

**Barriers and enablers for the uptake of Fintech remittance
platforms by migrant entrepreneurs in South Africa**

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ABSTRACT

Migrants in South Africa are currently benefiting from the evolution in the remittance industry. Enhanced focus and innovation by Fintech providers have enabled more cost effective and convenient ways for users to send money to their countries of birth (Gomber, Kauffman, Parker, & Weber, 2018; Kumar, Nim, & Sharma, 2019). In addition to remittance service providers and migrant users of remittances, migrant entrepreneurs fulfil a key role as stakeholders in the digital remittance ecosystem; the services they provide to both service provider and user, contributing to the uptake of Fintech platform usage in developing countries where cash remains prevalent (Rodima-Taylor & Grimes, 2019; World Bank, 2018).

The exploratory study set out to determine which factors promote and detract from the adoption of digital remittance services by migrants. Due to the interlinking interactions of the platform technology, the migrant entrepreneur, and the migrant user, an apt lens through which the study was viewed was the actor-network theory (Thomas, Price, & Schau, 2013). Three research questions were derived in order to address the purpose of the study. The first question probed the social and behavioural interactions and influences within migrant communities. This fed into the second and third questions: What factors promote usage of Fintech platforms, and which serve as barriers to their adoption? With a view to understand this phenomenon better, semi-structured, in-person interviews were conducted with migrants living in South Africa.

The competitive remittance industry in South Africa allowed migrant entrepreneurs and other users to be selective in which providers were used. It was confirmed that migrant entrepreneurs were key sources of product information in their communities (Arunachalam, Bahadir, Bharadwaj, & Guesalaga, 2020). The cost of a transaction, the quality and speed of the service, and accessibility to the nearest cash facilitator was cited as some of the other key enabling factors. The barriers to the uptake of Fintech platform usage was mainly environmental, migrants falling victim to their circumstances in terms of their technical and financial literacy, their physical environment, and the regulatory requirements imposed by institutions.

KEYWORDS

Remittance service provider, Fintech platforms, migrant entrepreneur, remittances, remittance users

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Kris van Zyl

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CONTENTS

ABSTRACT	i
KEYWORDS	ii
DECLARATION.....	iii
LIST OF FIGURES.....	ix
LIST OF TABLES.....	ix
ABBREVIATIONS	x
1. INTRODUCTION TO THE RESEARCH PROBLEM.....	1
1.1 Introduction.....	1
1.2 Background to the Research Problem	2
1.3 Research Problem	4
1.4 Research Purpose.....	5
1.5 Relevance to Business and Theory	5
2. LITERATURE REVIEW	7
2.1 Introduction.....	7
2.2 Overview of Migration and Remittances	8
2.2.1 Migration and migrants	8
2.2.2 Remittances.....	9
2.2.3 Remittance growth.....	10
2.3 Macro View and Reasons to Remit.....	11
2.3.1 Macroeconomic impact	11
2.3.2 Factors influencing the propensity to remit.....	13
2.4 Focal Context	14
2.4.1 North-South and South-South corridors	14
2.4.2 Lowering the cost of remittances	16
2.4.3 Regulatory frameworks	18
2.4.4 Anti-money laundering	19
2.5 The Phenomenon of Remittances	20
2.5.1 Remittance channels	20
2.5.2 Financial inclusion.....	23
2.5.3 Mobile money	23
2.6 Remittance Value Chain	25

2.6.1	Users of remittance services.....	27
2.6.2	Informal economy and the prevalence of cash.....	29
2.6.3	Remittance providers.....	30
2.6.4	Migrant entrepreneurs.....	30
2.6.5	Need for remittance agents.....	32
2.7	Conclusion.....	33
3.	RESEARCH QUESTIONS	35
4.	RESEARCH METHODOLOGY	37
4.1	Introduction.....	37
4.2	Research Methodology.....	37
4.3	Research Design	39
4.3.1	Population.....	39
4.3.2	Unit of analysis	40
4.3.3	Sampling method and size.....	40
4.3.4	Interview Guide.....	42
4.3.5	Data gathering process.....	43
4.3.6	Analysis approach.....	45
4.3.7	Quality controls	46
4.3.8	Limitations.....	47
4.3.9	Ethical considerations	48
5.	RESULTS.....	49
5.1	Introduction.....	49
5.2	Participant Overview.....	51
5.3	Results: Question 1	52
5.3.1	Theme 1: Remittance habits of migrants.....	53
5.3.1.1	Category 1: Trends among communities that remit.....	53
5.3.1.2	Category 2: Use of Informal channels	55
5.3.2	Theme 2: Community interactions	55
5.3.2.1	Category 3: Social interactions within communities.....	55
5.3.2.2	Category 4: Remittance preferences of communities.....	56
5.3.3	Summary of the results for Question 1.....	57
5.4	Results: Question 2	58
5.4.1	Theme 3: Services offered by migrant entrepreneurs	58
5.4.1.1	Category 5: Remittance product expert.....	59

5.4.1.2	Category 6: Trusted members of the community.....	59
5.4.1.3	Category 7: Complementary products sold	60
5.4.1.4	Category 8: Cash-in facilitator	61
5.4.2	Theme 4: Cost efficiency for users of the service.....	63
5.4.2.1	Category 9: Business opportunity	63
5.4.2.2	Category 10: Low-cost service compared to alternatives	64
5.4.3	Theme 5: Competitiveness and innovation among RSPs	65
5.4.3.1	Category 11: Variety of platforms	65
5.4.3.2	Category 12: Different products and services	66
5.4.3.3	Category 13: Convenience of the service.....	67
5.4.3.4	Category 14: Customer service levels.....	67
5.4.4	Summary of the results for Question 2.....	68
5.5	Results: Question 3	69
5.5.1	Theme 6: Technical and financial literacy	70
5.5.1.1	Category 15: Ill-informed migrant communities	70
5.5.2	Theme 7: Physical environment.....	71
5.5.2.1	Category 16: Collection options	71
5.5.2.2	Category 17: Payment options	72
5.5.3	Theme 8: Operational inefficiencies	73
5.5.3.1	Category 18: Slow network	73
5.5.3.2	Category 19: Commercial structure.....	74
5.5.3.3	Category 20: Remittance platform.....	75
5.5.4	Theme 9: Regulatory framework.....	75
5.5.4.1	Category 21: KYC requirements	75
5.5.5	Summary of the results for Question 3.....	76
5.6	Conclusion.....	77
6.	DISCUSSION OF RESULTS.....	78
6.1	Discussion: Question 1	78
6.1.1	Theme 1: Remittance habits of migrants.....	78
6.1.1.1	Category 1: Trends among communities that remit.....	78
6.1.1.2	Category 2: Use of Informal channels	80
6.1.1.3	Summary for Theme 1: Remittance habits of migrants.....	80
6.1.2	Theme 2: Community interactions	81
6.1.2.1	Category 3: Social interactions within communities.....	81
6.1.2.2	Category 4: Remittance preferences of communities.....	81

6.1.2.3	Summary for Theme 2: Community interactions	82
6.1.3	Summary of the discussion of Question 1	82
6.2	Discussion: Question 2	83
6.2.1	Theme 3: Services offered by migrant entrepreneurs	83
6.2.1.1	Category 5: Remittance product expert.....	83
6.2.1.2	Category 6: Trusted members of the community.....	84
6.2.1.3	Category 7: Complementary products sold	84
6.2.1.4	Category 8: Cash-in facilitator	85
6.2.1.5	Summary for Theme 3: Services offered by migrant entrepreneurs.....	86
6.2.2	Theme 4: Cost efficiency for users of the service.....	86
6.2.2.1	Category 9: Business opportunity	86
6.2.2.2	Category 10: Low-cost service compared to alternatives	87
6.2.2.3	Summary for Theme 4: Cost efficiency for users of service	87
6.2.3	Theme 5: Competitiveness and innovation among RSPs	88
6.2.3.1	Category 11: Variety of platforms.....	88
6.2.3.2	Category 12: Different products and services	88
6.2.3.3	Category 13: Convenience of the service.....	89
6.2.3.4	Category 14: Customer service levels.....	90
6.2.3.5	Summary for Theme 5: Competitiveness and innovation among RSPs.....	91
6.2.4	Summary of the discussion of Question 2.....	91
6.3	Discussion: Question 3	92
6.3.1	Theme 6: Technical and financial literacy	92
6.3.1.1	Category 15: Ill-informed migrant communities	92
6.3.1.2	Summary for Theme 6: Technical and financial literacy	93
6.3.2	Theme 7: Physical environment.....	93
6.3.2.1	Category 16: Collection options	93
6.3.2.2	Category 17: Payment options	94
6.3.2.3	Summary for Theme 7: Physical environment.....	94
6.3.3	Theme 8: Operational inefficiencies	95
6.3.3.1	Category 18: Slow network	95
6.3.3.2	Category 19: Commercial structure.....	95
6.3.3.3	Category 20: Remittance platform.....	96
6.3.3.4	Summary for Theme 8: Operational inefficiencies.....	96
6.3.4	Theme 9: Regulatory framework.....	96

6.3.4.1	Category 21: KYC requirements	96
6.3.4.2	Summary for Theme 9: Regulatory framework.....	97
6.3.5	Summary of the discussion of Question 3.....	98
6.4	Conclusion.....	98
7.	CONCLUSION AND RECOMMENDATIONS	101
7.1	Introduction.....	101
7.2	Research Findings.....	102
7.2.1	Social and behavioural aspects	102
7.2.2	Factors that promote Fintech use	103
7.2.3	Factors that detract from Fintech use.....	104
7.3	Proposed Framework	104
7.4	Implications for Business	106
7.5	Limitations to the Research Study	106
7.6	Suggestions for Future Research	107
7.7	Conclusion.....	108
8.	REFERENCE LIST.....	110
9.	APPENDICES	118
9.1	Appendix 1: Consistency Matrix.....	118
9.2	Appendix 2: Interview Guide	120
9.3	Appendix 3: Informed Consent Form	122
9.4	Appendix 4: Thematic Map	123
9.5	Appendix 5: List of Codes.....	124
9.6	Appendix 6: Ethical Clearance.....	129

LIST OF FIGURES

Figure 1: Structure of Literature Review	7
Figure 2: Top Ten Countries of Origin of International Migrants	9
Figure 3: Top Ten Destination Countries for International Migrants	9
Figure 4: Top Ten Recipient Countries for Remittances	11
Figure 5: Remittance Flows to Low- and Middle-Income Countries (1990– 2019)	12
Figure 6: Top Ten SSA Recipient Countries for Remittances	15
Figure 7: Top South Africa to SADC Remittance Corridors	15
Figure 8: Informal and Formal Remittance Segments in the South African Remittance Market	22
Figure 9: Adoption Rates of Mobile Money by Continent	24
Figure 10: Overview of a Remittance Ecosystem	26
Figure 11: Reach of Mobile Money Agents, Bank Branches, and ATMs in SSA....	32
Figure 12: Framework of the Study	34
Figure 13: Number of New Codes Added per Interview	42
Figure 14: Thematic View Pertaining to Research Question 1	53
Figure 15: Thematic View Pertaining to Research Question 2	58
Figure 16: Thematic View Pertaining to Research Question 3	70
Figure 17: Barriers and Enablers for the Uptake of Fintech Remittance Platforms	105

LIST OF TABLES

Table 1: Nationality and Reason for Remitting	41
Table 2: Themes, Code Groups, and Key Insights	49
Table 3: Participant Demographic Information	51
Table 4: Summary of the Findings of the Study	101

ABBREVIATIONS

ADLA:	Authorised Dealer with Limited Authority
AML:	Anti-money laundering
ATM:	Automated teller machine
Covid-19:	Corona virus and disease 2019
FICA:	Financial Intelligence Centre Act
Fintech:	Financial technology
FX:	Foreign exchange
GDP:	Gross domestic product
GIBS:	Gordon Institute of Business Science
G8:	Group of Eight
KYC:	Know your customer
MTO:	Money transfer operator
Mwallet:	Mobile wallet
RSP:	Remittance service provider
SADC:	Southern African Development Community
SARB:	South African Reserve Bank
SDG:	Sustainable Development Goals
SSA:	Sub-Saharan Africa
UN:	United Nations
USSD:	Unstructured supplementary service data

1. INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Introduction

Globally, migration continues to increase; closely linked to this growth is the volume of remittances also increasing (Clemens & McKenzie, 2018). Prior to the advent of digital remittance service providers, ways for migrants to send money across borders were dominated by inefficient and expensive options, including informal networks such as Hawala services (Arestoff, Kuhn-Le Braz, & Mouhoud, 2016; Weiss, 2019), and formalised options like banks and specialist money transfer operators, such as Western Union and MoneyGram (Clemens & McKenzie, 2018).

Since early 2000, coinciding with the increased migration and remittance trends, events started unfolding, promoting the lowering of costs of sending money across borders, as well as improving the accessibility of the services to customers (World Bank, 2018). 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, in particular Goal 10, which aimed to reduce the levels of inequality among the residents of developing countries (Kachingwe & Kaput, 2018).

While this was happening, digital inclusion in developing countries began to become widespread, particularly due to the improved penetration of mobile phone connectivity, and the reduction in costs of mobile phones and data (Naghavi, 2019). This opened the door for financial technology companies, with seemingly entrenched innovation capabilities, to start focusing on the problem of enabling low-cost remittance services, leveraging mobile technology (Gomber et al., 2018; Hendershott, Zhang, Zhao, & Zheng, 2017; Lashitew, van Tulder, & Liasse, 2019). Whilst the newly formed digital remittance service providers were able to provide a technical solution to remittance users, large areas of developing countries were still heavily reliant on the use of cash to pay for goods and services; this 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 hailing from communities where these services were needed

(Lepoutre & Oguntoye, 2018).

The study therefore aims to understand what the barriers and enablers are for the adoption of Fintech remittance platforms by migrants needing these services. Little information was available in the literature that specifically focused on digital remittance providers operating in the context of South Africa, and the mitigating factors for the adoption of their services, or perhaps more importantly, what the factors are that prevent the uptake of their services. For remittance service providers and policymakers, insights retrieved could increase the engagement of migrants and potentially converting them into customers.

The study was approached with a view that there were three primary stakeholders involved in the remittance ecosystem: (1) the remittance service provider, who fostered relationships with migrant entrepreneurs, and who provided the technology used to send money; (2) the migrant entrepreneurs, providing product knowledge dissemination within their community, as well as cash payment and withdrawal capability; 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. 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 contexts, which was deemed appropriate to ascertain how the community interactions and behavioural preferences of migrants towards Fintech platforms are influenced.

1.2 Background to the Research Problem

Roughly a third of total financial inflows in developing countries are contributed by international remittances; only foreign direct investments compare in value (Arestoff et al., 2016; Dridi, Gursoy, Perez-Saiz, & Bari, 2019; Weiss, 2019). The total global international remittance flows for 2019 are estimated at USD 707 billion (Weiss, 2019). Of this, remittances to low and middle income countries account 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, some of which include 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 (Lashitew et al., 2019; 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).

There are two channels through which international remittances are sent: (1) informal channels, such as transferring funds in-person or through bus and taxi drivers; these are popular amongst the SSA countries (Arestoff et al., 2016; Kachingwe & Kaput, 2018); and (2) formal channels, which include licensed operators, such as banks, money transfer operators (MTO), such as Western Union and Money Gram, and, more recently, digital remittance service providers (RSPs) (Arestoff et al., 2016; Rodima-Taylor & Grimes, 2019; Weiss, 2019). RSPs, as a sector of the formal market, have seen the most growth recently due to being perceived as cheaper than banks and MTOs, and more reliable than the informal channels (Rodima-Taylor & Grimes, 2019).

Cash remains a critical component of developing countries' economies, mostly due to the large unbanked communities that reside in rural and hard to reach areas (Rodima-Taylor & Grimes, 2019). Mobile money agents or, for the purposes of this study, migrant entrepreneurs, fulfil an important role in the adoption of digital remittance services for the unbanked (Naghavi, 2019). Incentivised by the remittance service providers, they are compensated for processing cash-based remittance transactions for the unbanked, thereby extending the digital remittance value chain to the large unbanked communities prevalent in many of the SSA countries (Lashitew et al., 2019; Naghavi, 2019). This qualitative study focused on migrant entrepreneurs and the role they play within the international remittance ecosystem. Even though the remittance concept is applicable in a global context, the scope seen through such a lens was too broad. The purpose of this study therefore focused on the South African landscape. Migrant entrepreneurs should be viewed as key informants in the market due to their dual roles as remittance users in their personal capacity, as well as a cash-in and cash-out interface for other migrant users of remittance services that predominantly operate in cash (Rodima-

Taylor & Grimes, 2019).

1.3 Research Problem

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, at this time, 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 has led to wider access to digital platforms (Rodima-Taylor & Grimes, 2019; World Bank, 2018), yet only 30% of people in sub-Saharan Africa are classified as banked (Lashitew et al., 2019). Although the emergence of more accessible mobile money platforms has led to more affordable ways to send and receive money, many unbanked consumers are left without ways to convert their cash into the digital ecosystem (Naghavi, 2019).

Financial inclusion has improved in developing countries through the uptake of mobile money solutions; however, the needs and impact on the predominantly cash-based communities hailing from these developing countries should not be overlooked (Rodima-Taylor & Grimes, 2019). Further knowledge pertaining to the social and remittance behavioural characteristics of migrant entrepreneurs, a central component into and out of the remittance ecosystem for the unbanked, and the determining factors that they consider important for remitting, is required in order to address the research problem.

Arestoff et al. (2016) state that much is known about international remittances from developed countries to developing countries, but not much research has focused on remittances between developing countries. 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 sustainable development goal (SDG) target of 3% by 2030 (World Bank, 2018).

1.4 Research Purpose

Not much is known about the social and behavioural characteristics of migrant entrepreneurs, who facilitate remittance transactions for other migrants in their communities. In addition to exploring these characteristics in more detail, the study also aimed to unveil the factors that aid and that prevent the mass uptake of remittance use. Conversing with various migrant entrepreneurs, who were not only users of the remittance platforms in their personal capacity but also involved in the conversion of cash to the digital remittance ecosystem for other users, yielded unique insights applicable in practice and theory.

Due to various supply and demand factors, the number of digital RSPs has increased considerably in the past five years. According to Suri and Jack (2016), there were 271 mobile money services available across 93 countries in 2015, with an additional 110 services in the pipeline. These inclusive digital solutions fuse social and commercial interests (Lashitew et al., 2019). The migrant entrepreneur, positioned at the interface of the mobile money service provider and their cash customers, has become a key interface to the rapid uptake of the services (Arestoff et al., 2016), and therefore their role in the remittance value chain cannot be understated.

1.5 Relevance to Business and Theory

Presented with a myriad of international remittance options spanning both formal and informal channels (Arestoff et al., 2016; Rodima-Taylor & Grimes, 2019), the 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. The benefits relevant to remittance service providers can be referenced to improve what is working and revise what is not.

The United Nations General Assembly set a target of 3% for the cost of all international remittance transactions by the year 2030 (World Bank, 2018). This points to a significant reduction of the current SSA average of 9.4% per transaction. With suppliers' bottom lines impacted due to the imminent reduced margins, innovative business models will be required for them to stay competitive.

From an academic standpoint, the study examined the remittance ecosystem through the lens of the actor-network theory. A sociological theory by design, the various interrelated human and non-human elements constituting the remittance ecosystem were factored in to provide a unique exploratory perspective on migrant entrepreneurs' social processes that affect the reasons for preferring a remittance platform over another (Elder-Vass, 2019). This research therefore contributes to the understanding of the interconnected relationships of migrants and remittance service providers within a complex ecosystem - the remittance service provider the focal actor in the ecosystem that innovates and maintains the technical systems and interfaces used by migrants on either side of the remittance process (Kumar et al., 2019). The next section of the research report, Section 2, critically reviews the literature related to the research problem and the purpose of the study.

2. LITERATURE REVIEW

2.1 Introduction

The actor-network theory is used as the base to explore the various interrelated human and non-human interactions comprising the remittance ecosystem. The study assessed general trends related to the adoption of remittance platforms by migrants, factoring in the human actors and their interactions with the social and technological systems that form part of the remittance landscape. Once more context was available to understand the various social and behavioural attributes prevalent in migrant communities when remittances are sent, the second part of the research objectives, determining what factors promote and detract from using financial technology platforms for remittances, could be investigated further.

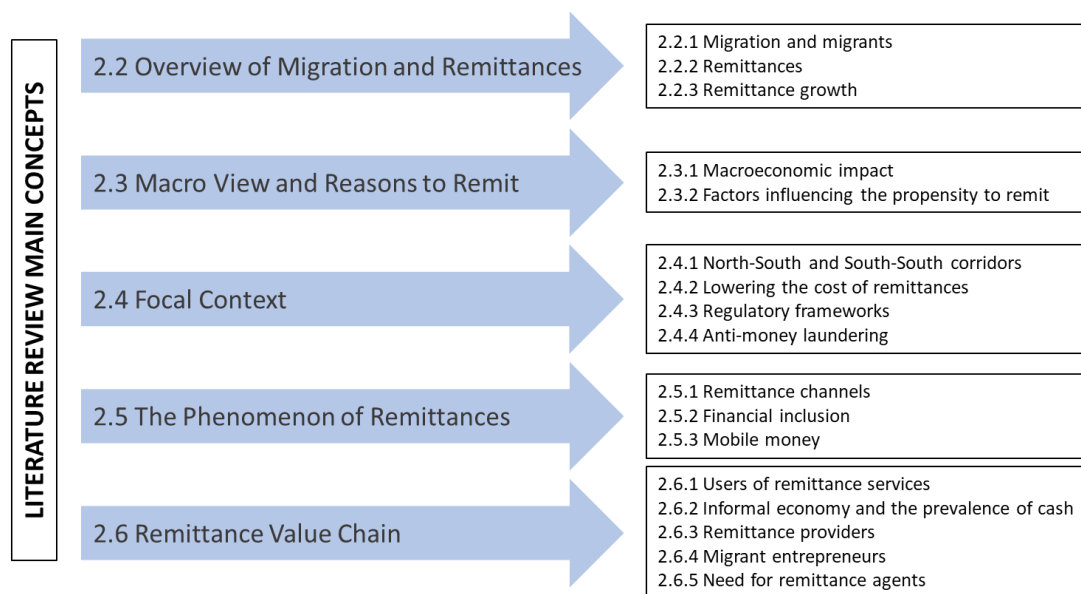


Figure 1: Structure of Literature Review

Figure 1 presents a framework depicting how the literature review was approached. The study started by looking at the remittance phenomenon from a macro perspective, considering the fundamental concepts that comprise remittances, and reviewing the economic impact of remittances on countries' economies, in particular, those of developing countries. The focus then narrowed slightly to a meso view, which considered the relevant factors that comprise the remittance industry and the innovations that have been introduced. Finally, the view shifted to

a micro perspective, and scrutinising the actors that are involved in the remittance value chain, including both human and non-human counterparts.

2.2 Overview of Migration and Remittances

2.2.1 Migration and migrants

Migrant remittances have become an important channel for wealth to flow to developing countries (Bahadir, Chatterjee, & Lebesmuehlbacher, 2018), with little doubt that the money received positively impacts poverty and consumption levels in the home country (Clemens & McKenzie, 2018; Di Giovanni, Levchenko, & Ortega, 2015). As migration levels around the world rise, the amount of money sent by migrants increases and, as the migrants' skill levels improve, so do the volumes and velocity of the transactions sent (Clemens & McKenzie, 2018). However, the assertion that remittance volumes will continue to rise should not be taken at face value. Mukhopadhyay and Zou (2020) claim that skilled migrants are more inclined to relocate their families to live with them in their host country. Because sending money home to loved ones is cited as the number one reason for migrants to remit (Clemens & McKenzie, 2018; Di Giovanni et al., 2015; Mukhopadhyay & Zou, 2020), it stands to reason that less money will be sent across borders by skilled migrants, due to their families relocating.

Migrant populations comprise “any first citizen, or persons not residing in their country of birth” (Martinez, Cummings, & Vaaler, 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 the years 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). Figure 2 and Figure 3 shows the top ten origin, and the top ten destination countries of migrants, indicating a pattern of movement from developing to developed nations. This trend is however decreasing; recent data showing that migration from developing to other developing countries is increasing, accounting for more than 34% of all migration today (Martinez et al., 2015). 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 to influence local governance and affect change (Duquette-Rury, 2016).

