

KEYNOTE PRESENTATION  
Critical issues of the money  
transfer industry today



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Interamerican Dialogue

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# Key issues for Latin America and the Caribbean...

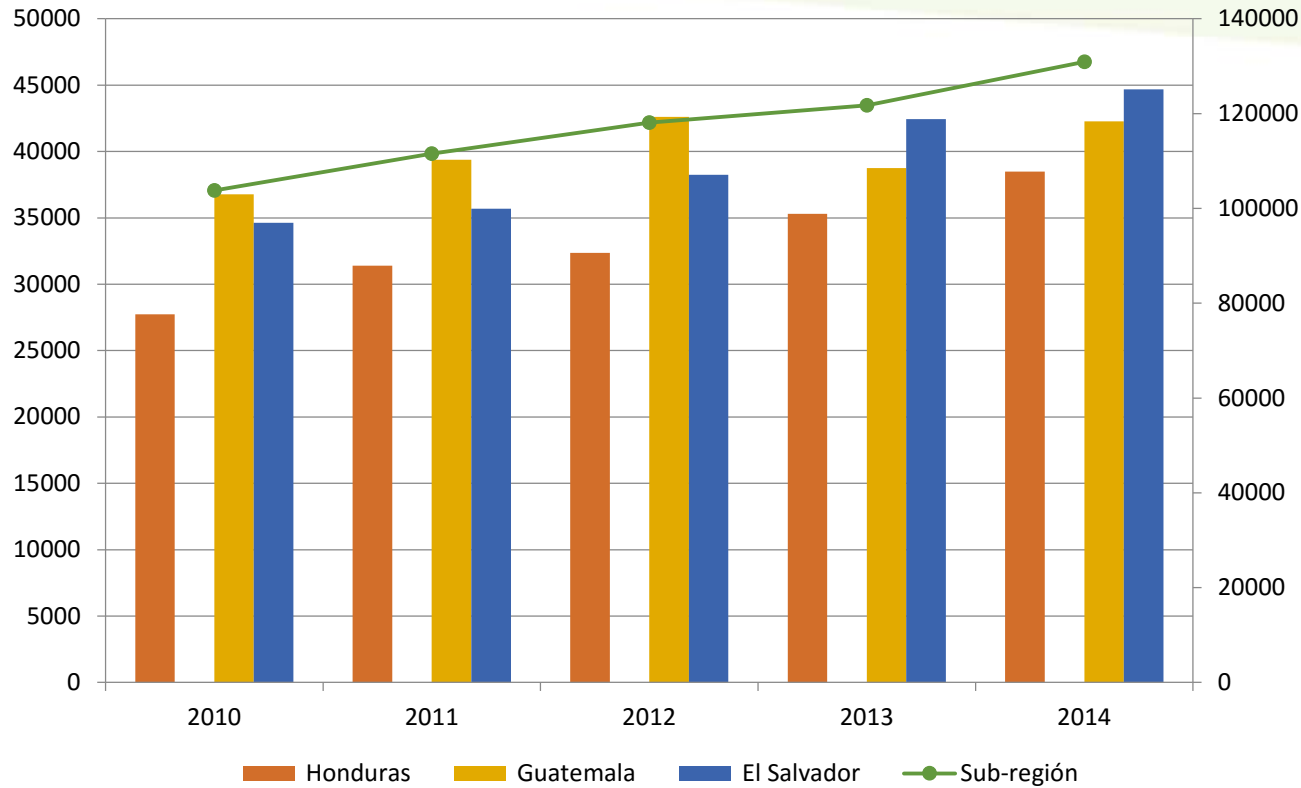
- Stable growth among receiving countries
- Industry growth is a strong two digits
- Pricing competition has leveled, making it harder to competitors to increase profits;
- Services, products are the innovation
- 'de-risking', myth or reality?

