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VISA



The Transformational Power of Digital Payments for Governments

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Foreword by the Visa Executive Chairman of the Board

Imagine a world where, with a few clicks or keystrokes, citizens and businesses have online access to all government-provided public services, 24 hours a day, 7 days a week, 365 days a year. A world where national, state, and local governments get ahead of population growth trends with urban planning initiatives, develop nascent tourism industries based on projected consumer demand, and have some degree of macroeconomic foresight—the ability to peer around the economic corner, so to speak—all through the use of sophisticated data analytics.

The pandemic, still stubbornly lingering, has forced us, as a society, to re-evaluate much of what was once considered given—from how we work and interact with each other, to how we buy and sell and beyond. The digital transformation has accelerated and, if consumer preferences are any indication, is here to stay.

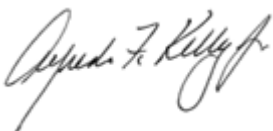
At Visa, digital money movement has always been our business. With recent studies indicating that digital adoption can have an enormous impact on a nation's GDP, we are laser focused on bringing online all sectors of the digital economy—from digitally enabling small and micro businesses, to powering consumer credentials and B2B operations, to working with governments to innovate, build efficiencies, and make data-informed decisions on the best and most effective ways to allocate resources.

While any period of transformation brings with it its challenges, it also brings immense opportunity. Across the world, governments large and small play a critical role in not just advancing their economies, but in embracing change to move towards a better future. When governments successfully harness the power of the digital transformation—and approach it with a comprehensive strategy—it can result in innumerable positive effects for citizens, for businesses, for public services themselves, and for the wider economy.

By embracing the digital transformation, governments can improve efficiencies in both time and cost, build a more inclusive society by opening and improving access to financial services and the digital economy, and act as a catalyst for innovation. All of this together can help to build trust between citizens, businesses, and the public sector, as well as establish better conditions for widespread prosperity.

For the past 60 years, Visa has been partnering with governments to advance economies by transforming how citizens, businesses and public sector employees transact, commute, and grow. Together, we're opening doors for citizens traditionally excluded from the financial system, delivering better experiences for those accepting, making or disbursing payments; modernizing transit experiences to be simpler and more sustainable; and providing actionable insights and data to stimulate economies.

In this, the first whitepaper published by the Visa Government Solutions team, I invite you to learn more about the opportunity digitalization brings, the practical steps the public sector can take to harness its power, and the countries already taking advantage of all it has to offer. As your partner, we can help you address challenges and identify opportunities to move your economy forward. Because we can't build stronger, more resilient economies without advancement.



Alfred F. Kelly

Executive Chairman of the Board, Visa Inc.

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Executive summary

Public sector digitalization is not a new idea for governments around the world, and many countries have made significant progress already. But as people and businesses increasingly adopt and rely on digital tools and interaction, digitalization is no longer an optional supplement for the public sector—it is now a real and urgent imperative.

Digital payments regularly play a key role in interactions of the public sector with citizens and businesses—and give governments a host of valuable opportunities to deliver lasting value. Forward-thinking governments can capitalize now on the high-value opportunities offered by digital payments in five key areas:

- Greater digitalization of **public procurement and government commercial payments** can enable governments to foster a more resilient business environment—reducing costs, boosting efficiency, minimizing risks, and supporting small and medium-sized businesses (SMBs).
- In **public disbursement programs**, well-developed digital infrastructure and digital payments can empower governments to get vital financial support to people and businesses in need—as quickly and effectively as possible.
- Regulation, infrastructure, grants, and education put governments in the position to drive **digitalization of SMB activities and payments**—helping SMBs to extend their reach, boost their competitiveness and resilience, enhance efficiency, and improve their access to financing.
- **Payment data** provides unique and significant insights into spend and mobility. This makes it highly valuable in policy- and decision-making—giving governments the agility to respond to critical social, economic, or environmental questions and issues as they arise.
- By implementing a unified and integrated **digital payment infrastructure and methods** across public sector services and agencies, governments can become more open, inclusive, and user-friendly—improving satisfaction for citizens and businesses.

Digitalization of public sector interactions can empower governments to deliver on their core strategic goals—improving **access** to the public sector for all, reinforcing the **trust** of citizens and businesses in government, fostering **innovation** to support the growth of smaller businesses, and driving **prosperity** by creating an environment in which individuals, businesses, and different economic sectors can thrive.

This paper is part of a series of papers outlining 5 Key Opportunities for the public sector to harness the power of digital payments in order to:

- digitalize and automate public procurement and commercial payments
- make public disbursement programs more inclusive, timely, and effective
- support small businesses to become more resilient and prosperous through digitalization
- leverage payments data to address pressing issues such as tourism recovery or urban design
- make public sector processes simpler, more digital, more convenient—and therefore more inclusive and efficient.

To explore the five key opportunities summarized in this paper in more detail, read more at <https://visa.co.uk/run-your-business/visa-government-solutions/thought-leadership.html>.



About the study

This study has been commissioned and developed in collaboration between Visa—a global payments organization—and Kearney—a global management consulting firm. Our mutual goal is to engage with government officials and policymakers—inspiring them to collaborate and leverage the opportunities provided by digital payments to enhance public-sector services and maximize value for society and the economy.

The study was conducted between June and September 2022. All insights, recommendations, and conclusions featured in this study are based on data and information sourced both before the COVID-19 pandemic and during the last two years of the pandemic.

Primary research

20+

government officials and leaders of public-private partnerships

10+

Kearney Financial Services experts, with experience at the intersection of payments and public sector

90+

Visa subject matter experts across different geographies and functions

Secondary research

130+

data sources referenced in the white paper

20+

research and content pieces by international organizations, e.g., the World Bank, the OECD, the International Bank for Reconstruction and Development, and the EU

70+

reports of programs and studies published by public sector entities

Global examples

250+

programs deploying digital payments in the public sector, including focus area, description, and results

15+

in depth case studies of flagship digital payments solutions deployed by governments with different starting points, spanning:

- Government commercial payments
- Government disbursement
- Digital enablement of SMBs
- Payments data solutions
- X2G digital services and payments

1. Introduction

Governments have a vital impact on the lives of citizens, businesses, and society as a whole

Each citizen and business has countless interactions with the government every year. Some are obvious and deliberate—for example, when we renew a driver's license or pay taxes. Some pass unnoticed as government interactions at all—such as using a mobile wallet to pay for a train fare, or reading the next billboard commercial advertising a faraway destination. And some government interactions are surprising—like receiving a government notification that we are eligible to receive a tax rebate or social benefit payment without ever sending an application.

Governments play an influential role in many parts of social and economic life. They provide innumerable services, collect trillions of dollars in taxes, plan and deliver large-scale infrastructure projects like schools and hospitals, and protect economically vulnerable and socially excluded parts of the population. They can nurture an environment that encourages fair business practices, fosters the growth of small businesses, and supports individual sectors of the economy in line with their fiscal and policy objectives.

Governments are already on the road to digitalization, but that journey has now become an imperative

As people and businesses increasingly embrace digital tools and interaction, the public sector is increasingly incentivized to follow in their footsteps. Digitalization enables governments to improve both the quality of their work and the service the public receives. Information can travel faster and further through digital channels, enabling more people to take advantage of government services—and to do so around the clock. Digital interactions can be less time consuming for people and reduce the administrative burden on companies. Automating processes like public procurement or public disbursement can improve end-user experience, significantly reduce costs, boost efficiency, reduce the length of delivery cycles, and free up resources. Using digital credentials for recurring services, for example payment credentials, can improve convenience and comfort, instill familiarity and trust in digital solutions, and ultimately, support broader adoption. Public-sector employees also stand to benefit from digitalization, with its ability to minimize repetitive tasks and help increase job satisfaction and create opportunities for government agencies to attract fresh talent. Crucially, data from different digital interactions unlocks the opportunity for further service enhancement and personalization, performance and impact measurement, and continuous improvement.

The COVID-19 pandemic has accelerated the need for digitalization—and the benefits it can deliver

The COVID-19 pandemic (referred to as “the pandemic”, the “COVID-19 crisis”, or “COVID-19” hereafter) sparked a seismic shift for citizens and businesses alike—and a sweeping change in the public sector. Even in periods of economic stability, governments are under pressure to deploy public finances to maximum effect—delivering value and efficiency for the citizens and businesses they serve. Now, the specter of an economic downturn means administrations are under pressure to do more with less while the number of people and companies in need of financial support increases. This is where digitalization, in general, and digital payments, in particular, have potential to change the game for the public sector, helping improve efficiency, transparency, and convenience.

Digital payments play a role in almost every activity of the government and public sector—paying vendors for public sector purchases, receiving tax and other fee payments from citizens and companies, providing funds to socially vulnerable individuals, or providing grants or loans to SMBs to support innovation and growth. Digital payments give governments a host of valuable opportunities to deliver lasting value. By working hand in hand with the members of the payments ecosystem, governments can help design an open and inclusive payments landscape that meets the needs both of citizens and businesses. They can facilitate the creation of the infrastructure needed for secure digital payments and incentivize or even mandate the acceptance of digital payments at all merchants and government agencies. Above all, governments that successfully position themselves as role models in the domain of digital payments can create a virtuous circle effect across the larger economy: by modeling best-practice approaches, governments stand to build trust among all stakeholders—increasing inclusion, driving prosperity, and fostering innovation.

This paper and the associated series explore five high-impact opportunities that payment infrastructure, digital payments, and payment data open up for the public sector: (1) digitalization of **public procurement and government commercial payments**; (2) creation of next generation customer-centric and digital **public disbursement programs**; (3) digitalization of the backbone of society through **digital enablement of SMBs’** activities and payments; (4) **use of payments data** to convert spend and movement insights into tangible economic value; and (5) digitalization of **government interactions and payments** to provide better, more proactive service to citizens and businesses alike.

