Five Principles for Building Women’s Capacity for Digital Financial Services
What are government-to-person payments and why do they matter for women’s financial inclusion?

Government-to-person (G2P) payments refer to any payment from the government to an individual, ranging from wages and tax refunds to benefits and pensions. Increasingly, G2P payments are being used for poverty alleviation, through social safety net programs such as conditional or unconditional cash transfers, as well as public works programs. In developing and transition countries, 2.5 billion people are covered by safety net programs, and evidence shows that they are making a substantial positive impact on poverty indicators.\(^1\)

In low-income countries, many of these payments are still being made in cash, but there is a growing movement towards the digitization of G2P payments, with cash transfers being made directly into the bank accounts or mobile wallets of recipients. For many low-income people, and particularly women, this will be the first time they have a formal bank account in their own name. As a result, the digitization of G2P programs is seen as an enormous opportunity to not only increase the efficiency of government payments and decrease the probability of leakage (fraud or corruption), but also to expand the financial inclusion of low-income populations, especially women.

The Bill & Melinda Gates Foundation estimates that digitizing existing G2P social protection transfers could financially include millions more women.\(^2\) More specifically, by digitizing priority programs, directing the payments into women’s accounts, and designing the program so that they expand women’s opportunities, G2P social protection programs can be leveraged to increase the value of digital financial services (DFS), and ultimately, become a platform to catalyze women’s economic empowerment.\(^3\)

So, what’s the problem?

The access to accounts driven by these digitized G2P payments is not translating into full financial inclusion, which means that women are not using the accounts beyond cashing out, and therefore not fully realizing the benefits of the programs. The question is: “Why”?

While there are several supply-side factors affecting women’s full participation (poorly designed products, lack of choice, etc.), one of the more common hypotheses is that women lack the knowledge and skills to manage the accounts through which they receive their transfer, and are therefore unable to make informed financial decisions about those accounts. If this changes, the assumption is that women will have the capability and confidence to control the resources they are given or earn, and make better informed financial decisions, leading to greater economic empowerment.

Why should we all work toward a solution?

Providing access to DFS does not automatically mean that women will be capable of using those services or taking full advantage of them, and that issue is not unique to G2P programs. Deepening engagement with DFS is a goal for all financial inclusion stakeholders, and understanding the knowledge, attitudes and skills that will drive this engagement is critical.

How do we avoid the mistakes of the past?

If you think that implementing a financial education program is expensive, labor intensive, and ineffective, you are not alone. The empirical evidence on “traditional” financial education is stark – they have limited impact, especially among low-income populations in developing countries.\(^4\) That’s why Women’s World Banking and Fundación Capital are proposing a paradigm shift.

Financial education efforts of the past lacked a clearly defined learning objective or behavioral outcome, focusing instead on financial topics as complex as learning to calculate compound interest, and delivered in-person in classroom settings. We need to start thinking about capacity building more broadly, and redefine it as any act of imparting knowledge, attitudes and skills that will drive this engagement is critical.

By realizing that every encounter with a client is a chance to not just build trust but also to break it, we are redefining how we think about capacity building. This opens up new opportunities for all stakeholders - funders, government entities, financial service providers, and practitioners - to engage more effectively with low-income G2P recipients, and importantly, to ensure that women fully reap the benefits of G2P payments and are empowered and enabled to actively participate in the DFS ecosystem.
What is the path forward?

If capacity building is required for women G2P recipients, we need to ensure programs are not only effective, but also viable in terms of financial and operational efficiency, if they are to reach any magnitude of scale. Programs must also take into account the context of a multiplicity of stakeholders, policy priorities, and factors such as geography, connectivity and financial sector development, which affect the environment in which G2P programs operate. Here, we introduce a set of principles to support stakeholders to meet these important goals.
Create an enabling environment through committed stakeholders

The support and coordination of key implementing stakeholders is critical to ensure that capacity building becomes an integral part of G2P programs, and increases the likelihood of reaching scale and sustainability.

