



# UN Principles for Responsible Digital Payments

Building trust, mitigating risks & driving inclusive economies

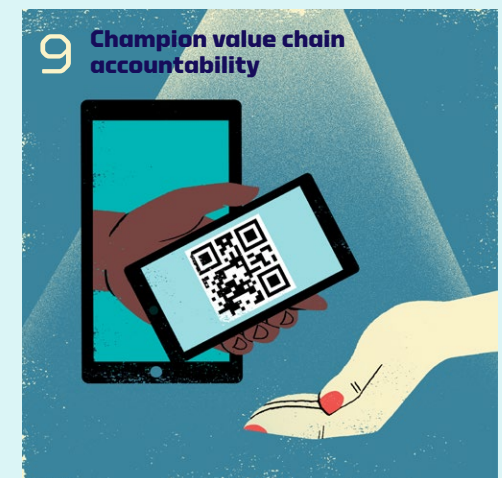
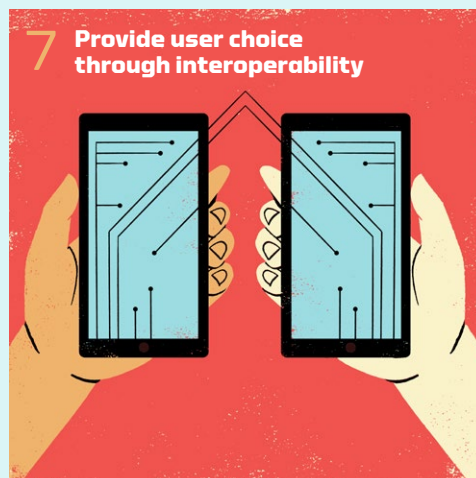
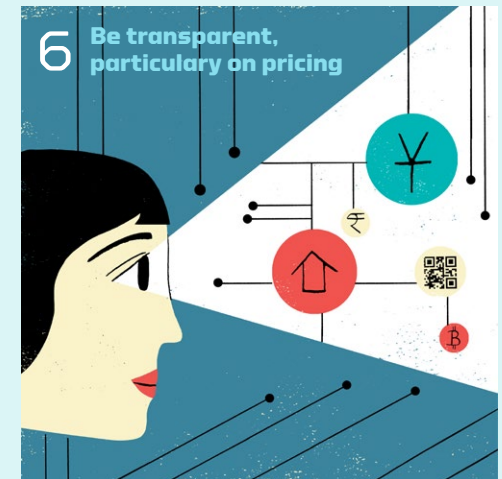
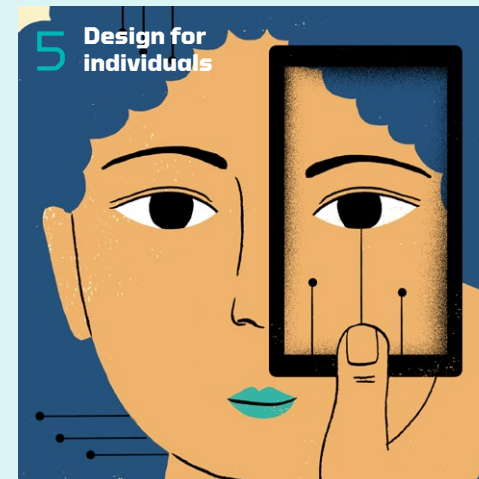
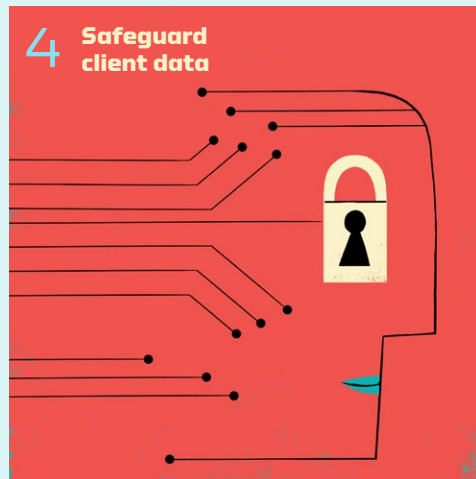
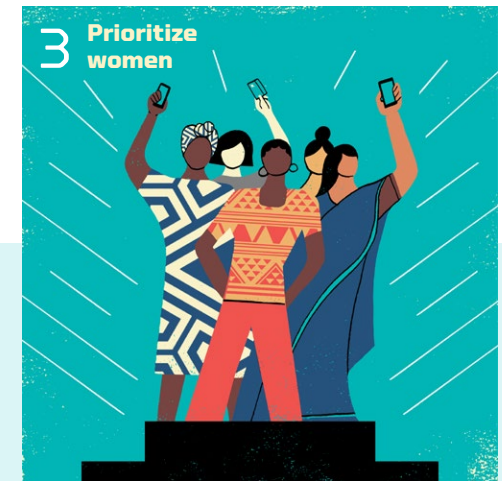
OCTOBER 2021

