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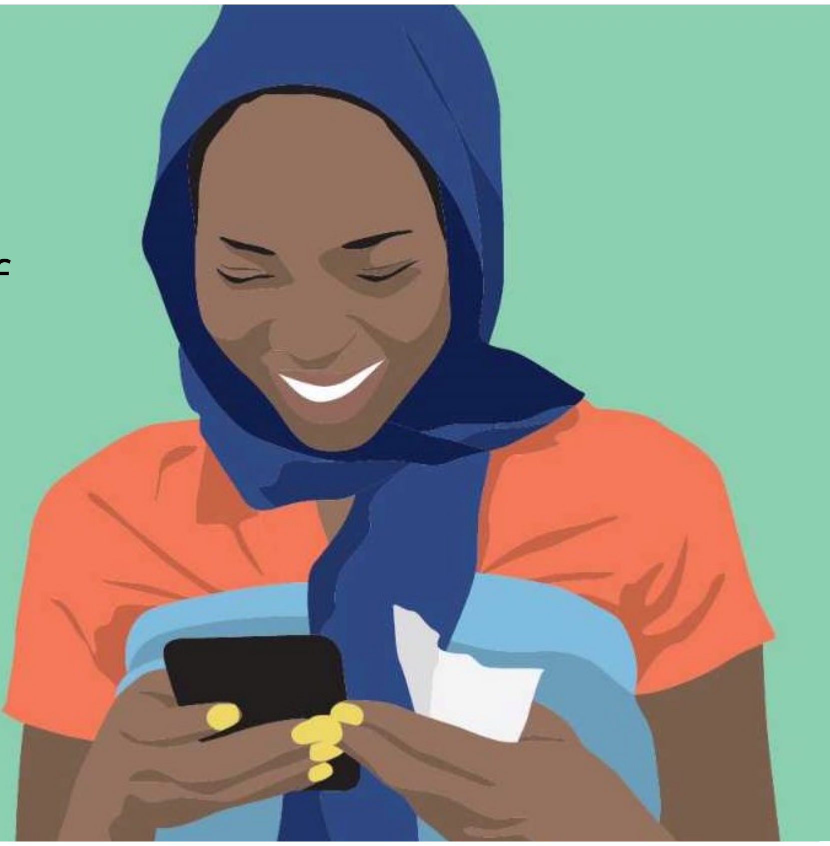
Overview of the SDC Learning Journey on Financial Inclusion of Migrants and Forcibly Displaced

August 2024



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Introduction

Financial inclusion, the access to and use of formal financial services is crucial for economic stability and development. For migrants and forcibly displaced people[1], financial inclusion can be a vital tool for integration, self-sufficiency and resilience. This topic is reflected in the portfolios of different offices of SDC with varying degrees of depth. Between April 2023 and June 2024, SDC designed a "Learning Journey on the Financial Inclusion of Migrants and Forcibly Displaced Persons" aiming to offer a platform for exchange and learning between SDC staff and external and internal experts. The overall aim was to support SDC staff to develop and accompany their programmes through a deep dive into key topics and trends related to the financial inclusion.[2]

[1] In this paper we use the Glossary on Migration of IOM where "migrant" refers to migrant «an umbrella term, not defined under international law, reflecting the common lay understanding of a person who moves away from his or her place of usual residence, whether within a country or across an international border, temporarily or permanently, and for a variety of reasons"; https://publications.iom.int/system/files/pdf/iml_34_glossary.pdf

[2] See SDC, Concept Note Learning Journey on Financial Inclusion of Migrants and Forcibly Displaced Persons, 2024

This paper summarizes the key learning points from each session of the Learning Journey:

Session 1: Understanding the Basics of Financial Inclusion of Migrants and Forcibly Displaced Persons.

Session 2: Linkages between cash transfers, social protection, and financial inclusion.

Session 3: Supply and Demand Barriers for Financial Inclusion

Session 4: Risks and opportunities of working with the private sector

Session 5: The role of digitalisation

This paper provides insights into the current debate around financial inclusion of migrants and forcibly displaced persons through topics discussed and provides policy recommendations for SDC to action those insights. Annex 1 contains additional resources and knowledge products of use to SDC staff. More information on the learning journey can also be found on Hazu.

This paper was produced based on the content created for the sessions, enriched by a literature review of scientific articles and studies, project reports and descriptions, blogs and general information available on the web.

Key recommendations

The following policy recommendations are provided to complement the existing policy messages on remittances and financial inclusion as well as the key policy messages on gender and migration from the Section Migration and Forced Displacement (SMFD).

Considering that the state of financial inclusion for migrants varies significantly across regions and countries and is influenced by 1) regulatory frameworks, 2) socio-economic conditions, and the 3) capability and availability of financial infrastructure, we recommend the adoption of the following messages. The table below provides messages, notes on their potential implementation as well as an idea of the timeframe for their realisation.

Policy message	Implementation notes	Timeframe
1. Regulatory Frameworks:		
1.1. Banking regulations should be adapted to provide the means for migrants and their families to remain financially included as they move along the main corridors.	To be adapted to the needs in each context. This recommendation is foundational for any specific humanitarian and development intervention.	Medium term goal.
1.2. Switzerland should prioritize finding safe and effective ways of working with Swiss banks and their partners to consider de-risking measures in humanitarian crisis and along the main migration corridors as a key precondition of financial inclusion.	Bank derisking occurs when banks refuse to offer services, such as accounts or transfers, to organisations or locations perceived as high risk in order to minimise their own exposure to accusations of facilitating terrorist financing, which could result in fines or other repercussions. The additional burden on implementing agencies can lead to important delayes in project implementation. Should allign with other messages related to Switzerland's partcipation in the Financial Action Task Force (FATF).	Long term goal.
2. Socio-Economic Conditions of Migrants:		
2.1. Improve the ability of migrants to have better socio-economic conditions as a pre-condition for financial inclusion and financial health.	The impact of financial inclusion efforts will decline in the medium and long term if people have no sustainable access to income. Ensuring financial inclusion projects that SDC funds are paired with socio-economic development initiatives	Short term goal.

	prolongs the impact of both initiatives.	
2.2. Prioritise access to portable and recognised documentation as a multiplier for financial inclusion.	To be adapted to the needs in each context. Lack of access to ID is a foundational obstacle for financial inclusion programs. Switzerland is active in the ID space so this message should align with those efforts.	Medium term goal.
2.3. Proactively ensure migrants know their rights and are able to demand them as a measure to ensuring digitalisation of financial inclusion assets doesn't cause harm.	To be considered as part of other messages regarding the digitalisation of financial inclusion interventions. It is important to ensure recipients know their rights to mitigate the risk of abuse from financial service providers.	Short term goal.
3. Capability and Availability of Financial Infrastructure		
3.1. Focus on systems development rather than addressing the symptoms of lack of financial inclusion. Consider in a holistic and comprehensive manner all the elements at play from the point of view of demand, supply, policy and supporting infrastructure.	The application of a systemic lens for projects that have a financial inclusion component. Design financial inclusion projects with a systemic approach. Asking SDC colleagues to use the systems framework developed for the learning journey could be a way of achieving this.	Short term goal.
3.2. Private sector design of financial assets should be centred on the diverse needs of migrants and should consider migrants as capable customers.	To be considered as part of other messages related to Switzerland's work on engaging private sector actors in financial inclusion. This includes ensuring that digital financial services are user-friendly, secure, and tailored to the unique circumstances of migrants.	Medium term goal.
3.3. In humanitarian settings, advocate for the increased convenience and physical proximity of financial agents and mobile	Equip SDC program and partner staff to build business case for migrants where they are working by showcasing	Short term goal.

technologies for vulnerable populations in hard-to-reach areas as a channel for financial inclusion in crisis.	opportunities related to revenue, reputation, competition and influence.	

Session 1: Understanding the Basics of Financial Inclusion of Migrants and Forcibly Displaced Persons.

Overview:

The objective of this session was to set the stage for the learning journey by guiding participants to discover the foundational concepts of financial inclusion. The session started with a presentation by SDC on the learning journey and its objectives. It was followed by a presentation of the Consultative Group to Assist the Poor (CGAP) on the basic concepts of financial inclusion. SDC also presented its approach to financial inclusion. To conclude, participants discussed in smaller groups how the different topics related to their areas of work.

