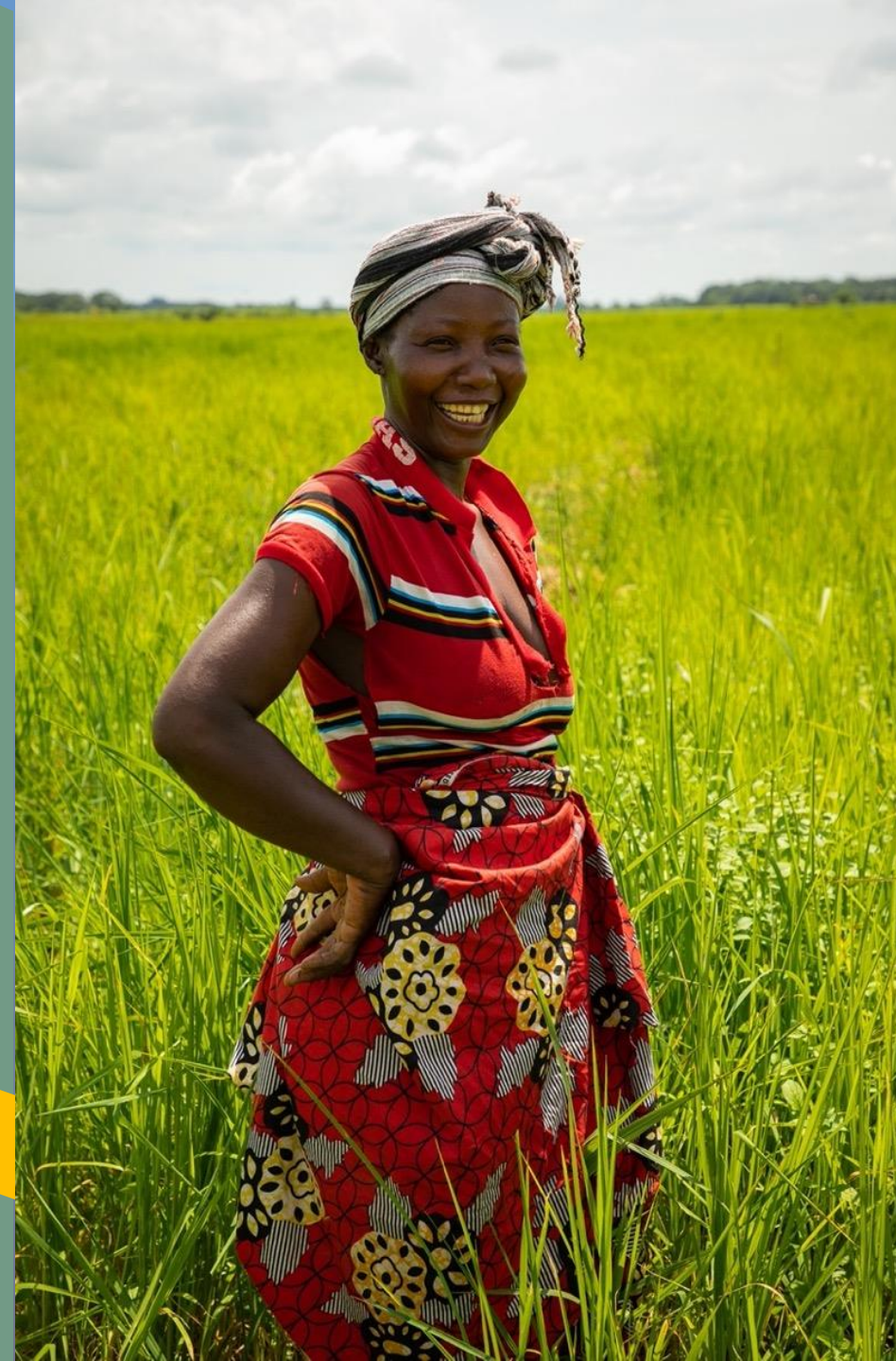
