

21 August 2023

Brief on Cash Transfers to Sudan: Obstacles and Available Solutions

Sudan Crisis Coordination Unit (SCCU)
BRIEF #3

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About the SCCU

The Sudan Crisis Coordination Unit (SCCU) aims to facilitate the coordination of resources and efforts among various groups and networks, including diaspora organisations, humanitarian aid agencies, local civil society organisations, and government agencies.

By enhancing communication and coordination among these entities, we aim to ensure a more effective and efficient response to the crisis, maximising the impact of available resources



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Summary

This brief² highlights challenges to making cash transfers to Sudan during the current conflict and emphasises the importance of overcoming these to meet humanitarian needs and help address the collapse of the financial system in the country. These challenges include:

- The legacy of historical sanctions on Sudan and recent political changes continue to impact cash transfers.
- Closure of banks in conflict-affected areas: Most banks in Khartoum remain closed due to the conflict, affecting cash access. This includes the inability to open new bank accounts
- Displacement – staff and customers’ internal or external displacement
- Insecurity – looting of bank branches, major money transfer agencies and other less formal distribution sites
- Destruction: The conflict has damaged and destroyed banking systems. Damage to infrastructure has also led to disruptions in Internet and mobile network services, affecting online and mobile banking
- Reduced operations in functional banks: Operational banks have limited operating hours and capacity due to cash shortages
- Disruptions to diaspora remittances: Sudanese abroad are unable to transfer funds due to the disruption in the banking system and money exchange services

²Please note that this brief focuses on transfers to Sudan, rather than the challenges of converting foreign currency transfers into local currency. SCCU plans to share information on issues of currency conversion in Sudan and the shortage of local currency in the future.



To address some of these challenges, we propose the following recommendations:

- Regardless of the channel used, it is advisable to split large amounts into smaller batches in order to minimise risks in delays and transfer blocks and ensure the receipt of funds
- Where possible, make transfers into the country through banks, authorised exchange agencies, or informal agencies
- To maintain transparency and accountability, basic and timely bookkeeping is necessary to evidence and monitor the use of funds. Recipients should also confirm receipt of funds to the sender as soon as it is possible to do so
- Humanitarian Corridors: Negotiate with conflicting parties to establish safe corridors for the movement of humanitarian personnel and cash dispersal, including banking professionals.
- Remote Service Training: Train staff in conflict-free zones to provide remote banking services and handle customer inquiries, maintaining employment and service provision.
- More research is needed into mobile money solutions, distribution of vouchers and funding sources. Improved sharing of information on current barriers and examples of good practice from local, national, international, and diaspora organisations to address these will also support delivery of humanitarian activities in Sudan.



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Background

On 4 November 1997, the US administration issued Executive Order (EO) 13067. Immediately blocking Sudanese government property and prohibiting transactions with Sudan based on accusations that al-Bashir's regime supported international terrorism and human rights violations.³ From then, all business transactions with Sudan, whether direct or indirect, including banking relations, were frozen. This was true until 2017, when the US revoked some restrictions of this EO and its subsequent amendments in response to "positive actions" taken by the Government of Sudan; revoked sanctions included partial relief vis-à-vis Sudanese banks under specific licenses. In December 2020, following the 2017 EO and the December 2018 revolution and ousting of Omar al-Bashir, Sudan was removed from the list of state sponsors of terrorism in an attempt to support the country's new transitional government.⁴

In Sudan, Automated Teller Machines (ATM) used to be the most popular channel for banking in Sudan as people preferred to use cash on a daily basis. In recent years, banking apps have become more popular as more people seek alternatives to traditional banks that charge high fees and have limited access to ATMs due to lack of maintenance and limited locations. According to DataReportal, 1.2 million people in Sudan used mobile banking services in January 2021, which is equivalent to 2.7% of the total population⁵ Online apps⁶ that allow for person-to-person money transfer outside the Central Bank of Sudan ecosystem, such as Cashi, KhartouMap, and Nidaa, provided cash transfer services to a limited extent in Sudan. However, the most popular banking app in Sudan is Bankak, used by millions of people to buy groceries, pay for transport and receive remittances.

