
Digital Tech and the Unbanked: The COVID Pandemic in Brazil

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Digital tech Initiatives often claim to use cutting-edge technology as a panacea to solve problems without considering that the problem they are trying to solve is a wicked and complex one. Any digital solution must also therefore be complex and above all take into consideration both the context for which it is intended and the stakeholders that need to be involved in its implementation.

Brazil's federal government offered financial emergency aid to informal workers and small entrepreneurs during the COVID pandemic in the early 2020s (Monteiro *et al.*, 2020; Arruda *et al.*, 2021; Sordi, 2023). This could be requested quickly through a banking app or more slowly through a visit in-person to a bank. The numbers who went to banks revealed that 46 million Brazilians were previously *invisible* to the government, mainly because of a lack of Internet access and digital skills, but also the large numbers of people who did not have an official digital ID (CPF) and were therefore unbanked. The poorest, who needed the aid the most, were often the ones who had to wait the longest, and frequently never received the financial support.

This issue surfaced almost by chance and demanded a quick turnaround response from the Brazilian government, which swiftly decided to partner with many other stakeholders from government, the private sector and civil society. What followed was an increase in the use of banks and financial instruments by the poorest. This demonstrates that an ability to analyse a context strategically, to make connections among the many possibilities available, and to include multiple stakeholders are all crucial in dealing with the uncertainty of an emergent issue as in the example above. While the government has the scalability, it needs to collaborate with other actors that have the resources and knowledge that it does not have.

Often it is the small organisations that have the most difficulty in going to scale, yet their role on the ground is frequently essential for the successful delivery of multi-sector interventions.

However, this example also has a darker side. The use of digital technologies ultimately forced many previously unbanked people to enter the digital world of banking and the wider digital economy, but it also increased the ability of the government and financial sector to surveil them much more easily and effectively.
