

Colombia: Innovations in the delivery of Ingreso Solidario



Co-hosted by:



A NEW GENERATION OF DIGITAL G2P PAYMENTS IN COLOMBIA

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March 2022

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Ingreso
Solidario



Devolución
IVA

Cash Transfer Directorate

Department for Social Prosperity



Familias
enAcción



Colombia
Mayor



Jóvenes
enAcción

The **Department for Social Prosperity** is the National Institution responsible for the design, coordination, and implementation of the public policy oriented to overcome the poverty and the guarantee of social equity. At the **Cash Transfer Directorate**, we join the contribution from the State to provide better conditions to poor and extremely poor people and reduce their vulnerabilities.



La equidad
es de todos

Prosperidad
Social

Cash Transfer Programs – National Level.

Cutouff Date: February 2022.

PROGRAM	Historical		Duque´s Term - August 2018 to February 2022			Covid -19 Pandemic: March 2020 to February 2022		
	Beneficiaries	Amount (COP)	Beneficiaries	Amount (COP)	%	Beneficiaries	Amount (COP)	%
<i>Families in Action</i>	2.676.386	\$ 27.016.160.870.210	2.633.598	\$ 8.426.770.031.560	31,2%	2.633.598	\$ 5.615.358.870.210	20,8%
<i>Elder Colombia</i>	1.736.882	\$ 15.376.432.708.898	1.736.882	\$ 6.780.580.501.482	44,1%	1.729.713	\$ 5.548.639.575.000	36,1%
<i>Solidarity Income</i>	3.084.987	\$ 11.532.203.792.000	3.084.987	\$ 11.532.203.792.000	100,0%	3.084.987	\$ 11.532.203.792.000	100,0%
<i>Youth in Action</i>	680.252	\$ 3.516.020.400.000	680.252	\$ 2.163.027.040.000	61,5%	443.129	\$ 2.200.123.400.000	62,6%
<i>VAT Compensation</i>	2.000.000	\$ 1.438.874.000.000	2.000.000	\$ 1.438.874.000.000	100,0%	2.000.000	\$ 1.438.874.000.000	100,0%
<i>Total</i>		\$ 58.879.691.771.108		\$ 30.341.455.365.042	51,5%		\$ 26.335.199.637.210	44,7%



Ingreso Solidario – First Challenges

- Ingreso Solidario was created in April 2020, as a rapid response to the critical economical conditions exacerbated by the Covid-19 pandemic. The main objective was to provide a cash transfer to the most poor and vulnerable homes, which weren't covered by other cash transfer program or governmental aid.
- Since its creation, the program pays to the beneficiaries \$43 USD, (121,47 USD based on the PPA). At the end of the first year of operation, Ingreso Solidario was delivered to 3.084.897 beneficiaries.
- The Colombian government subscribed public and private alliances, in a very short term, to identify the most vulnerable homes, based on *Sisbén*, and accessing to the contact info to make possible the notification and the delivery of the cash transfer through bank accounts but not exclusively.
- Additionally, the national government and the financial institutions developed a bancarization process, in record time, that helped the delivery of the cash transfer, according with the social distance protocols.



Single Registry – Targeting Beneficiaries

- The National Department for Planning (DNP), in coordination with other public and private institutions created the Master Base, to identify and target the homes which will be attended by the Program. In that sense, the DNP used the SISBEN (Identification System for Potential Beneficiaries) which collects socioeconomic characteristics of the population and operates as the main targeting tool for social programs in the country
- In the consolidation process, the Master Base maintains the housing variables, person and household identifiers, socioeconomic classification (dictated by their Sisbén score) and, when available, Sisbén IV variables related to the updated level of poverty and hardships
- Likewise, information was cross-checked with other databases and administrative records. The first crossing is made with data from beneficiaries of other programs; such as Families in Action, Youth in Action, Elder Colombia, VAT Compensation. The second crossing seeks additional data on the characteristics of the population, for which data from the Single Registry of Victims and the Single Database of Affiliates to the General System of Social Security in Health are used. Additionally, it coordinated with the Banca de las Oportunidades program so that, through its network, potential banking and non-banking beneficiaries are identified.



