

Smarter thinking for smart governments



Smarter Thinking for Smart Governments

Introduction

Smart governments, whether they operate at a national, state, city or community level, embrace digital solutions to create better places to live, work and attract investment. From a smart city delivering efficient, smartcard-based transport solutions, to a public health authority rolling out telehealth strategies, citizens' welfare is at the heart of smart governments. Many smart government initiatives aim not only to improve the citizen experience (figure 1) through efficient and cost-effective delivery of services, but also to promote social, environmental and governance objectives.

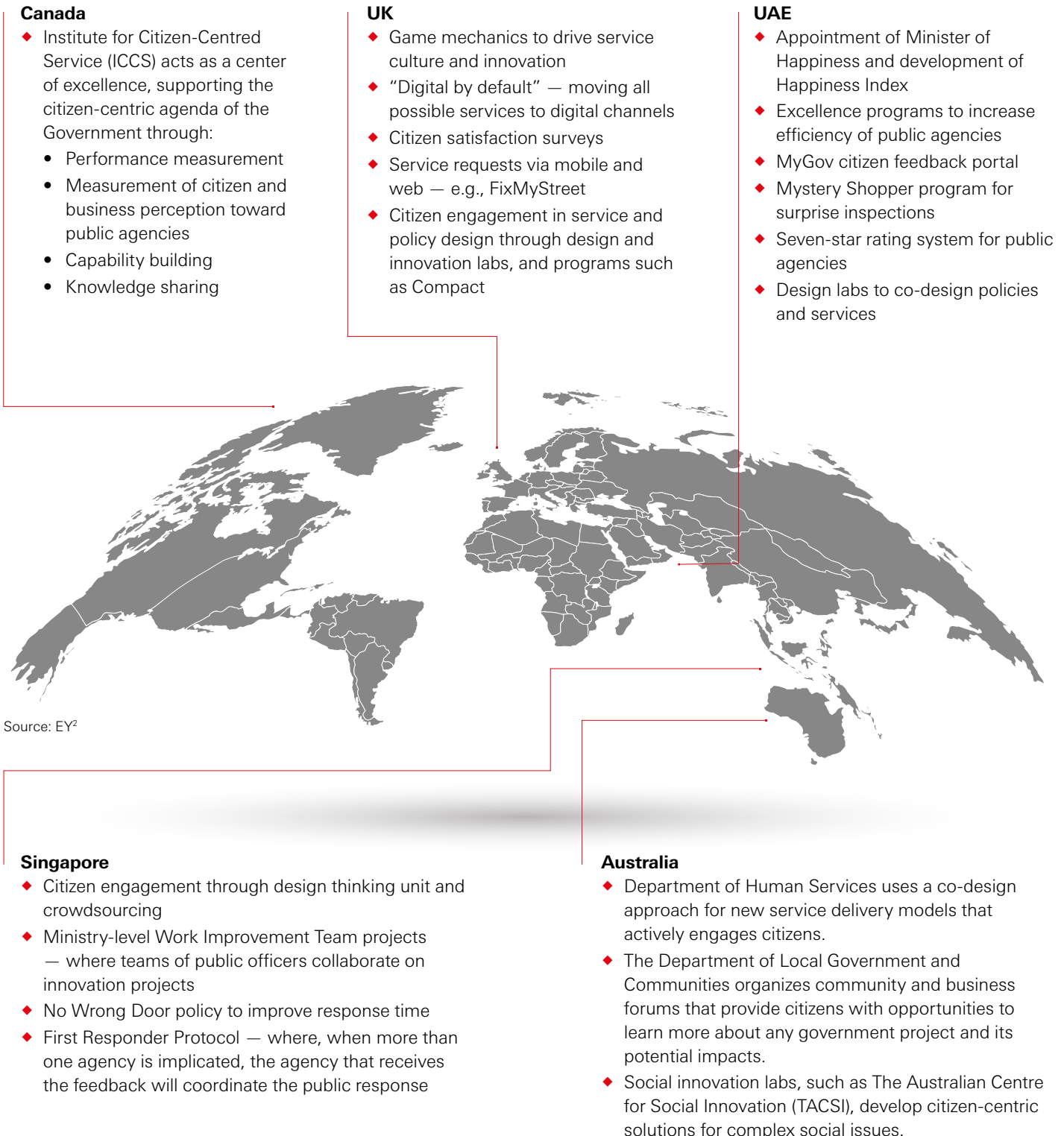
The shift towards smart governments was already well underway before the COVID-19 pandemic struck, but the crisis has accelerated and emphasised the value of these initiatives. Digitisation has proved to be not just a 'nice to have' but critical to build greater resilience and ensure uninterrupted delivery of services. All governments and public sector entities, whether local or national, are likely to experience unprecedented cost pressures over the coming years. Consequently, digitisation is fast becoming a priority to reduce manual processes that are time- and resource-intensive to enable funds to be channelled into services.

