A Study on Financial Inclusion in South Asia: Forcibly Displaced Persons Perspective

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Abstract

South Asia has been witnessing forced displacement of refugees due to global, regional, and internal obstacles resulting in them traveling from one country to another country, without shelter. There are more than 3 million refugees in South Asia, and 90% out of them are victims and products of intra-regional migration. The SAARC legal norms are both refugee-producing and refugee-hosting nation-states. Pakistan has been hosting the most massive refugees of Afghan origin; India is home to the diverse groups of intra- and extra-regional refugees including the latest addition of Rohingya refugees, and the rest of the SAARC nations are also bracing the refugee crises in the region, and the crisis is further compounded by the returnees from the Global North countries. This paper examines the forcibly displaced persons' financial problems in SAARC countries because these people don't have any citizenship and KYC documents to open bank accounts in the country. this person cannot get financial services from the banks in the hosting country. Primarily, this paper focused on challenges in South Asia and forcibly displaced persons of the SAARC by exposing the hybrid integration of international legal norms with regional aspirations.

Keywords

Financial inclusion, Forcibly displaced persons, SAARC

Introduction

Forced Displacement: The situation of people who are forced to leave or evacuate their homes as a result of conflict, violence, persecution, or abuses of human rights: • Refugee: Someone who is "outside the country of his nationality due to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion, and is unable to, or unwilling to, avail himself of the protection of that country." (Convention on Refugees, 1951); • Internally Displaced Persons (IDPs): "Persons or groups of persons who have been forced or obliged to flee or leave their homes or places of habitual residence, in particular as a result of or to avoid the effects of armed conflict, situations of generalized violence, human rights violations, or natural or human-made disasters, and who have not crossed an internationally recognized border" (Guiding Principles on Internal Displacement). These can be either within their country or between countries after being displaced from their homeland. As of 2020, 1 person is uprooted every 2 seconds (often with not Asylum seeker - A person seeking protection from persecution or serious harm in a country other than his or her own while waiting for a decision on a refugee application under relevant international and national mechanisms. If the decision is negative, the person must leave the country and maybe deported, just like any non-national in an irregular or unlawful situation, unless permission to stay is granted on humanitarian or other relevant grounds (IOM). "Forced displacement" is defined by the UNHCR (United Nations High Commissioner for Refugees) as being displaced as a result of persecution, conflict, widespread violence, or human rights violations. Internally displaced persons, refugees, and migrants all have technical variances. All fall within the category of forced migration by definition. Forced migration relates to the movements of refugees, migrants, and internally displaced persons (Internally displaced persons). Currently, there are about 68.5 million people who have been forcefully moved around the world. Hundreds of millions of people around the world are forced to from their homes due to a variety of circumstances. All of these criteria, on the other hand, point to a single unifying goal: a better, safer life.

Conflict is the most common cause of forced migration around the world. The world's attention has recently been drawn to the Rohingya issue in Myanmar, which has seen approximately 75 percent of Myanmar's Muslim population migrate to Bangladesh as a result of violence and ethnic cleansing. The United Nations declared the Rohingya's plight the "world's fastest-growing refugee emergency" in 2017, citing the escalation of continuous conflict and bloodshed.

FDPs account for a significant portion of the world's two billion unbanked, with 65.6 million persons forcibly displaced worldwide2. Although there is no strong evidence that they are all unbanked, it is clear that displaced and mobile communities do not always have easy access to conventional financial services.

Hannah Arendt's works created in the backdrop of the statelessness and expulsion of German Jews are among the most well-known essays on statelessness. We lost our home, which means the familiarity of daily life, as she says in her 1943 essay 'We Refugees.' We lost our job, and with it, the assurance that we are useful in this world. We've lost our language, which entails the uninhibited expression of feelings, spontaneous reactions, and simple gestures. We abandoned our relatives in Polish ghettos, and our closest friends were murdered in concentration camps, disintegrating our private lives.

Literature Review

According to the GFPI (2018) report The GPFI's work on forced displacement was presented in this interactive session, which included highlights and priority actions indicated in the policy document. Speakers discussed the five major barriers to FDP financial inclusion listed in the GPFI Policy Paper: Insufficient or inadequate financial and physical infrastructure, limited consumer protection, awareness, and financial literacy, insufficient participation of financial service providers, and insufficient coordination and alignment amongst stakeholders

(UNHCR Global Trends, 2019): Conflict, violence, and persecution have forced an estimated 79.5 million people from their homes around the world. Refugees (26 million), internally displaced people (45.7 million), and asylum seekers are among them (4.2 million). Developing countries host about 85% of those who have been forcibly displaced.

