



Deep Dive into the Ecosystem for the Delivery of Social Assistance Payments TÜRKİYE CASE STUDY

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ABOUT THE G2PX INITIATIVE

The G2Px Initiative is a World Bank Group cross-sectoral initiative in partnership with the Bill & Melinda Gates Foundation and the Norwegian Agency for Development Cooperation. The initiative contributes to the broader agenda of improving government-to-person (G2P) payments through digitization, with the objective of shifting the G2P digitization paradigm beyond program-specific efficiency gains to one that simultaneously accelerates critical development outcomes such as financial inclusion, women's economic empowerment, and government fiscal savings. Through G2Px, the World Bank Group seeks to establish a framework, develop good practices, and provide upstream technical assistance to radically improve G2P payments globally. The initiative will help build a global movement ensuring that all G2P programs aim and design for broader inclusion and empowerment outcomes through a focus on digitization.

To find out more about G2Px, visit worldbank.org/g2px.

Table of Contents

Acknowledgements.....	ii
Acronym List	1
Executive Summary.....	2
1. Context	4
2. Social Assistance Payments in Türkiye	6
2.1. Overview and History	6
2.2. COVID-19 Emergency Response	7
3. Türkiye's Ecosystem for the Delivery of Social Assistance Payments	9
3.1. Integrated Social Assistance Information System (ISAS)	10
3.1.1. Key Stakeholders and Their Roles.....	11
3.1.2. Governance	12
3.1.3. Implementation.....	13
3.2. ID and Address System.....	15
3.3. Payment Management System	16
3.4. Payment Modalities.....	18
4. Inclusion and Empowerment Accelerators	20
4.1. Access to and Usage of Funds	20
4.2. Data Privacy	20
4.3. Grievance Redressal	21
4.4. Toward Financial Inclusion	22
5. Conclusion	24



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Acronym List

ATM	Automated Teller Machine
EFT	Electronic fund transfer
FTP	File Transfer Protocol
G2P	Government-to-Person
GDSA	General Directorate of Social Assistance
IBAN	International bank account number
ID	Identification
ISAS	Integrated Social Assistance System
KYC	Know-Your-Customer
MERNIS	Central Civil Registration System
MFSS	Ministry of Family and Social Services
PEPS	Public Electronic Payments System
PFM	Public Financial Management
PMT	Proxy Means Test
PTT	Postal and Telegraph Services Corporation
SASF	Social Assistance and Solidarity Foundation
TIBS	Treasury Internet Banking System
TSA	Treasury Single Account

Executive Summary

The modernization of government-to-person (G2P) payment programs, which include social assistance, requires a cross-sectoral, whole-of-government approach.¹ By establishing a strong underlying digital architecture, governments can both enable efficient and transparent digital delivery of programs, and build pathways to long-term development outcomes, including financial inclusion and women's economic empowerment.


Türkiye embodies certain aspects of such an approach. Interoperable infrastructure allows for real-time data sharing between government databases, and the identification (ID) system provides a unique ID number to everyone. Combined with a strong address database, these aspects enable Türkiye to efficiently and conveniently deliver G2P payments to those in need.

This case study details the critical success factors of the ecosystem supporting the end-to-end delivery of G2P payments in Türkiye (herein referred to as G2P ecosystem), focusing on social assistance payments. These include the following:

- The **Integrated Social Assistance System (ISAS)**, which forms the backbone of social assistance delivery and represents an international best practice. ISAS processes applications and payments for at least fifty of Türkiye's social protection programs. ISAS is a single system that integrates the social registry (supporting processes of intake, registration, and assessment of needs and conditions), the beneficiary registries for numerous programs, and an integrated system for payments and beneficiary monitoring.
- The **Identification (ID) system**, which assigns unique 11-digit prime ID numbers to every citizen and resident.² This number is used to facilitate cross-referencing information across relevant databases.
- The **National Address System**, which links each ID number to a unique address. Any changes recorded in the National Address System are automatically reflected in the ID system and in ISAS, this system drives efficiency by providing dynamic updates to individual and household profiles that impact eligibility for any given social assistance program.
- **Social Assistance and Solidarity Foundations (SASFs)**, which provide localized decision-making on each recipient's eligibility. SASFs are responsible for intake and registration, assessments of needs, eligibility, and grievance redressal for social assistance across programs, in addition to universal health coverage.
- The **Treasury Single Account (TSA)**, which covers all public resources and facilitates electronic fund transfers (EFTs) from the Central Bank to the banking system, which in turn sends the allocated funds to recipients. From PTT or any other commercial bank where the program has an account, payments are made either directly into the recipient's bank account; to a prepaid card associated with that recipient's ID number, for withdrawal from an ATM with an ID number only (cardless pickup); or delivered at home by program staff for certain social assistance programs.
- National infrastructure, including widespread **connectivity, mobile phone access, and physical access points for cash withdrawals**, all of which help to ensure that recipients can conveniently access and use funds.
- A legal and regulatory framework that supports the **data privacy and protection** of social assistance recipients.

¹ The focus of this case study is on social assistance, which is one G2P payment stream, but all references to the framework for a broader ecosystem in terms of the infrastructure, policies, systems, regulations, products, and services would apply to all G2P payments.

² Prime numbers are commonly used to encrypt data to ensure secure data sharing. Applications include the RSA algorithm. For more details, see, for example, <https://psmag.com/news/prime-numbers-keep-our-information-safe>



These different factors, established by the government through decades of investment in modernization, allow for the seamless flow of information integral to program delivery. Thanks to this investment, Türkiye was well placed to rapidly expand social assistance in response to the economic consequences of the COVID-19 pandemic.

Türkiye showcases how a modern ecosystem for social assistance payment delivery is not a single all-encompassing system but instead contains an integrated system that allows running multiple social protection programs which is interoperable with other systems and databases that have use cases beyond social assistance.

While the ecosystem for social assistance payments in Türkiye supports trusted data sharing across various entities (e.g., ISAS, the ID and address systems, and the national payment system, among others), it is not always leveraged to deliver payments to social assistance recipients in accounts of their choice. Regular social assistance programs typically deliver payments through the Postal and Telegraph Corporation (PTT) network due to their low cost and widespread access points (ATMs and PTT branches) located throughout the country. During the COVID-19 response, however, given the need to cover those previously not included under any social assistance program, financially included recipients were given the choice to receive funds directly into an existing account by only providing their IBAN (account) number. This process, if expanded beyond the emergency response, could set the stage for Türkiye's G2P ecosystem to be fully leveraged for the long-term development outcomes associated with financial inclusion.

1. Context

With a population of 83.4 million and a GDP per capita of US\$8,646, Türkiye is seen as an upper-middle-income country.³ For the past twenty years, the government has implemented ambitious reforms, often harmonizing laws and regulations with European Union standards. The poverty rate decreased by half between 2002 and 2015, with the extreme poverty rate falling even faster.⁴ With strong macroeconomic and fiscal policy frameworks in place, Türkiye has responded and recovered well from challenges, including the global financial crisis of 2008/9 and the influx of around 3.6 million Syrian refugees.⁵

This economic growth and resilience to global shocks has been supported, in part, by the country's development of social assistance programs for vulnerable groups. For instance, refugees and asylum-seekers are able to apply for one-time cash assistance, non-food items, shelter, and health assistance. COVID-19 lockdowns and movement restrictions hit Türkiye when the macroeconomic picture was already weakening. This economic downturn threatened to further increase youth unemployment, gender inequality, and the poverty rate. Within this challenging reality, the scope of programs to provide social assistance implemented through Türkiye's interoperable infrastructure played a key role in helping the country respond quickly to COVID-19, mitigating the worst impacts of the crisis on vulnerable households and communities. It is estimated that the poverty rate may have reached 12.2 percent by the end of 2021, equivalent to about 1.6 million new poor.⁶ Without government action (social transfers, unemployment insurance benefits, unpaid leave subsidies), however, the new poor could have been almost three times more numerous.⁷

The social assistance system in Türkiye is underpinned by the Integrated Social Assistance System (ISAS). There are around 50 programs within ISAS, which address multiple dimensions of need: basic income, housing, food, education, and health. These programs primarily rely on cash transfers. Most of the social assistance delivered by the government falls under ISAS. Refugee assistance, which is delivered by the Red Crescent, is also managed through ISAS, a decision promoted by the European Union due to the benefits of managing refugee assistance through an integrated, transparent, and accountable system.⁸ In 2020, ISAS was used to increase and expand assistance in response to the economic impacts of COVID-19 under the Economic Stabilization Support Program. However, non-regular types of social safety net programs and periodic transfers to SASFs for salary, administrative costs, and one-time benefits are not done through ISAS. Including the COVID-19 response program, 94 percent of all social assistance transfers are processed through ISAS.

Social assistance allocations steeply increased in 2020 in light of the COVID-19 economic response. Social assistance amounted to approximately 1.36 percent of GDP in 2021, up from around 1.12 percent of GDP in 2014. In 2020, 6.6 million households benefited from social assistance compared to 3.3 million households in 2019. Of these households, 2.5 million households received regular aid, 2.7 million households received temporary assistance, and 1.4 million households benefited from both regular and temporary assistance. Across the different COVID response programs from the start of the pandemic and going beyond 2020, a total of 7.2 million households received social assistance payments from the government.

3 <https://www.worldbank.org/en/country/turkey/overview>

4 The poverty line is set at US\$5.00 per day, and the extreme poverty line at US\$2.50 per day, both in terms of 2005 purchasing power parity (2005 PPP). An individual is considered (extremely) poor if his/her expenditure per capita per day is below the (extreme) poverty line. For Türkiye, expenditure data comes from the Household Budget Survey (HBS), collected by Türkiye's National Statistics Office (TUIK).

