



EUROPEAN
MICROFINANCE
PLATFORM
NETWORKING WITH THE SOUTH

e-MFP
Action Group
on Remittances

Best Practices Guide for Microfinance Institutions Active in Remittances



Prepared by:



ACRACCS



PHB Development
towards financial inclusion

With the support of:



Enabling poor rural people
to overcome poverty



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign and European Affairs

Directorate for Development Cooperation
and Humanitarian Affairs



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OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Finance

Acknowledgements

This initiative has been made possible by the active participation and generous contributions from:

- ACEP, Senegal
- ACRA-CCS, Italy
- ADA, Luxembourg
- ADOPEM, Dominican Republic
- ASKI, Philippines
- CAMIDE, Mali
- European Microfinance Platform
- FONKOZE, Haiti
- IFAD, Italy
- PAMECAS, Senegal
- RTC Coonecta, Ecuador
- Union Financière Mutualist de Louga, Senegal



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Executive Summary

- Several microfinance institutions (MFIs) work on the development of products linked to international remittances. Challenges are encountered that impede scaling up and cross selling to MFI's existing loans and savings products.
- This guide of best practices of microfinance institutions active in remittances is based on the experience of MFIs that are well-advanced in remittance products. The best practices guide can be used by management of MFIs as self-study material or as a basis for training material for workshops or classroom courses for MFIs.
- The Annexes of this guide include detailed descriptions of the products and approaches of the MFIs active in remittances. Moreover, best practices presented throughout the guide provide concrete examples.
- This guide offers an overview of all dimensions required to be successful in remittances:
 1. Business Models and Partnerships for Remittances
 - Cash-to-cash in the remittances business is still king but through strong partnerships between Money Transfer Operators (MTOs) or banks on the sending side and microfinance institutions (MFIs) on the receiving side, remittances can be leveraged giving the senders and beneficiaries opportunities to become banked and to increase assets through saving accounts
 - There is not a one-size fits all partnership approach (e.g. single or multiple partnerships) and the MFI needs to determine what type of business partnership(s) works best for them
 - Profitability of the remittance business should be a key business driver for the MFI if it wants to succeed

Executive Summary (continued)

2. Client Needs and Products Linked to Remittances

- A good remittance linked product is quick, reliable, accessible, fairly priced, transparent and easy to use. It takes into account key customer needs at the sending and at the receiving end
- A good remittance linked product is well designed. It takes into account various dimensions (8 P's, see page 25) that together define the value proposition in the eyes of the clients
- MFIs may be well-positioned to sell a high quality remittance product, which matches particularly with the needs of their natural customer base
- In order to be successful in the remittances business, MFIs must meet a number of critical success factors

3. Marketing and Communication of Remittance Products

- Effective marketing of remittances requires a product responding to customers needs; a thorough and systematic approach; a balanced approach, by including the sending and receiving side and good cooperation with the MTO, bank or remittances platform provider at the sending side

4. MFI Operations and Remittances

- The most impacted business process is the pay-out process of the money transfer, be it for cash-to-cash or cash-to-account products
- Moreover, the client registration and account opening processes are key (especially for the cash-to-account product), and cash and liquidity management needs to be well organized
- Training of staff is key, also for remittance linked products. This includes the staff of the MFI as well as staff of the MTO (at the sending side). Training on cross-selling opportunities as well as clear Key Performance Indicators (KPIs) and incentives are crucial to promote, especially the cash-to-account product

Executive Summary (continued)

5. IT Systems for Remittances

- There are many Money Transfer System (MTS) options on the market and available to MFIs. Deciding which one to use should depend on (i) their business model (just cash-to-cash or do they want to offer automated deposits to account for example); (ii) growth prospects (if they have many partners, they need to teach their staff how to use many systems and reconcile with them independently); and (iii) both human and financial resources that can be available for the remittance business
- To successfully offer remittances, the system itself is not enough. Staff training also on the IT applications is indispensable, as it is a feedback channel for staff to make functionality requests to improve the MTS system

6. Regulation of Remittances

- MFIs are not allowed to pay out remittances in all countries, so before deciding to offer remittance services, MFIs should research what regulations apply to them and what services they are allowed to offer
- Anti-Money-Laundering (AML) and Know-Your-Client (KYC) regulations are an inherent part of the remittances business. They are becoming more strict and the remittances approach that the MFI chooses needs to confirm with these regulations

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Background

Several microfinance institutions (MFIs) work on the development of products linked to international remittances. Initial results and experiences are materializing from these projects. This includes challenges encountered that can impede scaling up and prevent the generation of high volumes of remittances and the possibility of cross selling to MFIs' existing loans and savings products. This makes it difficult to develop a financially sustainable business line and results in less impact on financial inclusion than envisaged.

The European Microfinance Platform (e-MFP) Remittances Action Group sees microfinance institutions as relevant channels to deliver more adapted financial products, particularly when remittances can be linked to savings or loan products. The Action Group aims to build knowledge and disseminate best practices on remittances and microfinance.

To this end, the Action Group initiated a workshop with MFIs that are well-advanced or in the process of developing remittance products. In the workshop, the MFIs exchanged experiences and learned from each other. Based on this knowledge exchange this guide of best practices of microfinance institutions active in remittances was prepared.

Special focus in the workshop was on:

- **Awareness creation:**
What are client needs and the opportunities for products and services linked to remittances; What are the minimum requirements to become active in remittances.
- **Practical support:**
How to improve remittances products and seamless remittance operations;
How to build a viable business.

How to use this document

The targeted audience for this Best Practices Guide is microfinance institutions and their technical and financial support partners.

The document can be used as:

- Self-study material for managers of microfinance institutions for:
 - Those who want to introduce remittances products
 - Those who want to improve and expand their current remittances business
 - Those who want to link their remittances business to their other products such as savings and credits
- Basis for training material for workshops or classroom courses for MFIs, with the objective of strengthening the MFI's remittance business

The document provides a systematic overview of all dimensions that must be taken into account in order to become successful in remittances, namely:

- Business Models and Partnerships for Remittances
- Client Needs and Products Linked to Remittances
- Marketing and Communication of Remittance Products
- MFI Operations and Remittances
- IT Systems for Remittances
- Regulation of Remittances

Definition of Remittances and main related products

Remittances are:

- Private cross-border money transfers from migrant workers to their countries of origin, including all formal and informal (e.g. non-registered) transfers (World Bank definition)

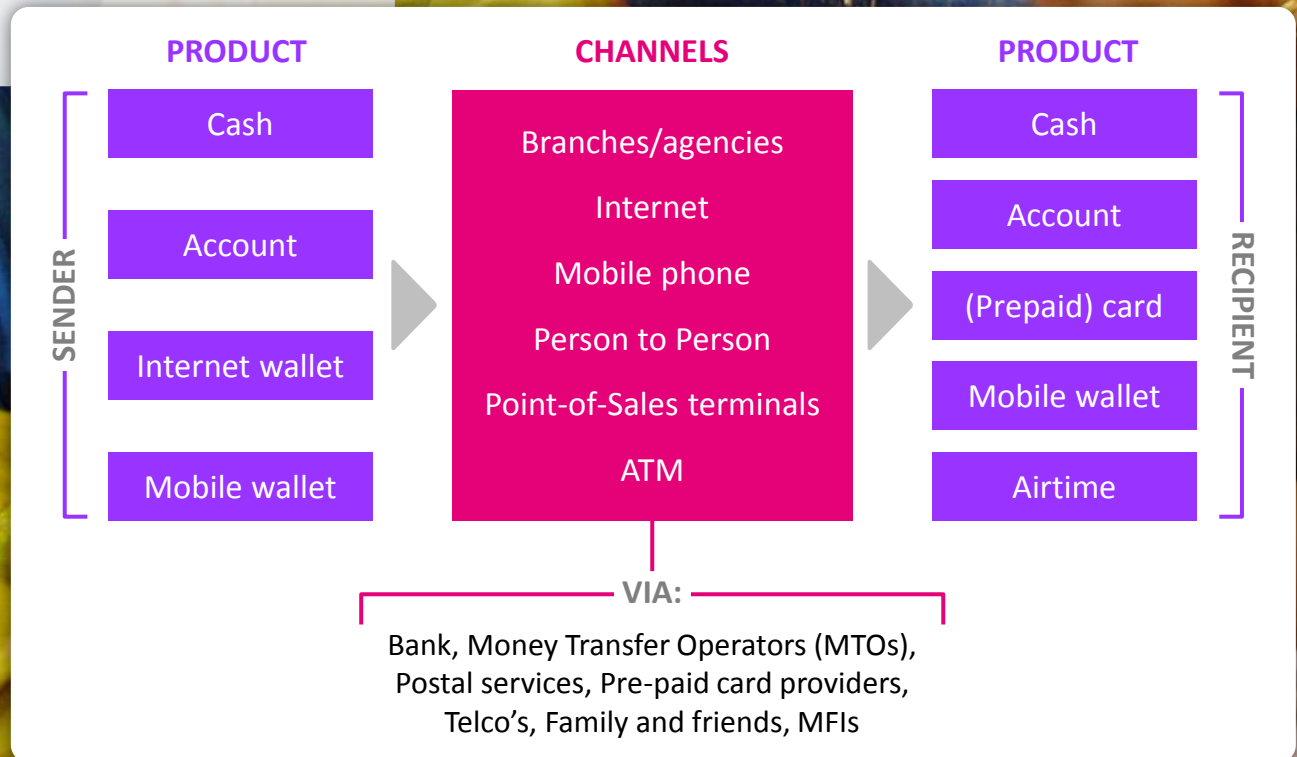
In other words:

- Remittances cover all (i.e. formal and informal) transfers of money by all persons with a migrant background to their country of origin, whether these persons are naturalised or not, have jobs with social security or not, or are temporarily or permanently resident in their destination country (GIZ definition)
- In 2012, roughly US\$ 401 billion sent to developing countries by migrants around the world were officially recorded as remittances, which represents an increase of 5.3% over the previous year (source: World Bank)

Remittances: Channels and stakeholders

Cash-to-cash is still the main remittance product (80-90%). Slowly, other products and channels are gaining ground, such as (more details in chapter 3):

- Cash-to-account/Card/Mobile
- Account-to-account
- Account-to-cash/Card/Mobile



The predominant trends for MFIs offering Remittances

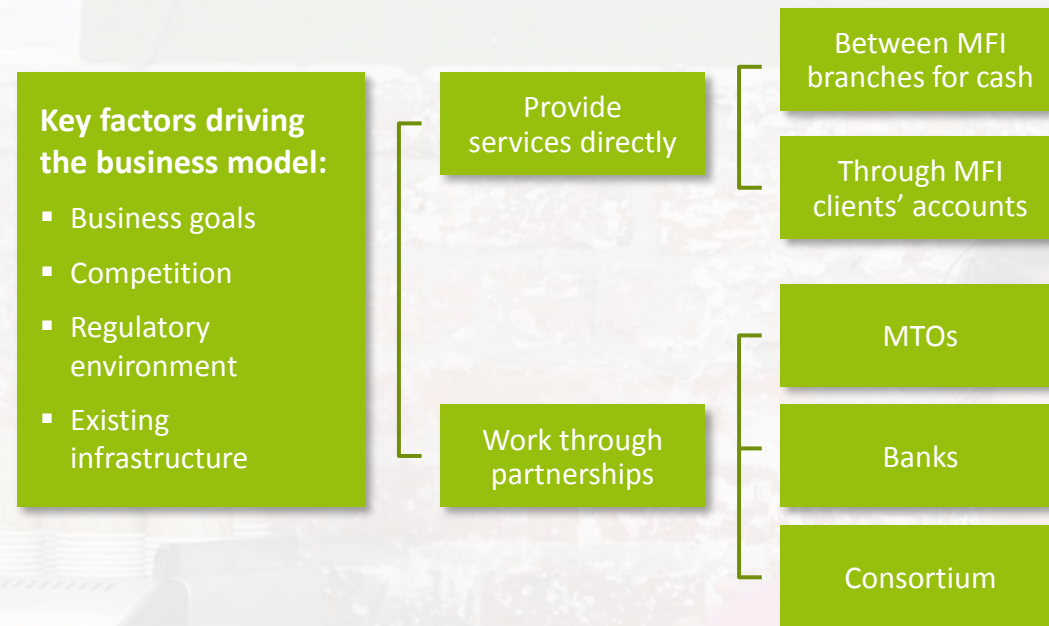
- Most, if not all, MFIs involved in remittances offer cash pay-out. Of those that offer deposit to account, most do so manually and very few are offering alternative products such as payments to mobile wallets
- Example of some MFIs (for more details refer to Annexes of MFI cases and the best practices presented throughout this document):

MFI	Country	Start (year) remittances	Products		
			Cash-to-cash	Cash-to-account	Cash-to-mobile
ACEP	Senegal		X	X	
ADOPEM	Dominican Republic	2007	X	X	
CAMIDE	Mali	2012	X	X	
Fonkoze	Haiti		X	X	X
Pamecas	Senegal	2005	X	X	
Union Financière Mutualiste de Louga	Senegal	2009	X	X	

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Business models and partnerships



These options are not mutually exclusive, an MFI could:

- Offer money transfers between accounts of its customers (so domestic money transfers)
- Become a payer for a MTO for international transfers (as an agent or as an independent financial institution)
- Establish a correspondent relationship with a bank for higher value, higher reliability international transfers
- Also form alliances with similar institutions to enhance their negotiating leverage with specialized MTOs

Box 2.1 ADOPEM's business model

- ADOPEM in the Dominican Republic (DR) became a remittance agent for Remesas Dominicanas (RED) in 2006
- RED, the remittance affiliate for the Dominican Bank BHD, has negotiated with over 10 money transfer companies directly. This allows ADOPEM to profit from the network coverage that RED has created (especially strong in USA and Spain)
- RED has 18% of the remittance market in the DR, which gives it a stronger negotiating position vis-à-vis the MTOs than ADOPEM on its own; ADOPEM makes up for 1% of RED's market with US\$ 33.7M disbursed up to 31/08/13
- ADOPEM uses RED's system and therefore has not had to invest in IT

Source: ADOPEM 2013

Single partnerships – The example of CAMIDE

- The main trade-off when choosing a partner for money transfer is between price and volume. While a smaller company may provide a higher commission to its agents, it may not generate sufficient volume to cover the MFI's investment and PROFITABILITY is key to a successful business model
- MFIs might consider single partnerships:
 - As a market entry strategy, to build volume and gain experience and future negotiation space
 - To develop a specific approach and services (for example linking with diaspora organizations)
- MFIs must consider the differences between partnering with a small MTO or a large MTO:

Box 2.2 CAMIDE's Single Partnership model with a small MTO

- CAMIDE (an MFI in Mali) started offering remittances in 2012 through a direct relationship with Banque d'Escomptes (BDE), a French bank that started a small MTO
- Remittance products: cash-to-cash and cash-to-account
- Remittance linked financial products: housing credits for migrants

Single Partnership with a large MTO

Advantages

Less marketing

Simplicity/Turn key package

Quick entry to a new market

Disadvantages

Frequently exclusivity

More competition between agents

Relies on partner's strength at sending side

Little room for negotiation and customization

Advantages

More influence on product and fees and flexibility for customization

Direct access to BDE's system through a link created for CAMIDE. This allows for real time money transfer and no IT investment

Disadvantages

More local marketing to do

Slower start (200 transfers worth € 0.3M in Sept. 2013) although this allows time to test the relationship

Source: CAMIDE 2013

Multiple partnerships – The example of Pamecas

Multiple partnerships are more effective in case an MFI:

- Already has gained experience in the remittance business
- Has a strong negotiating position from brand reputation and network coverage

Box 2.3 Pamecas' Partnership Model

- Pamecas started offering remittances in 2005 and has wide national coverage with 80 branches
- Pamecas has 5 active remittance partners: MoneyGram, Money Express, RIA, Western Union and Choice Money Transfer
- It's most important corridors are Italy/Spain/Gabon/USA – Senegal
- Remittance products: Cash-to-cash and cash-to-account
- Remittance linked financial products: Special savings accounts and credits for migrants and their families
- Their multiple partnership model has clear advantages and disadvantages:

Advantages

- Better access to the market in sending countries
- Chance to diversify operations among partners, customizing products with some of them
- More transaction volume = increased revenue

Disadvantages

- Increased management attention, especially for the customized products
- Requires strong staff training for the different systems and products (time consuming)
- More volume is creating liquidity problems at the agent level (US\$ 27M paid in 2012)

Source: Pamecas 2013

Negotiating partnerships: The two sides of the table

- The larger the MTO, the harder the negotiation; they have an established network and want to dictate the relationship terms
- Small MTOs generally are more eager to sign new partnerships to expand their network rapidly and therefore are more willing to negotiate commissions, settlement terms and other contractual aspects
- The larger the MFI, the more negotiation leverage for terms and conditions

The MTO wants to expand its payment network and looks for:

- Good and extended agent network
- **Lowest commissions possible**
- **Post-payment settlement**
- Secure, fully-licensed operations
- Good IT infrastructure: real time payment
- Demonstrated financial performance
- Large client base
- Client-friendly staff and a call centre
- Trust and transparency



The MFI wants to develop a new line of business and looks for:

- Good and extended agent network
- **Highest commissions possible**
- **Pre-payment settlement**
- Secure, fully-licensed operations
- IT and marketing support
- Demonstrated financial performance
- Existing volume of transactions
- Strong brand reputation
- Trust and transparency

Conclusions

Cash-to-cash is still king but through strong partnerships between MTOs or banks on the sending side and microfinance institutions (MFIs) on the receiving side, remittances can be leveraged for productive investments giving the senders and beneficiaries (i) opportunities to become banked; (ii) build a financial relationship between the sender and or receiver and the MFI; (iii) increased savings through saving accounts with interest-earning potential; and (iv) use of the saving accrued and sending history as collateral for microloans.

There is not a one-size fits all in the remittance business and the MFI needs to think what type of business partnership(s) works best for them taking into account their business goals, regulatory environment, remittance experience, IT infrastructure, human resources, etc.

Profitability must be a key business driver, therefore, the MFI should make sure that its selected partner offers a quick, safe and competitively priced service that will be attractive to the remitter.

