**Trends in the Average Cost of Migrant Remittance Services**


**OVERVIEW**

Twice a year, the World Bank-IFC Remittance Prices Worldwide (RPW) database is updated to reflect new information on the average cost of transactions between various country corridors. The database is the only global database that monitors remittance price activity across geographic regions. RPW was launched by the World Bank in September 2008, and remains a key tool to monitor costs variation to remitters and beneficiaries from sending and receiving money along major country corridors. The recently launched fifth iteration of RPW covers 200 country corridors worldwide originating from 29 major remittance sending countries to 86 receiving countries.

This policy note uses the data from RPW’s current iteration to analyze the global, regional and country specific trends in the average total cost of migrant remittances during the past 6 months period; and, the factors influencing these movements. This helps to measure progress with the implementation of the "5x5" objective adopted by the G8 which is being pursued in partnership with governments, operators and interested stakeholders.

**NEWSWORTHY FINDINGS**

Based on the data collected for the Q3 2010 iteration of the RPW database, and when compared to the previous iterations, the key findings are:

- **While certain markets have seen a promising trend in lowering the total average costs for international remittances, the global average cost has not come down since the last reporting period.** Compared to the previous period, recorded in Q1 2010, the global average total cost for migrant remittances moved from 8.72 percent to 8.89 percent. A marginal increase since the last reporting period can be explained by the fact that four out of five new sending countries added to the database this reporting period demonstrate higher averages than the global average. On a like by like basis, the global average cost actually went down from 8.72 percent to 8.62 percent.

- **Among different types of remittance service providers (RSPs), commercial banks remain the most expensive for sending remittances.** The global average total cost for sending remittances through commercial banks was 12.79 percent in Q3 2010, compared to the global average total cost of 8.89 percent. While Money Transfer Operators (MTOs) maintained their status of being the cheapest RSP at 7.08 percent, compared to the previous period, post offices saw a significant increase in the average cost. For Q3 2010, the average total cost was 8.83 percent compared to 6.72 percent in the previous period.

- **Apart from the Latin America region, where the average cost for international remittances declined, the trend for other regions actually worsened during the last six months:**
  - At the regional level, the most significant reduction in average cost since the last reporting period was in the Latin America and Caribbean (LAC) region. The average cost declined from 8.12 percent to 7.27 percent. During the last reporting period, the average cost in this region was almost at par with the global average. However, during current reporting period LAC fares best in terms of reducing costs.

*This Policy Note reflects the latest trends observed in the data collected during September 2010. Remittance Prices Worldwide is available on-line at remittanceprices.worldbank.org.*
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- The South Asia (SA) and Europe and Central Asia (ECA) regions, at 6.54 percent and 7.57 percent, remain the best performers when compared to the global average. However, the trend compared to the previous period has not been positive. Both regions have seen average costs go up by approximately one-half percent: SA region from 5.99 percent to 6.54 percent, and ECA region from 6.48 to 7.57 percent.

- Consistent with the previous reporting period, countries in East Asia and Pacific (EAP), Sub Saharan Africa (SSA), and Middle East and North Africa (MENA) regions demonstrate higher average total costs for migrant remittances compared to the global average. The SSA region has seen the highest average cost, at 11.57 percent, when compared to the global average and other regions.

- There was almost no change in the average total cost of sending remittances from G8 countries compared to last period. At 8.40 percent, the average cost remained slightly below the global average. If Russia was excluded from the mix then the average cost for other G8 countries would be much higher than the global average.

**GLOBAL AVERAGE TOTAL COST\(^a\) FOR MIGRANT REMITTANCES INCREASED MARGINALLY DURING THE LAST SIX MONTHS**

The average total cost for sending remittances increased marginally from 8.72 percent to 8.89 percent in this reporting period. During the previous reporting period in Q1 2010, the global average total cost of sending remittances had dropped consistently since the launch of RPW in September 2008\(^9\). However, the total average cost actually declined from 8.72 percent to 8.62 percent compared to the previous iteration when the same number of corridors is considered. As shown in Figure 1, the trend for global average cost is consistent with the International MTO Index\(^10\).

**AVERAGE TOTAL COST FOR MIGRANT REMITTANCES VARIES SIGNIFICANTLY ACROSS REGIONS**

Consistent with the previous reporting period, receiving countries in SA as well as LAC regions continue to demonstrate the lowest average total cost for migrant remittances across regions. Both regions trend lower than the global average total cost. However, compared to the last reporting period where SA regions showed a declining trend over previous iterations, this reporting period saw SA average marginally increase compared to Q1 2010 – from 5.99 percent to 6.44 percent. The LAC region shows a decline over the previous reporting period, from 8.12 percent to 7.27 percent.

An upward trend for the South Asia region is not influenced by the addition of new countries to the RPW data set, and can be attributed to the increased average total costs in the largest receiving countries in the region – Pakistan, India, and Sri Lanka. During the last six months, Pakistan’s average total cost increased from 4.87 percent in Q1 2010 to 6.45 percent in Q3 2010; India from 7.34 percent to 8.13 percent; and Sri Lanka from 4.11 percent to 4.99 percent. Other countries in the SA region – Bangladesh and Nepal saw a decline during the last six months. This can be explained by greater competition being seen in some of the key markets that send to these countries.

Most receiving countries in the LAC region showed a declining trend in average total cost for remittances. Mexico, which is one of the top three recipient countries in the world, continues to improve its retail payment infrastructure to allow more choice for its consumers and promotes safe and efficient receipt of migrant remittances from major sending countries. Continued improvements resulted in further declines in average total cost since Q1 2010, from 7.42 percent to 7.37 percent. Other countries in the region that have contributed to the declining trend of average costs during the last six months within LAC region include: Brazil, down from 14.1 percent to 10.93; Colombia, from 5.67 percent to 5.04 percent; Dominican Republic, from 7.01 percent to 6.40 percent, Guatemala, from 6.31 percent to 5.86, and the largest decline in Paraguay, from 14.22 percent to 8.59.

The countries within the Europe and Central Asia (ECA) region continue to demonstrate lower average cost structure than the global average. However, since the previous reporting period there has been a slight increase in the regional average cost – from 6.48 percent to 7.57 percent. Similar to observations made during the previous reporting period, inclusion of corridors originating from Russia brings down the average total cost substantially. Excluding these corridors results in the average cost structure that are much higher than the global average. The corridors originating

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**FIGURE 1 GLOBAL TOTAL AVERAGE FOR SENDING USD200 IN Q3 2010**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>1Q2009</th>
<th>3Q2009</th>
<th>1Q2010</th>
<th>3Q2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Average</td>
<td>9.81%</td>
<td>9.67%</td>
<td>9.40%</td>
<td>8.72%</td>
<td>8.89%</td>
</tr>
<tr>
<td>Intr MTO Index</td>
<td>10.54%</td>
<td>10.36%</td>
<td>10.29%</td>
<td>10.50%</td>
<td>10.73%</td>
</tr>
</tbody>
</table>
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(continued from page 3)

from Russia to other CIS countries are very active and experience high volume; however, these corridors predominantly conduct same currency transfers – dollar to dollar or ruble to ruble. This aspect eliminates the foreign exchange margin typically charged by RSPs, which results in a much lower average cost between Russia and other CIS countries. Additionally, exclusivity contracts were made illegal in the 1990s, making the environment for sending remittances very competitive.

In contrast, as shown in Figure 2 below, countries in the East Asia and the Pacific (EAP), Sub-Saharan Africa (SSA), and the Middle East and North Africa (MENA) regions have consistently shown higher average total cost compared to the global average. The SSA region has the highest cost structure when compared to other regions, and the trend has worsened since the previous reporting period, up from 10.86 percent in Q1 2010 to 11.57 percent in Q3 2010. The average total cost in EAP and MENA regions, though only slightly higher than global average, marginally deteriorated compared to the previous reporting period. MENA region saw an increase from 8.19 percent to 8.95 percent; and EAP region saw an increase from 9.33 percent to 9.48 percent.

These aspects can be attributed to:
• Highly diverse set of countries in the region that keep the regional average total cost high despite presence of Indonesia and the Philippines, which exhibit one of the cheapest cost structures globally. China, the second largest recipient of remittances after India, lacks internal competition and the average total cost remains very high relative to the volume of remittances received by the country.
• The SSA and MENA regions demonstrate high average total cost mainly due to a lack of volume which results in little competition. Exclusivity contracts are highly pervasive in these regions, where MTOs require their agent banks or outlets to maintain exclusivity in providing remittance services, thereby restricting the competition in the market.

