Championing a unified digital Person-to-Government (P2G) payments strategy

Lessons from Orange P2G operations in Africa

GSMA Mobile Money

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Email: mobilemoney@gsma.com

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Authors

Nic Wasunna (GSMA)
Shirley Mburu (BFA)
Michelle Hassan (BFA)
Ariadne Plaitakis (BFA)

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Executive summary

Person-to-Government (P2G) payments are one of the mainstays of the mobile money business model and help to expand the mobile money ecosystem.

THE GLOBAL P2G PAYMENTS LANDSCAPE IS VAST. IN 2016, IT WAS ESTIMATED TO BE WORTH:

$8 TRILLION

$375 million (0.005 per cent)

of which occur in low- and middle-income countries

Despite the significant payoff promised by digitising P2G payments in terms of greater convenience for customers and increased revenues and savings for governments, the potential of this use case is still far from being realised.

In this study, we explore the reasons for this by surveying five mobile money operations in West and Central Africa (Senegal, Burkina Faso, Côte d'Ivoire, Cameroon and DRC) — all operated by Orange. Although Orange has offered a range of P2G services across these markets, we found that uptake has been hampered by four main factors:

1. Digitisation of P2G payments is not embedded in national strategies and there are no designated champions to drive the initiative;
2. Multiple models for technical integration and e-service platforms are creating inefficiency and potential confusion among users;
3. Providing tax[2] payment as an e-service is complex because calculations are not standardised and taxes have many more fields to fill than standard payments;
4. The use of cash is deeply entrenched and end-to-end digitisation is needed for users to reap the full benefits of digitisation.

We propose several measures to tackle these challenges. In light of the the additional revenue opportunities and increased financial inclusion stemming from the digitisation of P2G payments, the early lessons of Orange could help to chart a path to enabling this important use case.

1. Dalberg Global Development Advisors (2016). Global Landscape Study on Digitising P2G Payments.
2. Throughout this report, "**tax**" is used to refer to tax returns filed by individuals and enterprise customers of mobile money services, which contribute to government revenues. It does not refer to the tax levied on mobile operators by governments.


Outre
Outre

Background and context

Person-to-government (P2G) payments are the transfer of funds from an individual to a government agency to pay for a public good (e.g. school fees), settle an outstanding amount (e.g. a traffic fine) or file taxes (e.g. individual or business tax returns).

This mobile money use case is not new. When person-to-person (P2P) transfers were digitised a decade ago, the initial success drew the attention of mobile money providers, which naturally turned to expanding the payments ecosystem and looking for other cash flows to help digitise. Since then, P2G payments have emerged as one of the mainstays of the mobile money business model, along with bill payments and bulk disbursements.

Much has been written about P2G payments, and a 2017 GSMA report on this use case[3] provides a comprehensive overview. However, there were two compelling reasons to undertake this study:

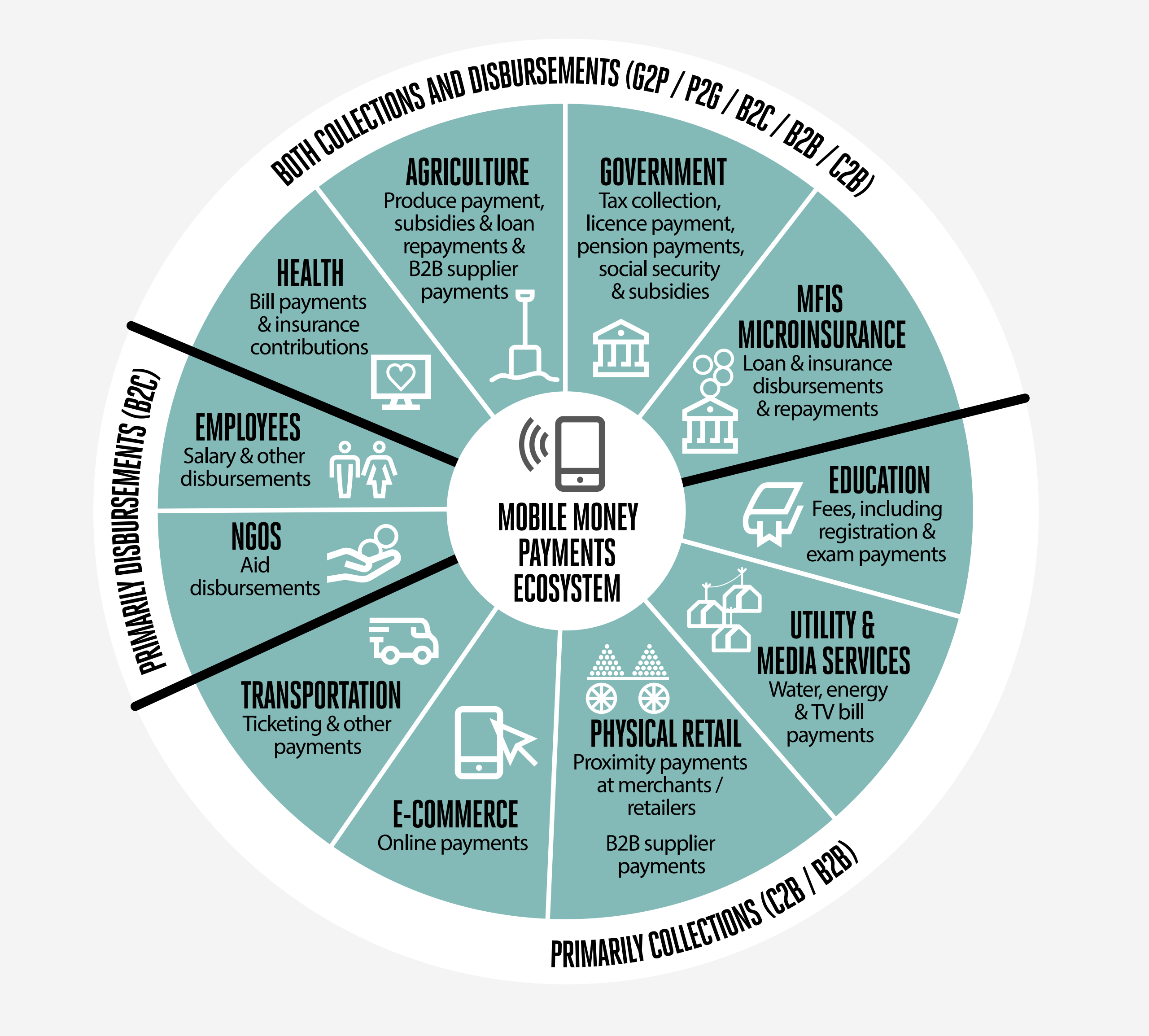
Firstly, despite the significant payoff promised by digitising P2G payments — namely, greater convenience for customers and increased revenues and savings for governments — their potential is still far from fully realised. A dated (but still relevant) statistic from the World Bank paints a stark picture: in 2012, only 16 per cent of tax payments and six per cent of other non-tax payments in low- and middle-income countries were digital, compared to 80 per cent of tax payments and 60 per cent of payments for other services in high-income countries.[4] At the same time, an average of 31 per cent of bill payments made by mobile money customers in 2018 were to government agencies[5] — underlining the fact that government agencies are important providers of services in many mobile money markets and present a valuable opportunity for digitisation.

