

INSIGHTS ON DIGITAL FINANCIAL SERVICES DURING COVID-19

USING DIGITAL PAYMENTS TO CURB THE THREAT OF THE PANDEMIC

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AGENDA

1. Impact of Covid-19 crisis on payment systems & services, on remittances
2. How will COVID-19 reshape our digital payments agenda



I. Impact of Covid-19 crisis on payment systems & services, on remittances



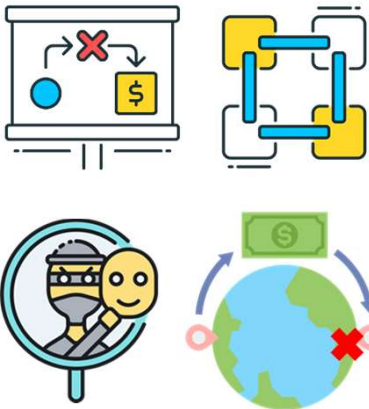
IMPACT OF COVID-19 CRISIS ON PAYMENT SYSTEMS AND SERVICES



Impact on the availability of cash and cash based payment services



Increasing demand for digital payments



Potential disruptions to the smooth functioning of payment and settlements systems.

Operational Risk due to unavailability of critical staff including at critical service providers.
System capacity constraints due to surge in digital payments
Heightened IT and **cyber-security** risks
Potential **credit and liquidity risks** linked to disruptions and volatility in foreign exchange and money markets



PUBLIC SECTOR RESPONSES

- **Measures to avoid disruptions to payment and settlement systems**
 - Validate business continuity plans
 - Review crisis management frameworks
 - Institute mechanisms for collaboration to share resources and infrastructure
 - Review and adjust operating hours
- **Mitigating credit and liquidity risks**
 - Review existing risk management frameworks
 - Extend liquidity support in line with overall monetary and fiscal policy measures
- **Mitigating negative impact on cash services**
 - Classify Bank branches, ATMs, Agent locations and remittance services as essential services
 - Require adjustment to operating procedures to take into account “physical distancing”, hygiene etc
- **Enable greater usage of digital payments**
 - Support simpler customer onboarding through eKYC and simpler documentation requirements
 - Review and relax transaction limits and authentication requirements
 - Encourage service providers to lower fees in particular for critical payment services
- **Step-up public communication and outreach**



