



From access to  
integration:  
**A landscape assessment  
of refugee financial  
inclusion in Kenya**

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# Abbreviations and Acronyms

**AML/CFT** Anti-Money Laundering and Countering the Financing of Terrorism

**BDS** Business Development Services

**CBK** Central Bank of Kenya

**DFI** Development Finance Institution

**DRC** Danish Refugee Council

**DRS** Department of Refugee Services

**FRC** Financial Reporting Centre

**FSP** Financial Service Provider

**FSD** Financial Sector Deepening

**ID** Identity Document

**IFC** International Finance Corporation

**IPRS** Integrated Population Registration System

**IRC** International Rescue Committee

**KBA** Kenya Bankers Association

**KCB** Kenya Commercial Bank

**KKCF** Kakuma Kalobeyei Challenge Fund

**K-LSRH** Kenya Longitudinal Socioeconomic Study of Refugees and Host Communities

**KRA** Kenya Revenue Authority

**KYC** Know Your Customer

**MSME** Micro, Small and Medium Enterprise

**NFIS** National Financial Inclusion Strategy

**NGO** Non-Governmental Organisation

**NRB** National Registration Bureau

**PAYGO** Pay-As-You-Go

**PIN** Personal Identification Number

**RIN** Refugee Investment Network

**RLI** Refugee Lens Investing

**RLO** Refugee-Led Organisation

**POCAMLA** Proceeds of Crime and Anti-Money Laundering Act

**RSF** Risk-Sharing Facility

**SACCO** Savings and Credit Cooperative Organisation

**SIDA** Swedish International Development Cooperation Agency

**SIM** Subscriber Identity Module

**TA** Technical Assistance

**UNHCR** United Nations High Commissioner for Refugees

**USD** United States Dollar

**VC** Venture Capital

**WFP** World Food Programme

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Financial Sector Deepening Kenya (FSD Kenya) is an independent trust dedicated to the achievement of a financial system that delivers value for a green and inclusive digital economy while improving financial health and capability for women and micro and small enterprises (MSEs).  
[www.fsdkenya.org](http://www.fsdkenya.org)

The Refugee Investment Network (RIN) is the first global impact investing and blended finance collaborative dedicated to creating long-term solutions to global forced migration.  
[www.refugeeinvestments.org](http://www.refugeeinvestments.org)

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Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of **March 2026**. Nevertheless, FSD Kenya cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

# 1. Executive summary

Kenya hosts approximately 836,000 registered refugees and asylum seekers, one of the largest refugee populations in Sub-Saharan Africa, yet formal financial inclusion among this population is limited. Kenya has achieved nearly 85% national financial inclusion, yet formal banking among refugees is estimated at under 10%, and financial inclusion based on IDs and SIM cards, at 30% –gaps that reflect not lack of demand or creditworthiness, but operational and institutional barriers that this report identifies as addressable to turn them into opportunities.

**Kenya has one of the most advanced digital financial ecosystems on the continent and a broadly enabling legal framework.** Understanding and addressing the operational and ecosystem barriers that limit financial inclusion for refugees in Kenya, in partnership with the public and private sector, is the key to unlocking further economic integration, self-reliance, and benefits for refugees and host communities alike. This report examines the ecosystem of refugee financial inclusion in Kenya, from informal savings groups and humanitarian cash transfers to banks, fintechs, and mobile money providers, with a focus on the conditions needed for mainstream financial institutions to serve refugees rather than through dedicated humanitarian programmes. **Humanitarian assistance, which has been the dominant source of income in camps, is declining, making financial inclusion as an enabler of economic activity and security even more urgent.**

**Kenya's policy environment has shifted meaningfully to allow for refugee self-reliance.** The Refugees Act (2021), the Shirika Plan (2025–2036), and the 2025 SIM registration regulations (recognizing Refugee Identity Cards) collectively create an enabling legal foundation. However, implementation is uneven and financial sector engagement fragmented. The NFIS 2025–2028 highlights the gap in financial inclusion for refugees and sets an ambitious target to address it (CBK, 2025).

**Refugees' financial lives in Kenya are active but shallowly served.** Mobile money is the dominant entry point, underpinning daily transactions, remittances, and humanitarian cash transfers. There is, however, a need to bridge mobile money to other financial products and services. Bank accounts for refugees exist but are typically partner-led with functional restrictions, concentrated among urban refugees, and peripheral to mainstream banking relationships. Less than 10% of refugees are formally banked, and the share of refugees with IDs and mobile accounts is at 30%. **Formal credit, one of the critical layers for financial security and economic mobility, is highly limited despite evidence of strong repayment performance in structured pilots.** Even when refugee-owned businesses receive business development support, access to credit remains a bottleneck to their growth.

Risk perceptions about refugees is one of the barriers to expanding services to them. Contrary to assumptions of transience, less than 1% of refugees depart Kenya annually, and the majority have lived in Kenya for over a decade. **Treating this population as temporary represents a missed opportunity in financial inclusion and self-reliance.** Despite assumptions that refugees cannot repay, widespread high-interest informal borrowing signals both demand and repayment capacity, alongside data from structured pilots demonstrating strong repayment performance.

**Regulatory barriers primarily stem from operational interpretation rather than legal exclusion.** Refugee IDs are legally recognized, but financial institutions apply conservative compliance interpretations given supervisory ambiguity and limited interoperability with national identity systems. Documentation constraints, from delays in Refugee ID issuance and renewal to limited awareness of its benefits on the part of the refugees, contribute to exclusion. Work permits which are necessary to unlock refugees' economic contributions to Kenya will also expand this customer base for financial service providers.

**Market barriers reflect a programme-driven, implementer-led ecosystem in which pilots proliferate without scaling across the mainstream financial system.** Banks continue to be passive recipients of evidence rather than active market participants in generating data and products. Notably, 63% of respondent banks do not have a formal internal policy governing the opening of accounts for refugees. This distinction in scale matters: scaling a pilot means reaching more clients through the same model; systemic integration means mainstream institutions serving refugees as standard practice without dedicated programmes or external facilitation. The latter is the next step in unlocking financial inclusion for refugees in Kenya. Reducing dependencies on humanitarian intermediaries and moving towards serving refugees independently as viable customers will create both impact and commercial opportunities. **On the demand side, barriers include digital literacy, language constraints, and trust deficits and sociocultural norms that limit uptake even where structural barriers are removed.**

**Overall, advancing refugee financial inclusion in Kenya does not require new legislation or new institutions, but clearer implementation of what already exists: coordinated action, deeper market intelligence and innovation, and a shift in how existing actors engage with each other and this segment.**

**Regulators** could focus on translating the enabling legal framework into operational practice, issuing harmonized KYC guidance that clarifies how existing frameworks apply to refugee documentation, improving interoperability between refugee and national identity systems, and reinforcing through supervisory communication that refugee status alone does not determine Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) risk, aligned with a risk-based approach.

**Development partners and financial market facilitators** should shift from leading the ecosystem to enabling banks to lead it, progressively reducing guarantee structures as repayment evidence accumulates, aligning programming with regulated financial institutions, and providing refugee-led organisations with institutional support. Market facilitating organisations can convene key actors around priority constraints; generating business-case evidence for private sector decision-makers; and supporting pilots designed to demonstrate commercial viability rather than access alone. Providing targeted technical assistance (TA) can help banks, MFIs, and fintech companies better understand refugee customers and refugee-owned enterprises.

**Financial service providers** should move from exception-based to standard market practice in order to tap into this market opportunity. This includes reassessing risk assumptions, using alternative data for underwriting, investing in staff training and internal policies, and co-designing products with refugees and refugee-led organisations, including Shariah-compliant offerings for Muslim borrowers.

Cutting across all of this is a structural gap: no institution in Kenya currently owns refugee financial inclusion at a systems level. Clarifying that responsibility, whether through NFIS structures or a DRS-convened mechanism, is a prerequisite for the systemic change that fragmented pilots cannot achieve.

**Kenya has the policy and regulatory environment, the market infrastructure, and a growing evidence base to support meaningful progress towards the NFIS targets. Coordinated action across the institutions represented in this report is the critical next step.**

## 2. Purpose and methodology

The purpose of this landscape review is to assess the current state of refugees' access to a range of financial services, analyse a selection of actors and initiatives active in the ecosystem, identify the barriers and opportunities shaping practices and outcomes, and produce actionable recommendations to key stakeholders in advancing refugee financial inclusion in Kenya. This work comes at a particularly critical moment as Kenya's National Financial Inclusion Strategy (NFIS) 2025–2028 is committed to strengthen refugee access to formal financial solutions. In a broadly enabling policy and regulatory environment, the public sector, financial institutions, and humanitarian and development actors experiment with solutions but these remain fragmented. The landscape review provides a unified, evidence-based view of existing dynamics and identifies where different stakeholders can add strategic value.

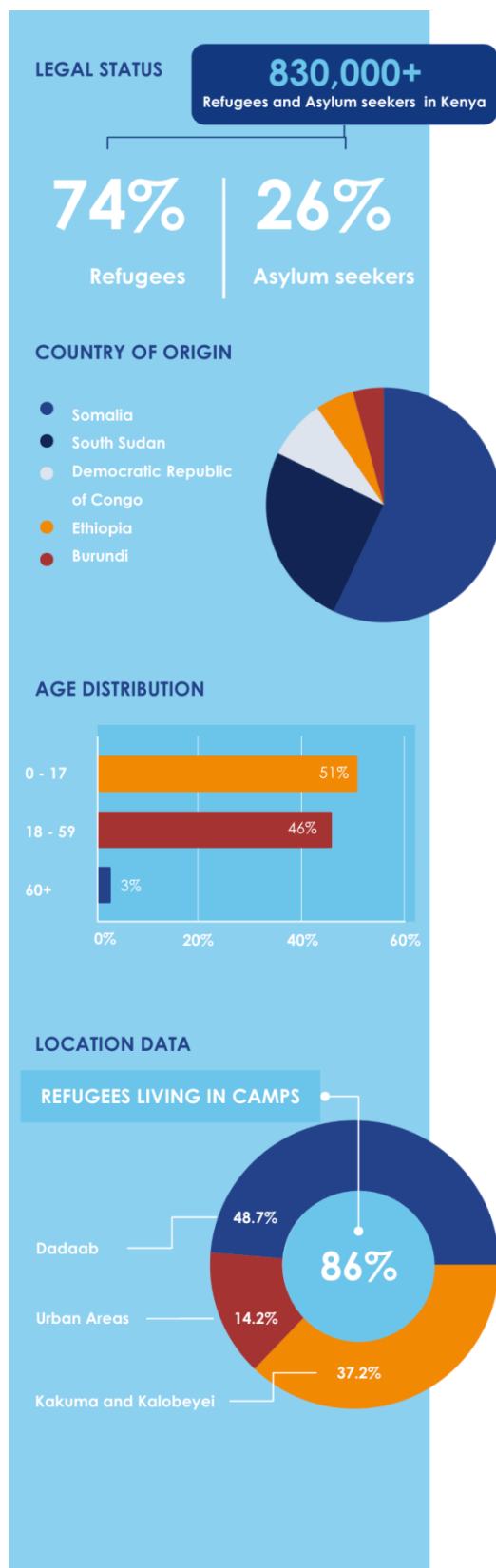
This landscape review applies a multi-phase, mixed-methods approach that combines desk research, targeted stakeholder consultations, structured synthesis, and validation. An inception phase refined the research questions, confirmed geographic and thematic focus areas, and incorporated a parallel regulatory and policy assessment.