5 <https://www.worldbank.org/en/country/turkey/overview#1>

6 World Bank (April 2022). "Poverty & Equity Brief, Turkey." Available at https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_TUR.pdf.

7 Ibid.

8 For refugee payments, the process up to the point of creating a payment list is undertaken through ISAS, while payments are handled by the Red Crescent.

Türkiye's data-sharing infrastructure is capable of supporting social assistance applications in part because of the strong mobile and internet connectivity in the country. As of 2021, internet penetration in Türkiye had reached 77.7 percent of the population. There are 97.4 mobile subscriptions per 100 people.⁹ Urban areas are connected by a fiber-optic cable and digital microwave relay, whereas rural areas are covered by satellite. During the COVID-19 emergency response, the beneficiaries submitted the vast majority of social assistance applications — more than one million per week — online.

Furthermore, there is wide acceptance of digital payments in Türkiye, which could enable broader use of digital account-based payments for social assistance.¹⁰ In 2016, 40 percent of payments for household consumption were cashless — an increase from only 9 percent in 2001.¹¹ According to the 2017 Global Findex¹², the portion of Turkish adults who have made or received digital payments is growing rapidly, with 64 percent carrying out digital payments in 2017 compared to 48 percent in 2014. This payments ecosystem is a strong enabler of a potential shift toward account-based payments outside of the emergency response.

9 World Bank (2020). "World Development Indicators." Available at <https://databank.worldbank.org/source/world-development-indicators>. Note that the number of mobile subscriptions per 100 people could indicate some individuals with more than one mobile subscription.

10 Canko, Soner, and Diederik Bruggink (2016). "The Turkish payment market and its specifics: An interview with Soner Canko." *Journal of Payments Strategy & Systems*, 10(3), 230–237. Available at <https://hstalks.com/article/3156/the-turkish-payment-market-and-its-specifics-an-in/>.

11 Ibid.

12 Several figures from Global Findex in this report require an analysis of Global Findex microdata on Türkiye. As Global Findex 2021 microdata has not yet become publicly available, this note uses data from Global Findex 2017 as the latest available.

2. Social Assistance Payments in Türkiye

2.1. Overview and History

The current social assistance system in Türkiye has evolved over time. Its foundations trace back to the 1970s and 1980s, but most of the progress toward modernization happened in the 2000s. The basis of the current system was created in 1976 with the approval of Law 2222, which provided a small monthly benefit payment to the elderly or disabled poor. The system was expanded in 2005 when the government enhanced Türkiye's flagship social assistance programs and Universal Health Insurance. The foundations for the latter dated back to 1992 but became fully operational in 2012.¹³ Over the next decade, several programs were expanded to support health and education, reach those with disabilities, provide cash support to widows and families of soldiers, and support housing costs.

Today, the social assistance system is structured around nearly fifty programs that address multiple dimensions of need: basic income, housing, food, education, and health, mostly relying on cash transfers. The majority of programs are poverty-targeted and use “no income from formal employment” (for several programs) or per capita household income as the eligibility criterion (for others), in addition to the thematic criterion (i.e., elderly, disabled widows, families who have individuals on mandatory military service.)¹⁴

ISAS forms the backbone of social assistance delivery and represents an international good practice. In 2005, the government started to streamline the paper-based application process, setting up “one-stop-shops” in subgovernorship offices for citizens to access public services. This helped to shift the burden of collecting documents from citizens to public servants. However, the system was still quite inefficient as public servants had to prepare and collect the seventeen different documents needed for a social assistance application, which could take up to fifteen days. Furthermore, one-stop-shops were located in mostly urban areas, and thus did not increase convenience for rural applicants.¹⁵ In response to these challenges, in 2010, the government began to digitally link different systems to further streamline applications, a process that eventually led to ISAS.

The push for a centralized public finance management (PFM) system was a key driving factor behind establishing ISAS. Its development can be traced back to the year 2000, when a series of reforms were made to the PFM system. Prompted by an economic downturn at the time, the PFM reforms created a robust and responsive system able to support expenditure rationalization, among other needs. These PFM reforms set the stage for the development of ISAS, which is now responsible for processing applications and payments across Türkiye's social protection programs.

ISAS came online in 2010 and automated the process of corroborating citizens' applications for social assistance across multiple government departments. It was developed module by module, bringing each new institution onto the system one by one. Through this incremental approach, ISAS established an API and corresponding data-sharing protocols with each institution.

With the implementation of ISAS, applicants only need to visit one local office. Compared to the previous paper-based systems, ISAS decreased the number of documents needed from seventeen to one (as only the national ID

¹³ Green card, the subsidized health insurance program for the poor and vulnerable segments, was established in 1992 and halted in 2012 with the introduction of universal health coverage.

¹⁴ Türkiye uses two different criteria for poverty targeting depending on the program: having a household per capita income lower than one-third of the minimum wage or having no income from formal employment (i.e., not registered in the social security system). The former criterion is used by the coal, food, and education material programs as well as the elderly and disability pensions. The latter criterion is applied to most of the regular programs that provide ongoing support, such as the programs for the widows and families of soldiers and CCT programs. Final decisions on eligibility are made by the Board of Trustees in local offices, which use a proxy means test for social assistance programs and hybrid means tests for universal health coverage as a decision-support tool.

¹⁵ Republic of Turkey Ministry of Family and Social Policies and the World Bank (2017). “Turkey's Integrated Social Assistance System.”

card is needed), the time to apply from days to minutes, and the time to process applications and deliver the benefits from months to days.¹⁶ Before COVID-19, ISAS processed at least ten million applications per year.

2.2. COVID-19 Emergency Response

To mitigate the negative economic impacts of COVID-19, the government announced an Economic Stabilization Support Program. After the first positive case of COVID-19 was detected in Türkiye on March 11, 2020, the government closed educational institutions, suspended international flights, and gradually implemented curfew measures. These restrictions caused a severe contraction in economic activity and a decrease in household income. The Economic Stabilization Support Program included several measures to counter these impacts, varying from education to health to social protection and macroeconomic stabilization.

Across the different COVID response programs, which included the Pandemic Social Support Program under the broader Economic Stability Package and two other programs,¹⁷ a total of 7.2 million households received social assistance payments from the government. The initial response was to vertically scale up existing social assistance by providing an additional cash transfer of 1,000 TL to households that benefit from the regular form of social assistance programs in Türkiye, which includes noncontributory old age and disability pensions (Law No. 2022), conditional cash transfers, and cash transfers to widows and vulnerable soldier families.

Subsequently, the government announced a horizontal expansion for households that were not beneficiaries of regular social assistance programs. The program provided one-time cash transfers of 1100 TL per household. Individuals were able to register through an online application form on the e-Government portal,¹⁸ which is linked to ISAS (rather than visiting a local office in person, to respect social-distancing guidelines). Applicants would be deemed ineligible if the household included (i) contracted individuals who worked in the public sector, (ii) civil servants, (iii) pensioners or beneficiaries of any type of income from Social Security Institution, or (iv) those receiving unemployment benefits and/or short-term employment benefit receivers from Turkish Employment Agency.

BOX 1. TÜRKİYE'S ONLINE APPLICATION PROCESS FOR COVID-19 EMERGENCY SOCIAL ASSISTANCE

Step 1. Log in to the e-Government portal via www.turkiye.gov.tr.

Step 2. Click on the COVID-19 Social Support Program.

Step 3. Fill in the required information (ID number, name and surname, phone number, email, employment status, monthly salary, amount of rent paid, utility bills, total household income, IBAN).^a

Step 4. Applicants are informed about the result of their application through SMS, and registration is completed.

Step 5. Payments are made through the relevant delivery channel.

^a Most of the information provided in this form is pulled from the respective databases through ISAS for all household (HH) members, such as address, DOB, civil status, # of children, employment status, official salary records, and HH size.

16 Çınar, Mehmet Çağlar, and Mustafa Sencer Kiremiçi (2016). "Turkey's Integrated Social Assistance System." [Socialprotection.org](https://socialprotection.org) webinar, June 2.

17 The two other programs were the We Are Enough for Us Turkey Campaign and the Full Shutdown Social Assistance Program. The latter provided a one-time payment of 1,100 TL per household.

18 The e-government portal is a website offering access to all public services from a single point. The aim of the portal is to offer public services to citizens, businesses, and government agencies in an efficient and effective manner through information technologies. The portal provides information services, e-services, payment transactions, shortcuts to agencies and organizations, information updates and announcements, and messages to citizens from agencies. Individuals can get access to the e-government portal using their national ID number and an e-government password, which can be obtained from post offices (the password is unique to each ID). E-signature holders can also get access to the system using their electronic tokens.



