MIGRANT Remittances

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From the Editors

Dear Readers,

This year starts with important developments. Worldwide, remittances grew between 6 and 20 percent year-on-year in 2007, with the exception of Mexico, where growth was only 3 percent. These numbers may indicate that more mature markets have reached a point of stability. Meanwhile, large and small companies are introducing mobile devices as money transfer mechanisms. This move reflects a money transfer industry exploring technology applications as a means to expand their revenues while coping with challenges within their institutions. Moreover, this issue highlights how financial institutions are increasingly catering to migrants or remittance recipients with different financial products. We also include a guest note discussing the concept and practice of the "productizing of remittances," and a research note on the role of exclusive agreements and how competing money transfer operators are dealing with these contractual clauses.

Manuel Orozco and Anna Ferro

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Worldwide Trends in International Remittances

Highlights on International Flows

- **Remittance trends in 2007.** *Latin America*: The Bank of Guatemala reported that incoming remittances equaled $4.13 billion, a 14.4 percent increase from 2006. In 2006, Guatemala received $3.61 billion in remittances, well above the $2.99 billion registered in 2005. More than 1 million Guatemalans are said to live in the United States. The Dominican Republic received $2.98 billion from the estimated 14 percent of Dominicans (1.5 million) who are living abroad. Remittances to El Salvador increased by 12 percent from 2006, from $3.3 billion to $3.7 billion; there are approximately 1.15 million Salvadorans in the diaspora. In Honduras, remittances rose to $2.7 billion. *Europe*: Remittances to Poland exceeded foreign direct investment in the country. Preliminary data from the Central Bank of Poland estimates that $6 billion was remitted in 2007 by almost 2 million Poles living abroad. *Asia*: An estimated 25 million Indians living and working abroad sent $27 billion last year.
- **Moldova and Tajikistan rank highest worldwide in remittances as a share of GDP.** Worker remittances represented 36.2 percent of each country's gross domestic product (GDP) in 2007. In Moldova, remittance income reached $850 million in the first

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nine months of 2007, exceeding the total volume of inflows in 2005. The money comes from an estimated 300,000−500,000 Moldovan citizens living predominantly in Russia and Italy.

- **Bangladeshi workers remit a record amount in 2007.** Remittances from Bangladeshis working abroad totaled $6.56 billion in 2007, a $1.1 billion increase from 2006, as a result of a record number of migrants and increased remittance inflows. More than 5 million Bangladeshis work abroad, predominantly in the Middle East, the United States, Britain, and Japan. Almost 600,000 migrated in 2007, according to the country's overseas employment ministry. Furthermore, the Bangladesh Bank, the country's central bank, is creating partnerships with 229 foreign banks to ensure official transfers.

- **Vietnam banks see large increases in remittances.** Commercial and state-owned banks registered large increases in foreign remittances in 2007. Funds going through formal channels are estimated at $6 billion, compared with $4.8 billion in 2006. Vietcombank reported a 60 percent increase in the first 11 months of 2007 compared with the same period of 2006. Sacombank expects a 50 percent increase in 2007. Currently, there are between 80,000 and 100,000 Vietnamese working in Asia and the Middle East and an estimated 3 million living in the United States, Australia, and Canada. Joint stock banks are said to be superior to state-owned banks in providing overseas remittance services because of their overseas networks of partner banks and the stricter regulations applied to state-owned banks. Commercial banks report that most remittances are being invested in the real estate market because regulations allowing overseas Vietnamese to purchase and own property have been relaxed.

- **Remittance flows to the Fiji Islands.** Remittances to Fiji grew from $60 million in 1997 to $320.4 million in 2006, about 5.9 percent of GDP. However, the Reserve Bank of Fiji estimates a slowdown in 2007, to $259 million, possibly becuase of the cautious stance taken by remitters. Through September 2007, remittance inflows had declined by 29.6 percent compared with the same period in 2006.

