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**COUNTRY DIAGNOSTIC
EXECUTIVE SUMMARY**

Digitization of payments:
a source of growth and
inclusive development

**NOVEMBER
2018**



**BETTER THAN CASH
ALLIANCE**



Republic of Senegal



MM4P

MESSAGE FROM THE PRIME MINISTER

His Excellency Mr. Macky Sall, President of the Republic of Senegal, has called for digitization for greater transparency, efficiency, and accountability.

This report shows how this call by all ecosystem actors could mobilize more resources, increase business productivity, strengthen financial inclusion, or contribute to GDP growth of \$104 billion CFA Francs per year.

All this contributes to the realization of the vision of the Head of State for an inclusive Senegal.

The digitization of payments becomes an additional lever among those already established by the state of Senegal in the context of the operationalization of the Senegal Emergent Plan.

I invite administrations, elected officials, companies, and our partners to make the best use of the proposals made here to make further progress in digitization.

Mahammed Boun Abdallah Dionne,
Prime Minister of Senegal



EXECUTIVE SUMMARY

Senegal has a strong potential for digitizing payments. This digitization offers new growth options for businesses, savings for the state and financial inclusion for the population.

- The public administration has digitized almost 100% of its payments. By digitizing its revenues, it could secure gains in terms of mobilizing resources, and ensuring more reliable financial forecasts and development financing.
- Local authorities could multiply by seven their daily collection rate of taxes by digitizing them.
- Digitizing all social programs could strengthen the government's social actions. Solely digitizing payments from the Agence de Couverture Maladie Universelle (universal health insurance) would benefit 3,000,000 beneficiaries who are mainly women and children.
- Business payments between companies provide ample niche opportunities for digital payment service providers to expand their business operations. However, they will have to offer differentiated rapid payment solutions with clearing periods of under two days, especially for small merchants.
- Companies which decide to digitize salary payments could obtain productivity gains. In the formal sector, this could represent up to 205 working days.
- Digitizing 50% of merchant payments would lead to an increase in GDP of +44 billion FCFA a year.
- In terms of individuals, almost 900 billion FCFA are exchanged in cash for the purposes of reimbursements or tontines [NB: an annuity shared by subscribers to a loan or common fund] through informal channels. This could be the basis on which operators develop new products such as loans, savings, and digital insurance to conquer this market while furthering financial inclusion.

The recommendations made in this report concern all players in Senegal's payments ecosystem: the state, the private sector, and regulators. They propose ways to capture opportunities for growth and inclusion while protecting populations that will be newly included financially. Finally, they emphasize the need for an inter-governmental body open to regulators and the private sector to coordinate all actions.

In a context of effective interoperability, the digitization of 50% of several-to-many payments alone would boost the country's growth of +104 billion FCFA per year.

Because of its regional position, the experiences and decisions of **digitization of payments in Senegal could benefit WAEMU countries** that share the same financial regulatory base.

KEY INFORMATION:

Senegal has strong potential for digitizing payments.

Ten percent of Senegal's payment flows are digitized in terms of value and 6% in terms of volume, which gives the ecosystem's stakeholders plenty of room for maneuver and joint opportunities for innovation, i.e., digitizing payments represents a strong growth driver and opportunity to further inclusive development.

At the national level,
**90% of
payments
(in value) are
made in cash**

and **84% of
payments
(in volume) are
made in cash**

Levels of digitization vary in relation to the stakeholders in the ecosystem. The government occupies a position of leadership in this respect. Then come companies and individuals.¹ The findings of the report show that opportunities for actions are available to increase the digitization of payments.

In this context, providers of digital payment solutions could adapt their cost models to make their offers more attractive and, in this way, extend their business activities.

For example, currently only two banks deploy the BIO banking intermediary model, paving the way for others to follow suit.

As the market is still wide open, stakeholders in the payment chain, e.g., banks, card issuers, digital payment service providers, and aggregators could optimize their commission-sharing models to encourage merchants to use digital payments.

