

SOCIAL PROTECTION AND JOBS

2019 CORE COURSES

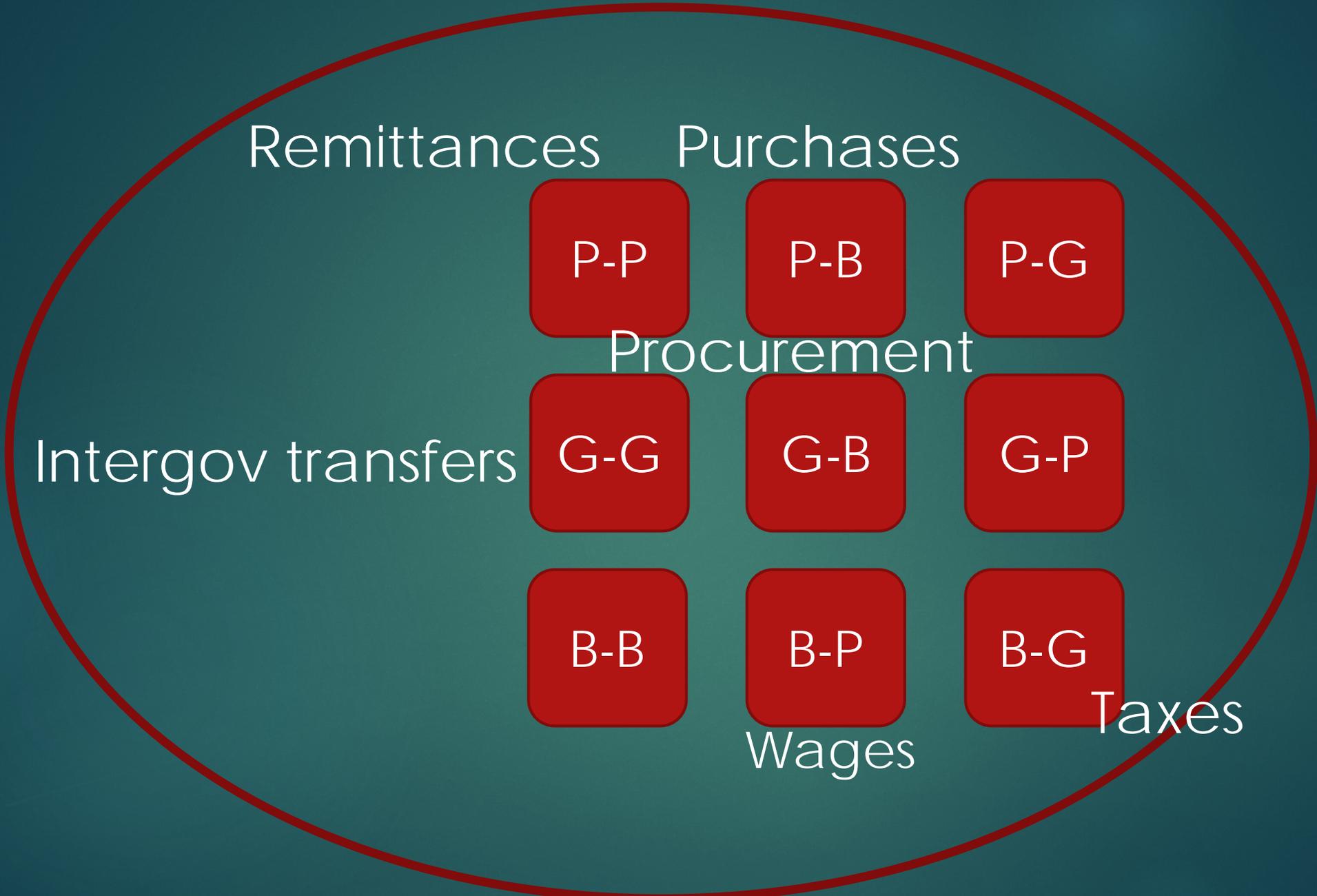
