

Monitoring Surveys of G2P Payment Recipients in Bangladesh



A woman counts Bangladesh taka
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IPA conducted research in Bangladesh to measure recipients' experiences when switching from government-to-person (G2P) payments in cash to digital payments. Specifically, IPA explored recipients' ability to obtain program information, seek redress, and withdraw funds, as well as broader impacts on recipients' financial inclusion and capacity. This brief provides an overview of the intervention, key findings, and recommendations for stakeholders.

Key Findings

- **High levels of recipient satisfaction:** Recipients were overwhelmingly satisfied with the switch to digital payments, despite some challenges during the disbursement process.
- **Delivery channel affected recipient experience:** Receiving digital payments via mobile money accounts was cheaper and faster than receiving digital payments via bank agents.
- **Limited use of official support channels:** Recipients sought out information and support from community members more than official support channels.
- **Limited downstream effects on financial inclusion:** Despite high levels of awareness of the program and bank account ownership, usage of either the bank or mobile money account (outside of receiving and withdrawing the social assistance payments) was low.
- **Gender-impacted experiences:** While the majority of results were similar across demographic groups, women were more likely to pay fees compared to men. Those with more financial experience were more satisfied with the program than recipients with less experience.

Introduction

Cash transfers, especially when digitized, have the potential to improve welfare and increase access to and use of formal financial services. For instance, research in Niger found that providing cash transfers through mobile money improved diet diversity and children’s food intake and shifted women’s bargaining power.¹ Moreover, in India, evidence shows that providing G2P payments through financial accounts can offer recipients an entry point into broader usage of financial services.²

With regards to financial inclusion, specifically in Bangladesh, using digital payments to pay out wages or government assistance increased the number of people who opened their first-ever financial account (10 percent of persons aged 15+ in 2021)³. Work by the Better than Cash Alliance finds that digital payments have the potential to boost Bangladesh’s annual GDP by 1.7 percent, which would add USD 6.2 billion annually to the economy.⁴ However, demand for digital payments remains low, partially due to issues related to trust and service reliability.

IPA worked with Aspire to Innovate (a2i) and the Ministry of Social Welfare in Bangladesh to monitor the move towards digital delivery of social benefits provided through three programs that distribute funds either through a bank agent or mobile money.

Between 2019 and 2022, IPA conducted four rounds of phone surveys with three social benefits recipient groups: pensioners, widows, and people with disabilities. Participants were split into two groups: a group that received payments via a bank agent and a group that received payments via mobile money. Group assignment was not randomized and so, observed differences may be due to group differences rather than how the social benefits were distributed.

Results

Withdrawal Experience

Mobile money was a more efficient delivery channel in terms of wait times. Recipients who received money through bank agents spent more time waiting in line.

Recipients who received their funds via mobile money experienced significantly shorter withdrawal times than those who received funds in a bank account, driven primarily by queueing times approximately ten times shorter for mobile money agents than bank agents. Travel times were also somewhat shorter for those using mobile money agents.

Total withdrawal times decreased across all groups over time, though more sharply for those using bank agents, where the queuing time fell by more than 50 percent between Round 2 and Round 3.

Figure 1: Survey Rounds and Participants



Figure 2: Bank Agent Recipient Withdrawal Time

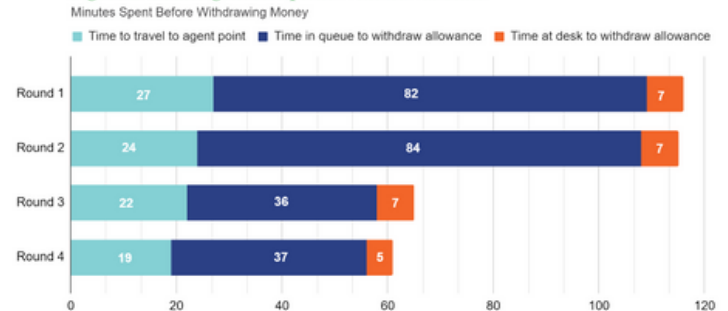


Figure 3: Mobile Money Recipient Withdrawal Time



The Research

IPA examined recipients’ experience in accessing and using the digital G2P payments, measuring indicators such as their awareness of the program, experience at the time of withdrawal, ability to seek redress, and downstream outcomes on financial inclusion and capability.

Overall, bank agent recipients spent more money to pay for their withdrawal compared to mobile money recipients: In Round 4, bank agent recipients spent approximately USD 16 cents and mobile money recipients spent USD 6 cents. Women were only slightly more likely to pay fees compared to men in the bank agent sample (two to three percentage points). These costs mainly went toward paying for travel expenses and withdrawal fees. As bank agents are not as easily accessible as mobile money agents, travel was one of the driving factors of increased costs for bank recipients. Travel costs for the mobile money recipients decreased from USD 15 cents to less than USD 1 cent from Round 2 to Round 4. The costs increased slightly for the bank agent recipients, who spent USD 14 cents in Round 1 to USD 15 cents in Round 2.