The purpose of this study

With digital transformation now representing a pressing priority for many governments, this paper offers in-depth insights into five digitalization opportunities—with a specific focus on digital payments. Drawing on a global perspective, we explore the power of digitalization to address the shared challenges faced by governments, citizens, and businesses, while highlighting real-life examples of successful digital transformations from the public sector around the world. In addition, we outline concrete, actionable steps that can help governments drive ahead with digitalization—and to reap enduring benefits for the public sector, the economy, and society as a whole.



2. Contribution of digital payments to society and the economy

Governments that can successfully harness the power of a comprehensive digital payments strategy stand to make significant gains. By embracing digitalization, they can provide for a more open and inclusive society by improving **access** and interaction for citizens with the public sector. The public sector can strengthen **trust** between citizens, businesses, and government institutions by increasing transparency of public sector spend, reducing fraud, and creating frameworks for data sharing and usage for the benefit of society. It can also foster **innovation**—helping small businesses and start-ups gain credibility with their products or adopt new technologies to improve public sector services. Through all of this, governments have a compelling chance to drive **prosperity** in society and create an environment that helps individuals, businesses, and different sectors to thrive.

2.1. Building an open economy

Many governments across the globe are committed to providing access to public services for all citizens and businesses—building a more open and inclusive society that offers better opportunities for socially or economically marginalized groups and helps to level the competitive playing field for smaller businesses with their larger peers. New technologies and innovation in digital payments are opening up countless opportunities to reach the previously unreachable, and to improve livelihoods as a result.

Access to the banking system is a critical imperative for governments committed to ensuring financial inclusion for their citizens.

For the 1.4bn unbanked individuals around the world, access to digital payments can mean access to financial independence and better financial management—and this is something that governments have the power to provide. Digital payments tend to be the first entry point into the financial system for recipients of government disbursement funds that had previously relied on cash.



According to the Global Findex Database, an estimated 25mn people aged above 15 years in Brazil entered the financial system for the first time to receive money from the government. Similarly, in **India**, financial inclusion became a government policy initiative after recommendations of the Rangarajan Committee in 2008. However, the biggest change came with the rollout of Pradhan Mantri Jan Dhan Yojana in 2014, generating more than 260mn new operative accounts and more than 245mn new debit cards in just four years.

Digitalization provides access to an array of opportunities for SMBs—as financial inclusion does for individuals.

Greater digitalization of public procurement helps to cut down the administrative burden involved and opens up access for small businesses to public tenders—without them being effectively ruled out of the process by larger competitors. e-procurement can boost SMB participation, helping them grow and reinforce their credentials. A number of countries simplify the onboarding, qualification, and bidding requirements and in parallel some explicitly favor SMBs by earmarking a minimum share of total procurement or specific contracts for them, or by requiring winning bidders to sub-contract to SMBs.



In **India**, the Government e-Marketplace (GeM) launched a new Udyam Registration Scheme—taking consent from businesses for auto-registration on the GeM portal—and set a target of 25 percent for the share of SMBs in public procurement contracts by central ministries and departments. Through simplified qualification and tender processes, GeM accounted for an impressive 57 percent of total business through SMBs and over 6 percent contributed by women entrepreneurs. After the **UK** introduced a digital marketplace for information and communication technology (ICT) orders in 2014, it attracted almost 5,100 vendors until late 2018, with 92 percent being SMBs.

Access to digital tools and technology for SMBs is another area where governments are acting as enablers—in particular, by providing support such as grants, subsidies, or guaranteed loans. Without specialized government programs designed to support SMB digital enablement, many SMBs might not receive exposure to new technologies or might be deterred from investing in them.



The Cashless Poland program was originally born in a bid to overcome two major obstacles holding back adoption of Point-of-Sale (PoS) terminals among merchants: transaction fees and the cost of the terminals themselves. In its first year alone, Cashless Poland surpassed expectations, distributing more than 100,000 devices—two-thirds of all terminals added to the Polish market in 2018. After four years, around 350,000 participants had joined the cashless economy through the program and, according to an industry expert, 60–80 percent of new machines in Poland to date have been installed through the initiative.

For individuals and businesses to extract maximum value from public sector services, ability to access them without obstacle or inconvenience is crucial.

The ability of the government to drive inclusion translates into convenient and easy access to public sector services for individuals and businesses alike. In a digital government, all obligations can be completed online in a largely seamless end-to-end process, with many complex and circuitous forms coming pre-filled based on inputs from other databases.



Estonia uses a one-stop-shop approach to offer access to almost all public services for its citizens and businesses. 99 percent of public services to citizens are available online 24 hours a day, 98 percent of businesses are registered online, and 98 percent of tax declarations are filed digitally. And the benefits are not limited to lower costs. According to Indrek Õnnik, Global Affairs Director at Government CIO Office in Estonia: “Besides reduced financial cost, other potential measures in quality, accessibility, and increase of satisfaction are perhaps as important. This has an overall positive influence on the quality of life of our citizens”. In 2021, 82 percent of all users in Estonia were satisfied with public digital services. What is more, studies show that citizens who are satisfied with specific public services generally have a higher level of trust in public institutions than citizens who are dissatisfied.



2.2. Supporting innovation

Governments that actively support—and drive—innovation can boost the performance and resilience of the economy and individual sectors. Payment-related innovation offers the public sector several powerful ways to achieve this. But it also imposes an important requirement: governments are traditionally not leading innovation but have a critical role in setting the conditions for innovation through regulation and legislation. For innovation to thrive, strong collaborative partnerships between governments and the private sector are essential.

Innovation can enable governments to distribute aid to a large number of eligible recipients quickly and effectively in times of crisis.

Innovations in digital identification (by linking to alternative data records, such as employment records or utility payments), and delivery (tokenized credentials linked to virtual accounts, mobile wallet transfers, etc.) enable disbursement programs to rapidly scale up to meet soaring demand.



In order to expand the coverage of its Novissi COVID-19 relief program, the government of **Togo** partnered with international organizations and experts for technical support. A team of U.S. researchers led by Joshua Blumenstock at the Center for Effective Global Action and the Global Policy Lab developed a novel approach to identify the country's most vulnerable individuals. Their approach relied on supervised machine-learning methods, which make use of traditional household surveys, as well as non-traditional digital data from satellites and mobile phones to estimate the wealth of small villages and individual mobile subscribers. Beneficiaries determined as eligible registered using their mobile phones; after entering basic information into a USSD¹ menu, they were immediately sent mobile money transfers of approximately USD20 per month for a period of three months. The machine-learning technological innovation helped target over USD10mn in cash transfers to over 140,000 Togolese at risk of food insecurity.



In **Nigeria**, the eNaira program simplified access to aid for those without IDs or formal addresses. The Central Bank of Nigeria has ensured that socially and financially disadvantaged persons are not precluded from opening accounts by lack of acceptable identification and has established a three-tiered Know-Your-Customer regime with flexible requirements for low- and medium-value account holders. The new digital currency is built on distributed ledger technology—a modular framework that provides a robust security architecture that is versatile, optimizable, scalable, and open to innovation.

Unique insights contained in payment data can empower businesses and governments alike to better target strategies and shape policy for the good of the economy as a whole.

Payment data represents a high-impact driver of innovation, providing significant value to several sectors of the economy. In tourism, innovative data analytics solutions and insight dashboards are supporting the growth of the sector—enabling tourism companies to create more strategic and informed initiatives and campaigns, allocate their budgets more effectively, and offer more targeted locations and services.



For example, in **New Zealand**, the Ministry of Business, Innovation and Employment uses electronic card transaction data and other data² to create a Tourism Recovery Dashboard. The dashboard has been tracking the border reopening and its effect on the recovery of the tourism sector from the COVID-19 pandemic. The statistics helped identify at what point of time holiday and vacation visitors exceeded friends and family visitors and that it was the U.K. and U.S. card spend which led the recovery to 2019 levels.

¹ USSD stands for Unstructured Supplementary Service Data and is a communication protocol used in the Global System for Mobile Communications to send text messages. USSD is similar to Short Message Service (SMS).

² Data for the dashboard includes StatsNZ provisional border crossing and visitor arrival data, Sabre flight capacity, Marketview international electronic card spend, and Immigration New Zealand visa approval and arrival figures for the Working Holiday Scheme visa.

In urban planning, payment data underpins the design and assessment of initiatives for reducing pollution and traffic jams, increasing sustainability, or boosting local businesses. Data from digital payments is also invaluable in crisis management, generating insights that fuel effective and timely policy making and response measures.



Several **UK** cities, including Bath, York, and Newcastle, are partnering with GHD's³ people movement and crowd dynamics team—to gain an aggregated view of movement, spend, and dwell in their cities. The insights are packaged in a dashboard and are used by the cities in a range of ways, from planning for urban regeneration to assessing the economic impact of clean air zones and identifying locations for EV charging.

Open data holds great promise for digital governments with the vision to drive innovation.

Governments that have the ability to combine different data sets and extract insights from them stand to amplify their impact and create further opportunities for innovation. Open data empowers governments to better and more proactively target their services, while also helping them detect fraud more accurately through advanced analytics.



In **Austria**, parents no longer need to apply for child support as the tax authorities automatically check requirements and transfer the family support to the parents' account. During the COVID-19 pandemic, governments used open data to facilitate the way in which citizens and business coped with the crisis and to exchange expertise with the private sector for more effective policy responses. In **South Korea**, citizens could easily locate pharmacies with adequate stocks of face masks thanks to a partnership with the private sector. The sales completion rate—comparing the supply and sales volume of masks daily—increased from 39.5 percent on March 9th to values between 88 percent and 92.5 percent after the service launch on March 10th. Citizens were able to review the mask stock, visit retailers nearby, and secure masks, resulting in high satisfaction with the service.

Increasingly, open data is paired with new technologies, such as artificial intelligence (AI), in order to better serve citizens and businesses and enhance the quality and impact of services.



In the municipality of Trelleborg in **Sweden**, AI technologies have been used to automate various social assistance decisions since 2016. Currently, the automated decision-making system is able to process applications for homecare, sickness benefits, unemployment benefits, and taxes and has been regarded as a successful example for others to follow. **Malta** is planning to launch a pilot where AI will be used to collect, organize, and analyze data to discover patterns of water and energy usage. AI will also be used to develop predictive maintenance in utilities management and to design services at the local and city level. Recent research by Digital McKinsey indicates artificial intelligence can automate nearly 80 percent of all physical work, 70 percent of data processing work, and 64 percent of data collection tasks, pointing to tremendous potential for public sector efficiency but also optimization of proactive services to citizens.

