



The 10 Most important issues in 2016 for the IMT&Ps Industry



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1

Although the volume of IMT&Ps continues to increase, the % increase YTY has slowed down. U.S. and Western Europe are seeing an increase in overall volume. In 2015, worldwide remittance flows are estimated to have exceeded \$601 billion.

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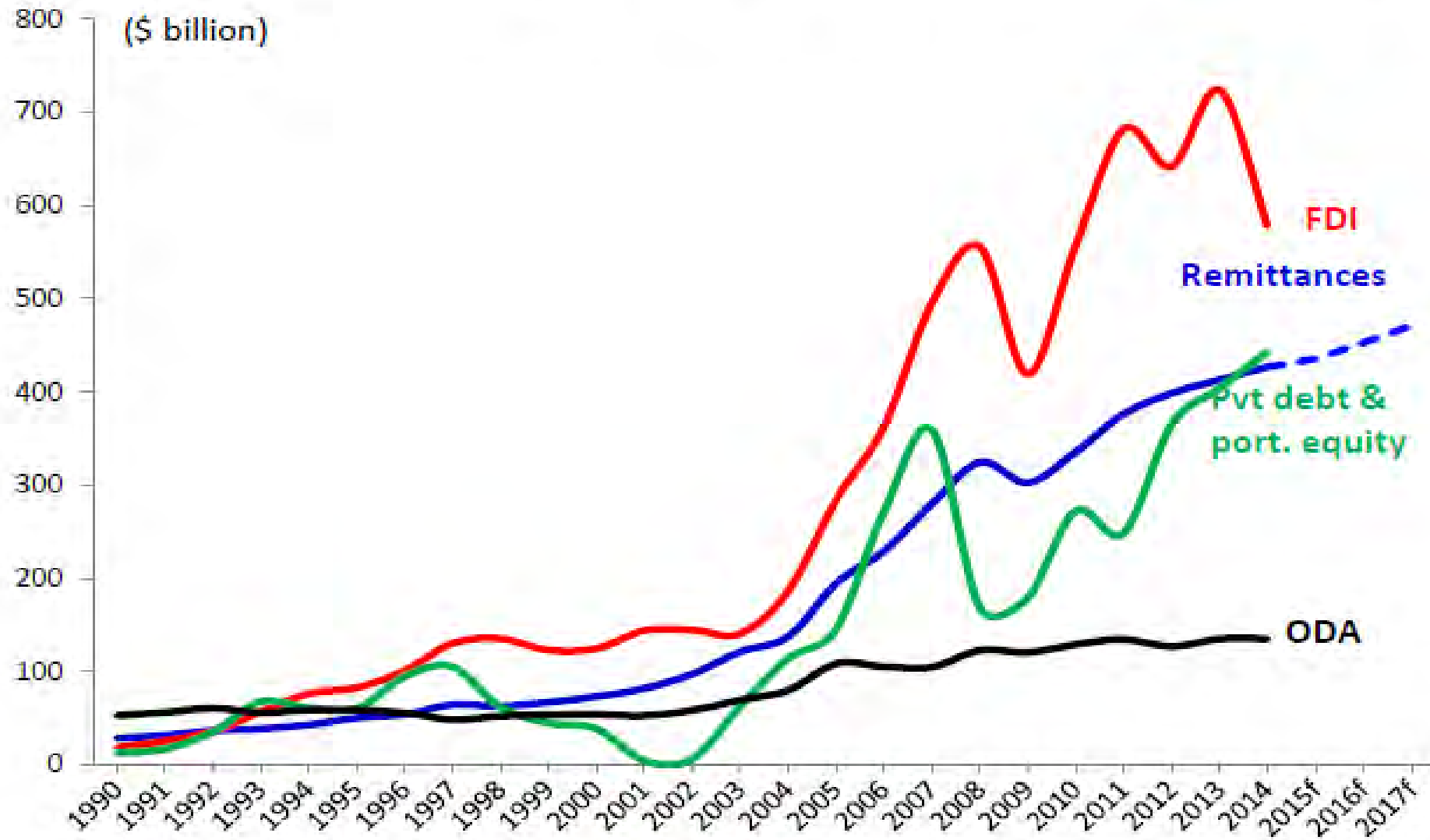
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Global Cross-Border Consumer Money Transfers, 2007 to e2016 (In US\$ billions, year-over-year percentage change)

Source: Aite Group



Figure 1: Remittance flows are larger than ODA, and more stable than private capital flows



Sources: World Bank Staff calculations, World Development Indicators, OECD. Private debt includes international bonds and borrowing through commercial banks.

2

Bank discontinuance and de-risking is still a major problem industry-wide. However, we believe there has been a slight shift in the market with small banks opening accounts to industry firms amidst higher costs and strict compliance requirements.

Four governmental actions have happened in the last 4 months that must be analyzed:

- *The G-20 Report*
- *The Revised Directive on Payment Services (PSD2)*
- *The US House Bill ending Op. Choke Point*
- *The FATF Guidance*

