



Global Landscape Study on P2G Payments

*Summary of in-country consumer research
conducted in India*

Dalberg Global Development Advisors

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Contents

Executive summary

Research methodology

Insights from MobileOne and Bangalore One

Insights from Atal Pension Yojana

Annex

Executive summary

India was selected as a focus country given the presence of the world's largest e-governance solution (MobileOne) and an initiative specifically designed for the poor (Atal Pension Yojana, or, "APY").

We conducted research on these initiatives—with a primary focus on MobileOne—to answer two key questions:

1. What are the benefits and challenges associated with making government payments today?
2. How well do digital P2G payment solutions reach, and address the needs of, the financially excluded?

In the case of Mobile One, we found that consumers who use the digital option are realizing time and cost savings and see the potential to generate increased income. Users of APY were eager to realize the long-term financial benefits from the product.

However, non-users of the digital solution said they were satisfied with their current payment methods...

- Customers already have a compelling alternative to paying at traditional government offices: Bangalore One centers are convenient to get to (often located quite close to their homes) and allow consumers to make payments for multiple services
- Paying in cash may occasionally result in **greater** flexibility for the consumer, i.e., a limited number of consumers suggested that personal relationships with officials mean that they can pay past their due date, or even pay in installments

...and low levels of product awareness and understanding—combined with concerns around the broader payment ecosystem—are preventing wide-scale adoption of digital P2G solutions...

- A recruitment effort to identify nine users of MobileOne required outreach to ~450 consumers; we found that most consumers had never heard of MobileOne
- In the case of APY, even those who are users did not understand key product features or benefits, including that their payments were automated and did not require a trip to the bank
- Consumers across both initiatives highlighted that challenges with the current user experience, issues around connectivity, validity of digital receipts and trust in digital payments made paying for P2G via digital means a less attractive—and potentially, risky—proposition

These gaps highlight a need to further develop and communicate the value proposition of digital P2G payments, as well as make more pointed investments in consumer awareness and education.

- As an example, the government could use Bangalore One centers as a channel to drive awareness and uptake of MobileOne

Contents

Executive summary

Research methodology

Insights from MobileOne and Bangalore One

Insights from Atal Pension Yojana

Annex

Our research in India was focused on MobileOne and Atal Pension Yojana

1

MobileOne

- **Launched:** 2014
- **About:** Provides mobile and PC-based access to ~1,000 state and national government services (e.g., taxes, utilities payments, and government services like birth/certificates), and ~3,000 private services across transport (e.g., Ola cabs), health (e.g., Practo), telecom (e.g., Airtel, Vodafone), etc.
- **Payment method:**
 - **Channel:** Mobile phone and PC/laptops
 - **Instrument:** Electronic funds transfer (NEFT), cards (debit / credit)
 - **Store of value:** Bank accounts and digital/mobile wallets
- **User base:** In its first year of operation, it received >5 million IVR calls and ~ 1.5 million USSD hits.¹
- **Key government entities:** Center for e-Governance (CEG), Government of Karnataka (*state government agency responsible for launching and managing the service*), Ministry of Finance (*regulator for certain national payments*), Department of Electronics and Information Technology (DEITY) (*regulatory body for PayGov platform*)
- **Private stakeholders:** IMIMobile (*development and management of the mobile platform*), PayGov (*Payment gateway*)

2

Atal Pension Yojana

- **Launched:** 2015
- **About:** Provides access to government pension scheme
- **Payment method:**
 - **Channel:** Bank branches
 - **Instrument:** Direct debit
 - **Store of value:** Bank account
- **User base:** As of March 2016, there are 2.4 million registered users
- **Key government entities:** Pension Funds Regulatory & Development Authority (*Government of India*)
- **Private stakeholders:** Banks (*both private and public sector banks, for enrolment*), eleven pension fund managers appointed by GOI including three public sector managers and eight private sector managers, National Securities Depository Limited (*operational and administrative support*)

Bangalore One

We studied this initiative to understand the user journey from over-the-counter to digital

About: Provide single-window access to ~30 government services through integrated citizen service centers which accept cash, cheque and credit / debit based payments.