Ensuring the interoperability of digital financial services could also increase the size of the current market by boosting the volume of transactions between different platforms.²

Moreover, digitizing payments will provide access to financial services to historically excluded populations; therefore, new user-protection systems must be deployed. New users must be protected, notified about how they can settle disputes, and informed of their rights to instigate legal proceedings in full confidence.

A joint effort by all the stakeholders in the ecosystem is required to raise the awareness of the benefits of adopting large-scale digital payments and help beneficiaries see the value added of this digitization.



OPPORTUNITIES

1 The government, which has already paved the way in terms of digitization, could strengthen the mobilization of revenues and increase the effectiveness of its social services.

G2G

Value: 98 (100%)²

Volume: ND³ (100%)²

G2B

Value: 195 (99%)

Volume: 26,253 (89%)

G2P

Value: 1,263 (24.7%)^{1,3}

Volume: 1,257,040 (17.4%)

“The ACMU monetary platform could generate over 6 billion FCFA/year meeting all our financial needs and leaving a margin for investments; we could increase our coverage rate (of the population) from 45% to 75%.”

**MOUHAMED SY, HEAD OF
THE ACMU IT UNIT**

Digitizing payments in Senegal is being led by the public administration, especially in terms of its expenditure.

The quest for efficiency, transparency, and security of transactions led the Public Accounting and Treasury Directorate General (DGCPT) to digitize its payments. G2G payments, which accounted for 98 billion FCFA in 2016 (around 176 million USD³), were digitized 100%.⁴ They comprise 92% of payments via special DGCPT accounts, and 8% of subsidies and loans to public-sector enterprises.⁵ Payments to suppliers (G2B) were in the region of 195 billion FCFA in 2016 (i.e., 350 million USD) and are digitized 99% in terms of value and 89% in terms of volume.⁶

This digitization movement could be implemented in all social programs in which 83% of the volume of transactions is in cash. These programs amounted to 1,263 billion FCFA in 2016 (i.e., 2,269 billion USD)⁷ and include (among other) pensions and the Agence de Couverture Maladie Universelle, the Programme d’Urgence de Développement Communautaire (emergency community development program), the Programme des Bourses de Solidarité Familiales (family solidarity scholarship fund), etc. By digitizing these payments, the government could not only strengthen these programs but – as a knock-on effect – also strengthen its own social actions.

This could also improve financial inclusion for the beneficiaries who are for the main disadvantaged. Almost 3,000,000 people are concerned by this.

Finally, digitization could have a positive impact on the reduction of gender inequalities as the revenues declared by men are 2.5 times higher than those declared by women,⁸ and most of the government’s social programs are aimed at women.





Providers of digital payment services could expand their markets, and companies could make efficiency and productivity gains.

Government support for digitizing its revenues could be an initial niche.

Law n°2004-15 dated 4 June 2004 on the use of the banking system and the use of cashless payment methods makes it possible to pay by check or transfer taxes for amounts greater than or equal to 100,000 FCFA. The majority of B2G payments (payments from companies to the government) are currently made by check.⁹

The General Directorate of the Taxes and Domains (DGID) offers companies and individuals the option to make transfers and payments online via the platforms of authorized financial institutions (banks, the post office, etc.) by indicating the previous declaration number on the e-tax platform.¹⁰ This market could be even more dynamic if the state introduced incentives to encourage companies to pay using digital methods.

Sales of goods and equipment represent 90% of intercompany payments (B2B) and are made in cash (35% of the value of transactions) or by check (34% of the value of transactions).¹¹ Other B2B transactions include staff training and payments of invoices, which are settled by check (respectively 92% and 82% of the value of transactions).¹² Given the volume of transactions involved, digital payment service providers could adopt a volume strategy to expand in this market. A volume strategy would also result in reduced transaction costs and lead to a greater number of payments in digital payment channels.

