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Public sector digitisation saves Sh30bn in costs

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A PARKING ATTENDANT CAPTURES PAYMENT DETAILS OF A MOTORIST IN NYERI TOWN. PHOTO | JOSEPH KANYI | NMG

The government has saved an estimated Sh30 billion ($290 million) over four years as the country reaps the benefits of a public sector digitisation project that has sought to increase efficiency in the delivery of services.

Government agencies, such as the National Transport and Safety Authority (NTSA) and the NHIF have also noted increments in their revenue collection which they've partly attributed to the digitisation of payments.

In particular, the NTSA estimates that between August 2014 and May 2016 it saved an estimated Sh1.8 billion ($18.2 million) in compliance costs as it cut money spent on services such as sticker printing and teller staffing.

Revenues nearly doubled from Sh113 million per month ($1.1 million) to 206.8 million ($2 million) per month between July 2015 and October 2016.

This data is contained in a September 2017 report by the GSM Association (GSMA), a global trade body for the telecommunication sector, on Person to Government (P2G) payments in Kenya. GSMA in turn collected its data from government agencies including the Digital Payments Department.

"Evidence from Kenya shows that when P2G payments are quick and easy to make, voluntary compliance increases substantially," writes GSMA.

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Echoing these statements, Enkavilla Poperties Managing Director told Digital Business that the launch of online transfers of leases last month at the Nairobi Registry is already bearing

fruit with more Kenyans in the diaspora participating in land purchases.

"The same should be replicated across Kenya to curb fraud as well as enhance efficiency in processing of documents," said Mr Muhoho.

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GSMA also carried a study of Kenyans in 44 counties, assessing their perception of the use of mobile money for government services.

For 93 per cent of respondents, ease was cited as the key reason for using mobile money to pay for government services.

However, the research also notes that these kind of services are not reaching those are in the direst need. The eCitizen platform, arguably the government's flagship for digitisation, has only been used by 10 per cent of the adult population.

The data also shows that usage of P2G services is skewed in favour of educated, urban men. Seventy per cent of users have at least a high school education and an equal proportion of users are male while 93 per cent of users are employed.

These gaps are reflective of social dynamics that exist outside the systems.

"This in part reflects that government services are skewed towards this population (for example, more driver licenses are issued to men; employment-related services favour the urban and more educated population; and some services like NHIF are based on "head of household" registrations which are more likely to be male)," writes GSMA.

Fragmentation of tech

A study carried out in 2013 prior to the government's digitalisation initiative found that government services were only 100 per cent available in Nairobi. Only about 15 per cent of government services were available to rural dwellers.

The GSMA research critics the fragmentation of the technology used in government.

While the eCitizen portal is a centralised platform to which all public sector service providers can link up, there are at least three other models that have been adopted by government agencies.

Some, like the NHIF, have integrated a mobile payment solution directly into their system in addition to using the e-government portal. Others use aggregators.

GSMA notes that this variety has the potential to confuse customers and cause duplication of costs within the state. The association, however, calls for harmonisation.

The speed at which accounts were reconciled was also cited as a problem for Kenyans. People who participated in the GSMA interviews said t they sometimes made payments but faced undue delays in receiving confirmation of payment.

Beyond being frustrating, such delays, GSMA says, mismatches in transaction details on the records of the user and the government could also reflect fraud or money laundering as staff channel funds improperly.

The digitization of government services and payments is part of a larger cashless trend in Kenya.

While the country has long since conquered mobile money, stakeholders in the banking and telecommunications sector are still trying to build on this for efficient and secure payments.

Most recently Safaricom launched a tap-and-go payment service which is supposed to slash the time and costs it takes for Kenyans to make an M-Pesa purchase at a till.