

Opportunities for Digital Financial Services in Health: A Landscaping Diagnostic

Executive Summary

A focus on health services can help ensure that financial inclusion and the use of formal financial services benefits people. The Sustainable Development Goal for health envisions universal coverage for “essential health services” but achieving this will require context driven and innovative digital financial products that are linked to improved health outcomes. The investment from Digital Square will focus on conducting a 360 review of digital financial services for health in selected USAID priority countries. Its expected outcome is to allow policymakers and the private sector to better understand and promote responsible, sustainable financial services.

The World Bank and PSI will conduct a landscaping exercise using a multi-stage research approach. The team will first conduct an assessment using existing data and consultations with known digital financial service providers as well as health service providers. The latter often have an existing local network of digital financial providers that complement larger multi-sector companies. This exercise will help identify stakeholders in different countries to identify projects for case studies on management styles, bottlenecks and user experience. The studies will present a diagnosis of the players, challenges, opportunities in the ecosystem and potential barriers to wider uptake and growth. In addition, the landscape will provide with recommendations and decision-making matrix of the models to replicate and scale up,

The two organizations, Population Services International (PSI) and the World Bank's Global Findex database team (World Bank team) are best suited for a partnership to achieve the goals of this project. In addition to its large private sector networks, PSI has extensive partnerships with local governments, ministries of health (MoH), and local organizations to create sustainable health solutions while the World Bank team will offer the research skills and expertise in expanding access to digital financial inclusion around the world.

Problem statement

Patients in developing countries spent \$91 per capita in out-of-pocket health care expenses in 2016 (WDI) and this expenditure remains one of the main reasons behind poverty (Priyanka et al. 2011; Krishna 2006). Financial inclusion improves health by giving people the ability to manage medical expenses and rebound from a health crisis. Financial services like medical insurance can provide a formal channel for mitigating the risks of health emergencies and are particularly important for women and children. For example, emerging research in Jordan suggests that insurance can help women defray treatment costs and manage health-related shocks that would otherwise disrupt their economic activities and result in lost income (Women's World Banking 2012).

Yet, to date, research on micro-health insurance and the role of financial services in health is either limited or mixed suggesting the need to rethink the design of the involved product offerings (Cole 2015). In parallel, mobile phone penetration is high and GSMA suspects that it will reach 5.9 billion by 2025, equivalent to 71% of the world's population. Most of this growth is expected in developing economies such as India, China, Pakistan, Indonesia and Bangladesh, as well as Sub-Saharan Africa and Latin America. Of the adults in these developing 44% are also familiar with and make or receive digital

payments making them ideal candidates for adopting digital financial services for health. There are some obvious opportunities for mobile money and digital financial services and channeling these can help achieve improve health outcomes for those who need it most. Offering digital savings¹, insurance, and other mobile based products to low-income customers can leverage digital channels to reach more remote customers in an efficient and cost-effective way.

Policymakers are often concerned about the path to offering digital financial services in health. Currently, there is no exhaustive exercise that analyzes the landscape for these services and identifies both demand side challenges for users and supply side challenges for providers. More information on best practices, regulatory frameworks, decision making tools for partnership and scale up and success stories can help policy makers to make health delivery more cost effective and capture the previously underserved markets. This project will explore the strategies used and the lessons learned from different providers of financial services in the hope that these lessons would be useful for governments, donors, and stake holders in developing countries. Experiences bringing financial services to rural areas, women, and the poor may be of special interest. We additionally aim to discover opportunities for the emerging economies to further increase usage of mobile phones to access health services.

Approach & activities

The World Bank team and PSI will conduct a landscaping exercise using a multi-stage research approach. The landscape exercise will document the technology approaches used to interact with financial institutions along with an assessment of the performance of these health systems and any technology, management or implementation considerations. More specifically, the assessment will look at digital financial solutions that advance financial protection and support improved health system access and performance.

