



PAYMENT SYSTEMS SESSION IV: IMPROVING THE EFFICIENCY OF GOVERNMENT PAYMENTS

Session moderated by **Hemant Baijal**,
PSDG, World Bank



Agenda

PAYMENT SYSTEMS SESSION IV: IMPROVING THE EFFICIENCY OF GOVERNMENT PAYMENTS

Session moderated by **Hemant Baijal**, PSDG, World Bank

- Overview presentation on the work of the International Advisory Group (IAG) on Government Payment in developing the draft guidelines report for government payments, **Hemant Baijal**, PSDG and IAG Secretariat, World Bank
- Central bank Treasury Model and the Treasury single account, **Rahul Kitchlu**, PSDG and IAG Secretariat, World Bank
- Government payment solutions: the perspective of a global payment network, **Salvador Perez-Galindo**, Government relations for Latin America and the Caribbean, Visa Inc
- Experiences with card-based solutions for government payments, **Neil Dugan**, Group Head, Global Prepaid Product Solutions, MasterCard
- The case of “Carta Acquisti” in Italy, **Mattia Adani**, Executive Director, Inter-American Development Bank
- Experiences with “Correspondente bancario” program in Brazil, **Mardilson Fernandes Queiroz**, Senior Advisor, Banco Central do Brasil
- The case of “Bolsa familia” program in Brazil, **Anderson Jorge Lopes Brandao**, Head of Benefits Department, Ministry of Social Development, Brazil

The Importance of Government Payments to the National Payment System

Large Scale government payments projects encourage coordination and cooperation between financial service providers and government authorities to develop efficient business processes for delivery of payment solutions

Government payments can play an important role in promoting financial inclusion by extending non-cash, electronic payment instruments to the unbanked

Role of Central Bank as an Overseer and fiscal agent of the Government

The use of non-cash, electronic payment instruments for government payments may significantly improve cost savings at all levels of national economy

Scale and importance of government payments can play an important role in promoting growth and innovation in a country's retail payment infrastructure

Key Types of Government Payments

G2G

Government to
Government Payments
[Transfers]

- Domestic intra-governmental payments
- Examples: payments made by one government agency to another government agency for budgetary or operational purposes

G2P / G2B

Government to Person
and Government to
Business Payments
[Expenditures]

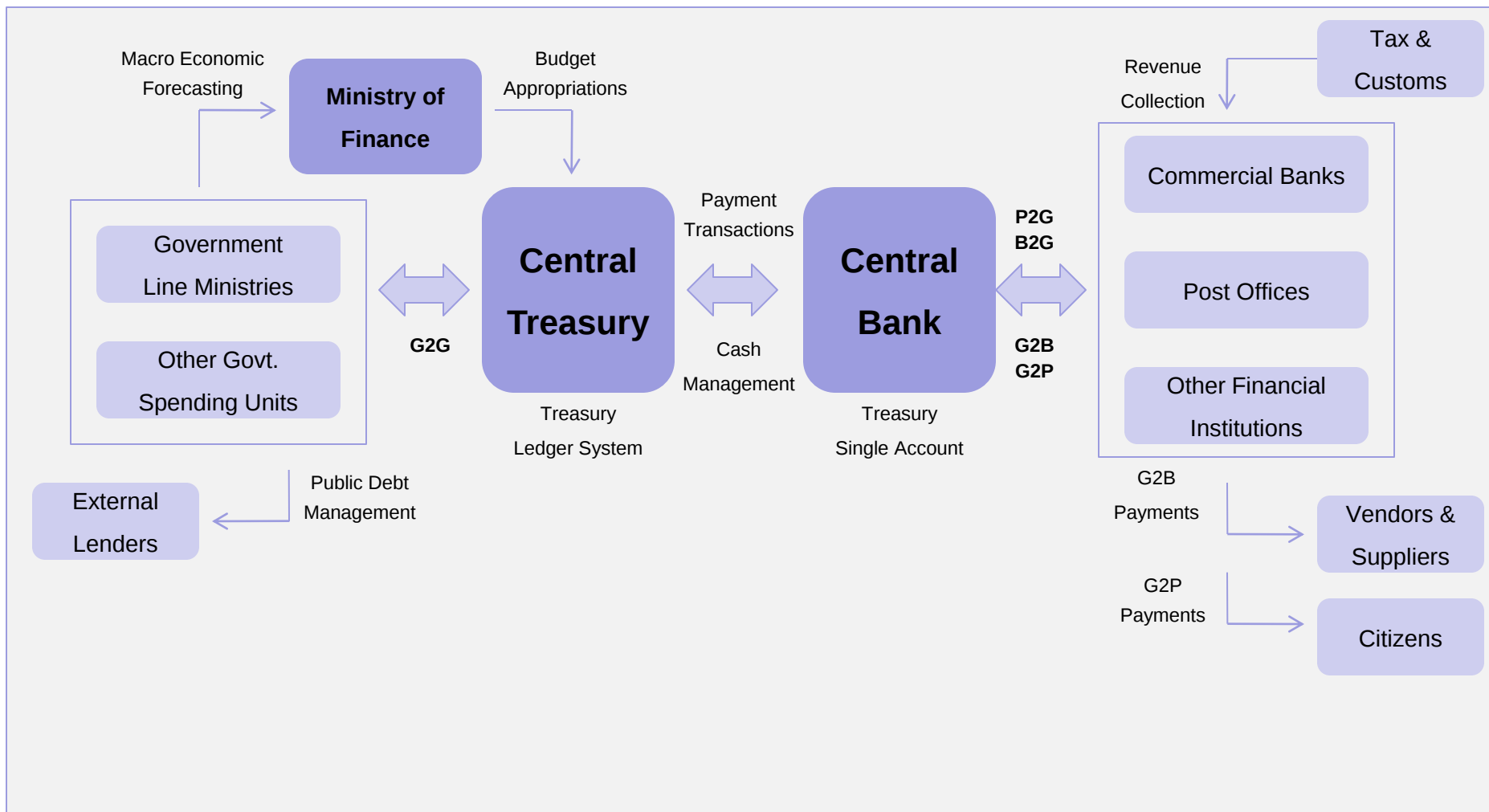
- Examples: Conditional cash transfers
- Social benefits including disaster relief assistance
- Income tax refunds
- Pension and social security (transfer payments)
- Payroll and incentives
- Procurement of goods and services
- Corporate tax refunds
- Sales Tax/VAT refunds
- Disbursement of loans or business assistance

P2G / B2G

Payments to Government
by Persons and
Businesses
[Collections]

- Examples: income , sales and VAT tax payments
- Social security/pension contributions
- Automotive costs – tolls, fines, tickets
- Fees for government services, e.g. company registration

Government Payment Systems: High Level Conceptual Model





IG Objectives and Scope of Work

Key Objective of the IAG (under auspices of the World Bank):

- Lead international effort to develop comprehensive guidelines for government payment programs including tools and assessment methodologies for planning and implementation of reforms

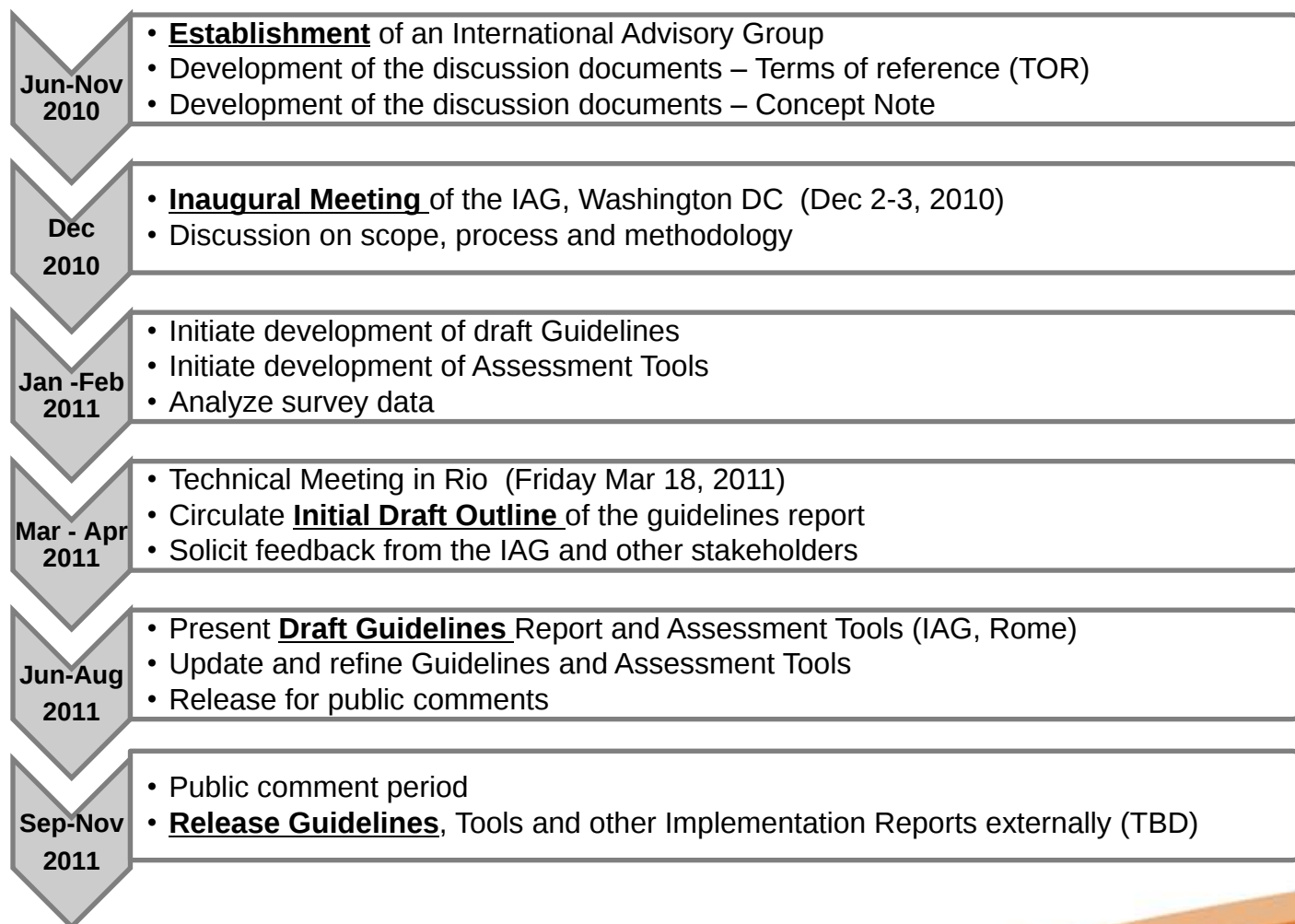
Core Deliverables of the IAG:

- Develop an **operating framework** for government payments, based on examples of successful implementations in the past
- Develop relevant **assessment tools and methodologies** for conducting diagnostics of the mechanisms for government payment programs
- Develop **guidelines for implementation** for government payments
- Others: increase **awareness** on government payment related issues globally





Timeline and Deliverables



Financial
Infrastructure
Week 2011



The Role of Central Treasury & Treasury Single Account For Government Payments

Financial Infrastructure Week, Rio, March 14-17 2011

Rahul Kitchlu
Payment Systems Development Group
The World Bank



Importance of Centralized Government Banking

Effective Cash Management for Government

- Minimize the cost of government borrowing
- Maximize the allocation and use of cash resources
- Predicting shortfalls and investing surplus

Efficient Public Financial Management (PFM)

- Accounting: Unified system of government bank accounts
- Control: Improves management of budget execution
- Reporting: Improves the quality of fiscal information
- Auditing: Better reconciliation of banking and fiscal data
- Expense Monitoring: Reduces debt related costs
- Macroeconomic Forecasting: better fiscal and monetary policy coordination

Reforms in Government Payment Systems

- Volume and scale of government payments impacts national payment systems
- Improves intra-governmental payments as well as expenditure and collection

Centralized Treasury and Treasury Single Account

A TSA is

- Unified system of government bank accounts (Centralized or Distributed)
- Gives a consolidated view of government cash resources
- A bank account or a set of linked bank accounts
- Through which the government transacts all its receipts and payments

