

Expanding Credit Access for Forcibly Displaced Persons *in* Uganda Through Cross-Border *and* Alternative Data



March 2026



Kingdom of the Netherlands



IFC

International
Finance Corporation
WORLD BANK GROUP

About IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2024, IFC committed a record \$56 billion to private companies and financial institutions in developing countries, leveraging private sector solutions and mobilizing private capital to create a world free of poverty on a livable planet. For more information, visit www.ifc.org.

© International Finance Corporation 2025.
All rights reserved.
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
Internet: www.ifc.org

The material in this work is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC does not guarantee the accuracy, reliability, or completeness of the content included in this work, or for the conclusions or judgments described herein, and accepts no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon.

Cover image: © Wright Studio and Janusz Pienkowski / Shutterstock

Contents

Background	2
Abbreviations	3
Terminology	4
Methodology	5
Executive Summary	6
1. Cross-Border Credit Data Sharing	15
1.1 Credit information ecosystem regulations	16
1.2 The six building blocks for cross-border credit reporting and data sharing arrangements	20
1.3 Four models of cross-border credit data sharing	21
2. Demand Side: Understanding FDP Dynamics	23
2.1 FDPs in Uganda	24
2.2 Understanding the demographic and financial lives of FDPs in Uganda	25
2.3 Unpacking refugee ID, KYC, and identification	33
3. Supply Side: Host Country's (Uganda) Financial Sector and Credit Information Structure	39
4. Alternative Data Sources for Credit Access	49
4.1 Alternative data and typology	50
4.2 Consumer protection considerations for alternative digital credit	57
5. Conclusion and Way Forward	61
Appendix A: Sampling Details—Demand-Side (FDP) Research by Busara	64
Appendix B: Demand-Side (FDP) Research by Busara—Uptake of Formal Financial Services	66
Appendix C: Key Informant Interviews	80

Background

About Caribou Digital

Caribou is a global consultancy working with ambitious foundations, companies, and governments to accelerate and deliver impact in a digital age, applying deep technical expertise and rigor to fund and program management, strategy and policy design, impact measurement, actionable research, and immersive learning initiatives. Caribou works towards a world in which digital economies are inclusive and sustainable, driven by secure livelihoods, innovative business models, and resilience to a changing climate. Find out more at <https://caribou.global>.

Acknowledgments

Caribou Digital would like to thank expert advisers and co-authors Rashmi Pillai and Delia Dean, who were instrumental in developing this report.

About the diagnostic

Access to finance has emerged as a critical challenge facing forcibly displaced persons (FDPs). Despite their entrepreneurial spirit, FDPs are credit-constrained, hindering their ability to transition from relying on humanitarian assistance to achieving self-reliance.

This diagnostic explored the feasibility of cross-border data sharing (for example, traditional credit histories and other data) to promote credit inclusion for FDPs in Uganda. It also assessed the landscape of alternative data generated by FDPs in the host country that could be leveraged to promote credit inclusion.

Abbreviations

ACP	Accredited credit provider
AML/CFT	Anti-money laundering/combating the financing of terrorism
API	Application programming interface
ATM	Automated teller machine
CRB	Credit reference bureau
DRC	Democratic Republic of Congo
FATF	Financial Action Task Force
FDP	Forcibly displaced person
FSP	Financial services provider
GSM	Global system for mobile communications
ID	Identity document
IFAD	International Fund for Agricultural Development
IMTO	International money transfer operator
INGO	International nongovernmental organization
KYC	Know your customer
MFI	Microfinance institution
MNO	Mobile network operator
OPM	Office of the Prime Minister
PAYGO	Pay-as-you-go
RUF	Rural Finance Initiative
SACCO	Savings and credit cooperative organization
SIM	Subscriber identity module
SMEs	Small and medium enterprises
UNHCR	United Nations High Commissioner for Refugees
VSLA	Village savings and loan association
WFP	World Food Programme

All dollar amounts are US dollars unless otherwise indicated.

Terminology

Terminology	Description
Agency banking	Agency banking, also known as agent banking, is a system where licensed financial institutions partner with third-party retail outlets (agents) to offer basic banking services to customers, particularly in areas where traditional bank branches are limited. These agents, which can be sole proprietorships, partnerships, or other entities, provide services such as cash deposits and withdrawals, account opening, and bill payments, extending the reach of financial institutions.
Bank on wheels	Banking services are provided by a mobile (automobile) unit, typically a van for remote or unreachable areas.
Duka	A Swahili term for "shop" referring to a small nano-retail business.
Hawala	Money movement without money transfer. Hawala, in the context of the International Monetary Fund eLibrary, is an informal value transfer system that operates outside the traditional banking system. It facilitates the transfer of money across borders without the physical movement of cash or the use of traditional financial channels. For example, a Hawala agent in one country accepts money from the sender in country A, who wants to send money to a recipient in country B. Once the money is received by the first Hawala agent, the recipient needs to go to another Hawala agent in their country B, share a code that was given to them by the sender, and receive the money. The Hawala agents settle balances between themselves through various means, including offsetting via reverse remittances (that is, netting), payments of goods for trade, and other net-offs that may arise from these transactions. Essentially, it is a method of transferring debt between parties, relying on trust and a network of brokers (hawaladars) who settle accounts through various means, including trade, cash, or net settlements.
Nano-credit	Small credit limits extended over mobile phones. Nano-loan and nano-credit are used interchangeably.
Psychometric credit scoring	Psychometric credit scoring is a method of assessing a borrower's creditworthiness by analyzing their personality traits and psychological characteristics, rather than solely relying on traditional financial data like credit history. It leverages psychometrics, the science of measuring mental capacities and processes, to evaluate traits like responsibility, conscientiousness, and honesty, which are believed to be indicators of a borrower's ability and willingness to repay a loan.

Methodology

This report employed a mixed-methods approach, combining qualitative and quantitative research to assess the landscape of credit access for forcibly displaced persons (FDPs) in Uganda. Desk-based research formed the foundation of the analysis, drawing on recent policy documents, regulatory frameworks—including the 2022 Financial Institutions (Credit Reference Bureau) Regulations—academic literature, and industry reports from multilateral organizations, financial sector regulators, and humanitarian agencies. Secondary data on financial inclusion, digital financial services, and credit access were sourced from publicly available datasets such as the World Bank Global Findex, Bank of Uganda reports, and statistics from the United Nations High Commissioner for Refugees.

To complement the literature review, the study incorporated insights from key informant interviews and focus group discussions conducted by the Busara Center for Behavioral Economics. Stakeholders consulted included representatives from financial institutions (banks, microfinance institutions, and savings and credit cooperative organizations), fintech companies, regulatory authorities, refugee-led organizations, and development partners. These consultations provided context-specific perspectives on the operational realities (for example, ID verification issues), regulatory barriers, and emerging innovations in credit provision for FDPs.

The report also reviewed case studies and ongoing pilot projects—such as the digitization of savings groups and alternative data initiatives—to illustrate practical challenges and opportunities. Data triangulation across these sources ensured a balanced and evidence-based analysis, with findings validated through stakeholder feedback sessions and iterative review.

Executive Summary

Access to finance has emerged as a critical challenge facing forcibly displaced persons (FDPs) in Uganda. Despite their entrepreneurial spirit, FDPs are credit-constrained, hindering their ability to transition from relying on humanitarian assistance to achieving self-reliance through income-generating activities.

This diagnostic explores the feasibility of cross-border data sharing to promote credit inclusion for FDPs in Uganda. It yields the following insights, issues, and recommendations for IFC to consider.

Uganda's 2022 Financial Institutions (Credit Reference Bureau) Regulations allow for cross-border credit data sharing. Reciprocity arrangements and the harmonization of laws between FDP corridor countries can go a long way in developing cross-border credit information markets. Clause 38 of the credit reference bureau (CRB) regulations details the rights of consumers, which aligns with the 2019 Data Protection and Privacy Act and the conditions for cross-border data sharing. Data can only be shared between supervisory bodies, such as central banks of countries, or as reciprocal arrangements between authorized institutions in other countries that legally permit cross-border data sharing. Additional conditions of cross-border data sharing include the fulfillment of robust data protection requirements with clear guidance on the purpose of data usage in a time-bound manner.

With 90 percent of FDPs in Uganda from the two largest corridors—the Democratic Republic of Congo (DRC) and South Sudan—harmonizing fundamental laws and the

building blocks around credit data sharing frameworks between these countries is vital in speeding up credit information exchange (see further details in section 1). Based on key informant interviews and reviews of financial sector regulations, the DRC and South Sudan do not have CRB regulations that permit cross-border data exchange at the time of writing this report.

As a “test and learn approach,” we recommend that IFC pilot the “indirect access” credit sharing model, starting with one corridor in partnership with the interested central bank. In the indirect access model, a creditor residing in country A that wishes to get the credit data of a borrower from country B will access verifiable credit history from the credit reporting service providers—the CRB and public credit registry of country B—through a credit reporting service provider located in country A. The creditor reports on credit performance to the local registry in country A, which has a sharing arrangement with country B. IFC could pilot a version of this model, providing valuable lessons in building credit infrastructure between the two corridors.¹

Uganda's 2022 CRB regulations made significant strides on collection of borrower behavior and reporting requirements, increasing transparency on credit risk at borrower and financial institution level. Clause 19 (collection of information) of the regulations requires CRBs to collect negative information on the background and credit history of non-performing borrowers. The clause also requires CRBs to collect positive economic, commercial, and financial obligations of customers to determine their overall debt exposure and ability to repay.

¹ Note that the test must comply with local data protection laws.

However, when it comes to mandatory submission of negative information to CRBs, all licensed financial institutions, microfinance institutions (MFIs), and accredited credit providers² (ACPs) are required to submit negative borrower behavior without requiring any explicit consent from the borrower (clause 20). Clause 21 (disclosure of positive information), on the other hand, gives reporting institutions the option to provide positive borrower information to CRBs with the express written consent of the customer (capture of consent is further explained in the regulations).

Additionally, every CRB is required to share borrower information received from ACPs with other CRBs within 180 days of receiving that information (clause 34(d)). This reduces financial institution and systemic exposure to individual borrower credit risk.

ACPs offer goods or services to businesses and borrowers on credit (for example, utilities and provisions). They can be a great source of non-traditional financial data trails if the process of accreditation is simplified. According to the CRB regulations, a credit provider that wishes to be an ACP must first be accredited. Once accredited, the credit provider can submit and receive borrower information. The accreditation process requires that the provider apply to any CRB in line with criteria jointly developed by the Bank of Uganda and the Uganda Microfinance Regulatory Authority. The CRB issues the accreditation, duly notifying the

central bank. The application process is extremely tedious and complex for small credit providers. One of the most common points of failure is the standards and procedures around the handling of customer data and alignment with the Data Protection and Privacy Act. Most businesses, including informal credit providers, are not set up to meet these stringent criteria.

The Credit Information Providers Association of Uganda is working with all credit providers and CRBs to advocate for legal and regulatory reforms around credit information sharing and providing technical assistance to help providers build good-quality data.

Opening deposit accounts for FDPs in Uganda is easy, but getting credit from formal institutions is challenging due to traditional credit assessments. Uganda provides refugee IDs as legal “know your customer” (KYC), allowing refugees to open bank and mobile money accounts. They can deposit, withdraw, and pay bills using these accounts.

Financial institutions often regard FDPs as riskier credit clients. Lenders typically use the 5Cs of credit to evaluate a borrower’s creditworthiness and assess the risk of lending them money: character, capacity, capital, collateral, and conditions. Character refers to the borrower’s ability to repay based on their credit history, reputation, and financial behavior. In developed financial markets this information is easily found in credit reports. However, for most FDPs this information is not easily available and, where it is available, the information is often outdated and therefore considered irrelevant by lenders. Additionally, FDPs in Uganda are

² In Uganda, an accredited credit provider (ACP) is an institution that provides goods or services on credit to the public. Although not licensed by the Bank of Uganda, it is authorized to submit and receive credit information from a licensed CRB after meeting specific accreditation criteria. Essentially, ACPs are non-bank entities that participate in the credit market and use the CRB system for credit information management.

not always static. Borders are porous and FDPs frequently cross borders, which gives lenders the perception of instability. Capacity usually assesses the borrower's ability to repay. FDPs in Uganda, especially in settlement camps, have high levels of income volatility—a red flag for many lenders. Displaced people often have very few assets like investments, movable property, and land that meet lender capital and collateral assessments. Lastly, lender conditions around accessing the loan (documentation, regulatory requirements), loan terms, and how these might affect the borrower's ability to repay or the lender's ability to collect also play into the lending decision.

Credit assessments are evolving beyond traditional methods, leveraging alternative data to enhance decision-making, especially for individuals with no credit history. Alternative data such as digital wallet transactions, merchant payments, income from freelance or traditional work, remittance flows, and social media can be used for borrower cash-flow analysis, assessing behavioral patterns, income verification, and broader risk profiling. Lenders, especially fintechs, are increasingly leveraging these and other real-time, relevant data to build credit scoring engines to offer credit to previously excluded populations like FDPs.

FDPs in Uganda are generating data trails, including credit trails—but their digital trails are limited. Most FDPs in Uganda did not have access to formal financial services in their countries of origin, resulting in their having very little credit history. However, informal savings groups that are largely cash-based have become a credit lifeline for FDPs and are a primary source of credit. Of the 66,000 savings groups in the country, 10 percent (6,600 groups) belong to FDPs. Digitizing FDP trails could provide rich information on FDP transactions, incomes, savings, and ability to repay loans.

Tier 3 (deposit taking) and Tier 4 MFIs such as FINCA, VisionFund, and the Rural Finance Initiative (RIFI) are

lending to well-established FDP savings and loans groups to increase the groups' capital base. These loans are often backed by donor soft capital (grants, guarantees) as a de-risking mechanism since FDPs have little to no collateral and very little formal credit history. However, a downside of these groups is that the available credit ticket size is dependent on the aggregate volume of the group's savings. If the group is wealthier, then the weekly saving into the group "pot" is higher. This means a member can get a higher loan, which could be used for productive uses (such as farming, business, and investments). If the group is not wealthy, then the loan size might be insufficient to invest in income-generating activities.

Borrowers that successfully save and borrow from these groups are graduating up the credit ladder and can get credit directly from these institutions. Strategic partnerships that digitize these records and then report this credit behavior to the CRBs can significantly expand access to credit for FDPs.

Digitizing the financial and alternative trails of FDPs could result in richer data on FDPs and enhance their overall creditworthiness. These financial and alternative trails include:

- **Credit and savings data:** Digitization of records of the 6,600 FDP savings groups by various fintechs including True African, Ensibuuko, FutureLink Technologies, and MobiPay AgroSys is ongoing. MFIs such as VisionFund and RIFI are at the forefront of these digitization efforts. Digitizing borrower information, starting with the mature groups, and reporting it to CRBs will enhance FDPs' credit and savings histories, thereby strengthening their credit profiles.
- **Mobile money (wallet) data:** Mobile money is the preferred digital payment method of many FDPs who have access to mobile phones. At least 53 percent of FDPs own a basic phone. Through mobile money, FDPs generate some digital trails (for example, cash-

in, cash-out and peer-to-peer payments). However, this information is insufficient on its own to assess the income and repayment potential of FDPs, which are key to determining creditworthiness. This point assumes that the user of the wallet and the SIM card (KYC) associated with the wallet belong to the same person (which is often not the case).

- **Microfinance data:** The 2022 CRB regulations now allow Tier 3 and Tier 4 MFIs, registered societies, and ACPs to report credit information to CRBs. This is in addition to Tier 1 and Tier 2 (banks and credit institutions). Permitting lower-tier institutions (such as non-deposit-taking MFIs, village savings and loan associations, and savings and credit cooperative organizations), where the bulk of FDPs access credit, to gain accreditation and report to existing CRBs creates an immense opportunity to formally digitize FDPs' credit histories.
- **Remittances:** FDPs receive remittances from their diaspora and sometimes send money. Unfortunately, only macro aggregate remittance data are available on remittances to and from Uganda. Moreover, most FDP remittances are informal. The Hawala informal money transfer system is popular among Somali and South Sudanese FDPs because it is cheap, fast, and anonymous. That said, the Bank of Uganda is working with the International Fund for Agricultural Development's (IFAD's) RemitSCOPE³ to better understand remittance segmentation. FDP remittance data, once segmented and/or digitized, would be a valuable input into credit scoring models.
- **Transactional data:** FDPs generate non-financial data trails from, for example, pay-as-you-go solar asset repayments or purchases of provisions from stores on credit. However, as described in this report, capturing

these trails is difficult. For example, asset financing companies are not always concerned with KYC data if customers can provide the required deposit and make the required weekly payments. This makes it difficult to attribute repayment data that FDPs generate across different businesses to a unique individual ID. There are some exceptions, however. Increasingly, productive asset financing companies (mostly motorcycle or car financing such as Tugende and Watu) are capturing KYC data; however, not many FDPs have a steady income to qualify for access to these assets.

- **Retail merchant payments:** Based on key informant interviews and literature reviews, most FDP retail transactions, such as merchant payments, are in cash. This is the case for both a consumer and a business owner making upstream (supplier) and downstream payments (employees), limiting their data trails in the formal system. Digitizing these trails could reduce information asymmetry and perceived risk around FDPs.
- It should be noted that **cash aid** is delivered and cashed out through digital channels (bank and mobile money). Cash aid is provided to bolster FDPs' food security and is calculated based on the minimum expenditure basket, which is the cost of basic foodstuffs per person per month. While there is a digital data trail, financial services providers (FSPs) cannot use this data point for credit scoring because it is used for food consumption and is not a metric of income or investment that could be used to repay loans.

FDP ID verification, a fundamental requirement of customer due diligence, is a roadblock. FDPs face multiple barriers when it comes to securing a refugee ID and other documentation. First, the process of obtaining a refugee ID can be extremely long. All FDPs have family attestation documents given at the border, but obtaining an official individual refugee ID (official legal name in

³ RemitSCOPE (launched by the United Nations IFAD) is a free and interactive web platform providing essential data on global remittances—money sent home by migrant workers from developing countries.

Uganda) takes time, often several months and, in some extreme cases, years.

The Ugandan refugee ID is the only KYC document required when opening a mobile money account and bank account. In the case of mobile money services, once an FDP is onboarded with the right KYC documentation, they can make cash deposits, withdrawals, and bill payments. However, based on key informant interviews and secondary literature, the refugee ID seems insufficient for deposit-taking institutions. On-the-ground qualitative feedback shows that, depending on the risk appetite of the institution, FDPs can be asked to present both their refugee IDs and family attestation documents. Since family attestation is only given to the heads of households, they are often required to be present for access to these services.⁴

Additionally, Uganda's Anti-Money Laundering Act (2017), in reference to customer due diligence, specifically requires accountable persons to "verify" the client's identity using reliable, independently sourced documents. The current process of independent verification of FDPs' IDs often requires financial institutions to manually call the Office of the Prime Minister. This is cumbersome and time-consuming, disincentivizing financial institutions from extending formal financial services to FDPs.

Additionally, proof of address is still a requirement under the Financial Intelligence Authority despite the Financial Action Task Force (FATF) stating that proof of address is not a requirement for access to formal financial services. Generating proof of address is not straightforward for FDPs.