Company payments to individuals (B2P) comprise revenues derived from commercial activities and investments (89% of the value of payments) and wages (10% of the value of payments).¹³

These payments are made in cash or by check: respectively 94% and 79% of the value of the transactions.¹⁴

In this respect, just digitizing salaries would enable companies to secure productivity gains and promote the financial inclusion of their employees.

B2G

Value: 1,433 (ND)³

Volume³: ND

B2B

Value: 249 (22.8%)

Volume: 9,810,125 (ND)

B2P

Value: 8,452 (7.2%)

Volume: 3,098,877 (6.9%)

81% of companies in Senegal **have fewer than 20 employees**

Only **7%** of the volume of **salaries are digitized**



Individuals would be able to better contribute to the country's development and enter into a formal financial system with targeted offers.

P2G

Value: 461 (8.4%)

Volume: 75,405,296 (1.8%)

P2B

Value: 7,797 (4.9%)

Volume: 2,263,034,325 (3.2%)

P2P

Value: 1,610 (29%)

Volume: 163,325,920 (11.9%)

Payments made by individuals to the government (P2G) concern health and education (72% of P2G payments in value), which represent around 33 billion FCFA.¹⁵ Other P2G payments concern municipal taxes, fines, and permits. Ninety-nine percent of the value of payments to public health and education bodies are made in cash.¹⁶ Digitizing these P2G payments could constitute an initial niche market and would:

- improve the mobilization of domestic resources to further local development
- improve the quality of public services
- create a new form of accountability and transparency in the dialogue between the administration, elected representatives, and the population

Example of digitizing municipal taxes:

Two digitization schemes have been piloted by the NGO Enda ECOPOP for the mobile payment of municipal taxes (roads, markets, stands, parking, and slaughtering).

In general, there are four major categories of local revenues:

- the amount is determined at the central level and collected by the municipality (e.g., property taxes)
- the amount is determined and collected by an economic operator (e.g., water, electricity, etc.)
- the amount is determined at the central level (e.g., car insurance)
- the amount is determined and collected by the local community on behalf of the municipal tax collector

The benefits brought about by these pilot schemes to digitize taxes were immediate, resulting in:

- greater visibility for the authorities in terms of local taxes
- combating tax evasion and ensuring better accountability of the elected representatives with the population
- better support for human rights in the city
- improved municipal services

“Digital payments are rapid, secure, traceable, and ensure transparency in financial transactions”

**OUSMANE TANOR DIENG,
PRESIDENT, HIGH COUNCIL OF
TERRITORIAL AUTHORITIES**

**DAILY COLLECTION
RATE OF TAXES:**

***5 only 1 month
after digitizing
the tax collection
in Dalifort (100,000
inhabitants)**

***7 only 3 months
after digitizing
the tax collection
in Mbacké (300,000
inhabitants)**

Commercial retail payments (P2B) are another niche market that could be explored. It concerns a volume of over 2 billion transactions. Payments made by individuals to businesses mainly comprise retail sales (57% of P2B payments by value), invoice payments (21% of P2B payments by value), and transport (11% of P2B payments by value).¹⁷ Other P2B payments include: insurance, security, health care, education, sanitation, and leisure.¹⁸ P2B payments amount to 7,797 billion FCFA (around 14 billion USD): 95% of the value of P2B transactions and 97% of the volume concern cash and checks.¹⁹ The payment of invoices is the most digitized with 15% of their total value.²⁰ Ninety-nine percent of payments for the sales of goods and equipment, and private transport could also be digitized.²¹

Digitizing the payments of small merchants (having fewer than 20 employees, i.e., 81% of companies in Senegal) and individuals go hand in hand. There is a need – especially for small amounts – to be able to pay as quickly as with cash. In this respect, QR codes and NFC technology present more promising solutions. This will be even more true if Senegal can manage to obtain clearing times of under two days as is currently the case. It could be interesting to offer solutions based on stakeholders' business segments. Until that time, the available offers seem to be uniform in terms of companies, which goes some way to explaining – above and beyond the costs – that only 14.8% of these companies own an electronic payment terminal (EPT) and very few merchants have mobile money accounts (1,029 active accounts in 2016).²²