Sistema de Identificación de
Potenciales Beneficiarios de Programas Sociales



El futuro
es de todos

DNP
Departamento
Nacional de Planeación



A NEW GENERATION OF DIGITAL G2P PAYMENTS IN COLOMBIA

Ana Maria Prieto

Deputy Director, Unit of Financial Regulation – Ministry of Finance of Colombia

March 2022

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FINANCIAL DEVELOPMENT CONTEXT AND BUILDING BLOCKS THAT ENABLED INGRESO SOLIDARIO'S QUICK DEPLOYMENT



G2P PAYMENTS TO ACCOUNTS

Government mandated G2P payments to beneficiaries' accounts since 2007.



LAST-MILE AGENT NETWORK

Enabling regulatory framework and successful business models are behind.



ENABLING REGULATORY ENVIRONMENT FOR MOBILE WALLETS

Bank-led model. 2015 e-money issuers authorized.



TREASURY COMMITTED WITH AN EFFICIENT PAYMENT MECHANISM

Treasury was flexible enough to adjust procedures for payments to beneficiaries.



LOW VALUE PAYMENTS INFRASTRUCTURE

Process of modernization and greater competition. ACH and Fintech sector.

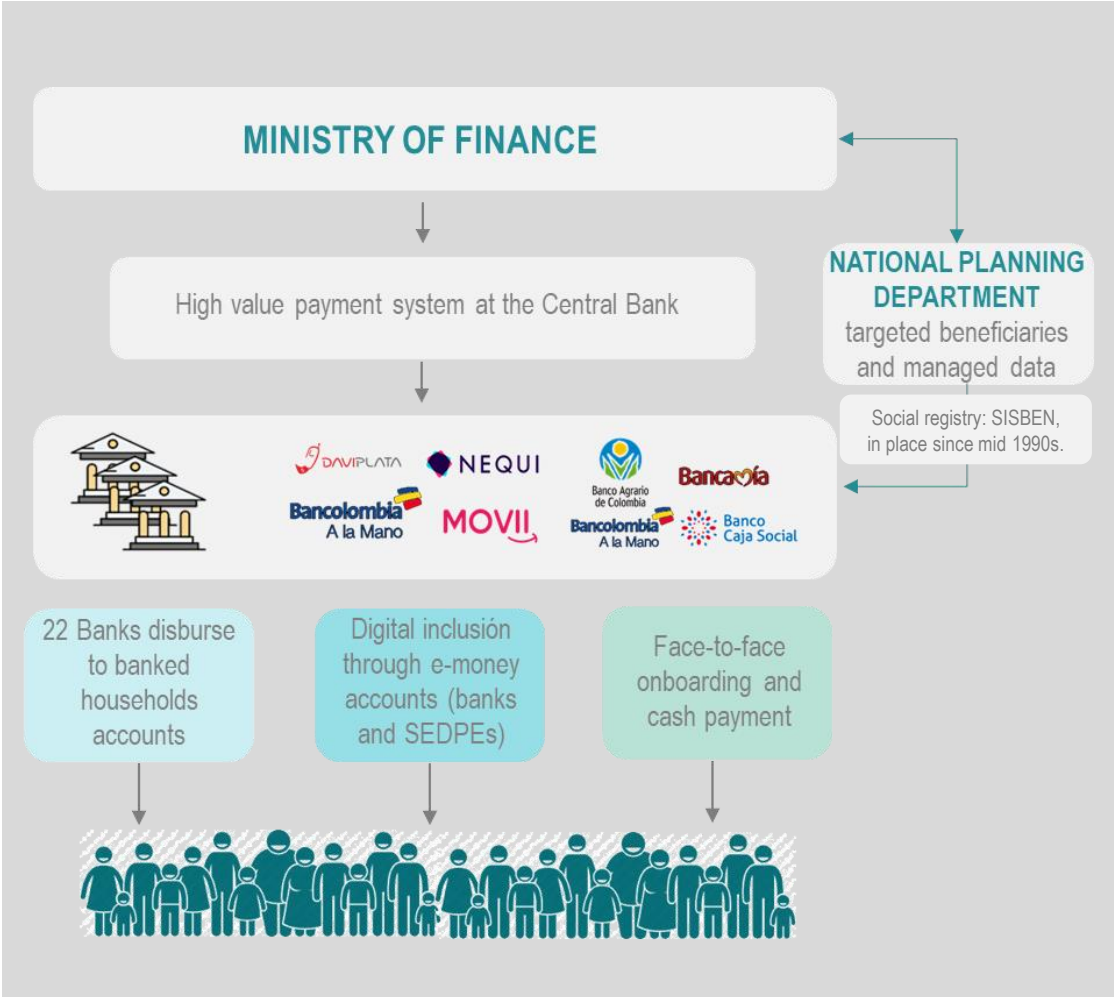


PUBLIC-PRIVATE PARTNERSHIP

Cocreation between government and financial institutions made emergency delivery possible.



COVID-19 EMERGENCY PROGRAM INGRESO SOLIDARIO OPENED A NEW GENERATION OF DIGITAL G2P PAYMENTS IN COLOMBIA



	CHALLENGES	SOLUTIONS
STAGE 1 Banked Beneficiaries	Back office and notification to beneficiaries.	Private sector's high level commitment. Institutional adaptation and flexibility
	Coordination across government and FSPs.	Participatory decision-making process
STAGE 2 Unbanked Beneficiaries	Contacting beneficiaries	Creation of multiple communication channels (SMS, gov't and FSP websites, social media, etc.)
	Simplifying onboarding	Digital financial education
	Mitigating risks and fraud	Security questions, screening SIM
STAGE 3 Unreachables	Contacting beneficiaries	Work alongside municipalities and face-to-face onboarding
	Cash availability	Deploy more cash to payment points

KEY ACHIEVEMENTS: INGRESO SOLIDARIO WAS AN OPPORTUNITY TO **SERVE G2P BENEFICIARIES AND PROMOTE FINANCIAL INCLUSION** IN A CONTEXT OF UNPRECEDENTED DIGITAL UPTAKE

Impact

964.200

households financially banked through