The trend for average total cost in G8 countries is consistent with the global average

The G8 block of countries includes some of the major sending countries in the world. However, there are significant disparities in the cost structure across these countries. Figure 3 shows distinct trends within these countries:
• Russia continues to demonstrate the lowest total average cost across G8 countries. The average cost saw a nominal decline compared to the last reporting period, from 2.54 percent to 2.52 percent. As noted previously, Russia has a unique environment where cross border remittances are mostly conducted in the same currency and there is no exchange rate margin. Additionally, the fee charged by the MTOs is relatively low when compared to the other sending countries in the G8 block.
• Both the United States and the United Kingdom continue to maintain average total cost below the global average: 7.14 percent and 8.07 percent respectively. Compared to the previous reporting period, both countries have seen a decline in the average total cost during the last six months. Due to the high volume of remittance outflows, these markets have intense competition and there are a large number of financial products and services available to migrant workers.
• The U.S. has also recently passed new regulation that includes very explicit requirements for the RSPs to clearly disclose the key transaction related information in a consumer’s receipt including the fees, the exchange rate, the total cost of the transaction, and the final amount that will be received by the beneficiary in local currency of the receiving country. Standards are being established for clear and concise signage in each RSP outlet that will inform the customers of the total cost of remittances, their rights to correct any errors in a transaction, and the contact information of appropriate authority to whom complaints can be addressed. All disclosures under these new consumer protection measures will be made in the same language that the transfer was advertised, negotiated, or finalized in. These regulations have recently gone into effect and the improvement in transparency and reduction of costs is not measurable yet. However, these regulations are an important step towards the creation of a transparent market for remittance services, where consumers are adequately protected and informed about their rights.
• Similar consumer protection rules are also included in the European Union (EU) Directive on Payment Services. However, the Payment Services Directive
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per se only applies to remittance transfers within the European Union, and the EU member States have the opportunity to extend its scope beyond the EU when implementing the Directive. The implementation of the Payment Services Directive across EU member states has been patchy. While MTOs have already adopted the measures included in the Directive their adoption by banks has been slow. Among G8 countries, some such as France, Germany and Italy lag behind others such as the U.K., in adoption of the measures.

- Countries such as Canada, France, Germany, and Italy saw mixed results compared to the previous reporting period. While France and Italy both reduced average total cost substantially, Canada and Germany showed an increase (see table). In the case of Italy, prices may have been affected by an increased level of transparency in the market accomplished through the launch of the national remittance prices database. These markets continue to show dual structure, where the non-bank RSPs have lower average total cost compared to the banks, which demonstrate a higher cost structure. Most consumers in these countries prefer non-bank RSPs as they are less costly than the banks, and do not require them to open bank accounts. The high prices charged by banks also results in adversely influencing the average total costs for these countries. The European Commission’s Payment Services Directive has not yet had a major impact on the cost reduction in these countries.

- Japan is a market that was until very recently dominated by the commercial banks. It continues to have the highest average total cost of all G8 countries. With the passing of a new Payment Services Act in late 2009, non-bank RSPs were allowed to participate in transmitting remittances. The data captured in the current reporting period shows a decline in average total cost but the legislation is still very recent the market has not yet fully realized its benefit.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>1Q2009</th>
<th>3Q2009</th>
<th>1Q2010</th>
<th>3Q2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>14.00%</td>
<td>13.28%</td>
<td>11.07%</td>
<td>10.18%</td>
<td>10.90%</td>
</tr>
<tr>
<td>France</td>
<td>10.92%</td>
<td>11.50%</td>
<td>11.15%</td>
<td>10.61%</td>
<td>8.95%</td>
</tr>
<tr>
<td>Germany</td>
<td>14.07%</td>
<td>13.53%</td>
<td>12.71%</td>
<td>11.85%</td>
<td>12.67%</td>
</tr>
<tr>
<td>Italy</td>
<td>10.03%</td>
<td>7.36%</td>
<td>8.21%</td>
<td>8.11%</td>
<td>7.87%</td>
</tr>
<tr>
<td>Japan</td>
<td>15.33%</td>
<td>18.24%</td>
<td>19.06%</td>
<td>17.34%</td>
<td>16.16%</td>
</tr>
<tr>
<td>Russia</td>
<td>3.22%</td>
<td>2.42%</td>
<td>2.39%</td>
<td>2.54%</td>
<td>2.52%</td>
</tr>
<tr>
<td>UK</td>
<td>10.26%</td>
<td>10.27%</td>
<td>9.05%</td>
<td>8.29%</td>
<td>8.07%</td>
</tr>
<tr>
<td>USA</td>
<td>5.90%</td>
<td>7.21%</td>
<td>7.06%</td>
<td>7.57%</td>
<td>7.14%</td>
</tr>
<tr>
<td>G8 Average</td>
<td>10.26%</td>
<td>10.32%</td>
<td>8.80%</td>
<td>8.37%</td>
<td>8.40%</td>
</tr>
<tr>
<td>Global Average</td>
<td>9.81%</td>
<td>9.67%</td>
<td>9.49%</td>
<td>8.72%</td>
<td>8.89%</td>
</tr>
</tbody>
</table>

**FIGURE 3: AVERAGE TOTAL COST FOR G8 COUNTRIES (BASED ON SENDING USD 200)**

**BANKS ARE THE COSTLIEST RSPS FOR SENDING MIGRANT REMITTANCES**

The RPW database captures the cost of sending remittances based on RSP type including commercial banks, MTOs, and Post Offices. Based on the data from this reporting period, commercial banks continue to be the most costly RSP category. In fact compared to the previous period, the average total cost for this category has actually gone up: from 12.38 percent to 12.79 percent. Compared to the previous period, Post Offices saw the most significant increase among RSPs, from 6.72 percent to 8.83 percent. As shown in Figure 4, MTOs maintained the same cost structure as the previous reporting period. One of the main reasons for a variation in the cost structure among RSPs is because commercial banks in most countries do not have specialized services for person to person migrant remittances. The reason for sudden jump in the cost structure of Post Office can be explained by two factors: a) Some of the new countries added to the database – Norway, Switzerland and Belgium – are more expensive markets that drive up the overall price including post offices; and b) In some markets, such as, Italy, Germany, and Belgium, the post offices have rationalized their international remittance operations to only offer MTO providers’ services, which brings their earlier lower priced services in line with the higher prices charged by MTOs. MTOs typically have specialized remittance services that are geared towards person to person cross border remittances and this has continued to keep the costs down. In addition, anecdotal evidence gathered during the data collection process suggests that there is increased competition in the MTO sector in many markets.
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FIGURE 4: AVERAGE TOTAL COST BY RSP FOR Q3 2010

CONCLUSIONS

As noted above, certain markets have seen a promising trend in lowering the total average costs for international remittances. However, across the board (based on all sending-receiving countries within the RPW database) the global average cost has not come down since the last reporting period. If the global 5x5 objective were to be met in the designated timeframe then countries must continue with the implementation of reforms that are consistent with the internationally agreed WB-CPSS General Principles for International Remittances Services. This is the best way to help reduce cost of migrant remittances on a long term basis. These changes will need to work in parallel with market changes such as the introduction of new technologies and a change to the operating models of RSPs.

ENDNOTE

1 Several countries operate their own national databases to monitor remittance price activity at the national level. The World Bank certifies national and regional remittance prices databases compliant with the minimum mandatory requirements for remittance databases. Currently, three databases have been certified (Italy, Central America, Australia/New Zealand). For more information visit http://remittanceprices.worldbank.org/National-Databases.

2 The 5x5 objective was adopted by the G8 in 2009, and it refers to reduction of the global average total cost of migrant remittances by 5 percentage points in 5 years.

3 The first iteration of the database was released in September 2008, after which the RPW database has been updated once every six months. The following releases were in Q1 and Q3 2009, and Q1 2010. The current

4 The global average total cost is calculated as the average total cost for sending USD200 with all RSPs worldwide; non transparent RSPs (i.e. RSPs that do not disclose the exchange rate applied to the transaction) are excluded as well as corridors from Russia, since in these cases the exchange rates were not provided and cost could be higher if data were complete.

5 Norway, Switzerland, Belgium, South Korea and Qatar are the 5 new sending countries added this reporting period. Only Qatar demonstrates lower total average cost than the global average.

6 This implies that the same number of corridors is considered as the previous report

7 None of the new “high cost” sending countries added to the RPW database this period are in the LAC region.

8 The global average total cost is calculated as the average total cost for sending USD200 with all RSPs worldwide; non transparent RSPs (i.e. RSPs that do not disclose the exchange rate applied to the transaction) are excluded as well as corridors from Russia, since in these cases the exchange rates were not provided and cost could be higher if data were complete.

