

Digital Currency and Remittances in the Time of Covid-19

Center for Strategic and International Studies
Webinar

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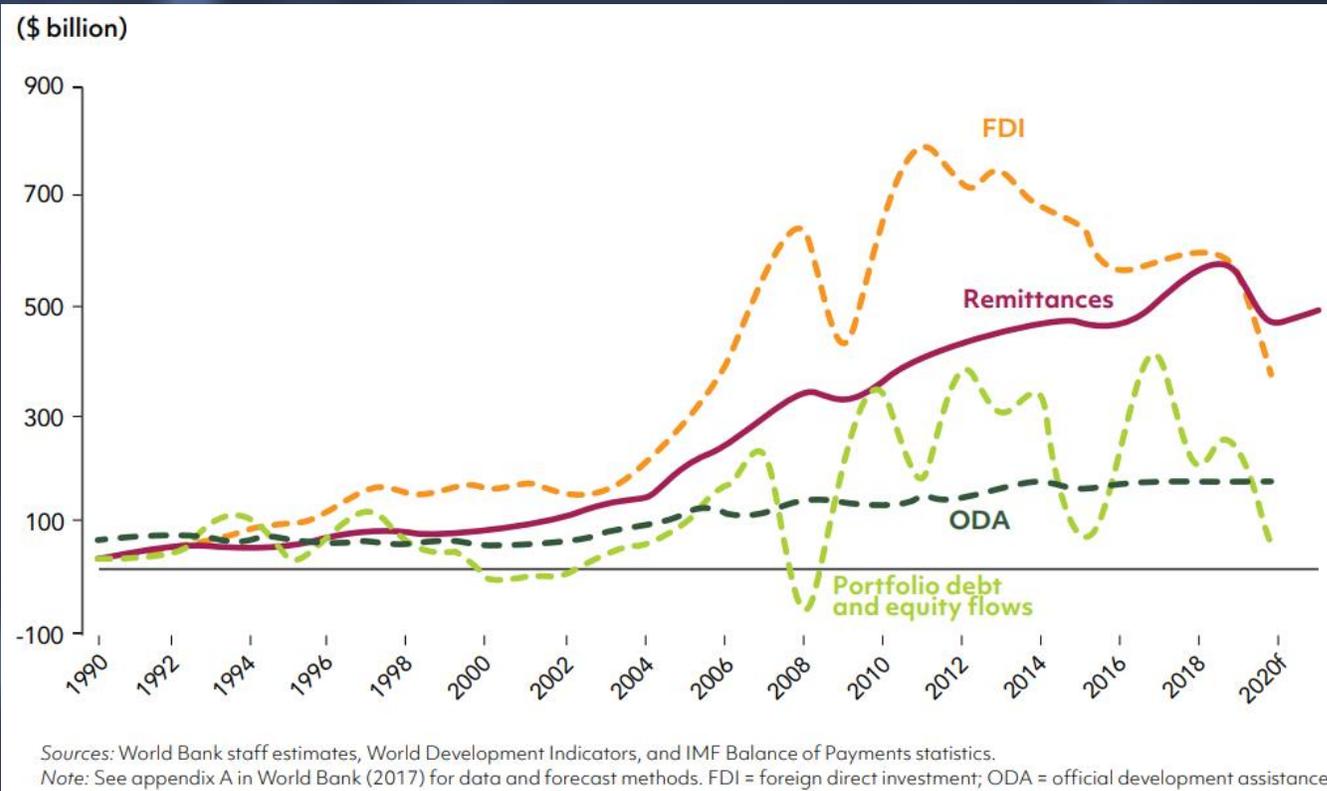
Dr. Marie McAuliffe

Head, Migration Policy Research Division
International Organization for Migration

Disclaimer: Views expressed are the presenter's and do not necessarily reflect those of IOM or its member states



What Does it Mean for Africa?



International remittances are projected to fall by 20% in 2020. COVID-19 has been devastating for millions of migrant workers, many of whom are unable to work due to lockdowns, movement restrictions or job losses.

