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 collection which was conducted for Q4 2015 (on 21st December 2015) and was obtained from a total of 530 different remittance services.

Key findings

- The **average total cost** of sending money to and within Africa in Q4 2015 was **8.52 percent** – a decrease from Q3 2015 when the average total cost was recorded at **9.21 percent**. This is an **historic low**.

- The cost of sending money to Africa in Q4 2015 was **1.15 percentage points** more expensive than the global average cost for the same period, which measured at **7.37 percent** according to Remittance Prices Worldwide (see http://remittanceprices.worldbank.org).

- The **nine most expensive corridors** are all intra-African, with six of them originating from South Africa and the rest from Tanzania.

- The least expensive corridor is **UAE to Egypt**, followed by **Senegal to Mali** and **USA to Liberia**.

- The most expensive send markets among those surveyed are **South Africa** and **Tanzania**. The cheapest send markets are the **UAE** followed by **Saudi Arabia**, **Italy** and **Spain**.

- **Commercial banks** continue to be the most expensive type of provider. The cheapest are **post offices** and **Money Transfer Operators (MTOs)**.

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

www.sendmoneyafrica-au-air.org allows users to compare the costs applied by remittance service providers (RSPs) to send money from 16 major sending countries across Europe, the Middle East, North America, and within Africa itself, to 28 African receiving countries, for a total of 54 "country corridors".

The number of services covered by Send Money Africa has decreased marginally from 535 services in the Q3 2015 survey (September 29th 2015) to 530 in the current survey (December 21st 2015). 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 530 RSPs that were surveyed, 43 services (8.11 percent) were deemed non-transparent. As a group, banks are non-transparent significantly more often than the other types of providers. Due to this, a small number of relatively expensive and generally non-transparent bank account-to-bank account services were removed from the survey. They represent less than a third – 27 percent – (graph 1) of the total sample and account for 81 percent of non-transparent surveyed services (graph 2).

Money Transfer Operators (MTOs) make up 66 percent of the sample which is slightly up at from 65 percent in Q3 2015. The share of post offices and post offices using MTOs services rose from 5 to 7 percent, whilst banks offering an MTO service make up the lowest proportion of the sample, constituting 2% of all types of provider surveyed.

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 country. Since the inception of the survey in July 2011, very few non-transparent banks have become transparent.
The average Total Cost of sending money to Africa decreased, though it is still 1.15 per cent higher than the global average

The average total cost of sending USD200 to and within Africa in Q4 2015 was 8.52 percent, which represents another significant decrease in average total costs, down from 9.21 percent in Q3 2015. The cost of sending USD500 also fell between the quarters, moving down by 0.29 percentage points to 5.73 percent. The reduction in costs in the Q4 2015 survey can partly be explained by some strong currency movements and the fact that there are now slightly more lower priced new technology services in the sample. The global Remittance Prices Worldwide average in Q4 to send USD200 was 7.37 percent, 1.15 percentage points lower than the SMA average. This suggests that remittance prices to and within Africa are declining more quickly than prices in other parts of the world.
The average cost decreased in 2015 by over a percentage point for the whole year. This trend was the same for the USD500 send amount which also fell throughout 2015, from 6.42 percent in Q1 2015 to 5.73 percent in Q4 2015. Both of these final average costs for Q4 2015 are the lowest in the history of the surveys.

Graph 4, above, shows the spread in the total cost between the least and most costly services offered in the market for sending USD200 and USD500 to and within Africa. The standard deviation in the cost of sending USD200 in Q4 2015 is close to double that for sending USD500, 0.0534 to 0.0317 respectively. Such a big difference in price bunching may be due to the fact that 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 this is not always the case).
The smaller spreads also give credence to the claim remittance markets are becoming more competitive globally, as larger, more multinational RSPs lose their ability to exert market power in underserved corridors. This could be put down to the growing presence of digital services, rather than the pre-dominant cash to cash, remittances services in African markets.

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 banks and MTOs 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.

