

# **IDENTITY AND PAYMENT SYSTEMS FOR SOCIAL PROTECTION AND FINANCIAL INCLUSION**

by

Dr. Tahir Noor

Director General BISP, Pakistan

## **The 3<sup>rd</sup> Government Forum on Electronic Identity in Africa**



# PAKISTAN - Overview



BENAZIR INCOME SUPPORT PROGRAMME  
GOVERNMENT OF PAKISTAN

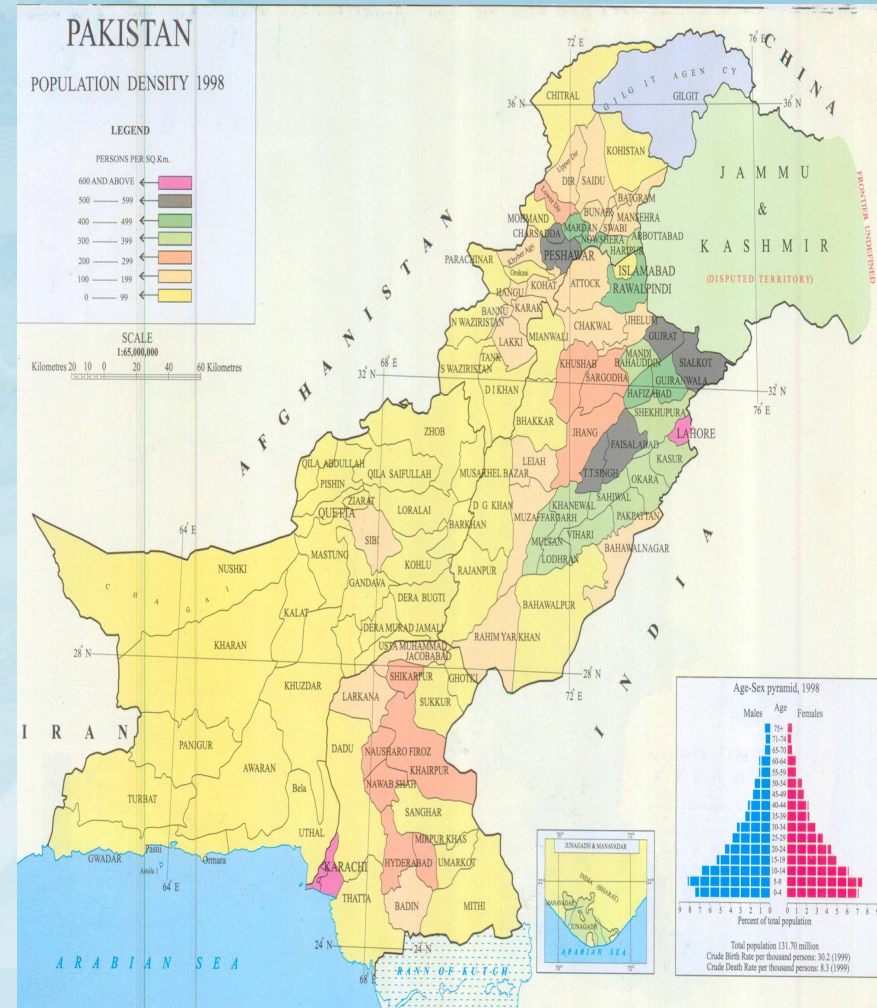
Area: 796,095 km<sup>2</sup>

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

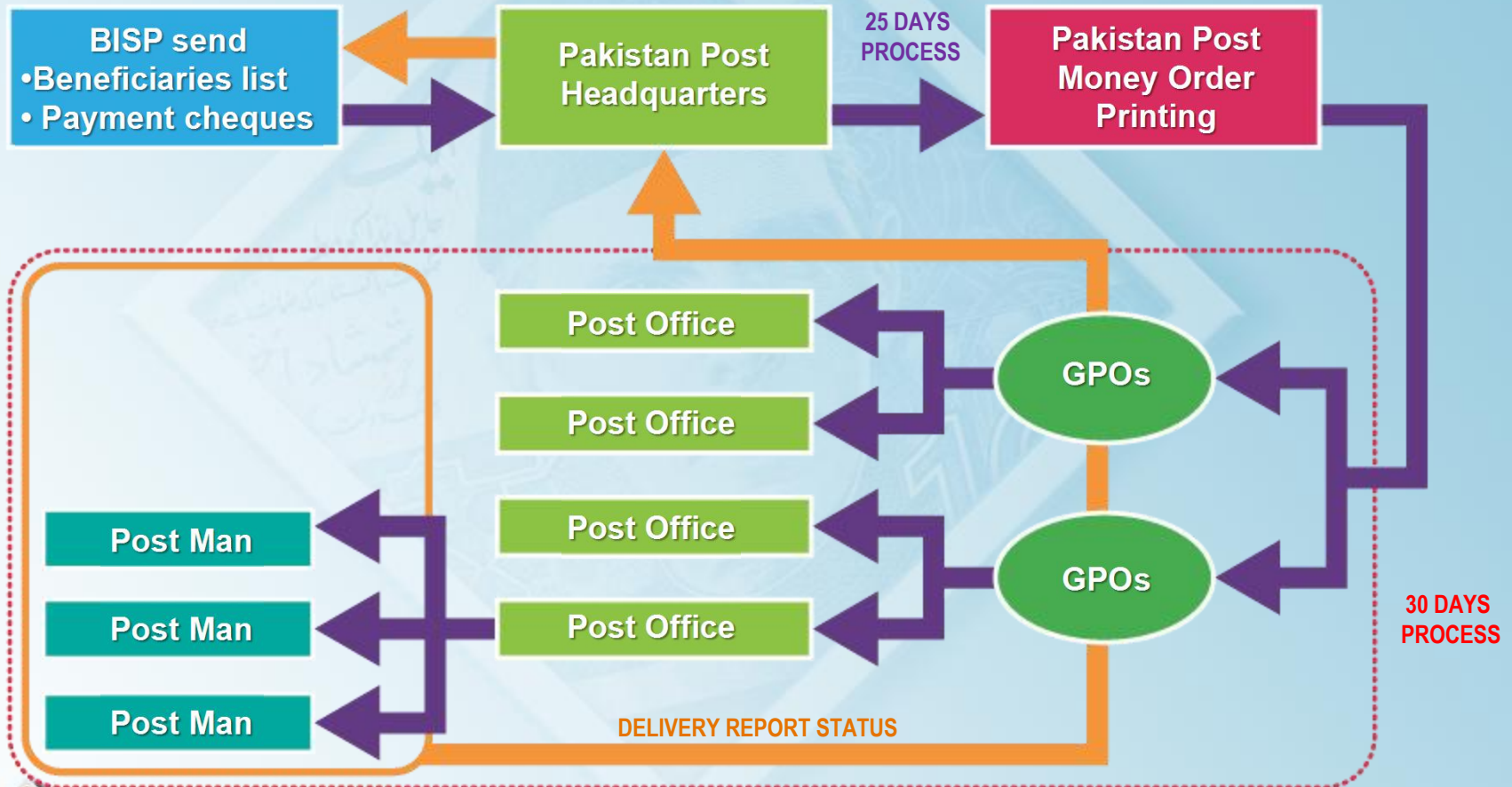
- Pakistan Post
- Smart Card
- Mobile Banking
- Debit Card
- Bio-metric based payments