Key topics:

The World Bank defines financial inclusion as **"The ability of individuals and businesses to have access to useful and affordable financial products and services that meet their needs** – transactions, payments, savings, credit, and insurance – delivered in a responsible and sustainable way."[3] The aim is to empower individuals and businesses to improve their financial health and achieve economic stability. For CGAP Financial inclusion needs to contain the three considerations of access, quality and use.

Figure 1: Three considerations of financial inclusion. CGAP

There is an assumption linked to financial inclusion that leading **healthier financial lives will lead to increased wellbeing.** Financial health is a comprehensive measure of an individual's or household's overall financial situation, encompassing their ability to manage day-to-day finances, absorb financial shocks, and achieve financial goals.

Key aspects of financial health include:

- **Income and Expense Management**: Ability to cover expenses with income and to manage budgeting effectively.
- **Savings and Investments**: Having adequate savings to cover emergencies and long-term goals.
- **Debt Management**: Effective and sustainable management of debt, without excessive financial stress.
- **Access to Financial Services**: Availability and use of financial products and services that enhance financial stability and growth.

The goals of financial inclusion for migrants and forcibly displaced people are aimed at enhancing their economic stability and social integration:

[3] World Bank. (2022). "Financial Inclusion Overview". Available at: World Bank.

1. **Access to Basic Financial Services**: Ensuring that migrants can open bank accounts, access credit, and utilize savings and insurance products.
2. **Economic Empowerment**: Enabling migrants to generate income, start and grow businesses, and improve their living standards.
3. **Reduction of Vulnerability**: Providing financial tools to help migrants cope with economic shocks and unforeseen expenses.
4. **Facilitation of Remittances**: Streamlining remittance processes to make sending and receiving money more affordable and efficient.
5. **Integration and Social Inclusion**: Helping migrants integrate into the host country's economy and society through enhanced financial participation.
6. **Improvement of Financial Literacy**: Educating migrants about financial products and services to make informed financial decisions.

Between 2011 and 2021, account ownership rose globally from 51% to 76%. In developing economies, it went from 42% to 71%.[4] The state of financial inclusion for migrants varies significantly across regions and countries, influenced by regulatory frameworks, socio-economic conditions, and the availability of financial infrastructure:

- **High-Income Countries**: Migrants in high-income countries often have better access to financial services due to more developed financial systems and inclusive policies. However, they still face barriers such as lack of documentation, language barriers, and discrimination.
- **Middle- and Low-Income Countries**: In many middle- and low-income countries, financial inclusion for migrants is limited due to underdeveloped financial infrastructure, stringent regulatory requirements, and socio-economic challenges. Mobile money services and digital financial solutions are increasingly bridging this gap. In developing economies, the share of adults making or receiving digital payments grew from 35% in 2014 to 57% in 2021.[5] Receiving a payment directly into an account is a gateway to using other financial services.
- **Conflict and Post-Conflict Zones**: Migrants and forcibly displaced people in conflict zones face the most severe financial inclusion challenges. Limited access to financial institutions, lack of identification documents, and economic instability are significant barriers. Humanitarian organizations and development organization often play a critical role in providing basic financial services in these contexts.

Recent studies and data highlight these trends:

- **Sub-Saharan Africa**: Mobile banking solutions like M-Pesa have significantly improved financial inclusion migrants and some refugees, particularly in countries like Kenya and Uganda.
- **Middle East**: In countries hosting large numbers of refugees, such as Jordan and Lebanon, initiatives by international organizations and NGOs have improved financial access, but challenges remain due to regulatory barriers and economic pressures.
- **Asia**: In countries like Bangladesh, which hosts a large number of Rohingya refugees, financial inclusion efforts are nascent, with international agencies playing a crucial role in providing financial services.

[4] 2023 Global Findex Data. Available at: https://www.worldbank.org/en/news/feature/2023/02/02/latest-global-findex-data-chart-10-years-of-progress-in-financial-inclusion#:~:text=Since%20the%20first%20Global%20Findex,countries%20up%20to%2071%20percent.

[5] 2021 Global Findex Data. Available at: https://www.worldbank.org/en/publication/globalfindex

As can be seen in Figure 3 below, financial inclusion is **an enabler of several Sustainable Development Goals (SDG's).**

Figure 3: CGAP's presentation during the learning journey

Opportunities to advance financial inclusion include:

- Development of effective identity systems to ensure people have the right documentation to access traditional financial services.
- Increase convenience and proximity with agents and mobile technologies to ensure people living in hard to reach and remote areas are able to use traditional and non-traditional financial services.
- Leverage digital payments for wages, government transfers, or for the sale of agricultural goods, to drive financial inclusion in a sustainable way.
- Innovate to expand the use of financial services among those who already have accounts to ensure there is not only breadth but also depth in the levels of financial inclusion that can be achieved.

Conclusion:

Financial inclusion is **essential for the economic empowerment and social integration of migrants and forcibly displaced people**. People have **rich financial lives** and use a mix of formal and informal channels.

Financial inclusion is not an end in itself, it is a contributor to wider objectives including the SDGs. Financial services 'for what' should be the main question we ask ourselves when designing interventions.

To advance financial inclusion it is important to ask why supply from financial service providers doesn't meet demand from migrants. It is important to **focus on systems development** rather than addressing the symptoms of lack of financial inclusion.

Session 2:
Linkages between cash transfers, social protection, and financial inclusion.

Overview:

The objective of the session was to understand the main concepts behind Cash and Voucher Assistance (CVA), social protection (SP) and financial inclusion, the ideologies they represent and some of the points of contention from applied practice. The session started with a presentation of the points of connection between the three concepts. CVA, SP, and financial inclusion were explained as touchpoints between people on the move and development and humanitarian actors. The presentation showcased how flaws in design can harm people by using a practical example. Two SDC experts made a presentation on CVA and on SP. The presentation was followed by Q&A and closing reflections in plenary.

Key topics:

A comprehensive paper was drafted in preparation for this session drawing from internal and external expertise. That paper should be the main source of reference for the points discussed during this session.

In some instances, and depending on the context, the first service a vulnerable migrant has access to is humanitarian CVA. Depending on the context and the specific characteristics of the recipient, this humanitarian CVA can be linked to cash-based SP initiatives. When both humanitarian CVA and cash-based SP schemes include financial inclusion elements in their design, it can have a meaningful impact on migrant's ability to make informed financial decisions when building assets and mitigating shocks.

<u>Definitions</u>

Financial Inclusion: Financial inclusion means that individuals, households, and businesses have opportunities to access and the ability to use a range of appropriate financial services that meet their needs and are delivered in a responsible and sustainable way. Financial inclusion is not an end in itself but is highlighted as a target in many of the Sustainable Development Goals (SDGs). Hence, financial inclusion is **an <u>enabler</u> of the SDGs.**

See the Financial Sector Development <u>Guidance</u> of SDC.

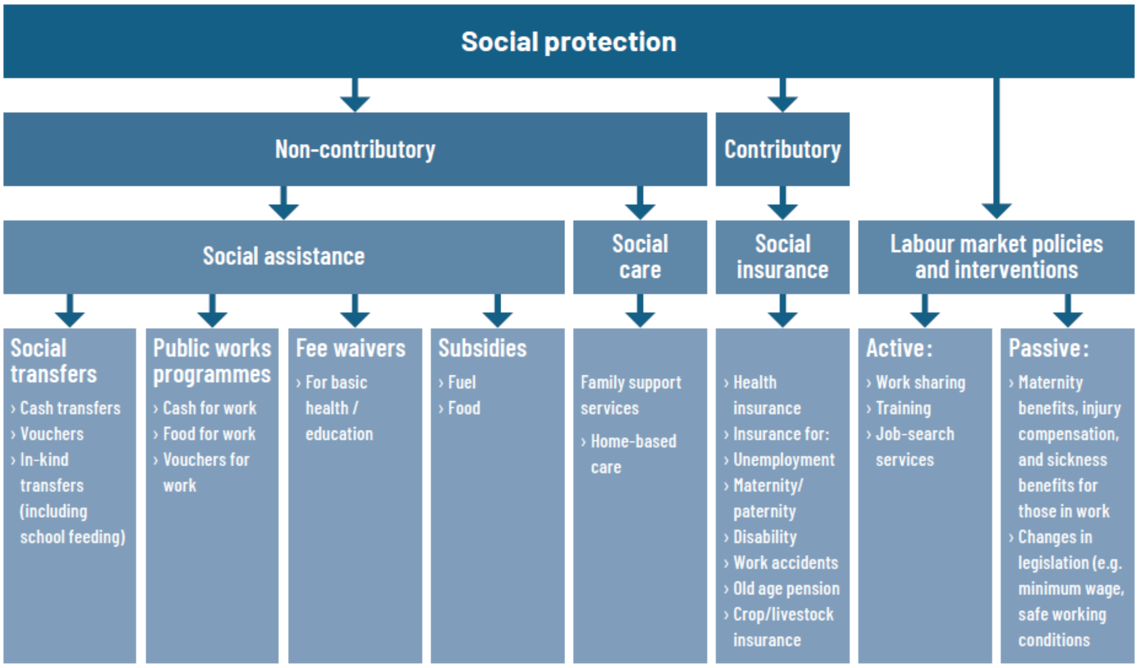
Cash- and Voucher Assistance: Cash and Voucher Assistance (CVA) is a **<u>modality</u>** that encompasses all programs where cash transfers or vouchers for goods or services are directly provided to individuals, household or communities.