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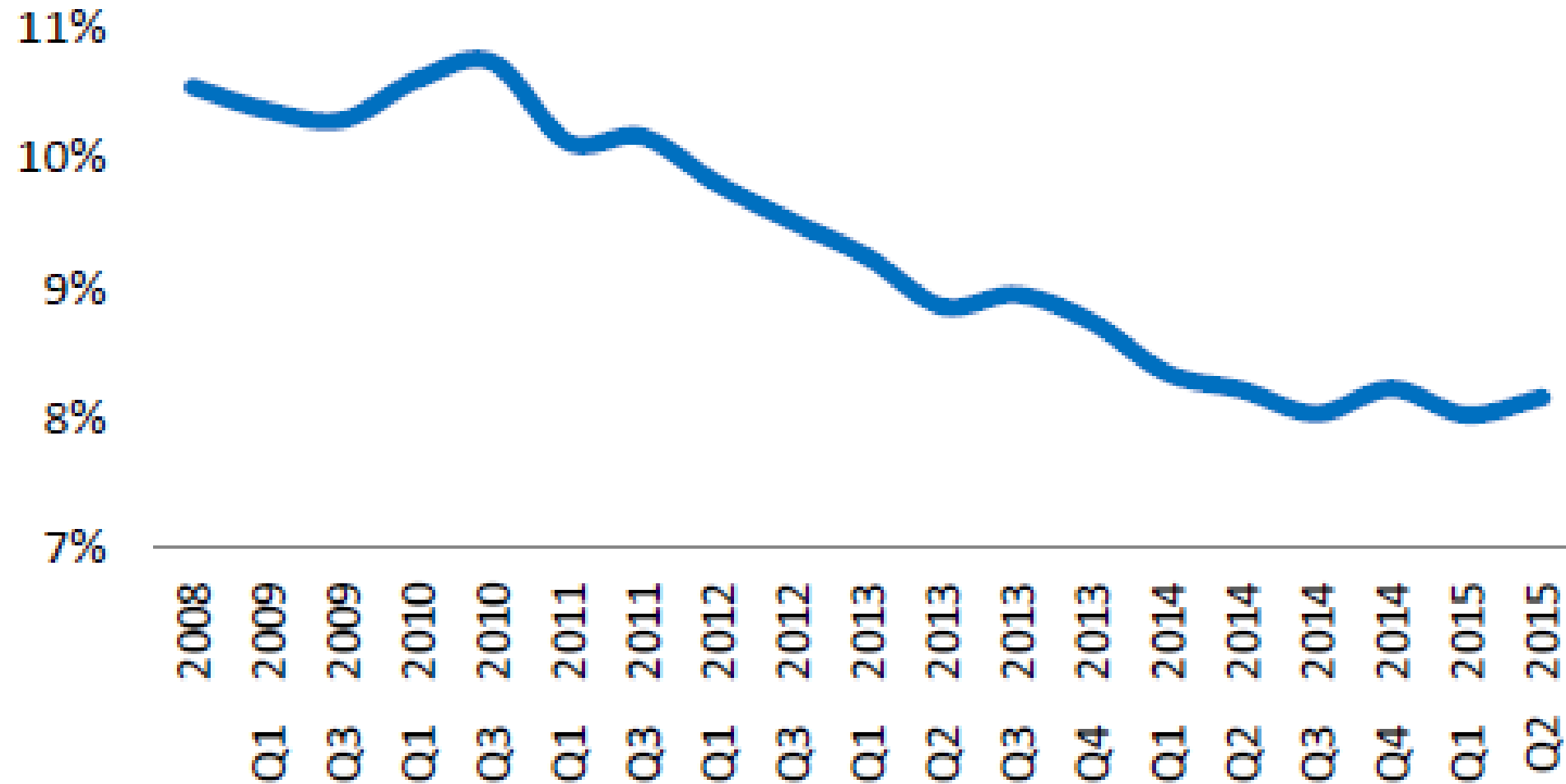
3



Prices of industry services to the public have been fairly stable during the year with a slight upward trend, even though competition in every channel is fierce, more so in the exchange spread than in the fees. U.S. dollar valuation has influenced markets.

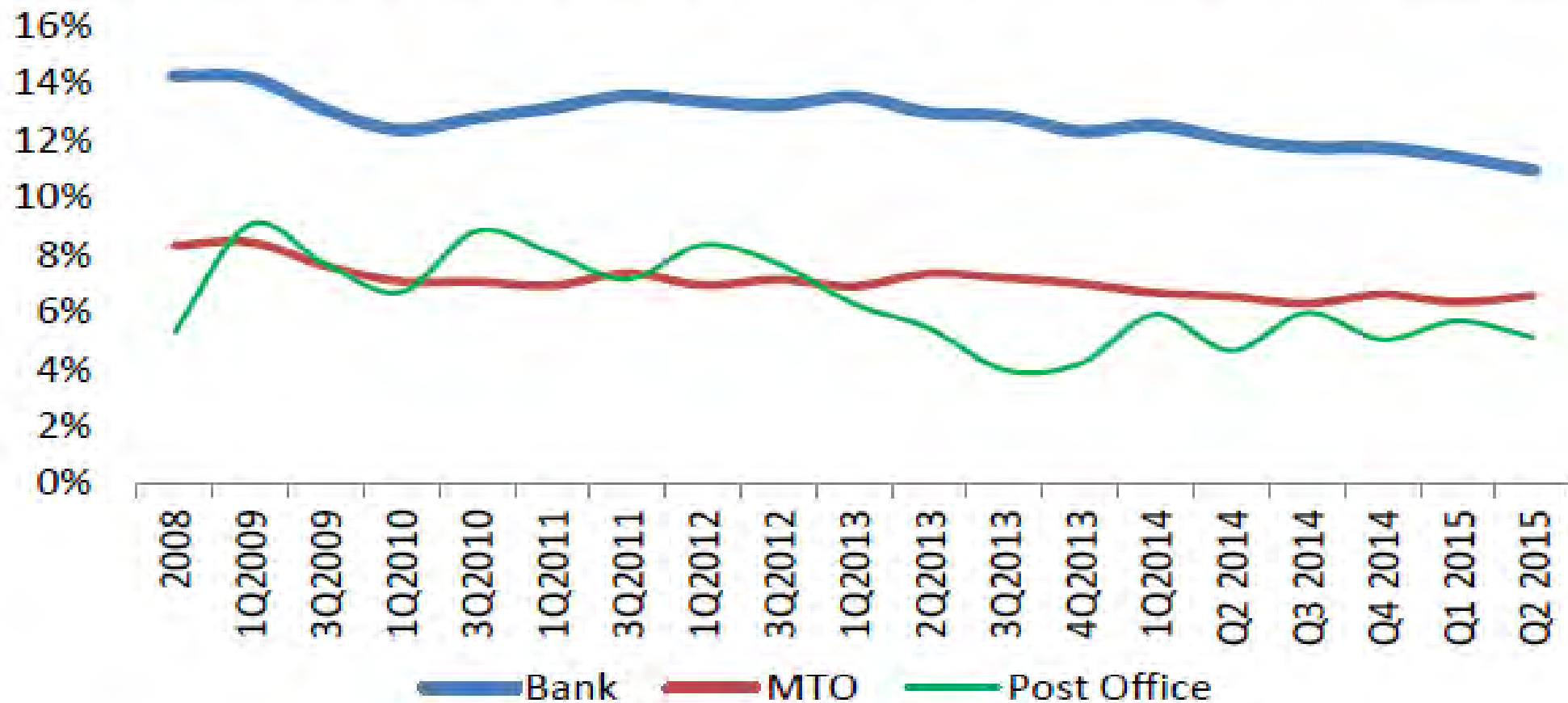
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Figure 3: The cost of sending \$200 has fallen