SCALING UP G2P IN COVID-19 CONTEXT



Be Timely



Scale well



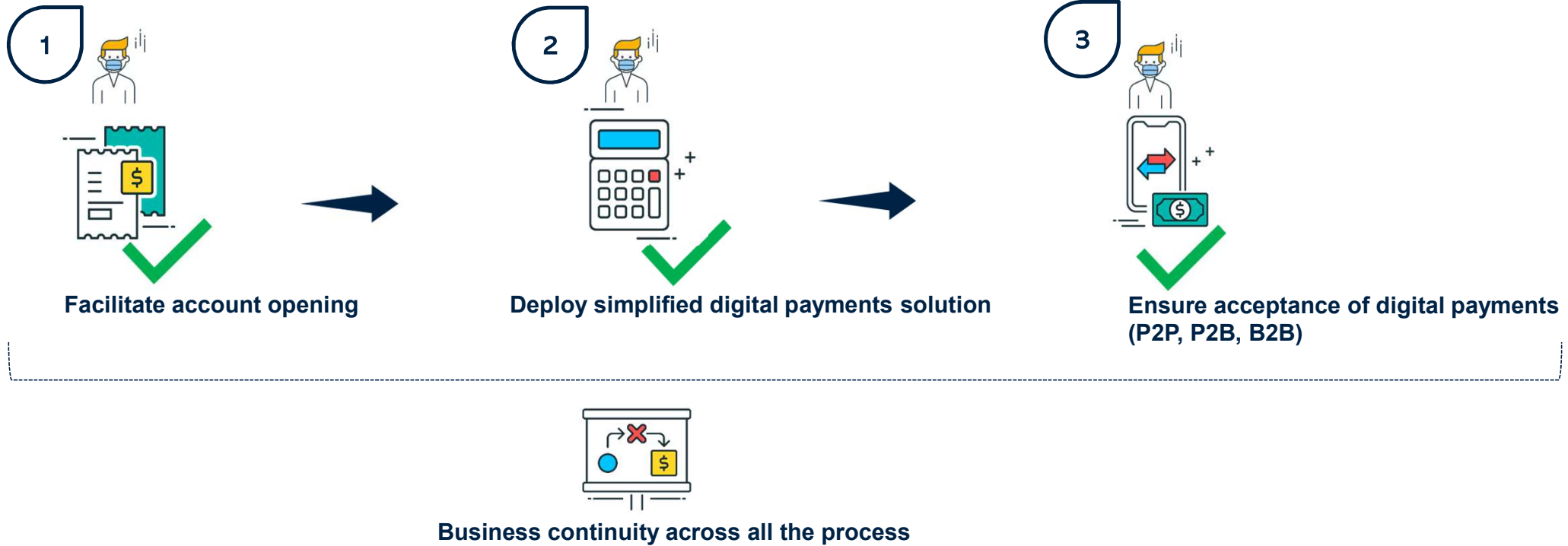
Easily Accessible

Recognize requirements of Social Distancing





DIGITIZING G2P: ROADMAP





ACCOUNT OPENING



Immediate response needs to be quick and non-account based solutions could also be explored



