

## ► MOTIVATION

International remittances are a high-volume driver for women's financial inclusion. Although the rapid development of formal remittance markets in the Mekong has been documented, most studies ignore the informal market channels and do not have a gender lens. As a result, the relationships between international remittances and women's financial inclusion remains little understood.

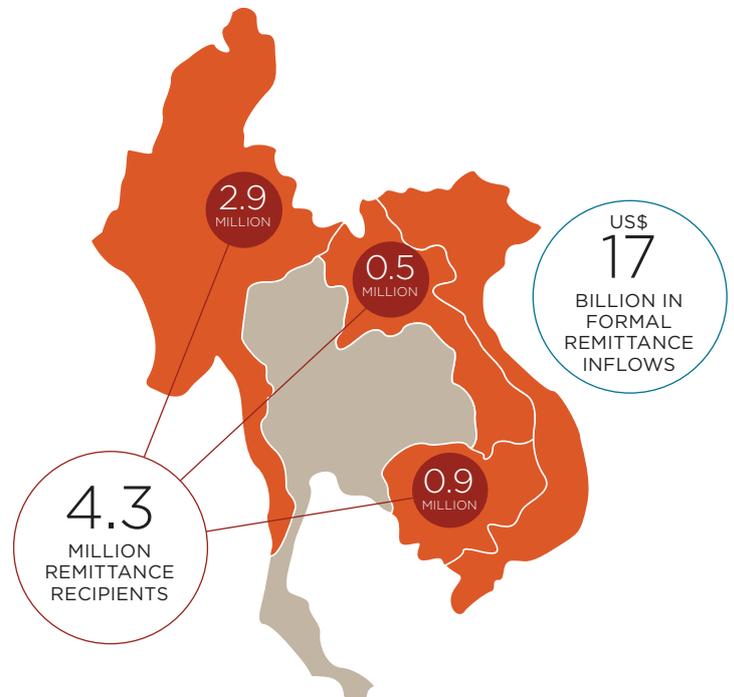
## ► METHODOLOGY

The study draws from demand-side data, including 10,290 MAP-Finscope surveys representing the national financial inclusion landscapes and supply-side data, including an online survey and interviews with key remittance service providers and experts. The study outcomes have shaped the design of a new SHIFT Challenge Fund Facility window on remittances and women's economic empowerment.

## ► STUDY OBJECTIVE

UNCDF has conducted a study to scope both formal and informal international remittance markets in the Mekong region (Cambodia, Laos, Myanmar, Viet Nam, Thailand) to pinpoint innovative solutions to cross-border payments and identify tailored financial products that advance women's financial inclusion. The study identifies key barriers at every step of the remittance value chain from the sender to the receiver and makes policy recommendations.

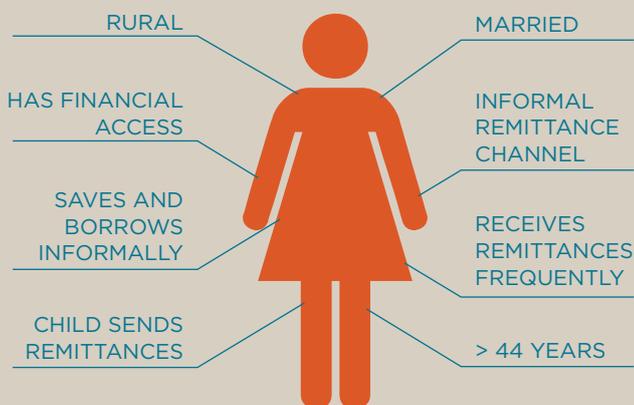
### SNAPSHOTS OF CURRENT REMITTANCE FLOWS IN CLMV



## ► MAIN OUTCOME

There is a need to **formalize, digitize and tailor remittance products to better suit the needs of women clients** and to form stronger **linkages between international remittances and other financial services**. Formalizing remittance channels can potentially double the Mekong remittance market and unlock an inclusive finance market. Providers identified several solutions, including **strengthening delivery channels, launching mobile wallet apps, and developing remittance-linked savings** as the starting point for product bundling. Thus, there is much that providers and regulators can do to better exploit the large potential of remittances.

### PROFILE OF A TYPICAL REMITTANCE RECIPIENT



46%  
FORMAL

54%  
INFORMAL

54 PERCENT OF REMITTANCE RECIPIENTS RECEIVE THEIR REMITTANCES THROUGH INFORMAL CHANNELS

### ► GENDER OUTCOMES

1. **Women preferred to receive their money via informal market channels** because of convenience, personal door-to-door services, lower documentation requirements, more customer-centric services and greater trust.