Treasury and finance departments that provide the cash, liquidity and risk management support to the government department or public sector entity play a significant role in designing and delivering smart government initiatives. This could include digitising and automating processes to reduce costs and improve controls and transparency, through to supporting digital payment and collection methods as part of integrated service offerings.

This paper explores some of the key characteristics, best practices and achievements for smart governments around the world, demonstrates how treasurers and finance managers can contribute, and outlines some of the ways in which HSBC is helping them do so. If you need further information, or would like to discuss your own experiences and objectives, please contact your HSBC relationship manager.

Figure 1. The citizen experience

Citizens' needs and expectations of governments and public sector entities are not static. They are significantly impacted by their private sector experiences, such as how they consume goods and services. As people communicate, buy, sell and consume services digitally, leaders in every industry differentiate themselves by offering high quality, personalised, seamless and real-time experience to their customers. This same expectation drives citizens' expectation of government. Eighty-five per cent of citizens expect the same, or better, quality of service from their governments than private sector organisations¹.



¹ <https://www.accenture.com/sg-en/insights/public-service/living-government>

² [https://www.ey.com/Publication/vwLUAssets/EY-what-is-driving-gcc-governments-to-deliver-better-citizen-experiences/\\$FILE/EY-what-is-driving-gcc-governments-to-deliver-better-citizen-experiences.pdf](https://www.ey.com/Publication/vwLUAssets/EY-what-is-driving-gcc-governments-to-deliver-better-citizen-experiences/$FILE/EY-what-is-driving-gcc-governments-to-deliver-better-citizen-experiences.pdf)

What are smart governments aiming to achieve?

While government and public sector objectives vary, they can typically be grouped across six key themes (figure 2)

Figure 2. Government and Public Sector Objectives



<p>Driving economic growth</p>	<p>Creating the necessary financial infrastructures for economic development and growth-led activities. Digitisation is becoming increasingly important to this ambition.</p> <p>The use of open data, i.e. accessible, machine-readable information, particularly government data, could generate more than \$3 trillion in additional economic value each year across education; transportation; consumer products; electricity; oil and gas; healthcare and consumer finance sectors³.</p>
<p>Ensuring openness, transparency and accountability</p>	<p>Building trust in governments by ensuring accountability for decisions that affect people's lives is essential to attract investment. This includes:</p> <ul style="list-style-type: none"> ◆ Developing a legal & reporting framework, organisational structure, strategy and procedures that are open to scrutiny ◆ Embracing evolving digital technologies to improve transparency, decision-making and efficiency. ◆ Protecting public money and data against fraud and cyber-attack. ◆ Aligning disclosure and dissemination procedures with modern information management practices.
<p>Maximising accessibility and inclusion</p>	<p>Leveraging digital channels to deliver public services, e.g. citizens increasingly consume services digitally as smartphones become ubiquitous in many countries, (both in developed countries, and in countries where financial inclusion is low (figure 3)).</p> <p>Helping citizens and small businesses to access financial services and the formal economy, and to take advantage of government services.</p>
<p>Improving efficiency and effectiveness</p>	<p>Every government and public sector entity is tasked to use resources responsibly, including digitisation and automation of formerly manual processes to reduce costs and add value.</p>
<p>Centralising accounting, collections and payments</p>	<p>Transparency, accountability and efficiency rest on the government and public sector entity's ability to plan public finances effectively and create an accurate record of accounts.</p> <p>Managing incoming flows (e.g. taxes, rates, rent, land premiums, custom fees, utilities) and outgoing flows (e.g., welfare payments, salaries, procurement and third-party supplier contractor costs) securely, efficiently and cost-effectively.</p> <p>Establishing a central infrastructure, with a single set of policies, processes, controls and skills to support the entity as a whole and deliver efficiencies.</p>
<p>Promoting innovation for sustainability</p>	<p>Promoting social and environmental sustainability is at the heart of government and public sector strategy.</p> <p>Creating public benefit in welfare, health, inclusion, and make countries, cities and communities better places to live (figure 5).</p>

³ <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/open-data-unlocking-innovation-and-performance-with-liquid-information#>

Boosting financial inclusion and service accessibility

Improving financial inclusion is a major World Bank priority to reduce poverty and boost prosperity, and is one of the 17 Sustainable Development Goals.

1.7 billion people globally remain unbanked (from 2 billion in 2014)



56 per cent of unbanked people are women



HSBC has been proactive in enabling vulnerable people in locations such as Hong Kong and the UK to access free, basic banking services, including those without a formal address. This is proving a lifeline for people previously excluded from accessing state benefits and local government support, and finding a way out of poverty⁴.

