Visa Government Solutions
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From identity to utility

How governments can unlock the potential of citizen wallets with integrated payments

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What's inside

Introduction

Governments today are working to deliver public services that are simple, responsive and accessible. At the same time, people are accustomed to managing their lives digitally, and now expect the same level of convenience with government services. These trends have accelerated the rise of citizen wallets — secure digital applications that function as a container for a citizen's official identity and credentials.

A citizen wallet allows people to prove who they are, access official documents, and interact with services through a single, trusted portal they can access with a mobile phone or other device. This is a foundational step forward. However, any official form of identity is only as useful as what people can do with it.

A citizen wallet and digital ID are foundational tools for modern government. To build on this foundation and encourage use, integrated payment capabilities represent a significant opportunity to provide everyday utility. Adding secure payment capabilities can expand the wallet's role, from a trusted credential holder into a practical tool for interactions with government.

When constituents can use their wallet to prove who they are and receive public benefits, or to legally sign a tax return and get their refund — right from their mobile phone — the digital wallet becomes increasingly essential. This utility encourages adoption, fosters inclusion and may deliver measurable efficiencies for government.

This paper outlines a strategic approach for government leaders. It explores the global momentum behind citizen wallets, explains why integrating payments can be significant for maximising their impact, and provides a clear roadmap for architecture and implementation.

Visa does not build or sell citizen wallets or digital identity systems. Our role is to collaborate with governments and technology providers, helping to embed secure, interoperable and inclusive payment capabilities within the architectures they create.

A citizen wallet and digital ID are foundational tools for modern government

The strategic shift towards citizen-centric government

The push for digital government is driven by a range of social, economic, technical and public policy trends. Government offices are tasked with delivering public services more efficiently, while digital-first constituents expect those services to be as seamless as those from the private sector. As the UK's 2025 State of Digital Government Review has pointed out, legacy systems — characterised by fragmented websites, redundant paperwork and in-person requirements — are no longer sustainable. They can create friction for citizens and strain financial and operating resources for the government.

In response, governments are moving towards a citizen-centric model, designing services from the user's perspective. This approach supports core objectives including:

Efficiency

Automating manual processes to reduce operational costs and accelerate service delivery

Inclusion

Ensuring that services are accessible to all, including remote, unbanked or elderly populations

Trust

Building public confidence through robust data privacy, security and user consent

This strategic shift is evident globally

More than 80 governments are currently planning or deploying citizen wallets,[1] recognising them as a key platform for modern service delivery. Regulatory frameworks, such as the European Union's eIDAS 2.0, are establishing cross-border standards for secure and interoperable digital wallets, signaling a long-term commitment to this model. Governments that embrace this trend can not only improve domestic services but also position themselves to lead in a globally connected digital economy.

More than

80

governments are currently planning or deploying citizen wallets[1]

1. Based on a 2025 Visa assessment of countries that announced they were planning, developing, piloting or had launched a citizen wallet.

Citizen wallets can establish a foundation for digital trust

At its core, a citizen wallet is a secure digital container for a citizen's verifiable credentials, accessed from a mobile phone or other device. These are digital, tamper-evident versions of official documents that can be authenticated rapidly. The wallet serves as a single point of contact for the citizen's official life. While implementations vary, successful wallets are built on a foundation of essential functions:

Verify identity securely

The wallet allows citizens to prove their identity online or in person without revealing unnecessary information. For example, they can prove they are over 18 without showing their date of birth. This streamlines access while enhancing privacy and reducing identity fraud.

Access and share official credentials

The wallet could hold digital versions of medical prescriptions, driver's licenses, educational diplomas or other official documents. A citizen can then share a verified credential with a third party — like a potential employer or landlord — with explicit consent, eliminating the need for physical copies and manual verification.

Provide legal digital signatures

The wallet can facilitate legally binding digital signatures, allowing citizens to sign contracts or applications remotely. This can accelerate complex processes that have historically required in-person appointments.

To earn public trust, these functions must be supported by foundational principles: citizen control over data, interoperability based on open standards, and privacy and security embedded by design. When this foundation is in place, the wallet can become a powerful tool for civic and economic life.

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Payments can be an engine for adoption and everyday utility

A citizen wallet built solely on identity provides a strong foundation, but its use may be largely limited to infrequent events like renewing a license or applying for a programme. To become an essential daily tool, a wallet must offer compelling, everyday utility for citizens. For this reason, integrating payment capabilities can be an impactful strategy. The EU Digital Identity Wallet Consortium, for example, has identified payments as an important use case to drive adoption and daily relevance of the EUDI wallet.

