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Financial Inclusion to Protect Vulnerable Populations from Modern Slavery: A Compilation of Practices

Thematic Review

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UNU CPR

FAST
FINANCE AGAINST SLAVERY & TRAFFICKING

About FAST: FAST is a multi-stakeholder initiative based at United Nations University Centre for Policy Research (UNU-CPR), which 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.

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Norad

GOVERNMENT
PRINCIPALITY OF LIECHTENSTEIN

TAROM FOUNDATION
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Guido Feger

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OF THE GRAND DUCHY OF LUXEMBOURG

LGT

LIECHTENSTEIN
BANKERS ASSOCIATION

Table of Contents

Introduction	**3**
Financial Inclusion Practices: Preventing Worst Forms of Child Labour	**4**
Financial Inclusion Practices: Reducing Vulnerability for Forcibly Displaced Persons	**7**
Financial Inclusion Practices: Climate-Affected Populations	**11**
Financial Inclusion Practices: Migrants and Migrant Workers	**14**
Financial Inclusion Practices: Migrants Sending and Receiving Remittances	**18**
Financial Inclusion Practices: Domestic Low-Income Populations	**20**
Financial Inclusion Practices: Survivors of Modern Slavery	**22**
Conclusion	**24**

Introduction

This Thematic Review provides a compilation of current practices addressing the interconnections between financial inclusion[1] and protecting vulnerable populations[2] from modern slavery.[3]

Building on the findings from the Liechtenstein Initiative for a Financial Sector Commission on Modern Slavery and Human Trafficking, laid out in the FAST Blueprint,[4] research and interventions on modern slavery indicate that:

- Financial exclusion is a risk multiplier for experiencing modern slavery;
- Financial exclusion is often a consequence for those with lived experience of modern slavery[5] and can increase vulnerability to re-victimization; and
- Financial inclusion, especially in the context of increasing financial literacy, economic resilience, and sustainable livelihoods, can help to offer protective factors against modern slavery.

The current practices gathered through desk-based research by FAST in this review will help financial service providers, supervisors, and regulators, as well as other actors, to understand the value proposition for expanding access to finance for groups that they may not be targeting currently, as a contribution to international efforts to prevent modern slavery.[6]

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1 'Financial inclusion' describes actions to increase access and meaningful usage of adequate and affordable financial products and services, including savings, credit, insurance, payments, and transactions.

2 'Vulnerable populations' is a term used here for those who are made vulnerable to experiencing modern slavery by structural inequality, marginalization, disadvantage, and discrimination. This includes the poor, migrant workers, refugees, people of diverse sexual orientation, gender identity and expression, people without homes, and people with disabilities. FAST also uses the term more broadly to include people with lived experience of modern slavery.

3 'Modern slavery' is a term used to refer to a range of human rights abuses and exploitation, including human trafficking, forced labour, criminal exploitation, sexual exploitation, debt bondage, wage theft, and the worst forms of child labour.

4 FAST, *Unlocking Potential: A Blueprint for Mobilizing Finance Against Slavery and Trafficking* (New York: United Nations University Centre for Policy Research, 2019).

5 For more information on explicit work to increase financial inclusion for this group please refer to FAST publications on the Survivor Inclusion Initiative, available from: https://www.fastinitiative.org/resources/sii_resources/#:~:text=The%20Survivor%20Inclusion%20Initiative%20%28SII%29%20brings%20together%20a,to%20become%20full%20financial%20participants%20in%20their%20communities.

6 "Ending forced labour, modern slavery, human trafficking, and child labour," *Alliance 8.7*, 15 March 2024, https://www.alliance87.org/.

Financial Inclusion Practices: Preventing Worst Forms of Child Labour

The FAST literature review demonstrates that the provision of affordable, relevant, and accessible financial services, coupled with non-financial services (e.g. child labour awareness raising) for parents, families, and wider communities, can contribute to a reduction in vulnerability to the worst forms of child labour.

The transfer of cash to households in which children reside, while not always with the explicit aim of reducing child labour, is shown to sometimes have had this result. Dependent on how the cash transfer has been administered, it is also shown to have potential for lowering the risk of families resorting to the use of child labour (including in hazardous environments) when they have experienced economic shocks.

Research on cash transfers and child labour and research on public policy and child labour[7] both indicate that cash transfers have lowered child labour, especially when beneficiaries are in extreme poverty. Such results signal that child labour is often used in poorer families as a 'consumption smoothing' mechanism, i.e. they engage children in work to balance spending and saving throughout different phases of life to have a stable standard of living in the present and the future.

Preliminary findings from research also suggest that there may be greater reductions in child labour when conditional cash transfers are combined with interventions such as the provision of health and education facilities. There is, however, a risk identified that positive impacts can be undermined if conditional cash transfers are combined with interventions geared towards improving income-generation activities, even leading to a greater involvement of children in work inside and outside the home.

Unconditional cash transfers are also shown in research to potentially lead to increases in child labour if they are used to largely invest in productive assets. This is mirrored by findings in research which show that there is equal potential for entrepreneurship activities/enterprise loans[8] via microfinance programmes to have contrasting effects on child labour in households. On the one hand, they can *increase* the worst forms of child labour when households use the labour of children to support income-generating activities. On the other hand, these initiatives can *reduce* the need for adults to require children to work for household income and support.

Priority attention must be given within financial inclusion action to safeguard against inadvertently enabling children's exploitation.

The level of success of some financial inclusion interventions is impacted by whether or not child labour increased or was averted. Reviewing the literature, it is clear that financial inclusion interventions targeted at older children, especially those who are working, is an under-explored area. This may illuminate the potential of such interventions to help develop financial literacy and build resilience against exploitation.

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[7] Ana C. Dammert, Jacobus de Hoop, Eric Mvukiyehe, and Furio C. Rosati, "Effects of public policy on child labor: Current knowledge, gaps, and implications for program design," *World Development* Vol. 110 (2018).

[8] International Labour Organization (ILO), *Microfinance for decent work: Enhancing the impact of microfinance: Evidence from an action research programme* (Geneva: ILO, 2015).

Case Studies

Pakistan

Project of Support to the National Time-Bound Programme on the Worst Forms of Child Labour in Pakistan (International Labour Organization-International Programme on the Elimination of Child Labour (ILO-IPEC))

The ILO-IPEC's Project of Support to the National Time-Bound Programme on the Worst Forms of Child Labour in Pakistan (2003-2008)[9] was geared towards eliminating the worst forms of child labour in six hazardous sectors: glass bangles, surgical instrument manufacturing, deep sea fishing, coal mining, leather tanning, and rag picking. The National Rural Support Programme (NRSP) – one of the project partners – agreed to use its microcredit programme and target families with children working in the Glass Bangle Industry in Hyderabad, Sindh Province. This was to remove a family's reliance on income generated by their children. As a project partner, the NRSP was oriented (by the ILO's Social Finance Programme) on how microfinance products could be tailor-made to cater to the unique needs of families with child labourers. During the course of this ILO-IPEC Project, NRSP oriented families of children working in the glass bangle industry in Hyderabad on savings and investment. Following extensive social mobilization, the NRSP's disbursement of 1553 microloans to the families, and its implementation of project strategies (such as awareness-raising on child labour, and the exposure of children to informal education programmes and health screenings), families withdrew children from hazardous work. After its disbursement of loans, the NRSP also encouraged families to continue their savings routine. Many of the loan recipients were owners of small businesses and used the loan to expand their business activities.

