

# BARRIERS AND ENABLERS FOR THE UPTAKE OF FINTECH REMITTANCE PLATFORMS

BY MIGRANT ENTREPRENEURS IN SOUTH AFRICA

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WHITE PAPER

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# 1. Introduction and background

## 1.1 Global migration economics

Globally, migration continues to increase, which is closely linked to the volume of increased remittances (Clemens & McKenzie, 2018). Prior to the advent of digital remittance service providers (RSPs), ways for migrants to send money across borders were dominated by inefficient and expensive options. These included informal networks, such as hawala services (Arestoff et al., 2016; Weiss, 2019), and formalised options like banks and specialist money transfer operators (MTOs), such as Western Union and MoneyGram (Clemens & McKenzie, 2018).

Since the early 2000s, the World Bank (2018) showed that, coinciding with the increased migration and remittance trends, events started unfolding that promoted the lowering of costs of sending money across borders and improved the accessibility of the services to customers. World governing bodies started to take notice and, in 2009, the then Group of Eight (G8) mandated the reduction of remittance costs to consumers to 5% (Gates, 2011). This was later included in the United Nations' Sustainable Development Goals (SDGs), in particular Goal 10, which aims to reduce the levels of inequality among residents of developing countries (Kachingwe & Kaput, 2018).

While this was happening, digital inclusion in developing countries became widespread, particularly due to the improved penetration of mobile phone connectivity and the reduction in costs of mobile phones and data (Andersson-Manjang & Naghavi, 2021). This opened the door for financial technology (fintech) companies, with seemingly entrenched innovation capabilities, to start focusing on the problem of enabling low-cost remittance services through leveraging mobile technology (Gomber et al., 2018; Hendershott et al., 2017; Lashitew et al., 2019).

Whilst the newly formed digital RSPs were able to provide a technical solution to remittance users, large areas of developing countries were still heavily reliant on cash to pay for goods and services, which was exacerbated by poor financial inclusion partly due to inaccessible banking infrastructure (Munyegera & Matsumoto, 2016; Suri & Jack, 2016). The problem was solved operationally by extending cash-handling capabilities to migrant entrepreneurs from communities where these services were needed (Lepoutre & Oguntoye, 2018).

“Migrant entrepreneurs” are people who “identify, create, and exploit economic opportunities to start new ventures in their country of destination” (Malki et al., 2020, p. 2). While the focus of the study was on migrant entrepreneurs, we approached the topic with a view that there were three primary stakeholders involved in the remittance ecosystem: (1) the migrant entrepreneurs, providing product knowledge dissemination within their community, as well as cash payment and withdrawal capability; (2) the RSP who fostered relationships with migrant entrepreneurs and provided the technology used to send money; and (3) the migrant users of remittance services, who interacted with the technology and relied on the migrant entrepreneur for product information and cash payment and collection services. To better understand the functional capabilities, challenges, and enabling factors for the entrepreneurs, they could not be viewed in isolation from the other two groups. Hence, the interviews took place directly with the entrepreneurs, but incorporated probing questions relating to touchpoints that considered the other two stakeholder groups.

# “Migrant entrepreneurs” are people who “identify, create, and exploit economic opportunities to start new ventures in their country of destination”

Malki et al., 2020

## 1.2 Remittances in developing and African contexts

Roughly a third of all financial inflows in developing countries are contributed by international remittances, with only foreign direct investments (FDIs) comparing in value (Arestoff et al., 2016; Dridi et al., 2019; Weiss, 2019). The total global international remittance flows for 2019 were estimated at USD 707 billion (Weiss, 2019). Of this, remittances to low- and middle-income countries accounted for USD 485 billion (World Bank, 2018), originating mostly from the estimated 272 million migrants living outside of their home countries (Weiss, 2019). In sub-Saharan Africa (SSA), remittances grew to USD 38 billion in 2017, with the increasing trend said to continue into 2019 (World Bank, 2018). The continued year-on-year growth for remittances is attributed to various factors, including the rise in globalisation leading to expanded migrant communities (World Bank, 2018), improved mobile phone access in many parts of emerging economies (Lashitew et al., 2019), and innovation within the mobile technology and remittance platform industries making it more accessible and affordable to remit (Rodima-Taylor & Grimes, 2019). Although the remittance numbers are significant, the values are said to be understated, as they mostly only include transactions processed through formal remittance channels (World Bank, 2018).

International remittances are sent through two channels: (1) informal channels, such as transferring funds in person or through bus and taxi drivers, which are popular methods amongst the SSA countries (Arestoff et al., 2016; Kachingwe & Kaput, 2018); and (2) formal channels, which include licensed operators (e.g., banks) and MTOs (e.g., Western Union and MoneyGram). More recently, digital RSPs have come to the fore. As a sector of the formal market, RSPs have seen the most growth recently due to being perceived as cheaper than banks and MTOs and more reliable than informal channels (Rodima-Taylor & Grimes, 2019).

