

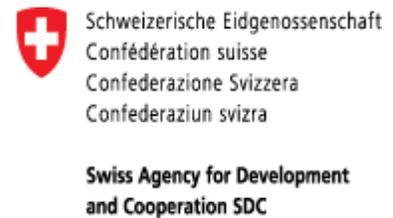


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Impact of the Regulatory Environment on Refugees' and Asylum Seekers' Ability to Use Formal Remittance Channels

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Impacts of the Regulatory Environment on Refugees' and Asylum Seekers' Ability to Use Formal Remittance Channels*

Leon Isaacs, Sarah Hugo, Gemma Robson, Charlie Bush, Poppy Issacs and Iñigo Moré Martínez[†]

Abstract

This report uses seven sample countries as case studies to focus on how regulations and regulatory policies affect a refugee's ability to send and receive formal, cross-border remittances. It identifies the main regulatory challenges and makes a series of recommendations to address them. Previous surveys and anecdotal evidence indicate that refugees and asylum seekers are senders and receivers of remittances. However, this group has received little attention to date. There is little understanding as to the challenges faced by refugees and asylum seekers in accessing formal, cross-border remittance services and whether these challenges differ from those faced by other migrants. The report finds that the main challenge refugees and asylum seekers experience when trying to send remittances is one of access. There is a clear conflict between the documentation that refugees and asylum seekers are provided and the documentation that they require according to anti-money laundering and counterterrorism financing regulations. Across the seven sample countries—Denmark, Ethiopia, Germany, Jordan, Saudi Arabia, the United Kingdom, and the United States—there are no regulations specifically focusing on these groups with respect to money transfers. Efforts to achieve “proportionate regulation” are compromised due to these groups' specific circumstances, including their legal status, country of origin, and identification (or lack of it). There is a clear need for further guidance to stakeholders from the top down, from regulators and policy makers to remittance agents and bank branch managers. At all levels, the challenges of access are found to extend beyond direct access to remittance services, to include barriers to mainstream banking services.

Keywords: remittances, refugees, asylum seekers, AML/CFT, ID, Customer Due Diligence, MTOs, payments

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Acronyms

AML/CFT	anti-money laundering/countering financing of terrorism regulations
ARC	application registration card
BRP	biometric residence permit
CDD	Customer Due Diligence
CFPB	Consumer Financial Protection Board
CGAP	Consultative Group to Assist the Poor
EEA	European Economic Area
EMD	e-Money Directive
FATF	Financial Action Task Force
FDP	forcibly displaced person
FSB	Financial Stability Board
G20	Group of Twenty
GLMM	Gulf Labour Markets, Migration and Population
GWG	Geldwäschegesetz (German Money Laundering Act 2008)
HMRC	Her Majesty's Revenue and Customs
ID	identification documentation
IOM	International Organization for Migration
KNOMAD	Global Knowledge Partnership on Migration and Development
KYC	Know Your Customer
LSE	London School of Economics and Political Science
ML/TF	money laundering and terrorist financing
MNO	Mobile Network Operator
MOI	Ministry of Interior
MSB	money service business
MTO	money transfer operator
NRC	Norwegian Refugee Council
POGI	post office giro institution
PSD	Payment Services Directive
RSP	remittance service provider
SAMA	Saudi Arabian Monetary Authority
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USCIS	U.S. Citizen and Immigration Services

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1. Introduction and Overview

1.1 Aims and Objectives

In 2016, there were an estimated 247 million migrants globally who collectively sent home \$429 billion in formal remittances from developed to developing countries (World Bank Group 2016; World Bank 2017c). In 2016, there were a reported 22.5 million refugees worldwide (UNHCR 2016c). Although there are no data available on remittances sent or received by refugees, anecdotal evidence, including interviews conducted for this report, suggests that in many cases the incidence of refugees sending and receiving remittances is high.¹

In recent years, there have been some research and policy recommendations on barriers to financial inclusion for refugees and asylum seekers (see section 4.1). However, limited research has been conducted on the specific challenges that refugees and asylum seekers may face in accessing cross-border remittances through regulated channels and whether these challenges differ from those faced by migrants. Increased barriers to sending remittances through formal remittance services could result in decreased flows or force refugees and asylum seekers to rely on informal methods to send and receive funds. Section 1.3 reviews the research that has been undertaken.

This report focuses on refugees and asylum seekers² and their ability to send and receive formal, cross-border remittances. Here, “remittances” are defas low-value (less than US\$500), cross-border person-to-person payments typically made recurrently. The report looks at the characteristics of refugees and asylum seekers to understand the specific barriers and challenges they may face in different jurisdictions. It uses seven sample countries—Denmark, Ethiopia, Germany, Jordan, Saudi Arabia, the United Kingdom, and the United States—as case studies. The focus of the report is skewed toward sending remittances, as this is where most of the barriers and challenges are perceived to be.

There is often an assumption that asylum seekers and refugees are unbanked and have no formal identification. There are currently no data available at the global or national level on bank account or mobile money account penetration among these groups. To register for asylum, people will often choose not to provide any identification. They understand that if they have a passport they cannot claim asylum because they are tied to a country. However, this does not mean they do not have any formal identification documentation (ID) that could be used to access remittance services.³ Refugees and asylum seekers with access to bank accounts and a formal national ID will not face the same challenges as those without these.

The analysis of the regulatory environment includes assessing laws, directives, and instructions, among others, issued by regulatory authorities, as well as the guidance and recommendations that accompany

¹ Anecdotal evidence of the high incidence of refugees sending and receiving remittances also includes newspaper reports, such as Bloomberg (2017) and Newsweek (2016). The interviews for this report also highlighted that this most likely varies due to several factors, perhaps most importantly the right to work and the types of jobs refugees can get within a country.

² Not all forcibly displaced people would include internally displaced persons.

³ Less than 30 percent of Syrian refugees were arriving in Turkey with passports (<http://america.aljazeera.com/opinions/2015/5/syrias-paperwork-crisis.html>).

these. It also includes insights into how these regulations are implemented in practice. The analysis investigates two key areas:

1. Regulations related to refugees' legal status (including their right to open bank (and other financial) accounts, obtain IDs, travel, obtain housing, work, and so forth).
2. The regulatory environment for sending and receiving remittances, especially barriers that are specifically relevant for refugees (including anti-money laundering and counterterrorism financing regulations (AML/CFT)) to access formal remittance services.

1.2 Methodology

The study examined the sample of seven countries to provide cross-country comparisons and case study analyses. Section 2 provides details on the case study countries. The seven countries were examined using primary research supported by desk-based analysis. Prior to undertaking the detailed research, a literature review was undertaken. Most of the research was desk-based and used publicly available sources of information, including published reports; global databases (World Bank remittance data, United Nations High Commissioner for Refugees (UNHCR), and others); government, regulator, and central bank websites; and online news articles. In addition, interviews were conducted to provide key insights and a more complete understanding of the challenges involved. The interviews were with stakeholders and experts from the seven countries, including government representatives, nongovernmental organization directors, academics, and remittance service providers (RSPs). The findings reflect the feedback and opinions of specialists with working knowledge of the countries. Appendix A lists the people who were interviewed for the report. To guide the research and facilitate cross-country comparisons, a standardized template was created for each country, including quantitative and qualitative indicators.

The scope of the study was deliberately limited. Therefore, no surveys were conducted with refugees, asylum seekers, or RSPs. Furthermore, regulations and laws were not analyzed by legal practitioners, but by specialists in cross-border remittances.

1.3 Literature Review

The past couple of years have seen new and growing interest in forcibly displaced persons (FDPs) and their access to financial services. FDPs include refugees, asylum seekers, and internally displaced persons. A few studies assess barriers and challenges and make recommendations. Overall, the recommendations call for policy makers to introduce regulations that link FDPs to formal financial services, to reduce the higher-than-normal level of financial exclusion among those who have been displaced.

A repeated recommendation is to improve access to financial inclusion by reforming ID requirements, especially in times of humanitarian crises. The studies identify that the main reason FDPs struggle is the lack of consistent ID requirements. As such, the first recommendation in a Gates Foundation brief is to create a minimum data set for beneficiary registration, so that regulators can structure Know Your Customer (KYC) regulation that would allow for flexibility during a crisis (Bemo et al. 2017). By having a common data set, there would be less need for customization and overall lower costs. The brief aims to address and mitigate the most critical barriers, to enable the increased use of commercially available mobile wallets in humanitarian response. The second recommendation is to create Digital Financial

Services regulatory templates, so that identification will already be in place before a crisis occurs. The brief uses the example of reducing KYC requirements for certain threshold amounts for a set period.

CGAP (2017b, 2) recommends relaxation of Customer Due Diligence (CDD) requirements that would normally hinder financial access, especially for FDPs. The report was published as an education piece for policy makers and donors, on the role of financial services in humanitarian crises. GSMA (2017d) shares the understanding that a standardized approach to ID verification would make it more efficient for organizations that provide humanitarian assistance to FDPs. The GSMA report finds that having flexible KYC for mobile money is successful, especially for persons who find it difficult or impossible to obtain identification documents. GSMA (2017a) presents recommendations to improve access to financial services for FDPs, especially identification through the use of mobile services. One such recommendation is for clear and universal guidelines on what is acceptable identification for FDPs to access mobile services. Further, GSMA suggests that the UNHCR-issued ID should be an accepted form of ID for mobile money. Another suggestion is to allow tiered thresholds of KYC requirements for FDPs to open mobile money accounts, especially in emergency contexts. So, it is unanimous in recent publications in this area that a clearer understanding of what is an acceptable ID needs to be determined.

Another topic raised in the CGAP and Gates Foundation reports is the use of a mobile wallet. The Gates Foundation suggests that mobile wallet systems could offer new monitoring possibilities; thus, they break away from the traditional view of cash being the preferred method of aid disbursement. This leads to the brief's final recommendation, which is to determine the value of mobile wallets throughout crisis contexts. Similarly, CGAP (2017b) recommends regulatory reforms to enable mobile money. It proposes that this should be supported before times of crisis, and that a crisis would allow for the expansion of financial inclusion for people who would have been excluded prior to it. This idea is highlighted in GSMA (2017a) with the concept of investigating how digital technology could be used to support refugee populations and the organizations whose purpose is to help them. The research took place in Kenya and Iraq, countries with large refugee populations, and consisted of looking at identity documents and SIM registration in each country and the registration and identification processes.

There is a consensus among these reports that more coordination between those involved, such as humanitarian actors, central banks, and regulators, is needed to create effective regulation that allows for easier access to financial inclusion. Overall, the research recommends the provision of more guidelines on the identification process for FDPs, and that investments in the digital payments infrastructure will help facilitate this. There is increased interest globally in helping FDPs become financially included. The most common recommendation is that policy makers and regulators should come together to improve regulation, to enable easier ID verification processes to achieve greater financial inclusion worldwide. The reports were produced within the past 12 months of this research paper being written and demonstrate that there is a need for further research and evidence to make effective and lasting change.

2. Refugees and Remittances in the Seven Sample Countries

Seven countries were examined to provide cross-country comparisons and case study analyses. The countries are Denmark, Ethiopia, Germany, Jordan, Saudi Arabia, the United Kingdom, and the United States. These countries were selected for their contrasting environments for refugees and asylum seekers. Table 1 provides an overview of the main indicators considered and the rationale for including the selected

countries. The countries vary according to region, economic status, size of the refugee population, whether they are party to the United Nations (UN) 1951 Refugee Convention, whether refugees are housed in camps, and other points of interest.

Table 1. Seven Case Study Countries, Indicators, and Rationale

Country	Region	Developed / developing country	UN 1951 Refugee Convention	Refugees as share of the population (%)	Number of refugees (thousands)	Refugee camps / non-camps	Rationale
United Kingdom	Europe	Developed	Y	0.26	169		Large refugee population
Denmark	Europe	Developed	Y	0.53	30.2		Small developed country in the European Union
Germany	Europe	Developed	Y	0.90	736.7		Large refugee population in the European Union; welcoming approach to refugees
United States	North America	Developed	Y	0.17	559.4		Large refugee population; interesting regulatory environment for remittances
Saudi Arabia	Middle East	Emerging	N	0.00 ^a	0.1		Largest market in the Middle East; not signed to UN 1951 Convention
Jordan	Middle East	Emerging	N	7.49	689	Camps & non-camps	Large recipient of Syrian refugees; refugees held in camps and non-camps; innovative regulation around payments
Ethiopia	Africa	Developing	Y	0.74	738.2	Camps	Large refugee population, predominantly housed in refugee camps; intra-Africa movement

a. This number is 0 because Saudi Arabia does not recognise refugees as such; instead, it grants work permits. See footnote 5 for further details.

2.1 Legal Status of Refugees and Approval of Status

This section compares the legal status of refugees, the average time taken for refugee status to be approved, and the asylum process in the seven sample countries.

In the United Kingdom, asylum seekers must apply for refugee status upon arrival or as soon as it becomes unsafe to return to their country. After applying, a meeting is conducted with an immigration officer (known as a “screening”), where the applicant is photographed and fingerprints are taken, and then an asylum interview is held with a caseworker (Gov.uk 2017b). The individual is given an application registration card (ARC) or standard acknowledgment letter (Gov.uk 2017a). A decision is usually received within six months, but there have been cases that have lasted years (BBC 2015). Asylum seekers cannot usually work during this time (BBC 2015).