- **Prospects for the Philippines in 2008.** The Central Bank of the Philippines reported that remittances sent by Overseas Filipino Workers (OFWs) surged 15 percent to $10.5 billion (10 percent of GDP) in 2007, compared with $9.1 billion for the same period in 2006. The Bank of the Philippine Islands, with 23 percent of the market share in the remittance business, sees its money transfer business growing by 10–12 percent in 2008. The average remittance per transaction has risen by approximately $50 to $100 to compensate for the shrinking conversion rate of the U.S. dollar. Moreover, while the deployment of new workers abroad has decreased, a high skill level of future deployment is expected, resulting in growth in the absolute value of remittances and an increase of national revenues. About 8 million Filipinos—10 percent of the population—are working abroad, and in 2007, more than 1 million OFWs were deployed abroad, mainly in the medical and health, information and technology, and services sectors.

- **EU remittance flows.** Results of an ad hoc survey (Eurostat 2007, see *Publications*) show that recorded remittance outflows from the European Union (EU) by non-EU migrants reached €19.1 billion in 2006, up from €17.0 billion in 2005 (an increase of more than 12 percent). The main remitting country is Spain, followed by the United Kingdom, Italy, Germany, and France; these five countries account for more than 85 percent of total EU remittance outflows. Some of the EU member states are also major recipients of remittances from outside the Union. EU migrants residing abroad sent €8.5 billion to their former countries of residence in 2006, up from €7.9 billion in 2005. Thus, the EU remits more than double the amount it receives from outside. The prime recipients of remittances from non-EU countries are the United Kingdom, Spain, Germany, Portugal, Romania, and Poland.

- **Argentine worker remittances have increased eightfold in the past five years.** In 2001, remittances to Argentina were estimated at $100 million; they reached $850 million in 2006, according to a recent CEPAL report (Solimano and Allendes, see *Publications*). Furthermore, during 2001–2006, Argentina's remittances grew six times faster than the average of Latin American countries, although Argentina has the lowest per capita remittance rate in the region—just $6 compared with $10 in Venezuela, $30 in Brazil, and $361 in Panama and El Salvador. However, Argentina is still a country of immigration (1.5 million migrants, equivalent to 4.2 percent of the total population), while emigrants total 507,000 (1.4 percent of the total population). The historical tendency—with European and Latin American migrant inflows—has reversed in the past two decades: many Argentineans are now moving to Spain and Italy.

- **Muslims are the main remittance recipients among Keralites.** A study by the Research Unit on International Migration of the Centre for Development Studies in India shows that the Muslim community in Kerala continues to receive the most remittances compared with other religious groups. In

2006–2007, Kerala received approximately $6 billion in remittances—about 20 percent of the state's net domestic product (see "India Country Profile (Kerala State)" in *Migrant Remittances* vol. 4, no. 3, 2007). The study underlines that during 2006–2007, the Muslim community, which represents nearly 25 percent of the state population (and 48.2 percent of non-resident Keralites abroad in 2007), received 50 percent of total remittances. Hindus, who constitute the majority of the local population, received only about $2 billion and Christians about $763 million. For all religious groups, 89 percent emigrated to Middle Eastern countries; among Muslims, almost all (98 percent) went to Gulf countries.

