



# UN Principles for Responsible Digital Payments

Building trust, mitigating risks & driving inclusive economies

OCTOBER 2021

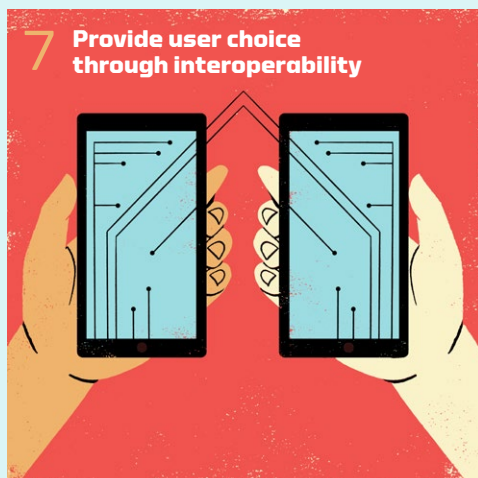
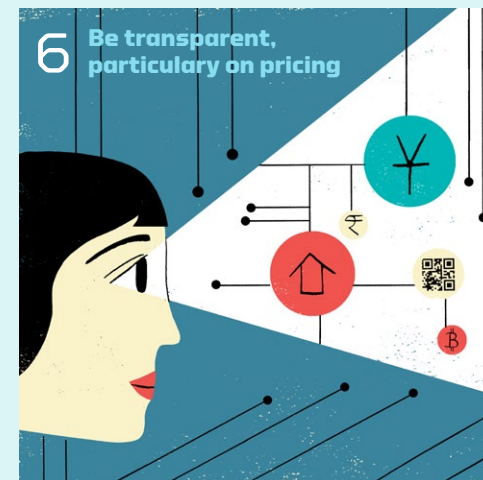
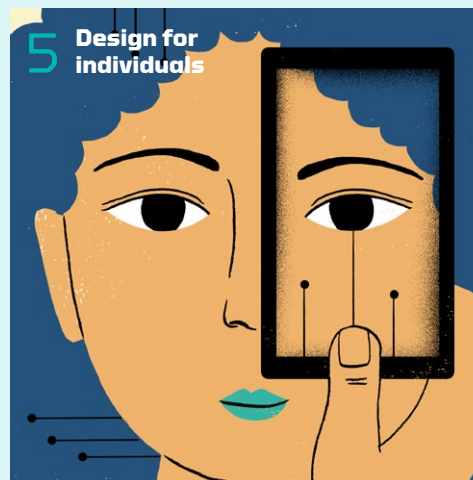
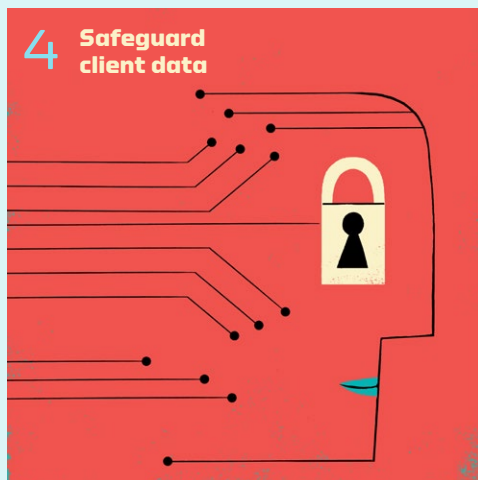
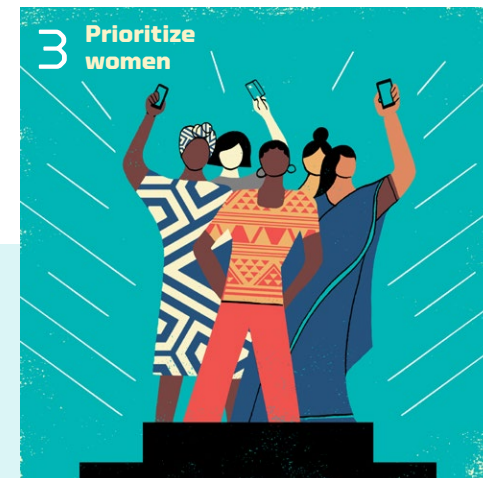
For **INTERNATIONAL ORGANIZATIONS**

