

Promoting Financial Inclusion through digitalization of Remittances

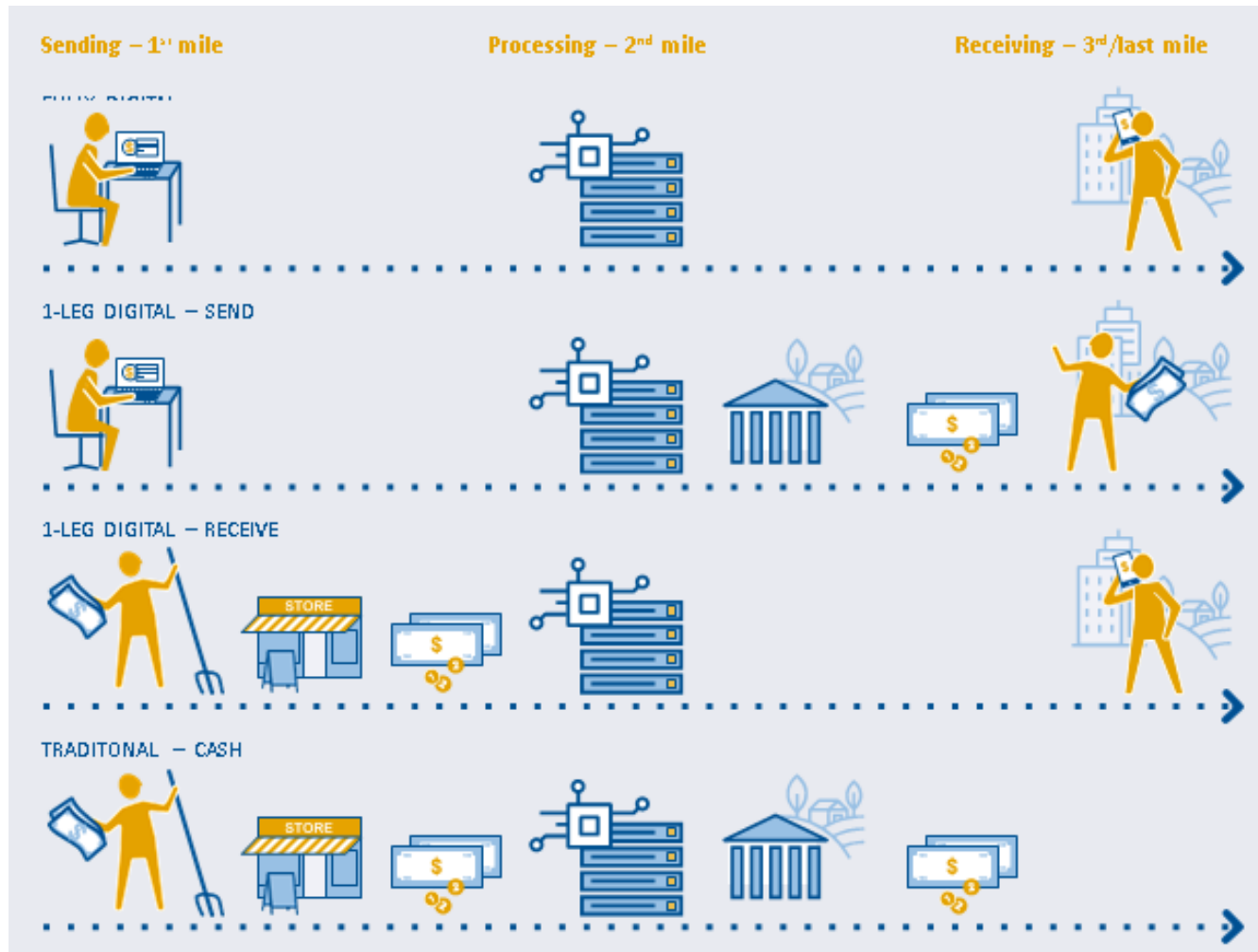
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Remittances are usually **the first financial service used by migrants and their families** offered by regulated providers.