Dr. Alfred Hannig, AFI's Executive Director, and Linnea Kreibohm, Senior Policy Officer for the German Federal Ministry for Economic Cooperation and Development COVID-19 have touched 216 nations, with 134 hosting refugees and reporting local transmissions, as well as lockdowns in refugee and IDP camps in at least eight countries. FDPs who do not live in camps are frequently housed in extremely confined and congested conditions in urban locations, where effective physical separation is nearly impossible and healthcare and social protection institutions are considerably more inaccessible. Financial inclusion is one of the most urgent and effective policy choices for boosting economic participation during and before major economic downturns. The current blow to FDPs' livelihoods and economic well-being from COVID-19 could have been mitigated if they had been given access to formal, particularly digital financial services – such as savings, payments, including digitally transferred government or humanitarian cash assistance, remittances, and credit. Building resilience through recovery, despite the crisis, will not only increase financial inclusion for FDPs but also set the groundwork and provide answers for the next catastrophe.

World risk Report (2020): The Covid-19 pandemic is aggravating the already precarious circumstances in which many of the almost 80 million refugees and displaced persons worldwide live. Migrant workers are also highly affected by the consequences of the pandemic. The living conditions of refugees and displaced persons must urgently be improved, to prevent the Covid-19 pandemic from causing additional crises and catastrophes."

Godswill Osagie Osuma (Nigeria), Achugamonu Bede Uzoma (Nigeria), Kehinde A. Adetiloye (Nigeria), Adegbite O. Esther (Nigeria), Patrick O. Eke (Nigeria) (2020): According to the Alliance for Financial Inclusion's 2017 report, approximately 65.6 million individuals have been forcefully displaced, contributing to the world's two billion unbanked people (Alliance for Financial Inclusion, 2017). Twenty-five million people are refugees, forty-four million are internally displaced people (IDPs), and two million eight hundred are asylum applicants. Afghanistan, Syria, and Somalia have a higher proportion of these FDPs. Burundi, Iraq, Libya, Nigeria, Niger, Kenya, the Central African Republic, the Democratic Republic of Congo, Palestine, Yemen, and South Sudan are among the other countries represented. Climate change, natural catastrophes, food shortages, violence, civil unrest, malnutrition, and famine are among the key causes of displacement mentioned in this report.

According to a comprehensive report by the Danish Immigration Services (2011), Simultaneously, the Rohingya provide a low-cost labor force in the region. The Rohingyas in the camps (as well as the unregistered Rohingyas outside the camps) are not authorized to work, although they do participate in the informal labor market. A handful of Rohingyas were arrested in 2009-2010 and eventually released thanks to their employers' assistance. According to Al Jazeera, this has further alienated the Rohingya from the local populace because they sell their labor for a lower price.

Kehinde A. Adetiloye Adegbite O. Esther Patrick O. Eke Godswill Osagie Osuma, Achugamonu Bede, Kehinde A. Adetiloye Adegbite O. Eke Godswill Osagie Osuma, Achugamonu Bede, Kehinde A. Adetilo India(2020): According to refugee international estimates, India hosts around 3,30,000 refugees, including 1,43,000 Sri Lankans, 1,10,000 Tibetans, an estimated 52,000 Chinese and other minorities from Burma, 15,000 Bhutanese, about 11,400 Afghans, an unknown but large number of Hindus from Bangladesh, and several Nepalese who fled the Maoist insurgency.

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Research Gap

Financial inclusion services are essential in everyone's life, but forcibly displaced people are unable to access them due to national identity issues, a lack of legal norms, a lack of awareness of financial services, low wages disparities, illiteracy, living in women-only households, lack of assets, having never worked and have no skill for formal employment, living in temporary shelters, or facing evacuation delays. Forced displacement has morphed into a global phenomenon that affects both developing and developed countries, with some countries being particularly hard hit. The protection of FDPs and the socio-economic prospects of both FDPs and their host communities is a collective obligation of the international community, not just of host governments and possibly adjacent countries. Furthermore, the increasingly long-term character of relocation can no longer be considered purely or even largely a humanitarian concern. It is a development challenge to which we must all rise, and one that will necessitate a large collaborative effort. Digital payments, whether made with mobile phones, credit cards, or bank accounts, may present a unique opportunity to promote financial inclusion in general, and FDPs in particular, because they enable low-cost, easily and quickly scalable access to financial services, even in the most difficult-to-reach areas. Digital payments can provide a gateway to convenient and sustainable financial access when handled cautiously and responsibly under a risk-based approach, in combination with appropriate connectivity and open, interoperable systems.