The desk review drew on a wide range of sources relevant to refugee financial inclusion in Kenya and comparable contexts, including UNHCR and World Bank socioeconomic and displacement studies; previous research by RIN, FSD Africa, and FSD Kenya; and academic bibliographic sources. This report also builds on a separate Assessment of the Policy and Regulatory Environment for Refugee Financial Inclusion in Kenya by FSD Kenya. The assessment conducted a detailed legal and regulatory review of applicable banking laws, AML/CFT regulations, supervisory guidance, and identification frameworks relevant to refugee financial inclusion in Kenya. Its findings informed the regulatory analysis and legal references incorporated throughout this report.

To complement the desk review, the research team conducted key informant interviews, between February and March 2026, as well as focus group discussions. Organizations consulted included: Africa Enterprise Challenge Fund (AECF), Danish Refugee Council (DRC), DRS, FSD Kenya, Girl Power Action Initiative, GSMA, Havenpay, Inkomoko, International Finance Corporation (IFC), IRC Kenya, Kenya Bankers Association (KBA) and member banks, M-Kopa, Tedi Africa, UNHCR Kenya, World Bank, World Food Programme (WFP), and YES (Youth Education and Sports). Interviewees were strategically selected for their operational or decision-making roles and included regulators, financial service providers, humanitarian and development actors, refugee-led organisations, and entrepreneurs, covering perspectives from both camp-based and urban contexts. Findings from the desk review, interviews, stakeholder mapping, and policy and regulatory analysis were integrated to identify gaps, opportunities and actionable recommendations.

This landscape review was conducted within a number of constraints that readers should bear in mind when interpreting the findings. Refugees are largely absent from Kenya's formal data systems, e.g., credit reference bureaus do not hold refugee financial data, and national surveys do not consistently disaggregate refugee populations from host communities. Quantitative data draws primarily on the K-LSRH (World Bank/UNHCR, 2026) and Kenya Bankers Association (KBA) member survey data on refugee engagement (Box 1). Some figures, including ID issuance rates and SIM registration

uptake, are based on stakeholder estimates provided during interviews or validation sessions and are noted as such in the report. Refugee perspectives are represented primarily through institutional intermediaries rather than direct primary research at scale. Kakuma/Kalobeyi and urban Nairobi are better represented in both the literature and interview sample than Dadaab and Garissa. The report reflects the landscape as of early 2026; Kenya's policy and regulatory environment is evolving rapidly, and subsequent developments may alter conclusions presented here.



## 3. Context

### 3.1 Socioeconomic snapshot

Kenya hosts one of the largest refugee populations in sub-Saharan Africa, with approximately 836,000 registered refugees and asylum seekers as of late 2025. The majority reside in camp-based settings, primarily Kakuma/Kalobeyei in Turkana County and the Dadaab complex in Garissa County, while around 14% live in urban areas, mainly Nairobi, Mombasa, and Nakuru. Refugee populations are predominantly from Somalia and South Sudan, are relatively young and can be economically productive, and have high dependency ratios, particularly in camp settings (World Bank, [2026](#)). The protracted camp settings, some over 30 years old, have given rise to complex local market ecosystems where refugees and host communities interact daily.

Of this population, an estimated 74% hold verified refugee status while 26% are asylum seekers (World Bank, [2026](#)). However, not all registered refugees may possess valid Refugee IDs, as the process of obtaining and renewing Refugee IDs can take longer than the reported statutory timelines. On the other hand, in Kakuma alone, thousands of identity cards issued by the Department of Refugee Services (DRS) are reported to sit uncollected.<sup>1</sup> These dynamics underscore that even where legal reforms are in place, operational delays and limited awareness of the Refugee ID's benefits continue to constrain access to documentation and, therefore, formal financial services.

<sup>1</sup> Stakeholder comment. For many camp-based refugees, the UNHCR manifest, rather than the Refugee ID, remains the primary identity document in practice, as it is the

document linked to humanitarian assistance. This dynamic partly explains low ID collection rates even where cards have been issued.

Despite Kenya's progressive legal, and policy reforms and stated commitment to socioeconomic inclusion (Government of Kenya, 2025), poverty and vulnerability is widespread, especially in camp-based locations. Recent longitudinal evidence from the World Bank shows that 84%-87% of registered refugees in camps are multidimensionally poor, experiencing deprivations across education, employment, housing, energy, and food security (World Bank, 2026). Between 49% and 72% of camp-based, registered refugees live below the international poverty line, levels comparable to or exceeding those of surrounding host communities. Refugees living outside of camps fare better on average but still face elevated poverty compared to Kenyan nationals as well as higher living costs.

Livelihood opportunities are constrained by a combination of restricted labour market access, limited mobility, weak local economies, and declining humanitarian assistance (Arisa, 2025). Income levels among refugees vary significantly by location and source of livelihoods. Among camp-based refugees, humanitarian assistance is the dominant income source, but food ration cuts since 2023 have sharply reduced effective household incomes: median aid received fell by 53% in Kakuma, 23% in Kalobeyei, and 33% in Dadaab between 2022/23 and 2024 (World Bank, 2026). Employment rates, including wage and self-employment, among camp-based refugees have fallen to 6%, while urban refugees show a higher but still constrained employment rate at 37% (World Bank, 2026).<sup>2</sup>

<sup>2</sup> Stakeholder consultations indicate that refugees engage in economic activity beyond what employment rates may capture, suggesting that the addressable market for financial services is broader than employment statistics alone imply.

<sup>3</sup> Based on UNHCR/DRS Kenya Statistics Package monthly data for 2024–2025, voluntary repatriation and resettlement departures combined represent well under 1% of the total

This evolving context coincides with Kenya's planned transition from an encampment model toward integrated settlements under the Shirika Plan, alongside the rollout of a "Differentiated Assistance" approach that links aid levels to assessed vulnerability (see Figure 6). These reforms aim to promote self-reliance and reduce long-term dependency. As aid declines, financial inclusion, access to work, and services that offer resilience become more critical.

**Economically active refugees, particularly in urban settings, demonstrate regular financial transactions, repayment behaviour within informal credit structures, and demand for credit, savings, and insurance products, presenting a market that is underserved rather than unviable.**

Contrary to common assumptions, refugee populations in Kenya are not transient but represent a stable, long-term customer base. Available data indicate that less than 1% of refugees depart Kenya annually through formal channels, including voluntary repatriation and resettlement combined (UNHCR, 2026).<sup>3</sup> The majority of refugees have lived in Kenya for over a decade, with some communities present for more than thirty years.

registered population annually. Note that the monthly packages also record closures and inactivations covering spontaneous departures, reported deaths, and erroneous data entries in a single figure, making precise disaggregation of voluntary departures alone difficult. The directional finding, i.e., formal departure rates are very low, is consistent across all available monthly data.



## 3.2 Policy and Regulatory Environment

Kenya has achieved high levels of formal financial access, nearly 85% for all population nationally, based on the 2024 FinAccess household survey, “driven by digital technology” (FSD Kenya, 2024; CBK/KNBS/FSD Kenya, 2024).<sup>4</sup> However, refugees are among the most excluded populations. The percentage of refugees with bank accounts is estimated to be under 10%. By a different measure of financial inclusion, the percentage of refugees with IDs and mobile accounts stands at 30% (CBK, 2025).<sup>5</sup>

Over the past five years, Kenya has undertaken substantial legal and policy reforms aimed at enabling refugee self-reliance and economic inclusion. The Refugees Act of 2021 establishes refugees' right to work, engage in enterprise, and access documentation necessary to participate in economic and social life (The Refugees Act, 2021). Subsequent regulations and legal notices explicitly recognize refugee documentation as sufficient for access to government services. In parallel, the National Financial Inclusion Strategy (NFIS) 2025–2028 introduces a dedicated focus on forcibly displaced persons, with ambitious targets to

<sup>4</sup> FSD Kenya also states that “despite the increase in financial inclusion, financial health (the ability to manage day-to-day needs, cope with shocks/risks, and to invest in future goals) remains a critical concern.”

expand formal financial access through simplified Know Your Customer (KYC) and digital financial services.

The Shirika Plan (2025–2036) further signals a strategic shift away from long-term encampment toward integrated settlements, market-based livelihoods, and private-sector engagement. Together, these frameworks create a formally enabling policy environment for refugee financial inclusion. The economic case for enabling refugee self-reliance is clear: reducing long-term dependency reduces the fiscal cost of hosting displaced populations. The Shirika Plan's core objective is to reduce the long-term fiscal cost of hosting displaced populations by transitioning from aid dependency toward self-reliance (Government of Kenya, 2025).

Kenya's evolving refugee financial inclusion framework also aligns with broader regional and multilateral commitments, particularly within IGAD and the East African Community. Regional instruments such as the Kampala Declaration on Jobs, Livelihoods, and Self-Reliance for Refugees and Host Communities emphasize access to work, finance, and economic integration as core components of durable solutions (IGAD, 2017). Kenya's constitutional incorporation of ratified international agreements further reinforces the relevance of these frameworks for domestic policy interpretation. This regional alignment provides political and normative grounding for advancing implementation-focused reforms, including harmonized documentation recognition, labour mobility, and access to financial services, without requiring new primary legislation.

<sup>5</sup> NFIS (2025-2028) establishes 30% as the baseline for financial inclusion, based on the percentage of forcibly displaced people with IDs or mobile accounts, with a target of 70% in 2028.

Kenya's experience reflects the multi-stakeholder framework outlined in the "Roadmap for the Sustainable and Responsible Financial Inclusion of Forcibly Displaced Persons," which identifies identification systems, regulatory clarity, and humanitarian-development coordination as the core enabling conditions for inclusion, the same constraints that this assessment finds to be binding in the Kenyan context (GPFI/UNHCR, 2020).

Despite this progress, significant gaps persist between legal intent and operational practice. Refugees continue to face barriers related to documentation delays including work permits, lack of interoperability between refugee and national identity systems, inconsistent application of KYC requirements, trust deficits, and exclusion from credit markets. Data from the "Kenya Longitudinal Socioeconomic Study of Refugees and Host Communities" illustrates the scale of this gap: despite the Class M work permit having existed in law for several years, fewer than 1% of refugees have successfully obtained one (World Bank, 2026). The low numbers reflect structural administrative barriers rather than lack of demand: applicants must provide a Tax Compliance Certificate and passport (both requiring NRB registration) while employers must demonstrate that a refugee's skills are unavailable among Kenyan citizens, a standard rarely met in practice (Halakhe and Kara, 2025).

As a result, discussions with financial institutions indicate that they frequently apply conservative compliance interpretations in the absence of unambiguous supervisory guidance. Understanding this policy-implementation gap is central to identifying actionable pathways for advancing refugee financial inclusion in Kenya (see Box 3).

A recent and significant positive development is the recognition of Refugee Identity Cards as

valid identification for SIM card registration under the 2025 Registration of Telecommunications Service Subscribers Regulations (Legal Notice No. 90 of 2025). Stakeholders note that this has enabled tens of thousands of refugees to register SIM cards and access M-Pesa using their government-issued identification, demonstrating latent demand. Systematic monitoring of uptake, usage depth, and fraud indicators following Legal Notice 90 would provide useful market intelligence for financial institutions and regulators.

