Remittances Trends in Africa

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IMF defines remittances as "household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies. Remittances include cash and non-cash items that flow through formal channels, such as via electronic wire, or through informal channels, such as money or goods carried across borders...".
Main Trends: Remittances still larger than ODA in 2016

Remittance flows to developing countries decreased by 2.4 percent to $429 billion in 2016 but are larger than Official Development Assistance (ODA) and more stable than private capital flows.

Source: World Bank
Remittances to developing countries expected to grow

Remittances to developing countries are **expected to grow** at about 3.3 percent in 2017, to $444 billion.

Source: World Bank
Remittances in absolute figures and as a share of GDP (2015)

Figure 18. Remittance receipts, absolute and as percentage of GDP, 2016

World Development Indicators, World Bank, 2016 data

Source: Hein de Haas
Remittances as percentage of GDP for selected countries (those where its higher than 4% of GDP) in 2015

Source: World Bank
Cost of sending

- According to WB report the global average cost of sending $200 at 7.45 percent in the first quarter of 2017 higher than the SDG goal of 3 per cent.
- Higher in Sub-Saharan Africa at 9.8 per cent
- According the WB Cutting prices by at least 5 percentage points can save up to $16 billion a year.
- The Send Money Africa (SMA) data base by the AU’s African Institute for Remittances tracks cost of sending to Africa and within on quarterly basis
- Their latest estimate was for Q4 2016 (12th – 16th December 2016) at 9.05 per cent
- Challenge of lowering cost remains but promising new tools (apps) such as Xoom by PayPal are fast and cheaper
- Just yesterday new free open source software MojaLoop application was launched-developed under the Bill and Melinda Gates's Foundation Level One Project to provide interoperability between financial institutions and payment service providers
- Other numerous startups leveraging smartphone apps such as Mpesa and others have opened doors for service providers to tap into the lucrative market (SMA has lengthy glossary of different types of services)
Remittances Challenges remain

• Insufficient data quality and capacity for analysis
• Many unofficial transfers not reflected in data
• High cost of transfer persist
• Inadequate competition keeping cost high
• Inadequate regulation to increase competition for lowering costs