

Assessment of Remittance-Related Services and Practices of Financial Institutions in Ghana



IOM Development Fund
DEVELOPING CAPACITIES IN MIGRATION MANAGEMENT



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ASSESSMENT OF REMITTANCES-RELATED SERVICES AND PRACTICES OF FINANCIAL INSTITUTIONS IN GHANA

Report

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EXECUTIVE SUMMARY

While it has been acknowledged that the transfer of remittances through formal financial channels can enhance the development impacts of financial transfers by encouraging more saving and enabling better matching of saving with investment opportunities, there is still a dearth of knowledge about the services offered by financial institutions to recipients of remittances in Ghana. This study examines the remittances-related services and practices of financial institutions in Ghana. More specifically, the study describes the trends of international remittances flows to Ghana, and discusses the remittances-related services provided by financial institutions in the country. It also assesses the challenges associated with the transfer and receipt of remittances through formal channels in Ghana.

The data used to write this report was obtained through in-depth interviews with ten officials selected from private financial institutions in the Greater Accra, Ashanti, and Brong Ahafo regions, which are the dominant international migrant source regions in Ghana. These financial institutions work for various Money Transfer Corporations (MTCs), including Western Union, MoneyGram and Ria, among others. One official of MTN mobile money department and another official from the Bank of Ghana were also interviewed on remittances practices and the regulatory framework. Additionally, nine regular recipients of remittances in Ghana, selected through a snowball sampling technique, were also interviewed on their experiences regarding the receiving of remittances and the remittance transfer services of financial institutions.

The findings indicate that the flow of remittances to Ghana has been increasing over the past 5 years. Contrary to the general belief that remittances to Ghana only flow from European countries and the United States of America, the data shows that a significant proportion of remittances to Ghana also comes from African countries, such as Nigeria, Cote d'Ivoire, Togo and Burkina Faso. Consequently, any programme to mobilize remittances must also target African countries.

Money transfer companies and financial institutions in Ghana provide a range of international remittances-related services. Migrants can transfer money from bank to bank, from money transfer-company to bank, and through the mobile money system. However, a majority of remitters rely on the services of MTCs who tend to work with financial institutions in Ghana. MTCs like Western Union and MoneyGram are preferred by most money recipients because of their wider coverage, even though their charges are higher compared to smaller MTCs like Ria and Small World. The use of bank to bank transfers is constrained by lack of bank accounts by some recipients and high charges imposed by some banks.

The challenges associated with the transfer of money to Ghana include: high cost of transfers; unfavourable exchange rates; and strict financial regulations which limit the amount of money that can be sent via mobile money systems. The problems faced by financial institutions that offer money transfer services in Ghana include: money laundering; lack of identification cards and bank accounts by irregular migrants and money recipients; mistakes on remittance sending forms completed by remitters; provision of wrong transaction codes by recipients; and an over-restrictive regulatory framework. Despite the challenges associated with the transfer of money, financial institutions in Ghana offer very useful remittances-related services, including management of remittances, promotions to encourage financial transfers, savings, and financial education.

In view of the findings of this study, it is recommended that the government of Ghana, led by the Bank of Ghana, work with major banks in popular destination countries to develop

remittances transfer programs that can help reduce the cost of financial transfers to Ghana. A review of the financial regulatory framework will also be required to ensure that the activities of informal money transfer agencies are formalised and well as reduce current charges on financial transfers. It is also recommended that financial education on the savings and investment of remittances in Ghana must be sustained.

LIST OF ACRONYMS

ABMT	Account Based Money Transfer
ATM	Automated Teller Machine
BIC	Bank Identifier Code
BOG	Bank of Ghana
IFAD	International Fund for Agricultural and Development
IMF	International Monetary Fund
IOM	International Organization for Migration
MTCs	Money Transfer Companies
SWIFT	Society for Worldwide Interbank Financial Telecommunication

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1. INTRODUCTION TO THE REPORT

1.1 Introduction

While remittances have, historically, been associated with migration, the transfer of cash by international migrants to their relatives and other persons in countries of origin have, in recent years, been recognised as an important source of income for most developing countries (Plaza et al, 2011; World Bank, 2014). According to the World Bank (2016), global remittance flows in 2015 totalled about \$601 billion, of which \$441 billion went to developing countries. This figure is nearly three times the amount of official development assistance (World Bank, 2016).

The link between remittances and development has been a subject of intense debate in the literature. While one school of thought argues that the contribution of remittances to development is not different from income from other sources, another school of thought is of the view that remittances can bring about behavioural changes which may even lower their development impacts relative to income from other sources. A third perspective posits that remittances actually promote development by increasing investments in human and physical capital (Chami, 2003; Adams et al, 2008). Recent scholarship has, however, shown that if well managed, remittances can go a long way to reduce poverty in poor countries (IMF, 2005; Plaza et al, 2011).

Although figures on international remittance flows to Ghana are contested, data provided by the Bank of Ghana (2014) show that the total annual remittances flow to the country through formal channel is about \$2 billion. There are many positive developmental impacts of remittances in Ghana. Foreign exchange from remittances, for instance, helps to reduce the current account deficit. Remittances also have an impact on the Ghanaian economy through investment in housing. A large proportion of international financial transfers to Ghana are used for consumption and recurrent expenditures, including living expenses, education, hospital bills, and marriage ceremonies (Quartey, 2011). At the community level, remittances sent by home town associations and individual migrants are used to finance community development projects (Teye et al, 2016).

Despite the above developmental impacts of remittances, studies have shown that there are a number of challenges associated with mobilizing remittances for development in Ghana. For instance, a large proportion of international remittances to Ghana are transferred through informal channels, such as friends, relatives, self-carry when visiting home, and hiding money in letters being posted (Ahinful et al, 2013; Teye, 2016). As noted elsewhere by IFAD (2006:8), the transfer of remittances through informal channels tends to drain receiving countries of some of the benefits (e.g. savings and investments) that can accrue from migrant remittances. Apart from the fact that these channels are not very reliable, the use of informal channels makes it difficult for the state to monitor the inflow of money for effective planning.

Given the fact that the transfer of remittances through formal financial channels can enhance the development impacts of remittances by encouraging more saving and enabling better matching of saving with investment opportunities, an understanding of the practices of remittances-handling financial institutions and services available to the remitters and recipients of remittances is important. However, there is still a dearth of knowledge about the services offered by financial institutions to recipients of remittances in Ghana. This study examines the remittances-related services and practices of financial institutions in Ghana. The findings of this study will ultimately help to promote the use of formal channels of remitting and enhance the developmental impacts of remittances to Ghana.

1.2 Specific Objectives

Specifically, the study seeks to:

- (1) Describe the trends of international remittances flows to Ghana and identify major countries of origin;
- (2) Examine the remittances-related practices and services of financial institutions in Ghana;
- (3) Examine the effect of remittances on investments, savings and socio-economic development in Ghana;
- (4) Assess the challenges associated with the transfer and receipt of remittances through formal channels in Ghana;
- (5) Explore measures and policy options for enhancing the developmental impacts of remittances in Ghana.

1.3 Research Methodology

The study adopted a qualitative research approach, which is flexible and effective for gaining a deeper understanding of specific issues (see Castro et al, 2010; Teye, 2012). The study started with a desktop review on remittance flows to Ghana and channels of remitting. The review also focused on Bank of Ghana regulations on financial transfers.

The main primary data collection instrument used was in-depth interviews. This method was deemed appropriate in view of its strengths for such an exploration study (See Bryman, 2001). There were various categories of interviewees. First, ten officials selected from 10 private financial institutions (i.e. one from each institution) were interviewed. The financial institutions were banks, Western Union Money Transfer and a business organization that operates MoneyGram. The financial institutions were selected from the Greater Accra, Ashanti, and Brong Ahafo regions, which are the dominant international migrant source regions in Ghana. These officials were interviewed with semi-structured interview guides designed by the researchers, with input by IOM officials. An official of MTN mobile money department was also interviewed on their financial transfer services. Furthermore, one official was interviewed from the Bank of Ghana to understand the regulatory framework.

