



# Will Bitcoin disrupt Remittances?

Hugo Cuevas-Mohr  
Mohr World Consulting  
MTBIT



Hugo Cuevas Mohr



# Agenda

- ▶ Disclaimer - My biased opinions
- ▶ Basic Facts about Remittances
- ▶ State of the Industry
- ▶ Why the industry is ready for disruption
- ▶ Is Bitcoin the disruptor?
- ▶ How can Bitcoin be a disruptor?
- ▶ Conclusions

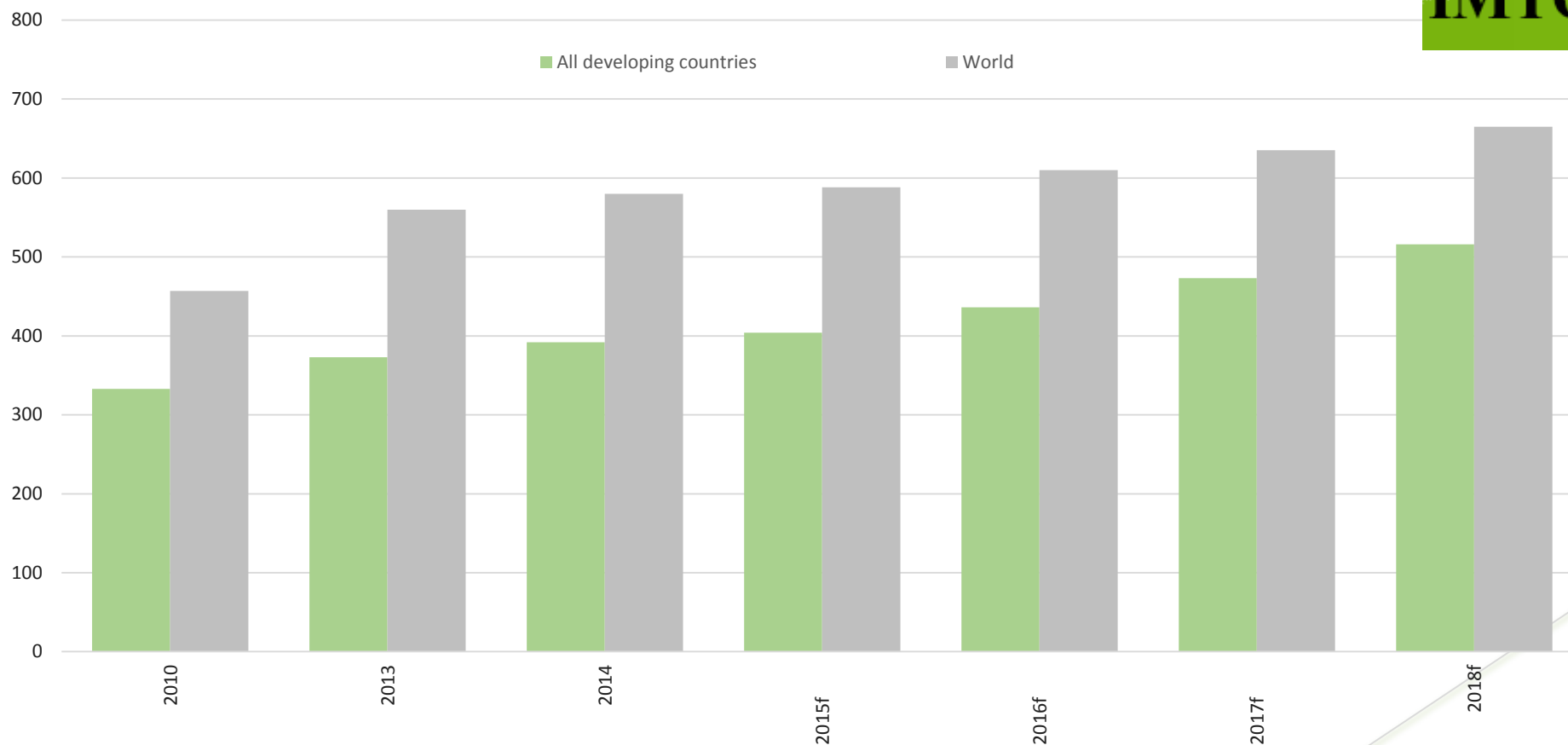
# Disclaimer - My biased opinions

- ▶ Who am I? Background
- ▶ Mohr World as an advisor
- ▶ MTBIT as a Forum for Remittances & Blockchain Protocols

