G2P Payments for Social Protection

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Hot Topics in Social Protection
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Social insurance contributions

Cash Transfers

Social protection payments happen within the broader payments ecosystem
Cash transfers to the poor are the least digitized G2P payments
But there is a major shift from cash to digitized payments under way.

1.0: Cash
   - Digital delivery over a single channel
   - Individual provider accounts
   - Partial digitization

2.0: Limited purpose
   - Delivery over multiple channels and choice
   - Account portability
   - Cross-government collaboration
   - Early Examples: Zambia, Tanzania, Bangladesh

3.0: General purpose

Source: CGAP
What is motivating this shift?

G2P payments have the potential to:

1. reduce direct costs to government
2. reduce fraud and corruption
3. increase convenience for recipients and,
4. increase financial inclusion.
But the focus has been skewed towards digitization for better fiscal management – important, but not the end of the story

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First duty is to get the transfer to the beneficiary! But an important additional benefit could be financial inclusion...
Ultimately, we want to get the benefits for government moving from point (a) to (b) as well as the benefits to recipients - a low cost, convenient and financially inclusive G2P payment at point (c).
In Indonesia, nine million CCT beneficiaries opened their first bank account – a huge increase in financial inclusion…but there are cash out problems and accounts are not being used
Social Protection administrators only control the program, not the ecosystem.
Combining mobile payments and unique ID can change the game