

LESSONS DRAWN FROM THE IMPLEMENTATION OF POS SALES SYSTEMS IN RURAL BUSINESSES OF JUNIN – PERU

MARÍA DEL PILAR GUERRERO LÓPEZ

In the path towards financial inclusion, a situation in which the totality of the population is able to access and use quality financial products and services at reasonable costs (Maldonado et al., 2011), technology is a key element (Diniz et al., 2011). However, the question arises of how to face the limited access to financial services in a context in which the cost of implementing technologies associated to such services—i.e.: financial institutions branches—is so high. This limitation is heightened in Peruvian rural areas, due to the population's lack of knowledge of financial concepts, especially in the case of social programs users, a population that has little contact with finance-related technologies. This results in a limited or improper use of such technologies that may in turn become an

additional limitation to the process of financial inclusion (Gutiérrez y Guerrero, 2012).

That is why it is important to create new spaces that are comfortable and easily accessible for the population, which allow them to interact—in a straightforward way—with finance-related technologies. This is precisely what the project “Complementary Technological Platforms for Financial Inclusion” proposed when implementing sales systems that used POS (Point-of-Sale) in rural businesses of the Junin region in Peru¹ in order to

¹ Junin is a region in the central Peruvian highlands. Its capital, Huancayo, is eight hours from Lima, the capital of Peru, by bus (more information at <http://www.regionjunin.gob.pe/>).



promote the everyday use of this technology among the local population.

The advantages of POS are its low maintenance costs and its easy installation—basically anywhere. POS is considered a mobile method of payment because it can be used to make any financial transaction (start, confirm, and complete a payment) (Goeke and Pousttchi, 2010).² In addition, unlike banking agents—also efficient and effectively inclusive solutions—POS can be used to carry out sales using debit cards of any financial entity, not exclusively from one entity. This allows to simplify the clients' access to this service by expanding the spectrum of transactions they could make.

The importance of this document lies in the fact that it is the first time that a key actor in interventions that use technologies as a means of contact with the financial system is analyzed: the businessperson who acquires a POS system exclusively for increasing his or her sales' volume. This businessperson manages a business, and part of her or his everyday duties consist in providing assistance to her or his clients when making purchases with the POS. If the businessperson is properly trained for such work, she or he will become increasingly familiarized with the concepts while learning to use them through everyday practice.

This *inshort* presents the most relevant findings regarding the businesspersons who acquired a POS system as part of the project “Complementary Technological Platforms for Financial Inclusion”. This document aims at making this knowledge available so that it can

2 Unlike mobile banking, POS are connected to a server that centralizes the businesses' information.

be used in other initiatives of this type and serve as a starting point when thinking about the population's needs in terms of information and follow-up to the use of technologies that envision financial inclusion.

PROJECT “COMPLEMENTARY TECHNOLOGICAL PLATFORMS FOR FINANCIAL INCLUSION”

In 2013 and 2014³, the project “Complementary Technological Platforms for Financial Inclusion” intervened in four districts of the Junin region: San Juan de Jarpa, San José de Quero, Chongos Alto, and Yanacancha⁴. This project was carried out by VISA, VisaNet, and the *Instituto de Estudios Peruanos* - IEP (Institute of Peruvian Studies). Its main objective is to *complement service channels that serve women users of the JUNTOS program and other actors in areas with many JUNTOS households*, by focusing in facilitating financial inclusion through the use of debit cards belonging to women users of the JUNTOS program as well as to other people's debit cards in sales systems that use POS.

The project's intervention strategy targeted two populations: 1) shopkeepers⁵ who acquired a POS system, and 2) women users of the JUNTOS program. Both targeted populations received financial education and basic instructions for using the POS (See Table I).

3 While the project was effectively implemented from 2013 to 2014, its design started at the end of 2012.

4 These districts are located, in average, at 3800 meters over sea level, between one and two hours from Huancayo, the department's capital.

5 In the scope of this project, the shopkeeper can be the shop's owner and/or the shop assistant, mainly of a grocery store, as long as she or he is the person in charge of the business most of the time and who makes *management decisions*.



Table I.
Financial education and instructions for using POS

Targeted population	Financial education		Additional training
	Topic	Contents	
Women users of JUNTOS	The financial system	Information about financial services and products.	Use of the service channel (purchases using POS)
	The savings account in <i>Banco de la Nación</i> (Bank of the Nation)	New vocabulary (voucher, account statement), characteristics of the debit card, services they can use with their debit cards (transfers and purchases), precautions regarding the password.	
	The budget	Management of scarce resources to cover the household's basic needs.	
Shopkeepers	Increasing businesses' income	POS as generator of higher income and security when managing cash in the registers.	Use of POS by women users of JUNTOS
	Studying the shopping needs of women users of the JUNTOS program	Introducing shopkeepers to women users' demands regarding the quality of the products and the customer service they expect in order to help shopkeepers re-assess their inventory management and pricing.	
	Business management	Basic notions and practical management of cash flow.	