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Key client needs to address with Remittances

A good product has to be attractive and to offer 'value' for the client. This is analysed by first focusing on the client needs. Subsequently, in the product design, this should be taken into account to make sure the product offers relevant benefits.

For remittances, there are different needs at the sending and the receiving end:

Sender:

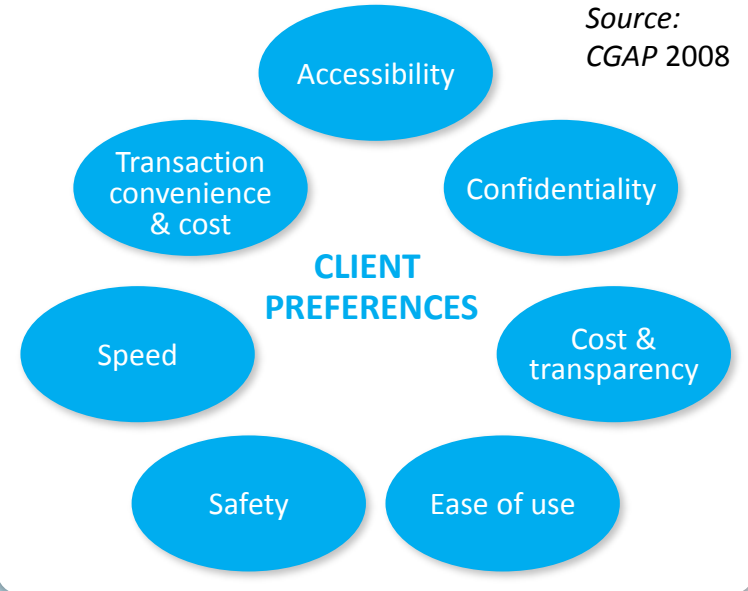
- Speed of transfer
- Security/trust
- Price (transparency in price, all-inclusive fee)
- Easy access to cash-in location
- Ease of use (not too much paperwork!)
- Control over who receives the money and how it is spent

Receiver:

- Easy access to the cash-out location (proximity, no waiting in line)
- Ease of use (not too much paperwork!)
- Cash available in the pay-out location and a preference to receive the money transfer in cash
- Confidentiality
- Main use is for family expenses, health and education

Clients are price sensitive but reliability and security seem even more important. This may explain why certain expensive MT services continue to be successful even though competition is increasing.

Source:
CGAP 2008



Market studies are key to understand client needs

A market study provides insight on the profile and needs of the clients. These should be taken into account when developing the remittance linked products in order to offer an attractive product with 'value' to the client, for example by adapting product features (such as transferring to accounts for family members) or marketing & communication (via SMS or Internet or taking into account education level).

Pamecas conducted a market research among Senegalese migrants in Spain that provided a lot of information (see Box 3.1). The results were used to adapt some features and operational processes of the products offered to migrants.

Market research can be done via marketing agencies or consultants or by the MFI's own market research team. Research techniques to use are:

- Focus group discussions
- Individual structured interviews

Migrant associations or well embedded migrants can help in organizing or carrying out this research.

Box 3.1

Market research of Senegalese migrants in Spain

Social economic profile:

- Many are without a job (23%) or in the ambulant trade (29%)
- Moderate level of education (49% only primary school or less)
- High level of bancarisation (89% have an account in Spain, 50% in Senegal)

Habits:

- Almost all remit money, on average € 100-300 per transfer
- They mostly (91%) use MTOs because of their competitive, quick, reliable and easy services

Aspirations and emotions:

- Strong relationship between the migrant and their family (average 9 dependents)
- They want to return to Senegal to live there (94%)
- They want to save for a 'house', a 'project' (45% have a savings account)

Source: Pamecas 2013

Market studies are key to understand client needs

Box 3.2 Research amongst African migrants in 10 EU countries

What services do you wish you had for sending money?



Source: Maastricht University, 2010

Risks in product design

Clients have many wishes! You cannot respond to everything, it is key to **select the most important needs**.

Clients have **culturally or historically rooted preferences** that may not be so easy to change.

- *Sometimes the receiver is not the “right person”, e.g. because s/he does not spend the money wisely. Remittance behaviour can be influenced via education & training of senders (financial education & entrepreneurship) but it may be hard to influence the sender on who the receiver should be*
- *It can be difficult to make clients (sender or receivers) save on an account; there is a preference for cash and high pressure to spend on family needs. However, special treatment of savers compared to cash-out payments may help, such as people with accounts have a special line or pay a lower money transfer fee*

Clients **need to be well informed about the benefits particularly for new types of products**. Otherwise the products may not be in high demand.

- *RTC Ecuador offered a body repatriation insurance in the remittance service to respond to a key preoccupation of migrants of what happens to their body if they died in the USA. This was not sold as a separate product but was included. However, after some years and many transfers, no claim was made while it was certain that people had died. It turned out that clients were not aware they were entitled to this extra service. RTC is currently reconsidering its strategy on the insurance product.*

Proximity is important at the **sending side** as well. **Cooperating with a party without full coverage of the territory** can create problems. MFIs & MNOs need to cooperate on this and have strong communication. They can e.g. identify the sending agents and point out to migrants where they are located.

Products and services linked to Remittances

The MFI is an agent for cash-out (cash-to-cash)

For many MFIs this is the first and only service they offer linked to remittances.

■ **The money transfer is linked to a savings account (cash-to-account)**

1. Migrant can open an account with the MFI and deposit money
2. Migrant can send the money to someone else's account at the MFI (e.g. a family member)

It should be noted that some MFIs who offer this product have not yet made the deposit on the account automatic. This implies that the receiver first has to cash out the transfer and then has to deposit it on the account.

A special variety can be a remittance from/to a collective account or from collective savings.

■ **The money transfer is linked to a credit repayment**

1. Migrant or family member deposits to a savings account which has an "automated payment" (or direct debit or standing order) to the loan account (case of ADOPEM, Pamecas, RTC). This is the most common form.
2. Money transfer to the bank account of the MFI, and the transfer is earmarked for the repayment of a specific loan (case of ASKI).

The main difficulty is that the migrant has to be present at the MFI to obtain the loan (for example with Pamecas).

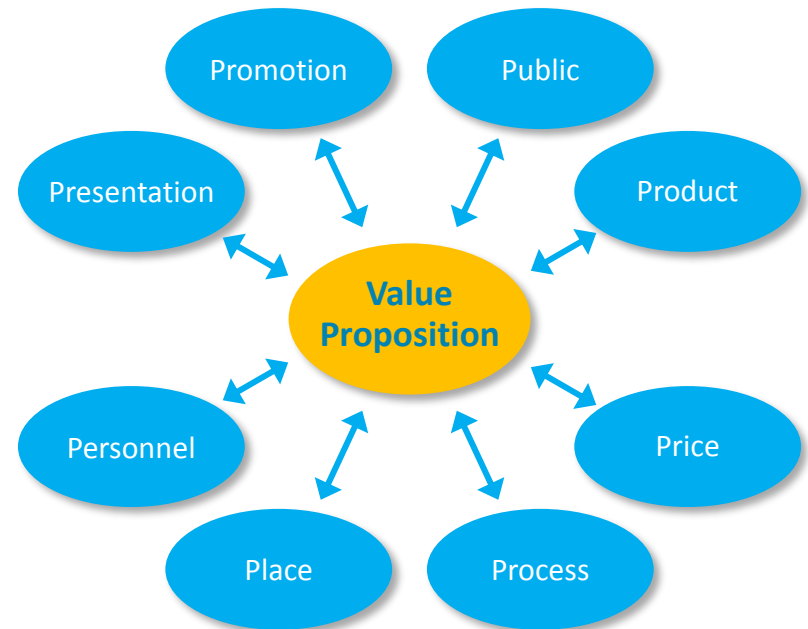
■ **The money transfer is linked to an insurance product**

Some examples were found (life insurance, burial insurance). But this is not a common product and difficult to sell.

