existing business processes are based on cash and paper	Using digital payments facilitates bookkeeping, adds transparency and the ability to check transactions/balances any time.
Making business payments (or receiving payments) via e-payments may incur a fee - cash doesn't	Advocate with regulators to reduce merchant fees, waiving merchant fees for small merchants or reimbursing merchant fees as incentives.
To get cash, digital merchants have to go find an agent (maybe close shop) and pay a fee - E.g. some whole-sellers require merchants to pay their merchandise in cash	Negotiate with wholesalers, importers to accept digital payments (review the entire supply chain). Try understand the type of actors and problem/benefits for each level.
Used only be a few customers - it's not worth to invest in infrastructure/hardware if cash is used by most customers	Many solutions for merchants are available on mobile phones. Humanitarian organizations can also work with regulators to subsidize POS machines. Work with financial services providers to provide incentives to users - prizes for new customers performing X transactions – to incentivise uptake. <i>NB: Cash Transfer projects bring scale!</i>
Not anonymous - due to digital footprint, merchants are worried that digitizing means also 'formalization' and therefore paying (more) taxes	Engage with regulators on information campaigns to clarify that digitization has benefits, e.g. through offering bonuses for processing a certain number of transactions per month. NB: Digitization is not necessarily lead to negative impacts from formalization/taxes.
Subject to network, device, power, transaction failures - Cash is seen as more reliable and faster to use	Advocate with financial services providers/regulators to ensure network reliability & adequate training. Reiterate positive outcomes.
E-payments are too complex to use, for both customers and merchants – cash is more intuitive	Provide digital and financial literacy training as part of your projects and advocate with financial services providers/regulators on joint campaigns. Reiterate positive outcomes.