UNCDF SHIFT
SHAPING INCLUSIVE FINANCE TRANSFORMATIONS

REMITTANCES AS A DRIVER OF WOMEN'S FINANCIAL INCLUSION

Australian Aid

ABSTRACT

UNCDF research has shown that remittances are a high-volume driver for women's financial inclusion, especially when accessed through digital channels. Although the rapid development of formal remittance markets in the Mekong region has been documented, few studies have examined informal remittance channels or disaggregated data by sex. As a result, the relationships between international remittances and women's financial inclusion remain little understood. This study explores both formal and informal international remittance markets in Cambodia, Laos, Myanmar and Viet Nam and identifies innovative solutions to cross-border payments and tailored financial products that advance women's financial inclusion. The paper generates insights from country-wide MAP-FinScope surveys and customer field interviews, and incorporates feedback from the region's key remittance service providers through surveys and in-depth interviews. The study finds that there is a need to formalize, digitize and customize products to better fit the needs of women recipients and form stronger linkages between international remittances and other financial services. Transitioning migrants from using informal to formal remittance products can potentially add an additional US$6–17 billion billion to the formal remittance market, which in turn can further unlock a more inclusive financial market. Providers identified several innovative solutions, including strengthening digital delivery channels, launching mobile wallet apps and developing remittance-linked savings, as the starting point for product bundling. Such product innovations could be accomplished within the prevailing regulations, although providers felt that clearer regulatory guidelines with regards to partnership models and non-bank institutions could further accelerate product innovation.

ABOUT UNCDF

UNCDF is the **UN's capital investment agency for the world's 47 Least Developed Countries** (LDCs). With its capital mandate and instruments, UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: **financial inclusion, which** expands the opportunities for individuals, households and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and **localized investments, which** show how fiscal decentralization, innovative municipal finance and structured project finance can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise and local infrastructure levels, UNCDF contributes to Sustainable Development Goal (SDG) 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

ABOUT SHIFT

UNCDF's Shaping Inclusive Finance Transformations (SHIFT) programme is a financial market facilitation, technical assistance and funding facility for the ASEAN region. SHIFT aims to facilitate the transition of the use of financial services by people with low incomes – especially women – from informal mechanisms to formal and higher-value services by catalysing innovative partnerships across financial, policy, data and training markets.

SHIFT intervenes in the remittance market in the ASEAN LDCs because of its capacity to connect international and domestic resource mobilization and accelerate innovative digital finance solutions that extend investments to last mile financial infrastructure. Building on earlier remittance research conducted by SHIFT, including the 'G20 report' conducted for the Australian government in May 2016, the 'Women on the Move' study completed in 2015, and the MAP-FinScope diagnostics, remittances, especially when accessed through digital channels, form a high-volume driver for women's financial inclusion. The current study was conducted to further analyse the formal and informal remittance markets in Cambodia, Lao PDR and Myanmar and identify innovative solutions to domestic and cross-border payments and tailored financial products that advance women's financial inclusion.

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CONTENTS

ABBREVIATIONS AND ACRONYMS

AML/CFT	Anti-Money Laundering And Countering The Financing Of Terrorism
ATM	Automated Teller Machine
B2B	Business-To-Business
FSP	Financial Service Provider
ID	Identification Document
ILO	International Labour Organization
KYC	Know Your Customer
MAP	Making Access Possible
MDI	Micro-Deposit Institution
MFI	Microfinance Institution
MNO	Mobile Network Operator
MTO	Money Transfer Operator
ODA	Official Development Assistance
P2P	Person-To-Person
RSP	Remittance Service Provider
SDG	Sustainable Development Goal
SHIFT	Shaping Inclusive Finance Transformations
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference On Trade And Development

FOREWORD

Remittances constitute a critically important source of finance for development at the individual/household level. Formal international remittance flows globally, estimated to be $585 billion, have grown at 15% over the last five years and have exceeded other financial flows to many countries. Both the Addis Ababa Action Agenda and the G20 Global partnership for financial inclusion emphasize that growing flows of remittances can support inclusive growth and sustainable development. Likewise, the 2030 Agenda for Sustainable Development calls for reducing remittance transaction costs and recognizes the role remittances can play in mobilizing additional financial resources for developing countries.

In order to maximize the potential development impact of remittance flows, we need first to understand more about who sends remittances and who receives them. This knowledge will allow private sector, governments and development partners to create tailored interventions – from regulations to new financial services - that make it easier to send, access, and use remittances. To this end, the United Nations Capital Development Fund (UNCDF) has established a framework, based on existing diagnostic tools, through which to map the economic behaviours of those sending and receiving remittances.

This report provides this type of information that is otherwise missing from existing remittance market analyses. It focuses on "last mile" remittance recipients in the Mekong region. In particular, the report notes that the dominant remittance recipients across the Mekong region are rural women for whom remittances may be the only formal interface with the financial sector. There is, therefore, opportunity to provide easier access to affordable remittance services and remittance-linked financial products that can serve as an on-ramp for their use of a broader range of financial services - savings, credit, insurance, and payments. Evidence shows this kind of financial inclusion has the potential to transform the economic role of women, within their households and the larger community, by giving them greater control over household finances.

The report also sets out to establish the size of unregulated remittance flows that can be tapped by the origin countries if existing market challenges are addressed. Capturing these flows may assist governments in stabilizing the balance of payments and provide banks with more foreign exchange to meet their business obligations and liquidity to lend to the real economy.

The findings of this report have been used to develop and launch the third window of the UNCDF "Shaping Inclusive Finance Transformations (SHIFT)" Challenge Fund on remittances. It will provide financial and technical assistance to test and develop innovative, scalable business models that foster regulated international remittances to Cambodia, Lao PDR, Myanmar, and Vietnam for women, and increase the adoption and usage of remittance-linked financial products and services in these countries.

More broadly, it is our hope that the analysis and recommendations emerging from the report will help policymakers and private sector providers to develop regulations and products that incentivize domestic and cross-border partnerships among range of providers, building an inclusive financial sector and improving women's lives.

Judith Karl
Executive Secretary, UNCDF

AUTHORSHIP

This paper was authored by Amil Aneja, Dr. Robin Gravesteijn and Byoung-Hwa Hwang. The views expressed in this publication are those of the authors and do not necessarily represent those of the United Nations, including UNCDF, their Member States or their partners.

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Son Savang, Vice President	HKL, Cambodia
Sokim Mel, Financial Sector Specialist	International Finance Corporation, Cambodia
Sophie Waldschmidt, Bank Adviser	IPC – Internationale Projekt Consult GmbH, Myanmar
Joanne Raisin, Adviser	LIFT, Myanmar

NAME	INSTITUTION
Khine Khine Saw, Programme Manager	LIFT, Myanmar
Loy Long, Deputy Head of Business Development	LOLC, Cambodia
Sary Khem, Managing Director	MEADA Rabrong Plc (microinsurance), Cambodia
Pamouane Phetthany, Executive Director	Microfinance Association, Lao PDR
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Tim Scheffmann, CEO	MYPAY, Myanmar
Pol Chhoukratha, President and Chief Operating Officer	National Bank of Cambodia, Cambodia
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Jason Meikle, Deputy Director	Pact Global Microfinance Fund, Myanmar
Somwang Luangphaiboonsri, Country Lead	PayPal, Thailand
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Nell Ryan, Head of Financial Products	Red Dot, Myanmar
Aisha Masood, Project Manager	Red Dot, Myanmar
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Caroline Corlin, Associate Director	TNS Global, Myanmar
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Rajeev Kumar Gupta, Deputy Program Manager	UNCDF, Thailand
Feisal Hussain, Program Manager	UNCDF, Thailand
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Khin May Shin, Programme Analyst, Financial Inclusion	UNDP, Myanmar
Hoang Thi Chuong, Deputy Director	Vietnam Bank of Social Policies, Vietnam
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Nicolas Corlin, Vice President	Wave Money, Myanmar
Atish Shrestha, Regional Director, IndoChina	Western Union, Thailand
Wanwipa Boonyaprapasorn, Operations Manager	Western Union, Thailand
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Juanita Woodward	Remittance Specialist	Connecting the Dots, Singapore
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KEY RECOMMENDATIONS

1. Support customers, especially women, to adopt formal remittance channels and remittance-linked financial products

a. Encourage partnerships among banks, remittance service providers (RSPs) and remittance hub networks to develop digital remittance services, including mobile wallets and app-based products, to offer migrants cheaper, easily accessible and real-time transaction alternatives.

b. Expand the agent distribution network to generate a wider access to pay-in and pay-out locations by establishing partnerships among retailers, banks and non-bank financial institutions domestically.

c. Create hard and soft incentives for migrants to encourage their use of formal remittance channels. Hard incentives may hold monetary value such as lower transaction costs, and soft incentives may include functional benefits such as overdraft facilities, credit scoring, access to broader sets of financial products and services etc.

d. Encourage digital identification platforms that can support the identity management infrastructure on both sending and receiving ends so that minimum paperwork and lower documentation requirements may encourage women to remit and receive money through digital channels.

e. Provide adequate attention and resources to awareness campaigns and (digital) financial literacy to address the risk adversity of women, ease of use and their lack of trust in the banking system.

2. Develop products to link remittances with broader financial services

a. Develop data and analytical capacity to target remittance recipients and identify their needs.

b. Develop recipient-centric, tailored financial products based on their specific needs – geography, occupation, demographics, marital status etc.

c. Create incentives for remittance recipients in the form of broader access to services such as payments, credit scoring, social services and lottery schemes to promote savings, financial products such as personal and emergency loans, housing finance, insurance etc.

d. Allow mobile wallets to be linked to interest-bearing savings account to strengthen the digital value chain and lower the cost of operating in cash.

3. Strengthen the regulatory environment that enables market participants to innovate

a. Ensure clearer regulatory guidelines with regards to partnership models among banks and other providers for cross-border remittances.

b. Allow non-bank financial institutions to accelerate product innovation by developing digital remittance services and linked financial products that are accessible to recipients, especially women, in rural areas.

c. Invest in a regional initiative for digital portable identity that can significantly enhance the overall integrity of the identification infrastructure in the region.

EXECUTIVE SUMMARY

With the rapid development of the financial markets of Cambodia, Lao PDR, Myanmar and Viet Nam, there has been significant growth in inflows of international remittances, which totalled US$17 billion in 2015 to these four countries, well outpacing the US$6.8 billion inflow of Official Development Assistance (ODA) (World Bank 2014). At the macro-economic level, these international remittance flows provide much-needed foreign currency exchange, stabilize the balance of payments, supplement ODA and reallocate capital resources to more productive investments and other financial services—moving money from international to domestic, consumption to investment, and from urban to rural. The global trend of formalizing cross-border remittances through digital channels results in more convenient, less expensive and less risky payment services, and creates opportunities through mobile wallets to enhance the use of other financial services (UNCDF 2016). Digitizing international remittance flows may not only reduce remittance transaction costs by over 50 percent (GSMA 2016), but it can also help smoothen consumption patterns, increase remittance recipients' household income and support women's economic empowerment (Beuermann et al. 2014).

However, barriers to sending and receiving remittances through formal channels, as well as the dominance of informal remittance channels, limit the mobilization potential of payment markets and restrict the opportunities for remittance recipients, mostly underserved women living in rural areas, to become better economically integrated. So far, market research has focused on bringing down transaction costs and removing regulatory barriers as key drivers for unlocking this market potential (UNCDF 2016). While this study recognizes that these are very important factors, existing research has tended to ignore demand-led product innovation opportunities that can be undertaken within the current regulatory environment. Also, few studies have estimated the size of both the formal and informal remittance markets, and analysis is rarely disaggregated by sex; as a result, the interplay between gender and remittances remains little understood (UNCDF 2015). Thus, UNCDF has conducted an analysis of the full remittance market to support private-sector efforts to effectively respond to the need to enhance women's financial inclusion and economic empowerment.

The purpose of this study is to identify some of the key barriers at every step of the remittance value chain from the sender to the receiver. It explores the formal and informal remittance markets in Cambodia, Lao PDR, Myanmar and Viet Nam, and identifies innovative solutions to cross-border payments and tailored financial products that can address the identified barriers and advance women's financial inclusion. The solutions identified by Mekong remittance service providers (RSPs) can feed into evolving business models and partnerships that can add value for customers, particularly women. This study also provides recommendations for eliminating some of the regulatory and market barriers that limit women's access to and use of financial services.

This study draws from demand-side data including MAP-FinScope[1] and customer journey interviews, supply-side data including an online survey, and in-depth interviews conducted with key RSPs active in Cambodia, Lao PDR and Myanmar. The primary target audiences are financial service providers (FSPs), RSPs,[2] governments, central banks and other policy institutions and experts on remittances, migration and cross-border fund transfers.

The demand-side analysis shows that 60 percent of the total recipients in Cambodia, Lao PDR and Myanmar are woman, and that most of them (75 percent) live in rural areas. The general profile of a remittance recipient is a middle-aged, married rural woman; she receives remittances frequently from her children through informal channels, yet has some form of access to financial services and mostly saves and accesses credit informally. Interviews conducted with customers in Myanmar identified that informal RSPs offer certain features such as convenience, easy access, trustworthy agents and good customer service that give them a competitive advantage over products offered by banks and other formal providers, particularly for low-value remittances. While most providers considered pricing and geographical accessibility to be key barriers for transferring payments, customers felt that convenience and trust are more important than having nearby sales points. Interestingly, part of the remittance value chain is already formalized—albeit not at the last mile—as many informal agents were using digital channels[3] to remit money domestically. While customers showed interest in digital remittance products,[4] most of them cashed out their remittances to cover daily household consumption, diminishing the potential to mobilize formal savings, loans, insurance and other financial products. This creates a need to formalize and digitize remittances better to meet gender-specific needs, so that remittances could be linked to other financial services. Based on the FinScope analysis for Cambodia, Lao PDR and Myanmar, and external market research from Viet Nam it is estimated that a more inclusive and digitized remittance market has the potential to double the size of the current regulated market and contribute between US$7 billion to US$16 billion to the formal economies of the four countries combined.

RSPs and experts helped to identify innovative solutions that can unlock the potential of more inclusive formal remittance markets. Incremental innovations to help digitize remittances varied from strengthening delivery channels by expanding agent networks through partnerships between banks and other distributors (non-bank, retail companies, mobile network operators—MNOs), to creating more pay-in and pay-out locations to make it more attractive to use digital money in the real economy. Providers identified the need to launch awareness campaigns to better market existing products, ranging from pre-departure and post-arrival campaigns, to targeted education and financial literacy programmes, to developing pricing apps through which migrants can compare remittance channels. They also expressed the need to create monetary incentives for customers, including lottery-based schemes and discounted fees for customers who use formal rather than informal channels. Other ideas included the development of mobile wallet apps to reduce transaction costs, digital identification platforms through mobile services to eliminate paper-based documentation requirements, establishing global remittance hubs and peer-to-peer platforms to reduce banks' and non-banks' operational costs and to offer migrants attractive real-time transaction alternatives.

Providers also wanted to conduct more customer analysis to improve the linkage between remittances and other financial products. Sixty percent of respondents highlighted the possibility of developing a remittance-linked savings product as an entry strategy for bundling remittances with other products. Besides savings, payment, credit and insurance products were also highlighted by service providers, in that order. Remittances can also be linked to value-added services such as utilities payment, mobile airtime top-ups, loan repayment, vouchers for medical expenses, school fees etc. Customers could also be given monetary incentives by matching remittances to subsidized savings schemes to ensure that money is saved for a productive purpose. Others advocated for combining remittances with overdraft facilities or incorporating remittance flows into credit-scoring models and migrant-backed loans. Mobile wallets and biometric prepaid cards were identified as more advanced innovations that could accelerate the development of a cross-border remittance market. Providers also proposed partnerships with a range of institutions, in both origin and host countries, to offer bundled financial products to the remittance recipients based on their specific needs.

