

Readiness Index

Guatemala, Costa Rica & Dominican Republic

The Readiness Index is a study that combines VisaNet data and publicly available information to categorize all territories within a specific country according to their levels of maturity, by looking at these four dimensions:

Acceptance: Data on Visa transactions accepted in the region as of 2021.

Infrastructure: Data on the quality of infrastructure that impacts the availability of electronic means of payment in the city.

Issuance: Data on Visa transactions carried out by inhabitants of the city as of 2021.

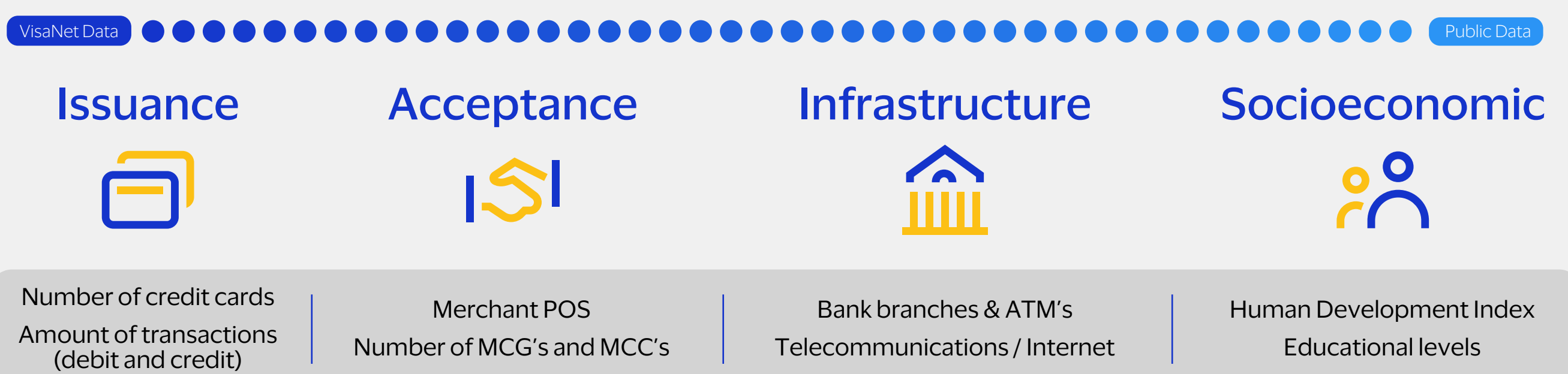
Demographic: Data on the inhabitants of the city, their socioeconomic level, academic degree, etc.



