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

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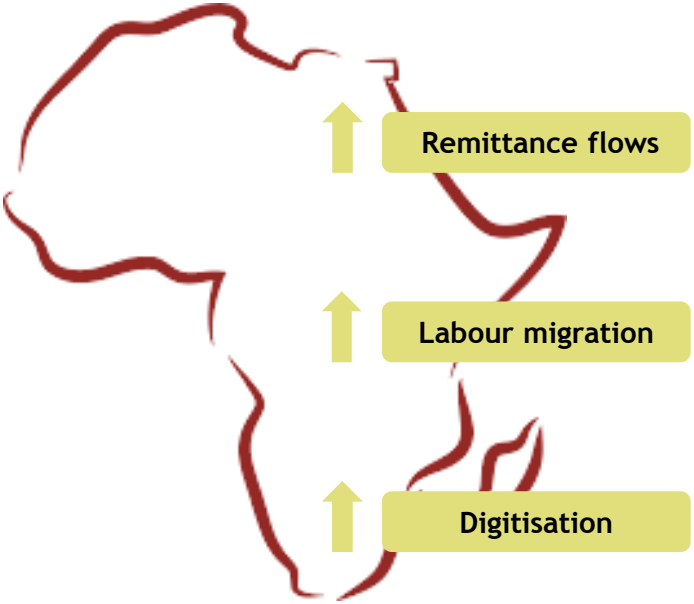
SIGNIFICANT GROWTH OPPORTUNITIES IN AFRICA



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

The system is disconnected.

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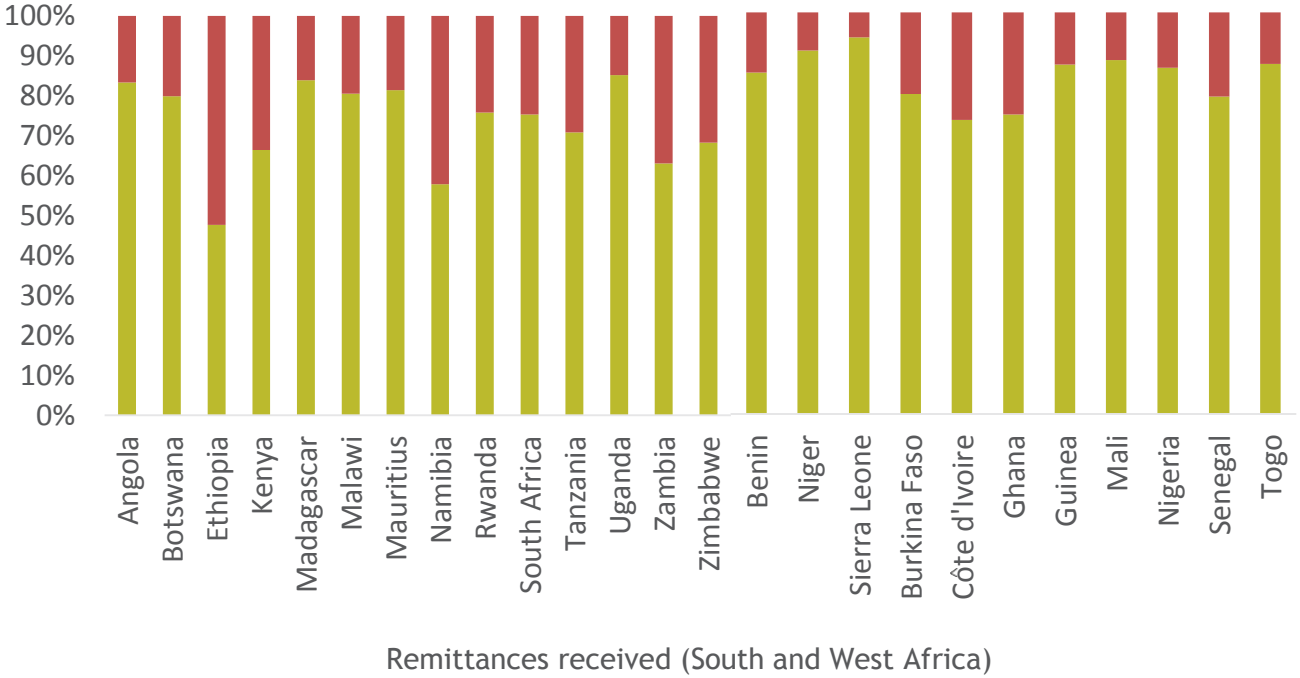
AFRICA STILL OPERATES IN CASH



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