Finally, nine regular recipients of remittances in Ghana (three each from Brong Ahafo, Ashanti and Greater Accra Regions), selected through a snowball sampling technique, were also interviewed on their experiences regarding receiving of remittances and the remittance transfer services of financial institutions. Some of the interviews were recorded electronically, transcribed and subjected to thematic content analysis to produce the research report. As previously mentioned, the study also benefited from previous works by the authors on remittances in Ghana.

1.3.1 Ethical Issues

Although discussing financial transfers with employees does not necessarily place them in a vulnerable position, it was considered imperative to protect the identity of respondents. Consequently, established guidelines for dealing with various ethical issues, such as informed consent, guarantees of anonymity and confidentiality (see Kitchin and Tate, 2000), were strictly observed to protect respondents of financial institutions. Before each interview, the purpose of the research was explained to each respondent and his/her consent was secured. Officials of the financial institutions were also assured that information provided would not be divulged to

competitors. Throughout this report, pseudonyms have been used to protect the identity of respondents. In many cases, the positions of respondents were not disclosed in the report for the same purpose of protecting their identities.

2. REMITTANCES FLOWS TO GHANA

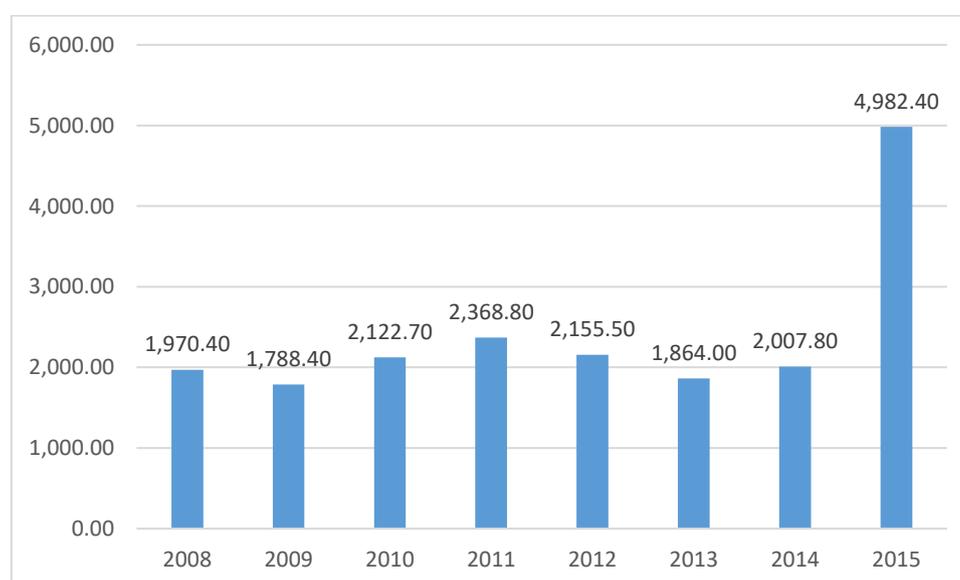
2.1 Introduction

In order to provide a context for analysing the remittances-related services and practices of financial institutions, this section describes the flows of international remittances to Ghana. The section specifically provides data on remittance flows since 2008 and identifies the countries of origin of financial remittances to Ghana through the use of banks and other formal channels. The chapter also provides information on channels of transferring money to Ghana.

2.2 Volume and countries of origin of migrants' remittances to Ghana

As a result of paucity of data, it is quite challenging to analyze the volume of international remittance flows to Ghana. While estimates by the World Bank show that total remittances to Ghana in 2015 was USD\$ 2.008 billion, available figures from the Bank of Ghana indicate that migrant remittances to Ghana increased from USD\$1.5 billion in 2005 to USD\$2.1 billion in 2010 and then almost USD\$5.0 billion in 2015 (See Graph 1). Interviews with officials of the Bank of Ghana indicate that the rapid increase in remittances from \$2.1b in 2010 to \$5.0b in 2015 is attributed to a combination of factors including, increasing use of formal channels, better remittances data capturing by the Bank of Ghana and increase in financial transfers by migrants.

Graph 1: Remittance flows to Ghana, 2008- 2015 (US\$, Million)



Source: Bank of Ghana

The increase in remittances figures above may be explained by the fact that more people are now sending money through formal channels. Barbara, a banker noted this when she stated:

“People are now transferring huge sums of money than 5 years ago. May be people are now more convinced to use the formal channels to send money than the informal channels because it is safer to do so.”

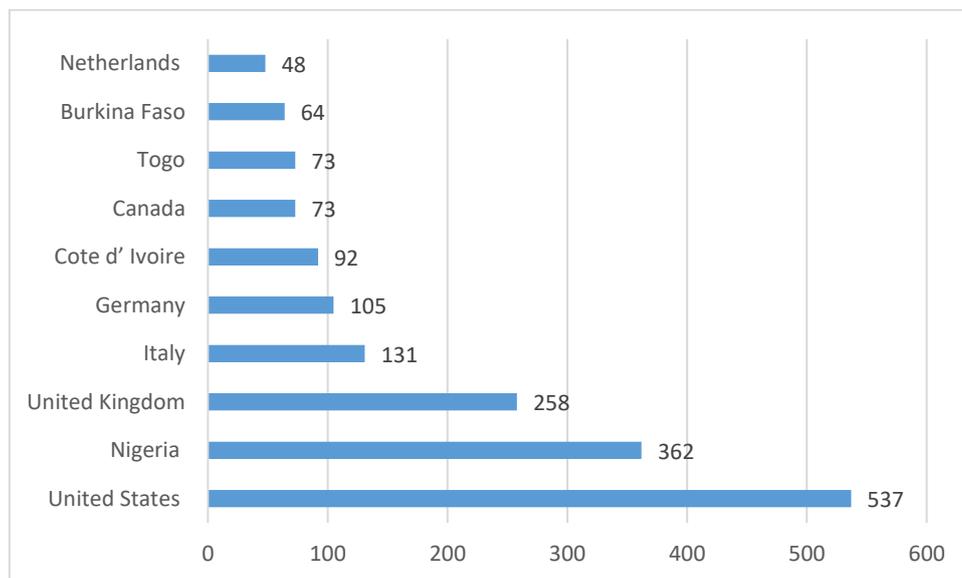
Another banker, Oduro, noted that more people are now convinced that the banks are more trustworthy and reliable than the informal channels and this may also explain why more people are sending remittances through formal channels nowadays:

“A number of our customers have told us that based on their past experiences, they have come to realise that the banks are more reliable for receiving money. They have also told us that in the past they used to receive money through friends and relatives coming to Ghana but such informal channels have sometimes led to the loss of remittances.”

The in-depth interviews show that most of the remittances are received from recipients’ relations/friends living in the European countries, the United States of America and recently migrants living in Middle-Eastern countries such as Saudi Arabia and Kuwait, as the destinations of Ghanaian emigrants have become more diverse over the past two decades.

As shown in Graph 2, the most important countries of origin of remittances to Ghana are the United States of America, United Kingdom, Nigeria, Italy, Germany, Cote d’Ivoire, Canada, Togo, Burkina Faso, and Netherlands. Thus, contrary to the general belief that remittances flow from only European countries and the United States of America, the data shows that a significant proportion of remittances to Ghana comes from African countries, such as Nigeria, Cote d’Ivoire, Togo and Burkina Faso.

Graph 2: Major countries of origin of remittances to Ghana in 2015 (US\$, Million)



Source: World Bank (2016)

Interviews with officials of financial institutions revealed that the flow of remittances is not even throughout the year. Remittances flows increase between November and January because of the Christmas festivities. It also increases when schools are re-opening since migrants send down money for the payment of school fees. This is captured in the statement below by Solomon, an official of the Cal Bank:

“I wouldn’t say the money comes throughout the year. It fluctuates. We receive more in some months particularly when it is getting to Christmas and maybe when school re-opens. This is where Western Union do their ‘Back to School Bonanza’. In some months too we receive less.”

The above statement shows that financial institutions can be encouraged to promote the sending of remittances during these peak months.

2.3 Channels of Remitting Money to Ghana

Remittances to Ghana are transferred through formal and informal channels. The formal channels are provided by registered financial institutions while the informal channels entail remitting services and methods outside of the wire transfer and financial services industries.