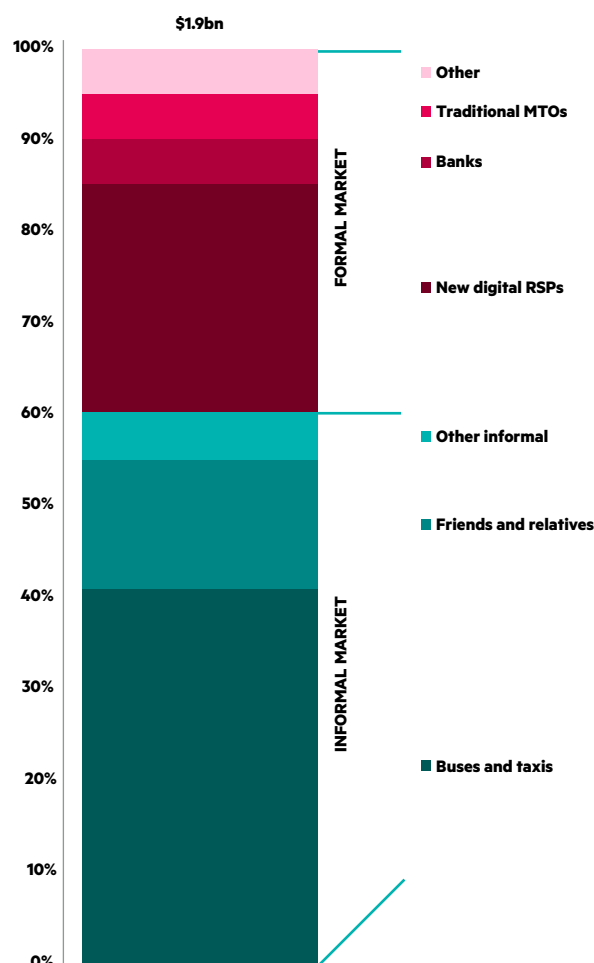


Figure 1: Informal and formal remittance segments in the South African remittance market (Source: Technoserve, 2016)

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### 1.3 Research problem

Presently, we do not completely understand the factors that promote and detract from migrant entrepreneurs engaging with the various RSP fintech platforms. This means that we do not know how we can promote and capitalise on the factors that work well, or how we can overcome those that do not work well. To address this knowledge gap, the study focused on migrant entrepreneurs and the various factors that influence their use of remittance platforms, taking into consideration the role they play as an entry point for cash customers into the remittance ecosystem. A number of supply and demand factors have fuelled competition in the mobile money sector (Weiss, 2019), leading to innovative solutions designed to suit the needs of consumers in developing countries (Lashitew et al., 2019). Growing migrant communities around the world and the increased penetration of mobile connectivity in developing countries have led to wider access to digital platforms (Rodima-Taylor & Grimes, 2019; World Bank, 2018), yet only 30% of people in SSA are classified as banked (Lashitew et al., 2019). Although the emergence of more accessible mobile money platforms has led to more affordable ways of sending and receiving money, many unbanked consumers are left without ways to convert their cash into the digital ecosystem (Andersson-Manjang & Naghavi, 2021).

Much is known about international remittances from developed countries to developing countries, but not much research has focused on remittances between developing countries (Arestoff et al., 2016). What is known, is that the intra-African costs of remittance transactions are the world's costliest – sending money from South Africa accounts for four of the five most expensive remittance corridors in SSA (World Bank, 2018). Although the average SSA remittance costs decreased from 9.8% to 9.4% in early 2018, the region remains far from the SDG target of 3% by 2030 (World Bank, 2018). This study aimed to probe the following:

1. What are the social and behavioural characteristics of migrants who send remittances?
2. What factors promote the use of fintech platforms?
3. What factors detract from the use of fintech platforms?

### 1.4 Relevance to business

Presented with a myriad of international remittance options spanning formal and informal channels, migrant entrepreneurs are uniquely placed as users of international remittances and the gateway into the digital ecosystem for the unbanked members of their communities who wish to send money home. The research study will aid business by exploring the enablers and barriers of choosing a remittance platform on the part of migrant entrepreneurs and their clientele. The benefits relevant to RSPs can be referenced to improve what is working and revise what is not. The research aimed to create an understanding of how to further enable developing nation financial remittances from a social science point of view. Moreover, the research will assist large fintech platform providers to understand how best to engage with their primary remittance stakeholders, customers, and communities. Finally, the study will present ways of improving customer relations and offering a more streamlined and profitable series of products that satisfy user requirements.

**“...many unbanked consumers are left without ways to convert their cash into the digital ecosystem.”**

*~ Andersson-Manjang & Naghavi, 2021*

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## 2. Literature review

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### 2.1 Migrants and the economy

Migrant populations comprise any first citizens or persons not residing in their country of birth (Martinez et al., 2015). The term includes legal and illegal immigrants, political asylum seekers, or temporary workers. In the previous decade, the world saw a marked increase in shifting populations, mostly from developing countries to more developed countries (Vaaler, 2013). Between 2000 and 2010, the global migrant population increased from 70 million to over 200 million people – significant enough to be considered the world’s fifth largest “country” (Martinez et al., 2015; Vaaler, 2013). Many migrants in their adopted host countries belong to “hometown associations” through which large sums of money are collectively sent back home with the intention of influencing local governance and effecting change (Duquette-Rury, 2016).

