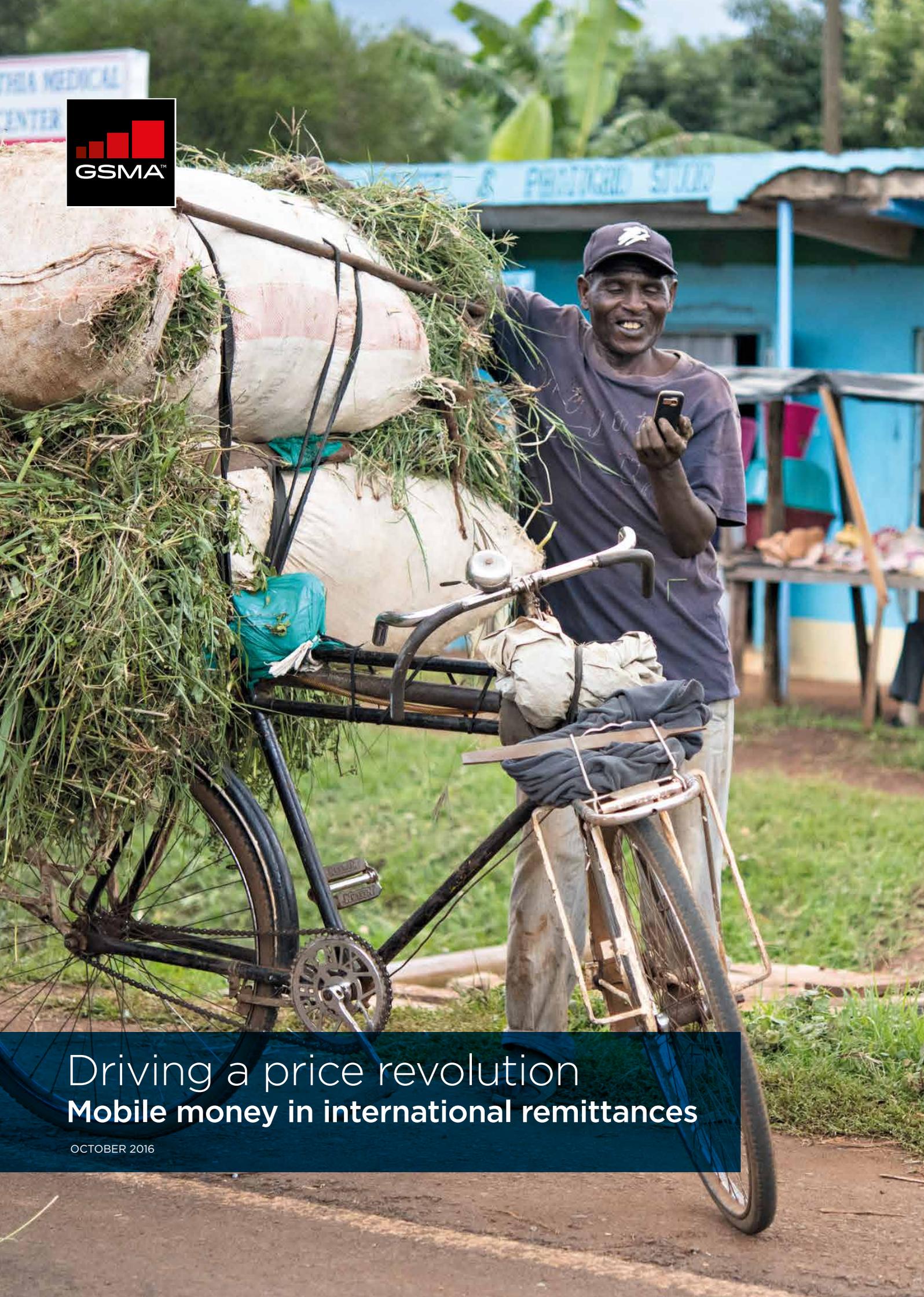


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Driving a price revolution Mobile money in international remittances

OCTOBER 2016



The GSMA represents the interests of mobile operators worldwide, uniting nearly 800 operators with more than 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 and the Mobile 360 Series conferences.

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The GSMA's Mobile Money programme works to accelerate the development of the mobile money ecosystem for the underserved.

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Foreword

The Department for International Development (DFID) recognises the critical importance of remittances, or sending money home, to developing countries. For those living in poverty or in fragile countries, remittances are a lifeline that far surpasses international aid as a source of income. If properly harnessed, the proliferation of mobile technology can help strengthen and sustain these vital cross-border flows.

Global remittance flows exceeded \$580 billion in 2014¹ and the World Bank Group estimates that Sub-Saharan Africa will receive \$34 billion in 2016.² Remittances from the UK to the rest of the world totalled an estimated US\$11.5 billion in 2014,³ according to aggregated World Bank data.⁴

Despite being the world's poorest region, Sub-Saharan Africa remains the most expensive place to send money.⁵

To this end, the UK agreed to ambitious targets under Sustainable Development Goal (SDG) 10.c to reduce the average transaction cost of migrant remittances by 2030 to less than three percent of the amount transferred, and ensure that no individual remittance corridor requires charges higher than five percent by 2030. Sending remittances from the UK costs an average of 7.25 percent.⁶ The UK is also committed to keeping remittance channels secure and legitimate. This includes supporting efforts to broaden the interoperability of mobile networks, proportionate anti-money laundering standards and cross-border money flows.

This research by GSMA, along with information provided by the World Bank Remittance Prices Worldwide database, will assist in improving transparency around costs, remittance flows and market competitors. It is helpful in identifying the potential of greater competition to reduce remittance costs and in demonstrating the contribution of mobile money towards achieving UN SDG 10.c. We note with interest the recent launch of mobile money services for sending remittances from France and we are hopeful that this will encourage similar efforts in the UK.

