

Affordable international remittances through mobile wallets to rural areas in Senegal

Implemented by



Project overview

DURATION



PROJECT GOAL

To strengthen the resilience of rural populations by improving the money transfer methods for the Senegalese diaspora in France.

IMPLEMENTING PARTNER

InTouch is a pan-African fintech specialized in digital payment solutions, aggregation of digital services, and network distribution management with its one-stop-shop platform that offers remittances and payment services. InTouch operates in 11 countries with a network of 50,000 agents. In Senegal, InTouch aggregates and distributes a wide range of digital payment and remittance services through more than 15,000 agents.

Project partner: **Orange Money**, one of the leading African mobile money operators, will support the expansion of mobile wallet-enabled remittances in rural areas of Senegal.

BUDGET

Total:	EUR 633,000
IFAD:	EUR 325,000
InTouch:	EUR 154,000
Orange Money:	EUR 154,000

SECTOR

☒ Private ☐ Public

GEOGRAPHICAL SCOPE

Senegal: rural areas of high migration in 124 localities, and its remittance corridor with France.

TARGET GROUP

9,000 remittance receivers and 6,000 senders.

PROJECT OBJECTIVES



COST REDUCTION

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



DIGITALIZATION

Accelerate the use of digital products and strengthen the digital payments ecosystem to facilitate international remittance transfers to Senegal.



FINANCIAL INCLUSION

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



FORMALIZATION

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

Remittance context in Senegal

- According to UN DESA, in 2019 over 650,000 Senegalese were estimated to reside overseas, mainly in The Gambia, France, Italy, Spain and the United States.
- In 2021, international remittance flows to Senegal reached US\$2.9 billion. At an average of roughly 10 per cent of its yearly GDP during the past decade, 9.6 per cent in 2021, the country's economy has a historical reliance on remittances.

Opportunities

REMITTANCE COSTS ARE AFFORDABLE IN SENEGAL



Compared to neighbouring countries, sending money to Senegal is not expensive. The average cost of sending US\$200 has been steadily falling during the past 10 years and stood at 4.1 per cent for Q3 2022. Digital and mobile channels contribute to even lower costs. In Q3 2021, research carried out as part of RemitSCOPE showed that the average cost to terminate a digital send of US\$200 equivalent from a developed country into a mobile wallet was 2.67 per cent, of which the foreign exchange margin averaged 0.46 per cent. Further, the average mobile to mobile cost of sending money from Senegal to other African corridors was 1.85 per cent, significantly below the SDG 10.c target of 3 per cent. This confirms the opportunities and advantages offered by digitalizing remittance transfers.

MORE SENEGALESE CAN ACCESS AND USE MOBILE MOBILE MONEY, PARTICULARLY IN RURAL AREAS



Senegal shows a high score of 82/100 in the MobileRemit Africa index. Indeed, the regulatory environment is particularly favourable for international mobile remittances to terminate into mobile wallets. It leads the way towards the creation of further opportunities to leverage the impact of international remittances, building upon the success of mobile money at domestic level.

CASH IS STILL WIDELY USED INSTEAD OF DIGITAL REMITTANCE CHANNELS



Despite strong competition on digital channels, cash remains predominant in Senegal. Most inbound remittances are paid in cash "over the counter." The use of e-money accounts to receive international transfers and to pay for goods remains very limited despite increased adoption of e-money across the country, mainly driven by domestic remittances via mobile.

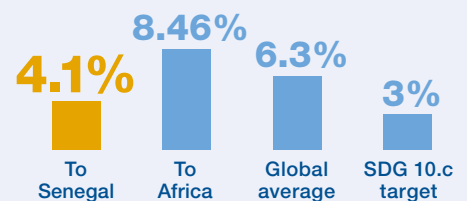
REMITTANCES



Source: BCEAO 2022.

FAST FACTS

AVERAGE COST TO SEND US\$200



Source: World Bank Q3 2022.

MobileRemit INDEX SCORE

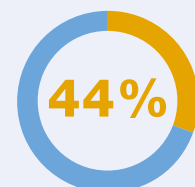
82

SENEGAL IS FIFTEENTH IN THE CONTINENT, 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.

MOBILE MONEY



OF ADULT POPULATION HAS ADOPTED E-MONEY

Source: Global Findex 2021.