Biometric real-time verification of FDP IDs for financial services would be a game-changer. The United Nations High Commissioner for Refugees (UNHCR)-Ugandan government FDP biometric ID database⁵ is unavailable for

third-party access due to security reasons. Given that three-quarters of FDPs have been biometrically registered, if this database were made accessible for verification purposes, it would be a game-changer. Alternatively, approaches like a static mirror database with restricted and encrypted access under the supervision of the National Identification and Registration Authority or the Office of the Prime Minister could be explored.

Private sector alternatives can also be piloted with, for example, Commonlands (a community verification ID model on blockchain backed by land for credit) or MasterCard's Community Pass,⁶ which includes unique digital IDs.

FDPs are perceived to be higher risk by FSPs. Reasons for this perception include uncertainty that FDPs might move back to their home countries, defaulting on their loan facilities. FDPs have the right to repatriation, and UNHCR will repatriate them irrespective of whether they have outstanding loan balances or not.

FDP settlements are also governed by other rules that protect FDPs. One such rule is the "do no harm" rule enforced on all providers working in settlements. Financial providers fear being reported on this rule and having their access to camps revoked. This has a perceived impact on whether defaulter loan collection practices would be considered harmful.

The FATF lists South Sudan and the DRC, where 90 percent of FDPs are from, as high-risk countries—raising money laundering and terrorism financing fears. This invites higher KYC scrutiny of inbound and outbound transactions conducted by FDPs.

4 Anderson, Lezanne, Rashid Muhammad, and Masiwa Rusare. 2022. "Enhancing Identity Verification for Refugees in Uganda." *Cenfri*, October 21, 2022. <https://cenfri.org/articles/enhancing-identity-verification-for-refugees-in-uganda/>.

5 The biometric ID database is owned by UNHCR globally, even though the biometric ID collection and verification is a joint initiative by the government of Uganda and UNHCR.

6 For more information on MasterCard's Community Pass, see <https://www.mastercard.com/global/en/for-the-world/prosperity/community-pass.html>.

As a response to these actual or perceived risks, FSPs typically transfer the bureaucratic burden of documentation onto FDP customers or just do not serve them at all. Low levels of financial literacy are also a significant risk factor for FSPs. FDPs lack basic digital and financial literacy skills. This means they might not understand the terms and conditions of financial products and how they work. While FSPs can invest in educating customers about their own products, providing FDPs with fundamental skills does not usually fall within their mandate.

Recommendations

IFC has an important role to play in bringing about systemic change to the credit ecosystem, impacting in-country and cross-border data flows to facilitate access to credit for FDPs. Possible actions and solutions led by IFC are outlined in Table 1.

TABLE 1

Five key thematic recommendation areas that IFC could influence

Insight/issue	Possible actions led by IFC
<p>1. Legislative/regulatory intervention: The feasibility of cross-border data flows between the two largest FDP corridors—Uganda and South Sudan, Uganda and the DRC—is low, but with the right pilot and commitment from regulators there is promise.</p>	<ul style="list-style-type: none"> • IFC along with the World Bank and other development actors could help amend the legal frameworks in these two countries to allow for cross-border credit data sharing models. Cross-border data sharing is a reciprocal arrangement. This will require a detailed legislative and regulatory analysis of the credit information system in both countries. • Based on information shared, IFC already seems to be working with regulators in the region to improve their credit information systems. • A sandbox arrangement or no objection letters that allow the central bank of the DRC or South Sudan to pilot credit data sharing arrangements with the Bank of Uganda could be an alternative option.
<p>2. Legislative/regulatory intervention: FDP ID issuance and real-time verification are a huge issue and need to be addressed urgently.</p>	<ul style="list-style-type: none"> • IFC could consider direct or joint advocacy with the World Bank on modifying the Anti-Money Laundering Act to make proof of address non-mandatory. • Advocate for access to the UNHCR-government of Uganda refugee database for real-time ID verification—that is, verifying if the ID presented by the customer is a valid one or not. This verification can be a binary yes/no at the start. • If the above is not feasible, alternative solutions can be devised (for example, a mirror database). • Partner with viable private sector providers like MasterCard’s Community Pass or Commonlands for third-party ID verification that can be acceptable to banks and approved by the regulators (Bank of Uganda and Financial Intelligence Authority). • Tiered KYC proportionate to risk should also be considered for FDPs.

Insight/issue	Possible actions led by IFC
<p>3. Supply-side intervention: Credit portability models.</p>	<ul style="list-style-type: none"> • IFC could test an indirect access model for cross-border credit data portability with one FDP corridor country and build a framework for the East African Community. This could be effective for the single digital market work⁷ being led by the World Bank.
<p>4. Supply-side intervention: Support to the Tier 4 microfinance sector: Digitizing the non-digital trails of FDPs could result in richer data on them and enhance their creditworthiness.</p>	<ul style="list-style-type: none"> • Support policy makers and regulators in the DRC and South Sudan in changing regulations and incentivize all lenders to report to the CRBs. • Support the scale-up of fintechs digitizing village savings and loan associations and savings and credit cooperative organizations. • Support the CRB Association and the Credit Information Providers Association in helping non-traditional credit providers become accredited more easily to increase the number of ACPs reporting to the CRBs, enriching borrower profiles.
<p>5. Demand-side intervention: Financial literacy is still a significant barrier to the uptake of formal financial services.</p>	<ul style="list-style-type: none"> • The Cash Working Group (chaired by the World Food Programme and UNHCR) along with other donors is working on financial literacy programs. • IFC can work with the Uganda Bankers' Association, the National Payment Systems Providers Association, and the Financial Technology Service Providers Association of Uganda to support these literacy efforts.

⁷ For more information on this work, see <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/809911557382027900/a-single-digital-market-for-east-africa-presenting-vision-strategic-framework-implementation-roadmap-and-impact-assessment>.



1

Cross-Border Credit Data Sharing

In this section:

- Comparison of credit information ecosystem regulations between Uganda, the Democratic Republic of Congo, and South Sudan—the largest refugee corridors.
- Four models of cross-border credit data sharing (International Committee on Credit Reporting principles).

1.1 Credit information ecosystem regulations

Ninety percent of forcibly displaced persons (FDPs) in Uganda are from the Democratic Republic of Congo (DRC) and South Sudan. Retail credit, credit information sharing, and reporting infrastructure are extremely limited in both countries. According to the World Bank, the percentage of adults with private credit bureau coverage in the DRC and South Sudan stands at 0 percent.⁸

Uganda’s credit reference bureau (CRB) regulations (2022) permit cross-border credit data sharing, provided it is a reciprocal arrangement. Unfortunately, the home countries of FDPs have immature credit ecosystems, limiting this opportunity (see Figure 1). Harmonization of multiple laws relevant to credit data sharing across borders is a key first step toward credit data sharing.

TABLE 2
Summary of key data privacy, cybersecurity, and credit reporting regulations

	Uganda	South Sudan	Democratic Republic of Congo
Data privacy	<ul style="list-style-type: none"> • Data Protection and Privacy Act (2019)⁹ • The National Information Technology Authority—Uganda is responsible for overseeing the implementation and enforcement of the act 	<ul style="list-style-type: none"> • No data protection and privacy laws 	<ul style="list-style-type: none"> • Digital Code Law or Digital Code (issued in April 2023) includes personal data protection
Cybersecurity	<ul style="list-style-type: none"> • Computer Misuse Act (2011) 	<ul style="list-style-type: none"> • Cybercrimes and Computer Misuse Provisional Order (2021) 	<ul style="list-style-type: none"> • Unclear

⁸ Although this report focuses on the two largest corridors based on the home countries of FDPs (South Sudan and the DRC), IFC should consider Ethiopia as a third focus corridor. The number of FDPs coming from Ethiopia is increasing, given the unrest in Tigray and Oromia, and micro and small business activity is being re-established, presenting viable productive credit use cases.

⁹ View the act at https://pdpo.go.ug/media/2022/03/Data_Protection_and_Privacy_Act_No._9_of_2019.pdf.

	Uganda	South Sudan	Democratic Republic of Congo
Credit reporting	<ul style="list-style-type: none"> • CRB regulations (2022) • 4 credit bureaus: Experian, Metropol, gnuGrid, and Armada • 2022 amended regulations extend this service to cover both deposit-taking and non-deposit-taking financial institution data like non-deposit-taking MFIs and accredited credit providers like utility providers • 2022 CRB regulations allow for cross-border data sharing provided reciprocal arrangements exist (clause 38). CRBs now have authority to share credit information across borders with entities performing similar roles in line with the regulations and the Data Protection and Privacy Act • Regulations mandate supervised entities to report negative credit data, not positive data • The central bank owns collected data • Depth of credit information sharing index = 7 • Credit bureau coverage (% of adults) = 6.9% • Security Interest in Movable Property Act (2019) • Credit registry coverage (% of adults) = 0% 	<ul style="list-style-type: none"> • Bank of South Sudan CRB regulations on establishment and operation¹⁰ • Only 1 CRB. Mostly non-functional • Bank of South Sudan CRB regulations do not mention cross-border data sharing • Depth of credit information sharing index = 0 • Credit bureau coverage (% of adults) = 0% • Credit registry coverage (% of adults) = 0% 	<ul style="list-style-type: none"> • IFC is supporting the central bank to revamp the credit registry; private credit bureaus are still not a priority • Private credit bureau coming soon • Depth of credit information sharing index = 0 (World Bank scale: 0–8) • Credit bureau coverage (% of adults) = 0% • Credit registry coverage (% of adults) = 1.5%

¹⁰ View the regulations at <https://ogeenoonlawsofsouthsudan.files.wordpress.com/2016/11/establish-of-credit-reference-bureau-regulations0001.pdf>.

In its current state there is little demand from lenders in Uganda for cross-border data sharing. The majority of FDPs from the DRC and South Sudan are from rural areas and were largely excluded from the formal financial sector. Based on key informant interviews and a literature review, non-bank lending via microfinance institutions (MFIs) or other lenders is not being reported to the CRBs of these countries. Additionally, there is no established standard or harmonization on how CRBs capture borrower data and share information among the three countries: Uganda

(host country) and the DRC and South Sudan. The lack of shared standards and frameworks means that formal financial institutions, especially banks, are unsure of the credibility of borrower data and therefore prefer to initiate their own credit history.

In addition to the above constraints, both the DRC and South Sudan have been on the Financial Action Task Force (FATF) watch list for a long time, increasing the perceived risk of borrowers from those countries.

FIGURE 1

Issues with cross-border credit data sharing

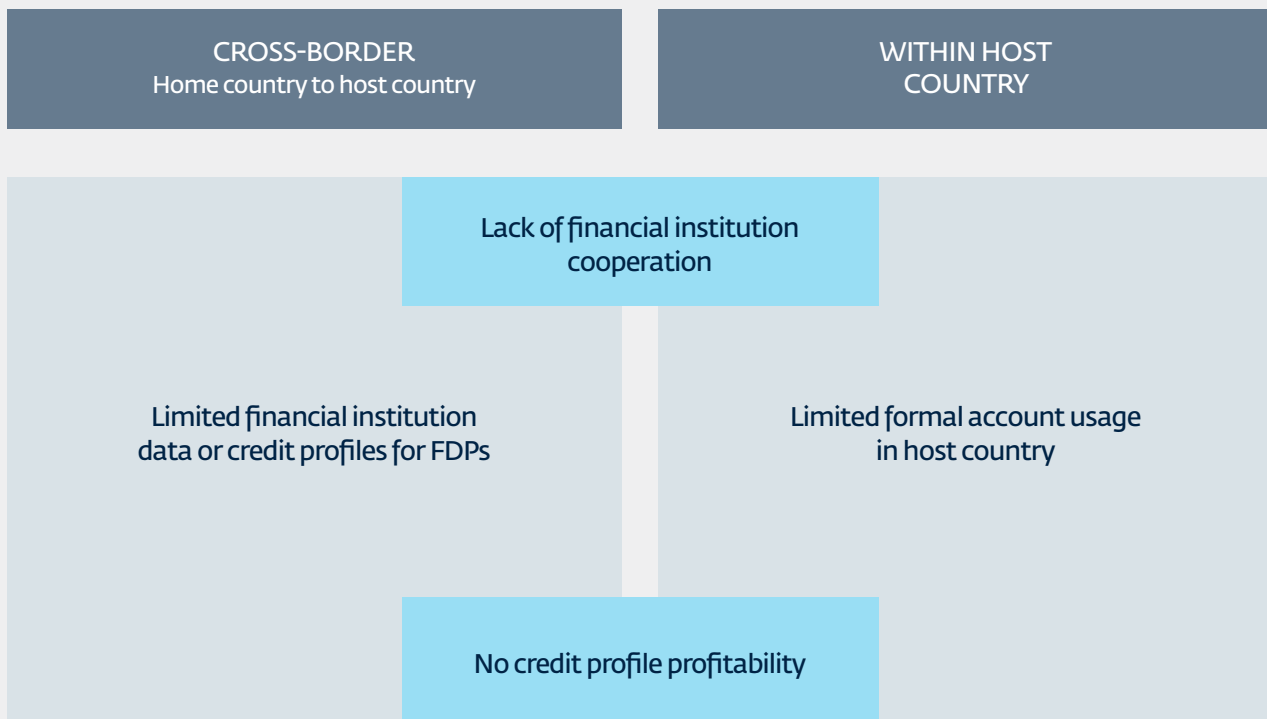


TABLE 3

FATF status of Uganda, the DRC, and South Sudan

Country	FATF status
<p>Democratic Republic of Congo Most economic activity in the DRC takes place in the informal sector (estimated to be up to 10 times the size of the formal sector), with many transactions, even those of legitimate businesses, carried out in cash (often in US dollars).</p>	<p>Under increased monitoring: Identified as having strategic anti-money laundering (AML) deficiencies.</p>
<p>South Sudan The country has a cash-based economy, with a small, poorly developed financial system.</p>	<p>Under increased monitoring: Lacking an AML/combating the financing of terrorism (CFT) regime.</p>
<p>Uganda Only 20 percent of Ugandans have deposits in the formal banking sector, with the rest of the population relying on cash transactions or alternative forms of banking. Money transfers and payments through mobile phones (M-payments), for instance, have become key providers of basic, if informal, financial services for low-income earners who cannot afford the charges levied by the formal banking system.</p>	<p>No longer under increased monitoring: Uganda is no longer on the FATF list of countries with strategic AML deficiencies. Uganda was removed from the “grey list” in early 2024.</p>

1.2 The six building blocks for cross-border credit reporting and data sharing arrangements¹¹

- 1. Standards on data format:** Data input and output standards that allow standardized information from one country credit report to be easily extracted by another. Data formats that match with each other from a technical perspective. Shared standards on reliability and security.
- 2. Mandatory data elements:** Agreement on mandatory variables—that is, content for credit reporting. Example: Identification information and credit information, including original amount, date of origination, tenor, outstanding amount, type of loan, default information, arrears, any risk mitigation instruments like guarantees, and collateral and their estimated value.
- 3. Guidelines for cross-border data transfers:** The feasibility or desirability of cross-border data transfers based on a cost-benefit analysis that considers market conditions, the level of economic and financial integration, legal and regulatory barriers, operational and governance risks (depending on the sharing model used), and participant needs.
- 4. Risk mitigation:** When there is a direct link between credit reporting service providers in different jurisdictions, the cross-border mechanism is subject to practically the same risks as the domestic ones (that is, operational, legal, and reputational risks). Hence, the parties involved should adopt governance and control measures equivalent to those that are applicable to any given domestic credit reporting service provider, as described under General Principle III of the 2005 CRB regulations.
- 5. Governance in credit reporting agencies:** Cross-border activities and initiatives require a high level of bilateral (or possibly multilateral) cooperation on technical, regulatory, and oversight matters. This requires observing all applicable laws, regulations, and rules in relevant jurisdictions.
- 6. Frameworks for cooperation and coordination among different regulators:** A framework for cooperation and coordination between participating countries to develop common standards around operations, governance, supervision, and issue resolution. The form of cooperation might be a memorandum of understanding or joint task forces on specific issues.

¹¹ World Bank. 2011. *General Principles for Credit Reporting*. <https://documents1.worldbank.org/curated/en/66216146814757554/pdf/701932014CR-General-Principles-Web-Ready.pdf>.

1.3 Four models of cross-border credit data sharing

IFC could consider piloting an indirect access credit sharing model in partnership with the World Bank and the affected central banks, starting with one corridor.

According to the World Bank’s International Committee on

Credit Reporting’s cross-border credit reporting note on international standards and practices,¹² there are four types of cross-border credit sharing models. The indirect access model might be most suitable for the pilot test.

TABLE 4

Four types of cross-border credit sharing models

<p>Direct access model (creditor to CRB)</p> <p>“In this model, the creditor from country A accesses the credit data of the borrower from country B stored in a credit bureau located in country B. After having granted credit to that consumer, the creditor of country A could be required to report the data and possibly the payment performance of that credit to the credit register located in country B.”</p>	<p>Indirect access model (creditor via its CRB to another CRB)</p> <p>“In this model, in order to get the credit data of a borrower from country B, the creditor (resident in country A) accesses the credit register located in country B through a credit register located in country A. The creditor reports the data on the credit granted and/or payment performance to his local credit register according to the rules applicable to it. The request works vice versa—that is, a credit bureau in country B requests information about a borrower’s activity in country A. This model is predominantly in use nowadays.”</p>
<p>Report-portability model (borrower to creditor)</p> <p>“In this model, a borrower from country B collects his/her own credit report from the credit bureau. The borrower then provides it to the creditor in country A. This model is sometimes used for mobile borrowers, such as citizens who are moving to or working in a foreign member state (country A) and applying for credit. The integrity of the origin of the data and the credit report, however, have to be proven.”</p>	<p>Right-of-access model (indirect access to CRB via borrower request)</p> <p>“When a borrower applies for credit, the creditor requires the borrower to ask the relevant credit bureau in his/her country of origin to send an authenticated credit report directly to the creditor on his/her behalf. The local credit bureau conducts the actual production and provision of the report.”</p>

¹² World Bank Group and International Committee on Credit Reporting. 2021. *Cross-Border Credit Reporting: Aiming for International Practices and Standards*. Exploratory report. <https://documents1.worldbank.org/curated/en/099456006092240440/pdf/P16647504067230580bbceof6da5007397e.pdf>.



2

Demand Side: Understanding FDP Dynamics

In this section:

- Demographic information on FDPs in Uganda, including income sources, formal financial services, access to finance, and identification issues.

2.1 FDPs in Uganda

Uganda is Africa's largest host country of FDPs, with 1.9 million FDPs as of May 2025.¹³ Nearly 90 percent of these FDPs originate from South Sudan and the DRC. Smaller numbers come from Somalia, Burundi, Sudan, Rwanda, Eritrea, and other nations. Women and children constitute nearly 79 percent of this population. This influx is driven by ongoing conflicts and instability in neighboring countries.