The global remittance landscape is rapidly changing. The introduction of innovative mobile money services and branchless banking technologies have the potential to reach those who are financially excluded and vastly lower the costs of remittances. DFID believes that expanding access and lowering the cost of financial services, such as remittances, is a major step towards raising incomes, building resilience and supporting economic empowerment in the developing world.

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1. World Bank data
 2. World Bank Migration Development Brief 24
 3. Migration and Remittances Factbook 2016", The World Bank (2016).
Available at: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/4549025-1450455807487/Factbookpart1.pdf>
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 5. Remittance Prices Worldwide – An analysis of trends in cost of remittance services", The World Bank, March 2016. ` Available at: https://remittanceprices.worldbank.org/sites/default/files/rpw_report_march_2016.pdf
 6. Remittance Prices Worldwide – An analysis of trends in cost of remittance services", The World Bank, June 2016. Available at: https://remittanceprices.worldbank.org/sites/default/files/rpw_report_june_2016.pdf

Executive Summary

Mobile money is one of the most exciting innovations in financial services, with more than 400 million registered customer accounts across more than 90 countries. This success reflects long-term investments by the mobile industry in payments infrastructure and expertise. It also reflects the willingness of some regulators to support new business models that can effectively target underserved sections of society. While today most mobile money services are used for domestic transactions, international transfers represent the fastest growing mobile money product line. In just a few years, mobile money has emerged from a purely domestic service to enabling transfers between more than 20 countries globally.

In August 2016, the GSMA commissioned an independent data collection exercise to assess the impact of mobile money on reducing the cost of remittances.⁷ The results show that mobile money is driving a price revolution in international remittances. It is doing this by increasing competition, leveraging existing networks and infrastructure, and capturing smaller remittance values than traditional players. These lower prices are, in turn, contributing directly to efforts to achieve UN Sustainable Development Goal 10, which sets clear targets for the reduction of migrant remittance costs, particularly target 10.c.

- Using mobile money is, on average, more than 50 percent cheaper than using global money transfer operators (MTOs).** In the 45 country corridors surveyed, the average cost of sending \$200⁸ using mobile money was 2.7 percent, compared to 6.0 percent using global MTOs. Lower transaction fees can translate directly into additional income for remittance recipients.
- Mobile money is particularly competitive for low-value transactions.** As such, it is well positioned to meet the need of low-income migrants who may find it more convenient to make low-value transactions on a frequent basis. In fact, the average value of international transfers sent using mobile money is relatively low (\$82 in June 2015) compared to the average size of international transfers across all channels (around \$500).
- Mobile money is contributing to efforts to achieve UN SDG 10.c.** The cost of sending \$200 using mobile money is already less than three percent in 34 country corridors, and it is less than two percent in 15 country corridors.
- Mobile money is increasing competition, which is driving down the price of remittance services.** Our research shows that global MTOs tend to offer their services at lower prices in markets where they are in competition with mobile money providers (6.0 percent compared to 8.2 percent). This clearly illustrates the need to ensure enabling regulatory frameworks, which promote competition by allowing non-traditional players, such as mobile money providers, to offer international remittance services.
- Mobile money-enabled international remittances are contributing to broader financial inclusion and financial integrity objectives.** Indeed, mobile money represents a powerful tool to digitise large flows of informal transfers. Mobile money can also act as a gateway to financial inclusion for both remittance senders and recipients, allowing them to join the digital financial ecosystem and to access a broad range of digital financial services beyond remittances, such as storing money in a secured account or performing digital payments.

7. This research was conducted using the methodology employed by the World Bank's Remittance Prices Worldwide database. It compared the price of sending international money transfers directly from a mobile money account to the price of conducting the same transaction with a global money transfer operator. The detailed methodology is available in Appendix A.

8. US\$

Background

Reducing the cost of international remittances: A global policy objective

More than 250 million people live outside of their country of birth and regularly send money home, providing a financial lifeline to their families and contributing to the economies of their home countries.⁹ In 2015, global remittances totalled \$581.6 billion,¹⁰ of which \$431.6 billion, or nearly 75 percent, was sent to the developing world. International remittances play a critical role in the economies of developing countries. They represent over 30 percent of GDP in countries such as Liberia and Lesotho, and typically exceed both foreign direct investment and official development assistance.¹¹

However, the cost of international transfers remains high. This directly impacts the income of remittance recipients across the developing world. According to the World Bank, the global average cost of sending \$200 stands at 7.6 percent.¹² From a regional perspective, Sub-Saharan

Africa is the most expensive region to send money to, with an average cost of 9.6 percent.¹³ This “remittance super tax” is even stronger for intra-African corridors, where remittance costs can exceed 20 percent.¹⁴ High fees for remittance transactions also encourage senders to use informal remittance channels, increasing anonymous cash-based transactions and creating new risks for financial integrity.¹⁵

As a result, reducing remittance fees has become an important international policy objective. UN Sustainable Development Goal (SDG) 10.c calls for, by 2030, a price reduction of migrant remittance transactions to less than three percent and the elimination of corridors where transaction costs are more than five percent. The potential gains¹⁶ could be as high as \$20 billion in resources flowing directly to households.¹⁷

