The Send Money Africa (SMA) remittance prices database provides data on the cost of sending remittances from selected countries worldwide to a number of countries in Africa, as well as for some transactions within the African continent itself. The data is collected on a quarterly basis from a sample of the most used Remittance Service Providers (RSPs). The data analysis in this report is based on the latest data collection, which was for Q4 2016 (12th – 16th December 2016) as well as the previous SMA surveys conducted in 2016. The data was obtained from a total of 539 different remittance services.

**Key Findings**

- The **average total cost** of sending money to and within Africa remained stable at 9.05 percent in Q4 2016 compared with 8.88 percent recorded in Q1 2016.

- The cost of sending money to Africa in Q4 2016 was **1.65 percentage points** more expensive than the global average cost for the same period, which measured at 7.40 percent according to Remittance Prices Worldwide (see http://remittanceprices.worldbank.org).

- The **nine most expensive corridors** were all intra-African – originating from South Africa and Tanzania.

- In every 2016 survey the least expensive corridor was found to be UAE to Egypt, followed by either USA to Nigeria, Senegal to Mali or Spain to Morocco.¹

- Throughout 2016 the most expensive send markets among those surveyed were South Africa and Tanzania. The cheapest send market was UAE followed by either Senegal, Italy or Spain.²

- **Commercial banks** continued to be the most expensive type of provider. The cheapest were Post Offices and Money Transfer Operators (MTOs).

- **Bank account products** were the most expensive with the newer, technology-driven products of mobile and online remittances being among the cheapest.

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¹ However, the remittance prices worldwide data with a wider coverage of corridors shows Saudi Arabia-Sudan as the least expensive corridor in Q4 2016.

² Data from the remittance prices worldwide indicate that Saudi Arabia is the cheapest send money market in Q4 2016.
Sample

www.sendmoneyafrica-auair.org allows users to compare the costs applied by remittance service providers (RSPs) to send money from 15 major sending countries across Europe, the Middle East, North America, and within Africa itself, to 28 African receiving countries, for a total of 53 "country corridors".

The number of services covered by Send Money Africa decreased by a fraction through 2016 – from 540 services in the Q1 2016 survey (March 2rd 2016) to 539 in the Q4 survey (December 2016). Some providers are deemed to be non-transparent and although they are included in the database online they are removed from the sample for the data analysis. (Please see appendix 1 for more information).

Of the 539 RSPs that were surveyed in Q4 2016, 28 services (5.19 percent) were deemed non-transparent. As a group, banks are non-transparent significantly more often than the other types of provider. Due to this, a small number of relatively expensive and generally non-transparent bank account-to-bank account services have been removed from the survey over time. Banks represent 20 percent of the transparent sample (graph 1) and account for 89 percent of non-transparent surveyed services; throughout the year, no MTOs were found to be non-transparent (graph 2).

Money Transfer Operators (MTOs) made up 73 percent of the Q4 sample which is identical to the number recorded in Q3; but fractionally down from Q1 when they made up 74 percent of the sample. The share of banks in the survey dropped slightly – to 20 percent in Q4 from 21 percent in Q3, returning to the percentage share found in Q1.

<table>
<thead>
<tr>
<th>Transparent Market Breakdown (n=511)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% Bank / Money Transfer Operator</td>
</tr>
<tr>
<td>3% Bank / Money Transfer Operator / Post office</td>
</tr>
<tr>
<td>20% Money Transfer Operator / Post office</td>
</tr>
<tr>
<td>3% Money Transfer Operator</td>
</tr>
<tr>
<td>73% Post office</td>
</tr>
<tr>
<td>1% Bank</td>
</tr>
</tbody>
</table>

Graph 1

3 The majority of non-transparent banks are in European countries such as France, Germany, Italy and the Netherlands, where they are consistently unable to provide an exchange rate for the currency of the African destination countries. Since the inception of the survey in 2011, very few non-transparent banks have become transparent.
The average Total Cost of sending money to Africa remained stable during 2016.

