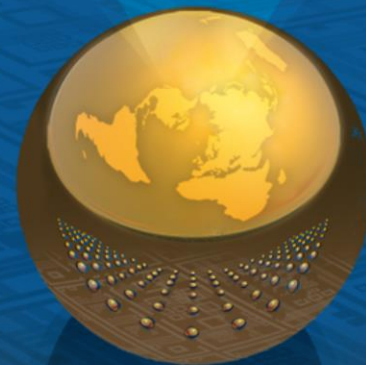


PRIME Africa initiative

Enabling remittances access in Ghana – Technical assistance and capacity building in financial literacy

May 2023

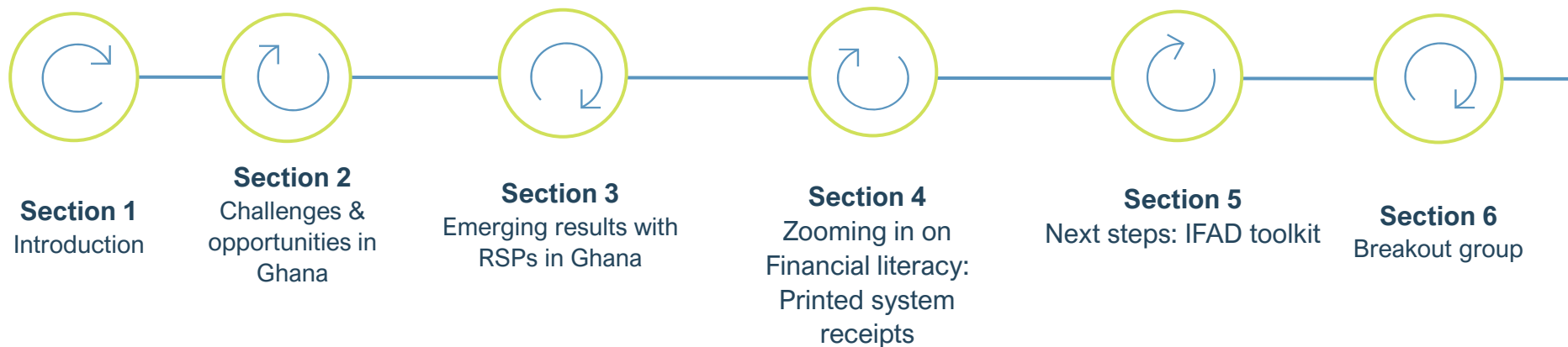


Financing Facility for Remittances

Presentation overview and agenda

Purpose: Share **progress, learnings** and **impact achieved** from work done with remittances service providers (RSPs) in Ghana under the IFAD-Cenfri Remittance Access and Innovation (RAI) programme, particularly in relation to financial literacy issues faced by remittance receivers.

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:

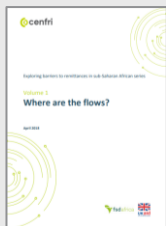
People living their financial lives optimally to enhance welfare and grow the economy.



Mission:

Unlocking development outcomes through insights and technical support.

With strong expertise in the **remittance** and **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 Remittance Access Initiative (RAI)

Enhancing remittance access in Africa



Problem statement of the RAI

A 2020 study commissioned by IFAD identified that while financial literacy was improving and more financial services became available for remittance receivers across the 7 focus countries to make better financial choices, Know Your Customer (KYC) and Customer Due Diligence (CDD) remained as impediments to remittance access, specifically for low-income, rural households and women.