Assess which available payment mechanisms are suitable



Enable rapid and where feasible remote account opening and offer choice



Pre-selected



Simplified CDD



Digital ID



Alternative IDs



ACCESS TO CASH AND USAGE



Cash-out is important, but cashing out might be a challenge



Expand agent locations; Simplify agent onboarding



Liquidity support to agents

Expand acceptance of digital payments; Simplify merchant onboarding

Acceptance of digital payments



CUSTOMER PROTECTION

This will be the first time many beneficiaries access the financial system



**Notifications and
access to txn history**



**No Hidden charges and abusive
cross-selling**



Support & communication

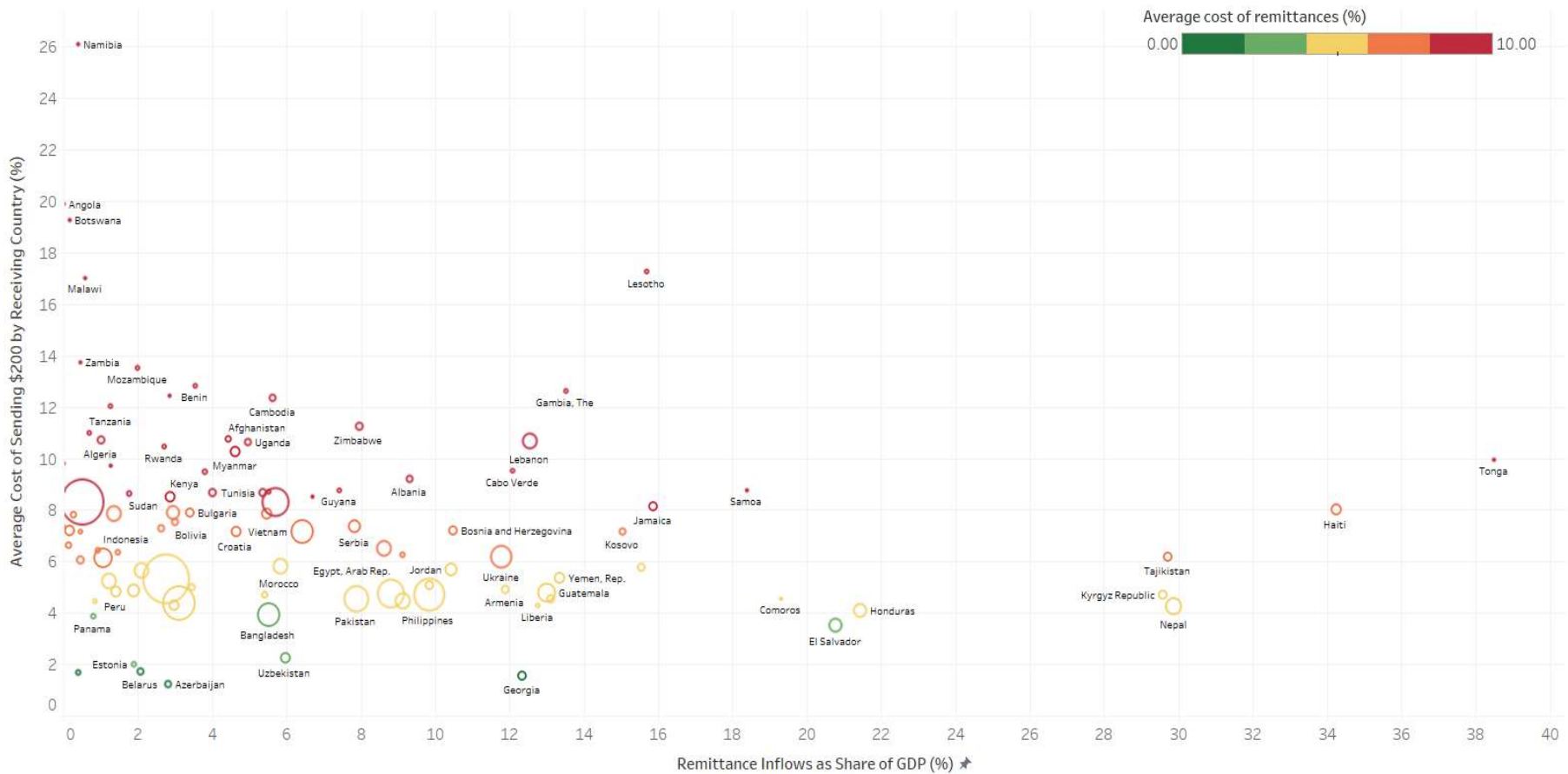


Security



IMPACT ON REMITTANCES, A KEY LIFELINE TO MANY COUNTRIES

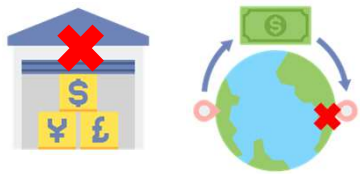
Cost of Sending \$200 by Receiving Country





COVID-19 IMPACT ON REMITTANCE MARKETS

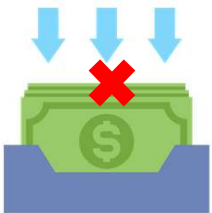
Immediate and Short term Impacts



Operational Disruptions

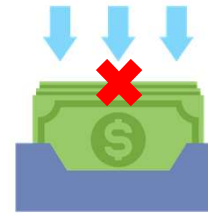


FX volatility



**Reductions in income
leading to lower remittances**

Medium term Impacts



**Continued and deeper
reductions in income
Leading to lower
remittances**



Returning migrants



POLICY ACTIONS

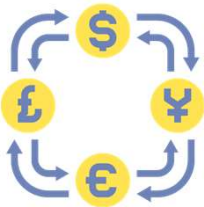
Immediate and Short term



Actively Promote and enable adoption of digital means



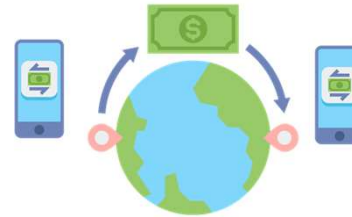
Treat Remittance Services as essential services



