

# **UK-GHANA REMITTANCE CORRIDOR**



**Unlocking the potential of the  
Diaspora**

**Developing Market Associates  
July 2010**

# The Ghanaian Sender

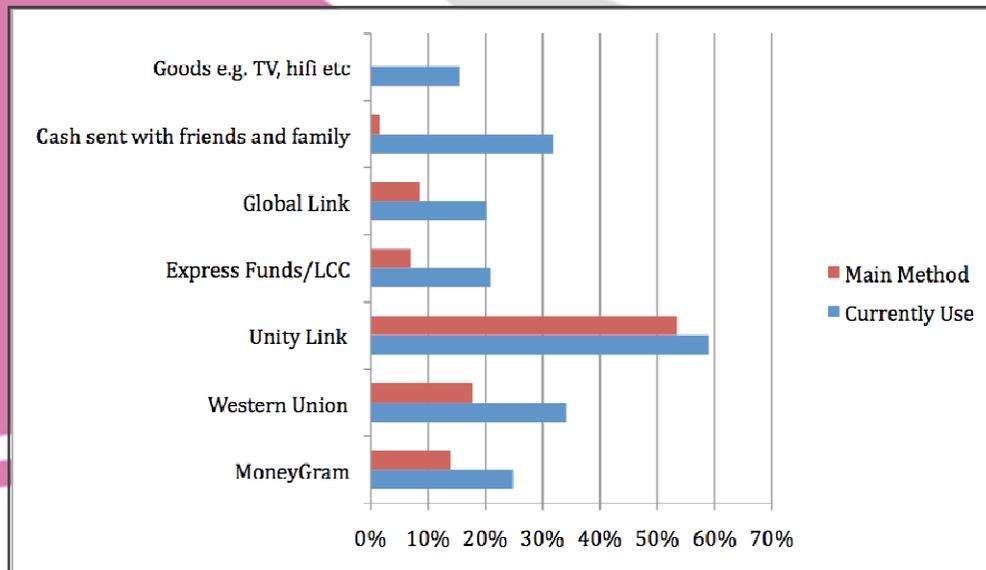
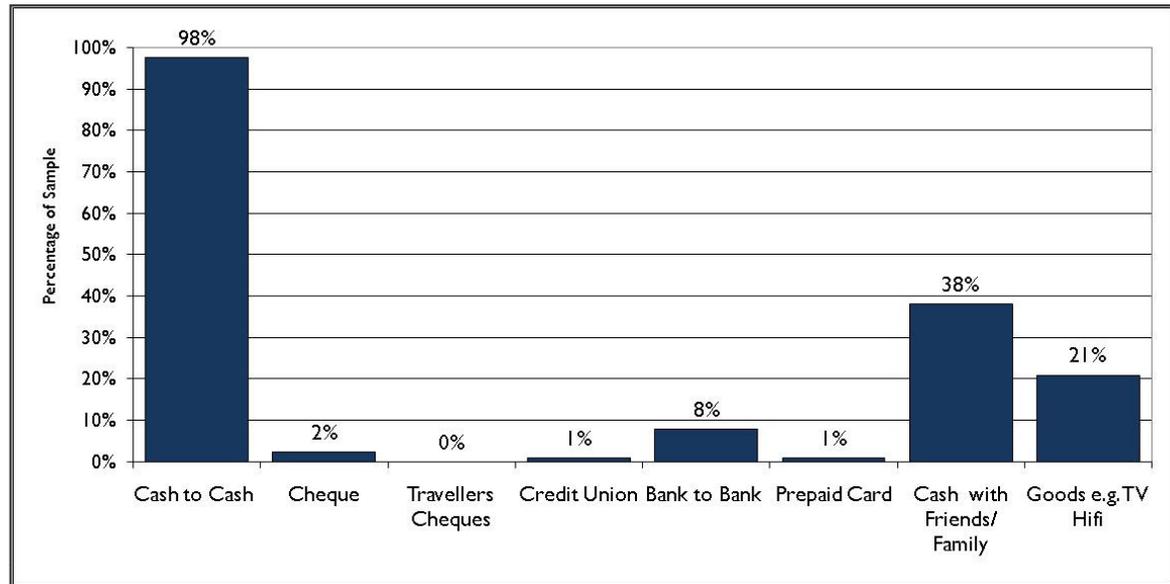
- The UK is one of the main remittance markets to Ghana
- People send money because:
  - the lack of employment opportunities back in Ghana
  - the ability for the migrant to earn a better income in the UK than in Ghana
  - their responsibility as the family's main wage earner
- Most people send money to the same person most of the time. Normally this is to their parents or a spouse
- Most popular amount to send in an individual transfer is between £50 - £100; followed by between £151 - £200