# Basic Facts about Remittances

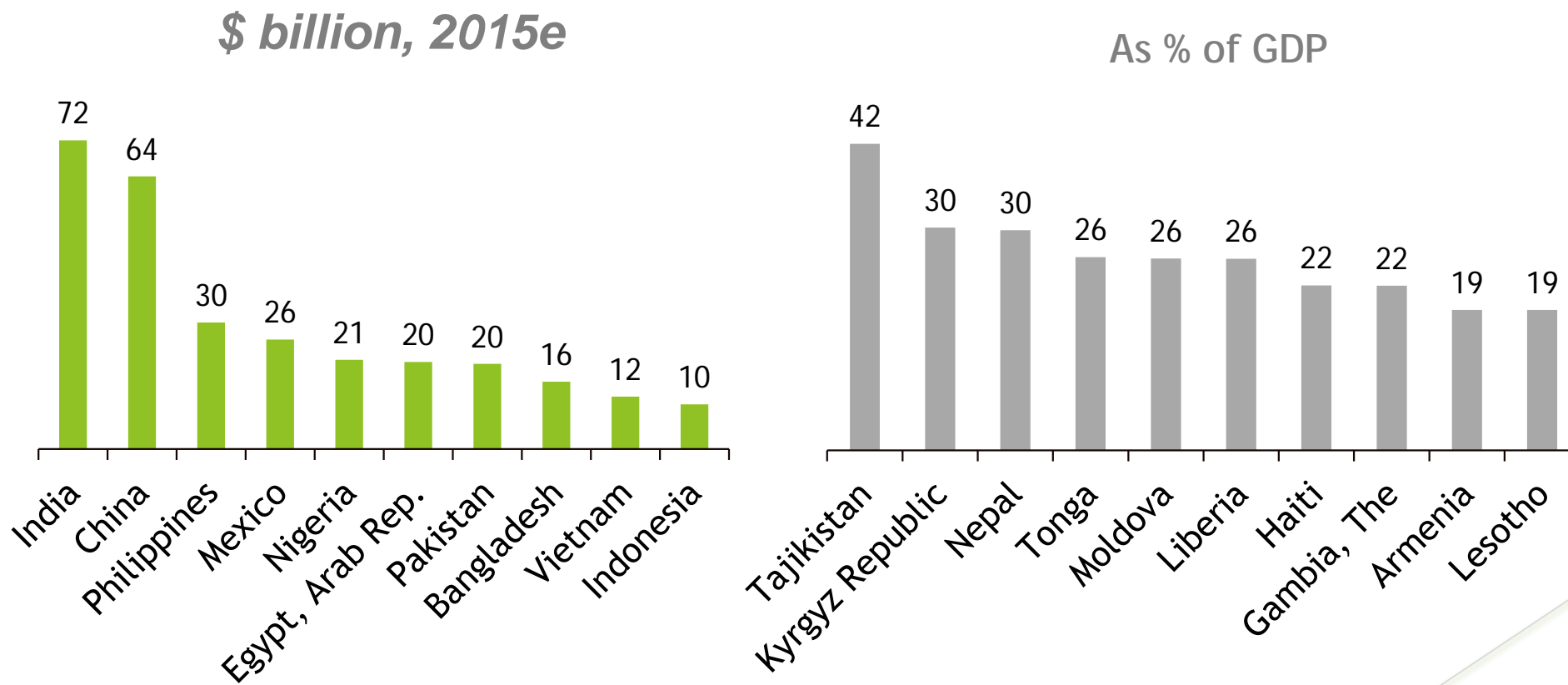
## ► Global Volumes & Estimates

World Bank estimates and projections for remittance flows



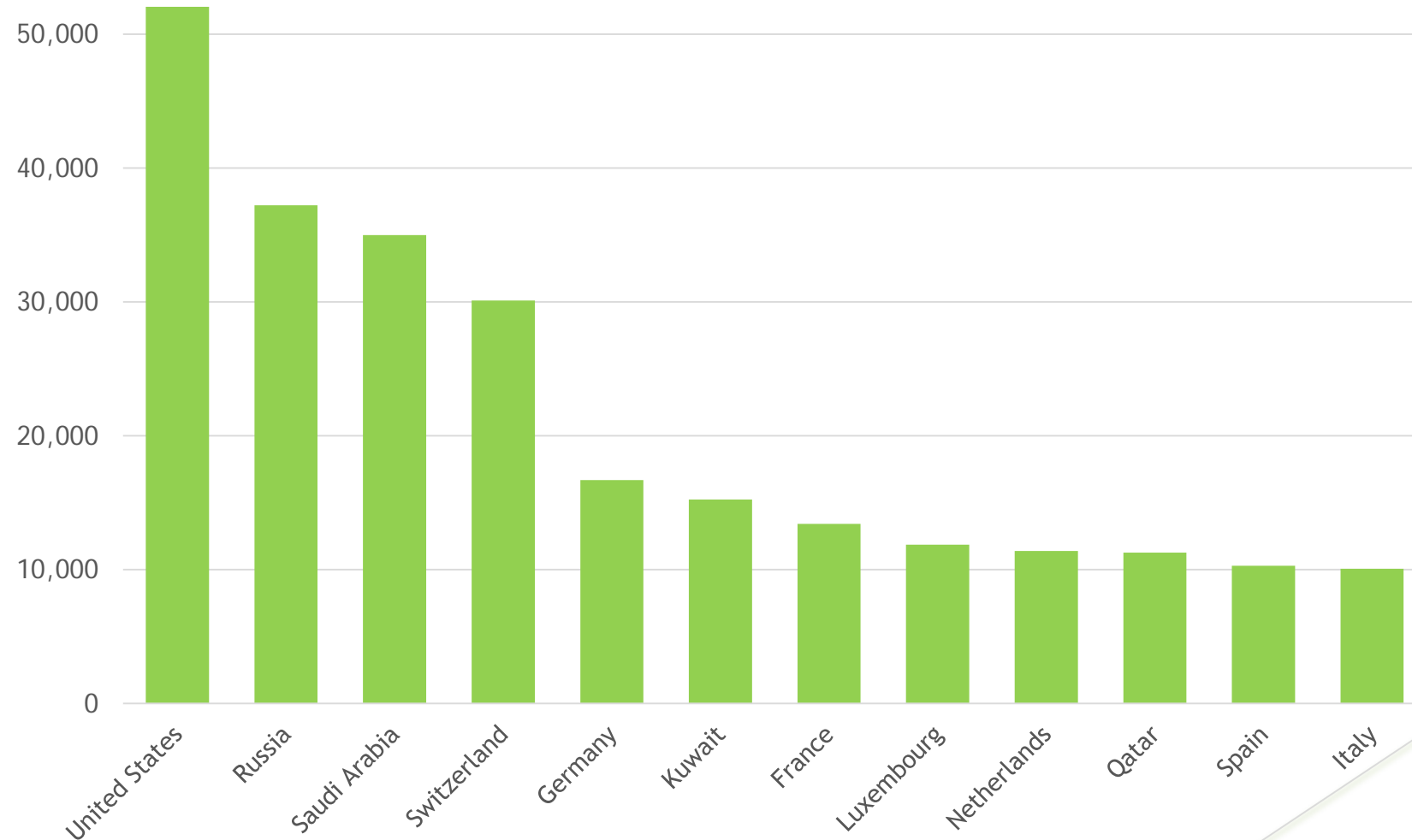
# Basic Facts about Remittances

## ► Global Volumes - Inflows



# Basic Facts about Remittances

► Global Volumes - Outflows (*Millions USD - 2013*)