While the challenges of digitising P2G payments have been well documented, we offer insights from a survey of five mobile money operations in the global footprint of Orange. To our knowledge, there is no other study on P2G payments that looks at multiple operations of a single operator, and this provides a unique opportunity to contrast and compare insights. The views of these leading mobile money practitioners will add rich new detail to the already familiar P2G payments landscape, and bolster efforts to capture the benefits of this important use case.

3. GSMA (2017). Person-to-government (P2G) payment digitisation: Lessons from Kenya.
4. The World Bank (2012). Global Payment Systems Survey (GPSS).
5. GSMA Mobile Money Global Adoption Survey, 2018

Figure 1

P2G payments have been a part of the mobile money landscape for nearly a decade, but their potential is far from fully realised.



Second, while the potential of P2G payments to increase and expand[6] government revenues has been highlighted in the past, in this report we wanted to focus particularly on the ability of individuals to file their tax returns using mobile money-enabled P2G payments, and the impact of this on government revenues. Across the five markets studied (Senegal, Burkina Faso, Côte d'Ivoire, Cameroon and the Democratic Republic of Congo), we have looked specifically at this question and made some interesting discoveries.

6. To learn more about the role mobile money has played in transferring informal cash and assets to the formal sector and how governments can leverage this in collecting revenue from previously untraced trading patterns, see the 2019 GSMA report, The impact of mobile money on monetary and financial stability.

The potential of P2G payments

P2G payments, such as personal income taxes, fines and fees for public goods), play a substantial role in the overall payments landscape. The global P2G payments landscape is vast; in 2016, it was estimated to be worth $8 trillion, $375 million (0.005 percent) of which are made in low- and middle-income countries.[7]

Digitising these payments could have tremendous economic and social benefits for governments, companies and consumers. For governments, digitising payment streams can increase government revenue, reduce revenue leakages and improve accountability, efficiency and transparency in public-sector transactions.[8] A McKinsey report estimated that if governments around the world digitised their processes, it could save them over a trillion dollars annually.[9]

If governments around the world digitise their processes, it could save them over

$1 TRILLION

ANNUALLY

Markets covered in this study

In this environment, mobile money providers are well positioned to develop the P2G ecosystem. This is particularly the case in West and Central Africa where Orange has been leading a number of P2G initiatives. In this report, we reflect on the success of Orange P2G initiatives in three West African (Senegal, Burkina Faso, Côte d'Ivoire) and two Central African (Cameroon and DRC) countries to highlight the lessons they offer the wider mobile money industry.

The five countries considered in the study represent a range of environments. Three of them — Senegal, Burkina Faso, and Côte d'Ivoire — have high percentages of mobile phone ownership (over 70 per cent) and significant numbers of adults with a mobile money account (over 30 per cent). In contrast, the DRC has three times the number of people (81.3 million), but less than 50 per cent of the population have a mobile phone and only 16 per cent have a mobile money account. In Cameroon, 74 per cent of the population have a mobile phone, but only 15 per cent have a mobile money account. Figure 2, provides more details on these countries.

7. Dalberg Global Development Advisors (2016). Global Landscape Study on Digitising P2G Payments.
8. GSMA (2017). Person-to-government (P2G) payment digitisation: Lessons from Kenya.
9. Corydon et al. (2016). Transforming Government through Digitization. McKinsey.

Figure 2

Five key mobile money markets have been covered in this study[10,11,12,13]

SENEGAL	
Total population	**15.8 mn**
Adult population	**9.1 mn**
Adults with mobile phones	**70%**
Adults with mobile money accounts	**32%**
No. of mobile money operators	**3**
GDP per capita PPP	**$3,142**
Value of digitized P2G payments	**8.4%***
Volume of digitized P2G payments	**1.8%**