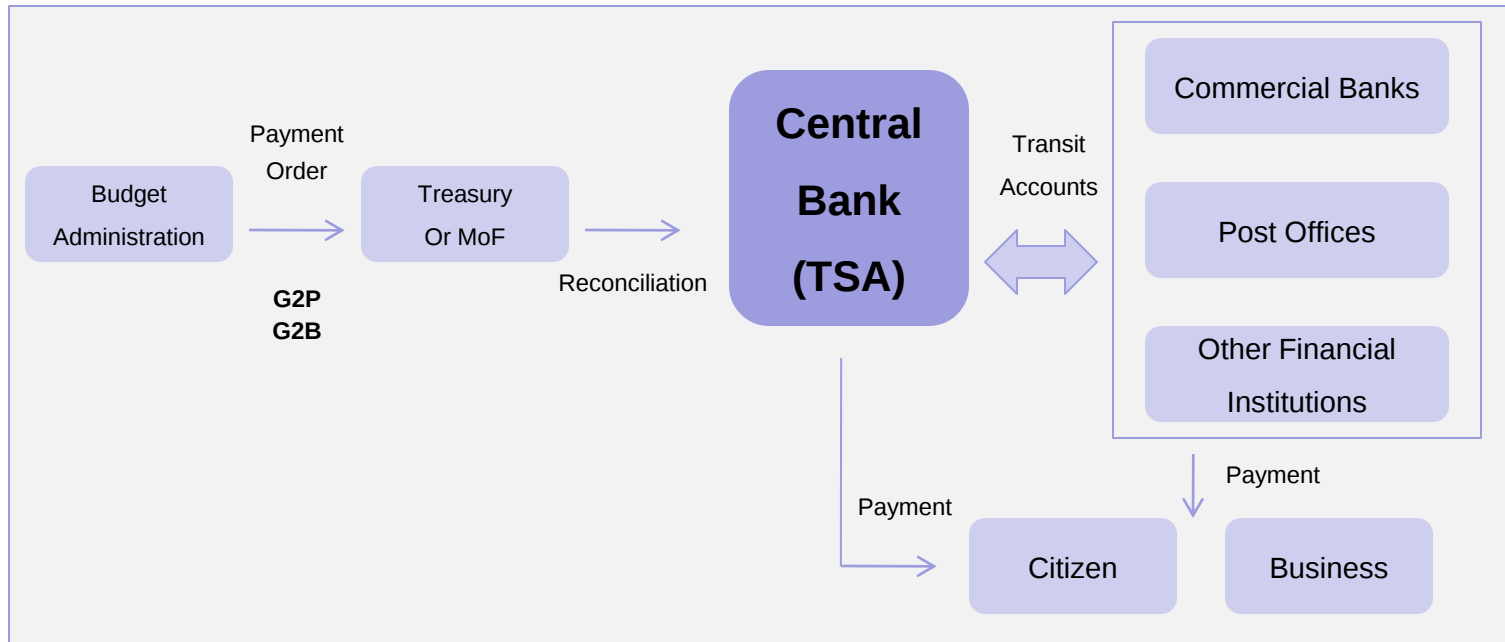
A TSA should

- Enable the treasury to delink management of cash from control at a transaction level
- Distinction between individual cash transactions for control and reporting purposes
- Control through the accounting system not by holding/depositing cash in an account

A TSA alone is not a budget execution control and reporting system

That is the function of the IFMIS and associated governance arrangements

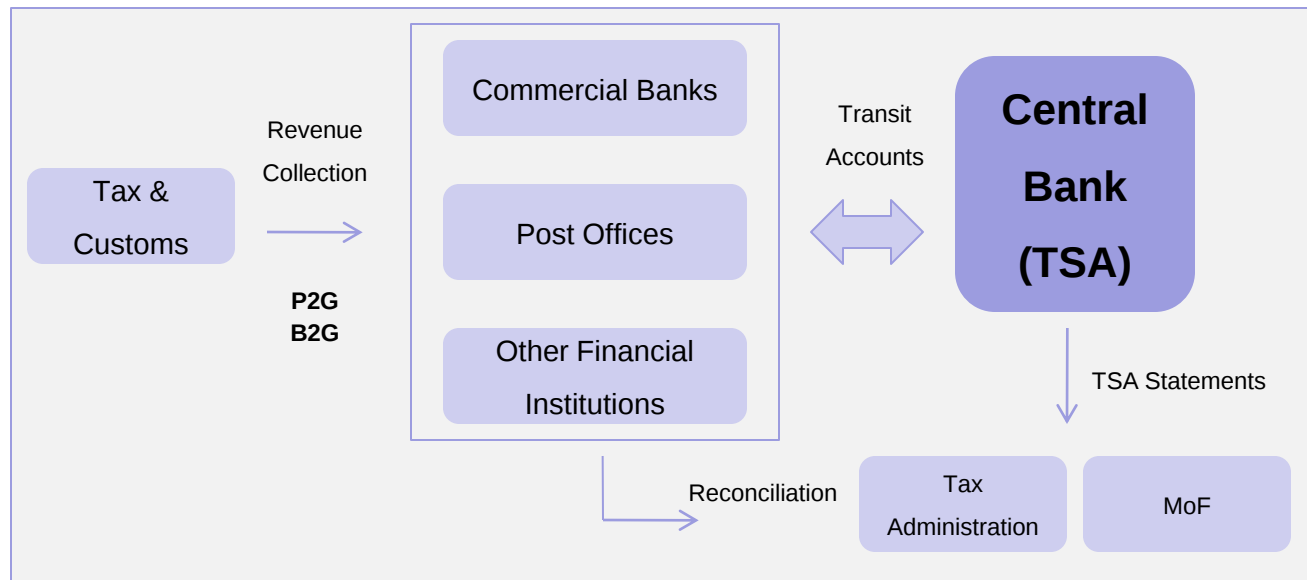
Typical Outflows for Government Expenditures



Payments made by the government

- Government to Person [G2P] - social benefits, pension and social security benefits
- Government to Business [G2B] - procurement of goods and services

Typical Inflows for Government Collections



Payments made to the government

- Person to Government t [P2G] - taxes, permits
- Business to Government [B2G] - customs, excise

Other Parameters for Government Banking Reform

National Payments Ecosystem

- Legal and regulatory framework
- Policy and procedural requirements
- System requirements - telecommunication, IT, etc.
- The capabilities of the TSA users and managers
- Availability of IFMIS and other associated systems

Country's Banking System

- Interbank settlement and clearing systems – RTGSs, ACH, etc.
- Banking technologies
- Geographical coverage

Access Issues

- Bank accounts for contractors , vendors, businesses
- Access to banking for citizens, employees, retirees
- Innovations such as card-based solution, mobile, etc.



***Improving the efficiency of government payments:
the perspective from a global payment network***

**Financial Infrastructure Week 2011
Rio de Janeiro
March 16, 2011**

Agenda

- **Government payment flows**
- **G2P**
- **G2B**
- **Acceptance**
- **Success factors**

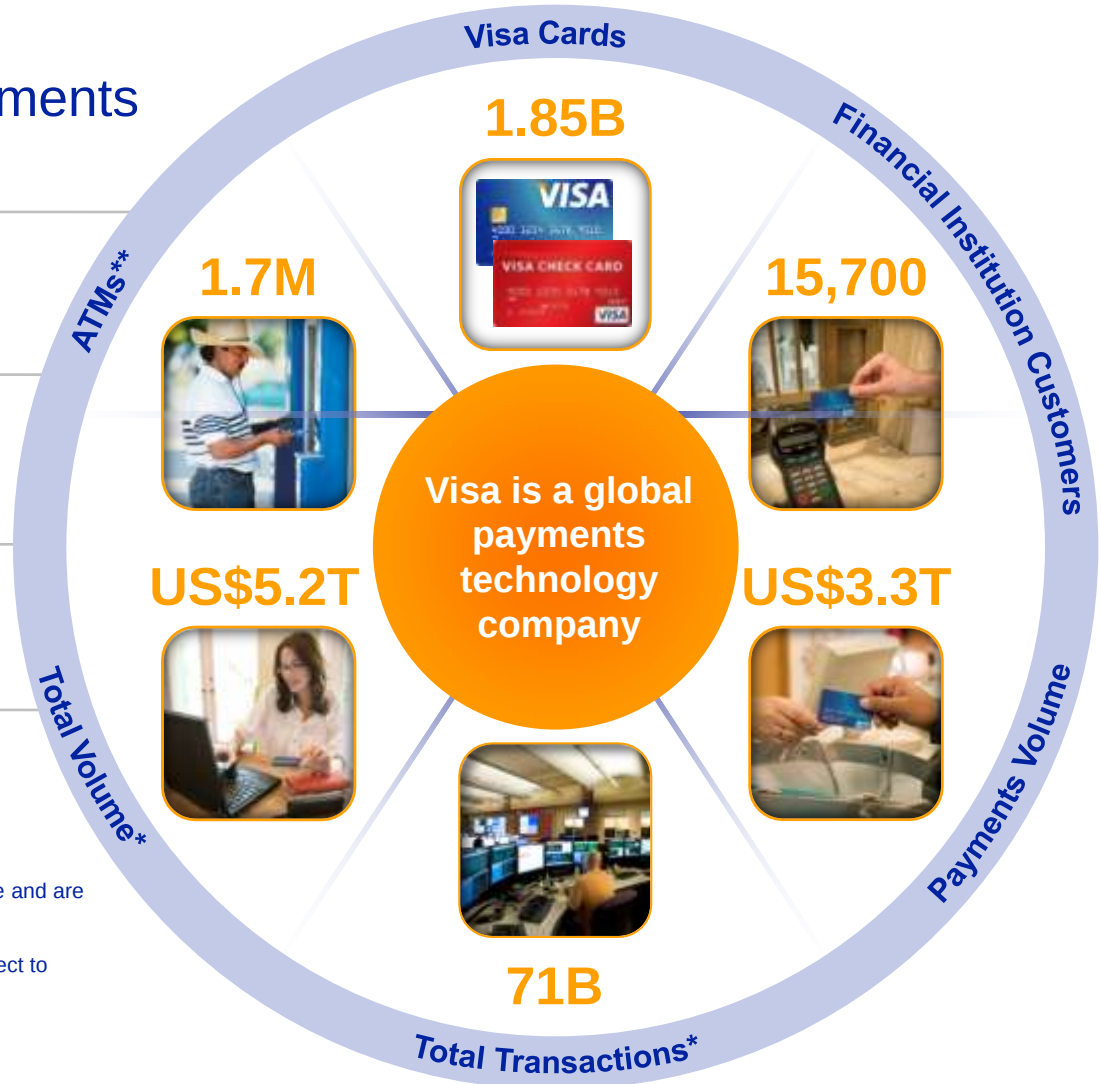
About Visa

- **Visa Inc.** is a global payments technology company
- **Global public company** (NYSE: V)
- **Headquartered** in San Francisco
- **~5,500 employees** worldwide
- **30 countries** with offices

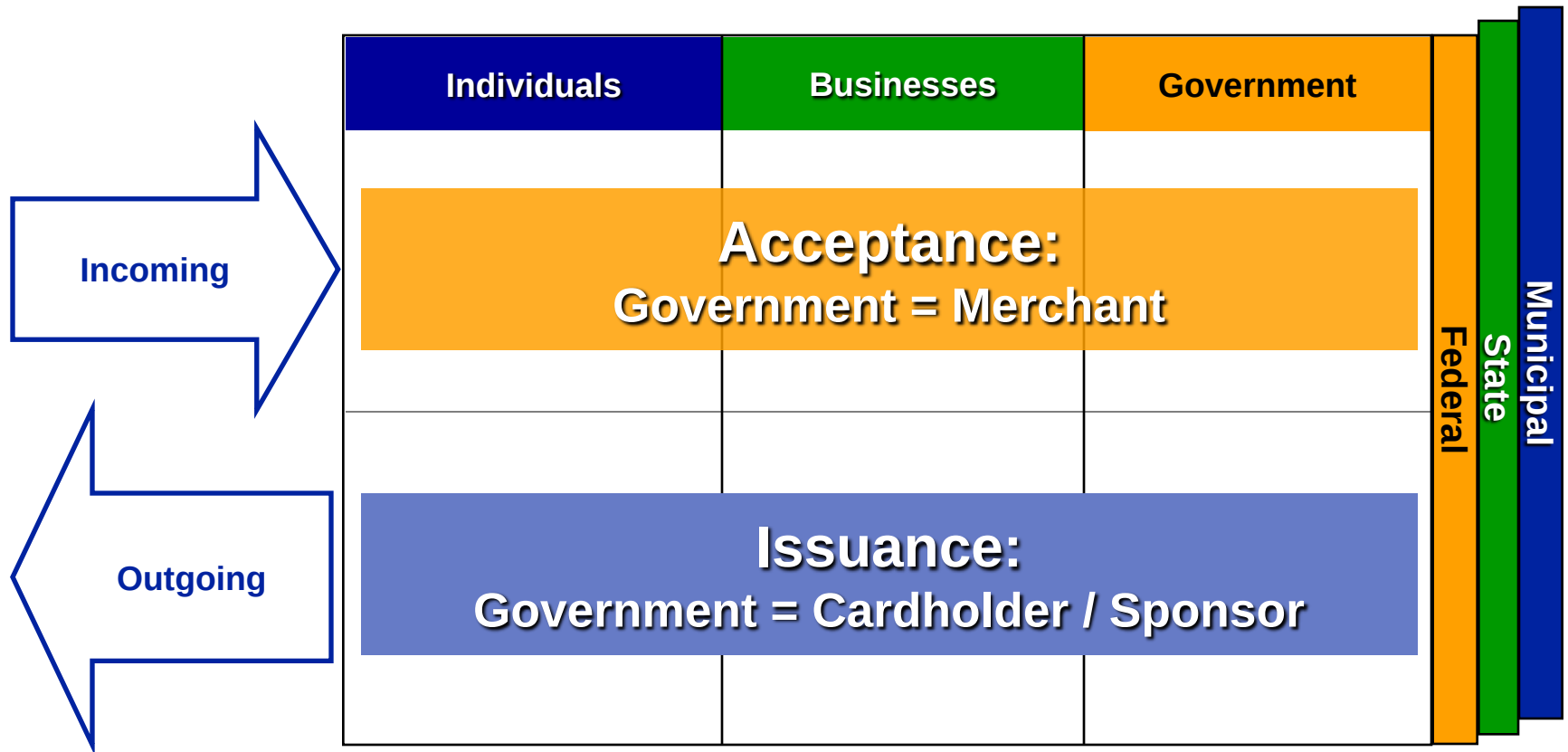
Figures are rounded and unless otherwise noted, exclude Visa Europe and are as of December 31, 2010.

