

Striking the Match:

Digital Financial Inclusion for Jordan's Refugees

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INTRODUCTION

At the Alliance for Financial Inclusion's 2016 Policy Forum, the Central Bank of Jordan boldly committed to nine financial inclusion targets as part of its commitment to the Maya Declaration.¹ Perhaps the boldest of these is to provide refugees and non-nationals with access to digital financial services.²

Refugees now represent nearly a third of the country's population. As of February 2017, Jordan hosts 655,732 Syrian refugees registered with the United Nations High Commissioner for Refugees (UNHCR), while the total number of Syrian refugees in the country is an estimated 1.4 million. Syrians constitute 46 percent of non-Jordanians living in the Kingdom, and 13.2 percent of the country's overall population.³ Paradoxically, they are seen as both vulnerable and highly capable, so capable that they might compete with Jordanians for jobs. Their vulnerability and their capability have broader implications—political, social, and economic—for Jordan and the region.

The Central Bank sees financial inclusion as a means to enable digital cash assistance. In turn, digital cash assistance—the delivery of money to refugees via digital channels—is thought to limit refugee vulnerability: sums of digital cash delivered regularly, so the thinking goes, will help refugees manage their daily, weekly, and monthly activities. The Central Bank also sees financial inclusion as a means for better-off refugees to channel salaries into digital accounts and for those same accounts to facilitate remittances. As the refugee population surges, financial inclusion for refugees has evolved from an ongoing interest into an urgent challenge.

Part of the financial inclusion package proposed by the Central Bank is Jordan Mobile Payments, or JoMoPay. JoMoPay is a national centralized payment switch that connects end users (through a mobile device) to a payment ecosystem consisting of telecom, banks, transfer companies, and other financial and payment intermediaries.⁴ This ecosystem encourages financial inclusion for many end users, but it offers particular benefits to refugees. JoMoPay serves as a mobile wallet, a secure account accessed through a mobile phone. It allows users, even those without access to traditional bank accounts, to make financial and payment transactions. According to a GSMA report, the Know Your Customer (KYC) requirements for JoMoPay “are designed so that new customers can register by providing either their national ID number (for Jordanian citizens), their passport number (for foreigners), their UN[HCR ID] number (for refugees), or the number of their Ministry of Interior (MOI) service card.”⁵

The benefits of JoMoPay for refugees are clear: a mobile wallet provides a secure, convenient way for refugees not only to transact but also to receive humanitarian assistance. It's also a potential gain for those looking to do business with refugees, as well as for aid organizations hoping to make cash distributions a more efficient and more dignified process.

This case examines JoMoPay, the role it plays in increasing access to digital financial services for refugees in Jordan, and the obstacles that have hindered its adoption so far. During January 2017, the authors interviewed key stakeholders in the JoMoPay conversation to better understand their vastly different



perspectives on how it can complicate or complement existing efforts to improve the lives of refugees. This case can also provide insights to other financial regulators hoping to bring a government-led approach to closing gaps in financial services.

I. JOMOPAY IN CONTEXT

How did refugee issues come to the fore of the Central Bank's mandate? Many refugees are unable to work officially. Unbanked, they operate outside formal financial systems. With the influx of Syrian refugees in the past five years, camps and neighborhoods have expanded to accommodate refugees, but in the process social services have been stretched to their limits. The Central Bank recognized that refugees were a unique population with urgent financial needs.

The driving force behind the bold commitments to Alliance for Financial Inclusion (AFI) is Maha Bahou, Executive Manager for Payment Systems, Domestic Banking for CBJ. Intelligent, charismatic, and no-nonsense, Bahou describes her motivation: "My policies needed to be human-focused. I needed our system to be something more than compliant or up-to-speed with best practices. I needed to do something to meet the needs of our culture, our economy, and our society." She elaborates:

We [Jordan] were committed from day zero to provide refugees with healthcare, education, shelter, all these things, but never access to financial services. And when we introduced our vision to start working on access to financial services...we realized the problem is major for everyone, not only for refugees. But why focus on refugees? They represent almost 30% of the population. We can never ignore that.

RISK-AWARE VS. RISK-AVERSE

The Central Bank believed that Jordan's commitments to AFI must address the financial inclusion of refugees. However, making financial inclusion explicit and actionable for refugees is easier said than done. In a post-9/11 world, Bahou explains, restrictions on financial transactions and access to financial services have increased, particularly for those fleeing conflict. A global climate of de-risking has put pressure on banks

and other financial institutions to increase vigilance of their accounts: anti-money laundering/combating the financing of terrorism (AML/CFT) and customer due diligence (CDD) efforts are ever more burdensome, despite rhetoric of "proportional" or "risk-based" approaches to managing risk. Those approaches caution over-regulating certain financial activities and recommend lighter-touch monitoring to promote both innovation and inclusion. But proportional approaches are often ignored. The temptation to "de-risk" is too great:

National social pressures, domestic politicking, and fears of scarcity augmented by media reports can create a negative political environment in which it requires courage to argue for social and financial inclusion and integration and makes it harder for [financial service providers] to serve refugees.⁶

Concerns about financial integrity are part of the de-risking trend. But so too are fears of upsetting ethnic or religious balances (social risk) and uncertainty about refugee identity (security risk).