Research Methodology

The data was collected from secondary sources like websites, journals, Newspapers, and Articles and Reports.

Objective

To Study the Forcibly displaced Persons' problems to access financial inclusion services in south Asia.

Table1: The population of Forcibly Displaced persons in South Asia.

SL No	Name of the country	population	Percentage
1	Afghanistan	30,81,364	53.78%
2	Bangladesh	8,54,820	14.92%
3	Bhutan	………	………..
4	India	2,07,334	3.61%
5	Sri Lanka	37,947	0.66%
6	Pakistan	15,28,852	26.68%
7	Maldives	…………	………..
8	Nepal	18,340	0.32%
	Total	57,28,657	100 %

Source:(UN Refugee Agency Global Report 2020)

Table 2: The population of Forcibly Displaced persons in world.

S L No	Name of The continent	Population	percentage
1.	Africa	3,42,81,743	39.61%
2.	Asia	2,92,54,720	33.80%
3.	Europe	71,76,326	8.29%
4.	Latin America	1,41,38,901	16.33%
5.	North America	15,11,481	1.74%
6	Ocenia	1,68,498	0.19%
	Total	8,65,31,669	100%

Source:(UN Refugee Agency Global Report 2020)

The rate of new displacement continues to be quite high: one individual is displaced every four seconds. Every minute, 16 people are evicted from their houses, for a total of 23,800 every day. Syria, Venezuela, Afghanistan, South Sudan, and Myanmar account for 68 percent of all refugees. Around the world, one in every 103 persons is either an asylum seeker, an internally displaced person, or a refugee. Afghanistan is one of the southern Aisa countries. Overall in South Asia, Afghanistan has 53.96 percent of the refugee population. According to the Global Trends 2019 Reports, the total number of forcibly displaced persons in the world is 86,531,669 people. The percentage of forcibly displaced persons in South Asia is 6.59 percent of the world's total forcibly displaced persons population. South Asia's forcibly persons population accounts for 19.51 percent of Asia's total forcibly person population. Many displaced people have been unable to find long-term solutions to their problems.

The report's 2019 data is based on reports from 12 countries that are home to more than half of the world's refugee children. Only 31% of youth are enrolled in high education, even though primary school enrolment is 77 percent. Only 3% of refugee youth are enrolled in higher education. move in humanitarian relief distribution to direct cash grants has opened up a slew of new business opportunities, particularly for low-cost digital payment systems accessed via mobile phones and local agents. As a result, humanitarian organizations and the financial inclusion industry have begun to establish rules for the use of digital payments in humanitarian relief efforts, such as the Barcelona Principles of 2016.

Problems of Financial Inclusion of Forcibly displaced persons in South Asia.

1. A absence of a favorable policy and regulatory framework

2. Inadequate or non-existent (financial) network.

3. Inadequate consumer protection, financial literacy, and awareness.

4. Financial service providers' participation is insufficient.

5. There is indeed a lack of cooperation and alignment among national governments, humanitarian and development partnership agencies, and private-sector actors. of consideration of specific FDP circumstances and related policy, consequences apply at the level of both overarching policy frameworks and of specific technical regulations.

An Absence of a favorable policy and regulatory framework

Policy and regulatory frameworks may generally challenge the achievement of the financial inclusion of FDPs because most do not recognize the special circumstances and legal status of FDPs and do not stipulate specific measures to address them. The lack of Financial Inclusion Issues for Forcibly Displaced Persons in South Asia.

Concerning broader policy frameworks, FDPs are rarely considered as an explicit target group in national policies promoting socioeconomic development and resilience. Particularly refugees are generally absent from financial inclusion policies or strategies, where these exist. The rules and regulations about FDP's socioeconomic participation in host communities (including the right to work, freedom of movement, legal identity, and ability to participate in the financial system) may also have a bearing on the provision of financial products to and usage by FDPs, this particularly applies to refugees

Inadequate or non-existent (financial) network.