Over the past decade, Uganda has experienced significant influxes of refugees from South Sudan and the DRC at various key moments. Large numbers of South Sudanese began arriving after renewed conflict erupted in July 2016, leading to over half a million entering Uganda between mid-2016 and early 2017, particularly through the West Nile region. Significant arrivals of Congolese refugees have occurred in waves. In 2013, violence in eastern DRC caused the Rwamwanja settlement population to more than

double in a few months, and another surge of 100,000 arrivals occurred in 2017. This trend has continued, with over 41,000 new Congolese refugees entering Uganda since January 2025, and a further 55,000 arriving in April 2025. These influxes underscore the persistent instability in both neighboring countries and Uganda's role as a major host for those fleeing conflict.

Uganda's open-door policy and progressive FDP laws grant access to basic rights, including education, healthcare, and employment. About 91 percent of FDPs in Uganda reside among the 13 settlement camps, primarily located in underdeveloped districts in the north and west, such as the large settlements of Bidibidi, Pagirinya, and Rhino. These settlements provide land for cultivation, basic shelter, and humanitarian assistance.

Only 9 percent of FDPs live in urban areas, mainly in the Kampala, Wakiso, and Mukono districts. Unlike FDPs in

Urban FDPs: A snapshot¹⁴

- Interviews with urban FDPs reinforced existing data that urban FDPs are more financially included (owning bank accounts and belonging to savings groups) and have higher literacy levels. Urban FDPs have more opportunities to earn a living than FDPs living in settlement camps.
- For the urban FDP households (Kampala), 74.1 percent rely on remittances, 12.1 percent on enterprises, 9.6 percent on wages, and 3.7 percent on aid.¹⁵
- Mobile money is the most common financial instrument used by urban FDPs. Before they left their country of origin, only 7 percent of FDPs had used mobile money. In the FSD Uganda study,¹⁶ 30 percent of the FDPs reported using mobile money, holding average balances of 5,000 Ugandan shillings.
- Remittances generally make up a large part of urban FDPs' total income.

Although FDPs running businesses with regular cash flows are suitable clients for the banks, most FDPs prefer to access credit through friends and family rather than banks. Reasons include bureaucracy, documentation issues, collateral requirements, and perceived risks and misinformation about FDPs.

¹³ For UNHCR data on Uganda, see <https://data.unhcr.org/en/country/uga>.

¹⁴ FSD Uganda. 2020. *Grit, Skills and Luck: Examining the Financial Lives of Refugees in Uganda*. https://fsdafrika.org/wp-content/uploads/2020/09/Fl4R-Baseline-13072020ii_FINAL.pdf.

¹⁵ FSD Uganda. 2022. "Financial Inclusion for Refugees."

¹⁶ FSD Uganda. 2022. "Financial Inclusion for Refugees."

settlement camps, urban FDPs are more literate and have a higher likelihood of owning a mobile money account.

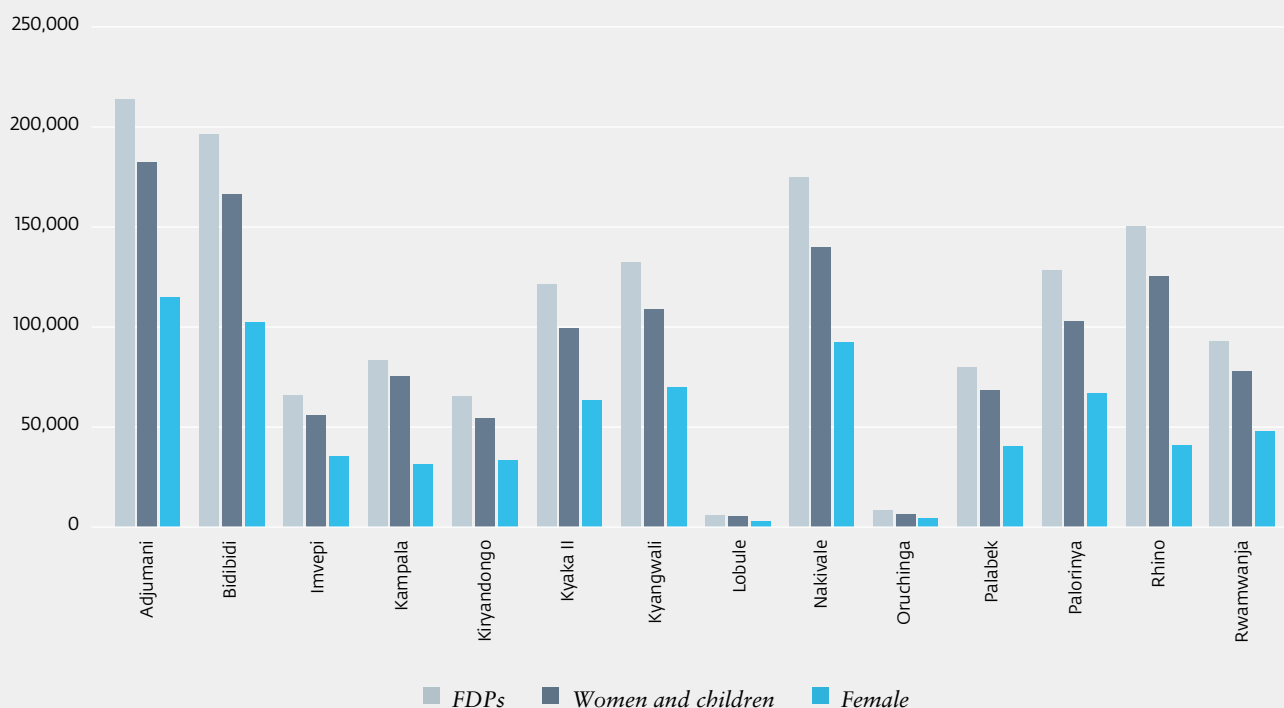
Appendix A offers additional key findings from qualitative research conducted by the Busara Center for Behavioral Economics.

2.2 Understanding the demographic and financial lives of FDPs in Uganda

Women and children make up the bulk (80 percent) of the 13 FDP camps in Uganda. Most of the FDPs settled in these camps have no previous formal financial history.

FIGURE 2

Distribution of FDPs, women, and children across 13 refugee camps

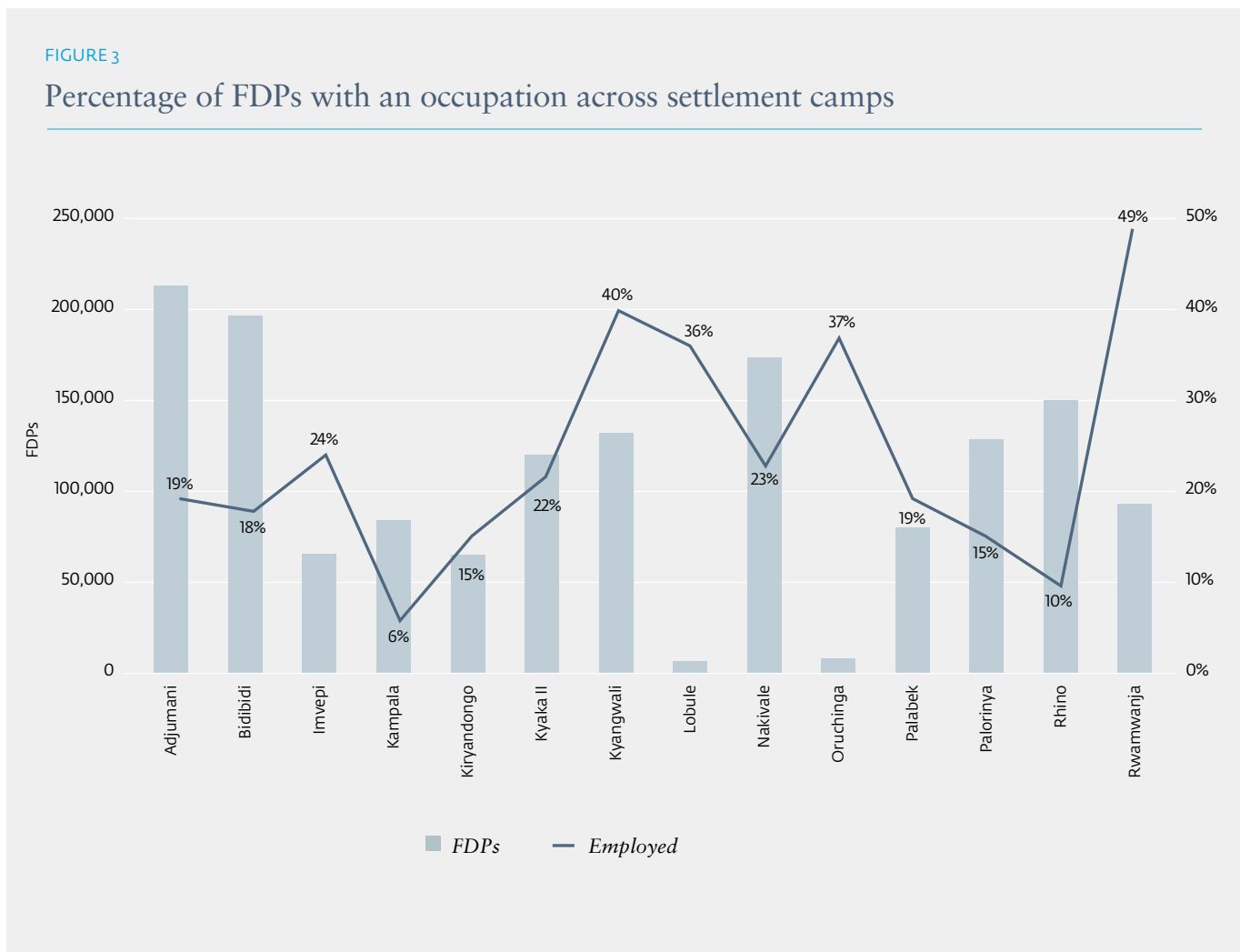


SOURCE: OPM statistics.

On average, 24 percent of FDPs residing in settlement camps have an occupation; however, many of the FDPs are reliant on general food assistance.

FIGURE 3

Percentage of FDPs with an occupation across settlement camps



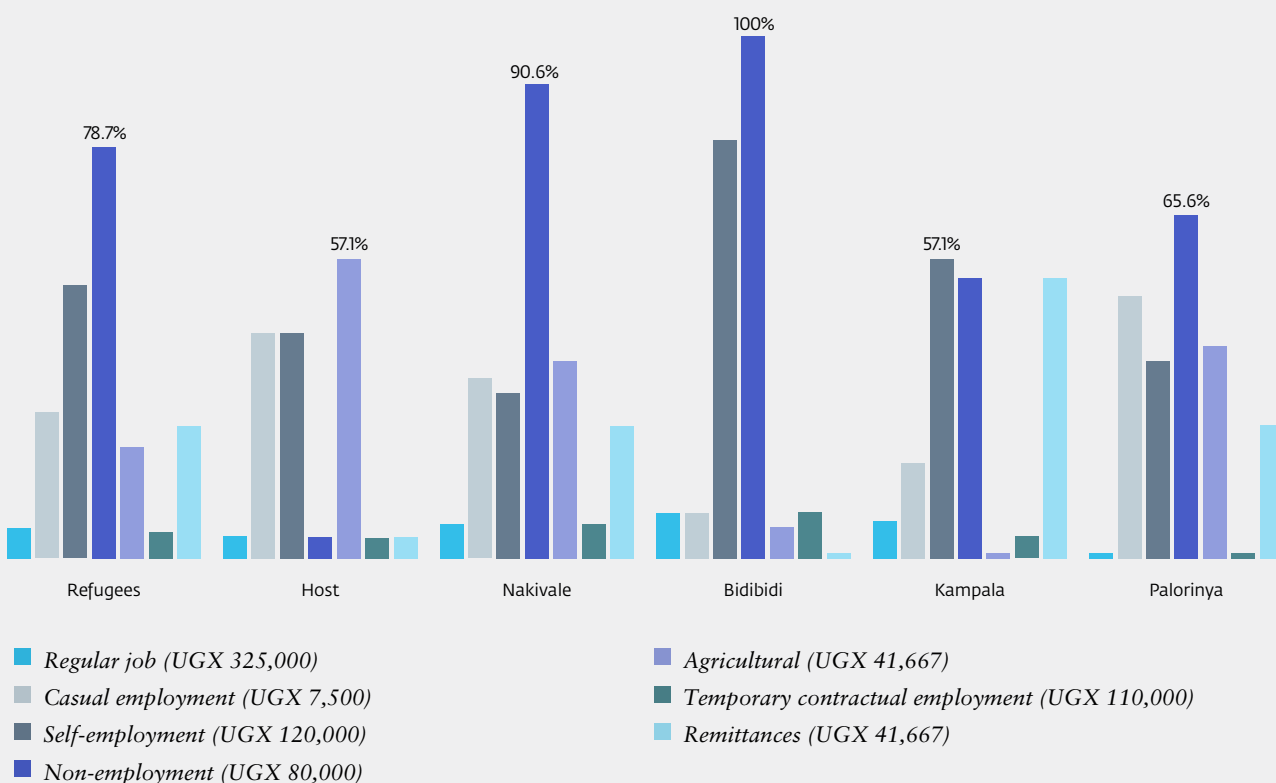
Most of the FDPs receive general food assistance, but they also have other income sources ranging from agriculture and small shops to being casual laborers. However, their incomes can be inconsistent, contributing to the perception of FDPs not being creditworthy.

The majority of FDPs in settlements receive non-employment income (78 percent) in the form of general

food and/or cash-based assistance from the World Food Programme (WFP), the United Nations High Commissioner for Refugees (UNHCR), or international nongovernmental organizations (INGOs). Self-employment and casual employment are the second and third largest income sources for FDPs, respectively. Notably, 21 percent of FDPs also receive some form of remittance (domestic or international), in contrast to only 4 percent of host communities.¹⁷

FIGURE 4

Estimated median monthly income (2019) across occupations



SOURCE: FSD Uganda. 2020. *Grit, Skills and Luck: Examining the Financial Lives of Refugees in Uganda.*

17 For these and other data, see <https://fsduganda.or.ug/focus-groups/refugees/>.

Agriculture dominates the self-employment and casual employment categories. Twenty percent of FDP households are also engaged in a non-agricultural business. Both livelihood streams are heavily cash based with limited data trails.

FDPs who can earn a living are mostly involved in agricultural activities. On average, nearly twice as many individuals were engaged in agricultural activities compared to those involved in other economic pursuits in both the FDP and host populations. The government of Uganda provides FDPs with a small plot of land (30 x 30 meters), which is largely used for subsistence farming rather than for trade and income purposes. It is important to note that FDPs in most settlements have traditionally received seeds and basic farming inputs from support organizations for several years, resulting in limited data trails on input financing.¹⁸

Primary sectors of engagement include:

- Agro-processing
- Crafts textile (fabric trade and tailoring garments)
- Hairdressing and cosmetics retail
- Distribution of fast-moving consumer goods
- Retail of fast-moving consumer goods
- Food and beverages production.

Some FDPs are engaged in non-agricultural activities (20 percent), such as small retail “dukas” or service providers, and many women opt to run home-based businesses to pair domestic and childcare responsibilities.

However, there are many barriers for FDPs to access formal credit and grow their businesses. They include:

- Cost of business registration (\$1.5) and business licenses (\$5.6).
- Access to credit (know your customer (KYC), collateral, credit referees, evidence of consistent source of income).
- Lack of a common set of standards to screen FDP borrowers and access their creditworthiness across financial services providers (FSPs).
- Fear of credit: Over 90 percent of traders in southwestern settlements use personal savings as the primary source of capital for businesses.
- Lenders' perception of FDPs as high-risk borrowers.
- Access to markets and access to quality inputs (raw materials, packaging).

FDP businesses are still largely cash based. However, if value chains (for example, supplier and downstream payments) are digitized, the data trails generated could be critical inputs for assessing FDP businesses and result in financing.¹⁹

Prior to leaving their country and arriving in Uganda, the majority of FDPs did have access to financial services—just informally. Digitization of informal financial services in FDP countries can help increase the depth of data trails that can be transferred to host countries.

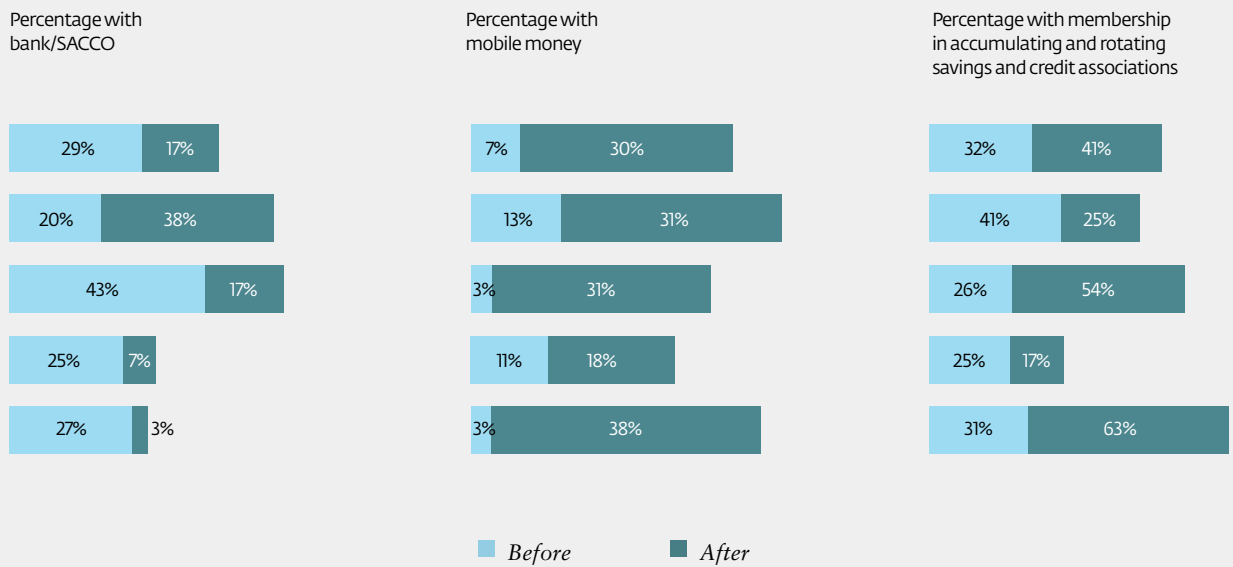
¹⁸ Government of Uganda. 2023. *Food Security and Nutrition Assessment in Refugee Settlements and Kampala*.

¹⁹ FSD Uganda. 2020. *Grit, Skills and Luck: Examining the Financial Lives of Refugees in Uganda*; USAID. 2022. *Labour Market Assessments Covering Refugee-Hosting Districts in Uganda*; U-Learn. 2022. *Financial Services in the Uganda Refugee Response: An Assessment of User Perspectives*; IFC. 2021. *Consumer and Market Study in Southwest and West Nile Refugee-Hosting Areas*.

Figure 5 shows that most FDPs were accessing informal financial services before arriving in Uganda. Mobile money was not common among FDPs in their countries, but it is an extremely common channel for accessing formal financial services among FDPs in Uganda.

FIGURE 5

Key financial instruments used before leaving and now



SOURCE: FSD Uganda. n.d. "Refugees." <https://fsduganda.or.ug/focus-groups/refugees/>.