* Includes payments and cash transactions.

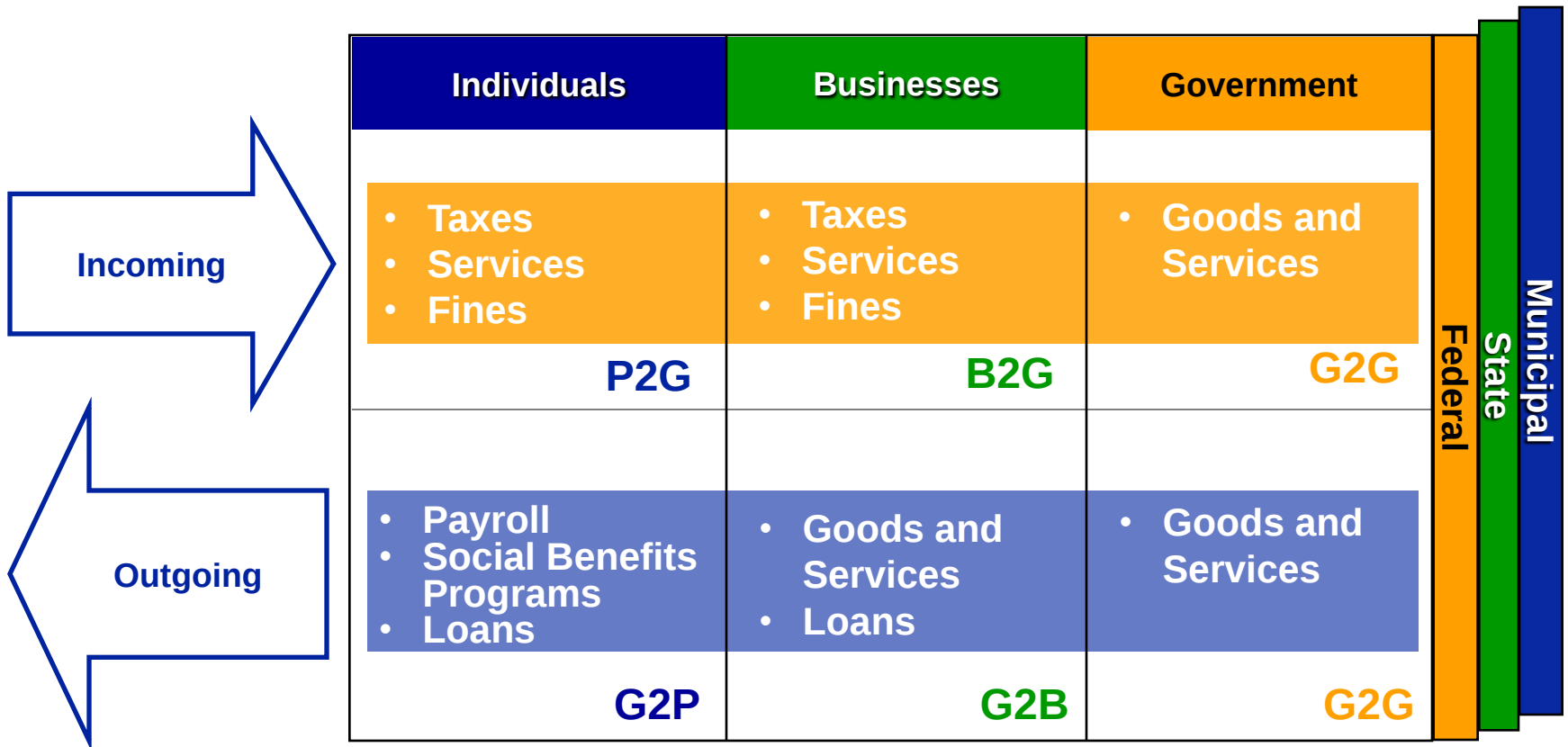
** As reported by client financial institutions and therefore may be subject to change; includes ATMs in the Visa Europe territory.



Flow of Government Funds



Available solutions for Government flows



A sample of Visa G2P programs around the world

Conditional cash transfers

Dominican Republic - Solidarity Program/*

- Administered by national agency ADESS
- Originally targeting food subsidies, it has now evolved into fuel & education
- Over US\$710 million distributed so far
- 850,000 beneficiaries receiving benefits through prepaid cards
- Incorporated development of POS acceptance (+4,500 merchants)

Social benefits

USA (state programs)/**

- 39 states / 80 programs
- Primarily child support and unemployment benefits
- Over ~4 million government prepaid cards issued

Russia (Moscow social card)/***

- Debit card used to provide social benefits, transportation discounts and medical insurance
- 7 million beneficiaries

Disaster relief

Pakistan (Watan card Program)/****

- Prepaid card to distribute benefits for displaced population due to conflict in 2009 and floods in 2010
- Close to 1.5 million cards administered by local authorities
- Incorporated development of POS acceptance

*/ Data as of March 3, 2011; for details see <http://www.adess.gov.do>

**/ State agencies websites as of February 2011

***Data as of March 3, 2011; for details see http://www.rosan.ru/en/products/public/moscow_social

****/ Data as of March 3, 2011; for details see <http://watancard.nadra.gov.pk>

A sample of Visa G2B Programs in the Americas



USA GSA SmartPay® Program

- Currently over 350 agencies/organizations at federal level
- Master contracts negotiated with major national banks.
- US\$30 billion annually in program spending/*
- 100 million transactions on over three million cards/*



Brazilian Federal Government Card Payment Program (CPGF)

- Program implemented in 2001 to modernize purchasing
- Supported by the state-owned bank Banco do Brasil (BB), the exclusive financial agent of the Federal Government
- US\$50 million in program spending in 2010/**



Province of Buenos Aires Fleet Program (Bapro-Copres)

- Program implemented in 2004 to modernize purchasing of fleet-related expenses
- Supported by the state-owned provincial bank
- Serves the needs of a fleet of +9,000 vehicles

*/ Source: <http://www.gsa.gov/portal/content/104616>

**/ Source: <http://www.portaltransparencia.gov.br/>

Other non traditional G2B programs - Brazil



- Preferential SME financing channeled through credit card
- Card used for purchasing from a Web-based network of suppliers
- Four Brazilian issuers
- R\$4.3bn disbursed in 2010/*



- Preferential agro-business financing channeled through credit card
- Card used for purchasing supplies from a closed network of suppliers
- Issued by Banco do Brasil

/* Source: BNDES press release, January 24, 2011

Acceptance

Payment of taxes, fees and services



E-government

Recurring payments

**Physical
channel**

**Internet /
Moto**

Public sector acceptance in the Americas

USA

- Federal income taxes can be paid with Visa cards
- In April 2011 tax refunds will be done with prepaid cards
- 95% states are reported to accept cards for at least some type of tax or service/*

Mexico

- State and municipal governments accept cards for payments of fees and services
- Card-based promotions to pay vehicle property taxes (“tenencia”) in 6 months
- In Mexico City, +70 types of services can be paid with Visa cards

Guatemala

- National tax agency (SAT) accepts tax payments with Visa card (only accepted brand)**

Peru

- National tax agency (SUNAT) allows tax payments with Visa cards
- City capital and other municipalities accept Visa cards for payment of fees and services

Brazil

- Some state and municipalities already accept debit card payments

Chile

- National tax agency (SII) allows tax payments with Visa cards

Argentina

- National tax agency (AFIP) accepts payments of 4 different taxes via Visa credit cards



/* For details see 2006 study available at <http://www.csg.org/knowledgecenter/docs/e-PaymentsReport.pdf>

** For details see <http://portal.sat.gob.gt/sitio/index.php/esat/otros-servicios/20-otros-servicios/7986-ahora-puede-realizar-sus-pagos-de-impuestos-con-tarjeta-de-credito-o-debito-visa.html>

Developing awareness for governments in Peru

Municipalidad de Cayma

Pagar sus Impuestos
Tributarios con...



se resume en 3 palabras

**Fácil.
Rápido.
Seguro.**

SÓLO ACERQUESE A LA VENTANILLA DE PAGO

CAYMA PROGRESA Y
AVANZA CON TIGO



HUARIKO DE JERÓNIMO

ALMORZA A VENTANA

9:00 AM - 1:00 PM

GRATIS

SE PAGA CON VISA

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Municipalidad de San Luis

PARA SU
COMODIDAD
...

**ACEPTAMOS
LA MEJOR FORMA
DE PAGO**



MUNICIPALIDAD
JOSÉ LUIS BUSTAMANTE Y RIVERO

Municipalidad de Los Olivos

PAGUE SUS IMPUESTOS
TRIBUTARIOS CON



Ahora pagar en
La Municipalidad
de Los Olivos...

**Es más
Rápido
Fácil y
Seguro**

Municipalidad de La Molina

**En la
Molina
Visa**

premia
tus pagos
tributarios

Además te olvidas de las
colas y la pérdida de tiempo.

Sólo tienes que inscribirte
al sistema de Pago Recurrente
Visa - Visa Electron y pagar
el año completo directamente
con tus tarjetas



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Municipalidad de Huánuco

Pagar sus
Tributos con...



se resume en 3 palabras

**Fácil.
Rápido.
Seguro.**

SÓLO ACERQUESE A LA VENTANILLA DE PAGO

**PAGUEMOS
NUESTROS
TRIBUTOS**

Hagamos de Huánuco
un lugar digno y hermoso



Municipalidad de
HUÁNUCO

Av. España 1000 - Huánuco

Servicio de Atención al Contribuyente Tel: 01740

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Thought Leadership on Government Payments

Economist Intelligence Unit

The Economist

Government E-Payments Adoption Ranking

A briefing paper from the Economist Intelligence Unit

Rank	Countries 1-22	Score
1	Canada	92.4
2	United Kingdom	92.1
3 tie	Germany	90.1
3 tie	United States	90.1
5	Sweden	89.6
6	Australia	88.0
7	Korea, Rep. of	86.8
8	France	86.6
9	Hong Kong	86.3
10	Singapore	85.6
11	Taiwan	84.5
12	Netherlands	81.6
13	Spain	76.4
14	Ireland	75.0
15	Italy	74.2

Based on 31 indicators including:

1. G2P payments
2. G2B payments
3. Acceptance
4. Infrastructure
5. Educational, economic and political context

Success Factors



Government agency role is key

- *Successful programs driven by well structured, transparent and competent government entities*



Need to develop solid Public- Private Partnerships

- *Successful programs are reliant on a strong and financially viable partnerships between the government agency and the service providers*



Payment Infrastructure Development

- *Successful programs are reliant on developing adequate payment infrastructure in relevant channels (POS, ATM and Internet)*



Education and outreach for end-users

- *Successful programs require an adequate understanding and knowledge of payment tools by all beneficiaries, including officials and population in general*



Thanks!

Obrigado!

Gracias!



Neil Dugan

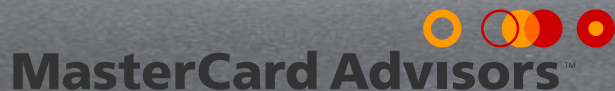
Group Head, Global Prepaid Commercial and Public Sector Solutions



MasterCard Public Sector Solutions

Supporting Governments around the world in creating controllable, secure and efficient payment environments.