Kenya's new-generation Refugee Identity Cards represent a significant milestone in this direction. Issued by the National Registration Bureau (NRB), these cards are physically identical in format to Kenyan national identity cards and are fully linked to the Integrated Population Registration System (IPRS), enabling real-time electronic verification through standard bank onboarding systems. This development substantially reduces the verification burden for financial institutions serving refugees with new-generation IDs and should be recognized as a concrete enabler of financial inclusion.

## 3.3 Current state of refugee financial inclusion

### Status by financial service

Refugee financial lives in Kenya are highly active but shallowly served. While access to mobile phones is widespread and engagement with informal and semi-formal financial mechanisms is extensive (World Bank, 2026; Kitimbo, 2021), progression into sustained, formal financial inclusion is limited. The typical progression from access to deeper financial use for refugees, and the points at which exclusion persists, are illustrated in Annex 1. Recent nationally representative survey evidence confirms this pattern: despite high levels of mobile connectivity, only a minority of refugees

report access to regulated financial accounts, and even fewer can transition from basic usage into savings, credit, or asset-building products (World Bank, 2026; Arisa, 2025). Financial exclusion is therefore concentrated not at the level of access, but at the transition points between access, usage, and progression along the financial inclusion ladder. This divergence suggests that barriers to financial inclusion are not primarily technological, but institutional and regulatory in nature, particularly around identification, onboarding, and account eligibility (Dhawan, 2023; Lydia Cheruto, 2024).

**Mobile Money:** Mobile money, primarily M-Pesa, is the single most important financial product in refugee economic life, particularly in urban settings. It functions as the backbone for daily transactions, remittances, NGO cash transfers, and informal savings and lending. Survey data show that among refugees who do access formal or semi-formal services, mobile money usage is significantly more prevalent than bank account usage, underscoring its centrality as an entry point into the financial system. However, use remains largely transactional (Kitimbo, 2021). Multiple stakeholders described mobile money as the “entry point but not the destination” of refugee financial inclusion. While transaction histories provide a potential alternative data source for underwriting, few structured pathways currently link mobile payment usage to savings, insurance, or formal credit products.

**Banking:** Only a small share of refugees report access to bank accounts, with persistent gaps relative to host communities and between camp-based and urban contexts. Even where accounts are opened, access to credit through banks does not follow. The majority of bank accounts held by refugees are opened through partner-led or programme-linked arrangements, often structured as social or humanitarian accounts with functional restrictions on withdrawals, transfers, and credit eligibility.

These accounts are typically initiated by implementing organisations rather than the banks themselves, where banks use partner-provided beneficiary validation as a basis for due diligence. While this model has enabled account opening for humanitarian transfer recipients, it creates dependency on humanitarian intermediaries and does not resolve the underlying verification gap for individual refugees seeking to open accounts independently. Where individual account-opening has occurred independently, it is concentrated among urban refugees with more stable documentation and income.

**Credit and Loans:** Access to credit is consistently identified as the most significant missing component of refugee financial inclusion. Across interviews, stakeholders emphasized that the absence of formal credit does not reflect weak demand or inability to repay; rather, it reflects institutional risk perception and collateral constraints. The widespread presence of informal lenders charging high effective interest rates as well as structured lending pilots with strong repayment performance are cited as evidence of both demand and creditworthiness. Data from Inkomoko's Kenya operations illustrate the scale of this gap: of more than 30,000 refugee entrepreneurs who have received business development support, fewer than half have accessed loans, underscoring that enterprise readiness alone does not translate into credit access without corresponding changes on the supply side (See Box 1). The structural exclusion of refugees from formal credit markets results in continued reliance on informal finance, which is often costly, unpredictable, and offers limited consumer protection.

**NGO-Provided Cash and Livelihood Finance:** NGO-provided financial support, including cash assistance, small grants, livelihood loans, stipends, and scholarships delivered through INGOs and refugee-led organisations, is central

to refugee financial lives, particularly in camp-based settings. These instruments play a critical role in supporting basic consumption and small-scale enterprise activity but are limited in size and duration, selectively targeted, and weakly linked to the broader financial system, constraining sustained business growth or asset accumulation. Bamba Chakula, WFP's food and cash assistance programme, has historically anchored household finances in Kakuma, Kalobeyei, and Dadaab, and has played a role in crowding in local traders and services, contributing to the development of local markets in refugee-hosting areas. A recent shift from close-loop SIM cards and preselected vendors toward full M-Pesa enablement, following Legal Notice 90, has expanded the potential for broader financial engagement.

**Asset-Based and PAYGO Finance:** Asset-based finance models, including PAYGO digital devices, productive equipment, and retention-based cash loans repaid via mobile money, provide a strong proof point for scalable commercial inclusion. These models demonstrate that alternative risk controls can be effective, repayment behaviour can be strong, and legal status is not the primary determinant of credit risk. However, uptake is uneven and product offerings are narrow, with limited extension into working capital, SME finance, or larger enterprise investment.

**Informal and community-based mechanisms:** Informal and community-based financial mechanisms, particularly savings groups, table banking, and group-based income activities, are widespread among refugees and serve as essential substitutes where formal financial services are inaccessible. Survey evidence confirms relatively high participation in savings groups among refugee households, reflecting both resilience strategies and adaptation to exclusion from regulated finance. These mechanisms play a critical role in helping households manage risk, smooth consumption,

accumulate small amounts of capital, and maintain social ties.

SACCOs and similar intermediaries are often positioned as scalable last-mile vehicles, but they build resilience without building bankability. They provide modest capital, offer no asset protection or insurance, and rarely enable enterprise growth beyond subsistence levels. Participation in savings groups and informal lending does not generate formal credit histories, collateral records, or institutional relationships that would make a refugee borrower formally bankable. Interviewees noted that linking these trusted mechanisms to formal banking represents a critical but underdeveloped opportunity: linking savings group records and repayment histories to regulated institutions; supporting business formalization where feasible; and developing products that meet refugees where they are financially rather than requiring full formalization as a precondition for access. In addition, group-based lending and Shariah-compliant products are localized or nascent, with limited scale and inconsistent institutional support (see Case 1) .

**Investment and Insurance:** Access to insurance, asset protection, and equity or quasi-equity investment is minimal, reinforcing the shallow nature of financial inclusion among refugees in Kenya. Insurance access is particularly limited for Muslim refugee borrowers, for whom Shariah-compliant insurance products are largely unavailable at scale (Muon, 2026). The absence of these products reflects a broader and multi-directional trust deficit: financial institutions are cautious about refugee clients, but refugees, particularly in camp setting, are also cautious about formal institutions, citing concerns about asset security, Islamic restrictions on conventional financial products, and documentation frameworks that exist in law but are inconsistently applied in practice.

## Status by customer segments

**Women Refugees:** Gender-based constraints in refugee financial inclusion are both structural and context-specific. Systemic barriers disproportionately affect women due to lower access to information, language barriers, domestic confinement, and reduced participation in community meetings or financial literacy sessions. There are also persistent and specific gendered barriers that shape women's participation in financial services, especially in camp contexts and with digital products. Digital financial inclusion efforts may unintentionally reinforce gender inequality where "one device per household" practices result in male control over phones and SIM registration (Kitimbo, 2021). This dynamic can reduce women's financial autonomy and, if poorly managed, may create risks for women. Digital onboarding initiatives should therefore include gender-sensitive strategies, including gender-based violence mitigation and integrated digital and financial literacy training tailored to women. Product designs such as PAYGO financing and mobile-based repayment, with low upfront deposits and flexible repayment, are better suited to women's financial realities than conventional credit products.

More men than women are initially onboarded onto digital financial platforms, with women adopting more slowly due to trust dynamics and information asymmetries. However, once onboarded, women demonstrate higher retention and, in some cases, stronger earnings or repayment performance. Evidence from the Danish Refugee Council (DRC)-supported lending indicates that female refugee entrepreneurs have successfully accessed large loans and demonstrated repeat borrowing behaviour. Women tend to take longer to request financing than men, reflecting trust barriers, information asymmetries, and cultural dynamics around financial decision-making.

Women's savings groups serve as important community-based financial mechanisms and trusted entry points into financial participation and resilience-building. In camp settings, women's limited access to paid employment further constrains their ability to meet formal banking requirements or demonstrate income streams necessary for credit eligibility. Urban refugee women, by contrast, have relatively higher demand for financial services due to participation in informal trade and small businesses (World Bank, 2026), and many are primary household financial managers and principal recipients of humanitarian cash assistance.

### **Refugees living in vs. outside of camps:**

Refugees' access to financial services in Kenya varies significantly by location, with urban and camp-based contexts shaping both economic opportunity and financial inclusion pathways. Refugees living outside of camps tend to experience stronger social inclusion and greater exposure to labour markets, particularly in informal employment, small enterprise, and digitally enabled work. As a result, access to banking, savings, and mobile money is not optional but essential to daily economic life, enabling rent payments, remittances, and participation in urban commerce. While barriers around credit persist, refugees are more likely to interact with formal financial systems and digital platforms as part of their livelihood strategies if they are not based in camps. K-LSRH Wave 2 data confirm this pattern: employment and self-employment rates among urban refugees stand at approximately 37%, compared to below 10% in camp settings, and urban refugees report significantly higher engagement with mobile money and banking services (World Bank, 2026).

However, proximity to formal markets does not automatically translate into greater institutional trust. Evidence from stakeholder consultations suggests that in long-standing camp settings

such as Kakuma, predictable settlement patterns and established community networks can reduce perceived volatility for lenders relative to urban contexts where refugee populations are more dispersed and less visible to institutions. In urban settings, particularly among Somali-origin refugees who represent the largest urban refugee population, Islamic finance preferences and community-based lending practices may reduce engagement with conventional financial products regardless of proximity to formal providers, a dynamic that product design and outreach strategies must account for (See Section 4.3 for further discussion).

In contrast, camp-based refugees face markedly reduced access to formal financial services. Financial engagement in camps is dominated by humanitarian programming, with refugees relying primarily on NGO-led business support, small grants, and short-term loans that are insufficient for enterprise growth or asset accumulation. K-LSRH Wave 2 data show that humanitarian assistance accounts for the dominant share of household income in camp settings, and that declining aid has led to rising food insecurity and increased reliance on negative coping strategies including purchasing food on credit (World Bank, 2026). In contexts such as Kakuma, refugee-led organisations have effectively stepped in to fill institutional gaps, functioning as parallel financial systems where formal providers are largely absent. Mapping research identifies more than 150 refugee-led organisations operating across Nairobi, Kakuma, and Kalobeyei, many of which coordinate savings groups, deliver financial literacy, and validate beneficiaries for external actors in the absence of regulated alternatives (Kara et al., 2022). However, these mechanisms lack the capital base, regulatory recognition, and long-term durability required to scale sustainably.

**"In many respects, RLOs function as the formal system within the community where formal institutions are absent."**

— Youth Education and Sports (YES)

As refugee-hosting camps transition toward integrated settlements and municipalities, demand for more advanced financial services, such as access to credit and insurance, is expected to increase. Without deliberate efforts to extend formal financial infrastructure and products into these evolving contexts, there is a risk that existing inclusion gaps will deepen, limiting refugees' ability to move from subsistence activities toward more resilient and productive economic participation. Across interviews, refugee-led organisations expressed skepticism about whether the transition to integrated settlements will meaningfully improve their members' economic situation, noting that unless documentation barriers, financial access gaps, and livelihood constraints are addressed concurrently, the shift risks deepening exclusion rather than alleviating it. The transition's success will depend on whether financial inclusion is treated as a core component of settlement planning rather than an afterthought.