Bank accounts and mobile money dominate cash assistance transfers for FDPs, but channels vary by geographical area.

FIGURE 6

Percentage of cash assistance by delivery mechanism including cash for general food assistance

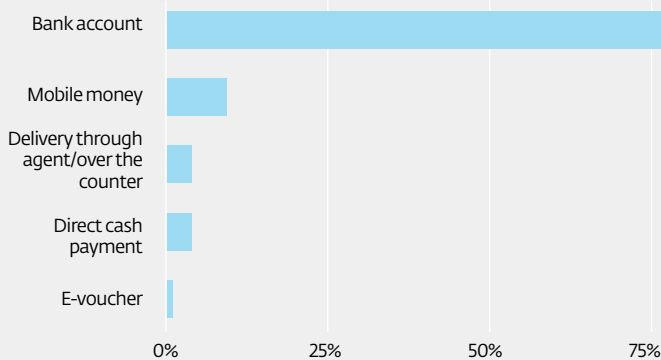
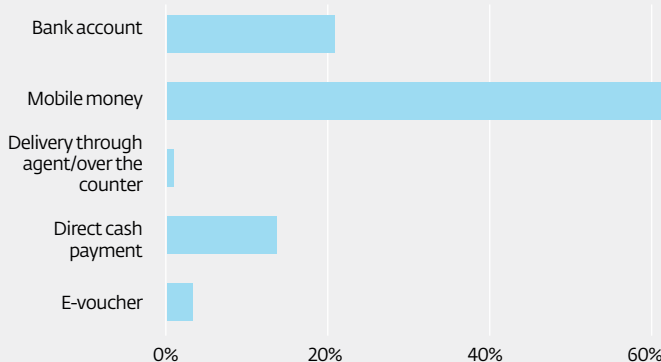


FIGURE 7

Percentage of cash assistance by delivery channel excluding general food assistance



- WFP provides the majority (86 percent) of cash assistance for food security directly into bank accounts.
- Mobile money and bank agents are predominantly used in southwestern refugee settlements.
- Bank “cash on wheels” is predominant in settlements in northern Uganda. Banks deploy an armored vehicle and dispense cash for beneficiaries according to the WFP/UNHCR pay list.
- Cash assistance, excluding food allowances, is primarily provided by the Danish Refugee Council, the Lutheran World Federation, and AVSI (Associazione Volontari per il Servizio Internazionale) and delivered via mobile money.
- AVSI analyzed the advantages and disadvantages of mobile money over other FSP types of cash transfers and decided to use MTN Mobile Money to facilitate its cash transfers. AVSI provides the third largest amount of non-general food assistance cash assistance.

See UNHCR’s Cash-Based Interventions Dashboard: <https://app.powerbi.com/view?r=eyJrIjoiZGQ5OTRiZGZlYTViO-CooMzcxLTk2NjgtZTc2YWNhNjdIMT-Y3liwidCI6ImU1YzZM3OTgxLTy2NjQtN-DEzNCo4YTBjLTY1NDNkMmFmO-DBiZSI6ImMiOjhg.>

In Uganda, cash-based general food assistance for FDPs is predominantly delivered via formal financial services, such as bank accounts or mobile money, but delivery mechanisms vary by geographical area. For instance, mobile money and banking agents are more prevalent in southwestern settlements, while bank “cash on wheels” is more prevalent in northern settlements. However, most of the money received digitally is cashed out entirely, leaving little information on spending patterns or purchases (transaction data), which are valuable transactional inputs in credit scoring algorithms.

Mobile money is popular because of its ubiquitous presence, convenience, and ease of onboarding and use. Services by dominant providers are expensive, resulting in almost 100 percent cash-outs and infrequent use of digital financial services, limiting transactional data trails about FDPs.

For FDPs, the cost of digital financial services is a barrier to their continuous usage. Average mobile money transactions range between 45,000 and 60,000 Ugandan shillings. The cost of a withdrawal of 60,000 Ugandan shillings (about \$15) at an agent with the mobile money tax is nearly 3 percent of the withdrawal amount. Utility payments cost around 4.6 percent of the transaction amount, while school fee payments are around 1.4 percent. In addition, Uganda has the highest one-time-pin/SMS code service fee (which is used to verify identity, reset a PIN, view the account balance, and retrieve a mini statement) in the region (\$0.18), which is prohibitive for users who want to use digital financial services. Uganda is the second most expensive country in Sub-Saharan Africa to send remittances into, with a \$200 remittance costing about 11 percent of the transaction amount.²⁰

In addition to high transaction costs, challenges include liquidity issues at bank and mobile network operator

(MNO) agent points, fraud at agent points, ineffective grievance and redress management systems, limited awareness of consumer rights, and language. FDPs also face cultural biases that disincentivize them from using formal financial services.

Additionally, FDPs often lack basic digital and financial literacy skills. This means they might not understand the terms and conditions of financial products and how they work. While FSPs can invest in educating customers about their own products, providing FDPs with fundamental financial literacy skills does not usually fall within their mandate.

FDPs use credit. They access it informally through savings and lending groups and often in small ticket sizes. Ugandan fintechs in partnership with MFIs have begun to digitize these trails, but scaling these up at an accelerated pace might require more targeted support.

FDPs access informal credit largely via savings group lending and in small ticket sizes, which leaves little to no data trails. About 10 percent of the 66,000 estimated savings groups in the country are FDP groups.²¹ Digitization of savings group transactions or their transaction records has been ongoing for nearly a decade, with various fintechs and technology companies trying to build solutions for the last mile (for example, FutureLink Technologies, Yo! Uganda, and Ensibuuko). However, the process of digitizing recordkeeping and developing potential solutions for bank or wallet links is still in its nascent stages.

Digitizing logbook records is the easiest way to capture information on FDP savings groups, individual members, and their financial history. According to the financial

20 IFAD. 2022. *RemitSCOPE Africa: Uganda Country Diagnostic*.

21 McCaffrey, Mike. 2022. “Digital Savings Groups for Refugees in Uganda.” UNCDF (blog), August 2, 2022. <https://www.uncdf.org/article/7894/digital-savings-groups-for-refugees-in-uganda>.

diaries work conducted by BFA,²² MFIs like the Rural Finance Initiative (RUFi) and VisionFund are already digitizing the transactions of the groups they support (see section 4 for further details).

Manual inputs to digitize transactions might not always provide the most reliable data, but they are a start. The information is often verified by MFIs that support and add to the capital pool of these groups (group lending methodology) once the groups have reached maturity (meaning they have done at least a few cycles of savings and lending).

Other informal credit mechanisms, including barter, are also prevalent among FDPs, with merchants extending store credit. Sometimes, the bank debit card for WFP/ UNHCR cash transfers is used as a form of collateral at a merchant point. When cash-based assistance is deposited into an FDP account, the merchant first claims their loan amount before facilitating the withdrawal and returning the debit card. Some FDPs also use Hawala systems (informal money transfers), particularly Somalis, Sudanese, and South Sudanese, to borrow money and repay loans. Additionally, FDPs often rely on borrowing money from family and friends within settlements, back home, and the diaspora.

“I was able to send money to Congo when I was paying for a debt I had borrowed from someone. The money I received was from someone who had gone with my commodities and so he paid me while he was there.”

—Banked Congolese female, Kampala

“Sometimes some people send the money for shopping, and they need things to sell, and they know I am here. They send the money to buy things, and I also send back.”

—Banked South Sudanese female, Kampala

Trust in the formal financial system among FDPs in Uganda remains low, largely due to poor financial literacy, language barriers, negative user experiences, and concerns about fraud.

Nearly two-thirds of refugees (66 percent) in Uganda report not being literate, and only 25 percent of female refugees are literate compared to 51 percent of male refugees.²³ Among South Sudanese refugees—the largest group in Uganda—only about 25 percent are literate, meaning 75 percent lack basic reading and writing skills. For women and girls, the situation is even more acute: over 75 percent have never attended school and lack basic survival literacy. The Finnish Refugee Council’s functional adult literacy program, which uses a standardized assessment, reveals that adult learners often struggle with both basic reading and numeracy, particularly when instruction is not in their mother tongue.

This low literacy rate directly impacts financial and digital literacy, making it difficult for many FDPs to understand financial products, manage personal finances, or navigate digital platforms. As a result, most refugees lack the confidence and knowledge needed to engage with formal financial institutions, often relying instead on informal networks or humanitarian agencies for their financial needs.

²² See <https://bfa.global.com/our-work/the-financial-inclusion-for-refugees-project-in-uganda-f14r/>.

²³ Data are from UNHCR’s Operational Data Portal.

Language barriers further erode trust, as many refugees struggle to communicate with bank staff or understand documentation, especially when services are not provided in their native languages. There are about 19 major languages spoken by FDPs across various camps.

Negative user experiences—such as poor liquidity among mobile money agents, long distances to bank or MFI branches, fraud at agent points, or ineffective or unclear grievance mechanisms—further discourage FDPs from adopting formal financial services.

2.3 Unpacking refugee ID, KYC, and identification

When FDPs enter Uganda, they undergo a registration process managed by the Office of the Prime Minister (OPM), during which they are issued several types of identification documents, depending on their status and needs. Initially, asylum seekers receive a temporary asylum seeker certificate: an A4 sheet that includes personal details, a passport photo, and information on household family members, with QR codes for each member. This document is valid for three months and can be renewed until a final decision is made on their FDP status.

Once granted refugee status, individuals and their family members receive a refugee family attestation document, which serves as proof of their status and allows access to services in settlements. For FDPs aged 16 and above, the OPM issues a biometric refugee ID card—a plastic, bank-card-sized document with a photo and personal details, valid for five years—which is the primary form of identification for accessing services, moving freely, and engaging in formal economic activities.

FDPs may also apply for a convention travel document, sometimes referred to as a “refugee passport,” if they need to travel internationally (except to their country of origin). The convention travel document is issued

by the Directorate of Citizenship and Immigration Control, in consultation with the OPM, and requires a recommendation letter, the refugee ID, and other supporting documents. It is valid for five years and typically only granted for specific, justified travel purposes.

The UNHCR-government of Uganda FDP ID database has made significant progress, with over 75 percent of FDPs biometrically registered.

In a collaborative effort, the UNHCR and the OPM have established a biometric identification database for FDPs. More than 75 percent of FDPs have been successfully registered using biometric data.

The establishment of this system serves several critical functions. Primarily, it provides an accurate number of the FDPs present in the country, which is essential for informed decision-making regarding budget planning and resource allocation. Additionally, the biometric ID system plays a vital role in verifying the eligibility of individuals at cash and food assistance distribution points, ensuring that humanitarian aid is delivered efficiently and exclusively to verified and eligible FDPs and asylum seekers.

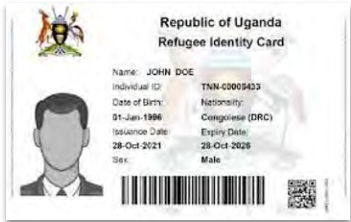


It is important to note that, in accordance with UNHCR policy, access to the biometric database is strictly restricted. Third-party entities are not permitted to access or use the data contained on the system.

ID verification is a customer due diligence, AML/CFT requirement. However, FDP ID verification is a manual process.

Desktop literature backed by key informant interviews revealed that FDPs are required to present both their refugee ID and the family attestation document to

TABLE 5

Key legal ID documents for FDPs

	OPM refugee ID	Family attestation document	Travel document
			
Issued by	Office of the Prime Minister	Office of the Prime Minister	Government of Uganda
Identity information	Adult FDP. This is the primary identity document for adult FDPs.	Captures data on all members of FDP household unit. Household head is default custodian of the letter.	Adult FDP
Rights bestowed	<ul style="list-style-type: none"> Free movement within Ugandan national borders Access to food rations by household head Access to WFP/UNHCR cash-based transfers Mandatory KYC for mobile money and financial services 	<ul style="list-style-type: none"> Access to food rations by household head Access to WFP/UNHCR cash-based transfers Accepted KYC for some FSPs, often in addition to the refugee ID 	Free movement within East African Community region
Acceptance for KYC	<ul style="list-style-type: none"> All financial institutions and MNOs SIM card registration 	Some financial institutions and MNOs	Some financial institutions
Challenges with obtaining	<ul style="list-style-type: none"> Long processing time (month to year) Only for adult FDPs 	None	<ul style="list-style-type: none"> Cost to process Multiple trips to Kampala Time

“Even when I am to get money, I have to move with my mum to the bank so that I can receive the money I applied for.”

—Banked Congolese female, Kampala

confirm their identity when conducting particular financial transactions, such as cashing out a remittance product or opening a bank account.

Since the family attestation document is typically issued to the head of the household, their presence is often required for any family member conducting a financial transaction. Frontline staff verify these documents by contacting the OPM, primarily through phone calls. However, completing this verification process depends on the immediate availability of the OPM staff, which is not guaranteed. Furthermore, this verification process must be repeated for every in-cash remittance transaction, resulting in a time-consuming, unreliable, and repetitive process for FDPs.²⁴

Automating ID verification via integration with the FDP ID database directly or through another mechanism, starting with a basic “yes/no” verification, could go a long way in increasing financial access for FDPs.

Direct or indirect access to the FDP ID database via an API integration or other mechanisms could help ease the burden on FSPs willing to provide services to FDPs. A simple binary response (yes/no) verification could be a good starting point to enable FDPs to open accounts and withdraw remittances in a convenient and timely fashion, encouraging FDPs to use formal financial services.

In the long term, an ID system that can share or validate customer particulars for the issuance of formal credit and other sophisticated financial products could significantly contribute to increasing financial inclusion for FDPs.

²⁴ Janse van Vuuren, Lezanne, Rashid Muhammad, and Masiwa Rusare. 2022. “Enhancing Identity Verification for Refugees in Uganda.” Cenfri. https://cenfri.org/wp-content/uploads/UPDATED_identity-verification-for-refugees-in-Uganda-note_Oct-2022.pdf.

TABLE 6

Findings from key informant interviews with refugees

Refugee ID verification processes limit FDPs from accessing their accounts	Access to finance is primarily being met using informal sources of credit	Low irregular incomes lead to credit aversion	Economic opportunity and freedom of movement may drive remittances to home countries
<ul style="list-style-type: none"> • Despite possessing required legal documents, many respondents faced difficulty opening bank accounts or mobile wallets due to stringent KYC and due diligence requirements, such as refugee ID and family attestation documents, stemming from FSP interpretations of the legislation. • Those with passports registered with multinational banks in their home countries could transact easily. • Displaced people used intermediaries for infrequent remittances, finding it more convenient than going through KYC processes, which they perceived as lengthy and difficult to understand. 	<ul style="list-style-type: none"> • Often, respondents avoided formal financial institutions, feeling their incomes were too low. • Lack of awareness could limit the use of formal finance, as some FDPs are unaware of how Uganda's banking sector works. • Many respondents reported regularly contributing to informal savings groups. Loans and disbursements from these groups often served as alternatives to formal financial institutions. 	<ul style="list-style-type: none"> • In general, FDPs were averse to loans due to their uncertain and low earnings. • When respondents did borrow money, they often did not fully understand the terms and conditions. 	<ul style="list-style-type: none"> • Urban female respondents reported sending money home more frequently than any other group. Urban displaced people could move more freely within Uganda and were typically business owners, indicating greater access to economic opportunities. • Mobile money was the preferred method over bank channels for displaced people when sending money due to its low cost and instantaneous transfer.

Refugee ID verification processes limit FDPs from accessing their accounts	Access to finance is primarily being met using informal sources of credit	Low irregular incomes lead to credit aversion	Economic opportunity and freedom of movement may drive remittances to home countries
<p>"Yes, I receive from other people from Canada. There is a cousin of mine who also receives money from his friends on my SIM card approximately 600,000 shillings." —<i>Banked Congolese male, Kampala</i></p>	<p>"According to all you have mentioned above, I am used to transacting with mobile money and we highly use the village savings and loan association (VSLA). I know nothing about saving with the banks."—<i>Unbanked Congolese male, Nakivale</i></p>	<p>"I fear having credits because the business and jobs we do offer us little returns. You may apply for credit and you fail to pay back and it causes you a lot of problems. I have an experience with friends and family who applied for credit. Some have left the settlement as they failed to pay back the payable amount. Others had their own houses, when they failed to pay they lost the documents for ownership of the house, and such things are really not good at all. The bank took away their identification documents and place of residence. Other issues in relation to what happened next, I do not know them in detail." —<i>Unbanked South Sudanese male, Nakivale</i></p>	<p>"Yes, I have [sent money back home ...]. There are several reasons, often for medical expenses, and for small household [...] it's my duty to help, depending on my means." —<i>Banked Congolese female, Nakivale</i></p>



3

Supply Side: Host Country's (Uganda) Financial Sector *and* Credit Information Structure

In this section:

- Context of Uganda's financial sector and key regulators.
- Supply side: Expansion of services by financial institutions in recent years.

Table 7 gives a high-level overview of Uganda's formal financial sector, which comprises Tier 1–3 deposit-taking institutions, non-deposit-taking MFIs, money lenders, very large savings and credit cooperative organizations (SACCOs), payment providers, and CRBs.