Source: Remittance Prices Worldwide, the World Bank

Figure 4: Banks remain the highest-cost of remittance service provider



Source: Remittance Prices Worldwide, the World Bank

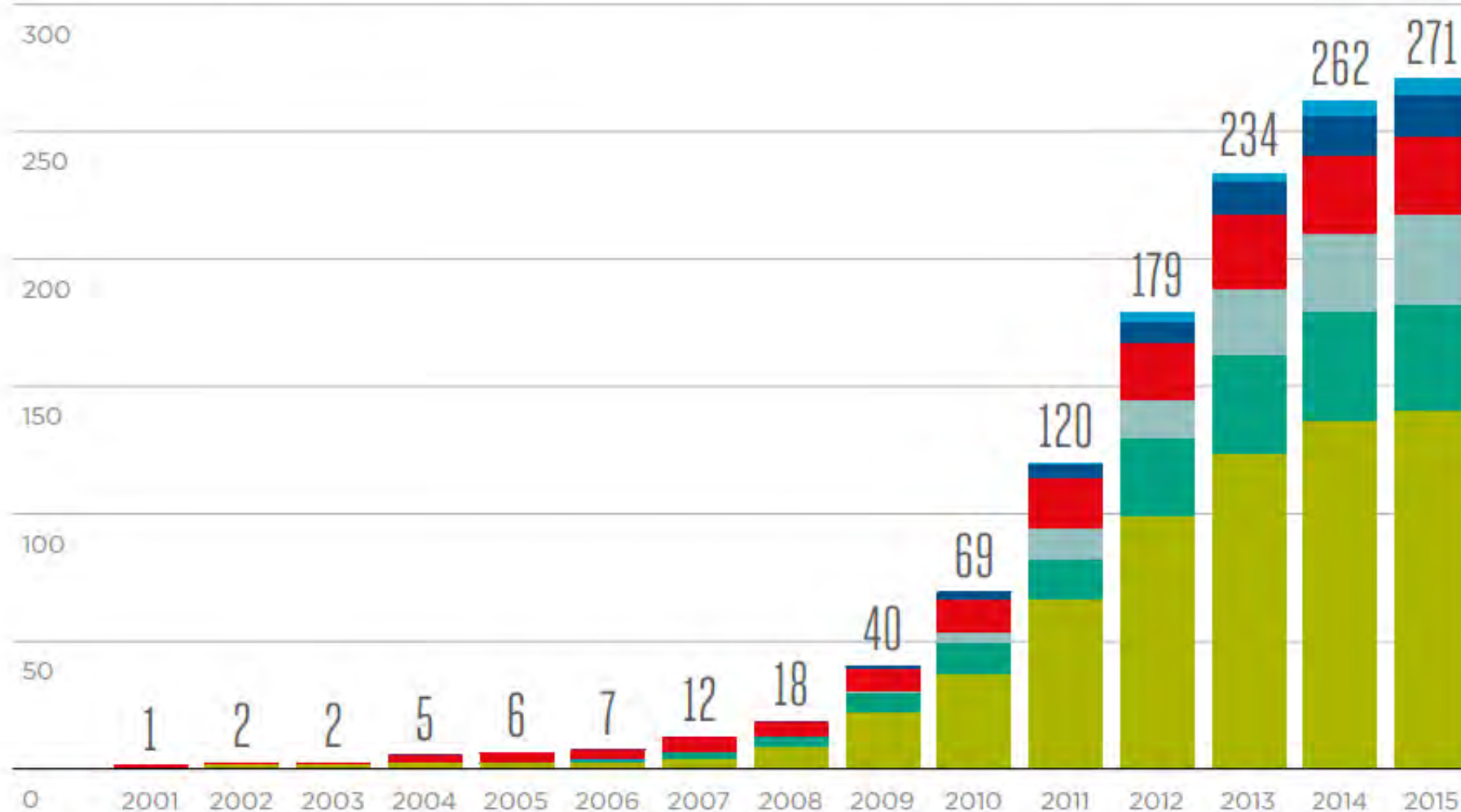


Mobile money services continue to expand across the developing world with new cross-border functionalities, systems integrations, partnerships, and regulatory advances for the industry. We've seen high domestic use of mobile transfer spreads.

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Number of live mobile money services by region (2001-2015, year-end)



world with new
and regulatory
e transfer spreads.

Europe &
Central Asia

Middle East &
North Africa

East Asia &
Pacific

Latin America
& the
Caribbean

South Asia

Sub-Saharan
Africa

5



Digital IMT&Ps are continuing to increase their market share as investors and bankers favor online/mobile channels. Adoption of these channels is creating a digital divide while fraud and merchant services are major issues being faced.

6



The digital race heats up in the U.S. with the entrance of WorldRemit and TransferWise into the U.S., while Western Union opens online channels in Europe. Investors keep money flowing, funding these companies as time for IPOs loom.