## BOX 1

### KBA member survey findings

Findings from the Kenya Bankers Association's "Refugee Access to Bank Accounts Survey," conducted among 20 member banks in 2025, highlight a banking landscape characterized by partial engagement, high perceived risk, and significant operational inconsistency in serving refugee clients. **Just over half of respondent banks (53%) report providing some form of banking services to refugees,** but most banks lack the internal systems, policies, and training required to engage this segment in a consistent and scalable

manner. **Notably, 63% of respondent banks do not have a formal internal policy governing the opening of accounts for refugees.**

Documentation and verification emerge as central challenges. Banks report accepting a range of identification documents for refugees, and nearly half require additional documentation from refugees beyond what is required of citizens or residents, reinforcing perceptions of higher risk and contributing to inconsistent onboarding experiences. These challenges are compounded by limited staff preparedness: **only 37% of banks report that frontline staff are trained to process refugee account applications, while an equal share report no training at all.**

Operationally, all respondent banks report that they do not have a centralized unit or focal point responsible for refugee onboarding. This contributes to escalation delays, branch-level uncertainty, and risk-averse decision-making. Refugees are predominantly perceived as a high-risk customer segment, with half of respondent banks classifying them as such, primarily due to AML/CFT concerns, sanctions exposure, and uncertainty about compliance. When they are able to onboard refugees, most banks offer only basic products (such as savings or transactional accounts).

## BOX 2

### RLO perspectives on financial inclusion

Refugee-Led Organisations (RLOs) in Kenya have expanded considerably since the 2010s, with mapping identifying more than 150 groups operating across Nairobi, Kakuma, and Kalobeyi (Kara et al., 2022). These organisations are diverse in nature, ranging from informal self-help and savings groups to registered community-based organisations (CBOs), NGOs, and faith-based initiatives.

They have largely emerged to fill gaps in service provision left by humanitarian agencies and UNHCR (Easton-Calabria, 2019), particularly in urban areas where they often serve as the first point of contact for new arrivals and, in some cases, provide temporary safe housing. In both urban and camp settings, RLOs deliver services in education, livelihoods, hygiene, sanitation, and agriculture, and played a frontline role during the COVID-19 response (Betts et al, 2021). Leadership patterns reveal important ownership dynamics: most formal RLOs are led by educated Congolese men with stronger access to networks, while women-led groups, which are often informal and under-resourced, face structural barriers to growth. Initially financed through member contributions and diaspora support, some well-networked "elite" RLOs have secured partnerships with national and international NGOs. Overall, communities perceive RLOs as accessible, culturally responsive, and highly impactful due to their proximity and embeddedness.

RLOs often function as last-mile financial infrastructure. They coordinate savings groups, deliver financial literacy, facilitate stipends, and validate beneficiaries for external actors. Interviewees emphasized that Kenya's refugee population represents a significant untapped market and argued for reframing refugees not as beneficiaries, but as viable economic actors within mainstream financial systems. However, short-term, project-based funding and exclusion from institutional financing limit their ability to provide continuity or scale impact. RLOs reported that donor systems favour international NGOs with established administrative infrastructure, while RLOs are perceived as high-risk and denied institutional funding or overhead support. This constrains their ability to provide continuity, plan long-term, or scale financial inclusion effort.

**'Investors assume that RLOs cannot handle money, even though this is not true in practice.'**

— Girl Power Action Initiative

## 4. Barriers to refugee financial inclusion

### 4.1 Regulatory barriers

Kenya's legal framework formally recognizes refugees' rights to documentation, work, and economic participation. Despite this enabling policy environment, financial exclusion persists primarily due to implementation gaps and institutional risk perceptions, rather than legal prohibition. The treatment of refugee identification within financial sector compliance regimes, from IPRS interoperability constraints to expired ID account freezes, illustrates this gap, which is examined in detail in Box 3.

Beyond identification and onboarding, access to credit is constrained by collateral and credit history requirements that disproportionately exclude refugees in practice. Formal lending in Kenya continues to rely heavily on immovable property as collateral, particularly land and titled housing, which refugees are legally and practically unable to own. Kenya's Movable Property Security Rights Act (2017) establishes a legal framework for using movable assets, such as equipment, inventory, receivables, and livestock, as collateral. However, refugee-owned assets are rarely registered in the collateral registry, and financial institutions lack guidance or incentives to operationalize movable collateral for refugee-linked lending.

Credit history presents a parallel constraint. Refugees' financial records are often fragmented across humanitarian programmes, mobile money platforms, informal savings groups, and cross-border contexts, with no clear mechanism for recognition or portability into regulated credit bureaus. As a result, even economically active refugees with demonstrated repayment behaviour are frequently treated as "new-to-credit" customers. These gaps reinforce conservative lending practices and limit the ability of both banks and fintechs to price risk accurately, despite the existence of alternative data sources and enabling legal frameworks.

Operational barriers further reinforce exclusion. Refugees face operational challenges related to tax registration. While a KRA PIN exemption already applies to social programme and humanitarian accounts, refugees seeking standard bank accounts outside of programme frameworks face a dependency: a KRA PIN is typically required, yet obtaining one depends on holding a work permit that most refugees cannot readily secure. Refugee-led savings groups experience similar challenges with the KRA PIN, effectively locking organised community finance mechanisms out of the formal system.

**"Refugees frequently operate through informal or semi-formal systems not because they reject formal finance, but because registration, documentation, and onboarding processes remain prohibitively slow or costly."**

— Tedi Africa

These challenges are magnified by entrenched risk perceptions that frame refugees as transient or inherently high-risk for money laundering, which is reinforced by National Risk Assessments.<sup>6</sup> While

<sup>6</sup> "The Financial Reporting Centre's Terrorist Financing National Risk Assessment Guidance (February 2025) specifically identifies refugees and refugee complexes, including Dadaab and Kakuma, as significant channels for the movement and collection of illicit funds, citing their proximity to porous border regions near countries with active terrorist insurgencies. This framing in official

AML/CFT frameworks emphasize a risk-based approach, institutional practice can default to uniform enhanced due diligence across all refugee customers. Consultations also suggest that awareness of the full scope of legislation supporting refugee financial inclusion is uneven, not only among financial institutions but across the broader regulatory ecosystem.

### BOX 3

## The Policy–Practice Gap: Refugee IDs and Financial Access

Kenya's legal framework formally recognizes refugee identification as valid documentation for accessing services, including financial services. In practice, however, possession of a refugee ID does not consistently translate into access to bank accounts, mobile money, or credit.

The primary constraint lies not in the law, but in implementation and system integration. The introduction of the new Refugee ID card, equipped with a microchip and enhanced security features, represents a significant step toward integration with national systems. The ID is designed to enable access to services linked to the Integrated Population Registration System (IPRS), including KRA PIN registration, SIM card registration, and mobile money services.

However, Refugee IDs are not fully interoperable with national digital identity and verification systems used by financial institutions. IPRS, Kenya's national digital identity verification infrastructure, is the primary tool financial institutions use to authenticate customer identification documents in real time. IPRS was designed for Kenyan national IDs and does not currently cover all refugee documentation. Specifically, new-generation Refugee IDs are designed to be linked to IPRS, enabling electronic verification, but their rollout remains limited.<sup>7</sup> Older-generation Refugee IDs, which remain in circulation, are not IPRS-linked, meaning banks cannot conduct real-time electronic verification and must rely on manual alternatives.

It is important to note that IPRS verification is one available tool, not a mandatory regulatory requirement. Where IPRS verification is unavailable or returns a null result, financial institutions may verify directly with the Department of Refugee Services (DRS), contact UNHCR, or rely on document inspection combined with available mobile money transaction history. Older-generation ID holders can therefore still be verified and onboarded through these alternative pathways. In practice, however, banks and other providers often default to conservative compliance practices rather than applying the manual verification pathways that are available to them.

Another contributing factor is that the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA) or its accompanying regulations, do not explicitly refer to refugee identification documents. Consequently, financial institutions that accept refugee IDs do so within a risk-based framework rather than clear supervisory guidance, while leading other institutions to decline refugee IDs for onboarding purposes. KBA is actively engaging with regulators to resolve this ambiguity.

Administrative delays compound the problem. Prolonged timelines for initial registration, renewal, or replacement of Refugee IDs lead to expired documentation, which can trigger account freezes, service interruptions, or mobile money deactivations. Where institutional policies do not provide for interim documentation or grace period, financial institutions typically err on the side of risk avoidance.

guidance directly reinforces conservative institutional interpretations of refugee customer risk. (FRC, Terrorist Financing National Risk Assessment Guidance, February 2025)

<sup>7</sup> According to DRS, as of July 2025, 16,759 new Refugee ID cards had been issued.

These operational frictions reinforce entrenched risk perceptions that frame refugees as high-risk customers. The result is a policy–practice gap: refugees are legally entitled to access financial services but effectively excluded due to institutional uncertainty and system-level constraints.

Bridging this gap requires coordinated action to clarify KYC expectations, strengthen interoperability between refugee registration and national systems, and provide consistent supervisory signals that support proportional, risk-based assessments for inclusion rather than unintentional exclusion.

## 4.2 Market and operational barriers

Private sector engagement in refugee financial inclusion is concentrated among a small number of actors. Despite a proliferation of pilots and inclusion initiatives, the scale of need is far greater and represents an unrealized market opportunity for Kenya's financial services sector. Mobile network operators play an outsized role in enabling digital financial access, while most banks, even where they offer refugees restricted accounts, largely exclude them from formal credit.

The absence of formal credit has been partially offset by informal, often high-interest, lending arrangements. The prevalence of such lending indicates not a lack of demand or repayment capacity but rather a market failure where refugees are willing and able to service credit under unfavourable terms but lack access to regulated alternatives.

Trust dynamics further complicate market participation. Refugees living in urban areas may face lower trust from financial institutions than camp-based refugees, challenging assumptions that proximity to formal markets automatically improves inclusion. Trust deficits on the demand side compound this further: refugees, particularly in camp settings, are also cautious about formal institutions, citing concerns about asset security, documentation frameworks that are inconsistently applied, and, for Muslim borrowers, the absence of Shariah-compliant products. These supply-side and demand-side trust gaps make coordinated outreach and product co-design essential (see Section 4.3).

In refugee-hosting areas such as Kakuma, market segmentation is pronounced: formal host community traders and suppliers on one hand, and refugee consumers and informal enterprise networks on the other. Humanitarian cash injections support liquidity within these markets but are not the sole driver of demand. Commercial viability also varies significantly by geography. Kakuma is widely viewed as commercially viable, while Dadaab is perceived as higher risk due to security and access constraints. Tier-one banks, with notable exceptions (see Cases 4 and 5), have historically viewed refugee lending as non-core, low-volume, and operationally complex. Customer acquisition costs have presented a commercial barrier, as identifying, assessing, and onboarding refugee clients is expensive relative to loan sizes. This is particularly the case in camp-based settings where documentation verification, geographic access, and compliance workflows add to standard onboarding costs. Smaller banks, MFIs, and SACCOs have been better positioned to engage due to greater flexibility and proximity to last-mile contexts. Stakeholder consultations suggest that commercial banks are beginning to test presence in higher-risk refugee-hosting geographies beyond Kakuma, which may signal gradual market opening.

