



# Ingreso Solidario: a new generation of G2P payments in Colombia

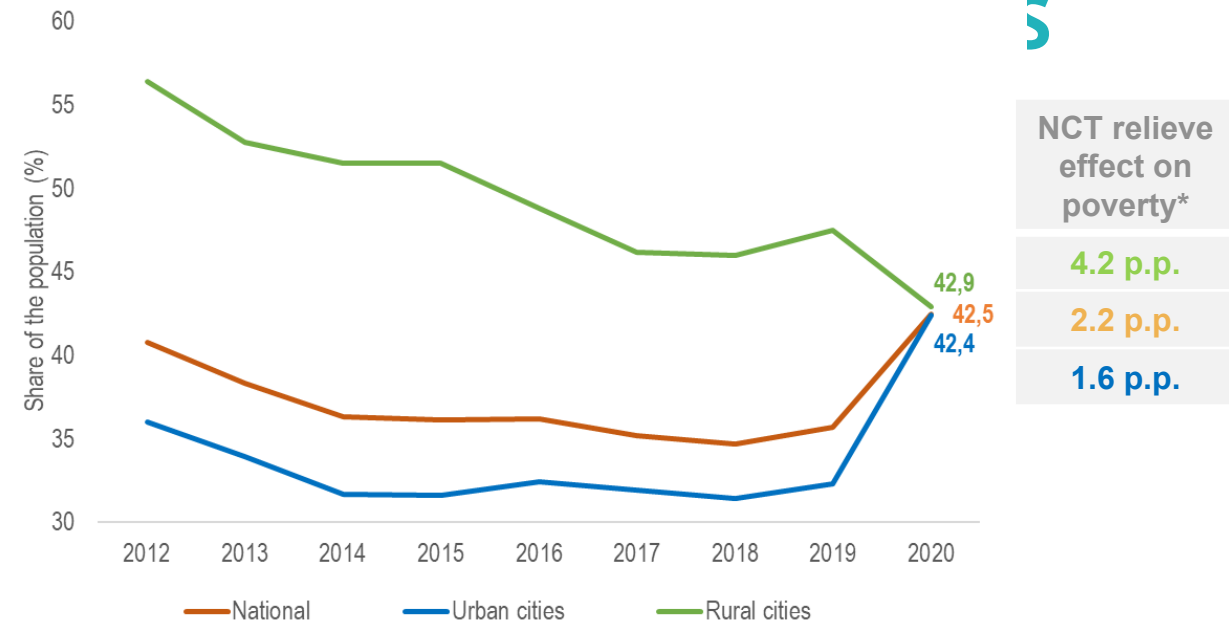
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# Mitigating Covid-19 impact on poverty



- Non-conditional transfer program targeting 3 million vulnerable households not covered by other CCT.
- Initially conceptualized as emergency response, now extended until June 2021. Approximately USD\$42 monthly payment.
- Building blocks set in place in the digital payments ecosystem enabled a quick design and deployment.
- Leap-frog financial inclusion and lay a new foundation for G2P payments in the country.

## COLOMBIAN POVERTY RATE AND THE IMPACT OF G2P



\*Include effect of Ingreso Solidario, extraordinary CCTs payments and VAT subsidy payment.

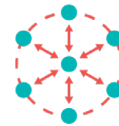
Source: DANE

# Building blocks of the digital payment ecosystem **CKEx2029**



## **G2P PAYMENTS TO ACCOUNTS**

Government mandated G2P payments to beneficiaries' accounts since 2007.



## **LAST-MILE AGENT NETWORK**

Enabling regulatory framework and successful business models are behind.



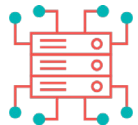
## **ENABLING REGULATORY ENVIRONMENT FOR MOBILE WALLETS**

Bank-led model. 2015 e-money issuers authorized.



## **NATIONAL ID AND SOCIAL REGISTRY**

Consolidated National Social Registry including all the beneficiaries of social programs.



## **LOW VALUE PAYMENTS INFRASTRUCTURE**

Process of modernization and greater competition. ACH and Fintech sector.



