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FINANCIAL INCLUSION OF PEOPLE BENEFITING FROM HUMANITARIAN CASH TRANSFERS

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1. CASH TRANSFERS ARE ON THE RISE IN HUMANITARIAN SETTINGS, BUT THERE WAS A QUESTION MARK ON THEIR IMPACT ON FINANCIAL INCLUSION

Humanitarian needs rose sharply, and CVA became a core instrument.

As of 2024, an estimated 300 million people worldwide require humanitarian assistance (with more than 120 million forcibly displaced among them), compared to about 76 million (and 59.5 million forcibly displaced) ten years earlier. This surge reflects more frequent and protracted crises, resulting in unprecedented numbers of people affected. In many fragile and conflict-affected settings (FCS), humanitarian response plans have been in place for more than five years, indicating chronic needs.

In parallel, humanitarian aid delivery has undergone a significant shift from in-kind assistance (such as food rations and blankets) to cash transfers. Today, cash-based assistance represents approximately 20% of global humanitarian assistance – compared to 6% 10 years ago and about 1% 20 years ago. This "cash revolution" has been made possible by digital technology (e.g., 67% of UNHCR's cash recipients get assistance through digital means) and new partnerships (e.g. with banks, mobile network operators, and other financial intermediaries).

Financial inclusion has become an increasingly important priority over the last two decades…

According to the World Bank, "financial inclusion means that individuals and businesses have access to and use affordable financial products and services that meet their needs, and are delivered in a responsible and sustainable way". It is expected to play a critical role in poverty reduction, economic growth, resilience building, and gender equality, and has gained prominence in global development agendas. It is a continuum of access and usage. This gradual process can be visualised as a spectrum or a ladder, and cannot be accurately measured by a single indicator.

Financial inclusion journey

1	2	3	4	5	6
Access to basic financial services	Usage of payment	Saving & investment products	Credit and loan products	Insurance and risk management	Advanced financial planning
• Account ownership • Cash deposits & withdrawals CVA	• P2P transfers • Bill payments • Merchant payments	• Basic savings • Fixed deposits • Investment accounts	• Microloans • Formal loans • Credit cards	• Health insurance • Life insurance • General insurance	• Financial advisory • Retirement planning • Wealth Management

…but usage remains limited despite a massive increase in access.

Between 2011 and 2024, account ownership in developing economies increased from approximately 42% to 75%, driven by the adoption of digital finance and social transfer programs. However, active usage remains uneven: many newly opened accounts see limited activity beyond cashing-out transfers; merchant payments, regular savings, or formal borrowing remain low among the poorest households.

Access is necessary for development outcomes, but it is not sufficient in itself. Without everyday usefulness (e.g. places to pay digitally, bills to settle, safe ways to save small amounts, products suited to irregular incomes, and confidence in systems), accounts go dormant.

The practical question we address.

Proparco, ICRC and the Cash Hub, with the support of Altai and the Humanitarian Innovative Finance Hub, wanted to assess whether, and under what conditions, humanitarian cash transfers can be the entry point to lasting financial inclusion. This requires looking not only at transfer mechanisms but also at actual behaviours, provider incentives, and the public-good infrastructure that enables low-value digital finance to flourish. The subsequent sections synthesise the evidence from secondary research and interviews with more than 30 players.

2. DESIGN CHOICES AND CONTEXTS CAN SHAPE OUTCOMES, BUT THE OVERALL IMPACT OF HUMANITARIAN CASH TRANSFERS ON SUSTAINABLE FINANCIAL INCLUSION IS LIMITED

Among the various modalities, unconditional cash transfer is by far the most prominent.

Cash and vouchers assistance (CVA) can take different modalities. In practice, cash transfers account for more than 80% all CVA.