The characterisation of refugee markets as unviable is not supported by available, albeit limited, evidence on portfolio performance. IRC Re:BUILD's lending programme with Equity Bank, operating over the past 18 to 24 months with a target mix of 60% refugees and 40% host nationals, recorded a 97% repayment rate with only 3% drawdown on the guarantee facility. Inkomoko's Kenya portfolio similarly

reports a 97% repayment across its refugee client base.<sup>8</sup> UNHCR Kenya stakeholders note that in some facilities serving both refugees and host communities, refugee repayment rates have been reported as higher than those of nationals. The persistence of the "unviable market" assumption therefore reflects information asymmetry rather than evidence, a gap that coordinated data-sharing and market intelligence can address (see Box 4).

**"Banks do not easily trust refugees to repay loans, even though many have lived in Kenya for more than 15 years."**

— Girl Power Action Initiative

A related market design issue concerns the structure of guarantee facilities. Existing pilots have relied predominantly on 100% first-loss guarantees, which have been effective in unlocking initial bank entry but risk becoming a permanent expectation rather than a time-limited enabler. IRC Re:BUILD, having demonstrated strong portfolio performance, is now in active discussions with Equity Bank to reduce guarantee coverage ahead of scaling from April 2026 onward. The evidence base now exists to move toward lower coverage thresholds, which would signal market maturity and reduce long-term donor dependency.

#### BOX 4

### Sizing the bankable market

Understanding the addressable market for refugee financial services requires disaggregating Kenya's refugee population into segments, each with different financial service needs and different levels of accessibility to formal providers. Current data limitations require the use of proxies.

Kenya's approximately 836,000 registered refugees and asylum seekers represent the starting point. Of these, 74% hold verified refugee status. The remaining 26% are in asylum-seeker status and face additional documentation constraints. Around 49% of the refugee population, i.e., the share of adults over 18 years old, can be used as a proxy for the population currently or potentially documentable under current KYC frameworks (yielding over 300,000.)

The segment of *currently* commercially bankable refugees, requiring verifiable income,<sup>9</sup> documentation, and transaction history is narrower. This population is not currently quantified, but it is not static. It will grow as documentation coverage and the use of alternative data for credit history and collateral expands. The prevalence of informal or non-bank financial activity, such as savings groups and community lending, confirms that economic demand exists well beyond the current numbers of formally bankable segments.

<sup>8</sup> Inkomoko website: <https://www.inkomoko.com/our-impact>

<sup>9</sup> K-LSRH data indicate employment and self-employment rates of approximately 37% in urban areas and below 10% in camps. Refugees with income sources and banking needs also include those receiving cash transfers and remittances.

## 4.3 Socioeconomic and demand-side barriers

Refugee and host communities in Kenya are highly segmented socially and economically. Group lending structures such as VSLAs and SACCOs are unlikely to mix refugee and host populations, and within refugee communities, grouping often aligns by nationality, ethnicity, or tribe. These segmentation dynamics shape trust, social cohesion, peer monitoring, and default risk, and should be treated as a design factor to increase uptake and performance rather than a programmatic barrier.

Duration of displacement and mobility patterns further influence financial behaviour and risk profile. Some refugee populations are effectively long-term settled, including multi-generational households with de facto permanence, while others are highly mobile, moving across borders in response to regional dynamics. These differences affect willingness to borrow, investment horizons, and repayment behaviour, and underscore the need for differentiated financial products and underwriting assumptions, rather than a homogeneous “refugee borrower” profile.

Capability gaps compound structural barriers in limiting financial inclusion. Digital literacy constraints limit navigation of mobile banking tools; language barriers restrict access to product information and complaints channels; and limited financial literacy reduces both uptake and responsible usage. Awareness-building on the practical benefits of the Refugee ID, including access to bank accounts, mobile money, and credit, is also critical to achieving the results that supply-side policy reforms are designed to unlock. These barriers are addressable through partnerships with trusted community structures, but must be budgeted as a prerequisite for inclusion investment.

A related concern is the consumer protection environment. Language barriers, limited awareness of complaints mechanisms, and uneven enforcement of responsible lending standards leave refugees disproportionately exposed. This is the case particularly in the digital lending space, where exclusion from formal credit can push borrowers toward informal or unregulated lenders with opaque pricing and abusive collection practices. Extending market conduct supervision and financial consumer education into refugee-hosting areas would make the inclusion agenda stronger.

A distinct constraint affecting a significant share of the refugee population (particularly Somali-origin refugees, who represent the largest single nationality group) is the absence of Shariah-compliant financial products at adequate scale. Islamic finance constitutes approximately 2% of Kenya's overall financial market (CNBC Africa, 2025), despite a Muslim population of approximately 6m. Product development in this area should involve Shariah scholars, sheikhs, and imams from the outset, and should be benchmarked against general Muslim population uptake rather than treated as a niche or supplementary offering. Emerging models, including tawarruq-based asset financing<sup>10</sup> developed by actors such as Inkomoko, Premier Bank, and other Islamic finance providers operating in Kenya, demonstrate that Shariah-compliant products can be designed and delivered within existing market conditions, providing a practical foundation for wider replication (Muon, 2026).

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<sup>10</sup> Tawarruq: Reverse murabaha. As used in personal financing, a customer with a genuine need buys something on credit from the bank on a deferred payment basis and then immediately resells it for cash to a third party. Source: Islamic Banking Glossary, Kenya Bankers Association. <https://www.kba.co.ke/islamic-banking-glossary/>

# 5. Opportunities to advance financial inclusion

## 5.1 Programmatic and product opportunities

The proliferation of pilots to increase refugee financial inclusion has generated a meaningful evidence base and established working relationships between humanitarian actors, financial institutions, and regulators that did not exist a decade ago. This creates an opportunity to shift from isolated interventions toward broader financial system integration.

Progress to date has been driven by a mix of incentives. Positive incentives include regulatory reform, growing repayment evidence, risk-sharing facilities from Development Finance Institutions (DFIs) and donors, and reputational opportunity for early-mover institutions. Negative incentives, particularly compliance risk, reputational exposure, and fear of supervisory penalty, have often been more influential. The central task is therefore to shift the balance toward positive incentives, through clearer supervisory guidance, credible evidence, and coordinated market facilitation.

Catalytic and patient capital, deployed through neutral intermediaries, can help reduce first-mover risk and align actors that currently operate in silos. Rather than funding additional standalone pilots, coordinated market development is needed to normalize refugee inclusion within Kenya's financial system and to signal credible pathways to scale. The Kakuma Kalobeyi Challenge Fund illustrates how catalytic grants and structured market facilitation can attract private investment into refugee-hosting economies where commercial actors would not otherwise enter (see Case 1).

On the demand side, refugees often begin with cash assistance or informal earnings but lack structured pathways toward financial deepening. Models, such as Inkomoko's, which combine livelihoods or entrepreneurship support, financial literacy, and progressive access to financial products show promise, especially for women (see Case 2). Existing informal and semi-formal practices, such as savings groups and collective enterprises, offer natural entry points for formal inclusion if deliberately linked to regulated financial services.

Without intentional market development, credit in consumption-heavy camp economies is likely to concentrate in trade and services, increasing saturation risk. Programmatic efforts should therefore prioritize productive value chains and differentiated economic opportunities capable of supporting sustainable income growth and a broader range of financial products.

Technical assistance (TA) emerged across interviews as a critical bridge mechanism. On the supply side, targeted technical assistance can help banks, MFIs, and fintech companies better understand refugee customers and refugee-owned enterprises. Peer learning and time-bound catalytic capital can enable providers to test refugee-inclusive models without bearing disproportionate risk. On the demand side, TA that strengthens business readiness can improve lending performance and build institutional confidence.

Product design offers additional opportunities. Where full system interoperability is limited, operational adaptations such as community-based agent models, dealer-led distribution, and group-based KYC approaches can expand access while managing risk. Mobile money already underpins refugee economic activity, presenting a significant opportunity to leverage existing digital footprints. Transaction histories, early repayment patterns, and community-based validation mechanisms can

serve as alternative data sources for credit assessment and product design, supporting more inclusive access to working capital and asset finance (see Case 3). Beyond financial institutions, private sector actors operating in refugee-hosting areas, including off-grid energy providers, digital platforms, agribusinesses, and last-mile delivery firms, represent an underexplored channel for embedded financial inclusion at scale.

### CASE 1

## The Kakuma Kalobeyei Challenge Fund: Crowding in private investment

The Kakuma Kalobeyei Challenge Fund (KKCF) is IFC's first refugee and host community-focused programme in sub-Saharan Africa, implemented in partnership with the Africa Enterprise Challenge Fund (AECF), UNHCR, and Turkana County Government. Launched following IFC's 2018 "Kakuma as a Marketplace" study, which quantified Kakuma's economy and demonstrated its viability as a consumption market, KKCF operates on the premise that private sector investment can be catalysed in refugee-hosting areas when information gaps and perceived risk are addressed.

KKCF provides grants and technical support to private companies, social enterprises, and local entrepreneurs operating in the Kakuma-Kalobeyei area. The program has supported 129 businesses spanning sectors including digital connectivity, waste management, healthcare, and retail and otherwise underserved entrepreneurs.

A key design feature is KKCF's use of financial intermediaries, including a deposit-taking SACCO, as last-mile delivery vehicles for capital that AECF cannot efficiently deploy directly at small ticket sizes. The intended outcome is not simply disbursement but

institutional behaviour change: through de-risking and technical support, financial intermediaries are expected to recognize the commercial viability of lending in refugee markets and progressively build intrinsic commercial incentives that sustain the businesses into the future catalysing market-driven participation to developing durable, market-based motivations that can anchor long-term engagement in refugee and host-community markets. KKCF also highlights the importance of host community inclusion to ensure both outcomes and local support.

### CASE 2

## Inkomoko: from informal finance to bankability

Inkomoko operates across urban and camp-linked geographies in Kenya (including Nairobi, Eldoret, Kakuma/Lodwar, and Dadaab/Garissa), combining business development services (BDS), selective lending, market linkages, and systems advocacy. The Kenya portfolio is oriented primarily toward refugee microenterprises, with some clients graduating to SMEs and a smaller share of host community participation to support local integration outcomes. A core feature of Inkomoko's model is sequencing: investment readiness is introduced early in a structured multi-month BDS programme, with tailored modules rather than a one-size-fits-all approach.

Inkomoko actively links clients to formal financial institutions by helping them meet documentation and compliance requirements and by pushing partners to clarify minimum requirements for refugee access (including branch-level training to reduce inconsistent application of rules). The most binding constraints described are documentation and legal recognition

(including ID-related frictions, business formalization, and movement-related administrative constraints in camp contexts). Even where refugees have transaction histories through mobile money, these records are not consistently recognized by banks as bankable evidence.

Inkomoko's portfolio experience suggests commercially relevant repayment performance among refugee clients, while highlighting the ongoing gap between demand for finance and actual lending volumes. The case underscores how pairing finance with training, cashflow-aligned products (including Sharia-compliant structures), and better data-sharing can shift both outcomes and risk perceptions.

**“Investment readiness needs to start early; the pathway works better when finance is introduced from the beginning rather than as an afterthought.”**

— Inkomoko

### CASE 3

## M-Kopa: PAYGO Finance and alternative credit assessment

M-Kopa's PAYGO asset-financing model, providing smartphones, solar systems, and cash loans through fully cashless M-Pesa repayments, has served over 4.8m customers in Kenya and deployed more than \$1.6 billion in credit, demonstrating commercial viability at scale while serving customers who lack formal employment records or collateral.