Stage 1

During the first stage, the teams will conduct a desk review of existing empirical research and practical evidence on the use of digital financial services in health and its relationship with increased financial health and improved access to health systems. An extensive repository of this data already exists within the World Bank, PSI and its partners. A kickoff meeting with Digital Square followed by a joint session with the technical advisory committee will ensure that the priorities of the project are aligned with outcome expectations. This will be complemented by interviews of technical large range of experts and practitioners of financial services, global health and digital health fields. PSI has extensive partnerships with a network of health practitioners and health providers around the world, especially in regions where use of digital financial services is high, such as Sub-Saharan Africa, and will facilitate any such meetings. This first stage will explore different types of projects and delivery services that make use of digital financial services and will identify a list of potential deep dives. This stage will especially focus on identifying projects from both the public and the private sector, or both to gain an understanding of the nuances between the two when considering health models. Since there are few successful models of digital financial services in health in developing economies, this phase will also focus on identifying nascent prototypes that are moving into the space of providing digital financial services in health.

Stage 2

The second stage will form the crux of this project. In close coordination with USAID and other technical experts, the project team will then identify 3-4 countries for case studies. The aim will be to explore specific barriers, critical steps taken to trigger increased adoption of financial services, and any lessons learnt from the process. This will be done through interviews with public and private service providers and other stakeholders. In parallel, the team will also conduct cognitive interviews and focus group discussions with end users to learn more about their experience. Special questions will be included to assess if the existing services meet the needs of traditionally underserved communities. The World Bank team has conducted such studies in the past and will dedicate a data scientist and an economist from its team to compile and analyze this data. In addition, it will bring in extensive yearly data from Gallup World Poll, GSMA and other organizations to validate its claims. A summary report will be shared at the end of this phase and discussed during a follow-up meeting with the technical advisory team.

Stage 3

In the final stage, the team will write and share the first version of the final landscaping report for feedback. The report will make sure to focus on the key research areas including, but not limited to, 1) financial protection, 2) demand and utilization, 3) health systems access and performance, and 4) implementation considerations. Follow-up meetings will be considered based on feedback and any identified gaps in the findings. A final report will be shared with Digital Square after all the feedback has been incorporated. The study aims to not only provide a report but to build within it a framework for analyzing the scope and challenges of providing digital financial services in health.

An option has been included in the budget for a half-day workshop with stakeholders depending on the need and the scope of the study.

	Stage 1	Stage 2	Stage 3
Time	3 weeks	3-4 weeks	3 weeks
Objectives	Identify projects and stakeholders engaged in digital financial services in health	Design and conduct country-based research	Finalize and disseminate report
Activities	Conduct initial meetings with USAID technical advisory group to identify scope and focus	Deep dive research in 3-4 countries for case studies (especially in areas where PSI has considerable presence)	Draft first version of the final report and submit for review
	Desk research to identify empirical evidence around successful projects globally	Remote and in-person interviews with management of different projects, public sector stakeholders, and private sector players	Incorporate feedback
	Technical consultations with experts from USAID, World Bank, PSI and other experts	Conduct 2-3 cognitive interviews and focus group discussions with end users	Finalize report along with a short overview note and a blog
	Identify and map projects and relevant stakeholders	Conduct a half-day workshop with the technical advisory team to discuss findings (optional)	
Deliverables	Identify 3-4 countries relevant for deep dive case studies	Feedback from interviews	Final landscape report
	List main stakeholders (ongoing for other phases too)	Summary report of initial findings	Framework to analyze future digital financial services in health
	Draft outline of report with a literature review and global landscape for feedback		

Building on its expertise, PSI will play a key role in supervising and monitoring the data collection and will be in close communication with the World Bank in the development and supervision of all phases of project development. A core team of technical specialists working on digital financial services and health

within the World Bank and PSI will be referred to for providing comments on the initial desk research, potential, target countries for country case studies and other deliverables of the overall project. World Bank and PSI will be responsible for delivering high quality report according to expectations and protocols and within a timeframe defined by its terms of reference.