Recent quantitative studies conducted by Ahinful et al (2014) and Teye (2016) show that a large proportion of international remittances to Ghana are still mainly transferred through informal channels such as: friends and relatives visiting home; carrying money along during short visits; and hiding money in letters being posted to Ghana. The study by Ahinful et al (2014) shows that 41% of international remittances were received through formal financial institutions, while the study by Teye (2016) shows that 53% of the remittances received within 12 months prior to the study were received through formal financial institutions and money transfer operators. These findings are not surprising given what we know that 73 per cent of total remittances in Sub-Saharan Africa are not recorded (Page and Plaza, 2006).

According to Teye (2016), high transfer charges and refusal of financial institutions to pay remittances in foreign currencies are other reasons why people do not want to use formal financial institutions to send or receive remittances. The statement below by Ahia, a 38 year old migrant in the United Kingdom who was interviewed during the study by Teye in 2015 clearly shows this:

“We know that the banks are the safest when we want to send money home. However, we lose so much when we use them. The charges are higher than when we send money through friends. Also not only the charges, they don’t get the money in pounds. They get it in cedis with some lower exchange rate. Because of these problems I like sending money through friends. If the money is big, I am scared of giving it to somebody going to Ghana because you cannot do anything if the person fails to deliver. He can even lie to you that it has been stolen when he arrived. So I make sure I only send money through trusted friends.”

The statement above shows that migrants are aware of the risks of sending money through the informal channels, but they still use them because of convenience. While the claims of high charges have been mentioned in the literature (Ahinful, 2014), unfavourable exchange rates seem to lead to a higher financial loss to senders and recipients of remittances. For instance, a person in Ghana receiving an amount of 1,000 British Pounds Sterling sent through a formal financial institution on 12 April 2015 would get 5,200 Ghana Cedis. If this amount is sent through an informal channel such as a friend visiting Ghana, the recipient would get the entire amount which he/she can change at a Forex Bureau to get 5,800 Ghana Cedis. Thus, in addition to paying bank charges, 600 Ghana Cedis or 10.3% of the amount sent would be lost by the person who receives the money through the bank. Some remitters also send money through friends because the recipients do not have bank accounts to which any amount sent could be credited.

3. REMITTANCES-RELATED SERVICES OF FINANCIAL INSTITUTIONS IN GHANA

3.1 Introduction

This chapter examines the remittances–related services offered by formal financial institutions. The formal channels of money transfer offered by financial institutions fall under two categories, namely wire transfers operated by money transfer companies (MTCs) and remittance services by regulated financial institutions. In reality, convenience, reliability, cost and access, vary between these channels and as such remitters consider these factors, both for themselves and their recipients, when deciding on which channel to use.

3.2 Money Transfer Companies (MTCs)

MTCs are private companies that specialize in wiring money abroad. MTCs are widely used by migrants to transfer money to countries of origin because they are reliable, fast and convenient to use. Funds transferred through MTCs, which are located in supermarkets and other convenient places in immigrant communities, are usually available to recipients in developing countries in a matter of minutes (Marcus, 2005).

In Ghana, MTCs have wide distribution networks to enable easy access to funds. While the banks, post office and telecommunication companies are more popular for sending remittances within Ghana, a number of MTCs are involved in the transfer of money from other parts of the world to Ghana. Table 1 summarizes the list of major MTCs operating in Ghana. They include Vigo, Small World, Ria, Western Union, MoneyGram, Cigue, Unity Link and Express Money Transfer. Of these, Western Union and MoneyGram are the two most widely used MTCs. These two MTCs control a significant portion of the remittance market as they are operated by many of the financial institutions in the country.

Table 1 Money Transfer Companies in Ghana

<ul style="list-style-type: none"> • Western Union Money Transfer • MoneyGram • Ria Money Transfer • Express Money Transfer • Vigo Money Transfer • Cigue • Small World Money Transfer • Lawrence Associate • Unity Link • Samba • Transfast • Oasis • Suri Change • Paymenex Ghana • Sique 	<ul style="list-style-type: none"> • Unity Link • Coinstar Money Transfer • Ghana Money Transfer • UTransfer • UnityLink Financial Services • Universal Money Transfer • Unity Monetary Services • FamilyLink Money Transfer • Money Exchange • GES Money • Vigo Remittances • MTN mobile money • Tigo cash • Airtel Money • Vodafone Cash
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Source: <http://regluy.com/list-of-money-companies-in-ghana/> and authors compilation based on interviews

The MTCs allow money to be transferred from many countries to Ghana. However, one cannot send money from Ghana to another country through the MTCs. Money can be transferred from MTC agency to agency or from MTC agency to the banks which provide MTC services in Ghana. The MTCs have many agents in the large cities in Ghana. Financial institutions also serve as agents for these MTCs. A financial institution can operate for more than four different MTCs.

Sending money through MTCs is quite simple as both the remitter and the sender do not need to have an account with the service providers. However, both the sender and the recipient need to have identification cards. A sender of remittances is required to provide his/her name, the name of the recipient, addresses of the sender and receiver, any form of valid identification card, telephone number and other documents (depending on the amount sent) such as bank statements and pay slips. The requirement of a form of identification makes it difficult for illegal migrants to use MTCs in some countries.

Receiving remittances sent through MTCs is flexible and does not require a lot from recipients. Unlike the inter-banks transfers, MTCs do not require the recipient to open/have an account with the financial institutions and this is another reason why many recipients prefer to use MTCs over Inter-bank transfers. Due to security reasons, notification is usually done by the senders themselves. Recipients are required to provide the correct name of the sender, country of origin and expected amount. They are also required to fill a form. Interviews with some remittances recipients indicate that not much time is required in receiving money in Ghana. As indicated in the statement below, the waiting period for remittance to be received is generally between 2-3 hours after the money is sent:

“I receive money on regular basis through Western Union from my friend who is in the United Kingdom. I invest the money in her poultry I am taking care of. Usually it takes 2-3 hours to receive the money after she has notified me that the money has been sent. I always take along my voter’s ID Card, the sender’s address and the PIN (4 digit number) to any of the banks where there is Western Union to collect the money. To me, it is safer and more reliable to receive from Western Union. Sometimes I deposit the money into my account when the money is not needed urgently or when the money is received late.” (Oforiwaa, Remittance Recipient).

As captured by the statement below, once the money sent reflects in the financial institution’s system, recipients can receive their money through any bank that operates MTCs:

“I can receive the money through any of the banks provided they have Western Union. I think I have received money from three or four different banks. Sometimes in Kumasi or Sunyani. All I needed was my ID card and the pin.”(Asamoah, remittance recipient)

In a situation where remittances are not drawn by the prospective recipient which rarely occurs, the financial institution reserves the money. Madam Afia Kpata, banker explains this situation in the following words:

“When recipients fail to come for their money, which rarely occurs, we keep the money. I think it has happened once but the recipient came back for it after 2 weeks. He told us he went to his village mobile phone network was poor and therefore did not get notification from the sender.”

3.2.1 Cost of sending remittances and preferences of recipients

The cost of sending money through MTCs is borne by the senders and not the recipients. Several factors are involved in the determination of the cost of sending remittances. These include the size of the remittance and the country of origin of the remittance. In some cases, the cost can be high, depending on how fast the sender wants the money to get to the recipient. Our phone interviews and online searches showed that the type of MTCs used strongly determines the charges paid by senders. Table 2a shows the charges on transfers through four most popular MTCs used by money senders in European cities, namely France, Germany and Belgium. As shown in table 2a, charges for transfers up to 50 Euro are highest for MoneyGram (€6 or 12%), followed by Western Union (€4.90 or 9.8%); Cigue (€4.5 or 9%), and then Ria (€4.0 or 8%). However, as the amount of money transferred increased to €200, Western Union becomes the cheapest (see Table 2a). As shown in both tables 2a and 2b, for all the MTCs the charges (in percentage terms) decline as the amount transferred increases. For instance, remitters who use MoneyGram to transfer money from Europe pay 12% of the amount transferred when they transfer up to 50 Euro. However, the charges reduce to 3% of amount transferred when remitters transfer 1,000 Euro. In the same way, MoneyGram charges about 19.98% of amount transferred from the United States of America when one sends only \$50. However, this reduces to about 2.91% when one remits \$550 from the United States of America (see Table 2b).

