



UNHCR
The UN Refugee Agency



**UNHCR CASH
ASSISTANCE**

UNHCR/Democratic Republic of the Congo

Digital payments to refugees
A pathway towards financial inclusion

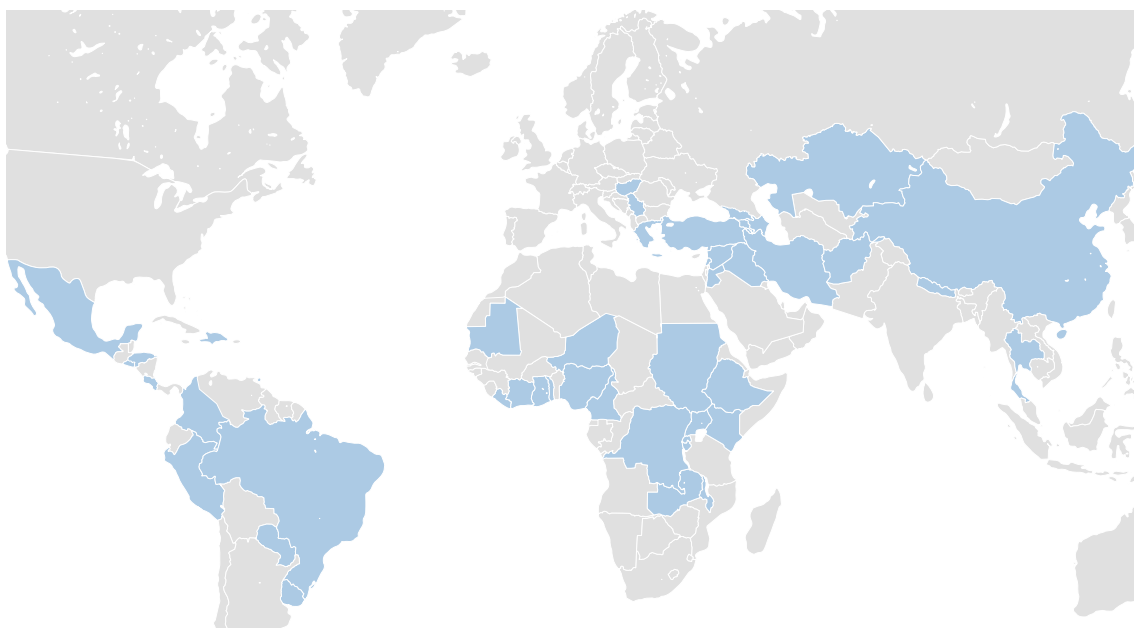


This document outlines the achievements under [UNHCR's Policy on Cash-Based Interventions](#) (CBI Policy) on enabling access of refugees and others of concern to bank accounts and mobile money – as a pathway towards financial inclusion. It provides the overall trend in terms of progress with access, success stories in operations, what are the challenges and the way forward. Contributing to the localization agenda and the Sustainable Development Goals, this document provides details on how UNHCR's work with national and local actors, including financial service providers, can help move forward the protection and inclusion agenda of refugees, internally displaced and others of concern (hereinafter refugees).

KEY ACHIEVEMENTS

In 2016, access to bank accounts, mobile money and other digital payments for refugees in the operations where UNHCR provides cash assistance was limited to only a few countries. **In 2020, as a result of the implementation of UNHCR's CBI policy, 47 countries have managed to negotiate such access** of which 32% has set up mobile money.

COUNTRIES WHERE REFUGEES ACCESS DIGITAL PAYMENTS



Financial and digital inclusion of refugees and others of concern is a vital component of their protection, self-reliance and resilience. In line with the [Direction and Key Priorities in 2020 and Beyond](#), UNHCR has systematically promoted financial inclusion by seeking to deliver cash assistance through beneficiary owned payment mechanisms, such as bank or mobile money accounts. Leveraging localization, this direction has given priority to open-loop systems that leverage local markets and ecosystems, rather than investing in closed-loop parallel systems which only make a limited contribution to financial inclusion.

| Expanding Digital Financial Services in Jordan

Despite low mobile money penetration in Jordan, there is a great potential for expansion in digital financial services. COVID- 19 has had positive impact on accelerating acceptance for mobile money and digital payment solutions in general, **building on a favourable change in regulations whereby refugees were authorised to open their own mobile money accounts**. Due to COVID, the Central Bank of Jordan provided digital mobile registration solutions through an online platform to overcome accessibility and support social distancing, which was also made accessible for refugees using the refugee case number from proGres. Overall, in Jordan, there has been an increase of some 100 % in new wallets registration since the outbreak of the pandemic.