The average total cost of sending USD200 to and within Africa in Q4 2016 measured at 9.05 percent, which represents an increase in average total costs over the year from 8.88 percent in Q1; although it is worth noting that the average cost dropped to a low of 8.78 percent in Q3. The rise in the average cost between Q3 and Q4 may partly be attributed to some unusually high FX margins recorded in Gulf send markets to Egypt (in particular Saudi Arabia, which could in part be due to the sharp depreciation of the Egyptian pound against Gulf currencies in the last quarter of 2016). At the broader level global currency volatility towards the end of 2016 – with, for example a weakening GB pound (primarily due to the ‘Brexit’ decision in the 2016 UK Referendum) and uncertainty around the political situation in the US may also have had an impact on costs. The cost of sending USD500 also increased through 2016 – rising from 5.99 percent of sending USD500 in Q1 to 6.13 percent in Q4 – but hitting a low of 5.90 percent in Q3 (graph 3). The global Remittance Prices
Worldwide (RPW) average in Q4\(^4\) to send USD200 was 7.40 percent; 1.65 percentage points (or 18.23 percent) lower than the SMA average.

**The average Total Cost of sending money to Africa has decreased over time**

Graph 4, below, shows how the cost of sending money to Africa has fallen over time – specifically over the last five years – beginning in Q1 2012 and culminating in Q4 2016. As the graph shows, the cost of sending USD200 to Africa was found to be 11.20 percent in Q1 2012 and has gradually dropped (with spikes here and there) to 9.05 percent in Q4 2016 – a reduction of 2.15 percentage points or 19.19 percent. In global terms this is a significant decrease and can be attributed to a number of contributing factors; the most important of which are arguably improving (more competitive) send market environments – particularly in Europe – where the emergence of relatively inexpensive digital remittance service providers has led to consumers having more and cheaper market options than in previous years; and reacting to market conditions, the traditional market leading MTOs have begun to provide digital, e.g. online, money transfer products themselves which are often less expensive than their traditional cash-to-cash products.

![Graph 4](image)

\(4\) This is the average for 365 corridors around the world
The spread of the average total cost is larger for sending USD 200 than sending USD500

Graph 5

Graph 5, above, shows the spread in the total cost between the most, and least, costly services offered in the market for sending USD200 and USD500 to Africa in Q4 2016. Whilst the spread of the cost for sending USD200 to Africa was found to be larger than sending USD500 in Q4, the margin of difference is not as wide as is usually found. This can be attributed to some anomalous findings in Saudi Arabia where the FX costs for sending money to Egypt were especially high producing unusually high costs for sending USD500 relative to other corridors. In general, the consistently large difference in price bunching between the two send amounts is partly due to the fact that, for example, many banks offer a flat fee which does not vary between the USD200 and USD500 amounts surveyed, but which is obviously lower as a percentage when applied to the USD500 amount. This is contrary to MTOs who frequently operate on a price band basis although a number also offer an economy of scale for sending more money.

It is also worth noting the presence of some surprising negative costs in the data. These tend to arise when parallel or ‘grey’ exchange rates operate in certain markets. In these circumstances, it is likely that some operators use a different interbank rate than the official one, which, in turn, leads to a negative measured foreign exchange margin and thus a lower total cost; this pattern applies to, in particular, remittances going into Nigeria where there is a well known parallel market through-which the Naira’s currency exchange differs widely from the official rate; offering in theory far more value for money. For the purposes of the survey and this report – where negative total costs have been recorded for a service the exchange rate margin has been removed.

The average total cost of sending money to and within Africa varies by sending market

