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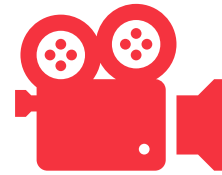
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Following the
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slides and the
relevant
materials with
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Please be
advised that
today's
session will
be recorded



There will be
a Q&A
session at
the end of
the webinar

CashHub



Financial Inclusion

28th October 2025

	Agenda	Speaker
5 mins	Housekeeping & Opening	Cara Wilson , Cash Hub Helpdesk Manager, British Red Cross
25 mins	Overview of the Analysis and Planning Stage	Guillaume de Chorivit , Lead Consultant, Altai
25 mins	Q&A with Panel Discussion	Thomas Husson , Head of Investment in Fragile Environments, PROPARCO Loyse Tabin , Income and Markets Lead, ICRC Ines Dalmau , Senior Technical Manager, Cash Hub
5 mins	Wrap Up	



FINANCIAL INCLUSION OF PEOPLE BENEFITING FROM HUMANITARIAN CASH TRANSFERS

Presentation to Proparco and ICRC - September 2025



CashHub



ICRC



PROPARCO
GROUPE AFD

1. Context & Problem Statement

2. Assessing the Potential of Humanitarian Cash Transfers to Drive FI

3. Potential Pathways to FI in Humanitarian Settings

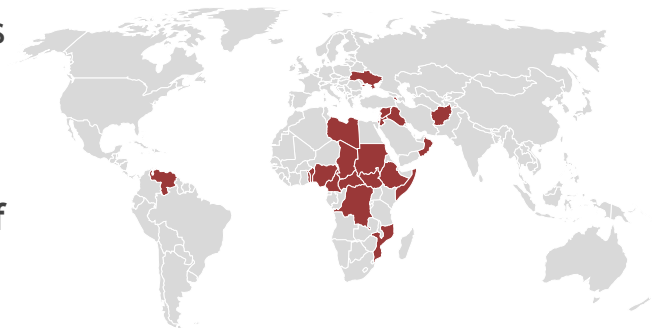
4. Practical Recommendations

5. Appendix

The scale of humanitarian need has expanded dramatically over the past decade. Support is increasingly provided through cash (rather than in kind) transfers

Defining humanitarian settings

- A humanitarian emergency is an event or series of events that represents a **critical threat to the health, safety, security or wellbeing** of a community or other large group of people, usually over a wide area
- Such humanitarian settings **usually arise in the context of conflicts, natural disasters, or other emergencies** that **overwhelm** local capacities and require **international assistance**, often measured in terms of the number of people in need of urgent assistance or protection



Humanitarian settings defined by countries in common for ICRC and Proparco

Humanitarian needs are on the rise

- As of 2024, about 300 million people worldwide require humanitarian assistance (with more than 120 million forcibly displaced among them), vs. about 76 million ten years earlier
- This surge reflects **more frequent and protracted crises**, resulting in unprecedented numbers of people affected: in many **fragile and conflict-affected settings (FCS)**, humanitarian response plans have been in place for more than five years, indicating chronic needs

Responses show a shift from in-kind to cash transfers

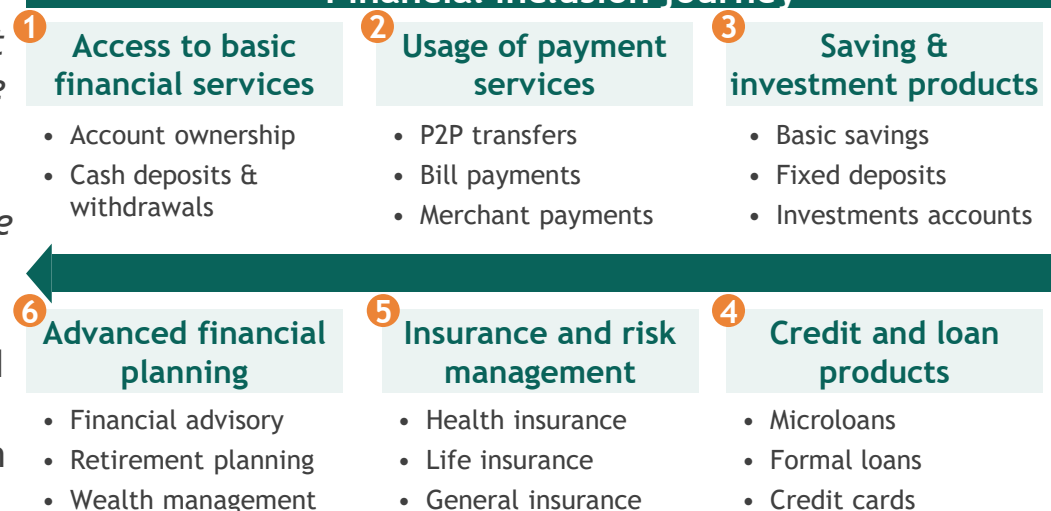
- Over the **past 10-15 years**, humanitarian aid delivery has undergone a **significant shift** from in-kind assistance (food rations, blankets, etc.) toward **cash transfers**: today, cash-based assistance represents about 20% of global humanitarian assistance - compared to 6% 10 years ago and about 1% 20 years ago
- This “cash revolution” has been **made possible by digital technology** (e.g., 67% of UNHCR’s cash recipients get assistance through digital means), and **new partnerships** (e.g. with banks, mobile network operators, and other financial intermediaries)

Over the same period, financial inclusion (FI) has been increasingly recognised as a key enabler of development outcomes. Actual usage is often limited

Defining financial inclusion

- According to the [World Bank](#), “financial inclusion means that individuals and businesses have **access to and use affordable financial products and services that meet their needs, and are delivered in a responsible and sustainable way**”
- It is a **continuum** of access and usage, a gradual process that can be visualised as a spectrum or a ladder

Financial inclusion journey



It became a development priority ~15 years ago

- Financial inclusion (FI) is expected to play a critical **role** in **poverty reduction**, economic **growth**, **resilience** building, and gender equality
- It has gained **prominence** in **global development agendas**, with initiatives such as the [G20 Financial Inclusion Action Plan](#) (2010), [SDG 8.10](#) (2012), and the [WB's Universal Financial Access 2020](#) (2015), and multiple development agencies' (e.g. USAID, FCDO, AFD, GIZ) and foundations

Usage remains limited despite progress in access

- There has been **very significant progress** in **basic access**: Account ownership in developing countries rose from **42% in 2011 to 75% in 2024**, driven by **digital financial services**.
- However, **usage remains limited**, and many account holders in LMICs still rely on cash and even payment services (such as merchant payments) are often barely used

We were eager to understand if and under which conditions humanitarian cash transfers can lead to sustainable financial inclusion

Cash assistance could be an entry point to financial inclusion

- Through the creation of formal accounts, humanitarian cash transfers could **open the door** for beneficiaries to continue to use that **account for their own needs** (beyond the aid)
- Humanitarian cash transfers could thus be an **entry point** for a beneficiary to start **saving** money, making digital **payments**, or building a **financial history** with a bank, **bridging the gap from short-term relief to long-term resilience**

Linkages to saving & digital payments

Receiving cash through digital channels creates an opportunity for recipients to **save and transact safely**. For instance, having a mobile money or bank account gives the user access to **everyday financial services**, **beyond just withdrawing** the aid money

Pathways to credit and microfinance

Humanitarian cash programmes can also be a **bridge to credit and other financial products**. Having a **formal account** to receive aid can enable recipients to start **building a credit history** based on **account transactions** and **qualify for micro-loans**

