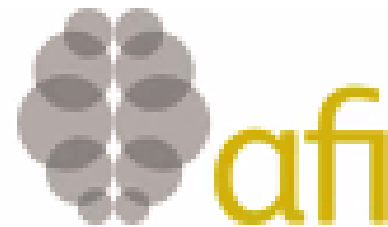




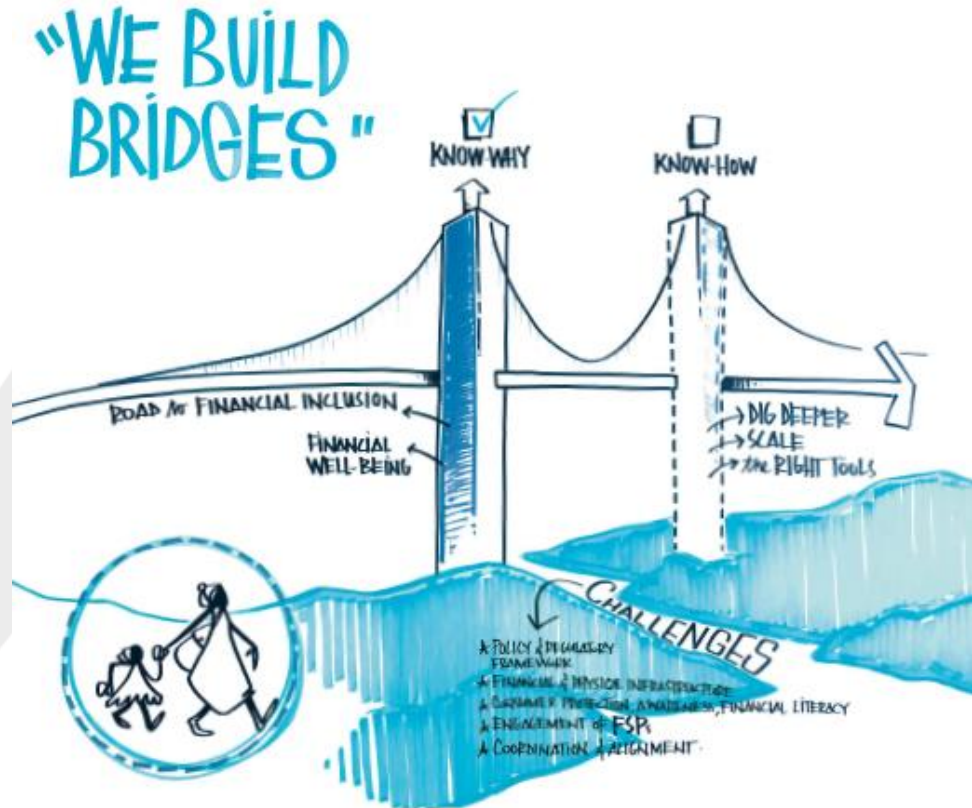
# Financial inclusion of refugees: findings from research and pilot programmes



International  
Labour  
Organization

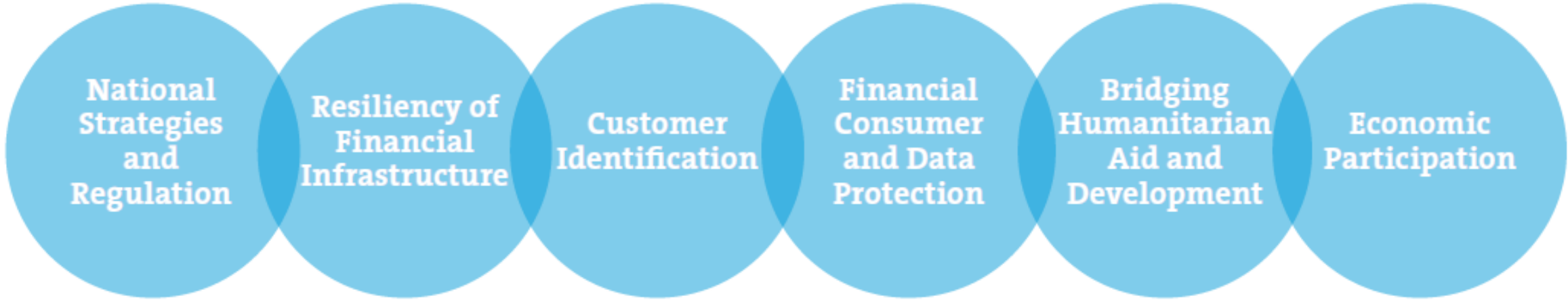
European Microfinance Week 2022  
Panel Session 17 November





## Roadmap to the Sustainable and Responsible Financial Inclusion of Forcibly Displaced Persons







# Financial Inclusion for Refugees, IDPs and Host Communities

## ILO's intervention model

**Yousra Hamed, Senior Technical Expert**  
International Labour Organisation

# WHAT DO WE DO?



**Policy advocacy** for FDPs' integration in national financial systems



**Making Finance Work for Refugees Programme** and technical assistance in product diversification



**ILO Financial Education for Refugees and Host communities** and business management trainings



**Sustainable access to adequate financial services** for forcibly displaced and host communities' households and businesses