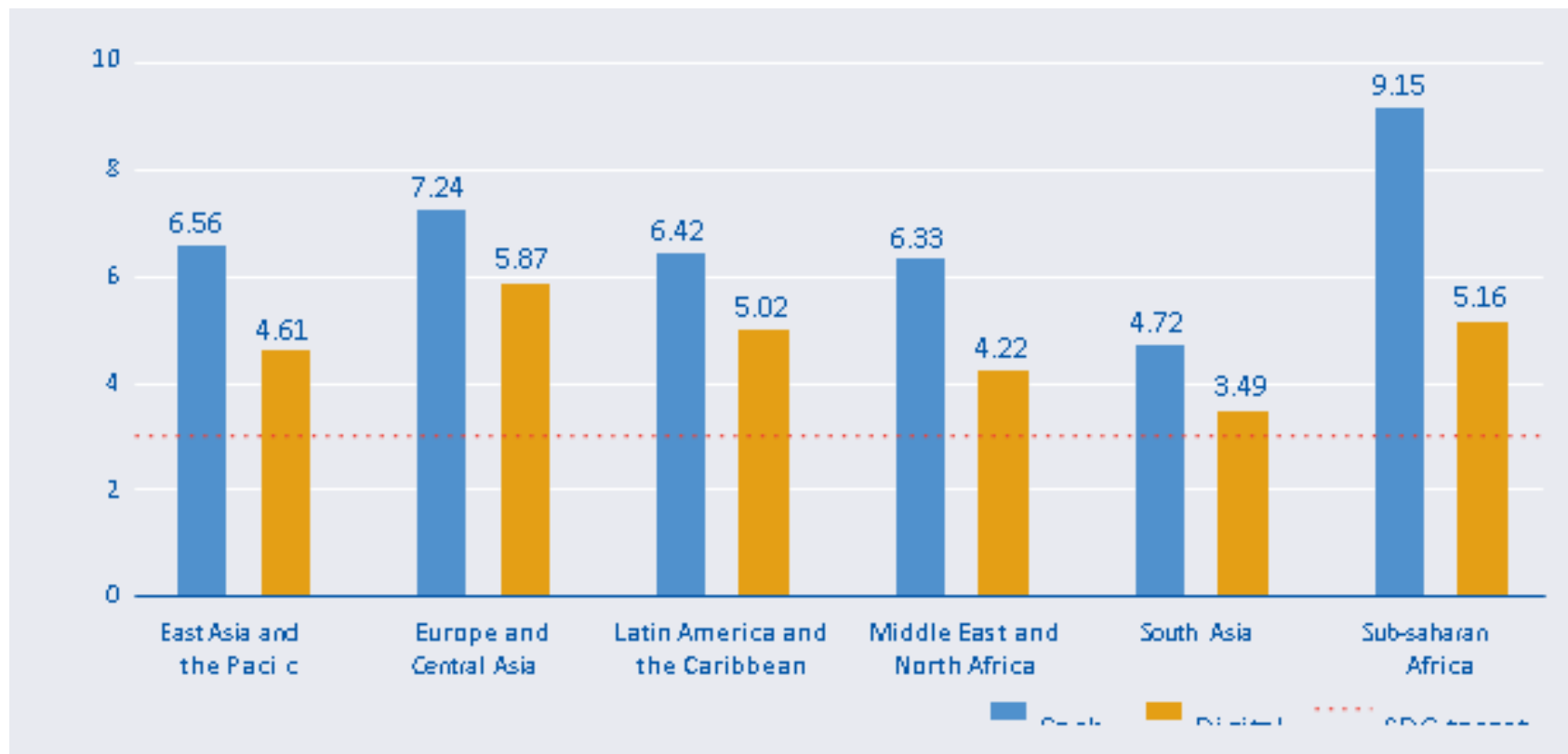
This is an opportunity to financially include them.

