

# Cash & Remittances

*Why digital-cash partnerships are crucial and why derisking is opening new avenues*

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Hugo Cuevas-Mohr

## Disclaimers

- ✓ *I come from a cash-dependent industry*
- ✓ *The remittance customer decides... but it is been coerced to use digital even if it is not cheaper.*
- ✓ *The use of cash has been blamed as the reason for our industry's nightmare: derisking*
- ✓ *Derisking has a silver lining...*



# Estimating the size of the International Money Transfer and Cross-Border Payments Industry



*95% of the market  
is done in cash*

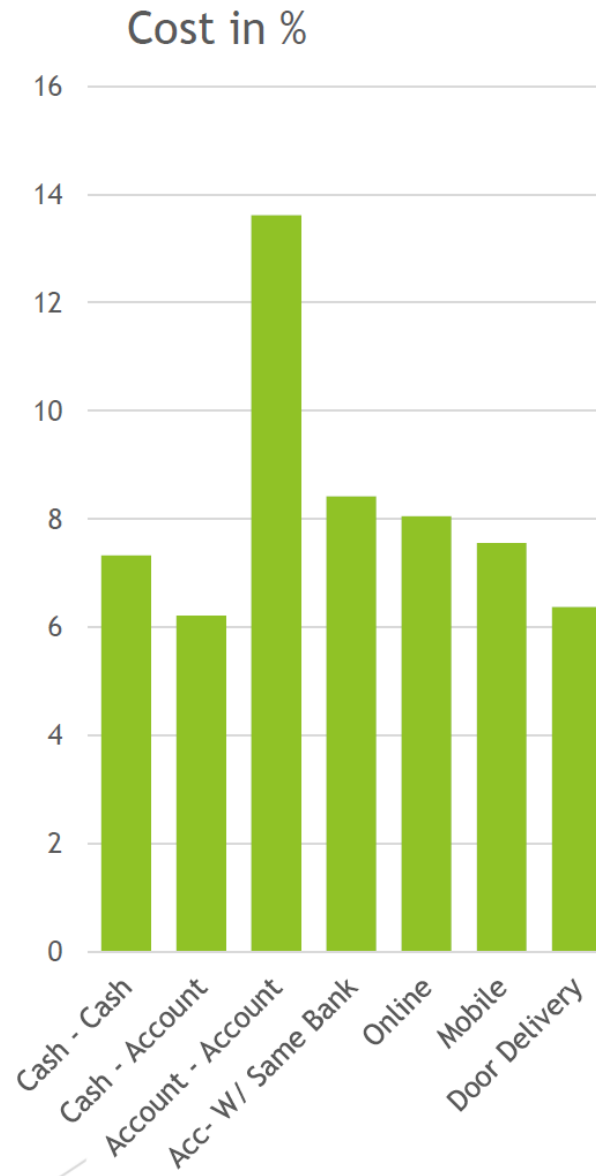
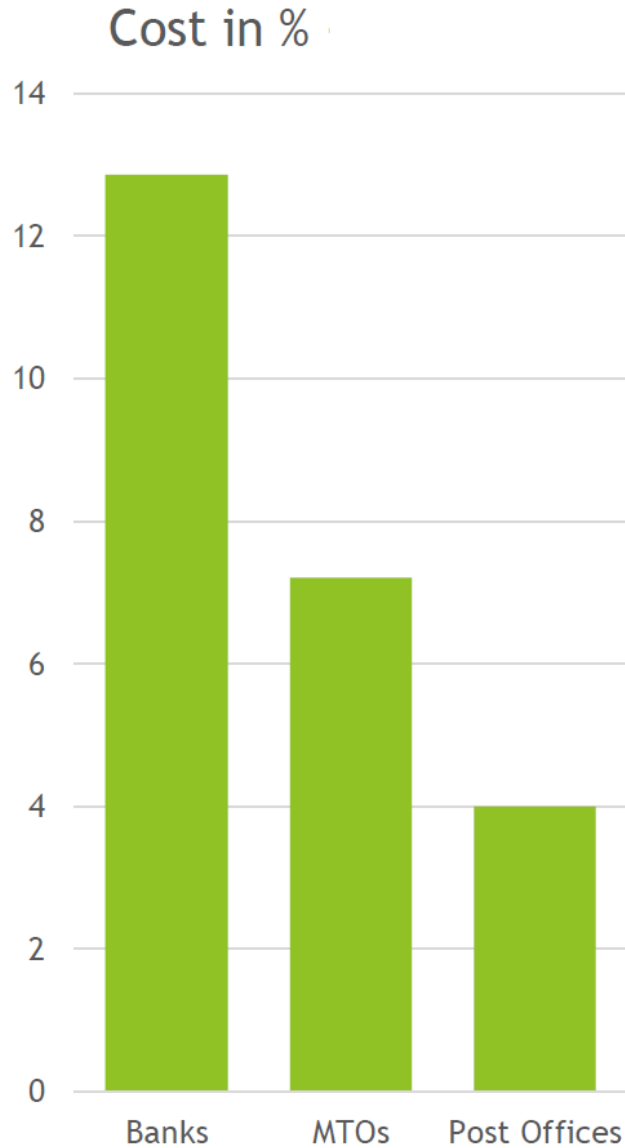
## Money Transfers