9. “Migration and Remittances Factbook 2016”, The World Bank (2016). Available at: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/4549025-1450455807487/Factbookpart1.pdf>
10. “Remittances to Developing Countries Edge Up Slightly in 2015”, The World Bank (13 April 2016). Available at: <http://www.worldbank.org/en/news/press-release/2016/04/13/remittances-to-developing-countries-edge-up-slightly-in-2015>
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13. “Remittance Prices Worldwide – An analysis of trends in cost of remittance services”, The World Bank, June 2016. Available at: https://remittanceprices.worldbank.org/sites/default/files/rpw_report_june_2016.pdf
14. Kevin Watkins and Maria Quattri, “Lost in intermediation – How excessive charges undermine the benefits of remittances for Africa”, ODI (2014). Available at: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8901.pdf>
15. Financial education for migrants and their families: OECD/INFE policy analysis and practical tools”, OECD (2015). Available at: <http://www.g20.org/English/Documents/PastPresidency/201512/P020151228327335649973.pdf>
16. Supriyo De, “Reducing remittance costs and the financing for development strategy” (18 December 2015). Available at: <http://blogs.worldbank.org/peoplemove/reducing-remittance-costs-and-financing-development-strategy>
17. Other policy initiatives around the reduction of remittance costs include the G8’s 5x5 Objective, and the G20’s Plan to Facilitate Remittance Flows. Most recently in July 2016, an initiative called “Nairobi Action Plan on Remittances” was launched through partnership between leading African diaspora organisations, the International Monetary Fund (IMF), the World Bank and the Africa Institute for Remittances (AIR).

The promise of mobile money for international remittances

Available in 93 countries, mobile money drives financial inclusion by allowing millions of previously unbanked and underbanked people to access formal financial services. Mobile money services are available in 85 percent of countries where the number of people with an account at a financial institution is less than 20 percent. At the end of 2015, there were 411 million registered mobile money accounts and 3.2 million mobile money agents who could facilitate cash-in and cash-out services.¹⁸

Mobile money is revolutionising the international remittance industry by leveraging broad mobile penetration and the asset-light business models of mobile operators. At the time of our research, 53 mobile money services (covering 170 million mobile money accounts) offered customers the ability to send money across 45 country corridors,¹⁹ a number which is growing quickly year-on-year. Interestingly, most of these corridors are between African markets where alternative formal remittance channels have a limited presence and can be particularly expensive. Mobile money is also gaining traction in a few North-South corridors targeting migrant workers who send money back home, for example between France and Côte d'Ivoire, Mali or Senegal using Orange Money.

In 2015, \$5.2 billion²⁰ was sent across these 45 corridors. While this represents just 1.2 percent of the \$431.6 billion that was remitted to developing countries in 2015, the potential impact of mobile money on the remittance sector is much greater. Of all products available to mobile money customers (including P2P transfers, bill payments, merchant payments, bulk

payments and airtime top-ups), international transfers were the fastest growing in terms of transaction volumes in 2015 (a year-on-year increase of 52 percent) for the second year in a row,²¹ suggesting an important, untapped demand from customers.

For mobile operators, investments in international remittances are an opportunity to develop the digital financial ecosystem, which is critical to ensure the sustainability and profitability of mobile money.²² In that context, operators are entering into partnerships with different actors in the remittance value chain, including other mobile operators, to open corridors to and from markets in which they do not have a presence (see Text Box 1). Reflecting this, the 53 mobile money services covered by our study involve 10 different mobile operator groups, many of which are interconnecting with one another to join a sending channel with a receiving one.

For migrants and their families back home, using mobile money for remittances has a number of advantages, including increased convenience and security. Remittances are received directly on an individual's mobile phone. The remittance can then be used to pay bills, make transfers, or simply store funds in a secured digital account, without having to travel to a remittance agent. On the sending side, the ability to initiate transfers from a mobile phone allows customers to check the total cost of sending (transaction fee plus the exchange rate) without needing to visit a remittance agent. This makes it easy for them to send money when the exchange rates are most favourable.

18. GSMA. (2016). 2015 State of the Industry Report on Mobile Money. Available at: http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/04/SOTIR_2015.pdf

19. A country corridor is defined as a unique combination of a sending country and a receiving country. For example Kenya to Tanzania and Tanzania to Kenya represent two distinct country corridors. See Appendix B for more information on country corridors.