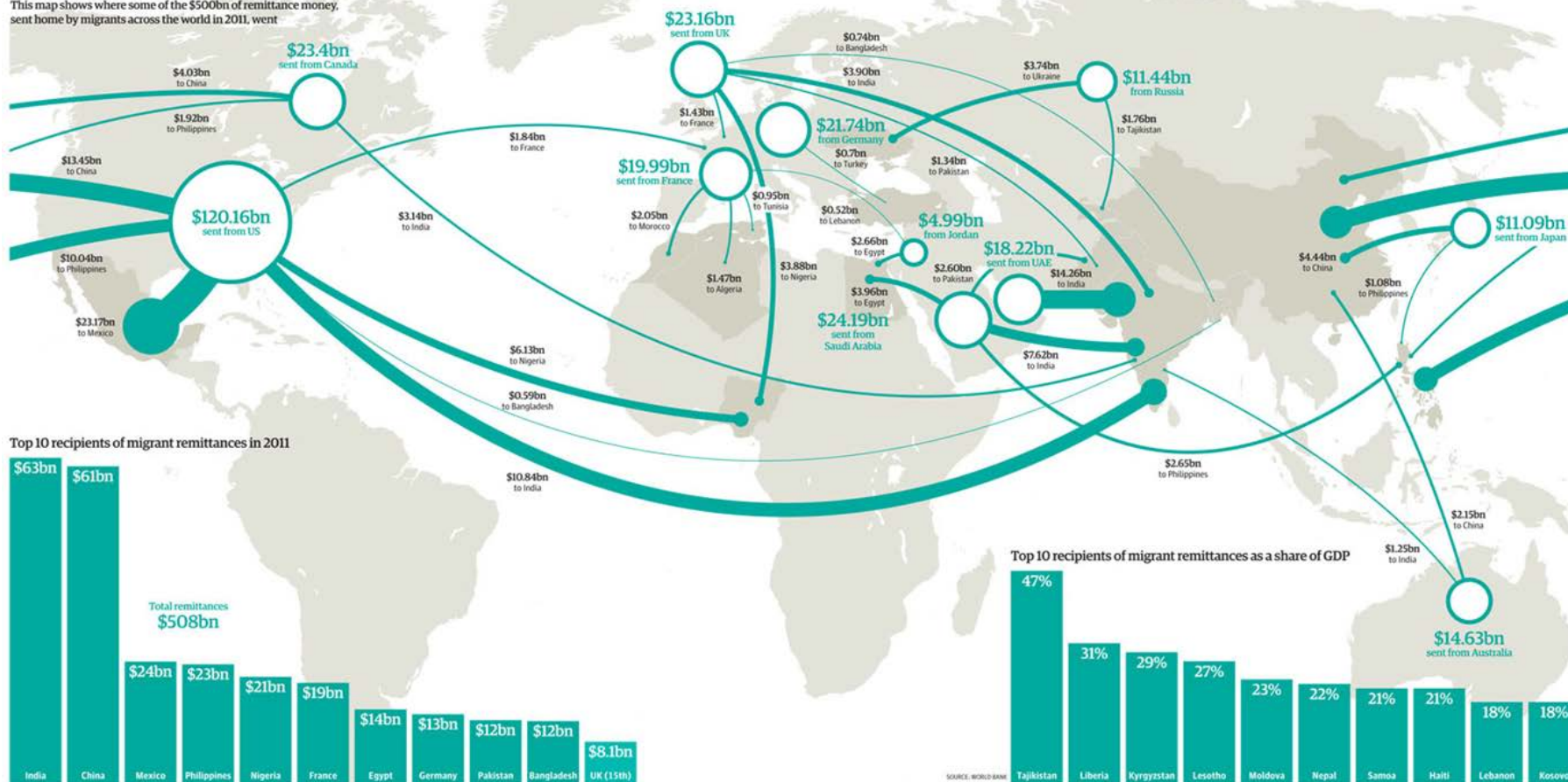


# Basic Facts about Remittances

## ► Global Volumes - Corridors

### Where the money goes

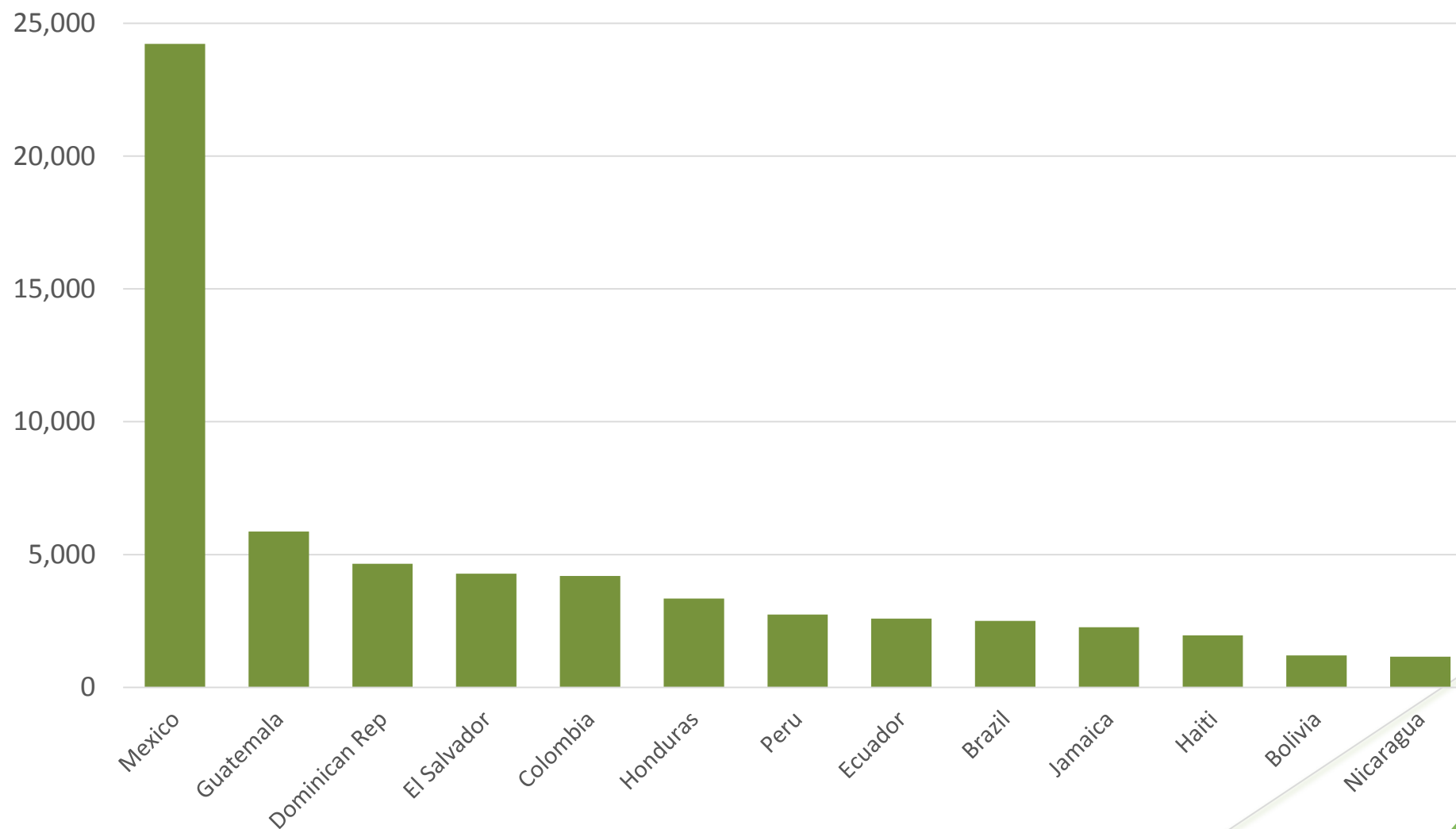
This map shows where some of the \$500bn of remittance money, sent home by migrants across the world in 2011, went