In the U.S. system, refugees are considered those seeking entry from a third country, while asylum seekers are those who apply from within the United States or at their port of entry after arriving under a different status. Refugees initiate the process by registering with the UNHCR. The UNHCR collects documentation and performs an initial screening before referring appropriate individuals to U.S. State Department

Resettlement Support Centers. Resettlement Support Center officials interview applicants, verify personal data, and submit information for background checks by U.S. national security agencies (Council on Foreign Relations 2017). Asylum seekers must file a Form I-589, Application for Asylum and for Withholding of Removal, within one year of arrival in the United States. Most asylum applicants are not authorized to work but may live in the United States during the process (USCIS 2017). The average length of time for refugee status to be approved is one to two years.

In Germany, a refugee can register as an asylum seeker at the border or in the country. The authorities then direct him or her to the closest reception facility. An in-person interview is conducted, and country-specific resources and experts consulted. Refugees are generally housed in reception facilities. It is estimated that it takes between five and seven months for refugee status to be approved. During the asylum application, applicants cannot leave the reception facility area without permission. If a refugee has no independent means of subsistence, a restricted residence permit may be provided (Library of Congress 2016b).

In Denmark, asylum seekers must apply in-country at a police station or the reception center at Sandholm Accommodation Center. Applicants are photographed and fingerprinted as part of the registration process before being assigned accommodation in an asylum center. Applications are processed at the Immigration Service after the registration process is complete (New to Denmark.dk 2017a). The average waiting time for refugee status is 310 days. A first interview with the Immigration Service is held to decide whether Denmark is responsible for processing the application for asylum or another country will be asked to do so. The applicant is typically informed immediately on this, and asylum is accepted or denied at this stage. If the applicant is granted asylum, the Immigration Service will assign the applicant to a local municipality where he or she is to reside (New to Denmark.dk 2017b).

Saudi Arabia is neither a State Party to the 1951 Convention relating to the Status of Refugees and its 1967 Protocol, nor to the 1954 Convention relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness. Saudi Arabia currently hosts 110 refugee families (588 persons) and 40 asylum seekers (UNHCR 2013). The country has a memorandum of understanding with the UNHCR, from 1993 during the Iraq crisis when Saudi Arabia hosted 35,000 refugees, which was amended in 2010. According to the UN's legal definition of refugees and asylum seekers, Saudi Arabia does not recognize refugees. The government's policy is not to grant refugee status to persons in the country illegally, including those who have overstayed a pilgrimage visa. However, the government granted six-month visas to Syrian and Yemeni nationals, and a royal decree allowed pro forma extensions of these visas. There is a non-deportation policy for Syrians and Yemenis (U.S. Department of State 2016).

The Government of Ethiopia provides immediate protection to refugees from 20 countries, including South Sudan, Somalia, Eritrea, and Sudan. Upon entering Ethiopia, a refugee must apply for recognition of refugee status within 15 days at the nearest office of an authority or police station. The applicant is provided an identity card attesting to his or her status as an asylum seeker and given indefinite leave to remain in the country. For all other asylum seekers, gaining individual refugee status is determined by the government's Eligibility Committee, on which the UNHCR sits as an observer (UNHCR 2017).

In Jordan, Syrians seeking asylum are immediately recognized as refugees. Those crossing the land border are taken to a camp and given immediate relief and services. Non-Syrians must undergo refugee status

determination, a series of interviews to determine whether they are fleeing persecution (Al Jazeera America 2017). During this process, no legal means of self-support is provided (Al Jazeera America 2017).

2.2 Party to the United Nations 1951 Refugee Convention

Of the seven sample countries, only Saudi Arabia and Jordan are not party to the UN 1951 Refugee Convention. In principle, this grants certain legal rights to those with refugee status, including freedom of movement, access to social services, access to education, property rights, and the right to work, as well as access to ID (see box 1). In some countries, refugees are accorded the same rights as nationals; in others, refugees have the same rights as foreign nationals. For countries that are party to the Convention, the process of gaining refugee status typically involves being registered as an asylum seeker upon arrival or when return to their home country becomes too dangerous. At this point, the asylum seeker is given “temporary leave to remain,” which comes with limited (and varying) legal rights.

Jordan and Saudi Arabia do not officially recognize refugees under domestic law. From a legal perspective, they are identified as “non-nationals,” but they are also referred to as “visitors,” “irregular guests,” “Arab brothers,” or simply “guests.” In Saudi Arabia, there is no official recognition process. Refugees are classified as “Arab brothers and sisters in distress”^{4,5}. In 1998, the Jordanian government signed a memorandum of understanding with the UNHCR, which forms the legal framework under which refugees are treated and processed in Jordan, and in which refugee status can be granted by the UNHCR. Refugees are then issued a UNHCR ID card.⁶ Once granted, a refugee can remain in Jordan for up to six months and it can be renewed (Library of Congress 2016c). classified as “Arab brothers and sisters in distress”⁷. In 1998, the Jordanian government signed a memorandum of understanding with the UNHCR, which forms the legal framework under which refugees are treated and processed in Jordan, and in which refugee

⁴ According to Al Jazeera (2015), a government source quoted by the Saudi Press Agency said Saudi Arabia has taken in some 2.5 million refugees since the conflict began.

⁵ Saudi Arabia is not a State Party to the 1951 Convention relating to the Status of Refugees and its 1967 Protocol. However, refugees from the Republic of Yemen and the Syrian Arab Republic have found refuge there in recent years through extended work permits. In 2015 the Saudi Press Agency said that the country had taken in some 2.5 million Syrians since the conflict began. However, Al-Arabiya and the United Nations High Commissioner for Refugees’ regional representative to the Gulf region report that there were half a million Syrians in Saudi Arabia as of 2015. Syrians and Yemenis in the country have been able to apply for temporary work permits since 2016. By granting refugees a work permit, the country also grants the individual a residency permit, as they are issued an iqama ID card from the Ministry of Interior, which then allows them to rent accommodation, travel, access education, access medical services at a government hospital, and open a bank account.

⁶ The UNHCR ID card is issued to refugees in states that are not parties to the Convention or Protocol, and who therefore have no possibility for official recognition and refugee identity documents. Although these identification cards have no legal force in their own right, in some countries agreements have been made that refugees in possession of these may be granted a residence permit.

⁷ According to Al Jazeera (2015), a government source quoted by the Saudi Press Agency said Saudi Arabia has taken in some 2.5 million refugees since the conflict began.

Box 1. Legal Status of Refugees: The 1951 Refugee Convention

The 1951 Refugee Convention and its 1967 Protocol form the basis of international law regarding displaced people and are the key guiding documents for the UNHCR's work. The Convention defines the term "refugee" and outlines the rights of displaced people and the legal obligation states have to protect them. Although the Convention has been ratified by 145 states, there are still 46 states that have not signed or ratified the Convention or the Protocol.

The essence of the 1951 Convention document is the assertion that a refugee should not be returned to a country where their freedom or life is under serious threat. This is known as the principle of non-refoulement and is considered a customary rule of international law. The convention also includes basic standards for the treatment of refugees when in their host state, including:

- The right to access the courts of law at the same level as nationals
- The right to work at least "at the most favorable treatment accorded to nationals of a foreign country in the same circumstances"
- Elementary education, social security, and labor protection, in general, at the same treatment as is accorded to nationals
- The right to choose their place of residence to move freely
- Property rights, at the same level as a foreign national
- Provision of identity documentation, including a refugee travel document in passport form.

Signatories are expected to cooperate with the UNHCR and ensure that the rights of refugees are upheld.

Source: UNHCR (2010) .

status can be granted by the UNHCR. Refugees are then issued a UNHCR ID card.⁸ Once granted, a refugee can remain in Jordan for up to six months and it can be renewed (Library of Congress 2016c).

2.3 Asylum Seekers and Refugees

The countries surveyed vary significantly in the numbers and concentration of migrants, refugees, and asylum seekers within their populations (table 2).

⁸ The UNHCR ID card is issued to refugees in states that are not parties to the Convention or Protocol, and who therefore have no possibility for official recognition and refugee identity documents. Although these identification cards have no legal force in their own right, in some countries agreements have been made that refugees in possession of these may be granted a residence permit.

Table 2. Total Foreign-Born Migrants, Refugees, and Asylum Seekers, by Country, 2015

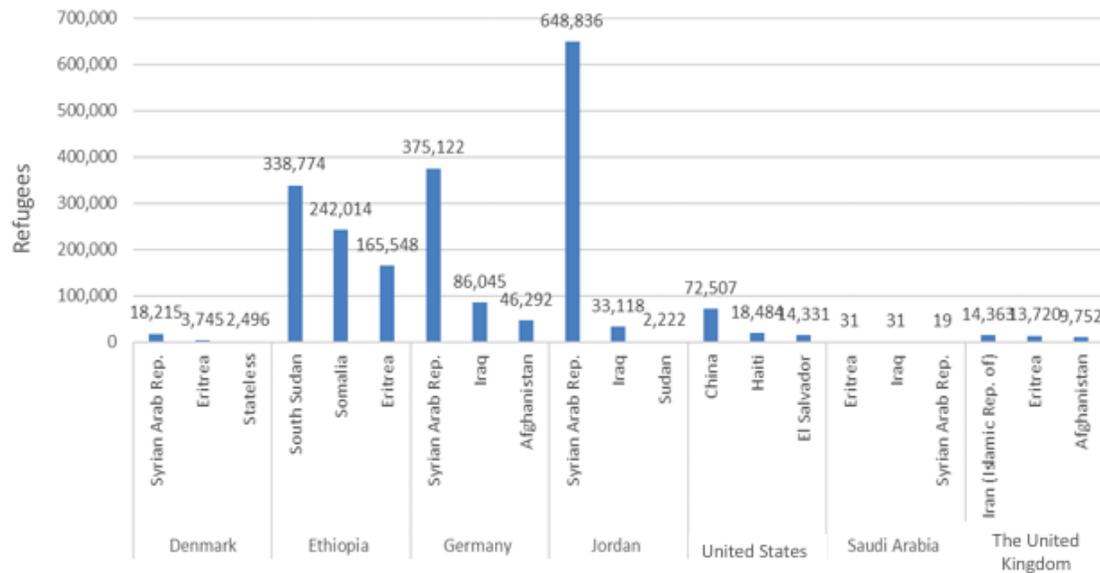
Country	Total Population (millions)	Foreign-born migrants (approximate, millions)		Refugees (thousands)		Asylum seekers (thousands)		Refugees + asylum seekers (thousands)	
		Number	Share of population (%)	Number	Share of population (%)	Number	Share of population (%)	Number	Share of population (%)
United Kingdom	65.1	9.0	14	123.1	0.19	45.9	0.07	169	0.26
Denmark	5.7	0.7	12	27.3	0.48	2.9	0.05	30.2	0.53
Germany	81.7	12.0	15	316.1	0.39	420.6	0.51	736.7	0.90
United States	320.9	47.0	15	273.2	0.09	286.2	0.09	559.4	0.17
Saudi Arabia	31.6	10.0	32	0.1	0.00	0.0	0.00	0.1	0.0
Jordan	9.2	2.9	32	664.1	7.22	24.9	0.27	689	7.49
Ethiopia (2013)	99.9	0.7	1	736.1	0.74	2.1	0.00	738.2	0.74

Sources: Migration Policy Center 2016; UNICEF 2014; United Nations 2016; Ministry of Immigration, Integration and Housing 2015; World Bank Data 2017; UNHCR 2017; United Nations 2017.

The United States, Denmark, Germany, and the United Kingdom have lengthy and rigorous screening processes and recent major influxes, which have resulted in more people waiting for refugee status (see section 3.2). Of these countries, Germany has the most asylum seekers, at 420,000 in 2015 and 587,000 in 2016 (table 2). Ethiopia and Jordan have a higher proportion of refugees to asylum seekers, because the countries immediately accept refugees on a prima facie basis. In Ethiopia, this applies to refugees from 20 countries and, in Jordan, refugees from the Syrian Arab Republic. Jordan had 664,000 refugees in 2015 and 685,000 in 2016. Ethiopia had 736,000 in 2015 and 791,000 in 2016.

The origins of refugees vary considerably across the seven sample countries, reflecting the geographic location of the host countries. The majority of refugees in Jordan are from bordering Syria, with a sizable proportion from Iraq, another bordering state. Similarly, Ethiopia's refugee population is equally proportioned between Somalis, Eritreans, and South Sudanese, all neighboring countries. The refugee populations in Denmark and Germany originate from Syria predominantly. Refugees in the United Kingdom mostly come from the Islamic Republic of Iran and Eritrea (figure 1).

Figure 1. Largest Three Countries of Origin for Refugees, Excluding Asylum Seekers, By Country of Asylum



Source: UNHCR Population Statistics Reference Database.