- **Armenian remittances sustain export trade.** According to the Central Bank of Armenia, the total amount of remittances processed by Armenian commercial banks in 2007 reached $1.35 billion. Moreover, it is estimated that a comparable amount of cash enters the country through non-bank transfer systems and, as a result, Armenia has been able to import significantly more than it exports since the early 1990s. In fact, Armenia's trade deficit reached a record high in 2007 amid soaring imports and a far more modest growth in exports, according to the latest macroeconomic data released by the National Statistical Service.
- **Remittances Customer Charter seeks to increase transparency for remittance senders in the United Kingdom.** Developed by the UK Department for International Development (DFID) and the UK Remittances Task Force, the new Customer Charter for money transfer companies commits participating firms to giving clear, transparent information in a standard format. The requirements include providing information about the total fees to the sender and the receiver, exchange rate, final amount received, time it will take to transfer, where and how the receiver collects the payment, and what to do in the case of error. Signing up to the charter is voluntary for money transfer operators; however, businesses covering more than half of the money transfer locations in the United Kingdom have already agreed to comply. Participants include the Post Office, MoneyGram, Coinstar Money Transfer, Chequepoint, Ria Envia, and many smaller businesses represented by the UK Money Transmitters' Association—totaling more than 18,000 outlets.
- **MoneyGram's financial position.** MoneyGram, the second largest money transfer company after Western Union, lost substantial value in stock in early 2008 due to losses on subprime securities. It will sell a total of $1.8 billion of its investment portfolio securities, which will result in a loss of $380 million, to private-equity firm Thomas H. Lee Partners and investment bank Goldman Sachs & Co. The money transfer company also expects to receive $700 million in debt financing. Additionally, MoneyGram is able to consider alternative proposals before the deal closes, such as from Euronet Worldwide, which made a $1.6 billion bid for the company late last year.
- **Western Union update.** International remittance transfers originating in the United States experienced a 6 percent year-on-year decrease in the fourth quarter of 2007, while transfers originating internationally grew 25 percent year-on-year, constituting over half of fourth quarter revenue. The prospects for Western Union's performance in 2008 remain dependent on business from the United States, within the United States, and in Mexico, which are set up to be the most profitable businesses but are growing slower than usual.
- **Sigue to pay a $15 million fine for compliance failure.** The money transfer company Sigue entered into a deferred prosecution agreement with the U.S. Department of Justice and has reached a settlement agreement with the Financial Times Enforcement Network. The company will forfeit $15 million to settle the charge, which alleges past failure to maintain a proper compliance program. The issue is set to be dismissed in 12 months with the condition that the company continues to invest $9.7 million in its compliance department (in which Sigue has already invested considerably since 2004 before any knowledge of the investigation) and promote its governance model.
- **Zogby poll on U.S. perceptions toward Latin America.** According to a Zogby International poll conducted in the United States, 20.7 percent of respondents have either sent money or know someone who has sent money to family members living abroad. Over 81 percent of all respondents either strongly agree or somewhat agree that remittances by immigrants to family members living in Latin America provide an important source of income; the Hispanic community was the ethnic group who most identified with the statement.

International Cooperation and New Initiatives

- **Philippine government takes action on national and local levels.** The Development Bank of the Philippines (DBP) is set to open a special facility that would guarantee a fair return on the remittances of Overseas Filipino Workers. The facility would reduce the high transaction costs sparked by the rise of the Philippine peso against the U.S. dollar. Moreover, the Labor Secretary and the DBP will inaugurate a "hedging

program" to protect customers against the fluctuating peso-dollar exchange rate. The program consists of a remittance-deposit for OFWs' savings that would rely on a guaranteed (and increased) return on investment. The OFWs would be served by DBP foreign branches in Hong Kong and the United States. On a local level, Misamis Oriental governor Oscar Moreno agreed to match funds sent from Europe through OFW groups. Moreno suggested that OFWs partner with civil society groups in the Philippines to identify and construct realistic projects.

- **Labor export agreements boost remittances to Bangladesh.** The flow of foreign remittances to Bangladesh set a new record in 2007 (see, also, news reported in *Highlights on International Flows*), due in part to the increasing bilateral and multilateral government agreements to export Bangladeshi manpower abroad. In addition to the Bangladeshis already abroad, No Objection Certificates (NOCs) were provided to 818,712 workers in 2007, and another 230,000 people have received work permits and immigration clearance to go to the Gulf countries, Malaysia, and Singapore. Furthermore, the government has signed a memorandum of understanding (MOU) with South Korea that provides job opportunities for 10,000 workers in that country. Another MOU has been signed with the United Arab Emirates (UAE) to increase export of Bangladeshi manpower to that country and establish their legitimate rights as workers there. Additionally, the Abu Dhabi government—under its Township Development Programme—has agreed to recruit 8,000 more Bangladeshi workers in the first phase. In relation to the community at large, the first conference of non-resident Bangladeshis was held in Dhaka in December 2007; nearly 1,400 expatriates discussed ways to make long-term contributions to the country.