See Operational <u>Concept Note</u> Cash and Voucher Assistance 2021-2024

Social Protection: Social protection is a **<u>set of public and private initiatives</u>** designed to support all people across the life cycle, providing protection against social and economic risks and ensuring sustainable livelihoods. Well-designed social protection systems ensure a minimum income and equitable access to essential services for the poor and vulnerable and enable people to cope with shocks. Social protection both prevents people from falling into acute poverty and enables sustainable escape out of poverty.

See the Working Aid on Strengthening Social Protection of SDC.

It is important to understand that at the most basic level, the concepts of humanitarian CVA, and cash based social protection (SP), do not represent the same category of things: financial inclusion is an enabler for the SDGs while humanitarian CVA is a modality and cash-based SP are programs. In their day to day lives migrants use different financial services to perform different tasks, one can think of financial inclusion as the desirable destination of the access and use of those financial services. As humanitarian cash transfers and social protection schemes have a say in terms of how migrants engage with financial services, they have influence on the outcome of the journey and therefore the destination towards financial inclusion or exclusion that migrants can have.



Social Protection Toolbox (Note: there are many ways to represent what social protection is. This is one way.)

For the purpose of this session, we focused on social protection programs that use conditional or unconditional cash-based transfers. This includes any initiative that transfers value using cash instead of in-kind or other services. This can encompass different types of social protection initiatives like social transfers made using cash or vouchers, cash for work used as a modality in public works programmes, graduation packages that include a cash transfer, social insurance benefit pay-outs and pensions.

Both non-contributory and contributory social protection systems are fundamental **building blocks contributing to financial resilience. In each of the interventions mentioned above policy makers can choose to include financial inclusion elements into the design.** For example, the payments for cash for work for public services can be made through an established bank account or through pre-paid cards, a decision that will have different consequences on the financial inclusion of the recipient. The same can be said for the transfer of benefits of from insurance and pensions. **In other words, social protection programs, if designed accordingly, can be used to foster financial inclusion.** Unfortunately, only a miniscule proportion of migrants have access to them.[i]

Though there is no globally agreed terminology to understand all the modalities and programmatic initiatives that can be used to help households cope with poverty and vulnerability, the term Safety Net[ii] can be used as an umbrella term to describe the public and private, formal and informal mechanisms to assist individuals in maintaining a minimum level of consumption. Public safety nets can be classified into formal and informal. Formal safety nets are those which legally guarantee individuals access to economic or social support whereas informal safety nets provide likelihood of support to individuals to assure them of attaining or remaining above the designated minimum standard of living but with no legal guarantee. Social protection that is guaranteed as a legal right would fall into the realm of public formal safety nets. Any other social protection assistance provided by the government that is not consecrated as a legal right would be considered an informal public safety net. Humanitarian cash transfers would be classified as private informal safety nets. Any assistance individuals receive from family members, friends, neighbours, and community members are also classified as private informal safety nets.

	Public	**Private**
Formal	Provided by the state supported by a legal guarantee. Social Protection programs where migrants are recognised within legal frameworks. Example: Jordan	Provided by a group other than the state supported by a legal guarantee. Humanitarian cash transfers to refugees or other protected groups protected by law. Example: the work with WFP.
Informal	Provided by the state with no legal guarantee. Social Protection programs where migrants are not recognised within legal frameworks. (e.g. Venezuelans in Colombia)	Provided by a group other than the state with no legal guarantee. Humanitarian cash transfers to migrants. Remittance transfers by migrants to their families (Example: UNCDF).

Understanding the linkages between CVA, SP and financial inclusion is key to doing *no harm*. While in theory it is easier to understand CVA, SP and financial inclusion separately, in practice it is hard to separate one from the other as they converge in the form of services provided to one person. The conditions for linkages between CVA, SP and financial inclusion have become more conducive due to increasingly shared global and national objectives, a clear overlap in target populations, shared modalities for emergency response (especially cash), and the growing coverage of SP programmes. When CVA, SP and financial inclusion converge the different ideologies in terms of design choices related to objectives, targeting, modalities (especially cash), and the different design elements in relation to the modality (disbursal mechanisms, conditionality, etc) collide into a single person.

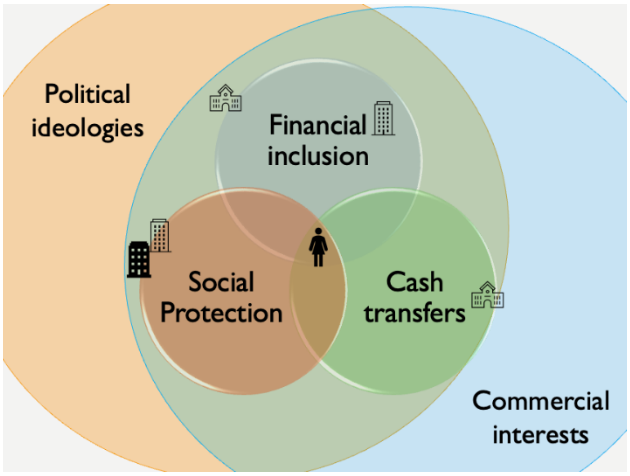


Figure 4: Convergence of ideologies that have one single person receiveing services at the center. Source: Designed by Paula Gil Baizan for the Learning Journey.

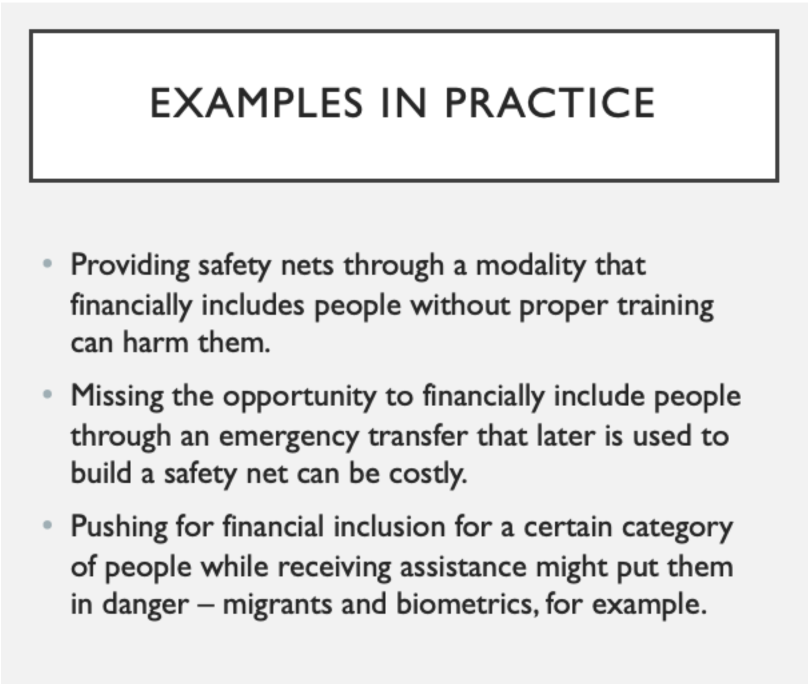


Figure 5: Examples of linkages between CVA, SP and financial inclusion. Designed by Paula Gil Baizan for the learning journey.

