

Indonesia Social Protection Technical Seminar (ISPTS)

MODERN ARCHITECTURE OF G2P PAYMENT: GLOBAL VIEW

I GEDE PUTRA ARSANA

SENIOR FINANCIAL SECTOR SPECIALIST –
WORLD BANK



Supported by:



Australian Government



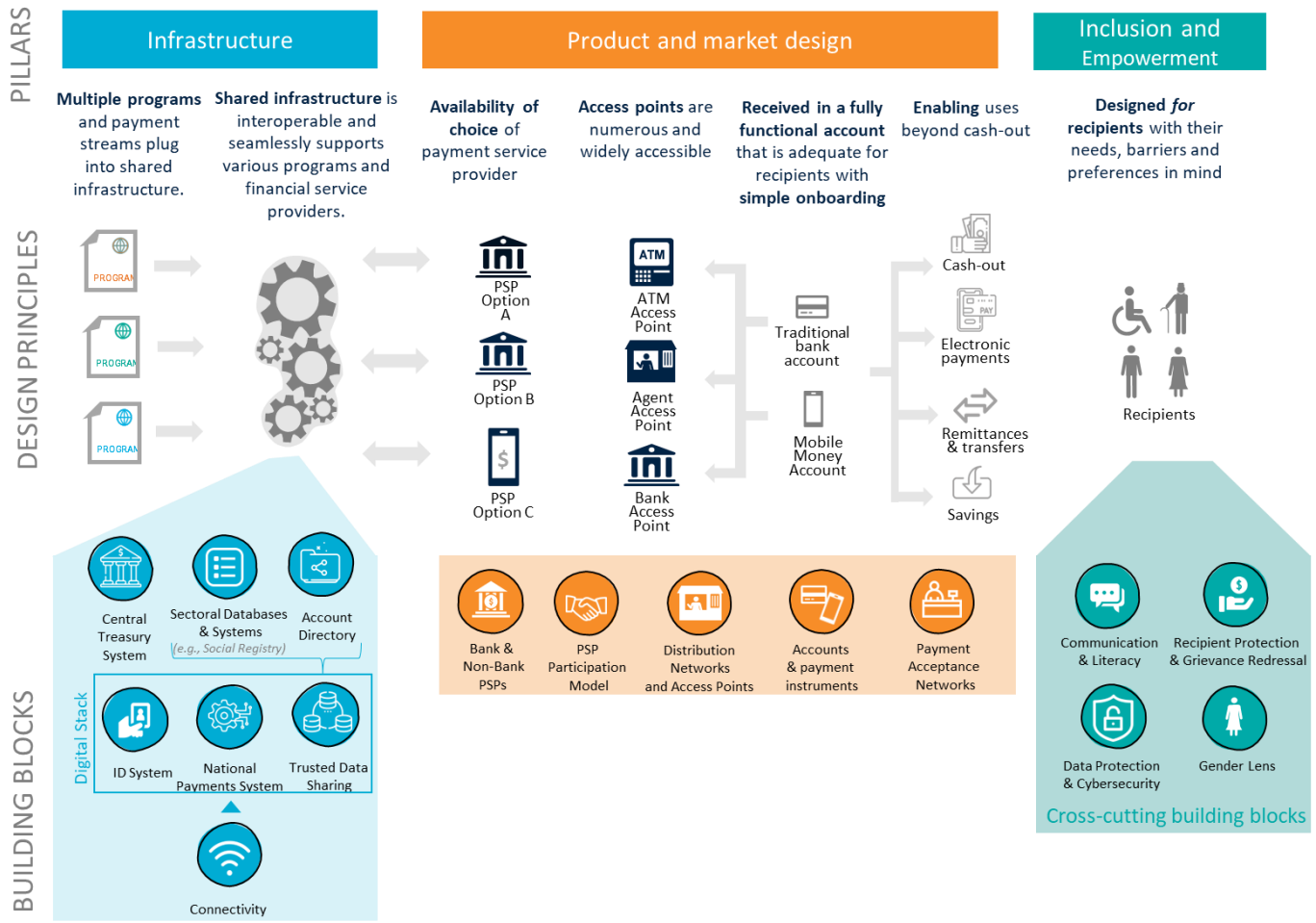
TABLE OF CONTENTS

1. MODERN G2P ARCHITECTURE
2. COUNTRIES' EXPERIENCES
3. ANNEX

MODERN G2P ARCHITECTURE

01

Modern G2P Architecture



COUNTRIES' EXPERIENCES

02

Digital payments **make a difference** to recipients

Based on G2Px-supported **research + literature review**

Digital G2P payments have been contributing to **convenience**

Surveys and focus group discussions across 13+ countries

In Rwanda beneficiaries thought mobile payments increased flexibility—no need to take day off work--and saved them travel costs.

In Mozambique time costs dropped: beneficiaries spent 1+ hours waiting for cash payments vs <30min for mobile money payments.

In Mali mobile money-recipients experienced lower waiting times. Only 14% had to wait for more than 30 min, vs 84% of cash-recipients

"[...] on Mobile Money it was so much better. When you have to go to the SACCO, most of the money is used up and spent on the road because you have to use a motto [...] It costs 3000 RWF on a motto to go and come back. A motto is the only way to get there"

Rwanda FGD participant

Evidence Map

Literature review across 100+ case studies and academic papers to identify evidence on digital G2P payments outcomes shows that:

In Sierra Leone, during Ebola response, digital payments cut payment time from over one month to around one week, putting an end to front health worker strikes. (Bangura et al. 2016)

In India, a maternal health CCT was able to reduce payment delays by 43% when they switched to digital payments. (Sharma et al. 2019)