Proparco, along with ICRC and the Cash Hub wanted to test this assumption

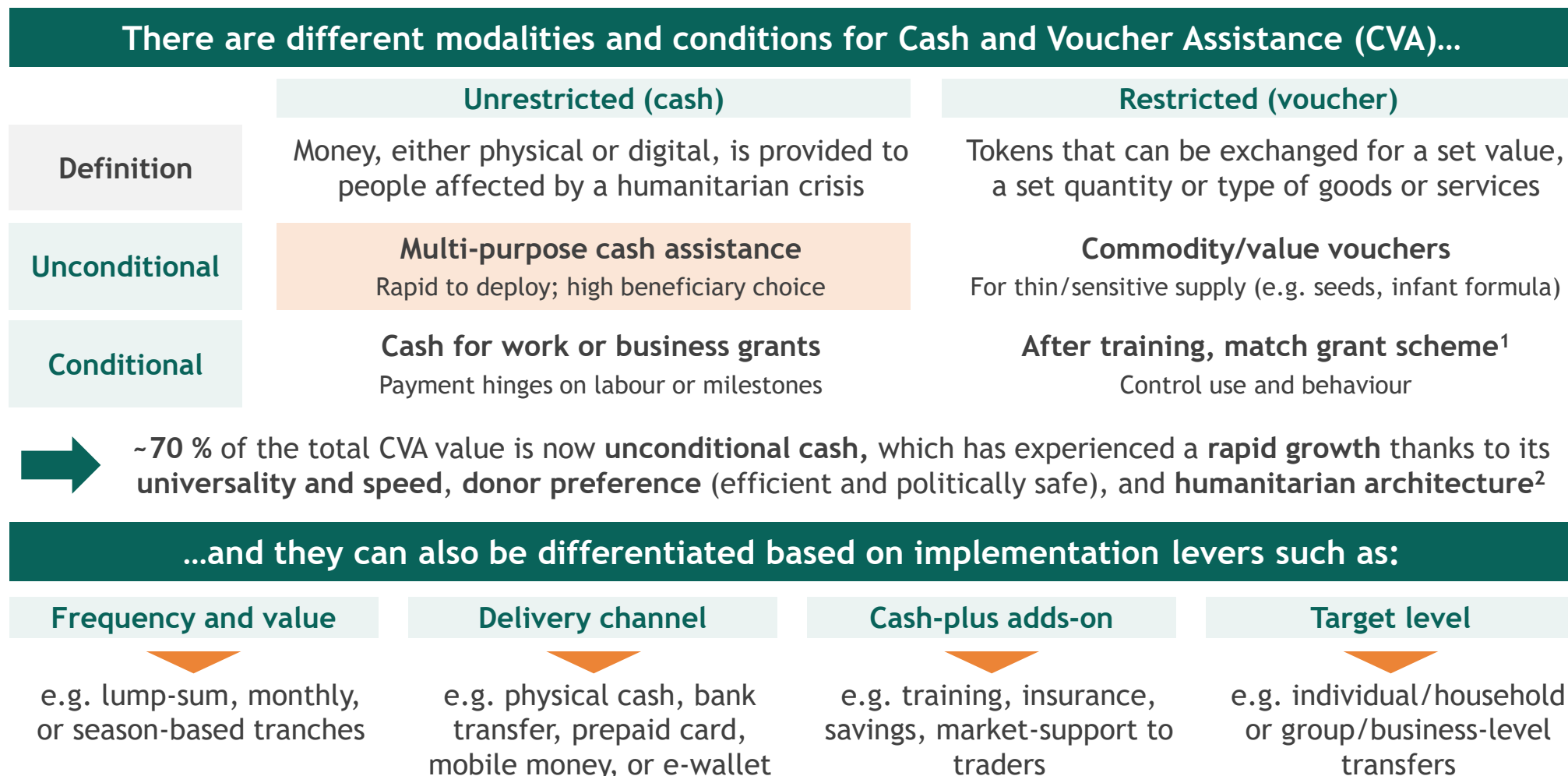
- **Proparco, ICRC and the Cash Hub**, with the support of Altai and the Humanitarian Innovative Finance Hub,, wanted to assess whether, and under what conditions, humanitarian cash can be the entry point to lasting FI
- The **objective** was to understand the **barriers and prerequisites** for humanitarian cash transfers to **drive sustainable financial inclusion**, identify where a **DFI** could bring the **most value**, and pave the way for **scalable pilots**

Approach

- The analysis combined a comprehensive **secondary research** with **interviews with more than 30 stakeholders** (from donors, international organisations, NGOs, think tanks, financial service providers, and relevant networks) to look at actual behaviours, provider incentives, and the public-good infrastructure that enables low-value digital finance to flourish

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Cash and voucher assistance can take different forms based on modalities and operational design. Unconditional cash transfers are the main modality, by far



Note: 1) Mechanism where the recipient is required to contribute their own resources, such as money, labour, or assets, alongside the provided assistance, in order to unlock or “match” the value of the voucher; 2) Coordination templates are now built around basic-needs Multi-purpose cash assistance.

Source: The CALP Network: [Types of Cash and Voucher Assistance](#)

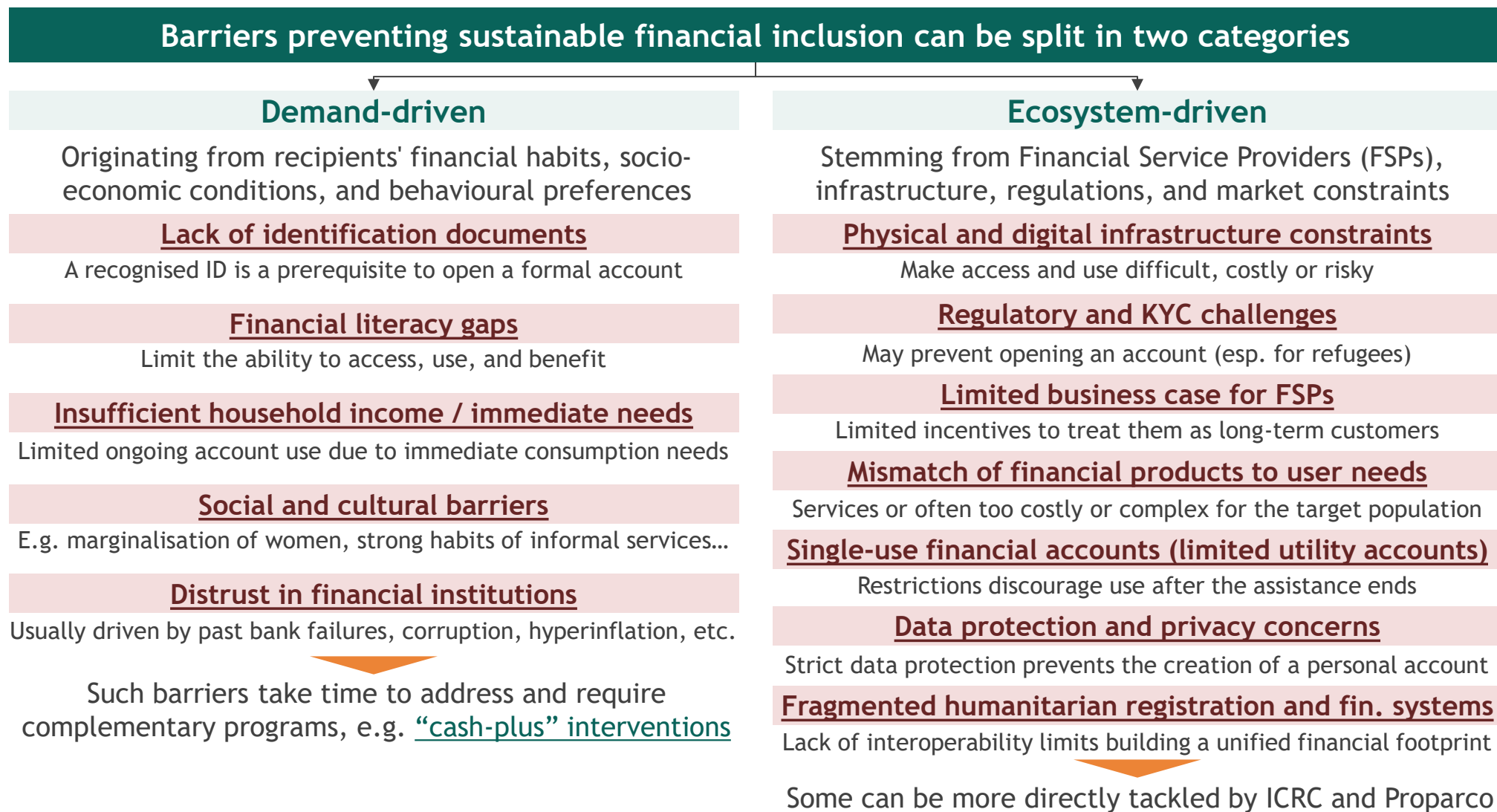
When looking at a segmentation based on the phase of the crisis curve, CVA is heavily concentrated in the emergency and protracted relief phases

