



Financial Inclusion for Forcibly Displaced Persons (FDPs)

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Agenda

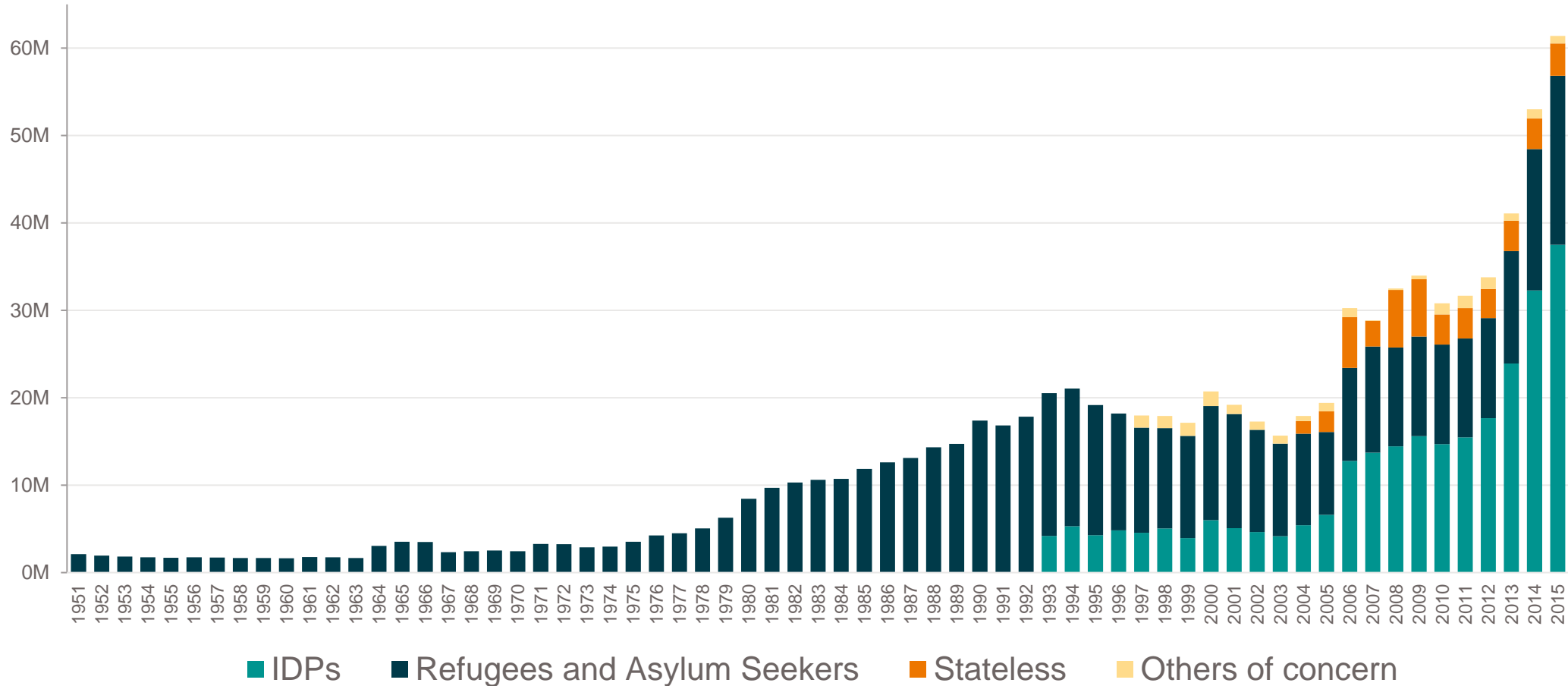
- Why financial inclusion for FDPs?
- What do we know?
- What is the latest?
- What can municipalities do?