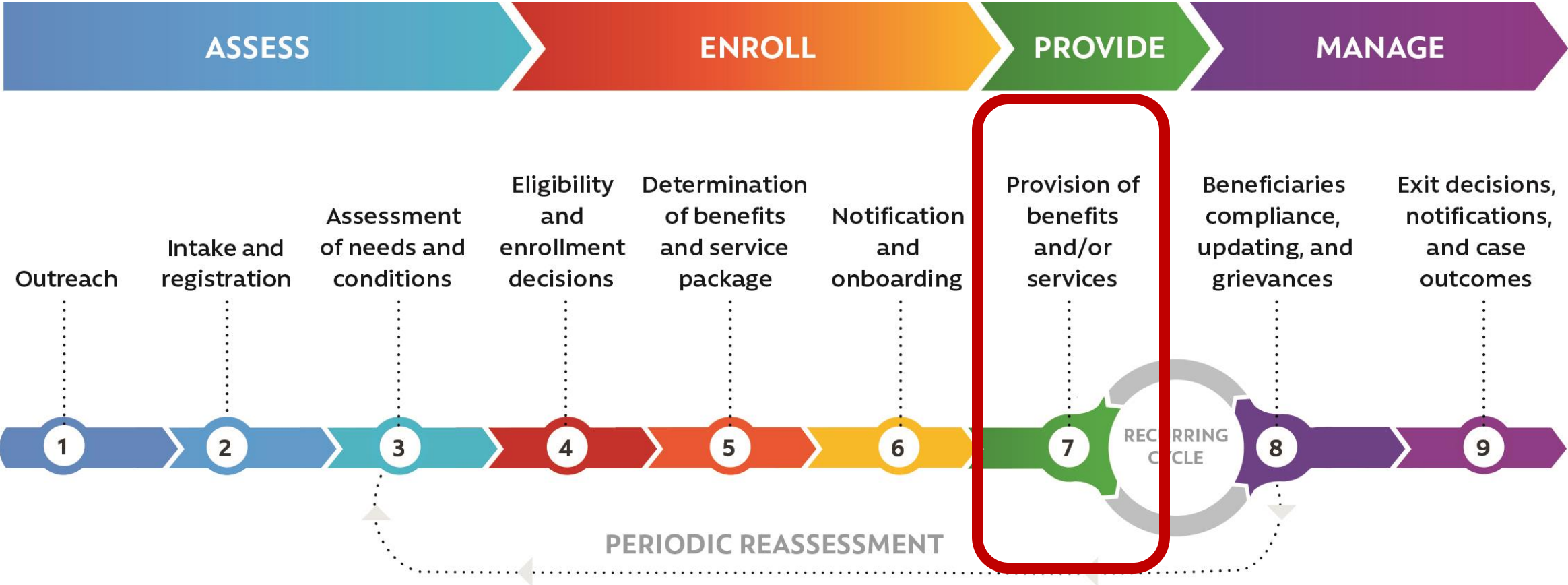


