



**Bank of Zambia**

**SUPPLY SIDE SURVEY REPORT ON ACCESS TO FINANCE BY FORCIBLY  
DISPLACED PEOPLE**

**2024**

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## **Acronyms**

AFI	Alliance for Financial Inclusion
BoZ	Bank of Zambia
FDP	Forcibly Displaced Persons
FSD Africa	Financial Sector Deepening Africa
FSP	Financial Service Provider
IDP	Internally Displaced Person
ILO	International Labour Organisation
KYC	Know Your Customer
NFIS II	National Financial Inclusion Strategy II – 2024 - 2028
UNDF	United Nations Development Fund
UNHCR	United Nations High Commissioner for Refugees
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

## EXECUTIVE SUMMARY

The global population of forcibly displaced persons (FDPs) reached approximately 117.3 million as of late 2023, with projections indicating that this number could surpass 120 million by the end of 2024 due to ongoing conflicts and climate-related risks. There are indications that some FDPs, including refugees, asylum seekers, and internally displaced persons, have significant entrepreneurial potential that could contribute to host countries' economic development. However, they often lack access to essential financial products and services, impeding their ability to participate in productive economic activities.

This report has been produced to provide information on the landscape of products and services offered by FSPs, regulated by the Bank, to FDPs. It is a deliverable under the activities of the NFIS II, as well as the Bank's commitment to the Alliance for financial Inclusion Kigali Statement - to promote financial inclusion of FDPs.

Zambia hosts over 90,000 FDPs mostly from the Democratic Republic of Congo and Somalia, and financial access remains a challenge to this segment of society. As of 2023, only 3.3 percent of FDPs had bank accounts, and 58 percent had mobile money accounts.<sup>1</sup>

Regulatory frameworks, such as the Refugees Act 2017 and the National Refugees Policy launched in 2024, aim to support FDPs by providing legal recognition and facilitating access to financial services. The National Financial Inclusion Strategy II 2024-2028 (NFIS II) also provides specific initiatives aimed at increasing access to finance by underserved segments of the population, including FDPs. However, challenges such as limited customer-centric financial products and inadequate regulatory and documentation hurdles persist.

A supply side survey was conducted by the Bank of Zambia (BoZ) in June 2024, to assess the landscape of financial products offered to FDPs by financial service providers and payment systems providers, herein collectively known as Financial Service Providers (FSPs). The survey revealed that only 28.3 percent of the FSPs who responded to the survey, offered financial products and services to FDPs. The most offered services included, remittance services, e-wallets/ mobile money services, and loans. Furthermore, issues such as lack of KYC

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<sup>1</sup> NFIS II 2024-2028

documentation and limited financial literacy/awareness were identified as significant barriers to access of financial services by FDPs.

To bridge the financial inclusion gap, it is recommended that the BoZ strengthens partnerships with the Ministry of Home Affairs and the United Nations High Commission for Refugees (UNHCR) to enable FSPs' access to refugee camps and include the FDPs in the financial literacy campaigns and financial literacy week activities. Further, the BoZ could promote outreach by FSPs leveraging on safe usage of digital financial platforms and consideration of light KYC (refugee identity cards) to open mobile accounts. Furthermore, the BoZ could arrange for capacity building programs by Partners targeted at enhancing the knowledge and application of moveable assets, through the moveable collateral registry system to help serve the FDPs who may not have traditional forms of collateral such as land and real estate.

## 1.0. WORKING DEFINITIONS

FDPs as defined by the United Nations, are those who are forced to move, within or across borders, due to armed conflict, persecution, terrorism, human rights violations and abuses, violence, the adverse effects of climate change, natural disasters, development projects or a combination of these factors<sup>2</sup>. FDPs are mainly in seven broad categories namely Asylum Seekers, Internally Displaced Persons, Persons of Concern, Refugees, Returnees, Stateless Persons and Disaster Induced Displaced Persons. According to Zambia's national framework on FDPs, the definitions for these categories are as follows<sup>345</sup>

1. **Asylum Seeker:** refers to a person who has been displaced and whose claim to refugee status is not yet definitively evaluated in the country to which they have fled.
2. **Internally Displaced Persons (IDPs):** refers to persons or groups of persons who have been forced or obliged to flee or leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights, development projects, natural or human made disasters, and who have not crossed an internationally recognized state border. Unlike refugees, IDPs have not left the country whose citizens they normally are and as such, they remain entitled to the same rights as all other persons of their country.
3. **Persons of Concern :** refers to asylum seekers, refugees, former refugees and stateless persons.
4. **Refugee:** refers to someone who fled his or her country owing to “a well- founded fear of persecution because of his/her race, religion, nationality, membership in a particular social group, or political opinion”, according to the United Nations 1951 Refugee Convention. Many refugees are also in exile to escape the effects of natural or human-made disasters.
5. **Returnees:** refers to former refugees who return to their own countries or regions of origin after time in exile. Returnees need continuous support and reintegration assistance to ensure that they can rebuild their lives at home.

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<sup>2</sup> United Nations Website

<sup>3</sup> Zambia - National Refugees Policy Implementation Plan, November 2023, Commissioner for Refugees, Ministry of Home Affairs and Internal Security

<sup>4</sup> Zambia - National Refugee Policy, Commissioner for Refugees, Ministry of Home Affairs and Internal Security

<sup>5</sup> Zambia - Guidelines for the Compensation and Resettlement Of Internally Displaced Persons (IDPs) 2013, Department of Resettlement, Office of the Vice President

