

➤ Remittances and technology: the role of mobile money and branchless banking

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Introduction



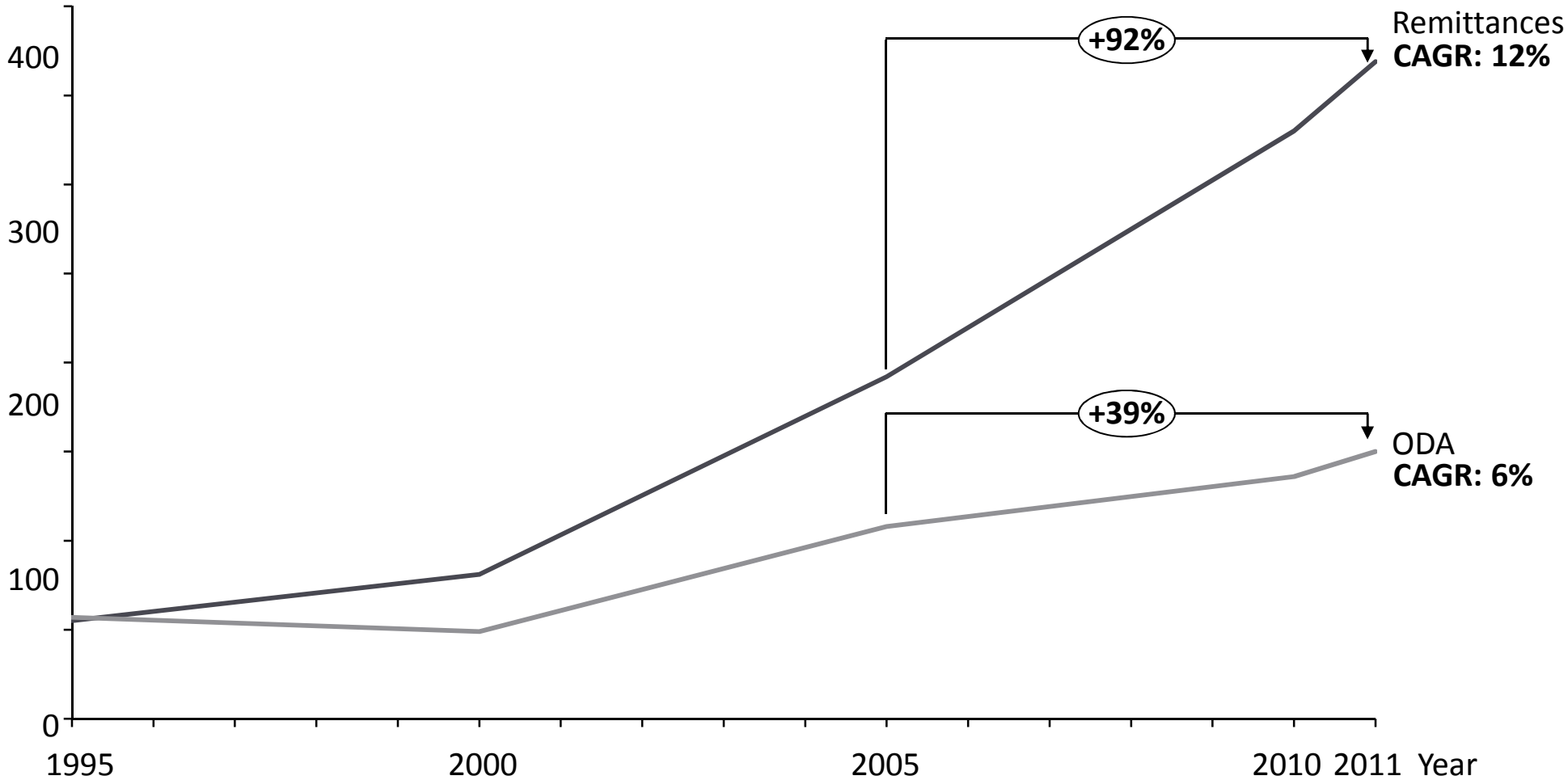
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Over the past 20 years, remittance flows have grown >10% per year

