

# Café Paga Ecosystem

CASE LEARNINGS

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## Analysis of the Configuration of Electronic Payment Ecosystems for Coffee Producers in Colombia and Mexico

Document prepared by: Alejandra Montes and Mauricio Romero (Fundación Capital).

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A close-up portrait of a smiling man with short dark hair, wearing a white polo shirt with a blue collar and buttons. The background is a soft-focus outdoor setting with green foliage and a clear blue sky. The lighting is bright and natural, suggesting an outdoor setting during the day.

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**At first, truth be told, I did not like the whole card and account thing. Once the subject was explained more, you begin to understand and accept the explanations, and it was good because you avoid walking around with money in your pocket... They taught us how to handle the account, the card, then they asked us for some referrals, how to include them in the group, then one learns little by little... The workers found it easy to handle...”**

**(Gilber: Coffee Producer in Colombia)**

# What is the Café Paga Ecosystem?

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The Café Paga Ecosystem was created as a response to a problem widely identified among coffee producers, who face barriers to access to formal financial products, related to geographical reasons, distance from urban centers, preference for cash and weakness of telecommunications infrastructure in rural areas. This project was funded by Mastercard's [Center for Inclusive Growth](#) (CIG) and was developed in partnership with several actors.

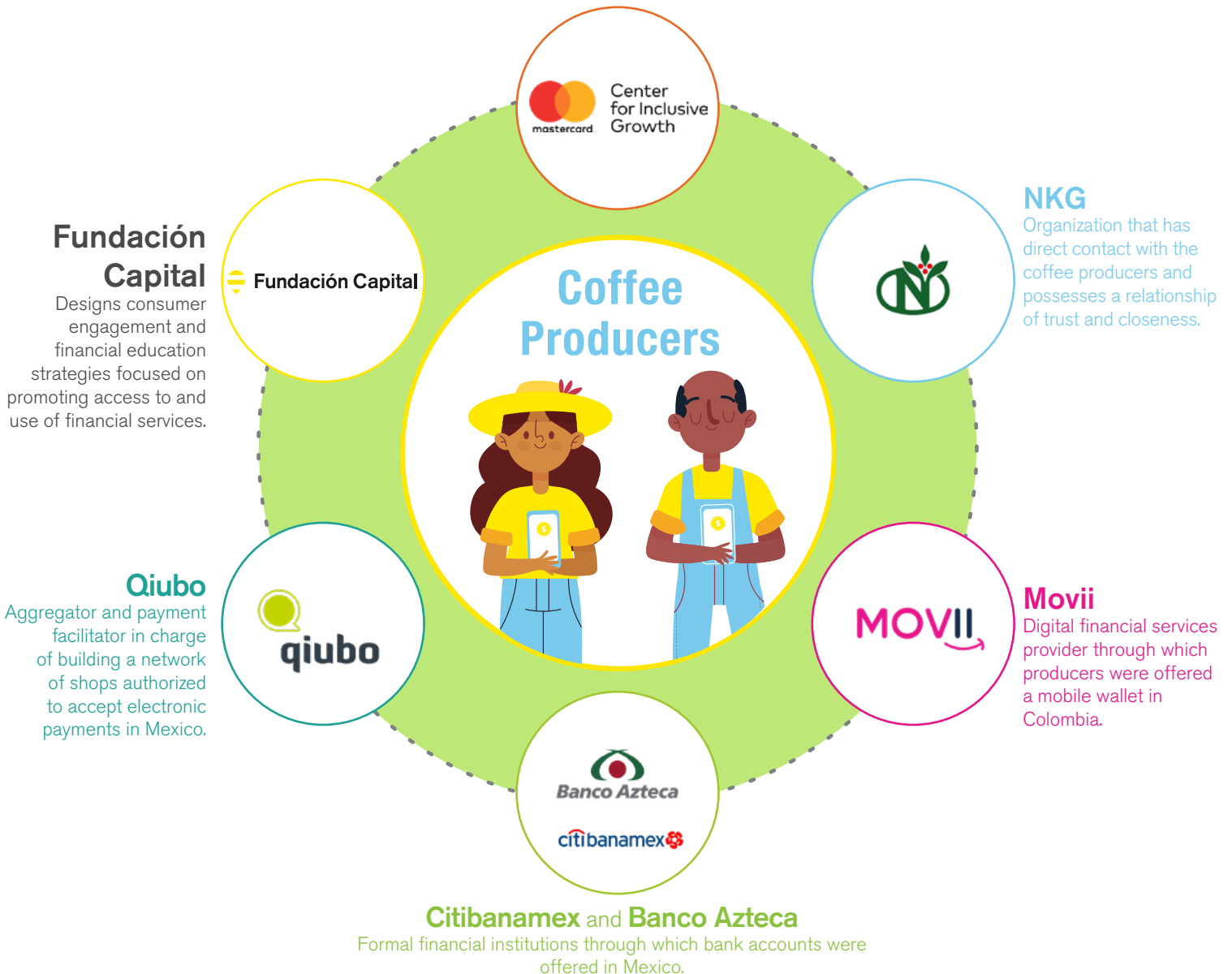
**CIG** promotes equitable and sustainable economic growth and financial inclusion around the world. It leverages the company's core assets and competencies - including data insights, expertise and technology - to produce independent research, scale global programs, and empower a community of thinkers, leaders and doers on the front lines of inclusive growth. CIG is committed to the financial inclusion of 500 million people around the world.