- **Indian diaspora meeting prompts launch of a solidarity fund.** Participants at the 2008 Pravasi Bharatiya Diwas—the annual meeting of the Indian diaspora—will launch an India Development Fund to channel funds from non-resident Indians who may be open to contributing to philanthropic causes to retain their ties with their country of origin. Moreover, the Indian government announced an Indian Diaspora Knowledge Network, an electronic platform that enables the diaspora to deploy its knowledge and skills in individual initiatives and community actions, without having to relocate. The government will establish a Global Indian Foundation to lead diaspora solidarity in education, health, and rural development projects and an Overseas Indian Facilitation Center, a nonprofit trust to invest in and benefit from India.

- **Recommendations from G8 meeting on remittances.** The G8 high-level meeting on remittances was held in Berlin on November 28–30, 2007 (see *New Remittances Online Resources*). The meeting aimed to assess measures agreed to at the Sea Island Summit in 2004 to facilitate remittances and to initiate a dialogue on new channels for transferring funds, the instruments to promote remittances, and other potential measures. Participants agreed on seven recommendations to continue multilateral and bilateral activities in the field of remittances and approved consideration for establishing a Global Remittance Working Group to encourage research and coordinate current and future projects on remittances. The group would consist of representatives from the public and private sectors, as well as civil society, and would be led by an international organization.

- **International Organization for Migration (IOM) project in Georgia.** The objective of this IOM initiative—Testing New Channels and Products to Maximize the Development Impact of Remittances for the Rural Poor in Georgia—is to diversify remittance transfer services and products in Georgia in order to expand and improve access to remittances for the rural poor. The project also seeks to enhance the development impact of those money transfers by offering investment opportunities.

- **Mobile remittance schemes.** The GSM-Mobile phone "electronic wallet" has potential to serve the estimated 200 million migrant workers who have GSM-enabled phones. GSMA partnered with the World Bank and 35 money transfer operators to allow payments worldwide through phone-based wallet software. Expected to be launched in the second quarter of 2008, the wallet software will allow phone-to-phone, cash-to-phone, and phone-to-cash money transfers. Western Union will serve customers without the wallet software or those wishing to transfer funds into cash.

  Western Union is partnering with Indian telecom giant Bharti Airtel to develop a pilot mobile money transfer service that is expected to be operational by the end of 2008. Western Union also announced the launch of its 50,000th location in India, surpassing the company's agent network in the United States. India is a key remittance country: it receives $27 billion in remittances annually. Western Union business in the country grew by about 69 percent in 2006–2007.

  Affinity Mobile expands mobile banking options with its new platform, Mobile Application Delivery Enablement (MADE), which allows current m-banking operations and includes the ability for direct mobile

money transfers, bill payment, and mobile wallet accounts. Trumpet Mobile is the first company to sign up for MADE services, especially targeting the Hispanic communities in the United States; customers can transfer money on their mobile phones through prepaid debit cards and mobile services.

Remittances and Financial Intermediation

- **FINO partners with microfinance institutions to provide smart card-based transfers.** Financial Information Network & Operations (FINO) is partnering with 121 microfinance institutions to provide smart card services that target rural India. Although post offices provide most services to rural areas, they limit transfers to $128; the smart card initiative would allow a larger amount per transfer. These advanced cards are intended to carry demographic information, account data, and personal and family health information.

- **OFWs invest in cooperative business development.** Financial assets from Overseas Filipino Workers (OFWs) are providing start-up capital for rural agricultural businesses as in the Philippines. Coco Natur Overseas Filipino Worldwide and Producers Cooperative established a cooperative and a community-based coconut enterprise in which OFWs could invest their money, providing capital to coconut farmers to increase revenues by expanding into finished goods. Instead of selling harvests at falling commodity prices, Producers Cooperative will use migrant investment inflows to produce coconut-derived goods that greatly increase the value of the product.

