



Impact Capital
for Development



NEPAL COUNTRY ASSESSMENT

REPORT ON INCLUSIVE
INNOVATION STRATEGIES
IN MIGRANT REMITTANCES
AND FINANCIAL SERVICES

September 2022

Contents

Acronyms	4
Acknowledgments	5
Executive Summary	6
Introduction	9
ABOUT THIS REPORT.....	9
KEY METHODOLOGICAL ELEMENTS	10
Background	14
THE IMPORTANCE OF INCLUSIVE FORMAL REMITTANCES CHANNELS IN NEPAL.....	14
OVERVIEW OF THE REMITTANCES SECTOR IN NEPAL.....	16
FORMAL REMITTANCE VALUE CHAIN: OVERVIEW, DYNAMICS, AND KEY TRENDS.....	18
INFORMAL REMITTANCE VALUE CHAIN: OVERVIEW, DYNAMICS, AND KEY TRENDS.....	20
OVERVIEW OF THE SELECT CORRIDORS: QATAR-NEPAL AND MALAYSIA-NEPAL.....	21
Inclusive Innovation in the Remittances Sector in Nepal	23
INCLUSIVE INNOVATION LANDSCAPE ASSESSMENT AT THE PRODUCT LEVEL	23
INCLUSIVE INNOVATION LANDSCAPE AT THE INSTITUTIONAL (RSP) LEVEL.....	30
INCLUSIVE INNOVATION LANDSCAPE ASSESSMENT AT THE ECOSYSTEM LEVEL	33
CONCLUSIONS ON THE STATUS OF INCLUSIVE INNOVATION IN NEPAL	37
Pathways to Leverage Inclusive Innovation	38
THE WAY FORWARD	38
DETAILED RECOMMENDATIONS & EMERGING OPPORTUNITIES.....	39
GLOBAL LEARNINGS & APPLICABILITY TO NEPAL	41
ANNEX 1: Corridor Selection Process	48
ANNEX 2: Stakeholders Consulted	49
Bibliography	50

Figures

Figure 1 Elements and characteristics of the inclusive innovation continuum	10
Figure 2 Percentage of the Population that Receives Remittances and Access to Financial Products (by Gender), 2022	15
Figure 3 Estimated Emigrant Population (Nepal) – Top Five Destinations, Disaggregated by Gender, 2020	16
Figure 4 Remittance Inflow to Nepal, 2010-2020 (in billion US\$)	17
Figure 5 Remittance Inflow (Nepal) - Top Five Destinations, 2020 (in Billion US\$).....	17
Figure 6 Cost of Sending Remittances to Nepal (Percent of Principal Amount) by Principal Amount.....	19
Figure 7 Examples of Visual Communication, Simple Design, and Clear Categorisation in Digital Offerings	25
Figure 8 Examples of Online Marketing by RSPs.....	28
Figure 9 Inclusive Innovation Assessment Summary for Nepal.....	37
Figure 10 Mapping of Thematic Areas against Impact Potential and Short-Term Feasibility	38
Figure 11 Corridor Filtering Process.....	48
Figure 12 Nepal Corridor Data	48

Acronyms

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BHIM	Bharat Interface for Money
DFS	Digital Financial Services
DRC	Democratic Republic of Congo
FAR	Finance Against Remittance
FLF	Financial Literacy Framework
FSP	Financial Service Provider
GCC	Gulf Cooperation Council
ID	Identity Document
IOM	International Organisation for Migration
KYC	Know Your Customer
LDC	Least Developed Country
MDEC	Malaysia Digital Economy Corporation
MENA	Middle East/North Africa
MFI	Microfinance Institution
MFS	Mobile Financial Service
MNO	Mobile Network Operator
MSME	Micro, Small & Medium Enterprises
MTO	Money Transfer Operator
NPCI	National Payments Corporation of India
NRB	Nepal Rastra Bank
NRNA	Non-resident Nepali Association
PE	Private Equity
POS	Point of Sale
PSP	Payment Service Provider
QR	Quick Response
R&D	Research & Development
RSP	Remittance Service Provider
SEBON	Securities Board of Nepal
UAE	United Arab Emirates
UX	User Experience
VC	Venture Capital

Acknowledgments

On behalf of the migrant women and men originating from, and receiving remittances in, their wider communities in least developed countries, the UNCDF Migrant Money programme team would like to thank the many partners and collaborators who are contributing to our efforts to make remittances work better for men and women on the move. This appreciation is not their endorsement of this paper and is extended to extended to many stakeholders, including programme staff, implementation partners, knowledge leaders, expert influencers, wider global advocates and advocacy organizations, United Nations colleagues, collaborators in the wider fields of international and development finance and in the financial and remittance industries, research participants, regulatory and policymaking leaders, and many other individual or organizational stakeholders.

The drafting of this country assessment report was led by Amit Gurung, Senior Financial Sector Specialist, in collaboration with Haskè Ventures (www.haskeventures.com) with invaluable inputs and support from Premasis Mukherjee, Serge Mounghanou, and Sarah Lober. Amil Aneja provided overall guidance and coordination.

The author would also like to thank John Powell and Justine De Smet for editorial and design support.

The UNCDF Migrant Money programme has been made possible by the generous funding support from the Swiss Agency for Development and Cooperation and from the Swedish International Development Cooperation Agency. This work is a product of the staff of the UNCDF with external contributions. The findings, interpretations, and conclusions expressed do not necessarily reflect the views of the UNCDF, its executive board and donors, or the governments they represent. UNCDF does not guarantee the accuracy of the data included in this work.

Executive Summary

One of the key aims of the United Nations Capital Development Fund (UNCDF) is the improvement of the functioning of the remittance market to increase the financial resilience of migrant families.

Globally, one billion people (1 in 7 people) send and receive remittances.¹ As per UNCDF's mandate of driving financial inclusion in the world's 46 least developed countries (LDCs), supporting increased access to and usage of inclusive and innovative remittance products is critical for achieving financial resilience for migrants and their families. Following an overview of the status of inclusive innovation at the product, institution, and ecosystem levels, the Inclusive Innovation Assessment for Nepal proposes recommendations for key stakeholders to make remittance products innovative and inclusive.

Remittance flows remain a crucial source of socio-economic development in Nepal and represent about US\$ 8.1 billion or 26.5 percent of the country's GDP.²

The economy is largely dependent on labour migration, and remittance income is one of the country's major sources of capital formation. The reliance is also high at the household level, with 56 percent of all households in Nepal receiving remittances.³ This is driven by a steadily growing migrant population that has tripled over the past 20 years.⁴ Some of the top destinations for Nepalese migrants include India, Malaysia, Saudi Arabia, and Qatar.⁵ However, remittance growth in Nepal (10 percent)⁶ has outpaced emigration growth (4 percent)⁷ with some absorption of informal remittances into formal channels and a slight increase in the number of high-skilled jobs taken up by Nepalese migrants. Women migrants make up approximately 42 percent of the total migrant population.⁸ Still, they rely heavily on informal channels for migration, primarily because of the strict regulation of women employed in the domestic work sector to prevent physical abuse and economic exploitation.

Nepal has a vibrant ecosystem of Remittance Service Providers (RSPs), with a large percentage of the market controlled by traditional Money Transfer Operators (MTOs).

The country is home to over 50 companies offering remittance services, and the price of sending remittances to Nepal remains lower than the global average, albeit with significant variations by corridors.⁹ RSPs can include financial and non-financial entities such as MTOs, postal networks, banks, MNOs, and multi-channel operators, as per the Global Forum on Remittances, Investment and Development (GFRID). MTOs remain a popular choice, with over 60 percent of total remittances received through MTOs like Western Union and MoneyGram and 40 percent of remittances received through banks.¹⁰ Although now accelerated by COVID-19, the uptake of digital channels remains low due to limited digital and financial literacy. Informal channels constitute over 20-30 percent of all remittances in some corridors¹¹ and largely persist due to a price advantage over formal channels. While mobile phone penetration in Nepal is 149 percent, there is a 24 percent gender gap in phone ownership.¹² Therefore, access to formal digital remittances is not uniform, and experiences with the same vary by gender, digital literacy, and income level.

¹ (UNDESA, 2019)

² (Knomad, 2020)

³ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

⁴ (UNDESA, 2020)

⁵ (UNDESA, 2020)

⁶ (Knomad, 2020)

⁷ (UNDESA, 2020)

⁸ (UNDESA, 2020)

⁹ (World Bank, 2021)

¹⁰ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

¹¹ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

¹² (LeFevre, Shah, & Bashingwa, 2020)

At the product level, the overall uptake of digital remittances is increasing, but growth is limited to urban areas, and more needs to be done to enhance inclusivity. Mobile banking dominates the digital remittances market as compared to mobile wallets. While most digital remittance provision applications are largely intuitive, they are mainly in English, and the lack of adequate local language translation within these products hinders access for many. Despite latent demand for remittance-linked credit products, not many RSPs currently offer these services at scale.

Strengthening the inclusion lens in product design and delivery could lead to more uniform growth of digital remittance channels. There is a considerable opportunity for agents to leverage their links with the community to drive the uptake of digital products, especially in rural areas. However, the incentive structure for agent networks needs to be clearly defined by RSPs because another reason cited for the lack of digital penetration is the lack of incentive for agents to push digital channels. For example, stakeholder consultations revealed that agents are worried that using their influence to promote self-service options like wallets would hurt their business. Even though after-sales support is good, problems with digital services going offline also hamper trust in digital channels.

At the institutional level in Nepal, institutional innovation by RSPs can be strengthened with the help of increased customer data analytics, greater control of remittance pricing, and robust innovation culture. Most RSPs do not collect and analyse gender-disaggregated data about customers on the receiving side, which prevents a clearer understanding of women customers' specific experiences and challenges. Since RSPs have limited control over the sending markets and few RSPs offer end-to-end remittance products, innovation on the pricing model is constrained. Additionally, formal channels remain more expensive than informal channels. Stakeholder consultations also reveal differences in the goals and visions of various levels of leadership, which may hinder a cohesive approach to inclusive innovation. This gap is sometimes bridged through data collection and analysis.

At the ecosystem level, unlocking access to early-stage risk capital for RSPs and the presence and scale of a digital ID can significantly scale inclusive innovation in Nepal's remittance ecosystem. Nepal has only a few locally based venture capital (VC) funds, but most do not provide early-stage capital. Strong growth is projected in this segment but licensing and regulatory challenges have delayed investment in Nepal's fintech ecosystem for many firms. On the regulatory side, the limited adoption of digital ID solutions hampers innovation and access to financial products (including remittances), especially for the unbanked population. Additionally, the unclear distribution of regulatory responsibility to incentivize using formal channels and a fragmented financial inclusion curriculum inhibit inclusive access to and usage of remittance services.

This assessment highlights seven key thematic areas that require strengthening to ensure migrant remittances are accessible and affordable and help drive financial inclusion for underserved populations in Nepal. Those thematic areas include:

- Ecosystem
 - Supporting digital payment infrastructure, given the need to accelerate the digital payments ecosystem and build wallet-to-wallet interoperability
 - Kickstarting a financial service-focused innovation ecosystem, given the need to increase grant/equity funding to increase capital for early-stage startups, especially women-focused; and to strengthen regulatory frameworks for the PE/VC asset class
 - Using advocacy tools to strengthen formal remittance uptake, given the potential to incentivize the uptake of formal remittance channels through cash incentives
- Institution

- Incentivising investment into R&D for RSPs, given RSPs' insufficient capacity for disaggregated data collection and analytics and the potential to leverage expert support
- Implementing financial interventions to drive product adoption for underserved segments, given the lack of patient risk capital at the seed stage for fintech products
- Product
 - Building institutional capacity/knowledge to service underserved or unserved segments, given the scope to make digital offerings more accessible, particularly for women customers, and improve redressal mechanisms
 - Developing remittance-linked innovative financial products, given the potential use case for collateral-free migrant-backed loans to families in home countries

Introduction

ABOUT THIS REPORT

The United Nations Capital Development Fund (UNCDF) aims to make public and private finance work for the poor in the world's 46 least developed countries (LDCs). With its capital mandate and instruments, 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. This last mile is where available resources for development are scarcest, market failures are most pronounced, and benefits from national growth tend to leave people excluded.

One of UNCDF's key ambitions is to improve the functioning of the remittance market to increase the financial resilience of migrant families while strengthening the economic development efforts of the origin and host countries. UNCDF supports moving away from dominant cash-based models and toward digital channels – in other words, the end-to-end digitization of remittances – as this holds the key to driving down costs, increasing convenience, and promoting transparency. Remittances are also seen as the gateway product for additional financial services, both because remittances are such a universal feature of the migrant experience and due to their extensive last-mile distribution networks creating opportunities for service-aggregation at the last mile. UNCDF efforts to facilitate access to and usage of remittances towards the financial resilience of migrants and their families are enabled through four workstreams, (i) enabling policy and regulations, (ii) empowering customers, (iii) open digital payment ecosystems, and (iv) inclusive innovation. A systemic gender mainstreaming strategy¹³ is at the heart of all workstreams. UNCDF believes that the remittance ecosystem will never achieve its full potential unless gender dimensions are considered.

Under the Inclusive Innovation Workstream, UNCDF helps Remittance Service Providers (RSPs) enhance their innovation strategies and make them more inclusive. The aim is to equip RSPs with the necessary tools to develop innovative products, inclusive of migrants, that drive usage and are commercially viable. This would also contribute to creating opportunities for tailored financial products and services that can be offered through digital channels, in turn supporting financial resilience and well-being.

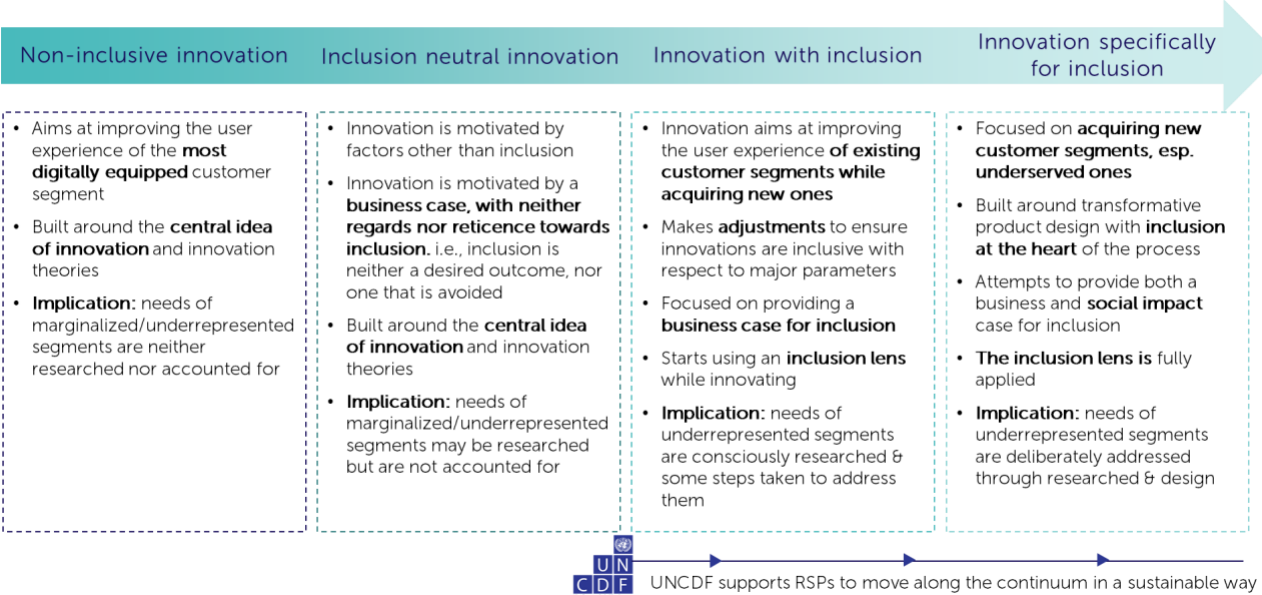
UNCDF uses Country Assessments to understand the existing remittance market and where there may be opportunities to further remittance services' access and usage, and subsequently, migrants and their families' financial resilience. This readiness and potential can be mapped on an Inclusive Innovation Spectrum, as shown in [Error! Reference source not found.](#). The continuum depicts a spectrum of scenarios and situations where a country – including its RSPs and the wider ecosystem – is positioned with respect to its readiness and inclination towards a customer-focused market. The various actors involved in the remittance system, including consumers (on the sending and receiving end), RSPs, other financial service providers (including but not limited to fintech companies, Mobile Network Operators (MNOs), banks, insurance companies, digital credit lenders, microfinance institutions) and regulators, play distinct roles in driving, achieving, and supporting inclusive innovation.

