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REPORT

# Supporting financial inclusion of migrants:

## ACTORS, APPROACHES AND AVENUES TO OVERCOME CHALLENGES

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The views expressed in this report are those of the authors and any errors or omissions remain the responsibility of the authors.

# Acronyms

| | |
|---|---|
| ABI | Associazione Bancaria Italiana |
| ADB | Asian Development Bank |
| AfDB | African Development Bank |
| AFD | Agence Française de Développement |
| AFI | Alliance for Financial Inclusion |
| AIR | African Institute for Remittances |
| AML | Anti-money laundering |
| ASEAN | Association of Southeast Asian Nations |
| BBVA | Banco Bilbao Vizcaya Argentaria |
| BMGF | Bill and Melinda Gates Foundation |
| BMZ | German Federal Ministry for Economic Cooperation and Development |
| BRAC | Building Resources Across Communities |
| CEMCWG | Consumer Empowerment and Market Conduct Working Group |
| CIDA | Canadian International Development Agency |
| DANIDA | Danish International Development Agency |
| DFS | Digital financial services |
| CGAP | Consultative Group to Assist the Poor |
| CFT | Combating the Financing of Terrorism |
| DFSWG | Digital Financial Services Working Group |
| DIA | Diaspora Investment in Agriculture |
| EAP | East Asia and Pacific |
| EC | European Commission |
| ECA | Europe and Central Asia |
| ECCAS | Economic Community of Central African States |
| EIB | European Investment Bank |
| EMN | European Microfinance Network |
| ESBG | European Savings Banks Group |
| ESRBG | European Savings and Retail Banking Group |
| EU | European Union |
| FARMS | Facility for Refugees, Migrants, Forced Displacement and Rural Stability |
| FAS | Financial Access Survey |
| FCDO | Foreign, Commonwealth and Development Office |

| | |
|---|---|
| FDI | Foreign direct investment |
| FFR | Financing Facility for Remittances |
| FIAS | Facility for Investment Climate Advisory Services |
| FORIM | French Federation of migrant workers' organisations |
| FReDI | Financial Literacy for Remittances and Diaspora Investments |
| G20 | Group of Twenty |
| GCC | Gulf Cooperation Council |
| GDP | Gross Domestic Product |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| GMG | Global Migration Group |
| GPFI | Global Partnership for Financial Inclusion |
| IADB | Inter-American Development Bank |
| IAMTN | International Association of Money Transfer Networks |
| ICC | International Chamber of Commerce |
| IDB | Inter-American Development Bank |
| IDBG | Inter-American Development Bank Group |
| IFAD | International Fund For Agricultural Development |
| IFC | International Finance Corporation |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| INTPA | Directorate-General for International Partnerships |
| IOM | International Organisation for Migration |
| IsDB | Islamic Development Bank |
| KIT | Royal Tropical Institute |
| KYC | Know Your Customer |
| LAC | Latin America and the Caribbean |
| LDC | Least Developed Countries |
| MDB | Multilateral Development Bank |
| MENA | Middle East and North Africa |
| MoU | Memorandum of Understanding |
| MTO | Money transfer operator |
| NGO | Non-governmental organisation |
| Norad | Norwegian Agency for Development Cooperation |
| NRP | National Remittance Plan |
| ODA | Overseas development assistance |
| OECD | Organisation for Economic Co-operation and Development |
| PROSPECTS | Partnership for improving prospects for forcibly displaced persons and host communities |
| PHB | A digital financial inclusion company |
| SAR | South Asia |
| SDC | Swiss Agency for Development and Cooperation |
| SDG | Sustainable Development Goal |
| SIDA | Swedish International Development Cooperation Agency |
| SME | Small and Medium Enterprises |
| SSA | Sub-Saharan Africa |
| UPU | Universal Postal Union |
| UN | United Nations Development Programme |
| UNCDF | United Nations Capital Development Fund |

| | |
|---|---|
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations |
| UNHCR | United Nations High Commissioner for Refugees |
| UNICEF | United Nations Children's Fund |
| UNSD | United Nations Statistics Division |
| UN-SWAP | United Nations System-Wide Action Plan |
| US | United States |
| USAID | United States Agency for International Development |
| WBG | World Bank Group |
| WSBI | World Savings Banks Institute |
| WEF | World Economic Forum |
| WEMIN | Migrant women empowerment and integration projects |
| WFP | United Nations World Food Programme |
| WSRBI | World Savings and Retail Banking Institute |

# 1. Introduction

Financial inclusion of migrants and remittance flows are interconnected. When migrants are financially included, they are able to send more remittances to their home countries in a safer, easier and more convenient manner. The United Nations calls for the non-discriminatory nature of financial inclusion where all individuals, including migrants, can access affordable and essential financial services as one of the strategies to realising the Sustainable development Goals (SDGs). However, migrants are more likely to be financially excluded because of their identity and economic status. Among other actors, public development actors have played a crucial role in supporting the financial inclusion of migrants and promoting remittance flows.

This study, therefore, sets out to explore the role of public development actors in promoting the financial inclusion of migrants and remittance flows. It first provides a background understanding of financial inclusion, remittance flows and public development actors (Section 2). Section 2 also examines evidence from available data, presenting the gaps in the global databases in analysing the financial inclusion of migrants. However, from the available regional databases, a large percentage of migrants are estimated to be financially excluded, weakening their ability to send remittances. It gives an overview of different types of interventions taken by public development actors and how the coronavirus disease 2019 (COVID-19) pandemic has created a paradigm shift, inspiring and sometimes obliging migrants to use formal financial services.

In Section 3, the study builds on the overview in Section 2, to discuss in detail the different types of interventions that can be undertaken by all actors (development and non-development) to foster financial inclusion of migrants and remittance flows. In general, it presents four categories of interventions: demand-side interventions, supply-side interventions, supporting function, and enabling rules. Section 4 maps the examples that public development actors are taking up under the four types of interventions to promote the financial inclusion of migrants and remittance flows.

The study finds that public development actors play a significant role in promoting the financial inclusion of migrants through a series of initiatives. They have facilitated the financial literacy of migrants through many financial education programmes; economically empowered migrants and refugees, enabling them to use and afford financial services; taken on gendered approaches to ensure that migrants can access and use financial services; eased documentation of migrants through succouring the adoption of friendly Know Your Customer (KYC) rules and regulation; engaged in action-oriented partnerships with the private sector to promote the availability of financial service for migrants; advocated for a reduction in remittance costs, among others.

Public development actors, however, continue to encounter several challenges in trying to promote the financial inclusion of migrants and remittances flows as discussed in detail in Section 5. The study recommends that for public development actors to achieve optimal results from their interventions, they ought to, among other things: (1) champion the adoption of friendly rules and regulations in both migrant sending and receiving countries; (2) take on more gender-sensitive and responsive approaches; (3) go beyond advocacy and directly implement policies that reduce the costs of sending remittances; (4) develop a migrant specific database to help demonstrate the extent to which migrants are financially excluded; (5) invest in measuring the impact of the implemented projects to assess what has been done and what needs to be done; (6) promote legal access to identification documents by migrants – taking on an example of UNHCR; (7) embrace action-oriented partnerships and synergies among themselves and with the private sector; (8) leverage additional finance from public and private sector players through a blended finance approach; (9) adopt financial inclusion interventions that go beyond the remittances lens to address investment needs of migrants; (10) adopt continuous and not one-time interventions; and (11) improve interoperability among financial and digital systems.

# 2. Contextual analysis: Why financial inclusion of migrants and remittance flows matter

This section discusses the research problem at hand. It looks at why it is important to promote the financial inclusion of migrants to boost remittance flows. It (a) presents the definitions of the key terms used in the study; (b) explores the data evidence on the extent to which migrants are financially excluded; (c) explores the interconnectedness of financial inclusion of migrants and remittance flows; and (d) discusses the effect of COVID-19 on financial inclusion and remittance flows.

## 2.1. Financial inclusion of migrants: Revelations from available data

### Box 1: What is financial inclusion?

Financial inclusion refers to the ability of individuals and businesses to have access to useful and affordable financial products and services that meet their needs in a responsible, non-discriminatory and sustainable way. The connotation of financial inclusion goes beyond access to and the use of financial services and products provided by traditional banks. It entails how financially excluded individuals exploit digital financial services provided by mobile network operators (for example, mobile money) and internet applications (for example, digital wallets). Digital financial services are often tailored towards the unbanked populace (including migrants) to attract them to use formal financial services at a low cost, with reduced risks and in a sustainable manner.

Migrants need financial services and products to facilitate their everyday transactions and payments (including sending remittances), save, access credit and get insurance services. However, some, if not most, remain financially underserved and unbanked. While there are databases on global financial inclusion (for example, the Global Findex database by the World Bank Group and the Financial Access Survey by the International Monetary Fund (IMF)), these fall short of presenting the extent to which migrants in particular, are financially included. The Global Findex database comprehensively maps how the adult population of 15+ years in more than 140 countries can save, borrow, transact and manage the different risks, yet it does not particularly consider the level of financial inclusion of migrants, or the lack thereof.

The Global Findex database's latest evidence suggests that around 3 billion people are financially underserved, 1.7 billion are unbanked and 1 billion of individuals with an account still transact in cash (WB 2018). Among these are the vulnerable groups of people including women, youth, migrants, refugees, asylum seekers, rural communities, and micro and small businesses that are less likely to meet the requirements of financial service providers (Gehani et al. 2019; WB 2018). Relative to men, more women (about 56 per cent – 980 million) remain unbanked (WB 2018). Most of these live in poor and marginalised communities, especially within developing countries, and in some societies where migrants dwell (Thompson 2021; WB 2017).

### Box 2: Migrant women are less likely to be financially included

Migrant women tend to use more in-person cash transfer services than men (Azam et al. 2020). They mostly occupy informal jobs, where they are usually paid in cash. Additionally, migrant women are more likely to accompany their husbands to their countries of destination. As most of these remain without paid jobs (sometimes temporarily), they are unable to open up accounts in some financial institutions, which normally require proof of employment in the form of employment contracts. In Arab countries, it is common for migrant women to work as domestic workers. Such women are often excluded from accessing financial and health insurance services due to the informal nature of their work.

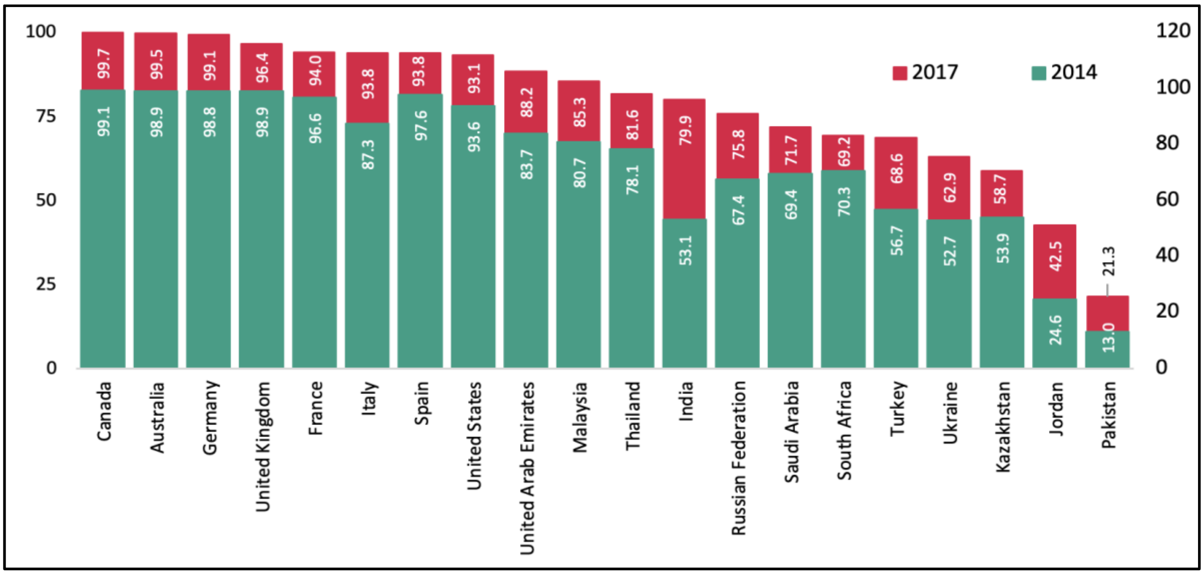
Globally, migrant domestic workers make up about 11.5 million of total migrants, 8.5 million of which are women who are mostly paid in cash (Tayah 2016; McDowell 2012). The actual number of domestic workers may be more than this, and a large share of them continue to be denied access to several essential services including financial ones (UNHCR 2015).

The IMF also provides data on global financial inclusion through its Financial Access Survey (FAS) database, which maps the domestic provision of financial services with the end goal of monitoring the progress towards SDG target 8.10, that is the ability to strengthen the capacity of domestic financial institutions to empower and encourage them to expand access to banking, insurance and financial services for all (UNSD 2016). However, like the Global Findex database, the FAS database also fails to provide clarity on the extent to which migrants are financially included. This is also the case with the Global Partnership for Financial Inclusion (GPFI n.d.), which utilises the Global Findex database, Financial Access Survey, Organisation for Economic Co-operation and Development (OECD) National Financial Literacy and Financial Inclusion Surveys, among other data sources to provide data on the Group of Twenty (G20) financial inclusion indicators from more than 200 countries.

Other regional data sources only offers a glimpse at the level of financial exclusion of migrants in some regions. Out of 138 million people in Europe that are financially excluded, about 18 million have lived in more than one country throughout their lives, qualifying them as migrants (Mastercard 2016). Although Europe is increasingly receiving migrants, many migrant households especially in Italy, France, and Spain have no bank accounts and undocumented migrant workers prefer to be paid in cash due to their immigration status (Ozili 2021). In the greater Asia and the Middle East, about 40 million migrants are unbanked, circa 6 million of whom are in Malaysia and Singapore alone (Gehani et al. 2019).

