

For-purpose remittances

What are for-purpose remittances?

Sending remittances with a particular purpose in mind. There are two types:

1. Labelling is when remittances are sent to an individual with an intended purpose attached

Example: sending your grandmother GBP100 with a note that says the money is meant to cover her visit to the doctor.

2. Labelling with enforcement is when remittances are sent directly to an institution instead of an individual.

Example: sending GBP100 directly to the doctor's office to pay for your grandmother's appointment.

Is there a potential business case for for-purpose remittances?

We wanted to understand whether labelling and/or labelling with enforcement could lead to:

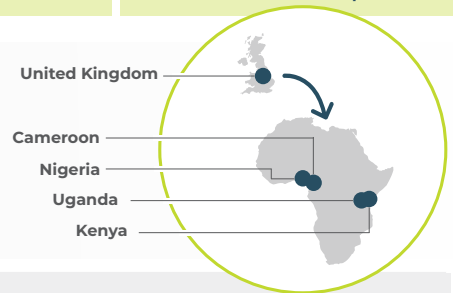
Increased formal remittance flows

Improved customer retention

Increased customer acquisition

To do this, we partnered with a digital cross-border remittance service provider.

We conducted qualitative and quantitative consumer research with remittance senders that live in the United Kingdom and send remittances to either Cameroon, Kenya, Nigeria or Uganda.



Results

1,146 respondents were surveyed

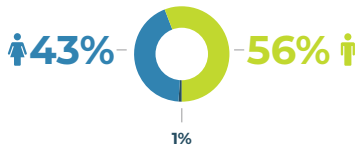


32% from Nigeria

28% from Kenya

23% from Uganda

17% from Cameroon

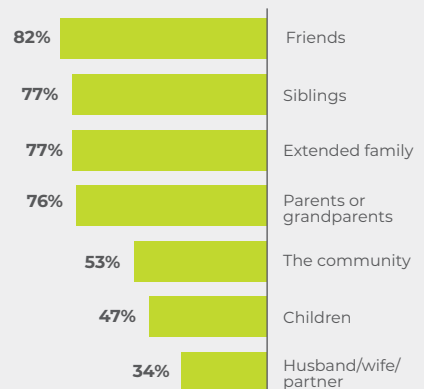


did not assign themselves to either gender

33%

of the respondents were between 35 and 44 years old.

Who senders remit to



“

“When sending money for specific tasks and things, I do label it all the time like school fees, rent, bills and food. I think it does serve as a reminder to them also when the money does come. But it is very helpful.”

Accountant,
39, male

”

“

“I think labelling is a brilliant idea as it helps with budgeting: one label for school fees or one for farming. So if I have any loose money, I will throw it into that label.”

Author,
33, female

”

“

“With labelling, it's all about who you are sending to.”

Security operative,
41, male

”

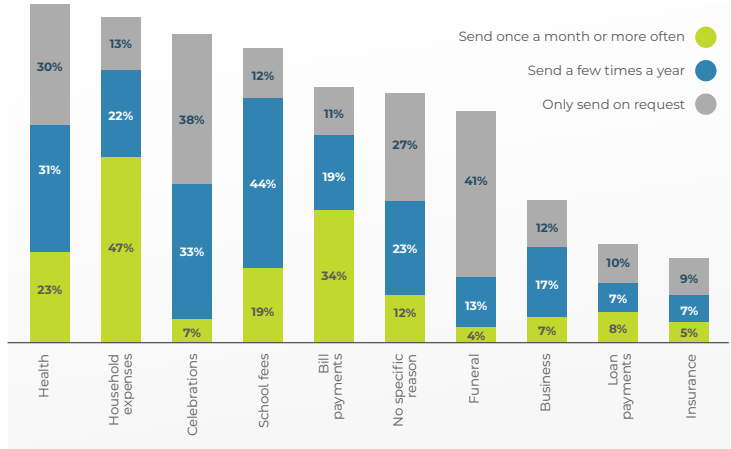
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“To be honest it's not something that I would use unless I'm sending money to a child.... but if it's just sending money to my brother, I don't think it's a feature that I would use, because it's a sign of mistrust.”

Self-employed baker,
27, female

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Sending remittances: frequency and intended purpose



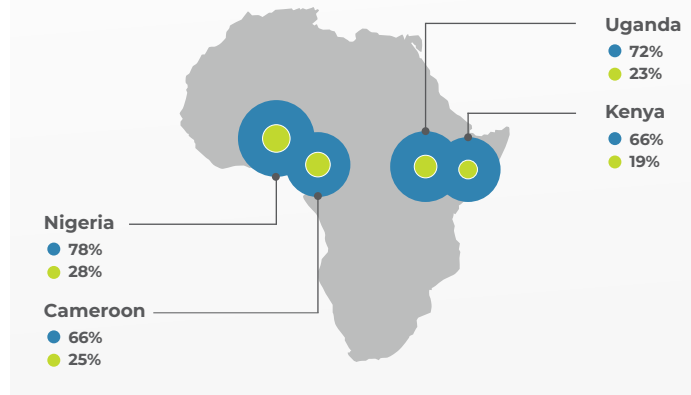
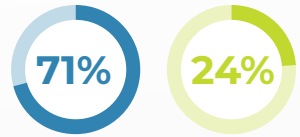
Labelling insights

Will senders make use of labelling products; and if so, will it positively impact their remittance-sending behaviour?

