Money Transfers without Borders

A lack of access to formal financial services often prevents refugees in Jordan from making low-cost money transfers. Digital financial services are working to remedy this situation.

Remittances and access to financial services

As a relatively stable country, Jordan has for many years been the main host nation for refugees from neighbouring crisis and conflict regions. It has long been a place of refuge for Palestinians, Iraqis and Lebanese and particularly, since 2011, Syrians. The United Nations High Commissioner for Refugees (UNHCR) states that by 2020 Jordan had officially registered more than 660,000 Syrian refugees, and the local government reports welcoming a total of 1.36 million Syrians as of April 2019. Most of these people - around 84 per cent - live outside official refugee camps in host communities (most recent data).

Domestic and cross-border remittances are an important source of income for refugees, and also for many Jordanian households. They help target groups to unlock their potential for self-help, especially those households which are headed by women. Private money transfers from family members and other migrants living abroad have long been a major source of income for the Jordanian economy. These remittances, which are valued at 3.9 billion US dollars, accounted for more than 9.2 per cent of the countries' Gross Domestic Product (GDP) in 2020.

Like most financial transactions in Jordan, payments from abroad are usually made in cash. But since cash-free remittances via banks, money transfer operators and informal money lenders generally incur substantial costs, many of these funds are sent via informal channels such as the trust-based value transfer system known as hawala, or entrusted to people travelling to and from the country. Women, refugees, and people in low-income rural communities find that their access to financial services is particularly limited, and only 42 per cent of Jordanian adults have a bank account (Global Findex 2017).

Developing digital solutions

The Digi#ances project, which is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), aims to make it easier for refugees, low-income Jordanians and migrant workers to access financial services, which will help them to further their economic and social development. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is...
Secondly, the target groups must be aware of, accept, and use the service. To help with this, and to overcome mistrust, the project runs information campaigns and training courses on using digital financial services responsibly. A financial literacy roadmap has been developed to coordinate awareness-raising efforts, which over 20 entities are committed to implementing. Furthermore, a digital financial literacy component has been added to the school curriculum to ensure that financial education begins at an early age. This was done in collaboration with Al Hussein Fund for Excellence.

Thirdly, current regulations on digital money transfers must be expanded to cover the secure transfer of cross-border remittances through digital channels. Digittances is helping the Central Bank of Jordan to develop regulatory and supporting supervisory mechanisms that will comply with international standards on consumer protection, anti-money laundering, and anti-terrorist financing. The project also offers a platform for sector dialogue and knowledge-sharing through the Digital Financial Services Council.

More equality

Low-cost digital money transfers boost disposable incomes and provide safe places to deposit money and build up savings. The project improves fair access to digital financial services that can be used for both national and international transfers. The aim is for the information campaigns and financial services to reach at least 50 per cent of the women in the target group, which means that they must be tailored to women’s needs. Pilot projects and training courses ensure that refugees, low-income Jordanians, and migrant workers can access the services. The development of digital financial services will ultimately benefit all social groups.

Sustainable progress for all

“Many people assume you need a lot of money to open a mobile wallet, but that’s not true; it’s a very easy process, requiring little money to be initially deposited. We are trying to change this perception through education.”

Basma AlZobaidi, shop owner and agent of a payment service provider

The project is part of the BMZ special initiative ‘Tackling the Root Causes of Displacement, Reintegrating Refugees’, which provides short-term support to refugees and their host communities. In the long term, sustainable measures are designed to eliminate the structural causes of displacement, such as social injustice and food insecurity. This particular project promotes equality and social and economic development for refugees and low-income Jordanians.