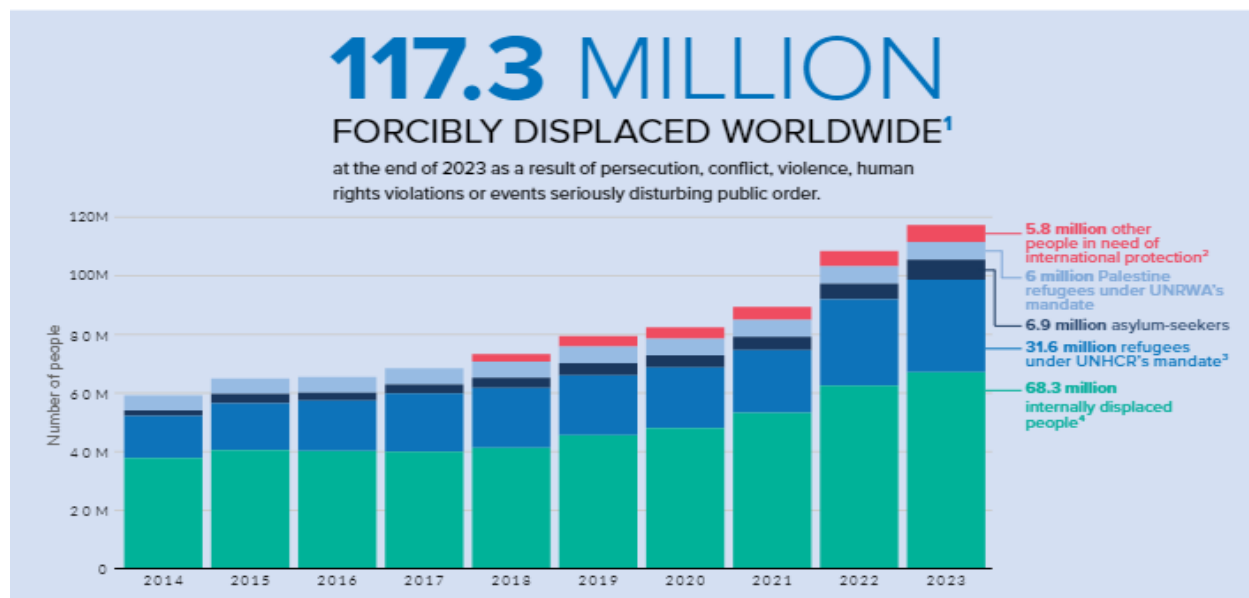
6. **Stateless person:** refers to someone who is not recognized as a national by any state under the operation of its law.
7. **Disaster induced displaced person** – A person who has left/lost their home due to natural/climate disasters<sup>6</sup>.

## 2.0.BACKGROUND

### 2.1. Global Overview

Globally, FDPs include people in need of international protection, Palestinian refugees under United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), asylum seekers, refugees and internally displaced people<sup>7</sup> (**Figure 1**). The population of FDPs is a growing demographic group with an estimated 117.3 million people worldwide being forcibly displaced as at end 2023 due to persecution, conflict, violence, human rights violations and events seriously disturbing the public order. In the face of climate related risks and never-ending conflicts in some countries, it is estimated that forced displacements will continue to increase and exceed 120.0 million by the end of 2024.

**Figure 1: Types of Forcibly Displaced People Worldwide**



Source: UNHCR website.

<sup>6</sup> UNHCR

<sup>7</sup> UNHCR Global Trends Report 2023

Although the population of FDPs is spread out globally, most of them are clustered in middle income and low-income countries. As at the end of 2023, 75 percent of the FDPs were hosted by low- and middle-income countries such as Uganda, Sudan, Ethiopia, Chad, the Democratic Republic of Congo and Zambia. Additionally, while the international spotlight may be on refugees who cross international borders, more than twice as many FDPs remain internally displaced within their own country. In 2022, the number of new internal displacements caused by conflict and violence was three times higher than the annual average of the past 10 years, due mostly to rapidly escalating conflict in countries like Ukraine, the Middle East (Palestine, Israel) and the Democratic Republic of Congo<sup>8</sup>.

The duration of most displacements takes a minimum of 10 years, with FDPs having requirements which go beyond humanitarian needs. Such needs include jobs, education for displaced children, and above all, access to financial products and services for their livelihoods and complementing their entrepreneurial ambitions.

Many FDPs have no access to mainstream financial products and services which creates an enormous hurdle on their way to self-reliance and economic independence. Know your customer (KYC) documentation hurdles continue to be a hindrance for FDPs to have equitable access to finance. Therefore, the UNHCR has been working with host countries globally and other international stakeholders such as the United Nations Development Fund (UNDF), Financial Sector Deepening (FSD) Africa and the International Labour Organisation (ILO) in coming up with policy initiatives that can make access to finance work for FDPs.

## **2.2. Situational Analysis of Forcibly Displaced People in Zambia**

Zambia hosts over 90,000 (equivalent to a population size of some districts in Zambia) FDPs which include refugees from the Democratic Republic of Congo, Burundi, Somalia, Angola and Rwanda. As of 2023, the majority of FDPs reside in refugee camps named Maheba (8,515), Mayukwayukwa (25,899) and Mantampala (41,442) located in North- Western, Western and Luapula Provinces, with some living outside the camps in Lusaka (20,441)<sup>9</sup>.

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<sup>8</sup>UNHCR Website

<sup>9</sup> These statistics are based on the presentation by the UNHCR at the AFI peer learning program on financial inclusion of FDPs hosted by BoZ in May 2024.

Administratively, the Office of the Commissioner for Refugees is a designated department in the Ministry of Home Affairs that oversees the affairs of FDPs. The Commissioner is responsible for the recognition of refugees and ensuring the provision of adequate facilities and services for the reception into and care for refugees within Zambia. Accordingly, FDPs in Zambia are governed by the Refugees Act 2017 which provides for the recognition, protection and control of refugees and provides for their rights and responsibilities. The Act has the following provisions that could enable the refugees to access finance in Zambia:

- 1) Section 45 allows for a recognized refugee who has attained the age of 16 to be permitted to remain in Zambia and be issued with an identity card. This enables the FDPs to be able to have some form of identity that helps them to open bank accounts and have access to finance;
- 2) Section 39 allows for the acquisition of moveable and immovable properties. Ownership of assets would enable the FDPs to collateralize their assets for the purpose of obtaining credit from FSPs.
- 3) Section 43 allows for refugees who hold educational qualifications from recognised and relevant competent authorities to practice their profession in Zambia. This means that FDPs can engage in formal employment that would enable them to have access to decent work, remuneration and access to open bank accounts with FSPs.

