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WORKING PAPER

MIGRANT-CENTRIC AND GENDER-SMART DIGITAL REMITTANCES

**THE PRINCIPLES TO DESIGNING DIGITAL
REMITTANCES THAT MIGRANTS WANT AND NEED**

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This working paper was co-authored by Uloma Ogba, gender and learning specialist, Julie Kamau, junior gender and research specialist, and Dr. Saskia Vossenbergh, lead gender – migration and remittances.

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THE MISSING MIGRANT-CENTRIC AND GENDER-SMART APPROACH IN REMITTANCE PRODUCT DESIGN

While overall remittances declined in 2020, digital remittances grew strongly, offering important benefits to the migrants that were able to take advantage of them.¹ Yet, despite the potential for digital remittances to facilitate the shift from informal to formal channels, migrants remain largely underserved or overlooked by digital financial services (DFS) providers who, so far, have failed to recognize the 200 million migrants that send remittances² as a **unique DFS customer segment** with specific characteristics, needs, wants and challenges shaped by their migrant journeys. For instance, opening a bank account remains an unattainable goal for many migrants in their host countries given the cumbersome know-your-customer (KYC) and customer due diligence (CDD) requirements.³ Moreover, along some corridors, remittance service providers (RSPs) still charge fees of up to 20 percent of the transaction costs for migrants to send money to their home countries, despite the Sustainable Development Goal (SDG) target to reduce the transaction costs of migrant remittances to less than 3 percent.⁴

In addition, there is a growing acknowledgement that remittance patterns are gendered,⁵ influencing the channels, amounts and frequencies of remittances, as well as how and by whom the money is used. Driven by entrenched gender and social norms, the persistent gender gap in financial inclusion⁶ also plays out for women migrants who account for half of all remittance senders globally, making remittances a gender equality issue.

Thus, despite a demand for **affordable, safe** and **fast** remittances, there is a wide gap between the **unique** and **gendered** financial needs and wants of migrants and the digital remittance services and remittance-linked DFS that are made available to them. Honing in on the product

¹ World Bank, *Defying Predictions, Remittance Flows Remain Strong during COVID-19 Crisis* (May 2021), www.worldbank.org/en/news/press-release/2021/05/12/defying-predictions-remittance-flows-remain-strong-during-covid-19-crisis.

² Remittances represent not only a financial lifeline for millions of households, but also the second largest source of external funding for most developing countries, exceeding foreign direct investment and official development aid. These are only recorded and formal flows. In reality, the size of remittances, including those sent and received through informal channels, is even larger.

³ NICE Actimize, *The Migration Path to Next Generation KYC-CDD* (2019), www.niceactimize.com/white-papers/The-Migration-Path-to-Next-Generation-KYCCDD-47.

⁴ International Monetary Fund, *Remittances: Funds for the folks back home*, www.imf.org/external/pubs/ft/fandd/basics/remitt.htm.

⁵ Rahel Kunz and Julia Maisenbacher, "Gender and remittances", in *The Palgrave Handbook of Gender and Migration*, Claudia Mora and Nicola Piper, eds. (London, Palgrave Macmillan, 2021).

⁶ Better than Cash Alliance, *Advancing Women's Digital Financial Inclusion* (July 2020), https://btca-production-site.s3.amazonaws.com/documents/482/english_attachments/_Advancing_Womens_Digital_Financial_Inclusion_G20_GPFI.pdf?1606113263.

development process, three practices in the remittance sector emerge as key drivers for this mismatch between what migrants want and need and what RSPs currently offer. These practices include:

- 'One-size-fits-all' approaches to the design and implementation of remittance products, where gender dimensions and migration aspects are not accounted for.
- Remittance product development is primarily driven by the interests and considerations of the RSPs rather than by the needs, wants and aspirations of the migrant customers.
- The remittance industry remains largely male-dominated with limited engagement and/or visibility of women during the product development process, including at key decision-making points.

Continued reliance on these practices has resulted in the limited adoption of digital remittances by migrants and their recipients, particularly women. To bridge this gap, the United Nations Capital Development Fund (UNCDF) is committed to working alongside the private sector and other stakeholders connected to the product development and implementation process to facilitate inclusive innovation practices that could lead to the development of digital remittances that are more **migrant-centric** and **gender-smart**.⁷ Ultimately, our goal is to ensure that all migrants can benefit equally from the promise of digital remittances on their journey towards improved financial health, inclusion and resilience.