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Because forced displacement levels are on the rise

Conflict-Related Displacement Figures: 1951-2015

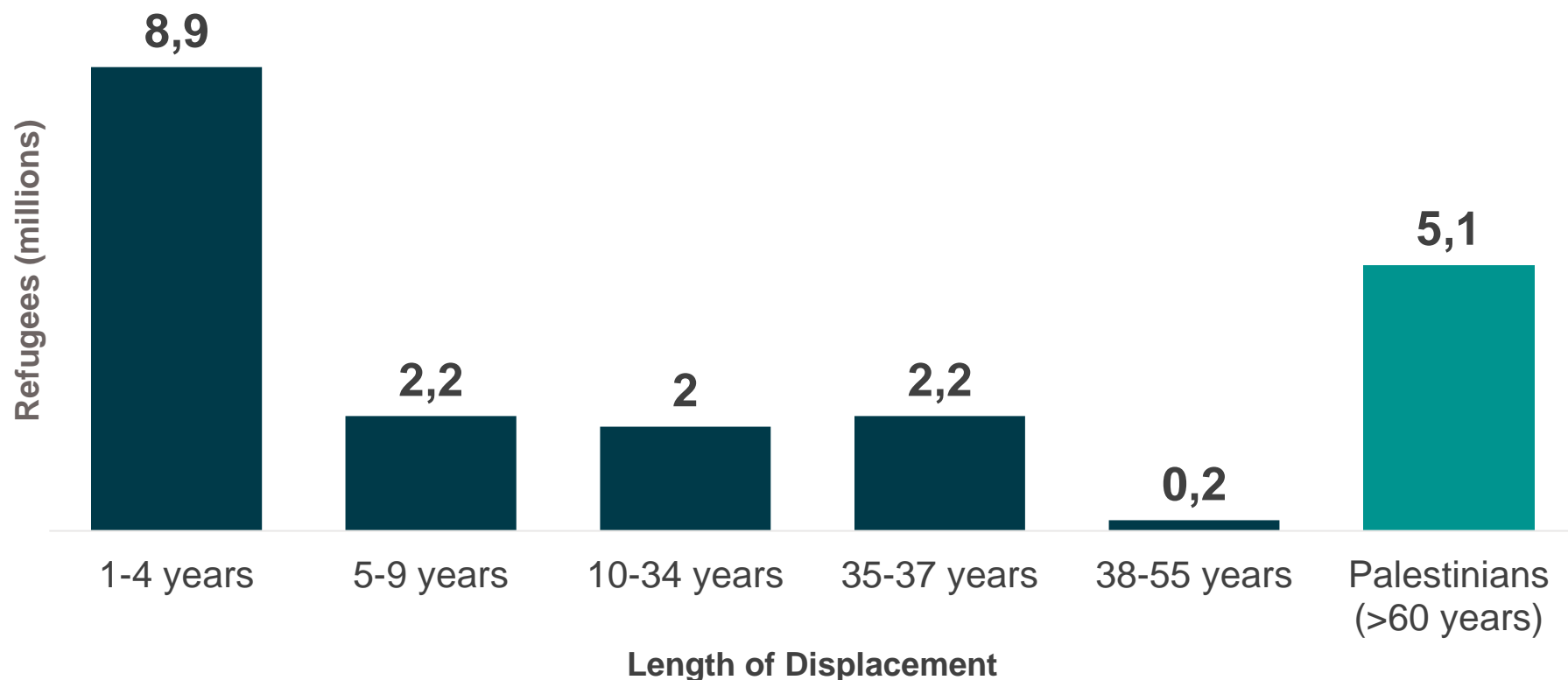


70.8
million
as of 2018



Source: UNHCR. Palestinians excluded

Because longer displacement calls for longer-term solutions



**10 to 15
years
of displacement
on average
since 1990**

Because forced displacement is a developing country issue

85%

**of FDPs live in
developing
countries**

57%
of refugees
worldwide came
from three countries

2.3m South Sudan

2.7m Afghanistan

6.7m Syria

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Financial services do play a role in mitigating crises



Remittances help cope with shocks & stimulate economic activity at community level



Savings increase resilience (formal & informal)