Payments made between individuals (P2P) are in the region of 1,610 billion FCFA in 2016 (i.e., 2.9 billion USD). Seventy-one percent (71%) of P2P payments by value and 88% by volume could be digitized.²³ Payments between individuals mainly concern loan repayments²⁴ (38% of P2P value), money transfers (36% of P2P value), tontines (19% of P2P value), and wages (8% of P2P value).²⁵ In terms of transfers, the adoption of mobile payment methods reflects the existence of services that meet speed (immediacy) and security requirements, two key considerations when choosing instruments compared to informal channels.²⁶ Regarding loan repayments, tontines, and wages, payments are generally made in cash (for 98 to 100% of their value). The idea is to capitalize and build on these specific movements by introducing new offers such as loans, savings, and digital insurance.

**The digitization
of 30,000
pensions would
allow the
state to save
129 million
FCFA/year
in the Dakar region**

**“It is necessary that
the electronic payment
solutions deployed
in communities can
be interfaced with
treasury systems for a
convergence of efforts”**

CHEIKH NDIAYE, LOCAL PUBLIC
SECTOR DIRECTOR, DGTCP.2017

RECOMMENDATIONS

TO THE PUBLIC ADMINISTRATION TO INCREASE AND IMPROVE THE RELIABILITY OF REVENUE WHILE REDUCING COSTS, FOR MORE EFFICIENCY AND INCLUSION

**Digitizing social programs would achieve savings of up
to 75% of the operational costs and broaden financial
inclusion, especially among women.**

The digitization of ACUM payments represents an opportunity to broaden financial inclusion among vulnerable targets. Currently, 3 million people are affected by the ACUM.²⁷ It concerns, for the most part, women and children.²⁸ The continuation of the digitization of pensions, by the cost reduction it entails, would allow the administration to save up to \$129 million CFA francs (approximately 232,000 USD) per year on the four payment sites in the Dakar region.²⁹

**Digitizing municipal taxes and public service fees
(including school fees, health care, etc.) would lead to
better mobilization of domestic resources, increase
transparency and accountability.**

The digitization of municipal taxes and public service costs (including school fees, health care, stamps, etc.) constitutes an opportunity for the state, local communities, and public institutions in order to mobilize additional resources to support local development and expand access to financial services for targets who don't have a bank account or of whom few do, (small businesses and individuals with a low income).

In Kenya, the implementation of the platform for mobile P2G payments (eCitizen) in 2013, has enabled the state to achieve cost savings of approximately 290 million USD in only four years, thanks to the digitization of services.³⁰ For individuals and businesses, the benefits are: the convenience, the gain in time, the reliability, and especially the increase in the probability that these payers continue to actively use the payment services.³¹ Mobile money seems to be suitable for small amounts, as is the case for municipal taxes and public service costs provided that the distribution of costs related to transactions is defined well.

Finally, the state could, depending on the level of adoption of the electronic payment solution chosen, ensure that the regulations change in order to limit as much as possible the existence of two modes of data collection in parallel (manual and electronic).

TO THE PRIVATE SECTOR TO REDUCE OPERATIONAL COSTS AND IMPROVE PRODUCTIVITY

Digitizing wage and other B2P payments and reducing operational costs would boost productivity and access to financial services. It would also advance the economic empowerment of women.

Productivity gains resulting from the digitization of wages: **Up to 205 more working days**

The transition to the digital payment of wages has the potential to increase the productivity of employees. Approximately 77 to 205 working days are spent every year on withdrawals of checks for 74,028 formal employees.³² Beyond the improvement of productivity, the private sector, like the employer, would play a role to promote financial inclusion and especially that of women through the digitization of wages.