Phase of crisis	Main objective	Conditionality	Est. % of CVA
1 Anticipatory/forecast-based	Mitigate imminent crisis impact; protect lives and assets before shock onset	Unconditional and almost always multipurpose	Very low (between 0.5% and 1% of total)
2 Emergency relief	Save lives and meet immediate basic needs of disaster or conflict-affected people during the acute phase	Mostly unconditional and often unrestricted	~15-30%: dependent on new-onset emergencies
3 Protracted crisis safety nets	Prevent deep poverty and sustain basic welfare during prolonged crises - the line between humanitarian and development assistance are often blurred	Mixed though mostly unconditional	~50-70% (majority), as <u>protracted crisis dominate aid budget</u>
4 Recovery / Resilience / Livelihoods	Restore livelihoods and rebuild critical assets after the immediate crisis passes and build resilience for future shocks	Often conditional or cash-plus	~10-20%: sometimes funded outside humanitarian budgets

- Figures are **best estimates** as there are data gaps to break down CVA by crisis phase and conditionality
- The total amount of humanitarian CVA was ~[\\$8bn](#) in 2022 and 2023, and quite concentrated on a few responses
- The landscape is currently seriously impacted by the drop in aid (which started in 2024), with the US accounting for >[40%](#) of CVA in 2022. Transfers at the latter stage of the journey are likely to be more impacted (“saving lives” being prioritized over “changing lives”) by the drop in aid

Sources: CALP Network, Development Initiatives, UNICEF, Oxford, Food Security Cluster, interviews

Multiple challenges, demand-driven (user behaviours, needs) or ecosystem-driven (regulation, infrastructure, financial services), limit the potential



Transfers focused on the initial phases of the crisis curve tend to have a minor impact on financial inclusion. Potential seems higher at later stage of the crisis

Most emergency cash transfers show neutral to modest FI impact

Necessity to go fast

- Quick selection of FSPs
- Limited time to prepare and customise products and properly train beneficiaries on services

Basic usage

- Recipients cash out the full transfers quickly: it is logical in such contexts
- ...but therefore, does not lead to truly new financial behaviours

Short cycles

- Programmes often rely on a few transfers only, providing very little “exposure” to services while they may be new to beneficiaries

FI as a sub-objective

- FI is a sub-objective at best, and there is sometimes a clear incentive issue (e.g., “offloading” individuals who do not withdraw everything)



- Most of these challenges also prove true in protracted crises (multiple short cycles interventions)
- Transitioning from cash-in-hand to e-transfers can build “awareness, use, and trust in digital payments.” Yet, without follow-up support, this did not translate into active account usage once the aid stopped

Cash transfers focused on resilience and livelihoods should yield stronger FI effects, owing to....

Account stability and asset accumulation

Cash plus approach

Regular use and increased trust



- Intentional design is key but rigorous comparative evidence is still scarce
- Such livelihoods programs are also harder to implement in fragile and volatile contexts since i) they require stability and time, and ii) beneficiaries must be able to have a true economic participation

Sources: Interviews, CGAP, Altai analysis

Multiple initiatives improved the operational efficiency of humanitarian cash transfers, but such technical solutions do not impact financial inclusion directly

Several innovations helped drive the operational efficiency of humanitarian cash transfers

- In several protracted crises, humanitarian actors have **collaborated on unified cash platforms to streamline aid delivery** and **achieve economies of scale**. Such platforms **reduce per-transfer fees** and **operational redundancies** over time. They can also increase accountability and quality through the provision of **streamlined assistance to beneficiaries**. The main examples are:
 - LOUISE (Lebanon One Unified Inter-Organisational System for E-cards)
 - CCF (Common Cash Facility)
- Similarly, recent **portals and tools** (e.g. the [UN Financial Gateway](#) or WFP's [Building Blocks](#)) can **reduce costs** (and thus transfer more money to beneficiaries), increase **traceability** and **accountability**, enable **deduplication**, or **identify anomalies and fraud**: as such, they are truly useful and should be encouraged

...but cannot be expected to drive sustainable financial inclusion on their own

- While unified cash platforms had a **positive** impact on **access**, **usage depth** remains **low** as **very few** beneficiaries utilise these accounts as a tool for **broader financial management**
- For instance, the [CGAP review](#) of Jordan and Lebanon concluded that these “CVA programs *do not link transfers to an account*” in a way that **fosters real inclusion**, since aid was disbursed into an account owned by the agency, not individual beneficiary accounts
- More generally, **new technical solutions** should **not** be expected to drive financial inclusion if beneficiaries do not have the **resources** or the **opportunities** to use their account over time

Although cash transfers are often essential in humanitarian settings, they are not sufficient on their own to achieve financial inclusion

Humanitarian cash transfers are crucial...

- Humanitarian cash transfers offer a **unique lifeline** in many situations,...
- ...are **easier to implement** than in-kind distribution...
- ...and are very **relevant whenever there is a market**¹ to answer **immediate needs**² (esp. food)
- They also provide **dignity** and **choice** to beneficiaries who know better what their needs are...
- ...and create **positive externalities** in the economy (with spending fuelling economic activity)