The Common Cash Facility (CCF) - a consortium of 7 UN agencies, 25 INGOs and 8 Jordanian Government departments - in collaboration with Mahfazti - a mobile money provider in Jordan – is now building on the available infrastructure to expand payment solutions in the nascent Jordanian mobile money ecosystem. In 2019, more than USD 120 million was distributed by the CCF through mostly the EyeCloud using UNHCR's biometric refugee's digital identity authentication. In 2020, the CCF has piloted a project leveraging the biometric technology to register and facilitate mobile money payments. Development is still underway to further mature the ecosystem and infrastructure for this unique payment solution.

Through leveraging technology and mobile platforms specifically, UNHCR is also positively contributing to enhancing digital inclusion that is demonstrated to bring tangible impact to the lives of refugees. The assessment of KYC/CDD-related regulation work has been informed by guidance launched by UNHCR in 2019 *Cash-Based Interventions and Access to Formal Financial Services*.

UNHCR has advocated consistently and strongly with entities that decide on KYC requirements and financial inclusion regulations, including Central Banks, National Telecommunication Agencies and Legal ID Authorities. UNHCR has been able to document and promote examples of engagement with refugees as a win-win situation for both the assisted population and the national economy. For example, in Rwanda, [a study](#) found that refugees represented the same level of profitability for financial service providers (FSPs) as a typical low-income Rwandan account holder.

| Leveraging Digital Cash in Rwanda

Refugees have their own bank accounts with cards, but they tend to cash out rapidly after the distribution. The operation is exploring transferring the cards to contactless payment to further minimize contact during the pandemic. Seeing the risk of COVID-19 transmission through handling physical banknotes coupled with liquidity issues in the camps, UNHCR's Financial Service Provider in line with Central Bank communication also upgraded its system to include mobile banking and payment solutions. In addition, UNHCR, jointly with the Financial Service Provider, has remotely opened bank accounts for the urban refugees and provided them with cash assistance to mitigate socio-economic impacts of COVID 19.

The [new guidance](#) in March 2020 of the Financial Action Task Force (FATF), the global anti-money laundering and counter terrorist financing watchdog, recognizes that refugee identity documents can be treated as a reliable and independent evidence of official identity to open a bank account and access other financial services. . It also notes the importance of access to a transaction account for the delivery and receipt of life-saving humanitarian assistance in the form of cash assistance and provides further guidance on the measures that can be taken to prevent financial exclusion. The implementation of this new FATF guidance at regional and national levels provides an opportunity to address some of the legal and regulatory barriers to financial inclusion that have been identified through research and may facilitate the delivery of humanitarian assistance and financial inclusion of vulnerable populations, including the forcibly displaced.

UNHCR has leveraged the sheer volume of humanitarian cash assistance as an advocacy element, promoting the engagement of FSPs with refugees and others of concern. COVID-19 brought about some exciting opportunities for greater acceptance of and access to mobile money and digital payment options overall in countries such as Jordan and Rwanda.

| A Community-Based Approach to Financial Inclusion in Zambia

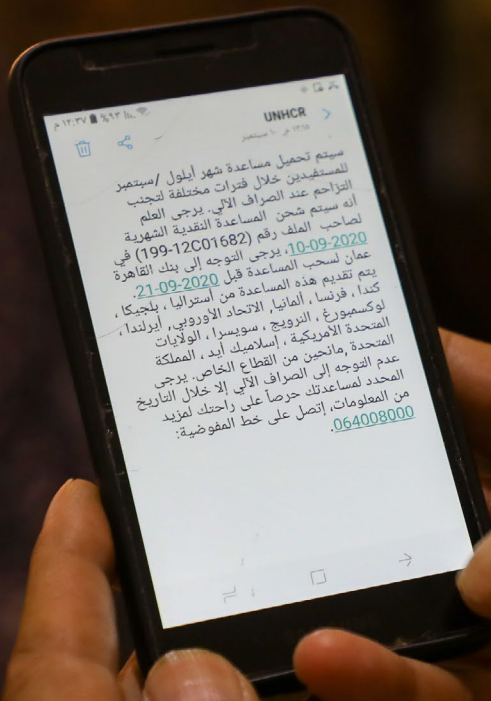
Following advocacy by UNHCR, approval was received from the Bank of Zambia and ZICTA, the telecommunications regulator, to use the proof of registration, refugee certificate and refugee ID card as valid ID for mobile wallet registration. **Refugees had hence gained access to formal financial services under their own name.** UNHCR then partnered with MicroSave, to review how the shift to mobile money could concretely improve cash assistance for refugees in Meheba to make it more effective, efficient and impactful. The [MicroSave](#) team spent significant time in the camp and despite their technical and digital expertise, they immersed themselves in the new context to achieve a human-centred design. Simply setting up digital systems is not enough to bring about efficiency and effectiveness gains. Customers need human centered solutions, such as training on how to keep PIN safe, how to raise complaints or to seek assistance, for the shift to bring about efficiency and effectiveness gains. Going forward, the team hopes that the new approach will result in a gradual shift in behaviour and develops the pathway to financial inclusion through access to more financial services such as microcredit and savings.

