

Strengthening Financial Inclusion to Protect Against Modern Slavery

Applying Lessons to Bank Forcibly Displaced
Persons/Refugees

Insight Briefing

Leona Vaughn and Simon Zaugg

About FAST

Finance Against Slavery and Trafficking (FAST) is a multi-stakeholder initiative based at United Nations University Centre for Policy Research (UNU-CPR) that works to mobilize the financial sector against modern slavery and human trafficking. Through its alliance-building approach and grounding its work in evidence-based approaches and rigorous analysis, FAST provides tools and training to financial sector stakeholders to take meaningful, sustained action against modern slavery and human trafficking. UNU-CPR is an independent think tank within the UN system based in New York. It combines research excellence with deep knowledge of the multilateral system to generate innovative solutions to current and future global public policy challenges.

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ISBN: 978-92-808-6601-8 © United Nations University, June 2023.

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Citation: Leona Vaughn and Simon Zaugg, "Strengthening Financial Inclusion to Protect Against Modern Slavery: Applying Lessons to Bank Forcibly Displaced Persons/Refugees," *UNU-CPR Insight Briefing* (New York: United Nations University, 2023).

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Guido Feger



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Introduction

This report outlines practical insights from the financial sector, with a specific focus on the banking sector and the regulatory/supervisory authorities overseeing the financial sector, in their responses to the financial inclusion needs of persons forcibly displaced by the war in Ukraine who are highly vulnerable to modern slavery, including

human trafficking. The ways in which financial institutions as well as public regulatory/supervisory authorities have innovated specific products and processes for displaced people in this context offers important lessons to others in the sector on how to meet the needs of vulnerable people in current and future crises around the world.

Background

Over 8 [million people](#) have fled Ukraine since February 2022 and have sought refuge across Europe and beyond. More than 4.5 million have registered for temporary protection or similar national protection schemes.

The European Union (EU) enacted the [Temporary Protection Directive](#) (TPD) to respond to the needs of Ukrainian people forcibly displaced by the war. This Directive includes provisions that help displaced citizens gain access to financial services – allowing Ukrainian refugees to open bank accounts in 27 EU Member States with allowances for simplified due diligence / ‘know your customer’ (KYC) processes.

Finance Against Slavery and Trafficking (FAST), an initiative hosted by the United Nations University Centre for Policy Research (UNU-CPR), has experience supporting efforts to extend access to financial products and services (also referred to as ‘financial inclusion’) for vulnerable people exposed to the risks of modern slavery and human trafficking, including survivors, displaced people, and refugees.

FAST’s [Survivor Inclusion Initiative](#) (SII), which secures access to financial services for survivors of modern slavery, has been working with banks and regulatory/

supervisory authorities to simplify [KYC due diligence](#) processes for this client group. These processes also aim to ensure that banks are not enabling fraud or money laundering to take place. Simplification means, for example, leveraging low-risk products and alternative methods of identity verification, enabling vulnerable clients, who may appear to be ‘high risk,’ gain access to basic banking services. Perceptions of ‘high risk’ may be linked to, for example, a client not having a permanent address or lacking official identity documents.

Banks participating in the SII understand that in some instances a survivor may not have access to official documents. They may have been taken in their modern slavery experience, for instance, or they may have expired. They therefore accept other types of documents they can rely on to validate the survivor’s identity and meet their legal obligations. For survivors who cannot share their address, they are often able to use the address of the organization or law firm supporting them. So far, the initiative has helped 2,800 survivors open bank accounts. FAST has leveraged the learning from the SII to help the banking sector support those fleeing Ukraine. Promising practices and lessons learned are presented in this briefing.

Why is Financial Access Important in Conflict and Crisis Settings?

Financial exclusion – the lack of access to basic banking services and also credit and borrowing – is widely recognized as a [risk multiplier for modern slavery](#). The Inter-Agency Coordination Group Against Trafficking in Persons (ICAT) in its December 2022 Call to Action, '[Global Humanitarian Crises and Conflicts Increase Human Trafficking Concerns](#),' outlines the importance of engaging the financial sector in identifying and addressing slavery and trafficking in crisis and conflict situations, especially to enable financial inclusion for affected populations to mitigate the risks posed to them:

“Mitigate risks of trafficking in situations of displacement through comprehensive prevention and protection measures, whether in camps, urban settings and outside of formal reception arrangements, including through timely provision of adequate documentation and enabling access to financial and communication services.”

ICAT, Global Humanitarian Crises and Conflicts Increase Human Trafficking Concerns: A Call to Action (Vienna: ICAT, 2022), p. 2.

