

# Financial Services in the Uganda Refugee Response: An Assessment of User Perspectives

## RESEARCH BRIEF

UGANDA FEBRUARY 2022



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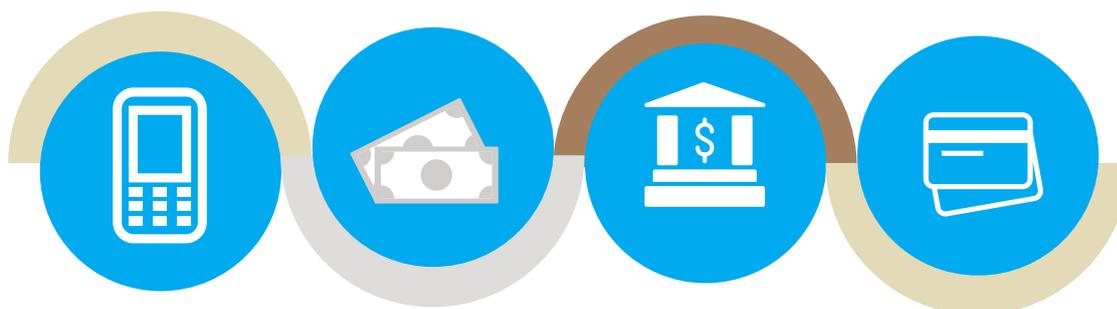
UKaid  
From the British people



### INTRODUCTION

This brief presents the summarised findings of the study on user insight into cash-based aid delivery modes, titled *Financial Services and Humanitarian Mechanisms in the Uganda Refugee Response: An Assessment of User Perspectives*. The purpose of the assessment is to inform stakeholders and implementers in Uganda's humanitarian response about user experiences and perspectives on digital financial services and assistance. The research also sheds light on the barriers people face when receiving financial humanitarian assistance in the form of cash. The data is representative at settlement level for refugees and district level for host communities with a 95% confidence level and a 7% margin of error.

### OVERVIEW OF ASSESSED FINANCIAL AID MECHANISMS



**Mobile Money is the preferred mechanism** for aid & commercial use, but requires basic and digital literacy skills.

**Direct or over-the-counter cash is the most inclusive mechanism**, but in-person distributions cause long wait times and are insecure.

**Bank transfers are not well known.** Barriers to access and use include account opening fees, distance to agents and lacking literacy skills.

**Prepaid or Smart cards are not known to most respondents** and are rarely used commercially.

# 64%

of refugees and 75% of host community members already use mobile money and the majority of non-users are interested in it. But while digital tasks become more complex, refugees' digital skills remain very low.

#### LITERACY GAP

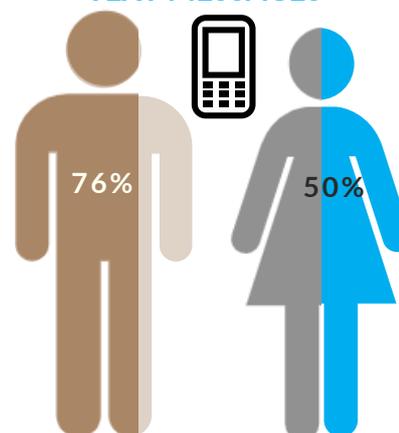
Female refugees are

# 47%

less likely to report being literate than their male counterparts



#### SKILL OF SENDING/ RECEIVING TEXT MESSAGES



## OVERVIEW OF BARRIERS TO THE USE OF OF ASSESSED MECHANISMS

### Mobile money

 <p><b>Limited mobile agent networks</b></p> <p>Agents capable of registering SIM cards and solving complex problems for mobile money may be harder to reach.</p>	 <p><b>IDs and KYC requirements</b></p> <p>Know-Your-Customer (KYC) Requirements for either a refugee ID or an OPM-attestation letter affect SIM-card registration.</p>	 <p><b>Basic &amp; digital literacy</b></p> <p>Women are more than twice as likely as men to cite literacy as a barrier to mobile money use.</p>
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### Direct or OTC Cash

 <p><b>Inconvenient in-person distributions</b></p> <p>Beneficiaries may have to travel long distances to reach distribution sites and endure uncomfortable waiting conditions.</p>	 <p><b>Insecurity &amp; crowding at distribution sites</b></p> <p>Insecurity is an issue as the time and place for distributions are well-known. Overcrowding may create risks for COVID-19 contagion.</p>
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### Bank Transfers

 <p><b>Distance to reach banks or agents</b></p> <p>Banking agents are far away.</p>	 <p><b>Costs</b></p> <p>Bank accounts are perceived to be expensive due to costs related to set-up and maintenance.</p>	 <p><b>IDs and KYC requirements</b></p> <p>Registration processes requiring IDs &amp; letters from local leaders are an access barrier.</p>
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### Prepaid or Smart Cards

 <p><b>Traders do not accept cards</b></p> <p>Twenty-one percent (21%) of non-card users cite this reason for disfavoured the mechanism.</p>	 <p><b>IDs and KYC requirements</b></p> <p>Complex registration processes are cited as a barrier to interest in using this mechanism.</p>
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## FEEDBACK & COMPLAINTS



The majority of respondents preferred in-person feedback and complaints mechanisms. The mechanisms available to provide feedback or solve a complaint for bank transfers and prepaid or smart cards require more effort and investment to find redress for issues because they require money and time to travel to locations. The feedback mechanisms for mobile money (hotlines) and for direct or OTC cash (in-person interactions) allow for more efficient resolution when problems arise.

## CONCLUSION

The preferred mechanism is mobile money but low basic and digital literacy skills make women more partial to direct or OTC cash. Both of these mechanisms have accessible feedback and complaints pathways. To overcome barriers to access and use of the assessed financial services, stakeholders can consider: increasing basic and digital literacy trainings; empowering agents to perform complex tasks; developing financial products tailored to refugee needs; clarifying KYC requirements for banks and mobile money providers; and promoting toll-free hotlines for banks and prepaid or smart cards to resolve issues.