

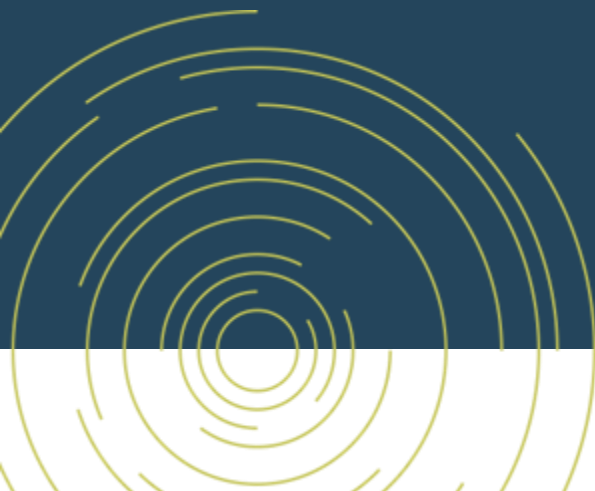
# PRIME Africa initiative

## Enabling remittances access in Ghana – Technical assistance and capacity building

September 2022



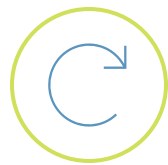
## Financing Facility for Remittances



# Overview of presentation

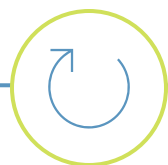
**Purpose:** Going forward, share **progress**, **learnings** and **takeaways** from work being done with remittances service providers (RSPs) in Ghana under The Remittance Access and Innovation (RAI) programme by IFAD's Financing Facility for Remittances and Cenfri.

This will be achieved in the following sections:



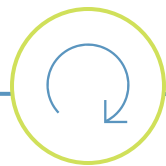
## Section 1

Journey to, and overview of, the RAI programme



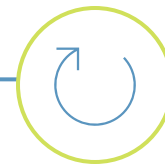
## Section 2

The role of Cenfri in supporting RAI



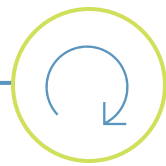
## Section 3

Our work in Ghana



## Section 4

Lessons and opportunities identified from our work in Ghana

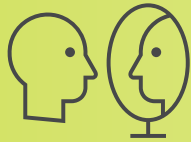


## Section 5

Questions and answers

# 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:

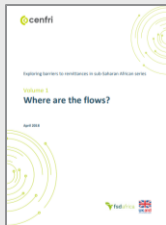
People living their financial lives optimally to enhance welfare and grow the economy.



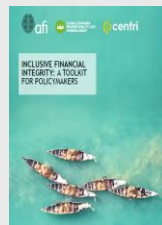
## Mission:

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](#)