In addition to enabling people to access financial services, financial inclusion takes a variety of forms, in which banks such as HSBC play a significant role:

Making it easy to pay and get paid

With individuals but also small businesses making increased use of mobile wallets, enabling governments and public sector entities to pay to, and receive money via mobile wallets seamlessly, as well as bank accounts, is becoming essential to engage them in the digital economy.

Channelling funds to value-creators

Given their key role in value creation, governments are keen to ensure that suitable financial products, including emergency and stimulus funding, is accessible to small and medium enterprises, quickly and securely⁵.

Case study: Distribution of emergency business and not-for-profit funding



HSBC has been instrumental in facilitating government stimulus initiatives; for example, the bank was appointed as sole disbursements bank for interest-free loans to small businesses and not-for-profit organisations. To achieve this, HSBC was able to channel funds from the government account to financial institutions for on-lending within only 40 minutes.

Supporting vulnerable citizens

To be truly inclusive, governments also need to consider how best to make their services accessible to the broadest reach of its population, including vulnerable residents. HSBC UK was named Bank of the Year for Financial Inclusion by The Banker, in its prestigious global Bank of the Year Awards 2019, for helping homeless people and victims of human trafficking⁶. The bank's Financial Inclusion and Vulnerability (FIV) programme is based on three principles: identify customers who are or may be in vulnerable circumstances, seek to provide timely guidance and support in a clear, easily accessible manner, and act with fairness and empathy. It focusses on delivering staff training to support vulnerable customers better, together with enhanced digital customer journeys that reflect the particular challenges and risks they encounter.

⁴ <https://www.hsbc.com/who-we-are/hsbc-news/helping-vulnerable-people-to-open-bank-accounts>

⁵ <https://www.unCDF.org/financial-inclusion-and-the-sdgs>

⁶ 200612-csr-report.pdf

Promoting Sustainability

Smart governments have a significant role to play in mitigating negative environmental and social effects of global population and consumption trends, e.g.

5 billion people are predicted to live in cities by 2030, **68 per cent** of the world's population.



Global energy demands are projected to increase by **50 per cent** between 2010 and 2050.



There could be **3 billion vehicles** on the road by 2050, nearly **3 times** as many as in 2010.

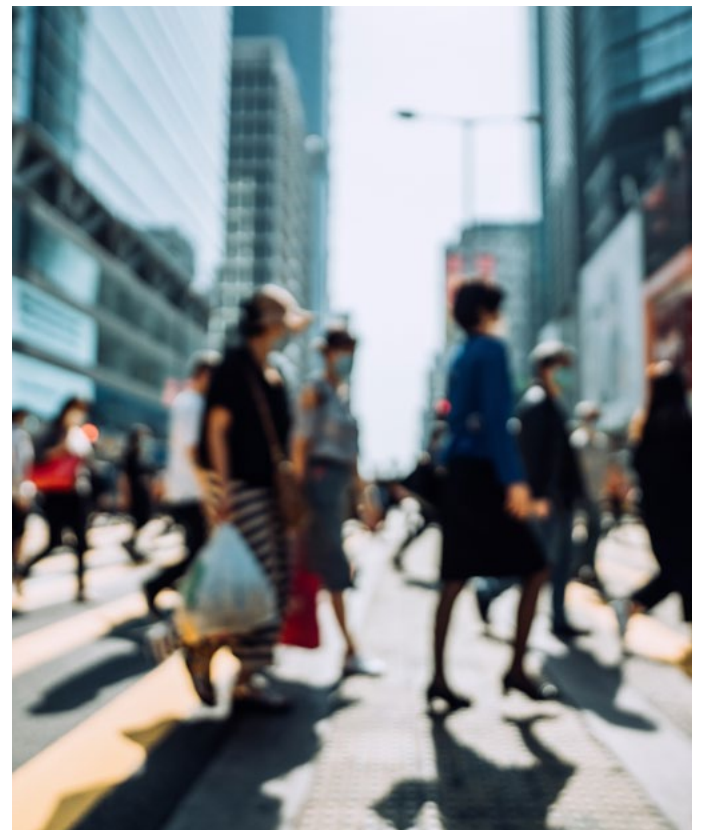


Financing sustainable infrastructure is a key way in which they can do this. A variety of sustainable financing options have emerged to enable these initiatives, including green bonds, social and sustainability bonds. Governments globally are embracing these opportunities. In 2019, for example, the Hong Kong Monetary Authority (HKMA) introduced various measures to develop the city as a regional hub for sustainable banking and green finance. Hong Kong's stock exchange regulator is supporting these initiatives by creating ESG-focused listing requirements.

HSBC has been an early mover in helping public, institutional and corporate clients to finance their sustainability agenda through green bonds. For example, HSBC helped structure and deliver the first sovereign green bond in the MENA region, raising USD750 million to support Egypt's low-carbon transition.