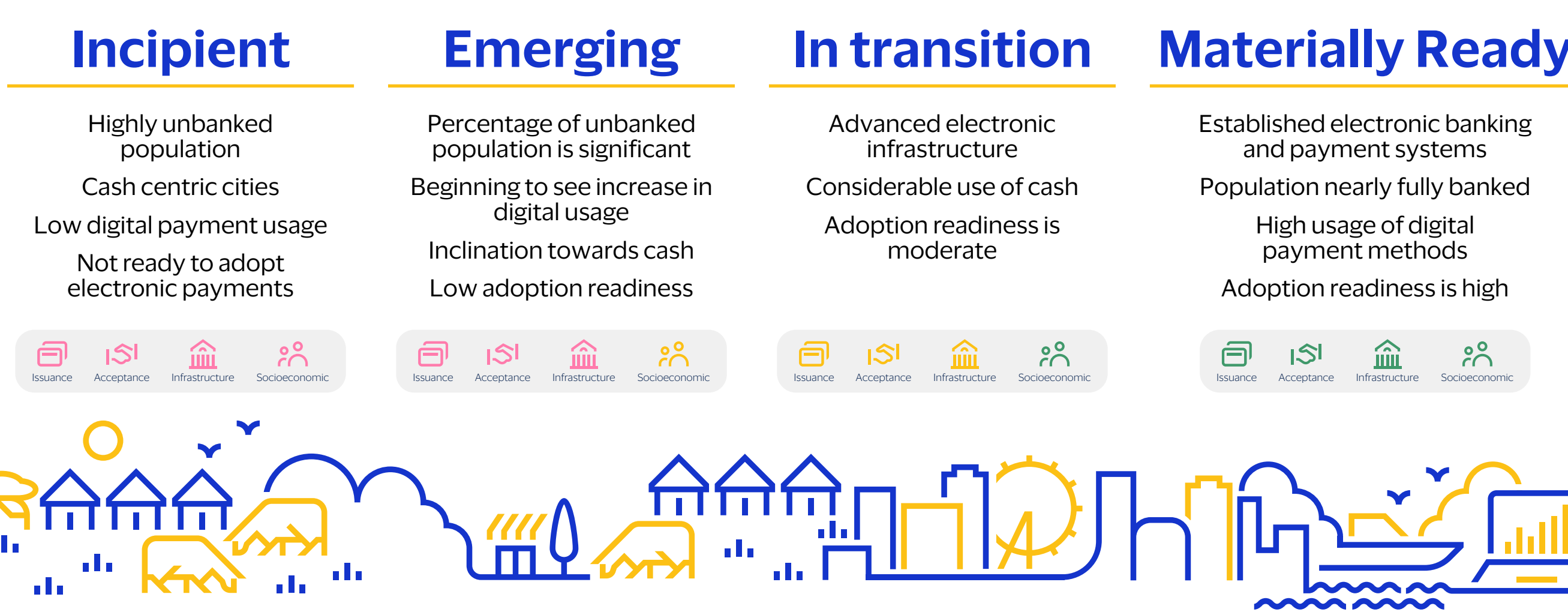
In order to sort them based on their degree of readiness to adopt and use digital payment methods, each municipality within a country is assigned an index between 0 and 1, where the value of 1 is assigned to the municipality with the highest acceptance of electronic payments. Additionally, a clustering of the cities is carried out where they are divided into four levels of maturity:

- Incipient
- Emerging
- In transition
- Materially Ready

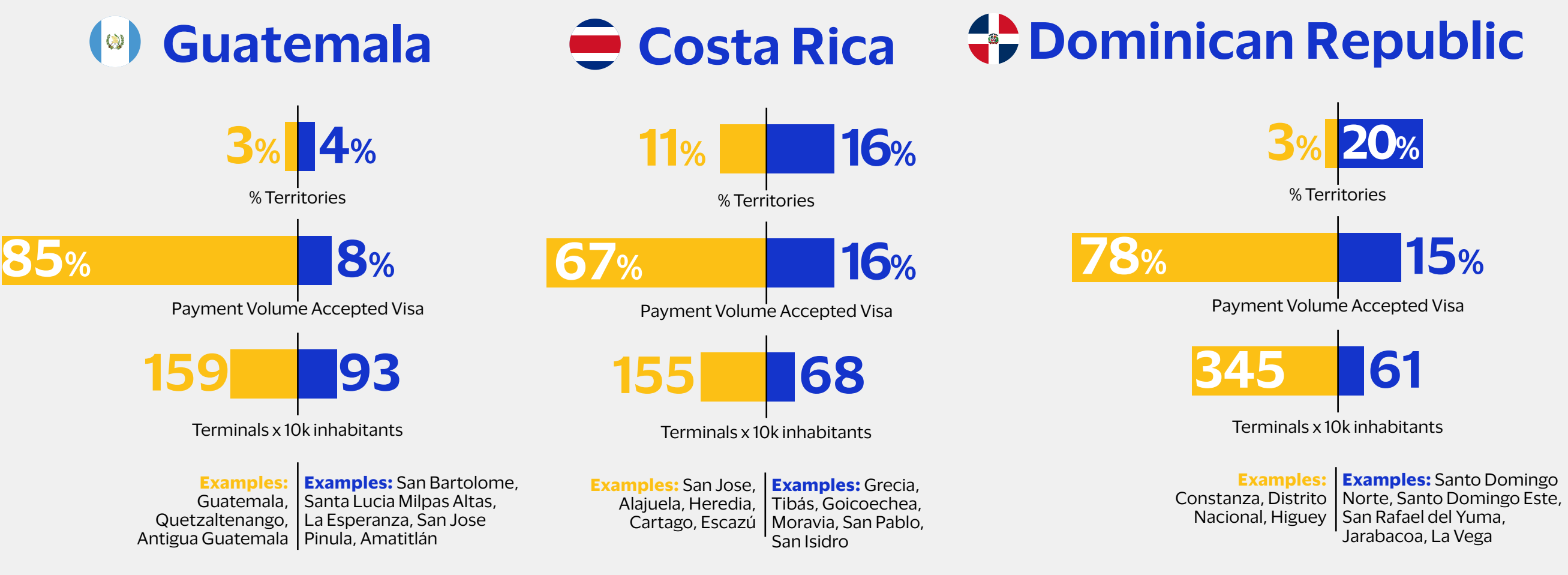
What we measure



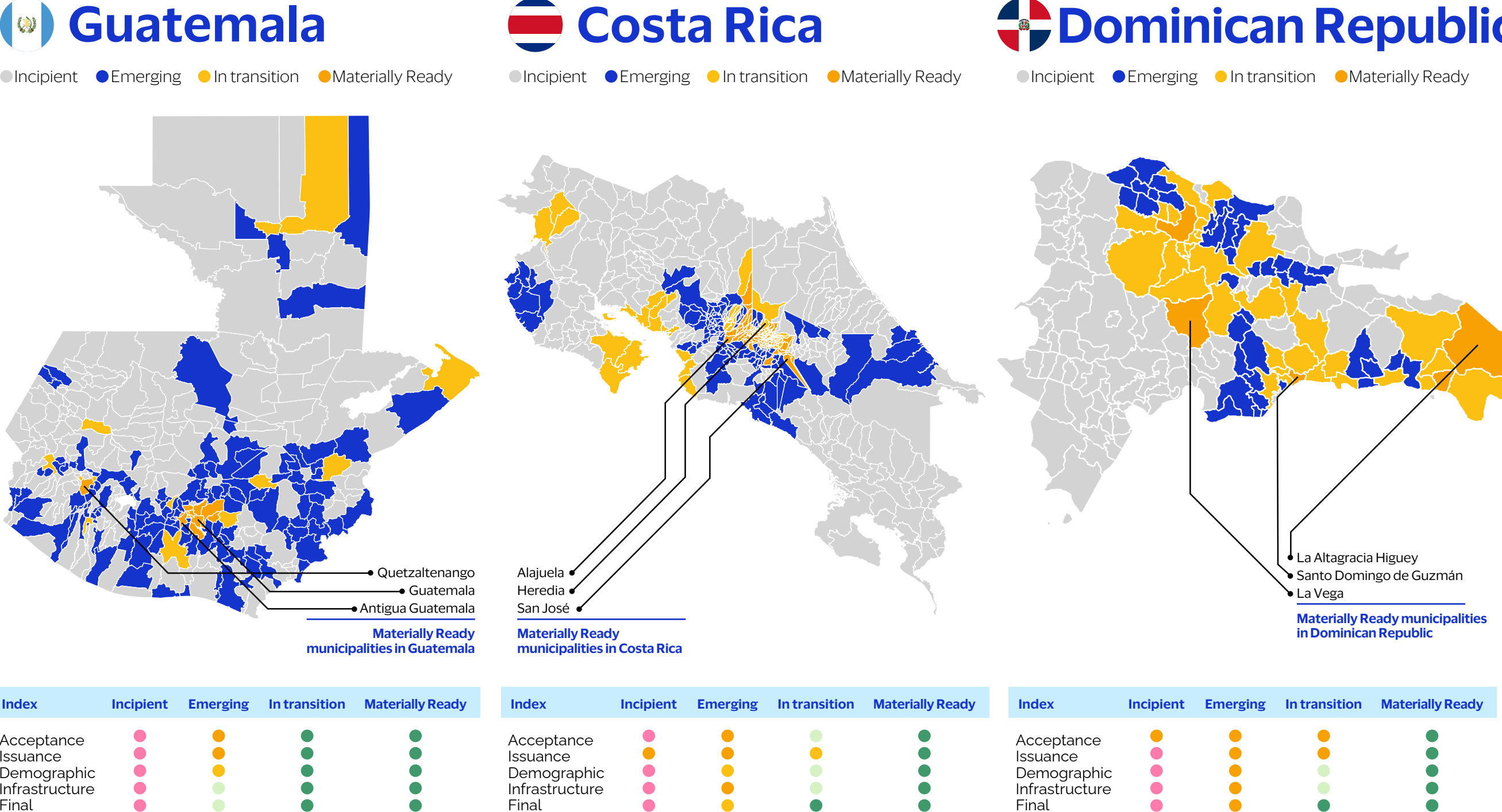
Cities are classified into four groups, based on their readiness levels:



Comparative table of results including other countries in the region:



Results by Country



Key Findings

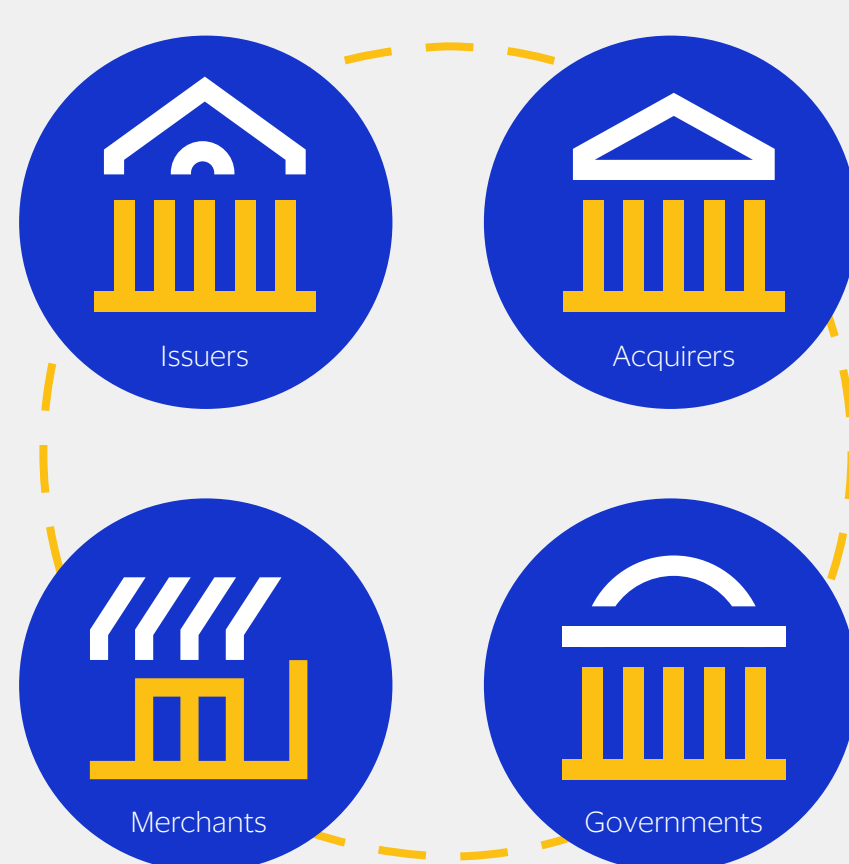
- The biggest opportunity is **boosting "In transition" districts to "Materially Ready"**.
Now, it is easier than ever to bring new technologies to our day-to-day payments, this in turn can support the development of new payment micro-ecosystems.
- According to public information, the greatest challenges in the **"Emerging" and "Incipient" districts are related to:**
 - Improvement of household access to cell phones.
 - Improvement of household access to the internet.
 - Improvement of the educational level.
 - Promotion of card penetration.