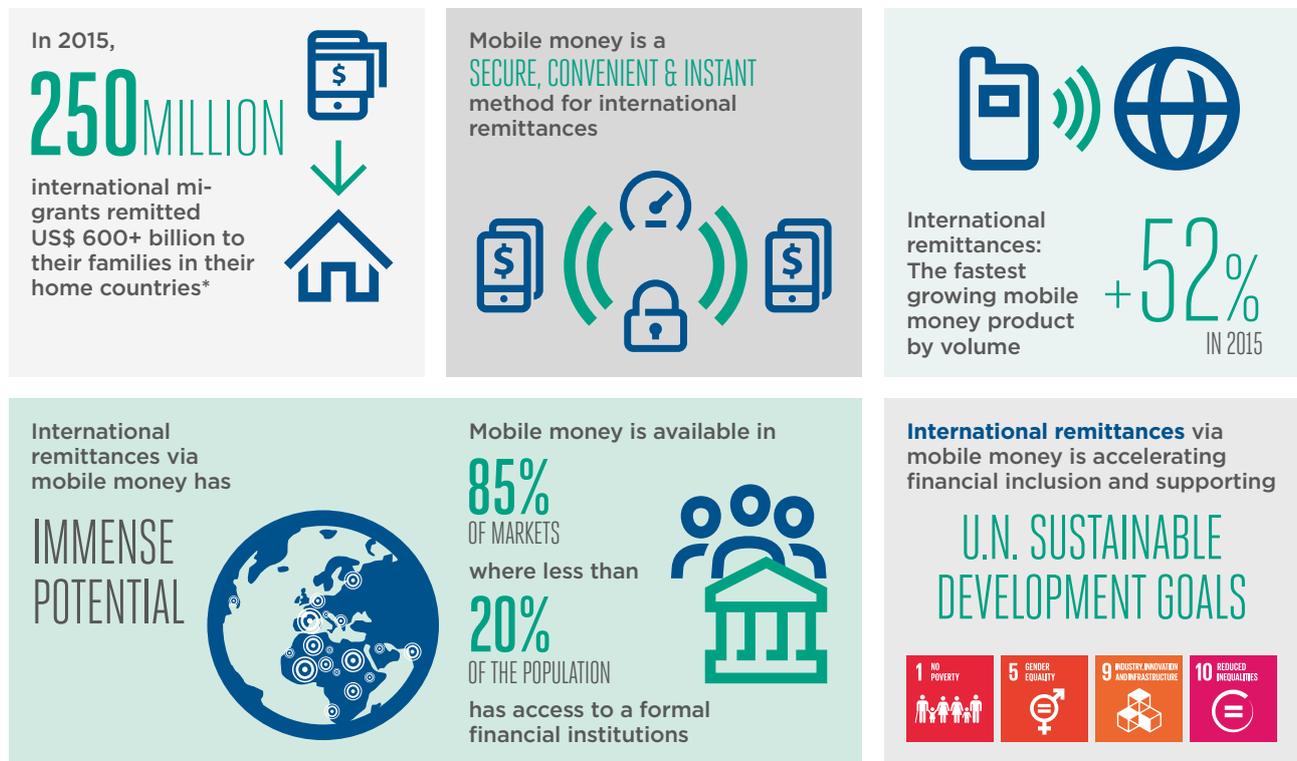
20. Bilateral Remittances Matrices, Migration and Remittances Data, The World Bank <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>

21. This growth rate was calculated based on all mobile money services that can be used to either send or receive international transfers. GSMA. (2016). 2015 State of the Industry Report on Mobile Money. Available at http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/04/SOTIR_2015.pdf

22. Mireya Almazan and Nicolas Vonthron, "Mobile money profitability: A digital ecosystem to drive healthy margins", GSMA (2014). Available at: http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/11/2014_Mobile-money-profitability-A-digital-ecosystem-to-drive-healthy-margins.pdf

FIGURE 1

The promise of mobile money international remittances



Assessing the impact of mobile money on lowering remittance prices

The most comprehensive source of data on the cost of remittances is the “Remittance Prices Worldwide” online database (RPW), which was created by the World Bank to increase transparency and empower migrants to compare costs. The RPW database currently covers 365 country corridors worldwide,²³ including only 14 corridors where mobile money can be used to send remittances. Recent insights from RPW data suggest that sending remittances using mobile money is much cheaper than using traditional channels such as banks, post offices or money transfer operators (MTOs).²⁴

To better understand the impact of mobile money on the reduction of remittance costs, the GSMA commissioned Developing Markets Associates²⁵ to provide an independent data collection exercise covering corridors where mobile money can be used to send remittances,²⁶ and using the same methodology as the World Bank.²⁷ The study was deliberately restricted to corridors in which the sending channel was facilitated by mobile money, as the sending channel provider typically sets the remittance price. This allowed us to isolate the impact that mobile operators are having on pricing.

23. More information on the World Bank's Remittance Prices Worldwide database is available here <https://remittanceprices.worldbank.org/en/about-remittance-prices-worldwide>

24. “Remittance Prices Worldwide – An analysis of trends in cost of remittance services”, The World Bank, June 2016. Available at: https://remittanceprices.worldbank.org/sites/default/files/rpw_report_june_2016.pdf

25. Developing Markets Associates is an independent external firm who also collects remittance price data for RPW, as well as for the African Institute for Remittances (AIR) and Send Money Asia.

26. We included all services where remittances can be sent from a mobile money account and received either on a mobile money account or at a mobile money agent, to the best of our knowledge at the time of data collection.

27. “Remittance price comparison databases – Minimum requirements and overall policy strategy”, The World Bank, <https://remittanceprices.worldbank.org/sites/default/files/StandardsNationalDatabases.pdf>

Our research covered 45 corridors across 16 remittance-sending countries and 16 remittance-receiving countries. In total, the research included 53 mobile money providers, as well as the two largest MTOs in the world. For each of the remittance service providers (RSPs) and across all 45 corridors, we collected data on the cost of sending \$50, \$100, \$150 and \$200. The cost elements captured included:

- i. the transaction fee charged to the sender,
- ii. the exchange rate applied, and
- iii. the applicable fee charged to the recipient for cash pick up.

For both MTOs and mobile money providers, a single fee—which is a combination of the transaction fee and the exchange rate—is paid by the sender. For the MTOs, there was no additional cash pick-up fee in the markets we researched. In the case of mobile money, recipients have the option to keep the received money in their mobile money accounts to make other transactions (for example to pay for goods and services or to send to a relative), or to cash it out. For a cash-out, recipients will typically pay a fee to the mobile money provider. A detailed explanation of the methodology as well as an overview of the data collected can be found in Appendix A.