CHALLENGES

LEGAL REQUIREMENTS

Recognizing that one of the ‘hard stops’ in facilitating mobile connectivity and access to finance for displaced populations is non-conducive regulatory environments, UNHCR undertook the research [Displaced and Disconnected – Connectivity for Refugees](#) in partnership with the GSM Association (GSMA) to examine these access barriers across 20 priority countries¹. The findings suggest ID-related legal requirements proved a significant barrier to access. A refugee who cannot legally activate a mobile connection, open a bank account or access a mobile money wallet in his or her own name may be further marginalized and disempowered as access to information, communication, cash assistance and transfers is severely limited. At stake are self-reliance, resilience, financial independence, social inclusion and protection of displaced persons. In addition, the lack of legal certainty, inconsistently applied regulations or sudden changes in regulatory expectations as regards identification can disrupt the delivery of humanitarian assistance.

¹ Afghanistan, Bangladesh, Brazil, Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Ethiopia, Jordan, Kenya, Lebanon, Mauritania, Niger, Nigeria, Rwanda, Tanzania, Turkey, Uganda, and Zambia.



Digital Access, Inclusion and Participation: Desplazados y Desconectados: South America

In the wake of the initial UNHCR/ GSMA Displaced and Disconnected report, UNHCR extended the scope of its analysis to the Venezuelan displacement crisis. Findings in the five countries surveyed (Brazil, Chile, Colombia, Ecuador and Peru), identified migratory status, identification and documentation requirements applied to mobile users and banking clients as creating barriers for displaced persons to legally access services. Asylum-seekers were found to face particular challenges.

Compared to other parts of the world, mobile money is still relatively immature in South America and many countries do not have specific regulations that govern mobile money. In Brazil, where SIM registration is legally mandated, refugees have found proving their identity to access connectivity to be relatively less burdensome than in the other countries studied. The identity numbers required for SIM registration are generally accessible by refugees, though asylum seekers do face persistent barriers due to a lack of valid ID. However, additional requirements for registering SIM cards, specifically proving one's address, can be a hurdle for many persons of concern for whom establishing a stable residence is challenging.

THE USE OF DIGITAL CASH

Even in situations where persons of concern have bank accounts and/ or mobile money, they do not often maximise the opportunity to be part of a digital financial ecosystem. They tend to cash out assistance even where they can pay digitally (i.e. cashless). In some countries, such as in Uganda, financial service providers are developing initiatives to promote cashless eco-systems as it would decrease their largest cost and ease liquidity management. It may also reduce opportunities for abuse of power on beneficiaries of cash assistance as it tends to happen when using physical cash instead of e-money. The national regulators also play a role in incentivizing the use of e-money by FSPs. However, digital cash may have significant cost. For more information, please see the joint [WFP/UNHCR Project on Mitigating Risks of Abuse of Power in Cash Assistance](#), which has documented learning in this area.

| Supporting the Development of a Digital Economy in Uganda

Refugees in Uganda have the legal opportunity to access fully fledged bank accounts in their own name. Financial Service Providers (FSPs) are developing initiatives to promote a cashless eco-system that could increase efficiencies both to the assisted population and in relation to agents' remuneration and liquidity management. FSPs are encouraging uptake of e-money by local merchants through subsidized point of sale devices and waiving fees for e-payments. Cash recipients could pay with their cards or mobile phones and withdraw a limited amount of cash only. The national regulator could also play a role in incentivizing the use of e-money by economic operators. The current 0.5 per cent tax on mobile money cash withdrawal seems however to discourage the uptake of e-money.

NEXT STEPS

Building on the progress made, UNHCR will in close collaboration with relevant stakeholders continue:

- ▶ **Facilitating** access of refugees and other persons of concern to mobile connectivity and access to finance.
- ▶ **Advocating** for access to recognised ID or recognition of refugee ID to access financial services and supporting the implementation of the new FATF guidance.
- ▶ **Promoting** less stringent and risk-based KYC requirements at country, regional and global level with Central Banks, National Telecommunication Agencies, and Legal ID Authorities, to enable persons of concern access to financial services.
- ▶ **Investing** in financial inclusion beyond access to bank accounts and mobile money including access to additional financial services such as loans.
- ▶ **Stepping up** awareness-raising and training on how persons of concern can increasingly use digital cash, contributing to a financial ecosystem.
- ▶ **Incentivizing** the use of digital cash by financial service providers and supporting governments to strengthen/ build digital financial ecosystems.

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