

# 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.



Project name	Improving Access to Remittances and other Financial Services through Digital Solutions (digi#ances)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Implementing organisation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Project region	Host communities in northern Jordan (Irbid, Mafraq and Amman governorates)
Lead executing agency	Central Bank of Jordan (CBJ)
Duration	October 2015 - October 2023
Volume	10.69 million euros

## 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





Kathrin Damian  
kathrin.damian@giz.de

collaborating with the Central Bank of Jordan to provide solutions for digital money transfer services, and the following three key conditions must be in place for cross-border remittances to be possible.

Firstly, there must be a needs-based digital transfer service at a national level to facilitate remittances within Jordan itself. Mobile applications are especially suited to Jordan, since most Jordanians and refugees have mobile phones. Partnerships with payment service providers and other players in the sector, including humanitarian aid agencies, are helping the Digittances project to advance the spread of active mobile wallet use.

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.

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#### Postal address of BMZ offices

BMZ Berlin | Im Europahaus  
Stresemannstraße 94  
10963 Berlin, Germany  
T +49 (0)30 18 535-0  
F +49 (0)30 18 535-2501

poststelle@bmz.bund.de  
www.bmz.de/en

BMZ Bonn  
Dahlmannstraße 4  
53113 Bonn, Germany  
T +49 (0)228 99 535-0  
F +49 (0)228 99 535-3500

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Internationale Zusammenarbeit (GIZ) GmbH

Division  
Middle East

Registered offices  
Bonn and Eschborn, Germany

Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn, Germany  
T +49 61 96 79-11 75  
F +49 61 96 79-11 15  
www.giz.de

In cooperation with



Author  
Matthias Poser,  
Alaa Alhyari

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Frankfurt  
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