Shapiro and Mandelman (2016) explained that, during an economic downturn, remittance inflows act as a countercyclical measure that helps smooth income shocks for low-earning households, moderating the consumption impact. Combes and Ebeke (2011) described how remittances increase in many low-income countries during times of crisis, which contrasts with a decline in other external monetary inflows, such as commercial lending and FDIs. Funds not otherwise available can be put towards basic needs, such as food, healthcare services, and maintaining properties in disrepair (Combes & Ebeke, 2011; Konte, 2016). Dridi et al. (2019) and Hosny (2020) referenced the multiplier effect to demonstrate how the increase in consumer spending aids the broader fiscus – businesses that recipients of the additional funds purchase from are not the only ones profiting from the increased spending. The benefits extend to suppliers and their suppliers further down the chain. It is the spillover or multiplier effect that explains the broader economy benefiting from the remittance inflows. Lastly, Shapiro and Mandelman (2016) maintained that money sent home by migrants is often earmarked for business opportunities, either for when they return or for their families to initiate while they are away. Therefore, remittances sent for this purpose benefit the country not only in the immediate term, but also in the long term, as employment is created and families are given the chance to earn a sustainable living other than relying solely on those remittances.

### 2.2 Factors influencing the propensity to remit

Most families benefiting from the receipt of remittances are from low- and middle-income households, where many are constrained by the characteristics of poverty. Brady (2019) provided three concepts that broadly outline these factors: (1) behavioural aspects explain concepts like single motherhood, low levels of education, and unemployment; (2) structural aspects stress the relevance of demographic and labour markets; and (3) political aspects describe how institutions create policies that may have an effect on poverty. Increased migration and improved mobile phone penetration have spurred renewed growth in domestic and international remittances (Andersson-Manjang & Naghavi, 2021). The World Bank (2018) distinguished between remittances from developed countries to developing countries, called North-South remittances, and from developing to other developing countries, called South-South remittances. A common misconception is that the North-South corridors account for the vast majority of inflows (Lim & Basnet, 2017). However, recent data suggest that this variance is small, with North-South remittance flows at 38%, and the South-South corridor at 34% (World Bank, 2018). This comparison is significant and indicates that the migration and remittance patterns between developing countries are considerable.

Immigrants from SSA sent USD 41 billion in 2017, up from USD 34 billion in 2014 (Lim & Basnet, 2017; World Bank, 2018). Nigeria alone accounted for almost 50% of this total, with the next highest receiving country in the region being Senegal at USD 2.2 billion, followed by Ghana at USD 2.2 billion, Kenya at USD 2 billion, and Uganda at USD 1.4 billion (World Bank, 2018). Figure 2 shows the outflow remittance volumes from South Africa to the rest of the Southern African Development Community (SADC). The total outflow is stated as USD 1.4 billion, or R22 billion using a dollar to rand exchange rate of 16:1. Although large enough to be considered sizable by local standards, the USD 1.4 billion flowing from South Africa into the rest of the SADC region only makes up 3.4% of the SSA total remittance volumes. The four highest SADC recipient countries were Zimbabwe at R9.9 billion, Mozambique at R4 billion, Lesotho at R2.6 billion, and Malawi at R2.5 billion.

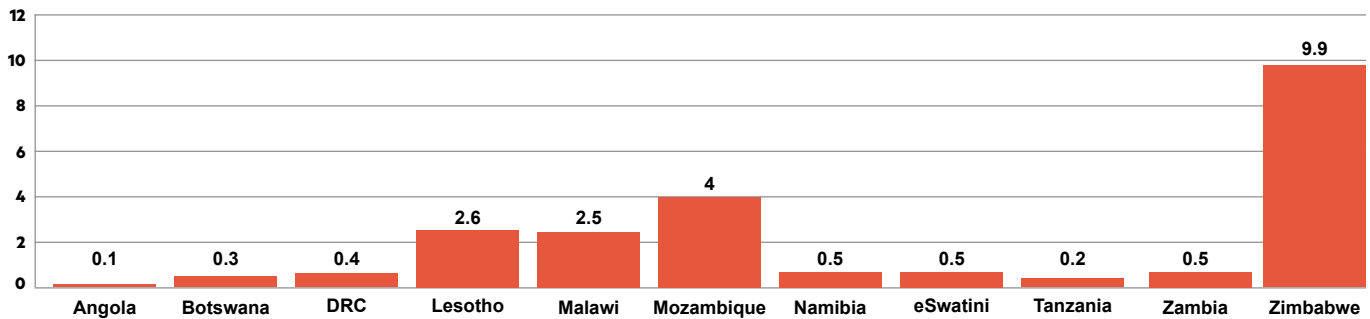


Figure 2: Top South Africa to SADC remittance corridors

Following the G8 conference in July 2009, heads of state and government agreed to the objective of lowering the costs of migrant remittances by 5% (Weiss, 2019). By halving the then fee of 10%, it was projected that developing countries could effectively save USD 15 billion annually (Gates, 2011). A year prior to this, the World Bank created the first database that tracked the remittance costs across various money transfer corridors and different money transfer channels (World Bank, 2017). The creation of the database allowed for a baseline to be established to track improvements in fee reduction and to provide data to compare prices between different countries. Subsequent initiatives, in particular the United Nations' SDGs, have taken the cost reduction initiative in Goal 10 one step further and included Reduced Inequalities, an additional reduction of fees to 3% by 2030 (Kachingwe & Kaput, 2018).