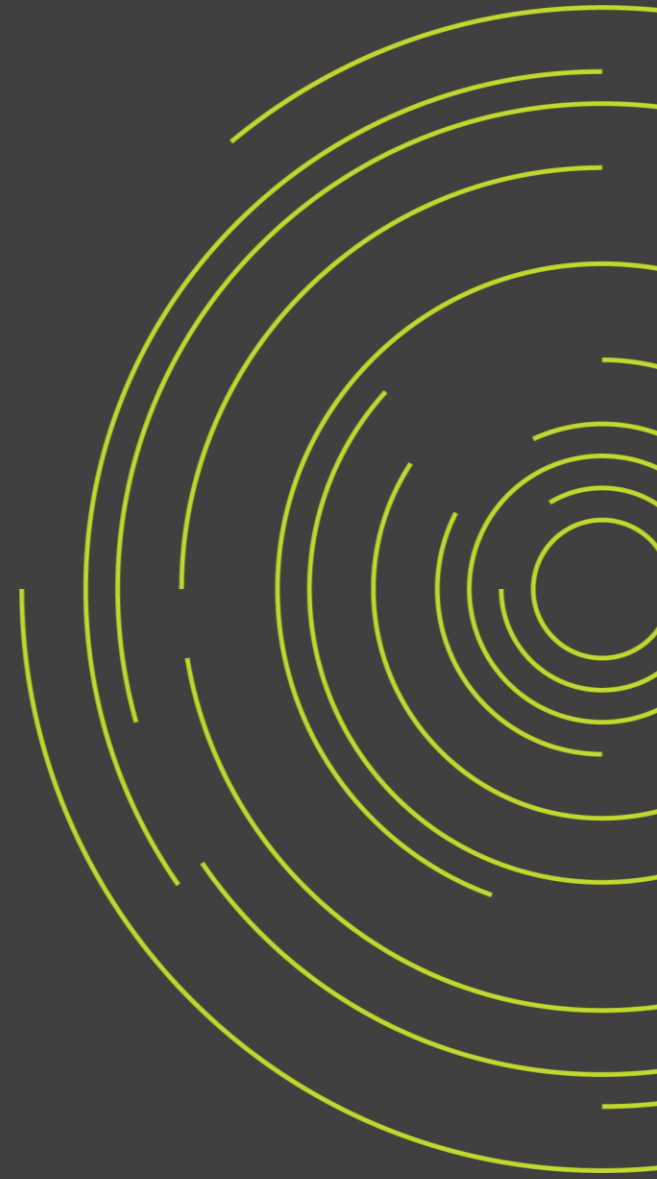


[KYC Innovations in  
selected AFI member  
Countries](#)



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

**Journey to, and overview  
of, the RAI programme  
under IFAD's Financing  
Facility for Remittances**



# Journey to the RAI programme

**2019**

Launch of the Platform for Remittances, Investment and Migrants' Entrepreneurship in Africa (PRIME) by IFAD's Financing Facility for Remittances (FFR) and the European Commission

- Focus on **seven select African counties** (Ghana, Kenya, Morocco, Senegal, South Africa, The Gambia and Uganda).
- Initiative aims to reduce inequality and enhance financial inclusion in Africa through **the reduction of remittance costs** and the maximization of their impact.

**2020**

Under PRIME, IFAD conducts remittance market diagnostic studies in seven African countries

Studies 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.

**2021**

IFAD's Financing Facility for Remittances and Cenfri launch the two-year Remittance Access and Innovation (RAI) programme

Aims to **provide support to RSPs to address KYC and CDD impediments and enhance remittance access** by low-income, rural households and women (a key objective PRIME Africa).

# RAI objectives



## Main goal

Reduce barriers to remittance access opportunities for low-income, rural households, and particularly women, to support livelihoods, thereby enhancing financial inclusion and sustainable development.



## 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 regulations
- Strengthen RSP communication and connection with target groups/customer

RAI supports 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 regulators and donors also benefit?



## Benefits for regulators

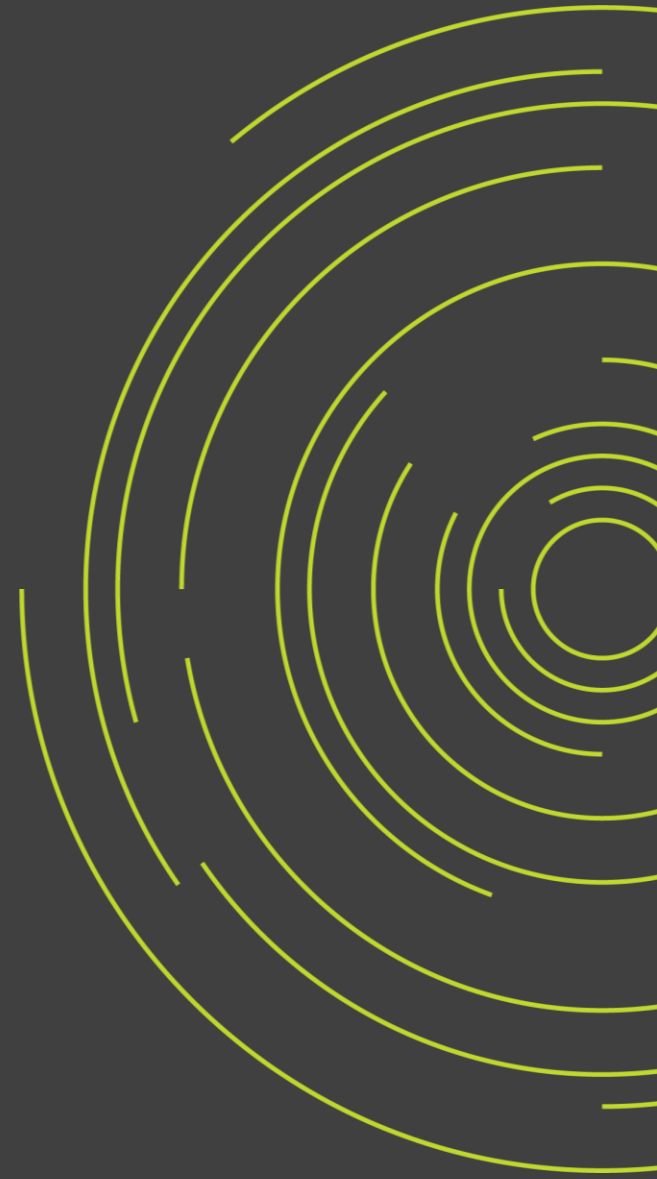
- RSP KYC/CDD frameworks enhanced to better achieve inclusive financial integrity and sustainable development outcomes
- Strengthen implementation of a risk-based approach
- Enable innovation in the financial sector that supports financial inclusion
- To support and deepen financial market development