Pakistan

Microfinance for Decent Work (ILO)

Under the framework of its 'Microfinance for Decent Work' (MF4DW) action research programme, the ILO collaborated with 16 microfinance institutions (MFIs) (from 2008 to 2012)[10] to understand how the delivery of innovative financial and non-financial services could foster social impact. Following a diagnostic exercise to identify work-related challenges/decent work deficits among clients, three of these MFIs decided to focus on reducing child labour; one such MFI was the NRSP in Pakistan. For its approach to reducing child labour, the NRSP provided extended health microinsurance for clients, enabling all family members to be covered by a microinsurance product. As a result of increased health insurance coverage and usage, households were able to access insurance pay-outs, reduce their health-related expenses/lower out-of-pocket hospital expenses, increase their capacities to manage health shocks, and reduce the need to use child labour to

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9 Jonas Blume and Julika Breyer, *Microfinance and Child Labour* (Geneva: ILO, 2011). Accessible at: https://www.findevgateway.org/sites/default/files/publications/files/mfg-en-paper-microfinance-and-child-labour-2011.pdf

10 ILO, *Microfinance for Decent Work: Enhancing the Impact of Microfinance: Evidence from an Action Research Programme* (Geneva: International Labour Office, 2015). Accessible at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_344847.pdf.

cover unforeseen expenses. Extended health microinsurance ultimately resulted in the reduction of child labour by almost 7 per cent, while the risk of hazardous occupations was lowered by 5 to 6 per cent for NRSP clients in Pakistan. These results largely reflected a shift from "dangerous labour in shops and factories towards less intensive work around the house." In addition to contributing to a reduction in child labour, the NRSP's extension of microinsurance also demonstrated a business case for actions against child labour, as greater insurance coverage and usage was also profitable to this MFI.

Further reading:

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- DCOMM, "Breaking the Chains of Poverty through Microfinance," *ILO*, 1 December 2005, https://www.ilo.org/global/publications/world-of-work-magazine/articles/WCMS_081370/lang--en/index.htm.
- ILO, *Child labour and the impact of financial services on smallholder tea households in Malawi* (Geneva: ILO, 2022).
- ILO, *Microfinance for decent work: Enhancing the impact of microfinance: Evidence from an action research programme* (Geneva: ILO, 2015).
- ILO and United Nations Children's Fund, *Child Labour: Global estimates 2020, Trends and the Road Forward* (New York: ILO and UNICEF, 2021).
- Jacobus de Hoop and Furio C. Rosat, *Cash Transfers and Child Labor* (Oxford: Oxford University Press, 2014).
- Jonas Blume and Julika Breyer, "Microfinance and Child Labour," *Employment Working Paper No. 89* (Geneva, ILO, 2011).
- Kathleen Beegle, Rajeev Dehejia, and Roberta Gatti, "Child Labor, Crop Shocks, and Credit Constraints," *NBER Working Paper No. w10088* (2003).
- Sara Heinsbroek and Hester Holtland, *Child Labour and Dutch Institutional Investors: A study on Incorporating Child Labour in Responsible Investment* (Netherlands: VBDO, 2021).

Financial Inclusion Practices: Reducing Vulnerability for Forcibly Displaced Persons

People displaced by situations of conflict, climate, or other crises, within their home country or across borders, are reported to have experienced some difficulties in accessing formal financial services. Financial exclusion can lead to the use of informal and risky means of financing migration journeys to escape crisis and instability, with the potential for exploitation such as debt bondage, forced labour, or trafficking. Financial exploitation along the migration route, including labour exploitation, can be linked to financial exclusion (i.e. not having access to formal financial services and at times relying on risky lending behavior), and can deepen financial insecurity.

Exclusion is commonly connected to 'Know Your Customer' (KYC) regulations and due diligence measures. Financial access is regularly hindered by the lack of official identification documents required by financial institutions to open bank accounts, especially if receiving/host country laws and regulations do not support access for refugees, asylum-seeking persons, or other potentially undocumented persons. Further, financial service providers may not have sufficient information on the business case for serving Forcibly Displaced Persons (FDPs).

Women who are displaced, in particular, can experience financial exclusion due to social and cultural norms which may reduce the perceived need for a bank account. Personal safety concerns can also influence the degree to which women engage with banking and other services. More broadly, FDPs and refugees may also lack awareness on how to access financial services or how it can assist their daily lives.

Positive responses to situations of displacement include actions to ensure that displaced persons' access to financial services is provided or maintained, especially as a prevention and protection measure against modern slavery risks.[11] For example, financial institutions can adopt simplified monitoring and customer due diligence measures based on a risk-based approach, and which allow for the use of alternative ID documents such as refugee IDs. Further, client-centred mobile banking services (accompanied by legal and consumer protection services) can be offered/extended to a wider customer base to overcome challenges such as the lack of financial access, and mobility. Financial service providers (and other parties) can also stimulate the demand for financial access via awareness-raising, financial and digital literacy, and enabling greater access to mobile devices. These and other measures targeting forcibly displaced persons often require close collaboration and cooperation among financial regulators, the Central Bank, financial service providers, humanitarian organizations, and other agencies providing services to displaced populations.

Case Studies

Rwanda

Alliance for Financial Inclusion

Country case studies by Alliance for Financial Inclusion (AFI) on FDPs outline how Rwanda has made notable strides in leveraging digital IDs and E-KYC to support the financial inclusion of this target group.[12] Rwanda has a supportive legal and policy framework that has provided guidance on the treatment of refugees. Significantly, the country has a multi-agency response to financial inclusion comprising the government,

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

12 Alliance for Financial Inclusion, *Leveraging Digital ID and E-KYC for the Financial Inclusion of Forcibly Displaced Persons (FDPs): Risks and Opportunities* (2022).

private sector, financial sector, and humanitarian agencies, and a National Financial Inclusion Strategy (2019–2024) that includes a focus on the financial inclusion of vulnerable groups such as refugees.

