

PRIME Africa initiative

Enabling remittances access in The Gambia – Technical assistance and capacity building

21 September 2022



Financing Facility for Remittances

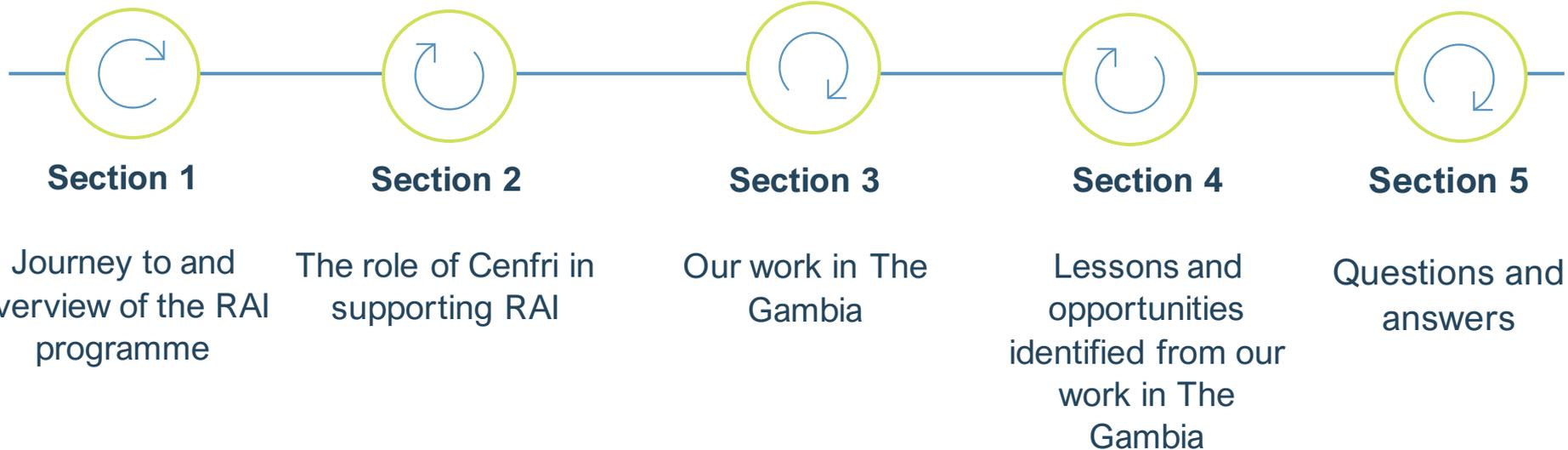


Overview of presentation

Key objective:

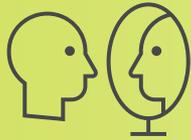
- Share **progress, learnings** and **takeaways going forward** from work being done with remittances service providers (RSPs) in The Gambia under The Remittance Access and Innovation (RAI) programme by IFAD's Financing Facility for Remittances and Cenfri

This will be achieved in the following sections:



About Cenfri

Cenfri is a **leading economic impact agency** based in **Cape Town and Kigali**



Purpose:

Empowering people to solve problems that matter – to create ideas and solutions that have lasting impact



Vision:

People living their financial lives optimally to enhance welfare and grow the economy



Mission:

Unlocking development outcomes through insights and technical support

With strong expertise in the **remittance** and **financial integrity** space



Where are the flows?
Exploring barriers to remittances



Inclusive financial integrity toolkit



Biometrics and financial inclusion

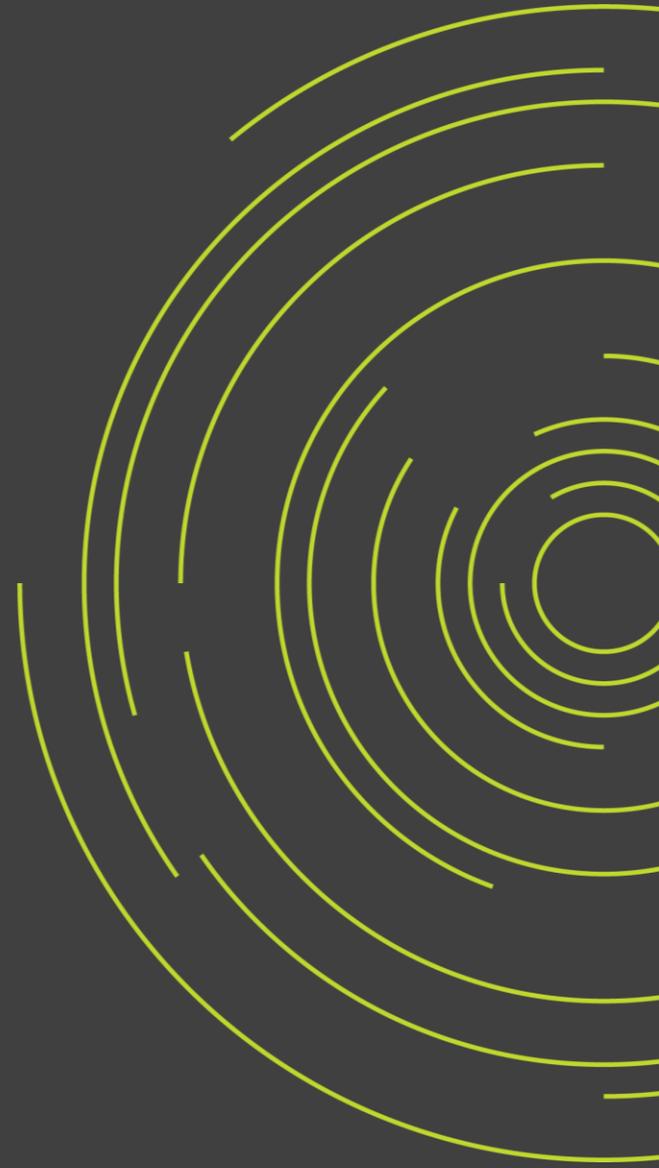


KYC Innovations in selected AFI member Countries



Capacitating regulators, policy makers and financial service providers on financial integrity issues

**Overview of the RAI
programme under the
IFAD Financing Facility
for Remittances**



RAI overview and the objectives



Origins

- RAI was launched in **2021 in conjunction with IFAD**
- Builds on diagnostic studies commissioned by IFAD in seven select African countries **which revealed that know your customer (KYC) and customer due diligence (CDD) requirements are key impediments to remittance access by low-income, rural households and women**



Main goal

Work with remittance service providers (RSPs) to **alleviate barriers to remittance access opportunities for low-income, rural households, and particularly women.**



Achieving the goal

Provision **of technical assistance and capacity building by Cenfri** through the design of interventions to address KYC and CDD challenges faced by RSPs

RAI supports Platform for Remittances, Investment and Migrants' Entrepreneurship in Africa (PRIME)'s objective of achieving **improved access and usage to un(der)banked people (50% being women) sending or receiving remittances** to formal financial services.

How do RSPs and regulators benefit?



Outcomes targeted for RSPs

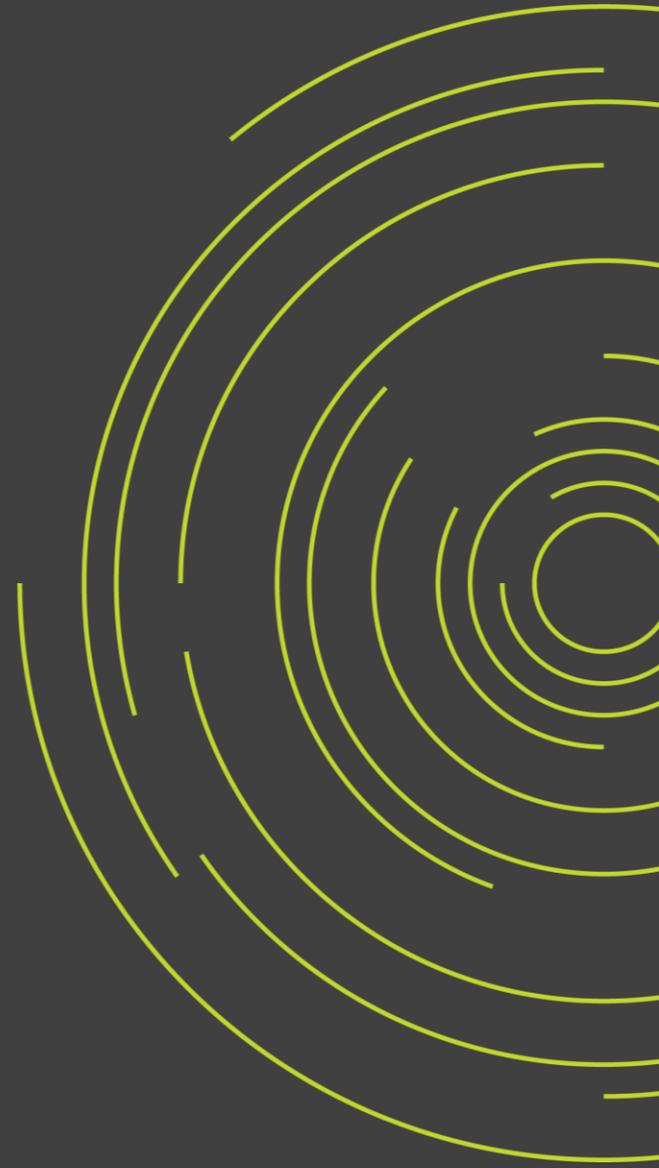
- Interventions align with RSP strategic objectives of expanding customer base
- Reduce cost of compliance to lower costs borne by remittance receivers/sender
- Improve KYC, CDD and risk assessment frameworks to be better aligned with FATF framework and local laws and regulations
- Strengthen RSP communication and connection with target groups/customer