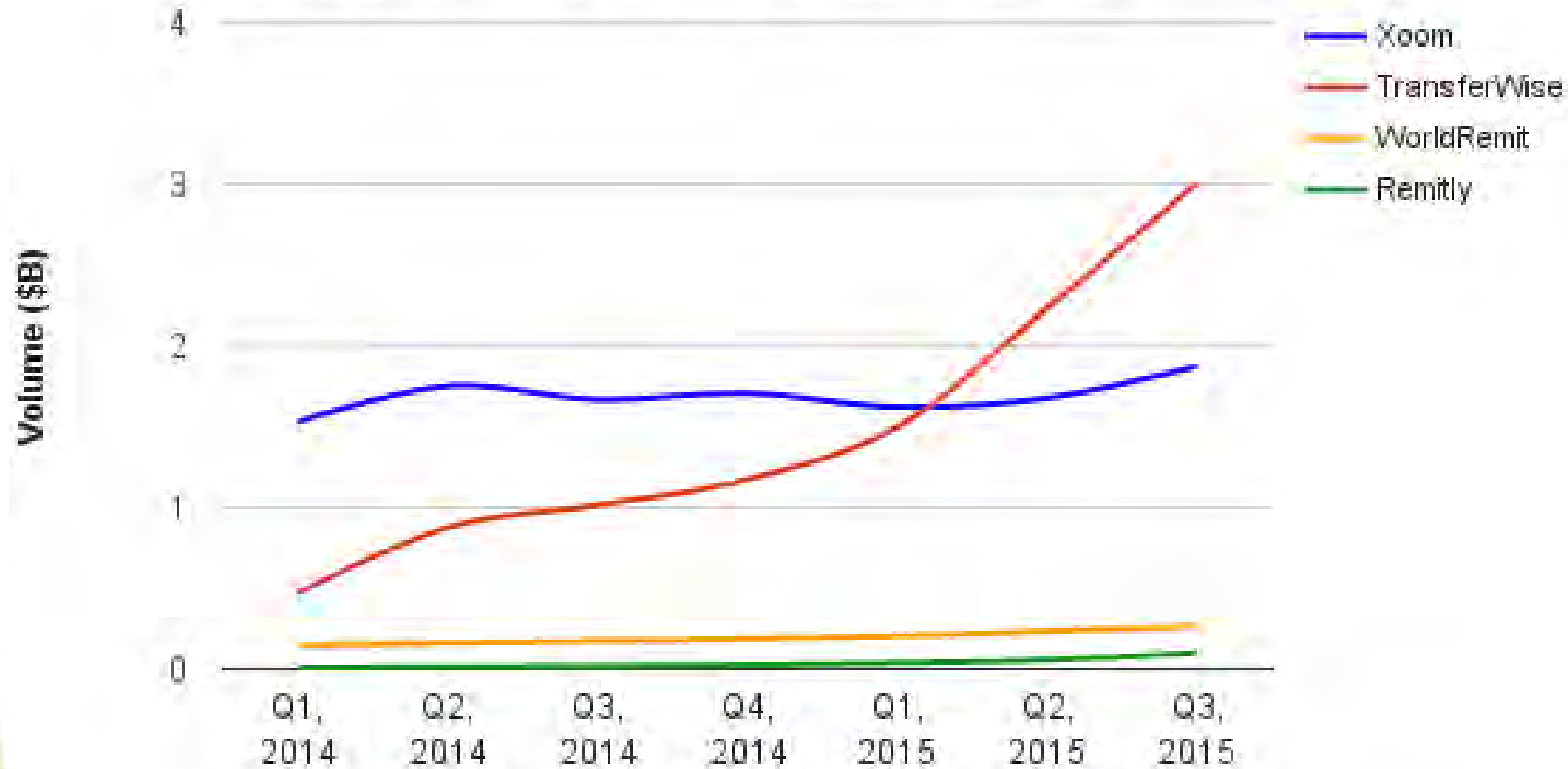
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TransferWise vs. Xoom: Transfer Volume



Source: *SaveOnSend.com* analysis

7

It was a good year for mergers & acquisitions (M&As) in the IMTC&P Industry, with the most notable news coming from the U.S: the \$890M deal for the purchase of XOOM by PayPal. Similarly, Qivi announced the acquisition of Contact and Rapida.

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8



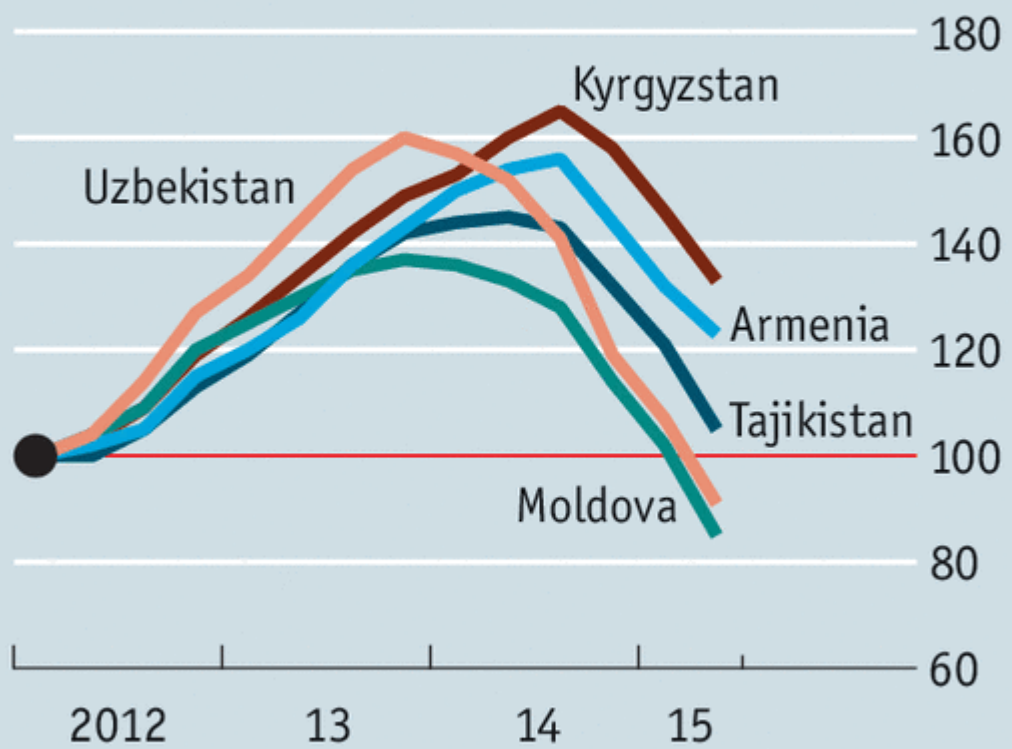
Middle East, Oil, War, and Remittances: The continued decline in the price of oil is affecting remittances. This trend might worsen in 2016 and beyond. The refugee crisis, as a result of war, will impact the market in the years to come.

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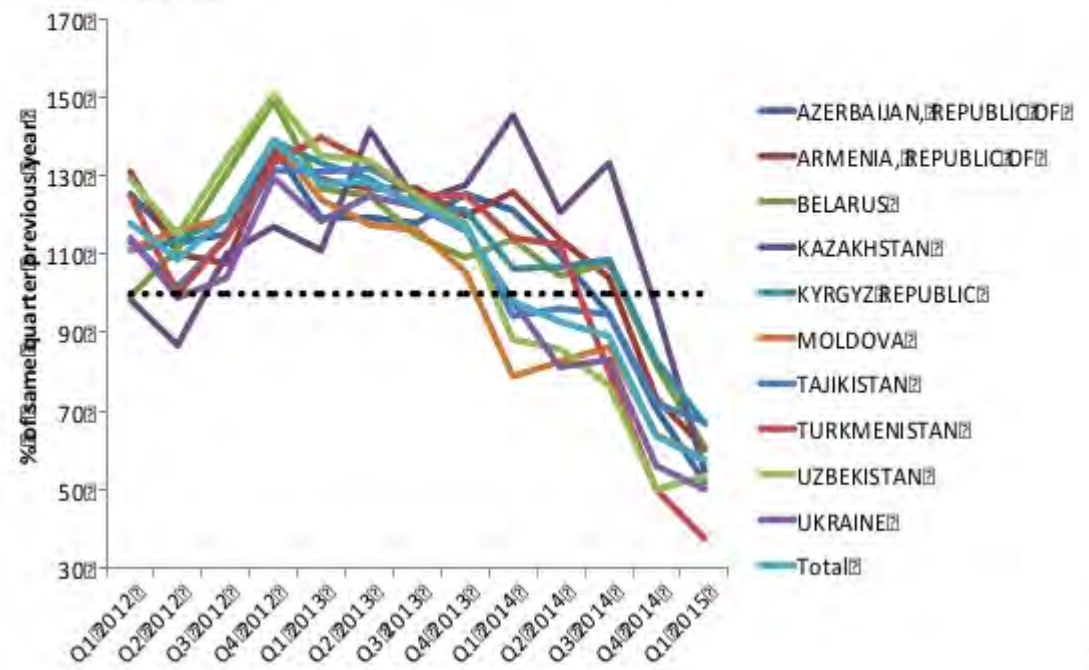
Russian bear