	Unrestricted (cash)	Restricted (voucher)
Definition	Money, either physical or digital, is provided to people affected by a humanitarian crisis	Tokens that can be exchanged for a set value, a set quantity or type of goods or services
Unconditional	**Multi-purpose cash assistance** Rapid to deploy; high beneficiary choice	**Commodity/value vouchers** For thin/sensitive supply (e.g. seeds, infant formula)
Conditional	**Cash for work or business grants** Payment hinges on labour or milestones	**After training, match grant scheme** Control use and behaviour

CVA can also be segmented based on key implementation levers such as target level (e.g., individual/household or group/business-level transfers), frequency and value (e.g. lump-sum, monthly, season-based tranches), delivery channel (e.g. physical cash, bank transfer, prepaid card, mobile money, or e-wallet), or cash-plus add-ons (e.g. training, insurance, savings, market-support to traders).

…and tend to be used in protracted phases of the crisis…

Although breaking down CVA can be challenging, humanitarian transfers are obviously concentrated in the emergency and protracted crisis phases.

PHASE OF CRISIS

1	2	3	4
Anticipatory forecast-based	Emergency relief	Protracted crisis safety nets	Recovery / Resilience / Livelihoods
<1% of CVA	~15–30% of CVA : depends on new emergencies	~50–70% of CVA , as protracted crisis dominate aid budget	~10-20% of CVA : sometimes funded outside humanitarian budgets

The total humanitarian CVA reached up to $8 billion in 2022 and 2023 but is now decreasing due to cuts in aid and is heavily concentrated in a few key responses (Ukraine, Türkiye, Syria, Bangladesh).

…where multiple challenges limit impact…

In the context of humanitarian responses, the limited impact on financial inclusion can be explained by constraints that are logical in such contexts (a comprehensive list of barriers is available here):

- The necessity to go fast: quick selection of Financial Service Providers (FSPs) and limited time for product customisation)
- The short programme cycles (few transfers and hence limited exposure to services)
- Basic usage (immediate cash out of the full transfers: no new financial behaviours)
- Financial inclusion as a sub-objective only

In theory, cash transfers focused on resilience and livelihoods should yield more substantial financial inclusion effects, owing to account stability and asset accumulation, regular use and increased trust, as well as an intentional cash plus approach. However, there is still a lack of rigorous comparative evidence, as such programmes are hard to implement and require stability and time.

…And recent technical innovations do not impact financial inclusion directly.

Unified cash platforms, such as LOUISE in Lebanon or CCF in Jordan, and recent portals and tools (e.g. the UN Financial Gateway or WFP's Building Blocks), reduce costs and increase operational efficiency. As such, they are truly useful and should be encouraged. However, usage depth remains low, as very few beneficiaries use these accounts as a tool for broader financial management. Technical solutions should not be expected to drive financial inclusion on their own if beneficiaries lack the necessary resources or opportunities to utilise their accounts over time.

Although cash transfers are often essential in humanitarian settings, economic participation is crucial to achieve financial inclusion.

Humanitarian cash transfers offer a unique lifeline in many situations, are easier to implement than in-kind distributions, and are particularly relevant whenever there is a market to address immediate needs (especially food). They also provide dignity and choice to beneficiaries who know better what their needs are and create positive externalities in the economy (with spending fuelling economic activity).

Providing an account in the beneficiary's name is indeed an entry point for financial inclusion. However, if beneficiaries cash out the entire transfer immediately (i.e., just after receiving it) and do not use the account afterwards, there is no practical difference in beneficiaries' behaviour and financial inclusion compared to a basic cash distribution.

A genuinely sustainable financial inclusion (i.e., not dependent on aid) must rely on economic participation and opportunities (i.e., people have the right to work and can find employment). However, these opportunities are independent of cash transfers and rely more heavily on local regulations and infrastructure development. This explains why it is so difficult to find compelling examples of success.

Humanitarian players should strive to promote sustainable financial inclusion for people with humanitarian needs, rather than focusing solely on humanitarian cash transfers.

One basic but important reminder: financial inclusion is not an end in itself. It is a relevant objective if it helps people's lives by enabling them to securely transact, save, access affordable credit, and insure against risks, thus increasing their financial resilience. Practically, it should empower them economically and socially, providing pathways out of poverty and opportunities for improved quality of life. As such, financial inclusion indicators should be outputs rather than outcomes.