Outcomes targeted for regulators

- RSP KYC/CDD frameworks enhanced to better achieve inclusive financial integrity and sustainable development outcomes
- Strengthen implementation of a risk-based approach
- Enable innovation in the financial sector that supports financial inclusion
- To support and deepen financial market development

Our work with RSPs in The Gambia



Learnings and outcomes from our regulatory assessment

Step 1: Legislative and regulatory assessment component



What we found: emerging enabling environment in The Gambia, with scope for innovation and strengthening of the risk-based approach



Risk-based approach non-compulsory

AML-CFT guidelines advise on the use of **risk-based approach** but have not made it compulsory



Independent sources allowed for customer identity verification

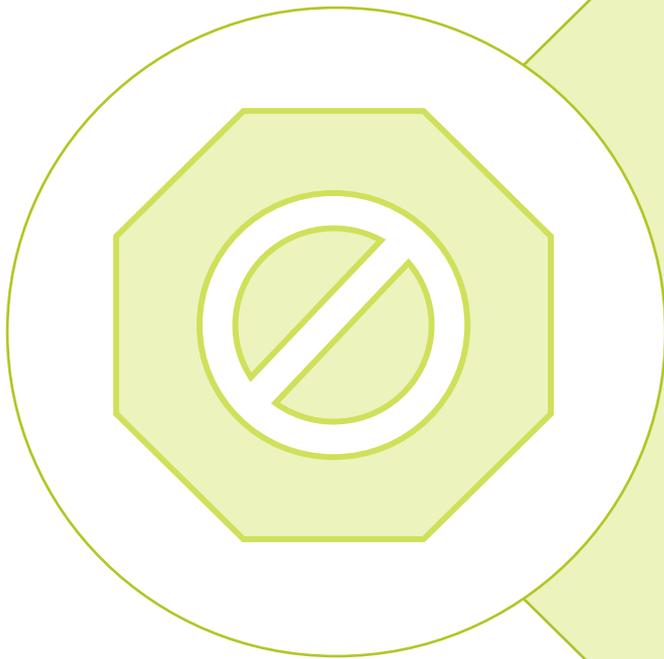
AML-CFT guidelines allows for the use of **independent source documents** or data to verify customer identity information.



Scope to incorporate remote onboarding

There is scope to incorporate **remote onboarding** according to the AML-CFT guidelines. This creates the opportunity for financial institutions to **utilise innovations** (such as biometric identifiers) in a risk-based manner to onboard customers.

Stumbling blocks faced by RSPs in The Gambia



- How to approach innovating on KYC in line with country AML-CFT frameworks
- Customers frequently presenting expired IDs or having no ID at all
- Implementing a risk-based approach
- Moving from manual approaches to digital approaches in identifying and verifying customers
- Working with international money transfer operators (IMTOs) to innovate in aid of financial inclusion objectives

Who we are working with and what we are doing

Who we're working with in The Gambia:

**Pan –African
commercial bank**



**Money Transfer
Organization**

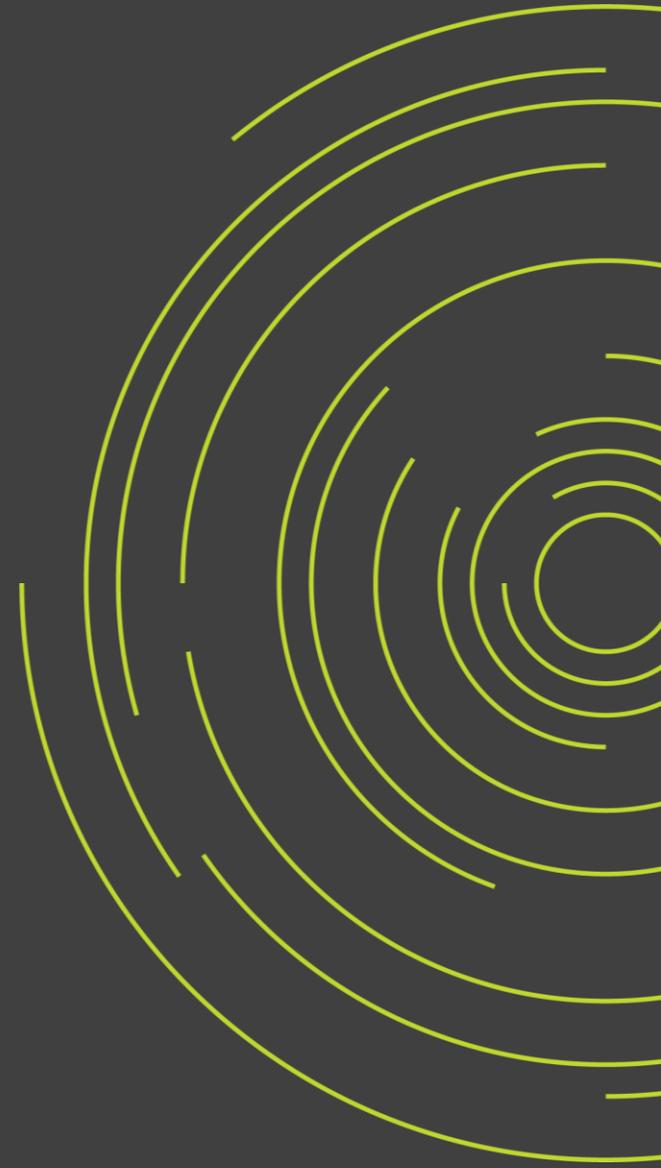


How we are helping RSPs:

- Interrogating risk management frameworks to make them more proportionate and inclusive
- Consultations with the Central Bank of The Gambia on potential scope for KYC innovation
- Providing guidance on how RSPs can innovate on KYC in line with local legislative and regulatory
- Regulatory compliance training



**Learnings and
opportunities identified
to date**



Lessons identified from engagements with RSPs



Lesson 1:

RSPs open to innovation and working with the regulator to leverage opportunities in country regulatory frameworks



Lesson 2:

The Gambian regulator is open to innovation



Lesson 3:

RSPs interested in assistance to enhance their risk assessment methodologies, -frameworks and compliance

Opportunities for future innovation, identified from engagements with RSPs



Opportunity 1:

Potential for simplified KYC framework to be introduced to accelerate financial inclusion



Opportunity 2:

RSPs often require additional support in scaling up some of the interventions, especially digital or technical interventions



Opportunity 3:

Strengthen the country's implementation of the risk-based approach

Questions?

Thank you

Rashid Muhammad
rashid@cenfri.org

Fabrice Gatwabayege
Fabrice@cenfri.org

About Cenfri

Cenfri is a global independent economic impact agency and non-profit enterprise that bridges the gap between insights and impact in the financial sector. It collaborates with its partners to foster economic growth and sustainable development in emerging and developing markets in Africa and beyond. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

About IFAD's Financing Facility for Remittances

Since 2006, IFAD's multi-donor Financing Facility for Remittances (FFR) aims to maximise the impact of remittances on development, and to promote migrants' engagement in their countries of origin. Through the financing of almost 70 projects in over 40 countries, the FFR is successfully increasing the impact of remittances on development by promoting innovative investments and transfer modalities; supporting financially inclusive mechanisms; enhancing competition; empowering migrants and their families through financial education and inclusion; and encouraging migrant investment and entrepreneurship. The FFR is cofinanced by IFAD, the European Union, the Grand-Duchy of Luxembourg, the Ministry of Foreign Affairs of Spain and the Swedish International Development Cooperation Agency (Sida).



Financing Facility for Remittances