The ratio of migrants that are not financially included could be higher in the Middle East countries of united Arab Emirates, Jordan, Saud Arabia, and Lebanon due to the high number of informal workers they receive especially from the African countries of Ethiopia, Kenya, and Uganda (GPFI 2021; UN 2020; Ngeh and Pelican 2018; Cham et al. 2019). Major migrant recipient countries such as Canada, Australia, and Germany have achieved a high rate of financial inclusion as can be measured by the percentage of account holding. Others such as Turkey, Ukraine, Kazakhstan, Jordan and Pakistan still have a high financial inclusion gap, as presented in Figure 1.

**Figure 1: Individual account holding (15 years+) in migrant top 20 destination countries (% values)**




*Source:* *WB 2021a*[1]

## 2.2. The nexus between financial inclusion of migrants and remittance flows

### Box 3: What are remittance flows?

Remittance flows refer to money or goods that migrants send to their families, relatives, and friends in their home countries. In 2020, global remittance flows stood at US$702 billion, 77 per cent (US$540 billion) of which went to low and middle-income countries (KNOMAD 2021). However, estimating the exact size of remittance flows is still difficult due to the high use of informal channels, especially by financially excluded migrants. Remittance flows via informal channels such as sending cash via family, friends, couriers, and postal services, as well as taking cash upon travel are projected to be 50 per cent times larger than those through formal means (Ratha 2020).

Although there is a rich literature on how remittance flows promote financial inclusion within the recipient countries, limited economic policy and empirical research have focused on how the financial inclusion of migrants can promote remittance flows. Financial inclusion helps eliminate poverty, hunger and gender inequalities, and promotes the health of migrants. It also economically empowers migrants, enabling them to either save or access credit and send remittances back to their home countries whenever needed (Klapper et al. 2016). The financial inclusion of migrants also helps improve the capturing of the data on remittance flows.

### Box 4: Financial inclusion of migrants may increase remittance flows

Available data shows that the high levels of financial inclusion (of migrants) in the European Union (EU) and non-EU OECD countries coincide with high levels of remittance flows. For instance, 55 per cent of remittances sent to low- and middle-income countries were from the EU and non-EU OECD countries, with the United States, Switzerland, Germany, France and Luxembourg as top sources of remittance flows (EC 2020a). It is important to note that these high remittance flows could also be due to the fact that migrants in these countries earn higher incomes, evidence that empirical research is yet to provide.

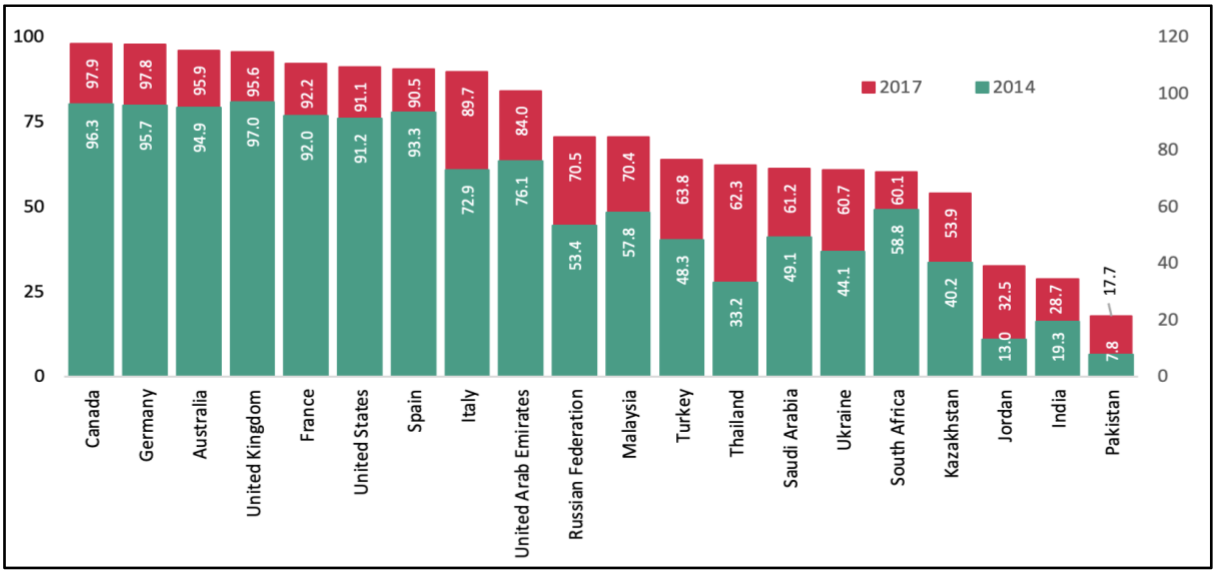
1 Choice countries as advised by IOM report (interactive).

Major global players are already exploiting the crucial role of the financial inclusion of migrants in promoting remittance flows. Under the GPFI, the G20 countries have committed to implementing the National Remittance Plans (NRPs) to foster digital financial solutions and remittance flows through improving financial system infrastructure, pursuing policies conducive to harnessing emerging technologies, discouraging taxes on migrant remittance transfers, and reducing remittance costs. Public development actors, as is extensively discussed in Section 4, have also taken several steps to promote the financial inclusion of migrants and remittance flows.

Financially excluded migrants are able to use formal Money Transfer Operators (MTOs) such as Western Union, MoneyGram, and Ria to send money to their home countries. Others use informal channels such as *Hawala*, sending cash via family and friends, couriers and postal services, and taking cash upon travel. These channels are associated with high transfer fees, low exchange rates, theft risks and exclusion from the remittances database. Attracting such a group of migrants to use formal channels of sending remittances may require tailor-made financial services, products and policies which meet their everyday needs and will be further discussed in Sections 3 and 4.

Having individual banking or digital accounts may help migrants to be financially included, however, there is no guarantee that migrants will use them to send remittances to their home countries. As can be observed in Figures 1 and 2, a significant gap exists in the top 20 migrant destination countries between the percentage share of individuals that hold accounts and the share that used accounts to receive or make payment in the 'past year'.

**Figure 2: Individual (15 years+) who made or received digital payments in the past year (% values)**




*Source: WB 2021a*[2]

Such trends, if they exist, can be caused by different factors. Firstly, even when migrants are financially included, if remittance recipients are financially excluded, the remittance flows will still be limited. As a matter of fact, the type of financial services used by remittance recipients determines the choice of financial services and products that migrants will use. Secondly, financial services may be expensive for migrants to use and maintain, making migrants refrain from using them for everyday transactions and for sending remittances back to their countries of origin. When it comes to sending remittances, especially to developing countries, traditional banking systems, in general, remain expensive. Thirdly, other migrants may not be informed about the availability of the appropriate financial

[2] Ibid.

service that can meet their banking needs or financial institutions may have no products that can meet the needs of migrants. For example, credit or loan financial services may not be available to migrants in some countries because of their residence status, discouraging migrants from using such services.

## 2.3. Public development actors, financial inclusion of migrants, and remittance flows

### Box 5: Definition of public development actors

Public development actors, as referred to in this study, mean any public actors which have either a primary role or are mandated to support the sustainable development of especially developing countries. These include bilateral organisations such as development agencies and Development Financial Institutions (DFIs) – excluding Multilateral Development Banks (MDBs), multilateral organisations such as political and economic unions and MDBs, among others.

Public development actors play a significant role in promoting the financial inclusion of migrants and eventually, remittance flows through a series of direct and indirect interventions that can be categorised into: (a) demand-side interventions; (b) supply-side interventions; (c) supporting functions; and (d) enabling rules. Notably, these interventions will be discussed further in detail in Sections 3 and 4. Taking direct interventions such as demand- and supply-side interventions helps public development actors to facilitate provision, availability, affordability, usability, safety and access to the required financial services. On the contrary, indirect interventions mostly involve supporting functions and enabling rules. These provide public development actors with an opportunity to positively influence national and international policies through strategic engagements with the migrant hosting regions to ensure that migrants use financial services resiliently and sustainably.

## 2.4. Financial inclusion of migrant and remittance flows: The COVID-19 effect

The spread of COVID-19 and its induced lockdown highly limited the ability of financially excluded migrants to move and send money using informal channels (Bisong et al. 2020). Despite the earlier predictions that this would decrease remittance flows to developing countries by about 20 per cent, formal remittance flows to developing countries declined by only 1.6 per cent from US$548 billion in 2019 to US$540 billion in 2020 (WB 2021b).

### Box 6: Effect of COVID-19 on financial inclusion of migrant and remittance flows

The COVID-19 lockdown prevention protocols which discouraged all non-essential mobility of people was an immediate catalyst that advanced the use of digital financial services. Besides, with the influence of the international community (KNOMAD 2020), especially public development actors, MTOs such as Vodafone, Azimo, WorldRemit and Remitly took on short-term decisive initiatives and either reduced, capped or waived transaction costs, which encouraged migrants to send more remittance to their countries of origin.

Some EU and OECD countries also introduced the automatic extension of residence permits and the suspension/extension of procedural deadlines, used online procedures for issuance of visa and residence permits, and issued documents digitally, such as employment permits for Ireland (EC 2021).

However, factors other than increased financial inclusion could have led to the resilience of remittances flows during the COVID-19 pandemic. This might explain why remittances from migrants living in the 20 developed countries that were also the most affected by COVID-19 accounted for 36 per cent of the total remittance flows globally (IOM 2021). For instance, it could be that:

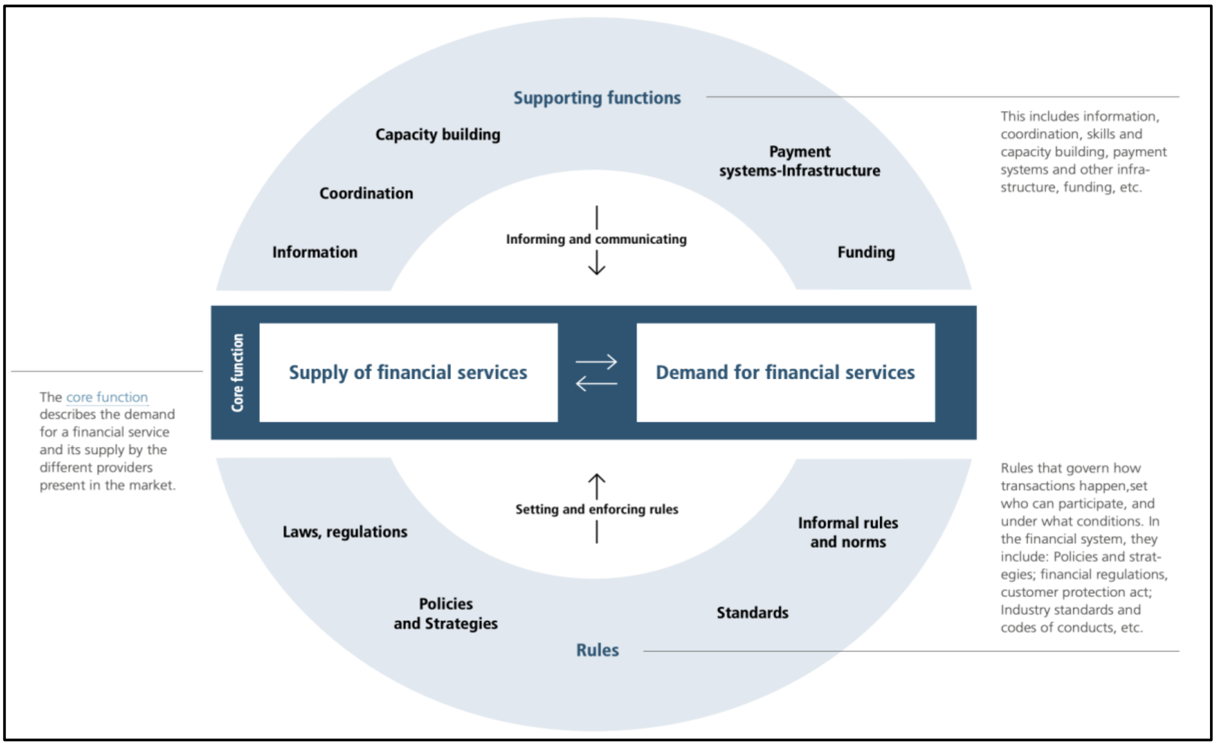
- already financially-included migrants stepped in to support their families regardless of their own challenges within their host countries (for example, used their savings to support their families);
- the dependable social protection policies (for example, providing tax cuts, cash handouts, social transfers, public guarantee, loan, and equity injections) supplemented their income and helped support the steady flow of remittances (Kpodar et al. 2021); and
- some migrants lost their jobs and might have returned to their home countries, taking with them their savings, partly via financial services.

Strategic decisions that were taken, as presented in Box 10, enabled migrants to switch from the use of cash transactions to formal digital payments, which promoted the resilience and countercyclical nature of remittance flows during the COVID-19 pandemic. The challenge ahead is how such decisive measures that promoted the financial inclusion of migrants and remittance flows can be maintained or improved to ensure that results achieved during the pandemic are not temporary. Public development actors have a role to play in this agenda either as direct contributors or as influencers of pragmatic policies.

# 3. Mapping of interventions: How can financial inclusion of migrants be supported?

Public development actors have increasingly taken significant steps to promote financial inclusion of migrants, partly to increase the flow of remittance, especially to the Global South, but also to economically empower migrants. While building on the background paper by SDC (2021), an exploration paper by Boukhali and Dauner Gardiol (2020) and a policy paper by OECD 2015), we map four different kinds of interventions that may be employed to ideally promote the financial inclusion of migrants, refugees, and asylum seekers within the existing financial system as presented in Figure 3.

**Figure 3: Four major types of interventions in promoting financial inclusion for migrants**




*Source: SDC 2021*

While there is no stand-alone intervention that can act as a silver bullet in promoting financial inclusion of migrants, different financial and non-financial players from the private and public sectors can combine efforts to provide impactful national and cross border interventions. Figure 3 presents that development actors can boost the financial inclusion of migrants through a combination of factors ranging from demand-side and supply-side interventions to positively influencing the rules, regulations and other supporting functions.