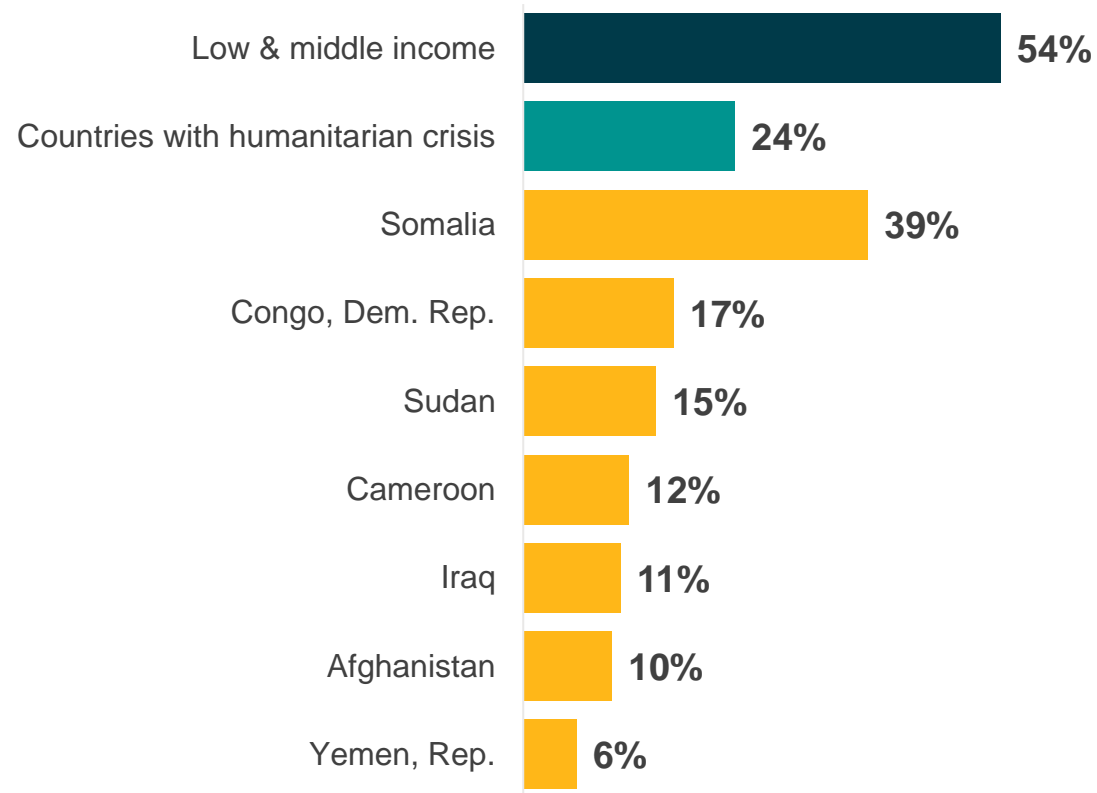
Insurance reduces vulnerability (especially disaster insurance e.g. index-based)



Credit needs to be further researched

At an aggregate level: access (supply) is low...

