



TOOLKIT: RESPONSIBLE CASH

I am looking to ... **Advocate with government & regulators**

by UNHCR and WFP



TOOLKIT: RESPONSIBLE CASH

Advocating with government & regulators

Advocating for inclusive national regulatory environments

What is this document about?

This document provides tools and resources to help you advocate with regulators on cash transfers.

It equips you to engage central banks and other regulatory authorities to improve account access through facilitating access to ID or tiered Know-Your-Customer rules, enhance customer safeguards, and promote financial inclusion, ensuring people, including the most disadvantaged, can meaningfully benefit from cash transfers.

Why is it important to engage with central banks and other regulators?

Central banks and other regulators play a key role in cash transfers, ensuring the integrity of [payment systems](#):

- They **regulate financial service providers** (e.g. banks, mobile money operators and fintechs), and can therefore influence and improve the experience of people receiving cash transfers.
- They **decide what ID you need to open an account** (called setting Know-Your-Customer or 'KYC'). They ensure banks/mobile money companies keep customers safe and what information they must regularly share.
- Regulators also **set rules for currency exchange**, ensure **cash availability or manage shortages**, and set other financial rules, like limits to transaction values and service fees, impacting organizations operations.
- They can also **play a key role in promoting digital and financial inclusion**, such as through setting National Financial Inclusion strategies and promoting investment in digital public infrastructure.

Remember: **Building relationships early** (at the highest institutional level possible!) and **joint advocacy** with other organizations can help in negotiations! **Here are things you can advocate for as organization:**

Advocate for strengthening financial service providers' customer service/ protection

- ❑ **Encourage the private sector to consider the people we assist as valued clients**
 - Share these arguments to build a [business case](#) why it is worthwhile investing in the hardest-to-reach and advocate for inclusive and accessible financial products and services (you may also consider this resource from [Women's World Banking](#)).
- ❑ **Foster a digital and innovative ecosystem that considers people's needs**
 - Advocate for [interoperability of the payment system](#) so that people have choice in how to receive/spend money
 - Advocate for higher transfer amounts and **adequate fee schedules**
 - Ensure that the **processes and requirements for becoming a financial service provider agent** (i.e. the licensing framework) don't exclude people with less opportunities, incl. women and refugees.
- ❑ **Make the case for enhanced Customer Protection to safeguard people against fraud and abuse, incl. [sexual exploitation & abuse](#)**
 - Do this through mandatory [Customer Protection](#) for financial institutions (incl. mandatory [training](#), **disciplinary measures** in cases of misconduct, specific **focal points**)
 - Ensure financial service providers have a [Code of Conduct](#) in place that all its staff and third-party contractors adhere to
 - Advocate for regular reporting on [customer complaints and feedback and ensure safe referrals](#). Promote the collection of supervisory data to [assess their performance](#).
- ❑ **Advocate for [sex-disaggregated data and use of new technology for tiered KYC](#)**

Advocate to remove barriers people face to access financial products

- ❑ **Engage central banks to remove barriers to access (digital) financial services**
 - Advocate for identification for all & where not possible, [tiered KYC requirements](#)
 - Share the **voice of the people we assist** & check [case studies](#) on how different countries have introduced identification requirements, enabling financial inclusion.
- ❑ **Advocate for inclusive digital and financial literacy policies that reach the most disadvantaged, including women**
 - Check the repository with [resources on digital and financial literacy trainings](#)
 - Advocate with regulators to **invest in the financial inclusion** of women, persons with disabilities, Indigenous Peoples etc. as **valued clients** of financial institutions
 - Advocate for **joint education campaigns** (also involving financial service providers!)
 - Check the [Better Than Cash Alliance section for governments](#) & [AFI's digital financial literacy toolkit](#) to learn more about what central banks could do with respect to digital financial literacy.
- ❑ **Influence the central bank's strategy, mandate, and policies so people are well informed on their rights and that they leave no-one behind**
 - Jointly engage with communities to [inform people about their rights](#) and how to report issues.
 - Check [AFI's National Financial Inclusion Strategies \(NFIS\)](#): current state of practice for an overview of what central banks could do with respect to NFIS.

What are Know-Your-Customer (KYC) regulations (also Customer Due Diligence)?

KYC rules, set by central banks and other regulators, make banks and other financial institutions check a customer's identity before they can use financial services. This helps prevent fraud, money laundering, and other financial crimes by confirming people are who they say they are. Key parts of KYC are:

- **Legal identity check** - Customers must show official ID (like a passport or national ID or birth certificates).
- **Risk check** - Financial institutions analyse how a customer uses their account to see if they might be a risk.
- **Ongoing monitoring** - Financial institutions keep an eye on accounts to spot anything suspicious.

