



# The Uganda National Remittance Stakeholder Network

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Financing Facility for Remittances



# Overview of the Remittance Access Initiative

## Enhancing remittance access in Africa

### Background of the programme

- Since 2020, IFAD through the FFR conducted remittances diagnostic studies in seven countries: Kenya, Uganda, South Africa, the Gambia, Ghana, Morocco and Senegal.
- The diagnostics revealed that Know Your Customer (KYC) and Customer Due Diligence (CDD) were unintentionally acting as impediments to remittance access, specifically for low-income, rural households and women

### Objective of programme initiative

- **Objective:** Enhance remittance access opportunities for low-income, rural households, and women.
- **Method:** Enhance the KYC and CDD frameworks of remittance service providers (RSPs) by providing technical assistance and capacity building

### Progress in Uganda

- **Conducted a regulatory synthesis** to gain a comprehensive understanding of the regulatory environment
- **Partnered with two remittance service providers** to enhance remittance access

# Uganda's landscape

Uganda has several regulations, regulators and supervisors that together aim to achieve inclusive financial integrity



## Relevant regulations

- **The AML Act of 2013 (amended in 2017)** stipulates the identity documents to be used to verify customer identity and CDD requirements.
- **AML Regulations of 2015.** Supplements the AML Act and defines requirements for establishing identity and conducting due diligence,
- **The AML-CFT CDD guidelines for Supervised Financial Institutions of 2022.** Stipulates the requirements for conducting CDD, in accordance with the regulations and acts above.
- **National Payment Systems Regulations of 2021.** Outlines the categories of electronic money accounts.



## Financial inclusion and identity landscape

- **Large-scale identity coverage.** 67%-77% of Uganda's adult population have the national biometric ID card (NIC), the key identifier in the Uganda.
- **Gap between uptake of NIN and NIC.** 20% gap between Ugandans who have a NIC and those who have a NIN, due to collection issues.
- **High financial inclusion.** 78% (14.4 million) of Ugandan adults are financially served
- **Gender and urban/rural gaps in financial inclusion and identity coverage persist.** 11% gap in financial inclusion between urban and rural adults. 2% gap in identity coverage between men and women.



Bank of Uganda ([2022](#)); Bank of Uganda ([2013](#)); Bank of Uganda ([2017](#));  
Bank of Uganda ([2015](#)); Bank of Uganda ([2021](#)); (FinScope, [2018](#)); FSD  
Uganda ([2018](#)); United Nations ([2021](#))

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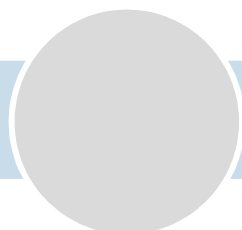


# Findings from the regulatory synthesis

## Insights on Uganda's remittance related regulatory landscape



Uganda encourages the use of the **risk-based approach**



In 2020, Uganda was **grey listed** by the FATF



FSPs do not have access to the **NIRA database** for verification purposes



**CDD requirements differ** based on the type of remittance transaction



Seven different **categories for mobile money** exist



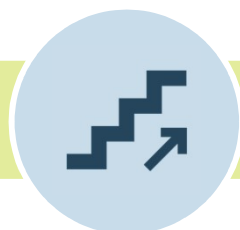
**Uncertainty around KYC and CDD** processes are challenging as it stifles innovation

# Findings from the regulatory synthesis

## Insights on Uganda's remittance related regulatory landscape



The regulation allows for **non-face-to-face onboarding**



Regulation has CDD for **tiered accounts**



Risk based approach enables RSPs to apply **risk appropriate KYC and CDD**



The regulation permits the use of **digital ID and verification systems**, to automate KYC and CDD processes.







The use of robust **proxy IDs** are permitted



There is scope for the **digitalization** of manual processes within the regulation

# Findings from our experience

## Benefits and learnings thus far

|                  |  |   |
|------------------|--|---|
| <b>Benefits</b>  |  <p>Through technical assistance, the participating RSPs have <b>modernized their KYC and CDD frameworks</b> to better comply with regulatory requirements and updated FATF guidance</p>  |  <p>Interventions related to <b>digitalization</b> hold potential to be <b>scaled regionally</b> and across institutions, thereby benefitting the broader remittance market</p>  |
| <b>Learnings</b> |  <p><b>Refugees struggle to receive remittances</b> because of barriers around verification of their refugee ID cards.</p> <p>For more, kindly see the <i>enhancing identity verification for refugees in Uganda</i> article <a href="#">here</a></p> |  <p>RSPs have requested support specifically on <b>risk assessments and risk models</b> to appropriately risk rate products, customers and identify areas where they can enhance their KYC and CDD to better serve consumers</p> |

# 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).



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