1. "Minimum Government - Maximum Governance" [PowerPoint presentation], Center for e-Governance, 2015. Note: the number of IVR calls is not equal to the number of payments that were made using the service.

2. "Summary Reports of PMJJBY, PMSBY, & APY," Department of Financial Services, Ministry of Finance, Government of India, accessed March 30, 2016: <http://www.jansuraksha.gov.in/Reports.aspx>. Note that this figure does not indicate the number of regular users of the program.

We captured insights from 30+ consumers through focus group discussions and one-on-one interviews in the state of Karnataka

Objective

Focus group discussions

3 focus groups of 6 users of digital P2G services
(9 users of MobileOne and 9 users of Bangalore One)

Gain user perspectives on:

- Needs of consumers and relevance of P2G payment services
- Drivers of and barriers to adoption and use
- Usability of individual digital P2G platforms through one-on-one user tests

Methodology

- Small group of 5-6 participants per FGD for targeted discussions
 - 2 in Bangalore city (urban)
 - 1 in Harohalli village (rural)
- ~90-120 minutes per discussion

Interviews

One-on-one interviews
(10 non-users of MobileOne and 5 users of Atal Pension Yojana)

Get perspectives on:

- Awareness and adoption related challenges
 - Test before/ after user experience for P2G payments, where feasible
-
- One-on-one in-depth conversations (~10-15 questions) with non-users of Mobile One and users of Atal Pension Yojana
 - ~40-45 minutes per conversation

Our primary objective was to understand the relative value proposition of digital P2G payments for the poor

Key questions

1. What are the specific pain points associated with making P2G payments at government offices today—and what is the impact of these pain points on consumers' lives?
2. How are consumers addressing these pain points / overcoming the challenges associated with making payments to the government?
3. To what extent are consumers aware about digital alternatives to P2G payments?
4. What are the perceived—and actual— benefits and challenges associated with making P2G payments? Do consumers consider digital P2G payments to be better than their cash-based alternatives?
5. What are the key barriers to adoption for digital P2G initiatives?

Contents

Executive summary

Research methodology

Insights from MobileOne and Bangalore One

Insights from Atal Pension Yojana

Annex

The cost of making payments at government offices can be high: it can take hours—sometimes even days—to make a payment

		Electricity / water bills	Birth / death certificates	Consumer quotes
Frequency		Monthly	Occasional	
Time associated	(i) Travel	0.5 – 1 hour	0.5-1 hour	<p><i>“If we have to go pay many bills in a day, it takes almost an entire day.”</i></p>
	(ii) Queue and process time	0.5 – 1 hour	~15-20 days (over 2-3 visits)	
Costs	(i) Transport	INR 30-150 (USD 0.5 – 2)	INR 30 – 2,400 (USD 0.5 – 37) ¹	<p><i>“For birth / death certificates, you have to go and fill the form, and then pay them some “fees” to make it fast. Then they ask us to come back again after 15 days, but we are not sure if we will still get the documents.”</i></p>
	(ii) Other costs	NA	INR 80 – 1,000 (USD 2 – 15) in bribes	

Beyond direct time and monetary costs, there are also meaningful opportunity costs, such as lost income (up to INR 3,000, ~USD 45, in some cases) or time to spend with family or on household chores.

The presence of Bangalore One centers has already reduced the challenges associated with government payments...

Key benefits

Greater reach than government offices

Flexibility and convenience

Trust and transparency

Description

- **Multiple centers (~50)** located through the city means very limited travel and queue times. E.g., almost all urban users we spoke to said they had a Bangalore One center within ~10 minutes of their home, and processing of each bill took ~10-15 minutes.
- Offers the convenience to pay for **~30 services at one center**. This saves users up to ~1 hour of travel per additional bill.
- Centres are open for **longer hours** (8 AM to 8 PM) than government offices offering users the flexibility to pay before or after their work
- No users mentioned challenges with corruption or leakages.
- Users trust center officials to provide relevant details around government programs. Some users suggested that Bangalore One officials would be a strong channel for raising awareness about MobileOne