- **Business loans for remittance recipients in Peru expected to launch in March 2008.** Recipients could soon qualify for a loan to establish a business through a program led by cooperative banks and EDPYMEs (*Entidades de Desarollo para la Pequeña y Microempresa/Small and Micro Business Development Entities*), regulated lending institutions serving small and microenterprises. Some money transfer operators—such as Jet Peru and Western Union—are also taking part in the project, now in its implementation stage.

- **Card-based transfers for Filipinos in Saudi Arabia.** Wireless service provider Smart Communications Inc. and China Banking Corp. are teaming up to offer a remittance service through Smart platforms that seeks to facilitate the transfer of remittances sent from Saudi Arabia through the National Commercial Bank, a partner of China Bank. Remittances will be electronically loaded to a China Bank Remittance-Smart Money Card and cash can be withdrawn in the Philippines at any of the 5,000 ATMs in the country or through nearly 100 Smart Wireless Centers.

- **Philippine Central Bank (BSP) targets remittance customers.** BSP has increased its posting of transfer fees, transmit times, and exchange rates. In addition, the bank has simplified and expanded the kinds of identification documents accepted to encourage the use of formal bank accounts. In order to mitigate currency fluctuations, BSP is also offering an option to keep transfers in foreign currency rather than immediately converting currency to pesos. New remittance methods will include internet and mobile phone banking, and a proposal for an International Filipino Fund was launched recently.

- **Bank-to-bank partnerships.** In Africa, Nigeria-based **Afribank** plans to expand remittance and financial services through a relationship with **MoneyGram**. The partnership involves more than 300 branch locations and remittance payouts in U.S. dollars. In addition, options are provided for senders to purchase shares through an Afribank subsidiary. **Citibank and Landbank** seek to use the former's global presence to collect remittances and pay out money through government-owned Landbank branches in the Philippines. Landbank has been assuming a growing role in the remittance business of Filipinos abroad. Last year it partnered with 17 remittance companies and 19 shipping and manning companies, in addition to introducing a pre-paid debit card through a partnership with Smart Industries. Moreover, a presidential decree has been issued instructing Landbank to fast-track cheaper remittance services.

- **India and UAE Post to enter remittance market.** The India Post and United Arab Emirates Post are developing an electronic transfer service to directly enter the postal companies into the money transfer arena. The service will rely on the United Postal Service International Financial System, which consists of more than 660,000 postal offices worldwide, to deliver same-day post-to-post transfers or two-day post-to-doorstep transfers.

- **Wal-Mart develops financial services in select U.S. outlets.** Wal-Mart will provide basic services, including debit cards, check-cashing at a low cost, and money transfers, through Money Centers in approximately 1,000 existing stores by the end of 2008. The FDIC-insured Visa debit card can be loaded with cash or payroll checks.

- ***Banking in a Global Market* aims to help banks with remittance customers.** Appleseed, a nonprofit

network of 19 centers in Mexico and the United States, published a guide to help banks identify and create effective transparent financial products for the growing remittance market. The guide profiles 11 institutions as models for remittance products and advocates banks to expand services to the unbanked.

New Remittances Online Resources

- ***Migration Policy Institute* launches Global Remittance Guide.** The guide offers a one-stop access point for data, maps, and statistics concerning formal remittance flows. Available information includes remittance time-flows; comparisons of remittance to GDP, foreign direct investment, and official development assistance; international migration and socioeconomic development; and informal remittance sources. Data are available by region and select countries.
http://www.migrationinformation.org/datahub/remittances.cfm

- **Website for migrants remitting in Germany.** During the G8 meeting in Berlin, an internet service was officially launched to help migrants in Germany compare service providers' conditions for transferring money.
www.geldtransfair.de

- **World Bank *Migration and Remittances Factbook* and Latest Remittances dataset.** The factbook provides a snapshot of migration and remittances for all countries, regions, and income groups of the world, compiled from available data from various sources. Remittance inflows and outflows data for 2006 are updated and revised based on the new International Monetary Fund Balance of Payments Statistics through August 2007. Most of the updates are for developed countries. The print version of the factbook is to be available in February 2008.
http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21352016~menuPK:3145470~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html

RESEARCH NOTE[1]

Future Trends and Competition in Money Transfers: The Exclusive Agreement Issue

Manuel Orozco (Inter-American Dialogue)

The market for money transfers has expanded through a wide array of mechanisms, such as new technology-based alternative payments, productized remittances, consolidated money transfer operators through mergers and acquisitions, and lowered costs. Soon, the competing money transfer operators (MTOs) will also reconsider the traditional type of exclusive agreements as a way to expand their competitive edge.