Since 15 April 2023 the situation has worsened, as all bank servers and HQs were located in central Khartoum, where the most dangerous and intense armed fighting has been taking place. Bankak app connectivity has been very intermitted since the conflict erupted in Khartoum, leaving many people stranded.⁷

³Executive Orders are signed, written, and published directives from the President of the United States for managing federal government operations (American Bar Association 2023).

⁴These steps were interrupted, however, by the military's seizure of power in October 2021. For further reading on US sanctions and the current status, please see: state.gov and ofac.treasury.gov

⁵dataportal.com

⁶acaps.org

⁷newarab.com



Prior to the onset of the conflict, the inflow of diaspora remittances held a pivotal role as a source of capital for the country. These remittances accounted for approximately 2.9% of GDP in 2022, constituting a significant contribution to the economy (World Bank, accessed on 07/08/2023). Indeed, the impact of remittances is likely to be much larger, as nearly 90% of households receiving remittances reported doing so through informal channels, including person-to-person (P2P) platforms or non-monetary means. Among the diaspora members who engaged in remittance sending, research highlighted that 10% directed their funds towards investment endeavours, while 40% utilised the funds to fulfil social obligations. Interestingly, 48% of individuals allocated their remittances for a combination of both purposes.

Some of the impacts on banks have been:

- Physical damage to servers
- Lack of access to server locations for maintenance or relocation
- Blackouts and internet outages halting most bank applications
- Lack of safe corridors
- Looting of banks and savings
- Displacement of banking and other staff due to the conflict

The cumulative impacts of limited cash flow in Sudan include:

- Sudanese people are rationing cash and food supplies, affecting their ability to meet essential daily needs.
- Exchange rate fluctuations and inflation: The unstable situation has led to fluctuations in exchange rates and significant inflation, impacting the cost of goods.
- Unpaid salaries: Many employers, including the government, have been unable to pay salaries consistently.
- Inability to access healthcare: Limited cash and medical supplies have prevented access to medicine and healthcare services.
- Inability to afford transportation: High transport costs and fuel shortages have hindered movement, particularly for those fleeing conflict areas.
- Constraints on the humanitarian response in Khartoum, Darfur and other humanitarian zones due to cash shortages.
- Shortages of local currency further complicate foreign currency conversions in Sudan, and humanitarian partners operating in the country may have to consider using alternatives (such as vouchers or additional currencies like \$USD) as a backup or workaround



Available Channels for Cash Transfers in Sudan

Generally speaking, there remain only three channels for cash transfers to Sudan still in use, each with their pros and cons:

1. Banks and authorised exchanges
2. Money transfer applications
3. Other market channels

1- Banks and authorised exchanges

Following the 2020 partial relief of US sanctions in 2020, Sudanese banks began reopening channels of correspondence with the outside world, with some (e.g., the Bank of Khartoum and El Nilein Bank) successfully activating cash transfer channels with Gulf state banks—particularly in Saudi Arabia (KSA), as shown in the table below.

Due to its wide branch distribution and the popularity of its banking app (Bankak), the Bank of Khartoum is recognised as the most reliable bank for transfers from both outside and within Sudan; indeed, most registered entities and individuals in Sudan use the application daily.

The main obstacles to banking channels are:

- Service instability in the context of war
- Delivery delays
- Lower exchange rates
- Only works for transfers from specific countries, such as the Gulf states, and money must be sent to a correspondent or middle person located in these countries. No direct transfers can be made from banks in Europe, the US, or other parts of the world.
- Requires a recipient with an account at the same bank, as all clearance transactions/internal transfers between Sudanese banks ceased from 15 April without much hope of restoration in near future due to the deteriorating situation at Sudanese Central Bank HQ.