Innovation can help to bridge the significant financing gap for SMBs.

The availability of national payment acceptance infrastructure—which is frequently supported by the public sector—is fundamental to the proliferation of PoS terminals in rural or remote areas and the availability of transaction data for businesses outside of the official banking system. Fintech companies are using innovative methods to analyze SMBs' credit risk—leveraging exactly this digital payments data from PoS transactions to gain insights into the operational performance of these companies. This innovative approach can eliminate the need for a long-term credit history—removing structural barriers facing SMBs in accessing appropriate sources of financing, such as information asymmetries between financial institutions and the SMB management, and relatively higher transaction and borrowing costs for funding institutions to serve SMBs. Larger use of verifiable cashless payments (relative to cash) predicts a higher chance of loan approval, a lower interest rate, and lower default. Knowing that a higher use of cashless payments leads to a higher likelihood of obtaining a loan can create a virtuous cycle in which SMBs adopt digital payments, creating demand-side pressure.

³ GHD is a global professional services company that provides integrated solutions through its expertise in engineering, environmental design, and construction.



2.3. Instilling trust

The ability to secure—and maintain—trust is a significant component of governments' agendas. Digitalization is a powerful vehicle for governments to provide transparency into their activities, demonstrate their integrity in action, and build enduring trust that they are acting in the best interest of different stakeholders in society.

Without the trust of the public, governments are at risk of falling short of ensuring the success of public policies.

Trust that the government is using public funds in line with policy objectives is critical. Governments that digitalize their procurement processes equip themselves with a powerful tool to maximize the public good by increasing transparency and accessibility to broader public spend. They also gain a highly effective way to minimize the potential for corruption and conflicts of interest that represent a pervasive concern for potential bidders.



South Korea's ON-line E-Procurement System (KONEPS), the public procurement system of the country, diminishes the possibilities for corruption through online contact instead of direct interpersonal contact and cuts the opportunity for arbitrary decisions by publishing all bidding information real time. This approach dramatically enhanced transparency of the public procurement process. The system resulted in South Korea being ranked number one in Asia and 18th out of 114 assessed states in the world in the Index of Public Integrity published by the European Research Center for Anti-corruption and State-Building.



In the **U.K.**, reports on all government procurement card transactions over USD600 (GBP500) are published every month on the government's website—within 15 days of the payment cycle's end—providing unprecedented transparency on how public funds are being spent.

Citizens' trust in government is largely tied to their confidence that governments have their best interests in mind.

Governments' ability to robustly manage citizens' data—collecting, storing, sharing, and analyzing it in a responsible manner—plays an important role in securing their trust and actively showing that the public sector is acting in their best interests. This is particularly true when it comes to personal financial data, such as bank transactions or tax records. Once data is in the hands of governments, they should ensure that citizens know and understand how their data is being stored, processed, and used in government decision-making. What's more, citizens must also have the power to control via digital consent the type and amount of data that they are comfortable sharing with the public sector.



New Zealand appointed an independent entity to ensure ethical use of data—the Data Ethics Advisory Group. The group is tasked with advising the New Zealand government agencies on ideas, policy, and proposals related to new and emerging uses of data—thus helping maximize the opportunities and benefits, while responsibly managing potential risk and harm. By using data to analyze and understand drivers, outcomes, and potential obstacles in citizens interactions with authorities, governments can position themselves to identify—and fill—unmet needs and service gaps, creating a stronger alignment between needs and policies—and reinforcing citizens' trust in the process.



2.4. Driving prosperity

For governments, driving prosperity means creating an environment that helps individuals, businesses, and economies—and the public sector itself—to thrive. Against the current macroeconomic backdrop, digital payments have an important role to play in fostering prosperity by having the potential to help reduce poverty and inequality and enhance financial inclusion and cohesion across larger society.

For society’s most vulnerable individuals, government disbursement is often one of the only ways to ensure the survival and future of their families.

The financial fallout of the pandemic has come as a particularly bitter blow for people who were already socioeconomically disadvantaged, putting governments under intense pressure to deliver faster, more effective financial support for those in need. Digitalizing government disbursement programs and payments can make a significant difference here. Digital payments help governments get support to the people in need—as quickly and effectively as possible.



The **Ukrainian** DIIA e-government platform and app gained traction during the pandemic through the introduction of ePidtrimka (eSupport)—a one-off payment of roughly 37USD (UAH1,000) to fully vaccinated Ukrainians linked to a digital bank card. In the first two months, the government issued 9.3mn ePidtrimka cards. In the last year, the Ukrainian government has been using Diia to send financial assistance to those displaced by the Russian invasion. **Colombia’s** innovative Ingreso Solidario program played its own part in disbursing emergency funds to hard-to-reach individuals in need. The unconditional emergency transfer program reached nearly 3mn households—of which 63 percent are headed by women, and one-third are first-time users of mobile money accounts—by subscribing not only the banking system, but also several large fintechs in the country to reach beneficiaries, including Venezuelan refugees.

Governments can also boost the prosperity of SMBs—and through that the prosperity of a substantial portion of the national economy.

As large buyers, national governments have the power to promote involvement by SMBs in lucrative public tenders.



A study from **Brazil** shows that winning at least one contract in a given quarter boosts the growth of the successful SMBs by 2.2 percentage points⁴ over that quarter—with 93 percent of the new hires coming from either unemployment or the informal sector, and the benefits extending well beyond the end of the contracts themselves. Crucially, digitalization of payments in the public procurement process can also reduce the length of payment cycles and ensure that invoices are paid on time—a critical factor in maintaining all-important liquidity and cashflows for SMBs and supporting a robust financial position for these firms. In **Estonia**, the city of Tallinn shortened its own payment cycle from 21–30 calendar days to just 10 calendar days to improve the cashflow of companies during the COVID-19 pandemic.

Governments can support the recovery and renewed prosperity of individual economic sectors by capitalizing on valuable insights contained in payment data.

In these turbulent times, specific sectors of the economy are also in need of concerted support from the government.



For example, in tourism, by enabling sector companies and agencies to identify critical markets, high-value data allows them to refocus their marketing budgets and build more strategic campaigns and initiatives, helping to provide a boost in visitor numbers in the process. **Dubai** achieved exactly this with the Hala China initiative—aimed at attracting Chinese visitors as some of the biggest spenders in the city. The Dubai Department of Tourism and Commerce Marketing counted almost 300,000 Chinese visitors per quarter before the COVID-19 pandemic hit.

In the drive toward greater digitalization of payments, actions taken by governments to create prosperity for individuals and businesses commonly also enable the society and the economy to thrive. In the next section of this paper, we take a closer look at five key areas of opportunity for digital payments and explore the ways in which governments can maximize the benefits that they offer.

⁴ Percentage point is the unit for the arithmetic difference of two percentages.

3. Five Government Payment Opportunities

Opportunity #1

3.1. Government commercial payments (G2B): maximizing the power of the public purse

The scope of public procurement is hard to overestimate. It accounts for a hefty 6–19 percent of national GDP, with governments spending around USD13tn a year on purchasing and paying for goods, products, and services from private companies. Public procurement spans a broad spectrum from multi-billion-dollar strategic projects, such as highways, hospitals, and schools, down to municipal spend on consumables such as pencils and printing paper. It also covers the expenses incurred by public officials like diplomats, parole officers, and firefighters in the course of their work—from fleet management and fuel costs to accommodation and daily living expenses.

In this section, we analyze the opportunity for digitalization to maximize the full potential of government purchasing and commercial payments—empowering decision-makers to reduce costs, increase efficiency, minimize risks, and support social goals. We also elaborate on SMB inclusion in the public procurement process, which helps governments focus and multiply the impact of their efforts on building out a stronger SMB segment.



The imperative to spend public funds wisely—and for maximum impact

Governments around the world allocate vast budgets to public procurement, drawing on taxpayers' money to fund them. This puts them under pressure to optimize those public resources by striking the right balance between purchasing the best goods and services and paying the lowest possible price for them. They must also consider the importance of fostering fair competition for vendors by ensuring that their purchasing processes are fair, efficient, and transparent across the board and that their payments practices are timely and reliable to prevent liquidity issues for businesses—especially for smaller ones.

But getting the most out of public procurement can be a tough task—for governments and suppliers alike. Time-consuming manual processes and approvals can create cumbersome bureaucracy, inefficiencies, and delays for government employees and their suppliers. Payment cycles in public procurement are typically protracted and payments often reach suppliers late—causing them significant cashflow problems. And the huge scale of public procurement—and the financial interests involved—can expose it to the potential for corruption.



Recently, Transparency International **UK** identified 73 contracts worth more than GBP3.7bn—equivalent to 20 percent of COVID-19 contracts between February and November 2020—that raise one or more red flags for possible corruption.

To address these complex challenges, governments are increasingly turning to digitalization to optimize public procurement processes, stimulate fairer competition, and further strategic goals in areas like innovation, sustainability, and support for SMBs.

Bridging the gap between traditional and digital procurement

The digital gap in public procurement remains striking, revealing a mixed picture at a country level in terms of maturity and sophistication. Traditional procurement is still the dominant model around the world, with its fundamental components of paperwork and manual processes. This means it is commonly time-consuming for all involved and also prone to disruption.