Provide support to RSPs To manage financial risks

Medium term

Embrace new models



Universal financial access



AML and KYC



Enhance domestic retail payment systems and provide access to RSPs

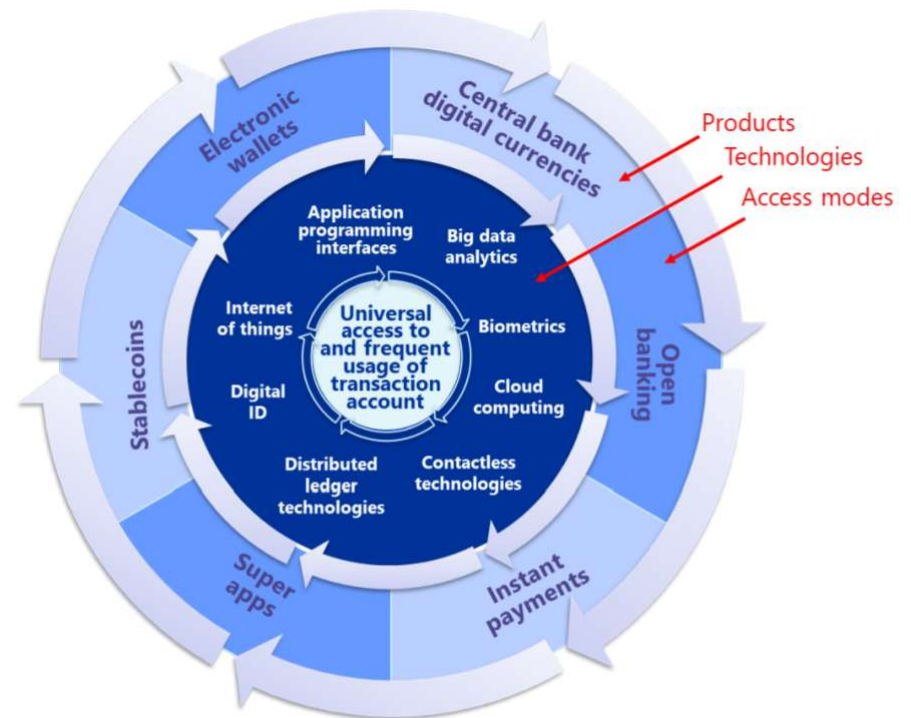
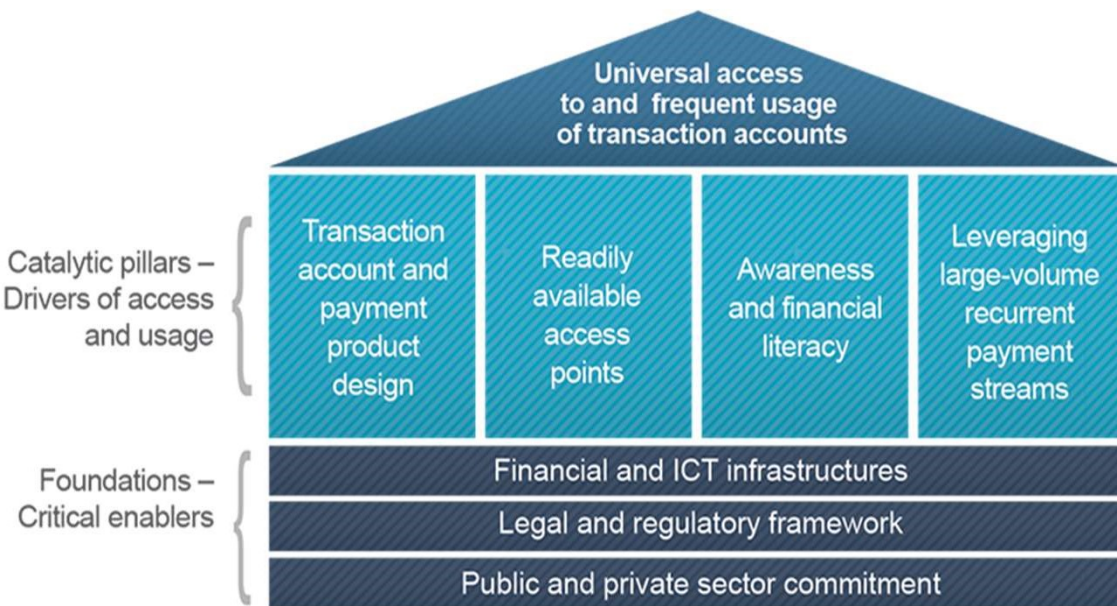