As a regulator, Bahou hopes to help rather than hinder financial access for those seeking refuge in her country. To do this, she must take de-risking head on. Citing Alfred Hannig, AFI's Executive Director, Bahou says the Central Bank must be "risk-aware, not risk-averse." Different innovative approaches like JoMoPay represent ways to find a balance between the financial needs of refugees, the desire for economic stability, national aims of interoperability (integrated financial systems), and the goal to maintain financial integrity (limited fraud, money laundering, and terrorist activities).

II. THE STAKEHOLDER LANDSCAPE

JoMoPay was officially launched in 2014 and has not yet scaled. As of December 2016, it had an estimated 2,000 registered mobile wallets,⁷ a number that is rising with the implementation of pilot programs. Between 2014 and the winter of 2016, many stakeholders—including those representing telecom companies, multilateral agencies, local NGOs, and financial inclusion specialists—have been a part of an ongoing conversation around JoMoPay.

Bahou represents the Central Bank's perspective; the Bank is eager to champion the cause of refugee



financial inclusion and is well placed to do so. The Central Bank asserts the slow uptake in adoption is not a reflection of JoMoPay’s benefits to refugees. Indeed, a diverse group of stakeholders all agree that JoMoPay has the potential to create lasting change not only in the way cash assistance is provided to refugees, but also in the way refugees engage with the Jordanian economy. However, the question remains: Who will strike the match to light the fire?

While the perspectives and motivations of the following stakeholders differ, they share a common goal: they all want to find a way to leverage digital financial services for Jordan’s refugees.

PAYMENT SERVICE PROVIDERS

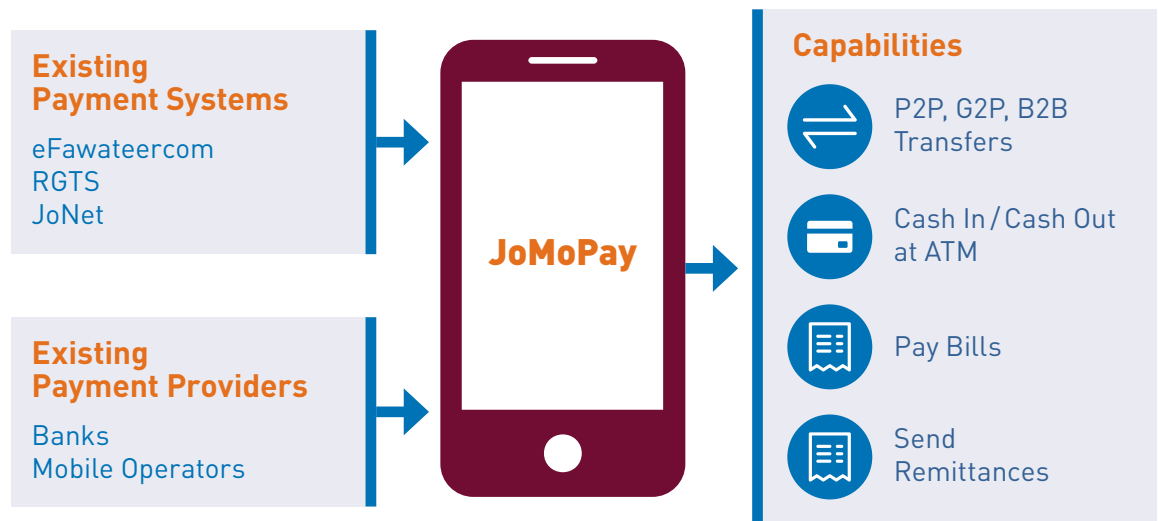
Qais Al-Twal, Senior Officer of Mobile Financial Services at Umniah, one of the leading telecom companies in Jordan, makes the case for support from the telecom community, a key subset of

JoMoPay’s payment service providers. Umniah is in direct competition with Zain, Jordan’s largest provider of telecom services. Both Zain and Umniah have played an integral role in getting JoMoPay off the ground, and they may have the incentives to do so.