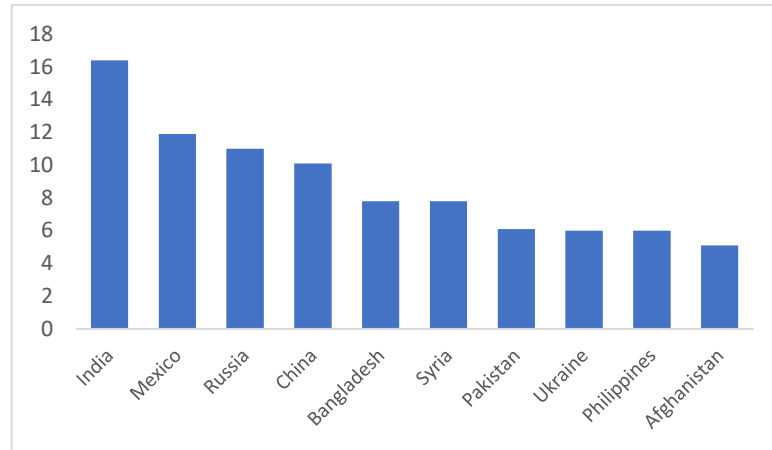


Figure 2: Top Ten Countries of Origin of International Migrants
Source: World Bank 2018, Migration and Development Brief

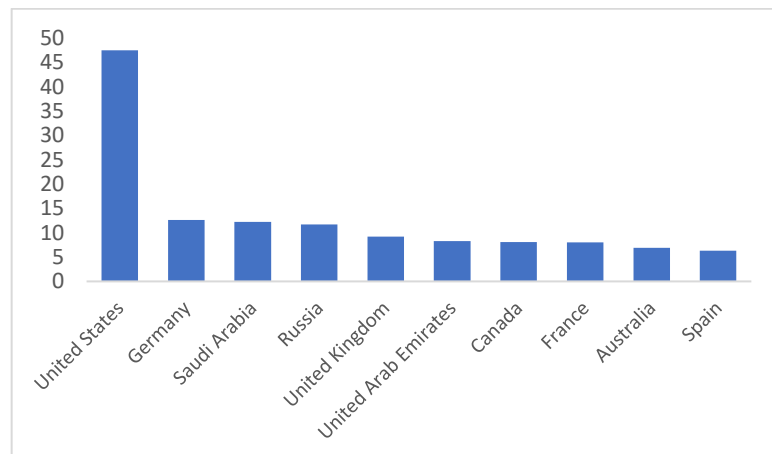


Figure 3: Top Ten Destination Countries for International Migrants
Source: World Bank 2018, Migration and Development Brief

2.2.2 Remittances

Remittances refers to the transfer of money from one person to another, or from one country to another country (Martinez et al., 2015). A remittance transaction typically involves a sender, a recipient, and a payment system that can either be fulfilled by a human or non-human intermediary (Weiss, 2019). The values and

frequency of transactions are typically lower than other forms of money inflows into a country; the average amount of a transaction is between \$120 and \$200, and the frequency of a person sending being between 12 and 20 times per year (Martinez et al., 2015). The money sent is a key factor for self-funding any entrepreneurial activities, especially in developing countries where business registration policies are onerous and government assistance is rare (Martinez et al., 2015). The net result is that many businesses end up operating as unlicensed places of work, thereby forming part of a growing informal business sector (Martinez et al., 2015).

2.2.3 Remittance growth

The size of the remittance market was estimated to be USD 707 billion in 2018, of which USD 528 billion was apportioned to developing countries (World Bank, 2018). This value shows a significant increase compared to the previous decade, where totals were recorded as USD 330 billion in 2010, up from USD 100 billion in 2000 (Lim & Basnet, 2017). Figure 4 indicates the top 10 countries receiving remittances in the world. Values to countries in East Asia and the Pacific region increased by 370% to USD 79 billion between 2000 and 2014, compared to South Asia inflows where values reached USD 116 billion in 2014, an increase of 571% over the same period (Weiss, 2019; World Bank, 2018). Inflows to sub-Saharan Africa saw the largest growth for any region – an increase of 608% between 2000 and 2014, amounting to USD 34 billion (Weiss, 2019).

There are various opinions for these sharp increases over the past few decades. Many claim that it is due to increased migration levels, people being more connected, or improved access to technology, especially in developing countries (Naghavi, 2019; Weiss, 2019). Others assert that the exponential growth is due to the World Bank changing its method of measurement (Clemens & McKenzie, 2018). There are typically three components that are considered when dealing with migrant remittances: workers' remittances, compensation of employees, and migrants' transfers (Clemens & McKenzie, 2018; Vaaler, 2013; Weiss, 2019). Previously, the World Bank only considered "worker's remittances" as the measure – described as the transfer of money, or favours by migrants who have lived in a host country for a year or longer, to someone in their country of birth (Clemens & McKenzie, 2018; Weiss, 2019). More recently, they have included "compensation

of employees” – non-residents of a country earning a salary or wages for work performed for less than a year – into the measure, which partly accounts for the rising trend (Clemens & McKenzie, 2018).

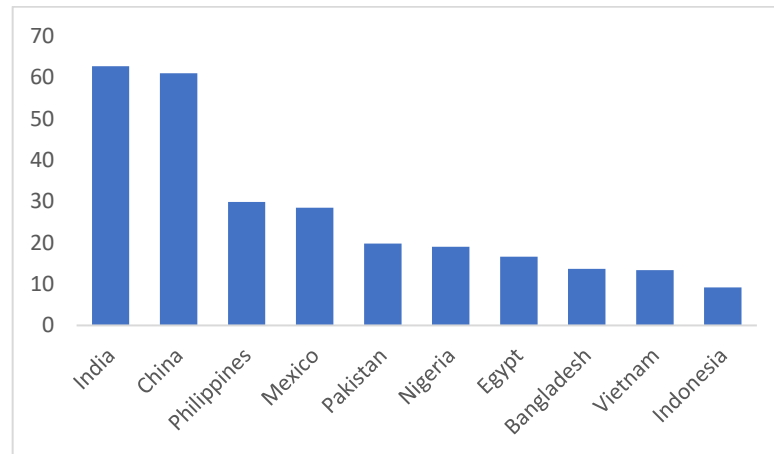


Figure 4: Top Ten Recipient Countries for Remittances

Source: World Bank 2018, Migration and Development Brief

Data presented in Figure 4 indicate that the countries receiving the highest remittances are India with USD 62.7 billion, China with USD 61 billion, the Philippines with USD 29.9 billion and Mexico with USD 28.5 billion. Nigeria is the sixth highest recipient country in the world, and the largest Africa country, accounting for USD 19 billion (Lim & Basnet, 2017; World Bank, 2018). In terms of regions, East Asia and the Pacific top the list at USD 135 billion, South Asia registered USD 120 billion, and sub-Saharan Africa registered a considerably lower amount of USD 41 billion (World Bank, 2018).

2.3 Macro View and Reasons to Remit

2.3.1 Macroeconomic impact

Migrant remittances have become an important channel for wealth to flow to developing countries (Bahadir et al., 2018; Shapiro & Mandelman, 2016). Historically, low- and middle-income countries have relied on four types of external funds: foreign direct investment (FDI), private debt and portfolio equity, official development aid (ODA), and remittances (Konte, 2016). Data collected between 1990 and 2019 by the World Bank (2018) show that, from inception until recently,

FDI has been the largest contributor of inflows, followed by remittances, ODA, and private debt and portfolio equity (refer to Figure 5). Since 2017, and due to the constant growth of remittances, it now exceeds FDI and ODA, and has become the largest source of external funds for developing countries (Clemens & McKenzie, 2018; Dridi et al., 2019).

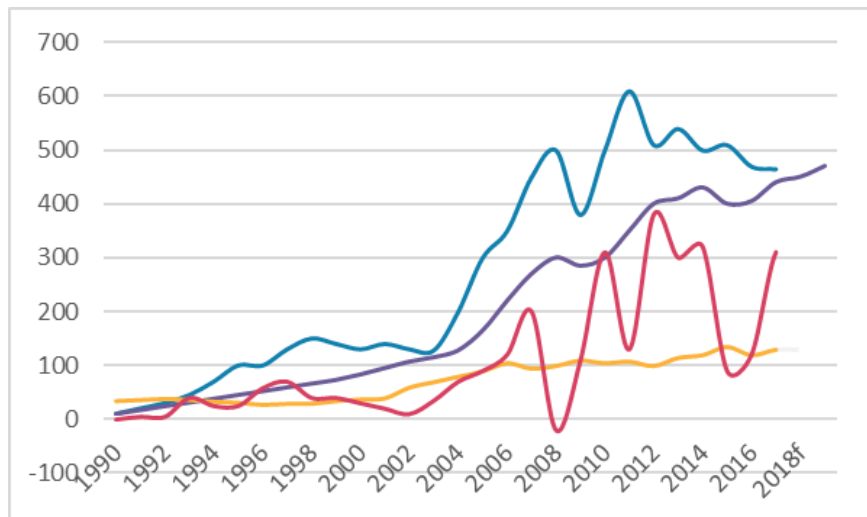


Figure 5: Remittance Flows to Low- and Middle-Income Countries (1990–2019)

Source: World Bank 2018, Migration and Development Brief

However, a country may be positively or negatively affected by the inflow of remittances. Many studies argue that migrant remittances do not have a positive impact on a recipient country's economy. Clemens and McKenzie (2018) state that the rise in remittance volumes coincides with increases in emigration, stifling industrial growth and resulting in an opportunity cost to the detriment of the home country's gross domestic product (GDP). Mukhopadhyay and Zou (2020) assert that, as emigration increases, the likelihood is that skilled workers leave and the country is left with a less capable and motivated workforce. Konte (2016) controversially states that rent seeking activities are promoted among elected officials, and that initiatives earmarked for the upliftment of the public, many of these in rural areas, do not materialise due to the misconception that these communities are looked after by the remittances that they receive. However, not all rural communities have access to such funds, widening the inequality divide (Dridi et al., 2019; Le De, Gaillard, & Friesen, 2015). Finally, the onset of Dutch Disease

creates an import/export imbalance – the influx of remittances causes the overvaluation of the domestic currency, reducing exports and increasing imports, ultimately impacting unemployment, and indirectly increasing emigration (Lim & Basnet, 2017).

But not all studies report on the negative effects. Shapiro and Mandelman (2016) explain that, during an economic downturn, remittance inflows act as a countercyclical measure that helps to smooth income shocks for low-earning households, moderating the consumption impact. Combes and Ebeke (2011) describe how remittances increase in many low-income countries during times of crisis, which is in contrast to a decline in other external monetary inflows, such as commercial lending and FDI. 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) reference 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 that benefit from the increased spending, the benefits extending to their suppliers, and their suppliers and so forth. It is the spill-over, or multiplier effect that explains the broader economy benefiting from the remittance inflows. Lastly, Shapiro and Mandelman (2016) maintain 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. Remittances sent for this purpose therefore 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 on remittances.

2.3.2 Factors influencing the propensity to remit

Most families that benefit from the receipt of remittances are from low- and middle-income households, many constrained by the characteristics of poverty. Brady (2019) provides three concepts that broadly outline these factors: behavioural aspects explain concepts like single motherhood, low levels of education, and unemployment; structural aspects stress the relevance of demographic and labour markets; and political aspects describe how institutions create policies that, in turn, may have an effect on poverty (Brady, 2019).

Arestoff et al. (2016) conducted a study where structural aspects were explored. They considered whether migrants were forced to leave their home country due to danger, persecution or human rights violations, or if they left voluntarily. They found that forced migrants were far less likely to send money home than those who chose to leave of their own accord. Exploring behavioural aspects, Bredtmann, Martínez Flores and Otten (2019) focused on the education level of migrants and whether this had a material impact on the frequency and amount of money sent home. The study concluded that a higher level of education did not impact the desire and frequency to send money home; however, the amount of money that was sent significantly increased if the subject had a higher level of education. This seems plausible, considering that an educated individual would likely earn more money than a low-skilled counterpart.

2.4 Focal Context

2.4.1 North-South and South-South corridors

Increased migration and improved mobile phone penetration have spurred renewed growth in both domestic and international remittances (Naghavi, 2019). The World Bank (2018) distinguishes 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 remittance flows from developed to developing countries 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 (refer to Figure 6) (World Bank, 2018).

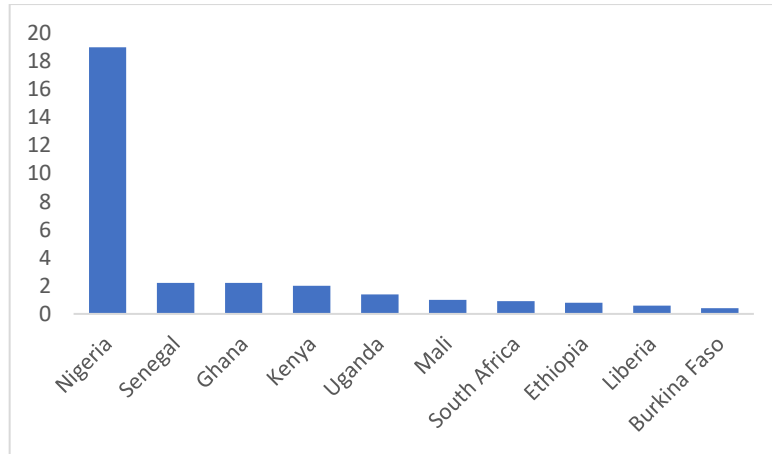


Figure 6: Top Ten SSA Recipient Countries for Remittances

Source: World Bank 2018, Migration and Development Brief

Figure 7 shows 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 R 9.9 billion, Mozambique at R 4 billion, and Lesotho and Malawi at R 2.6 billion and R 2.5 billion respectively (Truen, Kgaphola, & Mokoena, 2016).

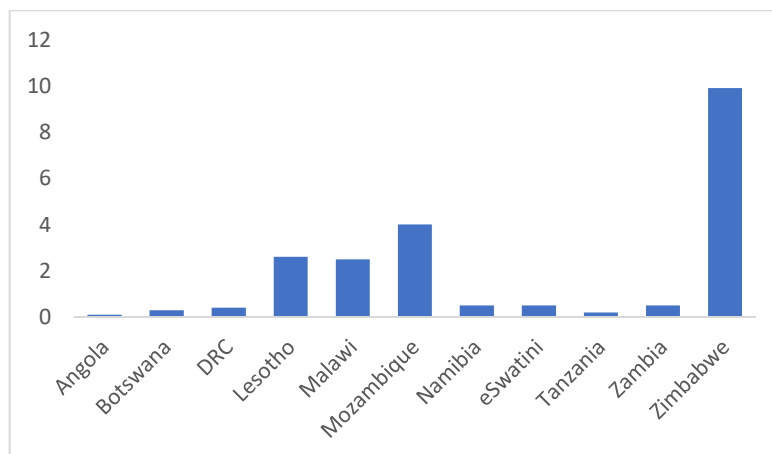


Figure 7: Top South Africa to SADC Remittance Corridors

Source: Finmark Trust, 2016

2.4.2 Lowering the cost of remittances

Following the G8 conference in July 2009, an objective to lower the costs of migrant remittances by 5% was agreed by heads of state and government (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 costs of remittances across various money transfer corridors and different money transfer channels (World Bank Group, 2017). The creation of the database allowed for a baseline to be established in order to track improvements in fee reduction and to provide data to compare prices between different countries. Subsequent initiatives, in particular the United Nations' Sustainable Development Goals, have taken the cost reduction initiative in Goal 10 one step further, and included Reduced Inequalities, an additional reduction of fees to 3% by the year 2030 (Kachingwe & Kaput, 2018).

How have the cost reduction initiatives fared since the G8 summit in 2009? There has been a decline from the 2008 global average of 9.81% to 7.21% in 2017 (Gomber et al., 2018), reducing even further to 6.84% in 2019 (Weiss, 2019). Although not quite reaching the 5% target that was set for 2014, progress has been made, and the United Nation's 3% goal for 2030 could arguably become a reality if the positive trend continues. Although the global average cost has decreased, transfers from South Africa to other SADC countries remain among the highest in the world (Kachingwe & Kaput, 2018). The average cost for this region was stated as 17.08% in 2018, making it almost three times the global average cost registered in 2019 (Kachingwe & Kaput, 2018; Weiss, 2019).

The South Africa to SADC remittance corridor remains amongst the costliest corridors in the world (Kachingwe & Kaput, 2018). Of the channels used to send money, banks are the most expensive, followed by money transfer operators (MTOs), digital remittance service providers (RSPs) and mobile operators (Kachingwe & Kaput, 2018). While banks may not be the primary channels for migrants to send money home, much of the remittance infrastructure in African countries still relies on banking rails. Addressing the reliance on banks and the costs levied by them are key to reducing the overall transaction costs in this region

(Kachingwe & Kaput, 2018).

The cost of a transaction generally consists of two parts: a transfer fee that is charged to the sender at the time of the transaction, and a foreign exchange (FX) mark-up that impacts the amount received (Kachingwe & Kaput, 2018). The transfer fee is influenced by various factors that all contribute to the amount charged. These factors include an administrative charge levied by the remittance company, the origin country's regulatory framework, the amount that is sent, the channel that is used to send the money, how the money is collected in the receiving country, and the level of competition in the market (Weiss, 2019).

Blockchain has been promoted as a technology that could benefit the remittance industry by improving computation speeds and reducing the FX conversion risk carried by remittance companies (Clemons, Dewan, Kauffman, & Weber, 2017). Although not yet fully integrated at scale, it seems inevitable and, once done, further cost reductions across the value chain are expected (Gomber et al., 2018).

Supply and demand factors are other reasons for impacting costs (Kachingwe & Kaput, 2018). From a demand side, low levels of digital and financial inclusion across many parts of SSA, partly caused by a lack of access to mobile phone technology and poor product knowledge, are contributing factors to the low level of remittances using digital channels, which are considered the least expensive of all the available options. By improving access to digital remittances, mobile remittance platforms are key to sustainably lowering the cost of transactions in these corridors (Kachingwe & Kaput, 2018). From a supply side, regulatory frameworks contain many onerous obligations that registered remittance companies and their consumers need to adhere to. Furthermore, limited competition in many developing regions means that technological and operational improvements are slow to surface (Kachingwe & Kaput, 2018). Finally, although improving in certain regions, the poor geographical reach of remittance payment and collection points in rural areas make it difficult for potential customers to take advantage of money transfer services (Kachingwe & Kaput, 2018). All of these are contributing factors to the costs of a transaction. Addressing these are therefore key to achieving the 3% target set by the UN for 2030.

2.4.3 Regulatory frameworks

Scholars and industry heads agree that Financial Technology (Fintech) has the potential to create economic benefits for developing countries (Gomber et al., 2018). Effective policy design and 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). Many developing countries, in spite of the well-documented benefits of aligning policies with technology, are still restricted by onerous requirements that contribute to unnecessary expenses for remittance companies and their consumers (Gomber et al., 2018; Weiss, 2019).

Cole, Greenwood and Sanchez (2016) found that less developed countries are more likely to rely on the private sector to support and finance the adoption of new technology. 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 find it 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). It is therefore 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). 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 who offer similar services; and the term "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 with Limited Authority (ADLA) category 3 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 (FICA) exemption, further lowering the requirements for new consumer registrations (Kachingwe & Kaput, 2018).

2.4.4 Anti-money laundering

The step-changed technological improvements in the Fintech remittance industry have led to various new regulations requiring companies to be more transparent (Gomber et al., 2018). These rapid changes in the financial sector necessitated governments to relook at policy and regulatory frameworks (Naghavi, 2019; Weiss, 2019). Adding to the complexity, Lim and Basnet (2017) and Weiss (2019) reiterate the challenges of accurately reporting on remittance volumes flowing into countries through informal channels. Due to these transactions being unreported and unregulated, they estimate that the transaction volumes processed may, in some cases, match or even exceed those processed through formal channels. There has however been a distinct shift by migrants from informal to formal channels (Clemens & McKenzie, 2018). Reasons provided include increased competition which has had a positive impact on cost reduction for consumers, as well as the anti-money laundering (AML) crackdown forcing more businesses to register.

Post the September 11 terrorist attacks aimed at the United States, stricter know-your-customer (KYC) guidelines have been implemented and adopted by 180 countries across the world (Clemens & McKenzie, 2018). The best practice guidelines require the licenced remittance operator to capture and verify the identity of each newly registered customer. These checks are aimed at transparency and at discouraging illegal or money laundering-related activities (Clemens & McKenzie, 2018; Gomber et al., 2018).

Every remittance account needs to be associated with a single and identifiable

person with a valid form of identification (Lepoutre & Oguntoye, 2018). In South Africa, depending on what registration documents are provided, this qualifies a migrant to send up to R3 000 a day to a limit of R10 000 a month, or up to R5 000 a day to a limit of R25 000 a month. Even with the easing of regulations introduced in South Africa in 2013, there are still many undocumented migrants living in the country who are not able to benefit from these types of financial services. They have little other choice than to make use of informal channels, which are more expensive, riskier and unregulated (Kachingwe & Kaput, 2018).

Yet, the same FX and AML compliance required by larger institutions, such as banks and MTOs, are also required of RSPs (Kachingwe & Kaput, 2018). The administrative overheads cause additional operational expenses, and indirectly increase the cost of transactions for customers (Gomber et al., 2018). Because of the generally lower value transactions that the ADLA category 3 licence holders allow their customers to send, the relevance of the burdensome compliance checks is questionable (Kachingwe & Kaput, 2018). As governments begin to recognise the benefits and scale that mobile technology offers developing countries, they should ensure adequate attention to the general principle of “a sound, predictable, non-discriminatory and a proportionate legal and regulatory framework”, if they are to maximise the benefits offered by remittances (Kachingwe & Kaput, 2018).

2.5 The Phenomenon of Remittances

2.5.1 Remittance channels

Migrant remittances are typically characterised as being sent through unregulated, informal channels or regulated, formal channels (Weiss, 2019). Informal channels include the transfer of money through physical means, such as transported across borders by taxi or bus, carried across in-person (Arestoff et al., 2016) or the use of Hawala networks (Weiss, 2019); whereas formal channels include licenced operators such as banks and money transfer operators (MTOs) like Western Union and MoneyGram (Gomber et al., 2018), and digital remittance service providers (RSPs) like Worldremit, Mukuru and Hello Paisa (Arestoff et al., 2016; Rodima-Taylor & Grimes, 2019; Weiss, 2019).

Consumers deciding which remittance channels to use are influenced by factors

grouped into four categories: channel characteristics, transaction characteristics, personal characteristics, and institutional and economic factors in the host and home country (Ferriani & Oddo, 2018). The first category, channel characteristics, includes factors such as the speed a recipient expects to receive the money, the ease of depositing and collecting money, or the fees charged to the consumer. The second group, transaction characteristics, factor in the frequency and values remitted and the third group, personal characteristics, account for the level of the consumers' education and their legal status in the host country. The last group, the institutional environment and economic factors, describes the importance of the exchange rates levied by the various remittance providers, the level of financial inclusion, and the penetration of the in-country banking infrastructure (Ferriani & Oddo, 2018).

Hawala networks are considered the most sophisticated and well-known means to informally transfer money across borders (Weiss, 2019). The services rely on trust between community members, which is mostly based on national or religious associations. A sender in one country would approach a broker and ask for their assistance to send money to the home country. The broker would arrange for their partner in the home country to release a payment from their local bank account. No funds travel across borders, the brokers settling the cost of the transaction through other business dealings and money owed between them (Redín, Calderón, & Ferrero, 2014). It is considered reasonably cost effective and a lot less risky than other informal channels (Weiss, 2019). Although not considered illegal, the unregulated nature of the service allows for anonymity, often raising suspicion regarding the recipients and their intended use of the funds (Weiss, 2019).

A popular informal channel to use for migrants living in developed countries closely bordering developing countries, is to carry money across in person, or to send it with taxi or bus drivers (Truen et al., 2016; Weiss, 2019). Although South Africa might not be considered a developed country, it is home to many documented and undocumented migrants from neighbouring SADC countries. This service carries a premium charge, mainly due to the sender not having any other choice of channel or means to remit. On top of this premium, the money takes longer to arrive than formal channels, often not arriving at all, leaving the sender with very little recourse in recovering the funds (Weiss, 2019).

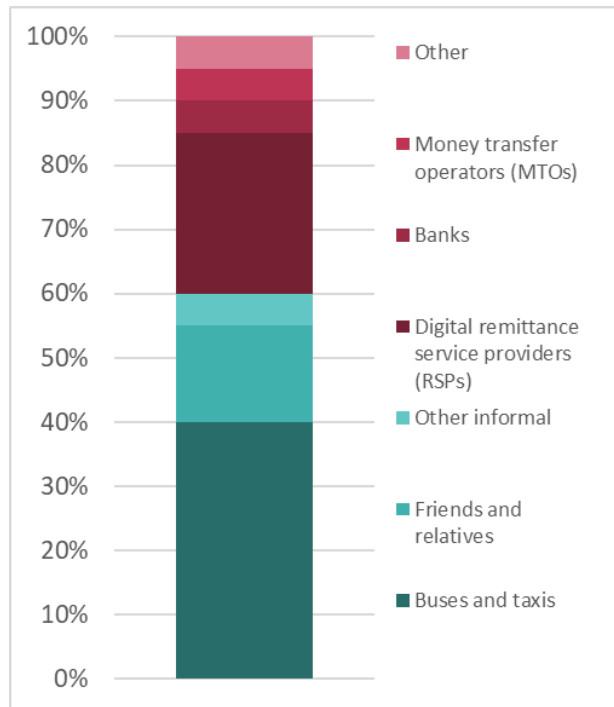


Figure 8: Informal and Formal Remittance Segments in the South African Remittance Market

Source: TechnoServe, 2016

Regulated channels comprise banking and non-banking organisations (Weiss, 2019), that require the remittance company to adhere to rigorous regulatory policies. Onerous registration requirements, relatively expensive costs of transactions, and banking infrastructure limitations, particularly in rural communities, are all cited as reasons for not using banks to send money (Della Peruta, 2018; Genesis Analytics, 2020). A view of the South African remittance sector is shared in Figure 8, showing that the informal market still accounts for slightly more than half of all volumes flowing out of South Africa. Most of the recent growth of remittances is therefore attributed to non-banking, digital RSPs that utilise mobile devices and digital, electronic rails for connecting a sender with a recipient (Truen et al., 2016; Weiss, 2019). These companies are more cost effective and accessible than banks and MTOs, such as Western Union and MoneyGram, are considered more reliable than the informal channels (Genesis Analytics, 2020; Rodima-Taylor & Grimes, 2019).

2.5.2 Financial inclusion

The classification of Fintech is relatively broad, and comprises technologies that are used to perform various financial related activities (Haddad & Hornuf, 2019; Hendershott et al., 2017; Langley & Leyshon, 2017). The rapid rise in globalisation, fuelled by technological and intellectual innovation, particularly in the mobile technology industry, has driven increased economic activity in developing countries (Wolf, 2014). The increase in innovation has stimulated competition in the market, resulting in more convenient and cost-effective ways for customers to send money home (Gomber et al., 2018; Hendershott et al., 2017; Lashitew et al., 2019).