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Shopkeepers

The project worked with ten shopkeepers, six male and four female. Their ages range between 33 and 64; the average age is 45. Most have finished secondary school; and whereas their main occupation is managing their business, they also carry out farming activities. These shopkeepers manage stores that, while small in terms of space, they are

high in demand and sell a wide and diverse range of products.

Actors in Charge of Implementing the Project

In addition, the project contemplated working with three types of actors in order to fulfill its tasks and carry out its activities: a VisaNet facilitator, trainers, and the project's team (see Chart 1).

Chart I.

Duties of VisaNet’s facilitator, instructors, and the team.

<p>VisaNet Facilitator (based in Huancayo)</p>	<ul style="list-style-type: none"> * Provide women users and shopkeepers with technical assistance (constant communication, weekly visits or when needed). * Provide women users and shopkeepers with reinforcement of financial education contents. * Represent VisaNet. * Provide information to other interested actors (local authorities, non-users of the JUNTOS program).
<p>Project’s Instructors (women)</p>	<ul style="list-style-type: none"> * Teach the financial education modules both to women users and shopkeepers on a monthly basis. * Training sessions were not solely expository, they also used different tools (information notebooks, flip charts, and dynamics) in order to make learning easy.
<p>Project’s Team</p>	<ul style="list-style-type: none"> * Make the logistic arrangements and paperwork necessary for carrying out the project. * Visit the districts frequently in order to support the facilitator, train users in order to assess the usefulness of both the materials and the contents of the modules, follow-up of businesses, and gather first experiences and impressions, among other.

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CRITERIA FOR SELECTING THE INTERVENTION AREAS

On the other hand, when selecting the project’s areas of intervention, the following criteria was followed:

- * Districts with women users of the JUNTOS program⁶.
- * Districts with access to fixed telephony⁷.

6 Requirement of the *Dirección General de Calidad de Prestaciones Sociales – DGCPs* (General Direction of Social Benefits Quality) of the *Ministerio de Desarrollo e Inclusión Social – MIDIS* in order to identify results relative to women users of the JUNTOS program.

7 This requirement responds to the basic technological infrastructure needed for implementing the project.

- * Districts where over 50 percent of JUNTOS’ women users cash their transfer in a bank branch.
- * Districts without *Banco de la Nación’s* Multi Red Agents⁸.

The region of Junin was selected according to these criteria. It also took into account an additional one: the districts’ distance to Lima, in order for the project to carry out its monitoring activities in an efficient and timely manner. It is important to note that the criteria for selecting the intervention areas were never associated to the adequacy of

8 This requirement was appointed by *Banco de la Nación*, due to the difference between the objectives of banking agents (Multi Red Agents) and VISA’s sales system.

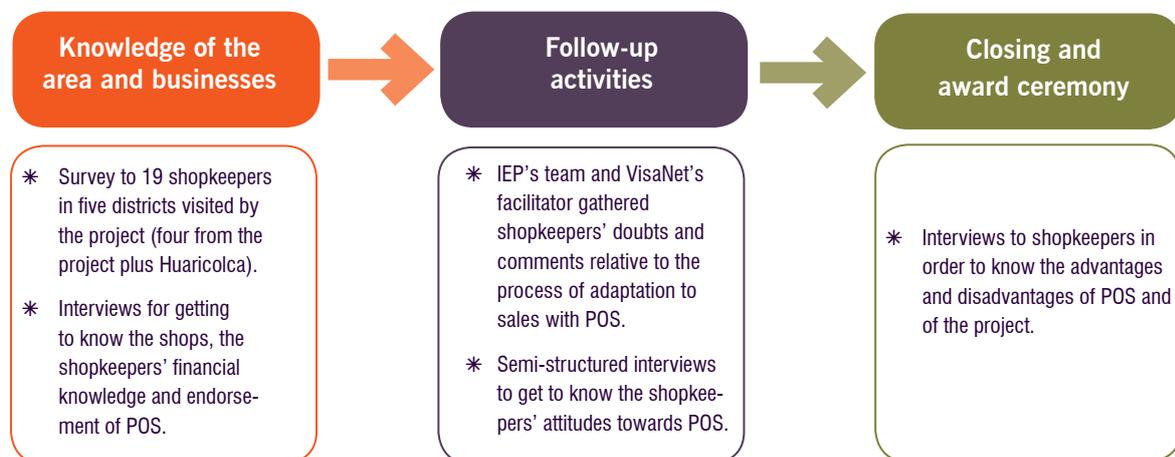


shopkeepers but rather the contrary: only once the districts were selected, the project approached the shopkeepers. Therefore, working with shopkeepers in the selected districts posed two challenges: creating messages especially tailored for this segment of the population and start carrying out work taking into consideration their pre-existent characteristics.