⁷ A migrant-centric and gender-smart approach to designing and implementing financial services is a business strategy whereby women and men migrant customers are put first. Doing it smarter helps to connect businesses to the unique and gendered needs of migrant customers. It promotes both migrants' financial inclusion, gender equality and migrant customer empowerment.



MOVING TOWARDS A BETTER PRODUCT DESIGN FOR MIGRANTS

A **migrant-centric and gender-smart approach** recognizes migrants' financial inclusion and customer empowerment, as well as gender equality, as a core part of the **remittance business strategy** and of equal importance as customer growth and generating increased revenues. As such, a migrant-centric and gender-smart approach to remittances is built around focusing on the unique and gendered needs of the migrant customers.

While the adoption of a migrant-centric and gender-smart approach as an investment lens and design strategy is nascent in the realm of remittances and financial inclusion for migrants, it builds strongly on insights and principles developed in the fast-growing field of gender finance.⁸ As more investors and financial institutions apply a gender-lens to their processes, business models and design decisions, they generate more evidence for a gender-lens approach in finance.

A migrant-centric and gender-smart approach is one that is good for both business and local development outcomes. On one hand, it accounts for the potential financial benefits to be gained from increasing and diversifying a remittance business's base of active⁹ and loyal¹⁰ migrant customers and increasing opportunities for greater cross-selling¹¹ of financial and non-financial products and services to migrants, beyond remittances. On the other hand, it also accounts for the impact that increased remittances could have on improving the remittance business's liquidity, regenerating and/or catalysing local economies, improving the resilience and well-being of recipient households and families¹² as well as transforming the economic role of women within households and communities.¹³

⁸ Ann J. Miles, Estelle Lahaye and Elizabeth Munezi Kiamba, *Leveraging Gender Lens Investments for Women's Financial Needs* (2021), CGAP, www.cgap.org/blog/leveraging-gender-lens-investments-womens-financial-needs; International Finance Corporation, *Moving Toward Gender Balance in Private Equity and Venture Capital* (2019), www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/gender-balance-in-emerging-markets; Joseph Quinlan and Jackie VanderBrug, *Gender Lens Investing: Uncovering opportunities for growth, returns, and impact* (Hoboken, NJ, Wiley, 2016).

⁹ International Organization for Migration, *Gender, Migration and Remittances*, www.iom.int/sites/g/files/tmzbd486/files/about-iom/Gender-migration-remittances-infosheet.pdf.

¹⁰ Valentyna Melnyk, Stijn M. J. van Osselaer and Tammó H. A. Bijmolt, 'Are women more loyal customers than men? Gender differences in loyalty to firms and individual service providers', *Journal of Marketing*, vol. 73, No. 4 (1 July 2009), pp. 82–96.

¹¹ Women's World Banking, *Digital Savings: The key to women's financial inclusion?* (2015), www.womensworldbanking.org/wp-content/uploads/2015/08/Digital-Savings-The-Key-to-Women%E2%80%99s-Financial-Inclusion_WomensWorldBanking.pdf.

¹² Mohammad Jalal Uddin Sikder and Vaughan J. G. Higgins, 'Remittances and social resilience of migrant households in rural Bangladesh', *Migration and Development*, vol. 6, No. 2 (September 2015), pp. 253–275.

¹³ Sofie Ahlin and Åsa Dahlberg, *Migration, Remittances and the Women Left Behind: A study on how women in Mali are affected by migration and remittances from their migrated husbands* (2010), Linnaeus University www.diva-portal.org/smash/get/diva2:389994/FULLTEXT01.pdf; UN Women, *How Migration is a Gender Equality Issue* (2020), <https://interactive.unwomen.org/multimedia/explainer/migration/en/index.html>.

Designed to be progressively iterative, the migrant-centric and gender-smart approach continually seeks to keep the migrant customer at the forefront of remittance business development process by going beyond adding a 'woman's component' to ensuring that the gender dimensions are consistently factored into the product development process.

Adopting a migrant-centric and gender-smart approach is about taking a long-term view of the context in which the remittance business operates and understanding how deliberate and upfront investments in reaching underserved and excluded segments of the population, including women, can result in future customers and, in turn, contribute to the commercial success of the business. If done right, this approach presents a win-win situation for both the migrant customer and the remittance business.



FIVE PRINCIPLES FOR A BETTER PRODUCT DESIGN FOR MIGRANTS

Based on UNCDF's knowledge of and experience working in digital remittances, we propose five principles to guide the design and implementation of migrant-centric and gender-smart digital remittances.

Excerpts from an interview with UNCDF's remittance partner, Ping Money (the Gambia), have been included to illustrate how the principles play out in the adoption of a more migrant-centric and gender-smart approach to the design of digital remittances.