Overview of MasterCard: A Global Payments Organization



Unified global presence with local market focus

Conducting business in over **210 countries and territories**

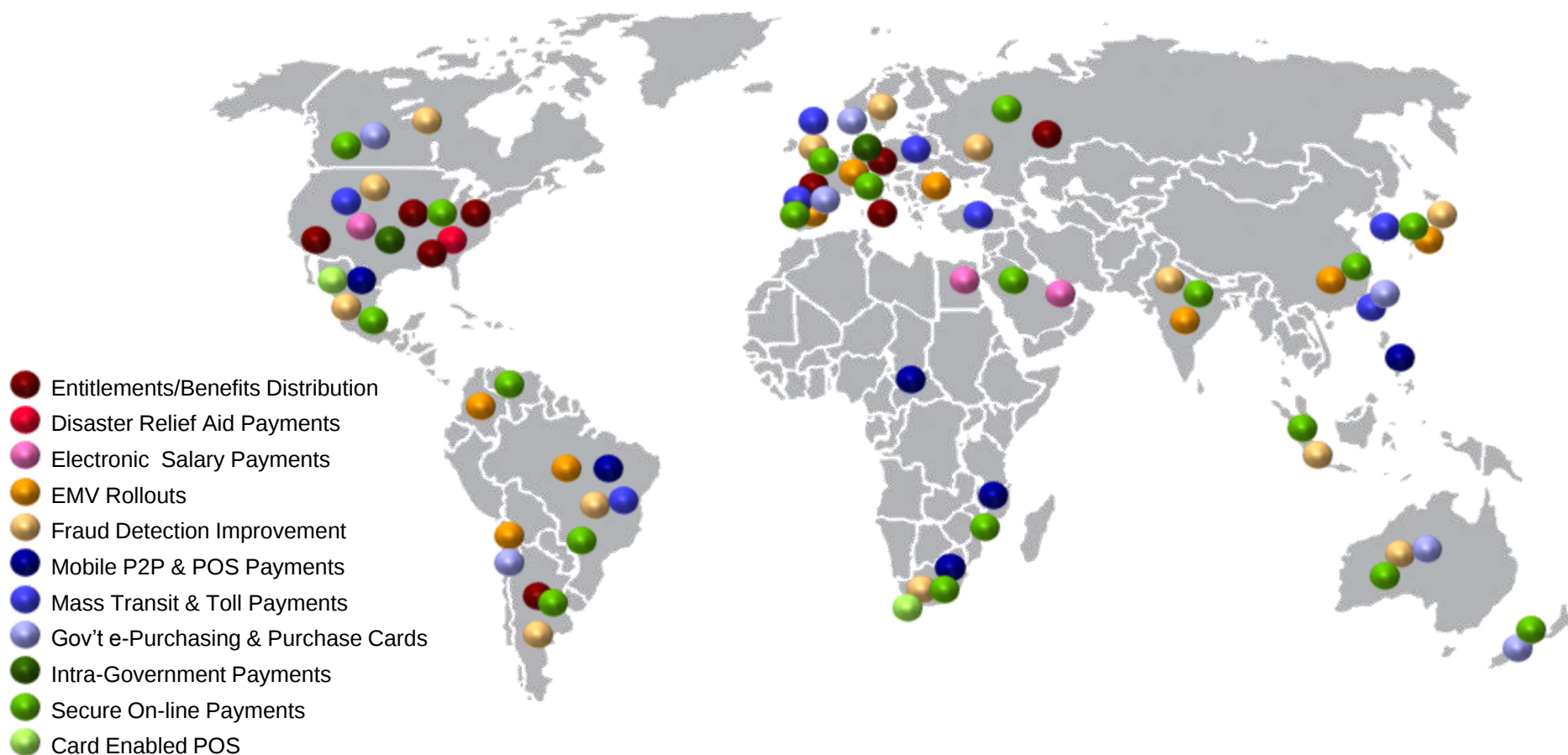
Serving **23,000 customers**

Global Network **22 billion transactions per year, 140 milliseconds per trans.**

MasterCard's level of enablement and support is significant,
as well as geographically and functionally broad



MasterCard Prepaid Programs – Global Map



Government Payment Trends

Governments are driving innovation and product adoption in payments space

The current economic environment is accelerating demand for savings and incremental revenue from payments.

Unique government regulatory & reporting requirements are impacting payment product design

Governments are promoting electronification

Government entities place significant emphasis on control and compliance

Governments are driving financial inclusion.

Government consortiums around the world are driving selection of payment processes and products.

Governments are partnering with private sector to leverage commercial infrastructure

The Reason for Its Growth: Card-based solutions offer the Right Solution to Key Stakeholders



Governments

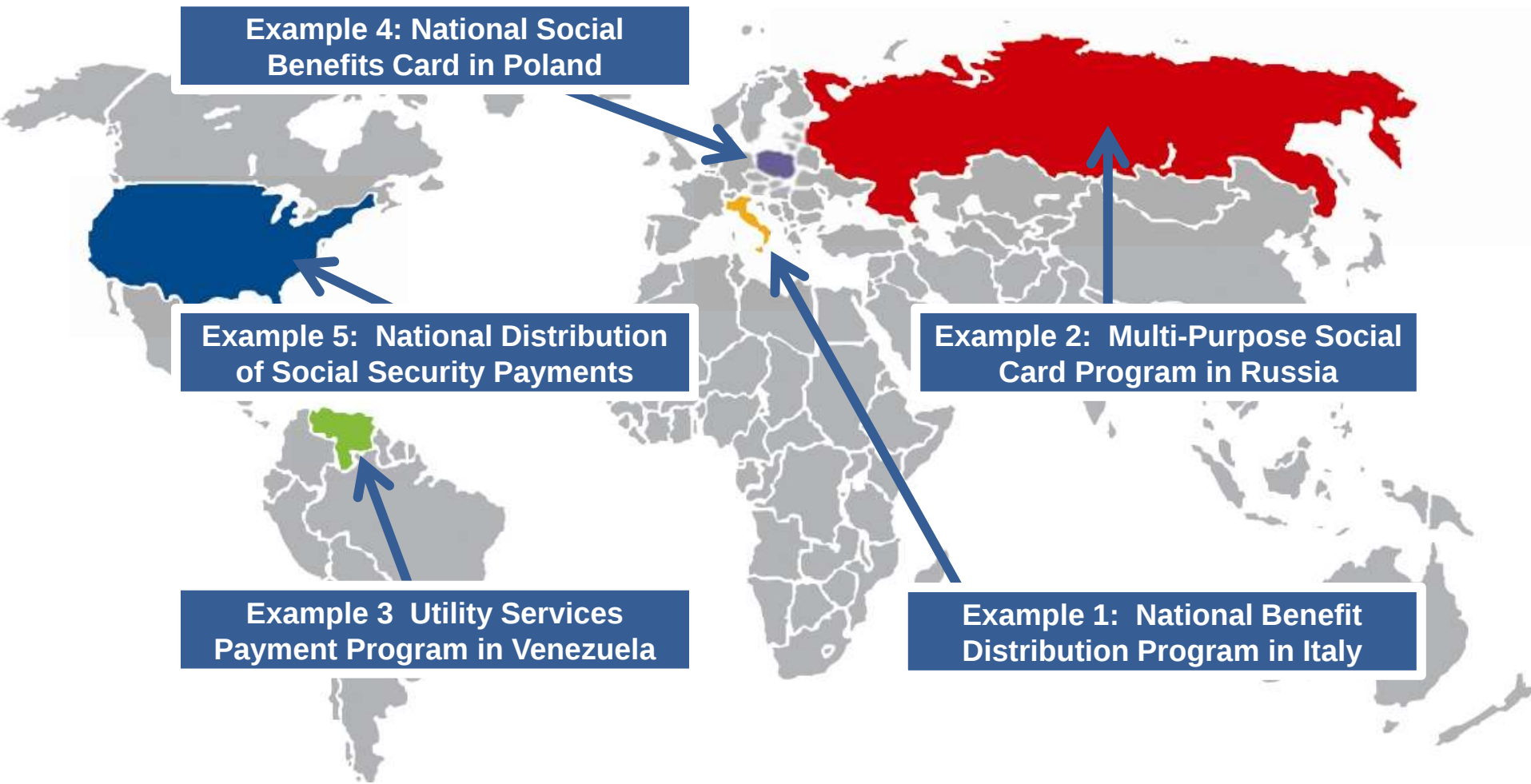
- Improve efficiency and reduce costs
- Minimize fraud, waste and abuse
- Simplify payment of benefits
- Enhance service for recipients

Cardholders

- More secure than vouchers or cash
- Less costly than checks
- Convenient and fast access to funds
- Eliminate stigma and improves financial access for unbanked

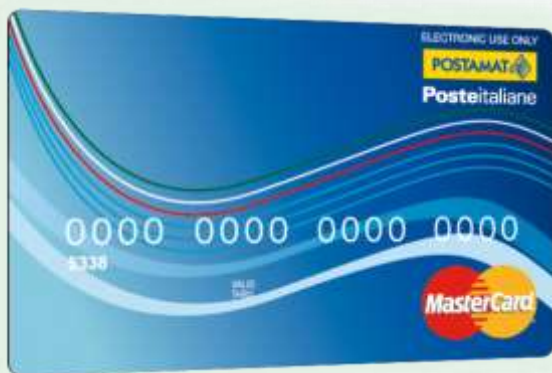


Five examples of MasterCard working towards governments' national advancement goals



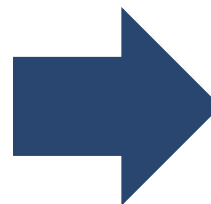
E-Payment Solutions Drive Expense Control

Poste Italiane



One of the largest awarded social benefits card programs in Europe to date¹

- Reduces distribution costs across 14,000 Post Office branches using existing Poste platform¹
- Over 500k cards distributed in 90 days from launch¹
- Prevents misuse of funds by restricting acceptance criteria



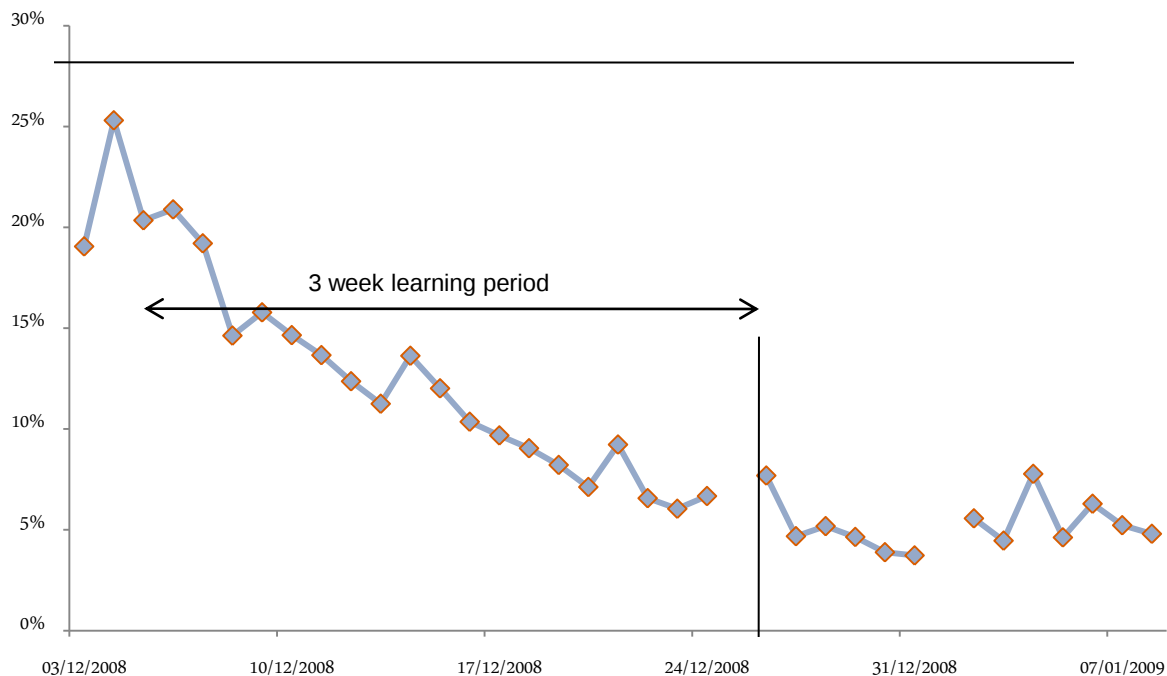
Success Factors

- **“Build nothing new”- leverage existing systems (MC Network, Postal Distribution Network)**
- **Consumer Education drove desired behavior**
- **Engage Private Sector to improve program economics**
- **Be flexible to adjust based on learning**

¹ Based on data provided by the Italian Central Government.

