



A Country Profile on the Gambia: The Marketplace & Financial Access

Prepared for Women's World Banking

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Section 1: Summary of Findings

Population: 1,780,000

GDP: \$733,000,000

Currency: Gambian Dalasi (GMD)

Migrants: In 2007 there were 59,458 Gambian migrants abroad, 7243 in Spain.

Annual Remittances: In 2010, The Gambia received US\$82 million in remittances.¹

Authorized Payers: According to Prudential Guidelines on Foreign Currency Deposits and Related Transactions prescribed under the Financial Institutions Act of 2003 in the Gambia, banks, foreign exchange bureaus and non-banking financial institutions are all authorized to pay in foreign currencies, take foreign currency deposits and make foreign currency loans. Central Bank has the authority of suspending any bank's foreign currency operations.

Limits and requirements for transferring money: There are no limits for inbound or outbound transfers in or out of the Gambia, but transactions must be reported and banks, foreign exchange bureaus and other financial institutions are required to keep records of client information.

Foreign Currency Accounts: Banks can accept deposits in foreign currency and give loans in foreign currency to both residents and non-residents for business or personal purposes². There are no restrictions on the conversion of funds into any convertible currency or the transfer of investment-related funds into and out of the country.

Anti-Money Laundering (AML) Laws: According to the Money Laundering Act of 2003, when a transaction involves over GMD\$500,000 (~\$18,000) for an individual or GMD\$2,000,000 (~\$73,000) for a corporation, the financial institution shall seek information about the origin and destination of the funds. On a reasonable suspicion of money laundering, the financial institution shall submit a report to the Supervisory Authority within three days.

Microfinance Institutions (MFIs): Although MFIs are able to participate in the remittances market, only one is actively involved. The microfinance sector consists of 66 institutions classified under several categories: Non-Banking Financial Institutions, Fiduciary Financial Institutions, Rural Finance Bureaus, Community Finance Bureaus, Micro Savings and Credit Bureaus and the Savings and Credit Associations. The microfinance sector has been identified

¹ World Bank Development Indicators – The Gambia - 2009

² The Gambia Highlights 2011 – Deloitte

by the Gambian Government as one of the many instruments crucial in its drive to reduce poverty.

Remittance Service Providers (RSPs): Twelve primary RSPs operate in the Gambia, relying on 112 payout institutions to offer a total of 170 payment points.

Transaction Costs: Cost of sending money to the Gambia is above 11% and more expensive than the average in Africa (10%).

Paying Institutions: Banks and foreign exchange bureaus have significant participation in the payment market.

Geographic Presence: In terms of scope of activities, the banks operate mainly within the Greater Banjul Area (GBA) with some branches and agencies located in other parts of the country. The remaining parts of the country are mainly catered for by the microfinance institutions. Fifty-five percent of payer locations are located in urban areas, compared to 23 percent of the population living there. Banks and forex bureaus have the highest concentration in urban areas and retails and post offices have the lowest.

Banks: There are 14 banks operating in the Gambia and 10 of them are participating in the remittance market, six of them through either Western Union or RIA. These banks account for US\$500 million in assets.

Financial access: At least three quarters of people near the vicinity or clients of an MFI have formal financial relationships. Three of the most important kinds for nearly half of people are: savings accounts at a bank, savings accounts with the MFI GAWFA or were saving with a community savings group. Eighty percent of respondents have an average of US\$200 in savings.

Migration and Remittances: Over seventy percent of interviewed people had a relative living abroad and 80% of them receive remittances. The annual average amount received is US\$650 total, which is spread amongst an average of four remittances per year.

Remittances and Finance: The extent of dependence on remittances is half of all income, but higher among women recipients. There is a positive relationship between the amount of savings and the amount of remittances received.

Section 2: Dimension & Characteristics the Marketplace for Remittances to the Gambia³

This report provides an overview of the marketplace shaping intermediation of remittance transfers to the Gambia. The report looks at the regulatory environment, the participation of competitors in the origin and destination of remittances and explores the relationship between remittances and finance.

Migration from and Remittances to The Gambia

The Gambia, like many West African countries, is a nation with migrants leaving to Europe and North America. The Gambia is a country with a relatively significant inflow of remittances amounting to 11% of the country's national income in 2010. This inflow of money relative to the economy is among the highest in Africa, next to Cape Verde.

Table 1: Remittances as percent of GDP in 2010 (Selected African countries)

Country	(%)
Togo	11.8
Gambia, The	11
Senegal	10.6
Cape Verde	9.4
Morocco	6.9
Nigeria	5.5
Burkina Faso	1.2
Egypt, Arab Rep.	6%
Liberia	6%

Source: the World Bank, 2010.

In 2007 it was estimated that this population amounted to nearly 60,000 immigrants, 7,000 of which were based in Spain and a similar number in the United States. The size of this population may seem small; however considering the country's population and economy, migrants and remittances sent represents an important segment of the country. For example, in 2007 Gambian migrants were 4% of the country's population and remittances 11% of gross domestic product, a share identical to receipts from tourism which to our estimates amounted to US\$86 million in 2007.⁴ According to the World Bank, official remittances flows, which do not capture informal transfers, were estimated to be US\$82 million in 2010. Gambian Central Bank officials estimate that the flow of remittances is in that ballpark figure.

³ Manuel Orozco, March 16, 2011.

⁴ The World Bank and Central Banks reported US\$70 million in 2007, our estimates of remittances were \$86 million. The difference stem from estimates that include informal flows. The Central Banks estimates of remittances in 2009 and 2010 were 80 and 82 million, a substantial increase that demonstrates their improvement in recording the data on inflows.

Table 2: Migrants and Remittances in the Gambia (2007)

<i>Region</i>	<i>Migrants</i>	<i>Remittances (US\$)</i>
Senegal	9136	\$2,375,555
Spain	7243	\$18,254,502
United States of America	7104	\$17,903,844
United Kingdom	4593	\$11,574,612
Germany	3249	\$8,189,748
Sweden	3186	\$8,030,358
France	1262	\$3,182,004
Norway	1014	\$2,556,036
Denmark	584	\$1,472,184
Italy	579	\$1,460,592
Other	21502	\$11,623,075
World	59,458	\$86,622,510

Source: Orozco, Manuel. *Sending Money Home* IFAD, 2008.

As the table below shows, these flows are substantially important for this country's economy. The volume of remittances is as large as foreign aid or tourism revenue. The policy relevance of these flows can be stressed within the context of an environment that is competitive and price efficient, legally and financial accessible to intermediaries and remittance recipients. Empirical evidence suggests that inflows of remittances increase when competition is free and open to a large sector. Inflows and savings in the household also increase when these transfers go into financial institutions.

Table 3a: Remittances and other economic indicators (US\$000,000)

	<i>Remittances</i>	<i>Foreign Aid</i>	<i>Tourism</i>	<i>Exports</i>	<i>GDP</i>	<i>R/GDP</i>
2007	87*	73	89	257	651	13%
2009	80	94		220	733	12%
2010	82					11%

Source: World Bank Development indicators, 2010. *Estimate by the author, the World Bank's figure was US\$70 million in 2007.⁵

These flows are both formal and informal. According to the Central Bank in 2010 official flows were over US\$54 million (which are only captured from data from banks) and informal flows may have ranged on a similar number, thus amounting total flows to nearly US\$90 million.⁶ For example, World Bank data shows an inflow of US\$82 million, assuming this figure to be right the informal economy, discounting from formal flows through banks recorded by the Central Bank, may range between 35 and 37%.

⁵ The methodology to estimate remittances to the Gambia uses data on the number of migrants and their destination computed with the percent of migrants who send money, times the average amount remitted annually from those locations. See, Orozco, Manuel, *Estimating Global Remittance Flows: A Methodology*. Note accompanying the study *Sending Money Home*, IFAD, 2007.

⁶ Interview with Bakary Jammeh, Deputy Director of Economic Research, Central Bank of the Gambia, April 2011.

Table 3b: Official records of inflows of remittances to the Gambia

<i>QUARTER</i>	<i>Central Bank (quarter figures in Dalasi (000))</i>
Q1	572
Q2	317
Q3	353
Q4	186
2010	1428
US\$	\$54,923,076

Source: Central Bank of The Gambia

Financial Regulations in the Marketplace of Remittances in the Gambia

Central to remittance transfers is the extent to which there exists an environment that facilitates the flow without restrictions while protecting against risk. Regulations on international money transfers guarantee the movement of funds across borders and through licensed agencies. When regulations are well-written and supportive of market needs, they represent an integral part of a well-functioning payment system for worker remittances. Poorly formed regulations can inhibit market growth, raise prices for migrants sending remittances, and increase access costs for remittance-receiving families.

There are six regulatory issues that pertain to cross-border payments and financial access:

- (1) Which institutions are authorized to pay out international remittances
- (2) The limits and requirements on amounts transferred
- (3) Anti-money laundering measures
- (4) Recipients' access to foreign currency accounts
- (5) Transparency and disclosure
- (6) The role of microfinance institutions (MFIs) in the remittance marketplace

The ways these regulations can shape the market and affect migrants and their families is explored below. Here we analyze these regulations in the Gambia.

