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GENDER CONSIDERATIONS IN BALANCING FINANCIAL INCLUSION AND ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM (AML/CFT)

Guideline Note No. 31
November 2018

GUIDELINE NOTE

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ACKNOWLEDGMENT

This guideline note was prepared by the Alliance for Financial Inclusion (AFI) Global Standards Proportionality Working Group (GSP WG), with technical support from the United Nations Capital Development Fund (UNCDF) SHIFT Programme, a financial market facilitation, technical assistance and funding facility for the ASEAN region funded by the Australian Department of Foreign Affairs and Trade (DFAT).

From AFI Management Unit, Robin Newnham (Head, Policy Analysis) and Mariam Jemila Zahari (Policy Analyst) provided guidance and made contributions.

From UNCDF, Katherine Miles led the research and drafting and Deanna Morris provided comments and guidance.

AFI and UNCDF are grateful to the members of the GSP WG for their invaluable contributions, and to the technical experts who were consulted in the development of this guideline note.

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INTRODUCTION

Globally, 980 million women[1] are excluded from the financial system, which has translated into a nine percent gender gap in financial access in developing economies.[2] This persistent gap has resulted in women's financial inclusion moving up the international policy agenda.

In 2016, members of the Alliance for Financial Inclusion (AFI) publicly committed to close this gap in the Denarau Action Plan: the AFI Network Commitment to Gender and Women's Financial Inclusion. The Action Plan sets out a roadmap for how AFI members can increase the number of women with access to quality and affordable financial services globally by 2021. Subsequently, the 2017 G20 Financial Inclusion Action Plan reaffirmed the G20 Leaders' commitment to *"advance financial inclusion benefiting all countries and all people, including in particular underserved groups such as … women"*.[3] This is in the context of financial inclusion being recognised as a cross-cutting priority in the UN Sustainable Development Goals (SDGs), a key lever for women's economic empowerment[4] and critical to achieving SDG 5: Achieve gender equality and empower all women and girls.[5]

To support AFI's commitment to close the financial inclusion gender gap, the AFI Global Standards Proportionality (GSP) Working Group has developed this guideline note to examine how AFI members are balancing women's financial inclusion with financial integrity policy objectives. This is in response to the finding that a quarter of respondents (25 percent) to a 2016 AFI/UNCDF survey on gender and women's financial inclusion perceived Know Your Customer (KYC) requirements as a barrier to women's financial inclusion.[6] This guideline note aims to explore gender considerations in balancing financial inclusion and Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT).

Policies, regulations and laws are not gender[7] neutral,[8] and policy frameworks that implement global AML/CFT standards are no exception. In-country implementation of the standards may have unintended consequences for both women and men due to prevailing social and gender norms. Being aware of this possibility can be the first step in identifying whether women and men are affected differently by the implementation of AML/CFT standards and addressing these potential or real impacts through financial inclusion policy and regulatory responses. Indeed, full financial inclusion will not be possible without policies that take the diverse needs of different populations into account, including those based on gender.

This guideline note examines data on current practices in the AFI network and is intended to support financial policymakers and regulators responsible for implementing and overseeing AML/CFT standards at the national level. In doing so, it will raise awareness of the specific financial inclusion challenges disproportionately faced by women in the national implementation of AML/CFT standards, and assist in the formulation and implementation of policy responses that can contribute to advancing women's financial inclusion.

1 Approximately 1.7 billion adults globally remain unbanked — i.e. without an account at a financial institution or through a mobile money provider.
2 Demirgüç-Kunt et al., 2018.
3 GPFI, 2017.
4 BMGF, 2017.
5 UN, 2015.
6 AFI and UNCDF, 2016.
7 "Gender" refers to social relations between men and women that are socially constructed and can change over time and from place to place.
8 AFI and Women's World Banking, 2016; CGAP (Mann), 2015.

BACKGROUND: GLOBAL AML/CFT STANDARDS AND WOMEN'S FINANCIAL INCLUSION

PROOF OF IDENTITY: A BARRIER TO WOMEN'S FINANCIAL INCLUSION

Guidance for managing AML/CFT risks is provided by global Standard-Setting Bodies (SSBs), such as the Financial Action Task Force (FATF) and the Basel Committee on Banking Supervision (BCBS)[9] (see Box 1 for AFI membership in these bodies). This guidance includes recommendations for assessing AML/CFT risks and conducting effective customer due diligence (CDD) to identify, verify and monitor the customers of financial services providers (FSPs) during the onboarding process and ongoing business relationships.[10]

National policy responses stemming from this guidance have led to the stringent application of CDD and subsequent unintended consequences for financial inclusion. Legitimate segments of society who are unable to meet the identification requirements resulting from the disproportionate application of these standards become excluded from the formal financial system. [11]

BOX 1: AFI MEMBERS WITH MEMBERSHIP IN GLOBAL AND REGIONAL SSBs

Of countries with AFI members:

- Eight are FATF members: Argentina, Brazil, China, India, Malaysia, Mexico, Russia, and South Africa
- The majority of AFI members participate in FATF Style Regional Bodies (FSRBs) including the Asia Pacific Group on Money Laundering (APG), the Eastern and Southern African Anti Money Laundering Group (ESSAMLG), the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), Intergovernmental Group Against Money Laundering in West Africa (GIABA), the Taskforce on Money Laundering in Central Africa (GABAC), the Financial Action Task Force of Latin America (GAFILAT), and Caribbean FATF (CFATF)
- Seven are members of the Basel Committee on Banking Supervision (BCBS): Argentina, Brazil, China, India, Mexico, Russia, and South Africa.

Source: FATF, BCBS websites

Identification documents are recognized as an enabler of financial inclusion,[12] yet it is estimated that approximately one billion people do not have government-issued proof of identity.[13] This is despite legal identity being a human right and the obligation of states to register births[14] to legally establish one's existence.[15] The scale of this challenge has led to SDG target 16.9, which is to "provide legal identity for all, including birth registration by 2030."[16] A coalition of stakeholders supporting this shared vision have since established a common set of principles called the *"Principles on Identification for Sustainable Development: Toward the Digital Age"* that recognize the potential of strengthened identification systems to support the achievement of this target.[17]

While the global figure of those without identity is not sex-disaggregated, indications suggest that a disproportionate number of women and girls are affected.[18] In many countries, women and girls possess fewer identity documents than men and boys. This can could be due to lower levels of birth registration of girls. UNICEF data indicates that in many countries, there is a gender gap in the birth registration of girls, with the largest gaps recorded in Somalia (18.2 percent), Malawi (6.9 percent) and Zambia (6.8 percent).[19] In Egypt, the lack of a birth certificate has been found to be the biggest obstacle for women to obtain a national ID card, as it is a prerequisite for national ID registration.[20]

In terms of national ID cards, the 2017 Findex found that 38 percent of the surveyed population in low-income countries do not have a foundational ID, with 30 percent of men lacking one compared to 45 percent of women: a 15 percent gender gap. This problem is more acute in Sub-Saharan Africa where only 56 percent of adults reported having any type of government-issued identification. [21]

The absence of a legal proof of identity is recognized as a barrier to financial access given that it is required to safeguard the integrity of the financial system. In the latest Findex survey, 15 percent of adults who do not have an account attribute lack of necessary documentation as a reason.[22] It is widely accepted that this barrier to financial inclusion affects women more than men.[23]

9 BCBS guidance goes beyond addressing AML/CFT risks.
10 See FATF Recommendation 10, 2017.
11 FATF, 2017; BIS, 2016.
12 Center for Global Development (Dahan and Gelb), 2015; World Bank ID4D, 2016.
13 This figure is from the 2018 update of the ID4D global dataset. Note that this figure excludes China and 10 other economies that do not have a national ID system and have birth registration of over 95 percent.
14 Birth registration is the continuous, permanent and universal recording by the civil registry of the occurrence and characteristics of birth, in accordance with national legal requirements. It establishes the existence of a person under law.
15 Center for Global Development (Dahan and Gelb), 2015; World Bank ID4D, 2016; United Nations High Commission for Human Rights, UNICEF and Plan, 2014; United Nations Human Rights Council, 2012.
16 https://sustainabledevelopment.un.org/sdgs
17 World Bank and Center for Global Development, 2017.
18 Desai, 2018.
19 UNICEF global data set in GSMA, 2017.
20 ITU, 2016.
21 Demirgüç-Kunt et al., 2018; Desai, 2018. See Findex 2018 question FIN48: Do you personally have a [local terminology for national ID card]?
22 Demirgüç-Kunt et al., 2018. See Findex 2018 question FIN 11: Please tell me whether each of the following is A REASON why you, personally, DO NOT have an account at a bank or another type of formal financial institution. FIN11C. Because you don't have the necessary documentation (identity card, wage slip, etc.)
23 World Bank, (Dahan and Hanmer), 2015; FATF, 2017. World Bank, WBL, 2018; Clement and Jolly, 2018; Center for Global Development (Buvinic and O'Donnell), 2016; IFC, 2011; CGAP (Mann), 2015; IFC and GPFI, 2011; World Bank (Demirgüç-Kunt et al.), 2015.

A range of evidence suggests that lack of identification to meet international KYC requirements for AML/CFT is one of the main barriers to women's financial inclusion.[24] In countries where women have more difficulty obtaining a national ID card, they are, on average, less likely to borrow from a financial institution.[25]

This gender divide is more pronounced at an individual country level. For example, the GSMA found that 44 percent of women in Egypt reported ID as a key barrier to accessing mobile services compared to only 26 percent of men.[26] In Uganda, Intermedia Financial Inclusion Insights data indicated that only 63 percent of women in urban and rural areas had access to any form of ID compared to 83 percent of men.[27]

FACTORS INFLUENCING WOMEN'S ACCESS TO IDENTITY DOCUMENTS

Women's lower levels of access to identification documents can be explained by a range of related factors in the legal and regulatory environment and on supply and demand sides, mediated by sociocultural gender norms.