theguardian

# Basic Facts about Remittances

## ▶ Latin America Volumes - per country





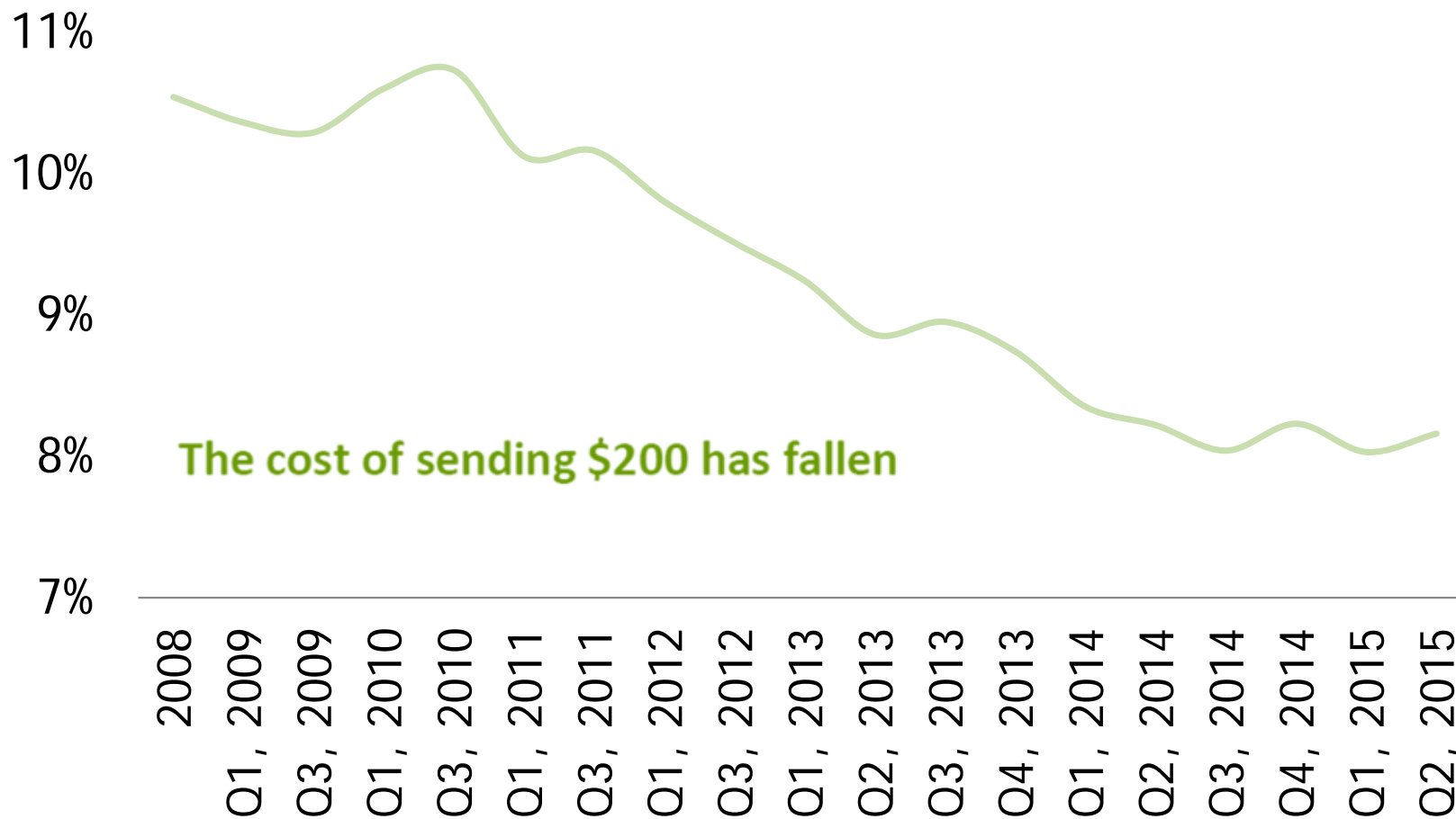
# Basic Facts about Remittances

- ▶ Latin America Volumes
- ▶ growth per country

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%	

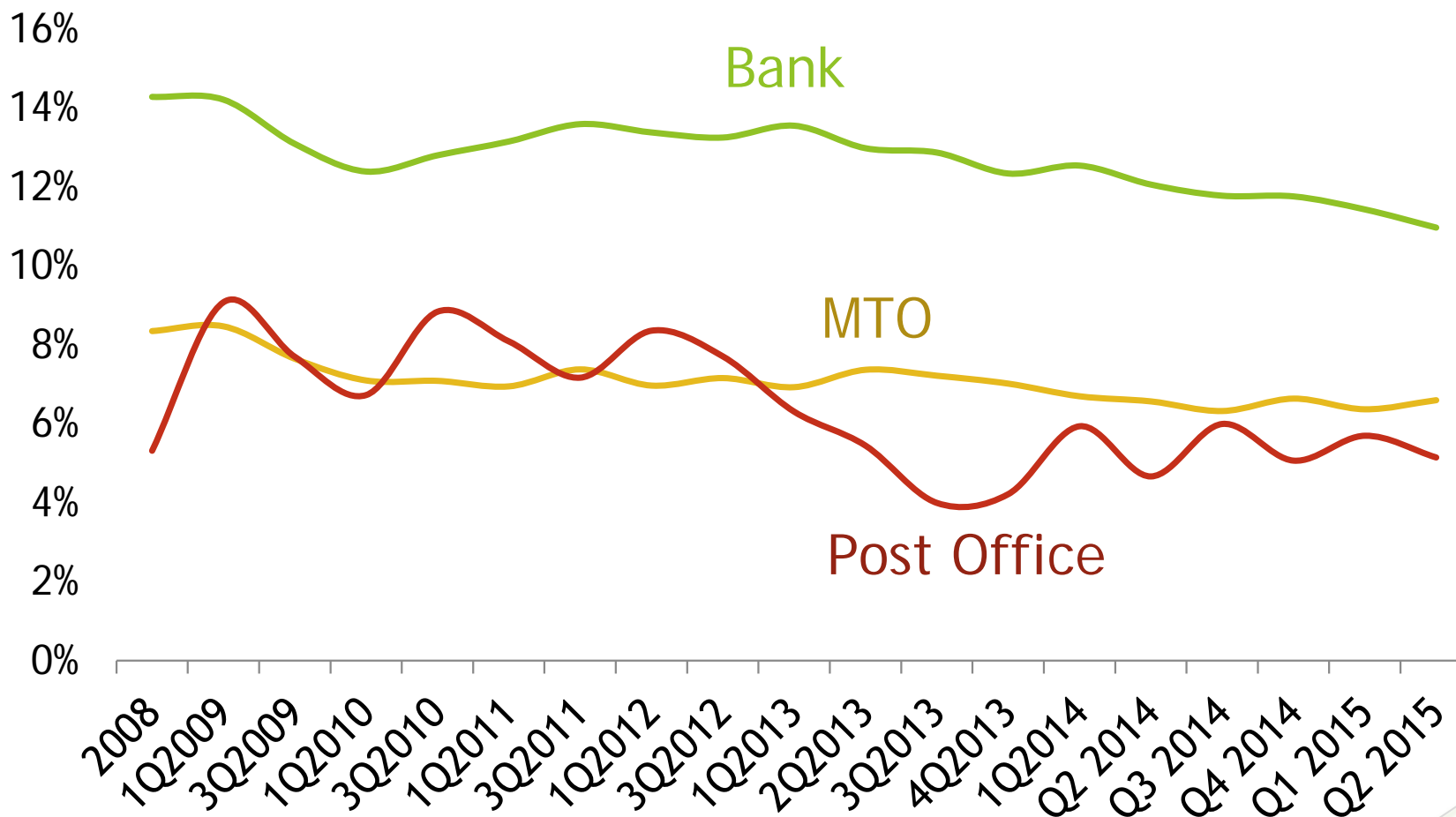
# Basic Facts about Remittances

## ► Global Pricing Average Chart



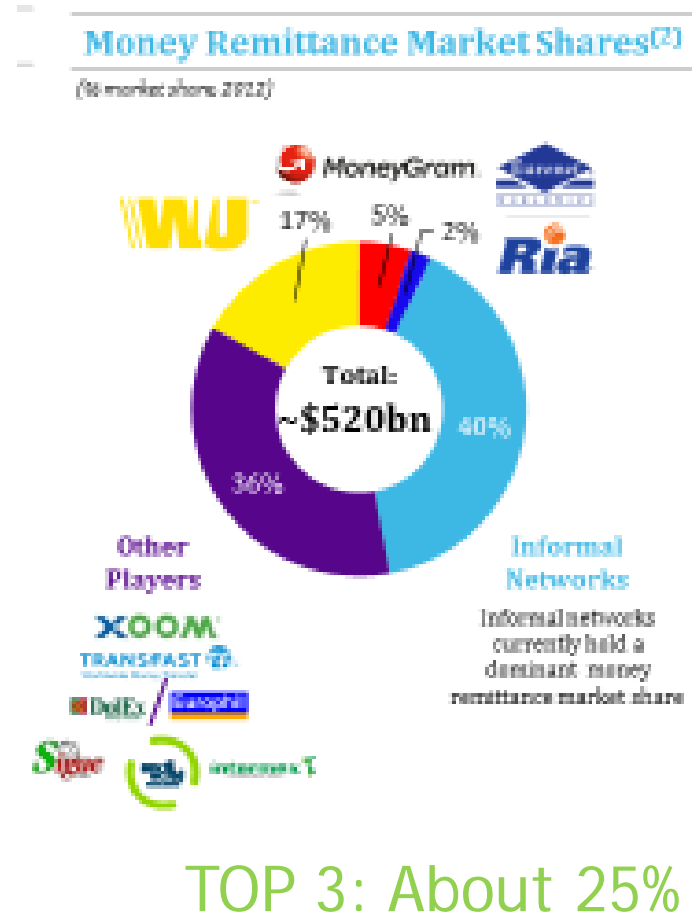
# Basic Facts about Remittances

## ► Global Pricing Channel Chart



# State of the Industry

- ▶ Characteristics of the industry
  - ▶ Cash-Agent Based Model
  - ▶ MTOs in Sending Markets
    - ▶ Market Share of Major Players
    - ▶ South to South - Telcos growing
    - ▶ Digital Remittance MTOs on the rise
- ▶ Banks & Telcos in Receiving Markets
  - ▶ The regulatory clash - Financial Inclusion



# Why the industry is ready for disruption

- ▶ Challenges of the industry
  - ▶ Shrinking Revenues
  - ▶ Regulatory Challenges
  - ▶ Stigma - Negative Perception
  - ▶ Compliance Costs
  - ▶ Access to Banking by Non-Banks
    - ▶ The NBFIs vs Banks dilemma
    - ▶ Risk Management or Unlawful Competition?
    - ▶ Bank APIs - will it really happen?
- ▶ M&A
  - ▶ Consolidation
  - ▶ War on Cash & Investor Perceptions

# Why the industry is ready for disruption

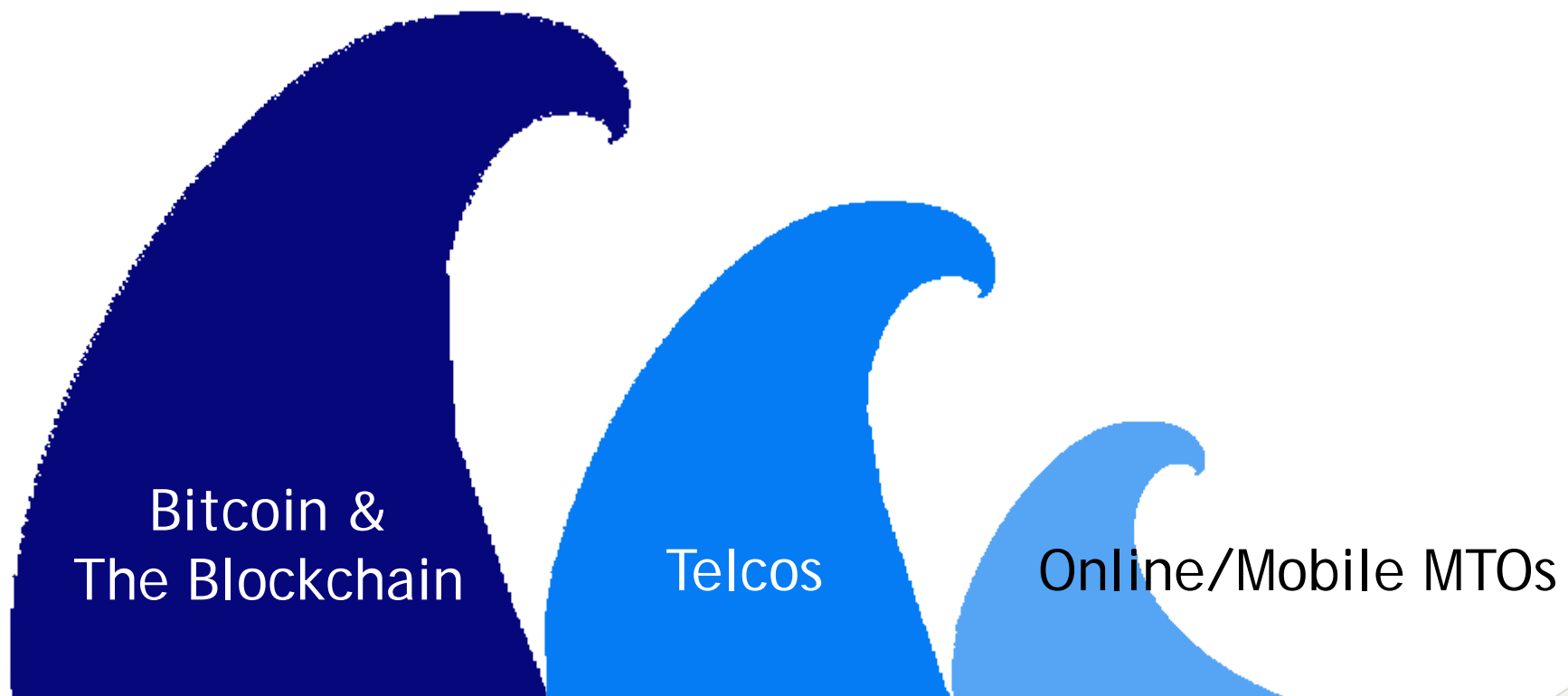
- ▶ Wrong assumptions
  - ▶ Remittance users are not happy with the current solutions in the market
  - ▶ Remittance users are overcharged and they are looking for cheaper solutions
  - ▶ Remittance users prefer to use services from the comfort of their home
  - ▶ Cash remittance models are dying
  - ▶ Remittances are risky & compliance is costly & complex