A recent study conducted in Afghanistan³³ on the use of mobile money for the payment of wages has given satisfactory results. The employer has recovered the costs invested (SIM cards, registration, training, and purchases of mobile phones) after only six months thanks to a reduction of 66% of the cost related to the payment of wages and the time devoted to their processing.³⁴ This experience has shown that employees who received their wages in mobile money were more likely to use formal methods for savings.³⁵

For women who face greater social demands and who have less bargaining power within the household, the fact of having their income deposited on their own account could give them more control over their money and motivate them to work more.³⁶ In India, the payment of salaries to women on their own bank accounts, instead of those of their husbands,³⁷ has resulted in a significant increase in the number of women who work and their total income.³⁸



INDIA: GENDER IMPACT

The digitization of salary payments has allowed **an increase in the employment and financial autonomy of women**

TO THE REGULATORY BODIES IN GENERAL TO FACILITATE INNOVATION WITHOUT UNDERMINING THE STABILITY OF THE SYSTEM BY PROTECTING NEW USERS

As the boundaries of responsibility for regulating are becoming subtle in the sphere of digital finance, it would be appropriate first to establish a framework for regular consultation with all of the regulators: state, central bank, agency, observatory, and specialized commission. Then the adoption of a test and learning approach in the field of regulation could further stimulate innovation.

Favorable regulation is necessary for the development and improvement of the supply of financial services. This could translate into a framework of transaction costs, the levels of commissions applied on the digital transactions of merchants, better access to financial services in underserved areas, and the development of services that are better suited to customers.

For example, in Kenya, a simplified and converging licensing regime introduced in 2008 has lowered the barriers to entry on the mobile finance market and has promoted competition by allowing operators to offer any type of service in a neutral regulatory framework in terms of technology and services.³⁹

India, as another example, decided to reduce the rate of tax on the goods and services by two percentage points if the payments were made electronically.⁴⁰

Key Point

“Interoperability is a key issue in the infrastructure that supports an inclusive digital payment ecosystem and should allow users to perform payment transactions electronically with any other user in a manner that is practical, affordable, fast, transparent, and secure. Thus, competition and innovation should always be encouraged. The ability of users to access the payment services of various suppliers and that of agents to offer the services of these suppliers are key elements for ensuring the access of users and to allow the network effect of a shared platform.”

Excerpt from the Better Than Cash Alliance guidance memo for the GPFI (G20) on the creation of inclusive digital payment ecosystems, 2017

Still other countries such as Nigeria, Sweden, and Kenya have taken measures to encourage the private sector and individuals to make the transition to digital payment instruments.⁴¹

In particular, the telecommunications regulator could continue its work toward the opening of the USSD channel to non-OTM (operators of mobile telephony) actors in order to facilitate the popularization of diversified financial services offers.

The interoperability of financial services would foster competition and pull transaction costs downwards.

Interoperability also has the potential to increase the volumes of transactions. In Tanzania, for example, after the 20U interoperability agreement, the three initially interconnected money mobile platforms saw the total value of transactions increase 3.5 times.⁴² An interoperability project is in development at the Central Bank of West African States (BCEAO).⁴³ However, it should be noted that, even if interoperability is necessary for the development of the mobile transactions market, its success depends on the nature of the agreements between operators and the volume of transactions. Impact studies on the cases of countries which have adopted and implemented interoperability could be useful for lessons relevant to Senegal and the West African Economic and Monetary Union (UEMOA).



Strengthening the regulations on consumer protection would guarantee the quality of digital financial services and the sustainability of the system.