This also means that the focus should not be solely on cash transfers, but rather on supporting people in humanitarian settings.

To be truly sustainable, financial inclusion must cover two dimensions:

- People use financial services over time: it means that financial services offer clear use cases that are better (i.e., cheaper, more convenient) than alternatives such as cash-in-hand or borrowing from friends and family.
- It is sustainable for FSPs to serve them: FSPs need to see an interest in serving people in humanitarian settings when the aid funding stops, i.e. to see a viable business opportunity with them.

While there is no silver bullet, several areas can be considered to further drive financial inclusion.

3. SEVERAL PATHWAYS TO FINANCIAL INCLUSION EXIST IN HUMANITARIAN SETTINGS

Linking aid-transfer accounts to social protection systems.

The integration of humanitarian cash transfers with social protection systems is growing - and promising. This has typically been the case in Türkiye with the Emergency Social Safety Net or in Ukraine with the e-Dopomoga. Such an approach can drive financial inclusion by i) creating continuity of access, ii) encouraging savings (predictability and repeated exposure), and iii) crowding in financial institutions.

There is a real opportunity to scale: data from the 2021 Findex showed that 865 million individuals have opened their first account to receive money from the government, and that about one-third of government transfer or pension recipients saved, and one-third borrowed money formally.

However, such an integration is more challenging in truly fragile contexts, as it works best in countries with at least a basic social transfer infrastructure and an ID system in place before the crisis. Political will and trust between humanitarian organisations and governments are also vital: in some FCS countries (e.g. Afghanistan), such alignment is challenging. Social protection systems are typically geared towards nationals, making such an approach less relevant for refugees

Sequencing the range of financial services available and supporting users' capabilities.

Financial inclusion can rely on a wide range of services and should make the most of each option to be truly transformational. This must be consistent with the phase of the humanitarian crisis covered: Typically, early displacement (for refugees and IDPs) focuses on safe access and payment readiness. Credit and loan products can have a stronger transformational impact when individuals have access to the right economic opportunities.

1 Access to basic financial services	2 Usage of payment	3 Saving & investment products	4 Credit and loan products	5 Insurance and risk management	6 Advanced financial planning
• Account ownership • Cash deposits & withdrawals CVA	• P2P transfers • Bill payments • Merchant payments	• Basic savings • Fixed deposits • Investment accounts	• Microloans • Formal loans • Credit cards	• Health insurance • Life insurance • General insurance	• Financial advisory • Retirement planning • Wealth Management

Such opportunities will not arise until there is a minimum level of stability, when people have settled in a specific location and can work to improve their standard of living.

Displacement phases

	1 Arrival	2 Initial displacement	3 Stable/protracted displacement	4 Permanence
Core focus	Immediate basic needs (protection, shelter, food, communication, etc.)	Access to housing education, learning the language, work,	Making an increasingly better living	Resembling host population

Two complementary dimensions must be kept in mind:

- The range of services considered will impact the type of FSP to work with, as there can be a balance to find between multiple objectives.
- "Cash-plus" (such as training, market linkage, light coaching) interventions must be implemented as they can increase adoption when they are practical and repeated, and not one-off classroom sessions.

Offering loans to refugees.

When targeting individuals in displacement, refugees tend to be in more stable settings than internally displaced people (often displaced by conflict or violence, usually residing in volatile environments) due to the protracted nature of the crises. However, refugees tend to be excluded from national transfer programmes.

Multiple sources (e.g., Kiva, WFP, Grameen Crédit Agricole Foundation, Inkomoko) show high (and higher than expected) repayment rates from refugees. However, FSPs are often reluctant to serve this category (or do so only through CSR activities), as they are unfamiliar with it. They typically tend to overestimate the "flight" risk, which is limited in protracted settings.