Scholars and industry heads agree that fintech has the potential to create economic benefits for developing countries (Gomber et al., 2018). Effective policy design and the implementation thereof are key drivers for a competitive remittance environment (Weiss, 2019). How easily understood and transparent the products and services are over time will determine how quickly the gap between the policies and the technology narrows (Gomber et al., 2018). Despite the well-documented benefits of aligning policies with technology, many developing countries are still restricted by onerous requirements that contribute to unnecessary expenses for remittance companies and their consumers (Gomber et al., 2018; Weiss, 2019). It has been found that less developed countries are more likely to rely on the private sector to support and finance the adoption of new technology (Cole et al., 2016). There is no greater example than the successful adoption of Vodafone's M-Pesa in Kenya, where governance stability and government collaboration with firms are cited as key factors for driving investor confidence (Arunachalam et al., 2020). Other

studies have found it is inevitable that there will be regulatory teething problems within governments as they try to stay abreast, not only of rapid advancements in the sector, but also of constant technological innovations (Clemons et al., 2017). Consequently, it is evident that governments and the private sector need to work together to maximise the adoption of new technologies like those underpinning the remittance industry.

The four pillars recommended to support a healthy and robust remittance industry are "a sound, predictable, non-discriminatory and a proportionate legal and regulatory framework" (Kachingwe & Kaput, 2018, p. 2). The terms "sound" and "predictable" provide assurance to consumers and suppliers of stable, consistent, and fair policies; "non-discriminatory" refers to policies being applied equally across different types of service providers offering similar services; and "proportionate" means that regulations should be applied relative to the frequency and values being transmitted through an organisation (Kachingwe & Kaput, 2018). In South Africa, the general principle mentioned above is applied inconsistently. In 2011, foreign ownership requirements of remittance operators were removed and, in 2013, money transfer companies were no longer required to partner with banks or other financial institutions (Kachingwe & Kaput, 2018). Coupled with these changes, the South African Reserve Bank (SARB) introduced an authorised dealer in foreign exchange with limited authority category three licence. This meant that remittance providers no longer required licenced financial institution sponsorship and allowed them to start registering their own consumers with less stringent requirements than previously imposed. Later, in 2015, the SARB introduced an even less onerous category called the Financial Intelligence Centre Act exemption, further lowering the requirements for new consumer registrations (Kachingwe & Kaput, 2018).



## 2.3 Remittance channels

Mobile money agents in SSA outnumber automated teller machines (ATMs) by seven to one, and bank branches by 20 to one (Murendo et al., 2018; Naghavi, 2019). This figure emphasises the key role that the agents fill in providing entry and exit points, as many people living in rural areas do not have access to formalised banking (Lashitew et al., 2019). Migrants who have required access to traditional banking rails, such as branch networks and ATMs, to pay for remittance orders have been aided by growing and well-dispersed agent networks that offer the same capability (Aker et al., 2016), resulting in their dependency on the banking infrastructure becoming almost obsolete (Della Peruta, 2018). Figure 3 presents the reach of the mobile money agents against ATMs and banks in SSA.

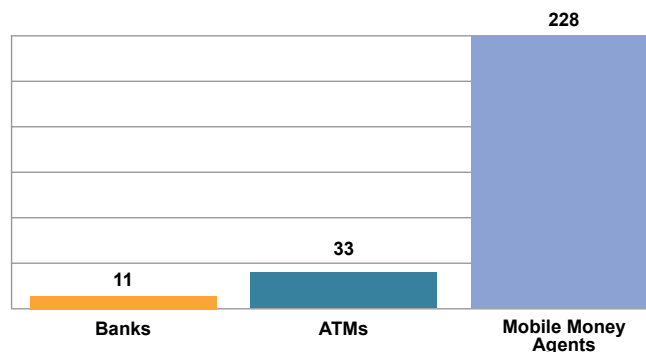


Figure 3: Reach of mobile money agents, bank branches, and ATMs in SSA (Source: Naghavi, 2019)

Figure 4 provides the framework of the study, indicating the main concepts introduced in the literature review, cross-referenced with the three research questions, with the aim of addressing the primary research objectives. The actor-network theory was used as the lens through which these relationships were viewed. The sociological theory considers human and non-human interaction within socio-economic and technical contexts.

Moreover, the view of humans (and non-humans) is not one of wilful agents, but rather a tapestry of entities who can alter or perturb a techno-social system (Crawford, 2020). A further perspective is one of seeking to explain social order through networks that exist between humans, technology, and objects – with these entities gaining “power” based on the number and stability of connections routed through them (Couldry, 2008).

