Financial services: a key element for a dignified life

Financial services are an important element for the development of a sustainable livelihood. They are also essential to achieving a safe and dignified life.

These services, including the opening of a bank account, savings, access to credit, money transfers, or even the access to insurance and microinsurance, allow the households to manage their resources in a safe and efficient way.

Accordingly, savings are an essential habit that enables families to rely on their resources if confronted to any kind of emergency or unexpected event, such as sickness, loss of a job... It also prevents these families from being obliged to sell their assets when facing any contingency and resist the appeal of informal financial mechanisms, which enhance the vulnerability and insecurity of the family.

"Savings strengthen people's resilience, and they are key to start or support the growth of a business", points out María Alicia Eguiguren, Livelihoods Associate at UNHCR in Ecuador. "Much like the access to credit, savings can be invested in the purchase of supplies, capital goods or access to training. These conditions are essential to diversify the sources of income and to create resilience in the face of possible economic difficulties."

With such considerations, the Graduation Model implemented by UNHCR and HIAS in Ecuador operates with the goal that the participating households manage to save up at least 5% of their revenues in a financial institution.

To reach this goal, both organizations work in close collaboration to encourage the financial sector and the national cooperatives to ease refugees and asylum seekers' access to bank account, such as the Xperta account developed by the Bank of Pichincha.

Meanwhile, to develop the savings culture among the model's participating households, the CRISFE Foundation, jointly with UNHCR and HIAS, launched some financial education courses for the participants to learn how to set savings goals for their family, while providing them support to apply disciplined management regarding their finances, familiarizing them with the requirements and procedures of financial services such as the correct use of the debit card linked to the Xperta account.
“The Savings Account will improve their lives”

For the refugee population, access to financial services is a crucial step towards a dignified and sustainable livelihood.

By Andrea Escalante in Quito

“I want the other refugees and asylum-seekers that live in this country to know what are the benefits of having an account and the Xperta card. It will improve their lives”. Says Natalia*, a 23-year-old woman from Colombia who, with the support of UNHCR and HIAS, was able to access this banking service.

“Starting over in a new country is always difficult, you encounter many obstacles on your way. But with hope and perseverance you manage to move forward” adds Natalia, who arrived in Ecuador with her family seven years ago after fleeing her hometown in Nariño, Colombia, where her father was regularly threatened. “The situation became insuperable, there was nothing else we could do. One day, we ran away to save our lives.”

Integration hasn’t been an easy process for this young mother of a three year old child. It was hard to find a job and a place to live in the country that has given her a second opportunity. Even though she acknowledges to have suffered discrimination, she also found the strength to overcome it and kept moving forward.

Natalia was able to count on the support of the Graduation Model, an initiative led by UNHCR and HIAS to support refugee families in situation of extreme vulnerability, with the aim to reach economic self sufficiency and achieve sustainable integration in Ecuador.

Thanks to a continued accompaniment, complemented by consumption support and orientation sessions, Natalia was able to receive professional hairdressing training. She is now applying for seed capital to open a beauty salon. “My dream is to grow my business and create jobs to help other refugees who arrive in Ecuador”, she says.

Supporting refugees in getting access to financial services that facilitate savings is crucial as it strengthens the resilience of the households.

Based on this fact, the collaboration between UNHCR, HIAS, and the Bank of Pichincha was initiated in 2014. Since then, 163 participants of the Model have been able to open a ‘Cuenta Xperta’. Accompanied by HIAS, refugees have the opportunity to open this basic account following a simple and accessible procedure. As explained by Andrés Cedeño, Livelihoods Counselor at HIAS, the agreement with the Bank of Pichincha has been a major achievement in favor of the refugee population in Ecuador. “HIAS provides information on this service to all the newly-arrived refugees. We also train the Bank’s staff regarding the account’s functions and we do a regular follow-up of the cases that already have an account to build a savings culture.”

“Things are easier now” claims Natalia, “because if you do not rely on this back-up, on documents and papers, it is as if you did not exist. Having a bank account in an established and reliable institution has not only given me the security to know that my money is safe and that if I ever need it I can just go and withdraw from my account. It also allowed me to access other services.”

In that sense, for María Clara Martín, UNHCR Representative in Ecuador, collaborating with the country’s financial sector, banks as well as cooperatives and institutions from the popular and solidarity economy, contributes to favor the overall integration of the refugee population. “Thanks to a legal framework that allows access to services, the refugees can open bank accounts. The fact that refugees have the opportunity to open an account in the country’s main bank sends a key message of trust that alleviates the impact of negative perception, or rejection, and encourages their positive reception in Ecuador”, states Martín, who also highlights:”This message is a crucial element that enables refugees to start over with their lives in conditions of safety and dignity”.

For Natalia the future starts now. “It is hard to think about my country and not feel sad. But now I can see a future for my daughter and me, and it is in Ecuador. Now I feel peaceful and hopeful again.”
People included: 6,076
Households included: 1,678
Households live in cities: 88%
Local Integration Index: 0.24

- Eat three times a day: 88%
- All members of households with documentation for legal residency in the country: 48%
- Households save: 17%
- Households received financial training: 1,055
- Generate income of at least 82USD per capita: 55%
- Households with savings account: 733

Households targeted (2016/2017): 2,100
7,500 people

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Data as of 31/03/2017