

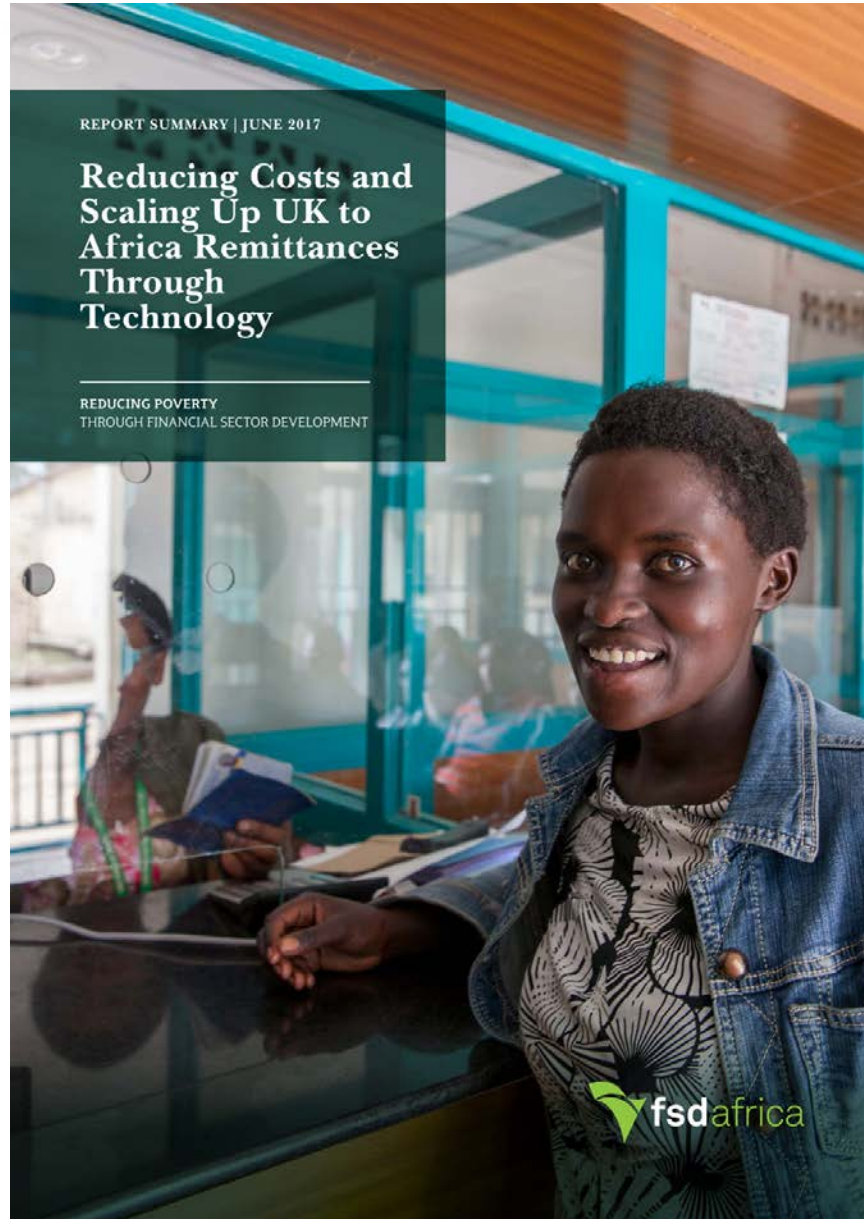
The Stickiness of Cash

Sending money from the UK to Africa

Some personal thoughts from Leon Isaacs, CEO, DMA Global



Leon Isaacs



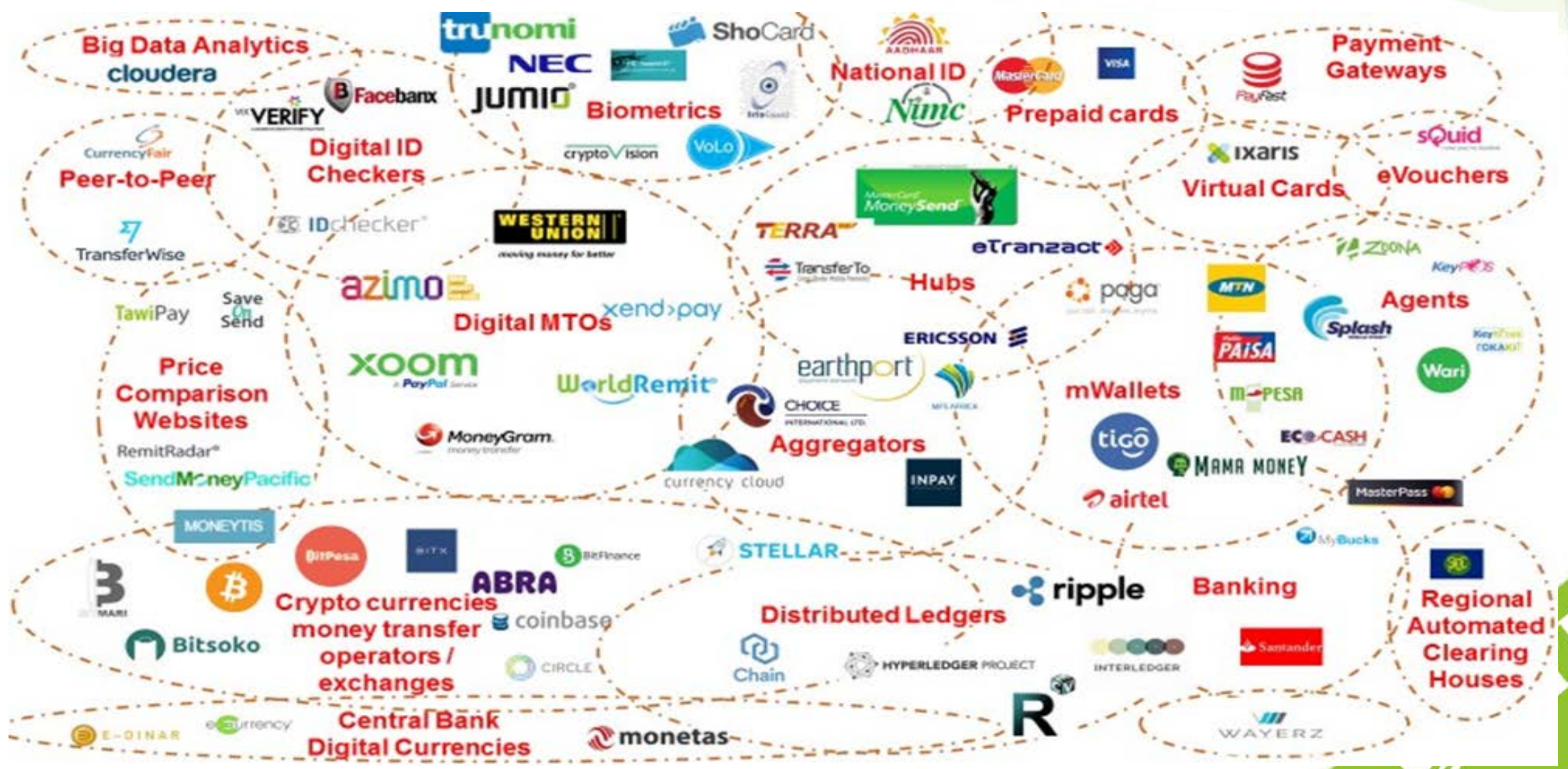
REPORT SUMMARY | JUNE 2017

Reducing Costs and Scaling Up UK to Africa Remittances Through Technology

REDUCING POVERTY THROUGH FINANCIAL SECTOR DEVELOPMENT



The technology map



The Stickiness of Cash

- Assumptions

- Sending from UK to Africa is expensive
- Part of the challenge is the use of cash in the UK rather than digital – agents are expensive
- Most senders in the UK have a bank account
- Almost everyone has access to digital communication

What did we want to learn?