The 8 P's of product design: A good product offers value

The 8 P's methodology is a systematic way to assess and design all dimensions of a product:

- **Public:** the target market, which is a homogeneous group, identifiable, accessible and of sufficient size. What is the value proposition for this group? Is there a gap between the current supply and the needs of the target market?
- **Product:** all features and product attributes, benefits, name of the products. What are the real benefits for customers, actual and perceived?
- **Price:** pricing instruments such as interest rates, minimum balance fees, commissions, etc.
- **Process:** business process to perform a specified activity, in a standardized way that can be reproduced
- **Place:** the place and the channel through which the customer gets the product (delivery channels and outlets)
- **People:** human resources that are involved, training, etc.
- **Presentation:** packaging of products (physical items such as brochures, forms)
- **Promotion:** advertising and marketing campaigns to attract the attention of the target market about the products and to promote sales



Products and services linked to Remittances

Box 3.3 Best Practice: 'Compte Courante Migrant' of Pamecas

Pamecas' core product is a current account for the migrant that is remunerated

- **Public:** the target group are migrants in Italy, Spain, USA and Gabon
- **Product:** a current account (compte courant migrante) that gains interest and with no limit on withdrawals. In addition, a beneficiary (e.g. family member) can open a normal Pamecas account (compte prevoyance). The migrant can transfer money to both accounts
- A term deposit (linked to specific savings goals such as a house) and credits are secondary products, which means that they are not promoted in first instance
- **Price** (June 2013): account opening fee €20 (of which € 10 is the account holder's share in Pamecas; interest rate 2.5%; withdrawals and deposits for free; money transfer fee is the normal fee of the Partner MTOs (RIA/Choice Money Transfer)
- **Process:** the money is deposited on the account within 24 hours. It still involves manual processing in the back-office of Pamecas, but the objective is to automate this. The MTO cooperates with Pamecas to facilitate the automation
- **Place:** the account can be opened through Pamecas' representatives in Spain, Italy, USA. It is being considered to what extent agents of the MTOs (at the sending side) can assist in opening accounts. The money transfers are sent by the RIA and CMT agents. At the receiving end, Pamecas' branches are the delivery channel
- **Personnel:** staff in Senegal is being trained about the product so they can promote it with people receiving remittances
- **Presentation:** a new design for the brochures and posters is being worked on
- **Promotion:** a migrant can open 2 accounts at the same time (one for the migrant and one for the family member) with a discount on account opening fee



Source: Pamecas 2013

Critical success factors

The external environment:
client needs and the pay-out-network

- Cash-in and cash-out network (from first to last mile)
- Good partnership with MTO

The internal aspects: **MFI and its capability to introduce and properly serve a remittance product**

- Liquidity & cash management
- Smooth business process (operations)
- (Product) management and promotion
- Make the MFI staff aware of the benefits of the products (both for clients as well as for the institution, which can have more savings balances if direct cash-out is prevented). Only then, can they sell it to the clients and withstand the, in some cases, fierce competition

Pre-conditions:

- Management must support the remittances products and believe in their viability
- Connectivity of the MFI to the payment system and internet (or as sub-optimal alternative a phone)
- Computerisation at head office & branch levels
- No regulatory barriers (sending & receiving side)

Conclusions

A good remittance linked product is quick, reliable, accessible, fairly priced, transparent and easy to use. It takes into account key customer needs at the sending and at the receiving end.

A good remittance linked product is well designed. It takes into account various dimensions (8 P's) that together define the value proposition in the eyes of the clients.

MFIs may be well-positioned to sell a high quality remittance product, which matches especially with the needs of their natural customer base (less well-off, rural, etc.).

In order to be successful they must meet the critical success factors.

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Marketing and communication

Marketing & Communication are:

- Messages and related media used to communicate with a market to promote a product
- The “Promotion” part of the “8 P’s methodology”

What mistakes can be observed in this area?

- Printed posters or brochures are piling up in an office somewhere
- Product is advertised using the wrong pictures or wrong words
- Product is advertised in the wrong media
- Product is advertised but staff does not know about it
- Product is advertised, but it is not available in the shop
- Product is advertised, but many things go wrong (it is still in pilot phase)

Specific challenges encountered are:

- Money transfer product and agents all look the same!
- How to influence the sender to choose one MTO over another?
- How to target the right clients?
- Financial literacy of clients can be limited, hampering them from making a well-informed choice on other products (such as savings account)
- The link between sending and receiving sides must work well, especially for cash-to-account products



Marketing and communication

Effective marketing of remittances requires:

- A product responding to customers needs (see chapter 1)
- A thorough and systematic approach
- A balanced approach, by including the sending and receiving side
- A good cooperation with the MTO or platform; on the sending side the MFI depends on the MTO, thus the MFI cannot control it all



The competitive factors (Unique Selling Points, USPs) must be communicated well
→ the right product and the right message to the right persons

Act according to your market position
So when you're small (in budget), be smart!

- Focus
- Use client survey input – use words that your clients use!
- Don't do the same as others; be distinctive
- Use in-store communication (at the MTO agent and in your branches)
- Co-market with the MTO (take advantage of its network and reputation)
- Test first (do small-scale pilot)
- Use cross selling opportunities: remind loan and savings clients of the remittance product on offer and show remittance receivers your savings and loan products

A systematic approach: Communication briefing

Use a Communication briefing to describe your marketing campaign. This briefing is also what marketing companies need (in case you wish to outsource it). Typical elements are:

1. Target customers – know them
(= who is target group?)
 - At sending side
 - At receiving side
2. Communication objectives
 - Change of knowledge
 - Change of attitude
 - Change of behaviour
3. Core message/proposition
 - Relevant for the target customers
 - Be different!
4. Communication means and channels to use
5. Timing requirements
 - Start date
 - Duration and strategy

BRIEFING MARKETING COMMUNICATION & MEDIA PLAN	
A. BRIEFING	
<ul style="list-style-type: none"> • Product/service/action/campaign: • Product manager: • Communication & Media manager: • Product/service/action launch date: 	
Background	
External Target Audience	
Internal Target Audience	
Communication Objectives	
Core messages/Proposition	
Product/Service/Action description	
Competition	
Available budget	
Mandatory/Constraints	
Timing requirements	
Sign off responsible manager:	
B. MEDIA PLAN REQUIREMENTS	
1. Audio-visual media a. TV <ul style="list-style-type: none"> • Loose spots • Block time • Special package 	
b. Radio	
c. Radio and TV sponsoring	
d. Cinema	
e. Internet <ul style="list-style-type: none"> • BSP home page • BSP Internetbank: • Banner • Button • Search engine • Others 	
2. Print a. Newspapers <ul style="list-style-type: none"> • Nation wide • Local • Others 	
b. Magazines & Tabloids <ul style="list-style-type: none"> • News • Business • Male • Female • Others 	
c. Special Publications <ul style="list-style-type: none"> • Bulletin • Magazine • News letter • Others 	

The example of Fonkoze

Box 4.1 How Fonkoze promotes remittance products

Target customers:

- Haitians in USA (NY, Miami, Boston, Atlanta, Chicago)

Communication objectives:

- Inform the Diaspora of Fonkoze Transfer Services, 46 point of services (map) and partnerships with CAM and MoneyGram
- Educate on transfer cost and different options available
- Get Haitian hometown associations to know about collective remittance options and services (savings, term deposits, payroll services, Zafen.org and remittance for business pilot) →

Core message:

With it's 46 branches, Fonkoze is your partner when it comes to money transfer in rural Haiti

Communication means and channels used:

- Social media (Facebook and Twitter). These are effective to reach younger populations; young and mid-career professionals are intrigued by “remittance for business” and Zafen.org → message that attracts attention
- Grass root communication through hometown associations in the USA: planned roadshow visits and video conferences aligned with the calendar of migrant association events. This was effective: migrant organizations seem small but have a wide radius of coverage. Also they are less expensive for building relationships
- Participated on diaspora radio shows (Internet and local) – get free interviews to talk about remittances, economic development, rural Haiti
- Participated on different blogs
- Diaspora sections on Fonkoze website (until Autumn 2013 – new site will be redone in 2014)

In Haiti:

- Rented internet café to facilitate “free calls days” for remitters to tell them about Fonkoze services
- Signs outside of each branches of partners (CAM, MoneyGram)

Timing:

- Various campaigns that ranged from 1 month to 3 months

The example of ADOPEM

Box 4.2 How ADOPEM promotes financial literacy for remittance recipients

Target customers:

- Dominicans receiving remittances and not economically active

Communication objectives:

- The objective of ADOPEM was to improve knowledge - primarily through financial education linked to remittances and secondly entrepreneurship

Core message:

*Money Transfers: Receive them with ADOPEM!
(¡Remesas, recíbelas por ADOPEM!)*



Communication means and channels used:

The communication channels used to promote the remittances products were:

- The ADOPEM branches (the client service officers who attend the clients in the branches)
- The ADOPEM sales force who visit clients in the streets on a daily basis (they promote the product)
- The Social networks (Facebook, Twitter, Instagram)

To interested clients, ADOPEM offers workshops on Financial Education and Entrepreneurship. This supports clients in better management and use of the money they receive from their relatives (for example more for savings or for a productive use, less for direct consumption).

Timing:

- Ongoing, leaflets are still available at the branches

Source: ADOPEM 2013

Other examples and ideas

Offer free remittances (first transfer, or one transfer out of every five around Christmas, etc.).

Remittance linked savings accounts to be remunerated with interest.

Two account openings for the price of one registration fee (e.g. for the migrant and the family member).

Lottery: cash-to-account remittance receivers to participate in the lottery, special draws in festive season, for example a turkey for Christmas, a sheep for Eid al-Fitr, etc.

Road shows/events at branches where many people receive remittances to promote accounts for recipients or migrants.