Whilst linking CVA, SP and financial inclusion holds much promise and has introduced interesting programmatic innovation, there is a need for greater caution in assuming that this is always a good idea, regardless of context. Actors need to make more nuanced decisions about whether, how, and in what circumstances it is desirable to more strongly link financial inclusion, SP and CVA, and what this means for the right balance of development and humanitarian instruments in different places.

Conclusion:

From a programmatic point of view, understanding the linkages between humanitarian CVA, cash-based SP and financial inclusion is key as they are all services that converge on a single person and can have important influence on the destination towards financial inclusion or exclusion that migrants can have.

Session 3:
Supply and Demand Barriers for Financial Inclusion

Overview:

The objective of the session was to gain an understanding of the multidimensional risks and opportunities that exist when designing interventions for financial inclusion of migrants and forcibly displaced persons. A framework was presented to understand the demand and supply barriers to financial inclusion and how it can be used to improve program design and mitigate risks during implementation. As an example, a presentation of an SDC intervention in Bangladesh explained how to responds to opportunities and challenges in relation to supply and demand issues and risk mitigation. The session also included lively group and plenary discussion about the experiences of the SDC staff.

Key topics:

To effectively harness the potential of financial inclusion, there is need for well-designed programmes, as it is critical that the interventions create lasting impact, rather than temporary solutions. For instance, opening bank accounts for women that they cannot utilize post-program is ineffective. The goal should be to empower women to confidently engage with financial institutions, facilitating their growth and financial independence. **Achieving this deep impact requires interventions designed with an understanding of the system in which they operate**. Design choices should account for the circumstances of the beneficiaries as well as the institutions that are integral to their financial lives.

To support programme design, **a tool** was developed for the learning journey[6] that offers a systemic perspective centred on the people in humanitarian and development contexts receiving the service. It serves a double purpose: to explore options for design by identifying solvable problems and to identify risks during project implementation.

[6] To develop this tool we took inspiration from the following resources: IRESM, CGDEV, CGAP (The Financial Market System graph) and Markets in Crisis Group (2022, market based programming framework).

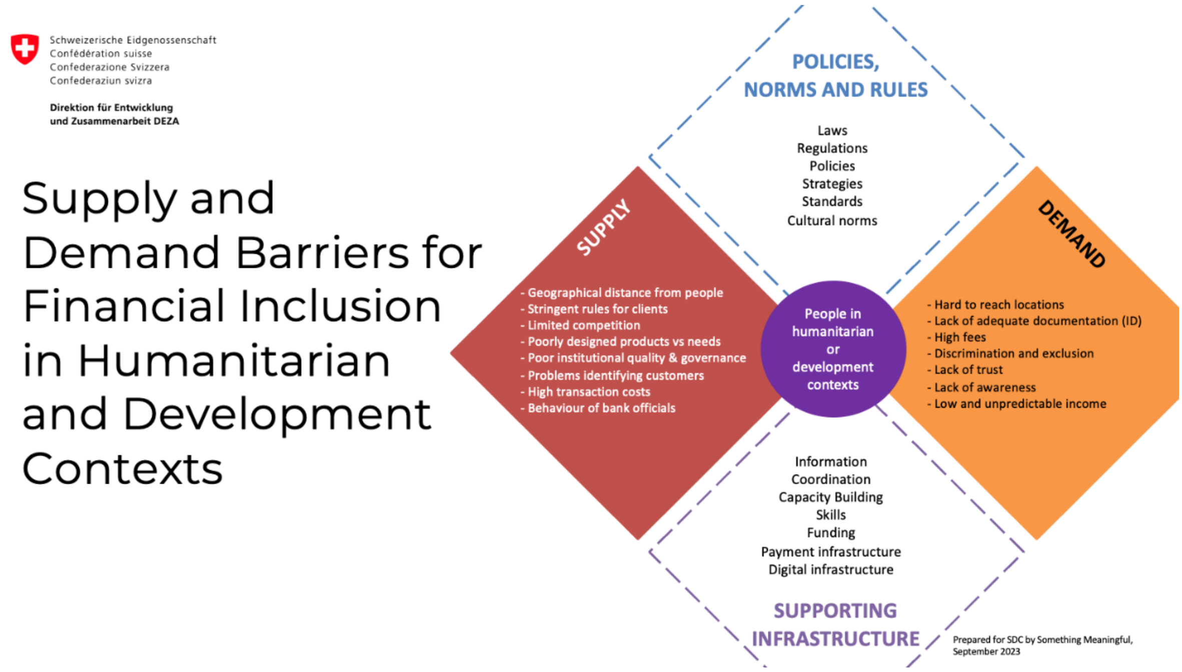


Figure 6: A systems thinking framework to understand supply and demand barriers for financial inclusion programs in humanitarian and development contexts. Developed by Paula Gil Baizan for the Learning Journey.

Key components of this tool include:

1. **Service recipients:** We consider the circumstances of the recipients of financial services, referred to as 'DEMAND,' assuming people's need and desire for these services.

2. **Service Providers' Circumstances:** We examine those providing financial services, referred to as 'SUPPLY.'

3. **Policies, Norms and Rules:** Recognizing that rules are crucial for the success and sustainability of any intervention.

4. **Supporting Infrastructure:** Understanding that infrastructure provides the foundation upon which services are built.

Each element within these categories can be seen as a potential problem or need that must be addressed in project design or as a risk that needs to be mitigated during implementation. This model highlights the universality of potential barriers, noting that their occurrence will vary across different contexts.

Below we provide two examples of how this tool can be applied in practice:

Example 1: Distance

Consider people living in out of reach areas, for example the Sahel. Service providers may claim they cannot reach these individuals due to distance. Initially, this may seem like an infrastructure problem, prompting investments in building banking facilities. However, the underlying issue might be discriminatory banking regulations affecting certain remote populations. Without understanding this, and making the appropriate adjustments in the program design, infrastructure investments alone will not resolve the inclusion issue that was identified.

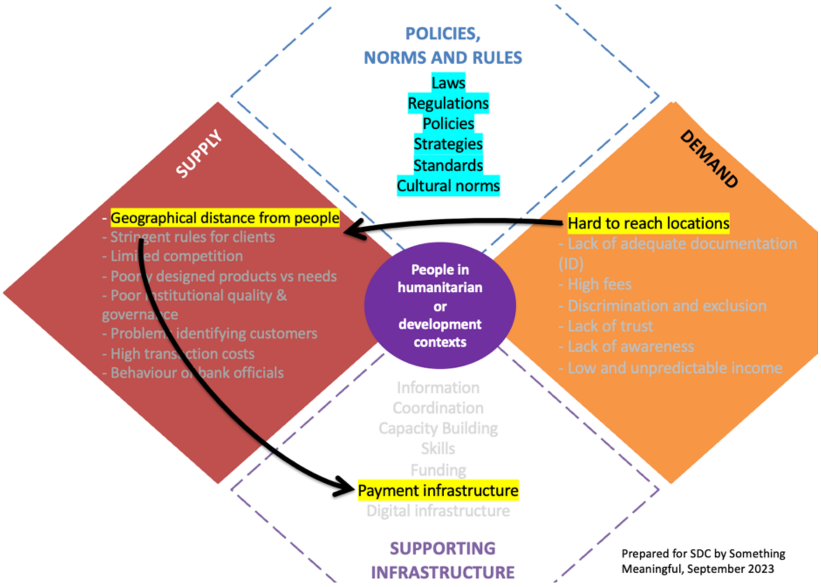


Figure 7: An example showcasing issues of distance in a systemic way.

Example 2: Different Entry Points

Digitalization is a significant trend. This is highlighted by initiatives like those by the World Food Programme (WFP) and the Gates Foundation, alongside UNHCR's efforts in women's financial empowerment. Funding a project to improve digital infrastructure might seem beneficial—lowering transaction costs and enhancing product design. However, implementation might reveal that some populations, such as migrants and refugees, cannot access these services due to stringent regulations. Here, risk mitigation could involve advocacy for policy changes or designing adjacent critical projects, such as providing effective ways of identification.