*Remittances + MTO P2P + Alt Fins + B2B\**

\* B2B Payments done by MTOs

*presented are estimates based in private conversations with industry participants,  
not be totally accurate. Your opinions and your own estimates are welcome*

## Cost of Remittances per channel



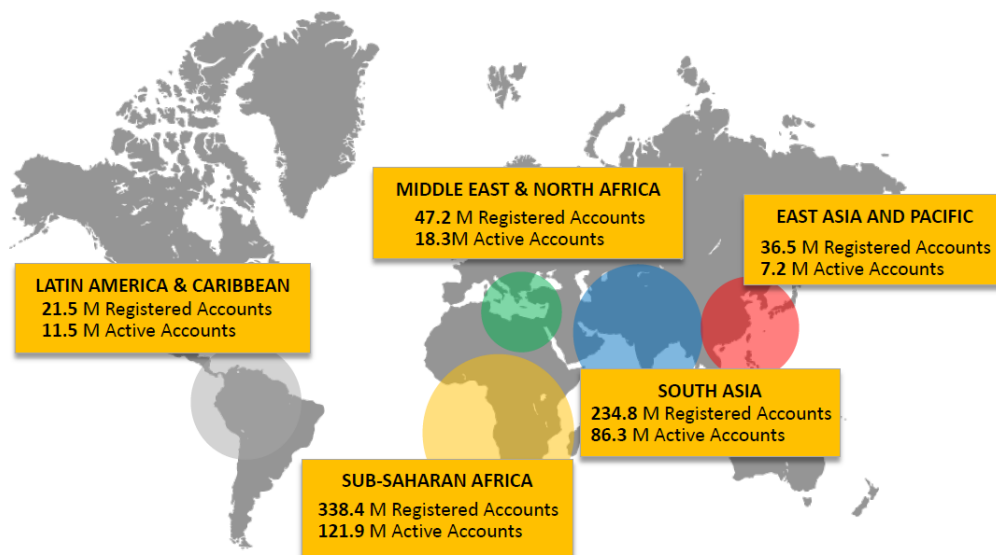
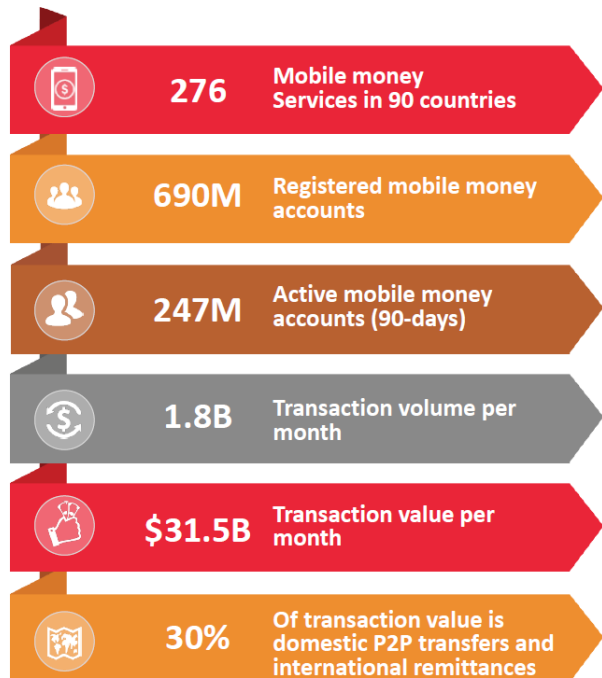
## *Money Transfer Industry & Cash*

- *Derisking has hit the industry hard*
  - *Sending Markets*
    - *Cash Management Cos. have greatly alleviate the banking problem in sending markets*
  - *Receiving Markets*
    - *The Cash Management structures in developing countries is very limited.*
    - *Opportunity?*
- *We need to be more innovative*