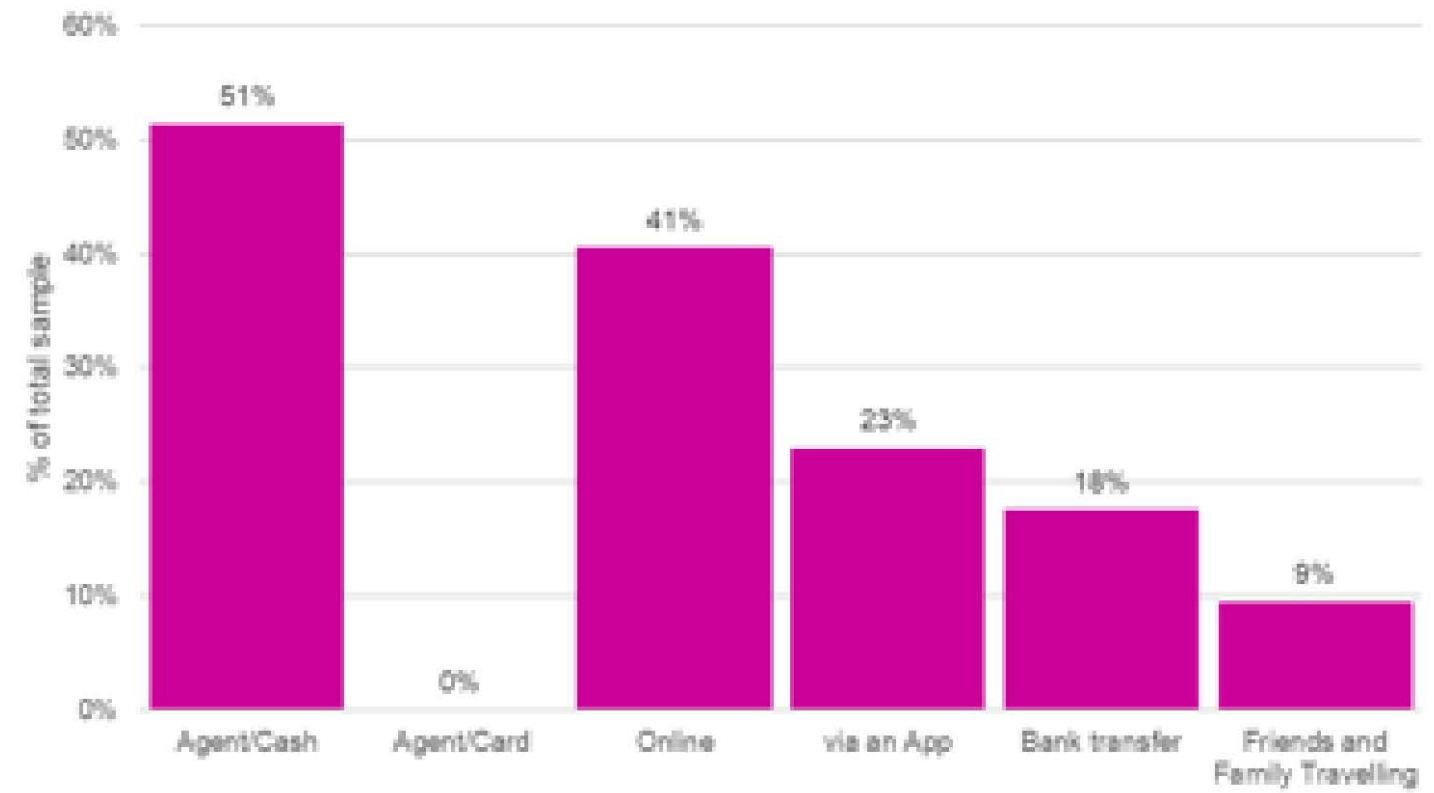
- Main methods for sending from UK to Africa
- Why people prefer cash and what are the barriers to online/digital transactions
- Reasons why people have switched to online
- Ways to migrate people from cash to online in UK to Africa corridors

Who did we ask?

Diaspora Community	Number of official migrants in UK (UN 2015 data)	Main migrant areas in UK	Flow of remittances from UK, £ millions (2015 data)	Reasons for surveying
Nigeria	216,000	London, Manchester, Birmingham, Liverpool, Leeds	2,363	Largest UK to Africa corridor.
Kenya	151,000	London, South East, East Midlands	334	Significant UK to Africa corridor. Strong digital domestic payments market.
Tanzania	39,000	London, Birmingham, Manchester, Reading	44	Expensive corridor from the UK.
Ghana	103,000	London, Reading, South East, Liverpool	173	Significant UK to Africa corridor. Improving digital domestic payments market.
DRC	21,000	Greater London	5	Large informal market and a fragile and conflict affected state (FCAS).
Sierra Leone	25,000	London, Manchester, Liverpool	62	FCAS.
Zimbabwe	133,000	London, Leeds, Luton	244	FCAS with options for digital pay-out.