Interviews, however, show that remitters and recipients consider reliability and also accessibility in choosing the MTC to use for transfers. This is captured in the statement below by a banker:

“Some MTCs charge less whereas others charge more. For instance, Western Union and MoneyGram have higher charges but wider coverage. Vigo and Ria charge less but do not have a wider coverage, making accessibility difficult for the receivers.” (Barbara, a banker).

Thus, as indicated in the statement above, aside the cost borne by the senders, accessibility to MTCs is a major factor that both remitters and senders consider in choosing the MTC to use for a transfer. For example, Ria has a lower charge when people send less than 50 Euro, yet it does not have a wide coverage, compared with Western Union and MoneyGram. Additionally, while Vigo and Ria have lower charges (when small amounts are sent), some recipients prefer MoneyGram and Western Union because they are more accessible and reliable. This is captured in the statement below by Oppong, a remittance recipient:

“We all have preferences based on the conditions and how the monies are sent and received, but most at times the parents prefer to send through Vigo as their charges are lower.... But we prefer receiving from the Western Union and the MoneyGram because of what we go through before receiving the money from Vigo. ...Also, here in the rural areas the Western Union and MoneyGram are readily available in the rural banks and credit unions where we can easily collect your money from but Vigo is only available in the commercial banks and ADB. So I will say, in terms of the charges, Vigo is the best but we prefer Western Union or MoneyGram because it is readily accessible.”

Some of the bankers who were interviewed also supported the views of the recipients that in many cases, senders use MTCs that are more reliable:

“We have six (6) different MTCs here at our institution for receiving money. People mostly receive money from either MoneyGram or Western Union. The reason could be that the sender finds it more convenient, easy and less costly to send through any of them. It could also depend on the information the receivers

send to the senders about how reliable and convenient they are. Some MTCs charge even less yet people do not patronise them because they are not reliable.”
(Acheampong, banker)

As highlighted already, although financial institutions in Ghana do not charge customers directly when MTCs transfer money through them, the financial institutions benefit from using lower exchange rates than the prevailing market rates. Additionally, the financial institutions reported that they get a commission of about 40% of the transfer charges that remitters pay. This explains why each financial institution deals with more MTC.

Table 2a: The cost of sending remittances

MTCs Charges from three European Countries (France, Germany and Belgium)

€ SENT	CHARGES BY THE MTCs							
	Money Gram (€)	Money Gram (%)	Western Union (€)	Western Union (%)	Cigüe (€)	Cigüe (%)	Ria (€)	Ria (%)
€50	€6.00	12.00%	€4.90	9.80%	€4.50	9.00%	€4.00	8.00%
€100	€7.50	8.00%	€4.90	4.90%	€6.50	6.50%	€7.00	7.00%
€200	€14.50	7.00%	€7.90	3.95%	€8.00	4.00%	€11.50	6.00%
€500	€21.00	4.00%	€25.00	5.00%	€13.00	2.60%	€14.50	3.00%
€1,000	€34.00	3.00%	€33.00	3.30%	€18.00	1.80%	€24.50	2.00%

Source: Fieldwork, 2016

Table 2b: Charges by MoneyGram from United Kingdom and the United States

MTC	Range	Charge	Charges in %
United Kingdom	£50-100	£4.50	9%
	£110-310	£9.50	8.64%
	£320-410	£13.99	4.37%
	£420-620	£18.99	4.52%
	£630-1,000	£29.99	4.76%
United States	\$50-\$500	\$9.99	19.98%
	\$550-1,000	\$16.00	2.91%
	\$2,000	\$39.22	1.96%

Source: Fieldwork, 2016

3.2.3 Challenges of Using MTCs for Money Transfer

It is clear from the preceding discussion that while MTCs are reliable, quick and convenient for transferring money to Ghana, there are a number of challenges associated with their use.

First, it is quite difficult for irregular migrants to use these agencies to transfer money because they are required to provide valid identification cards. In some European countries including the United Kingdom, valid passports are required for these transactions. Irregular migrants therefore usually have to rely on friends to transfer money through this system.

MTCs also charge relatively high prices for transferring small funds. The service charge is sometimes fixed and this means that people sending small amounts of money can pay as high as 20% of the amount transferred. For instance, it is possible to pay €6.00 to transfer €20 from Europe to Ghana (implying 30% charge). Apart from the service charges, the sender indirectly pays more charges through the foreign exchange rate used by the MTCs. In most cases, the exchange rate used by the MTC is lower than the exchange rate on the forex market. When remittances are exchanged from the foreign currency into the Ghana Cedi, the MTCs get additional revenue by offering recipients a lower rate of exchange than the current market exchange rate. This pricing system is also employed by banks to get more profit (see Markus, 2005). As shown in an earlier analysis based on figures provided by Teye (2016), the financial institutions that directly pay remittances to recipients could end up taking as high as 10% of the amount remitted through the use of lower exchange rates than the rates on the market.

Also, some respondents reported that depending on where one lives, the sender may not have a MTC agency in that area. People living in rural communities in Ghana also face a challenge using MTC to receive money since there are no financial institutions offering these services in rural areas. Some rural banks offer Western Union and MoneyGram services, but people living in places without rural banks find it difficult to receive money through MTCs. In our study in the Brong Ahafo region, a woman interviewed in Sunyani stated that her son who is living in Italy sends money through Western Union regularly to them. However, her challenge is that she will have to travel from the village where she lives to Sunyani to collect the money:

“I receive money every month from my son who has been staying in Italy for about six years now...the people here are good and I get the money each time I come here, but see, I have to travel from my village sometimes on foot as we don't have the bank to receive money transfer.” (Akua Akyaa, Remittance Recipient)

3.3 Money Transfer by Telecommunication Companies (Mobile Money)

In recent years, telecommunication companies (e.g. Tigo, Airtel, MTN, Vodafone) having been playing an increasingly significant role in money transfers in the country. This service allows Mobile Money subscribers to send and receive money transfer directly on their Mobile Money wallet in Ghana. Internally, money transfer by the telecommunications attract one percent (1%) of any amount transferred. This is across all the networks involved in money transfer. Transfers are done across the same networks for registered customers. For non-registered customers, the sender gives the recipient a code in order to withdraw the money from a service provider. The various networks have service providers across the country. Money can be received from banks, filling stations, super markets, shops, kiosks etc. As in the case of the MTCs, the charge is borne by the sender. However, the recipients are sometimes charged an additional 1% when receiving the money from some of the service providers.

A recent development in Ghana is international remittance services on ‘mobile money’ operated by telecommunication companies. Indeed, in addition to internal money transfer services provided by telecommunication companies such as Airtel, MTN, and Tigo, there are efforts to provide ‘mobile money’ transfer services from other countries to Ghana. The most advanced international ‘mobile money’ transfer service is provided by MTN.

This service allows Mobile Money subscribers to receive international money transfer directly on their Mobile Money wallet in Ghana. The system is similar to the traditional MTC systems described above. Neither the sender nor recipient need a bank account. Remittances can be sent by the sender using the *Web to Mobile* channel or *Cash to Mobile* channel. In the web to mobile case, remittance transaction is initiated through the web using the sending partner’s web interface. Transaction results in the debiting of the sender’s account. The recipient’s MTN Mobile Money wallet is credited with the corresponding amount. In the cash to mobile system, remittance transaction is initiated by an agent in the sending country. The agent captures the relevant details from the sender as well as the phone number of the recipient. The recipient then receives the amount on his/her MTN Mobile Money wallet in Ghana. In both cases the remitted funds are credited to the recipient’s Mobile Money wallet and the recipient is notified of the transfer through his mobile phone. Currently, people can send up to USD\$500 per single transaction and USD\$2,000 per day.

The charges are similar to those by MTCs. The sender bears all the cost of sending. However, if the receiver wants to cash-out the money, he will pay the regular Cash Out fees. The recipient is also paid in the local currency just as the traditional MTCs. At the moment, money received through the MTN mobile money can be transferred from the wallet into the bank account of the recipient if she/he has an account with Fidelity Bank.