Furthermore, governments and public sector entities can contribute to sustainable initiatives through their investment choices. HSBC's green deposit programme offers particular attraction for government and development institutions by combining a competitive yield with a specific contribution to the sustainability agenda. **Key features of this programme include:**

- ◆ stringent governance around deploying funds within HSBC's publicly available Green Bond Framework⁷
- ◆ quarterly reports providing portfolio level information on the allocation of deposited funds⁸
- ◆ no laborious account set-up procedures, as clients can place green deposits in the same way as conventional fixed deposits⁹.



⁷ <https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html>

⁸ <https://www.eia.gov/todayinenergy/detail.php?id=41433>

⁹ <https://www.fuelfreedom.org/cars-in-2050/>

Becoming a Smart Treasury

Treasurers and finance managers in government departments and public sector entities, who manage cash, liquidity and risk on behalf of the entity, have a significant role in achieving these objectives, both by optimising internal processes and controls, and facilitating the provision of digital services.

'Digital' treasury

Digitisation and automation have been long-standing objectives amongst public sector treasurers and finance managers, with many adopting the same systems and digital channels as their private sector peers, e.g.

– Banking channels

In addition to web-based electronic banking channels, such as HSBCnet, many public sector entities have implemented host-to-host connectivity (e.g. HSBC Connect) to connect banking services directly with internal finance and treasury systems.

In particular, in Asia, application programming interfaces (APIs) are becoming increasingly prevalent to embed banking services directly into service delivery platforms. During a crisis, access to banking data and transactional capabilities through multiple channels, including mobile apps, can be instrumental in improving resilience and flexibility when business continuity plans take effect, such as the recent, rapid shift to home working.

– Treasury management systems

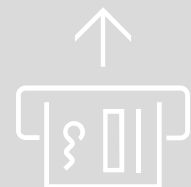
Some public sector entities choose to use treasury and cash management modules of enterprise resource planning (ERP) platforms, such as SAP, Sage X3, and Oracle Netsuite, while others opt for specialist third party treasury management systems (TMS), such as FIS Quantum or Integrity, or Kyriba. These modules or specialist solutions offer cash, liquidity and risk management capabilities, enable treasurers and finance managers to digitise and automate internal processes, reduce costs and manual processing, and increase transparency. These capabilities often include automatic reconciliation of incoming flows, cash flow modelling and forecasting, treasury accounting and FX, interest and counterparty credit risk monitoring tools, and payment and collection tools. Treasurers and finance managers are increasingly leveraging data and sophisticated data analytics to model potential cash flow requirements resulting from various policy responses. This is a vital way in which they can contribute to the strategic, as well as operational, functioning of the government or public sector organisation.

Digitising payments

Governments and public sector entities need to balance cost, risk and security, efficiency and accessibility of the payment methods they use and the collection methods they accept. Cash and cheques are inconsistent with smart government objectives and digital service delivery models. Cash is expensive, inconvenient and insecure to process and transport, lacking accountability and auditability. Likewise, the use of cheques or other manual payment instruments is costly, prone to fraud with unpredictable settlement timing. Cheques also rely on recipients holding a bank account. Neither can be integrated with digital delivery or services platforms.

Digital payments and collections are, therefore, at the heart of smart government strategies, both in developed and emerging markets. This takes a variety of forms, including electronic transfers (including instant payments) and Commercial Cards. Commercial Cards, for example, offer an efficient way to pay suppliers and expenses whilst ensuring appropriate controls over expenditure.

Case study: Implementing a comprehensive card programme



A central government body that supports over 90 government agencies approached HSBC for a comprehensive card solution, including central travel cards, purchasing cards and well travel and expense (T&E) cards). As a result, the government body achieved better control, operational efficiency and cost savings, with a rebate distribution to all participating agencies. The solution was underpinned by HSBC's real-time, digital administration platform, MiVision, which provides a range of self-service capabilities, including e-statement retrieval, new card activation and raising disputes, together with detailed reporting and spend analysis via a SmartData file that integrates seamlessly into the ERP platform.

Supporting small suppliers with Commercial Cards

For small businesses, extended payment terms and unpredictable cash flow can be very damaging. For example, in the UK, up to 50,000 businesses are at risk of insolvency every year due to payment delays. Governments are seeking to address this by putting in place policies to ensure that public sector entities pay suppliers on time.

HSBC Commercial Cards enable government entities to replace traditional payment-on-invoice supplier payment processes, such as electronic transfers or cheques, to Commercial Cards. Suppliers receive funds within 2 or 3 days, while the public sector purchaser can benefit from 56 days interest-free credit. This helps smaller suppliers to continue to operate and participate in economic activity, without placing undue pressure on the government unit's cash flow.