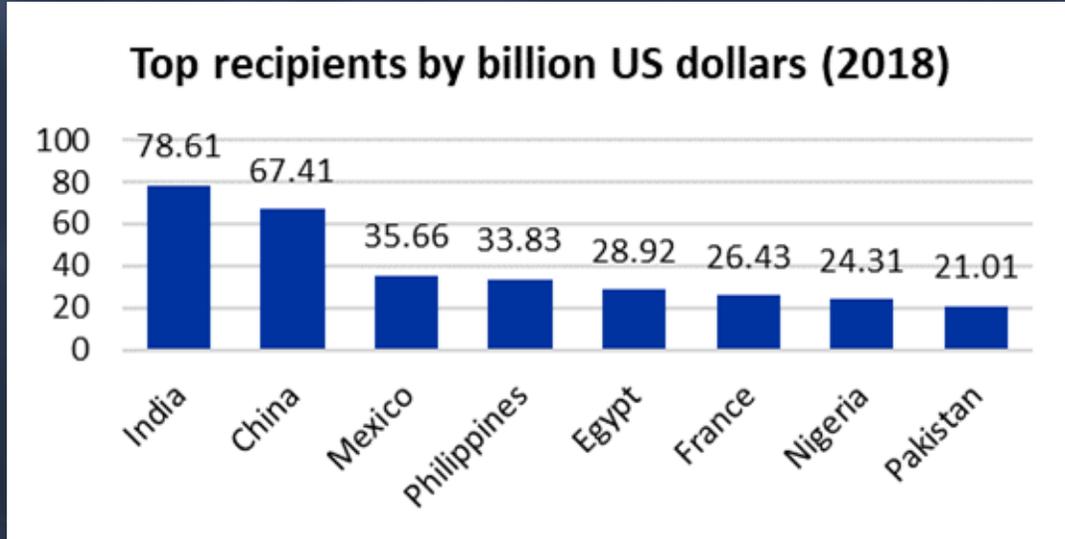
World Bank predicts int'l remittances to SSA will decline by 23% in 2020 due to COVID-19, with serious consequences for receiving countries.

- Countries/people most affected will be in communities most dependent on int'l remittances, such as South Sudan, Lesotho, Gambia, and others