Yet, large portions of rural communities living in hard-to-reach areas remain unbanked (Munyegera & Matsumoto, 2016). Low literacy levels and a lack of access to mobile phone technology are still considered major barriers for the adoption of basic, digital forms of banking (Aker, Boumnijel, McClelland, & Tierney, 2016). Despite these constraints, there are many success stories in SSA that show financial inclusion improving through the use of mobile money (Aker et al., 2016), reducing some of the inequalities that have plagued this sector of the market in the past (Munyegera & Matsumoto, 2016).

Industries influenced by Fintech, not only in the remittance sector, are in the midst of an evolution. As technology advances at a rapid rate, access to financial services are improving and becoming more accessible to low-income populations in developing countries (Rodima-Taylor & Grimes, 2019). Think of a person living in rural Africa, not technology literate, and reliant on travelling many kilometres in order to reach the nearest bank. This is inconvenient, costly, and dangerous, as consumers are required to carry cash. The advent of Fintech has managed to address many of these inefficiencies (Hendershott et al., 2017) and, with access to a mobile phone, this person is able to utilise basic banking services from the comfort of their home.

2.5.3 Mobile money

Mobile money has had a transformative impact on financial inclusion (Della Peruta, 2018; Naghavi, 2019). The technology offers users access to basic banking services through the use of their phones (Lepoutre & Oguntoye, 2018; Murendo,

Wollni, De Brauw, & Mugabi, 2018). Cash can be stored in a virtual account, it can be transferred between users' mobile wallets, and it can be withdrawn in the form of cash (Della Peruta, 2018; Suri & Jack, 2016). Basically, rudimentary savings and transactional banking services traditionally offered to banking customers are made available to anyone with access to a mobile phone. The uptake across SSA has been staggering, growing from a fledging industry in 2007 to over 277 million registered mobile money accounts by 2016 (Lepoutre & Oguntoye, 2018). Figure 9 provides an overview of the adoption rates of mobile money accounts across five key regions, indicating the superior use of sending and receiving services in Africa compared to the other four regions.

Mobile technology services contributed 8.6% toward SSA GDP (Naghavi, 2019), representing a sizable percentage considering the infancy of the industry. Even with the significant growth in mobile phone penetration, less than 30% of SSA has access to basic banking services (Lashitew et al., 2019). The low adoption levels of mobile banking emphasise the growth opportunities available in the market for operators to acquire market share. More recently, mobile money service providers have extended their value proposition, bolstering additional value-added services to their remittance platforms, such as the ability to buy airtime, and pay school fees and bills directly from a mobile wallet (Lashitew et al., 2019; Murendo et al., 2018).

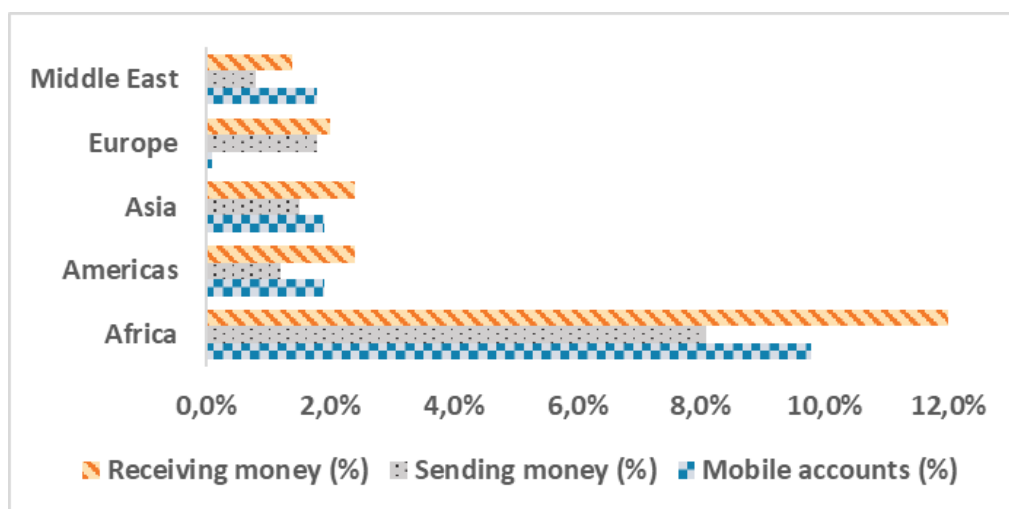


Figure 9: Adoption Rates of Mobile Money by Continent

Source: Lashitew, Tulder, and Liasse (2019)

For communities that live in rural and hard to reach areas, access to banking

services, such as branches and ATMs, is hard to obtain due to few being in close proximity to them (Della Peruta, 2018; Munyegera & Matsumoto, 2016). This is partly attributed to the feasibility of maintaining and servicing these outlying assets, compared to the small number of customers they would be able to service (Gomber et al., 2018; Suri & Jack, 2016). Conversely, mobile telecommunications companies have continued to invest heavily in network infrastructure expansion, resulting in higher mobile phone penetration rates in these same underserved banking communities (Munyegera & Matsumoto, 2016; Suri & Jack, 2016).

Socio-technological interactions created by social networks within communities have benefited the rate of adoption of mobile money, or remittance services (Hübler, 2016). Leveraging the widespread infrastructure, mobile money technology has been able to overtake traditional banking services, offering previously unbanked people a means of financial inclusion (Lashitew et al., 2019). This has had a positive impact on socio-economic factors, has encouraged entrepreneurship, and improved productivity for businesses in need of banking services (Naghavi, 2019).

2.6 Remittance Value Chain

The value chain of an RSP is depicted in Figure 10, showcasing the main actors involved in the ecosystem. The model is different from other formal channel options like what banks and MTOs provide, due to the supporting role that migrant entrepreneurs and technology plays across all interfaces. The diagram shows the remittance technology provided by the RSP converging with various stakeholder interactions, including those of the migrant entrepreneur and the remittance user - the role of the migrant entrepreneur being of particular importance due to the expansion of their traditional capabilities, that have allowed RSPs to extend the reach of their services and compete with the widespread bank networks comprising branches and ATMs (Kumar et al., 2019). The relevance of each actor and their role in the ecosystem is discussed next.

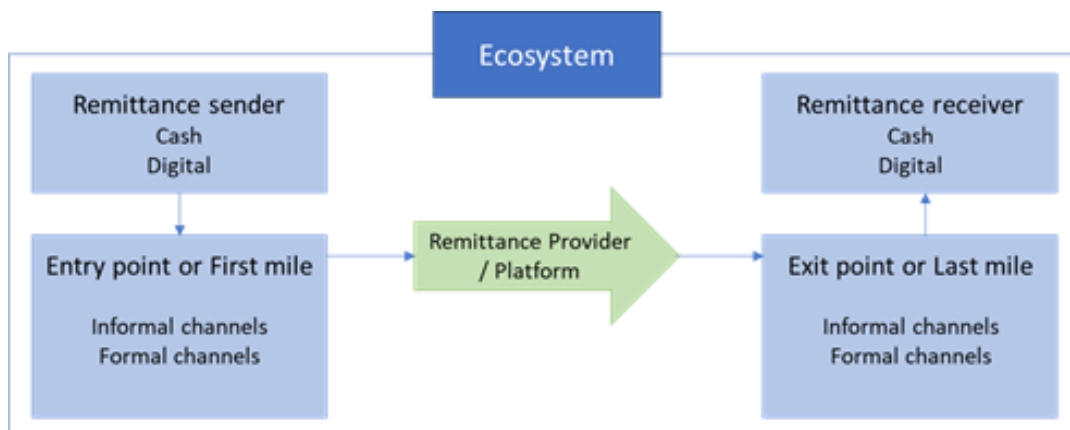


Figure 10: Overview of a Remittance Ecosystem

The study was grounded using the actor-network theory (ANT), which served as the lens through which the various interrelated human and non-human interactions were explored. The ANT is a sociological theory that focuses on the “continuously shifting relationships” between humans, objects, and organisations (Elder-Vass, 2019). By considering human and non-human objects as entities in a network, the ANT differs from other network theories that generally only consider humans, and ignore their interactions with other system variables (Elder-Vass, 2019). This assertion is highly relevant when applied to the context of the remittance ecosystem depicted in Figure 10, as the Fintech platform becomes a key system variable that has to be considered, especially due to the historically low adoption rates of technology in developing countries (Arunachalam et al., 2020). As much as this can be seen as a strength in further understanding heterogeneous networks, it also presents a weakness as human and non-human objects are assigned equal status, thereby not factoring in the interventions that humans are capable of that may impact the complex and constantly evolving networks under study (Elder-Vass, 2019). As described in various studies, the migrant entrepreneur does have influence within their communities due to being considered product knowledge experts by users of remittance services (Della Peruta, 2018; Murendo et al., 2018).

Various studies have explored the socio-economic impact resulting from the focus and subsequent financial inclusion brought by mobile money technology (Aker et al., 2016). These studies confirm the improved adoption rates of remittance services due to changes in mobile phone penetration, and private and public sector collaboration (Lashitew et al., 2019). This assertion is extended by Kabakova,

Plaksenkov and Korovkin (2016), who suggest that remittance ecosystems could be beneficial in addressing socio-economic issues in developing economies. The examples position the relevance of the ANT in understanding the phenomena by isolating the actors within the network.

The heterogeneous roles of the actors in the ecosystem are interconnected through the dependency they have on each other (Thomas et al., 2013). The remittance user interfaces directly with the RSPs technology when monitoring FX rates and placing a remittance order, and relies on the migrant entrepreneur to facilitate cash payments for their orders (Lepoutre & Oguntoye, 2018; Naghavi, 2019). The migrant entrepreneur, by providing cash-accepting capabilities, proving an apt example of a new market created in an existing industry (Martin & Schouten, 2014). The relationship between the migrant entrepreneur and RSP is further extended through the product knowledge and registration duties they provide (Della Peruta, 2018). The RSP, also the focal actor in the ecosystem (Clarysse, Wright, Bruneel, & Mahajan, 2014), provides the technology platforms that the migrant user and entrepreneur utilise, and also serves as the connector between to person sending money from the host country, to the collection network that the recipient utilises in the home country (Lepoutre & Oguntoye, 2018).

Considering the remittance “network” in the context of the ANT, it becomes apparent that the theory compliments the research problem on multiple levels. Little application of the theory has been found in the context of this study; it is therefore believed that the ANT can be extended to migrants making use of remittance services, in particular how the various social and behavioural characteristics of migrant communities influence their use of Fintech platforms (Elder-Vass, 2019; Martin & Schouten, 2014; Thomas et al., 2013).

2.6.1 Users of remittance services

There are four main motivations for migrants to remit. Altruism – the most common reason – is when migrants send money to support their families by paying for their groceries, education, medical care, or any other living expenses they might have (Bahadir et al., 2018; Dridi et al., 2019; Hosny, 2020; Martinez et al., 2015). The second reason, exchange, refers to the accumulation of assets in their home country, like building a home for their families to live in, or for when they return

(Mukhopadhyay & Zou, 2020). This behaviour tends to increase in economic boom times in the home country (Lim & Basnet, 2017). Paying off previously accumulated debt or recurring costs, such as funeral or community stokvel policies, are cited as the third reason (Gomber et al., 2018). The final reason is for migrants to set up shop, literally. Remittances are an important mechanism for entrepreneurs to fund new business opportunities, especially in rural areas where governments do not provide much assistance (Konte, 2016; Martinez et al., 2015).

Of the many reasons stated for the increased use of remittances, the convenience of being able to make payments from a phone, and the lack of alternate options are considered key contributing factors (Kumar et al., 2019; Zaffar, Kumar, & Zhao, 2019). This point is particularly relevant when considering that many migrants are not associated with formal banking (World Bank, 2018). Other reasons cited for the increased use of remittances included the enhanced level of service provided to customers by RSPs (Gomber et al., 2018), and the rural communities' increased knowledge about the services offered by the remittance companies. The improved dissemination of information in rural communities is attributed to the advice provided by community leaders and prominent business owners (Arunachalam et al., 2020).

Reasons provided by remittance users for not adopting the services offered by RSPs include high costs applied to certain corridors (Arunachalam et al., 2020), low levels of financial and technical literacy (Della Peruta, 2018), and low levels of connectivity in areas where telecommunication infrastructure is not widely dispersed (Zaffar et al., 2019). For RSPs, continuing efforts to disseminate information about the technology and service they offer will assist in achieving scale, in turn, benefiting the currently high costs for certain corridors (Della Peruta, 2018).

Probably the main reason for remittance users not adopting the services provided by RSPs, is the reliance on cash for many migrants (Arunachalam et al., 2020; Gomber et al., 2018) that extends to remittance senders and receivers, insofar that the sender of the remittance order needs access to a cash-in facility, and the receiver of funds needs access to a cash-collection facility. The adoption of digital remittance services thereby becomes a problem where migrants are not conveniently located near such cash-facilitation points (Gomber et al., 2018). The

affinity for cash in the markets targeted by RSPs has provided enough incentive for them to find innovative, cost effective ways to accommodate these needs (Gomber et al., 2018).

2.6.2 Informal economy and the prevalence of cash

The first and last mile, or entry and exit points into the remittance system is highly relevant for many unbanked people living in developing countries (Rodima-Taylor & Grimes, 2019). This is because operating in cash is part of their daily lives – not having a bank account or any other mobile wallet facility means that they are reliant on solutions that consider cash. There has however been a gradual shift, and in 2019, for the first time, more money entered and left the remittance ecosystem in digital form than in cash (Haddad & Hornuf, 2019; Naghavi, 2019). This is evidence of two forces at work: suppliers improving interconnectivity with other channels, thereby expanding the digital ecosystem, meaning more money is able to circulate in the system rather than being withdrawn, and a broader adoption of banked users that have access to digital means of money (Naghavi, 2019). Although the global trend has been moving away from the reliance on cash, many rural and hard-to-reach areas in SSA still favour this method of payment (Naghavi, 2019). In Southern Africa, cash is considered the dominant form of payment among communities living in rural areas, despite the growth of mobile money accounts (Kachingwe & Kaput, 2018).

The remittance users who are reliant on cash to pay for transactions, generally have three options that are available to them: (1) depositing cash inside a bank branch; (2) depositing cash at a bank ATM; or (3) finding a remittance agent with the ability to facilitate cash payments (Kachingwe & Kaput, 2018). The proximity of these points to the remittance user is therefore considered an important feature of the adoption of digital remittance services by those who mainly operate in a cash world. Migrant entrepreneurs, doubling as RSP agents, have become a trusted way for migrants to convert cash into and out of the remittance ecosystem and, in 2019, they facilitated USD 176 billion in cash transactions (World Bank, 2018). Their involvement in the remittance value chain has therefore been a key component in extending basic banking services and the promotion of remittance services in developing countries. A study conducted by Lepoutre and Oguntoye (2018) asserts

that, for an ecosystem to continue to function optimally, a central figure is required to ensure continued alignment between the actors – the remittance provider being well-positioned to fulfil this central role due to their ownership of the technology and their relationships with most of the actors involved in the remittance process.

2.6.3 Remittance providers

The notion of the importance of a focal actor in ensuring the success of an ecosystem is shared by Clarysse, Wright, Bruneel and Mahajan (2014) who explain that many interconnected stakeholders are linked along technical, product, and service perspectives, as previously explained by the ANT. Although not operating in isolation, a primary stakeholder is required to take ownership of technological improvements, product enhancements, and service improvements that are necessary factors for the RSP to evolve, and to enter new markets. Due to many Fintech entrepreneurs entering the remittance market, the industry is forecasted to undergo major developments in the coming years. This is partly due to the trend of these start-up companies creating value where none was seen before that is positive in terms of cost reduction and service improvement initiatives (Gomber et al., 2018).

In addition to the aforementioned improvements, for an RSP operating in a cash-dominant environment, it is important to foster strong relationships with an agent network (Clarysse et al., 2014) as the agent is the RSPs' primary interface to their customers (Arunachalam et al., 2020). Because new technology in rural areas generally takes longer to disperse than in urban areas, RSPs need to approach this market segment differently (Zaffar et al., 2019). In a study conducted in rural India, Murendo et al. (2018) found that the most effective way to promote new products and services in rural communities was to educate the community and thereafter relying on the information to spread via its social networks.

2.6.4 Migrant entrepreneurs

Migrant entrepreneurs are self-employed immigrants with business activities in their host country (Martinez et al., 2015). In South Africa, many of these business activities occur in the informal economy, where vendors provide legal goods and services whilst not formally complying with local laws and regulations (Bu &

Cuervo-Cazurra, 2020). Onerous registration requirements, high costs, and the avoidance of paying tax are contributing factors for this. Informal business activities contribute up to 66% of employment in some developing countries, compared to approximately 11% in more developed countries (Bu & Cuervo-Cazurra, 2020).

Entrepreneurial ecosystems are characterised by Spigel (2017) as social, political, economic, and cultural factors that combine to support the development and growth of entrepreneurial business activities within communities. Of these, social networks are considered key components to promoting the dissemination of information and knowledge about entrepreneurial business activities, which has been described as a limitation for the adoption of new technology in rural and hard-to-reach areas (Zaffar et al., 2019).

Entrepreneurial businesses that provide remittance services are used by RSPs as extensions to the service that they provide, relying on the migrant business owners for accepting cash payments for remittance orders, providing product knowledge to potential customers, and registering new customers that wish to make use of the RSPs' services (Della Peruta, 2018). These activities that are provided by migrant entrepreneurs constitute important services to RSPs, as well as remittance users living in rural communities as the RSPs are exposed to a customer base that they would have difficulty targeting otherwise, and the community members are provided with a convenient way to pay for orders with cash, and to sign-up for remittance services (Weiss, 2019).

Whilst fulfilling a key central interface between the remittance user and the remittance provider, migrant entrepreneurs initially have low bargaining power in relation to the RSPs, mainly due to their dispersed ways of operating (Lashitew et al., 2019). However, their bargaining power markedly increases once they are affiliated to other remittance providers. By doing this, they are able to compare commissions earned from the various remittance providers, and direct business to the provider that best suits their needs (Lashitew et al., 2019). Many migrant entrepreneurs run small informal shops as their primary businesses, and provide remittance services as an ancillary source of income; their interest can therefore be classified as high due to the benefits of attracting additional remittance customers to their stores, as well as the added income earned for processing cash transactions on behalf of remittance users (Lashitew et al., 2019; Weiss, 2019).

2.6.5 Need for remittance agents

The role of the migrant entrepreneur in connecting the users of remittance services with the technology has become a key driver for the rapid uptake of the mobile money product, especially in rural and hard-to-reach areas where there is little access to banks and ATMs (Lashitew et al., 2019). By forging this unique role for the migrant entrepreneur, the industry has fashioned entrepreneurial opportunities, offering the chance to earn additional income in exchange for providing services such as customer support, sharing product knowledge with the user base, and facilitating the conversion of cash into the system or the withdrawal of cash from the system (Naghavi, 2019). Many of the migrant entrepreneurs have existing small businesses operating in informal economies, and working in cash-centric environments (Foster & Heeks, 2013; Lashitew et al., 2019; Naghavi, 2019).

Figure 11 shows the extent of the migrant entrepreneur network, acting as mobile money agents. According to 2019 GSMA data, mobile money agents in SSA outnumber ATMs by seven to one, and bank branches by 20 to one (Murendo et al., 2018; Naghavi, 2019). The figure emphasises the key role that the agents fulfil in providing entry and exit points as many people living in rural areas simply do not have access to formalised banking (Lashitew et al., 2019).

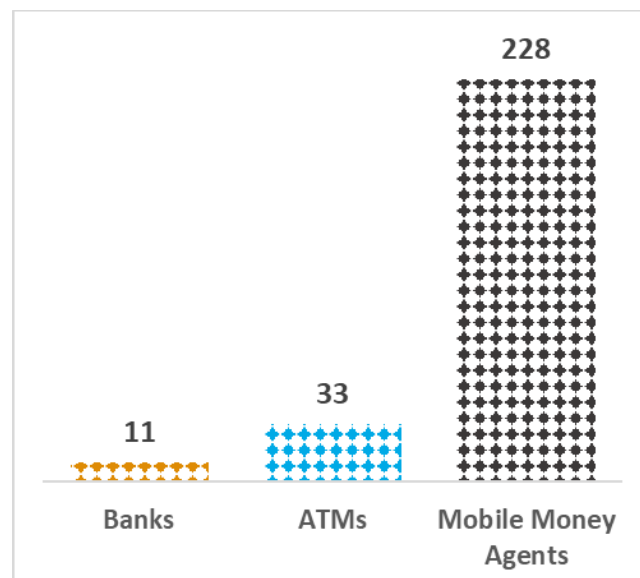


Figure 11: Reach of Mobile Money Agents, Bank Branches, and ATMs in SSA
Source: GSMA, 2019

Migrants who have required access to traditional banking rails to pay for remittance orders, like branch networks and ATMs, 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).

In addition to the services already discussed that migrant entrepreneurs provide RSPs, like the facilitation of cash payments and withdrawals, and registering new customers, they fulfil other key tasks in their communities. Being affiliated with RSPs, migrant entrepreneurs are seen as remittance knowledge experts. In rural communities where digital and financial acceptance is lower than more affluent areas (Della Peruta, 2018; Murendo et al., 2018), they provide an important function in the dissemination of information in their community (Arunachalam et al., 2020; Kumar et al., 2019). This is however a point of concern for RSPs, that as migrant entrepreneurs become influential in their communities (Della Peruta, 2018) due to the trust and confidence that their inter-community relationships are built on, remittance users tend to rely on their opinions for what services to use (Arunachalam et al., 2020).

2.7 Conclusion

The purpose of the research study was to explore the social and behavioural characteristics of migrant remittance users, and determine how these aspects feed into the promotion or detraction of mass digital RSP adoption. The research therefore aids business by exploring what the enablers and barriers are when remittance users decide which RSP to use. Figure 12 provides the framework of the study, indicating the main concepts introduced in the literature review, cross-referenced with the three research questions, both aimed at addressing the primary research objectives.

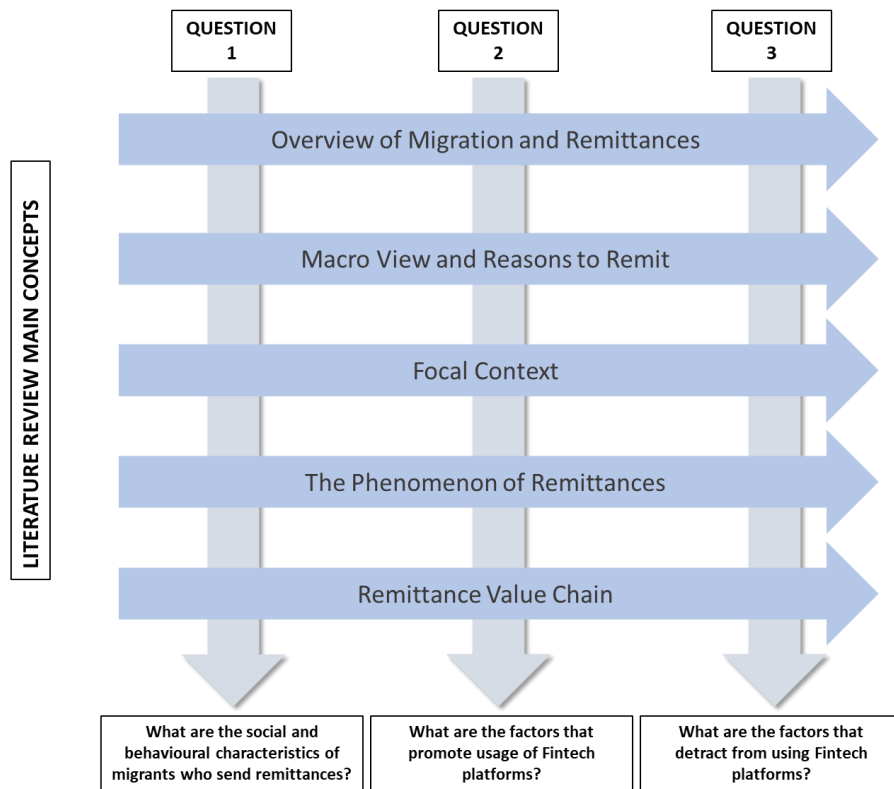


Figure 12: Framework of the Study

The section started by providing a broad overview of the migration and remittances phenomena, and how these impacted developing countries' economies. The study then began to narrow its focus, and provided insight into the various remittance channels, in particular, the benefits introduced by the advent of mobile money services. By leveraging the ANT, remittance users' social and behavioural characteristics, and their interactions with technology were explored in depth. The next section provides further context in relation to the research questions and their relevance to the study.

3. RESEARCH QUESTIONS

Due to the relatively unexplored nature of the study, sufficient insight required to address the objectives of the study was obtained by focusing on the factors that promote and detract migrant entrepreneurs from remittance platform usage. The design and structure of the questions were purposely kept lean in order not to detract from the core requirements of the study. The data collection process ensured that the extent of information obtained was adequate in amount and veracity. Three questions were crafted that closely aligned with the primary objectives of the study. To warrant uniformity, a consistency matrix (Appendix 1) was utilised, ensuring alignment between the concepts discussed in the literature review, the research questions, and the data collection tools and analysis techniques.

As narrated in the literature review, the uptake of remittances globally has grown considerably over the past decade. Various reasons for this phenomenon are provided, including increased migration levels, costs of transacting being reduced, and improving digital and financial inclusion through mobile technology and mobile money (Lashitew et al., 2019; Rodima-Taylor & Grimes, 2019; Weiss, 2019; World Bank, 2018). The shift to a digital remittance ecosystem has presented challenges for users in developing countries that largely operate with cash (Naghavi, 2019; World Bank, 2018). The migrant entrepreneur is therefore perfectly positioned to provide a dual perspective: that of a remittance user, as well as that of a remittance agent facilitating the conversion of cash into the digital remittance domain, thereby closely interacting with other migrant remittance users.