Objective of the RAI

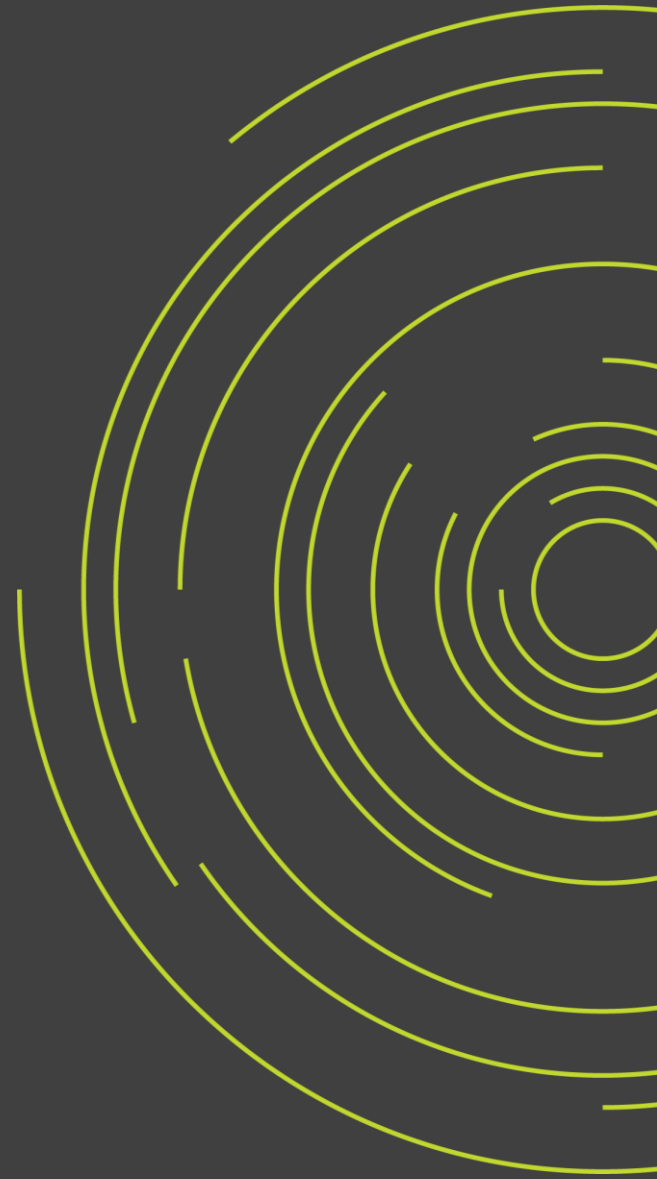
To assist RSPs to remove or reduce the KYC/CDD barriers that currently impede the ability of remittance receivers to engage with formal remittances.



Approach of the initiative

- Conduct country-specific regulatory assessments
- Identify CDD challenges with selected RSPs
- Co-create innovation action plans comprising of interventions to tackle challenges
- Offer technical assistance and capacity building to realise and implement interventions
- Fostering coordination between country regulators and the market

Challenges & opportunities in Ghana



Findings from the regulatory synthesis*

Primary KYC issues identified by selected RSPs to serve remittance receivers



Illiteracy among adults

Illiterate adults in Ghana (approximately 20% according to World bank, [2019](#)) may struggle to complete money transfer forms when receiving remittances. This results in over 2,000 **rejected transactions** each year.



RBA Implementation Challenges and Financial Exclusion

RSP implementation of the RBA still nascent and responses to risk inadequate. This can lead to undue financial exclusion from red-lining customers