Additionally, in 2024, the Government of Zambia launched the National Refugees Policy which outlines a progressive approach to asylum and refugees' management that reflects the central ambition of the UNHCR Global Compact on Refugees to include refugees in national systems and plans and provide greater support to the communities and countries hosting them.

The Policy also paves the way for harmonization in the regulatory framework aimed at improving refugee rights and finding local solutions for forcibly displaced persons in Zambia. The Policy and its implementation plan are expected to lead to sectoral policy reforms that are needed to create an enabling legal and protection environment for refugees to achieve self-reliance. It will allow refugees to safely participate in and contribute to the social and economic life of the local communities who are hosting them within the safety of Zambia's borders.

### 2.3. Access to Finance for FDPs in Zambia

Notwithstanding the administrative environment and regulatory provision for FDPs in Zambia noted above, there is limited information or studies that have been done on the supply side to show what types of concerted efforts that have been made by FSPs to promote financial inclusion of FDPs.

Access to finance by FDPs in Zambia is limited. This is evidenced by the statistics in the NFIS II which showed that only 3.3 percent of this population has bank accounts and 58 percent had mobile money accounts. The BoZ, as policymaker and regulator of financial service providers, has a crucial role to play in providing policy leadership and fostering new collaborative partnerships with relevant stakeholders towards improving financial inclusion of this underserved segment of the population. In this regard, the BoZ, in collaboration with key stakeholders, has been undertaking initiatives (leading up to this survey) to promote access to finance of FDPs, as summarised in **Table 1**:

**Table 1: Bank of Zambia Activities on FDPs**

Date	Activity	Detail of Activity
2018	BoZ collaboration with Airtel, Standard Chartered Bank and UNHCR	Approval by the BoZ for Standard Chartered Bank and Airtel to provide mobile money services to refugees at Maheba Refugee Camp under the oversight of UNHCR
2021	BoZ collaboration with mobile money service providers	Approval by the BoZ for mobile money service providers ( <i>such as Airtel Money, MTN Mobile Money, Kazang, Zoon and Zamtel Kwacha</i> ) to provide mobile financial services to FDPs
2019	AFI Global Policy Forum in Kigali, Rwanda in 2018	BoZ endorsed the AFI Kigali Statement aimed at accelerating specific action to promote financial inclusion of FDPs. The specific initiatives include (i) Conducting this particular survey for FSPs on the landscape of financial services to FDPs.; and (ii) Developing financial education brochures for citizens (in Zambia and the diaspora) on risk preparedness, and building resilience for events that cause displacement.
2023	BoZ	Initiatives - conducting this supply side survey on financial access of FDPs.

It is therefore imperative for the BoZ to gain an insight into the initiatives made by FSPs in this regard and understand any challenges these institutions face in serving FDPs, hence the significance of this survey.

## **2.4. Objectives of the Study**

The BoZ conducted a supply-side study to establish the status of financial services available to FDPs. The results of the study would inform the development of initiatives and policy interventions to facilitate the provision of financial services that can support the livelihoods and income-generating capacity of this population segment.

The specific objectives were to:

1. Establish the range of financial products and services offered by FSPs to FDPs.
2. Determine barriers/challenges that limit the provision of financial services by FSPs to FDPs.
3. Provide recommendations that promote the delivery of financial services/products by FSPs to FDPs.

## **3.0. METHODOLOGY**

The supply-side survey to access the landscape of financial products and services offered to FDPs by FSPs was conducted by the BoZ from 5 to 21 June 2024.

The sample size was 87 FSPs consisting of 15 commercial banks, 27 microfinance institutions, four leasing finance companies, one savings and credit bank, two building societies and 38 payment systems providers. The instrument used to collect the data was a questionnaire designed and administered online by BoZ to the FSPs.

The questionnaire covered the following topics:

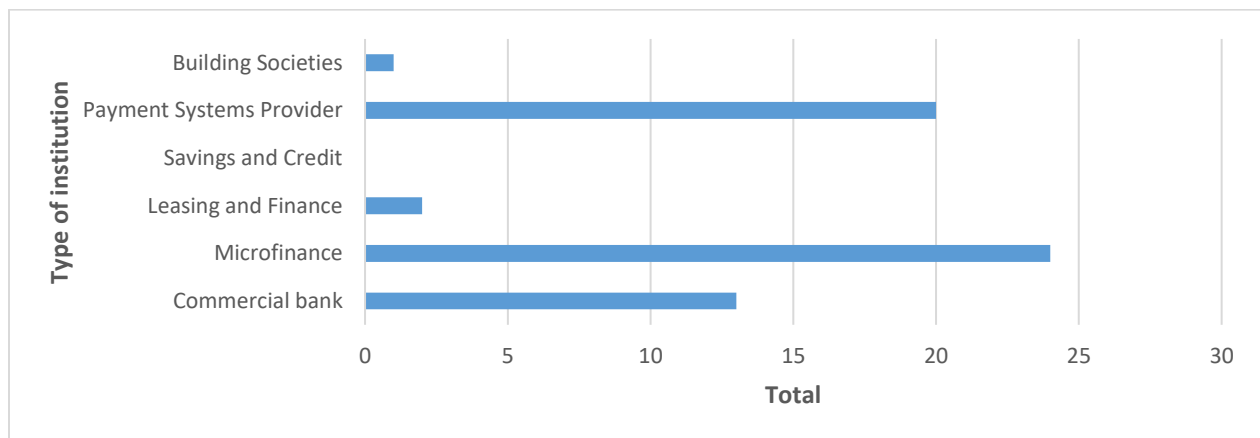
- Types of products and services generally offered by the FSPs
- Types of products specifically offered to FDPs
- Types of documentation required of FDPs in order to access financial products and services
- Types of marketing materials used to reach out to FDPs
- Data protection measures employed by FSPs on data provided by FDPs
- Challenges faced by FSPs in providing financial services to FDPs

