

# Money Transfers without Borders

Jordan's enhanced digital financial services allow financial inclusion for all.



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 organization	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Project region	Host communities in northern Jordan (Irbid, Mafraq and Amman governorates)
Co-financed by	Swiss Agency for Development and Cooperation (SDC)
Lead executing agency	Central Bank of Jordan (CBJ)
Duration	October 2015 - October 2023
Volume	10.69 million euros

The Central Bank of Jordan (CBJ), known for its excellency and modernization path, cooperates closely with GIZ<sup>1</sup> to enhance financial inclusion in Jordan. In 2015, when GIZ started to implement the GIZ implemented project *Digi#ances*<sup>2</sup> - commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) - digital financial services, such as mobile wallets, were limited. Eight years later, however, financial inclusion seems possible for all! In fact, *Digi#ances* successfully promoted mobile wallets to make digital payments and cross-border money transfers (remittances) a lot easier for refugees, low-income Jordanians, and migrant workers.

## Remittances

With a volume of 3.5 billion US dollars remittances account for more than 9.7 per cent of the countries' gross domestic product. But due to high fees and limited financial access many people in Jordan refrained from using formal ways for remittances<sup>3</sup>.

Against this background, *Digi#ances* promoted mobile wallets as an effective digital financial solution to make domestic and cross-border money transfers quicker, cost effective and available at any place. This comparative advantage of mobile wallets was demonstrated in a real-life test in 2021, when transferring the same amounts (100 JOD and 500 JOD) between Jordan and five countries<sup>4</sup> first via bank account and cash at transfer, and then by mobile wallets.

## Developing digital solutions

Since 2015, *Digi#ances* aimed to make it easier for refugees, low-income Jordanians, and migrant workers to access financial services, which helps them to further their economic and social development. To reach this goal, the project followed three intervention areas:

1. Piloting digital finances services like cross-border remittances, with the private sector (payment service providers) and humanitarian organisations.
2. Supporting the CBJ in adjusting the regulatory framework and supporting a supervisory mechanism for digital money transfers that comply with international standards.
3. Designing and implementing awareness campaigns on the advantages of mobile wallets and training courses on using digital financial services responsibly.



Closing event of the project: celebrating achievements with partners.

<sup>1</sup>GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH

<sup>2</sup>Improving Access to Remittances and other Financial Services through Digital Solutions (Digi#ances).

<sup>3</sup>In 2015 only 25 % of Jordanian adults had a bank account. The number has grown to 43,1 % in 2022, as the CBJ Diagnostic Study shows.

<sup>4</sup>Egypt (Africa Corridor), Saudi Arabia (West Asia Corridor/ Gulf states), United States of America (North America Corridor), Germany (Europe Corridor), Philippines (Southeast Asia Corridor).

When analysing the level of financial inclusion in Jordan and the challenges of refugees and underserved families it became clear that mobile applications are especially suited to provide appropriate solutions, mainly because:

- almost all adults possess a mobile phone.
- there is sufficient telecommunication infrastructure.
- regulation allowed mobile wallet accounts for refugees.
- low cost of mobile wallet usage.

Partnerships with the private sector (payment service providers<sup>5</sup>) and other players in the sector - including various NGOs and humanitarian aid agencies (UNHR, WFP, UNICEF) - was crucial for *Digi#ances* to advance the spread of active mobile wallet usage.

Together with the Central Bank of Jordan various pilots, like the 'Junior Mobile Wallets' for teenagers aged 16 and 17 years, were carried out to provide tailor made solutions. In addition, 15 knowledge notes for better understanding the financial inclusion ecosystem were developed throughout the course of the action, for example the 'GeoSpatial analysis' or the 'Mobile wallet user journey on potential products for refugees and women'.

#### Refugee situation in Jordan:

As a relatively stable country, Jordan has been a host nation for many refugees from neighbouring crisis and conflict regions. One of the biggest groups are Syrians (1.36 million). By now, the United Nations High Commissioner for Refugees (UNHCR) officially registered more than 660,000 Syrian refugees. Most Syrians (84 %) live in host communities, while other (14 %) found shelter in camps.

Regulations on digital money transfers must be expanded to cover the secure transfer of payment and cross-border remittances through digital channels. *Digi#ances* supported 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 offered a platform for sector dialogue and knowledge-sharing through the Digital Financial Services Council.

*Digi#ances* run numerous information campaigns and training courses on using digital financial services responsibly.

financial literacy roadmap has been developed to coordinate awareness-raising efforts. Furthermore, a digital financial literacy component has been added to the school curriculum to ensure that financial education begins at an early age.

#### Financial literacy trainings provided by Digi#ances:

The project successfully trained 29,277 individuals in digital financial services, with 63% of them being women, and 16,378 of them being refugees. Simultaneously, the awareness campaign reached a substantial 1,612,619 individuals, with 50% of them being women and 304,070 being refugees.

## More equality

Diverse learning methods were employed to ensure inclusivity across education levels, cultural backgrounds, age, gender, and geographical locations. Specialized training techniques, such as the kitchen training method and female ambassadors, were used to focus on women, while couples' training sessions garnered support from men and proved highly effective.

To enhance the sustainability of our training initiatives, *Digi#ances* introduced an e-learning tool that includes online training modules, enabling stakeholders to educate individuals in rural areas and those unable to attend physical sessions. This tool also encompasses a wide range of training materials that NGOs and PSPs can utilize to educate their beneficiaries.

## Sustainable progress for refugees

Since 2021, *Digi#ances* has partnered with the World Food Program (WFP) and the United Nations High Commissioner for Refugees (UNHCR) to digitize humanitarian payments through mobile wallets, providing training materials and conducting training for their employees. As a result, 98% of households in Azraq and Za'atari refugee camps now receive aid payments through mobile wallets, with a notable 60% in host communities. Additionally, 30% of these payments go directly to women heading households. In 2022, *Digi#ances* developed board games for interactive financial training, used by UNHCR in refugee camps. To sustain their efforts, two outdoor board games for Azraq and Za'atari camps were established, too. Furthermore, in response to a 2022 study revealing limited understanding and misconceptions about mobile wallet use at the Syrian Refugee

<sup>5</sup>There are currently eight payment service providers offering for mobile wallets in Jordan.



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Affairs Directorate (SRAD), training was conducted for 222 SRAD employees.

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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