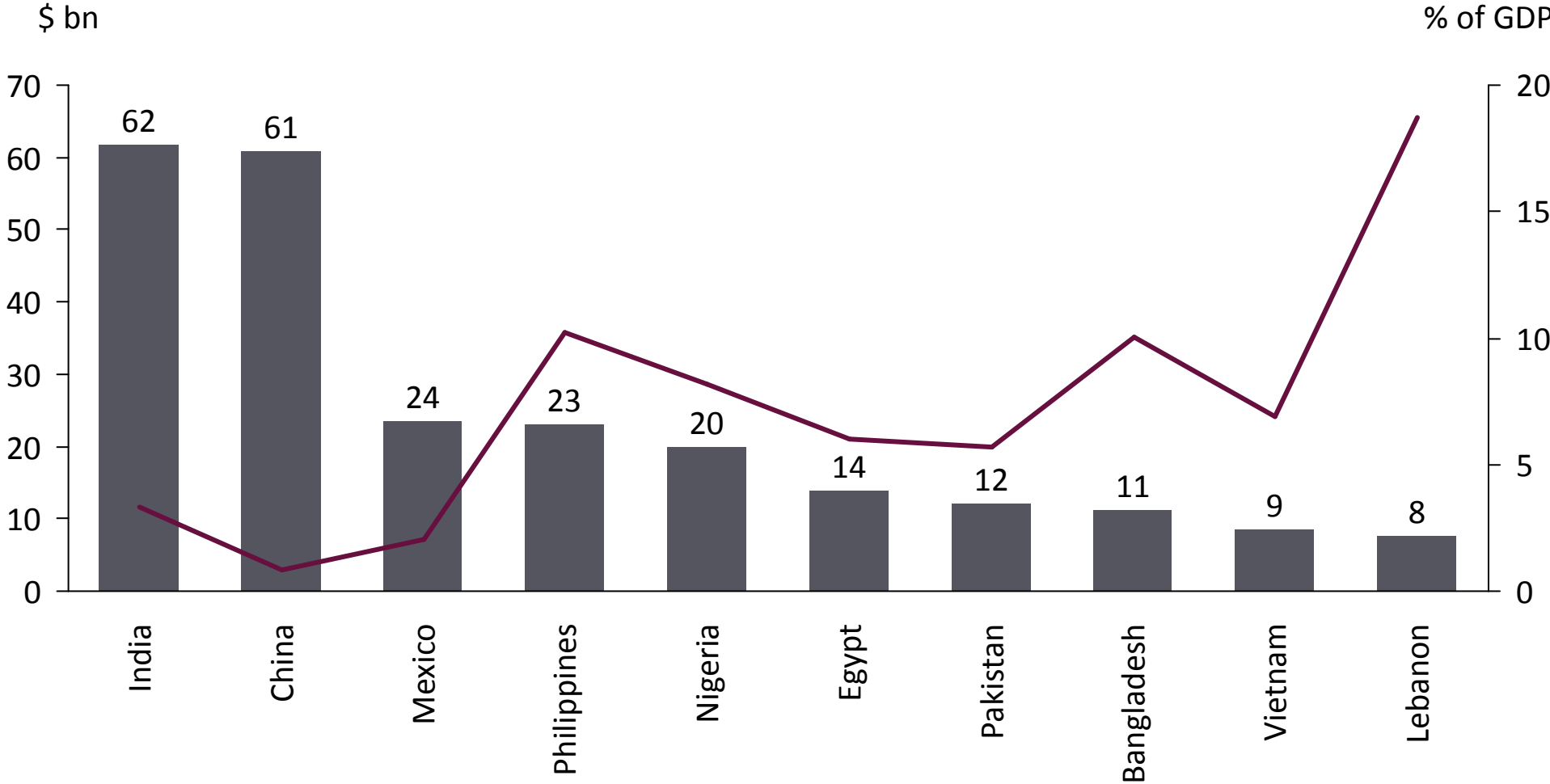
Resource flows to developing countries
\$ billions