1) Outgoing payments

Government welfare payments to vulnerable citizens create a vital social safety net, as well as having a responsibility to lead to by example in paying suppliers and contractors, or refunds and allowances to citizens and businesses promptly and efficiently.

Case study: Increasing flexibility for time-critical payments



HSBC has worked with government departments to add greater flexibility to payment processes through faster and instant payment schemes. In one example, payment files are automatically switched to the local faster payment scheme where necessary for time-critical payments to ensure that beneficiaries receive funds promptly, avoiding financial hardship.

Currently, only seven countries globally offer a complete suite of government-to-citizen e-payment facilities, including Austria, Finland, France, Norway and Sweden, Brazil and the US¹⁰. Governments' ability to pay securely and quickly to bank accounts or mobile wallets is a valuable way to improve the citizens' experience and build trust, with full transparency of payments. This is becoming increasingly straightforward to achieve, including the ability to make payments using multiple methods, including payments to mobile wallets.

This includes support for proxy addresses, such as a phone number or social security number, to avoid having to source and store citizens' bank account instructions, such as in India (UPI) and Singapore (PayNow).

2) Incoming payments (collections)

The ability for citizens to make payments to government and public sector entities easily, conveniently and securely is at least as important as digitising and streamlining outgoing payments. These could include taxes, pension contributions, customs and duties, transportation, tolls, parking, or healthcare payments. Collection strategies need to combine trust and security with convenience, such as direct debits, smart wallet and QR code payments.

Countries such as France have had a long-standing commitment to e-payments to access multiple public services via digital channels, including its mobile Service-Public.fr launched in 2011, which today offers a series of apps for parking and public transport payments. The Navigo public transit card in Paris illustrates France's multi-channel approach. It is valid on all public transport services, with both web and mobile portals, multiple payment options, and automatic top-ups.

In United Arab Emirates (UAE), the UAE Government Portal, including a mobile app, offers a comprehensive range of e-services including taxation, identification, and benefit transfers, with online citizen access, such as pension contribution statements. Likewise, the UAE's Nol e-services portal allows private and public transit costs to be managed online.

Case study: Reaching the 2 million user milestone



Mobile or e-wallets are rapidly becoming consumers' and small businesses' chosen payment method, particularly for e-commerce transactions, most notably in markets where the use of cards is not prevalent. HSBC's PayMe is Hong Kong's most popular social payment app, reaching 2 million users in May 2020¹². PayMe offers e-wallet capabilities for consumers, but crucially too, this is accompanied by a business solution app, PayMe for Business, with thousands of merchants now onboarded. For governments, the growing use of PayMe, and similar e-wallets in other markets, creates another channel to pay to, and receive from citizens and businesses securely, conveniently and cost-effectively.

¹⁰ <https://usa.visa.com/content/dam/VCOM/global/visa-everywhere/documents/government-e-payment-adoption-ranking-study-2018.pdf>

¹¹ [200525-payme-hits-2-million-users-and-one-year-milestone-for-payme-for-business-eng.pdf](https://www.hsbc.com/200525-payme-hits-2-million-users-and-one-year-milestone-for-payme-for-business-eng.pdf)

Extending across borders

Many government and public sector entities will need to make and receive payments cross-border, including in multiple currencies. Working with a bank with global disbursement capabilities, an extensive global network and multi-channel visibility of global cash can be an essential way of simplifying and accelerating these flows.

Case study: Streamlining payments across diaspora



Governments with large numbers of citizens living abroad are keen to ensure the smooth flow of payments, such as pension and social security benefits, often across multiple countries and currencies. One government was seeking to make payments to 85,000 citizens across 117 countries. To achieve smooth payment processes, without the need to manage multiple foreign currency accounts and exposures, HSBC recommended its Global Disbursement solution. This allows clients to make foreign currency payments to and from a single, base currency account, with automated conversion to the relevant currencies based on transparent foreign exchange rates. HSBC also provides a multilingual helpdesk in-country to address queries.

Case study: 24/7 global cards coverage



With a presence in 50 countries worldwide, a major government agency appointed HSBC to provide a global cards programme, supported with real-time, digital administration platform, MiVision. Accessible from different locations globally with round-the-clock access, the government agency benefits from global, 24/7 coverage, whilst ensuring a more secure, convenient experience for government representatives.

In addition, HSBC's next-generation virtual account solution enables governments and public sector entities to manage more than 20 currencies, including disbursements and collections, through virtual accounts. These are concentrated automatically into a single 'physical' account at an agreed exchange rate. By using virtual, as opposed to physical accounts, government and public sector entities avoid the need to manage multiple accounts and the associated currency risks.

Ready for real-time

It is not only how payments are exchanged that is changing, as citizens and businesses alike embrace digital business and communication models, but the speed. Fifty-four countries had implemented instant payment schemes by the end of 2019, with at least five further schemes going live during 2020¹². In addition, citizens in many parts of Asia and Africa have embraced mobile wallets, most notably in China, where WeChat Pay and AliPay are embedded within integrated social media and e-commerce platforms. Given the high volumes of payments and collections that they process, governments and public sector entities play a significant role in adopting new payment methods, including instant payments.