Personal remittances from Russia*
Q1 2012=100



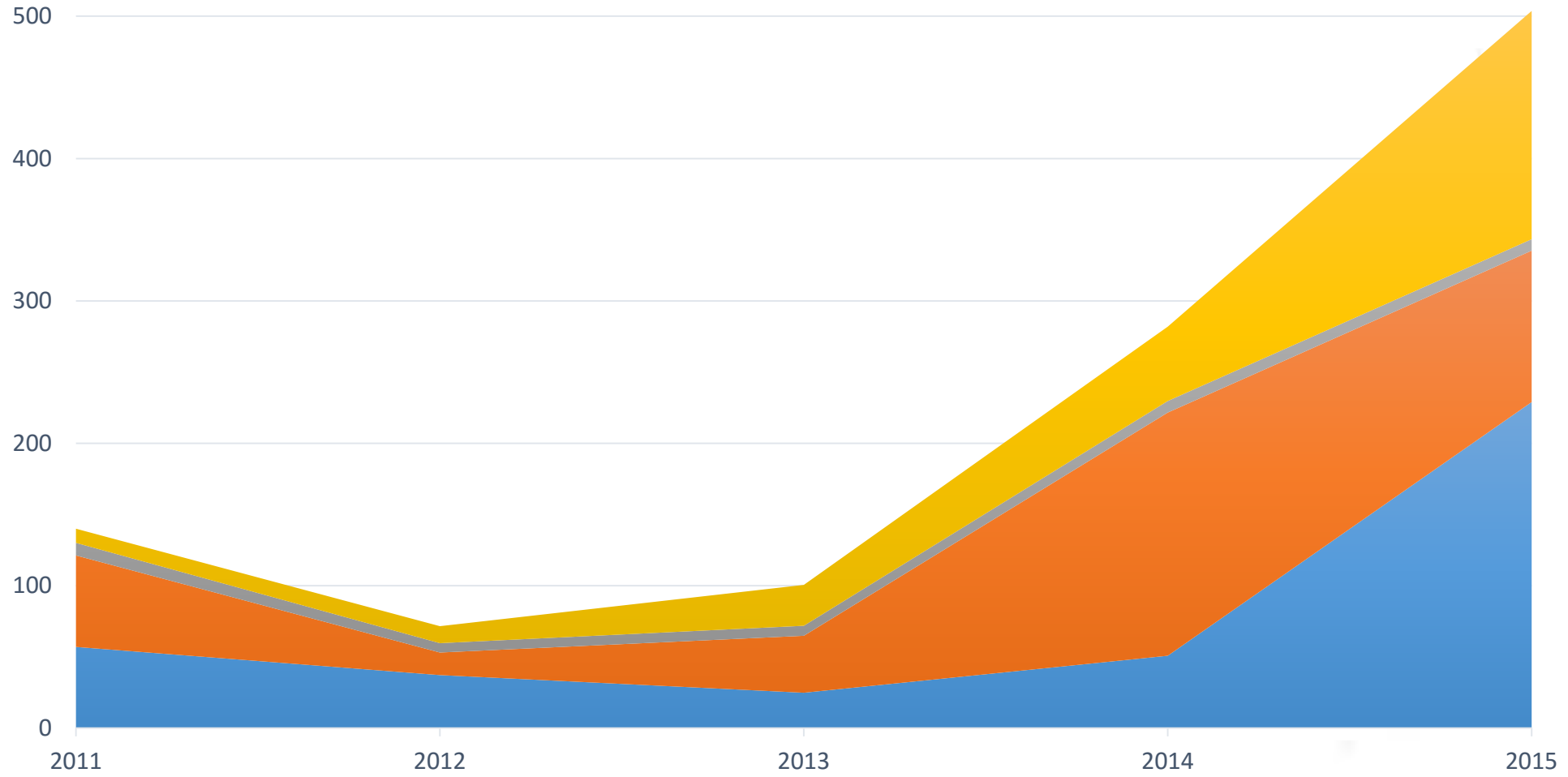
Source: Central Bank of Russia *12-month moving average