Other opportunities are:

 - Improvement of indicators of use of electronic payments in day-to-day businesses in all districts of the country.
- Promoting the further establishment of identified micropayment ecosystems can help them become materially ready and, in turn, propel local economies.**
Acceptance and Infrastructure are the dimensions with the most room for growth.
- Other findings:**
 - We identified some areas with good acceptance levels, but still untapped opportunities for issuance.
 - The index gives financing institutions a closer look at their financial inclusion strategy by showcasing acquiring business levels in incipient areas.
 - It also allows players to identify tourist "hot spots" with high volumes of cross-border spend.

Next steps

As next steps, **the development of a strategic plan for each group of districts is recommended**, keeping the focus on those considered most relevant, in order to promote the payment ecosystem, **encouraging the migration of cash to ePayments**. These plans can be complemented with data specific to the interested party.



Opportunity

The degree of evolution of electronic payments is closely linked to multiple variables and indicators that are specific to each geographical area.



What cities are ready to adopt and use electronic payments?



Are there any opportunities for partners with other players to drive acceptance?



Possibility of increasing cash conversion rates?



How to optimize your marketing campaigns to increase your ROI?



Issuers

Support strategic decision making for branch optimization and ATM footprints. Implement targeted marketing campaigns in cities that are ready. Issuance tool and product origination.



Acquirers

Drive strategic affiliation efforts by having clarity on which cities are Materially Ready. Understand the requirements for certain areas to adopt ePayments.



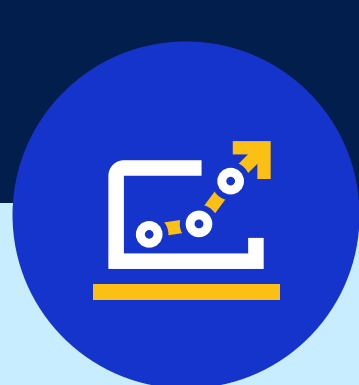
Governments

Supports local governments and public institutions in bancarization efforts. Aids in mapping and identifying geographic areas that could benefit from their help, increasing infrastructure and penetration for digital payments.



Merchants

Develop strategic plan and help identify priority areas. Determine areas where infrastructure is hindering electronic adoptions.



Fintechs

Provide new players in the industry with the necessary tools to support their strategy within the country, identifying key areas and factors that can forward their purpose.

Methodology: The VCA consulting team analyzed data available on VisaNet with a cut-off in December 2021, combined with publicly available information that includes the sources listed here in Costa Rica, Guatemala and Dominican Republic. Based on this information, a relative weight was given to the variables and an index of the principal components was generated. Then the results were normalized and an analysis was generated to understand the propensity to use electronic means of payment. By obtaining this analysis, it was possible to classify the municipalities according to their level of maturity to adopt electronic payment methods.

Source: Gridded Population of the World (GPW), v4: <https://sedac.ciesin.columbia.edu/data/collection/gpw-v4>
INE: <https://www.censopoblacion.gt/explorador>
The Humanitarian Data Exchange: <https://data.humdata.org/dataset/guatemala-administrative-level-0-national-1-departments-and-2-municipalities>
MIDEPLAN: <https://www.mideplan.go.cr/index-desarrollo-social>
Banco Central de Costa Rica: <https://www.bccr.fi.cr/sistema-de-pagos/DocEstadisticas/Informe-estadistico-medios-de-pago-2020.xlsx>
MCIIT: https://www.mciit.go.cr/sites/default/files/informe_de_conectividad_por_canton.pdf
INEC: <https://www.inec.cr/sites/default/files/documentos/biblioteca-virtual/reconstru-numconstru-anual2020.xlsx>
ONE: <https://web.one.gob.do/datos-y-estadisticas/temas/estadisticas-economicas/estadisticas-emprendarias/registro-nacional-de-establecimientos-rne/>
INDOTEL: <https://transparencia.indotel.gob.do/publicaciones-oficiales/estadisticas-3Adsticass-telecomunicaciones/indicadores-estadisticos-por-provincias-y-municipios/>
Superintendencia de Bancos: <http://sib.gob.do/sites/default/files/nuevoshombres/mis-bancario-de-la-republica-dominicana-con-subagentes-bancarios-septiembre-2021.pdf>