BUT

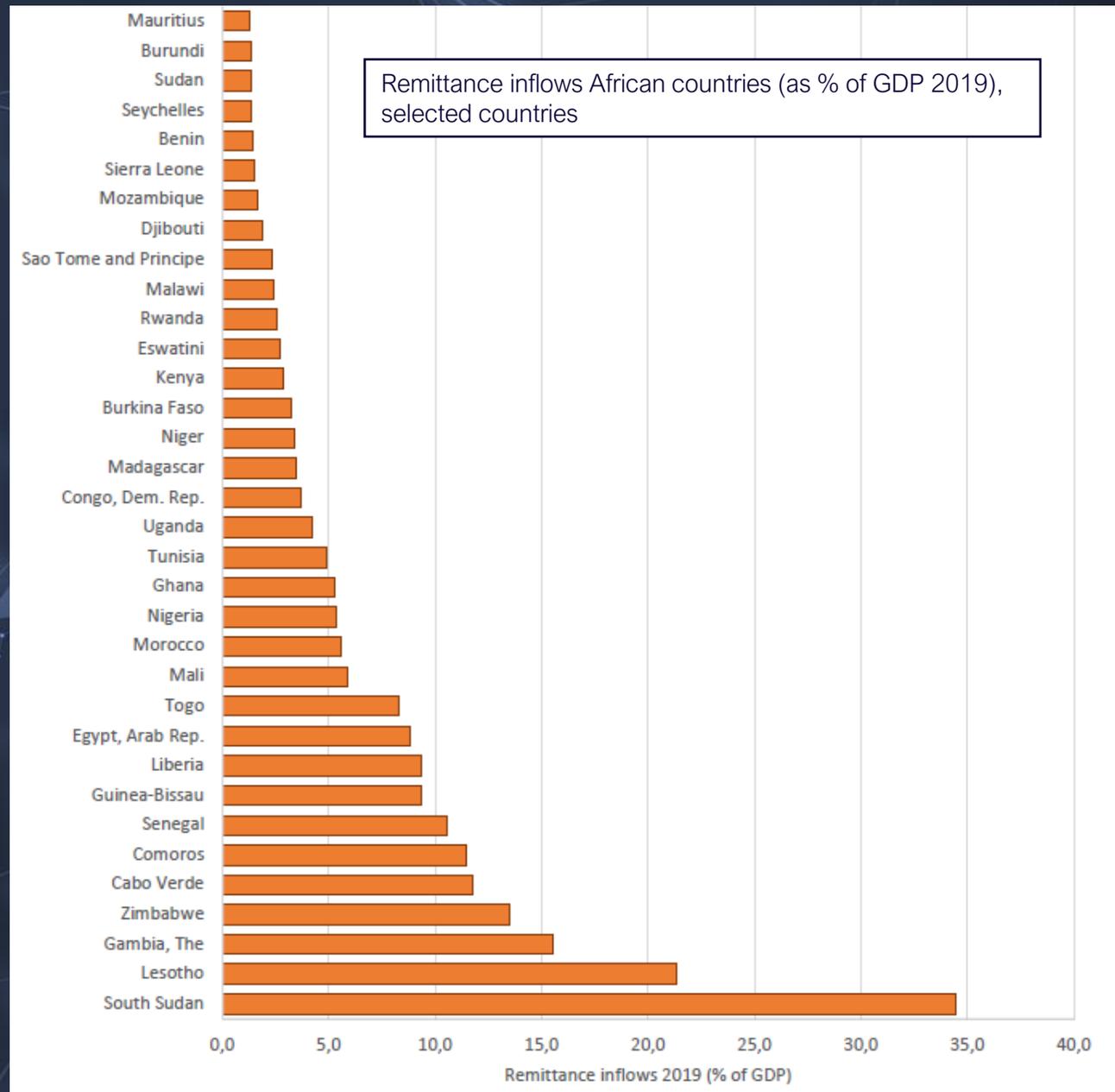
- Migrants are responding to COVID19 shocks by sending more money home if they can
- Increases in inflows are being reported in Mexico, Guatemala, Philippines; this could be occurring elsewhere too
- **Internal remittances in Africa** are thought to be far greater, but not well documented/understood (Source: Adhikari, 2020).
- **COVID19 recovery will depend on increasing remittances flows:** whether internal/international, by supporting economic recovery and expanding access to remittance tools

