



Today 2.5 billion adults—more than a third of the world’s population—are excluded from the formal financial sector. This is most acute in the developing world where approximately 80 percent of poor people are excluded. Governments, the development community and the private sector make billions of dollars in cash payments to the poor, including disbursements of salaries, payments to suppliers, pensions, social welfare stipends, cash-for-work programs, emergency relief payments and others. While cash is preferable to the distribution of food and other in-kind goods, these programs present a missed opportunity to expand financial inclusion and help people in poverty grow assets. Shifting these payments from cash to electronic has the potential to improve the livelihoods of low-income people by advancing financial inclusion and enabling people to build savings while giving governments, the development community and the private sector a more efficient, transparent and often safer means of disbursing payments.



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## WHY SHIFT TO ELECTRONIC PAYMENTS

While physical cash payments are more effective than distributing in-kind goods, there is a growing body of evidence that digitizing payments can create lasting benefits for people, communities and economies, such as:

- 1. Cost Savings:** Electronic payments can decrease the direct and indirect costs associated with physical cash or distribution of in-kind goods.
- 2. Transparency:** Electronic payments can increase the immediate accountability and tracking of financial flows, resulting in less corruption and theft.
- 3. Security:** Electronic payments can result in safer and speedier delivery.
- 4. Financial Inclusion:** When implemented effectively, electronic payments programs have the potential to provide an on-ramp to financial services to the 2.5 billion people excluded from the formal financial sector.
- 5. Access to New Markets:** Electronic payments can open doors to fee-for-service business models in previously un- and under-served areas by reducing transaction costs.

The Better Than Cash Alliance provides program partners with the expertise and resources they need to make the transition from cash to electronic payments and achieve the shared goals of empowering people and growing emerging economies.

Bill & Melinda Gates Foundation, Citi, Ford Foundation, Omidyar Network, USAID and Visa Inc. are the founders of the Better Than Cash Alliance. The UN Capital Development Fund serves as the secretariat.



## HOW WE ACCELERATE THE SHIFT TO DIGITAL PAYMENTS

Electronic payments are becoming increasingly common as markets seek efficiencies through new technologies. However the shift from cash to electronic- particularly in a way that expands the benefits of financial inclusion and savings for the poor- is a complex process requiring leadership, resources and technical expertise.

In addition to raising awareness of the benefits of replacing physical cash with electronic payments, the Better Than Cash Alliance accelerates the transition for governments, the development community and the private sector by:

1. Advocating for organizations to commit to transition their distribution of government benefits, humanitarian aid assistance, payroll and supplier payments from cash to electronic.
2. Providing policy, technical and financial assistance to identify and implement the most effective approach for local market conditions that maximize the benefits at each stage of the transition.
3. Developing cutting-edge research products, best practices and case studies in order to drive the effective shift from cash to electronic payments globally.



## JOINING THE ALLIANCE AS A PARTNER

Achieving the full benefits at each stage of the transition process requires the leadership, resources and technical expertise that the Better Than Cash Alliance offers its members. The Better Than Cash Alliance is dedicated to supporting governments, multilateral and bilateral donors, U.N. agencies, international NGOs and private sector leaders that are committed to a transformational shift from cash to electronic payments. To join, organizations must:

1. Make a new commitment to digitize payments which may include payments related to:
  - a. Recipients of conditional cash transfers, social security payments or pension funds.
  - b. Employees and suppliers.
  - c. Payers of utility bills
2. Designate senior staff member(s) to create and implement a change management program to reduce physical cash payments across the institution and in global operations with the support of the technical assistance from the Better Than Cash Alliance.
3. Share lessons learned with the Better Than Cash Alliance to inspire and equip others to overcome transition challenges and develop a common standard of best practice.

As a partner, organizations will be:

1. Eligible for technical assistance and/or funding to support the transition if needed.
2. Recognized for leadership in Better Than Cash Alliance publications and media.
3. Invited to participate in learning opportunities as appropriate.
4. Given access to the latest research and case studies about lessons learned and what's working for other Better Than Cash Alliance program partners.



When implemented effectively, electronic payments programs can expand access to financial services to the 2.5 billion financially excluded adults.