9 Measured at 9.81 percent of the total amount in the first iteration of RPW in September 2008, the average total cost reduced to 9.67 percent in Q1 2009; to 9.40 percent in Q3 2008; to 8.72 percent in Q1 2010.

10 International MTO Index is based on the average price charged by Western Union and Money Gram that has presence in 90 percent and 88 percent respectively of the country corridors covered in the database.

11 One of the main reasons why G8 countries are included in this analysis is because of their strong commitment to the 5x5 cost reduction objective.

12 The Wall Street Reform Bill passed in July 2010 also known by its official name of the “Restoring American Financial Stability Act of 2010.”

13 PSD 2007/64/EC was adopted by the EU in 2007 and became effective in November 2009.
NONBANK FINANCIAL INSTITUTIONS (Leasing, Housing Finance, Insurance)

NEWS

MicroEnsure Sells Insurance via Mobile Phones. The product, dubbed Tigo Family Care Insurance, is the first of its kind in West Africa that provides an insurance cover for prepaid subscribers and their families. The Ghanaian Journal, February 10, 2011.

Microinsurance to Alleviate Poverty in Pakistan. In the absence of proper insurance coverage, the economic losses suffered by the poor in the recent floods in Pakistan had a devastating effect on the financial stability. Securities and Exchange Commission, Pakistan, January 13, 2011.

New Microinsurance Product Helps Protect Mozambican Families. This policy, developed with the help of Opportunity International’s microinsurance subsidiary MicroEnsure, helps families maintain the progress they have achieved even when faced with life’s tragedies. Opportunity International, January 11, 2011.

RECENT PUBLICATIONS

Microinsurance: A Huge Business Potential. Microinsurance comes from the heart but it is a business and not a charity, said Alvaro Uribe, former president of Colombia. There is indeed a huge business potential in Latin America and the Caribbean (LAC) for microinsurance, as penetration of this insurance coverage is still very low in the region and the majority of LAC’s population is still made up of low-income individuals. Business News Americas, December 2010.

Microinsurance: Risk Protection for 4 Billion People. With the risk management needs of four billion low-income people largely unmet, the potential market for microinsurance is vast. Improvement in insurance penetration at the bottom of the income pyramid is expected to have a significantly positive impact on the socioeconomic development of emerging markets. Swiss Reinsurance Company Ltd., December 2010.


Constraints on Agricultural Microinsurance. While adding new financial services such as savings, remittances and insurance has been successful in urban centers, extending these services to rural areas is hampered by high risks and costs, particularly in introducing microinsurance for agriculture. By Norah Becerra Rurai 21Journal, December 2010.

UPCOMING EVENTS

4th Annual Global Microfinance Investment Congress. The Congress will gather thought-leaders from around the world to discuss the current global market for microfinance, the latest strategies for the most appropriate allocation of capital and solutions for current overcrowding within funds. New York, May 16 – 17, 2011.

Microinsurance Summit Latin America 2011. The only place where you will hear targeted and business focused case studies on overcoming the challenges that prevent microinsurance from achieving scalability and large-scale uptake. 28 – 31 March, 2011, Miami, FL.

1st Middle East Microinsurance and Microtakaful Conference. The two-day conference, which will draw from successful Microinsurance projects from around the world, aims at providing a deeper insight into Microinsurance and Microtakaful policies, regulations, business models, marketing strategies and a realistic assessment of the outcome of their future development in the MENA region. 22 – 23 February, 2011, Cairo, Egypt.

PAST EVENTS

2nd Annual Microinsurance Summit Latin America. After a highly successful first event in June 2010 in Miami, the 2nd Summit will bring together 23 thought leading industry perspectives from Asia and Latin America, focusing on the latest innovations in microinsurance product design and delivery. Miami, March 28 – 31, 2010.

NEWSLETTERS

Microinsurance Trilogy. This newsletter is published three times a year by the Microinsurance Network and is available in English, Spanish and French.

Microfinance Africa. A newsletter issued by Microfinance Africa which includes recent updates in the microfinance sector in Africa.

The Microinsurance Note Series is written for USAID by Michael McCord of The Microinsurance Centre. The Microinsurance Note Series provides an accessible, brief introduction to ten major topics in microinsurance.

InSight. As short, frequent, one-topic bulletins, InSight is intended to share the results of ACCION International’s work with the microfinance community as quickly and efficiently as possible.

Microfinance Focus. Microfinance Focus is a global magazine on microfinance and sustainable development. It publishes news stories, articles and editorials written by experts who are practicing in the field.

Micro Insurance Voices. This newsletter highlights the activities of the Micro Insurance Academy, news and events, new partnerships, and innovative research, and among others, features perspectives from microinsurance experts.

Microinsurance Times. A newsletter (currently in pilot phase) from MicroCapital covering microinsurance briefs, news, interviews and events.

Prosper. Prosper is the development activities supplement from ICMIF and includes articles relating to the area of development, including microinsurance and Islamic microinsurance.

Catalyst Newsletter. Published by Freedom from Hunger aims to contribute to greater awareness of and enthusiasm for the microfinance and health protection initiative.
NonBank Financial Institutions
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Ventures. A bi-annual production, Ventures offers reflections on ACCION’s work, regional news highlights and first-hand accounts from staff in the field and individual stories of the working poor succeeding with the help of microfinance.

LINKS

PlaNet Finance. This site, available in English and French, is an international NGO that aims to alleviate poverty worldwide through the development of microfinance.

Microfinance Information Exchange. Also known as The Mix, Microfinance Information Exchange delivers data services, analysis, research and business information on the institutions that provide financial services to the world’s poor.

The Microinsurance Centre. The Microinsurance Centre is focused on a partnership model of microinsurance provision. This site is intended to provide practical tools to assist in the success of these relationships between regulated insurers, and MFOs and banks.

LeapFrog Investments. LeapFrog is the first microinsurance fund and targets to strong returns for investors while reaching 25 million vulnerable people in Africa and Asia with life-changing financial services. IFC invested $20 million in LeapFrog Financial Inclusion Fund.

Microinsurance Academy. The Microinsurance Academy, or MIA, is a project of Sarvajan Unna Bodhini Charitable Trust. MIA is a not-for-profit organization fully dedicated to providing structured technical assistance in microinsurance domain-knowledge to organizations that focus on low-income communities.

LIBISNet is an international insurance library whose online search feature contains microinsurance publications from approximately 30 different libraries in Europe.

CGAP is an independent policy and research center dedicated to advancing financial access for the world’s poor. It is supported by over 30 development agencies and private foundations who share a common mission to alleviate poverty. Housed at the World Bank, CGAP provides market intelligence, promotes standards, develops innovative solutions and offers advisory services to governments, microfinance providers, donors, and investors.

Opportunity International. Opportunity International provides microfinance loans, savings, insurance and training to over two million people working their way out of poverty in the developing world.

Doing Business. The Doing Business project is a series of reports supported by The World Bank which provides objective measures of business regulations and their enforcement across 183 economies and selected cities at the subnational and regional level.

Munich Re Foundation concerns itself with the great challenges facing the world today including such topic as poverty and microinsurance, population growth, globalization, diminishing resources, environmental pollution and climate change.

Accion is a private, nonprofit organization with the mission of giving people the financial tools they need to work their way out of poverty. By providing “micro” loans, business training and other financial services to poor men and women who start their own businesses, ACCION helps people work their way up the economic ladder, with dignity and pride.

Microinsurance Innovation Facility. Housed at the International Labour Organization’s Social Finance Programme, the Microinsurance Innovation Facility seeks to increase the availability of quality of insurance for the developing world’s low income families to help them guard against risk and overcome poverty.

CREDIT REPORTING

NEWS

Uzbekistan: Nonbanking Credit Organizations Join Credit Information Exchange system. IFC has been assisting Uzbekistan in developing a credit information system. The Head of IFC’s Global Credit Bureau Program (GCBP), Tony Lyeboe, provides a few answers on the launch and functioning of modern credit information exchange system in the world and in Uzbekistan. UZ report, February 1 1, 2011.

The Maldives: IFC Helps Maldives Launch Credit Information Bureau to Strengthen Financial Infrastructure. Besides enhancing capacity of the country’s financial sector and creating a formal credit culture, the launch will help improve access to finance for more than 2,500 small and medium enterprises, supporting their livelihoods. International Finance Corporation, February 9, 2011.

Uzbekistan: Tashkent Hosted a Seminar on Developing Credit Information-Sharing System. The event was organized by IFC in cooperation with the Central Bank of Uzbekistan and the Institute of Forecasting and Macroeconomic Research, and drew some 40 representatives from ministries, state agencies, banks, and credit unions, as well as other interested organizations of Uzbekistan. Uzbekistan Daily, November 30, 2010.