Ingreso Solidario

Empowerment

60%

households are women-headed and for the
first time access financial system

Digital use

62%

households used the money in their wallets
to make online purchases

Trust

45%

of the users did an additional cash-in after
payments

1 **PRIORITIZE FINANCIAL INCLUSION**

- Identify banked and unbanked beneficiaries and focus effort on digital financial inclusion.
- For beneficiaries, financial inclusion creates short and longer-term benefits.
- Paying digital brings efficiency, savings, and more transparency in budget management.

2 **CUSTOMER-CENTRICITY**

- Clustered and staged design to adapt to beneficiaries' different needs. Eg: Banked vs. unbanked, rural vs. urban, feature phone vs. smart phones.



MOVING TOWARDS **COSTUMER CHOICE** FOR G2P BENEFICIARIES...BUILDING THE ROADMAP AHEAD

Traditional G2P scheme	Ingreso Solidario emergency scheme	Costumer choice scheme
Payment made through an intermediate hired for 1 year.	Payment made through financial entities accounts in Central Bank.	Payment made directly to costumer account through payment system.
Financial access but with low impact on long lasting financial inclusion	Efficiency and Financial Access	Efficiency and Financial Access and USAGE
High operating costs. Process made entirely by the entity	High operating costs. Process are coordinate by Government and financial entities	Low operating costs. Process are automated, requires high capacity on payment system.

COSTUMER CHOICE PILOT



- High-capacity payment system (1.2 mill payments per day)
- Regulatory adjustment to avoid individual agreements
- Financial education for costumers

Success Factors, Challenges and Client's Perspective

Beatriz Marulanda
Marulanda & Consultores

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SUCCESS FACTORS



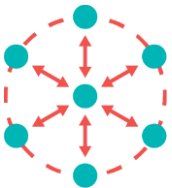
Public-Private Partnership:

Co-creation between government and financial institutions and the decision by the private financial institutions to participate made emergency response delivery possible



Availability of Mobile Wallet Providers:

Only one of them with previous experience in subsidy dispersion



Last-Mile Agent Network:

Enabling regulatory framework and successful business models developed in the previous 10 years



MAIN CHALLENGES

1

Contactability

- Outdated contact information.
- Lack of pre-registration



Flexibility in terms of delivery channels and outreach methods

2

Digital Culture

- Smartphones and data packages
- Digital enrollment and SIM swaps



Financial institutions adapted different strategies and even changed their Core

3

Rules Changes

- Initially a 6-month program
- Control agencies required procedures difficult to implement



Higher cost operation specially for traditional accounts. Some FI migrated traditional accounts to mobile wallets

4

Program Transfer

- The program was operated by DNP and Min Finance under "emergency mode"



PS had to deploy new procedures, organize databases, build relation with financial sector



CLIENTS PERSPECTIVE

- Payment behavior of 1.8 million beneficiaries of IS with 5 mobile wallets
 - Represent 63% of IS beneficiaries
 - Transactional information of April 2020-April 2021
 - 66% women
 - 80% financially included by IS
 - In depth interviews to 4 clients per wallet



71% of beneficiaries withdraw cash every month and 96% of them withdraw more than 90% of the available balance

In the CCT programs, 98% withdrew full amount of deposit

BUT 28% of beneficiaries did not make withdrawals nor used their funds in other types of transactions



CLIENTS PERSPECTIVE (II)

22% reported deposits from third parties:

- Catalog sales, clothing sales, or even courier activities, were mentioned.

4% reported purchases

- Availability of companion cards was determinant.
- CC purchases increased 23%
 - Lack of QR codes acceptance network until later 2021

Most used transaction: P2P (intra) with 23% using them monthly.

- Inter P2P had costs
- Even so, P2P Feb-April 2021 increased 26%, of which 26% make 3 or more transfers in a month.

- Only 9% used their account for top ups
- Only 1% paid their public utilities (“need receipt”)

- Product functionality is determinant to generate usage
- Confidence on digital usage would be greatly enhanced if there was a clear messages from IS not requiring Cash Out (withdrawal)



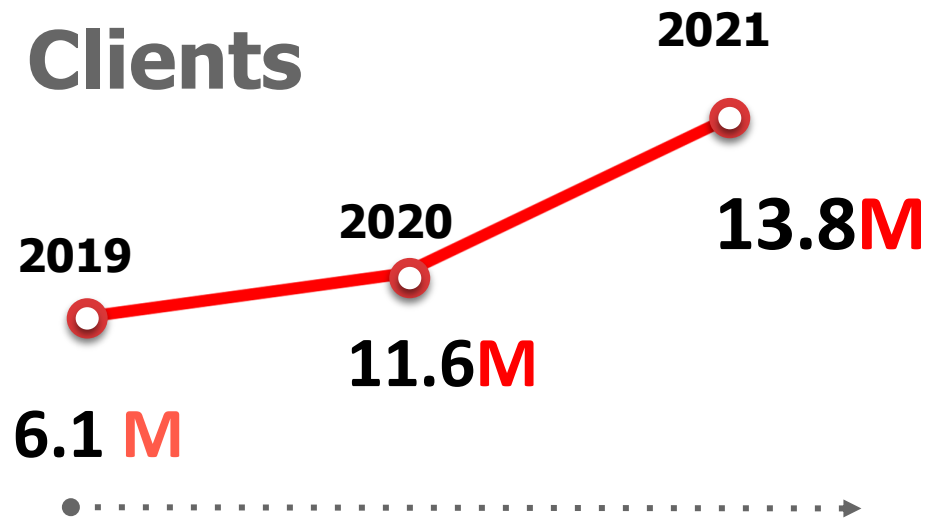
DaviPlata a Decade of Learning

Margarita Henao
CEO DaviPlata

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DaviPlata is a platform that allows Colombians to manage their money easily and quickly, all through the cell phone.