# POLICY LEVEL SUPPORT



## POLICY – ADVOCACY FOR REFUGEES’ INCLUSION IN FINANCIAL SYSTEMS

- **Objective:** Ensuring that refugees and host communities are not excluded from the legal framework and regulations of the host country’s financial sector.
- **How?**
  - **Research:** Better understanding of the financial supply and demand needs in the country, mapping of the various financial services providers, as well as the financial sector’s formal regulations on refugees and IDPs.
  - **National advocacy:** Technical contributions on national financial inclusion and financial education strategies with other major institutions, including central banks and regulators.
  - **International/Regional advocacy:** Participating to discussions and collaboration with other international organisations to submit pledges supporting the progress on financial inclusion for refugees.



**EUROPEAN  
MICROFINANCE WEEK**  
connecting the inclusive finance world



**International  
Labour  
Organization**

# SUPPLY SIDE SUPPORT

## Capacity building for financial services providers – Making Finance Work for Refugees, IDPs and Host Communities

- Strengthen financial institutions' knowledge of the demand and supply of financial services for refugees and host communities
- Address key barriers to increasing financial inclusion among refugees and host communities
- Select an attractive refugee market segment to target
- Design a strategy for expanding outreach to that market segment
- Identify a pathway for building a successful business model for providing financial services to refugees and host communities



## Financial institutions' technical assistance

### ■ Why financial institutions need Technical Assistance

- Relatively new segment for most FSPs
- Deemed highly risky – lots of myths
- Unique services required - Not necessarily small sized financial services needed
- Pushing the frontiers even of Financial Inclusion
- FSPs usually are under pressure from the existing portfolio to be systematic about expanding to segments such as refugees and host communities.

The Making Finance Work training laid the basic framework and the TA is support to FSPs in application of the training



## TA components

- The Technical Assistance components will include:
  - **Market research** including segmentation of potential market
  - **Institutional assessment** to identify the institutional gaps that would need to be closed if the entity is to deliver financial services to refugees and host communities
  - **Developing outreach strategy** that covers **products, communication, delivery channels,** and **relationship strategy**
  - **Pilot testing and outreach strategy roll out plan** ideally ensuring that the outreach strategy is pilot tested before its expanded

### Using a Human-centered approach

- **Client centric**
- **Co-creation (clients, FSP, consultant)**
- **Reiterative process**

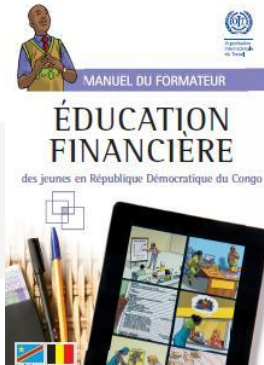


# DEMAND SIDE SUPPORT

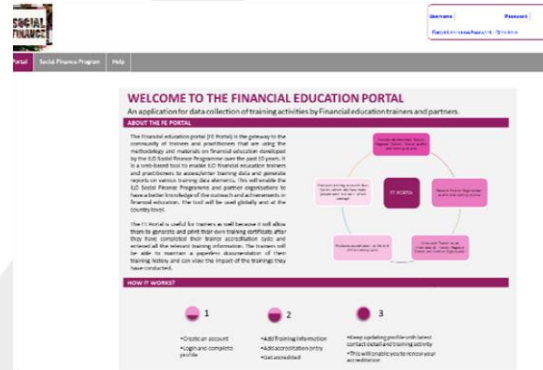
# FINANCIAL EDUCATION PROGRAMME



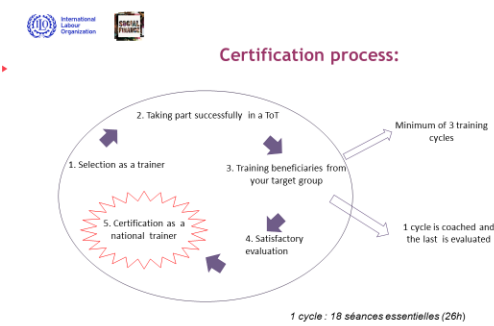
## Training materials



## Database



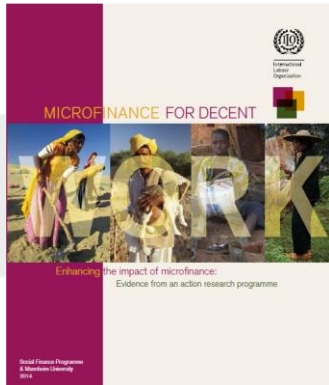
## Certification process



## Partner organisations



## Research



## E-learning



## Online training



## Training for policy makers



# WHAT DO WE DO?



**Policy advocacy** for FDPs' integration in national financial systems



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**Sustainable access to adequate financial services** for forcibly displaced and host communities' households and businesses





*Photo: Nichole Sobecki for the IRC ©  
International Rescue Committee*

## Finance in Displacement: Pilot Findings from Yumbe and Kampala

Anneleen Vos  
Senior Policy Officer, Economic Programmes

# FIND Research

## Financial Health Pyramid

Is the product understandable  
in the refugee's language?  
Is it useful?

