
Encashment with Financial Service Providers

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Encashment is the process of cashing a check, money order, bond, note or another financial instrument. In the digital age, it is important to know all the steps and be able to track the movement of funds, in order to reduce the risk of diversion. The encashment process begins with the initiation of the distribution cycle, and ends when the cycle has been reconciled, paid (if post factum), reported and closed.

5.7.1 Encashment planning and agent mobilization

Ask the FSP for a list of its agents, including their location and daily encashment capacity. Use this information to group beneficiaries that will access the various distribution points. At this stage, you should also plan the amount of the payments, the dates of distributions and type of beneficiary identification that will be required.



Protection: In some contexts, women have a distrust of FSP, and it would be useful to consider whether this is applicable in the context through assessments and analysis when determining what to use.

5.7.2 Encashment implementation

First, organize to ensure the availability of funds, either IOM will provide the funds to the FSP or the FSP will initially use its internal funds, in accordance with the terms of the FSP Agreement. Second, make sure to notify the beneficiaries of the day and location of the cash distribution, as well as the identification they need to bring to access the payment. Third, you will order the cash transfer, which authorises the FSP to distribute the funds. After the funds are distributed, the FSP should provide regular reports on the status of the cash grants, following the agreed reporting format, such as what has been distributed, and what has been cashed out.

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