The issue with **strict KYC rules** is that they often exclude the **most disadvantaged** from accessing financial services.

What can we do if the people we assist don't have the full documentation required to open an account?

Where possible, we should always advocate for **foundational IDs**, as they are essential for more than just financial access.

Where this is not possible, you may engage with regulators to accept **alternative forms of ID**. *E.g. in [Somalia](#), WFP worked with regulators to allow community members to verify identity and confirm residency. As last resort, you may consider closed-loop digital wallets, i.e. linking people to specific merchants.*

A common approach among regulators is **tiered KYC**, which **allows for lower ID requirements when the level of risk and amount of financial transactions is lower**. *E.g. this means that a refugee, who does not have an official national ID, can open a mobile money account with her UNHCR refugee card (functional ID) and use it as long as the transaction amount received is not too high.*

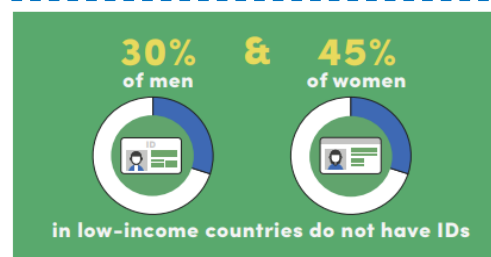
Here are key messages you can use to advocate for tiered KYC or functional IDs with regulators:

Main argument: Tiered KYC makes financial services more accessible while keeping risks low. This helps both the users and financial institutions. **Introducing and promoting simplified KYC is in the interest of regulators.**

- **Simplified KYC makes it easier for people to open and use digital financial accounts** by requiring fewer documents and identity checks, especially for small transactions. This helps more people access mobile wallets and digital banking, encouraging cashless payments and innovation.
- It also makes transactions **more transparent**, helping regulators detect crimes like money laundering or fraud that might go unnoticed in informal cash markets.
- Tiered KYC improves security by making it easier for people to open accounts while applying stricter checks only for high-risk transactions (large money transfers or international payments). This **helps governments balance security and accessibility**.

Key definitions:

- **Legal identity** - Basic personal details (name, birthdate, sex) officially registered at birth by a civil authority.
- **Foundational ID** - A multi-purpose official ID (e.g., National ID, Civil Registry document) used for broad identification.
- **Functional ID** - A single-use ID (e.g., voter card, UNHCR card) issued for specific services but not always recognized as foundational ID.



How are women's barriers different? Read this [report by WFP & CFI \(p.6\)](#).

Other reasons why you should advocate for access to ID

- ✓ **Ensures financial inclusion** - IDs allow recipients to access and manage cash transfers securely and cost-efficiently.
- ✓ **Prevents fraud & misuse** – Proper identification ensures cash transfers reach the right people, preventing fraud and misuse/diversion of resources.
- ✓ **Reduces social exclusion** – IDs help governments provide support through **social protection systems**, as well as the right to vote, access to healthcare and education etc.
- ✓ **Improves efficiency** – Governments and humanitarian organisations **can better track and send assistance if distributed digitally**. E.g. people registered in databases can be assisted as soon as crises hit.
- ✓ **Boosts economic participation** – More people with IDs means greater access to employment.

Note: Central banks and other regulators are not directly responsible of issuing IDs (in most cases), this means you should also liaise with pertinent government ministries for this purpose.

Why should regulators invest in stronger customer protection?

Key messages: A well-regulated environment with strong customer protection....

- ... **attracts responsible businesses**, fosters innovation and minimizes fraud.
- ... builds **trust in financial systems**, leading to higher participation and economic growth.
- ... ensures disadvantaged groups can safely and meaningfully access and use financial services, **increasing resilience, eventually reducing the need for government intervention** (e.g. social welfare).



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5 measures that regulators can take to enhance customer protection

Regulators play a key role, they can...

How can your organization contribute?



1. Create and enforce regulations that address people's specific needs, remove barriers and ensure fair treatment without discrimination - this makes sure that disadvantaged communities, incl. women, youth, and persons with disabilities have equal access to safe and fair financial services.

Help regulators & financial institutions understand people's specific needs & barriers: e.g. through joint research, [User Journey exercises](#) or [focus groups](#). Share the business case for making financial systems more inclusive. Highlight issues and [best practice from other contexts](#).