The cost of sending money to and within Africa varies considerably among sending markets.
Graph 6 compares the average total cost of sending USD200 to Africa in Q4 2016 with Q1 2016. Throughout the year it was consistently the case, that the most expensive sending markets in the sample were African countries; specifically, South Africa and Tanzania, where for example in Q4 the costs of sending USD200 were found to be 16.52 percent and 15.52 percent respectively. However, as the graph shows, the aforementioned unusually high costs recorded in Saudi Arabia in Q4 have led to this usually relatively inexpensive country being measured as the most expensive in the Q4 sample – at 17 percent – in stark contrast to it measuring at just 4.69 percent in Q1 and just over 6 percent in Q3. It should be reiterated that this finding appears to be related to an issue around currency exchange and that it can be anticipated that Saudi Arabia will return to being amongst the cheapest send markets surveyed in future samples. And whilst African send markets are gradually becoming more competitive – particularly with the rise of mobile wallet cross border services – they are likely to remain considerably more expensive than send markets outside of Africa for the foreseeable future. With the exception of Saudi Arabia and to a lesser extent Kenya the relatively high reduction in cost between the quarters can partly be attributed to the introduction to the sample of relatively cheap mobile phone service.

The least expensive send market in the survey for sending USD200 was found to be the United Arab Emirates in both Q1 and Q4 2016 as it was throughout the year – although by the end of the year the cost had risen – measured at 4.50 percent in Q4 compared to 3.09 percent in Q1. Throughout 2016, following UAE, the cheapest send markets were found to be Spain, Senegal, and Italy with the order varying per quarter. Spain and Italy offer competitive remittances markets and cater for relatively low paid Diasporas where Africa is concerned so it is not surprising to find them amongst the cheapest markets in the survey; in the case of Italy however, the currency exchange issue in the Italy-Nigeria corridor should be accounted for as the findings are partly data-driven (removing the unrealistic FX margins brings down the cost). Another factor is the fact that there are no FX costs recorded in the Italy-Senegal corridor where the Central-West African Franc (CFA) is pegged to the Euro. The same also applies to a number of the French corridors to Francophone West
Africa. Similarly, Senegal outbound is a rather special case due to the fact that it sends to countries that use the same currency, which puts the FX margin at zero\(^5\).

Throughout 2016, outside of Africa, the most expensive markets for sending USD200 to Africa were generally found to be Canada and Germany – measured at 10.96 percent and 8.81 percent respectively in Q1 2016; but swapping places in Q4 with Germany measured at 10.32 percent and Canada at 9.71 percent. Whilst Germany is more competitive than it once was it tends to be pricier than other European markets in part due to the fact that the leading money transfer operators are generally costlier to send to Africa than in other German outbound corridors such as the Philippines and Turkey (which are bigger markets). The costs in other European markets covered in the sample such as France and the UK remained close to the centre of the cost distribution through 2016. Despite a relative lack of choice in its African corridors, the USA consistently remained relatively cheap during 2016 – measured at 6.95 percent of sending USD200 in Q1 and 6.28 percent in Q4.

Graph 7

Graph 7 shows the average cost of sending USD500 to Africa by send country. The findings generally reflected those presented for sending USD200 in terms of the send country rankings. And overall, there is a significant economy of scale in sending larger amounts of money to Africa, evidenced by consistently lower averages for sending USD500 compared to USD200.

\(^5\) The only corridor from Senegal surveyed in SMA is to Mali, whom share the use of the West African CFA; thus total cost is taken up by sending fees alone, rather than additional exchange rate margins RSPs would usually charge. This keeps total costs low.
The top 10 most expensive Corridors are predominantly intra-African

Graph 8

It is not unexpected that in Q4 2016 the majority of the 10 most expensive corridors were intra-African corridors (as shown in graph 8); largely from South Africa where the market (sample) is comprised of a number of relatively expensive bank account services along with the MTO services available. The most expensive corridor in the sample was South Africa to Botswana, which averaged at 19.86 percent in Q4; over a percentage point higher than in Q1 when it was measured at 18.68 percent. Unusually, in Q4, a non-intra African corridor appeared in the rankings – Saudi-Arabia to Egypt – which is due to the unusually high FX margins recorded in this corridor in the Q4 survey and previously discussed in this report. The South African and Tanzanian corridors were consistently found to be the most expensive in the sample throughout 2016 and as graph 8 shows the Q4 findings for these corridors are relatively similar to Q1 in terms of cost; with swings in cost being primarily due to the impact of fluctuating foreign exchange costs.