# Pakistan Post: Money Order System

## DISBURSEMENT MECHANISM



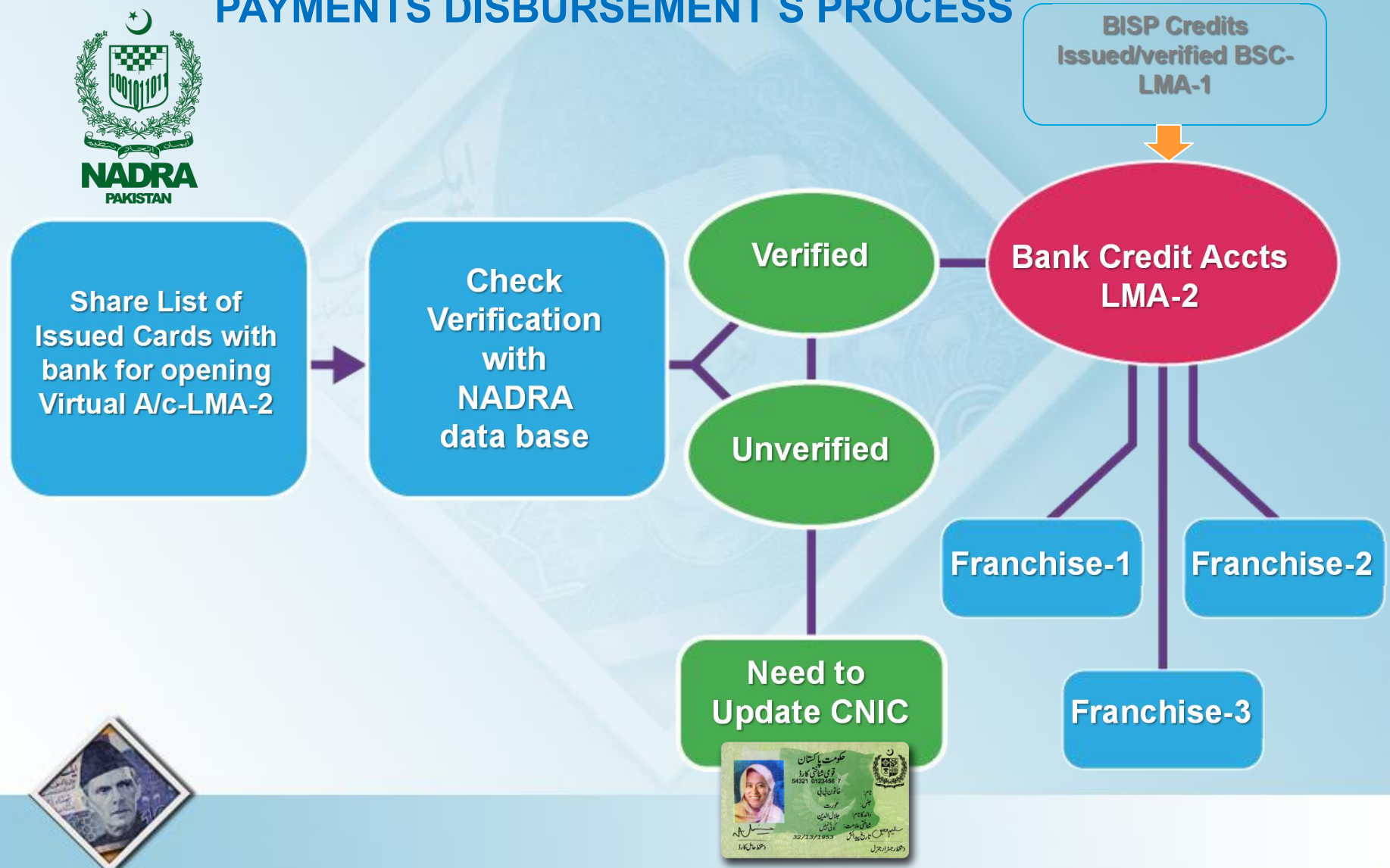
# Benazir Smart Card



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## PAYMENTS DISBURSEMENT S PROCESS