3. Documentation Barriers for Refugees and Asylum Seekers Sending and Receiving Formal Remittances

In recent years, there has been an increase in focus, globally, on the regulation and interpretation of AML/CFT, which has affected the requirements for accessing financial services. This section presents the findings from a multi-country assessment of the regulatory barriers that refugees and asylum seekers face in making and receiving cross-border formal remittances. Given that the regulations are more stringent across all the countries surveyed for sending remittances than for receiving, the analysis focuses mainly on the barriers for sending remittances.

3.1 Identification Requirements for Asylum Seekers and Refugees to Send and Receive Remittances

For refugees and asylum seekers to send and receive remittances, the documentation they hold can be crucial as to whether they are legally able to do so. CDD and KYC are the cornerstones of an effective AML/CTF program, collecting identification, verifying documents, and conducting background checks to ensure that they are properly risk assessed. CDD is part of KYC, as it is the due diligence that financial institutions and other regulated companies must perform to identify their clients. CDD and KYC are key components of the cross-border money transfer process, where regulation most directly affects a refugee or asylum seeker’s ability to send through formal channels. Table 3 outlines the minimum value of remittances below which identification would not be needed in the seven countries.

Table 3. Minimum Identification Requirements

Country	Value of remittances below which identification is not officially required	
	Home currency	US\$ equivalent
United Kingdom	€1,000 (in practice now 0)	1,400
Denmark	€1,000	1,400
Germany	€1,000	1,400
United States	US\$3,000	3,000
Saudi Arabia	0	0
Jordan	JD 700	987
Ethiopia	N/A	N/A

Source: Author's data

3.2 Background: Legal Status of Refugees and Asylum Seekers and Access to Identification

The process for recognizing refugees and the legal status granted to them affect the ability of refugees to access remittance services in several ways, including the following:

1. The ID the refugee holds, including *what* information is on the document and whether the document is actually and practically recognized as official identification.
2. The right to work, which, in turn, affects a refugee's ability to document income.
3. The right to housing and the process for securing housing, which, in turn, affect a refugee's access to documentation verifying their place of residence.
4. The right to travel and freedom of movement, which may affect a refugee's ability to access remittance services.
5. The right to access financial services in general and bank account facilities.

The identification given to an asylum seeker or refugee during the process of having their request verified varies significantly by country, which makes it challenging to generalize. The average length of time taken to process an asylum application varies depending on the country and the nationality of those applying. Table 4 provides further details.

Overall, developed countries tend to issue their own IDs to refugees and asylum seekers, whereas developing countries, such as Jordan and Ethiopia, rely on IDs issued by the UNHCR.

Table 4. Identificaiton Documents for Asylum Seekers in the Sample Countries

Country	Party to UN 1951 Refugee Convention	Official ID issued as registered asylum seeker			Official ID issued for refugees, once asylum has been accepted	Official ID issued for those with temporary protected status/ on UNHCR protection, or guests	Average length of time for refugee status to be approved
Denmark	Yes	***Asylum seeker card "asylansøger i danmark"			*Residence permit		310 days
Ethiopia	Yes	UNHCR Card				UNHCR Card	Immediate for refugees from neighbouring countries and Yemen. Unclear for those from other countries (low numbers)
Germany	Yes	***Ankunftsachweis, "Evidence of Arrival".	***Aufenthaltsgestattung zur Durchführung "temporary residency permit"		*Residence permit		5-7 months
Jordan †	No	**UNHCR card	* Ministry of Interior (MOI) Card	*Work permit		**UNHCR card *Ministry of Interior (MOI) Card *Work permit	Immediate for Syrian refugees. For non-Syrians aim is to take <3 months (often longer).
United Kingdom	Yes	***Application Registration Card (ARC)			*Biometric Residence Permit (BRP)	N/A	Aim to process simple claims in 6 months; cases have taken years
USA	Yes	Not guaranteed that asylum seekers will be issued with ID. A Refugee Travel document I-571 may be issued to asylees for travel purposes.			*Governmental number/card		1-2 years
Saudi Arabia	No	N/A			N/A	*Only a valid residency permit accepted	n/a

Sources: Library of Congress 2016a, 2016b; Refugees.dk 2017; National Legislative Bodies 2004; Asylum Information Database 2017; LSE 2016; Immigration and Refugee Board of Canada 2002; U.S. Department of State 2017a, 2017b; BBC 2015; Council on Foreign Relations 2017.

- Not officially recognized as a government issued identity document.
- Recognized as a form of identification by members of the 1951 Refugees Convention, but it cannot be used to send remittances.
- Officially recognized as a government issued identity document, but it cannot be used to send remittances.

In the United Kingdom, Denmark, and Germany, an asylum seeker is given temporary documentation at the time of claiming asylum. In the United Kingdom and Germany, the identification that is first given to an asylum seeker does not count as an official ID that can verify a person’s identity. It also does not contain the address of the holder. In Denmark, the ID given can be used to verify the identity of the holder, but, again, does not display the address. In these countries, once refugee status is granted, new documentation is provided. The new documentation is recognized as official ID, although in the United Kingdom and Denmark it still does not display the owner’s address.

In Germany, it can take over a year for the application for asylum or refugee status to be filed, and another two years for the request to be analyzed. In the United Kingdom, although the asylum process is meant to take only three months, it can go on for over a year (BBC 2015). The impact on asylum seekers may be lessened due to the weak demand of applicants wanting to send remittances, given they cannot access employment in Europe.

In the United States, refugees are admitted as refugees and remain in that status for 12 months. They are authorized and expected to work during this time. After 12 months, they are required to apply to adjust

their status to legal permanent resident (commonly known as a “green card holder”). An alternative document, Refugee Travel Document Form 1-571, may be given to people who have been recognized as refugees or asylees who want to leave the country temporarily. The document contains digitized images of the bearer and pages for visas and entry/exit stamps. It is on the list of Acceptable Identifications, taken from the Real ID Act of 2005 Implementation: An Interagency Security Committee Guide (2015).

In Jordan, Syrians seeking asylum are immediately recognized as refugees. Non-Syrian refugees must obtain a visa at the airport and, once in Jordan, undergo refugee status determination. During this process, no legal means of support is provided (Al Jazeera 2014). Syrians are provided a UNHCR document, and this can be used to apply for a Ministry of Interior (MOI) card and, more recently, a work permit. However, there are multiple barriers to this process, and there remains a large, although unknown, number of refugees who hold no documentation.⁹ In August 2016, there were 515,000 refugees registered with the UNHCR living outside the camps. Nearly 363,000 had obtained new MOI cards, and around 152,000 had not. The Norwegian Refugee Council estimates that at least 17,000 additional refugees are living in host communities and are not eligible to receive new MOI cards. UNHCR ID cards vary between different countries, but generally they have the same features. For instance, most have a stamped photo of the person identified or at least a signature or thumbprint to distinguish the holder. Official stamps and seals from the issuing country are also common for authentication purposes.

Since 2013, the UNHCR has been developing a new global biometric identity management system. The UNHCR’s Grand Bargain states that “UNHCR is on track to meet the target of expanding the use of biometrics for refugee registration to 75 operations by 2020.” When rolled out, the system will support all standard registration activities and help to register and protect people, verify their identity, and target assistance for the forcibly displaced in operations around the world. “More than four million refugees and asylum-seekers have been biometrically registered by 42 operations, using either UNHCR’s biometric identity management system or IrisGuard in the Syria situation.” Pilot countries include Thailand, Malawi, Senegal, Jordan, Ethiopia, Bangladesh, Chad, and the Arab Republic of Egypt.

In Ethiopia, entrants from neighboring countries and, more recently, the Republic of Yemen, are recognized as *prima facie* refugees and granted status as a refugee almost instantly (UNHCR 2015).¹⁰ At this point, they receive a UNHCR card but no official ID card from the state.

It is not just IDs that refugees and asylum seekers may have difficulty accessing. Documentation such as proof of source of income and proof of address can also be a challenge for refugees. For example, when they are housed in reception facilities or where they have no legal right to rent (for example, in the United Kingdom), it can be very difficult to obtain proof of address. Even where reception facilities are recognized as a temporary residential address, the usual proof of address, for example, bills, such as the council tax, would not apply. Homelessness is a problem in the United Kingdom, even once refugee status has been

⁹ The latest Jordanian government census found 1.265 million Syrians living in Jordan. Although not all of them would be refugees, this is still much larger than the figure registered with the UNHCR. See <http://www.jordantimes.com/news/local/population-stands-around-95-million-including-29-million-guests>.

¹⁰ “Refugee status on a *prima facie* basis” or “at first appearance” is used by states or the UNHCR for group recognition, usually when people are fleeing from objective circumstances in their country of origin, such as conflict (<http://reliefweb.int/sites/reliefweb.int/files/resources/558a62299.pdf>).

granted.¹¹ Other common ways to prove identity, for example, credit reference checks and bank statements, are also unlikely to be possible, particularly for newly arrived asylum seekers. Many countries also enforce no legal right to work while the applicant is going through the asylum process. Therefore, it is likely to be difficult to prove the source of any funds that are intended to be remitted. Hence, anyone wishing to send money may be forced to do so informally.

3.3 Requirements for Identification for Sending Cross-Border Remittances

In the wake of the 2001 terrorist attacks and other incidents, creating international standards and principles around regulating cross-border payments in relation to money laundering and terrorist financing (ML/TF) has gained increasing prominence on national and international agendas. The organization at the forefront is the Financial Action Task Force (FATF). The FATF is an intergovernmental body that sets global standards for legal, operational, and regulatory measures to address ML/TF and the overall integrity of the financial system.¹² Three times a year, the FATF identifies jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. People wishing to send money to (or originating from) countries that are on the list will invariably face more checks and additional criteria will be imposed. Table 5 shows the list as of February 2018.

Table 5. FATF List of Jurisdictions with AML/CFT Deficiencies, February 2018

Number	High-risk third country
1	Ethiopia
2	Iraq
3	Serbia
4	Sri Lanka
5	Syrian Arab Republic
6	Trinidad and Tobago
7	Tunisia
8	Vanuatu
9	Yemen, Rep.

Note: AML/CFT = anti-money laundering and counterterrorism financing regulations; FATF = Financial Action Task Force.

High-risk third countries that present ongoing and substantial money laundering and terrorist financing risks, having repeatedly failed to address identification deficiencies, are identified by the FATF Public Statement. For example, the Islamic Republic of Iran and the Democratic People’s Republic of Korea have been identified as jurisdictions with strategic deficiencies.

In the most recent revision of the International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The Financial Action Task Force Recommendations, the FATF articulates a framework that aims to detect and report transactions involving proceeds from crime or terrorist financing. It does this by designing requirements and controls proportionate to the risk of financial system abuse. This framework helps regulators to establish effective AML/CFT requirements that balance the objectives of financial integrity and inclusion. The FATF requires countries seeking to meet

¹¹ See Refugee Council (2016); although it is on the subject of bank accounts, it demonstrates the issues with ID that refugees may face in the United Kingdom.

¹² <https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-4180-EN-F1-1-ANNEX-1.PDF>.

the standards to adopt a risk-based approach, which involves (1) gathering information related to the country context, crime risk, customer groups, types of services used, customer access channels, and relation to sanctioned names; and then (2) analyzing the information based on an evaluation of the expected activity, specific risk factors, and mitigation measures.

The CDD procedures developed by financial services providers to comply with KYC requirements can create obstacles to customers who wish to open an account, particularly if it is difficult for them to prove their identity (due to lack of acceptable ID) or provide other required information (such as proof of address). For providers, the main challenge in establishing KYC procedures for their networks of agents is ensuring that CDD is not so onerous that it affects the sustainability of the business. Mobile money customers generate high volumes of low-value transactions. The average peer-to-peer transfer is US\$81, so compliance costs for agents and providers must be reasonable for mobile money services to be viable. In addition, CDD requirements for low-value accounts should be simple enough for agents to perform CDD on behalf of the providers.¹³

FATF has highlighted the importance of a risk-based approach, meaning that “countries, competent authorities and financial institutions, are expected to identify, assess and understand the ML/TF risks to which they are exposed and take AML/CFT measures commensurate to those risks in order to mitigate them effectively” (FATF 2014). Under this approach, in general, remittances of low value would be classified as low risk and measures would be implemented accordingly to protect AML/CFT. However, the challenges of implementing this risk-based approach (in law and in practice) mean that difficulties still exist for those who lack the *right*, or standard identification, to send remittances, even for low-value transfers. Previous studies have highlighted that these challenges are particularly pertinent for irregular migrants accessing remittance services (see, for example, IOM 2017).

When sending remittances, regulations for AML/CFT in each of the seven countries sampled require some form of CDD. The laws surrounding AML/CFT in most countries do not specify exactly which identification is acceptable to perform CDD, but guidance is often issued by regulatory bodies to help clarify which identity documents can be permitted. Appendix B provides details on the identification requirements for each country.