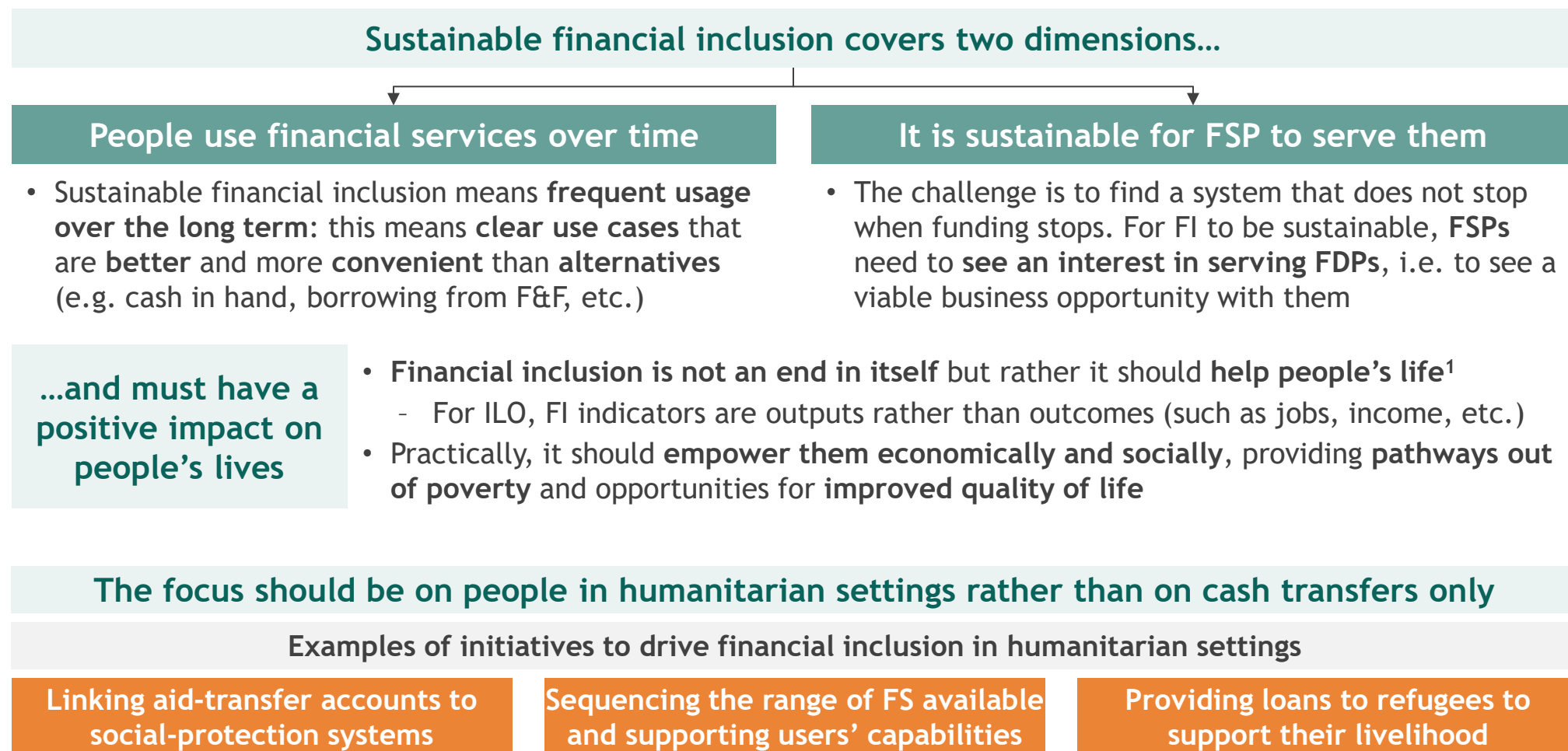
...but the direct link with financial inclusion is far from obvious

- Providing an **account in the beneficiary's name** is an **entry point** for financial inclusion
- However, if beneficiaries **cash out the full transfer immediately**³ (i.e., just after receiving it) and **do not use the account afterwards**, there is **no practical difference** in beneficiaries' behaviour and financial inclusion with a **basic cash distribution**
- A **truly sustainable** financial inclusion (i.e., not dependent on aid) must **rely on economic participation and opportunities** (i.e., people have the right to work and can find work)...
- ...but **economic opportunities** are **independent from cash transfers** and rely much more on the **local regulations** or **infrastructure development**. This explains why the practitioners interviewed could **not** provide **compelling examples of success**
- The increasing **focus** on financial inclusion in the **narrative** about cash transfers is a **response** from humanitarian agencies to **donors' growing requests for sustainable solutions** and “exit strategies”

Notes: 1) This is the case in the majority of cases, even in many emergency situations. The main exception is in very remote areas or when access is particularly challenging; 2) When such market exists, the portion of each dollar in the programme that reaches beneficiaries is higher with cash transfers than with vouchers or in-kind distribution; 3) Sometimes to reimburse debts to friends and families as it will help them to take on new loans. Sources: Interviews, Altai Consulting analysis

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For financial inclusion to be sustainable, people must use the services over time, and FSPs need a sustainable business model



Note: 1) By enabling them to securely transact, save, access affordable credit, and insure against risks, thus increasing their financial resilience.

Sources: Interviews, Altai analysis

Linking aid-transfer accounts to social-protection systems

The integration of humanitarian cash transfers with social protection systems is growing - and promising

- A growing trend is to deliver humanitarian cash through or alongside national social protection systems, leveraging government infrastructure to reach crisis-affected people:



[Emergency Social Safety Net](#)



[e-Dopomoga](#)

- It can drive financial inclusion by i) creating continuity of access, ii) encouraging savings (predictability and repeated exposure), and iii) crowding in financial institutions
- There is a real opportunity to scale: data from the [2021 Findex](#) showed 865m individuals have opened their first account to receive money from the government and that about 1/3 of government transfer or pension recipients saved and 1/3 borrowed money formally

Such an integration is more difficult in fragile countries...

- Contextual relevance is crucial: such integration works best in countries with at least a basic social transfer infrastructure and ID system in place pre-crisis
- Political will and trust between humanitarian organisations and governments are also vital. In some FCS countries (e.g. Afghanistan) such alignment is challenging
- Social protection systems are usually geared towards nationals, so such an approach is likely to be less relevant for refugees

...but CGAP identifies several potential approaches in fragile countries

When government system exists but G2P¹ lacks scale



Consider applying principles of multi-program disbursement beyond government

Where government capacity is severely constrained



Consider seeding local civic champions to support delivery system capacity

Where government support is not otherwise possible

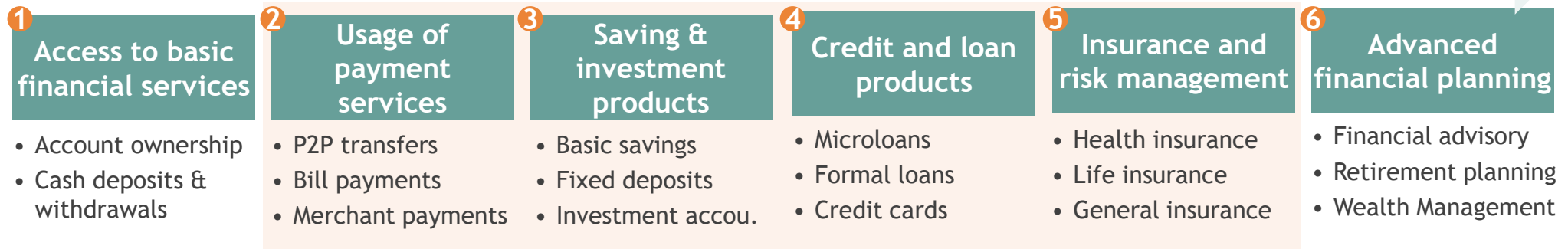


Consider strategic investment in future delivery system building blocks

Note: 1) Government to Person. Sources: CaLP Network, CGAP, Cash Hub, Findex, Interviews, Altai Consulting analysis

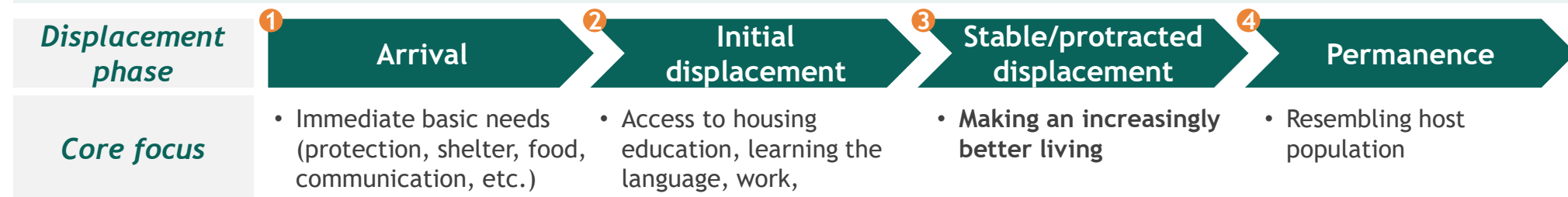
Sequencing the range of financial services available and supporting users' capability

Programmes should support access and use of wider range of services over time...



