
SOCIAL PROTECTION
PAYMENT
DELIVERY MECHANISMS

 **OVERVIEW OF FINDINGS**



DELIVERY

This matrix is designed for assessing payment delivery mechanisms; it can be used to assess the effectiveness of the payment strategy of an individual social protection (SP) program or can be applied from a systems perspective across all of a country's main SP programs. The assessment has three components that look at, respectively:

- 1.** The individual SP payment delivery mechanism
- 2.** The country's supporting environment for SP payments
- 3.** The country's overall SP system

This last component creates a baseline against which change can be measured over time and enables individual countries conducting this review to be compared and contrasted with their peers. The data for the assessment is collected through the [SP Payment Delivery Mechanisms Questionnaire](#).

1. Assessment of Payment Delivery Mechanism

1. Accessibility				
Area	Latent	Emerging	Moderate	Advanced
	1	2	3	4
Cost of access	Average payment collection, including waiting and transaction times, takes 4–6 hours	Average payment collection, including waiting and transaction times, takes 2–4 hours	Average payment collection, including waiting and transaction times, takes 0.5–2 hours	Average payment collection, including waiting and transaction times, takes < 0.5 hours
	Average travel time to payment point takes >3 hours	Average travel time to payment point takes 2–3 hours	Average travel time to payment point takes 1–2 hours	Average travel time to payment point takes < 1 hour
	Total cost of access (transportation costs, fees, informal payments) represents > 40% of transfer value for a large number of beneficiaries	Total cost of access (transportation costs, fees, informal payments) represents 25%–40% of transfer value for a large number of beneficiaries	Total cost of access (transportation costs, fees, informal payments) represents 5%–25% of transfer value for a large number of beneficiaries	Total cost of access (transportation costs, fees, informal payments) represents < 5% of transfer value for a large number of beneficiaries
Appropriateness	A minority (< 25%) of beneficiaries understand how to collect payment and the basis for the calculation of its value; this may be due to a lack of initial training	Only a small number (25–50%) of beneficiaries have a full understanding of how they collect their payments, how values are calculated, and how to register a complaint; this may be due to inadequate initial training	A large proportion (50–75%) of beneficiaries understand the payment process, but confusion may remain among the illiterate and/or other vulnerable groups; this may be due to inadequate initial training and/or a highly complex payment process	The majority (> 75%) of beneficiaries have a deep understanding of the payment process and how to register queries/complaints; this may be achieved with very accessible training material (e.g., picture based) which is continually reinforced and/or a very simple/self-explanatory payment process

1. Accessibility				
Area	Latent	Emerging	Moderate	Advanced
	1	2	3	4
Appropriateness	A minority (< 25%) of beneficiaries understand when they will receive their next payment or its value; this may be due to no/poor ongoing communication with beneficiaries	Only a small number (25–50%) of beneficiaries know when they will receive their next payment and its value; this may be due to ineffective or very short notice ongoing communication with beneficiaries	A large proportion (50–75%) of beneficiaries know the date of their next payment well in advance and also understand what its value will be	The majority (> 75%) of beneficiaries know the date of their next payment well in advance and know what the value will be; if there are any delays in payments, these are clearly communicated in advance to beneficiaries
	No choice of payment mechanism; payments are collected from one type of place and at one time	No choice of payment mechanism, but the program aims to provide choice in the short to medium term; payments are collected from one type of place but at a range of times	There may be a variety of payment mechanism, but beneficiaries are not clear about how to choose and the relative merits of the choices; payments may be collected from a range of places at any time	Beneficiaries are able to select the payment mechanism based on their informed choice; a wide range of payment points are offered, and payments may be collected at any time
Rights and dignity	Large numbers of beneficiaries/vulnerable groups are excluded or disadvantaged by the payment mechanism; this may be because an off-the-shelf approach has been used with no beneficiary-centered design	Particular categories of beneficiaries are excluded from or disadvantaged by the payment mechanism; some aspects payment mechanism implementation may take some types of beneficiaries into account	Small numbers of beneficiaries/vulnerable groups are excluded or disadvantaged by the payment mechanism; design and implementation of the payment mechanism takes some of the needs of beneficiaries/vulnerable groups into account, and this may be through informal mechanisms	No evidence of vulnerable groups being excluded or disadvantaged by the payment mechanism; this may be because special consideration was given to the needs of vulnerable groups during design and implementation; formal, documented procedures are in place for dealing with vulnerable groups, e.g., a process for nomination of a proxy to collect a payment