At the more advanced end of the public procurement spectrum, e-marketplaces are designed to make government purchasing contactless, paperless, and cashless. They act as a one-stop procurement shop, offering dramatic reductions in the bureaucracy associated with purchasing tail-spend products and services and delivering benefits including significant savings, increased transparency and visibility, greater access to new suppliers and innovative products, and the ability to tackle corruption. Crucially, e-marketplaces also give governments the power to reinforce compliance throughout the procurement process, from vendor onboarding through to implementing spend limits and multi-factor approval. For government officials looking to purchase recurring off-the-shelf products, the experience on a government e-marketplace can be as easy as shopping privately on any popular online platform.



e-marketplaces help address many of the issues that plague the traditional procurement process. **India's** GeM was designed to help the government tackle the complexity, low levels of transparency, and difficult access for SMBs created by the vast scale of its USD500bn annual public procurement budget. As of 2021, the system was estimated to have generated average savings of 9.75 percent on the median price—as well as eliminating numerous layers of manual, sequential verification and decision-making, and mandating standard payment terms of 10 calendar days of acceptance of materials. Vendors also derived significant benefit from GeM. The platform has made the procurement process more accessible for smaller and remote businesses by reducing the bureaucracy and complexity previously involved in onboarding.



KONEPS in **South Korea** stands out as well. KONEPS manages over two-thirds of the public procurement business in the country, including bidding, contract-signing, and payment, and is estimated to save the public around USD8bn (KRW8.9tn) annually. Besides delivering cost savings, fast processing times, and greater inclusion of SMBs, the e-marketplace has proven highly effective at diminishing the possibility of corruption—putting Korea in first place in Asia in the Index of Public Integrity.

Payment instruments underpin the journey to digital public procurement

Commercial payment instruments can support governments on their journey to digitalizing public procurement and provide powerful benefits on their own. Purchasing cards, or P-cards, enable government employees to pay for goods and services, especially recurring off-the-shelf items. A particular advantage of P-cards is that they can be used by governments at any stage of digitalization: they can either be used on their own or linked to e-procurement portals or government e-marketplaces. P-cards are demonstrating their ability to deliver reliability, efficiency, and transparency for governments around the world.



The **British** government has derived significant benefit from the transition to P-cards, gaining a high level of transparency on how public funds are being spent and generating savings estimated at 35 percent of transaction costs or USD6 (GBP5) per transaction compared to traditional methods. Additionally, governments are beginning to explore virtual procurement credentials, that can be deployed for one-off payment or locked into a single merchant for recurring payments.

The business travel & entertainment (T&E) expenses incurred by government officials represent another important area of public spending—and digital commercial payments are changing the game here too. By using T&E cards, governments can remove the need to manage cash advances and out-of-pocket expenses and reporting—saving precious time, money, and resources. T&E cards also enable administrations to more closely control business spending by establishing payment rules and imposing limits on allowances. And the benefits extend to government employees too, with T&E cards eliminating the need to cover out-of-pocket expenses when travelling and waiting for reimbursement in payroll.

Innovation and further technology advances provide benefits to governments and individuals alike. Governments can use lodge cards to centrally pay for rail travel, flights, and fees for their employees who travel and who may not be eligible for a T&E card. Central payments can help the government to increase purchase power and lower the cost for job-related travel and entertainment spend. Lodge cards can be used in combination with virtual cards for hotel costs and virtual cards in a mobile wallet for on-the-go contactless or online payments costs.

The ability to pair the cards with expense management systems can reduce the burden on employees and approvers and reduce the risks of personal financial problems if fraudulent payments are processed.

Governments can digitalize public procurement—whatever their starting point

As the world moves beyond the pandemic, greater digitalization of public procurement and government commercial payments can help build a more resilient business environment. For governments, this means digitalizing the processes and practices of the most influential buyer in each country—creating a far-reaching ripple effect throughout the economy and acting as a “role model” of digital adoption for companies of all sizes. By minimizing the inefficiencies and bureaucracy that are often associated with public procurement, governments can open up public procurement to a broader range of companies, especially SMBs, and stimulate the wider economy in the process. Finally, digitalization of public procurement commonly reduces time-consuming, manual tasks in the daily routine of public procurement managers—freeing them up to shift their focus to higher-value tasks, potentially improving their job satisfaction, and empowering them to attract high-quality talent to these roles in future. Digital procurement enables governments to drive long term positive change for the operation and delivery of government services and infrastructure.

Governments have the power to digitalize public procurement and government commercial payments—whatever their current level of technology adoption, connectivity, or digitalization. The examples highlighted in this section and the more detailed paper are a testament to the fact that the success of digitalization is not dictated by the starting point. What is more important is that the digital transformation journey is underpinned by strong visible leadership, openness to innovation and changing established practices, and the political will to make the required changes.

Learn how the public sector can optimize procurement and commercial payments to cut costs, boost efficiency, and strengthen public trust at <https://visa.co.uk/run-your-business/visa-government-solutions/thought-leadership.html>.

Opportunity #2

3.2. Public disbursement: a powerful policy tool for governments in good times and bad

Public disbursement programs are a vital instrument in governments' policy toolkit. In times of economic stability, they help bolster prosperity—empowering governments to combat poverty and inequality and foster financial inclusion and cohesion among citizens. They also enable governments to deliver vital fiscal stimulus to businesses, including grants and loans to support small and medium enterprises. However, public disbursement programs play an even more important role in times of economic crisis. This was powerfully demonstrated by the COVID-19 pandemic, when public administrations came under pressure to deliver timely, targeted financial support to an unprecedented number of people and businesses in need.

Governments rose to the challenge, but in the process, gaps emerged in their execution capabilities. This section takes stock of some of the critical learnings derived from this unprecedented situation and explores further opportunities for development moving forward.



A turning point for public disbursement programs

Even before the pandemic, public disbursement programs made up a significant share of government spend at a global level. But the rapid escalation of the pandemic marked a watershed moment for governments, with widespread financial fallout spurring them to rapidly ramp up their social protection programs. In the last nine months of 2020 alone, at least USD800bn was invested in social protection. By March 2021, governments around the world had announced global fiscal support totaling more than USD13.8tn. And by January 2022, 223 economies had initiated nearly 4,000 social protection and labor measures in response to financial havoc wrought by the pandemic. According to estimates, grants and emergency credits introduced to support businesses affected by the pandemic reached 11.2 percent of G20 countries' GDP in 2020.

Unprecedented demand—and unprecedented pressure to deliver

With governments under pressure to get financial support to millions of additional beneficiaries—as quickly and efficiently as possible—public disbursement programs became the subject of intense and urgent scrutiny. To meet soaring demand, they needed to become faster, smarter, and more scalable. COVID-19 demonstrated the critical role that well-developed digital infrastructure and digital payments can play in delivering more effective government aid and in scaling up programs and payment.



In **Spain**—one of the first countries to experience a spike in COVID-19 cases—MoneyToPay, a joint venture between a subsidiary of CaixaBank and Global Payments—teamed up with Visa to use prepaid cards to disburse government aid. Vulnerable families in Madrid received aid within two weeks to one month after the lock-down began and in 2021 the program grew to more than 7,000 households with monthly recharging of funds.

Meanwhile, other countries—particularly those with high numbers of unbanked citizens, heavy reliance on cash-based payments, and face-to-face disbursement of funds—turned to technology for new solutions to distribute emergency aid in the shortest timeframe possible.



In **Nepal**, the Rahat tokenized aid distribution program deployed blockchain technology to distribute funds to individuals affected by crises quickly and securely by sending them a unique token via SMS. And **Guatemala's** Bono Familia COVID-19 relief program leveraged electricity bills to identify eligible households, deployed real-time payments to reach recipients within days, and capitalized on virtual accounts and tokens to enable beneficiaries to spend their funds.

Designing digital disbursement programs with citizens at their heart

The COVID-19 pandemic undoubtedly shone a spotlight on the vital importance of effective digital government disbursement, but it will not be the last crisis to demand this level of coordinated response. When the next “extraordinary” disbursement event happens, governments around the world will need to be ready to address the many challenges they will face in the disbursement process: identification and eligibility fraud, delays in funds disbursement through check payment processing, or the need for citizens to travel inconvenient distances to collect cash.

This is where the “digital trinity” comes into its own. Digital identification, mobile communications, and digital payment (as a gateway to digital financial services) are the three critical building blocks for digitalizing government disbursement and expanding financial inclusion. When successfully combined, these three elements have the power to make disbursement programs better targeted, more efficient, scalable, and resilient, and increasingly digital.

First, digital ID could help open up the financial ecosystem to a billion individuals who are currently excluded from it, enabling them to access financial products for the very first time.



The **Indian** government achieved exactly that when it introduced the Aadhaar identification card—a unique 12-digit number assigned to each resident—drawing on broad information captured on every individual covered (mobile phone number, biometrics, photograph, and demographic details). Aadhaar penetration had reached over 99 percent of the adult population as of 2018 and is now increasingly used across other government services. Connecting a digital ID with other government records, such as tax records or social benefit registry, gives governments the power to verify the identity of applicants. And this enables them to gauge applicants' level of need and to gear the programs to those who need support the most.

Second, digital payments and infrastructure came under acute scrutiny during the pandemic. Many nations struggled with the huge influx of new recipients, the urgency of the need for support, and the requirement for remote disbursement during lockdowns—challenges that cash-based programs struggled to overcome. Many governments were only able to deliver emergency relief leveraging digital payments – often payments into bank accounts – leaving the unbanked out of the safety net. The transfer of benefits to bank accounts to some citizen and business groups may not have always met the economic or policy objectives with governments lacking control or visibility in terms of whether funds were being utilized as intended. There is no “one-size fits-all” solution here, but governments that digitalize citizen interactions and offer multiple payment methods stand to create a better experience for beneficiaries—making government services more user-friendly and accessible.

Third, mobile technology is playing an increasingly important role in communicating and delivering government disbursement programs. While internet connectivity might still be lagging behind in some countries, 53 percent of the world population is now using mobile internet, with only 6 percent (450mn people) not covered by mobile broadband. Access to mobile services increased awareness of social disbursement programs. The ability to apply remotely boosted participation by encouraging applications from a wider cross-section of the population than ever before, including people in rural areas and hard-to-reach minorities such as indigenous groups.

Moving forward: building on lessons learned

Governments that successfully use digitalization to transform their vital disbursement programs stand to reap some significant advantages. The public sector now has a valuable opportunity to make the onboarding and application processes more intuitive for citizens, while deploying technology to mitigate the risk of fraudulent applications. And by utilizing digital payment credentials, governments can better target disbursements to people in the greatest need—getting essential funds to them quickly.