The extent of guidance varies across the countries surveyed. The United States offers relatively little guidance compared with Jordan at the other end of the scale. In general, all the countries surveyed require at least a government-issued identification card with a photo. In Denmark and the United Kingdom, the sender is required to present evidence of a permanent address.¹⁴ In Germany, examples of what can be used for verification are given in the regulation.¹⁵

Minimum thresholds are important because they show possible exceptions to the full CDD requirements. Different countries have adopted different minimum thresholds (appendix D). Below these thresholds, customers would still be required to provide their name and address (as part of the transaction process),

¹³<https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/10/Proportional-risk-based-AMLCFT-regimes-for-mobile-money.pdf>.

¹⁴ In the United Kingdom, this recommendation is given in guidance issued by HMRC and includes verifying date of birth. For more information, see HMRC (2017, appendix F, table 11).

¹⁵ Money Laundering Act of 2008. (Geldwäschegesetz (GwG)).

but they would not be required to produce ID. The FATF standard recommends a minimum threshold of €1,000 or US\$1,000, meaning that anyone making a one-off cross-border remittance of less than that amount should not have to produce identification documents (except in specific circumstances; see appendix D (FATF 2017)). Similarly, the fourth money laundering directive of the European Union directs a maximum threshold not exceeding €1,000 for one-off transactions; below this, risks can be considered low and therefore simplified due diligence may be implemented.¹⁶ However, this practice is not adopted consistently. In some countries in this study, such as Saudi Arabia, and others not included in this study, such as Italy and South Africa, local regulations have set lower thresholds or no threshold for remittance senders. Thus, individual RSPs and banks are free to implement lower thresholds at their own discretion (see appendix D).

When sending to countries are deemed at high risk for AML/CFT, enhanced due diligence may be required. The United Kingdom, Denmark, Germany, and Jordan specify enhanced due diligence requirements in their AML/CFT guidance, although they vary between when and how it should be applied and the amount of guidance given (see appendix C). In general, the result is that, when sending to high-risk countries, the lower limits for which no verification of identification is required do not necessarily apply. Further ID or documentary evidence as part of enhanced due diligence may also be required, including demonstrating the source of the funds and purpose of the transaction.¹⁷ This is a significant barrier, given the struggles refugees and asylum seekers may face producing such documentation.

Comparing the CDD requirements of leading RSPs for sending remittances across countries provides a gauge of the interpretation and implementation of the various regulations across jurisdictions (see appendix E). Overall, the analysis shows that just as regulation and guidance on CDD requirements vary from country to country, so do RSPs' ID requirements. However, industry dialogue and gradual best practices are being adopted. Having similar practices greatly helps regulators understand what is reasonable due diligence (GSMA 2017b).

In some cases, the RSP's identification requirements, compared with those outlined in the regulation, seem to be stricter. However, this can reflect a lack of clarification in the regulations, particularly when applied to refugee documentation. For example, in the United Kingdom, for non-European Union and nonresidents, some money transfer operators (MTOs) restrict the ID required to only passports. The guidance from Her Majesty's Revenue and Customs (HMRC) is much broader, requiring any government-issued document that verifies the customer's name, date of birth, and address (HMRC 2017). Individual MTO requirements may therefore block services to refugees and asylum seekers who have arrived without a passport, while the guidance allows flexibility. However, with no clarity in the guidance as to which documents would sufficiently verify a name, date of birth, and address, and no mention of refugee and asylum seeker documentation, the interpretation of individual MTOs is perhaps unsurprising.

¹⁶ *On the prevention of the use of the financial system for the purposes of money laundering or terrorist financing*, Directive (EU) 2015/849 of the European Parliament and of the Council.

¹⁷ For example, in the United Kingdom's Anti-Money Laundering Law (2017), enhanced due diligence includes "as far as reasonably possible, examining the background and purpose of the transaction" (legislation.gov.uk 2017).

Similarly, in Germany, the legal stipulation is that any ID with a photograph of the sender that “satisfies German requirements for identification cards and passports”¹⁸ is sufficient for sending remittances. However, Western Union only accepts a passport or national identification card. WorldRemit extends this to an EU driver license, but no expansion to alternative forms of ID is given. In GWG (2008), “*German passports, personal identification cards or their substitutes*”¹⁹ are given as examples of what identification may be accepted. By not including asylum seeker or refugee documentation, interpretation is left in large part to the RSPs to determine whether these are sufficient proof of identity. The exception to this is the German (‘proof of arrival’), which has printed in the right-hand corner that it is not an ID/passport.²⁰

Interestingly, for CDD, MoneyGram requires a government-issued ID in all the sending countries with the exception of Ethiopia. The only stipulation is that the ID must have the sender’s name. It is not clear, however, whether this would include the initial documentation given to an asylum seeker or refugee, where it is different from a national Identity card.²¹ In Jordan, where regulations are seemingly more restrictive, some RSPs have interpreted this to require two sets of identification for each transaction. In the United States, in line with regulations that offer no guidance on which ID is acceptable, some RSPs also have no specific identification stipulations for their customers. More detailed findings on representative RSP requirements are provided in appendix G.

3.4 Requirements for Identification for Receiving Cross-Border Remittances

Across all seven countries sampled, the regulations on what documentation is required for receiving remittances are less stringent than for sending.

In the United Kingdom, Germany, and Denmark, remittance recipients receiving funds up to £800 or €1,000 are required to show a government photo ID. Therefore, from a regulatory perspective, asylum seekers and refugees in the United Kingdom and Denmark and refugees in Germany would be able to pick up cash remittances with their documentation. The asylum seeker documentation in Germany would not be recognized. In the United States, a government photo is similarly required when collecting cash remittances for sums up to US\$3,000. The Refugee Travel Document I-571, with an image of the bearer, is sufficient to meet these requirements, as it is the government card/number issued to all refugees upon attaining refugee status. In Jordan, it is reported that there is some confusion among exchange houses (the most commonly used remittance pay-out network) as to what ID is required from refugees. However, most report that they accept the UNHCR card and the MOI card. Whether these documents are accepted at network branches will be subject to the same barriers experienced for sending remittances, but anecdotal feedback assesses that these are more likely to be accepted.

¹⁸ Money Laundering Act of 2008 (Geldwäschegesetz).

¹⁹ Money Laundering Act of 2008 (Geldwäschegesetz).

²⁰ Die inhabering mit dieser bescheinigung nicht deir pass und ausweis plight. “The holding with this certificate is not your passport and ID”.

²¹ Exceptions are the *Ankunftsnaehweis* in Germany and the ARC in the United Kingdom. In the United Kingdom, the ARC is not officially recognized as an identity document, although many organizations are prepared to accept an ARC as an acceptable form of identity. See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257376/applicationregistrationcard.pdf.

3.5 Analysis: Requirements for Identification and Its Application for Refugees and Asylum Seekers

In all the countries surveyed, there is no specific regulation on whether refugees can send or receive remittances internationally and, if so, if the official identification they are given should or should not be accepted for such a transaction. This is in notable contrast to the specific guidance for opening bank accounts in many countries (see appendix E). The impacts of the CDD regulations vary from country to country depending on the status of the refugee and the ID provided in the country.

For the United States and the countries in Europe, once people achieve refugee status, they receive a residency card that proves their identity. Refugees in these countries also have the full right to work, and sending remittances back will, at least for some, be a key motivation. Refugees in these countries may still face challenges in accessing the right documentation to send remittances. For example, in the United Kingdom, the refugee's biometric residence permit does not display a proof of address, and refugees may struggle to prove this using other documents such as utility bills, bank statements, or credit checks, particularly given the difficulties they may face in opening bank accounts. Lack of clarification as to whether the biometric residence permit can be accepted on its own (particularly as, unlike in Denmark and Germany, not every citizen has a national ID) may also lead some RSPs not to accept it. This appears to be the case with Western Union, where a non-EU resident must provide a passport. Furthermore, despite having this card, if enhanced due diligence is required, refugees often struggle to provide additional documentation, such as proof of address or a bank account.

In Jordan, although the official regulations seem to be more restrictive than those in Europe and the United States, interviews and anecdotal evidence suggest that refugees can access remittance services from exchange houses with just an MOI card. All Syrian refugees who have registered with the UNHCR are entitled to an MOI card; however, many refugees living outside the camps are not eligible, because they failed to go through the official "bail out" procedure or left the camps after this was cancelled in July 2014. The Norwegian Refugee Council estimates that as many as 180,000 refugees may fall in this category (NRC 2016).

In Ethiopia, refugees are unable to send remittances through formal channels due to exchange controls. However, this is the case with migrants and Ethiopian nationals alike, unless in very specific circumstances.

In Europe, regulations relating to AML/CFT have the greatest impact on asylum seekers, as opposed to those who have gained refugee status. For instance, in the United Kingdom, Germany, and Denmark, on first arrival, asylum seekers are issued a document, but it is not officially recognized as an identity document, and it does not include a residential address. Furthermore, it is unlikely that many of those claiming asylum hold other documents such as passports. Even if other documents are held, they are often out of date and/or held by the authorities throughout the application process. Further research on how many refugees are arriving with documentation would greatly add to understanding the severity of the impact of the CDD requirements on asylum seekers.

Despite not being official identification, there have been guidelines issued that allow for the ID granted during asylum to be accepted for opening a basic bank account in the United Kingdom, Germany, and Denmark and mobile wallets in Jordan (table 4). European Banking Authority (2016) provides an opinion on how to deal with CDD for asylum seekers from high-risk territories/countries. However, this guidance

has not been extended to sending remittances. Until this occurs, given that regulating bodies in the United Kingdom and Germany explicitly state that the ID is not officially recognized as an identity document, it is unlikely that it fulfills the formal requirements to send remittances in these countries. The impact of the lack of the appropriate identification will be felt most significantly when remittances are sent to a country on the FATF watchlist or other high-risk countries, or the remittances being sent are above the minimum threshold.

In Jordan, for Syrian and Iraqi guests requesting asylum, the situation is complex. After arriving in Jordan, people can claim asylum at a UNHCR office and, with the UNHCR document, request an MOI card. However, nearly all Syrian and Iraqi refugees arriving in Jordan hold a valid passport, as they have entered Jordan on a visa, and they will be able to use this to send remittances.

4. Financial Inclusion and Remittance Transactions

Many of the challenges experienced in trying to send remittances are exactly the same as those for trying to open accounts.

4.1 Formal Financial Inclusion

Financial inclusion is described in box 2.

Box 2: Financial Inclusion

Financial Inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs (transactions, payments, savings, credit, and insurance) and are delivered in a responsible and sustainable way. Since 2010, more than 55 countries have made commitments to financial inclusion, and more than 30 have launched or are developing a national strategy. Countries that have achieved the most progress toward financial inclusion have put in place an enabling regulatory and policy environment and have encouraged competition, allowing banks and non-banks to innovate and expand access to financial services. However, creating this innovative and competitive space must be accompanied by appropriate consumer protection measures and regulations to ensure responsible provision of financial services. Access to transaction money is a first step toward broader financial inclusion, since it allows people to store money and send and receive payments. A transaction account can also serve as a gateway to other financial services, which is why ensuring that people worldwide have access to a transaction account is the focus of the World Bank Group's Universal Financial Access 2020 initiative.

Financial inclusion is not a prerequisite for sending remittances, as globally most senders (and receivers) still deal in cash.²⁴ However, in Europe and the United States, access to a bank account enables access to some of the more competitive, convenient formal remittance channels, such as online and through mobile apps (GSMA 2017c). GSMA finds that the average cost of sending money using a mobile phone is 50 percent cheaper than using traditional cash-based remittance services in the same corridors. In lesser developed countries, mobile wallets play a similar role as bank accounts, allowing people to access digital remittance services remotely. Where bank account penetration is low, access to a mobile wallet can be key to accessing some of the more competitively priced, secure remittance services.

²⁴ The authors estimate that over 95 percent of remittance transactions are made using cash.

There is a global trend toward digitizing remittances, requiring, for the most part, the sender (and often receiver) to have access to a bank account and/or mobile or electronic wallet. Service providers offering end-to-end digital services provide enhanced auditability and traceability of funds, compared with their counterparties dealing in cash. This not only creates more streamlined cost structures, but also banks consider it to be less risky (see section 6). Digital remittance services can be especially important when dealing with high-risk countries to reduce and manage the risk. The services can also be important for countries where remittance pay-out networks are sparse and there is an elevated risk of theft of funds.

4.2 Analysis: Regulation on Opening Accounts for Refugees and Asylum Seekers and Implementation Experience

In Germany, Denmark, and the United Kingdom, following an EU directive in 2014 on the comparability of fees related to payment accounts, payment account switching, and access to payment accounts with basic features, asylum seekers can open basic bank accounts with their government issued ID. According to the directive, this right should only be refused in specific circumstances, such as “non-compliance with the legislation on money laundering and terrorist financing or on the prevention and investigation of crimes.”²⁵ In April 2016, an opinion paper was published by the European Banking Authority on how to deal with CDD for asylum seekers from high-risk countries/territories (European Banking Authority 2016). The European Banking Authority suggests that the European Union’s existing legal framework is flexible enough to accommodate the governments’ demands for the financial inclusion of asylum seekers and effective risk management for ML/TF. However, it recognizes that there is a need for Member States to provide further guidance and reassurance to financial institutions, to harmonize documentation and ensure that the national ID meets the CDD requirements, and for staff training in financial institutions. Table 6 provides an overview of the countries’ specific regulations, whether they are being implemented in practice, and whether there is conflict with the AML/CFT law in the country.