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Business processes impacted by Remittances

- A business process = a set of activities and tasks that produce a specific service, product or other result. It can be replicated
- It can be visualized with a flowchart as a sequence of activities with decision points

■ Front office processes:

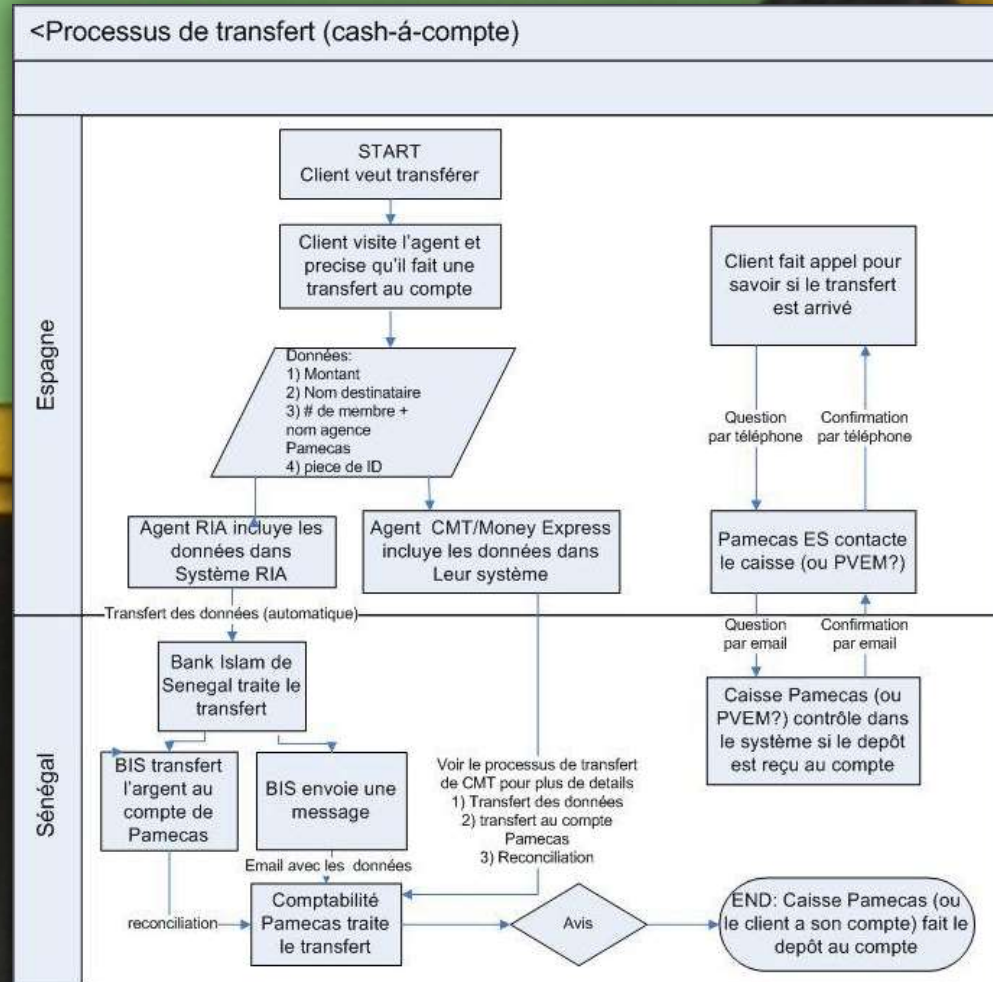
- Pay-out process (of a money transfer)
- Client complaint handling

For cash-to-account also:

- Client registration and account opening
- Loan application and disbursement
- Loan repayment process

■ Back office processes:

- Reconciliation with the MTO
- Cash replenishment of branches
- Compliance reporting for transactions (KYC, AML)*



Source: Pamecas 2013

Most impacted business process is the pay-out process

Pay-out process (cash-to-cash)

- IT system needs to be adapted and to include the application to support the front-office for the pay-out process
- Tellers have to be informed and trained, especially when they are not so computer savvy
- Anti-Money-Laundering (AML) rules have to be applied. In case one person sends or receives large amounts on behalf of a group, the amount may be higher than AML limits. This has to be tracked and reported. *In the case of CAMIDE, this happened and alerted the central bank. CAMIDE had to explain it and they received a waiver*
- For the pay-out of remittances, an ID must be shown. In some countries there is a problem with many false IDs in circulation. A solution can be to request for two or more IDs to double check

Pay-out process (cash-to-account)

- To streamline the deposit into the account, the money transfers need to be automatically fed into the management information system (MIS) or core bank system of the MFI. This integration is complex and most MFIs have not yet found a solution. Instead, the client first cashes-out and then deposits into the account. Pamecas is the only exception to this
- Reconciliation with the MTO
- Need to organize the reconciliation with MTOs and local bank partners who cooperate, in terms of the commissions

Client registration and account opening process

Based on the cash-to-account product, the following aspects must be defined:

How the client can open a deposit account (or loan)?

- What are the ID requirements, forms?
- Is it an account only for the migrant and/or for a family member?
- How to ensure a fast registration process?
- How to ensure that a client makes an immediate transfer after the account has been opened?

Best Practice: CAMIDE and BDE in France facilitated the cash-to-account process. For the first money transfer, the systems accepts number 0.0 for the client opening the account in France. Subsequently, the account number is attached to the account in France and the remittance is received in Mali.

Where can the client open the account?

- Receiving side: at MFI branches and maybe also at MFI agents in the country?
- Sending side: at the MTO agent? At an MFI representative or MFI agent?
- In the latter case, the central bank rules in the sending country must be respected (for account opening, for persons entitled to sell the accounts, etc.)

Keep in mind that migrants are used to the financial services in their destination countries (such as ATMs, internet banking, telephone banking).

Pay-out process – Liquidity or cash management

This process is particularly relevant for the pay-out of cash-to-cash remittances and it is a critical success factor. If an MFI does not have money available for pay-out, it negatively impacts on the perception of the MFI's reliability and it is unlikely that a receiver will return next time.

Liquidity monitoring and planning process is thus required:

- Branches monitor cash-levels on a daily basis
- Define business rules (e.g.: start the day with 1.5x cash needed yesterday)
- Plan for peak periods of pay-out (Christmas, Eid al-Fitr, Easter)

Best Practice:

In response to observations, CAMIDE plans and monitors more cash availability before the weekend or holidays.

A liquidity delivery process:

- Is there an existing MFI process for cash replenishment?
- Is it fast enough in case of an emergency need for cash?

Best Practices:

- After the Haiti earthquake, Fonkoze developed an emergency plan for all branches that needed to receive cash from other parts of the country*
- Pamecas allows banks to receive advances from the MTOs, in exchange for a credit line with a local bank*

Liquidity Management Form				
Agent Code: <input type="text"/>			Month: <input type="text"/>	
Date	Daily Cash In	Daily Cash Out	1,5x Float Rule (Cash In)	1,5x Float Rule (Cash Out)

Staff and training needs for Remittances

Training of staff is key for remittance linked products:

- For money transfer (cash-to-cash or cash-to-account) as a new product
- For adaptation of an existing product (especially cash-to-account)
- For cross-selling opportunities that should be identified

It can not only be handled by the MTO, the MFI has to take an active role:

- Organizing training for its staff to explain the features and the benefits of the new product for the clients
- Providing support materials for staff, such as the product manual, brochures or leaflets and lists of FAQ* or scripts

It must be considered:

- If changes in the organization chart are needed for the new product
- If extra staff needs to be recruited
- If new job description(s) are required

*FAQ = Frequently Asked Questions

Remittances products and staff incentives

Training at the sending and the receiving side is often required:

- MFI staff, but also for MTO staff
- Especially for products such as cash-to-account
- MFI has to contribute to the training of MTO staff (brochures/other information about the MFI)

Involvement of the other MFI staff:

- Not only the tellers!
- Loan officers to discuss with family of migrants the remittances services (= cross selling)
- Teller staff to discuss with receivers of remittances the other products that the MFI offers, such as loans and accounts (= cross selling)
- Involve staff in marketing events for the product (road shows, etc.)

Performance targets are required for MFI staff:

- For cross-selling loans or accounts to cash-out clients
- For opening accounts for migrants or family members