They form a significant source of income for developing countries

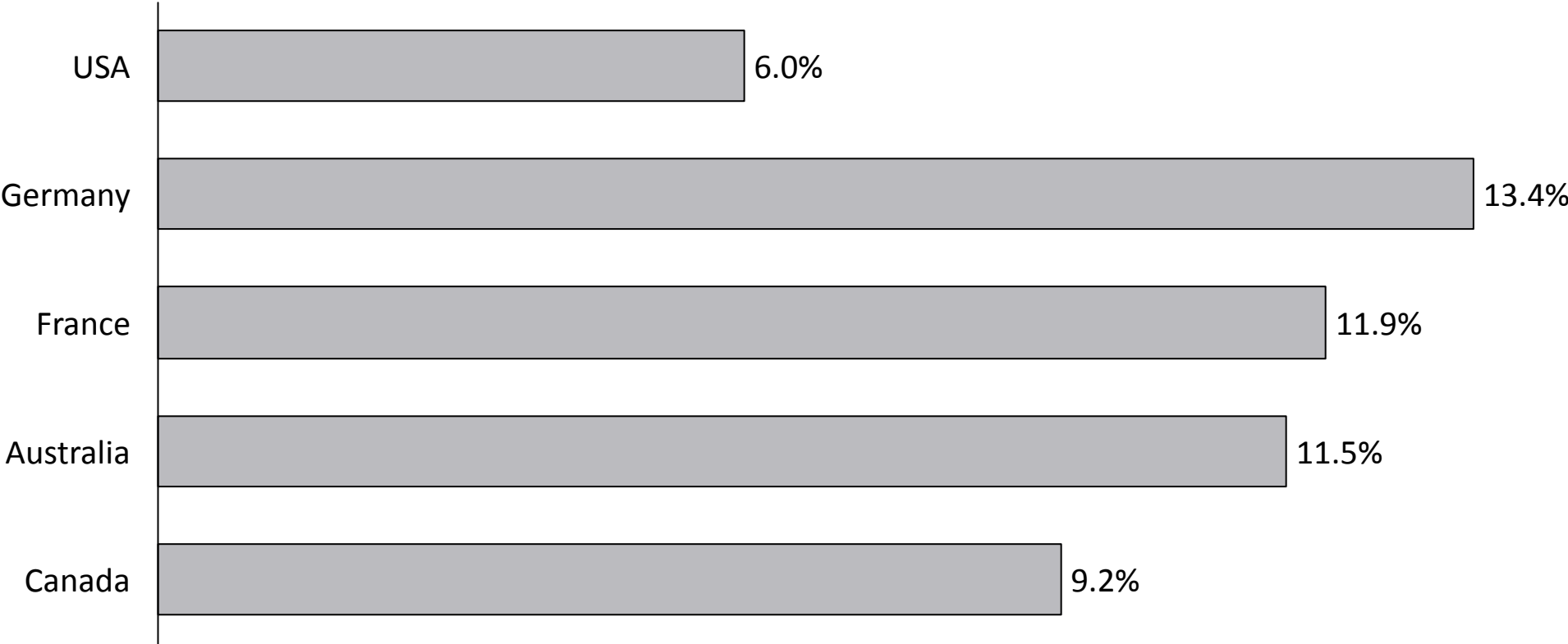
Global remittance inflows by destination country

Top recipients by volume, \$ billions / as % of GDP



Reducing prices in four top sending countries...