- Financial inclusion can rely on a **wide range of services** and should make the **most of each option to be truly transformational**: this is particularly true of credit and loan products. The range of services considered will **impact the type of FSP to work with**, as there is a balance to find between multiple objectives (see the segmentation [here](#))

...but this must be consistent with the displacement phase covered



- The approach must be **consistent with users' needs and capacity**. Typically, early displacement focuses on safe access and payment readiness. In resilience and livelihoods phases, micro credit, micro insurance, and, where appropriate, fixed deposits or asset building products support growth
- At all stages, **"Cash-plus"** (such as training, market linkage, light coaching) can **increase adoption** when it is practical and repeated, not one-off classroom sessions

Providing loans to refugees to support their livelihood

Providing loans to refugees to support their economic activity could be impactful...

- **Most refugees** live in **fairly stable settings** (often more than IDPs) due to the **protracted** nature of the crises, but tend to be **excluded** from national **social transfer programmes**
- The objective would be that **FSPs provide loans to refugees** (along with host communities) engaged in livelihood programs run by humanitarian players, as a way for these beneficiaries to “**graduate from aid**”. It must focus on contexts where refugees can have an effective economic participation
- It is key to **maximise the impact of every dollar invested** as the **decline in aid** is expected to **hit Recovery and Livelihoods programmes harder** than Emergency and Relief efforts

...but FSPs tend to overestimate the risks associated to refugees...

- **Multiple sources** (e.g., [Kiva](#), [WFP](#), [Grameen Crédit Agricole Foundation](#), [Inkomoko](#)) show **high** (and higher than expected) **repayment rates** from refugees
- However, **FSPs** are often **reluctant** to serve this category they do not know well - or **only** through **CSR activities**. They also tend to **overestimate the “flight” risk**
- While serving such groups remains **challenging** and requires **customisation**, the consistent emergence of encouraging signs points to a **genuine opportunity**

...and DFIs could have a key role to nudge FSPs

- DFIs could play a **catalytic role** in **bridging** humanitarian agencies and FSPs by **offering de-risking instruments** and **technical assistance** to help providers **evaluate the long-term viability** of serving such populations **independently**
- Such a model does **not necessarily require financial guarantees**. Financial support can be on technical assistance and set-up costs
- It is crucial (but not straightforward) to align incentives: examples include the SDC’s [Social Impact Initiative](#) (SDC - Swiss), the Near East Foundation’s [Refugee Impact Bond](#), or the Results-Based Financing (RBF) models deployed across Africa’s off-grid solar sector

Sources: Interviews, Altai analysis

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Several prerequisites can increase the likelihood that humanitarian cash transfers contribute to sustainable financial inclusion

Prerequisite	Rationale
Identification infrastructure	An official ID is required to satisfy Know-Your-Customer requirements, and the lack of it can hinder account opening in crises, esp. for refugees. Tiered KYC (simplified accounts with low limits) can enable aid recipients to become account holders, as seen in Jordan
Regulatory support and political will	Authorities must prioritise inclusion even during crises, e.g. by fast-tracking regulatory changes (ensuring an effective economic participation of fragile individuals, like refugees, or allowing e-money issuers to operate)
Payment infrastructure and agent network	A strong network of agents, ATMs, or merchants is needed so that digital cash can be conveniently accessed or spent - otherwise, recipients will cash out everything in one go (or avoid digital altogether). Instant payment systems (such as UPI in India or Pix in Brazil) truly make digital transactions fast, low-cost, and interoperable
Supply of appropriate financial products	Humanitarian recipients are often low-income, irregular earners: they need accounts with no or low fees, and services like small-balance savings. It can be difficult to meet for FSPs as it often involves tailoring their offers with an unclear business model
Digital literacy and mobile phone penetration	Since many humanitarian CVA schemes are now digital, beneficiaries must be able to operate phones or cards and trust the systems. Training and user-friendly tech (e.g. interfaces in local languages) help convert one-time users into regular customers

These prerequisites seek to address some of the main barriers identified. Note that they do not cover the “soft” ones, such as trust or cultural obstacles, and that some issues (e.g. literacy) take time to be addressed

Practical recommendations so that cash transfers can contribute to sustainable financial inclusion

Context selection

- **Avoid very volatile environments** as they tend to be unsuitable for financial inclusion, but protracted crises can be relevant, as well as high inflation contexts or collapsing financial ecosystem¹, which leads to a preference for cash and a limited use of formal accounts. Ensure that beneficiaries can have **access to economic opportunities** and **regular sources of income**²

Type of programme selection

- Consider **livelihoods programs** that last **at least a year** and incorporate **frequent transfers**, if you want to have a financial inclusion impact, or **conditional cash transfers** if they facilitate the development of **long-term opportunities** (e.g. cash for shelter, which enables a quicker reinsertion if beneficiaries have rebuilt their home)

Programme design

- Create individual **accounts** in the **beneficiaries' name** that they could use over time (cf. the challenges faced by the platforms in Lebanon and Jordan demonstrate the importance of this)
- Promote **specific financial behaviours**, e.g., by offering a small incentive to maintain a balance, or by linking cash recipients to micro-loan programmes
- Favor **Cash Plus programs** and ensure clear financial inclusion training is implemented
- **Anticipate the next steps: Cash transfers can be a spark**, but what comes after is crucial. Try to **prepare the transition over time from the beginning**

Implementation phase

- Encourage your **formal FSP partner** to work with **VSLAs**, which are usually deep rooted the community and can help **builds financial habits** and **readiness for credit**
- Select **KPIs** based on **usage** rather than access and set a **budget** to the program's assess impact **one or two years after it finishes**
- **Be patient:** It takes time to build trust through repeat exposure as well as beneficiaries to build credit history and savings on account

Notes: 1) For instance, in Lebanon's crisis, beneficiaries perceived hard cash as more secure, fearing electronic balances could vanish in a banking meltdown; this mindset (reinforced by real bank closures and devaluation) discouraged leaving any funds in accounts; 2) When people can barely afford the basics, they are unlikely to progress on the financial inclusion journey.

For cash transfers to contribute to financial inclusion of beneficiaries, it is crucial to

Work collectively with all stakeholders involved

- Humanitarian cash transfers from a **single agency** are **unlikely** to have a significant any **impact** on financial inclusion. However, **collaborating** with other agencies to **channel** all transfers in a **similar way**, and ideally with the **government's social protection system**, can **increase** the likelihood that these accounts will be used over time
- By operating as a **consortium** or common platform, agencies can achieve **greater scale**, **efficiency** and **transparency** than they could through parallel efforts. In complex settings where resources are scarce, such efficiency gains mean that more aid reaches beneficiaries
- Support a collective approach between **FSPs** and **other stakeholders** with to present a **unified position** for advocacy - though UN agencies are best placed to lead this effort
- Encourage also for collaboration **within humanitarian agencies**: there are often a **contrast** between the **headquarters** and the teams on the **ground** on the financial inclusion **objectives**

Launch initiatives at the ecosystem level

- While the **design** of humanitarian cash transfer programs can help make them an entry point to financial inclusion, it is **not sufficient per se**, and the **role of the ecosystem is crucial**
- To be truly sustainable, financial inclusion **programmes** should be **linked to economic opportunities**. Such programs are likely to be **more complex than unconditional cash transfers**. They cover the development of:

Financial Infrastructure and KYC

Income-generating activities

Trainings to give beneficiaries marketable skills

Job-matching mechanisms

- Such initiatives are **more long-term** but are a must to drive a **sustainable impact**
- In these cases, the use of **innovative blended finance** approaches and **partnerships across sectors** (including for advocacy purposes) is **crucial** and is definitely **more important** than for humanitarian cash transfers

