

# Expanding **digital remittances** and **microfinance products** towards **financial inclusion** in The Gambia

Implemented by



## Project overview

### DURATION



### PROJECT GOAL

To enhance the financial resilience and economic empowerment of remittance families through cost-effective, digitalized remittance flows and innovations towards financial inclusion.

### IMPLEMENTING PARTNER

**APS International Ltd** is an International Money Transfer Operator and a registered Microfinance Institution in The Gambia, holding 12 per cent of the country's market share, with 17 branches and 50 agents. It operates in 18 countries across the world. APS was the first Gambian remittance service provider (RSP) in the industry to introduce an online money transfer software and to use a mobile app.

### BUDGET

Total:	EUR	1,250,000
IFAD:	EUR	300,000
APS International Ltd:	EUR	950,000

### SECTOR

☒ **Private** ☐ Public

### GEOGRAPHIC TARGET

All six regions in **The Gambia**, with a particular focus on rural areas outside the greater Banjul Area, and its corridors from **France, Germany, Italy, Norway, Spain and Sweden**.

### TARGET GROUP

2,500 remittance receivers, with a focus on rural youth and women, and 5,000 remittance senders.

## PROJECT OBJECTIVES



#### COST REDUCTION

Contribute to reducing international remittance transfer costs to The Gambia, and increase access to and use of transparent and gender-responsive low-cost services.



#### DIGITALIZATION

Accelerate the use of digital products and strengthen the digital payments ecosystem to facilitate international remittance transfers to The Gambia.



#### FINANCIAL INCLUSION

Leverage international remittances to The Gambia to enhance financial inclusion and resilience of senders and recipients.



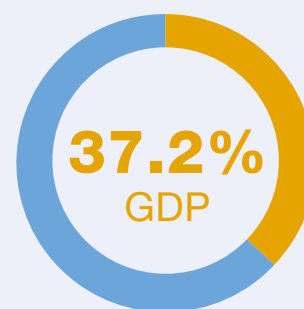
#### FORMALIZATION

Promote greater access and use of formal international remittance transfers to The Gambia.

## Remittance context in The Gambia

- According to UN DESA, in 2019 there were 118,000 Gambians residing overseas, mainly in the United States, Italy, Spain, the United Kingdom and Germany.
- In 2021, The Gambia received US\$774 million in international remittances, equal to 37.2 per cent of the country's GDP.
- This growth is partially due to the increased use of formal sending channels in the aftermath of the COVID-19 pandemic, as well as a shift toward digital solutions.
- Overall, an estimated 26–37 per cent of The Gambia's population relies on remittances to make ends meet. Six out of 10 women-headed households receive remittances.

### REMITTANCES



Source: CBG 2022.

## Main challenges and market barriers

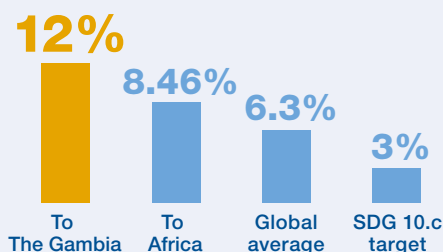
### REMITTANCE COSTS ARE HIGHER THAN AVERAGE



At 12 per cent, the average cost to send money to The Gambia remains among the highest in Africa.

### FAST FACTS

#### AVERAGE COST TO SEND US\$200



Source: World Bank Q3 2022.

### THE MAJORITY OF ADULTS ARE FINANCIALLY EXCLUDED



Only 5 per cent of the population has a bank account due to stringent know-your-customer requirements.

As part of the effort to overcome this barrier, in 2022 the Central Bank of The Gambia developed its first ever financial inclusion strategy.

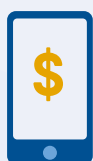
#### ONLY 1 OUT OF 5 ADULTS



FINANCIALLY INCLUDED

Source: FinScope 2019.

### MOBILE MONEY UPTAKE IS LOW



Mobile money usage is low and international remittances to mobile wallets were not permitted until very recently.

As of 2019, only 2 per cent of adults were registered mobile money users.

### MobileRemit INDEX SCORE

53

#### FIFTH LOWEST IN AFRICA

IFAD's MobileRemit index measures the potential for mobile remittances in a given country

Source: MobileRemit Africa 2022.