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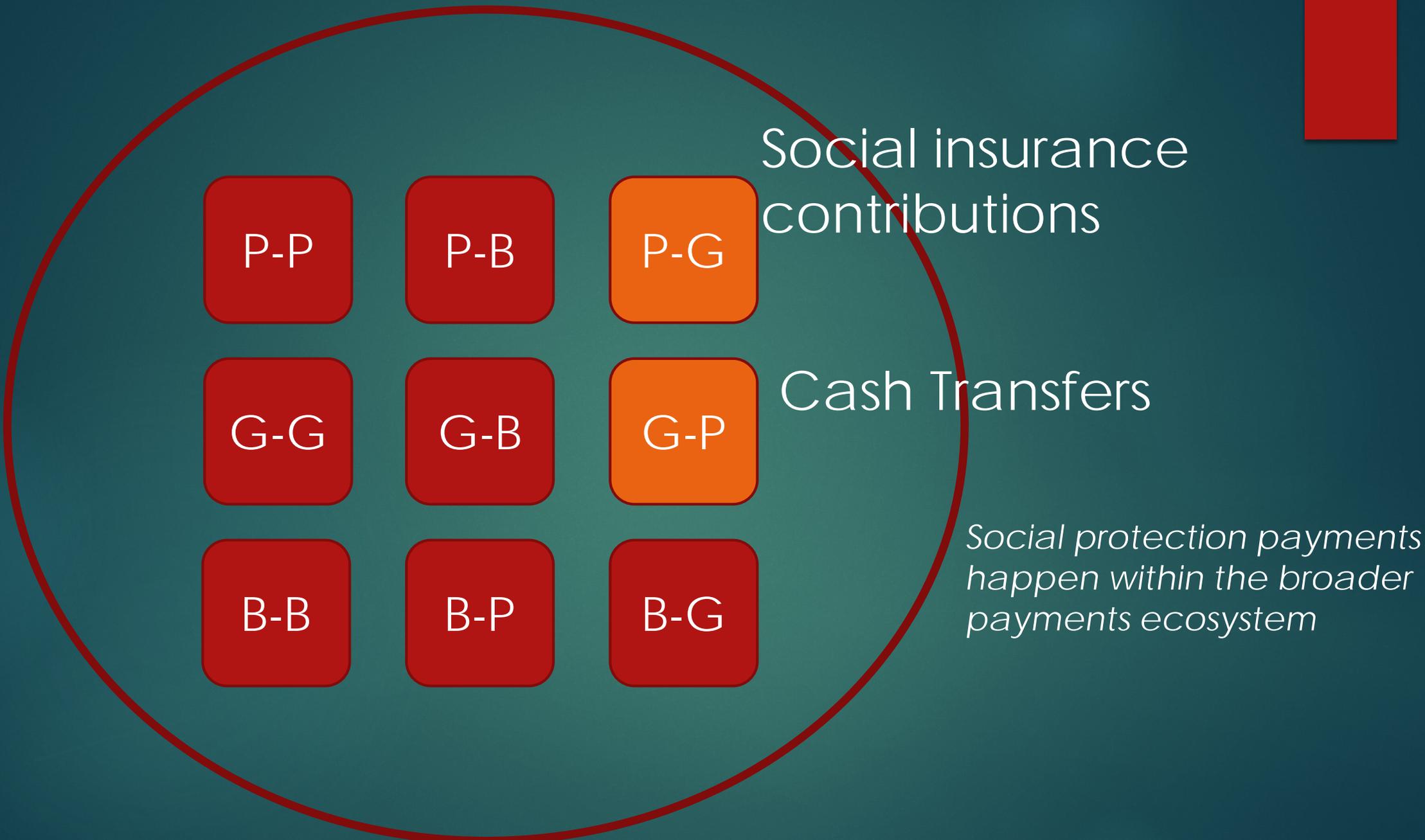


