DIGITALLY ENABLED CROSS-BORDER REMITTANCES: KEY POLICY CONSIDERATIONS TO BREAK UPTAKE BARRIERS

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SIGNIFICANT GROWTH OPPORTUNITIES IN AFRICA

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Yet... stickiness of informal, OTC and high-cost channels within and to Africa

The system is disconnected.
AFRICA STILL OPERATES IN CASH

Remittances received (South and West Africa)

Source: World Bank, 2014
MARKET REALITIES CAUSE DISCONNECTION

- High variation in infrastructure and regulatory frameworks to support affordable national and cross-border low-value, high-volume payments
- Consumer dependency on and preference for cash-based payment services limiting the uptake of digital solutions
- High levels and increasing sophistication of informal over-distance payments, meeting consumer needs better
- Disproportionate KYC documentation required for cross-border remittance services reducing formal flows
KEY POLICY CONSIDERATIONS

Increase consumer value proposition to avoid informality
- Introduce robust interoperable identity systems
- Remove need for proof of address (FATF10)

Establish hubs/centralised mechanisms
- Open up closed-loop national and cross-border systems to increase scale and efficiency
- Establish the basis on which hubs are supervised within region/continent, e.g. territory or institution

Rationalise global administrative processes
- Rationalise balance of payment codes
- Introduce full transparency of pricing, especially forex
- Build and consolidate capacity

Fill gaps between jurisdictions
- Introduce overarching regulatory frameworks for cross-border transactions (esp. AML/CFT and institutional licensing)
- Harmonise security standards and consumer protection
- Harmonise territorial data protection
THANK YOU