TABLE 7

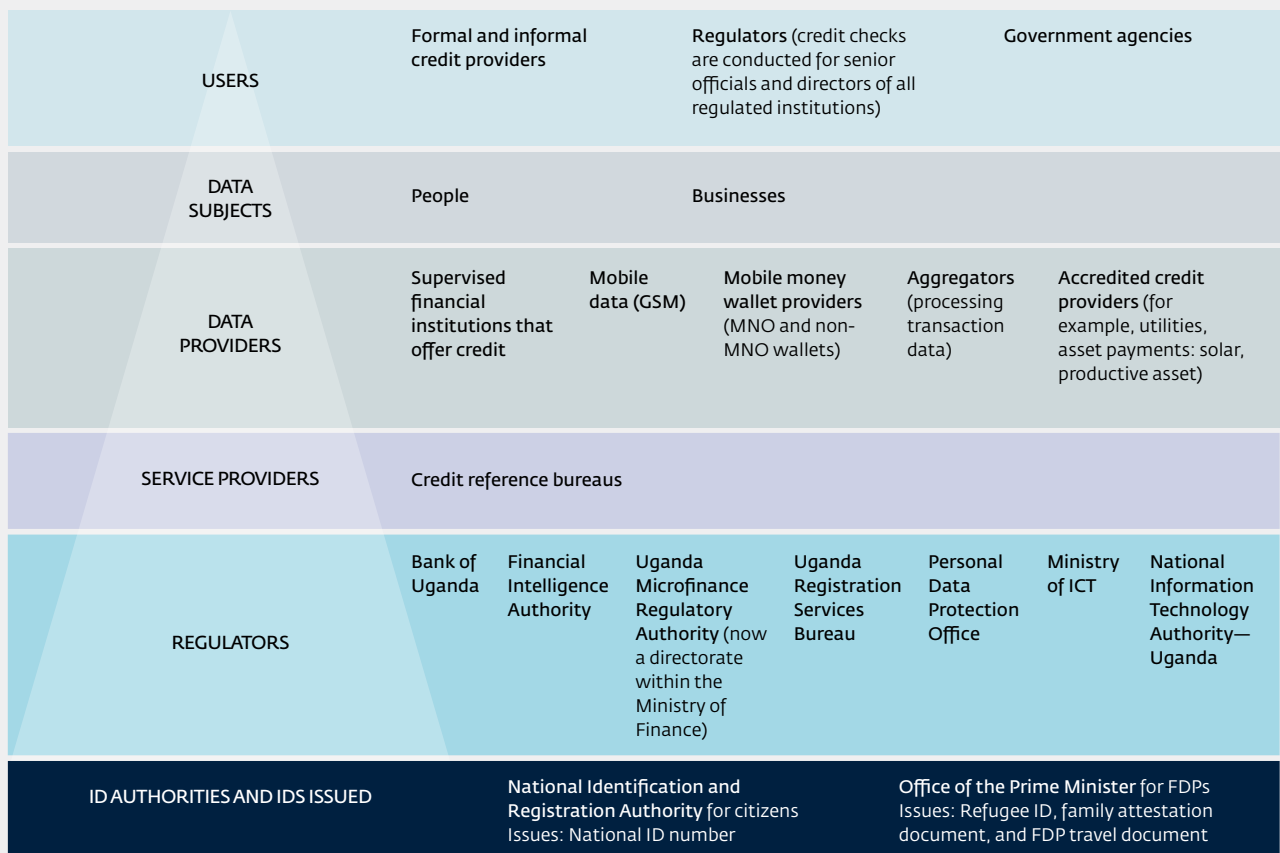
Overview of the structure of Uganda's financial sector

Category	Tier 1 (commercial banks)	Tier 2 (credit institutions)	Tier 3 (deposit-taking MFIs)
Supervised by	Bank of Uganda	Bank of Uganda	Bank of Uganda
Fundamental act that governs these institutions	Financial Institutions Act (2004) and Financial Institutions Act Amendment (2016)	Financial Institutions Act (2004)	Micro Finance Deposit-Taking Institutions Act (2003)
Type of approved financial activity	Current, savings, and time-deposit accounts for individuals and institutions in local and international currencies. Commercial banks are also authorized to buy and sell foreign exchange, issue letters of credit, and issue loans to depositors and non-depositors. Only category that can do agent banking directly.	Credit and finance companies. Not authorized to establish current accounts or trade in foreign currency. Can accept customer deposits and establish savings accounts. Authorized to issue loans with or without collateral to savings and non-savings customers.	This class includes MFIs that are allowed to accept deposits from customers but only in the form of savings accounts. Deposit-taking MFIs are not authorized to offer current accounts or to trade in foreign currency.
Number of institutions	27	4	5
Examples	Stanbic, Centenary, Standard Chartered, Equity, and dfcu are considered systemically important.	BRAC Uganda, Mercantile Credit Bank, Yako Bank, Top Finance Bank	Pride, FINCA, UGAFODE (the larger ones in Uganda)

Category	Tier 4 (non-deposit-taking MFIs, money lenders, large SACCOs)	Payment system providers and payment system operators	Credit reference bureaus
Supervised by	Uganda Microfinance Regulatory Authority	Bank of Uganda	Bank of Uganda
Fundamental act that governs these institutions	Tier 4 Microfinance Institutions and Money Lenders Act (2016)	National Payment Systems Act (2020)	Financial Institutions (Credit Reference Bureau) Regulations (2022)
Type of approved financial activity	Not allowed to take deposits but can issue loans backed or not backed by collateral (this also includes cash collateral).	Electronic money issuers like MTN Mobile Money, Airtel Mobile Commerce, payment aggregators, and payment processors. Services range from wallet issuance to payment processing.	Credit information gathering, processing, managing, and sharing of credit information.
Number of institutions	Thousands	14 (as of March 2022). Constantly being updated on Bank of Uganda website.	4
Examples	MTN Mobile Money, Airtel Money—largest wallet providers; Yo!, Pegasus, True African, D-Mark, Beyonic (large payment aggregators)	Creditinfo (previously Experian), Metropol, gnuGrid, Armada	MTN Mobile Money, Airtel Money—largest wallet providers; Yo!, Pegasus, True African, D-Mark, Beyonic (large payment aggregators)

FIGURE 8

Building blocks of Uganda’s credit information system



SOURCE: Dalberg and IFC. 2023. "Diagnostic of Alternative Data Landscape in Uganda."

Over the past five years, access to formal and digital financial services has increased for FDPs. However, significant gaps remain—from service quality and regulatory clarification gaps to individual institutional biases—resulting in limited FDP usage.

TABLE 8

Developments by service providers

Type of service provider	Recent changes
Banks	<ul style="list-style-type: none"> • Banks with rural-centric business models have increasingly established a presence within FDP settlements. • Partnerships with INGOs such as UNHCR and WFP have de-risked entry for banks, facilitating the provision of basic products and services. Initial interventions involved distributing humanitarian cash transfers through mobile bank vans and single use/restricted bank accounts. However, cash withdrawals can now occur through normal bank debit cards, creating a digital trail. • To expand financial inclusion, development partners have designed programs to incentivize innovation and customization of bank, MNO, and fintech products and services tailored to the needs of FDPs.
Microfinance institutions	<ul style="list-style-type: none"> • MFIs are exploring diverse business models to expand their capacity to offer financial products and services to FDPs. Soft capital and credit guarantees are de-risking their entry into FDP settlements.
Mobile money	<ul style="list-style-type: none"> • Through concerted efforts, INGOs have accelerated beneficiary adoption of mobile money products and services (for example, peer-to-peer transfers, micro-savings, payments). • The ID issued by the OPM is now legally accepted as valid KYC documentation for SIM card registration. • MNOs, in partnership with commercial banks (for example, MoKash), have developed algorithms to credit score their customer base for digital credit products, leveraging alternative data from GSM and mobile money transactions.
Remittance service providers	<ul style="list-style-type: none"> • Most remittance service provider cash-out points are in urban centers, requiring FDPs in rural settlements to travel significant distances. The OPM refugee ID is not accepted at some of these cash-out points. Most remittance provider agents do not have access to the ID verification API.
Savings and credit cooperative organizations/ village savings and loan associations	<ul style="list-style-type: none"> • SACCOs established within host communities also extend their services to FDPs. UNHCR has supported the establishment of MOBAN SACCO in the Nakivale FDP settlement. Several INGOs support the establishment and governance of FDP VSLAs. VSLAs formed by FDPs are a dominant source of credit access.
Credit reference bureaus/fintechs	<ul style="list-style-type: none"> • gnuGRID, the latest CRB entrant, has launched a credit score specifically for low-income consumers and uses transactional data like MNO data and financial data from MFIs, SACCOs, and VSLAs.

CASE STUDY

Expanding credit inclusion through gnuGrid CRB's mobile score

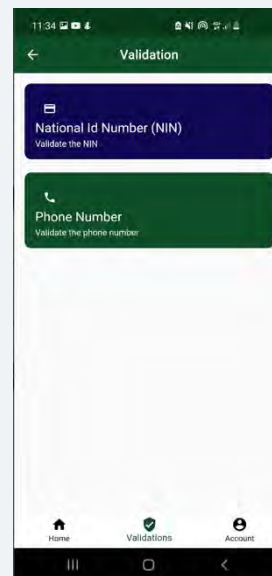
To extend formal credit to underserved populations, gnuGrid, in partnership with Airtel Commerce, has developed an alternative credit scoring model tailored for Uganda's Tier 4 market segment. Drawing from over 400 data points, the model aggregates information from both formal and informal sources—including commercial banks, MFIs, SACCOs, VSLAs, utility providers, and MNOs.

A strategic partnership with Airtel Mobile Commerce has enabled access to transactional data from over 14 million mobile wallets, facilitating the launch of Uganda's first "mobile credit score." This innovation is intended to support the growth of micro and nano-credit products. The service will be extended to Airtel's lending partners and ultimately made available to institutions across the full spectrum of Tier 1 to Tier 4 financial providers.

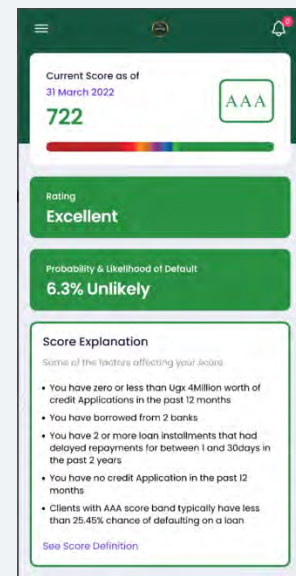
Crucially, this solution holds promise for FDPs, who often lack conventional credit histories. A 2022 U-Learn and Cash Working Group study²⁵ found mobile money to be the most preferred financial service among FDPs, positioning them well to benefit from this innovation. However, real-time ID verification remains a challenge, as lenders

require automated and efficient access to the UNHCR-government of Uganda FDP ID database. Additionally, digitizing FDP transactions like cash-in, cash-out, remittances, airtime top-ups, loans, and VSLA savings and credit histories could create valuable data trails for building FDP profiles.

KYC validation of national ID numbers and phone numbers



Credit scoring app



²⁵ U-Learn. 2022. *Financial Services in the Uganda Refugee Response: An Assessment of User Perspectives*.

Access to formal and digital financial services among FDPs has improved markedly in recent years; however, persistent gaps continue to hinder full utilization.

Over the past five years, significant strides have been made in improving access to formal and digital financial services for FDPs. This progress has been fueled by competitive partnerships between large INGOs, including UNHCR and

WFP, and multiple FSPs. These partnerships have resulted in better telecommunications coverage in FDP settlements and placement of mobile money agents and bank agents. Digitizing humanitarian cash transfers was the entry product, and over time, FDPs have been exposed to other payment, remittance, and savings products that these FSPs provide.

TABLE 9

FSP operations in settlements

	Operations in camps	Examples of products offered
Banks	Equity Bank, PostBank, Centenary Bank	<ul style="list-style-type: none"> Fully fledged bank account. Loan facility for Equity Bank agents (agent float). Hard collateral loan for very large established merchants. Merchant acceptance of digital payments. FDPs "save as you earn account." Cente ordinary savings account, Cente mobile banking, agent banking, Cente Supawoman account.
Microfinance institutions	UGAFODE Microfinance, Pride Microfinance, FINCA Limited Uganda, RUFU, VisionFund, Nile Microfinance, BRAC	<ul style="list-style-type: none"> Savings account, ordinary account, junior account, target savings account, fixed deposit account, VSLA loan, youth loan. Money transfer services, business loan, education loan, agricultural loan, foreign exchange account, FDP financing grant.
Mobile money and nano-credit	MTN MoMo and MoKash loans offered by NCBA, Airtel's Wewole loan offered by JUMO	Bank-to-wallet transfers, pay-as-you-go for smartphones, some digital credit (if SIM card IDs are in order).
Savings and credit cooperative organizations/ village savings and loan associations	MOBAN SACCO (Nakivale settlement), Kayak II Farmers SACCO (Kyaka settlement)	Commercial loan, agricultural loan, home improvement loan, emergency loan, solidarity group loan, motorcycle loan, salary loan. The majority of FDPs invest in and gain access to credit from VSLAs or rotating savings and credit associations.
Credit data aggregators	Ensibuuko, Akello Banker, Commonlands	Technology platform providers that offer services such as savings and loan management software and collection of farmer data to enable credit from financial institutions. These aggregators are also digitizing VSLA loans where feasible to capture the last mile credit data of FDPs and host communities.

Several unsecured digital credit offerings based on alternative data flows exist in the market; very few are offered to FDPs.

For instance, mobile money providers offer nano-credit, which is based on personal identifiers-based and transactional data. In the case of MoKash, the product is a savings-linked credit model where the user must save in their MTN MoKash wallet before being eligible for a loan from NCBA Bank.²⁶ FDPs, however, are frequently ineligible for mobile money-linked credit products such as MoKash, largely due to SIM card registration issues, as these are often not registered in their names.

Meanwhile, small business and agricultural loans are provided by fintech companies licensed as MFIs, including Numida and Emata. Numida leverages business performance indicators—such as inventory and sales data—alongside personal identifiers to disburse loans within 24 hours. Emata, on the other hand, offers credit products tailored to farmers whose incomes are derived from structured value chains such as dairy. Numida is in the process of introducing a credit product (in partnership with Accion) to FDP populations.

Recognizing that VSLAs remain the primary source of credit for consumption smoothing and seeding micro-businesses for FDPs and women from host communities, the World Bank and INGOs have supported fintech-enabled digitization of VSLAs to build credit histories for linkage banking in the future.

“I received a message over my phone that was encouraging me to borrow a certain amount of money from mobile money. Initially 5,000 was the minimum amount I was offered when I applied. When I managed to pay in time, I was upgraded to borrowing 10,000 shillings.”

—Banked Congolese male, Kampala

“For a VSLA, I am a small-scale businessman. I combine effort with my fellows of the same status and form a saving group. Thereafter, we may tend to pick out some amount for helping us in accomplishing particular activities besides saving.”

—Unbanked South Sudanese male, Nakivale

“Yes, women of hope group RAJAH ... you can borrow and the interest rates are really, really low if compared to the formal institutions.”

—Banked South Sudanese female, Kampala

²⁶ MoKash, MTN Mobile Money, is only a channel; the actual loan is issued by NCBA Bank.

Recent CRB reforms have the potential to expand credit access for FDP segments, and IFC could play a catalytic role in aiding this expansion.

The 2022 revisions to Uganda's CRB regulations have broadened the scope of institutions permitted to report credit data. Under the updated framework, Bank of Uganda-supervised financial institutions, registered societies, and accredited credit providers (ACPs) are now authorized to submit credit information to CRBs. Previously, this privilege was limited to Tier 1 (commercial banks) and Tier 2 (credit institutions) institutions, excluding many of the channels through which FDPs access credit.

FDPs typically rely on non-bank financial institutions such as deposit-taking and non-deposit-taking MFIs, VSLAs, and SACCOs. Consultations with Creditinfo Group indicate that select SACCOs, non-deposit-taking MFIs, and fintechs are now actively reporting to CRBs. In addition, all licensed bureaus are mandated to exchange data with each other on a semi-annual basis at the very least, promoting data consistency and broader credit visibility.

At the time of writing this report, the criteria for who qualifies as an ACP remains under development by the Bank of Uganda and CRBs. This presents an opportunity for IFC to engage in shaping inclusive guidelines that reflect the needs of FDPs, expand the base of community-level financial actors eligible to report, and strengthen their capacity to meet CRB data standards.



© Omri Eliyahu / Shutterstock

4

Alternative Data Sources *for* Credit Access

In this section:

- Alternative data and typology.
- Data inputs and their reliability in credit scoring models.
- Curated examples of inputs into credit scoring models and how that looks for FDPs.
- Enriching FDP data trails.
- gnuGrid CRB: Uganda's only local CRB, its focus on low-income segments, and its application to FDPs.
- Consumer protection considerations for alternative digital credit.

4.1 Alternative data and typology

The International Committee on Credit Reporting²⁷ views “alternative data” as serving merely to describe unconventional methods of collecting and analyzing data to support the assessment of creditworthiness. Newer “digital” sources of data have come to be known as “alternative data” because they might be alternatives

to data used by traditional credit scoring and might offer greater opportunities for inclusion if these data are more pervasive and more predictive than traditional data for excluded populations. The Consultative Group to Assist the Poorest (an independent think-tank within the World Bank) has developed a useful framework for categorizing data, as depicted below.

TABLE 10

Alternative data typology

Data typology	
6. Sector-specific data	Agriculture
	Merchants/e-commerce
5. Transactional data	Purchases and sales
	Utilities and rent, payments
	Telecommunication (for example, airtime)
4. Financial data	Account
	Asset ownership (for example, rentals, borrowing, movable assets)
	Liabilities (credit access)
3. Device-generated data	Communications
	Messaging protocols
	Internet consumption and usage
	Data from other device sensors
2. Individual and social data	Demographic data
	Professional and educational
	Social network
	Content, consumption preferences
1. Personal identifiers	Device identifier
	Individual identifier
	Geospatial location
	Contact details

²⁷ The recognized international standard setter for credit reporting.

Data reliability is important for a robust credit model to accurately predict estimated probability of default. How and who collects data influences their reliability.

TABLE 11

Reliability of different types of data

Type of data	Reliability	
Transactional	High	If stored consistently, transactional data (for example, account deposits and withdrawals, loan payments, and bill payments) are usually reliable. These data provide a historic and objective record of a customer's actual behavior or economic activity.
Documentary	High	Identity and basic demographic data are often taken from (or verified by) official documents (for example, national ID cards).
Device data	High	Device data can be just as reliable as financial transactional data.
Psychometric	Above average	Despite data being self-reported, there are different techniques in psychometric questionnaires to validate candidates' answers, such as using similar questions in different sections of the test. However, data reliability depends on the quality of the tests and how they are administered.
Collected by lender staff	Average	These data may be influenced by the judgment, work style, or experience of the person collecting it.
Self-reported	Below average	Data reported by a customer (such as on an application or survey) can be less accurate because people have different styles of communicating information. Customers may tailor responses to maximize their chances of being approved.

SOURCE: Vidal, Maria Fernandez, and Fernando Barbon. 2019. *Credit Scoring in Financial Inclusion*. Technical guide. Washington, DC: CGAP.

FDPs are generating useful data trails that could feed into alternative credit scoring models.

The digital footprint of FDPs presents a rich source of data that could be used in alternative credit scoring methods (see Table 10). Studies have shown that 68 percent of FDPs regularly top up airtime, indicating consistent mobile

phone usage. Additionally, 23 percent of FDPs use pay-as-you-go (PAYGO) solar systems. Monthly repayments range from \$6 to \$15, which could serve as a reliable indicator of financial responsibility and repayment capability. Financial data further underscore the potential for alternative credit scoring, with 7 percent of FDPs holding bank accounts and 64 percent using mobile money services. Prepaid bank

cards (debit cards) are used by 25 percent of refugees, while 52 percent receive direct over-the-counter cash-based assistance. Moreover, 63 percent of FDPs possess assets, such as livestock or solar panels, suggesting financial stability and potential collateral.