## **TREASURY COMMITTED WITH AN EFFICIENT PAYMENT MECHANISM**

Treasury was flexible enough to adjust procedures for payments to beneficiaries.

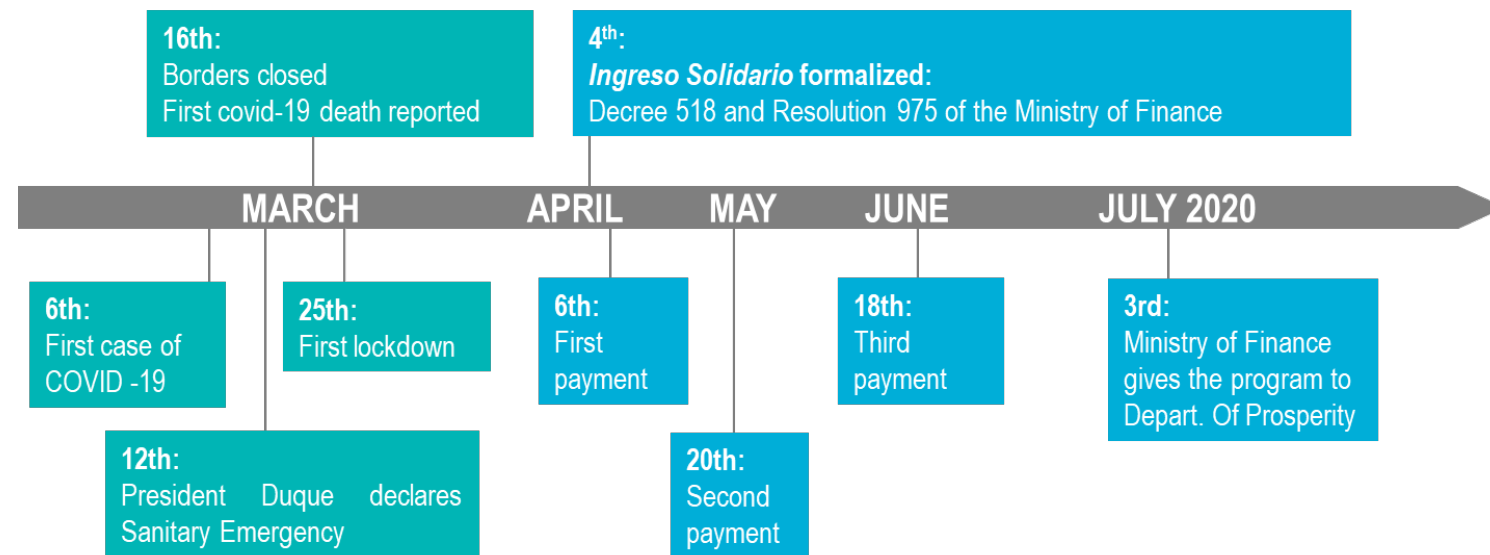
