

**Enabling remittances access through
improved CDD at the last mile:
Launching a toolkit for enhancing the Remittance Access
Initiative**



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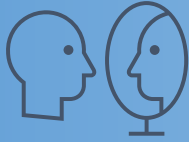
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About Cenfri

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:

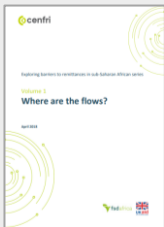
People living their financial lives optimally to enhance welfare and grow the economy.



Mission:

Unlocking development outcomes through insights and technical support.

With strong expertise in the **remittance** and **integrity** space



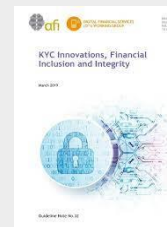
[Where are the flows?
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Capacitating regulators, policy makers and financial service providers on financial integrity issues



Financing Facility for Remittances

Overview of the programme



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Background and problem statement

- Since 2020, the International Fund for Agriculture Development (IFAD), through its Financing Facility for Remittances (FFR), has been conducting remittances diagnostic studies (through DMA Global) 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) requirements were key impediments to remittance access by low-income, rural households and women.**



Phase 1

Overall focus: determining which KYC and CDD requirements act as barriers to remittance access and developing interventions to address those

Main activities:

- Scanned and onboarding of RSPs
- Reviewed the KYC, CDD and risk frameworks and business practices of onboarded RSPs
- Identified areas for innovation and developed innovative solutions
- Capacitated RSPs to refine their CDD frameworks



Phase 2

Overall focus: scaling up best practices in KYC and CDD innovations from phase 1 among RSPs and regulators

Main activities:

- **Toolkit development** to provide practical guidance to regulators and RSPs
- **Technical assistance and capacitation on best practices and innovation.** This entails sharing the toolkit with stakeholders and conducting capacity building with beneficiary RSPs and regulators.

Overall programme objective:

Enhance remittance access opportunities for low-income, rural households, and particularly women.



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Assessed
16
RSPs' KYC, CDD and
risk frameworks and
business practices

6 intervention categories emerged

- System generated receipts
- Risk assessment
- Identity proofing
- Simplified due diligence
- Rural agent onboarding
- Enabling staff/customers in the KYC process



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Compliance and other RSP officers were trained across 13 RSPs

In total, **21** training sessions were conducted with 13 RSPs. These reached 57 women; 67 men; and 3 people who preferred not to say.



The RAI program removed KYC and CDD barriers for

358,305 customers

And for 44,689 remittance transactions

Forecast: barriers will be removed for an additional **176,659** customers and for an additional **1,260** remittance transactions.

Key objective: To foster the adoption of best practices and learnings on CDD and KYC stemming from the RAI programme and enhance the accessibility and replicability of RAI programme findings on CDD and KYC (insights, best practices and learnings) among RSPs and regulators.

Two core components of phase 2

Toolkit development

1. Conducting a regulatory assessment

2. Implementing remittance access innovations

3. Measuring the impact on remittance access

Technical assistance and capacitation

1. In-depth technical assistance to 1 RSP and 1 regulator

2. High-level technical assistance to 2 RSPs and 2 regulators

3. High-level capacity building with relevant networks such as remittance platforms, associations, compliance institutes

4. Presenting the toolkit through IFAD's communities of practice to share toolkit best practices, learnings and adoption opportunities

5. Dissemination in regional platforms

Overview of the four interventions



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Core objectives: Strengthen the organisation's risk assessment to reduce fraud, effectively risk rate customer and remittance products & identify areas for new opportunities such as new target segments or opening new channels and corridors.

Core steps for implementation

The intervention:
Introduce proportionate risk mitigation measures by strengthening your understanding of the different types of risks.

Step 1: Determine your objectives

Step 2: Gain a nuanced overview of the different risk attributes related to your area of interest

Step 3: Prepare your data

Step 4: Analyse the risk attributes related to your area of interest based on your data

Step 5: Define your risk appetite and align your risk mitigation measures

Step 4: Measure intervention success by comparing impact to baseline data.

Key lessons:

- Get other team members, especially senior management, involved early in the process
- Assign a dedicated data analyst to assist with acquiring the data
- Engagement with the broader market and regulators might be required
- Integration between different systems and databases can be challenging



Core objectives: Reach a target market who struggles to produce national identifiers and reduce fraud.

The intervention:

Leverage digital identifiers for customer identification.

Core steps for implementation:

- Step 1:** Define the problem statement, assess your existing systems and collect baseline data
- Step 2:** Determine how you will collect ID copies
- Step 3:** Develop the system that will store the digital IDs
- Step 4:** Sensitize customers to the customer journey changes and train staff
- Step 5:** Pilot the intervention
- Step 6:** Roll out the intervention
- Step 7:** Measure intervention success

Key lessons:

- Interventions should be implemented with internal products first
- Know where your customer are in terms of digital and financial literacy
- Be prepared to overcome intervention adoption hurdles



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Core objectives: Reduce fraud, improve business efficiency and target new customers for affiliate products based on their record and behaviour.

The intervention:
Create a profile for walk-in customers which includes customer information and transaction behaviour.

Core steps for implementation:

Step 1: Identify the problem to align the system design and collect baseline data

Step 2: Set up the customer profile

Step 3: Amend the customer journey

Step 4: Pilot the intervention

Step 5: Roll out the intervention

Step 6: Measure intervention success by comparing impact to baseline data

Key lesson:

Ensure that the organisation has the in-house capacity to implement and maintain the intervention.



Core objectives: Expand your agent network, enhance risk management for agents and identify additional ways your agents can support your business expansion.

Core steps for implementation:

The intervention:
Improve the agent risk-assessment process and the agent onboarding policy.