**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 amongst sending markets.

![Graph 5]

The most expensive sending markets in the sample are African countries; specifically Tanzania and South Africa where the cost of sending USD200 is found to be 16.45 and 12.39 percent of the send amount respectively. Here, there are a limited number of service options and, as a consequence, relatively expensive bank account services tend to dominate these surveys (around 68 percent of Tanzania’s transparent survey data comes from banks).

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4 All services involving Online or Mobile based transfer methods on some side of the transaction.
The cheapest send markets in the survey tend toward Gulf nations, which measured at 3.05 percent (UAE) and 5.10 percent (Saudi Arabia) respectively in Q4 2015. The competitiveness of Gulf markets in comparison to other send markets in the sample reflects the high level of competition present as a result of their large migrant populations and busy exchange houses. Senegal outbound is a rather special case due to the fact that it sends to countries that use the same currency as Senegal so the FX margin is zero. In addition, one significant factor in the relatively low cost of a number of the Eurozone-African remittances markets is the fact that the Euro is pegged to the CFA currency employed by West African Francophone receive markets – hence no FX charge is incurred, reducing the cost of the remittance.

Outside of Africa, Canada was measured as the most expensive send market at 9.35 percent, with Europe’s most expensive send market found to be Germany at 9.16 percent, followed by The Netherlands at 8.24 percent. Though this number is falling, in part due to the opening up of the German market allowing for example newer online providers to gain a foothold in the market. Germany is traditionally found to be the most expensive European send country to Africa.

The costs in other European markets covered in the sample such as Spain and Italy are significantly lower than the average; in these markets there is often a greater number of operators, thus creating downward pressure on costs. The UK remittances market, whose average cost was measured at around 7 percent for sending USD200 to Africa, is also one of Europe’s most competitive in terms of choice and to a lesser extent cost.

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5 The only corridor from Senegal surveyed in SMA is to Mali, who share the use of the West African CFA; thus a large proportion of the total cost is taken up by sending fees alone, rather than additional exchange rate margins RSPs will usually charge, thus depressing total costs.
Graph 6 shows the average cost of sending USD500 to and within Africa by send country. With the exception of Germany being revealed as the second most expensive country, the pattern is broadly similar to sending USD200, with Tanzania and South Africa amongst the most expensive countries – measured at 8.43 and 7.68 percent of sending USD500 respectively. The UAE remains the least expensive send country, averaging at 1.50 percent. Again, there is generally an economy of scale in sending larger amounts of money to Africa evidenced by consistently lower averages for sending USD500 to and within Africa compared to USD200.

**9 of the top 10 most expensive Corridors are intra-African**

It is not unexpected that almost all of the most expensive corridors are intra-African corridors; mostly from South Africa and Tanzania whose markets are comprised of a number of relatively expensive bank account services (as shown in Graph 7). The most expensive corridor in the sample is Tanzania to Uganda which averaged at 17.66 percent in Q4 2015, followed by Tanzania to Rwanda at approximately the same percentage figure. The order in which these corridors appear changes from survey to survey – generally due to fluctuations in the FX margins recorded – but the corridors shown in Graph 7, with the exception of UK to Sierra Leone, are consistently amongst the most expensive.

**Top 10 Most Expensive Corridors**

<table>
<thead>
<tr>
<th>Corridor</th>
<th>Average % Total Cost (USD200)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania-Uganda</td>
<td>17.66%</td>
</tr>
<tr>
<td>Tanzania-Rwanda</td>
<td>15.25%</td>
</tr>
<tr>
<td>Tanzania-Angola</td>
<td>13.67%</td>
</tr>
<tr>
<td>South Africa-Swaziland</td>
<td>13.67%</td>
</tr>
<tr>
<td>South Africa-Uganda</td>
<td>13.51%</td>
</tr>
<tr>
<td>Tanzania-Kenya</td>
<td>13.01%</td>
</tr>
<tr>
<td>Tanzania-Djibouti</td>
<td>12.76%</td>
</tr>
<tr>
<td>South Africa-Mozambique</td>
<td>12.09%</td>
</tr>
<tr>
<td>South Africa-Zambia</td>
<td>11.43%</td>
</tr>
<tr>
<td>UK to Sierra Leone</td>
<td>11.43%</td>
</tr>
</tbody>
</table>

Graph 7
Graph 8

Graph 8 shows the 10 cheapest corridors in the sample. The cheapest corridor was found to be UAE to Egypt – measured at 3.08 percent – which is consistent with previous surveys. As Graph 8 shows, there is a notable continental European presence in corridors which are amongst the cheapest in the sample – indicating that remittance costs are reduced when exchange margins are not present as is the case with a number of Eurozone-African Francophone corridors₆.