## Mobile money is thriving globally, with remittance laying strong foundation

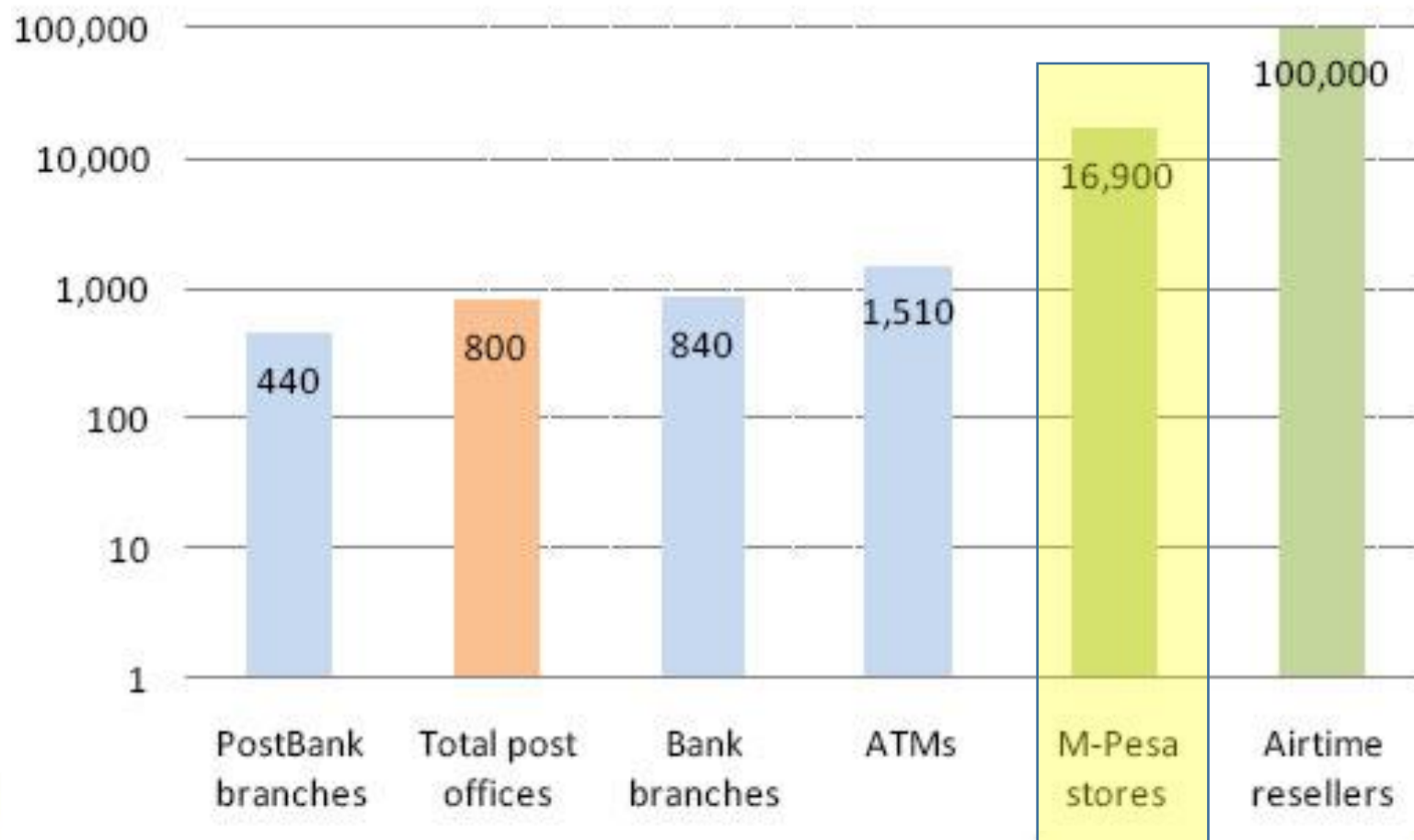


## Mobile Money: 10 Things You Need to Know

1. It is not only Kenya
2. Agent Liquidity & Inactive Customers plague the industry
3. Airtime & Person-to-Person (P2P) continue to dominate but with noteworthy regional differences
4. Mobile Money continues to be cash-based
5. Small value credits & savings show promising signs
6. Microinsurance is also encouraging
7. Mobile Data is the silent promising asset



**Exhibit 1: Outlets offering financial services in Kenya<sup>6</sup>**



<http://bit.ly/2rBHN0b>

Siti Hidayati

## Cash-In and Cash-Out Agents for Mobile Money in Indonesia

*Fletcher School Leadership Program in Financial Inclusion:  
Indonesia Policy Memo*

### ANALYSIS

#### **The importance of cash-in and cash-out agents**

Mobile money can be used as an instrument to pay for goods or services, or as a means of sending/transferring money. In other developing countries, the primary use of mobile money is for sending money—that is, person-to-person transfers.

Like other developing countries, Indonesia has many migrant workers, with many people from rural areas working in urban areas. According to the World Bank, the number of Indonesian migrants working overseas is more than 2.5 million.<sup>9</sup> This group regularly sends money home to their families, using informal channels (such as returnees) to send remittances. While many of these households are unbanked, most of them have mobile phones. Accordingly, by using mobile money, this group of households could send money home to their families easily and cheaply.