The Central Bank of the Gambia is mandated under the provisions of the Financial Institutions Act (FIA) 2003 and the Central Bank Act (CBA) 2006 to license and regulate all financial institutions in The Gambia⁷.

The Gambia has a small financial system that is relatively sound. There are 12 banks, most of which are foreign-owned. They are Standard Chartered Bank (UK), Trust Bank (Ghana), Bank BHB (Nigeria), Arab Gambia Islamic Bank, First International Bank, Guaranty Bank (Nigeria), International Commercial Bank (Malaysia), Access Bank (Nigeria), Eco Bank (Pan African), BSIC

⁷ <http://www.accessgambia.com/information/financial-sector.html>

(Libya), Oceanic Bank (Nigeria) and Prime Bank (Lebanon). Together these banks hold US\$500 million in assets.⁸

The largest commercial bank is Standard Chartered Bank, which is 25% owned by the government. Two commercial banks have recently entered the microfinance sector and there are 63 Village Savings and Credit Associations (SACAs) as well as microfinance institutions such as Reliance and GAWFA in the microfinance sector. The Banking Act was last revised in 2009, on Banks and Financial Institutions governs commercial banks and all other financial institutions that carry out financial services.

Banks are allowed to carry out a number of operations in foreign currency including providing foreign currency accounts to clients, residents or non-residents, for either business or personal purposes. While there are no limits on the amount of money that can be transferred in or out of the Gambia, all transactions must be recorded according to the Banking Act in case of request by the Central Bank.

Participation as payers includes some capital requirements. In order to get a license, foreign bureaus are expected to deposit 1 million dalasi in the Central Bank to get the license and hold Gambian nationality. For a commercial bank the capital requirement ranges from 60m DL to 150m DL. A microfinance is required 10m DL.

In order to combat Money Laundering and the Financing of Terrorism, (ML/CFT), the Gambia has developed legislative and institutional framework through the enactment of the Money Laundering Act (ML Act), 2003, the Anti-Terrorism Act (ATA), 2002, the Drug Control Act (DCA), 2003 now referred to as the Drug Control (Amendment) Act, 2005, Trafficking in Persons Act, 2007, the Financial Institutions Act (FIA), 2003 among others.⁹

In the Gambia, MFIs that are registered as NBFCs are allowed to participate in the remittance market. Reliance Finance and Bayba are NBFCs. They are legally allowed to process remittances. The microfinance sector of the Gambia works primarily with SACAs who are authorized to provide a limited financial service to a rural community or peri-urban community or to urban micro-entrepreneurs in a defined locality. In doing so, SACAs may: mobilize savings and/or time deposits from its members, the community it serves and the general public on commercial basis and accordingly pay market and competitive interests on such deposits except in cases where depositors refuse to accept interests on religious grounds. As a thrift organization, deposit mobilization must be its primary objective.

⁸ http://www.cbg.gm/finance_systems/assets.html

⁹ Inter-Governmental Action Group Against Money Laundering in West Africa- Anti-Money Laundering and Combating the Financing of Terrorism Executive Summary Report of The Gambia -2008

Section 3: Competition in the Market for Money Transfers

Competition in a marketplace stimulates financial access, technological innovation, and cost reduction. There are two contexts where competition affects the market for remittances: when remittance service providers offer a migrant a service to send money home and when intermediaries or agents on the receiving side, provide services to a family to receive that money.

When a migrant sends money, known as an outbound (foreign currency or remittance) transfer, he or she chooses an RSP through which to transfer a remittance from the host country to a destination in his or her country of origin. The choice may be influenced by varying factors, including existing regulations, number of participants in the market, reputation of the company, transaction cost, convenience and value added of the service offered.

Moreover, in most cases when a household receives a remittance – known as an inbound (foreign currency or remittance) transfer – someone in the household travels to a remittance payout site to receive an inflow of money coming from the migrant’s host country.¹⁰ As in the outbound, competition is shaped by those issues raised above and may also increase pressure among remittance payout agents to cross-sell other financial products and services to the remittance recipient or increase partnerships with companies in the outbound market. Increased product diversity and selection could improve the options that migrants and their families have when choosing how to send money home and how to invest that money.

In the Gambia, there are few RSPs and the remittance origination is mostly led by Western Union and MoneyGram. However, other RSPs are gradually seeking to penetrate the country. In 2011, the RSP with the greatest share of the payout market in the Gambia is Western Union at 59 percent followed by MoneyGram with 22 percent and RIA with 6 percent. Within two years, Western Union’s market share of payout locations dropped 4 percent points. RIA’s partnership with International Commerce Bank changed the competitive relationship. These remittance origination players are both active in the United States, France as well as Spain. As will be shown later, most of the transfers occur through formal mechanisms and over one third is done through informal systems, whereby unlicensed operations perform transfers.

Table 4: Remittance Service Providers in the Gambia, by payment points held (%)

2011		2009	
Remittance Service Provider	Percent	Remittance Service Provider	Percent
Western Union	59	Western Union	63
MoneyGram	22	MoneyGram	23
RIA	6	Coinstar	3

¹⁰ Another method of payment is door to door delivery, though this mechanism is declining. Deposit into a bank account is another method though still one in very early stages of use by clients.

Money Express	4	Money Express	4
Choice Money Transfer	2	Express Funds Int'l	0
Other (RIA, etc.)	7	Express Money Transfers	0
		Money Trans	1
		Transhorn Money Transfers	1
		Other	7

On the inbound side, the market is more fragmented. FIG Bureau de Change represents the largest payer with 11 percent of all payment points. FOREX and Banks are among the largest payers in the country with J Financial Services, Arab Gambian Islamic Bank, Trust Bank Ltd and Access Bank Gambia in the top five largest payers in terms of the total number of payout locations therefore banks and forex are the main payers in the remittances market. These payers have changed their position in part due to the involvement of new players.

Table 5: Remittance Payers in the Gambia, by payment points (%)

<i>Business</i>	<i>2009</i>	<i>Business</i>	<i>2011</i>
FIG Bureau de Change	11	FIG Bureau de Change	11
J Financial Services	7	J Financial Services	8
Arab Gambian Islamic Bank	7	Trust Bank Ltd	6
Trust Bank LTD	6	Access Bank Gambia	6
Access Bank Gambia	5	Gampostal Services	6
Others	64	Others	64

Note: Percent refers to the number of payout locations the payer covers compared to the total payout locations of all major payers. RSP market participation represents the number of payment locations of a payer across all RSPs relative to the total number of payment locations for all payers across all RSPs.

This payout market in the Gambia relies heavily on Banks and foreign exchange bureaus mostly responding to commercial preferences of RSPs. Microfinance institutions do not participate in the market despite that the law allows them to perform payments. Their experience and geographic position providing financial services in rural areas could offer a space in this market.

Table 6: Share of Total Remittance Payment Points by RSP type and Payer Type (%)

<i>Row Labels</i>	<i>Bank</i>	<i>Forex</i>	<i>Other</i>	<i>Post</i>	<i>Retail</i>	<i>Grand Total</i>
MTO	39.41%	39.41%	10.00%	5.29%	5.88%	100.00%

The costs of sending money to the Gambia (over 11%) are higher than the African average of 10% of the amount sent for both of the most popular RSPs working in the Gambia. The very strong concentration of Western Union and MoneyGram's payment points in the country ensures them a capacity to price higher than average. Moreover, as in other commercial businesses, pricing is a practice of economies of scale and given the small market size of the Gambia, costs may be higher to smaller businesses to penetrate. However, the number of

players in the Gambia is not negligible and the issue of cost points more to the concentration of payers by these two RSPs.

Table 7: RSP Costs: Share of Remittance Spent on Costs by RSP, 2011 (%)

<i>RSP</i>	<i>From the U.S. (to send US\$200)</i>	<i>From Spain (to send €200)</i>
Western Union	11.41	10
MoneyGram	11.12	9
Telegiros		3
RIA	11	7

Note: Total cost as a percent of amount sent includes both fee for transfer plus FX cost. The figures represent the fee charged for transfers of US\$ 200.

These costs are above the continent's average and close to the southern African region which experiences the most expensive transaction costs.

Table 8: Cost of remitting US\$200 to Africa

<i>Country</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Rwanda		16	15
Angola	13	14	15
Botswana	20	17	15
Lesotho	12	13	15
Malawi	21	19	15
Mozambique	16	17	15
Swaziland	12	12	15
Zimbabwe	13	13	13
Zambia	24	18	13
Ethiopia			12
Eritrea			11
<i>Gambia, the</i>		12	11
South Africa	12	12	10
Algeria	17	12	10
Tunisia	10	11	9
Mali	10	10	9
Ivory Coast	9	9	9
Senegal	9	9	9
Morocco	13	10	9
Kenya	13	13	8
Uganda	15	10	8
Nigeria	9	9	8
Sierra Leone		10	8
Ghana	14	9	7
Egypt	5	6	5
Africa's Average	12	12	10

Source: World Bank pricing database.

Although the Gambia continues to have a large population living outside the capital and in rural areas, remittance payout locations show a somewhat disproportionate concentration in urban areas and, in particular, major cities, compared to the population. Twenty-six percent of all payout locations are located in rural areas, compared to the majority of the population, 53 percent. The urban bias of payout locations is particularly acute for bank and foreign exchange bureaus which both have over 60 percent of all locations in urban areas.

