Mobile Money and Financial Inclusion of Refugees in Jordan: Hope or Hype?

In recent years, but especially since the start of the COVID-19 pandemic, governments worldwide have increased policy support for digital financial services with the aims of making payments more efficient and making banking safer while formalizing large informal sectors. To this end, payment fees have been waived and financial service providers have been allowed to onboard new customers remotely.

Mobile wallets are increasingly promoted for payments, including for social protection measures in times of crisis such as the COVID-19 lockdowns. Despite the increased support and use of mobile wallets, especially for aid and cash assistance disbursements, barriers to access persist for many refugee populations in Jordan.

The rise of mobile wallets in Jordan during Covid-19. In Jordan, the government has promoted the use of electronic financial accounts through mobile wallets. These “m-wallets” are digital reservoirs on mobile phones where users can store money that they can later release as payments, remittances, or cash withdrawals. In 2017, the National Financial Inclusion Strategy promoted m-wallets as the primary tool for the financial inclusion of low-income Jordanians and refugees. However, until recently, more specifically before the pandemic, m-wallets were far from mainstream. When we conducted our first round of interviews in 2019, almost none of our participants knew about m-wallets.

However, things have changed quite dramatically since then. As the country went into a lockdown due to COVID-19, the Central Bank of Jordan (CBJ) took prompt measures to allow online registration and electronic know your customer (KYC)
verification for m-wallets. CBJ partnered with the National Aid Fund (NAF) and Social Security Corporation (SSC) to distribute aid to vulnerable Jordanians through m-wallets. This was supported by major efforts to raise awareness through social media platforms and television.

Between March and July 2020, the country saw a 40% increase in the number of registered wallets, with more than one million wallets registered (and 1.47 million as of May 2021), or 10% of the country’s population. The increase in the transactions, both by volume and value, has been impressive as well. Most of this use is attributed to the capture of salaries and aid distributed through NAF and SSC, which means users’ primary motivation to use their m-wallets is to make cash withdrawals. Notable in the increase of m-wallet usage for NAF and SSC distributions is that such assistance is received by the “head of household” which is a male in the vast majority of cases, resulting in a massive gender gap in the receipt of assistance and likewise, the ownership and use of m-wallets.

A recent national survey found other use cases gaining popularity as well, such as paying phone bills or airtime top-ups, person-to-person transfers, paying for utilities, and even making other online purchases. Still, the survey confirmed that most Jordanian users opened their m-wallets to receive government aid.

The use of mobile wallets by refugees in Jordan. Like Jordanians, we saw that among our Syrian participants, m-wallets were of most interest due to anticipation of receiving aid. During Round 2 of our interviews in May 2020, there were already rumors within Syrian participant networks that they might need an m-wallet to receive monthly multi-purpose cash assistance or other aid under COVID-19 response programs.

Ultimately, however, cash assistance was distributed through the regular channels of Iris-enabled ATMs. Thus, while Syrian participants may have gone as far as downloading or even registering for an m-wallet, they did not use it at that time.

None of our non-Syrian refugee participants opened a wallet. Being largely excluded from the humanitarian responses in Jordan, they did not see the need for one. Even those who did need one, such as those who receive regular or one-time cash assistance, were unable to open their wallets because they lacked a valid passport—the minimum KYC requirement for all foreigners. Unlike Syrians, non-Syrian refugees do not qualify for Ministry of Interior IDs, another acceptable KYC for m-wallets.

Pilot programs for m-wallet cash disbursement to refugees. In the push towards utilizing digital payments, including humanitarian transfers, a few organizations have run pilots to disburse cash assistance to refugees through m-wallets. Although small in scale, these have provided some interesting early lessons. For instance:

- A “digital experiment” run by JoPACC and SEP disbursement to 262 Palestinian women refugees in the Gaza Camp in Jerash found money transfer to be the key m-wallet use. This digital experiment and a survey run by ILO also highlighted challenges people face in shifting to m-wallets, including difficulty in registration, overcharging by agents, and denial by agents to withdraw small amounts.