2. Require financial service providers to establish clear and accessible ways for customers to report issues and get timely solutions, especially in cases of employee misconduct. They should also monitor service quality, investigate complaints and take action when needed.

Use **real-life examples** of issues encountered to show regulators gaps in current systems. Share examples of [how providers can enhance customer protection](#), such as [feedback and complaint mechanisms](#), [Code of Conduct training](#), [Tipsheet for client-facing staff](#).

3. Ensure financial products and services are transparent, designed to be inclusive and relevant to people's needs, particularly the most disadvantaged. Make sure fees are transparent, and communication is clear (simple language) to ensure people understand the terms. Promote female agents to enhance women's financial participation.

Advocate for policies that ensure financial products and services are inclusive and **meet people's needs**. Advocate for lower fees and ensure costs are properly communicated and displayed, together with [information about people's rights](#). **Promote female client-facing staff** – women often feel more comfortable transacting with women.

4. Promoting digital and financial literacy – capability strengthening through **targeted education initiatives**, helping people understand and use financial services safely.

Conduct **joint campaigns, share resources with Govt on digital & financial literacy** (radio, visuals, [training sessions](#), co-branded materials etc). Financial providers should also be part of it!

5. Ensuring the protection of client data - ensuring that information about customers' account, financial transaction, and personal details are kept confidential and securely stored.

Advocate for **strong client data protection**, especially for the most disadvantaged clients. [Here are examples](#) of what financial service providers can do.

To better understand customers, regulators should also push for financial service providers to collect disaggregated data.



Tips when engaging with regulators on sensitive issues, such as abuse of power and exploitation by financial service providers:

Women and marginalized groups generally face more risks than others in the community e.g. getting charged higher fees, receiving the wrong change, harassment and gender-based violence, including sexual exploitation and abuse (SEA). Here are some tips:

- ✓ **Be mindful of the language you use!** In some contexts, using 'SEA' and 'gender-based violence' may deter regulators from wanting to engage with you. Where necessary, frame the topic under **customer protection/customer well-being instead!**
- ✓ **Highlight how your approach benefits customers & use facts or real cases** to prove your point (e.g. reports of harassment by providers)
- ✓ **Engage early with regulators**, listen, and develop solutions together. Do not wait or present final products/your approach without consultation.

Here is the collection of **resources** to strengthen [customer protection](#).

Read this report by CGAP on [customer protection](#) and the AFI Central Bank Toolkits on [market conduct](#) and [complaint handling](#).

Need some inspiration?



EXAMPLE 1: Jordan's: How tiered KYC expanded financial access for refugees

Challenge: Syrian refugees living in Jordan did not have access to formal ID therefore they couldn't access formal financial services.

Solution: Since 2015, the MoI (Ministry of Interior) has invested in biometric identification cards as official identification for refugees registered with UNHCR, enabling access to essential services.

Impact: Regulatory reforms improved impact by:

- **Financial access** - MoI cards allowed refugees to use mobile payments (JoMoPay) and digital wallets.
- **Simplifying KYC requirements** - Regulations allowed onboarding with just an MoI card, reducing documentation barriers.
- **Facilitating biometric verification** - Refugees could access humanitarian assistance via iris-scanning ATMs instead of PINs or cards. *NB: Biometrics are sensitive data and should only be used where necessary and appropriate.*
- **Enhancing service access** - MoI cards also enabled access to healthcare, education, jobs, and mobility.

Key takeaway: The MoI cards were the result of a successful collaboration between UNHCR and the government of Jordan. Allowing the use of MoI cards as functional IDs, and other use cases of the MoI card led to broader refugee inclusion.

Learn more about the project: [KYC Innovations, Financial Inclusion and Integrity In Selected AFI Member Countries](#) p.46-50.

EXAMPLE 2: Wizall Senegal – Lighter/simplified KYC boosts women's financial inclusion

Challenge: Many women in Senegal face barriers to accessing financial services due to strict KYC requirements, which demand identification documents they often don't have.

Solution: Wizall, a fintech company, introduced **lighter KYC requirements for their remittance services e-wallet**, reducing the levels of initial authentication and documentation needed for onboarding. *NB: Regulators can promote this!*

Impact: This change led to a significant increase in women's financial participation - rising from **20% to 56%**, allowing more women to access digital financial services.

Key takeaway: Simplified KYC processes can **drive financial inclusion**, especially for women, by removing documentation barriers.

