

at Home & Away

REMITTANCES: AMPLIFYING THE VOICE OF CONSUMERS



The World Bank

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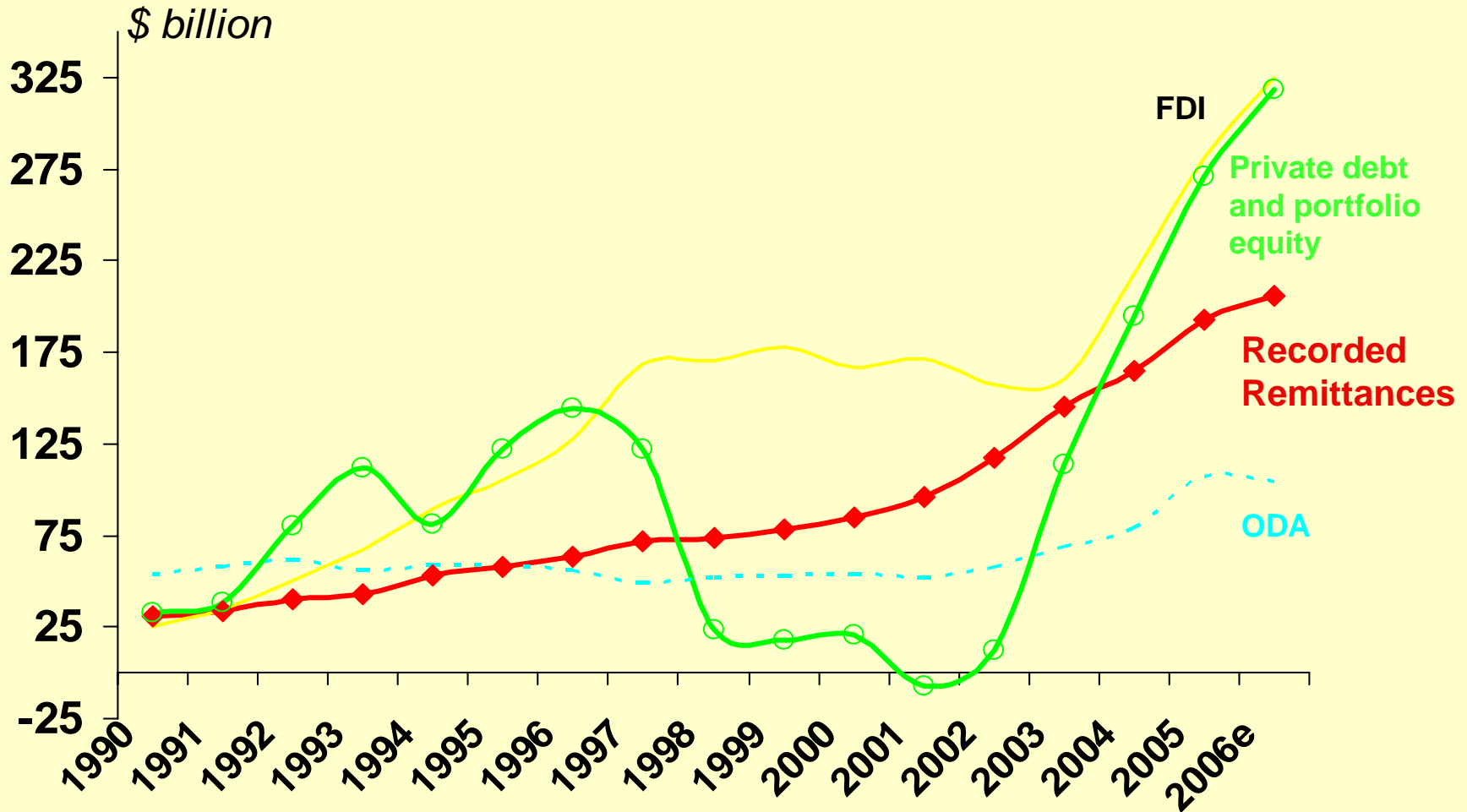
Agenda

- Global Trends
- Pros and Cons of Remittances
- The Problem of High Costs
- World Bank and the Pacific Islands
- Advancing Competition
- What is an Enabling Environment?
- Empowering Consumers

Remittances are large, have continued to increase

<i>(\$ billion)</i>	<u>1995</u>	<u>2006</u>
Recorded remittances	58	206
ODA	59	104
FDI	107	325
Pvt. debt & portfolio equity	126	318

Remittances are large, have continued to increase



Remittances Reduce Poverty

- Evidence from household surveys shows that remittances reduce poverty
- Cross-country evidence shows that a 10% increase in per capita remittances leads to a 3.5% decline in the share of poor people
- Remittances also finance education and health expenditures, and ease credit constraints on small businesses

However...