Consumer Education Drives Desired Behavior

Transactions not authorized for MCC filtering (percent)



- An effective consumer education plan leveraged the Post Office Network and Local Merchants
- Data shows that consumers learned quickly how and where to use the cards

Source: Italian Ministry of Finance and Economy

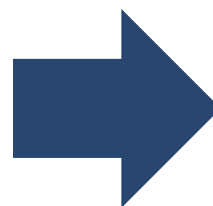
E-Payment Solutions Drive Efficiency for Governments

Russian Social Card



One of the largest awarded social benefits card programs in Europe to date

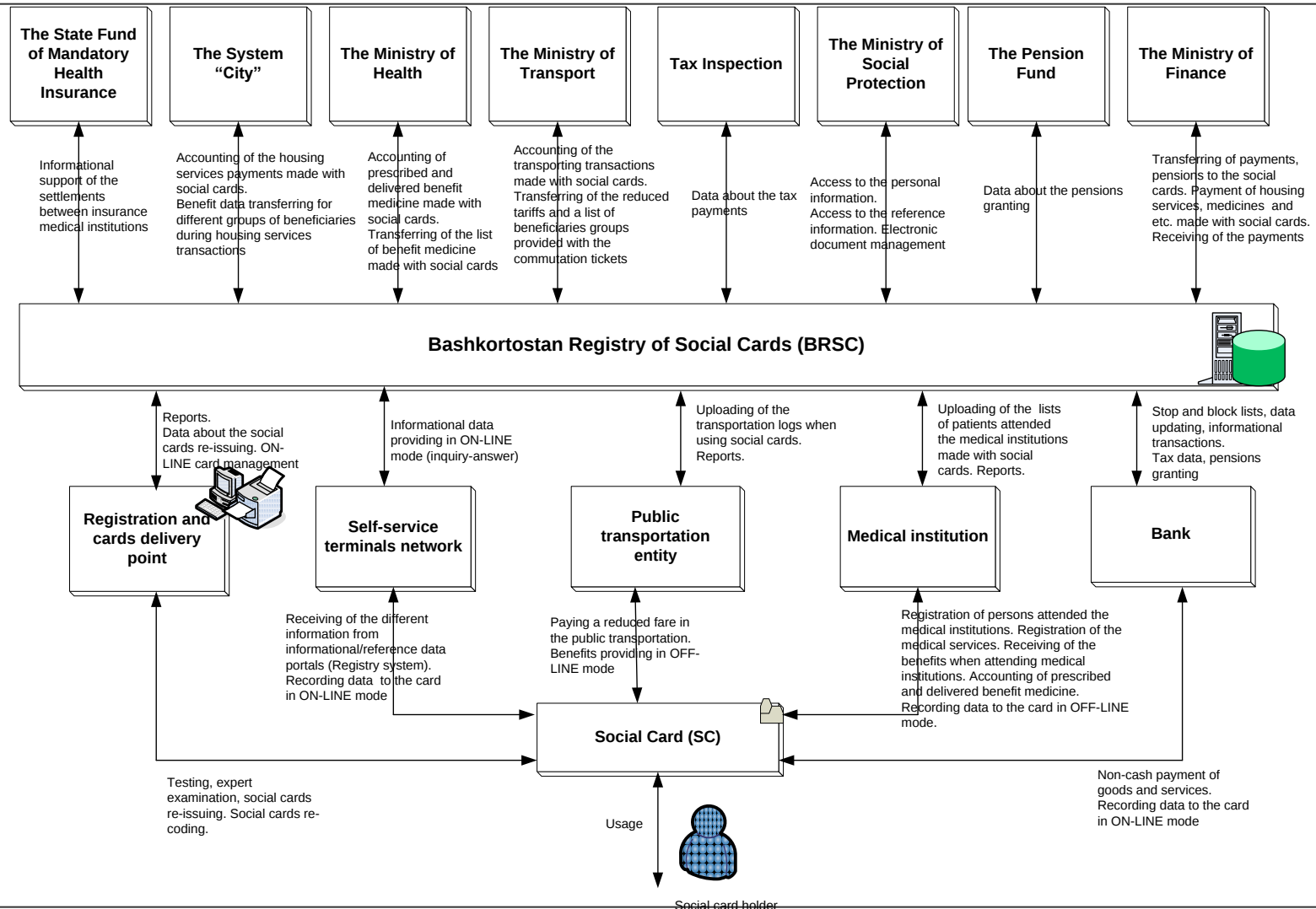
- Reduces benefits distribution costs and increases financial inclusion
- Over 1MM cards will be issued by end of 2011
- Early success led to extension into other regions: Ivanovo Oblast and Krasnodar
- Winner of Oscars-2010 "Best Innovative Banking Product in Services Category"



Success Factors

- **Multi-Applications (ID, Health, Transit) provides efficient, controllable distribution of social benefits**
- **ID application adds important utility enabling physical or online access**
- **Opportunity to earn and redeem rewards drives encouraged behaviors**
- **Integration of Social Card into Key Government Agencies Systems**

Program Design Integrating Registry with Key Government Agencies Drove Success



E-Payment Solutions Reduces Collection Costs for Utility Agencies

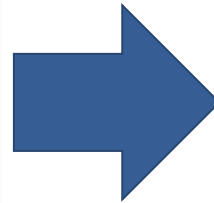


Electricidad de Caracas Venezuela



A Prepaid Solution for Utility Services Payments

- Reduces collection costs for utility payments by automating bill payment process
- Card issuance and usage has expanded rapidly
- Drives financial inclusion



Success Factors

- Reduces collection costs for Utility Company by automating bill payment process
- Cardholders can obtain and reload their cards at the Money Centers
- Automatic debit available from cards available balance
- Card can be used for purchases ATM Withdrawals and Money Transfers

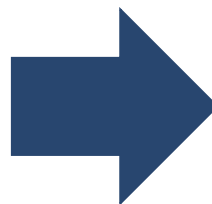
E-Payment Solutions Drives Financial Inclusion

PKO Bank Polski



Large public sector benefits card – supported in 26 cities

- Provides localised social benefits distribution via City Municipal offices
- Replaced paper based system and cash payments with electronic payments
- Reloadable with monthly transfers from municipal authorities
- Can be used for purchases wherever Maestro is accepted in Poland



Success Factors

- Reduced cash handling at POS and the cost associated with social payments
- Provides faster payment processing
- Improves quality of services to citizens
- Delivers money access for the un-banked segments of the population

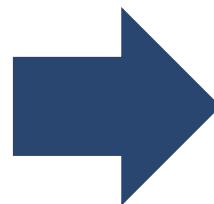
E-Payment Solutions Drives Financial Inclusion

Direct Express



Large public sector benefits card opportunity in the U.S.

- Enables a potential 4MM unbanked recipients to have faster, cost-effective access to their funds²
- Approximately 89 cents savings per check totaling \$44MM USD annually²
- 90 days from contract signature to first card issued
- High levels of customer satisfaction



Success Factors

- Government support as part of larger e-Government strategy
- Minimal cost to consumer
- Multiple enrollment options
- Strong public private sector Partnership
- Effective consumer education campaign leveraging local NGOs

² Based on data provided by the US Treasury

In Conclusion



- Electronic payment processes offer a proven model for reducing expense and increasing control over government expenditures
- Programs have also proven to be an important route for government to generate national economic and societal advancement
- Commercial payment networks are ideally positioned to enable and support government clients roll-out programs successfully with our global experience in developing policies, models and infrastructure for new payment programs

Implementing a large-scale Government prepaid program – the case of Italy

Carta Acquisti: insights from a large scale Government prepaid program

CARTA ACQUISTI IN A NUTSHELL

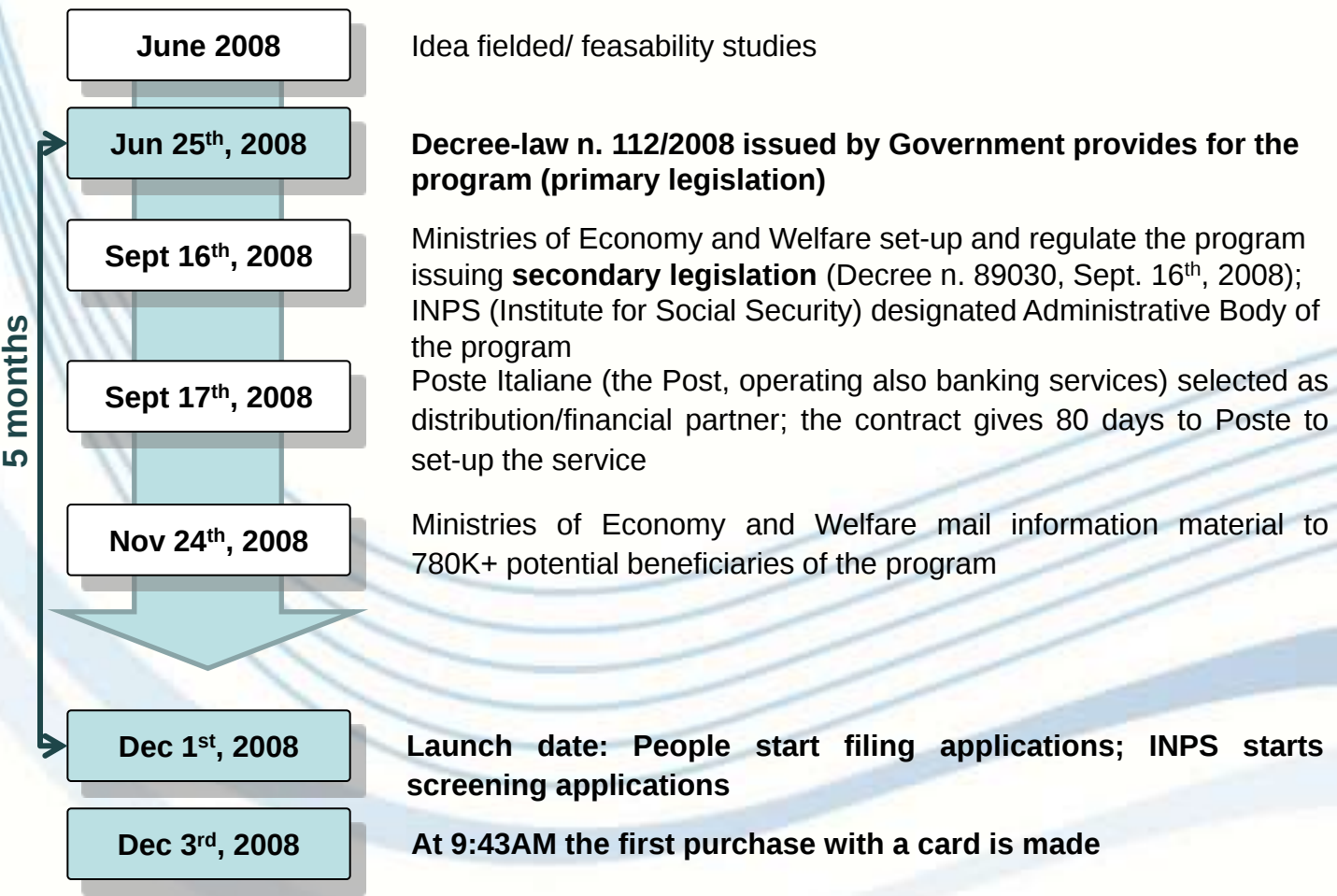
- **Payment of a social benefit through a prepaid debit card program** (budget: €1,2bn/ \$1.6 bn)
- **Real-time automatic screening** of main eligibility requirements (at application and before each bimonthly reload)
- Amount of benefits: €80/ \$110 + extras up to €140/ \$190 for specific subgroups, loaded bimonthly
- Participants: low income citizens (adjusted income < ~ €6.235/year) aged >65 or with children aged <3.
- Spending limitations: cards can be only used (via MCC filtering) in grocery shops, pharmacies or to pay utility bills. No ATM withdrawal allowed.
- Additional benefits: **5% discount at participating merchants** (mainly supermarkets) through agreement with retailers' associations. Dedicated barcode on the card to automatically grant the discount.
- Services: Multichannel balance inquiry (Post Offices, ATMs, Website, by phone) and two call centers 24/7 for information and support.



PROGRAM STATUS (as of December 31, 2010)

780.000+	information letters sent to potential participants
880.000	applications screened (580K by Dec. 2008)
736.000	participants admitted (~410K still in the program)
410.000	participants normally in the program
€ 522 mln/ \$709 mln	loaded to cards
€ 493 mln/ \$670 mln	already spent
19,1 mln	purchase transactions

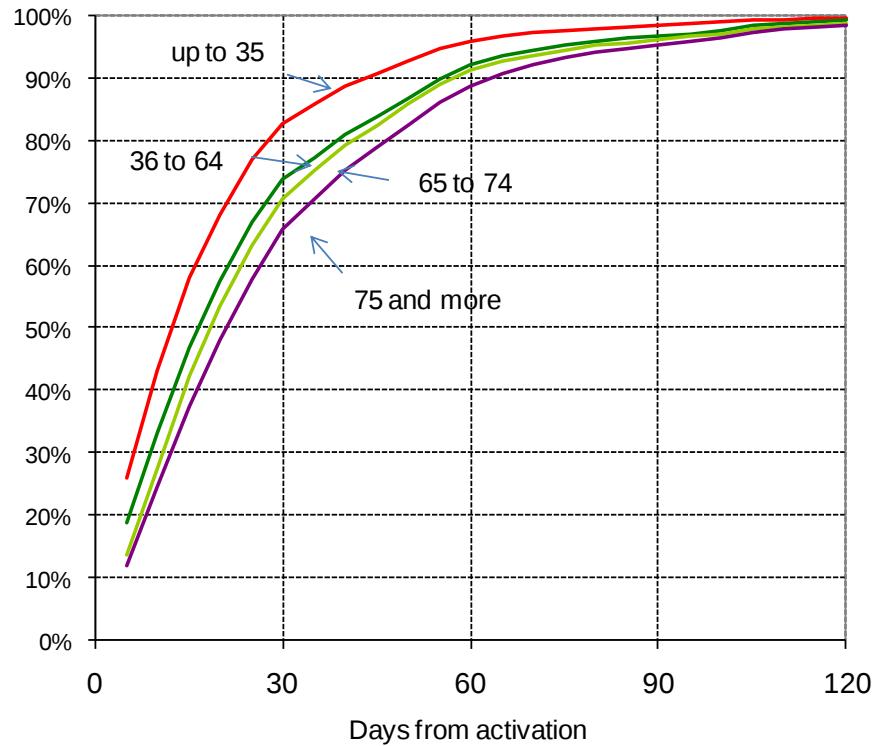
PHASE 1 - PROGRAM START-UP



- 5 months from concept to delivery
- No need to build anything new; simply connect and use what's already out there (information systems, physical networks, payment systems)