The advantage of this system is the fact that it is fast, reliable and accessible as there are several mobile money pay points in Ghana. Currently, the MTN mobile money can be used to transfer money from the countries listed below:

- a) Europe
Sending Partners: World remit, Skrill
- b) USA, Canada
Sending Partner: Skrill
- c) United Kingdom
Sending Party: Lyca Money, Worldremit, XpressMoney, Skrill,
- d) Australia
Sending Party: mHITS Ltd
- e) Switzerland
Sending Party: Post finance

The main challenge associated with the use of this channel is the fact that money goes to the wrong recipient if a wrong phone number is entered. The official interviewed at the MTN office shared her experience with this challenge in the statement below:

“Using our mobile money to send and receive financial transfers is reliable, safe and fast. However, the sender must be very careful as some mistakes cannot be reversed. There were situations whereby some senders entered a wrong phone number and owners of those phones had gone to withdraw the money before the senders realised their mistakes. In such circumstances, we can only appeal to the people who received the money to return it, but this has often been difficult.”

Additionally, it is not convenient to use this system to send large amount of money to Ghana as it has to be done several times. As the money is received in Cedis, the telecommunication companies can also offer recipients lower exchange rates just as is the case with the traditional MTCs. As noted already, some recipients are also sometimes made to pay additional 'cash out' fees even when the sender has already paid the cost of transfers.

3.4 Inter-Bank money sending (Wire Transfer)

The study found that wire transfer is not commonly used by migrants except for business purposes. This channel is used mostly by companies for sending large sums of money. However, in the instances where wire transfer is used for international remittance, it involves an outward or international transfer service through SWIFT (Society for Worldwide Interbank Financial Telecommunication).

Sending money using SWIFT requires that the sender to have bank account, SWIFT code or Bank Identifier Code (BIC) and an ID. Sending of remittances through the inter-bank system involves filling an application form to transfer funds, with details such as remitters' information, beneficiary's information, SWIFT/BIC CODE and beneficiary's bank details for payment. Transfers can be done through Inward and Outward system. A study at GT bank, for instance, revealed that there is an Inward Transfers where funds are received from abroad through their correspondent banks for further credit into their customers' Foreign Currency accounts in Ghana. There is also Outward Transfers which involves transfer of funds by the customer from their foreign currency accounts to beneficiary's offshore account. These services are secure and provided by all the Ghanaian banks.

It is also possible for people to use the ATM system to transfer money to and from Ghana. In order to use the ATM to transfer money to Ghana, the migrant can acquire two ATM cards (Visa or MasterCard). One card is kept by the migrant at the destination country while another is kept by the recipient of the remittance in Ghana. Money is put onto the ATM card and is withdrawn in Ghana using the card here. Our interviews show that Ecobank Ghana has a few customers who use the ATM system to transfer money within Africa. A few Ghanaians also use this system to transfer money to their children who are studying in other countries. However, the use of ATM for transferring money is generally low due to the risks associated with it. A major risk is the inability of the remitters to control the amount of money that can be withdrawn by the recipient who is using the card in a different country. ATM cards are also more prone to hacking and fraudulent use by unscrupulous persons, as indicated in the statement below by an official interviewed at the Ecobank head office in Accra:

“The use of ATM cards to send money is not popular in this country because of the risks associated with it. For instance, the card holder in another country has the freedom to take out more money than the remitter instructs...Also, some customers are scared that hackers can easily use the codes on the ATMs to steal money from their accounts online.”

3.4.1. Challenges associated with the use of Banks to Bank Transfers

While this system is reliable and encourages people to open bank accounts, it is associated with a number of challenges. Similar to the findings by Marcuss (2005), one of the major constraints of using the inter-banking system is that most services are available only to banking customers. Thus, remitters must have an account, or open one, to be able to use most bank remittance

programs. This poses a barrier to remitters, particularly migrants who are reluctant to open a bank account for a myriad of reasons, including unfamiliarity or distrust of banks, the expense of an account, or identification restrictions to send money using the inter-banking system. In some countries, such as Mexico, the government has issued migrants with identification cards that are recognised in other countries. This allows irregular migrants to open accounts with such identification cards. However, nothing of this sort exists in Ghana.

Also, the bank charges may sometimes be too high. Bank-to-bank partnerships which are useful for ensuring that migrants pay reduced charges when they transfer money are not common in Ghana. Many of the Ghanaian banks do not have such promotional remittance transfer arrangements with banks in Europe and the US.

3.5. Services of financial institutions available to migrant households

3.5.1 Money Transfer

It is clear from the preceding discussion that one of the remittances-related services provided by financial institution is money transfer. Through a global network, remittances can be received worldwide. The financial institutions studied have different remittance services for migrants. In addition to person-to-person (also known as cash-to-cash), customers have alternatives in money transfer delivery channels such as direct-to-account, cash-to-a-mobile phone and cash-to-card. Most of the financial institutions engage in both domestic and international money transfer. The international money transfer involves the use of MTCs/Inter-banks/Mobile money to send large and small amounts. Other institutions have moved a step forward by ensuring that remittances are transferred into the recipients account. For instance, Ecobank Group has, in partnership with Western Union's Account Based Money Transfer (ABMT) which allows customers to receive Western Union transfer through their Ecobank account. Through this, Ecobank is able to provide customers with online money transfer service and online money receiving services.

3.5.2 Savings and Investments

Savings are important components of financial services in Ghana and critical for migrants investing back in Ghana. Studies have shown that when remittances are sent through banking channels, they can maximise the development impact of remittances by encouraging more savings to be made and enabling better matching of savings with investment opportunities (Ratha, 2007:8). If remittances are received as cash, they are less likely to be saved than if they were received through a bank account. It is therefore essential that financial institutions manage remittances by providing the best practices and services available to migrants to ensure that formal channels are used to send monies to leverage remittance developmental impacts. The interviews suggest that some of the banks encourage remittance receivers to save with them. The financial institutions studied have several products that are sold to customers, including to migrants. These are sold to ensure that part of the remittances received is kept/saved at the financial institution. In this way, financial institutions are helping to promote remittances led investments in Ghana. In addition, the financial institutions have other services that are available to migrants (Table 3).

Table 3: Overview of MTCs and their related products

Name of Institution	Money Transfer Services Offered	Savings and Related Products
Barclays Bank	Inter-banking, SWIFT	Bancassurance, Treasury services, Barclayloan, Premium banking
Cal Bank	MoneyGram, Western Union, Vigo, Ria	Vanguard Insurance, SIC, Fixed Deposits, CAL FlexiSave Account, International Banking Services
Sinapi Aba Savings and Loans	Small World, Western Union, MoneyGram, Ria, Vigo, Lawrence Associate, Cigue, Unity Link	Fixed deposits, Premium (SieSika) Investment Account, Current Account, SinapiSusu Account, Smart Kids etc
Dormaa Teachers Credit Union	Small World, Western Union, MoneyGram, Ria, Vigo	Susu, Fixed Deposits
GN Bank	Western Union, Ria, MoneyGram, Small World	Wo Daakye Account, 1000 Lives Insurance, Susu Savings Account, Sika Dua Account, Diaspora Account ¹
Unibank	Western Union, MoneyGram, Ria, Small World, Transfast, Express Money Fast, Cigue	M-Save Account, uniCurrent Account, uniLifestyle Loan, uniFund Account, Foreign Accounts, uniCar Loan, Inward Remittances
GT Bank	Vigo Money Transfer, MoneyGram, Ria, Immedi8, Western Union and Small World.	Current Account, Foreign Current Account, Fixed & Tenured Deposits, Smart Kids Save (SKS) Non Resident Ghanaian (NRG) Account Service etc ²
Ecobank Group	Rapid Transfer (mainly for sending money across Africa), MoneyGram, Western Union.	e-products, micro-finance, investment solutions

Source: Field work, July, 2016

3.5.3 Management of remittances

As explained by Ratha (2007) and corroborated by the present study, the importance of managing remittances and the provision of remittance services is important for socio-economic development. Also, remittance receipts can be used by some financial institutions to judge credit history of potential customers. The study shows that an important service offered by financial institutions in Ghana is the management of remittances. Along with savings and credit services, remittance services are among the most important financial services offered by the

¹ The GN Bank Diaspora Account is a service that allows Ghanaians living abroad to open savings and current account with the Bank. These migrants can deposit funds into this account meant for some beneficiaries through any of the GN Banks in the country. Available online: <http://www.gnbankghana.com/product.php?product=14&category=8>

² The Non Resident Ghanaian (NRG) Account Service from Guaranty Trust Bank provides Ghanaian living abroad with access to savings, , Current accounts, Foreign Exchange Account, Foreign Currency Account, Investment in Money Market instruments, e-Banking services and Card products. This service offers Ghanaians and their families in the Diaspora the opportunity to open and operate a Ghanaian bank account from anywhere in the world. Available online: <http://www.gtbghana.com/home/product/personal-banking/non-resident-ghanaian-nrg-account-service/>

financial institutions. In this regard, all the institutions have departments solely mandated for the management of remittances in Ghana. Mostly, these departments are headquartered in Accra and manage the inflows and outflows of remittances in their financial services. Whenever there are challenges associated with money transfer, these departments work to rectify them.