RECENT PUBLICATIONS

The Narrative and the Algorithm: Genres of Credit Reporting from the Nineteenth Century to Today. This paper provides an historical overview of the development of different “genres” of credit evaluation. It argues that credit reporting is a contested process whereby parties with distinct interests (borrowers, lenders, and intermediaries) jointly construct the form, method, and style of credit assessment. By Lipartito, Kenneth. Florida International University, January 2011.

An Introduction to the FRBNY Consumer Credit Panel. This working paper introduces the FRBNY Consumer Credit Panel, a new longitudinal database with
Credit Reporting
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detailed information on consumer debt and credit. The panel uses a unique sample design and information derived from consumer credit reports to track individuals' and households' access to and use of credit at a quarterly frequency. By Donghoon Lee and Wilbert van der Klaauw. Federal Reserve Bank of New York Staff Reports. November 2010.

Information Sharing and Information Acquisition in Credit Markets. Since information asymmetries have been identified as an important source of bank profits, it may seem that the establishment of information sharing (e.g., introducing credit bureaus or public registers) will lead to lower investment in acquiring information. However, banks base their decisions on both hard and soft information, and it is only the former type of data that can be communicated credibly. The authors show that when hard information is shared, banks will invest more in soft information. By Artashes Karapetyan and Bogdan Stacescu. Norges Bank and Norwegian School of Management. November 2010.

UPCOMING EVENTS


PAST EVENTS

Workshop in Moldova at the National Financial Commission for 60 representatives from banks, MFIs, NBFIs, CBM, and other stakeholders. Chișinău, 27 January, 2011.

Two-day Workshop to further assist CIB Tajikistan in sourcing for a technical partner and the 12th shareholder through a transparent and competitive selection among large credit bureau operators (CRIF, D&B, SIVECO, Creditinfo). Dushanbe, 21-22 January, 2011.

Consumer Protection Seminar in Mexico organized by the SHCP to discuss regulatory reforms in the area of consumer protection in the credit reporting area. Mexico City, 2-3 December, 2010.

Study Tour for delegates of Bangladesh Bank to enable them to meet with both public and privately run credit information bureaus in UAE & Saudi respectively. UAE & Saudi, 14-16 December, 2011.

Workshops for Credit Bureau MFIs in India. Awareness raising workshops were conducted for MFIs in five cities in India in coordination with MFIN, Omidiyar, Qadit and the 4 credit bureaus (Equifax, CIBIL, Experian, High Mark). Mumbai, Delhi, Hyderabad, Chennai, and Kolkata, 17-23 November, 2010.

Seminar on Developing Credit Information-Sharing System in Uzbekistan. The event was organized by IFC in cooperation with the Central Bank of Uzbekistan and the Institute of Forecasting and Macroeconomic Research, and drew some 40 representatives from ministries, state agencies, banks, and credit unions, as well as other interested organizations of Uzbekistan. Tashkent, 30 November, 2010.

NEWSLETTERS

ACAFI Newsletter. Quarterly newsletter published by IFC’s Advisory Services in the Europe and Central Asia region focusing on credit bureau project progress and developments in Azerbaijan, the Kyrgyz Republic, Tajikistan and Uzbekistan. Volume II, May – August 2010.


ViewPoints. Bi-monthly publication by Fair Isaac Corporation.

LINKS

Financial Infrastructure – Credit Bureaus. This website contains the latest news on the sector, publications and more related to credit bureaus and IFC’s work around the world.

Doing Business provides objective measures of business regulations and their enforcement across 178 countries and selected cities at the subnational and regional level.

IFC Azerbaijan-Central Asia Financial Markets Infrastructure Advisory Services Project provides updated information on IFC’s regional financial market program for Central Asia, including a component on credit reporting.

Western Hemisphere Credit Reporting Initiative. World Bank-led initiative to describe and assess credit and loan reporting systems in the Latin America and Caribbean region, and develop improvement strategies and action plans using a standard methodology.

NEWS

COLLATERAL REGISTRIES/ SECURED LENDING

Collateral Registration Operating in Honduras. Since last Friday, the Secured Transactions Registry administered by the Chamber of Commerce of Tegucigalpa has become operational. Central America Data. January 31, 2011.

IFC Partner OHADA Facilitates Modernization of Secured Transactions in Africa. OHADA has taken major steps to facilitate access to credit in its 16 member states, including new secured lending and commercial laws, and creation of a simplified legal regime for small entrepreneurs. International Finance Corporation, December 20, 2010.

Vietnam: IFC Supports Online Registry to Expand Access to Finance. An IFC-supported online registration system for secured transactions has been launched by Vietnam’s Ministry of Justice to improve access to credit for micro, small, and medium enterprises and consumers. Vietnam News, December 7, 2010.
Collateral Registries/Secured Lending (continued from page 8)

UPCOMING EVENTS

Financial Infrastructure Week 2011. For the first time, the Financial Infrastructure Week gathers financial infrastructure practitioners around the World and combines three different streams: Expanding the Horizons of Payment System Development, Moving beyond the Crisis – The Role of Credit Reporting, and Increasing Access to Credit through Secured Transactions Reform. Rio de Janeiro, Brazil, March 14-17, 2011.

PAST EVENTS

UNCITRAL Meetings for Working Group VI. Vienna, Austria, November 8-12, 2010; New York, April 11-15, 2010; Vienna, Austria, December 12-16, 2011.

Putting the G20 Framework on SME Finance into Practice: Prospects for Canadian-Caribbean Collaboration. The workshop brings together Canadian, Caribbean and other international experts from the private sector, government, nongovernment and development communities with direct experience in implementing projects that promote greater financial inclusion in the developing world. Ottawa, December 6, 2010.

Americas Competitiveness Forum. During the two-day Forum, business leaders and policy makers discussed the key factors enabling national economies to achieve sustained economic growth and long-term prosperity. Alejandro Alvarez de la Campa, IFC Global Product Leader, Secured Transactions and Collateral Registries, presented in the session focused on Access to Finance and Secured Transactions. Atlanta, November 14-16, 2010.

LINKS

IFC/World Bank – Secured Lending. The joint FIAS/IFC advisory services in secured lending supporting the development of a well-functioning secured lending framework through a delivery model that focuses on harmonizing laws, building electronic registries, streamlining registration processes, and eliminating unnecessary paperwork.

World Bank Global Insolvency Law Database (GILD). World Bank developed Principles and Guidelines for Effective Insolvency and Creditor Rights Systems (Principles). The Principles represent an international consensus on best practices in insolvency and creditor rights (ICR) and constitute the standard for benchmarking the effectiveness of ICR systems. Additionally on the site find the Reports on the Observance of Standards and Codes (ROSCs) which provide a template, based on the World Bank’s Principles, to help countries evaluate their own insolvency and debtor-creditor relations systems.


Uncitral Colloquia. Uncitral Colloquia on Secured Transactions listed under security.

EBRD – Secured Transactions. EBRD’s Secured Transactions Project, includes data, publications, core legal text, projects & developments.

Corporate Registers Forum. The Corporate Registers Forum (CRF) is an international not for profit organization for administrators of corporate and securities registers.

International Association of Commercial Administrators (IACA). Professional association for government administrators of business organization and secured transaction record systems.

ILI Legal Information Institute. The Legal Dictionary and Legal Encyclopedia that provides materials and resources on Secured Transactions Topic.

China Law and Governance Review. China Law and Governance Review is an electronic publication of China Law and Development Consultants Co., Limited (“CLD”), a Hong Kong firm founded in 2000 to support non-profit development work in China. In addition to designing and carrying out projects with Chinese partners, CLD advises foreign donors and other organizations working in China. CLD specializes in legal system development, governance reform, women’s issues, educational reform and the emerging NGO sector in China.

Collateral Security Reforms. ADB, Roundtable Meeting of Chief Justices and Ministers of Justice, Documents and Background Materials.

NEWS

INCLUSIVE FINANCIAL SYSTEMS

The Mifos Foundation and U.S. Government Award $2.5 Million Prize for Transforming Haitian Banking Sector. DigiCel was recognized for being the first to launch a mobile money service in Haiti, Tcho Tcho Mobile, that meets the competition’s stringent criteria. Bill & Melinda Gates Foundation January 10, 2011.

The Microfinance Backlash. Politicians in some developing countries are encouraging borrowers not to repay their loans. And a few studies have cast doubt on the benefits of lending small amounts of money to very poor people. National Public Radio, January 10, 2010.

