

# Digital Remittances in Southern and Eastern Africa: From Transactions to Transformation

November 2024



United Nations  
Office of the Special Adviser  
on Africa

POLICY PAPER

Webinar

## Embracing Digitalization of Remittances in Africa

Wednesday, 20<sup>th</sup> November 2024

09:30-11:00 am (EST)

by

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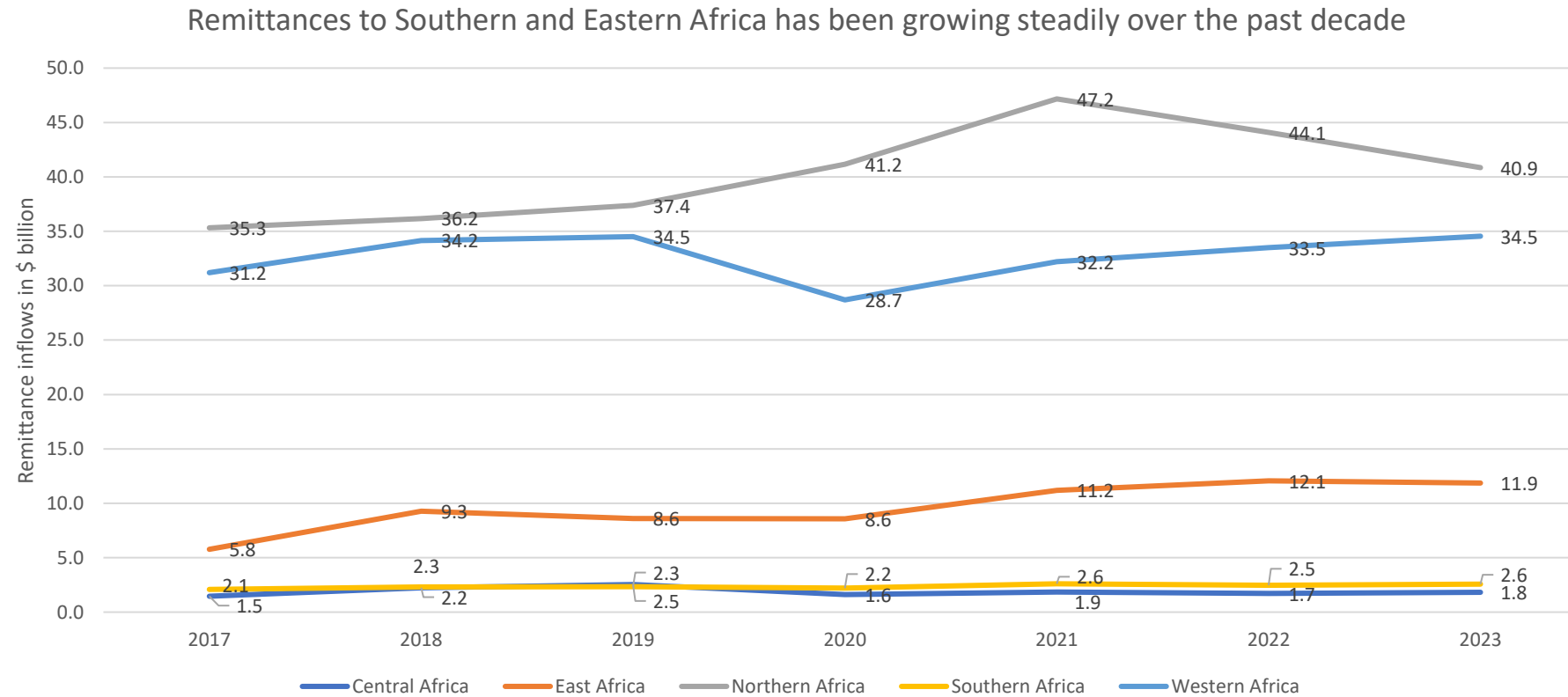