CARD UTILIZATION

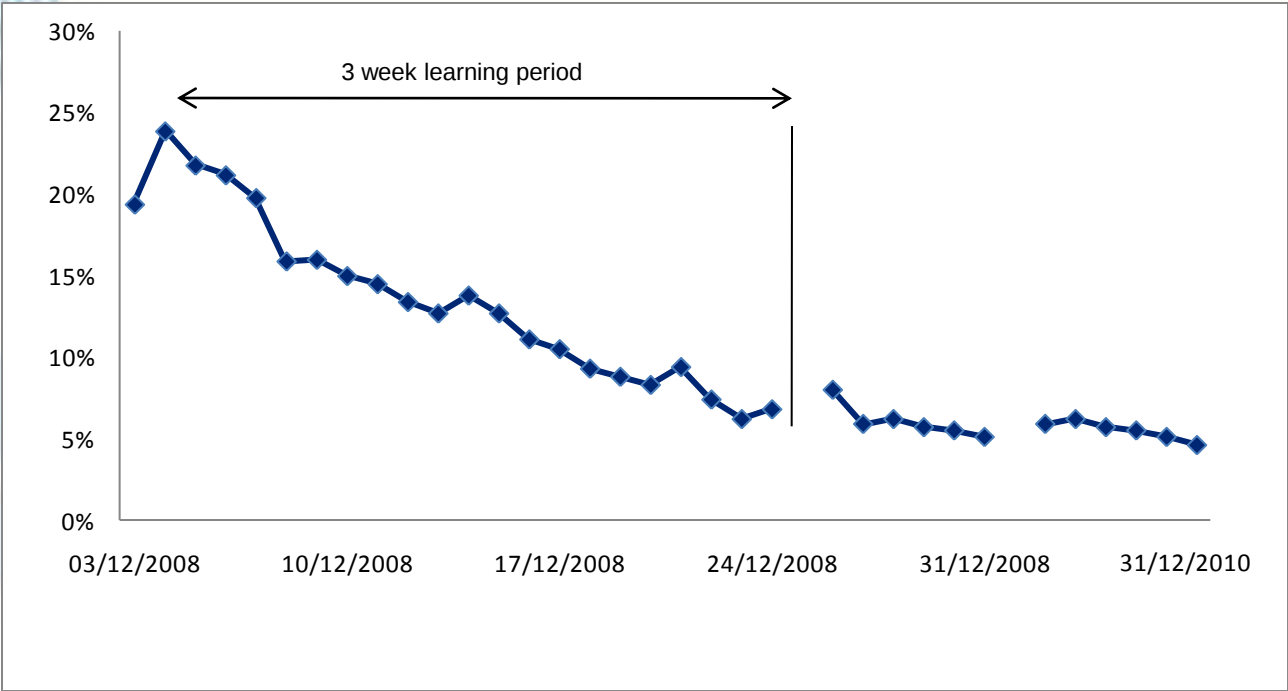
Cards used at X days from activation, by age of cardholder



- Initial concerns related to usage complexity for aged/unbanked population proved to be wrong

MCC FILTERING (possibility to use the card only in specific merchant categories)

Transactions not authorized for MCC filtering (percent)

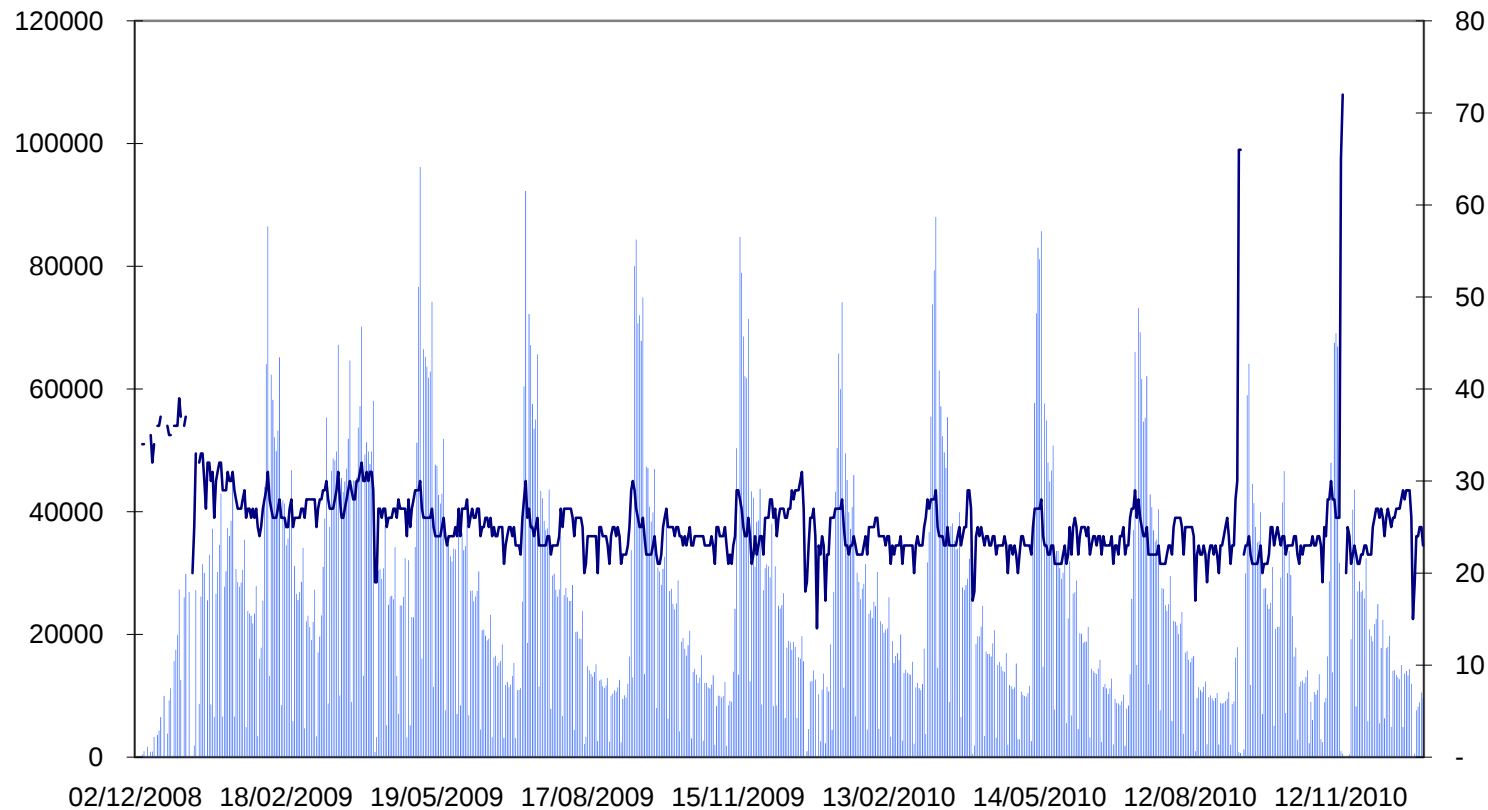


- Cards can be used only at specific merchant categories (eg. Supermarkets, grocery stores, pharmacies, post offices to pay utilities' bills)
- People showed to learn quickly how and where to use the cards

TRANSACTIONS

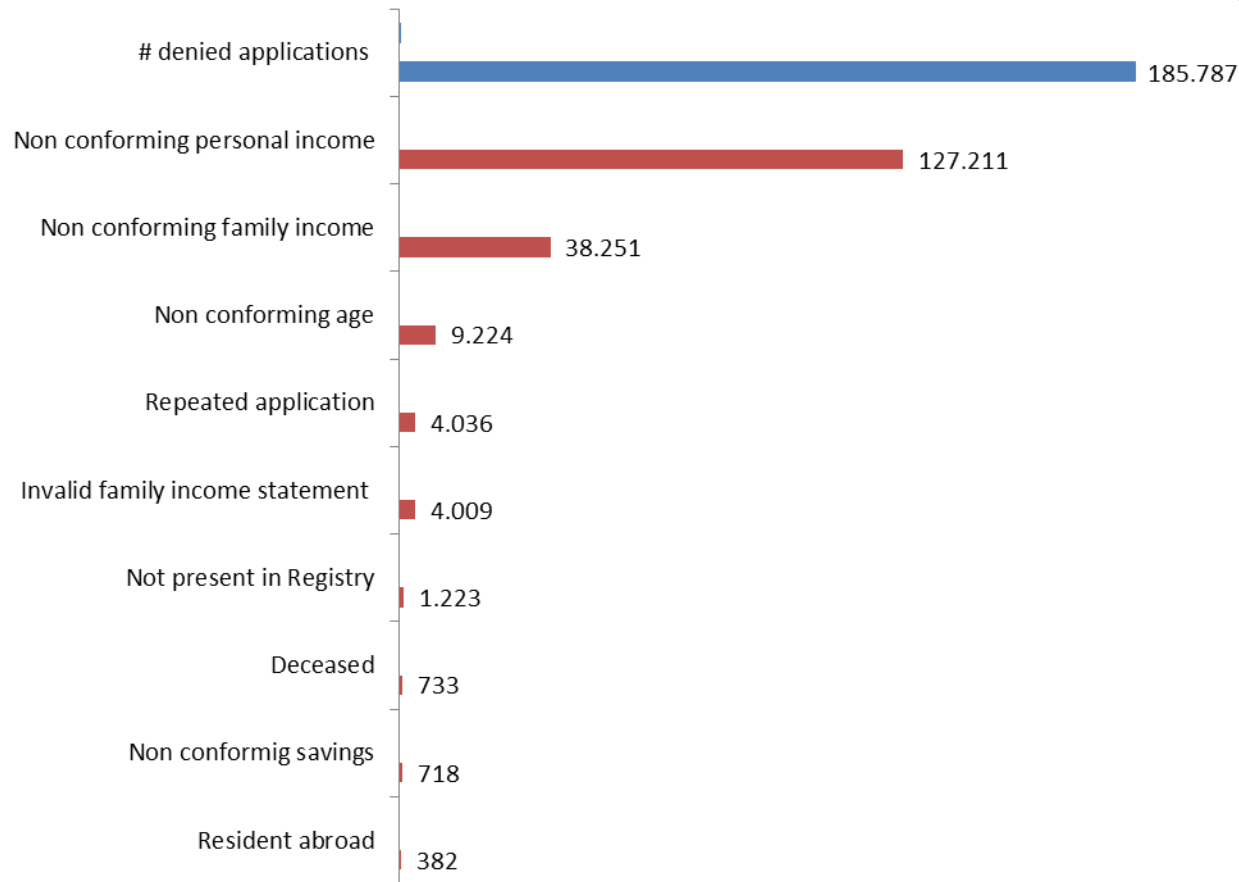
Daily transactions (#)

Average Daily Transaction (euro)



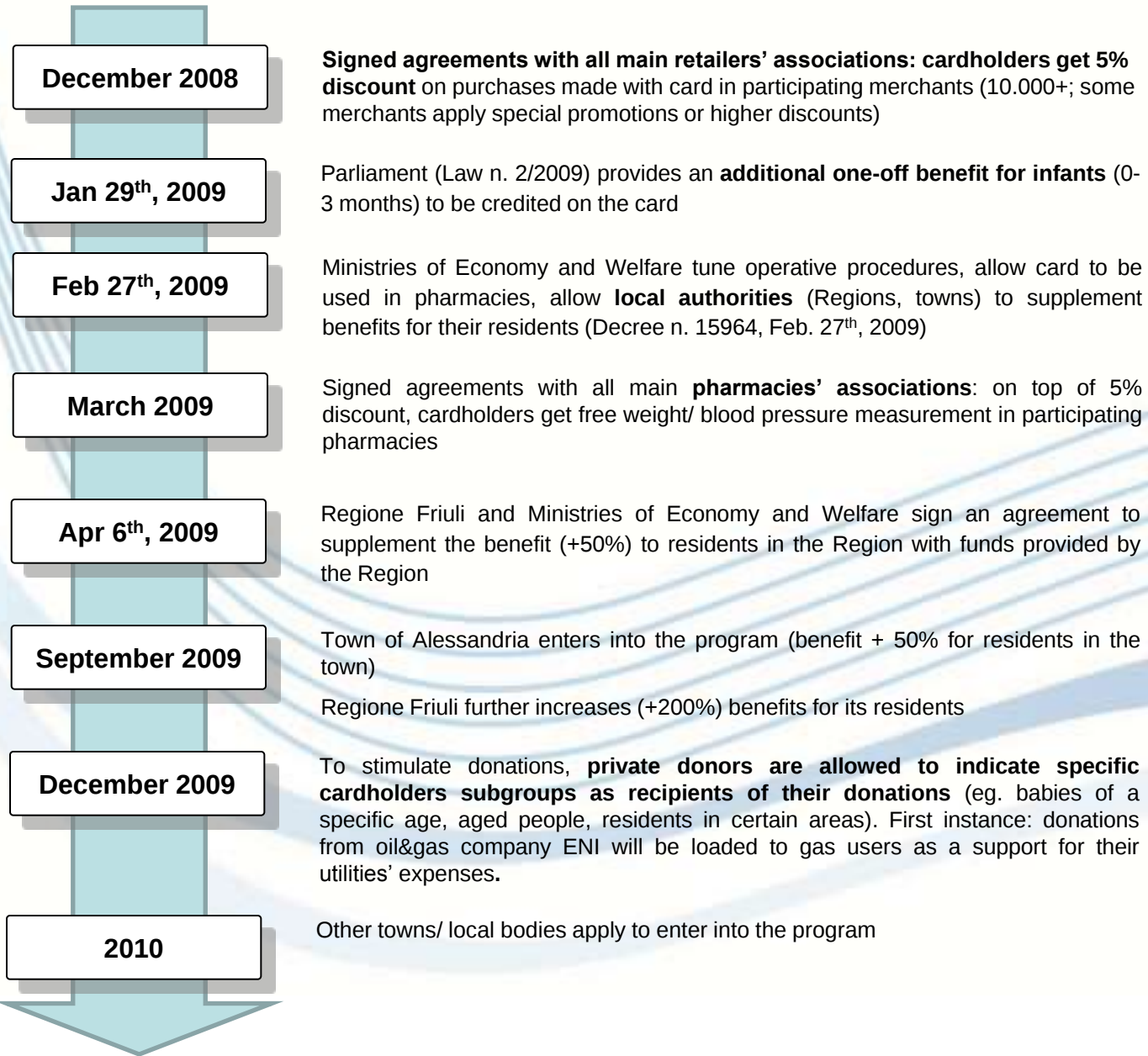
- Initial concerns related to “hit and run” purchase behavior proved to be wrong (average transaction < 30 euro)
- Users' behavior stabilized after 2-3 months