M-Pesa Helps Farmers Get Insurance Claims. An innovative insurance program is coaxing Kenya’s farmers to invest in quality seeds and fertilizer. M-pesa promises to process any claims due to crop loss quickly and safely. AudienceScapes, December 26, 2010.

Microfinance and Financial Inclusion. Microfinance has come under attack in south Asia. Politicians have lined up to attack the industry – whose practitioners make small loans, generally to impecunious rural borrowers – as a racket that preys on poor people. Financial Times, December 19, 2010.

Mobiles and Networking Bring Information and Microcredits to Chinese Farmers. China has the world’s second largest demand for microcredit, but a very limited supply. A web-based platform, “Wokai”, has established access to much needed microcredits for people in two rural counties. BBC, December 19, 2010.

$250m Microfinance Risk Participation Program from ADB. The Asian Development Bank (ADB) has approved a $250 million Microfinance Risk Participation Program, to partner with financial institutions that lend to
Inclusive Financial Systems
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developing member countries, and to share
the default risk on underlying MFI loans.
Microfinance Focus, December 13, 2010.

What about Financial Access in the U.S.? Last year, the FDIC released its first-ever survey of un- and under-banked households, which revealed that some 9 million American families have neither a savings nor a checking account, and an additional 21 million families that do have such accounts also patronize non-bank financial outfits such as check cashers and payday lenders.

RECENT PUBLICATIONS

Microfinance Banana Skins 2011. The report, now in its third year, reflects changing perceptions of risk in a dynamic and fast-moving industry. This year’s report shows that microfinance has come of age, and with that, new issues have arisen. In an increasing number of markets, the rapid rate of growth and outreach means that microfinance is confronting the same forces of competition, credit cycles, and consolidation seen in other sectors. Center for the Study of Financial Innovation. February 2011.

Including Africa — Beyond Microfinance. This paper considers the state of financial inclusion in Africa - the continent with by far the worst levels of financial access in the world. The paper explores the circumstances that have given rise to innovation, describes the form that this innovation is taking and suggests that the outlook for financial inclusion in Africa is potentially very promising.

Strategic Framework for Sustainable Microfinance in Pakistan. The new strategic framework, based on sector diagnostics, provides a road map for the development of sustainable microfinance to foster financial inclusion. The policy focus remains on promoting market-based financial services that meet the diverse needs of poor and low-income segments.

Human and Financial Capital for Microenterprise Development: Evidence from a Field and Lab Experiment. Which is the most binding constraint to microenterprise development, human capital or financial capital? To answer this question, this paper presents the first field experiment that jointly investigates these two constraints for poor microentrepreneurs, by introducing separate treatments of business training and a business grant.

Speculation on the Future of Financial Services for the Poor in India. In the long-term, as multiple products are offered across the mobile money platforms, this will revolutionize financial inclusion, and the poor will have access to savings, remittances, payments, insurance, individual cashflow-based loans and air time top-up, plus a host of other services through agents based with a few yards of their houses.

The Recife Experiment. A new film from producer Steve Atlas that revisits some of microfinance’s very first clients, circa 1973. Learn about ACCION’s roots in microfinance as the movie takes you on a journey to revisit and celebrate a historic experiment that planted the seeds of a global movement. ACCION. January 2011.

High Noon for Microfinance Impact Evaluations: Reinvestigating the Evidence from Bangladesh. This paper applies propensity score matching (PSM), which has become widely used for the analysis of observational data, to the study by Pitt and Khandker (1998) which has been labeled the most rigorous evidence supporting claims that microfinance benefits the poorest, especially when targeted to women. The study demonstrates that relationships between microfinance and outcomes are causal and microfinance does indeed have an effect.

Mobile Banking in Africa: Taking the Bank to the People. This brief seeks to examine how the boom in mobile phone usage in Africa can be tapped to accelerate the provision of financial services with illustration from Kenya and South Africa. It illustrates how mobile phone innovation is providing ebanking services to the ordinary people and offering a diverse range of financial services, especially to the unbanked people.

Making Microfinance Work: Evidence from Evaluations. This paper presents the findings of a metaevaluation that reviewed evaluation study reports prepared by the evaluation offices of the multilateral development banks (MDBs) and related published research literature on microfinance, to identify lessons and policy issues for the future role ofMDB assistance to microfinance operations in developing countries and for improving its development effectiveness.

Microfinance in South Asian Association for Regional Cooperation Overview Report 2010. The overall purpose of this overview report and the individual country reports is to review progress of microfinance programs in these countries, analyze lessons learned so far from the varied experiences, identify the challenges that are being faced now and are likely to become more pronounced in the future, and suggest directions for the future.

The Myths Behind Microfinance. Arguments against microfinance center around the claim that it is a development strategy increasingly forced on the poor, and that those who are claimed to benefit from it are not actually its chief victims. Critics have long sought a platform to reveal the weaknesses and explode the myths supporting microfinance.

Wokai: Microfinance and the Future of China. This Google Tech Talk which is based on Wokai, a small microfinance organization, but ranging out to discuss the importance of microfinance as a means of private sector involvement in poverty alleviation in developing countries. The video is 29 minutes in length. By Casey Wilson. Wokai, China. December 2010.

Microfinance Crisis: Whose Risk is it anyway? Several articles have appeared on
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the need for MFI s to give priority to risk assessment and management, to insurance, to provide for political risk and to securitize their portfolios, but very little has appeared on the risk borne by the clients - until the reported suicides brought their risk squarely into the political domain. This note focuses on the risk borne by clients. By Aloysius P. Fernandez. Microfinance Focus. December 2010.

Inter-organizational Networks in Microfinance: Lending Partnerships in India, Peru and Tanzania. The paper studies the "wholesale" market through which MFIs operating in three contexts obtain loans from a variety of domestic and international funding bodies. Focus is on the extent to which patterns in wholesale lending relationships relate to the legal status and characteristics of MFIs; to the regulatory, business and social environment in which they operate; and to shifts in the balance between social and commercial interests of diverse types of lenders. By Ana Marr, Paola Tubaro. The Business School, University of Greenwich. December 2010.


Protecting Branchless Banking Consumers: Policy Objectives and Regulatory Options. In ever larger numbers, poor people in developing and emerging market countries are accessing financial services offered by formal providers outside of traditional bank branches. Transformational branchless banking is rapidly changing the access to finance landscape. By Denise Dias, Katharine McKee. Consultative Group to Assist the Poor. December 2010.

India Scenario Analysis: What if Microfinance was Less Profitable? This note focuses on testing hypothetical scenarios using MIX historical data on MFI performance in India, in scenarios that limit interest rates to 24 percent and returns on assets to 3 percent. Overall, the findings suggest that these changes would have led to a smaller, riskier sector today with fewer and smaller microfinance institutions. By Scott Gaul. Microfinance Information Exchange. December 2010.

Is There a Business Case for Small Savers? This study examines quantitatively whether or not small savers—defined here as the half of all savings clients of a microfinance institution (MFI) with the smallest deposit account balances—contribute to or undermine the sustainability of the MFI. By Glenn D. Westley, Xavier Martin Palomas. Consultative Group to Assist the Poor. December 2010.


Poverty Targeting and Measurement Tools in Microfinance. Progress out of Poverty Index and the Poverty Assessment Tool. This report aims to provide objective reviews of two standardized tools that allow MFIs to measure their poverty outreach and targeting of clients, focusing on two criteria: accuracy and user satisfaction. Consultative Group to Assist the Poor, European Commission, and the Ford Foundation. December 2010.

The Impact of Microfinance on Women and Economic Development: A Client Study. The paper presents five key messages from the study that was conducted to understand how clients of different institutions use their loans differently. The paper also gives anecdotal and data-driven evidence of the power of microfinance, especially in the hands of women. Women's World Banking. December 2010.

The Innovative Use of Mobile Applications in East Africa. This report gives an overview of the current state of mobile phone use and services in East Africa. It outlines major trends and main obstacles for increased use as well as key opportunities and potential for scaling-up mobile applications. By Johan Hellström. Swedish International Development Agency. December 2010.

Microcredit in Serbia: Is it (Really) Necessary? This paper assesses the provision of microcredit in Serbia as an alternative source of financing to start-up entrepreneurs and poor people to facilitate their self-employment activities. FLAG International, LLC. November 2010.

In Search of Sustainability: The Provision of Rural Financial Services in Solomon Islands. This report comments on all levels of the financial ecosystem in Solomon Islands, with a particular focus on the micro-level, specifically the retail financial services being provided in rural areas. It begins with a brief history of rural finance in Solomon Islands and then outlines the current situation. Pacific Financial Inclusion Programme. November 2010.