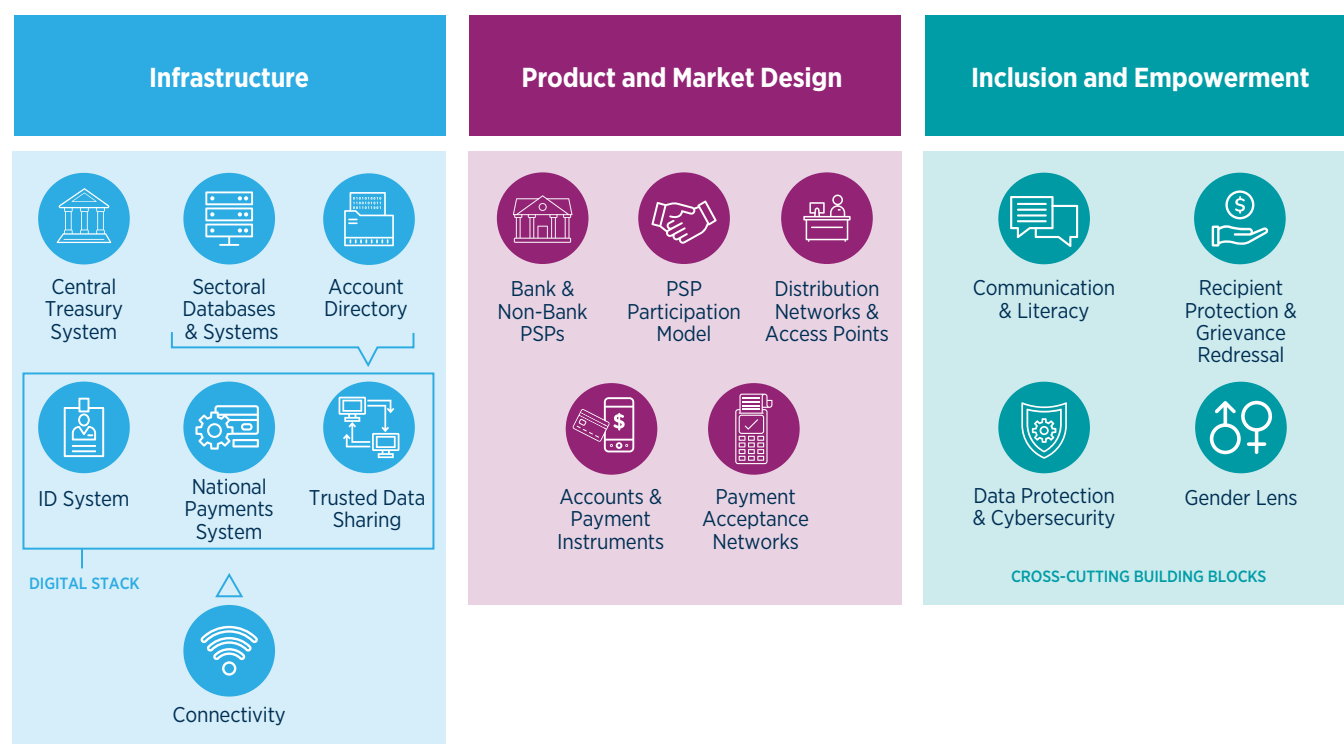
Payments were made through the PTT prepaid card, bank accounts, or through at home delivery (step 5). If an applicant submitted their IBAN number associated with their transaction account in their online application, then the payment was sent directly to their account (whether a public or private bank). If, instead, the e-Government portal already had PTT card information (for example, for existing social assistance recipients), then payments were sent to the PTT card. If the e-Government portal did not find information on either option for an applicant, then payments were delivered directly to their home (an option that, outside of the COVID response, is normally reserved for those who cannot easily leave home due to age or other reasons). This option is made possible through the e-Government portal's connection to the National Address System (see Section 4.2 for more details).

This program substantially increased the reach of social assistance. The number of PTT prepaid cards issued to social assistance recipients increased from 2.1 to 3.3 million, while almost 50,000 households benefited from at home delivery. Thus, COVID-19 cash transfers leveraged Türkiye's existing interoperable data-sharing infrastructure to deliver payments in a timely manner. The remainder of this case study will delve into the key building blocks that are leveraged by Türkiye's social assistance system to drive these results.

3. Türkiye's Ecosystem for the Delivery of Social Assistance Payments

The broader G2P ecosystem can be defined as the infrastructure, systems, policies, regulations, products, and services enabling the processing and delivery of government-to-person payments, including the use of funds delivered in the process. In the case of social assistance payments, the payment of benefits is but one of the components of a broader social protection delivery chain. The ecosystem, hence, comprises several building blocks, including ID systems, social registries, public financial management systems, and the national payments systems, among others, all of which have use cases beyond the delivery of G2P payments. When interoperable, these government-wide systems support the efficient and effective delivery of digital G2P payments that also have the potential to accelerate long-term development outcomes (Figure 1).

Figure 1. Building Blocks of a Modern G2P Ecosystem



Source: World Bank. Next Generation G2P Payments : Building Blocks of a Modern G2P Architecture (English). Washington, D.C. : World Bank Group. <http://documents.worldbank.org/curated/en/099600110202238143/P173166068e4220430a0ff03279b01c83db>



ISAS is a prime example of a modern, interoperable, government-wide infrastructure for G2P payment delivery, focusing on social assistance. Key strengths of the system include trusted data sharing with administrative databases, interinstitutional coordination, and effective use of local knowledge through the district- and local-level offices.

ISAS interlinks with twenty-eight different government databases, such as the population and citizenship registry, social security, revenues administration, vehicle registry, land registry, farmer registration, and employment agencies. ISAS connects these databases through established data-sharing and implementation protocols across multiple ministries. Important reforms that created the basis for this trusted data sharing (each of which will be detailed in the following sections) include the national ID system with universal coverage, which allows for real-time data sharing between government agencies, the national address system, and the establishment of a nodal agency to manage and oversee all social protection programs.¹⁹

Through this interoperability with other government databases, ISAS maintains efficient control and auditing mechanisms, resulting in minimal misuses or duplications. Electronic record keeping through ISAS saves the Turkish government from processing approximately five million paper documents per month.²⁰ Furthermore, the COVID-19 experience shows how this type of interoperability can increase the ability of social assistance programs to quickly respond to shocks.

Türkiye can thus serve as a model for other countries seeking to modernize their delivery of social assistance payments by leveraging trusted data-sharing and digital infrastructure. The following sections will detail some of the building blocks that support Türkiye's delivery of social assistance payments: ISAS, the ID system, the national address system, the payroll management system, the central treasury system, and the national payments system.

3.1. Integrated Social Assistance Information System (ISAS)

ISAS is an integrated information system that includes the social registry (supporting the processes of intake, registration, and assessment of needs and conditions), an integrated beneficiary registry for numerous programs, and an integrated system for managing payments and beneficiary monitoring — a single system for all. As a result, ISAS electronically facilitates all steps related to the management of social assistance programs, including intake, registration, assessment of needs and conditions, eligibility and enrollment decisions, benefits package, notification and onboarding, provision of benefits and services, disbursement of funds, and monitoring and auditing (see Figure 2).²¹ ISAS thus provides significant economies of scale given that all social assistance programs depend on the same information and delivery system.

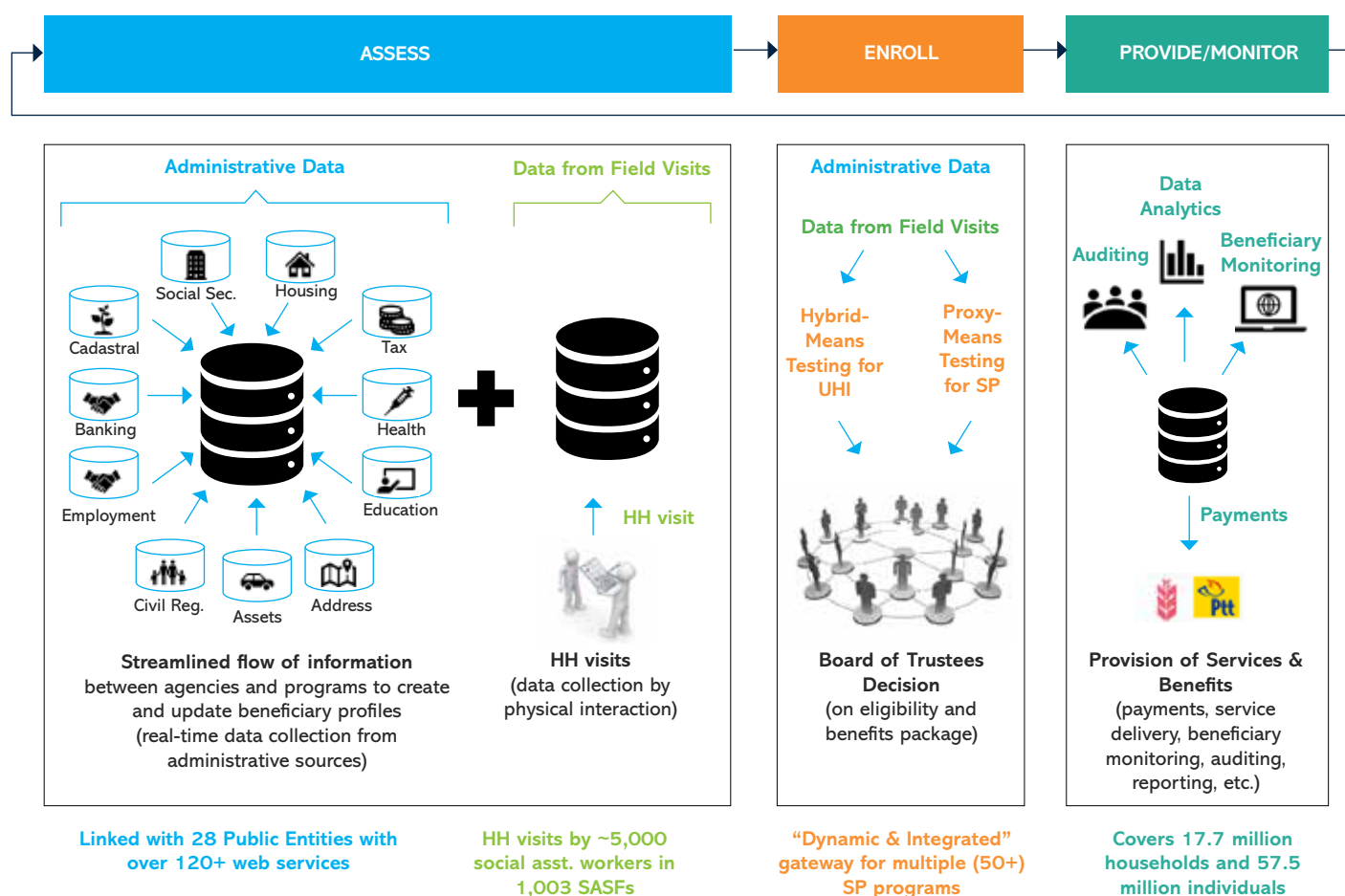
Conditional cash transfer programs can manage conditions through ISAS without needing a separate beneficiary management system. For example, ISAS supports a CCT program that supports over two million children who receive benefits based on their school attendance and performance. Before each payment cycle, ISAS automatically retrieves school attendance and success rates from the database at the Ministry of Education. This is based on a data-sharing protocol between the Ministry of Education and the Ministry of Family and Social Services (MFSS), which manages ISAS.