Governments can also make significant savings on administrative costs by cutting out the time and resources associated with more traditional payment methods such as cash or check. In addition, digital payments empower governments to generate additional tax revenue by giving them better visibility of the true number of transactions, and to shrink the size of the informal economy in the process. And crucially, in a world where millions of people remain unbanked, the public sector can capitalize on digital payments as a powerful tool to enhance financial inclusion by democratizing access to the financial system for citizens.

Explore lessons learned from past social protect programs and discover how governments can maximize the impact of public disbursement at <https://visa.co.uk/run-your-business/visa-government-solutions/thought-leadership.html>.

Opportunity #3

3.3. Small and Medium-sized Businesses: digitalizing the backbone of the global economy

The reach—and economic importance—of SMBs is vast. At a global level, SMBs represent a staggering 90 percent of all businesses and more than 50 percent of employment. SMBs also have a higher employment growth rate compared to large businesses. Young SMBs—those between one and five years old—are the largest contributor to net job creation, with contribution amounting to 40 percent. SMBs act as a catalyst for innovation and contribute greatly to the local communities from which they originate.

Digitalization can help these vital businesses to extend their reach, enhance competitiveness, and improve operational efficiency. Governments around the world have a critical role to play in driving digital enablement of SMBs. Therefore, we evaluated the power of public policy actions to propel digitalization in this economically vital segment—reinforcing its resilience and building long-term prosperity in the wider economy.



Deploying digital payments to unlock the full potential of the SMB sector

A critical element of successful SMB digitalization lies in the power to accept, process, and make digital payments. From the government perspective, the benefits are clear to see. A recent [Moody's study analyzing 70 countries accounting for 95 percent of global GDP](#) found that card usage alone added USD245bn to real GDP between 2015–2019. In absolute terms, this translates into the creation of about 10.5mn jobs for the same period.

From the perspective of SMBs themselves, the ability to accept digital payments can help them attract and retain customers who prefer to pay without using cash. Convenience for customers is another key driver favoring the adoption of digital payments. According to a Visa study, the failure to offer digital payment at a physical store is frequently a dealbreaker—[41 percent of consumers surveyed said they have abandoned a purchase because digital payments were not accepted](#), with younger shoppers even more likely to do so. Digital payments also remove the costs that come with cash management: both the direct costs incurred through human error, public safety, and forgery, but also the indirect costs in terms of handling and lost productivity for employees. They can even facilitate access to lending, which is often problematic for SMBs—the [credit gap alone is estimated at USD4.5tn](#) as of 2017 for emerging markets and developing economies only and represents the [unmet financing needs of 21mn SMBs](#).

Governments' vested interest in SMB digital payment adoption

Reducing the informal economy is a critical element of governments' mandate to protect their citizens and stimulate fair competition in the private sector. A [study by Visa and Kearney](#) highlights a strong inverse correlation between the informal economy and digital payments⁵. Cash makes it easier to keep informal business activity away from the watchful eyes of the authorities—so as digital payments continue to supplant cash, the informal economy is diminished.



Based on its findings, the study projected that a 5 percent increase in digital payments per year for five consecutive years could [shrink the informal economy by 11–13 percent](#). This could also have a significant impact on [tax revenue, increasing it by up to 1.7 percent in the U.S., or 3.5 percent in Italy](#).

Greater adoption of digital payments offers governments a pragmatic way to combat the informal economy. Acknowledging that punitive measures are less effective than positive reinforcement, many governments have turned their attention to developing programs that incentivize the wider adoption and use of digital payments. The benefits of digital payment adoption in terms of transparency, reduction of cash in circulation, higher tax revenue, and higher economic growth are compelling.

Public policy tools to support the digitalization of SMB payments

There are four areas where government support for the digitalization of SMBs and SMB digital payments can generate significant positive impact:

- *Creating the right conditions for a robust, open payments infrastructure* is a fundamental component for governments on the digitalization journey. Digitalization of SMB payments begins with a PoS terminal—the all-important machine required to accept and process digital payments. But adoption by merchants can be hindered by cost considerations: the transaction fees incurred on each payment and the fixed fee per machine. In Poland, the government launched an initiative to cover both fixed and transaction PoS fees for SMBs and public entities—leading to the installation of [more than 500,000 devices in just four years](#). And in [Vietnam, the Ministry of Industry and Trade partnered with Visa to provide farmers with Tap to Phone technology](#) that transformed their phones into payment machines. The solution proved much faster to implement than traditional devices, [reducing setup time from weeks to minutes](#).
- *Fiscal incentives can also play a significant role in spurring the adoption of digital payments*. Economies that already have solid acceptance infrastructure—but a comparatively low number of digital payments—can use tax rebates, discounts on transactions, and tax lotteries to encourage the use of digital payments. To speed up the return of Argentinean tourists to Uruguay, [authorities offered a 22 percent value-added tax discount on transactions](#) made with foreign cards in the hospitality sector in 2022. What's more, such measures can also apply to non-residents—an increasingly important benefit in the post-COVID-19 world when countries are focusing on rebuilding their tourism sectors.

⁵ The informal economy includes largely legal income-generating activities conducted beyond the visibility and reach of public authorities.

- In addition, governments can democratize SMB access to lending by providing loans and grants to SMBs. Government support measures provided during the pandemic demonstrated the power of this measure, with financial assistance helping many SMBs to stay afloat and saving others from closure—but the financing gap for SMBs is often too large to be tackled through government help alone. To address the financing gap for SMBs, fintechs have started to analyze companies' credit risk in innovative ways. They leverage digital payments data often obtained from PoS transactions in order to gain insights into the operational performance and technology sophistication of SMBs. This could be particularly important in cases where SMBs lack reliable published financial reports to support their eligibility for external financing. Through the use of digital payment transaction data, fintechs become more efficient in screening high- versus lower-quality borrowers and can extend financing to more companies at a lower risk. Alternative forms of financing and fintechs are increasingly becoming part of the policy mix of governments.
- *SMB access to public procurement and digitalization of SMB-initiated payments* empower businesses to optimize and automate their internal operations across the board. What's more, the considerable economic weight of public sector payments gives governments the opportunity to lead by example—influencing the way in which their citizens pay. Governments can set up specialized programs to support SMB digital enablement through grants, tax rebates, and guaranteed or subsidized loans—reducing the deterrent effect of the cost of technology. Governments should strive to make their programs easily accessible, not process-heavy, and provide the grants through an easy-to-access payment mechanism—enabling ease of drawdown for the business, ease of disbursement for the government, and low ongoing administration of the debt for both the SMB or the government.

A timely opportunity to enhance the resilience of a critical sector

The promotion of SMB digitalization would benefit from a start with a targeted, concerted, and widely communicated nationwide strategy—underpinned by clearly defined goals and robust commitments from the public sector to support SMBs. Governments play a key and central role in supporting the adoption of digital tools and removing the obstacles that stand in the way. The public sector should oversee the development of the underlying digital infrastructure and enact legislation to drive digitalization.

Governments can also help by developing targeted digital engagement programs to train SMBs on the best digital tools and skills, and to communicate the requirements and costs of implementing digital solutions. Educational programs can enhance understanding of the value of technology. For example, as part of its Digital Europe Programme, the EU is launching Digital Innovation Hubs to advise SMBs on how to integrate digital innovations into their products, business models, and processes. The Hubs provide access to technical expertise and experimentation, so that companies can “test before they invest”.

By backing digitalization, governments around the world have the opportunity to foster an environment where entrepreneurship is encouraged and supported, and where small businesses can not only survive, but thrive. Governments that can achieve this will be well positioned to improve the productivity and growth of their economy as a whole.

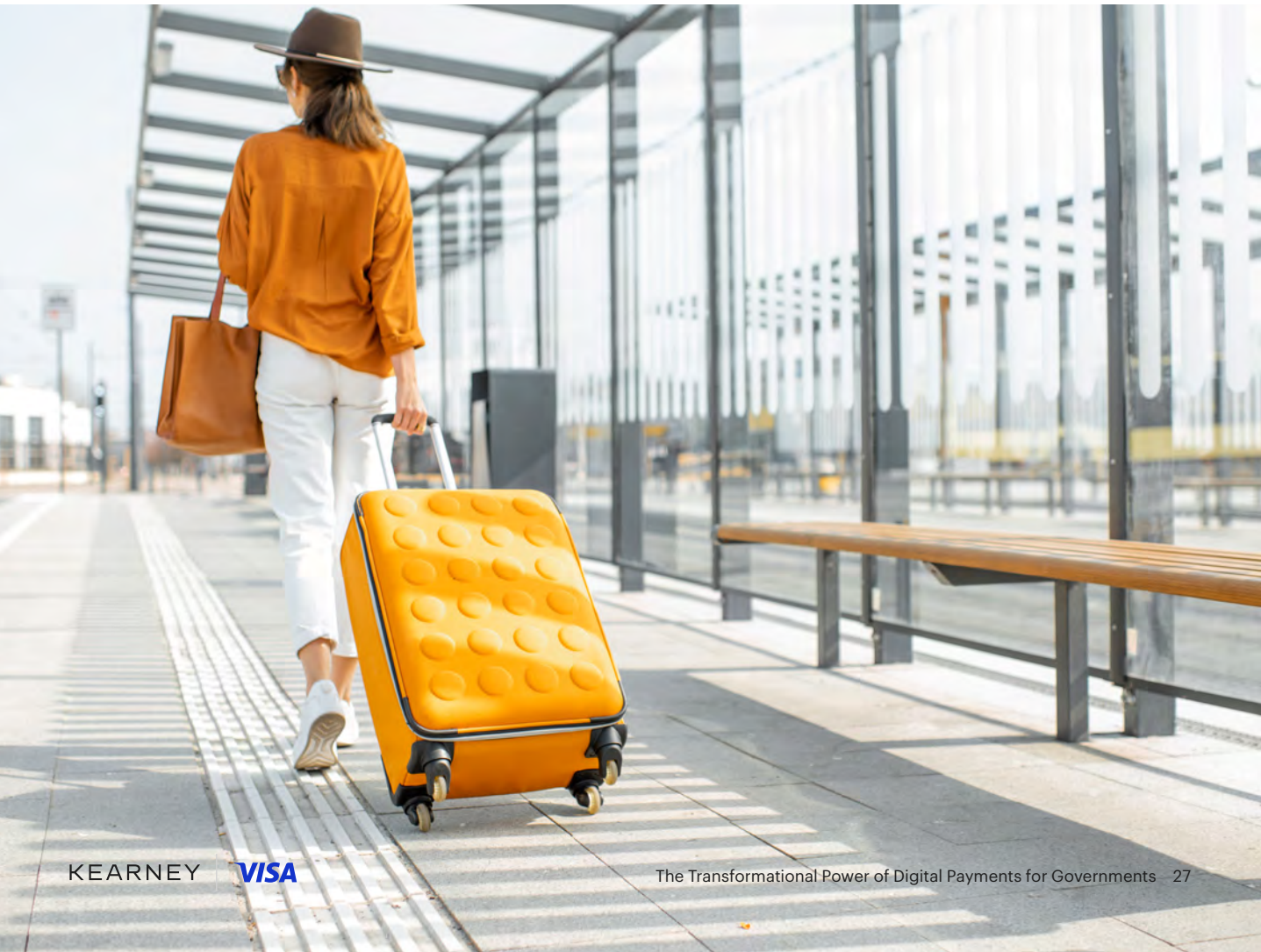
Discover how digitalization can enhance competitiveness and improve operational efficiency of SMBs, and how governments can play a critical role in driving SMB digital enablement at <https://visa.co.uk/run-your-business/visa-government-solutions/thought-leadership.html>.