The 10 least expensive corridors are far more geographically widespread than the Africa-centric 10 most expensive corridors; including, along with the Gulf corridors, relatively competitive sending markets with large African Diasporas such as USA, France and Italy.

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

Graph 9

₆ The Euro to West African and Central African CFA exchange rate is fixed, thus RSPs put much smaller margins on their buy/sell Forex, a key component of % total cost.
As Graph 9 shows, products offered by MTOs are the least expensive services for sending money to and within Africa, and cost on average 7.13 percent. Whilst dedicated post office services tend to be cost effective they also tend to be far slower than the average MTO service with the transaction taking a number of days from start to completion in many cases. And, in a number of the send countries surveyed the national post office offers an affiliate MTO service in addition to its own remittance service or does not actually offer an independent remittance service but rather operates purely as an agent for the MTO. With an average total cost of 13.34 percent, commercial banks continue to be the most expensive RSP type in Q4 2015. The relatively high cost for bank account transfers is due to the fact that they rarely offer dedicated services to remittance senders. 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. Mobile and online operators offer the lowest cost services.**

<table>
<thead>
<tr>
<th>Service type</th>
<th>Average % Total Cost by Service USD200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank account</td>
<td>9.40%</td>
</tr>
<tr>
<td>Bank account, Cash</td>
<td>9.36%</td>
</tr>
<tr>
<td>Card, Cash</td>
<td>7.13%</td>
</tr>
<tr>
<td>Cash</td>
<td>7.00%</td>
</tr>
<tr>
<td>Prepaid card</td>
<td>6.34%</td>
</tr>
<tr>
<td>On-line</td>
<td>6.26%</td>
</tr>
<tr>
<td>Mobile</td>
<td>12.70%</td>
</tr>
</tbody>
</table>

The growing market of online services (especially online to cash) are measured at 6.34 percent – cheaper than cash-to-cash services, whilst the more niche, mobile, services are found to be the cheapest in the survey at 6.26 percent for USD200 transfers. Mobile payments and the fast growing online service market however, where the number of products surveyed has increased almost 20% from 81 in Q1 2015 to 97 in Q4 2015, will probably be the most influential in future outlook for remittance costs to, from, and within the Africa region. Giving users mobile and online access allows for quicker, easier and more transparent price comparison by consumers, as well as encouraging competition and innovation between providers through reduced barriers to entry which may lead to lower prices. Cash services – again mostly provided by MTOs – and still by far the most dominant method of sending money to and within Africa, are measured at 7.13 percent; whereas pre-paid card products, generally used much less than cash cost an average of 7.00 percent. Bank account services are by some distance the most expensive method to transfer money to and within Africa, with an average total cost of 12.70 percent. This is
followed by debit card services, predominantly offered by MTOs, costing 9.40% of the send amount on average.

**Special focus: Cash vs Digital**

The growing market of newer, digital, methods of money transfer such as online and mobile money services have been widely cited as contributing to falling global remittance costs as these types of services generally benefit from reduced overheads and reduced infrastructural requirements.

![Graph 11](Cash to Cash vs. Digital services (USD200).)

As graph 11 above shows, the average cost for sending money to and within Africa through a digital platform has consistently been measured at around 6.3 percent through 2015; whilst cash to cash services have been measured at between 7-8 percent. It should be noted that whilst digital services are generally found to be cheaper than traditional cash-based remittance services, cash is still very much the dominant method of sending money to Africa.

**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, of 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 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.

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.