Practical example: Providing loans to refugees to support their livelihood

A multi-partner consortium could be built for such initiatives

- A consortium could typically include a **DFI** for the de-risking/funding mechanisms, a **humanitarian player** for refugee mobilization, and **FSPs**
- Even though it involves **significant coordination**, such a model can help **make the most of each player's strength** and reduce the burden on individual organisation

Depending on the context, humanitarian players should play one of these four roles

Convener	Advisor	Enabler	Implementer
Lead in bringing ideas forward and use influence to convene stakeholders	Provide TA and advisory support to de-risk projects and attract investments	Facilitate project preparation & handover, ensuring effective exit strategies & sustainability	Act as operator due to mandate and relationship with government

- These roles for humanitarian blended finance have been outlined by [HIFHUB](#)
- **Humanitarian** players should support FSPs **understanding refugees' communities**, they should **not** be one leading the **selection of beneficiaries**

Success will hinge on robust technical assistance and training

Trainings for refugees and host communities	Capacity building for FSPs
• Financial literacy and digital literacy training: it should be very practical, ideally led by the loan officer to build trust and provide a certification • Business skills training, to improve income-generating activities	• Market understanding of the refugee market to develop appropriate outreach strategies • Product and processes customisation • Digitalisation support (esp. when working with MFIs and VSLAs)

Sources: Interviews, Altai analysis

There are several examples of consortium. They help overcome multiple barriers thanks to members' complementarities but require high coordination

Innovative initiatives show the potential of collaborations among different stakeholders

Programme	Key features	Stakeholders and role	Impact
Financial Inclusion of Refugee - Uganda - Since 2019	Micro/SME loans Refugee/host entrepreneurs; TA to MFI; KYC adaptations using UNHCR documentation; gender lens	- UNHCR: Convener/Advisor - Sida (DFI): provide guarantee + TA fund. - GCAF¹: debt to MFI; TA coordination - MFI: originate/service loans to refugees	- Proven business model - MFIs expand to new regions
WFP “SheCan” - Multi-country (Africa/MENA/LatAm) - 2022-ongoing	Blended model combining donor/philanthropic funds to offer microcredit for women smallholders and micro-entrep.	- Donors/Foundations: funding (philanthropy) - WFP: Convener/Enabler/Advisor and includes TA for end-users and FSPs - Partner MFIs: originate/service loans	> 50,000 loans disbursed - Very low default risk (0.1%)
Refugee Livelihoods Development Impact Bond (DIB) – Jordan & Lebanon - 2020-2023	Outcome-based DIB: investors repaid by outcome funders upon verified job/income outcomes; TA embedded; links to MFIs for enterprise finance	- Investors: US DFC, Ferd - Outcome funders: IKEA Foundation, Norad, Novo Nordisk Foundation - Implementer: Near East Foundation - KOIS: Structurer/asset manager	- Target 5,000 individuals - Initial results exceeded expectations

- **Each actor solves a different binding constraint:** e.g., humanitarian agencies unlock client access, protection-sensitive onboarding and regulatory fixes; DFIs and donors provide guarantees and TA that de-risk portfolios and mobilise bank/MFI balance sheets at scale; and FSPs bring distribution, underwriting, and rapid replication
- However, it also involves a **cultural change**, to be able to engage with different habits, approaches and vocabulary

Notes: 1) Grameen Credit Agricole Foundation;

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Without a valid ID, accessing formal financial services is impossible. Alternative KYC solutions can be critical in crisis settings

Barrier	Lack of identification documents
Type	Demand-driven (to answer a supply side request)
Issue	- Possessing a recognised ID is often a prerequisite for accessing financial services (as part of KYC), and many vulnerable people (e.g. refugees who fled without papers, people who lost their documents in disasters, women in conservative societies) do not have the necessary ID - Even when some form of ID exists (e.g. a refugee ration card, a local community certificate), FSPs may not accept it unless regulators allow it. The result is exclusion from the formal financial system even if humanitarian agencies are willing to vouch for the individual
Typical contexts	Refugees, IDPs, and undocumented populations cannot meet banks' KYC requirements for financial accounts Women and marginalised groups may be more likely to lack IDs due to gender norms that deprioritize formal documentation. For example, women in certain regions have lower rates of birth registration and national ID ownership or bank requirements
Example(s)	- In Bangladesh, Rohingya refugees are legally prohibited from opening bank accounts due to their lack of citizenship and formal recognition, leaving them entirely dependent on cash transactions and informal networks - In Uganda (2019), refugees were initially unable to register for mobile money accounts because their UNHCR IDs were not accepted as formal ID for SIM registration. After negotiations, the government allowed refugee attestation letters for KYC, increasing financial access

Low financial and digital literacy prevents recipients from using accounts effectively, leading many to withdraw aid in full

Barrier	Financial literacy gaps
Type	• Demand-driven (stemming from users' skills and knowledge gaps)
Issue	• Many crisis-affected people have limited experience with formal finance or digital tools, resulting in low financial and digital literacy. This limited knowledge can lead to under-utilisation of accounts, and recipients seeking cash-outs and informal practices • These barriers limit beneficiaries' ability to access (e.g. navigate onboarding), use (conduct transactions, maintain PIN), and benefit (savings or credit products) from formal services
Typical contexts	• Common in low-educated populations (literacy is a strong prerequisite), rural communities, and among elderly or marginalised groups in humanitarian settings. For example, displaced people who never had a bank account before, or communities where literacy (incl. numeric and digital literacy) is low, struggle to navigate PINs, interfaces, and formal procedures. And in urgency settings, trainings are often brief
Example(s)	• In Asia-Pacific, a WFP study found that even when recipients had accounts and mobile phones, many were unaware of digital financial products or how to use them • In Bangladesh, beneficiaries barely used their accounts after the project ended- and were unaware of the range of products available. They continued using established, informal savings • Positive experiences with financial services can be built upon in humanitarian settings: a recent study conducted by Altai for the WB in Iraq showed that when women in post-war settings saw and experienced the benefits of financial products (e.g. government-sponsored cards for instalment payments that improved cash flow), they adopted them on a sustainable basis

When all aid is needed for survival, saving or engaging with financial services becomes unrealistic

Barrier	Insufficient household income / immediate needs
Type	• Demand-driven (rooted in beneficiaries' economic realities)
Issue	• Recipients of cash transfer are often extremely poor: they use the support to cover urgent basic needs and cannot maintain account balances after the assistance ends. • If households cannot generate surplus income, any financial account becomes effectively dormant once the cash transfers stop. It prevents building savings, creditworthiness, or transaction history
Typical contexts	• Common in protracted crises and situations of extreme poverty, where livelihoods are disrupted, and markets are weak. In refugee camps or post-disaster areas, opportunities to earn an income are very limited, leaving people almost entirely dependent on aid for survival • For example, 76% of Syrian refugee households in Lebanon are below the poverty line making any notion of surplus savings implausible
Example(s)	• In an Ethiopian cash transfer programme, 90% of participants withdrew more than 90% of the funds immediately after the final distribution, and only 2% ever deposited additional funds into their accounts, showing that almost all the aid was needed for immediate consumption • Similarly, in Nigeria an evaluation noted “immediate consumption needs/limited saving ability” as a key barrier to ongoing account use: without disposable income, recipients cannot engage in sustainable financial activities

Strong reliance on cash and informal finance slows adoption of formal banking, requiring trust-building and gradual change

