Low-income countries collect less than half of domestic revenue on average compared to high-income countries.\(^6\)

Making and receiving payments in cash involves much higher transaction costs for governments, reducing the pool of funds available for vital public services, investments, and transfers.

Nearly 1 in 4 people globally reported paying a bribe to access public services in the past year.\(^2\) The use of cash in government payments makes it harder to trace funds, enabling corruption and leakages.\(^3\)

US$110 billion is lost each year due to leakages in government expenditures and tax collections globally.\(^1\)

Digital transactions create more transparent, auditable records that can help hold governments and other parties to account for the use of public funds.\(^4\)

Digitizing government transfers reduces operational costs and helps ensure payments are delivered to the intended recipients in full and on time.\(^5\)

Digital accounts can help formalize economies, bringing more capital into the financial system and broadening domestic tax bases.\(^7\)

**SOLUTIONS**

**CHALLENGES**

**THE OPPORTUNITY**

Digital payments dramatically improve transparency of transactions to and from governments. This helps hold governments accountable to a higher standard for usage of public funds and increases the funds available for vital public services, investments, and transfers.
“Take urgent action to reduce corruption and promote just societies.”

TANZANIA  Digitizing entrance fees in national parks reduced leakages by 40%, increasing government revenues by $7 million.8

MEXICO  Digitizing government salaries, pensions, and social transfer payments helped save around $1.3 billion per year, or 3% of government expenditure.9

INDIA  Switching from cash to smart cards for pension payments in Andrah Pradesh between 2010 and 2012 resulted in a 47% fall in reported requests for bribes from officials.10

GEORGIA  A tax modernization program deployed digital tax payments, yielding $4 billion in additional revenue over six years and reducing the incidence of leakages.11

WORLDWIDE  Governments can capture about 20% of leakages over several years of concentrated effort using digital payment data, alternative data sources, and advanced analytics. Worldwide, that represents a trillion-dollar opportunity.12

* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.