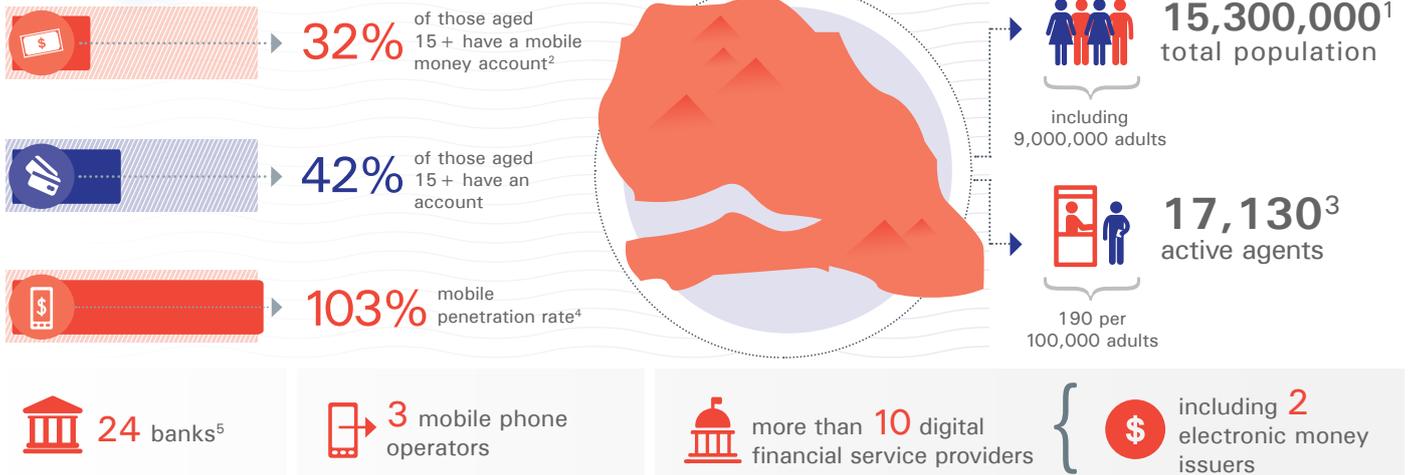


# Payment Flow Diagnostic



## in Senegal

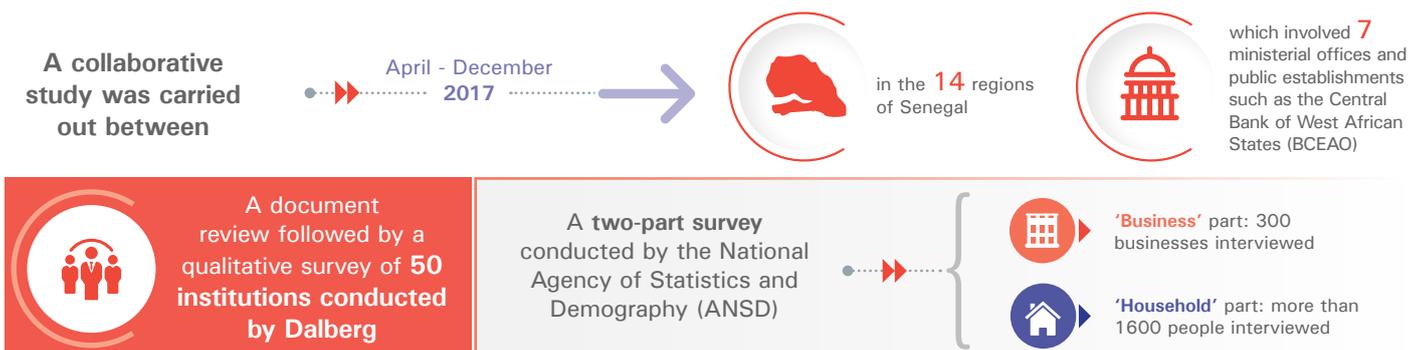
### Senegal in figures



### Lessons learned from previous payment diagnostics



### Payment diagnostic methodology in Senegal



<sup>1</sup> UN World Population Prospect, 2017 <https://esa.un.org/unpd/wpp/>

<sup>2</sup> Global Findex 2017 <https://globalfindex.worldbank.org/>

<sup>3</sup> Survey of the financial inclusion reference situation 2017 <http://drs-sfd.gouv.sn/sitesdrs/documents/esrif.pdf>