- Large remittance flows may lead to currency appreciation and adverse effects on exports
- Remittances create dependency?
- Money laundering and financing of terror concerns

The Fiji Context

- Remittances declined in 2007. \$200 M US

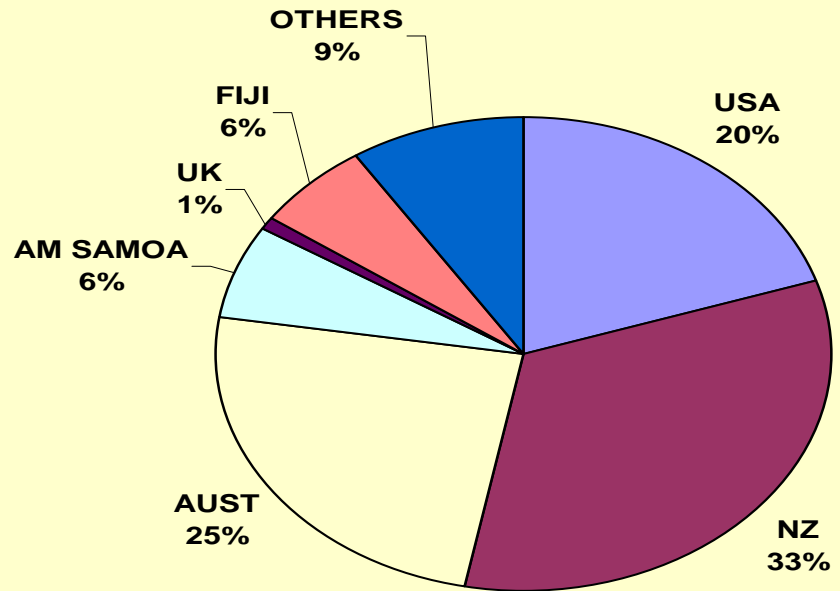
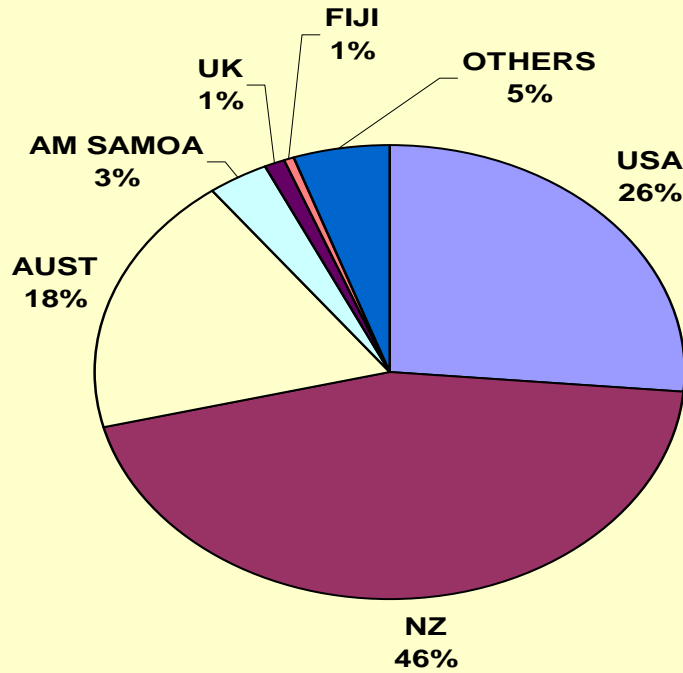
Likely reasons:

- Global Credit Crunch
- Reduction in M. East personnel
- Excessive Fees
- Less Migration

Remittances by Source Country (excluding churches)

1996

2006



SAMOA

The Cost to Send Money

Sender's disposable amount	200	
Deduct remittance fee	25	[1]
Amount to be sent	175	
Exchange rate spread [1-12%]	15+	[2]
What the receiver will get	160	
Delivery fee or float	5	[3]
What the receiver actually gets	155	

Global F(X) Commission on R.