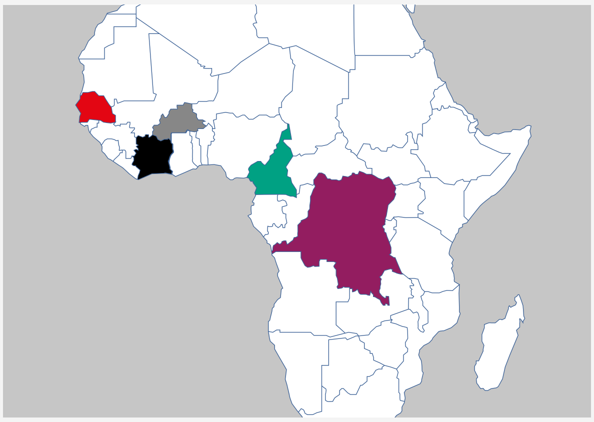
*Data unavailable for other countries

DRC	
Total population	**81.3 mn**
Adult population	**43.7 mn**
Adults with mobile phones	**47%**
Adults with mobile money accounts	**16%**
No. of mobile money operators	**6**
GDP per capita PPP	**$808**

BURKINA FASO	
Total population	**19.2 mn**
Adult population	**10.6 mn**
Adults with mobile phones	**71%**
Adults with mobile money accounts	**33%**
No. of mobile money operators	**3**
GDP per capita PPP	**$1,696**

CAMEROON	
Total population	**24.1 mn**
Adult population	**13.8 mn**
Adults with mobile phones	**74%**
Adults with mobile money accounts	**15%**
No. of mobile money operators	**4**
GDP per capita PPP	**$3,383**

COTE D'IVOIRE	
Total population	**24.3 mn**
Adult population	**14 mn**
Adults with mobile phones	**77%**
Adults with mobile money accounts	**34%**
No. of mobile money operators	**4**
GDP per capita PPP	**$3,585**



Orange P2G offerings in West and Central Africa

Across these diverse contexts, Orange has provided a variety of mobile money-enabled P2G payment services, including payment for school fees, civil service exams, licence fees and even plane tickets for state airlines. Table 1 (pages 12-13) indicates the payment facilities offered by Orange in each country and the date the service was launched.

10. TBTCA (2018). Country Diagnostic Senegal.
11. UNDP (2018). Human Development Reports.
12. The World Bank (2019). World Development Indicators.
13. The World Bank (2017). The Global Findex Database 2017.

Learnings and recommendations

The multiple P2G services Orange has launched across different markets simultaneously demonstrate the significant potential to digitise P2G payments and Orange's commitment to this opportunity.

However, this potential is still largely untapped in West and Central Africa. As part of our research, we spoke with Orange mobile money personnel in all five focus countries, as well as several government ministries, agencies and departments that receive payments through Orange's P2G services. Our conversations with these stakeholders revealed a variety of interesting insights outlined below.

Unifying champions and policies are required for effective digital P2G payments strategies

The digitisation of P2G payments is not embedded in national strategies and there are no designated champions to drive these initiatives

There were no central drivers of digital P2G payments in any of the five countries in our study. While a few ministries, departments and agencies (MDAs) indicated that their digitisation efforts were part of a broader national effort to develop digital ecosystems in the public sector (e.g. Senegal's National Strategy for the Digital Economy / Sénégal Numérique 2025[14] and Burkina Faso's Ten-Year Strategy for the Modernisation of the Administration (PSDMA),[15] they do not explicitly propose digitising P2G payments and have not successfully served as a centralised driving force for P2G payments. In most cases, digital payment use cases were either initiated by an individual ministry or by Orange itself.

14. International Bank for Reconstruction and Development and The World Bank (2016). Enhancing Financial Capability and Inclusion in Senegal.
15. Ministère de la Fonction Publique, du Travail et de la Protection Sociale (2014). Plan stratégique décennal de modernisation de l'administration.

A central policy and unifying champion can promote more coordinated, effective P2G payment platforms

A central digitisation policy driven by a champion (an individual or the state) can facilitate the implementation of e-government platforms by creating the necessary structures to support digital processes.[16] In Kenya and Rwanda, this has taken the form of a central e-government platform that other e-government platforms can plug into at the back end. Such a platform can promote integration by digital payment providers and a smooth end-to-end user experience.

How a centralised P2G policy found success in Kenya and Rwanda

GSMA research in Kenya[17] and successes in Rwanda both point to the need for centralised efforts to digitise P2G payments.

In Kenya, following a 2013 presidential directive to make all government payments digital, the Government Digital Payments (GDP) Taskforce was set up to ensure that citizens and businesses could make payments to government electronically.[18] Housed within the National Treasury, the taskforce implemented a government service and payment gateway known as eCitizen that went on to become the most successful e-government service and payment gateway in Sub-Saharan Africa.

eCitizen allows individuals to access, apply and pay for over 300 government services. Over four million registered users have made half a million monthly transactions on the platform,[19] 90 per cent of which are made through mobile money. Rwanda has a similar centralised e-payment platform, Irembo, which currently offers over 89 services online and has served over four million Rwandans to date.[20]

These experiences highlight the importance of instituting a centralised P2G policy from the beginning, and designating and empowering a champion to devise a strategy and coordinate efforts to digitise government payments.

16. For more information on the role of the government as a champion in policy-related projects, see the GSMA report, Key Enabling Factors of National Financial Inclusion Strategies.
17. GSMA (2017). Person-to-government (P2G) payment digitisation: Lessons from Kenya.
18. Authority of the Republic of Kenya (2018). Kenya Gazette.
19. GSMA (2018). The Opportunity for Mobile Money Payments in Ghana.
20. Ministry of ICT and Innovation (28 November 2018). Electronic certificates: how Irembo is on course to making Rwanda paperless.