G2P Payments for Social Protection

Robert Palacios
World Bank

Hot Topics in Social Protection
October 28, 2019





Social insurance contributions

Cash Transfers

Social protection payments happen within the broader payments ecosystem

P-P

P-B

P-G

G-G

G-B

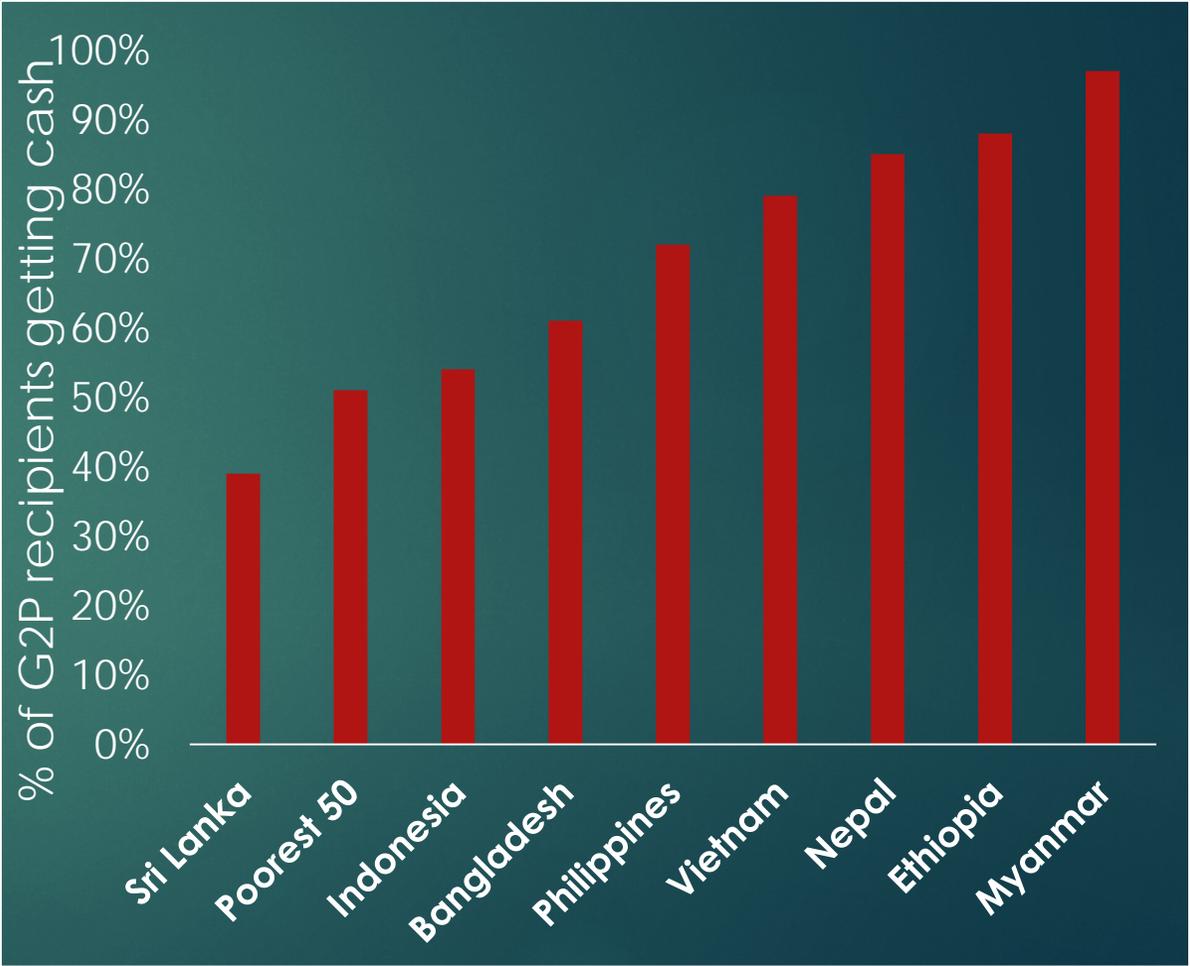
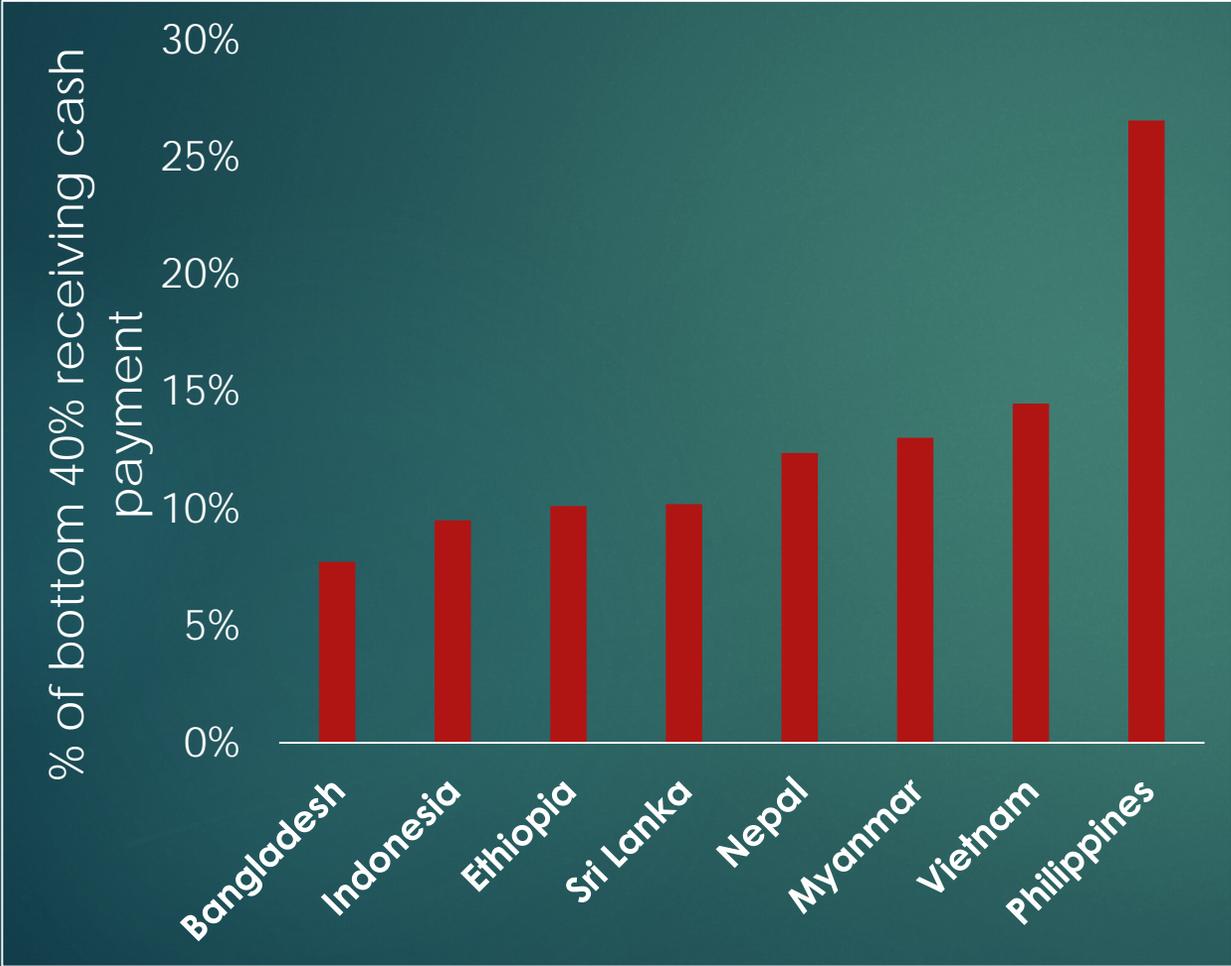
G-P