Remittances from workers in Russia to CIS countries, recent trends

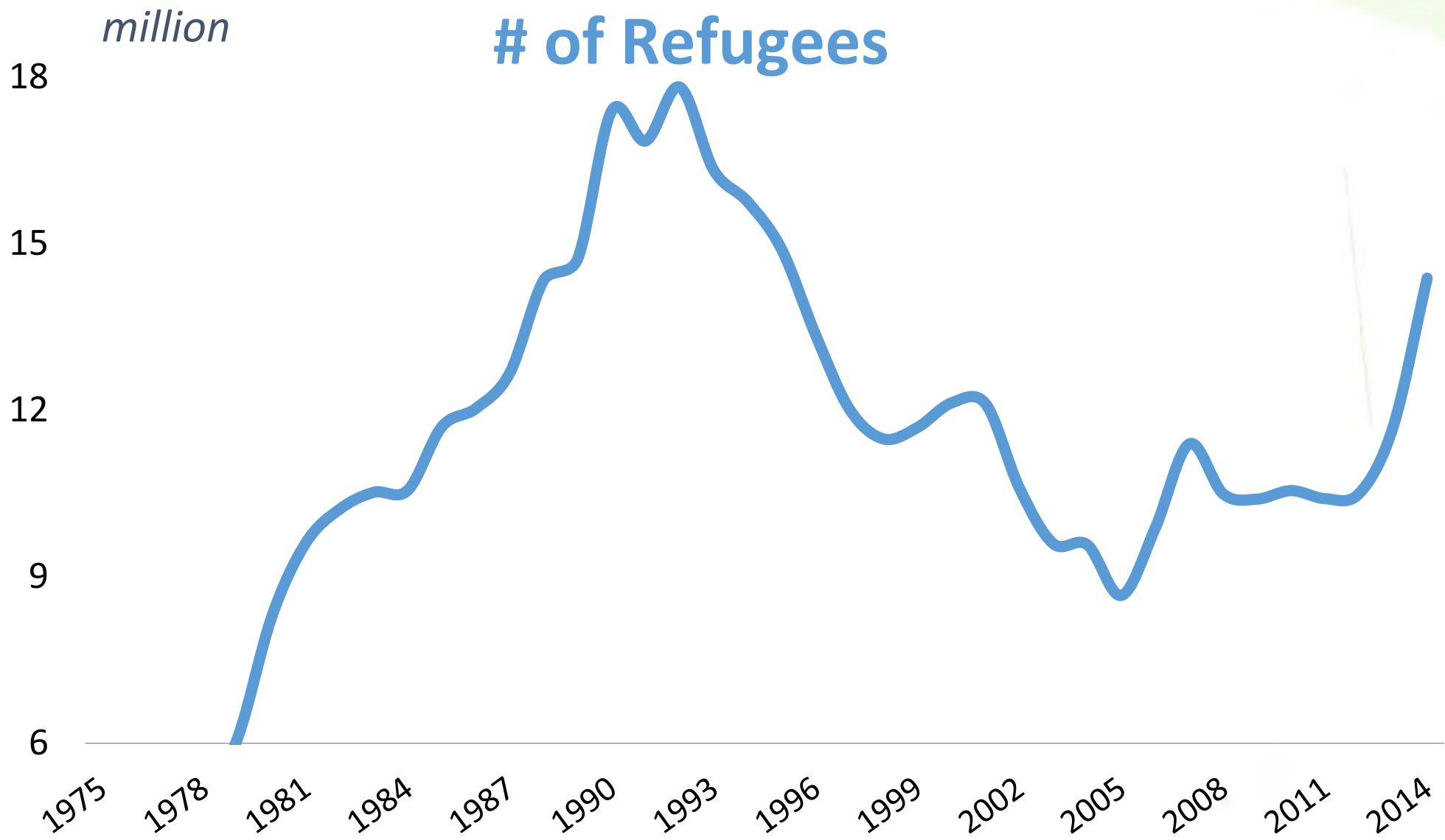


The number of migrants and refugees crossing into the EU more than tripled since 2011

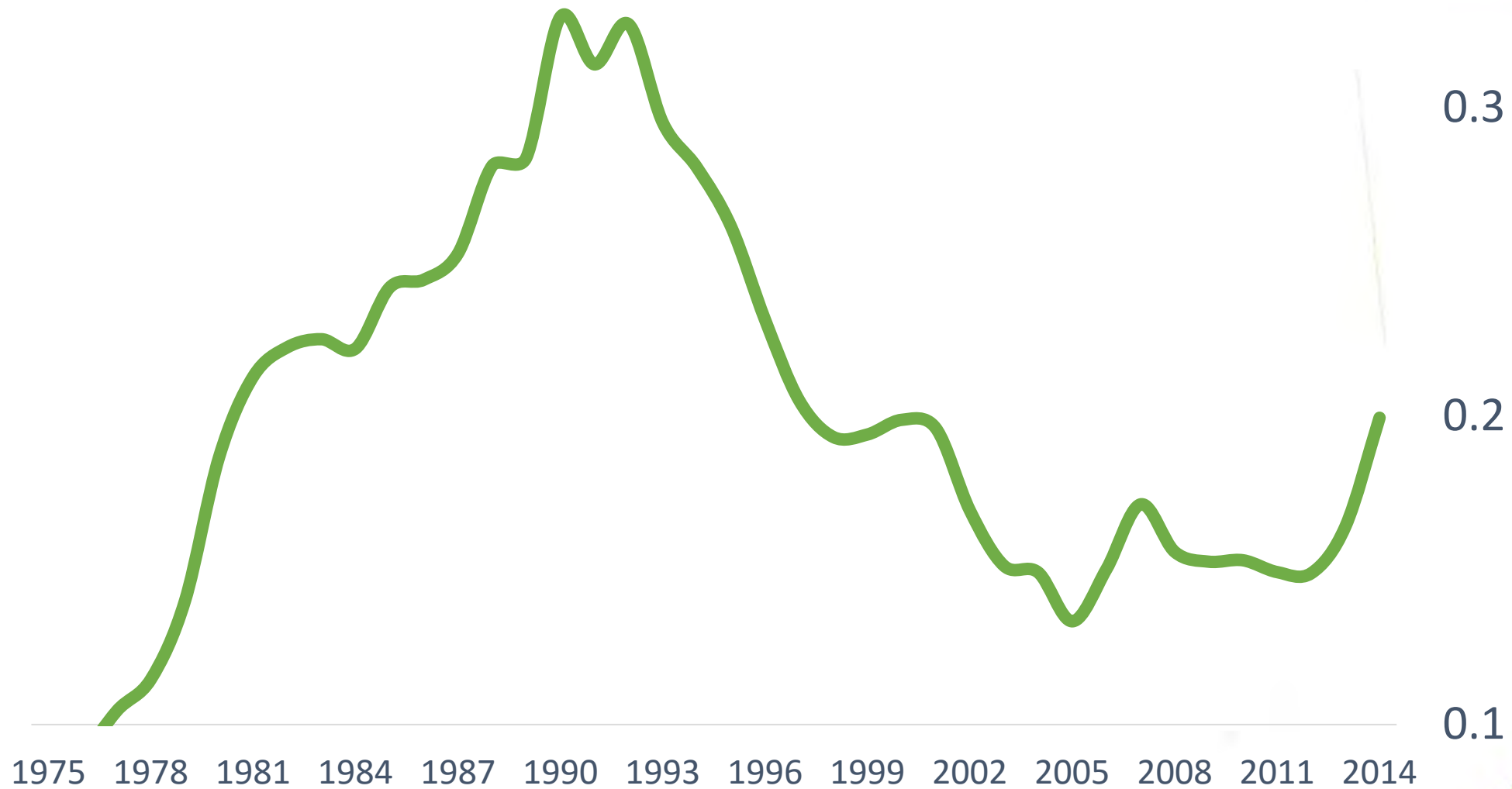
600
thousand
Thousand



Number of refugees worldwide rising



Though still below historical highs % of world population (right axis)