Barrier	Social and cultural barriers (gender norms and informal practices)
Type	Demand-Driven (stemming from user community norms and behaviours)
Issue	- In many contexts, women and marginalized groups have less financial autonomy, (e.g. men control household finances, cultural norms may restrict women's mobility to visit FSPs, etc.) Strong habits of informal financial practices (e.g. local savings groups, “keeping cash at home”, etc.) can also persist, making formal services seem unnecessary or intimidating - This barrier can also lead to unequal inclusion, where only certain family or community members engage with formal finance, undermining broad financial inclusion outcomes
Typical contexts	- This is prevalent in conservative societies and close-knit community settings where traditional norms dictate financial behaviour. For example, in some refugee or disaster-hit communities, aid is given to the male head of household who may not empower female members - Similarly, long-standing informal systems (rotating savings clubs, hawala money transfers, etc.) often continue in parallel with aid programs. Humanitarian settings do not automatically erase these cultural practices; if anything, people may cling to familiar methods during crises
Example(s)	A case study in Nigeria found that “old financial habits remain” even after receiving aid in a bank account - 87% of women surveyed had not used their bank account in the last 30 days, instead continuing their weekly <i>asusu</i> (informal savings club) contributions

Mistrust of banks and financial providers leads recipients to withdraw aid immediately, limiting financial inclusion

Barrier	Distrust in financial institutions
Type	• Demand-driven (rooted in user attitudes and confidence)
Issue	• Past experiences and perceptions lead many crisis-affected people to distrust FSPs. They may fear that money stored digitally or in a bank could be lost, frozen, taxed, or spied on • Even if accounts are opened (access), lack of trust means recipients will not use them beyond cashing out, nor will they rely on financial institutions for storing value or managing risk • If people do not trust the system, they will not use it voluntarily
Typical contexts	• Evident among populations who have experienced bank failures (e.g., Afghanistan) or unstable banking sector, corruption, or state persecution. Hyperinflation (e.g. Lebanon, Venezuela) also tends to breed deep mistrust: individuals prefer to hold assets (whose relative value is more stable) than money • Conflict-affected communities may suspect that registering for formal FSP may expose them to surveillance or theft. Even in relatively stable settings, long-excluded groups (rural villagers, ethnic minorities) may view formal institutions as predatory or not acting in their interest
Example(s)	• Research in Asia found that trust in financial institutions can matter as much as literacy for low-income users • Research in Jordan and Lebanon found that when humanitarian transfers incentivize recipients to withdraw the entire transfer, it undermines the potential trust in digital services and reinforces the belief that only hard cash has permanent value

Limited connectivity, agent networks, and power supply make financial services unreliable, pushing people toward cash

Barrier	Infrastructure constraints (physical, digital, and network)
Type	• Ecosystem-driven (stemming from the broader environment and service delivery network)
Issue	• Weak infrastructure (including network coverage, electricity, bank agents, ATMs, or mobile phone ownership) can prevent people from accessing or confidently using digital financial services. It can make accessing an account physically costly, difficult, or risky (travel costs to reach the point of service, time, security concerns at overcrowded points): this poor user experience discourages usage. Additionally, transaction failures due to connectivity issues erode trust in the service • Thus, infrastructure is a foundational supply-side requirement; when it is missing, other inclusion efforts often fail
Typical contexts	• Ubiquitous in remote or conflict areas - for example, rural villages, disaster zones with damaged infrastructure, or refugee camps located in isolated areas • In such settings, there may be few bank branches or ATMs, and agent networks for mobile money may be sparse or lack sufficient cash (liquidity) to handle a surge in withdrawals on distribution days. Power outages and lack of phone-charging facilities further complicate digital use for the displaced populations
Example(s)	• In <u>Uganda's</u> refugee settlements, users faced “long distances to mobile money agents, who sometimes have no liquidity,” as well as spotty phone coverage and prohibitive withdrawal fees - all factors that “make digital financial services unfavourable for the recipients.”

Strict compliance limits financial inclusion, requiring adaptive regulations for humanitarian settings

Barrier	Regulatory and KYC challenges
Type	Ecosystem-driven (originating from laws, regulations, and compliance frameworks)
Issue	- Even when individuals do have some form of ID, stringent know-your-customer (KYC) rules (e.g. requiring employment history, or lacking risk-based KYC to accommodate crisis-affected populations), and anti-money laundering (AML) regulations (transaction limits or restrictions on non-citizens) may still prevent them from opening or using financial services - The lack of legal certainty, inconsistently applied regulations or sudden changes in regulatory expectations regarding identification can disrupt the delivery of humanitarian assistance
Typical contexts	- This is particularly problematic in refugee-hosting countries and fragile states. Refugees and internally displaced persons (IDPs) often have lost their IDs or have only refugee IDs which are often not recognised by banks - This also applies to poor rural populations where civil registration systems are weak. In practice, the majority of the population without ID is in Sub-Saharan Africa
Example(s)	- In Jordan, UNHCR had to negotiate with the Central Bank to allow mobile wallets for refugees (they still cannot open bank accounts), because the KYC rules initially required Jordanian national IDs, which refugees did not have Women are disproportionately affected because, in many societies, they are less likely to have official ID due to legal and cultural barriers, and during the COVID-19 response many women were initially unable to receive digital cash assistance for this reason

Low-profitability perceptions require donor-backed incentives and innovative business models

Barrier	Limited business case for Financial Services Providers (FSPs)
Type	Ecosystem-driven (stemming from provider economics and market incentives)
Issue	- If FSPs see a high risk or no sustainable profit with humanitarian accounts, they may not invest in improving services, close these accounts or neglect them after the humanitarian project ends - The short-term nature of many humanitarian interventions further weakens providers' incentives to treat them from beneficiaries to long-term customers. The business case barrier is that financial inclusion of the poorest does not automatically align with FSPs' bottom line
Typical contexts	- This barrier is common in most humanitarian settings: if beneficiaries cash out the full transfer directly and do not make any other transactions, the opportunity for the FSP is limited - It even more likely in situations where beneficiaries (e.g. refugees) are not allowed to work (and therefore have no income stream) or may leave the country soon, or where the target population is in remote or sparsely populated areas (involving a high last-mile operating costs) Once subsidies or bulk payments stop, it may not make financial sense to maintain services in remote, sparsely populated areas. FSPs are rarely committed to these communities
Example(s)	- Several studies have shown that expanding services to unbanked, low-income communities often requires public incentives because the upfront costs are high, and humanitarian projects are too short-term to recoup investments - There is an opportunity over time. A study in Rwanda showed that refugees there had enough income to be strong customers for FSPs

Financial products often don't fit recipients' needs. If services are too complex or costly, they will not be used

Barrier	Mismatch of financial products to user needs
Type	• Ecosystem-driven (stemming from provider product design and delivery channels)
Issue	• The financial products or delivery mechanisms used in humanitarian programmes often do not meet the needs and realities of the target population - and are used as one-time instruments to withdraw cash rather than as useful financial tools • This can include accounts that are too complex, inflexible, or costly for low-income users, or delivery channels that beneficiaries cannot easily access
Typical contexts	• In several contexts, the following challenges arise: - Transactions costs are perceived as high compared to alternatives (transactions can have fees while there are none with cash), limiting the relevance of the service - There are few opportunities to use the service (e.g. merchant not accepting cards or MM) - Savings are not remunerated when alternatives (e.g. investments in assets) could be - Services can be seen as complicated to use (e.g. USSD menu with a long list of options) while users are interested in just one or two use cases) - The service is not available in the language of beneficiaries - Services are often dependent on mobile connectivity which can be an issue in remote areas - Beneficiaries do not have compatible phones for a mobile app
Example(s)	• In Bangladesh, beneficiaries found it more lucrative to invest savings in the Shomiti (VSLA-style rotating savings and credit schemes) or in livestock

Aid-linked accounts should serve more than withdrawals. If they offer no extra value, users disengage after the last transfer