**BETTER THAN CASH  
ALLIANCE**

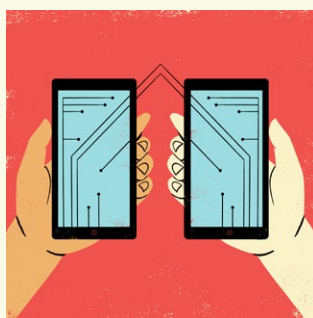


# The PRINCIPLES

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







**The transformative power of digital payments will be invaluable in rebuilding economies from the wreckage of the COVID-19 pandemic, especially for women and girls who have been disproportionately affected. UN Women estimates that by 2021, at least 47 million more women and girls will be living in poverty.**

Digital payments can be used for swift, transparent and remote transactions, and the growth in their use is unsurprising. It is the velocity of the growth that surprises. The World Bank estimates a near tripling of government-to-person transfers in 2020 under the pandemic.<sup>1</sup> Digital payments are the correct tool at the right time, and agendas are now focused on their responsible implementation.

Yet their implementation is not simple, and there are challenges old and new. Furious growth breeds risk. If implemented poorly, the potential of digital payments will be wasted. If implemented poorly, potential becomes hazard. Take, for example, India's COVID-19 relief, which impressively reached over 160 million people within hours. However, domestic migrants faced disproportionate challenges to access because of the limited interoperability of enrolment systems, biometric mismatches (causing transaction failure) and an insufficiently developed cash-out ecosystem.<sup>2</sup>

To realize their potential, digital payments should work every time. They should be fair. They should be transparent. They should be accountable, and they should offer recourse when they fail in these terms. 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. How might digital payments maximize opportunity and mitigate the risks?

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 will be slow to trust and cautious – for good reason. A missing transaction for the underserved or semi-literate is exponentially more damaging. It takes overwhelming trust to convince a new user to gamble their family's livelihood on intangibles and software.

There is danger in the rush to benefit from digital payments while neglecting to earn trust. Digital payments should 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 vital endeavour, governments are uniquely placed to ensure successful delivery. By nature, and by need, governments assume multiple roles. Accordingly, it is within their power to deliver real impact on issues critical to the successful delivery of responsible digital payments.

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

<sup>2</sup> [Fix the problems in Aadhaar-based cash transactions](#), Dvara.com, 2020

## What can **GOVERNMENTS** do?

The UN Principles for Responsible Digital Payments demonstrates that governments alone exert leverage over vital areas.

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.



### **Lead by example**

Embed in legislation the responsible digitalization of governmental payments. Aside from the sheer scale of the proposition - which encompasses national G2P (government-to-person), G2B (government-to-business) and P2G (person-to-government) payments - this sets a powerful and modernizing precedent.

### **Act as the trusted mentor**

Governments can work with trusted local community networks to support public awareness campaigns addressing the issues of phishing, spoofing and social engineering while steering users away from risky digital payment behaviours such as leaving their phones or account details with third parties.

### **Build transparency on recourse platforms**

Governments can delegate intercessory powers to regulators to curtail sharp practices that undermine trust. National and state-level helplines can interface with providers and ensure full transparency and expediency of how users' complaints are resolved.

## What can GOVERNMENTS do?

### **Collaborate across government for interoperability**

User choice can be championed by requiring interoperability to be at the very heart of all government programmes. Siloed services – including enrolment and identification systems – are no longer fit for purpose. For the digital payments ecosystem to flourish, users must be able to move their funds freely, transmissible across platforms, providers, networks and users.

### **Ensure unbiased technologies**

Governments are uniquely positioned to lead national, regional and global collaboration to regulate new technologies, such as artificial intelligence for digital payments, responsibly and in a way that prohibits systemic biases against vulnerable populations.

### **Recognize that modern accountability sits with all actors and assign responsibility accordingly**

Governments can recognize the shifting burden of accountability from the user to the provider. Accountability is now pooled and multiplied between actors. Regulatory adjustments can reflect this by holding all actors in the supply chain accountable. The subsequent flowering of user trust will supercharge adoption.

The Principles are a start of the journey to a future that is digitally and financially inclusive. It is hoped that this resource from the Better Than Cash Alliance members and partners might provide catalysing guidance to fellow travellers on that journey.

Digital payments are no longer niche or novel. They are more efficient, swifter and safer than cash. The Government of India reached over 160 million low-income citizens in a matter of hours. The Government of Colombia reached 3 million households during the pandemic's peak through strong fintech and private sector collaboration by designing responsibly for low connectivity and no handset users.

**The time to digitize payments responsibly is now.**