TEXT BOX 1

Different models of partnerships to enable international remittances via mobile money

Partnerships ensure mobile money can be used for remittances across a growing number of international corridors. For example, MTN Group and Vodafone Group entered into a partnership last year in which they committed to enable international remittances between M-PESA customers in Kenya, Tanzania, the Democratic Republic of Congo and Mozambique, and MTN Mobile Money customers in Uganda, Rwanda and Zambia.*

However, other models exist where mobile operators partner with different types of RSPs to enable international remittances to be received on mobile money accounts. For example, in 2015 Western Union partnered with 13 mobile money providers across 12 markets. The partnership between Western Union and Tigo El Salvador is a good example of how this type of partnership can also contribute to expand the reach of international remittances. Having achieved over 20 percent penetration of Tigo's mobile subscriber base to date, Tigo Money in El Salvador ranks amongst Millicom's strongest deployments globally. Interestingly, Tigo Money has gained traction with bill payment services and international remittances and, today, Tigo El Salvador receives a high volume of international remittance payments—predominantly from the US—through its partnership with Western Union. This is material given that remittance flows from abroad constitute more than 10 percent of the GDP of most Central American economies, including 18 percent of El Salvador's GDP.**

Additionally, many mobile operators have announced partnerships with global remittance hubs (e.g., HomeSend, TransferTo, MFS Africa) to enable their mobile money customers to receive international transfers on their mobile. Another interesting partnership model that gathered steam in the past few years is between mobile money providers and fintech companies (e.g., WorldRemit, PayPal's Xoom), offering instant online transfers to mobile money accounts and providing an attractive alternative to traditional cash-to-cash models.***

**Vodafone M-Pesa and MTN Mobile Money agree to interconnect mobile money services", Press release (21 April 2015). Available at: <http://www.vodafone.com/content/index/media/vodafone-group-releases/2015/m-pesa-mtn.html>

** Mireya Almazan, "Spotlight on Central America: Mobile money enhances financial inclusion", GSMA blog (23 April 2015). Available at: <http://www.gsma.com/mobilefordevelopment/programme/mobile-money/spotlight-on-central-america-mobile-money-enhances-financial-inclusion>

*** Nika Naghavi, "Sending and receiving remittances with mobile money: Customer benefits and the potential to drive down cost", GSMA blog (16 June 2016). Available at: <http://www.gsma.com/mobilefordevelopment/programme/mobile-money/sending-receiving-remittances-mobile-money-customer-benefits-potential-drive-cost>

Results

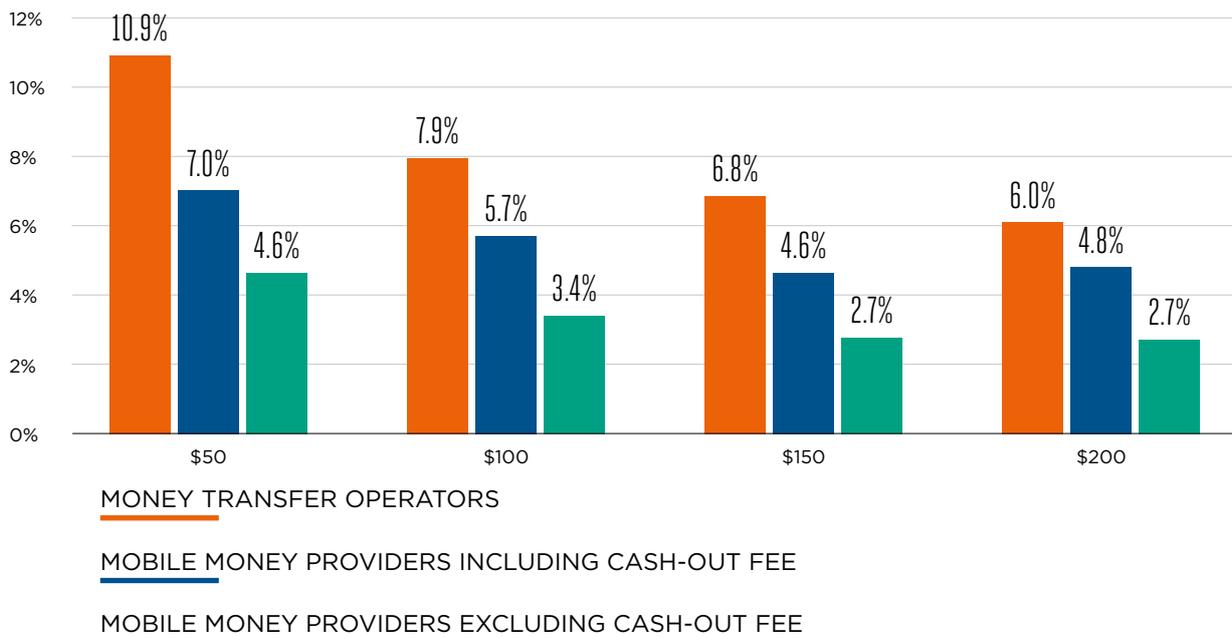
Insight 1 – Using mobile money for international remittances is more than 50 percent cheaper than using global MTOs

The average cost of sending \$200 using mobile money is 2.7 percent across the 45 corridors surveyed, compared to 6.0 percent using global MTOs, suggesting that mobile money is driving a price revolution in international remittances. On average, the cost of international remittances using mobile money is more than 50 percent lower than global MTOs and mobile money is the cheaper option in 39 of 45 corridors.²⁸

Even when mobile money cash-out fees are considered, it is still 21 percent cheaper on average to send \$200 using mobile money than with traditional remittances channels, and 36 percent cheaper to send \$50.

FIGURE 2

Average remittances cost for global MTOs and mobile money providers (in percent; August 2016)



28. The cheapest corridors do not involve a currency exchange (for example, corridors within the UEMOA region where there is a single currency, or corridors where both the sending and receiving currency is US dollars). Interestingly, in all 23 corridors which did not require currency exchange, mobile money was a consistently cheaper option than global MTOs, with an average cost of 2.1 percent for \$200 transfers compared to 4.4 percent.