While refugees might be some of the most financially underserved in Jordan, nearly all either own a cell phone or have access to one. For many refugees, phones are a lifeline and one of their most precious possessions.⁸ According to Al-Twal, Umniah is not seeking revenue from transaction fees—simply increased traffic in voice and text use. As cell phone usage within the refugee population is concentrated, Al-Twal believes the availability of the JoMoPay service could help drive voice/text customers to a particular provider and keep customers loyal to that provider.

JoMoPay also eliminates the need for customers to purchase phone cards, a challenge for refugees with limited mobility or access to shops stocking

Figure 1: Overview of JoMoPay



JoMoPay enables a wide range of uses, including P2P and P2B transfers, and bill payments. Additionally, JoMoPay enables G2P, B2B, merchant payments, international remittances, cash-in and cash-out.

All payment service providers and banks offering mobile banking and/or mobile money services have to connect to JoMoPay, and mobile network operators must connect as well.

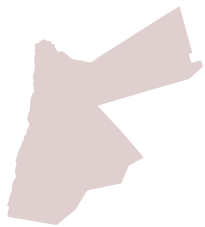
To ensure full interoperability of the mobile money ecosystem, JoMoPay has integrated with other payment systems in Jordan, including: eFAWATEERcom, Jordan’s bill presentation and payment switch solution; the RTGS (Real Time Gross Settlement System); and JoNet, the national ATM switch. This graphic represents how funds can move through the actors in this ecosystem.



“They have the mobile numbers of all refugees, they have the biometrics, KYC...they have everything. I believe UNHCR is our key stakeholder in this.”

MAHA BAHOU

Executive Manager for Payment Systems and Domestic Banking, Central Bank of Jordan



the cards. The bottom line: e-money will be more convenient for refugees and cheaper for Umniah. It is also a way for Umniah to pursue its corporate social responsibility imperatives.

MULTILATERAL AGENCIES

Multilateral agencies, such as UNHCR and UNICEF, distribute hundreds of millions of dollars in financial assistance in Jordan. According to the UNHCR Biometric Cash Assistance report, “More often than not, if a refugee is receiving cash assistance in Jordan, that financial support has come from UNHCR.”¹⁰ Since 2008, UNHCR has distributed more than \$118.7 million to Syrian refugees alone,¹¹ and since June 2012, UNHCR has been providing Syrian refugees in Jordan with an average of \$127 per household per month.¹² However, despite a requested budget of \$277,212,606 for 2017,¹³ the funds consistently fall short of the need.

To more efficiently distribute funds, UNHCR uses iris-scanning machines (hardware) and the Refugee Assistance Information System data collection and dissemination platforms (software), but have yet to leverage JoMoPay technology. Both UNHCR and UNICEF, the largest distributors of cash assistance in the country, worry that JoMoPay faces challenges in its ability to scale and to impact its beneficiaries. Getting this money distributed securely and efficiently is a role JoMoPay could play, especially since the current cash distribution systems have been critiqued by humanitarians, refugees, and financial regulators alike as problematic. The current system of cash distribution has drawbacks that JoMoPay could resolve.

A payments consultant, focused on digital financial services in the Middle East who served as a key informant for this case is not entirely convinced of this argument. Tasked with advising UNHCR on its cash distribution strategies, he believes the logistical hurdles of JoMoPay could be too plentiful to overcome. Additionally, he says, JoMoPay might not serve all refugees equally well. “Choosing the best interface for the population being served is key,” he notes. Different refugee populations have highly variable needs, and a mismatch could be a determining factor in JoMoPay’s success.

Our key informant also believes a lack of liquidity—physical cash on hand—can prevent adoption by merchants. If merchants don’t have cash in the till, they have difficulty exchanging a customer’s e-cash for physical cash and risk losing customers. Without a greater proliferation of merchants and vendors who accept JoMoPay, he says refugees will be forced to simply cash out their distributions at a few cash-out points, such as ATMs. Such a result would inconvenience customers and hinder the Central Bank’s larger goal of increasing financial inclusion.

Moreover, our key informant is skeptical about how much of refugees’ money, other than cash distributed by aid organizations, would make it into mobile wallets. Right now, he says, many refugees store their money in gold or jewelry to keep it secure. For refugees who have always been unbanked or for those who remain doubtful about data privacy, there is little incentive for them to keep cash in a mobile wallet. An anecdote from a Syrian refugee living in Rusaifa reveals that privacy surrounding financial transactions and income streams is a major concern for refugees in relation to their financial assistance:

“Thamer started to transfer some of the money he was making as a laborer back to his family in Syria. He says that UNHCR discovered this and cut off his coupons and monthly cash assistance as a result... He heard that this might happen from other relatives, and was disappointed that when he actually tried, this came true.”¹⁴

However, there are apparent benefits to using an e-wallet. Our key informant believes that the impact of JoMoPay would be especially great for smaller humanitarian organizations conducting cash distributions. The time and manpower saved on physically distributing cash is an incentive for humanitarian agencies to load prepaid cards or wallets using the JoMoPay platform. For refugees, receiving money in their wallets or on a prepaid card would allow them to turn their digital cash into physical cash as they see fit, keeping it secure in the meantime.