In an ideal inclusive innovation ecosystem, customers, both men and women, express their realised and latent needs, which guide RSPs and other Financial Service Providers (FSPs) in the definition, development, and provision of remittance and linked financial services. The regulator plays a facilitator and catalyst role for innovation and inclusion – for instance, the state might support innovation in the remittance space, call on stakeholders to mobilise resources, or subsidize services for specific

¹³ [UNCDF's Migrant Money – Gender Mainstreaming Strategy](#)

underserved segments. The government can also create a conducive regulatory environment for innovation through strong policy enablers. Therefore, each of these actors can contribute to the emergence of innovation and inclusion or lack thereof.

Figure 1 Elements and characteristics of the inclusive innovation continuum



This country assessment provides an overview of the level of inclusive innovation practised at the product, institution, and ecosystem levels in Nepal. The report provides a background on the remittances sector in Nepal and across key corridors (Chapter II). On the innovation spectrum, it then assesses the inclusiveness of (i) remittance products, (ii) RSPs as institutions, and (iii) the broader ecosystem through a series of assessment parameters (Chapter III).

Furthermore, the country assessment provides options for consideration by regulators and market actors to facilitate gender-smart and migrant-centric innovation in the country. The report outlines pathways for RSPs to become increasingly gender-smart and migrant-centric; it also proposes options for the regulator and investors to support such shifts towards inclusive innovation.

This country assessment closely studies two key remittance corridors. In Nepal, these are the corridors between (i) Qatar and Nepal and (ii) Malaysia and Nepal. This Assessment looks at Nepal as a remittance-receiving state (or the home state of migrants). The two corridors were identified using various selection criteria, including transaction volume and migration, geographical coverage, gender diversity, and ecosystem readiness (see Annex 1).

KEY METHODOLOGICAL ELEMENTS

The methodology underlying the planning and execution of country assessments has been detailed in the Inclusive Innovation Assessment Guide. This section provides a high-level overview of the key methodological elements. The Guidelines enable different UNCDF actors and development organisations, RSPs, Investors, Regulators, and other market actors to conduct a similar assessment in other countries. These Guidelines are open source and include tools and templates for the standardized assessment of the application.

The Guidelines are based on the fundamental principals of making remittance products more migrant-

centric and gender-smart. UNCDF recognises the importance of addressing the gender dimensions of remittance access even as remittance and financial products for migrants globally tend to often take a gender-blind approach. Women often experience financial inclusion differently from men, and this experience is further exacerbated as a migrant. Additionally, a migrant-centric and gender-smart approach recognises that migrants' challenges in access to formal financial systems are different from other customers. To support RSPs in moving away from the current 'one-size-fits-all' approach to designing digital remittances, UNCDF is proposing this novel, migrant-centric and gender-smart approach. While the concepts of 'customer centricity' and 'gender smartness' are not new and have been applied to other areas of inclusive finance, very little has been written on an approach that combines both concepts and applies them in the context of remittances and migrant product design.

Such an approach can help drive better business and development outcomes. It leads to an increased customer base and cross-selling opportunities from a business perspective while strengthening local economies and the financial well-being of migrant households.

Table 1 provides examples of how certain product features can influence the inclusiveness of formal remittances.

Table 1 Examples of how Certain Product Features can Influence Inclusion

RSPs' INTRINSIC PARAMETERS		RELEVANCE TO RSPs' INCLUSIVE INNOVATION
Product Level	Product offering	<ul style="list-style-type: none"> • The presence of a product design process that incorporates the voice, choice, decisions, control and skills of diverse subgroups of customers to strengthen product offering is indicative of companies practising inclusive innovation. • Direct costs (transaction fee, forex spread, compliance costs, limited financial market infrastructure) and indirect costs (financial capability, fraud, dispute resolution, transport, opportunity costs, etc.) incurred by the sender and receiver are critical factors for inclusiveness, given that underserved communities generally have limited financial means and often must face high indirect costs • Low frequency of IT incidents and complaints and the presence of transparent information systems and data protection drive inclusion as they help drive trust in digital technologies and platforms among underserved segments • Bundling additional value-added services (e.g., utilities and payments) on top of remittance products helps drive usage and ensure liquidity within the formal financial ecosystem. • Enabling a downstream digital ecosystem to incentivize migrants and their families to adopt financial products and services – deposits, savings, credit, insurance, pensions, investments – through digital platforms rather than cashing out.
	Delivery of service	<ul style="list-style-type: none"> • Delivery channels drive geographical and demographic penetration of services for more inclusion, as access to digital channels is low among women and other underserved groups in many countries. • Agencies staffed and set up with an intentional focus on inclusion, ensuring that customers are comfortable interacting with the distribution mechanism and interface, whether physical, digital, or a mix of the two, are more inclusive.

RSPs' INTRINSIC PARAMETERS		RELEVANCE TO RSPs' INCLUSIVE INNOVATION
		<ul style="list-style-type: none"> • Availability of an agency network that makes it easy to cash out. This significantly impacts inclusion as the receiver's ability to access and use remittances easily is often the key deciding factor for the sender in his/her choice of RSP. • Accessibility to customer care support (including non-digital methods) positively impacts inclusion as it helps less financially/digitally literate segments to have their complaints heard and addressed. • Including customers' feedback in the next cycle of product refinement or development – especially that of under-represented customers – can lead to increased levels of inclusion.
	Communication and marketing	<ul style="list-style-type: none"> • Communication and marketing that use the channels and mediums most frequently employed – and most trusted – by different population segments (incl. word of mouth/flat networks for women) help ensure equitable distribution of information, avoid information asymmetry, and increase access and usage, especially by underserved segments. • Communication and marketing that address underserved segments' specific concerns regarding formal channels around costs, reliability, and access lead to increased inclusion by supporting behaviour changes among these segments.

Different RSP characteristics can impact their ability to innovate, as well as their capacity to reach underserved customers. Table 2 provides some concrete examples of how certain features of RSPs can influence their ability to innovate inclusively.

Table 2 Examples of how RSPs' Characteristics can Influence their Ability to Innovate Inclusively

RSPs' INTRINSIC PARAMETERS		RELEVANCE TO RSPs' INCLUSIVE INNOVATION
Institutional Level	Innovation strategy	<ul style="list-style-type: none"> • Active data analytics of adoption trends help drive customer-centric innovation by tailoring product offering to evolving customer preferences. • Lean business models are better suited for inclusive innovation as they allow tweaking core business processes in response to market demands. • Ensuring the diversity of focus groups testing new products (gender-balanced, diversity of age, rural and urban dwellers, income levels, etc.). • The existence of an innovation culture within the organisation, ensuring that skills and mindsets are being nurtured to fuel innovative projects, is crucial to stimulate innovation.
	Organisational capabilities	<ul style="list-style-type: none"> • Agility in organisational structure is critical to support strategy shifts and innovation. • Capacity and (market research) systems are in place for continuous customer engagement and gender-disaggregated data collection. • The capacity to mobilize internal or external financial and human capital resources for innovation is critical to successful innovative product development. • The capacity to engage in and leverage partnerships (e.g., correspondent partnerships, distribution channels, investors, and market actors) can be

RSPs' INTRINSIC PARAMETERS		RELEVANCE TO RSPs' INCLUSIVE INNOVATION
		<p>critical to support innovation and strengthen RSPs' understanding and use of an inclusivity lens.</p> <ul style="list-style-type: none"> Gender-focused strategy to ensure diverse and gender-balanced workspaces within RSPs are critical to achieving inclusive innovation.

Table 3 provides some concrete examples of how the ecosystem can influence RSPs' ability to innovate inclusively.

Table 3 Examples of how the Ecosystem can Support or Detract from Inclusive Innovation in Remittances

RSPs' INTRINSIC PARAMETERS		RELEVANCE TO RSPs' INCLUSIVE INNOVATION
Ecosystem Level	Innovation stimulus	<ul style="list-style-type: none"> Active innovation communities (including universities, incubators, etc.) help foster innovation by identifying areas for new product research based on critical market gaps. They also further innovation by providing technical and financial support to inclusive and innovative products at the ideation stage. The availability of VC/debt for financing helps new ideas flourish in the remittance ecosystem by acting as a clear financial incentive and innovation. Robust and active industry associations lead to favourable environments for innovation and inclusion by better representing the industry's interests to regulators.
	Regulatory	<ul style="list-style-type: none"> The presence of enabling regulations like those supporting the establishment of remittance legal and regulatory frameworks, clear partnership guidelines between MTOs and agents, risk-based Know Your Customer (KYC) requirements and effective customer complaint procedures foster inclusion by enabling RSPs to service a larger proportion of the population. The appetite for providing subsidies (by government or other donors) greatly enhances inclusion as it helps de-risk harder-to-reach underserved segments for RSPs.

This report builds on existing knowledge captured in interlinked workstreams, namely the enabling policy and regulation, the empowered customer, and the open digital payment ecosystem workstreams. Thus, it capitalises on strong synergies among UNCDF frameworks and assessment guides.

This report was informed by both secondary research and a series of interviews. Annexe 2 provides an overview of key stakeholders interviewed for this Senegal Country Assessment.

Background

THE IMPORTANCE OF INCLUSIVE FORMAL REMITTANCES CHANNELS IN NEPAL

Remittances play a crucial role in the socio-economic development of recipient countries such as Nepal. In low- and middle-income countries, migrants' remittance inflows represent a total of \$540 billion, or an average of 1.75 percent of their total GDP and up to 40 percent of households' income.¹⁴ In Nepal, remittance inflows represented about \$8.1 billion or 26.5 percent of the country's GDP in 2019, underscoring the centrality of remittance inflows to the country's economy.¹⁵

The provision of formal digital financial services tailored to the diverse needs of migrants positively affects the lives of them and their families in developing countries. Globally, remittances are a crucial source of funds for migrant families, with 75 percent of remittance flows used for essential household expenditures, including food, medical expenditure, housing, and education.¹⁶ Additionally, households in rural areas (where 75 percent of the population with an unstable food supply lives) receive over 50 percent of remittances, indicating a reliance on remittances for improved livelihoods and better resilience.¹⁷ Hence, providing affordable and accessible remittance channels to underserved segments presents a crucial social impact opportunity. In most developing countries, receiving remittances may be the only form of access to formal financial services,¹⁸ indicating the potential of formal digital remittances to drive broader financial inclusion for underserved segments.

Beyond positive societal outcomes, inclusive innovation in the remittance space also leads to positive business outcomes for RSPs, such as the following:

- **Accessing untapped customer segments such as women:** Inclusive innovation could significantly enhance the diversity of the customer base and help organisations scale. Currently, almost half of the 281 million migrants worldwide are women.¹⁹ Additionally, the percentage of income remitted for women migrants tends to be higher than for men migrants. Yet, many remain underserved, with limited access to digital channels and high transfer fees.²⁰ Access to affordable remittances for women offers a huge business opportunity for RSPs around the globe.
- **Unlocking cross-selling opportunities with ancillary services:** Including underserved segments also represents a solid cross-selling opportunity. In Sub-Saharan Africa, on average, 42 percent of the population receives domestic remittances,²¹ while access to savings at financial institutions (8 percent) and borrowing from a financial institution (14 percent) are much lower.²² Strengthening access to formal remittances for underserved segments represents a massive cross-selling opportunity for RSPs to onboard customers through formal remittance products and then offer essential banking services like savings and credit. Similarly, in South Asia, 14 percent

¹⁴ (Knomad, 2020)

¹⁵ (Knomad, 2020)

¹⁶ (UNDESA, Remittances matter: 8 facts you don't know about the money migrants send back home, 2021)

¹⁷ (UNDESA, Remittances matter: 8 facts you don't know about the money migrants send back home, 2021)

¹⁸ (ACP-EU Migration Action, 2017)

¹⁹ (UNDESA, International Migrant Stock, 2020)

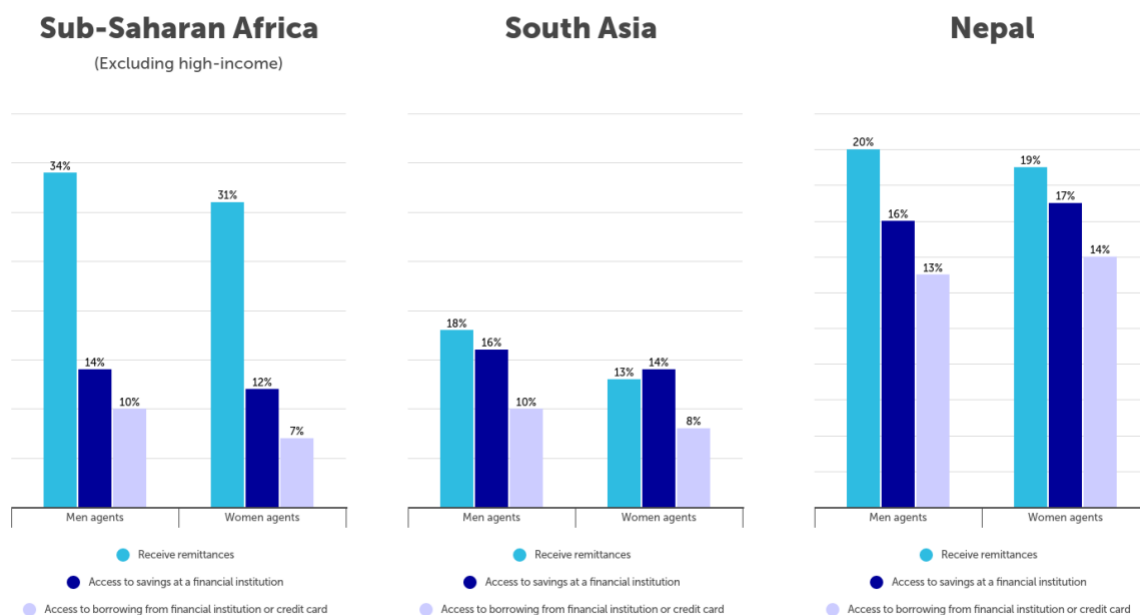
²⁰ (UN Women, 2022)

²¹ Due to data limitations in the Findex 2021 data, here access to remittances data is equated to having received domestic remittances in the past year. The analysis assumes that domestic and international remittances use similar channels, and access to them is proportional.

²² (World Bank, 2022)

of the population receives remittances,²³ while access to formal credit is low at 12 percent.²⁴ In Nepal, there is a cross-sell opportunity, especially for credit products, since access to formal borrowing is limited, which has a negative impact on remittance availability for both genders. However, Nepal's gender gap in access to financial products is lower than other focus countries (Figure 2). This is also corroborated by data from Nepal's Demographic and Health Survey in 2016, which suggested that the proportion of men and women that use a bank account is similar (around 40 percent). Additionally, women who regularly use bank accounts belong primarily in the 30-39 age bracket (57 percent).²⁵

Figure 2 Percentage of the Population that Receives Remittances and Access to Financial Products (by Gender), 2022



However, due to customer empowerment constraints linked to cost, digital literacy, and trust, not all remittance user groups have adopted formal remittance products. The government estimates the informal flows to be 20-30 percent of overall remittances in Nepal.²⁶ Informal channels are associated with higher levels of financial and non-financial risks (including vulnerability to financial terrorism, money laundering, and lack of access to legal recourse) while also taking away the opportunity to provide migrants with broader financial services for their economic resilience. Despite this, the use of informal channels continues to be common, especially in rural households.