Barrier	Single-use financial accounts (limited utility accounts)
Type	Ecosystem-driven ((a result of how programmes and providers set up and manage accounts)
Issue	- In many cash programmes, the accounts or wallets end up being used only to receive and immediately withdraw humanitarian funds, with no further use after that. This happens when the account's utility beyond the aid is minimal, either because of restrictions (e.g., closed-loop card usable only at certain vendors) or because recipients see no other function for it - Such “single-use” accounts do not encourage beneficiaries to deposit their own money, make payments, or keep the account active after the assistance ends. Essentially, the account is a means to an end (getting the money) rather than a tool for ongoing financial engagement
Typical contexts	- This is common in short-term emergency responses or one-time cash distributions, and in programmes where financial inclusion was not an explicit goal. For example, in rapid disaster responses, agencies may distribute prepaid cards that expire after funds are spent - In protracted refugee operations, multiple agencies each issue separate cards for their aid, resulting in multiple single-purpose instruments rather than a consolidated, multi-purpose account. Even when open-loop bank accounts are used, if all stakeholders treat them as temporary, they effectively function as payment conduits rather than genuine bank accounts
Example(s)	A study spanning cash programmes in Bangladesh, Nepal, and Cambodia highlighted that the design of cash delivery models itself can be a barrier - for example, the issuance of “single-purpose debit cards” that were restricted to specific uses “limited recipients’ ability to use the card to access different financial products and services”

Privacy concerns and weak data-sharing hinder integration, requiring secure governance frameworks

Barrier	Data protection and privacy concerns
Type	• Ecosystem-driven (related to system-level governance and risk management)
Issue	• Humanitarian agencies and financial providers must handle sensitive personal data (identity details, biometrics, transaction records) when linking cash transfer recipients to financial services. Data protection concerns arise from the risk of data being misused, breached, or accessed by unauthorized actors (potentially putting vulnerable people at risk) • Humanitarian principles require strict data protection - for example, refugee data falling into the wrong hands could lead to targeting. As a result, agencies may be reluctant to share beneficiary data with FSPs beyond <u>what is strictly necessary</u>, and may avoid interoperable systems that share data, for fear of loss of control or legal repercussions
Typical contexts	• This is a cross-cutting issue in all modern, digital humanitarian cash programmes, but esp. salient in conflict zones and authoritarian contexts where data leaks can have life-or-death consequences. For instance, in responses to the Syrian crisis or in Afghanistan, agencies are extremely cautious about sharing data due to the sensitivity of refugees' and IDPs' personal information. Additionally, in multi-agency operations, each organisation may have its own data management system and be hesitant to connect with others without airtight agreements • Such an issue is very context dependant as it varies with political situation in a country
Example(s)	• A widely <u>used NGO cash transfer platform</u> (Red Rose) was found to have serious security vulnerabilities - an external party accessed the records of over 8,000 families, including names, photos, and GPS coordinates of aid recipients in West Africa

Lack of coordination across aid agencies creates inefficiencies. Interoperability can improve financial access and impact

Barrier	Fragmented humanitarian registration and financial systems
Type	• Ecosystem-driven (stemming from how aid organizations and systems are structured)
Issue	• Humanitarian responses often involve multiple organisations/programmes, each with its own registration processes, beneficiary databases, and delivery mechanisms. This fragmentation means that a single person in need may be registered in multiple systems and receive cash from different agencies through separate channels (prepaid card, mobile money transfer, etc.) • Without interoperability or data sharing, there is no continuity of the beneficiary's financial identity across programmes. This can lead to duplication (multiple accounts or cards issued to the same person) and inefficiency (each program re-trains beneficiaries, each requiring separate cash-out trips). For beneficiaries, it means inconvenience (multiple PINs or cards to manage) and missed opportunities to build a unified financial footprint
Typical contexts	• This can be seen in large-scale humanitarian crises with many actors, such as the Syria crisis response or the Somalia drought response. In many of these cases, coordination initiatives (such as Cash Working Groups) attempt to harmonise efforts, but practical and data constraints often lead agencies to maintain separate systems
Example(s)	• In Lebanon and Jordan, early experiences showed that refugees had to “go through several transfers and collection processes” with different agencies, keeping track of multiple aid cards and schedules. This changed when a consortium of agencies created a shared cash platform (LOUISE) enabling people to receive transfers from different agencies on a single card/account

Refugees, IDPs and host communities face different barriers impacting their financial inclusion

Criteria	Refugees	IDPs	Host communities (HC)
Legal status and documentation	Often refugee cards. May lack nationally recognised IDs	Retain or lose official national IDs based on how they fled	Typically hold valid national IDs
Right to work and access to livelihoods	Varies by host country laws. May face restrictions on business licenses, property ownership, and formal employment	Share certain rights with other citizens but often face destroyed livelihoods, housing, or lack of capital in new area	Free to pursue business and employment based on local norms and regulations
Mobility and security	May be restricted by host country laws (e.g., designated camps or limited geographic areas). Security conditions vary widely	May face movement restrictions in certain zones for security reasons or remain in informal shelters/camps	Generally free to move and reside in the area, subject to standard regulations
Knowledge of local language & cultural integration	Many lack fluency. Possibly limited familiarity with local customs, norms, and social systems, which can challenge inclusion	May struggle with local dialects. Often share the broader national culture, but may experience social stigma in host regions	By definition, well integrated into local social and cultural contexts
Access to humanitarian assistance	Often high priority for international organisations and NGOs; distribution channelled via refugee status	Often eligible for domestic relief programs and sometimes international assistance, though coverage can be inconsistent	Limited access to refugee or IDP-focused programmes; rely mostly on national safety nets


Complexity to access formal financial services

Sources: Interviews, Altai analysis

Best practices can be drawn from the 2024 European Microfinance Award, which focused on advancing financial inclusion for Refugees & FDPs

Institutional buy-in & strategy	Serving FDPs often requires new risk protocols, different KYC acceptance, and field networks in remote or camp settings. These adaptations are best sustained when they are embedded in the institution's core strategic plan, with management commitment and a dedicated budget
Adaptation of existing products	Some institutions lightly tweak existing financial products (e.g., more flexible collateral, relaxed KYC rules) while others create specialized offerings (loans for home rebuilding, group savings with extended grace periods). Both approaches can succeed if the focus remains on client demand and viability
Engagement with Host Communities	Fostering social cohesion (joint trainings, mixed borrower groups, or community events) eases local resistance and avoids the perception that refugees receive special privileges. Many award applicants provided services to both FDPs and hosts, which reduced conflict and prejudice
Refugee employment	Employing FDPs as staff, especially as loan officers or agent-network personnel, can facilitate trust, improve cultural understanding, and reduce language barriers. Refugee-led or refugee-staffed organisations have stronger credibility among FDP communities and make operations more sustainable
HR training & code conduct	Effective staff training on inclusion, trauma awareness, and client protection helps mitigate prejudice or bias in lending decisions. Many institutions formalize “client safeguarding” in HR manuals and code of conduct documents, ensuring staff align with inclusive goals

Source: [Advancing Financial Inclusion for Refugees & Forcibly Displaced People: Insights from the European Microfinance Award 2024](#)

During the project, we had the opportunity to conduct in-depth interviews with individuals from the following organizations

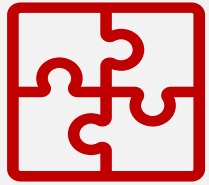
About 30 organizations covered donors/investors, UN agencies, NGOs, banks, MFIs, Fintechs, think tanks and networks



The interviews were conducted under the **Chatham House Rule**, so we do not specify the organisation when using quotes. Some individuals also specified that they were providing their personal perspective and not necessarily that of their institution.

In many cases, we interviewed multiple individuals from a given organization.

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