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# The Financial Journey of Refugees

Evidence from Greece, Jordan, and Turkey



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## Henry J. Leir Institute for Human Security

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For more information on the research project, please visit [fletcher.tufts.edu/Institute-for-Human-Security/Research/Migration-Crisis-and-State-Fragility/Financial-Mobility-of-Refugees](https://fletcher.tufts.edu/Institute-for-Human-Security/Research/Migration-Crisis-and-State-Fragility/Financial-Mobility-of-Refugees)

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**Photo credit:** Roxanne Krystalli took the cover photo and associated images throughout the report. The route maps shown were drawn by refugees.

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# Executive Summary

## Project Overview, Research Questions, and Methods

The Financial Journeys of Refugees investigates what money and financial transactions can reveal about the journeys and experiences of forced migration. We examine money as a key node of the displacement experience: fueling transactions among formal and informal actors along the way; determining livelihood options; shaping or restructuring kinship networks; and coloring risks, vulnerabilities, or protective forces available to refugees. Our inquiry highlights these transactions and the power dynamics that unfold among refugees as well as between refugees and formal or informal authorities.

Four specific areas of inquiry emerged during this study:

1. How do refugees gather, move, store, spend, and make money along the journey of their displacement? How do their strategies lead to enhanced risk and/or self-protection along the way?
2. How do financial transactions structure relationships among refugees, as well as between refugees and formal or informal authorities, such as smugglers, informal money transfer agents, and formal banking systems?
3. How does the humanitarian system—and, in particular, cash assistance to refugees—shape the aforementioned financial transactions and relationships?
4. What are the roles of refugee identity—in terms of gender, ethnicity, religion, and family status—and the documentation of that identity in shaping financial transactions, relationships, vulnerability, and coping strategies?

We pursued these questions in a qualitative study that unfolded between July 2016 and April 2017 at multiple sites in Greece, Jordan, and Turkey. We interviewed 120 refugees and 33 key informants and conducted observation at refugee camps and shelters, informal refugee settlements, money transfer offices, and other locations. This executive summary—and the full report it accompanies—are one of many outputs associated with this research project, all of which are available at the [Henry J. Leir Institute for Human Security website](#).

The significance of the above questions is threefold. First, inquiries about money on the move provide an entry point to exploring the risks refugees face, their coping strategies, and their relationships with formal and informal authorities (Jacobsen 2005, Collins et al. 2009). In this case, money—and the ways in which refugees amass, move, and spend it—is a window into understanding structures of power, access, protection, and vulnerability. Second, to the extent that financial inclusion literature and practice engage with refugees (El Zoghbi et al. 2017, Hansen 2016), they do so “in terms of integrating customers into an existing digital or formal financial structure,” without focusing on the financial tasks that refugees must perform in order to survive (Wilson and Krystalli 2017, p. 2). As we have written elsewhere, “Refugees are not a homogenous block of consum-

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er interests—a market—but a diverse group of people living in urban neighborhoods and formal or informal camp settings. They have far-ranging experiences with cash management, digital technology, and banking, and varied consumer interests” (Wilson and Krystalli 2017, p. 4). This study sheds light on the diversity of these experiences and the needs to which they give rise along the way. Third, while refugee integration into economies and markets is slowly receiving attention as refugees arrive at points of resettlement or their aspirational destinations (Bevelander and Pendakur 2014, Bakker et al. 2016), to date, little attention has been paid to financial portfolios, transactions, and relationships along the way. Being “in motion”—as opposed to displaced and stationary—is a part of the humanitarian process that needs to be understood more fully. We explore movement not merely as a process of getting from point A to point B, but as a way of life for months or years. It becomes a way of being, and it shapes economies (formal and informal) and relationships that surround them. By shedding light on those experiences, we examine the implications for humanitarian actors, financial regulators, and other agencies that engage with refugees during their transit.

## Summary of Findings: Financial Portfolios of Refugees

**Even the most sudden displacement requires financial and logistical preparation**—and when that is not possible, refugees face intermittent journeys, with long pauses between stints of movement and possibly higher risks along the way. Preparations include selling land, livestock, and other assets; borrowing money from within kinship networks; making arrangements with smugglers and money transfer agents; and liquidating assets, where possible.

**Costs of transit varied greatly among refugees**, depending on the route, the timing and political developments that affected the accessibility of certain routes, family configuration, and other factors.

