

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

↓ *TC*

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

↓ *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)

Payment Stream	2016	2023
Salary	36.4%	100%
Pension	0%	100%
G2P Benefits	0.02%	100%
Collection of Taxes (P2G, B2G)	0%	51% VAT 12% Import Duties Personal income tax started
Utility Bill Payments (P2B, B2B)	8.3%	25%

G2P Digitization Creates Opportunities for Women's Financial Inclusion

62% (approx.)
beneficiaries are
women

1 Ensure woman's control over her own money and increase overall bargaining power within the household, specifically for children

2 Increase options for future savings

3 Reduces the gender gap from 29% in 2017 to 20% in 2021 (Global Findex report-2021)

G2P Digitization Impact TCV Reduction till 2022



Time **82%**

90
DAYS
MILLION
SAVED



Cost **91%**

44
USD
MILLION
SAVED



Visit **90%**

30
MILLION
VISITS
SAVED

30
Million
Citizens
Served

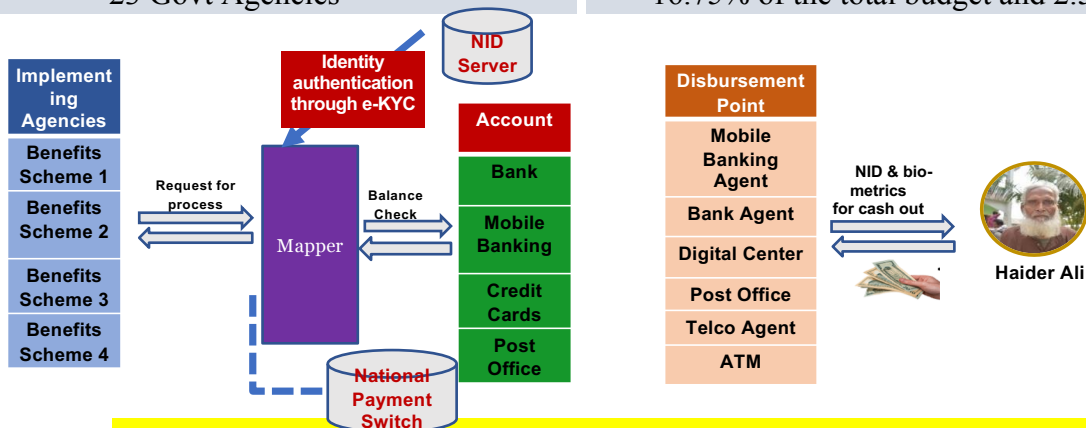
*Average

G2P DPI Architecture At-a-glance in Bangladesh

Total 30M beneficiaries are receiving payments

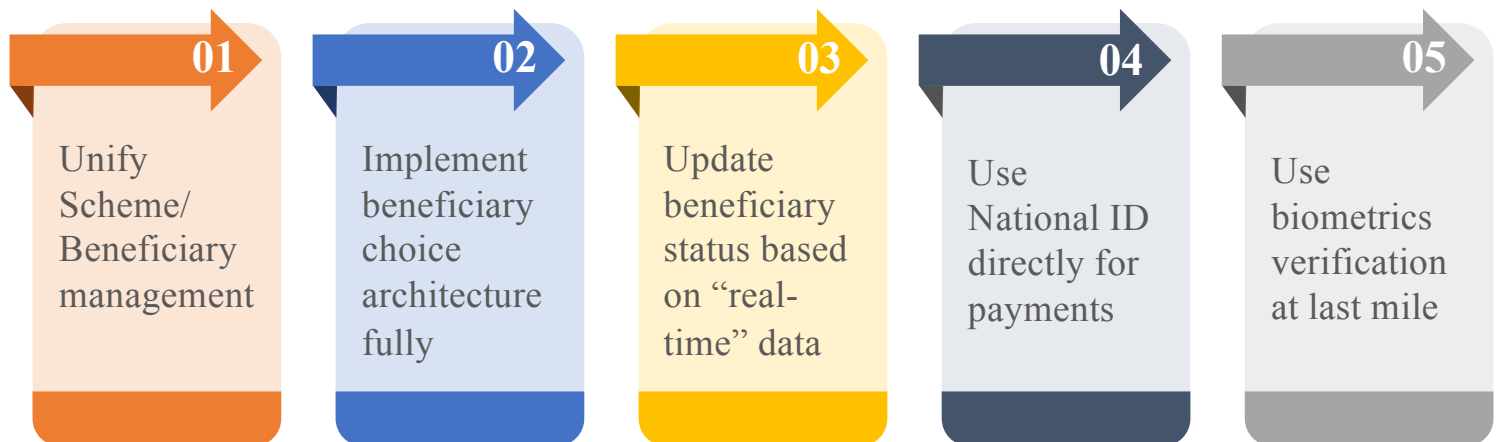
23 Govt Agencies

16.75% of the total budget and 2.55% of GDP

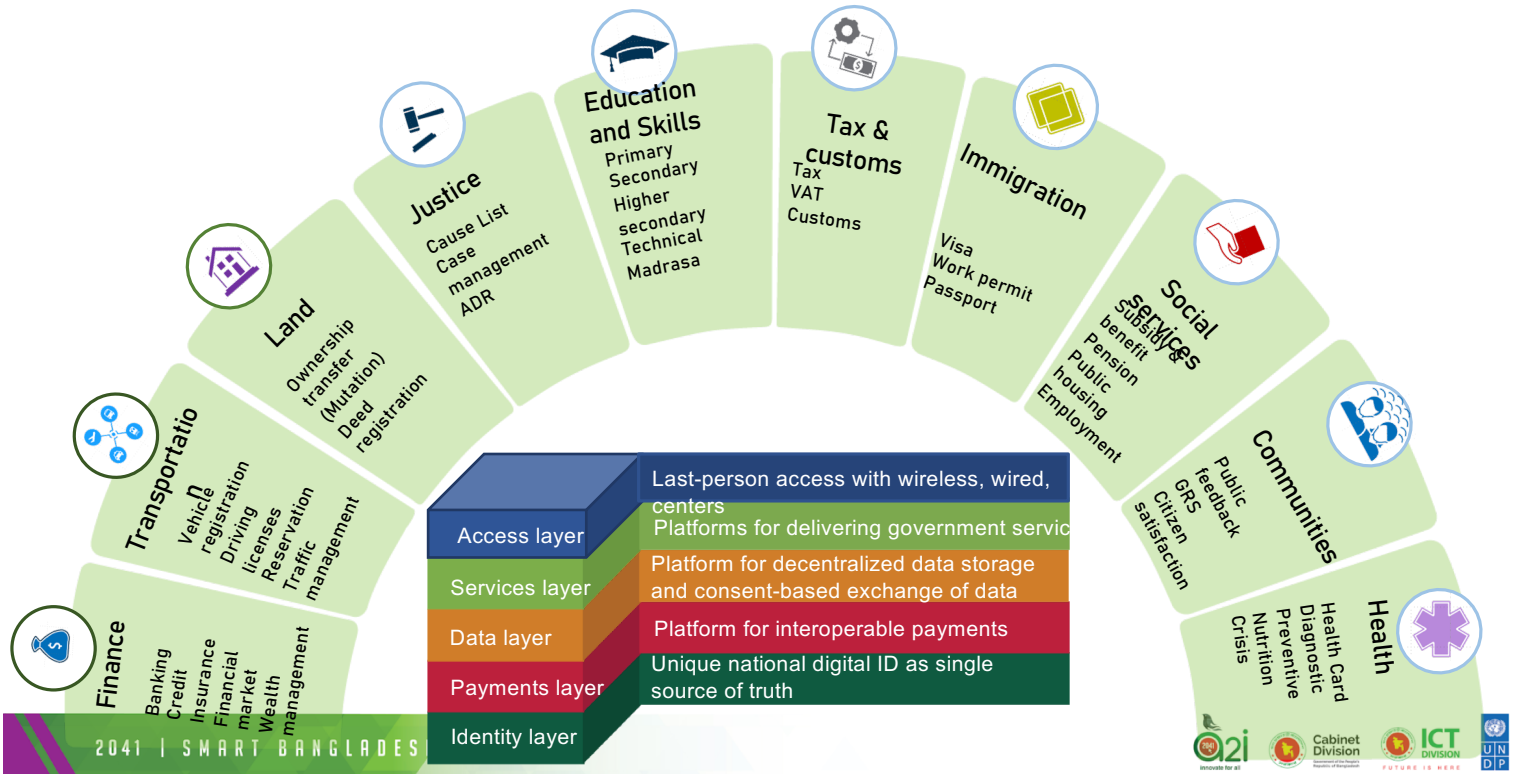


1. Citizen's Choice of Access
2. Fast and Secure
3. DPI-based

DPI to Address Current Challenges of Existing G2P

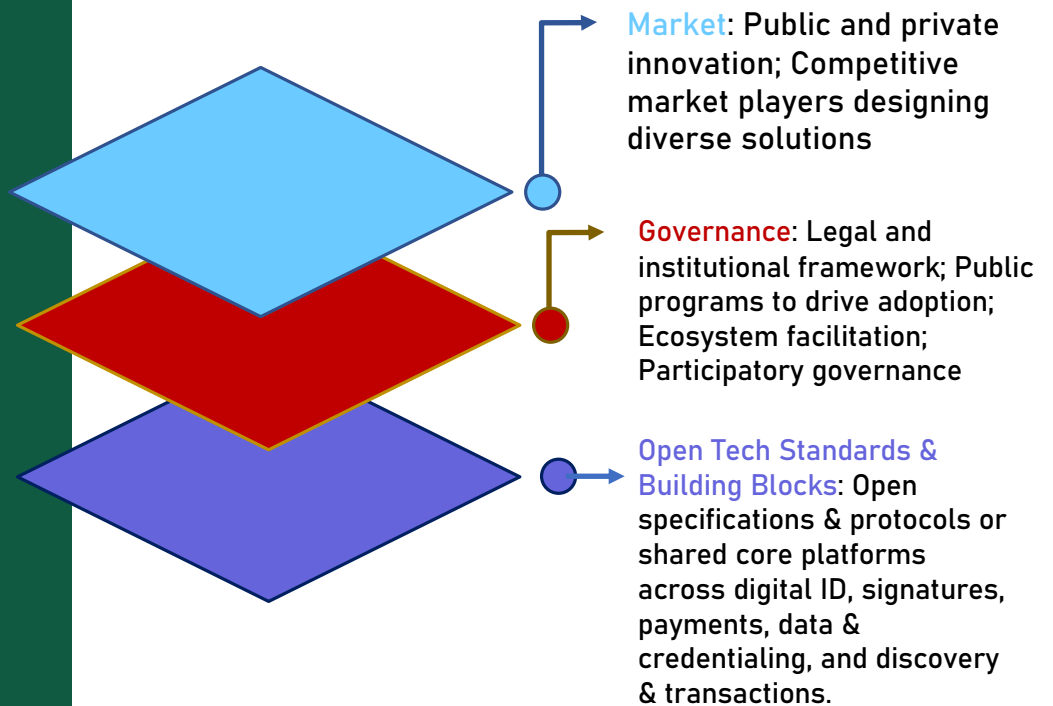


Smart Bangladesh Inclusive Digital Transformation (iDX) Stack DPI



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

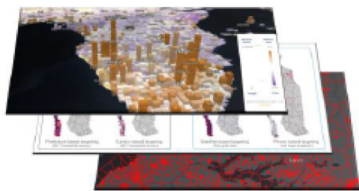
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But We Are At the Tip of the Iceberg!