FIVE PRINCIPLES

1



Conduct customer and transaction research to understand migrants' financial lives and how they are gendered

2



Design a comprehensive customer journey map centred around migrants' gendered needs and aspirations

3



Empower migrant customers by amplifying their skills, choices, voices and control

4



Crowd in partners committed to promoting and protecting migrant customers' needs and rights

5



Ensure diverse and gender-equitable workplaces that foster inclusive innovation

Principle 1: Conduct customer and transaction research to understand migrants' financial lives and how they are gendered

Although migrants are a unique DFS customer segment, they are not a monolith. Thus, segmentation would allow RSPs to identify subsets of migrant customers that have common needs, interests and priorities, and then design and implement strategies targeted towards them. A key first step in understanding the breadth of migrants' financial lives is to collect and analyse customer and transaction data disaggregated by sex, age, nationality, type and sector of employment, migration status, etc. The resulting patterns observed should be complemented and informed by gender analyses that account for the influence of gendered roles, relational aspects including the sender–recipient relationship and social norms to paint a more robust picture of the underlying factors driving and/or shaping the observed remittance patterns.

“ Working with UNCDF has been a tremendous opportunity for Ping Money. Based on data analysis conducted by UNCDF, we have discovered that a significant number of our customers – both men and women – use Ping Money to save by sending money to their own accounts in the Gambia. This insight has triggered us to rethink our service offerings and how we pitch them to our migrant customers.”

Babette Lind
Business Development &
Marketing Manager, Ping Money

“ Adopting a more migrant-centric and gender-smart approach means being sensitive to the needs of every user – from the most literate person with a university degree to someone without any formal education or digital skills. Ping Money's (product development) journey has been influenced and shaped not only by the people we have met along the way, but also by the environment that we have had to navigate through.”

Eliman Jallow
Founder, Ping Money

Principle 2: Design a comprehensive customer journey map centred around migrants' gendered needs and aspirations

Understanding the financial lives of migrants and how they are gendered is key to mapping the digital financial customer journey of migrants, from the moment they are motivated to send money digitally to the point where they do so freely. Beyond the steps involved in the process of choosing and ultimately using digital remittances, a comprehensive customer journey map should highlight the key pain points that different migrant customer subsets might encounter along the way. This in turn facilitates RSPs to define and design around unique value propositions that ease the identified pain points for each migrant subset or 'persona'.

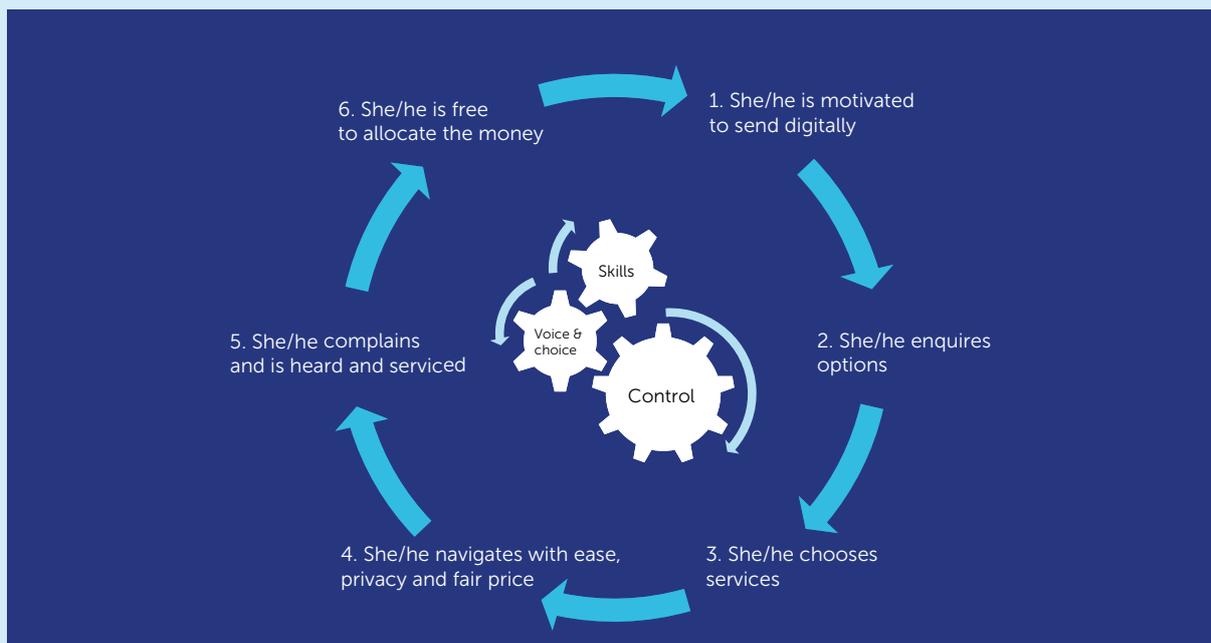


Figure 1: Migrant customer journey – digital remittances

Principle 3: Empower migrant customers by amplifying their skills, choices, voices and control