All of these innovations could be reasonably accomplished within the regulatory landscape, but stronger and clearer regulation could help support product development. RSPs highlighted a need to encourage and allow product innovation not just for banks, but particularly among non-banks, including MTOs, MNOs and MFIs. It was often mentioned that clearer rather than additional guidelines and rules were needed to clarify the potential role that non-bank institutions can play in delivering remittances and offering remittance-linked financial products. More work would also be welcomed to offer migrants in Thailand better and quicker access to identification documents. Once the remittances flow through formal channels, they provide women, the main recipients of remittances in these countries, an opportunity to make their own decisions and offer more options to link their remittances to savings, insurance and productive investments.

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1 UNCDF MAP is a diagnostic and programming framework to support expanding access to financial services for individuals and micro and small businesses. See http://www.uncdf.org/en/map.

2 These may include money transfer operators, mobile network operators and financial service providers, including post offices, fintech remittance providers, payment hub networks etc., that provide services to facilitate international remittance transfers.

3 Digital services/channels may refer to electronic payment channels such as online payment, mobile wallets etc.

4 Digital remittance products refer to remittance services/ channels established by RSPs that allow the sender, the recipient or both to use electronic payment methods to send and receive remittances.

01 INTRODUCTION

With the rapid development of the financial markets in the Mekong region, there has been significant growth in the inflows of remittances, which are vastly outpacing the inflow of Official Development Assistance (ODA). In 2015, an estimated US$17 billion was received by Cambodia, Lao PDR, Myanmar and Viet Nam, a group of countries that have a combined migrant population of 8.1 million people (IOM 2015). At the macro-economic level, these flows foster much-needed foreign currency exchange, stabilize the balance of payments and reallocate capital resources to more productive investments and other financial services. Studies conducted outside the Mekong area demonstrate the positive impact of remittances, including increased household income and expenditure (Gobel 2013; Brown and Jimenez 2007; Adams et al. 2008; KNOMAD 2016). More inclusive remittance markets may contribute to the Sustainable Development Goals (SDGs) of poverty reduction (SDG1) , inclusive growth and decent work (SDG8) and reducing inequalities (SDG10)[1] and revitalizing the global partnership for sustainable development (SDG17).[2] Remittances also have the potential to transform the economic role of women, both within the household and the larger community, by giving them greater control over household finances and, therefore, greater decision-making power (UN-INSTRAW and UNDP 2010), thereby positively impacting gender equality (SDG5).

Despite this potential of remittances to support economic development, there are significant barriers evident in sending and receiving remittances through formal channels. These barriers limit the opportunity for remittance recipients, mostly underserved women living in rural areas, to become better economically integrated. Prevailing research in the Mekong region tends to focus on transaction costs and regulations in formal remittance markets as key drivers for unlocking market potential (UNCDF 2016). While this study recognizes the importance of these factors, it is apparent that the current literature overlooks product innovation opportunities that can be undertaken within the current regulatory space. Moreover, studies in the public domain ignore informal markets and often fail to disaggregate data by gender. As a result, the interplay between gender and remittances remains little understood (UNCDF 2015). Thus, UNCDF felt the need to conduct an analysis of the full market environment to help design and shape a new SHIFT challenge fund window in the Mekong region on remittances and women's economic empowerment.

This paper conducts a regional scoping of the international remittance markets from Cambodia, Lao PDR and Myanmar and Viet Nam. It then identifies innovation challenges and solutions to cross-border payments that can help accelerate women's financial inclusion in the Mekong region. The challenges and potential solutions identified will focus on technology, alternative business models and public–private partnerships that can help advance women's financial inclusion and generate value for female customers. Finally, the study identifies opportunities for reducing regulatory barriers that can improve the use of financial services by remittance recipients.

This study applies a variety of quantitative and qualitative data analysis (see Annex). From the demand side, it analyses FinScope data covering 10,290 households in Cambodia, Lao PDR and Myanmar and measures national formal and informal financial inclusion (access to remittances, savings, credit and insurance). The data also provide detailed insight into the geography, demography and gender of remittance recipients. The FinScope data used in this study are complemented by 60 semi-structured interviews conducted with predominantly female senders and receivers in Myanmar and Thailand. These interviews served to deliver insights into customer experiences of informal remittance channels. On the supply side, feedback was gathered through online surveys and personal interviews with over 70 experts from key RSPs and FSPs, including MTOs, MNOs, payment providers, banks, non-banks, regulators and experts in Cambodia, Lao PDR, Myanmar and Thailand. The paper uses a gender lens at every step of the analysis to illustrate the importance of introducing gender-specific interventions within the overall remittance strategy.

The paper is divided as follows: Section 2 shows the profile of the typical sender and receiver in the Mekong region at the demand side and then offers insights into the steps and challenges faced by customers in sending and receiving money across borders. Section 3 identifies the main barriers and opportunities to accessing formal remittance channels from the view of supply-side stakeholders. Section 4 provides an 'innovation landscape' and makes recommendations from both market and regulatory perspectives to help bring remittance recipients into the formal financial system.

1 SDG10.c.1. Remittance costs as a proportion of the amount remitted (10.c. By 2030, reduce to less than 3 percent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 percent.

2 SDG17.3.2. Volume of remittances as a proportion of total GDP (17.3. Mobilize additional financial resources for developing countries from multiple resources).

02
DEMAND SIDE

This section profiles the typical sender and receiver in the Mekong region and examines the steps taken by customers in sending and receiving money across borders.

FORMAL INTERNATIONAL AND DOMESTIC REMITTANCE MARKETS

1. **Formal remittance markets are at various stages of development in the Mekong region**
   World Bank (2015) data on formal remittance flows demonstrate that international remittance flows were $13.2 billion in Viet Nam and $3.5 billion in Myanmar, followed by much smaller inflows for Cambodia ($400 million) and Lao PDR ($60 million) in 2015. Although these data cover the formal remittance flows, they exclude the large portion of informal remittance flows[2] that are difficult to capture in published statistics. Therefore, they underestimate the true size of the market. In fact, wider research shows that the informal sector may easily add an additional 35–75 percent of total remittance flows (Freund et al. 2005), and that the majority of remittance channels used in Cambodia, Lao PDR and Myanmar are run through informal agents (58 percent) or received via friends and family (29 percent) (ILO 2010). Therefore, this section draws on in-depth demand-side analysis of FinScope data, a nationwide financial inclusion survey that was conducted in Cambodia (2015), Lao PDR (2014) and Myanmar (2013) and that captures both formal and informal remittance markets. The section further draws on customer feedback generated from field interviews conducted in the Thailand–Myanmar corridor.

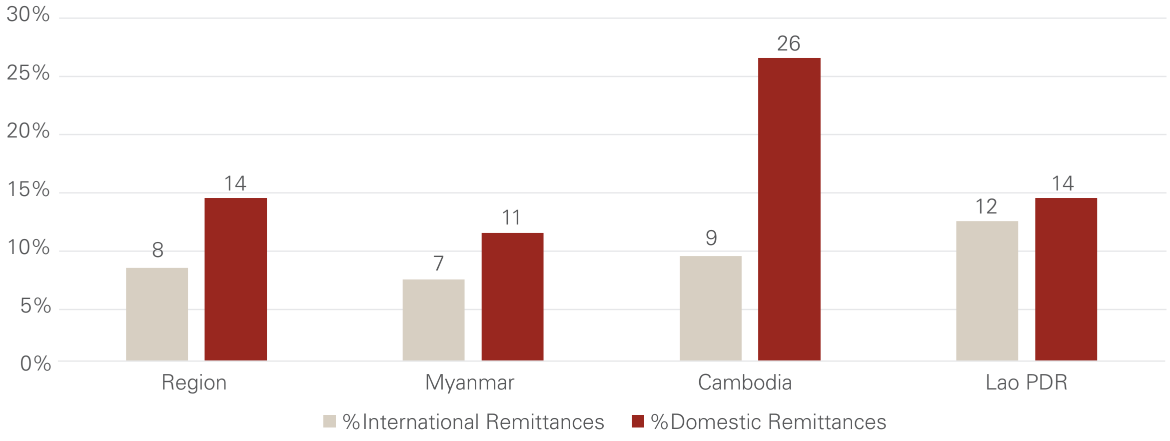
2. **Eight percent of the population of Cambodia, Lao PDR and Myanmar receive international remittances, and 14 percent receive domestic remittances**
   The higher the percentage of people in the country receiving international and domestic remittances, the more likely it is that remittances can be used to drive financial inclusion. The FinScope data in Figure 1 show that while international remittance recipients as a proportion of the total adult population are highest for Lao PDR, followed by Cambodia and Myanmar, domestic remittance recipients as a proportion of the total adult population are highest for Cambodia, followed by Lao PDR and Myanmar.

Table 1. Inflow of formal remittances and migration count

COUNTRY	EMIGRANT FLOWS (MILLIONS)[A]	INBOUND REMITTANCES (US$ MILLIONS)[B]	REMITTANCE INFLOW (% OF GDP)	NET ODA (% OF GNI)
Myanmar	2.882	3,500	5.4%	2.2%
Cambodia	1.187	400	2.3%	5.1%
Lao PDR	1.344	60	0.5%	4.1%
Viet Nam	2.559	13,200	7.0%	2.4%

A. IOM (2015) B. World Bank (2015)

Figure 1. Domestic and International remittance recipients in the region



* region includes only Cambodia, Lao PDR and Myanmar

Source: MAP-FinScope

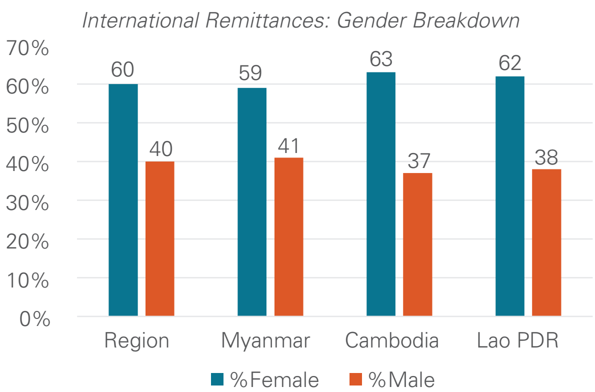
WOMEN AS INTERNATIONAL REMITTANCE RECIPIENTS

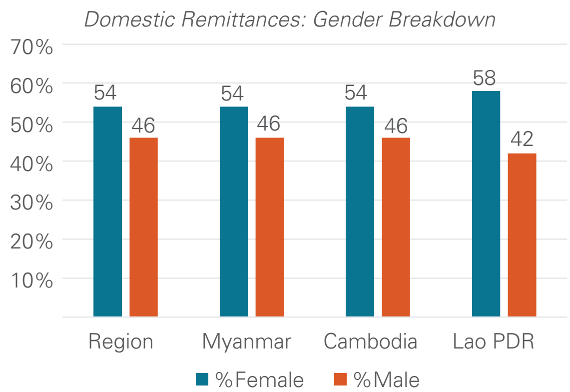
3. Women are the main recipients of international and domestic remittances in the region

Of the 8 percent of the population receiving international remittances in the region, 60 percent are female, and 40 percent are male. Females also hold the dominant share of the domestic remittance market. Since women are the main recipients of international and domestic remittances in the region, care needs to be taken to ensure that remittance transfer services are designed and promoted to be affordable and secure, thereby strengthening efforts to increase women's financial resilience.

Remittances are often seen as contributing to the SDG of poverty eradication (SDG1) and improved gender equality (SDG5). For example, it is estimated that a 10 percent increase in per capita international remittances leads to a 3.5 percent reduction in the proportion of people living below the poverty line (UNCTAD 2012). Other impact evaluations conducted outside the Mekong region also found remittances to be associated with poverty reduction (Brown and Jimenez 2008; KNOMAD 2016). Gobel (2013) highlights the positive impact of remittances on household income, health, education and housing. Adams et al. (2008) emphasize that the impacts are often stronger for households receiving international remittances than for those receiving only domestic remittances. Evidence suggests that women are more likely to have control of how the remittance is used if they are the direct recipient, with positive implications for their household decision-making power and economic empowerment (UN-INSTRAW and UNDP 2010).

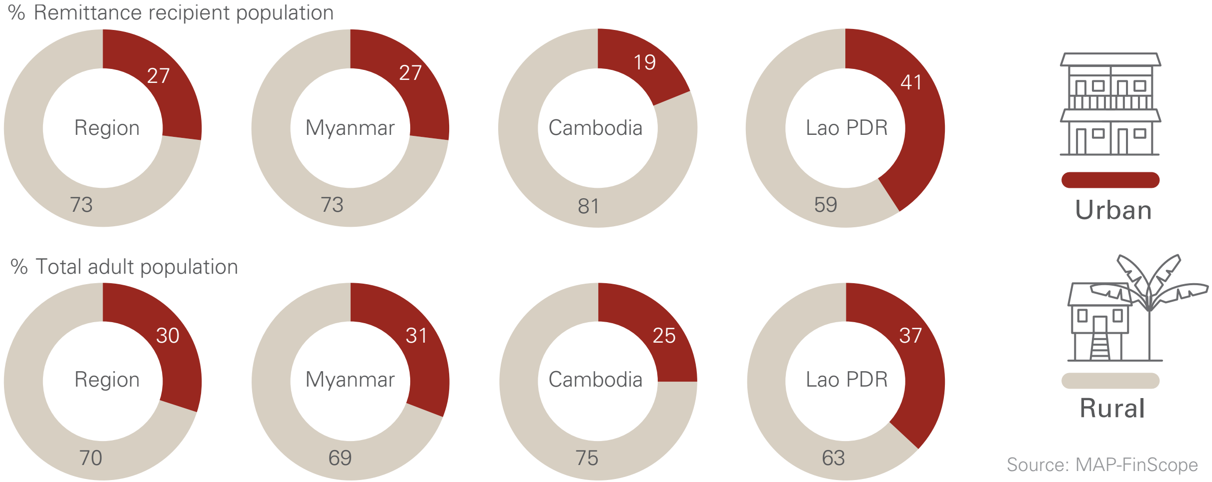
Figure 2. Gender breakdown of domestic and international remittance recipients





Source: MAP-FinScope

Figure 3. Remittance recipients by rural and urban population



Source: MAP-FinScope

4. Most of the international remittance recipients live in rural areas

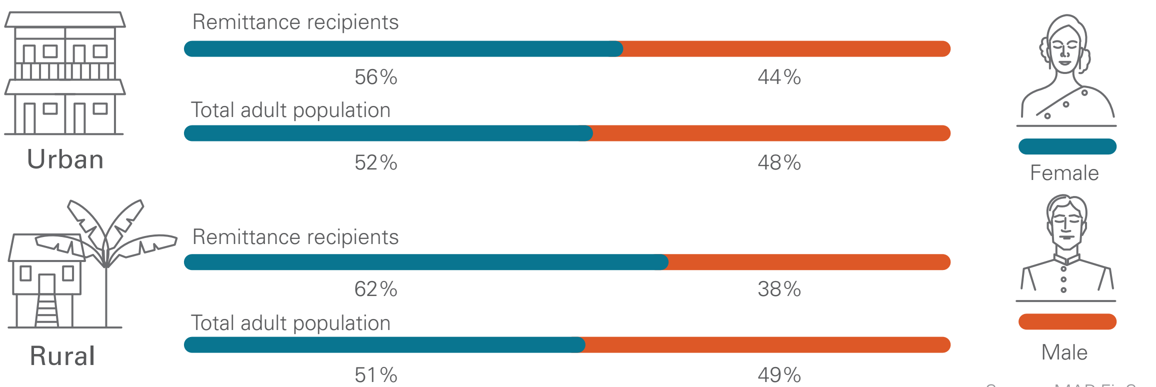
As shown in Figure 3, three in four people receiving international remittances live in rural areas. While in Myanmar and Cambodia a higher proportion of recipients reside in rural areas (as compared to the national population), recipients in Lao PDR more frequently reside in urban areas (41 percent of recipients, compared to 37 percent of the total adult population). Further, in rural areas women are usually the main recipients of remittances (62 percent) (see Figure 4).