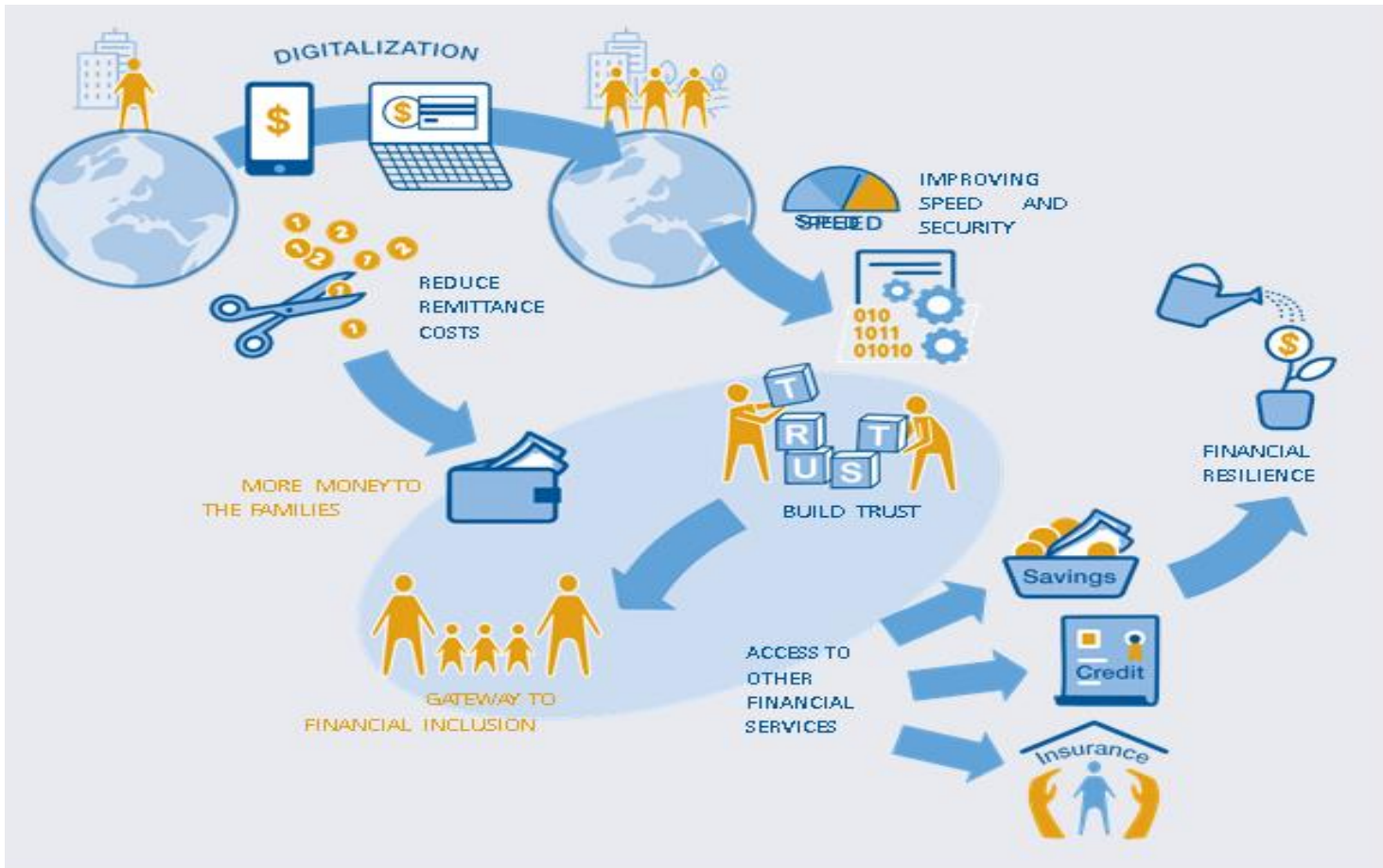
Digital versus cash remittances



The cost benefit...

Average cost to send \$200 by region, cash vs digital services, Q2 2023





Digitalization brings significant benefits to remittance users, including:

- **reducing the cost** of remittances, improving their speed,
- bringing **greater certainty** around payments,
- **security and tracking**,
- **increasing access to services**,
- providing a **gateway to financial inclusion** and
- building **financial resilience**.

Operational functions of remittance service providers (RSPs) can also benefit from digitalization in areas such as **product aggregation**, **AML/CFT compliance** and the trading of **settlement currencies**.

Digitalization of remittances can also help **improve financial sector integrity and transparency** and **strengthen efforts to combat illicit finance** broadly by bringing more people into the regulated financial sector.

Overall, the **digitalization of remittances** is mutually beneficial for **both customers and RSPs** as it creates a transactional track record opening opportunity for a broader and longer-term relationship.

- Encouraging digital channels, innovative payment methods and interoperable payment systems **is a priority for faster, cheaper and safer sending and receiving remittances.**
- **Interoperable digital payment** systems with respect to cross-border payments **can significantly reduce costs and risks**, thus ensuring resilient non-disruptive payment systems.
- **Developing digital financial services linked with remittances and tailored digital use cases for rural populations is necessary to unleash the benefits of digital remittances.**
- **Cross-border instant payments** - These efforts will help make cross-border instant payments more efficient, and enabling acceptance of local cards in both countries for ATM cash withdrawals and direct point-of-sale purchases without relying on external payment networks.