**Financial  
Inclusion  
Level**

For financial inclusion to be effective it must rest on a foundation that allows people to develop their livelihoods.

**Infrastructure  
Level**

Can people actually move around? Is there training in place to help them develop their skills?

Do social norms and laws underpin the right to work, to move about freely?

**Foundation Level**

Social Norms ↔ Laws on the Book

# Recommendations from FIND Research

## Financial inclusion must go beyond provision of financial services

Humanitarian practitioners should **integrate financial inclusion into livelihoods programming** by:

- Providing financial literacy training and vocational/technical training
- Facilitating cross-cultural exchanges and expanding refugees' social networks
- Sharing information and facilitating access to financial services
- For *women* in particular, business skills, connections and social networks are crucial as well as building confidence

# Livelihood opportunities

## Yumbe

- Refugees often lack **access to land**
- Underutilized land owned by host community
- Opportunity to improving food security and income generation for both refugees and host community

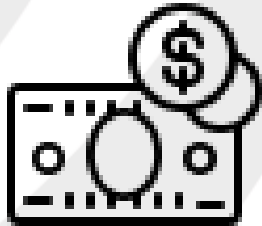
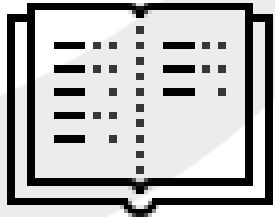
## Kampala

Have the right to work, but **face structural barriers to labor market participation**

NGOs and other actors link refugees to trainings and apprenticeships

Need to ensure programs are comprehensive and design to meet client needs

# Pilot Designs: Kampala



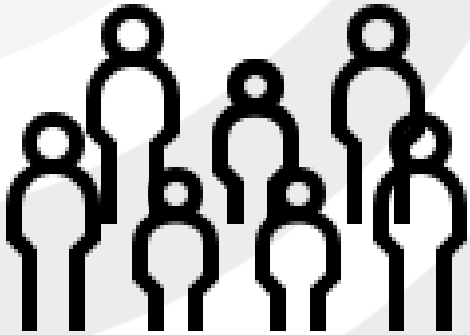
Clients participated in a new model of apprenticeship, which included financial literacy training and business grants



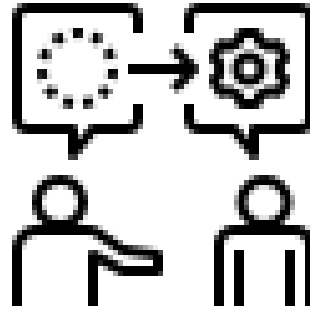
Clients were encouraged to self-select their apprenticeship host

60% of refugees had a Ugandan mentor

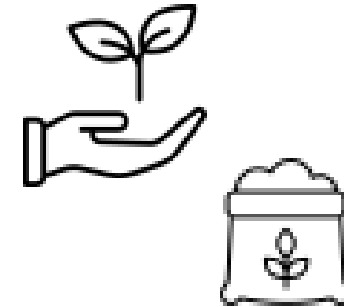
# Pilot Designs: Yumbe



Clients formed 20 farmer groups of mixed refugee to host ratios

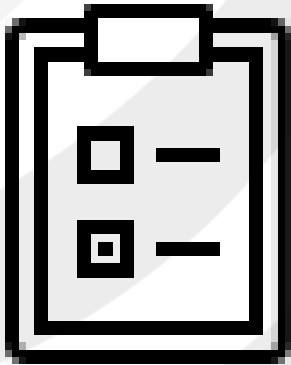


Groups received Good Agronomic Practices (GAP) training for sunflower production and farmer-based financial literacy training



IRC provided inputs and connected groups to Mukwano Oil Seed Company

# Study Design




Baseline and endline surveys with a subset of clients to measure key outcomes such as **social and financial networks, confidence in skills, trust, agricultural income, employment preferences, and access to and use of financial services**

|         | Total | Female | Male | Refugee | Host |
|---------|-------|--------|------|---------|------|
| Yumbe   | 263   | 148    | 115  | 131     | 132  |
| Kampala | 30    | 27     | 3    | 27      | 3    |




Granted research ethics approval in Uganda and from IRC's Internal Review Board (IRB)


# Kampala: Confidence & Social Networks




Increased average confidence scores for technical skills, financial literacy skills, business skills, and ability to make informed decisions




Increase number of refugees who agreed that their professional social network currently provides them with enough support & in number of refugees who agreed that they know most of the professionals/peers in their field who are Ugandan



**1.3 average increase** in vocational network size



**No change** in network composition (i.e., mix of refugees and host community members)



**No change** in financial support or business networks size



# Yumbe: Income, Borrowing, & Financial Services



**6.81 average increase** in working days for host community, **5.02 average increase** for refugees



13% and 18% increases number of host community and refugees, respectively, who had access to banks and 11% increase in use of banks



**189,172 average increase** in monthly income for host community, **68,931 average increase** for refugees



9% and 8% increases in number of host community and refugees, respectively, who had access to microfinance institutions (MFIs), and 8% and 5% increases in use of MFIs