B-B

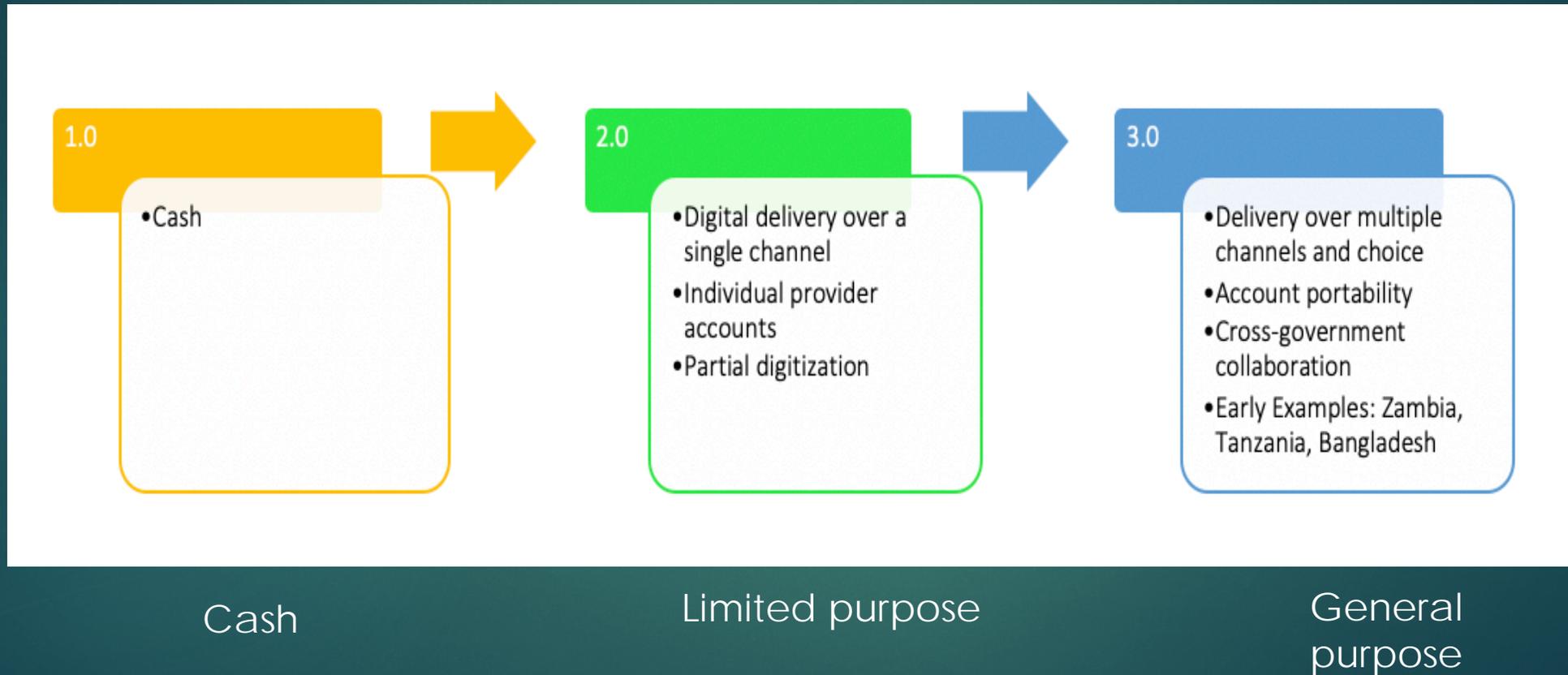
B-P

B-G

Cash transfers to the poor are the least digitized G2P payments



But there is a major shift from cash to digitized payments under way



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.