**Paying for smugglers remained the largest, most significant cost of transit.** Refugees who participated in the research framed smugglers not necessarily as criminal actors but as essential to their transit and paying them as a livelihoods choice they made to facilitate their passage.

Rarely did the funds refugees gathered in advance of their displacement suffice for financing the entire journey. **Refugees thus resorted to a combination of formal and informal labor along the way**, as well as to borrowing money, where possible. The lack of sufficient funds to pay for the next leg of a journey (often through smugglers) was most frequently cited as the reason some refugees were “stuck” in the country in which our research team met them.

**Figure 1. Most Common Sources and Uses of Funds for a Refugee’s Journey  
Funds (Cash and Assets) during Journey**

Item	Notes
<b>A Sources of Funds during the Journey</b>	
1 Cash on hand	
2 Remittances as gifts from family and friends	Common
3 Remittance as loans from family and friends	Common
4 Remittances, through family, of refugee’s own reserves	Family in country of origin forwarded income from rent, etc.
5 Remittances from sarafs or other third parties from deposits	Some sarafs forwarded deposited funds directly to refugees
6 Income from licit earnings	Included stopping the journey for work to gather funds
7 Income from illicit earnings	Included transactional sex (among men, women, boys, girls)
8 Payments from third party to smuggler	Family or saraf payed smuggler directly as refugee travels (see Chapter 3)
9 Purchases made by third parties on behalf of refugee	Family and friends purchased tickets for travel, etc.
10 Cash assistance from governments or NGOs	Cash assistance was intended for people settling, not journeying (see Chapter 4)
<b>Sum of A 1–10 equals sources of funds during journey.</b>	
<b>B Uses of Funds during the Journey</b>	
1 Deposits to sarafs	See Chapter 3
2 Deposits to family	A common strategy was to split cash among family members
3 Cash expenses	
Food	Supplements to what smugglers provided in safe houses
Clothes and extra gear	Typically extra clothing for cold or wet conditions, life jackets
Health, medicine, hygiene	A major expense for older research participants as well as those injured or with children
Alcohol and cigarettes	Good for bribes and building social connections
Diapers, sanitary pads, condoms	Depending on norms
Entertainments for children	Often on mobile phones
Communication	Purchase of SIM cards and packages
Lodging	If smuggled, lodging was often included
Travel	Beyond that included in smugglers packages
Additional payments to smugglers	Depending on the package, some smugglers took payment en route
Extorted payments to smugglers or others	Common, especially among local passers
Currency conversion	Converting euros, US dollars or local currency to new local currency or reverse
4 Payments on loans to family or friends	Some family members needed to settle up before journey was completed
<b>Sum of B 1–4 equals uses of funds during journey.</b>	

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## Summary of Findings: Financial Relationships on the Move

**A number of intermediaries are essential for completing the financial transactions that underpin displacement.** These include smugglers, money transfer agents (such as Western Union), Hawalas and Hawaldars (local agents who facilitate transactions), and sarafs (local agents assisting refugee customers with paying their smugglers).

**A key component of refugees' financial relationships with smugglers involved the terms of payment and, particularly, the timing.** Refugees who employed a pre-pay system risked losing money when the smuggler failed (or refused) to transport them to the destination to which they had originally agreed. Few refugees were able to negotiate a "post-pay" system, whereby the smuggler was paid only after successful transit. More common was the "pay-as-you-go" system whereby refugees' family members in the country of origin would release a payment to a member of the smuggling network as soon as the refugee successfully completed each leg of the journey.

**The financial transactions involved in smuggling suggest a network of formal and informal, licit and illicit systems.** An example of the convergence of the systems is some refugees' purchase of insurance or use of "guarantee schemes" to ensure that the smuggler provided the services agreed.

**Social networks and kinship finance are essential for financing refugees' transactions and shaping relationships.** Some refugees even benefitted from "pay it forward" schemes, whereby those who financed the refugee's journey did not expect to be repaid, knowing that social norms would ensure that the refugee would assist someone else in the future.

**Though some refugees attempted to use banks and/or formal money transfer operators (such as MoneyGram or Western Union), many shared their perceptions that those systems were less accessible to them than more informal arrangements were.** This was at times due to insufficient documentation to satisfy identity requirements, fear of discrimination/harassment, or lack of interaction with the formal financial sector prior to displacement.