Microfinance and Women’s Empowerment: Do Relationships Between Women Matter? Lessons from Rural Southern India. This paper’s main purpose is to draw on women’s testimonies and narratives to highlight the fundamental importance within these processes of women’s relationships with one another, both in terms of female subjectivity and agency. By I. Guérin, Santosh Kumar and I. Agier. Solvay Brussels School of Economics and Management. November 2010.

Provisions of Standard Commercial Guarantee Agreements. This Technical Guide introduces MFIs to the principal provisions of a standard commercial guarantee agreement, while offering general guidance and tips for drafting and negotiating standard clauses. Consultative Group to Assist the Poor. October 2010.

Securitization. This Technical Guide introduces microfinance institutions (MFIs) to securitization as a potential source of financing. This Guide includes a standard agreement and provides tips and suggestions to MFIs for negotiating and redrafting the conditions. MFIs should also use this Guide to help them understand the characteristics of securitization. Consultative Group to Assist the Poor. November 2010.

Negotiating an Equity Capital Infusion from Outside Investors. The purpose of this
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guide is to familiarize microfinance institutions (MFIs) with some of the issues that are commonly addressed in the negotiation of an equity capital infusion from outside investors. To facilitate this understanding, this guide includes a sample annotated equity offering Term Sheet as well as a Shareholders Agreement and an annotated Share Subscription Agreement. Consultative Group to Assist the Poor, November 2010.

Bank Structure and Entrepreneurial Finance: Experimental Evidence from Small Enterprise Loans in India. This paper analyzes the effect of organizational structure on bank lending, using a framed field experiment in the Indian market for small enterprise loans. By Martin Kanz. Harvard University, November 2010.

UPCOMING EVENTS

Cracking the Nut: Conference: Overcoming Obstacles to Rural and Agricultural Finance. Proposals are due by Monday, February, 28, 2011. The conference will accelerate the impact of the world’s leading rural and agricultural development and finance leaders by uniting them within a collaborative pursuit of learning, leverage and large scale change. 21- 22 June, 2011, Washington, D.C.

Developing Inclusive Financial Systems: CGAP Course for Funders of Microfinance. Recently updated to reflect the latest innovations in microfinance, this course is tailored for donors and investors who will benefit from a deeper understanding of microfinance to conduct their work more effectively. 25 – 29 April, 2011, Jakarta.

Microfinance: a Development Tool, or a Profit-Making Device? The conference will focus on issues of microfinance that has grown dramatically over the last twenty years and has proved to be an effective means of promoting economic development. Nevertheless, it is not immune from the effects of the global financial crisis and its own limitations. 21 March 2011, Brussels.

Re-engineering Microfinance: Need for New Products & Policies. The two day conference aims to draw out the future design from the lessons learnt. National conference would provide a space for microfinance specialists to present glitches that the sector is facing. 15 – 16 March, 2011. New Delhi, India.

PAST EVENTS

Conference on Inclusive Growth and Microfinance Access. The objective of the conference is to provide a platform for evolving strategies for accelerated inclusive growth, provide constructive suggestions to policy makers, to explore innovations in the area and the way forward. January 29 – 30, 2011. Varanasi, India.


National Microfinance Conference. Jointly organized by Sa-Dhan and FICCI, the conference will deliberate on the key challenges faced by the microfinance sector in unique context of India: shifting significance of economic, political and social ecology. 20 – 21 January, 2011. Chanakyapuri New Delhi, India.

Mobile Remittance West Africa Summit 2010. Conference agenda will cover the following areas: new channels of remittances distribution, enhancing financial inclusion through remittances, harmonizing mobile money regulations, managing cross border agent networks, exploring regional opportunities with financial institutions, MNO’s and money transfers operators, positioning the postal service in the emerging mobile remittance market. December 15 – 16, 2010. Lagos, Nigeria.

NEWSLETTERS

EMN Newsletter. European Microfinance Network (EMN) produces a quarterly e-newsletter that contains the latest news on the sector and information on EMN activities and events, policy developments, member news and profiles, and feature articles on topics relevant to microfinance.

InSight Bulletin. As short, frequent, one-topic bulletins, the ACCION InSight series highlights ACCION’s policy viewpoints and ongoing research in the microfinance field.

INSME News. IN Small and Medium Enterprises news is a monthly newsletter by the INSME Secretariat about its current activities and issues related to innovation and technology transfer for SMEs.

Microfinance Capital Markets Update. Is produced and edited by CGAP and the Microfinance Information eXchange (the MIX), and it is dedicated to microfinance capital markets news.

Microcredit Summit Campaign Countdown 2005. A newsletter on microcredit best practices issued by the Microcredit Summit Campaign.

Microinsurance Focus. Microinsurance Focus is managed by the CGAP Working Group on Microinsurance.

MicroLmks Connections. A monthly publication by USAID. This newsletter is up-to-date information on the microenterprise work USAID Missions and partners are doing across the world.

The MicroBanking Bulletin. MIX Benchmarking source for the microfinance industry used by investors, donors and other service providers to facilitate greater standardization and a better understanding of the development of the microfinance sector.

Women’s World Banking. E-newsletter produced by The Women’s World Banking focusing on its publications, awards and events.

LINKS

Financial Access Initiative. The Financial Access Initiative is a consortium of leading development economists focused on substantially expanding access to quality financial services for low-income individuals.

ACCION. ACCION International is a private, nonprofit organization with the mission of giving people the financial tools they need – microenterprise loans, business training and other financial services – to work their way out of poverty.

AFI – Alliance for Financial Inclusion. AFI is a knowledge network of central banks and other financial regulatory bodies in developing countries. Via the AFI network, developing country policymakers share their
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knowledge and experience with financial inclusion policies that are proven to work.

IPA – Innovations for Poverty Action
Develop innovative solutions to poverty and policy problems worldwide. Disseminate results of successful evaluations to development practitioners and policymakers.

International Finance Corporation – SME: This site provides an overview of how IFC supports small and medium-sized enterprises (SMEs) through investments and advisory work. Promoting the growth of SMEs in developing countries is an important part of our private sector development mission.

CGAP. Building Financial Systems for the Poor. CGAP is a consortium of 28 public and private development agencies working together to expand access to financial services for the poor in developing countries. CGAP’s

SmartAid for Microfinance Index helps funders assess the systems they use to support the design, implementation, and monitoring of microfinance funding. The tool offers an independent review of participating funders’ strengths and weaknesses in five critical areas: strategic clarity, staff capacity, accountability for results, knowledge management, and appropriate instruments.

Development Gateway. This site includes resources on the provision of financial services to entrepreneurs and micro business in developing countries.

European Microfinance Network (EMN).

The EMN supports the development of microfinance organisations through the dissemination of good practices and by improving the regulatory frameworks for microfinance and self-employment and micro enterprises at the European Union and Member State levels.

Finance and Private Sector Research. The World Bank Finance and Private Sector research has just been brought together in one team. This reflects the centrality of finance to private sector development and vice versa and the fact that large parts of both sub-disciplines revolve around the behavior and performance of firms. This website is maintained by the World Bank’s Development Research Group.

Einscope. A FinMark Trust initiative is the most comprehensive national household survey focused on the financial services needs and usage across the entire South and Southern African population.

Global Development Research Center, Virtual Library on Microcredit. Articles and links to the principle organizations active in the field of microfinance.

Micro-Credit Ratings International Ltd (M-CRIL). M-CRIL produces ratings of microfinance institutions in Asia.

Microfinance Gateway. Information for and about the microfinance industry, including research and publications, specialized resource centers, organization and consultant profiles, and the latest news, events, and job opportunities in microfinance.

MicroSave. This website offers practical guidance in the form of research papers, briefing notes, training toolkits and other resources on market-led microfinance.

Planet Finance. The mission of Planet Finance is to support microfinance programs in countries with operations of Planet Finance.

Rural Finance Learning Centre. This is a website dedicated to providing access to the best materials for capacity building in the field of rural finance.

The Microfinance Information eXchange (MIX). The MIX aims to promote information exchange in the microfinance industry. The MIX Market strives to facilitate exchange and investment flows, promote transparency and improve reporting standards in the microfinance industry.

The Rating Fund. The Microfinance Rating and Assessment Fund. This website is maintained by The Inter-American Development Bank (IDB), The Consultative Group to Assist the Poor (CGAP) and The European Union.

The SEEP Network. The Small Enterprise Education and Promotion Network provide access to recent documents, programs, working groups.

World Council of Credit Unions. WOCCU is a representative organization and a platform for knowledge exchange and development for credit unions worldwide.