Table 9: Geographic Concentration of Payment Points in Major Cities by Payer Type and RSP Type

<i>Type of Payer</i>	<i>Rural</i>	<i>Urban</i>	<i>Grand Total</i>
Bank	29.85	70.15	100.00
Forex	37.31	62.69	100.00
Other	0.00	100.00	100.00
Post	0.00	100.00	100.00
Retail	0.00	100.00	100.00
Grand Total	26.47	73.53	100.00

<i>Type of RSP</i>	<i>Rural</i>	<i>Urban</i>	<i>Grand Total</i>
MTO	26.47	73.53	100.00

Note: Urban denotes all payer locations located inside cities with more than 100,000 people. “Major cities” are defined according to traditional definitions of a metropolis: over 500,000 people within the city proper and over 1,000,000 in the total metropolitan area, although the population and payout locations were only counted for the city proper; in the Gambia, Banjul and Serekunda qualify as major cities, though their population is under 500,000.

Of the 14 banks operating in the Gambia, ten of them are participating in the remittance market. Only 45 percent of bank branches are located outside of Banjul and Serekunda, whereas 73 percent of the Gambia’s population lives outside of the major cities. This situation is gradually changing however. Many banks, such as EcoBank is engaging SACAs as subagents in order to expand their payout network.

Table 10: Bank Branches and Geographic Concentration in Major Cities

	<i>Banks</i>	<i>Branches</i>	<i>Branches per bank</i>	<i>Share of branches outside major cities</i>	<i>Share of population outside major cities</i>
The Gambia	10	44	4.4	45	73

<i>Country</i>	<i>Banks (#)</i>	<i>Branches (#)</i>	<i>Branches per bank (#)</i>	<i>Branches outside the capital</i>
The Gambia	10	45	5	44
Africa Grand Total	463	14348	31	64

Section 4: Market share and characteristics of remittance payers in the Gambia

Banking institutions are predominantly the entities carrying out payments, directly or indirectly (through intermediaries such as the foreign exchange bureaus, who ultimately handle the transfers through the banks). They have partnered with several of the companies mentioned above and each has followed steps to attract payments from these remittance service providers, for the most part money transfer operators.

Interviews with commercial banks about their direct or indirect handling of the transactions show consistent results from those offered by the aggregate figures from the Central Bank. In total, all banks handled just over 31,000 payments amounting to over US\$50 million. Trust Bank is the leading banking institution and Reliance is the leading microfinance institution paying remittances.

Table 11: Market share estimates of banks in the remittance payment market

<i>Bank</i>	<i>Number of monthly transactions</i>	<i>Volume of transactions (US\$)</i>	<i>Average transaction</i>	<i>Date started</i>	<i>Partners</i>
Reliance	2,000	350,000	120	2007	WU, Ria, MoneyTrans WU, Ria, Coinstar
EcoBank	2,893	361,664	120	2007	
International Commercial Bank	316	80,326	200	2004	
Access Bank	4,000	500,000	125	2006	WU
Trust Bank	12,500	1,750,000	140	1994	WU
Standard Chartered	1,667	416,667	250		
Arab Gambian Islamic Bank	7,630	953,708	125	2001	Ria, MT
All banks (includes forex)	31,006	4,412,365			
Total, 2010		52,948,376			

Source: Interviews with banks conducted by Anjali Banthia and Mariama Ashcroft, April 2011

In a normal month Trust Bank processes 12,500 to 13,000 remittance transactions from Western Union, valued around \$2 million. Average transactions range in value from \$25 to \$100. The bank offers clients two means of processing remittances. First, the money can be sent via a SWIFT transfer from their corresponding banks abroad, either HSBC in the U.S. or U.K., Commerce Bank in France or South Africa Bank. These are large amount transfers from high-income customers. Second, the funds can be transferred from a WU agent. Clients who use WU are often low-income individuals who need a small amount to cover their basic needs.

Trust Bank began soliciting WU's services in 1994 and to date it is the only MTO it works with. It is the country's largest bank and has the largest networks of WU outlets. Targeted marketing efforts have made Trust Bank synonymous with WU in the Gambia. All Bank branches have a WU agent. Abroad, Trust Bank attempts to market by sending delegates to the U.S., U.K.,

Scandinavia and Spain. The delegates participate in activities including partnering with charitable organizations, organizing recreational events, and forming Gambian cultural organizations.

Standard Chartered Bank is less influential. Just a few years ago, they had 20% of the market. That share has fallen to 5% in recent years. The drop comes among fears that non-compliance and money-laundering among sub-agents will tarnish the Bank's reputation. Accordingly, Standard Chartered Bank has chosen to abandon sub-agents and cutback remittance operations. As WU services become more widespread, they find the industry less profitable. The Bank still offers WU services, however. Most transfers originate in Europe. The U.K. is the most common corridor, accounting for 31% of remittance transfers.

Reliance Financial Services began delivering remittances a year after they opened in 2006. Their average remittance amount is \$120. They process about 2000 transactions per month. Remittance services provided by contracts with three MTOs, WU, Money Express and Ria. The former two deliver monthly inflows of \$300,000 and \$50,000, respectively, while Ria currently delivers a negligible amount (but is expected to grow as the relationship between Reliance and Ria develops). Reliance's business strategy has developed around having multiple partners to give customers a choice which will increase their revenues. The strategy has led them to occupy a 7% market share. They hope to increase remittance flows from 35% of revenue to 50% of revenue, as they regard remittances as high-impact, low-risk money that helps to diversify revenue flows. This NBFC uses an integrated remittance marketing approach, guiding diverse media efforts with the strategies devised by their marketing and HR staff. It uses the Banker's Realm core banking system, but use different systems for WU, Ria and Money Express. Reliance hopes to incorporate SMS banking, considering that fact that 70% of the Gambian population has a cell phone (higher than national literacy rate).

International Commercial Bank has been delivering remittance services since 2004. The MTOs it works with are CoinStar and Ria. ICB refused dealing with WU because they found the terms of the agreement unacceptable. In March 2011, a normal month, Coinstar handled 316 transactions for a total volume of \$80,326. Ria likely handled greater flows and volume, a result of their better rates. ICB's remittance marketing schemes are limited to providing customers with Ria and Coinstar brochures. They do benefit from the use of an integrated business software platform, in addition to the software provided to them by the MTOs. The bank has a dedicated staff that is trained in utilizing the MTO software.

EcoBank has a strong regional presence that allows them to provide diverse remittance services. They own a product named Rapid Transfer which is the customers' preferred means of making transfers within Africa. For transfers outside of Africa, customers will often take advantage of their contract with WU. EcoBank works with WU, Reliance Financial Services, foreign exchange bureaus and individual money transfer agents to provide various remittance services. Average remittance amounts are around 120. The average number of transactions is around 2800 monthly. EcoBank has the third largest remittance network after Trust Bank and Guaranty Trust Bank. The bank primarily markets intra-Africa remittances. Marketing tactics

include wearing promotional clothing on Fridays; television, radio and newspaper commercials; and community outreach. On the technology front, the bank has expressed a desire to integrate its core bank software, FlexCube, with the Rapid Transfer remittance software that they developed themselves. They utilize the WU software in addition to these two. Another modern technology they use is ATM cards that allow clients to withdraw money from any branch, even without a card.

Arab Gambian Islamic Bank handles remittances through its main partners, Ria and Money Express, and through various sub-agents. It has been an RSP since 2001. Their average remittance amount is \$125. Over 2010, both Ria and Money Express handled about 45,000 transactions each. AGIB is the first bank in West Africa to work with Ria. It handles 87% of Ria's operations in the Gambia. AGIB handles 90% of Money Express transfers in the Gambia, including all transfers from NBICs that wish to use Money Express. They wish to expand remittance services, as inward remittances currently account for 64% of foreign currency revenue. It is an invaluable source of financial diversification. The Bank promotes remittances with a weekend radio program, quarterly briefings with Money Express representatives and organizing street shows. AGIB promotes remittances abroad by working with Ria to organize events for the Gambian communities overseas, particularly in Spain. The bank has the technology to participate in the Flash Me Cash program which allows customers to withdraw money from any bank using just their cellphone. Despite technological readiness, the Bank has not begun to implement it yet.

Access Bank processes monthly inflows of about \$500,000 between WU, bureaux de change (BDCs) and independent money transfer agents. The average remittance amount varies from \$50-150. They have been in the remittance business since 2006, primarily with WU. Current remittance marketing is trying to establish Access Bank as an alternative to Trust Bank for WU services. Accordingly, they use billboards, end of year promotions, radio and newspaper to advertise. Internationally, they will sponsor festivals in sending countries like the U.K. and Scandinavia.

Section 5: Financial access and remittances to Gambians

Central to the analysis of the impact of remittances on development is the extent of access people who receive remittances have to financial institutions and how remittances have an effect on asset building. Access to financial institutions occurs through various methods; for example, through payments, the supply and marketing of other financial services, through institutional opening to various banking and non-banking financial institutions to provide services or through low cost services. This is particularly more important when people predominantly reside in less accessible areas, such as rural communities where banks are less present.