Question 1:

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

The first question aimed to explore the social and behavioural aspects that characterise the remittance habits of migrants living and working in South Africa. By leveraging the ANT to gain a deeper understanding of these aspects, the researcher hoped to gain insight to address the next two questions, the factors that promote and detract from the use of Fintech platforms.

Question 2:

What are the factors that promote usage of Fintech platforms?

The second question focused on the factors that encourage usage of remittance platforms. Insight could either emphasise factors considered important to the user as part of the user experience, or point to factors that are valued by consumers that might not previously have been the focus of remittance providers. Although the literature had mentioned various factors promoting usage of remittance services, these were not always from a South African context.

Question 3:

What are the factors that detract from using Fintech platforms?

The third question gained insight into the factors that prevent usage of remittance platforms. If unknown to the remittance providers, these factors could act as strong deterrents to the uptake of their services by migrants. Similar to assertion made for Question 2, detracting factors were found in the literature, whether or not these could be applied in a South African context was not known.

The next section discusses the research methodology used to assess the overall validity and reliability of the study. It provided a theoretical lens for choosing how best to align various methods and best practices relevant to the nature of the study, ensuring alignment between the objectives of the study and the data collection and analysis processes (Saunders & Lewis, 2018).

4. RESEARCH METHODOLOGY

4.1 Introduction

This chapter describes the research methodology and design that was followed in order to address the questions set out in Section 3. Critically formulating this chapter allowed for a robust theoretical framework that guided the researcher in terms of aligning the objectives and the research questions of the study, to the collection and analysis of the data (Bansal, Smith, & Vaara, 2018). This chapter serves a dual purpose of not only providing a guiding framework for the researcher, but also to ensure the overall validity and reliability of the study. An exploratory approach to the study complemented its qualitative nature and directed the researcher's choice of a data collection method that consisted of semi-structured interviews. The interviews, guided by carefully crafted, probing questions, were conducted in an informal, conversational manner. This style allowed for open responses which was evident in the rich set of data that was collected and analysed.

4.2 Research Methodology

The study was conducted with the intention of obtaining an understanding of migrant entrepreneurs' cross-border remittance behaviours, and the reasons and characteristics for using certain remittance platforms over others. The exploration of the relationships between the actors involved in a remittance transaction, more specifically, the person-to-person and the person-to-technology relationships, were better achieved using a qualitative approach, rather than a quantitative one (Garcia & Gluesing, 2013).

The research was influenced by an interpretivist philosophy. The interpretivist philosophy aligns with the objectives of the study, where the social and behavioural nature of the relationships between the various actors in the remittance ecosystem was to be explored further. Spigel (2017) emphasises that the emergence of entrepreneurial ecosystems account for the high growth of entrepreneurship in certain regions. Although the entrepreneurial ecosystem in itself was not the focus of the study, two of the main attributes, cultural and social aspects, were factored

into this study as they are highly relevant to migrant communities living and working in South Africa. The link that the migrant entrepreneur fulfils in the remittance environment allows migrants that can only pay for remittances with cash, to be included in the digital ecosystem. Their role must therefore be seen as highly relevant to RSPs, and considered as key relationships requiring nurturing. In addition to the cash facilitation services, migrant entrepreneurs act as important conduits of information in their communities, providing further reason for the RSP not to neglect entrepreneurial ecosystems and the role it can fulfil as an extension to the services that they offer to migrant communities.

The overarching theme of the study, remittances, is very topical, and much has been written about various aspects of the phenomenon. However, not much information was available that aligned directly with the objectives of this study, specifically relating to the preferences of migrant remittance users in South Africa. This was seen as an opportunity to offer new insights to this phenomenon. A theory building approach was followed, which was aligned with an inductive approach to theory development (Sarker, Lau, & Sahay, 2001; Suddaby, Bruton, & Si, 2015). This allowed the researcher to build new knowledge at the forefront of a niche area that is fairly unexplored (Bansal et al., 2018).

A qualitative, mono-method methodological choice to conduct personal interviews was made in terms of collecting and analysing primary data (Fielding, 2012). Secondary quantitative sources containing information about remittance inflows to developing countries and the uptake of mobile money services were referenced to support the objectives of the study.

Initial desktop research included various peer-reviewed literature which provided information relating to the broader context of the remittance phenomenon, as well as relevant theoretical concepts such as behavioural and sociological theories. During the literature search, it became evident that, because not enough information specific to the research topic was available, an exploratory research design would be appropriate (Yin, 2015). Conducting semi-structured interviews with migrant entrepreneurs, who are users of remittance platforms in their own capacity, as well as facilitators for converting cash into and out of the digital remittance ecosystem for unbanked remittance users, provided new insights on the subject.

The data collection process mostly relied on semi-structured interviews and an intrinsic case study approach (Bansal et al., 2018; Creswell, Hanson, Clark Plano, & Morales, 2007) to investigate factors that influence migrant entrepreneurs' decisions when choosing remittance platforms. Semi-structured interviews were conducted at a micro (users of the remittance services) and meso (entrepreneurs facilitating the cash-in and cash-out services) levels.

A cross-sectional study is defined as an instance of a specific setting at a moment in time in contrast to a longitudinal study that tracks events over a period of time (Saunders & Lewis, 2018). Due to the nature and time constraints of this research assignment, a cross-sectional study was deemed appropriate. Interviews were conducted with participants only once, during October in 2020. The researcher was therefore unable to gather before and after views of the participants pertaining to changes in their use of remittances.

4.3 Research Design

4.3.1 Population

The population comprised migrant entrepreneurs working within communities where other migrants live, either on the remittance sender or remittance receivers' side of the ecosystem. Senders utilise remittance services to send money to their country of birth; they are also the gatekeepers into or out of the digital remittance ecosystem for other users of these services that utilise cash (Aker et al., 2016). The population's business activities vary and typically consist of primary operations that are supplemented with the cash-in or cash-out services offered to the remittance companies' customers (Della Peruta, 2018).

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 those users who do not have bank accounts. Due to very little inflow of money into the country (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.

4.3.2 Unit of analysis

The object that frames what is being analysed is referred to as the unit of analysis (Given, 2012). For this study, the decision points that impact the migrant entrepreneurs' choice of remittance provider constituted the units of analysis. The unit of observation is a subset of the unit of analysis, and focuses on the entity or person that will be interviewed or observed (Given, 2012). For this study, the migrant entrepreneur, who is an individual remittance user as well as a gateway for other migrant users of remittances, was the unit of observation.

4.3.3 Sampling method and size

A sampling frame are all those within the population that could potentially be sampled (Saunders & Lewis, 2018). Due to not having access to all migrant entrepreneurs who form part of the remittance ecosystem, non-probability sampling was used. Saunders and Lewis (2018) state that non-probability sampling methods are often used in qualitative studies as they complement a semi-structured interview process. The researcher approached interviewees based on his judgement, using a purposive, non-probability sampling technique.

A heterogeneous purposive sampling approach was used to select a variety of participants (Hsieh & Shannon, 2005) that comprised migrant entrepreneurs in South Africa who utilise international remittance services. Community locations of potential migrant participants were cross-referenced with the researcher's private company database, which housed information related to the distribution footprint of migrant merchants in both the formal and informal sectors of the economy. The necessary approval for accessing this data was provided by the company, and submitted as part of the ethical clearance process. This information was used to identify migrant entrepreneurs in migrant communities in Johannesburg, South Africa. The sample was deemed sufficiently diverse and allowed adequate variation in terms of the data collected. Table 1 provides more detail around the nationalities of the migrants that were interviewed, as well as their reason for remitting. Further information about the sample is provided and discussed in more detail in Section 5.

Table 1: Nationality and Reason for Remitting

NATIONALITY	REASON FOR REMITTING
Bangladeshi	Family and Business
	Family in Somalia
Somalian	Family in Bangladesh
	Family in Bangladesh
	Family in Somalia
	Family in Somalia
	Family in Kenya
	Family in Somalia
	Family in Somalia
Zimbabwean	Family in Zimbabwe

Ten interviews were conducted. The first four interviews were held at the participants' places of work. It was soon discovered that this was a distraction and the responses received were relatively closed and short, which is evident in the low number of codes assigned to those interviews during the thematic analysis process (refer to Figure 13). The interview approach was slightly adjusted from interview five onwards when the locations of the interviews changed to a neutral venue, and the interviews were held at a time chosen by the participants. These changes led to more open conversations, which is reflected by the number of new codes derived from interviews five to seven. A minimal number of new codes were created from interview nine onwards. Although further interviews may have produced new insights, based on the downward trajectory of new codes that were being produced, the researcher decided to cease collecting further data.

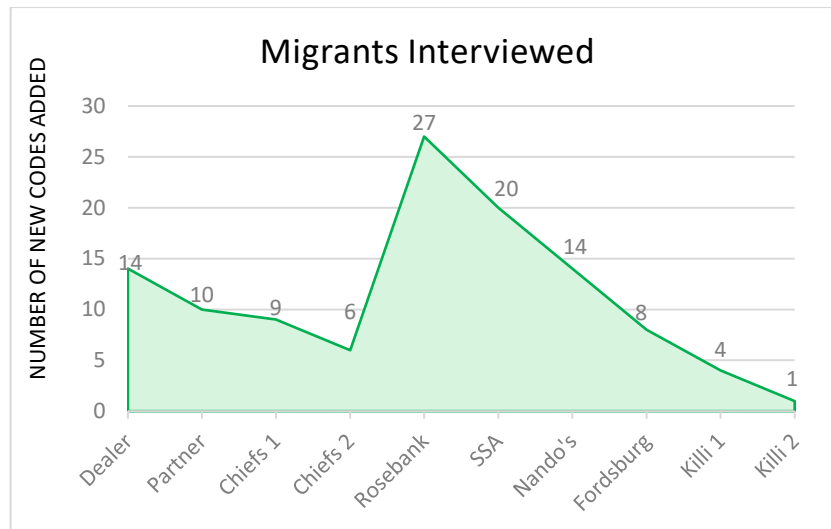


Figure 13: Number of New Codes Added per Interview

A general rule is that between 12 and 15 qualitative interviews need to be conducted before data saturation is reached (Guest, Bunce, & Johnson, 2006; Saunders & Townsend, 2016). Although this was initially followed as a guideline, the saturation point for this study was therefore reached at the tenth interview.

4.3.4 Interview Guide

Data for the exploratory study was collected using a semi-structured interview approach. The interviews were conducted by the researcher. One of the main reasons for conducting the study through in-person interviews was to explore the unique perceptions, feelings, and lived experiences of those who were sampled that added to the richness of the data that were collected (Saunders & Lewis, 2018).

An interview guide (Appendix 2) was utilised to provide structure during the interviews, and to ensure that all the interviews conformed to a similar theme and conversational path (Saunders & Lewis, 2018). A series of probing interview questions were included in the interview guide, which directed the conversation toward the research questions (Saunders & Lewis, 2018). The theme of the interview guide focused on understanding what the social and behavioural remittance habits are for migrant entrepreneurs, and how this influences the factors that promote and detract from their use of remittance platforms.

The semi-structured nature of the process provided the interviewer with some level of flexibility in terms of the order in which the questions were asked, whether some questions were omitted, or if any ad-hoc questions were added to the discussion (Saunders & Lewis, 2018). All three of these scenarios played out during the course of the 10 interviews therefore, having the interview guide on hand was beneficial and assisted the interviewer in directing the conversation to the main discussion points pertaining to the research questions.

Typically, guidelines for designing an interview guide include re-using questions from prior studies conducted in a similar field (with the necessary permission from the author or researcher), reshaping questions to make them more relevant to the current study, or designing new questions (Saunders & Lewis, 2018). Due to the niche nature of this study, the guiding questions were mostly new questions, tailored around gathering information and new insights in order to fulfil the purpose of the research.

According to Fielding (2012), data triangulation has become synonymous with qualitative studies and serves as a means of validating the accuracy of the responses the researcher elicits. This study achieved triangulation by interviewing migrant entrepreneurs who are involved at the entry point of the remittance ecosystem from two aspects, namely, the perspective of an actual user of remittance services, and that of the entrepreneur who is the cash interface for other remittance users of the digital remittance system. Many of the migrant entrepreneurs were affiliated with multiple remittance providers; the aim was therefore to demonstrate data convergence by gaining two perspectives from the same group of users.

4.3.5 Data gathering process

The main focus areas of the data collection process were to explore the largely unknown relationship between migrant entrepreneurs and the non-entrepreneur migrant users of remittance services, and the barriers and enablers for mass adoption of these platforms. 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.

The contention of the selection criteria was that migrants from developing countries were reliant on physical cash due to large portions of the population being unbanked, and that the migrant entrepreneur played a key part in allowing them to make use of remittance services. The migrant entrepreneur, by acting as a gateway for those unbanked users into the digital remittance ecosystem, becomes a key stakeholder for remittance suppliers in understanding user behaviour.

Arestoff et al. (2016) believe that the remittance behaviour of the migrant communities across different provinces in South Africa does not change significantly. This study therefore focused on Gauteng Province as the most densely populated region for foreign nationals to reside (Truen et al., 2016). Using the researcher's company database, potential participants were contacted telephonically and asked to confirm whether they were migrants and users of remittance services. Once it was established that the initial qualification criteria were met, the purpose of the research and reason for the interviews were explained, and in-person interviews were scheduled with those participants who were willing to participate. The risks associated with in-person interviews during the Covid-19 pandemic were considered and necessary precautions were taken to limit the spread infection from both the interviewer and interviewees' perspectives. Ultimately, it was deemed a necessary risk due the researcher's lack of interview experience, which meant that telephonic interviews with participants, who were not fluent in English, might not have been conducive to a free-flowing and open conversation.

Jacob and Furgerson (2012) advise to pilot the interview guide before any actual interviews are conducted was followed. This verification step aided in ascertaining whether the interview guide flowed correctly, and that the types of responses elicited aligned with the research objectives. The interview guide was tested on a small sample consisting of the researcher's colleagues. Their mock responses highlighted that there were issues in terms of the order in which the questions were asked, as well as some of the terminology that led to confusion. The feedback was incorporated, and the relevant adjustments were made to the guide before the first interview was conducted.

At the start of each interview, sufficient context was provided to the participant regarding the purpose of the study, and what their involvement meant and entailed. Each interviewee was requested to sign a consent form (Appendix 3), and asked for permission to record the interview using a mobile device. One participant declined the request to record the conversation. To compensate for this, detailed notes were taken throughout the conversation and were later re-written in digital form. The data relating to each interview were transcribed and analysed directly after the interview, and before conducting the next interview. In this way, any new insights that were gathered could be factored into the interview protocol while maintaining alignment with prior work done in relation to the questions posed to previous participants, or any analysis conducted. The interview recordings are stored securely on the researcher's private Google cloud drive, accessible to the researcher if so required. Each of the interviews was relatively detailed, the duration ranging from 25 minutes to 40 minutes, with an average length of an interview lasting 35 minutes. Due to the participants being traders of the researcher's company, care had to be taken to emphasise that the interview was not related to the researcher's role at the company, and that the purpose was independent thereof and related to research conducted through the business school.

4.3.6 Analysis approach

A thematic analysis method was used to identify codes and themes that emerged from the data collected during the interviews. Braun and Clarke's (2006) six-step process guided the approach that was followed. Of the various software analysis tools that were available to perform such an analysis, ATLAS.ti was preferred, mainly due to its user-friendly interface and the user license for the software being available through the Gordon Institute of Business Science (GIBS). Following the six-steps prescribed by Braun and Clarke (2006), each interview took approximately four hours to analyse, equating to about 40 hours' worth of analysis.

The first step, as defined by Braun and Clarke (2006), is to become familiar with the data. The step describes making sense of the data, which was achieved by transcribing the recorded interviews and reviewing any notes that were taken during the conversations with the participants. This process was repeated a few

times, especially at the beginning of the interview process as it was not initially clear which patterns were emerging. The next step describes how to approach the code generation. Once the data was familiar to the researcher, codes were systematically created and assigned throughout the data set, which aligned with the patterns identified during the initial stage of the process. The third and fourth steps describe how to combine the codes created into themes. By looking at the codes created in the previous step, themes were created that encapsulated each of the codes. The themes were cross-referenced to the research questions to check for alignment and whether they represented the data in an accurate and holistic manner. The themes were again compared to the data, and were deemed to sufficiently align. A thematic map of the analysis was generated at the end of this step (Appendix 4). The penultimate step involved defining and naming the themes. Each theme that was created and reviewed in steps three and four were defined and named, with accompanying notes that provided additional context to what was captured. The sixth step related to constructing and generating the findings. This final step in the process provided an opportunity to conclude the analysis and present the findings in a way that linked the results back to the research questions and literature.

4.3.7 Quality controls

Dependability and consistency are two variables that have been identified to ensure the reliability of a study (Zikmund, Babin, Carr, & Griffin, 2012). Due to the subjective nature of qualitative research, measures are required to address some of the reliability concerns impacted by interviewer's responses and interpretation biases (Zikmund et al., 2012). To aid in the replicability of the study, in particular, the data collection method, an interview guide was followed for each interview, which provided consistency in the responses. Interviewer and interpretation biases were limited by including quotations from the interviews in Section 5 of the report, which indicates how a response was interpreted (Saunders & Lewis, 2018).

Triangulation was used as another strategy to further ensure the integrity of the study (Fielding, 2012; Saunders & Lewis, 2018). The triangulation strategy involved using two independent sources of data (Fielding, 2012). Although this study used a single collection method, consisting of semi-structured interviews, the participants

are dual stakeholders in the remittance process, acting as both users and facilitators of the systems of cash-based users. Their unique perspectives therefore provided new insights into the decisions that impacted their use of remittance platforms. A list of codes that were generated during the thematic analysis process is included in Appendix 5.

4.3.8 Limitations

Limitations to the study were identified as follows:

The inexperience of the researcher, not only in conducting interviews, but also in the analysis of data was considered a limitation. Due to the open-ended structure of the interview process, responses to the questions posed were open to interpretation. The competence of the researcher could therefore be questioned if the interpretation of the data was inadvertently compromised by the researcher's bias and assumptions. Being aware of the subjective nature of interpreting the responses, the interviews were recorded with the consent of the participants, allowing the researcher to refer back to the source of the discussion if he was uncertain about the response or context of the response.

Maintaining consistency throughout the data collection and analysis process in terms of the questions posed to the participants as well as the responses received was found to be a challenge – particularly due to the open-ended and unstructured nature of the interviews. The responsibility lay with the researcher to demonstrate diligence during the process. The nature of an exploratory, qualitative study allows for a degree of flexibility to be applied to the interview protocol. This was evident as new, unexpected insights emerged during the interview and data analysis processes. Care was given to align any alterations to the design choices of the interview guide to ensure that a level of consistency was maintained throughout (Bansal et al., 2018).

Due to the condensed timelines of the research process, interviews were conducted over a two-month period. The research design and allotted time for interviews were guided by prior studies, including the number of interviews needed to reach saturation (Guest et al., 2006; Saunders & Townsend, 2016). Enough time was initially scheduled to conduct a sufficient number of interviews; a few additional

weeks were also built into the schedule in case saturation had not been reached and more interviews were required. Each interview was transcribed and coded before the start of the next one. By following this approach, it became obvious when the saturation point was reached.

It was known from the outset that cultural and language differences would be a potential limitation. As the study focused on eliciting responses from foreign nationals living and working in South Africa, it was expected that a portion of the target population might not be able to converse fluently in English. The level of the interviewee's English and ability to have an open and meaningful discussion was assessed when scheduling the interview with the potential participant. The researcher therefore used his judgement in ensuring that the participants fully comprehended the contents and objectives of the study. Fortunately, the sample available to the researcher was of adequate size and there were no issues with reaching the saturation point.

The final limitation was the extent of different migrant communities from developing countries residing in South Africa. For practical reasons, not every nationality could be included. Prior to the commencement of the data collection process, it was assumed that the remittance behaviours of different migrant communities were similar, and that a generalised sampling approach would work. The interviewees originated from three different countries and it became clear that the usage of remittances and the interaction between the community members, in particular, the migrant entrepreneurs and the users of remittances, had subtle differences depending on their countries of origin. More information about this was included in the Findings and Results sections of the report.

4.3.9 Ethical considerations

The researcher was required to adhere to the GIBS ethical clearance process, and received approval from the Ethics Committee prior to commencing with the data collection (Appendix 6). Each participant was also required to complete a consent form (Appendix 3), that stipulated confidentiality and that data would be stored and reported without identifiers.

5. RESULTS

5.1 Introduction

This section presents the results of the interviews that were conducted, as laid out in the methodology described in Section 4. The exploratory approach to the interviews elicited insights exceeding the initial aspirations of the interviewer, providing rich insights that aligned with the research questions set in Section 3. An interview protocol was designed (Appendix 2) in line with the research questions of the study. During the interviews, discussions regarding the remittance industry and migrants' remittance behaviours came to light, which revealed the factors that promote widespread usage of Fintech remittance platforms, and what those factors are that detract from the use of these platforms.

Braun and Clarke's (2006) six-step thematic analysis process guided the approach for interpreting the data that were collected. In total, nine themes emerged, comprising 21 code categories and 113 individual codes. Table 2 provides an overview of the themes and key insights that were derived from the process.

Table 2: Themes, Code Groups, and Key Insights

THEME	CODE GROUP	KEY INSIGHTS
Theme 1: Remittance habits of migrants	* Trends among communities * Use of Informal channels	Migrants mainly send money to support family. Popular remittance corridors include SADC, East Africa and South East Asia. Migrants send money once or twice a month. The use of informal channels seems to be decreasing.
Theme 2: Community interactions	* Social interactions within communities * Remittance preferences of communities	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 community who seem more independent. Many migrants still do not have bank accounts; therefore, cash is the most prominent means of paying for goods and services.
Theme 3: Services offered by migrant entrepreneurs	* Remittance product expert * Trusted members of the community * Complementary products * Cash-in facilitator	Migrant entrepreneurs, in addition to their primary businesses, 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 facilitating the payments of cash for those who choose to pay in this manner.

Theme 4: Cost efficiency for users of the service	<ul style="list-style-type: none"> * Business opportunity * Low-cost service compared to alternatives 	The primary reason for (1) migrant entrepreneurs, and (2) migrant remittance users to choose which RSP to use relates to money. The migrant entrepreneurs use the company that pays them the most commission, and, for the migrant remittance users, the foreign exchange rate and administration fee are important. The migrant entrepreneurs stated that sometimes they can influence end consumer behaviour and sometimes they cannot.
Theme 5: Competitiveness and innovation among RSPs	<ul style="list-style-type: none"> * Variety of platforms * Different products and services * Convenience of the service * Customer service levels 	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.
Theme 6: Technical and financial literacy	<ul style="list-style-type: none"> * Ill-informed migrant communities 	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.
Theme 7: Physical environment	<ul style="list-style-type: none"> * Collection options * Payment options 	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.
Theme 8: Operational inefficiencies	<ul style="list-style-type: none"> * Slow network * Commercial structure * Remittance platform 	Three main factors were raised that impacted this theme: money taking a long time to be available in the destination country; remittance operators either changing agent commercial structures or not offering a structure at all; and the remittance platforms that included poorly designed user interfaces.
Theme 9: Regulatory frameworks	<ul style="list-style-type: none"> * KYC requirements 	Information derived relevant to this theme was not of a very technical or policy nature mainly due to the participants who were interviewed. Feedback did however point to the stricter registration guidelines enforced by banks and MTOs, and the slightly less stringent policies adhered to by the RSPs.

During the interviews and, contrary to initial assumptions, it became evident that the remittance behaviours of the participants from the different regions were vastly different. These findings are further described below while the consequences thereof and how they relate to the information presented in the literature review is described in Section 6.

5.2 Participant Overview

As depicted in Table 3, participants hailed from three different regions. East Africa made up the largest contingent, followed by South East Asia, and SADC countries. Pseudonyms were used for all the participants in order to adhere to the confidentiality that was stipulated during the ethical clearance process. There were ten participants: seven from Somalia, two from Bangladesh, and one from Zimbabwe. All migrants who were interviewed were male, between the ages of 24 and 68. The in-person interviews were conducted in the greater Gauteng Province, near the areas of the respective migrant's business operations. This coincided with the region where the interviewer was based.

Table 3: Participant Demographic Information

PSEUDONYM	REGION	TIME IN SOUTH AFRICA	PRIMARY BUSINESS ACTIVITY	SECONDARY BUSINESS ACTIVITY
Dealer	East Africa	16 years	Hub for BLD	Remittances
Partner	East Africa	10 years	Hub for Selpal and Kazang	Remittances
Chiefs 1	South East Asia	16 years	Groceries	Remittances
Chiefs 2	South East Asia	5 years	Cellphones	Mobile phone accessories
Rosebank	East Africa	19 years	Remittances	-
SSA	SADC	21 years	DSTV installer	Air conditioner installer
Nando's	East Africa	15 years	Cellphone chargers and covers	Prepaid products
Fordsburg	East Africa	10 years	Airtime sales	Remittances
Killi 1	East Africa	9 years	Clothes and perfume	Remittances
Killi 2	East Africa	15 years	Travel agent	Remittances

The participants had been living in South Africa between five and 21 years. Many of the East African group originally moved to South Africa seeking asylum and were owners of successful local businesses that included the distribution of prepaid airtime and the devices used to sell these vouchers, travel agent services, clothing

and perfume sales. The South Asian contingent immigrated to South Africa to reunite with older siblings. Their businesses included grocery sales, and mobile phone repairs and accessories. The SADC participant had been in the country for the longest period, relocating in the late 1990s to avoid the turbulence and a failing political and economic system in Zimbabwe. His main business activity is the installation of closed-loop security systems, which targeted the residential and light-commercial markets. The hallmarks of the participants' business activities were the diversity of products and services that they provided (refer to Table 3), as well as their target customers being community members in the location of their stores.