Stock of refugees in Europe

3.2 million

2.4

1.6

0.8

0.0

1960

1966

1972

1978

1984

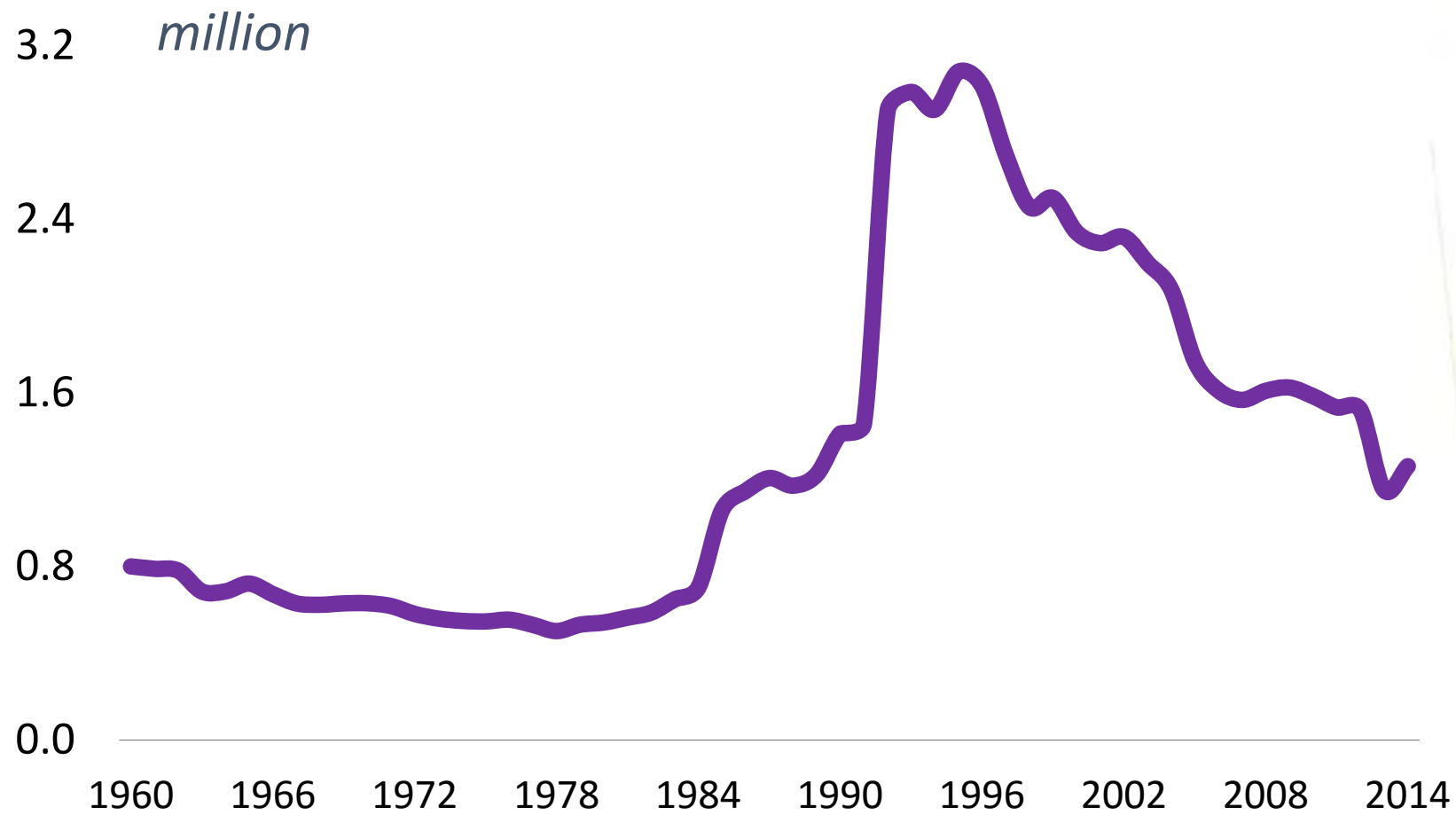
1990

1996

2002

2008

2014



9

The rise of P2B and B2B services in the industry is making the “payments” side of the International Money Transfer & Payments Industry more dynamic and more important, overall, with new services, new entrants, and new offerings.

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1:44



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The Power of Payments in Today's Digital Economy

In an increasingly inter-connected world, amidst the "uberization" of e-commerce, we now expect products and services 'anytime, anywhere'. This whitepaper, based on an industry-wide survey of payment practices, looks at why the reality for many businesses is neither speedy, seamless or convenient and how the evolution of payments will impact key players and competition.