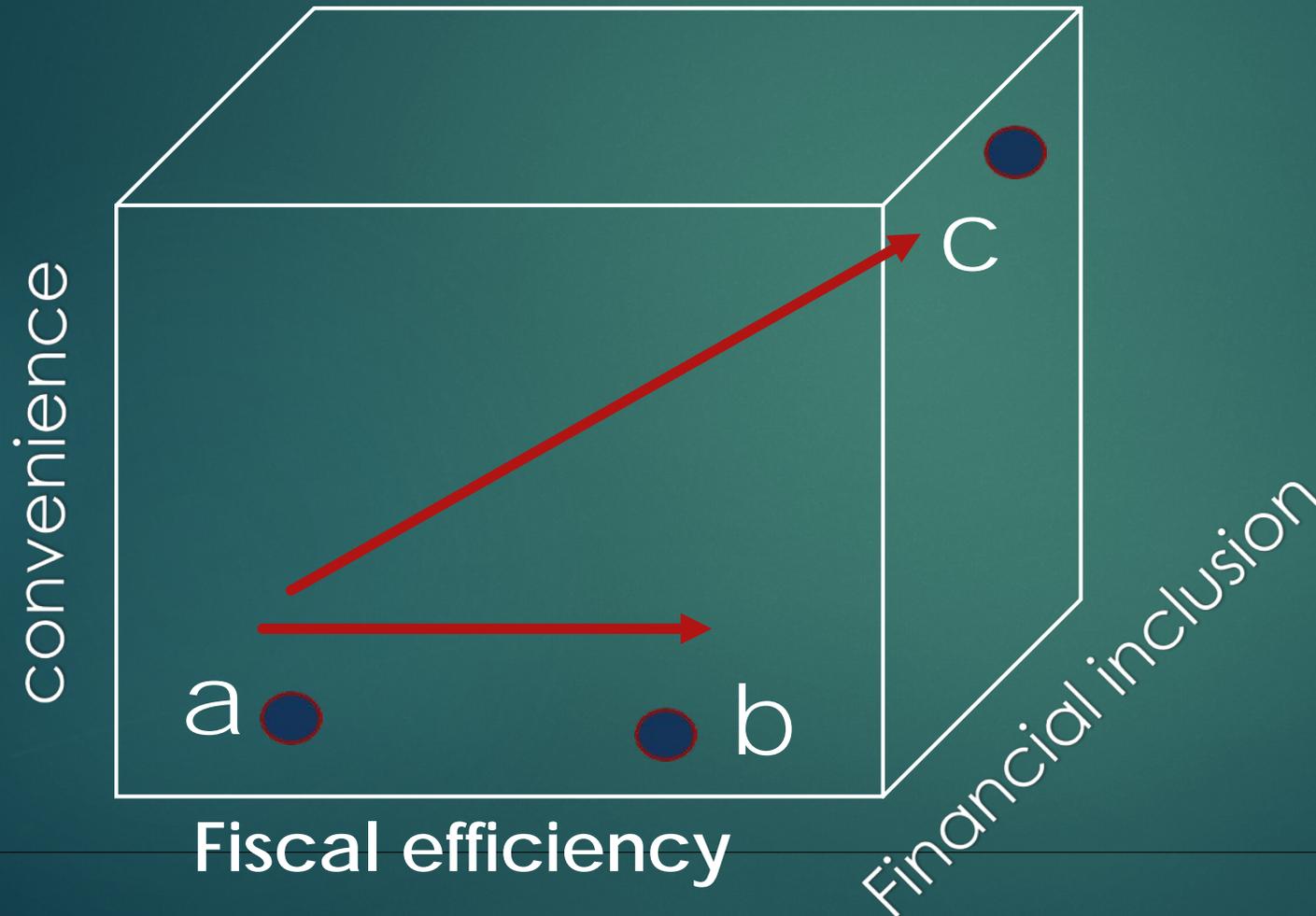
But the focus has been skewed towards digitization for better fiscal management – important, but not the end of the story

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.

First duty is to get the transfer to the beneficiary! But an important additional benefit could be financial inclusion...