LEGAL AND REGULATORY ENVIRONMENT

In some jurisdictions, there are legal gender differences in access to certain forms of identification. *Women, Business and the Law 2018* reports that a married woman cannot apply for a national identity card in the same way as a married man in 11 different economies.[28] For example, to obtain a Tazkera ID in Afghanistan, a married woman must submit her husband's Tazkera or that of one of his male relatives to complete her own application.[29] Women can still not legally apply for a passport in the same way as a man in 37 countries, including in some countries where there are AFI members. In four countries, women cannot legally register a business in the same way as a man, which can create additional barriers to obtaining business registration documents (see Box 2).

These legal differences can make it more difficult for women to open a bank account than men, as they must rely on their male spouse or relative to obtain the identification required by AML/CFT standards. In three countries, women still cannot legally open a bank account in the same way as men. In 17 countries, women cannot legally travel outside the home in the same way as men. In consequence their limited mobility prevents them from going to obtain identification and to open an account at a financial institution.[30]

Even where there is equality under the law, non-discriminatory or gender-neutral policies, laws and regulations may not be enforced and managed in the same way for women as men. In part this may be due to customary practices that override national law.[31] Informally, officials may not recognise women as the head of the household, which may prevent them from obtaining certain forms of identification. Official documents that can be used as verification to access financial services may only request a male name or photo or allow a male to be listed as the head of the household.[32]

BOX 2: COUNTRIES WHERE WOMEN CANNOT LEGALLY PERFORM ACTIONS IN THE SAME WAY AS MEN

Restrictions on women's agency and freedom of movement influences their ability to obtain identification to meet CDD.

Apply for a Passport
Afghanistan, Algeria, Bahrain, Barbados, Belize, Benin, Botswana, Cameroon, Congo, Rep., Cyprus, Dominica, Egypt, Fiji, Gabon, Grenada, Guyana, Haiti, Iran, Jordan, Malawi, Mali, Myanmar, Nigeria, Oman, Pakistan, Philippines, Samoa, Saudi Arabia, Seychelles, Solomon Islands, St. Vincent and the Grenadines, Sudan, Trinidad and Tobago, Uganda, United Arab Emirates, Yemen, Zambia.

Apply for a National Identity Card
Afghanistan, Algeria, Benin, Cameroon, Congo, Rep., Egypt, Mauritius, Namibia, Oman, Pakistan, Saudi Arabia

Register a Business
Bhutan, Guinea-Bissau, Pakistan, Suriname

Source: World Bank Women, Business and the Law report, 2018

SUPPLY SIDE

Staff administering national identification or business registration processes may not include women due to social norms, such as child care responsibilities or attitudes about acceptable employment for women, which create barriers to women participating in the labor force. As a result, women in some cultural contexts may be discouraged from pursuing an ID because they would have to interact with male officials with such attitudes.

Pursuing an ID may also present a range of risks for women, including social, reputational and physical, particularly in countries where it may be considered culturally unacceptable for women to interact even on a transactional basis with males who are not relatives.[33] For example, when national identity cards were being rolled out in Pakistan, women-only biometric stations and women-only registration days were established to encourage women to sign up for national identity cards and voter identification.[34]

24 AFI and Women's World Banking, 2016; BMZ, GIZ and UK AID, 2013; DCED, 2017; DCED, 2016; de Koker and de Koker, 2015; Making Finance Work for Africa, 2012; CGAP (El-Zoghbi), 2015; Women's World Banking, 2015; Center for Global Development (Gelb and Dahan), 2015; World Bank (Dahan and Hanmer), 2015; AFI, 2017.
25 CGAP, 2015 (Mann); World Bank, 2015; Women, Business and the Law 2016.
26 GSMA, 2017.
27 GSMA, 2017.
28 World Bank, Women, Business and the Law 2018.
29 ITU, 2016.
30 World Bank, Women, Business and the Law, 2018.
31 DCED, 2016.
32 UNCDF, 2017.
33 DCED, 2016; DCED, 2017.
34 World Bank (Dahan and Hanmer), 2015.

Providers of acceptable forms of identification may inadvertently limit the ability of women to obtain IDs due to their procedures. For example, utility bill companies may not allow accounts to be held in joint names or they may not provide sufficient space for two names to be listed on a bill or only record one individual's name. For demand-side reasons, a male name is more likely to be included and a female name omitted.

DEMAND SIDE

Even where legal barriers do not restrict women from travelling unaccompanied outside the home, sociocultural norms can limit women's mobility and ability to travel alone to obtain identification documents. This was found to be an issue in Pakistan, where the International Foundation for Electoral Systems (IFES) found that 73 percent of women were accompanied when traveling to obtain an ID card compared to only 31 percent of men. The study suggests that this led to women being under-registered (in 2012) and created an 11 percent gender gap in the possession of an ID card.[35]

Some women are less aware of the benefits of obtaining certain types of personal identification, such as a national ID card. For instance, women are more likely than men to report that they do not need an ID card (30 percent versus 20 percent of men) and that they lack support from relatives to obtain an ID card (17 percent of women versus two percent of men).[36] Women's financial capability and knowledge of documentation requirements for customer onboarding, as either individuals and business owners, may also be lower than men's; on average, women score five percentage points lower than men on financial literacy tests.[37]

Poverty may have an impact on whether households can afford certain types of identification. Given that men have higher levels of workforce participation, obtaining identification to secure employment may be prioritized for male household members. For instance, qualitative research from Myanmar indicates a lack of assets and income can deter low-income women from the travel and administration costs of obtaining identification for themselves and their daughters. Instead, they prioritize spending on identity cards for their husbands and sons, who are more mobile and have higher levels of workforce participation.[38]

Women may be unaware of the benefits of adding their names to utility bills to provide a proof of address, or they may choose not to include their name if they are financially dependent on their partners or earn less due to their unpaid childcare and other family responsibilities.

In the absence of official or insufficient identification, alternative forms of identification are acceptable in line with global AML/CFT standards, such as a letter from a village chief. However, since women have less access to assets — due to lower levels of economic participation, unequal inheritance, land and property ownership rights and other factors they may be deterred from paying the fee for such an ID.[39] There is also evidence that the risk of sexual coercion can discourage women from obtaining alternative forms of identification.[40]

Gender and investment climate assessments by the World Bank in Africa and the Pacific indicate that many women face greater barriers to registering a business than their male counterparts. There are several demand-side reasons for this, including levels of start-up capital, skills and experience, ability and time to navigate the system and cultural factors. Social norms affect women's ability to interact with male officials, and childcare and other family responsibilities affect their ability to travel and spend time formally registering their business and obtaining ID documents.[41] In 37 countries where 20 percent of the world's population live, women are typically responsible for 75 percent of childcare.[42]

Studies have shown that simplifying business processes could create first-time female business owners 33 percent faster than for men, and that regions with lower start-up capital and lower exit barriers have a higher share of female entrepreneurs in the formal sector.[43] In the absence of simplified processes, women entrepreneurs are more likely than men to operate their businesses informally, which affects their ability to provide the business registration documents needed to open a bank account.

THE RESPONSE FROM GLOBAL STANDARD-SETTING BODIES

Recognizing that financial inclusion contributes positively to their objectives, SSBs have updated their recommendations and underlined their commitment to formal financial inclusion. This is in recognition of the contribution of financial inclusion to preserving financial integrity and its ability to expand the reach and effectiveness of AML/CFT regimes by transitioning individuals from the shadow economy to the formal financial system.[44] These revised new standards emphasize ensuring that AML/CFT safeguards are proportionate, risk-based and support financial inclusion.[45]

The FATF's International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation, Recommendation 1 states:

> *"Countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified."*[46]

35 IFES 2013 in Knowles and Koolwal, Data2X, 2016.
36 IFES 2013 in Knowles and Koolwal, Data2X, 2016.
37 OECD, 2013.
38 UNCDF, 2017.
39 FATF, 2017.
40 UNCDF, 2017.
41 IFC and GPFI, 2011; DCED, 2016.
42 ODI, 2016.
43 Chamlou, 2008 in DCED, 2016.
44 FATF, 2017.
45 BIS, 2012; FATF, 2017 a, b.
46 FAFT, 2017 a.

The accompanying interpretive notes explain:

"The general principle of a RBA is that, where there are higher risks, countries should require financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs)[47] to take enhanced measures to manage and mitigate those risks; and that, correspondingly, where the risks are lower, simplified measures may be permitted." [48]

FATF guidance on AML/CFT measures and financial inclusion states:

"The development and application of risk-sensitive and proportionate AML/CFT frameworks are a key step for countries that seek to build a more inclusive regulated financial system, and enable a larger proportion of the population to access appropriate financial services especially the most vulnerable and unserved groups…both countries and financial institutions are expected to understand, identify and assess their risks, take appropriate actions to mitigate them and allocate their resources efficiently by focusing on higher risk areas."[49]

Similarly, in line with the 2012 Core Principles for Effective Banking Supervision, the BCBS states:

"All banks should be required to have adequate policies and processes, including strict customer due diligence (CDD) rules to promote high ethical and professional standards in the banking sector and prevent the bank from being used, intentionally or unintentionally, for criminal activities"….

"Adequate policies and processes' in this context requires the implementation of other measures in addition to effective CDD rules. These measures should also be proportional and risk-based, informed by banks' own risk assessment of ML/FT risks."….

"Such policies and procedures should require basic due diligence for all customers and commensurate due diligence as the level of risk associated with the customer varies. For proven lower risk situations, simplified measures may be permitted, if this is allowed by law… It is important that the customer acceptance policy is not so restrictive that it results in a denial of access by the general public to banking services, especially for people who are financially or socially disadvantaged."