3.5.4 Financial education

The study found that some of the financial institutions already have programmes to educate recipients of remittances on savings and investment. These are usually done through the marketing department of the institutions. This was also confirmed by the recipients of remittances in an interview. Some explained that some products offered by the financial institutions are attractive and they therefore show interest in investing in them. However, since some of the remittances are for investment in building and other tangible things, they do not save with the financial institutions. The findings of some studies indicate that migrants prefer to invest in estates which are a visible presentation of the success of their travel (Osili, 2012). Others too, particularly remittance recipients in the Brong Ahafo Region, do not benefit from such education as noted by one respondent when he was asked whether he receives advice on investment from the financial institution:

“No, not in this part of our country, but in Accra I have seen them advice on savings but over here in Brong Ahafo, I have never seen those advices come from bankers, but they do advertise or advice people to save not on the foreign remittances.” (Oppong, remittance recipient)

One respondent underscored the need for creating public awareness by the financial institutions on the need to save when she noted:

“Yes, they need to create public awareness in terms of savings habit because it secures a person most in times of contingencies and unexpected or unforeseen occurrences which that amount of money will be referred to. However this can be done through teaching or advising the public on the need to save.” (Oforiwaa, remittance recipient)

Six of the 10 financial institutions interviewed reported that they sponsor radio programs and are involved in community development as part of their corporate social responsibilities. These involved financial literacy campaigns, sports and other educative programs such as quiz for school children, among others. All these services are provided to increase the visibility of institutions in the community.

3.5.5 Promotions

The MTCs in collaboration with the financial institutions have implemented different promotions to attract customers. These promotions are used to increase the customer base of financial institutions. The promotions are done at the receiving areas so that recipients of remittances will inform the senders to send money through particular MTCs. The promotions entail giving out text books, pens, school bags. The famous one has been Western Union “Back to School Bonanza” where free books and pens are given to students who receive remittances via Western Union. Some recipients of remittances confirmed that they have won some of the promotions:

“Yes, I once received a book and a pen but that was years ago and I believe they usually do that close to the Christmas season and give out items such as bag, pens, t-shirts and customized exercised books when you receive a particular amount of money through Western Union.” (Ntow, remittance recipient)

Apart from relying on promotions to increase the customer base and thereby increase the profit they get from transfers, some financial institutions reported that these promotions are part of social enterprise or social responsibility to give back to society.

3.6 Challenges faced by Financial Institutions Regarding Money Transfer

Our interviews with officials from the 10 financial institutions involved in the transfer of remittances to Ghana indicated that the financial institutions are facing the following challenges with regards to money transfer.

3.6.1 Money laundering

The officials who took part in the study mentioned money laundering as a challenge that financial institutions face. It was reported that many financial institutions and MTCs are aware of the fact that potential money laundering syndicates and fraudulent applications could be associated with the money transfer system. Consequently, a number of measures are taken to make it difficult for criminals to engage in money laundering. These measures, which include the collection of information on remitters, disclosure of sources of income and imposition of a limit on the amount that can be transferred /withdrawn per day, sometimes make it difficult for people doing legal businesses to transfer huge sum of money through MTCs.

3.6.2 Limit to the amount of money to be withdrawn

As highlighted already, one of the measures adopted by governments to deal with money laundering and fraudulent financial activities is the imposition of withdrawal limit. Although this may seem as a challenge faced by recipients of money, responses from the financial institutions indicate that they also face undue pressure from customers who do not understand why they cannot withdraw more money. This is captured in the statement below by Raymond, a teller:

“When you tell them they can receive this or that maximum amount of money a day, they will turn and look at you as if you’re hoarding their money. But that is the BOG requirement.” (Raymond, teller)

For Janet, another teller, this challenge is as a result of lack of information on the part of MTCs:

“MTCs need to educate senders about the maximum amount of money that can be withdrawn in a day. With this, they will be clear and not put unnecessary pressure on us.”

Also, when one sends important amounts of money (exceeding GHC 50,000), the person needs to be investigated, in line with Bank of Ghana regulations. This means that recipients of remittances would sometimes need to wait for some days of investigations to pass before they can receive the money. Most of these recipients do not understand these procedures and therefore put pressure on financial institutions to pay them.

3.6.3 Lack of Identification documents

As noted already, remitters are expected to present a form of identification to be able to transfer money to Ghana. In the same way, remittance recipients in Ghana are required to present identification cards to collect the money from the financial institutions. However, irregular migrants sometimes do not have any identification documents and so they are unable to directly transfer money to relatives in Ghana. The same irregular migrants do not have bank accounts at the destination and so are unable to transfer money through the banks. This situation then reduces the number of people using MTCs and financial institutions to transfer money. Similarly, given that most Ghanaians do not have passports, the voter ID card has become the main identification document used by many remittances recipients. There were, however, situations where some recipients reportedly misplaced their voter ID cards and therefore did not have any form of identification when they went to the banks to collect the money. This has sometimes resulted in confrontations between recipients and officials of financial institutions.

3.6.4 Errors on the money transfer forms and wrong codes

One of the many challenges faced by the financial institutions is incorrect spelling of names. It was explained that such mistakes could delay the disbursement of transfers to recipients, as further verifications are required especially when processing money sent through Western Union and MoneyGram. Some of the tellers indicated transfers forms completed by senders living in the Arab World, in particular, have problems with the spelling of names:

“We face some challenges particularly to do with spelling. Transfers from Europe are OK but those from the Arab World are an issue. ...For Western Union and MoneyGram, change of name or wrong spellings delay everything but for other MTCs, omission of one letter from the name can be pardoned.”

In addition to errors on the forms completed by the senders, recipients also sometimes provide wrong pins or reference numbers of the transactions. This is a huge challenge because recipients of money are required to provide the correct pins/reference number of the transaction. In some cases, the reference numbers presented by recipients are wrong-either the numbers are more than the required digits or sometimes less than the required digits. This creates problems for the financial institutions and the recipients alike.

3.7 Assessing the Regulatory Framework and its Impact on Money Transfers in Ghana

There is no doubt that the regulatory framework within a country plays an integral role in shaping financial services and behaviour of financial institutions (Marcuss 2005). The interviews show that the Bank of Ghana is the main institution charged with the regulation of the activities of MTCs and financial institutions involved in money transfers within and to Ghana. The Bank has overall supervisory and regulatory authority in all matters relating to banking and non-banking financial business in Ghana aimed at achieving a sound, efficient banking system in the interest of depositors and other customers of these institutions and the economy as a whole³. Interviews indicated that the Bank, for a long time, did not have any special framework to govern MTCs and transfer of migrant remittances. However, as a result of recent issues of money laundering and fears that remittances can be used to finance terrorism,

³ Available at: https://www.bog.gov.gh/index.php?option=com_content&view=article&id=62&Itemid=122

a Financial Intelligence Centre, domiciled at BOG has been mandated to monitor financial transfers to Ghana.