Development actors can promote financial inclusion and remittance flows by either improving already existing interventions or adopting new policies. In the subsections that follow, we discuss some of the interventions that are being directed at unravelling the financial inclusion constraints from demand- and supply-sides (Boxes 7 and 8). In Boxes 9 and 10, we also discuss policy interventions that can address the structural barriers and the absence of an enabling environment respectively. Some of the types of interventions are embedded within others, for example, poor financial regulations may create structural limitations that restrain migrants from accessing financial services to send remittances. Others like high taxes on remittance flows may discourage innovations as they make more migrants shun the use of the formal, and likely taxable, remittance channels, making such remittance markets an unprofitable venture.

## 3.1. Demand-side interventions

Demand-side interventions are any interventions that are designed to encourage migrants and their businesses to access and utilise available financial services. These measures, some of which are presented in Box 7, can be undertaken by inter alia*,* public development actors such as UN agencies and multilateral development banks; development corporations such as the SDC, Sida, and Norad; policymakers in migrant host countries, and civil society organisations at national and regional levels. The end goal is to address the demand-side constraints and attract migrants to use different types of financial services that best meet their needs. Migrants also have a role to play in resolving the constraints they face by making efforts to actively participate in most of the adopted financial inclusion programmes and projects.

### Box 7: Examples of demand-side interventions

- Financial literacy programmes for migrants, refugees, and asylum seekers as well as their families to help educate, inform and guide them on the available financial services that fit their needs, where and how to access and use them, among others.
- Digital literacy especially for disadvantaged and underprivileged migrants with limited education. Adult education about internet use may help migrants and their family members to independently use digital financial services.
- Language barriers also limit migrants from understanding the financial service being offered by financial institutions. Providing language education services by employers can help migrants understand financial documents including the financial services offered.
- Stable sources of income may also help promote the financial inclusion of migrants, refugees and asylum seekers. Generally, people cannot save what they do not earn; helping migrants to settle and get involved in economic activities provides them with incomes that they can then use to access financial services, including transacting, saving, and using credit.
- Awareness programmes to help inform migrants about the availability of financial services. Sometimes migrants have a basic understanding of financial services but they are not aware of where to find the financial services or the requirements needed to access the services.
- Improved access to mobile phones and networks is also important to enable migrants to utilise digital banking, including the use of mobile money banking and internet banking.
- Actively provide feedback to financial service providers on how they can best improve to meet the needs of migrants.

*Source: Authors' compilations*

## 3.2. Supply-side interventions

Supply-side interventions are any interventions that are designed to encourage financial service providers to increase the availability of affordable, usable and accessible financial services for migrants, refugees, asylum seekers, and their families. Although supply-side interventions may be engineered directly by financial actors that are providing financial services and products that migrants need, sometimes public development actors can play a supporting role in indirectly complementing the efforts of financial institutions. Financial institutions and digital companies also need to build synergies and partnerships with other development-oriented organisations, especially those engaged in improving migrants' access to financial services. Some of these institutions are already doing this as will be discussed further in Section 5. Generally, supply-side interventions address the supply-side constraints that financial institutions face in providing financial services and products for migrants and are presented in Box 8.

### Box 8: Examples of supply-side interventions

- Capacity-building for bankers and financiers on the special financial service needs (including providing customer care services) of migrants and their families, refugees, and asylum seekers.
- Offer financial services and products that meet the special needs of migrants and their families such as matched saving schemes, loan and credit, homeownership, insurance services and other daily transaction facilities including those that can allow them to send remittances.
- Innovating financial and digital solutions to fill the current financial inclusion gaps in some home and host countries. For instance, the adoption of mobile money banking services in some countries.
- Offer user-friendly financial services, especially for internet-based digital banking that may require migrants to independently carry out transactions and make payments on behalf of their family members, for example, paying school fees or rent directly.
- Provide financial information in diverse languages including the languages that most of the migrants may understand, without overlooking the minority migrants.
- Specialised remittance services for migrants to allow sending and receiving of remittances at migrants' convenience, reduced amount of transaction costs, especially with traditional commercial banks.
- Lower costs for sending remittances, especially to some regions such as sub-Saharan Africa where the costs are still very high.
- Extend more financial service points to areas where migrants dwell. Some may be in certain communities occupying jobs that natives may not take on, leaving them mostly for migrant workers.
- Provide gender-sensitive financial services that acknowledge the gender-specific needs of, in particular, migrant women who are mainly engaged in informal and domestic work.
- Improve the financial package, especially the terms and conditions of financial and digital services offered, by providing onboarding programmes, reasonable deposit insurance, better exchange rates, and so on.
- Improve transparency of remittance transactions to enable migrants to track the process and know when their families receive the money.
- Encourage commercial banks to reduce the long waiting time between when the transaction is made and when the money is received. This can sometimes take days which is unfavourable, especially for urgent transactions which are a typical need in countries of the Global South where insurance services are missing.
- Develop accessible complaint procedures to be able to understand the specific needs of migrants and address the issues, where possible.

*Source: Authors' compilations*

## 3.3. Supporting functions

Supporting functional interventions, which can also be referred to as structural interventions, are measures that are developed to promote the supply and demand of financial services by addressing the systemic bottlenecks which exist along the financial value chains. Structural barriers come in different shapes and sizes and vary from country to country. They may heighten the demand-side constraints and limit entrepreneurship and innovations that may be intended to develop financial services which can meet the needs of migrants, affecting not only the availability but also the cost of financial services for migrants. Although structural limitations may exist in developed countries, they tend to increase in low-and middle-income countries. This may explain the high cost of remittance transfers within SSA and across other remittance channels that exist in developing countries in general. Replicable and location-specific supporting functional initiatives, examples of which are presented in Box 9, can be adopted to address structural challenges.

**Box 9: Examples of structural interventions**

- Facilitation of financial literacy for both migrants and financiers (capacity-building) through funding education programmes or providing platforms for financial educational purposes.
- Increasing safe and secure internet access for all by broadening coverage and reducing costs of data. This will encourage migrants and financiers to use the internet for financial transactions.
- Infrastructure development including roads, electricity, and broadband to make all places attractive for the establishment of financial service centres that may benefit migrants.
- Supporting micro-, small and medium enterprises that may be owned by migrants to help them grow sustainable sources of income that can enable the use of financial services and send remittances.
- Timely and effective provision of identification documents to migrants to help them meet bank or mobile money account opening requirements.
- Invest in research and development for innovative solutions that can address the financial needs of migrants, including those affecting sending and receiving remittances.
- Providing improved internet infrastructure especially in developing countries to ensure the use of digital banking services. Digital banking has proved to be cheaper and quicker than conventional banks.
- Improving financial infrastructure in the migrants' places of origin. This is because remittances are a two-way street, and can only be sent if the applicable financial and digital banking means exist in respective remittance receiving countries.
- Improving interoperability between different financial actors, traditional banking institutions and digital financial services (mobile and internet banking) and agents like Western Union and MoneyGram.

*Source: Authors' compilations*

## 3.4. Enabling rules and regulations

Enabling rules and regulations are also interventions that can be adopted by any third parties (besides migrants and providers of financial service) including governments, donor countries and their development corporations, and other public development actors to support demand-side, supply-side and supportive functional interventions. Despite the progress of financial institutions in providing the necessary and affordable financial services, financial inclusion to some extent has not been realised due to unsupportive legal and regulatory frameworks, which continue to fail to create a conducive environment for the smooth functioning of the (financial) markets.

In this scenario, local governments within developed and developing countries are vital in ensuring that laws, rules, and policies do not directly or indirectly impede migrants, refugees, and asylum seekers, as well as their families from accessing and using financial services. Some asylum seekers have been financially excluded from opening bank accounts due to the policy incoherences between bank and regulatory authorities. For instance, where a passport is required by the bank for identification purposes while at the same time, the government takes the passport to process the asylum claim (Darwish 2020). The role of enabling interventions in spearheading the financial inclusion of migrants cannot be overemphasised. Examples of these are presented in Box 10.

### Box 10: Examples of enabling interventions

- Adopting safety and security measures in financial and digital banking regulations to build trust in the financial institutions and allow migrants to send remittances safely to their families.
- Reducing or removing taxes on remittance transfers to lower costs for both migrants and financiers, attracting the private sector to create more products that fit migrants' needs and more migrants to use these services.
- Creating KYC requirements (rules and regulations) that are friendly, convenient and flexible to the diverse groups of migrants.
- Strengthening anti-money laundering (AML) / Combating the Financing of Terrorism (CFT) regulations to promote international financial governance and political stability.
- Making social security protection policies inclusive of all residents to ensure that migrants can also receive financial buffers, especially during shocks.
- Providing comprehensive insurance policies including health and credit insurance to curb shocks that may affect the income flows of migrants.
- Creating policies that can accommodate underprivileged and disadvantaged migrants in the informal sector to allow them to occasionally use financial and digital banking services as deemed necessary by their needs.
- Adopting policies that embrace the integration of financial services across borders to enable migrants to access similar financial services across different countries and under the same regulatory framework.

*Source: Authors' compilations*

The COVID-19 pandemic created unique times and revealed that policy choices in financial markets that were thought of as impossible are possible. It hastened enabler-reforms in developed and developing countries alike. Some countries took considerable steps to make obtaining and the extension of identification documents easier, quicker and more convenient for migrants. Others provided fiscal stimuli to all of their qualifying residents, including migrants, which helped supplement such migrants' income levels, empowering them to save and send more remittances to their families (WB 2021b). In the case of the Philippines for example, Filipino migrant workers with valid employment permits were provided with a stipend to fund their travels and gain access to the services of job-recruiting agencies across migration corridors (ILO 2020).

However, clarity should be made about short-term interventions such as those adopted during the COVID-19 pandemic and long-lasting interventions, which future migrants could benefit from. Migrant-hosting countries should assess the impact of their interim enabling measures and see what has worked and what has not. This will help them ensure that the most plausible, effective and efficient policies are adopted to provide sustainable improvements in the financial inclusion and remittances flows. Interventions that have been taken by public development actors in different sectors to help boost the financial inclusion of migrants will be further discussed further in Section 3.

Overall, demand-side, supply-side, supportive functions, and enabling rules need to work together in a holistic manner if substantial changes in the financial inclusion of migrants and remittance flows are to be realised. For instance, demand-side interventions such as improved financial literacy, income status of migrants and migrant-friendly KYC services can only call for the supply of the right financial services. If the supplied financial services are not complemented by the supportive functions and enabling rules and regulations, migrants will not be able to access them, leaving them financially excluded.

# 4. Mapping of interventions: What are public development actors doing?

This section presents a mapping of the interventions taken by different public development actors to promote the financial inclusion of migrants. Whether demand-side, supply-side, supporting functions or enabling rules, interventions by public development actors are aimed at attracting migrants that highly prefer informal channels of sending remittance to shift to the formal financing means. This is also expected to promote the use of financial services by the already financially included migrants. Increased financial inclusion of migrants is, among others, also expected to be correlated with high remittance flows. According to UNCDF research, improving digital financial inclusion for migrants and formalising the remittance market has the likelihood of increasing the remittance flows by about US$7 billion to US$16 billion in Myanmar, Lao People's Democratic Republic, Vietnam and Cambodia (UNCDF 2017).

Public development actors have the potential of supporting migrants, financial service providers, and the public and private sectors of these countries to ensure that migrants are able to access and use affordable financial services that meet their everyday needs. The COVID-19 pandemic has shown that such transformative changes are possible and attainable. It is estimated to have facilitated the increases in the digital financial inclusion of migrants by allowing them to switch to using digital services to send remittances. Data evidence also shows that major remittance service providers such as MoneyGram, Western Union and leading FinTech companies such as Remitly and WorldRemit reported a high growth rate in usage and remittance flows (Webber 2020).

## 4.1. The sample of selected public development actors under study

In this study, we cover different public development actors which include multilateral organisations, bilateral organisations and political and economic unions as presented in Table 1. The selection of these public development actors was advised by a comprehensive literature review, discussions with stakeholders, and representation factors. The common characteristic among the sampled organisations is that, as part of their development objectives, they all intend to boost the financial inclusion of migrants as a way of increasing remittance flows. This is especially so in the Global South, and is done with the end goal of improving the lives and livelihoods of remittance recipients. Some of the public development actors such as UN bodies, development corporations, and DFIs including MDBs are major actors playing a significant role in promoting the financial inclusion of migrants, refugees and asylum seekers to boost remittance flows. Other organisations sampled are trying to find their niche to influence financial inclusion and remittance flows.

It is worth noting that: firstly, although the selected development actors play a significant role in promoting the financial inclusion of migrants, this is only a part of the wider portfolio of other development endeavours that they undertake. Secondly, the sample selection of these public development actors under study was advised by their taking on projects that are particularly focused on promoting financial inclusion of migrants and remittance flows. Finally, our study did not assess the quantitative levels (for example, amounts invested or number of projects undertaken) of the interventions undertaken by the sampled actors, therefore, we do not compare which organisations are investing more. We recommend future studies take into consideration this research question and provide data evidence of major investors who are supporting the financial inclusion of migrants and remittance flows.