5.3 Results: Question 1

Question 1:

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

The first question aimed to explore the various social dimensions of migrants within their communities. By understanding these behavioural aspects better, linkages might appear between these factors and their use of remittance platforms. Figure 14 depicts two themes and four code groups that categorised the various social and behavioural aspects of migrant remittance users: The first describes the remittance habits of migrants, and the second describes the social interactions and preferences of community members when choosing to remit. The two themes constitute important behavioural, social and community traits that explain the environment that the migrant entrepreneurs operate from, and in. These aspects should also be considered by RSPs to gauge the social interactions and preferences that drive their customers' behaviours.

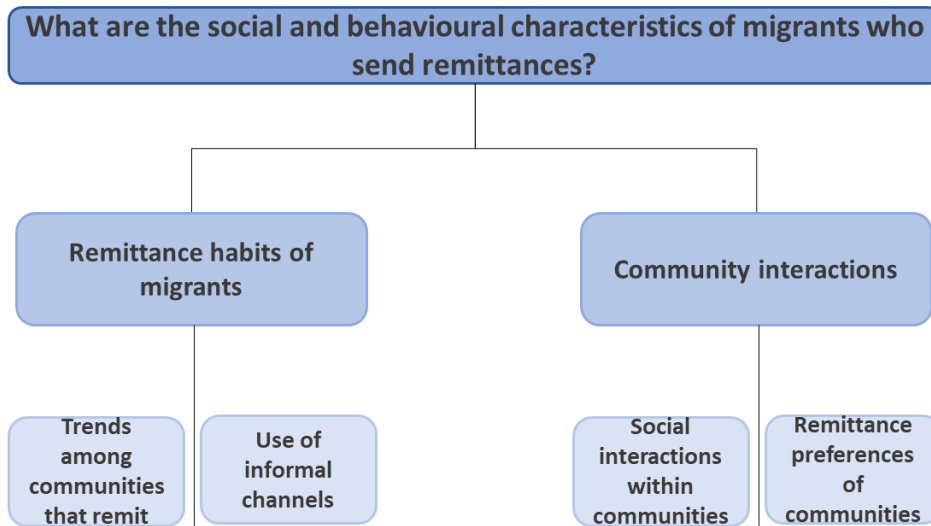


Figure 14: Thematic View Pertaining to Research Question 1

5.3.1 Theme 1: Remittance habits of migrants

5.3.1.1 Category 1: Trends among communities that remit

Each of the participants was asked whether they sent money home and, if they did, their reasons for doing so. The overwhelming feedback stated that they were supporting less fortunate family members who still lived in their home countries:

“We have a family back home to support. So, we're sending money to loved ones back at home in Kenya and Somalia.” (Dealer)

“The main reason for me and my customers is to support our families that still live in Bangladesh. We have a big family still there. Everybody is sending money to their families.” (Chiefs 1)

“I send to my mom and dad; I have to look after them. I send money to Kenya and then trust my network in Kenya to get the money to Somalia where they live. There is a lot of trust that we have that the money will make it there, but this is normal in our communities, so I am not worried.” (Killi 2)

One of the interviewees from Somalia stated that he was sending money home for business reasons (in addition to supporting family), and another claimed to be paying for his sister’s school fees.

To establish a pattern of how frequently remittance services were used by migrants, the participants were asked how often and how much money, on average, their customers sent home each month. The responses varied, with the Asian communities seemingly sending significantly higher amounts than their East African and SADC counterparts:

“I send money to Bangladesh once a month, between R10,000 and R15,000. My other customers also send once a month. Each person has a limit they can send, so most of the time they send what they are allowed, which is between R10,000 and R15,000.” (Chiefs 2)

“My customers mainly send to the East Africa corridor – Kenya, Somalia, Malawi and then also Zimbabwe. They generally send between R2,000 and R4,000 per transaction, once per month.” (Nandos)

“Most of the people send between R1,000 and R3,000. They send money about once a month, but those that have businesses send twice a month.” (Fordsburg)

Four remittance providers were mentioned as being the most prominent RSPs used among the different communities. The feedback regarding which was most popular varied depending on the person responding:

“I have a lot of Zimbabwean customers who send money home. Mukuru is mostly used. Some Nigerians use them as well.” (SSA)

“Mama Money and Ecocash are popular in East African corridor, and also some West African countries like Nigeria.” (Dealer)

“Most of my clients are from East Africa. Mama Money and Hello Paisa are the companies that are best known in our communities for money transfers to East Africa.” (Killi 2)

The four prominent RSPs were therefore Mukuru, Mama Money, Ecocash, and Hello Paisa. Based on the responses that were received during the interviews, there was no clear-cut favourite among the participants.

5.3.1.2 Category 2: Use of Informal channels

Much of the literature (Redín et al., 2014; Truen et al., 2016; Weiss, 2019) stated that a significant proportion of remittances from SSA were still sent through informal channels. Although the responses confirmed that these channels were still being used, there were fewer customers for these services due to the accessibility and cheaper costs of RSPs. Furthermore, these new services were considered less risky and the senders were virtually assured that the money would arrive in the destination country almost immediately after the transaction was finalised:

“Before, I wasn’t using an official company, I was using the black market. We stopped because the Hawala rate was more expensive. We never had any issues with trust, and the money was delivered instantly, but it cost us more.” (Rosebank)

“In the past, I would give the money to a bus driver. The number of people using this method has decreased but there are still people. The RSPs have definitely taken some of these customers. From a cost perspective, they charge 10% at the bus which is much more than the RSP. It is also riskier in that the money does not always arrive, which used to happen to me regularly.” (SSA)

Both responses cited above describe declining informal channel use for sending remittances. In the first response, the participant reiterated that he found Hawala services safe to use, but that they had become more expensive compared to RSP. The second participant stated that using informal remittance services provided by bus drivers was risky to use, as well as being more expensive than RSPs.

5.3.2 Theme 2: Community interactions

5.3.2.1 Category 3: Social interactions within communities

Throughout the interviews, there was a common theme of shared loyalty and trust between members sharing the same cultural heritage. A high degree of trust existed within the migrant communities, particularly when dealing with money matters:

“In business, you know, relationships with people are very important. Trust based relationships, that is what we base our businesses around. We help each other in our community, we look after each other and support each other.” (Killi 2)

“We would, for example, go collect money from 10 or 20 customers in cash. They would give us their order references and, once there was enough money, we would go to the retail stores on their behalf and complete the transactions. We did this within our community.” (Rosebank)

In some cases, the RSP agents offered tailor-made services to their customers, thereby furthering their positions within their communities. A few examples were shared where a remittance agent would receive a call from someone whom they had never met, asking to assist with facilitating a money transfer transaction:

“Some of my clients are actually not even in Johannesburg, some are in Bloemfontein, and some are in Durban. They will SMS me their order reference number, and also pay for the transaction directly into my bank account. I then enter their order number on my cash-in device, and the transaction is complete. The money is available in the destination country instantly.” (Killi 2)

The response indicated a high degree of trust between communities. Interesting was that the customer had never met the remittance provider before, and were comfortable enough to deposit potentially large sums of money in their accounts without any real certainty of the remittance transaction being processed.

5.3.2.2 Category 4: Remittance preferences of communities

Although the trust within communities described above is a factor in determining remittance behaviour, this seemed more prominent in the East African and South East Asian communities, when compared to members of the SADC region. Participants from the Southern African communities seemed more independent; their remittance behaviours and suppliers of choice were not as easily influenced as with the other nationalities. The comments below demonstrate the contrasting views, one from an East African remittance agent, and the other from a SADC

remittance agent:

*“I possess a fair amount of influence. If I tell them to move to another company, even if they like them, they will move to the new one.”
(Rosebank)*

“It is not very easy for me to influence them to change platforms. You might be able to, but you would have to do a lot of campaigns to try and educate them and convince them to switch.” (SSA)

SADC migrants therefore seemed more reluctant to change remittance providers on a whim. “Brand loyalty” was cited by the participant as a possible reason for this mindset:

“I think it is the brand of the company. They have been in the market for a long time, and they are well known to Zimbabweans. My customers are accustomed to them. Knowing Zimbabweans, they do not like to deviate from what they know; they are more sceptical to change.” (SSA)

Blind trust was therefore a feature among communities from East Africa and South East Asia, remittance users willing to change providers if asked by the remittance agent. SADC members were less likely to be easily influenced, and seemed more loyal to the brand that they were familiar with.

5.3.3 Summary of the results for Question 1

Two themes emerged as that were relevant to understanding the social and behavioural characteristics of migrant remittance users. Theme one comprised two categories, the first describing the general remittance trends among the different communities that were interviewed, and the second explored the use of informal remittance channels within the growing digital remittance industry. The second theme also consisted of two categories, both focusing on the relevance of the migrants’ communities.

5.4 Results: Question 2

Question 2:

What are the factors that promote usage of Fintech platforms?

The second question set out to determine which factors encourage the participants' usage of Fintech platforms and whether this had any impact on how remittances were being sent. This question stemmed from the premise that the consumer's costs of sending money home were decreasing through the growing popularity of digital RSPs and the services being more accessible in rural and hard-to-reach areas through the use of mobile phones.

Three themes emerged as determinants of remittance usage: (1) Services offered by the migrant entrepreneur; (2) Cost efficiency for users of the services; and (3) Competitiveness and innovation among RSPs. As depicted in Figure 15, ten categories were associated with the three themes that assisted with the interpretation of the data that were collected.

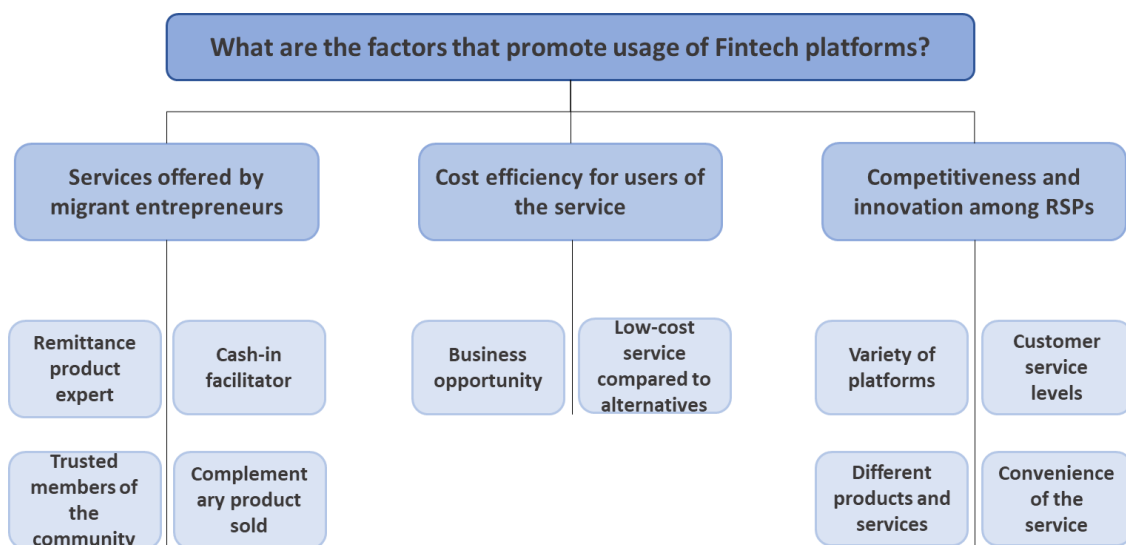


Figure 15: Thematic View Pertaining to Research Question 2

5.4.1 Theme 3: Services offered by migrant entrepreneurs

While analysing the data that were collected, it became apparent that there were four prominent remittance related roles that migrants fulfilled. Each of these roles comprised types of services offered or performed by the migrant entrepreneurs,

either on behalf of the RSP, or by virtue of other business activities offered by them to their communities. These are described in more detail below.

5.4.1.1 Category 5: Remittance product expert

Due to many of the RSPs competing in the same regions, and for the same customers, many of the migrant entrepreneurs were familiar with the nuances of services offered by other entrepreneurs. They were therefore well positioned to act as product experts within their communities:

“As a money transfer agent for some of the remittance companies, I am firstly trained by the company and then get access to their agent mobile application where I can sign up and register new customers for them, and even help them to place orders if they do not have mobile phones. I then earn money from them for every new registration and for an order that is placed through someone I signed up.” (Nandos)

“We are agents for different remittance companies, so we can sign a person up to either platform as a registered customer. They check which company offers the better rate and then come to me and I can help create the transaction if they need me to.” (Fordsburg)

“I help them to place orders if they do not have mobile phones. If they do have a phone, then I can show them how to use the mobile application.” (Nandos)

Some of the prominent codes that were created included remittance agents providing RSP product training to new customers, signing up and registering new customers on behalf of the RSP, and offering first line customer support. One respondent commented that he was affiliated with more than one RSP, and chose to promote the company that was offering him the best rate for his services.

5.4.1.2 Category 6: Trusted members of the community

Whilst perceived by other migrants as a central figure for all remittances within their communities, many of the migrant entrepreneurs, who were agents for some RSPs and not for others, maintained that they were neutral parties in the remittance

process, and did not place any emphasis on promoting or favouring the use of certain providers over others:

“When the customer uses a platform, it is not us that decides for them, they will use whichever platform to create the order, and we will do the cash-in for any of them.” (Partner)

“The people place orders with the remittance companies, and then they come here because they know we have a machine where we can accept cash payments for their orders. So, they make the order themselves, and then they come here to pay for it.” (Chiefs 1)

Although they have the capability to perform cash-in services for all of the RSPs, some insisted that customers wanting to send money utilise the RSP platforms affiliated to their businesses:

“There are some customers that come to me sometimes and ask for these, but I tell them that I can only help if they are sending for one of these two companies.” (Killi 1)

“As an agent, many of these guys are business owners. So, if they want to place an order without leaving their shop, we come to collect the money for them. For this they have to use the company that we are agents for.” (Rosebank)

These responses provide insights in terms of remittance agents being affiliate with multiple RSP. Due to potentially being one of a few cash-in facilitators in a community, which RSP they choose to promote becomes a key point for RSPs to take notice of.

5.4.1.3 Category 7: Complementary products sold

Remittance services were offered by all of the migrants who were interviewed, albeit not always their primary business focuses. These services included providing a cash-in point for migrants who placed a remittance order and could only pay in cash, or registering and training new customers on behalf of an RSP. On probing the reason for the diversity of products that were offered, one of the participants

offered the following comment:

“We earn a small commission for the remittance services we offer. Never underestimate the cross-selling opportunities for someone coming in to buy one product [and] that might be influenced to buy another. This happens a lot. The extra foot traffic brought in by people wanting to send money is good for the other products we sell.” (SSA)

Highlighted earlier in Table 3, one participant offered remittance services as his primary business, six offered them as a secondary service, and three offered them as the third or fourth type of ancillary product to their core business. The benefits that the additional customers bring to the broader business are however well understood, and is therefore encouraged.

5.4.1.4 Category 8: Cash-in facilitator

A key topic reported by virtually all the participants was the prevalence of cash within their communities. Reasons provided included that many migrants did not qualify for bank accounts, and therefore had few other options than to deal in cash; or that other business owners largely operated in cash, and that paying for their personal remittances in this fashion provided a convenient way for them to circulate business cash flow.

“The bulk of our customers are Zimbabwean, and most of them don’t have bank accounts so they still use hard cash. So, no decrease in cash usage in my mind.” (SSA)

“Many of my customers are also shop owners who operate their business with cash. Because of the cash they have, they either need to bank it or use it to pay for ... stock for the shop or for other expenses. So, even though they have bank accounts, they tend to also come to me to pay for their remittance orders using cash. I don’t charge a bank fee to them like the bank would, so it is an easy and cheap way for them to recycle their cash as well.” (Nandos)

The remittance agents, mostly bank account holders, also preferred paying for their own remittance transactions with cash:

“Most of our customers do not have their own bank account so they pay in cash. But we do not accept cash for money transfers at our shop – cash is very expensive to bank and is also very dangerous to have this. We ask them to deposit the cash for the transaction into our bank account before we process the transaction. Some people do an electronic transfer from their bank account to our bank account, but this is not many people.” (Chiefs 2)

“When I send money, I use cash to pay for my order, regardless of having a bank account. I do this because I make a commission for the transaction through using the prepaid terminal, which I would not make if I used to pay for it directly with my bank card through the mobile application.” (Nandos)

The business owner’s appetite and ability to facilitate cash payments for remittance transactions is therefore an important entry point into the remittance ecosystem for those unbanked users. Three different views are shared by participants:

“I go collect money for transactions at their houses or businesses in the evening after 17h00, if it is large amounts. I am taking the risk, so I am expecting the most commission for my service.” (Rosebank)

“Because of the large amounts of cash that we accept, there are drop safes all around our shops where we safely take in the money without having to worry about the risk of going to a bank to deposit cash.” (Dealer)

“There is big sums of money involved with money transfers, I try and avoid people bringing cash to my shop. Even having a drop safe isn’t good because people can still see the business and know there is cash on my premises, so I avoid this. I know from my previous tuckshop and wholesale businesses that this is very dangerous.” (Killi 2)

In many cases, but not all, the potential commission that could be earned for facilitating the cash-in transactions compensated for the risk associated to dealing with cash. The first and the third participants avoided large quantities of money on their business premises, whereas the second participant seemed satisfied that a

drop safe mitigated his risk.

5.4.2 Theme 4: Cost efficiency for users of the service

The fourth theme relevant to understanding what the aspects are that promote Fintech usage involved costs – from a business owner’s perspective, as well as from an end-user’s perspective. These two categories are described in more detail below.

5.4.2.1 Category 9: Business opportunity

For the migrant entrepreneur, there were three facets that benefited their businesses: earning commission for facilitating a cash-in transaction; earning commission for registration of new RSP customers; and the cross-selling opportunities for other products that they offered. The cash-in service was possible through utilising a third-party device supplied by companies that enabled the vending of prepaid products such as airtime and electricity. These companies would pay the migrant a commission for every transaction performed on their devices. The migrant entrepreneur, in this case, does not have a direct relationship with the RSP, rather with a third-party company:

“When a customer comes in, then I help them. They give me the reference number for the order and then I enter that in my machine. I get paid a commission when I send money using the machine. For some remittance companies, I get higher commission than for others.”
(Chiefs 1)

“My relationship with the RSP is not as an agent. I just make commission for the transactions done on the prepaid devices. An agent might earn more, he earns something each time a new customer is registered through him, and then he earns something for the next year that person sends a transaction. They need to keep signing new people.” (Fordsburg)

As an agent, the migrant entrepreneur has a direct relationship and commercial agreement with the RSP. The commission earned for services provided to the RSP, such as registering and training new customers, was cited as an important factor

for the participant to determine which RSP to promote:

“Any new company to the market offers good commission and incentives, but once they are established, they cut it.” (Rosebank)

“This commission rate is also important. We do compare this, and it does factor into our decision which money transfer platform we use.” (Partner)

Both participants confirmed the importance of the commission offered by RSPs. The first participant provided insight in terms of the RSPs modus operandi, entering the market offering high rates, thereafter, decreasing them once they are established.

5.4.2.2 Category 10: Low-cost service compared to alternatives

The advent of digital remittance platforms has had an impact on the costs of sending money home for migrants. Two components make up the fee structure – the administration fee, and the FX rate. Both of these fees are presented to the customer at the time the remittance order is placed:

“Ecocash is charging less than the others. They are charging R75 per R5000 order, where Mama Money is charging R89 for R5000 order.” (Partner)

Due to the large sums of money that are processed, the FX rate becomes a critical factor that is considered by both remittance agent and customer – the exchange rate carrying a higher weighting of importance than the administration fee:

“For the end customer, the exchange rates quoted by the remittance companies are very important. Like today, the dollar rate offered by Ecocash gave much better value than the other companies, so we placed orders through Ecocash.” (Partner)

“I typically monitor the rates across Hello Paisa and Mama Money each day, and place the remittance order on the application that is the cheapest. The fee that they charge is less important than the FX rate.” (Nandos)

“Okay, so when the exchange rate is high, then we don't get much profit when sending the money – less money arrives at the home. It gets expensive. When the dollar drops a bit, the customers start sending again.” (Dealer)

Of the two fees levied to the customer, the FX rates was cited as the most important – the assumption is that a higher weighting of importance applies due to the impact to the amount arriving being more significant than the administration fee.

5.4.3 Theme 5: Competitiveness and innovation among RSPs

All the participants seemed *au fait* and well informed regarding the remittance landscape in South Africa. The data that were collected provided rich descriptions of the most popular remittance platforms, enhancements to the products and services, improved customer service levels, and the ease and convenience of sending money compared to the options they had in the past. These aspects are further unpacked below.

5.4.3.1 Category 11: Variety of platforms

One of the customer centric approaches that all of the prominent RSPs have adopted are the variety of options available for customers to place remittance orders. The following types of users are catered for: (1) technically challenged users are able to place orders through the RSP call centres or the RSP agent network; (2) a Unstructured Supplementary Service Data (USSD) option is available to those reliant on feature phones; (3) for those migrants who had a smartphone, a mobile application is available; and lastly (4) many have incorporated a lower-data option for smartphone users, by providing a WhatsApp chat line where call centre agents provide assistance:

“I use USSD, and then a lot of guys also use WhatsApp. There are a lot of people without smartphones still, so that is why the USSD is so good.” (SSA)

“When I place an order with Hello Paisa and Mama Money, I use their mobile application. Actually, for all of the remittance companies, you can use their mobile applications. You just need to be registered and have

an account with them. But you can only have one account with each platform.” (Chiefs 2)

By making different platforms available to customers, the RSPs have managed to cater for users of different technical literacy. This approach could be seen as necessary, mainly due to the finite migrant base that could constitute a customer for an RSP.

5.4.3.2 Category 12: Different products and services

Many of the RSPs have extended their core remittance offerings, building in features such as basic banking, grocery ordering and delivery, and usability features tailored toward the RSP agent. This strategy serves as a mechanism for the respective RSPs to encourage their customers to continue using their platforms, and not those of their competitors:

“It is doing very well; I personally use it. I pay for groceries and my mom collects in town. Going shopping and standing in queues with money is risky for her, so it is very convenient for me to be able to pay here.” (SSA)

“Hello Paisa has a bank account which they started after we left. It is not popular with us because, when we left, all of customers left, but I think it is with the Bangladesh and Pakistan communities. Asian corridor, they are doing very good with this.” (Rosebank)

“Some of them offer a bank card which you can use locally. This is very useful. For R100 a month fee, it is worth it. They charge less fees than the banks for swiping. You can deposit money into the account through the other banks’ ATMs.” (Fordsburg)

“With Mama Money or Hello Paisa, if I signed you up today, I can see, as an agent, the status of the transaction. My commission, you can see it immediately allocated.” (Rosebank)

Some RSPs have introduced different sending limits in order to differentiate themselves from their competitors. Both Mama Money and Hello Paisa have taken

this approach to good effect:

“But, a good thing from Mama Money is the higher transaction limit you can send for each order. Hello Paisa also has a higher limit, they can send between R15,000 and R20,000 I think.” (Dealer)

The RSP market in South Africa is competitive, which might account for the high level of innovation shown by the remittance providers. The competitiveness among them, and jockeying for the same migrant customer base seems to have fuelled a healthy level of competition.

5.4.3.3 Category 13: Convenience of the service

Aligning to the additional features described above, being able to store money digitally, much like a bank account, has added value to migrants who previously did not qualify for formal banking. This, and the fact that customers can now place remittance orders and pay for the transaction within their communities, and not worry about travelling long distances into town with large amounts of cash on them, are major customer benefits associated to using Fintech platforms:

“There are two types of customers. They placed the orders on their own application, and then pay-in at Checkers or Pick n Pay, or we place orders as agents for them, and then they give us the cash to pay.” (Rosebank)

“For me, it is safer because I no longer have lots of cash on me, and the other is more convenient for me because I no longer have to go to a Shoprite to do the order on my customer’s behalf.” (Rosebank)

In addition to the convenience of cash-in points that migrant entrepreneurs provide RSP customers, they are also equipped to assist the illiterate with placing a remittance order. This is typically performed on the RSP mobile application, under the agent’s login profile.

5.4.3.4 Category 14: Customer service levels

A large differentiator remains regarding how well RSPs are able to service their customers. Feedback from participants indicated that they no longer used certain

RSPs because of poor service that included a complete lack of support in some cases. On the other hand, they chose RSPs based on how quickly the money arrived in the destination country, once the payment for the transaction was made:

“I started using these two providers and have just kept on using them. I know some other people who use Mukuru and Ecocash, but I have good experience with these, so I just kept using them.” (Killi 1)

“As an agent, I need a good working application. I also need customer support for queries.” (SSA)

“The money arrives in Bangladesh very quickly, within three seconds of me sending it here in South Africa, the person in Bangladesh is notified that they can collect it.” (Chiefs 2)

Contrasting views suggested that most of the RSPs offered very similar products and service levels, and that the main differentiator for them was the money they could save, or the commission they could earn:

“Of the companies that I could use – Hello Paisa, Mukuru, Mama Money and Ecocash – their mobile applications offer the same experience and similar service levels. So, for me, the money I can save or earn is the main factor for using a platform.” (Nandos)

Due to many of the RSPs providing similar products and agent commercial structures, their differentiator therefore becomes how well they can service their customers. The standout reason provided for customers not to use an RSP was delayed money collection timelines in the recipient country.

5.4.4 Summary of the results for Question 2

Three themes emerged that were relevant to the question: “What are the factors that promote usage of Fintech platforms?” The first theme described the various services that migrant entrepreneurs made available to the members of their community. The four services included being a remittance product expert and a trusted member of the community, offering complementary, everyday products in addition to remittances, and being able to assist customers who prefer using cash

for their transactions. All four of these aspects provide a compelling service offered by migrant entrepreneurs, not easily replicated by remittance companies or the larger retailers.