SMALL SCALE NGOS

Representatives from smaller organizations handling aid distributions to refugees agree that JoMoPay could be useful. While UNHCR coordinates the majority of



“We [CRP] can’t just go to a bank and set up cash distributions for our beneficiaries. That would be a gargantuan task for us to carry out...We’re trying to figure out what’s the most effective way to do distributions with the model we have now. We’re not able to move to an easier model unless something like JoMoPay comes along.”

AMANDA LANE

Executive Director,
Collateral Repair Project
(CRP)



Figure 2: Aid Distribution in Action

Several safety concerns, for aid recipients and NGO staff alike, can arise during an aid distribution. While CRP distributes in-kind aid to its community, the same challenges are encountered during cash distributions, as illustrated further in Figure 3.



Photo Credit: Allyson Hawkins, all pictures taken in Amman, Jordan, summer 2016



cash distributions through its implementing partners (mostly NGOs), there are many refugees, particularly in urban neighborhoods, that slip through the cracks. This is where smaller NGOs such as Amman's Collateral Repair Project (CRP) step in. "Many come to CRP after they've knocked on everyone else's doors and were turned away," says Amanda Lane, CRP's Executive Director. CRP works with some of the most vulnerable refugees in Amman, those who have not met specific vulnerability criteria for other aid organizations, or for whom the cash assistance they do receive simply isn't enough.

For volunteer-run organizations like CRP with few hands on deck and few resources at their disposal, cash and in-kind distributions take an extraordinary amount of time and effort. "We're small," says Lane, "so we can't just go to a bank and set up cash distributions for our beneficiaries. That would be a gargantuan task for us to carry out...We're trying to figure out what's the most effective way to do distributions with the model we have now. We're not able to move to an easier model unless something like JoMoPay comes along."

What exactly would be required of organizations to take up JoMoPay? Alongside training-of-trainers, some entity would need to launch marketing campaigns to educate refugees receiving assistance through JoMoPay accounts. While the piecemeal adoption by small NGOs won't bring about the overnight uptake that the Central Bank hopes for, it could prove to be a steady way to scale JoMoPay. Over time, small NGOs could create their own distribution hubs for refugees using JoMoPay: no need to wait for UNHCR to begin using it first. While their motivations may differ, these diverse stakeholders all agree: JoMoPay has unique and thus far underutilized benefits for Jordan's refugees.

III. EVOLVING INNOVATION: HOW JOMOPAY COMPLEMENTS AND COMPLICATES EXISTING SYSTEMS

EXISTING CHALLENGES: KYC

Refugees in Jordan do not have access to traditional bank accounts, whereas Jordanian citizens and other non-nationals do. The Know Your Customer (KYC) requirements for opening bank accounts in

Figure 3: Challenges Facing Aid Recipients

PHYSICAL CHALLENGES

Waiting, often publicly, for long periods of time. For those with a physical disability or mobility issues, this presents a major hurdle.

Physical violence is a possibility. As Lane notes, tensions are high during distributions about who receives what, how much, and who is excluded. Confrontations between aid recipients, and between recipients, excluded assistance seekers, and staff can happen.

Additionally, **refugees with children** who cannot find childcare during the distribution often have their children accompany them, which places them at risk as well.

PSYCHOSOCIAL CHALLENGES

A lack of privacy. Distributions are often public and in tight-knit refugee communities, being seen traveling to and from distribution sites to receive assistance can lead to challenges within families and between neighbors. Pressure and guilt towards households who do not receive assistance can cause emotional strain for recipients.¹⁵

Challenges to dignity. Often, distributions are photographed, rendering refugees visible, with or without their consent. "In order to attract money, refugees must be visible," says Heather Johnson in "Click to Donate."¹⁶ This tension between satisfying donors with images of aid recipients and the implications for refugees' dignity by rendering aid collection experiences visible, presents another challenge."



Jordan vary by the bank, but generally they require information that refugees do not have: official documents such as a passport, utility bills in their names, proof of employment, and an official residence. Even if refugees were permitted to have formal bank accounts, the KYC requirements would present a barrier. Therefore, the low KYC requirements for a JoMoPay wallet give refugees access to a secure account, a benefit they otherwise do not have.