A key component to this report included fieldwork interviews to people residing in urban and rural areas that were clients or neighbors of a microfinance institution member of the Women's World Banking network called GAWFA. Random interviews to a sample of 571 people were conducted: 334 neighbors of the MFI and 237 clients. The interviews aimed to learn who among those interviewed had relatives abroad and were receiving remittances. Questions about their financial profile were also asked. The methodology employed consisted of using branches of GAWFA's five regions of operation. In each branch GAWFA staff interviewed clients, and randomly visited households living within 2 KM of the branch's neighborhood.

The purpose was to understand whether rural communities receive remittances, too, and whether rural microfinance institutions were strategically positioned where remittances arrived. These two issues are critical to understand financial access because typically people do not have access to financial services in rural areas, financial institution present in rural areas paying remittances is relatively poor. Below we present the results of the fieldwork in the Gambia.

Financial profile of the population studied

The marketplace for remittance payments is serving a population whose residence may mirror that of the geographic distribution of the population, that is, predominantly (though not exclusively) rural communities. The survey with clients of GAWFA and or neighbors of this institution showed important results.

The group surveyed is relatively financially active; nearly three quarters of respondents have some kind of a financial relationship. Those who have some financial relationship are among those with more education. The most common financial relationship is a bank savings account. About 57% of all responses had a bank account and 43% had a community savings groups. As the table shows, the percent of GAWFA clients with savings accounts at banks or community savings group is greater than those neighbors of the MFI. Looking at household income and financial product ownership shows that lower-income individuals tend towards community savings groups and debt with family/friends and private entities.

Table 12: People with a financial relationship

	<i>Neighbor</i>	<i>GAWFA Client</i>
No other financial relationship	14.0%	11.4%
Has another financial relationship	44.2%	30.3%

Table 13: Financial products owned by clients and non-GAWFA clients

	<i>Neighbor</i>		<i>GAWFA Client</i>		<i>Total</i>	
	(% of all choices)	(% of options)	(% of all choices)	(% of options)	(% of all choices)	(% of options)
Bank Acct	55.2%	36.8%	59.5%	33.0%	56.8%	35.0%
Credit Union	14.7%	9.8%	6.9%	3.8%	11.5%	7.1%
Non-GAWFA MFI savings	6.2%	4.1%	8.7%	4.8%	7.7%	4.7%
Non-GAWFA MFI loan	4.2%	2.8%	4.0%	2.2%	4.1%	2.5%
Community savings group	29.3%	19.5%	61.8%	34.3%	42.6%	26.2%
Loan w/ priv. money lender	15.4%	10.3%	5.2%	2.9%	11.0%	6.8%
Owe shopkeeper	13.5%	9.0%	17.9%	9.9%	15.3%	9.4%
Owe friend/relative	10.8%	7.2%	13.9%	7.7%	12.2%	7.5%
Other	.8%	.5%	2.3%	1.3%	1.4%	.8%
Total		100.0%	100.0%	100.0%		100%

More importantly is that most respondents, nearly 80% are saving. Upwards of 65% of all respondents have both financial relationships and save, while 14% do not participate in financial relationships. Contrary to most of Africa, where financial access is quite limited and people face difficulties in saving, the population surveyed in these predominantly rural communities is building savings and maintain financial relationships with various institutions. The number of people who keep financially informal activities is relatively small.

Table 14: Extent of financial activity among people who save (%)

	<i>Does not save</i>	<i>Saves</i>
No financial activity	8	6
Some financial activity	11	45
Financially active (GAWFA and other institution financial products)	1	24

About 80% of respondents have been saving for anywhere between 1 to 10 years, and on average, they have a stock saved of approximately \$300. The amount saved tends to increase with educational level and for males.

Financial practices of respondents vary widely. When asked about what they do with their money, the most common response given 22.7% of the time was to invest extra income in a business. Likewise, about 16% of the time the responses indicated that they would either put aside leftover money, save extra income after covering basic costs or purchase business equipment/supplies. The least common response to the inquiry, only given by 3.3% of responses, was that they would purchase a house, motorbike or car.

Next, respondents indicated what types of payments, loans, or credits they have to their name. The most frequent response was that regular payments were made for education, indicated by

29% of responses. Other common responses were that they would make payments for business loans, 18% of responses, housing, 16% of response, or home appliances, and 15% of response. While 7% of respondents make payments for emergency health and 2% make payments for medical/life insurance, nearly 12% of respondents are covered by health insurance. Moreover, household income and amount saved appear to have a relationship with insurance coverage.

There are a few noteworthy differences between the financial profiles of clients and non-clients of GAWFA. First, the percent of GAWFA clients with financial products is higher, 88.1%, than non-clients, 69.2%. Next, GAWFA clients seem to have been saving for longer than non-clients. This is evidenced by the fact that 57.2% of GAWFA clients have been saving for five years or more, while 42.7% of non-clients have been savings for a comparable amount of time.

Migration and remittances

In addition to their financial profile, clients and MFI neighbors were interviewed about whether they have relatives abroad and received remittances from them. The past migration of a friend or family member was very common among the respondents surveyed. A large percentage, about 73% of respondents noted that they have a relative living abroad and that about 85% of those respondents receive remittances from that relative. The respondents revealed that the person who remits to them is most often their brother, 34% of the time, or their son, 29.3% of the time. Most respondents, approximately 59%, claim that neither they nor their family members have ever worked abroad before. These results show that migration is central to this country's livelihood.

Despite this condition, over 70% claim that they or another family member are considering migrating abroad within the next 12 months. Europe is cited as the most common desired destination, with 71.2% claiming they will migrate there, followed by North America at 19.3%.

The migrant most often resides in Europe, 70.6%, North America, 20.6% or Africa, 6%. Most often, the migrant/remitter is identified as men. Overall, only 18.3% of the remitters were identified as being women. The median year that the migrant departed was 2004, while the other half departed between 1965 and 2004. The remitters partake in a variety of activities to generate income. About 35.8% work in a restaurant, 20.1% work in a factory and 18.7% are students. Note that remitters may participate in multiple income earning activities.

The average amount received is \$252 every 4 months during an average of six years receiving. The single greatest remittance amount comes from a self-employed migrant in Angola who remits \$18,867 every 36 months for the past ten years. Note, this case is highly unusual, as the median remittance habit of migrants in African nations is to send \$75 every 3 months. The majority of these transfers are predominantly sent through formal channels. Respondents cited formal channels, either money transfer operators or banks as their primary RSP approximately 78.4% of the time. Trust Bank is the main location that remittance recipients pick-up remittances, as 47.7% of receiving respondents cited it as the place they go to get their money.

The majority, or 68%, of individual respondents were women with ages spread very evenly across the range of 19 to 78 years. Almost three quarters of all respondents have less than a high school level of education and only 3.4% have completed university or technical school. Viewing the breakdown of education by sex confirms that men are more likely to be educated in the Gambia, as 37.9% of females have no education, compared to only 13.1% of men. Likewise, only 1.3% of women have completed university or technical school, substantially less than men, of whom 8% have completed higher education. The three most popular income generating activities that respondents participate in are market vendor, 42.1%, farmer, 31.8%, and “other” activities, 28.5%. Please recall that respondents may participate in multiple income earning activities. While only .9% of *respondents* are students, making it one of the least common occupations, approximately 18.7% of *migrants* are students, making it one of the more popular activities. This confirms that Gambians go abroad to get their education. Finally, possession of a mobile phone was a common characteristic among respondents, as nearly 87% claim to own a mobile phone.

Respondents’ households (HH) varied greatly in size and income. Household sizes ranged from 1 to 40 people, with the average HH size falling closer to the lower bound of the range at 9.51 inhabitants (including the respondent). Likewise, there was wide variation in monthly HH income (income does not include remittances), ranging from a low of \$1.45 per month to a high of \$3428.57 per month, with the average value falling at \$182.3.

Looking at the effect of sex and education on HH income confirms two common trends. First, we see that means HH income is positively correlated with level of education. Average monthly HH income for respondents with no education is \$100, which steadily increases to \$500 for those who have completed university or technical school.

Second, there is wage disparity between genders which favors males. Household income of male respondents was \$203.20 per month, while it was \$174.34 per month for female respondents. Comparing HH income to international linkages proves rather interesting. The analysis reveals that the average HH income for a respondent who has some friend or relative living abroad is nearly \$40 greater than for those who don’t have someone living abroad. Similarly, average HH income of remittance recipients is approximately \$70 greater than for those who don’t. Thus, higher HH income provides a clear incentive for individuals to migrate, however, this option is not available to all, as the lowest income families likely do not have the financial resources available to cover the front-end costs of sending a family member abroad. Comparing desire to migrate against income confirms these observations, as the respondents who are considering migrating within the next year have a HH income about \$35 less than those who have no intention of migrating in the near future.

Remittance recipients and finance

One important finding from this study is that while most people interviewed received remittances, the frequency and volume received was relatively small, and it does not have a major effect on total income in the population. The income dependence of remittances among

this population is similar to any other population that receives remittances in Africa or elsewhere: 50% of the income into the household comes from remittances.