²⁵ Article 47 Directive 2014/92/EU.

Table 6. Specific Regulation for Obtaining Bank Accounts

Country	Specific regulation or guidance for refugees or asylum seekers	Implementation of regulation	AML/CFT regulation
United Kingdom	Yes - Guidance under EU directive	Challenges experienced. Additional information often required (including proof of income, address, and a national insurance number) to which asylum seekers and refugees may not have access.	AML/ CFT guidance requires proof of address, which is not on the refugee or asylum seeker's card, and can be difficult to prove, particularly for asylum seekers, who do not have a legal right to rent property. Those with refugee status also face issues of homelessness.
Germany	Yes - Guidance under EU directive	More than 250,000 refugee accounts opened; still there are reports of cases of challenges.	Banks claim there is evidence that arrival papers for asylum seekers do not meet international AML/CFT requirements. Germany's anti-money laundering law also still contains a clause that effectively requires a passport or ID card to open an account.
Denmark	Yes - Guidance under EU directive	Very few accounts opened (uncertain whether due to low demand or poor access).	CDD requires an address, which the ID "asylansøger i danmark" does not contain. ^a Bank accounts are linked to social security numbers, which refugees do not have, although this is not a requirement by law.
United States	No		
Ethiopia	No	Non-resident foreigners (aside from the staff of international organizations and embassies in Addis Ababa) are not allowed to have accounts in Ethiopian banks.	
Jordan	No, but refugees can open mobile money accounts using their refugee number	Banks do not allow refugees to open a bank account.	AML states that to open a bank account, banks are required to obtain and verify the customer's name, nationality, permanent address, phone number, work address, type of activity, purpose, and any information the bank deems necessary.
Saudi Arabia	No, as status does not exist. However, a foreigner can open a bank account with a residence visa and a no-objection certificate from their employer (which stipulates salary). Some banks may also require a tenancy agreement for residential address and a photocopy of a passport. ^b	N/A	N/A

Note: AML/CFT = anti-money laundering and counterterrorism financing regulations; CDD = Customer Due Diligence; EU = European Union; ID = identification documentation; N/A = not applicable.

- a. 'Bekendtgørelse af lov om forebyggende foranstaltninger mod hvidvask af udbytte og finansiering af terrorisme' (Executive Order of the Prevention of Money Laundering of Terrorism and Financing of Terrorism). Article 12.2.
- b. Just Landed 2017.

As with many of the issues mentioned in section 3, the main challenges in these countries are in the implementation and transfer of information to the frontline, where bank branch staff often do not recognize or accept the identification. This is frequently because they do not receive many requests from refugees to open accounts. As shown in table 6, there is also a conflict between the documentation provided and the AML/CFT guidance in place. For example, AML/ CFT guidance in the United Kingdom requires proof of address, which is not on the refugee or asylum seeker's card, and can be difficult to prove, particularly for asylum seekers who do not have a legal right to rent property. A similar conflict is also seen in Denmark, where AML/CFT law requires an address for CDD, which the "asylansøger i danmark" (asylum seekers in Denmark) does not contain. Reports also suggest that German banks claim that the ID given to asylum seekers on first arrival does not meet AML/CFT standards.

In Jordan, although AML/CFT may technically allow a refugee who has an MOI card and work permit to open a bank account,²⁶ this does not appear to occur in practice. In the United States and Ethiopia, there is no specific mention or guidance as to whether a refugee or asylum seeker is permitted to open an account. Appendix E provides more details on the documentation required for opening an account for normal citizens and specifically relating to refugees and asylum seekers. In Jordan, a mobile wallet can be linked to a UNHCR number. This means that even those refugees without a new MOI card or work permit can still open a mobile wallet. However, as of yet, international remittances cannot be sent through a mobile wallet, and guidance has not yet been issued as to the AML/CFT procedures that will need to be put in place when this feature is implemented.

5. De-Risking, Embargoes, and Sanctions

5.1 De-Risking

The term "de-risking" is defined by the FATF as "the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk" (FATF 2016). As AML/CFT requirements have been heightened and penalties have been brought against financial institutions for insufficient KYC measures,²⁷ banks have increasingly severed channels between countries and regions they would deem high risk, rather than managing the risks. For RSPs, it is of great importance to have access to accounts at commercial banks, to be able to operate their business.

Increased compliance costs and concerns about fines and loss of reputation have resulted in falling profitability for banks providing accounting services to RSPs. This is particularly the case in low-volume corridors or corridors deemed high risk.²⁸ Most frequently, these concerns are applied to the entire sector

²⁶Based on guidance given in the Anti Money Laundering and Counter Terrorist Financing Instructions No. (51/2010), issued pursuant to the provisions of article (99/b) of the Banking Law No. (28) of 2000 and to the provisions of article (14/a/4) of the Anti Money Laundering and Counter Terrorist Financing Law No. (46) 2007 in force.

²⁷ For instance, the high-profile fine given to HSBC in 2012 of US\$1.9 billion (Reuters 2012).

²⁸ For more information on the drivers of de-risking, see for example Oxfam (2015).

or a country/region in relation to AML/CFT rather than being based on whether individual RSPs are meeting the legal requirements in the country in which they are licensed (World Bank 2015). Therefore, some banks have made the decision to remove themselves from certain corridors or stop banking RSPs altogether (for example, most UK banks in 2013). A 2015 Group of Twenty (G20) survey on de-risking demonstrates the extent of the challenge. It finds that “a significant portion of RSPs declared that the principal RSP (28 percent of the respondents) or its agents (45 percent of respondents) can no longer access banking services” (World Bank 2015).²⁹

Bank accounts are essential to RSPs for making cross-border transfers and holding operational funds. De-risking therefore greatly reduces the number of providers that can operate, decreasing the range and quality of products available to migrants, as well as increasing prices. In some of the worst affected corridors, the impact has moved from de-risking to re-risking, as people are forced to use informal means of transferring money abroad due to the lack of availability of formal operators. As a report by the Financial Stability Board summarizes: “The decline in the number of correspondent banking relationships remains a source of concern because, in affected jurisdictions, it may impact the ability to send and receive international payments, or drive some payment flows underground, with potential adverse consequences on trade, growth, financial inclusion, as well as the stability and integrity of the financial system.” (FSB 2017)

Although all migrants can be affected by de-risking, a high proportion of refugees are likely to be sending money to areas labeled high-risk by financial institutions. For example, Syria and the Republic of Yemen, are labeled FATF jurisdictions with strategic deficiencies in their AML/CFT regime. In total, as of 2016, the nine countries on the FATF watchlist of high-risk and noncooperative jurisdictions have more than 2.2 million refugees and 77,000 asylum seekers.³⁰ Afghanistan, with 2.5 million refugees as of 2016, was only recently taken off the list.³¹ The European Union recently released a list of countries that were to be considered high risk as part of the Fourth AML legislation. These were in line with the FATF countries (Lexology 2016). Even for those countries not on the FATF watchlist, de-risking can be a significant issue if jurisdictions are deemed to be high risk. Sanctions and embargoes seem to signal high-risk areas to financial institutions.³² For example, Somalia has been significantly affected by de-risking (see box 3).

²⁹ For more information, see Oxfam (2015).

³⁰ The nine countries are Ethiopia, Iraq, Syria, Uganda, Vanuatu, the Republic of Yemen, the Democratic People’s Republic of Korea, Bosnia and Herzegovina, and the Islamic Republic of Iran (UNHCR data 2017).

³¹ For a full list and details of countries labeled “high risk and non-cooperative,” see: <http://www.fatf-gafi.org/countries/#high-risk>.

³² The UK AML/CFT law 2017 suggests that enhanced due diligence may be applied with “countries subject to sanctions, embargos or similar measures issued by, for example, the European Union or the United Nations (http://www.legislation.gov.uk/uksi/2017/692/pdfs/uksi_20170692_en.pdf).

Box 3. De-Risking and Somalia

Somalia's financial connections to the outside world have been severed to the point of near total financial exclusion. As banks refused to offer services to remittance service providers (RSPs) operating in the region, this threatened one of the key sources of income for the country: remittances. In 2015, Somalia received an estimated US\$1.4 billion, which equals 23 percent of the country's gross domestic product.^a In addition to damaging businesses, de-risking has adversely affected the 40 percent of the Somali population who rely on remittances as a key source of income.^b Remittances are particularly critical for Somalia as a source of foreign currency, in the absence of a functioning central bank in the country.^c

In May 2013, Barclays closed 250 money transmitter accounts in the United Kingdom.^d This included Dahabshiil, the primary RSP linking the United Kingdom-based Somali diaspora with their homeland. The last bank in the United States still processing money transfers to Somalia followed suit, closing its services in February 2014. The bank argued there was a risk that some of the funds could go to terrorist organizations in the region.^e By 2014, there were no banks in the United Kingdom that would provide new accounts to cash-based money transfer operators (MTOs). The MTOs had to find accounts in other EU countries, which is also difficult, or physically export cash to regions where banks would offer an account.

The situation in Somalia has become sufficiently urgent to garner increasing attention from international organizations. In 2014, for example, when the number of channels into Somalia had dwindled to just one, the World Bank and the Somalia Multi-Partner Fund created a fall-back option in the case that this too should close.^f International efforts are ongoing to strengthen the capacity and capabilities of the Somali anti-money laundering and counterterrorism financing regulations environment to persuade banks that an appropriate regulatory environment exists in Somalia. Part of this includes ensuring that there is sufficient supervision and enforcement. Heads of state have also stepped in; the UK government set up an action group focused on cross-border remittances.^g

The UK government continues to work with supervisors and representatives of the UK banking sector and money service businesses (MSBs), the World Bank, and the Somali diaspora under the Safer Corridor Initiative, and monitors developments in the UK-Somalia corridor closely, with an aim to rebuild the banking sector's confidence and strengthen remittance flows. In 2015, The action group associated with this initiative concluded that although the corridor remains fragile, "there is no evidence to date of an interruption in the flow of remittances between the UK and Somalia."^h However, a report by the Food and Agriculture Organization's Food Security and Nutrition Analysis Unit–Somalia (2015) provides some evidence of a decrease in remittances as a result of the closure of remittance channels to Somalia. The report finds that in most regions where the survey was conducted, a substantial share of the households (23 to 49 percent) indicated that remittances declined during the period when channels to Somalia were affected.ⁱ

The remittance situation in Somalia is marked by significant challenges, mainly surrounding compliance and the need to meet international financial regulations. The absence of internationally recognized banks in the region and the undeveloped central banking system aggravate the issue and create major problems for the MSBs.^j

a. <http://www.worldbank.org/en/news/press-release/2016/06/10/world-bank-makes-progress-to-support-remittance-flows-to-somalia>.

b. <http://www.globalcenter.org/wp-content/uploads/2015/11/rr-bank-de-risking-181115-en.pdf>.

c. <http://www.charityandsecurity.org/system/files/Chapter3DeriskingComplicationsandConsequences.pdf>.

d. <http://www.globalcenter.org/wp-content/uploads/2015/11/rr-bank-de-risking-181115-en.pdf>.

e. <http://www.monbiot.com/2015/02/10/unremitting-pain/>.

f. <http://blogs.worldbank.org/psd/dealing-de-risking-tale-tenacity-and-creativity>.

g. <http://www.middleeasteye.net/columns/has-de-risking-finally-met-its-match-148167656>.

h. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471064/UK-Somalia_Safer_Corridor_Initiative.pdf.

i. Vargas-Silva (2016).

j. <http://digitalcommons.macalester.edu/cgi/viewcontent.cgi?article=1168&context=bildhaan>.

5.2 Embargoes and Sanctions

Embargoes and sanctions are broadly defined as government restrictions or bans on transactions or trade with a specific individual or jurisdiction. Typically, these include measures such as bans on exporting arms or equipment; financial sanctions on individuals, governments, or terrorist groups; and travel bans on individuals. Financial sanctions tend to include targeted asset freezes or restrictions against specific groups, financial activities, or sectors. Appendix F provides details on the embargoes in place in the seven sample countries, all of which currently have embargoes or sanctions in place.

In general, sanctions do not directly prohibit cross-border, person-to-person transactions. Where blanket restrictions are placed on financial transactions, these tend to be of higher value than the remittances most refugees would be sending. For example, the 2012 EU restrictions against the Islamic Republic of Iran (now lifted) required prior authorization to be obtained for transfers of personal remittances greater than €40,000, but no authorization for any transaction less than €10,000. Similarly, the U.S. financial sanctions on the Islamic Republic of Iran and Syria specifically allow “non-commercial, personal remittances” to and from both countries. And the Jordanian sanctions on Syria allow person-to-person remittances. An exception to this is the Syrian government’s restrictions on remittances to and from the Gulf countries. The Syrian security authorities have control over Syrian banks and currency exchange offices and arrest those who receive money from those countries. Sending from Saudi Arabia or other Gulf countries therefore would have to go via a third party, which would typically be Jordan or Lebanon.