There is more of a geographical spread to the top 10 cheapest corridors

Graph 9 shows the 10 cheapest corridors in the sample in both Q1 and Q4 2016. Throughout the year, the cheapest corridor was found to be UAE to Egypt – measured at 4.50 percent in Q4 – up from 3.08 percent in Q1 – this rise in cost can primarily be attributed to an increase in the currency exchange costs charged by the RSPs for converting UAE dinars into Egyptian pounds. As graph 9 shows most of the cheapest corridor cost findings in Q4 remained relatively consistent with Q1 but there was noticeably a significant drop in cost in the USA to Nigeria and Italy to Nigeria corridors where the average cost fell from 7.31 percent to 4.87 percent in the case of the former and 9.79 percent to 5.18 percent in the case of the latter. These relatively large swings can be explained by the fact that in Q1 the previously discussed Nigerian parallel currency market was far less of a factor in the findings than in Q4 so the foreign exchange margin against the official market rate was factored into the total costs; in Q4 however the parallel market appeared to be having a much bigger impact on results so no realistic FX costs could be shown. Essentially, therefore, these apparent cost reductions are more data driven than market driven.
As graph 9 shows, there is a notable French presence amongst the cheapest corridors in the sample, indicating that remittance costs are reduced when exchange margins are not present. The 10 least expensive corridors are far more geographically widespread than the Africa-centric top-ranked expensive corridors; including, along with the UAE, relatively competitive sending markets with large African Diasporas such as USA, France and the United Kingdom.

Average cost of sending money to and within Africa by RSP type. MTOs are the least expensive and banks are the most expensive.

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6 The Euro to West African and Central African CFA exchange rate is fixed, this means RSPs often put zero margins on their buy/sell Forex margins, a key component of the total cost.
As Graph 10 shows, and unsurprisingly, products offered by MTOs are the least expensive services for sending money to Africa – measured at an average cost of 7.35 percent in Q4 2016 – slightly up from 7.06 percent in Q1. Post office remittance services rose at the end of the year – up from 7.53 percent in Q1 to 8.95 percent in Q4; whereas the average cost of using a specific MTO brand/service offered by a post office fell slightly. It is not unexpected that with an average total cost of 13.36 percent in Q1 2016 and 14.48 percent in Q4, commercial banks were found to be the most expensive RSP type throughout the year. The relatively high cost for bank account transfers is due to the fact that they rarely offer dedicated services to remittance senders to Africa. As a result, the vast majority of services included in the sample are expensive wire (SWIFT) transfer services, designed for transferring amounts that are higher than the typical remittance and generally more cost effective for North-North remittances. In particular, only a few banks in the entire African Continent, offer a competitive money transfer service targeting remittance senders who need to send small amounts from one African country to another.

Average cost of sending money to Africa by service type. Prepaid cards and mobile operators offer the lowest cost services.

As can be see in graph 11, prepaid cards were revealed as the cheapest method of sending money to and within Africa in Q1 2016 and remained the cheapest method throughout the year until Q4 when they were replaced by mobile phone/wallet services which were measured at just 3.56 percent of sending USD200 to Africa compared to prepaid cards at 4.59 percent. Where mobile services (making a cross border payment from a mobile phone account to a receiving mobile phon) are concerned it is worth noting that whilst these services are not widely available on a global level – all of those surveyed are Africa based and therefore represent a remittance alternative that has the potential to have a tremendous impact on, in particular, intra-African remittances. Online services (remittances sent from an online platform either from the consumer’s bank account or e.g. credit card for either a cash or bank account payout, depending on the service) were found to be the next cheapest in both Q1 and Q4 2016 – measured at 5.97 percent and 6.41 percent of
sending USD200 respectively. Online based providers and services continue to grow their share and coverage in send markets to Africa and are generally more competitively priced than traditional cash to cash services – although these still dominate most African markets – which measured at 7.41 percent in Q1 2016 and 7.54 percent in Q4. Unsurprisingly, Bank account services offered by a bank were found to be considerably more expensive than other methods of transfer throughout 2016 and measured at 13.93 percent in Q1 and 14.18 percent in Q4.