- A pilot by GIZ and Zain Cash to distribute payments under the Cash for Work programme has been implemented in Fifa, Azraq, Dibeen, Ajloun, and Yarmouk. About 1,948 workers (vulnerable Jordanians and refugees) benefited from the usage of m-wallets.

The UNHCR ran a small pilot with Mahfazati where 782 refugees were paid through m-wallets and reported similar challenges on network outreach and fees.

An assessment by the NGO, Collateral Repair Project (CRP), highlighted how non-Syrian refugees, who comprise more than 80% of CRP’s beneficiaries, are excluded from shifting to mobile wallets as the majority of them do not have a valid passport. That said, none expressed a need for m-wallets in the first place. However, as more humanitarian transfers shift to this channel, NGOs serving these populations will not be able to take advantage of this financial infrastructure.

**Making m-wallets relevant for refugee households.** Although expected in any nascent mobile money market, operational challenges and network issues as identified in the pilot programs mentioned above affect early perceptions of trust and safety. These challenges are addressed as systems improve and recourse mechanisms are implemented. There are also behavioral barriers that are difficult to overcome. In the context of refugees there are additional barriers as refugees lack secure legal status—making them wary of formal institutions and long-term investments in the country.”

However, as observed in our research sample, the more prevalent reason for the low uptake of m-wallets among refugee households was their perception of m-wallet usefulness or, more to the point, its lack of usefulness.

The key reason for the lack of usefulness of m-wallets for refugees is that they did not offer relief from the financial income challenges most refugees faced, except for a Syrian minority who could receive humanitarian assistance more easily than other Syrians and all non-Syrians. For the majority of refugees unable to receive humanitarian assistance, m-wallets’ primary function would be cashless transfers. With unstable incomes and lack of work opportunities, what kept the majority of research participants up at night was not how they could make a payment more conveniently in a cashless way, but rather how they could get the resources they needed to pay bills, repay mounting debts, smooth consumption of food and basic necessities, better prepare for the next health shock, and improve income in the future (see Figure 1 below).

Hence, what they faced was not a ‘finance’ problem but rather an ‘income’ problem. Could we then think of how m-wallets could be made relevant to refugees’ ability to generate income and improve resilience?

---

**The ‘Financial Health Framework’ is better aligned to understand the barriers refugees face to achieve their desired financial outcomes**

![Diagram](image)

Figure 1: Financial priorities of refugees across phases of livelihood progression
While payments such as the distribution of humanitarian assistance could be an entry point into the formal financial system, **further tools are needed to support real financial inclusion, including those that improve livelihoods, smooth consumption, and strengthen resilience among low-income households.**

For instance, the Digi#ances project at GIZ Jordan has been supporting two pilots with AyaPay and Dinarak for inbound and outbound cross-border remittances that went live in June 2020. This adds a critical digital income source that is potentially much greater than humanitarian payments. We did see a few interesting possibilities emerging from the FIND data\(^{10}\) where the financial strategies used by participants could be made more efficient if done digitally using m-wallets (see Figure 2 below).

1. **E-commerce and online marketplaces**

With the increase in e-commerce, gig economy platforms, and other online marketplaces, m-wallets play an essential role in facilitating payments. Instead of financial service providers pushing for cashless payments, they could encourage uptake with more focus on promoting ecosystems that support livelihoods for refugees and low-income Jordanians. Mobile money awareness campaigns linked to such use cases might also produce a greater impact than stand-alone financial literacy programs. However, such efforts require collaboration with platforms that support the onboarding of refugee entrepreneurs or gig workers. One such example is the partnership between Mercy Corps and Bilforon\(^{11}\), an app-based aggregator for home-cooked meal delivery. Together they are running a pilot to help Syrian refugee women sell home-cooked meals where they can be paid remotely via mobile wallets.

2. **Digital fundraising**

Interpersonal domestic remittances are already seen as a relevant use case of m-wallets, especially during the pandemic when mobility has been severely affected. One modified use case for this purpose could be digital fundraising.