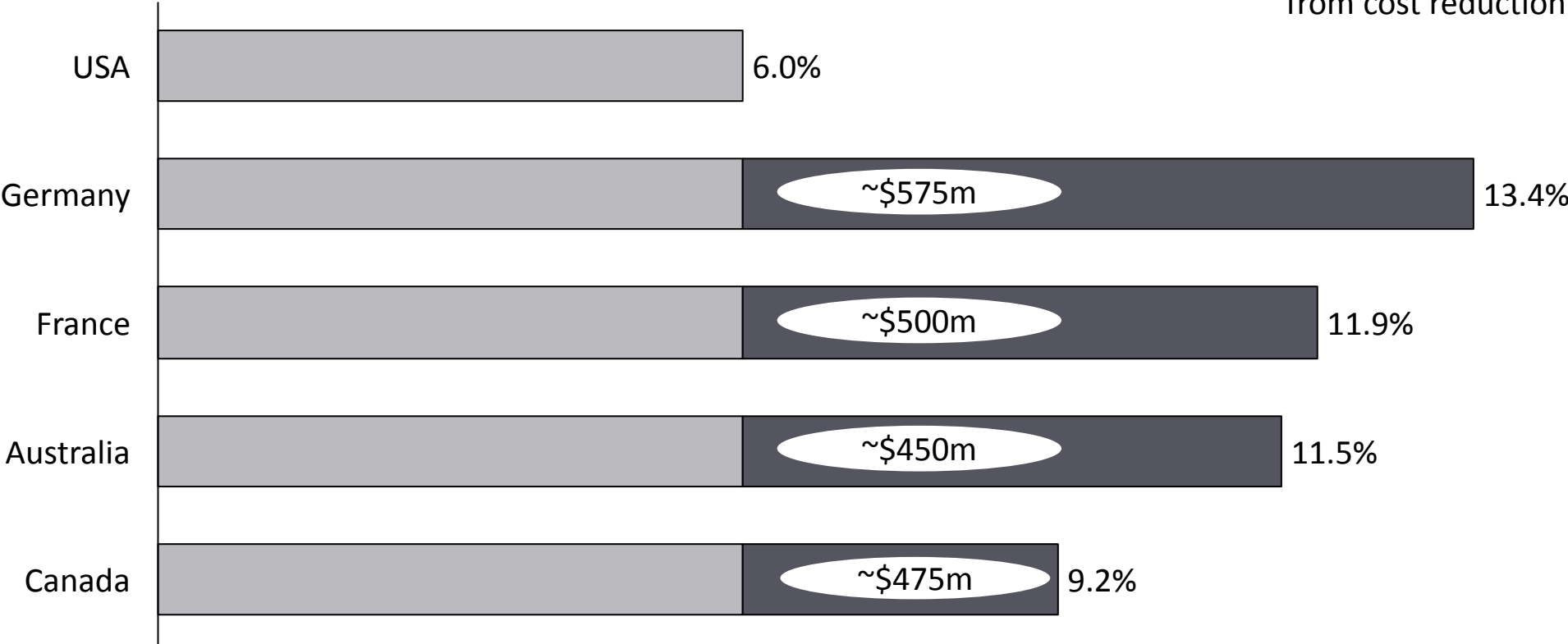
Average remittance prices by country of origination
% of remittance amount (\$200)



Reducing prices in four top sending countries could unlock ~\$2b a year

Average remittance prices by country of origination
% of remittance amount (\$200)

X = annual incremental savings from cost reduction



This could unlock >\$2 billion that would go directly into the pockets of recipients

We focused research on technology-enabled models for “branchless banking”