EXISTING CHALLENGE: IRIS GUARD

Currently, the most innovative and cost-effective method of humanitarian cash distribution is UNHCR's Common Cash Facility. In partnership with the Cairo Amman Bank, UNHCR is using iris-scanning technology to enable refugees to access funds without the need for a bankcard or PIN code. UNHCR alerts refugees via text message that the funds have been distributed to their accounts. Refugees then go to an iris-scanning ATM of the Cairo Amman Bank and withdraw the funds.

Lane has witnessed the conditions that make physical distributions and cash withdrawals so difficult. For starters, there are logistical, health, and safety issues to consider for both the refugees as well as staff. At CRP, "it can definitely be a security issue. We have so many new people coming to us...and what this means is we sometimes have over a hundred people who come saying, 'Oh, my name's on the list,' and it's not," she says. "This creates a lot of interpersonal and anger management issues at our center. It's a lot to manage." These confrontational scenarios present not only a challenge for CRP, but also for the many who stand in line, sometimes for hours and in all types of weather, waiting for their distributions. "People coming and waiting in line to pick up goods is excruciating," Lane explains. "They stand outside for a long time, and our ability to help people with mobility issues is very much limited."

The iris-scanning technology eliminates some, but not all, of these issues elucidated by Lane. But, while proponents of the iris technology say it is secure, convenient, and efficient, critics point out that the enrollment phase of setting up an iris-linked account takes too much time. According to a UNHCR report, "[t]housands of refugees cannot be sent to register at one bank branch all at once."¹⁷ This creates delays in enrollment, which can prevent assistance from

quickly reaching refugees. The uneven distribution of technology-equipped bank branches (and ATMs) has resulted in inconvenience or even danger for refugees attempting to use the system. An interview with Fareed, a Syrian refugee in living in Irbid, sheds light:

The general challenge, he says, for many is dealing with the iris machines... "In Irbid, there is only one machine in each bank (compared to four or five per bank in Amman) and it's usually broken or malfunctioning. Some people attempt to collect money two, three, four days in a row with no success. The four branches of the Cairo Amman bank...in Irbid are VERY crowded come collection time. The crowds are volatile, people often physically fight in line, and it's not safe... Not only men, but women, the sick, and the elderly have to make it through this mess as well. The bank tellers are also very rude to refugees. All these factors result in some declining to receive the financial aid at all through the iris system, due to the degrading and rude treatment we endure...We have to take care of each other in order to keep each other safe."

Fareed himself goes all the way to Amman to avoid this mayhem when it comes time for him to collect his assistance. One third of the money he does receive goes towards paying for the trip there and back. "It's only symbolic help," he says.¹⁸

Additionally, bank accounts accessed by refugees through the iris-enabled system are not fully functional. UNHCR or an affiliate can distribute funds into the account and refugees can use the bankcard (sometimes with restrictions, depending on the agency providing assistance) to make purchases or withdraw cash, but the accounts themselves do not allow for other deposits, transactions, or transfers between individuals or vendors. These are all gaps, Bahou believes, that JoMoPay can fill.

EXISTING CHALLENGE: DISTRIBUTION TRACKING, RAIS

According to a report from the UNCHR, "[h]elping just one refugee is a complex process. It requires various referrals, communication between a multitude of partners, [and] records detailing what assistance was provided when and by whom."¹⁹

The Refugee Assistance and Information System (RAIS) organizes this information and makes it