---

**Figure 2: Financial Health Framework for refugees**
Occasionally research participants were crowdfund-
ing money for urgent medical expenses. We saw this
among Somali, Yemeni, and Sudanese right after
arrival. We even saw this in the later phases among
Syrians with relatively wider networks with other
Syrians and Jordanians. Another study with Syrian
refugees found many examples of kinship finance
where Syrian families scattered hither and yon, bor-
rowed from, or lent to help each other out, some-
times in complicated transactions that could be
eased with a fintech solution that tackles KYC issues.

An m-wallet could ease these fundraising transac-
tions and even help refugees to reach out to a broader
network. Similar platforms implemented in East Af-
rica are also instructive. In Kenya, domestic digital
fundraising platforms show that it is more cost-effec-
tive for such services to be offered by existing trusted
payment platforms rather than third-party providers.

Also, such services appear more successful once net-
work effects have set in, as it might not necessarily en-
courage more users to sign up. But once the user base
widens, m-wallet fundraising tools can be a valuable
service for refugees (and low-income Jordanians).

3. Digital savings

Our participants also expressed their wish to save.
Despite the financial hardships they faced, we did
see that most kept aside small amounts of money to
be used for an emergency or unplanned expenditure
at the end of the month. For those with irregular in-
comes, saving up for rent—a considerable lump-sum
required every month—was ubiquitous.

Even though refugees might not refer to these as
“savings” and their under-the-mattress balances re-
main small, we do see a cycle of savings, i.e., put-
ing away money regularly for a specific purpose.

M-wallet providers could design products that sup-
port this savings cycle for refugees, low-income Jord-
ans, and migrants. This means digitizing what
cash-based informal savings currently offer, e.g.,
allowing flexible savings at low or no cost and pro-
viding the option of “mental accounting” for users,
meaning they can keep separate savings with differ-
ent purposes. The product design must ensure that
these savings remain highly liquid—able to be with-
drawn when needed unexpectedly or for a specific
goal, as well as replenished as is possible.

One possible product could be a labeled m-wallet
with sub-accounts based on a specific savings goal
or purpose, to address the inadequacies of mental
accounting. Such a product would combine behav-
ioral prompts such as setting a savings goal and
then issuing scheduled reminders. Such account
should be offered without withdrawal restrictions.

Another example could be to digitize saving groups,
allowing for flexible contributions while still making
bookkeeping easy and providing a safe place to save
through institutional guarantees for pay-outs. One
such product is being piloted by a start-up called
TANDA in Jordan.

Does mobile money offer hope to financial in-
clusion for refugees or is it just hype?

There is little doubt that m-wallets with their
current use cases are not transformative for
refugees in Jordan. They might improve their
financial lives only marginally by, for exam-
ple, delivering humanitarian payments or
offering convenient bill payments.

However, as network effects set in and the mobile
payments ecosystem matures, financial service pro-
viders and the private sector could build up on the
digital rails to offer use cases relevant to improving
refugees’ livelihoods and financial resilience. In
doing so, instead of asking “Why refugees (or host

15 “The Cycle of Savings: What We Gain When We Understand Savings as a Dynamic Process.” The Aspen Institute Financial Security Program; Consumer Insights,
ingcenter.stanford.edu/sites/default/files/Erick_Gong_Mental%20Accounting.pdf.
population) could use m-wallets for, say, merchant payments?” we must first ask, “What outcomes do refugees (or host populations) want to achieve and how could m-wallets support that?”.

As we do this, it is important to consider that refugees are not a homogeneous group, but very diverse with a wide range of desired financial outcomes. Apart from different economic segments, it is also crucial to consider the gender differences in the desired outcomes to identify appropriate use cases.

In other words: **The key here is to gain a thorough understanding of the financial outcomes that refugees desire, put those at the very center, and identify solutions that help in achieving them most effectively.**

The authors would like to thank the German Federal Ministry for Economic Cooperation and Development (BMZ) for funding this research, as well as Catholic University (KU) Eichstätt-Ingolstadt and the International Rescue Committee (IRC) for their continued partnership. The statements made and views expressed are solely the responsibility of the authors.