Case study: Streamlining C2G payments



HSBC has helped public sector clients to leverage new instant and real-time time payment schemes as a new payments rail for payments and collections to increase operational efficiency, and create greater flexibility as they increasingly expand into online and mobile e-services. This includes, for example, leveraging QR codes and mobile payments to make the payments process as straightforward for citizens as possible, whilst improving the ability to identify and reconcile incoming flows automatically.

The ability to make and receive payments instantly to citizens and businesses is a major step forward for governments and public sector entities in enhancing the citizen experience. However, these flows need to be supported by efficient data flows and automated processes to gain the full benefit. For example, if a citizen's payment is not identified and recorded on their account promptly, they may incur overdue payment reminders or penalties. This can be inconvenient and time-consuming to resolve, and damages the citizen experience. As a result, capabilities such as intraday bank account reporting, and automated reconciliation and account posting, based on rich transaction data, including virtual accounts, have become increasingly important to government and public sector entities.

¹² https://empower1.fisglobal.com/rs/650-KGE-239/images/Report_Flavors_of_Fast_2019.pdf?mkt_tok=eyJpIjoiTkRobFpEQmtZbVU1TXpKaC1snQioiJnVIA3QWdVZjJsM1QyR2Fpc25EQUZFand2QTRJNFh0aHVvVHgwMFIBYW5zQ245dE9vYkxYnNlYXc3bThpTVZiU2JDmRtMldwMFwvENNdDdLNWdpcENsMVlweFBxVm5nYWJTWJpDhTYzYwdlBubkp1bnlxd0F0N1B0VnNFdkUifQ%3D%3D

Smart in a crisis

The capabilities outlined above offer substantial benefits during 'business as usual', but these are amplified further during times of crisis. The COVID-19 pandemic has illustrated the limitations of manual, paper-based processes and payment methods, and the value of digital infrastructure, including ID systems, mobile phones and mobile wallets. For example, the ability to pay and collect digitally, and leverage banking services at scale has been a major factor in governments' and public sector entities' ability to continue delivering services during the crisis.

Accelerating relief payments through faster and instant payments

Government departments and agencies worldwide launched a variety of COVID-19-related stimulus relief packages and funding schemes at the height of the crisis. With speed of the essence, government departments worked closely with HSBC to enable payments to be made using the relevant country's faster or instant payment scheme, which offers more flexibility than existing net settlement systems. In some cases, depending on local payments culture, this includes making payments to proxy IDs, such as identity numbers.

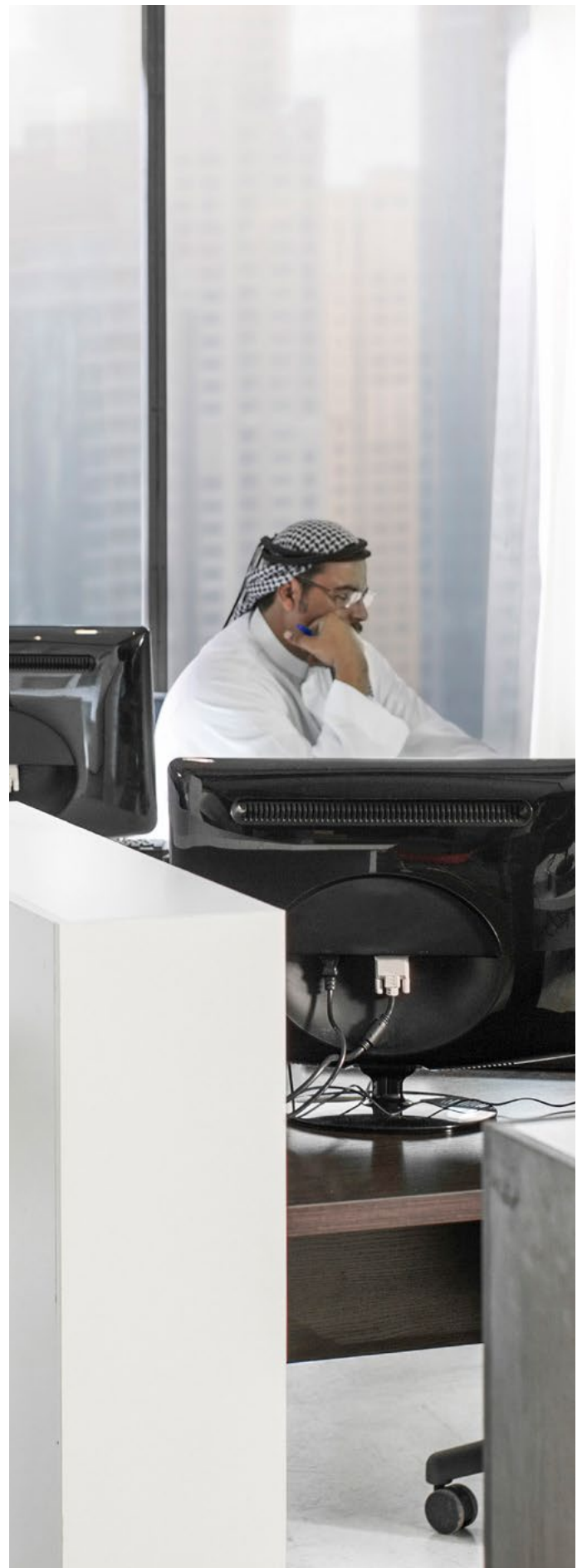
Banks have also proved critical partners to government entities during the pandemic, by enabling them to access and channel funding at pace and at scale, despite compromised operating conditions during lockdown periods. In the UK, for example, between May and September 2020,