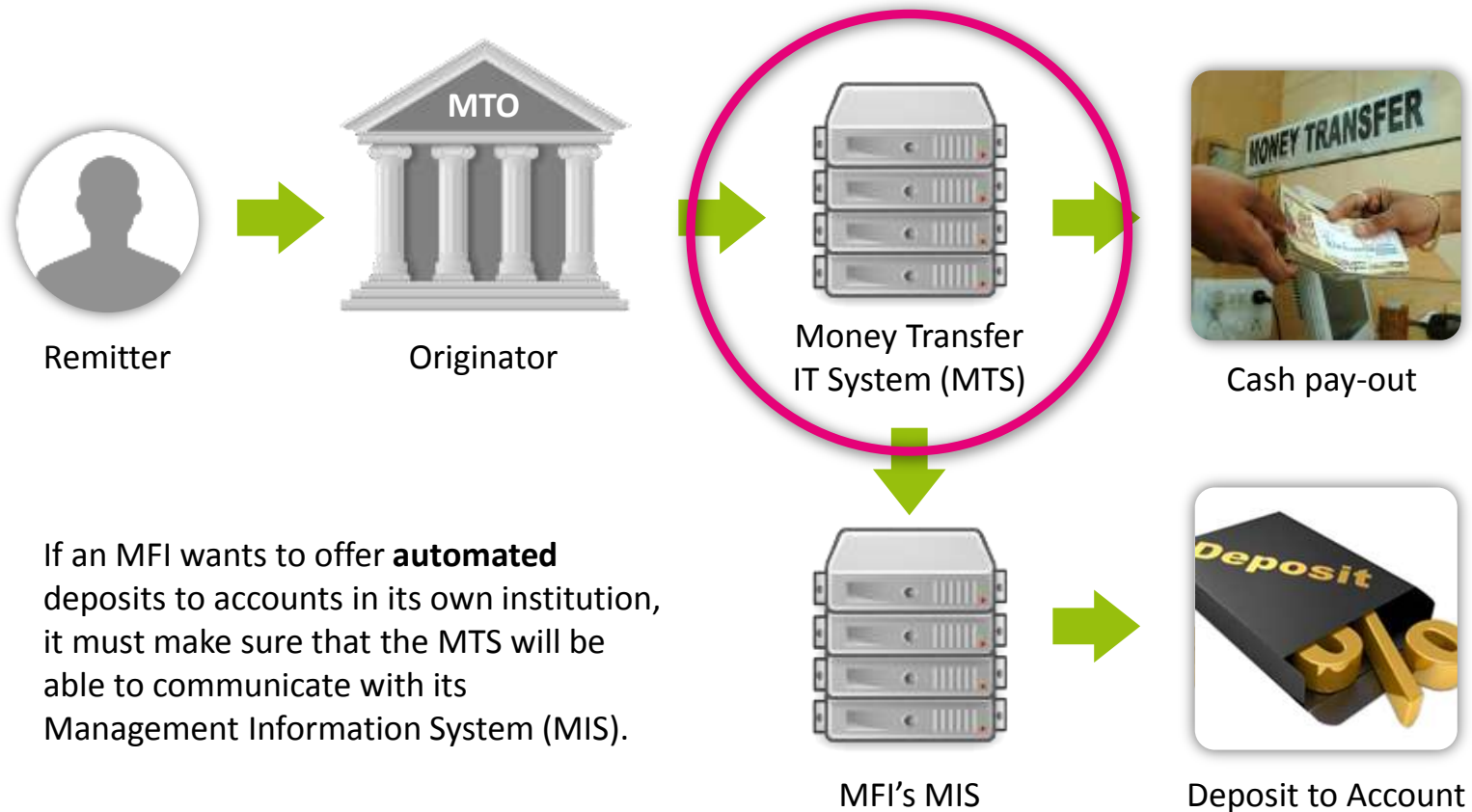
Performance targets are required for MTO agents, especially to promote cash-to-account or MFI loan products:

- Commissions for effective account opening (for cash-to account)
- Commissions for cash-to-account transfers

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Introduction to the Money Transfer IT System



Choosing the appropriate Money Transfer IT System*

The speed, security, adherence to compliance regulations and accuracy of a remittance business is information driven and therefore must be managed with an adequate IT System.

It is important for MFIs to identify the Money Transfer IT System (MTS) that will best support their business processes, products and services in the environment in which it will be deployed.

All relevant departments in the MFI should take part in the process of finding the right MTS (not just the IT department!).

MFIs need to evaluate their business requirements, their existing hardware and software infrastructure, internet connectivity and budget, among other things, to decide what type of MTS will best suit their needs:

- Proprietary software
- Buying an off-the-shelf system (or licensed model)
- Software as a service
- User-level access only to an MTOs system (as a Western Union agent for example)

Choosing the appropriate MTS – Proprietary Software

Proprietary Software

The MFI creates a software fit for its money transfer needs. It requires deep involvement by high-level executives and a **large financial investment. Average prices can range from US\$ 50,000 - 0.5M** (depending on the level of sophistication and where it is made).

PROS:

The software is a custom made product that will accommodate every particularity of the MFI's approach and will provide the flexibility it would need to modify the system according to continuously evolving business needs.

The software becomes an important **asset for the MFI.**

CONS:

Potential difficulty in finding the proper IT human resources for the project, especially those with enough knowledge of the field, to package the envisioned model into a coherent system.

Time consuming and costly, and oftentimes carries unpredictable overruns in both mentioned aspects.

Choosing the appropriate MTS – Licensed Model

Licensed Model

Generally referred to as buying an off-the-shelf system, the **customer purchases a license** (or multiple licenses based on the number of users and branches) for the software. The **average price is about US\$ 40,000**. It is a **semi-customised solution** midway between proprietary software and Software as a System (SaaS).

PROS:

Lower initial capital investment and **faster time-to market than developing proprietary software**; as the MFI scales up, there is limited additional vendor cost.

An MFI whose environment doesn't allow access to fast or reliable internet connectivity can still find systems to work using alternate modes.

There is **scope for customization** and ability to add feature requests as needed by the MFI (although these will come at an extra-cost).

CONS:

Involves relevant capital investment for software, possibly server hardware and implementation services, and the **software does not become an asset for the MFI**.

The **MFI will need IT staff** for setting up and maintaining the infrastructure and the MTS (backups, disaster recovery, upgrades, ensuring uptime, etc.).

The MFI will be **reliant on the software vendor** for support issues with the system. It can outsource the infrastructure hosting and management to another vendor or keep it in-house.

Choosing the appropriate MTS – Software as a Service

Software as a Service (SaaS)

The Software vendor hosts and maintains the system and offers it to customers via an internet connection on either a **subscription base and/or a pay-per-use model**. Generally the vendor will charge a minimum of US\$ 1,000 a month and/or US\$ 0.50 per transaction (after a certain volume, they only charge the transaction commission).

PROS:

Fast time-to-market and no or low initial capital investment. The vendor provides the software, server hardware, hosting, and some times absorbs implementation services into the recurring cost.

Vendor is responsible for providing IT staff needed to manage the infrastructure and provides **basic customization**, such as commissions, MFI brand colours and receipts.

CONS:

The **MFI depends on the SaaS vendor** as it uses its software and outsources many of the activities associated with hosting and maintaining the MTS; **the system does not become an asset for the MFI.**

The SaaS vendor typically maintains a **single version of the software for all MFIs**, upgrading it as the vendor adds more features. Consequently, there is less flexibility in terms of the customizations the vendor can offer an MFI, especially if the customization is not applicable more generally.

RTC's IT Model

Box 6.1 RTC's Partnership and IT model

- Red Transaccional Cooperativa (RTC) in Ecuador was created in 2006 by the World Council of Credit Unions (WOCCU). It is a for-profit endeavour whose aim is to provide technical, operational and regulatory expertise to Credit and Savings (C&S) unions in Ecuador.
- It has 89 C&S unions as members, 66 of them offering remittance services.
- It negotiates with the money transfer companies on behalf of the C&S unions giving them more leverage than if the C&S unions negotiated independently. This also enables it to attract the interest of larger MTOS and obtain better commissions and settlement terms (RTC acts as a clearing house for the cooperatives).
- RTC provides all the C&S unions with a money transfer system called IRnet, created as proprietary software by the World Council of Credit Unions (WOCCU). WOCCU acts as the system provider, maintaining and administering the system while RTC acts as the service provider, training the cooperatives on the system and integrating new money transfer companies to it.
- The C&S unions access the system through a web link to pay-out the remittances received from various MTOS.
- Through IRnet the C&S unions can also access all the necessary reports for their business operations (such as close-of-business reports for reconciliation or compliance reports).
- For every remittance paid the C&S union pay RTC a flat commission, which is the same for all unions.

Source: RTC 2013

Choosing the appropriate MTS: User-level access only to MTOs

- User-level access only is an option for MFIs that only want to be agents for MTOs
- The MTO gives the agent access credentials to its system so that the agent can either originate or pay out remittances
- This option provides the lowest barrier to entry, but the MFI will have limited or no control over the business parameters, such as:
 - Commissions; foreign exchange rates; compliance limits

Box 6.2 Pamecas' IT model

- Pamecas works with 5 different MTOs and has User-level access to all 5 systems. This means that when a customer comes to retrieve his/her remittance, the teller must access the system of the MTO through which the transfer was sent.
- Generally this MTS model does not allow for customization. However, given Pamecas' strength in the market and the strong partnership with Money Express and Choice Money Transfer, these MTOs have customized their systems to be able to offer migrants the possibility to send remittances directly to the migrant and beneficiaries' special savings accounts created by Pamecas to increase savings and access to credit for migrants and their families.
- Not having its own system has allowed Pamecas to grow its remittance business without having to invest in a MTS. Still, despite customization from some of their MTO partners, there are shortfalls with this model, principally that the systems are not integrated directly with Pamecas' MIS and therefore manual work must be done for close of business reporting, reconciliations and for deposits to account - increasing delivery time and man hours needed.
- By using the MTOs system, the cash-to-cash transfers are immediate while cash-to-account transfers, that involve manual work, require up to 48 hours. This makes the cash-to-account product less attractive for many remitters since speed of service is one of the most important factors for choosing a money transfer service for many of them. Pamecas is now working on ways to automate these transfers for a faster delivery time.

Source: Pamecas 2013

Conclusions

There are **many MTS options** on the market available to MFIs. Deciding which one to use should depend on (i) their **business model** (just cash-to-cash or do they want to offer automated deposits to account for example); (ii) **growth prospects** (if they have many partners they need to teach their staff how to use many systems and reconcile with them independently); and (iii) both **human and financial resources** that can be available for the remittance business.