UNCDF aims to support RSPs to enhance their inclusive innovation strategies to foster more inclusive digital financial markets, envisioning a situation where remittances and other financial services are more accessible to migrants and their families, thus contributing to their financial well-being and resilience.

²³ Due to data limitations in the Findex 2021 data, here access to remittances data is equated to having received domestic remittances in the past year. The analysis assumes that domestic and international remittances use similar channels, and access to them is proportional.

²⁴ (World Bank, 2022)

²⁵ (Shrestha P. K., 2020)

²⁶ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

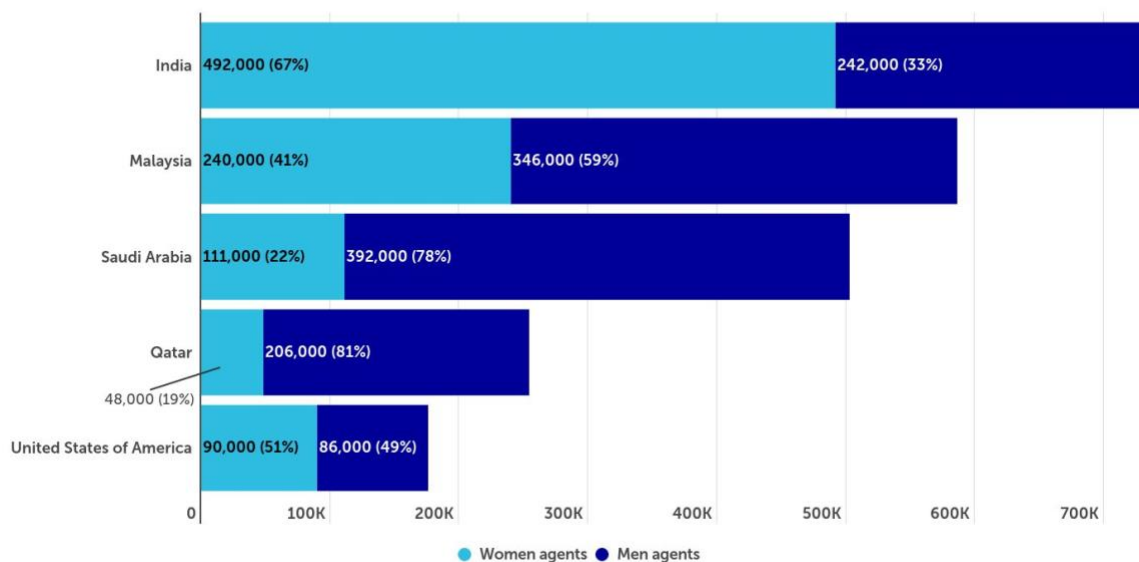
OVERVIEW OF THE REMITTANCES SECTOR IN NEPAL

Emigration and Remittance

The Nepalese emigrant population has been steadily growing since the turn of the century, increasing almost threefold in the last 20 years. About 2.6 million Nepalese people live abroad, primarily in India, Malaysia, and the Middle East (Saudi Arabia and Qatar, in particular).²⁷ India is the preferred destination for many Nepalese emigrants, given its geographical proximity. However, most of the migration to India is low-skilled, informal, and includes seasonal work (driven by a bilateral treaty permitting free movement between the two countries).²⁸ Additionally, a significant proportion (67 percent) of Nepalese emigrants in India are women. Migration to Malaysia and Gulf Cooperation Council (GCC) countries is more formal and requires labour approvals from the Nepalese Department of Foreign Employment (DFOE). GCC countries and Malaysia make up 92 percent of all formal labour migration from Nepal.²⁹

Figure 3 Estimated Emigrant Population (Nepal) – Top Five Destinations, Disaggregated by Gender, 2020

Migrant Population, 2020



The role of remittances in Nepal's economy is critical: Nepal has one of the highest rates in the world for remittance inflows as a percentage of GDP (26.5 percent). Remittances have been increasing rapidly since 2010 at about 10 percent per year³⁰ (Figure 4). Remittances are also an essential source of foreign exchange in Nepal, and the remittance volume was 68.5 percent of total foreign currency accumulated in 2017/18.³¹ Fifty-six percent of all households in Nepal receive remittances,³² demonstrating the economy's high reliance on this form of capital. Nepal is a largely remittance-receiving market, the core

²⁷ (UNDESA, International Migrant Stock, 2020)

²⁸ The Treaty of Peace and Friendship, 1950 between Nepal and India institutionalized the free movement of people across the Nepal-India border.

²⁹ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

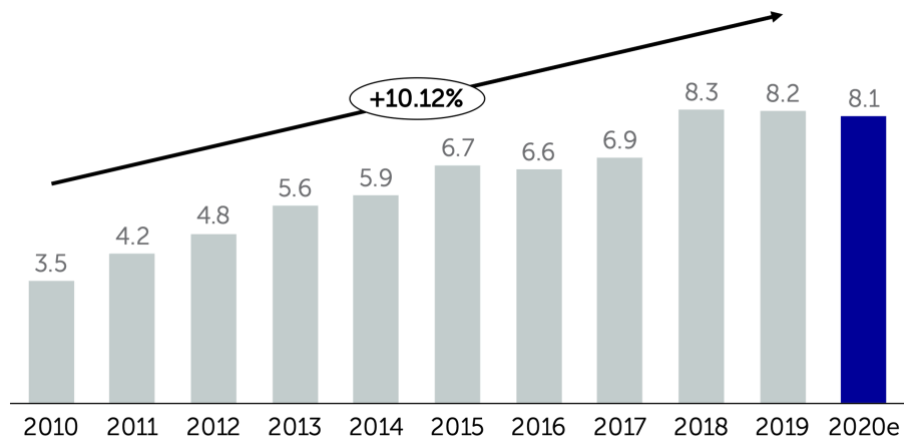
³⁰ (Knomad, 2020)

³¹ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

³² (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

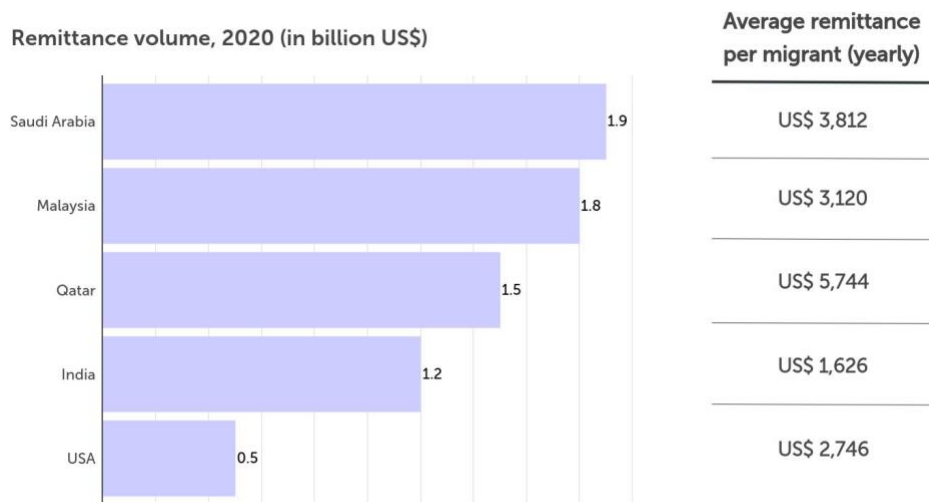
focus of this study.

Figure 4 Remittance Inflow to Nepal, 2010-2020 (in billion US\$)



Migrants in GCC countries and Malaysia are responsible for a large percentage of remittances to Nepal. Saudi Arabia, Malaysia and Qatar lead the way in remittance value driven by high average remittances per migrant, followed by India and the UAE.³³

Figure 5 Remittance Inflow (Nepal) - Top Five Destinations, 2020 (in Billion US\$)



³³ (WorldBank, Remittance Bilateral Matrix, 2019)

The recorded remittance inflows for Nepal have been growing rapidly, driven by an absolute increase in remittances and an increase in the share of formal remittances. The growth of remittance inflow volume (10 percent per year)³⁴ has significantly outpaced emigration growth (4 percent per year).³⁵ This growth in remittance volume is attributable to a shift from informal to formal channels (linked to COVID-19 lockdowns and stringent monitoring efforts to control informal cross-border financial transfers), a slight increase in the share of workers taking up high-skilled work (and hence remitting higher amounts), and Nepalese currency depreciation against the US dollar.³⁶ However, informal transfers remain prevalent and significant.

FORMAL REMITTANCE VALUE CHAIN: OVERVIEW, DYNAMICS, AND KEY TRENDS

Overall Landscape

Nepal has a vibrant ecosystem of RSPs that is steadily expanding. The Nepal Rastra Bank (NRB) has licensed over 56 remittance companies for remittance transactions. Data from 2017/18 shows that 60 percent of total remittances were received in cash-out counters via remittance companies, and 40 percent were received through correspondent banking channels.³⁷ As of July 2020, there were 155 banks and financial institutions in Nepal, providing financial access to around 61 percent of Nepal's population.³⁸

On the demand side, MTOs are a popular choice, with literacy concerns (both financial and digital) hampering the uptake of digital products. As per one recent survey, as many as 90 percent of Nepalese people prefer MTOs when sending formally due to their speed and reliability.³⁹ Although these offerings are gradually being digitized, their uptake remains low due to the cost of receiving digital remittances and low digital and financial literacy among migrants and their families. Remittance providers have also begun offering financial products tailored to remittance recipients, including health insurance, housing loans, and saving deposits.

The sector is regulated by the central bank (NRB), and banks are the only institutions mandated to perform foreign exchanges and provide international remittance services. All non-bank RSPs must enter into partnerships with banks to provide remittance services.⁴⁰ Remittance providers can also join the Nepal Clearing House Ltd (as indirect members) to use the National Payments Interface to deposit remittances directly into the beneficiary's bank accounts.⁴¹

Despite fears that remittance volumes would fall during the early stages of the COVID-19 pandemic due to decreased economic activity and border closures, overall remittance flows in Nepal have remained robust.⁴² Against the backdrop of the pandemic, there are strong indications that formal channels are absorbing flows from informal channels, making formal and no-contact digital remittance options more attractive.

Pricing

Remittance prices in Nepal are lower than the global average, with variance across different corridors.

³⁴ (Knomad, 2020)

³⁵ (UNDESA, International Migrant Stock, 2020)

³⁶ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

³⁷ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

³⁸ (NRB, 2020)

³⁹ (UNCDF, Nepal Policy Diagnostic, 2021)

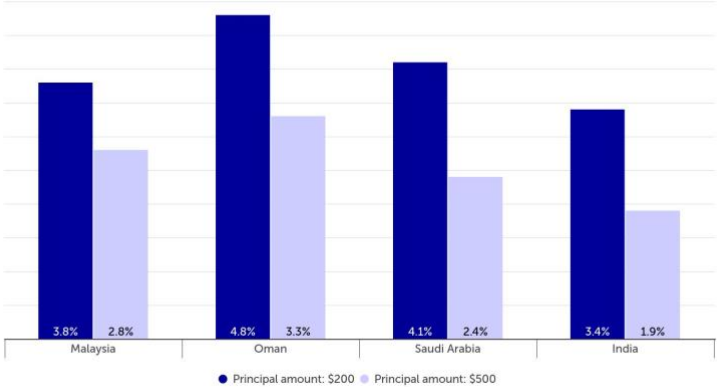
⁴⁰ (UNCDF, Nepal Policy Diagnostic, 2021)

⁴¹ (UNCDF, Nepal Policy Diagnostic, 2021)

⁴² (WorldBank, Defying Predictions, Remittance Flows Remain Strong During COVID-19 Crisis, 2021)

The simple average cost of sending remittances to Nepal is about 4.5 percent of the amount sent.⁴³ The India-to-Nepal corridor is one of the cheapest remittance corridors in South Asia (1.9 percent),⁴⁴ driven by high volume, competitive markets, and deployment of IT solutions. Prices for sending money to Nepal from other host states range from 3.4 percent to 6 percent of the sent amount.

Figure 6 Cost of Sending Remittances to Nepal (Percent of Principal Amount) by Principal Amount



Gender Patterns: Overview, Dynamics, and Key Trends

Nepal has a high percentage of women emigrants. However, many of them migrate through informal channels toward specific industries. Sixty-seven percent of Nepalese emigrants living in India are women, but the contribution of women migrants to formal labour migration is about 8.5 percent (2018/19).⁴⁵ Women workers are concentrated in specific occupations like cleaning, laundry, hospitality, and caregiving.⁴⁶ Although in Malaysia, gender disaggregation by occupation shows that 95 percent of the women workers in the country are involved in the manufacturing sector.

The domestic work sector is heavily regulated in Nepal, leading to fewer women emigrating. The regulations in this sector (often comprising a higher share of women workers) aim to reduce physical abuse and economic exploitation, which, alongside social stigma, act as deterrents to women’s labour migration. For instance, there is a ban on women under 30 in Nepal working as housemaids in the Gulf countries to prevent exploitation and abuse in the region. This regulation leads to lower labour approvals by the Ministry of Labour, Employment and Social Security in Nepal. It is often cited as a key factor in the low volume of formal women’s labour migration, although informal or illegal migration remains high due to the Gulf’s high wages.⁴⁷ These higher wages are likely why four of the top five destination countries for women labour migrants are among the Gulf countries. However, empowerment through labour migration has been linked to increased social stigma due to conflict with gender norms in Nepal, which could potentially deter migration.⁴⁸

Women migrants’ remittance habits are influenced by their occupation. Women’s remittance habits are heavily influenced by their employers when employed in the domestic sector. Stakeholder interviews

⁴³ (World Bank, 2021)
⁴⁴ (World Bank, 2021)
⁴⁵ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)
⁴⁶ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)
⁴⁷ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)
⁴⁸ (Shrestha, Mak, & Zimmerman, 2020)

showed that employed women, particularly in the Gulf, defer to their employers (usually men) to make decisions on remittance channels. Within the domestic sector, the employers usually remit the workers' wages through legal channels to the migrant's family. The channel choice is more mixed in other sectors, such as the hotel industry.

On the receiving side, 65 percent of women-headed households received remittances in 2018.⁴⁹ These remittances were frequently invested in education, particularly for girls. This takes many forms, including parents sending remittances to pay for their children's education or returned women migrants using remittances to invest in their own education. Another avenue for the latter is to use remittances to create entrepreneurial opportunities, such as opening shops.⁵⁰ However, a case study undertaken in the Dhanusha district in 2012 found that while receiving remittances positively affected women's decisions regarding their children's education and financial transactions, they experienced negative effects regarding their own health and childbirth decisions. In other words, 'treatment' (non-remittance receiving) households tended to have both men and women involved in decision-making on these issues, whereas 'control' households were less collaborative.⁵¹

INFORMAL REMITTANCE VALUE CHAIN: OVERVIEW, DYNAMICS, AND KEY TRENDS

Overall Landscape

Despite the prevalence of formal mechanisms, informal transfer volumes are estimated to be significant, i.e., up to 20-30 percent in some corridors.⁵² This is likely because informal channels can be cheaper, quicker, and more easily accessible both on sending and receiving ends. On the other hand, accessibility to formal channels can be a significant issue, as seen through the South Korea-Nepal and Japan-Nepal corridors, i.e., while access was initially complicated, the volume of formal remittances rapidly increased once easy-access formal channels were developed in these corridors.

Pricing

Despite the risk associated with informal channels, their prevalence can be linked to pricing considerations. The cost of sending remittances through informal channels is lower, often due to a better exchange rate offered by Hundi systems,⁵³ especially in host countries like the USA and Singapore.⁵⁴ Stakeholder conversations with migrant groups and RSPs suggest that pricing is one of the key reasons for the popularity of informal channels.