the government approved over 1.3 million business loans with a value of over £57 billion¹³,

with rapid distribution by banks such as HSBC. In addition, banking services delivered by partner banks have been the primary mechanism by which governments have issued grants and welfare payments to vulnerable industry sectors and individuals.

A partnership approach to crisis management

Working hand-in-hand with HSBC, a central government has opened bank accounts at pace, and supported rapid disbursements of stimulus relief funds, including cash payout schemes to relieve the financial burden of individuals and small businesses and support domestic consumption. HSBC has advised governments on end-to-end processes from registration to payment to avoid disruption and hardship to individuals and businesses, including advising on new legislation in response to the crisis, such as supporting social distancing in the delivery of public services.



¹³ <https://www.gov.uk/government/collections/hm-treasury-coronavirus-covid-19-business-loan-scheme-statistics>

What's next for smart governments?

The pandemic has accelerated government and public sector digital priorities in response to changing citizen expectations, a greater appreciation of the benefits of digitisation, and the need to create cost-effective, scalable service delivery models in the future. Increasingly, the 'smart' governments and public sector entities of the future will be those that go beyond 'bolting on' digital technology to existing systems and processes, and rethinking what, how and for whom they are delivering services.

Likewise, the crisis has emphasised the value of partnerships and collaboration. Industries – including both private and public sector entities, were already working together within broad ecosystems that bring together different industries, and both private and public sector entities, to streamline the customer journey from end-to-end, driven by digital technologies. For example, a car manufacturer could embed the ability to pay public road tolls, fuel or vehicle battery charging directly into the vehicle via internet of things, therefore connecting into a variety of public and private transport, services and infrastructure providers. In healthcare, state and private telehealth providers and general practitioners are increasingly connecting with insurance companies, hospitals and medical equipment companies to integrate and enhance the customer experience and improve efficiency.

Banks, and banking products and services, play an important role in facilitating these ecosystems, and the public sector's wider 'smart' objectives, including connectivity, data and the real-time exchange of information and transactions, helping government and public sector entities to achieve their 'smart' objectives. For example, this could include processing real-time payments and collections through bank accounts, wallets or cards, including ancillary activities such as automatic reconciliation and posting to citizen and business accounts. Likewise, facilitating the real-time exchange of data between ecosystem participants, both private and public sector, will be essential, leveraging technologies such as APIs to exchange real-time transactions and information. For example, public sector entities can integrate payment and collection services directly into digital platforms, transportation and healthcare services, update citizens and business records in real-time. APIs can connect private sector businesses into public sector initiatives to streamline services and information, ultimately enhancing the citizen experience.

While citizens' and businesses' expectations are, in part, shaped by their experiences of private sector companies, governments and public sector entities create the conditions under which commercial organisations can innovate and develop digital business models that, in turn, help to connect

and empower citizens, communities and businesses. Open banking initiatives, such as the Second Payment Services Directive in the European Union, Open Banking Standards in the UK, and comparable initiatives globally, mean that citizens and businesses, can access their banking data and initiate transactions digitally via their choice of channel through regulated third parties, including banks and fintechs, acting with their consent.

Some governments are taking the innovation lead in leveraging new technologies such as distributed ledger technologies (DLT or blockchain) to launch digital currencies. In Singapore, for example, the Monetary Authority of Singapore (MAS) has formed a consortium that includes HSBC to conceive and deliver Project Ubin¹⁴. This reimagines the concept of a traditional currency as a tokenised digital currency based on blockchain. It aims to enhance the flow of transactions and data through broader ecosystem integration using connectivity with blockchain applications.