With refugees as direct customers, M-Kopa accepts government-issued Refugee IDs. Refugees are part of M-Kopa's overall KYC process. Credit decisions are embedded in

product design rather than traditional underwriting, with early repayment behaviour (tracked at day 5, day 10, and day 30) serving as the primary risk signal. This approach bypasses the collateral and credit history requirements that exclude most refugees from formal lending. Repayment performance varies by region and livelihood context, not by legal status. Fraud risk is managed through adaptive market responses to avoid categorical exclusion. M-Kopa's experience demonstrates that refugee ID is a workable verification tool. It also shows the potential of alternative data substituting for conventional underwriting and inclusive asset finance being delivered profitably at scale.

**“Financial inclusion for refugees and host communities is critical in enhancing overall welfare and economic resilience. – NFIS**



## 5.2 Policy opportunities

Kenya's evolving policy framework presents a significant opportunity to advance refugee financial inclusion through targeted implementation and coordination. The Refugees Act of 2021, the NFIS 2025–2028, and the Shirika Plan together establish a coherent legal basis for inclusion, but their impact depends on consistent operationalization across institutions.

The NFIS 2025–2028 represents a notable shift by explicitly prioritizing forcibly displaced persons (FDPs) under its financial inclusion agenda, with a target of increasing the share of FDPs with IDs or mobile accounts from an estimated 30% to 70% by 2028. It recommends simplifying KYC

requirements for displaced populations and enhancing access to IDs, which can enable participation in formal financial services and higher access to savings and loans (CBK, 2025).

Similarly, the Shirika Plan offers a policy window to integrate refugee-hosting settlements into local and regional economies, reducing the structural constraints created by encampment. By linking documentation, freedom of movement, and access to financial services, the Plan enables refugees to transition from aid-dependent consumers to economically active participants. Embedding financial service provider engagement, digital onboarding infrastructure, and livelihoods-linked credit products into Shirika Plan implementation would ensure that the transition to self-reliance is supported by the financial tools refugees need to sustain it.

The primary policy opportunity lies not in additional legislation, but in clarifying how existing laws should be applied in practice, particularly around identity verification, proportional KYC, and access to foundational services such as tax registration and mobile connectivity. Clear regulatory signaling and coordinated implementation can unlock private-sector engagement and reduce the perceived compliance risks that currently limit financial inclusion. In addition, engaging with KRA to explore pathways for refugees seeking standard bank accounts outside of programme frameworks to obtain a KRA PIN, which is an operational challenge that KBA is actively pursuing with KRA.

## 5.3 Investment opportunities

Kenya's financial services sector attracts significant investment from development finance institutions, impact funds, and venture

capital, much of it oriented to expand financial inclusion. DFIs such as Proparco, alongside bilateral donors, have deployed credit facilities into Kenyan banks, often with earmarks for SMEs, women-owned enterprises, and underserved geographies (Proparco, 2024). Impact investors including Novastar Ventures and Tridios have backed Kenya's growing fintech sector, alongside other global investors investing in financial inclusion (see Box 5). However, refugees are not typically an explicit target segment for these investments. A compelling exception is IFC's USD 20m risk-sharing facility with Equity Bank (see Case 4), which demonstrates how targeted instruments can be structured. The investment opportunity in Kenya lies in financing the transition: risk-sharing facilities, blended finance structures that absorb early portfolio risk, and technical assistance that build the evidence base and operational capacity required to integrate refugee customers into mainstream banking. Investment in non-bank models should be understood as complementary to, rather than a substitute for, bank-led inclusion.

### CASE 4 IFC and Equity Bank: Scaling refugee financial inclusion

In October 2024, the International Finance Corporation (IFC) and Equity Bank launched a \$20m risk-sharing facility aimed at boosting financial inclusion for refugees and their host communities in Kenya, making it the first facility of its kind globally dedicated to this purpose. The initiative targets underserved regions, including refugee-hosting areas in Turkana and Garissa counties, home to large populations displaced from across Africa. IFC is assuming 50% of the risk exposure (\$10m) under the arrangement, enabling Equity Bank to expand access to finance for both individuals and small businesses that would

otherwise face barriers due to limited collateral or heightened perceived risk. The facility is also supported under the Netherlands-led Partnership for Improving Prospects for Forcibly Displaced Persons and Host Communities (PROSPECTS), which contributes additional resources to strengthen economic opportunities for refugees and hosts.

### BOX 5

## Impact investing in refugee financial inclusion

Evidence from global impact investing demonstrates that financial inclusion can be delivered at scale, in emerging and fragile markets, without sacrificing financial performance. An analysis by the Global Impact Investing Network (GIIN), covering 491 financial inclusion investments across 85 countries, finds that financial inclusion is a mature and commercially viable impact investing theme. The study reports that participating investors managed approximately USD 33.7 billion in assets under management, with 95% of investments targeting market-rate, risk-adjusted returns. Average realized returns across reported investments were approximately 9% annually, challenging the assumption that inclusion-oriented finance necessarily requires concessional capital. The analysis also highlights meaningful inclusion outcomes. On average, investees supported by these investments enabled over 136,000 individuals per year to access formal financial services for the first time and served more than 560,000 active clients annually. Most investments focused on credit provision, particularly to micro, small, and medium enterprises (MSMEs), with nearly 191,000 loans per year on average. These outcomes were achieved primarily in emerging markets, with sub-Saharan Africa accounting for nearly one-quarter of the investment sample (GIIN, 2020). For Kenya, this global evidence reinforces the case that refugee financial inclusion is not a

niche or exceptional agenda. Financial inclusion investments are already having returns in comparable contexts.

## 5.4 Systems change and partnership opportunities

Kenya's refugee financial inclusion ecosystem has been primarily shaped to date by humanitarian and development actors, with financial institutions participating selectively in programmes on terms that minimise their exposure. Effective partnerships leading to systems change will require a rebalancing and greater leadership by private sector FSPs. A key takeaway from stakeholder discussions is that financial inclusion programming should function as a bridge to the formal financial sector. In addition, dual-sided technical assistance, supporting both financial institutions in understanding refugee markets and refugees in meeting institutional requirements, produces better outcomes than capital-only interventions (see Case 5).

A structural gap cutting across all actors is the absence of a clearly mandated lead for refugee financial inclusion at a systems level. Clarifying this accountability, whether through NFIS coordination structures, a DRS-led convening, or a dedicated working group, is a prerequisite for system-level change.

Another core system-level gap is the lack of shared, credible market intelligence that can mobilize the private sector. Development actors hold substantial evidence on refugee income patterns, repayment behaviour, and livelihood activity. However, this data does not reach financial institutions in usable form. Closing this gap requires sustained partnerships and deliberate data architecture. Fragmented data systems also make targeting more difficult: as refugee clients move between service providers

without shared records, duplication of services increases, limiting the ability to measure cumulative impact across the ecosystem. The relatively low barriers to entry for new organisations in camps, where donor funding can enable rapid programme launch, can also lead to duplication, inadequate oversight, and further fragmentation. Interviewees noted that camp-level coordination mechanisms involving NGOs, private sector actors, and government representatives have the potential to drive coherent market development if they have stronger governance and a shared purpose.

A shared evidence agenda is equally critical to strengthening the entire ecosystem. Key questions that remain unanswered but are critical for investment and programming decisions include: which sectors and value chains in refugee-hosting economies are genuinely bankable and which are already saturated; what is the realistic carrying capacity of local markets; and what market-sizing estimates, segmented by geography, documentation status, and livelihood type, would be meaningful for private-sector decision-making rather than advocacy framing. Answering these questions requires not one-off studies but a sustained, frequently updated intelligence function that market-building organisations, development partners, and investors can anchor collectively.

Lastly, RLOs are systematically overlooked as a partnership asset and excluded from the institutional financing and overhead support that would allow them to sustain their role not only as last-mile intermediaries but also partners in program and product design.

## CASE 5

### DRC, SIDA, and KCB: A risk-sharing model for refugee lending

The DRC–SIDA–KCB partnership provides an example of how commercial refugee lending can be operationalized within Kenya's existing regulatory framework, when accompanied by targeted risk-sharing and sustained technical assistance. The initiative was designed to address what DRC identified as the binding constraint for refugee financial inclusion in Kenya: access to credit, rather than basic account ownership. The model combines a commercially priced, non-cash ("paper") guarantee, paid for by the bank, with intensive technical assistance delivered by DRC to both the bank and refugee clients. The objective is not to substitute for commercial lending, but to de-risk initial engagement, validate repayment performance, and build bank capacity to serve refugee customers sustainably over time.

The facility operates through a tripartite structure:

- Risk-sharing: SIDA provides a partial credit guarantee to KCB, reducing exposure on refugee-linked lending while requiring the bank to retain meaningful risk.
- Bank-side technical assistance: DRC supports KCB in understanding refugee customer segments, internal lending processes, and operational bottlenecks, including onboarding, compliance workflows, and branch-level implementation.
- Client-side technical assistance: DRC supports refugees with financial literacy, business skills, documentation (including refugee ID renewal and KRA PIN acquisition), and loan application preparation.

While the guarantee is available countrywide, technical assistance initially focused on refugees living in Nairobi, with parallel support

in Kakuma and Dadaab under other DRC programmes as well as Mandera with a focus on Sharia-compliant lending . A complementary group-lending strategy was emphasized to address documentation constraints and accelerate scale.

The programme has generated several important findings relevant to banks and policymakers:

- Refugees can meet KYC requirements where documentation is current and processes are clearly defined;
- Refugees can repay loans: the portfolio has recorded 100% repayment to date, albeit at a modest scale;
- Credit demand exists: DRC reports a strong pipeline of refugee entrepreneurs and groups ready to borrow at commercial rates once products are operational;
- Policy is not the primary blocker: KCB obtained regulatory approval to accept refugee IDs for KYC, demonstrating that lending is feasible under existing rules.

To date, the program has issued approximately 100 loans with a total value of USD 400,000–450,000. DRC reports a pipeline of several thousand refugee group members expected to access credit once group loan products are fully operational, suggesting potential for rapid scale if implementation barriers are resolved, allowing lending volumes to increase. This case illustrates that refugee lending is operationally feasible within Kenya's existing legal framework, even for highly risk-averse institutions. It also demonstrates that refugee lending can work without full de-risking, by preserving commercial incentives and avoiding market distortions that undermine long-term sustainability.

## 6. Recommendations

This report was commissioned by FSD Kenya as part of its market facilitation mandate. The recommendations that follow are addressed to the public sector, financial service providers and investors, and development and humanitarian actors. FSD Kenya's own role as convener, evidence generator, and market facilitator cuts across all three sets of recommendations below. They collectively reflect an agenda that FSD Kenya is well positioned to coordinate and champion.

### 6.1 Recommendations for regulators

**Kenya's legal and policy framework is broadly enabling for refugee financial inclusion. The primary challenge lies not in the absence of legal authority, but in consistent and predictable implementation across institutions.** Regulators have a critical role in reducing supervisory ambiguity and enabling consistent, risk-based implementation of refugee onboarding within Kenya's existing regulatory framework. The current legal and AML/CFT architecture provides sufficient flexibility; however, operational uncertainty persists in the absence of explicit supervisory guidance and system-level alignment.