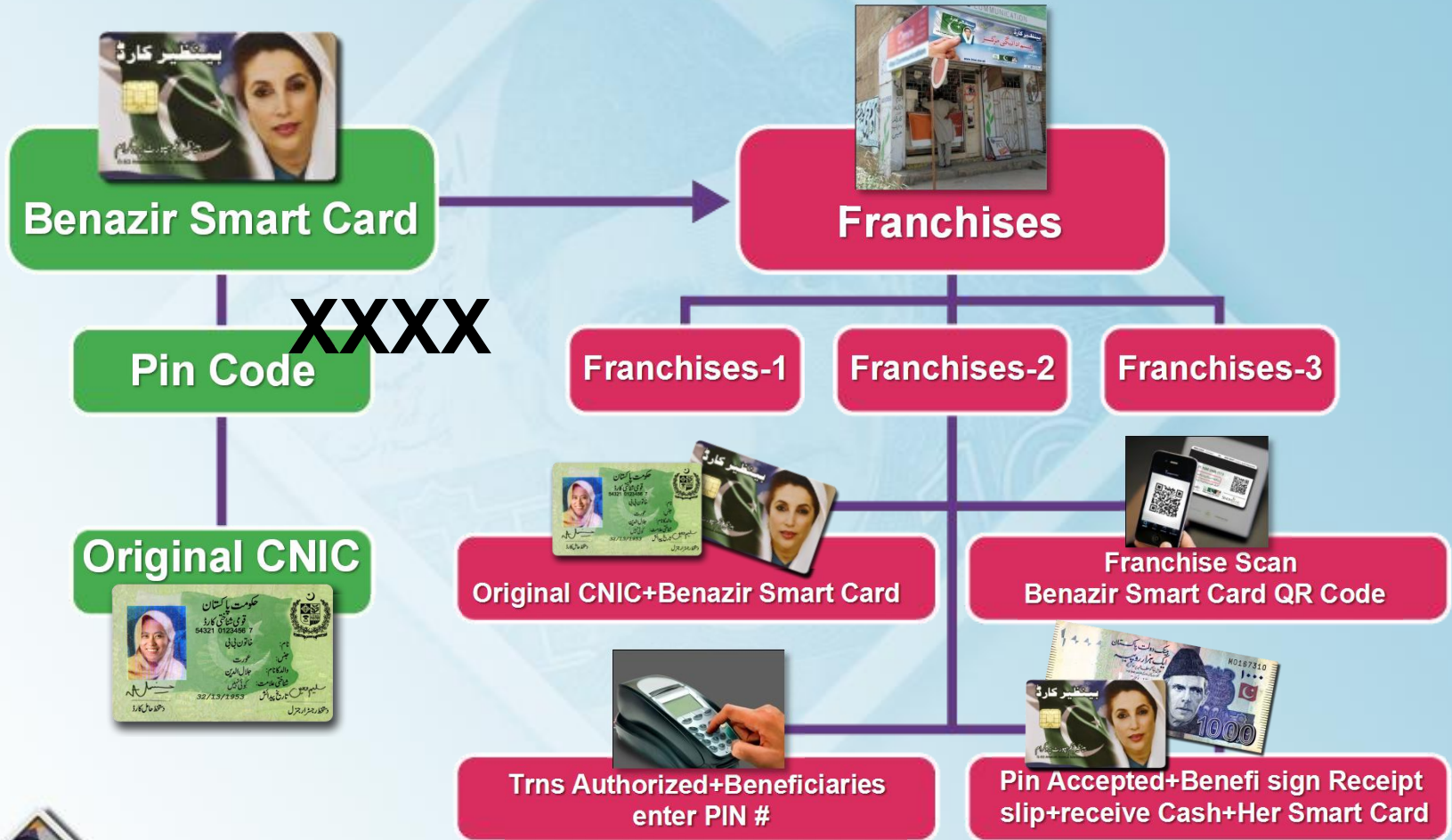


# Benazir Smart Card



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## DISBURSEMENT PROCESS



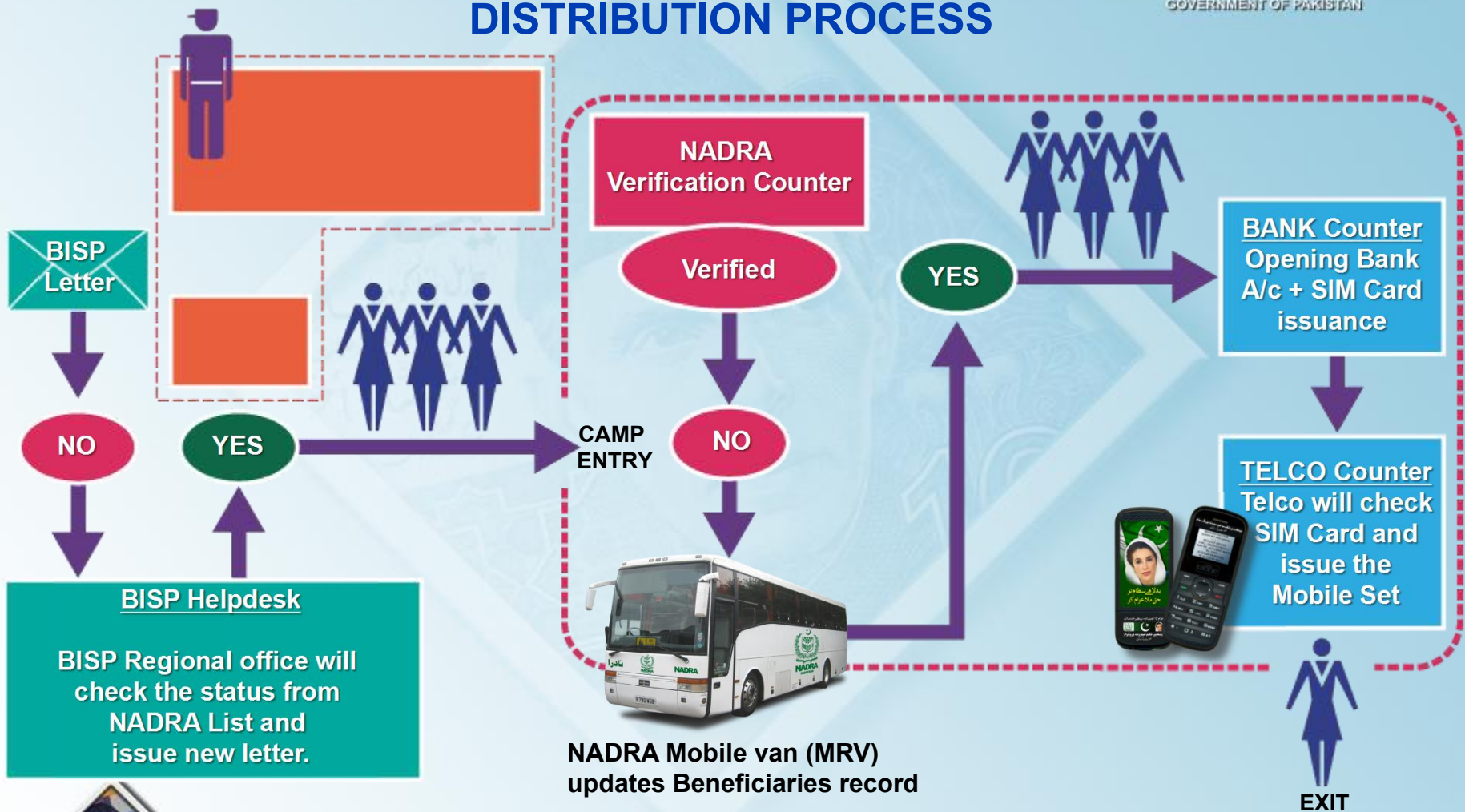


# Benazir Mobile Banking



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## DISTRIBUTION PROCESS



# Benazir Mobile Banking



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## DISBURSEMENT PROCESS