Women’s World Banking. The WWB network aims to create the possibility for a low income woman to build her business and assets, improve her living conditions, keep her family well-fed and healthy, educate her children, develop respect at home and in her community, and secure a political voice.

PAYMENT SYSTEMS

NEWS

Banks in Plea over Card Fees Cap. The US financial sector urges Congress to delay the implementation of new rules that cap debit card fees which could cost banks and card processors billions of dollars. Financial Times, February 16, 2011.

Mobile Wallets Poised for European Takeoff. Contactless payments are being integrated into mobile phones so they can be waved past a mobile reader to pay for our shopping. The Wall Street Journal, February 11, 2011.

Our Next Alternative Currency: Cash? Cash will still be around for the foreseeable future, but it will become increasingly inconvenient and rare as new and more efficient technologies continue to emerge. Lydian Journal, February 2011.

Not just Talk. Clever services on cheap mobile phones make a powerful combination—especially in poor countries. The Economist, January 27, 2011.

The Breakthrough for SEPA? European Commission publishes proposal for a Regulation establishing technical requirements for credit transfers and direct debits in euros. EPC Newsletter, January 21, 2011.
Payment Systems
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C’est la Fee: New Hassles for Travelers. Travelers now face higher transaction fees and more-aggressive fraud detection systems when they use their credit and debit cards abroad. The Wall Street Journal, January 15, 2011.

RECENT PUBLICATIONS

Card Payments Roadmap in the U.S.; How Will EMV Impact the Future Payments Infrastructure? The EMV specification defines technical requirements for bank cards with embedded microchips and for the accompanying point-of-sale (POS) infrastructure. With few exceptions (primarily in the United States), financial institutions worldwide issue EMV bank cards to businesses and consumers. Today, however, several factors are driving the U.S. payments industry to reconsider implementation and deployment of EMV for payments. Smart Card Alliance, February 2011.

US Person-to-Person Mobile Payments Market: Gee Whiz or Gee Why? Mobile person-to-person payments is a promising service and a logical expectation for smartphone users accustomed to the “app for that” approach. But today’s mobile person-to-person payments fail to deliver on key performance criteria for consumers, especially in the areas of speed to spend, ubiquity and convenience. This new report from Mercator examines the questions “why hasn’t mobile P2P taken off” and “what’s it going to take to get off the ground.” Mercator Advisory Group, January 2011 (for purchase).

Statistics on Payment and Settlement Systems in the CPSS Countries - Figures for 2009 - Preliminary Release. This is an annual publication that provides data on payments and payment systems in the CPSS countries.

This version of the statistical update contains data for 2009 and earlier years. There are detailed tables for each individual country as well as a number of comparative tables. Please note that this publication contains some provisional data for 2009 while some others are not yet available. CPSS Publication No.93, December 2010.

Market Structure Developments in the Clearing Industry: Implications for Financial Stability. During the last decade, the central clearing industry has experienced a large number of changes, which have profoundly affected both its role in the broader financial infrastructure and its own market structure. In June 2009, the CPSS therefore commissioned a working group to investigate the developments in the clearing industry’s market structure, their drivers and the implications for financial stability. The Working Group was also asked to assess whether different market structures give rise to new risks that may affect the robustness of central counterparties (CCPs) and to outline some practical issues for central banks, regulators and overseers with an interest in the stability of CCPs. CPSS Publication No.92, November 2010.

SINGLE Euro Payments Area, Seventh Progress Report, Beyond Theory into Practice. The Eurosystem has strongly supported the creation of the Single Euro Payments Area (SEPA). Since the publication of the 6th SEPA Progress Report in November 2008, a number of major milestones in the SEPA project have been achieved. However, there are also areas where developments have been unsatisfactory. European Central Bank, October 2010.


Financial Access 2010 is the second in the series of annual reports by CGAP and the World Bank Group to monitor statistics for financial access in the world and inform policy debate. Financial Access 2010 expands previous work by reviewing three policy areas relevant to the current financial access debate: financial inclusion mandates, consumer protection in financial services, and access to finance by SMEs. CGAP, The World Bank Group, September 2010.

UPCOMING EVENTS

World Bank-IFC Financial Infrastructure Week 2011. For the first time, the World Bank Group will gather financial infrastructure practitioners from around the World for Financial Infrastructure Week in Rio de Janeiro, Brazil March 14-17, 2011. For registering and more information, visit www.worldbank/paymentsystems/rio


Payments 2011. A premier source for payments professionals from across industries and around the globe to get the most vital and actionable information to address the myriad issues and opportunities in today’s rapidly-changing environment. Organized by NACHA. Austin, Texas. April 3-6, 2011.
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2nd Congress on Access to Financial Services, Tools and Payment Systems. This event will discuss the role of payment systems in improving access to financial services. Organized by Asobancaria. Cartagena, Colombia. April 7-8, 2011.

Joint ECB/OeNB conference on “The future of retail payments: opportunities and challenges”. The objectives of this conference are twofold. First, the conference aims to improve the general understanding of payment economics (and related disciplines) in the field of retail payments and, more specifically, to help identify possible developments and dynamics that will shape the future payment landscape. Second, this conference aims to provide a forum for debate and interaction among market participants, policy-makers and researcher. Vienna, Austria. May 12-13, 2011.

5th Annual Payment China 2011 Summit. The theme of the 2011 summit is collaboration, innovation, and internationalization. It will address fundamental issues of how to connect China and foreign central banks’ payment systems, and how banks and financial institutions can capitalize on emerging business opportunities and maximize profitability. Beijing, China. May 18-20, 2011.


PAST EVENTS

Mobile World Congress. This year, attendees from 200 countries participated in the GSMA event. The conference agenda featured speakers representing the leaders of the world’s most innovative companies, both from within the industry and from the growing number of adjacent market sectors joining the expanding mobile ecosystem. Barcelona, Spain. February 14-17, 2011.

SIIBS 2010. Once a year, Sibos brings together the financial industry to create opportunities for individuals, organizations and the community as a whole. Facilitated and organized by SWIFT, this forum creates the stimulus for learning, for collaborating, for developing new business, for defining future strategies and for taking collective action. Amsterdam, The Netherlands. October 25-29, 2010.

Mobile Money Transfer Global. Bringing together leading players from across the entire MMT ecosystem, MMT Global featured 40+ top executive presentations and global case studies. MMT Global saw over 400 people come together to network and discuss the latest industry developments and explore the opportunities and challenges facing the industry. Dubai, UAE. October 25-26, 2010.

Global Payments Week 2010. Organized biannually to gather all the payment systems regional initiatives coordinated by the World Bank in one venue at the same time, the GPW 2010 was attended by over 130 senior payment systems experts representing 73 countries. Amsterdam, The Netherlands. October 19-22, 2010.

NEWSLETTERS AND JOURNALS

Dialogue, The Voice of the SWIFT Community.

International Banking Systems, IBS Journal provides news, research and analysis covering banking operations and systems internationally. In addition to the monthly IBS Journal and CFS Journal, reports, case studies and directories are also available online.

Journal of Payments Strategy & Systems publishes peer-reviewed articles and case studies analyzing best practice, emerging issues and new thinking in how to develop a profitable, customer-focused payments strategy. Published by Henry Stewart Publications.

SPEED “Settlements, Payments, E-money & E-trading Development” is a new quarterly journal from Central Banking Publications which focuses on policy developments affecting financial infrastructures at the national and international levels.

The Lydian Payments Journal. Launched in 2009, and published on Pymnts.com – an online media channel featuring news and analysis on “what’s next” in the payments sector, this journal is specifically targeted to the payments professionals.

Payments journal, This dynamic industry hub is the analyst and research-driven payments and banking portal delivering the latest news, expert analysis, focused content and most recent developments. Powered by Mercator Advisory Group

LINKS

World Bank Payment Systems Development Group. For more than 12 years the World Bank has been paying increasing attention to payment system development, and has provided various forms of assistance to over 100 countries.

Bank for International Settlements, The Bank for International Settlements (BIS) is an international organization which fosters international monetary and financial cooperation and serves as a bank for central banks.

Western Hemisphere Payment & Securities Settlement Forum. The Western Hemisphere Payments and Securities Clearance and Settlement Initiative (WHI) has become a regional forum to discuss relevant issues in the field of payments and securities clearance and settlement.

SWIFT. The Society for Worldwide Interbank Financial Telecommunication provides the proprietary communications platform for the exchange of financial information to over 8,300 customers in more than 208 countries.

CGAP, The Consultative Group for Assisting the Poor aims to help build efficient and equitable local financial markets that serve all poor people with convenient and affordable financial services.

Eurogiro Network. Through its community of postal organizations, banks and payment service providers, Eurogiro provides high quality solutions in the low-value payment market.