# COVID-19 Emergency timeline



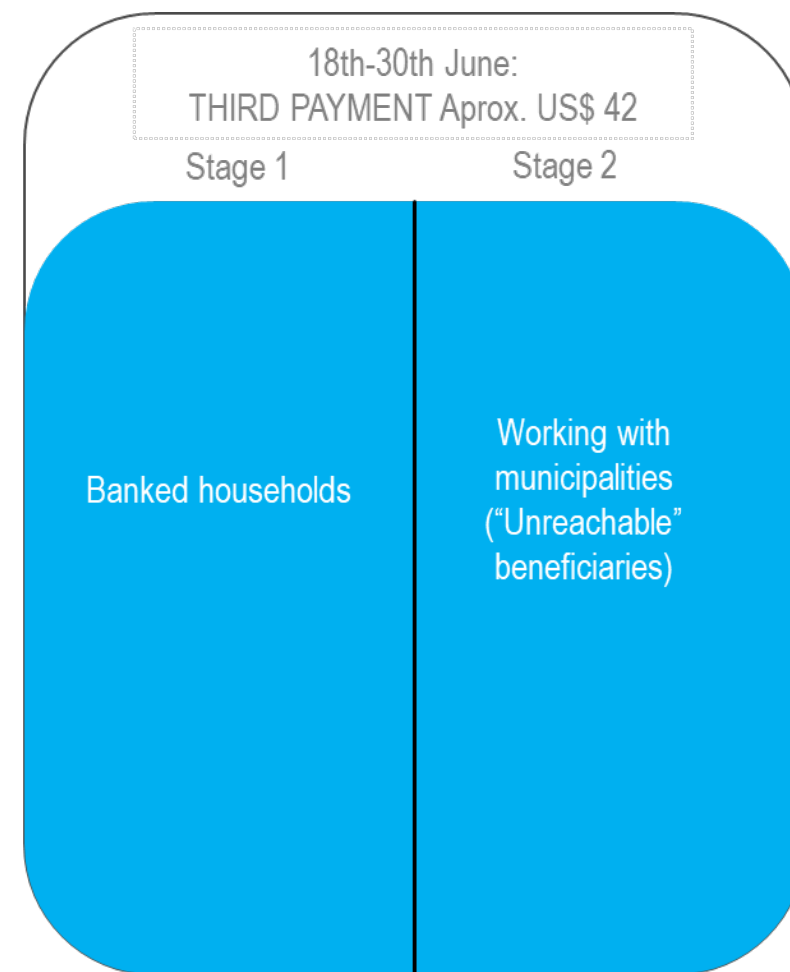
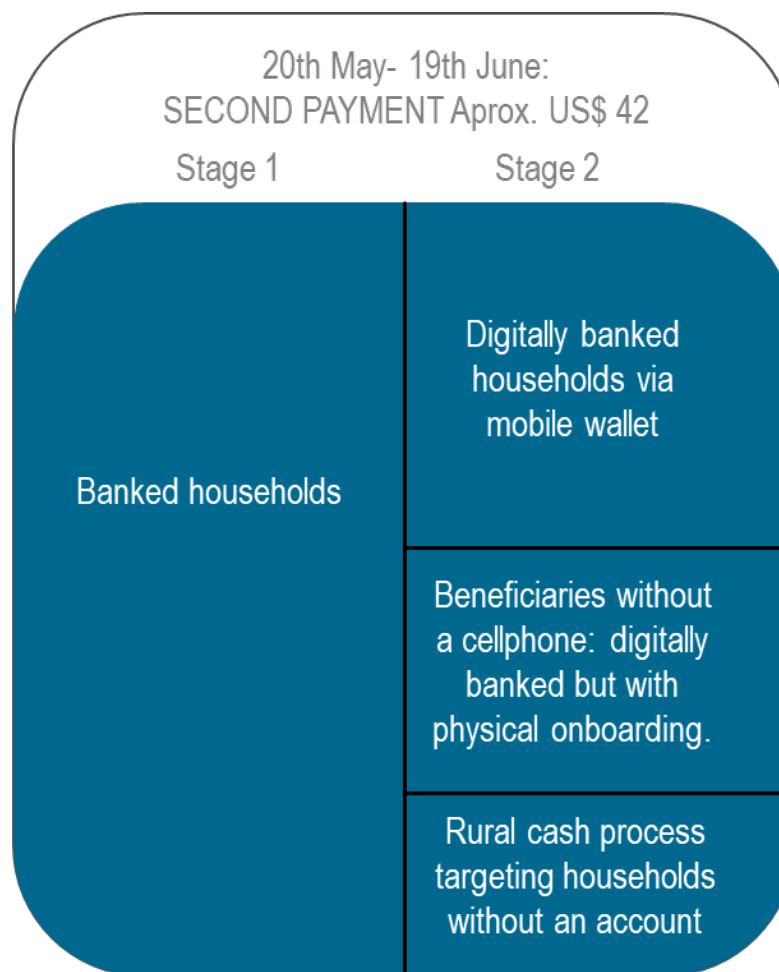
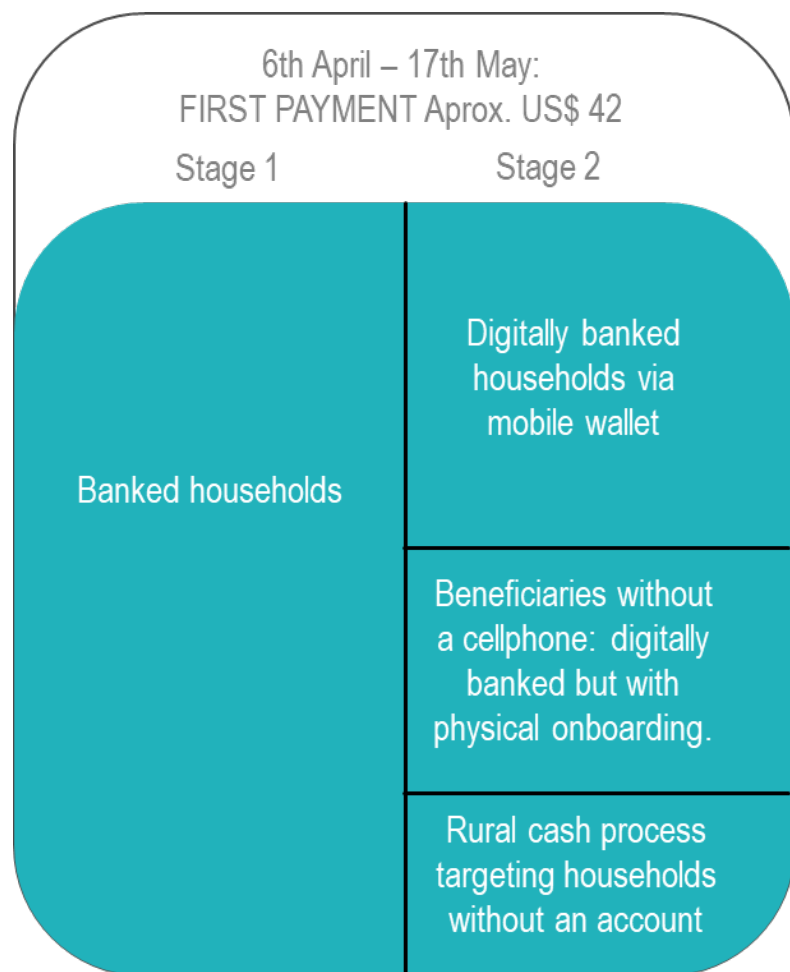
## BENEFICIARIES