Coming: AI-driven “Realtime” Targeting Using Telco Data for Responsive G2P

Targeting



- ❑ **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

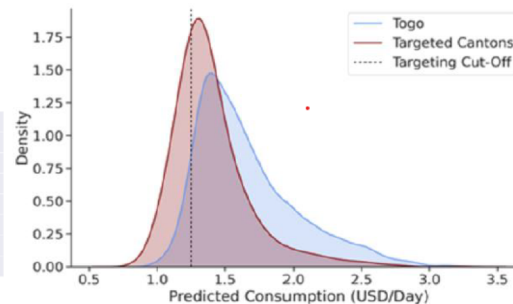
The AI driven approach was compared to available alternatives such as occupational or geographical targeting

Accuracy & Inclusivity of AI Driven Targeting (Togo)

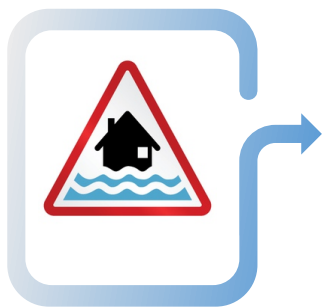


Eligible beneficiaries were significantly poorer than the median

Targeting the poorest mobile subscribers

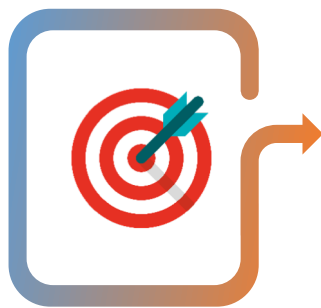


Coming: Anticipatory G2P



Forecast

Google flood warning system



Target

Mobile Network Operators data



Enroll

Mobile Network Operators & NID



Pay

MFS, Banks, Digital Centres, PO

Thank you

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