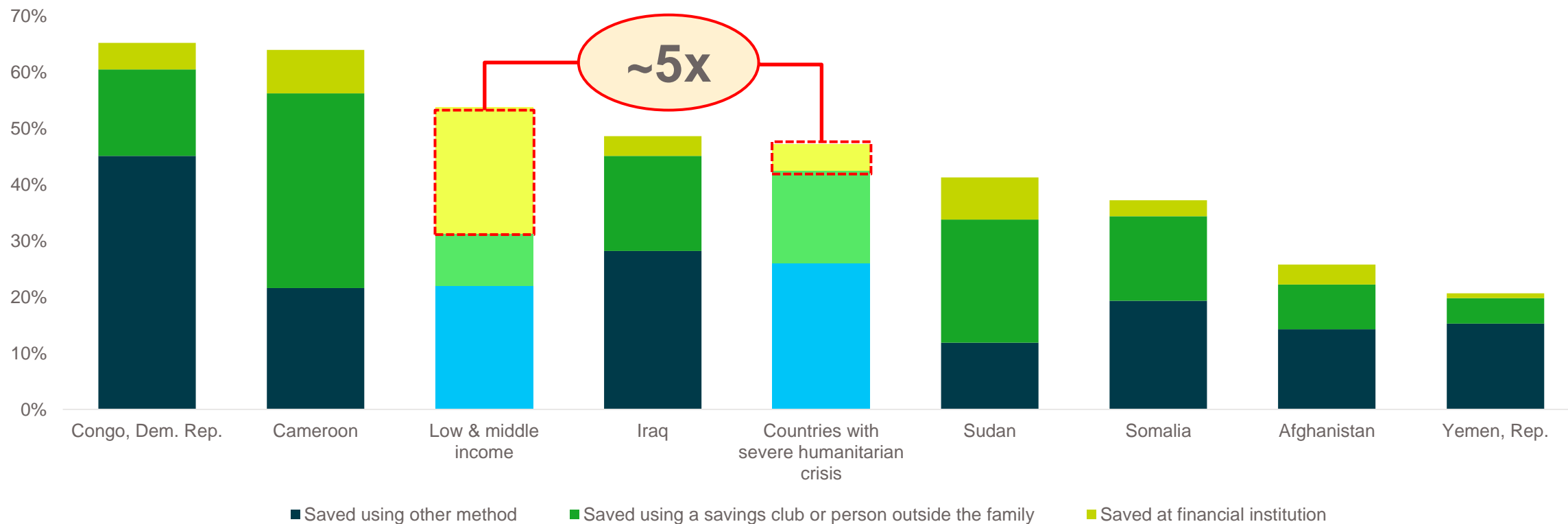
Account penetration in selected countries with humanitarian crisis



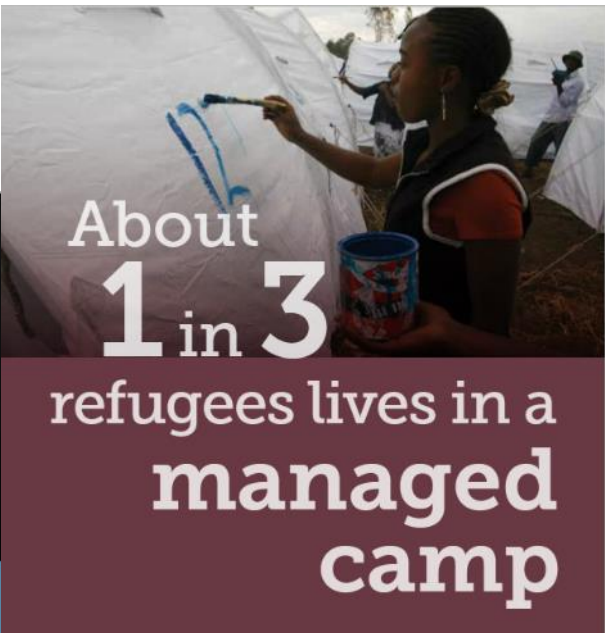
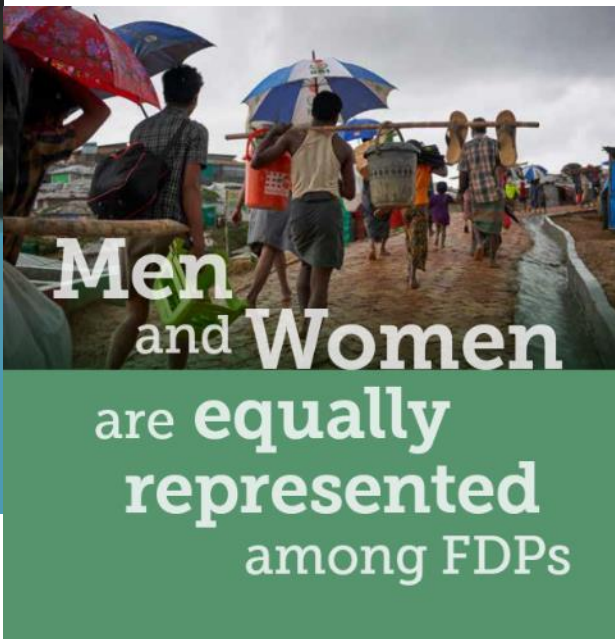
... yet demand is high, so informal services dominate