Even where sanctions and embargoes do not involve blanket bans on financial transactions, they can substantially affect a person’s ability to access a variety of competitive remittance services. In the example of Syria, while technically a bank-to-bank payment for person-to-person reasons may be permitted, the United States, European Union, and Jordan have sanctioned the largest banks in Syria, which are government-owned institutions. The result is that there are very limited banking channels for facilitating any type of financial transaction. The United States also continues its sanctions on Iranian banks. With bank-to-bank, cross-border transfers being highly restricted in both countries, cash-to-cash transactions become the only way to send money from the United States to the Islamic Republic of Iran and Syria, formally through an RSP or informally.

Along with AML/CFT concerns, financial sanctions have been found to be one of the largest drivers of de-risking, with banks facing significant fines if they are found to be in violation of sanctions. Financial sanctions being in place can therefore not only make bank-to-bank payments a challenge, but also create a lack of competitiveness in the RSP cash-to-cash market, through the challenge of accessing a bank account. Refugees and asylum seekers are adversely affected, as they are frequently from countries with sanctions, embargoes, and de-risking.

6. Licensing Requirements for Remittance Service Providers

Every country examined has licensing requirements for entities that wish to provide remittance services. However, these vary from country to county, from the more open jurisdictions in the European Union to the extremely closed operating environment in Ethiopia. Understanding the types of organizations that are permitted to operate in providing money transfer services provides an indication of the availability and accessibility of services for refugees. This understanding reflects the physical proximity to pay-in/pay-

out networks and the variety of options and competition available in the market. Table 7 provides an overview, and appendix G provides greater details.

Table 7. Remittances Licencing Environment and Implications for Refugees and Asylum Seekers

Country	Remittance licencing environment	Implications for refugees and asylum seekers
EU countries	Open. RSPs, banks, and Mobile Network Operators (MNO) are licensed to process remittances under the European Union’s PSD or EMD. Competitive.	Choice of service providers and channels. Good geographical spread of pay-in/pay-out locations.
Jordan	Relatively open. Banks and licensed exchange houses can send international remittances. Not MNOs. Exchange houses not able to send electronic money.	Few digital solutions, therefore required to be physically close to an RSP to send or receive in cash. Compounded by refugees not being able to open bank accounts.
United States	Open. Different licenses are required by state. Many small operators in one or two states. There are not many large, multi-state operators.	Choice of service providers and channels. Good geographical spread of pay-in/pay-out locations.
Saudi Arabia	Only banks and entities with a banking license.	Limited choice of services but pricing is competitive.
Ethiopia	Closed. Cannot formally send money outside the country unless specific circumstances.	No option to send money formally by refugees and asylum seekers. Dependent on poor banking network to receive funds formally.

Note: EMD =e-Money Directive; MNOs = ; PSD = Payments Services Directive; RSPs = remittance service providers.

In the United Kingdom, Germany, and Denmark, remittance service providers are licensed under the Payment Services Directive or the e-Money Directive. Licenses are not restricted to banks, but available to any entity that meets the licensing requirements, including mobile network operators. The European Union has achieved much in the way of harmonization and standardization of regulations. The licensing requirements have created relatively open and competitive markets. In the United Kingdom, for example, as of April 2016, there were more than 600 authorized payment institutes and small payment institutions³³ regulated under the Payment Services Directive by the Financial Conduct Authority (FCA) (Association of UK Payment Institutions 2017).

Jordan has relatively open licensing requirements for RSPs, where banks and licensed exchange houses are permitted to send and receive remittances.³⁴ Exchange houses do not need a banking license, but they are required to meet local regulatory requirements.³⁵ As of December 2016, there were 140 exchange houses licensed to operate in Jordan. However, at present these exchange houses cannot offer electronic money services, although some offer bank payments through SWIFT. Mobile service payment providers also cannot send international remittances, but this is under discussion.³⁶ The result is that the market remains highly cash-based with very few digital options available to the consumer. Although this remains true for refugees and Jordanian nationals, refugees face a further obstacle in their lack of access to a bank account (see section 4.2), which means that the option of a bank transfer or transfer through a

³³ Small payment institutions can transfer up to €3 million per month, typically through wholesale RSPs that have bank accounts.

³⁴ Further information on the case of Jordan can be found in GSMA (2016).

³⁵ Exchange houses are listed under the Money Exchange Business Law (1999). However, regulations are currently being revised.

³⁶ E-money issuers are currently licensed separately from international remittance providers, under the Mobile Payments Services Instructions (Central Bank of Jordan 2017).

credit/debit card would not be available, leaving cash through an RSP and/or exchange house as the only option (CGAP 2017a).

In the United States, although licensing is open to a range of operators that meet the requirements, different licenses are required for almost each state. To operate across the country, it is necessary to apply and obtain approval for 48 licenses.

In Saudi Arabia, licensing is restricted so that money transfers can only be made by banks or entities with a banking license. As such, services are only offered by banks or subsidiaries of banks that are set up as specialist money transfer businesses. This severely limits competition in the market.

Ethiopia currently has the most closed environment in terms of who is eligible to operate. It is illegal, with a few exceptions, to send money from Ethiopia to a foreign country. Only those with a foreign currency account (which is only granted to Ethiopian diaspora and resident foreigners) can transfer money abroad, and this must be done using the bank's access to the SWIFT system. Although there are no limits on value in receiving remittances, they can only be paid through banks. Despite a rapid increase in the number of bank branches in recent years, this still creates issues with access and traveling long distances to get to RSPs, particularly in rural areas.

7. Main Findings

7.1 Access Challenges

The overall conclusion from the research is that the main challenge experienced by refugees and asylum seekers, when trying to send remittances, is access. Across the different jurisdictions assessed, senders are repeatedly reported to be unable to access formal remittance services, because refugees and asylum seekers do not have the correct type of identification or because of their legal status in the host country. Challenges with access extend to access to mainstream banking services.

7.2 De-Risking and Lack of Products on Offer – the supply side

On the supply side, the de-risking activities by banks in the past five years have meant that some remittance service providers, especially those serving the top corridors where refugees originate, have not been able to operate because they have had their bank accounts closed. As such, there are very few providers sending money to the required destinations.

7.3 Lack of Data and Information

The vital role that remittances play in supporting refugees or supporting those in the conflict zones refugees have fled, has only just started to gain traction from policy makers and regulators. This can be seen from the G20 initiative, Financial Inclusion of Forcibly Displaced Persons.³⁷ Greater access to data and information is needed for sound, evidence-based policy making and creating an appropriate regulatory environment, improving access, improving security, decreasing cost, and making it more convenient to send and/or receive remittances for this marginalized group of people.

³⁷ The initiative helped to attract attention from policy makers, regulators, private sector actors, academia, and so forth.

This research report is one of very few in this area, and therefore it highlights the dearth of information and data. However, there are limited local data, for example, survey data from Jordan.³⁸ Data are critical for effective policy formulation for the private and public sectors to address the needs and gaps in the market (products, services, and support). Currently global data are needed on the numbers of displaced people, refugees, and asylum seekers sending or receiving money, and the volumes being sent by these groups on an annual basis.

7.4 Lack of Regulations on Money Transfers for Refugees and Asylum Seekers

Critically, in none of the seven countries surveyed in this study was there any mention or guidance in regulations on remittances made by refugees and asylum seekers. Users of the regulations are left to interpret how to apply the regulations to these groups. Given the unique circumstances of refugees and asylum seekers, in their identification, housing situation, length of time in the country, and so forth, this can result in difficulties.

For example, for KYC, in none of the countries surveyed is the identification given to refugees and asylum seekers specifically mentioned in the AML/CFT regulatory framework.³⁹ However, this does not automatically exclude refugees and asylum seekers with the correct identification from using formal services. The challenges are greatest for those who have not yet been granted refugee status or whose legal situation is more precarious. Discussions with regulators throughout the course of this research emphasized that this is now being placed higher on the agenda. For example, Jordan's Maya Declaration states that "Financial Inclusion of Refugees" is one of the goals for the Central Bank of Jordan.

Implementation and interpretation of regulations and guidance for financial service providers is problematic. Given the lack of guidance from the top down, agents and branch staff are reportedly unfamiliar with the identification or specific circumstances relating to refugees and asylum seekers; therefore, the agents and staff refuse to serve them.

7.5 Disproportionate Impacts of De-Risking and Sanctions on Refugees Sending Remittances – the demand side

A high proportion of refugees is likely to be sending money to areas labeled high-risk by financial institutions or countries where financial sanctions are in place. Remittance service providers serving these countries face added difficulties in gaining bank accounts, greatly reducing the number of providers that can operate in the corridors and thus affecting the competition and availability of remittance services. This situation often forces refugees to use informal methods for transfers.

7.6 Formal Financial Inclusion

Formal financial inclusion is not necessary for sending remittances where senders can use cash. However, formal financial inclusion can help to improve access to services through lower costs, improved convenience, improved access, enhanced security, and supplementary services (for example, savings

³⁸ <http://microdata.worldbank.org/index.php/catalog/2908>. See also remittances in Africa: <https://www.ifad.org/documents/10180/41de55b3-9ab8-44f2-bf24-1feda115a79c>.

³⁹ In Jordan, those with refugee cards and asylum seeker applications are specifically authorized to open mobile wallets. This might be only in the mobile wallets regulations and not in the AML/CFT per se, but this is a matter of fragmentation of texts.

accounts) where bank account penetration is low. Enabling refugees to use mobile money can act as a gateway to financial inclusion. Access to formal financial services is particularly critical for refugees, as 80 percent of refugee crises last for 10 years or more (GSMA 2017a).

There have been improvements in this area, particularly in the European Union where, following the payments account directive in 2014,⁴⁰ many countries offer specific guidance on refugees and asylum seekers to allow them to open an account (bank, mobile, or other). However, conflicting interpretations of AML/CFT legislation that does not consider the specifics of refugees and asylum seekers, in addition to risk aversion from the private sector particularly at the branch level, have resulted in this not being implemented in practice. In the cases of Jordan, Ethiopia, and the United States, no specific guidance has been issued on the ability of refugees or asylum seekers to open bank accounts.

7.7 Other Locational and Logistical Challenges

Circumstances specific to refugees and asylum seekers, such as having limited Internet or mobile connectivity, and the lack of freedom of movement can also present challenges to accessing remittance services. Furthermore, the environment on the receiving side may act as a barrier to formal remittance services. Aside from the effects of international sanctions against the regime or for counter-terrorist financing reasons, there are often physical barriers where there is conflict in their home country. In these cases, there is frequently a shortage of physical infrastructure, such as a lack of bank branches, mobile agents, ATMs, and so forth, as well as limited physical telecommunications components (for example, Internet or mobile connectivity).

8. Recommendations

This study has aimed to shed light on the challenges refugees and asylum seekers face in using remittance services to send and receive money, with a focus on regulatory barriers. The following are the main barriers identified:

- No specific mention of asylum seekers and refugees in existing regulations on remittances
- Lack of appropriate identification, with limited guidance on which IDs are acceptable
- Poor implementation and interpretation at the local branch level of the limited regulation and guidance
- Challenges that impact remittances exacerbated for asylum seekers and refugees for a range of reasons, including their countries of origin and documentation challenges
- Challenges of access to accounts and other financial services that intensify barriers for refugees and asylum seekers
- Other locational and logistical issues.

⁴⁰ Payment Accounts Directive 2014/92/EU (https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/consumer-financial-services/access-bank-accounts_en). The directive gives people in the European Union the right to a basic payment account regardless of a person's place of residence or financial situation. The directive also improves the transparency of bank account fees and makes it easier to switch banks.

6.1 Broad Policy Recommendation

1. Bring the issue of remittances and refugees higher on the agenda.
 - The role that remittances play in supporting economic development and livelihoods across the globe has gained significant attention, most notably with their inclusion in the UN's Sustainable Development Goal 10.c⁴¹ for 2030 and the G20 countries' commitment to them.⁴²
 - However, at present, the value that remittances play in supporting refugees or their families in conflict zones has not received such a level of attention.⁴³ Therefore, there is a need for evidence-based policy making and product design to lower costs, improve security, and so on.
 - It is recommended to isolate the specific issues, circumstances, and needs of displaced people, refugees, asylum seekers, and those in financial conduct agencies in the global remittances for development agenda, and to use existing platforms, such as the Global Knowledge Partnership on Migration and Development (KNOMAD) and the Global Remittances Working Group.
 - Research should be undertaken on the challenges, including the difficulties of access and identification.

6.2 Specific Policy Recommendations

2. Increase regulatory guidance on access to remittance services in relation to identification for asylum seekers and refugees.
 - In the European Union, bring this in line with the directives and instructions on basic bank accounts, which include provision for asylum seekers and refugees.
 - Consider similar guidance to be provided in other countries where appropriate.
 - Develop effective, high-profile, and consistent communication mechanisms to ensure that frontline staff in all financial institutions are aware of the new regulations or where they can obtain information.
 - To achieve this, task each bank, RSP, and mobile money provider with being responsible for and measured against ensuring that appropriate information is in the hands of their staff.
 - A communication system between regulators, banks, and RSPs should have a long-term perspective and allow for communication in both directions.
3. Ensure that government AML/CFT departments work closely with money remittance regulators and financial service regulators on the topic of asylum seekers and refugees, to address and clarify contradictions and gaps in the regulations.
 - Organize cross-government departmental meetings and working groups to share experiences and best practices.
 - Further develop guidelines for refugees and asylum seekers seeking financial inclusion and remittances based on the Social Performance Task Force guidelines.