State regulators could assess whether, in the pre-contractual and contractual information documents, the regulatory and legal provisions are aligned with international best practice. That these documents indeed require financial services providers to disclose detailed information on the right of complaint and the procedures for the handling of complaints (including the contact details and the handling time scale).⁴⁴ They could, at least, disclose the contact details as well as a reference to get more information.⁴⁵ The documents for disclosure could also include a summary of the steps to be followed by the consumer who is dissatisfied with the resolution offered, including the option to use the Financial Services Quality Observatory (OQSF),⁴⁶ for example. The possibility to have access to this information in audio format and in local languages seems necessary for populations with poor literacy.

The regulators could also assess the minimum standards for handling complaints by the suppliers of financial services to ensure that they are aligned with best practices at the international level.⁴⁷ For example, minimum standard regulations could require that the providers of financial services: (i) give the complainant regular updates in writing on the progress of the investigation into their complaint; (ii) inform the customer in writing of the conclusion of the investigation within a specific time period of days; (iii) explain to customers, in simple terms, the nature of any offer of settlement; (iv) maintain up-to-date records of all complaints received, including information as to the nature of the complaint, copies of the correspondence from financial institutions and other relevant documents; and (v) make these records of complaints available for consultation by the regulators or other competent authorities.⁴⁸

All regulators could usefully update and better educate users on the existing mediation mechanisms in order to quickly and effectively take charge of unresolved disputes by the internal procedures of the suppliers of financial services.

Key Point

Principle 3 of the G20's Senior Principles of digital financial inclusion calls for the establishment of a legal and regulatory framework that is conducive and proportionate to digital financial inclusion, taking into account the standards and relevant guidelines of the G20 and available international standards, such as the eight principles for establishing responsible payment ecosystems developed by the Better Than Cash Alliance.

TO THE PROVIDERS OF DIGITAL PAYMENT SERVICES TO CREATE MORE TARGETED SERVICES AND CAPTURE THE NEW NICHEs FOR GROWTH

Investing in financial education and awareness would improve the perception of the added value in payment digitization solutions at the same time as their adoption and use.

The provision of information to consumers is not enough.⁴⁹ Financial education for behavior change is necessary to broaden the customer base beyond early adopters.⁵⁰ The feedback on the program⁵¹ “Microfinance opportunities” has helped to confirm that financial education to change behavior increases the perception of the added value of the service and also benefits the suppliers of services and their partners.⁵² But, this could lead to an increase in costs that is potentially transferable to the consumer if this education is the sole responsibility of the suppliers of services. It is a required activity that can be jointly supported by the state, the technical, and financial partners, with the contribution of digital payment suppliers and major billers.

The digitization of 50% of merchant payments by developing digital financial services adapted to business and individual targets would increase GDP by at least 44 billion FCFA (approximately 80 million USD).⁵³



The digitization of
50% of merchant
payments alone
would result in
**GDP growth of
44 billion FCFA**

“We started digitizing our operations a dozen years ago, which allows us to have data on the transactions and the habits of our customers. This also allows you to make decisions more quickly and to offer products that are very responsive and adapted to the needs of customers in an automatic way, which has significantly reduced the costs of launches or the provision of new offers.”

MANAGER OF A COMPANY ACTIVE
IN THE DECENTRALIZED FINANCIAL
SYSTEMS SECTOR

There is an opportunity for the suppliers of digital financial services to develop new business models for existing payment solutions (electronic payment terminals, maps, mobile points of sales, mobile money, etc.) in order to make them more adapted to the needs of merchants and their customers. Improvements on distribution channels, costs of access to payment solutions, and pricing models that would work well for very small traders – for example, a small fixed amount per transaction or per month. The suppliers could even consider new models in which the use of the service could be free for the merchants, the costs being borne by the manufacturer or the distributor of the goods purchased. Innovation can also focus on the design of new of digital payment services specially adapted for traders and consumers.