Figure 4a: **Government Payments to Individuals**

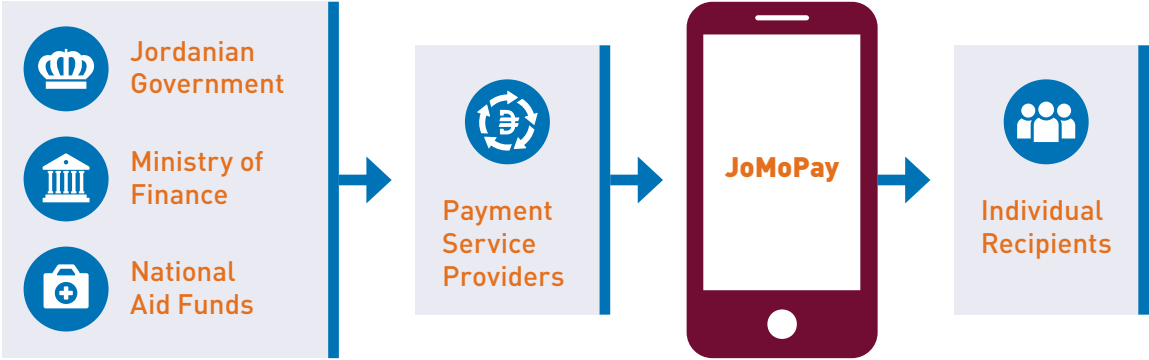
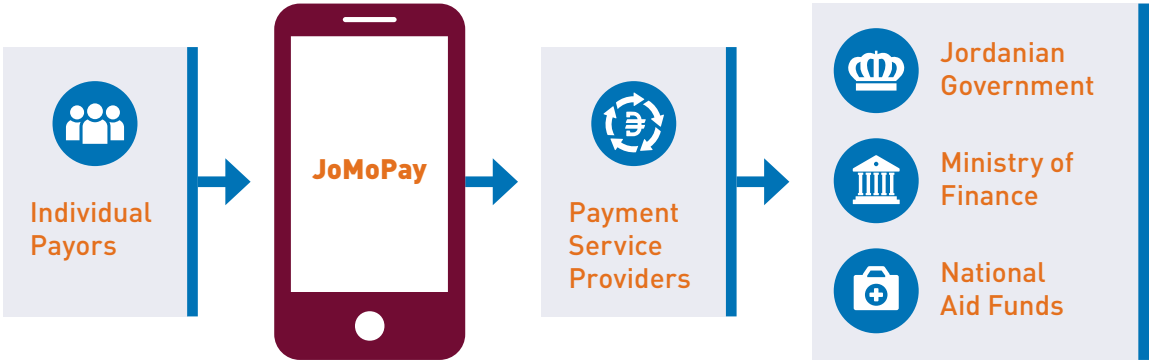


Figure 4b: **Individuals' Payments to Government**



available to humanitarian actors to aid in the coordination of assistance. Developed by UNHCR Jordan in 2010, the online database helps aid organizations keep track of assistance provided to each refugee based on their UNHCR registration numbers. Those with access to the database are able to view how much assistance each refugee is receiving and from whom. This information is critical to organizations distributing assistance, cash or otherwise, since it creates transparency to help decrease overlap.

IV. JOMOPAY IN ACTION: INTEGRATING SYSTEMS

BENEFITS FOR REFUGEES

When it comes to JoMoPay, the KYC requirements are remarkably low for refugees, as previously

outlined. Once an account is active, refugees can deposit cash into their mobile wallets, giving them a safe place to store their money.

The convenience of the account is also an advantage. The movement of many refugees is restricted for various reasons, both in camps and urban areas. Remote transactions through a digital service like JoMoPay can help. Additionally, for refugees with mobility issues such as those who are homebound or caring for children or elderly family members remote access to a mobile wallet is convenient; it eliminates the need to travel to cash distribution points (NGOs or ATMs) and stand in line to withdraw cash, a process that can be quite public and potentially dangerous.

Finally, for refugees, JoMoPay is cheap. Most traditional bank accounts in Jordan require a minimum 200 dinar [\$282] minimum balance, an amount that many refugees cannot raise. JoMoPay



“It’s not about the legal status or the legal requirements for accessing financial services. It’s about the willingness and the need.”

OZAINA AL-JUNDI

Senior Advisor,
Central Bank of Jordan



accounts, however, cost nothing to open, and the fees associated with transacting are considerably lower than at a bank: 25 piastres (\$.035) to cash out, versus 1JD (\$1.40) through a traditional bank. The cost difference for real time, P2P transfers is even greater; domestic transfer rates through banks range from 3-5 JD (\$4.25-\$7.05) and 7-10 JD (\$9.89-\$14.13). JoMoPay rates for these P2P transfers are 0.07-0.17 JD (\$.10-\$0.25). The low fees are not only attractive from a cash-out perspective; the Central Bank believes that the low fees will also encourage refugees to transact with vendors and with each other.

BENEFITS FOR HUMANITARIAN ORGANIZATIONS

One innovation that could increase adoption and usage of JoMoPay by humanitarian organizations is to integrate data generated by JoMoPay (how much aid is distributed to each refugee and by which organization) into the existing RAIS system—the aforementioned system that tracks cash assistance received by refugees. This would ensure that information available to humanitarian organizations keeps pace with the faster speed of JoMoPay.

With respect to refugees, JoMoPay is a system meant to facilitate distributions. If JoMoPay can generate information about who receives what and when, this information could then be integrated into the RAIS system and support existing NGO cash assistance efforts to refugees. Additionally, the challenges refugees face in current cash distribution systems, as illustrated in boxes 1.1. and 1.3, could be eliminated with remote, mobile distribution of funds. The convenience of the distribution, increased safety, and increased privacy for refugees receiving cash assistance via JoMoPay all represent substantial improvements over the current system.