Table 1

Orange P2G offerings in West and Central Africa

COUNTRY	BURKINA FASO	SENEGAL	DRC
Utilities: electricity and water	Electricity (2016) Water (2016)	Electricity (2012) Water (2012)	Electricity
School fees/exam fees	Public university fees (2018)	University fees, registration fees (launched in 2013, but Orange joined in 2016) One Computer, One Student programme launched in 2013–14	School fees (2019)
Government revenue collection	Property tax (2017) Other taxes introduced in phases	EFT In the pipeline to launch m-taxes in 2020	In Goma, tax payment through digital payment only (cash collection points have been closed).
Civil service	Competition fees for entry to civil service (2018), but via SMS since 2015	Competition fees for entry to civil service (2018) Competition fees for the ENA (École Nationale d'Administration) (2018) Fees for École de Transit (300 students) in pipeline	
Others (building permits, etc.)	Air Burkina tickets	ADIE has recently obtained authorisation and plans to launch digital payments for certain procedures in 2019	
Public transport			
Vehicle inspection and licences		Driver's licence in the pipeline, but no concrete date	
Social welfare: pensions and social housing	Registration fees to benefit from social housing		

Key: Some digital payments options exist | Digital payment service in development | All payments made digitally

COUNTRY	CÔTE D'IVOIRE	CAMEROON
Utilities: electricity and water	Electricity	Electricity
	Water	Water (2014)
School fees/exam fees	Exam fees and school fees for public schools	Secondary school and university fees and exam fees
Government revenue collection	Property tax and small business taxes (2018)	Property tax (2015)
	Other taxes are in the pipeline	Nine other taxes through mobile planned for 2019
Civil service	Competition fees for entry to civil service	
Others (building permits, etc.)		ADIE has recently obtained authorisation and plans to launch digital payments for certain procedures in 2019
Public transport	SOTRA services (2018)	CAMRAIL
Vehicle inspection and licences	Vehicle inspection (2018)	
Social welfare: pensions and social housing		Support for voluntary pension contributions is in the pipeline

Key: Some digital payments options exist | Digital payment service in development | All payments made digitally

A CENTRALISED P2G POLICY AND A DESIGNATED UNIFYING CHAMPION CAN PROVIDE:	
PROCESS SYNERGIES	**TECHNICAL SYNERGIES**
• A budget for technology needed to set up integrations; • Service-level agreement (SLA) standards (e.g., for downtime and user interfaces) to promote consistent customer experiences as failure in one affects confidence in other platforms; • Shared lessons across MDAs; and • A coordinated marketing approach to raise awareness.	• Common standards for integration interfaces; • Data formats for seamless transfer of information; and • System and data security best practices.

Perhaps more important than any of the above is a centralised policy on P2G payments, which sends an important message to MDAs that the government is committed to digitising P2G payments.

Streamlined integration can give a major boost to the digitisation of P2G payments

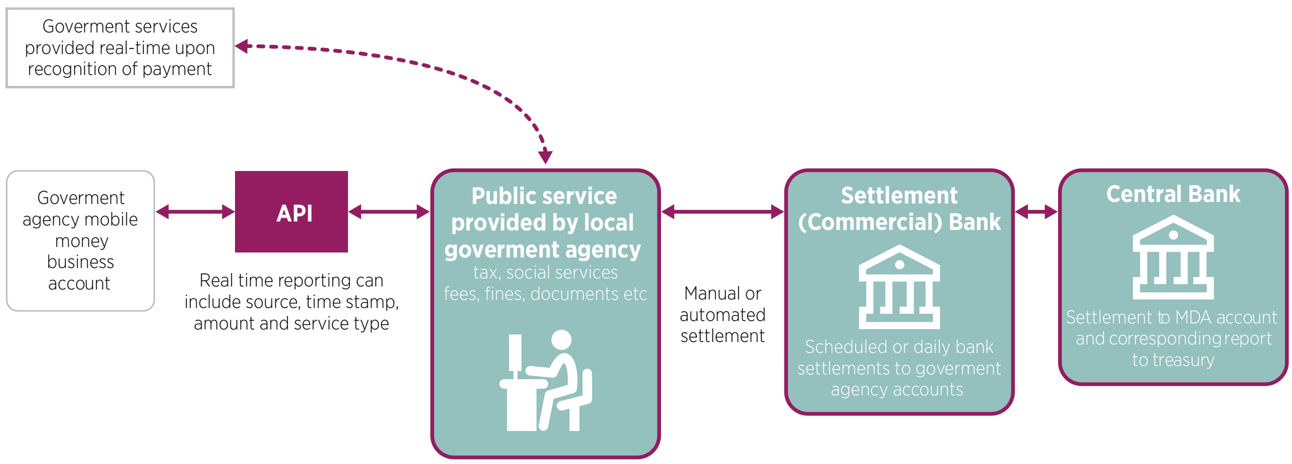
Multiple technical integration models and e-service platforms can create inefficiency and potential confusion for users

One of the key advantages of having a unifying champion and policy is that the technical integrations required to enable P2G payments can be carried out more efficiently and without duplication of effort. In the absence of a centralised approach, government agencies often end up adopting different technical integration models.

The GSMA's study on P2G digitisation lessons from Kenya[21] provides a comprehensive overview of the various integration models used by mobile money providers to facilitate P2G payments. These generic models provide a useful reference point and help us to better understand the models used in the five countries surveyed in this study.