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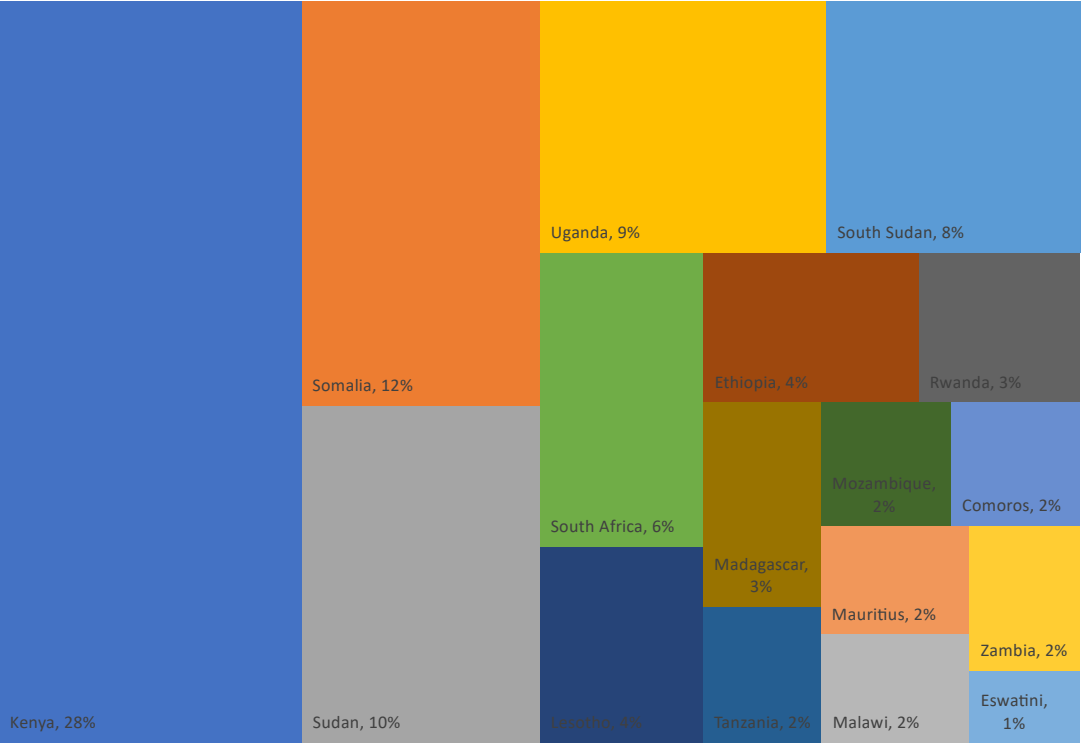
Investing in rural people

# Situational Analysis

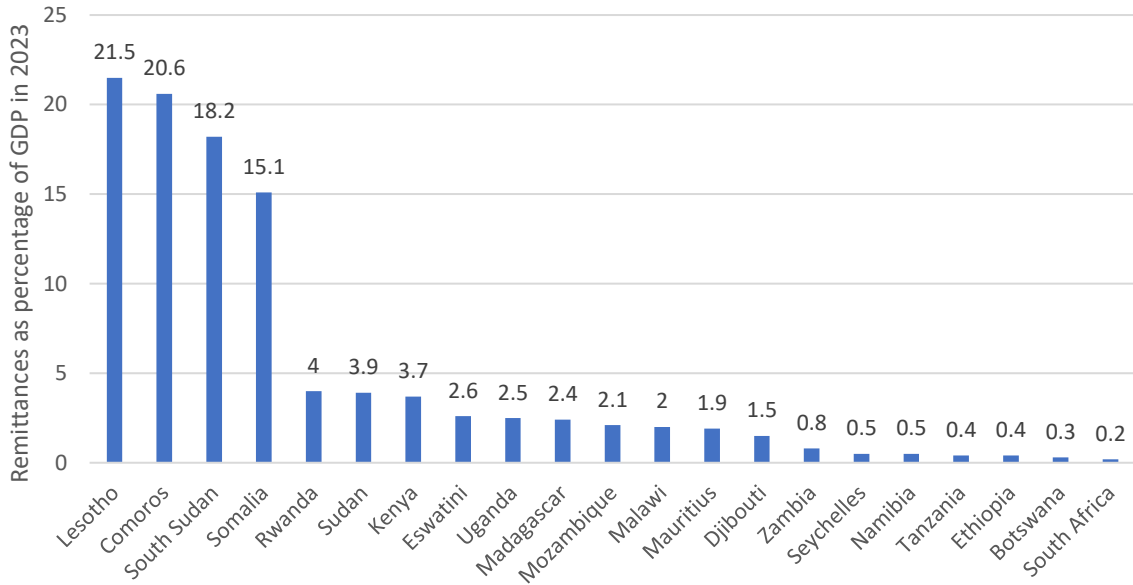


Source: World Bank, KNOMAD

Kenya received the highest share of Remittance inflows to the two sub-regions in 2023