The World Bank's G2Px initiative, which studies government-to-person payments, identifies digital ID and payment systems as core building blocks of a modern G2P architecture — foundations that can support broader goals such as financial inclusion. When a wallet can be used to manage money, its user value proposition expands substantially.

Why integrating payments drives utility and value

It creates habitual use

Payments are a part of daily life. When a citizen can receive their pension, pay a utility bill, and buy a bus pass from the same trusted app, the wallet becomes indispensable. Each transaction creates a positive feedback loop, reinforcing the wallet's value and encouraging deeper engagement.

It provides a pathway to financial inclusion

For the 1.3 billion people around the world who do not have a financial account, a payment-enabled citizen wallet can be their first entry point into the formal economy. Linking a verified digital ID to a prepaid or mobile money account provides a secure and accessible way to receive funds and make payments, fostering economic independence.

It enables a sustainable value ecosystem

A wallet with high utility attracts a network of participants. Citizens adopt it because it's useful; merchants and service providers accept it because citizens are using it. This creates a self-reinforcing cycle of growth that justifies continued public and private investment.

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Modernising government payment flows

A major part of a government's operations involves making and receiving payments, from disbursing social benefits to collecting taxes and fees. Legacy methods like cheques are often slow, expensive and lack modern security. Integrating these flows into a citizen wallet modernises these core functions, helping governments to deliver greater efficiency, transparency and citizen experiences.

Government disbursements

Disbursing social benefits, tax refunds or emergency relief via physical cheques can be slow, expensive and prone to fraud. By incorporating digital payment capabilities in citizen wallets, authorities can expand opportunities to use fast, secure and fully auditable disbursement methods. Further, Visa's work with public sector entities shows that digital disbursement solutions can reduce administrative costs by up to 90% and enable prompt delivery of funds, helping ensure that support reaches citizens when they need it most.

Government revenue collection

Collecting taxes and fees through manual processes creates administrative burdens and can lead to errors and delays. By enabling citizens to pay the government through their wallet with a single tap, agencies can take steps to improve compliance and streamline reconciliation through integrated payment systems. In addition, the use of online and mobile payment options for taxes, fines and public service fees can potentially reduce administrative costs and delays by simplifying how staff manage payments and data.

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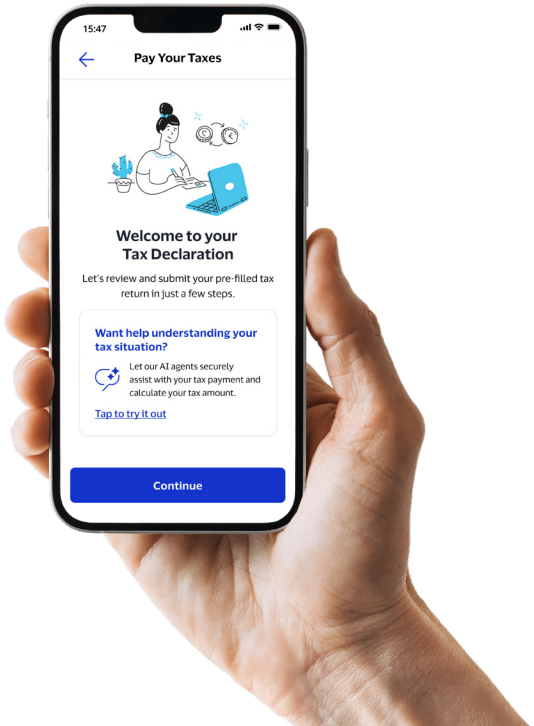

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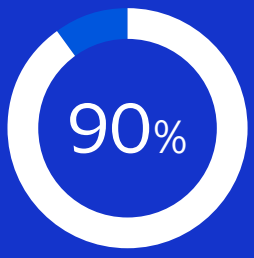

Visa's work with public sector entities shows that digital disbursement solutions can reduce administrative costs by up to 90%.

Architecture for success — a blueprint for government

Successfully building a citizen wallet requires a well-defined architecture, providing a clear blueprint to navigate the technical and policy decisions involved. By organising the project into three distinct layers — for identity, payments and the broader service ecosystem — this approach helps ensure the solution is secure, scalable and built for long-term citizen adoption.