Challenges



Lack of IDs

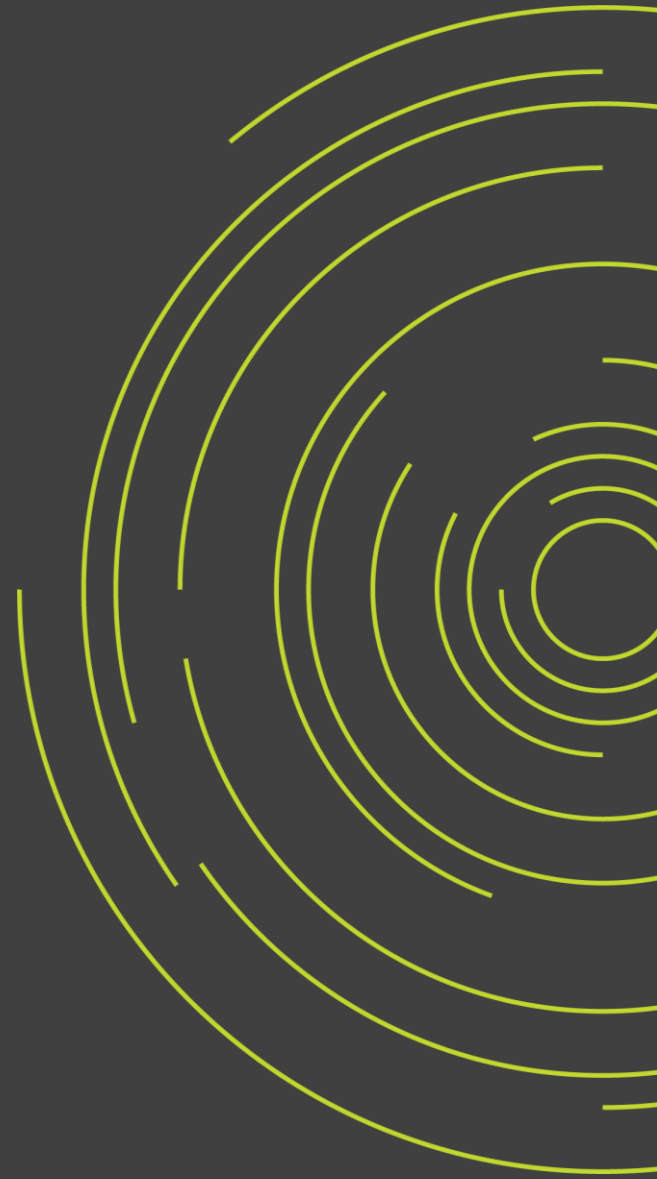
Over 2.5 million Ghanaians lack proof of their identification (World Bank, [2021](#)), resulting in at least 31.8% (Work Bank, [2021](#)) of the adult population unable to access financial services.



Outdated KYC/CDD Training for Frontline Tellers

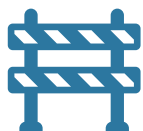
Frontline tellers lack up-to-date training on the latest prescribed KYC and CDD processes and why it needs to be conducted.