Table 15: Financial relationships, income and remittances (US\$)

<i>Financial relationship</i>	<i>Annual Income</i>	<i>Annual Remittances</i>	<i>Income Dependence on remittances</i>	<i>Stock of savings</i>
Bank Acct	1371	562	0.41	213
Credit Union	1371	746	0.54	189
Non-GAWFA MFI savings	1143	774	0.68	151
Non-GAWFA MFI loan	2743	371	0.14	179
Community savings group	914	770	0.84	113
Loan w/ priv. money lender	869	550	0.63	94
Owe shopkeeper	1017	1027	1.01	175
Owe friend/relative	914	500	0.55	80

Moreover, we find that remittances play a role, a statistically significant one, over the stock of savings accumulated among remittance recipients. Savings accumulation is associated to increases in years saving, the number of people residing in a household, being a woman, age, annual inflow of remittances and income. The data confirms the pattern in other countries, whereby savings are determined by the amount of remittances received and that women tend to save more than men. An alternative model showing income dependence on remittances shows no statistical significance, meaning that is the extent of dependence on remittances is not determining the amount saved but the quantity.

Table 16: Determinants of saving amount

<i>Variable</i>	<i>OLS Estimate</i>
How long saving?	-193.933***
How many people live in your house, including yourself?	77.053***
Sex	-23.376***
Age	383.639***
Annual remittances amount received	4.340**
Annual income without remittances	.065***
Constant	.093
R-Square	0.20
Number of Observations	570

***statistically significant at 1%; ** significant at 5%

Section 6: Policy considerations on development and remittance recipients in the Gambia

According to official figures, remittances to the Gambia represent at least 10 percent of the country's GDP and a major source of foreign income. For a country with a relatively small population, with the data collected at hand through this research we estimate US\$75 million remittances transferred to 106,000 households, 10% of the population and half of all households in the country.¹¹ Most of these transfers are going through a formal financial system, however, at a cost.

Table 17: Remittances to the Gambia

Item	Number	Source
Population	1,800,000	World Bank
Households (7.5):	240,000	World Bank, survey
Recipients (60% of HH)	144,000	Survey
Remittance Clients in formal sector(4x/yr):	106,306	Banks, survey
Volume by banks	52,948,376	Banks
Central Bank figure	54,000,000	Central Bank
Use of informal means	27%	Survey
Share of recipients in the informal sector	28,171	
All recipients	134,477	
Amount received through informal means	22,536,933	
Estimated volume-->	75,485,308	
World Bank official figure, 2010	82,000,000	World Bank

From a development stand point identifying a large population with a relatively strong level of remittance dependence brings up a number of policy opportunities. The relevance of this issue is particularly more pronounced when considering that the Gambia belongs to an emerging migration wave that forms part of a new global migration cycle with characteristics relatively different to previous patterns. This section of the report reviews these patterns, particularly in light to the Gambia and offers some recommendations that make pressing the need to introduce strategies that leverage migration, remittances and development with some urgency.

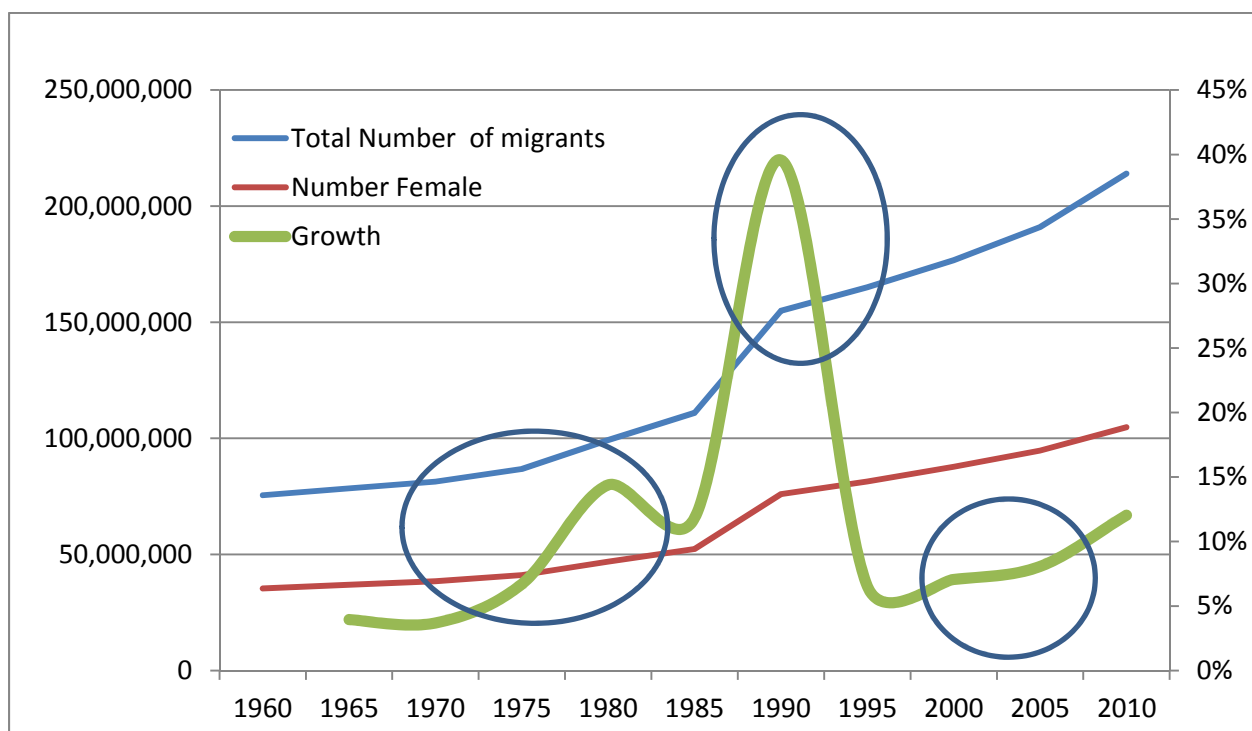
The changing nature of migration in the world, Africa and the Gambia

African migrants, diasporas and financial institutions are at the core of migration and development. The scope and depth of African migrant engagement with their homeland defines the demand and need for provide technical assistance on a range of intersecting migration and development issues. There exist major shifts that are influencing the scope and

¹¹ This estimate is 10% less than the official World Bank figure. However, surveys show that about 10% of flows registered as unilateral transfers are not remittances. Thus the US\$75 million figure may prove to be close to reality.

depth of future engagement, and thus attention to them is important in order to consider new development strategies.

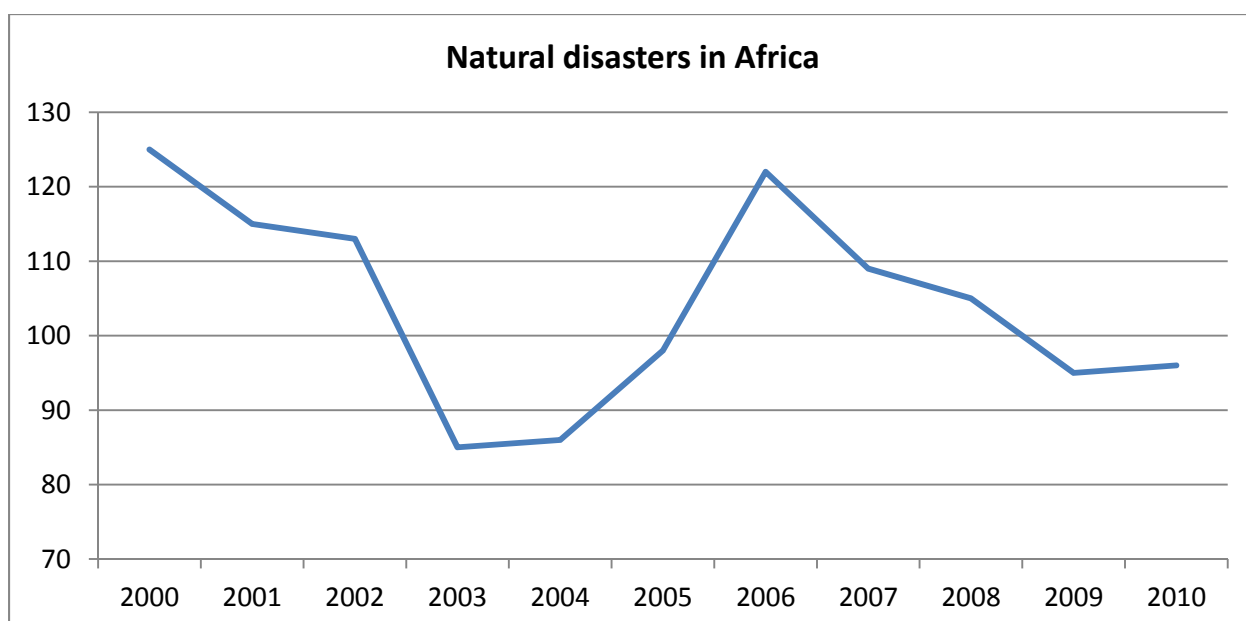
With regards to the scope of African engagement, migration from Africa is more likely to diminish in the short term, which in turn will affect the numbers of people sending money, seeking to invest, donate or import nostalgic goods. Increased enforcement rules deterring migration, difficulties in emigrating as well as the continued effect of the recession have decelerated international migration and in the short term, Africa is not an exception. As the figure below shows, international migration is decelerating, while female migrants as a share of all migrants are increasing. However, future migration growth from Africa outside and within the continent is likely to return, forming part of a new emerging wave that has been forming since the early 2000.