In Niger, mobile money recipients saved ~4.5 hours in travel and waiting time versus receiving payment in cash. (Aker et al. 2016)


Digital payments make a difference to recipients


There is *some evidence* of **usage**

But challenges remain including **awareness**, **financial literacy** and **enabling environment**


There are some promising enablers for usage


Providing choice of PSP

 **Zambia:** DFS accounts actively used over a 90-day period grew from 4.3 million to 6.5 million in a year through the GEWEL program.


 **Colombia:** 28% of beneficiaries made own deposits into their accounts. 30% made digital payments and transfers.


Policies and product design to create trust and nudge

 **Mexico:** Issuance of debit cards, which allowed beneficiaries to check balance, increased trust which reduced full cash-out

 **Brazil:** 75% of Auxilio Emergencial CTs were used digitally. There were restrictions on cash out for ~2 weeks following the transfer.

But lack of awareness, financial literacy and duplication of accounts remain a challenge

 **Philippines:** Usage was low, but only 16% knew they had an account. However, among those who knew, 23% did use it to send remittances.

 **Mali:** Program provided SIM cards but beneficiaries that already had one would only use it during cash-out day

In **Jordan** some beneficiaries used their mobile money account **to pay utilities**

*"Although the **electricity** company is very close to me, but because I have young children, I cannot leave them at home [...] So, I pay them from home, it is easier for me."*

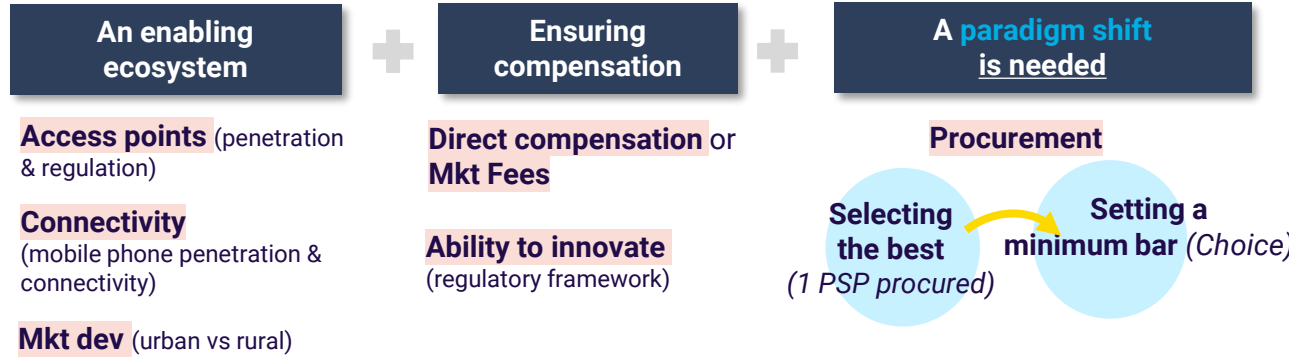
*Jordan Focus Groups,
28-yo female NAF beneficiary*