## 4.0.RESULTS FOR THE SURVEY

### 4.1. Survey Respondents

The survey results showed a response rate of 68 percent as 60 out of 87 FSPs responded to the survey. **Figure 2** illustrates the number of institutions that responded to the survey. The graph indicates that the highest response rates were from microfinance institutions (24), followed by payment systems providers (20) and commercial banks (13)

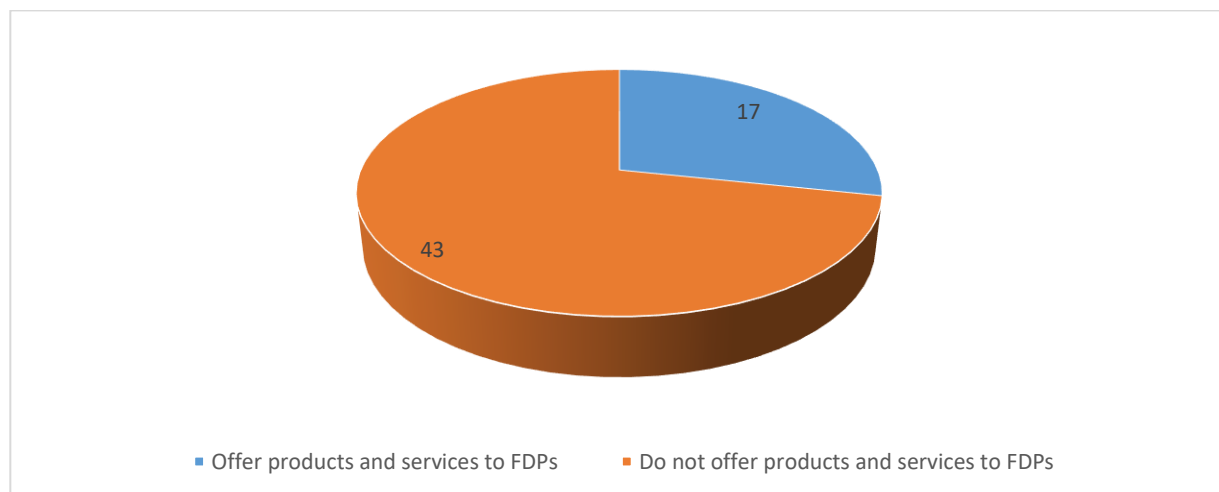
**Figure 2: Survey Respondents**



### 4.2. FSPs Offering Financial Products and Services to Forcibly Displaced People

The survey results showed that 28 percent (17 out of 60 FSPs) offered products and services to FDPs. In contrast, 72 percent (43) of the respondents indicated that they did not offer any products and services to FDPs (**Figure 3**).

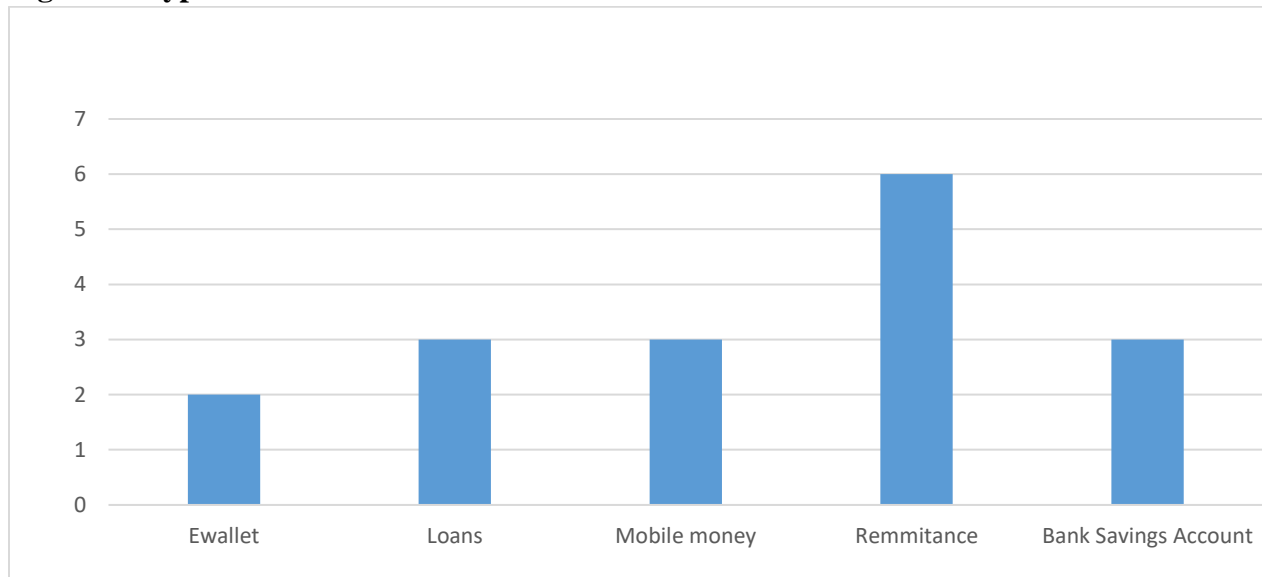
**Figure 3: FSPs Offering Financial Products and Services to FDPs**



### 4.3.Types of Products and Services Offered to FDPs

Figure 4 shows that 35 percent (6 out of 17 FSPs) mostly provided money remittance services for both local and international transfers through platforms such as Western Union.