⁴⁹ (NRB, Impact of Remittances on Rural Poverty in Nepal: Evidence from Cross-Section Data, 2021)

⁵⁰ (UNWomen, 2017)

⁵¹ (NRB, Impact Evaluation of Remittances: Case Study of Dhanusha District, 2012)

⁵² (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

⁵³ Hundi is an informal remittance channel prevalent in Nepal, and other South Asian countries. Illegal in Nepal, these informal networks use transactions outside the formal banking system to offer remittance services to migrant workers

⁵⁴ Stakeholder Interviews

OVERVIEW OF THE SELECT CORRIDORS: QATAR-NEPAL AND MALAYSIA-NEPAL

Qatar-Nepal

Demographics of Migrants

Qatar is a major destination for migrants from Nepal, primarily as labour migrants for elementary occupations and construction activities. Qatar is the host destination for 9.8 percent of all Nepalese migrants⁵⁵ and 31.8 percent of all labour migrants from Nepal. In 2020, out of the 254,000 Nepalese migrants in Qatar, only 19 percent of migrants were women. Nepalese migrants in Qatar are commonly employed in basic occupations (56.8 percent), such as cleaning and laundry, and construction activities (14.8 percent), such as carpentry, masonry, and paintwork.⁵⁶

Top RSPs and Products Mapping

A significant portion of the market for RSPs on the sending side in Qatar is controlled by banks or exchange companies that provide money transfer services.⁵⁷ These include exchange houses like Eastern Exchange Company, City Exchange Company, and Arabian Exchange Company.⁵⁸ Mobile Money provider Ooredoo is Qatar's leading digital remittance provider and operates in partnership with MoneyGram. Ooredoo offers a wallet-based remittance product that allows migrants to send money to other mobile wallets or agent networks in Nepal. This product has one of the corridor's most competitive remittance pricing structures.

Agent-based (cash-out) remittance services remain the preferred formal channel for sending money back home among Nepalese migrants in Qatar. This is driven by substantial socio-cultural factors, including that money transfer counters act as meeting places where migrants can socialize. Additionally, digital remittance product awareness is low amongst Nepalese migrants, meaning such products are not common knowledge amongst migrant networks. As a result of these cultural and awareness-related challenges, updates for existing digital remittance solutions are limited.

Malaysia-Nepal

Migrant Demographics

Malaysia remains a popular destination for Nepalese migrants, though the pandemic has decreased their overall numbers. In 2020, Malaysia was the host destination for 22.5 percent of all Nepalese migrants⁵⁹ (both labour migrants and others) and was responsible for 4.2 percent of labour migration in 2018/19.⁶⁰ The gender split of Nepalese migrants is more equally balanced than that of the Gulf countries, and 41 percent of all Nepalese migrants in Malaysia are women. The trend in occupation for labour migrants in Malaysia is also different from the Gulf Nations, with the most common activities being in manufacturing industries (34.9 percent) and service and sales industries (31.2 percent), with a large proportion employed in the security sector.

Top RSPs and Product-Mapping

The Malaysia-Nepal corridor is dominated by agent-based remittances on the sending side but is also

⁵⁵ (WorldBank, Remittance Bilateral Matrix, 2019)

⁵⁶ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

⁵⁷ Stakeholder Interviews

⁵⁸ (World Bank, 2021)

⁵⁹ (WorldBank, Remittance Bilateral Matrix, 2019)

⁶⁰ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

seeing significant growth in digital models. Traditional MTOs such as Western Union, MoneyGram, and Ria are very active in this corridor. Stakeholder interviews estimate that about 70 percent of Nepal’s remittances in this corridor are sent through MTOs. However, since 2019, digital remittances have grown significantly due to the proliferation of private MTOs (Wise and Remitly) and digital wallet remittance companies (Valyou and Tix FX).⁶¹

⁶¹ Stakeholder Interviews, (World Bank, 2021)

Inclusive Innovation in the Remittances Sector in Nepal

This chapter reviews the inclusiveness and innovativeness of (i) remittance products, (ii) RSPs as institutions, and (iii) the nature of the inclusive innovation ecosystem in Nepal.

INCLUSIVE INNOVATION LANDSCAPE ASSESSMENT AT THE PRODUCT LEVEL

This section investigates the level of innovation of remittance products in the Nepal market, focusing on the Qatar-Nepal and Malaysia-Nepal corridors. It also investigates how products stimulate or deter access to formal remittances for all population segments, i.e., migrants and families back home, regardless of their skills, gender, status, education level, age, or geographic location.

Product Offering

In Nepal, remittance receipt typically occurs through cash, bank transfers, and mobile wallets. While cash is a physical medium and mobile wallets are digital offerings, bank transfers are a mix between the two since some banks provide online banking choices, but in-person transactions continue to be prevalent. Statistics from the leading market player in remittances indicate that before the COVID-19 pandemic, 90 percent of remittance transactions were in cash, and 10 percent were terminated in a bank account. Presently, the percentage of remittances terminated in Nepalese bank accounts is increasing by 10-15 percentage points, so much so that the industry statistics reflect a 75-25 percent ratio of cash to digital receipts.

On the sending side, interviews with migrant groups suggest that inclusivity could be enhanced if Nepalese banks started to offer end-to-end remittance products under their brand name. Migrants suggested that the above option would significantly increase trust in the remittance ecosystem and could lead to better exchange rates and remittance prices for migrants. However, most RSPs/banks are currently evaluating the business case for setting up sending-side remittance operations.

Multiple aspects impact the inclusiveness of products in Nepal, such as technology, user-friendliness, pricing, and product-bundling to receive remittances. These drivers are discussed below.

Product Technology

There is low public trust in digital remittance offerings due to technological challenges, potentially coupled with a small risk appetite. Stakeholder interviews with RSPs and migrant groups such as Returnees Network Nepal show that people are not confident that their money will reach the intended hands if sent through digital channels. This is reinforced by the typically high-involvement nature of remittance transfers. In addition, IT issues cause even digitally-able members of the population to have trouble navigating the product. These members, therefore, choose to visit banks and financial institutions in person instead, indicating exacerbated struggles for populations with low digital literacy.

Given the low levels of trust, digital products are used by a specific clientele in a highly localized manner, which could fuel or exacerbate a digital divide. Specifically, their use is prevalent in urban areas, particularly among youth, who tend to be early adopters. However, 80 percent of Nepal's population is rural, signifying a highly uneven spread of digitisation.

Within digitized products, mobile banking is the most used and is preferred over mobile wallets, particularly since the onset of the COVID-19 pandemic. In addition to serving the same functions as

mobile wallets, mobile banking offers a range of no-contact banking services, making it an attractive multi-functional option compared to mobile wallets. There may also be cultural causes for preferring mobile banking over wallets. For example, customer research suggests that people prefer first-hand control over their money, thus favouring in-person or online banking over third-party wallet apps.

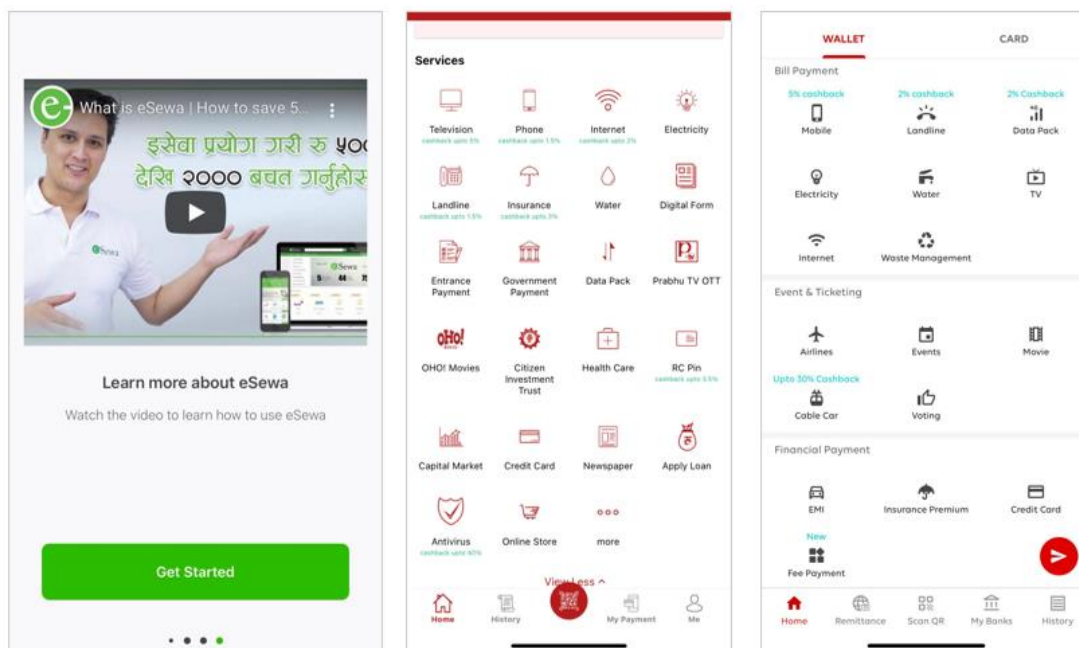
However, the most common reason for the relatively low use of mobile wallets is the lack of complete interoperability in the mobile wallet network. Currently, it is impossible to make wallet-to-wallet transfers. Funds flow from wallets into bank accounts and then into other wallets, causing people to choose the direct use of mobile banking over transferring funds out of their bank into a separate digital wallet. That said, the use of mobile wallets has significantly risen in the last two years, particularly with providers such as eSewa.

Product User-Friendliness for Receivers

Most digital providers in Nepal offer similar advantages insofar as user-friendliness is concerned. The advantages detailed below enable an easy and intuitive user experience (UX) for most users:

- **Visual communication:** Several remittance apps offer a series of well-illustrated steps before sign-up to provide information on the app's various services (e.g., utility payments, sending money to friends and family etc.). For example, eSewa even offers users a quick video tutorial on how to use the service.
- **Simple design:** Companies use colour schemes and intuitive design principles to make the product as simple and appealing as possible and keep the cognitive load to a minimum. However, since these services can perform a wide range of payments, there is some 'crowding-out' on homepages as all options are displayed front and centre, which may intimidate or overwhelm first-time users.
- **Clear categorisation:** after the sign-up process is complete, the benefits offered by services are organized into categories such as 'internet bill payment,' 'scan and pay,' 'food & hospitality,' etc.

Figure 7 Examples of Visual Communication, Simple Design, and Clear Categorisation in Digital Offerings



However, a key challenge to inclusivity is that several apps are available exclusively in English. Some apps are available in local languages, but it is unclear how users would find this function, and in many instances, it is absent. Consequently, the negligible use of English in Nepal makes this a challenge. Exact estimates of the English-speaking population vary, but the 2011 census reported only 0.01 percent of the population as native English speakers.⁶² Therefore, apps available exclusively in English present a challenge to over 90 percent of the population who may not be proficient in English. While the use of icons or pictures to communicate benefits offers some relief, this does not solve the problem entirely, as many other features of the apps, including registration, are in English.

The digital identity document (ID) project has not been launched at scale yet in Nepal, making the KYC procedure difficult for people who have a physical printed national ID. For the latter, whenever a customer chooses to complete the KYC process, over 20 fields must be manually entered by the user or an agent, a time-consuming process more prone to human error than the use of technology to scan a digital ID would be.

Product Pricing

The cost of sending remittances to Nepal (4.5 percent of the sent amount) is comparable to other South Asian countries and cheaper than the global average.⁶³ The transaction cost varies by channel, with digital channels like mobile banking offering lower rates (0.5 percent lower for high volume corridors like Qatar-Nepal).⁶⁴ However, low uptake of digital channels is linked to a lack of awareness about the price advantage in large-scale uptake.

The introduction of end-to-end remittance services represents a massive opportunity for RSPs to enhance inclusive innovation. It will give them greater control over pricing (and subsequently revenue),

⁶² (CBS, 2011)

⁶³ (Ministry of Labour, Employment and Social Security, Government of Nepal, 2020)

⁶⁴ (World Bank, 2021)

resulting in an increased appetite for significant product technology and innovation investments. Currently, from a product pricing perspective, RSPs that do not offer end-to-end solutions (i.e., presence on both sending and receiving sides) have limited control over the entire pricing value chain and must rely on the pricing decided by sending-side partners. Such RSPs only negotiate on the percentage of the partner's service fee in an already competitive market.⁶⁵ However, business challenges linked to acquiring customers in sending markets without partner support remain a massive challenge for RSPs and are likely to strain already limited existing resources.

Product Bundling

Nepal's ecosystem for remittance-linked services is slowly evolving but currently focuses mainly on remittance-linked savings products. Bundled services represent a massive opportunity to deepen financial inclusion in Nepal meaningfully, given that one in three families has a member working outside Nepal.⁶⁶ Remittances are a gateway to the formal financial system for most of these families, with remittance-linked savings products being the most common. As a significant portion of digital transactions terminates in banks (about 80 percent),⁶⁷ most banks have built unique products that incentivize creating a savings account for remittance holders, with some explicitly targeting women customers.

Savings in remittance accounts are a stable source of deposits for banks. Hence, many banks providing remittance services are focused on driving the uptake of their savings products. This includes having staff in host countries (especially the Gulf countries) who help migrants open bank accounts with their respective banks. An example of such products is the Matri Bhumi Savings Account from banks like Everest Bank, Mega Bank Nepal, and Citizen Bank, targeting migrant workers living abroad. These accounts provide features like better savings account rates, exchange rates, and discounts on loan processing fees, among others, all to incentivize uptake by migrants.

Nepal's market has great potential to deepen financial inclusion through remittance-linked credit and insurance products, given high latent demand. The few products on the market have seen limited uptake, despite significant latent demand. The Non-Resident Nepali Association (NRNA) infrastructure fund and the Nepal Rastra Bank have recently revived the investment products and foreign employment bonds market.

However, Nepal's opportunity for remittance-linked credit products remains untapped, primarily due to product development challenges and a lack of agent buy-in. Some RSPs are currently offering or working on introducing credit products, but most of them still require collateral, affecting the product's inclusiveness. Robust alternative credit scoring models based on remittance flows can help address this challenge and significantly scale these products. Additionally, agent networks remain the primary interface with the formal financial system for most rural customers, and any new product uptake is unlikely without agent support. However, the hesitation among agents to onboard customers onto the digital ecosystem severely hampers the ability of RSPs/banks to offer these products, as discussed in the subsequent section. That said, banks might be better positioned to tap into this market, given their expertise, regulatory advantage, and vast network in the country.

⁶⁵ Stakeholder Interviews

⁶⁶ Stakeholder Interviews

⁶⁷ Stakeholder Interviews

Delivery of Services

Hybrid Infrastructure and Agent Network

Given the uneven spread of digital literacy in Nepal, the existence of hybrid interfaces is particularly important. All RSPs have widespread agent networks to help with last-mile delivery of their products, particularly in rural areas. This is relevant as most of the population, specifically remittance recipients, live in rural areas (as discussed in the Background section).

Agents are crucial in bridging the gap between customers and suppliers and may encourage or inhibit digital uptake. Agents enjoy a high degree of trust in their communities and have the potential to act as promoters for digital remittances on the customer side. On the other hand, stakeholder interviews highlighted concerns that agents are reluctant to do so because it might cost them their role in the ecosystem.

In general, agent gender has been found to play an essential role in the equitable delivery of services to the last mile, but this factor remains understudied in Nepal. A study in a similar sociocultural context⁶⁸ showed that people are more comfortable transacting with agents of their own gender and transact in higher volumes with agents of their own gender. However, no conscious efforts are made by RSPs to ensure gender balance, nor are studies conducted to confirm or further this hypothesis, usually because there is a perceived lack of a business case to do so. On-ground experts provide anecdotal evidence of women customers facing harassment by men agents while transacting, especially in rural regions. While staffed with women agents, some leading RSPs' agent outlets are headed by men.

Some RSPs noted the important digital middleman role played by 'informal' agents – digitally literate early adopters – particularly in rural areas. These individuals (mostly young Nepalese) are neither paid nor formally employed by a particular company but act as cash distributors, i.e., they have money sent to their digital account by migrants from their community and then pay out to those migrants' families in cash.