Opportunity #4

3.4. Payments Data: tapping into a rich vein of economic insight

The increased use and availability of data supports job creation, investments, exports, and innovation. And when data is underpinned by transparent, accountable systems for data sharing, it has the power to unlock and create enormous value—empowering governments to address significant challenges facing the world today. Data is a key component of economic growth. Data access and sharing can help generate social and economic benefits worth between 0.1–1.5 percent of GDP in the case of public-sector data, and between 1.0–2.5 percent of GDP when also including private-sector data.

Payment data has unique attributes that could make it a significant source of commercial and societal value for governments. It offers a unique snapshot of macroeconomic and microeconomic behaviors and trends. It is easy to collect, it is accurate—reflecting actual behavior, and it is timely—capturing transactions as they happen. And, due to its granularity, it allows for different levels of aggregation which enable a nuanced understanding of spend patterns and human movements. This section explores the potential of payments data to help inform and shape public sector strategies and decisions, focusing in particular on payment data and its unique ability to provide governments with significant economic insights—and to generate economic value as a result. The discussion highlights real-world examples of successful solutions where the public sector has deployed payments data in close collaboration with the private sector to tackle both formidable challenges and opportunities facing society today.



Three payment data opportunities

The incisive economic insights contained in payment data can empower businesses and governments alike to design more effective strategies and make more informed decisions. Below is an overview of three high-impact opportunities:

The role of payment data in the tourism sector. As tourism recovers from the enormous impact of COVID-19, payment data is helping governments guide sector companies and agencies toward more strategic and informed campaigns, along with more effective budget allocation, capacity planning, and infrastructure investments. Access to this data can facilitate better understanding of consumer behavior, spending patterns, or trends, and provide stakeholders in the tourism sector with the tools they need to more closely tailor key locations, attractions, and services to tourists' needs. South Korea has made effective use of payment data to boost its tourism sector in the wake of the pandemic. The Travel Intelligence Program—spearheaded by a public—private partnership between the Korea Tourism Organization and the second-largest wireless carrier, KT Corporation—utilized mobile telecommunications and credit card data to establish domestic visitor numbers and analyzed their expenditure patterns. This data gave the government valuable insights into tourists' demands and behaviors, supporting the sector's recovery.

The role of payment data in urban planning and sustainability. Urban planning represents another area in which payment data is providing new perspectives and shaping public policy. It allows city planners and local administrations to better assess initiatives related to sustainable street design—such as pedestrian zone transformations, land repurposing, and electrical transportation—by identifying patterns of commercial activity and helping assess the financial impact of sustainable design solutions. The New York City Department of Transportation (DOT) used payment data to explore the impact of street projects designed to improve safety, enhance design, and welcome pedestrians, cyclists, and public transit users. The metrics deployed by DOT demonstrated that these projects led to higher retail sales in these local areas. In the three years after the introduction of cycle lanes and a tree-lined median in Brooklyn's Vanderbilt Avenue, retail sales doubled—significantly outperforming trends both across the borough and the city as a whole.

The role of payments data for macroeconomic foresight. And in the area of macroeconomic foresight, the accelerated adoption of digital payments throughout the COVID-19 crisis has positioned payment data as one of the strongest

indicators of economic recovery and growth in the post-pandemic world. “Nowcasting” based on payments data is faster than official statistics on economic development and also enriches them, in many cases improving the outputs. For example, the U.S. Bureau of Economic Analysis (BEA) has been researching the use of card transaction data as an early barometer of spending in the country. Since the start of the pandemic, noticing the public's and policymakers' increased need for more frequent and timely data, BEA has been presenting estimates based on daily payment card data to measure the impact of COVID-19 on spending. These estimates, looking at spending per industry across the U.S., are updated every two weeks and allow policy-makers to readjust the course of economic recovery in an agile manner.

Steps toward unlocking the economic value of data

For the public sector, the depth of the potential of payment data can only be unlocked by sharing it and collaborating with others. This must be balanced with the need for data privacy and security—and public trust in this regard must be earned, putting the onus on governments to ensure citizens have complete confidence that their data is being used and stored safely—and with their full consent. The issue of an international, interoperable framework for cross-border data sharing will also remain a critical element in building a coordinated and harmonized approach to data governance policy and international data flows.

Crucially, the success of digitalization in the public sector depends on governments' ability to harness the power of data they collect and the insights it produces. To achieve this, governments need a data layer—comprising different sources of internal and external data—that is backed up by strong governance, solid security protocols, and robust management. Private partnerships offer a strong basis for expanding the available data pool and optimizing the insights that can be derived from merging different data sources. By fostering robust partnerships with the private sector, forward-thinking governments can also gain a deeper understanding of the true commercial and societal value of data and its potential to fuel further innovation, digitalization, and prosperity.

Find out how payments data can help shape public sector strategies and decisions—and generate economic value as a result—at <https://visa.co.uk/run-your-business/visa-government-solutions/thought-leadership.html>.

Opportunity #5

3.5. Transforming the government payment experience for citizens and businesses (X2G)

Governments around the world have been digitalizing and transforming their service delivery. But the COVID-19 pandemic lent fresh impetus to this transition—forcing and accelerating the adoption of digital services covering everything from filing and paying personal and businesses taxes to applying for building permits, registering vehicles, and paying for utilities like water and electricity.

In this section, we explore the value of the digitalization of public sector services and payments for citizens and businesses (X2G). We identify ways in which governments and public administrations can significantly improve user experience by implementing a unified and integrated payment infrastructure and methods across different government services and agencies. We also examine how open data—especially financial and payments data—can be used to provide an improved and more proactive service to citizens and businesses.



Most governments have digital aspirations, but the status quo differs among countries

We have identified four key stages of government digitalization. At the least advanced end of the spectrum, analog governments are heavily dependent on paperwork, face-to-face procedures, and manual execution. Governments using the analog approach typically favor the use of cash over digital payments and the acceptance infrastructure may be patchy, inadequate, and come with high administrative overheads. At the opposite end of the spectrum, highly digitalized government provides a customer-centric designed point of access to all government services—focusing on meeting the needs of citizens and businesses in a responsive and proactive way, while enabling collaboration and data sharing across government entities. These stages differ between countries, and very often between different government offices and levels within the same country. For example, while tax collection by the central government is often managed end-to-end online, other services, such as issuing a new passport in a local municipality, might require an applicant to be physically present.

Digital government comes with some clear advantages—both for citizens and businesses. By simplifying interactions with the public sector, digital government frees up time for people and companies from administrative burdens and allows them to focus on other priorities. The public sector also stands to reap significant benefits from digitalization—freeing up government agents from administrative tasks to focus on services that add more value to citizens. Digitalized person-to-government and business-to-government payments can expand the revenue collection base, increase government revenue, reduce leakage, and lower administrative costs—thus, improving reconciliation, payment forecasting, and treasury management.



This is powerfully demonstrated by the case of **Estonia**, where the government has implemented digital services across all public domains. Estonia estimates that only the implementation of digital signature generates annual savings equivalent to 2 percent of its GDP. At the same time, its data exchange system, X-Road, which connects digitally 99 percent of government services, saves more than 820 years of working time for the state and citizens annually.

Choice and inclusiveness are critical in driving adoption of digital X2G payments

Digitalization of X2G payments can play a vital part in bridging the gap between digital access to government services and final user consumption. By providing a smooth, intuitive end-to-end process for users, digital X2G payments can reduce the need for face-to-face interactions, time-consuming paper-based workflows, and back-office data and payment reconciliation.

In countries where the share of unbanked population remains high, the government may focus on ensuring that the choice of available payment methods maximizes the accessibility of government services and inclusivity for different segments.



This is demonstrated in **Rwanda**, where only 36 percent of the adult population was banked as of 2020, but an additional 41 percent of the population was financially included through other means, such as mobile phones. As such, Rwanda's government platform provides an option for mobile payments—resulting in 55 percent of online payments being conducted exclusively through mobile. Analysis of the International Monetary Fund reveals that digitalizing government payments in developing countries⁶ could save about 0.8–1.1 percent of GDP, equivalent to USD220bn–USD320bn annually. This is equal to 1.5 percent of the value of all government payment transactions.

In countries with established e-government or digital government, X2G payments are automated, embedded, and frictionless—enabling users to pay for different government services with as few clicks as possible. Choice is crucial as well, and administrations offer a range of payment methods that align with the payment habits, options, and needs of their citizens. The availability of the same payment methods across different government services and channels is equally important, along with the ability to use digital credentials—instilling familiarity, comfort, and trust in digital solutions and promoting broader adoption.

