

# G2P digital transfers as a use case for the development of the digital economy

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# Why digital G2P transfers?

## The pandemic

- Fast distribution of cash to the unemployed
- Facilitate social distancing

## Support the development of digital P2P payments

- Identify what is missing in the digital ecosystem
- Expand market for MSMEs

## Promote financial inclusion and women empowerment

- Incentives for low-income people to open and use digital bank accounts or e-wallets

# The Cambodian experience

## 1

### Digital payments

- Low use of mobile phones to access accounts (<1%)
- But very high use of domestic remittances (26% of the population) through OTC services -> agent networks

### Improvements in telecom infrastructure

- 93% of the population have access to 4G
- Active mobile broadband subscriptions 83 per 100 pop.
- Cost of mobile broadband package 1.74 of per capita GDP

# The Cambodian experience

## Payments service providers (PSP) regulations

- Money transfer (including cross border)
- Cash-in/cash-out
- Bill payments, retail payments, and online payments

## Financial service providers (FSPs) interoperability

- Individual agreements among FSPs
- Real-time settlements available but FSPs need to provide an interface to their customers
- Bakong project: mobile application to enable FSPs to integrate their backends via an open application programming interface (API)

# The Cambodian experience

## Emergency G2P transfers during COVID-19

- May 2020, Ministry of Labor and Vocational Training, to cover lost wages of garment factory workers and tourism sector employees who became unemployed
- ✓ \$22 million disbursed to 330,000 unemployed workers
- June 2020, Ministry of Social Affairs, Veterans and Youth Rehabilitation, to cover poor households identified through the IDPoor Program
- ✓ First phase (June): \$23 m to 550,000 households
- ✓ Second phase (August): \$30 m per month to 669, 000 households – around 2.7 million people

# Lessons learned

## Success factors in fast G2P response

- Well developed telecom infrastructure and agent networks
- Available and easily updatable database identifying poor households (IDPoor Program)

## Areas that require further work

- A national or citizen ID system
- ✓ Digital IDs, eKYC, enforcement of AML/CFT regulations
- Integrated socio-economic databases
- Towards an expansion of digital delivery channels?
- Grievance redressal mechanism

# Ad: MSME financing work

## ESCAP MSME Financing series

- <https://www.unescap.org/knowledge-products-series/escaps-msme-financing-series>

## Upcoming book

- “Rethinking MSME Finance in Asia and the Pacific: A Post-Crisis Policy Agenda”
- May 2021

## Upcoming MSME financing training modules

- December 2021

# THANK YOU

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