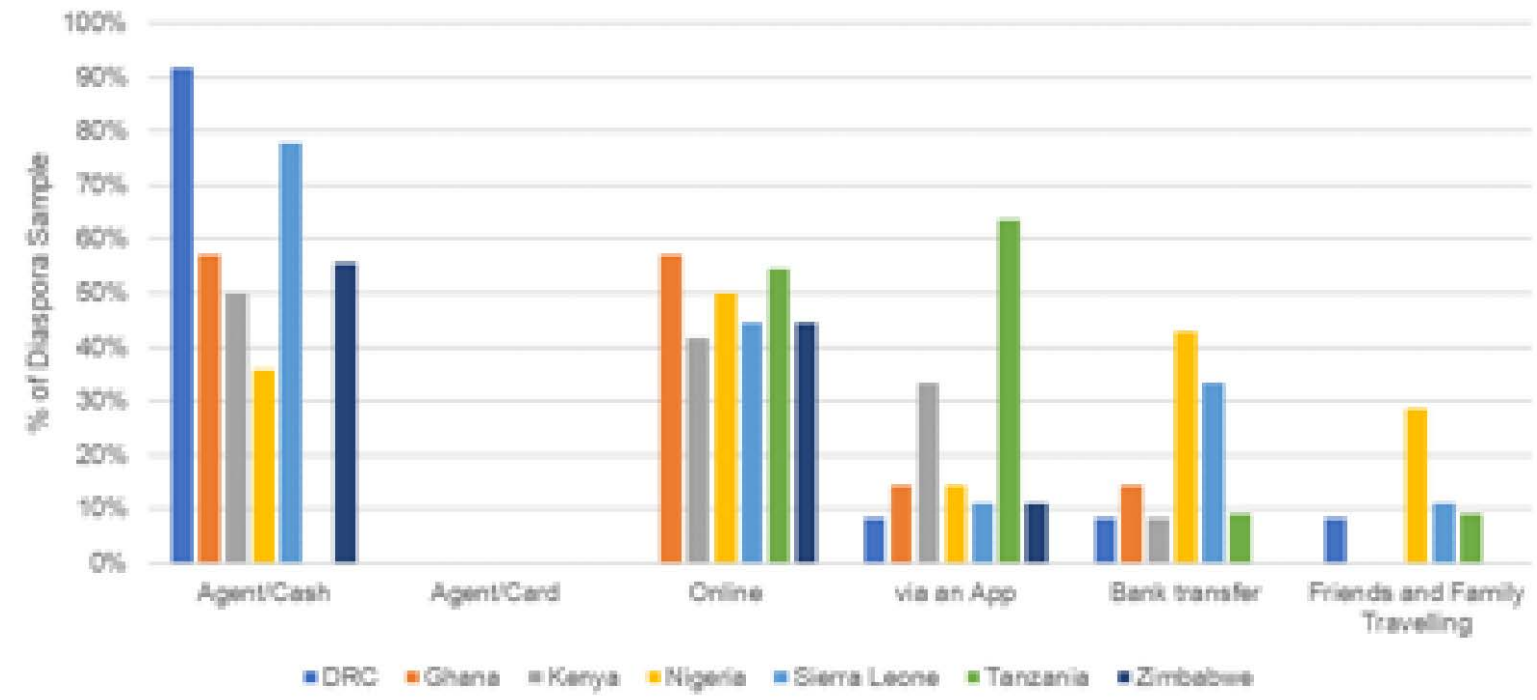
More people are using online now

Sample Results: Methods Chosen for Sending Remittances from the UK to Africa (% of total sample, n=74)



The results vary by community

Sample Results: Methods Chosen for Sending Remittances from the UK by African Diaspora Community, Jul-Aug 2017)
(% of diaspora sample, n=74)



Key findings

Not one key reason for using cash

Cash

- Strength of digital infrastructure in receive market
- MTOs not pushing online sends in cash strong remittance markets
- Visiting an agent is a habit, it is convenient
- Perception that online enrolment is cumbersome
- Better support at an agent than online
- Safer than online (cyber crime)
- Lack of awareness of options
- Age makes a difference

Digital

- Convenience
- On-the-go, out-of-hours payments
- Competitive pricing
- Digital environment in receive countries

Quotes

"When you trust them, you don't check rate...when you know, you know"

Has mobile money changed the way you send money? "Big Time...if there is an emergency I just go on my phone and send"

"With my local agent, I know the people...and I have a very good relationship, so I can go there for a quick service without over complicating"

"That's the theme, for the majority of us, what we decide here is determined by the needs of the recipient, it is not decided here".

"I tried to do it online [with Western Union] but it seemed that online was more expensive than actually seeing the agent in the shop, and the thing with online is that if you make a mistake then it will take longer to resolve the situation"

Recommendations

For government(s)

- Improve digital payment infrastructures and/or cash pay-out networks in the receive countries
- Offer UK-based MTOs support to offer and/or market an online service (providing they offer their online services at a reduced price compared with their agent/cash fees and rates).

For MTOs

- Simplify the process for registration and communicate it effectively
- Improve communication and the messaging generally
- Adopt a corridor targeted approach to marketing, getting out into the community with the right messages and actual demonstrations
- Offer more payment options to address security concerns.

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