In Rwanda, refugees above the age of 16 have access to refugee ID cards (issued by the National Identification Agency) as well as paper document IDs known as 'proof of registration' documents jointly issued by the United Nations High Commissioner for Refugees (UNHCR) and the government. Refugees' biometric data has also been used to verify and update information on refugees and asylum-seekers to enable greater access to identity documents. Such documents can facilitate access to formal financial services. The widespread use of cash in refugee camps in Rwanda, the quantity of income and varied income sources to which refugees have access (ranging from cash transfers and remittances to salaried jobs and self-employment), and the prospects for market expansion for financial services all help to create a strong business case[13] for financial service providers to provide financial services to refugees in Rwanda. Equity Bank enables refugees to use their Proof of Registration (after confirmation from UNHCR) to access bank accounts and which in turn enables refugees to receive cash assistance from UNHCR and the World Food Programme. Other financial services available to refugees in Rwanda include access to Boss Money[14] (formerly Leaf) - a cross-border digital wallet that enables persons to store, send, and receive money (including remittances) through a smart phone or feature phone (via a USSD code). Refugees also have access to mobile money accounts (such as those provided by telecommunications company, MTN Rwanda). Urban refugees can purchase SIM cards using their proof of registration. However, rural mobile money agents are unable to register non-Rwandan nationals, thereby making it difficult for rural camp dwellers to access SIM cards which can be used to access mobile money accounts. This is one of the areas requiring improvement in financial inclusion efforts in Rwanda.

Poland

FAST Initiative, United Nations University Centre for Policy Research

FAST's case study on financial sector responses to conflict-related trafficking risks for men[15] outlines Poland's response as one of the leading hosts of Ukrainian refugees since Russia's invasion of Ukraine in February 2022.[16] After the invasion, there was swift implementation of systemic and legislative changes and the provision of humanitarian support in Poland in response. Financial institutions in Poland likewise acted quickly to support the financial inclusion of refugees. This included providing access to bank accounts, banking services, and payment cards so that all social benefits and cash payments could be safely received and used for the immediate needs of FDPs from Ukraine, acknowledged to be at risk to trafficking and exploitation by UNHCR/UNODC. Facilitating financial access in Poland was a collaborative process, involving local and international actors. Poland's Central Bank worked closely with the Central Bank of Ukraine to facilitate the smooth exchange of *Hryvnia* (the Ukrainian currency) into *Zloty* (the Polish currency). Further, financial institutions and public, regulatory, and supervisory authorities in Poland collaborated to offer simplified and sometimes fee-free access to bank accounts, e-banking services, and payment cards.

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13 Daryl Collins, Roland Amoah, Kim Wilson, Michelle Hassan, and Stanley Mutinda, *Refugees and their Money: The Business Case for Providing Financial Services to Refugees* (2018).

14 "Virtual banking beyond borders," *Leaf*, last accessed 15 April 2024, https://www.leafglobalfintech.com/.

15 Angharad Smith, Leona Vaughn, Toni Cela, Louis Herns Marcelin, Margaret Ohia-Nowak, Charu Hogg, and Ronny Marty, *Modern Slavery and Financial Exclusion: Exploring Crisis-Related Risks for Men* (New York: United Nations University, 2024).

16 "Refugees from Ukraine in the EU," *European Council*, last accessed on 4 April 2024, https://www.consilium.europa.eu/en/infographics/ukraine-refugees-eu/; "Ukraine Refugee Situation," *UNHCR*, last accessed on 4 April 2024, https://data.unhcr.org/en/situations/ukraine.

Guidelines for providing banking services to refugees from Ukraine included delaying identity verification processes within due diligence processes, which ensured that displaced individuals could quickly and securely receive and utilize social benefits and cash payments for their immediate necessities. The 2022 'Act on Assistance for Ukrainian Citizens' in response to the ongoing armed conflict encompasses a wide array of provisions aimed at safeguarding the rights and well-being of refugees from Ukraine. This piece of legislation, passed by the Polish Parliament, addresses critical areas such as documentation, access to employment, healthcare, education, and social security benefits, all of which are now available to Ukrainian refugees at a level equal to that enjoyed by Polish nationals. Those covered by the legislation are given a unique identification number that is mandatory for individuals seeking access to the healthcare system, social assistance provisions, the acquisition of a driver's license, or the establishment of a business in Poland, among other financial benefits. However, there have been concerns about gaps in provision of support and financial access, especially to non-Ukrainian nationals forcibly displaced by the war.

Türkiye/Syria

DAHIL Employment Creation Through Improved Access to Finance for Syrians Under Temporary Protection (SuTP) and Host Communities Project

In a report outlining the challenges for Syrian Small and Medium-Sized Enterprises (SMEs) in Turkish border cities,[17] the recommendations of this project were outlined for increasing access to finance and social protection. Many displaced Syrians in Türkiye, host to the largest refugee community in the region, had created SMEs and had even been able to become employers for local communities and fellow Syrians. However, refugees experienced difficulties in expanding their business ventures, including constraints in opening personal and business bank accounts and accessing finance such as bank loans and wider banking services.

For Syrians under temporary protection this was exacerbated by mistrust in the banking system; a lack of confidence due to their legal status; not having significant bank history or experiences; limited Arabic options on mobile applications; and banks' reluctance to provide bank accounts to Syrians due to their fear of being fined as a consequence of international sanctions, as well as concerns about them violating the Money Laundering, Terrorist Financing, and Transfer of Funds Regulations of 2017. Further, due to their lack of adequate documentation, unregistered/unlicensed businesses are unable to conduct business through banks.

Such challenges had led many Syrian businesses to use informal means of transferring money, such as the *Hawala* system. International money transfer organizations such as Western Union and MoneyGram had also been used, although caps on the amount of money that could be transferred at a single time was felt to limit business operations.

In response, Türkiye developed a dedicated 'Syrian Desk' in the Gaziantep Chamber of Commerce, as well as facilities and training programmes for Syrian businesses in the Gaziantep Chamber of Industry. The D*AHIL Employment Creation Through Improved Access to Finance for Syrians under Temporary Protection (SuTP) and Host Communities Project* provided a number of recommended actions to support financial inclusion of Syrian refugees in Türkiye, all of which require multistakeholder action. These included financial literacy training for Syrian SMEs (NGOs); the creation of a viable alternative to the *Hawala* system (banks); easing of rules to obtain a work permit (government); the use of mobile phones for non-banking financial solutions, including for a digital identity and to store and receive money; and capacity-building for stakeholders.

17 Spark, *Access or non-access to finance?: Challenges faced by Syrian SMEs in Turkish border* cities (Amsterdam: 2021).

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- Spark, *Access or non-access to finance?: Challenges faced by Syrian SMEs in Turkish border* cities (Amsterdam: 2021).
- "Report: Solutions for better financial inclusion for Syrian SMEs in Turkey," *Spark*, 28 October 2022, https://spark.ngo/report-solutions-for-better-financial-inclusion-for-syrian-smes-in-turkey/.

