



Promoting digital and financial inclusion through remittances and micro-savings in Ghana

Implemented by **Ecobank**
The Pan African Bank

Project overview

DURATION



PROJECT GOAL

To enhance the financial resilience and economic empowerment of remittance families through cost-effective digital channelling of remittance flows and financial inclusion innovations.

IMPLEMENTING PARTNER

Ecobank Ghana PLC (Ecobank) is one of the market leaders in Ghana's financial sector, with over 30 years of experience and often recognized as a "digital-first" innovator. Ecobank has the license to operate payment services, including remittances, in 25 European countries. Ecobank's partner is **Digital Disruptions**, a digital finance consulting firm based in the United States, focusing exclusively on financial inclusion in emerging markets.

BUDGET

Total: **EUR 800,000**
IFAD: **EUR 500,000**
Ecobank: **EUR 300,000**

SECTOR

☒ Private ☐ Public

GEOGRAPHIC TARGET

Ghana, and its remittance corridors from **Germany** and the **Netherlands**.

TARGET GROUP

7,200 remittance-receivers in Ghana,
8,000 Ghanaian migrants based in Germany and
4,000 in the Netherlands.

PROJECT OBJECTIVES



COST REDUCTION

Contribute to reducing international remittance transfer costs to Ghana and increase access to – and use of – transparent and gender-responsive, low-cost services.



DIGITALIZATION

Accelerate the use of digital products and the digital payments ecosystem to support international remittances to Ghana.



FINANCIAL INCLUSION

Use international remittances to Ghana as a conduit for increasing financial inclusion and the resilience of remittance senders and recipients.



FORMALIZATION

Promote greater access and use of formal international remittance transfers to Ghana.

Remittance context in Ghana

- According to United Nations Department of Economic and Social Affairs (UN/DESA), Ghana's total stock of emigrants was 970,625 in 2019, with the main destination countries being Nigeria, the United States, the United Kingdom and Côte d'Ivoire.
- Ghanaians residing within the European Union are account for 21 per cent of the total remittance inflows received.¹ Most of these migrants are hosted in Germany and Italy, while there is a growing number of Ghanaians in the Netherlands and Spain.
- Ghana is the second largest remittance-recipient country in sub-Saharan Africa² and 20 per cent of its adult population receives remittances.³
- Ghana's dependence on remittances was 5.6 per cent of its gross domestic product (GDP) in 2021.

REMITTANCES



Source: World Bank 2022.

Main challenges and market barriers

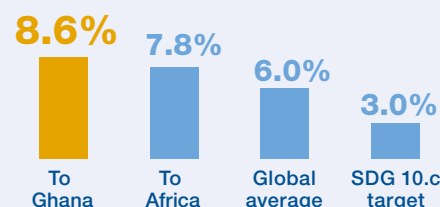
SENDING REMITTANCES TO GHANA IS STILL EXPENSIVE



The average cost of sending remittances to Ghana, 8.6 per cent of the send amount, remains above the global average of 6.0 per cent.⁴

FAST FACTS

AVERAGE COST TO SEND US\$200



Source: World Bank Q1 2022.

FINANCIAL INCLUSION CAN BE FURTHER ENHANCED, ESPECIALLY FOR WOMEN



68 per cent of Ghanaians are financially included.⁵ Financial inclusion is relatively high, but more efforts are needed to include women, rural populations and the unemployed.⁶

Financial inclusion growth is largely attributable to mobile money accounts, with 65 per cent of adults having one.

The National Financial Inclusion Strategy aims at increasing account ownership to 85 per cent by 2023.

ONLY 1 OUT OF 5 ADULTS



FORMALLY FINANCIALLY INCLUDED

Source: Index 2021.

MORE GHANAIS CAN ACCESS AND USE MOBILE MONEY



The remittance market in Ghana is predominantly cash-based, despite rapid growth of end-to-end digital transfers.

Mobile money account ownership increased from 39 per cent in 2017 to 60 per cent in 2021. Despite this, women in Ghana have 10 per cent less mobile phone ownership as compared to men.⁷

MobileRemit INDEX SCORE

89

GHANA IS IN THE TOP DECILE OF COUNTRIES WITH A FAVOURABLE OPERATING ENVIRONMENT FOR MOBILE REMITTANCES

IFAD's MobileRemit index measures the potential for mobile remittances in a given country

Source: MobileRemit Africa 2022.

THERE IS STILL HESITATION TO USING FORMAL CHANNELS TO SEND MONEY HOME



The majority of remittance users find informal channels more convenient and fear the use of mobile remittances due to lack of trust and fraud affecting mobile use reputation.

Project description

IFAD is partnering with Ecobank Ghana under the PRIME Africa initiative to launch innovative financial solutions aimed at enhancing access and use of remittance services by Ghanaians in Germany and the Netherlands, as well as their families back home.