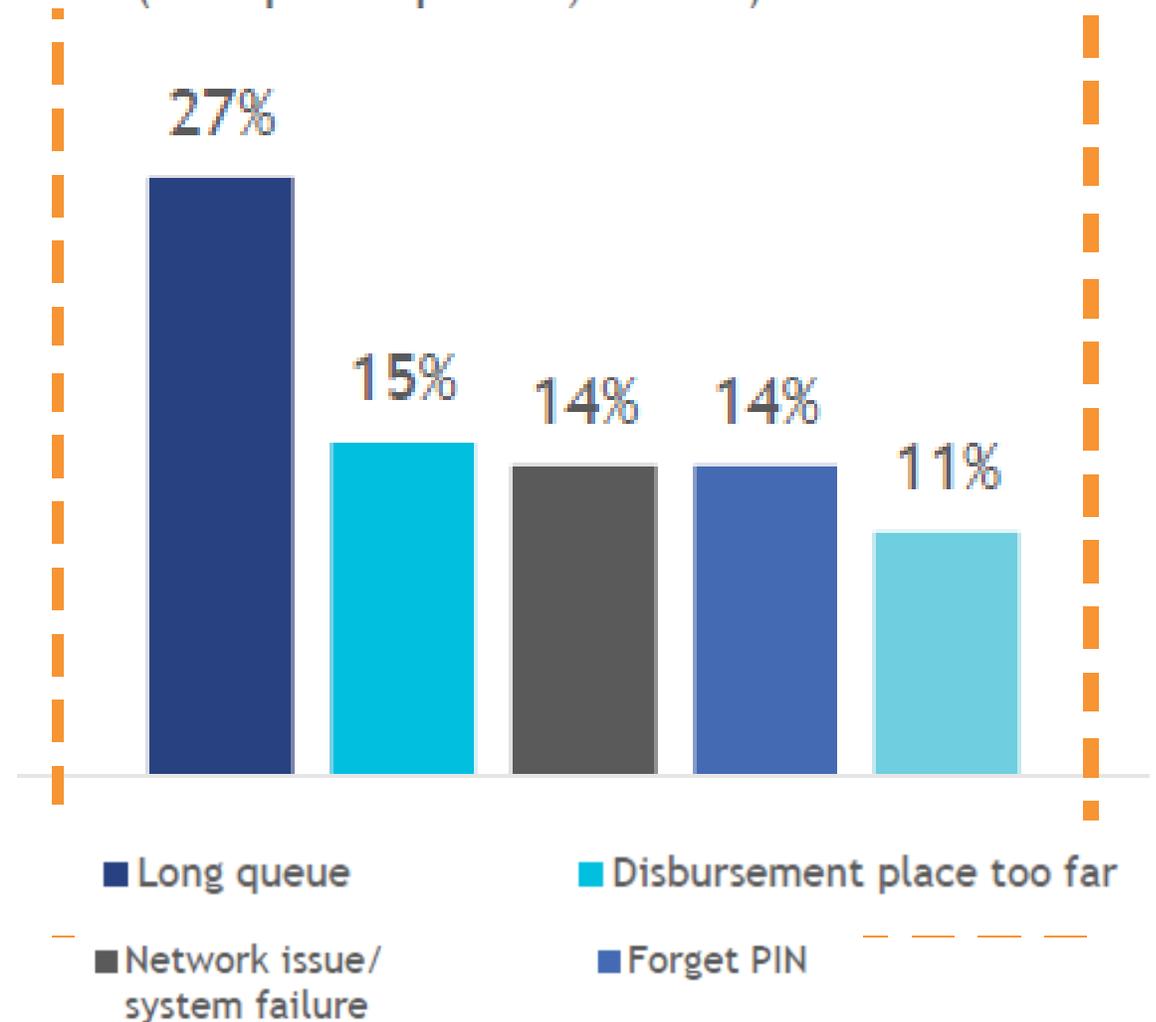
Shifting the Paradigm



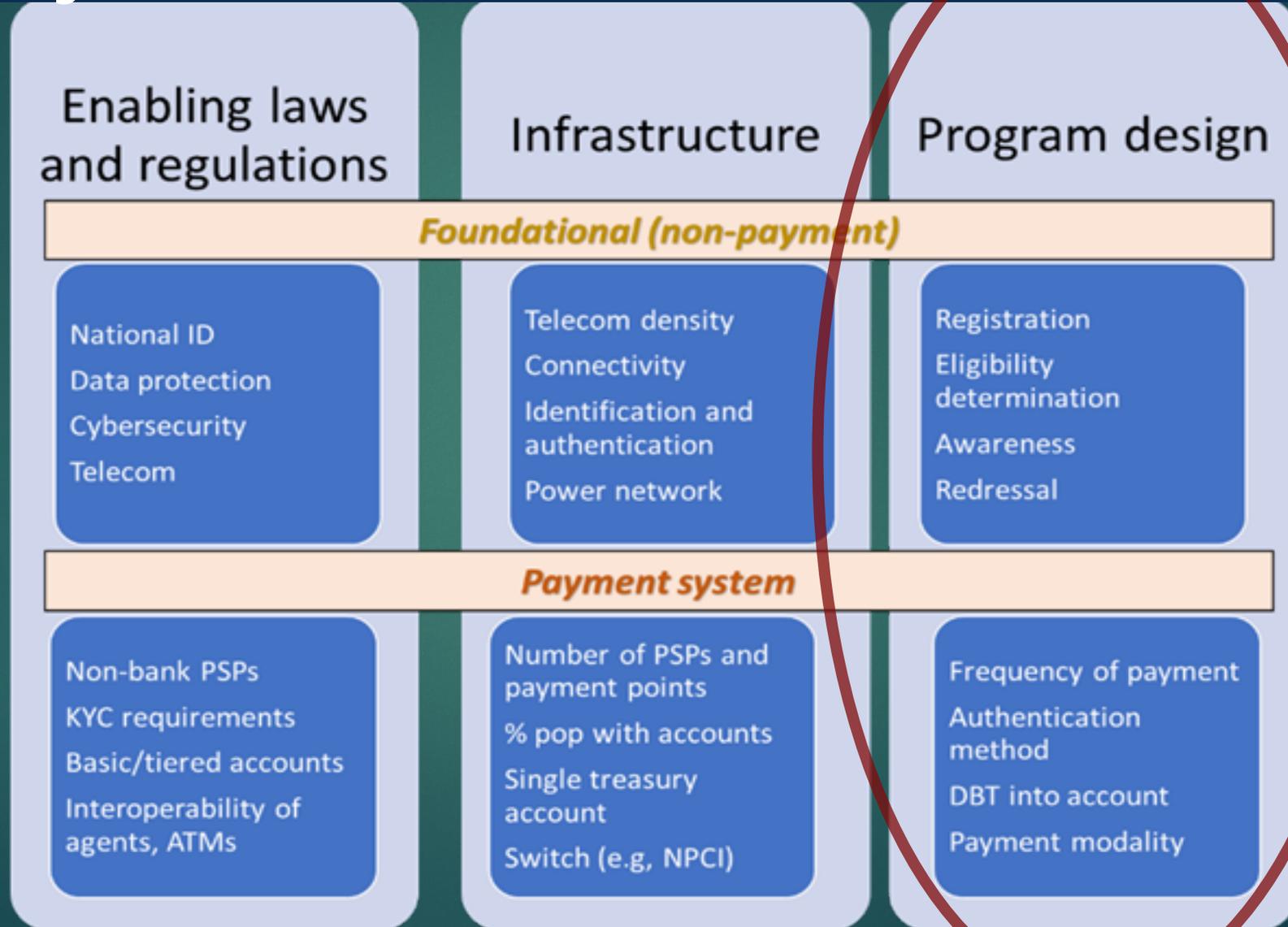
Ultimately, we want to get the benefits for government moving from point (a) to (b) as well as the benefits to recipients - a low cost, convenient and financially inclusive G2P payment at point (c)

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

Top five issues faced by beneficiaries to withdraw the PKH fund
(Multiple responses, n= 510)



Social Protection administrators only control the program, not the ecosystem



Combining mobile payments and unique ID can change the game