Expected outcome

We can expect to find growth in the use of digital financial services for health in Sub-Saharan Africa. This will be especially prominent in regions such as East Africa where mobile phone penetration and use of mobile money is high. This will be supported by the high use of digital payments and the existence of regulations that support usage of technology for financial services. It is possible that the success of digital government payments in health has been hobbled by concerns over user design, which is a common challenge for providers. For other countries, where no such policies exist, low use of financial services in health are likely to be proxied by low mobile usage, low financial literacy, and possibly regulatory challenges. In most countries, we expect to use nascent financial protection systems in health. We also expect to find considerable presence of the private sector and entrepreneurial models filling the existing gaps in digital financial services, but not necessarily targeting the underserved communities.

We anticipate that our findings will be relevant to developing country governments, many of which have adopted national financial inclusion targets or are in the process of doing so. The report will also provide a framework for policy makers to conduct such assessments in the future.

Consortium Teams

PSI: Population Services International (PSI) is a global nonprofit organization, headquartered in Washington, DC, that focuses on the encouragement of healthy behavior and affordability of health products. PSI works in partnership with local governments, ministries of health (MoH), and local organizations to create sustainable health solutions. PSI has an uncompromising focus on health impact and measures its effect on disease and death much like for-profit organizations measure profit. Just last year, PSI saved the lives of 9,246 mothers, prevented 3,896,671 unintended pregnancies, prevented 234,367 new HIV infections, and averted 379,286 deaths due to diseases like malaria, diarrhea, and pneumonia that are most threatening to young children. In alignment with PSI's organizational strategic vision of faster, sustained and increased health impacts, the organization's latest approach to digital technology aims to effectively harness digital technology to increase and maintain the use of quality primary care without financial hardship. PSI will dedicate the hours to provide expertise in the global and digital health and to manage the Digital Square grant.

World Bank: The World Bank Global Findex Team (World Bank team) is housed in the Development Research Group (DECRG) at the World Bank in Washington, DC. The team works on research relating to financial inclusion and has become a mainstay of global efforts to promote financial inclusion. In addition to being widely cited by scholars and development practitioners, the Global Findex data is used to measure progress towards the World Bank's goal of Universal Financial Access by 2020 and is a source for the G20 Financial Inclusion Indicators. Global Findex data on account ownership is also included as an indicator for the United Nations Sustainable Development Goal 8.10.2. The team's work is frequently used in major international media – including the New York Times, Economist, and Bloomberg. The team works on providing unparalleled insights into the payments habits of people around the world and can play an instrumental role in identifying market opportunities for increasing financial inclusion in health services. Access to the World Bank and its extensive technical advisory background in financial services will ensure that the project and the output is thorough and widely acknowledged. In addition to taking occasional technical expertise from the rest of the institution, 1 lead economist, 1 economist, and 1 research analyst will run this engagement from the World Bank team.

Risk Mitigation

Country level risks: 1) Not being able to survey in key countries: PSI has presence and established contacts in around 50 countries around the world. While we cannot influence the security situation, World Bank has an extensive network of vendors and service providers to obtain government permission. In the past we were able to leverage that relationship with economies to secure permission to survey if needed.

Project level risk: 1) Reluctance to share experiences: Our experience suggests that people are generally open to discussing their financial experiences. Talking about money is always sensitive, and there is a chance that people may be reluctant to share their honest opinions about financial institutions and government programs. Furthermore, health service providers may be uninterested in collaborating. We will address this by ensuring data confidentiality and protection, as well as undertaking full transparency in our assessment. 2) Changing products and services: Since the digital landscape is dynamic, we expect to see many products and ideas change while the study is in process. To mitigate this, we will seek established products and collect accurate user experience data from customers to ensure that broad based patterns and trends in the growth of digital financial services are identified.

High level budget summary:

PSI will be the prime organization and will contract the World Bank as part of the consortium. We expect this entire exercise to cost US\$166,000, which covers personnel time, travel expenses, fringe benefits, etc.