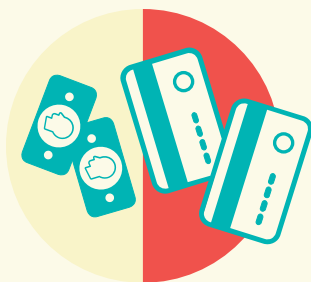
These additional benefits may include (i) advances of funds to traders (the platform evaluates, makes the disbursement, and collects refunds automatically); (ii) information on the merchant's activity (to understand the purchase trends and the loyalty of customers); (iii) and marketing by SMS (sending messages to different customer segments); (iv) partnerships with large distribution and consumption companies that have a sales history, frequent interactions, and the confidence of small traders to help the adoption of digital payments.

Developing low-cost business models like mobile money accounts and the Banking Operation Intermediaries (IOB) would extend the coverage of digital financial services more to underserved populations, in particular rural inhabitants and women.

Due to the low density of population and the lack of infrastructures, the banking networks and DFCs are little developed in Senegal (12 service points for 100,000 inhabitants), particularly in the rural areas.⁵⁴ The expanded rate of bank access is 17.4%.⁵⁵ This situation represents an opportunity for suppliers of digital payment services to deploy innovative products on the market.

For access to bank accounts, the effort would be to focus on the promotion of lower-cost accounts. The international experiences of countries such as the Philippines show that the introduction of basic accounts must be accompanied by public awareness campaigns to cover themselves against the risk of potentially low penetration and use.

In Mexico, for example, to increase the penetration and use of basic accounts, the government has decided to channel payments from the state to individuals in particular: transfers of money, wages, and pensions through these accounts.⁵⁶



The digitization of **50%** of many-to-many payments alone would result in **GDP growth of +104 billion FCFA/year**

**TO THE STATE AND THE ECOSYSTEM FOR
STRUCTURING AN INTERGOVERNMENTAL BODY
OPEN TO REGULATORS AND THE PRIVATE SECTOR
CONTROLLING PAYMENT DIGITALIZATION POLICY**

The digitization of payments is a lever which, if well operated, may prove to be an accelerator for growth, innovation, and inclusive development.

In order to make actions more coherent and convergent, the state could put in place a dedicated body, of an intergovernmental scale, attached to the president or the prime minister and open to regulators as well as to the private sector.

This body would have the strategic objective of federating the actions of ecosystem actors to support the transition of Senegal from the digitization of payments en masse, to payments from many to few, then from many to many. Senegal, by digitizing 50% of many-to-many (companies and individuals) payments could, by this single lever, generate GDP growth of at least 104 billion FCFA per year (or 187 million USD).⁵⁷

Such a body with a strong institutional anchor would boost, from an infrastructural point of view, the establishment of open and inclusive payment platforms.

The results of the work carried out in 2018 by the Better Than Cash Alliance in the framework of the G20's Global Partnership for Financial Inclusion Guidance Note on the open and inclusive payment infrastructure show that there is potential for considerable growth for the countries that adopt such systems. The "network effects" are demonstrated to the extent that a growing number of individuals and companies are involved in such a payment system. When such a system develops, we find economies of scale and range.

As a result, unit costs decline, and it becomes easier to provide services to a wider range of targets, including low-income people who have been historically excluded from financial services. In financial terms, there are opportunities to take advantage of the "pooling" (cross-selling of financial services or other products and services) that is growing with the market. Finally, this is all the truer as small businesses gain in volume and accept more sophisticated financial services.

The Better Than Cash Alliance Case Study Series

Our case study series seeks to highlight specific examples of shifts from cash to digital payments by government agencies, companies and development partners. Each case study aims to provide insights for a wide audience on the factors that have helped or hindered the digitization process, and also present key results and benefits of the transition away from cash. We hope that readers will be able to adapt the lessons from these cases to their own contexts and local conditions.

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About The Better Than Cash Alliance

The Better Than Cash Alliance is a partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments in order to reduce poverty and drive inclusive growth. Based at the United Nations, the Alliance has over 60 members, works closely with other global organizations, and is an implementing partner for the G20 Global Partnership for Financial Inclusion.

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