⁴¹ SDG 10.C to reduce to the cost of remittances to 3 percent by 2030.

⁴² G20 initiative on "Financial Inclusion of Forcibly Displaced Persons," <http://www.gpfi.org/sites/default/files/documents/GPFI%20Policy%20Paper%20Financial%20Inclusion%20of%20Forcibly%20Displaced%20Persons.pdf>.

⁴³ The recent Global Partnership for Financial Inclusion initiative (2017) on financial inclusion is an exception to this.

4. Consider ensuring that basic bank accounts and/or mobile money accounts are available to all refugees and asylum seekers, acknowledging the challenges associated with implementing this.
 - Establish appropriate regulation in countries where this is not yet in place, in line with the EU directive on payment accounts, 2014.
 - Develop clear guidance and educate financial institutions, ensuring that inconsistencies with AML/CFT laws are acknowledged and addressed, and provide guidance as to how financial institutions may be able to manage this inconsistency.
 - Develop a coherent set of financial education tools as part of existing (or new) procedures for refugees and asylum seekers.
5. Take account of existing guidance in countries where transaction or mobile accounts may become (or are already) more prevalent than bank accounts.
 - An example would be to review the policy note published by GSMA with specific recommendations on how to enable refugees' access to mobile services,⁴⁴ including:
 - a. Providing clear guidelines on what identification is acceptable for FDPs to access mobile services and ensuring that a critical mass of FDPs has access to an acceptable form of identity
 - b. Allowing the use of the UNHCR-issued identification, where available, to satisfy any mandatory SIM registration or KYC for mobile money
 - c. Enabling lower, tiered thresholds of KYC requirements for FDPs to open mobile money accounts, particularly in emergency contexts
 - d. Harmonizing identity-related SIM registration requirements with the lowest tier of KYC requirements in countries where SIM registration is mandatory
 - e. Establishing proportionate risk assessment processes that take into account the diverse types of FDPs when considering proof-of-identity policies
 - f. Exploring the use of new digital identity technologies
 - g. Promoting robust identity validation processes while adopting consistent data protection and privacy frameworks.
 - This could be especially appropriate for Jordan and Ethiopia.
 - It may have an impact on refugees living in camps, where formal RSPs are not available.
6. Provide training on remittance services to refugees and asylum seekers.
 - When asylum seekers arrive and engage with authorities or in refugee camps, information and/or training should be provided on how to access formal remittance and financial services locally.
 - Trainers should teach refugees and asylum seekers their rights, to inform them exactly what the regulations stipulate and offer support if additional requirements for KYC are implemented.
 - Information and training should include details on operators, types of services, costs (including fees and foreign exchange), required documentation, and how to complete the forms.
7. Consider using or developing new forms of identification for asylum seekers and refugees.
 - Consideration should be given to improving the type of ID that is given to asylum seekers and refugees to aid their ability to send remittances.

⁴⁴<https://www.gsma.com/mobilefordevelopment/programme/digital-identity/enabling-forcibly-displaced-persons-access-mobile-services-addressing-identification-barriers>.

- Governments could potentially play a significant role in verifying the validity of an ID and CDD practices among international remittance providers.
- In countries where the UNHCR already issues IDs and captures biometrics, it is recommended that these are tested, validated, and scaled for KYC and CDD.
- In some cultures, it is normal for individuals to have their identity confirmed by a community or tribal leader. This approach could also be considered in certain circumstances for refugees and asylum seekers. Specifics for each circumstance would need to be considered, but a flexible and balanced approach should be used that is tailored to certain cultural situations.
- Host countries should establish standardized documentation for refugees and asylum seekers, which has sufficient information to enable sending and receiving remittances, including name, date of birth, address (even if it is the detention center or camp taking responsibility for the individual), digitized photo, and biometric data.
- This should build on and not duplicate the work of the UNHCR. Consideration can be given to leveraging the UNHCR ID documentation as it exists. It would be helpful if this could be made consistent across all communities and countries where it is issued.
- The idea of a refugee passport could be considered in the absence of any other formal and consistent identification. This is an area for further research and development.

7. Conclusion

This report has demonstrated that there is still very limited information on refugee and asylum seeker remittance needs.⁴⁵ There is a dearth of data on flows, volumes, access points, and channels. Linked to this, in the countries of focus, there are no specific regulations, or mentions within regulations, for this customer group and, at best, they are implicit within existing regulations. The key challenge for refugees and asylum seekers is one of identification and specifically what forms of identification are required and for what type and level of transaction. These requirements have not been addressed for asylum seekers and refugees who wish to make payments internationally.

Several simple tools will yield benefits and make the processes simpler. These tools include greater focus on this community, cross-government liaison, production of guidance for private sector service providers, education initiatives for branch staff, and financial literacy courses and tools for refugees and asylum seekers. There are very few examples of good practice in this space. Stronger efforts by development professionals to conduct further research and generate greater awareness are strongly recommended.

⁴⁵ <https://www.gsma.com/mobilefordevelopment/programme/digital-identity/enabling-forcibly-displaced-persons-access-mobile-services-addressing-identification-barriers>.

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Appendix A. List of Organizations and Partners Contacted

The African Foundation for Development (AFFORD)

- Onyekachi Wambu, Executive Director

Centre on Migration, Policy and Society (COMPAS) at the University of Oxford

- Carlos Vargas-Silva, Associate Professor and Senior Researcher

Danish Refugee Council

- Anna de Laine, Head of Programme for Ethiopia
- Ermes Frigerio, Country Director of Jordan
- Mingo Heiduk, Team Leader for the Diaspora Programme
- Stinne Østergaard Poulsen, Legal adviser in department of Asylum and Repatriation

George Washington University

- Liesl Riddle, Associate Professor of International Business and International Affairs

IMPACT Initiatives

- Roxana Mullaforoze, Assessment Officer

Peace Research Institute Oslo (PRIO)

- Cindy Horst, Research Professor in Migration and Refugee Studies
- Mohamed Aden Hassan, External Associate on Mobile Money in Somaliland

Public Policy Research Institute (PPRI) of Texas A&M University

- George Naufal, Assistant Research Scientist

RAND Corporation

- Shelly Culbertson, Policy Analyst on the Middle East

The U.S. Department of the Treasury

- Anne Wallwork, Senior Counsellor for Asia at the Terrorist Financing & Financial Crime at US Department
- Scott Rembrandt, Assistant Director at the Office of Terrorist Financing and Financial Crimes

University of Oxford

- Dawn Chatty, Emerita Professor of Anthropology and Forced Migration and former Director of the Refugee Studies Centre, 2011-14

Upwardly Global

- Nikki Cicerani, Chef Executive Officer

World Remit

Ciara Spencer, Communications team

Appendix B. Identification Requirements for Sending Remittances

Country	Regulatory framework	Specific guidance
United Kingdom	RSPs and banks are regulated under “the money laundering, terrorist financing and transfer of funds (information on the payer) regulations 2017 no. 692,” whereby it is required to identify the customer, verify the customer’s identity, and “assess, and where appropriate obtain information on, the purpose and intended nature of the business relationship or occasional transaction.” ^a	Guidance states that “[m]oney service business should obtain and verify a consumer’s name, residential address and date of birth. This should be verified using a government-issued document with the customer’s full name and photo. The document should include either date of birth or residential address.” ^b
Denmark	RSPs are regulated under “Bekendtgørelse af lov om forebyggende foranstaltninger mod hvidvask af udbytte og finansiering af terrorisme” (Executive Order of the Prevention of Money Laundering of Terrorism and Financing of Terrorism) nr 1022, published in Lovtidende A, August 23, 2013.	Article 12. Article 12.2 specifies residential address is required.
Germany	RSPs are regulated under Geldwäschegesetz (GWG) or the Money Laundering Act of 2008.	In its article 4.4.1, the law lists the documents that can be accepted to identify people. This list does not include the documents issued to asylum seekers.
United States	MSBs are regulated at the federal level by the Bank Secrecy Act (1970).	U.S. regulations do not go into depth on specific verification or authentication requirements for RSPs.
Saudi Arabia	Valid <i>iqama</i> (residency permit)	
Jordan	Exchange companies and banks are required by Law No. (46) 2007 Anti Money Laundering Law to: “Give due diligence to the identification of the customers entity.”	Guidance given in the Anti Money Laundering and Counter Terrorism Financing Regulation related to Money Exchange Companies no. (2/2010), issued in pursuant of the AML/CFT law. “The full name of the customer, nationality, permanent residence address, work address, activity type, purpose of conducting business relationship and nature thereof, national no., date and place of birth, phone number, passport no. for non-Jordanians and annual residence permits issued by the Ministry of Interior or work permits or any other information the moneychanger considers necessary.”
Ethiopia	It is illegal, with a few minimal exceptions, to send money from Ethiopia to a foreign country.	n/a

Note: AML/CFT = anti-money laundering and counterterrorism financing regulations; MSBs = money service businesses; n/a = not applicable; RSPs = remittance service providers.

a. Gov.uk (2017c).

b. HMRC (2017).

Appendix C. Enhanced Due Diligence

County	When is enhanced due diligence required?	Enhanced due diligence requirements
United Kingdom	Transactions to high-risk countries. Suggestions for high risk include “Geographical risk factors, including— (i) countries identified by credible sources, such as mutual evaluations, detailed assessment reports or published follow-up reports, as not having effective systems to counter money laundering or terrorist financing; (ii) countries identified by credible sources as having significant levels of corruption or other criminal activity, such as terrorism (within the meaning of section 1 of the Terrorism Act 2000(a)), money laundering, and the production and supply of illicit drugs; (iii) countries subject to sanctions, embargoes or similar measures issued by, for example, the European Union or the United Nations; (iv) countries identified by credible sources, such as evaluations, detailed assessment reports or published follow-up reports published by the Financial Action Task Force, the International Monetary Fund, the World Bank, the Organisation for Economic Co-operation and Development or other international bodies or non-governmental organisations as not implementing requirements to counter money laundering and terrorist financing that are consistent with the recommendations published by the Financial Action Task Force in February 2012 and updated in October 2016.” ^a	May include (among other things): <ul style="list-style-type: none"> • As far as reasonably possible, examining the background and purpose of the transaction • Increasing the degree and nature of monitoring of the business relationship in which the transaction is made to determine whether that transaction or that relationship appears to be suspicious • Seeking additional independent, reliable sources to verify information provided or made available to the relevant person • Taking additional measures to understand better the background, ownership, and financial situation of the customer, and other parties to the transaction.^b
Denmark	Countries that the EU commission has designated as high-risk third countries, ^c based on FATF findings. These are currently: Afghanistan, Bosnia and Herzegovina, Guyana, Iraq, Lao PDR, the Syrian Arab Republic, Uganda, Vanuatu, the Republic of Yemen, the Islamic Republic of Iran, and the Democratic People’s Republic of Korea. ^d	
Germany	Countries which the EU Commission has designated as “high-risk third countries,” based on FATF findings. These are currently: Afghanistan, Bosnia and Herzegovina, Guyana, Iraq, Lao PDR, the Syrian Arab Republic, Uganda, Vanuatu, the Republic of Yemen, the Islamic Republic of Iran, and the Democratic People’s Republic of Korea.	
United States	If RSPs think a transaction is suspicious, they are required to file a report (an STA). However, guidance is left to the discretion of the private sector, to a great extent, as to when to fill these out. ^e	
Saudi Arabia	n/a	n/a
Jordan	Money exchange houses should apply enhanced due diligence for “transactions with persons in countries that do not have appropriate anti money laundering and counter terrorism financing systems.” ^f	“Identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence.” ^g

Note: EU = European Union; FATF = Financial Action Task Force; n/a = not applicable.

a. Gov.uk (2017c, chapter 2).

b. Gov.uk (2017c, chapter 2).

c. Direction of the European Parliament and of the Council (2015), Section 13, Article 18.

d. Supplementing Directive (EU) 2015/849 by identifying high-risk third countries with strategic deficiencies.

e. U.S. Patriot Act (2001), Uniting and Strengthening America.

f. Anti Money Laundering and Counter Terrorist Financing Unit (2010), Regulation Anti Money Laundering and Counter Terrorism Financing Regulation related to Money Exchange Companies no. (2/2010).

g. Anti Money Laundering and Counter Terrorist Financing Unit (2010), Regulation Anti Money Laundering and Counter Terrorism Financing Regulation related to Money Exchange Companies no. (2/2010).