5. Most of the remittance recipients are married and older than the average adult population

Remittance recipients are more often married (76 percent) or widowed (12 percent). While married men and women predominantly receive money to support their children for health- and education-related expenses, widowed and separated women are particularly dependent on incoming remittance payments as a primary source of income. Female remittance recipients are found to be younger than male recipients. Further, 54 percent of the females and 68 percent of the males in the region who receive remittances are older than 44 years.

Half of the remittances in Cambodia, Lao PDR and Myanmar come from children who send money to their parents and family. Half (51 percent) of women and 62 percent of men who receive remittances receive them from their children. More female recipients than male recipients receive money from their spouse (16 percent for women compared to 2 percent for men). The relationship between the sender and the receiver is

Figure 4. Gender breakdown of remittance recipients by rural and urban population



Source: MAP-FinScope

often based on family ties and/or gender. This is particularly evident with young male migrant children sending remittances to parents, and/or married and older migrant men sending money home to support their wife and children. These relationships result in different ways of using incoming payments for consumption, education or health and enterprise investment, which will subsequently determine the actual impact of remittances on the household (UN-INSTRAW and UNDP 2010).

FORMAL VS INFORMAL REMITTANCE CHANNELS

6. Of the 4.3 million recipients, 54 percent—or 2.4 million people—receive remittances from informal channels

Figure 5 shows the percentage of people who have received remittances from at least one formal channel, and this varies significantly across countries. While the majority of people in Myanmar use informal channels,[4] most people in Cambodia and Lao PDR use formal channels to receive remittances.[5] For example, in Cambodia, the majority of people have received money from a formal remittance channel at least once. They received money mainly from non-bank institutions including MTOs, post offices, MFIs and, more recently, digital finance formal channels such as WING and E-money.[6] In Lao PDR, the remittance market appears at an early stage of development, with much lower formal international remittance inflows mostly flowing through banks (US$60 million—see Table 1). In Myanmar, informal Hundi systems play a prominent role in guiding international and domestic money transfers.

Compared to the other countries, Cambodia is rapidly formalizing its domestic and international remittance market through the use of mobile and digital remittance services. Cambodia maintains the highest percentage of people receiving domestic remittances and has strengthened its mobile money transfer ecosystem. Approximately 2.4 million (out of 9.9 million) adults received mobile money payments, of which 1.8 million received domestically, and 545,000 received internationally. The corridor between Thailand and Cambodia is an area with good access to digital finance: 79 percent of the individuals received remittances through formal payment channels. This contrasts with remittances received in Myanmar (20 percent) and Lao PDR (48 percent).

Figure 5c estimates the size of the informal market by projecting FinScope data onto the size of the formal remittance markets. Under the assumption that remittances received through informal channels are similar in size and transaction frequency as formal channels, it is

Figure 5a. Remittance channel used by the recipient

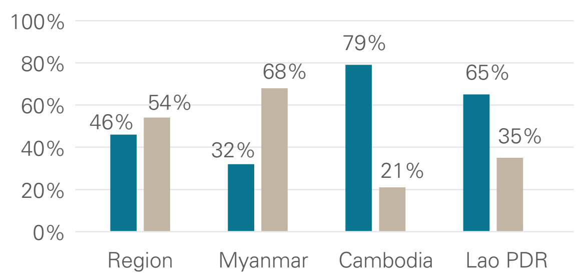


Figure 5b. Total migrant recipients (millions)

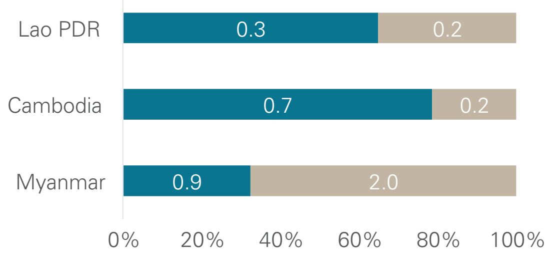
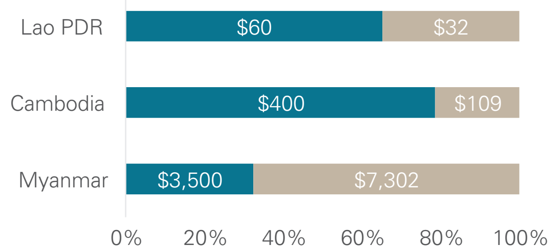


Figure 5c. Estimated total US$ inflow (millions)



■ Formal ■ Informal

Source: MAP-FinScope

estimated that the remittance market in this region has the potential to double in size and contribute between $4 billion and $13 billion to the formal economies of the three countries combined. (See Annex III for further analysis)

These numbers seem reasonable when validated by secondary data; for example, the Ministry of Labor, Immigration and Population in Myanmar suggests that remittances total around $8 billion annually (World Bank 2015), which is much higher than the formal market estimates of $3.5 billion for inbound international remittances to Myanmar in 2015 (World Bank 2015). Likewise, the total influx of remittances in Lao PDR has been estimated at around US$240 million (Lao Labor Migration and Remittance Report 2014), which is six times the official formal estimates provided by World Bank. Similarly, for Viet Nam, in the absence of FinScope data, it was estimated through external market research obtained by UNCDF on the Vietnamese remittance market that informal international remittances could contribute an additional 24 percent or approximately US$3 billion to its total payment market.

If remittances could be formalized—for example, by using digital channels—this could potentially double the size of the official remittance markets.

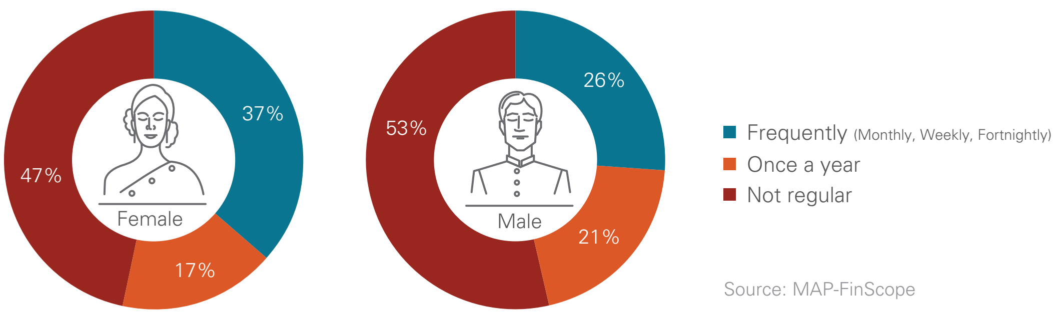
International remittances continue to be formalized at a rapid rate, which has provided several benefits for users and countries. Transaction costs continue to drop and are cheaper than traditional cash and paper-intensive remittance delivery methods. A study of 45 corridors concluded that sending remittances through mobile money is 50 percent cheaper than other channels overall (GSMA 2015). In the Mekong region, remittance transaction costs through formal channels, which include banks and MTOs, vary by provider, but it is estimated that for a $200 transaction sent from Thailand to Cambodia, Lao PDR, Myanmar or Viet Nam the average cost of sending money through banks is 18 percent of the sum, in contrast to 3–4 percent when sent through MTOs.

Digital remittances are considered more convenient for customers, since there is no requirement to attend a branch or outlet. There are also lower safety concerns in managing, converting and transporting large amounts of cash through digital channels. Digital payments can discourage informal currency transactions and enable cross-selling of other financial services—for example, through mobile wallets (UNCDF May 2015). Despite the potential offered by digital channels, this needs to be balanced with a consideration of the gender differences in mobile access and ownership in most of the region, with Myanmar most severely affected (GSMA 2015).

7. Women receive remittances more frequently than men

Analysis shows that while frequency of remittances varies across countries, with women generally receiving remittances more frequently than men (UN-INSTRAW and UNDP 2010).

Figure 6. Gender breakdown of frequency of receiving remittances



Source: MAP-FinScope

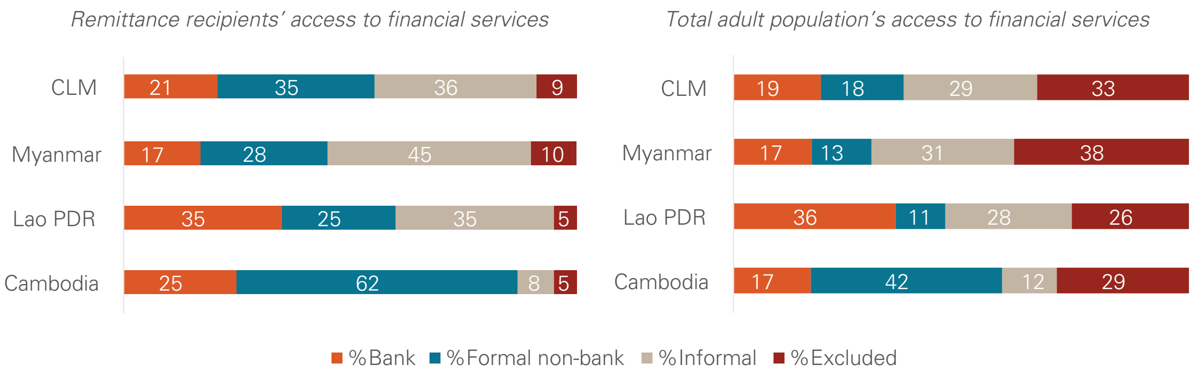
INTERNATIONAL REMITTANCE RECIPIENTS' ACCESS TO FINANCIAL SERVICES

8. Most of the remittance recipients have greater access to financial services than the overall population, but they often access financial services informally

Remittance recipients have much lower levels of financial exclusion (9 percent)[8] than the overall country and regional averages (19 percent). However, many remittance receivers use informal finance or engage with non-banking financial institutions rather than with banks. For example, half of remittance recipients engage in savings, predominantly informally. While savings patterns differ across countries (more than 80 percent of recipients save in Lao PDR, compared to 50 percent in Myanmar), the persistence of informal savings is visible across all countries in the region. This illustrates a significant opportunity to offer formal savings and provide access to savings products to the female remittance recipients in the region (approximately 60 percent of the total female adult population).

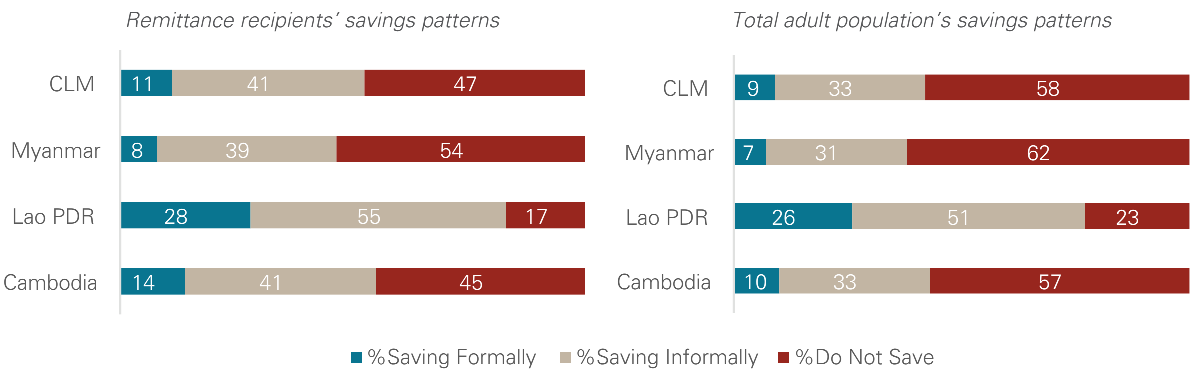
Linking payment services with savings is particularly important because the mobilization of savings significantly impacts women's economic empowerment (Buvinic and O'Donnel 2016). A series of rigorous randomized controlled trials demonstrated that the mobilization of women's savings increased well-being, smoothened household consumption (Kast, Pomeranz et al. 2014), covered health expenses (Dupas and Robinson 2013), financed productive investments (Karlan, Ratan et al. 2014) and increased women's control over funds (Ashraf, Karlan and Yin 2010). For example, in Nepal, a liquid savings product offered through mobile bank branches increased women's monetary assets by more than 50 percent and total assets by 16 percent (Prina 2013).

Figure 7. Access to financial services of remittance recipients and the national average



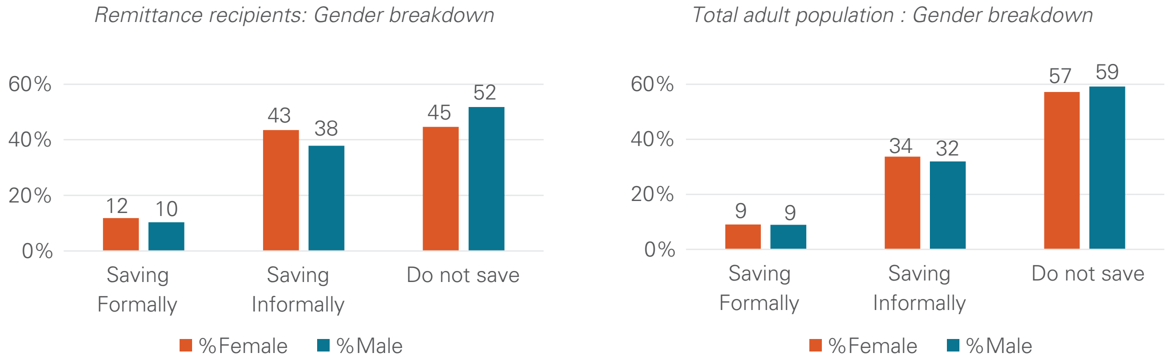
Source: MAP-FinScope

Figure 8. Savings behaviour of remittance recipients as compared to the national average



Source: MAP-FinScope

Figure 9. Gender breakdown of savings behaviour of remittance recipients as compared to the national average



Source: MAP-FinScope

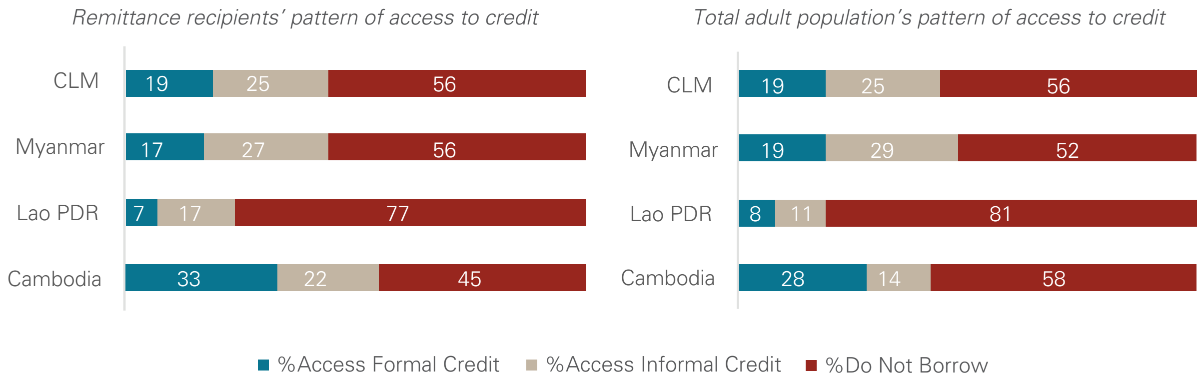
Women may require tailor-made financial services that address their specific needs (Duflo 2012; ILO 2014; Buvinic and O'Donnel 2016: 39). In developing countries, women generally use financial services for smaller purchases and shorter-term household consumption (ILO 2014; BTCA 2015). Women are generally viewed to be more risk-averse than men, and they may also work closer to home and in lower-growth sectors (Buvinic and O'Donnel 2016: 10). Programmes that developed gender-responsive financial products and acted on customer feedback—for example, by offering awareness-raising campaigns, entrepreneurship training and other non-financial services—were generally more successful in promoting women's entrepreneurship and empowerment (ILO 2014; BTCA 2015; Buvnic and O'Donnel 2016: 10).

9. More remittance recipients access credit compared to the overall population

The majority of remittance receivers remain completely excluded from credit services (56 percent) or use informal credit services (25 percent). Only 19 percent of the remittance receivers in the Mekong region have access to formal credit services, which is somewhat similar to the overall adult population. Women recipients are more often excluded from credit services (58 percent) than men (53 percent). The limited access to credit may constrain other opportunities for the development of micro and small and medium-sized enterprise in the region.