This is also partly due to under-developed financial sectors

Formal and informal savings (% of adults)



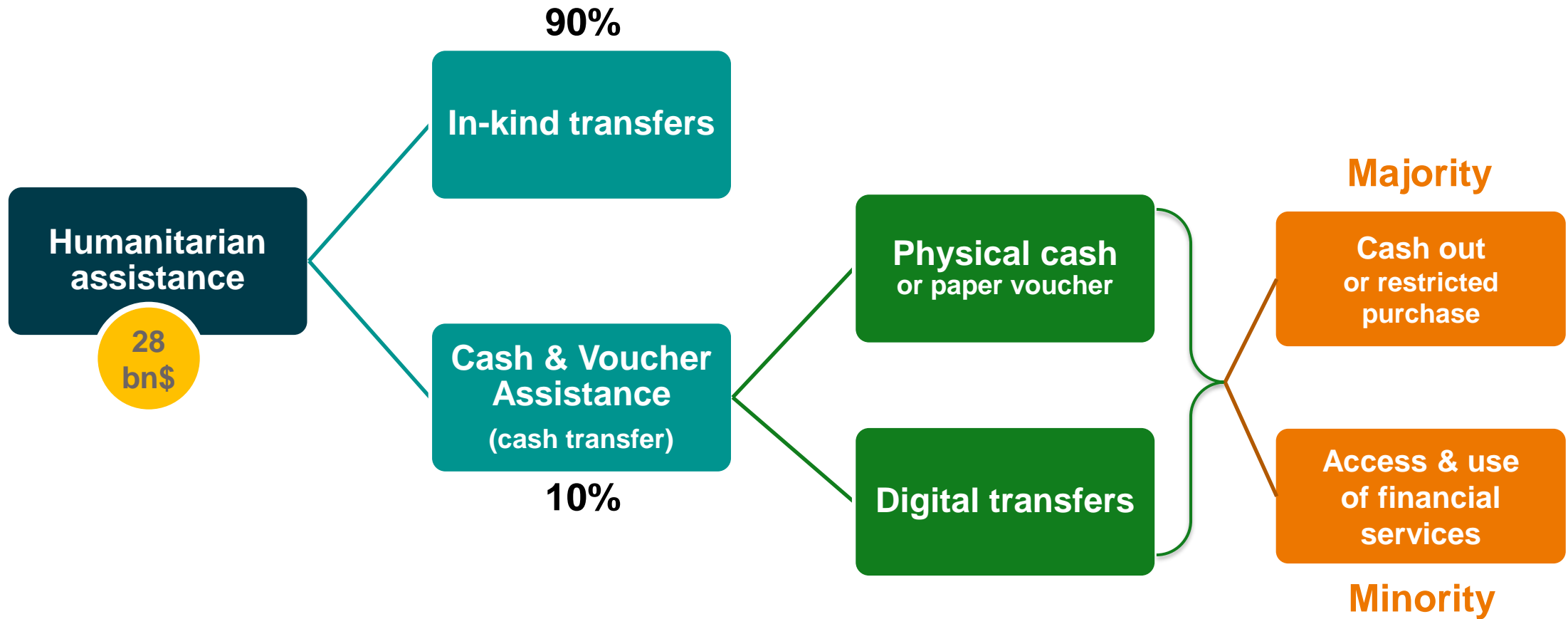
FDPs are not a homogenous group: Segmentation is needed in each country



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The move from in-kind to cash transfer is a huge opportunity



Digital cash transfers have proven to be particularly relevant in the Covid-19 global response