The objective would be that FSPs provide loans to refugees (along with host communities) engaged in livelihood programs run by humanitarian players, as a way for these beneficiaries to "graduate from aid". Again, it must focus on contexts where refugees can have an effective economic participation. While serving such groups remains challenging and requires customisation, the consistent emergence of encouraging signs points to a genuine opportunity.

DFIs could play a catalytic role in bridging humanitarian agencies and FSPs by offering de-risking instruments and technical assistance to help providers evaluate the long-term viability of serving such populations independently. The main challenge is to ensure that incentives are aligned[1] . Note that such a model does not necessarily require financial guarantees. Financial support can be for technical assistance and setup costs.

[1] Examples to align incentives include the SDC's Social Impact Initiative (SDC – Swiss), t he Near East Foundation's Refugee Impact Bond, or the Results-Based Financing (RBF) models deployed across Africa's off-grid solar sector.

4. THE CHOICE OF FSPS MUST DEPEND ON THE CONTEXT AND OBJECTIVES OF THE INTERVENTION

Different types of financial service providers can be considered for projects aiming to drive financial inclusion in humanitarian settings.

	Mobile Money Operators	Banks	Micro-Finance institutions
Pros	• Fast, traceable; scalable remotely • Wide agent network • Often high penetration	• Secure, regulated, and large volume capacity • Can offer additional services (e.g. loans)	• Community presence • Social mission; flexible KYC • Can link recipients to micro-loans
Cons	• Require network coverage + phone access and usage • Potential agents' liquidity issues	• Limited rural reach in FCS • Slower startup • Fees burden small transfers	• Smaller-scale capacity and liquidity constraints • Not always payment-equipped
Most relevant in	FCS with high mobile penetration (esp. SSA) and networks are up	Stable or urban markets with a functioning banking sector	Rural/underserved areas with MFIs active + recovery phase contexts
HCT[2] share	High	Medium	Low-Medium

	Fintechs	VSLAs[3]	Agent aggregator/CIT[4]
Pros	• Fast, Innovative, tailored solutions (e-vouchers, multi-wallet apps) • Network-agnostic • Often quicker to set up, and lower fees vs. banks	• Ultra-local reach • Empower members (often women) + social cohesion • Flexible use of funds; revolving loans multiply impact	• Can reach conflict or remote zones • Flexible and quick scaling • Professional cash handling (CIT) reduces security risk for agencies
Cons	• Less known/trusted by communities • Smaller agent/ATM network • Startup stability risk (might shut down or lack scale)	• Takes time to establish/train (not instant emergency fix). • Informal – no external oversight; risk of internal conflict or theft	• Oversight challenges (e.g. unofficial fees) • AML/CFT[5] compliance concerns • No lasting account relationship
Most relevant in	Urban or connected populations; camps with Wi-Fi/digital literacy	Protracted crises, recovery, and resilience phases. Communities where group culture exists	Active conflicts or any setting where banks/mobile are not viable
HCT share	Low-Medium	Very tiny but increasingly included as a complement	High

There is no one-size-fits-all approach, but banks and MFIs can be particularly relevant for resilience and livelihoods programmes.

	MMOs	Banks	MFIs	Fintechs	VSLAs	Agent ag.
Trust & local fit	Medium	Medium	High	Low-Medium	High	Depend on context
Scale & speed	High	Medium	Low-Medium	High	Low	High
Access to sophisticated products	Low-Medium	High	Medium-High	Medium	Indirect only	None
Social protection integration potential	Low	High	Low-Medium	Medium	Low	Low

[2] Humanitarian Cash Transfer.
[3] Village Savings and Loan Groups.
[4] Cash-in-Transit firms: specialised private companies that provide secure physical transportation, distribution, and management of cash. It includes, for instance, G4S or Brink's.
[5] Anti-Money Laundering / Countering the Financing of Terrorism.