Among those that didn't use the account **more than half did not know they could make online bill payments or digital payments at merchants**

The role of PSPs in digital G2P payments

Ensuring a **sustainable business model for PSPs** could be a key for success

Incorporating **choice of PSPs** in enabling ecosystems could be promising



A sustainable business model for PSPs is possible

Zambia: No compensation for providers in GEWEL program. Instead, **choice** of PSPs and top-up for beneficiaries to cover avg withdrawal fees. **PSPs competed for beneficiaries** → avg fees dropped from 4 to 2.8% of withdrawal

Colombia: Movii, one of the PSPs distributing COVID-response CT (*Ingreso Solidario*), **increased its customer base** from 154k to 2 million thanks to G2P payments.

*“Before Ingreso Solidario, we had 154,000 clients and today, we have over 2 million clients. The experience of working with Ingreso Solidario **allowed us to understand behaviors of beneficiaries and adjust our operations** to meet their needs. This has in return **allowed us to grow our customer base exponentially**”*

Maryoiry Avila
General Manager, Movii

Source: Webinar G2P Digitization in Practice: Colombia 2022

ANNEX

03

Advancing WEE through digital G2P payments

G2Px Evidence Review on WEE

A G2Px review of 49 academic papers and 15 case studies suggests that digital payments have the potential to advance various dimensions of WEE.

- Digital G2P payments hold promise for:
 - **Women's financial autonomy and decision-making:** **Kenya** (Tiwari et al. 2019), **South Africa** (Van Biljon et al. 2018) and **Tanzania** (Bastian et al. 2018) and **Niger** (Aker et al. 2016).
 - **Women's labor force participation:** **India** (Field et al. 2020).
 - **Physical mobility:** Mobility refers to travel to the market, health centers, friends' homes, or religious centers alone: **Pakistan** (Clark et al. 2020)

Synthesizing evidence and developing innovative measurement approaches to **women's economic empowerment**

Innovative Approach to Measuring WEE

G2Px, GIL, and CGD developed an innovative standardized methodology for measuring WEE in digital G2P projects.

- The brief proposes a multidimensional measurement approach focused on **food security, asset ownership, cash transfer use, economic participation, financial autonomy, and household financial decision-making/input into productive decisions, among other dimensions.**
- Several G2Px countries have incorporated relevant indicators, including **Guatemala, Ecuador, Indonesia, Jordan, Mali, CAR, and the Philippines.**

But gender gaps in digital literacy/ digital financial capability are pervasive.

- Several countries are planning digital + financial literacy training, but there is no operational guidance.
- The goal is to review evidence, take stock of good practices and facilitate targeted workshops for country teams.



Angola, Cambodia, Cameroon, Ecuador, Ethiopia, Guatemala, Kosovo, Mozambique, Sierra Leone, Laos, PNG

REFERENCES

1. “Next Generation G2P Payments: Building Blocks of a Modern G2P Architecture”, <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099600110202238143/p173166068e4220430a0ff03279b01c83db>
2. For country cases, please see <https://www.worldbank.org/en/programs/g2px/knowledge#2>
3. For more information related to G2P Payment, please see <https://www.worldbank.org/en/programs/g2px>



*Kementerian PPN/
Bappenas*



WORLD BANK GROUP

SUPPORTED BY:



Australian Government