1. Accessibility				
Area	Latent	Emerging	Moderate	Advanced
	1	2	3	4
Rights and dignity	No complaints and appeal mechanism (grievance and redress) or if there is one, large numbers of the beneficiaries are unaware of its existence or how to access it	There is a program complaints and appeals mechanism but insufficient/incomplete consideration has been given to payment issues.	The program and PSP have complaints and appeals mechanisms. Although there is poor coordination/incomplete coverage between the two. Standard types of issues have been identified but timelines may not have been set for their resolution Both program and PSP are clear about the process	The complaints and appeals process clearly articulates/reflects beneficiaries' rights, providing accessible channels that are widely known by beneficiaries. This is supplemented by the PSP's own process for identifying and resolving beneficiary issues. Reporting of issues is shared to support coordination.
	Beneficiaries are stigmatized by using separate payment infrastructure or through payment at public gatherings. Although Mainstream payment infrastructure, used by the general population, is available but is not used.	Beneficiaries may be stigmatized by using separate payment infrastructure Closed loop payments infrastructure is used even though more open systems are available	The majority of beneficiaries are paid using stand-alone payments infrastructure but some may be provided with access to mainstream payments infrastructure. For example, through a card and PIN.	Payments are delivered through private transactions. Where appropriate all beneficiaries are able to use mainstream payments infrastructure to cash out or make payments. There is no stigma associated with using the payment delivery mechanism.

2. Robustness				
Area	Latent	Emerging	Moderate	Advanced
	1	2	3	4
Reliability	It is not clear how long it takes to secure upstream funding; no process mapping exercise has been carried out to determine this	Broad understanding of where delays regularly occur within the flow of funds from government/donors, although this may not have been written down	Detailed understanding of every stage of funds flow; this is written down, but may be out of date and may not present a complete and accurate picture	Detailed written list of every stage of funds flow is captured; this is regularly reviewed and updated to ensure continued accuracy
	> 50% of expected disbursements delayed over last 12 months	30–50% of expected disbursements delayed over last 12 months	10–30% of expected disbursements delayed over last 12 months	< 10% of expected disbursements delayed over last 12 months
	No mitigation measures taken to reduce delays in payments	Some local ad hoc short-term mitigating measures in place to reduce delays in payments	Sound mitigating measures in place to cover some, but not all, areas/risks	Comprehensive mitigating measures in place based on regular, systematic review of risks; if there are delays, cause is reviewed and process improved
	No schedule of payments in place	There is a schedule of payments, but it is rarely met and may not be widely shared	There is a schedule of payments known by most participants, although there may be occasional delays	Schedule of payments is clearly communicated to and understood by all participants, and payments are generally made without delays
	There may be disincentives for the PSP (and its agents) to deliver payments such as financial loss associated with delivery	Business case for the PSP is under threat in the short term due, e.g., to a pending change in regulation or a legal opinion/case	There is currently a business case for the PSP delivering payments, but long-term business case remains unclear	There is a strong and continuing business case for the PSP, and thus strong incentives to deliver payments

2. Robustness				
Area	Latent	Emerging	Moderate	Advanced
	1	2	3	4
Governance	No written procedures, guidelines, or rules concerning payment delivery	Weak or incomplete written procedures; some overlapping/ incomplete roles and responsibilities	Adequate written procedures, but little regard for them by implementing officers and some confusion about roles and responsibilities	Strong and comprehensive written records adhered to by majority of staff, who have clear roles and responsibilities; clear service-level agreement with PSP
	No monitoring and evaluation (M&E) of payment process	M&E irregular and incomplete/weak	Regular schedule of (internal) M&E; there may be some areas not covered	Regular schedule of comprehensive (independent) M&E
	No review and adjustment of payment procedures	Changes to procedures very difficult to enact	Ad hoc adjustment of procedures	Procedures regularly reviewed and strengthened based on evidence, usually from M&E reports
	Weak reporting on payments; inaccurate/slow summary information	Summary reporting accurate, but may take time and significant effort to gather	Detailed transaction-level reporting is available but with a delay	Real-time reporting at the individual transaction level is available
Security	Weak systems with high risk of losses due to fraud or robbery	Incomplete systems are in place to control losses due to fraud or robbery	Strong and effective anti-fraud controls were initially implemented, but these have not been checked with fiduciary risk assessment	Strong and effective anti-fraud controls exist, and their effectiveness is regularly tested; controls may be adjusted according to their effectiveness
	Manual payment authentication; e.g., payment made to beneficiary on provision of ink fingerprint and/or program ID card	E-payment one-factor authentication; e.g., entering an ID/account number	Electronic two-factor authentication but with implementation weaknesses (e.g., beneficiaries do not enter own PIN, or PIN not unique)	Electronic two-factor authentication
	No security surrounding creation and transmission of payroll; high risk of manual error/deliberate changes	MIS creates payroll which is exported to Excel and emailed to PSP; risk of deliberate changes to payroll exists	MIS creates payroll with checks to ensure data quality, and a secure file is transmitted to PSP	Straight through processing