The relevance of each type of FSP and its potential impact on financial inclusion remains context-dependent. However, a few points can be highlighted:

- While MMOs can be used in emergencies for speed and scale, MFIs and banks are likely to be more relevant for resilience phases where KYC and onboarding are more feasible
- Agent aggregators are the most convenient/cheapest option in some cases, but are transactional only (they do not offer individual accounts that can be used over time)
- Informal services can prove particularly crucial in some cases (e.g., VSLAs for livelihood-focused transfers)

Financial inclusion is not a byproduct of digital transfers: it requires intent (to push for systemic enablers such as ID reform, interoperability or tiered KYC), continuity (to build transition programs), and infrastructure (such as digital rails).

5. PRACTICAL RECOMMENDATIONS

Most of the recommendations in this section should be considered by all players involved.

For transfers to drive inclusion, several prerequisites must be in place.

These prerequisites aim to address some of the primary barriers that have been identified. Note that they do not cover the "soft" ones, such as trust or cultural obstacles, and that some issues (e.g. literacy) take time to be addressed.

Prerequisite	Rationale
Identification infrastructure	An official ID is required to satisfy Know-Your-Customer requirements, and the lack of it can hinder account opening, esp. for refugees. Tiered KYC (simplified accounts with low limits) can enable aid recipients to become account holders.
Regulatory support and political will	Authorities must prioritise inclusion even during crises, for example, by fast-tracking regulatory changes (such as ensuring effective economic participation or allowing e-money issuers to operate).
Payment infrastructure and agent network	A strong network of agents, ATMs, or merchants is necessary so that digital cash can be conveniently accessed or spent; otherwise, recipients will withdraw all their funds at once. Instant payment systems (such as UPI in India or Pix in Brazil) truly make digital transactions fast, low-cost, and interoperable.
Supply of appropriate financial products	Humanitarian recipients are often low-income, irregular earners; they need accounts with no or low fees, as well as services like small-balance savings. Such a prerequisite can be challenging for FSPs to meet, as it often involves tailoring their offers to an unclear business model.
Digital literacy and mobile phone penetration	Since many humanitarian CVA schemes are now digital, beneficiaries must be able to operate phones or cards and trust the systems. Training and user-friendly tech (e.g. interfaces in local languages) help convert one-time users into regular customers.

Several best practices can be followed in the programme design.

Once such prerequisites are in place, cash transfer programmes must have several characteristics to lead to sustainable financial inclusion:

- The context should not be too volatile (e.g. violence, high inflation, collapsing financial system), and beneficiaries should have tangible economic opportunities.
- It should be geared towards livelihoods with frequent transfers.
- Individual accounts should be in the beneficiaries' name, promote specific behaviours (e.g. saving), be supported with training, and offer a clear path to more sophisticated services.
- During implementation: include VSLAs, which usually have stronger roots in the community, measure use long after the programme is finished and be patient.

Supporting changes in the ecosystem by working collaboratively across sectors.

Humanitarian cash transfers from a single agency are unlikely to have a significant impact on financial inclusion. However, collaborating with other agencies to channel all transfers in a similar way, and ideally with the government's social protection system, can increase the likelihood that these accounts will be used over time. By operating as a consortium or common platform, agencies can achieve greater scale, efficiency and transparency than they could through parallel efforts. In complex settings where resources are scarce, these efficiency gains mean that more aid reaches the intended beneficiaries.

One key challenge is to drive economic opportunities and therefore cover initiatives such as income-generating activities, training to give beneficiaries marketable skills, job-matching mechanisms and the financial infrastructure and KYC. In all these cases, partnerships across sectors (including for advocacy purposes) are crucial. Such initiatives are also long-term but a must to drive sustainable impact.