Financial Inclusion Practices: Climate-Affected Populations

Floods, droughts, and elevated temperatures due to climate variability and climate change, are shown in the literature to play a major part in placing populations at risk of modern slavery abuses. The climate crisis continues to increase migration, (forced) internal and external displacement, increase gravitation to alternative economic activities, and increase borrowing to recover or sustain livelihoods. Conflict over scarce resources is a threat which multiplies risks for low-income populations in particular.

The degree to which persons have been pushed into precarious economic situations and exposed to modern slavery as a result of climate effects, is shown to be influenced by a number of factors which can reduce or increase resilience. These include the level of ability and support to reskill when workers are forced to leave an industry/sector, the level of access to social protection (e.g. pension and healthcare), the quality of institutions in the country, levels of structural inequality, levels of income and assets, the level of individual savings (the presence or absence of adequate funds to recover from economic shocks), and the ability to access sustainable finance and financial services.

In order to suitably prepare for and respond to climate effects, climate adaptation[18] solutions and actions are argued to be essential to the development of inclusive finance services to help strengthen "mitigation, resilience, adaptation and transition."[19] For these services to assist vulnerable peoples' responses to climate change, they should be tailor-made to the unique situation of each country. They should be customer-centric and gender-responsive. They must also pay keen attention to groups disproportionately affected by climate change such as indigenous peoples, refugees and displaced persons, women and young children, ethnic minorities, and older populations.[20]

However, the adaptation finance gap[21] in developing countries is between $194 billion and $366 billion per year (based on 2021 adaptation finance flows), while adaptation finance needs are approximately 10 to 18 times as much as current international public adaptation finance flows. Adaptation efforts should be complemented by actions to build social and environmental resilience[22] so that persons are able to anticipate shocks, cope with these shocks, and recover from their impacts with minimal damage to society, the economy, or the environment. This in turn can reduce vulnerability to modern slavery risks. Examples of climate resilience strategies include National Adaptation Plans, access to credit and insurance,[23] employing ag-tech and climate-tech to support the resilience of agricultural workers and food systems, and building the membership of savings groups[24] which can provide a buffer against climate shocks, peer support, and access to information.

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18 "Adaptation and Resilience" *Secretariat of the United Nations Framework Convention on Climate Change*, last accessed on 15 April 2024, https://unfccc.int/topics/adaptation-and-resilience/the-big-picture/introduction.

19 "Green Inclusive Finance: A Framework for Understanding How Financial Services Can Help Low-Income and Vulnerable People Respond to Climate Change" *Center for Financial Inclusion*, 10 January, 2023, https://www.centerforfinancialinclusion.org/green-inclusive-finance-a-framework-for-understanding-how-financial-services-can-help-low-income-and-vulnerable-people-respond-to-climate-change/.

20 "What is climate change adaptation and why is it crucial?" *UNDP*, 30 January 2024, https://climatepromise.undp.org/news-and-stories/what-climate-change-adaptation-and-why-it-crucial.

21 The adaptation finance gap is the difference between estimated adaptation financing needs and costs and finance flows. United Nations Environment Programme, *Adaptation Gap Report 2023: Underfinanced. Underprepared. Inadequate investment and planning on climate adaptation leaves world exposed* (Nairobi: 2023). Accessible at: https://www.unep.org/resources/adaptation-gap-report-2023.

22 Sara Mehryar, "What is the difference between climate change adaptation and resilience?" *The London School of Economics and Political Science*, 12 September 2022, https://www.lse.ac.uk/granthaminstitute/explainers/what-is-the-difference-between-climate-change-adaptation-and-resilience/.

23 Malika Anand and Peter Ndichu, "Farmz2U is transforming food systems in Africa to build resilience to climate change" *Catalyst Fund*, 12 February 2024, https://www.thecatalystfund.com/insights-blog/farmz2u-is-transforming-food-systems-in-africa-to-build-resilience-to-climate-change.

24 "Driving climate resilience through savings groups," *SEEP*, last accessed on 15 March 2024, https://seepnetwork.org/Webinar-Post/Driving-Climate-Resilience-through-Savings-Groups-exist.

Case Studies

Cambodia

Blood Bricks (University of London)

This research[25] explains how Cambodia is one of the most climate-vulnerable countries in the world and its brick kilns are the scene of multigenerational experiences of modern slavery in the form of debt bondage. Fertile clay soil excavated from land purchased by kiln owners is used in brick kilns. The purchase of land in villages by brick kiln owners and their building of land reserves in these villages have resulted in farmers losing access to water facilities. Farmers have, in turn, been forced to sell their lands and many eventually work in brick kilns due to their inability to farm. Further, climate change-related droughts, floods, and changes to rainfall patterns have made it difficult to grow crops in the country. Due to minimal social protection and State assistance for agriculture, some rural farmers have migrated into garment and construction sectors. Others, to sustain farms and transition to another farming cycle when crops fail, have been driven to take on high-interest loans and unregulated credit from microfinance institutions to pay for agricultural inputs (seeds, chemicals, fertilizer, and labour). Some farmers have allowed local brick kiln owners to repay their debts to microfinance institutions as part of agreements to take on consolidated loans from the brick kiln owners. This loan arrangement has often resulted in farmers and their families becoming debt bonded to kiln owners until their loans are repaid.

Unseasonal rain can temporarily halt brick production, increasing levels of debt as kiln workers (comprising farmers and others who transition to work in brick kilns) borrow further money from kiln owners to meet their needs. The poor working conditions in brick kilns have also resulted in chronic and fatal health issues for workers, including due to extreme heat, the use of unsafe machinery, the inhalation of brick dust and kiln fumes, and long work in extreme working conditions; brick kilns have been the sites of (noxious) emissions from the burning of pre-consumer garment waste (in the form of garment offcuts) and/or wood to fuel kiln fires. Occupational health injuries (e.g. respiratory illnesses and limb amputation) have also increased the indebtedness of some kiln workers, as injured workers have been forced to take loans from kiln owners in order to go to the hospital or had unfair wage deductions.

These realities for workers reflect and highlight the entrenched interconnections of climate change, unscrupulous financing, modern slavery, and environmental degradation. The surging demands for bricks to sustain the construction boom in Cambodia has increased the need for workers, which the poorest workers, including those migrating from the agricultural sector, have helped to fill. Movement towards brick kilns has demonstrated how climatic factors, economic shocks, and one's level of assets can exacerbate inequalities and structural vulnerabilities and push persons into hazardous work.

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[25] Katherine Brickell, Laurie Parsons, Nithya Natarajan, and Sopheak Chann, *Blood Bricks: Untold Stories of Modern Slavery and Climate Change from Cambodia* (Royal Holloway, University of London, 2018).