**No change** in amount of money borrowed or to be repaid

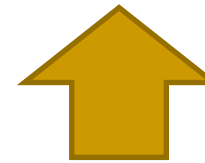
# Yumbe: Social and financial networks



**1.74 average increase** in financial support network size, but much higher for host community (**2.46**) than refugees (**1.01**)



No change in composition of financial support network by residency status



**1.13 average increase** in business support network size, again higher for host community (**1.27**) than refugees (**0.98**)

**0.67 average increase** in number of Ugandans in refugees' business advice networks

# Recommendations

## Practitioners

- Leverage the potential of group-based livelihoods programming and intentionally create mixed residency status groups
- Continue to pursue livelihoods program models that emphasize market linkages, private sector partnerships, confidence, and network strengthening

## Financial Service Providers

Collaborate with humanitarian partners to tailor products as needed (translation, reduced fees)

Increase access and use in rural settings for both host communities and refugees: Provide training about available services and how they can access them.

Authorize the use of alternative forms of government-issued refugee ID documents (where government policies allow) and implement consistently across branches



# Recommendations

## Donors

Provide multi-year, flexible funding that allows researchers and practitioners to conduct formative research from which programmatic pilots can be designed and tested

- Encourage NGOs to measure “soft” outcomes such as confidence and social networks alongside economic outcomes

## Policymakers

Provide easily accessible and regularly updated information on economic-related activities and integration; strengthen social networks and exchanges with the host population

Provide clear guidance to financial service providers in support of refugee financial access



# DIGI#ANCES

Improving Access to Remittances and other Financial Services through Digital Solutions

## Digi#ances Objective

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Greater use is made of digital financial services, including cross-border remittances, by refugees, Jordanians and migrant workers with little or no access to financial services.

Our target groups:



**Jordanians** with little or no  
access to financial services



**Syrian refugees**  
in Jordan



**Migrant  
workers**

**50%** of the target group are female

## Mobile Wallet

**Mobile Wallet:** A virtual account containing mobile money, registered with payment service providers and linked to the mobile phone number and used to conduct financial transactions via the mobile phone.

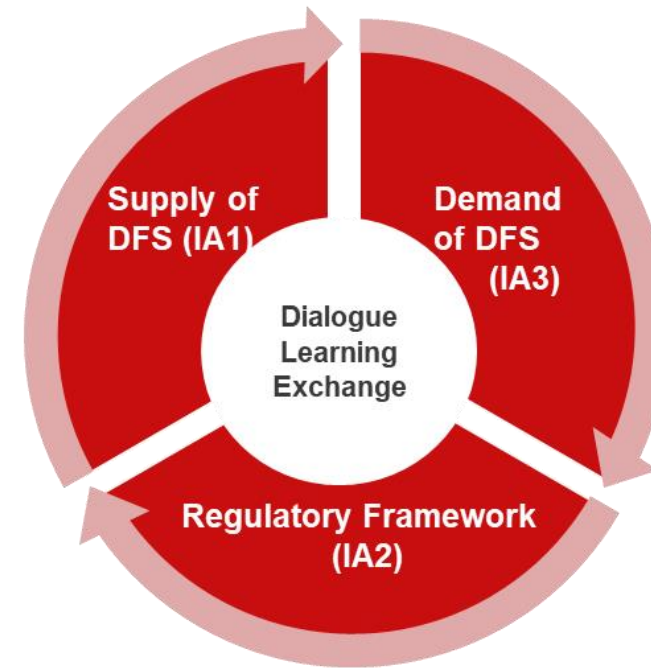
### Why mobile money?

- Easy handling
- Safe and inexpensive
- Fast and available around the clock
- Available for non-bank customers
- Potential to build a financial identity
- Available for refugees

Financial inclusion enables people to manage risks, save and finance larger expenses and is therefore essential for economic participation and poverty reduction - **this is especially true for women.**