Mobile Phone

Monthly/Quarterly Basis

Franchises

Pin Code SMS

A/c. Credited  
Alert

Original CNIC

First Time Trn  
within 72-hrs

IVR local  
Language

Franchise 1

Franchise 2

Franchise 3

Franchise 4

Franchise 5



# Benazir Debit Card



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



Magnetic  
stripe

QR  
Code



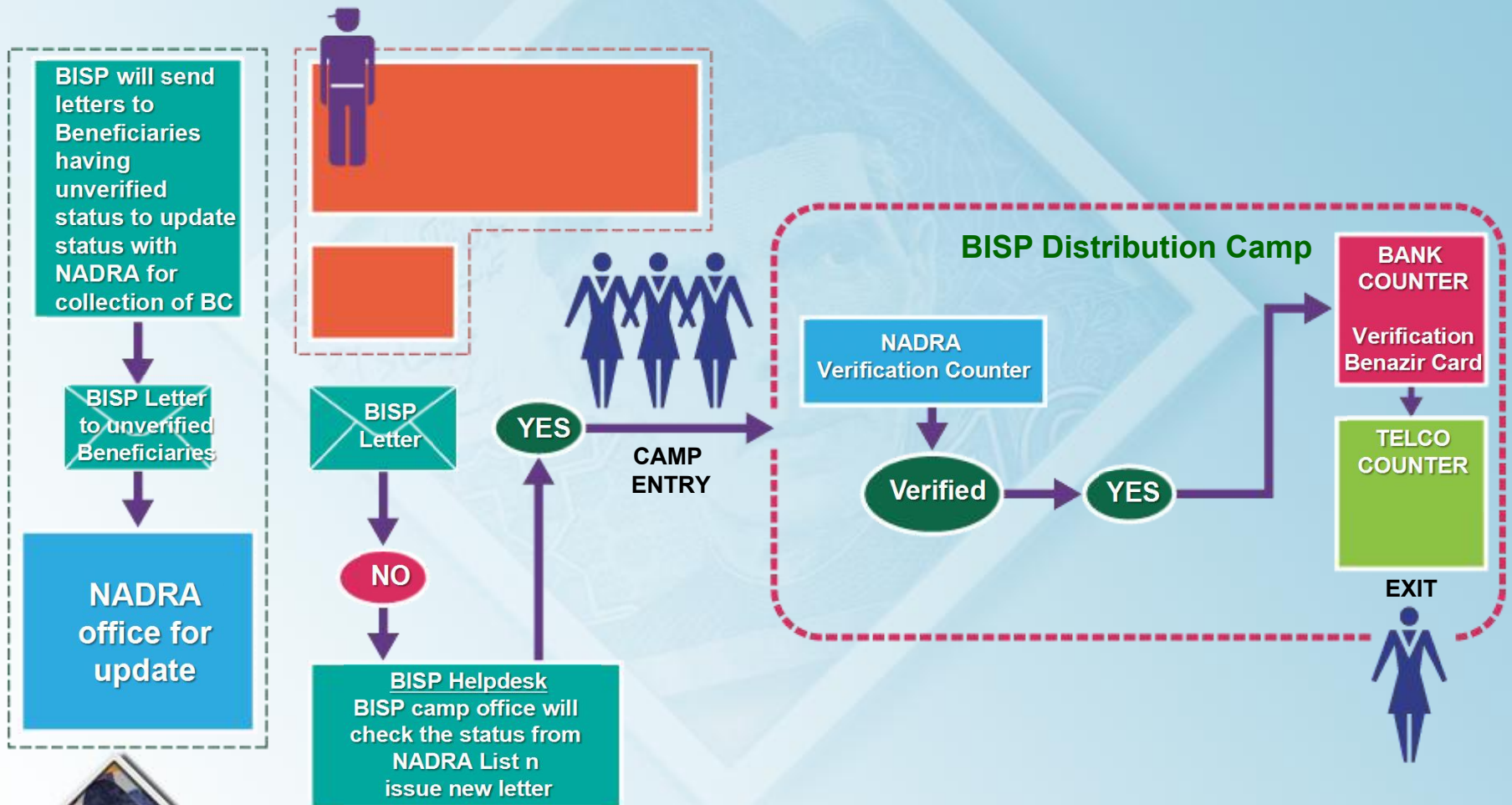


# Benazir Debit Card



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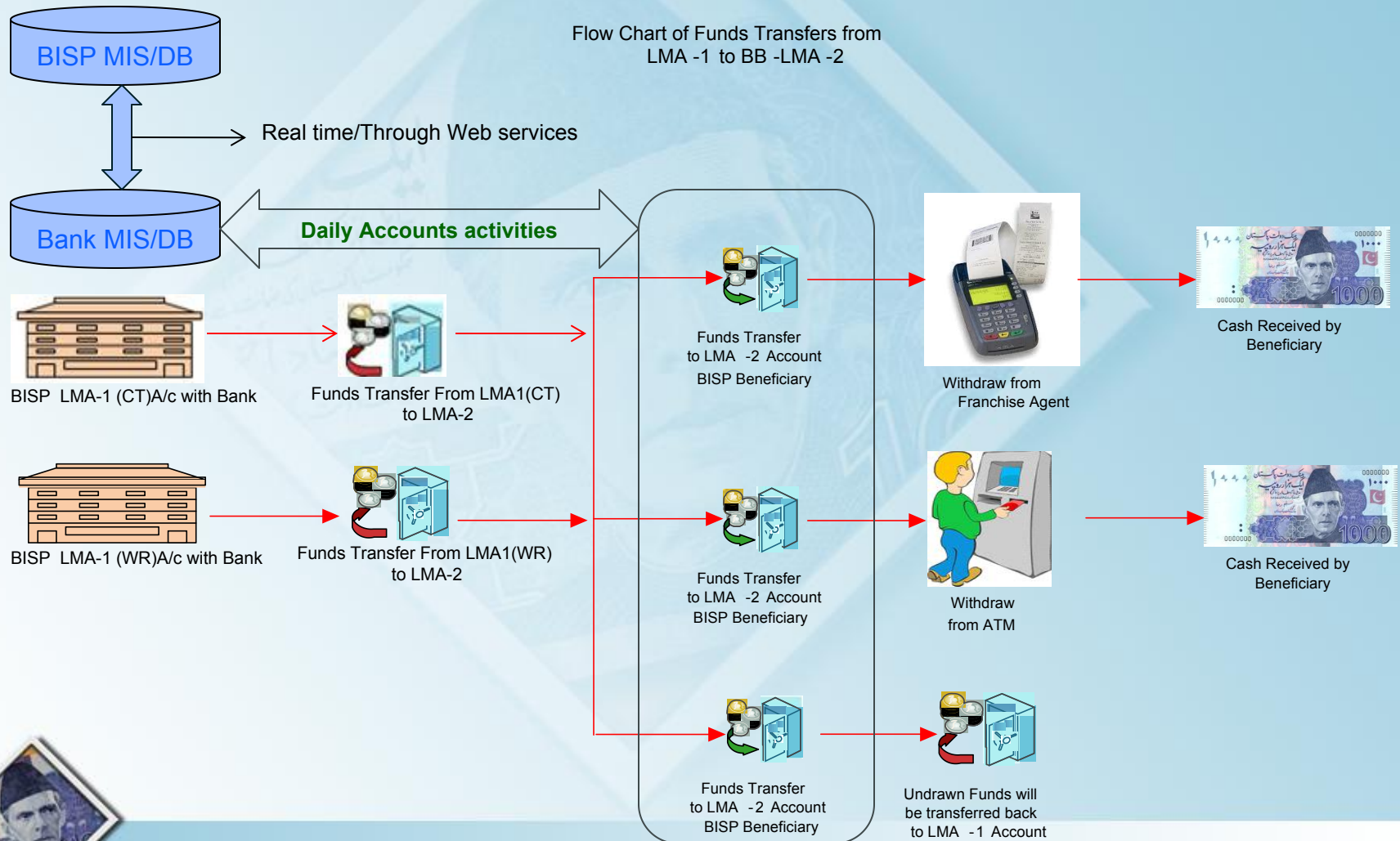
## DISTRIBUTION PROCESS



# Benazir Debit Card

## DISBURSEMENT PROCESS

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



# 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
- Urban-rural disparity in beneficiaries and available ATMs
- Non partner banks do not facilitate withdrawals and create hurdles for beneficiaries



# Evolution of BVS



- **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

Mode	Number of Beneficiary	Amount Disbursed (Rs in million.)
BDC	3,038,186	15,253
BVS	1,848,054	9,265
Pak Post	142,639	691
Total	5,028,879	25,210





