



UN Principles for Responsible Digital Payments

Building trust, mitigating risks & driving inclusive economies

OCTOBER 2021

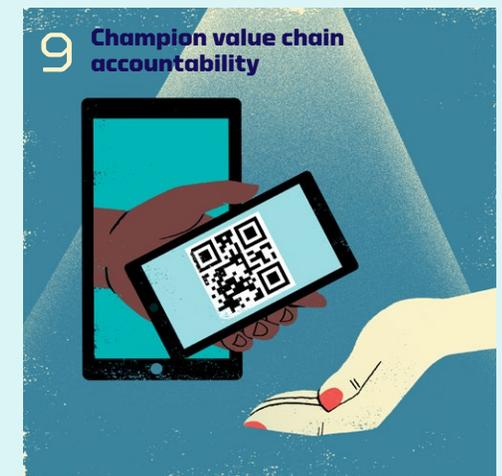
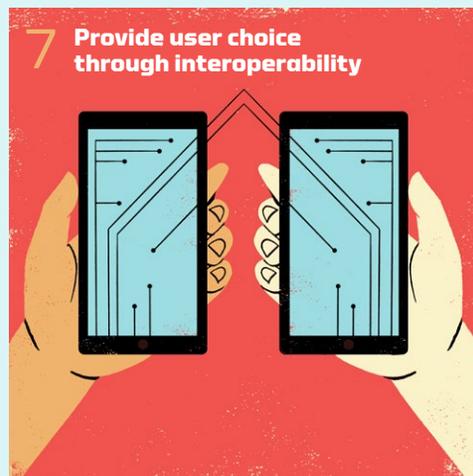
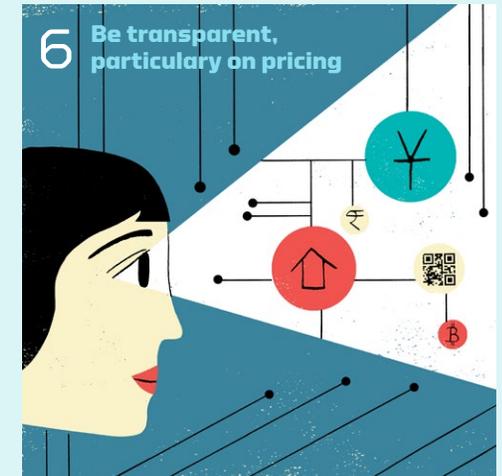
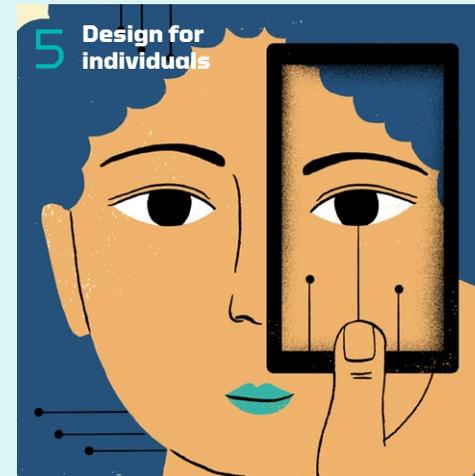
For **COMPANIES**

**BETTER THAN CASH
ALLIANCE**



The PRINCIPLES

These revised principles advocate for who needs to be responsible, what it means to be responsible, and how to be responsible





According to Boston Consulting Group's (BCG, 2020) forecast, under a quick-rebound scenario the global payments revenue pool will rise from US\$1.5 trillion in 2019 to US\$1.8 trillion in 2024.

As economies rebuild from the pandemic's wreckage, the transformative power of digital payments is invaluable. They transact swiftly, transparently and remotely. It is unsurprising that their usage has grown. It is the violence of growth that surprises. World Bank estimates a near tripling of government-to-person transfers under the pandemic.¹ Digital payments are the correct tool at the right time. Agendas now focus on their responsible implementation.

Yet their implementation is not simple. Challenges old and new await. Furious growth breeds risk. If implemented poorly, the potential of digital payments is wasted. If implemented poorly, potential becomes hazard. Consider retail e-commerce. This sector was already growing swiftly, and the COVID-19 pandemic lent it a new impetus. Yet, due to a lack of gender-intentional design, the dividend from this growth is not reaching women and thus only deepens the gender divide.