Typically, large MTOs and agents in the origin and destination countries forge contracts with agents—such as banks in the remittance recipients' country—containing exclusive partnership provisions. These partnerships preclude agents from partnering with competing money transfer companies during the term of the contract. The U.S. Department of Justice investigated exclusive agreements as a possible antitrust case, and it has stressed that "Western Union's higher share of exclusive outlets in certain foreign countries was identified as a potential matter of concern. Furthermore, contractual provisions such as lengthy 'non-compete' clauses and long termination periods could, under certain conditions, enhance the restrictive effects of exclusive contracts and raise barriers to entry."[2]

Worldwide exclusive agreements are prevalent in many countries, particularly in Africa. One adverse effect of exclusive agreements is that they restrict competition by preventing agents from contracting with other companies. In remittance-recipient countries where only banks are allowed to be agents of MTOs, such agreements serve as an effective barrier to entry for other MTOs. For example, data on the market share of the two largest MTOs in each of these countries show that, on average, one MTO may have payout agreements representing 50 percent of the paying agents.

[1] Also see *Publications*: Orozco, M., and B. Millis. *Remittances, Competition and Fair Financial Access Opportunities in Nigeria.* United States Agency for International Development.

[2] Statement by Assistant Attorney General R. Hewitt Pate regarding the closing of the Western Union Money Transfer Investigation: Competition for Money Transfer Services Benefiting from Increased Market Size, Existence of New Products and Entry by New Providers. March 16, 2005. U.S. Department of Justice.

TABLE 1: MARKET SHARE OF MAJOR MTOS IN EACH TYPE OF PAYOUT LOCATION (%)

Country	Bank	NBFI*	Other
Benin	55	48	74
Burkina Faso	61	52	73
CI	35	57	72
Gambia	66	8	80
Ghana	38	53	43
Guinea	44	n/a	52
Mali	50	34	78
Mauritania	34	35	43
Niger	51	52	71
Nigeria	80	n/a	n/a
Senegal	34	30	36
Average	45	48	69
Total number of payout locations in West Africa	**433**	**108**	**395**
Average number of payout locations/intitution in West Africa	**5**	**4**	**3**
Total number of payout Institutions in West Africa	**41**	**50**	**41**

*Non-bank financial institution.
Source: Data compiled by author

In addition to barrier to entry, cost to consumers represents another problem with exclusive agreements. In countries where exclusive agreements exist, pricing is generally higher. For example, in the West African countries mentioned above, we find a positive relationship between an MTO's market share and the cost of remitting through that MTO.

TABLE 2: COST OF REMITTING AND MTO MARKET SHARE (%)

Cost Range (% of total amount remitted)	MTO Average Market Share
7–10%	53
Over 10%	63
Total	**56**

Source: Data compiled by the author.

Furthermore, remittances in Russia, mainly directed to Central Asia, are characterized by the absence of exclusive agreements because they are legally not allowed by the Russian government. Thus, there is a significantly competitive market for both inbound and outbound flows in Russia, Central Asia, and the Caucasus. On the outbound side, there are 16 MTOs competing in more than 10 countries, whereas on the inbound side, banks have agreements with at least five companies including Western Union or MoneyGram. Moreover, the cost of remitting is among the lowest in the global money transfer industry, ranging from between 2 and 3 percent of the average amount remitted.