Variables	Household distribution
Women	63.38%
Men	36.62%
Extreme por	39.02%
Poor	37.79%
Vulnerable	24.20%
Banked	45.29%
Unbanked	54.71%

## TIMELINE



# Ingreso Solidario: overview



# Reaching the banked beneficiaries



## MAIN FEATURES

- 1.4 million beneficiaries received the payment into their accounts.
- 22 FSPs participated.

## CHALLENGES

Back office and notification to beneficiaries.

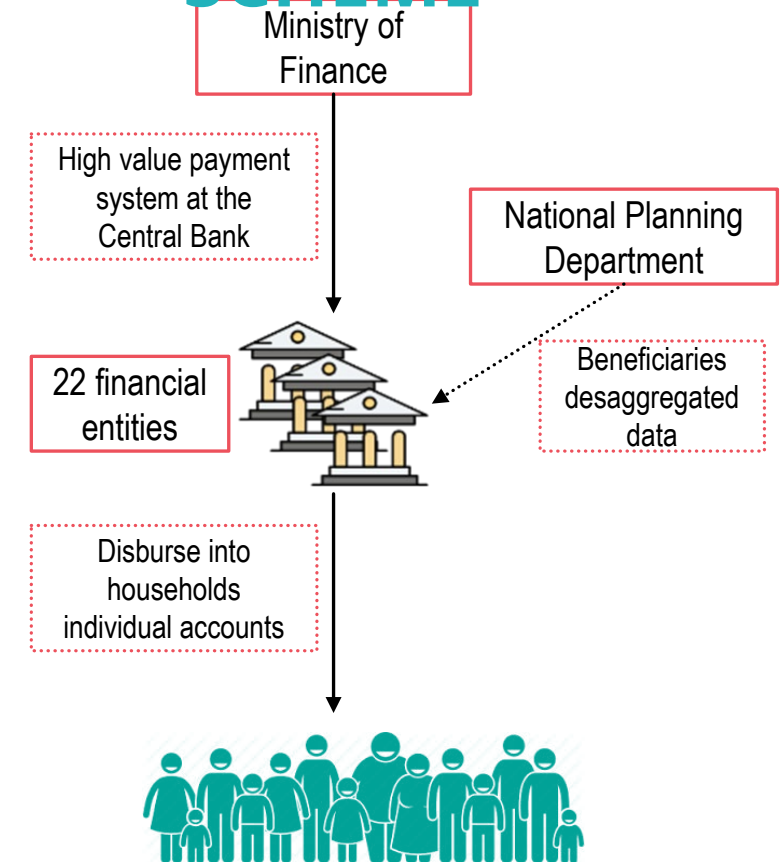
Coordination across government and FSPs.