Device-generated data highlight the widespread access to communication technology, with 90 percent of FDPs capable of making and receiving calls, 55 percent able to send and receive text messages, and 27 percent enjoying internet coverage, indicating connectivity and potential for digital financial transactions. Individual and social data

TABLE 12

Estimated percentage of FDPs that produce digital trails for alternative credit models, starting with personal identifiers

Data typology	
6. Sector-specific data (for example, agriculture, merchants/e-commerce)	<ul style="list-style-type: none"> Nearly all trade transactions are in cash
5. Transactional data (for example, purchases and sales, utilities, rent, remittances, telecommunication—airtime)	<ul style="list-style-type: none"> 68% of FDPs top up airtime 23% use PAYGO solar systems and make \$6–\$15 monthly repayments for these systems for lighting and charging and possibly other asset repayments
4. Financial data (for example, account, asset ownership—rentals, liabilities)	<ul style="list-style-type: none"> 7% of FDPs have bank accounts 64% of refugees use mobile money 25% use prepaid bank cards (debit cards) 52% receive direct over-the-counter cash-based assistance 63% possess an asset (such as livestock, solar panel, bicycle) 68% growth in demand for credit for starting/growing a business
3. Device-generated data (for example, communications, messaging protocols, internet usage, data from other device sensors)	<ul style="list-style-type: none"> 90% can make and receive calls 55% can send and receive text messages 27% enjoy internet coverage 53% have a basic phone, 20% feature phone, 27% smartphone
2. Individual and social data (for example, demographic data, professional and educational, social network, content, consumption preferences)	<ul style="list-style-type: none"> 26% of household decision-makers have no schooling at all 34% of household decision-makers have completed primary school 33% of women have no schooling 17% of refugees have received digital literacy training 27% receive casual employment income and 6% formal employment income
1. Personal identifiers (for example, device identifier, individual identifier, geospatial location, contact details)	<ul style="list-style-type: none"> 94% of FDPs have a refugee ID (estimated based on OPM issuance data, although actual possession may be lower) 93.4% have phone access; 25.6% have smartphone access

SOURCE: U-Learn. 2022. *Financial Services in the Uganda Refugee Response: An Assessment of User Perspectives*; Mercy Corps. 2024. *State of the Ugandan Refugee Finance Sector*.
NOTE: Examples and statistics have been provided based on availability of data.

provide further insights into the educational background of household decision-makers, with 26 percent having no schooling at all and 34 percent completing primary school. Additionally, 17 percent of refugees have received digital literacy training, enhancing their ability to navigate digital financial services. Personal identifiers, such as the possession of a refugee ID (estimated at 94 percent) and phone access (93.4 percent, with 25.6 percent having smartphone access) are widespread.

The richness of digital trails generated by FDPs becomes more limited beyond basic transactional data (category 5), constraining the types of alternative credit models that can be deployed.

Transactional identifiers such as remittance data are excellent inputs into alternative credit scoring models. Multiple international money transfer operators (IMTOs) exist, but FDPs prefer services based in the camps like Hawala that are often manual with limited digital trails.

TABLE 13

Operators in the remittance value chain

North America and Europe (inbound)	Intra-Africa (inbound and outbound)	Middle East (inbound)
<ul style="list-style-type: none"> Traditional IMTOs, including Western Union, MoneyGram, and Ria. Online and app-based IMTOs, including WorldRemit, Sendwave, and SimbaPay. Banks via SWIFT. 	<ul style="list-style-type: none"> Informal through buses and traders (neighboring). Informal: Hawala. MNOs: Airtel and MTN. Ugandan-registered money remittance businesses, including Dahabshiil, Kaah Express, Amal Express, and foreign exchange bureaus (78 licensed). Pan-regional banks, especially for white-collar, higher-income workers and larger values (Stanbic Bank, Centenary Bank, Ecobank, PostBank, UBA, Equity, and KCB, including their own money transfer platforms such as AfriCash and Speedie). IMTOs and pan-African MTOs. African fintech—small but growing, including Chipper Cash, Eversend, and Mukuru. 	<ul style="list-style-type: none"> Regional IMTOs, including Dahabshiil, Transfast, Juba Express, Kaah Express, and Amal Express. Informal: Hawala.
Azimo, Dahabshiil, Juba Express, MoneyGram, Sendwave, SimbaPay, Small World, Transfast, Western Union, WorldRemit	Airtel, Amal Express, Centenary Bank, Chipper, Dahabshiil, Ecobank, Equity, KCB, M-Pesa, MTN, Mukuru, Stanbic Bank, Tawakal Express, Transfast, UBA, Western Union	Amal Express, Dahabshiil, Juba Express, Kaah Express, Transfast

SOURCE: IFAD. 2022. *RemitsCOPE Africa: Uganda Country Diagnostic*.

NOTE: Hawalas (informal remittance providers) are located within mobile money shops and grocery stores. They are often unregistered, relatively cheap, fast and anonymous, and popular with Somali and South Sudanese FDPs.

Digitizing financial and transactional records from FDPs' VSLA and SACCO activity can significantly improve insights into their creditworthiness.

Savings and lending groups—such as VSLAs, SACCOs, and rotating savings and credit associations—form a vital

part of the financial ecosystem for FDPs. As of 2022, an estimated 10 percent of FDPs participate in these groups, with roughly 6,600 out of 66,000 nationwide groups being FDP-led. Efforts to digitize group transactions and records have gained momentum over the past decade, supported by fintech innovators such as FutureLink

Examples of how MFIs are digitizing FDP access to savings and credit

RUFU	VISIONFUND
<ul style="list-style-type: none"> Groups have between 25 and 30 members. Most contributions are made weekly. If a contribution is missed, the member tries to catch up the following week. Members' weekly contributions range from 2,000 Ugandan shillings (\$0.56) to 10,000 Ugandan shillings (\$2.80). Member contributions are manually recorded in a logbook and transferred to a smartphone provided by RUFU. 	<ul style="list-style-type: none"> Groups have between 25 and 30 members. Most contributions are made weekly. Members' weekly contributions range from 2,000 Ugandan shillings (\$0.56) to 10,000 Ugandan shillings (\$2.80). Member contributions are manually recorded in a logbook by the treasurer and in the member passbook.
Loan disbursements and recoveries	Loan disbursements and recoveries
<ul style="list-style-type: none"> RUFU disburses loans to groups using Yo! Uganda's Group Mobile Wallet solution linked to Centenary Bank's systems. Thereafter, the money is withdrawn from the account by nominated group officials and physically distributed during group meetings. Yo! Uganda's solution reduces cost and time-related issues for group members as select group officials can withdraw at agent points without the need to travel to RUFU's branches. RUFU has also started scoring groups' savings and lending data for credit using Grameen's LedgerLink technology. 	<ul style="list-style-type: none"> VisionFund registers savings groups using mobile technology. Groups receive loans from VisionFund and repay their loan as a group using mobile money transfers. VisionFund staff support the groups in upskilling on mobile money usage. This reduces the cost and time involved for both VisionFund staff and borrowers in disbursing and repaying loans.

NOTE: Mobile money withdrawal charges continue to remain high. For example, cashing out 15,000 Ugandan shillings (\$4.21) costs about 4.6 percent of the withdrawal amount, while withdrawing 45,000 Ugandan shillings (\$12.62) costs about 2.6 percent of the withdrawal amount.

Technologies, Yo! Uganda, and Ensibuuko. However, integration with formal financial systems remains limited, and digitization is still nascent.

Digitizing manual logbooks offers a practical means to capture the financial histories of groups and members, facilitating connections to digital wallets or banks. Financial diaries by BFA show that MFIs such as RUFU and VisionFund are digitizing group transactions—though currently with partial reliance on manual data. These early-stage digital records, often verified by MFIs, are foundational for building more inclusive credit systems and expanding access to formal financial services for FDPs over time.

Existing lease-to-own models can help urban and peri-urban FDPs establish credit repayment histories and graduate to other credit products.

M-KOPA (operating in Uganda, Ghana, Kenya, Nigeria, and South Africa) is an asset financing provider that enables access to solar energy assets, smartphones, electric motorbikes, digital loans, and health insurance products.

Its innovative PAYGO model enables customers to pay for their devices over time. While grace periods are built into the model, customers that fall behind are locked out of their equipment until their accounts are made current. M-KOPA also allows customers to return their equipment if they are no longer able to pay. M-KOPA primarily relies on the customers' ability to make the down payment as the determinant of creditworthiness and is exploring other novel financing approaches with savings groups.²⁸

There are similar lease-to-own financing companies in Uganda that help FDPs own productive assets (especially motorcycle taxis). IFC could assist interested PAYGO providers serving FDPs in becoming ACPs under existing CRB regulations, thus enabling the capture of FDPs' repayment histories.

Digitized merchant and supply chain payments data (upstream and downstream) are valuable inputs into credit scoring algorithms.

Merchant payments are excellent inputs into credit scoring algorithms. However, current transactions (such as supplier and customer payments) are almost entirely in cash, providing little insight into the creditworthiness of businesses or individuals. Supply chain data generated by dukas could also be informative to digital lenders. These data encompass information on the flow of goods and services between a company and its supply chain partners, offering insights into operations, relationships, and cash-flow health, which both internal and external stakeholders can use for financing assessments.

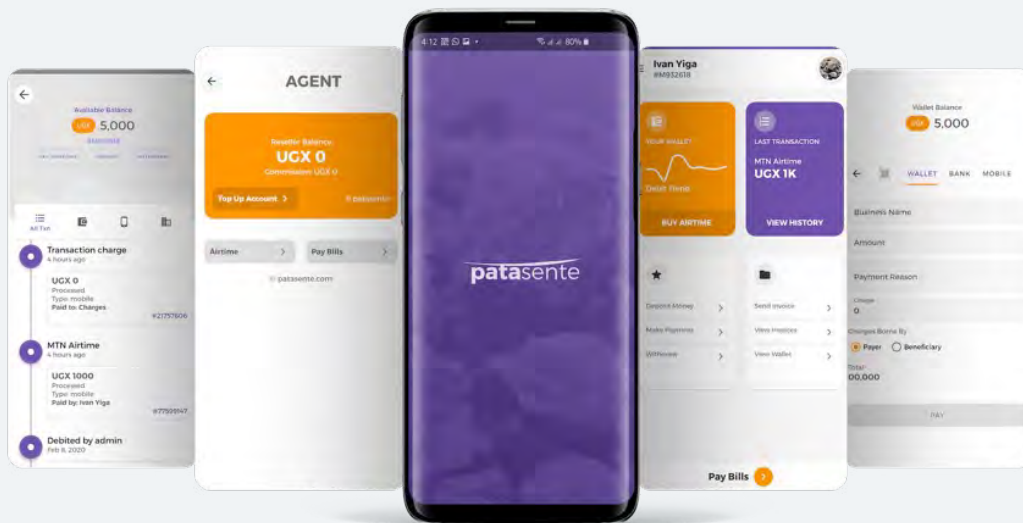
²⁸ See *M-KOPA Impact Report 2023* (https://cdn.prod.website-files.com/66dco0a653080e6802168f64/66f469b0c9b21f8cbf231296_impact-report-2023_compressed2.pdf). Understanding of M-KOPA business model from other active Caribou Digital projects.

CASE STUDY

Patasente's online supply chain platform

Patasente, a Ugandan fintech, operates an online supply chain platform, offering “order now, pay later” services and connecting microenterprises with lenders for invoice factoring. Targeting microenterprises facing cash-flow challenges, Patasente digitizes orders, payments, and invoices to enhance visibility and facilitate financing through published loan requests and credit scores on its platform.

While it is not currently present in FDP communities, Patasente is an example of digitization and could be approached by IFC to discuss a future initiative with urban FDPs who have dukas. This would require credit scoring the small business, which means it would need to have some formal data trails. Factoring would be a great way to offer credit to small businesses that lack hard collateral.



4.2 Consumer protection considerations for alternative digital credit

Consumer protection principles should be safeguarded when considering alternative digital credit, especially for vulnerable populations like FDPs. Here, lessons from Kenya are relevant.

Special consideration is essential to safeguard vulnerable populations such as FDPs, who may face additional risks to personal safety and security. Recent actions by the Central Bank of Kenya aimed to address predatory practices of digital lenders, emphasizing compliance with laws and regulations to protect borrowers' rights. These measures were prompted by borrower concerns, including the illegal use of personal information for unethical loan collection practices and the imposition of excessive interest rates. The prevalence of penalty fees for digital borrowers is significant, with 77 percent of digital credit borrowers having been late repaying a loan at least once, according to an IPA survey. Prior to these actions, scams and fraud were rampant, with 82 percent of IPA survey respondents reporting instances of receiving calls or SMSes from unknown individuals soliciting money or sensitive personal information or offering dubious products or services. Additionally, 77 percent of scammers asked consumers to send them money.

Taking cues from the initiatives in Kenya, the Uganda Microfinance Regulatory Authority²⁹ has mandated all digital lenders to register with it and ensure the protection of customer information, including refraining from sharing information with CRBs without obtaining consent. The Uganda Microfinance Regulatory Authority has also issued new guidelines prohibiting lenders from charging defaulters more than half of the total loan principal, aiming to foster fair and responsible lending practices in Uganda's digital lending sector.

Clear grievance redress channels with acceptable resolution timelines are still lacking, especially for FDPs with limited resources to reach and follow up with concerned parties in the event of fraud or unfair treatment. Despite encouragement from FSP regulators to communicate the contractual terms and conditions of products and services in local languages, FSPs have shown limited and inconsistent compliance with this guidance.³⁰

The protection of individuals should be a priority consideration when assessing potential approaches and initiatives to develop alternative data-based credit provision.

FDPs are already vulnerable and at risk, including from those who might misuse data for targeting, exclusion, or persecution. The personally identifiable data critical to KYC and customer due diligence can identify individuals without their consent or awareness, including to people who might wish to do them harm. Data protection approaches should follow or be guided by international standards, such as the European Union's General Data Protection Regulation, given its widespread adoption, including by international development actors.

Data protection approaches should consider the following:

- Revisiting the basis for data collection and seeking (renewed) consent where required, according to changing circumstances (such as data governance, security, or need) or change of use (providing other services or collaborating with other organizations and authorities).

²⁹ Now a directorate within the Ministry of Finance.

³⁰ Abuya, Kenn. 2024. "Crackdown on Unlicensed Companies Cuts Digital Creditors in Kenya to 51." *TechCabal*, March 11, 2024. <https://techcabal.com/2024/03/11/crackdown-on-digital-lenders-in-kenya/#:~:text=Under%20the%20new%20law%2C%20the,an%20anti%20money%20laundering%20directive.>

Samilu, Busein. 2023. "Govt Sets New Rules for Online Money Lending." *Monitor*, August 15, 2023. [https://www.monitor.co.ug/uganda/news/national/govt-sets-new-rules-for-online-money-lending-4336196#google_vignette.](https://www.monitor.co.ug/uganda/news/national/govt-sets-new-rules-for-online-money-lending-4336196#google_vignette)

- Ability of those registered to enquire about full data held.
- Ability for individuals to request changes, updates, and the deletion of data held on them.
- Explanation provided to individuals of which parties have access to the data (and renewed explanation if access for new parties is considered).
- Avoidance of catch-all terms such as asking permission to share data “with all parties as decided by the registrar.”
- Data collected are relevant to the immediate requirements of the good or service being provided and avoid collecting additional data that “might be useful in the future.”
- Time-bound data retention periods and safe data deletion procedures.
- Data managers should adopt a risk-based approach to data management, according to context, including oversight of the role played by third-party data processors.

Consent and the agreed basis for data processing should inform the use of alternative data for credit provision. This is especially important given that such approaches almost necessarily include the use of data that was not shared or generated for the purpose of credit risk assessment. Therefore, any use of data and the generation of risk assessment and credit scores should be preceded by an explanation of the basis for data processing and explicit consent for such processes. This is especially important for national governments to consider given their own data protection regulations and the intent to align domestic regulation with international compliance requirements, such as the European Union’s General Data Protection Regulation. The legal basis for initial data collection should not be assumed to cover subsequent data processing. The capacity of regulators such as the Uganda Microfinance

Regulatory Authority to oversee data protection compliance by new entrants like fintechs, in addition to the capacity of the fintechs, needs to be strengthened.

The design and development of alternative data-based credit provision should be guided by the principle of “digital dignity.”

The development of approaches in which data are increasingly made available or databases made interoperable demands that individual rights and protections be prioritized. Individuals need to be respected as data agents and not purely as data subjects in the way that their data are governed. The promotion of digital dignity relies on the adoption of appropriate data protection standards and digital do no harm standards and protocols. To ensure data and vulnerable group protection standards are upheld, digital dignity provides a framework that aligns with existing guidance, including:

- Data protection (considering vulnerability context and risk of unauthorized access and unintended use of data).
- Value for money (considering measures beyond efficiency in systems design, including a focus on effectiveness and equity).
- Do no harm (considering the implications and risks of civilian protection).
- Leave no one behind (considering the inclusiveness of transfer modalities and targeting approaches).



© Sarine Arslanian / Shutterstock



5

Conclusion *and* Way Forward

This report explored the opportunities and challenges of expanding access to formal credit for FDPs in Uganda, with a focus on leveraging cross-border data flows and alternative data sources. As highlighted in the executive summary, Uganda's policy environment is progressive, and recent regulatory reforms—such as the 2022 CRB regulations—have created a platform for more inclusive financial services. However, significant barriers remain, particularly in translating access into meaningful usage for FDPs.

Key findings underscore that most FDPs still lack formal credit histories, and their financial lives are largely informal, limiting their visibility to traditional lenders. Promising efforts are under way to digitize savings groups and integrate alternative data into credit assessments, but they have yet to be scaled. Cross-border data sharing also remains hampered by underdeveloped regulatory frameworks in the DRC and South Sudan—the two key home countries of FDPs.

FDP identification and KYC processes in Uganda, though improved, still present hurdles, and digital and financial literacy gaps further constrain effective use of available services.

Despite these challenges, targeted interventions—such as accelerating the digitization of alternative data from VSLAs and SACCOs, other transactional data, and phone data; harmonizing cross-border data standards; and strengthening consumer protection—can drive tangible progress.

This report recommends five thematic areas through which IFC, either directly or via strategic partnerships, can drive long-term systemic change in in-country and cross-border data flows to improve access to credit for FDPs.

TABLE 14

Key recommendation areas for IFC

Insight/issue	Possible actions led by IFC
<p>1. Legislative/regulatory intervention: The feasibility of cross-border data flows between the two largest FDP corridors—Uganda and South Sudan, Uganda and the DRC—is low, but with the right pilot and commitment from regulators there is promise.</p>	<ul style="list-style-type: none"> • IFC along with the World Bank and other development actors could help amend the legal frameworks in these two countries to allow for cross-border credit data sharing models. Cross-border data sharing is a reciprocal arrangement. This will require a detailed legislative and regulatory analysis of the credit information system in both countries. • Based on information shared, IFC already seems to be working with regulators in the region to improve their credit information systems. • A sandbox arrangement or no objection letters that allow the central bank of the DRC or South Sudan to pilot credit data sharing arrangements with the Bank of Uganda could be an alternative option.
<p>2. Legislative/regulatory intervention: FDP ID issuance and real-time verification are a huge issue and need to be addressed urgently.</p>	<ul style="list-style-type: none"> • IFC could consider direct or joint advocacy with the World Bank on modifying the Anti-Money Laundering Act to make proof of address non-mandatory. • Advocate for access to the UNHCR-government of Uganda refugee database for real-time ID verification—that is, verifying if the ID presented by the customer is a valid one or not. This verification can be a binary yes/no at the start. • If the above is not feasible, alternative solutions can be devised (for example, a mirror database). • Partner with viable private sector providers like MasterCard’s Community Pass or Commonlands for third-party ID verification that can be acceptable to banks and approved by the regulators (Bank of Uganda and Financial Intelligence Authority). • Tiered KYC proportionate to risk should also be considered for FDPs.
<p>3. Supply-side intervention: Credit portability models.</p>	<ul style="list-style-type: none"> • IFC could test an indirect access model for cross-border credit data portability with one FDP corridor country and build a framework for the East African Community. This could be effective for the single digital market work being led by the World Bank.