The second theme described the financial benefits of using RSPs for business owners and end users. From a business owner's perspective, agents are afforded the opportunity to make additional income by performing cash-in transactions, as well as duties such as relaying important product information to consumers, registering new customers, and showing them how the RSP platforms work. From a customer's perspective, the RSPs have been able to reduce the cost of transactions for migrants by offering competitive FX rates that can be easily compared between the different RSPs, as well as much lower transaction charges compared to other formal and informal remittance channels.

The third theme described in more detail the variety of products and services that have been developed over the past few years, as well as the convenience of being able to place orders through a mobile device, and vastly improved customer service levels.

5.5 Results: Question 3

Question 3:

What are the factors that detract from using Fintech platforms?

The third question determined the factors that prevented the use of Fintech platforms when migrants sent money home. By addressing this, policy makers of developing countries could tailor frameworks that foster inclusion for the low-income sectors of the population, and RSPs could use these insights to craft products and services needed by their customers. Four themes emerged as detractors: (1) Technical and financial literacy; (2) Physical environment; (3) Operational inefficiencies; and (4) Regulatory frameworks. These four themes, and the associated seven categories (refer to Figure 16), were considered key to addressing the question "What are the factors that detract from using Fintech platforms?"

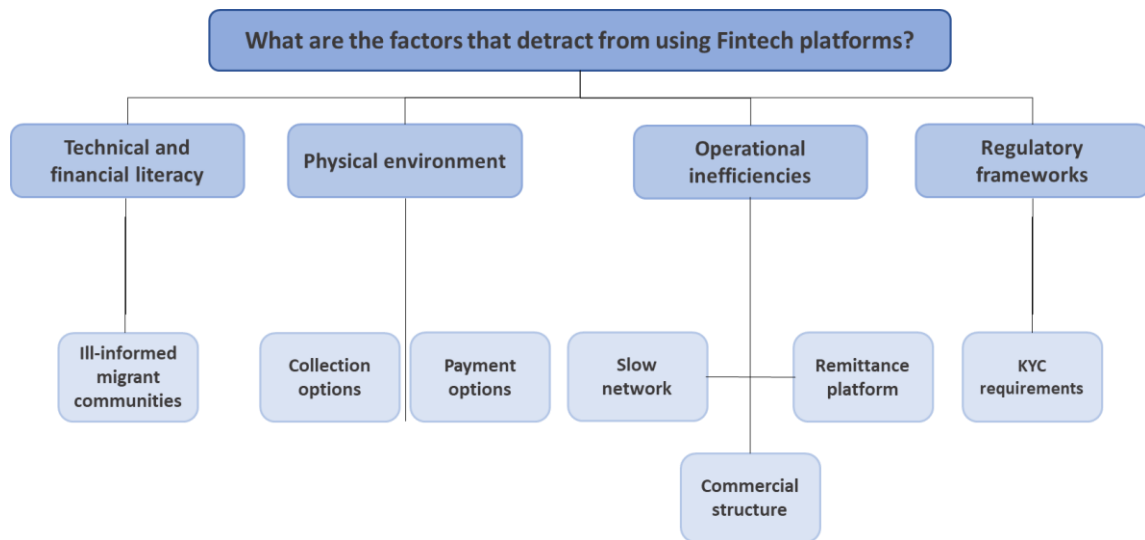


Figure 16: Thematic View Pertaining to Research Question 3

5.5.1 Theme 6: Technical and financial literacy

5.5.1.1 Category 15: Ill-informed migrant communities

As remittance experts in their respective communities, migrant entrepreneurs exert some influence regarding which remittance suppliers to use. Possible reasons include the language barrier for migrants new to South Africa and not familiar with the local languages, or a general lack of awareness of the various options available to them:

“A lot of influence. If I tell them to move to another company, even if they like them, they will move to the new one. They believe us if we tell them another company is better. One of the reasons is that the ones in the townships aren’t that well informed.” (Rosebank)

One participant shared that when a particular RSP stopped paying them commission for new customer registrations, they were able to influence their community to change remittance providers, causing an instant shift in customers from one company to another:

“They cut our commission to zero; they told us we know all the customers, so they stopped paying us. We then told all of our customers to join us at a different company and everyone registered accounts with

them. The community trusted us and were happy to move with us.”
(Rosebank)

Even though there are clear advantages to using digital remittance providers when sending money, the informal remittance channels remain popular. One of the participants stated that people use the services merely out of habit:

“There are people that don’t evolve. It has worked for them so no need for them to deviate.” (SSA)

How informed migrants are becomes an important aspect that RSP can rectify. Emphasis can either be placed on educating the potential user through direct marketing tactics, or through the remittance agent.

5.5.2 Theme 7: Physical environment

The environment that the migrants were living in emerged as a constraining factor for customers to adopt new remittance platforms. Two categories, the availability of collection points at the destination country, and the payment options available to the remittance sender comprise this theme, and are described in more detail below.

5.5.2.1 Category 16: Collection options

When senders place remittance orders through any of the RSP platforms, they are required to provide the basic contact information of the recipients and the method that the recipients will collect the money. In most cases, the South African based RSPs provide two options for the sender to select: (1) at an affiliated bank, either through an existing account, in a branch, or through their ATMs; or (2) through an inter-connected company’s Mwallet system. The cross-border affiliations vary, and not all RSPs provide the same options. These relationships and the options provided to the migrants were considered important by many of the participants:

“Our commission is important, but the main point is not this or the fee charged. How quickly the money goes out is important for them, and how wide the coverage of the cash collection points is in the country is important for them too.” (Partner)

“Mukuru is probably the main one, no one uses this anymore. Before

you could use them for East Africa and it worked nicely. The recipient could receive the money through a mobile wallet or collect it at the banks. Now, they only have banks which is not nice.” (Partner)

Another participant, who sent money to Bangladesh, commented that, even though their families prefer to collect money at a bank and not an Mwallet, the particular bank that their preferred RSP was affiliated with was not convenient for them to use, which impacted their use of RSPs:

“Another reason why we don’t like the bank that the company is partnered with in Bangladesh is they ask for too many documents when you collect, the customers are feeling bothered and uncomfortable.” (Chiefs 2)

“It is difficult to get the PIN for the collection of the money in Bangladesh, and also the bank partner they use to collect the money is not easy to use.” (Chiefs 1)

The two examples provided by the participants indicate the importance of convenient remittance collection points in the receiving country. Where a RSP is affiliated with a collection partner who is not conveniently located to the recipient of funds, this might influence their decision to use an RSP which has a more dispersed collection network.

5.5.2.2 Category 17: Payment options

Because many senders do not have bank accounts and/or are unable to process their transactions digitally, they need to be located near a cash-point. Where a remittance provider does not have a convenient network of cash accepting locations, this acts as a prohibiting factor to the uptake of their services:

“We also used to use Western Union years ago, but they are not convenient because you have to go to one of their shops and carry money with you.” (Chiefs 1)

In communities where a trust relationship exists between the remittance customer and the migrant entrepreneur, the user is asked to deposit money into the

entrepreneur's bank accounts through a nearby ATM, rather than bringing cash to their store:

“Many of the people do not pay in cash; they do the cash payment into our bank account at an ATM or teller, and then show us the deposit slip as proof. Then we process the transaction, so they are not paying us directly in cash.” (Chiefs 1)

Other business owners accept large amounts of cash at their premises even though they are aware of the potential risks that this entails:

“We have never had a problem with cash. We are careful, and we also pray.” (Rosebank)

Handling cash was raised as a concern among some participants, the risk stemming from the large amounts that tend to be remitted. Although of the participants prefer not to accept cash, they seem to have found alternate solutions for their customers, like providing their bank account details and asking the remittance user to deposit cash directly into their account.

5.5.3 Theme 8: Operational inefficiencies

In contrast to Theme 5, where improved customer service levels were mentioned by the various RSPs, operational inefficiencies still serve as a major deterrent factor to the uptake of their services. Three categories were associated with this theme.

5.5.3.1 Category 18: Slow network

Some of the RSPs had built a good reputation for money being available for collection quickly and safely in the recipient country. On the other hand, some RSPs did not achieve this:

“Mama Money is the best one for me; they are reliable in that the money is sent from South Africa and is almost immediately available. For some of the other companies, the money sometimes does not arrive in the destination, and I have, on occasion, waited for months for it to clear.” (Nandos)

“I have heard that the money gets stuck sometimes and then their customer support is not able to help me. The customer is then angry with me and I have to pay them back, so I lose out on money. So, because of these experiences and stories, I just stick to the two that have served me well until now.” (Killi 1)

Some examples were provided where a remittance transaction was confirmed to be sent from South Africa, but never notified the recipient of the funds about the collection availability. Typically, the money is available for collection instantly once the transaction is processed, a delay in the collection notice is therefore an unacceptable consequence for migrants on either side of the transaction.

5.5.3.2 Category 19: Commercial structure

The commercial structure offered to RSP agents was consistently cited as the most important factor when choosing which company to use, and which to promote to their customers. In some instances, where commissions were reduced, or where an agent commercial relationship was not available, this had a significant impact on whether that RSP would be supported in that community:

“Yes, because I am making commission with them, and not the others. So, I have no other option but to use them.” (Rosebank)

“They cut our commission to zero; they told us we know all the customers, so they stopped paying us. We then told all of our customers to join us at a different company and everyone registered accounts with them.” (Rosebank)

“You cannot be an agent for Western Union. I can’t earn commission from them like I do with the other companies.” (Fordsburg)

“Before, me and my customers were using Western Union, but the price they charge is not good and is more than the money transfer companies we use now.” (Chiefs 2)

The commission provided to the remittance agent was weighted by them as the most important factor to either use or not use an RSP. Where commercial models

were not available for agents, it was very unlikely that the particular remittance operator would gain traction in that community.

5.5.3.3 *Category 20: Remittance platform*

A poor mobile application, or no application at all, were listed as reasons for not using an RSP. In addition, some RSPs had removed functionality from their mobile applications that were previously used by remittance agents – this also constituted reasons for migrants not using a particular RSP:

“Also, they do not have a mobile application, so you have to go to one of their shops (Western Union).” (Chiefs 2)

“The second problem is creating the order. Before, you could do it yourself but now you cannot do this. You have to phone the call centre and ask them to create it for you. It is a long story to do it this way. It is not convenient like Mama Money or Hello Paisa, where you create it yourself on the app.” (Partner)

“Sometimes there are technical problems where the money does not arrive quickly, and then it is difficult to get information from the call centre. They should send you an instant message with an update, but they don’t do this, they are rubbish.” (Rosebank)

Although these examples were provided by participants as reasons why they would not use an RSP, none of the factors rated highly in terms of importance. It is therefore unlikely that a migrant entrepreneur’s choice of platforms would be significantly influenced by these.

5.5.4 *Theme 9: Regulatory framework*

5.5.4.1 *Category 21: KYC requirements*

Various regulatory related codes were logged during the analysis, most of them relating to KYC processes adhered to by the various remittance institutions. Some RSPs were reported to have clamped down on suspicious agent activity, and had suspended some of the migrant’s trading accounts:

“We used to earn a good commission with them but now they suspended our account, so we can no longer use them.” (Chiefs 1)

Where banks and MTOs applied stricter registration protocols, possibly due to the higher remittance values allowed through their channels, the digital RSPs had less stringent registration requirements, probably due to the lower remittance limits that they allow their customers to send:

“Many are immigrants so they don’t qualify for bank accounts, but for remittance you just bring your passport and you can get an account.” (SSA)

“People prefer Mwallets; they don’t necessarily like to have cash. They only have cash because many migrants can’t get bank accounts.” (Rosebank)

“Western Union have very tough requirements to register. The documents you need with them is too much. You need an ID book, bank statements, proof of address. Bank statements we can get, but ID we are mostly asylum seekers, so we don’t have, and proof of address we also don’t own the house, so this is also difficult. It is even more tough than the banks as they don’t ask for ID book.” (Killi 2)

The insights provided by the participants pointed out that RSPs have slightly less stringent registration protocols to adhere to compared to MTOs and the banking institutions. The risk of the relaxed KYC process is offset by the lower transactional limits applied to RSP customers.

5.5.5 Summary of the results for Question 3

Deterring factors for using Fintech platforms were categorised into four themes, each providing succinct reasons for this classification. The first theme described how ill-informed communities were still common, and that this could impact migrants’ views and perceptions of RSPs and the services they offered. The second theme explained how, in many rural regions, payment and collection points were still hard to reach, and that this presented challenges for digital remittance uptake. The third theme highlighted that, while RSP operational efficiencies are

deemed a contributing factor for the uptake of remittance usage, their inefficiencies can be deemed barriers to the uptake of remitting through Fintech platforms. The final theme described the regulatory policies impacting remittance providers operating in South African – positive and negative – and the impact these may have on the uptake of Fintech remittance services.

5.6 Conclusion

The research questions presented in Section 3 formed the base for the data collection process that ensued. Ten, semi-structured, face-to-face interviews were conducted with migrant nationals living and working in South Africa. All participants fulfilled a dual role, acting as both remittance user, as well as offering remittance services for other end users. The research findings were grouped according to three main areas: (1) remittance behaviours of migrants; (2) factors that promote Fintech usage; and (3) factors that detract from Fintech usage. The following section discusses the research findings described in this section and compares the results to the literature review that was presented in Section 2.

6. DISCUSSION OF RESULTS

This section compares the findings that were discussed in the previous section to the extant literature that was presented in Section 2. It is structured according to the themes and code groups that were created during the thematic analysis process of the data that were captured during the semi-structured interviews, and followed by what was stated in the literature. At the end of each section is a short comparison of the data and the extant literature. The relationship between the research questions, the literature, and the data collection tool is presented in Appendix 1 in the form of a consistency matrix, and relationship between the research questions, the themes, and code groups can be found in Appendix 4, presented as a thematic map.

6.1 Discussion: Question 1

Question 1:

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

This question was integral in understanding key characteristics about the social interactions of remittance users within their communities, and how this affected their use of remittance services. The main code categories, such as remittance trends and why migrants sent money home, the use of informal channels, and social interactions within migrant communities, mostly aligned with the key areas stated in the literature. The extent to which the findings of the study compare to the literature are further discussed in the section that follows.

6.1.1 Theme 1: Remittance habits of migrants

6.1.1.1 Category 1: Trends among communities that remit

The views captured from the participants strongly indicated that the primary reason for sending money home was to support family members who still lived in their home country. In some cases, mainly Somalia, family members had relocated to other nearby countries, Ethiopia and Kenya, in an attempt to seek safe harbour from the civil unrest that had plagued the country for the past few decades. One

participant added that he was sending money home to pay for his sister's education, and another indicated that he was sending money home for business reasons.

Many academic sources confirmed the findings that migrants primarily sent money home to support those in need of financial assistance (Clemens & McKenzie, 2018; Di Giovanni et al., 2015; Mukhopadhyay & Zou, 2020). Martinez et al. (2015) suggest that migrants emigrate with the intent to send money to their home country in order to start up their own businesses. This claim was substantiated by Lim and Basnet (2017), and Shapiro and Mandelman (2016).

The frequency and amount of money that migrants sent home varied depending on the nationality of the person interviewed. Regulatory limits imposed by RSPs largely dictated the thresholds that could be sent – the Asian community sending on the upper edge of these limits, R10,000 to R15,000 a month, compared to the African communities sending on the lower edge of the limits, R1,000 to R4,000 a month. The frequency that money was sent, ranging between once or twice per month, was consistent throughout.

The sending behaviour of the participants who were interviewed largely aligned with previous studies, where the average values were between \$120 and \$200 per transaction, and the frequency of sending ranging between 12 and 20 transactions annually (Martinez et al., 2015). Using a dollar to rand exchange of 16:1, these values equate to R1,920–R3,200. In a study conducted by Duquette-Rury (2016), it was found that, in some cases, migrants formed “hometown associations” in their new countries, and sent money collectively as a community. This behaviour might account for the larger volumes that were being sent by the Bangladeshi participants, compared to the other migrants who were interviewed.

The participants indicated that the main remittance corridors that they facilitated transactions for were from South Africa to West Africa, East Africa, the SADC region, and South East Asia. Four RSPs were frequently mentioned as well known and popular providers among their customers: Hello Paisa, Mama Money, Ecocash, and Muku. Although most agreed that these four were the most prominent, there was no standout market leader among them. Rather, individuals preferred RSPs for different reasons, including ease of usability, whether the brand

was recognised in their communities, and which provider offered them the best value for money – the last factor being the dominant determinant in most cases.

While not part of the scope of this study, Martinez et al. (2015) state that the trend of migration from developing to developed countries was declining, and that it was no longer unusual for this to happen between developing countries. Although the researcher was not able to explicitly confirm this assertion, all of the migrants who were interviewed were from other developing countries, and seemed satisfied to have settled in South Africa, This was especially true for the Somalian contingent, who had fled war-torn circumstances to find refuge in South Africa.

6.1.1.2 Category 2: Use of Informal channels

The sentiment on the use of informal channels among the East African and South East Asian participants was that these services were in decline. All participants were familiar with Hawala services, and many had used them in the past. As business owners who made commission for processing remittance transactions, it was no longer in their best interests to utilise Hawala services. SADC communities were more likely to use informal channels, in particular, those offered by bus and taxi drivers. However, according to one participant who had previously regularly made use of this method, the popularity of these services had drastically decreased in recent years.

The literature stated that sending remittances through informal channels, like those offered by bus drivers and Hawala agents, remained popular (Arestoff et al., 2016; Weiss, 2019) – the volumes matching and sometimes exceeding the recorded volumes sent through formal channels. It is however believed that this trend is currently shifting towards the use of more formalised channels (Clemens & McKenzie, 2018). This finding aligns with the responses received during the interviews, where the general view was that business has shifted away from informal channels towards the use of RSPs.

6.1.1.3 Summary for Theme 1: Remittance habits of migrants

The findings related to the categories discussed in Theme 1 confirm what was stated in the literature that the primary reason for sending money was to support

family members living in their home countries. The amounts and frequency that migrants were sending money matched; the values almost identical once the currency conversion was accounted for. The data received from the interviews highlighted the main informal channels in use, and stated that the popularity of these were declining as many of the participants were past users of these services. These insights aligned with the literature.

6.1.2 Theme 2: Community interactions

6.1.2.1 Category 3: Social interactions within communities

The data collected during the interviews, in particular from the Somalians, indicated that they were tightly knitted communities that operated largely on trust and loyalty. In order to provide a service to their communities, some of the migrant entrepreneurs had, on occasion, offered to collect cash from RSP customers in the evenings, from migrants' homes or places of work. The participants also provided examples of facilitating transactions for nationals from the same country, whom they had never met. These transactions required the sender to pay money into their accounts, with no guarantee of the money being remitted.

Unable to find a like-for-like comparison in the literature, an anecdote was found discussing the likelihood of migrants sending money home if they were forced to leave their home countries, as was the case for some of the participants who were asylum seekers from Somalia (Arestoff et al., 2016). The findings from the interviews contradict the literature as all the Somali participants confirmed that they regularly sent money, in all cases, to support their families that were still in their home country.

6.1.2.2 Category 4: Remittance preferences of communities

The Somali and Bangladeshi communities showed strong community interactions, which was based on trust between respective migrants, compared to SADC members, who were more independent. Examples were provided by the Somali and Bangladeshi remittance agents of being able to influence members of their community, for instance, if they asked their customers to switch RSPs, they would do so without justification from the agent. This opposed the views of the

Zimbabwean community that was more cautious. Their behaviours were not easily influenced as, once they were comfortable with a certain provider, they would continue using that RSP unless something serious occurred that changed their perspective.

Della Peruta (2018) confirmed the assertion that many of the remittance agents were well known within their local communities as they were often also owners of local retail shops. They are therefore well positioned to operate as local experts in relation to remittances, working from a climate of trust and confidence. Hübler (2016) provides insight regarding socio-technical interactions created by social networks within communities that contributed to the adoption of technology through the improved dissemination of information, in turn, resulting in the encouragement of entrepreneurship, and improved productivity among migrants wanting to send money home (Naghavi, 2019).

6.1.2.3 Summary for Theme 2: Community interactions

The findings from the interviews that were discussed in Category 3 contradicted the literature. Migrants who were forced to leave their home countries were still sending money as frequently as those who moved without being forced to leave. The findings of Category 4 confirmed previous studies, and placed migrant entrepreneurs as central, trusted figures within their communities, and important sources of information about new products and services.

6.1.3 Summary of the discussion of Question 1

This section provided important insights regarding the remittance habits and community interactions of migrants. Knowing the primary reasons why migrants who live in South Africa send money home, allows the RSPs to tailor services around these needs – on the sender or receiver’s side. One such example is the ability to order groceries from South Africa for recipients in Zimbabwe and Malawi. Some of the RSPs have recently introduced this product via their mobile applications. Another interesting insight was the central role that the migrant entrepreneur played in their communities – in terms of being seen as a trusted source of new product information. This assertion is key for RSPs wanting to grow their market penetration in new communities.

6.2 Discussion: Question 2

Question 2:

What are the factors that promote usage of Fintech platforms?

The question set out to determine which factors promote the use of Fintech platforms among migrants using remittance services. By collating the insights of the sample that was interviewed, the researcher was able to contrast their views to what had been written in previous studies – some of which were conducted in South Africa, but most conducted in the Eastern and Western areas of the African continent. By understanding the factors that promote usage, business owners and policy makers are able to craft frameworks to benefit stakeholders that find themselves in the remittance value chain – including end users of these services, as well as the remittance companies. Three themes and ten code categories encapsulate the findings related to this question.

6.2.1 Theme 3: Services offered by migrant entrepreneurs

6.2.1.1 Category 5: Remittance product expert

Migrant entrepreneurs are involved in the facilitation of remittance services in two ways. The first is as an agent which requires the migrant to undergo training provided by the RSP. An agent's duties include providing product knowledge to potential RSP customers, signing up and registering new customers, and showing customers how to use the RSP's platform. The second provides customers with a means to pay for remittance transactions with cash. To offer this service, migrant entrepreneurs use terminals provided by third party companies.

To overcome the often-negative perceptions of migrants from developing countries in relation to new technologies or products, local business owners are often enrolled to provide product training and cash payment services, usually done through banking networks (Della Peruta, 2018; Kumar et al., 2019). Similarly, in a study conducted in rural India, Arunachalam et al. (2020) found that franchised chain stores were scarce in these regions and, rather than spending money on traditional marketing, product suppliers would leverage the services of local stores to spread product information, incentivising them with discounts.

6.2.1.2 Category 6: Trusted members of the community

Even though most of the participants stated that they could exert some influence in terms of which RSP their customers used, some claimed to avoid this approach, preferring to stay neutral. However, this was not the view of all the participants, one commenting that, although he could process transactions for all the main RSPs, he only enabled the services for the one that offered him the highest commission. Asserting that migrant entrepreneurs were trusted community members was, therefore, not always accurate and some level of bias was clearly visible in the feedback obtained during the interviews.

Two different studies indicate that migrants in a community rely on local business owners for advice regarding product recommendations (Arunachalam et al., 2020; Murendo et al., 2018). Both reports state that consumers developed trust relationships with the migrant entrepreneurs as social networks are an important factor for the distribution of information among communities in rural areas. The views presented in the literature confirmed the findings from the interviews, insofar as migrant entrepreneurs had influence in their communities. Whether or not they chose to exert this is unclear in the literature.

6.2.1.3 Category 7: Complementary products sold

Nine interviewees commented that remittance services, which included offering cash-in facilitation for existing RSP customers, and signing up and training new RSP customers, were supplementary to their core business activities. In addition to providing new revenue streams for their business, they would, on occasion, benefit from cross-selling opportunities, selling primary products to customers who came in to process a remittance transaction.

The literature confirmed that many of the migrant business owners had existing operations within their communities, where cash was the main form of payment (Foster & Heeks, 2013; Lashitew et al., 2019; Naghavi, 2019). The assertion that entrepreneurs often provided remittance services as supplementary products was confirmed by Weiss (2019) who states that migrants often go into a store to pay for a remittance order and, while they are there, do their grocery and other everyday shopping.

6.2.1.4 Category 8: Cash-in facilitator

Participants were asked whether they had noticed a decrease in the use of cash in their business dealings with customers. Among the SADC communities, the response was negative as many migrants did not qualify for bank accounts, leaving them largely excluded from formalised financial systems. Feedback from other participants highlighted that many of their remittance customers were also business owners, who similarly, were operating in cash-heavy environments. Paying for their remittance transactions in cash was an easy way to convert their money into digital form, at lower costs than banks charge for deposits into an account.

The process of converting cash to digital form, in order for other remittance users to pay for transactions, is an integral service provided by RSP agents (Lepoutre & Oguntoye, 2018), particularly when considering that agents outnumber ATMs and banks in SSA by at least seven to one (Della Peruta, 2018; Naghavi, 2019). Further evidence is provided by the World Bank that cash remains the dominant form of payment in SADC countries, largely due to the poor banking infrastructure in many rural and hard-to-reach areas (Kachingwe & Kaput, 2018; Naghavi, 2019). The finding in the literature confirms the responses received from the interviewees in terms of the prevalence of cash in the SADC region. Whether or not this same claim can be made for the East African and South East Asian communities could not be confirmed by the literature.

The views of the participants were mixed in terms of the dangers associated with accepting cash for remittance payments. There were generally three views: (1) businesses that accumulate large amounts of cash had installed drop safes at their shops, but it provided a false sense of safety as onlookers were aware of this, which posed a danger to them and their staff; (2) others, aware of the risks of carrying cash, arranged to collect large amounts in the evenings at dispersed locations; and lastly, (3) a third group of participants did not accept cash, requesting that payments for remittance orders be deposited directly into their bank account, through a nearby bank branch or ATM.