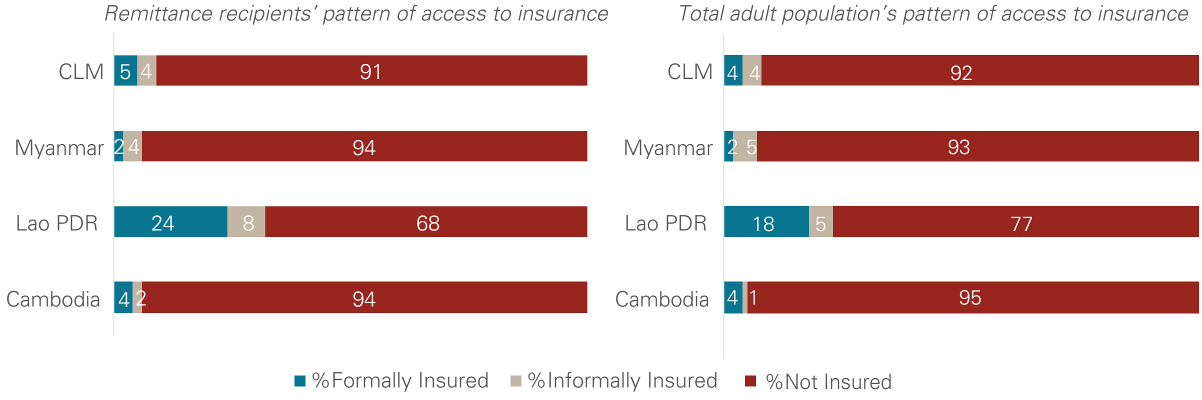
It is suggested that offering only microcredit may improve self-employment opportunities and other business practices, but it does not necessarily enhance women's empowerment

Figure 10. Credit behaviour of remittance recipients as compared to the national average



Source: MAP-FinScope

Figure 11. Access to insurance for remittance recipients as compared to the national average



Source: MAP-FinScope

(Banjeree, Karlan et al. 2015; Buvinic and O'Donnel 2016; Cho and Honorati 2012). Combining remittance services with access to credit in combination with other financial and non-financial services may consequently further enhance women's economic empowerment (United Nations Commission on the Status of Women 2006).

10. The majority of remittance recipients are excluded from formal insurance

Reflective of the overall population, the vast majority (91 percent) of remittance receivers are completely excluded from insurance in the Mekong region. Women recipients are slightly more excluded than men (92 percent and 90 percent, respectively). Lao PDR is the exception, since remittance recipients there have much better access to formal insurance services than the national average.

Combining remittances with access to micro-insurance is also positively associated with supporting better risk management and reducing the vulnerability of clients (ILO 2014). This is especially relevant in the context of employment in the informal sector and hazardous working conditions.

TYPICAL PROFILE OF AN INTERNATIONAL REMITTANCE RECIPIENT IN THE REGION

Figures 12 and 13 summarize the general profile of a remittance recipient in the Mekong region. The typical remittance recipient is a middle-aged, married rural woman who receives remittances frequently from her children through informal channels due to a lack of accessibility to formal channels. She has some form of access to financial services and mostly saves and accesses credit informally. The low percentage

Figure 12. The typical gendered profile of a remittance recipient

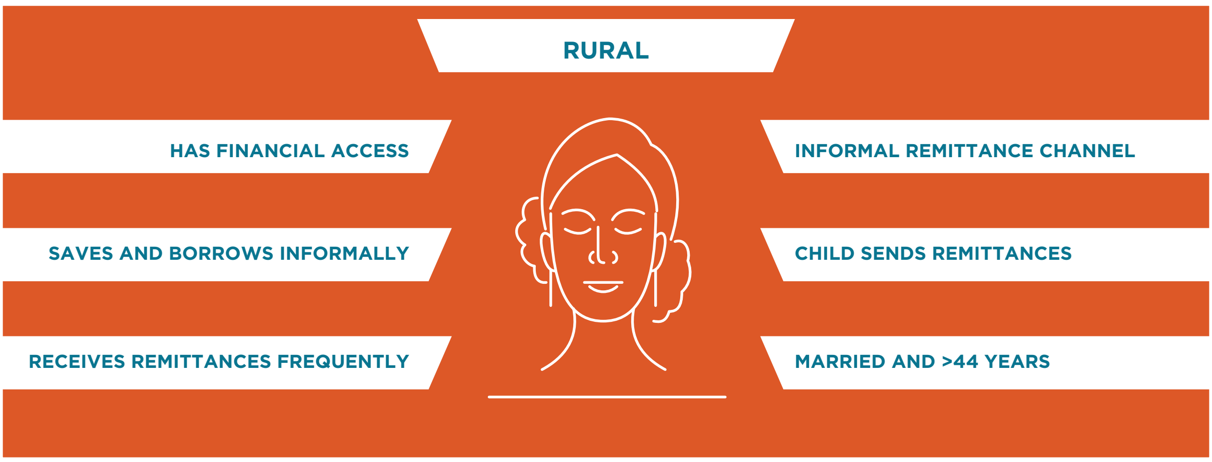
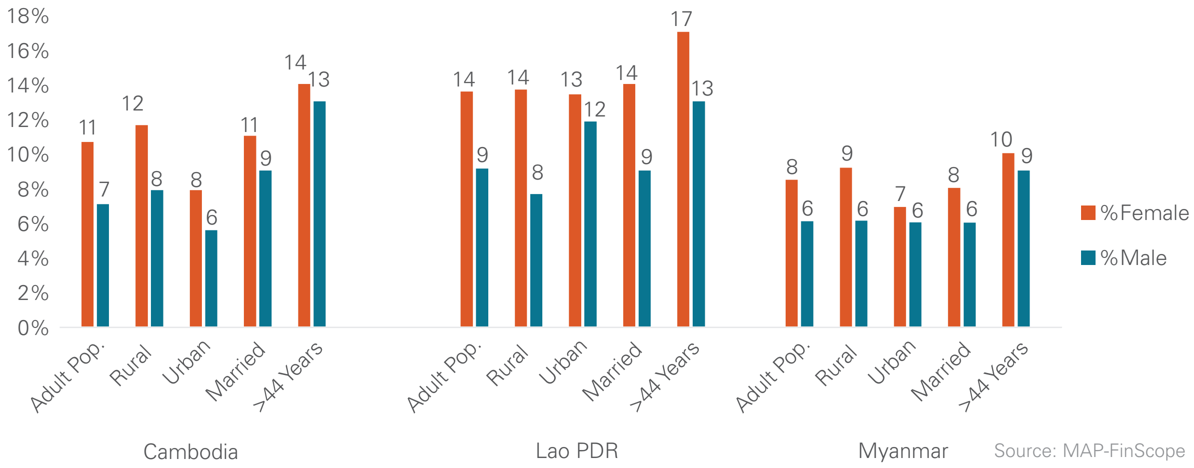


Figure 13. Gender breakdown of remittance recipients



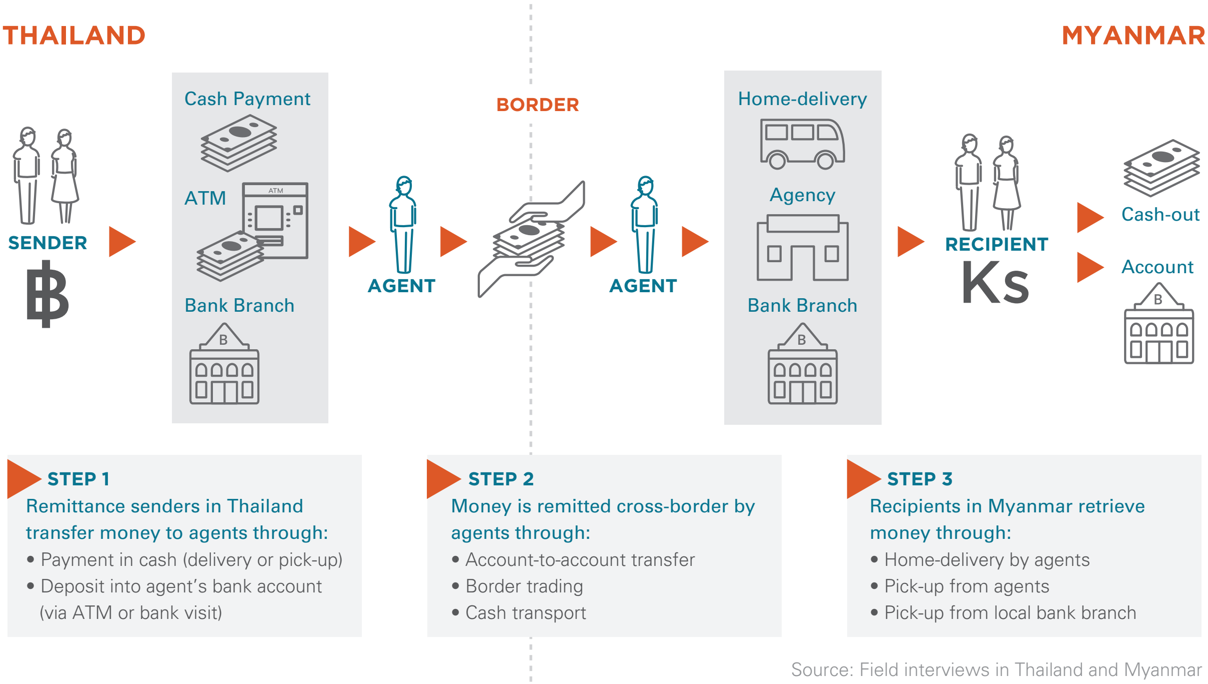
of remittance recipients who save, borrow and insure formally presents an opportunity for the development of affordable and more inclusive finance products. Further, the mobilization of remittances into savings accounts can further lead to increased account ownership and uptake of other financial products such as credit, payment services, insurance and pensions.

THAILAND–MYANMAR CORRIDOR

The demand-side analysis is substantiated through qualitative interviews that were conducted with 59 customers in the Thailand–Myanmar corridor to assess the different steps undertaken by senders and receivers in the remittance value chains. The Thailand–Myanmar corridor was deliberately chosen because of the high volume of informal remittances (70 percent), used mostly by women. A non-random sample of 29 senders, 24 receivers and 6 informal Hundi agents based in Bangkok and Yangon were interviewed, which does not represent the Myanmar migrant population in Thailand.[9]

Figure 14 illustrates the typical remittance flows through the Hundi channel[10] in the Thailand–Myanmar corridor. First, a sender in

Figure 14. The remittance value chain through the Hundi channel



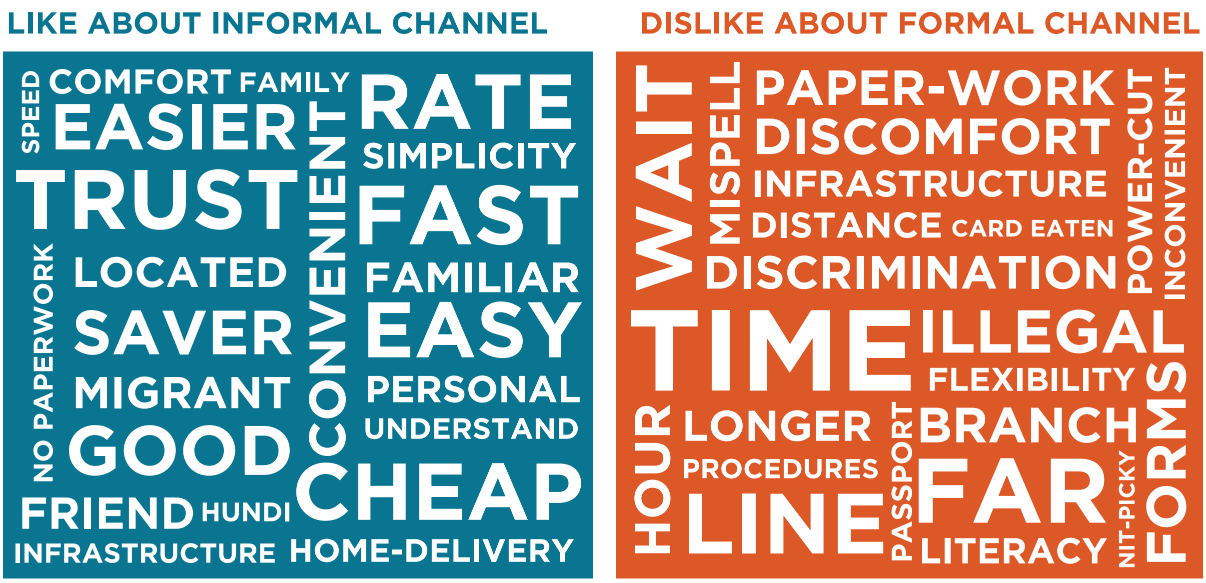
Source: Field interviews in Thailand and Myanmar

Thailand usually delivers money to an agent either in cash or by depositing funds into an agent's bank account. The second step involves money being remitted across the border by agents carrying cash or through account-to-account money transfers or border trading. Though Hundis may hold bank accounts in both Thailand and Myanmar, cross-border account-to-account transfers are less common due to high transaction fees, fluctuating exchange rates, bank scrutiny and enquiries due to anti-money laundering and countering the financing of terrorism (AML/CFT) measures, and the lack of bank partnerships to allow for Thai–Myanmar bank transfers, among others. The final step normally involves the money continuing its journey from the agent to the (female) recipient via home delivery, pick-up from an agency or a transfer to local bank branches for cash-out.

Most remittance senders only retain a small fraction of their earnings to cover personal consumption expenses; the bulk of their earnings are sent home. Bank deposits via automatic teller machines (ATMs) are often used by agents due to the flexibility of transacting at the customer's convenience outside banks' normal operating hours. Agents themselves benefit from time and cost savings associated with using bank accounts (compared to meeting their customers in person).

11. **Female customers prefer to use informal remittance channels over formal channels**
    Customers, both senders and receivers, cited trust, ease of use, accessibility and flexibility as the main reasons for using informal remittance channels.[11] The convenience of the home-delivery option, for example, is favoured by elderly (less mobile) recipients, rural and remote recipients with limited infrastructure, as well as customers remitting large amounts of cash (for safety and discretion). Many customers interviewed also favour the informality and flexibility of the Hundi system. In case of an emergency, for example, some agents grant their long-standing customers cash advances.[12] The relationship established between the customer and the Hundi thus serves as a safety net for many migrants in the host country and can be leveraged for unexpected liquidity needs. In addition, several customers interviewed expressed poor customer service at banks as a major barrier to using formal remittance services.[13] Many remittance

Figure 15. What customers like and dislike about using informal remittance channels



Source: Field interviews in Thailand and Myanmar

Figure 16. Usage of remittances

Source: Field interviews in Thailand and Myanmar

recipients also cited the time and effort associated with reaching the nearest bank branch, limited bank opening hours, long queues and waiting times, and malfunctioning ATM machines as reasons for turning away from formal remittance channels.[14] For those sending remittances, the lack of trust in formal FSPs was disclosed as a barrier to using them by senders interviewed in Thailand. Further, many senders expressed their dissatisfaction with the meticulous nature of the fields and forms to be filled out at banks and MTOs, the number of questions asked[15] and the documentation requirements.

The demand for formal services was highlighted in the interviews with several respondents. The greater safety and reliability of formal services were offered as reasons for transitioning to formal services.[16] Respondents also highlighted an interest in using ATM machines for deposits and withdrawals to avoid lengthier waiting times faced in bank branches. Respondents did, however, suggest the need for training and education on the requirements and processes for opening bank accounts and sending remittances.[17]

12. Most recipients interviewed cashed out their money and used it for families' daily consumption purposes, children's education and savings in cash; they did not invest the funds in formal financial products

Most customers cashed out their money immediately after receiving it from their agents and did not invest the funds in savings, credit or insurance. Customers cited their deep mistrust of banks, in addition to immediate cash needs, as reasons for this. For example, one female recipient said, "For us, saving at banks is scarier than saving in cash." Following FinScope data, we observe remittance recipients to have more access to financial services (45 percent) than the overall adult population (30 percent), as well as informal access (45 percent compared to 31 percent), but there is still limited access for remittance recipients to formal credit, savings and insurance.