Key

- Sender would make use of labelling
- Sender would change their behaviour (e.g. send more money, more frequently, or send to more people)

Total average



Cultural and social norms should be kept in mind when designing such products.

The qualitative research revealed that senders might be reluctant to use remittance products with labelling features with their close family and that such products may be more appealing to senders who send to extended family members.

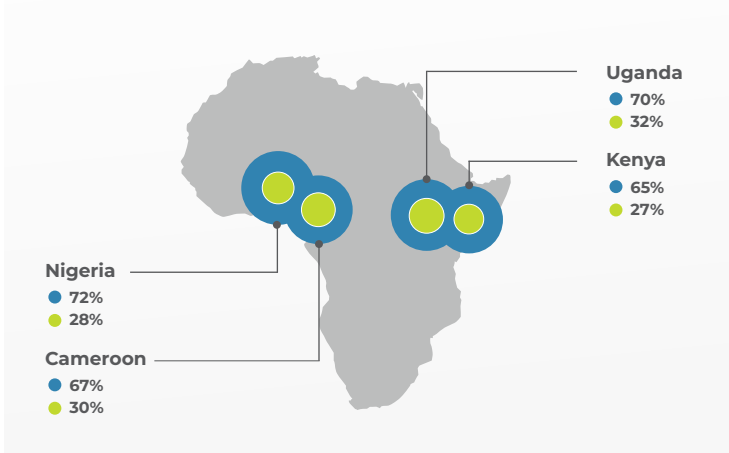
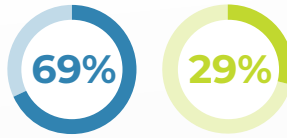
Labelling with enforcement insights

Will senders make use of labelling with enforcement products; and if so, will it positively impact their remittance-sending behaviour?

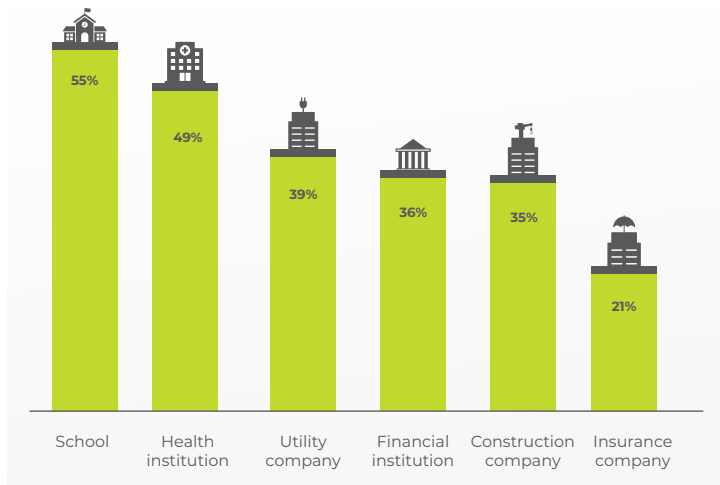
Key

- Sender would make use of labelling with enforcement
- Sender would change their behaviour (e.g. send more money, more frequently, or send to more people)

Total average



Institutions that senders would directly remit to



But caveats exist.

The qualitative research highlighted that trust in the institution that senders would be sending directly to is key. It is therefore important that remittance service providers partner with institutions that are trusted.

“

“I like the option of money going directly to the company, like for electricity. Because that is a way of guaranteeing where the money actually went.”

Nurse,
33, female

”

“

“Instead of sending money to an uncle or an aunt, I’d rather deal directly with the school, because I know a lot of people who had terrible experiences where people have used the school fee money for something else.”

Student and freelance
clothes designer,
50, female

”

“

“It [labelling with enforcement] will make me more confident about where the money is going...”

Nurse,
33, female

”

“

“Labelling [with enforcement] is a good idea. It is transparent, but there is a corrupt mindset in Uganda. If it is done in the Western world, yes but it might not work in Uganda due to the mindset.”

Security guard,
54, male

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Methodology



1

Literature review & hypotheses formation



2

In-depth qualitative interviews



3

Design, testing, refinement and rollout of quantitative online survey



4

Synthesis of findings



5

Pilot to validate the business case (the next step)

Next steps

Piloting a labelling remittance product or a labelling with enforcement remittance product will give deeper insight into the business case for for-purpose products.

Survey respondents reported that they would not only take up such products but that these products would result in them sending more money, more frequently and/or to more people.

Piloting to test whether our hypotheses are accurate is the next step in validating the business case.

Interested in piloting?

If you are interested in piloting for-purpose remittance products or if you would like to know more about our consumer survey, please email Antonia Esser at antonia@cenfri.org.



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