The experience of financial insecurity – resulting from a loss of income and limited access to financial resources – coupled with the desperate search for food and shelter, can leave many displaced people vulnerable to the risks of modern slavery and human trafficking, particularly women and children. With access to, and usage of affordable banking services, displaced people exposed to the risk of modern slavery can receive money, send money, save money, pay bills, build credit scores, and access formal loans (as opposed to seeking risky loans by informal lenders). All are critical to strengthening the financial resilience and independence of displaced people, and for supporting their families 'back home.'

Unfortunately, however, displaced people very often face barriers to accessing financial services (being 'financially included').

For some financial products and services, financial institutions require information such as credit history and proof of income. These requirements, and the documentation that satisfies them, varies across jurisdictions, as does the accommodations that banks can make for simplifying customer due diligence. Proof of address may also be required, an impossibility for people without a fixed home. However, the primary barrier is a lack of official identification documents that are necessary to open a bank account. These are part of a bank's KYC due diligence measures which are undertaken to verify the identity of clients and ensure they are not involved in financial crime such as money laundering.

In this context, the Financial Action Task Force (FATF) published a High-Level Synopsis, '[Stocktake of Unintended Consequences of the FATF Standards](#).' According to this Stocktake, the lack of reliable identity documentation and data verification for potential customers is one of the main financial integrity barriers to increasing financial inclusion. Nonetheless, [FATF standards](#) are stated to be sufficiently flexible to allow countries to apply appropriate or simplified customer due diligence (CDD) measures. Regulatory/supervisory authorities at the national level can influence these approaches by providing practical [guidance](#).

The FATF state that products and services offered by financial institutions and supported by the regulatory/supervisory authorities may: (1) be exempted from some anti-money laundering and counter-terrorism financing (AML/CFT) based on proven low risks; (2) benefit from a simplified due diligence (SDD) regime, based on evidence of lower risks; or (3) be submitted to standard CDD supported by the use of new or alternative forms of identity documentation, including digital solutions.

FAST Work Relating to Ukraine

Starting in 2022, FAST convened AML and modern slavery roundtables in Eastern European countries receiving a high number of displaced people due to the conflict in nearby Ukraine, including Hungary, Latvia, Poland, Moldova, and Romania. One of the aims of the roundtable was to convince the region's financial institutions to facilitate the opening of bank accounts for Ukrainian refugees while also continuing to pay sufficient regard to AML/CFT safeguards.

Simultaneously, the European Banking Authority (EBA) was supported in proactively communicating the TPD provisions on access to financial services within their [statement](#) to banks, published in April 2022. The guidance encourages banks to rely on alternative, independent documentation, or postpone the application of initial customer identification measures to a later date:

“Refugees from Ukraine include Ukrainian nationals and persons from third countries who lived in Ukraine before the war broke out. All refugees are vulnerable and may be at significant risk of [human trafficking](#) and exploitation. These risks can be reduced by providing refugees with access to financial services.”

“[O]nboarding customers for a payment account with basic features, financial institutions may not need to obtain the prospective customer's passport to verify their identity. Instead, they may be able to rely on alternative, independent documentation, such as evidence that a prospective customer is a refugee from Ukraine.”

“[P]ostpone the application of initial customer identification measures to a later date where the conditions in Guidelines

4.41, 9.15, 10.18 of the EBA's ML/TF Risk Factors Guidelines are met. This approach will be particularly useful in situations where help for refugees is disbursed in the form of prepaid cards that do not benefit from exemptions from Customer Due Diligence under Article 12 of Directive (EU) 2015/849.”

“[M]itigate the ML/TF risk associated with less robust or reliable identity documentation in situations that do not present a lower ML/TF risk by setting up stricter monitoring controls, by offering a more limited range of services or by restricting the functionality of certain products at least temporarily, for example by imposing monthly turnover limits, or limiting the amount of person-to-person transfers.”

EBA, EBA Statement on Financial Inclusion in the Context of the Invasion of Ukraine (Paris: EBA, 2022), p. 2.

The EBA [issued guidelines](#) on ‘policies and controls for the effective management of ML/TF risks when providing access to financial services (EBA/GL/2023/04)’ on 31 March 2023. These guidelines demonstrate the steps financial institutions can take to further facilitate access to financial services for categories of customers vulnerable to unwarranted de-risking, including refugees and displaced people. In order to avoid de-risking practices, financial institutions must consider individual customers' risk profiles. FAST also supported the LGT, LLB, and VP banks, the three largest banks in Liechtenstein, to make an [immediate statement](#) at the start of the war which enabled refugees from Ukraine to access fee-free accounts and financial services (payment services and debit cards).

Implementation Case Studies: The Immediate Reactions of EU Regulatory/Supervisory Authorities to the War in Ukraine

One of the key messages of the EBA's statement on financial inclusion issued on 27 April 2022 is that the EU's AML/CFT framework is sufficiently flexible to allow financial institutions to comply with their AML/CFT obligations effectively in different ways when providing financial access to people seeking refuge from the war. FAST wanted to find out how the regulatory/supervisory authorities in the EU reacted to this statement as well as to the financial needs of refugees from Ukraine.