Appendix D. Leading Money Transfer Operators' Interpretations of ID Requirements

Country	ID requirements to send remittances	ID minimum thresholds
United Kingdom	<p>For UK residents, a passport or driver license with photo is valid. EU residents can present a passport or European ID card. Other non-EU residents must present a passport.</p> <p>Where no primary ID is presented: two forms of nonprimary identification verifying the current/permanent address (utility bill or statement issued by a regulated company, confirmation letter from a hotel).</p> <p>For sending online, the ID needs to have a photograph of the sender, full name, date of birth, and expiry date.</p>	<p>This can range from £600 to £1999.99 (send transactions): one form of primary photo identification verifying the full name and below £600, no ID necessary.</p> <p>However, this has recently been updated, so that one form of primary photo identification is needed from £0 to £1999.99, and no minimum threshold exists.</p> <p>For others, ID will be needed for all amounts.</p>
Denmark	<p>The sender needs a signed passport, EU driver license, or EU residence permit (government).</p> <p>For sending online, the ID needs to have a photograph of the sender, full name, date of birth, and expiry date.</p>	<p>For some, ID is required to send above DKr 7,000 within a 12-month period.</p>
Germany	<p>German requirements are the same as Danish requirements.</p>	<p>For some, ID is required to send more than €1,000 within a 12-month period. After the ID process is finished, sending limit will increase to €5,000 per transfer.</p>
United States	<p>Online services require a photograph of a signed passport, a U.S. driver license, or a U.S. passport card, all of which must be current.</p> <p>The ID needs to have a photograph of the sender, their full name, date of birth, and the expiry date, and all forms of ID must be within date.</p>	<p>For some, specific money transfer limits will vary based on several factors, including:</p> <ul style="list-style-type: none"> • Transfer history • Location • Receiver's location • The service chosen • Payment method • Agent location limits.
Saudi Arabia	<p>A valid <i>iqama</i> (identity card) is required for sending remittances.</p>	<p>Any amount, but requires ID.</p>
Jordan	<p>The sender needs to provide a valid government-issued photo ID.</p>	<p>Can usually send any amount. However, for certain amounts and transfers, may be subject to certain security compliance requirements and may have to provide additional information or documentation.</p>
Ethiopia	<p>Primary identification verifying the full name (birth certificate) and one form of nonprimary identification verifying the current or permanent address (for example, a utility bill or letter from a hostel manager confirming temporary residence).</p>	

Appendix E. Regulations Related to Accessing a Bank Account and Implementation

Country	Access to bank account	Details
United Kingdom	Regulatory framework	<p>Money laundering regulations (2007) require financial institutions to “identify the customer and verify the customer’s identity on the basis of documents, data or information obtained from a reliable and independent source.” The regulation does not stipulate specific documents. It is left to each financial institution to decide what evidence it requires as satisfactory proof of identity. The Joint Money Laundering Steering Group provides guidance. Banks should obtain the following:</p> <ul style="list-style-type: none"> • Full name • Residential address • Date of birth. <p>To verify this, the following options are given:</p> <p>a) Government-issued document that incorporates the customer’s full name and photograph and the date of birth and/or residence address</p> <p>b) Government-issued document (without a photograph) that incorporates the customer’s full name, supported by a second document, government-issued, or issued by a judicial authority, a public-sector body or authority, a regulated utility company, or another Financial Conduct Authority-regulated firm in the UK financial services sector, or in an equivalent jurisdiction.</p>
	Regulatory framework for refugees	<p>In theory, if a person has refugee status or is applying for asylum and has an ARC, he or she can open a bank account.</p> <p>However, the final decision is with the bank to decide if the ID is satisfactory proof. Bank staff risk fines or imprisonment if it is considered that they failed to perform adequate identity checks.</p>
	Implementation of regulation	<p>There have been multiple reports that bank staff are not recognizing the BRP and ARC. Reports include asking for more information, which is difficult for many refugees and asylum seekers. For example:</p> <ul style="list-style-type: none"> • Proof of income is difficult to show, as banks are unfamiliar with asylum support payment documents such as NASS35 forms and the specific circumstances facing recently recognized refugees. • It is also standard practice (even for basic bank accounts) to ask for proof of address. This might be an issue for asylum seekers and those with refugee status. • Requests for National Insurance numbers cause problems for refugees still awaiting theirs.
	AML/CFT regulation	<p>To meet AML legislation, many banks require proof of address to open a bank account (even a basic bank account), which is very difficult for asylum seekers, and often refugees, to provide, and is not on the BRP or ARC[1]. Guidance instructing that just the BRP should be enough to open a bank account has been issued; however, in practice, this is not being followed. This could partly be because, the AML/CFT regulation does not stipulate specific documents, but places the burden on the bank, and failure to meet these requirements can lead to a two-year prison term, a fine, or both. There is a tendency toward risk aversion, particularly where guidance is unclear or the standard forms of ID are not being offered. Following the Immigration Act 2014, asylum seekers have no right to rent a property.</p>
Denmark	Regulatory framework	
	Regulatory framework for refugees	The Payment Account Act, part § 2.2, allows those with asylum seeker status to open a bank account.
	Implementation of regulation	In practice, few bank accounts have been opened by asylum seekers. Interview evidence suggests this may be linked to there being no need for a bank account rather than banks turning refugees away.

	AML/CFT regulation	Customer due diligence is regulated by the Executive Order of the Prevention of Money Laundering of Terrorism and Financing of Terrorism. Article 12.2 requires an address for CDD, which the ID does not contain. Accepting asylum seekers as clients may therefore be found as a breach of the regulation, resulting in fines and other punishments for the company and the professionals accepting them as customers. Although Article 12.7 of the same law specifies that identification may be done on the basis of a risk assessment, many asylum seekers arrive from countries considered high-risk.
Germany	Regulatory framework	Detailed passport and ID requirements to use financial services are set in the country's Anti-Money Laundering Act (GWG) or Money Laundering Act of 2008. In its article 4.4.1, the law lists the documents that can be accepted to identify a natural person.
	Regulatory framework for refugees	In September 2015, the German regulator for financial services, Bafin, issued a transitional provision allowing asylum seekers and refugees to open bank accounts with the documents supplied by immigration authorities. Remittances were not included in the provisions for services that were issued. Therefore, after an asylum seeker arrives in Germany and is granted "Evidence of Arrival," a bank is legally permitted to open a basic account for them. However, the regulation is not made on behalf of the customer, but to protect the banks if they open an account based on the ID detailed in the regulation.
	Implementation of regulation	As of 2015, Germany's 400 savings banks were relatively responsive, opening more than 250,000 basic accounts for refugees. However, there are still many reports of banks not accepting asylum seekers and refugees. Newspaper reports suggest identification is the main issue, with banks arguing that the first set of papers, "Evidence of Arrival," is not sufficient to assess AML threats. The language barrier is also cited a barrier to financial inclusion. ^a
	AML/CFT regulation	Germany's Anti-Money Laundering Law still contains a clause that effectively requires a passport or ID card to open an account.
United States	Regulatory framework	Governed by the Bank Secrecy Act. The rules around consumer identification set forth the following minimum requirements: for an individual, unexpired government-issued identification evidencing nationality or residence and bearing a photograph or similar safeguard, such as a driver license or passport.
	Regulatory framework for refugees	No specific mention of refugees and asylum seekers within the regulatory framework. No right to a bank account within the United States, but would be left to private sector discretion.
Jordan	Regulatory framework	The identification data shall include the full name of the customer, nationality, permanent address, phone number, work address, type of activity, purpose of business relationship and its intended nature, names and nationalities of persons authorized to manage the account, and any information the bank deems necessary.
	Regulatory framework for refugees	No specific mention of refugees in the regulation. With a new MOI card and work permit, Syrian refugees may technically be able to open a bank account according to the regulations. However, cases where refugees are refused a bank account are frequently reported.
Ethiopia	Regulatory framework	Nonresident foreigners (aside from the staff of international organizations and embassies in Addis Ababa) are not allowed to have accounts in Ethiopian banks.
	Regulatory framework for refugees	No specific mention of refugees.

Note: AML/CFT = anti-money laundering and counterterrorism financing regulations; ARC = application registration card; BRP = biometric residence permit; CDD = Customer Due Diligence; MOI = Ministry of Interior.
a. *The Financial Times, Without German Banks, Refugees Are Stuck in Limbo, May 31, 2016.*

Appendix F. Consumer Protection and Embargoes

Country	Consumer protection
United Kingdom	The law protects consumer rights when buying goods and services. ^a The Consumer Protection Act 1987 allows a person to gain compensation for faulty goods or services where they have caused damage, death, or personal health issues. If there is a problem with a product, then it is the producer who is liable for any harm the product has caused. ^b For remittances, protection is provided through elements of the PSD and EMD. Ultimately, consumers can refer any dispute to the Financial Ombudsman who is tasked with resolving any issue within specified timescales.
Denmark	Denmark is covered by EU Consumer Directives that give protection to consumers throughout EU Member States. ^c The Ministry of Economic and Business Affairs is responsible for consumer protection in Denmark, and it is their aim to create a solid foundation for the protection of consumers, including the quality, safety, health, financial, and legal rights of those purchasing products. The Danish Consumer Council represents the interests of consumers and is not part of the public sector. ^d Remittances are covered under the PSD and EMD.
Germany	The Charter of Fundamental Rights gives consumer protection to members of the EU. ^e If the consumer finds that a product is faulty within two years of purchase, the consumer legally has the right to warranty. If the fault occurs within six months of purchase, the producer must prove that it was not faulty when it was sold. ^f Remittances are covered under the PSD and EMD.
United States	The CFPB is the body that oversees this area. Consumers sending remittances are covered by a series of regulations that provide protection should something go wrong and enhanced transparency. The role of the CFPB and the regulations are currently under review.
Saudi Arabia	The SAMA is responsible for consumer protection. The Charter in 1952 and Banking Control Law in 1966 have led to SAMA ensuring that financial institutions treat clients fairly and professionally. This will continue to develop and be amended as other countries and organizations such as the G20 develop and amend their policies on consumer protection. ^g
Jordan	There is currently no specialized law relating to consumer protection in Jordan. Banked customers are covered by the 2012 Instructions on Dealing with Customers Fairly and Transparently. Customers who hold mobile wallets are covered by the JoMoPay Mobile Payments Service Instructions and their Consumer Protection Instructions of 2017. For exchange houses, the money exchange regulations include some information on protection of funds, although there remain risks, including no legislation to ensure the separation of clients' funds and operational funds. A new department for consumer protection has been set up to try to harmonize all the consumer protection regulations.
Ethiopia	Directive no. FXD/30/2016 contains provisions for international remittances and included regulation mandating transparency in cross-border transfers.

Note: CFPB = Consumer Financial Protection Board; EMD = e-Money Directive; G20 = Group of Twenty; PSD = Payment Services Directive; SAMA= Saudi Arabian Monetary Authority.

a. Gov.uk, Consumer Protection Rights (accessed July 2017).

b. Which? Consumer Protection Act (accessed July 2017).

c. European Commission Centre for Services (2017).

d. Europa, National Consumer Organisations (accessed July 2017).

e. Europa, Consumer Rights (accessed July 2017).

f. Bamf, Shopping and Consumer Protection (accessed July 2017).

g. Saudi Arabian Monetary Agency Consumer Protection Department, Finance Companies' Consumer Protection Principles (accessed July 2017).

Appendix G. Licensing requirements for Remittance Service Providers

Country	Licensing requirements for RSPs
United Kingdom	Currently, as the United Kingdom is still part of the European Union, all RSPs need to be licensed. They can be one of a licensed credit institution, payment institution (small or authorized), or electronic money issuer (small or authorized). The application process is not too onerous and is consistent with the European Union's PSD or EMD. In addition, all payment institutions must register with HMRC for anti-money laundering compliance activities.
Denmark	The same licensing requirements as Germany.
Germany	Money remittances are a regulated activity, only allowed to licensed entities all over the EEA. The licenses that allow companies to undertake this activity are three: any kind of credit institution (full bank, savings bank, and so forth); e-money Institutions, payment institutions, and POGI; or post office giro institutions, a kind of entity now in decline.
United States	Remittances are nearly all processed through money transfer operators. Licenses are granted on a state-by-state basis (although not every state requires one), which means that to be regulated throughout the United States, 48 licenses are required. Licenses have differing criteria for issuing, but commonalities include ownership, financial strength, and governance. In many states, the RSP is required to have a bond.
Saudi Arabia	Money transfers can only be made by banks or entities with a banking license. To obtain such a level is a highly regulated activity. Criteria include the normal global banking considerations, such as ownership, governance, capital, and so forth. As such, the service is only offered by banks or subsidiaries of banks that are set up as specialist money transfer businesses.
Ethiopia	With a few exceptions, it is illegal to send money from Ethiopia to a foreign country. Only those with a foreign currency account (which is only granted to Ethiopian diaspora and resident foreigners) can transfer money abroad using the bank's access to the SWIFT system. The informal sector is considered large: "The widespread illegal (or unlicensed) provision of these services, especially in certain geographical (border) areas was acknowledged (by the Government of Ethiopia)." ^a

Note: EEA = European Economic Area; EMD = e-Money Directive; HMRC = Her Majesty's Revenue and Customs; POGI = post office giro institutions; PSD = Payment Services Directive; RSPs = remittance service providers.

a. Eastern and Southern African Anti Money Laundering Group, Mutual Evaluation Report (accessed July 2017).