Source: IOM.

Some factors that explain migration today are associated to natural disasters and/or humanitarian crises, increasing standardization of commodity prices that raise the cost of living in Africa and African transnational ties. These factors influence the flow of people but also the level of engagement. Natural disasters have been growing in Africa (at least 10,000 of these took place between 2000 and 2011 in the continent) as climate change continues to cause variations in the environment. These disasters have shown to cause migration but also to increase remittance transfers.¹²

¹² Orozco, Manuel. Remittances and humanitarian crises, 2011, forthcoming.



Source: Centre for Research on the Epidemiology of Disasters (CRED), International Disaster Database.

Commodity prices are also shaping future migration and remittance growth. As cost of living increases with high prices in day to day foodstuff items, pressure to emigrate increases, as well as pressures among migrants to remit more also increases. In fact, there is a relationship between remittances and costs of the food basket. Commodity prices have been growing steadily while prices of traditional agricultural African exports (coffee, oil, bananas, among others) have not increased similarly.

Commodity prices for countries that consume and export

Commodity prices	1990	2000	2010
Consume			
Soybeans, \$/mt,	240	212	372
Maize, \$/mt,	106	89	154
Rice, Thailand, 5%, \$/mt,	263	202	404
Exports			
Coffee, Robusta, cents/kg	115	95	144
Coffee, Arabica, cents/kg,	192	192	357
Bananas, US, \$/mt,	526	424	718
Cotton, A Index, cents/kg,	177	130	189
Meat, beef, cents/kg,	249	193	277
Sugar, US, cents/kg,	50	43	66

Source: IMF

Finally, transnational ties have expanded in various ways and beyond remittances. The number of African diaspora organizations, for example, continues to grow, as well as there is a

continued demand for higher quality home country imported commodities. For example, research in France, Spain, Netherlands and Italy shows there are more than three hundred African diaspora organizations.

Table : African migrant associations in Europe

Country	Total
France	41.34%
Germany	0.91%
Italy	13.68%
Netherlands	10.03%
Spain	28.57%
United K.	5.47%
Grand Total (n=370)	100.00%

Source: data collected by the author, February 2011.

Similarly, for the request for proposals for the Migration and Development Fund of the African Development Bank there were 200 African diaspora organizations. A similar experience has been found in other facilities such as IFAD and USAID (in the latter, they received over 700 applications for an investment facility known as the African Diaspora Marketplace).

In addition to the scope of growth it is important to consider that African engagement is likely to be denser in the future. The depth of African engagement is defined by a growing mass of skilled labor, female and a community more adept to financial practices. Labor migration from Africa shows sign of being more female and skilled. Surveys in Spain, Italy, France and the United States shows that female skilled migrants relative to all skilled migrants are as a percentage larger than their counterparts. Moreover, these high skilled migrants are remitting more than other groups.

	Female			Male		
	Average	% w/	Years in	Average	% w/	Years in
	per	Tertiary	Host	per	Tertiary	Host Country
	Remittance	Education	Country	Remittance	Education	
Spain	258	36	6	274	31	7
Italy	373	42	11	256	38	10
France	436	26	12	299	30	18
United States	260	27	11	260	22	12

Source: surveys carried out by the author in the respective countries between 2009 and 2010.

This population as well as those who have been longer is among those who are more established and are the type who wants to participate in some kind of formal engagement with the homeland (investing or donating). Finally, our research shows that those who have received remittances for longer are saving more—though still in the informal economy.

The Relevance for The Gambia

Looking in the short term, the trend may suggest a decline in migration and possible slow growth in engagement. However, in the longer term, migration and engagement (remitting, investing, donating and consuming) will likely increase.

This is even more significant in the case of migration from The Gambia. Specifically, there are two key indicators that differentiate Gambian immigrants from other Africans. This population is forming part of a new wave of migration has been migrating; this is identified by the fact that most Gambian migrants have left The Gambia only since 2004. Moreover, this is predominantly male migration, a trend typical that occurs during first migration waves: those more able to migrate are typically males because they have a stronger standing in the home country's labor force.

	Years living abroad	Males
France	1998	65%
Italy	2000	55%
Spain	2000	60%
United States	1999	50%
The Gambia	2004	80%

Source: Orozco, Manuel. Surveys carried out by the author in the respective countries.

Another illustration that Gambian migration is part of a new wave is observed with the increases of legal migration and naturalization of Gambians in the United States. The United States is a major country of destination after Spain of Gambians, and the number of people entering legally has increased since 2004. Legal migration has typically a multiplying effect that increases total migration over time up to four times.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Permanent residents	183	231	390	343	263	422	581	897	826	739
Naturalized	68	81	69	135	113	136	189	286	246	330

Source: USCIS, Immigration Yearbook, 2009.

Given this scenario where migration is likely to increase, and thus remittances will also increase as a function of its number of transactions and the volume (women professionals will be remitting in larger numbers and amounts), what should the financial and MFI sector in particular, in the Gambia be doing about remittances?

Some recommendations and considerations

The reality of the Gambia vis a vis the findings emerging from this report, as well as the future trends that will shape Gambian migration, highlight the need to consider some policies and strategies that integrate migration and remittances into development schemes. Here the

report offers important results relating to competition among service providers and payers. Moreover, we identify issues associated to financial access that can help remittance recipients. First, the cost of remittances is higher than average in Africa. Thus, seeking to increase competition for more companies entering the Gambia will help reduce costs. Transfer costs relate to the number of competitors. Second, competition remains within the realm of banks and foreign exchange bureaus, the latter working in cooperation with banks. Microfinance institutions can participate in this market as demonstrated by the positioning of Reliance as well as by the presence of recipients in locations where GAWFA operates. Third, saving practices, both informal and formal, among recipients are important particularly among women. They are relatively more vulnerable than men.

We recommend six steps to increase the impact of remittances on development that can help reduce informality, increase competition, and financial access to women.

Improve the remittances marketplace

1. Trade fairs for remittance service providers;
2. Motivate microfinance institutions;
3. Introduce new payment technologies

Rural communities and strengthening MFIs

4. Partnerships between RSPs and MFIs;
5. Technical assistance on product design

Gender and financial products and education

6. Financial advising for women

Improve the remittances marketplace

Improving the money transfer market requires reducing informality, increasing competition, and reducing costs. One reason for high costs and informality comes from the fact that in most developing countries banks are making the majority of foreign currency payments for remittance transfers and very few remittance service providers originate payments in the migrant's host country. This means that rural areas tend to be neglected because bank branches are mostly in urban areas. When money transfers are not possible in remote areas, informal channels develop, typically run by small entrepreneurs. Moreover, when few remittance service providers participate in the market and they tend to prefer to work with mainstream banks, other players are excluded, and these few competitors tend to keep costs high. In the Gambia there are few competitors in the origin of remittances and the destination. Increasing competition will reduce informality and costs. One approach is to encourage other companies in the industry to enter the Gambia's marketplace. Remittance trade fairs are effective tools whereby newcomers are invited to participate. Moreover, government agencies can encourage prevailing payers to engage with other competitors in the market and discourage exclusive agreements, which typically deter competition.

Another approach is to promote the participation of microfinance institutions to enter the market. Some of the MFIs operating in the Gambia are positioned to work as agents of remittance companies provided that they have liquidity, are trained to comply with rules pertaining to anti-money laundering, and have the tools and technology to perform payments on a timely manner.

Rural communities and strengthening MFIs

Turning MFIs and credit unions into remittance channels sometimes also requires support from the country where remittances originate or technical assistance from the donor community to modernize their position as an international payer. First, linking banks in originating countries to MFIs in destination countries could be a win-win proposition for both. For example, with support from the Spanish government, Caxia Catalunya, a savings bank in Spain, has established agreements with banks and saving banks in several countries that allow people to send money at lowest cost from 1,500 cash points in Spain to branches of its 1,000 partners in Morocco, Senegal, Argentina, Bolivia, Colombia, Ecuador, Peru, Brazil, the Dominican Republic, Pakistan, China, Bulgaria, and Romania. The financial institutions on both sides have attracted new clients and increased their revenues from transaction fees; clients on both sides benefit from having savings accounts and a reliable means of money transfer. Second, the development community is increasingly providing technical assistance to support these financial institutions to design financial products attractive to remittance recipients, as well as to modernize their technologies. This assistance has proven successful to in order to integrate their institutions into global payment networks through remittance companies. For example, in Paraguay, the Inter-American Development Bank funded a microfinance institution, El Comercio, to design financial products to rural remittance recipients; in turn the microfinance has grown in the number of payments to this community as well as in the offer of financial products, such as debit cards, which were typically inaccessible to this population. The African Development Bank established a grant facility to support microfinance institutions wishing to enter the remittance market and simultaneously offer financial products to their remittance clients.