BOX 3: TIMELINE OF FATF AML/CFT AND FINANCIAL INCLUSION GUIDANCE

2011

Published its "Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion" that provided support to countries and their financial institutions to design AML/CFT measures that meet the national goal of financial inclusion without compromising existing measures intended to combat crime.

2012

Released a revised version of its International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (the "FATF Standards," which comprise of the FATF Recommendations and their Interpretive Notes) to reinforce a risk-based approach.

2013

Adopted its 2013 "Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion" which is based on a revision of the 2011 version, following the adoption of the new set of FATF Standards. It also published guidance on "National Money Laundering and Terrorist Financing Risk Assessment" and its "Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT systems".

2017

Released guidance on AML/CFT measures and financial inclusion, with a supplement on CDD (an update to the 2013 guidance) that included country examples of CDD measures adapted to support financial inclusion. These examples illustrate how a simplified set of CDD measures or alternative forms of identity verification, such as the use of e-identity tools, can support financial inclusion while appropriately mitigating the risks of ML/TF. The objective of this update is to encourage countries to take advantage of the flexibility of the FATF Recommendations to provide sound financial services to the financially excluded.

In 2017, FATF again updated its International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (the FATF Standards) from the earlier version released in 2012.

2018

Released an updated version of its Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT systems.

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47 DNFBPs is the term used to describe any business or profession that poses a money laundering risk but cannot be classified as a financial institution.

48 FATF, 2017 a.

49 FATF, 2017.

50 BIS, 2017.

BOX 4: TIMELINE OF "BASEL COMMITTEE" ON BANKING SUPERVISION GUIDANCE

1997
Core Principles for Effective Banking Supervision (Core Principles) issued as a minimum standard for sound prudential regulation and supervision of banks and banking systems.

2006
Revised Core Principles published.

2012
Revised Core Principles published. A dedicated principle (BCP 29) deals with the abuse of financial services.

2014
Issued guidance on "Sound management of risks related to money laundering and financing of terrorism" describing how banks should include risks related to money laundering and financing of terrorism within their overall risk management framework.

2016
Issued updated version of guidance on "Sound management of risks related to money laundering and financing of terrorism" to include a new annex on General Guide to Account Opening. The guidelines supersede two previously issued Basel Committee publications: "Customer Due Diligence for Banks" (October 2001) and "Consolidated KYC Management" (October 2004). This updated guidance takes into account the significant enhancements to the Financial Action Task Force (FATF) Recommendations and related guidance.

2017
Issued updated version of guidance on "Sound management of risks related to money laundering and financing of terrorism", including final revisions to the annexes on account opening and correspondent banking.

SSB guidance provides financial inclusion policymakers with the flexibility to tailor AML/CFT regimes based on country risks, and to create simplified CDD measures depending on the risk category of the customer and the transaction amount.[51] This has led various AFI members, as well as financial regulators and policy makers beyond the network to implement policy responses using a variety of proportionate, risk-based CDD models.

While both FATF and BCBS standards recognize the need to include financially excluded or underserved groups, they do not specifically mention gender differences in financial inclusion, nor the differing abilities of women and men in some segments to meet identification requirements as part of the CDD process. Given the gender gap in financial inclusion and the fact that women are less likely to possess identification documents in many countries, it may be valuable to highlight this in future iterations of the SSBs' guidance on AML/CFT and financial inclusion.

The FATF and FSRBs conduct peer review-based mutual evaluations of how their members members are implementing the FATF Recommendations. This involves members from different countries using a standardized methodology to assess compliance with the FATF Recommendations and the effectiveness of AML/CFT systems.[52] Data on gender differences in financial inclusion are not routinely considered as part of this process, but there is scope for evaluators and supporting evaluation guidance to recommend it. For example, evaluators can consider whether a proportionate, risk-based approach is being applied effectively for both women and men. They can also consider the gender dimensions of other AML/CFT risks to establish whether the CDD models under evaluation are contributing to national financial inclusion efforts, including for women. Given the importance of mutual evaluations, in future they may serve to ensure that financial inclusion policymakers address gender-related risks as part of their implementation of AML/CFT standards.

IN FUTURE, MUTUAL EVALUATIONS MAY SERVE TO ENSURE THAT FINANCIAL INCLUSION POLICYMAKERS ADDRESS GENDER-RELATED RISKS AS PART OF THEIR POLICY RESPONSES TO AML/CFT STANDARDS.

51 FATF, 2017; BIS, 2017.
52 FATF, 2018.

INTEGRATING GENDER AND WOMEN'S FINANCIAL INCLUSION CONSIDERATIONS INTO RISK ASSESSMENTS AND CUSTOMER DUE DILIGENCE

To advance women's financial inclusion, gender considerations can be integrated into AML/CFT risk assessments and into each step of the CDD process required by global AML/CFT standards. This section highlights the relevance of gender and women's financial inclusion at each stage and the state of current practices among surveyed members of the AFI GSP WG.

ASSESSING RISKS

Global standards require countries to conduct ML/TF risk assessments. FATF Recommendation 1 calls for countries to *"identify, assess and understand"* the risks they face. The FATF states that this process should:

"…take into account, in particular the ML/TF risks associated with the characteristics of the various customer target groups, the delivery channels, the specific features and functionalities of the product and the national context and overall risk environment. This could be done as part of a wider national ML/TF risk assessment; in a sectoral risk assessment; or through a focused financial inclusion risk assessment exercise…. Countries should include ML/TF risks associated with their financial inclusion challenges, when relevant, in their national risk assessment."[53]

The FATF provides guidance on and principles for conducting risk assessments,[54] although the type of risk assessment and the specific risks to be considered are not prescribed. Overall, these risk assessments can help to identify low-risk situations for which simplified AML/CFT measures could be applied. FATF states that ML/TF risks:

"might be determined to be potentially lower in relation to particular types of customers, countries or geographic areas, or products, services, transactions or delivery channels".[55]

To assess their ML/TF risks, the majority of AFI members surveyed (71 percent) have undertaken a national risk assessment (NRA), but only one member, Tanzania, has actively integrated gender-related risk factors in its NRA (see Box 6). This may be due to a lack of awareness about the influence of gender norms and potential gender differences related to all ML/TF risk factors, as well as a lack of gender data to inform policymaking. Although corroborating data is often unavailable, 85 percent of members surveyed perceived no gender differences in possession of identification documents.

Another contributing factor may be that gender issues are not specifically considered during the NRA process. For example, just under a third of AFI members surveyed (31 percent) identified lack of capacity and coordination as challenges in conducting NRAs with the necessary stakeholders. This suggests guidance on integrating gender considerations in risk assessments would be valuable for AFI members, as well as how to consult with gender and women's financial inclusion experts to ensure the gender dimensions of identified risks are appropriately considered.

As part of the risk-assessment exercise, AFI members could consider gender differences in access and usage of financial services and associated barriers and enablers, as gender can influence the risk profile and behaviors of FSP clients with specific products and have broader implications for FSPs and the wider financial system. For example, the Global Banking Alliance for Women (GBA) provides evidence that indicates women can provide FSPs with a more diversified and stable retail deposit base as they are stronger savers with lower loan-to-deposit ratios than men. In terms of credit products, women have lower rates of non-performing loans and better repayment rates, yet are at high risk of being unable to meet the collateral requirements of FSPs due to their lower asset levels, which can stem from inheritance norms and legal and cultural constraints related to land and property ownership.[56]

Gender may influence the use of financial services in terms of the types of transactions customers make. For example, in Kenya, women are more likely than men to conduct lower value transactions and cite transaction fees as a barrier to using financial services.[57] Gender can also influence customer preferences for delivery channels. For example, women typically perceive bank branches to be unwelcoming and staff discriminatory, and prefer digital channels because they offer confidentiality, security and privacy, and do not pose mobility constraints to accessing financial services.[58]

Criminal risk can vary by gender, which is another consideration for ML/TF risk assessments. For example, statistics show that women pose a lower crime risk than men, and often significantly lower.[59] A Norwegian study in the Journal of Money Laundering Control which is based on empirical research of convicted white-collar criminals, found that only four percent of convicted criminals were female (although it was questioned whether the detection rate of female criminals is potentially lower).[60] Women comprise only 1.5 percent of prisoners in Pakistan, 2 percent in Nigeria, 5.1 percent in Indonesia and 5.3 percent in Kenya, and arrests and prosecution rates of women are also lower.[61] In its annual report, the

53 FATF, 2017.
54 FATF, 2013.
55 FATF, 2017.
56 Global Banking Alliance for Women (GBA), 2017.
57 GSMA, 2016
58 AFI and Women's World Banking, 2016.
59 de Koker, L. and de Koker, J.N., 2015.
60 Gottschalk, 2011
61 de Koker, L. and de Koker, J.N., 2015.

Bangladesh Financial Intelligence Unit (BFIU) states that of all suspicious financial transactions reported in the financial year 2015–16, the vast majority (97.37 percent) were conducted by male account holders.[62]

Therefore in ML/TF risk assessments, policymakers could adopt an evidence-based approach to understanding gender differences in crime statistics when assessing the risk profile of individuals. Furthermore, FIUs could publicly report on suspicious transactions by gender in their annual reports, which would require a policy of collecting sex-disaggregated data on account holders from FSPs for suspicious transactions.

BOX 5: GENDER CONSIDERATIONS FOR AML/CFT POLICY RESPONSES AND HUMAN TRAFFICKING

Qualitative evidence suggests that finance-led anti-human trafficking measures have helped to successfully uncover human trafficking gangs engaged in sexual exploitation of primarily female victims. Women are more vulnerable and at greater risk of being victims of certain types of crimes, including human trafficking, with the latest figures suggesting that women and girls account for 71 percent of modern slavery victims.

As entities with access to financial data on both the (predominantly female) victims and traffickers as well as the ability to monitor financial activity and identify suspicious transactions, there is a growing focus on the role of the financial sector in fighting human trafficking and modern-day slavery. Emerging guidance for policymakers and FSPs addresses AML/CFT policy responses, practices and advocacy to train employees to identify customers (primarily female) that are subject to or at risk of being trafficked during the onboarding process, and to spot indicators of this activity in financial transaction patterns.