Supporting Statements of Regulatory/Supervisory Authorities

A review of the websites of the regulatory/supervisory authorities from the 27 EU member states conducted in August 2022 showed that almost two-thirds of these authorities had published a statement on the provision of financial services to refugees from Ukraine. FAST outreach obtained further insight into the efforts supporting implementation of these statements. They are illustrated here under two themes: communications and training.

Communications

One of the main responses from EU regulatory/supervisory authorities to the increasing numbers of people displaced by the war in Ukraine was direct communication with relevant stakeholders, such as banking associations or supervised entities via, for example, newsletters. The main purpose of this was to disseminate the EBA's statement and to reinforce and explain the points mentioned in it regarding simplified access to basic banking services for Ukrainian refugees. An additional aim was to help supervised entities find the right balance between providing access to financial products and services to this vulnerable group of potential clients and ensuring the fulfillment of obligations arising from the valid legal framework for AML. It was observed that communication also at times highlighted the connected issues of providing information in the Ukrainian language and dealing with currency exchange issues – from Ukrainian currency to

a different currency – at the premises of the supervised entities.

In relation to financial inclusion, some examples of authorities communicating concrete advice beyond the EBA statement were identified:

- In relation to also safeguarding this vulnerable group of clients from modern slavery, including human trafficking, one authority stressed to financial institutions that it was important for them to remain vigilant and alert to any signs that refugee clients were being exploited, and to report any suspicious activity to the national Financial Intelligence Unit (FIU).
- One authority gave financial institutions more room for flexibility in order to accommodate the needs of Ukrainian refugees, indicating that various types of identity documentation could be accepted to open a bank account in this country, such as a displaced persons identity card. The regulatory/supervisory authority has sent the signal that compliance with laws and regulations to prevent money laundering and terrorist financing should not blindly be enforced when circumstances, as in the case of refugees from Ukraine, require a flexible approach.
- One authority has integrated the EBA statement into a specific due diligence requirements page of its website so that it has become part of the applicable supervisory framework. Apart from the EBA statement, the webpage also contains supervisory guidance on how to deal with the more general phenomenon of de-risking.
- Another authority communicated that supervised entities are expected to promote access to basic bank accounts for Ukrainian nationals who have been displaced to the country. The authority stated that this product should be the first option when an application is made to open an account and that the residence permit issued to foreign nationals authorized to stay in the country, including under the temporary protection regime, is a permissible identification document for verification of a person's identity.

Training

The provision of training was the second theme in the responses of EU regulatory/supervisory authorities. Identified examples include:

- An authority organized regular workshops and roundtable events with bank representatives (at the beginning of the war in Ukraine on a weekly basis). The FIU played a crucial role in the organization of the workshops and roundtable events.
- One authority provided training to a specific group of employees who were critical to enabling the opening of accounts for Ukrainian refugees and detecting potential signs of exploitation. This regulatory/supervisory authority stated that they had become aware in 2020 that some asylum seekers in the country were experiencing

difficulties obtaining access to basic bank accounts from certain retail banks. This appeared to relate to Temporary Residence Certificates issued by the national Department of Justice and Equality to asylum seekers. They had issued guidance in May 2021 on opening bank accounts for asylum seekers available in several languages, including Ukrainian, and training was provided. The guidance outlined provisions for accounts to be opened with alternative documentation, as individuals may not have had a passport or a driving license.

- In one country, discussions initiated by the regulatory/supervisory authority were held between relevant public authorities and financial institutions, helping to identify best practices to open accounts for refugees, which facilitated constant exchange of information and experiences.

Case Studies: Provision of Financial Access to Refugees from Ukraine

FAST spoke with some of the participating banks within the SII and reached out to banks who had been involved in the FAST roundtables in Eastern Europe during 2022 to gather the following case studies.

It is acknowledged that in most of Europe, banks could

refer to the TPD in place for EU Member States and the subsequent EBA guidance. For countries outside of the EU, such as in the UK, banks and regulatory/supervisory authorities adopted their own simplification processes relevant to their country.

Case Study: HSBC UK Bank

In response to the war, the UK Government announced plans for a [new sponsorship scheme for Ukrainians](#) without any family ties to the UK to be able to seek refuge in the country. This scheme allows sponsors, such as communities, private sponsors or local authorities, to bring Ukrainian citizens forcibly displaced by the war to the UK.

HSBC UK, a founding member of the [SII](#), spoke to FAST about immediate steps they took to leverage their existing refugee process and significant expertise providing financial services to [survivors of slavery and trafficking](#).

What first steps did you take?