Insight 2 – Mobile money is particularly competitive for low-value transactions

Interestingly, mobile money is even more competitive for low-value remittances: using mobile money is 58 percent cheaper for \$50 transfers, compared to 55 percent cheaper for \$200 transfers (36 percent cheaper for \$50 transfers compared to 21 percent cheaper for \$200 transfers when the cash-out fee is included). In this way, mobile money caters to the needs of low-income migrants who may find it more convenient to make low-value transactions on a frequent basis.

Migrants are already taking advantage of the competitiveness of mobile money providers for low-value transactions. Findings from the 2015 Global Adoption Survey of Mobile Financial Services²⁹ showed that the average value of international transfers sent using mobile money was relatively low (\$82 in June 2015) compared to the average size of international transfers across all channels (around \$500³⁰). This is a testament that mobile money is not only a force for financial inclusion, but has broad macro-economic impact as it is increasing the disposable income of developing market consumers who need it the most.

Insight 3 – Mobile money is a critical tool to achieve SDG target 10.c

Our data suggests that mobile money is an important tool to achieve the 2030 targets set by SDG 10.c. Indeed, the average cost of sending \$200 using mobile money is 2.7 percent across the 45 corridors surveyed. Specifically, the cost of sending \$200 using mobile money is already less than three percent in 34 country corridors, and it is less than two percent in 15 country corridors, for example from Malaysia to the Philippines.

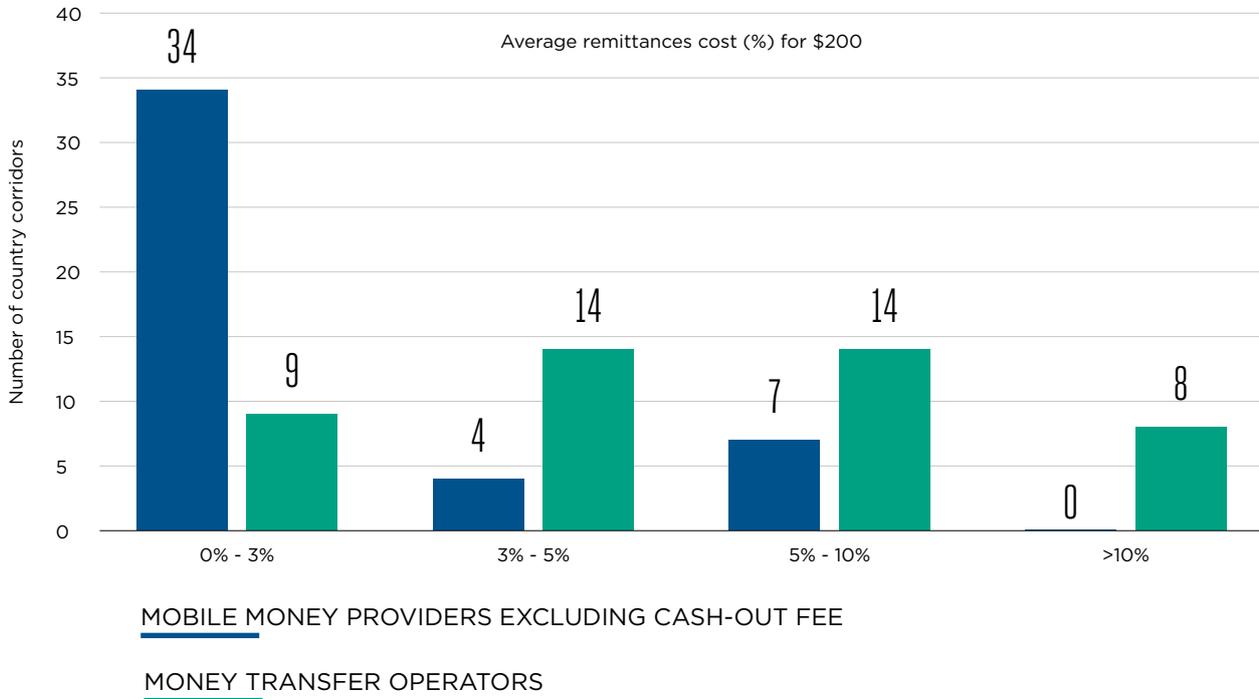
However, there is still a lot to do to reach these targets in all corridors globally and mobile money providers are well-positioned to contribute to this effort. For example, SDG 10.c also sets a target to eliminate remittance corridors with costs higher than five percent. Today, the cost of sending \$200 using mobile money is greater than five percent in seven corridors. Remarkably, there are no corridors where the average cost of sending \$200 using mobile money is higher than 10 percent.

29. More information on the GSMA's Global Adoption Survey of Mobile Financial Services is available here: <http://www.gsma.com/mobilefordevelopment/programmes/mobile-money/adoption-survey>

30. "Remittance price comparison databases – Minimum requirements and overall policy strategy", The World Bank, <https://remittanceprices.worldbank.org/sites/default/files/StandardsNationalDatabases.pdf>

FIGURE 3

Distribution of country corridors by average remittance cost for mobile money providers and global MTOs (August 2016)



Insight 4 – Competition can have a significant impact on reducing remittance costs

There is strong evidence that competition can have a significant impact on reducing the cost of remittances. On average, senders benefit from lower transaction costs when a larger number of service providers offer transfers for the same country corridor. The average cost of sending \$200 across country corridors when four providers offer transfers is 3.7 percent, compared to 5.2 percent when just three providers offer transfers.

Our research also shows that MTOs tend to offer their services at lower prices in markets where mobile money providers also offer international transfers (6.0 percent compared to 8.2 percent on average). These findings are consistent with trends observed across

different markets. For instance in West Africa, the launch of international transfers via Orange Money in 2013 had a clear impact on the prices proposed by competing MTOs and, immediately after this launch in Côte d'Ivoire, one of the leading remittance providers in that market responded by reducing its prices.³¹

These findings highlight the need for enabling regulatory frameworks, which allow non-traditional players, such as mobile money providers, to offer international remittance services. Offering multiple options to send remittances will ensure customer needs are met in markets where informal transactions remain prevalent.