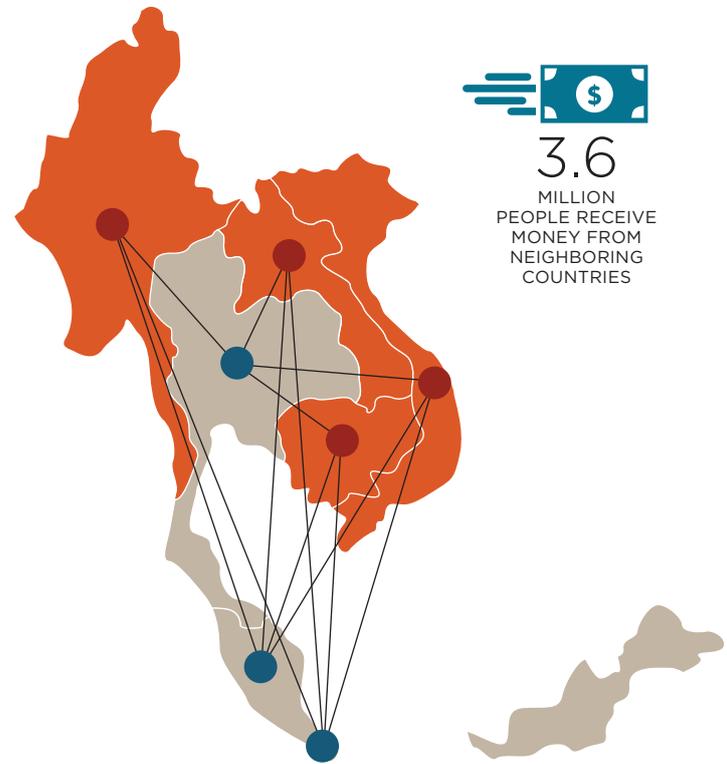
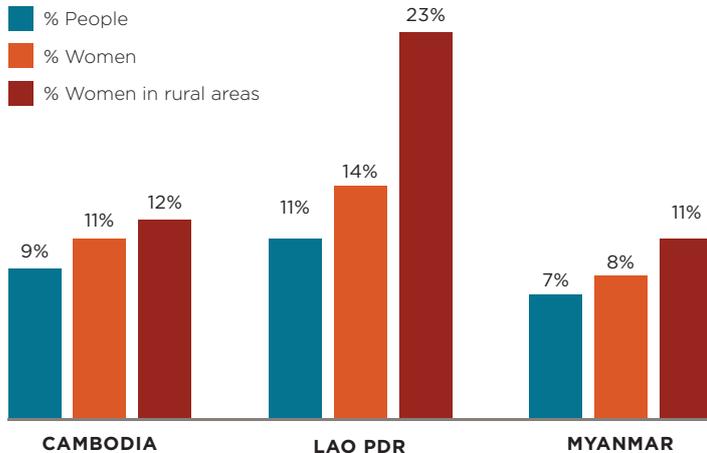
2. There are too many steps in the current informal remittance value chain (in addition to weak security) and there is great potential for digitization to formalize the remittances flows. The study estimates that **the formal market can grow an additional US\$7 billion to US\$16 billion** if the informal remittances markets become digitized.

3. 60% of the recipients in Laos, Cambodia and Myanmar **are women**, the majority of whom live in the rural areas (75%).

4. Despite the specific customer profiles of female and male senders and receivers, there were **no specific and convenient customer-focused products** offered by remittance service providers.

5. **Despite remittance recipients having access to savings, recipients often cash out their remittances instead of saving.** Thus, linking payment services to other financial services is crucial. As impact evaluations demonstrate, having access to a wider set of products—credit, savings, domestic and international payments—strengthens women’s economic empowerment.

#### % OF ADULT POPULATION RECEIVING INTERNATIONAL REMITTANCES



SNAPSHOT: REMITTANCE RECIPIENTS IN CLMV RECEIVE MONEY FROM THAILAND, MALAYSIA OR SINGAPORE

### ► SO WHAT? NEXT STEPS

The study directs the design of a new SHIFT Challenge Fund Facility window on linking remittances as a catalyst for financial inclusion and women’s economic empowerment.

Solutions identified by Remittance Service Providers include the need for:

- Mobile Wallets
- Digital ID Databases
- Wider agent networks and cash-out options
- Rewards for remittance transactions
- Develop Remittance pricing apps
- Awareness campaigns
- Remittance-linked savings, credit, insurance



### ► CONNECT WITH US

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UNCDF is the UN’s capital investment agency for the world’s 48 least developed countries. With its capital mandate and instruments, UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.