

Promoting Just and Inclusive Societies through DIGITAL FINANCIAL INCLUSION

US\$110 billion is lost each year due to leakages in government expenditures and tax collections globally.¹

THE OPPORTUNITY

Digital payments dramatically improve transparency of transactions to and from governments. This helps hold governments accountable to a higher standard for usage of public funds and increases the funds available for vital public services, investments, and transfers.



CHALLENGES*

Nearly 1 in 4 people globally reported paying a bribe to access public services in the past year.² The use of cash in government payments makes it **harder to trace funds, enabling corruption and leakages.**³

Making and receiving payments in cash involves much **higher transaction costs for governments,** reducing the pool of funds available for vital public services, investments, and transfers.

Low-income countries collect less than half of domestic revenue on average compared to high-income countries.⁶



SOLUTIONS*

Digital transactions create **more transparent, auditable records** that can help hold governments and other parties to account for the use of public funds.⁴

Digitizing government transfers **reduces operational costs** and helps ensure payments are delivered to the **intended recipients in full and on time.**⁵

Digital accounts can **help formalize economies,** bringing more capital into the financial system and broadening domestic tax bases.⁷



“Take urgent action to reduce corruption and promote just societies.”

TANZANIA

Digitizing entrance fees in national parks **reduced leakages by 40%**, increasing government revenues by \$7 million.⁸

MEXICO Digitizing government salaries, pensions, and social transfer payments **helped save around \$1.3 billion per year, or 3% of government expenditure.**⁹

INDIA Switching from cash to smart cards for pension payments in Andhra Pradesh between 2010 and 2012 resulted in a **47% fall in reported requests for bribes** from officials.¹⁰



GEORGIA A tax modernization program deployed **digital tax payments, yielding \$4 billion in additional revenue** over six years and reducing the incidence of leakages.¹¹

WORLDWIDE

Governments can **capture about 20% of leakages** over several years of concentrated effort using digital payment data, alternative data sources, and advanced analytics. Worldwide, that represents a **trillion-dollar opportunity.**¹²

* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.



UNSGSA

**BETTER THAN CASH
ALLIANCE**



THE WORLD BANK

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