31. Scharwatt Claire and Chris Williamson, "Mobile money crosses borders: New remittance models in West Africa", GSMA, 2015. Available at: http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/04/2015_MMU_Mobile-money-crosses-borders_New-remittance-models-in-West-Africa.pdf

Insight 5 – The impact of mobile money on remittances supports broader financial inclusion and financial integrity objectives

Finally, the impact of mobile money on the remittance sector goes beyond reducing costs. Indeed, mobile money represents a powerful tool to digitise large flows of informal transfers. Mobile money can also act as a gateway to financial inclusion for both remittance senders and recipients, as it gives them the opportunity to join the digital financial ecosystem and to access a broad range of digital financial services beyond remittances, such as storing money in a secured account or performing digital payments. As such, mobile money international remittances also support broader financial inclusion and financial integrity³² objectives.

Digitising informal transaction flows in West Africa³³

Orange Money launched international money transfers between Côte d'Ivoire, Mali and Senegal in July 2013. Adoption was rapid, with transaction volumes and values roughly doubling every six months. Eighteen months after launch, the value of cross-border remittances on Orange Money accounted for an impressive 24.7 percent of all remittances reported by the World Bank between these three markets. Of all three markets, Orange Money customers in Mali had the highest adoption rate for senders. Orange believes this is due to a relatively higher dependence on expensive and insecure informal remittances in Mali, which gives its service a distinct advantage.

Other examples similarly reveal the potential of mobile money to capture large flows of informal transfers. For instance, transfers from MTN Mobile Money customers in Côte d'Ivoire to Airtel Money customers in Burkina Faso have had particularly strong traction in rural Burkina Faso, where 60 percent of recipients live. MTN and Airtel expected their service to be popular in urban areas where remittance flows are well documented, but they had not anticipated such success in rural areas, where

formal money transfer channels have a limited footprint and people prefer informal methods to send money.³⁴

Offering competitive remittance services for migrant workers in Qatar using mobile money

In 2010, Ooredoo Qatar launched Ooredoo Mobile Money, a mobile money service with remittance options, targeting low-income migrant workers who send money back home on a regular basis. It was one of the first initiatives that enabled customers to initiate international transfers from their mobile money account. This service was launched in partnership with MoneyGram and recipients have the option to receive money directly to their mobile money account in some markets, or to pick up the amount received at a MoneyGram agent.

The service quickly became a commercial success for Ooredoo, with a compound annual growth rate of 150 percent between 2011 and 2015. Today, over 50,000 international transfers are being sent every month using Ooredoo Mobile Money, primarily to Bangladesh, Indonesia, Kenya and the Philippines. Compared to existing alternatives, Ooredoo Mobile Money customers enjoy lower remittance prices and increased convenience, as they can initiate transfers directly using their mobile phone from any location, and at any time.

However, what makes Ooredoo Mobile Money so compelling for migrant workers is also the fact that they get access to a range of other financial services, making their life easier. For example, Ooredoo recently launched a new payroll service to allow migrant workers to receive their salaries digitally, directly on their mobile money account. This is aligned with the Qatar's recently launched Wage Protection System which requires that employers pay their workers electronically and within seven days of work being carried out.³⁵

32. The World Bank provides a useful description of the role of financial markets integrity, noting that financial systems must be transparent and inclusive to ensure economic development and promote good governance (<http://www.worldbank.org/en/topic/financialmarketintegrity/overview#1>).

33. More information on the GSMA's Global Adoption Survey of Mobile Financial Services is available here: <http://www.gsma.com/mobilefordevelopment/programmes/mobile-money/adoption-survey>

34. "Remittance price comparison databases – Minimum requirements and overall policy strategy", The World Bank, <https://remittanceprices.worldbank.org/sites/default/files/StandardsNationalDatabases.pdf>

35. "Qatar's Wage Protection System causing payment headache for construction sector" (17 August 2016). Available at: <http://www.cipd.ae/people-management-magazine/hr-news-opinion/qatar-wage-protection-system>

Concluding remarks and recommendations

With a total volume of \$581.6 billion³⁶ in 2015, international remittances are an important source of income for low-income and lower-middle-income economies. However, the high cost of remittances reduce the amount of money that ultimately ends

up in the hands of the families of migrants. To assess the impact of mobile money on reducing the costs of remittances, the GSMA commissioned an independent data collection exercise. A number of considerations can be explored from these research findings.

Ongoing research is needed to chart the impact of mobile money on remittances and, in turn, on progress toward SDG 10.c

Research findings clearly demonstrate that mobile money is driving a price revolution in international remittances. Indeed, the average cost of sending \$200 using mobile money is 2.7 percent across the 45 corridors surveyed, and the cost of sending international remittances is already less than three percent in 34 corridors.

Understanding how this trend evolves and affects the average cost of remittances across all channels is

important. We encourage the international community to include mobile money as a key component of any policy initiative aiming at reducing the cost of remittances. In particular, we encourage regional and global initiatives collecting data on remittance prices such as the World Bank through the Remittance Prices Worldwide project or the African Institute for Remittances and Send Money Asia, to proactively include corridors where mobile money is available and mobile money providers as part of their scope.