## Remittance growth in Latin America and the Caribbean

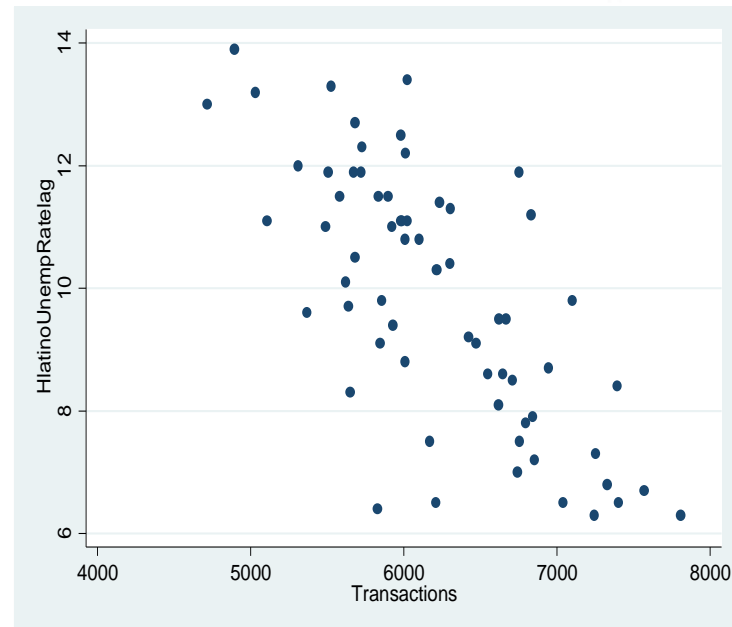
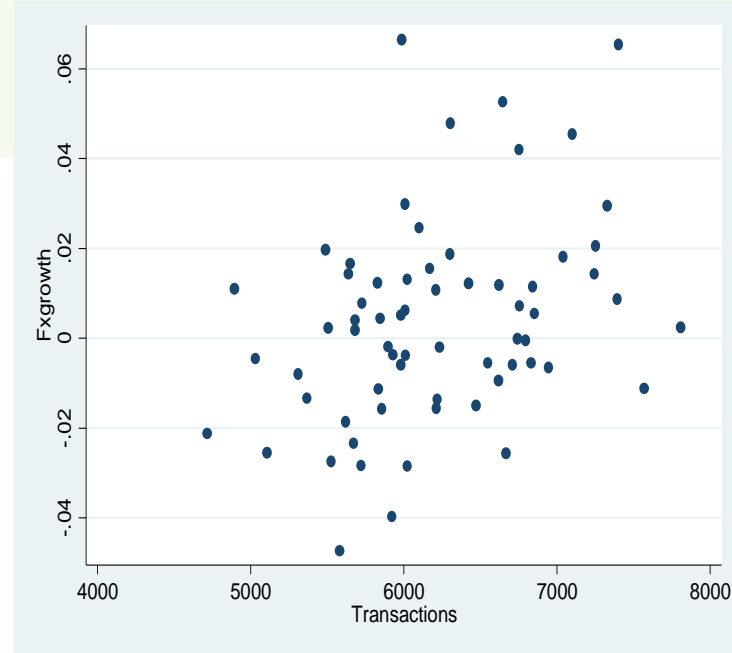
Countries	2013	2014	2015
Uruguay (S.Am)	-3%	1%	18%
Guatemala (C.Am)	6%	9%	15%
Colombia (And)	1%	-15%	9%
Honduras (C.Am)	9%	13%	8%
D. Republic (Carb)	2%	9%	7%
Mexico	-3%	8%	5%
Paraguay (S.Am)	-6%	-18%	5%
Nicaragua (C.Am)	6%	6%	5%
Jamaica (Carb)	1%	3%	4%
Peru (And)	-2%	-2%	1%
El Salvador (C.Am)	2%	7%	2%
Panama (C.Am)	1%	62%	-3%
Bolivia (And)	10%	-2%	-5%
Ecuador (And)	-2%	1%	-7%
Costa Rica (C.Am)	5%	-3%	-9%
Haiti (Carb)	13%	35%	

# Some determinants of growth

- Mexican and Central America migration



- Exchange rates and unemployment...
- More transactions in some corridors: D.R.