Each identified pain point along the customer journey suggests a moment of ‘disempowerment’ for the migrant customer. In UNCDF’s view, an empowered migrant customer has the ability, including the skills and knowledge, and control to make more and better choices to change how they remit, what for and to whom. Empowered migrant customers effectively use DFS, express their voices and negotiate with the provider to ensure the service meets their needs. They assert their customer rights, complain and find recourse when transactions do not work out or go wrong. Thus, to drive increased and sustained adoption of digital remittances, RSPs must seek opportunities to invest in migrant customer empowerment.

“ We aim to engage with women-led organizations/associations as well as youth-led organizations. I believe that through direct engagement we can have greater influence, for example, by offering financial literacy training and by offering women (in business particularly) the opportunity to become agents/merchants. I think that a good way to redress social norms is by empowerment. Pushing through barriers means supporting women to take control by creating and giving opportunities for them.”

Babette Lind

Business Development & Marketing Manager, Ping Money

Principle 4: Crowd in partners committed to promoting and protecting migrant customers' needs and rights

The relationship between migrants and digital remittances is not always linear and is influenced by a myriad set of interconnected factors in the ecosystem in which migrants exist. This means that a migrant's decision to choose and continue using digital remittances is often not theirs alone. In other words, a single digital remittance channel has at least two

“ We have had to adjust (Ping Money) based on the needs of the users, the regulatory landscape and the partnership opportunities that have presented along the way or by changing direction and seeking out partners where we have seen potential.

By being hyper-sensitive and constantly scanning your environment, you have a better chance at finding developmental opportunities; one entity cannot do it all on their own, thus partnerships are key.”

Eliman Jallow
Founder, Ping Money

customers: a sender and receiver. The circumstances of the receiver (e.g., to what extent he or she is able to receive money digitally) will define the choices of the sender. Senders' choices in using digital channels may be influenced by several factors: existing policies and regulations that may determine which migrants are eligible to use digital remittances and in what way; and social networks, religious and community groups to which migrants belong either in their home or host countries. Moreover, non-governmental organizations and civil society organizations working to promote and protect migrants' rights and skills can play a role in determining which services migrants choose. It is important that RSPs understand who these influencing stakeholders are and where and how to leverage these relationships to inform the design, implementation and marketing of financial products that support migrants to achieve their broader life goals and aspirations for migrating.

Principle 5: Ensure diverse and gender-equitable workplaces that foster inclusive innovation

As noted earlier, remittances are a gender-equality issue that necessitate RSPs to deliver customer value propositions that are tailored to both women and men migrant customers and their recipients. However, to arrive at products that can meet the needs of both men and women migrants and their beneficiaries, RSPs themselves must proactively strive to become more gender-inclusive.¹⁴ This means that there must be a shift away from the traditional male-dominated remittance industry to one that is characterized by gender diversity, where staff at all levels – agents, support staff, managers and executives – are empowered

¹⁴ Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt and Sara Prince, *Diversity Wins: How inclusion matters* (2020), Mc Kinsey, www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters.

to engage, decide and deliver on a focused gender strategy and targets.¹⁵ Just as the migrant-centric and gender-smart approach to digital remittances recognizes the need to move beyond a 'one-size-fits-all' approach for migrants, the five guiding principles presented here are not meant to be prescriptive but rather have been designed to guide RSPs, regardless of their stage of development, towards designing products and services that reflect the real needs of the migrant customers they aim to serve and, thus, are more likely to be adopted.

“ One of Ping Money’s strengths is the diversity of the team both in terms of gender and experience. The experiences of the co-founders as migrants themselves and their commitment to empowering a diverse team of people to carry out the company’s mission are part of their key differentiators.”

Saskia Vossenber

Lead Gender – Migration and Remittances, UNCDF

¹⁵ Financial Alliance for Women, *Unlocking the Potential of the Women’s Market: The gender diversity and inclusion imperative* (2018), <https://financialallianceforwomen.org/download/unlocking-potential-womens-market-gender-diversity-inclusion-imperative>.