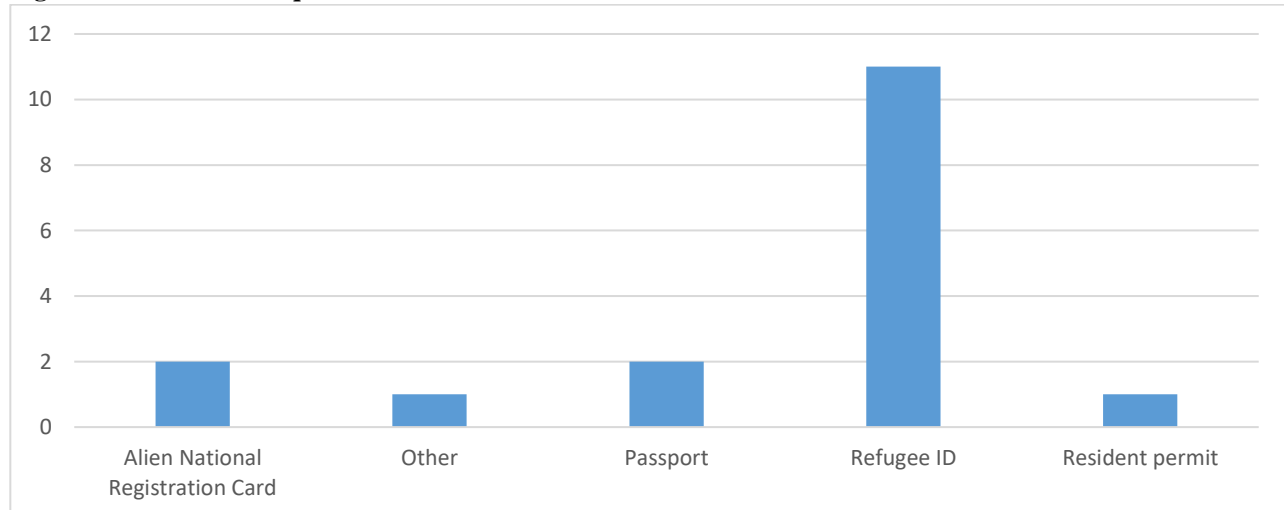
**Figure 4: Types of Products and Services Offered to FDPs**



### 4.4. Know Your Customer Documentation Requirements

The survey results indicated that 65 percent (11 out of 17 FSPs) mostly requested a refugee identity card to open a transactional account for an FDP. Other documents required included an Alien National Registration Card and a passport. **(Figure 5).**

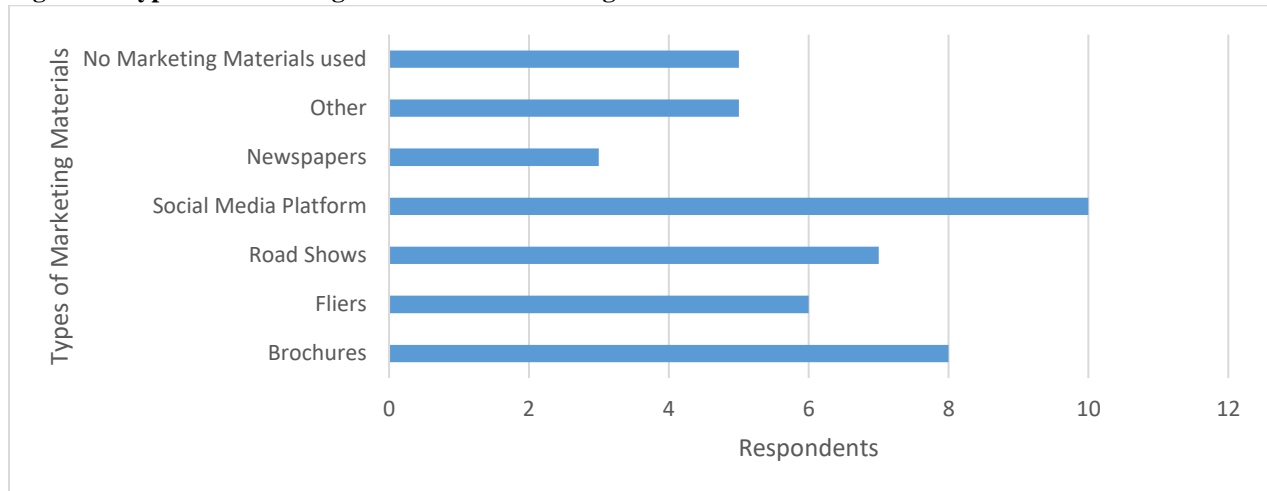
**Figure 5: Documents Required for FDPs to Access Financial Products and Services**



#### 4.5. Marketing Methods Used to Reach Out to FDPs

The survey showed that 58 percent (10 out of 17 FSPs) employed social media platforms to market their products to FDPs. Other marketing materials that were used included brochures (47 percent) and road shows (41 percent) to reach out to FDPs (**Figure 6**).

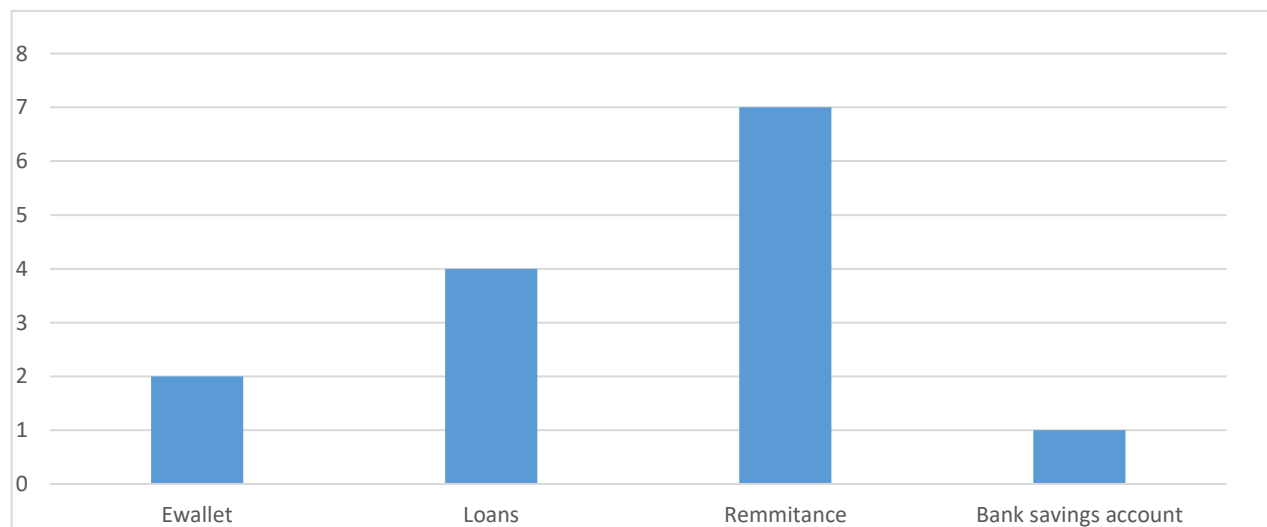
**Figure 6: Types of Marketing Materials for Reaching Out to FDPs**



#### 4.6. Perceived Products Needed by FDPs

The FSPs were requested to state the products they did not offer and yet, in their opinion, were needed by FDPs. 41.0 percent (7 out of 17) of the FSPS indicated that FDPs mostly needed remittances services, followed by loan products at 23.5 percent. (**Figure 7**).