1. Australia to USA (ANZ) = **1.1%**
2. Australia to Fiji (ANZ) = **3.6%**
3. USA to Mexico (W. Union) = **2.1%**
4. NZ to Tonga (W. Union) = **7.0%**
5. NZ to Tonga (Melie Mei Langi) = **11.2%**

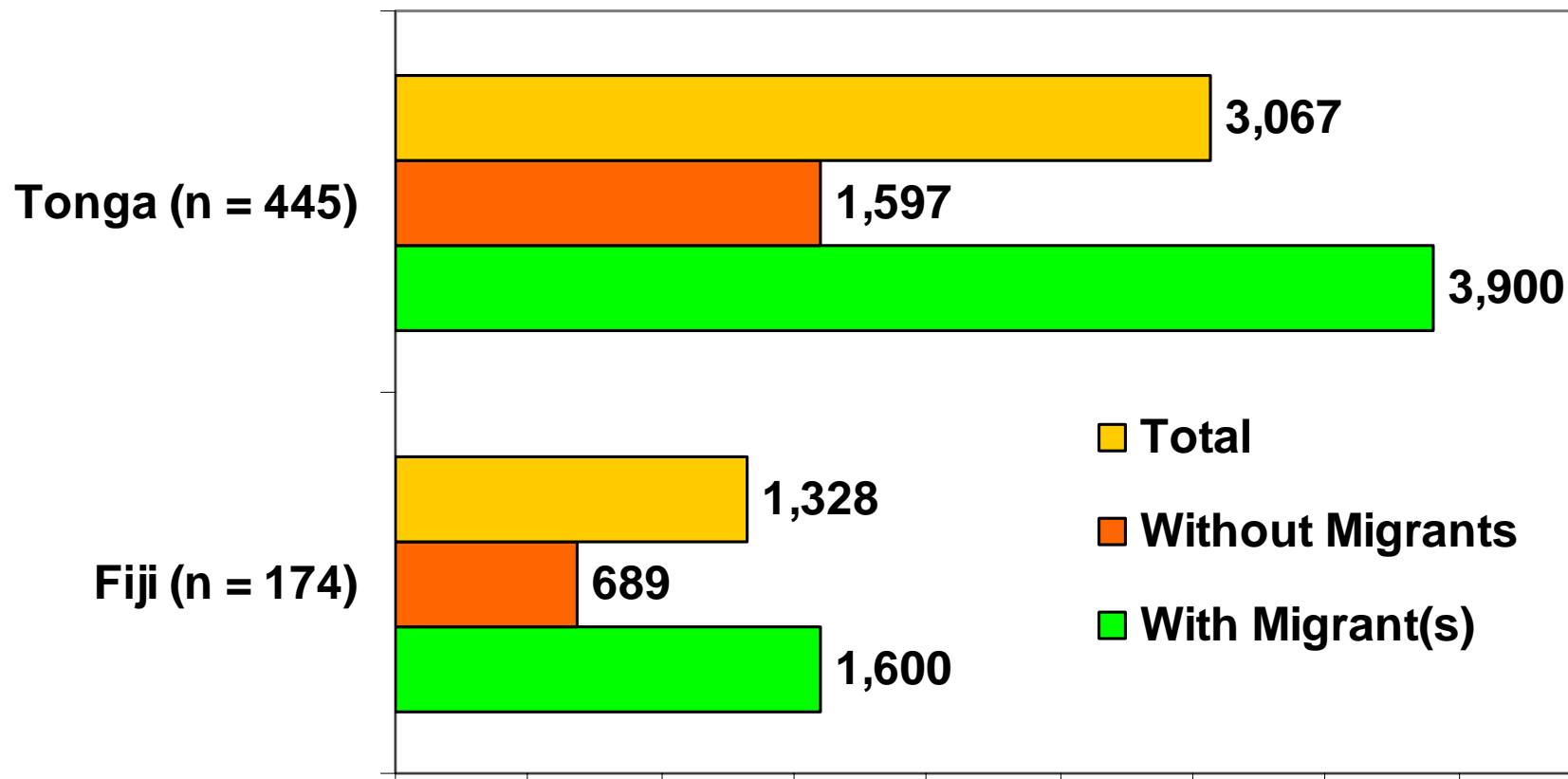
World Bank: Regional Actions

- Research undertaken
 - Household surveys, follow-up analyses
 - Focus Group Sessions
- Convening high-level roundtables: x 3
- From policy advocacy to implementation