The [Neuman Kaffee Gruppe](#) (NKG) and CIG have a global strategic alliance, focused on promoting financial inclusion processes among agricultural coffee producers. Through NKG's subsidiaries: i) Exportadora de Café California (ECC) in Mexico and ii) SKN Caribcafé in Colombia; the **"Café Paga Ecosystem"** was conceived, an initiative designed to facilitate access to financial services and products for coffee producers linked to NKG's production chains and marketing networks.

The concept of the Café Paga Ecosystem came from the premise that it was not enough to simply deliver financial products to rural coffee producers; it was also necessary to construct and strengthen electronic payment ecosystems to facilitate access to and use of financial products and services through digital payments.

# 6 main actors participated in the Café Paga Ecosystem:

**Mastercard**  
Facilitator and articulator between the different allies that make up the ecosystem.



The vision of the ecosystem calls for joint and articulated work between the different stakeholders, through which the right conditions can be provided for farmers to make effective use of their financial products (bank accounts and mobile wallets).

# How to promote access to and use of financial services among agricultural producers?

From a user-centered design perspective, a consumer engagement strategy was developed, in which through a multi-channel implementation, combining face-to-face methodologies and technological solutions, access to and use of financial products was promoted. This strategy had five components:



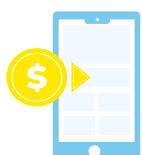
**Café Paga Days: informative sessions** where the coffee producers received **information about** the characteristics of **financial products**. These days also offered financial education focused on clarifying certain myths about formal financial products, and offered recommendations for healthy finances. These sessions also included relevant information on the characteristics and use of the financial products and services offered (bank accounts in Mexico and mobile wallets in Colombia).

**Champions:** inspired by a **peer-to-peer learning methodology**, a strategy for transferring skills was designed, where certain champion producers were identified, who were responsible for disseminating the information among the other producers. In Mexico, the participation of some local ECC officials (responsible for coffee purchases), who have direct contact with the producers, was also included. This strategy seeks to continue transmitting information on an ongoing basis, even when the project ends.



**LISTA:** a **financial education application** developed by Fundación Capital was used. Inspired by an edutainment approach, LISTA presents, in a clear, simple and playful way, certain topics related to saving, responsible debt, using an ATM and the advantages of informal savings, among others. This application is designed for tablets, and this component was only implemented in Mexico.

**Messaging:** a **reinforcement strategy** was incorporated; messages were sent to coffee producers through SMS and WhatsApp focused on reinforcing content addressed during the Café Paga Days and LISTA training.



**Activating Points of Sale:** Qiubo in Mexico was working on the development of **electronic payment ecosystems** by **linking businesses to its network**, with the incentive of expanding the number of outlets accepting electronic and digital payments.

Through the previously described strategy, we managed to reach

# 1,500 coffee growers



in **Colombia and Mexico**, promoting greater trust in the financial system, and facilitating access to formal financial products.



Training sessions with coffee producers in Mexico.

## Lessons on developing electronic payment ecosystems in rural environments

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We offered bank accounts to the producers without explaining how to use them, but during the Café Paga days, we were able to explain with a very practical and educational methodology how to use bank accounts. The key is to speak to the farmers very clearly and use the same language as them... Now, we (ECC) are prepared to offer producers valuable information about the benefits and use of bank accounts...”

(Rubén: responsible for purchasing at ECC in Mexico)



From the implementation experience in Colombia and Mexico, and the work of building electronic payment ecosystems for coffee producers, the following lessons were identified.

## 1. Saving plays a key role in financial inclusion processes

From the coffee producers' point of view, the Café Paga initiative had three main benefits: (i) promotion of a savings culture, (ii) awareness of the benefits of financial products and services, and (iii) access to formal financial products. **The benefit most valued by producers is the possibility of accessing formal savings tools, which they associate with notions of security and trust.** Coffee producers already had a previous relationship with some products and financial institutions, but these were mainly related to accessing credit lines, and transactional means for withdrawing money from cash transfers from some government programs, or for payments for the purchase of coffee.