Although, with the exception of Russia, exclusive agreements are not legally prohibited, competitors—mostly in the payout remittance destinations—enter into exclusive agreements but either indirectly hold agreements with other MTOs or simply state their noncompliance with those clauses. Banking institutions bolster their competitiveness by signing up with more companies and expanding their scope, thus realizing alternative agreements with selected businesses outside of the exclusive context.

GUEST ARTICLE

Productizing Remittances

Bal K. Joshi[1] (Co-founder and partner, Thamel.com and Thamel International)

Can remittances be more than simply cash-to-cash funds transfers? Indeed, the "productizing of remittances" is an approach that looks at the value chain of money flows to identify situations where the desired final output is not cash but the acquisition of tangible products or services. It is a product development and delivery process in which remittances are directly turned into the value for which the money is intended.

The benefit of this approach is its greater economic impact compared with traditional cash remittances. The cost of the money-transfer element of the transaction to the sender is virtually eliminated, thus increasing the buying power of the remittance. Furthermore, the sender maintains more control over the use of the remittance, thus lowering waste and misuse of the money. The productized remittance approach can also give senders more options for managing their money, including financial services such as bank-based savings accounts, loan-based purchases, and access to capital.

There are many examples of how intermediary businesses have productized remittances in various parts of the world, particularly Asia and Latin America. Thamel.com, a part of Thamel International, caters to more than 2 million Nepalese diaspora around the world. Through its platform, members the Nepali diaspora can purchase products and services in Nepal for themselves or for their friends and families, and also be eligible for loans—financed by Kumari Bank Ltd in Nepal—for housing, small businesses, education, or investments. For example, a Nepalese migrant working in Qatar can qualify for a loan to purchase a vehicle for a spouse residing in Nepal.

[1] Bal Joshi's award-winning entrepreneurial work in the field of diaspora and development has been highlighted by the World Resources Institute in a *What Works* case study. Additional information can be found at www.thamelintl.com.

COUNTRY PROFILE: Ghana

Population: 22,931,299 (July 2007 est.). 45 percent live on less than $1 a day and 79 percent on less than $2 a day. Population growth rate is 1.972 percent (2007 est.)—high, but declining. 44 percent live in urban areas. Urban population is concentrated mainly in the southern and central regions and increased relatively slowly, from 32 percent in 1984 to 37 percent in 2003. The literacy rate is 57.9 percent (2000 Census).

Migration history: Ghanaian emigration developed during the economic crisis from the 1960s to the early 1990s and continued as the economy started to recover. Net emigration rates from Ghana are rather low in comparison with other countries in the region (-0.58 migrants/1,000 population, 2007 est.) as a result of immigration from neighboring states and the return of nearly a million Ghanaians from Nigeria after their expulsion in 1983 and 1985 (when the oil boom faded). Approximately 10–20 percent of Ghanaian nationals were living abroad in the 1980s and early 1990s and their mass expulsions from Nigeria in the first half of the 1980s set the stage for a change in the West African migration order for years to come. Not wanting to return to their country of origin, Ghanaians expanded their migratory view to include other regions of Africa, Europe, and North America. By the mid-1990s, it was estimated that between 2 and 4 million Ghanaians, 10–20 percent of the population, were living abroad. Skilled workers and professionals dominated early flows from Ghana, but, by the 1980s, many semi-skilled and unskilled workers left. Ghana is a destination country for many West African migrants, especially Nigerians and Burkinabes, which has a clear implication for intraregional remittance flows.

Host countries: Main destinations for workers include the United States and Europe, with particularly large populations in the United Kingdom, Germany, and the Netherlands.

Estimated number of migrants overseas: It is estimated that at least 1 million Ghanaians are living abroad, with 300,000 in the United States and the United Kingdom. With the exception of the flow to Côte d'Ivoire, international migration is predominantly male. Migrants are actively engaged with their home country both through individual behaviors (for instance, approximately $7 million are spent in phone calls and trade) and through Home Town Associations.