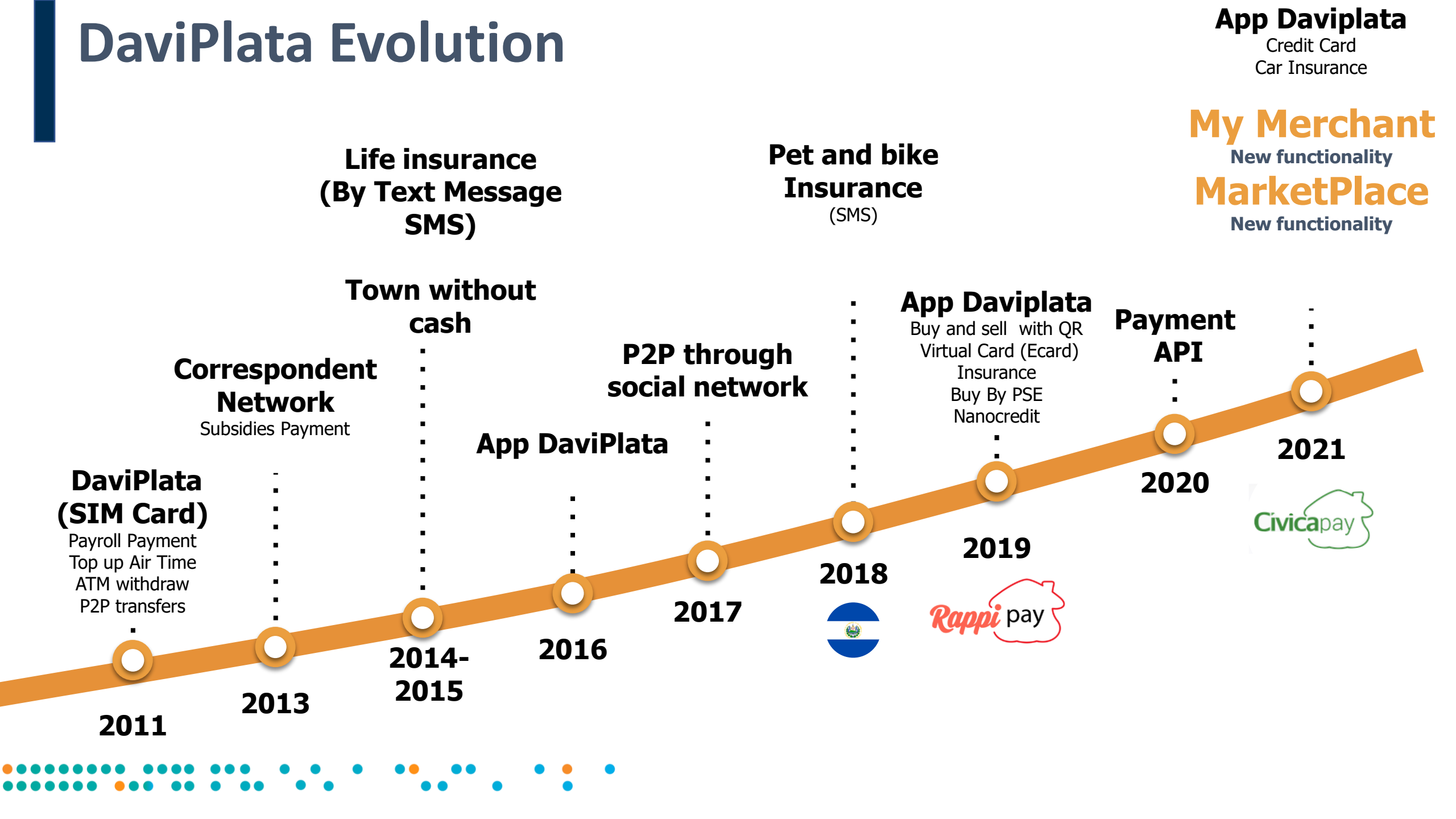


- **1300 M transactions**
- **620 K Merchants**
- **NPS 85%**
- **\$ 8.820 Millions (USD)**

Numbers
2021



DaviPlata Evolution



DaviPlata reaches all municipalities with digital banking since 2012

61.5M

subsidies payments

for

\$12 Trillion COP
(\$3.093 Million USD)

to over

5.6M

Of Beneficiaries

Jóvenes EnAcción

Renta Básica BOGOTÁ

Familias EnAcción



Ingreso Solidario

Total number of payments: 10.3 M

Total payment: \$1.9 Trillion COP (\$480 Million USD)