From the outset, considerable attention was given to the immediate needs of Ukrainian citizens arriving in the UK, and HSBC identified that having access to banking would play a significant role in their longer term integration. The HSBC Financial Inclusion and Vulnerability (FIV) team began considerations to commence work to help this group of customers. To find a solution to support this group to gain access to bank accounts, we engaged with [UK Finance](#), the UK bank and financial sector trade association, and the [UK Home Office](#), the government department responsible for immigration and passports, drugs policy, crime, fire, counter-terrorism, and policing. A taskforce of key stakeholders from across the bank (risk, fraud, legal, compliance, network, product, customer experience, and communications) was implemented that initially met daily to discuss potential opportunities to help which also satisfied our processes for KYC and due diligence.

What steps did you take to simplify your due diligence/KYC processes?

The UK '[Ukraine Family Scheme](#)' allows successful visa applicants to join family members or extend their stay in the UK. For those coming into the country to join family members, the expectation was that they would have standard identity and verification of address (ID&VA) documentation, meaning they would be able to follow our existing account opening processes. The priority changes we therefore made to our processes considered the needs of the following groups:

- Those who were stranded in the UK and would not be travelling back to Ukraine, often residing in hotels or self-catering accommodation.
- Those who were yet to arrive in the UK, as part of the sponsorship scheme.

While the formal process was yet to be established by the Government, we developed our processes based on our experience with the Afghanistan situation. The existing refugee process was limited in terms of the ID&VA documentation that could be accepted; frontline colleagues were therefore struggling to meet demand due to complexities in the documents available to Afghan settlers. We wanted to be on the front foot once we started seeing these [Ukrainian] customers.

Our proposal was to open an account outside of the standard account opening processes in a branch if the customer was able to provide certain documentation within an acceptable time period.

If a government scheme was to be subsequently established and there were alternative documents included as part of that scheme, the new process would then be amended to accommodate changes. Through establishing ongoing engagement with UK Finance and [Fragomen](#), a global immigration law firm, it was highlighted that the UK Government were willing to accept expired passports from Ukrainian refugees applying under the [Ukraine Family Scheme](#) to support their visa applications. The reason being that many leaving Ukraine due to the conflict with Russia were unable to renew their passports because local passport offices in Ukraine had closed. By accepting expired passports we were able to [financially] include this vulnerable group while complying with our responsibilities.

How did you address the need to balance managing AML risks with inclusion?

Ensuring all relevant risk stakeholders were included throughout the decision-making process was key to finding a suitable solution. HSBC UK has a group of stakeholders (taskforce) from across the business who are decision makers in the change process, including stakeholders from financial crime compliance, financial crime risk, fraud, compliance and safeguarding. This taskforce was driven by the FIV team. The FIV team ensured that the focus remained on the ultimate objective of inclusion for this vulnerable group of customers, where possible, and we achieved acceptance of a certain level of risk as being required for certain processes to be implemented.

How did you communicate your response to staff?

New procedures were created for frontline staff to use in UK contact centres and across the bank's branch network. An emergency communication was issued to all impacted colleagues. We continued to liaise with UK Finance and the UK Government during the launch of the new procedures. A newswire internal article was created and shared across the UK bank to explain the new procedures and process maps for colleagues.

How did you communicate this work to others in the sector?

This work has been shared with HSBC UK and UK Finance. The information has been shared with trade bodies and others in the banking industry via our collaboration with UK Finance. There has also been global market interest in regard to this and the survivor account work. We briefed HSBC's Survivor programme at an 'Academy of Learning' on human trafficking/modern slavery, hosted by the leading public-private financial information sharing partnership in the United States. At the event, there were approximately 150 US public and private sector financial crime fighters, representing US law enforcement, regulators, and major US and international financial institutions. We also presented our work at the Bank Policy Institute's (BPI's) Anti-Money Laundering (AML) Executive Forum, comprised of more than 50 senior leaders from US financial institutions.

What, if any, practical challenges remain for inclusion?

There have not been any outstanding challenges following the launch of the new procedure. This is mainly because we already have similar procedures in place to support survivors of modern slavery and those with no fixed address to enable access to banking.

How many accounts have you opened to date?

As of October 2022, over 8,000 accounts have been opened for Ukrainian citizens fleeing the war. We have also been able to partner with the vulnerable customer tablet strategy (providing tablet computers to vulnerable customers) in our branch network. This network has the autonomy to provide customers with a tablet and has been utilized to gift a tablet to Ukrainians who don't have access to technology so that they can bank with us online.

Case Study: Anonymous Bank (Poland)

What first steps did you take in preparation to financially include refugees?

We entered into consultations with the Polish Financial Supervision Authority (KNF) and the Polish Bank Association to find a solution for banking refugees from Ukraine. The cooperation resulted in the KNF issuing a communication to the banks, outlining guidelines for the provision of banking services to refugees from Ukraine. We also appointed a project team consisting of bank representatives, responsible for different areas of the business, to prepare a process and offer for this client group.

