

In order to withdraw their BFP benefits the families receive a personalized magnetic card (Bolsa Família Social Card), issued in the name of the individual legally responsible for the family unit. This card enables beneficiaries to access BFP funds in the bank machines (ATMs) of the Caixa Econômica Federal (Caixa), in lottery points (*lotéricas*) and in commercial and other establishments displaying CAIXA HERE signs. This is how most benefits are withdrawn, accounting for 73% of all transactions in May 2017. In addition to the Social Card, there are two other ways to withdraw funds: via a simplified bank account (used in 26% of cases), and off-line payment by bank order (*ordem bancária*). The latter is used in only 0.7% of cases, generally in situations where the recipient does not, for some reason, have the card in his/her possession¹.

1. HOW ARE SOCIAL CARDS OF THE BOLSA FAMÍLIA PROGRAM DELIVERED?

The delivery of the Bolsa Família Social Card to beneficiaries commences with the Ministry of Social Development (MDS) sending an instruction to the Caixa based on the MDS-validated beneficiary list. The Caixa inserts the payee into its monthly payroll (*folha de pagamento*) and approves issuance of the card in its system. The card is issued with a Post Office (*Correios*) tracking number² and then sent to Correios for onward delivery to the address reported in the Cadastro Único³.

Together with the card, the family receives information and guidance about the Bolsa Família Program and the procedures required to activate the card in order to release the funds. Families are advised that its legally responsible individual must telephone the Caixa Call Center (Serviço de Atendimento ao Cidadão) to request unblocking and activation of the card after registering a password at a Caixa or authorized correspondent lottery point, or at a Caixa bank branch nearest to his/her home. This correspondence also contains a Term of Responsibility to be signed by the owner of the card (the person responsible for the family unit). This entire procedure generally takes 45 days. The card needs to be activated within 180 days.

2. BANK NETWORK COVERAGE

With its extensive banking network, the Caixa Econômica Federal has payment outlets in 98% of Brazil's 5,570 municipalities⁴. This network includes Caixa's own branches (*Postos de Atendimento Bancário-PAB*) that employ staff to handle the BFP cards and pay out the funds to beneficiaries. In municipalities with no Caixa branches, contracts are in place between the Caixa and authorized individuals and/or firms that provide other payment channels. One example is the network of lotteries and commercial establishments - *Caixa Here Banking Correspondents* (CCA) - which provide ATMs for beneficiaries to access the funds.

1 Data for May 2017

2 *Correios*, under the aegis of the Ministry of Science, Technology, Innovation and Communications (MCTIC) is a federal public company responsible for Brazil's postal service.

3 If the person responsible for the family unit is unable to receive the card, it can only be received by a person over 18 years old. If delivery fails after three attempts the card is retained at the Post Office for 20 days and then returned to the Caixa for collection by the beneficiary at a Caixa branch nearest to his/her home.

4 *Correios*, under the aegis of the Ministry of Science, Technology, Innovation and Communications (MCTIC) is a federal public company responsible for Brazil's postal service.

A total of 27,844 payment channels were registered throughout Brazil in December 2013. These channels hosted 78,027 payment points, operated over-the-counter or by ATMs (Table 1). By 2017 there were 81,200 call centers operating in Brazil.

Table 1 Bolsa Familia payment channels by Federative Unit (February 2017)

FU	ATMs		Lottery points		Bank agencies (PAB)		CCA		TOTAL	
	Qty.	Nº Terminals	Qty.	Nº Terminals	Qty.	Nº Terminals	Qty.	Nº Terminals	Chan-nels	Nº Terminals
AC	15	15	34	113	21	108	21	21	91	257
AL	55	56	175	664	62	488	99	99	391	1.307
AM	25	26	149	545	48	281	42	42	264	894
AP	11	11	21	71	13	70	19	19	64	171
BA	46	46	783	2.730	258	1.756	317	317	1.404	4.849
CE	22	22	367	1.334	103	831	316	316	808	2.503
DF	165	165	220	956	119	723	7	7	511	1.851
ES	40	40	248	784	103	693	47	47	438	1.564
GO	171	171	512	1.949	202	1.323	208	208	1.093	3.651
MA	19	19	288	953	55	434	128	128	490	1.534
MG	187	187	1.643	5.704	420	3.455	611	611	2.861	9.957
MS	45	45	167	607	67	428	32	32	311	1.112
MT	42	42	228	725	68	407	46	46	384	1.220
PA	62	62	281	988	81	596	107	107	531	1.753
PB	10	10	312	820	51	436	167	167	540	1.433
PE	72	72	422	1.574	115	919	147	147	756	2.712
PI	16	16	281	804	50	390	174	174	521	1.384
PR	98	98	835	2.914	354	2.221	258	258	1.545	5.491
RJ	139	140	851	3.678	320	2.060	164	164	1.474	6.042
RN	14	14	219	569	50	457	86	86	369	1.126
RO	15	15	92	345	31	221	64	64	202	645
RR	24	24	23	73	15	67	12	12	74	176
RS	216	217	877	2.661	363	2.293	260	260	1.716	5.431
SC	92	93	556	1.938	217	1.444	202	202	1.067	3.677
SE	30	30	148	495	55	343	48	48	281	916
SP	182	183	2.936	11.623	1.100	6.728	345	345	4.563	18.879
TO	17	17	154	431	29	192	52	52	252	692
Total	1.830	1.836	12.822	46.048	4.370	29.364	3.979	3.979	23.001	81.227

Note: ¹ATM-Automatic Teller Machine; ²PAB - Bank Agency; ³CCA - Caixa AQUI participating locations (authorized banking correspondents)
Source: SENARC Report (MDS, 2013).