19 Based on the data-sharing protocols between government agencies, data is retrieved from respective agencies through APIs and can be downloaded as necessary.

20 Çinar, Mehmet Çağlar, and Mustafa Sencer Kiremitçi (2016). "Turkey's Integrated Social Assistance System." [Socialprotection.org](https://socialprotection.org) webinar, June 2.

21 GDSA (June 2016). *Turkey's Integrated Social Assistance System*. General Directorate of Social Assistance.

Figure 2. Overview of Türkiye's ISAS



Source: Ortakaya, A.F. (June 2019). "Beneficiary Monitoring and Management in Turkey's ISAS." The World Bank's HD Week, June 2019, Social Protection & Jobs Global Practice. (The figure is updated based on the most recent communication from MFSS.)

3.1.1. Key Stakeholders and Their Roles

The MFSS is the main public authority in Türkiye for the administration and implementation of social protection programs. It covers social safety nets, social care services, old age and disability pensions, labor market programs, and Universal Health Coverage. The ministry was created in 2011 by unifying several government agencies that were previously managing their own separate social initiatives. The objective was to reduce fragmentation in the sector and to ensure a coordinated, integrated, and consistent approach to social policy development and implementation. At this time, the General Directorate of Social Assistance (GDSA) was transferred from the prime minister's office to the MFSS. MFSS maintains ISAS through GDSA and delivers social assistance in collaboration with Social Assistance and Solidarity Foundations (SASF) at the local level.

By establishing MFSS, the vast majority of social assistance programs are now housed under one agency, providing a conducive environment for reducing fragmentation within social assistance program delivery. In 2021, MFSS provided 75.2 percent of all social assistance across the country. There is some amount of fragmentation that still remains. While the MFSS serves as the institutional roof for the state-funded social assistance programs, municipalities and nongovernmental organizations still provide services and benefits to the poor and vulnerable segments of the population using their own eligibility assessment approaches that are poorly coordinated with the national government.



In addition to the MFSS, there are several other key stakeholders involved (Table 1). The following sections will describe the intersection between these stakeholders and their roles in carrying out the provision of social assistance payments.

Table 1. Key Stakeholders and Their Roles

Stakeholder	Summary of Role within Social Protection
The Ministry of Family and Social Services (MFSS)	Main public authority in Türkiye for the administration and implementation of social protection programs.
General Directorate of Social Assistance (GDSA)	Housed under the MFSS, the GDSA is the directorate general responsible for the administration and implementation of social protection programs, in addition to executing and maintaining the ISAS database.
Social Assistance and Solidarity Foundations (SASF)	Local offices that make eligibility decisions and generate recipient lists based on the socioeconomic profiles of applicants, including the proxy means test (PMT) score. Pre-COVID, SASFs managed home and community visits. SASFs are overseen by a board at the district level and an overarching board at the national level.
Ministry of Treasury and Finance	Maintains the Treasury Single Account (TSA); responsible for all national-level government cash management, including payments and collections.
Postal and Telegraph Services Corporation (PTT)	Facilitates the majority of transfers from the Central Bank to recipients. Allows recipients to withdraw via prepaid card or through use of their national ID number at post office branches and ATMs. Provides the option for recipients to receive cash at home if they are unable to easily leave the house.
Public banks	In some cases, public banks are used to facilitate transfers from the TSA to recipient bank accounts or PTT cards (thus acting as the intermediary bank, rather than the PPT acting as the intermediary). In these cases, payments can be delivered to bank accounts or PTT cards/ATMs, but they cannot be delivered at home, as this option is only supported by the PTT. Otherwise, they were involved during the COVID-19 emergency response if a recipient chose to receive their funds in a bank account held at a public bank.
Private banks	For COVID-19 emergency response payments, recipients could choose to receive their funds in a bank account held at a private bank.

3.1.2. Governance

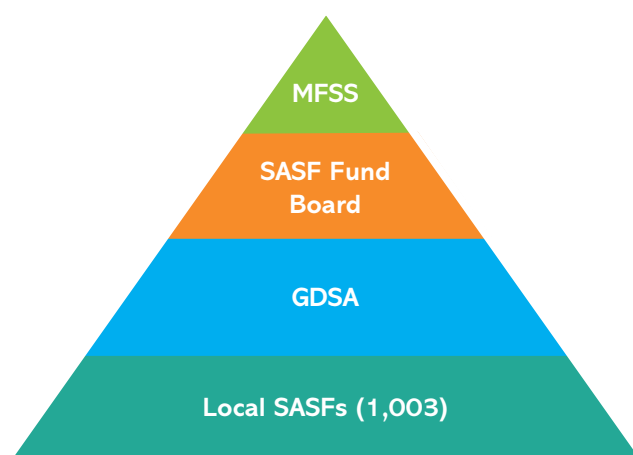
ISAS has a management structure that relies on both centralized and decentralized processes: Data collection and payment delivery are managed centrally at the national level by the GDSA, while eligibility and enrollment decisions are managed locally through 1,003 autonomous SASFs located in each district.²²

At the local level, the Board of Trustees at each local SASF makes decisions on eligibility of recipients based on the PMT score. SASFs rely on the local knowledge of social assistance workers, who conduct household visits and fill out the standardized form, which is fed into ISAS and based on which the PMT score is created. The Board of Trustees of each district-level SASF then determines the eligibility of recipients based on the socioeconomic profile created from the data in ISAS, including the PMT score. Each Board of Trustees comprises local representatives

²² SASFs are founded as private legal entities, according to SASF Law No. 3294, under the chairmanship of the provincial and subprovincial governors. They are autonomous in their decisions, but they must comply with Law SASF No. 3294, decisions of the Board Fund, and any relevant regulations and decisions of GDSA.

from several entities. For example, board members may include the highest district-level officials from the ministry of education, health, finance, agriculture, the village head, representatives of NGOs, and charitable persons. At the national level, there is an overarching board for all SASFs that is chaired by the minister of MFSS and functions as the decision body on prioritizing the distribution of funds across social protection programs. These decisions are approved at the presidential level. However, there is no hierarchy between MFSS and SASFs. SASFs are not local offices of the MFSS. They are independent bodies, but they have to comply with the decisions of the board of all SASFs at the national level.

Figure 3. Governance Structure²³



This combination of centralized data collection and payment delivery with decentralization of eligibility and enrollment processes enables the inclusion of different perspectives and builds a strong consensus across all actors. These arrangements increase efficiency in service delivery by making use of highly dynamic and interoperable information systems, frequent community and household visits, and a participative and transparent decision-making process.

3.1.3. Implementation

The core steps behind identifying eligible recipients through ISAS can be grouped into four phases along the delivery chain (Figure 4).