# Is Bitcoin the disruptor?

- ▶ No...  
*at least not yet*

# Is Bitcoin the disruptor?

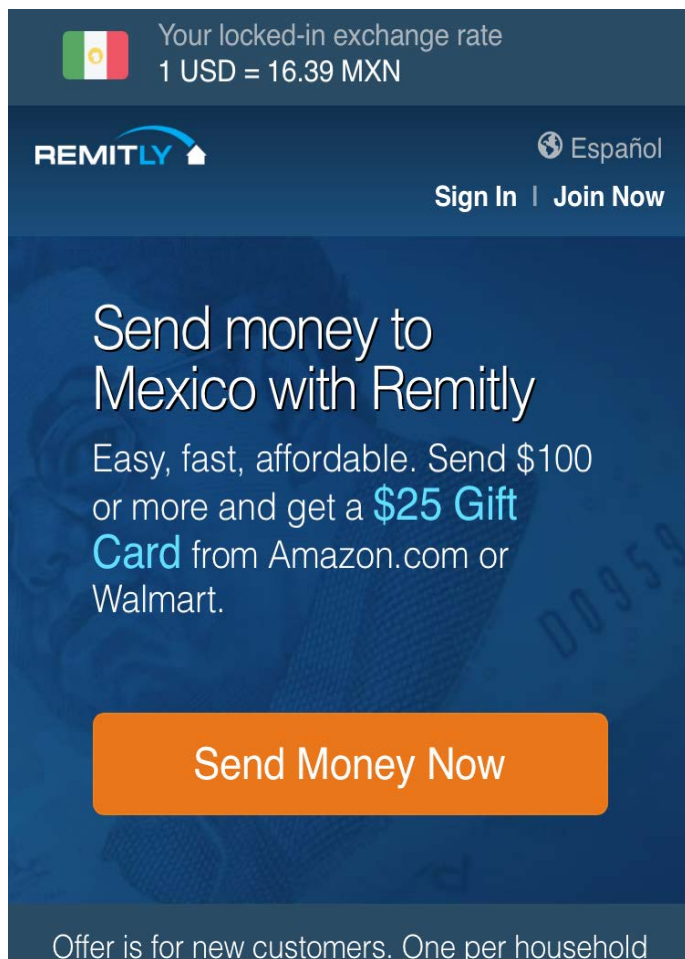
## The Remittance Disruption Wave





# Is Bitcoin the disruptor?

► Are Digital-First MTOs the disruptors? Some facts...



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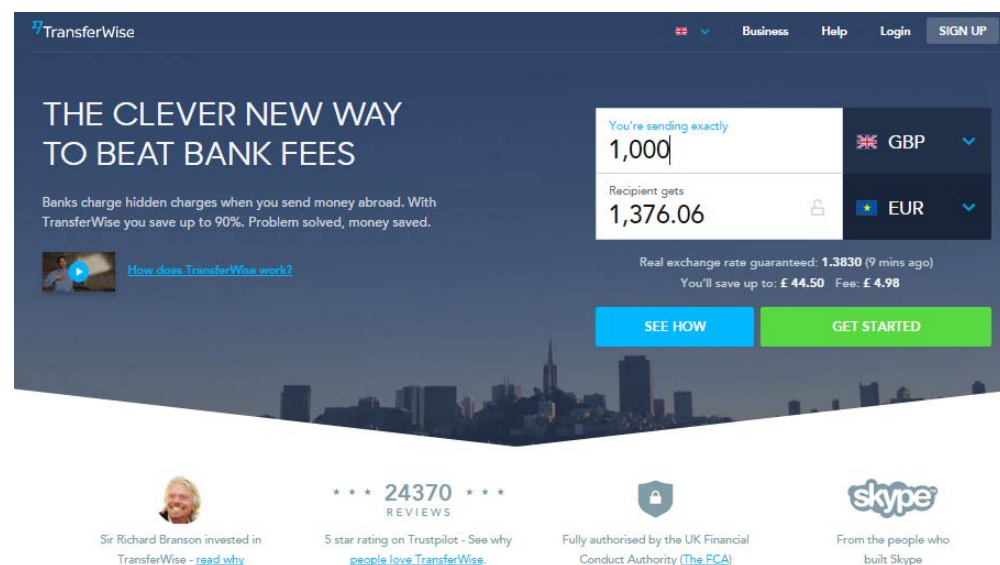
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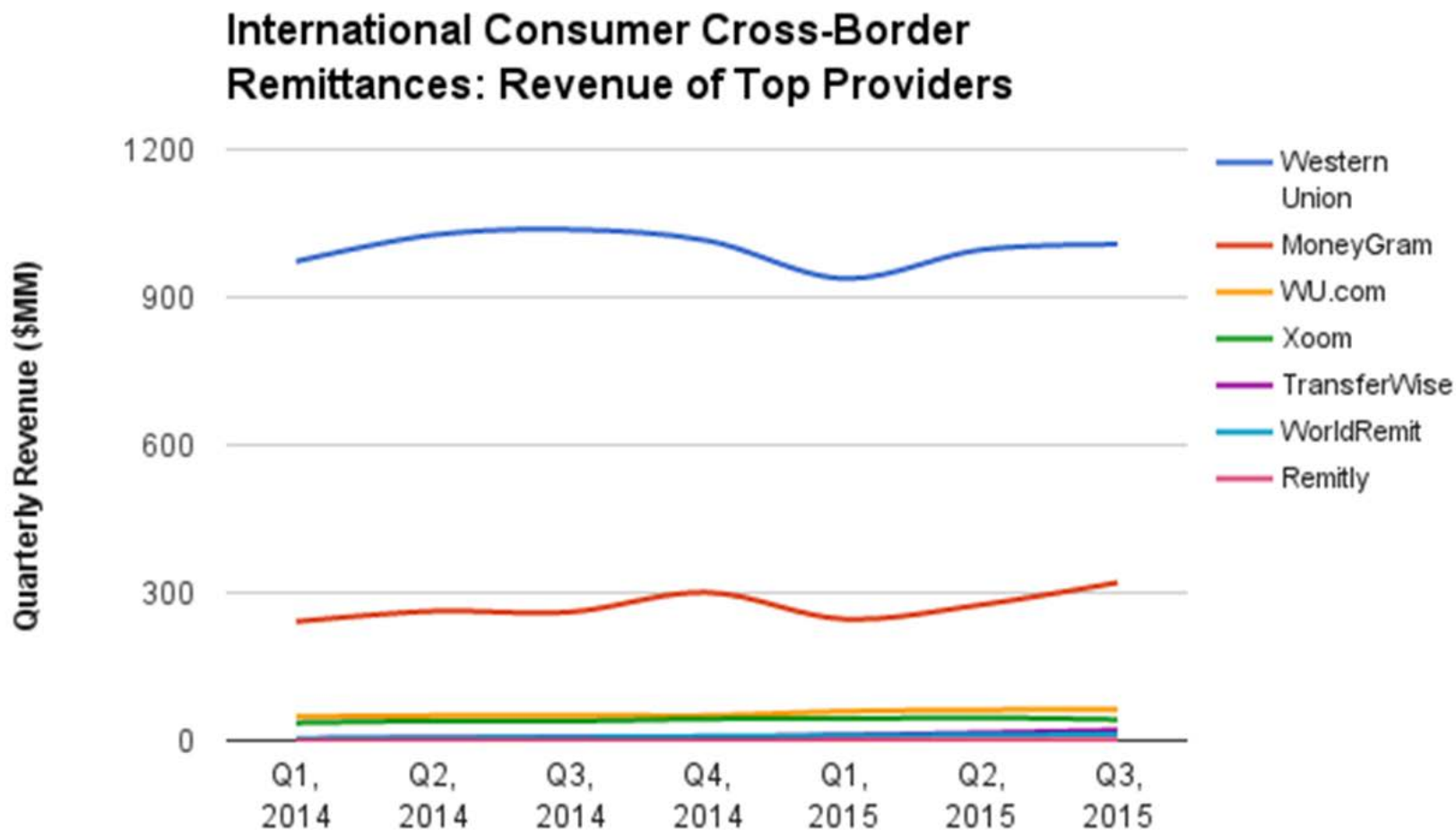
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From the people who built Skype