Payment News, This website presents the latest news on the Payment System industry.
REMITTANCES

NEWS

Remittances a Clear Sign of Africa’s Time. Figures released recently show that Kenya, East Africa’s biggest economy, received a record $642-million - nearly 2% of annual domestic output - in 2010, up from $609-million in 2009 and $611-million the year before that. Times LIVE, February 12, 2011.


Vijaya Bank Ties Up With Timesofmoney For Online Remittances. Vijaya Bank, the leading Bangalore based public-sector bank recently tied up with TimesofMoney, India’s leading digital payments service provider for a range of customer friendly online solutions. IAMTN, January 21, 2011.

Nonbanks and Payments Innovation: Because That’s Where The Money Is. Through a series of industry partnerships, money services business and other less-regulated nonbank payment companies are integrating with bank operations, with positive implications on anti-fraud efforts. Portals and Rails, Retail Payments Risk Forum, Federal Reserve Bank of Atlanta, January 10, 2011.

RECENT PUBLICATIONS

World Migration Report 2010 - The Future of Migration: Building Capacities for Change. Migration is a constant and dynamic phenomenon increasingly requiring diversified policy intervention in order to maximize its potential benefits and minimize related costs for both countries of origin and destination as well as migrants themselves. International Organization for Migration, December 2010. (for purchase)

Program for the Application of General Principles for Latin American and Caribbean Remittance Markets - Peru. This paper is the public report of the “General Principles” mission which evaluated Peru’s remittance market. Among other aspects, it covers the market’s regulatory framework and payment systems, as well as the competition, transparency and levels of consumer protection surrounding these services. CEMLA, FOMIN, IDB, The World Bank, November 2010.

Migration and Remittances Factbook 2011. According to the Factbook 2011, the top migrant destination country is the United States, followed by Russia, Germany, Saudi Arabia, and Canada. The top immigration countries relative to population are Qatar (87 percent), Monaco (72 percent), the United Arab Emirates (70 percent), Kuwait (69 percent), and Andorra (64 percent). Mexico–United States is expected to be the largest migration corridor in the world this year, followed by Russia–Ukraine, Ukraine–Russia, and Bangladesh–India. The World Bank, by D. Ratha, S. Mohapatra and A. Silwal, November 2010.

Outlook for Remittance Flows 2011-12. Recovery after the crisis, but risks lie ahead. Officially recorded remittance flows to developing countries are estimated to increase by 6 percent to $325 billion in 2010. This marks a healthy recovery from a 5.5 percent decline registered in 2009. Remittance flows are expected to increase by 6.2 percent in 2011 and 8.1 percent in 2012, to reach $374 billion by 2012. The World Bank, by D. Ratha, S. Mohapatra and A. Silwal, November 2010.

Who in the United States Sends and Receives Remittances? An Initial Analysis of the Monetary Transfer Data from the August 2008 CPS Migration Supplement. Monetary transfers, commonly called “remittances,” refer to personal transfers of money to and from relatives or friends who are living abroad. This report presents initial results on the occurrence, frequency and amount of transfers sent and received. This supplement is noteworthy because it was the first time questions on monetary transfers were included in a federally sponsored, nationally representative survey. U.S. Census Bureau, Immigration Statistics Staff, Population Division, Working Paper No. 87, by E. M. Grieco, P. de la Cruz, R. Cortes, and L. Larsen, November 2010.

Improving Efficiency of the Market for Remittances: Outcomes of A Migrants’ Survey in the Czech Republic. This publication presents the outcomes of a survey of 880 migrants from eight different nationalities, interviewed during the summer of 2009 in Prague. The World Bank identified key actions that could lead to safer and more efficient remittance services in the country, and possibly to a reduction in the cost of transferring money from and to the Czech Republic. The survey should serve as a guide for public authorities and private sector to promote a market that is competitive, transparent, accessible, and sound. The World Bank, by M. Nicoli, and C. Corazza, October 2010.

An Analysis of Trends in the Average Total Cost of Migrant Remittance Services. The World Bank Group published the fourth update of the Remittance Prices Worldwide database, that tracks what migrant workers pay to send money to their family at home, showing that global average total cost for sending USD 200 is down to 8.72% but that average costs for some country corridors are still as high as 22%, with some providers offering services at a cost that exceeds 40%. This Policy Note has been produced based on the latest data collection in the Remittance Prices Worldwide database, and will be updated periodically as new data becomes available. The World Bank Group, April 2010.

Program for the Application of General Principles for Latin American and Caribbean Remittance Markets - Guatemala. This paper is the public report of the “General Principles” mission which evaluated Guatemala’s remittance market. Among other aspects, it covers the market’s regulatory framework and payment systems, as well as the competition, transparency and levels of consumer protection surrounding these services. CEMLA, FOMIN, IDB, The World Bank, April 2010.

UPCOMING EVENTS

Money Transfers Dubai (MTTD). As every year the International Association of Money Transfer Networks (IAMTN) invites money
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(continued from page 16)

transfer professionals from all over the world. Agenda is available on-line. Dubai, UAE. March 29, 2011.

Side event on “The International Commitment to Reduce the Cost of Remittances and their Importance for LDCs’ Development”, in the context of the UN LDC IV Conference. The WB intends to raise awareness on the activities of the Global Remittances Working Group (GRWG), and create momentum for the discussion of concrete actions to achieve significant reduction of the cost of sending remittances to Less Developed Countries (LDCs). Government representatives, donors, international organizations and other interested parties will receive updates on goals achieved and on future steps. Co-organized and sponsored by the World Bank, the Italian Government, and the Australian Government. Istanbul, Turkey, May 9, 2011.


PAST EVENTS


IMTC Miami 2010. The fifth International Money Transmitters Conference organized by the National Money Transmitters Association (the NMTA) and Mohr World Consulting (MWC), Miami, FL. October 16-19, 2010.

Money Transfers Singapore 2010. Organized by IAMTN. The one-day conference was the second IAMTN conference held on remittances in Singapore. Delegates from money transfer companies, banks, mobile and card payment operators and technology providers as well as regulators throughout Asia Pacific took part in a packed one day event that will address the key issues in the remittance world in the largest receiving region in the world. Singapore. September 21, 2010.

NEWSLETTERS

Migrant Remittances Newsletter. Sponsored by the U.K. Department for International Development (DFID) and the U.S. Agency for International Development (USAID), and produced by The QED Group.

FFR Update. Financing Facility for Remittances. Facilitated by the EU-UN Joint Migration and Development Initiative (JMDI).

Money Transfer Newsletter. Maintained by the International Association of Money Transfer Networks (IAMTN).

LINKS

Remittance Prices Worldwide. The World Bank Group Database provides data on the cost of sending and receiving small amounts of money from one country to another (Available in English, Arabic, Chinese, French, Italian, Portuguese, Russian and Spanish). New corridors and features available (third quarter 2010).

Global Remittances Working Group. The GRWG comprises representatives from the World Bank Group and interested national Authorities, and is chaired by the World Bank-IFC Vice President for Financial and Private Sector Development. Launched in January 2010, this website informs about the structure and the activities of the GRWG.

World Bank Certified Regional and National Databases

These databases cover regional and national remittance markets and fully comply with the World Bank official requirements for Remittance Prices Comparison Databases.

Central America: www.enviacentroamerica.org

Italy: www.mandassoldiacasa.it (Italian)

Australia and New Zealand: www.sendmoneypacific.org

Other National Remittance Prices Databases

These databases cover regional and national remittance markets and are not necessarily consistent with the methodology of the World Bank Group database.

France: www.envioargent.org (French)

Germany: www.geldtransfair.de (German)

Mexico: www.profeco.gob.mx/envio/envio.asp (Spanish)

Netherlands: www.geldnaarhuis.nl (Dutch)

Norway: www.sendepenger.no

UK: www.sendmoneyhome.org and www.moneymove.org

MIF. The Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) seeks to promote inclusive growth in Latin America through private sector development. The MIF recognizes the impact of remittances on development, and works for making money transfers cheaper and safer.

DFID. The Department for International Development (DFID) is the UK Government Agency for international cooperation. DFID enjoys an important role in the field of remittances.

Inter-American Dialogue. The Remittances and Development Program of Inter-American Dialogue seeks to encourage remittances as a tool for development throughout Latin America and the Caribbean.

Mondata. Mondata Limited is an Irish-based, international value transfer portal that offers a consumer search function to enable customers to find options for money transfers that best suit their needs.

RemittanceGateway.org. This website is meant for those interested the field of migration and development. It is specifically geared towards migrant remittances, and provides news, insights, and contributions from leading international experts.