10



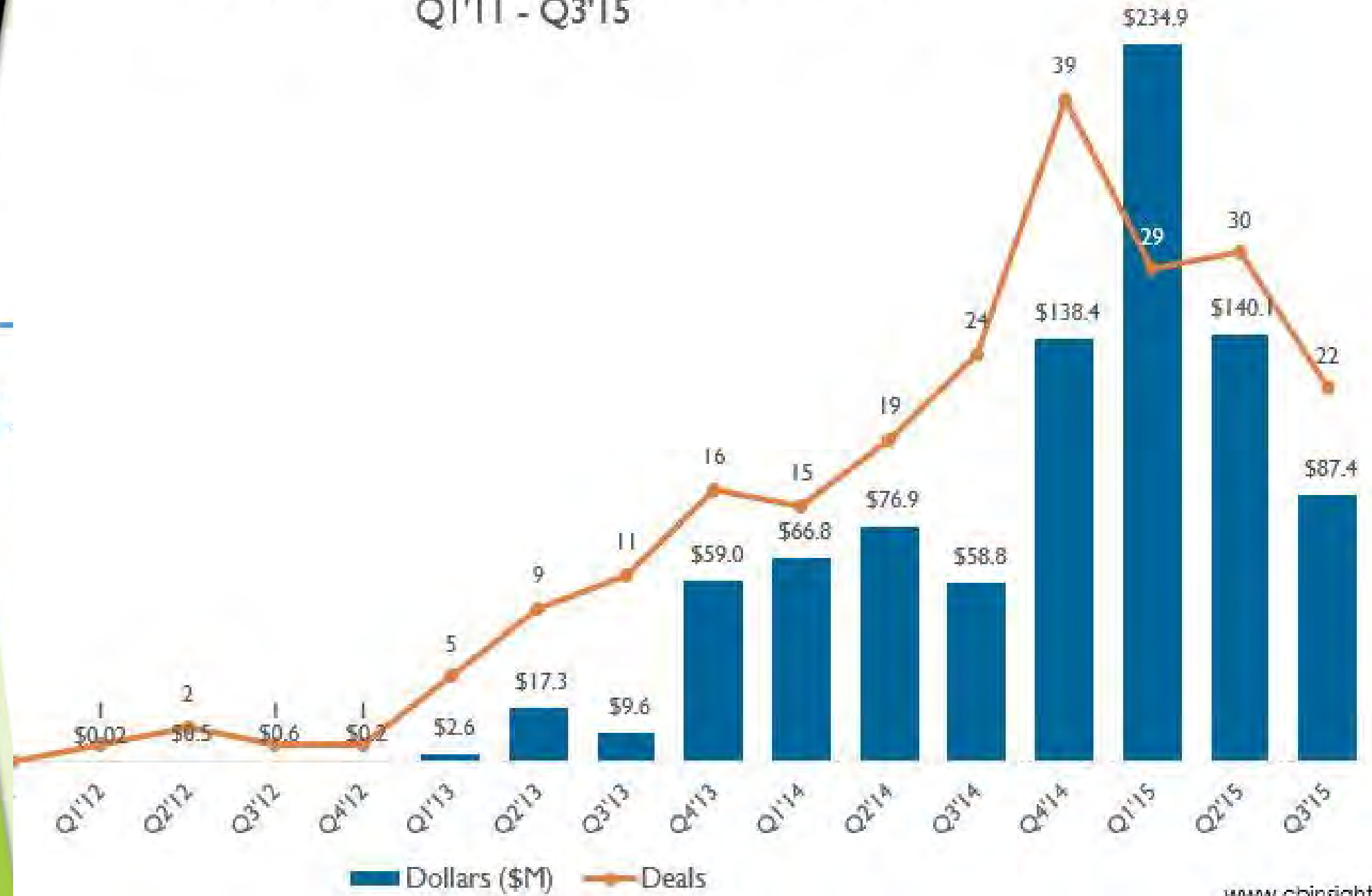
Bitcoin, as a remittance tool, is now being used by a few pioneer firms, mostly as a settlement mechanism, while the overall acceptance of the blockchain protocol as a significant invention has shifted the rhetoric about VCs for the better.

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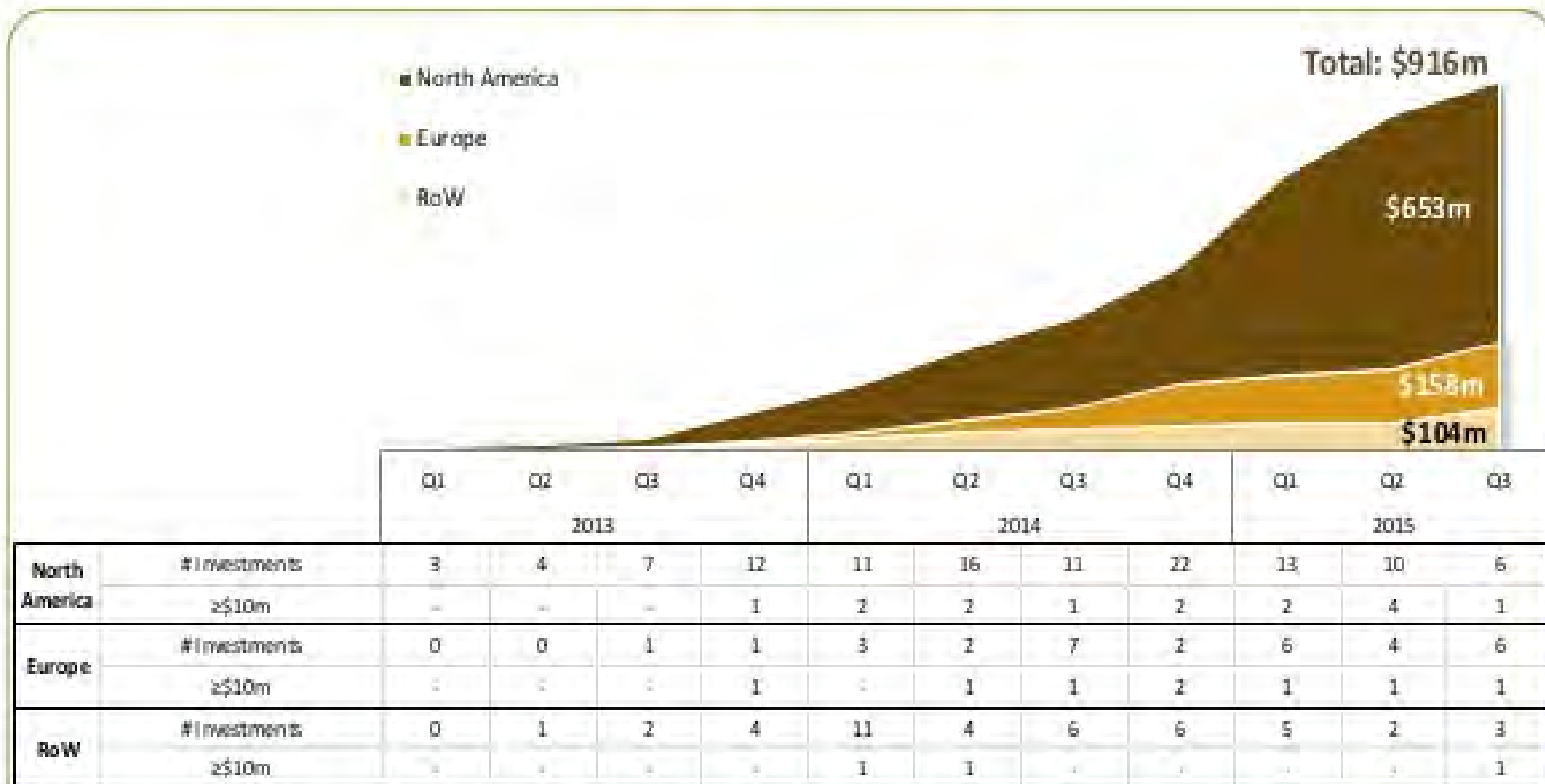
Bitcoin Startup Investment Trend

Q1'11 - Q3'15



ostly as a
protocol as a

ALMOST \$1BN OF TOTAL INVESTMENT OVER THE PAST 36 MONTHS



2015 has marked a transition to investors backing leaders rather than experiments, with the top 10 companies raising more than 80% of the total funding this year

THANK YOU