Evaluation Methodology

The information presented here was gathered in different moments of the project's intervention (See Chart 2). Given the small number of shopkeepers that participated in the project and the fact that we sought to find the sense and meaning of the social actions carried out by the project, the evaluation used qualitative methods (Sierra Bravo, 2003)⁹

Chart 2.
Evaluation Stages



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THE PROJECT'S ACHIEVEMENTS

At the beginning of the project, shopkeepers pointed out a number of disadvantages that discouraged them from acquiring the POS system for their businesses. However, thanks to the teachers' training and the team and facilitators' permanent follow-up, **they started to progressively trust POS and discover its advantages:** 1) security, as the bank looks after the money; 2) higher sales; and 3) better reputation for their businesses, as the

VISA brand becomes a differentiating feature from other shops (Costa, 2009).

Regarding training, **shopkeepers were always satisfied because:** 1) training took place in their shops and therefore did not

⁹ A social action is any action that is meaningful for those performing it and that affects other people's behavior. Such action is directed by its effects on other people's behavior (Weber, 1921).

force them to put aside their everyday work, 2) it did not last more than one hour and the teaching methodology was enjoyable, 3) they were concrete and used a straightforward language, and 4) they served as spaces to talk with other people about business-related topics.

In this way, it was easier for shopkeepers to understand financial terminology and use it correctly when performing sales. Adding up the performance of all the participating businesses, by the end of the project, sales amounted to S/. 34,875.35, corresponding to 505 transactions with both Banco de la Nación and other commercial banks' debit cards.

Before the project had begun, none of the shopkeepers prepared budgets, mainly because they thought it was too complicated. However, **by the end of the intervention** shopkeepers pointed out that **budgeting and cash flow management had been the most important topics** of their training as they consider them essential and highly useful tools when managing any business. In addition, **over half of the shopkeepers now make budgets on a permanent basis, which reflects how much they value them.**

It is also important to mention that this initiative allowed to bring shopkeepers closer to the financial system, given that for becoming affi-

liated to the POS sales service it was necessary that they—who for the most part did not have a savings account—open a bank account.

LESSONS

- * **Geographical contexts matter in interventions seeking to introduce new technologies or new knowledge.**

Therefore, future interventions of this sort will have to filter districts according to factors that probably affect the shops' behavior, for example tourism or proximity to mining centers or other employment points. In addition, such broad markets of clients who do know how to use POS technology, will make the shopkeepers' initiation easier, at the same time women users of JUNTOS start trusting the technology.

- * **Adopting and learning to use technology is not an immediate process, it comprises different stages.**

The process of accepting a new technology related to sales, such as the POS, consists of three phases: 1) gaining trust, 2) first results in terms of sales, 3) taking advantage of the opportunities provided by the system (See Table 2).



Table 2.
Stages of Adopting and Learning to Use New Technology

Initial stage: gain trust	Intermediate stage: first results	Advanced stage: take advantage of the opportunities
<ul style="list-style-type: none"> * In order to follow the project objective, this stage seeks to : “shopkeepers understand that the POS sales system is good for their businesses”: 1. Messages should be clear and concrete. 2. Equipment should be tested while at the same time explaining its user-friendliness, as many times as necessary. * Facilitate processes of business formalization. * In order to give any training, the areas’ particular contexts should be understood. * Provide merchandise to underscore the importance of the brand linked to POS. 	<ul style="list-style-type: none"> * Training shopkeepers and women users is necessary. Only financial education will promote the trust needed for using this type of technology correctly. * Develop campaigns for promoting the use of POS through sales marketing, in particular specific offers for JUNTOS’ users. This is key and requires joint work between shopkeepers and financial facilitator, as such initiatives should arise from the local consumers’ needs but also within a framework that will not affect the use of commissions. 	<ul style="list-style-type: none"> * Training in management and marketing related topics will allow shopkeepers to make better use of this new sales system, as it will provide them with the necessary skills.

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* **Maintaining permanent contact with the participants of the project, mainly with shopkeepers is key for obtaining results.**

This provides shopkeepers with technical support as well as with information to efficiently carry out their sales, while going through a pleasant learning process. Financial education in addition to practice and positive sales results generates trust in the system.

* **Shopkeepers’ profiles matter for the development of the project.**

It has been observed that shopkeepers should be acknowledged by their communities and instill confidence (Dahlberg et al., 2003; Andreev et al., 2011). They should also possess qualities

such as kindness and approachability (Johnston and Silvestro, 1990). But above all, it is considered that being innovative and open to learning highly determines what a shopkeeper needs in order to believe in what they are capable of achieving. Shopkeepers are key actors in this technological model of sales system.

Through projects like this one, financially excluded populations will gain the trust required in order to firmly manipulate any technological device of low cost or no cost all, by using it while having the necessary follow-up. In this way, the POS system as part of a banking agent or a sales system becomes, in the most remote rural areas, a point of access and knowledge for the financially excluded population.

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María del Pilar Guerrero López, Economist. Between 2012 and 2014 she was a research assistant at Proyecto Capital. Currently she is a Financial Education and Inclusion Analyst at *Superintendencia de Banca, Seguros y AFP* (Superintendence of Banking, Insurance and Pension Funds).

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