Main challenges

ACHIEVING GREATER FINANCIAL INCLUSION AND RESILIENCE IS WITHIN REACH



Senegal has seen a significant increase in financial inclusion over the past years due to increased mobile money penetration. Up from 42 per cent in 2017, the financial inclusion rate in 2021 stood at 56 per cent. There is still room for improvement, particularly through an increased uptake of remittance transfers through mobile money.

3 OUT OF **5** ADULTS



FINANCIALLY INCLUDED

Source: Global Findex 2021.

Project description

The project combines the agility and agent network expertise of a fintech like InTouch with the national and cross-border payment infrastructure of an international, top-notch mobile network operator engaged in mobile remittances like Orange Money. The project will match rural areas of Senegal with high migration rates (identified through communication flows from France), with active diaspora organizations in France, committed to boost the usage of mobile remittances and digital payments.

IFAD is partnering with InTouch and Orange Money under the PRIME Africa initiative to increase the usage of mobile money among rural remittance recipients and rural merchants through international remittances and good payments. Orange Money's convenient, popular and accessible remittance product will trigger the use of digital financial services among rural remittance recipients. In turn, migrants in France will be encouraged to use Orange Money due to its competitive transfer costs, i.e. 3.6 per cent to send the equivalent of US\$200.

Specific project interventions include:

1. MAPPING DIASPORA ORGANIZATIONS BASED IN FRANCE AND MATCHING WITH SENEGALESE RURAL AREAS

A study will be carried out in France to map diaspora organizations originating from rural areas of Senegal, while assessing their needs and interest to support the project. In turn, 124 Senegalese rural localities receiving significant volumes of telephone calls from France, but showing limited mobile money usage, will be matched with interested diaspora organizations.

2. MOBILIZING DIASPORA ORGANIZATIONS AND INFLUENT INDIVIDUALS ORIGINATING FROM RURAL AREAS

The mapping study will also identify influential leaders, and consider migrants' preferences for mobile remittances and remote payments, to define a suited marketing strategy and adapt product features such as merchant selection for good payment. The project will reach out the 60,000 Senegalese migrants in France through online marketing tools, in-person meetings, and by involving diaspora leaders and influencers in promoting the products through their networks.

3. PILOTING A NEW GOODS-PAYMENT PRODUCT LINKED TO REMITTANCES

Migrants will be able to purchase basic goods for their families back home through a voucher paid in France and issued by local merchants in Senegal, who would absorb the transfer fee. By involving rural merchants in the value chain, this new payment product will foster and strengthen rural digital ecosystems.

4. EXPANDING RURAL ACCESS POINTS AND ENHANCING FINANCIAL INCLUSION

The project will reinforce agent rural coverage and sustainability to foster the usage of international mobile remittances. Basic Orange Money mobile wallets with low know-your-customer (KYC) requirements will be promoted to build a large footprint of mobile wallets in target areas. Further, upgraded Orange Money accounts will be promoted to allow transactions and balances above the capped amount of 200,000 FCFA (EUR 300), with increased KYC due diligence. InTouch agents in rural areas will then be able to manage remittance transactions on behalf of Orange Money.

Expected results

SHIFT TO INCLUSIVE END-TO-END DIGITAL REMITTANCES IN RURAL AREAS AT A LOWER COST AND INCREASED USAGE OF MOBILE WALLETS

- ➡ 6,000 Senegalese migrants in France have access to and use low-cost digital means to send money.
- ➡ 9,000 mobile remittances recipients in Senegal have access to and use a transactional e-money account.
- ➡ 100,000 low KYC mobile wallets are opened in Senegal.

PILOTING A NEW GOODS PAYMENT PRODUCT LINKED TO REMITTANCES

- ➡ 300 Senegalese migrants in France start using an innovative goods payment product to benefit 3,000 family members in Senegal.

INCREASED ACCESS POINTS IN RURAL AREAS OF HIGH MIGRATION

- ➡ The agent network in rural areas is enlarged by 25 per cent in two years: from 400 to 500 active agents.

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 –
Senegal 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

facebook.com/ifad
instagram.com/ifad_org
linkedin.com/company/ifad
twitter.com/ifad
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.

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.

For more information please contact remittances@ifad.org

FFR DONORS



LUXEMBOURG
AID & DEVELOPMENT