Four countries in Eastern and Southern Africa are significantly reliant on remittances, while the proportion is smaller in the others



Source: World Bank, KNOMAD

# Obstacles hindering digitalization of remittances



**Social  
Resistance and  
Preference for  
Cash  
Transactions**



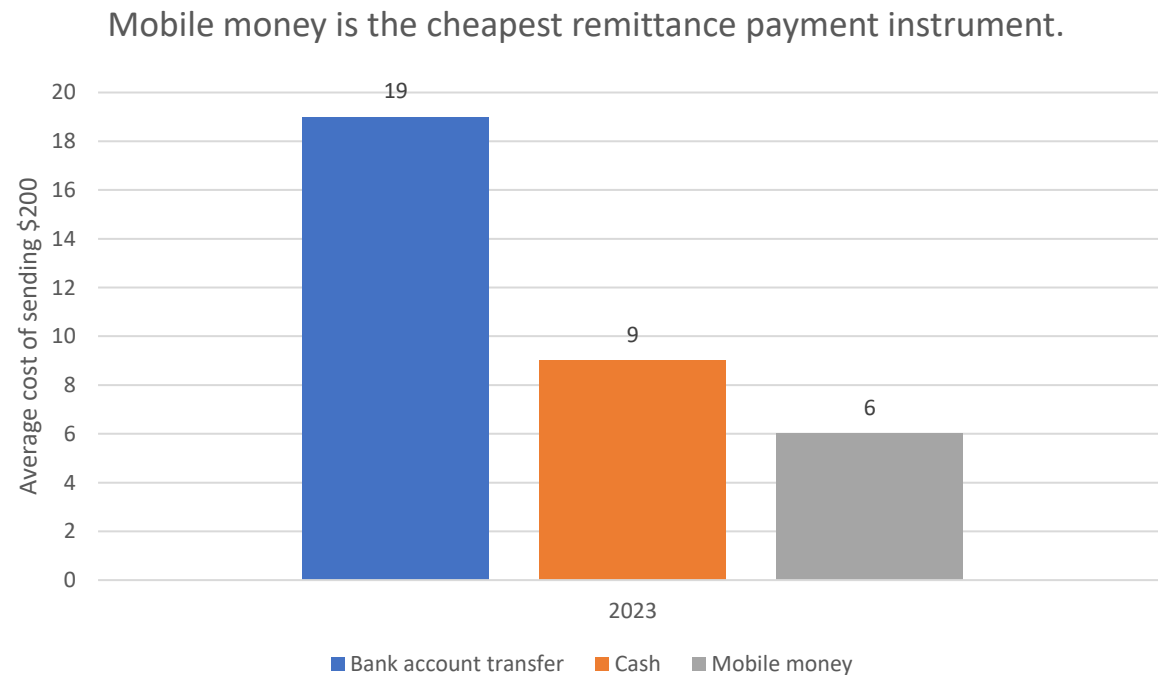
**Transfer cost on  
some corridors  
& Regulatory  
Barriers**