Active banking transfer channels to Sudan as of 15/08/2023 (exchanges & banking apps)			
No.	Bank Name	Agent	From
1	Bank of Khartoum	Western Union ⁸	All countries ⁹
2	Bank of Khartoum	Bankak	All countries
3	Bank of Khartoum	Enjaz Easy	KSA
4	Omdurman National Bank	El Rajihi	KSA
5	Faisal Islamic Bank	Telli Money/ Arab National Bank	KSA
6	El Nilein Bank	El Nilein Bank – Abu Dhabi	UAE
7	Faisal Islamic Bank ¹⁰	Fawry app – Bank AlJazira	KSA
8	Al-Nile Bank ¹¹		(No data available)

As the situation is dynamic, visiting the Greenpay application link (<https://greenpay.app/status/>) from time to time is recommended, as it contains continuous updates on the status of Sudanese banks apps.

2. Money transfer applications

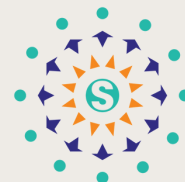
Unlike the apps in the above table, here we refer to money transfer applications that are not associated with a specific bank. Such apps are not commonly used in Sudan, as VISA, Mastercard, and other

⁸As of date of publication, Western Union services are currently available in the following locations: Shandi, Wad Medani, Wadi Halfa, Merawi, Atbara, Port Sudan, Sinja, Dongola, Kosti, El Gedaref, and Kassala.

Western Union regulations/requirements for transfers to Sudan can vary from country to country. Visit a ⁹WU outlet in your country to learn the local requirements. WU regulations for transferring money to Sudan are generally more rigid in the US and Europe.

¹⁰There are unverified claims that banks other than Faisal Islamic Bank can also receive Fawry transfers from Bank AlJazira KSA.

¹¹On 3 August 2023, AlNiel Bank announced on their Facebook Page that their SWIFT connection for processing international transfers had been restored. However, there still remains a lack of clarity on the status of these services at the time of writing.



international debit/credit card services are mostly unavailable in the country.¹² As a result, these apps cannot be used for making some types of local payments, such as to utility service providers or government entities. Still, from time to time, some of these apps have been used in Sudan, depending on the readiness of exchange houses or other market parties to accept balance transfers from these apps in exchange for cash, goods, or services. Examples of such apps include Altras, Revolut, and PayPal.

In the latest update from July 2023, it seems Altras has been useable to both receive money from outside Sudan and exchange credit into Sudanese Pounds (SDG). However, this is not widely in use and the receiver must always confirm their ability to utilise credit transfers to their account before the sender makes a transfer.

Another app that seems to provide some reprieve is Ding.¹³ It allows diaspora to send top-up (prepaid phone balance) cross border, to family and friends in Sudan. The service seems to be fast, easy to use and safe. The service has seen an increasing number of users from the Sudanese diaspora after the war. Although not without challenges, top ups are easier to send from abroad and some recipients have used mobile credit in exchange of some essential food staples. The service only supplies airtime for Zain Sudan currently. The service is up at the time of writing this brief but expect disruptions depending on the situation in the country.

This channel (money transfer applications) is worth monitoring as younger generations continuously develop innovative ways of using them as reliable alternatives in case of disruption to regular banking channels.

3. Other market channels:

Even prior to the 15 April war, and as an alternative channel during years of sanctions, Sudanese in the diaspora had developed effective and more practical ways to send money to their families in Sudan through well-established networks of money transfer agents, usually of local import/export offices, who benefit from receiving cash in foreign currency

¹² A couple banks began offer these cards recently, but the number of users remains very limited.

¹³ How to Send Zain Mobile Recharge to Sudan | Ding <https://www.ding.com/community/how-to-send-mobile-recharge-to-sudan>