Common occupations of migrants: Some migration is related to particular sectors of economic activity. For example, Ghanaian fishermen are found in most coastal areas in West Africa. Economically, a recent survey on Ghanaians in the Netherlands suggests that migrants are relatively poor, the majority earning less than $29,000. Besides low-skilled occupations, Ghanaians abroad are largely found in health sector jobs. In fact, Ghana lost 60 percent of its medical doctors in the 1980s, and between 600 and 700 Ghanaian physicians are currently practicing in the United States. In the period from 1999 to 2004, 448 doctors, or 54 percent of those trained in the period, left the country.

Estimated remittance flows: For the first quarter of 2007, the Bank of Ghana reports that remittances totaled $1.52 billion, representing an increase of about 17.1 percent over the same period in 2006. However, indications of consistent informal transfers estimate that unregistered remittances can comprise as much as 65 percent of total remittances. The three primary sources of remittances to Ghana are North America, United Kingdom, and other European Union countries. A recent survey on Ghanaians in the United States, the United Kingdom, and Germany shows that they send a larger amount of money as their time in the host country increases.

Common money transfer methods: Available transfer mechanisms are banks (that commonly offer global money transfer operator services), credit unions, and both small and large money transfer institutions. There is evidence of a large informal sector and networks operating across international corridors and within West Africa; significant reliance is placed on friends, personal networks, and drivers/couriers.

Use of remittances: Remittances are primarily used for living expenses (health costs, food, housing, education), and less for productive investments. Particular attention is paid to spending on elaborate funerals. Nonetheless, such "consumptive" expenditure can have a number of multiplier effects in the local economy (See Migrant Remittances Newsletter, Vol. 4 no. 3, July 2007).

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By making the payment for the vehicle through Thamel.com, the spouse can afterward drive and operate the vehicle as a taxi in the streets of Katmandu. In addition, there is no money transfer fee associated with loan payments.

Aryty (www.aryty.com), a telecommunication company based in the United States, serves the Filipino diaspora. Through its website, the diaspora can remit pre-paid airtime to friends and relatives back in the Philippines. Aryty users are not sending money; they are simply sending pre-paid airtime to the recipient's phone. Similarly, multinational cement giant CEMEX enables Mexican immigrant workers to send building materials instead of cash to their families back home.

Another company serving the Mexican diaspora is Infinity Systems International (ISI), which provides Mexican immigrants with an alternative means of transferring hard-earned funds to family members in Mexico for basic needs such as food, clothing, household items, medical care, pharmaceuticals, infant care items, and housing. ISI's Tarjeta Más™ Program allows immigrants to send money in the form of a stored-value gift card to family members or friends, thus cutting out the remittance middleman and directing the funds to specific areas of need.

Productizing remittances provides a real development opportunity by moving beyond the transaction itself to addressing how these transfers are managed. Therefore, intermediary businesses operating the remittance-based platform, such as those discussed above, are motivated to find new ways to add value and offer new products and services to the remittance sender. Understanding remittance senders' needs and developing the relationship between remittances and potential local business development are critical if remittances are to provide optimal economic results for the remittance sender and receiver, their community, and their country.

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- February 11. Remesas: Un Camino Hacia la Democracia Financiera. Tribuna Americana de Casa de América. Madrid. http://www.casamerica.es
- February 21–22. Remittances, the Macroeconomy, and Public Policy. Americas Center at the Federal Reserve Bank of Atlanta. Atlanta. http://www.frbatlanta.org/
- March 11. Developing Through Remittances: A Viable Alternative for Latin America? Institute for the Study of the Americas and the International Organization for Migration. London. http://americas.sas.ac.uk/events/events.php
- April 10–11. Foro Iberoamericano Sobre Migración Y Desarrollo (Fibemyd). Secretaría General Iberoamericana (Segib). Cuenca.
- April 12–13. Regional Trade Agreements, Migration and Remittances with Special Focus on CAFTA and Latin America. Sam Houston State University. Huntsville. http://www.shsu.edu/~eco_www/resources/conference08.htm
- April 28. Money Transfers Dubai 2008. International Association of Money Transfer Networks. Dubai. http://mtd2008.iamtn.org/

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