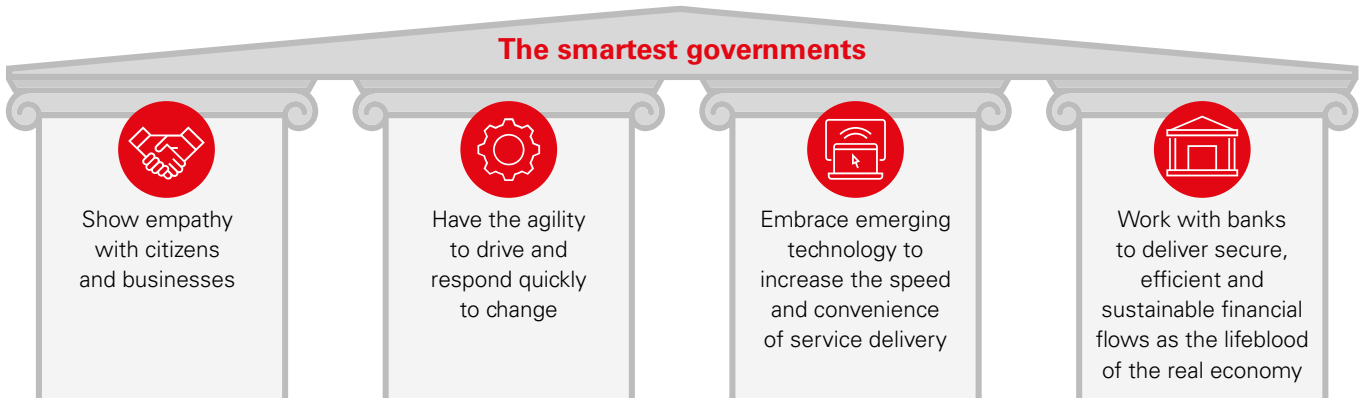
Just as smart governments and public sector entities do not focus on the same issues today, the same will be true in the future, depending on the social, environmental and economic conditions in which they operate, and their citizens' needs, expectations and aspirations. This could be providing electricity and internet access to rural schools, transforming mobility through the internet of things in urban centres, or creating the regulatory environment that will facilitate and nurture innovation and transformation. As these needs evolve, so too, must the financial and payment infrastructure that facilitates them. By collaborating with their banking partners to develop and deploy digital solutions, government entities can keep pace with their constituents' evolving expectations and services.

HSBC continues to invest in digital transformation, and is committed to working with governments to create smart treasuries, that in turn support the development of smarter governments. The smartest governments are those that show empathy with citizens and businesses, looking ahead to drive and respond quickly to change. They embrace emerging technology to increase the speed and convenience of service delivery. They recognise the importance of financial flows as the lifeblood of the real economy, and work with their banking partners on innovative solutions to ensure that these flows are facilitated safely, efficiently and sustainably so that together they may thrive.

For more information on how HSBC can help meet your needs please contact your local HSBC representative or visit gbm.hsbc.com

¹⁴ <https://www.mas.gov.sg/schemes-and-initiatives/project-ubin>

Smarter Thinking for Smart Governments



But they face a variety of challenges

Citizen expectations



85% expect the same, or better, quality of service from their governments as private sector organisations¹

Financial inclusion



1.7 billion globally remain unbanked



56% of unbanked are women

Social and environmental pressures



5 billion people will live in cities by 2030²




50% increase in global energy demands from 2010 to 2050³




3x more vehicles from 2010 to 2050⁴


To deliver on citizen and business demands, governments and public sector entities need to




Create robust financial and legal infrastructures




Leverage open data




Embrace evolving digital technologies and channels



Protect public money and data against fraud and cyber-attack



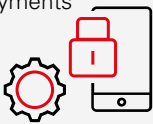
Streamline incoming and outgoing flows



Create public benefit in welfare, health and inclusion


Treasury and finance teams need to consider

- **Digital banking channels** and treasury solutions for security, efficiency and business continuity planning
- **Efficient, secure outgoing flows** including emergency payments, support for Government-to-Citizen flows to e-wallets and proxy addresses, use of card programmes
- **Simple, secure incoming flows** – digital payments and platforms, QR codes, virtual accounts
- Access to a bank's **global disbursement capabilities** for cross-border flows



HSBC can meet Smart Governments' needs

- Secure **digital e-channels** and APIs for seamless connectivity
- **Commercial cards** across 50 countries
- **Virtual account** solutions in >20 currencies
- **Global disbursement** solution to make foreign currency payments/collections
- Leader in **sustainable financing** e.g. green bonds and green deposits programme



Find out more by downloading the full report 'Smarter Thinking for Smart Governments' at www.gbm.hsbc.com

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¹ <https://www.accenture.com/sg-en/insights/public-service/living-government>
² <https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html>
³ <https://www.eia.gov/todayinenergy/detail.php?id=41433>
⁴ <https://www.fuelfreedom.org/cars-in-2050/>



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