Ghana

Earth Shattering (FAST, United Nations University Centre for Policy Research & Institute for Natural Resources in Africa)

Research on artisanal small-scale goldminers and smallholder cocoa farmers in Ghana[26] highlighted how workers had lost earnings as a consequence of the pandemic, climate change, and environmental damage. Miners were exposed to debt bondage due to exploitative arrangements for accessing credit from business cartels and owners of mining concessions. This increased their risk of working in hazardous conditions, including working in flooded mines and working without appropriate (expensive) protective equipment. Both self-employed miners and cocoa farmers, the latter considered high-risk, 'thin file' clients by financial institutions, reported a reliance on informal loans which made them vulnerable to abuse.

Cocoa farmers were also affected by climate change and environmental damage, which reduced their yields and already low income. This led them to often choose between engaging in exploitative labour practices, including using their own family, or selling land to goldmining companies which would result in environmental damage.

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26 Finance Against Slavery and Trafficking, *Earth Shattering: Opportunities for Financial sector Engagement at the Nexus of Modern Slavery and Natural Resources in Ghana* eds. Gifty Ampomah, Sarah Jane Danchie, Leona Vaughn, and Stephen Yeboah (New York/Accra: United Nations University, 2022).

Financial Inclusion Practices: Migrants and Migrant Workers

Escaping conflict and crisis, including the climate crisis, is increasingly a reported 'push factor' for migration. The desire for a better life in a new host city/country, the ability to remit money to family, or the ability to pursue a job opportunity are also common motivations for migrant workers. Migrant workers are a high-risk group for modern slavery – forced labour prevalence is three times higher for adult migrant workers.[27]

Many migrant journeys incur a lot of expense, with journeys being financed through myriad means. This includes the use of individual or family savings, loans from friends or relatives, credit from informal financial service providers or prospective employers, and the payment of exploitative (even illegal) recruitment fees. Some of these finance methods expose migrants to indebtedness or debt bondage. Migrant workers also face the risk of debt bondage and forced labour because of employment conditions relating to wage protection, wage payments, work agreements, and surrendering identity documents, which can also hinder migrant workers from leaving work sites.

Migrants have reported experiencing the non-payment of wages, delayed wage payments, the payment of inadequate wages for jobs performed, sporadic reductions and changes in previously agreed wages, wage deductions stemming from recruitment fees and other work-related costs, excessive working hours without overtime payments, and the lack of delivery of payments owed.[28] Even in cases where payments have been made, workers have also experienced the withholding of access to finance via bank accounts and (prolonged) exploitation, including forced labour, while pursuing income-generation activities.

The exposure of workers to such conditions not only undermines prospects of decent work but such experiences are also in contravention of a number of international labour standards. These include the Protection of Wages Convention, 1949 (No. 95); Protection of Wages Recommendation, 1949 (No. 85); the Domestic Workers Convention, 2011 (No. 189); and the Migration for Employment Convention (Revised), 1949 (No. 97). Due consideration therefore needs to be given to adequate and timely wage payments for migrant workers; the monitoring and evaluation of wage protection systems including via the use of a labour inspectorate and due diligence processes; the creation of freedom of speech and freedom of association; the allowance of collective bargaining; and the establishment of grievance mechanisms through which aggrieved parties can access remedy for lost wages and other human rights harms.

Sponsorship systems which tie workers to one employer can also perpetuate and maintain wage abuses as migrants sometimes feel compelled to remain in an exploitative or undesirable work environment or risk losing their job as well as the chance to remain in the country where they are being employed. Employers, within and beyond sponsorship systems, have also withheld the passports/travel documents of migrant workers which, along with threats, has helped to entrench situations of forced labour and debt bondage, and made it difficult for workers to leave their place of employment.

Migrant workers are also shown to often work in the informal economy, which is particularly vulnerable to modern slavery risks.[29] Informal businesses and workers, especially those who are geographically remote and those who are socioeconomically marginalized, often lack bank accounts and access to credit. This reality has usually resulted in workers accessing credit from informal moneylenders. Where informal lenders charge high interest rates, borrowers can be pushed into human trafficking, debt bondage, and other forms of exploitation in their bid to repay loans.

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27 ILO, Walk Free, and IOM. *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* (Geneva, 2022). Accessible at: https://publications.iom.int/books/global-estimates-modern-slavery-forced-labour-and-forced-marriage.

28 Kim Wilson et al., *Financial Biographies of Refugees in Tunisia* (Medford, MA: Tufts University, 2023).

29 Report of the Special Rapporteur on contemporary forms of slavery, including its causes and consequences [contemporary forms of slavery in the informal economy] (2022). Accessible at:: https://www.ohchr.org/en/documents/thematic-reports/a77163-contemporary-forms-slavery-informal-economy-report-special; ILO, Walk Free, and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* (Geneva, 2022). Accessible at: https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/.

Case Studies

United States of America v. Dann, 652 F.3d 1160 (2011)

This case study demonstrates the correlation between the lack of access to a bank account, in spite of ownership, and the perpetuation of exploitation. In this instance, the victim – a Peruvian national – had experienced, *inter alia*, the withholding of her passport and Peruvian identification and the withholding of wages by the defendant, Dann. She was also forbidden from speaking with anyone outside the home. Following Dann's conviction on five counts, including forced labour, she appealed, *inter alia*, her conviction for forced labour (which was upheld). As held by the jury, "…[f]or an immigrant without access to a bank account and not a dollar to her name, a juror could conclude that the failure to pay her—and thus the lack of money to leave or live—was sufficiently serious to compel [the victim] to continue working."

Mexico/USA

Efforts have been recently made in the US financial system to facilitate simplified access to banking for Mexican migrants. All US bank branches now accept the *Matrícula Consular Mexicana*[30] as a principal form of ID to open a checking account – one of two identification documents required. Secondary forms of identification can include a driver's license and a state-issued ID card.[31]

United Arab Emirates (UAE)

The *Kafala* system is a private labour sponsorship system and legal framework[32] that facilitates and enables migrant workers from around the globe to provide labour to private citizens and companies in Jordan, Lebanon, and all Arab Gulf states, except Iraq. The *Kafala* system in the UAE provides citizens and companies with the ability to source and provide work sponsorship for migrant workers – a capacity which places significant power in the hands of sponsors.[33]

Sponsors source migrants to provide domestic work and to work in sectors and industries such as construction, oil and gas, agriculture, transportation, and hospitality.[34] Against a backdrop of workers not being allowed to form or join a union, strike, or engage in collective bargaining, the UAE passed a

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30 This is an official document that is issued and distributed by Mexican Consular Offices in the United States, and for which only Mexican immigrants are eligible.

31 "Matrícula Consular Mexicana," *US Bank*, last accessed on 18 March 2024, https://www.usbank.com/bank-accounts/matricula-consular-mexicana.html.

32 Kali Robinson, "What is the Kafala System?" *Council on Foreign Relations*, 18 November 2022, https://www.cfr.org/backgrounder/what-kafala-system.

