

Financial inclusion of refugees

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Introduction to the Social Performance Task Force

- Non-profit organization, founded in 2005, based in the United States, works internationally
- Membership organization (~3000, all stakeholder types)
- Promotes social performance management (SPM):
 - *the systems (policies, practices, strategies) that organizations use to achieve their stated social goals and put customers at the center*
- Managed the creation of the Universal Standards for SPM
- Working with UNHCR since 2015:
 - How do we interest FSPs in working with refugees?
 - How can we ensure that we connect refugees to FSPs with strong SPM?

Core reasons refugees are unserved

Practitioners mention:

- Too high risk of “flight”
- In country temporarily
- No (credit) history w/ FSP
- Not profitable – high costs
- No/unclear legal status
- Contracts not enforceable
- Cannot access markets
- Clients/staff resist inclusion (more for them = less for us)
- Not our responsibility
- Do not speak our language
- Too poor/aid dependent



Other causes of financial exclusion of refugees:

1. Reputational Risk

Societal fears and prejudices reflected in public policy, opinion and media

2. Legal/Policy/Regulatory Barriers

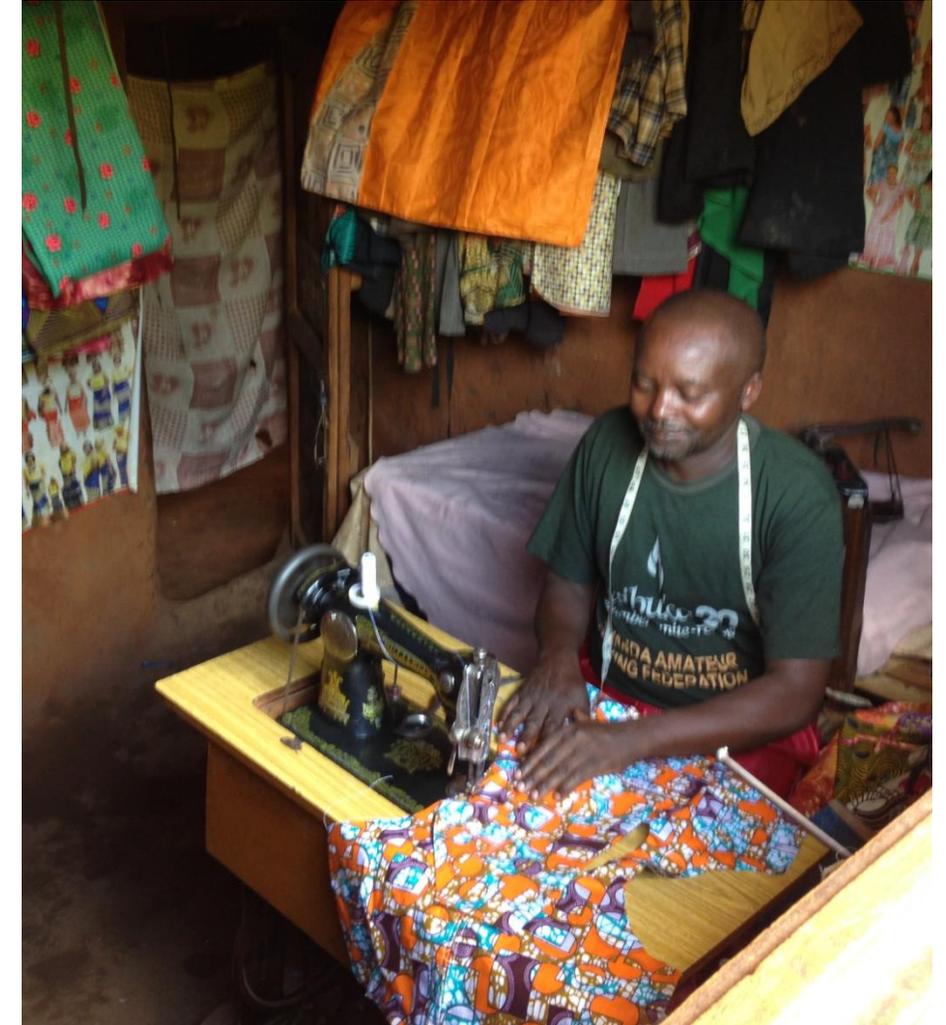
No work permit, limited mobility, no documentation to meet KYC requirements

3. Ignorance

Lack of information/contact or misinformation about refugees that fuels the perception of refugees as “high risk” clients.

- 1) The majority of refugees are not mobile (56% of refugees in displacement \geq 10 years)
- 2) Almost all refugees have access to technology
- 3) Refugees are economically active
- 4) 2/3 of refugees do not live in camps
- 5) Refugees have different financial needs in part based on their phase of displacement – some do demand loans
- 6) Refugees are not higher risk (based on PAR)
- 7) FSPs do not need to develop a new type of product for refugees
- 8) Non-financial services are critical
- 9) FSPs should offer the same terms/access/products to refugees and nationals.

Some key findings





SPTF Resources

1. **Case Study: Al Majmoua (Lebanon)**
2. **Guidelines for FSPs: Serving Refugee Populations**
3. **Training materials for TA providers: Guide FSPs through the process of considering refugees as a new client segment:**
 - Tools to demystify refugees and present them as FSP clients
 - Guidance to prepare FSPs to serve refugees
 - Tips to help FSPs build a business case for financial inclusion of refugees
4. **Other materials posted to SPTF website, updated on an ongoing basis**
5. **Working group (new!)**
<http://sptf.info/working-groups/refugee-microfinance>



EUROPEAN
MICROFINANCE WEEK 2016

Primary Takeaways from 2016-11-16 Workshop

1. We face many substantial obstacles, but arguably the top three are these:

- Information gap:
 - FSP: How many refugees? What are their financial needs? How to reach them?
 - Refugees: Can I trust the FSP? Do they want me as a customer? Will I expose myself to negative interaction?
- Hostile attitude:
 - Government does not want refugees to settle permanently
 - Local population not welcoming (Terrorism? Competition? Less capital for me?)
- Legal / Regulatory environment :
 - Rights for refugees to have access to financial services and engage in economic activity

2. Many are getting involved, but generally no one knows what the others are doing

- How do we share information?
- What are the opportunities for collaboration or coordination?

3. Possible solutions

- Active awareness raising, engagement of security agencies and central banks, inclusion of dissemination requirement in all research projects, leverage refugee-run organizations