What steps did you take to simplify your due diligence/KYC processes?

We have simplified the application process for individual accounts by alleviating formal requirements related to confirmation of identity and legal residence in Poland. A bank account valid for 12 months can be opened using an identity card acceptable by the bank (a Ukrainian ID card is sufficient, we do not require a passport, which is mandatory in the case of other foreigners). In addition, preferential pricing arrangements have been introduced to exclude costs to the customer for the use of the account. Customers were able to open an account at the bank's branches, where customer identification was done, and contracts were signed.

How did you address the need to balance managing AML risks with inclusion?

Implementation was preceded by a risk analysis. This included the evaluation of the risk level and an indication of control measures to mitigate any possibility of the bank being used for money laundering and terrorist financing. The units responsible for AML and the bank's management board were involved in the decision-making process. Further requirements related to the KYC process

have been introduced, especially the requirement to collect information on the source of funds and the source of wealth, but also performing additional reviews of customers' transactional behaviour.

How did you communicate your response to staff?

We prepared separate procedures for customer service staff, in which we set out the guidelines to be applied in connection with handling this dedicated group of customers. We sent appropriate communication to all employees informing them of the actions taken by the bank. In view of the language barrier, we also put together information materials and formal documents in Ukrainian to facilitate communication between employees and clients.

How did you communicate this work to others in the sector, including industry associations and regulators?

Given that at the stage of preparing the offer we cooperated with the KNF and the Polish Bank Association, we exchanged information with other banking sector entities on an ongoing basis. The KNF organized meetings with banks and the Polish Bank Association to discuss the challenges faced by financial institutions. The regulator indicated what options banks could exercise in this difficult situation to ensure a smooth KYC process. As a result, the KNF sent an official letter to banks regarding the provision of services to Ukrainian refugees. In the document, the regulator outlined its expectations regarding the offer for persons who have arrived in Poland in connection with the hostilities in Ukraine, and indicated what restrictions the offer should be subject to in order to effectively mitigate AML risks. Based on the instructions provided, the bank has prepared a dedicated offer for Ukrainian citizens.

Detailed information about our bank's offer has been shared with the KNF. Additionally, after the implementation of the offer, the regulator receives regular updates on the number of accounts opened.

What, if any, practical challenges remain for inclusion?

The dedicated offer for Ukrainian citizens is temporary. The duration of the agreement is linked to the Act of 12 March 2022 on 'Assistance to Ukrainian Citizens in Connection with the Armed Conflict on the Territory of Ukraine,' adopted by the Government of Poland, which recognizes residence in Poland as legal until 24 August 2024. Therefore, should customers want to continue using banking

products after that date, they will be required to obtain documents confirming their legal residence in Poland.

How many accounts have you opened to date?

Since 12 April 2022, we have opened 9,900 bank accounts for Ukrainian citizens.

Case Study: Santander España

Santander in Spain is predominately a retail bank, with close to 2,000 office locations across the country, serving approximately 14.3 million customers. Spain did not receive a large number of refugees from Ukraine at the outset of the war, but during 2022 the number of refugees in the country surpassed 150,000.

What first steps did you take in preparation to financially include refugees?

The conflict in Ukraine prompted a series of actions by the Santander Spain Financial Crime Compliance team, in collaboration with both internal and external stakeholders, to ensure that Ukrainian refugees arriving in Spain would be able to deposit their funds safely and swiftly, minimizing friction during the onboarding process while maintaining appropriate controls to detect criminal opportunism.

The Financial Crime Compliance team at Santander Group [Global] headquarters released a memorandum to all Santander subsidiaries within a week of the invasion reaffirming the bank's commitment to providing basic financial services to refugees. The memorandum provided specific guidance to facilitate the onboarding of Ukrainian refugees according to bank policy, in line with an existing opinion issued by the European Banking

Authority that dated back to the Syrian and Afghanistan refugee crises.

In parallel, Santander Spain worked through their local banking industry group, the Spanish Banking Association, to align on the process for onboarding Ukrainian refugees in the local context, in advance of bringing forward a proposed approach to the competent authority in Spain on AML/CFT matters, the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses (Sepblac). The Santander Spain team did not wait for the process to be formalized, however, and acted in compliance with the applicable local laws and regulations and initiated outreach immediately to the bank's branch network to raise awareness on an expected influx of Ukrainian refugees. This outreach also detailed operational instructions to follow to onboard refugees in line with the bank's systems.

What steps did you take to simplify your due diligence/KYC processes?

