

How displaced communities use technology to access financial services

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As drought forces hundreds of thousands of Somalis to flee to Kenya and Ethiopia or to displaced camps within Somali territories, providing financial services might not seem an immediate priority. However, these services are a lifeline for millions of people, including those displaced by drought, civil war and political unrest.

Technology has some but not all the answers to the many problems associated with poverty and displacement. However, amongst the internally displaced Somali population of more than two million, and the hundreds of thousands of refugees in Ethiopia, Kenya and Djibouti, people are beginning to have access to basic banking services. This is due in part to their use of remittance enterprises that they trust as a reliable and well-established way of receiving and sending cash.

Somalia's telecoms sector is one of the most competitive in the world, with a growing number of licensed companies operating there, including Dahabshiil's Somtel. The mobile telecoms industry in particular has been the focus of continuous investment since the mid-90s, and has become a beacon of commercial success in the country. Demand for services is high but stiff competition between operators has limited price increases. The technology is up to date and reliable, and the signal is one of the clearest in Africa.

As a result, mobile phones have become part of everyday life in the Somali regions for many different groups. Handsets are often shared between three or more people, so the number of regular users of mobile services is much higher than the number of subscriptions. Reliable estimates are that 70% of families have at least one mobile phone, and that more than 1.5 million people in Somalia have access to mobile services. Of the Somalis who have fled the country, around two million are estimated to be using mobile phones to communicate with those they have left behind.

Dahabshiil was founded in 1970 in what was then northern Somalia by my father, Mohamed Said Duale. It was initially a general trading business but gradually became centred around the handling of remittances sent into the country by migrant workers in the Middle East. In 1988, as fighting swept through our region, hundreds of thousands of Somalis walked through the bush to refugee camps

in Ethiopia, Kenya and elsewhere. Many eventually ended up living as refugees in all corners of the world.

During this time of mass displacement, my father saw that people desperately needed a way of receiving help from their families and friends in the diaspora. He drew on his overseas network of contacts to re-establish his business offering remittance and other services to refugees. Operating in a war-torn region was very risky but the business grew in line with the steadily increasing numbers of people in the camps and in the diaspora.

At the start, our business was a rudimentary but practical outfit. It not only delivered money but also food and other items to people in the camps and elsewhere. We gave people the option either of receiving cash from their relatives abroad, or we would transform the cash remittances into food or other items that they told us they needed.

Somalia's national banking, postal and telecommunication systems had collapsed during the civil war. People were desperate to keep in touch, especially because there was so much violence and displacement. My father devised ways for Somalis to trace and

communicate with lost and displaced relatives and friends. He started to deliver by hand letters and tape cassettes with recorded messages on them to displaced people. He did this at the same time as he delivered remittances. In this way, people in the diaspora discovered that their relatives were still alive, where they were and what they needed.

There are, sadly, many parallels between those years and the situation of today but innovations in the way we deliver financial services can and will make a difference. Dahabshiil customers already have access to a web-based tracking facility, and receive SMS notifications of their financial transactions. Customer feedback and communication have been revolutionised by the developments in technology over the years. Although Somalis in remote regions still use HF radio, others use the most modern forms of communication, like smartphones, Facebook and Twitter, and everything in between. Our debit card helps promote a cashless society, something of vital importance in a region beset by insecurity, and our telecommunication company offers a 3G mobile phone service, broadband internet and mobile banking.

We remain committed, however, to our original aim of providing

services to remote areas in difficult situations. Where appropriate, we use the traditional Somali clan system, especially for the verification of clients, and we combine this with modern SMS, internet and mobile technology to track down recipients in refugee camps and other normally inaccessible locations.

In the same way that Dahabshiil has provided a lifeline to Somali refugees, it has also become popular with other displaced communities, including South Sudanese, Rwandans, Ugandans and Yemenis. We now attract customers from all over the world, including international aid agencies who work with displaced communities; we facilitate these agencies' cash flows and other requirements so that they can assist the displaced. And Dahabshiil itself has donated millions of dollars to needy communities through its Corporate Social Responsibility programmes.

Those in need who receive cash transfers appreciate the degree of independence and dignity that such assistance offers them when compared to food or material donations. From the donors' point of view, lower administrative costs and reduced risks associated with handling hard cash are among the factors that make innovations

in money transfer so attractive. I believe such advances can be made to suit the interests of all community stakeholders in countries struggling with poverty and displacement – including private companies, governments and NGOs.

Apart from enabling Somalis to send and receive essential remittances and to communicate with each other nationally and globally, Dahabshiil also provides employment for thousands of refugees and migrants all over the world, without discriminating along clan lines, nationality or background.

In the end we see Dahabshiil not only in commercial terms but as what we hope is a helpful and essential part of the Somali community. For many people in the region, the remittances they receive from relatives in the diaspora are their main source of livelihood. We are able to help them, including the millions of displaced, by keeping up with and implementing the latest developments in technology.

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Somali refugee children, Ifo camp in Dadaab, Kenya.