“For a time, BOG had no regulatory framework governing MTCs and money transfers to Ghana. However, as a result of money laundering we are now putting in place measures in place to monitor the activities of financial institutions in relation to money transfer. The banks are required to report huge transfers to the Financial Intelligence Centre for further investigations before paying the money to the recipients.” (BOG Representative)

As captured in the statement above, whenever a large financial transfer (i.e. an amount that exceeds 50,000 Cedis) is received by financial institutions, they are required to report it to the Financial Intelligence Centre for investigation before the money is given to the receiver. While this measure is good for dealing with fraudulent activities, it also sometimes discourages individuals from using the formal channels to send large sums of money for genuine business.

As hinted already, BOG also imposes a daily limit of money that can be withdrawn per day from the banks as well as the money that can be transferred through the mobile money system per day. While these measures are also geared towards a reduction of fraudulent activities, customers and remitters are not happy with these restrictive measures. These problems linked with the limit to the money to be transferred have been cited more by people who use the mobile money. No one has put this more cogently than Mr Asafoa, a building contractor who receives money regularly from some clients living in the UK:

“I have some people in the UK that I am building for and they send me the money sometimes through the banks or mobile money. The mobile money is more convenient to me but the problem I have with it is that, there is limit to the amount of money I can withdraw per day. So assuming a client wants to send me money from abroad, I have to ask him/her to send it in bits. Something that I can withdraw in a day, now takes me 3-4 days to withdraw all. This put a stress on the sender and myself.”

In relation to monitoring of the activities of MTCs, our study shows that neither BOG nor any other institution in Ghana directly monitor the activities of the MTCs. BOG only inspects the contracts signed between the MTCs and the financial institutions with the intent of checking money laundering. There are plans to regulate the money transfer by the telecommunication companies as the banks have concerns about the amount of money involved in the money transfer business.

Regarding the cost of remittances, it was found that BOG does not regulate the charges imposed by MTCs and financial institutions in Ghana. BOG just uses moral persuasion to encourage financial institutions to reduce their charges. BOG also engages in financial literacy but not on the remittance-led savings. It also came out clearly that BOG does not have any special agreement with Banks in destination countries to ensure that charges associated with money transfers by migrants to Ghana are reduced.

While anecdotal evidence suggests that there are informal agents in the money transfer sector in Ghana, transferring money from major countries such as UK, Italy and US to Ghana, these agents are neither registered nor monitored by the Bank of Ghana because their activities are not covered by the current financial regulatory framework. The informal financial transfer agents do not pay any tax because they are unregistered. Policy should therefore evolve to licence these agents so that their activities can be monitored.

4. CONCLUSIONS AND POLICY IMPLICATIONS

The study shows that the flow of remittances, through formal channels, has been increasing over the past 5 years. Contrary to the general belief that remittances to Ghana mainly flow from European countries and the United States of America, the data shows that a significant proportion of remittances to Ghana comes from African countries, such as Nigeria, Cote d'Ivoire, Togo and Burkina Faso. Thus, any policy to enhance the flow of remittances must also target African countries. The fact that a large percentage of remittances are still transferred through informal channels is quite disturbing because large flows through informal channels reduce development impact, in terms of credit multiplier, savings and investment (Quarthey, 2009).

The analysis shows that money transfer companies and financial institutions provide a range of international remittance-related services in Ghana. Migrants can transfer money from bank to bank, from money transfer-company to bank, and through Mobile money system. Most remitters rely on the services of a money transfer companies (MTC) which offer reliable and rapid services. The MTCs work with financial institutions and many of the financial institutions in Ghana are agents to two or more MTCs. This practice is good as it provides convenient and affordable means of receiving remittances in Ghana. The system also enables the financial institutions to receive a proportion of the charges paid by remitters, as commission. MTCs like Western Union and MoneyGram offer the best access to sending and receiving money because of their wider coverage, even though their charges are very high. Others such as Ria and Small World have low charges but offer limited geographic coverage and unreliable network. The use of bank to bank transfers is constrained by lack of bank accounts by some recipients and high charges imposed by some banks. The study also shows that bank to bank partnerships which have been used by countries such as Mexico and Cape Verde to reduce transfer costs and encourage migrants to transfer money through financial institutions are uncommon in Ghana. The general challenges associated with transfer of money to Ghana include: high cost of transfers; unfavourable exchange rates; strict financial regulations which limit the amount of money that can be sent via mobile money systems.

On the other hand, the challenges faced by financial institutions that offer money transfer services in Ghana include: the existence and fears of money laundering; lack of identification cards and bank accounts by irregular migrants and some money recipients; errors on remittance sending forms completed by remitters; provision of wrong transaction codes by recipients; over-restrictive regulatory framework; and lack of financial literacy among recipients of remittances. Despite the challenges associated with the transfer of money to Ghana, the financial institutions offer very useful remittances-related services, including management of remittances, promotions to encourage financial transfers, savings, and financial education.

Based on these findings, it is recommended that the government of Ghana, led by the Bank of Ghana, should work with major banks in popular destination countries (e.g United Kingdom, United States of America, Nigeria and Italy) to develop remittances transfer programs to that can help reduce the cost of financial transfers to Ghana. A similar programme has been adopted by Mexico whereby selected banks in Mexico have special remittances transfer agreements with major banks in the United States of America where many Mexicans live and work. The arrangements ensure that Mexicans in the United States of America register with the US banks involved in such programmes and are allowed to pay lower charges on transfers to Mexico than the market rates (Marcuss 2005).

While not promoting irregular migration, the government must also adopt measures to make it easier for undocumented migrants to remit home. Again, the cases of Mexico and Philippines are worth emulating here. These countries have issued travellers with special ID cards and also have financial transfer units within some foreign missions so that undocumented nationals are assisted to remit money to their countries.

There is also a need to review the regulatory framework within which MTCs and financial institutions operate. It will be useful for the bank of Ghana to increase the daily allowable transfer/withdrawal limit in some cases. Procedures for opening of bank accounts must also be reviewed as requirement of utility bills and recommendations by account holders prevent many people from opening bank accounts into which money can be transferred. The Bank of Ghana must also find innovative ways of licensing and regulating the activities of informal money transfer agencies rather than criminalising their activities altogether. As stated already, the Bank of Ghana needs to find a way of actively engaging the MTCs and the banks to reduce charges on transfers to Ghana.

It is also recommended that financial education on the savings and investment of remittances in Ghana must be sustained. As was observed by the study, there are various products that are offered by the financial institutions but are not known to some remittance recipients. Others too do not receive the education on the need to save part of their remittances. Therefore, sustaining and improving financial education to recipients and senders can help enhance the development impacts of remittances in Ghana.

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APPENDIX I

Interview Guide for Financial Institution

BASELINE ASSESSMENT OF REMITTANCES-RELATED PRACTICES OF FINANCIAL INSTITUTIONS THROUGH A QUALITATIVE SURVEY

INFORMED CONSENT AND OBJECTIVE OF THE SURVEY

This survey is part of a research project on '*Improving capacities to leverage migrant remittances for development in Ghana*'. As part of this project, we are carrying out a baseline assessment of remittances-related practices and services of financial institutions available to migrants; with a specific focus on migrants' remittance inflows and how to maximize the positive impact on Ghana's development.

We would like to ask you few questions about the practices and services provided by your financial institutions. The interview should not last more than 30 minutes. You are allowed to ask questions at any stage of the interview and you may refuse to answer any question that you may feel uncomfortable to respond to without any consequences. You may also choose to withdraw your participation in this study at any time. We would like to assure you that this study will pose no risks to you or to any other member of your household or community. All information that you give to us will be kept confidential and you will not be identified by name or address in any of the reports or other output that we plan to produce.

By signing this form, you imply that you have read and understood the information about this study and that you hereby agree to voluntarily take part in it.

Name/Identification of Respondent	
Rank/Position	
Name of financial institution	
Town and region	
Location of interview	
Date and place of interview	
Start time	
End time	
Length of interview	
Interviewer (Name and Signature)	

Services of financial institutions available to migrants

1. Tell me about the types of remittance transfer services you provide in the normal course of your business (Probe whether the organisation provides international or internal money transfer? How does the organisation facilitates transfer of clients' money? Probe if agency only transfers money or goods)

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Tell me about how the flow of financial remittances through your organisation has changed within the last 5 years (is the volume rising or decreasing, mode of operations etc).