**Our work and
achievements with
RSPs in Ghana**



Remittance risk rating for inclusive integrity

Ensuring more risk-proportionate KYC and CDD processes

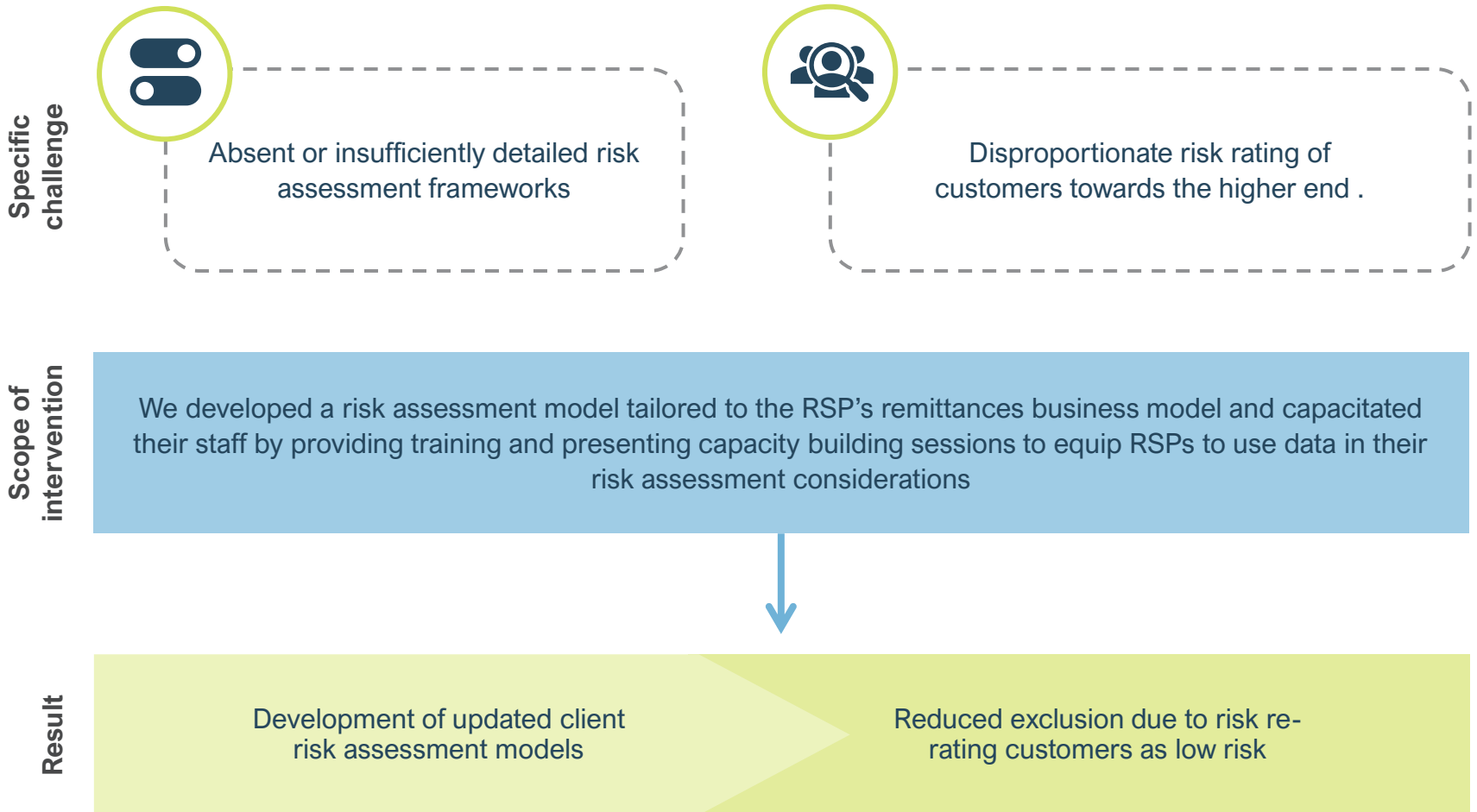


Challenge to be addressed by this intervention

- The introduction of the **RBA towards risk management** has requires FSPs to re-evaluate their view on risks and mitigating controls
- Though welcomed by the market, some RSPs continue to **struggle to design and implement robust client risk assessment frameworks** that adequately enables them to a) understand the risks a business faces and b) ensure that the necessary steps are taken to protect the business against those risks in line with BoG regulatory requirements.
- Inadequate risk assessments can thus lead to the **undue red-lining & financial exclusion** of many customers, especially low-income, rural households and women.
- Working with 3 RSPs in Ghana

Remittance risk rating for inclusive integrity

Ensuring more risk-proportionate KYC and CDD processes



Ensuring that tellers conduct proper KYC

Ensuring more risk-proportionate KYC and CDD processes

Specific challenge



No dedicated front-line teller process guidelines to inform adequate and informed training processes



