Mobile technology is one of the most exciting forces shaping how people send and receive international remittances today. Around the world, people are shifting from traditional channels to their mobile phones. This is helping to reduce costs, bringing us closer to the achievement of the UN Sustainable Development Goals (SDGs) and putting more money in the hands of families. It is also creating new opportunities to deepen financial inclusion. Steady investment by mobile money providers, collaboration throughout the remittance ecosystem, and bold regulatory reforms will be needed to ensure this process keeps pace.

Today, the GSMA is proud to endorse the International Day of Family Remittances and to share insights from its work on international remittances. We also want to highlight the urgency of enabling mobile money remittances in more countries. We invite all interested parties to join forces to accelerate this process.

Rapid growth of mobile money remittances

In 2016, the GSMA reported that the number of registered mobile money accounts had surpassed half a billion (556 million). Based on the success of mobile money services for domestic transfers and payments, regulators in a number of markets have allowed such services to be extended internationally. This, in turn, is unlocking a wide range of benefits for both remittance senders and receivers.

Reducing the price of international remittances and contributing to SDG 10.c

A recent study conducted by the GSMA across 46 international remittance corridors found that sending from a mobile money account was, on average, more than 50 per cent cheaper than doing so through a global money transfer operator. Even where recipients decided to withdraw their digital funds, incurring a cash-out fee, mobile money remained, on average, 21 per cent cheaper than the competition.

Mobile money is thus a critical tool to achieve the SDGs. For international remittances of 200 USD, SDG 10.c aims to achieve a global average transaction cost of 3 per cent, and to eliminate all corridors above 5 per cent. In Summer 2016, the GSMA measured an average cost of sending this amount at 2.7 per cent. The figure was less than 3 per cent along 34 country corridors and less than 2 per cent along 15 country corridors, including the corridor from Malaysia to the Philippines.
International remittances as a gateway to financial inclusion

Mobile money also holds the potential to deepen financial inclusion by giving people a reason to keep their funds in digital form. Mobile money accounts are being used to make domestic payments for things like milk, school fees, or utilities. Increasingly, mobile money users can also receive salaries and access more sophisticated financial services such as insurance, savings accounts, and credit. Mobile money international remittances can thus serve as a gateway to more meaningful financial inclusion, by connecting account holders to the wider domestic payments ecosystem.

Increasing convenience and empowering users

Mobile money is also giving people time. Account holders can send or receive international transactions whenever it suits them. Freedom from the opening hours of a traditional remittance agent can make life easier for those based in remote areas or managing inflexible schedules.

Mobile money remittance senders and receivers reap a host of additional benefits, from privacy to security and transparency. Account holders can conduct transactions independently. They can do so from the safety of their homes. And they retain a clear record on their phone of what has been sent. While less tangible than cost savings, such attributes can weigh heavily in the decision to use mobile money.

Enabling mobile remittances through regulation

The progress of mobile money international remittances is, in part, the result of a growing willingness by regulators to facilitate market entry by non-traditional providers. In Ghana for example, electronic money issuers such as mobile money services have been allowed to channel inbound remittances. In countries such as Rwanda and Tanzania, regulators have gone a step further, allowing licensed electronic money providers to both receive and send international remittances. This process of establishing a more level regulatory playing field for companies interested in facilitating international remittances has increased competition in a number of markets, with positive results for consumers.

However, in many markets, regulation remains a challenge to the expansion of mobile-based remittances. Where mobile money providers can secure approval for facilitating international remittances, they often face uncertainty around the requirements and timeframe for a response from the regulator. This has prompted organisations such as the GSMA to call for standardised and transparent license criteria, as well as fixed maximum response times, to facilitate business planning and encourage investment.

Similarly, the process of securing approval to connect new corridors via a previously approved hub could be streamlined. The approach taken by Zambia is instructive; providers there can receive a general approval for the use of a transaction hub, enabling them to add new remittance corridors by notifying the regulator of this intention. In many other markets, each new corridor requires a separate approval process that can take weeks or even months to conclude. Trusted hubs are an important way that regulators can help mobile money remittances to scale.

About the GSMA

The GSMA represents the interests of mobile operators worldwide, uniting nearly 800 operators with almost 300 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces industry-leading events such as Mobile World Congress, Mobile World Congress Shanghai, Mobile World Congress Americas and the Mobile 360 Series of conferences.

For more information, please visit the GSMA corporate website at www.gsma.com. Follow the GSMA on Twitter: @GSMA.