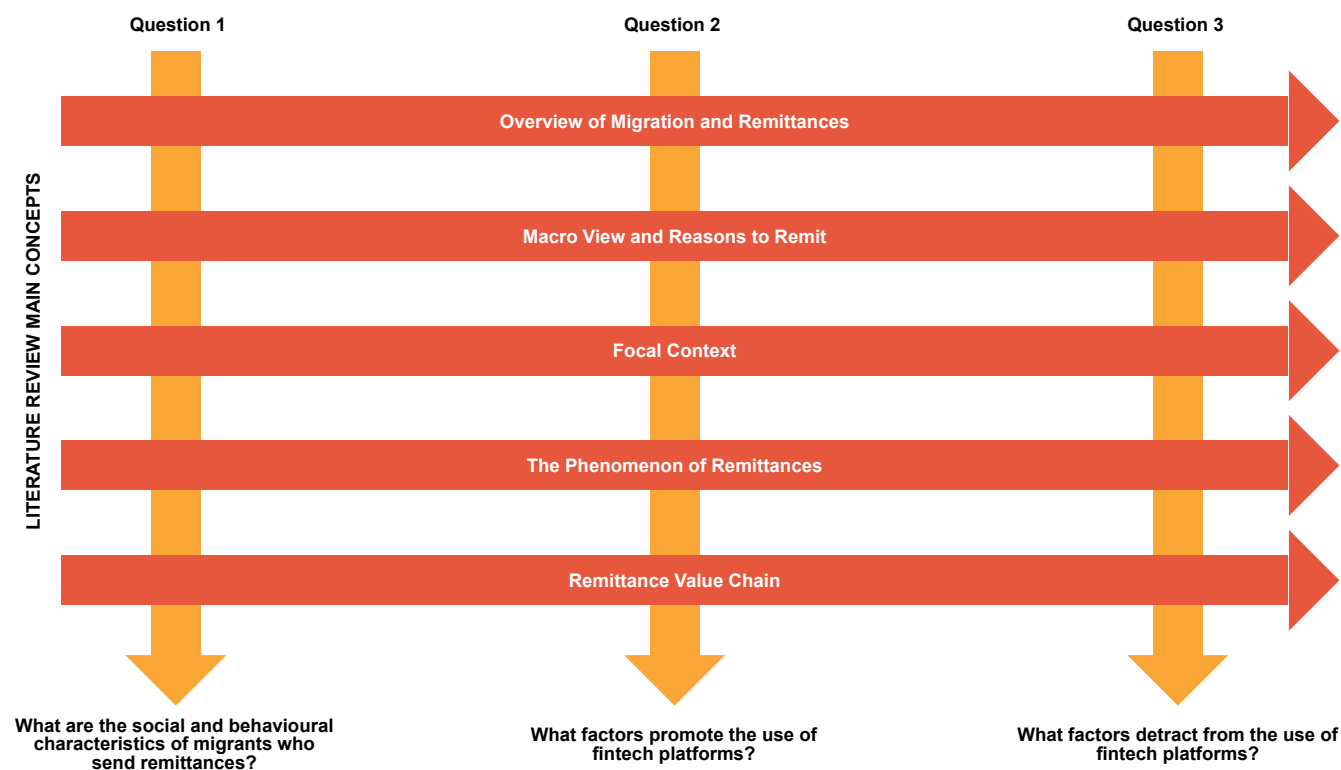


Figure 4: Framework of the study

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# Method

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This study was a qualitative and exploratory research endeavour, where data were collected through semi-structured interviews. The sample for the study was a subset of the population of migrant entrepreneurs living in South Africa who facilitate remittances to senders' family members residing in other developing countries. These are informal business owners who also facilitate the conversion of cash into the remittance ecosystem for users who do not have bank accounts. Due to very little inflow of such money into South Africa (World Bank, 2018), migrant entrepreneurs involved with receiving money were excluded. Because of migrant entrepreneurs' unique perspectives, not only as users of remittance systems and platforms, but also as the interface to the digital remittance ecosystems for other non-business owners, they were able to provide rich insight to the inner workings of the remittance environment as "triangulated" central parties.

A heterogeneous purposive sampling approach was used to select a variety of participants. Community locations of potential migrant participants were cross-referenced with a private company database, which housed information related to the distribution footprint of migrant merchants in formal and informal sectors of the economy. Ten face-to-face, semi-structured interviews were conducted with migrants from Somalia, Bangladesh, and Zimbabwe. Interviewees were chosen based on the following criteria: (1) being a foreign national from a developing country; (2) living and working in South Africa; (3) being a user of remittance services; and (4) facilitating the use of remittance services for other migrants who send money to their home countries.

Arestoff et al. (2016) believe that the remittance behaviour of the migrant communities across different provinces in South Africa does not change significantly. Hence, this study focused on the Gauteng, the province largely considered to be the most densely populated region where foreign nationals reside. The risks associated with in-person interviews during the COVID-19 pandemic were considered and the necessary precautions were taken to limit the spread of infection from both the interviewer and the interviewees' perspectives. It was deemed necessary to conduct in-person interviews, as telephonic or online interviews with a sample who lacked access to high-speed Internet and who were not always fluent in English would prove to be stumbling blocks.



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# Analysis and findings

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A thematic analysis method was used to identify codes and themes that emerged from the data collected during the interviews. Once the data were familiar to the researchers, codes were systematically created and assigned throughout the data set, which aligned with the patterns identified during the initial stage of the process. The themes were cross-referenced with the research questions to check for alignment and whether they represented the data in an accurate and holistic manner. Table 1 provides an overview of these themes, code groups, and the nuances of the findings from the study. This is followed by a succinct overview of the findings in relation to the original research questions.