Most respondents explained that remittances are used up entirely, leaving little room for savings or investments (see Figure 16). This is especially the case if recipients have few or no other income-generating activities and thus rely heavily on the money remitted. Only if other sources of income are available to cover their consumption expenses do recipients seem to invest money in assets, such as cars, motorbikes, construction equipment, land or gold. Women, in particular, stressed that they use the money for their children and education-related expenses. Single women remitted money to their parents to cover everyday expenses, while married couples who migrate together predominantly send money to support their children and education-related expenses.

13. Several steps of the (informal) remittance value chain are already digitized and formalized

Another interesting observation from our qualitative analysis is that several steps of the (informal) remittance customer journey are already digitized and formalized: many Hundis hold bank accounts, which are used for regular customer deposits and withdrawals. The remittance flow was accompanied by constant communication between sender, agent and recipient. Digital access and new communication technologies facilitate the interactions and can reduce transaction costs. Second, communication by phone, as well as new digital applications such as Facebook Messenger, WhatsApp and Viber, were used to facilitate the remittance transactions. Mobile phones were used to support banking, but there was little use of mobile banking itself. Agents state that transaction costs have fallen in recent years due to the availability of cheaper airtime and data packages, as well as new digital technologies allowing for inexpensive cross-border communication. These cost reductions have been passed on to the customer, thus there seems to be a significant opportunity to further digitize the remittance customer's journey into the last mile.

CONCLUSION

Having described in detail the steps taken by migrants to remit money, as well as the typical profile of the remittance recipient, several challenges are observed in the Mekong region that hinder women's financial inclusion. Removing these barriers would create opportunities, not only for advancing financial inclusion but also for wider socio-economic development. These opportunities are as follows:

Providing women with the opportunity to transition from informal to formal remittance channels

From the perspective of the customers interviewed, informal RSPs offer a competitive product advantage over formal remittance products, including convenience, easy access, trustworthiness of agents[18] and better customer service. If formal RSPs could improve their product features and incorporate the informal features such as convenience, broader financial services, transparent pricing and consistent, trusted services, then more women could potentially become financially included. Supporting efforts to transition women from using informal remittance services to digital remittance services can offer them easier access to other financial services with much lower costs, and may also protect them against malpractice and fraud. Bringing to market more customer-friendly and gender-sensitive remittance products can increase the access to and use of financial services and address the specific needs of women and men, which in turn can enhance customer satisfaction and improve women's economic empowerment.

For RSPs, digital remittances will increase transaction volume and thus significantly lower transaction costs in the corridors.[19] It introduces more foreign currency for the FSPs (especially for dollarized economies such as Cambodia, Lao PDR and Myanmar) and increases bank deposits that help banks to facilitate credit on a larger scale. At the macro-economic level, digitizing and formalizing remittances leads to additional foreign currency exchange reserves and tax receipts, thereby stabilizing the balance of payments and enhancing the transparency of remittance markets. Based on the FinScope analysis for Cambodia, Lao PDR and Myanmar, it is estimated that a more inclusive and digitized remittance market has the potential to double the size of the current regulated market and contribute between $4 billion and $13 billion to the formal economies of the three countries combined.

Linking remittances to other formal financial services, including savings, domestic remittances, loans and insurance, and productive investments for the real economy

Remittances were often cashed out by customers and used to cover daily household expenditures; they did not seem to improve the uptake of formal financial services such as savings, domestic remittances, loans and insurance. However, the analysis demonstrated that many remittance receivers do save and are often informally financially included; therefore, there is the potential to mobilize other products such as credit, insurance and payment services.

At the customer level, converting remittances into other financial products improves the use of different financial services and their associated benefits such as improved household decision-making and increased income. For RSPs, it can foster cross-selling of products, thereby leading to increased mobilization of savings, lending and payments. At the macro level, moving remittances into mobile wallets reallocates capital resources into more productive investments and other financial services—moving money from international to domestic, consumption to investment, and from urban to rural areas.

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1 Formal remittance flows refer to recorded/official international remittance flows.
2 Informal remittance flows refer to unrecorded/unofficial international remittance flows.
3 The Thailand–Myanmar remittance corridor was selected due to the high volume of remittance flows between these two countries (92.4 percent of all remittance payments from Thailand are sent to Myanmar, and 95 percent of all migrants in Thailand are from Myanmar).
4 Informal remittance services/channels refer to those remittance services that are unregulated and not registered or authorized to operate in the money transfer business and, therefore, do not meet relevant laws, regulations and good practices. Formal remittance services/channels refer to those remittance services that are regulated and officially registered institutions that are authorized to operate in the money transfer business and meet relevant laws, regulations and good practices.
5 For the FinScope respondents who mentioned having received remittances through both informal and formal channels, we have considered formal channels, as this confirms recipients' access to formal channels.
6 Other channels include bank transfers, Western Union, the post office, friends and informal agents.
7 Informality is defined as any product or service rendered without the provider thereof being formal or authorised to do so. Informality can be institutional (the entity itself is not registered or licensed, e.g. for tax or employment purposes) and/or functional (the entity is not licensed to provide the particular product or service).
8 Financial exclusion refers to adults with no formal or informal access to financial services, who use no financial products—either formal or informal—to manage their financial lives, depend solely on family or friends for borrowing, and save at home if they save.
9 Some 92.4 percent of all remittance payments from Thailand are sent to Myanmar, and 95 percent of all migrants in Thailand are from Myanmar (World Bank 2015). Around 80 percent of the recipients receive their money only via informal channels (see Annex IV).
10 An informal exchange of money in which paying someone in one location allows a payment to be made by an agent in a distant location, with the difference settled between the agents later.
11 Eighty percent of the remittance senders and receivers use Hundi operators for sending and receiving money. The remaining 20 percent remit via banks or MTOs, transport money in cash or have payments remitted directly by their employers (field survey, 2016)
12 "Sometimes, I don't even have to pay the agent upfront. I just call him and ask him to release money in Myanmar. I pay him back later" (field survey, 2016).
13 "The problem with banks is their customer service... staff are rude and lack respect for their customers. There is a perception that banks look down on 'regular' people."
14 "My grandmother, who is a remittance recipient, is very old and lives in a remote area; I don't want to bother her with travelling to a bank branch" (field survey, 2016).
15 "Banks ask too many questions, such as 'Where did you get the money from? Are you paying taxes?' It is just easier with Hundi." "With MTOs, if you miss just one field or make one small spelling error, you won't get your money" (field survey, 2016).
16 "My parents would be interested in using bank accounts if it was available closer to their home; they hear it is more reliable and safe" (field survey, 2016).
17 "Opening a bank account in Myanmar is painful and difficult; people don't understand the process" (field survey, 2016).
18 The high level of trust in agents could be because of the short transaction time, low transaction cost, timely delivery of the payment, especially in remote areas, and access to a range of other financial services such as emergency payments or short-term loans provided by the agents.
19 GSMA (2016) has shown that the cost of sending international remittances with mobile money is more than 50 percent less expensive than using global MTOs.

03
SUPPLY SIDE

This section reports the perspective of RSPs: the barriers they see on the supply side that inhibit a more formalized and inclusive remittance market, and what actions providers and other market institutions can take to unlock the market's potential. Detailed feedback was received through in-depth interviews and an online survey conducted with more than 60 different RSPs, FSPs and experts in the Mekong market working for banks, MFIs and mobile payment providers. Figure 17 highlights the key barriers identified through the supply-side interviews along the remittance value chain.

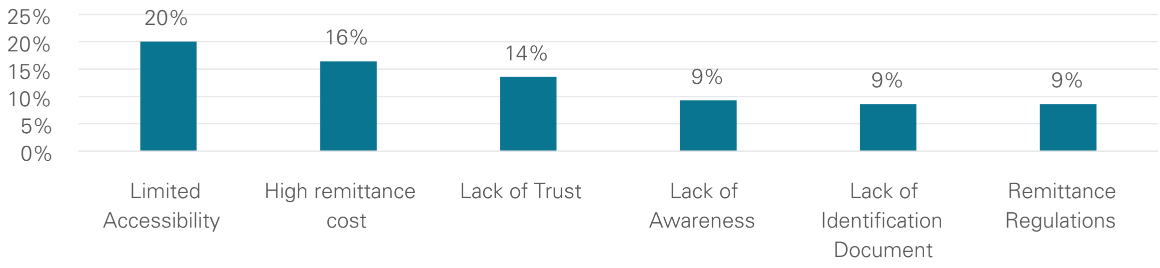
Figure 17. Barriers in the remittance value chain

	REMITTANCE SENDERS	HOST-COUNTRY RSPS	ORIGIN-COUNTRY RSPS	REMITTANCE RECIPIENTS	FINANCIAL SERVICE PROVIDERS
CHALLENGES	• Limited accessibility • Remittance cost • Lack of trust • Lack of awareness • Lack of credible identification document	• Limited assistance to banks to adopt new remittance technologies • Lack of demand-side data on remitters for RSPs to target • De-risking	• Lack of partnership mindset limits wider agent network • Establishing identity of recipients • Conservative remittance regulations	• Limited accessibility • Lack of trust • Consumer protection • Slow transaction time • Lack of awareness	• Lack of customercentric financial products • Lack of demand-side data on the remittance recipients' location and needs • Lack of partnerships among banks and nonbanks • Lack of incentives to cater to the market

Source: Field survey/interviews in Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam

1. **Providers considered key barriers for remittance senders to transfer money to be inaccessibility, lack of trust, transaction costs, identification requirements and awareness of formal remittance channels**
   The first driver in the value chain is the remittance sender; during the interviews, RSPs noted inaccessibility, lack of trust, high remittance costs, identification requirements, regulations and awareness of formal remittance channels as key barriers that hinder senders' use of formal RSPs. Inaccessibility was often equated to geographical access, including the need to visit bank branches, insufficient banking, a lack of agents and significant travel time. This was especially evident in Thailand's rural areas.[1] For example, despite being closely located to a sender, one Thai service provider mentioned, "Banks have not been able to overcome the language barrier for migrants and provide them good service." Likewise, there are limited opening hours and job constraints that restrict migrant

Figure 18. Barriers to remittance senders

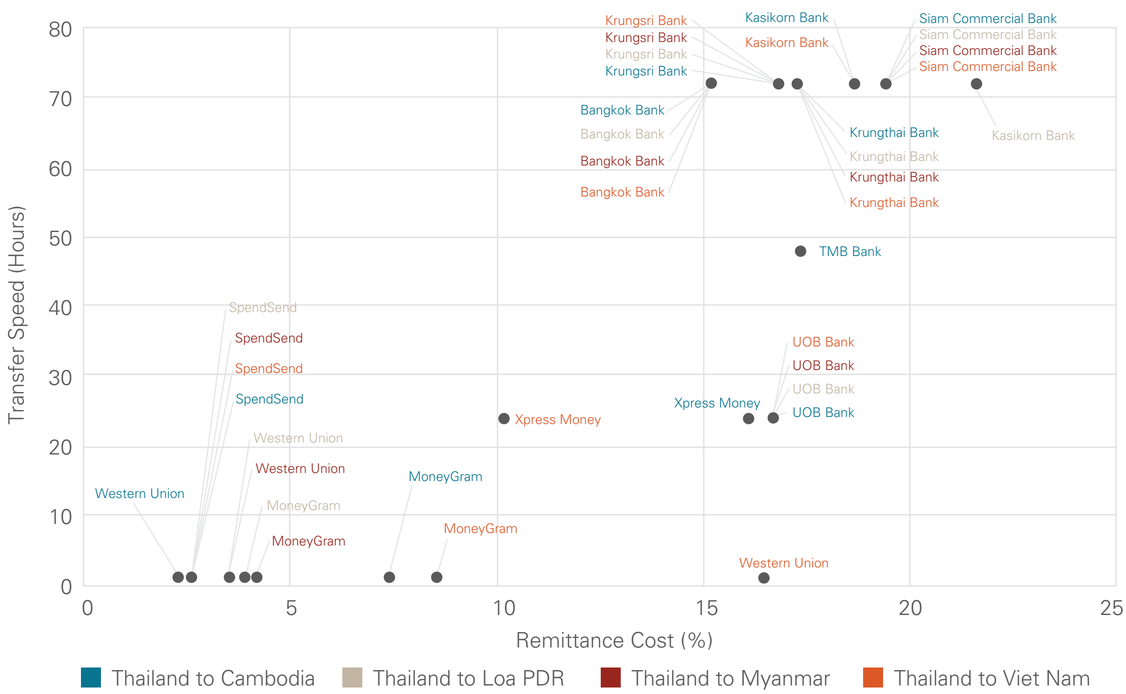


Source: Field survey/interviews in Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam

workers' movement within the remote work areas. As highlighted by a Cambodian Bank, "Migrants are working all day during the week and sometimes over the weekends, and they don't have the time to go to banks or visit the MTOs. Moreover, bank branches and MTOs are often not open outside regular office hours." Thus, beyond geographical access, there are many other factors that make remittances through formal channels inconvenient.

Some providers recognized that "especially banks, charge higher fees and worse exchange rates than informal channels", due to more costly cash management and overhead costs. As shown in Figure 19, for small transactions (<$200), the average remittances transaction cost charged by banks to send money from Thailand to Cambodia, Myanmar, Lao PDR and Viet Nam is much higher compared to that of MTOs. The banks tend to be in the top right corner of figure 19, with longer transfer times and higher transaction costs, while SpeedSend, MoneyGram, Xpress Money and Western Union are able to offer real time transactions at lower costs (lower left corner). Across all the four corridors i.e. Thailand to Cambodia, Lao PDR, Myanmar, and Viet Nam, cash

Figure 19. Comparison of remittance cost and transfer speed for remittances from Thailand to Cambodia, Lao PDR, Myanmar or Viet Nam ($200 transaction)



Source: The World Bank, Remittance Prices Worldwide, 2016 available at http://remittanceprices.worldbank.org and account transfers are the only delivery methods for MTOs and banks respectively.[2]

Trust was often articulated in terms of the capacity of the provider to deliver remittances in a timely manner in the receiving country, as well as poor customer service and dispute resolution. As mentioned by a banking expert in Thailand, "Migrant workers are hesitant to come to the bank, as they do not cater to the need of the migrant community because of limited time and resource availability for low-value customers." In Myanmar, service providers also stated that the 2003 banking crisis has eroded public trust in the banking system.

Other barriers encountered through digital and formal remittance markets included senders' lack of awareness of the products available,[3] the lack of credible identification documents due to irregular migration, and the lack of harmonization of regulations in the origin and host countries.[4]

2. **For RSPs in sending country, there is a need to gain technical support on evolving remittance business models and to support migrants' financial education**

   The second driver in the value chain are the RSPs in the host country that send money to the originating country. In Thailand, the banks interviewed generally expressed the need for more assistance for adopting new FinTech technologies such as joining payment hub networks and Blockchain, which could make the remittance-sending process more convenient and less expensive for migrants. The marketing, branding and financial education costs associated with converting customers from traditional informal channels to formal channels were considered too high. In this context, providers expressed the inability to target the critical mass of senders due to a lack of consolidated demand-side data that allow them to better understand the remitting behaviour—amount, frequency, preferred channels—of the migrants, women and men, to analyse where to reduce some of the delivery costs.

   Another challenge for providers to confront in offering formal remittance services to migrants is Know Your Customer (KYC) requirements for smaller transaction amounts. Furthermore, providers expressed their concerns about limited access to bank accounts especially from developed-country corridors such as Australia, the US, UK etc. "For a retail MTO the main barriers are the cost of compliance requirements and expectations, the difficulty in securing a bank account for settlement, and the fact that a long-term business case shows margin erosion over time due to reduced revenue per transaction." Another provider argued, "Bank account access is likely the most difficult barrier to overcome. The government can do more to encourage the banking sector to provide settlement accounts to MTOs and not de-risk the MTO opportunity by refusing bank account access. Rather than undertaking effective risk-based due diligence of current and potential MTO partners, many banks simply refuse to service the MTO sector. This effectively pushes more remittance activity 'underground' and makes the movement of funds less visible for the regulators/government."