**Table 1: The sample of selected public development actors under our study**

| Category | Public Development Actors |
|---|---|
| **Multilateral organisations** | United Nations Capital Development Fund (UNCDF) |
| | United Nations High Commissioner for Refugees (UNHCR) |
| | UN Women |
| | United Nations Development Programme (UNDP) |
| | International Organisation for Migration (IOM) |
| | International Labour Organisation (ILO) |
| | Organisation for Economic Co-operation and Development (OECD) |
| | International Fund For Agricultural Development (IFAD) |
| | International Monetary Fund (IMF) |
| **Bilateral organisations** | Swedish International Development Cooperation Agency (Sida) |
| | Swiss Agency for Development and Cooperation (SDC) |
| | United States Agency for International Development (USAID) |
| | BMZ / GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) |
| | Foreign, Commonwealth and Development Office (FCDO), UK |
| | Norwegian Agency for Development Cooperation (Norad) |
| | Agence Française de Développement (AFD) |
| **Political and Economic Unions** | European Commission (EC), European Union (EU) |
| | African Union – African Institute of Remittances (AIR) |
| **DFIs including MDBs** | World Bank Group (WBG) |
| | Asian Development Bank (ADB) |
| | African Development Bank (AfDB) |
| | Islamic Development Bank (IsDB) |
| | Inter-American Development Bank Group (IDBG) |
| | European Investment Bank (EIB) |
| | Alliance for Financial Inclusion (AFI) |
| **Digital institutions** | Western Union, MoneyGram, WorldRemit, Remitly, SympliFi, among others |

*Source: Authors' compilations*

To map the different interventions, we held a series of interviews with some of the sampled public development actors including EIB, IFAD, EC, UNHCR, IOM, FCDO, ADB, IDBG, and UNCDF. Given the time and resource constraints of the study, we were not able to interview all the major actors. For some of the essential actors that were not interviewed such as ILO, GIZ, OECD, EDFI, AfDB, among others, we relied on information from the desk review that was available in several report publications, databases, and presentations.

While some of the above organisations have provided comprehensive measures to promote the financial inclusion of migrants, there is still a long way to go. This is especially so after the COVID-19 crisis has pushed many people, including migrants, into poverty while leaving others unemployed and with no social protection. In the sub-sections that follow, we map intervention by public development actors based on our study findings.

## 4.2. Mapping interventions of the selected public development actors

Building on Section 3, in this section we map different types of interventions (demand-side, supply-side, supporting functions, and enabling rules) taken by public development actors to encourage more migrants to use the formal financial services and increase remittance flows. Some of the interventions cut across the different types. For instance, an organisation may promote the financial inclusion of migrants by either educating migrants directly or partnering with financial institutions that can train migrants in financial literacy. Public development actors may also facilitate financial literacy programmes, especially in the remote regions where such services may be missing due to structural bottlenecks, which makes their contribution a structural intervention. On the contrary, public development actors may advocate for supportive functions, for example, endorsing financial literacy provision as a requirement for signing up migrants for different financial services. In the sub-sections that follow, we discuss intervention by intervention, bringing out how some interventions lie within the four categories discussed in Section 3.

### 4.2.1. Promoting financial literacy of migrants

Promoting financial literacy for migrants and finance service providers is an intervention that has gained traction in recent years. Policy papers emphasise the role of financial literacy in boosting the financial inclusion of migrants and the broad social welfare of migrants, refugees, and asylum seekers. Financial literacy for migrants has also been empirically presented to encourage uneducated households and the financially illiterate to open up banks and to provide benefits like improved saving, better risk management skills, increased use of insurance services, reduced economic volatility, improved financial intermediation and overall financial sector development (Cole et al. 2011). Besides boosting remittance flow, financial literacy for migrants is also argued to facilitate the integration of migrants into the host communities, improve their employability and economic status, lower risks of legal and human exploitation, reduce wealth inequality, promote long-term investment and savings, and enhance entrepreneurship and proper use of remittance flows (OECD 2019). IOM has also suggested that the lack of financial literacy pushes migrants into a threatening situation, making them unable to manage remittances, build assets and attain income stability (IOM 2020).

Public development actors may adopt demand-side interventions, supply-side interventions, supporting functions or sometimes enabling rules to improve the financial education of migrants regardless of their geographical location. From the demand side perspective, when provided to migrants, financial education can encourage them to use financial services. From the supply-side perspective, when provided to suppliers of financial services, financial education can foster their ability to provide the necessary services for migrants. Financial literacy for migrants is an area that is not new, however, each year comes with new migrants that require this service. Financial literacy has long gained the attention of country donors like the US, India, China, European countries, Middle East countries and public development actors such OECD, ILO, BMZ-GIZ and IOM, which have employed different measures to educate migrants on financial services (OECD 2019). Table 2 presents different measures taken by the public development actors in promoting financial literacy for migrants.

**Table 2: Examples of public development actors that have provided general financial literacy services**

| Organisation | Financial inclusion for migrant Intervention |
|---|---|
| **ILO** | **Demand-side intervention:** Under its Social Finance Programme, ILO developed financial education tools including the Financial Education Program Leaflet, to enhance the financial capabilities of migrants through equipping them with knowledge and skills to enable them to budget, spend, save, borrow and invest responsibly (ILO 2014, 2015).<br><br>**Demand-side intervention:** ILO has also collaborated with the European institutions such as the European Microfinance Network (EMN), and French Federation of migrant workers' organisations (FORIM), African countries (for example, Ghana, Senegal, Tunisia, Morocco), and Asia and Pacific (Cambodia and Indonesia) to train and provide financial literacy training materials for migrants and refugees in different languages. |
| **BMZ / GIZ, Germany** | **Demand-side and supply-side interventions:** GIZ/BMZ has developed, 'FreDI: Financial Literacy for Remittances and Diaspora Investments: a handbook on methods for project design' to guide the development of projects that increased financial inclusion and migrants' independence, link remittances to other financial products, and foster savings and diaspora investments of migrants (GIZ/BMZ 2013).<br><br>The handbook of GIZ/BMZ is intended for use by the development organisations and agencies as well as Non-governmental Organisations (NGOs), civil society, banks, banking institutions, money transfer operators (MTOs), training institutions and development consultants that would like to formulate projects intended to promote financial education for migrants. |
| **IOM** | **Demand-side intervention:** In the Caribbean, IOM is promoting digital financial literacy for migrants by supporting the development of digital financial education and information applications:<br><br>1. $mart Finance that targets young people between the ages of 15 to 35 to enable them to learn the basics of budgeting and financial planning in a fun and interactive way (IOM 2016).<br>2. MigApp (co-financed with SDC and available for all global migrants) as a one-stop-shop digital platform that provides relevant and up-to-date information including the different costs of sending remittances (as well as exchange rates) and the various alternatives that migrants can use to send money home.<br><br>**Demand-side intervention:** IOM has also developed a financial literacy trainer kit to train migrants on financial literacy at the pre-departure stage. It has also partnered with the public and private sector to provide financial literacy programmes for migrants in different regions while ensuring that women are not left behind. |
| **UNCDF** | **Demand-side intervention:** UNCDF in partnership with the United Nations World Food Programme (WFP), UNCDF, and PHB have developed a financial literacy training toolkit intended to meet the needs and realities of refugees and refugee-hosting communities in Uganda (UNCDF 2021a). |
| **EIB/UNHCR** | **Demand-side intervention:** EIB, in partnership with UNHCR and Centenary Bank Uganda, have supported financial literacy training of more than one thousand people in northern, western and southern regions of Uganda that host the largest number of refugees to equip them with business and financial skills (EIB 2019). |

*Source: Authors' compilation*

With the digital revolution, public development actors have also paid particular attention to digital literacy, which is an important element if migrants are to be financially included in today's digital era. One of the G20 financial inclusion indicators is the extent to which adults above 15 years of age have made digital payments over the internet or by use of mobile money banking, which makes digital literacy vital in promoting financial inclusion (GPFI 2016). Besides, the cost of sending US$200 in remittances using digital services remains the cheapest, at 1.7 per cent of the remittance transaction, below the 3.0 per cent SDG target, making digital solutions a much-needed disruptive technology for migrants. Though COVID-19 seems to be hastening the long-awaited digital revolution, some migrants, especially the last mile are excluded from using such services because of limited knowledge and awareness on usage, leaving them behind in the digital era.

Other migrants, refugees and asylum seekers find it difficult to independently utilise digital financial services because they have not had a chance to attain any formal education. Unlike illiterate migrants, educated migrants may not be informed about the available digital solution options, yet, with the right information, they can easily self-educate and use the available digital financial services. Some public development actors have thus taken different interventions to target the unbanked migrants, including those engaged in informal jobs, training and equipping them with knowledge and skills in information, communication and technology that can empower them to use digital financial services as presented in Table 3.

**Table 3: Examples of public development actors that have provided digital literacy services**

| Organisation | Financial inclusion for migrant Intervention |
|---|---|
| **UNHCR** | **Demand-side and supply-side interventions:** UNHCR through its policy on Cash-Based Interventions (CBIs), has promoted the use of digital financial services among refugee communities through awareness-raising and training on the use of digital-cash to promote financial inclusion of the concerned persons and has partnered with private companies such as MicroSave to help promote digital safety of the migrants' private digital information (UNHCR 2016 and 2020). |
| **UNCDF** | **Demand-side intervention:** UNCDF created partnerships with KIT Royal Tropical Institute, Aflatoun International and other private and public institutions to address the financial needs of migrant households (UNCDF 2021b).<br><br>**Supply-side intervention: UNCDF has** partnered with Aflatoun International to design a migrant-centric, gender-responsive digital financial literacy toolkits that can be used by remittance service providers to support their users to use digital financial services (UNCDF 2021b). |
| **AFI** | **Demand-side and supply-side interventions:** AFI in partnership with the Digital Financial Services Working Group (DFSWG) and the Consumer Empowerment and Market Conduct Working Group (CEMCWG) has developed a digital financial literacy toolkit to provide stakeholders with comprehensive knowledge on developing digital literacy interventions, including those targeting vulnerable groups such as migrants and displaced persons. The toolkit particularly aims at expanding migrants' access to the usage of digital financial services and promoting their financial inclusion (AFI 2021). |
| **GIZ** | **Demand-side and supply-side interventions:** GIZ has collaborated with the Central Bank of Jordan through the 'improving access to remittances and other financial services through digital solutions' (Digi#ances) project to promote digital financial inclusion of refugees and households in Jordan. This project, that is taking place from 2015-2023, also aims at providing digital financial services that will familiarise unbanked refugees and Jordanians with the use of digital financial services (GIZ 2021). |

*Source: Authors' compilation*

### 4.2.2. Enhancing economic and social empowerment of vulnerable migrants, refugees and asylum seekers

Although financial inclusion promotes economic empowerment, the reverse is also true. Migrants cannot send money that they do not have. They need to be supported to have livelihoods and earn income, some of which may be sent to their families as remittances. In fact, migrants, refugees, and asylum seekers need money to be able to open and/or maintain a bank account. This implies that, even when the necessary financial services and products are available, migrants who do not have any economic livelihoods will still be financially excluded. It is also worth noting that periods of transition may lead to temporary unemployment, especially among refugees and asylum seekers. Migrants may also become unemployed as they switch jobs. Others are engaged in employment that is not formally recognised which denies them the right to receive contractual commitments and therefore, job protection. Such groups of individuals may be exploited through denied payments. All these barriers expose migrants, refugees, and asylum seekers to poverty and limit the extent to which they can be financially included. In addition, family members, especially women that accompany the employed migrants, are also usually financially excluded, as they wait to get seasonal or permanent jobs to help them afford financial services.

Public development actors have adopted a series of interventions and programmes aimed at economically empowering migrants, refugees, and asylum seekers to, among other reasons, promote their access and sustainable use of financial services and products. Such policy approaches have become even more important in the face of COVID-19, which has threatened both lives and livelihoods. In Table 4, we present the different interventions being taken by public development actors to economically empower migrants. Development actors have reacted decisively in the face of several crises and now the pandemic, economically empowering vulnerable migrants, refugees and asylum seekers through providing financial assistance (for example, grants and concessional loans), which directly supports them to use financial services and products.

**Table 4: Examples of public development actors that have made economic empowerment interventions**

| Organisation | Financial inclusion for migrant Intervention |
|---|---|
| **UNHCR** | UNHCR integrates financial inclusion in its livelihood and economic inclusion programme. However, its interventions vary from country to country depending on challenges and local socio-economic approaches.<br>1. **Demand-side intervention:** Broadly, UNHCR advocates that refugees have a right to work. Through its CBIs, it empowers refugees to live with dignity and become more economically resilient and self-reliant residents who can utilise financial (digital) services.<br>2. **Supply-side intervention:** CBIss are linked with bank or digital accounts (UNHCR 2019a). UNHCR partners with banking institutions that provide bank accounts to refugees, through which it provides humanitarian transfers that are targeted and continuous. Refugees' banking history from these accounts is also, at times, used as a basis for accessing additional financial services.<br>3. **Supply-side intervention:** Together with Tamweelcom and Jordanian Ministry of Interior, UNHCR partners with FMO (Dutch Development Bank) to support the bank in providing lending to refugees with UNHCR identification cards through its NASIRA project (FMO 2019).<br>4. **Demand-side intervention:** Partnered with Sida and Grameen Crédit Agricole Foundation for a four-year programme to promote access to financial services in Uganda through a blended financial approach that can support refugees to access credit services for them to start, build and expand enterprises, and also be able to use financial services to save, pay, and access insurance services (UNHCR 2019b). |