Through the project, Ecobank will be able to:

1. CONDUCT MARKET INTELLIGENCE TO INFORM PRODUCT ENHANCEMENT

Using demand-side research to ensure a customer-centric approach, Ecobank will adapt its Rapid Transfer International (RTI), a recently-launched app for international remittances. This adaptation will enable migrants and families to have access to cheaper, faster and safer digital remittance services.

2. RAISE AWARENESS ON THE USE OF DIGITAL CHANNELS FOR REMITTANCE TRANSFERS

Digital methods require testing incentive models aimed at supporting a customer behavioral shift. Consumer awareness regarding digital safety is done via social media channels used by Ghanaian migrants, as well as Ecobank's agents in Ghana, serving remittance-receiving families in rural and semi-rural areas.

3. PIONEER A DIGITAL FINANCIAL LITERACY TRAINING SOLUTION

Ecobank's first ever digital financial literacy initiative aims at strengthening users' knowledge, attitudes, skills, and behaviors managing remittances and other financial resources.

4. LINK A GENDER-SENSITIVE MICRO-SAVINGS PRODUCT TO REMITTANCES

Recurrent small deposits, either done by the sender or by the recipient, are a secure way to allow migrants to complement their relatives' savings in Ghana. These funds can then be used for a specific purpose, such as children's education, capital building or as a safety net.

5. EXPAND THE AGENT NETWORK IN UNDERSERVED HIGH MIGRATION RURAL AND SEMI-RURAL AREAS

Awareness models will target both remittance senders and recipients through Ecobank agents in un(der)served areas, with a substantial concentration of remittances from Germany and the Netherlands.

Expected results

SHIFT TO INCLUSIVE DIGITAL FINANCIAL SERVICES, INCLUDING REMITTANCES, IN THE TWO EU CORRIDORS TO GHANA

- ➡ 7,000 un(der)banked Ghanaian migrants in Germany and the Netherlands send digital remittances at a price 3 to 4 percentage points lower than the average cost for those corridors;
- ➡ US\$13 million in remittances are sent digitally; and
- ➡ The share of female senders using digital channels increases by 25 per cent.

INCREASED SHARE OF REMITTANCES SAVED IN A FORMAL ACCOUNT

- ➔ 3,600 Ghanaian migrants in Germany and the Netherlands, along with their families, save at least US\$236,000 from remittances; and
- ➔ 3,600 remittance recipients in Ghana and 9,000 migrants in the Netherlands benefit from Ecobank's financial literacy programme.

INCREASED ACCESS TO REMITTANCE SERVICES IN RURAL AND SEMI-RURAL COMMUNITIES

- ➔ 20 new agents activated in semi-rural and rural areas of substantial concentration of remittances from Germany and the Netherlands.

DRIVE DIGITAL AND FINANCIAL INCLUSION IN RURAL AREAS

IFAD is financing two additional projects in Ghana to expand digital remittances to thousands of households in rural areas. The projects will be implemented by Fidelity Bank, a financial service provider, and MFS Africa, one of the largest pan-African financial technology companies. By engaging these key stakeholders simultaneously, IFAD is ensuring a level playing field for digital remittances in Ghana, while promoting a big push towards fostering mobile remittances and financial inclusion in the country.

PROJECT RELEVANCE FOR THE DEVELOPMENT AGENDA

SUPPORTING SUSTAINABLE DEVELOPMENT GOALS



Global Compact
for Migration
OBJECTIVE 20



GPFI

Global Partnership
for Financial Inclusion



2015
VALLETTA
SUMMIT ON MIGRATION

LINKS AND REFERENCES



IFAD's Financing
Facility for
Remittances



The PRIME Africa
initiative



RemitSCOPE –
Ghana country
diagnostic

ENDNOTES

1/ IFAD Ghana Diagnostic, RemitSCOPE 2022
<https://remitscope.org/africa/ghana>.
2/ US\$4.5 billion inbound remittances received
in 2021 (World Bank, May 2022).

3/ Afrobarometer 2019.
4/ Remittance Prices Worldbank, Q2 2022.
5/ Findex 2021.
6/ <https://remitscope.org/africa/ghana>.

7/ Exploring women's use of mobile money
in Ghana, GSMA 2022: https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2022/03/Mobile_money_Exploring_womens_use_Ghana.pdf.



International Fund for Agricultural Development
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youtube.com/user/ifadTV

The **International Fund for Agricultural Development (IFAD)** is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.

For more information please contact
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IFAD's US\$65 million multi-donor **Financing Facility for Remittances (FFR)** aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

The **Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME)** is a EUR 15 million initiative funded by the European Union and implemented by IFAD's FFR, aimed at improving the management of remittances and their use for development impact in selected African countries.

FFR DONORS



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