**Priority actions for regulators include:**

- **Providing explicit supervisory guidance on refugee documentation**, clarifying the recognition of Refugee IDs and related documentation within onboarding guidance;
- **Reinforcing the application of the risk-based approach for refugees**, including supervisory clarity on proportionate, differentiated onboarding and account structures;
- **Facilitating alignment across regulatory and government systems**, to address structural barriers such as PIN registration and interoperability constraints to improve operational feasibility;
- **Maintaining structured industry dialogue** through continued engagement with financial institutions, including through KBA, to support consistent interpretation of supervisory expectations;
- **Ensuring that regulatory and policy change are actively communicated to financial institutions, implementing partners, and refugee communities** in a timely and coordinated manner, including new documentation frameworks, updated KYC guidance, and revised registration procedures;
- **Improving interoperability** between refugee registration systems and national identity infrastructure to enable real-time verification;
- **Clarifying the treatment of documentation renewal and administrative delays**, including permitting proportionate safeguards such as grace periods or recognition of renewal documentation to prevent unnecessary account restrictions.

These measures directly address the compliance uncertainty and conservative institutional practices identified in Section 4.1 as the primary operational barriers to refugee financial inclusion. Supervisory communication should clearly reinforce that refugee status does not equate to heightened AML/CFT risk by default, and that exclusion often reflects institutional practice rather than regulatory necessity. Finally, administrative bottlenecks beyond the financial sector, particularly timely issuance of work

permits and refugee IDs, should be addressed in parallel.

## 6.2 Recommendations for the private sector

Private sector actors can play a central role in expanding refugee financial inclusion by moving from exception-based approaches to standard market practice, and, in doing so, access a growing, underserved customer segment.

### Priority actions for Financial Service Providers include:

- **Moving away from assumptions about the bankability of refugees** and ensuring risk classification is based on documented, evidence-based assessment rather than customer category;;
- **Considering alternative data**, including mobile transaction histories, savings group records and repayment histories, and partner information, to assess individual risk;
- **Investing in staff training and internal communication** to reduce inconsistent interpretation and unintentional exclusion at the branch level;
- **Engaging refugees and refugee-led organisations in the co-design of products**, in particular for underserved segments such as women and customers requiring Shariah-compliant financial products;
- **Structuring partnerships between regulated banks and fintechs and other innovators**, whereby the former provides compliance and governance and the latter can drive customer experience and data-driven underwriting.

Private investors, including development finance actors and impact investors, have a complementary role in supporting the transition from pilot-based activity to commercially sustainable inclusion, with an emphasis on demonstrating portfolio-level performance and normalizing refugee-inclusive investments within mainstream impact and SME finance strategies.<sup>11</sup>

### Priority actions for investors include:

- **Linking capital deployment to clear pathways toward commercial sustainability**, avoiding structures that create long-term dependency or distort market incentives, such as through time-bound and performance-linked support;
- **Deploying blended finance instruments**, including first-loss tranches, recoverable grants, and flexible debt, to support early portfolio development;
- **Funding operational capacity within financial institutions**, including product development, compliance adaptation, and staff training, rather than focusing exclusively on on-lending capital;
- **Investing in the development of underserved product categories**, particularly insurance in higher-risk environments where asset loss and volatility constrain business growth.

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<sup>11</sup> Investors seeking to enter or expand refugee-inclusive portfolios can refer to the Refugee Investment Network's Refugee Lens Investing (RLI)<sup>#</sup> framework, which include debt and equity investment facilities that increase access to capital for refugees and refugee-lens ventures: <https://refugeeinvestments.org/resources/refugee-lens/>

**“We should not default to 100% guarantees as the standard approach going forward. After proving bankability, guarantees need to drop. Otherwise we risk entrenching expectations and duplicating interventions.”**

— IRC Re:BUILD

## 6.3 Recommendations for the development sector and market facilitators

Development and humanitarian actors have played a central role in advancing refugee financial inclusion in Kenya, but their continued dominance risks reinforcing a system that remains pilot-driven and externally dependent. To support durable, market-based inclusion, there needs to be greater market facilitation. The coordination failures described in Section 5.5, fragmented data, siloed actors, and duplicated pilots, represent the central systemic constraint that market facilitation can address. The partnership models outlined in Section 5.6, including dual-sided technical assistance and structured on-ramps to formal finance, provide a practical foundation for this transition.

### Key actions for development and humanitarian actors include:

- **Aligning humanitarian, livelihoods, and financial inclusion programming** to avoid substitution effects;
- **Supporting locally relevant market segmentation** (by geography, nationality, social networks, and sector) in group-based finance and risk models;
- **Supporting the documentation and recognition of informal financial activity**, including savings group records, trader credit histories, and mobile money transaction patterns, as inputs to credit assessment;
- **Facilitating progression from informal to formal financial participation;**
- **Supporting the development of productive value chains in refugee-hosting economies**, recognizing that these markets remain partially aid-influenced and require diversification to manage credit concentration risk;
- **Planning for declining humanitarian cash flows** and the associated risk of economic contraction on aid-dependent economic activity;
- **Shifting partnerships with RLOs** from programme beneficiaries to design and delivery partners; and providing core operational funding rather than project-only grants as well as brokering formal referral and data-sharing arrangements between RLOs and financial service providers;
- **Convening key actors around priority constraints;** generating business-case evidence for private sector decision-makers; and supporting pilots designed to demonstrate commercial viability rather than access alone.

FSD Kenya, through its market facilitation mandate and convening relationships across regulators, banks, and development actors, is uniquely positioned to anchor this ecosystem leadership transition, coordinating the evidence, guidance, and partnership infrastructure that no single actor can provide alone.

## 7. Conclusion

Kenya's refugee population is not a temporary phenomenon. With approximately 836,000 registered refugees and asylum seekers, many of whom have lived in Kenya for a decade or more, the question is not whether to include this population in the financial system, but how to do so sustainably and at scale.

This landscape assessment finds that the barriers to refugee financial inclusion in Kenya are not primarily legal. Kenya's policy framework is broadly enabling. The binding constraints are operational and systemic: fragmented identity verification, conservative compliance interpretations in the absence of supervisory clarity, information asymmetries between humanitarian and financial systems, and an ecosystem that has produced pilots without producing scale.

The evidence base is stronger than the private sector behaviour suggests. Structured lending programmes have demonstrated repayment rates comparable to or exceeding those of non-refugee borrowers. Mobile money infrastructure already reaches large numbers of refugees. A growing number of financial institutions have demonstrated that refugee onboarding is operationally feasible within existing regulatory frameworks. What is missing is not proof of concept but coordinated action to translate that proof into standard market practice. Banks that engage proactively with this agenda and the coordination efforts underway stand to differentiate themselves and capture an underserved but commercially viable segment.

Advancing refugee financial inclusion requires coordinated action across all actors. Regulators can strengthen implementation by providing clearer supervisory guidance that translates Kenya's enabling legal framework into consistent operational practice. Financial institutions can build on emerging proof points to develop internal policies and products that treat refugee customers as a standard rather than exceptional segment. Development partners can design programmes that support and reinforce private-sector leadership rather than substituting for it. And FSD Kenya, through its market facilitation mandate, is well positioned to anchor the coordination, evidence generation, and convening that this agenda requires.

Kenya's policy architecture, digital infrastructure, and growing evidence base create conditions that did not exist five years ago. Translating them into greater financial inclusion and financial health for refugees and host communities is a shared responsibility as well as a shared opportunity for stability and prosperity.

# Annexes

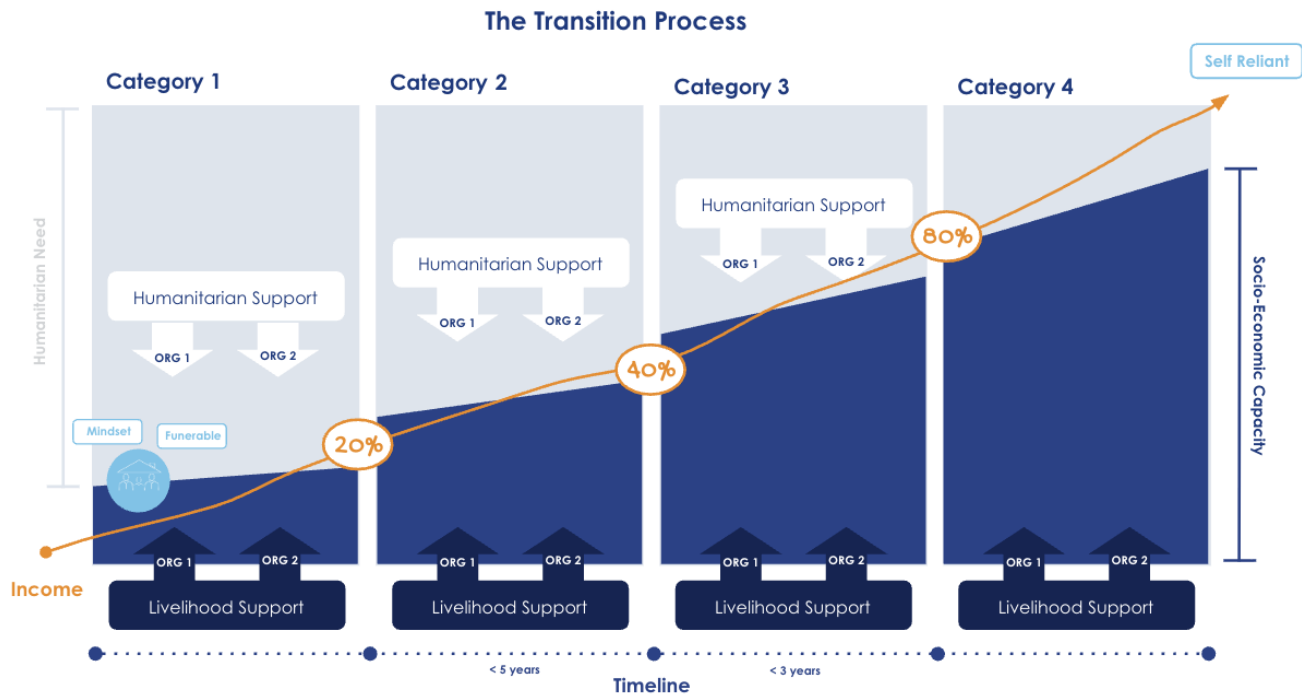
Figure 1: Refugee financial needs ladder

Phase	Arrival / Transit	Early Displacement	Protracted Displacement	Permanence
Time Period	1-3 months	3-12 months	1-3 years	> 3 years
Focus on...	...immediate, basic needs.	...housing, education, language, work, health.	...improving standard of living; re-building a life.	...building livelihoods and productive assets; a life resembling that of the host community.
Potential need for financial services	Cash aid for shelter, food, Medical services, and to repay debt incurred during escape. In some cases, remittances.	Cash aid for basic needs, subsistence and urgent care. In some cases, savings and Remittances. (Micro) consumer credit for furniture, appliances, school fees, business equipment.	Savings. Remittances (receiving and/or sending). (Micro) consumer credit, mortgage/home improvement loans, business loans, and micro-insurance.	If integration is the goal: more sophisticated financial services which resemble those of hosts: savings, investments, payments, pension plans, credit, insurance, and transnational services (e.g., line of credit, remittances, insurance for family in country of origin). If return/resettlement is the goal: savings for journey, transferable credit history, transferable pension schemes, housing credit to rebuild, and deferred annuities.

Adapted from and based on figures and tables from GSMA (2017) and UNHCR, SPTF (2016).<sup>12</sup>

<sup>12</sup> GSMA (2017): Landscape Report: Mobile Money, Humanitarian Cash Transfers and Displaced Populations; and UNHCR, SPTF (2016): Serving Refugee Population: The Next Financial Inclusion Frontier - Guidelines for Financial Service Providers. A basic segmentation of key vulnerable groups affected by crisis (youth, women, unaccompanied minors) and their respective financial needs can be found in CGAP, World Bank Group (2017): The Role of Financial Services in Humanitarian Crises.