For the financial inclusion of FDPs and overall preparation, a strong and resilient infrastructure is essential. Infrastructure, on the other hand, is frequently undeveloped or non-existent, particularly in crisis or conflict situations. Physical infrastructure, such as bank branches, ATMs, agent networks, or physical telecommunication components, that determine the geographic reach of financial services, as well as financial infrastructure, such as payment systems, that are critical for money to reach target groups even in the most fragile and conflict-affected situations and can operate physically or digitally, are included.

Agent and merchant networks, ATMs, and bank branches do not typically extend to distant areas of the country because branches are not profitable and/or agent and merchant management and conduct cannot be adequately supervised and overseen. 28 Rural locations and refugee camps, as well as low-income metropolitan areas, where many FDPs are located, are often outside the reach of financial infrastructure, limiting the extent to which FDPs can be financially engaged. Fragmented, immature, or even destroyed payment systems, poor connectivity, and a lack of interoperability all obstruct financial inclusion, including the capacity to expand financial services to FDPs sustainably and responsibly. Furthermore, the portability of FDP accounts and the opportunity to remain financially connected in their home country through FSPs is virtually non-existent.

Inadequate consumer protection, financial literacy, and awareness.

FDPs' knowledge, abilities, and attitudes, in addition to the regulatory framework and available infrastructure, are major drivers of their ability to be financially involved. FDPs must be informed of their ability to use financial services, how such services work, and their rights and duties in terms of financial access in the places to which they have been relocated. This is a necessary condition for FDPs to turn to regulated financial services and benefit from them. Additional barriers affect FDPs' ability to access financial services formally available to them, particularly for refugees – and in contrast to local customers – such as a lack of local knowledge about how to access services or the types of services available, language barriers, and a lack of usage by their social and support networks.

Furthermore, their financial decisions and actions are influenced by concerns about paperwork, perceived and actual legal limits, and the impression of risk. This is especially true for women, children, and teenagers, the elderly, and individuals with disabilities, who are already vulnerable members of society.

Financial service providers' participation is insufficient.

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Children and teenagers, the elderly, and persons with impairments are all at risk. To achieve uptake and usage of even the most basic financial services, trust, reliability, pleasant user experiences, and a clear grasp of regulations, rights, and recourse are crucial, and this applies to increasingly complicated products and services. FDPs will continue to rely on unregulated financial services if regulated financial products, services, and channels are of poor quality, inconvenient, expensive, or otherwise poorly constructed. Financial capability (a combination of knowledge, understanding, skills, and, most importantly, behavior) of FDPs will need to be improved at the customer level for customers to become familiar with the (new) financial landscape and understand the conditions of financial services to make informed and sound financial decisions.

There is indeed a lack of cooperation and alignment among national governments, humanitarian and development partnership agencies, and private-sector actors. of consideration of specific FDP circumstances and related policy, consequences apply at the level of both overarching policy frameworks and of specific technical regulations.

Improved coordination and innovative partnerships between national, sub-national, and local governments, humanitarian and development agencies, and the private sector are likely to be essential in addressing the complex challenges surrounding the financial inclusion of FDPs and their host communities and improving preparedness. however, the various actors' ideas differ in their orientation and practical application, making them difficult to combine. National governments, for example, are concerned about societal unrest and must contend with limited resources. Furthermore, while humanitarian organizations' priorities and strategies are generally focused on meeting the immediate needs and demands of FDPs, development assistance agencies are more concerned with long-term stabilization and resilience.

Conclusion

The majority of the time, FDPs are unable to transfer their property and assets when they are owed money, which has a significant impact on their financial condition. Some people can travel with their money (just in cash), but a considerable portion of it may be spent during the journey (to pay smugglers, travel, and emergency expenses). They frequently struggle to respond to emergencies, establish productive assets, and engage in health, education, and business due to a lack of financial resources. According to research, they frequently use familial networks to fund their journeys, save money, and borrow to meet their basic requirements and in emergencies. As a result, FDPs rely extensively on safe, quick, and cost-effective access to financial services to manage vulnerability and carry out fundamental tasks, such as keeping their cash safe or receiving financial support from family.

Improve coordination and collaboration between and across sectors through global discourse and strategic collaborations. Close the knowledge and evidence gaps in the case for FDP financial inclusion through data generation.

Integrate FDP-inclusive policies and practices into existing financial inclusion efforts, particularly in the regulatory environment, infrastructure, and digital financial inclusion, and encourage that financial inclusion approaches are reflected in FDP-related policies and practices – all while continuing to meet the needs and demands of the local population and FDPs.

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