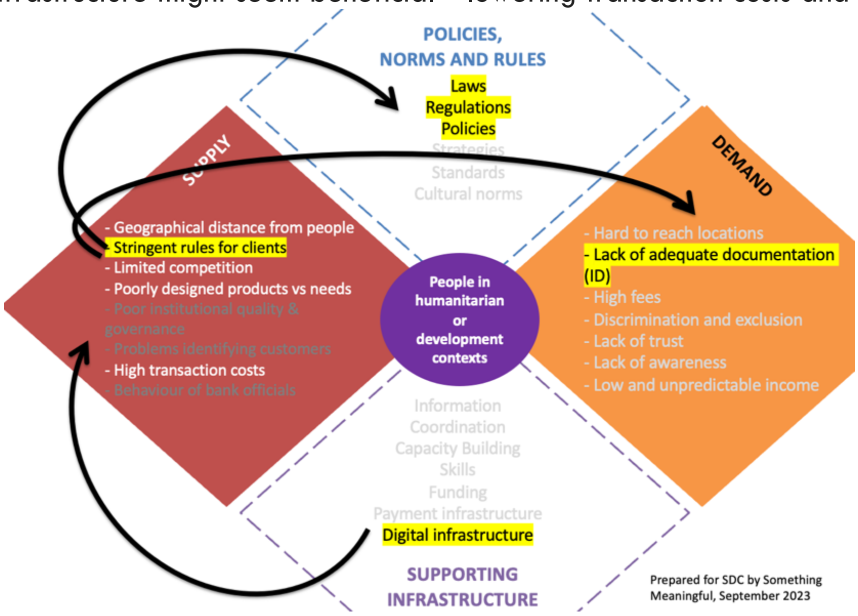


Figure 8: An example showcasing different programmatic entry points.

The key is to remember that effective interventions must consider all system components. The figure below shows examples of potential interventions.

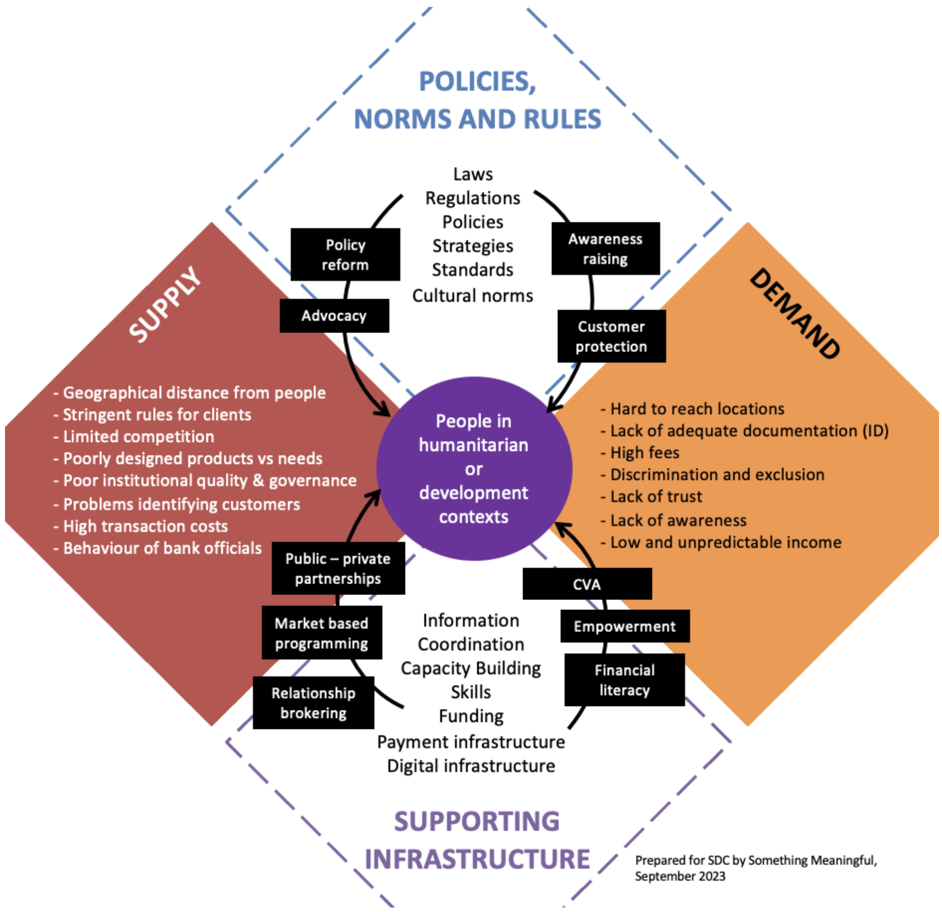


Figure 9: Highlighted in black are different interventions that could be considered to solve issues with demand, supply, infrastructure or policy.

Conclusion:

For **financial inclusion projects to have a lasting impact, it is important to consider all parts of the system** in which they are embedded. Design choices should therefore consider the situation of the people who will receive the assistance, as well as the situation of the institutions that form part of their financial lives. Participants recognised the importance of having a tool to guide both design and risk mitigation measures. They welcome the opportunity to share experiences of applying these concepts in real life with peers.

Session 4:
Risks and opportunities of working with the private sector

Overview:

The objective of the session to understand the opportunities and perils of working with private sector actors in financial inclusion. The SDC Focal Point on Financial Inclusion framed the topic of discussion. A panel with experts from GSMA and The CALP Network presented the risks and opportunities of working with the private sector in relation to payments currently and in the future. This was followed by Q&A as well as a presentation by DINARAK, a Fintech company SDC is working with.

Key topics:

For SDC, the **private sector is an important source of new technology, business and financing models**: Innovating with the private sector is a shortcut to financially include SDC's target populations. Partnering with the private sector helps expand SDC's reach as vulnerable people become part of the private sector's commercial client target base. SDC believes that private sector solutions to development challenges tend to be more durable from an economic, social and environmental perspective.

Various private sector actors want to help in a crisis due to a felt moral imperative. For longer term and sustainable solutions, it is key to recognise that **payment solution providers (PSPs)[7] are commercially driven** and relationships need to be mutually beneficial for them to actively engage.

Successful partnerships have emerged between private sector actors, development and humanitarian partners thanks to efforts from both sides, yet there are information and language barriers and gaps that remain between them. "The private sector does not always understand the needs of humanitarian and development organizations. In turn, such organisations do not know how to make a business case for the private sector to offer services to vulnerable people."[8] For PSPs to have a financially compelling and viable operating business case, implementing organisations need to demonstrate that the program length is sufficient and recurring in nature for economic stability. It is important for humanitarian and development actors to understand that **value for the private sector can be understood in four broad categories** so they can build a compelling business case for action:

(a) **Revenue:** The ability to generate a financial return on investment.
(b) **Reputation:** The ability to increase the value of their brand through positive recognition with potential customers.
(c) **Competition:** The ability to remain relevant in relation to other market actors.

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[7] Throughout this paper we use the terms payment solution providers to refer to a diverse group of third-party companies that facilitate payments between parties. They provide the necessary services and infrastructure to make bulk payments.

[8] CALP, (2024). Payment Solutions for CVA Implementers.

(d) **Influence:** The ability to take part in regulatory or policy conversations that are relevant to their area of work.

The following case studies were presented to illustrate successful collaboration with the private sector:

Case studies

MTN & Grameen Foundation
Uganda

MTN Uganda worked with Grameen Foundation and the GSMA to expand the size of its agent networks in refuge hosting areas of northern Uganda – prioritising women and youth.

UWallet & WFP, UNHCR, UNRWA
Jordan

UWallet has been prioritising humanitarian clients as part of its growth strategy in Jordan. This is due to regulations meaning refugees can use mobile wallets, but not bank accounts.

Telesom ZAAD & Care
Somaliland

Telesom ZAAD worked with CARE and the GSMA to develop a voice biometric system for verification of cash receipients in Somaliland as a result of several challenges faced.

MTN & Alight
Rwanda

MTN Rwanda worked with Alight and GSMA to train their mobile money agents in humanitarian code of conduct and safeguarding.

Zain Cash & UNHCR
Iraq

Zain Cash Iraq worked with UNHCR in order to tailor their mobile wallet to meet the specific needs and behaviours of IDPs in settlements.