3. **For RSPs in receiving countries, key barriers identified were a lack of partnerships in distribution networks and limited KYC regulations**

   The third driver in the remittance value chain are the RSPs in the origin country that disburse remittances to the recipients. The first challenge mentioned was the lack of wider agent networks in Cambodia, Lao PDR and Myanmar.[5] Competing interest in gaining market share, rather than sharing market data, is prevalent. In Cambodia, it was mentioned that there is a lack of a partnership mindset among RSPs in the region, as banks felt that non-banks will compete with them; hence they do not want to partner with non-banks.[6] As the number of players in the market increases due to increased demand, providers did not want to share their agent network.[7] Establishing a partnership was also an area of concern in Lao PDR; according to one of the leading MNOs, the regulator has not provided any clear guidelines for MNOs to partner with banks.

While providers in Myanmar were confident of the national registration card and the household list used for establishing the identity of the receiver,[8] some providers in Cambodia expressed concerns about the credibility of the identification documents used there. In the case of Viet Nam, providers stated that scanning for Politically Exposed Persons (PEP) is a major issue, since there is no centralized verification database developed by the regulator that would help the RSPs comply with anti-money laundering regulations.

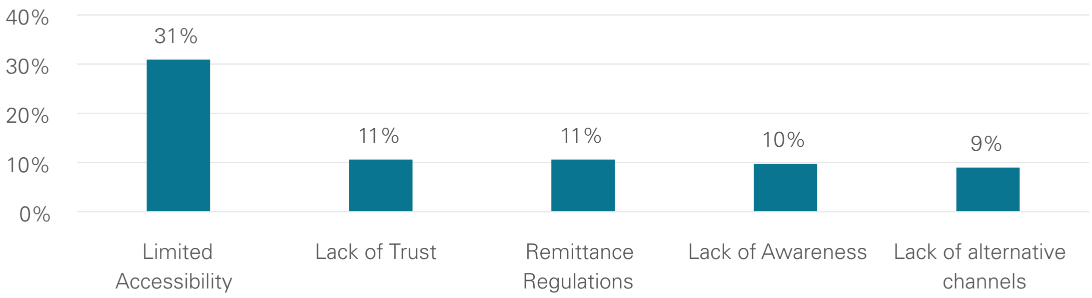
At the regional level, providers felt that there is a lack of clarity on the non-bank remittance regulations. In Viet Nam, one provider mentioned that "application requirements for the intermediary payment service provider license are cumbersome". Several MFIs in Viet Nam expressed their inability to offer remittance and payment services, as they are not allowed to take deposits or access domestic payment systems. For example, one MFI noted that the "majority of the rural working population need remittances services that can be serviced by MFIs, but the capacity and structure of the microfinance sector in Viet Nam is a problem". In Cambodia, some providers argued that third-party processor regulations are unclear and that it is very costly to partner with a bank because it requires high initial and annual fees due to guarantee requirements.[9] In Lao PDR, some providers stressed that the regulations that would allow cross-border remittance transfers are not yet implemented and that there was limited guidance for a non-bank to partner with a bank for international remittances.[10] In Myanmar, recently launched mobile financial service regulations do not allow for non-banks to provide international remittance services, which limits the remittance product offerings in the market.[11] In Viet Nam, the law does not allow non-banks such as MFIs and MNOs to perform cross-border money transfers on their own.

Across Cambodia, Lao PDR and Myanmar, providers expressed concerns about irregular migration due to the lack of clear employment and labour agreements between the origin and host countries. As stated earlier in this section, migrants are not able to access formal remittance channels if they migrate in an irregular fashion. Providers expect a huge influx of remittance flows through formal channels with an increase in regular migration.[12]

4. Key barriers for remittance receivers were limited accessibility and a lack of trust in and awareness of products and delivery channels

The fourth driver in the remittance value chain are the remittance recipients in the origin country, most of whom are women living in rural areas. Providers highlighted limited accessibility as the main barrier for recipients to use formal remittance channels, followed by a lack of trust, limited regulation and a lack of awareness of products and alternative delivery channels. Accessibility in this context included the limited branch coverage and agent network and the substantial time and travel expenses needed to collect money from the agents. One MNO in Lao PDR stressed that cash-out points in rural areas are very scarce: "*Receivers*

Figure 20. Barriers cited by service providers for remittance recipients



Source: Field survey/interviews in Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam

have to go to the formal service provider to get the money. Sometimes receivers have to travel 100 km to just get their money." In addition, poor customer service at the banks, ineffective dispute resolution mechanisms and dysfunctional ATMs[13] were cited by some interviewees as key reasons for customers choosing to continue to use informal channels. All in all, as one MFI in Myanmar noted, *"It costs a lot for people on the receiving side to receive remittances, and that in turn discourages migrants from sending money through formal channels."*

Some providers mentioned trust as an important factor for recipients to prioritize informal remittance channels. As highlighted by one MFI in Myanmar, "People do not trust banks. They feel comfortable receiving money using informal agents because they know that their money would be safe." For Cambodia and Lao PDR, this lack of trust was largely articulated as a perception of a lack of consumer protection (as one provider stressed, "People are not willing to share their identification documents") and slow transaction times.

There is also a lack of awareness about different remittance products that continues to curtail the growth of formal remittance channels in the region: "People do not have any idea which products to use; there are no agents, no branch network, and that is why they still prefer to use informal agents." As one bank respondent in Lao PDR noted, "People are afraid of going to any formal place, to established offices. We are just trying to encourage them to come to a bank and open an account."[14] Furthermore, as one bank in Myanmar mentioned, while "people know how to use smartphones, they do not know about any digital and mobile remittance products".

5. In terms of linking remittance products with other financial services, there is a lack of customer-centric product development

The fifth driver in the remittance value chain are the FSPs that offer remittance-linked financial and payment products. Providers argued that the lack of customer-centric financial products is one of the main barriers to harnessing the potential of remittance flows. This is due to the limited knowledge of FSPs about the geography, demography, access to financial services and economic behaviour of remittance recipients. In fact, 60 percent of the providers surveyed and interviewed did not have any information on the differences in the remittance access and usage behaviour of men and women, 80 percent did not have any information on the differences in the access and usage behaviour of old and young people, and over 90 percent did not have any information on the differences in the access and usage behaviour of married and unmarried people. As noted by a Cambodian bank, "We need to first know who the remittance recipients are, and only then can we target them with different products." Likewise, a Myanmar bank admitted, "We do not have much information on the remittance recipients: where they live, whether they have an account, whether they save or access credit." Because of the lack of this knowledge, providers noted that there is lack of partnerships that could be established to develop products that cater to recipients' needs.[15]

Few respondents felt that product innovation in the low-value remittance market would come from banks. "Bank incentives to invest in remittances are limited unless the remittance volumes are high and they develop the capacity to capture the market opportunity" (Remittance expert, multilateral agency). Banks were not seen as being successful in marketing their products to specific groups of customers.[16] The current regulatory environment, in fact, was felt to prohibit other potential providers such as MTOs and MNOs from linking their products to remittances. As highlighted by a bank adviser in Myanmar, "MNOs should be allowed to provide cross-border remittance services and other financial products." In Cambodia, it was felt that regulators should allow specialized payment banks and payment providers to provide interest-based products to their customers that would enable backward linkages.

To summarize, comparing the perspective of the RSPs with our customer demand-side analysis provided in Section 2, we see that the RSPs recognized many of the challenges faced by receivers and senders. Specifically, providers equally felt that remittance senders and recipients are hesitant to share their identification documents and find high documentation requirements a serious obstacle for formalizing remittance markets. Both customers and providers identified time and travel expenses associated with reaching the nearest bank branch, limited bank opening hours and dysfunctional ATMs as constraints to physical access to formal services. Both RSPs and customers acknowledged that the limited uptake of formal remittance products is also caused by the limited trust that customers have in the formal system.

However, while formal service providers particularly felt that it was predominantly pricing and geographical accessibility (touch points) that represented key barriers, for senders and recipients, transaction costs and geographical accessibility mattered less than convenience, trust and feeling respected as a customer (see Section 2.11). Remittance providers in the Mekong region also seemed to conduct limited analysis and market assessment on their customers; thus, there were very few gender-sensitive and customer-centric products in the Mekong market. Most of the banks felt antiquated in their product development and marketing, leaving customers underserved, unaware and uninterested in using formal remittance services and other financial products (see Section 2.11). Since the demand-side analysis demonstrates that different customers access and spend their money differently, more customer-oriented product development may increase the uptake of formal remittance products and stimulate the sales of a broader range of financial products.

1 "There still may be no formal infrastructure to send money to their family because of a lack of mobile agents and bank branches in the remote areas" (MFI, Myanmar).

2 The World Bank, Remittance Prices Worldwide, 2016 available at http://remittanceprices.worldbank.org

3 "Workers from Cambodia to Thailand are not well organized and not educated, so they do not know how to access different remittance channels" (Bank, Cambodia).
"Migrants do not know about the formal remittance channels available; their digital literacy and ease of using app-based products is low" (MFI, Cambodia).

4 "Most of the migrants are irregular, and banks cannot open their accounts, as we have to follow KYC norms" (Bank, Thailand).
"If a Lao PDR national wants to open a bank account in another country, then they need to get an approval from the Bank of Lao PDR first. If permission is not sought, then the Bank of Lao PDR could fine the individual" (Bank, Lao PDR).
"Thai banks in Bangkok and other provinces do not allow migrants to open bank accounts without a national identity document. Although in the border areas, few banks allow migrants to open an account with their passport. There is no consistent regulation" (Bank, Lao PDR).

5 "It is hard to find reasonable, good agents who have the knowledge to operate as an agent and liquidity to pay out. It's not easy to find an agent who is dependable, and providers compete to find an agent" (MDI, Cambodia).

6 "Competition is very much an issue here between banks, non-banks and other payment companies, as no one wants to lose their market share" (MFI, Cambodia).

7 "Market players do not want to lose their market share. In the last two years, we have gained five new players in the market, and each one of them is trying to develop its own agent network" (MDI, Cambodia).
"Partnerships between mobile financial service providers and banks and insurance companies must be encouraged to cross-sell products" (Bank adviser, Myanmar).

8 "Cambodians have too many ID systems. There is no one ID. Not every Cambodian has an ID card. Even though most of our customers are educated and have working skills, only 70 percent of them have a national ID card" (MDI, Cambodia).
"We open accounts based on national IDs; however, it's very easy to get national IDs here. You can put any birth date, details etc., and nobody would question it" (Bank, Cambodia).
"Identification is a big hurdle on the receiving side, as it needs to be valid for at least three months, but people in rural areas do not care about the expiry of the document as much" (Bank, Lao PDR).
"KYC policies are not applied properly by telecom companies. If telecom companies apply KYC policies properly, then everyone will be able to easily accept mobile numbers as an acceptable identifier" (MDI, Cambodia).

9 "Apart from the initial and annual fee, finding the sponsor bank is a challenge, as banks have very high guarantee requirements" (MDI, Cambodia).

10 "The central bank doesn't have any guidelines as to how to partner with the bank and put the money in the trust fund" (MNO, Lao PDR).

11 "Country regulations prevent companies launching products that would streamline remittances" (Payment provider, Myanmar).

12 "There are more irregular migrant workers in Thailand than in the Republic of Korea, which has mostly regular migrants. This is because of the clear government-to-government agreement between Cambodia and Korea. The same does not exist with the Government of Thailand" (MDI, Cambodia).

13 "There are no standards imposed on ATMs. ATMs do not handle errors. Since there are no Visa or Mastercard systems, there is no rigorous testing process, and the card fee structure on MPU is expensive" (Payment provider, Myanmar).
"There is a huge sense of frustration among the recipients because ATMs don't work. Sometimes there is no cash in the ATMs" (Payment provider, Myanmar).

14 "Parents in the village do not know how to receive money apart from informal agents" (MFI, Lao PDR).

15 "There are limited partnerships between formal banks and MFIs that can help expand outreach to include presently out-of-reach rural areas" (MFI, Myanmar).

16 "The banking system did not serve the customers based on their needs even when they had the potential to provide services due to established networks and a wide range of payment services" (Remittance expert, multilateral).

04

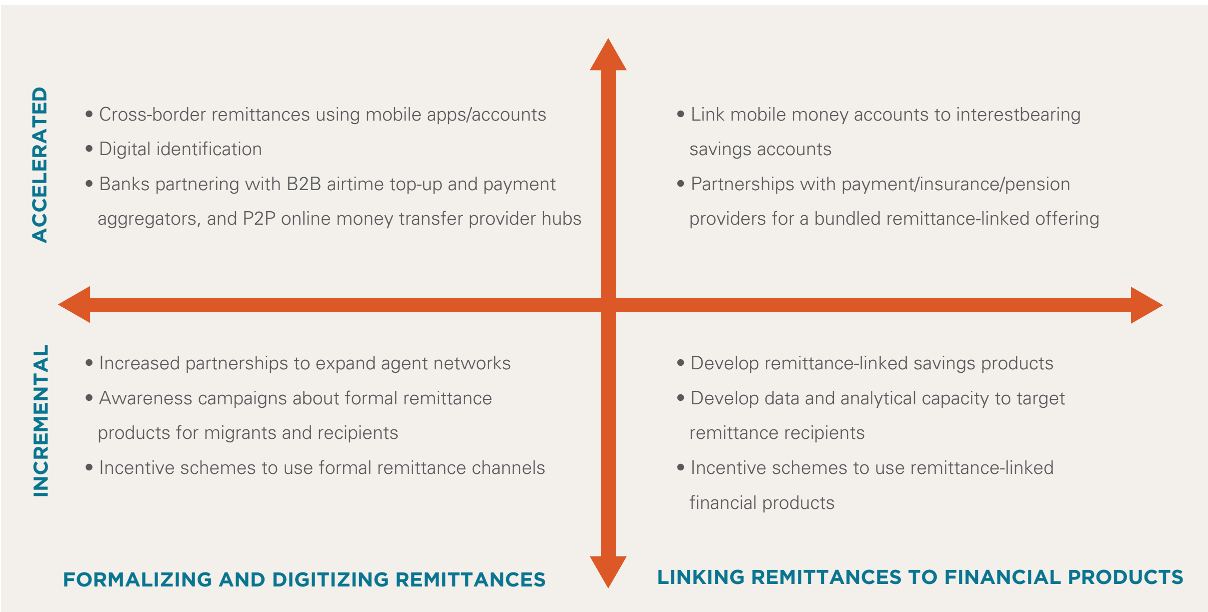
PROPOSED RECOMMENDATIONS

Having identified the key challenges on both the demand and supply sides, we asked the providers for possible interventions that they could implement to digitize remittance products for women and link them better to broader financial services. The innovation landscape portrayed in Figure 21 captures the feedback from the service providers and establishes a link between the challenges highlighted and recommendations proposed to make incremental or accelerated changes towards improving the access to and use of remittances in the short to medium term. Interestingly, rather than designing women-only digital remittance products or delivery channels, it was often argued that payment services can be designed in such a way that they better address women's needs, such as easier access to remittances, more implicitly.

Support women to adopt formal remittance channels and remittance-linked financial products

Providers recommended expanding agent distribution networks to improve access to pay-in and pay-out locations by establishing partnerships between retailers, banks and non-bank financial institutions for remittance senders and receivers. This can address the barriers of limited accessibility and improve the ease of use of digital financial services (see Figure 15 and Section 2.11). Women-focused digital remittance products may require a door-to-door delivery service with a stronger agent distribution network to offer a more personalized and convenient service, particularly in rural areas. This can also help to reduce trust barriers for women who refuse to enter banks. An example is the home pick-up service of Singtel's MRemit that is used by many Filipino migrants who are

Figure 21. Innovation landscape



domestic workers and who receive little time off. AMRET Cambodia is piloting a family savings product for women linked with payment services that incorporates door-to-door services for domestic remittances.

