

Leveraging **remittances** to drive **financial inclusion** in rural Ghana

Implemented by **FIDELITY BANK**

Project overview

DURATION



PROJECT GOAL

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

IMPLEMENTING PARTNER

Fidelity Bank Ghana in partnership with **Viamo**. Fidelity Bank Ghana Limited is one of the 23 commercial banks licensed by the Bank of Ghana. It offers diversified services to meet the banking and financial needs of low-income customers, small-scale entrepreneurs and rural communities. Fidelity Bank Ghana will partner with Viamo, an international social enterprise connecting individuals to make better decisions via mobile technology.

GEOGRAPHIC TARGET

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

BUDGET

Total: **EUR 360,000**
IFAD: **EUR 260,000**
Fidelity Bank: **EUR 100,000**

SECTOR

Private Public

TARGET GROUP

12,000 remittance recipients in the rural Brong-Afaho and Central regions of Ghana receiving the greatest inflow of cash-based remittances through Fidelity Bank, and their migrant relatives in selected European corridors and South Africa.

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 accountable 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

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.

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

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.

FAST FACTS

AVERAGE COST TO SEND US\$200



Source: World Bank Q1 2022.

ONLY 1 OUT OF 5 ADULTS



FORMALLY FINANCIALLY INCLUDED

Source: Findex 2021.

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.

Project description

IFAD is partnering with Fidelity Bank Ghana under the PRIME Africa initiative to enable remittance recipients in high-migration rural areas to increase their share of remittances saved in formal bank accounts. Remittance recipients without proximity to a bank branch end up having to foot costly journeys to cash out their remittances. By targeting un(der)banked remittance recipients, Fidelity Bank will enable termination of remittances directly into a savings account. As a result, rural customers will incur lower costs and will save time and expenses as a result of not having to travel long distances. Fidelity Bank is uniquely positioned to support a sustainable shift from cash-based remittances to digital account-based transfers in rural areas due to its network of 5,000 agents across the country.

The project initiatives fall under the following priority areas:

1. INCLUSIVE DIGITAL FINANCIAL LITERACY

Pioneering financial literacy content on remittances tested through an Interactive Voice Response messaging (IVR) solution offers the potential to engage vulnerable segments of the population, particularly rural people. The project combines the efficiency of technology, allowing customers to receive information at no cost anywhere they have signal, with the benefits of agents nearby. Fidelity Bank will build on the financial literacy content developed with UNCDF funding, mostly centered around savings and budgeting, and will add specific notions and knowledge on remittances.

2. BEHAVIORAL SHIFTS TOWARDS ACCESS AND USE OF BANKING SERVICES

Fidelity Bank will offer incentives for remittance customers to open formal accounts. It will also reach out to targeted remittance recipients through a marketing strategy that combines customized messaging, activation campaigns and community engagement in selected rural areas.

Expected results

INCREASED NUMBER OF RECIPIENTS USING ACCOUNT-BASED DIGITAL CHANNELS

- ➔ 3,600 previously cash-reliant remittance recipients in target areas are receiving remittances directly into Fidelity Bank's accounts.
- ➔ 12,000 remittance recipients understand the benefits of terminating remittances into a bank account.

3. IMPROVED REMITTANCE TECHNOLOGY

The project will support the implementation of a Remote Access Software (RAS) solution. The RAS will enable a gateway for cash remittance recipients to get the remittance transfer directly into Fidelity Bank's savings account, specifically designed to ensure access to vulnerable segments through minimum compliant know-your-customer requirements. By simply contacting the Fidelity Bank call centre, remittance recipients will be allowed to directly credit their remittance transfers into their account.

4. TRAINING RURAL AGENTS

Fidelity Bank will ensure that agents, especially those located in targeted rural areas, support recipients to shift from cash-based remittances to direct deposits into saving accounts.

INCREASED SHARE OF THE REMITTANCES SAVED IN A FORMAL ACCOUNT

- ➔ Remittance recipients progressively increase their savings balance by 25 per cent.
- ➔ 3,600 remittance recipients in target areas save up to EUR 151,200 (~EUR 42 per recipient).
- ➔ 12,000 customers will access financial literacy customized modules on remittances via interactive voice response (IVR) and SMS; at least 25 per cent are expected to complete all training modules.
- ➔ 50 agents located in target areas trained to encourage uptake of formal saving accounts among remittance recipients.

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
Financing Facility for Remittances
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 54592012 - Fax: +39 06 5043463
Email: ifad@ifad.org
www.ifad.org

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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 remittances@ifad.org

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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