**Summary**

Whilst the cost of sending USD200 to Africa dipped during 2016, by the end of the year it had risen from 8.88 percent in Q1 to 9.05 percent in Q4. The cost of sending USD500 had also risen – from 5.99 percent in Q1 to 6.13 percent in Q4. Africa remains the most expensive region in the world to receive remittances and the most expensive corridors generally remain the intra-African corridors. Money transfer operators offer the lowest price services. The newer technology offerings such as online and mobile sending options tend to be less expensive than either cash or bank account based products, arguably showing the way forward as African remittances continue to evolve from being overly cash-reliant.
Appendix: Africa average

The average for Africa as shown in this report is calculated as follows:
The total of the average price for each corridor (excluding any non-transparent providers) divided by the number of corridors. It should be noted that the average for SendMoneyAfrica is different to that which the World Bank publishes as part of its RemittancePricesWorldwide (RPW) website as RPW shows the average for Sub-Saharan Africa only whereas SMA includes the whole of Africa.

Appendix: Non-transparent providers

Non-transparent providers fail to provide information in easily accessible and understandable forms on one or more of the following: the total price (i.e. fees at both ends, foreign exchange rate offered, taxes and other costs to the customers), the factors that influence the price (e.g. how the recipient is paid, or ability of the sender to provide complete information such as an account number and bank identifier), the time it will take for the funds to reach the receiver, or the specific locations of the RSP access points in both sending and receiving countries. In particular, quite often providers do not disclose the exchange rate applied to the transaction and, therefore, do not reveal the full cost. Including them in the sample when calculating the average would bias the results, since the real total cost of these RSPs is not known.

Appendix: Market Share

The main objective is to ensure that 80 percent of the official market for each corridor was surveyed. The competitiveness in terms of choice of each corridor has had a direct impact on the number of banks surveyed for that corridor. The more competitive the market, the higher the proportion of MTOs making up the desired 80 percent surveyed. This has reduced the number of banks surveyed in these markets.

Glossary of different types of services

1. **Account to account**: the sender transfers funds from their bank account into the beneficiary's bank account in the receiving country.

2. **Account to cash**: the sender transfers funds from their bank account to a branch or agent in the receiving country where the beneficiary can pick up the funds in cash.

3. **Cash to account**: the sender pays cash over the counter to transfer funds to the beneficiary's bank account in the receiving country.

4. **Cash to cash**: the sender pays cash over the counter at a branch or agent to transfer funds to a branch or agent in the receiving country where the beneficiary can pick up the funds in cash.

5. **Cash to mobile**: the sender pays cash over the counter at a branch or agent to transfer funds into the beneficiary's mobile account in the receiving country. Depending on the service, the beneficiary can then use the funds as e-money through their mobile provider or pick up the funds in cash from a branch or agent of their mobile provider.
6. **Mobile to cash**: the sender transfers funds from their mobile account to an affiliated branch or agent in the receiving country where the beneficiary can pick up the funds in cash.

7. **Multiple to account**: the sender can choose from a number of options – card, bank account, cash – to transfer funds to the beneficiary's bank account in the receiving country.

8. **Multiple to cash**: the sender can choose from a number of options – card, bank account, cash – to transfer funds to a branch or agent in the receiving country where the beneficiary can pick up the funds in cash.

9. **Multiple to mobile**: the sender can choose from a number of options – card, bank account, cash – to transfer funds to the beneficiary's mobile account in the receiving country. Depending on the service, the beneficiary can then use the funds as e-money through their mobile provider or pick up the funds in cash from a branch or agent of their mobile provider.

10. **Online to account**: the sender uses an online service (platform) to transfer funds from a card or account into the beneficiary's bank account in the receiving country.

11. **Online to cash**: the sender uses an online service (platform) to transfer funds from a card or account to a branch or agent in the receiving country where the beneficiary can pick up the funds in cash.

12. **Prepaid to prepaid**: the sender uses a primary (prepaid) card to transfer uploaded funds to the beneficiary's companion card. The beneficiary can then collect the funds from an affiliated ATM network in the receiving country.