The gender dimension of crime risks related to human trafficking may therefore be an additional consideration in NRAs given the sector's AML/CFT responsibilities. The NRA of Bangladesh references vulnerability to human trafficking as a crime and the gender dimension of this risk, with women and children accounting for the majority of victims.

CUSTOMER IDENTIFICATION

Global AML/CFT standards require CDD, which has three core elements: identification[63]/acceptance, verification and monitoring. FATF Recommendation 10 sets out this requirement, stating:

"each country can determine how it imposes specific CDD obligations, either through law or enforceable means to identify, verify and monitor their customers and the financial transactions in which they engage, in relation to the money laundering and terrorism financing risks that they pose."[64]

Customer identification/acceptance is the first step in the CDD process and involves financial institutions identifying or getting to know future customers.[65] The FATF does not prescribe the information customers must share with the financial institution, rather, these requirements are legislated for or recommended in national AML/CFT policy frameworks.

In contrast, the BCBS specifies in its General Guide to Account Opening that:

"the bank should collect the following information for identification purposes from the customer or any other available source, at minimum: their legal name (first and last name); complete residential address; nationality, an official personal identification number or other unique identifier; data and place of birth."[66]

However, while it uses the word 'should', it provides the option for this information to not be collected, stating that:

"Not all this information may be required in lower-risk situations, when simplified due diligence can be applied. The list does not include other basic requirements that are not specifically related to AML/CFT requirements, such as collecting the signatures of the account holders".

With the exception of providing information on one's legal name, it allows for the use of alternative identification information:

"There are circumstances when this information is legitimately unavailable. This could prevent the clients from accessing formal banking services. If clients are allowed access to formal banking services, banks should apply mitigating measures as provided for by their internal risk policies, in line with national laws. Such measures could include utilising alternative information or conducting appropriate monitoring."

The BCBS suggests potential additional information that could be requested as identification (based on risk): any other names used (such as marital name, former legal name or alias); business address, post office box number, email address and landline or mobile phone numbers; residency status; and gender. It further notes that the latter two data points may be subject to national data protection and privacy regimes.[67] While the BCBS recognizes there could be differences in the availability of identification documents, it does not refer to potential gender differences.

62 BFIU, 2016.
63 FATF uses the term 'identification', while BIS uses the term 'acceptance'.
64 FATF, 2017.
65 FATF, 2017.
66 BIS, 2016.
67 BIS, 2016.

All GSP WG members surveyed (100 percent) require individuals to provide their name and address as part of customer identification. Thereafter, the top three data points required are date of birth (89 percent); nationality (86 percent); and ID number (82 percent). Other required information includes occupation (79 percent); place of birth (71 percent); telephone number (68 percent); income (61 percent); gender (57 percent);[68] former legal name (46 percent); and email address (43 percent).[69]

Specific customer information is not prescribed by the SSBs for lower risk situations, but based on current AFI member practice more data is being requested than necessary. This may affect women clients more than men, as there is evidence that women may be less able than men to provide some pieces of information during the customer identification stage. For instance, women may struggle to provide a telephone number. In low- and middle-income countries women are on average 10 percent less likely to own a mobile phone than men, and this gap is as wide as 26 percent in regions like South Asia.[70] In these contexts, a woman's SIM card is often registered in the name of a male family member. The GSMA has reported that a mobile operator in Sub-Saharan Africa found that a third of its female mobile customers were inaccurately recorded as male in its system.[71]

Gender dynamics vary by country, but in some contexts it may be important to consider how telephone numbers and SIM card ownership details are used in AML/CFT policy responses for mobile financial services. For example in Pakistan where SIM cards were previously not linked to specific living individuals, the Pakistani government required all MNOs to re-register their customer's SIM cards as part of its efforts to combat terrorism. Every SIM card became linked to an individual's national ID and only one SIM card could be issued in an individual's name.[72]

In sum, data required during the customer identification stage of the CDD process may create barriers to women's financial inclusion. Therefore, it is recommended that policymakers consider the value of collecting specific data points from individuals versus the cost to women's financial inclusion. This includes considering whether men also face challenges in providing particular identification details. It should be noted that, while optional, gender can be a useful data point to collect as part of customer identification and can help FSPs to analyze and provide sex-disaggregated customer data to the financial regulator. The collection, analysis and use of sex-disaggregated data are all encouraged by the Denarau Action Plan,[73] and this supply-side data can inform gender-sensitive policymaking by the financial sector regulator.

CUSTOMER VERIFICATION

Global standards require that the information provided during the customer identification process is verified. FATF Recommendation 10 requires that countries use "reliable and independent source documents, data or information to verify identity".[74]

The BCBS states:

"The bank should verify the identity of the customer established through information collected … using reliable, independently sourced documents, data or information. The measures to verify the information produced should be proportionate to the risk posed by the customer relationship and should enable the bank to satisfy itself that it knows who the customer is".[75]

It provides a non-exhaustive list of examples of documentation verification procedures. These include:

"confirming the identity of the customer or the beneficial owner from an unexpired official document (e.g. passport, identification card, residence permit, social security records, driver's licence) that bears a photograph of the customer; confirming the date and place of birth from an official document (e.g. birth certificate, passport, identity card, social security records); confirming the validity of official documentation provided through certification by an authorised person (e.g. embassy official, public notary); confirming the residential address (e.g. utility bill, tax assessment, bank statement, letter from a public authority)."[76]

The SSBs do not specify the type of identification required. Rather, this is provided for within national AML/CFT policy frameworks. This provides policymakers with greater flexibility in the type of identification they request. Notably, the guidance does not indicate there may be gender differences in possessing these types of documents, a point that could be included in future updates of the global SSB guidance.

Policymakers may require a range of identification documents for customer verification. Among the AFI members surveyed, the top three forms of personal identification accepted to verify customer information were: passport (100 percent), government-issued identification (96 percent) and driving license (68 percent). Other forms of personal identification accepted include biometric data (36 percent); utility documents (36 percent); government-registered voter identification (36 percent); photo of an individual (mobile) (14 percent) and other (11 percent).[77]

68 The 16 countries that reported collecting data on gender were: Vanuatu, Nepal, El Salvador, Nigeria, Tonga, Mozambique, Afghanistan, Cambodia, Sudan, Angola, Burundi, Tanzania, Armenia, Ghana, Costa Rica and Liberia.
69 AFI and UNCDF, 2018.
70 GSMA, 2018.
71 GSMA, 2017.
72 GSMA, 2017.
73 AFI, 2016.
74 FATF, 2017.
75 BIS, 2016.
76 BIS, 2016.
77 AFI and UNCDF, 2018.

International evidence suggests that women are less likely to be able to provide each of these forms of identification than men. This is due to a range of factors such as the aforementioned legal and regulatory environment, supply, and demand factors, in addition to sociocultural norms, including sociocultural norms.

For example:

> **Government-issued ID:** The World Bank report, *Women, Business and the Law 2018*, found that married women cannot get an ID card in the same way as married men in 11 economies.[78] For example, to obtain an ID card, married women must provide a marriage certificate, an additional signature and their spouse's identity card. In some jurisdictions, ID cards are optional for women, but required for men.[79] In Pakistan, for example, women are significantly less likely (79 percent) to have a national identity card than men (90 percent).[80] In Tanzania, there is a gender gap of three percent, with women less likely to hold a national ID number than men.[81] In Senegal, UNCDF survey data from its *Women and Girls' Financial Inclusion Country Assessment* found that 28 percent of women surveyed still lacked a national identity card. The main barriers cited for not having an identification card were lack of awareness of how to get one (42 percent), affordability (33 percent) and not having enough time to get one (14 percent).

> **Passports:** In 37 countries, women can still not legally apply for a passport in the same way as a man, including in some countries where there are AFI members.[82] In Myanmar, where there are legal gender differences in women's and men's ability to obtain a passport, only nine percent of women and girls surveyed by UNCDF have one. Even where no legal differences exist, fewer women may hold passports than men. For example, the *Women and Girls' Financial Inclusion Country Assessment* survey found that only two percent of women and girls in Bangladesh and just 10 percent of women in Ethiopia have a passport.[83]

> **Driving licenses:** In Tanzania, only one percent of women have a driving license compared to nine percent of men — an eight percent gender gap. Similarly, only one percent of women surveyed by UNCDF in Ethiopia were found to have a driving license.[84]

> **Utility bills:** In Cambodia, UNCDF SHIFT found that more men are able to provide utility bill documentation to meet KYC requirements than women (a five percent gender gap), and in Lao PDR there is a gender gap of 30 percent.[85] In Senegal, only 23 percent of women have a utility bill in their name.

> **Birth certificates:** In Ethiopia, only nine percent of women and girls said they had a birth certificate in a recent UNCDF survey.[86]

> **Business registration papers:** Women are less likely to possess formal business registration papers, which may be required to meet KYC requirements to open a business bank account. For instance, Cambodia's economic census in 2011 indicated that more SMEs (both informal and formal) were owned by women (65.1 percent) than men (34.9 percent)[87] and fewer women-owned enterprises were registered with the Ministry of Commerce than those owned by men. In Tanzania, only 1.2 percent of women-owned MSMEs are registered, with most operating informally.[88]

Approximately half (54 percent) of AFI members surveyed require two or more forms of personal identification for customer verification. This can be more problematic for women who, according to international evidence, are less likely than men to have more than one form of identification and have fewer assets, which may be required to obtain a second form of identification.[89] Indeed in Tanzania UNCDF found that 69 percent of women only own one piece of ID and only 15 percent own two or more. This means many women do not have sufficient ID to open an account with a retail bank where multiple forms of ID are required to meet customer information requirements.