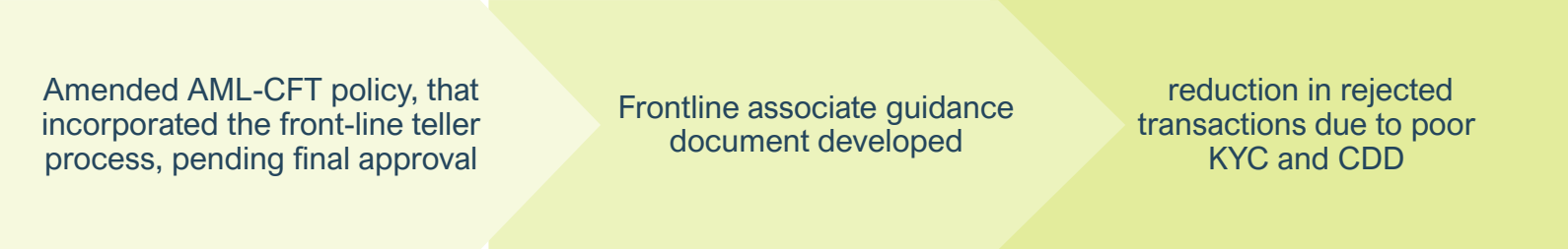
Rejected customers due to improper KYC

Scope of intervention

We conducted a gap analysis of the RSP's AML-CFT policy and conducted capacity building sessions to train staff on a newly developed front-line associate guidance process document.