21. GSMA (2017). Person-to-government (P2G) payment digitisation: Lessons from Kenya.

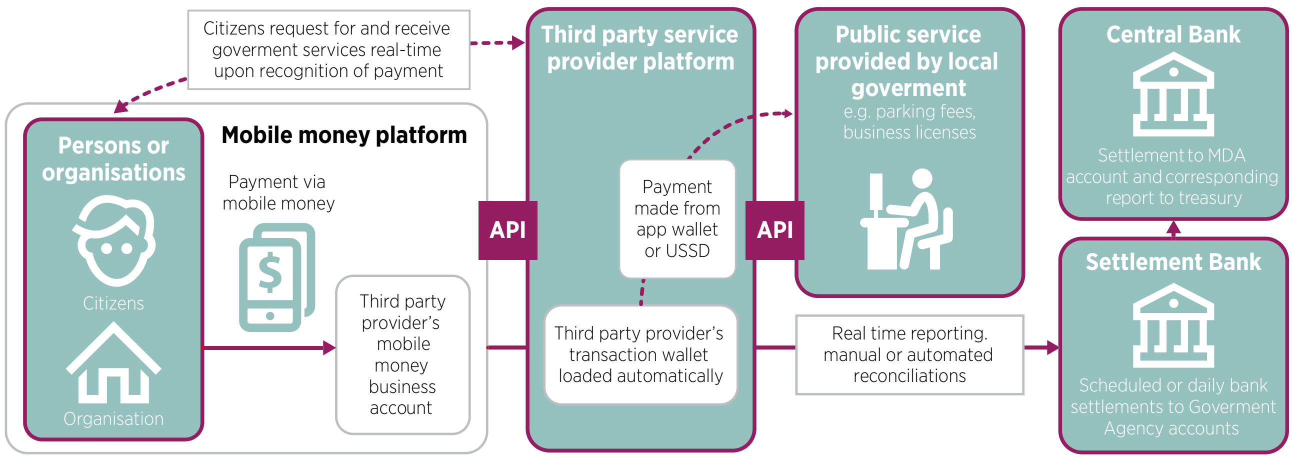
1. Direct integration between mobile money provider and government agency



Schematic of direct integration between mobile money provider and government agency

In all five countries we found that the most common technical integration method is directly integrating the payment service provider with an MDA (illustrated in the diagram above). This type of integration is particularly useful for use cases hosted on e-government platforms, such as the payment of a licence fee.

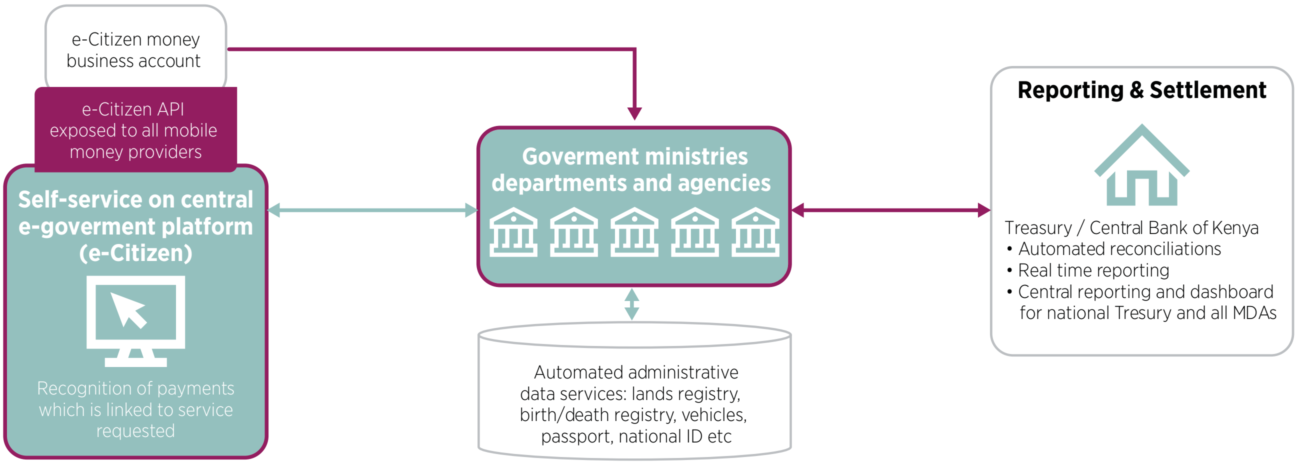
2. Integration through a third-party payments aggregator potential



Schematic of integration between a mobile money provider and a third party aggregator

However, some government MDAs in the countries we surveyed are using aggregators to connect to multiple payment service providers in their ecosystem through a single integration rather than using direct integrations with the payment providers. For example, the vehicle inspection unit in Côte d'Ivoire (SICTA) noted that it was easier to plug into a third-party aggregator than to maintain each of the integrations it had with different payment providers. Senelec, Senegal's state electricity company, also uses the aggregator model in addition to direct integrations with payment providers (such as Orange), allowing their customers to use other mobile money services like Wari and Joni Joni.

3. Centralised e-government platform connecting several government agencies[26]



Schematic of a central e-government platform integration to mobile money system

Centralised e-government platforms are another technical model gradually taking shape in the five countries. In this approach, (most or all) payments for government services are sent through one platform, which means only one payment integration is required for all use cases, either direct or through a third-party aggregator.[27] Although centralised e-government initiatives are already in place in Senegal and Burkina Faso, some MDAs also have their own independent e-government platform (and thus direct payment integrations with payment providers) for the same use cases hosted on the central platform.