AFI survey data suggests there is a low level of recognition among financial inclusion policymakers that there are gender differences in access to personal identification documents to support verification during the CDD process. Most of those surveyed (85 percent) perceive no gender differences in the possession of these types of IDs in their respective country, and only 32 percent of survey respondents had sex-disaggregated demand-side data on current levels of possession of eligible types of personal identification documents.

One AFI member perceived gender differences in the possession of eligible forms of identification documents due to legal differences in their country.[90] However, based on *Women, Business and the Law 2018* data, there are two countries where GSP WG members are present that have legal gender differences in applying for an identity card, and 11 countries represented in the Working Group that have legal differences between women and men in applying for a passport.[91] Only one AFI member recognized there were differences due to customary law and only two members recognized differences in the possession of ID documents for sociocultural reasons. No AFI member surveyed had conducted or used qualitative research to examine why specific population segments, including women, are unable to meet personal identification requirements to support verification in KYC/CDD processes.[92]

In sum, the KYC regimes of FSPs may exceed what is required by financial sector policymakers and global

78 World Bank, Women, Banking and the Law 2018.
79 World Bank (Dahan and Hanmer), 2015.
80 de Koker, L. and de Koker, J.N., 2015.
81 Finscope, 2017.
82 World Bank, Women, Banking and the Law 2018.
83 UNCDF, 2017.
84 UNCDF, 2017.
85 UNCDF, 2016.
86 UNCDF, 2017
87 The National Institute of Statistics, Ministry of Planning Phnom Penh, 2013.
88 UNCDF, 2017
89 AFI and UNCDF, 2018.
90 AFI and UNCDF, 2018.
91 World Bank, Women, Banking and the Law 2018.
92 AFI and UNCDF, 2018.

standards, and may result in additional proof of identification being required of both women and men. However, women can be disproportionately affected by a one-size-fits-all approach to customer verification since they are less able to fulfil documentation requirements, and this is one of the reasons why more women are excluded from the formal financial system.[93] This suggests there is a greater need for financial inclusion policymakers to conduct quantitative and qualitative research on gender differences in the possession of eligible forms of identification documents to inform AML/CFT frameworks and guidance for FSPs.

SIMPLIFIED OR TIERED CUSTOMER DUE DILIGENCE

Global SSB guidance that AML/CFT safeguards are to be proportionate, risk-based and support financial inclusion, has led to several countries including AFI member countries to develop tiered or simplified approaches to CDD.[94] AFI members recognize that flexible KYC regimes is a policy solution to advancing women's financial inclusion that also allows them to comply with CDD requirements.[95] AFI members have taken diverse approaches in their policy response.

More than three-quarters of AFI members surveyed (82 percent) stated that they implement tiered KYC requirements or simplified CDD (see Boxes 7, 8 and 9 for case studies on Tanzania, Nigeria and Myanmar). A key challenge in the proportionate implementation of the FATF Recommendations is that national regulators apply the FATF Standards conservatively. This is due to uncertainty about the flexibility of the assessors' approach and whether they have sufficiently identified low-risk situations. Indeed, nearly half (42 percent) of survey respondents cited this challenge.[96] Moreover, they acknowledged the need for capacity building as 35 percent reported that national supervisors lack the expertise and knowledge to supervise proportionately. At the same time, there is still a perception that some assessors do not accept a proportionate approach and do not consider financial inclusion a policy objective (12 percent). This suggests capacity building is required for assessors as well as supervisors.

The survey findings indicate there is scope for more AFI members to roll out tiered KYC or simplified CDD, and that capacity building is required to support this process. As such, there is room for AFI members to implement simplified CDD in their policy responses to AML/CFT standards and to justify this approach as a way to advance women's financial inclusion.

Of the AFI members that have implemented simplified CDD, more than half (52 percent) stated that financial inclusion was a key contributing factor in the policy decision. Notably, it seems that AFI members have timed the implementation differently with some opting to do it prior to an NRA, such as Nigeria, or after the NRA, in the case of Tanzania.[97]

BOX 6: CASE STUDY: TANZANIA

The Bank of Tanzania (BOT) allows tiered KYC for mobile money accounts, and only one form of government-approved ID is required at the lowest level (Tier 1). Transactions are limited to TZS one million (USD 450) per day. At the second level (Tier 2), daily transactions are limited to TZS five million (USD 2,200) and the agent is required to keep a copy of the ID presented. At Tier 3, the daily transaction limit is TZS 50 million (USD 22,750) and customers need to show a tax identification number and business license.

While mobile money providers have been able to implement tiered KYC requirements, banks are not yet permitted to do so. In terms of CDD requirements to open a bank account, BOT permits the use of any photo ID with a verified address but the lack of a national ID system has meant that in practice, banks require two or three IDs to get the data they need. This is particularly problematic for women as 73 percent only have one piece of ID (voter registration card) and just 14 percent have two. Women cite lack of awareness as the main barrier to securing a second form of ID. A letter of introduction from a local government representative is often used as the second source of formal identification, which doubles as proof of residence. This is meant to be free, but qualitative evidence suggests that women are often charged for the letter.

Tanzania's new National Financial Inclusion Framework 2018–2022 (NFIF2) places a special focus on women and notes that:

> *"addressing the gender specific issues for financial inclusion" (is an)… "unresolved issue … critical to achieving full and meaningful financial inclusion in Tanzania".*

Its priorities include providing a digital ID to all adult Tanzanians and developing a tiered KYC regime to lower the hurdles to opening a low-value account.

The anticipated new digital national identification system will be able to support CDD for FSPs in line with AML/CFT standards and is expected to close the gender gap in access to identification documents, which is recognized as a barrier to women's financial inclusion. The NFIF2 establishes a special Women Affairs Committee to oversee the implementation of women's financial inclusion initiatives and provide recommendations to the National Council. The chair of the committee will be a member of the National Council.

93 World Bank (Demirgüç-Kunt et al.), 2015.
94 FATF, 2017.
95 AFI, 2017; Women's World Banking, 2015.
96 AFI and UNCDF, 2018.
97 AFI and UNCDF, 2018.

BOX 7: CASE STUDY: MYANMAR

In Myanmar, simplified CDD is allowed for retail banks, with either a National Registration Card (NRC)/citizen scrutiny card (CSC) or a passport required to open a bank account. In 2016, Myanmar introduced tiered KYC requirements for mobile money at three levels:

- **Level 1:** The NRC is required as the first priority. An alternative, second priority is a driving license or passport. The minimum balance is 200,000 kyat (USD 152) and the maximum daily transaction is 50,000 kyat (USD 38).
- **Level 2:** SIM registration or NRC as the first priority or driving license or passport as second priority. The maximum balance is one million kyat and the maximum daily transaction is 200,000 kyat.
- **Level 3**: (for registered businesses only) The business registration certificate is required as identification for opening a bank account. The maximum balance is 10 million kyat (USD 7,588) and the maximum daily transaction is one million kyat (USD 759). It should be noted that individuals require an NRC or CRC to obtain a SIM card for their phone as a prerequisite for using mobile money.

While on the surface there are no differences between women and men in terms of the process and requirements to obtain an NRC to use the lowest level of tiered KYC or access a retail bank, there are gender differences in the possession of NRC documents.According to UNCDF FinScope data, three percent more males (96 percent) have a national registration card as a form of documentation compared to females (93 percent). Anecdotal evidence suggests that women are disproportionately affected due to mobility constraints, the costs of travelling to an application office to obtain an NRC and male children being prioritized to receive one.

In terms of alternative forms of identification, a married woman cannot apply for a passport in the same way as a married man, which may affect a woman's ability to obtain a passport as a form of ID to meet tiered KYC requirements in the absence of an NRC. Indeed, only nine percent of women surveyed in the UNCDF Women and Girls' Financial Inclusion Country Assessment held a passport. Women are further restricted from holding certain forms of ID due to social norms, such as a driving license. Only 15 percent of women surveyed by UNCDF held a driving license as a form of identification.

Source: UNCDF Finmark Trust 2015; UNCDF, 2017; Central Bank of Myanmar Regulation on Mobile Financial Services (FIL/R/01/03-2016) (30 March 2016); The Republic of the Union of Myanmar Central Bank of Myanmar Directive No. (21 /2015) (Directive for the CDD Measures)

BOX 8: CASE STUDY: NIGERIA

In its National Financial Inclusion Strategy (NFIS) adopted in October 2012, the Central Bank of Nigeria (CBN) recognized that some segments of Nigeria's population were unable to meet KYC requirements due to a lack of identification documents. The NFIS introduced an explicit target to increase the percentage of the population with IDs that meet KYC requirements, but this target was not sex-disaggregated. In the preparation of the strategy an impact analysis was conducted, including the limitations of uniform KYC requirements, and recommendations included the introduction of tiered, risk-based KYC.

In May 2012, the CBN published an exposure draft of its three-tiered KYC requirements program to promote financial inclusion. In January 2013, CBN issued a circular to all banks and financial institutions formally introducing the tiered requirements. The circular specified the rationale:

"Having recognized that access to basic banking facilities and other financial services is necessary in achieving the CBN policy on financial inclusion, the CBN has taken steps to ensure that the socially and financially disadvantaged persons should not be precluded from opening accounts or obtaining other financial services for lack of acceptable means of identification".

It stated that the objective of the tiered KYC requirements regime was to:

"ensure application of flexible account opening requirements for low-value and medium-value accounts and these are subject to caps and restrictions as the amounts of transactions increase…the main objective…is to promote financial inclusion".

The circular concludes that it is a practical example of implementing a risk-based approach to CDD in compliance with FATF-revised Recommendations 1 and 10.

