

# **A webinar on Remittances in Asia The Impact of COVID-19: Harnessing Digitization Aid Recovery in Asia**

25 March 2021, 3:00pm to 4:30pm

In May 2020, Switzerland and the United Kingdom launched the Call to Action to support the remittances industry at the height of the COVID-19 pandemic and in observance of the upcoming International Day of Family Remittances (IDFR). This was done in partnership with other multilateral organizations including the Asian Development Bank with the Finance Sector Group (FSG) as its institutional representative. Government institutions, academia, the private sector and civil society organizations were also part of this initiative. This study on digital remittances supports the Call to Action that focuses on the development and scaling up of digital remittance channels for migrants and families to ensure continued flow of cross border remittances.

Remittances are a lifeline for many people in Asia and the Pacific. They help families cover their day-to-day costs and invest in education, health and small businesses, as well as representing a source of foreign exchange for governments. In 2019 Asia was the largest remittance-receiving region in the world, receiving approximately US\$ 325 billion in formal remittances or 45 percent of global flows.

For a number of Asian countries, remittances account for significant proportion of their GDP, including Tonga (40 percent), Tajikistan (26 percent), Kyrgyz Republic (25 percent), Nepal (23 percent) and Samoa (17 percent) (World Bank, 2020).

The international community has recognised the importance of remittances as a phenomenon for many years and has developed a number of global goals to address some of the challenges. However, a number of key challenges still remain including: the cost of sending remittances is particularly high in some parts of Asia; there are high levels of informal remittances that flow through the *hawala* or *hundi* schemes; cash is still king in most markets; de-risking has meant some operators have been unable to obtain bank accounts; and, some regulatory environments are too restrictive. On top of this there is also a significant lack of consistent and reliable data.

Digitization is a key area that can help address some of these challenges. Digital services (including mobile money, online and bank account credits) have long been recognised as the key solution to bring down remittance prices (a GSMA study of 2017 showed that international mobile money to mobile money service costs were only 1.7 percent), increase access, provide more transparency, drive efficiency and help manage AML/CFT risks.

The COVID-19 pandemic has demonstrated the importance of having a comprehensive and efficient digital remittance environment. In many of the key sending and receiving countries, physical agent locations were closed during initial lock-down phases of the crisis. This often meant that those sending remittances were only able to use digital services, where they are available. A positive outcome has been the increased uptake in some communities of digital remittances as well as an acceptance from providers that digital solutions must be offered. However, the rapid increase in digital uptake has led to challenges. Namely on how to introduce digitally driven solutions as quickly as possible to the people and areas where they are needed most. Digital and financial education are not widespread in rural communities.

The early indications are that the decline in remittance volumes to Asia-Pacific as a result of COVID-19 were not as much as was projected, however the forecast for 2021 is still reporting a fall.

FSG in collaboration with DMA Global makes a series of recommendations through this knowledge work entitled: “Remittances in Asia The Impact of COVID-19: Harnessing Digitization Aid Recovery in Asia”.

## AGENDA

**Master of Ceremony: Lisette Cipriano, Senior Digital Technology Specialist**

<b>Day, 25 March 2021, Thursday</b>		
<b>Time</b>	<b>Program</b>	<b>Remarks</b>
15:00–15:05	<b>Opening remarks</b>	Bruno Carrasco (Director General, SDCC, ADB)
15:05–15:35	<b>Presentation of the paper on</b> Remittances in Asia The Impact of COVID-19: Harnessing Digitization Aid Recovery in Asia	Presenter: Leon Isaacs (DMA Global)
15:35–15:50	Digital Remittance: Solutions to First and Last Mile Issues	Mayumi Ozaki Senior Portfolio Management Specialist, SARD
15:50–16:05	Pakistan's Roshan Digital Account	Syed Ali-Mumtaz H. Shah Principal Financial Sector Specialist, CWRD
16:05-16:25	Question and Answer	Moderator: Lisette Cipriano
16:25-16:30	Closing remarks	Dr. Junkyu Lee (Chief of Finance Sector Group, ADB)