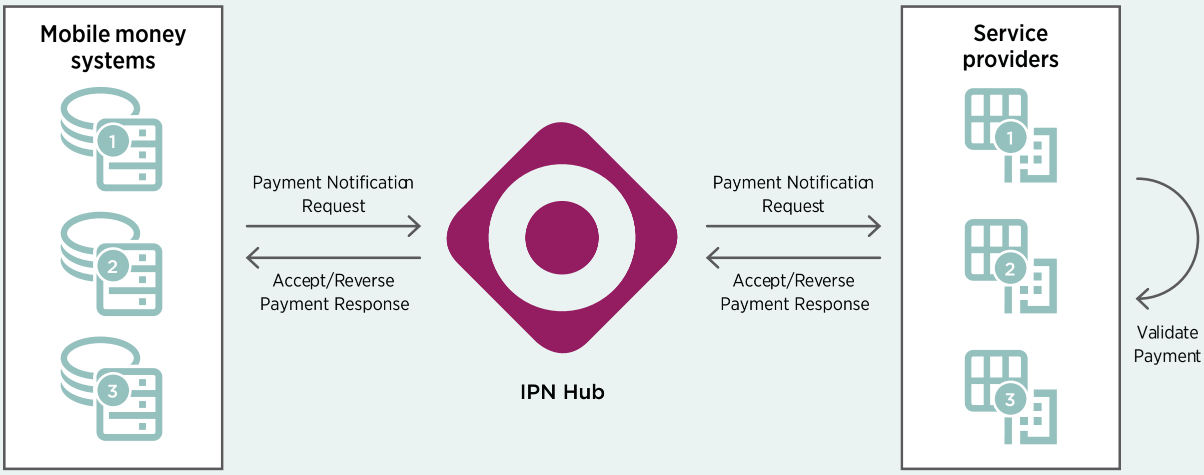
These multiple P2G models duplicate efforts and government resources and, more importantly, may hinder uptake of digital payments by creating confusion among users about the multiple customer journeys on offer.[28] With multiple integrations, customers must memorise multiple account numbers and register multiple times to make a payment on each platform. Meanwhile, mobile money providers like Orange must seek out MDAs for each use case and follow their unique procedures, which is a lengthy process.

26. TGSMA (2017). Person-to-Government (P2G) Payment Digitisation: Lessons from Kenya.
27. The digitisation initiatives in Senegal and Burkina Faso have succeeded in launching centralised e-service platforms even though it was not an explicit part of their mandate. In Burkina Faso, the Ministry of Public Service, Labour and Social Security is also working to create an e-platform that will provide access to all government services, documents and information in one place. The Ministry intends to include mobile money payments and other forms of electronic payments in a third phase. In Senegal, the Ministry of Post and Telecommunication through the Agency for State IT (ADIE) is working to create a similar e-platform. The existing informational platform was launched in 2016 and has followed a phased approach like Burkina Faso's. It currently provides information for 750 procedures and allows users to register/access 20 procedures electronically through its sister platform. Although approximately half of the 750 procedures require a payment, only one is currently payable digitally (fees for entry competition for the elite civil service). To facilitate the payment, a mobile money integration was completed in December 2018 and efforts are underway to make the other services payable digitally.
28. GSMA (2017). Person-to-government (P2G) payment digitisation: Lessons from Kenya.

GSMA Instant Payment Notification (IPN) Hub

The GSMA's Instant Payment Notification (IPN) Hub[29] is an industry utility aimed at connecting multiple players in the mobile money ecosystem through a single integration. Initially launched to connect the growing number of small pay-as-you-go (PAYG) solar providers to mobile money services through a single point, the Hub has been explored for other use cases as well,[30] including P2G payments.

It is important to note that the IPN Hub does not process payments, but rather enables easy integration between mobile money providers and ecosystem players through a single connection. It also provides payment notifications when service delivery after payment is time sensitive (e.g. the provision of PAYG energy after a customer has paid for it). However, in a context where multiple P2G services must connect to payment service providers, the IPN Hub could play an important role in bringing various stakeholders together.



IPN Hub technical architecture

29. GSMA (2018). Mobile Money Instant Payment Notification Hub: Accelerating the Pay-As-You-Go (PAYG) Utilities sector through mobile money.
30. GSMA (2018). The IPN Hub: Exploring its utility beyond pay-as-you-go solar.

Digitising government revenue collection is hard, but worth the effort

Providing digital tax payments as a service to citizens is complex because calculations are not standardised and taxes have many more fields to fill than standard payments.

One of the main objectives of this study was to understand the feasibility of using mobile money-enabled P2G payments to file individual citizens' tax returns. In all five markets, we found that the complexities of filing individual tax returns make the customer journey harder to navigate than other P2G payments and often requires in-person assistance. This is primarily because filing taxes requires filling out many more information fields than a standard P2G payment. However, once the relevant information had been submitted and the tax amount worked out for the individual, the payment was made digitally, often using mobile money.

In the case of enterprise customers, in Burkina Faso and Cameroon, medium and large businesses will begin using a central platform for tax payments in 2019. In Senegal, large and certain medium-sized businesses (with revenues of CFA one billion / USD one million or above) must also begin using a central platform for paying taxes. In this particular case, customers were so resistant to paying digitally that the government had to mandate use of the platform for tax payments through regulation.[31]

31. Interview, Director of IT at the General Direction of Taxes in Senegal, 19 March 2019

Citizens' tax returns must be sent directly to the government's treasury, which requires payment service providers to meet more stringent requirements for technical integration

As tax returns must be sent directly to the Treasury, there are often stringent national regulations that payment providers must observe to facilitate digital tax payments. In the case of the Central Bank of West African States (BCEAO), the legal framework only authorises banks, financial payment institutions, decentralised payment systems and e-money issuers to make e-payments, which are sent directly to the Treasury in Senegal.[32] This is one of the reasons why the current e-tax platform in Senegal only accepts bank transfers for payment.

Since tax payments tend to be infrequent and can be high value, they are not always compatible with mobile money

Tax payments may require higher transaction limits than currently permitted for mobile money transfers in many countries. For example, the maximum balance limit for mobile money accounts in BCEAO countries (Burkina Faso, Senegal, and Côte d'Ivoire) is USD 3,430,[33] while in DRC the daily transaction limit is USD 500.[34] Although personal and small enterprise taxes may fall within these limits, medium and large enterprises easily exceed these limits and most payments must be made by bank transfer. Furthermore, tax payments are not made frequently. Whereas small business taxes such as VAT are paid monthly, many taxes paid by individuals such as property tax are likely to be paid annually or on an ad hoc basis.