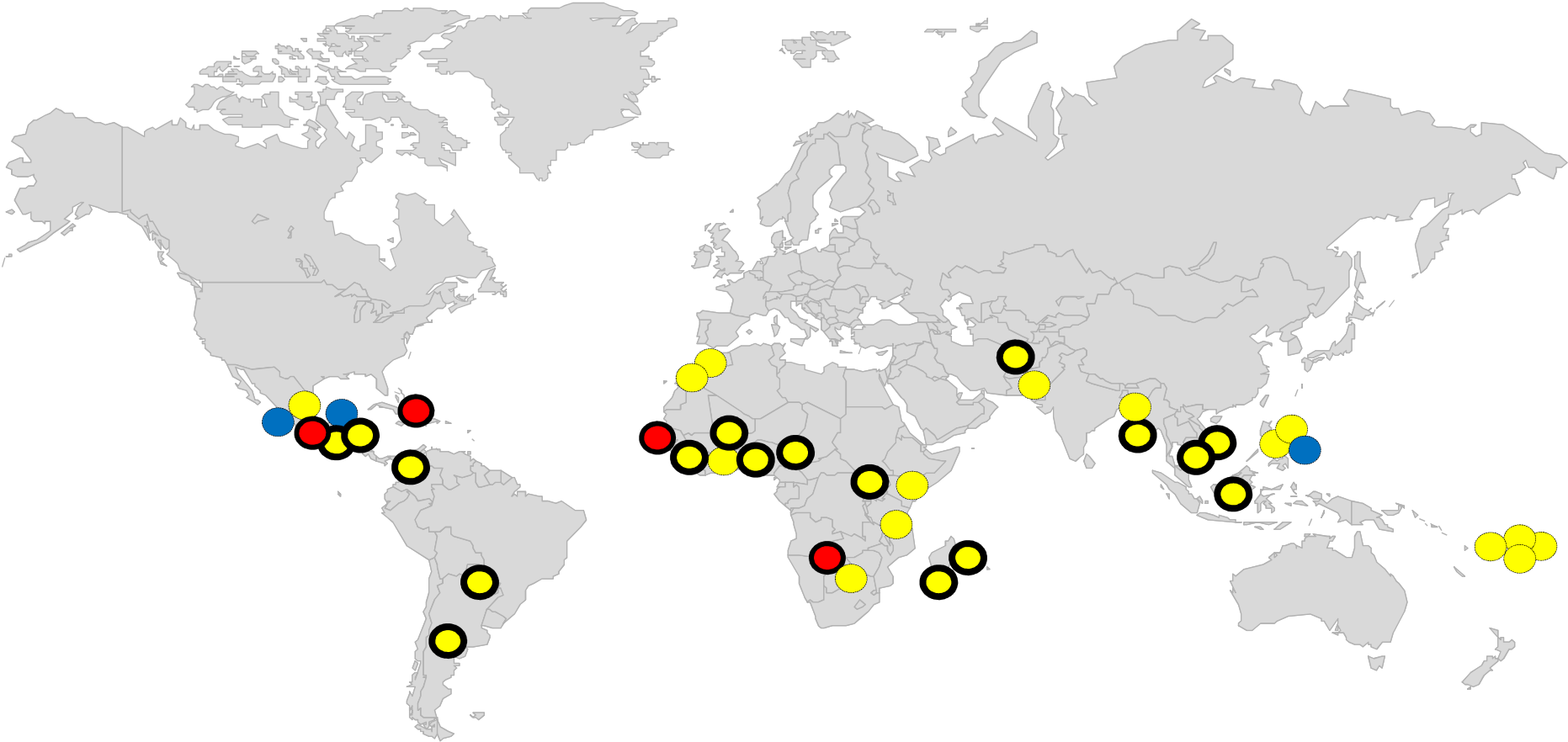
- Branchless banking
- Technology-enabled
- For cash or a basic necessity