Figure 2: The differentiated assistance framework (adapted from WFP)



**Source:** DRS/UNHCR/WFP Technical Working Group, 2025. Provisional.

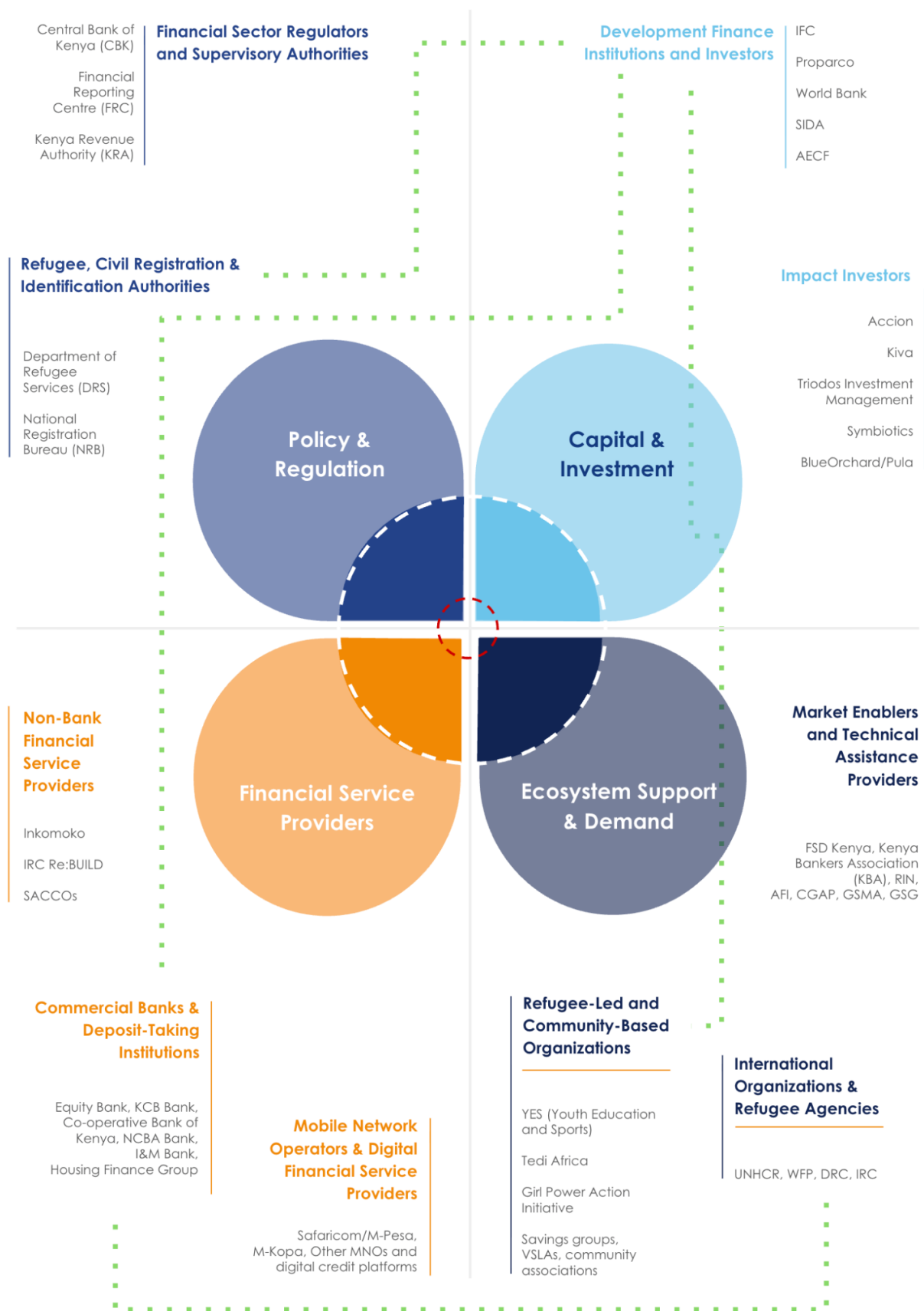
The four categories reflect WFP's "Differentiated Assistance" model, which segments refugee households by vulnerability level.

- **Category 1** represents the most vulnerable households dependent on full humanitarian support;
- **Category 4** represents households with sufficient socio-economic capacity to be largely self-reliant.

The Differentiated Assistance approach provides tailored support based on specific needs and capacities, moving away from uniform assistance solely tied to registration status (WFP, 2025).

Refugees are not a homogeneous group; levels of economic capacity and financial inclusion vary significantly. Segmentation approaches, such as WFP's Differentiated Assistance Framework, highlight the need for tailored pathways from humanitarian support to market-based financial inclusion. While segmentation frameworks suggest pathways toward increased self-reliance, progression is neither linear nor guaranteed, and remains constrained by structural and market barriers.

Figure 3: Stakeholder map: Refugee financial inclusion in Kenya



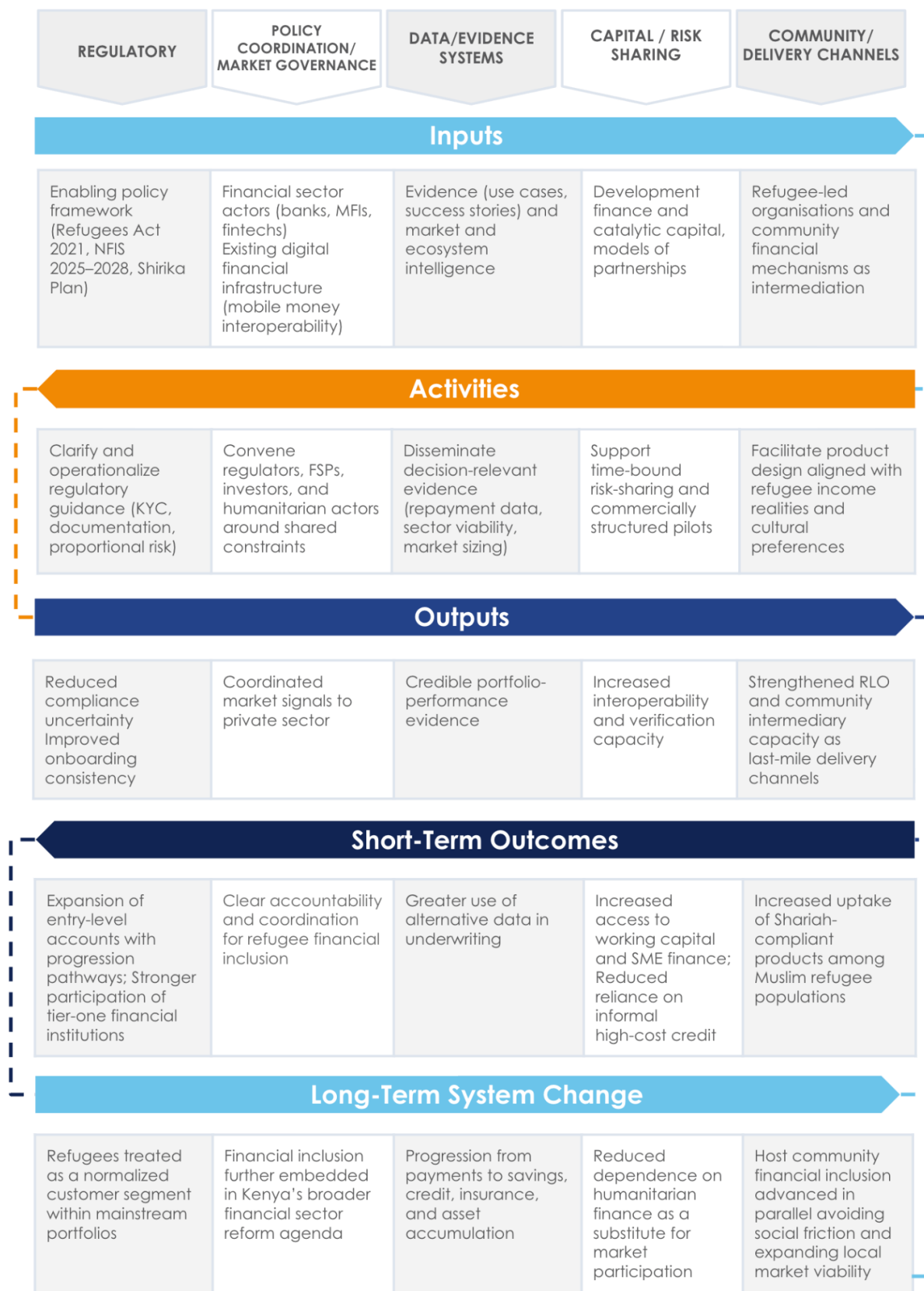
This annex presents a stakeholder map of the types of actors involved in refugee financial inclusion in Kenya, covering financial service providers, government institutions, humanitarian and development actors, and refugee-led organisations. **The map is illustrative rather than exhaustive.** It reflects the breadth of entities whose roles, mandates, and areas of expertise are relevant to the coordination and engagement agenda outlined in this report.



Figure 4: Refugee financial inclusion in Kenya: Segment overview

Refugee Segment	Financial Exclusion	Priority Financial Services/ Programmes	Key Barriers	Key Enablers	Size of the Segment (as a percentage of total FDPs in Kenya)
<b>Refugees based in urban and peri-urban areas</b>	Inconsistent onboarding; account dormancy due to ID expiry; limited digital access	Basic transactional and savings accounts; mobile wallets; agent banking	Older-generation ID verification; ID and work permit delays; SIM registration barriers	Tiered KYC; transaction limits; clearer ID guidance; bank coordination	14%
<b>Camp-based refugees</b>	Physical access constraints; reliance on cash transfers/aid; limited formal provider choice	Basic accounts; payments; financial literacy	Geographic isolation; limited agent coverage; mobility restrictions	Agent banking; NGO advocacy; centralized onboarding; awareness of Refugee IDs	86%
<b>Employed refugees (with work permit or in formal employment)</b>	Underserved relative to income level; payroll income not recognised as credit evidence; collateral and ID documentation mismatch	Salary accounts; consumer credit; mortgage or asset finance; insurance	Work permits; employer reluctance to formalise refugee employment; credit history not portable; collateral constraints despite income verification	Payroll data as alternative credit evidence; employer partnerships; mainstream bank products with tiered KYC; work permit reform	Less than 1% hold formal work permits; informal employment share not confirmed but higher
<b>Refugee entrepreneurs/ MSMEs</b>	Limited access to credit; inability to build credit history; lack of collateral	MSME loans; group lending; guarantee-backed finance	No recognized collateral; lack of KRA PIN; underwriting uncertainty	Guarantees/risk-sharing; alternative credit assessment; dual-sided TA models	N/A - significant subset across both camp and urban settings
<b>Women refugees</b>	Lower account ownership; limited control over finances	Savings products; group-based finance; microinsurance; Shariah-compliant products	Gender norms; documentation gaps; lower digital literacy	Group models; targeted onboarding; RLOs and trusted community intermediaries	Refugee populations broadly gender-balanced,
<b>High-risk origin refugees</b>	Heightened exclusion due to AML/CFT and sanctions concerns	Low-functionality transactional accounts	Sanctions screening; monitoring costs; supervisory risk	Explicit regulatory guidance; centralized compliance review	N/A

Figure 5: Theory of Change: Refugee financial inclusion in Kenya



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