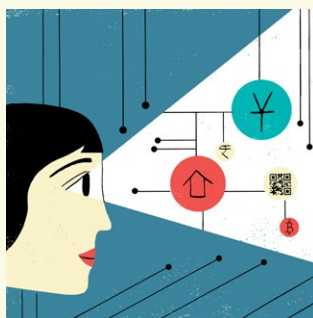
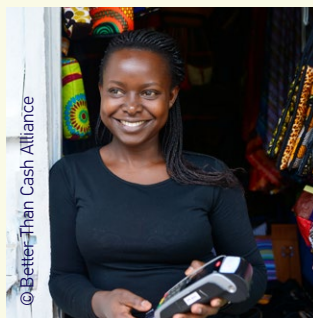
**BETTER THAN CASH  
ALLIANCE**



# 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 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 such 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. The internal audit report of the World Food Programme's mobile-based transfers in West and Central Africa notes high levels of fraud. The audit justifies a growing sense among humanitarian and international organizations of the need to create robust accountability right along the supply chain.<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. Opportunity, then, is laced with liability. How might digital payments maximize 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 will be 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 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 this trust deficit. Anything less than shared responsibility along the value chain invites a backlash.

<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 **INTERNATIONAL ORGANIZATIONS** do?

The UN Principles for Responsible Digital Payments highlights the enviable toolkit that international development organizations (IDOs) command. They possess uniquely broad perspectives, the power to convene, the expertise to share and the ability to render granular, technical assistance. They can make a tremendous difference.

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.



### **Convene to prove the power of collaboration**

In their role as collaborators, IDOs can bridge competitive, national and policy boundaries and draw actors together in a spirit of collective achievement. In their role as overseers of grants, IDOs are positioned well to collate and share guidance relevant to the responsible and transparent implementation of digital payments in some of the harshest places.

### **Share insights to supercharge user-centred design**

Through grants, IDOs have intimate exposure to the finest product design minds. Through research, IDOs have peerless knowledge of the unique wants and needs of the underserved. Through both, IDOs have unparalleled insights into solutions for user-centred design.

Their function is to share these insights freely so that governments and the private sector can optimize them. User-centred design is integral to unlocking trust in the underserved. To date, their needs have not been met. At critical points during design, their needs have not been considered. IDOs have the knowledge and opportunity to change this.

## What can INTERNATIONAL ORGANIZATIONS do?

### **Share learning to ensure emergent technologies are impartial**

It is IDOs that are best placed to monitor and report on the impact of new technologies as they penetrate the sector. The biases latent within artificial intelligence, Big Data and algorithms have been studied and sifted by IDOs. Consequently, they are able to share methods by which to avoid discriminatory bias to the underserved in the realms of data, coding, marketing and outreach.

### **Modernize recourse and make it fair**

IDOs can provide technical assistance to digital payment partners and civil society on recourse as an integral component of their support package. IDOs possess proprietary learning examining successful redress implementations (and those that experienced challenges) that can be pooled and shared with the ecosystem.

### **Quantify the case for digital financial equity and interoperability**

Their access and international footprint mean that IDOs are able exactly to quantify the impact of successful digital payments on end users, communities and economies. Their wide perspective and deep knowledge generate powerful insights into how to unpick the lock of interoperability from user enrolment to getting payments into the hands of users - a series of interdependent systems that can plug into national payment systems to improve inclusion and usage.

**IDOs are now at inflection point. It is hoped that this resource from the Better Than Cash Alliance members and partners provides actionable insights as they work to seize a momentous opportunity.**

**The time for everyone to benefit from digital payments is now.**