SCREENING PROCESS



- The screening process proved to be extremely effective
- Higher than expected ratio of turned-down applications generated the misperception that the system wasn't working

PHASE 2 - PROGRAM DEVELOPMENT



Increase card value:

- **Involvement of the private sector (additional discounts and benefits for cardholders)**
- **Allow third parties to give extra money to specific cardholders subgroups:**
 - private donors (by cardholder category);
 - local administrations (by geography).

PRIVATE SECTOR PARTICIPATION

INITIATIVES

Institutionally
promoted



Groceries/supermarkets: 5% discount at participating merchants (mainly supermarkets) through agreement with retailers' associations. Dedicated barcode on the card to automatically grant the discount.
> 40% transactions made at participating merchants.

Spontaneous
(w/ institutional
agreement)



Pharmacies: 5% discount at participating pharmacies + free blood pressure/ weight measurement

Spontaneous
(w/o institutional
agreement)

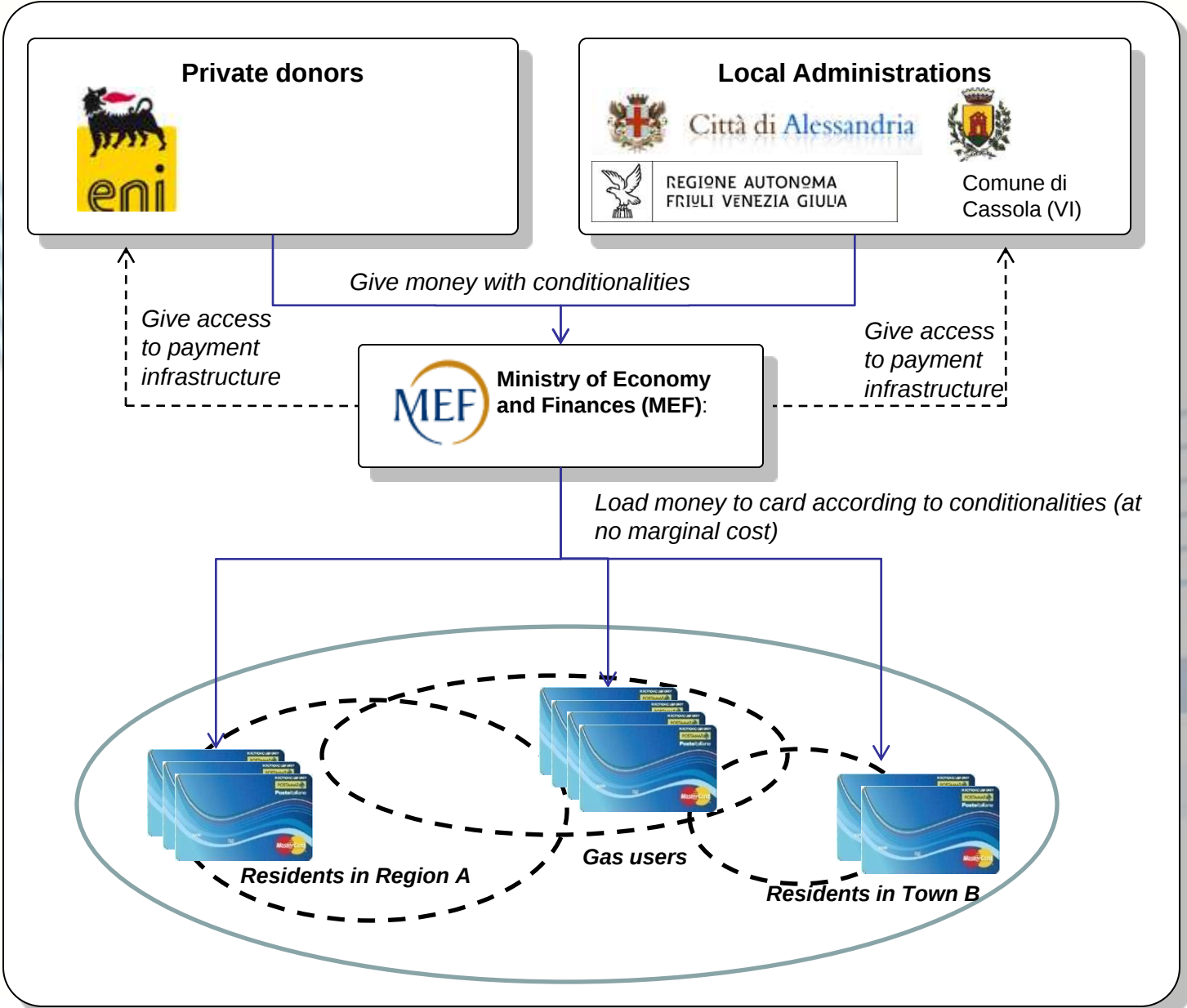


Other: various initiatives (e.g. Vodafone: monthly fee (3 euro/month) waived on Family tariff plan for cardholders)



Private sector
participation driven by
CSR considerations
AND business
motives (demand
segmentation)

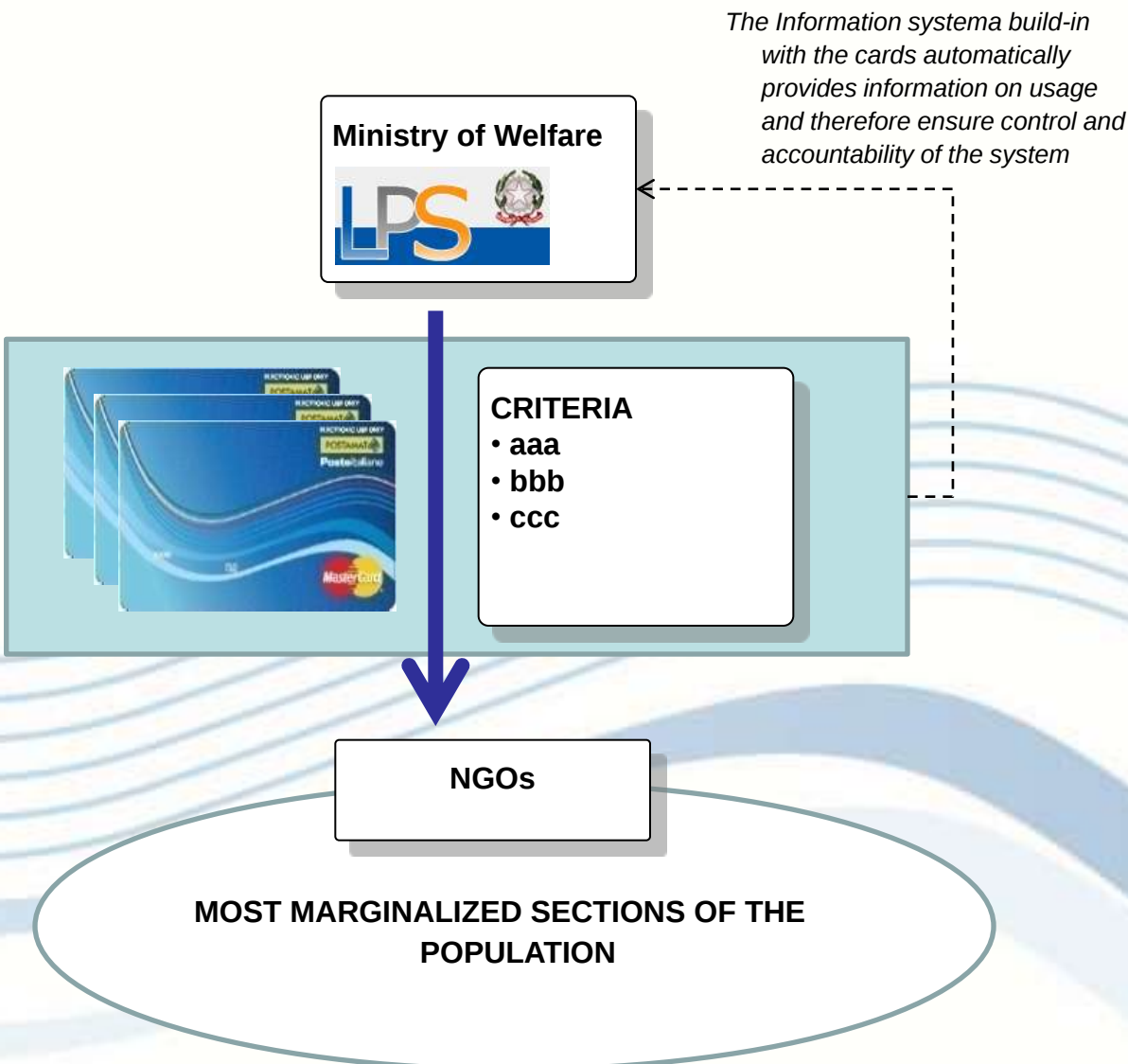
EXTRA MONEY TO CARDHOLDERS SUBGROUPS



- **Payment infrastructure allow targeting of specific subgroups at no additional cost**
- **Private donors/ public administrations more willing to give if they can target subgroups at low cost.**

INCLUSION OF NGOs TO REACH OUT THE MOST MARGINALIZED (MAINTAINING CONTROL AND ACCOUNTABILITY)

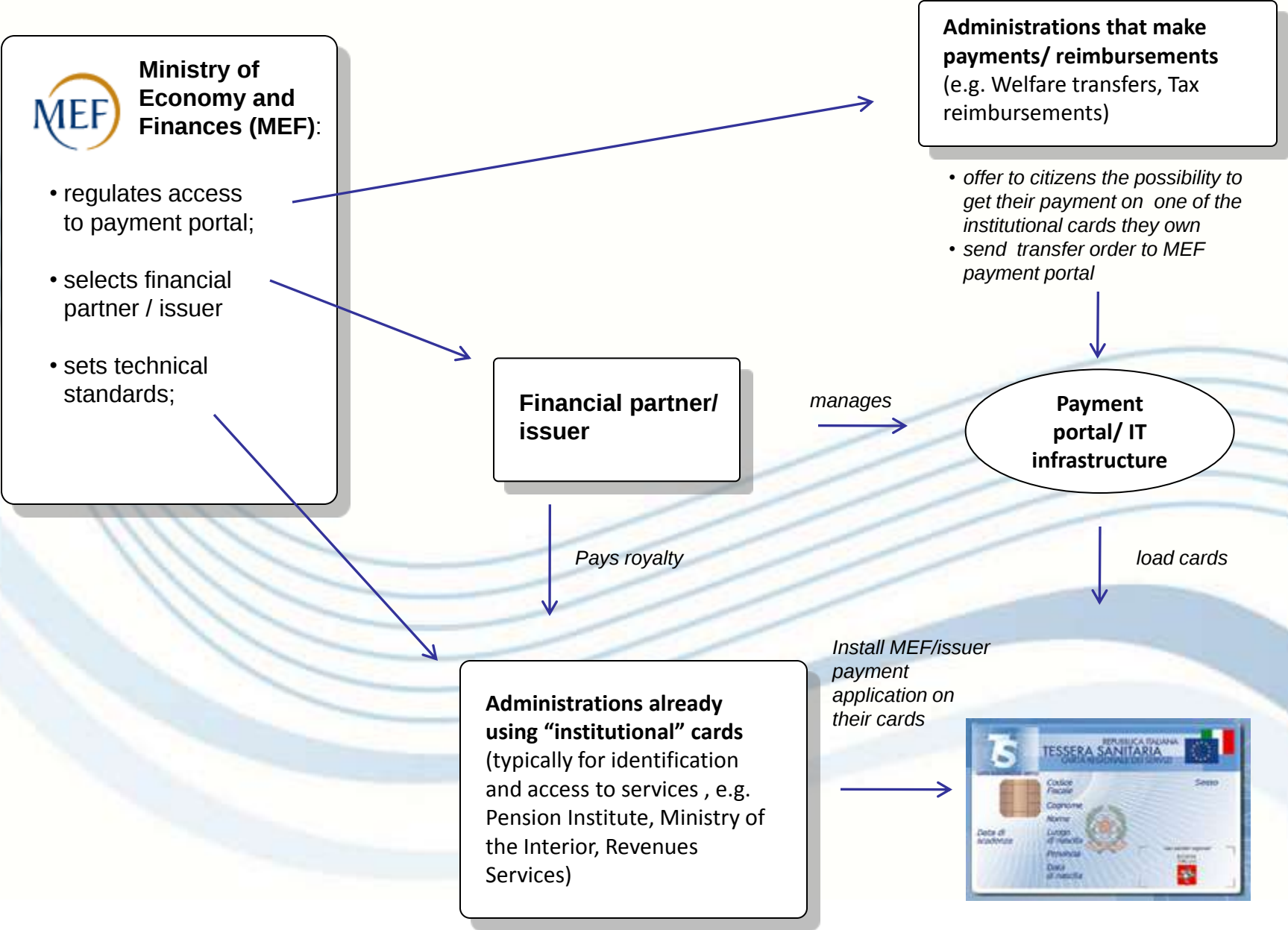
- In January 2011, the Italian Parliament approved a bill that provides Carta Acquisti to be used through NGOs in order to reach out the most marginalized parts of the population (those in need that do not know about Government support programs or how to access them)