# Growth in the industry: two digit growth among internet based transfers

	MoneyGram	Ria (MT Only)	Western Union	Xoom
<b>YoY 2012-2013</b>				
Revenue	1474	370.4	5664.8	122
Revenue Growth	10%	17%	-2%	53%
Transactions	13%	7%	5%	45%
<b>II Q2014- II Q2015</b>				
Revenue	358.8	165.7	1384	46.3
Revenue Growth	-4%	33%	-2%	16%
Transactions	6%	43%	3%	22%
<b>III Q2014- III Q2015</b>				
Revenue	326.6	188.2	1399.2	42.4
Revenue Growth	9%	24%	-3%	8%
Transactions	11%	40%	2%	33%

# Pricing stability.... (US\$200)

	2001	2010	2011	2012	2013	2014	2015
<b>Colombia</b>	10.1	5.8	5.82	5.8	5.3	5.30	5.60
<b>Dominican Rep.</b>	9.4	5.7	5.68	6	5	5.50	6.00
<b>Ecuador</b>		3.8	3.9	3.9	4	3.90	3.80
<b>El Salvador</b>	6.7	4.5	4.67	4.7	4.6	4.40	4.30
<b>Guatemala</b>	7.4	5	5.52	6.01	5.6	4.60	4.70
<b>Haiti</b>	9	6.4	4.95	4.9	5.8		5.70
<b>Honduras</b>		4.3	7.09	5.65	5.5		4.70
<b>Jamaica</b>	9.8	6.4	6.52	6.03	7	7.90	8.30
<b>Mexico</b>	8.8	6.2	6	5.71	5.5	4.50	4.90

# Bill payments, a new service?...

Use of Bill Payment Services		%
Have used a remittance company for bill payment		21.6%
Type of Utility Paid	Light/Electricity	55.2%
	Phone	13.8%
	Mortgage	10.3%
	Gas	6.9%
	Water	3.4%
	Mobile	3.4%
	Other	6.9%
Recipient of payment	Own bills in home country	64.3%
	Family member's bills in home country	21.4%
	Combination of own bills and family member's bills in home country	14.3%

# Business services...

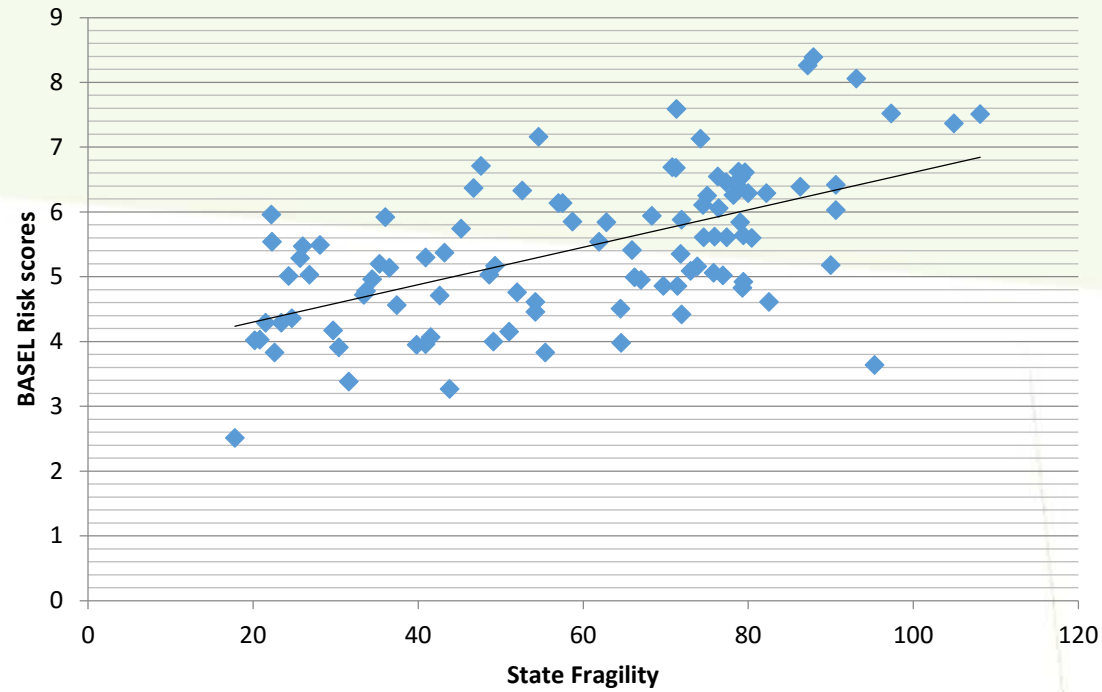
Company	Types of Payments	Countries
<b>Remittance Companies</b>		
<b>Transfast</b>	Over 150 billing partners including utility bills, school or college tuition fees, mortgage ; or rent payments, insurance premiums, or personal loans	The Philippines
<b>Xoom</b>	Utilities such as gas, cellphone, water, cable	Mexico, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama
<b>Western Union</b>	Hundreds of personal billing partners	United States for bill payment service,
<b>MoneyGram</b>	Hundreds of personal billing partners, including auto finance, child support, insurance, and mobile top-up	India, Ghana, Kenya, Nigeria, Guyana, Colombia, Dominican Republic, Philippines, and many others
<b>La Nacional</b>	Utilities including electricity, home phone and mobile phones, cable and credit cards	United States, select Latin American and Caribbean countries
<b>Bill Payment Alone</b>		
<b>TelMex</b>	Phone Bills	Mexico
<b>Saldo (Mobile app)</b>	Mobile, electricity, other utilities	Mexico
<b>Bill Payment Platforms (not for direct use by consumers)</b>		
<b>Regalii</b>	Direct partnerships with 300+ utility companies	Mexico, India, Philippines, Dominican Republic, Guatemala, El Salvador, Honduras, Jamaica, Panama and Nigeria