After-Sales Support

There are a variety of customer service channels (email, phone lines and social media) made available by RSPs in Nepal, with mixed reviews concerning complaint procedures. This variety enables different customer profiles to choose channels best suited to their needs. Some digital RSPs offer customer care through Facebook Messenger. While customer service via email and social media caters to the digitally-able customer base, having a phone line allows less digitally-able customers to contact complaint management and after-sales support. The analysis of complaints and reviews on social media reveals a mixed level of satisfaction with the after-sales support of RSPs. Stakeholder interviews also suggested that responses to queries, especially regarding digital channels' outage or non-functionality, were not promptly resolved. Hence, there is scope for improving the after-sales support experience for customers, especially for digital remittances, to reinforce trust in the channel in Nepal.

Communication and Marketing

RSPs use a combination of offline and online channels for advertising their products, depending on the area (for physical marketing) and context (for digital marketing). While the marketing channel selected by RSPs often depends on who they perceive the remittance sender to be, awareness of digital channels remains relatively low on the sending side, indicating a potential opportunity for more efficient and targeted marketing.⁶⁹ At present, there is a communication gap about the advantages of digital channels

⁶⁸ World Bank study in Bangladesh, see detailed case study in Chapter 4

⁶⁹ Stakeholder interviews

on both the sending and receiving sides.

New digital offerings on online channels such as social media are particularly successful at driving awareness and engagement, especially among urban youth. RSPs such as IME Pay and eSewa have active presences on social media with a regular posting schedule. Their posts tend to achieve a gender balance (in that both men and women customers are represented in them). However, they are skewed toward a younger demographic and utilize content popular with urban youth (such as humour, music etc.). These online channels also serve the dual purpose of customer engagement and support. That is to say, these RSPs reply to customer questions and grievances via chat or in the comments. Other RSPs within the banking sector, such as Nabil Bank and Everest Bank, are also active on online channels but do not necessarily cater to younger demographics, nor do they have the same level of engagement. However, they perform well in terms of creating content in local languages.

Given the focus of RSPs' marketing on urban youth, a significant challenge in scaling digital products is a lack of awareness in rural areas, particularly among women in rural areas. While a gender balance is achieved, indicating gender inclusivity on the urban side, the same is not necessarily true of rural communication. Some RSPs bridge this gap by conducting phone conversations with rural recipients after the remittance amount to be disbursed has been received to increase digital channel awareness. They often promote digital channels over physical cash pickup, such as payment of an additional amount if digital channels are used.

Figure 8 Examples of Online Marketing by RSPs



Key Takeaways on Inclusive Innovation at the Product Level



Product offering – In Nepal, digital offerings have low trust due to underdeveloped digital infrastructure. However, mobile banking is the most trusted among current offerings, especially compared to mobile wallets (likely due to the lack of wallet-to-wallet interoperability). Regarding user-friendliness, digital offerings are well-designed and intuitive but not entirely inclusive from a language standpoint as they are mainly in English.

The price of remittances to Nepal is 4.5 percent of the sent amount, comparable to global benchmarks. RSPs have limited control over pricing. There is low product bundling, despite the high potential to deepen financial inclusion by doing so (esp. through remittance-linked credit and insurance products). However, many banks that provide remittance services also attempt to drive the uptake of their savings products, as these are a stable source of deposits.



Delivery of services – In Nepal, agents play a crucial role as middle stakeholders between RSPs and end users. They enjoy a high degree of trust among users, particularly the less digitally literate (although there may be differences in experience and dynamics based on the genders of recipients and agents). However, agents are not incentivized to encourage the uptake of digital channels as this may come at the cost of their role in the ecosystem. The impact of agent gender on transaction volume and frequency is also under-studied in Nepal, although studies in similar countries demonstrate a key relationship between the two.

Multiple channels of after-sales support are available, such as email, telephone, and social media. These allow RSPs to cater to high and low digital literacy customers. Based on customer reviews, however, there is room for improvement to reinforce trust in digital remittances.



Communication and marketing – In the urban landscape, remittance services are adept at marketing their offerings through online/digital channels. Digital wallets/RSPs achieve a gender balance in their marketing copy and graphics and successfully engage with their audience, especially urban youth. Banks also have a strong online presence and use local languages well, albeit with less direct engagement.

However, awareness in rural areas remains a challenge. Some RSPs have bridged this gap through phone conversations to encourage the uptake of digital channels and by offering incentives to those who select these channels over cash pickup.

INCLUSIVE INNOVATION LANDSCAPE AT THE INSTITUTIONAL (RSP) LEVEL

This section investigates the level of innovation of RSPs in the Nepal remittance market (focusing on those operating in the Qatar-Nepal and Malaysia-Nepal corridors).

Innovation Strategy

Research & Development (R&D)

In Nepal, inclusive product research is likely hampered by the inability of RSPs to collect and analyze disaggregated data. Most RSPs in Nepal do not collect gender-disaggregated data about customers on the receiving side, limiting a complete understanding of the experience of women customers. Even when RSPs collect disaggregated data, they currently do not possess the internal capabilities to perform detailed analytics to inform product development and research. UNCDF's data analytics support to a leading digital RSP revealed significant differences in the experience of men and women customers. Without any data analytics, it is difficult for RSPs to understand what channels and products create difficulties for women customers, potentially limiting RSPs' ability to innovate inclusively.

R&D is not a core focus for most FSPs, and often, product innovation occurs in response to external stimuli. Large banks owned by corporate houses remain one of the key types of players in the financial services in Nepal. However, these banks often have a traditional outlook on financial services, reinforced by a regulator who cautiously approaches technology and innovation. Hence, product-related R&D is not a specific focus area, and often innovation happens as a response to a strong market stimulus. However, digital-first RSPs are trying to reverse this trend and have had some success through one-off innovations in delivery. However, institutionalising this focus on R&D for all RSPs and FSPs is still a crucial challenge.

Nonetheless, new product innovations have emerged in Nepal, especially for remittance-linked financial products, most notably the Al-Fardan Exchange in the UAE, Laxmi Bank in Nepal, and UNCDF launched Finance Against Remittance (FAR). This blockchain-based innovation enables collateralisation of the flow of remittances to support access to loans for migrants and their families in Nepal. The innovative technology developed by New Street Technologies has enabled Laxmi Bank to offer uncollateralized loans at a 14.25 percent interest rate. Most target house renovation and managing businesses.⁷⁰ However, the processing and disbursement of loans were hampered by the COVID-19 pandemic. While such innovative products exist, the risk aversion of RSPs/FSPs is so high that any technology products need to be heavily subsidized by donors. This indicates a lack of risk appetite for cost-intensive technological innovations among service providers in Nepal.

Business/Pricing Model

RSPs also lose out on cost parameters to informal channels. Informal channels such as the Hundi system do not have to manage formal exchange settlement platforms. The prevalence of informal channels was highlighted as a critical gap by most RSPs, and some of them pushed for government support to incentivize formal channels. This included more incentives for remittance senders to use formal channels, as in the case of other South Asia markets such as Bangladesh and Pakistan.^{71,72} Without such incentives, formal remittances are likely to remain a more expensive proposition than informal channels.

Innovations in RSPs' product pricing models are limited due to the low number of RSPs having an end-

⁷⁰ (OECD, 2021)

⁷¹ (The Business Standard, 2022)

⁷² (Pakistan Remittance Initiative, 2021)

to-end remittance product⁷³ and diminishing margins on offline channels. As discussed in the previous section, most RSPs in Nepal have partnerships with large traditional and digital remittance providers (Western Union – Nabil Bank, MoneyGram – eSewa) for major corridors. Hence pricing is controlled mainly by the sending side partners, with a highly competitive landscape on the receiving side. Additionally, the business margins for brick-and-mortar business models for remittances in Nepal have been steadily declining over the past few years. Hence, there is minimal flexibility for RSPs in the region to cross-subsidize any offerings for inclusion.

Organisational Capabilities

Structure & Processes

Stakeholder consultations suggest that in many South Asian countries, including Nepal, particularly within the banking sector, RSPs' organisational structure tends to be hierarchical. The goals and visions of various leadership levels often differ regarding inclusion. Specifically, the companies' boards tend to follow a school of thought that prioritizes defensive/responsive strategies for technical development, i.e., reacting to their competitors' actions.⁷⁴ On the other hand, product development teams tend to be either open to or interested in innovating for inclusion, especially recognising the size of the underserved segments in Nepal. However, internal power dynamics sometimes prevent them from proactively engaging in innovation for inclusion.⁷⁵

In some instances, data collection and analysis have enabled teams to demonstrate the commercial viability of inclusive innovation, which in turn helps bridge the gap between them and senior management. Unfortunately, data collection and analysis are inconsistent and not embedded in the processes of all RSPs. For instance, while one leading provider (as described in the previous section) has begun analyzing gender-disaggregated data with technical support from UNCDF and is, therefore, able to identify and communicate the business case for inclusive innovation for women migrants and recipients, another leading bank's remittance department recognized that they are not yet disaggregating data. In other words, the latter organisation has access to user data but is not performing analysis to identify the differences in the experiences of different customer subgroups. This consequently inhibits identifying business or development opportunities for specific subgroups (such as widening access to underserved groups or deepening financial services access to specific groups).

Financial Capital

Innovation in the financial services ecosystem can be enhanced by improved capital access, especially risk capital⁷⁶ (e.g., early-stage venture debt and equity). Most financing available in Nepal is in the form of traditional debt, especially from banks. While there are no special provisions for debt capital for RSPs, established RSPs did not flag this as a significant concern. However, risk capital is substantially misaligned in the ecosystem, especially for fintech products. Due to the limited risk appetite of donors and development financiers in Nepal, risk financing only becomes available in the later stages of an organisation's growth cycle.⁷⁷ Regulatory inhibitors also prevent new instruments like venture debt from being delivered to RSPs. These challenges decrease RSPs' focus on new product innovation and hinder

⁷³ Only some RSPs have end to end remittance products (presence on both sending & receiving side) in certain specific corridors. For e.g., Prabhu Money Transfer in the Malaysia – Nepal corridor

⁷⁴ Stakeholder Interviews

⁷⁵ Stakeholder Interviews

⁷⁶ Risk capital refers to funds allocated to speculative activity and used for high-risk, high-reward investments. Any money or assets that are exposed to a possible loss in value is considered risk capital, but the term is often reserved for those funds earmarked for highly speculative investments (Investopedia, 2021)

⁷⁷ Stakeholder Interviews

the scaling of innovations from outside the financial services ecosystem.

Partnerships

While the RSP and FSP ecosystems are well integrated, there is scope for improving interoperability between mobile wallets. Most RSPs offer integration with other utility payments and work toward increasing the number of services available on their platform. Banks already have synergies through Nepal's thriving mobile banking ecosystem. Additionally, in the last two years, other digital RSPs like eSewa have entered into new partnerships to offer a wide range of services. Quick Response (QR) payments in Nepal also provide a range of interoperability features and work with major banks and mobile wallets. However, interoperability between wallets is still not present. Currently, any wallet-to-wallet transaction must be routed through a bank, resulting in two additional steps in the transaction process and constraining the usage of mobile wallets. Thus, increased interoperability can help drive increased uptake of digital wallets for all financial services (including remittances).

On the customer (demand) side, the lack of a harmonized financial education curriculum in Nepal hampers financial product inclusivity. Different government and international organisations currently deliver various financial literacy modules without clear standardisation, resulting in a fragmented structure in financial literacy programmes and a lack of proper impact analysis and monitoring. While NRB did publish a draft Financial Literacy Framework in 2020, more needs to be done to apply the framework's critical tenets. The uptake of innovative financial products in Nepal will likely remain low without the framework's nationwide application.

Key Takeaways on Inclusive Innovation within RSPs



Innovation strategy – In Nepal, R&D is evolving, but aspects of it are hindered by RSPs' inability to collect and analyze gender-disaggregated data to understand women's customer experience. Innovation is often defensive and in response to competitors, but innovations (such as blockchain-based innovation finance against remittances) have emerged, nonetheless.

From a pricing standpoint, RSPs are more expensive than informal channels, and pricing innovations are few due to the small number of end-to-end remittance products and dwindling margins on offline channels.



Organisational capabilities – Within RSPs (especially banks), product development teams tend to innovate for inclusion, whereas the board prioritizes business success and responsive strategies. While this gap in priorities can be bridged through data analysis, this is not a well-ingrained process within RSPs.

Nepal also has low access to capital (particularly risk capital) due to limited risk appetite in the early stages of growth. There is scope for more partnerships to establish wallet-to-wallet interoperability and harmonized financial literacy.

INCLUSIVE INNOVATION LANDSCAPE ASSESSMENT AT THE ECOSYSTEM LEVEL

Beyond RSPs, this section demonstrates that other remittance system stakeholders play a key role in fostering inclusive innovations in Nepal's remittance services. Major bottlenecks include a nascent innovation ecosystem, the absence of digital ID, and a lack of clear incentives for formal remittance channels concerning the regulatory landscape.

Innovation Ecosystem

Nepal's venture capital (VC)/private equity (PE) ecosystem is still nascent, with very few locally based funds. The movement was kickstarted in Nepal in 2015, with private equity funds such as Dolma Impact, Business Oxygen, and True North Associates beginning their activity in the country. These are purely foreign-owned funds that are Nepal-focused but operated from outside. For example, Dolma Impact Fund is operated as a foreign fund based out of Mauritius with a mandate to invest in Nepalese companies. However, recent years have seen the emergence of institutional funds based in Nepal licensed and regulated by the Securities Board of Nepal (SEBON). Such funds are limited, and regulation remains a key challenge with the lengthy and time-consuming registration process.⁷⁸ Additionally, another indicator of the nascency of the ecosystem is that most of these funds are sector agnostic and invest in a wide array of thematic areas, one of which is financial technologies. Given the critical role of growth capital in unlocking innovation, Nepal requires more precise incentive structures for the rapid and robust development of new technologies in the financial inclusion space.

However, significant growth is projected in the ecosystem in the next five years due to multiple

⁷⁸ Stakeholder Interviews

investors planning to set up VC/PE funds. Stakeholder interviews suggested that around six funds currently applying for a license will likely start investing in the next couple of years. A lot of this has been spurred by the SIF Regulation 2019,⁷⁹ which provided room for creating locally-owned funds.

A key challenge that inhibits innovation for remittance services and remittance-linked financial products is the lack of capital available at the product innovation stage. Most PE/VC firms operate at the Series A and Series B stages, implying that early-stage fintech start-ups entirely depend on the formal banking system for the capital. However, the capital provided by these banks is costly (with interest rates up to 15 percent) and requires some form of collateral. In addition, only borrowing is available to these start-ups, discouraging entrepreneurs from taking risks to commercialize innovative, game-changing ideas.

Additionally, there is a stark gender divide in the support available for women-led and women-owned fintech companies. A recent survey in 2019 by Inclusive Fintech 50 showed that only 9 percent of fintech companies in South Asia were women-led and, on average, were able to raise only one-third of the money raised by a male counterpart.⁸⁰ Research suggests that women business owners are more likely to hire staff who are women and implement gender-inclusive policies.⁸¹ The lack of capital for women-owned or women-led enterprises significantly hampers gender-centric product innovation since fund managers have no clear incentive to invest in women-led or women-owned start-ups. While the formal banking system supports women entrepreneurs through interventions by the central bank (interest-free loans), the lack of grant and equity funding (ideal for early-stage enterprises) prevents any new innovative business/product scaling in the financial inclusion space.