Consumer quotes

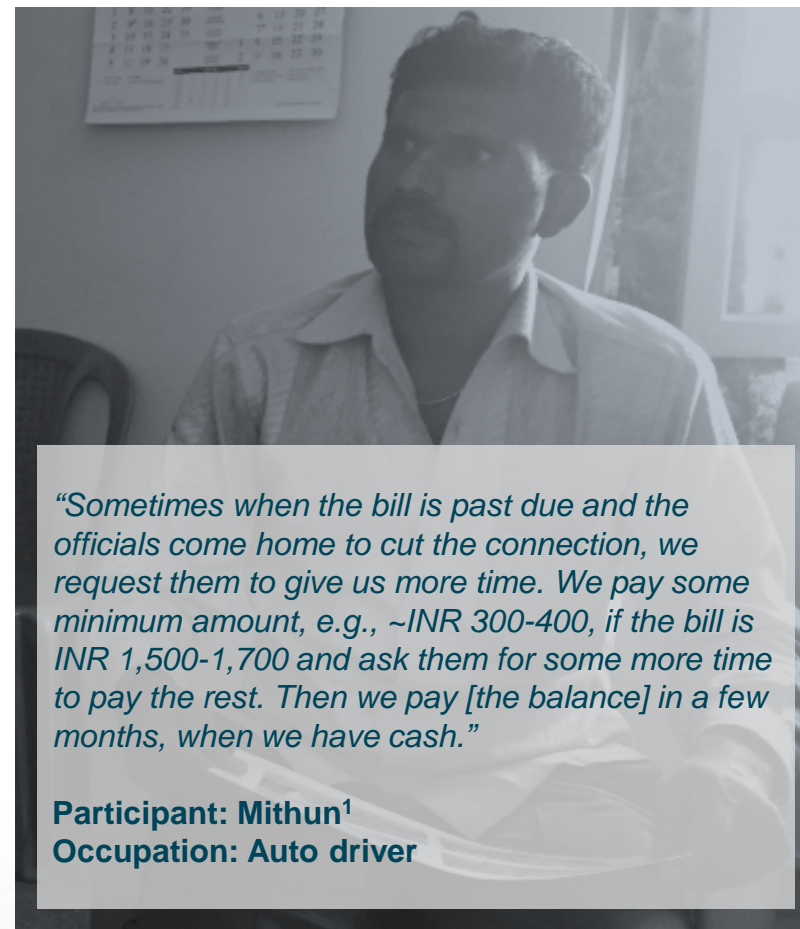
Bangalore One is "all in one" where you can pay all the bills like electricity bills, water bills, landline bills etc. or else we will have to go to different places which is really a waste of time."

"You get all the facilities that the government of Karnataka is offering from birth to death."

"I go early morning and finish it off so no need to waste time."

...and personal relationships and workarounds can sometimes further mitigate the challenges associated with P2G payments

- **Personal relationships:** Some users mentioned that close relationships with government officers allow them to pay bills past their due date and / or in installments—sometimes several months later—resulting in greater flexibility for the consumer
- **Alternative solutions:** Consumers sometimes have the option to pay—without ever stepping outside their home. For example, if a consumer is late to pay his / her utility bill, an official will come to the individual's home to disconnect service. Some consumers cite taking advantage of this home visit as a payment opportunity and are even able to avoid disconnection



Adoption of digital P2G solutions will require the digital solutions to not only be better than paying at a government center, but also improve upon the Bangalore One experience and alternative workarounds.

While consumers typically had a positive experience with MobileOne, particularly in terms of time saved and convenience ...

Key benefits



Time saving

Description

Users most value time saved from having to visit a physical center and stand in queue. For example, users cited savings ranging from 15 minutes to 1 hour, between INR 30 to 2,400 (USD 0.5 – USD 40) per month (in additional income or cost savings from transport)

Consumer quotes

“We save a lot of time through it that I can use to do more tailoring (to earn more) or do some more housework.”