Vodacom
Mozambique

After Cyclone Idai, Vodaom Mozambique secured a waiver from the government meaning people affected did not need an ID to register a SIM card for 6 months.

There are **several challenges** that arise from engaging with financial service providers (FSPs) in designing and using financial services in development and humanitarian situations. Every FSP operates differently, in terms of offered services, regions and customers. Ensuring there are strong channels for collaboration between implementing organisations, private sector, donors and researchers can contribute to the ability to build effective partnerships for innovation.

During the session DINARAK also presented a digital payment platform serving the unbanked. DINARAK offers mobile wallet services that operate within the banking ecosystem in Jordan.

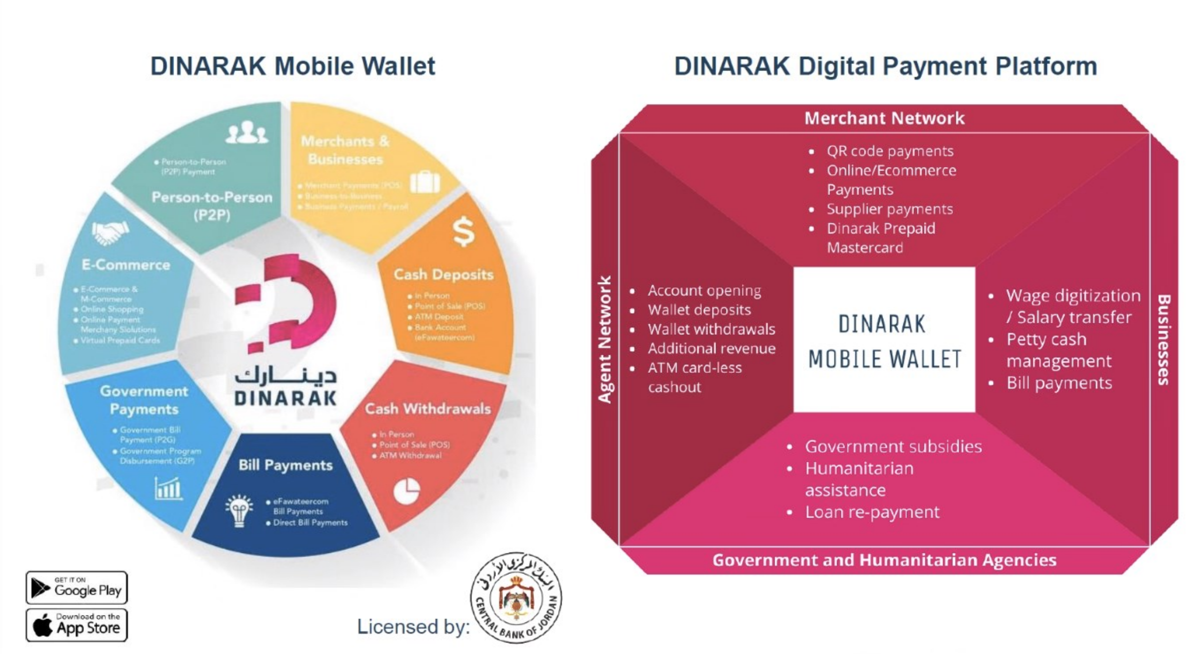
The initiative is led by Dinarak in collaboration with various government bodies, businesses, and NGOs, such as the National Aid Fund, Municipalities, Ministries, GIZ, USAID, and Mercy Corps.

The initiative aims to provide cheaper, convenient, affordable, and secure digital financial services to vulnerable populations in Jordan. A significant focus is on bridging the gap between the unbanked and traditional banking systems. This is achieved through strategic partnerships and a commitment to inclusivity, ensuring that more people can access essential financial services.

The project is also geared toward propelling economic growth and local community development by enabling access to these essential services. Furthermore, the initiative aligns with the United Nations Sustainable Development Goals (SDGs) and regulatory compliance to create a lasting social and market impact.

Another crucial aspect of the initiative is to foster financial inclusion and literacy among various groups, including individuals, government agencies, businesses, youth, refugees, women, entrepreneurs, and rural communities. This empowerment is facilitated by digitizing payments, ensuring transparent financial transactions, creating jobs, and offering additional income opportunities. The overarching goal is to reduce inequality and provide livelihood support to those who need it most.

The initiative's success is built on strong partnerships with various organizations, including NGOs like Mercy Corps, UNICEF, and the Norwegian Refugee Council, as well as academic institutions like the University of Petra. These collaborations ensure a broad and effective reach, enhancing the initiative's ability to make a significant impact on financial inclusion in Jordan.



The presentation highlighted challenges and opportunities related to financial inclusion that are specific to Jordan, focusing on cultural barriers and corresponding solutions.

The primary cultural barriers to financial inclusion in Jordan include a strong cash culture, where people prefer using cash over digital or banking transactions. This is often coupled with a lack of trust in banks and financial institutions, which further discourages people from engaging with formal financial services. Religious beliefs also play a significant role, as some financial products may not align with Islamic principles, making them less appealing to certain segments of the population.

Gender is another critical factor, with women facing additional barriers to financial access, whether due to societal norms, restrictions, or lack of targeted financial products. Lastly, there are tax concerns and traceability issues, especially among merchants who might fear that increased transparency in financial transactions could lead to higher taxation or scrutiny from authorities.

To address these challenges, several solutions were proposed as opportunities. Developing local, affordable, and immediate access to cash-out channels can bridge the gap between the preference for cash and the benefits of digital finance. The assurance of Central Bank of Jordan licensing and oversight can help build trust in financial institutions, providing consumers with the confidence to engage more fully with the financial system.

For those concerned with religious compliance, offering Shariah-compliant financial solutions is crucial. These solutions would align financial products with Islamic principles, making them more acceptable to a broader audience. To tackle gender-related barriers, establishing a female agent network and creating female-focused financial products such as savings plans specifically designed for women can empower more women to participate in the financial system.

Overall, these challenges and solutions outline a path toward greater financial inclusion in Jordan, recognizing the unique cultural factors at play while providing targeted solutions to overcome these barriers.

Conclusion:

It is **key to engage with the private sector to generate wider reach and impact. For private sector actors the interest in not-for-profit engagement goes beyond a moral imperative** and it **includes questions of reputation, competition and influence**. While there can be many challenges when engaging with the private sector for the development of payment solutions it is important to remember that solutions need to be context specific and always designed to do no harm.

Session 5:
The role of digitalisation

Overview:

The objective of the session was to understand the importance of expanding the access to digital financial services for migrants and forcibly displaced persons. The session started with a presentation from the SDC unit working on digitalisation framing the topic of discussion. A panel discussion, with external partners from Mojaloop Foundation, SPTF and Opportunity International, discussed different elements related to: Why are some global actors betting on digitalisation as a key pathway for the financial inclusion for migrants and forcibly displaced persons? What opportunities and risks does digitalisation create for their financial inclusion.?.

Key topics:

Digitalisation is a priority in SDC's strategy. In 2020 SDC produced a document describing its strategic orientation to include digitalisation in development, focusing on three pillars:

1. **Fit for purpose.** This relates to the digital development of the institution. SDC has a charter, a team to build capacities and new tools to better use data and create a more efficient work ecosystem.
2. **Tech for good / digitalisation for development.** This relates to digitalisation in operations including the adoption of products that can meet local development challenges. Increasing access to the internet.
3. **Digital governance.** This relates to the commitment at multilateral level to good digital governance and establishment of regulatory frameworks for new technologies.

Digitalization presents both challenges and opportunities for improving financial inclusion among migrants.

On one hand, the lack of access to digital tools and technology among migrant populations can hinder their ability to participate fully in the formal financial system. Many migrants may not have the necessary documentation to open a bank account or lack the literacy skills to navigate digital financial platforms. Additionally, concerns around data privacy and security may deter migrants from using online banking services, further excluding them from financial services. Also, as access to digital financial products increase so does the exposure of vulnerable people to fraud.