Three tiers of KYC requirements were introduced. Tier 1 is low-value accounts including mobile banking products which can be opened at branches of financial institutions or through banking agents, with no minimum opening amount required. They can be linked to mobile phone accounts, ATM transactions are allowed and accounts are strictly savings. The threshold limits are a maximum single deposit of N 200,000 (USD 555) and the maximum cumulative balance at any time is N 20,000 (USD 55). Mobile banking products are allowed to a maximum transaction limit of N 3,000 (USD 8) and a daily limit of N 30,000 (USD 83).

BOX 9: **CASE STUDY: NIGERIA** *continued*

Customer identification requirements for Tier 1 accounts include the following basic customer information: passport photo; name; place and date of birth; gender; address; and telephone number. This level of account does not require evidence of information provided by the customer or verification. In July 2016, the CBN issued a circular that increased the transaction limits on Tier 1 and 2 accounts to deepen financial inclusion. Tier 1 accounts thresholds were increased to a single deposit of N 50,000 (USD 139) and a cumulative balance of N 300,000 (USD 832).

Gender differences in the possession of identification documents were not noted in the circulars. However, it is notable that gender data is collected on customers using products at the Tier 1 and 2 levels.

Tiered KYC requirements have enabled banks in Nigeria to provide simplified accounts. For instance, Diamond Bank worked with Women's World Banking to develop a savings product called the BETA account aimed at self-employed market women and men. It has no minimum balance or fees and simply requires clients to provide a photo, their name, place and date of birth, gender, (non-verified) address and phone number. As of 2017, 37 percent of BETA accounts were held by women.

Source: CBN, 2012; CBN, 2013; CBN, 2016; AFI, 2016; Women's World Banking, 2015; Women's World

THE IMPACT OF AML/CFT STANDARDS AND SIMPLIFIED CDD ON WOMEN'S FINANCIAL INCLUSION

More than half of survey respondents (59 percent) indicated that the impact of simplified CDD on women's financial inclusion was unknown. Nevertheless, 27 percent perceived it as positive, 14 percent were neutral and no AFI member perceived it as negative. This is given the fact that more than half of AFI members (65 percent) surveyed perceive the implementation of AML-CFT standards as having a positive impact on financial inclusion in their country by strengthening consumer confidence in the financial system and promoting the use of formal financial services.

However, no AFI member specifically stated that advancing women's financial inclusion was a contributing factor.[98] This suggests that while there are case study examples of the benefits of simplified due diligence for financial inclusion and for women's economic empowerment more broadly,[99] there is scope for research to address the evidence gap on the specific impact of simplified CDD policies on women's financial inclusion. It is assumed and needs to be proven that since a disproportionate number of women are excluded from the formal financial system, they are more likely to benefit from simplified due diligence and tiered KYC.

BOX 10: **CASE STUDY: MEXICO**

In 2009, Mexico introduced its first simplified AML/CFT procedures for low-value transaction accounts to promote financial inclusion. These procedures were further simplified in August 2011 to establish a tiered approach for low-risk accounts. They went beyond defining low-risk accounts in terms of transaction value or account balance to also account for product characteristics and distribution channels. Mexico's tiered approach to KYC and CDD introduced four levels for opening deposit accounts.

At the lowest tier, level 1, the maximum monthly transaction amount is MXN 750 (USD 250) (with a maximum balance of MXN 1,000 (USD 350). No customer information is required for this basic type of account. It is essentially an anonymous account as no face-to-face contact is required and customers can use any channel except mobile phones to make deposits, withdraw money or conduct transfers.

At level 2, the maximum monthly transaction amount is MXN 3,000 (USD 1,050). Basic customer information is required, including the individual's name, date and place of birth, gender and address. No documents are needed for verification purposes and the account can be opened remotely. This account type allows individuals to conduct financial transactions via any electronic means.

At level 3, the maximum monthly transaction amount increases to MXN 10,000 (USD 3,500). It must be opened in person and requires complete customer information, although verification is not required.

At the highest tier, level 4, no limits are imposed, but complete customer information must be provided in person and the information is verified.

There has been considerable reported uptake of the lower tier accounts, with 9.1 million accounts opened within two years, 50 percent of which were at level 1. While level 1 accounts are anonymous, the second tier of accounts can be sex-disaggregated as the gender of the account holder is provided even if it is not verified.

The introduction of tiered accounts has reportedly contributed to enhancing financial access for women in rural areas.

Source: GPFI and AFI, 2011; CGAP, 2011; CGAP, 2013; FATF, 2017.

98 AFI and UNCDF, 2018.

99 IPA, 2017. It should be noted that evidence is mixed on the impact of simplified accounts on women's empowerment.

SIMPLIFIED / TAILORED PRODUCTS: AN INITIATIVE TO PROMOTE WOMEN'S FINANCIAL INCLUSION

The FATF states:

> *"Proportionate, risk-based AML/CFT controls may be applied to products or services intended to support financial inclusion, based on the nature and on the level of assessed ML/TF risks associated to these products or services…The products and services provided to newly banked people are often entry-level products and services with limited functionality or with restricted use. These types of products and services, by their own nature, may carry less ML/TF risks than standard products and services, and make them eligible for exemptions from some AML/CFT controls or SDD depending on the extent of lower risks."*[100]

CDD comes at a cost to FSPs. Lengthy administrative procedures and monitoring expenses can reduce their incentive to offer products and services to low-income clients.[101] These costs may be passed on to clients, which women may be less able to afford given their lower asset and income levels.

The time it takes to complete the administrative process may also discourage women who have unpaid family responsibilities and greater 'time poverty' compared to men. However, simplified CDD can reduce costs for both low-income individuals and financial institutions, and encourage providers to offer customer-centric products designed with the unique needs of women in mind.

Fewer than half of survey respondents (38 percent) stated that FSPs offer any financial products or services with simplified CDD requirements aimed specifically at women in their country. This is despite the perception that products tailored for women with lower identification requirements are particularly beneficial for closing the gender gap in financial inclusion while also minimizing ML/TF risks.

As a result, there is greater scope for financial inclusion policymakers to create incentives for FSPs to offer products and services to women with simplified CDD requirements. (See Box 9 for a case study on Nigeria and page 19 for a case study on Bangladesh to learn how regulators have promoted simplified, no-frills products for low-income clients, including women).

PROVIDING DIGITAL IDENTITY SYSTEMS

Innovative technologies, and digital identity systems specifically, have the potential to overcome some of the barriers women face in meeting CDD requirements. 2017 Findex data highlights how India's policy of advancing financial inclusion through its biometric national identity card has had a profound impact on financial access. Research suggests that biometric identity cards have been a driving factor in increasing account ownership among women by 30 percent between 2014 and 2017. There is also an indication that in Malawi, loan repayment rates among those at highest risk of default have increased as a result of biometric identification.[102]

In this context, the FATF recognizes that opening access to financial services for the unserved and underserved, and complying with CDD requirements, includes providing:

> *"reliable proof of identity mechanisms to the population, including support for developing digital identity systems."*[103]

Only 32 percent of GSP WG members reported having a national biometric identification system to facilitate onboarding verification for account opening and performing banking transactions. These include Argentina, Nigeria, Senegal, Malaysia, Mozambique, Malawi, Morocco, Sudan, Tanzania and Bangladesh. Yet, 96 percent of respondents indicated that some types of biometric customer identification technologies are allowed in their country.

More than three-quarters of respondents (81 percent) indicated that fingerprints were allowed to support biometric customer identification, but there was a low level of acceptance of other forms of biometric technologies. The top three technologies allowed are face recognition/images (30 percent), iris scans (19 percent) and voice recognition (15 percent). Only two AFI member countries, Afghanistan and Malaysia, allow palm vein recognition.[104] Notably, more than half (58 percent) of AFI members surveyed cited inadequacies in national infrastructure and systems such as a comprehensive national ID database, as one of the biggest challenges in implementing the FATF Recommendations proportionately.[105]

This suggests that while biometric identification has been advocated as a solution to enable women to meet KYC requirements, there is scope to increase the adoption of biometrics to support the CDD process.

100 FATF, 2017.
101 World Bank (Dehan and Gelb), 2015.
102 Demirgüç-Kunt et al., 2018.
103 FATF, 2017.
104 AFI and UNCDF, 2018.
105 AFI and UNCDF, 2018.

Emerging evidence suggests that among some groups of women and girls, barriers to accessing identification persist even with the introduction of biometrics, and gender-balanced coverage remains a challenge. Also, financial regulators are not necessarily engaged in the development of national identification schemes early enough to ensure they are designed with CDD in mind.

It is anticipated that the trend toward national biometric identification systems will remove some of the existing barriers to identification and verification for some financially excluded segments of the population, especially women. However, given the gender gap and digital divide, biometrics will not be a panacea for the identification challenges of marginalized women.

When rolling out biometric identity schemes, financial inclusion policymakers will need to engage in research and consultation and address the gender-specific barriers affecting women's participation. They will also need to be engaged at an early stage with the lead ministry or government agency responsible for developing national biometric identification documents to ensure the data included is sufficient to meet CDD requirements in line with global AML/CFT standards.

32% GSP WG MEMBERS

REPORTED HAVING A NATIONAL BIOMETRIC IDENTIFICATION SYSTEM TO FACILITATE ONBOARDING VERIFICATION FOR ACCOUNT OPENING AND PERFORMING BANKING TRANSACTIONS. THESE INCLUDE ARGENTINA, BANGLADESH, MALAWI, MALAYSIA, MOROCCO, MOZAMBIQUE, NIGERIA, SENEGAL, SUDAN AND TANZANIA

THE TOP THREE TECHNOLOGIES ALLOWED TO SUPPORT BIOMETRIC CUSTOMER IDENTIFICATION AMONG AFI COUNTRIES SURVEYED

30%
FACE RECOGNITION IMAGES

19%
IRIS SCANS

15%
VOICE RECOGNITION

AMONG SOME GROUPS OF WOMEN AND GIRLS, BARRIERS TO ACCESSING IDENTIFICATION PERSIST EVEN WITH THE INTRODUCTION OF BIOMETRICS, AND GENDER BALANCED COVERAGE REMAINS A CHALLENGE.

