

Payment Mechanism I

- Payment mechanism profoundly affects development impact of SCTs
- Real or 'net' value of transfer received
 - Travel and time costs, illegal 'charges', risk of theft
- Potential use of fund
 - Low frequency/high payment vs. high frequency/low payment
 - These two streams can lead to completely different use of funds and thus impact

Payment Mechanism II

- Pull versus push mechanisms
 - Pull: opportunity to provide complementary services and increase demand for social services
 - More important in unconditional schemes?
 - Push: safer, less costly, can increase access to banking and improve financial literacy
 - More important for younger, forward looking participants
 - Can force banks to service remote areas

Guiding Questions

- What is the ultimate objective of the program?
- How do push versus pull systems support that objective?
 - Complementary services (social versus financial)
 - Transaction costs for participant
 - Network availability
 - Implications for spending patterns
- What are the costs? Do benefits outweigh the costs?