33 Ibid.

34 "Labour Migration in the Arab States," *ILO*, last accessed on 15 April 2024, https://www.ilo.org/beirut/areasofwork/labour-migration/WCMS_514910/lang--en/index.htm.

number of labour reforms, including removal of the requirement that migrants have to get their employer's permission to change jobs or leave the country (respectively via a 'No Objection Certificate' or an 'Exit Permit').[35] However, workers have experienced human rights violations and labour abuses and illegalities such as excessive heat stress, recruitment fees, non-payment of wages, and passport retention, amidst conditions of forced labour and debt bondage.[36] Due to the inability of many migrants to access formal financial institutions, many have had to resort to borrowing money from informal money lenders to repay such fees. As captured by a Human Rights Watch article on migrant workers in the UAE, "most migrant workers have said they borrowed informally from local moneylenders at annual interest rates as high as 50 per cent, sold assets, and depleted family savings to finance recruitment fees. These loans can take months or even years to repay. A significant portion of migrants' earnings that could be used for food and health are often channeled toward repaying recruitment debts."[37] As research has shown, such conditions of indebtedness and lack of access to sustainable finance can lead to entrenched debt bondage – a reality which further compounds the potential human rights harms and abuses faced by migrant workers in the UAE.

Ensuring and enabling access to affordable and regularized financial services for migrant workers is therefore a key step to reducing indebtedness (for example, due to exorbitant rates/high fees from financial intermediaries) and supporting better economic prospects for migrants and their families. For example, NOW Money,[38] UAE's first digital payroll and banking service offered to businesses with migrant workers, caters to this underserved,[39] low-income group. NOW Money's digital payroll system[40] enables workers to easily receive salary and other payments (e.g. bonuses), while also making payroll management easier for employers. Further, when private businesses send salaries and wages electronically this is in compliance with wage protection system (WPS) regulations in the UAE and the Jebel Ali Free Zone.

Financial services usually take the form of free mobile bank accounts, free debit cards, access to a mobile bank app, as well as financial and digital literacy training. There is no minimum salary/balance requirement for opening an account with NOW Money in a context where such migrants do not usually meet the minimum salary requirements for a bank account.

Mobile banking can be advantageous[41] as it enables workers to more securely store and conveniently access funds, send funds in a more cost-effective manner, as well as access financial records through which they may be able to obtain loans. However, not all workers have digital access or knowledge to manage such accounts.

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35 Mustafa Qadri, "The UAE's Kafala System: Harmless or Human Trafficking?" *Dubai's Role in Facilitating Corruption and Global Illicit Financial Flows* eds. Matthew T. Page and Jodi Vittori (Washington DC: Carnegie Endowment for International Peace, 2020).

36 ""I will live as long as dialysis lets me": Migrant workers bear the brunt of UAE's extreme heat, *Human Rights Watch*, last accessed on 15 April 2024, https://www.hrw.org/video-photos/interactive/2023/11/21/migrant-workers-bear-the-brunt-of-uae-extreme-heat.

37 "Questions and answers: Migrant worker abuses in the UAE and COP28," *Human Rights Watch*, 3 December 2023, https://www.hrw.org/news/2023/12/03/questions-and-answers-migrant-worker-abuses-uae-and-cop28.

38 "Responsible employers + NOW Money = Powering financial inclusion," *NOW Money*, last accessed on 16 March 2024, https://nowmoney.me/financial-inclusion/.

39 Shannon Dwyer, "Migrant workers in the UAE get a digital banking solution," *Accion*, 6 April 2021, https://www.accion.org/migrant-workers-in-the-uae-get-a-digital-banking-solution/.

40 Katharine Budd, "Smart Office Payroll: Pay salaries with flexible solutions that cut costs," *NOW Money*, 1 June 2022, https://nowmoney.me/blog/smart-office-payroll/.

41 "6 Benefits of mobile banking for employers, workers and society," *NOW Money*, last accessed on 16 March 2024, https://nowmoney.me/blog/benefits-of-mobile-banking/.

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Financial Inclusion Practices: Migrants Sending and Receiving Remittances

Remittances can be a protective factor against modern slavery for those in home/recipient countries. In contexts where poverty and the inability to provide for basic needs are risk factors to exploitation, remittances provide individuals with essential resources for their needs and wants (such as for food, housing, medical supplies, and/or starting/developing a business). Moreover, given the important role remittances can play for both recipient and sender, the service can be an entry point for other financial services such as savings, loans, and investment services – thus helping migrant workers access meaningful financial services and enabling them to achieve financial health and resilience (when coupled with other non-financial services).

Conversely, migrants' drive to provide remittances for family members in home countries can sometimes result in migrants taking risks that expose them to precarious and exploitative situations, such as human trafficking. Sending money via informal transfer systems (including via *Hawala*[42]) can also expose migrants to exploitation, including debt bondage, as well as raise security concerns pertaining to money laundering and terrorist financing.

The possible linkage between funds sourced from formal, regulated remittance service providers and modern slavery has necessitated screening and due diligence measures on the part of remittance service providers. However, 'de-risking,' e.g. remittance service providers placing restrictions on receiving countries due to anti-money laundering/counter terrorist financing and modern slavery concerns can likewise result in a vicious cycle where individuals and communities are financially excluded, resulting in their increased risk to modern slavery and other vulnerabilities.

Case Studies

Mexico

3x1 Program for Migrant

Under Mexico's '3x1 Program for Migrants' (Programa 3x1 para migrantes),[43] which was launched in 2002, the federal, state, and municipal governments complement the remittance investments of hometown associations/migrant associations in their local communities (usually directed towards social and infrastructural projects) by providing three dollars (one dollar each) for every dollar invested. This programme has incentivized the remittance support provided by associations while encouraging development cooperation among the government, migrants, and home communities. Given its integration of migration and development policy[44] (i.e., its focus on investment and community development), the programme may not only result in economic and social development but also reduce modern slavery risks.

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42 UNODC ""We don't ask questions": Hawala payment system vulnerable to use by organized crime groups, including opiate traffickers and migrant smugglers," *United Nations*, https://www.unodc.org/unodc/en/frontpage/2023/September/we-dont-ask-questions_-hawala-payment-system-vulnerable-to-use-by-organized-crime-groups--including-opiate-traffickers-and-migrant-smugglers.html.

43 "Program 3 x 1 for Migrants," *IOM*, last accessed on 16 March 2024, https://micicinitiative.iom.int/program-3x1-migrants-1.

44 Mike Kaye and Aidan McQuade, *A discussion paper on poverty, development and the elimination of slavery* (London: Anti-Slavery International, 2007).