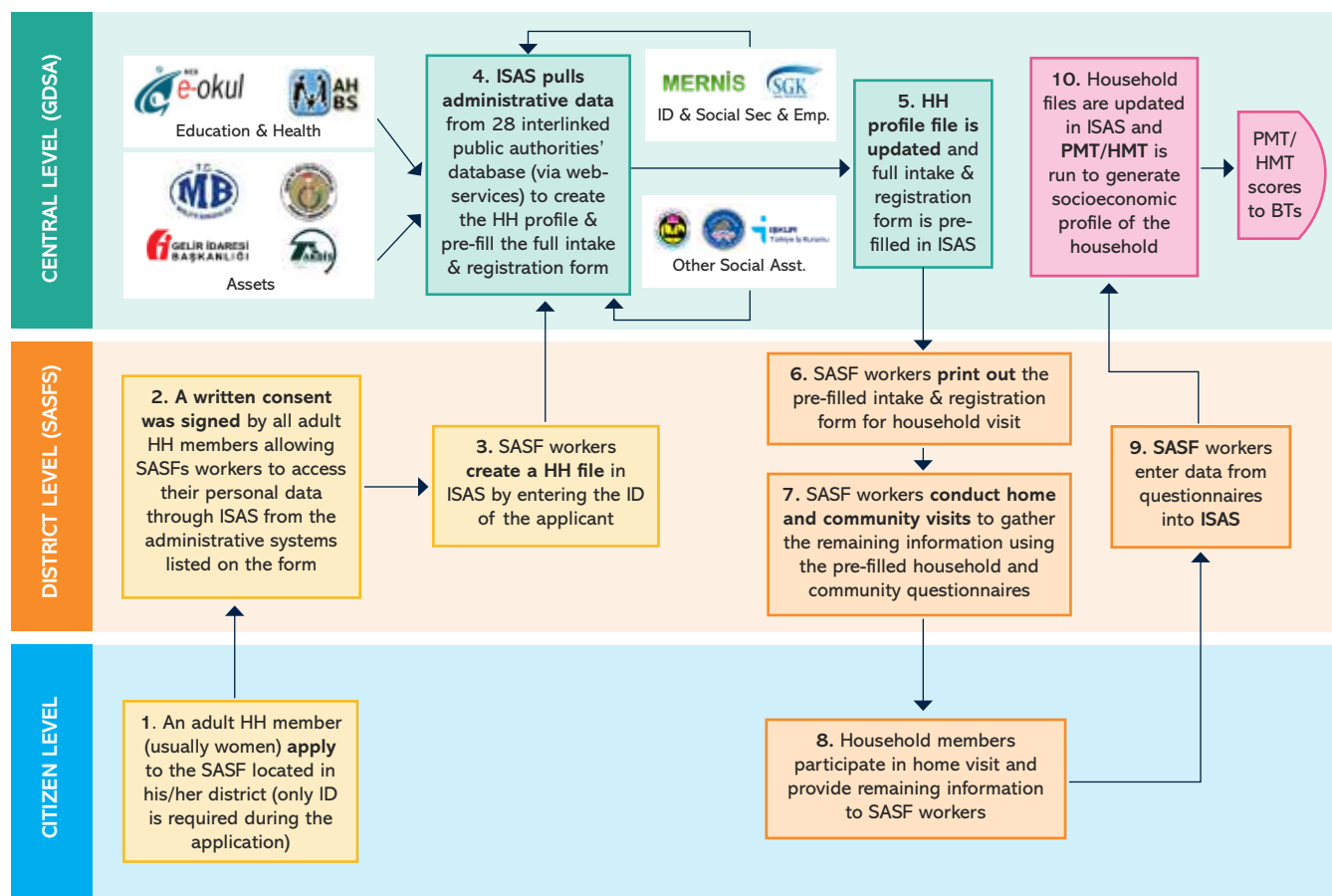
- (a) The initial intake and registration process (yellow boxes)
- (b) The creation of a household profile (green boxes)
- (c) A community and home visit (orange boxes)
- (d) The needs assessment (pink boxes)

A PMT score is created based on the recipient profile created in the system.²⁴ The recipient's PMT profile information then feeds into eligibility and enrollment decisions made by the Board of Trustees in each SASF. During COVID-19, the same process was applied, except the registration was completed without the home visit.

23 Ortakaya, A.F. (2019). "Beneficiary Monitoring and Management Framework in Turkey's Integrated Social Assistance System." Human Development Week, June. World Bank, Washington, D.C.

24 The PMT is based on a regionally representative survey conducted in 2012 covering more than 48,000 households and 200,000 individuals. For more on Türkiye's approach to using the PMT score, refer to the Sourcebook on Social Protection, pp. 119 and 125.

Figure 4. Intake, Registration, and Assessment of Needs & Conditions in Türkiye's ISAS



Source: Ortakaya, A.F. (November 2018). "Background Note: Monitoring Conditionalities in Turkey's CCT Program." The World Bank's Delivery Systems Global Solutions Group, Social Protection & Jobs Global Practice. (The figure is updated based on the most recent communication from MFSS.)

To further detail each of these four phases as depicted in Figure 4:

- 1. The intake and registration process includes three key steps, mainly involving district actors.** First, the process is initiated with an adult household member (most often a woman) applying to the local SASF in his/her district. The only document required to be provided by the applicant is their national ID (step 1). Second, to complete the application, a written consent form is to be signed by all adult household members to allow SASF workers to access their personal data through ISAS via the administrative systems listed on the form (step 2 in Figure 4). Third, SASF workers create a recipient file in ISAS by entering the ID of the applicant (step 3). As of October 2021, individuals can apply for social assistance and approve the consent document for queries to be made directly through the e-Government portal, which is linked to ISAS. This option has been widely taken up: as of May 2022, 3.8 million citizens have applied for social assistance through the e-Government portal.²⁵
- 2. The recipient profile is created at the central level, pulling administrative information from across the various government databases via ISAS.** Specifically, ISAS pulls administrative data from 28 interlinked public authorities via more than 112 web services on a real-time basis (in a few seconds) and creates a recipient profile (step 4 in Figure 4). An important piece of information collected during this exercise is the applicant's address, which can be checked against the National Address System to understand the applicant's household composition.²⁶ Next,

²⁵ GDSA database, May 2022.

²⁶ If there is no address registered with the applicant's national ID number, the applicant is asked to go back and complete their address registration.

the recipient profile is updated in ISAS with the pulled-in information. This process also allows ISAS to pre-fill most of the fields of the questionnaire. There are currently 57.5 million individual and 17.7 million household profiles in ISAS.²⁷

- 3. The community and home visit gathers any remaining household information.** *Social assistance workers print out the pre-filled questionnaires from ISAS to be used in community and household visits (step 6).* The pre-filled information is based on administrative data available across the different databases linked to ISAS and pulled in through APIs. SASF workers gather the remaining information using the pre-filled questionnaires (steps 7 and 8) during their home and community visits. They then enter the completed intake and registration forms into ISAS (step 9), based on which a PMT/HMT score is generated.
- 4. The needs assessment is completed using the information gathered during the intake and registration process.** *It is automatically generated based on the recipient's socioeconomic profile and the PMT/HMT scores developed from the data in the completed recipient profile.* It takes into account the social worker's professional assessment (which is a written report at the end of the questionnaire) and the automated calculation of PMT/HMT scores (step 10). The socioeconomic profile generated by this assessment is then forwarded to the Board of Trustees of each local SASF for eligibility and enrollment decisions into specific programs.

ISAS dynamically manages the different eligibility criteria for the various programs running through the system. For instance, some programs might require rule-based eligibility, others PMT- or HMT-based eligibility, and the unit of assistance could also vary from households or families for programs like universal health coverage to individuals for others. Based on the needs assessment, a recipient can be included in more than one program if their household is facing multiple challenges. In other words, the local SASF may decide that the household's or individuals' specific needs match the objectives of each program. This could vary from support due to disability to support for widows or education.

3.2. ID and Address System

Türkiye has a long tradition in civil registration. The establishment of the civil registry dates back to the first population census conducted in 1927, when Türkiye first issued ID cards. From the 1990s, Türkiye started to assign unique 11-digit prime ID numbers to every citizen and resident. All Turkish residents are issued an ID card, either at birth or upon registration for a residency permit. In 2017, the ID system was upgraded to remove personal information like marital status, religion, blood type, and hometown. Foreign residents receive a different card; however, it is linked to the same ID system and operates in the same way.²⁸

The current civil registration system comprises the Central Civil Registration System (MERNIS), a unique ID number, and a National Address System. Since 2001, the Ministry of Interior (MoI) has maintained MERNIS, a centrally administered ID system where any changes in all vital events (births, deaths, marriages, and divorce events) are registered electronically in real-time over a secure network. MERNIS is one of the key enablers of Türkiye's trusted data-sharing infrastructure. At least 2,000 public bodies use the MERNIS database, which identifies each individual through their unique ID number.

The ID number is also linked to Türkiye's sophisticated National Address System. This link between the ID and the address system ensures that both individual and household profiles within ISAS are continuously updated. The address system was established in 2006 when the Turkish Statistical Institute went door to door throughout the country to assign and update all national addresses. Unique address codes were assigned to each address (up to dwelling level) and registered in the MERNIS database. There are more than 21 million unique address codes in Türkiye. Each ID in Türkiye is tagged with the unique address code in MERNIS. Every public entity and many private entities are linked to the MERNIS database and pull data on a real-time basis using an ID number. All buildings, whether private or corporate, are legally required to be registered with the address system to get official approvals. All births and

27 Koci, Mehmet Safa, and Gülben Ünal Yaraş (2021). "Digitising G2P payments in Turkey's social assistance system." Future of G2P Payments Webinar.

28 Republic of Turkey Ministry of Family and Social Policies and the World Bank (2017). "Turkey's Integrated Social Assistance System."

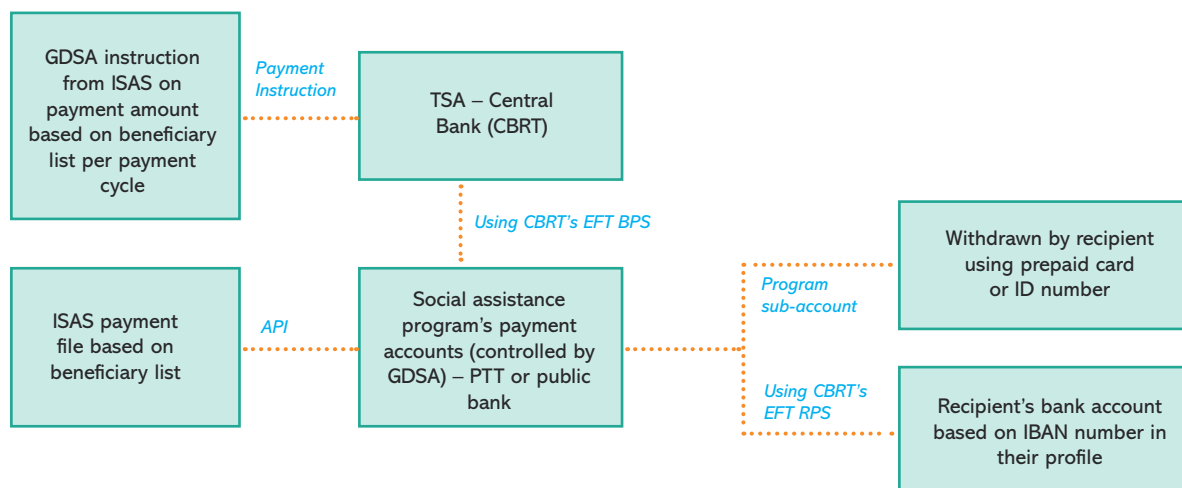
deaths, changes in the household structure, and address changes have to be reported to the Mol's local offices in each district within a one-month period to avoid a hefty fine. No one is allowed to make any changes on the address system on their own unless they have e-signature capability.²⁹ With an e-signature, individuals can log into Türkiye's e-Government portal and make the required change by providing valid documents. Since both systems, ID and address, are managed by the same institution, any update is automatically reflected in both systems.