To reach financial inclusion, hence resilience, several factors must be in place

1. **An enabling environment for digital financial services**

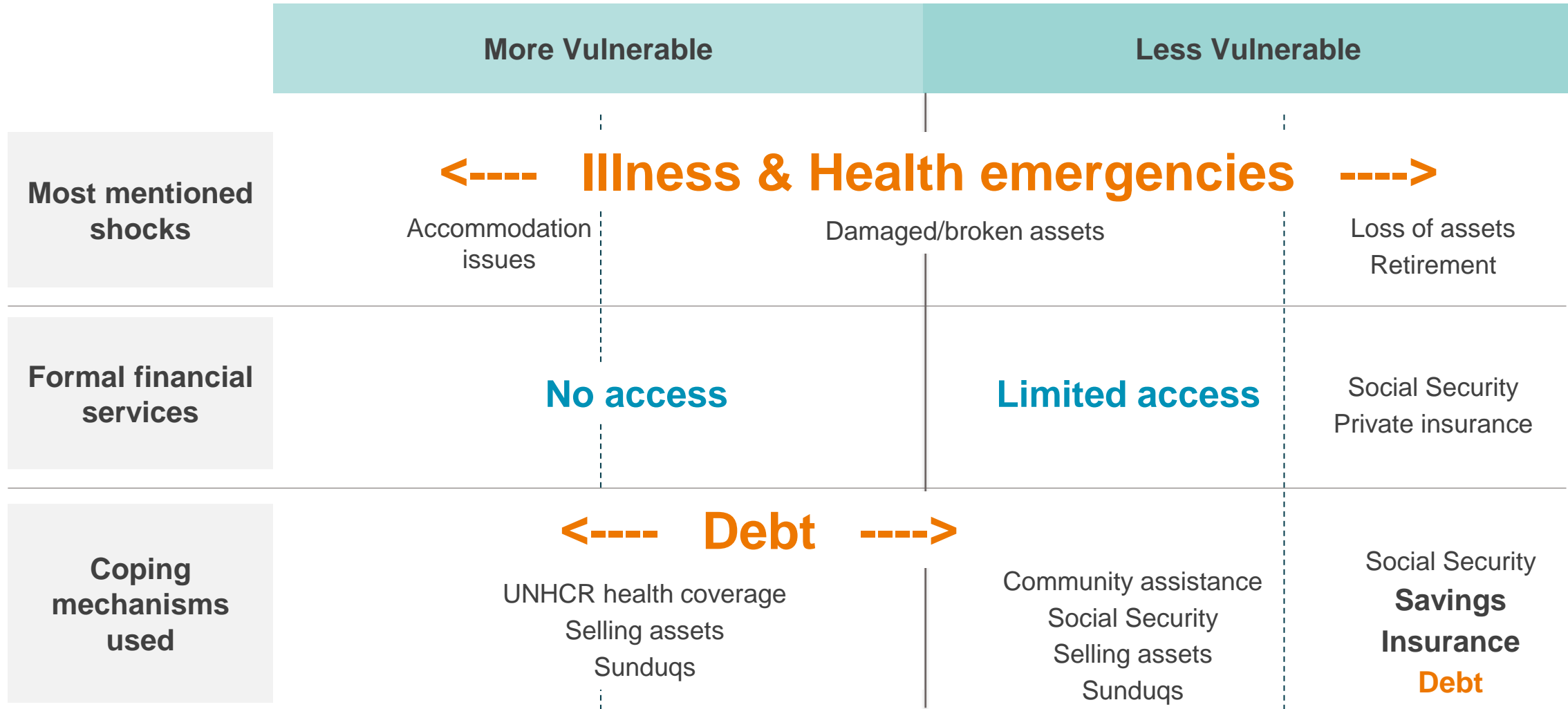
- Established national payments infrastructure
- Proportional regulatory environment

2. **A business case or incentive for financial service providers to have a direct relationship** with cash transfer recipients

3. **Trust and digital literacy** from the recipient themselves

4. **Donors and governments who consider financial inclusion a priority,** enabling agencies to make decisions based on financial inclusion objectives

Even before Covid-19, health issues have been a key concern



At a higher level: there are numerous issues to solve

Access

- Access is the largest barrier, often linked to CDD / AML-CFT issues

Livelihoods

- Credit is linked to livelihood opportunities, which in turn linked to right to work

Ecosystem

- Preparation is key (investment in financial inclusion ecosystem and crises mitigation efforts e.g. crisis-adapted regulation)

Incentives

- Incentives need to be aligned for development programs to complement humanitarian interventions (e.g. graduation as a way of sequencing interventions to promote resilience or cash transfers through an account)

Privacy

- FDPs prioritize privacy over price or convenience in digital / formal financial transactions

Financial services need to **work for the host communities** to also work for FDPs

Questions remain



1

How could **digital cash transfers** effectively become an entry point to broader financial services?