1 Mobile cash-out

2 Prepaid card

3 Directed transfer

Our study identified 41 active deployments in 2013



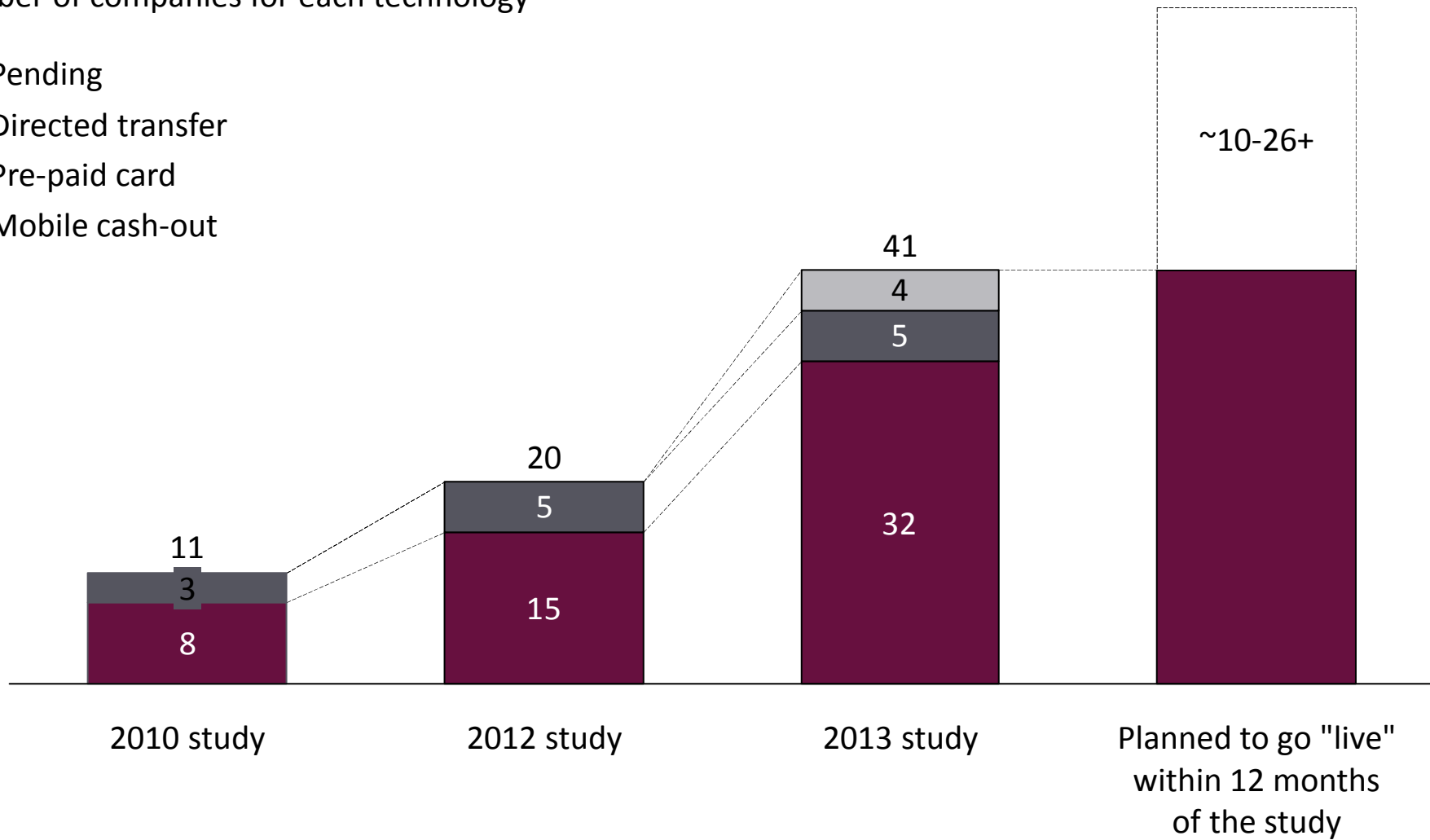
Legend:

Live during 2012 study	Mobile cash-out
Newly live in 2013 study	Pre-paid card
	Directed transfer

There has been a steady increase of branchless banking deployments since 2010

Live deployments for branchless banking cash-out Number of companies for each technology

- Pending
- Directed transfer
- Pre-paid card
- Mobile cash-out



The role of partnerships in increasing deployment

A

Partnerships with traditional remittance providers



B

Interoperability solution



New technology and models of interaction

End-to-end mobile deployments



Remitting to a cash substitute



Remittances through social media



The role of trust and reliability

“The Federal Reserve Board noted that significant factors in consumers’ choices ‘include trust in the provider, security... [and] reliability.’”
- US Consumer Financial Protection Bureau

Lower cost is not the emphasis of our marketing efforts because this does not establish trust and reliability, which is the primary concern of users.”
-Mobile RSP

“Trust is... the most important factor for success in the international remittance space.”
-Online send-side deployment and settlement firm

Despite 82% global brand awareness, Western Union spends **\$175 million per year** on advertising (~3% of total revenue) – an average of \$1 million per country



FAST, RELIABLE, WORLDWIDE MONEY TRANSFER

No mention of price as a competitive differentiator

The tenuous link to access to finance

We want the service to be more consumer-centric...there is a need for a fast, easy, low-cost service.

We don't track the share of banked to unbanked, but our user proportion roughly represents the country overall

We look at the bankable market as early adopters

Potential scenarios

1 Consolidation



2 Disruptive technology scales



3 High-margin competition



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