The interoperability between ISAS, the ID system, and the National Address system is critical to the implementation of social assistance programs in Türkiye. The address system drives efficiency by ensuring that ISAS has continuously updated information on household composition, and thus can dynamically manage eligibility. Furthermore, the changes in the address system, automatically updated in ISAS, can be flagged, and a household visit from SASF workers arranged as necessary to determine if there is a change in that recipient's eligibility for a particular program. Established in this way, the ID number serves as the link that enables ISAS to cross-reference information across 28 databases. It is used to map a recipient's information in the program management system to the transaction account they select (if they choose this option) to receive payments. Any changes in one of these underlying databases are also reflected in ISAS.

3.3. Payment Management System

ISAS automates the payments administration process for social assistance programs. The system administers instructions to facilitate funds' flowing from the Treasury Single Account (TSA) to beneficiaries (Figure 5). Funds flow through the CRBT Payments and Settlement System, owned by the Central Bank of Turkey, which consists of various electronic systems that provide for switching, clearing, and settlement. This system includes components that handle real-time gross settlement (RTGS), wholesale payments (EFT BPS), retail payments (EFT RPS), securities transfers (ESTS), and an auction communication system. See Box 2 for details on the TSA.

Figure 5. Flow of Funds



Source: Author's elaboration

29 E-signatures can only be obtained through PTT offices or through an online application (for corporate/government accounts). It is a straightforward process where individuals provide their ID number and a valid mobile number for OTP and fill in the application form at a PTT office. There are private firms where individuals can also apply, and for corporate/government accounts; the application needs to be done online (<https://www.icisleri.gov.tr/bilgiteknolojileri/e-imza-basvurusu-nasil-yapilir>). The e-signature is delivered to the applicant's address within three business days of application.

The payment module within ISAS manages the information processing for payment lists under each social assistance program. First, an administrator at GDSA prepares a list of recipients to be paid within ISAS. The system allows the administrator to choose the program from the list (conditional cash transfer, widow support, disability, old-age pension, etc.) and select the relevant payment method.

ISAS refreshes all recipient profiles before a payment is to be made through automated checks. To finalize the list, a prepayment check is conducted where the list is run through the various databases linked with ISAS to check information on existing social assistance status, address, demographics, social security, school and health, and assets. Noneligible recipients are then removed from the payment list based on relevant changes recorded in other databases; for example, a new household income earner, a change in the household structure, change in employment status, or new ownership of an asset.

A separate payment file is generated for each payment service provider. Payment information is consolidated into a single customized text file with information on all recipients. Payment data in the file includes the recipient's ID number, name, surname, father's name, IBAN (where relevant), branch code, address, benefit amount, and payment date. The payment files may be transmitted through an API to the relevant payment service provider through which payments are made for a particular program.

Funds are transferred from the TSA to a public bank or, more often, through the PTT, which acts as an intermediary to send funds to the recipient. Bilateral agreements between ISAS and the four public banks, along with PTT, have in the past facilitated the flow of information between ISAS and the payment providers. However, MFSS is currently only using PTT to transfer funds to recipients. From PTT, funds can be transferred into the recipients' account (in public or private banks), or, in the case of regular cash transfer payments, recipients can directly access them from PTT.

The national payment system supports the flow of funds from the TSA to the recipient. It is leveraged to transfer bulk payments from the TSA at the Central Bank to the program's account, most often at PTT, which is linked with ISAS. After the GDSA sends payment instructions on the amount and the payment file is generated through ISAS, the EFT BPS system is leveraged to transfer payments from the TSA to the relevant social assistance program's subaccount (usually PTT). From there, funds can be transferred in one of two ways: for those paid through PTT, payments remain in the program's subaccount, from which recipients withdraw their payments using their ID or prepaid card. For those paid into bank accounts, payments will be sent from the program's subaccount to individual bank accounts using the recipient's IBAN number (regardless of which bank), using PTT as an intermediary. Such payments are sent to individual accounts using the system for retail payments, EFT RPS.

ISAS receives updated payment reconciliation information every night. The withdrawal status of each payment is retrieved from the payment service provider and the result of each payment is recorded in the corresponding household profile. Recipients may choose not to withdraw the full payment amount immediately. However, if there is no activity at all over six months, then the payment is canceled and returned to GDSA. When payments are unsuccessful, either due to death or time-out due to six months of inactivity, information on the cancellation and the benefit amount returned to the GDSA account is recorded in the withdrawal status file.

Once the withdrawal status files are shared, ISAS analyzes them. These are flagged to the SASF workers for further follow-up with the recipient. GDSA may also cancel benefits when they update the payment amounts or add new benefit types that might make the beneficiary ineligible for a particular program. This will be captured when the recipient list is updated during the prepayment check stage, where the list is run through all the databases linked with ISAS. In such a situation, GDSA sends a cancellation file using their API integration with payment providers prior to disbursement.

3.4. Payment Modalities

Once enrollment is complete and the payment file is generated, social assistance payments are delivered to beneficiaries through one of four methods: (1) an individual bank account, (2) prepaid cards issued in cooperation with the PTT, (3) direct cash-out at PTT branches and ATMs using the ID number, or (4) payment at home for those who cannot go to withdraw their benefits from a branch or ATM. While the existing system does allow for choice, outside of the COVID emergency response, beneficiaries do not select the payment mechanism. The payment mechanism is typically chosen by the program and is most often cash-out at PTT branches and ATMs using the ID number or prepaid card. The benefits of this system include near-zero cost to the government and the widespread reach of the PTT network, including rural areas (described in more detail below). During the COVID-19 pandemic, the government chose, as an exception, to utilize the existing system functionality, allowing for beneficiary choice due to lockdowns and movement restrictions and to ensure that the newly added beneficiaries could access payments quickly and safely.

ISAS transfers funds through one financial institution, which acts as an intermediary to make the payments to recipients. By design, this intermediary, most often PTT, can transfer to various modalities (including bank accounts). PTT is typically the preferred option because it is the least expensive option for the government. The operational fee to the government is 0.25 percent of each transaction. Furthermore, it offers the option for beneficiaries to receive the funds at home. Finally, PTT has the widest network of withdrawal points, with 3,454 ATMs across Türkiye. In the seventy-nine villages where there are no bank ATMs, there is a PTT ATM.

When payments are sent through the PTT, they can be withdrawn from a PTT ATM or branch using a prepaid card or by entering the recipient's ID number directly into the ATM. Those withdrawing their benefits using the cardless option simply enter their ID number along with a combination of other information that is provided on their ID card. Those receiving their payment through a prepaid card can withdraw funds using a regular PIN from an ATM or a POS terminal by making a purchase. These cards function as prepaid debit cards. Currently, 3.3 million social assistance beneficiaries, including those added during the COVID-19 response, use these cards, which are exempt from any membership fees or commission charges.³⁰ There are no restrictions on how the card is used for spending, as long as there are funds in the account linked to the card. However, these cards can only receive deposits from the GDSA and do not provide any access to additional financial services, such as credit or other borrowing.

The payment at home option is designed for those who are challenged to get to an access point. Accessibility can be limited for reasons such as geographical or weather conditions, illness, old age, disability, etc. Recipients who prefer this option will have it indicated in their ISAS household profile. This option primarily aims to ensure that the elderly and disabled receive their payments without any bottlenecks in a timely manner.

For the COVID response payments, newly added recipients with an existing bank account could provide their account number (IBAN) so the payment could be issued into their account. Recipients are free to withdraw their payment from bank branches or ATMs at any time based on convenience and need.³¹

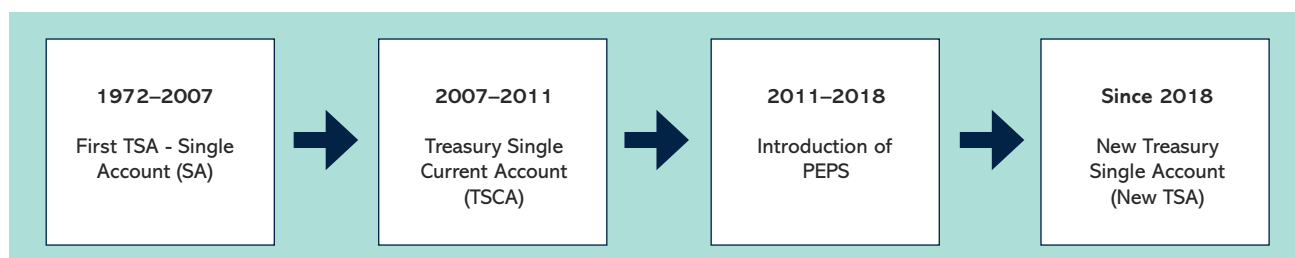
30 Republic of Turkey Ministry of Family and Social Policies and the World Bank (2017). "Turkey's Integrated Social Assistance System."