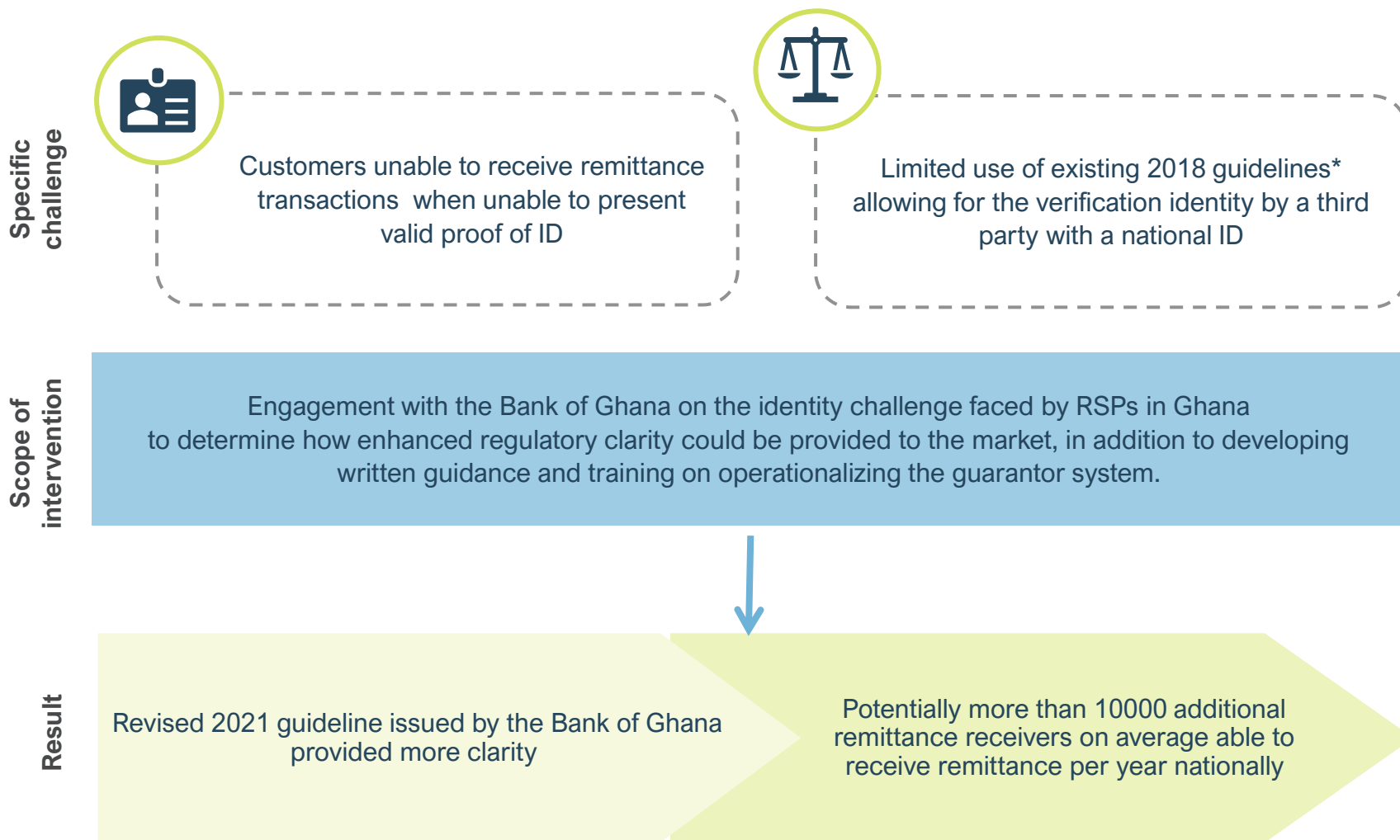


Result



Enabling access for individuals without valid photo bearing ID

Providing access to financial services for individuals without IDs



Financial literacy RAI intervention



Including illiterate remittance receivers through digitalization

Better serving and including illiterate remittance receivers



Challenge to be addressed by this intervention

- **20%** of Ghanaian adults (3.8 million people) are currently considered illiterate, the majority of whom are female.
- Among RSPs, financial illiteracy can often result in remittance receivers (particularly from rural areas) being **unable to correctly provide requests identification information** on remittance request forms, resulting in requests being rejected or abandoned by receivers.
- The Ministry of Finance and Bank of Ghana jointly published the National **Financial Literacy Campaign** which aims to strengthen Ghanaians financial capacity lies and promote responsible financial behaviors.

Including illiterate remittance receivers through digitalization

Better serving and including illiterate remittance receivers

Specific challenge



Thousands transactions rejected per year due to incomplete money transfer forms and not returning for their funds