**Figure 2. Benefits and Costs of Using Informal and Formal Systems**

	Informal				Formal (registered, supervised by government entities)			
Service Features	Kinship Finance		Hawala-Saraf		Registered Money Transfer Services, Cards, Mobile Money		Bank-Led Services	
	Benefit	Cost/Risk	Benefit	Cost/Risk	Benefit	Cost/Risk	Benefit	Cost/Risk
<b>Price</b>	Often zero fees	Perceived as “no cost” though the costs of time until settlement are considerable	Perceived as lower cost than bank or Western Union options	Perception of cost not always in line with reality and subject to rumor	Standard pricing	Perceived as expensive, though not as expensive as kinship financing	Standard pricing	Perceived as expensive
<b>Financial Enhancements (guarantees, etc., offered by third party or smuggler)</b>	N/A	N/A	Depending on location, various forms of journey guarantees available, sometimes bundled into the price, sometimes offered separately	Some research participants and key informants skeptical that these enhancements were effective	Perceived to be guaranteed because of brand or because of government supervision		Perceived to be guaranteed because of brand or because of government supervision	
<b>Cultural Familiarity (important for adoption)</b>	Highly familiar		Highly familiar form of money transfer		Familiar to most	Familiarity possibly limited by gender and age	Wealthier migrants or those on salary found it familiar and liked services	Mostly, unfamiliar, unless were banked in country of origin
<b>Access and Convenience of Adoption</b>	Convenient if receiver; local person makes payment to refugee	Highly inconvenient to “lender,” or person who makes payment to initiating refugee’s family	Shops and locations easily found and relatively close to refugee or sending family members; door-step services available in some locations		Convenient in areas with multiple locations	Inconvenient in many countries of origin as locations were scarce; need to be convenient for both sender and receiver	Convenient for salaried refugees receiving direct deposit	Inconvenient for low income refugees due to banking hours, bank policy, documentation requirements
<b>Trialability</b>	Easy to try and test		Easy to send funds and test their safe arrival		Somewhat trialable			Difficult to test and try
<b>Transparency</b>		Subject to mental reckoning; over time, amounts owed become less and less transparent	Each deal — whether short-term transactions or long-term relationship— often subject to individual negotiation	Opaque, no standardization except in circumstances with visible competition and comparable rates				Fees often not understood, seen as opaque
<b>Accountability</b>	Family pressure makes payments and settlement accountable	No legal recourse		No legal recourse for non-performance	Perceived as accountable; few negative stories		Perceived as supervised and therefore accountable	
<b>Flexibility</b>		Inflexible in terms of settling as depends on physical proximity or mobile wallet access to settle up	Flexible, highly customized services		Flexible transfer services	Inflexible storage and shunting of payments to “service providers” en route	Services seen as flexible	Locations and documentation requirements perceived as inflexible
<b>Reliability</b>		Research participants reported that while clumsy and slow to settle, the service was reliable for the receiver	Widely reported as reliable		Reliable in terms of cashing out		Reliable for transfer, storage	Unreliable in terms of cashing out; ATMs often not liquid, biomarker scans often not working

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## Summary of Findings: Humanitarian Assistance as Part of Refugees' Financial Portfolios

**Modes of distribution of humanitarian assistance varied among agencies**, including in-kind aid (food and non-food items), physical cash, physical vouchers and coupons, electronic vouchers and coupons, and cards and e-wallets.

From the perspective of the NGOs we interviewed, **key factors for consideration in terms of the mode of assistance included** (a) ease and safety of distributing assistance; (b) traceability of refugees' spending as a way to comply with donor requirements; (c) ease of reloading/redistributing assistance; (d) ease of imposing conditions on how the assistance could be used; and (e) the existence of a path to refugee financial inclusion.

**Key factors affecting NGOs' perspectives on cash assistance included** (a) efficiency and scale; (b) familiarity and comfort levels; (c) considerations of financial inclusion; (d) dignity of and flexibility for end users; and (e) traceability and conditionality of funds.

**Key factors affecting refugees' perspectives on cash assistance included** (a) flexibility; (b) familiarity; (c) ease of use by different family members (based on gender and age); (d) the dignity the form of assistance may have made possible (particularly when compared to other forms of assistance).

Refugees cited **fears of losing eligibility for humanitarian assistance** as a reason to avoid using licensed financial institutions for money transfers between themselves and family members (or smugglers). Though the alleged linkages between money transfer agents and humanitarian organizations were unconfirmed, refugees nonetheless believed that NGOs could trace their transactions through money transfer agents. Rumors of such linkages drove refugees towards more informal money transfer arrangements. They believed that less formal institutions were less likely to report their transactions (including deposits from casual labor or remittances from relatives).