**Cybersecurity  
and Trust Issues**



**Financial  
Literacy and  
Access**

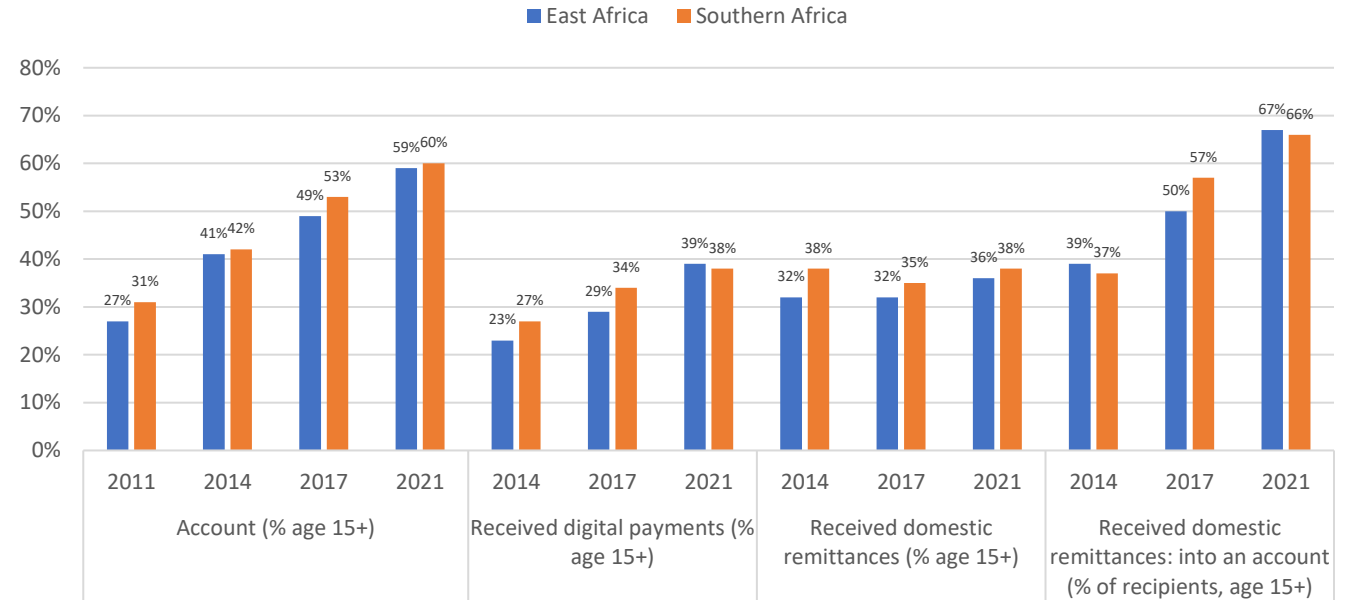


Source: World Bank, Remittance prices worldwide

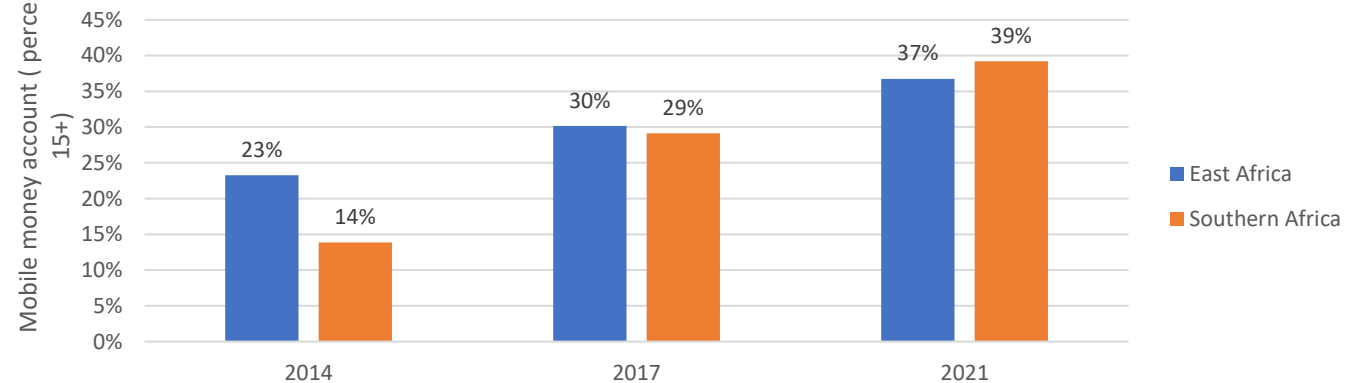
# Digital remittances: Opportunities

- Financial inclusion: the role of mobile banking
- Empowering Microfinance Initiatives
- Insurance and Investment

Trends in digital financial inclusion in Eastern and Southern Africa



The continuous increase in Mobile money account holders is driving financial inclusion