Critically, the bank issued a memorandum which made it clear that Ukrainian refugees were to be onboarded as 'residents' in the country in which they sought asylum. By doing so, internal systems applied a simplified due diligence process. Santander Spain's Financial Crime Compliance team applied

this guidance to the local Spain context, through a local protocol that:

- Eased identification requirements in line with local regulations and indications from the local competent authority (Sepblac) – among forms of acceptable identification, the receipt of a presentation of an application for temporary protection for displaced persons was accepted as a valid identification document.
- Permitted a declaration on professional activity – onboarding did not require underlying evidence to confirm professional activity, but rather was accepted via an attestation from the refugee.
- Provided flexibility on the source/origin of funds and wealth requirements – taking into consideration a variety of forms of accreditation when the value of funds to be deposited was high.

On an operational level, a special designation was used in Santander Spain's systems to identify the underlying account as part of the refugee onboarding initiative. The basic current account was exempted from any fees or commissions as part of the bank's wider support for Ukrainian refugees, all contractual information was made available in Ukrainian, and a special contact number hotline was established with Ukrainian speakers to clarify any doubts.

The same approach applied to refugees who only wanted to execute an 'occasional transaction' with the bank without becoming a formal customer.

How did you address the need to balance managing AML risks with inclusion?

At a strategic level, Santander Group's Financial Crime Compliance team recognized prior to the conflict in Ukraine that the larger risk for vulnerable populations in general was the likelihood that they would be exploited by bad actors. This belief led to internal policy reforms within the bank in 2020 that resulted in a new appendix in the bank's customer due diligence standard dedicated to financial inclusion and vulnerable customers.

In the Ukrainian context, the bank felt that existing EU regulation and guidance on AML/CFT gave them the license to lower due diligence requirements, given the gravity of the situation. As a result, Santander Spain did not feel that permission from their local competent authority was necessary prior to proceeding with the more lenient onboarding approach as local laws and regulations were always complied with. In parallel, however, Santander Spain's Financial Crime Compliance team set up a tailored monitoring approach to refugee accounts, and relied upon customs documentation collected at border entry points to confirm that large amounts of cash by incoming refugees had been properly declared on entry to the country (and, in fact, if the cash had not been declared, Santander's branches provided the proper guidance to the refugees to facilitate their filing).

How did you communicate your response to the situation to your staff?

At a Group level, the memorandum guidance for onboarding Ukrainian refugees seeking basic financial services was distributed to all local subsidiary heads of financial crime compliance, including the Head of Santander Spain, for immediate action. A specific email address was used internally within headquarters to triage any issues/concerns from the local compliance teams on implementing the guidance.

Within Santander Spain, communication was made through an internal campaign that sought to provide all employees with information and constant updates on the evolution of the Ukrainian crisis, including protocols for providing support to refugees and associated onboarding procedures. A special internal intranet site was created for this purpose, with reminders sent periodically through e-bulletins issued to all Santander Spain employees.

How did you communicate this work to others in the sector?

Santander Spain's Financial Crime Compliance team played a key role in the Spanish Banking Association's taskforce on onboarding Ukrainian refugees. The taskforce aligned Spain's banking

industry on the provision of financial services to the refugees, ensuring that the local competent authority (Sepblac) was kept informed of developments. The experience of Santander Spain was also shared with the Financial Crime Compliance team at Santander's Group headquarters, ensuring that the Spanish experience was shared with other jurisdictions via the European Banking Federation and the Wolfsberg Group, among other industry and practitioner bodies. Sepblac also remained highly accessible during the conflict to respond rapidly to any issues or unanticipated scenarios.

What, if any, practical challenges remain for inclusion?

Awareness about the crisis in Ukraine among bank employees and a recognition that Ukrainian

refugees were highly vulnerable was an enabler for quickly implementing a process for onboarding refugees. However, beside those affected by the conflict in Ukraine, there remain several other vulnerable populations and communities, and the banking sector in general needs to continue to find ways to collaborate with competent authorities and address the needs of these individuals through clear operational procedures.

How many accounts have you opened to date?

Santander Spain currently maintains relationships with approximately 43,800 customers onboarded under the Ukrainian refugee programme.

Case Study: Openbank (Digital Bank)

The Ukrainian refugee crisis presented a unique challenge to digital banks, given the technological dependency on expected types of documentation at onboarding, with a process that is almost entirely automated. Openbank is Europe's largest digital bank, operational in Spain, Germany, the Netherlands, and Portugal, and generally onboards customers through remote/digital processes (for example, via a mobile phone, tablet, or computer).

What first steps did you take in preparation to financially include refugees?

Immediately following the receipt of guidance from Openbank's parent company, Santander, to ensure onboarding processes were modified to embrace Ukrainian refugees, Openbank formed a crisis response working group with key stakeholders across the digital bank. Business representatives, and staff responsible for technology and operations,

legal affairs, and compliance and financial crime compliance helped modify remote onboarding workflows, adapting them to the scenario of a Ukrainian refugee. This included the need to tailor digital processes to the countries in which refugees sought asylum, given that formal registration across Europe varied by country.