THEME	CODE GROUP	KEY INSIGHTS
<b>Theme 1:</b> Remittance habits of migrants	<ul style="list-style-type: none"> <li>Trends among communities</li> <li>Use of informal channels</li> </ul>	Migrants mainly send money to support family. Popular remittance corridors include SADC, East Africa, and Southeast Asia. Migrants send money once or twice a month. The use of informal channels seems to be decreasing.
<b>Theme 2:</b> Community interactions	<ul style="list-style-type: none"> <li>Social interactions within communities</li> <li>Remittance preferences of communities</li> </ul>	Most of the migrant communities are very close and trusting of each other. Users of remittance services are more loyal to the agent than the RSP, apart from the SADC members who seem more independent. Many migrants still do not have bank accounts and cash is the most prominent means of paying for goods and services.
<b>Theme 3:</b> Services offered by migrant entrepreneurs	<ul style="list-style-type: none"> <li>Remittance product expert</li> <li>Trusted members of the community</li> <li>Complementary products</li> <li>Cash-in facilitator</li> </ul>	In addition to their primary businesses, migrant entrepreneurs offer remittance services as supplementary income for themselves, whilst serving their communities. They provide expert product knowledge to consumers on behalf of the RSP, as well as facilitate the payments of cash for those who choose to pay in this manner.
<b>Theme 4:</b> Cost-efficiency for users of the service	<ul style="list-style-type: none"> <li>Business opportunity</li> <li>Low-cost service compared to alternatives</li> </ul>	The primary reason for (1) migrant entrepreneurs and (2) migrant remittance users to choose which RSP to use relates to money. Migrant entrepreneurs use the company that pays them the most commission; while migrant remittance users consider the foreign exchange rate and the administration fee. Migrant entrepreneurs stated that sometimes they can influence end consumer behaviour and sometimes they cannot.
<b>Theme 5:</b> Competitiveness and innovation among RSPs	<ul style="list-style-type: none"> <li>Variety of platforms</li> <li>Different products and services</li> <li>Convenience of the service</li> <li>Customer service levels</li> </ul>	Largely due to the profitable industry and SARB regulations allowing competition in this space, much innovation and improvement has taken place since 2013. RSPs have provided many different ways for migrants to place orders and engage with their support centres, and they have introduced new products and services to their core remittance offerings.
<b>Theme 6:</b> Technical and financial literacy	<ul style="list-style-type: none"> <li>Ill-informed migrant communities</li> </ul>	Ill-informed migrants were seen to contribute to the non-adoption of fintech platforms. They had an over-reliance on remittance agents for impartial industry information, although most migrant entrepreneurs reported to be neutral aggregators of information.
<b>Theme 7:</b> Physical environment	<ul style="list-style-type: none"> <li>Collection options</li> <li>Payment options</li> </ul>	Migrants' physical environment was deemed to negatively impact the usage of fintech platforms. Factors included their proximity to pay-in points (in the sending country), and similarly the different pay-out options made available to the recipients of the funds.
<b>Theme 8:</b> Operational inefficiencies	<ul style="list-style-type: none"> <li>Slow network</li> <li>Commercial structure</li> <li>Remittance platform</li> </ul>	Three main factors were raised that impacted this theme: (1) money taking a long time to be available in the destination country; (2) remittance operators either changing agent commercial structures or not offering a structure at all; and (3) remittance platforms with poorly designed user interfaces.
<b>Theme 9:</b> Regulatory frameworks	Know your customer requirements	Information derived relevant to this theme was not of a very technical or policy nature, mainly due to the participants who were interviewed. However, feedback pointed to the stricter registration guidelines enforced by banks and MTOs, and the slightly less stringent policies adhered to by the RSPs.

Table 1: Overview of findings

## 4.1 What are the social and behavioural characteristics of migrants who send remittances?

The key characteristics of the migrants who use remittances are summarised below.

- Migrants from the same communities engage in similar behaviours and habits around remittances.
- The migrant communities send money for both family and business purposes.
- The use of informal channels is still prevalent, but is generally in decline.
- Where informal channels are being used, it is mostly out of a combination of habit and being ill-informed regarding alternatives.
- Hawala services, in particular, are viewed as offering a good experience, but the expense often deters their use.
- Members from SADC countries tend to send lower sums at a time and do so either once or twice a month on average.
- East African and Southeast Asian communities tend to send larger sums at a time and also do so once or twice a month.
- There is a high level of trust between members of the same community. The trust is extended between the migrant entrepreneurs and similar members of their community. The community members may frequently act on advice received by the migrant remittance facilitator.
- Migrants try to keep spending within their community by supporting local businesses.
- The use of cash is still prevalent, especially among many undocumented SADC migrants.

## 4.2 What factors promote the use of fintech platforms for remittances?

The interviews unveiled numerous factors that served to promote and enable the use of remittance platforms by migrants. These factors are summarised below.

- Training on RSP platforms provided by agents served to increase their uptake.
- Having an agent affiliated to an RSP for cash collection/payment.
- Having an agent able to register new users on behalf of the RSP.
- The availability of assistance provided by agents to non-literate users when placing orders.
- Agents advocating for a RSP's services as the one to use within the community has a direct uptake on the use of the service within that community.
- Bespoke cash-collection services offered to remote users serve to promote the uptake of digital remittance platforms.
- High-value customers are frequently scared of carrying cash and will use these services. Additionally, some business owners are unable to leave their premises and find the services attractive.
- Proximity remains an important factor and having a pay-in or collection point (e.g., bank, retailer, agent, ATM) in close proximity of the remittance user was found to be important.
- There was tension in that an agent will prefer an RSP that offers the highest commission. Contrarily, the customer will prefer the RSP that charges the least amount of money and that offers the best foreign exchange rate.
- Higher transaction limits were found to be particularly important to Southeast Asian community.
- Overall ease of use in terms of the technical interface of the platform was important. Moreover, when different platforms were provided, this was preferred (i.e., unstructured supplementary service data, mobile app, call centre).
- Additional products made available by the RSP were mentioned for promoting the use of that RSP (i.e., grocery order/delivery for home country, mWallet, bank account).

