Why This Matters: Evidence Building on DPI

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Billions of people struggle to fulfill their rights and access services and economic opportunities each day, while governments and firms also struggle to deliver services efficiently and securely, particularly in a rapidly digitalizing world.

Among other contributing and compounding factors are the lack of inclusive, trusted, and digital systems for identity verification, data sharing, and payments, a siloed approach to a multi-sectoral problem.
Billions without access to digital ID or bank accounts

Time-intensive, insecure means of verifying identity and personal info.

Poor data protection and high incidence of identity theft.

High operational costs due to in person, cash-based processes

Programs and services full of leakage, delays, and inconvenience for recipients

Insufficient or inaccurate personal records and data.
RISKS FOR ANY TYPE OF DIGITALIZATION:

- exclusion for those with low digital access, skills, literacy
- misuse or mismanagement of personal data
- lock-in and waste, systems not fit-for-purpose

POTENTIAL BENEFITS:

- improve individual welfare
- facilitate government services & efficiency
- enable private business and innovation

Big Picture Theory

DPI

Identity
Data sharing
Payments

digital products, services, transactions
e.g. digital G2P payments

facilitate
government services & efficiency

enable
private business and innovation
Benefits for People

Right to Identity (in person and online)

850 million people don’t have ID—and thus have difficulties accessing mobile phones, jobs, financial and government services.

~5 billion don’t have access to official digital identity for online transactions (ID4D Dataset).

Digital G2P as a gateway to financial inclusion

Digitalizing G2P payments has contributed to more than 865 million people worldwide opening a bank account for the first time (Global Findex 2022).

Brazil

PIX + digital wallets with remote onboarding + pro-digital policies contributed to 75% of Auxilio Emergencial cash transfer beneficiaries using the funds digitally.

Lara de Arruda et al. (2022) The Payment System Used by Auxilio Emergencial: Technical Note No2
Benefits for People

Digitalizing services via DPI can reduce friction and opportunity cost, and enable innovation.

In G2P payments for example ...

- **Mozambique**: Beneficiaries spent <30min waiting for mobile money payments vs. 1+ hours cash payments.

- **India**: A maternal health CCT reduced payment delays by 43% after switching to digital payments.

- **Rwanda**: Beneficiaries report that mobile payments increased flexibility—no need to take day off work—and saved them travel costs.

Dalberg (2022) Assessment of the G2P Pilot (digitalization of VUP payments) and recommendations for scale up
Benefits for People

DPI can empower women by ensuring that they receive and control G2P transfers directly:

- **Pakistan**
  Digital ID-linked cash transfer increased women's reported control over cash by 9 percentage points.

- **Niger**
  Digital payment led to greater decision-making power and increased up to 16% the diet diversity of their household.

- **India**
  Digital payments increased female employment outside the household.

+ New methods for data protection and personal control

Benefits for Government

**Savings** via lower transaction and disbursement costs; improved targeting; reduced leakages and identity-related fraud.

**Trust** via data and identity verification and improved transparency.

- **Mexico**
  - Estimated 3.3% annual savings on G2P payments due to cutting incorrect payments after centralizing and digitizing G2P payments.

- **India**
  - Leakages dropped by 41% in employment and pension social programs after introducing biometric-based digital payments.

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Muralidharan et al (2016) Building State Capacity: Evidence from Biometric Smartcards in India
Research on COVID-19 response

DPI enabled safe and effective scale-up of social protection in response to COVID.

Of 85 countries with data, those that had:

✓ digital databases or ID records
✓ data-sharing platforms

Reached over 3 times more beneficiaries than those countries that had to collect new data for COVID response.

Source: Marin and Palacios (2022)
Better identity assurance and automated processes can reduce transaction costs and generate savings.

Digitization of G2P payments can contribute to expanding access and improving service:

- **Philippines**
  - A time-and-motion study (stay-tuned tomorrow!) estimates a potential cost savings of up to 86% for a bank that switches to digital identity verification (Technopoly).

- **Zambia**
  - A digital choice-based model incentivized payment service provider participation leading to:
    - higher competition,
    - lower market prices,
    - service closer to rural communities, and
    - products catered to bottom of the pyramid.

Importance of more research for DPI

Emerging field
More data needed to fine-tune implementation and improve trust and innovation.

DPI data
Opportunity for automated data collection and analysis “by design.”

People-centricity
People-centric requires input and feedback to meet needs and reduce risks.

More later today!
Impact
Use rigorous impact evaluations to quantify impact on people, governments, and firms.

Implementation
Conduct regular data collection and research to harness benefits and mitigate risks.

More on Day 2!
Client-driven monitoring, evaluations, learning (MEL) strategies and capacity building, for DPI projects.

Portfolio of studies + research community to address country needs and build evidence on global themes.
Example | Ethiopia

Fayda.Lab

Client-driven monitoring, evaluations, learning (MEL) strategy & capacity

Portfolio of studies + research community

MEL Strategy | Outcomes, Targets, Indicators
- System Data
- User Satisfaction
- Mapping Facilities

Implementation Studies | Improve Rollout, Show Value
- Pilot Evaluation
- Gender Gap Study
- Time and Motion
- Exit Survey
- Social Risk Assessment

Impact Evaluations | Benefits of Fayda for Ethiopia
In Partnership with University of Oxford + others
How to get involved

Countries where WB is Engaged
Need research or MEL support for your DPI project?

Researcher or Community org.
Interesting in partnering in a country where you work?

Development Partners
Interesting in funding or collaborating on research?

Reach out to Julia Clark (jclark6@worldbank.org)
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Inclusive and trusted digital public infrastructure, built to empower.