| | |
|---|---|
| | UNHCR, through its coalition with the World Bank Partnership for Economic Inclusion and 13 NGOs, intends to increase self-reliance, economic and social inclusion of extremely poor refugees and host community members using the well-proven graduation approach from 2020-2025 in the 35 countries from Africa, Asia, Europe and Latin America. The graduation model which was developed by BRAC demonstrates that a move from extreme poverty to sustainable livelihoods partly involves a series of stages that comprise mentoring, seed capital, financial inclusion and consumption assistance. |
| **IFAD** | **Demand-side intervention:** Through its Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS), IFAD supports displaced families develop marketable skills, enhance their income levels and self-reliance, increase access to financial services, and also create at least 1 million days of temporary work and a minimum of 20,000 jobs. |
| **IDB/ USAID** | **Demand-side intervention:** IDB has pledged to invest in Latin American and Caribbean migrants and their host communities during the COVID-19 pandemic through providing them with grants and investment needs to address especially the needs of the most vulnerable migrants such as access to social protection, health (pregnant women and minors), education and improve inclusive employment policies (IDB 2020a). This pledge is a continuation of its 2019 commitments that intend to support migrants to better integrate with their host communities and contribute to development (IDB 2019).<br><br>**Demand-side intervention:** IDB has also partnered with USAID to invest in countries of Brazil, Ecuador, Panama, Peru, and Guyana as host communities of Venezuelan migrants to support the migrants' economic empowerment by promoting their employability, entrepreneurship, and gender equality while supporting migrants to be included financially (IDB 2021; USAID 2021). This will also include scaling-up training programmes and providing access to tailor-made banking instruments and seed capital to migrants.<br><br>**Enabling rules:** IADB has also joined hands with IOM to promote evidence-based migration policies and programmes at the regional, country and local levels while protecting migrants' human and labour rights and developing institutional capacity through providing technical assistance that promotes financial inclusion, job skills and labour-market integration, health, social protection, and social inclusion and cohesion of migrants in Latin America and the Caribbean (LAC) (IDB 2020b). |
| **FMO** | **Demand-side and supply-side interventions:** Through NASIRA, FMO'S risk-sharing facility for local financial institutions, FMO cooperates with local financial institutions to take on credit risks of lending to young, female and migrant entrepreneurs (including refugees, returnees and internally displaced people). The NASIRA project reduces the perceived and real risks of lending to vulnerable and underserved individuals, including refugees and migrants and stimulates financing, needed for the growth of their microenterprises and SMEs. |
| **EC** | **Supportive functions and enabling rules:** The EC's Directorate-General for International Partnerships (INTPA) supports integration and inclusion of migrants in national development plans and ensures that they are mainstreamed and covered by European programmes (EC 2020b). The new action plan on integration and inclusion 2021-2027 promotes inclusion for all and acknowledges the vital role migrants play in supporting the EU. The EU, in turn, will help empower migrants, providing them with integration opportunities to find jobs, access health services, education training and financial services, as budgeted for under the Multiannual Financial Framework 2021-2027. |

| | |
|---|---|
| **IOM** | **Demand-side intervention:** IOM has also invested in several projects in Colombia, Iraq, Turkey, Syria and Argentina to help boost skills and promote entrepreneurship of migrants through encouraging diaspora migrant contributions and supporting migrants to create viable and investable projects.<br>**Supportive functions:** IOM has also provided a Diaspora Handbook to inform and guide governments on how they can ensure a successful diaspora engagement (IOM and MPI 2012).<br><br>**Supporting functions and enabling rules:** IOM has also provided a handbook that guides on how different actors can integrate especially migrant returnees in their socio-economic systems (IOM 2019a). |
| **WB/IFC/ILO/UNICEF/UNHCR** | **Demand-side and supply-side interventions:** In 2019, ILO in partnership with UNICEF, UNHCR, IFC, the World Bank, and the Government of the Netherlands designed the Partnership for improving prospects for forcibly displaced persons and host communities (PROSPECTS) project (2019-2023) to help displaced persons in the Middle East and North Africa (MENA) in Egypt, Iraq, Jordan and Lebanon as well as the East/Horn of Africa in Ethiopia, Kenya, Sudan and Uganda by fostering more sustainable livelihoods through employment creation, education, and protection including by extending financial services (Kingdom of The Netherlands 2020). |
| **EIB** | **Demand-side and supply-side interventions:** The EIB has utilised its Inclusion Blending Facility to target migrants and refugees and help them access jobs and loans partly through collaborating with different financial intermediaries (EIB 2018). |
| **IFC** | **Supply-side interventions:** IFC, in partnership with IrisGuard (which currently has more than 2.3 million Syrian registered refugees), intends to support the e-payment solutions that are intended for payment options, boosting financial inclusion and helping improve the lives of Syrian refugees in Jordan and the region (IFC 2018). |

*Source: Authors' compilation*

### 4.2.3. Gendered approaches to promoting financial inclusion

Migrant women face gender-specific challenges when compared to their male counterparts. They receive lower pay than men for equal work. They usually find employment in the domestic sector, which exposes them to the risk of being exploited. Many migrant women also earn relatively meagre salaries and wages. In Italy, for instance, migrant women earn on average earn 24 per cent less than men (Scharwatt 2019). Although they send remittances to their home countries frequently, these are usually in small amounts, exposing migrant women to higher costs per transaction. Since they work in the informal sector, migrant women are also more likely to use informal channels of sending remittances. These informal channels, which operate in the shadow economy, are characterised by higher transaction costs, limited social and legal protection services and high exposure to fraudulent practices (GMG 2017).

As presented in Table 5, Public development actors have undertaken gendered approaches (gender-aware, gender-sensitive, gender-responsible and gender-transformative) to encourage migrant women to use formal financial services. However, the study findings in Table 5 show that the interventions of public development actors rarely target migrant women explicitly. Their interventions are mostly broad, but they leave room for a gender focus where some projects can prioritise migrant women.

**Table 5: Examples of public development actors that have adopted gender-migrant specific interventions**

| Organisation | Financial inclusion for migrant Intervention |
|---|---|
| **UNHCR** | **Supply-side interventions:** UNHCR, in collaboration with other public development actors such as Sida, and private sector companies such as Grameen Credit Agricole Foundation, is promoting access to financial and non-financial services among the Ugandan refugee communities by supplying financial providers with debt financing and technical assistance to empower them to lend, train refugee entrepreneurs, and promote financial literacy, among which 70 per cent are expected to be women (UNHCR 2019b). |
| **UNCDF, SDC, and Sida** | **Supply-side interventions:** UNCDF, in partnership with SDC, Sida, and eight private-sector companies: Wizall Money (Senegal); TerraPay (Republic of Congo, Brazzaville and Central Africa); Lion International Bank (Ethiopia); SimpliFi (Senegal, West Africa); RAKBank (UAE, Nepal, Bangladesh); BRAC Bank (Bangladesh, Nepal); UAB Bank Limited (Myanmar), and Sentbe (South Korea), has launched a multi-year global initiative to boost remittance access while promoting financial (digital) inclusion of migrant and their families, including women. This project which will run until 2023 is expected to impact the lives of nearly 1 million migrants, of which 60 per cent are projected to be women (UNCDF 2021b; UNCDF 2021c). |
| **IADB** | **Demand-side and supportive functions:** IADB has pledged US$85 million in grants and expects to leverage US$1.1 billion in investment loans in 2020 and the years after to support the most vulnerable migrants, among which are pregnant migrants, through fostering their economic empowerment and facilitating the strengthening of inclusive employment policies in Ecuador and Colombia (IDB 2020a). |
| **EC** | **Demand-side and supportive functions:** The EC has funded a 2-year migrant women empowerment and integration project (WEMIN), that is being implemented by different partners including academic institutions, training institutes, and civil society organisations, from eight EU countries – Greece, France, Italy, Spain, Portugal, Ireland, Germany and Sweden to promote a pioneering integration model for migrant and refugee women of all ages in the communities involved in the aforementioned eight EU countries. This project also provides a platform on which other services like financial literacy can be disseminated to women. |
| **IFAD** | **Demand-side and supportive functions:** IFAD through its financing facility for remittances has previously taken on several gender-specific programmes to help empower migrant women through co-financing programmes and partnerships with Atikha Overseas Workers and Communities Initiative (Atikha), HIRDA, United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) among others (IFAD 2013). |
| **IFC** | **Supply-side interventions and supporting functions:** IFC has also partnered with the Facility for Investment Climate Advisory Services (FIAS) that comprise the donor countries, philanthropic organisations, plus the world bank, and with Bancamía, an entity of the BBVA Microfinance Foundation to offer financial services to Venezuela migrants, especially women to help integrate them within the socio and economic dynamics of their host country, Colombia (IFC 2020). |

*Source: Authors' compilation*

### 4.2.4. Creating functional partnerships and synergies for a greater impact

As presented in Tables 1 to 5, public development actors have created partnerships and synergies and have worked together to promote the financial inclusion of migrants with the end goal of boosting remittance flows. Some public development actors have taken an extra step to utilise the vital role of the private sector financial service providers, contracting them to provide migrant and refugee-specific financial services and products, including loans and grants as presented in Table 6. Migrants, refugees, and asylum seekers have unique challenges which require special considerations that take into account their residential status and socio-economic vulnerabilities. Organisations such as UNHCR, UNCDF, IFC, WB, among others, acknowledge the importance of the right products and role that private financial service providers can play to close such a development gap. They have partnered with the private sector, especially digital financial service providers through providing either financial or technical assistance to encourage the private companies to support migrants to access the much-needed financial services and products.

**Table 6: Examples of public development actors that have adopted action-oriented partnerships**

| Organisation | Financial inclusion for migrant Intervention |
|---|---|
| **UNCDF** | **Demand-side and supply-side interventions:** UNCDF, co-financed by SDC and Sida, has partnered with the private sector to make remittances more affordable and create gateways that can attract masses to utilise financial services and products (UNCDF 2021c).<br><br>**Supporting functions and enabling rules:** In April 2021, UNCDF signed a memorandum of understanding (MoU) with the Economic Community of Central African States (ECCAS) to support harmonisation of policy and regulatory frameworks covering remittance flows and strengthen access to financial service for the Africa migrants (UNCDF 2021d). |
| **UNHCR** | **Demand-side and supply-side interventions:** UNHCR has collaborated with the ILO, WBG-IFC, Sida, Grameen Credit Agricole Foundation, crowdfunding platforms such as KIVA, Financial Sector Deepening Africa, and many other public and private financial providers to promote financial inclusion of refugees, including enabling them to access loans through crowdfunding and financial literacy (UNHCR n.d.; UNCDF 2021d).<br><br>**Supply-side interventions:** In 2019, UNHCR also partnered with Equity Bank in Uganda to ensure that the required financial services can be provided to refugees including women, the elderly, and the disabled (UNHCR 2019c). |
| **IFC/WBG** | **Supply-side interventions:** Under the Prospects Partnership, IFC has also cooperated with the Netherlands, ILO, UNHCR, and UNICEF, to establish a Blended Finance Facility for Refugees to help unlock private sector finance that can de-risk and enhance the financial viability of promising projects that are most likely to benefit refugees and forcibly displaced persons in Egypt, Ethiopia, Iraq, Jordan, Kenya, Lebanon, Sudan, and Uganda (IFC n.d.).<br><br>**Demand-side interventions:** In addition to partnering with IrisGuard supporting refugees in Jordan, IFC has also partnered with the Facility for Investment Climate Advisory Services (FIAS) that comprise the donor countries, philanthropic organisations, plus the World Bank, and with Bancamía, an entity of the BBVA Microfinance Foundation to offer financial services to Venezuela migrants, especially women to help integrate them within the socio and economic dynamics of their host country, Colombia (IFC 2018; IFC 2020). |

*Source: Authors' compilations*

Supporting vulnerable migrants and refugees also calls for social development projects that require development actors to pool resources together in a way that allows risk-sharing. Some development actors, as presented in Table 5, have joined forces to co-finance financial inclusion for migrant projects through leveraging financial support that is needed to address structural challenges faced by migrants, refugees and displaced persons within the host communities. These have, for example, focused on promoting the integration of migrants within host communities through empowering them economically. Such functional collaborations have also promoted the use of concessional lending products and grants, which have enabled migrants, refugees and asylum seekers to benefit from financial support at friendly or no interest rates, empowering them to be able to access financial services independently in the future. Moreover, public development actors might also be able to utilise the different expertise and lessons learned to better inform their policy formulations for a much greater impact in the future.

MDBs such as the EIB, AfDB, IDBG, the World Bank, IsDB, among others, also coordinated to build a platform that could support economic migrants and displaced people (AfDB 2018). This platform focuses on four priority areas including: refining the common framework for MDB engagement; advancing cooperation on knowledge, evidence, and data; ensuring strategic coordination on priority topics in coordination with governments, UN, and other partners; and deploying better-targeted instruments and products. When the financing institutions create such synergies and partnerships, they ensure coordinated approaches that cover a wide range of geographical areas comprising Europe, Africa, Asia, and America. However, for MDBs to support a successful recovery of remittances in the post-pandemic era in the affected countries, they might need to enhance their efforts and extend their policy approaches to a wide group of migrants who are currently financially excluded.

#### 4.2.5. Contributing to the reductions in the costs of sending remittances

The issue of high remittance costs (time and monetary costs) has been partly addressed by disruptive financial technologies including mobile applications that can be used to send remittances. In the Gulf Cooperation Council (GCC), the NOW Money application (Dwyer 2021), which allows access to digital remittance sending services and is expected to save migrants' time that they would have otherwise spent in long queues at the traditional banks. The cost of sending remittances using, for instance, WorldRemit is on average, 46 per cent less than that of traditional banks and 22 per cent lower than that of agents like Ria, Western Union and MoneyGram. Other digital financial service technologies such as Remitly do not charge any transaction fees on some occasions. However, sometimes digital finance service providers charge a regressive fee, where those sending lower volumes of remittances face more costs than those sending higher volumes.

Though such offers may attract economically-empowered migrants to send remittances in large amounts, they remain very expensive for low-income earners, especially women who usually send small amounts of remittances (GMG 2017). Despite the role played by digital financial technologies, the cost of sending remittances has, on average, reduced in some countries (for instance, in South Africa, it reduced from 17 per cent in 2012 to 15 per cent in 2020), and increased in others (for instance, in Nigeria, it increased from 10 per cent in 2012 to 16 per cent in 2020). As demonstrated in Table 7, public development actors are also helping reduce the costs by partnering with different financial services providers and also through playing an active advocacy role, which might have influenced the cost of sending remittances to reduce at least in Q4 compared to Q3 of 2020 from 7.5 to 6.6 per cent for the MENA region, and 8.5 to 8.2 for SSA. However, it remains to be seen if such reductions will be sustainable.