2. Where do you receive most of the remittances from (Rank in order of importance)?
 - a.
 - b.
 - c.
 - d.
3. What is required for one to send remittances (money) to Ghana? (probe for types of documents required, forms required to be filled, does residential status matter)
 - a.
 - b.
 - c.
 - d.
 - e.
4. What are the procedures involved in sending money to Ghana or within?
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5. What are the procedures and requirements involved in receiving remittances? (*Probe for international and internal remittance flow, Does one require a bank account to receive money, what happens if there is no account; What documents are required for identification*).
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6. How long (number of days/hours) does it take to receive money transferred from different parts of the world? (Probe for Africa, Europe, US Etc)
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7. What are the services provided by your institution for senders of remittance? (Have new products been added in the last 2 years?)
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 -
 -
8. What services are provided for the recipients of remittance in Ghana?
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 -
 -
 -
 -
 -
9. Do you deal with other financial institutions in transferring money to Ghana? (Probe for institutions/banks and why they are involved in money transfers)
 -
 -
10. Do you have agents or linkages with other financial institutions; if Yes; where are your agents located (which parts of Ghana, rural, urban; Do recipients know about their location?
 - a.
 -
 - b.
 -
 - c.
 -
 - d.
 -
11. How do you notify recipients of remittances when their cash is in?
 - a.
 -
 - b.
 -
 - c.
 -

What happens to remittances that are not drawn by prospective recipients?

ICT and Remittances

12. Do you provide online services for senders?
 - a. Yes
 - b. No
13. Can transfer be done online or via the telephone?
 - a. Yes
 - b. No
14. If yes what is the maximum amount one can transfer online?
 -
 -

15. Do you have a hotline or telephone number to be contacted if one wants to send money?
- a. Yes
 - b. No

Service Charge

16. How much is charged per transaction and what do you consider in computing the transfer cost/charge?

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17. Do you have different charges for different institutions/banks? *Probe for international and internal charges*

Please explain

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18. How are charges done? Do you charge from source or at the destination? (Who pays; the sender or the receiver)?

Please explain

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19. Does your institution process debit/credit cards?

- a. Yes
- b. No

Please explain your answer

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20. How much (maximum amount) can one receive at a go in Ghana?

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Management of remittances

21. Is there a department solely dedicated for the management of remittances? If so how do they reach out to the senders and receivers of remittances?

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22. What other related products do you provide to customers? Please state

- a.
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- b.
.....
- c.
.....

23. What other innovative ideas do you sell to recipients? Please state

- a.
.....
- b.
.....
- c.
.....

24. Do you open accounts for recipients?

- a. Yes
- b. No

25. Do you organise financial campaign on the use of remittances? (Probe for details of these programmes, where are they organised? Where are they Organised? Do you collaborate with state agencies to organise these programs?)

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26. Does your institution have any promotions to reduce service charge (Are there promotions for those sending remittances?) Please explain

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27. Do you have any products to promote savings of remittance? (If yes, what are these products; are they effective?)

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28. Are your activities monitored by any state agency? (Probe for name of the agency, how they monitor the financial institutions).

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29. Tell me about the challenges faced by your organisation regarding transfer of remittances?

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30. Can you provide any suggestions to improve transfer and management of remittances?

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APPENDIX II

Interview Guide for Key Informants

BASELINE ASSESSMENT OF REMITTANCES-RELATED PRACTICES OF FINANCIAL INSTITUTIONS THROUGH A QUALITATIVE SURVEY

Introduction

This survey is part of a research project on '*Improving capacities to leverage migrant remittances for development in Ghana*'. As part of this project, we are carrying out a baseline assessment of remittances-related practices and services of financial institutions available to migrants; with a specific focus on migrants' remittance inflows and how to maximize the positive impact on Ghana's development.

We would like to ask you few questions about the practices and services provided by your financial institutions. The interview should not last more than 30 minutes. You are allowed to ask questions at any stage of the interview and you may refuse to answer any question that you may feel uncomfortable to respond to without any consequences. You may also choose to withdraw your participation in this study at any time. We would like to assure you that this study will pose no risks to you or to any other member of your household or community. All information that you give to us will be kept confidential and you will not be identified by name or address in any of the reports or other output that we plan to produce.

By signing this form, you imply that you have read and understood the information about this study and that you hereby agree to voluntarily take part in it.

Name/identification of Interviewee and position	
Age	
Sex	
Location of interview	
Interview Date	
Start time	
End time	
Length of interview	
Interviewer (Name and Signature)	

Remittance transfer, sources and channels

1. How do you track remittances flow into the country?
2. How much percentage is charged on remittance transfer?
3. What is the current state of remittance transfer to Ghana?
4. Where do these come from? (*Probe for international and internal remittance sources*)

Remittance Economic Impacts and Management of Channels and Collaboration

5. How important are remittances to Ghana?
6. What policies are there to leverage remittances for economic development?
7. What effects does the transfer of remittances via informal channels have on economic development?
8. What is your organisation doing to formalise the informal channels for economic development?
9. Is your organisation working in collaboration with others to ensure effective management of remittance transfer into the country?

Customer Care and Education

10. What kind of services is your organisation offering to remittance recipient households to ensure that they save or invest part of the money they receive from their relatives/friends?
11. Describe the patronage of such services
12. What can be done to maintain or improve such services?

APPENDIX III

Interview Guide for Remittance Receivers

BASELINE ASSESSMENT OF REMITTANCES-RELATED PRACTICES OF FINANCIAL INSTITUTIONS THROUGH A QUALITATIVE SURVEY

INFORMED CONSENT AND OBJECTIVE OF THE SURVEY

This survey is part of a research project on '*Improving capacities to leverage migrant remittances for development in Ghana*'. As part of this project, we are carrying out a baseline assessment of remittances-related practices and services of financial institutions available to migrants; with a specific focus on migrants' remittance inflows and how to maximize the positive impact on Ghana's development.

We would like to ask you few questions about some practices and remittance services provided by the financial institutions. The interview should not last more than 30 minutes. You are allowed to ask questions at any stage of the interview and you may refuse to answer any question that you may feel uncomfortable to respond to without any consequences. You may also choose to withdraw your participation in this study at any time. We would like to assure you that this study will pose no risks to you or to any other member of your household or community. All information that you give to us will be kept confidential and you will not be identified by name or address in any of the reports or other output that we plan to produce.

By signing this form, you imply that you have read and understood the information about this study and that you hereby agree to voluntarily take part in it.

Name/identification of interviewee	
Age	
Sex	
Town and region	
Location of interview	
Interview Date	
Start time	
End time	
Length of interview	
Interviewer (Name and Signature)	

1. Do you have a relation/family member(s) living outside of Ghana
2. How often do you receive money from your family member(s) abroad (probe for regularity of remittance; the items remitted)

3. For what purpose are remittances sent to your household? (e.g. education, food etc; Who decides what the money is used for)
4. State all the channels by which you receive financial transfers from other countries (Probe for both formal and informal channels; Which channels are preferred and why; which channels are used when money to be transferred is small/ big)
5. Do you normally use any of the following money transfer (financial) institutions to receive the money from other countries?
 - a. Money gram
 - b. Western Union
 - c. Ria
 - d. Vigo
 - e. Others:

6. Which of these organisation do you prefer and why?
7. What is required (form of identification) to receive money? (Probe for any problems with identification)
8. How much do you pay to collect the money?
9. What is the waiting period? How many days/hours does it take to receive money?
10. Who notifies you when the money is sent aside your relative?
11. How easy do you get access to the financial institution to collect money?
12. What other products are provided by the financial institution?

Service charge

13. Who pays for the charge? Is it you the receiver or the sender? *Probe*
14. Do you always get the same as the amount sent? If not why? Probe for explanation regarding interest rates, whether this is explained to him/her by the institution.
15. What about the attitude of the financial institutions? Do they take their time to explain things to you?

Management of remittances

16. Do you save with any financial institution? If so is that the same institution you receive remittances from? What percentage of the remittances do you save? What are you using the savings for?
17. Have you been advised by your financial institution to save part of your remittances?
18. What kind of information regarding savings do you get from the institution?
19. Does the financial institution do promotional activities? If yes have you benefitted from such before? What did you get?
20. Is the financial institution engaging in community education? Are they sponsoring educative programmes that encourage saving?