# Features of BVS



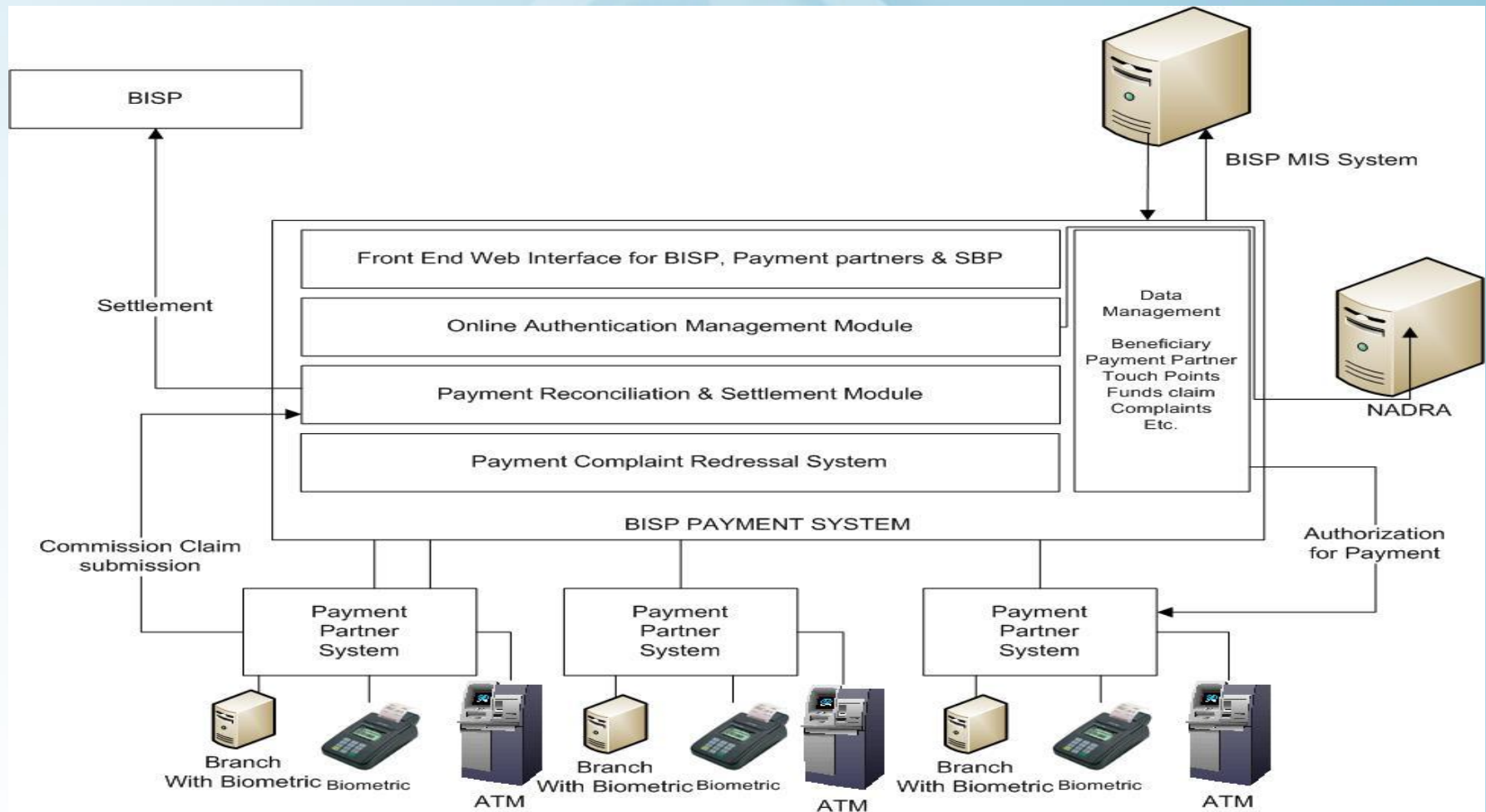
- CNIC +BVS+SIM
- Initially withdrawal at BVS enabled POSs
- Being made interoperable at POS level
- Partner Banks are also being encouraged to provide BVS operations at ATM



# BVS Architecture



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# BVS Disbursement Process





# 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





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**THANK YOU**