3. Integration				
Area	Latent	Emerging	Moderate	Advanced
	1	2	3	4
Financial inclusion	Physical cash-out of 100% of benefit is the only option; e.g., payment of physical cash by program staff	A store of value is provided that allows for partial withdrawals; e.g., prepaid card	A transaction account is provided, although with restrictions on its use; e.g., no additional deposits can be made, funds must be withdrawn within a specific time period	A fully functioning transaction account is provided; additional deposits can be made by the customer and any other payer nationally or internationally; amount of payment may vary
	No other financial services available	A safe store of value allows partial withdrawals and thus enables saving of part of a beneficiary's transfer	A transaction account allows for partial withdrawals and additional savings	Other financial services are accessible through the transaction account/PSP beyond savings; e.g., microcredit, insurance
	No interventions provided to encourage/support access/use of appropriate financial services	A basic program of financial education for beneficiaries is provided; this may not be well tailored to the needs of beneficiaries and may leave them at risk from unscrupulous providers	A comprehensive program of financial education is provided to beneficiaries; other interventions may encourage savings behavior (e.g., seed account, matched savings, lottery)	A range of inter-linked interventions are employed to ensure financially capable beneficiaries are deliberately linked to appropriate financial services; this may be part of a scheme to support their graduation

3. Integration				
Area	Latent	Emerging	Moderate	Advanced
	1	2	3	4
Coordination ^a	Fragmentation by default not design; different SP programs have different mechanisms, providers, contracts, quality, prices; there are no or limited mechanisms in place to support coordination	Coordination on payment strategy between a small number of programs exists, maybe between those within the same department, ministry, or province	Coordination on payment strategy between a majority of programs exists, maybe between those within the same department, ministry, or province; there may be coordination on continuous programs, but no planning to accommodate emergency payments	Regular review by relevant institutions regarding payments between all programs; deliberate choices are made; the same criteria may be used to make decisions, but with different weights according to program specifics to ensure consideration is given to any trade-offs; multiple providers, channels, and instruments may be used, or multiple programs may pay to the same transaction account; the payment mechanisms used can accommodate varying payments including payments from multiple payers and occasional emergency payments
	No common ID across SP programs	Some programs share ID	Majority of programs share ID	Common ID providing access to multiple programs

a. This concerns the program under review and its relationship to other programs in the SP system.

2. Supporting Environment for SP Payments

1. Financial sector				
Area	Less	...	...	More
	1	2	3	4
Financial institutions	Financial institutions focus on higher-income individuals and corporate business; thus, very few potential PSPs	Financial institutions offer a small number of products that may be used by the poor; thus, few potential PSPs	Large financial institutions offer services to the poor nationally, although the extent and quality of these services may not be sufficient to demand from the poorest; thus, a choice of PSPs, but weak products	Large variety of financial institutions operating in a competitive market, some with direct experience of delivering social cash transfers; thus, good choice of PSPs with appropriate products for the poor
Financial access points (physical locations where customers can access financial services including payments)	Financial services infrastructure concentrated in urban areas; banking beyond the branch very limited	Financial services delivered outside of the capital and large cities	Only smaller, less formal institutions such as microfinance institutions and SACCOs/credit unions operate in rural areas	Multiple channels of delivery used to ensure national coverage