⁶ Based on a study by the International Monetary Fund including Brazil, China, India, Indonesia, Mexico, Nigeria, and South Africa.



These imperatives are reflected in digital government platforms already implemented in countries such as **Australia**, where people use a variety of digital payment methods. Correspondingly, the country's digital government platform focuses on catering to the preferences of every group—providing the opportunity to save the preferred payment method within the government portal and to pay for public services through methods including online bill payment service, credit/ debit card, and electronic transfer.

Open data opens up new opportunities for governments

Open data represents a source of huge potential for digital governments, empowering them to more proactively target their services and to better identify fraud through advanced analytics.



In **Estonia**, it takes about three minutes to file taxes as a physical person. Everything is automatically prepared and prefilled—incomes, taxes paid by the employer on the individual's behalf, mortgage payments, etc.—and if some of the data, such as income from selling stocks, is not on the declaration at first, it can be added in just a few clicks from the online banking. The pre-filled tax form takes into account the existing tax rules—e.g., taxes that might be owed but also rebates that the business or individual might be eligible for.

In addition to proactively providing citizens with notifications about public services that are relevant to them, governments can establish the likelihood that an individual or business is underreporting earnings, with the most advanced solutions for automated tax audits deploying a combination of payment data and multiple open-data sources.



In the **UK**, HMRC's⁷ Connect system collates data from 40 data sets and 600mn documents—from bank accounts, credit and debit card accounts, e-commerce websites, and others—to identify spending behaviors that do not align with individuals' reported tax statements. The system, which cost around GBP90mn (USD124mn) to develop, is estimated to have helped secure an additional GBP3bn (USD4.1bn) in tax revenues.



Similarly, in **Slovenia**, the Ministry of Finance's Financial Administration has been using machine learning to detect tax evasion schemes, tax fraud, and to find errors in tax reports. In 2017, the administration listed 158 risk factors and used them to select around 17,500 individuals and companies for tax inspection. The inspectors found irregularities in more than 75 percent of all the selected cases.

Designing the digital government of the future

For both citizens and businesses, user-friendly, hassle-free, and end-to-end digital government services and payments can make a significant contribution toward strengthening trust—giving them confidence that the public sector is there to serve them and has their best interests at heart. They can also play an important role in enhancing inclusion across the board—making government services accessible to a larger proportion of the population and a higher number of companies (especially the smallest ones) and boosting compliance in the process.

To maximize the success of digitalizing government services and payments, governments usually start with well-defined strategies underpinned by clear implementation goals and solid political support to drive sustainable change. They balance short-term gains with long-term growth, ensuring continuity after the end of their mandate—despite the high costs and protracted implementation timelines of digital transformation programs. Governments that look beyond their term in power to plan longer-term digital transformation can improve citizens' lives, enable businesses to be more prosperous (by focusing more on business and less on administration), and deliver significant benefits for the public sector itself.

Understand how governments can improve accessibility and user experience, while also boosting revenue collection and internal efficiency at <https://visa.co.uk/run-your-business/visa-government-solutions/thought-leadership.html>.

⁷ Her Majesty's Revenue and Customs, the UK government department that is responsible for calculating and collecting taxes.

4. Case studies

Case study #1

Singapore Smart Digital Government



Singapore began its digital transformation journey back in the 1980s and embraced technology as a powerful engine for its economy and society. In 2014, the country outlined plans to become the world’s first Smart Nation, and already in 2017, the Smart Nation & Digital Government Office was reporting directly to the Prime Minister with responsibility for key national projects such as the National Digital Identity and the Smart Nation Sensor Platform.

Singapore’s digital government aims to be “digital to the core and serve with heart”. Digitalization provides an effective way to serve citizens with greater empathy, designing policies and services that are inclusive, easy to navigate, and personalized. Crucially, Singapore’s head start allowed it to grow into a leader in the space of public sector digitalization, with flagship examples highlighted below.



LifeSG and SingPass: digitalizing X2G payments

The LifeSG app is a centralized solution for government services—giving citizens digital access to more than 70 government services on topics such as family and parenting, work and employment, healthcare, housing, and property that can be carried out from a mobile device. First launched in 2018 to support families with young children, LifeSG expanded over time to serve citizens in other aspects of their life journeys.

The convenience offered by this solution is clear to see. Seven out of 10 births in Singapore are registered through the app, and digitalization has cut down the process for birth registration from 60 to just 15 minutes. In addition, LifeSG has drastically reduced the number of government apps from some 170 affiliated government apps in 2019 to a single, centralized solution. This provided additional benefits: reducing the hassle of using multiple apps and decreasing the cost of maintaining them.

LifeSG is underpinned by Singpass—a digital ID that allows users to securely confirm their identity when transacting with the government. Through Singpass, residents not only securely access government services online, but also conveniently digitally pay for these services. 97 percent of the eligible population (or 4.5mn citizens and residents of Singapore) uses the Singpass application to access more than 2,000 public and private sector services online, ranging from financial services to healthcare, education, business services, and transportation. More than 350mn transactions are completed each year. A document wallet has recently been added, enabling citizens and residents to store their identity cards, driving licenses, and COVID-19 vaccination documentation.

SMEs Go Digital⁸: digital enablement of SMBs

Small and medium-sized businesses sit at the heart of Singapore's economy—employing 77 percent of its workforce and contributing 44 percent of its GDP. The flagship government program, SMEs Go Digital, has enabled more than 80,000 businesses to kickstart their digitalization journey, of which about a quarter came onboard in 2021 alone. Since 2017, the program has offered capacity building, favorable pricing on digital technologies, a dedicated e-commerce platform for exports, and a portal enabling a digital readiness assessment.

As a result, SMBs' awareness of digitalization has been growing steadily: while 57 percent of Singapore SMBs had heard of the term "digital transformation" in 2018, 83 percent had digital transformation strategies in place two years later, according to an SME Digital Transformation Study by the Association of Small and Medium Enterprises and Microsoft.

Single Quick Response Code (SGQR) is another initiative that is playing a strong role in supporting SMB merchants. SGQR is a single standardized QR code that combines multiple domestic and international QR schemes in Singapore into a single QR label. This enables consumers to make payments at more than 203,000 businesses in Singapore—and all without confusion over multiple QR codes at the storefront. Merchants benefit from an infrastructure-lite payment solution, which allows them to accept digital payments and helps them reduce queues and waiting time.

GeBIZ Mall: government procurement and commercial payments

GeBIZ Mall—an online marketplace for public orders—enables businesses of all sizes to easily access public bids and participate in small value purchases. Via GeBIZ Mall, suppliers are given electronic "shelf-space" to sell their goods and services. At the same time, authorities can complete purchases of standardized products up to USD4,478 (SGD6,000) quickly and simply—with a fully automated e-commerce model, including automated audit controls and monitoring.

Quickbuy@SGov—an application programming interface—was developed to interface with businesses' digital commercial platforms and to further simplify purchasing with the public sector. To participate in Quickbuy@SGov, businesses need to have a commercial digital platform that supports online transactions allowing buyers to browse product listings and make purchases. Businesses must meet a set of technical requirements, such as electronic invoicing and billing. In return, the government guarantees payment within 14 days after delivery of their order and verification of invoice details. This incentivizes businesses to digitalize if they want to benefit from the country's large public procurement spend—of which the ICT equipment alone was worth USD2.8bn (SGD3.8bn) in 2021.

⁸ SME Go Digital is the official name of the program by the Infocomm Media Development Authority in Singapore aiming to make going digital simple for SMBs as well as supporting SMBs at various stages of their digitalization growth. The term "SMEs" is equivalent to "SMBs".

COVID Support Grant (CSG) and COVID Recovery Grant (CRG): public disbursement

Throughout the COVID-19 pandemic, the Singapore government launched its CSG and CRG initiatives to address the needs of 125,000 citizens affected by the COVID-19 pandemic-induced job loss and the resulting lack of funds. To register, individuals had to visit a dedicated portal—logging on with Singpass. In early 2020, CSG distributed USD156mn (SGD215mn), with further USD42mn (SGD57mn) given out under CRG in 2020 and 2021.

To make disbursement easier and more convenient, the Singapore government and its Government Technology Agency launched GovWallet—a module integration that allows eligible citizens to receive and spend payouts in one place. While different governmental agencies are still in control of their distribution programs, recipients can track all their pay-outs and spending history via the SingPass or LifeSG apps, and use the LifeSG app to make digital payments powered by GovWallet to merchants via commercially available payment channels such as PayNow and NETS⁹. With every scan-and-pay, funds are transferred automatically from the government agency to the merchant. GovWallet can also be used to give users reminders on unspent credits, or to only allow spending at a specific selection of merchants. Moreover, GovWallet allows unbanked users to withdraw their payouts as cash from ATMs without an ATM card or spend them as e-credits through the app.

SingapoRediscovered: big payment data

In partnership with Visa, the Singapore Tourist Board utilized payments and other data sources to gauge the impact of the pandemic on tourism and map out a road to recovery. Based on these insights, the government decided to stimulate local spending as a way to bridge the gap left by foreign tourists. Under the SingapoRediscovered initiative, USD238mn (SGD320mn) was distributed to the adult population via app-based vouchers using Singpass to verify recipients' identity. These could only be used at hotels, attractions, and tours in Singapore increasing the number of visitors and revenues for the tourism sector. As a result, hotels saw a 50 percent increase in footfall from families with children, while footfall at shopping centers rose by 30 percent in the last two months of 2020.

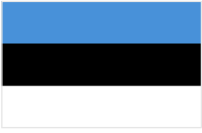
⁹ NETS is the network brand name for the NETS Group, Singapore's leading payment services group that operates Singapore's national debit scheme.

Interesting facts about Singapore's digital government:

- 94 percent of all government services can be completed end-to-end online.
- 96 percent of government services provide a digital payment option and 98 percent of all payments for government services are cashless.
- Singapore simplified tax filing from an eight-page form to a pre-filled electronic form. Today, this initiative benefits two in three taxpayers.
- In 2021, 85 percent of citizens and 76 percent of businesses are very satisfied with the government digital services.