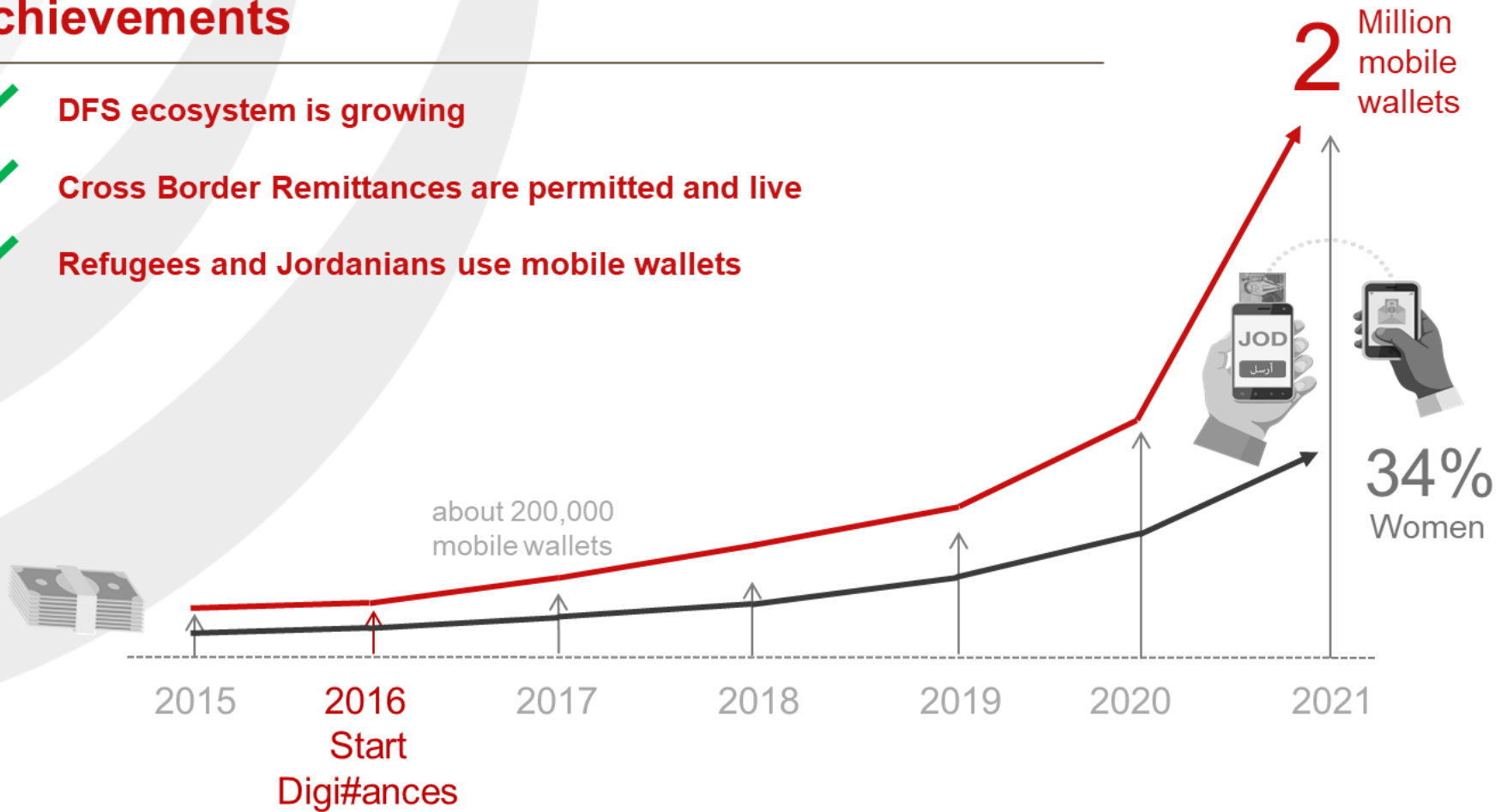
## Project Approach





## Achievements

- ✓ DFS ecosystem is growing
- ✓ Cross Border Remittances are permitted and live
- ✓ Refugees and Jordanians use mobile wallets



# Financial Inclusion of Women

---

1

IA 1

## Innovative Services and Research:

- User Experience analysis
- Female Agents

2

IA 2

## Advocacy at Public sector:

- Regulation & rights advocacy
- Facilitate exchange between public & private sector

3

IA 3

## Training & Awareness

- Creation & dissemination of tailored training materials
- Financial literacy training of beneficiaries & ToT

## IA 1 Innovative Services & Research



### MEET MANAL Risk-Averse & Positive

Age: 29 | Nationality: Syrian | City: Irbid

Her husband came to Jordan two years before her and she followed with her 5 kids. Her husband is the household leader, though she is head of household on their papers.



#### Financial Behaviours

Her household mostly relies on WFP assistance. Her husband is a daily-wage worker, though work is irregular, which makes it hard to plan. By the end of each month, she often has to take out credit with her local shopkeeper and pays him back when her assistance arrives.



#### Frustrations

She feels stuck in a cycle of borrowing and paying back. She also thinks that the way assistance is allocated to refugees is not fair or transparent.



#### Experience With E-Wallets

She heard about e-wallets from her neighbour (who is also a Syrian refugee) who attended a training, but she has not used one herself.

## E-wallet Ambassador



#### What is it?

Women can use their e-wallet to create their own home-based income stream by offering services to their friends and neighbours, such as registering a new e-wallet account, selling airtime, or helping others to pay bills and send money.

#### Who might use it?

Socially connected, entrepreneurial, tech adopter women who are outgoing, ambitious, community leaders, or natural salespeople — women who are most likely to have a "go-getter" attitude. Relevant personas are Haya and Amal.

#### What pain point does it solve?

- There are few ways to generate income, especially from home.
- Most formal jobs don't offer flexible hours for women.
- Some women report feeling a lack of a sense of accomplishment.
- Nearly all e-wallet agents are currently men.

**Need Met:** Earning money



## IA 2 Advocacy

---

IA 1



## IA 3 Capacity Development

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- Creation and dissemination of training materials
- Financial literacy trainings for beneficiaries
- Training of trainers from hum. organisations

**> 17,000 women trained**

**> 130 trainers trained**



## Success Story (GC & HDP Nexus)

### Hana

**Age:** 42 **Nationality:** Syrian **City:** Marka

#### **Family status:**

Lives in Marka (outside of a refugee camp) with her husband and 4 children.