## Benefits for donors

- Enhance livelihoods in line with SDG goals
- New project opportunities resulting from KYC and identity innovations
- Technical assistance opportunities to advance inclusive financial integrity
- Support in creating engagement opportunities between regulators and industry players

# The role of Cenfri in supporting RAI





# How does Cenfri fit in?

Cenfri's two pronged approach:



1. Legislative and regulatory assessment component



2. Technical assistance component

The four elements of our TA work:

1

**Identify** RSPs that offer remittance products that cover low-income, rural households and have identified KYC/CDD processes as key challenges for beneficiary access.

2

Work with the RSP to identify levers for change.

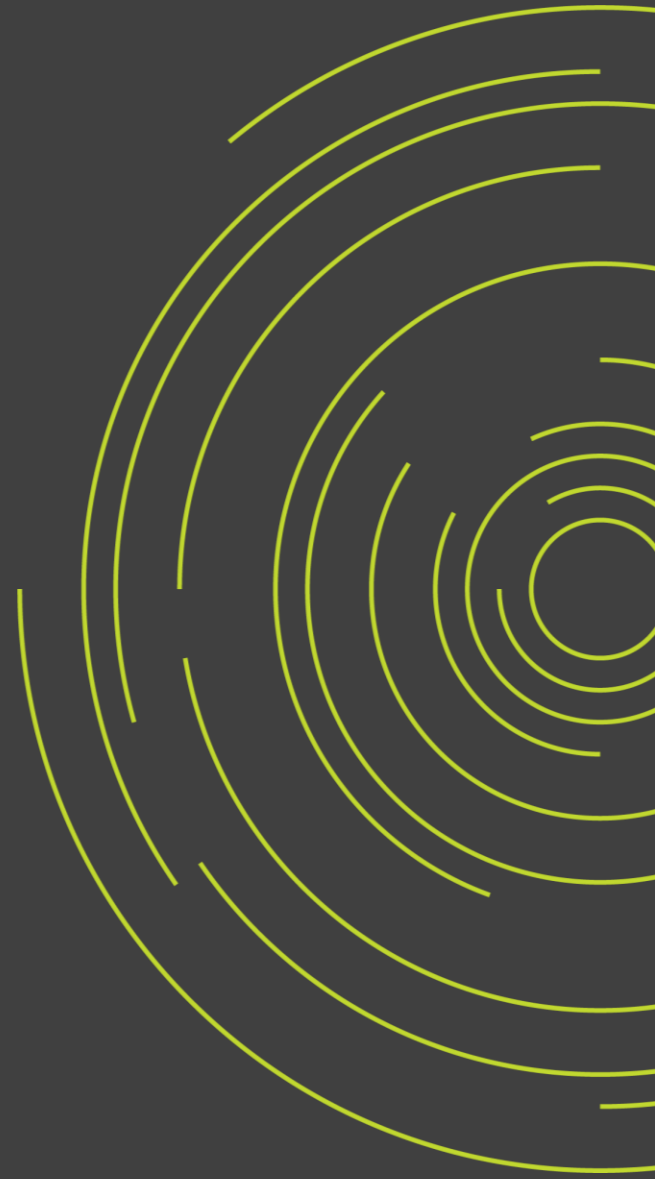
3

Collaborate with RSP to identify and design the best fit-for-purpose solutions.

4

Implement and troubleshoot interventions.

# **Our work with RSPs in Ghana**



# Learnings and outcomes from our regulatory assessment

**What we found:** existence of robust, inclusive and enabling environment in Ghana



## Strong identity inclusion drive

Provisions exist under Section 2.54 of Bank of Ghana (BoG)/Financial Intelligence Centre (FIC) AML-CFT-CPF guidance for banks and non-banks to service individuals without ID.



## Enabling environment to encourage innovation has been established

Though the Bank of Ghana's launch of a regulatory sandbox that encourages innovative solutions (including remittance products) that have the potential of addressing financial inclusion challenges.



## Potential to use ID proxies

New Anti-Money Laundering Act, 2020 (Act 1044) allows leeway for institutions in satisfying the regulator that they have sufficiently identified their client using other means of identification, e.g. using GIS system.