The first two views could not be verified in the literature, as they may be unique to the South African migrant remittance environment. The third view was supported by Lepoutre and Oguntoye (2018) who stated that certain retail outlets or ATMs were

considered adequate replacements for agents when customers needed to pay for transactions with cash. They explained that, in the South African landscape, the migrant entrepreneur often fulfils a dual role as both an agent and a cash-in facilitator. The claim that a retail outlet could act as a substitute for the agent indicates that this dual role could be unique to the South African environment, however, more research is needed to explore this assertion.

6.2.1.5 Summary for Theme 3: Services offered by migrant entrepreneurs

This theme comprises four categories. The literature confirmed that migrant entrepreneurs were considered product experts and trusted sources of information by their communities. Both the literature and interview responses confirmed that many of the remittance agents offered various products in their stores in addition to remittance services. The last category unpacked the prevalence of cash in the market. While various sources confirmed the prevalence of cash among the SADC communities, no evidence was found in the literature to confirm this for the East African and South East Asian migrants. The participants' perceptions around the dangers of handling large amounts of money varied and the literature did not contribute to these findings.

6.2.2 Theme 4: Cost efficiency for users of the service

6.2.2.1 Category 9: Business opportunity

When asked which RSP they preferred to use, the responses leaned towards those that offered them higher commissions. Commissions could be earned in two ways, either processing cash-in remittance orders, or registering new customers on behalf of the RSPs. Examples were provided where RSPs had reneged on their commission agreements, forcing the agents to form new alliances with other RSPs, which offered them better terms, taking all their existing customers with them.

Lashitew et al. (2019) state that, initially, migrant entrepreneurs possess low bargaining power in relation to RSPs. This is confirmed by the example provided where the RSP reneged on agreed commission terms. The migrant entrepreneur's bargaining power increases when they affiliate themselves with other RSPs that have better conditions. This assertion is also confirmed by the above example,

where the entrepreneur converted to a new supplier and continued serving his customers.

6.2.2.2 Category 10: Low-cost service compared to alternatives

The advent of digital RSPs has made a significant impact on users of remittance services for numerous reasons, including being a more convenient service than informal channels and charging less for transactions than formal channels such as banks and MTOs. RSPs have therefore been able to influence the remittance industry to offer a better product at a lower cost. Participants noted that charges for two RSPs were different as one charged R75 for a R5,000 transaction, and another charged R89 for a R5,000 transaction. Most of the interviewees also provided insights regarding the FX rate that was offered to customers when placing a remittance order. The rates offered by RSPs fluctuated regularly, up to three times a day. Most of their customers monitor these rates closely, choosing to use the RSP that offered the best value for money.

The data provided by institutions like the World Bank makes for difficult cross-country and cross-industry comparisons. As an example, the global average cost of a remittance transaction was stated as 7,21% in 2017 (Gomber et al., 2018), reducing to 6,84% in 2019 (Weiss, 2019). Although this is a positive trend, it is vastly different to the South African market, where the variances in costs to consumers in the formal channels, banks, MTOs and RSPs, are large. The average cost for a transaction emanating from South Africa was 17,08% in 2018 (Kachingwe & Kaput, 2018). Low levels of digital and financial inclusion were also to blame for the lower adoption of digital remittance services in many SSA countries, adding to the higher transaction fees levied to customers (Kachingwe & Kaput, 2018). The percentage quoted by the World Bank as the average cost for sending a transaction from South Africa includes all three formal remittance channel options, which is not a fair reflection of the RSP industry. Insights provided from the interviews stated that two of the RSPs charged R75 and R89 respectively for a R5,000 transaction, translating to a 1,5% and 1,78% cost to the consumer.

6.2.2.3 Summary for Theme 4: Cost efficiency for users of service

This theme focused on aspects from the perspectives of the migrant entrepreneur

and the remittance consumer. Findings from the interviews were confirmed by the literature, stating that the migrant entrepreneurs begin with low bargaining power, but as they become more established and connect with other RSPs, they begin to assert higher degrees of power. From a consumer's perspective, the costs of transactions quoted by the World Banks seem vastly different when comparing them directly with what the RSPs are charging. Their assertions were therefore not confirmed.

6.2.3 Theme 5: Competitiveness and innovation among RSPs

6.2.3.1 Category 11: Variety of platforms

The RSPs are innovative when it comes to the different ways that customers can place orders, or engage with their support teams. As an example, customers wishing to place an order or require product support have the option to speak to an agent, phone their contact centre, use a USSD menu, or a mobile application. These options cater for most people, including those where the cost of data is a consideration, those with few to no technical skills, or those still using feature phones. This approach is necessary, considering that their target market is largely limited to foreign nationals living in South Africa, constituting a finite number of possible customers.

Not much information was found regarding the different interfaces available to RSP customers. However, Gomber et al. (2018) state that, due to the focus on the industry by various Fintech entrepreneurs, it is inevitable that the industry will undergo major functionality and price changes over the coming years. Changes will be associated with improvements to the customers, positively impacting their user experiences and costs.

6.2.3.2 Category 12: Different products and services

In an attempt to differentiate their services from competitors, all four of the prominent RSPs that were mentioned by the participants had expanded their core service offerings, remittances, and additional products for their customer base. Hello Paisa and Mukuru added banking and card facilities to their platforms, and Mama Money developed an Mwallet function for its users. More recently, Hello

Paisa, Mukuru and Ecocash introduced a grocery ordering service with an option for the order to be packaged and delivered in the sender's home country. Other improvements included certain RSPs improving the agent functionality available on their mobile application, and Hello Paisa and Mama Money increasing the maximum sending threshold for customers, pending more rigorous KYC processes.

Not much has been written about additional services offered by remittance providers, due to many of the studies focusing on the East African and West African markets, and not on the South African industry and its unique landscape. Lashitew et al. (2019) claims that mobile money service providers have extended their product offering to include the ability to pay for school fees and other household bills directly from consumer's mobile money wallets. Similar to the comments provided in the previous category, major developments are expected in this sector over the next few years, predominantly driven by improved technology, customer insights and the focus of Fintech companies on this market sector (Gomber et al., 2018).

6.2.3.3 Category 13: Convenience of the service

The remittance process for migrants has vastly improved since the advent of RSPs. When considering informal channels, participants commented that, in the past, they used either Hawala services, or those provided by bus and taxi drivers. The general consensus was that these were both more expensive than RSPs and riskier as there was no guarantee that the money would arrive at the intended destination. Formal channels were expensive, notwithstanding that most migrants did not qualify for bank accounts. MTOs, most notably, Western Union, were also no longer supported by migrants for reasons that included that they were more expensive; there was no mobile application to place orders; there was no nearby agent network to facilitate cash payments; and their registration requirements were very strict, and were not tailored towards migrant communities.

Conversely, the advent of mobile money has brought digital banking to the homes of migrants who were previously seriously disadvantaged in many ways. The convenience of sending remittances from a phone was stated as a major reason for the adoption of Fintech services (Kumar et al., 2019). Although studies about mobile money refer to domestic mobile banking services, this same concept has

been successfully adopted by digital RSPs, tailored towards migrants wanting to send money across borders (Lepoutre & Oguntoye, 2018). In an effort to further improve their service accessibility to the unbanked, RSPs extended their digital arm by incorporating agent networks, thereby enabling a very low-cost, efficient way for cash to enter the ecosystem (Gomber et al., 2018). Confirmed by the literature, many of the shortcomings listed for other channels, such as safety concerns of carrying cash long distances, not having a mobile application that can be used from home, or an easily accessible way to transact with cash, has all been filled by current RSP operating models.

6.2.3.4 Category 14: Customer service levels

In the feedback that was provided regarding the innovation in platforms and products offered by the RSPs, one of the key differentiating factors that promoted the use of digital remittance platforms was the quality of service offered by remittance companies. Two particular aspects were mentioned: (1) how responsive the customer support agents were; and (2) how quickly the remittance order was processed and available for collection in the recipient country. The latter factor was of particular concern during the interviews, as some participants indicated that orders they placed with a certain RSP did not arrive at the intended destination. This particular RSP was unable to provide a reason for the error, and months later, the senders were still without an explanation for the fault or an indication of when the money would be returned. The customers, as well as the agents who were said to be involved in this incident, subsequently withdrew their support of the RSP. Conversely, participants indicated that they had been using two RSPs since they started offering remittance services to other migrants. Even though these two RSPs were not well known for their commission structures, the migrant entrepreneurs had not had any bad experience with them.

Findings presented by Gomber et al. (2018) regarding the evolution of the Fintech landscape, highlighted that improvements relating to the remittance product, the services offered by RSPs and automation levels had taken place. Even with the innovation and improvements in these areas, they claimed that high levels of service remained a key area that led to customer retention (Gomber et al., 2018).

6.2.3.5 Summary for Theme 5: Competitiveness and innovation among RSPs

Much of the literature indicated that the remittance industry was on the cusp of tremendous change, fuelled by innovative Fintech entrepreneurs who are beginning to pay more attention to this service. Considering the relatively short industry lifecycle to date, it is commendable what has been achieved until now due to the policy relaxations championed by the SARB, promoting inclusion and competition among Fintech companies. It was difficult to draw direct comparisons between the literature and the data collected during the interviews for this particular theme as much of literature cited confirms that the industry in general could expect further enhancements in the future.

6.2.4 Summary of the discussion of Question 2

Balanced views were presented that referenced literature, as well as insights gathered from interviewing migrant entrepreneurs. Three themes were created that relate to the research question: What are the factors that promote usage of Fintech platforms? The first theme comprised four categories, each encapsulating insights related to the services offered by migrant entrepreneurs who promote the use of digital RSPs. Their communities confirmed that migrant entrepreneurs were viewed, not only as trusted sources of product information, but also remittance product experts. Their main businesses were formed before they introduced remittance services, and they typically operated in cash-dominant environments. One of the key roles they fulfilled in the RSP ecosystem was providing a means for migrants to transact using cash.

The second theme includes two categories that considered the cost implications for using RSP services, from a business owner and remittance sender's perspective. The business owner saw value in providing remittance services, including processing cash-in transactions and registering new RSP customers, due to the commission he earned. It was emphasised that migrant entrepreneurs have the option to associate themselves with multiple RSPs. This allowed them to direct consumer traffic through the RSP that provided them with the best commission. From a customer's perspective, RSPs offered reduced transaction costs compared to other channels used prior to entering the market. Examples were provided of charges levied by two RSPs, which equated to a much lower rate compared to that

presented in the literature.

The third theme provided four categories containing various insights related to innovations that have occurred within the industry, mainly driven by the RSPs. Remittance companies have made much progress in catering for a variety of ways that customers can utilise their services. Similarly, in trying to offer a differentiated product compared to their competitors, all of the RSPs had managed to include additional features that were valued by their customers. Two final categories addressed the importance of RSPs providing quality customer service, as well as making a service available that is easily accessible by underbanked users.

6.3 Discussion: Question 3

Question 3:

What are the factors that detract from using Fintech platforms?

The purpose of the third question was to determine the factors that detract from the use of Fintech remittance platforms. Seemingly contrasting the second question, many of the findings determined the use of digital remittance platforms that were discussed in Question 2. The discussion was centred on four themes and seven code categories, as discussed below.

6.3.1 Theme 6: Technical and financial literacy

6.3.1.1 *Category 15: Ill-informed migrant communities*

Although not explicitly stated in the interviews, members of migrant communities seemed overly reliant on the remittance agent for advice, particularly the non-SADC participants. There were a few comments stating that they exerted enough influence to persuade clients to switch RSP companies, without providing a reason for the request. This could stem from migrants not knowing the remittance industry, exacerbated by a lack of technical and financial skills and language differences. Within the SADC communities, migrants are less prone to influence by other community members, and once they find a suitable RSP, they tend to be loyal to them.

Although financial inclusion is reported to be improving due to the growth of mobile money services, low literacy levels and a lack of access to mobile phone technology are still considered major barriers to the adoption of basic banking services (Aker et al., 2016; Munyegera & Matsumoto, 2016). Arunachalam et al. (2020) found that, in rural areas, companies' reputations are spread by word of mouth and that the advice of community leaders is an important factor in the dissemination of information about the company and the services offered.

6.3.1.2 Summary for Theme 6: Technical and financial literacy

Migrant entrepreneurs generally have business dealings with all of the RSPs, but the highest payer is usually preferred. Lepoutre and Oguntoye (2018) claim that remittance ecosystems work best when a focal actor ensures that all stakeholders are catered for. The RSP, as the primary custodian of the ecosystem, should embrace this role by forming close relationships with migrant entrepreneurs, and ensuring that they are adequately equipped with the information to be able to sell their products (Arunachalam et al., 2020).

6.3.2 Theme 7: Physical environment

6.3.2.1 Category 16: Collection options

RSPs have improved the ability to place a remittance order through the use of various platforms, such as feature phones and smartphone applications, and by equipping agents and their customer support centres to assist. The collection points associated with each RSP vary considerably, and may constitute an important deterrent factor for the use of an RSP service. For example, participants from Bangladesh stated that the local bank that their preferred RSP utilised was not conveniently located for their family members to collect the money. They also claimed that the bank enforced stringent KYC protocols that made them feel "uncomfortable". Somalian participants commented that their favoured RSP had recently stopped offering an Mwallet collection option, which they had previously made use of. How easily remittances can be collected by recipients of funds is therefore an important determinant for RSP use.

No information was forthcoming in the literature that added to the claims of the

participants. The literature did however state that access to various collection points had become more accessible through the introduction of Mwallet systems and the expansion of RSP agent networks (Lepoutre & Oguntoye, 2018; Suri & Jack, 2016). The key issue for RSPs, in terms of this topic, is to offer a diverse set of collection options, including different banks, Mwallet systems and a well-established agent network.

6.3.2.2 Category 17: Payment options

The convenience of the location of a payment option is an important factor for the sender of the transfer that promoted or detracted from the use of an RSP. Many of the participants commented how they previously used Western Union before the RSP agent networks spread into their local communities. In the past, they were forced to travel to the nearest Western Union branch, carrying cash, but they were now able to conclude the same service through using a migrant entrepreneur, likely from their own community, with business operations close to where they live. In addition, many unbanked migrants were still able to deposit cash into an agent's bank account, with relative ease, using widely dispersed bank branches or ATM networks.

Prior to mobile money services, migrants in hard-to-reach areas were required to travel to the nearest town to physically deposit cash at the nearest bank branch, ATM, or retail outlet (Aker et al., 2016). Fortunately, the well-established and widespread banking landscape and large RSP agent networks have rectified this shortcoming in South Africa. This, and the fact that most migrant entrepreneurs are affiliated with all the major RSPs, largely eliminates this factor as being a competitive advantage for any company.

6.3.2.3 Summary for Theme 7: Physical environment

The literature was unable to contribute to the findings derived from the interviews. Participants indicated that certain RSPs were no longer used by them as they did not provide the most convenient collection point for the recipients. The payment options seemed to be less of a concern as the South African landscape is well developed and presents many options to pay for remittance orders.

6.3.3 Theme 8: Operational inefficiencies

6.3.3.1 Category 18: Slow network

Some of the participants stated that, occasionally, their remittance orders were not made available to the recipients timeously. This served as a major deterring factor, not only for customers of the relevant RSP, but also for the agent associated with the RSP. Although, technically, this is not affiliated with the agents, they are considered by their customers as being responsible for the funds arriving. Bad service, in terms of money not arriving fast enough, causes reputational damage to the migrant entrepreneurs, resulting in them not promoting the services of the RSPs at fault. Where RSPs delivered consistently good service levels, agents were quick to point this out, stating that they would continue to use their services even though the commissions they received were not as competitive as their rivals.

No examples were found in the literature to verify the above sentiments. The RSPs need to consider that, no matter how good their commission is, or how efficient their customer support is, without a functioning backend that ensures funds are made available to recipients immediately, RSPs will negatively influence how their agents, and their customers, perceive them.

6.3.3.2 Category 19: Commercial structure

The financial benefit to the migrant entrepreneur for facilitating remittance services in their communities was the dominant reason in terms of which RSP to promote among their customers. Some participants commented that one of the reasons why they no longer support Western Union was because they could not offer them an agent affiliation as did other RSPs. Entrepreneurs said that they preferred promoting the RSPs where they can make the most commission.

Arunachalam et al. (2020) agreed with the above assertion that the segment of the market making use of remittance services was considered very price conscious. The cost of a transaction was therefore scrutinised, compared and contrasted to competitor prices before deciding which provider to use.

6.3.3.3 Category 20: Remittance platform

The functionality and usability of remittance platforms were important factors for the participants. One provided an example of an RSP removing the previously popular ability for him to assist customers with placing remittance orders on his mobile application. Another cited that, on occasion, RSPs were slow to respond to technical issues impacting the use of their platforms. These seemingly insignificant instances were probably not enough reason for customers to switch service providers however, when coupled with other factors carrying more weight, could prevent usage.

Overly complicated application interfaces were cited as a detractor to the uptake of digital remittance services (Zaffar et al., 2019). This, coupled with fears around the security of their accounts and the reliability of mobile networks, were raised as concerns for migrant remittance users. Considering that many potential migrants utilising these services are not technically or financially literate, additional education could be provided by RSPs to overcome these fears.

6.3.3.4 Summary for Theme 8: Operational inefficiencies

Three factors comprised operational inefficiencies in the minds of migrant entrepreneurs. (1) Slow RSP networks impacted the availability of funds in the recipient country. Due to the general efficiency that funds are normally available, no matter which RSP is used, customers have become accustomed to this level of service and anything falling short is seen as a problem; (2) The commercial structure offered to migrant entrepreneurs by the RSPs was cited as being the most important determinant in choosing which service to use. Where an agent structure was not available, as in the case of Western Union, that presented a problem for them; and (3) the remittance platform highlighted inefficiencies that some of the agents had experienced.

6.3.4 Theme 9: Regulatory framework

6.3.4.1 Category 21: KYC requirements

The feedback received from participants associated with SADC communities differed slightly from the rest of the interviewees. Many of the SADC migrants who

had settled in South Africa were said to be undocumented, and unable to apply for bank accounts. Due to the more relaxed requirements of remittance operators, these migrants qualified for remittance accounts. Many of the Somalians who were interviewed were asylum seekers, and were also able to apply for remittance accounts without any issues. From an RSP perspective, one provider was reported as applying stricter regulatory checks in terms of the transactions processed by their agents – an example given by one participant of their account being suspended indefinitely due to questionable transactions they had processed. A few other examples were provided by participants, of the strict registration requirements enforced by MTOs, who said that it was easier to get approval for a bank account than an account with them.

Large amounts of research were found on regulatory and AML policies. Many believed that, although strict controls were necessary from a compliance and governance perspective, it had the ability to stifle growth and restrict competitive behaviour (Weiss, 2019). Although the benefits and disadvantages are well documented, many countries were still reported to be falling short in implementing constructive policies that promote inclusion and reduce remittance costs (Gomber et al., 2018). All institutions had to adhere to KYC protocols, where every customer account had to be linked to a single, identifiable person with a valid identification document (Lepoutre & Oguntoye, 2018). Overheads associated with these checks were considerable, and in most cases, passed on by the RSPs to the customers (Gomber et al., 2018).

6.3.4.2 Summary for Theme 9: Regulatory framework

By all accounts, the SARB has set policies in favour of promoting an inclusive remittance industry, and fostering a competitive environment among various stakeholders. This started in 2011 by lifting foreign ownership restrictions and, in 2013, RSPs were no longer required to be partnered with licenced financial institutions (Kachingwe & Kaput, 2018). These “free-market” policies were followed up by introducing a new category licence tailored to RSPs and migrants, allowing less stringent KYC requirements than those imposed on banks and MTOs to manage the risk of the reduced restrictions by allowing lower daily and monthly remittance amounts to be sent (Kachingwe & Kaput, 2018). More recently, in 2015,

recognising the large migrant communities that still could not gain access to formalised bank accounts or the RSP registration requirements, they introduced an even lower level KYC process allowing migrants to register with only a form of identification, again curbing risk by associating these accounts to an even lower transactional limit (Kachingwe & Kaput, 2018).

6.3.5 Summary of the discussion of Question 3

Question 3 set out to determine the factors that detracted from migrants' use of Fintech remittance platforms. The findings were divided into four themes. The first theme described the importance of poorly informed migrant communities, and their reliance on local community leaders, in some cases, the migrant entrepreneurs, for information and advice on which RSPs to use. The second theme described constraints imposed by the sender and receiver's physical environment, such as access to payment and collection points. The third theme described the operational inefficiencies of some providers' actions. The last theme described the importance of regulatory frameworks in driving inclusivity and fostering competitive environments.

6.4 Conclusion

Ferriani and Oddo (2018) provided a concise framework that grouped the factors that influenced the choice of remittance channels used by consumers into four categories, namely, channel characteristics, transaction characteristics, personal characteristics, and institutional and economic factors in either the host or home country.

Channel characteristics included how quickly recipients of funds received the money once the transaction was processed, the ease of paying for and collecting the money, and the costs involved for sending money. How quickly funds were available for collection was listed by participants as a deterring factor. Due to the high level of competition among South African RSPs, a customer would leave an RSP if this service was consistently bad. Paying for a remittance order was deemed unimportant in the South African landscape, due to widespread options. The remittance collection options provided by RSPs were cited as important factors in choosing an RSP. Examples were provided where customers switched providers

due to a better selection of cash-out options. The most important reason provided by most of the participants, in terms of factors that promote or detract from Fintech usage, were the costs associated with either the agent, or the customer. The agent considered which provider offered the best commission for their services and the customer considered the best FX rate and lowest administration fee.

Transaction characteristics describe how frequently and how much money migrants sent home. The data collected confirmed the assertions provided in the literature. The average frequency that migrants sent money ranged from once or twice a year, and the average amounts from R2,000 to R3,000 per transaction. The South East Asian participants reported sending higher amounts, most likely due to their community belonging to home association groups, and pooling remittances together to send as a collective.

Personal characteristics comprised the education level of the sender and the impact this had on money sent, as well as the legal status of the migrant in his/her new country. The assertions provided in the literature were contradicted by the interviews, many of whom had fled Somalia. Their levels of remittances were not influenced by leaving their home country. Many SADC migrants were reported to be undocumented. Although this did not impact the amount and frequency of money sent, many were forced to use informal remittance channels to send money home – these services being less reliable and more expensive than those provided by RSPs.

Institutional and economic factors include the importance of the exchange rate applied to senders by RSPs, how financially included the migrants on either side of the remittance transaction are, and the dispersion of banking rails in the host and home countries. All of these factors were important determinants for migrants. The FX rate applied by the RSPs was one of the main factors influencing the amount of money that would arrive in the destination and this was a major factor for migrants. The level of financial inclusion also impacted both the sender and receiver. To cater for those customers who were not fully included, most RSPs enabled platforms that they could use to place orders outside of technology and instituted ways for unbanked customers to participate in sending money. Some local RSPs had extended their core remittance services to bolt on basic banking services, further improving the level of financial inclusion among their customer base. Although

banking rails extended the RSPs' network of pay-in points, it was not deemed a critical factor as the South African landscape has a well-dispersed network of retail outlets, agents, bank branches and ATMs.

The final chapter synthesises the main conclusions of the study. A framework is presented, detailing the core components and the lens through which the findings should be viewed. Implications for business, and the limitation of the study are discussed. The chapter ends with suggestions for future research.

7. CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The advent and subsequent popularity of Fintech remittance companies has coincided with increased levels of migration between developing countries (Clemens & McKenzie, 2018), as well as improved levels of digital and financial inclusion (Gomber et al., 2018; Hendershott et al., 2017; Lashitew et al., 2019). However, these assertions cannot be applied to all migrants. In rural and hard-to-reach regions, particularly in developing countries, migrant communities are often starved of information (Kumar et al., 2019). The reliance on community leaders and local business owners for advice is common, and has become normal within their environment (Arunachalam et al., 2020). The social interactions of migrant community members became the starting point of the study. Understanding the largely unknown relationships between the stakeholders and how they engage was approached through the actor-network theory (Elder-Vass, 2019; Thomas et al., 2013). How and to what extent these factors influence the adoption of Fintech platforms formed the base of the research. Table 4 presents a summarised view of the findings of the study.

Table 4: Summary of the Findings of the Study

SOCIAL AND BEHAVIOURAL ATTRIBUTES	FACTORS THAT PROMOTE FINTECH USE	FACTORS THAT DETRACT FROM FINTECH USE
<ul style="list-style-type: none"> * Migrants from the same communities have similar behaviours * Send money for family and business reasons * Use of informal channels still occurring, but in decline * Element of using these out of habit, and not being well informed about alternatives * Hawala services in particular are not bad experiences – more expensive option deters use 	<ul style="list-style-type: none"> * Training on RSP platform provided by agent * Agent affiliated to an RSP for cash collection / payment * Agent able to register new users on behalf of RSP * Assistance provided by agent to non-literate users when placing orders * Share product knowledge (neutral) * Agent promoting a RSPs services as the one to use within 	<ul style="list-style-type: none"> * Not being well informed in terms of the different RSPs available * Nearest agent in community affiliated with a certain provider (and not a neutral aggregator as claimed) * Family members receiving the money not conveniently located to collection partners of RSP (whilst being closer to others offered by competitors) * Local agent not able to accept cash payment for particular provider

<ul style="list-style-type: none"> * SADC members send lower values, once or twice a month * East African and South East Asian communities send larger values, once or twice a month * High level of trust between members of the same community – this trust is extended between migrant entrepreneur and migrant non-entrepreneur * Remittance user will follow the agent if asked * Migrants try to keep spending within their community by supporting local businesses * Use of cash still prevalent, especially among many undocumented SADC migrants 	<p>their community</p> <ul style="list-style-type: none"> * Bespoke cash-collection services offered to remote users, high value customers scared of carrying cash, or business owners not able to leave their premises * A pay-in or collection points – either bank, retailer, agent, ATM – in proximity of remittance user * Agent will prefer an RSP that offers highest commission * Customer will prefer RSP that charges least amount of money, and that offers the best FX rate * Higher transaction limits important to South East Asian community * Ease of use (technical interface) * Ease of use (different types of platforms available suiting everyone’s needs) i.e. USSD, mobile app, call centre * Additional products made available by RSP i.e. grocery order / delivery for home country, Mwallet, bank account 	<ul style="list-style-type: none"> * Reluctance of agents to handle cash * No Mwallet option to pay money into * Money slow to arrive (not instant like what some RSP offer) * Agent commission reduced by RSP * No commission to be earned (like MTOs) * Cost of sending (if high) acting as a detractor * Technical issues caused by RSP or their network resulting in collection of funds being delayed * Poor customer services exacerbate the issue * RSPs applying stricter compliance checks to agent accounts * Inability for some undocumented migrants to qualify for accounts * Problems collecting money in some countries (where recipients also have to KYC)
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Elements cited in the above table are further discussed in the next section. The findings are grouped according to the three research questions, namely what the behavioural characteristics of migrants are when sending money, which factors encourage Fintech platform use, and which factors detract from Fintech use.