EXPERIENCING A BETTER DESIGN: PING MONEY IN THE GAMBIA

In September 2021, UNCDF partnered with Ping Money to accelerate the adoption of digital remittances to enhance affordability, accessibility and financial resilience, particularly for women and youth in the Gambia. Driven by their own migrant experiences, the co-founders were motivated from the beginning to build a diverse and inclusive company that was capable of designing a product that could address the needs of Gambian migrants to send money home affordably and quickly (**Principle 5**).

Following **Principles 1 and 2**, UNCDF and Ping Money conducted a comprehensive market scan, including an examination of the Gambia country and relevant corridors context and a mapping of the Gambian migrant customer journey, informed by customer surveys. Insights from this exercise revealed that Gambian migrants tend to develop close relationships with their preferred money transfer company, linked to perceived quality of customer service, often becoming advocates of the company over time. Often, repeated difficulties in contacting service providers regarding issues with payments made or received and a lack of timely resolution of customer complaints led to customers ceasing to use a service. Taking this into account, Ping Money has invested considerable amount of time and resources in setting up a customer service model that is accessible, reliable and efficient.

The research insights also showed that recipients in the Gambia have more of a say than imagined on how and where they receive money, often suggesting to senders which service to use based on their preferences linked to factors such as distance to and queues at pick-up points (**Principle 3**). While Ping Money had already started working with banks as pay-out partners, feedback from senders suggested that the queues at the banks were too long and frustrating for their receivers. In response, Ping Money examined other pay-out options and revamped their strategy to include working with bureaux de change that often do not have any queues and have a larger footprint and reach, than the banks, in the communities where Ping Money recipient customers live and work.

The customer survey revealed that 50 percent of senders want to have more control over how the money they remit is spent (**Principle 3**). This makes Ping Money's services such as pre-paid electricity and airtime attractive propositions for its sending customers. Senders surveyed indicated that they would like to be able to pay for medication, hospital bills, water and other household bills, government taxes, school fees, etc., directly to that provider to feel reassured that the money has been spent for the purpose intended. Having insights such as these has enabled Ping Money to strategically tailor its service offerings to deliver products that customers want to use and can do so with greater trust and confidence.

The market scan revealed that there is a sizeable number of Gambian women receiving money from their husbands living abroad. However, Gambian women are still more likely to receive remittances via informal channels compared to men. When it comes to the use of mobile money in the Gambia, women senders and remittance recipients reported a lack of awareness and having limited information as a challenge. Considering the context in the Gambia and the sociocultural factors that may influence how men and women receive information, Ping Money realized that to reach and engage positively with some women, this can only happen in some instances through the men in these women's lives. Many Gambian women listen and look to the men in their lives for reassurance, guidance and as the decision makers, including when it comes to interacting with financial services.

Based on this knowledge, part of Ping Money's strategy has been to use football sponsorships to build brand awareness and engineer brand loyalty (**Principle 4**). Football is the main sport in the Gambia, enjoyed by both genders but predominantly men. Ping Money has seen a growth in the number of men customers because of their sponsorship work. In addition, some of these men have encouraged and, in some cases, advocated for their wives and families to use Ping Money's services and, in turn, more women have begun to use Ping Money's services and referred their female friends.



CONCLUSION

The 200 million migrants that send remittances globally, half of whom are women, represent a significant potential customer base for digital remittances and remittance-linked financial products. Placing the unique and gendered needs of migrants at the centre of the product design process is a necessary precondition for the successful transition of migrants from informal to formal digital channels. This requires a new and inclusive approach – one that is migrant-centric and gender-smart.

In this working paper, we have presented five principles that constitute UNCDF’s proposed approach to designing digital remittances that meet the business goals of RSPs as well as align with the needs and wants of their migrant customers. UNCDF is committed to building the know-how and capacity of the private sector, as well as other stakeholders connected to the migrant customer journey, to adopt and build on this approach.

Through our work with RSPs, we aim to gather evidence to build the case for the adoption of a migrant-centric and gender-smart approach in the design of remittance products that successfully serve men and women migrant’s different needs and ensure that any migrant, regardless of their gender, migration status or location, can fully access, use and benefit from the advantages of digital remittance channels.



LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF Strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital finance in Africa, Asia and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals (SDGs) aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions

THE UNITED NATIONS CAPITAL DEVELOPMENT FUND

The United Nations Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF's financing models work through three channels: (1) inclusive digital economies, which connect individuals, households and small businesses with financial eco-systems that catalyze participation in the local economy and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking and capital deployment to drive SDG impact and domestic resource mobilization.

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