Gender and financial products and education

Although the majority of remittance recipients are women, their total income is lower and their dependence on remittances is higher than that of males. In turn, their ability to save is lower. Women remittance recipients assume more responsibilities in the household and are faced with some additional challenges, as their educational attainment is also lower. One approach to strengthen women remittance recipients' financial capability is financial education as a means to provide tools to achieve financial independence and better manage their resources.

Table 17: Remittance recipients by gender, remittances and income

	<i>Female</i>	<i>Male</i>
Amount Saved (US\$0	265	371
Annual remittances received	646	581
Total income	1143	1371
Income dependence on remittances	0.56	0.42

The field of financial literacy as a financial access tool to remittance recipients has become another policy issue of interest to which technical assistance is sought to implement the policy. In cooperation with Banks in the Caucasus (Georgia and Azerbaijan) the European Bank for Reconstruction and Development contracted the technical advice of Inter-American Dialogue and Microfinance Center to provide financial advising with the objective of capturing savings among those receiving remittances. Research found remittance recipients have a high capacity to save, yet few have bank accounts. Financial counseling was found to constitute an important first step to participation in formal financial institutions. The project looked to provide remittance recipients with the base knowledge (of finances, existing financial products and who to contact) to consider which financial product best serves their financial situation. The project targeted a 20% conversion rate from transactional to bank clients out of 18,000 receiving financial literacy and captured nearly US\$4 million in deposits during the six month duration of the project. As in the website on remittances cost, this technical assistance instrument has now been replicated in other countries worldwide.¹³

Financial education to women can help them focus their attention on their personal development while looking after their household.

Taking the intersection between migration and development seriously in the Gambia

These recommendations are proven strategies reflecting best practices in other part of the world. However, they also take on more relevance for the Gambian context. Government, private sector and nonprofits need to seriously consider investing resources to leverage and capitalize on these flows and forms of engagement. Given the emerging trend of growing migration, the time to prepare strategies and implement them is now. This effort requires to make projections about future inflows and considerations of the costs of investing to offer remittance transfers and financial products. A static view of the current trend shows that for MFIs participation with mechanisms in place in three years to work in the remittance marketplace, working to bring savings from clients who receive remittances, and offering them loans would generate important revenues. Seeking to capture 10% of the market, either from existing competitors or from the informal economy would bring revenues of US\$15,000 per month. Net income typically runs to 50% after operating costs are covered (IT maintenance, staffing, security, compliance, liquidity). Moreover these businesses can bring savings and loans to clients and raise capital from these services. Considering how migration is likely to increase to an additional 40,000 households by 2020, the impact of the marketplace and remittance recipient financial demands is not negligible. Thus, financial institutions are to view the real opportunities offered by these cluster of Gambian society.

	2015	2020
Key remittance recipient indicators		
Households receiving remittances	100,000	150,000

¹³ "In search of policy options and solutions: Family remittances, diaspora partnerships and development opportunities," Manuel Orozco, November 9th , 2009

Amount saved per main beneficiary	US\$200	US\$300
Volume saved from 50% (of 75% saving) of savers	US\$7,000,000	US\$ 16,650,000
Informal transfers (27% in 2011), falling to 20%	27,000	30,000
Monthly revenue per transaction	US\$1.5	US\$1.1
Revenue projections		
Estimated market share for MFIs entering after 2 years	10%	15%
Monthly Revenue for transactions	US\$15,000	US\$33,000
Profit margin on deposits (2-4% interest)	US\$210,000	US\$ 499,500
10% interest earned on loan of US\$500 to 15%	US\$750,000	US\$1,125,000

To microfinance institutions the costs of entering the market and providing services are not substantially high and can be developed through different schemes. The table below provides a rough breakdown of potential costs incurred by MFIs entering in the market on these activities. The investments are near US\$150,000 for a market capitalization on those services that could return the investment in less than three years and bring profits right after a new wave of migration consolidates.

	Activities	Investment	Expected result
Partnership with MTOs	Contract negotiation, liquidity adequacy, IT adaption, trips/comm.	US\$20,000	10% market share
Financial product marketing	Profiling market of recipients, designing products, 2 year marketing strategy	US\$30,000	Capture 50% of savings from recipients saving
Financial education	Intercept methodology to educate 15,000 people in 6 months and convert 15%	US\$60,000	
Technology adaptation	Acquire new hardware and software, explore other possible technology	US\$50,000	Maximize comparative advantage vis a vis competition

Appendix I: Paying Institutions in the Gambia

<i>Businesses Paying Remittances</i>	<i>Payment Points</i>
A and S Foreign Exchange Bureau	2
Access Banjul	2
Access Bank Gambia	9
Africa Transfers	6
African Express Bureau Change	1
Albert Market Hydar Forex Bureau	1
AN Express	3
Arab Gambian Islamic Bank	6
Banjul Branch	1
Banjul Market Kiosk	1
Banjul Terminal Kiosk	1
Bank PHB Gambia	6
Bank Sahelo-Saherienne Pour L'investissement et le commerce (BSIC)	1
Barra Branch	1
Barry's Forex Bureau de Change	2
Brikama Kiosk	1
Brusubi	1
Churchills Town Agency	1
Deena Transfers	1
Ebrima Barrow and Sons Bureau de Change	1
Ecobank Gambia	7
FIG Bureau de Change	18
First International Bank	6
Gambia Electrical Co Ltd	3
Gampostal Services	9
Guaranty Trust Bank	4
International Commercial Bank	4
J Financial Services	12
Jallow Bureau de Change	5
K. K. T. Company	1
Kairaba Forex Bureau	2
Kairaba Shopping Centre	1
Lamin Kiosk	1
Latri Kunda Market Kiosk	1
Manjai Agency	1
MJ Financial Services	1
MNG Exchange	4
Nemajula Enterprises	2
OG Financial Services Ltd	3

Old Jewshang Agency	1
Old Yundum	1
Reliance Financial Services	7
Serekunda Market Kiosk	1
Standard Chartered Bank	4
Tanji Kiosk	1
Trust Bank Ltd	10
West Field	1
Yonna Forex Bureau	1
Grand Total	160

Notes on Research and Methodology

The information on financial regulations, foreign currency accounts, payment systems and Microfinance in the Gambia was gathered from the Central Bank. The information on the Gambia's anti-money laundering initiative was collected also from the Central Bank¹⁴

Branch data for the banks included in this study was gathered from the banks' respective websites and through calls of banks. Information on the financial profiles of these institutions (assets, deposits, and loans) was collected from ASFI as the banks are required to report this information directly to this supervisory body. The information collected on the competition in the market for money transfers in the Gambia was gathered from previous surveys by Manuel Orozco and company information from the competitors themselves. The data reflect consultations and interviews with experts in the industry as well as research through the companies' websites. The data on payout locations were used as a way to capture the extent of coverage by each of the competitors.

¹⁴ <http://www.cbg.gm/>

Appendix II: Tabulated Survey Results

I. FINANCES

Q1. Do you currently have a loan from GAWFA?

GAWFA Loan				
		Frequency	Percent	Valid Percent
Valid	0	502	85.7	86.3
	1	80	13.7	13.7
	Total	582	99.3	100.0
Missing	99	4	.7	
Total		586	100.0	

Q2. Do you currently have a savings account with GAWFA?

GAWFA Savings				
		Frequency	Percent	Valid Percent
Valid	0	346	59.0	59.1
	1	239	40.8	40.9
	Total	585	99.8	100.0
Missing	99	1	.2	
Total		586	100.0	

Q3. Do you have any financial relationships with any other institutions or people? (such as a savings, checking, or credit account in a bank, MFI or credit union, a loan from a moneylender, friend, relative, a group savings scheme?)

Other Fin Relation				
		Frequency	Percent	Valid Percent
Valid	0	136	23.2	25.5
	1	398	67.9	74.5
	Total	534	91.1	100.0
Missing	99	52	8.9	
Total		586	100.0	

Q4. Which kinds of financial relationships do you have? (CIRCLE MULTIPLE RESPONSES)

		Table N %	Table Responses %
Which kinds of financial relationships do you have?	Bank Acct	56.6%	34.9%
	Credit Union	11.7%	7.2%
	non-GAWFA MFI savings	7.6%	4.7%
	non-GAWFA MFI loan	4.0%	2.5%
	Community savings group	42.5%	26.2%
	Loan w/ priv. money	11.0%	6.8%

	lender		
	Owe shopkeeper	15.3%	9.4%
	Owe friend/relative	12.1%	7.5%
	Other	1.3%	.8%

Q5. Do you have some type of savings or deposit account?

Savings/Dep Acct				
		Frequency	Percent	Valid Percent
Valid	0	135	23.0	23.2
	1	447	76.3	76.8
	Total	582	99.3	100.0
Missing	3	1	.2	
	99	3	.5	
	Total	4	.7	
Total		586	100.0	

Q6. How long have you been saving? (CIRCLE ONE RESPONSE)

How long saving?				
		Frequency	Percent	Valid Percent
Valid	Less than 1 year	32	5.5	7.3
	1-2 yrs	102	17.4	23.1
	3-4 yrs	89	15.2	20.2
	5-6 yrs	73	12.5	16.6
	7-10 yrs	93	15.9	21.1
	More than 10 yrs	52	8.9	11.8
	Total	441	75.3	100.0
Missing	99	145	24.7	
Total		586	100.0	

Q7. How much have you saved so far? Dalasi: _____ or US\$: _____

	Mean	Median
Qty Saved (Local Currency)	10449	5000
Qty Saved (US\$)	300	113

Q8. I would like to ask you a few questions about what you do with your money.