“I don’t have to travel anywhere to pay bills anymore”



Flexibility / Convenience

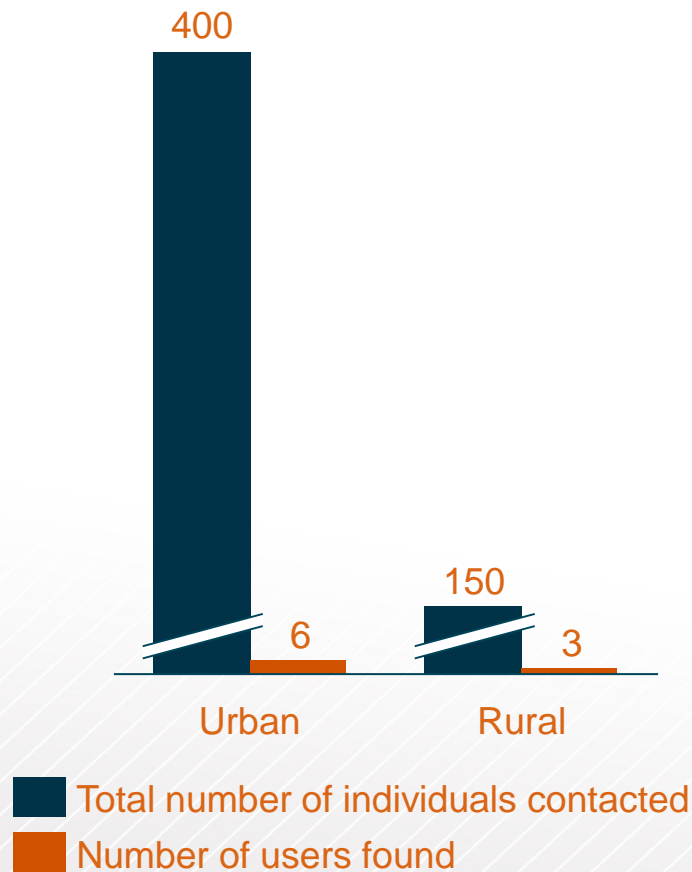
Users, especially those who have migrated from Bangalore One, value the flexibility and convenience of being **able to pay from their homes, at any time.**

“I can sit at home and make the payment whenever I am free, I don’t have to do it during my working hours”

When shown the solution for the first time, even non-users suggested that the interfaces (app, IVR and USSD) were relatively easy to use and could offer benefits if they were to switch over.

...the initiative has not gained traction, and has struggled with low levels of awareness

Current levels of awareness and adoption are low...
of individuals contacted for recruitment vs. recruited



... and largely based on word of mouth publicity

- Almost all users we spoke to had heard about MobileOne through their friends or their social network
- All the non-users interviewed, including regular users of Bangalore One, had not heard of MobileOne
- Experts interviewed also mentioned that current awareness is largely based on word-of-mouth publicity

“My friends told me that there is an app like this so that we can pay bill from my house itself.”

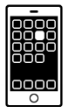
Even when aware, consumers are concerned that making digital payments for government services could be a risky proposition...

User challenges

Uncertainty around pricing



Usability challenges (UI/UX)



Concerns over digital receipts



Description

- Users did not know if they were being charged fees for using their debit cards on the app, and how much it was
- Almost all users felt that the **registration process** (e.g., creating passwords) was complicated, especially for first time users
- Users also said the **terminology used** on the app is complex. (e.g., the app groups all government bills under “utility” which is not a common term used by the user base)
- Users also faced **challenges with the user interface** (e.g. the app toggles randomly between Kannada and English between screens)
- Many users said they would not pay taxes (both income and property) through MobileOne, due to **preference for physical receipts for taxes** which relevant for many other transactions.
- Users also mentioned that the **tax payment process was too complex** to be done over a phone.

Consumer quotes

“I am not sure if they are deducting more money (apart from bill amount) as fees. May be they are, but I have not checked.”

“(On the app), the technical terms are difficult to understand.”

“If you have to go for some taxation work for court or taluk (local government) office, over there they won’t accept if you show the SMS they will need the print out of the receipt.”

...apart from challenges related to poor connectivity, lack of trust and corruption that hinder adoption of digital payments more broadly

Barriers to adoption

Description

Consumer quotes

Poor connectivity



- Across urban and rural areas, **lack of stable internet is a big challenge** to prolonged use of the service. Most users complained of poor internet connectivity.
- User also said they felt **nervous making payments over a poor connection** and 3 out of 6 users said they use the app only over Wi-Fi when they are at home.

“The main thing is the internet ...we don’t have internet (signal) all the time so that criteria (for using the service) matters a lot here.”