As highlighted, more women-focused remittance services may require more attention to awareness campaigns and (digital) financial literacy to overcome women's risk adversity, improve ease of use and address their lack of trust in the banking system. This is because women, particularly in rural areas, generally have lower levels of literacy and education than men. Several banks, non-banks and government agencies have opted to invest in awareness-raising campaigns. Such programmes can take many forms, from pre-departure and post-arrival campaigns,[1] to education programmes targeting the critical mass of migrants and recipients, to the development of remittance pricing apps through which migrants can compare the prices of the available remittance channels.

Providers can create incentives for migrants to start using formal remittance channels. Monetary incentives can be used to reduce the cost of remittances, such as matching funds on formal remittance flows,[2] lower interest rates on loans, and discounted premiums on insurance. One example is Hatton Bank, Sri Lanka, which provides remittance-linked savings accounts in which a portion of remittances are locked into an account with higher returns until the workers return home. This has proven successful in Sri Lanka, where the Hatton National Bank's Adhishtana remittance-linked account gives clients incentives to send their money back home and leave it there to bear interest. Other providers in the Mekong region have opted to implement 'lottery-based schemes' to save a certain portion of remittances. Women may also need cash advances to cover contingencies, as offered by Hundi agents (see Section 2.10). Other ideas included offering an overdraft facility based on remittance credit history, insurance provided by the central bank on remittances sent through formal channels, and access to a broader set of payment services.

More advanced innovations cited by the remittance providers included the design of mobile money accounts and app-based products for cross-border remittances; one bank in Lao PDR suggested the following: "Sending and receiving remittances using mobile channels makes it most convenient for the remittance customers, as they can send money in real time at their will when the exchange rates are most favourable." Especially in the case of Thailand, where the remittance amounts may be very low ($85 to $170 per month), it is important to make payment services cheaper, transparent and easily accessible.

Remittance products should require less paperwork and lower documentation requirements to encourage women working in the informal sector to remit money. Longer opening hours and friendlier customer services can be implemented (see Section 2.11 and Figure 15), but more complex ideas included the launch of digital identification platforms that can support the identity management infrastructure in the long term, addressing the anti-money laundering risks and enhancing the overall integrity of the remittance market. Banks highlighted the need for technical assistance to adopt innovative business-to-business remittance models with global airtime top-ups and payment aggregators such as TransferTo, Mastercard Homesend, Earthport etc. To increase their outreach in multiple corridors, banks can also partner with person-to-person remittance service platforms such as WorldRemit, Remitr, Transferwise etc. to reduce their operational costs and offer migrants cheaper and faster real-time transaction alternatives.

Develop financial products to link remittances with broader financial services

Based on the demand-side analysis, FSPs can take incremental steps to tailor their existing financial products and generate incentives for existing and potential customers to use multiple financial products. To start, providers identified a need to first develop their data and analytical capacity to target remittance recipients. FSPs recognize the limited understanding they have of the remittance recipient market and find it critical to identify the target segment and their needs before developing any product: *"If we know who the remittance recipients are, it will be much easier to design the products based on their needs"* (Bank, Myanmar). In many cases, customers already have savings accounts; therefore, it was considered easier for banks to tailor savings products to the specific financial needs of the remittance recipients once banks have the data and analytical capacity to identity the market. Specifically, such customer-centric products may reflect companies' need to better understand customer needs based on demographics, gender and language.

To ensure mobilization of these remittance-linked financial products, proper incentives need to be created so that remittance recipients are encouraged to drive usage. Incentives can be in the form of broader access to financial products, payments, social services or lottery schemes to promote saving a minimum remittance amount in bank accounts or mobile wallets, for example.

To harness the potential of remittances, it is imperative to broaden the services offered. Countries such as Tanzania and the Philippines have taken significant steps to allow the development of diverse financial products that have strengthened the remittance value chain and benefited stakeholders. Among the few such measures that were proposed, the two that were frequently noted were linking mobile wallets to savings accounts that will allow them to earn interest on the mobile wallets or transfer their mobile wallet deposits to their savings accounts,[3] and establishing partnerships with banks or payment/insurance/pension providers for a bundled remittance-linked offering. In addition, women-focused products may bundle remittances with discounts on specific expenditures such as health care, insurance and education fees. Remittance-linked financial products could provide recipients with insurance or additional interest on savings. Remittances could effectively be used in credit-scoring models to build a credit history and better estimate women's real repayment capacity, which could reduce informal lending and secure personal and business loans for women who otherwise would not have been able to access them. Such innovations could increase options for the recipients, mostly females living in rural areas, to make the most of the financial products offered for their benefit and become financially resilient.

Strengthening the regulatory environment would enable market participants to innovate

These product innovations could be accomplished reasonably within the prevailing regulations, yet providers felt that clearer regulatory guidelines with regards to partnership models and non-bank institutions could accelerate product innovation.

Thus, several providers recommended issuing clearer and more consistent remittance regulations on the role that non-banks can play to support the development of digital remittance products for cross-border remittances. The regulations specific to non-banks and mobile money for cross-border remittances are still unclear in the Mekong region, and in cases where mobile money operators are allowed to operate, such as Cambodia, they are treated as either third-party processors for a licensed bank or as specialized banks in their own right. As the third-party processor regulation at this point is only for deposits and not for remittances, these third-party processors or specialized banks are not able to offer any remittance-linked financial products.

Providers also proposed limiting the number of identification documents (IDs) required for receiving cross-border remittance transactions, and ensuring the credibility of the ID. In countries in the region where ensuring credibility of the documents is a challenge, biometric solutions can be implemented as an acceptable recipient identifier. Investing in a regional initiative for a digital portable identity can significantly enhance the overall integrity of the remittance market. Central banks could also support the development of centralized databases. For example, in Australia, the Document Verification Service (DVS) is an online government service that can validate documents and compare a remitter's ID with a government ID record. The Australian Transaction Reports and Analysis Centre (AUSTRAC) provides a centralized service for remittance organizations to submit all international funds transfer instructions and lodge Suspicious Matter Reports.

In conclusion, the recommended actions highlighted in the above section will have a far-reaching impact on the migrant and recipient community in the Mekong region, especially women, who are the main remittance recipients. In addition, for Myanmar, the strong potential to increase formal remittance flows will significantly improve the country's balance of payments and negatively impact the prevalent parallel black market for foreign exchange in the country, thus strengthening the country's measures for AML/CFT. At the institutional level, the changes will provide more foreign currency for FSPs and increase their liquidity, which will help banks meet their financial obligations and offer credit on a larger scale. For Cambodia, the development of credible identification infrastructure and clarity on partnerships among providers through regulations can further strengthen the country's digital finance frontiers and pave the way for the development of bundled products that will address financial access and usage constraints more effectively in an otherwise severely underbanked market. For Lao PDR, the development of digital remittance services complemented by supporting regulations may facilitate the development of the country's digital ecosystem and allow the creation of remittance products that would serve remittance recipients living in remote areas.

1 "We have started conducting pre-departure training in different regions to demonstrate ways to remit through our mobile banking app" (Bank, Myanmar).
2 The Reserve Bank of Zimbabwe launched its Diaspora Remittance Incentive Scheme on 1 October 2016, in which the Central Bank is providing a 5 percent discount (2 percent to the MTO and 3 percent to the receiver) to encourage migrants to use formal channels to send money back home.
3 The account interoperability framework fostered by the Tanzanian government means that transactions can be made from any mobile wallet into a customer's account.

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ANNEX I. METHODOLOGY

This report has used a variety of methodologies to meet its objectives. These include:

- Perception survey: An online survey was designed to gather information on the barriers to and opportunities for sending remittances through formal channels and leverage remittances to provide recipients with a broader set of financial services. The survey was sent to RSPs, payment providers, banks, non-banks, regulators and experts and proved valuable in supplementing knowledge from desk and field research. The online tool provided by the survey platform was used for response analysis.

- FinScope analysis: A FinScope survey, which is the first globally recognized demand-side data source on financial inclusion indicators representative of the national population, was used to apportion the remittance recipient profile. It provides insights into remittance recipients' geography, demography, marital status and access to remittances, financial services, savings, credit and insurance. It further extends into attitudes and perceptions regarding financial products and services. The sample size varies widely across countries: Myanmar (5100), Cambodia (3150), Lao PDR (2040). The unit of sampling is at the individual level, but the survey does enable some conclusions from the household level. It should be noted that Finscope data is not available for Viet Nam and thus Finscope analysis for Cambodia, Laos, and Myanmar may not hold true for Viet Nam.

- Interviews with key stakeholders: In-depth interviews were conducted with more than 30 key RSPs and experts active in Cambodia, Lao PDR, Myanmar, Viet Nam and Thailand, to gain in-depth insights into the Mekong remittance markets.

- Customer interviews: To learn from the experiences of the remittance senders and recipients, 70 semi-structured qualitative interviews were conducted with senders and receivers of remittances in Thailand and Myanmar and informal RSPs (Hundi agents). The majority of interviews took place in person in Bangkok and Yangon; some additional interviews were conducted by phone with recipients in Mawlamyine (Mon State) and Hpa An (Kayin State) in Myanmar.

- Desk-based research: A review of relevant published materials was undertaken. Reference sources included studies produced by international development organizations and taskforces such as the World Bank, the Consultative Group to Assist the Poor, the International Labour Organization, the International Organization for Migration and the Asian Development Bank.

During the course of the project, more than 70 survey questionnaires were completed and face-to-face interviews conducted, and the research team combined the analysis from the perception survey and the interviews with desk-based research and FinScope demand-side analysis, triangulating the findings from the interviews with focus group discussions with migrants and their families during a field visit to Thailand and Myanmar. Normal qualitative research protocols and conventions were followed to ensure consistency.

ANNEX II. UNCDF MAP-FINSCOPE ANALYSIS BY COUNTRY

MYANMAR

Figure 22. Remittance senders and receivers by channel

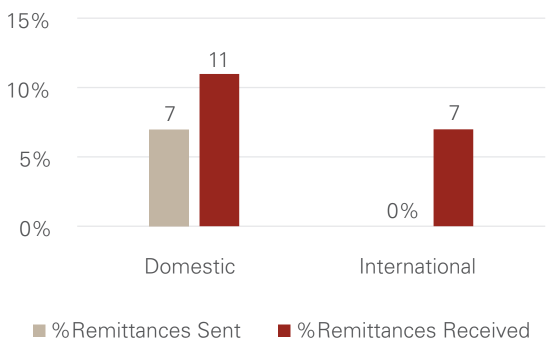


Figure 23. Remittance senders and receivers by gender

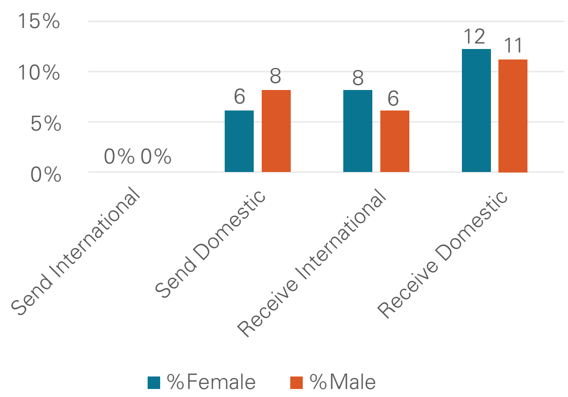


Figure 24. Access to finance by gender (remittance users)

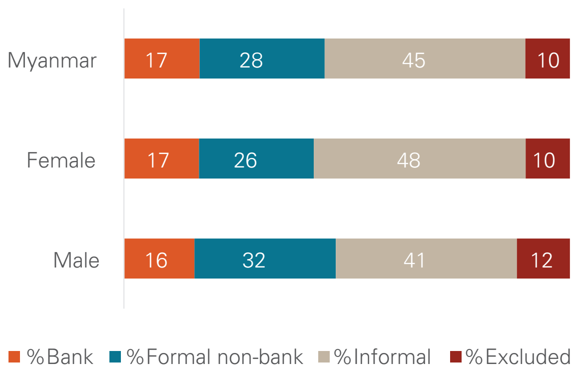


Figure 25. Access to finance by gender (total population)

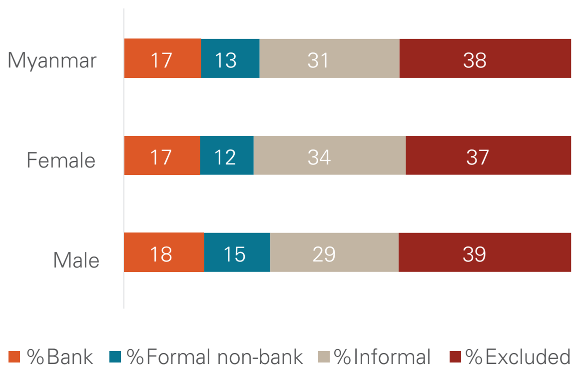


Figure 26. Access to savings by gender (remittance users)

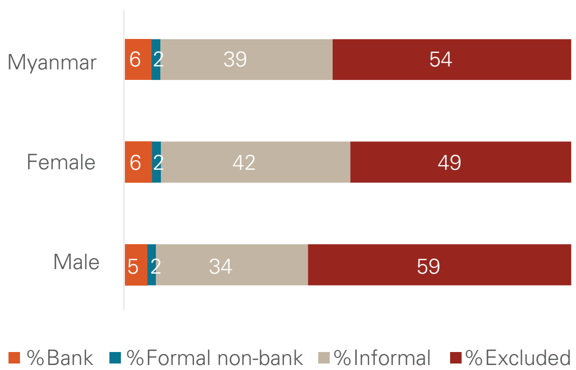


Figure 27. Access to savings by gender (total population)

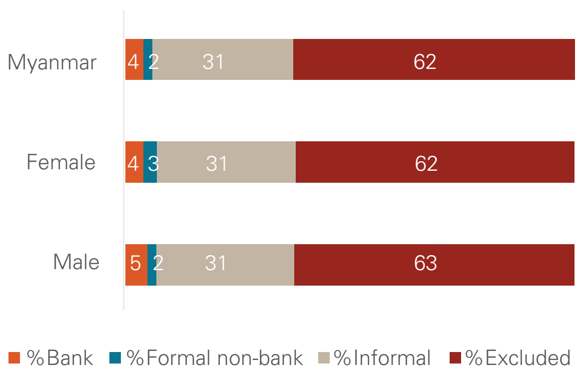


Figure 28. Access to credit by gender (total population)

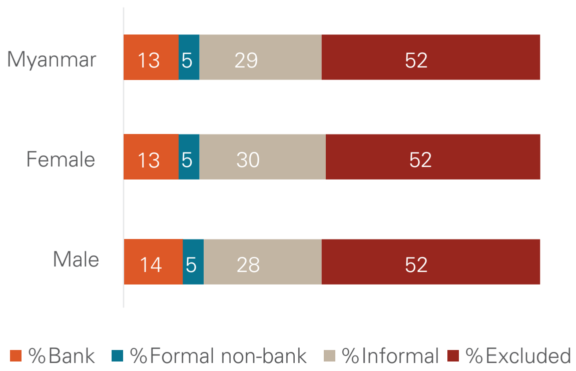
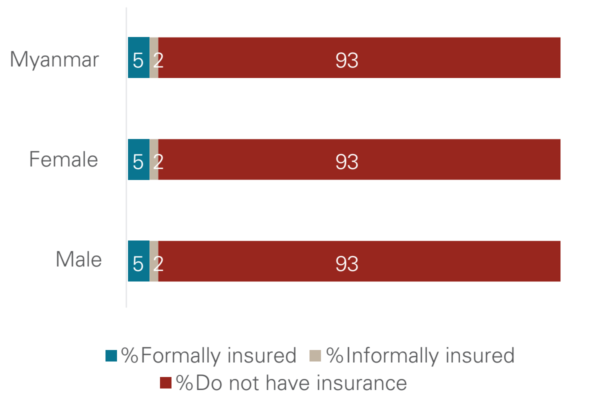