In parallel, Openbank issued a public statement through a press release indicating the favourable conditions that would be extended to all Ukrainian refugees, including a free debit card and associated basic bank account. The Openbank digital platform also provided easy avenues for existing Openbank customers, through their "Marketplace" function, to make donations to trustworthy NGOs collaborating with refugees on the ground.

The crisis response working group put into action a series of tasks (described in the sections that follow) and reconvened weekly to re-assess progress and the adequacy of Openbank's response.

What steps did you take to simplify your due diligence/KYC processes?

Given the technical complexities of modifying digital onboarding workflows, a series of tactical, manual actions were necessary. These allowed immediate onboarding while tech teams then implemented changes to the strategic systems so they subsequently aligned with the platform's onboarding criteria.

Specifically, the Openbank crisis response working group immediately put into place:

- Onboarding by telephone (with a Ukrainian speaking agent) or in person by leveraging a partnership with Openbank's parent company, Santander, and its extensive branch network (for example in Spain).
- Onboarding of refugees as 'residents,' and verifying identification with a Ukrainian passport or national Ukrainian ID, without supporting documentation on work activity or source of funds when applying for a basic account.
- Implementing controls to prevent exploitation by bad actors, for example requiring first deposits to be made in person through a partner branch, or in areas where there were no branches, through an account in the customer's name (with no associated fees).
- Providing Ukrainian language support across all contact channels within the digital bank, including a special hotline with staff specifically trained to respond to Ukrainian refugees.
- Requiring a customer to submit a side letter when opening an account that declares their legitimate interest (given their vulnerable status) for opening the account.

Overtime, as modifications were put into production on the digital onboarding workflow, Openbank's traditional remote onboarding process was able to fully support this customer group.

How did you address the need to balance managing AML risks with inclusion?

The main challenge was the need to act swiftly in modifying the onboarding flows within the bank to permit simplified due diligence measures; the remote channel was not initially built to recognize an individual using a Ukrainian identification document. In the immediate aftermath of the invasion, being able to rely on partnering physical office branch networks (as with Santander Spain) was key to progression. The alternate control whereby a transfer from a Ukrainian account to a new Openbank account is used to verify an individual's identification also helped. Fees were waived to ensure that such transfers were not cost prohibitive.

Leveraging the existing customs declaration process at border entry points for refugees with large sums of cash to deposit also provided comfort, ensuring there was transparency between the prospective customer and host government in which the refugee sought asylum.

Tagging all customers onboarded under the modified flow for refugees also allowed the financial crime investigative teams to provide tailored oversight and monitoring of the relationships and underlying activity going forward.

How did you communicate your response to the situation to staff?

Formal communications were sent to staff on the revised process and commitment within Openbank to ensure financial crime compliance requirements did not serve as a barrier to banking access. The bank also set up a dedicated virtual chatroom within the bank that included representatives from financial crime compliance, the customer contact centre, back office/operations support, and the high risk customer review unit to report and track resolution of incidents, respond rapidly to escalations or doubts, and review special cases. Furthermore, dedicated training sessions were provided in the months following the crisis to the customer contact centre staff and the back office/operations staff, helping them to work through refugee onboarding scenarios.

How did you communicate this work to others in the sector?

Given the unique challenges faced by Openbank as a remote/digital bank with operations in multiple EU countries, feedback and lessons learned from the Openbank experience were regularly escalated to the financial crime compliance team at the headquarters of our parent company, Santander. This helped convey any lessons learned to industry forums and organizations, mainly the European Banking Federation and the Wolfsberg Group.

What, if any, practical challenges remain for inclusion?

A clear lesson learned from the Ukrainian refugee crisis is the need to anticipate the unanticipated when designing remote/digital onboarding flows,

providing functionality that would permit the bank, under the appropriate conditions, to drop otherwise traditional elements of the onboarding cycle and adapt to unlikely but plausible onboarding scenarios (for example, providing a resident account for an individual with an identification document outside the EU).

How many accounts have you opened to date?

Openbank currently maintains relationships with approximately 4,000 customers onboarded under the Ukrainian refugee programme. Peak onboardings were observed between March and June 2022 immediately after the conflict started, and continued in smaller volumes throughout 2022.

Case Study: Santander Bank Polska (Poland)

Santander Bank Polska is a retail bank in Poland with approximately 5.7 million customers, including 3.3 million digital customers, and a branch network of close to 400 offices. Given Poland's border with Ukraine, Santander Bank Polska was at the forefront of providing banking services to Ukrainian refugees and collaborated closely with the UN High Commissioner for Refugees (UNHCR) to ensure access to basic financial support. The actions taken by Santander Bank Polska led to Euromoney naming them the "[Best Bank in Corporate Social Responsibility](#)."

What first steps did you take in preparation to financially include refugees?

