

Pioneering cost reduction of cross-border **remittances** through **mobile wallets** in The Gambia

Implemented by



Project overview

DURATION



PROJECT GOAL

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

IMPLEMENTING PARTNER

QMoney Financial Services Ltd is a subsidiary of QCell, the latest mobile network operator to enter the Gambian telecommunication market. In 2020, QMoney became the first mobile money company in The Gambia authorized to terminate international remittances into e-wallets.

BUDGET

Total: **EUR 440,000**
IFAD: EUR 300,000
QMoney: EUR 140,000

SECTOR

☒ **Private** ☐ Public

GEOGRAPHIC TARGET

The Gambia, mostly rural areas outside Greater Banjul, and its corridors from **Germany, Italy, Spain and Sweden**.

TARGET GROUP

17,000 remittance receivers and
17,000 remittance senders.

PROJECT OBJECTIVES



COST REDUCTION

Contribute to reducing international remittance transfer costs to The Gambia, 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 The Gambia.



FINANCIAL INCLUSION

Leverage international remittances to The Gambia to enhance financial inclusion and resilience of senders and recipients.



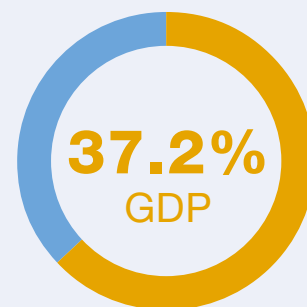
FORMALIZATION

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

Remittance context in The Gambia

- According to UN DESA, in 2019 there were 118,000 Gambians residing overseas, mainly in the United States, Italy, Spain, the United Kingdom and Germany.
- In 2021, The Gambia received US\$774 million in international remittances, equal to 37.2 per cent of the country's GDP.
- This growth is partially due to the increased use of formal sending channels in the aftermath of the COVID-19 pandemic, as well as a shift towards digital solutions.
- Overall, an estimated 26–37 per cent of The Gambia's population relies on remittances to make ends meet. Six out of 10 women-headed households receive remittances.

REMITTANCES



Source: CBG 2022.

Main challenges and market barriers

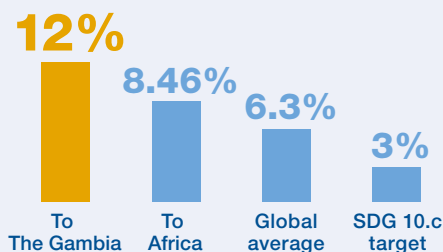
REMITTANCE COSTS ARE HIGHER THAN AVERAGE



At 12 per cent, the average cost to send money to The Gambia remains among the highest in Africa.

FAST FACTS

AVERAGE COST TO SEND US\$200



Source: World Bank Q3 2022.

THE MAJORITY OF ADULTS ARE FINANCIALLY EXCLUDED



Only 5 per cent of the population has a bank account due to stringent know-your-customer requirements.

As part of the effort to overcome this barrier, in 2022 the Central Bank of The Gambia developed its first ever financial inclusion strategy.

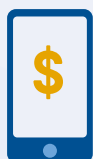
ONLY 1 OUT OF 5 ADULTS



FINANCIALLY INCLUDED

Source: FinScope 2019.

MOBILE MONEY UPTAKE IS LOW



Mobile money usage is low and international remittances to mobile wallets were not permitted until very recently.

As of 2019, only 2 per cent of adults were registered mobile money users.

MobileRemit INDEX SCORE

53

FIFTH LOWEST IN AFRICA

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

Source: MobileRemit Africa 2022.

RESISTANCE TO USE FORMAL REMITTANCE CHANNELS



Informal flows have been a constant in the Gambian remittance market, resulting in a stronger cash preference among senders and recipients.

INFORMAL FLOWS



Source: MobileRemit Africa 2022.

Project description

IFAD is partnering with QMoney under the PRIME Africa initiative to expand access to The Gambia's first ever mobile wallet for international remittances among low-income rural remittance families.

The project will promote access to affordable and convenient remittances, as well as to all other financial and non-financial services already offered through the digital wallet, particularly in rural areas. The interventions that will lead to this goal are:

1. REDUCING COSTS THROUGH STRATEGIC PARTNERSHIPS

Beyond its existing partnership with Ria, QMoney will identify and set-up **strategic partnerships with international money transfer operators** to offer competitive prices to Gambian migrants abroad.

2. UNLOCKING AN ENABLING DIGITAL ECOSYSTEM THROUGH INTEGRATED INTERFACES

Technological innovations will enable QMoney to integrate with new market players, allowing more operators to terminate international remittances directly into its mobile wallet. This will translate into greater choice for low-income customers through increased competition and new services.

3. EXPANDING THE AGENT NETWORK IN UNDERSERVED AREAS

Through dedicated market research and proprietary telecom data, the project will identify high migration rural areas from The Gambia to European Union countries with low access points. This will **enable a sustainable agent network expansion strategy**, resulting in 100 new QMoney agents with seamless cash-in/cash-out services for rural dwellers.

4. SETTING UP A NATION-WIDE FINANCIAL LITERACY TRAINING CAMPAIGN

A **financial literacy campaign** across the country will include customized content on international remittances, as well as digital financial services. This training is strategically aligned to the Financial Capability and Empowerment enabler of the National Financial Inclusion Strategy implemented by the Central Bank of The Gambia, whereby beneficiaries can access knowledge and make informed decisions about the use of financial services.

5. PILOTING EARMARKED REMITTANCE PRODUCTS

Earmarked remittance products have an added-value for senders, as they allow remittances to be sent for specific purposes, such as medical services or food supplies. As these products are not yet available in the Gambian market, the project will undertake customer-centric market research required to **design these high-impact and innovative products**.

Expected results

SHIFT TO INCLUSIVE END-TO-END DIGITAL REMITTANCES AT A LOWER COST

- ➔ 17,000 Gambian migrants in Germany, Italy, Spain and Sweden can opt to terminate their remittances into a mobile wallet.
- ➔ Gambian migrants in Germany, Italy, Spain and Sweden can shift from cash-based transactions to digital remittances at a 30 per cent lower cost.
- ➔ 17,000 new recipients in rural areas can open mobile wallets to receive remittances from abroad, and have access to all other digital financial products linked to the wallet.
- ➔ 9,600 remittance recipients are trained in financial literacy.

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

- ➔ The agent network in rural areas has grown by 25 per cent: from 400 to 500 active agents.

SUPPORTING THE UPTAKE OF MOBILE REMITTANCES THROUGH A HOLISTIC APPROACH

IFAD is financing three additional projects in The Gambia aimed at supporting the launch of mobile-enabled remittance products. The projects will be implemented by Afrimoney, a mobile money subsidiary of Africell (the leading mobile network operator in The Gambia), by MFS Africa, one of the largest pan-African financial technology companies, and by APS, a leading Gambian Islamic microfinance company. By engaging these four key stakeholders simultaneously, IFAD is ensuring a level playing field for digital remittances in The Gambia, while promoting a big push toward fostering mobile remittances and digital 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 –
The Gambia country
diagnostic



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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