Governments

Commit to capacity building in order to ensure women can effectively use their payments, advance broader national financial inclusion and education policies, as well as attain the goals of the social protection or G2P program. Help create content, coordinate implementation, and participate in monitoring to ensure the capacity building initiatives meet these objectives. Finally, build and sustain an enabling environment and infrastructure that can optimize the outcomes of capacity building, such as giving participants choice in payment providers.⁵

Funders

Insist capacity building is integrated into G2P programs, to ensure that women are fully benefiting from the payments. Develop a funding strategy that enables testing of content and delivery, and supports scaling of effective programs.⁶

Financial Service Providers

Treat G2P recipients as customers, rather than beneficiaries, and provide them access to high-quality products and services. Capacity building creates more active, loyal customers. This does not mean a costly new strategy; rather, think about how to leverage existing touch points with these customers, to share relevant information that promotes active engagement with your products and services.⁷

Practitioners

Take the time to build a true partnership with stakeholders. Design to meet their needs and operate within their constraints. Don’t expect that your capacity building initiative will be adopted into G2P programs if you haven’t created for and with them.⁸

Best Practice Case

Mexico’s Prospera⁹ is a good example of a gradual, endogenous commitment towards capacity building. Among the first of its kind (it began operating in 1997), the program fine-tuned its operational protocols by consolidating a simple, yet effective, communication and content sharing mechanism: MAPOs (Modelo de Atención Personalizado para la Operación), a regular bi-monthly contact point with program recipients, who gathered to receive information on varied topics of interest, such as health, education, and current affairs. Eventually, the program created a dedicated department responsible for developing and updating the training curriculum content according to the women’s (and program’s) needs. As Prospera understood the importance of digital payments, the MAPO curriculum was expanded to include financial content with inputs from the Payment Service Provider (PSP), with the shared goal of financially preparing and protecting program recipients. Over the years, Prospera incorporated a financial inclusion component to its strategic approach (2012-2018), thus embedding financial capacity building into its program services.

See Case Study
Prioritize three essential components of capacity building

Capacity building initiatives require a clear and focused objective, because overly ambitious programs make it harder to retain information and internalize new concepts. Content should therefore be simplified, prioritized and sequenced to achieve learning and behavioral outcomes, and contribute to the progressive creation of financial capabilities and economic empowerment. Three essential components for capacity building for G2P payments were therefore identified and categorized using this approach.

<table>
<thead>
<tr>
<th>Learning Outcome</th>
<th>Payment Features</th>
<th>Technical Capacity</th>
<th>Basic Financial Management</th>
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</thead>
<tbody>
<tr>
<td><strong>Women understand how to access their payment and start increasing trust in the payment mechanism.</strong></td>
<td>Women are effective and confident in using the payment channels.</td>
<td>Women are able to make informed financial decisions.</td>
<td></td>
</tr>
<tr>
<td><strong>Knowledge</strong></td>
<td>Account features</td>
<td>How to make relevant transactions</td>
<td>Range of savings options</td>
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<tr>
<td></td>
<td>Account is in her name, belongs to her, and she controls the account</td>
<td>How to use digital devices</td>
<td>Setting savings goals</td>
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<tr>
<td></td>
<td>Payment information</td>
<td>How and where to ask a question / make a complaint</td>
<td>Managing expenses</td>
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<td></td>
<td>Access points</td>
<td></td>
<td>Preventing over-indebtedness</td>
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<td></td>
<td>Who to contact in case of queries/ complaints</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Attitude</strong></td>
<td>Trust in formal financial services</td>
<td>Confidence in using digital channels</td>
<td>Confidence in making informed financial decisions</td>
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<td></td>
<td>Power to submit a complaint</td>
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<tr>
<td><strong>Skills/ Behavior Change</strong></td>
<td>Use the payment mechanism to receive the transfer (withdraw)</td>
<td>Use the payment mechanism independently and effectively, and engage in transactions beyond withdrawals</td>
<td>Plans and prioritizes</td>
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<td></td>
<td>Makes decisions about the funds</td>
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<td>Uses an effective range of financial tools</td>
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<td></td>
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<td></td>
<td>Builds and maintains reserves</td>
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<tr>
<td><strong>Cross-Cutting</strong></td>
<td>Myth-busting about the G2P and PSP programs and features</td>
<td>Problem-solving (ability to assess risks and tradeoffs)</td>
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<tr>
<td></td>
<td>Customer protection, including access to query and complaints systems</td>
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<tr>
<td></td>
<td>Communications with family members around financial decisions</td>
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</tbody>
</table>

**Governments**

Prioritize content that will build women’s functionality within the program first, such as ensuring they are capable of using new digital payment platforms, and then gradually build on these capabilities. Ask the following questions: Do women recipients understand how to access their payment, and are they starting to increase trust in the payment mechanism? Are they confident in using payment channels? Are they making more informed financial decisions? Seek out partners who can help you achieve the identified learning objectives.

**Funders**

Invest in capacity building programs that define clear and focused learning objectives, and that prioritize, sequence, and simplify content. Women G2P recipients not only have limited time and high opportunity costs for attending capacity building sessions, but they also face literacy, numeracy, and cognitive barriers. Invest in initiatives that have clear strategies to overcome these barriers.
Financial Service Providers

Ensure your staff are trained to explain basic services to new customers with varying levels of literacy and experience with financial services and digital tools. This should not be seen as a structured or proposed curriculum; rather, this is an approach to prioritize and simplify content within the context of quality client service.

