

TOOL: Advocate with regulators to increase access to financial services

KEY ACTIONS

- Ensure crisis-affected communities have fair access to financial services. Humanitarian agencies should actively seek the financial inclusion of the most vulnerable in cash assistance. Agencies should therefore promote cash transfer through beneficiaries fully owned payment mechanisms, such as personal bank or mobile money accounts (respecting local regulations).
- Advocate for tiered Know-your-customer (KYC) requirements for vulnerable groups

GUIDANCE: Key Questions to guide discussions with Central Banks to increase access to financial services

What is in this tool?	The below set of questions examines regulatory policies around inclusive financial services and electronic money usage in a given country. Regulatory environments are evolving and there are frequent changes in regulations, in particular related to new technologies or systems. The conditions for financial access may need to be assessed on a regular basis.
How?	You should engage financial regulators in the context of their existing efforts to broaden financial inclusion in particular by considering tiered or risk-based KYC requirements
When?	During Feasibility and response analysis and design stage

ASSESSING Know your customer requirements

General questions

- What are the regulatory differences that may apply for different providers, services or transfer amounts?
- What are the FSP's obligations or procedures around the disclosure of KYC/CDD information to the Government or other institutions/companies?
- Have the authorities adapted or adjusted KYC/CDD or other financial services regulations in the past in emergency situations? If so, what have these adaptations looked like?
- How are FSPs expected to authenticate IDs held by cash recipients?

Bank accounts

- What is the local regulation governing KYC requirements on bank accounts?
- What types of identification and from what sources are required for customers to open bank accounts?
- What types of entities (i.e. bank branches, banking agents) are allowed to process KYC/CDD requirements and open accounts for customers?

E-Money Regulation

- Is there a clear and separate regulation on electronic money? How mature is this regulation?
- Are regulations for accessing mobile connectivity services, i.e. what are the requirements to access a SIM card? How many SIM cards can people hold? What is the validity period of a SIM card and which type of operations can extend it? Are SIM registration requirements harmonised with those applicable for financial services?

AML/CTF regulations/standards

- What AML or CTF regulations are in place that dictate transaction volumes and amount limits on accounts?
- Are there regulatory changes proposed?

Advocating with regulatory bodies if KYC/CDD requirements hinder the delivery of cash assistance

There are three key pathways depending on the context:

- 1) promote the recognition of government issued refugee ID credentials for KYC/CDD purposes
- 2) promote the recognition of UNHCR issued ID credentials for KYC/CDD purposes
- 3) promote refugees' access to foundational ID systems (subject to a protection assessment).

Advocacy is more efficient if other key stakeholders promoting financial inclusion are involved. These include World Bank and other Development Banks, UNCDF, ILO, UNDP, development partners, the Cash Working Group as well as global and regional standard setting bodies. Private sector and regional organisations and representative bodies, including the GSM Association may also have some leverage with the Government in promoting people's access to formalised means of payment¹.

If engaging in advocacy, Senior Management engagement is crucial. In addition, Protection, Finance and/or Economic Inclusion units may already have established contacts in the relevant authorities that should be leveraged.

Adapted from:

UNHCR Information on assessing KYC/CDD regulations [ENG](#), [FR](#), [SPA](#)