# Stumbling blocks faced by RSPs in Ghana



- Uncertainty when navigating evolving KYC regulations
- Implementing a risk-based approach
- Working with international money transfer operators (IMTOs) to innovate in aid of financial inclusion objectives
- Obtaining desegregated data on their over-the-counter customers

# RAI programme journey to date and key milestones

Who we're working with in Ghana:



Pan-African  
commercial bank



Domestic bank



Pan-African mobile  
network operator

## Technical assistance Cenfri provided to RSPs to date:

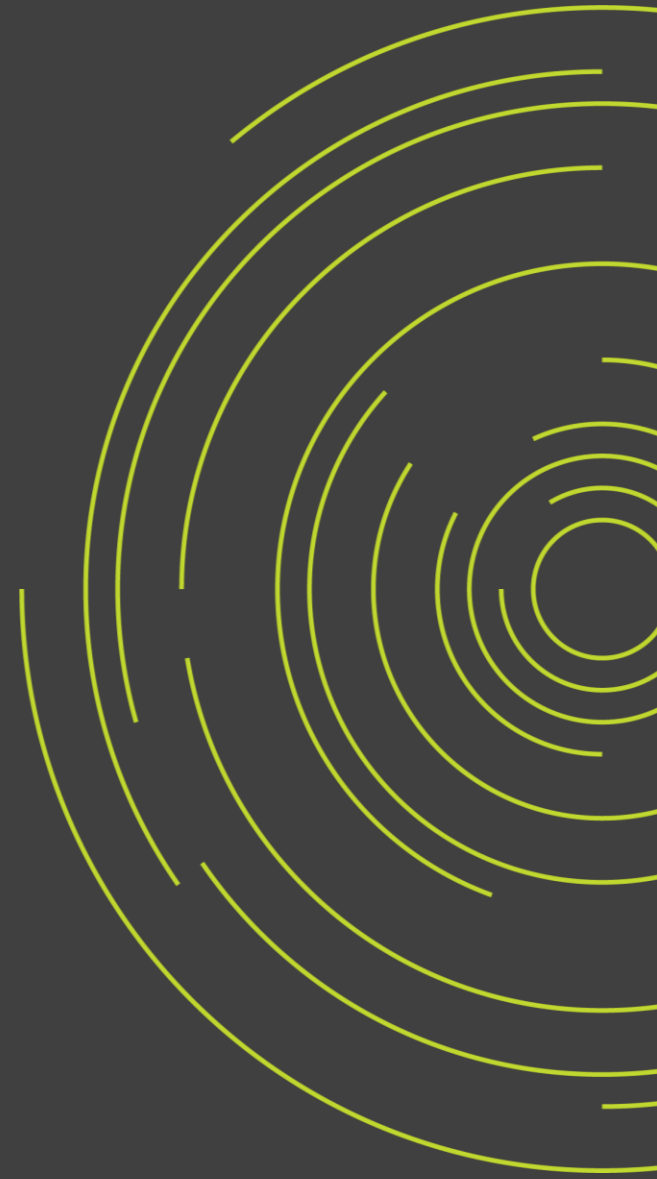
- Interrogating risk management frameworks
- Providing clarity on regulations
- Enhanced data collection templates
- Facilitating engagements with the regulator on key regulatory issues
- Regulatory compliance training



## Outcomes of this technical assistance to date:

- Co-created innovations to enhance beneficiary access to remittances
- Development of bespoke risk assessment models
- Granular collection of datapoints on their clients

**Learnings and  
opportunities  
identified to date**



# Lessons identified from engagements with RSPs

## Lesson 1



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

## Lesson 2



RSPs are **eager to serve** rural customers but **struggle to communicate** with them.

## Lesson 3



**Relationships** with IMTOs are complex and require a long-term view.

## Lesson 4



**Data collection** for FSPs requires investment in time, money and expertise.

# Opportunities identified from engagements with RSPs



**Additional support** required in scaling up some of the interventions



Creating **engagement opportunities** between RSPs, the regulator, and their partners by donors



Support in **developing tools** to help RSPs in the collection of disaggregated customer data