**Table 7: Examples of public development actors that have supported reductions in remittance costs**

| Organisation | Financial inclusion for migrant intervention |
|---|---|
| **UNCDF/UNDP/ WBG/IOM/UNICEF/ among others** | **Supporting functions:** UNCDF and UNDP, together with the WBG, IOM, UNICEF, ADB, International Association of Money Transfer Networks (IAMTN), the International Chamber of Commerce (ICC) among others joined efforts to advocate for reduced costs of sending remittances and improved access to remittances sending and receiving finance services for both migrants and their families (UNDP 2020). |
| **UNHCR** | **Supply-side interventions:** IFAD in partnership with the WBG, the Universal Postal Union (UPU) – a specialised UN agency for the postal sector, the World Savings Banks Institute/European Savings Banks Group (WSBI/ESBG) and the United Nations Capital Development Fund (UNCDF) has also launched the African Postal Financial Services Initiative to reduce the monetary and time costs of sending remittances while deepening the rural reach of financial services for the last mile (IFAD n.d.).<br><br>**Supply-side interventions:** IFAD is also partnering with the public, private and civil society under its PRIME Africa projects 2019-2023 to reduce remittance transfer costs in the African remittance market and its intra-African and European corridors while enhancing financial inclusion in countries of Gambia, Ghana, Kenya, Morocco, Senegal, South Africa and Uganda (IFAD 2019). |
| **AIR, African Union** | **Supporting functions:** The African Union, under its African Institute for Remittances (AIR), also adopted 4 areas of focus that aim at reducing the costs of remittances and promoting the availability of data and statistics on the remittances, leveraging remittances and promoting research on remittance (AIR 2018). |

*Source: Authors' compilation*

#### 4.2.6. Calling for friendly KYC rules and regulations

Most public development actors advocated for friendly KYC rules and regulations through policy advocacy and some countries relaxed these requirements during the COVID-19 pandemic. As discussed in section 3, several countries took measures to improve the KYC requirements to support migrants in dealing with the COVID-19 pandemic. Some European countries adopted the use of digitalisation in improving the ease and timeliness of providing identity documents to migrants, refugees, and asylum seekers. Though these measures were applied during the pandemic, they are long-awaited and have for so long been traditionally advocated for by several public development actors such as IOM, UNHCR, AFI, among others. Much as KYC requirements help guard against AML/CFT and promote customer due diligence, they are in most countries still limited to physical identity documents such as residence permits, passports and proof of address and yet some of these documents can take time to obtain while others are just inaccessible by some individuals, including migrants (AFI 2019).

The pandemic helped several countries adopt digital identification documents over paper ones but it is not clear if these amendments will be long-term or were just 'new normal' interventions. With the new COVID-19 normal, some migrants were not penalised for having expired residence permits as they would have been in the absence of the pandemic. In some instances, an expired residence permit also comes with a restriction on migrants from accessing financial products, sometimes their own savings, as they do not have valid identity documents. The nature of identity documents held by migrants also may limit the package of financial services and products they can receive, and this is common with loan and credit services. UNHCR, for instance, has partnered with financial institutions in Uganda to make a difference. The Ugandan government already provides refugees with identity cards that have the same value as those of the Ugandan citizens. With such KYC requirements, refugees in Uganda are able to access full financial services from some Ugandan commercial banks.

# 5. Challenges encountered and recommendations for public development actors

## 5.1. Supporting adoption of the necessary rules and regulations

**Challenge 1a: Safety and security of digital financial transactions remains weak, failing to attract the trust of migrants in the use of formal financial services to send remittances to their countries of origin.**

The digital revolution has come with cybercrimes, which discourage some migrants from using digital financial services. In East Africa, for example, where mobile money banking is rampant, so too is mobile money fraud, causing losses to both the beneficiaries and suppliers of mobile money services. From interviews with UNHCR, it was noted that some refugees have been victims of scammers and have lost money via *M-Pesa.* Crimes associated with mobile money fraud usually involve identity theft through Subscriber Identity Module (SIM) card swaps, phishing, scamming, technical glitches, faulty algorithms and even outages. These are often experienced by vulnerable people who have limited knowledge of such acts (Buku 2017).

National governments have tried to promote cyber security issues through adopting relevant laws and regulations. Public development actors have also contributed through financial and digital literacy programmes to enable migrants and refugees to understand when they are being scammed. More efforts, however, are still needed, particularly among remote communities. Cyber security laws and regulations are weak and sometimes non-existent in developing countries, leaving many migrants at the risk of being defrauded of their hard-earned money. Creating trust in the internet and mobile money systems requires an 'all hands on deck' approach and a regional strategy that provides safety and security of remittances across borders. The EU provides an example of the regional harmonisation of digital payment systems that other regions such as the AU may replicate to promote the safety of payments at the regional level.

**Challenge 1b: Policy incoherences of government institutions are undermining the efforts of public development actors in trying to promote financial inclusion of migrants and remittance flows.**

Governments in developing countries are adopting policies that undermine the efforts of public development actors in promoting financial inclusion and remittance flows. Such is the case of Uganda and Pakistan, which have imposed taxes on internet access, yet, the internet is an important entry point to accessing most digital financial services (Reuters 2021). Uganda, Zambia, and Tanzania have also imposed a tax on mobile money transactions, including remittances (UNCDF 2021e; GSMA 2018; Mbugua 2021). Such political-economic barriers, combined with the limited will of financial and digital companies to reach the unbanked, and poor coordination between regulatory bodies, public development actors, and financial service providers may unintendedly lead to the financial exclusion of migrants. Some governments also have limited expertise that cannot develop inclusive and pro-digitalisation policies to integrate within the existing systems and processes to promote the financial inclusion of migrants and remittance flows.

**Recommendation 1: Provide more assistance intended to advance the adoption of financial inclusion friendly rules and regulations in both migrant-sending and migrant-receiving countries.**

Public development actors may advocate for several enabling interventions such as: (a) the timely provision of identity documents as required by the KYC policies; (b) cybersecurity policies aimed at protecting digital transactions of migrants; and (c) economic friendly policies like subsidising rather than taxing the internet and mobile money. Increased influence on such poor government policies may encourage the development of the much-needed financial innovations that can meet the everyday needs of migrants. This is usually the case with policies that can subsidise access to and usage of digital technology. Taxes on mobile money transactions, for example, drive people away to engage in cash transactions. The development community can engage in policy dialogues with the responsible government actors, calling for policies that can subsidise rather than tax the usage of digital financial services, making the services affordable for migrants.

**From the study findings, enabling rules and regulatory frameworks are rarely the focus of public development actors, yet these are vital if the development community is to help promote the financial inclusion of migrants.** Financial inclusion of migrants also, in return, helps migrants align with the regulatory framework by addressing issues associated with money laundering, drug dealing and terrorism threats, especially in host countries. Well-integrated migrants are able to contribute and take part in productive activities and accumulate savings that can be reinvested back into their host communities. Governments that understand these crucial dynamics have capitalised on attracting migrants through, for instance, the Green Card for the US and the Blue Card for the EU, which come with certain privileges that make it easy for migrants to be included financially. Other governments, especially in developing countries, are investing in attracting more remittance flows. However, all countries still need to adopt accommodative and inclusive laws that can enable documented and undocumented migrants alike to access some level of financial services.

Within developing countries, IFAD has partnered with the US to demonstrate the potential of migrants through its Diaspora Investment in Agriculture initiatives. This initiative is intended to build the capacity of migrants to undertake cross-border investments including supporting sustainable agriculture projects, especially in rural communities and enhancing food security in countries of Afghanistan, Angola, Burundi, Congo, Côte d'Ivoire, the Democratic Republic of the Congo, Djibouti, Egypt, Haiti, Iraq, Liberia, Sierra Leone, Somalia, Sri Lanka, Sudan and Tunisia (IFAD 2016). Such projects need rules and regulations that can facilitate them and attract more migrants to undertake different business models. UNCDF in partnership with the Bill and Melinda Gates Foundation (BMGF) are providing public development actors, an example of how the development community can facilitate capacity development for regulators and policymakers in Africa, supporting the adoption of policies and regulations that can attract masses including migrants to use digital financial services (UNCDF 2020).

There are a lot of entry points to support the adoption of friendly rules and regulations. Public development actors can start by rethinking their influence on the existing unfair regulations within developing countries, particularly, the tax policies on mobile money banking and the usage of the internet that continue to impede digital financial inclusion. First, the tax on internet usage conflicts with SDG target 9. C which aims at increasing access to information and communications technology and providing universal and affordable access to the internet in the Least Developed Countries (LDCs) by 2020. The internet has been crucial in redefining remittance markets through reducing transfer and time costs as well as contributing to the dissemination of information on the various financial inclusion opportunities (UNCTAD 2021a). Secondly, mobile money and internet tax policy increases the cost of using digital banking, directly affecting the choice options that migrants can use to send remittances to their countries of origin. Such taxes have also been argued to be regressive as they are aimed at low-income earners in the informal economy and are not extended to the banking sectors which constitute high-income earning groups (Clifford 2020; GSMA 2021).

## 5.2. Taking a gender lens in financial inclusion interventions

**Challenge 2: Gender gaps remain among migrants with women more likely to: (a) be involved in lower-paid jobs regardless of their skill set, and (b) face higher costs for their remittance transfers.**

Most interventions aimed at promoting the financial inclusion of migrants tend to mainstream gender in their programmes. However, women often have unique financial needs relative to men. Data on remittances has revealed that, unlike men, women send small amounts of remittances but many times. Therefore, for fixed costs, regardless of the amount of remittances sent, women pay higher costs altogether than men. Despite women being only 42 per cent of total migrant workers globally and more migrant women than men being engaged in low-paid domestic and informal work, women still send more remittances than men (GMG 2017; UN Women 2017; UNCTAD 2021a; Tayah 2016). Women are also more likely to use informal means of sending remittances (GMG 2017). This implies that women pay a larger share of total remittances costs than men. In turn, this could be retarding the current gender equality ambitions. Having financial inclusion programmes that are not only gender-mainstreaming but also gender-transformative may help promote the financial inclusion of migrant women while boosting the overall remittance flows.

Women are also more likely to experience human trafficking and some are often traded-off as sex workers. Much as this is a human rights issue, it also constitutes an economic exploitation element. Such women are also usually denied any chances of having formal financial records. With the spread of the COVID-19 pandemic, individuals (mostly migrant women) engaged in the tourism and hospitality sectors and those working in care, informal and temporary jobs were the most affected. These jobs remain unprotected by the social systems. As more migrant women (than men) are mostly paid in cash, it is also difficult for them to track their financial history and claim benefits from the existing social programmes. Migrant women involved in the informal sector of developing countries faced even more prolonged economic difficulties following the long periods of lockdown and restricted economic activity that destroyed their lives and livelihoods. Such economic hurdles left migrant women not only financially excluded but also unable to send remittances to their families.

**Recommendation 2: Adopt more gender-specific interventions that address the unique financial inclusion needs of migrant and refugee women.**

Most financial intervention programmes being implemented tend to be comprehensive, including everyone irrespective of their gender and age. However, evidence shows that women are mostly employed in specific sectors (informal and domestic work). More migrant women than men also have no identity documents. Beyond gender-mainstreaming, public development actors need to ensure that their financial inclusion projects are gender-aware, gender-sensitive and gender-responsive and gender transformative. This can be through ensuring that their projects and programmes reach migrant women who are living in and banking with the shadow economy. Public development actors also need to engage in policy advocacy on redefining the banking conditions which are highly designed around the male migrant, for instance, obtaining loans is tied to property ownership, and yet laws in most countries discriminate against women from owning property including land (GMG 2017). This automatically excludes women from accessing certain financial services.

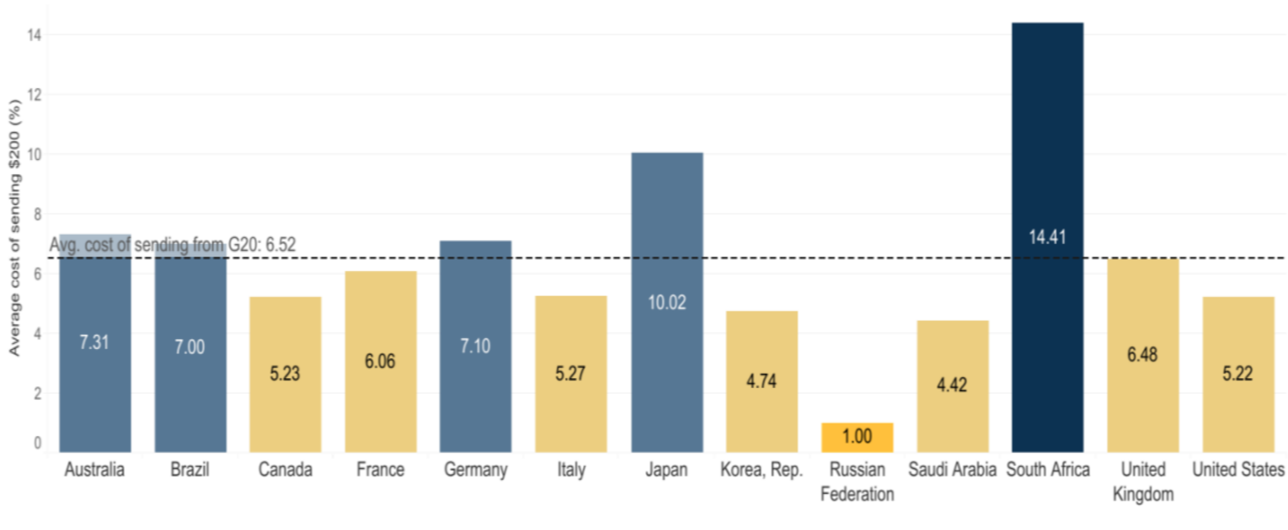
Gender-transformative measures that target women migrant workers in the informal sector may also attract them to the formal sector including receiving their payments via banks or digital financial platforms. Encouraging women-saving groups has also been proven to economically empower women who sometimes bear the sole responsibility of taking care of their households. This model can be extended to migrant women but it may require that they first build trust among each other. Impact funding interventions should also put women at the core of their interventions to support them to gain access to concessional lending and sometimes cash benefits. UNHCR has already used this model and it has produced good results. During the pandemic, governments in developed countries also adopted interventional policies that enabled migrants to benefit from the different fiscal stimulus packages (Migration Data Portal 2021). Taking a gender-approach in all these interventions may help ensure that migrant women are not left behind.