Most recipients were able to withdraw their benefit in one trip, and this was the case across delivery channels. Of those who required more than one trip, bank agent recipients primarily cited long queues or problems with fingerprint authentication as a reason, while mobile money users primarily cited problems with the mobile money agent (not having enough cash or being absent).

In addition, many recipients needed assistance during withdrawals: about 50 percent of bank agent recipients and 52 percent of mobile money recipients. The majority of the recipients who sought out help relied on a relative or household member and about 10 percent relied on a ward member, who is an elected member of their town division.

Figure 4: Bank Agent Recipient Withdrawal Difficulties

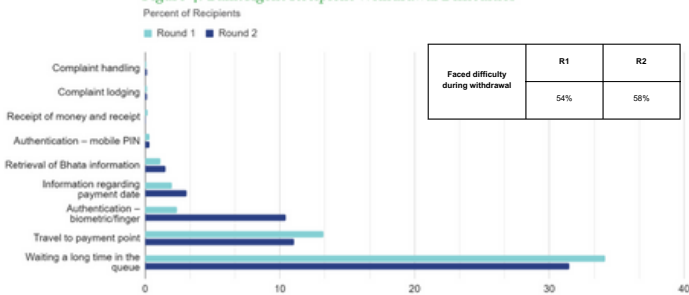
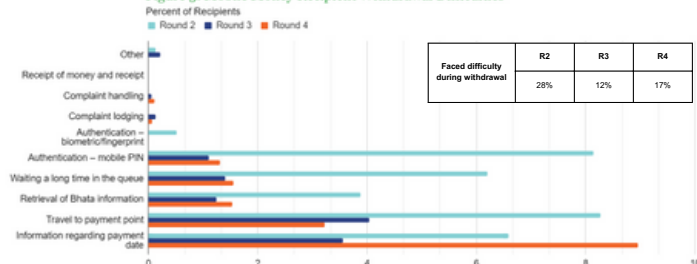


Figure 5: Mobile Money Recipient Withdrawal Difficulties



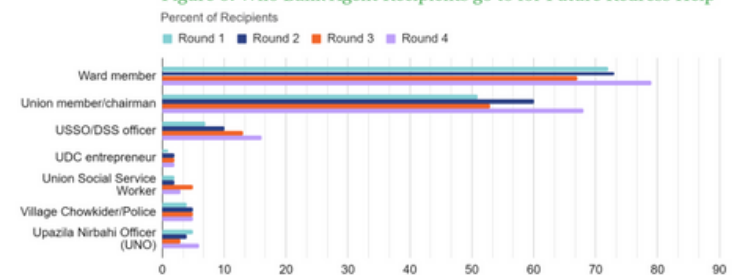
Awareness & Complaints Handling

Recipients were offered a helpline, but they primarily sought out information and support from community members more than official support channels.

The program established a phone hotline to address recipients' questions and complaints, but most participants did not cite it as a resource (less than one percent). Among the bank agent group, when asked who they would call if they needed to reach the program directly, recipients most commonly cited seeking assistance from the ward chairman or ward councilor (66 percent in Round 3 and 77 percent in Round 4), followed by the Union Social Service Officer (10 percent in Round 3 and 14 percent in Round 4). The results are similar for recipients seeking general information about allowances; bank agent recipients most frequently received information about their funds from their ward member or councilor (about 28-42 percent) or a relative or neighbor (24-53 percent). Over subsequent survey rounds, bank agent recipients relied more on SMS notifications to receive information about their payments, from eight percent in Round 1 to 34 percent in Round 4.

In addition, when recipients were asked who they would be comfortable talking to about a future problem or complaint, more than 60 percent across all four rounds cited they would contact their ward member. Conversely, less than ten percent of recipients said they would approach a Union Digital Center Entrepreneur or Agent for support.

Figure 6: Who Bank Agent Recipients go to for Future Redress Help



Financial Capability & Inclusion

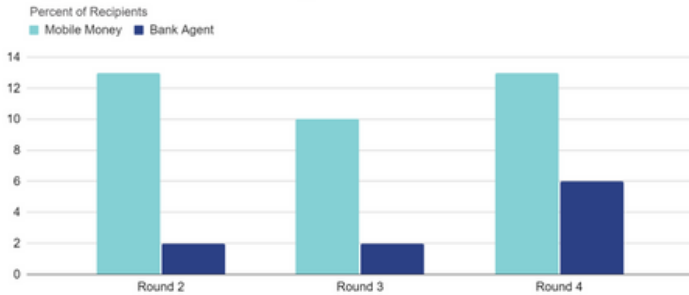
Despite high levels of awareness of the bank account services and account ownership, usage of either bank or mobile money accounts (outside of receiving and withdrawing the social assistance payments) was low.