OVERARCHING BENEFITS

Once they’ve reached Jordan, the financial portfolio of most refugees includes three main components: physical cash assistance from humanitarian organizations, sources of informal income, and remittances. According to a GIZ report, “Cross-border remittances by migrants living abroad have been a major source of income for the Jordanian economy for a long time: valued at 3.8 billion US dollars, these

remittances accounted for approximately 10 percent of GDP in 2015.”²⁰ In this sense, the use of mobile wallets can be an advantage for those sending or receiving remittances as JoMoPay enables cross-border transactions. Users benefit from JoMoPay’s lower fees and are able to send and receive more, which could prove beneficial to the Jordanian economy overall.

PROMISING PILOTS

Several successful pilot programs are already in motion. Cash-for-work programs, transportation programs, and programs on college campuses are all utilizing JoMoPay to make transactions simpler and more streamlined for refugees, commuters, and university students. The government is also using JoMoPay to distribute salaries to military members in remote locations, who can then transfer funds to their families from their military outposts, many located along the Jordanians frontiers where movement of both people and cash is dangerous. Another notable example is how this technology is being leveraged in Zaatari, Jordan’s largest refugee camp. Here, refugees who want to venture outside the camp must get a permit to leave, which can take considerable time. But now refugees can use JoMoPay to facilitate transactions with family, friends, and vendors beyond the camp’s borders.

The Microfund for Women (MfW) has noticed these pilots, particularly in cash-for-work programs. MfW is currently conducting surveys to learn if the women who are receiving their MfW’s microloans would find JoMoPay a useful way to receive loans and make loan payments, in much the same way cash-for-work beneficiaries do. It is the hope of both the Microfund for Women and the Central Bank that JoMoPay’s uses can be expanded to make transactions—loans, loan repayments, government grants—easier for all people living or working in hard-to-reach places.

V. ADDITIONAL CONSIDERATIONS

While the benefits of JoMoPay for refugees are clear, several obstacles remain.

Many nonprofits use cash distributions as a way to make face-to-face contact with refugees seeking assistance. Before the iris system was implemented,



this was the best way for organizations to ensure that the funds were being received by those most in need. Now the iris system uses biometrics to confirm that aid is going to those intended to receive it. Face-to-face contact and the information NGO workers collect as a result could be lost in an end-to-end digital system. The question remains whether the loss of information, which helps humanitarian organizations gauge how to best assist refugees, is outweighed by the convenience, efficiency, and security that refugees and organizations could experience through JoMoPay-facilitated distributions.

PARALLEL UPTAKE ISSUES

Currently, the Central Bank of Jordan identifies official shops as access points for JoMoPay technology. However, many shops where refugees might transact are not officially registered as businesses and therefore are not able to access JoMoPay. As a workaround, Bahou says “those shops have to register as individuals. As an individual with your wallet, I just send you money, and you can send it to me. It’s like P2P, as they’re not officially merchants.”

This is just one piece of the larger issue, which is getting vendors to utilize JoMoPay in the first place. While agreements can be reached with larger and official business entities, smaller and unofficial businesses, which make up a considerable proportion of the Jordanian and refugee economy, might be slower to adopt.

PREVALENCE OF CASH ECONOMY

Informal jobs constitute an estimated 44 percent of total employment in Jordan, with refugee employment even more likely to be informal.²¹ Many refugees who work informally are paid in cash. Without formal bank accounts or the ability to work legally, this status quo is unlikely to change soon. Additionally, those who receive financial assistance withdraw their cash in order to spend. Ozaina Al-Jundi, a Senior Advisor at the Central Bank, believes people might be hesitant to switch to an online system, because despite its efficiency, it might be perceived as less convenient.

In contrast, some refugees might prefer cash: cash can be a stalling mechanism or an excuse not to settle debts. For example, if a refugee cannot pay rent on time, he can blame the delay on his inability to retrieve or physically deliver the cash. With JoMoPay, there is no stalling factor; a transfer can be made instantaneously with the click of a button. This efficiency could be perceived by some as an advantage but by others as a disruption to their livelihood strategies. Additionally, many refugees may prefer the flexibility and anonymity of cash.

PRIVACY AND TRANSPARENCY

Refugee users perceive that account balance information is transparent to aid organizations that deposit into the wallet. A recent essay, “Financial Inclusion in Refugee Economies,” revealed that perceived surveillance of finances was a concern for many refugees.²² Currently, the way JoMoPay is set up, each organization depositing funds into any wallet can monitor the balances of their specific deposits but not the full account. Despite this reality, the perception among potential refugee users is that those with access can view the balance of their entire wallet. This perception might make refugees hesitant to deposit funds from remittances, informal labor, or other organizations.