However, **digitalization also offers significant opportunities** to enhance financial inclusion for migrants. Digital financial services can provide an accessible and convenient way for migrants to send and receive remittances, manage their finances, and access credit. Mobile money platforms and digital wallets can serve as powerful tools for transferring money across borders, reducing the costs and increasing the speed of financial transactions for migrants. Moreover, innovative fintech solutions, such as blockchain technology and peer-to-peer lending platforms, have the potential to create new pathways for financial inclusion among migrant communities by solving issues related to lack of trust towards migrants as potential clients.

For example, **in Uganda, Opportunity International** realized that refugees were unbanked because they couldn't fulfil the traditional requirements from banks and didn't have the social capital needed to engage in traditional financial transactions. They proceeded to digitalize the village saving groups that refugees were already using to build credit score that would enable them to gain access to traditional banking services.

Some examples of SDC funded projects in this area include Fairway implemented by ILO, IOM Migration App, ILO Fair, and UNCDF remittances program, among others.

To maximize the benefits of digitalization for financial inclusion, policymakers and financial institutions must address the specific needs and challenges faced by migrants and forcibly displaced persons. This includes ensuring that digital financial services are user-friendly, secure, and tailored to their unique circumstances. Collaborations between governments, NGOs, and private sector stakeholders are essential to develop inclusive and accessible digital financial solutions. Ensuring migrants and forcibly displaced persons know their rights and are able to demand them is also key to ensure that digitalisation does not cause harm.

Traditional banking systems are designed in many ways to be exclusive. Therefore, uncovering these elements and designing systems that enable people to be included is key. **Blockchain allows for decentralization** which can reduce some of these issues. The Lanka Remit App from Sri Lanka is a good example of how the digitalization of remittances can bring financial inclusion.[9]

Conclusion:

By leveraging the opportunities presented by digitalization and fostering a supportive ecosystem, we can empower migrants and forcibly displaced persons to fully participate in the formal financial system and **improve their financial well-being** of both host communities and their countries of origin.

Migrants and forcibly displaced persons can be very diverse in relation to their reasons for travel, the time of their arrival, their future plans for movement, therefore the products designed must respond to the specific needs of people . There are many challenges and risks associated with digitalization for the financial inclusion of migrants and forcibly displaced persons. However, if these are properly identified and addressed, the opportunities digitalization offers for inclusion should be explored proactively as it has the potential to bring about fundamental social change.

[9] See more information here: https://www.cbsl.gov.lk/en/workers-remittances/national-remittance-mobile-application

Annex 1: Learning resources for each session

Session 1:

1. ACCION (2021). 'Financial Inclusion for Migrants: Innovative Approaches'. ACCION International: This report discusses various innovative approaches to financial inclusion for migrants. (https://www.accion.org/powering-financial-inclusion-through-digital-technology).

2. BFA Global (2021). 'Financial Inclusion of Forcibly Displaced Persons: Evidence from the Field' : This publication examines the financial inclusion of forcibly displaced persons with field evidence.(https://bfaglobal.com).

3. Brookings Institution (2021). 'Financing for Refugee Inclusion: The Role of Development Actors' : This report from the Brookings Institution explores the role of development actors in financing refugee inclusion. (https://www.brookings.edu).

4. Center for Financial Services Innovation (CFSI), (2017). 'Understanding and Improving Consumer Financial Health in America': CFSI's comprehensive analysis of consumer financial health in America is detailed in their report.(https://www.finhealthnetwork.org).

5. CGAP (2022). 'Financial Inclusion for Refugees: A Global Perspective' :This report by the Consultative Group to Assist the Poor (CGAP) provides a global perspective on financial inclusion for refugees. (https://www.cgap.org)

6. CGD (2023). 'Financial Access for Refugees and Displaced People: Global Review' : The Center for Global Development offers an extensive review of financial access for refugees and displaced people. (https://www.cgdev.org).

7. European Bank for Reconstruction and Development (EBRD). (2022). Financial Inclusion and Social Cohesion : EBRD discusses the link between financial inclusion and social cohesion in their 2022 report. (https://www.ebrd.com).

8. European Commission. (2022). 'Financial Inclusion of Migrants in the EU' : The European Commission's report on financial inclusion of migrants within the EU. (https://ec.europa.eu).

9. European Investment Bank (EIB) (2022). 'Economic Resilience Initiative: Financial Inclusion of Migrants' : The EIB's Economic Resilience Initiative focuses on the financial inclusion of migrants (https://www.eib.org).

10. Financial Action Task Force (FATF). (2020). FATF Guidance on Financial Inclusion : FATF provides guidance on financial inclusion to combat financial exclusion. (https://www.fatf-gafi.org).

11. GIZ (2022). 'Financial Inclusion for Migrants: The Role of Financial Institutions': GIZ discusses the role of financial institutions in promoting financial inclusion for migrants. (https://www.giz.de).

12. Global Findex Database. (2021). Financial Inclusion and the Unbanked : The World Bank's Global Findex Database provides comprehensive data on financial inclusion and the unbanked.(https://globalfindex.worldbank.org).

13. GSMA (2022). 'Mobile Money and the Refugee Context: Trends and Insights': GSMA examines the impact of mobile money in refugee contexts. (https://www.gsma.com).

14. IFC (2023). 'Digital Financial Services: Innovation for Financial Inclusion' : The International Finance Corporation (IFC) discusses innovations in digital financial services for financial inclusion. (https://www.ifc.org).

15. ILO (2021). 'Access to Finance for Migrant Workers: Policies and Practices'. International Labour Organization.

16. IMF (2022). 'The Impact of Remittances on Financial Inclusion: A Macro Perspective'. International Monetary Fund. https://www.imf.org/en/Publications/WP/Issues/2022/02/04/The-Impact-of-Remittances-on-Financial-Inclusion-A-Macro-Perspective-512773) (IMF, 2022).

17. International Finance Corporation (IFC). (2023). Blockchain for Remittances in Latin America.

18. International Monetary Fund (IMF). (2021). Financial Inclusion and Economic Empowerment of Migrants.

19. International Organization for Migration (IOM). (2021). Financial Literacy Programs for Migrants. https://publications.iom.int/books/financial-literacy-programmes-migrants) (IOM, 2021).

20. IOM (2024). World Migration Report, 2024.

21. Mastercard. (2022). Prepaid Cards for Refugees: A Case Study.

22. Mercy Corps (2023). 'Financial Inclusion of Refugees: Case Studies from Jordan and Uganda'.

23. Migration Policy Institute (MPI) (2022). 'Financial Inclusion of Immigrants: Opportunities and Challenges'. https://www.migrationpolicy.org/research/financial-inclusion-immigrants-opportunities-and-challenges) (MPI, 2022).

24. Mobile Money Association of Kenya. (2022). Impact of Mobile Banking on Refugees.

25. OECD (2023). 'The Contribution of Migrants to Economic Growth'. OECD Publishg. (https://www.oecd.org/migration/the-contribution-of-migrants-to-economic-growth.htm) (OECD, 2023).

26. The Economist Intelligence Unit (2022). 'Global Microscope on Financial Inclusion 2022'. https://www.eiu.com/n/campaigns/global-microscope/) (The Economist Intelligence Unit, 2022).

27. UN Women (2021). 'Gender and Financial Inclusion of Migrants and Refugees'.

28. UNDP (2022). 'Integrating Migrants into National Financial Systems'. United Nations Development Programme. https://www.undp.org/publications/integrating-migrants-national-financial-systems) (UNDP, 2022).

29. UNHCR (2021). 'Financial Inclusion of Refugees: Good Practices and Lessons Learned'. https://www.unhcr.org/publications/manuals/financial-inclusion-refugees-good-practices-and-lessons-learned) (UNHCR, 2021).

30. UNHCR & UNCDF. (2023). 'Digital Finance for Refugees'.

31. World Bank (2023). 'Remittances Data: Inflows to GDP for Developing Countries'.
32. https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data) (World Bank, 2023).

33. World Bank (2021). 'Financial Inclusion for Refugees: The Case of the Rohingya in Bangladesh'. https://www.worldbank.org/en/news/feature/2021/06/14/financial-inclusion-for-rohingya-refugees-in-bangladesh) (World Bank, 2021).

