Electronic Payments for Retail MSMEs: $19 Trillion Opportunity

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Retailers sit at the crossroads of the cash economy and are therefore key to gaining scale in payments.

**Payment flow in the retail supply chain**

Together with their suppliers and customers, retailers account for an overwhelming majority of regular payments value and volume and can therefore be a lever to enhance economic development and increase access to financial services.

**Retail expenditure makes up the lion’s share of consumer payment value**

<table>
<thead>
<tr>
<th>Consumer expenditure (value)</th>
<th>Percent 2015, Global</th>
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<tbody>
<tr>
<td>Retail sales</td>
<td>45%</td>
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<tr>
<td>Other consumer expenses</td>
<td>55%</td>
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100% = US$41.5 trillion

**In addition to retail sales:** supplier payments and employee salaries

**SOURCE:** Euromonitor International: Passport – Economies and Consumers 2015
Stocktaking exercise:
180 organizations surveyed, 90 cases collected, 30 with direct relevance

Objectives

- **Current innovations** in the **retail sector**, with emphasis on **MSMEs and merchants** and on **cases that enable electronic payment needs**

- Inform **business strategy** and **policy decisions** on market strategy, end user services and target market focus
Large untapped opportunity: $19 trillion paper-based P2B, B2B¹ and B2P payments accepted and made by micro, small and medium retailers

1 B2B payments include only those from the retailers to immediate suppliers
Six main obstacles hold back the adoption of current electronic payment solutions among merchants:

1. Merchant value proposition
2. Product Economics
3. Customer Demand
4. Distribution Models
5. Technology and Regulatory infrastructure
6. Business Formalization
We observed five key innovation trends to expand merchant e-payment solutions.

1. Comprehensive business solutions: Expanding retailer acceptance

2. Non-card payment models: reaching retailers in developing markets

3. The use of data: Providing value-added services to merchants

4. The supplier’s role: boosting retailer adoption of electronic payments

5. Partnerships: reaching merchants via non-traditional payment actors

SOURCE: World Bank Group Analysis
Catalytic Action - Partnerships

INDUSTRY

NON TRADITIONAL PLAYERS

POLICY MAKERS
Thank You

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