		Table N %	Table Responses %
What you do with your money	If money leftover at end month, put aside?	32.1%	16.9%
	If earned more than normal in month, able to save after cover basic costs?	30.5%	16.0%
	If extra income, invest in	43.3%	22.7%

	business?		
	Purchased house, motor, car?	6.2%	3.3%
	Purchased animals?	19.1%	10.1%
	Purchased business equip/supplies?	30.7%	16.1%
	Used money in other way?	28.5%	15.0%

Q9. Do you have health insurance?

Health insurance?				
		Frequency	Percent	Valid Percent
Valid	0	505	86.2	88.1
	1	68	11.6	11.9
	Total	573	97.8	100.0
Missing	99	13	2.2	
Total		586	100.0	

Q10. Do you have loans, credit or make some sort of regular payments to pay for...?

		Table N %	Table Responses %
Current Payments	Payments for HOUSING?	27.5%	16.4%
	Payments for EDUCATION?	48.8%	29.0%
	Payments for EMERGENCY HEALTH?	6.8%	4.0%
	Payments for MED/LIFE INSURANCE?	1.8%	1.1%
	Payments for VEHICLE?	4.3%	2.5%
	Payments for HOME APPLIANCES?	25.7%	15.3%
	Payments for BUSINESS LOANS?	29.8%	17.7%
	Payments for TRAVEL ABROAD LOANS?	2.0%	1.2%
	Payments for EVENT LOANS?	12.6%	7.5%
	Payments for ELDERLY EXPENSES?	6.8%	4.0%
	Payments for FUNERAL SERVICE/INSURANCE?	.0%	.0%
	Payments for OTHER	2.3%	1.3%

II. MIGRATION & REMITTANCES

Q11. Do you have friends or relatives living outside the Gambia?

Friends/Relatives Outside Gambia?				
		Frequency	Percent	Valid Percent
Valid	0	157	26.8	26.9
	1	427	72.9	73.1
	Total	584	99.7	100.0
Missing	99	2	.3	
Total		586	100.0	

Q12. Do you receive remittances or money transfers from that person/those people who are abroad (international remittances only)?

Receive int'l remittances from that person?				
		Frequency	Percent	Valid Percent
Valid	0	221	37.7	37.7
	1	365	62.3	62.3
	Total	586	100.0	100.0

Q13. What is your relationship with person who sends you the most remittances?

Relation to person who remits most				
		Frequency	Percent	Valid Percent
Valid	Wire	7	1.2	1.9
	Husband	35	6.0	9.5
	Daughter	30	5.1	8.2
	Son	108	18.4	29.3
	Sister	30	5.1	8.2
	Brother	125	21.3	34.0
	Other	33	5.6	9.0
	Total	368	62.8	100.0
Missing	99	218	37.2	
Total		586	100.0	

Q14. In what year did he/she migrate? _____

	Mean	Median
Year the remitter migrated	2003	2004

Q15. Where did he/she migrate to?

Q16. What activities does he/she do to earn money? (CIRCLE MULTIPLE RESPONSES)

		Table N %	Table Responses %
What activities does the remitter do to earn	Professional	4.9%	3.1%
	Cleanings services	11.6%	7.3%

money?	Nurse	10.4%	6.6%
	Nanny	1.5%	.9%
	Self-employed, runs own business (store or restaurant)	9.0%	5.6%
	Works in a restaurant or store	35.8%	22.5%
	Construction, masonry or carpentry	9.0%	5.6%
	Teacher	1.1%	.7%
	Security guard	16.8%	10.6%
	Tailor, dressmaker	2.2%	1.4%
	Factory worker	20.1%	12.7%
	Farmer	4.1%	2.6%
	Retired	.4%	.2%
	Student	18.7%	11.7%
	Unemployed	1.1%	.7%
	Other	12.3%	7.7%

Q17. How long have you received remittances from this person?

Number of years: _____

	Mean	Median
How many years have you received remittances from this person?	6	5

Q19. How much do you receive?

Dalasi: _____ or US\$: _____

	Mean	Median
How much do you receive (Local Currency)	6696	4000
How much do you receive (US\$)	252	151

Q20. How often/regularly do you receive remittances? Every _____ number of months

	Mean	Median
How often do you receive remittances (mos.)	4	2

Q21. Are you or another family member thinking of migrating to another country in the next 12 months?

Are you or other family considering migration abroad in next 12 mos?				
		Frequency	Percent	Valid Percent
Valid	0	160	27.3	29.7
	1	378	64.5	70.3
	Total	538	91.8	100.0

Missing	99	48	8.2	
Total		586	100.0	

Q22. To which country? _____

Q23. Have you or other family members worked abroad before?

Have you or other family member ever worked abroad?				
		Frequency	Percent	Valid Percent
Valid	0	324	55.3	58.9
	1	226	38.6	41.1
	Total	550	93.9	100.0
Missing	99	36	6.1	
Total		586	100.0	

III. DEMOGRAPHICS

Q24. What activities do you currently do to earn money? (CIRCLE MULTIPLE RESPONSES)

		Table N %	Table Responses %
What activities do you currently do to earn money?	Market Vendor	42.1%	28.6%
	Farmer	31.8%	21.6%
	Cleaning Services	2.7%	1.9%
	Nurse	1.2%	.8%
	Nanny	.7%	.5%
	Self-employed	14.9%	10.1%
	Works in store/restaurant	1.2%	.8%
	Construction	4.1%	2.8%
	Teacher	2.7%	1.9%
	Tailor	10.8%	7.3%
	Factory Worker	.5%	.3%
	Professional	1.0%	.7%
	Retired	1.5%	1.0%
	Student	.9%	.6%
	Unemployed	.9%	.6%
	Security Guard	1.5%	1.0%
	Other	28.5%	19.4%

Q25. Do you do any other activities to earn money? _____

Q26. How many people live in your house, including yourself? _____

	Mean	Median
How many people live in your house, including yourself?	10	8

Q27. What is the monthly income of everyone living in your home, not including any remittances that you receive? Dalasi: _ or US\$: _____

	Mean	Median
Household income (Local currency)	4943	2800
Household income (US\$)	182	103

Q28. Do you have a mobile phone?

Mobile Phone?				
		Frequency	Percent	Valid Percent
Valid	0	76	13.0	13.4
	1	493	84.1	86.6
	Total	569	97.1	100.0
Missing	99	17	2.9	
Total		586	100.0	

Q29. What is the highest level of education that you have completed? (CIRCLE ONE RESPONSE)

Highest level of education completed				
		Frequency	Percent	Valid Percent
Valid	None	170	29.0	30.1
	Elementary	249	42.5	44.1
	High School	108	18.4	19.1
	Some university or technical school	18	3.1	3.2
	University or technical school	19	3.2	3.4
	Total	564	96.2	100.0
Missing	99	22	3.8	
Total		586	100.0	

Q30. Sex

Sex				
		Frequency	Percent	Valid Percent
Valid	0	393	67.1	68.0
	1	185	31.6	32.0
	Total	578	98.6	100.0
Missing	99	8	1.4	
Total		586	100.0	

Q31. How old are you? _____ years old

	Mean	Median
How many years old are you?	43	42

Q32. How do you receive the remittance (most often)? (CIRCLE ONE RESPONSE)

How do you receive remittances most often?				
		Frequency	Percent	Valid Percent
Valid	Western Union	235	40.1	61.2
	MoneyGram	32	5.5	8.3
	Ria	6	1.0	1.6
	Rapid Transfer	1	.2	.3
	Money Express	8	1.4	2.1
	Bank account transfer	19	3.2	4.9
	Through travelers	11	1.9	2.9
	Friend or relative (someone you know)	15	2.6	3.9
	Other	57	9.7	14.8
	Total	384	65.5	100.0
Missing	39	1	.2	
	99	201	34.3	
	Total	202	34.5	
Total		586	100.0	

33. Where do you pick up your remittance (most often)? (CIRCLE ONE RESPONSE)

Where do you pick up your remittance most often?				
		Frequency	Percent	Valid Percent
Valid	Access Bank	5	.9	1.4
	Arab Gambian Islamic Bank	10	1.7	2.7
	Trust Bank	175	29.9	47.7
	Eco Bank	10	1.7	2.7
	Guaranty Trust Bank	18	3.1	4.9
	International Commercial Bank (ICB)	2	.3	.5
	Standard Chartered Bank	10	1.7	2.7
	Reliance Financial Services	24	4.1	6.5
	Gam Post	9	1.5	2.5
	Foreign Exchange Bureau	37	6.3	10.1
	Other	67	11.4	18.3
	Total	367	62.6	100.0
Missing	99	219	37.4	
Total		586	100.0	