<sup>4</sup> ARTP, mobile phone dashboard december 2017 [https://www.artpsenegal.net/sites/default/files/docs/observatoire/tb\\_mobile\\_31\\_dec\\_17\\_0.pdf](https://www.artpsenegal.net/sites/default/files/docs/observatoire/tb_mobile_31_dec_17_0.pdf)

Conversion rate : 1 XOF = 0,00177214 USD ( from [www.xe.com](http://www.xe.com), september 2018)

<sup>5</sup> CGAP factsheet, 2016

## Indicative payment flow used for the diagnostic

Payers	Beneficiaries		
	Government	Businesses	Individuals
Government	<b>G2G</b> <ul style="list-style-type: none"> <li>Central government to local</li> <li>Social security contributions</li> </ul>	<b>G2B</b> <ul style="list-style-type: none"> <li>Payments to suppliers</li> <li>Public services payments</li> </ul>	<b>G2P</b> <ul style="list-style-type: none"> <li>Social programmes</li> <li>Salaries and pensions</li> </ul>
Businesses	<b>B2G</b> <ul style="list-style-type: none"> <li>Value added tax</li> <li>Corporate tax</li> <li>Licence fees and permits</li> </ul>	<b>B2B</b> <ul style="list-style-type: none"> <li>Payments to suppliers</li> <li>Public services payments</li> </ul>	<b>B2P</b> <ul style="list-style-type: none"> <li>Salaries</li> <li>Bonuses</li> </ul>
Individuals	<b>P2G</b> <ul style="list-style-type: none"> <li>Income tax</li> </ul>	<b>P2B</b> <ul style="list-style-type: none"> <li>Invoice payments</li> </ul>	<b>P2P</b> <ul style="list-style-type: none"> <li>Fund transfers</li> </ul>

### Key findings : Senegal is full of potential



In Senegal, **90% of payments** in value are in cash. A transition from cash towards digitization is as beneficial for the country and the private sector as it is for the Senegalese population in general.



Through its policy to modernize public administration, the government is already digitizing payments.



The General Directorate of Public Accounting and Treasury (DGCPT) has fully digitized Government to Government payments (G2G) (comprising payments through DGCPT special accounts and grants and loans to public businesses) of US\$ 173 million in 2016.

#### • Government to Person Payments (G2P)



The social programmes represent a genuine niche in terms of digitization, with 83% of the volume of transactions still to be digitized



These primarily concern pensions and Universal Health Coverage (UHC), which totalled **US\$ 2,223 million** in 2016

**3 000 000** (50% of women and children) deprived Senegalese people could be included in the financial system



The digitization of the payments of **30,000** pensioners from the the Fonds National de Retraite (National Pension Fund) would allow the government to save **US\$ 228,000** per year in the region of Dakar alone.



The United Nations Capital Development Fund (UNCDF) Mobile Money for the Poor (MM4P) programme carried out a study of pension payments which shows that 89% of pensioners own a mobile phone and two thirds of them require access to digital financial services such as money transfers, savings and loans.

#### • Business to Person (B2P) & Person to Business (P2B) Payments

If 50% of merchant payments are carried out digitally

GDP will increase by **US\$77 million** per year



Digitization can increase the daily revenue



of the communes **seven-fold**

UNCDF-MM4P is planning to support a Senegalese fintech in testing digital tax collection in one commune of Dakar.

#### • Individual Payments

Senegalese people exchange almost **US\$1,584 billion** in cash



through tontines and other informal channels, providing a window of opportunity for digital financial products such as loans and savings.

The Senegalese economy could grow by **US\$ 184 million** per year if **50%** of the payments made by the government, the private sector and between individuals were carried out digitally. The interoperability project led by the BCEAO is an excellent catalyst for achieving this growth.

This payment diagnostic was carried out thanks to the partnership between the UNCDF-MM4P and the Better Than Cash Alliance (BTCA), with the collaboration of the Senegalese Government. Launched in partnership with Mastercard Foundation, this UNCDF programme aims to demonstrate that financial, technical and institutional support can help develop digital finance infrastructure.