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

- 1% did not assign themselves to either gender

33% of the respondents were between 35 and 44 years old.

**Who senders remit to**

- 82% Friends
- 77% Siblings
- 77% Extended family
- 76% Parents or grandparents
- 53% The community
- 47% Children
- 34% Husband/wife/partner
“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

“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

“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
- 69%
- 29%

Uganda
- 70%
- 32%

Kenya
- 65%
- 27%

Nigeria
- 72%
- 28%

Cameroon
- 67%
- 30%

Institutions that senders would directly remit to

School: 55%
Health institution: 49%
Utility company: 39%
Financial institution: 36%
Construction company: 35%
Insurance company: 21%

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.
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.

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.