2. Policy, Legislation, and Regulations				
Area	Less	...	...	More
	1	2	3	4
Rules on the use of agents by banks/nonbanks	Banks are not allowed to use agents to deliver financial services	Rules on agency are pending and will permit the use of agents by banks	Rules on agency exist that permit their use by banks for deposits and payments, a level playing field for banks and nonbanks is lacking	Rules on agency exist that permit their use by banks for deposits, payments, and account opening; there is a level playing field for banks and nonbanks
Know your customer (KYC) requirements	Strict requirements mandated by regulator and internal rules in banks are even more restrictive	Strict requirements mandated by regulator and followed by banks as is	Strict requirements, but some relaxation of requirements has been granted on a case-by-case basis	Modified/tiered requirements on low-value accounts, facilitating access by low-income individuals
E-money guidelines	No e-money legal/regulatory measures have been enacted or pending; nonbank e-money issuance is forbidden	Banks/nonbanks are offering e-money, but there are no legal and regulatory measures governing them	Legal/regulatory measures allowing e-money issuance by banks/nonbanks have been drafted but are pending approval; banks and nonbanks are allowed to offer e-money on a cases-by-case basis	Formal rules allow e-money issuance by banks and nonbanks, and there is a level playing field
Basic bank accounts	No provision of basic bank accounts in the market	Some banks offer basic bank accounts suitable for low-income customers	Regulator/bankers' association defines basic bank accounts, but the product is not well supported by banks and/or not appropriate for low-income customers	A basic bank account is defined; the product is readily available from banks and meets the basic needs of low-income customers

2. Policy, Legislation, and Regulations				
Area	Less	...	...	More
	1	2	3	4
Financial inclusion	Adults (% age 15+) belonging to the poorest 40% with accounts Findex 1st quartile ^a	Adults (% age 15+) belonging to the poorest 40% with accounts Findex 2nd quartile ^a	Adults (% age 15+) belonging to the poorest 40% with accounts Findex 3rd quartile ^a	Adults (% age 15+) belonging to the poorest 40% with accounts Findex 4th quartile ^a
	No clear government commitment to financial inclusion	Discussion under way on financial inclusion strategy, with some draft strategy and commitments actively deliberated	National financial inclusion strategy/ policy finalized with clear implementation plan	Strong commitment to financial inclusion with corresponding policies, practice, and clear emphasis on transaction account and recipients of social benefit transfers (e.g., Alliance for Financial Inclusion member with Maya declaration commitments; public announcement of commitments)
Procurement	Procurement rules/regulation undermine realization of government-to-person (G2P) strategy and SP strategy/program objectives	Procurement rules/regulation currently neutral, but changes are pending that may be more negative	Procurement rules/regulation neutral	Procurement rules/regulation support the selection of PSPs in accordance with G2P strategy and SP strategy/program objectives

a. The 2014 Global Findex database defines account ownership as having an account either at a financial institution (e.g., a bank, SACCO/credit union, or microfinance institution) or through a mobile money provider to use mobile phone-based services to pay bills or send/receive money.

2. Policy, Legislation, and Regulations				
Area	Less	...	...	More
	1	2	3	4
Government payments framework (legislation, regulations, rules, systems, procedures, and processes)	No specific framework exists	Framework exists, but it is not integrated (some rules may conflict with others) or widely adopted	Very specific and detailed framework exists and is widely adopted, but its restrictions potentially hinder innovation and efficiency (e.g., permit only certain payment instruments or PSPs to deliver government payments)	Very specific and detailed framework exists, is widely adopted, does not hinder innovation and efficiency, and explicitly covers the needs of SP programs

3. National Identification System				
Area	Less	...	...	More
	1	2	3	4
National ID	No national or equivalent photo ID	Low level (< 60%) of national ID ownership; evidence of exclusion of poor and vulnerable	Low level (< 60%) of national ID ownership, but deliberate policy of extending ownership levels; unique ID numbers nationally	High level of national ID ownership; central registry electronically accessible to SP ministry and relevant PSPs for real-time inquiry and validation

4. Mobile Network Coverage				
Area	Less	...	...	More
	1	2	3	4
Mobile network coverage	> 50% of the population is covered	50%–69% of the population is covered	70%–90% of the population is covered	> 90% of the population is covered and quality of service is reliable across the country

3. Country SP System

Inventory of Main SP Schemes, Programs, and Benefits

Program name	Risk covered/function	Program/benefit category	Objective	Geo-graphical areas covered	Universal vs. targeted	Target population	Implementing agency
Noncontributory social assistance^c							
Contributory social insurance^c							
Labor market measures and services							
Social services							

a. Indicate if the number of beneficiaries is the same as the number of recipients; also indicate the unit of measurement (h

b. Indicate administrative costs as a percentage of total expenditure if such information is available.

c. To ensure consistency across countries, the World Bank definitions of social assistance and social insurance are used.

PSP	Payment mechanism	Beneficiaries ^a		Total expenditure ^b		Level of benefit	Level of contribution
		Number	Most recent year	Amount (millions)	Most recent year		
Noncontributory social assistance ^c							
Contributory social insurance ^c							
Labor market measures and services							
Social services							

households versus individuals.