- **Many individuals sending and receiving remittances lack awareness and trust in the financial sector.** This is particularly the case for vulnerable populations.
- **Half of remittance senders or receivers are women**, which provides a unique opportunity to design specific financial products that fit women's needs for furthering women's financial inclusion and economic empowerment.
- *For women remittance receivers*, in addition to the convenience and safety of access that mobile money and other digital solutions offer, there is also an **added level of privacy over the funds** they receive and spend digitally, **enabling them to make spending decisions.**
- **Digital remittances allow women to access funds received directly**, which they are more **likely to spend on household consumption, potentially contributing to lifting their families out of poverty.**

Significant benefits, must reach all segments of society.

While the shift to digital remittances offers numerous opportunities aligned with Sustainable Development Goals (SDGs), **concerted efforts are essential to ensure that its benefits reach all segments of society.**

Special **attention must be given to preventing the exclusion of vulnerable groups** like women, the elderly, the impoverished, and rural communities.

Failure to manage this transition properly could exacerbate disparities.

Women and vulnerable populations considerations



RemitSCOPE is a centralised, global repository of remittance and remittance-related data and market intelligence. It informs business and policy decision making through interactive dashboards and remittance country profiles.



\$5.4

2030 Projected remittance inflows to LMICs in USD trillions, World Bank



6.4%

Ave. global cost to send remittances, RPW Q1 2024



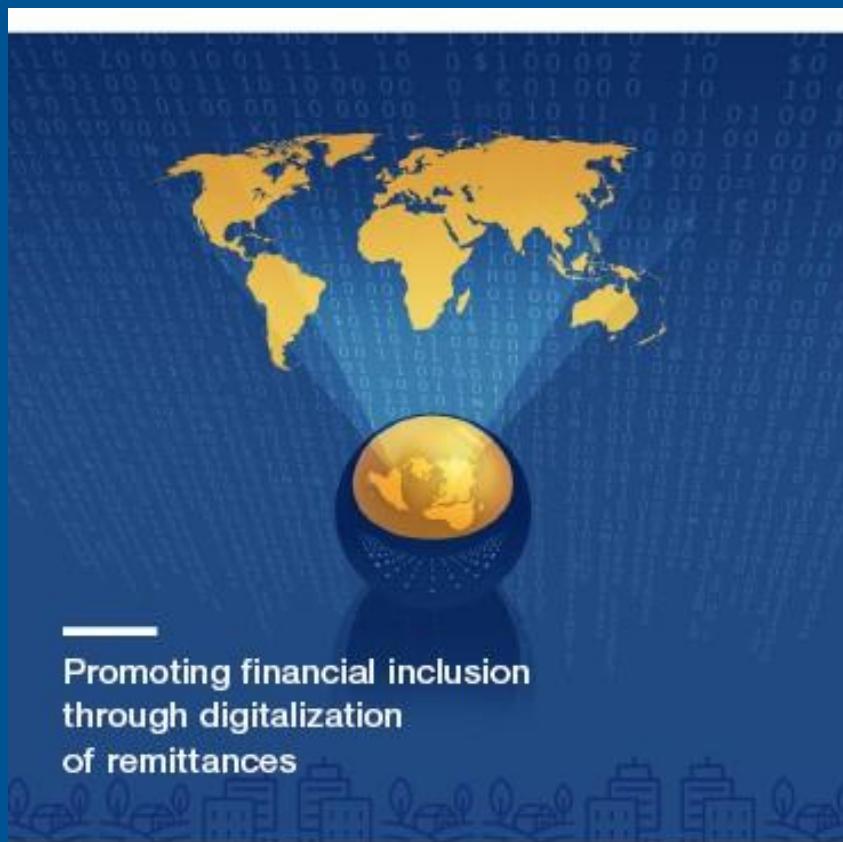
3%

SDG 10.c Global Goal - Ave. global cost of sending remittances



76%

Financial inclusion ave. account ownership globally, FINDEX, 2021



Promoting financial inclusion
through digitalization
of remittances



IFAD Remittance Innovation Toolkit



In implementation of
**PRIME
AFRICA**





For more information, please engage with:

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Thank you