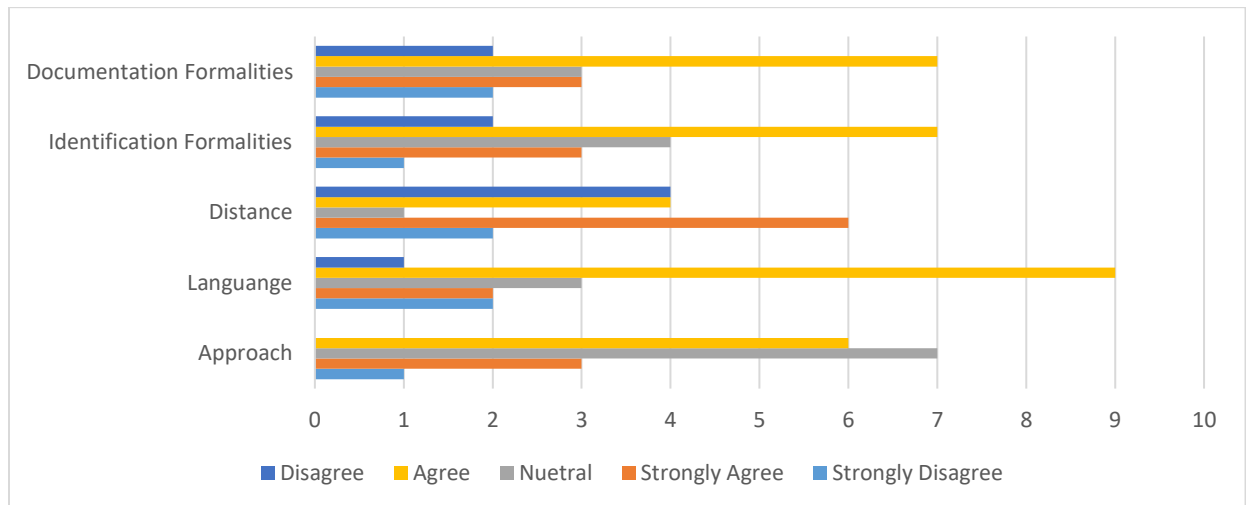
**Figure 7: Perceived Products Needed by FDPs**



#### 4.7. Factors that influence FSPs to transact with FDPs

According to the survey results 53 percent (9 out of 17) of FSPs indicated language as a means of communication influenced serving of this population segment. Additionally, 41 percent (7 out of 17) indicated that documentation requirements and identification formalities equally played a role in influencing these transactions. **Figure 8** presents the responses from the FSPs.

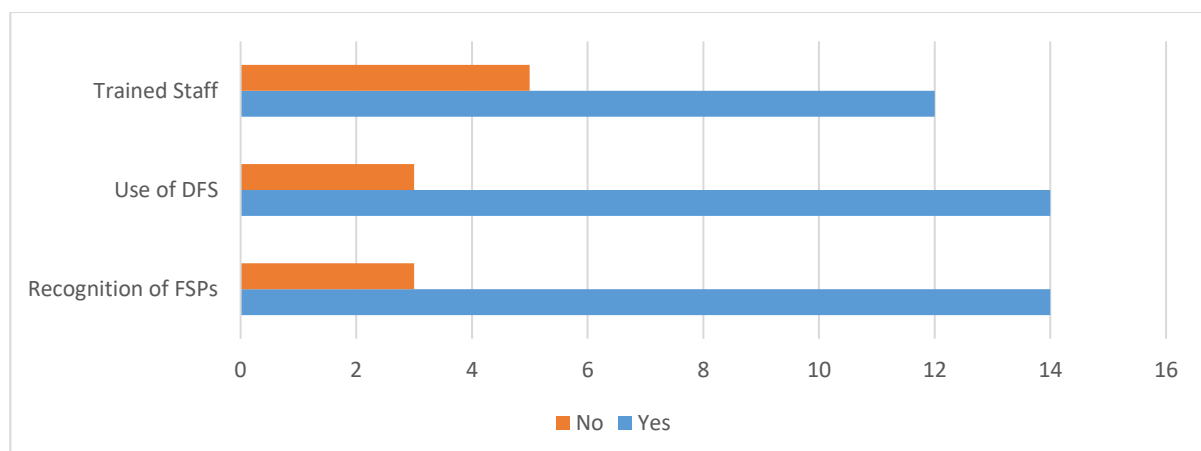
**Figure 8: Factors that influence transactions between FSPs**



#### 4.8. Outreach to FDPs

The survey results revealed that 82 percent (14 out of 17) of FSPs acknowledged FDPs within their local areas of operation and used digital financial services to assist this population segment. Additionally, 71 percent (12 out of 17) of FSPs reported that they had trained staff to handle matters related to FDPs (**Figure 9**).