32. Interview, Agency for State IT (ADIE) Senegal, 21 March 2019
33. Instruction n°008-05-2015 régissant les conditions et modalités d'exercice des activités des émetteurs de monnaie électronique dans les États membres de l'Union Monétaire Ouest Africaine (UMOA).
34. Instruction no 24 relative à l'émission de monnaie électronique et aux établissements de monnaie électronique.

Two approaches to digitising government revenue collection

All the countries in our study have prioritised an e-tax platform, but are taking different approaches to implementation. These approaches fall into two categories:

1. Get the big players first

Some countries, such as Senegal,[35] are digitising tax declarations and payments in a phased manner, beginning with large and medium companies and then moving on to small enterprises and individuals. When Senegal first launched its "e-taxe" platform in 2013, it was designed for medium and large businesses, and only allowed tax declarations to be made online. Online payments by bank transfer were added later in 2017. Both online declarations and payments are now mandatory for all large businesses and certain medium-sized businesses. This year, Senegal launched "mon espace perso", an information platform for small businesses and individuals that allows users to view, verify and validate their entire tax history. Mobile payments will be added to the platform later in 2019. The final step will be to launch an "m-taxe" system for individuals to pay taxes offline through a USSD menu or a vocal server in 2020.[36]

2. Do the important/easy taxes first

Other countries, such as Burkina Faso, Côte d'Ivoire and Cameroon, have rolled out one or two pilot use cases to assess initial traction and test the platform. The initial use cases are often taxes paid by large parts of the population and automatically calculated by the administration, so do not require an online declaration. In a second phase, the tax authorities will expand the platform to include taxes that require both a declaration and a payment. Burkina Faso began with the "taxe de residence", a small tax ($0.034-$4 maximum) that all individuals must pay.[37] In Cameroon, digital payments were first rolled out with "taxe foncière" (a property tax that is widely applicable and pre-calculated)[38] while Côte d'Ivoire began by digitising residential property and business taxes. All three countries accept both bank transfers and mobile money on their respective platforms.[39]

3. Do everything at once

As these e-tax platforms are still evolving and expanding, it is difficult to determine which model will be the most successful in terms of adoption and revenue generation. Further, the tax payment model a country pursues depends on the characteristics of that country — especially the types of taxes it levies and the level of financial inclusion of its tax base. However, in all countries covered in this report, we witnessed a clear preference by governments to push for end-to-end digitisation of the tax payment process, and mobile money is an integral part of their plans.

35. BTCA (2017). Country Diagnostic Ghana.
36. Interview, Director of IT at the General Direction of Taxes in Senegal, 19 March 2019
37. Interview, Director of IT at the General Direction of Taxes in Burkina Faso, 21 March 2019
38. Interview, General Direction of Taxes of Cameroon, 13 March 2019
39. Interview, General Management of Taxes of Côte d'Ivoire, 18 March 2019

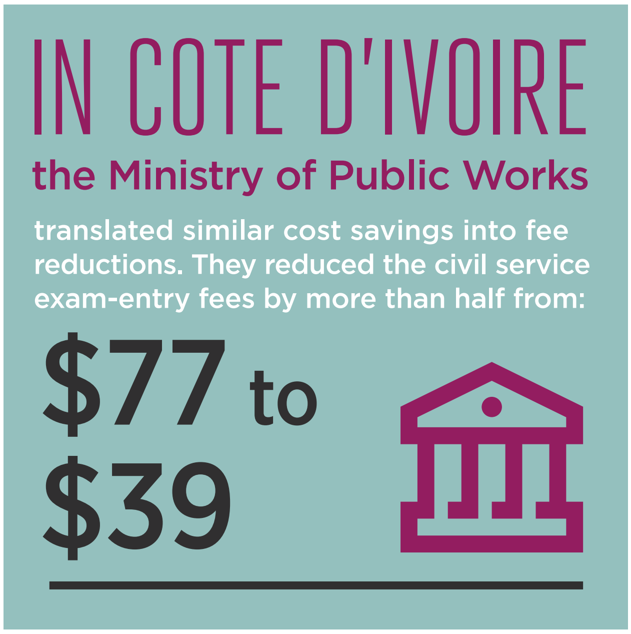
Strong incentives are needed to replace cash

End-to-end digitisation will allow users to reap the benefits of digitisation

It is not enough to enable customers to make P2G payments digitally using mobile money. In addition to digitising the payment, the service itself should be digitised end-to-end to strengthen the benefits of paying remotely.[40] If the individual must still engage with a service provider in-person for certain aspects of the service, the convenience facilitated by digital payments is lost.

Savings generated by digitisation can provide users with a further incentive to adopt digital payments. For example, the Customs School in Senegal noted a 50 per cent increase in registrations after digitising payment for its entrance exam registration. Before digitisation, the school had 25,000 registrations from candidates who were mostly based in the capital city where the office is located. After registration fee payments were digitised, registrations increased by 13,000, which (in their view) were due to new candidates from areas outside Dakar. Based on that assumption, each of the new candidates saved at least eight dollars in transportation costs by using the digital platform.[41]

As with customers, end-to-end digitisation can provide sizeable benefits for government stakeholders, too. For instance, the Ministry of Higher Education in Burkina Faso reported that digitising university registration and fees led to a cost savings of five per cent of their total annual budget,[42] mainly on personnel and registration material. In Côte d'Ivoire, the Ministry of Public Works translated similar cost savings into fee reductions, consequently lowering the civil service exam entry fees by more than half (from $77 to $39).[43]



40. Dalberg Global Development Advisors (2016). Global Landscape Study on Digitising P2G Payments.
41. Interview, Customs School of Senegal, 19 March 2019
42. Interview, Ministry of Higher Education in Burkina Faso, 13 March 2019
43. Interview, Ministry of Public Works of Côte d'Ivoire, 21 March 2019

Even though cash is not ideal, most citizens will continue to use it if given the option

Although cash is ubiquitous,[44] managing cash payments has challenges. MDAs cited security, corruption and handling costs as the key challenges associated with accepting cash payments. For example, universities in Burkina Faso hire police to escort university fee collectors to protect them from theft.[45] Cash is also difficult to trace and increases the chance of errors and leakages. Administrators of the Customs School entrance examination in Senegal noted that before requiring all payments to be made via mobile money, they would usually find more people registered than the registration fees paid due to errors in the registration process.[46] MDAs explain that mobile money P2G payments save money and time by reducing or repurposing cash collection points, and eliminating manual processes for reconciling cash payments.