To successfully offer remittances **the system itself is not enough**:

- **Training:** put into practice thorough and on-going training for all staff that will be using the new system; ensure new staff receive proper and comprehensive training
- **User guides:** create user guides for the different departments, combining process flows with cross-references to relevant pages of the software manual and ensure it is readily available to all staff using the system and regularly updated
- **Staff feedback:** provide a channel for staff to give ongoing feedback on the system and to make functionality requests

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Authorized payment institutions and Forex license

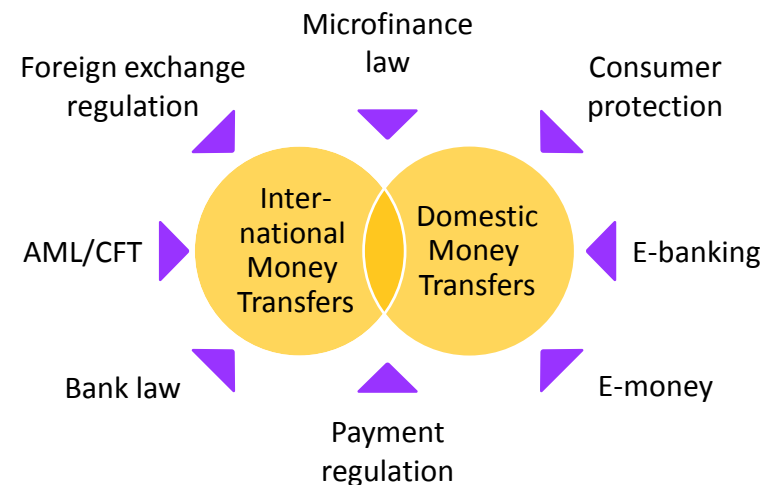
Each country has its own financial regulations that determine whether an MFI can become active in remittances. Applicable regulations can be found for example in the microfinance law, foreign exchange regulations or payment regulations.

These regulations determine whether an MFI can become an authorized payment institution for international (and domestic) payments:

- Some countries will not allow MFIs to pay out remittances
- Some countries will only allow MFIs to be sub-agents (working under the umbrella of a licensed bank)

The financial regulator will take into account (among other things):

- How the MFI meets the established capital requirement
- Details of the payment service
- Governance arrangements and internal procedures in place
- Details of any person with qualifying holdings in the MFI



In most countries to start remittance a license to receive foreign exchange ('forex') is necessary:

- Generally obtained through the Central Bank or the Ministry of Finance
- Some countries allow MFIs to receive amounts in foreign currency at a forex account held at a local bank

Know-Your-Customer and Anti-Money-Laundering Rules (1)

The service of offering money transfer can be potentially abused to launder money and finance terrorism.

To prevent this from happening, financial institutions must adhere to Anti-Money-Laundering (AML) and Know-Your-Customer (KYC) rules created to better control formal financial flows:

- The Financial Action Task Force (FATF), an independent inter-governmental body, develops and promotes policies to protect the global financial system against money laundering and terrorist financing
- The FATF Recommendations are recognized as the global AML and Countering the Financing of Terrorism (CFT) standard

KYC rules can be summarized as the need to identify any client who wants to send or receive a remittance.

KYC rules are determined by the FATF recommendations and each country's own financial regulator and therefore can vary from one country to another. Some examples:

- Some countries require proof of nationality/residence or a government issued ID to send or receive a remittance
- Some countries require proof of address
- Some countries require that the source of the money (e.g. income from labour) is explained

Know-Your-Customer and Anti-Money-Laundering Rules (2)

All financial institutions must have an Anti-Money-Laundering (AML) programme in place. The requirements may include elements from the following list:

- Providing an AML manual and training for staff
- Real-time monitoring against government blacklists (such as the USA Office for Foreign Asset Control (OFAC) list)
- Monitoring for suspicious transactions
- Real-time teller alert and customization of compliance procedures in case of suspicious activity
- Maintaining accurate record keeping per transaction (often for at least 5 years)
- Establishing transfer limits (per transfer and for accumulated periods of time)
- Establishing a compliance officer

The Money Transfer System should include these requirements as automated checks.

Examples of suspicious transactions:

- Transactions performed by people on government blacklists
- Transactions designed to avoid a maximum transfer limit (broken up into small amounts, sent by different people to the same beneficiary)

Conclusions

MFIs are not allowed to pay out remittances in all countries.

- Before deciding to offer remittance services, MFIs should research which regulations apply to them and what services they are allowed to offer

AML and KYC regulations are becoming more strict and not conforming to them can entail strong sanctions imposed on the MFI, including shutting down all of its operations as a financial institution.

Further reading

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Abbreviations

AML	Anti-Money-Laundering	MIS	Management Information System
ATM	Automatic Teller Machine	MSME	Micro, Small and Medium Sized Enterprises
BDS	Business Development Support	MTO	Money Transfer Operator
CFT	Countering the Financing of Terrorism	MTS	Money Transfer System
FI	Financial Institution	NGO	Non-Governmental Organization
FAQ	Frequently Asked Questions	OFW	Overseas Filipino Worker
IADB	Inter-American Development Bank	POS	Point-of-Sale (terminal or device)
IFAD	International Fund for Agricultural Development	RSP	Remittance Service Provider
KPI	Key Performance Indicator	SaaS	Software as a Service
KYC	Know-Your-Client	SME	Small and Medium Sized Enterprises
MFI	Microfinance Institution	TA	Technical Assistance
MIF	Multilateral Investment Fund, of the IADB	TOT	Training of Trainers

Annexes

MFI cases: ACEP - ADOPEM - ASKI - CAMIDE - FONKOZE - PAMECAS - RTC COONECTA



ACEP, Senegal

Type of products and services

- Cash-to-cash money transfer: cash-out payments at 40 branches of ACEP (in 12 out of the 14 regions in Senegal)
- Cash-to-account money transfer

Partnerships

- MoneyGram, RIA and Western Union

Technology

- ACEP uses the money transfer systems of its MTO partners

ADOPEM, Microfinance Bank Dominican Republic

Type of products and services

- Cash-to-cash money transfer: Cash pay-out at branches and ATMs (since 2006)
- Cash-to-account money transfer: Deposit to ADOPEM accounts (since 2012)
- International (only to Haiti) and domestic money transfers
- Financial literacy training, loans and insurance for remittance recipients

Partnerships

- ADOPEM works with service provider Remesas Dominicanas (RD) who is the hub for connections with MTOs: MoneyGram, Dolex, Caixa, Moneytrans, Unigiros, Bancomer, CECO, Caixa Catalunya, PacoMoney.
 - Advantages: RD only negotiates with recognised MTOs
 - Disadvantages: RD connects to many banks and agent networks and it is up to the recipient to choose the agent, which is not always ADOPEM

Volumes and transactions

	2011 transfers	2011 in US\$	2012 transfers	2012 in US\$	Cumulative to Sep 2013, #	Cumulative to Sep 2013, in US\$
Cash-to-cash	20,747	7.7M	27,459	9.0M	94,223	33.7M
Cash-to-account	-	-	-	-	-	Not available
Credits linked to remittances			575		1,299	
Insurance policies for recipients			4,426		7,513	
Financial literacy training			1,000		1,208	

ADOPEM, Microfinance Bank (continued)

Technology

- ADOPEM uses an application provided by Remesas Dominicanas (RD) which handles all the transfers from the various MTOs connected to RD. ADOPEM receives a commission from RD for each remittance paid-out at its branches
- Cash-to-account is handled manually: after the cash-out of the transfer, it is deposited on the ADOPEM account. The consequence is that it takes a little more time than cash-to-cash, because the client has to wait until the remittance is deposited on the account

ASKI, Money transfer service

Type of products and services

- Cash-to-cash money transfer: Cash pay-out is being handled by the ASKI Multi-Purpose Cooperative (AMPC) in partnership with ExpressPay and I-Remit
- Financial education programs for Overseas Filipino Workers (OFWs) in Singapore. Courses offered: basic entrepreneurship; financial education and communication and personality development

Partnerships

- In Singapore with Metrobank and Citi Foundation
- Worldwide with various MTOs (ExpressPay and I-Remit)

Volumes and transactions

- 275 OFWs completed and graduated financial education courses
 - 1st batch: 80% became savers
 - 2nd batch: 100% became savers, saving at the most 40% of their salary (57 overseas workers)
 - 50% have started putting up their small businesses (under Metrobank Foundation)
 - 3rd and 4th batches: 10% have started their own microenterprises; 100% have become savers (Under Citi Foundation)

Technology

- ASKI uses its MTO partners money transfer system for cash out

CAMIDE, Mali

Type of products and services

- Cash-to-cash money transfer: Cash pay-out at CAMIDE branches
- Cash-to-account money transfer: Deposits on CAMIDE accounts
- Housing credits for migrants

Partnerships

- Banque d'Escomptes in France (BDE)
- BNDA, a bank in Mali
- CAMIDE and Banque d'Escompte (BDE) in France have established a direct partnership. A representative of CAMIDE in France acts as payment agent for BDE (approved by the Banque de France). This representative signs up migrants as clients of BDE and collects the amounts to be sent. The commissions are shared fairly and are lower than commissions charged by the traditional MTOs active on the France-Mali corridor. BDE is responsible for the marketing in France. CAMIDE is not exclusively cooperating with BDE for its remittances business