Case study #2

e-Estonia – the digital society



e-Estonia is one of the most advanced examples of public sector digitalization globally. The platform allows citizens and businesses to take advantage of 3,000 government e-services entirely digitally. 99 percent of all banking transactions take place online. Business owners can set up and conduct business worldwide—entirely online. To make this possible, the government established close collaborative partnerships with private companies: financial institutions and technology providers.

Estonia’s digital government is based on four fundamental principles: (1) digitally minded—streamlining public bureaucracy to save time and money for citizens; (2) once-only—eliminating duplicate data and ensuring any data related to an individual is collected by one institution only; (3) digital by default—tasking authorities with making digital formats the norm; and (4) 99 percent online—ensuring 99 percent of government services are accessible online. Several flagship initiatives that moved the country closer to the goal of creating simple, efficient, and transparent government systems are described below.



e-services in e-Estonia: X2G payments

e-Estonia sits at the heart of public-sector digitalization for individuals and businesses in Estonia. More than 3,000 e-services are offered through e-Estonia and can be completed online 24/7—from medical prescriptions, online voting, and tax filing, to support tools such as digital signing. 82 percent of e-Estonia users report being satisfied with public e-services and with the platform—saving them an average of five working days a year. In parallel, digital signing saves the government 2 percent of GDP annually.

The platform has greatly simplified many of the processes involved in starting and running a company in Estonia. Company registration can be done from one online portal and it takes 18 minutes to establish a fully operational company. Estonia's e-Business Register is an advanced and secure tool that allows entrepreneurs to quickly register a new business online without having to go to a notary or other official. In 2015, 90 percent of the companies were established online; by 2022, this figure had grown to 98 percent. User satisfaction of the Company Registration Portal is reported to be more than 90 percent, according to surveys.

A clear advantage of Estonia's tax system is that companies spend less time on tax compliance than they would in any other country in the OECD. For example, in an average OECD country, 42 hours per year are used by companies to comply with just corporate income taxes. In Estonia, the figure is five hours. As a result, Estonia ranks as the leading nation for startups with 7.7 unicorn-companies per million citizens—the highest number in Europe. Since 2010, the vibrant startup community in Estonia has raised more than EUR3.5bn and 10 unicorns have been founded by Estonians and/or in Estonia (Skype, Playtech, Wise, Bolt, Pipedrive, Zego, ID.me, Gelato, Veriff, and Glia).

Data integration allows Estonia to provide proactive integrated services in complex life situations. In 2021, the government launched seven so-called "invisible services". In one of such invisible services, new home builders can handle the extensive paperwork involved in permits and approvals through a single gateway, and can monitor the progress of the administrative process via real-time updates. In another, people approaching retirement age can plan future income options after retirement on a single interface. They could also opt to postpone their pension (i.e., continue working) or apply for an early retirement within a single interface, with at least four institutions offering more than six different services in the background.

e-ID and e-Residency are two solutions that make e-Estonia possible. The e-ID securely validates the holder's identity in daily transactions both with the government and the private sector—through a physical ID-card, mobile-ID on smartphones, or smart-ID application. e-Residency offers the same level of identity verification to foreign residents—regardless of citizenship or location.

Open data and X-Road

Estonia's decision to legally confer data ownership to the respective individual played an important role in the adoption of online services. Each citizen owns their personal data: government authorities only handle the data and must obtain the explicit consent of the owner to share it with other authorities.

Besides the clear regulatory framework, unique infrastructure for data sharing forms the backbone of government digital services. X-Road is an interoperable distributed information exchange platform that enables different systems of the public and private sector to communicate with each other and supports the once-only principle. 52,000 organizations are indirect users of the X-Road services. Equally important is the platform's integration with the national banking sector: today, 99 percent of all banking transactions occur online and are integrated with e-ID and e-Residency.

Proactive public disbursement

According to Egon Veermäe, Director of the Social Insurance Board of Estonia, the Social Insurance Board seeks to offer simple, proactive, and user-friendly services to residents. The Social Insurance Board of Estonia disburses EUR44mn in family and parental benefits monthly. An automated system based on complex algorithms operates in the background and repeatedly validates data via the different registers in order to approve the type and amount of benefits to which citizens are entitled.

e-Residency: digital enablement of SMBs

In 2014, Estonia launched an e-residency program—issuing a digital identity to foreign citizens that gives them access to Estonia's business environment and allows them to operate their Estonian company fully digitally. Through the program—the first of its kind—global residents can set up and manage a location-independent company online in just one day. As of August 2022, the government reported that more than 100,000 Estonian e-residents from over 170 countries had established more than 22,000 companies. Since its launch, the program has generated USD32mn (EUR 32mn) in tax revenues.

e-Procurement: government commercial pay

In 2011, Estonia launched an e-procurement platform, enabling public officials and suppliers to complete a number of activities online—from browsing and selecting goods and services in an e-catalogue to e-auctions and e-ordering. Since 2018, e-procurement has been mandatory for most public tenders. As a result, an estimated 97 percent of public orders are now conducted through e-procurement—reaching a cumulative value worth USD3.2bn—USD4.3bn (EUR3bn—EUR4bn) in 2020 or an estimated 65—86 percent of total procurement spend at that time¹⁰. Through the platform, approximately 10,000 orders are completed annually with 60,000 registered users. Crucially, the ease of registering and operating the platform has translated into a high proportion of orders made by small firms: in 2018, SMBs represented 80 percent of all award winners compared to the EU average of 57 percent.

Interesting facts about Estonia's digital journey:

- [Ranked #1 in OECD Tax Competitiveness Index \(2022\)](#), [#3 in the ITU¹¹ Global Cybersecurity Index \(2020\)](#), and [#1 in the Bertelsmann Foundation Digital Health Index \(2019\)](#).
- [In 2021, Estonian startups have signed 86 funding deals for ~USD1.4bn \(EUR962mn\)](#).
- [Close to 100 percent of patients have a country-wide digital record. e-Prescriptions cover 100 percent of the prescriptions used. 98 percent are prescribed digitally, with the remaining 2 percent entered at the pharmacy.](#)

¹⁰ According to Kearney calculations.

¹¹ International Telecommunication Union.

5. Takeaways

By harnessing the power of digital payments, governments can help create an inclusive society built on trust, where services are accessible for all. They can also draw on innovation both in the public and the private sector—enhancing prosperity for both. Digitalization has become a top strategic priority, and governments can act now to make it a reality—whatever their current level of digital maturity.

01

Drive change with a clear strategy and targets in mind

Governments need long-term strategy and goals to make it sustainable. Robust national digital strategies—backed by clear implementation goals and broad political support—are significant components of the potential way forward for the public sector. An important consideration for governments is the need to balance short-term gains with long-term growth, ensuring continuity after the end of their mandate—despite high costs and protracted implementation timelines of digital transformation programs. Setting near-term targets to demonstrate material wins and success stories for government employees to celebrate and citizens and businesses to recognize is a critical part of the change process as well. Governments with a well-established digital government infrastructure and connected citizens are better placed to harness the power of technology to advance their economies and foster long term economic growth.

02

Build framework for success (legal, technologies, capabilities)

Governments need a solid framework for success based on a three-pronged approach: regulation, interoperability, and capabilities. The starting point is a policy framework to enable an open economy—laying a rock-solid foundation for open, ethical, and secure data-sharing among government agencies, with businesses, and across borders. Infrastructure capable to ensure interoperability between government agencies is important for maximizing the impact of digital investments, reducing duplications, and delivering services that are easier to access, consistent across agencies, simpler and more convenient, and closely tailored to the specific needs of citizens and businesses. To maximize the full potential of digitalization, governments should consider committing to investing in capabilities needed to support it and taking a decisive lead on closing the technical skills gap prevalent in many countries.

03

Instill behavior change—the government as a role model

Governments that lead by example—positioning themselves at the forefront of the drive toward digitalization—have a significant opportunity to create a virtuous circle of action and reaction. By adopting digital payments across all their operations, governments have a tangible opportunity to influence how their country operates and money moves. At the same time, they have the responsibility to endorse different stakeholders and support them in the behavior change that is needed to make digitalization work. For many individuals, the shift to digital payments is about building confidence in new ways to pay—and this takes time, making ongoing financial education programs imperative. Educational and training opportunities for SMBs about sector-relevant digital tools and skills help them identify the best digital technologies for their business, while gaining a solid understanding of the requirements and costs of implementation.

04

Maximize the impact of private—public partnerships

The public sector can derive significant benefit from drawing on the capabilities and experience of the private sector in driving digital transformations—particularly in the current environment where governments are under pressure to juggle multiple priorities and reduce headcounts, and where technology talent is scarce and expensive. Innovations generated in the private sector can enhance government efforts, making them more cost efficient and more effective in reaching their target audience. To maximize the benefits of these innovations, proactive cooperation with the private sector is meaningful, especially when it comes to developing conditions for open access, high security, and resilience for all participants. Deploying new digital technologies at scale holds vast potential for the public sector, but that potential can only be unlocked through cohesive collaboration between industry and policymakers.

05

Governments now have some real opportunities—wherever they are on their digital journey

The digitalization agenda ultimately supports national competitiveness in the global economy, optimizing the public benefit that government delivers through efficient processes, accessible programs and infrastructure, and enablement of employees to execute their duties more quickly and efficiently. This is a non-partisan, long-term national agenda that prioritizes the welfare and inclusion of a country's citizens and sets the conditions for a successful and competitive domestic economy. The success of any digitalization effort is not dependent on the starting point—either the current level of technology adoption, connectivity, or digitalization—but on strong visible leadership from the top and the political will to make the change happen. Governments face now a real opportunity to take advantage of digitalization and be well prepared to help their countries navigate the digital landscape of the future.

To explore the five key opportunities summarized in this paper in more detail, read more at <https://visa.co.uk/run-your-business/visa-government-solutions/thought-leadership.html>.

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