

Key things you should know about digital payment systems

- Digital payment systems make delivering cash assistance **faster, safer, and more efficient**. They **reduce costs, ensure transparency, give people more control over their money** as they help connect disadvantaged communities to [financial services](#), hence increasing financial inclusion. To make digital payments, people need to have an [account](#) (ideally, an account in their name).
- **Payment system interoperability** is important- it lets platforms of different financial service providers (banks, mobile money) work together. *E.g. in Pakistan ([RAAST](#)), payments are fully integrated which means you can send money from any financial service provider to another - instantly and for free.*
- Digital payments systems and interoperability can help provide people with the option to **choose their account provider**, based on their unique needs. Interoperability also means that **organizations only need to contract one provider** to be able to reach all other providers - hence **less contracting**.

Consider these aspects for enabling choice and financial inclusion in cash transfers:

Regulatory side

Interoperability - The ability to send payments between different financial service providers and payment instruments, incl. [banks](#), [mobile money](#) [e-wallets](#), etc. Better interoperability means improved reach, speed and cost-efficiency in assisting people.

Licensing – rules that allow different financial and tech providers, like e-money services and payment platforms, to get official approval to operate. Ensure you keep an eye on any regulatory changes that could disrupt cash operation.

Know Your Customer (KYC) - The regulatory framework that enables people to open bank accounts or wallets, typically referred to as KYC regulations. These prescribe who is eligible for a local account, what type of ID document is required etc. [Learn how you can engage with regulators](#)

Fin. Service Providers

Product design – Ensuring that the payment instruments provided to recipients are designed with the user in mind, and promote inclusivity for disadvantaged groups, such as women and the elderly. [Learn how you can engage with Financial Service Providers](#)

Physical access points – Although digital payment instruments are efficient for reaching people in remote areas, there will always be a need for a well-developed network of access points, located as close as possible to the recipients. [Consult with the communities](#) you are supporting.

Mobile connectivity & operational issues – Digital payments rely on mobile connectivity or alternative solutions (such as offline payments) in the targeted areas. Operational or technical issues can lead to delays or prevent electronic settlements from being completed.

Working with communities

Awareness and (digital) financial literacy – Using (digital) financial services can be challenging if users have no prior experience, both of digital interfaces or with being a bank customer. Information and education activities on how these services work are essential to promoting their use among all groups in society.

Source: Adapted from WFP (2024) Technical Note: Understanding Digital Payment Ecosystems, p.22

Carefully consider the different payment instruments and contracting options ...



... but first make sure to ask the people you are assisting

Reach?

Coverage of targeted areas?
Sufficient nearby access points?

Ease of use?

Adapted to user needs?
Financial literacy training needed?

Time to deploy?

Considering contracting time and complexity of solution

Choice?

Are we taking people's own preferences into account?

Programme objectives?

Alignment with programme goals? Emergency response? Promoting financial inclusion?

Cost?

Cost for recipients of assistance?
WFP direct and indirect costs?



RECIPIENT

Find additional resources to help you design digital payment services from the Better Than Cash Alliance [here](#)

There are more contracting options than you may think! You can contract a **single financial service provider called aggregator** that can send money onto peoples preferred accounts (links to different bank accounts, mobile money etc.) You can also use a countries' **National Social Protection system**.