Practitioners

Identify the principal bottlenecks faced by G2P participants, and work with stakeholders to prioritize and sequence information in a way that will address those barriers. Test innovative approaches to transmitting knowledge, changing attitudes, and ultimately changing behavior, and share best practices.

Best Practice Case

In Peru, the first financial education program for the Juntos CCT recipients was launched in 2009, and its objective was to encourage formal savings. The program consisted of three workshops lasting four hours each, and included lessons as complex as how the financial system works, what the Superintendency of Banks does, and how money circulates in the economy. The government gradually shifted the objective and content to simplify materials and focus on matters that are essential to women receiving the transfer, such as the use of ATMs and debit cards, point of sale devices, or mobile banking channels. The most recent iterations of its training program last three hours (three workshops of one hour each), and the primary indicator of success is the reduction in waiting time for participants to withdraw their money in bank branches. As they prioritized learning objectives and slowly sequenced content, their training was more effective in achieving its goals.

See Case Study
03

Embed capacity building into the G2P program delivery model

Take advantage of existing government scaffolding and trusted networks by embedding capacity building into the existing G2P program delivery model, to be more effective and scalable. Identify all the key participants in that process and be sure to “train the chain” and align all stakeholders.

Governments

Leverage existing program scaffolding to achieve operational and cost efficiencies for capacity building. Local program representatives or community leaders (such as “mother leaders”) are trusted networks that are well placed to deliver or support capacity building initiatives. Capacity building should not be seen as a disruptive add-on; it should be seen as an integrated service that recipients need in order to properly navigate the program. In that regard, make sure you provide the right incentives to support staff to conduct capacity building within their regular activities.

Financial Service Providers

Utilize personnel who interact with G2P recipients (e.g., branch staff, credit officers, and banking agents) to reinforce messages and prevent misinformation from circulating. It is possible to contribute to capacity building without straining internal resources. For example, bank agents can be tasked with transmitting one key message per week to their customers to reinforce information.

Practitioners

Work with partners to “train the chain” so that you not only align institutional messaging but also encourage government and financial institution representatives at all levels to actively engage and encourage women’s financial inclusion.

Best Practice Case

In Madagascar, “nudge sessions” were developed as part of the government’s Human Development Cash Transfer (HDCT) program, to improve the plan-making and self-affirmation capacity of participants. The nudge sessions leveraged the existing infrastructure of the HDCT program, delivering the training during payment days, in partnership with the government implementing agency. The pilot is already reaching almost one third of the 39,000 HDCT program participants, however it is not yet scaling up. While the program delivery is relatively low cost (approximately $15 per participant), this is too high for the government to sustain and scale. The stakeholders are currently exploring a model whereby “mother leaders” could be trained to deliver the sessions, as part of existing bi-monthly HDCT “well-being” sessions, in order to achieve greater sustainability.

See Case Study
Engage recipients through teachable moments along the user journey

Capacity building should be continuously delivered in an engaging format along key touchpoints in the G2P program user journey. Not only does this leverage opportunities for teachable moments, but it also ensures that capacity building is aligned with the needs of each participant, at different points in their journey.
Governments

Map your G2P recipients’ user journey to understand where they are along the path and identify potential touch points to leverage for capacity building. These are an opportunity for direct contact with women recipients, and can “make or break” a woman’s experience, by increasing trust and building capabilities. These touch points can be leveraged to layer on capacity building efforts without disrupting functional program processes.

Funders

Support research that codifies the user journey in a structured way that can be useful to capacity building efforts, and invest in technology solutions that could be used during those key touch point opportunities. Support stakeholders in better understanding how to build and maintain trust.

Financial Service Providers

Identify teachable moments for clients and facilitate access to capacity building initiatives during those opportunities. Consider enhancing the quality of grievance redressal mechanisms to improve customer service, and provide specialized training to banking agents so that they can tailor their customer interaction to the needs of customers.

Practitioners

Think about how to best blend “tech and touch” by developing tools that can support the work of local G2P representatives, banking agents, community leaders, or other in-person touch points. This can include SMS reminders to reinforce concepts or digital training tools for field support staff or recipients themselves.