7.2 Research Findings

7.2.1 Social and behavioural aspects

The remittance habits of migrants, and their community interactions categorised the main findings for the first question. Underpinned by the ANT, the findings

emphasised the high levels of loyalty and trust between migrant and migrant entrepreneurs of the same community. In some cases, the participants described that a fallout with an RSP forced their hand to move to a competitor RSP – while their move did not necessarily constitute a mandatory switch for their remittance customers, they obliged when asked to switch by the remittance entrepreneur. This assertion alone constitutes an important finding for RSPs. Further findings alluded to the prevalence of cash among communities, which also contradicted the literature (Haddad & Hornuf, 2019). In terms of remittance behaviour of migrants, the average value and frequency of remitting confirmed the assertions stated in the literature (Martinez et al., 2015).

7.2.2 Factors that promote Fintech use

Three categories emerged that addressed the primary factors that promote Fintech platform use. First, the migrant entrepreneur played a key role in the remittance value chain, and their ability to accept cash for remittance payments (Gomber et al., 2018), and provide product knowledge dissemination, were listed as key points for the adoption of RSP services (Arunachalam et al., 2020). Second, and the most commonly provided reason for using Fintech platforms, related to money – although stated in some literature (Lashitew et al., 2019), the importance of this point was not focal to any discussions. For the migrant entrepreneur, the RSP that offered the highest commission tended to be favoured, and for the end user, the provider that offered the best FX rate was preferred. In some cases, remittance agents could dictate which RSP their customers use, however, many stated that they were completely neutral to the decision process, and allowed the user to decide for themselves which service to use. Some participants were franker, and stated that their customers would switch providers if they asked them to – these insights were not forthcoming in the literature. The third factor that promoted Fintech use, was the level of innovation shown by RSPs (Lashitew et al., 2019; Rodima-Taylor & Grimes, 2019). In a relatively short period of time, the prominent companies in the market had developed user interfaces that were seamless to use, even for the technically challenged user, and were constantly introducing new products to supplement their core remittance service (Clemens & McKenzie, 2018).

7.2.3 Factors that detract from Fintech use

Possible reasons for migrants not to use Fintech platforms were grouped into four categories. The first described the general lack of knowledge by some migrants, who subsequently relied on other community members for information (Zaffar et al., 2019). For remittances, the remittance agent is seen as the expert by their community, and is relied on for impartial information about which product to use (Arunachalam et al., 2020; Murendo et al., 2018). Which RSP they promote therefore becomes subjective. As found during the data analysis, the bias of an agent oftentimes dictates what information is shared, and the claim that they are neutral parties is false. The second group highlights the impact that migrants' physical environments have, in particular those who rely on cash to pay for orders, and who require to withdraw funds once they are sent (Kachingwe & Kaput, 2018). The proximity of the nearest agent of cash collection points is an important factor for these customers. The third group discusses the operational inefficiencies of the RSP. Due to many of the RSPs offering similarly high levels of performance, it is easy for users to switch providers when something goes wrong. How quickly money is available to collect once it has been sent, whether or not the RSP has a commercial model available to agents, and how user friendly the application interfaces are, are all important factors that may detract from the use of certain RSPs - these factors were not found during the literature review. The last group, regulatory frameworks, has contributed to the growth of remittance use in South Africa. Yet, some of the participants stated that RSPs had begun to enforce more stringent registration requirements, and had on occasion suspended accounts of their customers.

7.3 Proposed Framework

The summarised findings that were offered in Table 4 was used as input to formulate a framework for the study, which is presented in Figure 17 below. 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 ANT, 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.

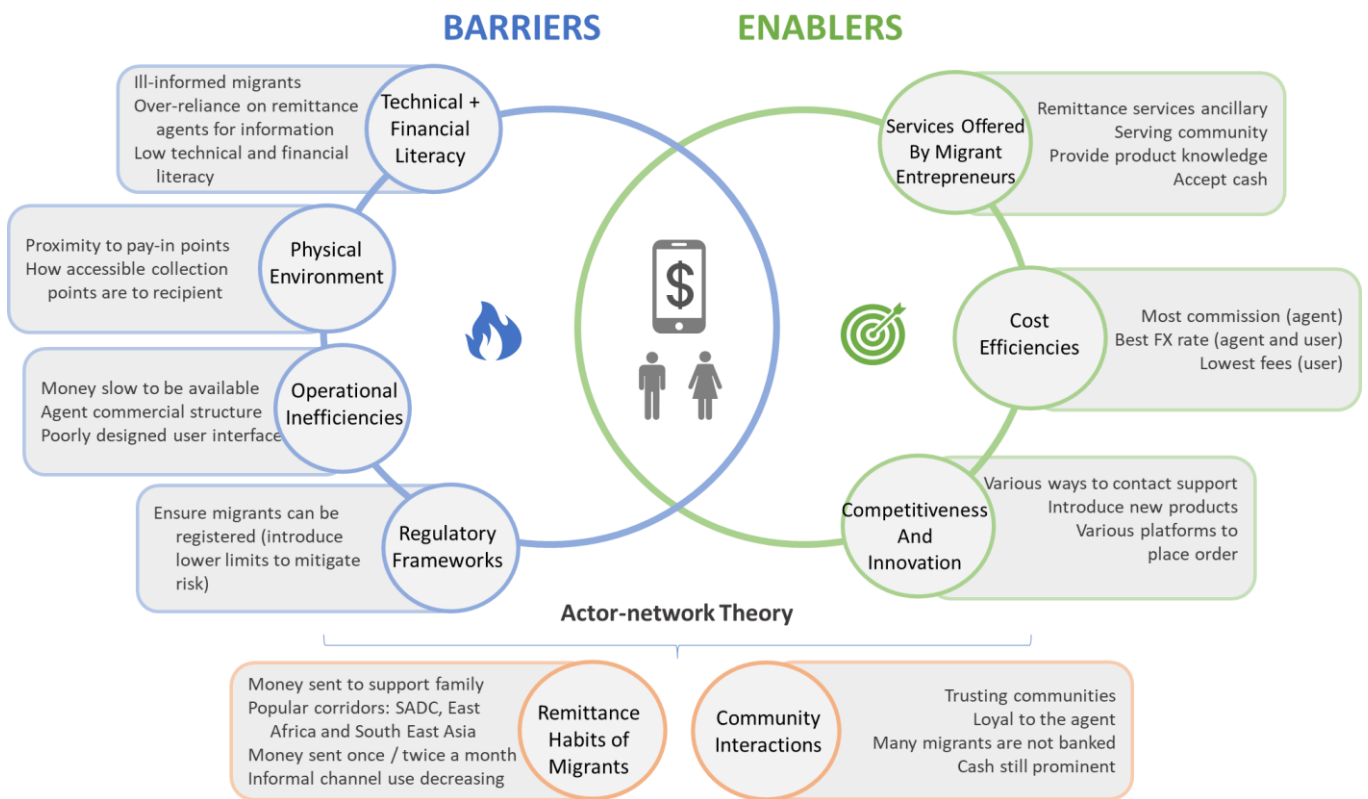


Figure 17: Barriers and Enablers for the Uptake of Fintech Remittance Platforms

In practice, the framework can be utilised by RSPs to determine their positioning in terms of their service offering and standing within migrant communities. It could also 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: (1) the first focuses on the relationship that the RSP has with the migrant entrepreneur; (2) the second ensures that competitive commission rates are offered to the remittance agent and decent FX 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.

The deterring factors provide a view of four important categories for RSPs to consider. These factors provided highly relevant information, and could be viewed

as stronger determinants (in terms of what not to do) compared to the factors that promote use. The first category emphasises the need to educate and disseminate information about the RSPs own product in the communities that they target, and to be cognisant of the reliance of communities on potential self-serving remittance agents for information. The second category highlights that not only are dispersed cash-payment points important in the sending country, but so are cash-collection points in receiving countries. Participants from Bangladesh stated that they had stopped using a particular RSP due to their collection network not being as conveniently located as one of the alternate RSPs. The third category provided information about operational inefficiencies that would cause migrants to switch providers, these included: (1) money slow to become available in the destination country, once processed in South Africa; (2) poor or non-existing remittance agent commercial models; and (3) poorly designed remittance platforms with limited functionality. The fourth category related to regulatory frameworks in terms of particularly stringent registration requirements beginning to be enforced by some RSPs (Kachingwe & Kaput, 2018).

7.4 Implications for Business

As asserted by Lepoutre and Oguntoye (2018), in a multi-stakeholder relationship, it is in the main actor's best interested to ensure that all parties are in good standing. Market insights were largely considered through referencing industry reports, as well as garnering the perceptions of migrant entrepreneurs, and consumer insights were extracted through scouring the literature, and were supplemented by the views that were shared by the migrants who were interviewed.

The practical relevance of the study mainly extends to remittance service providers. Remittance service providers, as the focal point in the remittance ecosystem (Lepoutre & Oguntoye, 2018), can leverage the suggested framework to compare how their business operations are positioned against the recommendations derived from the study.

7.5 Limitations to the Research Study

Five limitations were described in detail in the methodology chapter. The first cited

the inexperience of the researcher in terms of the data collection and analysis process. This limitation was mitigated by recording all of the interviews, bar one, affording the interviewer a means to refer back to the recorded conversations if required. The second limitation described the complexity in maintaining consistency throughout the data collection process. This concern was overcome by allowing the Interview Guide to dictate the structure of the conversation; in this way, all of the interviews ran along similar themes. Condensed timelines were raised as the third limitation. A strict research schedule was adhered to, which aided the research to be conducted on time, despite a difficult year exacerbated by the Covid-19 pandemic. The fourth limitation mentioned the risk of potential language and cultural differences between the participants and the researcher. Care was taken during the interview screening process, and fortunately this risk did not materialise. The final limitation mentioned the various migrant communities that are prevalent in South Africa, and that practically, migrants from all nationalities could not be interviewed. Of all the limitations, this remained the only one that served to be true. Participants from three different nationalities were interviewed, and although their responses were similar, variances were noted during the analysis process. It is believed that extending future studies to include participants from other nationalities could provide a more diverse base of data to analyse.

7.6 Suggestions for Future Research

The lens of the study was focused, and considered social and behavioural aspects of migrants and their remittance behaviours, as well as the factors that aid and prevent using digital platforms to send money. However, during the literature search, and the interviews with the migrant participants, various thoughts and alternative research ideas emerged:

All of the interviews were conducted with male participants, likely providing a very one-sided, gender-biased view. Incorporating the perspectives of female entrepreneurs would therefore be of interest, as well as extending the interviews to other migrant communities from other regions in Africa and Asia. With the views of females, and other nationalities, remittance service providers will be able to start forming a more holistic view of the potential customer base, and where the similarities and differences are.

The reasons for sending money home were noted for all participants. However, the answers were taken at face-value, and in hindsight were not sufficiently probed to provide more detailed information in terms of what their families mainly use the additional funds for. This could provide remittance service providers with unique insights into their user base in South Africa, but what the corresponding recipients in other countries use the funds for. With this knowledge, and the known ability of Fintech's to innovate, interesting product and service enhancement could be developed to create a competitive advantage.

Although entrepreneurial ecosystems were not in scope for this study, it is believed that further insights regarding these environments and the relevance to migrant communities would yield interesting findings. This, paired with further studies regarding the optimal product mix made available by migrant entrepreneurs (due to remittance services being mainly ancillary to primary products and services), could provide further useful insights for remittance service providers.

7.7 Conclusion

Remittance use among migrants is a growing phenomenon globally. The study determined what the primary enabling factors are, for migrants living in South Africa, for the uptake of Fintech remittance platforms. Conversely, the factors that detract from Fintech adoption among migrants harbouring remittance needs were also explored. These objectives were looked at through the actor-network theory, providing the researcher with a unique perspective to consider the social and behavioural interlinks between migrants and their community, and their interaction with the Fintech platforms.

A framework was presented that consolidated the findings of the study. Key behavioural aspects that were seen to influence migrant communities' remittance behaviour were stated. These largely played a supporting role to the enabling and deterring factors that were found. The primary enabling factors were grouped into three themes: (1) services offered by migrant entrepreneurs in their community; (2) costs associated for using Fintech platforms, from a remittance users perspective as well as those of the remittance agent; and (3) the competitiveness of the industry, which fostered a healthy undertone of innovation among the remittance service providers. The primary deterring factors were grouped into four themes: (1)

lack of technical and financial literacy within some migrant communities; (2) the physical environment that migrants find themselves in, and the consequent factors of this; (3) operational inefficiencies of remittance service providers, when compared to their competitors; and (4) regulatory frameworks adding unnecessary administrative burden to the low-cost operating models of the remittance service providers.

From the outset, the study considered a holistic view of the remittance landscape, first from a global perspective, thereafter, narrowing to an African and then even further to a South African view. The participants who were interviewed were migrant entrepreneurs that lived in South Africa. They were remittance users in their own right, as well as agents for remittance companies, therefore fulfilling a key role for other migrant users of remittances that needed to pay for the transactions in cash. The research study and subsequent findings therefore provided RSPs with a unique perspective to their services. Through interviewing migrant entrepreneurs from different communities, their insights regarding the barriers and enablers for the uptake of Fintech remittance platforms were presented.

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9. APPENDICES

9.1 Appendix 1: Consistency Matrix

RESEARCH QUESTION	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS TECHNIQUE
1. What are the social and behavioural characteristics of migrants who send remittances?	<p>Section 2.2.1 - Migration and migrants</p> <p>Section 2.3.2 – Factors influencing the propensity to remit</p> <p>Section 2.4.1 – North-South and South-South corridors</p> <p>Section 2.4.3 – Regulatory frameworks</p> <p>Section 2.6.2 – Informal economy and the prevalence of cash</p>	<p>Interview guide:</p> <p>Question 1</p> <p>Question 2</p> <p>Question 3</p>	<p>Thematic content analysis</p>
2. What are the factors that promote usage of Fintech platforms?	<p>Section 2.3.2 – Factors influencing the propensity to remit</p> <p>Section 2.4.2 – Lowering the cost of remittances</p> <p>Section 2.4.3 – Regulatory frameworks</p> <p>Section 2.5.1 – Remittance channels</p> <p>Section 2.5.2 – Financial inclusion</p> <p>Section 2.6.2 – Informal economy and the prevalence of cash</p> <p>Section 2.6.3 – Remittance providers</p> <p>Section 2.6.4 – Migrant entrepreneurs</p>	<p>Interview guide:</p> <p>Question 4</p> <p>Question 5</p> <p>Question 6</p> <p>Question 7</p>	<p>Thematic content analysis</p>

<p>3. What are the factors that detract from using Fintech platforms?</p>	<p>Section 2.3.2 – Factors influencing the propensity to remit</p> <p>Section 2.4.2 – Lowering the cost of remittances</p> <p>Section 2.4.3 – Regulatory frameworks</p> <p>Section 2.5.1 – Remittance channels</p> <p>Section 2.5.2 – Financial inclusion</p> <p>Section 2.6.2 – Informal economy and the prevalence of cash</p> <p>Section 2.6.3 – Remittance providers</p> <p>Section 2.6.4 – Migrant entrepreneurs</p>	<p>Interview guide:</p> <p>Question 8</p> <p>Question 9</p>	<p>Thematic content analysis</p>
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9.2 Appendix 2: Interview Guide

Interview Guide / Protocol

Opening script: *Share details about myself; share details about study i.e. what and why; request permission to record; state confidentiality; prompt for informed consent; collect signed form with no exception.*

Structure: *Interview will be conducted in a semi-structured, open ended format, loosely guided by the questions listed below. The aim is that the discussion leads to useful insights related to the objectives of the study.*

Question 1: What are the social and behavioural characteristics of migrants who send remittances?

Expectation: Participant provides commentary on how long they have been in the country, how often they send money, how much they send etc. In addition, probe for behavioural trends and their interactions with the customers, the technology i.e. their community.

1. Tell me about yourself

Prompts: Name, age, how long in RSA, where originally from

2. How long have you been running your business, and what types of services or products do you provide for your customers

Prompts: Business activities outside of remittances; specific remittance related services; do customers that use remittance services also spend money on other non-remittance products

3. Tell me about your use of remittance platforms?

Prompts: Which platforms; how they use them; where do they send money too; how often too they send; for what reasons; use in personal capacity and as an agent for consumers

Question 2: What are the factors that promote usage of fintech platforms?

Expectation: Focus on the factors that encourage usage of remittance platforms. Insight could either emphasise factors considered important to the user as part of the user experience, or point to factors that are valued by consumers that might not

previously have been the focus of remittance providers.

4. What makes you decide which platforms to use?

Prompts: Features they value i.e. user interface; technical platform i.e. mobile application, USSD string, call centre; services they use i.e. remittance, grocery, savings account, recipient ease of collecting money, cost to send money

5. As a remittance agent what are some of the primary duties that you fulfil?

Prompt: Registrations for new customers; cash-in facilitation

6. Part of the study touches on the prevalence of cash in the remittance environment – with mobile access becoming more common, have you noticed an increase / decrease in activity from your customers?

Prompt: Does this concern them

7. What are some of the popular remittance platforms that your customers use or have mentioned, and what have they said they like about them?

Prompt: Why don't they work with these providers; do they have an influence on the platforms their customers use

Question 3: What are the factors that detract from using fintech platforms?

Expectation: Gains insights into those deterring factors that prevent usage of remittance platforms. These could be factors preventing the uptake of fintech platform usage that might not be known to remittance providers.

8. What are some of the remittance providers that you do not use?

Prompt: Why / what are some of the reasons for this

9. Are there any remittance platforms that you use or use to recommend that you no longer do?

Prompt: Who are they; what are the reasons; does the recipient country and ease of accessing money have an impact; location specific; complicated user interface; lack of media presence

Closing script: *Thank interviewee for insightful comments and their time; provide my details in-case they wish to contact me; ask if I contact them in case any follow-up questions needed.*

9.3 Appendix 3: Informed Consent Form

Informed Consent Letter

*I am required to conduct and submit a Research Report on a chosen topic with business and academic relevance as part of the master's in business administration (MBA) qualification I am enrolled in, and as such I am conducting research on **the barriers and enablers for the uptake of fintech remittance platforms by migrant entrepreneurs in South Africa.***

*The interview is expected to last about thirty (30) minutes, and will help me understand what the aspects are that you value as well as those which you do not value when choosing to use a remittance platform. **Your participation is voluntary, and you can withdraw at any time without penalty.** All data will be reported without identifiers. If you have any concerns, please contact my supervisor on the details provided below.*

*Researcher Name: Kris van Zyl
Email: 19384981@mygibs.co.za
Phone: 072 659 6689*

*Research Supervisor: Sean Smith
Email: smiths@gibs.co.za
Phone: 011 771 4204*

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

9.4 Appendix 4: Thematic Map

RESEARCH QUESTION	THEME	CODE GROUP	CODES PER GROUP
RQ 1	Remittance habits of migrants	→ Trends among communities that remit	13
		Use of Informal channels	10
	Community interactions	→ Social interactions within communities	5
		Remittance preferences of communities	7
RQ 2	Services offered by migrant entrepreneur	→ Remittance product expert	4
		Trusted member of community	3
		Complimentary products	8
		Cash-in facilitator (and -out)	13
	Cost efficiency for Agent and User	→ Business opportunity for Agents	3
		Users save on	2
	Competitiveness and innovation among RSPs	→ Variety of platforms to engage	4
		Different products and services	7
	Customer service levels	2	
	Convenience of the service (mobile phone)	10	
RQ 3	Technical and Financial Literacy	→ Ill-informed migrant communities	3
	Physical Environment	→ Collection options	3
		Payment options	3
	Operational Inefficiencies	→ Slow network	2
		Commercial structure	3
		Remittance platform	4
	Regulatory Frameworks	→ KYC requirements	5

9.5 Appendix 5: List of Codes

RESEARCH QUESTION	CODES PER RESEARCH QUESTION
RQ 1	<p>Send money for business activity</p> <p>Send money to support family</p> <p>Sister's school fees</p> <p>Corridors - Nigeria</p> <p>Corridors - Kenya</p> <p>Corridors - Somalia</p> <p>Corridors - Bangladesh</p> <p>Corridors - Zimbabwe, Malawi</p> <p>RSPs - Ecocash, SFX, HP, MM popular for East Africa corridor</p> <p>RSPs - HP, MM popular for Asia corridor</p> <p>RSPs - Mukuru popular for SADC and West Africa corridor</p> <p>Amount of money customers send</p> <p>Frequency customers send money</p> <p>Hawala - no trust concerns</p> <p>Hawala - sophisticated applications</p> <p>Hawala - no commission earned as an agent</p> <p>Hawala - more expensive than RSP</p> <p>Hawala - money available instantly</p> <p>Risk of money confiscated</p> <p>Used out of habit</p> <p>Users not well informed about alternatives</p> <p>More expensive than other options</p> <p>Risk of money not arriving</p>

	<p>Trust among same nationality</p> <p>Support other businesses in community</p> <p>Remittance user will follow Agent (when shifting to another RSP)</p> <p>Communities live in the same area</p> <p>Little cross-community interaction (excl. SADC)</p> <p>Few have bank accounts (undocumented migrants)</p> <p>SADC members sceptical of changes RSPs</p> <p>SADC members not easily swayed by Agent to change</p> <p>SADC prefer to operate in cash</p> <p>SADC community can be influenced to change but require education</p> <p>SADC loyal to a brand - costs not the primary factor</p> <p>East Africa and Asia change brands much easier on costs and service</p>
RQ 2	<p>Training provided on product (how to use application)</p> <p>First line customer support</p> <p>Registers new RSP users (if an Agent for that RSP)</p> <p>Neutral aggregator once customer has placed order with relevant RSP</p> <p>Assistance with placing order for non-literate</p> <p>Share product knowledge (pro's and con's)</p> <p>Can exert influence prior to order placed</p> <p>Addition to cash-in other essential products available</p> <p>Groceries and other everyday needs (Spaza shops)</p> <p>Electronic products (airtime, data, electricity)</p> <p>Distribute devices for prepaid product providers</p> <p>Cellphone accessories</p> <p>Mobile phones</p> <p>Travel agent</p>

Fresh produce wholesaler

Cash-in transactions can be completed

Money made available if for collection

Cash collection service simplifies other business owners that need to send money (via cash)

Agent network acts as extension of banks / ATMs in hard to reach areas where there aren't any alternatives

Cash market not decreasing

Business owners do have bank accounts but still pay in cash because they are cash flush

Customers (business owners) have cash and therefore use it to pay for remittances

Cash used to pay for stock (if business owner)

Cash handling dangerous

No issues so far for accepting cash

Cash used to pay for order because commission is earned

Cash handling fees - no charges to customers

Agents earn commission from RSP

Agents earn commission for cash-in

Knock-on business for primary products

Lower fee charged than other channels

Ability to check and compare FX rates (amount that will arrive)

USSD for feature phones

WhatsApp chat line

Mobile application

Call Centre

Grocery delivery service (SADC)

Mwallet feature available to store money

Bank account linked to Mwallet

Agent can confirm commission earned on application

Agent can check status of money order on application

Agent can register customers on application

Place remittance order

Problems with money order

Delays with money order

Money can be stored digitally (sender or receiver)

Mobile applications and features offered are similar

Similar support levels from the good ones

Some offer higher transaction limits than others

Some offer different products

Some offer different cash-out options

Some offer different cash-out partners

Cash can be paid through Bank or ATM to traders account

Cash can be paid at a retailer

Cash can be paid at an Agent

RQ 3

Reliance on Community for information

Reliance on Agent

Use of informal channels

Bank locations not dispersed in some countries (they are in others)

No Mwallet options to send to (some prefer this, others prefer bank/ATM)

Banks linked to providers not always preferred

MTOs not conveniently located

Reliance on Agent to accept cash

Reluctance for Agents to handle cash

Money slow to arrive

Money not arriving

Agent commission reduced

MTOs not offering commission for Agents

MTOs more expensive to use

Badly designed mobile application (or no application)

Inability to track status of order placed (Agent)

Agents prevented from placing orders through mobile applications

Customer support slow to respond

Suspension of Agent accounts

Problems approving new customer accounts

MTO strict requirements to register

Many undocumented migrants do not qualify for accounts

Difficulty collecting money through some banks (due to regulation on their side)

9.6 Appendix 6: Ethical Clearance

Gordon Institute of Business Science University of Pretoria	Ethical Clearance Approved
<p>Dear Kris van Zyl,</p>	
<p>Please be advised that your application for Ethical Clearance has been approved.</p>	
<p>You are therefore allowed to continue collecting your data.</p>	
<p>We wish you everything of the best for the rest of the project.</p>	
<p>Ethical Clearance Form</p>	
<p>Kind Regards</p>	
<p>This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.</p>	