# Provision of Social Protection Payments

Johan Roest, CGAP



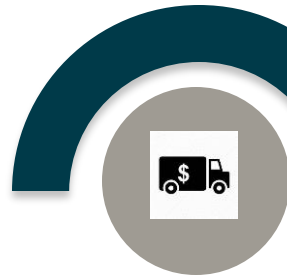
# SOCIAL PROTECTION DELIVERY CHAIN



## EVOLVING DELIVERY MODELS

### G2P 1.0

Single Program to Single Provider  
Cash Based/Semi Digital



### G2P 2.1

Multiple Programs to Multiple Providers  
No Choice  
Digital



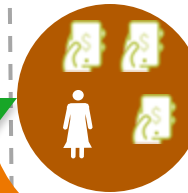
### G2P 2.0

Single Program to Single Provider  
Digital

No Choice for recipient

### G2P 3.0

Single Program to Multiple Providers  
Digital



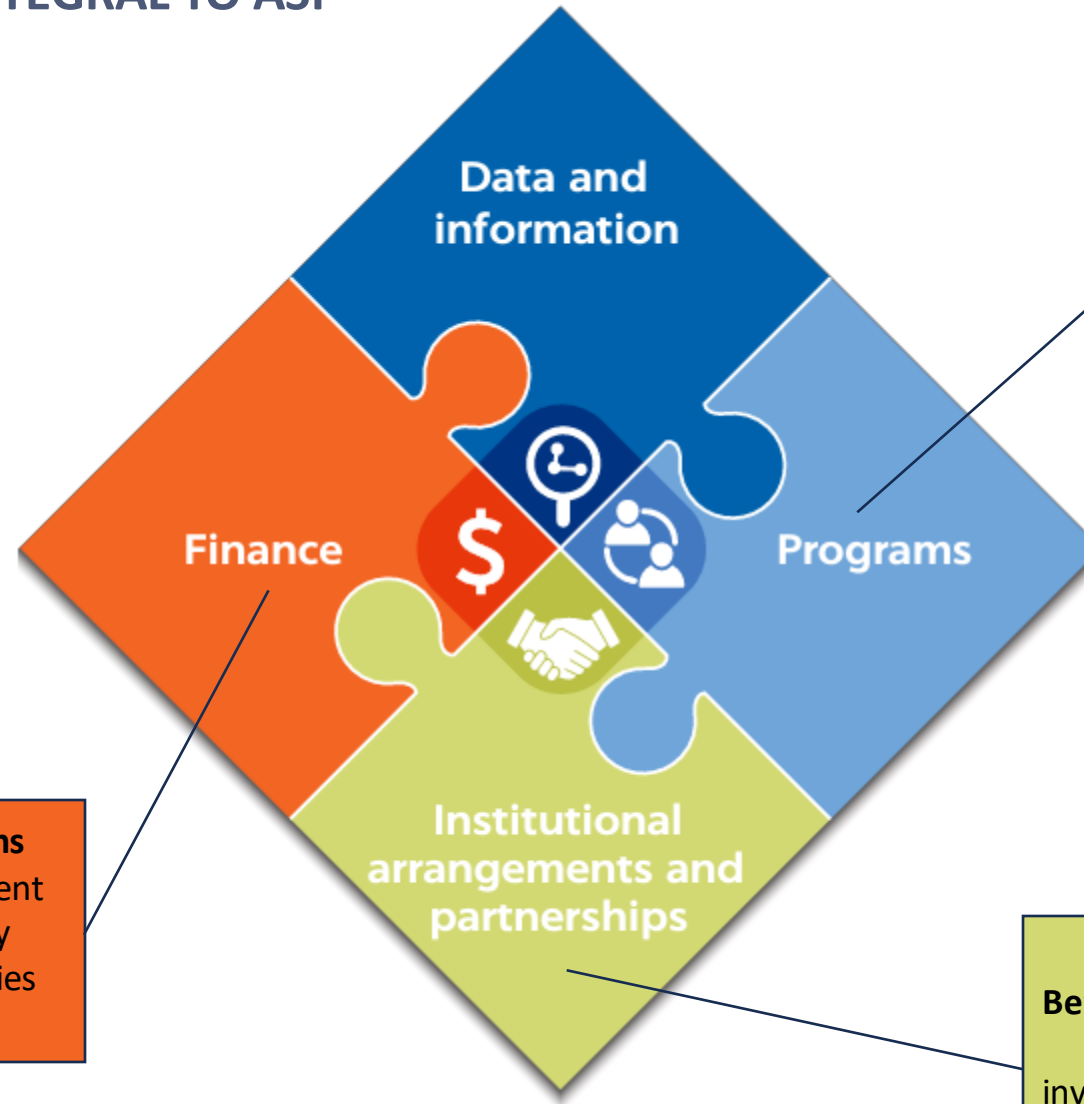
Choice

### G2P 4.0

Multiple Programs to Multiple Providers  
Digital

Choice for recipient

## PAYMENTS SYSTEMS ARE INTEGRAL TO ASP



### **Design features to support preparedness**

Promote increased savings and financial inclusion; disseminate risk information within at-risk communities to inform strategies and actions for household preparedness, coping, and adaptation

### **Linking to disbursement mechanisms**

Ensure that programs and their payment platforms are prepared to efficiently disburse available funds to beneficiaries once released

### **Institutional capacity**

#### **Beyond policy coherence and coordination mechanisms**

investing in the additional human, financial, and physical capacity required for ASP delivery



## PREREQUISITES



### Connectivity

Electricity and telecoms connectivity required at access point (agent /ATM / branch)



### ID coverage

NIK and automated identity verification important for efficient and accurate account opening