CONCLUSIONS AND RECOMMENDATIONS

This guideline note has highlighted how AFI members are taking gender into account when balancing AML/CFT and financial inclusion policy objectives. It has illustrated that gender issues can be better integrated in the ML/TF risk assessment process and the tracking of suspicious transactions by financial intelligence units. This includes considering women as a target customer of financial institutions with a lower risk profile; gender as a cross-cutting dimension in products, services and distribution channels; crime risk by gender; and gender-based violence, which puts women and girls at greater risk of being victims of crimes like human trafficking.

The response of financial inclusion policymakers to global AML/CFT standards can have an unintended negative impact on women's financial inclusion, given that women are often less able to provide data for customer identification and verification as part of the CDD process. Unless gender considerations are taken into account in the policymaking process, there is potential for women to be financially excluded.

As such, it is recommended that financial inclusion policymakers implement global AML/CFT standards proportionately using a risk-based approach. The tried-and-tested approaches of AFI members have shown it is possible to avoid the unintended consequences of KYC requirements for women's financial inclusion, and to implement policies that can help to close the financial inclusion gender gap.

Based on the results of this analysis, it is recommended that financial inclusion policymakers in the AFI network:

> Incorporate gender considerations in risk assessment processes.

> Consult with gender and women's financial inclusion stakeholders in any NRA process.

> Implement proportionate identification and verification requirements in line with a risk-based approach.

> Encourage FSPs to take concrete action to better understand the female market segment and serve women clients effectively.

> Encourage the collection of sex-disaggregated data on possession of eligible forms of identification documents to highlight any gender differences.

> Measure the impact of proportionate AML/CFT regulations such as simplified CDD on financial inclusion, to quantify the benefits.

> Consider the potential of biometric identification to support the CDD process in line with global AML/CFT standards, and ensure sufficient enrolment of women and girls in such programs.

> Consider the legal differences in women's and men's access to different forms of identity documents and the potential impact of these differences on women's financial inclusion.

> Consider specific initiatives to raise awareness among women of the personal identification documents needed to meet CDD requirements. This may involve engaging with women's business associations, civil society organizations, producer groups and other channels to reach low-income women.

To conclude, policy responses to global AML/CFT standards have the potential to make a positive contribution to women's financial inclusion and, in turn, to gender equality and women's economic empowerment. However, this will require careful consideration by financial inclusion policymakers and the adoption of proportionate, risk-based approaches to implementing AML/CFT standards and the rolling out of initiatives like tiered KYC, simplified financial products and digital ID systems to overcome the identification challenges of women who are financially excluded or underserved. This will not only give financial inclusion policymakers the opportunity to manage ML/TF risks effectively, but also contribute to closing the financial inclusion gender gap.

BANGLADESH IN FOCUS: A POLICY RESPONSE TO BALANCE WOMEN'S FINANCIAL INCLUSION AND AML/CFT

INTRODUCTION

Bangladesh's second National Strategy for Preventing Money Laundering and Combating Financing of Terrorism 2015–17 introduced a risk-based approach to monitoring and supervision, with the aim to improve the effectiveness of its AML/CFT system[106] and contribute to the country's financial inclusion efforts.[107] While the documentation requirements for CDD is a barrier to financial inclusion for some segments of the population — both women and men — there are indications that the barriers are greater for women[108] given the country's 10 percent gender gap in financial inclusion.[109]

BACKGROUND: BANGLADESH'S KYC REGIME

As a founding member of the Asia/Pacific Group on Money Laundering (APG), Bangladesh is committed to adopting, implementing and enforcing the FATF Recommendations.[110] The primary regulator and supervisor of AML/CFT measures is the Bangladesh Financial Intelligence Unit (BFIU), located within, but independent of, Bangladesh Bank.[111]

To verify their identity as part of the Bangladesh's KYC regime, individuals are required to present either a national ID document, passport or birth certificate, although the exact requirements vary depending on the type of FSP (see Table 1).

GENDER DIFFERENCES IN IDENTITY DOCUMENTS

Financial inclusion policymakers in Bangladesh do not have sex-disaggregated demand-side data on current levels of possession of each eligible form of personal identification to satisfy the requirements of its KYC regime. They have also not conducted research to establish why specific population segments are unable to meet CDD requirements for customer identification and verification.[112] Nevertheless, policymakers perceive there are gender differences in the possession of each type of identification document required by different types of FSPs as part of the CDD process.

Some quantitative data supports the premise that women in Bangladesh have fewer eligible identification documents and may be less able to provide certain identification details. For example, UNCDF data from its *Women and Girls' Financial Inclusion Country Assessment* indicates that 23 percent of women surveyed did not have a national ID card, 25 percent of women and girls did not have a birth certificate, 98 percent did not possess a passport and none of the women surveyed had a driving license.[113] While comparison data is not available for men, this suggests there are gaps in women's possession of key identification documents to meet CDD requirements.

106 APG, 2016; The People's Republic of Bangladesh, 2015.
107 AFI, 2016.
108 UNCDF and Dalberg, 2017.
109 Intermedia, 2015.
110 APG is an Associate member of the Financial Action Task Force on Money Laundering (FATF). For more details, see: http://www.fatf-gafi.org/countries/#Bangladesh and http://www.fatf-gafi.org/pages/asiapacificgrouponmoneylaunderingapg.html
111 https://www.bb.org.bd/bfiu/
112 AFI and UNCDF, 2018.
113 UNCDF and Dalberg, 2017

TABLE 1: **IDENTIFICATION DETAILS AND SUPPORTING DOCUMENTS TO MEET KYC REGIME, BY TYPE OF FSP**

FSP TYPE	RETAIL BANKS	MOBILE FINANCIAL SERVICES	MICROFINANCE INSTITUTIONS
Identification Details	Name, father's and mother's name, husband/wife's name, nationality, telephone/mobile number, permanent address, present address, professional address, identification number	Name, father's and mother's name, husband/wife's name, nationality, mobile number, permanent address, present address, identification number	Name, customer nature (deposit/loan), profession, reference person's name and designation
Supporting Documents	At least one of: ~National ID*, Passport or Birth Registration Certificate	One of: National ID, Passport, Birth Registration Certificate/Any acceptable ID with photograph	One of: National ID, Birth Certificate or a letter from local authorities that verifies their identity.
	Birth Registration Certificates do not include a photograph, so if an individual provides this form of identification, they must also provide any other identity document with photo attached or identity document, with photo attached and attested by a person with authority. (This person could be a Member of Parliament, Mayor, Deputy Mayor or Councilor of the City Corporation, First Class Public Officials, Upazilla Chairmen or Vice Chairmen, Union Parishad Chairmen, Teacher of Public and Private Universities, Headmaster of Public or Private High School, Editor of National Daily, Notary Public etc.)		

* Those individuals who have not yet obtained a smart card may present the earlier version of the national ID card.

Social norms may be a contributing factor. For example, the Bangladesh Road Transport Authority (BRTA) is reported to have issued fewer than one percent of driving licenses to women.[114] As such, social norms seem to affect women's opportunities to learn to drive and obtain a driving license as legal proof of identification.

Social norms can also influence whether women can provide certain identification details, such as a mobile number registered in their name. Qualitative and quantitative evidence suggests that SIM card registration is lower among women in Bangladesh. While mobile ownership among women is on the rise, there was still a 31 percent gender gap in 2015, with 79 percent of men owning a phone compared to 48 percent of women. Moreover, only 25 percent of women surveyed indicated that they owned a SIM card.

In Bangladesh, there is a perception that spousal approval limits a woman's ability to own a phone and SIM card,[115] with men often disapproving of and discouraging women's phone ownership and usage. Mobile phone shops are also primarily staffed by men[116] and 95 percent of mobile agents are male, which raises security concerns for women and girls and their relatives.[117]

POLICY REPONSES TO ADVANCE WOMEN'S FINANCIAL INCLUSION AND MEET CDD REQUIREMENTS

To address the challenge of meeting the identification requirements of its KYC regime, Bangladesh has undertaken various initiatives to enhance access to regulated financial services while complying with CDD requirements in line with global standards. These initiatives include: no-frills accounts with simplified due diligence; digital identity mechanisms to ensure its population have reliable proof of identity; and integrating a focus on account opening ID requirements in its financial education campaigns.[118]

NO-FRILLS PRODUCTS

The Bangladesh Bank has instructed financial institutions in Bangladesh to follow a risk-based approach and apply simplified due diligence for low-risk products to support financial inclusion. Specifically, it has issued policy directives to retail banks to apply simplified due diligence for 13 no-frills financial products for low-income customers who are assessed as lower risk (see Table 2). [119]

This approach is in line with the FATF Recommendation that *"Proportionate, risk-based AML/CFT controls may be applied to products or services intended to support financial inclusion, based on the nature and on the level of assessed ML/TF risks associated to these products or services."*[120] The promotion of national financial inclusion was a driving factor in the decision to adopt a risk-based approach[121] and was recognised in the country's most recent mutual evaluation (2015).[122]

Only two no-frills products are specifically aimed at women: the "Hardcore Poor Women" and "Women Entrepreneurs" products. Bangladesh has introduced simplified requirements for its no-frills collateral-free loan product for women entrepreneurs up to BDT 50,000 by requiring only a personal guarantee rather than its usual collateral requirements. It has also encouraged the private sector to reduce the length of required business experience for women to six months rather than the usual two years. This is in recognition of women entrepreneurs' lower levels of formal business registration, and lower levels of possession of land and property to use as collateral, due to prevailing social norms.