Top Recipients of Remittances



Source: IOM World Migration Report 2020 using World Bank data

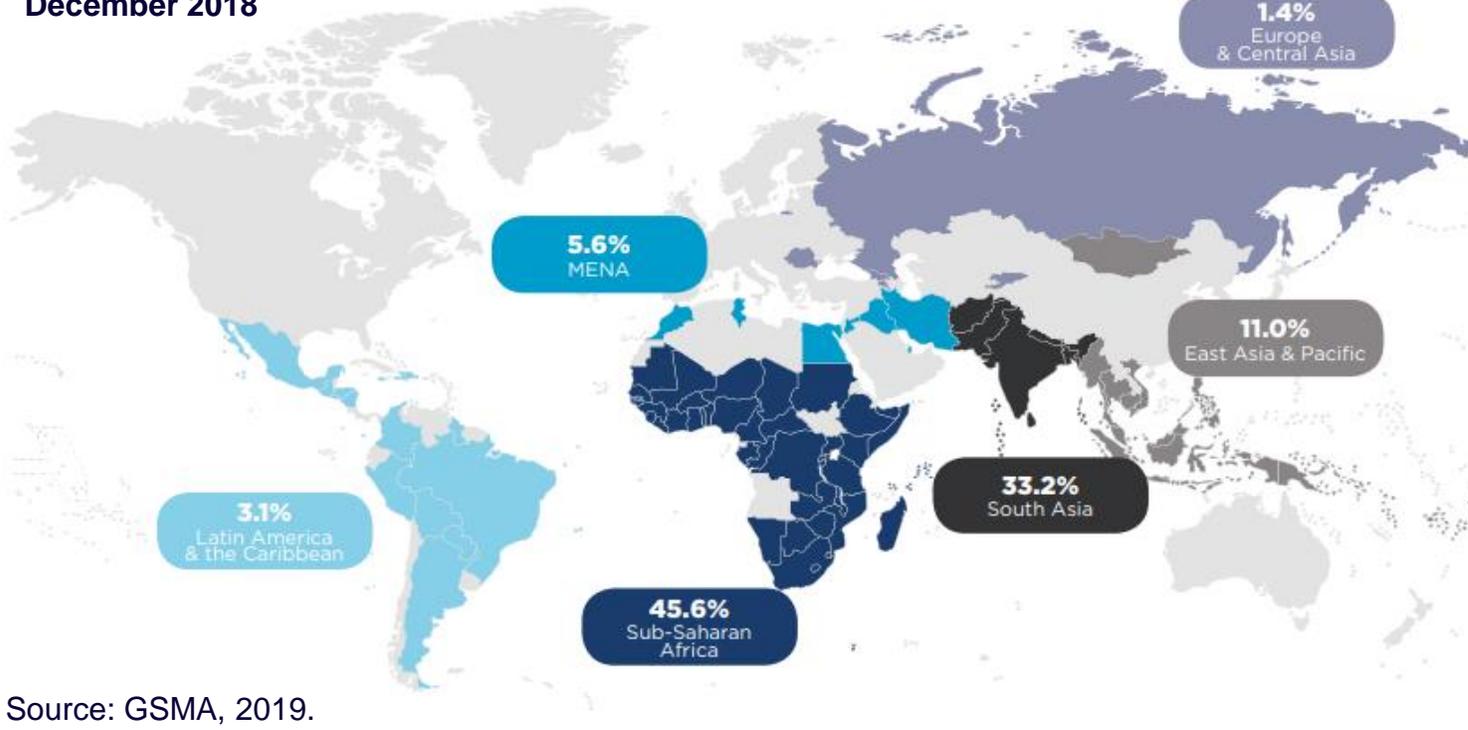
Source: IOM World Migration Report 2020 using World Bank data



Source: Kalantaryan & McMahon (2020) using World Bank data

Mobile Money and remittances in Sub-Saharan Africa

Global spread of registered mobile money customers, December 2018



Source: GSMA, 2019.

- In 2018, SSA accounted for nearly half of all mobile money accounts worldwide (more than 395 million), the highest penetration rate globally.
- Unlike other regions (where adults largely depend on traditional banks), in SSA, 21% of adults have a mobile money account, the largest of any region (Source: Klapper, Ansar, Hess, Singer, 2019).

- Mobile money platforms have made the transfer of remittances cheaper and faster than other services and have become especially vital during the pandemic
- Through mobile money, remittances have become more traceable, making it safer than informal channels (Source: Aron and Muellbauer, 2019)
- Increasing number of humanitarian organizations are using mobile money for digital cash transfers (SSA hosts some of the largest number of refugees and IDPs)
- But the use of these services remains highly gendered. Men have more access to mobile phones and use mobile money more frequently than women (Source: Chamboko, et al., 2018; GSMA, 2019)

Key takeaways

- Migrants are the drivers of human development, sending billions of dollars in international remittances to families and communities in origin countries. Despite predictions of declines, some countries are experiencing *increases* in remittances inflows as migrants send more money home to families during the pandemic.
- COVID19 recovery will depend on increasing and improving remittances flows: whether internal/international, by supporting economic recovery and expanding access to remittance tools
- The costs of sending remittances globally, but especially in SSA, remain very high. COVID19 may provide the extra push to harness tech to further expand remittance channels and drive down costs, but ICT accessibility remains a challenge (including for gender reasons).