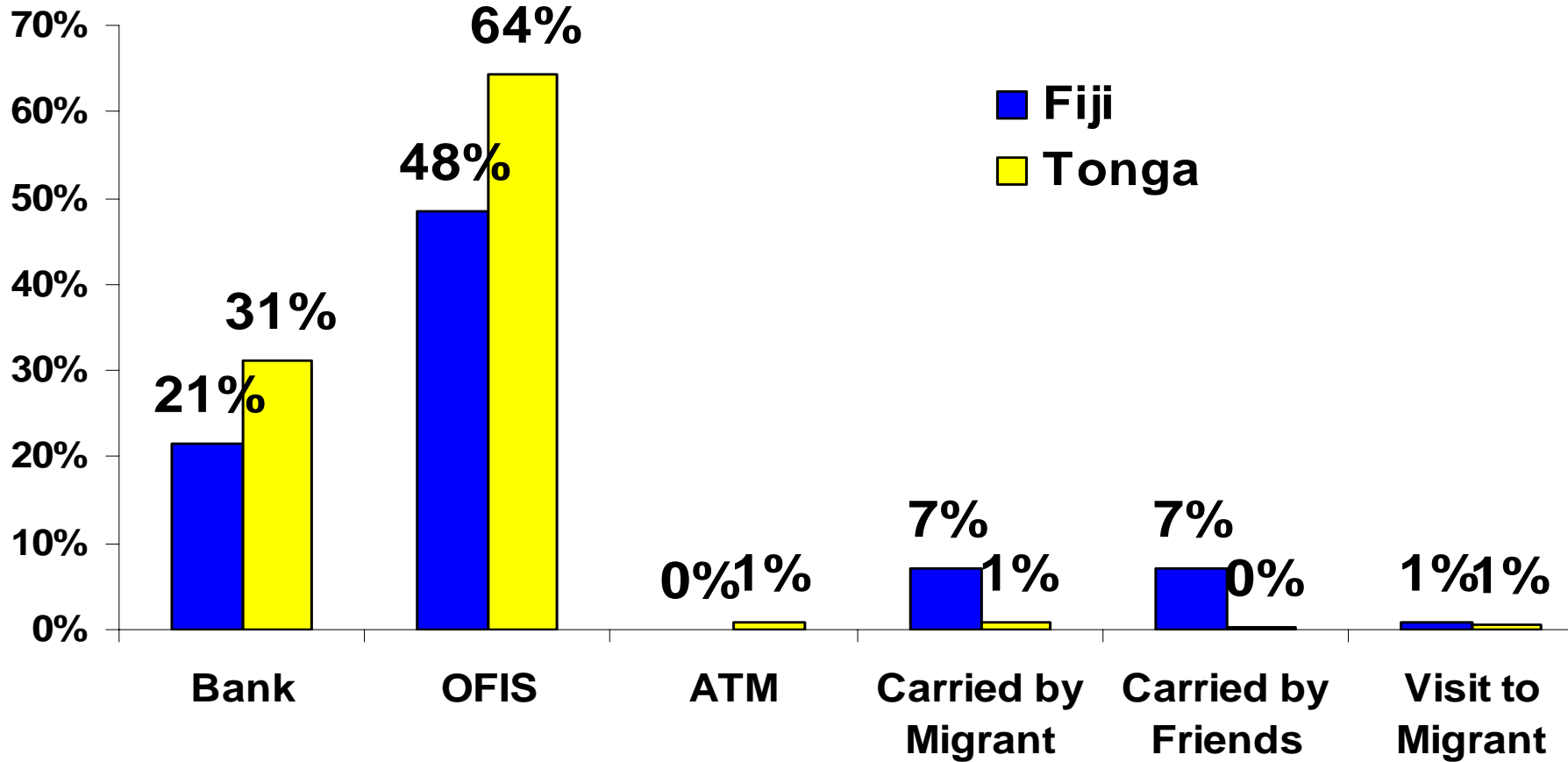
WORLD BANK H. HOLD SURVEY

- Surveyed 418 households of which 43% received remittances
- Survey sample consists of 13 urban and 21 rural area across Viti Levu
- Covered Suva, Nausori, Lautoka, Nadi, Ba, Sigatoka

REMITTANCES RECEIVED (HH AVERAGE, US \$ (2004))



Most Frequent Channels



Stimulating Competition

- Following high-level roundtable in June 2007, half dozen new providers entered or have plans to enter Pacific market.
 - In **Samoa**, fees/charges for R. reduced 50%.

An Enabling Environment?

- Pricing/Cost Structure is Opaque.
- Website for R. Consumers
- Non-Exclusivity
- Government/RBF are vocal on issue
- Balancing AML/CFT concerns with needs of Fijian Consumers

Empowering Consumers

- NZ Steering Committee
 - Program and projects
- Financial Literacy Conference in Australia
- Target PI Seasonal Worker's