Across both bank account and mobile money groups, about ten percent of recipients said that someone other than themselves decided how to spend their allowance.

When disaggregated by gender in Round 2, women were five percentage points more likely to have their allowance spent by someone else; however, in R3 and R4, men were two to four percentage points more likely to have their allowance spent by someone else.

Additionally, about 90 percent of recipients in R2 were aware of the range of functions of their bank or mobile account (outside of receiving and withdrawing funds). Prior to the digitization of G2P payments, about 70 percent of bank agent recipients and 51 percent of mobile money recipients had an active bank account. Yet, as shown in the figure below, in Round 2, only two percent of bank agent recipients used their accounts for purposes other than receiving and withdrawing government funds from their accounts compared to 13 percent of mobile money recipients. This is exemplified by the fact that the majority of recipients wanted to withdraw their funds, rather than keep the funds in their accounts.

Figure 7: Additional Account Usage



Conclusion

Digitization of benefits through mobile money can improve the efficiency of cash transfers. However, additional research is required to understand how to increase users' trust and usage of the accounts.

Therefore, stakeholders may want to consider:

Determine recipients' financial service needs

Even though recipients knew about the additional benefits of their bank accounts (outside of receiving and withdrawing funds), the majority did not utilize those resources. Therefore, stakeholders should aim to better understand why recipients are not using their accounts for purposes other than payment receipt and withdrawal. Do they not understand how additional account benefits work? Are the other services too hard to access? Asking these questions can help provide more insight into what specific methods stakeholders need to implement to expand the usage of accounts.

Establish complaints channels based on user preferences

Despite being offered a complaints channel, many recipients opted to seek help from outside the official channel. This is consistent with evidence in other low- and middle-income countries, as customers in these countries do not frequently use formal complaint channels like hotlines⁶. While IPA did not explore the exact reason for low hotline usage, this may be because recipients view ward members as familiar and trusted figures in the community. Additionally, users may have been unaware of the hotline or it was inconvenient or confusing for them to access. Thus, stakeholders should focus on creating more accessible information about complaints channels based on user preferences.

Embrace existing information networks and improve communication

If users are more likely to utilize their local networks over support formal channels, stakeholders should consider embracing the existing social networks within the communities they support. Studies have shown that social networks are often more effective than official networks. For instance, in India, researchers found that peers were more effective than health workers in bringing in potential patients for tuberculosis testing.⁷ Another study in India found that when offering female bank customers two days of business counseling, the intervention significantly increased participants' business activity, but only if they were trained with a friend.⁸ This is important for government cash transfers, as about 50 percent of G2P recipients required assistance during the withdrawal process and the majority of recipients sought out assistance from local ward members instead of from the established helpline. Therefore, stakeholders should consider creating more accessible information/complaints channels based on user preferences or utilizing trusted community members. This could include training ward members or other trusted community members on how to withdraw funds, using other account features, and accessing the official customer support channel.

Provide users with a channel choice

The programs evaluated in this evaluation did not offer consumers a choice as to whether they received benefits through a bank agent or mobile money channel. Providing users with information about each channel and their different benefits may lead them to choose a channel that works best for them and therefore may improve the overall impact of the government benefits.

Address privacy concerns

Although recipients had access to their own accounts, many still had their allowance spent by someone else. Therefore, these services have not eliminated potential privacy concerns. Studies have shown that mobile money services can reduce sharing of funds and increase privacy for female entrepreneurs. In the context of this evaluation, it is not possible to measure privacy impacts given the lack of a comparison group of recipients that continued to receive payments in cash. Therefore, stakeholders should aim to better understand how their G2P services can increase privacy, whether that is through educating consumers on the importance of account privacy or implementing stricter access requirements.

Collect more data

Financial service providers need to gather more comprehensive data to adapt and adjust programs to improve efficacy and outcomes.

In this case, that could involve gathering insights into the varying experiences between bank agents and mobile money recipients during cash transfers. Current sampling methods make it challenging to discern whether delivery channels or preexisting differences between groups cause outcome differences. It is also important to understand what additional expenses consumers face when accessing G2P services, as highlighted by IPA's Transaction Cost Index. This includes non-pecuniary costs like wait and travel times. These additional costs can greatly affect the take-up and usage of digital financial services. Moreover, the study had limited exploration of the financial inclusion impact of these transfers. Therefore, stakeholders should identify which recipients need additional financial services, who has the capacity to save, and the monetary barriers to usage.

Want to explore this study further? See the microdata posted [here](#).

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Innovations for Poverty Action (IPA) is a research and policy nonprofit that discovers and promotes effective solutions to global poverty problems. IPA designs, rigorously evaluates, and refines these solutions and their applications together with researchers and local decision makers, ensuring that evidence is used to improve the lives of people living in poverty.

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Study Type:

Survey