## SOLUTIONS

High level of commitment of private sector.  
Institutional adaptation and flexibility

Participative decision-making process.

## BANKED PAYMENT SCHEME



# Reaching the unbanked beneficiaries

## MAIN FEATURES

- Almost 1 million unbanked beneficiaries.
- Onboarding centered on beneficiaries' needs (mobile wallets for both feature and smart phones).
- SMS sent daily, providing costless data.
- Communications strategy using diverse methods.

## CHALLENGES

Contacting beneficiaries



Create multiple communication channels (SMS, govt and FSP websites, word-of-mouth, call center, social media)

Simplifying onboarding



Digital financial education








Mitigating risks of identifying fraud



Security questions

## SOLUTIONS

## MOBILE WALLET

					
	Year	2011	2016	2018	2013
	Type	Bank	Bank	SEDPE	Bank
	Origin	Davivienda	Bancolombia	Independent	Bancolombia
	Users*	11 mill.	4 mill.	1,4 mill	2.1 mill
	Mobilized money**	\$6,8 billones	n.d.	\$33.878 m	n.d.
	Deposits	Low-value deposit, debit card	Low-value saving account	Low-value deposit, debit card	Low-value saving account
	Credit	Low value consumption, credit card	Low value consumption	Partner	Partner
	Channel	ATM, banking agent, QR	ATM, banking agent, QR	Banking agent	ATM, banking agent, QR

Source: SFC.

(\*) november 2020, (\*\*) september 2020.

# The 'unreachables'



## MAIN FEATURES

- Ongoing effort to reach beneficiaries who are 'unreachable' or did not want to open an account.
- Multiple channels have been use to include them financially or reach through banking agents and pay in cash

## CHALLENGES

Contacting beneficiaries



Availability and cost of mobilizing cash

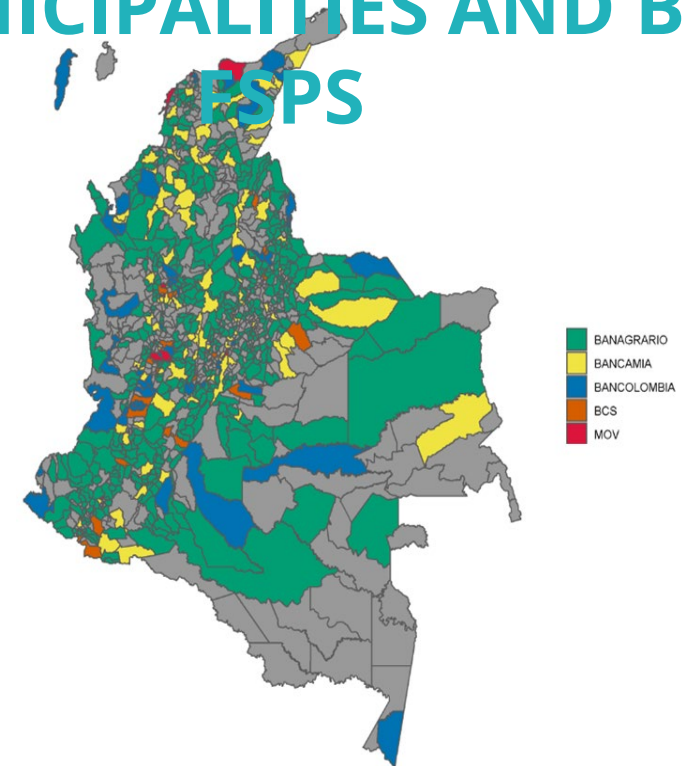


## SOLUTIONS

Work alongside municipalities  
Face-to-face onboarding

Deploy more cash to access points

## MAPPING OF TARGET HOUSEHOLDS BY MUNICIPALITIES AND BY FSPS



# Key achievements of Ingreso Solidario



2.605.500\*

**Beneficiaries households reached**

**54%**

(1.394.000)