3. OPERATIONAL ASPECTS: POSSIBLE IMPACTS ON THE BOLSA FAMILIA PROGRAM.

The payment channels are connected online to the Caixa data system which permits secure real-time banking. There are many advantages derived from using the banking system for managing BFP transactions with the use of magnetic cards, including flexibility, agility and security. These advantages are reflected in the complexity and diversity of actions that can be carried out within the context of the program, e.g. giving BFP managers at federal level greater opportunities to improve policies, and more scope for State and Municipal managers to implement them.

It follows that a series of activities are undertaken by BFP managers to ensure that beneficiaries continue to receive the funds and comply with the requirements of the program. Some of these activities are implemented in a decentralized form by municipal management, while others are the exclusive function of the MDS via the Caixa - its operating agent.

3.1. Inclusion of beneficiaries and the release of funds

Once the BFP benefits have been approved, actual payment depends on inclusion of the beneficiary parties on the BFP payroll and the release of the funds to beneficiaries. Payments are centralized and overseen by the MDS and subsequently implemented by the Caixa. In turn, the Caixa credits the beneficiaries' accounts and the funds are made available for withdrawal according to the established payments schedule (calendar).

3.2. Actions to interrupt or restore access to cash benefits

Blockage: the accumulated portions (installments) of the benefit are retained while the “blockage” situation persists and is only released when the situation that caused the funds to be blocked is resolved. Once the funds are unblocked, the beneficiary is able to withdraw the installments of the funds that were previously blocked and which are still within the period of validity⁵.

Suspension: once the family's situation is regularized it can start receiving the benefit again in subsequent months, but with no right to receive any benefits accumulated during the suspension period.

Cancellation: involves, in addition to removing the family from the program, interrupting the accumulation of new benefit installments and preventing the former beneficiaries from withdrawing the portions of the benefit that have not been drawn. Cancellation takes effect in situations of irregularity, inconsistencies in the data identified in the Cadastro Único, or due to repeated noncompliance with conditionalities. Furthermore, cancellation can be the result of a court decision, families voluntarily leaving the program, or beneficiaries occupying elective office, etc.

Unblocking, reversal of suspension or cancellation: these actions can be performed by the Federal Government or by municipalities, and are dependent on the situation that led to the blockage, suspension or cancellation in the first place. If the municipality is unable to proceed with unblocking, etc of benefits, municipal managers can request the appropriate reversals to be effected (depending on the case), by submitting an “ofício” or special form to the MDS.

3.3. Voluntary disengagement and guaranteed return: reintegration of families who have voluntarily left the Program.

When family per capita incomes exceed the poverty line over a sustained period, families should inform the local BFP office that they wish to quit the BFP voluntarily. This is known as “voluntary disengagement”. The family stops receiving the benefit and provides an opportunity for another family to enter the program.

Although this procedure is fairly simple, many families fail to disengage from the program, although they might wish to, because they fear that they may need to rejoin and claim benefits as a result of unforeseen situations, such as sudden loss or reduction of family income. The situation has been addressed with the creation of the Bolsa Família “Guaranteed Return” scheme which facilitates a family's reinclusion in the program in the event of them experiencing a return to a situation of poverty or extreme poverty within 36 months. In this event,

⁵ Each installment of the benefit is valid for 90 days from the date of its generation. In cases where the blockage is in force for a long time, to a point where the BFP installment is no longer valid, the beneficiary will no longer be entitled to receive it. During the blocked period, the installments continue to be accumulated, but the funds cannot be withdrawn before the situations which caused them to be blocked have been remedied or terminated.

families can start receiving the benefit again without major bureaucratic hurdles. This can be done rapidly, directly and regardless of the number of beneficiary families in the municipality (i.e. regardless of the BFP coverage rate in the municipality).

4. BANKING INCLUSION IN THE BOLSA FAMÍLIA

To improve payment procedures and contribute to the banking inclusion of Bolsa Família beneficiaries, the program now offers beneficiaries the opportunity to access benefits through a cost-free “simplified” bank account. The amount of benefit is credited directly into basic Caixa bank or savings account (*Conta Fácil or Poupança Fácil*), for beneficiaries who voluntarily opt for one of these payment modalities.



Bolsa Família *Conta Fácil* card

The bank account modality has several positive effects: (i) the beneficiary enjoys greater flexibility to withdraw and manage his/her benefit, given that full withdrawal of the funds is not obligatory; (ii) the bank account-linked card can be used as a debit card; and (iii) once the account has been opened families can access different banking services such as a savings account, insurance, money transfers and access to credit.

This approach is also a way of mitigating social barriers and helping beneficiaries to overcome restrictions when trying to open a bank account, such as having to present proof of formal employment, proof of income, etc. In short, the Caixa Econômica Federal now takes a more flexible view of such requirements, thereby facilitating easier access to banking services.

This form of payment also generates financial and operational gains for the administration of the BFP, since it not only ensures easier payment but also reduces the costs involved. In 2017 payment transactions via bank accounts cost the MDS R\$ 1.09 per unit, while operations done with the Bolsa Família Social Card cost R\$ 2.22 per unit. In May 2017, 26.3% (3.2 million) of benefit payments were effected through bank accounts (current or savings accounts).

A further positive outcome of the payment of benefits through the banking system has been that the Ministry of Social Development has begun to play a role in the financial education of beneficiaries, essentially by encouraging people to use banking and financial services in a responsible manner, with the newly aware and empowered users increasingly able to make decisions about their financial situation and their relationship with banks.