Best Practice Case

Research in Pakistan offers relevant insights into recommended best practices for engagement along the user journey. Women who participated in the Benazir Income Support Program (BISP), faced a sequence of challenges, ranging from onboarding to making transactions. They required support to identify payment dates, access their BISP transfers, and make productive investments (e.g. purchasing livestock). Given that their ability to exercise agency is highly constrained, miscommunication about payment dates or system-related malfunctions or liquidity constraints resulting in their failure to cash out, could require multiple trips to the banking agent and strain women’s relationships with their male family members.
Monitor and iterate with women

Monitoring is especially important to an effective capacity building initiative because it promotes innovation through an iterative design process, and ensures women’s voices are heard and their feedback becomes an integral part of the design.

Governments

Many of the touch points in the user journey include not only capacity building opportunities, but also a chance to collect feedback from women in a cost-effective way. Try to collect data, and encourage your partners to do the same, and continue to refine capacity building approaches based on user experience. Leverage digital tools to collect feedback and track participation, and cross-reference these with other information from G2P databases for a more comprehensive analysis.

Funders

Ensure that capacity building initiatives are designed with her, not just for her. The only way for the capacity building efforts, and the G2P program, to achieve the targeted outcomes is to seek validation and input from the participants themselves. This has the added benefit of empowering women, by giving them a voice and treating them as respected and valued customers, rather than simply as passive beneficiaries.

Financial Service Providers

Use existing data to analyze financial behavior. Transactional data can be used to monitor capacity building, as well as identify where you can invest in deepening engagement with these customers. Administrative data can also help track performance over time at a significantly lower cost than by implementing external surveys.

Practitioners

Be intentional about what data you are collecting and analyzing. Create formalized and periodic systems for gathering user feedback and be open to iterating and pivoting based on the information received. Be selective about the data you collect (more is not always better) and how you will use it, and consider working with others to create standardized metrics that you could share to facilitate cross-country comparisons.

Best Practice Case

In Colombia, the LISTA Initiative benefited from a long-term co-creation process with key institutional partners (government and financial service providers) and field-based design iteration (Más Familias en Acción CCT program participants). Research revealed that blending tech and touch by leveraging trusted community leaders, who rotate tablets loaded with the LISTA app, enhanced the impact of the content and also decreased likelihood of theft or damage. Furthermore, back-end telemetry data from the app helped the team identify gaps in content and user experience, by tracking how much time was being spent in each module and the level of user engagement. Over seven years, LISTA has undergone three major iterations and has been adapted to ten different country contexts.

See Case Study
Conclusion

The approach outlined here emerged from our strong conviction that capacity building efforts are required, but do not have to resemble traditional approaches. While these principles have not yet been tested in their entirety, they emerged out of a broad research effort and a foundation of evidence. Perhaps most importantly, we have seen what happens when women do not have the voice, choice and power, and are unable to fully participate in and take advantage of these systems. Our hope is that stakeholders will create, test, scale and monitor innovative capacity building programs that integrate these five principles, and support the active engagement of women in G2P programs – and digital financial services more broadly.
Notes

1 Social safety net programs include cash, in-kind transfers, social pensions, public works, and school feeding programs targeted to poor and vulnerable households. For more information, see World Bank, The State of Social Safety Nets 2018: https://www.worldbank.org/en/topic/socialprotectionandjobs/publication/the-state-of-social-safety-nets-2018

2 The Bill & Melinda Gates Foundation, Women’s Economic Empowerment: DFS Strategy

3 The Bill & Melinda Gates Foundation has developed an initiative to Enhance Women’s Economic Empowerment Through Digital Cash Transfers, called the D3 Principles (Digitize, Direct, Design).


5 Government organizations include the program implementer, ministries overseeing social welfare or financial inclusion, or other relevant public agencies.

6 Funders include organizations financially supporting G2P programs and/or capacity building initiatives.

7 Financial service providers (FSPs) refer to any institution offering financial services, including banks, MNOs or microfinance institutions. In the context of G2P programs, FSPs are referred to as payment service providers (PSPs).

8 Practitioners include international nonprofit organizations, researchers and other organizations implementing programs.

9 A new government took office in December 2018, and decided to convert the long-standing Prospera conditional cash transfer program into a scholarship program. This change is part of the radical re-engineering of Mexico’s social protection scaffolding. At the time of research, Prospera was still an active G2P program, and though this was not the case at the time of publication, it remains a relevant and illustrative case study.
Women’s World Banking designs and invests in the financial solutions, institutions and policy environments in emerging markets to create greater economic stability and prosperity for women, their families, and their communities. With a global reach of 53 partners in 32 countries serving more than 30 million women clients, Women’s World Banking drives impact through its scalable, market-driven solutions; gender-lens private equity fund; and leadership and diversity programs.

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