To realise their potential, digital payments ought to work every time. They should be fair. They should be transparent. They should be accountable, and they should offer recourse when they fail in the above. The challenge for digital payments is to exceed cash in all aspects.

If they fall short, a billion new users become a billion reversions to cash. Opportunity, then, is laced with liability. How might digital payments maximise the former and mitigate the latter?

User trust is the key. For the previously excluded, trust unlocks financial inclusion. And if the Sustainable Development Goals are to be met, financial inclusivity is essential. The next billion adopters are slow to trust and cautious – for good reason. A missing transaction for the underserved is exponentially more damaging. It takes overwhelming trust to convince a new user to gamble their family's livelihood on intangibles, marketing and software.

Danger dwells in the rush to benefit from digital payments whilst neglecting to earn trust. Digital payments ought to be designed, marketed, run, administered and regulated in ways that address the trust deficit. Anything less than shared responsibility along the value chain invites a backlash.

In this endeavour, companies wield control over a number of critical levers. Their management of this leverage can be vital.

¹ [Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures](#), World Bank 2021

Illustrations by Hanna Barczyk

What can **COMPANIES** do?

The Principles demonstrate that business' approach to the following opportunities will prove vital. Indeed, companies exert huge influence over the very issues that hinder the delivery of inclusive digital payments. Digitizing agribusiness supply chains is expected to build payment histories and help expand access to credit and insurance for smallholder farmers, which represents US\$3.2 billion in direct annual revenue opportunity for digital payment providers by 2025.² Companies alone are responsible for the design of their products, the transparency with which they communicate, their systems for safeguarding data, and their recourse platforms. When these things are delivered successfully, and together, the ripple effects reach wide and far.

The Principles advocate for responsible practices in the digitization of payments. They are not intended to provide a technical analysis of what each Principle, such as transparency, means in practice.



It is companies who will reach the next billion

Companies' deep knowledge of their own supply chains, such as merchants for Fast Moving Consumer Goods Companies or garment factories for global garment brands, produce actionable insights. These insights can be applied not only in their own supply chains but, when shared with the digital payments ecosystem, can also hack the adoption of digital payments in rural areas and among underserved segments. Business can supercharge outreach to the last mile.

Companies can win user confidence

Prospective users fear losing funds when transitioning to digital payments. Companies can acknowledge the proportionally greater risk assumed by low-income users and empower their supply chain to ensure that user funds are always safe and accessible. User funds - and valuable user data - must be safeguarded and taken under the aegis of professional, corporate liability.

²Digitising payments in agricultural value chains: The revenue opportunity to 2025

What can COMPANIES do?

Companies can design for excluded users

At the heart of successful design lies an empathic understanding of the consumer. Intimacy with the user's wants and needs at the design stage builds in utility, efficacy, speed and experiential delight. Companies enjoy unique access to the data required to inform this. Companies can choose to conduct outreach to marginalized groups to understand their realities. These proprietary data feed into design and marketing decisions that make a real difference - and confer a competitive edge. These can also guide their partnership and key performance indicators with digital payments providers.

Companies can advocate for and collect gender disaggregated data

Companies are enviably positioned to implement performance indices that champion women. The structural way to prohibit inappropriately designed, built or marketed products is to advocate for gender disaggregated data in their partnership with financial service providers and include women's voices at every stage. A successful organisation's gender lens is elective. Companies can commit to becoming gender intentional via greater advocacy with the digital payments ecosystem. Competitive advantage can be gained by successfully including the one billion women who remain underserved by digital payments.

Companies can create shared accountability across their supply chains

In order to onboard the next billion digital payment users, companies are strongly placed to build transparency and accountability across the supply chain to proactively safeguard and also enable users. They can provide incentives for distributors and merchants, such as discounts, store credit and value-added services to encourage user-focused behaviour. Trusted brands outperform the competition.

Create sustainable partnerships to empower women

Companies can explore innovative solutions to women's unequal access to connectivity, identity and digital and financial capability, and support partnerships that lead to economic opportunities for women. Prospective new users can find access to additional services through digital payments compelling.

Companies are now at inflection point. The time to digitize payments is upon us. A levelling-up of the user experience is tangibly close.

It is hoped that this publication provides actionable insight to those companies seeking to seize a momentous opportunity.