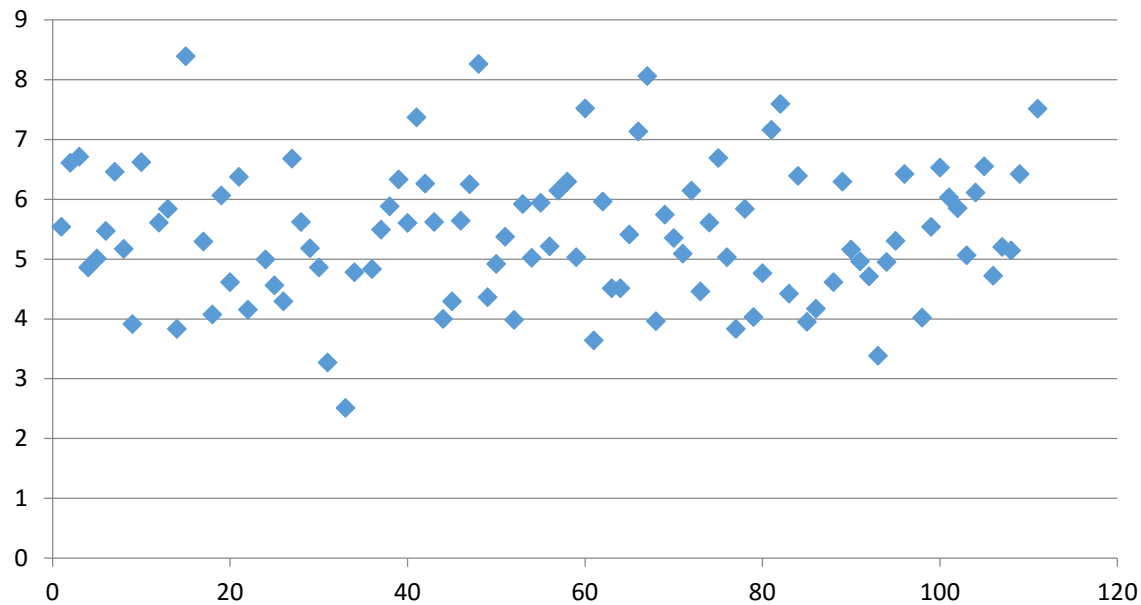
## 'de-risking'

- Account closures have taken a systemic wide impact pointing to the notion of 'de-risking'.
- The closing of accounts have affected MSBs costs and reputation;
- The debate centers on three issues
  - a) pressure from regulators to treat cash transfers as a mattered "heightened risk"
  - b) regulation by enforcement;
  - c) discrepancies between existing measures and standards on financial crimes and real threats.

While financial risk is greater among fragile states, the same does not apply among remittance receiving countries, yet the perception of risk is strong among regulators



Remittance cash flows and AML risk index



# THANK YOU

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