Scope of intervention

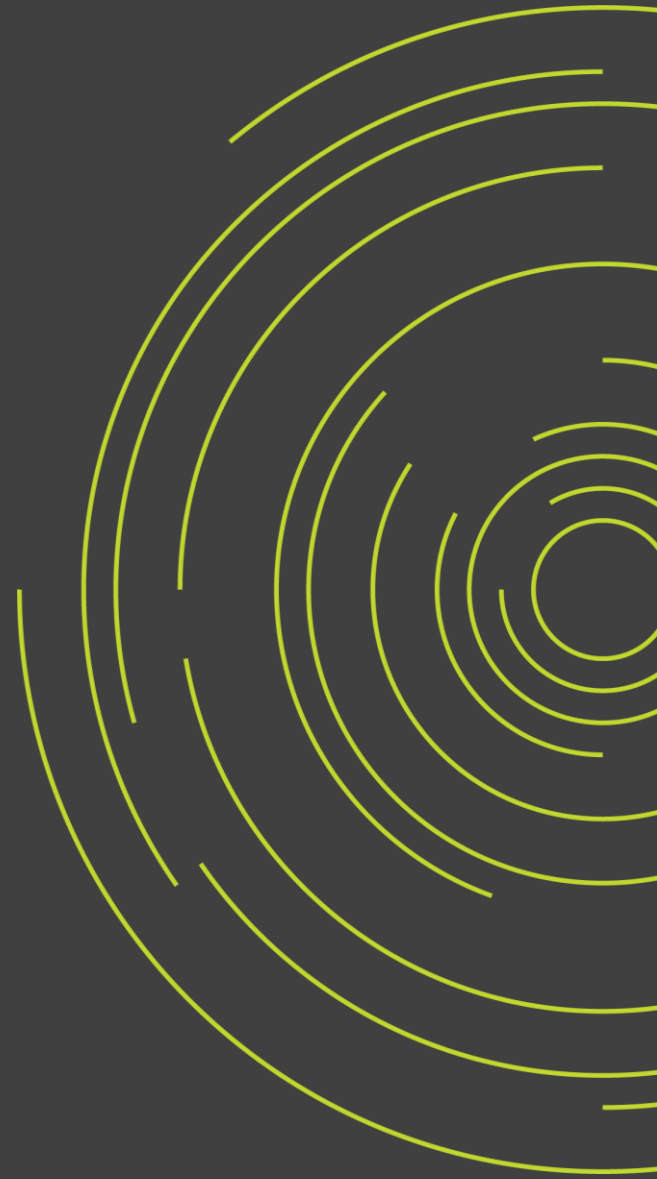


- Developed a business case and conducted training to remove paper receipts and to increase information stored digitally from recipients,
- Developed a communication campaign and poster mockups for distribution.

Results

- Reduced time spent serving remittance receiving customers by half
- Reduced transaction rejection by more than half
- Enhanced remittance access to illiterate & semi-literate customers

Next steps: IFAD toolkit



Toolkit development & engagement to support learning across innovations

Cenfri & IFAD are following up the RAI engagements by developing a toolkit and support RAI learnings for RSPs and regulators

Objectives:



- RAI insights, best practices & learnings more accessible & replicable to RSPs and regulators
- Adoption of best practices and learnings from RAI work supported across RSPs & regulators

Planned Scope




- Will draw from 7 IFAD PRIME countries covered under RAI
- Target individual regulators & RSPs out of the 7 countries
- Also target broader market through bankers' association, remittance platforms, compliance association/institutes
- 2 year program

Key components

- 1 **Toolkit development** (Includes research and documentation as well as RSP and regulator engagement on experience)
- 2 **Dissemination** and engagement on toolkit
- 3 **Capacity building** and technical assistance to RSPs and regulators based on promising innovations & best practices
- 4 Share **learnings** with broader market via engagements with bankers association, remittance associations, compliance institutes
- 5 Support **institutionalization of learnings** across RSPs, regulators, etc.

Potential benefits for Ghana regulators & RSPs

Benefits for regulators

- 
- Opportunity for regulator to **shape guidance & advise market** based on pilot learnings & promising innovations and best practices
 - Opportunity for **cross learning** including from other peer regulators across the 7 countries
 - Opportunity to **advance risk-based approach** and **risk-based supervision** and reduce AML-CFT risks
 - **Enhanced deepening of engagements** and conversations between regulators and RSPs on innovation for inclusive integrity

Benefits for RSPs and the broader market

- 
- Opportunity to **expand and deepen their remittances market** by better serving low income & rural households
 - Increased alignment between institution plans, existing regulatory framework & **opportunities to innovate** for inclusive integrity
 - Increased opportunity to **reduce cost of compliance** by streamlining processes & procedures relating to low income & rural households
 - Enhanced **peer and cross learning opportunities** regarding innovations and best practices
 - **Improved compliance** and progress towards risk-based approach

Key takeaways

3 risk frameworks
tailored to the
remittance business



**Noticeable growth in
inbound transactions**
due to system
generated receipts
intervention



**1 regulatory
guidance** change



**Reduction in
rejected customers**
due to illiteracy



Questions

Any questions regarding the RAI or the upcoming IFAD toolkit?

Break-out session



In 2020, Ghana adopted the **digital financial services** policy to augment the National Financial Inclusion Development Strategy (NFIDS) in driving financial inclusion and literacy. Although financial inclusion is close to 100% in Ghana, more can be done to ensure that these effects reach the most vulnerable parts of the population, including low-income, rural households and women.

Break-out discussion points:

1. What have been the key drivers for the success and failures of financial literacy initiatives by the public sector in the past?
2. What have been the key drivers for the success and failures of financial literacy initiatives by the private sector in the past?
3. What should success look like and what outcomes should us as an industry strive towards to achieve full financial literacy, particularly among vulnerable populations?
4. What is the role technological or digital tools to enhancing financial literacy and promoting access to financial services within the remittance market?

Thank you

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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