## Summary of Findings: Identity on the Move

Who one is and the ability one has to prove it turns out to be two of the thorniest problems for a refugee.<sup>1</sup> Identity is linked to who can gain permission to work or travel or access systems of protection and assistance. It determines which experiences different systems prioritize over others and how refugees interface with bureaucracies of care. Identity refers both to one's own self-identification (and its political connotations) and to its documentation.

Refugees remarked on their **national origin, religion, gender, age, and family status** as having been both sources of vulnerability and potential assets during transit. Refugees recurrently noted their perception that humanitarian agencies, legal systems (such as asylum offices), state security forces, or other actors affecting the refugee experience privileged certain identities (genders, family status, countries and ethnicities of origin) over others. Some refugees were able to highlight certain aspects of their identity (or,

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<sup>1</sup> Parts of this section appear (adapted in portions; identically in others) in a forthcoming article in *Disasters*.

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indeed, to transform into more favorable subjects) that were perceived to be favorable to the system. For those who could not, identity became a way in which numerous systems created and enforced hierarchical regimes, which they were powerless to change except through deception.

In terms of the **documentation of identity**, refugees remarked that, at times, not having documented identity allowed them more flexibility in navigating the complex systems of assistance, protection, and care. At the same time, lack of documented identity precluded some refugees from accessing services, particularly in the formal financial system. Various actors—from money transfer agents to interpreters—assisted refugees in informally navigating identity requirements in order to access the services they needed.

## Opportunities for further research

- **The role of social networks in shaping the refugee experience.** Our research study has highlighted the importance of social networks in the financial journeys of refugees. Subsequent studies can shed light on how refugees forge and maintain social networks—often cross-border and cross-nationality—while in transit. This can involve an analysis of how gender, nationality, religion, and family status shape those networks.
- **The financial journeys of refugees traveling alone.** Much of our research has focused on the experiences of refugees fleeing alongside their families or neighbors. To the extent that we were able to integrate narratives of refugees fleeing alone (due to family separation, financial restrictions, or other reasons), their experiences appeared to differ significantly from those traveling in groups in ways that merit further research.
- **The evolving role of formal financial institutions.** As protracted displacement and refugee transit continue at the time of writing, it will become increasingly important to trace whether and how refugees' interactions with formal financial institutions change over time. This includes, but is not limited to, studying refugees' interactions with banks and use of a variety of financial instruments (such as e-wallets and debit cards).
- **Host community perspectives.** This study has focused primarily on the experiences of refugees and on the perspectives of actors who interface with their financial journeys (such as money transfer agents and key actors in the humanitarian system). Host community perspectives would complement this analysis, particularly considering the challenging financial journeys many residents of host communities faced in our countries of study as this research was unfolding. Studying host community attitudes could include, but not be limited to, understanding the perspectives of local authorities (e.g., mayors, police chiefs), and examining the attitudes of local residents towards refugees and financial inclusion.
- **The social networks of smuggling.** As we discuss throughout the report, smuggling is a key node through which to understand refugees' financial journeys and overall experiences. Throughout the study, we identified opportunities for further research on the social networks of smugglers, including but not limited to, an examination of the role of gender and ethnicity in shaping smuggler-refugee interactions, relationships between

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smugglers and state security forces or police, and relationships between smugglers and other key actors involved in the refugee experience in potentially licit but informal ways (such as, for example, taxi drivers and humanitarian actors).

- **Discrimination and harassment of refugees (and fear of discrimination/harassment).** Our study has shown how, at multiple points, both the fear of and the reality of discrimination and harassment shaped refugees' behavior in their financial journeys. Future studies can delve more explicitly into specific "pain points" that increase refugees' vulnerability to discrimination, as well as trace whether and how attitudes towards refugees change as they become more integrated into host communities.
- **Longitudinal research on the experiences of refugees over time.** Our research study unfolded over the course of a year and, even within this period, we noted significant shifts in the experiences, challenges, and coping strategies of refugees at our various research sites. Tracing these experiences over a longer time, both in the countries of "aspirational settlement" and in countries of transit that are evolving into destinations, can reveal insights on the evolution of financial journeys over time, particularly in situations of protracted transit and/or uncertain resettlement.