

Timeline

September 2020-January 2021

Study Type

Descriptive / Surveillance

Research Implemented by IPA

Yes

Monitoring Digital G2P Payment Delivery to Improve Customer Experience and Financial Inclusion Outcomes in the Philippines

Researchers

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Abstract

The Philippines Department of Social Welfare and Development (DSWD) is implementing the Social Amelioration Program (SAP), which is an emergency subsidy and cash transfer program to support vulnerable households during COVID-19. To fast track the distribution of financial assistance to the affected families, DSWD in partnership with six financial service providers and Land Bank provided the option to receive payments via digital payments. The DSWD will collaborate with Innovations for Poverty Action (IPA) to understand the experience of digital cash transfer beneficiaries, their usage of mobile money products to identify pain points and develop solutions for future digital cash transfers. IPA will provide technical assistance to build capacity for DSWD research and M&E units to adopt and continue high-quality data collection activities even after the completion of this project. The DSWD intends to use the results and learnings generated in this collaboration to understand digital payment usage and improve the effectiveness of cash transfer programming.

Partners

Philippines Department of Social Welfare and Development (DSWD)

Impact Goals

- Build resilience and protect the financial health of families and individuals
- Improve social-safety net responses

Project Data Collection Mode

- CATI (Computer-assisted telephone interviewing)

Results Status

Results

Results

Results revealed that digital cash transfer recipients were generally satisfied with their withdrawal experience, however, account awareness and use among recipients remained low.

- **Financial status:** Consistent with the targeting criteria used to select program users, respondents tend to be low income, employed in the informal sector and negatively affected by covid. Seventy-seven percent of respondents said they had no formal employment as their main source of income, and 70 percent said they had reduced incomes due to the pandemic. Only 31 percent reported having funds left at the end of a typical month. Meanwhile, 71 percent had unpaid loans, with an average remaining balance of approximately US\$280. The most common types of loans were informal loans or loans from community members, moneylenders, and store credit. Access to cash for emergencies was limited, 26 percent of those surveyed said they could in no way access emergency funds worth US\$200. Most respondents were inexperienced with formal financial services and the channels to access them. While 82 percent said they knew where the nearest bank is, only less than 10 percent had access to an active bank account at the time of the survey.
- **Program awareness:** Awareness among respondents about the key aspects of the SAP was high. All respondents knew that SAP was a government program (66 percent were able to name DSWD), and almost all understood that they were entitled to receive US\$100 to US\$160 of emergency cash transfer. Most knew that they could contact their village council (barangay) or DSWD if they had any questions or concerns regarding the program. Only 7 percent reported that there was no one to contact if they had any questions.
- **Financial service awareness:** Awareness about the financial service provider and the account provided was very low. Only 31 percent could correctly recall which financial service provider disbursed their transfer and only 16 percent had awareness that an account had been created for them. Of this number, 58 percent said they could use the account for other financial services, and 38 percent reported having used these other financial services (e.g., receiving or sending remittances and paying bills). This lack of

awareness and adoption of the accounts limits the program's impact on furthering financial inclusion.

- **Program experience:** A majority (90 percent) reported high satisfaction with the SAP withdrawal experience. Almost all withdrew the whole SAP amount (99.8 percent) at the time of the survey, with 93 percent doing it in just one transaction. Further, a majority experienced no reported difficulties in their SAP withdrawal (63 percent). The average time spent in the queue to receive payments was about an hour, and the average withdrawal fee was about US\$1.

Although account awareness remained low, the creation of financial accounts for these underbanked beneficiaries presents an integral milestone in increasing financial inclusion amongst the poor. If further interventions were implemented to raise awareness and encourage account use, recipients could have greater access to formal financial services that were previously out of reach.

Collaboration between the government and the financial services providers to a) standardizing the onboarding and account processes, b) developing communication strategies to support usage, and c) supporting efforts to improve digital financial literacy could support this transition.