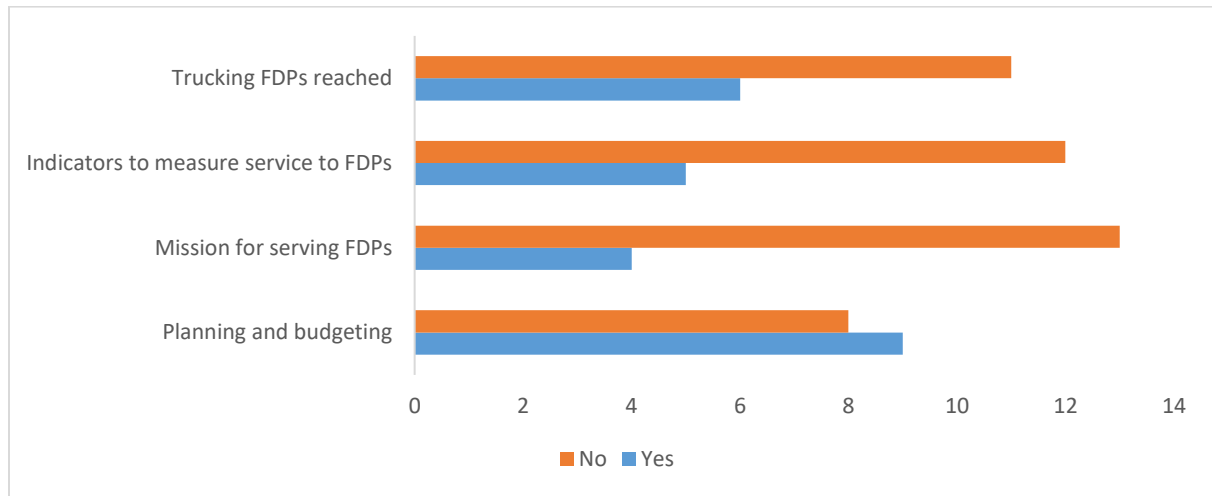
**Figure 9: Outreach**



#### 4.9. Strategy

The survey results showed that 52 percent (9 out of 17) of FSPs included FDPs in their strategies, workplans and budgets. To the contrary, 76 percent (13 out of 17) of FSPs indicated that they had no mission statement policy or product programmes that emphasized the importance of serving FDPs. Additionally, 65 percent (11 out of 17) of FSPs indicated that they neither had a trucking mechanism for FDPs reached nor indicators (70 percent) in place to measure the results of services and products integrating FDP issues (**Figure 10**).

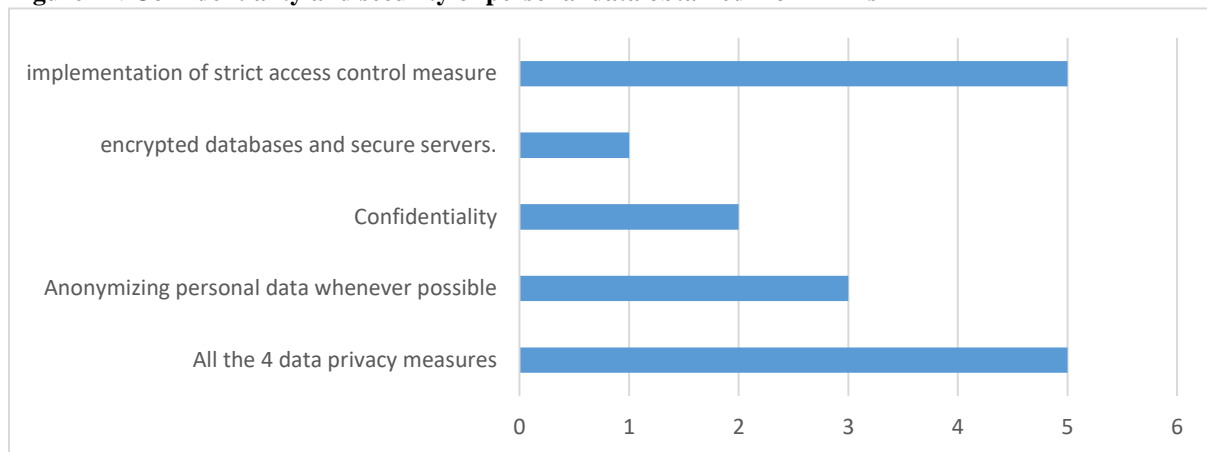
**Figure 10: Strategies and Programs.**



#### 4.10. Data Privacy - Confidentiality and security of FDP data

The survey results demonstrated that only 29 percent (5 out of 17 FSPs) prioritized confidentiality and security of personal data obtained from FDPs by using all the four data protection measures namely implementing strict access control measures, encrypted databases and secure servers, adhering to confidentiality rules and anonymizing personal data whenever possible (**Figure 11**).

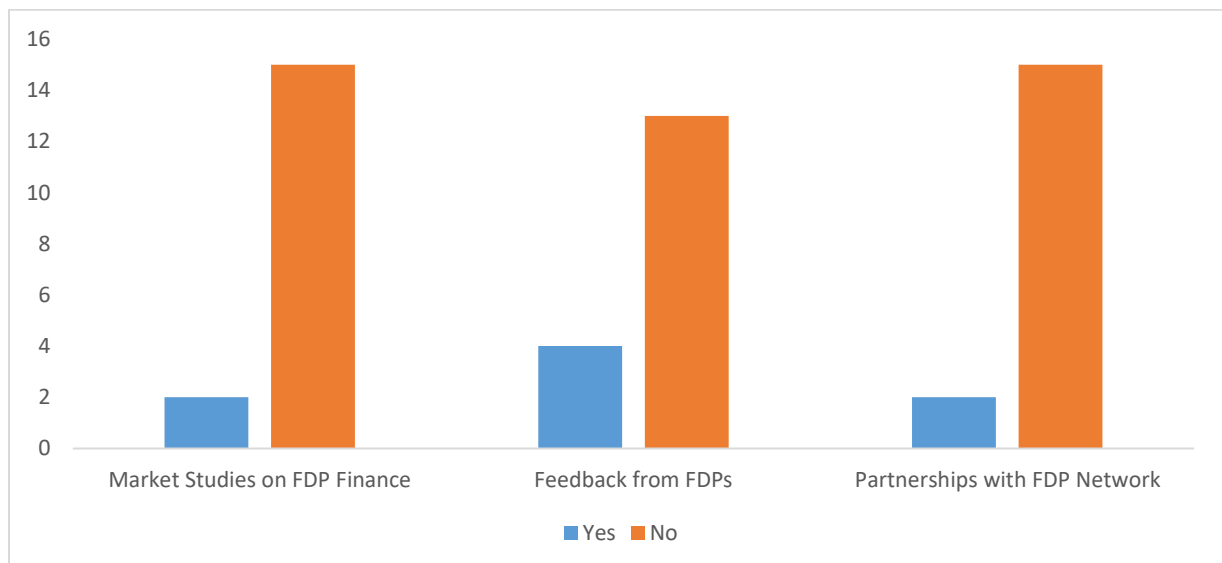
**Figure 11: Confidentiality and security of personal data obtained from FDPs**