Insight/issue	Possible actions led by IFC
4. Supply-side intervention: Support to the Tier 4 microfinance sector: Digitizing the non-digital trails of FDPs could result in richer data on them and enhance their creditworthiness.	<ul style="list-style-type: none">• Support policy makers and regulators in the DRC and South Sudan in changing regulations and incentivize all lenders to report to the CRBs.• Support the scale-up of fintechs digitizing VSLAs and SACCOs.• Support the CRB Association and the Credit Information Providers Association in helping non-traditional credit providers become accredited more easily to increase the number of ACPs reporting to the CRBs, enriching borrower profiles.
5. Demand-side intervention: Financial literacy is still a significant barrier to the uptake of formal financial services.	<ul style="list-style-type: none">• The Cash Working Group (chaired by WFP and UNHCR) along with other donors is working on financial literacy programs.• IFC can work with the Uganda Bankers' Association, the National Payment Systems Providers Association, and the Financial Technology Service Providers Association of Uganda to support these literacy efforts.

Appendix A:
Sampling Details—
Demand-Side (FDP)
Research *by* Busara

Sampling

Description		Country of origin		Total in-depth interviews	Total focus group discussions
		DRC	South Sudan		
Gender	Male	3	3	6	–
	Female	3	3	6	–
	Subtotal	6	6	12	–
Location	Inside settlement	3	3	6	2
	Outside settlement	3	3	6	–
	Subtotal	6	6	12	2
	Corridor total	6	6		

FDPs from the DRC and South Sudan were selected for primary research as these populations combined represent the majority of all FDPs. Field officers identified an equal number of banked and unbanked respondents from both nationalities. Researchers conducted focus group discussions in the Nakivale FDP settlement only (as budgetary constraints did not permit travel

to all settlement camps), including a mix of banked and unbanked respondents. In-depth interviews were conducted with FDPs inside Nakivale settlement and with urban refugees in Kampala.

Focus group discussions were conducted separately for the nationalities of interest to account for the language barrier.

Focus group discussion participants	Gender	
	Female	Male
Group 1: Congolese	5	10
Group 2: South Sudanese	7	6

Appendix B:
Demand-Side (FDP)
Research *by* Busara—
Uptake *of* Formal
Financial Services

1. Refugee documentation (ID)-related responses

Family attestation document	Congolese	South Sudanese	Total
No	–	1	1
Unclear	2	–	2
Yes	5	6	11
Total	7	7	14

I have a refugee ID	Congolese	South Sudanese	Total
No	–	2	2
Unclear	1	1	2
Yes	6	4	10
Total	7	7	14

Most FDPs reported having both a family attestation document and a refugee ID. Those who reported not having either document did not specifically mention failed attempts to acquire these documents.

“When I get the refugee identity document from OPM that proves my refugee status, I am free to use it anywhere. I do not have any difficulty at all. I showed you the ATM card for Stanbic Bank. Whenever I want to withdraw some money, I am able to. Even when I want to go to Western Union, I am able to show that. I have not yet faced a scenario whereby I am limited from accessing particular services because of the document I received from the OPM.”

—Banked Congolese male, Kampala

Respondents were aware that refugee ID cards enabled access to financial services but felt that the passport was also important. Respondents expressed that the Ugandan-issued refugee passports would provide better livelihood opportunities and travel, allowing FDPs to

function freely outside of FDP settlements and Uganda's borders. However, the acquisition process is still unclear to many FDPs. The fear of authorities and cost often discourage FDPs from attempting to obtain one.

"I would choose a passport because it allows you to go anywhere to source goods for business activities and return. With that, you can go anywhere and feel at ease. But with a refugee card, you are limited, even here in Uganda. As FDPs from Nakivale, with this identification, we are even afraid to wander around Kampala, not to mention the borders. No, I do not have any information on how to acquire a refugee passport. For me as a refugee, I am afraid [to seek information], but I need it so much."

—Banked Congolese female, Nakivale

"The FDPs' identity card is of much help, but I would still want to have the refugee passport. The refugee passport can help me to open up businesses outside the boundary of Uganda and also to operate from within Uganda. They can request for a small amount of money like 250,000 [for passport processing]. It requires knowing what you are going to do when you are out of the country that determines whether to be given a passport or not. That is my thought for such."

—Banked South Sudanese male, Kampala

2. Formal financial services usage: Key challenges mentioned by respondents

- Dependency on family members for transactions. (Reasons why were not stated, but it could be because FSPs request to see family attestation documents, typically given to the household head, in addition to the refugee ID.)

“Even when I am to get money, I have to move with my mum to the bank so that I can receive the money I applied for.”
—Banked Congolese female, Kampala
- Administrative and technical issues.

“Secondly, these people will come and say there is no network and will not work the whole day and you will wait.”
—Banked South Sudanese male, Nakivale
- High bank transaction fees, which sometimes lead them to resort to alternative methods like mobile money.

“In most cases, there are challenges we face at the bank. When I realize such challenges, I end up using mobile money for any other transactions.”
—Banked Congolese female, Kampala

3. When it comes to formal financial services, the majority of FDPs prefer mobile money and informal financial services

- Mobile money is a popular alternative to bank transactions, with some individuals preferring it for its convenience and accessibility.

“In most cases, there are challenges we face at the bank. When I realize such challenges, I end up using mobile money for any other transactions.”
—Banked Congolese female, Kampala
- The use of informal financial services like VSLAs is also mentioned, indicating a preference for community-based financial solutions.

“According to all you have mentioned above, I am used to transacting with mobile money and we highly use the village savings and loan association (VSLA). I know nothing about saving with the banks.”
—Unbanked Congolese male, Nakivale
- Lack of regular income to maintain a bank account and insufficient funds to deposit are cited as reasons for not using bank accounts.

“The other reason is that there is no job opportunity to help in servicing my account needs.”
—Banked Congolese male, Nakivale

- Some individuals mention a lack of confidence in their ability to save due to financial constraints and limited job opportunities.
- Banked individuals who use formal financial services generally feel that bank transaction costs are high.
- Mobile money is also perceived as faster and more convenient, as the agent networks are likely to be more widespread.
- FDPs prefer using mobile money; however, there are transaction and balance limits (5 million Ugandan shillings or \$1,500 for daily transactions and 20 million Ugandan shillings or about \$5,000 for wallet balances). FDPs may have misinformation about the maximum amount they can hold as mobile money.

“It is not that I am not confident but getting what to save is the main problem.”

—Unbanked Congolese male, Kampala

“You see with my bank, they charge me 3,000 shillings every month and even when you are withdrawing, they will impose a tax on the amount you are withdrawing. However, I would have been better if they were like mobile money where they only keep your money without any charge.

You may [also] delay in queues at the bank, yet you have work that needs to be done at your workplace, and that is why I prefer mobile banking because of its instant transactions. [...] You cannot send and receive more than 5 million shillings. I had amounts that were exceeding 5 million [on mobile money], and I wanted to save it, but I was informed that my limit was 5 million. Therefore, I was directed to take it to the bank.”

—Banked Congolese female, Kampala

4. Access to formal credit is a challenge

- The major barrier to credit uptake for both male and female FDPs is the perception that financial services are expensive and require collateral security.
- The challenges faced by FDPs may vary. Women often lack stable income sources to refund loans, restricting their access to credit. This limits their ability to obtain loans individually due to the need for collateral security.

- Traditional gender norms lead to a variety of experiences around agency and confidence in interacting with bank accounts. In some instances, women feel more confident when accompanied by a male figure to a financial institution.

“I think the challenges women face are mostly the fact that they don’t have a way to refund back money especially loans taken, for instance when one wants to take a loan and they don’t have a stable source of income to help them in refunding the loan will limit one. Secondly, lack of security, those services will never offer loans without one having security, but of recent in one of the trainings that I told you Opportunity Bank is giving, they told us that there is group lending, group borrowing, you can apply as a group to get a loan, you have each other’s back, you can repay as a group, like this it’s encouraging than being alone without security, I mean collateral security. Yes, to me and men same thing.”

—Banked South Sudanese female, Kampala

5. Low income is a barrier to using bank accounts for savings, according to FDPs interviewed

“I have never done any saving or made any transaction possible via my bank account. I opened the account and with time I started lacking money to deposit into it. I hardly keep money for so long.”

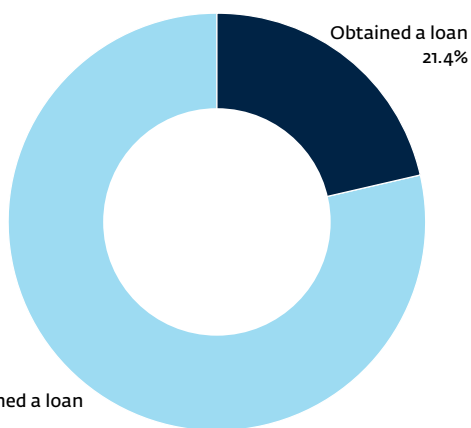
—Banked South Sudanese male, Kampala

“I opened it as an account to save my money. In most cases, I find myself having money in my house whereby I keep reducing the amounts whenever I want. That is why I decided to keep my money in a bank account. There are challenges I came across with keeping money in the bank and so I chose to use mobile money for keeping my money. With Centenary Bank, they always charge me 3,000 shillings per month. In addition, when you consider that charge of 3,000 over a period of a year, you will find that it is too much and costly to one. [...] Those with my debts usually pay me through mobile money or my bank account.”

—Banked Congolese female, Kampala

6. Digital credit: Most FDPs (79 percent) interviewed have never obtained a loan from a financial institution but have borrowed from digital platforms

- Those who have borrowed from digital platforms received nudges from promotional messages and friends.



- FDPs lack confidence in digital platforms and resort to borrowing out of necessity. A common credit product is “airtime credit.”

- Many FDPs do not understand the terms and conditions of the loans, according to respondent interviews.
- Individuals cited a lack of prior information on terms and conditions as they discovered deductions without prior warning, suggesting a lack of transparency in the loan terms.

“It was my friends who informed me of such a service from MTN since it was evident that they had received such a loan.”

—Banked Congolese male, Nakivale

“I received a message over my phone that was encouraging me to borrow a certain amount of money from mobile money. Initially 5,000 was the minimum amount I was offered when I applied. When I managed to pay in time, I was upgraded to borrowing 10,000 shillings.”

—Banked Congolese male, Kampala

“Yes, there is only one reason. Before borrowing, they will propose a rate that you agree to, but when it comes time to repay, you end up paying much more than you initially thought. For example, if they were supposed to deduct 200 for every recharge for a loan of 1,000, they take it all from the first recharge. So, if you have an urgent call, you will be forced to find or borrow money to top up for another credit. That is why I do not use it.”

—Banked Congolese female, Nakivale

“No, no prior information; you find out they have subtracted everything without warning.”

—Banked Congolese male, Nakivale

- Respondents noted challenges with loan repayment periods. An individual mentioned challenges with the repayment period not aligning with their chosen timeframe.

“However, the challenge was on the period on which I was supposed to pay. I had chosen to pay back in a week’s time, but they did not wait for the week to end.”

—Banked Congolese female, Kampala

- On the other hand, for some individuals, the loan terms were perceived as manageable and easy to repay. They found the loan amounts and associated fees reasonable, making repayment straightforward.

“For a loan of 5,000 and the payable amount is around 5,500 or 6,000, I find it as an easy to pay back loan.”

—Banked Congolese male, Kampala

7. Remittance usage by FDPs (in the sample interviewed)

Have you ever sent money to or received money from any other country?	Congolese	South Sudanese	Total
No	2	6	8
Yes	5	1	6
Total	7	7	14

Congolese respondents seem to have stronger ties with their home countries, with a greater proportion of them having remittances to and from their home country.

8. Remittances by gender in the sample

Have you ever sent money to or received money from any other country?	Gender		Total
	Female	Male	
No	4	4	8
Yes	2	4	6
Total	6	8	14

Have you ever sent money to your country of origin or received money from your country of origin while living in Uganda?	Gender		Total
	Female	Male	
No	1	6	7
Yes	5	2	7
Total	6	8	14

A greater proportion of female respondents received remittances from their home countries than from other countries.

9. Remittances using banks

Have you ever sent money to or received money from any other country?	Banked		Total
	No	Yes	
No	1	6	7
Yes	3	3	6
Total	4	9	13

Have you ever sent money to your country of origin or received money from your country of origin while living in Uganda?	Banked		Total
	No	Yes	
No	3	4	7
Yes	1	6	7
Total	4	10	14

A greater proportion of banked FDPs sent remittances to or received them from their home countries than other countries. Some of the surveyed respondents were continuing to use their bank accounts from their home countries in Uganda as their banks had branches there.

10. Freedom of movement and economic ties dictate whether FDPs send or receive money from home

- Respondents who reported sending money to or receiving money from their home country were more likely to be female and urban.
- They were also more likely to be small business owners.
- It is probable that women have stronger transnational kinship ties and those with broader opportunities in town are using what little they make to support family back home.
- It is also likely that FDPs in Kampala enjoy great freedom of movement and thus have acquaintances traveling more frequently across borders, further strengthening cross-border relationships.
- Money was typically sent to help cover daily expenses and the occasional family emergency.

“Yes, I have [sent money back home ...]. There are several reasons, often for medical expenses, and for small household [...] it’s my duty to help, depending on my means.”

—Banked Congolese female, Nakivale

“I was able to send money to Congo when I was paying for a debt I had borrowed from someone. The money I received was from someone who had gone with my commodities and so he paid me while he was there.”

—Banked Congolese female, Kampala

“Sometimes some people send the money for shopping, and they need things to sell, and they know I am here. They send the money to buy things, and I also send back.”

—Banked South Sudanese female, Kampala

“I usually go to South Sudan [...]. I have never sent from Uganda to South Sudan, but no one sent for me from South Sudan to Uganda. Instead, it’s me who has ever sent from South Sudan to Uganda for medical, school fees, rent, and feeding the family.”

—Banked South Sudanese male, Kampala

11. Intermediaries are convenient due to the low number of transactions

For occasional payments, it is more practical to use an intermediary to avoid the complexity of accessing payment channels, navigating strict KYC requirements, and learning new technologies.

These intermediaries typically use their own accounts, eliminating the need for personal identification documents. They often have a pre-existing, trusted relationship with either the sender or the receiver, further simplifying the transaction process.

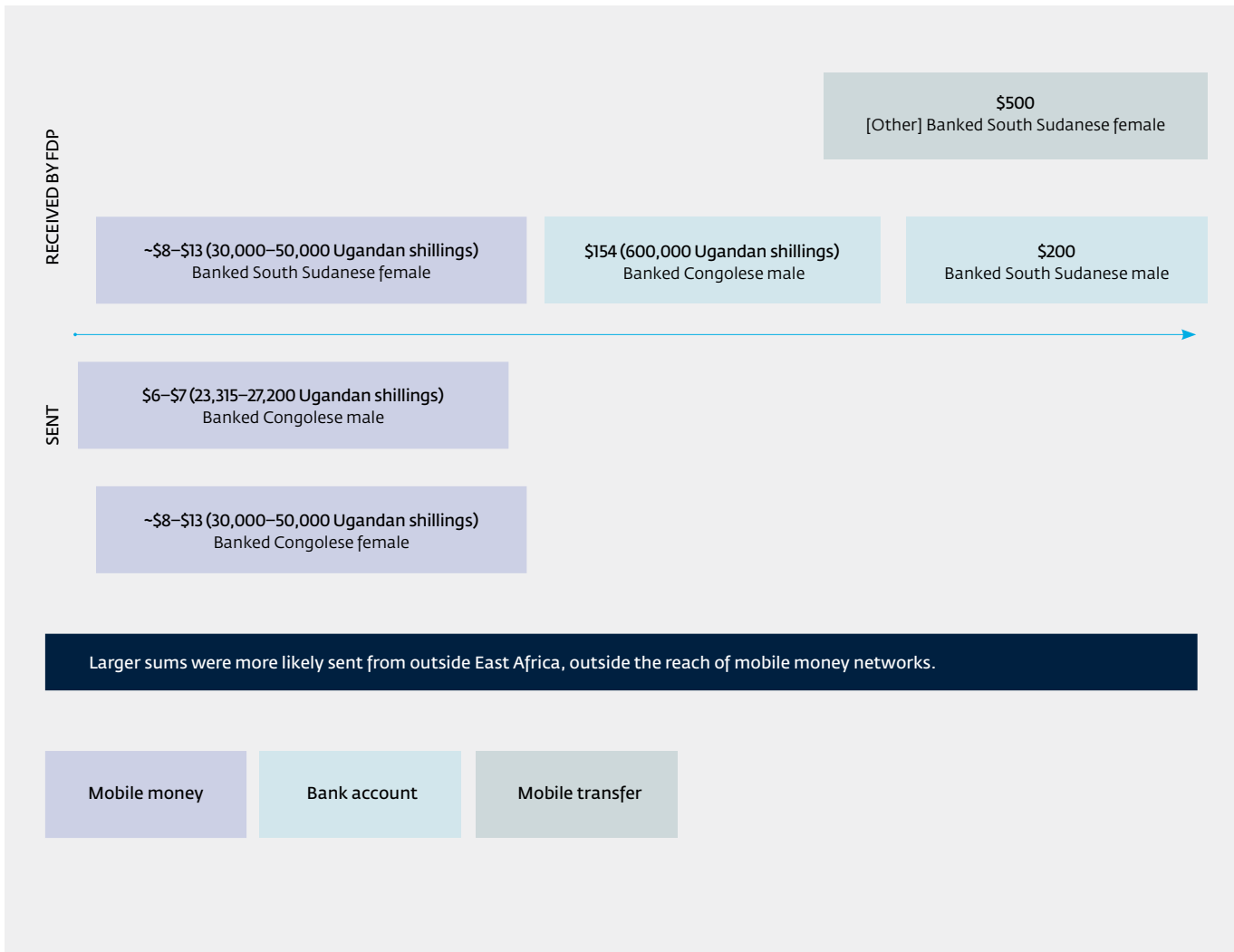
12. Frequency of remittances

How frequently do you receive or send money internationally?	Unbanked	Banked	Total
Monthly		5	5
A few times a year	1	1	2
Rarely	2	1	3
Never	1	3	4

	Female	Male	Total
Monthly	4	1	5
A few times a year	1	1	2
Rarely	1	2	3
Never		4	4

	Congolese	South Sudanese	Total
Monthly	2	3	5
A few times a year	1	1	2
Rarely	2	1	3
Never	2	2	4

13. Mobile money is preferred for small amounts



14. Mobile money is preferred for remittances as it is fast, cheaper, and convenient

- FDPs have come to expect instant transfers, minimal documentation, and the convenience of transacting from anywhere.
- However, if the mobile money transaction limits are surpassed or if one of the parties lacks a compatible mobile money account, alternative remittance channels are typically considered.
- FDPs also appreciate the ability to track transaction completion through SMS updates.
- Despite the perception that mobile money transaction fees are high, fees on other remittance channels are higher.

“In most cases, I use mobile money, and at times, I can go to the bank. When someone is outside of Uganda, he is using a different SIM card, and so he cannot exchange money with him, therefore I am tasked to go to the bank.”

