DPI Use Case from Bangladesh: Digital G2P Payments to Accelerate Development Outcomes

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Why digitize 14-15% of the national budget that goes into G2P?

**Government Perspective**
- Reduce back-end operation time & cost
- Reduce overall operation cost
- Reduce leakage at enrollment and payment stage

**Citizen Perspective**
- Reduce waiting time in queues for cash collection
- Reduce cost for enrollment & travel cost for benefits collection
- Reduce number of visit for enrollment and benefits collection

$\downarrow \quad TC$

$\downarrow \quad TCV$
### Key Design Principles for Digitization of G2P in Bangladesh

#### Citizen
1. Citizen centricity through reduced time, visits and cost leads to choice
2. Reliability and security
3. Future ready

#### Government
1. Shared system across government
2. Leverage national ID and other existing infrastructure
3. Promote digital ecosystem and interoperability

#### Service Provider
1. Open system – every provider can plug and play
2. Leveraging technological innovation
3. Incentivize participation

CGAP Case Study: The Future of G2P Payments:
Towards an integrated infrastructure in Bangladesh, March 2019
G2P Pilots in 2017

1st Pilot
- Nagarpur Upazilla - 7887 (Old Age & Disabled)
- Payment Options - Postal Cash Card

2nd Pilot
- 34 unions in 13 Upazilla
- Old Age, Disabled Person and Widow
- Considered Geography, Vulnerability, Strength of DSS field office and multiple payment options
- Postal Cash Card, Agent Banking & Mobile Money
e-KYC Regulation in Jan 2020 Along With Existing DPI as a Game Changer

- Simplifying customer onboarding
- Making it easier to access formal financial services/products
- Empowering SMEs to open bank accounts without trade license
- Ensuring easier financial integrity for the regulators
Adoption of Digital Payments During COVID-19

**CHALLENGES**

- Transfer emergency cash transfer during lockdown
- Ensure smooth transfer of Social Safety Net Benefits
- Distribute wage to 4 million garment workers

**SOLUTIONS**

- 5 Million poor households got $142M G2P through MFS
- 10 Million new SSN accounts were opened to go fully digital
- 2.5 Million new accounts opened for wage payments in less than 4 weeks
Digital Payments Transformation: 2016–2023 (by volume)

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<thead>
<tr>
<th>Payment Stream</th>
<th>2016</th>
<th>2023</th>
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<tbody>
<tr>
<td>Salary</td>
<td>36.4%</td>
<td>100%</td>
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<tr>
<td>Pension</td>
<td>0%</td>
<td>100%</td>
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<tr>
<td>G2P Benefits</td>
<td>0.02%</td>
<td>100%</td>
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<tr>
<td>Collection of Taxes (P2G, B2G)</td>
<td>0%</td>
<td>51% VAT</td>
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<td></td>
<td></td>
<td>12% Import Duties</td>
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<td></td>
<td></td>
<td>Personal income tax started</td>
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<tr>
<td>Utility Bill Payments (P2B, B2B)</td>
<td>8.3%</td>
<td>25%</td>
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G2P Digitization Creates Opportunities for Women’s Financial Inclusion

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<th>1 Ensure woman’s control over her own money and increase overall bargaining power within the household, specifically for children</th>
<th>2 Increase options for future savings</th>
<th>3 Reduces the gender gap from 29% in 2017 to 20% in 2021 (Global Findex report-2021)</th>
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<td><strong>62% (approx.) beneficiaries are women</strong></td>
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G2P Digitization Impact
TCV Reduction till 2022

Time 82%

Cost 91%

Visit 90%

90 MILLION SAVED

44 MILLION USD SAVED

30 MILLION VISITS SAVED

30 Million Citizens Served

*Average
G2P DPI Architecture At-a-glance in Bangladesh

Total 30M beneficiaries are receiving payments

- 23 Govt Agencies
- 16.75% of the total budget and 2.55% of GDP

1. Citizen’s Choice of Access
2. Fast and Secure
3. DPI-based
DPI to Address Current Challenges of Existing G2P

01. Unify Scheme/Beneficiary management
02. Implement beneficiary choice architecture fully
03. Update beneficiary status based on “real-time” data
04. Use National ID directly for payments
05. Use biometrics verification at last mile
Smart Bangladesh Inclusive Digital Transformation (iDX) Stack DPI

- **Access layer**: Last-person access with wireless, wired, and centers
- **Services layer**: Platforms for delivering government services
- **Data layer**: Platform for decentralized data storage and consent-based exchange of data
- **Payments layer**: Platform for interoperable payments
- **Identity layer**: Unique national digital ID as single source of truth

- **Transportation**: Public transport, vehicle registration, driving licenses, traffic management, ownership transfer (mutation), land transfers, vehicle registration, public transport
- **Finance**: Banking, credit, insurance, financial regulation, wealth management
- **Education and Skills**: Kindergarten, primary, secondary, higher secondary, technical Madrasa
- **Justice**: Case list, case management, ADR
- **Land**: Ownership transfer (mutation), deed registration
- **Tax & Customs**: Tax, VAT, Customs
- **Immigration**: Visa, Work permit, Passport
- **Social Services**: Social benefit, pension, public housing, employment
- **Communities**: Public feedback, GRS, citizen satisfaction, communities
- **Health**: Health card, diagnostic, preventive, nutrition, crisis, health
- **Identity layer**: Unique national digital ID as single source of truth
The DPI approach works by using open tech standards & enabling policy to bring the best out of markets

(Centre for DPI)
DPI is a Clear Accelerator for G2P in Terms of Transparency, Cost, Time, Efficiency
But We Are At the Tip of the Iceberg!
Coming: AI-driven “Realtime” Targeting Using Telco Data for Responsive G2P

- Collect list from the most vulnerable geographies
- Identify poorest people in those geos based on Telco data
- Whitelist the selected cell phone number
- Beneficiary enrollment in the payment system

The AI driven approach was compared to available alternatives such as occupational or geographical targeting.

Eligible beneficiaries were significantly poorer than the median.
Coming: Anticipatory G2P

Forecast
Google flood warning system

Target
Mobile Network Operators data

Enroll
Mobile Network Operators & NID

Pay
MFS, Banks, Digital Centres, PO
Thank you