**MTBIT**  
REMITTANCES  
& BLOCKCHAINS

# Is Bitcoin the disruptor?

► Are Digital-First MTOs the disruptors? Some facts...



SaveOnSend.com analysis

<https://www.saveonsend.com/blog/xoom-money-transfer/>

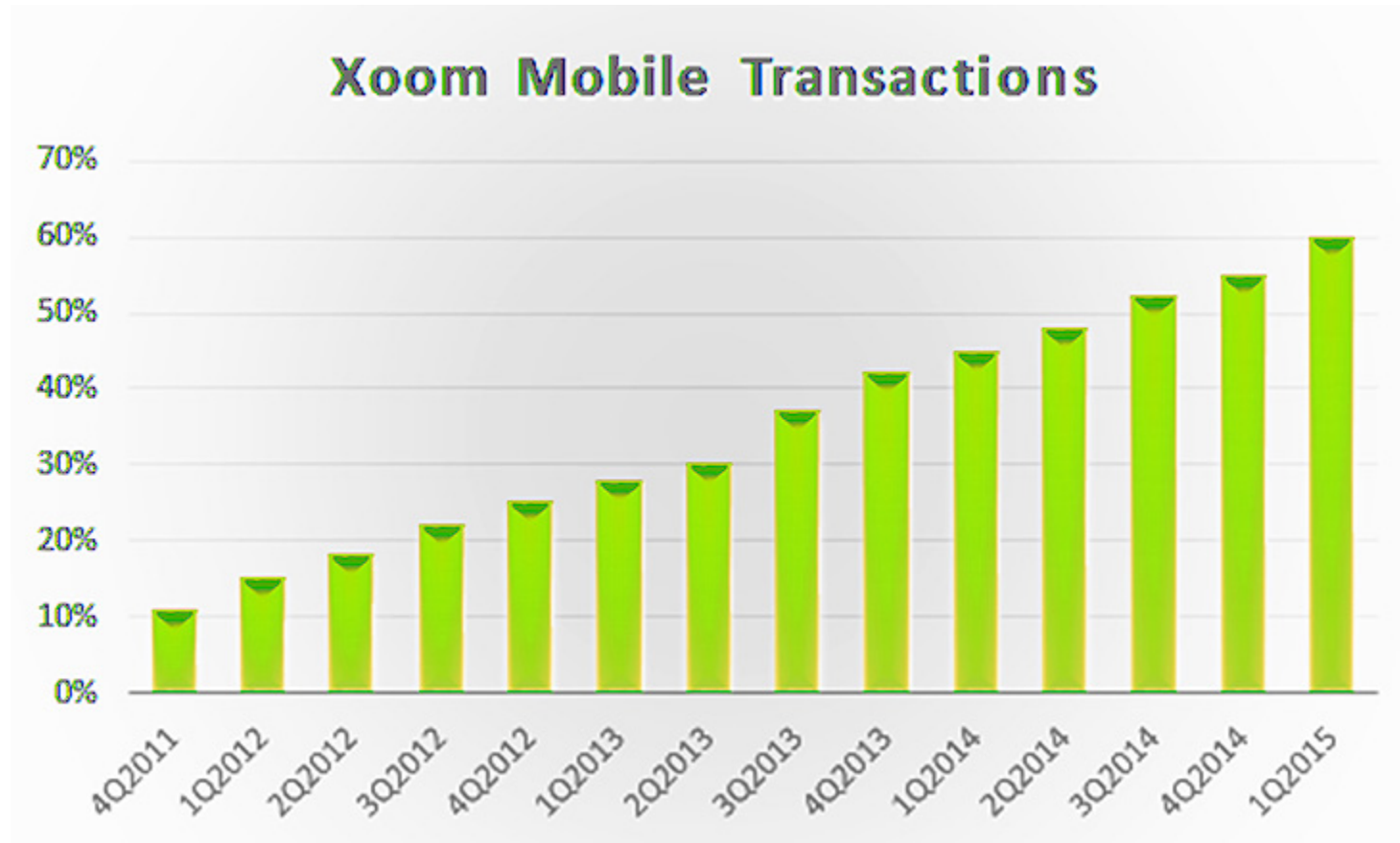
# Is Bitcoin the disruptor?

► Are Digital-First MTOs the disruptors? Some facts...

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

# Is Bitcoin the disruptor?

- ▶ Are Digital-First MTOs the disruptors? Some facts...
  - ▶ XOOM (US to Latin America, Philippines, India, UK)

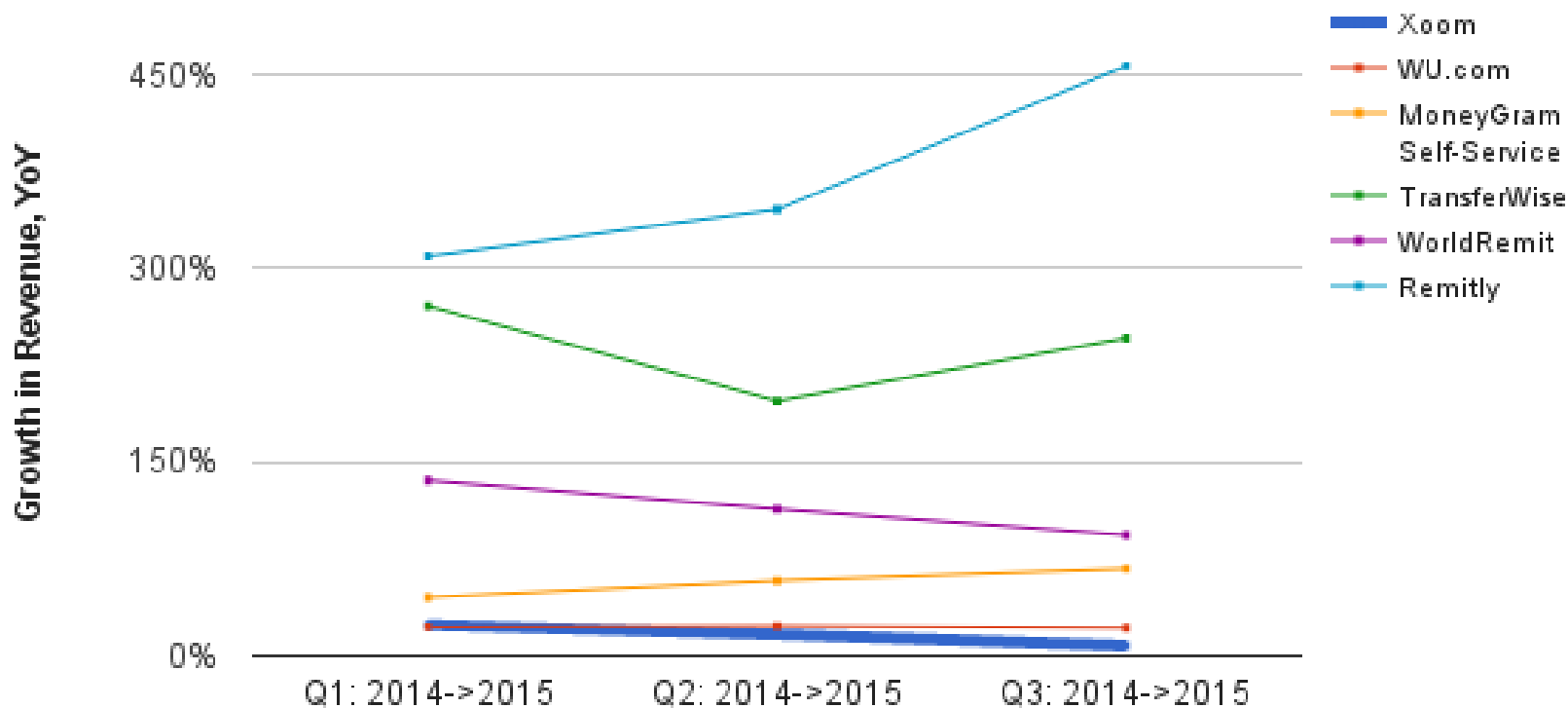


<https://www.saveonsend.com/blog/xoom-money-transfer/>

# Is Bitcoin the disruptor?

► Are Digital-First MTOs the disruptors? Some facts...