Despite these concerns, most citizens will continue to use cash for P2G payments if given the option. For example, although Orange integrated with Senegalese water company SDE in 2012, 50 per cent of payments are still paid in cash and mobile money payments account for only 30 per cent of all payments.[47] SICTA, the vehicle inspection company in Côte d'Ivoire, also noted that more than half of payments are still in cash.[48]

Cash prevails because mobile money is perceived as more expensive

In almost all P2G use cases we surveyed for this study, we found that the user was responsible for paying the mobile money transaction fee. Although mobile money providers are careful to set their fees below the cost of travel and the opportunity cost of time spent traveling to service points, the mobile money transaction fee can still be a barrier. A mobile money provider in Côte d'Ivoire removed fees for car inspection payments[49] by SICTA to encourage usage and, in turn, gained 30 per cent of all payments, or almost 99 per cent of all mobile money payments. This suggests that individuals still consider cash to be free, and the costs related to making the cash payment, such as time and travel, are not obvious to them.

44. World Bank Group (2018). Summary Outcomes of the Fourth Global Payment Systems Survey.
45. Interview, Ministry of Higher Education in Burkina Faso, 13 March 2019
46. Interview, Customs School of Senegal, 19 March 2019
47. Interview, SDE, 21 March 2019
48. Interview, SICTA, 20 March 2019
49. Interview, SICTA, 20 March 2019

Incentives can help drive adoption of P2G mobile money payments over cash

Governments and MNOs are taking the following steps to discourage cash payments and increase the use of digital services. Although the examples are country specific, they could be adapted across all countries looking to offer mobile money P2G payments.

1. **Awareness campaigns for P2G mobile money payments to highlight their value and explain procedures**
   Across all five countries, awareness was cited as a key reason for low uptake of P2G payments. In some countries, such as Côte d'Ivoire, MDAs and MNOs have collaborated to raise awareness. Both played a role in organising mass awareness campaigns, setting up outreach camps and distributing informational material via fliers, SMS, radio, newspapers and their offices. In some cases, the MDAs and MNOs shared the marketing budget.

2. **More stringent mechanisms for discouraging cash**
   At the moment, Côte d'Ivoire does not charge penalties for late payment of taxes if mobile money is used.[50] Avoiding the risk of paying penalties is a strong incentive for people to pay taxes using mobile money rather than cash.

3. **Phase out cash-based payments over time**
   Digital tax collection in Burkina Faso initially required medium and large businesses to use the e-tax and e-payment platform, but individuals and small businesses will also be required to adopt the platform later in 2019.[51] Similarly, Senegal's transit school only allows cash payments of fees for two years before it is mandatory to use mobile money.[52]

4. **Helpers to show people how to use mobile money payments**
   Of the two universities that Orange supported in Senegal for a computer subsidy programme, the one with a mobile money agent on site accounted for the majority of mobile money payments.[53]

5. **Easy, responsive customer resolution procedures**
   In Côte d'Ivoire, SICTA provides a helpdesk where customers can submit grievances related to mobile transactions. The service-level agreement requires that issues are resolved within an hour.[54]

50. Interview, General Management of Taxes of Côte d'Ivoire, 18 March 2019
51. Interview, IT Director of the General Direction of Taxes in Burkina Faso, 21 March 2019
52. Interview, Customs School of Senegal, 19 March 2019
53. Interview, "1 Student, 1 Computer" programme in Senegal, 19 March 2019
54. Interview, SICTA, 20 March 2019


SUPERIOR QUALIT

Conclusion

Digital P2G payments can play a significant role in increasing government revenues and fostering growth in developing contexts. Given the benefits of higher revenues and greater financial inclusion, government agencies and advocates could learn from the early lessons of Orange to chart their way forward.

In particular, having a unified champion and centralised government policy for P2G payments are key to success. A streamlined integration process enabling P2G payments is also critical. In the course of writing this report, we found a range of technical solutions in different markets enabling P2G payments. Countries like Kenya and Rwanda have demonstrated the boost that streamlined technical architecture can give to the uptake of P2G payments.

Digitising citizens' tax returns to increase government revenue collection is also an important focus. The complexity of filing tax returns may discourage some individuals and small businesses from paying their taxes digitally using mobile money, but the benefits of such an approach can far outweigh any initial obstacles in rolling it out.

Beyond having a strong P2G offering, operators should also consider using clear incentives and marketing initiatives to encourage customers to opt for digital payments over cash. In some cases, the gradual phasing out of cash as a means of payment (e.g. for digital tax collection in Burkina Faso) has also had the desired effect on customer behaviour, nudging them to adopt digital payments.

As this report shows, the prize for digitising P2G payments is big. Beyond the obvious revenue opportunity, it also has the potential to improve the quality of people's lives in underserved communities by enabling them to easily access and pay for a raft of crucial government services, from primary education to public utilities and much more. As mobile money becomes more ubiquitous in emerging markets, it is imperative to harness this momentum to achieve key development goals. Digitising P2G payments can be an important part of that effort.

To learn more, visit **gsma.com/mobilemoney**

GSMA HEAD OFFICE
Floor 2
The Walbrook Building
25 Walbrook
London
EC4N 8AF
United Kingdom
www.gsma.com