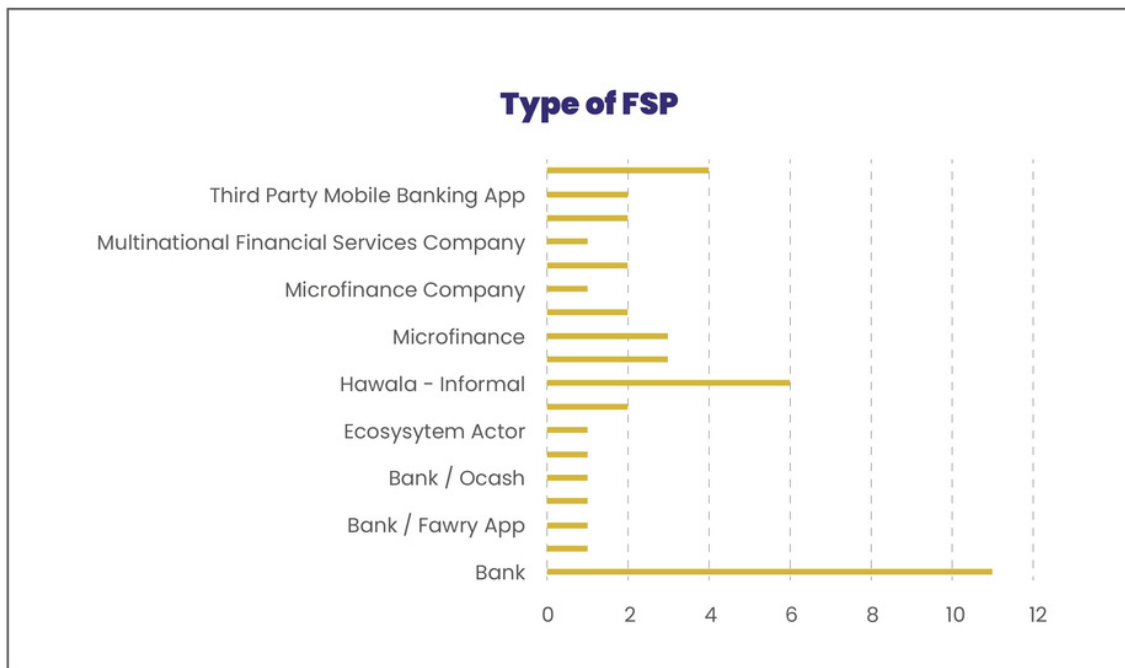
outside Sudan and disposing of their local currency (SDG) balances inside. These agents can be located via local Sudanese communities in each country/city. Despite the informal nature of these agents, such transactions are secured, as the sending and receiving of cash happens simultaneously. Indeed, the sender typically waits until the receiver confirms receipt, which happens immediately. This is dependent on the zone and security risks.

Other potential channels that could be used, under special arrangements, to route cash and/or humanitarian aid to those in need are local Sudanese companies and/or registered INGOs inside Sudan. This should be explored on a case-by-case basis to understand how each could cooperate to facilitate delivery to beneficiaries. Since 15 April 2023, at least one INGO has acted as a conduit for the delivery of cash for humanitarian aid on behalf of other entities.