The venture acceleration and incubation systems are evolving, but deepening their engagement requires significantly increasing their ability to invest in early-stage ideas. As per recent studies, there were about 18 incubators and accelerators in Nepal in 2019, and the quality of services provided by incubators/accelerators was reported to be variable.⁸² Three were headquartered in other countries with local offices, while the others were based in Nepal. Most of these accelerators/incubators' money is utilized on operational expenses and mentorship support, significantly limiting their ability to invest in start-ups.⁸³

Nepal is still a cash-based economy, which hampers the innovation ecosystem for remittance products, especially digital ones. Digital remittance penetration remained low following the COVID-19 pandemic. Multiple stakeholder consultations as part of this assessment suggest that this is primarily driven by the merchant payment infrastructure in Nepal. Nepal has approximately one point of sale (POS) per 2,500 people,⁸⁴ significantly lower than digital payment frontier markets like India (one POS per 358 people) and well behind other developed countries like the Netherlands, Israel, and Italy.⁸⁵ Analysis from Asia-Pacific, the Americas, and Western and Eastern Europe also validates the correlation between the higher number of POS terminals per 100,000 people and lower usage of cash as the primary transaction tool.⁸⁶ In most parts of Nepal, cash is needed for all day-to-day expenses and digitising the receipt of remittances does not provide any significant value. Additionally, most digital payment infrastructure is present in urban areas, whereas most remittance recipients live in rural areas.

⁷⁹ THE SIF Regulation 2019 was a regulation launched by SEBON in 2019 to promote the PE/VC industry in Nepal by making provisions for funds to PE/VC firms to legally operate in Nepal

⁸⁰ (Centre for Financial Inclusion, 2019)

⁸¹ (Women's Forum for the Economy and Society, 2021)

⁸² (Frontier Incubators, 2019)

⁸³ Stakeholder Interviews

⁸⁴ (PWC, 2019)

⁸⁵ (Deccan Herald, 2020)

⁸⁶ (Pymnts.com, 2017)

Regulatory Landscape for Innovation

Despite Nepal having a 149 percent mobile penetration rate and 75 percent penetration of technologies such as 2G, 3G, and 4G, the lack of a digital ID acts as a bottleneck in enhancing digital inclusion.⁸⁷ This is a significant barrier to inclusive digital remittances. While the country has a national ID card including biometric and demographic data, the physical/handwritten nature of the ID restricts its utility in e-KYC, onboarding, authentication, verification, and anti-money laundering/combating the financing of terrorism (AML/CFT) supervision. The ID has over 20 fields that need to be manually transferred into digital remittance products, sometimes requiring agent involvement and preventing the creation of a digital footprint for the underbanked. However, Nepal Telecommunication Authority (NTA) has recently posted an Expression of Interest (EoI) for consultants to 'Design, Develop/Supply, Integrate, Implement, Operate and Support a centralized biometric-based Digital Know Your Customer (DigitalKYC)' for SIM cards. This is a step in the right direction, but its impact remains to be seen.

Outside of digital channels, the distribution of regulatory responsibility between the NRB and the central government yields potential synergies to incentivize using formal channels. In other countries such as Bangladesh, providing quick-return and direct incentives on remittances sent through formal channels (e.g., a 2.5 percent bonus on remittances through formal channels) has successfully increased their use. A similar programme could be helpful in Nepal as there has been a recent move toward informal channels (see Background section). However, the authorisation of such direct incentives for formal remittances falls within the purview of the central government, while other long-term incentives fall within the NRB's scope, suggesting an opportunity for a two-pronged approach to financial incentives. The NRB has authorized a minimum 1 percent additional interest rate on deposits in BFIs coming through remittances. Still, as this is a longer-term incentive, the effects of using formal channels are yet to be seen.

Licensing service providers poses another challenge for some entities in Nepal, restricting access to remittance services. Specifically, by law, only category A licensed banks and financial institutions are authorized to remit and transmit money within or outside Nepal. Other banks cannot provide these services, even though providing them licenses may increase access, especially in remote areas. In addition, although Microfinance Institution (MFI) law permits licensed MFIs to act as agents for commercial banks or financial institutions, financial service providers are not fully leveraging the existing MFI network to expand remittance services to rural areas. Also, MNOs cannot directly offer digital financial services without a payment service provider (PSP) license from the NRB. The time-consuming licensing process inhibits access to mobile financial services, despite the high mobile penetration rate in the country. Although the latest monetary policy states that necessary arrangements will be made to receive remittances through mobile wallets, the impact of the same on the licensing process remains to be seen.

Another key inhibitor to remittance usage inclusivity in Nepal is the country's fragmented and inconsistent nature of financial literacy education. As per the NRB, financial literacy programmes in Nepal are currently conducted by various stakeholders (including the central bank) in a "scattered and fragmented manner", with inconsistencies in methodology, curriculum, and delivery mechanism.⁸⁸ In addition, UNCDF found low levels of financial literacy on the recipient's side to be an inhibitor, especially among underserved segments (e.g., women, rural residents, etc.).⁸⁹ One cause for this problem could be that previously, financial literacy lessons were neither standardized by a curriculum nor specifically nuanced for different psychographic segments of the population. As described in previous sections, in 2020, the NRB created a Financial Literacy Framework (FLF) to address this challenge across the recipient-

⁸⁷ (GSMA, 2019)

⁸⁸ (NRB, Financial Literacy Framework, 2020)

⁸⁹ (UNCDF, Nepal Policy Diagnostic, 2021)

side subgroups of farmers and micro, small and medium enterprises (MSMEs), women, students, and remittance receivers, but the results of the same are yet to be observed and will be assessed in 2023.⁹⁰

Key takeaways on inclusive innovation within the ecosystem



Innovation ecosystem – Nepal’s PE/VC ecosystem has few locally-based funds, although significant growth is projected in the next five years. However, there is a lack of capital available at the product innovation stage, inhibiting innovation for remittance-linked products and making early-stage fintech start-ups dependent on banks for capital. Importantly, there is a lack of capital and support for women-led and owned fintech companies. The cash-based nature of the economy also hampers the innovation ecosystem for remittance products.



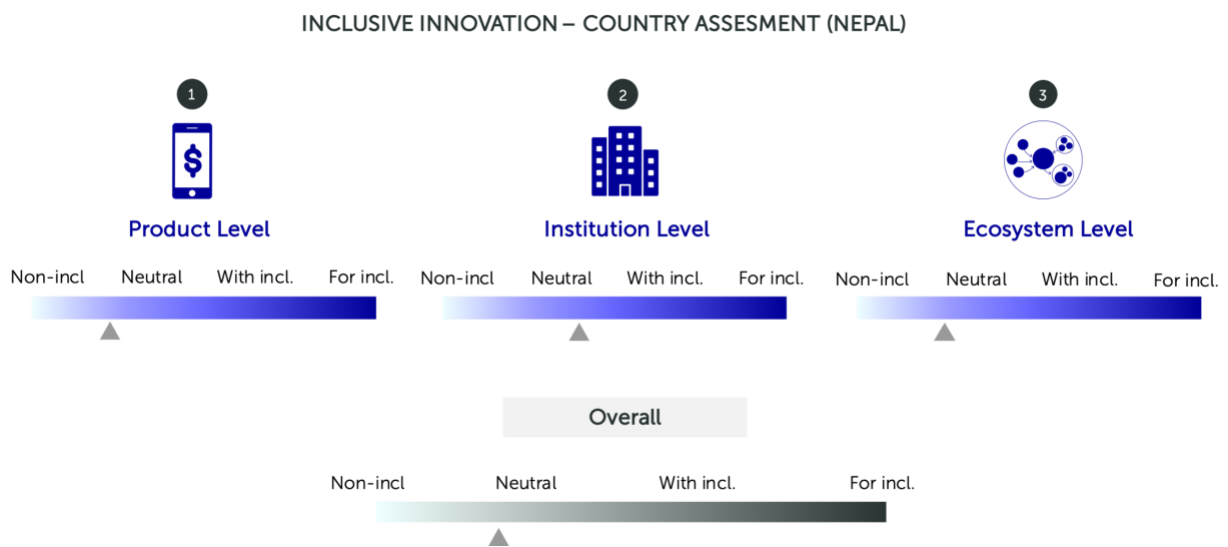
Regulatory landscape for innovation – in Nepal, a significant regulatory challenge, particularly for the underbanked, is the lack of a digital ID to ease KYC checking and the implementation of AML/CFT law. In addition, there is an unclear distribution of remittance-related responsibilities between the central bank and central government, particularly where incentives for formal remittances are concerned (specifically, the NRB can authorize longer-term incentives such as interest rates, but the central government must do so for quick cash-based incentives). Finally, Nepal also licenses various service providers differently, and the absence of licensed RSPs in rural/remote areas could restrict access in these regions.

⁹⁰ (NRB, Financial Literacy Framework, 2020)

CONCLUSIONS ON THE STATUS OF INCLUSIVE INNOVATION IN NEPAL

Figure 9 brings together the discussion points in the above sections to rate the state of inclusive innovation in Nepal at all three levels – product, institution, and ecosystem – along the inclusive innovation continuum depicted in Figure 1, ranging from non-inclusive innovation to innovation specifically for inclusion. The ratings are based on a qualitative assessment of the sub-parameters linked to each level and were validated through stakeholder interviews. Figure 99 also summarizes the overall rating for Nepal.

Figure 9 Inclusive Innovation Assessment Summary for Nepal



It should be noted that this mapping of Nepal on the inclusive innovation continuum reflects the overall market trend observed during the assessment conducted. Specific institutions within the Nepalese ecosystem and economy may be over-achieving or underperforming compared to what has been indicated.

Pathways to Leverage Inclusive Innovation

This chapter provides recommendations to leverage inclusive innovation in the country, spelling out pathways for RSPs to become increasingly innovative and inclusive and proposing recommendations for the regulator and other players of the broader remittances and innovation ecosystem to support such shifts toward inclusive innovation. It starts with an overview and then elaborates on detailed recommendations, emerging opportunities, and global learnings.

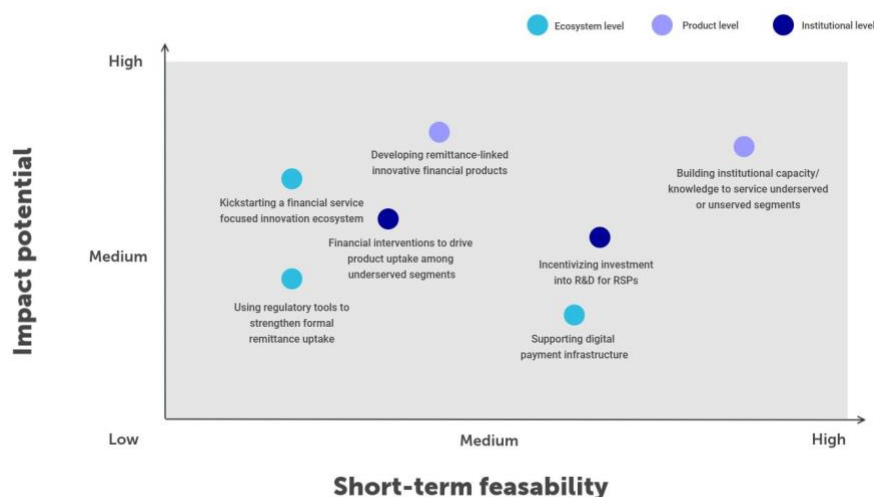
THE WAY FORWARD

Interventions should improve access to affordable products for underserved population segments to make digital remittance channels and linked financial services more inclusive. These interventions should complement transparent and open regulations and recent progress on digitising and incentivising formal remittances in Nepal. This section of the report aims to support and Improve inclusive innovation by providing recommendations along two dimensions, i.e., accelerating enabling trends and filling in existing gaps at the three levels analyzed above (product, institution, and ecosystem).

As a next step, this assessment on inclusive innovation highlights key thematic areas that need to be strengthened to ensure migrant remittances are accessible and affordable and help drive financial inclusion for underserved segments in Nepal.

Figure 10 analyzes these thematic areas, placing them on two axes. On the horizontal axis, thematic areas are rated based on the short-term's estimated feasibility of key interventions. This is linked to the implementation timeframe (short-, medium- or long-term), the complexity of the intervention, the agility and resources of stakeholders involved, and willingness to change, among other factors. The vertical axis maps thematic areas according to the interventions' potential impact. This classification helps prioritize specific areas and interventions to support inclusive innovation in remittance in Nepal.

Figure 10 Mapping of Thematic Areas against Impact Potential and Short-Term Feasibility



DETAILED RECOMMENDATIONS & EMERGING OPPORTUNITIES

Based on the gaps and opportunity areas identified in the assessment in the previous section, the report details a set of key recommendations at the ecosystem, institution, and product levels in Table 4. While these different levels break down the recommendations, it is important to note that certain recommendations also have implications for others. The report also identifies an indicative list of stakeholders that should be consulted for implementing each recommendation to make the recommendations more actionable.

Table 4 Key Recommendations Linked to each Thematic Area

THEMATIC AREAS	KEY RECOMMENDATIONS	RELEVANT STAKEHOLDERS
<i>Product Level</i>		
<i>Building institutional capacity/knowledge to service underserved or unserved segments</i>	<ul style="list-style-type: none"> Make digital offerings more accessible through more extensive language offerings (especially local languages) and product video tours so that less digitally-able customers can better understand and use the product. 	<i>RSPs, Multilateral donors</i>
	<ul style="list-style-type: none"> Create standardized customer care mechanisms that do not involve agents to support all customers (esp. women) to escalate grievances, complaints etc. (or provide technical assistance to do so). 	<i>RSPs and other FSPs</i>
	<ul style="list-style-type: none"> Increase hiring and participation of women agents in the digital product development process as they can serve as a proxy for women-customer voices and help escalate consumer needs/concerns. 	<i>RSPs</i>
<i>Developing remittance-linked innovative financial products</i>	<ul style="list-style-type: none"> Develop products that offer collateral-free migrant-backed loans to families back home with technical assistance from donors. 	<i>RSPs, Multilateral donors</i>
<i>Institution Level</i>		
<i>Incentivising investment into R&D for RSPs</i>	<ul style="list-style-type: none"> Provide data collection and analytics support to RSPs to build research and innovation capacity, focusing on understanding the needs and preferences of women customers. 	<i>Multilateral donors</i>
	<ul style="list-style-type: none"> Consider a secondment approach where experts from partner/donor agencies, financial institutions, and think tanks can be seconded to RSPs to instil innovation and inclusion elements into product design from within the RSPs. 	<i>Multilateral donors</i>
<i>Implementing financial interventions to drive product uptake for underserved segments</i>	<ul style="list-style-type: none"> Provide patient risk capital at the seed stage to enhance RSPs' risk appetite to introduce innovative remittance products for underserved segments. 	<i>Multilateral donors, development finance institutions</i>
<i>Ecosystem Level</i>		

<i>Supporting digital payment infrastructure</i>	<ul style="list-style-type: none"> • Offer collaborative support to NRB to accelerate the digital payments ecosystem. 	<i>Organisations with significant digital innovation expertise from other countries (e.g., NPCI in India, MDEC in Malaysia)</i>
	<ul style="list-style-type: none"> • Provide financial support and technical know-how to build and implement wallet-to-wallet interoperability. 	<i>Multilateral donors, UNCDF</i>
<i>Kickstarting a financial service-focused innovation ecosystem</i>	<ul style="list-style-type: none"> • Provide grant/equity funding to start-up accelerators to encourage them to invest in promising early-stage start-ups. 	<i>Multilateral Donors, Incubators, Accelerators</i>
	<ul style="list-style-type: none"> • Develop and deploy a women-focused entrepreneurship fund investing in fintech products in Nepal. 	<i>Multilateral Donors, PE/VC ecosystem</i>
	<ul style="list-style-type: none"> • Help SEBON strengthen the framework for regulating the PE/VC asset class, with a strong focus on making funds easier and faster to use. 	<i>Multilateral donors</i>
<i>Using advocacy tools to strengthen formal remittance uptake</i>	<ul style="list-style-type: none"> • Provide lobbying, policy, advocacy, and grant support (to government/NRB) to roll out quick-return cash incentives for the use of formal channels, like the 2.5 percent incentive in Bangladesh.⁹¹ 	<i>RSPs, UNCDF, Multilateral donors</i>
	<ul style="list-style-type: none"> • Strengthen advocacy with the central government and NRB for harmonizing financial literacy training across government, development players and FSPs. 	<i>RSPs</i>

UNCDF acknowledges the constraints and opportunities for inclusive innovation in Nepal and will continue to support RSPs and other ecosystem players. It will further strengthen the country's remittance market and push for more innovative and inclusive products, specifically focusing on gender responsiveness and migrant-centricity.