Mistrust of technology and private players



- **Non-users** also mentioned that **previous poor experiences** (such as fraud) had increased their mistrust of payment options such as Paytm.
- The mistrust of technology / digital payments more broadly may also be preventing consumers from testing MobileOne (this requires further testing)

“The OTP (one time password to complete payment on USSD) takes time to come via SMS; I don’t know if it’s a network issue.”

“I don’t trust private providers...there are poor options for consumer recourse.”

Corruption is not fully addressed



- **Corruption is not fully addressed in cases where the delivery of the service is non-digital, (e.g. birth /death certificates)** Some users mentioned that these services sometimes require multiple trips to government offices and additional payments (bribes) to release documents. Paying digitally does not address this issue.

“We have to pay them [government officials] something extra to move things faster.”

Today’s product and ecosystem-level challenges suggest that—despite offering time and convenience benefits—paying digitally may not always be better than alternate approaches.

Contents

Executive summary

Research methodology

Insights from MobileOne and Bangalore One

Insights from Atal Pension Yojana

Annex

Atal Pension Yojana offers a digital small-ticket savings product with benefits such as co-contribution by the government

Benefits	Description	Consumer quotes
Monthly contributions are small	<ul style="list-style-type: none">Allows users to save amounts as low as INR 42 (USD 0.6) per month in exchange for a guaranteed pension.Targets unorganized sector workers to access a formal pension product.	<p><i>“They [bank officials] have told us to pay for a certain period of time and after paying that, [there is a] guarantee that we will get INR 1,000 monthly.”</i></p>
Government incentives for adoption (for early users)	<ul style="list-style-type: none">Provides co-contribution benefit up to 50% of the total contribution (for those who signed up by March 2016) by the users to incentivize uptake.	<p><i>“In my old age, I [will] need money and they will also add extra money from government so I will get some monthly income after 60 years.”</i></p>
Efficiency and convenience offered by digital payment	<ul style="list-style-type: none">Direct debit allows users to save time on each transaction in terms of both travel and queues at the bank.Allows users to track their payments regularly through bank statements and SMS.	

The program is particularly exciting from a financial inclusion perspective, in that it not only encourages account usage but also enables long-term savings. To date, initiatives such as APY have helped reduce account dormancy to 26%.¹

Today, APY faces many challenges including limited awareness, low perceived relevance and poor understanding of the product

User challenges	Description	Consumer quotes
Low awareness of the product	<ul style="list-style-type: none">Both anecdotal evidence and our field research shows that a large percentage of the population is still not aware of the initiative.	<p><i>“To pay for pension, we go to the bank and deposit [cash].”</i></p> <p><i>“They [bank officials] are not asking anything [about not why she did not pay], maybe there are thinking that we will pay later like after 3 months or 6 months. There is no penalty.”</i></p>
Low perceived relevance of long term savings	<ul style="list-style-type: none">Many users as well as non-users placed limited value on saving now to get a small sum of money (USD 15 – 75 a month) 20-30 years in the future.	
Uncertainty over program future	<ul style="list-style-type: none">Users were also concerned about the permanence of the program and if it would last for the duration of the payments (20-40 years)	
Limited product knowledge	<ul style="list-style-type: none">Almost all the users we spoke to were not aware of the direct debit facility and believed that they had to visit the bank branch in person each month to deposit into their account the cash they’d set aside for their pension contribution. Critically, this negates the benefit of offering a digital solution for consumers!Most users were unsure what would happen if they dropped out and related penalties which range from INR 1 – 10 (USD 0.015 – 0.15) per month	
<p>These gaps underscore a critical need for stronger awareness and education programs by the government and its implementation partners.</p>		

Contents

Executive summary

Research methodology

Insights from MobileOne and Bangalore One

Insights from Atal Pension Yojana

Annex

Annex: Participant profiles

Participant profile for focus groups

	All focus group participants	Rural focus group Participants	Urban focus group participants	Interviews	Age mix ¹
MobileOne	9 users	3 users	6 users	5 non users	~24-43 years
Bangalore One	9 users	3 users	6 users	5 non users	~24-38 years
Atal Pension Yojana	-	-	-	5 users	~28-40 years