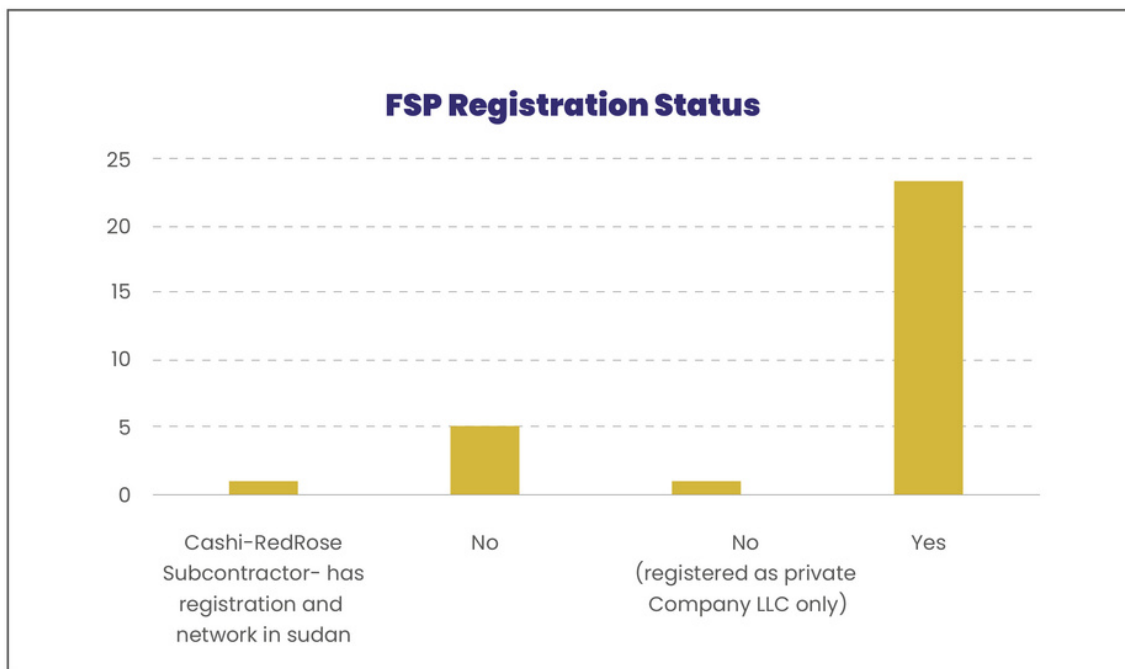
Some local and national NGOs in Sudan with overseas bank accounts and/or access to cash have also acted as conduits. In some cases, national and local NGOs in Sudan have also reached agreements to use personal overseas bank accounts of members or board members as a workaround to receive funds from donors, although this still presents challenges in terms of moving money into Sudan.

Regionally based remittance transfer agencies may also still be operating a limited service in regions of Sudan, although those contacted by SCCU in preparing this brief confirmed they are not able to offer such services at the present time. Further, one of the largest business conglomerates has already been helping in the delivery of cash and consumables to displaced communities outside Khartoum. Any such arrangements should be discussed and agreed in a formal contract to cover all subsequent dealings.

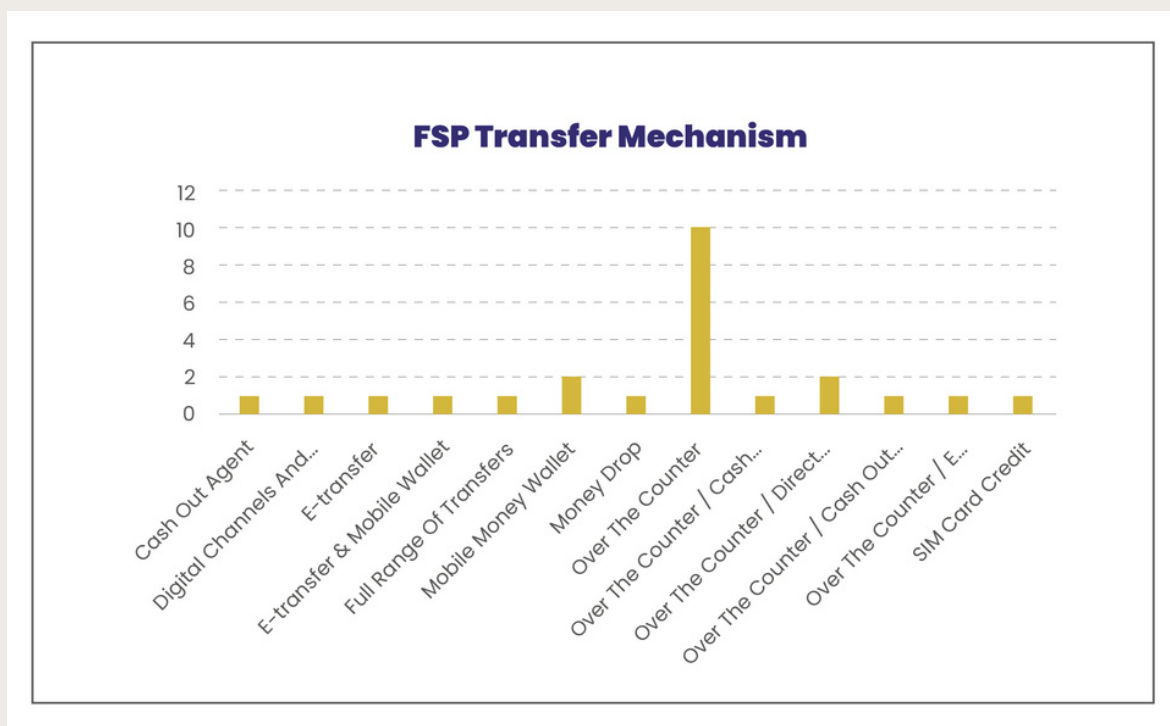
Recent ongoing mapping by OCHA Cash Working Group provides information about various financial service providers (FSPs) in Sudan, including their types, transfer mechanisms, registration status, services, geographical coverage, payment conditions, and contact information (OCHA CWG Sudan, forthcoming). It outlines the capabilities and services of each FSP, such as banks, microfinance companies, hawala networks, and third-party service providers.



