



AFRICA
DAR ES SALAAM • 11-13 JULY 2017

Leon Isaacs, CEO Developing Markets Associates

Reducing costs and scaling up remittances to Africa through technology



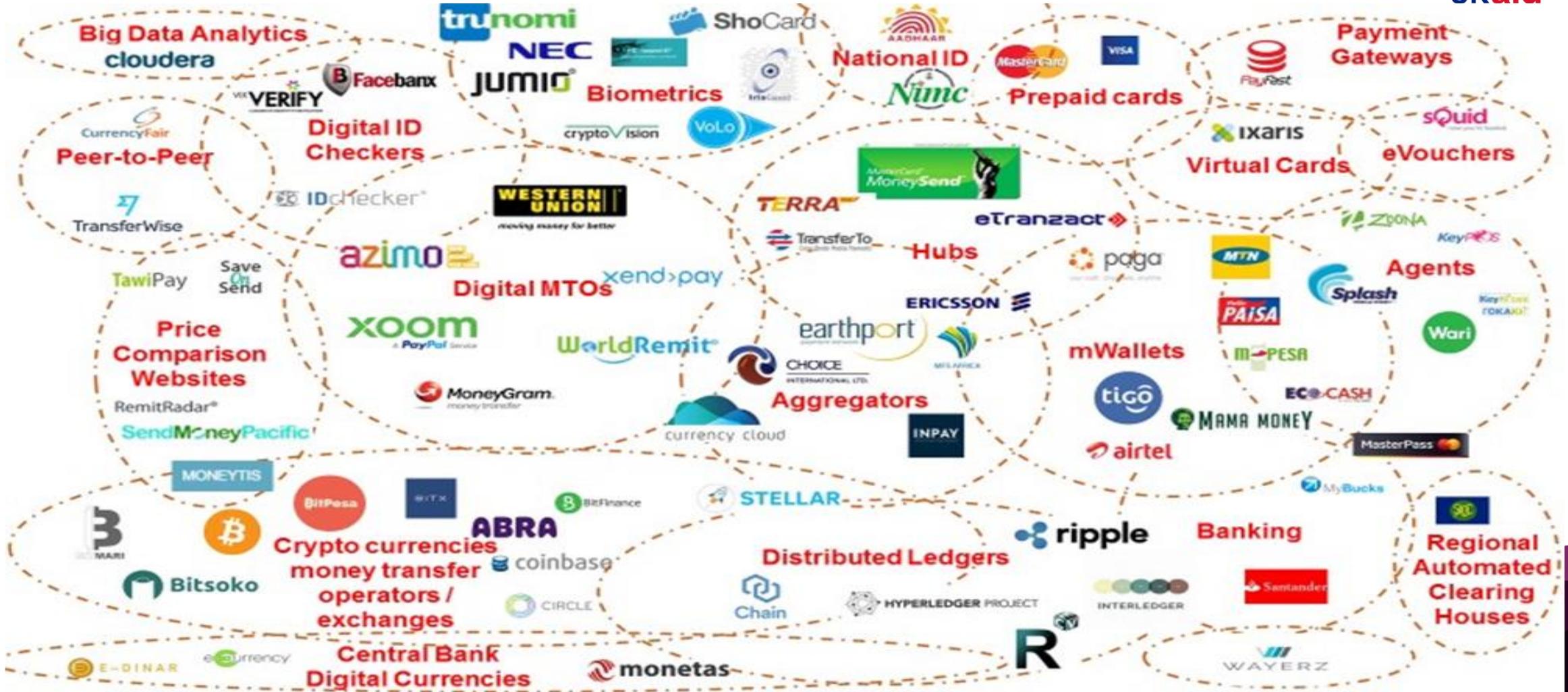
#M360AFRICA

Objectives of Project

- Cost to send money from UK – Africa: **9.4%**
- Global average: **7.5%**
- UN's Sustainable Development Goal: **3%**
- Informal flows to Africa: **+50 %**

How can 'new' technologies be applied to address these problems?

New technologies and digitization



Key impact areas of new technologies

- Mobile/online payments to address the stickiness of cash
 - Reduce reliance on agents
- Mobile payments to expand receive networks
- Blockchain potentially to improve settlement and customer identification
 - Digital currencies could improve settlement process



- **But....**
- **No single technology** can be applied to fix the remittance challenges
- **A number of technologies** are improving the efficiency of the market. With scale, these will be able to reduce the cost of remittances.
- **Creating the environment for adoption** through digital channels in the last mile is key.

#M360AFRICA

Summary of recommendation and pain points addressed

1. Understanding the stickiness of cash in UK migrants communities

3. Pilot providing access to UK based RSPs into SADC's RACH

First mile

Middle mile

Last mile

Sending provider

Funding Methods

Sending channels

Receiving Channel

Network /Hub

Receiving provider

Payment methods

2. Awareness and promoting non-cash transfers to Africa

4. Support to expand the network of remittance hubs in FCAS in Africa

5. Regulation for paying-out remittance and agency banking

#M360AFRICA

Mobile money

- Lower costs
 - > 50% cheaper than alternatives
 - 2.7% (no cash-out, 4.6% with cash-out)
- Convenience and proximity
 - 4.3 million agents
 - Strong rural out-reach
- Privacy, security and transparency
- Financial inclusion
 - Mobile payment accounts
 - Salary payments
 - Insurance
 - Reducing the gender gap



#M360AFRICA