United States of America

FAST Initiative and United Nations University Centre for Policy Research

The FAST remittance pilot[45] provides valuable lessons on financial access measures that can be considered for migrant survivors of modern slavery and other vulnerable populations that are excluded or at risk of being excluded from the formal financial system. Migrant survivors face a number of challenges/barriers to accessing financial services, including due to not meeting regulatory requirements stemming from their immigration status, the lack of identity documents and a permanent address, language barriers, living in isolated communities, and feelings of anxiety when dealing with authorities. The Anti-Human Trafficking Initiative of payment service provider Western Union, a participating financial institution in FAST's Survivor Inclusion Initiative (SII), proposed reduced-fee remittances for survivors as a means of reducing their financial vulnerabilities. FAST initiated a pilot (from November 2022 to June 2023) to explore whether reduced fees would effectively address the remittance needs of migrant survivors in the United States. This pilot was undertaken in partnership with survivor support organizations Lutheran Services Carolinas and Restore NYC. Survivors were surveyed about their remittance needs and behaviours, and for those interested, promotional codes were given which enabled users to get a discounted fee (50 per cent off) when sending money from the US, regardless of the amount of the transaction or the intended payment country. Following feedback on survivor needs, the pilot adjusted the offer to also allow relatives or sponsors of survivors (especially those under 18 years of age) to use the codes to send money to them or on their behalf.

The pilot identified key principles that remittance service providers should consider when providing this and other wider financial services to migrant survivors and other vulnerable populations. These include a focus on proactively building trust with client groups that have low levels of trust in formal financial services, using a flexible and customer-centric design for services to respond to specific needs, ensuring that customers can easily access information about services and addressing language, age, digital inclusion, and agent location issues.

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45 Finance Against Slavery and Trafficking, Lutheran Services Carolinas and Restore NYC, "Exploring Migrant Survivors' Remittance Needs in the United States: FAST Survivor Inclusion Pilot Program," *UNU-CPR Insight Briefing* (New York: United Nations University, 2024).

Financial Inclusion Practices: Domestic Low-Income Populations

Poverty is a common denominator in most lived experiences of modern slavery, a structural factor that places many at risk of abuse and exploitation. Difficulties in accessing financial products and services can be worsened by not being able to have proof of income, proof of a fixed address or the required identity documents to open accounts, not being able to afford the fees charged by financial institutions, or a lack of financial literacy or digital technology (and an internet connection) to access financial products and services.

Persons in possession of a bank account and in situations of vulnerability to exploitation, such as being without a home, may also experience difficulties in maintaining control over such accounts. Those who experience, or are at risk of, being homeless, which often disproportionately includes people from marginalized groups, are a population shown in the literature to be vulnerable to forms of exploitation, including modern slavery.

Case Studies

Belgium

On 15 January 2020, the Ghent Criminal Court (*Tribunal correctionnel de Gand*)[46] ruled that a Belgian defendant was guilty of human trafficking, with the aggravating circumstance that he had abused the victim's vulnerable situation. The victim – a then homeless Slovakian man – had been recruited by the defendant in 2015 in Slovakia and brought to Belgium. Upon his arrival in Belgium, the victim was falsely registered as self-employed, unbeknownst to him. Further, the defendant took away his Slovakian identity card and the resident permit that he had acquired in Belgium. When the victim opened a bank account in June 2016, the defendant also kept his bank card (for which the defendant also had the PIN code). The victim was put in contact with a newspaper distribution company where he was responsible for distributing leaflets, brochures, and letters in different areas around Ghent. In this role, he typically worked from 5 or 6 am to 3 pm. On some occasions he also had to fold leaflets until 10 pm. However, the wages for the victim's work were deposited into the defendant's bank account. The victim received no money for some months and in the months that he was paid, he received a paltry sum (usually between €20 and €500). In addition to facing such working conditions, the victim was also ill-treated by the defendant's family with whom he lived. He often fell ill but was unable to go to the doctor because he had no money. Sometimes he was also locked in the family's garage and had to sleep there. With no access to electricity or water in the garage, the victim would fetch water from a Slovakian family. It was on one such occasion of being locked in the garage that the victim escaped and ended up wandering on the streets of Belgium for three weeks before being found by a couple and taken to a homeless shelter. Following subsequent developments and the investigation of his case by the National Social Security Office, the Ghent Criminal Court made its human trafficking ruling. The defendant was given a suspended prison sentence and fine, while the victim was awarded compensation in pecuniary and non-pecuniary damages.

[46] "Tribunal correctionnel de Gand, 15 janvier 2020," *Myria*, 15 January 2020, https://www.myria.be/fr/traite/jurisprudence/tribunal-correctionnel-de-gand-15-janvier-2020.

Türkiye

Turkish Grameen Microfinance Program

Established in 2003, the Turkish Grameen Microfinance Program (TGMP)[47] works towards improving the socioeconomic conditions of low-income families in Türkiye via the provision of appropriate financial services and small business skills. TGMP provides credit/small business loans to women entrepreneurs or women who are family members of business owners across several provinces in Türkiye, with the intention that they would engage in income-generation activities. Beneficiaries, usually financially challenged women living in poverty, only need to provide their ID cards to access microfinance. Women do not need to provide collateral and guarantees, and securities and enforcement court proceedings are not pursued. Other financial services that TGMP provides include the opening of bank accounts and insurance.

United Kingdom

No Fixed Address Service (HSBC)[48]

Under its 'No Fixed Address service,'[49] HSBC has partnered with homeless charities (such as Shelter and Crisis), local organizations, and local government to provide basic banking services for those experiencing homelessness or housing difficulties and who are supported by a registered charity or organization.

Providing proof of address (e.g. via a recent utility bill) is a common requirement for opening a bank account. However, such a requirement can prove to be a challenge for those experiencing homelessness or housing difficulties. Conscious of this reality, and of the importance of having a bank account for receiving and sending payments and claiming benefits, HSBC has adjusted its KYC requirements, allowing homeless persons and those facing housing difficulties to gain access to basic banking services without having to provide a home address.

In order to gain access to an HSBC account, a caseworker from the charity supporting the homeless person is required to contact a local participating HSBC UK branch to arrange an appointment to open an account. On the day of the appointment, prospective clients should be accompanied by the caseworker and use the address of that charity.

During the COVID-19 pandemic (from April 2020), HSBC experienced a significant surge in account openings as many people became homeless. One customer[50] who was able to open his first bank account with HSBC at the age of 33 at the beginning of the pandemic (March 2020), described the vicious cycle of being turned away from jobs which only pay wages directly into bank accounts and thus being unable to save money for rent deposits. He also stated that he no longer depended on friends to store money in their bank accounts, avoiding situations wherein they would not return all the money deposited.

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47 EYDK Impact Investing Advisory Board, *Turkish Grameen Microfinance Program (TGMP)/ Microcredit Support for Women*. Accessible at: https://www.eydk.org/turkish-grameen-microfinance-program-tgmp-microcredit-support-for-women/#tab-1641867376922-3b5ef774-316c/; https://www.tgmp.net/en/bizkimiz/.

48 "No Fixed Address Service," *HSBC*, last accessed on 16 April 2024, https://www.hsbc.co.uk/help/money-worries/no-fixed-address/.