### Provider competition

Attractive incentives structure that draws in multiple providers

Choice means multiple providers



### Recipients enabled to exercise choice

Assisted with signing up for accounts

Financial education provided

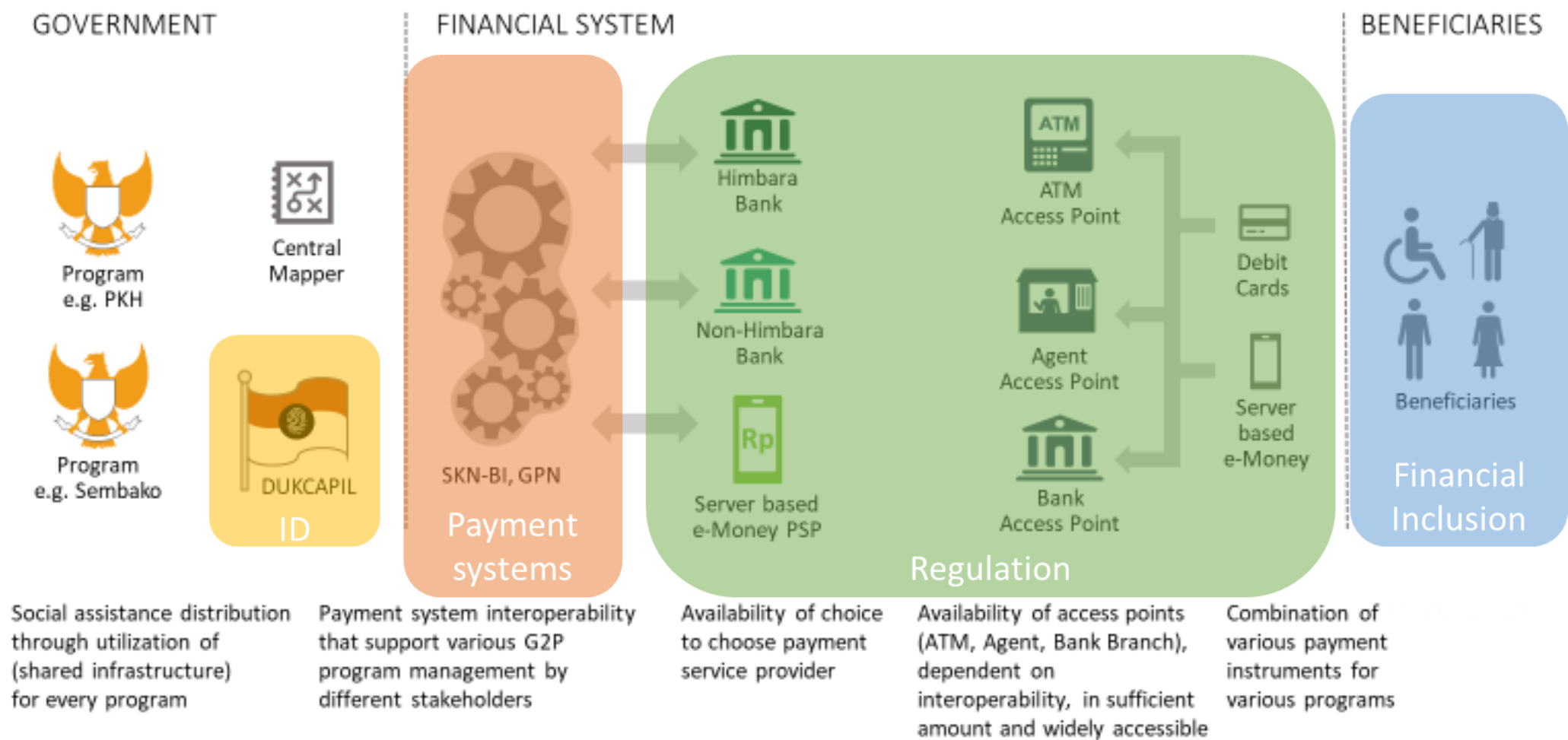
Consumer grievance mechanism established



### Offline alternative

Alternative in place for customers beyond the reach of this vision

# EXAMPLE FROM INDONESIA



## BALANCING STAKEHOLDER INTERESTS



### RECIPIENTS : Offer recipients choice of provider

- Access points closer
- Lower costs (travel and opportunity cost)
- Better service
- Choice = empowerment
- Deeper engagement with financial services



### GOVERNMENT : Simplify delivery processes

- Happier recipients & improved life quality
- Improved recipient coverage
- Unified payment platform for multiple programs
- Lower distribution costs
- Low procurement & contracting process
- Provider competition
- Decreased vendor dependency



### PROVIDERS : New revenue streams

- Scale: many recipients to compete for
- Liquidity at the access point which provides opportunities for up and cross sell
- E-KYC should reduce their onboarding costs through reduced paperwork and human intervention
- Interoperability brings efficiency gains

## CHALLENGES

1. Lack of physical infrastructure in rural areas
2. Mass digital account enrollment
3. Creating a sustainable business case for FSPs
4. Managing a cash-in/cash-out (CICO) agent network
5. Enabling regulatory environment:
  - a) E-Money Issuance by Nonbanks
  - b) Use of Agents
  - c) Consumer Protection
  - d) Risk-Based Customer Due Diligence



## TAKE AWAYS

- Recipient's experience of their program, largely determined by financial infrastructure
- Key to their experience is the travel time to their closest access point
- PSPs need to be incentivized
- Interoperable payments systems should be utilized to the extent possible
- Balance needs of government programs, recipients and the ecosystem
- Treat recipients as full economic citizens



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# THANK YOU