



WHY IS THIS IMPORTANT?

For all forms of e-commerce, access to competitive payment solutions is a critical facilitator. Payment systems are rapidly evolving, but in many developing countries, cash-on-delivery remains the preferred option for B2C and C2C e-commerce. E-commerce and its users benefit from an environment where payments can be made easily and confidently, using effective solutions involving both bank and non-bank players that are applicable to all regions and countries, and universal connectivity and interoperability. By adopting reliable payment systems, least developed countries can open up new possibilities for consumers and companies.

CONTEXT

UNCTAD has carried out Rapid eTrade Readiness Assessments for [Bhutan](#), [Cambodia](#), [Lao PDR](#), [Liberia](#), [Myanmar](#), [Nepal](#), [Samoa](#), [Senegal](#), [Solomon Islands](#) and [Vanuatu](#). Each assessment was carried out along the seven policy areas of the [eTrade for all initiative](#):

-  E-commerce readiness assessment
-  ICT infrastructure and services
-  Payment solutions
-  Trade logistics and trade facilitation
-  Legal and regulatory frameworks
-  E-commerce skills development
-  Access to financing

Although each assessment identifies country-specific barriers and opportunities related to strengthening e-commerce, and provides corresponding policy recommendations, some common themes are emerging.

This document summarizes the key findings and main policy recommendations, based on the seven assessments completed so far, with regard to: **payment solutions**.



KEY FINDINGS

1. Cash transactions remain prevalent

A strong 'cash culture' has made it difficult for mobile payments and other cashless solutions to take root. Most consumers prefer to purchase goods in physical stores and to carry out transactions in cash. For e-commerce transactions, cash-on-delivery is the most common method of payment.

2. Lack of trust is a critical barrier

Many consumers remain unaware of the benefits of mobile payments and other cashless solutions, including enhanced security in comparison to cash transactions. This contributes to a trust deficit that prevents consumers from 'taking the leap' into cashless solutions.

3. Banking literacy is limited

Large segments of the population remain unbanked or underbanked. Even when credit cards, mobile money services and other cashless solutions are readily available, low banking literacy hamper the ability of consumers to take advantage of them.



MAIN POLICY RECOMMENDATIONS

1. Promote mobile payments and other cashless solutions.

As a first step, awareness-raising programmes should highlight the benefits of mobile payments and other cashless solutions, and the hidden costs and risks associated with handling cash. Medium-term, digital financial literacy among MSMEs will need to be improved. Visible early adopters, among consumers and businesses alike, can be highlighted to instill trust in cashless transactions.

2. Enable inter-bank money transfers and payments.

Seamless transfers and payments between banks, at both the national and international levels, would make it easier to conduct e-commerce. This would also attract more consumers to the formal banking sector, as it would no longer be necessary to open accounts at several establishments.



3. Increase interoperability among e-payment platforms.

To increase their adoption among consumers and businesses, mobile payments and cashless solutions must be easy-to-use. For businesses, the payment solutions should also reduce operating costs. Enhanced interoperability will reduce friction in e-commerce transactions, increase ease-of-use for consumers and reduce costs for platform operators.

4. Create an enabling regulatory environment.

Financial service providers and payment service providers should be encouraged to develop solutions that are relevant to local consumers and businesses. This will require appropriate regulations that encourage investment and ensure security. Sufficient competition in the marketplace will foster innovation and the development of tailored e-payment solutions.

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Rapid eTrade Readiness Assessments:
<http://unctad.org/en/Pages/Publications/E-Trade-Readiness-Assessment.aspx>