**YoY Change in Revenue: Digital Cross-border Money Transfer**

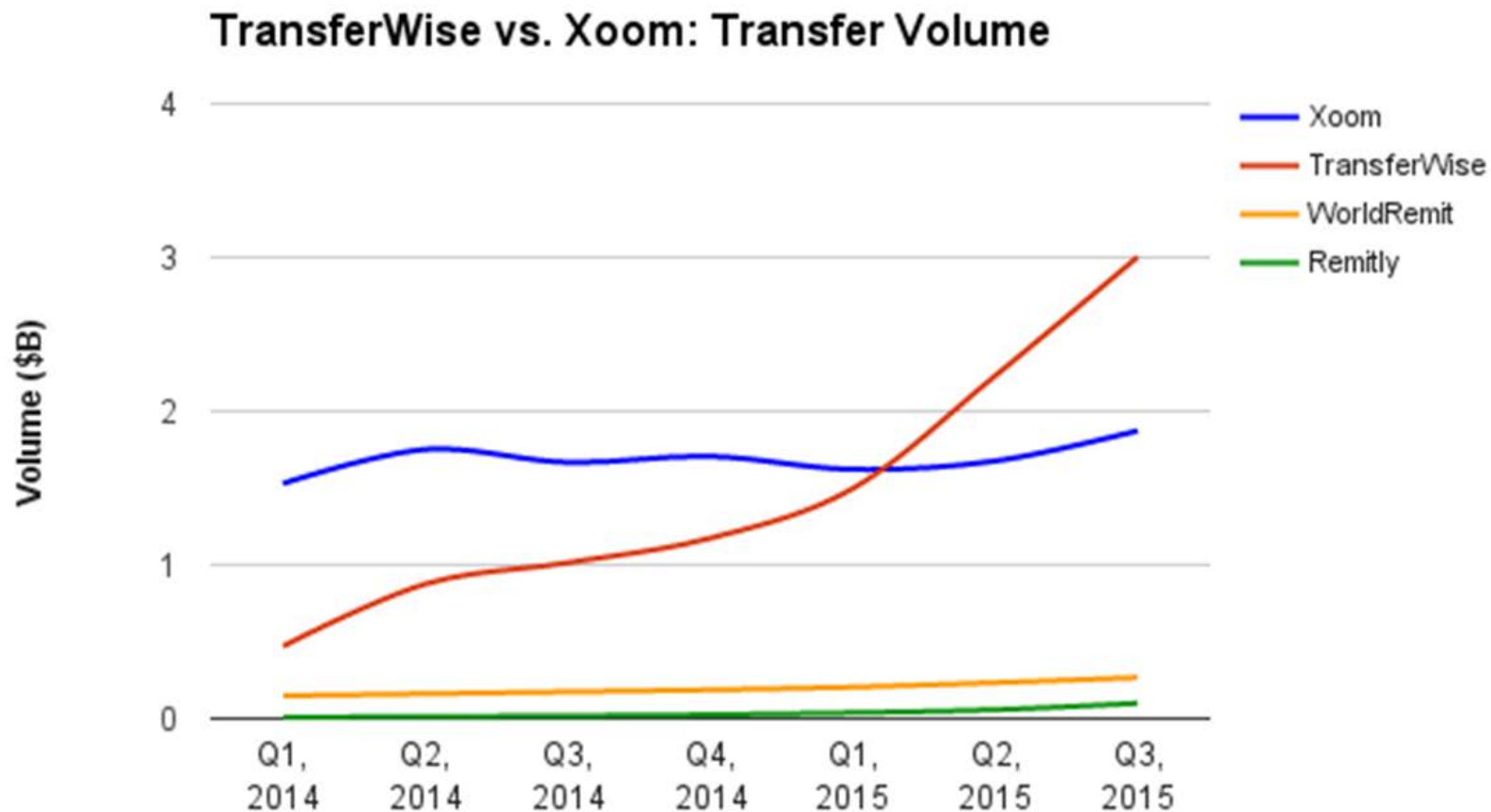


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# Is Bitcoin the disruptor?

► Are Digital-First MTOs the disruptors? Some facts...



Source: *SaveOnSend.com analysis*

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# Is Bitcoin the disruptor?

- ▶ Are Mobile Money Network Operators the disruptors?
  - ▶ Some facts: Cross Border Remittance Services on the rise in Africa, Africa & Latin America
  - ▶ Africa
    - ▶ Tigo Tanzania and Tigo Rwanda
    - ▶ Orange Côte d'Ivoire, Orange Mali, and Orange Senegal
    - ▶ Orange Côte d'Ivoire and Airtel Burkina Faso
    - ▶ MTN Côte d'Ivoire and MTN Benin
    - ▶ MTN Côte d'Ivoire and Airtel Burkina Faso
    - ▶ Moov Côte d'Ivoire, Moov Benin, Moov Niger and Moov Togo
    - ▶ Safaricom Kenya and Vodacom Tanzania
    - ▶ Airtel Zambia, Airtel Rwanda, and Airtel DRC

# Is Bitcoin the disruptor?

- ▶ Are Mobile Money Network Operators the disruptors?
  - ▶ Africa
    - ▶ Orange Côte d'Ivoire, Orange Mali, and Orange Senegal
      - ▶ Largest Remittance flows in Sub-Saharan Africa: Côte d'Ivoire to Mali.
      - ▶ in-house implementation, same currency (no forex), one settlement bank
      - ▶ In 18 Months (2SEM2014): 25% of all remittances in these 3 markets.
    - ▶ Orange Côte d'Ivoire and Airtel Burkina Faso
      - ▶ Two operators agreeing to interoperate involving an intermediary hub, Homesend (Mastercard)
      - ▶ Uptake was very fast, 3Q of launch year 9% of market (US\$9 million in 3 months of a US\$100 million yearly corridor)



# Is Bitcoin the disruptor?

- ▶ Are Mobile Money Network Operators the disruptors?
  - ▶ Latin America
    - ▶ Low level of financial inclusion
    - ▶ Positive regulatory environment
    - ▶ Simplified KYC requirements
    - ▶ Tigo Paraguay
      - Tigo Money: 1.2M users of 1.7M - 25,000 transactions - 3,000 agents
      - 28% of the population is using mobile financial services (6.3M total)
    - ▶ Tigo El Salvador
      - ▶ Change of Banking Laws with Banking Opposition
      - ▶ 2,000 agents, partnership w/ Western Union & others

# How can Bitcoin be a disruptor?

- ▶ Who will triumph first?
  - ▶ Bitcoin as a currency
  - ▶ **Blockchain as a protocol**