Learn more about this UNCDF project: [Switching From Cash to Digital Remittances, Research Insights From Wizall Money in Senegal](#)



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EXAMPLE 3: Community verification as a form of functional ID in Somalia

Challenge: When formal banking services were suspended during the COVID pandemic, WFP started to provide Somali families with mobile money transfers under the Ministry of Labour and Social Affairs' shock-responsive Safety Net for Human Capital Project. However, many women – who were selected as primary recipients for the programme - did not have their own SIM card or mobile phone and could not register a new account due to the lack of ID.

Solution: WFP Somalia advocated with regulators to enable women to open accounts with lower KYC requirements and worked with local leaders to allow community members to verify identity and residency.

Impact: This advocacy enabled 100,000 women to obtain their own SIM cards and receive social assistance payments via mobile money.

Key takeaway: Collaborating with regulators and jointly advocating with community leaders and mobile money providers, helped find a win-win solution that allowed the government to continue to provide social assistance. Read more about the project [here](#).

You may also want to read this report from AFI with more examples on [KYC innovation](#) and AFI's [report on advancing financial integrity of forcibly displaced](#).

Need some inspiration?

EXAMPLE 4: Strengthening *Customer Protection* in Nigeria

Challenge: The **Central Bank of Nigeria (CBN)** identified **gaps in protecting financial consumers** due to inconsistent risk management, unresolved complaints, and regulatory breaches among financial institutions.

Solution: In 2023, CBN introduced a **Market Risk-Based Supervision Framework** with an Impact Assessment Template to evaluate financial institutions based on: 1) Market presence & influence; 2) Volume of unresolved complaints; 3) Compliance breaches; 4) Fines imposed; 5) Proportionality & supervisory history. Additionally, the [Consumer Protection Framework \(2016\)](#) provided clear redress mechanisms, while the Nigeria Electronic Fraud Forum (2015) mandated 24-hour anti-fraud desks. The CBN online complaint system and [e-learning portal](#) further strengthened financial literacy and fraud prevention. In 2024, the CBN also prioritized working with key stakeholders to [develop tailored financial products and accessible services for persons with disabilities](#).

Impact/takeaway: These initiatives led to stronger oversight through structured supervision of financial service providers, better compliance with stricter enforcement, as well as greater consumer confidence via clear redress options. It also led to higher industry accountability with transparent assessments and reduced fraud through anti-fraud desks and awareness campaigns.

For more examples on regulatory innovation in Customer Protection, read the AFI report [here](#).

EXAMPLE 5: Laying down *Digital Public Infrastructure* in Haiti

Challenge: Haiti's disadvantaged populations, particularly women, faced significant barriers in accessing financial services. Limited network coverage, lack of trust in financial institutions, and absence of national identification documents restricted their ability to receive social assistance digitally.

Solution: WFP worked with the Haitian government and partners to build digital infrastructure that ensures secure and efficient Government-to-Person (G2P) payments. WFP partnered with the government to expand digital payments, advocate for biometric ID distribution, improve mobile money access, and link social registries with financial providers. WFP supported the development of a national social registry that integrates vulnerability data, helping the government better direct assistance to those in need.

Impact: This allowed to verify peoples' identities, seamlessly exchange data, and receive social protection payments safely and on time. By March 2023, digital cash transfers increased from 3% to 60%. Women, who made up 66% of recipients, gained greater financial autonomy. The initiative also facilitated access to essential services, such as voting and healthcare, fostering long-term economic empowerment. Emergency funds were delivered faster during crises.

Key takeaway: Investing in public digital infrastructure enhanced financial inclusion. Collective efforts and advocacy transformed the adaptive social protection system in Haiti.

Learn more about the project [here](#).

EXAMPLE 6: Bringing regulators closer: How field missions led to more *female agents* in Uganda

Challenge: The Central Bank of Uganda had limited understanding of the challenges disadvantaged groups, including refugees and women, faced in accessing (digital) financial services. Strict agent banking requirements created barriers to financial inclusion.

Solution: WFP Uganda and the Cash Working Group engaged proactively with the central bank, inviting them on field missions to Nakivale refugee settlement, events and discussions to witness challenges firsthand.

Impact: This direct exposure led to the simplification of agent requirements, increasing opportunities for refugees - especially women - to become agents, improve livelihoods, and enhance female agent participation, making financial services more accessible to women.

Key takeaway: Elevating people's voices through **engaging regulators through real-world exposure** to challenges can drive policy changes that improve financial inclusion, creating economic opportunities for marginalized communities. Read more about the project [here](#).