CONCRETE EXAMPLES OF COLLABORATION AMONG PLAYERS TO SUPPORT PEOPLE WITH HUMANITARIAN NEEDS

A consortium among different categories of stakeholders requires more coordination than a more "regular" programme but also yields stronger results, by leveraging their complementarities. Recent relevant initiatives include:

- Financial Inclusion of Refugee in Uganda since 2019 : The Grameen Credit Agricole Foundation provided debt funding, with a guarantee from Sida, to three MFIs and funded technical assistance (TA) (coordinated with UNHCR) to enable them to provide loans to refugees. MFIs have determined that refugees can be a relevant business target and have expanded the approach to other regions.
- WFP "SheCan" programme, a multi-country initiative (Africa/MENA/LatAm) initiated in 2019 that combines donor/philanthropic funds to offer microcredit for women smallholders and micro-enterprises, alongside technical assistance. The programme has disbursed more than 50,000 loans and the default rate has been extremely low (<0.1%).
- Refugee Livelihoods Development Impact Bond: investors (esp. US DFC) are repaid by outcome funders (IKEA Foundation, Norad, Novo Nordisk Foundation) upon verified job/income outcomes. The Near East Foundation is in charge of implementation, with TA embedded and MFIs for enterprise finance. Initial results exceed expectations.

Such consortia are relevant because each actor solves a different binding constraint: e.g., humanitarian agencies unlock client access, protection-sensitive onboarding and regulatory fixes; DFIs and donors provide guarantees and TA that de-risk portfolios and mobilise bank/MFI balance sheets at scale; and FSPs bring distribution, underwriting, and rapid replication

The exact role of the humanitarian player is context-dependent. A good approach is the typology designed by the Humanitarian Innovative Finance Hub (HIFHUB) for humanitarian blended finance.

Convener	Advisor	Enabler	Implementer
Lead in bringing ideas forward and use influence to convene stakeholders	Provide technical assistance and advisory support to de-risk projects and attract investments	Facilitate project preparation & handover, ensuring effective exit strategies & sustainability	Act as operator due to mandate and relationship with government

In any case, success will hinge on robust technical assistance and training:

- For refugees and host communities (who do not move but suffer the consequences of Fragility, Conflict and Violence): i) a practical financial and digital literacy training, ideally conducted by the loan officer to build trust, leading to a certification, and ii) business skills training, to improve income-generating activities
- For FSPs: i) Market understanding of the refugee market to develop appropriate outreach strategies, ii) Product and processes customisation, and iii) digitalisation support (esp. when working with MFIs and VSLAs)

6. APPENDIX

Overview of the multiple barriers that prevent humanitarian cash transfers from leading to sustainable financial inclusion.

Experience over the last decade shows that multiple barriers, dependent on the demand and the ecosystem, have presented such humanitarian cash transfers to lead to sustainable financial inclusion:

Demand-driven	Ecosystem-driven
Originating from recipients' financial habits, socio-economic conditions, and behavioural preferences	Stemming from Financial Service Providers (FSPs), infrastructure, regulations, and market constraints
Lack of identification documents	Physical and digital infrastructure constraints
Financial literacy gaps	Regulatory and KYC challenges
Insufficient household income / immediate needs	Limited business case for FSPs
Social and cultural barriers	Mismatch of financial products to user needs
Distrust in financial institutions	Single-use financial accounts (limited utility accounts)
	Data protection and privacy concerns
	Fragmented humanitarian registration and fin. systems

When it comes to blended finance initiatives such as the ones highlighted at the end of the recommendations, there is a lack of partnership culture among stakeholders as well as a lack of familiarity with loans among humanitarian players who are used to working with cash transfers only.

Interviews were conducted with individuals from the following institutions:

- AAvance
- Al Majmoua
- CALP Network
- CGAP
- Care
- Danish Refugee Council
- European Commission
- Equity Bank
- Fond. Grameen Crédit Agricole
- Give Directly
- Hilton Foundation
- HIFHUB
- ICRC
- IFRC
- IFC
- ILO
- International Rescue Committee
- Ikea Foundation
- Mastercard Foundation
- Mercy Corps
- Near East Foundation
- Oxfam
- Refugee Investment Network
- Røde Kors
- UNCDF
- UNHCR
- UGAFODE
- Vision Fund
- World Food Program
- World Vision

The interviews were conducted under the Chatham House Rule, so we do not specify the organisation when using quotes. Some individuals also specified that they were providing their personal perspective and not necessarily that of their institution.

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