—Banked female FDP, Kampala

“I often use mobile money, specifically Airtel Money. Actually, giving money to someone else to deliver to another person is not easy due to a lack of trust. In addition, Western Union is not preferable because you have to pay a fee for the transfer. Therefore, mobile money is better because it is fast, simple, and somewhat reliable.”

—Banked female FDP, Nakivale

	MoneyGram ^a	Western Union ^b	Airtel Money ^c
\$10 (39,083 Ugandan shillings)	\$1.5 (5,900 Ugandan shillings)	\$3.15	\$0.13 (500 Ugandan shillings)
\$100 (390,830 Ugandan shillings)	\$2.5 (9,900 Ugandan shillings)	\$17	\$0.26 (1,000 Ugandan shillings)

a. MoneyGram transaction fees in Uganda.

b. Western Union money transfer rates across Africa through an agent.

c. Transfer charges from Uganda to the DRC. Airtel Money does not enable international transfers to South Sudan.

“Using a mobile phone has more advantages. When they send, immediately you get to know that money has arrived in your account, and you can withdraw from any location you’re in.”

—Male FDP, Kampala

“This system of sending and receiving money [mobile money transfer] is so direct. If you happen to receive any amount of money, you will be notified immediately via messages other than sending money via vehicle such that you can receive your portion. If someone confirms that he has sent, within no time wasted you get a confirmation upon receiving.”

—Unbanked male FDP, Nakivale

Appendix C: Key Informant Interviews

VisionFund Uganda Limited (VFU), non-deposit-taking MFI

Organizational information	Use of data
<ul style="list-style-type: none"> • Provision of credit to savings groups without collateral. • Financial literacy training. • 2,637 active FDPs under 106 VSLAs. • 244 million Ugandan shillings (\$68k) in total portfolio for FDPs. • 57% of applications approved (non-collateralized loans). • PAR 1: 35.5% / PAR 30: 9.4%. 	<ul style="list-style-type: none"> • If FDPs opt for individual loans, they are scored using the same data as nationals; however, the Kiva guarantee covers up to 100% of losses for FDPs, while nationals that borrow for agriculture get 7% cover. • VSLA data are used to calculate the credit score of FDPs (how much they save).
	Challenges with digital channels and instruments
	<ul style="list-style-type: none"> • Low phone penetration for FDPs. • Poor network coverage. • Limited digital literacy. • Unclear legal framework for FDPs (for example, FDPs were stopped from acquiring SIM cards in 2020).

Rural Finance Initiative (RUFU), non-deposit-taking MFI

Organizational information	Use of data
<ul style="list-style-type: none"> • Group loans (VSLA loans), personal loans, agricultural loans, loans for small and medium enterprises (SMEs), unsecured loans. • 75% of customers are FDPs. • Products consist of small loans (\$70–\$2,777) with short repayment terms (3–24 months). • Many customers are familiar with RUFU from South Sudan, before they became FDPs. • 10,000 FDP customers and 6,000 borrowers. • 1.255 billion Ugandan shillings (\$344k) in total portfolio for FDPs. • Multiple product innovations to serve FDPs: <ul style="list-style-type: none"> - Smaller-size group loans (3–5 members). - Secured individual loans (in Uganda) using cross-border collateral (for example, clients from South Sudan with land titles already registered with RUFU, but limited to areas not vandalized). • 85% of FDP loan applications approved. • VSLA: 3% defaults / group loan: 5% defaults. 	<ul style="list-style-type: none"> • Metropool for all clients borrowing over 1 million Ugandan shillings. • VSLA data on savings in the case of VSLA loans. • Centralized data system where branches are able to see customer information across the border (for example, cross-border data sharing).
	Challenges with digital channels and instruments
	<ul style="list-style-type: none"> • Poor network in some areas. • Low phone penetration. • Low digital literacy.

Opportunity Bank Uganda (OBUL), non-deposit-taking MFI

Organizational information	Use of data
<ul style="list-style-type: none"> • FDP savings accounts, group loans (non-collateralized), remittances, individual loans (collateralized), financial literacy. • RISE project activities: <ul style="list-style-type: none"> - Dependent (0–2 years): Financial literacy. - Subsistence (2–3 years): Financial literacy, relief, savings products. - Resilient (5+ years): Financial literacy, savings, credit, remittance products. • Bank accounts opened with family attestation document. • Serves urban and settlement FDPs. • Non-collateralized group loans are the most popular product among FDPs. • 11,370 active FDP savers. • 60–70% of individual loans approved; 80% for group loans. • Kiva guarantees 50% of principal in case of default for group loans. • PAR 1: 25% / PAR 30: 12% (average for both group and individual loans) for FDPs (17% for nationals). 	<ul style="list-style-type: none"> • Metropol for individual lending above threshold. • VSLA savings data, analyzing how much they save; government-to-person payments, as groups that receive government-to-person payments have better capacity to absorb and make use of capital. <div style="background-color: #1a3d4d; color: white; padding: 5px;">Challenges with digital channels and instruments</div> <ul style="list-style-type: none"> • Low financial literacy about bank services. • Low smartphone penetration (68% of FDPs have phones, but only 20% or less are smartphones. This makes it difficult to provide digital services). • FDPs' access to SIM cards is limited by tedious process for MNOs to verify refugee IDs.

MTN Uganda, mobile network operator

Organizational information	Use of data	
<ul style="list-style-type: none"> • Drives financial inclusion through partnerships with organizations that work with FDPs: <ul style="list-style-type: none"> - Digital payments through mobile money. - Mobile device loans. - Savings and loan product (MoKash). • Memorandum of understanding with UNHCR to support bulk payments to FDPs through mobile money. UNHCR conducts KYC. • MTN runs screening algorithm on mobile money usage to qualify individuals for mobile device loans. • NCBA Bank is the partner bank for MTN micro loan product (MoKash) and uses mobile money usage data to qualify FDPs for cash loans. • For KYC, FDPs provide refugee ID and family attestation document (OPM). • 20,000 FDPs registered. 	<ul style="list-style-type: none"> • MTN does not share data with its business units across borders. • MTN shares mobile money usage data with partnering banks. 	
	<th data-bbox="881 863 1511 898">Challenges with digital channels and instruments</th> <ul style="list-style-type: none"> • N/A (digital). 	Challenges with digital channels and instruments

KCB, commercial bank

Organizational information	Use of data	
<ul style="list-style-type: none"> • KYC process includes refugee ID and letter from OPM. • No explicit policy targeting FDPs, but aims to launch at least 1 product specific to FDPs. • Partners with humanitarian organizations. 	<ul style="list-style-type: none"> • KCB is exploring alternative data but currently does not use data. 	
	<th data-bbox="881 1661 1511 1696">Challenges with digital channels and instruments</th> <ul style="list-style-type: none"> • Not discussed. 	Challenges with digital channels and instruments

Equity Bank Uganda (EBUL), commercial

Organizational information	Use of data
<ul style="list-style-type: none"> • Serving FDPs is part of its mission. • Provides nonrestrictive bank accounts, mobile banking, PIN and biometric-enabled card, agency banking and merchant acquiring, VSLA loans, and Equity Bank agent loans. • Partners with WFP, UNHCR, and other humanitarian organizations to deliver cash-based transfers to FDPs. • Mastercard Foundation provides a credit guarantee scheme for youth, women, and FDPs. • International Labour Organization provides technical assistance on expanding outreach to FDPs. • VSLA loans are gaining popularity due to ability to access without collateral. • 189 million Ugandan shillings (\$52k) in loans to FDPs. • 95% approval (due to significant training and guidance provided to groups before application). • 4.5% defaults. • FDPs profiled by origin country risk. 	<ul style="list-style-type: none"> • Metropol and Experian for credit ratings. • VSLA savings data from its own data set when VSLAs seek credit. • Equity Bank has a shared server for all countries and branches are able to share data across borders.
	Challenges with digital channels and instruments
	<ul style="list-style-type: none"> • Low mobile device penetration. • Low digital literacy. • Low literacy levels among FDPs.

Jumia, marketplace platform

Organizational information	Use of data
<ul style="list-style-type: none"> • Does not serve FDP market directly. • Starting a program to recruit 500 FDPs as sales agents who will primarily serve the FDP market. • Scope of program is just Kampala (not camps). • 1 senior Jumia staff member working with the Mercy Corps Jobtech project, which is providing assistance to the program: <ul style="list-style-type: none"> - Jobtech Alliance will recruit and onboard FDP sales agents (including KYC). - Numida (fintech) will provide vendor financing (Jumia to do collections). - Agents will receive training in financial literacy, marketing, and customer service. 	<ul style="list-style-type: none"> • Collects name, age, email, date of birth, and ID number. • Tracks sales information (number, value by product). • Does not share data (internal policy).
	Challenges with digital channels and instruments
	<ul style="list-style-type: none"> • Not discussed.

BOSS Money (formerly Leaf), digital wallet business

Organizational information	Use of data
<ul style="list-style-type: none"> • Permanent public record of economic identity. • Uses Stellar system for wallet and stablecoin within a closed loop system. • Stablecoins enable exchange of value quickly and with low fees. • Credit history can be transferred across borders (option in wallet to share with bank). • Customers include small cross-border traders and FDPs. • Partners with mobile operators for transferring money and Sumsud for KYC. • Looking to partner with Plaid. 	<ul style="list-style-type: none"> • Plans to leverage data to offer loans and insurance. • Piloted lending in Kenya that leverages device data, but due to new digital lending law the pilot was put on hold. • Credo Labs provided number of calls and number of apps. BOSS Money plans to combine this with transaction data to offer loans in the future.
	<p>Challenges with digital channels and instruments</p> <ul style="list-style-type: none"> • Not discussed.

Clic World, social banking solutions

Organizational information	Use of data
<ul style="list-style-type: none"> • Social banking solution provider, leveraging bank infrastructure to build a robust social financial ecosystem. • Mobile blockchain-based digital wallets that enable currency and country agnostic movement of money in real time through decentralized exchange. • Blockchain-based merchant point of sale to support cross-border purchase of goods and services. • Digital business-to-business and business-to-consumer enterprise resource planning system for e-commerce platforms (running of digital ID). • Registered in Kenya with plans to expand to Tanzania, the DRC, and Uganda. • Not targeting FDPs, but bottom-of-the-pyramid solution applicable. 	<ul style="list-style-type: none"> • Plans to leverage Bank of Uganda credit reference platform for SACCOs—likely gnuGRID. • Collects fingerprints, photo, origin country ID, and copy of ID number. • Alternative data collected includes utility payments, electronic merchant payments, peer-to-peer transfers, and data consumption. • Plans to track alternative data of recipients if also onboarded to product (for example, profile exists for sender and receiver). • Captures primary client relationships (for example, parents and friends). • Only shares data with pre-approved and validated individuals following internal compliance channels (banks, MNOs, MFIs). Commercial bank-level standards of compliance. • Accessing government data (taxpayer identification number, business registration, National Identification and Registration Authority) is bureaucratic, time-consuming, and expensive. For example, Clic has struggled to integrate artificial intelligence to validate government data for passport photo validation.
	<p>Challenges with digital channels and instruments</p> <ul style="list-style-type: none"> • Not discussed.

Metropol, credit reference bureau

Organizational information	Use of data
<ul style="list-style-type: none"> • Previously Tier 1–3, now onboarding Tier 4 data (sees this as alternative data). • Trying to onboard MNO loans but challenging as MTN does not want to share data. • National ID registry not accessible to all (according to Data Protection and Privacy Act). • Owing to their institutional data protection and privacy policies, UNHCR and OPM are unable to share refugee ID data with CRBs. • Recent switch from “unique ID” to national ID, as unique ID was expensive to enroll (\$8–\$10). • Metropol concerned about access to national ID database, given concerns about data protection. 	<ul style="list-style-type: none"> • Loan account data from Tier 1–3. • Merchant credit providers not interested in providing data. • Would like to use utility data but still in discussions with power company.
Challenges with digital channels and instruments	
<ul style="list-style-type: none"> • Not discussed. 	

Pezesha, digital credit provider

Organizational information	Use of data
<ul style="list-style-type: none"> • SME embedded finance platform operating in Kenya, Uganda, and Ghana. • Works with gnuGRID (before it became a CRB) as its partner CRB. 	<ul style="list-style-type: none"> • Formal SMEs (bank statements, mobile money statements, CRB data, point-of-sale data). • Semi-formal SMEs (receipt books, mobile money statements, CRB). • Micro SMEs (mobile money peer-to-peer inflows/outflows of business and psychometric testing). Sometimes partners (like Rocket Health).
Challenges with digital channels and instruments	
<ul style="list-style-type: none"> • Not discussed. 	

Kiva, international not-for-profit

Organizational information

- Initial pilot to lend to FDPs carried out in Lebanon with MFI partners was quite successful (95–96% repayment rate).
- Kiva Capital started institutional thematic loans—Kiva refugee fund (\$32 million, 5-year fund), supported by Soros, United Nations Capital Development Fund, and family offices.
- Funded UGAFODE, FINCA Uganda, and VisionFund.
- Through Kiva Protocol, Kiva sought partners to help bring digital identity and verifiable credit history to FDPs, but project was canceled.

Use of data

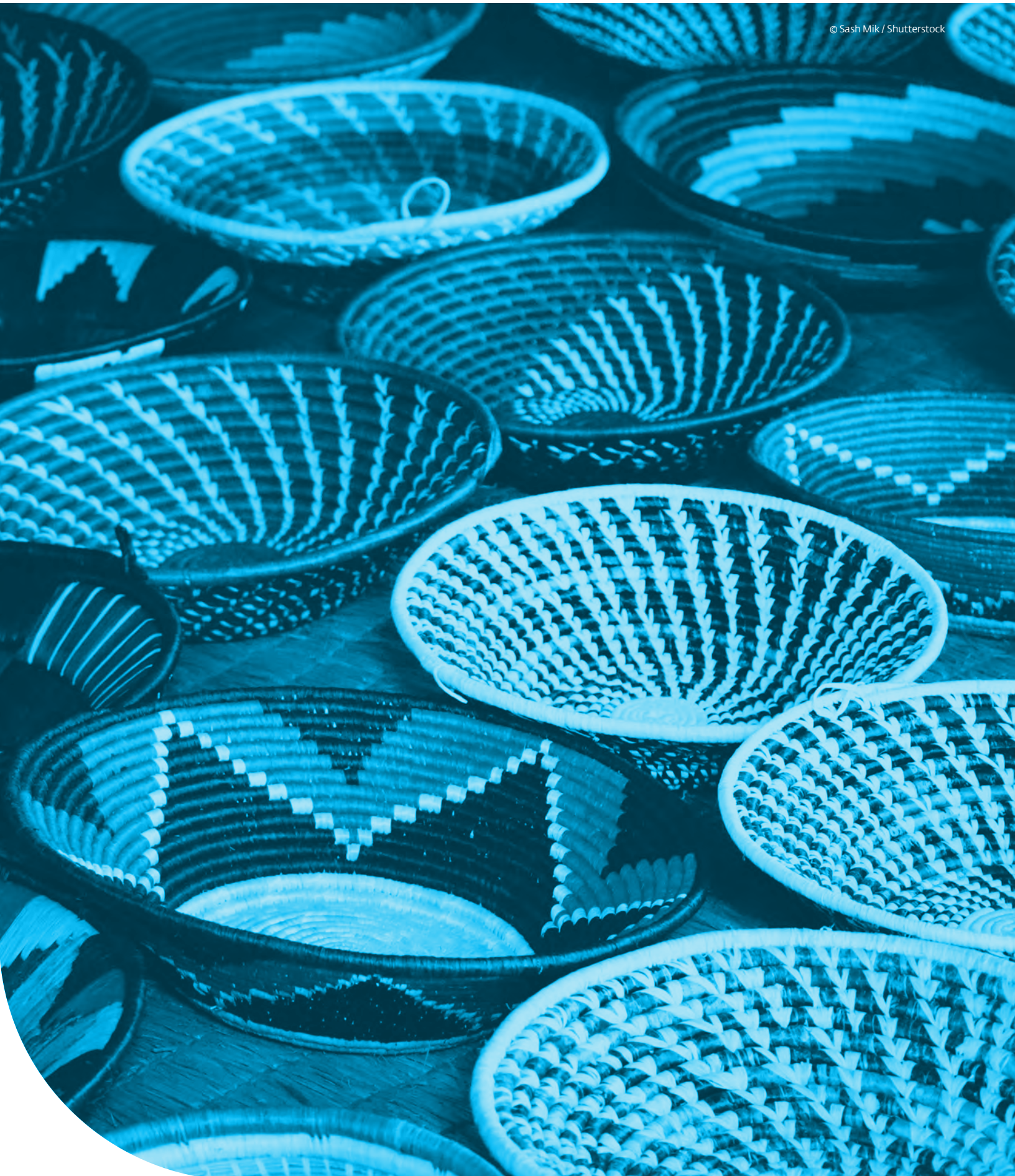
- Not discussed.

Challenges with digital channels and instruments

- Not discussed.

United Nations Capital Development Fund

Organizational information	Use of data
<ul style="list-style-type: none"> • Focused on enabling and accelerating efficient remittance channels; policy, regulation, and advocacy around enablers for efficient global remittance sector; de-risking innovation around remittances. • Migrant workers also a focus area. 	<ul style="list-style-type: none"> • There is hardly any financial data on FDPs, aside from how much they receive from WFP. • Possible sources of information: <ul style="list-style-type: none"> - Equity Bank data (4 years after banking services introduced in FDP settlements). - Ensibuuko, group-based microlender (alternative data). Ensibuuko digitizes VSLAs and would like to use that data to provide loans; however, it is a challenge for Ensibuuko to leverage the data and serve a wider cohort of beneficiaries partly due to operational costs for scaling in rural settlements. - MobiPay has farmer data that gnuGRID could use, with support from FINCA, to develop and offer customized financial products and services. • Frameworks for data sharing that are compliant with data protection are yet to be developed. In part, this is because of lack of innovation around pricing models. MoKash data only being accessible by NCBA slows down potential innovation.
Specific projects	Challenges with digital channels and instruments
<ul style="list-style-type: none"> • Technical assistance and grants to improve access, usage of remittances, and remittance-linked financial services that strengthen financial inclusion and resilience (for migrants). • Supports innovators to better analyze their own data. • UNHCR, through OPM, is trying to put in place infrastructure to enable FSPs to query Refugee Information Management System. • Equity Bank using biometric-enabled/linked debit cards and point-of-sale machines at agent point. • SIM card registration may soon be biometric enabled. 	<ul style="list-style-type: none"> • Trust of digital financial services and literacy levels.



The material in this work is copyrighted.

Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC does not guarantee the accuracy, reliability, or completeness of the content included in this work, or for the conclusions or judgments described herein, and accepts no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon.

The findings, interpretations, views, and conclusions expressed herein are those of the authors and do not necessarily reflect the views of the Executive Directors of the International Finance Corporation or of the International Bank for Reconstruction and Development (the World Bank) or the governments they represent.

© International Finance Corporation. November 2025. Some rights reserved.



Kingdom of the Netherlands



IFC

**International
Finance Corporation**
WORLD BANK GROUP