Previously banked  
households

**37%**

(964.200)

Households banked  
by Ingreso Solidario

**9%**

(247.300)

Households in rural  
areas that received  
aid through cash

## 1 PRIORITIZE FINANCIAL INCLUSION

- Identify banked and unbanked beneficiaries and focus effort on digital financial inclusion.
- For beneficiaries, financial inclusion creates short and longer-term benefits.
- Paying digital brings efficiency, savings and more

## 2 CUSTOMER- CENTRICITY

- Clustered and staged design to adapt to beneficiaries' different needs. Eg: Banked vs unbanked, rural vs urban

# Leap-frog effect in financial inclusion



Ingreso Solidario was an opportunity to serve G2P beneficiaries and begin to create new habits, in a context of unprecedented digital uptake.

Impact

964.200

households financially banked through  
Ingreso Solidario

Empowerment

60%

households are women-headed and for the  
first time access financial system

Digital use

62%

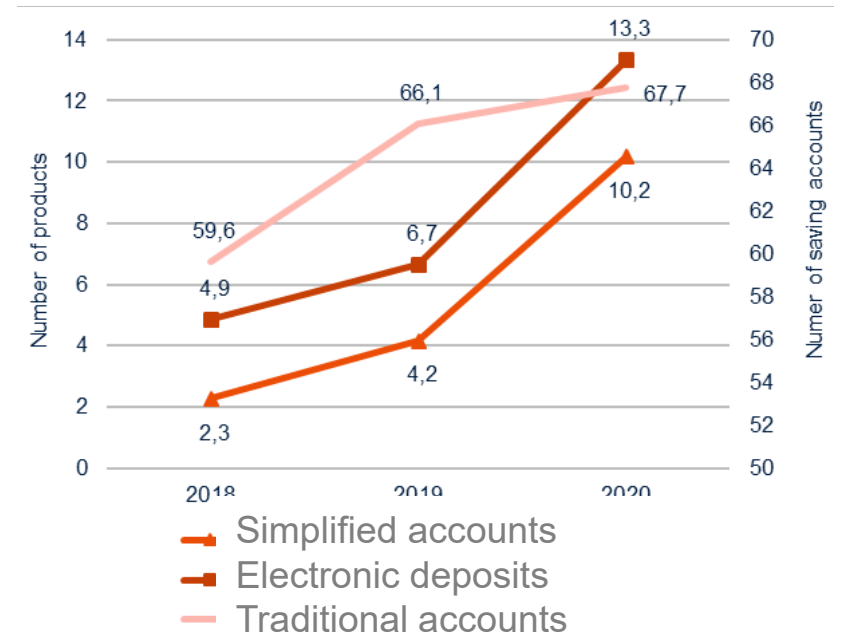
households used the money on their wallet  
to make online purchases

Trust

45%

of the users did an additional cash-in after  
payments

NUMBER OF PRODUCTS (MILLIONS)



# Next challenges, Next steps



NEW PUBLIC POLICY TO FOSTER FINANCIAL DEVELOPMENT. BY 2025 ACCESS TO DIGITAL PAYMENTS WILL GROW FROM 20% TO 50% OF ADULT POPULATION

## LEGAL FRAMEWORK

- Ingreso Solidario-Longer Term
- DPS operation since July 2020.

## DOCUMENTING Ingreso Solidario

- Document lessons learned.
- Impact assessment (WB, BTCA).

## Digitizing G2P payments

- Consumer choice for G2P.
- Extend lessons to CCT.

## Usability

- Account portability.



## GENERAL OBJECTIVES

- Efficient transformation of savings towards investment.
- Broaden financial inclusion
- Achieve universal, efficient and safe access to payment system
- Consolidate financial stability.
- Strengthen institutional framework

Thank you