Volumes and transactions

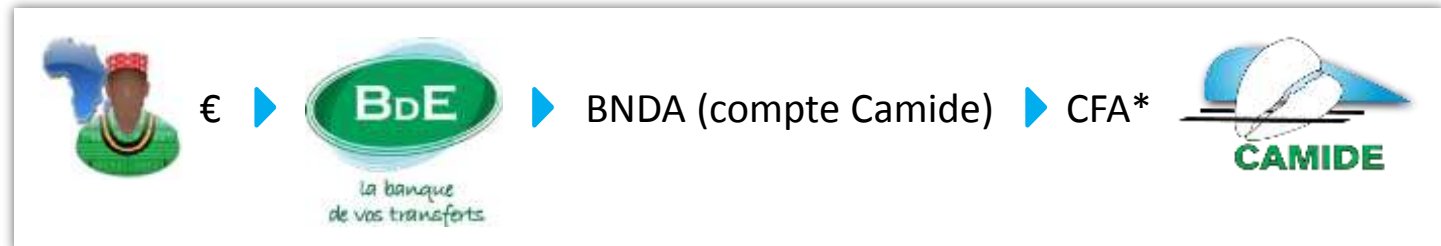
	2012 transfers	2012 in €	Jan-Jul 2013 transfers	Jan-Jul 2013 in €
Cash-to-cash	250	0.6M	588	1.2M
Cash-to-account	153	0.1M	489	0.9M
New accounts opened at BDE	141		255	
Cards issued by BDE to migrants	141		255	

- A transfer is sent on behalf of a group of migrants, so it has a relative large size.

CAMIDE, Mali (continued)

Technology

- BDE has developed an interface for CAMIDE to access its system. CAMIDE can only receive remittance transfers, it cannot send money. The commissions, exchange rate, limits and regulatory requirements are all defined and set by BDE. Transfers can be sent automatically to the CAMIDE branch that pays-out the cash. After receipt of the transfer, the cashier manually credits the CAMIDE account of the recipient
- Money is received by the beneficiary in 15 minutes, the settlement between CAMIDE and BDE (via BNDA) is completed the next day



*= CFA franc, the name of currency used in West-Africa

Other comments

- A pilot test with housing credits is currently taking place. The remittances product allows CAMIDE to analyse the money transfer history of the recipient and to propose a housing credit amount (< €7,500) that is aligned with the repayment capacity of the beneficiary

Fonkoze, MFI in Haiti



Type of products and services

- Cash-to-cash money transfer: Cash pay-out at 46 branches (since 1997)
- Cash-to-account money transfer with a USA bank (since 1997) and with MoneyGram (2014)
- Cash-to-loans: Crowdfunding programme for projects in Haiti through Zafen.org
- Cash-to-mobile: Mobile money from BOOM users in the USA (mostly Miami) to cell phone users in Haiti. Recipients can then cash-out at Fonkoze branches (currently under negotiation)

Partnerships

- Paying for Tcho-Tcho Mobile (TTM) of Digicel since 2011. Clients and TTM agents can top up or cash out their mobile wallets at Fonkoze branches
- Worldwide with MTOs/banks: MoneyGram and CAM
- For zafen.org sponsors:
 - Clinton Bush Haiti Fund
 - DePaul University, USAID
 - MercyCorps
 - FAMVIN
 - Zynga
 - FOMIN

Fonkoze, MFI in Haiti (continued)



Volumes and transactions

	2011 transfers	2011 in US\$	2012 transfers	2012 in US\$	Jan-Jul 2013 transfers	Jan-Jul 2013 in US\$
Cash-to-cash	246,910	59.5M	224,289	50.7M	123,433	28.6M
Cash-to-account	6,664	28.2M	7,515	32.3M	4,235	20.8M
Credits linked to remittances	612	0.1M	342	0.1M	104	0M

Zafen.org:

- US\$ 1.8M lent to 500 entrepreneurs and donated to special projects
- Over 800 jobs created
- 71% loan reimbursement rate

Note: Mobile banking is not yet operational with Fonkoze. They are working with Digicel, in negotiation with BOOM. No data is available yet.

Technology

- Fonkoze currently uses the different money transfer systems of its partners
- Cash-to-account takes place by manually depositing on the Fonkoze accounts of the recipient
- Crowd funding program for projects in Haiti through Zafen.org is using PayPal

Pamecas, MFI ('Mutuel de Cooperatives'), Senegal

Type of products and services

- Cash-to-cash money transfer: Cash pay-out at branches (since 2005)
- Cash-to-account money transfer: Deposit to all Pamecas accounts (since 2009)
- Savings accounts for migrants (in Spain, Italy, USA, Gabon) which give access to credits

Partnerships

- Western Union, MoneyGram (as sub-agent for MTO, via a local bank, cash-out only)
- Money Express, RIA, Choice Money Transfer (direct relationship with the MTO)

Volumes and transactions

	2012 transfers	2012 in US\$	2013 transfers	2013 in US\$	Since 2009 transfers	Since 2009 in US\$
Cash-to-cash		27M (Jan-Jul)		11.5M (Jan-Jul)		
Cash-to-account	1,002	0.4M	1,883	0.7M	3,841	1.5M
Accounts opened by migrants	777		989		1,931	
Savings on migrants' accounts		0.4M		0.7M		

Pamecas, MFI ('Mutuel de Cooperatives'), Senegal (continued)

Technology

- For cash-to-cash transfer: PAMECAS uses the MTO partners money transfer systems
- For cash-to-account: Pamecas receives transactions from the local bank partner (of Money Express, RIA or Choice Money Transfer) and centrally processes them and deposits them on the accounts of the beneficiary (either migrant or family member)

Other comments

- Regulation challenges due to the fact that Pamecas recruits new clients in Italy and Spain for Pamecas savings accounts (though the accounts are held in an MFI in Senegal, and deposits are via formal MTO channels)

RTC Coonecta, Money transfer service provider to savings and loans cooperatives, Ecuador



Type of products and services

- Cash-to-cash money transfer: Cash pay-out at branches of Credit & Savings unions and at 250 ATMs & 25,000 POS terminals
- Cash-to-account money transfer: Deposit to accounts to C&S unions
- With some C&S unions: Programmed savings + housing loans or microcredit tied to remittances

Partnerships

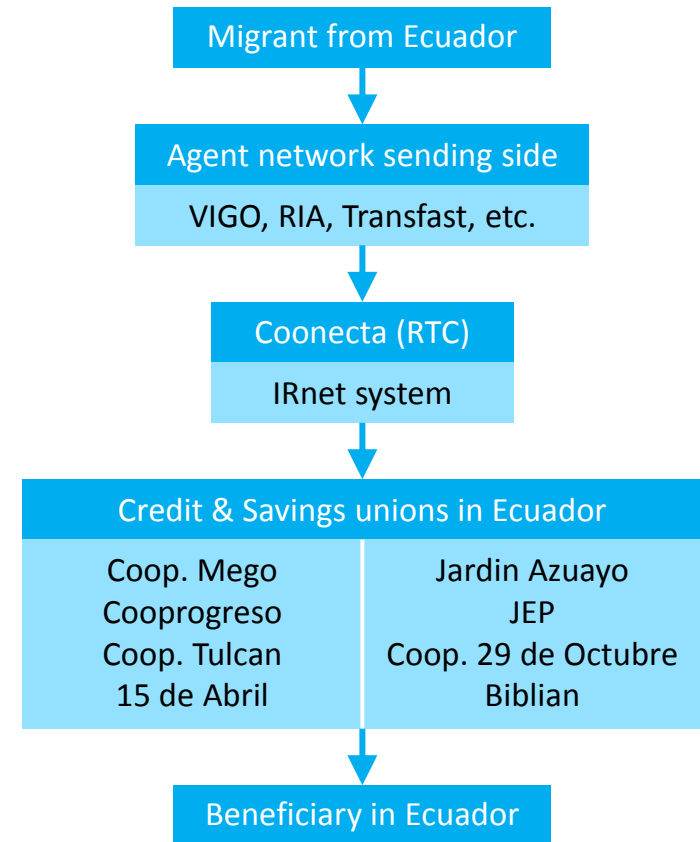
- In Ecuador: with C&S unions of varying sizes
- Worldwide with MTOs: Vigo; RIA; Transfast; Intercambio Express; Telegiros; Via Américas; I-Transfer; Dinex; Paco Services

RTC Coonecta, Money transfer service provider to savings and loans cooperatives, Ecuador (continued)



Technology

- RTC Coonecta uses an IRnet web-based application, developed by WOCCU. This application is offered as a SaaS to the C&S unions
- RTC works as a clearing house and financial hub for the C&S unions. RTC does the clearing and connection
- C&S unions pay commission on per transaction basis to RTC
- C&S unions receive commission per transaction from the MTO (cleared and settled via RTC)



Colophon

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European Microfinance Platform (www.e-mfp.eu)
Marie-Sophie Tar (French version)

Lay-out & Design:

Daedalus Presentaties, Utrecht (www.d4p.nl)

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