#### **4.11. Market Studies and Partnerships**

The survey results showed that 88 percent (15 out of 17) of FSPs did not conduct market studies on FDP Finance. Neither did they have any partnerships with any FDP network such as Ministry of Home Affairs and the UNHCR. Further, 76 percent (13 out of 17) of FSPs did not solicit feedback from FDPs regarding improving financial products and services (**Figure 12**).

**Figure 12: Market Studies and Partnerships**

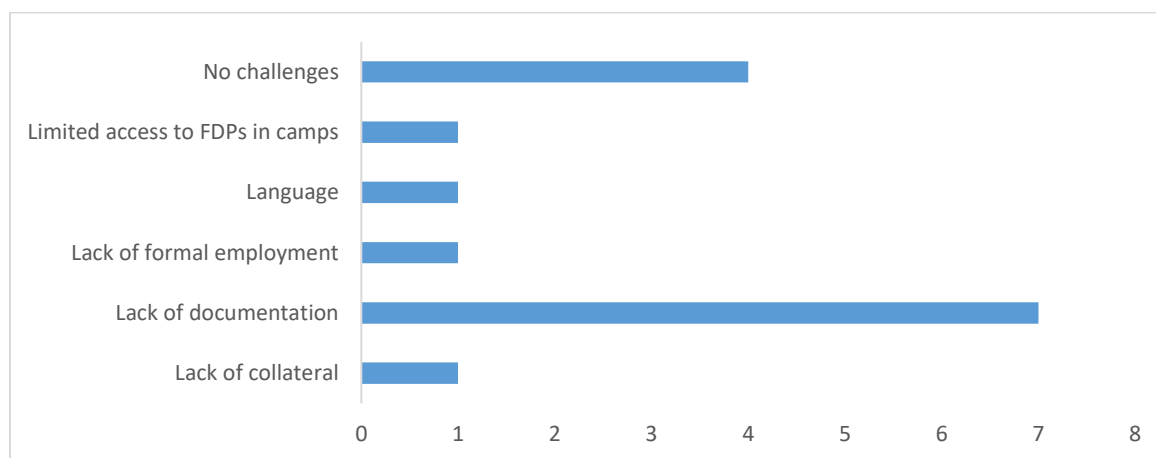


#### 4.12. Challenges faced by FSPs when serving FDPs

The survey results showed that 41 percent (7 out of 17 FSPs) found lack of KYC documentation by FDPs to be the major challenge when serving this population segment.

However, 25 percent of the FSPs indicated having no challenges in serving the FDPs. The remaining FSPs cited limited access to FDPs in camps, language barrier, lack of collateral and lack of formal employment as challenges they faced when trying to serve the FDPs (**Figure 13**).

**Figure 13: Challenges faced by FSPs**



## 5.0.CONCLUSION AND RECOMMENDATIONS

Zambia hosts over 90,000 FDPs primarily from countries like the Democratic Republic of Congo, Burundi, Angola, Rwanda and Somalia, with various social and economic challenges, including inadequate access to financial services and products. According to the NFIS II, only 3.3 percent of FDPs had bank accounts, and 58 percent had mobile money accounts as of 2023. The BoZ is undertaking various activities to enhance financial inclusion for FDPs, including financial awareness campaigns and participation in global forum discussions on financial inclusion of this underserved population. Further, this report has been produced to provide information on the landscape of products and services offered by FSPs regulated by the Bank, to FDPs. It is a deliverable under the activities of the NFIS II, as well as the Bank's commitment to the Alliance for financial Inclusion Kigali Statement - to promote financial inclusion of FDPs.

The government in collaboration with the UNHCR has established the Refugees Act 2017 and the National Refugees Policy launched in 2024, to support FDPs by providing legal recognition

that would facilitate access to financial services. Despite these efforts, challenges persist, including inadequate policies prioritizing FDPs, limited customer-centric financial products, and documentation hurdles.

This survey, conducted by the BoZ in June 2024 revealed that while some FSPs offer financial products and services to FDPs, the majority do not. Only 28 percent (17 out of 60 FSPs that responded to the survey) and regulated by the BoZ confirmed that they offered financial products and services to FDPs. The survey identified that remittance services, e-wallets/ mobile money services, and loans were among the most offered products. However, inadequate know your customer documentation remained the most significant barrier to serving the FDPs. Other challenges or barriers included language, limited access to the camps, lack of formal employment and lack of collateral.

Financial inclusion of FDPs can help this vulnerable population to improve their livelihoods and contribute to the country's economic growth. Therefore, a more coordinated approach between the BoZ, relevant Government bodies, the FSPs, UNHCR and other stakeholders should be made to overcome the challenges and barriers identified in this survey.

Based on the survey results, the following is recommended:

- i. The BoZ to strengthen partnerships with the Ministry of Home Affairs and the UNCHR to enable FSPs' access to refugee camps and include the FDPs in the financial literacy campaigns and financial literacy week activities;
- ii. The BoZ to promote outreach by FSPs leveraging on safe usage of digital financial platforms and consideration of light KYC (Refugee identity cards) to open mobile accounts; and
- iii. The BoZ to promote/arrange capacity building programs with Partners targeted at enhancing knowledge and use of other forms of collateral such as moveable assets through the moveable collateral registry system by FSPs, to help serve the FDPs who may have moveable assets to access credit.