

BETTER THAN CASH ALLIANCE MEMBERS ACCELERATE RESPONSIBLE PAYMENT DIGITIZATION IN COVID-19 RESPONSE

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The Better than Cash Alliance (the Alliance), with its secretariat hosted by the United Nations Capital Development Fund, is a partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments. During the past decade, member governments of the Alliance have built effective regional and national coalitions to accelerate responsible digitization of payments to expand financial inclusion and to work towards achieving the Sustainable Development Goals (SDGs), in particular in LDC countries.

The latest Global Findex data revealed that 69 percent of adults – 3.8 billion people – now have a bank account. The significant increase in the use of mobile phones and the internet to conduct financial transactions contributed to a rise in the share of account owners sending or receiving payments digitally from 67 percent to 76 percent globally. In emerging economies, it went up from 57 percent to 70 percent between 2014 and 2017.⁷⁹ When done right, digital payments bring efficiency and transparency, drive women's economic participation, and inclusive growth. The most important takeaway from these numbers is that the biggest gains overall, and the most significant progress in gender equality, are in countries where the Alliance members have made responsible digital payments a top priority. They have adopted the Alliance Responsible Digital Payments Guidelines which identify nine good practices for empowering users who have previously been financially excluded or underserved.

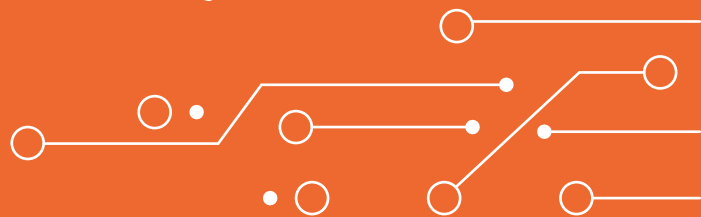
⁷⁹ <https://globalfindex.worldbank.org>

Alliance LDC members such as Ethiopia, Rwanda, and Bangladesh, are leading by example, moving away from cash, and supporting progress towards the achievement of the SDGs. In Ethiopia, the Alliance provided catalytic technical assistance to the Government to develop a widely consulted National Digital Payments Strategy 2020-2023, where key public and private sector stakeholders prioritized and championed to close the gender gap in financial inclusion and boost women's economic participation. Similarly, in Rwanda, the Alliance provided technical expertise including drawing lessons from peer members to catalyse Government of Rwanda's award-winning "EjoHeza" Long-Term Savings Scheme (LTSS). The goal of the scheme is to bridge the existing pension coverage gap, so all Rwandans have an equal right and opportunity to achieve a financially secure and dignified retirement in a safe, affordable, convenient and well-regulated environment.

Highlights of the Alliance's work in Bangladesh include bringing millions of women into the digital economy, and building more transparent, efficient, and inclusive supply chains (B2P). The ready-made garment (RMG) sector represents 15 percent of Bangladesh's GDP, and contributes over 80 percent of the country's exports. The sector employs approximately 4 million workers, 60 percent of whom are women. Yet in 2017 only 25 percent of garment factories were paying workers digitally through bank account or mobile wallet, according to research we conducted with the Sustainable Apparel Coalition.⁸⁰ To move this needle on digital wages in the RMG sector, in November 2019, the Alliance leveraged our convening powers and the Government of Bangladesh's leadership to bring all key public and private sector stakeholders including the Central Bank – the Bangladesh Bank, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and global garment brands together for the first time to focus on action at the Digital Wages Summit. This led to several landmark commitments⁸¹ by brands like Gap, M&S, Inditex, H&M (see box) to responsibly digitize wages and create new social and economic opportunities for Bangladesh garment employees in Bangladesh's growing digital economy. The Alliance led knowledge creation,

⁸⁰ <https://www.betterthancash.org/news/blogs-stories/factories-paying-workers-digitally-are-five-times-more-likely-to-provide-good-social-and-labor-practices>

⁸¹ Call to action from 4 leading garment companies: Digitizing workers' payments in the garment sector in Bangladesh



targeted advocacy, and capacity-building, together with proof-of-concept pilots, with strong government, industry body and private sector leadership proved effective. Responsible digital payments is now embedded in and recognized as a sustainable practice for government, companies and their apex bodies working in RMG in Bangladesh, driving inclusive local ecosystems for digital cash.

Landmark commitments at the Digital Wages Summit in November 2019

- [H&M](#) announced that all its supplier factories in Bangladesh would have digital payment systems by the end of 2021
- [Gap Inc.](#) said all its tier-1 suppliers would digitize wages by the end of 2021
- The [BGMEA](#) committed to 90 percent of the garment workers being brought under a digital wage system by 2021
- The International Labour Organization (ILO) announced [its membership to the Alliance and a new commitment to responsible digital payments](#)

The COVID-19 crisis in 2020 meant that millions of people in Bangladesh were under lockdown, including the garment factories. The Bangladesh government's

COVID-19 RMG Wage Relief Fund mandated that all salaries continue to be paid – but paid digitally. This resulted in the opening of 2.5 million new accounts in second quarter of 2020! This massive shift from analog to digital was possible because of the strong [commitment](#) to digitize wages made at the Digital Wages Summit. During the pandemic, the Alliance worked with key stakeholders to build digital payments grievance redressal capacity to support first time users of digital payments to create trust and put in place a recourse mechanism for first time users – important elements of the Alliance's [responsible digital payment guidelines](#).

Following the International Labour Organization (ILO) membership of the Alliance in 2019, a global learning exchange series was hosted between the Alliance, ILO, the International Finance Corporation (IFC), and their [Better Work](#) programme on digital wages during the pandemic. The Alliance catalyzed the launch of the ILO's [Global Centre on Digital Wages for Decent Work](#), which will showcase Bangladesh's key successes and good practices for other emerging markets to transition to digital wage payment through research and evidence-based advocacy.

LDCs now face unprecedented challenges in making progress on towards the SDGs due to COVID-19. Continuing to advance financial inclusion by facilitating access to digital financial services is a vital element in tackling inequality, improving prosperity, and empowering women and men worldwide. The Better Than Cash Alliance will continue to help its members respond better and faster to the ongoing demands brought by COVID-19 and help them drive progress in the transition from cash to digital payments.