⁹¹ As detailed in Chapter 3, the government of Bangladesh currently offers a 2.5 percent cash bonus incentive on money sent by Bangladeshi migrants through formal channels. Specifically, the government pays 2.5 percent of the sent value on all transfers through legal channels into Bangladeshi accounts by Bangladeshi nationals.

GLOBAL LEARNINGS & APPLICABILITY TO NEPAL

The key recommendations leverage research around global best practices to drive inclusion for remittance products. Presented below are a few case studies where similar interventions have worked in the context of global remittances (or the broader financial services ecosystem); these can serve as reference points while implementing the key recommendations in Nepal. While the context may differ, the learnings are still applicable and will provide a blueprint for implementing some key recommendations.

Product Intervention Case Studies

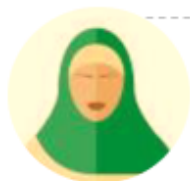
The following two case studies concern the product-level recommendation: “Increase hiring and participation of women agents in the digital product development process.” These case studies from two regions (South Asia and Africa) show that women prefer to transact with agents who are women and transact higher amounts when interfacing with an agent of the same gender. A third case study from India also highlights the value of making digital remittance/money transfer services available in local languages, relating to the product-level recommendation: “Making digital offerings more accessible through more extensive language offerings (especially local languages) and product video tours so that less digitally-able customers can better understand and use the product.”

Table 5 Product Case Study 1

Learnings from Bangladesh: *World Bank: Opportunities for the Women’s FS Market*⁹²

In 2018, the World Bank conducted in-depth research to understand the needs of women using mobile financial services (MFS) to speed up the inclusion of women in underserved communities. In doing so, they segmented the women’s MFS market into four distinct archetypes and measured the product preferences of each one according to five factors (security of funds, transaction velocity, convenience, agent dependency, and low charges). Finally, they performed a market assessment and provided a roadmap for acquiring women agents. While they identified four archetypes, this learning focuses on the two most agent-dependent ones, detailed below:

Fameeda, informal sector worker



- Finds MFS a **convenient alternative to less accessible formal** financial services
- Most important product needs: **security, convenience, agent dependency**

Razia Begum, homemaker



- **Dependent on an agent for MFS use, but wants to learn how to use it herself**
- Most important product needs: **security, agent dependency, low cost**

⁹² (WorldBank, Closing the Gender Gap : Opportunities for the Women’s Mobile Financial Services Market in Bangladesh, 2018)

Key Learnings:

- Both people **WHOLLY DEPEND on the agent** for information and use and **completely trust the agent** to support transactions despite minor issues. They require the agent's help due to **low digital literacy, language barriers, or low confidence**.
- Fifty-two percent of women respondents indicated a **clear preference for women agents**. Respondents believe women agents **behave better and provide better service**. In addition, customers who visited women agents reported a **higher median number of transactions** than those who visited men agents.
- However, **WOMEN MAKE UP LESS THAN 1 PERCENT OF AGENTS**, which means respondents have little choice but to see an agent who is a man. This highlights the need to recruit more women agents.
- Women agents face barriers in terms of **societal norms** preventing their entry into the field, a lack of initial working capital, risks associated with owning an MFS agency, and poor customer support from the provider, among other issues.

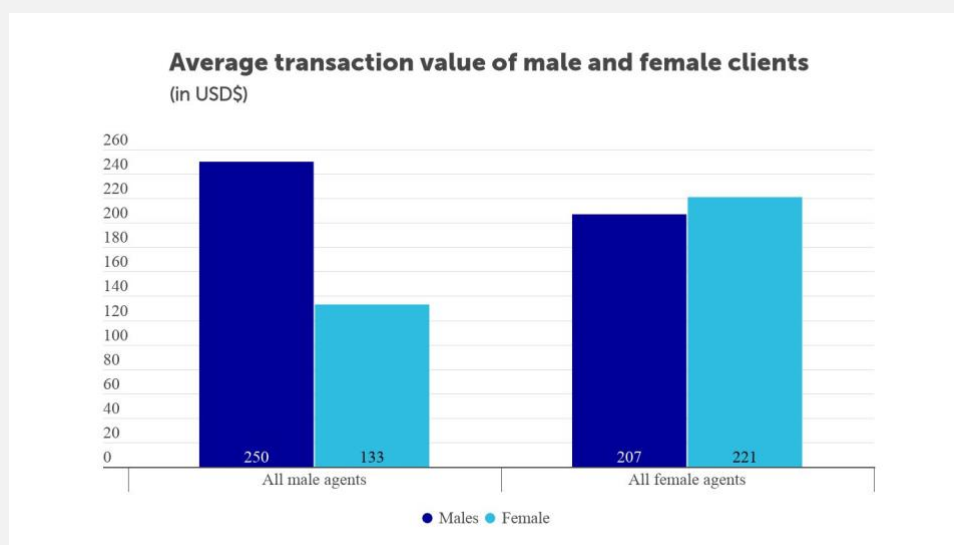
Table 6 Product Case Study 2

Learnings from DRC: *World Bank: The Role of Gender in Agent Banking*⁹³

In 2020, the World Bank used a unique dataset of 1.1 million customer transactions in DRC from 2017-2018 to study the effect of gender matching in agent banking transactions. This was done in collaboration with FINCA DRC, a microfinance institution in the Democratic Republic of Congo, to study, among other things: (i) if women prefer to transact with women agents; (ii) if gender impacts their transaction amounts; and (iii) whether they'd travel further to transact with a woman agent. These findings were replicated with a smaller dataset in a randomized controlled trial in Senegal, and the same trends detailed below were found. The study suggested that women's uptake and use of financial services may be accelerated by providing the option to visit a woman agent, making gender part of agent rollout strategies, and designing products to meet women's needs and challenges. It showed that digital financial services (DFS) transaction behaviour is influenced by agent gender.

Key Learnings:

- Customers **prefer agents of their own gender**. Women customers are, on average, 7.5 percentage points more likely to transact with a woman agent than an agent who is a man.
- Customers transact **higher-value amounts** with agents of their own gender. On average, women customers' transactions are **66 percent larger with women agents** than with men agents.



- When they have higher balances, **women customers are more likely to opt for women agents**.

⁹³ (World Bank, 2020)

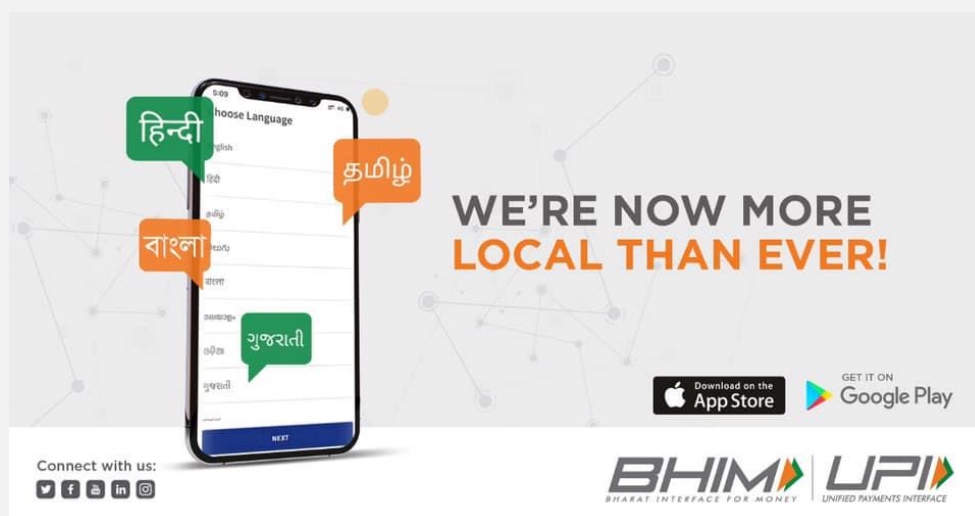
Table 7 Product Case Study 3

Learnings from India: *BHIM App is Available in 7 Regional Languages*^{94 95}

In 2017, the Bharat Interface for Money (BHIM) app, developed to encourage cashless/digital payments, was launched in seven regional Indian languages other than English and Hindi. These languages were Bengali, Oriya, Gujarati, Kannada, Malayalam, Tamil, and Telugu, making the app accessible in at least seven more states and to the 39 percent of the population that speaks these languages, as per the 2011 Census. This was a long-awaited feature of the app. While estimates vary over the number of English speakers in India, only 41 percent of the country cited Hindi as their native language, according to the 2011 Census. Several more languages (Punjabi, Marathi, Konkani, Bhojpuri, Assamese etc.) have been announced by the app since this feature was launched.

Key Learnings:

- Making the app available in multiple languages, mainly locally spoken languages, **increases customer confidence** and **access to a broader population range**.
- Conducting transactions in customers' local languages will enable customers to **check transaction details** and **merchant credentials** before making payments. This implies higher trust in the product for a more comprehensive section of the population, which could ultimately result in greater uptake.



Institution Intervention Case Studies

The role of gender-disaggregated data in driving inclusivity and business results is well documented, and the above sections demonstrate the need for early-stage capital for fintech organisations in Nepal. The following two case studies – the first in Jordan and the second in a global alliance – demonstrate successful examples of using gender-disaggregated data and cross-sector collaboration to drive early-

⁹⁴ (Livemint, 2017)

⁹⁵ (Reserve Bank of India, 2020)

stage funding and inclusive innovation.

Table 8 Institution Case Study 1

Learnings from Jordan: *A Data-Driven Path to Women's Financial Inclusion*⁹⁶

As seen in Nepal and other case studies, even if women use the same number of financial products and services as men, their financial behaviours, usage, and resilience can differ significantly. It is, therefore, essential to analyze the gender-disaggregated data, as has been successfully demonstrated by Bank al Etihad. This FSP disaggregated its customer data according to gender and found that women's savings were lower than men's. However, global trends showed that women were more frugal concerning their savings. In response, Bank al Etihad launched the Shorouq Savings Account to encourage women to build savings and financial independence through an ongoing prize programme. The account offered rewards tailored to Jordanian women's financial security ambitions, including steady income and homeownership.

Key Learnings:

- Tailoring products to women users' specific needs was an **immediate success** and led to a **six-fold increase in deposits by women** since its launch and **better savings behaviour**.
- Disaggregating data by gender **increased inclusivity** as well as good **business results** for Bank al Etihad.

⁹⁶ (Data2x, 2020)

Table 9 Institution Case Study 2

Learnings from CGAP: *Catalyst Fund Accelerator to Support Inclusive Tech Innovators in Emerging Markets*^{97 98}

A CGAP report on fintech firms and financial inclusion suggests that while donors and development finance institutions (DFIs) may not have the tools to assess the viability of early-stage business models, they could consider setting up early-stage investment units collectively. These operate like VC funds with added development impact objectives. An example is the Catalyst Fund, an inclusive fintech accelerator funded by the UK Department for International Development and JPMorgan Chase & Co, managed by the Bankable Frontier Associates (BFA) Global. Catalyst provides grant funding and technical assistance to young fintech companies targeting low-income communities.

Key Learnings:

- Such a fund enables development funders to better **coordinate market-level strategies** between innovation, growth, and exits and to provide visibility on **emerging innovations** for **growth stage investments**.
- Catalyst's portfolio companies have raised more follow-on funding to reach a greater **number of underserved customers** at their stage.
- While the average funding amount raised per start-up in the 12 months following an accelerator programme was \$547,000, Catalyst graduates raised \$2.5M on average. Catalyst start-ups also operate in emerging markets, where access to capital is more challenging.

Ecosystem Intervention Case Studies

There are opportunities for donors and other ecosystem players to support interventions that enable access to early-stage risk capital in the Nepal financial services ecosystem, focusing on gender. Below are some examples of interventions that have worked in other developing contexts.

⁹⁷ (CGAP, 2021)

⁹⁸ (Catalyst Fund, 2020)

Table 10 Ecosystem Case Study 1 and 2

Learnings from Egypt: IFC Start-up Catalyst Programme – Incubator Support^{99 100}

IFC's Start-up Catalyst Programme aims to support local venture capital ecosystems in developing countries that are crucial to building and sustaining healthy entrepreneurship and innovation. It seeks to support innovation by addressing the knowledge and funding gap in the early stages of entrepreneurship. In 2016, IFC invested \$2 million in Flat6Labs Cairo, with a target to subsequently invest in over 100+ Egyptian tech start-ups.

Key Learnings:

- In a context where seed-stage funding was limited, **IFC's support helped catalyze the seed-stage equity asset class** and mobilize institutional capital from other investors.
- IFC also complimented the equity investment with advisory services that helped Flat6Labs conduct various events and workshops **to build and support local, sustainable ecosystems for inclusive innovation in Egypt** with products targeting unserved customer segments.

Learning from Tunisia: IFC Start-up Catalyst Programme – Gender Lens Investing¹⁰¹

Following their investment in Flat6Labs Cairo, IFC and We-Fi¹⁰² provided \$1 million in equity support to Avana Seed Fund. This addressed the lack of capital for women-owned enterprises in Tunisia, as only 6 percent of total private equity funding in MENA went to women-led businesses. The seed fund is focused on investing in over 75 tech companies and is leveraging We-Fi to incorporate a strong gender lens into the investing process. It aims to increase the percentage of women entrepreneurs in the fund's portfolio by ensuring that at least 25 percent of entrepreneurs are women.

Key Learnings:

- Tying actual investments with **tangible and measurable gender metrics creates a real incentive for fund managers to invest in women-led businesses** and is a more active way of addressing the gender gap in the innovation ecosystem.