#### **Behaviour:**

Hana and her husband manufacture lamps and prayer carpets in their home. She sells their products via social media. This is only possible because she can receive payments via her mobile wallet. She can sell beyond her community and even pays the delivery service mobile.

"The mobile wallet allows me to receive my payments and settle bills easily and quickly. I save a lot of time and avoid awkward conversations about money with strangers - I feel more independent."



[https://youtu.be/CT\\_RxxDwVeg](https://youtu.be/CT_RxxDwVeg)

# TRANSFORMATIVE POLICY AND REGULATION TO ADVANCE THE FINANCIAL INCLUSION OF REFUGEES

## Key Learnings and Best Practices from the AFI Network

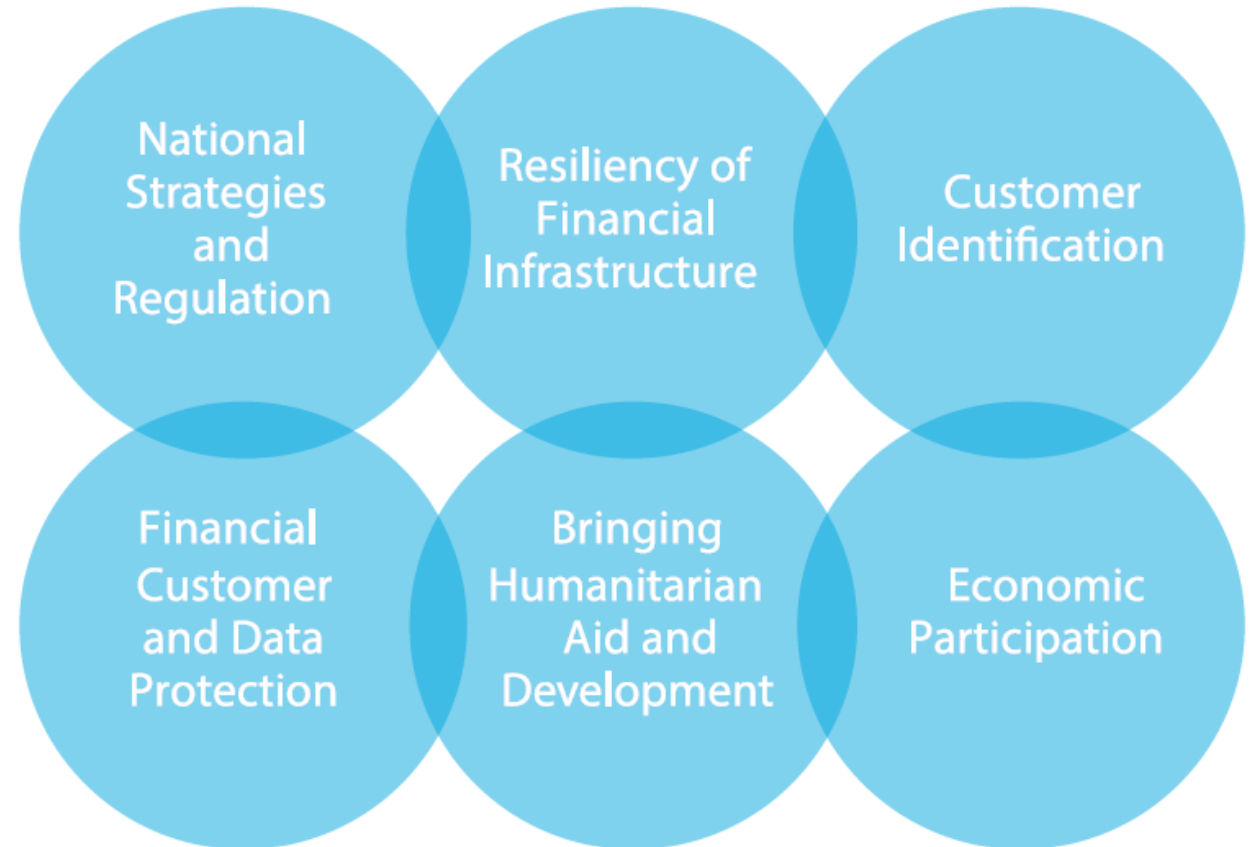
**Mariam Jemila Zahari**

**Policy Analyst, Alliance for Financial Inclusion**

## Focus of the FDP Roadmap

■  
The roadmap focuses on *six interconnected clusters*.