Layer 1

The identity layer (trust)

This is the foundation, managed by the government. It comprises the secure, official digital ID and the governance rules for data privacy and consent. It ensures that every interaction is built on trust.

Layer 2

The payment layer (utility)

This layer integrates with the identity layer to enable transactions. It includes tokenised credentials, global payment networks and pathways for financial inclusion. This layer transforms the wallet into a functional tool for daily commerce.

Layer 3

The ecosystem layer (adoption)

This is where the wallet expands through public-private partnerships. Open APIs can allow banks, merchants, transit authorities and other service providers to connect to the platform, creating a rich network of use cases that drive citizen adoption.

In this model, roles are clear.

The government acts as the issuer of identity and the guarantor of trust. Technology partners provide platforms and tools to build and scale the system. Visa's potential role is focused on integrating payments into the ecosystem, through our global payments network, security capabilities, expertise, and ecosystem of value-added partners.

The transformative impact of integrated wallets

By strategically integrating payments, governments can unlock increased value from citizen wallet initiatives. A wallet focused solely on identity helps digitise existing processes, which is a crucial first step. However, a wallet that also includes payment capabilities helps empower governments to reimagine the citizen experience, moving from fragmented interactions to seamless, self-contained solutions delivering tangible benefits.

Consider two potential 'before' and 'after' scenarios to see how payment integration can enhance citizen wallet experiences.

Scenario 1 — Tax payments and refunds

Before (ID-only wallet)

A citizen has a digital ID. They can use it to log in to a government portal to see their tax liability. To pay it, they are redirected to a separate payment page. To receive a refund, they must wait for a physical cheque in the mail. The experience, while partially digital, remains fragmented.

After (integrated wallet)

The citizen receives a notification in their wallet that their tax refund has been approved. To release the funds, they use a facial scan or other familiar method to authenticate their identity, prompting the wallet to securely direct the refund to their pre-registered and authenticated bank account. The experience is seamless, secure and immediate, and provides strong protection both for the citizen and the government.

Scenario 2 — A permit renewal

Before (ID-only wallet)

A citizen receives a paper bill in the mail for a permit renewal. To pay, they must navigate to the correct government portal online, manually enter their payment card details and reference numbers, or fill out a payment slip and mail it back. The process is manual, prone to error, and creates delays.

After (integrated wallet)

The citizen receives a notification directly in their citizen wallet. Inside, a digital bill for the permit is waiting in their secure mailbox. After reviewing it, they simply click 'Pay.' The payment is completed instantly using a pre-registered, tokenised payment credential, with no manual data entry required. The experience is secure, convenient and immediate.

Economic value

A 2021 OECD report to the G20 highlighted that trusted and portable digital IDs can help propel economic development by opening new markets and bringing marginalised groups into the formal economy, noting that these ID systems can add the greatest value when integrated into people's day-to-day lives.

Administrative savings

The European Commission points out that expanding digitalisation of public services across the EU could unlock tens of billions of euros in annual savings through greater efficiency in areas like revenue collection and public spending. It also underscores the importance of supporting citizens' electronic identities to enable secure, streamlined access to services.

Adoption and inclusion

A 2023 study from Kearney and Visa explores how digital payments from the government (such as social benefits) can help expand financial inclusion by providing underbanked groups with a gateway to the formal financial system. To that end, digital ID processes can play a powerful role by helping authorities to quickly reach and securely onboard beneficiaries.

A collaborative path forward

Moving from concept to a successful, scaled implementation is a strategic journey. It requires more than just technology; it depends on thoughtful planning, strong partnerships and a commitment to iterative improvement. The following steps provide a practical roadmap for government leaders to guide this process and build a solution that earns long-term public trust.

01

Assess readiness

Evaluate existing identity and payment infrastructure to find the most impactful starting points.

02

Launch strategic pilots

Begin with a focused pilot project — such as digitising a single benefit programme or fee collection process — to test the model, gather user feedback and demonstrate value.

03

Foster an open ecosystem

Work with financial institutions, technology providers and global standards bodies to build an interoperable system that encourages innovation and avoids vendor lock-in.

04

Measure and communicate

Track key metrics, such as adoption rates, cost savings and transaction times, and share results transparently to build public confidence and stakeholder support.

The strategic integration of payments into citizen wallet initiatives can help governments to enhance the efficiency and inclusivity of public services, and to provide even greater value to the people and communities they serve.

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Citizen wallets can be a powerful tool for digital government.

Visa can help.

Connect with Visa to learn more.

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