



## **Cutting the Costs of Remittances: The Role of Mobile Money**

A Special Event

20 June 2014, 10 a.m. - 1 p.m.

Room XXI, Palais des Nations, Geneva

Remittances are an important source of finance for developing countries with large migrant populations and have the potential to significantly impact development. The issue has been addressed by UNCTAD in various contexts.<sup>1</sup>

The World Bank expects remittance flows to developing countries to reach \$414 billion in 2013 and to \$540 billion by 2016. While the global average cost for sending remittances is currently 8.6 per cent, excluding possible additional fees on beneficiaries receiving remittances, the G-20 has committed to reduce that cost to 5 per cent in the near future. Reducing such costs in the poorest countries is particularly challenging. For example, the cost of sending money to sub-Saharan Africa was as high as 12.6 per cent at the end of 2013.

Notwithstanding the costs, these private flows make an important contribution to mobilizing financial resources for development. Reducing the costs of remittances could enhance financial inclusion and investment opportunities for development. This is especially relevant in the context of the post-2015 development agenda.

The rapid uptake of mobile phone use in low-income countries has opened new possibilities to address this situation. As of February 2014, there were well over two hundred known mobile money deployments, the vast majority of which in low- and middle-income countries. Moreover, research by the Consultative Group to Assist the Poor (CGAP) and the Dalberg Global Development Advisors suggests that mobile money deployments transferring remittances into an “mWallet” grew from 8 in 2010 to 32 in 2013, although transaction volumes and revenues generally remain low. Some users lack awareness of mobile channels on the receiving end and others are uncomfortable with using digital means. On the recipient side, limited uptake of mobile money may be a constraint.

Further work is needed to determine how – if at all – price reductions and innovative transfer mechanisms may translate into broader access to financial services. Mobile technology could also be a part of other innovative payment systems that could be used for remittances and to increase financial inclusion, for example through the postal network.<sup>2</sup>

Questions that need answers include the following:

- How are the costs of remittances evolving in different parts of the world?
- How can the roll-out of mobile money systems be accelerated in order to handle international remittances?
- How can the costs of these services be reduced while making payment networks more competitive?
- How are costs of remittances affected by regulations, the type of organizations permitted to transfer money internationally, compliance with know-your-customer/anti-money laundering requirements, and the involvement of non-banks in the transactions?
- How can the interoperability between different mobile money networks be increased?

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<sup>1</sup> See e.g. UNCTAD's *Information Economy Report 2011: ICT as an Enabler for Private Sector Development*, and *The Least Developed Countries Report 2012: Maximizing the Development Impact of Remittances*.

<sup>2</sup> See e.g. UPU's *Global Panorama on Postal Financial Inclusion: Business Models and Key Issues*.



This High-Level Event will bring together experts to discuss how to advance towards making international remittance flows as affordable and inclusive as possible, including by leveraging the scope for mobile money and online transfer mechanisms. The discussion will focus on where we stand at present, how we would like to see the system evolve, and what actions are needed by different stakeholders to get there.

## AGENDA

### 10.00 **Opening session**

#### *Statement by the Chair*

H.E. Md. Abdul Hannan Ambassador Extraordinary and Plenipotentiary and Permanent Representative of Bangladesh to the United Nations in Geneva

#### *Welcoming remarks*

Dr Mukhisa Kituyi, Secretary-General, UNCTAD

### 10.20 **Setting the scene: Current state of play in remittances and mobile money**

#### *Trends in global remittances and opportunities for development*

Mr Adolfo Brizzi, Director, Policy and Technical Advisory Division, International Fund for Agricultural Development (IFAD)

#### *The mobile money landscape for remittances*

Mr Edwin Macharia, Partner, Dalberg Global Development Advisors

### 11.00 **Roundtable discussion: How to make international remittance flows affordable and inclusive by leveraging mobile money and online transfer mechanisms**

#### *Panelists*

Mr Bishar A. Hussein, Director General, Universal Postal Union

Ms Seema Desai, Director for the Mobile Money for the Unbanked Programme, GSMA

Mr Klaus M. Löber, Head of Secretariat, Committee on Payment and Settlement Systems, Bank for International Settlements

Mr Olutunmbi Idowu, Head of Compliance & Risk Control, Solution Area M-Commerce, Business Unit Support Solutions, Ericsson

### 12.00 **Interactive discussion**

### 12.40 **Wrap-up and closing remarks**

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