SCALING UP THE INFRASTRUCTURE

Problem	Opportunity	Action	Potential savings
• Billions euros of payments/ reimbursements made to citizens by public administrations • Very high transaction and administrative costs	• 30+ mln “institutional” cards already outstanding or to be distributed (healthcare card, ID card, internal revenues card)  • Know-how/ expertise • IT infrastructure Carta Acquisti program	• Scale-up massively prepaid operations leveraging on know-how and IT infrastructure • Put payment functionality on “institutional” cards	• Expected over €100mn/year

STRUCTURE (APPROVED BY ITALIAN PARLIAMENT JUNE 2010)



RATIONALE FOR A PREPAID PROGRAM

- Increase accountability to taxpayers
 - ✓ Transactions filtering allows to tell taxpayers not only to whom you pay benefits but also for which purpose
 - ✓ IT infrastructure allows tight control of requirements
- Reach out the unbanked/underbanked in a scalable and flexible way
 - ✓ Cards can be given to/ carried by anybody
- Distribute recurrent benefits with minimal recurrent costs
 - ✓ One-off physical distribution and easy centralized reload process
- Make the merchant fees pay for your program
 - ✓ Cards themselves come at no/negative cost because of the normal market fees merchants pay on transactions
- Prevent taxpayers' money from going into the informal economy; increase cost efficiency preventing tax/VAT evasion on benefits
 - ✓ Fully traceable transactions

COSTS

Retail costs

The Ministry of Economy pays Poste Italiane a daily fee equals to 1,898 euro on an annual basis*, for each active card.

The fee covers :

- production, distribution (through the Post Office network), periodical reloading and substitution of cards;
- printing of applications, their collection (through the Post Office network) digitalization and storage;
- up to 3 postal communication sent to participants;
- a free phone call center for information on the program and on issued cards.

Considering current yearly benefit per participant (480 euro), retail expenses amount to around **0,4-0,5% of program funds**.

Direct operative expenses (capped to **1,5% of program funds** by Decree n. 89030, Sept. 16th, 2008) are:

- lower than the discount the public gets from retailers (5 %);
- in line/lower than estimated tax evasion reduction (at least 1%**)

Other direct costs

- **Communication**

Design of information campaigns

Production and distribution of information material

- **IT Infrastructure**

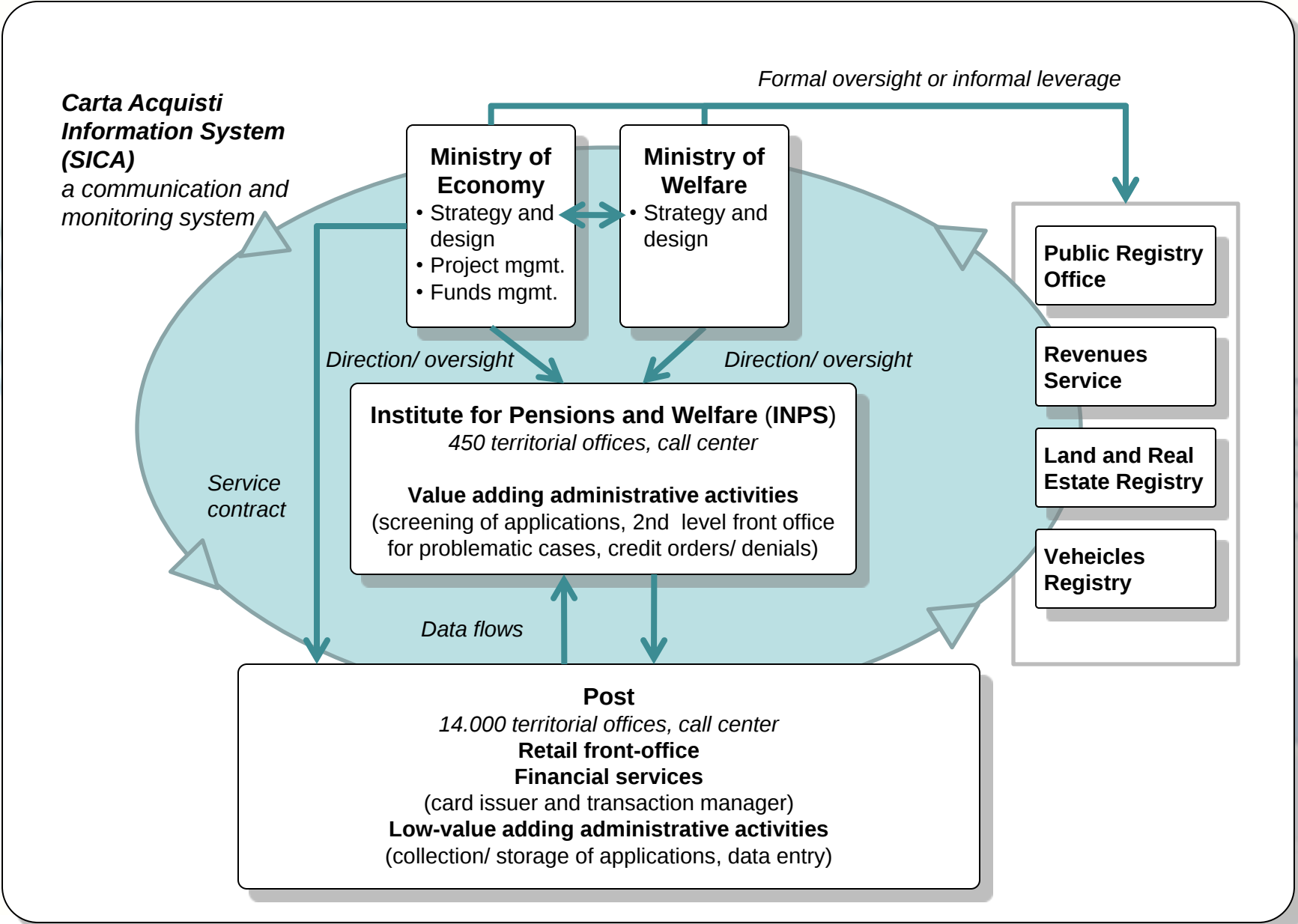
Development and maintenance of “SICA” (Carta Acquisti Information System)

Allocated **1% of program fund** (around 5 million per year considering current set-up).

* A significant reduction of the annual fee is expected from the retendering of the “financial partner” role because of increased know-how and stabilization of the system

** Estimating the informal economy at 10 percent, with 10% average VAT (food has lower VAT).

ORGANIZATION



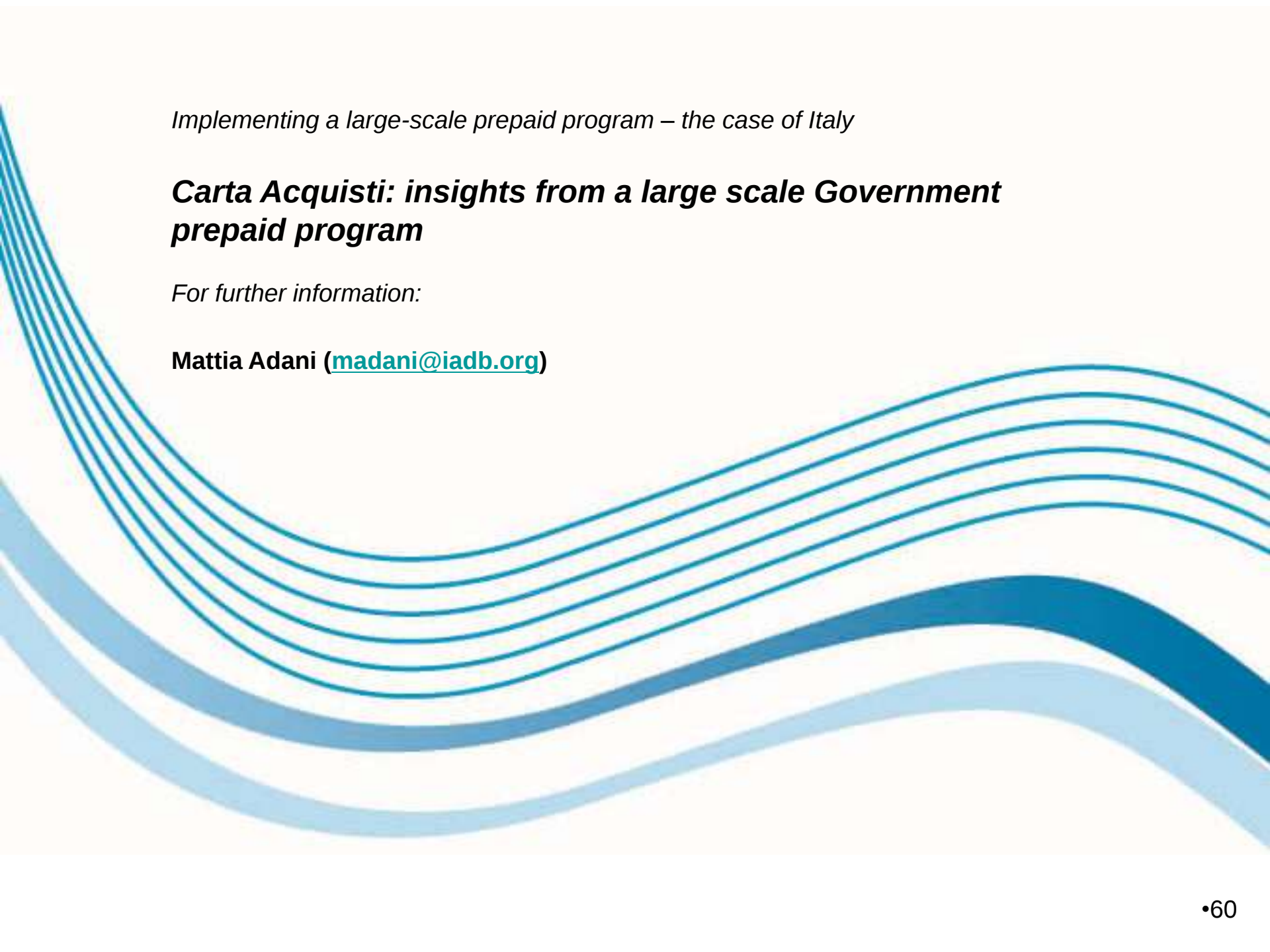
What worked well

- Distribution process and functioning of the card
- Card utilization (cards proved less difficult to use than expected)
- Private sector participation (business motives)
- IT Infrastructure (easier to set up than expected)
- Coordination/cooperation of the different players

What worked less well

- Managing of people's expectations
 - the program being designed to partially address absolute poverty for specific categories, many people in relative poverty or in different categories got disappointed
- General-purpose Communication
 - People at the beginning thought the card was the benefit, not an instrument to pay a benefit
- One-to-one Communication
 - People waiting too long for knowing why their application is rejected

- Build nothing new, simply connect and use what is already out there (information systems, physical networks, payment systems)
- Be prepared to learn and to adjust quickly (leave as much as you can to secondary legislation)
- Ensure coordination/alignment of different actors (try to reach consensus; don't be shy when command and control are needed)
- Communicate obsessively



Implementing a large-scale prepaid program – the case of Italy

Carta Acquisti: insights from a large scale Government prepaid program

For further information:

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