*...to achieve the necessary scale for this low-value, high-transaction business to become sustainable, it is important for the provider to build a large network of cash-in and cash-out agents.*

*Siri Hidayati*

<http://bit.ly/2rBQGXA>

## *Mobile Money & Cash*

- **GSMA**
  - *Sending Markets*
    - *Mobile Money is very limited and is seen as a card complement – a digital prepaid card*
  - *Receiving Markets*
    - *Mobile Money complements cash*
    - *Opportunity?*
- *We need to be more innovative*

## *Cryptocurrencies & Cash: Common Allies*

- *The Cash to Digital Connection*
  - *Developed Markets*
    - *ATMs & Cryptoexchanges*
    - *The case of Bitstop in Miami, Florida*
  - *Developing Markets*
    - *Millenials & Traders*
    - *Settlement Mechanism: The case of Bloom*
- *Is there really a compliance problem with cryptocurrencies?*
  - *The similarities with cash*
- *Spark is developing a Cash-Crypto link*



# spark

## A remittance industry without banks.

What does it look like? How will it work?

CEO, George Harrap  
May, 2018

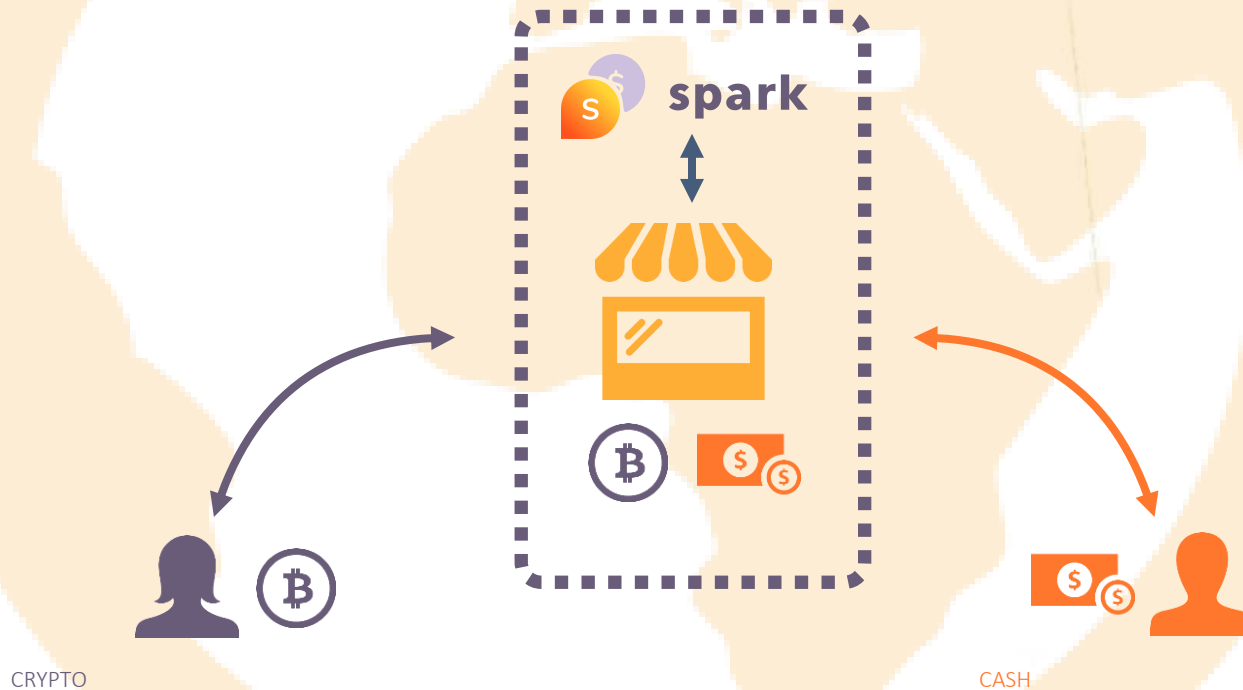
We believe:

# The solution to banking problems is not more banking.





## Cash-in and cash-out using cryptocurrencies:



# Cryptocurrency solves de-risking.

- MSBs can leverage their existing outlets to become cash to crypto exchanges.
- Margins on cash to crypto exchanges vary from 3-10% globally
- Using cash, funding your platform provider accounts is done digitally, without a bank.
- Settlement occurs in a cryptocurrency (it can be pegged to your national currency, zero exchange risk.)
- You can hold balances digitally, without a bank.  
You can cash out from digital balances



## *Mobile Money, Crypto, Cash & ATMs*

- *ATMs: The self-serve solution for cash, mobile & crypto Connection*

*THANK YOU*



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