Average payment: \$184 k (\$47 USD)

720 k

Total
Clients

23

Payment
cycles

Buyer Person Ingreso Solidario



María - 45 years old

APP: 92%

SIM: 8%

Demographic data:

- **Gender:** Females (75%)
Males (25%)
- **Age:** From 18 to 30 years (29%)
From 30 to 60 years (65%)
> 60 years (6%)
- **Location:** Scattered rural: (30%)
Populated center: (30%)
Principal cities: (22%)
Rural: (18%)

Payment Methods:

POS: 0.81%

8.74%

PSE: 7.8%

2.9%

MarketPlace: 0.14%

- **Has an eCard:** 18%

API:

eCard:

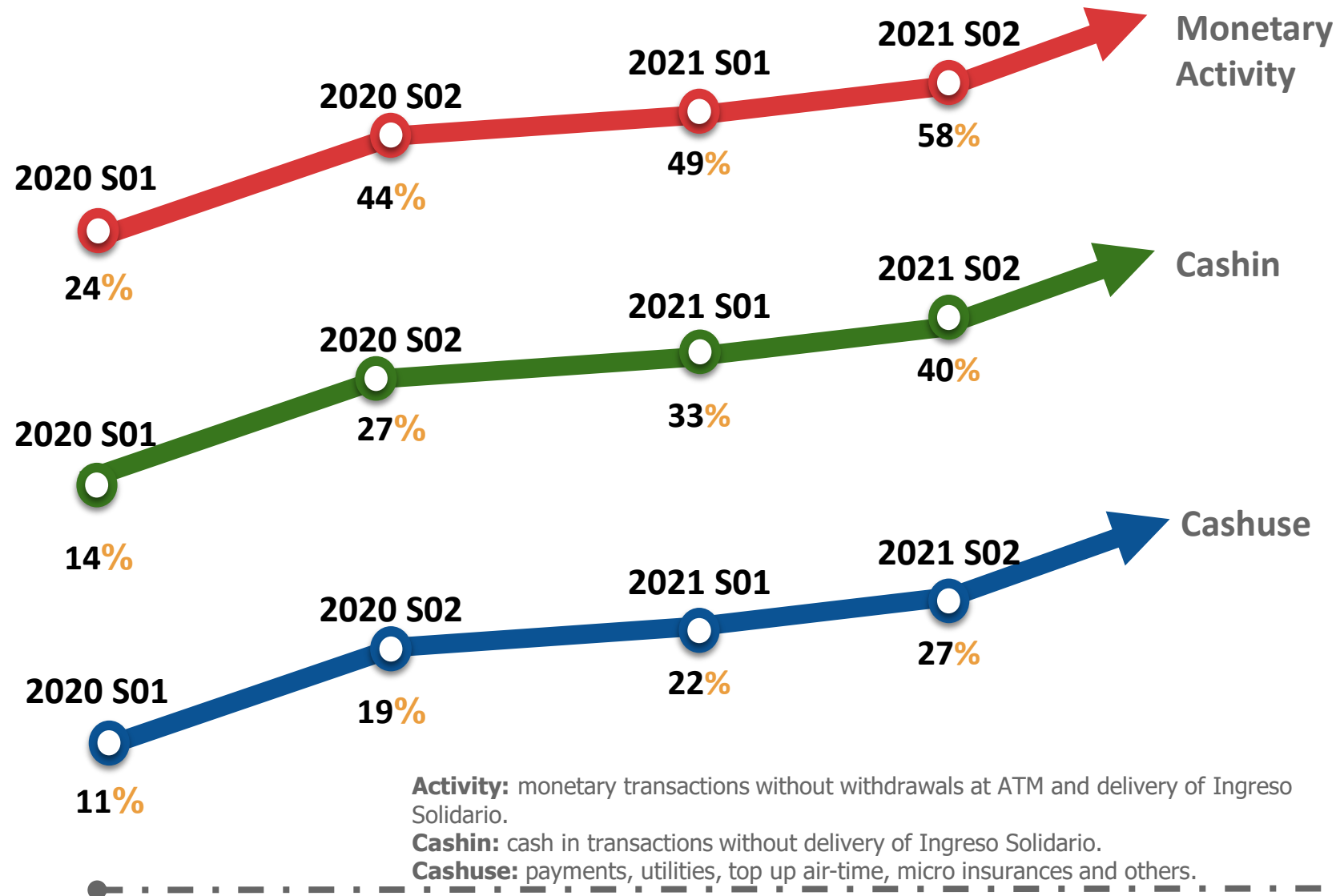
QR: 15.9%

Activity:

- **Activity 1:3** 92%
- **Monetary Activity 1:3:** 91%



TRANSACTIONAL EVOLUTION



Advances:



Bancarization (Use and Access)



Capillarity and **Coverage**



Payments - **P2P**



E-commerce



Inter**operability**



Operating **cost optimization**



Experiential **Financial Education**



Challenges:



New **Credit** models



Open Data Society



Digital **Identity**



Rural - Agrotech



Connectivity



Payments **P2M** - **QR**





Harvard
Business
Review



THE
EUROPEAN
PLUGANDPLAY

#LD #LatamDigital
accenture



CGAP
BETTER THAN CASH
ALLIANCE



FA.
FINTECH
AMERICAS



55
ANOS
1960 - 2015

GLOBAL BANKING &
Finance
review



G2P Digitalization

Maryoiry Avila Rubio

General Manager, Movii

March 2022

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Our purpose
is to make
visible to the
invisible people



INEQUALITY IS AN INDICATOR THAT IS SERIOUSLY IMPACTED BY THE CONCENTRATION OF BANK ACCOUNTS IN THE POPULATION, AND THEIR CAPACITY TO ACCESS TO THE FINANCIAL SYSTEM.

SOURCE: WORLD BANK, 2018.





THIS IS THE TRUE PURPOSE OF MOVII THE CHALLENGER BANK IN COLOMBIA:

**LOOKING TO BE A DIGITAL
WALLET THAT BRINGS
OPPORTUNITIES TO USERS OF
NEW FINANCIAL SOLUTIONS,
WHICH ARE HASSLE-FREE,
100% DIGITAL AND EASY TO
USE FROM THE CELLPHONE.**

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1st

**REGULATED FINTECH,
INDEPENDENT ISSUER,
CONNECTED TO CARD SCHEME SWITCH,
NOT PAYING CROSSED SUBSIDIES,
FOCUSED ON FINANCIAL INCLUSION,
IN COLOMBIA.**

MOVII OFFERS A COMPLETE ACCOUNT WITH
MULTIPLE PRODUCTS TO USE:



NANO-LOANS



MONEY
TRANSFERS



BILL
PAYMENTS



DEBIT CARD



CRYPTO



CELLPHONE DIGITAL CONTENT
TOP UPS



DONATIONS



SPORT BETS



REMITTANCES

A major challenge: Integrating the migrant population

- We found a solution to link them online and with a simple ID document. We did it with the PEP and for this we connected with Migration Colombia.
- We had complications when delivering the MOVii Card, migrants changed location very often.
- We learned that they are people who keep their account and continue to use it.



THE CHALLENGES

- Core banking must be prepared for the worst.
- Change and change the way people link to the platform and adjust the process many times until we learned.
- Everyone changes cell phone numbers.
- We need fast and easy customer service.
- We must build a bridge that links their current reality to the digital world.



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WHY IS THE CARD KEY TO CHANGING USER EXPERIENCE?

MONETARY AID CARD USERS

- Withdrawal dropped to 29% of usage.
- 64% started making purchases with the MOVii card, both domestically and internationally.
- Only 6% of them transfer money to other accounts.
- 32% make voluntary charges to their account.



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What changed for MOVii?

- Before Ingreso Solidario we had 154 thousand clients and today we have more than 2'000,000.
- We have always worked at the base of the pyramid, but only with Ingreso Solidario did we learn what we had to adjust for this segment.
- We understood what the client really needed and that has allowed us to grow exponentially.
- Thanks to all these, we won the bid for Families in Action.
- New stages are coming for Movii: To continue learning and improving.

THANK YOU

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