31 Note that PTT is used as the intermediary bank for the COVID-19 response program.

BOX 2. TREASURY SINGLE ACCOUNT

Türkiye adopted its first Treasury Single Account (TSA) in 1972 as part of reforms intended to increase compliance with international standards on the management of public funds. The TSA is an important building block of a modern G2P ecosystem that can contribute to fiscal savings and efficiency gains. All incoming government funds are concentrated in this single account, and payments, including to payment service providers, other agencies, salary payments, vendor payments, and benefit payments, are all disbursed from the same. In Türkiye, the Ministry of Treasury and Finance maintains the TSA, held at the central bank, and is responsible for all cash management for the government, including payments and collections.^a

Figure 6: Chronology of the Central Treasury System in Türkiye



The TSA has evolved since 1972 to keep in line with the legal and regulatory framework as well as with global best practices. In 2007, the government replaced the original single account with the Treasury Single Current Account (TSCA), which separated the collection and payment accounts. In addition, accounting units were no longer allowed to make any payments unless there was enough cash in their payment accounts. These were vital reforms, but the system remained fragmented and reliant on manual processes. In 2011, the process of digitization began with the introduction of the Public Electronic Payments System (PEPS). PEPS enabled electronic transfers and a fully automated process for payment delivery.

The current TSA was established in 2018. It covers all public resources (central and local government), except unemployment insurance and financial resources of local administrations, SOEs, and Saving Deposit Insurance Fund (SDIF).^b The new TSA also introduced cash forecasting and cash programming. It includes a Treasury Single Payment Account for making payments and a Treasury Single Collection Account to receive payments. The TSA is held at the central bank and is managed via PEPS, which is linked to the Central Bank's system for electronic fund transfers (EFT). For social assistance payments, PEPS receives the payment instructions initiated by ISAS, and money is then transferred from the TSA at the Central Bank to the relevant bank accounts for the program.^c Reconciliation and status reports are shared back to the treasury, which manages the funds via the Treasury Internet Banking System (TIBS).

Notes:

a Responsibility was previously with the Undersecretariat of Treasury and was transferred to the Ministry of Treasury and Finance in 2018.

b Can, Baris (2019). "The Likely Impact of Extended Turkish Treasury Single Account System on Public Finance in Turkey." *Journal of BRSA Banking and Financial Markets*, 13(2). Available at: https://www.bddk.org.tr/Content/docs/bddkDergiTr/dergi_0026_07.pdf

c These accounts sit in public banks or PTT, which are integrated with ISAS through APIs and receive payment instructions that can be executed when funds are transferred from the TSA using the EFT BPS.

4. Inclusion and Empowerment Accelerators

4.1. Access to and Usage of Funds

The digitization of Türkiye's social assistance delivery does not rely on ISAS alone. Once applications are processed and payments are distributed, recipients must be able to access and use the funds they received for their day-to-day transactions in a convenient manner. Türkiye has an accessible retail payment ecosystem where funds can be conveniently withdrawn at ATMs or used digitally for card-enabled purchases at stores or online.

Social assistance payments can be accessed using the widespread network of physical access points for cash withdrawals. While the density of commercial bank branches has slightly decreased over the past few years (from nearly 18 branches per 100,000 persons in 2010 to 16 in 2019), ATM density has increased from 66 per 100,000 to 84 in the same period. This puts Türkiye well above the Eastern and Central Asian regional average of 71 ATMs per 100,000 people in 2020.³² All ATMs have the capability to accept cash and allow for various types of financial transactions and bill payments. All of Türkiye's ATM and POS devices are chip and PIN enabled, providing the underlying infrastructure required for contactless transactions. As of 2017, there were 216,420 virtual POS and over two million physical POS terminals.³³

The PTT network offers particular advantages for social assistance recipients in terms of convenience and ease of use. As previously mentioned, PTT has a particularly widespread branch network, with around 3,454 branches, many of which are located in rural areas. For instance, in the seventy-nine villages where there are no bank ATMs, there are PTT ATMs.

PTT offers several banking and over-the-counter (OTC) services at their ATM locations. They are permitted to serve as an agent to banks, and thus the PTT network can be leveraged to expand access points to recipients using private bank accounts as well. PTT locations can be used for banking services like cash-in and cash-out, balance inquiry, payment of credit card balances and utility bills, among other things. They also provide OTC services like payment of bills, mobile top-up, and international and domestic postal money orders, which are available to the unbanked as well. Hence, social assistance recipients, whether banked or unbanked, can access these additional services when collecting their payments at PTT locations.

COVID-19 has reinforced the need for digital payments to reduce in-person interactions. Individuals not previously accustomed to making digital payments are gradually leaning toward such channels to carry out their daily transactions. According to a survey conducted by Politika Analiz Laboratuvarı (PAL), COVID-19 nudged 14 percent of respondents to shop online and 9 percent to make bill payments digitally for the first time.³⁴

4.2. Data Privacy

ISAS contains personal profiles for more than 57 million citizens. Thus, data protection and privacy measures are of critical importance. There are a number of measures in place to protect data against tampering, leakage, or misuse based on compliance with Türkiye's Personal Data Protection Law.

Türkiye has the relevant legal and regulatory framework to support the privacy and protection of social assistance payment recipients. In April 2016, Türkiye enacted the Law on Protection of Personal Data No. 6698 ("the Data Protection Law"), which outlines a framework similar to that of the General Data Protection Regulation of the European Union (2016/679) (commonly referred to as GDPR). In 2017 and 2018, the Personal Data Protection

32 According to the IMF Financial Access Survey Database, using the World Bank ECA country list available at <https://www.worldbank.org/en/region/eca>. Note that data for Turkmenistan and Kosovo is not available for 2020 and thus is not included in the regional average.

33 2017 Global Payment System Survey Data

34 PAL (2020). "Dijital finansal kapasitecilik." December. Available in Turkish at: https://media.iyzico.com/b/2021/05/PALREPORT_14_12_2020.pdf

Board was established, and secondary legislation was enacted to help enforce this law; for example, the Regulation on Erasure, Destruction and Anonymization of Personal Data.³⁵

The Data Protection Law requires explicit consent to process personal data. Explicit consent must be related to a specified activity, be based on adequate information, and be freely given. In terms of social assistance payments, applicants receive a list of each institution that will access their data. As part of the registration process, each adult household member must sign a consent form to allow for access to their personal data across the several databases that ISAS is linked with.

ISAS also has a number of technical measures in place to ensure that personal data is protected. ISAS is accessed by an estimated 10,600 personnel, ranging from social assistance inspection officers to accountants. Thus, access to data must be highly controlled, and each operation or transaction made on the system by any one of these personnel must be logged into the system database with information on what was queried, by whom, and on what date. To access the system, users are provided with a token that generates a one-time password, thus providing for two-factor authentication. Data is transferred between local offices back to ISAS via a secure tunnel, and the system room where data is stored restricts access via retina scan; devices are stored in locked cabinets that require fingerprint verification and an electronic access card for entry.³⁶

4.3. Grievance Redressal

Grievance redressal in Türkiye adopts the combined centralized and decentralized model for social assistance delivery. It includes a range of channels to ensure that all recipients can submit grievances at their convenience. The several grievance redressal channels include the following:³⁷

- **An integrated GRM module in ISAS** can be used for any type of grievance related to social assistance programs. Recipients can submit an appeal at the SASF in their district using a standard form provided by SASFs. These appeals are sent to ISAS for evaluation during the Board of Trustees' weekly decision meetings. The board is required to resolve the matter and notify the recipient by SMS text within a month, based on a GSDA regulation.
- **The Alo 144 hotline** is a call center that provides information and support to recipients, including information on the status of applications and payment information. It is one of the main information channels used across all social assistance programs. It can be used to coordinate across SASFs about grievances and direct citizens to a particular SASF. Pre-COVID, the hotline received over 1 million calls on average per year.
- **The CIMER** (Presidency Communication Center) is an online portal for all citizen demands, appeals, proposals, or complaints. Recipients can use this channel to direct grievances to the MFSS or GDSA. The law on information (Law no. 4982) and the law on petition (Law no. 3071) require that those appeals be resolved within thirty business days by the relevant public authority.
- **The Ombudsman' Institution** is an independent complaint mechanism that accepts appeals through an online portal or in paper form, but it takes much longer for appeals to be resolved.
- **E-Government (e-GOVT)** portal is linked with ISAS and allows recipients to check for updates on their application or submit queries. In 2016, individuals submitted 9,000 service queries per day through the e-GOVT portal.³⁸

35 Gen & Temizer | Ozer (2021). "Data Protected — Turkey." Linklaters, February. Available at: <https://www.linklaters.com/en/insights/data-protected/data-protected---turkey>

36 Çinar, Mehmet Çağlar, and Mustafa Sencer Kiremitçi (2016). "Turkey's Integrated Social Assistance System." Socialprotection.org webinar, June 2.

37 *The Sourcebook on Social Protection*, 2020, p. 339.