The RAIS system already makes the cash assistance each refugee receives from each organization transparent to other RAIS users (NGOs and implementing partners). But the wallet offers an additional fear: not only will aid agencies conspire to avoid duplication of aid (RAIS helps ensure there is no duplication), but the wallet will allow full viewing of all its contents, whether aid-related or not. In other words, depositing aid organization would be able to see remittances or wages deposited into the wallet, which could threaten future cash assistance from the aid organizations. The fear of total wallet visibility, founded or unfounded, poses a serious challenge to uptake and usage. While Jordan has laws that protect consumer privacy—legislation that is at the forefront of the minds of those at the Central Bank—government assurances might not be enough to convince many refugees of the security and privacy of their accounts.



“Financial inclusion isn’t about opening accounts, it’s about enabling people to have a better life.”

OZAINA AL-JUNDI
Senior Advisor,
Central Bank of Jordan



VI. AWARENESS, EDUCATION, AND ACCESSIBILITY

Currently, a lack of communication between stakeholders and a lack of awareness outside the Central Bank about JoMoPay hampers financial inclusion. Educating the public—and specifically refugees—is an even broader challenge. The Central Bank and payment service providers have invested in marketing campaigns and pilot programs to spread awareness, but there seems to be a “chicken and egg” issue at play; humanitarian organizations need to see JoMoPay in action to truly understand its potential impact, yet its adoption for cash distributions cannot be realized without buy-in from these same organizations.

“If there is a way to benefit or receive assistance, refugees will figure it out,” says our key informant. The uptake and usage of the UNHCR iris system demonstrates this. Originally, it was estimated that 15% of refugees utilized the system, and today that number stands at 98%. A similar commitment from humanitarian organizations to educate and implement JoMoPay could lead to similar proliferation of this technology. Financial literacy programs and education initiatives can help achieve this goal but require a substantial financial commitment of these organizations to make the needed inroads.

Alongside marketing efforts, a parallel proliferation of agents must unfold. To encourage this, the Central Bank has worked to assure that incentives are strong for companies, vendors, and humanitarian organizations to utilize JoMoPay. “We provided incentives to companies who linked to the switch to operate without any extra costs...the only investment they put, they put in their applications... they will make money.” Additionally, if merchants agree to serve as cash-out points, they will have less liquid cash to manage, another incentive the Central Bank wants to promote.

VII. STRIKING THE MATCH

All of the material—the kindling so to speak—to increase refugee financial inclusion has been gathered together by Bahou and her team. The technology, infrastructure, understanding of the

benefits, successful pilot programs, and potential for expansion beyond the refugee population are there. Someone must strike the match to light the fire. Who will be the first to do so?

While uncertainty around the logistics of large-scale implementation remains, success with smaller-scale pilots for refugees and others inspire the Central Bank to push forward. Would a top-down approach spearheaded by multilaterals help the Central Bank reach more refugees with JoMoPay technology? Or would ground-up programs run by small-scale NGOs have a larger impact? For any stakeholder invested in increasing financial inclusion for refugees, the case of JoMoPay demonstrates that this conversation is far from over.

QUESTIONS FOR DISCUSSION

1. The iris-scanning technology currently utilized by UNHCR leaves very little room for fraud; the person withdrawing from the ATM is the person for whom the assistance is intended. Is the issue of fraud addressed within JoMoPay? What are the potential ways JoMoPay could be exploited?
2. The Central Bank sees the security issue as key; refugees need a safe space to store their funds since they do not have access to traditional brick and mortar bank accounts. However, theft of cash is low in Jordan and is more common for refugees as they are traveling, not once they are settled. Is security a really key benefit of the JoMoPay system? Are there other aspects of the platform that are more compelling?
3. Are the low limits of JoMoPay enough to encourage refugees to begin saving in this type of account?
4. The KYC requirements to open a JoMoPay account are low; refugees must provide a cell phone number and their UNHCR registration or Ministry of Interior identification number. However, tens—even hundreds—of thousands of refugees in Jordan remain unregistered and/or without MOI cards. How can the Central Bank encourage financial inclusion for this population?
5. If there is a way for refugees to receive assistance, they will learn how to use it. Is it ethical to place the burden of learning JoMoPay on refugees? Are there other populations that could learn and utilize JoMoPay to contribute to an increase in adoption? Would they experience benefits to the same degree or differently? How so?
6. P2P transactions alone will not help JoMoPay get off the ground; government involvement and the implementation of G2P payments will appeal not only to refugees, but to the Jordanian population as well, which can help more people get on board more broadly with JoMoPay. Who are other potential JoMoPay clients? Are there other ways to encourage large-scale adoption outside the refugee population? What branches of the government or organizations could be involved in this process? And most importantly, which approach will help the Central Bank achieve its primary goal of increasing financial inclusion for refugees through JoMoPay?



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