## 5.3. Investing in programmes that reduce remittance costs, especially in the Global South

**Challenge 3: The costs of sending remittances remain way above the 3.0 per cent SDG target, and even higher in the Global South compared to the Global North.**

Despite the efforts in place to reduce the costs of sending remittances, such costs remain very high in some corridors, with South Africa having the most costly remittance corridor among G20 countries as presented in Figure 4. At the regional level, sending remittances to SSA costs higher – above 20 per cent in some countries, relative to other regions (WB 2020). Regional inequalities in costs of sending remittances do reveal the deep-rooted existing development inequalities but also create new ones. As discussed in Section 4, some interventions to reduce remittance costs are meant to attract high amounts of remittance flows from high-income earners and they rarely benefit low-income earning migrants. As a result, such interventions have failed to attract some migrants from sending remittances via informal channels to formal channels as they deem the latter too expensive. As a consequence, informal remittances might be higher than the total formal remittance flows reported by the World Bank (Norris 2019)

**Figure 4: Average cost of remitting in G20 countries in Quarter 4 of 2020**




*Source: WB 2020*

Data evidence attests to the preference for informal channels by several individuals including migrants. PayPal study findings show that 57 percent of their interviewed sample still preferred to transact in cash (ADB 2021). This is mostly because of the greater control they feel over the transaction through either giving cash to an agent or picking it up in person. Such a perspective encourages some migrants to stick to informal means of sending remittances, some of which may also be as efficient as any formal channels, yet many others remain relatively expensive. Though digital banking platforms like mobile money banking offer promising solutions, some countries such as Uganda, Malawi, Côte d'Ivoire, and Congo-Brazzaville, have adopted mobile money taxation (Clifford 2020).

Such a policy decision runs counter to the financial inclusion aspirations of the countries in question and further pushes migrants to send remittances using informal channels. Besides digital taxes, migrants prefer informal means to also avoid import taxes. Attracting the informal remittance senders to use formal financial services could explain why the remittance flows remained resilient during the COVID-19 pandemic. COVID-19 also increased the costs of sending remittances via informal channels as most countries took extra steps to prohibit such transactions (Dinarte et al 2021). However, as the situation gets back to normal, most migrants are resuming the use of the informal channels. This is partly because either the formal services are missing in the recipient countries or because they are expensive and difficult to access.

**Recommendation 3: Continue to advocate for and directly implement policies that reduce remittance costs towards realising the SDG 3.0 per cent target.**

Public development actors need to continue investing and engaging in projects that can directly or indirectly lower the remittance costs while ensuring safety, security, speed and transparency of the transfer made. On one hand, this can be achieved by investing in private digital innovations that can provide low-cost transaction services to migrants. Financial innovations ought to ensure that a reduction in transaction fees is not replaced by low exchange rates, as it is currently with most MTOs. Reducing the costs of sending remittance without compromising the quality of services offered is essential if the 2030 UN agenda is to be attained. During the COVID-19 pandemic, public development actors contributed to influencing the costs of sending remittances to reduce from 6.83 per cent in 2019 to 6.5 per cent in 2020 (GPFI 2020). However, further efforts are needed to reduce these costs.

Public development actors should exploit the potential of digital financial solutions as a quick way to the realisation of the 3.0 per cent SGD target per US$200 of remittances sent. For example, remittance flows via mobile money currently cost as low as 1.7 per cent of the total transaction (Naghavi and Scharwatt 2018). Efforts to reduce remittance transfer costs should also consider the hidden costs like low exchange rates, bank commissions and long transaction periods that migrants encounter. In the US alone, hidden exchange rate costs are estimated to have cost Americans engaged in cross-border transactions about US$8.7 billion (Sinha 2021). Improved financial inclusion can lead to economies of scale, motivating remittance service providers to lower transfer fees. However, the cost of sending remittances can also be reduced by the high penetration of innovative digital financial technologies, which can create competition in the remittance markets and drive the prices down.

Empirical evidence paints a picture on how reduced remittance costs may actually raise the overall remittance flows, helping remittance dependent countries to realise their socio-economic development objective. Ahmed et al. (2021) analyses remittance data from about 30 remittance-sending and 75 remittance-receiving countries over the period 2011 to 2017. The authors demonstrate that decreasing the cost of sending US$ 200 in remittances leads to about a 1.6 percent increase in remittance flows. Partnering with the private sector that is already pursuing the same objective may help development actors drive remittance costs down better and more conveniently. In Asia, for instance, the Bangladesh Bank is already offering a 2 per cent cash incentive to encourage Bangladeshi migrants to send remittances back home (ADB 2021). Supporting such initiatives can deliver migrants financial services that are tailored to the local context within their countries of origin.

## 5.4. Measuring the impact of different financial inclusion interventions

**Challenge 4: There are substantial data gaps on the level of financial inclusion of migrants and this creates a lack of understanding about what needs to be done and where.**

IMF, WBG, and GPFI provide comprehensive data on the levels of financial inclusion in almost all countries, accounting for gender disparities. However, such data is mostly aggregated data and fails to show the extent to which migrants are financially excluded. Though some companies like Mastercard and Inclusive Fintech 50 provide some regional dynamics that signal the level of the financial exclusion of migrants, it is difficult to take a conclusive stand on the extent to which migrants are financially included or excluded (Mastercard 2016; Gehani et al. 2019). It is commonly said, “if it cannot be measured, it cannot be improved.” Yet public development actors and policy makers lack global but segregated data on the financial inclusion of migrants.

Public development actors have taken several steps to support financial inclusion of migrants, however, these rarely measure the impact of their interventions to understand the degree to which they have helped migrants become financially included. The lack of monitoring and reporting on the progress of supported projects and programmes leaves a weak foundation for future interventions. This undermines additional efforts of public development actors as they do not have a clear understanding of the success stories, what has been done, what still needs to be done and in which regions.

**Recommendation 4a: Develop a migrant specific database to help demonstrate the extent to which migrants are financially excluded.**

The World Bank, IMF, and GPFI already have a foundation that they can build on to provide disaggregated data on the financial inclusion of migrants. These public development actors can collaborate with their donors and implementing organisations to invest in data collection and assessment of progress made in supporting migrants to access financial services and products. Such a development should clearly differentiate between migrant women and migrant men as they are presented to be facing divergent challenges. The new database should also extend to cover migrants in the shadow economy, showing the specific characteristics of those who are financially excluded, including what they do (formal or informal jobs) and where they live (urban or remote areas). The existence of a systematic international database on the utilisation of financial services by migrants will help inform public development actors of the diverse measures that can be taken to solve the prevalent financial inclusion gaps.

**Recommendation 4b: Measure the impact of the implemented projects to understand the success stories, what has been done, what still needs to be done and what can be replicated.**

Public development actors need to invest in studies, which can measure the impact of their demand-side, supply-side, supporting functions, and the enabling rule interventions. Impact measurement provides an understanding of the available financial inclusion projects and helps identify further opportunities that can help address the existing barriers (Klapper and Singer 2017; Gelb et. al 2021). Evaluation studies can also inform public development actors on what has worked and what has not. They give an understanding of programmes and projects that can be replicated in other settings based on the reported success stories. Impact monitoring and reporting will help the development community to comprehend the stage they are at, where they need to be, and of any need to invest more in successful interventions while discarding or improving unsuccessful ones.

Success stories from impact measurement studies can inform the development community of the extent to which an intervention has been able to reach and benefit the targeted audience. Impact studies are easier to carry out in circumstances where development actors cooperate to support financial inclusion of migrants. However, they may be difficult with disaggregated and uncoordinated approaches, and more so in areas where overlapping financial inclusion programmes have been undertaken independently by different actors. Though some organisations may be taking an organisational approach in monitoring and evaluating the impact of their interventions, there is a need for comprehensive impact measurement studies to assess the broad impact of all interventions in ways that can better inform policy formulations and decision-making processes.

## 5.5. Further addressing the Know Your Customer requirements

**Challenge 5: Undocumented migrants, refugees, and asylum seekers still remain financially excluded as they do not meet the KYC requirement standards of most financial institutions.**

Issuing identity documents sometimes takes a long time due to verification and background checks. Other times, migrants are undocumented because of their legal status. For the case of COVID-19, refugees and asylum seekers were undocumented due to the closure and reduction of asylum seekers and refugee registration service centres, for example in Belgium (Amnesty International 2020). AFI stresses that relative to men, women (migrant women inclusive) are more likely to be undocumented and thus excluded from accessing financial services (AFI 2019). Relative to 28 per cent of men, 44 per cent of women in low-income countries do not have any form of identification documents (WB 2019). From the interviews with UNHCR, most refugees lack documentation or their Identity documents are sometimes not legally accepted by financial institutions. Refugees are also perceived to be too much of a flight risk to be given financial products, such as credit and loans. They also mostly reside in camps that are not close to any mainstream financial service points. All these factors combined (no identification documents, no savings, and no legal residency status) continue to deny them a chance to be financially included.

Financial inclusion in general, remains biased towards documented migrants. This leaves immigrants to use informal financial systems that are mostly unsafe and insecure. In Ireland, even when asylum seekers have legal residence permits, without passports, they may not access financial services (Darwish 2020). On the contrary, Germany allows migrants to open bank accounts with a stamped document from any German appropriate authority (Kim 2016). In Finland, asylum seekers are supported with Mastercards to allow them to be financially included. This allows them to integrate into society as they wait to have the necessary documents and open accounts within the traditional banking systems (Araujo 2019).

**Recommendation 5a: Promote legal access to identification documents in line with SDG target 16.9 to help all migrants, refugees and asylum seekers meet the KYC standards as required by the different financial service providers.**

As advocated for by SDG target 8.10, financial inclusion should be inclusive, covering both documented and undocumented migrants. Public development actors can support immigrants to be financially included through investing in projects that provide them with a lawful residence status, right to work and necessary documents for accessing financial services in line with SDG target 16.9. Although identification documents are not a sufficient requirement, they are the standard requirement to open a bank account. In countries where mobile banking is regularly used, identification documents are necessary for migrants to access a SIM card, which is essential for a digital banking account (internet and mobile money banking). Financial institutions also require proof of address and an employment contract, which are sometimes only attainable once a person can be legally identified. Replicating models such as those used by the UNHCR (see Table 4) to help refugees get identification documents could be a strong starting point to helping immigrants that are living in the shadows be financially included.

Documentation programmes should prioritise people (refugees, stateless people, and people with disabilities) that are less likely to be documented (Responsible Finance Forum 2019). However, identity documents do not usually guarantee that people are going to then access financial assistance. As McKinsey & Company demonstrates, about 3.4 billion people globally are not able to use their identity documents to access digital platforms - digital financing services inclusive (Dwyer 2021; White et al. 2019). Identification initiatives should be accompanied by financial and digital literacy, which feature educating migrants to protect themselves against identity theft and the associated financial risks. Awareness training should also be provided to business entities so that they can change their 'flight risk' perspectives towards migrants, refugees and asylum seekers.

**Recommendation 5b: Cooperate with financial service providers and influence them to relax the very high KYC customers required of migrants, refugees and asylum seekers**

While well-documented migrants are more likely to meet KYC requirements and move away from informal channels of sending remittances, to formal ones, some KYC standards are just too high for most migrants to meet. Public development actors can cooperate with financial service providers and regulators to encourage them to lower the unnecessarily strict KYC standards to those that migrants can meet with ease. The COVID-19 pandemic has created a precedent. It has pushed most administrative and bureaucratic boundaries, proving that many things, which were thought impossible, are actually possible. The COVID-19 influenced the digital issuance of identification documents, the temporary extension of residence permits plus provision and acceptance of temporary documentation by the financial institutions.

Such interventions helped keep the remittance market resilient but it remains to be seen whether they are long-term or short-term changes. However, with the support of the development community, policymakers and financial institutions can evaluate these measures and adopt those that have worked effectively to achieve long-term objectives of promoting financial inclusion of migrants and remittance flows. The EU can lead in welcoming the use of digital identification services for migrants, refugees and asylum seekers. Digitalisation is a core element in the EU economic recovery agenda which intends to deliver a greener, more digital and more resilient Europe. Besides, the EU already has a well-established digital regulatory framework that can facilitate this transition. The use of digital identification is not only convenient and effective for migrants, it can also boost digital financial inclusion within the EU green deal arrangements..

**Challenge 6: Beyond KYC requirements, migrants, refugees and asylum seekers also remain financially discriminated against in business and job markets.**

While refugees in Uganda have achieved some level of inclusivity (access to financial services and participation in economic activities), those in Somalia and parts of Jordan are mostly undocumented and facing several prejudices. Besides being discriminated against by financial institutions (denying them loans as they are perceived to be a flight risk as discussed in challenge 5), migrants and refugees are also discriminated against in the job market. However, the extent of this discrimination varies depending on the market and country. In Syria, for instance, refugees are segregated from taking part in entrepreneurial, business, and employment activities while in Turkey, academic documents of refugees remain unrecognised, and yet these could be gateways to their employment opportunities

(Kumar et al. 2018). Consequently, these remain without any livelihoods and unable to afford and access financial services.

**Recommendation 6: Take on interventional measures that aim at promoting financial inclusion for all in a non-discriminatory way.**

Public development actors need to assess the local realities of host countries, starting with addressing the inherent stereotypes towards migrants and refugees in the business and job markets. They can partner with innovative financial service providers to develop financial packages (for example, short term credits, small-size loans for low-income earners, and insurance services that can provide a guarantee of the loan payment) that meet the temporary residential conditions of migrants and refugees. Additionally, development actors such as IOM and UNHCR are already calling on policymakers to issue ordinances that advocate for no discrimination against migrants and refugees. These efforts need to be supported by other actors that can create awareness among the host communities to promote equal access to economic activities and support local integration of migrants and refugees. Refugees in particular, need further economic support, for instance, access to digital infrastructure especially mobile phones to enable them access digital banking services.