⁹⁹ (World Bank/IFC, n.d.) and (World Bank/IFC, 2016)

¹⁰¹ (World Bank/IFC, 2019)

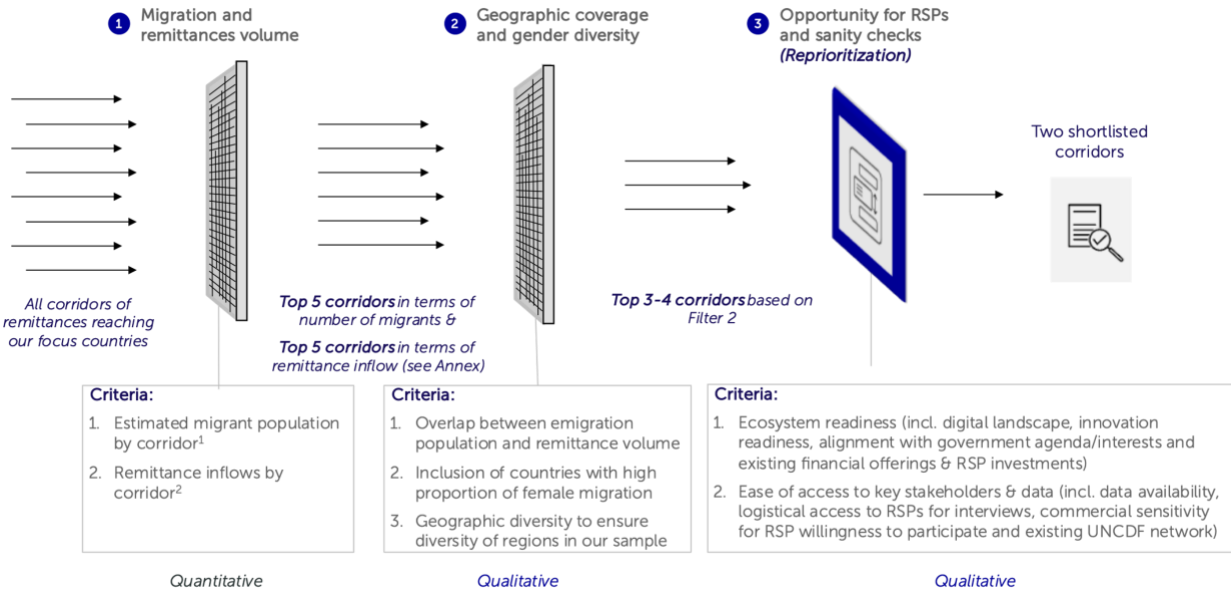
¹⁰¹ (World Bank/IFC, 2019)

¹⁰² The Women Entrepreneurs Finance Initiative (We-Fi) is a collaborative partnership among 14 governments, six multilateral development banks (MDBs), and other public and private sector stakeholders. Hosted by the World Bank Group, it seeks to address financial and non-financial constraints faced by women-owned small and medium enterprises in developing countries

ANNEX 1: Corridor Selection Process

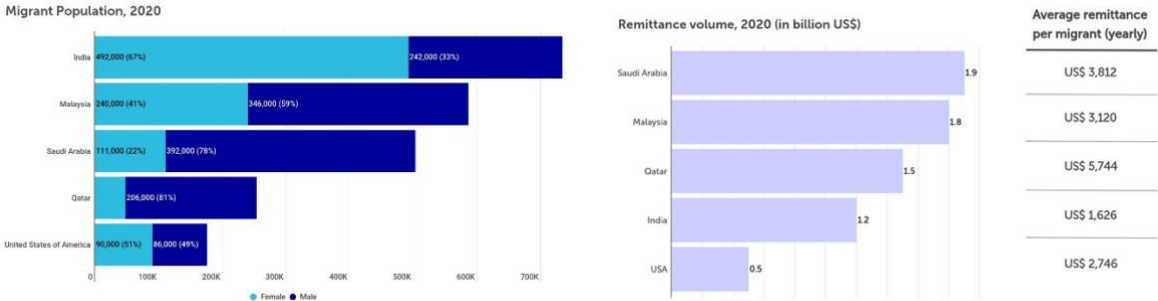
A combination of quantitative and qualitative filters was used (Figure 11) based on key data (Figure 12) to select our two focus corridors, i.e., (Qatar-Nepal and Malaysia-Nepal).

Figure 11 Corridor Filtering Process



 Nepal	Host country 1. India 2. Malaysia 3. Saudi Arabia 4. Qatar 5. USA	Remittance volume 1. Saudi Arabia 2. Malaysia 3. Qatar 4. India 5. USA	1. India 2. Malaysia 3. Qatar	1. Qatar – Nepal: Highest number of migrants, with high prevalence of low cost informal migration 2. Malaysia – Nepal : High migrant volume, and second highest remittance volume through formal channels. Adding geographical diversity (only South East Asia sending country in our list).
--	---	--	-------------------------------------	---

Figure 12 Nepal Corridor Data



ANNEX 2: Stakeholders Consulted

Several RSPs operating in Nepal have been consulted to gather data on inclusive innovation in remittance spaces. Regarding gender dynamics, the interviews were conducted together by a man and woman interviewer, and 15 percent of the interviewees were women.

Table 11 Stakeholders Consulted

RSPs	GOVERNMENT/REGULATORS	PE/VC ECOSYSTEMS	OTHER ECOSYSTEM PLAYERS
IME Pay	Nepal Rastra Bank	Global Equity Fund	Nepal Economic Forum
eSewa	Nepal Clearing House Limited	54i Ventures	Returnees Network Nepal
Nabil Bank			FinLit Nepal
Everest Bank			National Network for Safer Migration

DONOR AGENCIES
IOM Regional Office – Asia Pacific Region
IOM Country Office - Nepal

Bibliography

(n.d.).

ACP-EU Migration Action. (2017). *How to use remittances as a tool for financial inclusion*. Retrieved from https://acpeumigrationaction.iom.int/sites/acpeumigrationaction/files/Publications/KP_Remittances_for_financial_inclusion.pdf

ARTP. (2018). *Rapport D'analyse Sur Le Marche Des Telecommunications Au Senegal* . Retrieved from https://www.artpsenegal.net/sites/default/files/docs_enquetes/rapport_danalyse_du_marche_des_telecommunications_au_senegal_en_2018_0.pdf

Catalyst Fund. (2020). *Why the Catalyst Fund startup accelerator delivers outsized success*. Retrieved from <https://bfglobal.com/catalyst-fund/insights/catalyst-fund-startup-accelerator-delivers-outsized-success/>

CBS. (2011). *National Population Census*. Retrieved from <https://cbs.gov.np/>

Centre for Financial Inclusion. (2019). *Including Women in “Inclusive Fintech”*. Retrieved from <https://www.centerforfinancialinclusion.org/including-women-in-inclusive-fintech>

CGAP. (2021). *Fintech and Financial Inclusion: Funders' Guide to Greater Impact*. Retrieved from https://www.cgap.org/sites/default/files/publications/2021_06_Focus_Note_Fintech_and_Financial_Inclusion_Funders_Guide.pdf

Dalberg Advisors Analysis. (n.d.).

Data2x. (2020). *A Data-Driven Path to Women's Financial Inclusion*. Retrieved from <https://data2x.org/wp-content/uploads/2020/07/WFID-A-Data-Driven-Path-to-Womens-Financial-Inclusion.pdf>

Deccan Herald. (2020, February). *Digital drawback: Only one PoS terminal in India for every 358 people*. Retrieved from <https://www.deccanherald.com/national/digital-drawback-only-one-pos-terminal-in-india-for-every-358-people-808112.html>

Frontier Incubators. (2019). *Mapping and Analysis of Entrepreneurial Ecosystems Incubators and Accelerators in the Asia-Pacific*. Retrieved from https://scalingfrontierinnovation.org/wp-content/uploads/2020/03/8_Frontier-Incubators_Entrepreneurial-Ecosystem-Mapping-Report-2019.pdf

GSMA. (2019). *GSMA Mobile Connectivity Index*. Retrieved from <https://www.mobileconnectivityindex.com/#year=2019&zonesocode=NPL>

GSMA. (2020). *The Mobile Gender Gap Report*. Retrieved from <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/05/GSMA-The-Mobile-Gender-Gap-Report-2020.pdf>

IEA. (2018). Retrieved from <https://www.iea.org/countries/senegal>

- ILO. (2016). *Promoting Informed Policy Dialogue on Migration, Remittance, and Development in Nepal*.
- International Organization for Migration. (2018). *Global Migration Indicators*. Retrieved from https://publications.iom.int/system/files/pdf/global_migration_indicators_2018.pdf
- IOM. (2020). *Study on Remittance Regulatory Frameworks and Accessibility of Regular Remittance Channels of the Colombo Process Member States*. Retrieved from <https://publications.iom.int/books/study-remittance-regulatory-frameworks-and-accessibility-regular-remittance-channels-colombo>
- IOM. (n.d.). *Regularization*. Retrieved from <https://www.iom.int/sites/g/files/tmzbdl486/files/documents/regularization.pdf>
- ITU. (2017). *World ICT Indicators Database*. Retrieved from <https://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx>
- KNOMAD. (2020). *Phase II: COVID-19 Crisis through a Migration Lens*.
- Knomad. (2020). *Remittance inflows*.
- LeFevre AE, S. N. (2020). *Does women's mobile phone ownership matter for health? Evidence from 15 countries*. Retrieved from <https://gh.bmj.com/content/5/5/e002524>
- LeFevre, A. E., Shah, N., & Bashingwa, J. J. (2020). *Does women's mobile phone ownership matter for health? Evidence from 15 countries*. *BMJ Global Health*.
- Livemint. (2017). *BHIM app to be available in seven regional languages by the end of this week*. Retrieved from <https://www.livemint.com/Industry/osYHzC8QRnUwDoCI98PUOM/BHIM-app-to-be-available-in-seven-regional-languages-by-the.html>
- Ministry of Labour, Employment and Social Security, Government of Nepal. (2020). *Nepal Labour Migration Report 2020*.
- MyRepublica. (2021, April). *NRNA officially launches Rs 10 billion Development Fund to finance Nepal's mega infrastructures*. Retrieved from <https://myrepublica.nagariknetwork.com/news/nrna-officially-launches-rs-10-billion-development-fund-to-finance-nepal-s-mega-infrastructures/>
- NEF. (2022). *An overview of female labor migration in Nepal: Trends, patterns, and reasons*. Retrieved from <https://nepaleconomicforum.org/an-overview-of-female-labor-migration-in-nepal-trends-patterns-and-reasons/>
- NRB. (2012). *Impact Evaluation of Remittances: Case Study of Dhanusha District*. Retrieved from https://www.nrb.org.np/contents/uploads/2019/12/Study_Reports-Impact_Evaluation_of_Remittances-A_Case_Study_of_Dhanusha_District.pdf#:~:text=The%20impact%20evaluation%20of%20remittances,affected%20variable%20from%20remittance%20income.
- NRB. (2020). *Financial Literacy Framework*. Retrieved from https://www.nrb.org.np/contents/uploads/2020/04/Financial-Literacy-Framework_20770114.pdf

- NRB. (2020). *Financial Stability Report*. Retrieved from <https://www.nrb.org.np/contents/uploads/2021/04/Financial-Stability-Report-for-FY-2019-20.pdf>
- NRB. (2021). *Impact of Remittances on Rural Poverty in Nepal: Evidence from Cross-Section Data*. Retrieved from <https://www.nrb.org.np/contents/uploads/2021/08/NRB-WP-53-Impact-of-Remittances-Rohan-and-Mira-1.pdf>
- NTA. (2019).
- OECD. (2021). *The development potential of remittances using blockchain technology in Nepal*. OECD Blockchain Policy Series. Retrieved from <https://www.oecd.org/finance/The-development-potential-of-remittances-using-blockchain-technology-in-Nepal.pdf>
- Pakistan Remittance Initiative. (2021). Retrieved from <https://www.tbsnews.net/economy/govt-increases-remittance-incentive-25-351640>
- PWC. (2019). *Payments Newsletter: Digital payment opportunities in emerging markets*. Retrieved from <https://www.pwc.in/assets/pdfs/consulting/financial-services/fintech/point-of-view/pov-downloads/digital-payment-opportunities-in-emerging-markets.pdf>
- Pymnts.com. (2017). *The Global Cash Index: Asia Pacific Edition*. Retrieved from <https://securecdn.pymnts.com/wp-content/uploads/2019/07/The-PYMNTS.com-Global-Cash-Index-Asia-Pacific-Analysis-min.pdf>
- Ratha, D. (2011). *Remittances: Funds for the Folks Back Home*. Retrieved from <https://www.imf.org/external/pubs/ft/fandd/basics/remitt.htm>
- Reserve Bank of India. (2020). *Report of the Committee on the Analysis of QR Code*. Retrieved from <https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/ANALYSISQRCODED11971A9B9874EFA1A61478F461E238.PDF>
- Shrestha, N., Mak, J., & Zimmerman, C. (2020). *Stigma and empowerment: A qualitative study on Nepalese women and labour migration*. Retrieved from <https://publications.iom.int/system/files/pdf/mrs-65.pdf>
- Shrestha, P. K. (2020). *Changing Dimension of Financial Inclusion in Nepal: A Comparative Analysis*. Nepal Rastra Bank . Retrieved from https://www.nrb.org.np/contents/uploads/2020/07/NRB_Working_Paper-NRB-WP-50-Changing_Dimension_of_Financial_Inclusion_in_Nepal_A_Comparative_Analysis-Prakash_Kumar_Shrestha_PhD-1.pdf
- Techlekh. (2020). *Digital Payments in Nepal Soar As More People Stay Home on Virus Fears*. Retrieved from <https://techlekh.com/digital-payment-nepal-rise/>
- The Business Standard. (2022, January). Incentive raised to 2.5% to boost remittance inflow. Retrieved from <https://www.tbsnews.net/economy/govt-increases-remittance-incentive-25-351640>
- The Daily Star. (2021). *IT freelancers can now bring in remittance through mobile financial service*. Retrieved from <https://www.thedailystar.net/mobile-financial-service-providers-allowed-bring-remittance-2042525>

- UN Women. (2022). *Migrant Women & Remittances: Exploring the Data from Selected Countries*. Retrieved from <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2020/Policy-brief-Migrant-women-and-remittances-Exploring-the-data-from-selected-countries-en.pdf>
- UNCDF. (2021). *Country Monitor*.
- UNCDF. (2021). *Country Policy and Regulatory Preliminary Reviews*.
- UNCDF. (2021). *Nepal Policy Diagnostic*. Retrieved from <https://migrantmoney.uncdf.org/wp-content/uploads/2021/10/nepal-policy-diagnostic-report.pdf>
- UNCDF. (2021). *RfA: Framework to Guide Inclusive Innovation Strategies in Migrant Remittances*.
- UNDESA. (2018). *World Urbanization Prospects*. Retrieved from <https://population.un.org/wup/Country-Profiles/>
- UNDESA. (2019). *International Migrant Stock*. Retrieved from <https://www.un.org/en/development/desa/population/migration/data/estimates2/countryprofiles.asp>
- UNDESA. (2019, June 17). *Remittances matter: 8 facts you don't know about the money migrants send back home*. Retrieved from UNDESA News: <https://www.un.org/development/desa/en/news/population/remittances-matter.html>
- UNDESA. (2020). *International Migrant Stock*.
- UNDESA. (2020). *International Migrant Stock*.
- UNHCR. (2019). *Remittances Brief*.
- UNWomen. (2017). *Women Migrant Workers and Changing Family & Community Relations in Nepal*. Retrieved from <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2017/Discussion-paper-Women-migrant-workers-and-changing-family-and-community-relations-in-Nepal-en.pdf>
- Women's Forum for the Economy and Society. (2021). *Inclusive sourcing and women's entrepreneurship: Accelerating the recovery for business, economy and society*. Retrieved from https://www.womens-forum.com/wp-content/uploads/2021/03/Women4Business_report_V5.pdf
- World Bank. (2020). *Does agent gender matter for women's financial inclusion?* Retrieved from <https://blogs.worldbank.org/allaboutfinance/does-agent-gender-matter-womens-financial-inclusion>
- World Bank. (2021). *Defying Predictions, Remittance Flows Remain Strong During COVID-19 Crisis*. Retrieved from <https://www.worldbank.org/en/news/press-release/2021/05/12/defying-predictions-remittance-flows-remain-strong-during-covid-19-crisis>
- World Bank. (2021). *Remittance Prices Worldwide*.

- World Bank. (2022). *Global Findex Database 2021*.
- World Bank/IFC. (n.d.). *Flat6Labs Accelerator Company S.A.E*. Retrieved from IFC PROJECT INFORMATION & DATA PORTAL: <https://disclosures.ifc.org/project-detail/SII/38087/flat6labs-accelerator-company-s-a-e>
- WorldBank. (2011). *Migration and Development Brief*. Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/10894/635870BRIORole00Box0361520B0PUBLIC0.pdf?sequence=1&isAllowed=y>
- WorldBank. (2017). *Internet Usage Rate*. Retrieved from <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=ET>
- WorldBank. (2018). *Closing the Gender Gap : Opportunities for the Women's Mobile Financial Services Market in Bangladesh*. Retrieved from <https://openknowledge.worldbank.org/handle/10986/30189>
- WorldBank. (2019). *Remittance Billateral Matrix*.
- WorldBank. (2020). *Adult Literacy Data*. Retrieved from <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?locations=SN>
- WorldBank. (2020). *Commercial Bank Branches per 100,000 adults*. Retrieved from <https://data.worldbank.org/indicator/FB.CBK.BRCH.P5?locations=BD>
- WorldBank. (2021). *Defying Predictions, Remittance Flows Remain Strong During COVID-19 Crisis*. Retrieved from <https://www.worldbank.org/en/news/press-release/2021/05/12/defying-predictions-remittance-flows-remain-strong-during-covid-19-crisis>
- WorldBank. (2021). *Rural Population (% of total)*. Retrieved from <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=ET>