IDENTITY AND PAYMENT SYSTEMS FOR SOCIAL PROTECTION AND FINANCIAL INCLUSION

by

Dr. Tahir Noor
Director General BISP, Pakistan

The 3rd Government Forum on Electronic Identity in Africa
PAKISTAN - Overview

Area: 796,095 km²

GDP: $ 285 Billion (2016)

Per Capita Income: $ 1570

Population: 192 Million

Below Poverty Line: 30%
BISP - Introduction

- BISP, the largest Social Safety Net of Pakistan established under the Act of Parliament, in 2008
- Objective: Enhance financial capability of the poor people and their dependent family members
- Nation wide presence with 420 offices and 2400 employees
- Maintains National Socio-Economic Registry
- 5.4 million beneficiaries identified through PMT based targeting
- Disbursing UCT of $ 48 per quarter to women beneficiaries
- Total of $ 4.8 billion disbursed in last 8 years
Evolution of Payment Mechanisms

• Pakistan Post
• Smart Card
• Mobile Banking
• Debit Card
• Bio-metric based payments
Benazir Smart Card

PAYMENTS DISBURSEMENT PROCESS

Share List of Issued Cards with bank for opening Virtual A/c-LMA-2

Check Verification with NADRA data base

Verified

Unverified

Bank Credit Accts LMA-2

BISP Credits Issued/verified BSC-LMA-1

Franchise-1

Franchise-2

Franchise-3

Need to Update CNIC
Benazir Smart Card

DISBURSEMENT PROCESS

- Benazir Smart Card
- Pin Code
- Original CNIC

Franchises

Franchises-1
- Original CNIC+Benazir Smart Card
- Trns Authorized+Beneficiaries enter PIN #

Franchises-2
- Franchise Scan Benazir Smart Card QR Code
- Pin Accepted+Benefi sign Receipt slip+receive Cash+Her Smart Card

Franchises-3
Benazir Mobile Banking

DISTRIBUTION PROCESS

BISP Letter

BISP Helpdesk

BISP Regional office will check the status from NADRA List and issue new letter.

NADRA Mobile van (MRV) updates Beneficiaries record

NADRA Verification Counter

Verified

YES

BANK Counter
Opening Bank A/c + SIM Card issuance

NO

CAMP ENTRY

EXIT

TELCO Counter
Telco will check SIM Card and issue the Mobile Set
Benazir Debit Card

- Magnetic stripe technology
- QR Code
- ATM Compatible
- Accepted at ONE LINK ATMs
- POS Compatible
- Accepted at selected Bank Franchises
Benazir Debit Card

DISTRIBUTION PROCESS

BISP will send letters to Beneficiaries having unverified status to update status with NADRA for collection of BC

BISP Letter to unverified Beneficiaries

NADRA office for update

BISP Helpdesk
BISP camp office will check the status from NADRA List n issue new letter

BISP Distribution Camp

Verification

NADRA Verification Counter

YES

CAMP ENTRY

Verified

YES

BANK COUNTER
Verification Benazir Card

EXIT

TELCO COUNTER

NO
Benazir Debit Card

DISBURSEMENT PROCESS

Flow Chart of Funds Transfers from LMA-1 to BB-LMA-2

BISP MIS/DB

Real time/Through Web services

Daily Accounts activities

BISP LMA-1 (CT)A/c with Bank

Funds Transfer From LMA1(CT) to LMA-2

BISP LMA-1 (WR)A/c with Bank

Funds Transfer From LMA1(WR) to LMA-2

Funds Transfer to LMA -2 Account BISP Beneficiary

Withdraw from Franchise Agent

Cash Received by Beneficiary

Withdraw from ATM

Cash Received by Beneficiary

Funds Transfer to LMA -2 Account BISP Beneficiary

Undrawn Funds will be transferred back to LMA -1 Account

BISP MIS/DB
Bio-metric Verification System
Issues of Existing Models

- Un-personalized cards subject to impersonation.
- Insufficient number of touch points, resulting in crowding at PoS in peak payment days.
- Illiterate beneficiaries incapable of using instrument themselves leading to exploitation.
- Frequent complaints and service quality issues.
- Ubran-rural disparity in beneficiaries and available ATMs.
- Non partner banks do not facilitate withdrawals and create hurdles for beneficiaries.
• Pilot in one district started in 2015
  ✷ About 65,000 beneficiaries served
• Lessons learnt and BVS expanded to 5 districts in early 2016
  ✷ About 600,000 beneficiaries served
• Further refined the process and BVS expanded to more than 20 districts in March 2017
  ✷ More than 1.8 million beneficiaries served
• Target to convert all payment modes into BVS by June 2018
  ✷ More than 5 million would be served through BVS
### Conversion to BVS

<table>
<thead>
<tr>
<th>Mode</th>
<th>Number of Beneficiary</th>
<th>Amount Disbursed (Rs in million.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BDC</td>
<td>3,038,186</td>
<td>15,253</td>
</tr>
<tr>
<td>BVS</td>
<td>1,848,054</td>
<td>9,265</td>
</tr>
<tr>
<td>Pak Post</td>
<td>142,639</td>
<td>691</td>
</tr>
<tr>
<td>Total</td>
<td>5,028,879</td>
<td>25,210</td>
</tr>
</tbody>
</table>
Features of BVS

- CNIC +BVS+SIM
- Initially withdrawal at BVS enabled POSs
- Being made interoperable at POS level
- Partner Banks are also being encouraged to provide BVS operations at ATM
Advantages of BVS

- Ensures beneficiary presence at the time of transaction
- Beneficiary authentication on real time basis
- Enhances transparency of entire transaction
- Exclusion of the role of any intermediary in the payment process
- Women Empowerment in terms of moving out of their houses
- Expanded network of withdrawal points
- Cost efficient in terms of travel cost
Challenges of BVS

• Initially rejection rate was significantly higher
• Non-updated fingerprints in NADRA database
• Lack of infrastructure especially at ATM level
• Low quality BV machines resulting in higher rate of rejection
• More time required for one transaction resulting in long queues at PoS
• Banks selecting the PoS without considering the quality of service being provided
THANK YOU