49 "HSBC bank accounts for people without a fixed address now available in over 100 branches, *HSBC*, last accessed on 16 April 2024, https://www.about.hsbc.co.uk/news-and-media/hsbc-bank-accounts-for-people-without-a-fixed-address-now-available-in-over-100-branches.

50 Liam Geraghty, "How getting a bank account while homeless 'changes your life ten-fold'," *The Big Issue*, 17 June 2021, https://www.bigissue.com/news/housing/homeless-bank-accounts-without-one-you-might-as-well-not-exist/.

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Financial Inclusion Practices: Survivors of Modern Slavery

Some survivors of modern slavery have had their credit history destroyed by traffickers who used their identity and bank accounts during their period of exploitation. This reality, along with the lack of official identity documentation, a permanent address, and documented employment history have all increased the difficulties posed to survivors in opening accounts, recovering financially, and becoming socially and financially reintegrated into society. The cross-checking of records and documents, and the use of simplified customer due diligence have been some of the solutions that have been employed by banking institutions to facilitate access to banking services on the part of survivors, as well as reduce their risk of revictimization. However, even as access to finances (including via direct cash payments) can help to ensure that survivors' basic needs are met, it does not replace the need to address structural issues (e.g. poverty and the lack of employment) through which survivors can have greater assurances of economic and social stability, increased possibilities to build financial capability skills, and reduced risks to trafficking and other forms of exploitation.

Case studies

United Kingdom/United States of America/Canada

FAST Initiative and United Nations University Centre for Policy Research

The SII[51] is an example of a partnership with financial institutions and Survivor Support Organizations (SSOs) to facilitate access to basic banking services (such as checking and savings accounts) for survivors of modern slavery. While financial institutions have provided 'survivor accounts' SSOs have helped to verify survivors' identity, status, and proof of address. This financial access project was launched in September 2019 in the UK, US and Canada by the FAST Initiative, and during its incubation period (2019–2024) FAST facilitated the exchange of knowledge required to support this work, including via enabling peer-to-peer learning resources. In Canada, this partnership has led to the development of guidance on the provision of banking services to consumers who do not present a standard ID, all in line with a risk-based approach to KYC policy.[52]

Mexico

FAST Initiative and United Nations University Centre for Policy Research

The financial inclusion of victims/survivors of modern slavery is crucial for reducing and preventing modern slavery, protecting victims from re-exploitation and re-victimization, as well as facilitating their financial recovery, access to remedy, and reintegration into society. In 2023, FAST conducted a pilot to understand how survivors could be provided with greater access to basic banking services in Mexico's tiered banking system.[53]

This was the first time that an intervention in Mexico had given joint attention to the intersecting issues of human trafficking and financial access. FAST conducted desk research on modern slavery and financial inclusion in Mexico, raised awareness through national convenings and roundtables, and initiated consultations on such issues among key stakeholders (e.g. government, financial institutions, financial regulators, academics, NGOs, and UN bodies) in Mexico. An in-country working group of Mexican stakeholders[54] was established as a public-private approach to increase financial inclusion for survivors. FAST partnered with the NGO, A21, to survey survivors in Mexico's shelters about their basic banking needs. The survey also gave shelters the opportunity to indicate the support that they would require in order to help survivors access products/services. Consequently, A21 created a directory of SSOs operating in the country to enable the wider working group to develop direct communication between SSOs and financial service providers towards the goal of increasing financial access for survivors across Mexico. Further, two working group members – the National Banking and Securities Commission (CNBV) and Asociación de Bancos de México – provided shelters with two guidance documents which explained to survivors the importance of having a bank account, as well as the requirements for opening various accounts under Mexico's tiered banking system.

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51 Finance Against Slavery and Trafficking, Insight Briefing: Lessons from the Survivor Inclusion Initiative (SII) – the UK, US, and Canada (New York: United Nations University Centre for Policy Research, 2022). Accessible at: https://collections.unu.edu/eserv/UNU:8937/UNU_FAST_SIIReview.pdf.

52 Leona Vaughn, "Lessons from Canada's Approach to Extending Financial Access to Survivors of Modern Slavery," *UNU-CPR Insight Briefing* (New York: United Nations University, 2023). Accessible at: https://collections.unu.edu/eserv/UNU:9226/insight_briefing_extending_financial_access_to_survivors.pdf.

53 Janina Pescinski and Leona Vaughn, "Developing a Public Private Partnership Approach to Increase Financial Inclusion for Modern Slavery Survivors in Mexico," *UNU-CPR Insight Briefing* (New York: United Nations University, 2024).

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Further Reading:

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- FAST, "Credit Repair for Survivors of Modern Slavery and Human Trafficking," *UNU-CPR Insight Briefing* (New York: United Nations University, 2022). https://collections.unu.edu/eserv/UNU:8957/UNUFASTInsightCreditRepair.pdf.

Conclusion

The findings of this Thematic Review of financial inclusion practices to prevent and reduce modern slavery, add momentum to calls for the financial sector to fully play their role in eradicating modern slavery by 2030.[55]

Financial exclusion multiplies the risks of vulnerability to exploitation. The practices compiled in this Thematic Review are shown to be sometimes intentional practices to prevent modern slavery; but more often, the increased protection of populations who are vulnerable to modern slavery abuses and exploitation is a secondary benefit of the actions taken. This demonstrates that if the financial sector explicitly addresses the financial inclusion needs of those most vulnerable to experiencing modern slavery, it can create changes that can benefit everyone. The sector taking actions to transform and create inclusive financial services can offer increased protection to communities vulnerable to various forms of exploitation, as well as help survivors of modern slavery re-integrate more formally into society and achieve financial resilience and good financial health.

The following recommendations are key to improving financial inclusion policy and practices to reduce modern slavery:

- The design of transformative and inclusive financial services should be centred on the principles of

[55] Target 8.7 of the Sustainable Development Goals is to eradicate modern slavery by 2030 (and child labour by 2025).

accessibility, affordability, and appropriateness, coupled with consumer safety. This can encourage the meaningful usage of financial services because they can meet the unique needs of vulnerable groups.

- Policy and practices to increase financial inclusion for the most vulnerable, including those recovering from exploitation, need to consider the intersectional needs of financially excluded populations, especially in relation to age, gender, disability, citizenship status, income, education level, and experiences of exploitation.
- Financial education and financial literacy should supplement actions to increase financial access and usage, especially in relation to money management, saving, insurance, and investments, to enable improved outcomes on education and economic empowerment.
- Financial inclusion policy and practice should consider the significant prospect of inclusive finance for helping vulnerable populations build their resilience to externalities such as climate change, conflict, and economic shocks, that can have a disproportionate impact on them and place them at risk of exploitation.
- Financial access is not a panacea for reducing financial vulnerabilities to modern slavery – reducing poverty and addressing other structural vulnerabilities is fundamental.

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