Santander Bank Polska's role during the crisis was two-fold: modifying existing customer onboarding procedures and commercial conditions to ensure incoming refugees were provided with basic financial

services at no cost, and partnering with the UNHCR to design an efficient, effective way to distribute financial assistance to refugees. This latter initiative involved the use of a unique nine-digit code (based on the local "BLIK" payment platform) that duly registered refugees could use, in combination with an SMS password, to withdraw cash from any ATM in Poland, irrespective of the bank.

What steps did you take to simplify your due diligence/KYC processes?

A cross-functional team was created to address all aspects of the customer due diligence lifecycle for refugees, composed of representatives from the risk, compliance, financial crime compliance, and legal teams, along with product development, customer experience, and communications staff. Together, the following modifications were put into place:

Immediate engagement with the Polish Financial Supervisory Authority (UKNF) and the banking

sector industry group to align on the approach for Ukrainian refugees.

From 25 February forward, all fees related to transfers to/from Ukraine were waived for all customers (refugees and non-refugees). This applied to all types of transfers – ordinary, urgent, and express – in any currency. The fee-free programme remained in place for several months following the initial invasion.

A simplified onboarding process was built specifically for Ukrainian refugees. All account and card fees for products targeting Ukrainian refugees were suspended (and remain suspended), and Ukrainian citizens were able to apply for suspension of loan payments if applicable.

The bank's initiatives were supported fully by the UKNF, who made it clear in a letter to the banking sector of the Government of Poland's expectation that banks would immediately implement a product offering for refugees, with a particular focus on access to basic payment services to facilitate daily living needs.

How did you address the need to balance managing AML risks with inclusion?

Existing AML regulation in Poland provided the legal basis to provide basic financial services to Ukrainian refugees with limited supporting identification and source of funds documentation. The regulations also permitted accounts to be opened and operational immediately while providing refugees with a six-month window to respond to any additional documentation requests.

The UKNF further reaffirmed the importance of these measures by permitting refugees with large amounts of cash, but limited transactional capability, to deposit the cash safely in savings products, even when they could not provide sufficient documentation.

Santander Polska also placed risk-based limits on the balance and transaction volumes associated with a

basic refugee account and limited the account to adults and to one account per refugee. In practice these controls permitted the account to meet its objective – provide access to the formal financial system to support daily living expenses – while mitigating the risk that the accounts could be exploited for wide-scale money laundering.

How did you communicate your response to the situation to staff?

Onboarding procedures adapted to the refugee scenario were disseminated to all frontline employees working in the bank's branch network, and a Q&A document was generated to address specific situations with clear guidance.

How did you communicate this work to others in the sector?

The principal platform for coordination with other banks is the banking industry body in Poland, the Polish Bank Association (ZBP). The UKNF and UNHCR also played key roles in promoting public-private collaboration.

What, if any, practical challenges remain for inclusion?

The proximity of Poland to the crisis in Ukraine provided a financial access challenge not solely for Ukrainian refugees, but for all customers as fears related to the invasion prompted a high number of individuals to withdraw cash from their accounts. This put an unanticipated stress on cash transport companies that supply ATMs, leading to logistical delays that in turn resulted in ATMs with cash shortages.

How many accounts have you opened to date?

Over 19,000 accounts have been opened for Ukrainian refugees.

Future Considerations

The examples in this briefing are likely not the first efforts to address the financial inclusion needs of people displaced by war and crisis. However, the scale of the response to people forcibly displaced by war in Ukraine is impressive, and the explicit link to financial exclusion making this group of people vulnerable to modern slavery and human trafficking is unique.

There are increasing examples in Africa, Asia, and Latin America of financial institutions, regulatory/supervisory authorities, and humanitarian organizations working together to offer basic bank accounts and/or mobile money services to refugees.

For future research, a closer examination of all approaches – identifying lessons learned, best practices, and success factors – could inform the development of financial inclusion strategies internationally, potentially reaching and protecting millions of displaced people around the world from exploitation and abuse.

Private sector actors, especially financial institutions, play a key role alongside the public sector to develop solutions

that support financial access in conflict situations. The examples provided in this briefing of States and the private sector working together to simplify policy, practice, and regulatory frameworks are instructive and have proven to be hugely beneficial for people displaced by the conflict in Ukraine.

However, challenges remain. For instance, those whose expressed gender identity does not match their registered sex on their identity documentation, if they have it, will encounter barriers to accessing financial services. Pre-existing refugees or migrants displaced by conflict may also encounter obstacles to financial inclusion. These challenges must be addressed to ensure that all people displaced by conflict, especially those with additional vulnerabilities, are protected from modern slavery and human trafficking risks.

Future considerations and leveraging of all forms of financial tools and services, including digital finance, may help to strengthen financial inclusion and thus protection from modern slavery and human trafficking.

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