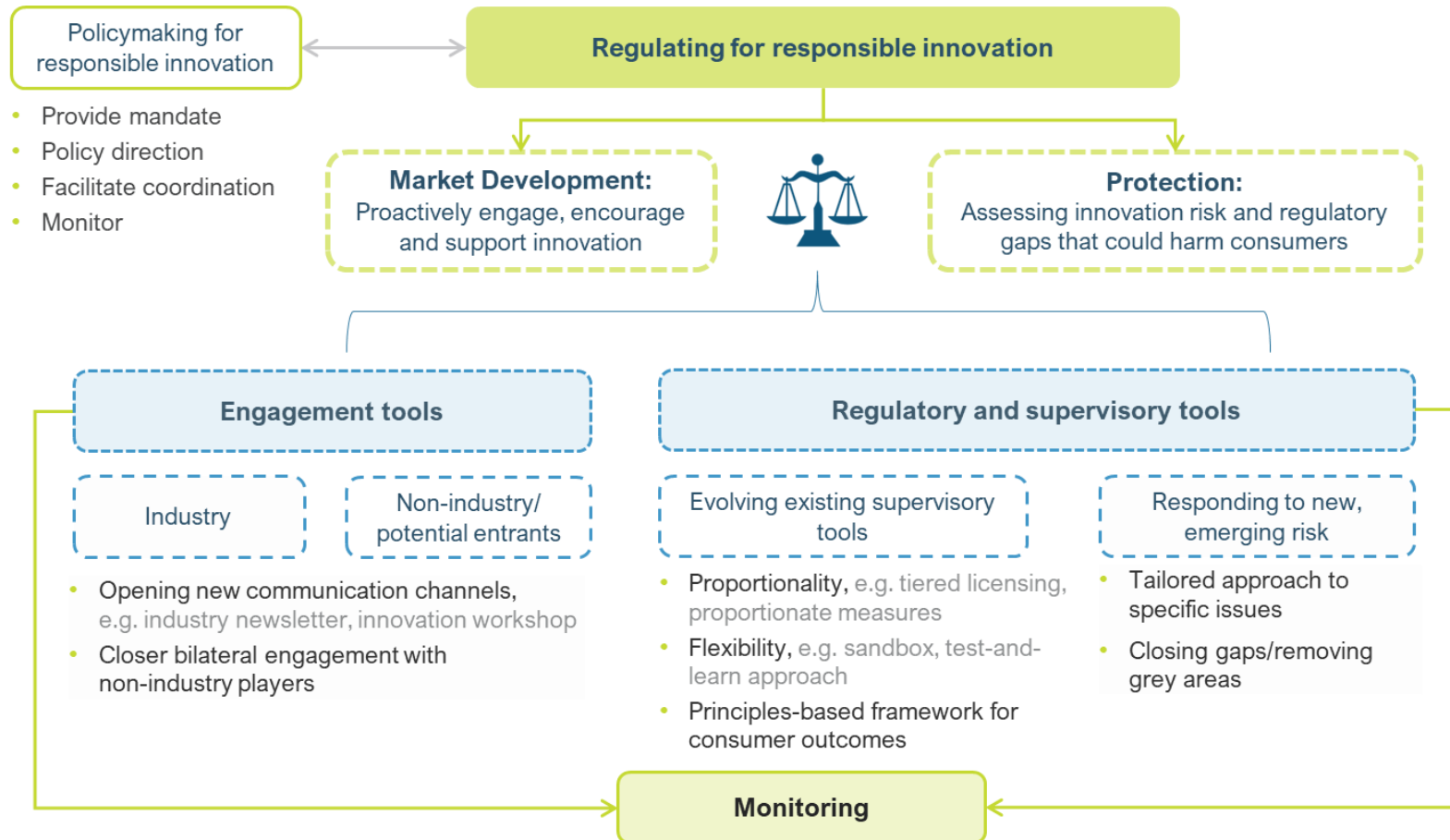


Leveraging Cenfri's **Regulation for Innovation Toolkit** to support regulators in their role of regulating for innovation



# Regulating for innovation toolkit

Four categories of tools are at regulators' disposal to strike the balance: engagement tools, regulatory tools, supervisory tools and monitoring tools.



# Opportunities for innovation within financial integrity space



Leveraging **e-KYC and digital ID** for identity proofing



Use of **proxy identifiers** as alternative means of identification



Use of **Regulatory Technology (RegTech)** to strengthen regulatory compliance



Use of **Supervisory Technology (SupTech)** to identify and manage risk

# Question

What else could be covered in the Regulating for Innovation Toolkit?

# Break-out session



Navigating hurdles to market development and innovation and how the regulator and industry can come together to create enabling environment for remittances

**Breakout room  
discussion**



- What KYC constrains industry players face to innovation? (10 mins)
- How could these hurdles be overcome using the regulating for innovation toolkit? (10 mins)
- Feedback on outcomes of discussions (10 mins)

**Key questions  
to discuss**

# 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