## 4.3 What factors detract from the use of fintech platforms for remittances?

Several detracting factors for the uptake of fintech remittance platforms were also found. The fintech firms should heed these challenges to gain greater market traction. The specific detractors are highlighted below.

- In general, the communities were not always well-informed in terms of the different RSPs available to them.
- It was found that often the nearest agent in the community was affiliated with a certain provider (and not a neutral aggregator as claimed).
- In terms of the destination of the remittance receiver or family member, the lack of a conveniently located collection partner of the RSP (whilst being closer to others offered by competitors) was a major detractor.
- In some cases, the local agent not being able to accept cash payment for a particular provider was problematic.
- Some agents were reluctant to handle cash, which was a hurdle to uptake.
- No mWallet option to pay money into was viewed as a barrier.
- Some respondents complained that money can be slow to arrive when using certain RSPs (not instant like what other RSPs offer).
- When the agent's commission is reduced by the RSP, that RSP becomes less preferred by the agent (and the community as well).
- Cost of sending (if high) acts as a detractor.
- Technical issues caused by RSP or their network resulting in collection of funds being delayed. Poor customer services also exacerbate this issue.
- RSPs applying stricter compliance checks to agent accounts was shown to thwart preferences for using those RSPs.
- The inability for some undocumented migrants to qualify for accounts was a large barrier for many who would otherwise use the platforms as a preference.
- Problems collecting money in some countries where recipients also have to know the customer.



# Conclusion

Figure 5 summarises the findings from this study as a framework. The remittance user is positioned in the centre of the diagram, with barriers to fintech platform adoption listed on the left, and enablers to fintech platform adoption listed on the right. Encompassing the entire ecosystem is the actor-network theory, fulfilling a particularly important role within migrant communities in relation to understanding the various interplays between the human and non-human actors that form part of the remittance value chain.

In practice, the framework can be utilised by RSPs to determine their positioning in terms of their service offering and standing

within migrant communities. Moreover, the framework could serve as a reminder for which factors to focus on when engaging with the actors in their ecosystem – including the migrant entrepreneur and the migrant user of their services. The enabling factors provide a succinct view of three primary categories for them to take note of. The first focuses on the relationship that the RSP has with the migrant entrepreneur; the second ensures that competitive commission rates are offered to the remittance agent and decent foreign exchange rates are made available to consumers; and (3) the third serves as a reminder to continue innovation efforts, focusing on the continued improvements to the products and platforms that are made available to consumers.