■ Role of *financial policymaker and regulator* critical in all clusters



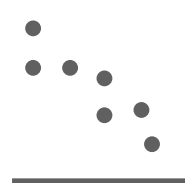


## AFI's Experience in Implementing the Roadmap

- National financial inclusion strategies
- Challenges: data, coordination, digital financial literacy



Stakeholder mapping & SWOT  
analyses



Collection of financial inclusion data  
on FDPs



Multi-stakeholder coordination  
and collaboration

## AFI Policy Framework for the Financial Inclusion of FDPs

### OBJECTIVE

- To guide members in their policy decisions through analysis of key, high-level considerations in implementation as they relate to the financial inclusion, financial capability and financial health of FDPs

### METHODOLOGY & CONTENT

- Builds on the Roadmap and captures lessons from its implementation by AFI members
- Examination of challenges that are typically encountered by financial policymakers and regulators
- Presents four pillars of policy and regulatory focus areas that address those challenges
- Begins with *initial policy considerations*



## TOWARDS INCLUSIVE FINANCIAL SERVICES, FINANCIAL CAPABILITY AND FINANCIAL HEALTH FOR ALL

A Policy Framework for the Financial Inclusion of Forcibly Displaced Persons (FDPs)



FRAMEWORK

# INITIAL POLICY CONSIDERATIONS

## 1. Market scope – who to financially include?

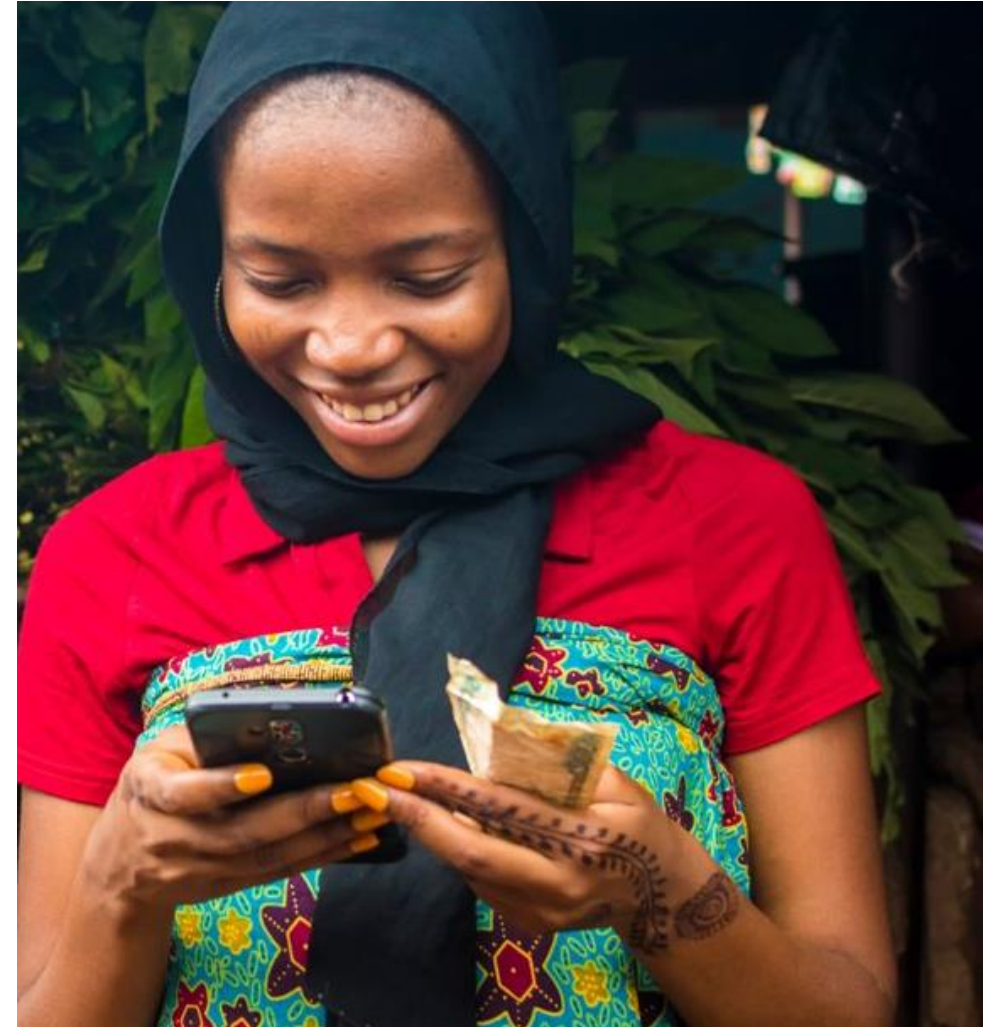
- Who is an FDP in your country? Asylum seekers, refugees, internally displaced persons

## 2. Foundational rights and legality – when to financially include FDPs?

- Rights to ID, sim cards, free movement, legal and decent work, housing and property, business ownership

## 3. Balancing risks and benefits – how to most effectively financially include FDPs?

- ‘Inclusive Financial Integrity for FDPs’ - alignment between financial inclusion and AML/CFT policy objectives





## Pillar I: Promotion

When starting out to promote the case for increased FDP financial inclusion

Challenge: Refugees still an “invisible economy”, national stakeholders work in siloes

- **Data collection and multi-stakeholder collaboration**
  - i. Conduct data collection and analysis (diagnostics from demand-side, supply-side and policy/regulatory review)
  - ii. Convene multi-stakeholders to create buy-in, increase shared ownership and enhance coordination