- Nearly half of all transfers are sent on a monthly basis
- The Ghanaian Diaspora in the UK is highly banked and somewhat technology savvy
- Nearly all respondents have a bank account and a mobile phone and the majority have access to the internet
- Utilisation of electronic, online banking products is low

# How People Move Money to Ghana

- 98% of all respondents use cash-to-cash
- 8% make use of bank-to-bank services - never as a preferential choice
- Ghanaian specific operators are preferred



- International market leaders (such as Western Union and Money Gram) are used by some - rarely as main method of transfer
- Tend to be associated with a higher cost service and dissatisfaction with the regard to the exchange rate

# Receivers are Not Accessing Technology in Ghana

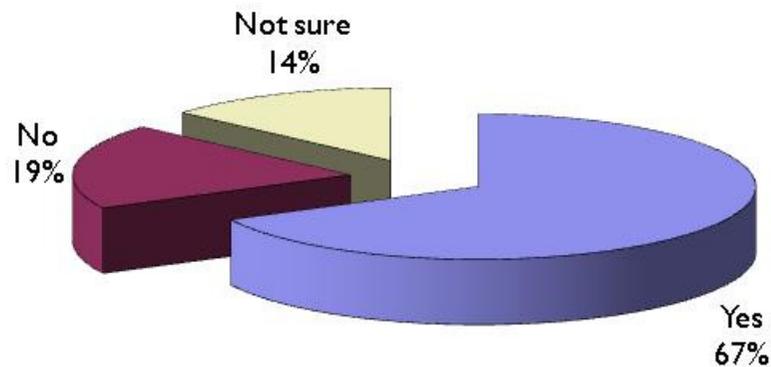
## Based on the senders responses

- 67% access to a bank account
- 26% have an ATM/ cash-point card
- 57% are known not to have either a credit or debit card
- Over half are not using pre-paid cards



**Financial illiteracy in Ghana is constraining the use of new products and newer technologies developed in the UK**

**Recipient Access to Bank Account**



- 20% of respondents would consider using mobile payments
- Distrustful of the internet - potential for fraudulent activity
- Online products are deemed to be inefficient and not cost effective

# Overall

- Ghanaian community are found to be **relatively conservative** and **traditional** in their chosen method of transfer regardless of the products on offer.



- Ghanaian migrant population are relatively **homogenous** in their remittance behaviour patterns.
- **Competitive market** - high level of transparency and communication with a clear market leader

- Open to new methods of transfer if it is cheaper and reduces time to travel
- Financial literacy levels and use of technology in Ghana are constraining uptake of new transfer methods
- Informal market is relatively small in the UK-Ghana corridor

# Recommendations to Help Remitters and Receivers

- **Educate, Educate, Educate:**
  - Consumers on the different methods of transferring money, including online transfers
  - The advantages of using formal over informal
  - The benefits for the consumer in having access to financial services
- Develop new products that enable remitters to pay for specific items from the UK, e.g. housing loans, health insurance etc



- Encourage **banks** to offer more competitive money transfer services (especially Ghanaian banks in the UK)
- Use the Ghanaian Diaspora in the UK to **educate** family members in Ghana

# Remittances Provide Opportunities for Government



- Remittances can contribute to sovereign credit ratings
- Securitisation of future remittance flows
- Provide opportunities to leverage the wealth and loyalty of the Diaspora – Diaspora bonds