Source: World Bank Global Findex

# Digital Remittances: Enablers

- Digital Public Infrastructure
- Innovative Financial Services
- Diaspora Engagement

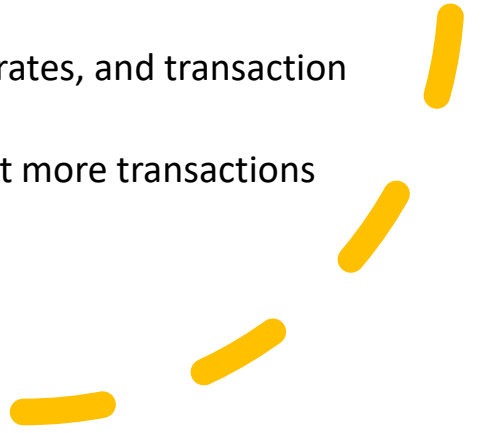
- African Digital Public Infrastructure Stack (A-DPI-Stack)
- Eastern and Southern Africa is well-placed to benefit from the digitalization of remittances (Digital Remittances Readiness Index)
- The number of Tech Companies has tripled since 2020, reaching around 5,200 companies. Nearly half of which are fintech.
- Estimated revenues of \$4 -\$6 billion in 2020, with the potential to increase eightfold by 2025.
- Digital Payments are expected to reach 357 million users by 2028.
- Advocacy for Digitalization at the Receiver Level: encourage savings and investment in local communities.
- Catalyst for Technological Advancement and Financial Literacy
- Increase understanding and trust in digital financial services.

Digital Remittances Readiness Index


Rank	Country	Average of Score	Rank	Country	Average of Score
1	Ghana	84	18	Togo	45
2	Kenya	83	19	Benin	44
3	Gabon	77	20	Somalia	41
4	Mauritius	75	21	Malawi	40
5	South Africa	70	22	Burkina Faso	39
6	Uganda	66	23	Guinea	38
7	Senegal	59	24	Nigeria	36
7	Zimbabwe	59	25	Congo, Dem. Rep.	35
8	Algeria	57	25	Ethiopia	35
9	Morocco	55	25	Sierra Leone	35
10	Namibia	54	26	Gambia, The	34
12	Cameroon	52	27	Mauritania	33
12	Tunisia	52	28	Chad	31
12	Zambia	52	29	Madagascar	30
13	Botswana	51	30	Burundi	28
14	Tanzania	50	30	Central African Republic	28
15	Rwanda	49	30	South Sudan	28
16	Lesotho	48	31	Liberia	27
16	Libya	48	32	Niger	26
17	Congo, Rep.	46	33	Angola	18
17	Mozambique	46	34	Sudan	14
18	Mali	45			

Source: IFAD RemitAfrica Report, Remitscope Africa

# The Path Forward: Recommendations

- **Collaborative Efforts:**
    - Robust Public-Private Partnerships (PPPs) to overcome regulatory barriers.
    - Drive innovation and broaden the reach of digital remittance services.
    - Craft progressive and pragmatic policies to ensure financial accessibility.
  - **Regional Cooperation:**
    - Harmonize policies for smoother remittance flows across borders.
    - Implement shared regulatory frameworks, joint initiatives, and harmonized technological standards.
    - Utilize tools like the A-DPI to achieve integration and efficiency.
  - **Consumer Protection:**
    - Promote trust and security through robust legal frameworks to address fraud prevention, efficient dispute resolution, and user privacy.
    - Enforce comprehensive consumer protection laws and data protection regulations.
    - Pursue domestication of the Malabo Convention.
    - Provide clear information on fee structures, exchange rates, and transaction processes.
    - Empower users to make informed decisions and attract more transactions through formal channels.
- 

# The Path Forward: Recommendations (cont...)

- **Financial Inclusion :**
    - Ensure accessibility for underserved populations.
    - Simplify user interfaces for ease of use.
    - Implement educational programs to increase financial literacy.
    - Cater to diverse user needs with tailored services.
  - **Support Innovative Business Models:**
    - Promote sustainable business models for digital remittances and a more inclusive financial ecosystem.
    - Encourage competitive pricing and market competition.
    - Integrate new technologies like blockchain and AI.
    - Enhance operational efficiency and security.
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# Thank you

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