34. World Bank (2022). Financial Inclusion for Migrants and Refugees.

35. World Economic Forum (2023). 'Financial Inclusion: An Agenda for the Refugee Crisis'.

Session 2:

1. "The State of the World's Cash Report 2020" - This report by the Cash Learning Partnership (CaLP) provides an in-depth analysis of the current state of cash and voucher assistance globally. (https://www.calpnetwork.org/wp-content/uploads/2020/03/SOWC2020_Full-report.pdf)

2. "Social Protection and Financial Inclusion: A Toolkit for Improved Linkages" - Published by the World Bank, this toolkit explores the integration of social protection and financial inclusion initiatives. (https://openknowledge.worldbank.org/entities/publication/af10823f-ea12-5ceb-a5ad-2ed108075f1c)

3. "Cash Transfers in Humanitarian Contexts: A Review of Recent Evidence" - A review by the Overseas Development Institute (ODI) that examines the effectiveness of cash transfers in humanitarian settings. (https://odi.org/en/publications/cash-transfers-in-humanitarian-contexts-a-review-of-recent-evidence/)

4. "The Link Between Social Protection and Financial Inclusion: A Strategic Approach" - This paper from the International Labour Organization (ILO) discusses strategic approaches to linking social protection and financial inclusion. (https://www.ilo.org/global/topics/social-protection/publications/WCMS_729111/lang--en/index.htm)

5. "Cash and Voucher Assistance: Theories of Change" - A study by the Cash Learning Partnership (CaLP) that delves into the different theories of change underpinning CVA. (https://www.calpnetwork.org/publication/theories-of-change/)

6. "The Role of Cash Transfers in Building Household Resilience" - This report by the World Bank explores how cash transfers contribute to household resilience in various contexts. (https://documents.worldbank.org/en/publication/documents-reports/documentdetail/201761530163552405/pdf/Developing-and-operationalizing-a-national-financial-inclusion-strategy-toolkit.pdf)

7. "Innovative Financial Inclusion and Social Protection Policies in Developing Countries" - Published by the United Nations, this paper investigates innovative approaches to financial inclusion and social protection. (https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2018/07/Innovative-Financial-Inclusion-and-Social-Protection-Policies-in-Developing-Countries.pdf)

8. "Cash Transfers: What Does the Evidence Say?" - A comprehensive review by the Overseas Development Institute (ODI) on the evidence base for cash transfers.(https://odi.org/en/publications/cash-transfers-what-does-the-evidence-say/)

9. "Financial Inclusion and Social Protection in Asia and the Pacific" - This report by the Asian Development Bank (ADB) highlights the linkages between financial inclusion and social protection in the Asia-Pacific region. (https://www.adb.org/publications/financial-inclusion-social-protection-asia-pacific)

10. "The Future of Financial Inclusion: Financial Services for Everyone?" - A report by the Consultative Group to Assist the Poor (CGAP) discussing future trends in financial inclusion.(https://www.cgap.org/research/publication/future-financial-inclusion-financial-services-everyone)

Session 3:

1. "Financial Inclusion and Development: Recent Impact Evidence" by Asli Demirgüç-Kunt, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess - This report analyzes the impact of financial inclusion on development outcomes using systems thinking. (https://openknowledge.worldbank.org/handle/10986/29510)

2. "A Systemic Approach to Financial Inclusion: Financial Ecosystem and Inclusive Finance" by the Consultative Group to Assist the Poor (CGAP) - This publication discusses the financial ecosystem and the role of various stakeholders in promoting inclusive finance. (https://www.cgap.org/research/publication/systemic-approach-financial-inclusion)

3. "A Systems Approach to Financial Inclusion in Nigeria" by Enhancing Financial Innovation & Access (EFInA) - This detailed report focuses on financial inclusion in Nigeria using a systems thinking framework. (https://www.efina.org.ng/our-work/research/a-systems-approach-to-financial-inclusion-in-nigeria/)

4. "Applying a Systems Approach to Financial Inclusion" by UNCDF - This publication discusses the application of systems thinking in developing financial inclusion strategies. (https://www.uncdf.org/article/7150/applying-a-systems-approach-to-financial-inclusion)

5. "Financial Inclusion: A Systems Perspective" by the European Microfinance Platform (e-MFP) - This report provides insights on how to approach financial inclusion with a systems perspective. (https://www.e-mfp.eu/resources/financial-inclusion-systems-perspective)

6. "The Role of Financial Systems in Enhancing Financial Inclusion" by the International Monetary Fund (IMF) - This analysis explores the role of financial systems and policies in promoting financial inclusion. (https://www.imf.org/en/Publications/WP/Issues/2021/04/23/The-Role-of-Financial-Systems-in-Enhancing-Financial-Inclusion-460704)

Session 4:

1. Crown Agents Bank, (2021). Improving Cash Based Interventions (CBI) and the RFP process.

2. UNHCR, (2020). Guidance for Collaborative Procurement for Humanitarian Cash Transfers.

3. AfricaNenda (2023). The State of Inclusive Instant Payment Systems in Africa SIIPS.

4. GSMA, (2020). Partnering During Crisis: The Shared Value of Partnerships between Mobile Network Operators and Humanitarian Organisations.

5. CGAP (2023). Engaging financial Services Providers in the Context of G2P Choice.

Session 5:

1. "Digital Financial Services for Migrants: A Comparative Study" - International Organization for Migration (IOM). This study explores the use of digital financial services by migrants globally, comparing different approaches and their impact on financial inclusion. (https://www.iom.int/publications).

2. "Financial Inclusion of Migrants: Opportunities and Challenges in the Digital Age" - World Bank Group. This report investigates the opportunities and challenges related to digital financial inclusion for migrants, highlighting strategies for improvement. (https://www.worldbank.org/).

3. "The Role of Fintech in Enhancing Financial Inclusion for Migrants" - United Nations Capital Development Fund (UNCDF) This publication examines the potential of fintech solutions in promoting financial inclusion among migrant populations and the role of UNCDF in supporting these initiatives. (https://www.uncdf.org/).

4. "Digital Transformation in Remittance Services for Migrants" - International Labour Organization (ILO). This study delves into the impact of digital transformation on remittance services for migrants and the implications for financial inclusion. (https://www.ilo.org/).

5. "Mobile Money and Financial Inclusion: Insights for Migrant Communities" - Bill & Melinda Gates Foundation. This resource provides insights into the use of mobile money in promoting financial inclusion among migrant communities, supported by the Gates Foundation. (https://www.gatesfoundation.org/).

6. "Blockchain Technology and its Implications for Financial Inclusion of Migrants" - World Economic Forum (WEF). This report explores the potential of blockchain technology in enhancing the financial inclusion of migrants and the challenges associated with its adoption. (https://www.weforum.org/).

7. "Inclusive Digital Financial Solutions for Refugees and Displaced Persons" – CGAP. This publication focuses on inclusive digital financial solutions for refugees and displaced persons, highlighting best practices and lessons learned. (https://www.cgap.org/).

8. "The Impact of Digitalization on Financial Inclusion Among Migrant Women" - Women's World Banking. This research study examines the impact of digitalization on financial inclusion specifically among migrant women, addressing gender disparities in access to financial services. (https://www.womensworldbanking.org/).

9. "Access to Digital Financial Services for Low-Income Migrant Workers" - Financial Access Initiative. This resource focuses on enhancing access to digital financial services for low-income migrant workers, aiming to promote financial inclusion and economic empowerment. (https://www.financialaccess.org).

10. "Digital Identity and Financial Inclusion for Stateless Migrants" - International Finance Corporation (IFC). This publication explores the role of digital identity in promoting financial inclusion for stateless migrants, with insights from the IFC. (https://www.ifc.org/).

11. "Migrant Remittances and the Role of Mobile Banking Platforms" - Centre for Financial Inclusion. This study analyses migrant remittances and the role of mobile banking platforms in facilitating cross-border financial transactions. (https://www.centerforfinancialinclusion.org/).

12. "Promoting Financial Literacy Among Migrant Populations through Online Resources" - Global Forum on Migration and Development (GFMD). This resource focuses on promoting financial literacy among migrant populations through online resources and education initiatives, contributing to their financial well-being. (https://www.gfmd.org/).

[ii] See https://migrantmoney.uncdf.org/resources/insights/migrant-money-notes-scaling-the-next-frontiers-in-migrant-insurance-and-pensions/

[ii] See 'The Meaning of Safety Nets'. Available at: https://www.sciencedirect.com/science/article/abs/pii/S1049007808000948