## 5.6. Embracing more action-oriented partnerships and collaborations

**Challenge 7: Limited partnerships in the development community have led to duplication of interventions, where different public development actors are carrying out fragmented interventions in the same region.**

Although public development actors are increasingly working together, they are not joining efforts on similar projects. Most migration projects are donor-funded with development actors as implementing partners. Sometimes these compete for resources to invest in similar projects in the same region but separately, which leads to the duplication problem. Such a lack of coordination also creates unnecessary competition between public development actors, yet these could have more impact through partnerships or working on diverse projects.

Some public development actors cooperate to promote the financial inclusion of migrants (see Tables 2 to 7). Nevertheless, these occasionally partner with the private sector financing institutions, digital financial companies, host governments, and regulatory institutions. Working in silos leads to incoherencies between the policies of development actors and those of the host communities. Lack of cooperation also leads to the over-concentration of public development actors in a few regions, impedes knowledge sharing, and denies actors a chance to benefit from the expertise of other organisations, especially those present on the ground.

**Recommendation 7a: Embrace action-oriented partnerships and synergies, especially on projects of common interest and utilise expertise from different public development actors to optimise impact.**

Public development actors with offices in host countries have more country presence and sometimes more country expertise than others. Through collaboration, some development actors can benefit from the expertise of others, leading to a better impact. Different development actors have unique technical expertise and experiences in diaspora bonds (IFAD), economic empowerment (UNHCR and FMO), and supporting integration of migrants (USAID and IADB). Creating functional synergies and partnerships may ensure knowledge sharing and leveraging additional resources to promote financial inclusion migrants and remittance flows.

Combining efforts in a coordinated manner requires an understanding of the specialties of different development actors. Through a project matching exercise, the financial inclusion needs of migrants can be identified and matched with the respective development actors working on those particular themes. This strategy, however, requires financing of a well-documented database on financial inclusion projects of different development actors, which can be made publicly available for all parties interested in investing in promoting the financial inclusion of migrants and remittance flows. Such a stock-taking exercise may be done by a third-party organisation and can help development actors avoid project duplication (for example, development actors funding the same project in the same region but independently).

Project matching will avert the fragmented concentration of development actors in specific communities while promoting collaboration. Clarity on project implementation by different actors also helps in promoting sustainability and continuation. Some public development actors can build on the prior foundation of others. Coordination should also go beyond the international level to constitute partnerships with domestic financial inclusion expertise to promote the localisation of financial inclusion projects.

**Recommendation 7b: Improve partnerships with the private sector financial service providers, which can profit from addressing the migrant's financial inclusion gap.**

Public development actors should collaborate with the private financial services providers, including conventional banks and digital financial providers, to supply financial packages that meet the needs of migrants. Development actors (see Tables 1 to 7) are already taking steps in this aspect. However, such partnerships should extend to a large pool of development actors and private sector players to enable them to reach large groups of migrants, refugees, asylum seekers, and internally displaced persons.

Public development actors need to also work with the local private sector within the migrant host communities. Such collaboration enables public development actors to have country facilitators who have local knowledge, skills, and experience and who may provide various local-tailored financial instruments that can best benefit migrants. With additional financing from development actors, the private sector in these countries can also expand its portfolio to reach migrants and refugees, allowing them to utilise their untapped economic potential. Development actors can further empower the private sector to deal with this group of individuals by providing technical assistance, training them about the unique needs of migrants, and creating awareness to eliminate the inherent biases about migrants and refugees. These developments should be accompanied by the appropriate regulatory framework that is inclusive of migrants and refugees by allowing them a right to participate in business and employment opportunities and legally recognising their education documents to enable them to access formal jobs.

## 5.7. Providing additional funding that is targeted on promoting financial inclusion of migrants

**Challenge 8: Public development actors have limited funding to invest in comprehensive financial inclusion programmes.**

Public development actors such as Development Corporations and DFIs (for example, IADB, ADB, EIB, IFAD and AfDB) act on the mandate of their donors, investing in financial inclusion projects depending on their budgetary requirements. FCDO, for instance, has been affected by both the Brexit and COVID-19 pandemic, which changed the priorities of its funders, leading to intensive budget cuts even on programmes that target financial inclusion for migrants. Budget cuts have affected the work of FCDO on financial inclusion for migrants and remittance focused projects as it has either postponed or rearranged the remittance focused programmes and priorities (Chadwick 2021). From the interviews, other organisations such as EIB, ADB, IADB IFAD, and UN bodies also noted that they receive limited funding from donors, restricting their ability to support migrants in need.

**Recommendation 8: Leverage additional finance from public and private sector players, partly via a blended finance approach.**

Development Corporations (for example, SDC, Sida, Norad, and USAID) can cooperate with DFIs to leverage additional finance to promote the financial inclusion of migrants and remittance flows. Actors like UNHCR can further engage with impact funders to mobilise extra capital resources for the refugee communities. Refugees need protection and access to the necessities of life before they can think of saving. They may also need seed money to start a new life.

UNHCR, for instance, manages to provide cash to refugees, medical care, identity documents, et cetera, to help them settle in. For the fully integrated refugees, cooperation with the local financial institutions can help them obtain low-cost financing. FMO under NASIRA and MASSIF is already doing this. However, attracting additional financial institutions (domestic and international) to promote the financial inclusion of migrants, refugees and asylum seekers is still very difficult. Development actors can learn from the UNHCR models as presented in Section 5. UNHCR partners with several organisations to economically empower refugees and allow them access to standard financial services and products. They also need to influence regulatory authorities, allowing migrants and refugees a right to own assets (for example, houses and land) which are collateral that most banks require to provide credit. UNHCR has already achieved this development in a country like Uganda.

## 5.8. Ensuring sustainability of interventions by public development actors

**Recommendation 9a: Build the capacity of financial institutions to provide migrant and refugee-tailored financial services even after the interventions of public development actors.**

Most financial institutions within the migrant and refugee communities continue to look for bankable projects, as most are private and have the end goal of maximising their profits. Public development actors need to increasingly work together with these institutions, especially microcredit organisations, impact investors and crowd funders, which are development-oriented. Here, the UNHCR graduation model in cooperation with BRAC and Poverty Alleviation Coalition (see Table 2) is a good example. Through this partnership, UNHCR has mentored refugees, economically and socially empowered through seed capital to develop them into self-reliant and financially-included individuals (Poverty Alleviation Coalition 2019). The cooperation with local financial institutions can enable development actors to support refugees, asylum seekers, and sometimes, migrants access the essential services (for example, insurance, health, education, and accommodation where necessary), which may also act as collateral for accessing financial services.

Building the capacity of commercial banks to boost their investments in the businesses of migrants and businesses that employ migrants (especially women) can help enhance the bankability of migrants, their financial deepening and financial inclusion. MBDs (for example, EIB, IADB, ADB, AfDB, IsDB) have experience providing financial and technical assistance to developing countries via financial intermediaries. MDBs can now provide migrant/refugee-targeted financing, subsidising the local banks' investments in these high-risk groups. The new initiatives should not leave digital financial services providers (for example, mobile money banking) behind. Digital banking has proved to be disruptive, effective and efficient in providing small scale low-cost financing to diverse groups of people, the last mile inclusive that traditional banks have, for centuries, struggled to accommodate.

**Recommendation 9b: Financial inclusion of migrants should go beyond the remittances lens to address the investment needs of migrants.**

Several projects focus on how to boost remittance flows. Yet besides helping their families, migrants have their whole lives in their host countries, and they require financial services that are far beyond what they can use to send money home. They need to save money for personal purposes and long term plans, including retirement, buy assets (for example, land and houses), access credit, obtain insurance services, and finance their business ideas (IFAD 2015). Interventions that aim at supporting migrants to be financially included ought to look beyond international remittance flows to account for such everyday needs of migrants. When development actors support the overall welfare of migrants, they will economically empower them to afford and use financial services. Economically empowered migrants can send more remittances to their home countries via traditional and digital financial services.

Some organisations such as UNCDF and IFAD already look at the big picture of financial inclusion of migrants, going beyond remittance flows to support migrants to save. IFAD has presented financial services and investment products that migrants can engage in based on their profile, including the ability to invest back home through their savings (for example, in the Philippines). These include, but are not limited to, retirement accounts, foreign and local account savings, mortgage loans, diaspora mutual funds, inclusive (micro) insurance instruments and stocks (IFAD 2017). Such diverse financial inclusion may tap into a much greater economic potential of migrants as they can use their savings to invest either in their home countries or in their host countries.

Utilising projects like the diaspora bonds can attract migrants to be essential contributors to development in their home countries, taking the working examples of Israel and India (Katakam and Gravesteijn 2020). IADB stresses the importance of diaspora bonds, especially for governments where remittances make up a substantial portion of their GDP, suggesting that targeting patriotic migrants may qualify diaspora bonds as a suitable financial instrument, especially in the Caribbean (Wenner 2015; Katakam and Gravesteijn 2020). Development actors can also support migrants when they decide to invest in their host countries, especially with access to mortgages, credit and loans. The financial inclusion of migrants projects by IFAD have also included teaching migrants the need to say no to the unending and unnecessary requests to send money to their home countries, boosting their saving capacity. Besides, through IFAD supported credit cooperatives, migrants have been able to pool resources together with an enhanced economic potential, actively participating in the import-export markets.

## 5.9. Promoting 'inclusive and continuous' financial literacy programmes for migrants

**Recommendation 10: Financial literacy and digital literacy interventions should be continuous and not one-time interventions.**

Some interventions aimed at promoting financial education are one time and are targeted to specific migrants in specific regions at given periods. However, each year, millions of migrants enter different countries. In 2019 alone, the EU received about 2.3 million immigrants, and almost all might not have benefited from any financial education programmes (EUROSTAT 2021). Migrants also require more exposure to education on long-term saving, investment and entrepreneurship. Public development actors need to adopt sustainable and continuous programmes that can promote the financial capability of the new incoming migrants, though not at the expense of old ones (OECD 2019).

Development actors can replicate the Associazione Bancaria Italiana (ABI) – the association of Italian Banks, model, in other communities of similar conditions (EC 2018). ABI created a guide to help newcomer migrants learn about the Italian banking systems: the banks, services offered, and the rules. The ABI strategy is presented to have increased financial inclusion of migrants. ILO has also provided financial inclusion training manuals in different languages to help migrants in various geographical locations in Africa, the Middle East and even Asia to have financial education materials. However, ensuring that migrants can access this information continuously requires continuous training programmes.

Development actors should ensure that their financial literacy initiatives consider language barriers among migrants. They should carry out their awareness and financial education programmes in languages that migrants understand. ILO already provides an example. It has provided financial literacy training manuals in Arabic, Spanish, and French (ILO n.d.). However, more languages still need to be considered. In Russia, for instance, the language barrier problem makes it difficult and time-consuming for banks to serve Kyrgyz and Tajik migrants that want to use financial services (OECD 2019). Solving the language barrier problem may be difficult because it comes down to the question of who should learn whose language. However, since learning any language takes time and is costly on the side of migrants, remittance service providers could provide documentary translations for all the necessary financial information to at least help the literate migrants in large numbers.

## 5.10. Promoting interoperability among traditional and digital financial platforms

**Recommendation 11: Improve interoperability among traditional banks and digital financial service providers**

Digital financial service platforms (internet and mobile money banking) have provided interoperable financial services. Migrants are now, more than ever, able to send money from their bank accounts via a mobile phone application to any mobile money account within the recipient country. Over 48 countries now have interoperability services among mobile money and bank accounts, with about $7.9 billion of transactions in remittances taking place via mobile money financial services (Naji 2020). With the right policy frameworks, mobile money banking could offer the right services given its ability to be quick, convenient, transparent and affordable (GSMA 2017).

Traditional banks remain an essential element of the mobile money remittance sending platforms. Through a series of bilateral agreements, digital financial innovators have ensured the existence of interoperable systems between banks and mobile money (Garcia Arabehety et al. 2016). In most developed countries (for example, European countries, the US, and Canada), banks provide interoperable payment services that are well-connected with digital financing platforms. Such interoperability makes it easier for migrants to send remittances to either bank or mobile money accounts in their home countries. However, since sending remittances is a two-way street, the financial system of the recipient affects the choice of the financial modality used by the migrant. Development actors can also support the interoperability between conventional banks and digital platforms, especially in developing countries. In Italy, for example, about 83 per cent of migrants prefer to send remittances in cash via MTO partly due to the availability of the agencies in the recipient countries (WB 2014). Strategies that aim at promoting interoperability may also need to be all-inclusive, tapping into MTO such as the Western Union, MoneyGram, and Ria, whose use may not necessarily guarantee financial inclusion.

# 6. Conclusion

Public development actors have taken significant steps to promote the financial inclusion of migrants and enhance remittance flows. Actors such as UNCDF, SDC, Sida, IADB, EC, IFAD, IOM, ILO, UNICEF, UNHCR, IFC and WBG have also taken a gendered approach to boost the financial inclusion of migrant women. Broadly, the interventions of public development actors have been able to support the realisation of SDG 8 while supporting the attainment of other SDGs such as elimination of poverty and hunger, provision of decent jobs, reduction of income inequalities, promotion of gender equality, among others. Other interventions by digital financial service providers (for example, WorldRemit, Remitly, and Sendwave), which provide interoperability between traditional banks and mobile money banking, have reduced remittance costs to a level below the SDG cost target of 3.0 per cent.

However, a lot still needs to be done to ensure that all migrants, including those engaged in informal and domestic work, can access affordable and the required financial services that can allow them to send remittances in a safe, secure and convenient way. Achieving this requires public development actors to create functional synergies and improve partnerships with the private sectors, public sectors and policymakers. Action-oriented partnerships can promote knowledge sharing among different players, ensure policy coherence, and limit fragmentation of the adopted interventions. Development actors also need to adopt a gendered approach to ensure that migrant women are not left behind and develop a database that can measure the progress of their interventions.

In conclusion, when public development actors take on appropriate policies, they can promote the financial inclusion of migrants and remittance flows while ensuring that migrants well integrate within their host communities. They can also empower migrants to contribute to the economic development of both their host communities and the communities of their origin.

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