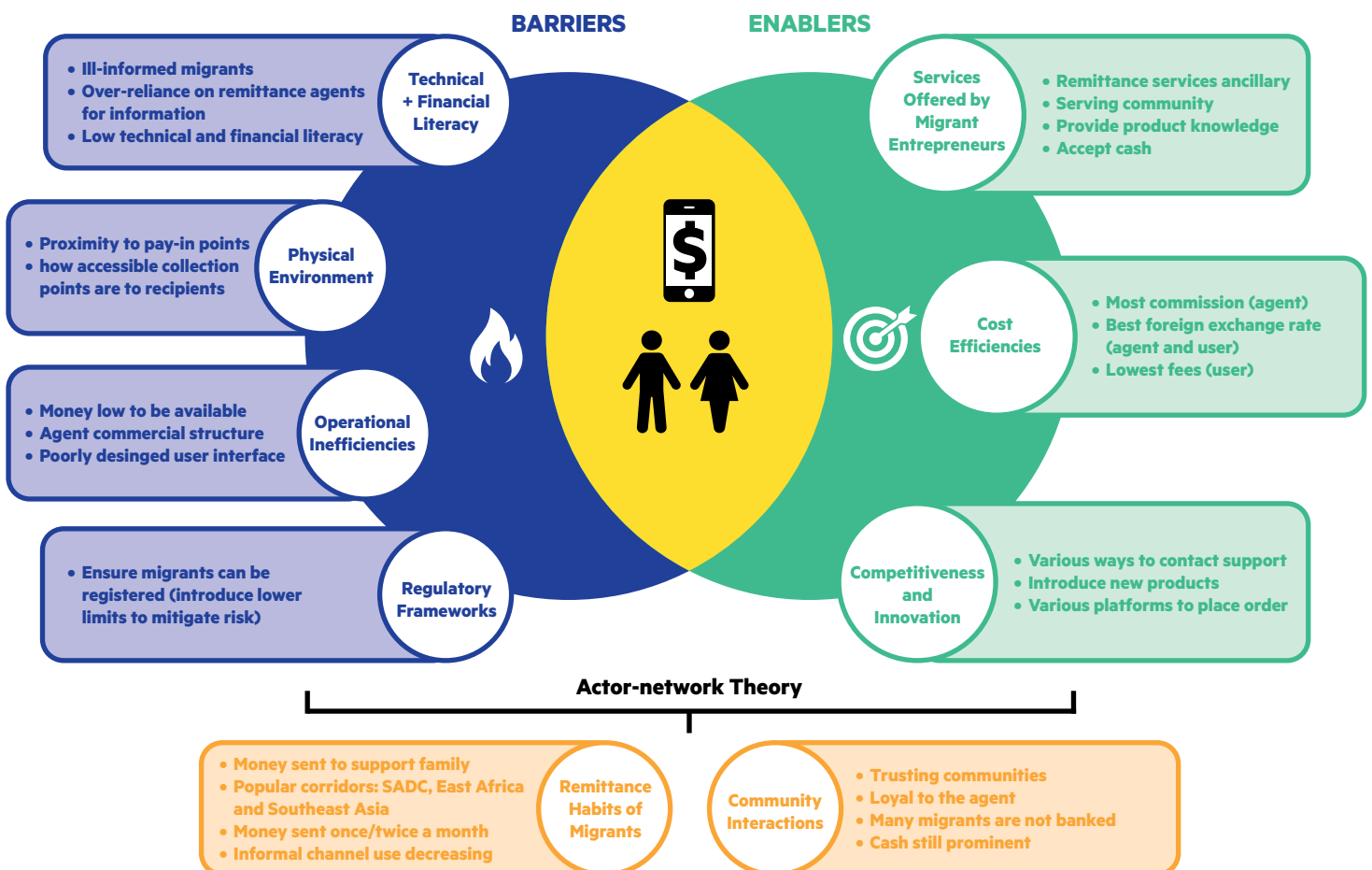


Figure 5: Barriers and enablers for the uptake of fintech remittance platforms

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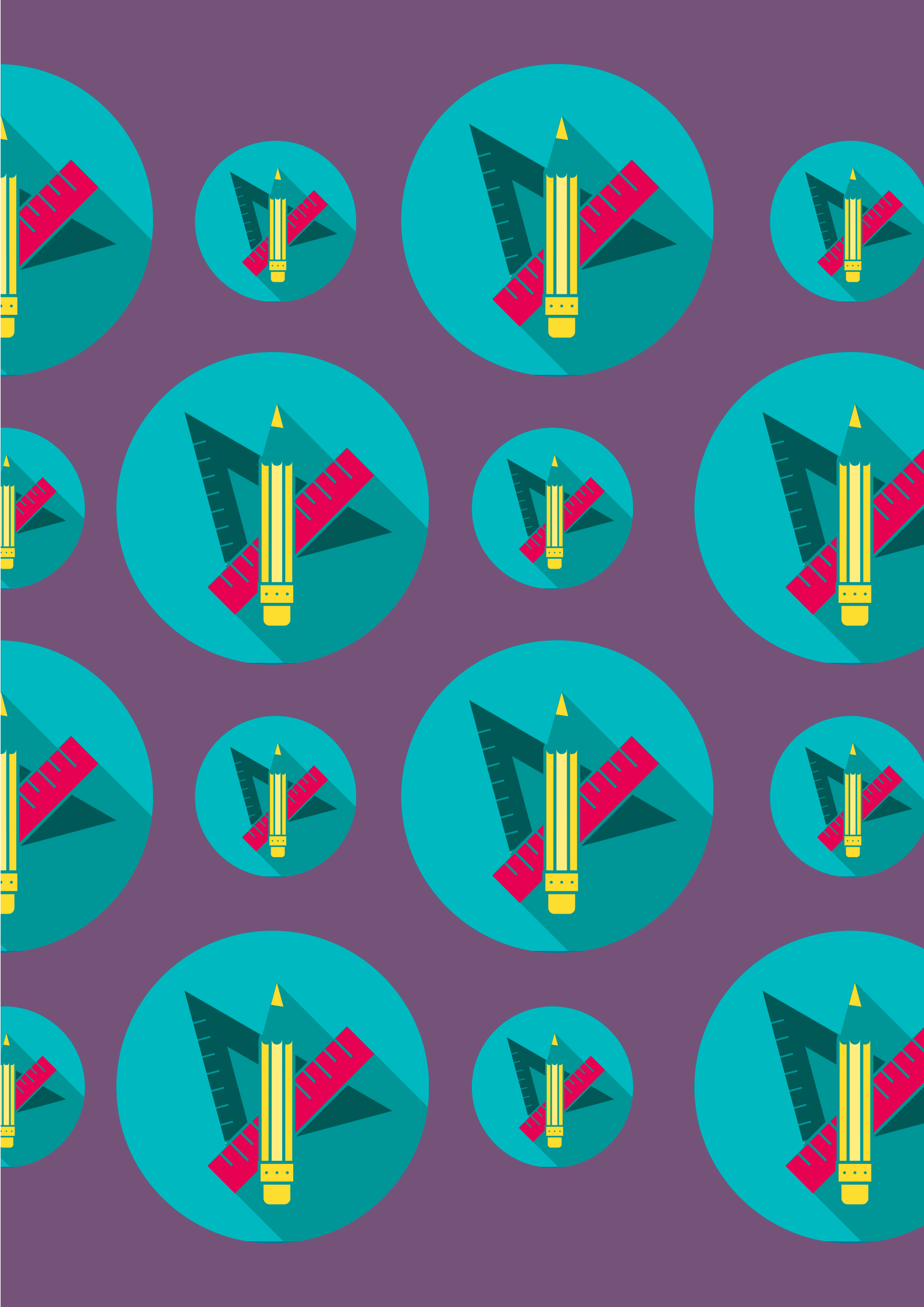
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