Social security schemes

Digitised G2P payment to help 'save millions'

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The country can save millions by preventing the possible leakages in the social security schemes with proper implementation of the digitised G2P (government to person) payment system, speakers said at a roundtable on Tuesday.

According to them, the resources thus saved could help reduce poverty significantly in the country that aims to beat poverty by 2030 as part of the sustainable development goals (SDGs).

For improving efficiency in the G2G delivery process, they laid emphasis on updating identity infrastructure by developing a single-registry MIS (management information system).

The discussants also suggested introducing an integrated policy and regulatory framework to get maximum benefits from the highly-potential digital financial services (DFSs).

The observations and suggestions came at the roundtable on 'Bangladesh Digital Financial Services' hosted by the Policy Research Institute of Bangladesh (PRI) at its Banani office in the city.

In a Powerpoint presentation at the discussion, PRI research director Dr Abdur Razzaque said there are more than 120 social protection schemes under the national social security strategy, on which 13.8 per cent of the national budget is spent.

Citing a study of a2i (access to information) and Pi, he said proper implementation of the G2P could save US$ 35 million annually for the government and the service recipients.

He explained that the service recipients needed to make several visits to the banks and spend much of their valuable time to get the state-provided supports.

Citing the PRI's own findings about the government's expenditure on disabilities, he said a section of agents in banks developed a certain mechanism in which they ask Tk 100 for each transaction.

"If everything is done through G2P, it could save US$ 23 million annually, which is 12.5 per cent of the annual allocation in disability benefits," he said.

He added that the saved money could help reduce the poverty further.

Additional secretary of the Finance Division under the Ministry of Finance Md Azizul Alam said expenses on all the cash programmes are around Tk 400 billion, which is 60 per cent of the overall social security programmes involving Tk 740 billion.

"Delivery of the benefits in the rural areas is more challenging where 34 per cent of the households have been brought under the social protection coverage," he said.

The additional secretary said the government's National Social Security Strategy suggested introducing the G2P for three benefits-financial inclusion, reducing leakage in the delivery system and avoidance of duplication.

He said the finance ministry came up with the MIS-integrated G2P system. Its fundamental feature is that the money will be charged directly from the treasury before credited to the recipients' accounts the following day.

"There is nothing in between," he said.

Hailing the digital financial services, PRI chairman Dr. Zaidi Sattar said without proper policies and regulatory framework, it could prove a disaster.

"We need to address the challenge with proper risk management. We need to get a speed and we need enablers to move very fast," he said.

The economist said the ongoing technological revolution is going to replace labour in the short run but in the long run, it will create much more jobs.

CEO of bKash Limited Kamal Quadir said there are different kinds of structures under which same types of services are provided.

"We've different kinds of problems. There is no difference between DFS and MFS (mobile financial service). This certain thing needs to be corrected," he said.

He was keen on such a market where all would enjoy equal treatment aiding the sustainable growth of the services.

Executive Director of Centre for Policy Dialogue (CPD) Dr Fahmida Khatun said all the ministries and state agencies concerned need to be equally-equipped and well-coordinated in this connection.

"We also need to invest more on protection issues to avert possible cyber threat," he said.

Executive director of Bangladesh Bank Debdulal Roy said those who will not compete will automatically be out of the race. "There will be problems, if all want to do everything.

Terming data cleansing a serious issue, he said there is no integration of NID data, birth registration and death registration. "Without proper data, no entity can give proper services," he added.

PRI vice chairman Dr Sadiq Ahmed and PRI managing director Dr Ahsan H Mansur, among others, also spoke at the discussion.

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