## Pillar II

### Pillar II: Access

Ensuring the mechanics of access to formal finance adequately accommodates FDPs

Challenge: Stringent, rules-based (vs. risk-based) AML/CFT/CPF regimes that cause the financial exclusion of refugees

## ■ Provision of quality formal financial services for FDPs

- i. Access to a valid, accepted and KYC-compliant ID
- ii. Review regulations on additional access requirements
- iii. Clarify the risk
- iv. Implement a risk-based tiered CDD regime that works for FDPs too
- v. Share the compliance burden with FSPs
- vi. Extend review from policies to practices



## Pillar III: Usage

When the uptake and usage is not commensurate with the regulatory facilitation of access

Challenge: Moving beyond cash-based assistance to meaningful, formal financial inclusion whereby refugees can use livelihoods enhancing products, relevance of products

### ■ Effective usage of relevant financial services

- i. Ensure relevance to promote usage on the demand-side *\*based on research such as by the FIND Project, FDPs would prefer to use mainstream formal financial services as opposed to 'specialized' products for FDPs*
- ii. Enhance financial infrastructure to promote DFS usage
- iii. Ensure data protection and data privacy for FDPs as consumers
- iv. Incorporate alternative data in open data regimes in FDP contexts
- v. Promote consumer awareness and capacity building among FDPs



## Pillar IV: Sustainability

When access is authorized and usage is increasing, it's time to focus on financial health for all, including FDPs

Challenge: Ensuring financial inclusion leads to financial health for refugees, refugees often left out of financial health policies and frameworks

### ■ Creation of measurable impact

- i. Ensure an evolving policy agenda
- ii. Promote regulatory and supply-side capacity building
- iii. Measure progress and impact
- iv. Explore portability of financial services and data

## Country Spotlight: Rwanda



- National Financial Inclusion Strategy silent on the issue of refugees
- National Bank of Rwanda saw importance of enhancing the financial inclusion of the 126,000 refugees residing in the country
- Coordinated with UNHCR and Ministry of Emergency Management (MINEMA) for the first time
- Multi-stakeholder workshops with line ministries (e.g. MOF, MINEMA), private sector (MFIs, banks, telcos), humanitarian partners (UNHCR, INGOs, NGOs) and development partners (UNCDF, World Bank)
- Diagnostic study in collaboration with UNCDF, UNHCR and MINEMA including visiting camps and participating in FGDs with refugees
- Diagnostic study with policy and programmatic recommendations

Table 1. Transactional accounts: areas and demographics

|                    | Mobile Money (%) | Bank Account (%) |
|--------------------|------------------|------------------|
| Overall            | 92.6             | 29.8             |
| <b>Camps</b>       |                  |                  |
| All camps combined | 91.2             | 24.7             |
| Kigeme             | 94.5             | 25.5             |
| Kiziba             | 93               | 19.3             |
| Mahama             | 87.6             | 26.3             |
| Mugombwa           | 97.4             | 20.5             |
| Nyabiheke          | 93.8             | 27.1             |

Source: Diagnostic Study on the Level of Financial Inclusion of Refugees and Host Communities in Rwanda (unpublished)

**Refugee financial inclusion high, but inclusion in banking system still very low**



## Country Spotlight: Kingdom of Eswatini



- Despite rather small population of FDPs, MOF's Center for Financial Inclusion endeavored to 'leave no one behind'
- Diagnostic study with FinMark Trust, which leads the FinScope
- Coordination with Ministry of Home Affairs, UNHCR and World Vision to conduct demand-side and supply-side surveys, and policy/regulatory review
- First ever sectoral ML/TF/PF assessment to understand risk profile of FDPs
  - FDPs have been disproportionately affected by AML/CFT/CPF regulations
  - FATF Rec I: Need to understand risk, basis for RBA and Inclusive Financial Integrity for FDPs
  - Private sector still risk-averse to FDPs

- 2,500 estimated FDPs (UNHCR)
- 438 in the Malindza reception centre while the rest are already integrated into the communities in Eswatini
- FDPs are not meant to stay at the reception centre for more than three months
- FDPs that stay beyond three months do so at their own cost
- Unaccompanied minors, disabled people and the elderly are the exceptions. If they have nowhere else to go they remain at the centre at the government's expense

*Source: Diagnostic Study on the Level of Financial Inclusion of FDPs in the Kingdom of Eswatini (unpublished)*

## Reflections and Recommendations

- Sex- and age- disaggregated financial inclusion data of refugees for evidence-based policymaking still very limited
- Friction can exist between financial regulators and FSPs
- Mobile money found to be main driver of refugee financial inclusion, but need to graduate to entry-level bank accounts and other advanced products
- Even after several years of advocacy, AML/CFT/CPF-related barriers remain



## Future Opportunities

- Coordination/policy dialogue with other line ministries, Ministry of Education, Labor etc. to ensure foundational rights for refugees
  
- Portability and sustainability of financial inclusion solutions for refugees
  - Inter-country interoperability to ensure continued inclusion after resettlement or voluntary repatriation
  
  - Bespoke financial literacy, education and capability initiatives for refugees so that knowledge will be useful in a new context
  
  - Exploring alternative credit history for refugees



# Q&A

