



UK to Ghana Remittances Corridor – what are the key issues for UK Money Transfer Operators?

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**Presented by Dominic Thorncroft, UKMTA chairman
(0207 635 6634/dominic.thorncroft@ukmta.org)**

UKMTA – who are we?

- Founded in May 2005, run by its members – financial support from DFID very welcome in the early years
 - UKMTA set up to represent estimated 2500 money transfer companies in the UK, but with a particular focus on smaller, independent, companies
 - We aim to be:
 - A forum where money transfer companies can meet each other
 - A voice with government, regulators and the banks
 - A provider of services for members
 - A reference point for consumers seeking information on companies
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Most Ghanaians would prefer to use a Ghanaian MTO to remit funds...

- Customers appreciate service offered by independent MTO's:
 - Rates, fees, speed, reliability, availability, language, no need to have an account

 - MTO's provide diversity in payment services, an important conduit for personal remittances, and offer potential channel for community generated development funds for infra-structural projects in Ghana ('Big Society' in action)

 - But a range of challenges are preventing the independent sector from maximising it's full potential – these include:
Regulatory burden, compliance challenges, banking problems, unlicensed operators, consumer confidence, market access, UK government policy
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Regulation more of a problem for smaller firms...

- ❑ Burden of regulations has continue to increase: AML, CTF, Payment Services Regulations, Bribery Act etc
 - ❑ Regulatory complexity and complication requires time to master, and obliges firms to spend time explaining in writing how they are complying to regulators, banks and customers – and even if a firm can explain its risk based approach to AML, is there any guarantee that the regulator or bank will agree?
 - ❑ Burden of compliance more of an issue for smaller firms – FSA approach to licensing under the PSR's has significantly slowed down processing of applications – will all PI's be licensed by 30th April?
 - ❑ Challenges of carrying out Customer Due Diligence – problem for all MTO's, but is there evidence that regulators are tougher on smaller firms?
 - ❑ Is there evidence that regulators are failing to police the perimeter – so that there are no effective penalties for those trading whilst unlicensed? Could be as many as 50 illegal MTO's on UK/Ghana corridor
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MSB Banking - always a challenge

- Having an UK MSB bank account is crucial to developing an MTO business but:
 - UK banks remain largely reluctant to provide accounts
 - Fees are heavy (regulatory burdens give banks an excuse to charge more) - £18,000 per quarter in fees
 - May not be delivering a good day to day service
 - Why is it not generally possible to use a bank debit card to pay for a transaction?

 - Problems with the pay out side:
 - Delays in paying out in Ghanaian rural branches
 - Ghanaian internal banking systems not reliable
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Need to build customer confidence in licensed MTO sector

- As much as 50% of funds may be carried by third parties cross border – need to do more to encourage use of licensed MTO's by consumers. This means:
 - Help in explaining to consumers why firms have to request necessary customer information/have KYC procedures
 - High Commission to provide a list of licensed firms
 - Client funds 'safeguarding' – all legitimate firms should be doing this
 - FSA to provide information to the consumer on firms they can trust
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Access to Ghanaian customers

- Ghanaians are everywhere, but Ghanaian MTO's have challenges in reaching out to customers across UK
 - 'Internationally branded' MTO's – 20,000 plus locations
 - Ghanaian led MTO's – 500 locations

 - Also, 98% of transactions cash based, in person:
 - Reluctance among consumers to transact bank to bank/over internet/using mobile phone

 - How can the Ghanaian community leaders give help to Ghanaian MTO's to market services to Ghanaian consumers?
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MTO's help UK charities to fund projects in Ghana – Big Society?

- 1. THE LIGHT OUTREACH FOUNDATION
 - Registered as a charity organisation in England.
 - - Has orphanage of 30 children in Tema Ghana.
 - - Helps to give training to the unemployed.
 - - Offers little capital for to set up small businesses.
 - - Picks children who need hospital treatment from remote rural areas to Korle Bu hospital in Accra.
 - 2. CAPE COAST ASSOCIATION
 - - Helps to stock the Cape Coast Library
 - - Sends hospital equipments to hospitals in Cape Coast.
 - - Helps the under privilege children to attend school up to secondary level.
 - 3. SALIFU DARGATI FOUNDATION
 - Registered as Charity organisation in England
 - - Helps school feeding programs in some Cape Coast schools.
 - - Provides books to schools in Cape Coast
 - - Sends mosquito nets, bed sheets and other hospital equipments to Kpando Hospitals.
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UK Government policy – what is it?

- Last government set up UK Remittances Taskforce – what is policy of coalition government to remittances?
 - Government rhetoric is anti-non EEA migrant – so what are the implications for migrant remittances - does government see them as a complement to aid which should be supported?
 - Evidence suggests that migrant remittances may be moving towards more structural usage within Ghana economy – how will UK government incentivise transactions sent through legal and licensed channels?
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Discussion

- Do you want to follow up with any issues?
 - Dominic Thorncroft (07950 452992/0207 635 6634)
 - Dominic.thorncroft@ukmta.org
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