### RESISTANCE TO USE FORMAL REMITTANCE CHANNELS



Informal flows have been a constant in the Gambian remittance market, resulting in a stronger cash preference among senders and recipients.

#### INFORMAL FLOWS



Source: MobileRemit Africa 2022.

## Project description

IFAD is partnering with APS under the PRIME Africa initiative to accelerate the uptake of digital remittance services among remittance recipients, and of remittance-linked microfinance services.

Project solutions focus on rural recipients by increasing last mile agents' interventions, as follows:

### 1. CUSTOMIZING DIGITAL REMITTANCES AT THE SENDING SIDE

The APS online remittance platform will be adapted to the needs of Gambian migrants in the six EU-selected countries.

### 2. EXPANDING THE RURAL AGENT NETWORK

APS will extend its payout network by 100 agents in rural areas, equipped to onboard new customers and to cash out international remittances terminating into mobile wallets.

### 3. LINKING DIGITAL REMITTANCES WITH MICROFINANCE SERVICES

APS staff will promote microfinance products among Gambian remittance recipients, particularly current accounts, savings accounts and a financing product.

### 4. ENABLE IN-CASH RECIPIENTS TO USE MOBILE REMITTANCE CHANNELS

APS will push the switch from cash and informal remittances to mobile channels through marketing and awareness, particularly in rural areas. Financial education and inclusion through the use of social media, local radio stations and sponsored events, combined with a mobile banking caravan, will bring information on APS's digital remittances, cash-in/cash-out and microfinance services to the last mile.



## Expected results

### 5,000 NEW CUSTOMERS USE THE APS ONLINE PLATFORM

- ➔ 5,000 new remittance senders in targeted EU countries will use the APS online platform to send remittances back home at a cost below 6 per cent including foreign exchange margins.

### INCREASED ACCESS TO INTERNATIONAL REMITTANCES THROUGH MOBILE WALLETS IN RURAL AREAS

- ➔ APS online remittances will be received into mobile wallets and distributed through a network of 100 additional agents in rural Gambia.

### SHIFT FROM CASH OR INFORMAL REMITTANCES TO MOBILE REMITTANCES AND FINANCIAL SERVICES

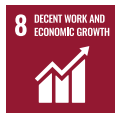
- ➔ 2,000 rural remittance recipients currently receiving remittances in cash or using informal channels, will be using wallet-based remittances and microfinance products.
- ➔ 500 rural recipients open savings accounts.

### SUPPORTING THE UPTAKE OF MOBILE REMITTANCES THROUGH A HOLISTIC APPROACH

IFAD is financing two additional projects in The Gambia aimed at supporting the launch of mobile-enabled remittance products. The projects will be implemented by MFS Africa, a pan-African digital payment and remittance services aggregator, in partnership with Afrimoney Gambia, a mobile money subsidiary of Africell (the leading MNO in The Gambia); and by QMoney, a leading mobile money operator in The Gambia. By engaging these key stakeholders simultaneously, IFAD is ensuring a level playing field for digital remittances in The Gambia, while promoting a big push toward fostering mobile remittances and digital and financial inclusion in the country.

## PROJECT RELEVANCE FOR THE DEVELOPMENT AGENDA

### SUPPORTING SUSTAINABLE DEVELOPMENT GOALS



Global Compact  
FOR Migration

OBJECTIVE 20



GPFI

Global Partnership  
for Financial Inclusion



2015  
VALLETTA  
SUMMIT ON MIGRATION

## LINKS AND REFERENCES

IFAD's Financing  
Facility for  
Remittances

The PRIME Africa  
initiative

RemitSCOPE –  
The Gambia country  
diagnostic



International Fund for Agricultural Development  
Financing Facility for Remittances

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The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.

For more information please contact  
[remittances@ifad.org](mailto:remittances@ifad.org)

IFAD's US\$65 million multi-donor Financing Facility for Remittances (FFR) aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

The Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME) is a EUR 15 million initiative funded by the European Union and implemented by IFAD's FFR, aimed at improving the management of remittances and their use for development impact in selected African countries.

### FFR DONORS



LUXEMBOURG  
AID & DEVELOPMENT