36. World Bank press release (13 April 2016) <http://www.worldbank.org/en/news/press-release/2016/04/13/remittances-to-developing-countries-edge-up-slightly-in-2015>

More enabling regulation can facilitate competition and accelerate the reduction of remittance costs

Today, mobile money users can initiate international remittances directly from their mobile phones in only 16 of 93 countries where mobile money is available. This is partly because regulation in many countries prevents mobile money providers from sending, and, in some cases, also receiving international money transfers. Bold reforms are needed to facilitate greater competition and lower prices to expedite the achievement of UN SDG 10.c. Regulators in some countries have acknowledged this and moved to enable the involvement of mobile money in the international remittance sector. The results are reflected in the tremendous growth of mobile money

remittances over the past few years. The GSMA is working to capture and highlight regulatory best practice in this area.

In particular, we urge regulators to adopt an open and level playing field in the international money transfer space, by allowing non-traditional service providers, such as mobile money providers, to compete with traditional remittance service providers. To attract these new market players, other factors will need to be considered by regulators, such as the adoption of clear licensing requirements and of risk-based approaches to AML/CFT.

The industry's continued commitment to invest in safe and sustainable services is critical to realise the full potential of mobile money for international remittances

As an industry, we understand that we have a critical contribution to make to the achievement of the UN Sustainable Development Goals.³⁷ Operators continue to invest in sustainable mobile money services that can enable international transfers in a safe and transparent way. Concretely, this investment is happening in a range of areas, such as technology platform upgrades, bilateral connections or hub integrations, and agent training. Many operators have also signed on to the GSMA Code of Conduct for Mobile Money Providers,³⁸

which outlines a series of commitments to ensure safe and sustainable mobile money services.

The GSMA encourages the development of financial education initiatives such as the World Bank's Project Greenback 2.0,³⁹ which enable migrants to understand the different remittance options and prices available. Such efforts are critical to ensure mobile money international remittance volumes continue to grow and that the full potential of mobile money is realised.

37. See "2016 Mobile Industry Impact Report: Sustainable Development Goals", GSMA (2016). Available at: <http://www.gsma.com/betterfuture/2016SDGImpactReport/>

38. More information on the GSMA Code of Conduct can be found here: <http://www.gsma.com/mobilefordevelopment/programmes/mobile-money/policy-and-regulation/code-of-conduct>

39. More information on the World Bank's Greenback project can be found here: <https://remittanceprices.worldbank.org/fr/projet-greenback-20-villes-championnes-des-transferts>

Appendix A – Methodology

The following methodological approach was taken to collect the data for this study. Where possible, the same methodology used by the World Bank in its Remittance Prices Worldwide database (RPW) was applied to this research.

Country corridors

To select country corridors, we used information from the GSMA's Mobile Money Deployment Tracker, which is an online database that monitors the number of live and planned mobile money services globally. We identified 45 corridors across the developing world where mobile money can be used for sending international remittances. These corridors cover international remittances from 16 sending countries to 16 receiving countries, and include 53 mobile money providers. It should be noted that the transactions initiated from these mobile money accounts can be received at one of a variety of paying-out options (e.g. mobile money account, cash collection), and this data was collected where available.

Data collection

A combination of mystery shopping and desk research was used to gather data from providers. In all cases, the information gathered was also reflective of the customer experience. On a number of occasions, the researchers had to use a call centre to obtain transaction information.

The cost data within each corridor was captured by remittance price researchers on the same day, in order to control for fluctuations in exchange rates and other changes in fee structures. Similar to the World Bank's methodology, we collected the cost data on the send side. The cost elements captured included (i) the transaction fee charged to the sender, (ii) the exchange rate applied, and (iii) the applicable fee charged to the recipient for cash pick up. Pick up costs were not included in the total cost except where explicitly mentioned in this report.

Transfer amounts surveyed

The World Bank's RPW database historically collects data for \$200 and \$500 transfers, which represents the global mode and mean amounts for traditional cash-to-cash remittances. We used four price points per provider – \$50, \$100, \$150 and \$200. The new price points reflect the lower transaction amounts that are generally seen with mobile money-based transactions, whilst allowing comparison with the core RPW price point of \$200.

Exchange rate applied

The exchange rate that was offered by the relevant provider was collected and measured against the daily interbank exchange rate (gathered at www.XE.com) for the relevant sending and receiving currencies, to produce an foreign exchange cost margin.

Additional information – such as fee and non-fee costs charged to the receiver

Data was collected on any hidden or receiving 'pick up' costs where they occurred, either due to the nature of the product or service on offer, or the outlet through which the funds are being received. In most cases where mobile money is used, the receiver has the option to keep the money received on his account, to use it to make other transactions (for example to pay for goods and services or to send to a relative), or to cash it out. Typically, a cash-out fee is charged if the receiver decides to withdraw the money from his account.

Appendix B – Country corridors

REMITTANCE RECEIVING COUNTRY \ REMITTANCE SENDING COUNTRY	BENIN	BURKINA FASO	CONGO, DEMOCRATIC REPUBLIC OF	CÔTE D'IVOIRE	KENYA	MALAWI	MALI	NIGER	PHILIPPINES	RWANDA	SENEGAL	TANZANIA	TOGO	UGANDA	ZAMBIA	ZIMBABWE
BENIN				✓				✓					✓			
BURKINA FASO				✓												
CÔTE D'IVOIRE	✓	✓					✓	✓			✓		✓			
FRANCE				✓			✓				✓					
KENYA										✓		✓		✓		
MALAYSIA									✓							
MALI				✓							✓					
NIGER	✓		✓	✓		✓				✓			✓			
QATAR					✓				✓							
RWANDA			✓		✓	✓						✓		✓	✓	
SENEGAL				✓			✓									
SINGAPORE									✓							
SOUTH AFRICA																✓
TANZANIA					✓					✓						
TOGO	✓			✓				✓								
ZAMBIA			✓			✓				✓						



For the full report please visit the GSMA website at www.gsma.com



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