Platform to build scale



II. How will COVID-19 reshape our digital payments agenda

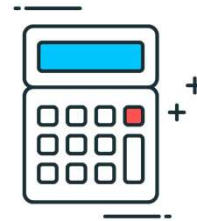
1. DOUBLE DOWN ON INCREASING ACCESS AND USAGE OF DIGITAL PAYMENTS



2. ATTENTION TO CRITICAL ENABLERS



Simplified Customer Due Diligence



Simplified payment and acceptance platforms



Remote onboarding



Support and coordination between providers and industry



Customer protection and education



Incentives to providers and users

3. ACCELERATE ROLLOUT OF FAST PAYMENT SYSTEMS



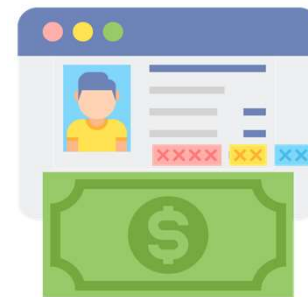
QR-Code



NFC



Request for Payment



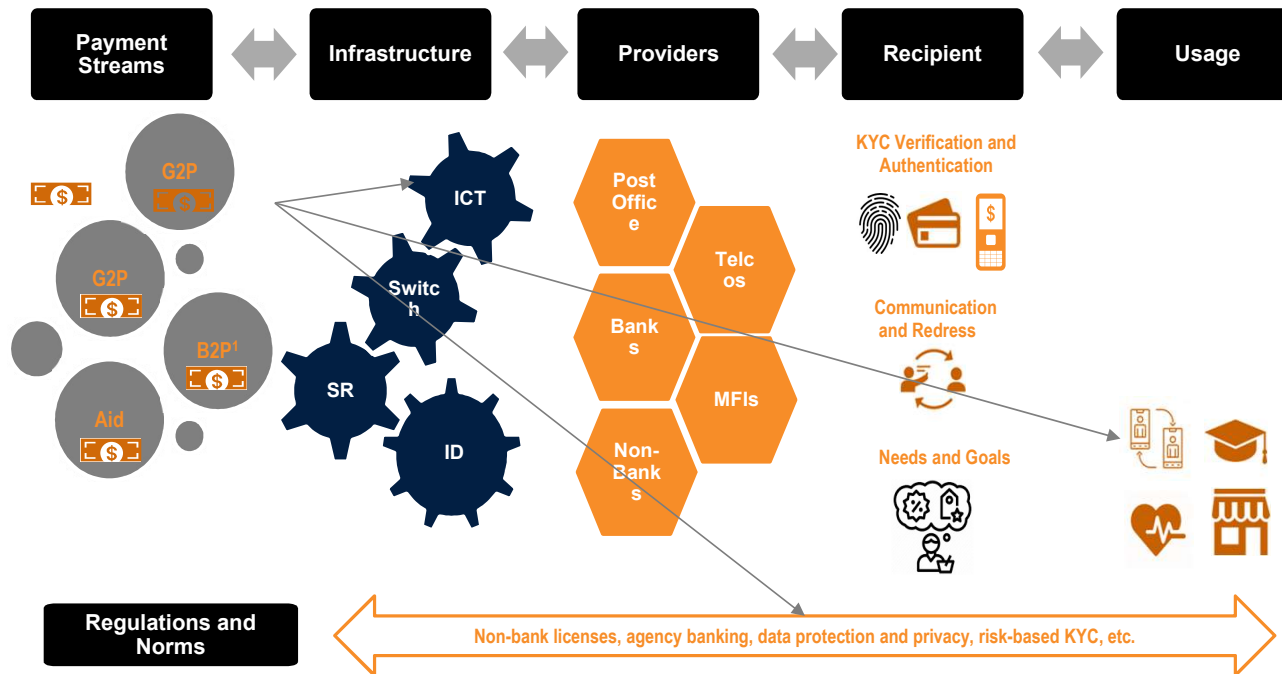
Account identification



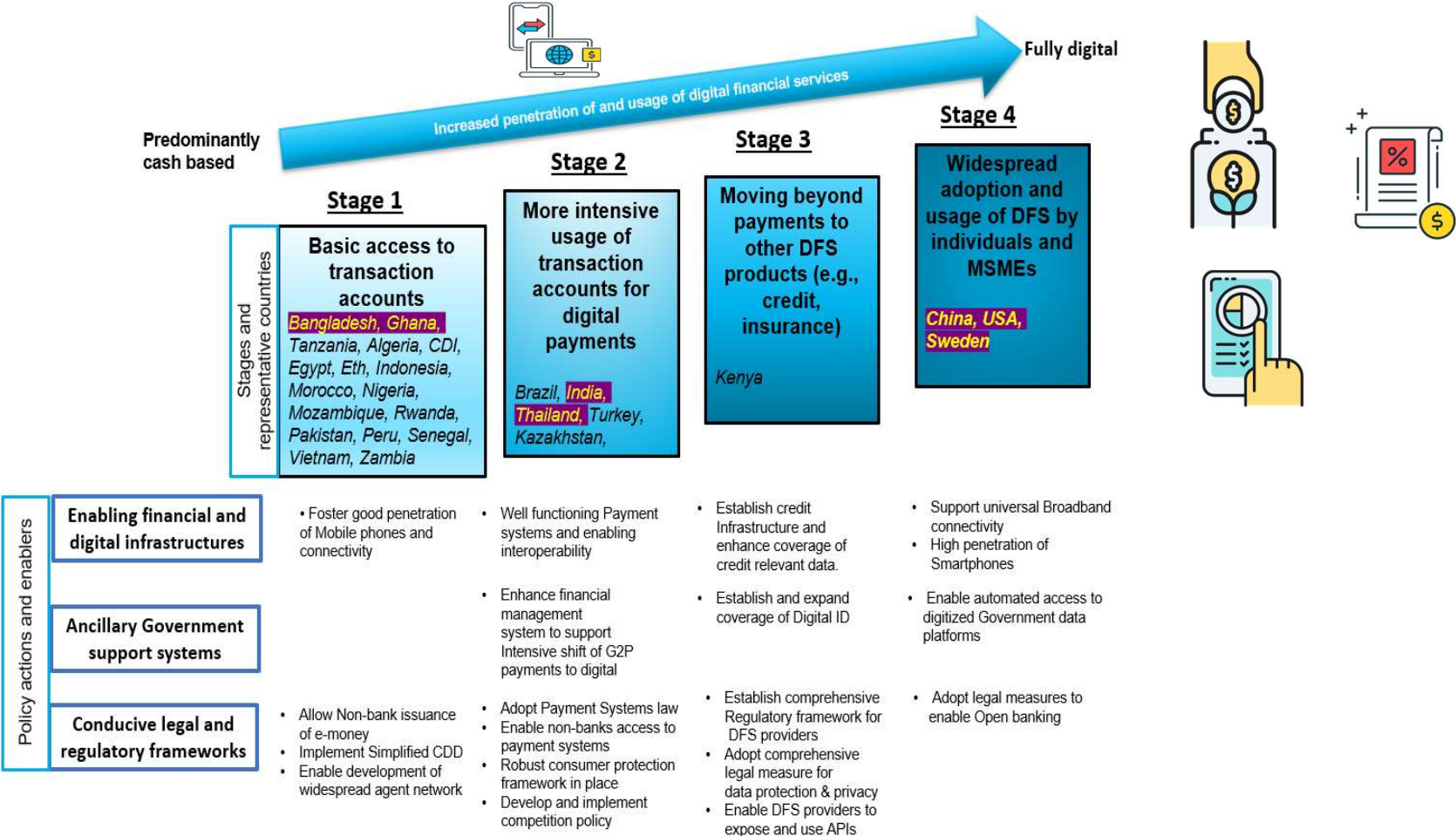
Online settlement



4. ACCELERATE SHIFT TO UNIFIED G2P ARCHITECTURE



5. PROGRESS RAPIDLY ON THE JOURNEY OF FINANCIAL INCLUSION



THANK YOU