Figure 29. Access to insurance by gender (total population)



CAMBODIA

Figure 30. Remittance senders and receivers by channel

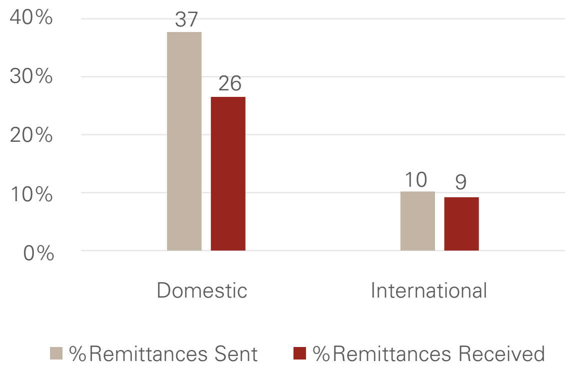


Figure 31. Remittance senders and receivers by gender

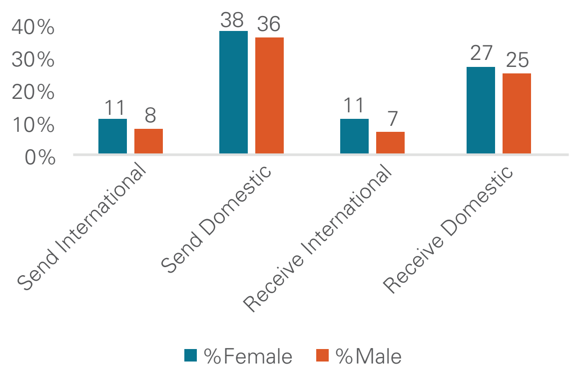


Figure 32.Access to finance by gender (remittance users)

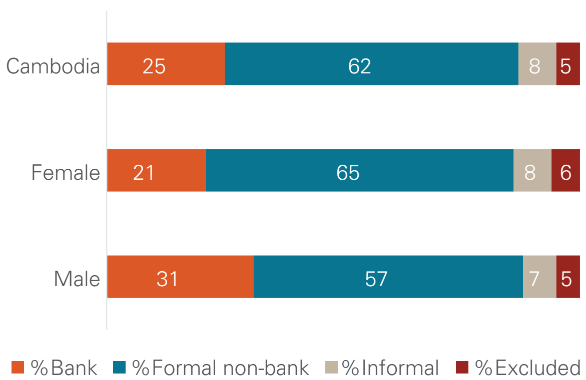


Figure 33. Access to finance by gender (total population)

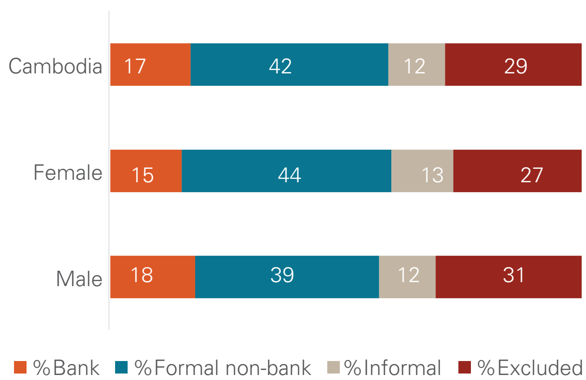


Figure 34. Access to savings by gender (remittance users)

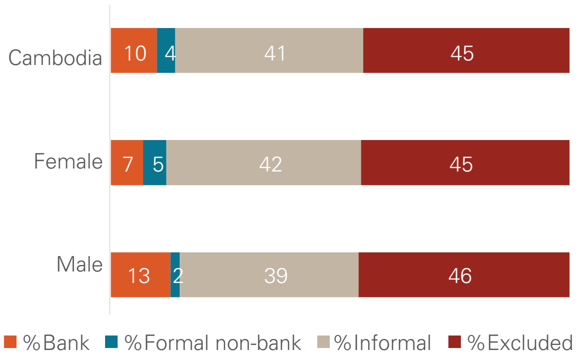


Figure 35. Access to savings by gender (total population)

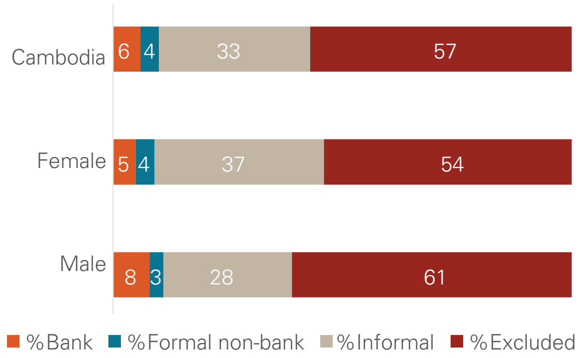


Figure 36. Access to credit by gender (total population)

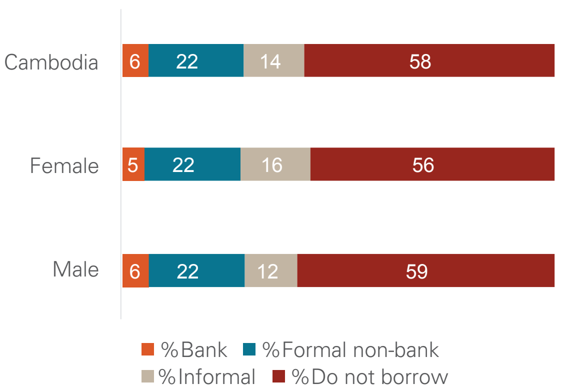
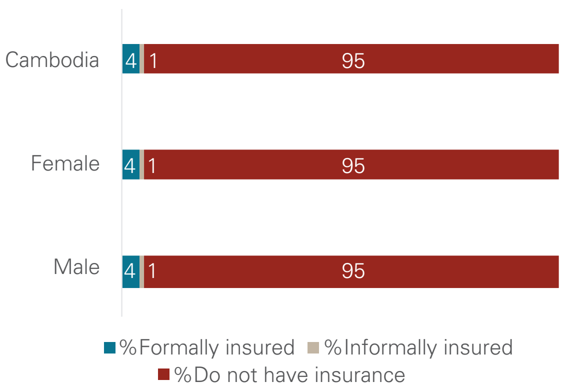


Figure 37. Access to insurance by gender (total population)



LAO PDR

Figure 38. Remittance senders and receivers by channel

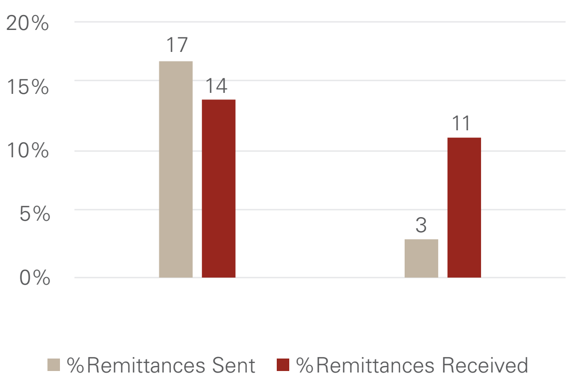


Figure 39. Remittance senders and receivers by gender

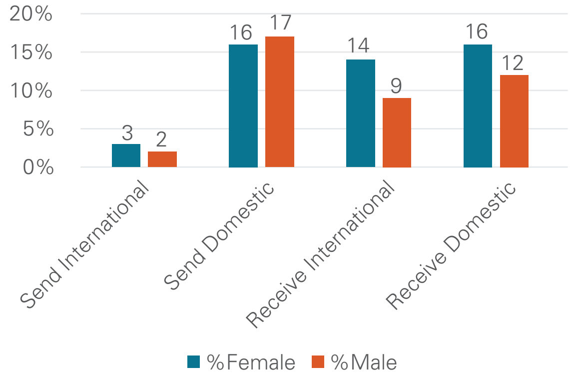


Figure 40. Access to finance by gender (remittance users)

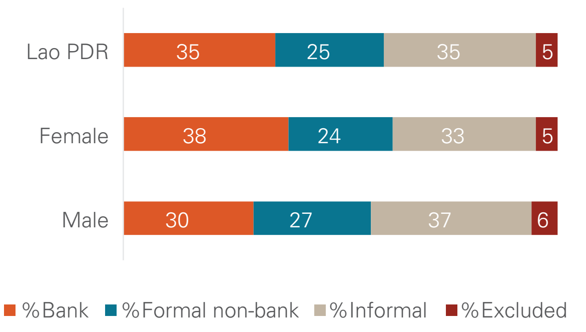


Figure 41. Access to finance by gender

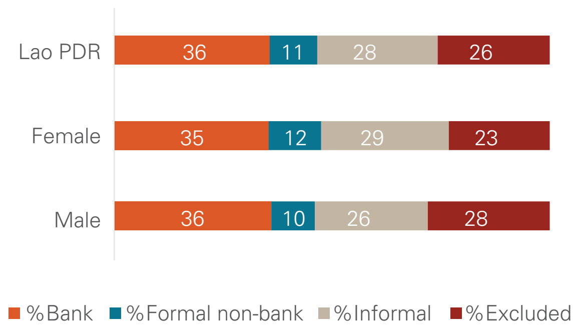


Figure 42. Access to savings by gender (remittance users)

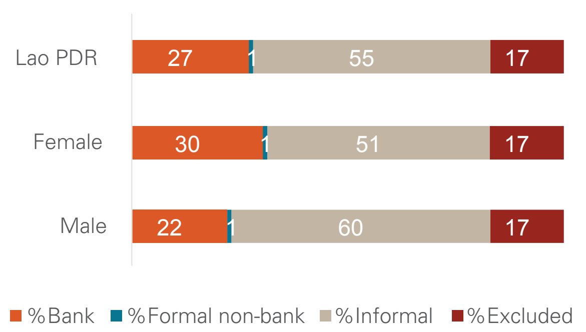


Figure 43. Access to savings by gender (total population)

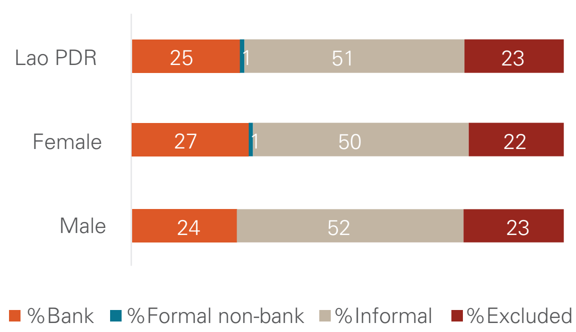


Figure 44. Access to credit by gender (total population)

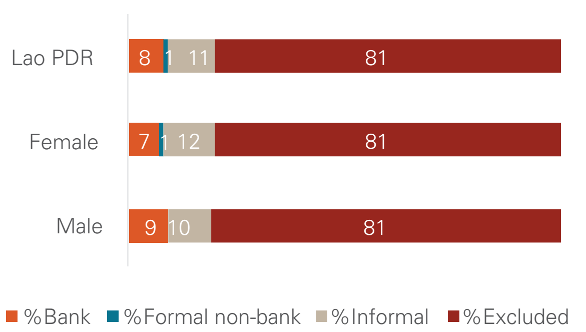
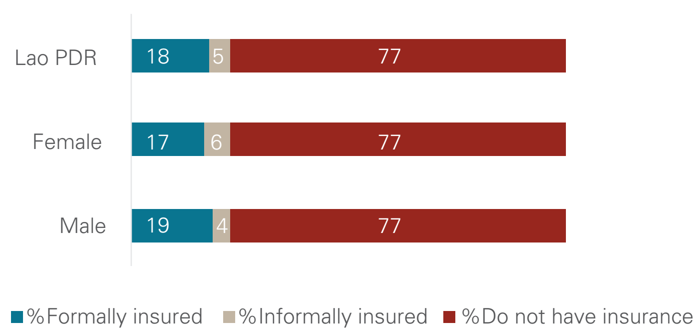


Figure 45. Access to insurance by gender (total population)

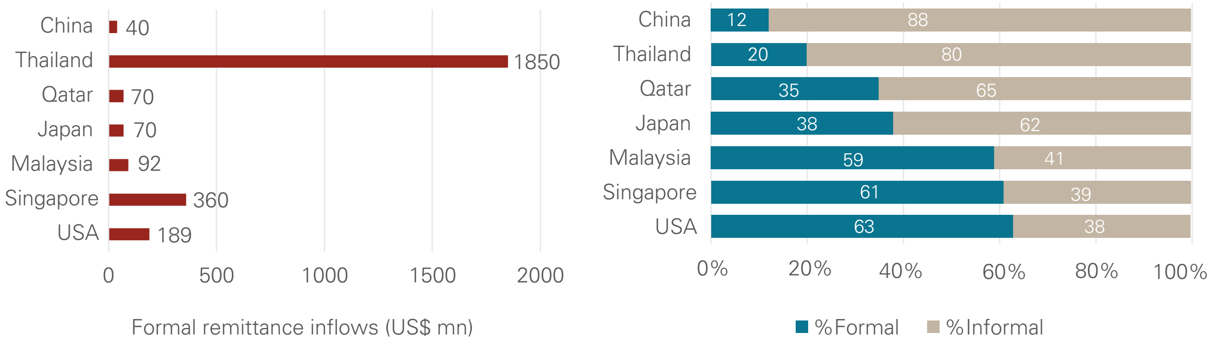


ANNEX III. FORMAL AND INFORMAL REMITTANCE FLOWS

As an additional analysis, UNCDF used FinScope data to illustrate the flow of formal and informal remittances to Cambodia, Lao PDR and Myanmar from key remittance-sending countries. The analysis provides further information about stakeholders to prioritize efforts to formalize and digitize remittances.

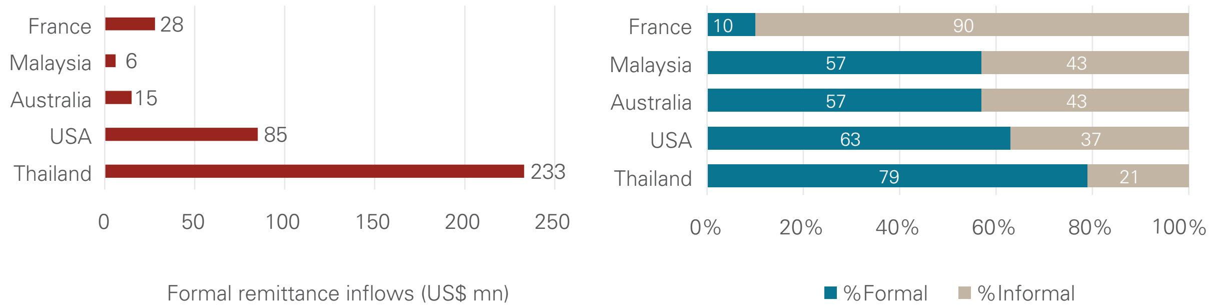
MYANMAR

Figure 46. Myanmar remittance corridors



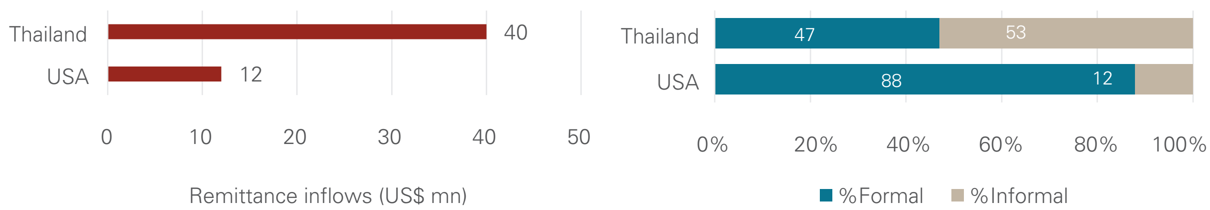
CAMBODIA

Figure 47. Cambodia remittance corridors



LAO PDR

Figure 48. Lao PDR remittance corridors



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