Step 1: Understand the current process and collect data to understand status quo

Step 2: Map your requirements to those required by regulation

Step 3: Conduct a risk assessment on your agent business

Step 4: Consider alternative requirements and amend your onboarding process.

Step 5: Onboard pilot agents

Step 6: Market agent expansion to your customer base.

Step 7: Roll out the intervention

Step 8: Measure intervention success by comparing impact to baseline data.

Key lesson:

Set enough time to do qualitative research with agents

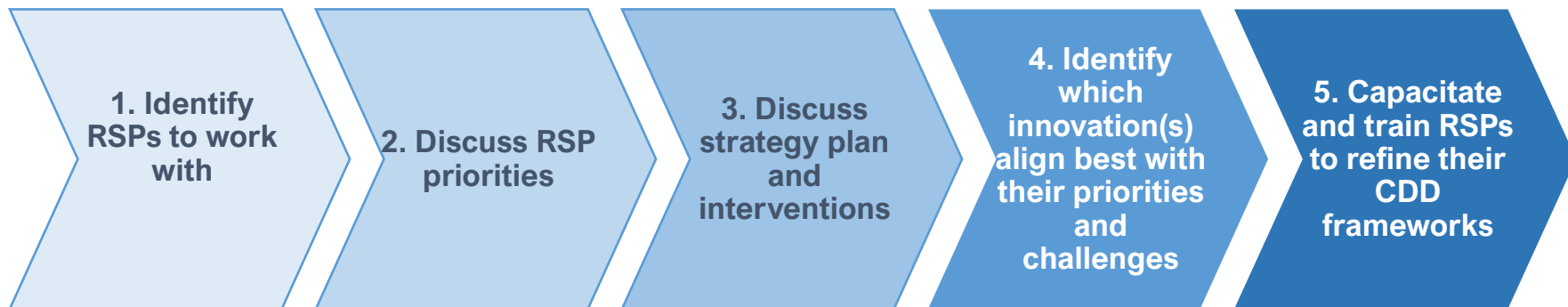


Overview of technical assistance activities

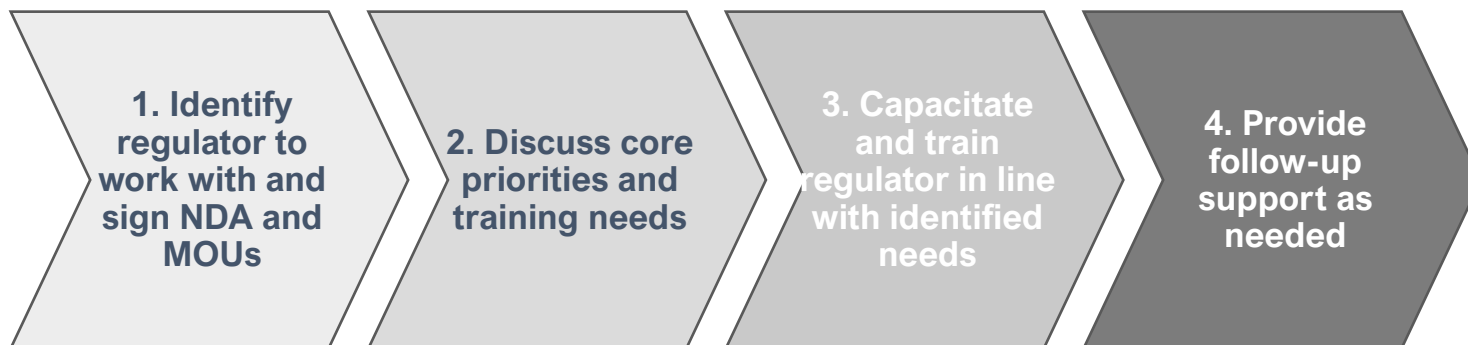


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Technical assistance activities for RSPs



Technical assistance activities for Regulators





Benefits for RSPs

- Opportunity to **expand and deepen** your customer base by better serving low income & rural households.
- Increased opportunity **to reduce cost of compliance** by streamlining processes & procedures relating to low income & rural households.
- **Improved compliance and progress** towards risk-based approach
- Increased **alignment between your plans, existing regulatory** framework & opportunities to innovate for inclusive integrity.
- Enhanced **peer and cross learning** opportunities regarding innovations and best practices
- **Address AML-CFT risks and enhance your AML-CFT framework** to better align with existing regulatory frameworks and FATF standards.



Benefits for regulators

- Opportunity for regulator to **shape guidance & advise market based** on pilot learnings & promising innovations and best practices.
- **Enhanced & deepened engagements and conversations** between regulators and RSPs on innovation for inclusive integrity.
- Enabling regulators to **develop innovative and inclusive risk frameworks to empower RSPs** to better serve low income and rural customers, thereby enhancing financial inclusion and overall development.
- **Aligning risk assessment** and supervision practices with the latest guidance from FATF & EU.
- Opportunity to **advance risk-based approach and risk-based supervision and reduce AML-CFT risks** as well as strengthening of current risk-based supervision efforts and in line with your country's current FATF action plan.
- Opportunity for **cross learning including from other peer regulators across the 7 countries.**

1. RSP has a license to receive cross-border remittances
2. RSP has influence over KYC requirements
3. Remittance products cover rural, lower-income households and women
4. KYC/CDD is a key challenge for beneficiary access
5. Size of customer base that is affected by the challenges
6. RSP has interest and commitment to innovate on KYC/CDD to address remittance access challenges
7. RSP committed to strengthening monitoring and evaluation (M&E) process and sharing relevant data

Bonus criterion: RSP has cross-border presence to enhance the impact



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Please reach out via email to us if you are interested to learn more about this initiative:

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