The no-frills product is separate from the collateral-free loan product of up to BDT 2.5 million that banks are instructed to provide to women entrepreneurs. For this larger-sized loan, women require a trade license, but are not required to provide security other than a personal guarantee. It should be noted that the regulator requires all financial institutions to have a dedicated desk for women customers, preferably staffed by a female employee, and to advertise its facilities for women entrepreneurs in both electronic and print media. In select branches providers are encouraged to provide a specialist service center for women entrepreneurs, and every branch is required to give a loan to at least one woman entrepreneur per year and provide training to at least three women entrepreneurs.

While the other no-frills products do not target women specifically, they are disproportionately represented as employees in the economic sectors where these interventions are focused. For example, in the garment, cleaning, leather and footwear sectors. Indeed, over 90 percent of garment sector workers in Bangladesh are women, the majority of cleaners in Dhaka are female and women make up almost half of all workers in the leather and footwear sector.

Bangladesh Bank collects disaggregated data on the no-frills account owners, although this data is only available at an aggregate level.[123] The Bangladesh NRA has reported on the uptake of these products: *"Till November 2014, 14,745,826 bank accounts were opened from BDT 10 to BDT 100 by the government and specialized banks under financial inclusion program, of which 66% were farmers' account."* There have been no studies to date on the specific impact of the no-frills account on women's financial inclusion, which is a future opportunity.[124]

114 https://www.theguardian.com/global-development/gallery/2012/nov/14/women-bangladesh-driving-in-pictures ; http://www.dhakatribune.com/bangladesh/dhaka/2017/12/09/growing-number-women-take-driving-seat/

115 Intermedia, 2015.

116 GSMA, 2017.

117 Microsave, 2016.

118 FATF, 2017.

119 Bangladesh Bank, 2016.

120 FATF, 2017.

121 AFI and UNCDF, 2018.

122 APG, 2016.

123 AFI and Women's World Banking, 2016.

124 AFI and UNCDF, 2018.

TABLE 2: OVERVIEW OF IDENTIFICATION REQUIREMENTS AND FEATURES OF NO FRILLS PRODUCT

SEGMENT	PRODUCT TYPE	KYC REQUIREMENTS	INITIAL DEPOSIT AMOUNT (BDT)	OTHER FEATURES	DATE DIRECTIVE ISSUED
Farmers	Deposit	One of: National ID/birth registration/special card issued by the Agriculture Extension Department	10.00	> No minimum balance requirement > No account charges or fees > No need to complete a KYC form	17 Jan. 2010
Low Income Individuals	Deposit	National ID and registration card issued by Ministry of Food and Disaster Management and Relief	10.00	> No minimum balance requirement > No account charges or fees > No need to complete a KYC form > Registration card accepted for KYC	08 Sept. 2010
Freedom Fighter	Deposit	National ID and Freedom Fighter honorarium book	10.00	> No minimum balance requirement > No account charges or fees	11 Apr. 2011
Recipients of welfare from Hindu Religious Welfare Trust	Deposit	National ID and Certificate issued by Hindu Religious Welfare Trust	10.00	> No minimum balance requirement	18 Sept. 2011
Low Income Women	Deposit	National ID/birth registration certificate and Food and Livelihood Security Card (FLS) issued by Department of Women Affairs Bangladesh	10.00	> No minimum balance requirement > No account charges or fees	18 Nov. 2012
Cleaning Staff of Dhaka North and Dhaka South City Corporation	Deposit	National ID and ID card issued by City Corporation Authority	10.00	> No minimum balance requirement > No account charges or fees	25 Jul. 2013
Garment Workers	Deposit	NID and ID card issued by respective organization	100.00	> No minimum balance requirement > No account charges or fees	17 Sept. 2013
Workers in the Small Footwear and Leather Products Industries	Deposit	National ID and ID card issued by respective organization	100.00	> No minimum balance requirement > No account charges or fees	26 Sept. 2013
Physically Challenged Persons, including Blind People	Deposit	National ID and Allowance Book	10.00	> No minimum balance requirement > No account charges or fees	20 Jan. 2015
Women Entrepreneurs (vulnerable sector of society) and Small or Micro Traders[125]	Loan	National ID/birth registration certificate; professional certificate (certification of their business activity from UP chairman/member or headmaster of the local school or person acceptable by the bank. No formal business registration required	10.00	> Must have Tk. 10 accounts to obtain loan under refinancing scheme > Designated business according to the circular > Loan limit: BDT 50,000 > No security, but personal guarantee	14 May 2014
Enclave Dwellers	Deposit	National ID/birth registration	10.00	> No account charges or fees	03 Aug. 2015
Children in work / homeless childred	Custodial Account	Photo of the account holder and must collect as much information from the account holder as possible.	10.00	> No account charges or fees	14 Feb. 2016
School Banking for Students Under 18 Years	Deposit	Birth registration certificate and institution ID card	100.00	> No account charges or fees, except government fees	23 Oct. 2013

125 Note that the no-frills product for women entrepreneurs is a separate product from one that also targets this segment. In 2015, Bangladesh Bank issued a directive to provide a percentage of their loan portfolio to women entrepreneurs. This credit product (loan amount of between 10 and 25 lakh BDT) requires women-owned businesses to provide personal identification documents in line with the full KYC requirements, along with their formal business registration.

BIOMETRIC 'SMART' NATIONAL ID CARD

In 2008, Bangladesh introduced a national ID card with a photo and fingerprints. In October 2016, the Bangladesh Election Commission upgraded the cards to biometric 'smart' national ID cards as part of the government's Digital Bangladesh policy and its broader policy framework, Government's Perspective Plan of Bangladesh (2010–2021) and accompanying Seventh Five-Year Plan (2016–2020).[126] These smart cards include impressions of an individual's 10 fingerprints, a photograph, iris scan and personal data.[127] The smart card is linked to a government database that provides additional information on the individual, including their name, address and date of birth. To date, these cards have been rolled out to approximately half the country and it is anticipated there will be full coverage within two years.

The smart card was not developed explicitly to support CDD for financial institutions, nor were Bangladesh Bank and the BFIU engaged in the process. However, policymakers perceive the card as making a positive contribution to efforts supporting CDD and financial inclusion. As such, smart cards are being leveraged by financial sector policymakers to promote financial inclusion while mitigating ML/TF risks. Further, when prospective customers seek to open an account banks can use the national database link to the smart cards to verify the individual's identity.

PROMOTING TIERED KYC FOR MOBILE FINANCIAL SERVICES PROVIDERS

In September 2017, the BFIU introduced simplified KYC to promote mobile financial services (MFS).[128] BFIU Circular No. 20 is the first comprehensive circular that extensively addresses AML/CFT issues for MFS. A new simplified account opening form requires only one identification document (compared to at least one for banks), which means less time is required to open an MFS account than a bank account.

Building on this, in collaboration with the World Bank, Bangladesh Bank and BFIU are in the preliminary stages of developing an eKYC procedure and tiered KYC for MFS providers. An internal eKYC committee has been established for this purpose, with representatives from A2i, Bangladesh Bank, Election Commission, Bangladesh Telecommunication and Regulatory Commission, MFS and state-owned a privet banks.[129] It is anticipated that the tiered KYC procedure for MFS providers will be applied in situations where a client does not have a national identity document and alternative forms of identification will be allowed for her to open a lower tier account.[130]

RAISING AWARENESS OF ACCOUNT OPENING REQUIREMENTS

The BFIU is responsible for ensuring there is broad-based awareness of AML/CFT issues among financial sector regulators, law enforcers, reporting entities and the general population. To do this, it holds annual trainings for financial institutions on AML/CFT that includes the range and features of its no-frills bank accounts.

In turn, the BFIU requires banks to learn more about the AML/CFT requirements of prospective customers. In 2010, Bangladesh Bank held a national roadshow to inform the general population of the personal documentation requirements for account opening. The roadshow was organized in collaboration with other banks and moved from the southern tip of the country to the northern tip, crossing 13 districts. Leaflets were distributed and a dramatic performance included songs about anti-money laundering and KYC requirements.

Financial inclusion policymakers consider the roadshow a successful way to communicate ID requirements to the general population and, while it was not specifically aimed at women, the medium of drama was seen as particularly valuable for disseminating messages to women since they have lower literacy levels than men.

NEXT STEPS

Bangladesh has implemented a number of gender-sensitive initiatives to bring financially excluded women and men into the regulated financial sector, while also ensuring safeguards and controls are in place to mitigate ML/TF risks. BFIU will continue these initiatives and focus more heavily on women's financial inclusion and gender differences in identity documents as it seeks to finalize the NFIS and tiered KYC for MFS providers.

126 Planning Commission, 2012; Planning Commission, 2015.

127 See: http://www.nidw.gov.bd/enroll_obtaining.php; http://www.thedailystar.net/country/pm-inaugurate-smart-nid-card-distribution-oct-2-1288543; https://advox.globalvoices.org/2016/10/07/bangladesh-introduces-smart-national-identity-cards/

128 Bangladesh Bank, 2017.

129 A2i is a special program of the Prime Minister's Office that acts as a catalyst for citizen-friendly public service innovations, simplifying government and bringing it closer to the people.

130 Bangladesh Bank, 2016.

ACRONYMS AND ABBREVIATIONS

AFI	Alliance for Financial Inclusion
AFI GSPWG	AFI Global Standards and Proportionality Working Group
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
BCBS	Basel Committee on Banking Supervision
CDD	Customer Due Diligence
DNFBPs	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSP	Financial Services Provider
ID	Identification
KYC	Know Your Customer
MFS	Mobile Financial Services
NFIS	National Financial Inclusion Strategy
NRA	National Risk Assessment
RBA	Risk-Based Approach
SDGs	Sustainable Development Goals
SDD	Simplified Due Diligence
UNCDF	United Nations Capital Development Fund

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WEB LINKS

A full list of BFIU circulars in Bengali is available at: https://www.bb.org.bd/bfiu/circulars.php

https://sustainabledevelopment.un.org/sdgs

Global ID4D data set: https://datacatalog.worldbank.org/dataset/identification-development-global-dataset

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