Through the Café Paga Days, producers identified that formal financial products also serve as relevant means of savings in contexts of insecurity where saving cash at home can represent potential risks for farmers. In short, **one of the main motivators for accessing formal financial products was the desire to obtain secure forms of saving.**

## 2. The advantages of using technology and peer-to-peer training methodologies to generate sustainable financial capacities over time

The complementary use of different channels and methodologies for generating financial capabilities is recommended. In this sense, the messages related to the financial products offered and their benefits were internalized by the coffee producers through complementary reinforcement strategies. The informative sessions of the Café Paga Days were complemented by training with LISTA (in Mexico), and in turn, the information was reinforced through the SMS and WhatsApp messaging strategy.

Within the training with LISTA, one of the elements most appreciated by the producers in Mexico was the ATM simulator. The vast majority of producers who opened their savings accounts during the Café Paga Days had not used an ATM, and this was one of their main concerns when accessing a bank account. For this reason, in addition to the transmission of financial concepts, producers highly value practical resources that help them solve real, everyday needs in a practical way.

Another key element of promoting sustainable processes of access to and use of financial products among rural populations is the incorporation of knowledge transfer strategies and training tools. **Through the champions strategy, it was possible to instill skills so that producers could continue to disseminate the different messages related to the use and benefits of formal financial products.**



### 3. The importance of widening the spectrum of financial service providers

In Colombia, according to the testimonies of coffee growers and day laborers, **Movii's digital wallet was a relevant product, which helped them to diversify their relationship with the financial system, through technological solutions that respond to cost-efficiency needs with specific points of use.**

Firstly, the coffee producers expressed that opening and using the Movii wallet was both easy and practical. Although there were initial fears about the lack of familiarity with the product, the producers greatly appreciated that, with nothing but their identification document, they can download and use the wallet on their cell phones, free of charge. For coffee growers and day laborers, access to Movii represented a very important value by reducing the costs - financial and opportunity - of traveling to the municipal capital to perform transactions such as top ups, payments and/or transfers. This is especially relevant for the most vulnerable coffee growers and day laborers, for whom travel represents a very high cost compared to the amount of their transactions, directly impacting other aspects related to their quality of life.

Another very important value perceived by the participants, is that Movii allows them to have the money available, within sight, but with the advantage of not having to carry cash, making it a very safe mechanism to save.

Within Café Paga, the Movii wallet was offered to producers as a mechanism for SKN Caribecafé to make payments for the sale of coffee, in place of cash or check. Although these payments have not yet been made,<sup>1</sup> it was very important to note that most coffee growers and day laborers had a high degree of interaction with the wallet, being used mainly to make transfers between Movii accounts, and data and minute top ups on their cell phones.

### 4. Capillarity: a key ingredient for strengthening electronic payment ecosystems

In parallel with the training and financial capacity building processes, **developing functional ecosystems requires expanding business networks that accept electronic payments.** There are great challenges in reaching the most remote locations and communities, despite the efforts of Movii and Qiubo to develop payment ecosystems by linking businesses to their networks. This work is still under construction, and represents important challenges in logistical and operational terms.

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<sup>1</sup>Payments will begin in October 2020.

To date, 242 businesses have been incorporated into the Quiubo network in the areas of influence of Café Paga in Chiapas and Veracruz; and the data reports a progressive increase in the use of electronic payment methods (payment with banking cards). However, most of these businesses are still concentrated in the municipal capitals, and producers still have to travel to reach them.

As long as coffee producers cannot purchase in shops that receive electronic payments, they will always have the need for cash. Thus, a part of the benefits offered during the Cafe Paga Days are unlikely to be perceived.

**Taking into account the above findings and considering the goals achieved, it is evident that establishing electronic payment ecosystems is a task that requires a long-term vision. Currently, solid foundations have been laid for the ecosystem's development. But it is necessary to continue efforts to increase capillarity in rural areas and supply agricultural producers with financial products. These two efforts should be conceived concurrently with strategies to increase financial capabilities, thus stimulating behavioral changes, where farmers can put their financial knowledge into practice. Behavioral changes demand cultural changes that take time to take root.**



Coffee producer participating in the training in Mexico.

**The Café Paga project provided low-income, rural populations with access to a highly valued digital financial product, while developing their capabilities. We are convinced that developing digital ecosystems not only has positive economic and financial effects, but that these effects extend widely to contribute to the resilience and well-being of the entire population, especially the most vulnerable at the base of the pyramid.**

All the materials, tools, formats and videos developed for the implementation of this initiative can be found and downloaded [here](#). While these materials were created for ecosystems in the coffee sector, we believe that they are easily adaptable for use in supporting the creation of other digital ecosystems, both in the agricultural sector and in other sectors.