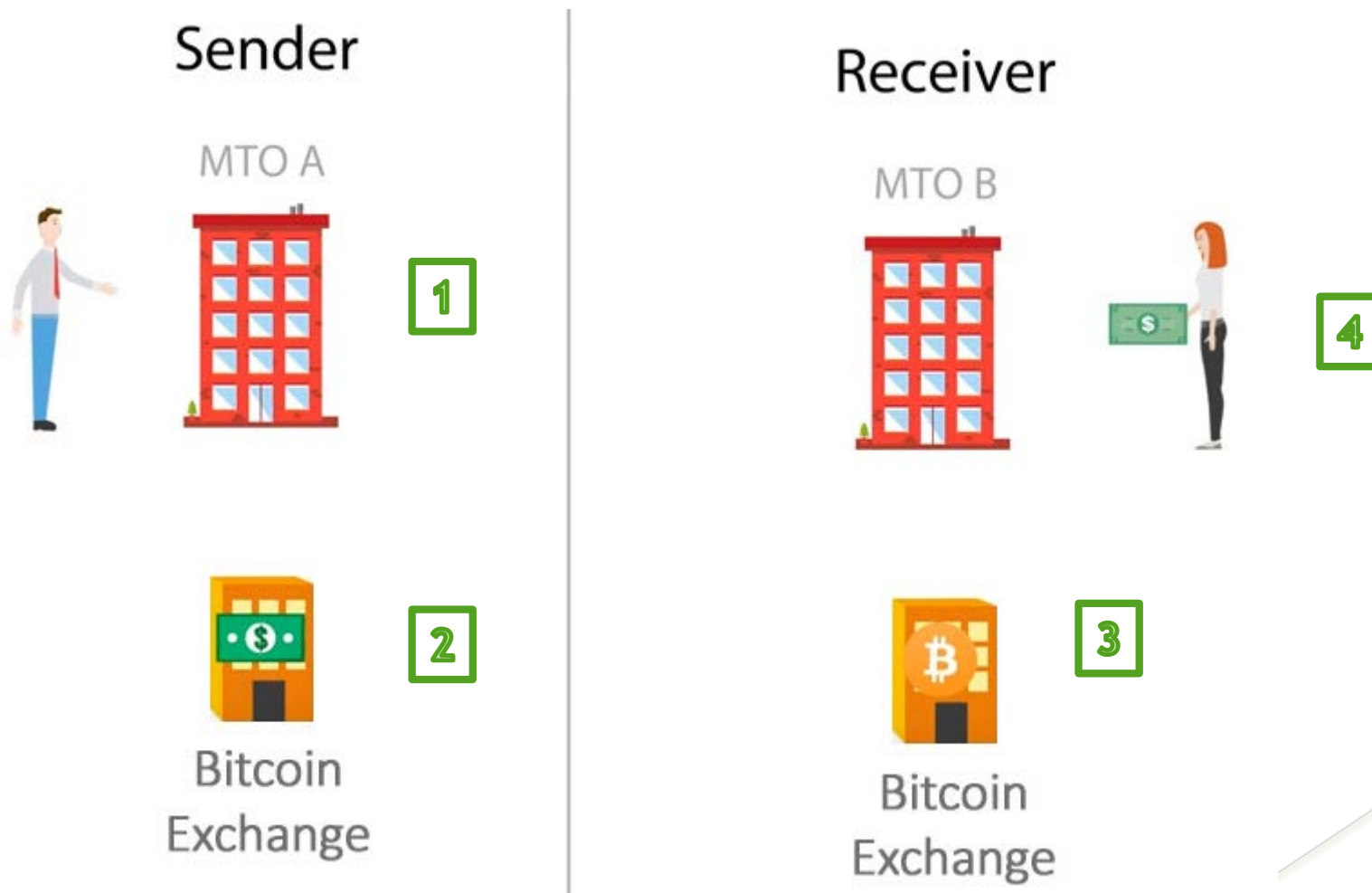
The are Rebittance Companies operating in certain remittance corridors with varying success

The are Remittance Companies & Telcos looking at the Blockchain for the creation of their own Blockchains.

<https://www.youtube.com/watch?v=6LW7M8sewc4>

# How can Bitcoin be a disruptor?

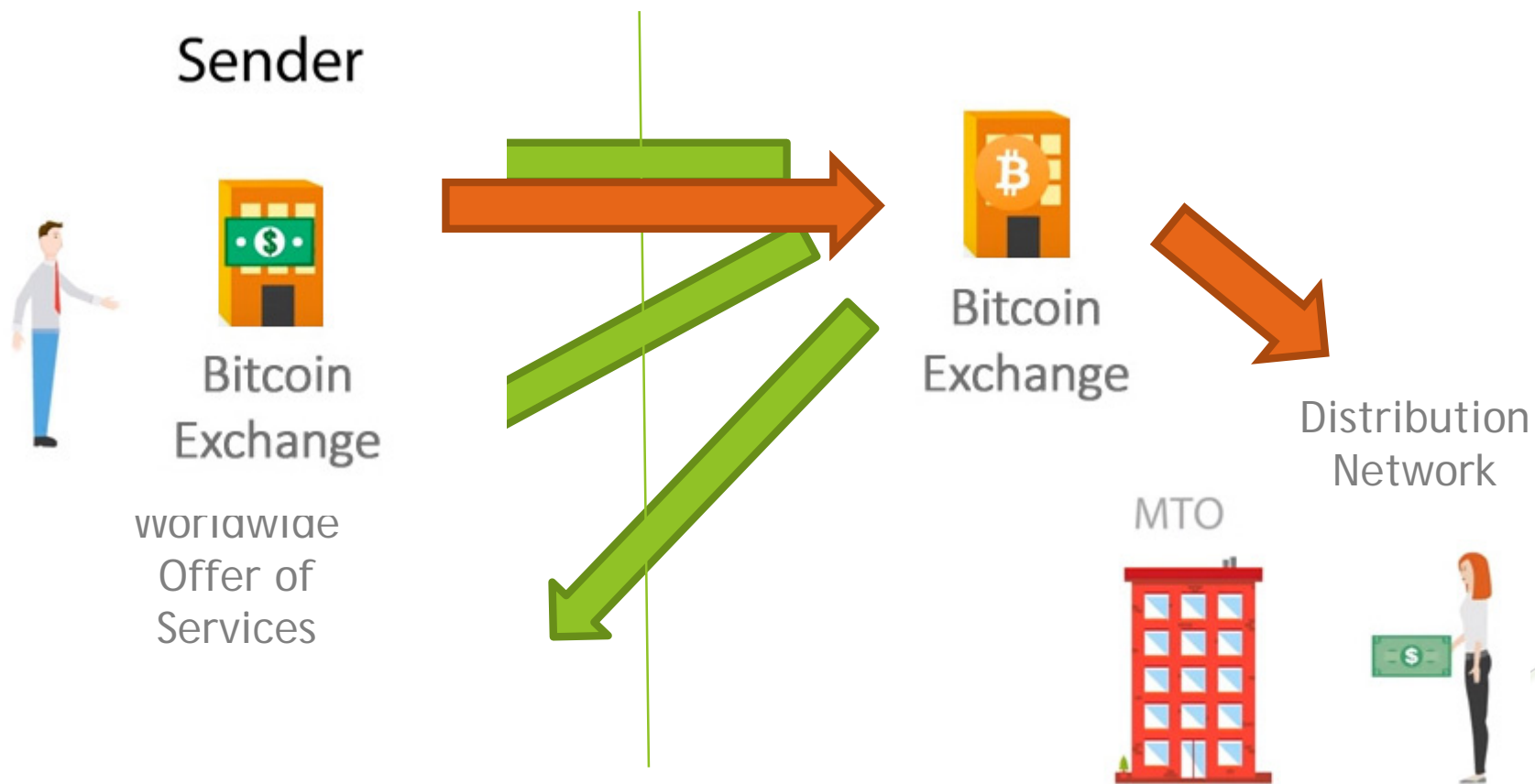
## ► Bitcoin as a Settlement Mechanism



<https://www.youtube.com/watch?v=6LW7M8sewc4>

# How can Bitcoin be a disruptor?

- ▶ How can Bitcoin be the disruptor?
  - ▶ Bitcoin as one leg suppressor



# Conclusions

- ▶ Money Transfers vs Remittances - some distinctions to analyze
- ▶ No corridor has the same characteristics and Bitcoin Disruption will be corridor based
- ▶ Bill Payment & Airtime (TopUp) opportunities will appear
- ▶ Compliance, compliance, compliance
- ▶ Partnering, partnering, partnering
- ▶ Blockchain Protocols and their future in Remittances (the Bitcoin Protocol? Ripple? Stellar? Private Blockchains?)

# Thank You



Hugo Cuevas-Mohr  
Mohr World Consulting  
MTBIT

[hugo@mohr.world](mailto:hugo@mohr.world)      @mohrworld

<http://mohr.world>