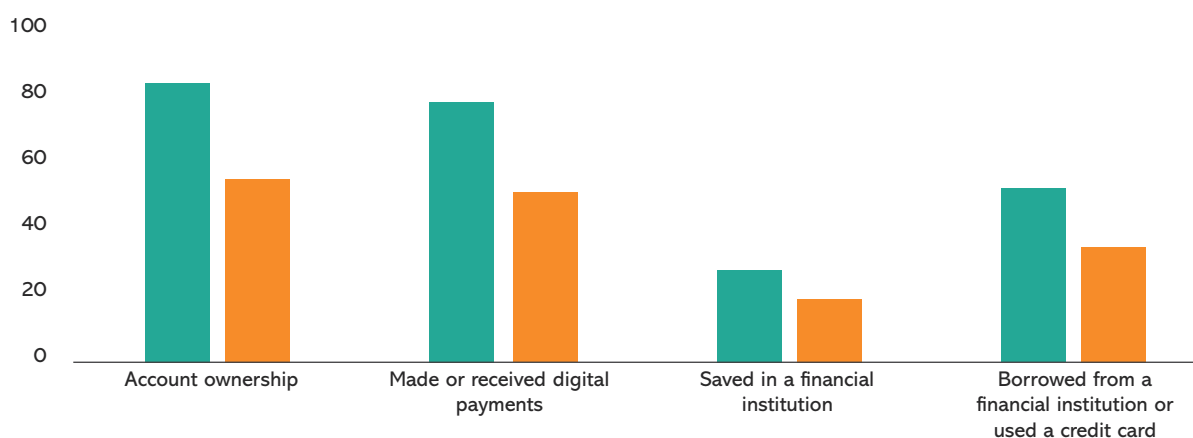
38 Socialprotection.org webinar slides, 2 June 2016. Available at: https://socialprotection.org/sites/default/files/publications_files/Turkey%20webinar%20presentation%20%28002%29.pdf

4.4. Toward Financial Inclusion

G2P payments have the potential not only to achieve immediate social protection goals, but also to build pathways to longer-term development outcomes, including financial inclusion and women’s economic empowerment. However, the pathway to these longer-term goals is not automatic: it requires deliberate effort and gender-intentional design with clearly stated objectives of social and economic empowerment. While the underlying systems and infrastructure of the social assistance payment ecosystem in Türkiye are a model for other countries, they are not yet being fully leveraged to advance financial inclusion among social assistance recipients who are unbanked. This has implications for advancing women’s economic empowerment, given that women are both the main recipients of social assistance in Türkiye and less likely overall than men to have a transaction account in their own name³⁹ (a key indicator of financial inclusion).

This gender gap in financial inclusion in Türkiye persists despite recent advancements in the country. According to the most recent Global Findex data (2017), 69 percent of adults in Türkiye own an account at a regulated financial institution — an increase of 11 percentage points from 2011. However, while 83 percent of men have an account, only 54 percent of women report the same. This 29-percentage-point gender gap has held steady between 2011 and 2017 and is much wider than the gap of 9 percentage points seen in developing countries. Similarly, men are more likely to use formal financial institutions to save and borrow (see Figure 6).

Figure 6. Gender Gaps in Access and Usage of Formal Financial Services



Source: 2017 Global Findex

There are two interrelated reasons for the persistent gender gap: gender social norms lead to lower female participation in the formal labor force, and a tendency for women to rely on an account held by another family member.⁴⁰

First, regarding labor-force participation. According to the Global Findex, only 16 percent of women report participating in the labor force, while 48.3 percent report working informally (compared to 28.9 percent of men.) Participation in the formal labor force is highly correlated with ownership of financial accounts: while 90 percent of adults in the labor force have an account (since the majority of wages are sent directly to accounts), only 44 percent of adults out of the labor force do. Thus, the gender gap in labor-force participation is highly correlated with the gender gap in

39 A transaction account in one’s own name is a key indicator of financial inclusion. With an account, an individual can store funds and use them at her own convenience. When this account is in her own name, the individual can build up the transaction history necessary to access more complex financial services, such as credit and insurance, if and when such products are useful.

40 For further details on the gender gap, see Klapper, L., and Singh, S. (2015). *The Gender Gap in the Use of Financial Services in Turkey*. World Bank, Washington, D.C.; and Demirgüç-Kunt, A., and C. Pazarbaşıoğlu (2018). “A call to Turkey to close the financial gender gap.” *All About Finance*, blog, World Bank.

financial inclusion: among women that are wage-employed, account ownership is quite high, with 97 percent having and using an account. However, only 23 percent of the women out of the labor force report having an account.⁴¹

Second, for habitual and cultural reasons, women tend to use the account of another family member, particularly their husband. According to the 2017 Global Findex, 72 percent of unbanked women cite other family members' already having an account as a reason for not having one. Research in Türkiye found that the social norms are deeply rooted in economic and household roles that limit women long before they interact with a financial institution.⁴²

On the other hand, both men and women are equally likely to receive social assistance payments. According to the 2017 Global Findex, approximately 11 percent of women report having received a government transfer, compared to 10 percent of men.⁴³ The majority of these recipients (87 percent) report being paid digitally.⁴⁴ This self-reported indicator likely aligns with the fact that most social assistance payments are sent digitally through a PTT card or PTT ATM (only at-home payments would not be considered digital). With the interoperable infrastructure available to support sending payments to bank accounts (used during the COVID emergency response), all the pieces are in place for social assistance payments to help close the financial gap in Türkiye.

Furthermore, financial institutions can use the ID number, which all social assistance recipients must have, to help comply with customer due diligence (CDD) requirements for account opening. This provides an advantage to Türkiye relative to other countries that do not have a robust ID system. In these countries, compliance with CDD requirements set by regulators can raise the cost of customer on-boarding, since collecting and verifying the necessary identification information can be time-consuming and difficult. As low-income and unbanked individuals in these countries are the most likely to lack identification documents, this can hinder financial inclusion, as financial institutions may not be willing or able to accept the cost of CDD associated with verifying unbanked clients. Fortunately, Türkiye's universal ID coverage helps to overcome this challenge by lowering the cost for banks to verify an individual's details (a key aspect of CDD) during account opening.

Combined with Türkiye's new digital onboarding rules, the country is well placed to promote financial inclusion through efficient and secure on-boarding of new clients into the financial system.⁴⁵ Separately, Türkiye allows customers to open basic accounts online through the e-government portal, at a post office, or at a bank branch using only their ID number. Once the address is verified through the National Address System, using the ID number, the individual is issued a bank ID number. Combined, these two allowances can provide a pathway to on-boarding new clients into the financial system.

Türkiye took an important step forward by leveraging the G2P ecosystem's capability to route payments to any account when they allowed beneficiaries to receive their COVID emergency payments into an account of their choice. If this choice is extended beyond the emergency payments, then it will allow beneficiaries to build the transaction history necessary to access other services provided by financial service providers, including loans and long-term savings. This will require MFSS through SASFs to update existing communication to include stronger financial literacy to ensure that recipients are able to make informed choices. Currently, SASF workers inform applicants about programs, eligibility criteria, payment modalities, etc. In addition, there are communication materials (fliers, etc.) available at SASFs, specifically designed for poor and vulnerable segments. These points of communication can potentially be updated to include financial literacy to facilitate safe and productive use of bank accounts.

41 Ibid.

42 Scarampi, Adriano, Dima Al Bashar, and Deena Burjorjee (2020). "Gendered Social Norms in Financial Inclusion." CGAP Background Documents, July. Available at: <https://www.findexgateway.org/paper/2020/07/gendered-social-norms-financial-inclusion>

43 2017 Global Findex. Includes all social protection payments. Data for social assistance specifically is not available, although due to Türkiye's policy of directing social assistance payments to women, the proportion of women receiving these payments is likely closer to 90 percent.

44 87 percent is based on a relatively small sample size (98 observations), and thus the standard error is large.

45 Regulation on Remote Identification Methods to Be Used by Banks and Establishing Contractual Relationships in Electronic Environment, effective from May 1, 2021.

5. Conclusion

Türkiye's ISAS is a great example of how a modern ecosystem for social assistance and broader G2P payment delivery is not one “super system”; rather, it is interoperable with multiple existing government databases that goes beyond a single use case. This approach entails integrating many aspects of the broader ecosystem: a robust social protection infrastructure at the national, regional, and local levels; universal ID system; and a strong data-sharing infrastructure. These elements create a system for information management that allows various government systems to effectively “talk” to each other.

The ISAS infrastructure, which evolved through a series of reforms over at least two decades, has allowed Türkiye to build and scale up a rapid response to the COVID-19 emergency. This timely response was thanks to the adaptive and dynamic nature of ISAS, which was previously linked with the necessary public entities. The delivery chain from enrollment to payment delivery was already digitized, allowing for the elimination of the home-visit step, since applicant information could be submitted and processed through the existing e-Government portal linked to ISAS. During times of crisis, Türkiye demonstrates how strong social assistance delivery systems play a key critical role in providing an effective safety net for its citizens and mitigating the negative impacts of the crisis.

The centralization and interoperability of ISAS' information processing and delivery system reduces the exclusion of eligible populations from social assistance. The system also builds transparency and local community-level buy-in by delegating the decision-making on final recipients to SASFs. This alignment across all social assistance programs in Türkiye is critical to ensure that programs reach those who need it the most.

There are opportunities for Türkiye to leverage its digital infrastructure to create further efficiencies for the government. The current system relies on separate accounts for each program. Thus, the TSA sends funds to the program account, from which funds are channeled to the intended recipients. This can be streamlined by using the national payment system to route the flow of funds from the TSA directly into recipient accounts. This step would support the continuation of choice-based payments outside of the COVID-emergency response.

Moving forward, Türkiye can implement steps to ensure that social assistance payments continue to drive financial inclusion and begin to close the gender gap in financial access. To support this, Türkiye can consider extending recipient choice and payments to bank accounts beyond the emergency response, and updating communication to recipients to include financial literacy, especially for women who may be new to the financial system due to systemic barriers to access. Türkiye is well placed to create pathways to empowerment through digital social assistance payments, thanks to investments in many of the building blocks of a modern G2P ecosystem: universal coverage of the ID system, highly interoperable digital infrastructure across the government to support data sharing, and payments directed to women.