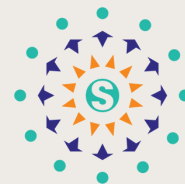
Some FSPs are registered and licensed, while others are informal vendors or subcontractors.



They offer services like over-the-counter cash transactions, digital channels, mobile wallets, and e-transfer methods. Geographical coverage varies, ranging from specific localities to nationwide services.



The FSPs cater to different areas and sectors, including humanitarian organizations, INGOs, and commercial clients. This is an ongoing mapping exercise and data is dynamic dependant on the situation in the various regions.



Recommendations

General recommendations for facilitating money transfer to Sudan in the current situation include:

- Regardless of the channel used, it is advisable to split large amounts into smaller batches to minimise risk such as delays or cancellations of transactions and ensure receipt.
- Crowdfunding and fundraising platforms may stop diaspora groups from collecting donations to Sudan. Established diaspora professionals' organisations and networks with experience of mobilising resources for Sudan may be able to advise on how this can be avoided or challenged.
- As of 1 Aug 2023, using channels for either banks /authorised exchanges or other market options is recommended, regardless of whether the intended receiver is an individual or entity. Using either option, it is preferable that the cash is sent through the Bank of Khartoum, requiring the recipient to hold a bank account there.
- In addition to the recipient's immediate confirmation of receipt, it is strongly recommended that recipients use basic and timely bookkeeping to govern and evidence the utilisation of such funds. Creating basic guidelines for this will help mitigate concerns regarding the transfer channel.
- Vouchers can be used at participating shops. However, partnerships need to be established before this can become a practical, sustainable solution.
- As the situation is very dynamic, checking the status of these channels on a weekly basis is recommended.



- Donor countries and institutional humanitarian partners should offer technical assistance to the Central Bank of Sudan to help address challenges in operation in the financial sector within Sudan, including availability of local currency and barriers to foreign transfers.
- Governments and money transfer organisations should also consider the needs of refugees and displaced people in neighbouring countries, who may not be able to provide additional documentation to collect transferred funds. Requiring displaced Sudanese to show proof of residence or visa status risks cutting them off from vital channels of support from the diaspora, while also increasing pressure on host governments to provide them with additional support
- Receipt of foreign transfers by national or local civil society groups in Sudan can also present risks. Some Emergency Response Rooms that have received foreign transfers have been threatened with arrest. Ongoing situation assessments in different states in Sudan are crucial when designing or implementing cash (or voucher) based assistance programmes
- Ongoing advocacy efforts by diaspora and international humanitarian partners are needed to help address barriers to transferring cash to Sudan, as well as impacts of the collapse of the financial sector in the country. This is also important for driving/promoting localisation in humanitarian response in the Sudanese context



Additional Resources

Cashcap (part of NORCAP)

Norwegian Refugee Council (NRC). 'CashCap'. 28 June 2022. Available at: <https://www.nrc.no/expert-deployment/what-we-do/cashcap/>

Collaborative Cash Delivery Network (CCD). 'Resources'. Available at: <https://www.collaborativecash.org/library>

UNHCR Emergency Handbook – Cash Based Interventions

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