2

How can financial services **mitigate health shocks**, a primary concern?

3

What is the importance of financial services in promoting **livelihoods**??

4

How can emerging **digital identities** facilitate financial inclusion and financial history portability *while* protecting privacy?

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Municipalities have a big role to play in digitization

Digitization and digital payments act as mitigation measures during pandemics

1. Accelerate infrastructure work

- Request connectivity if need be
- Request branches or agents of financial service providers (banks, microfinance institutions, payment service providers...)

2. Digitize services to residents

- Trust comes with use

3. Promote the use of digital financial services by digitizing payments

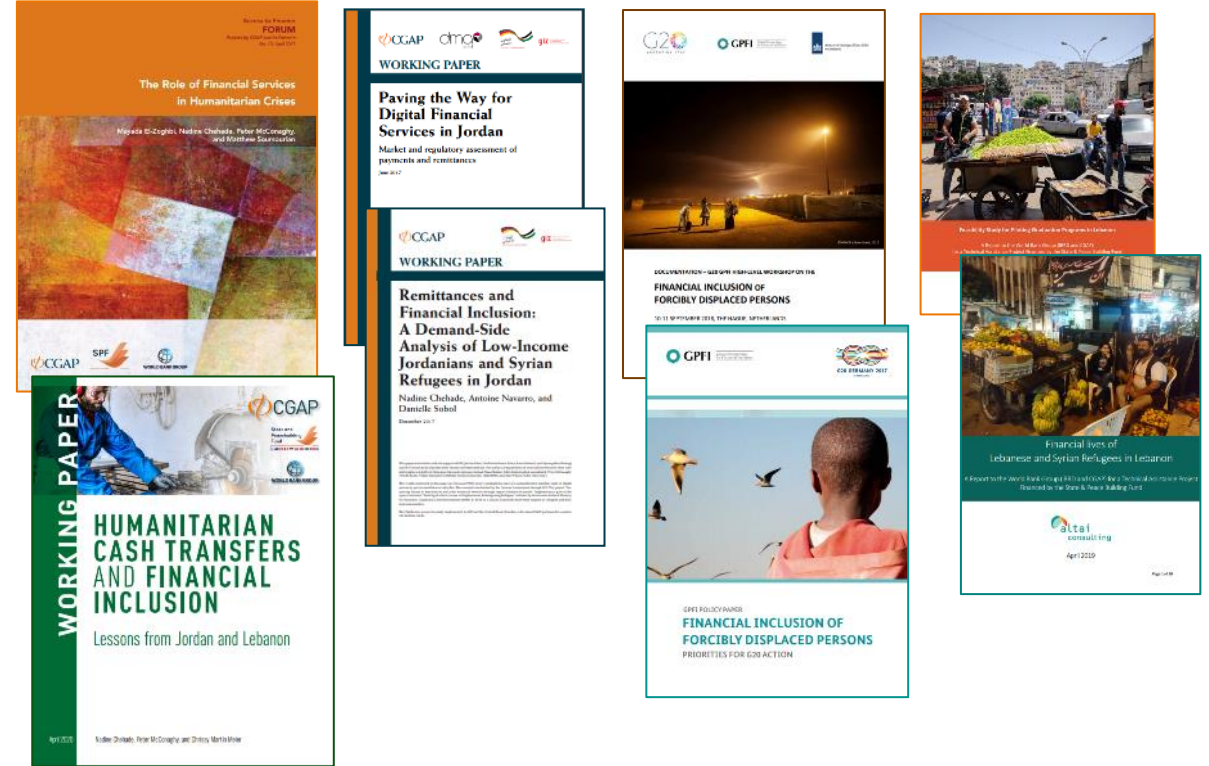
- To employees and contractors
- To and from residents

To learn more, please visit
cgap.org/displacement

Thank you

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Teşekkür ederim



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