The State of the Money Transfer Industry

A time of Transition

Hugo Cuevas-Mohr
Mohr World Consulting, IMTC, The Remtech Awards
What are these figures?

1 025 000 000 000

The amount in US$ that will be sent in money transfers in one year
What are these figures?

600 000 000 000

The amount in US$ that will be sent in remittances in one year
What are these figures?

13 000 000

The amount of remittances in US$ that will be sent during this presentation...

600 Billion per year .... USD 13’000,000 every 20 minutes
What are these figures?

2 000

The number of remittances that have been sent home by migrants while I am reading this you.
What are these figures?

380 000

The amount of US$ in remittances that have been sent home by migrants while I am reading this you.

600 Billion per year .... USD 380,000 every 20 seconds
Total flow of remittances estimated by World Bank

World Remittances Inflows (US$ million)

Source: World Bank
US$ 600 billion in remittances to 150 receiving countries in 2017
Number of receiving countries with GDP reliance on remittances above 3%: 71

Main sending countries / regions (2015):
- USA: US$ 117 billion
- European sending countries: US$ 115 billion
- GCC countries: US$ 100 billion

Reliance

- 51% decade growth (2007-2016)
- 1/7 people in the world

Origin of migrants:
- 60% Urban
- 40% Rural

Either SEND or RECEIVE international remittances
Flow of remittances to The Philippines

Remittances Inflows to the Philippines (US$ million)

Source: World Bank
Total outflow of remittances from the US estimated by World Bank

Value of Remittances from the US to its top 20 countries

Source: World Bank - 2017
Trends in the Money Transfer Industry

• Transition

➢ Sending Side
  ▪ Cash to Digital / Agent Model to Self Serve Model
    *Consequences of the War on Cash - Derisking*
    *Is War on Cash influencing Regulation?*
  ▪ Advent of Fintech Solutions
    *Regulation changes to favor innovation*
    *Large investments – The rise of Virtual Currencies for settlement*
  ▪ More services offered
    *Bill Payments, Top-Ups*
  ▪ The Advent of B2B
  ▪ Migration
    *Changes in Attitude, Regulation?*
Trends in the Money Transfer Industry

• Transition
  ➢ Receiving Side
    ▪ Are banks leaving the industry?
      *Or just changing their role...*
    ▪ Mobile Wallets & Mobile Ecosystems
      *A country by country scenario*
    ▪ More services offered by Fintechs
      *Lending, Bill Payments, Savings, Microinsurance
      Infrastructure (blockchain) & channels*
Is the cost of remittances going down?

Why technology is not driving the cost down?
The rise of Fintech... and the Money Transfer Industry

Global investment activity (VC, PE and M&A) in fintech companies 2010 – Q4’17

“The fintech sector has matured considerably over the past five years and we are now seeing investors shift their focus from experimentation and smaller investments to proven and sustainable fintech business models. This has created a market characterized by larger average deal sizes, with growth likely to continue for the foreseeable future on a more sustainable trajectory.”

Ian Pollari
Global Co-Leader of Fintech, KPMG International
Top 10 global fintech VC, PE and M&A deals in Q4’17

1. Bankrate — $1.440M, Palm Beach Gardens, FL
   Consumer finance
   Buyout

2. BluePay — $780M, Naperville, IL
   Payments/transactions
   M&A

3. Trayport — $726.5M, London, UK
   Institutional/B2B
   M&A

4. Institutional Shareholder Services — $720M, Rockville, MD
   Institutional/B2B
   Secondary buyout

5. Access Point Financial — $350M, Atlanta, GA
   Lending
   Buyout

6. WePay — $350M, Redwood City, CA
   Payments/transactions
   M&A

7. TransferWise — $280M, London, UK
   Payments/transactions
   Series E

8. Planet Payment — $257M, Long Beach, NY
   Payments/transactions
   Public-to-private buyout

9. WeLab — $220M, Hong Kong
   Lending
   Series B

10. Affirm — $200M, San Francisco, CA
    Lending
    Series E
Top 10 predictions for 2018

The global fintech ecosystem continued to mature at an accelerated pace over the course of 2017. With big developments ranging from the rise of open banking, increasing regulatory clarity and maturation of AI and blockchain, 2018 promises to be another big year for fintech. Here are our top 10 predictions for 2018.

1. **AI accelerates:** Continued innovation and adoption of AI as an underlying tech
2. **Regtech rising:** Increased investment in regtech around the world
3. **Building bridges:** Greater collaboration and partnering between large-scale providers
4. **Next gen digital lending:** The rise of online mortgage technology and platforms
5. **Beyond use cases:** Early success efforts in the initiation of blockchain production systems
6. **Open banking:** Open APIs pave the road for third party developers in Europe and Globally
7. **New challenger banks:** Financial services incumbents building their own digital banks
8. **Insurtech innovation:** Accelerated investment into driving insurtech innovations and building hubs around the world
9. **Going full-stack:** Broadening of solution sets by mature fintech companies
10. **Big tech participation:** More partnering between fintech and technology giants
When will derisking stop?

Derisking is hitting the industry in both, the origination and the destination country

Why is it still happening?
- Cost of Compliance?
- Anticompetition?
- Lack of Trust? In who?

What can be done?
- Regulators Actions?
- The Courts?
- Safe Harbor?
Average transaction size for P2P Money Transfers

https://www.saveonsend.com/blog/transferwise-money-transfer/#more-211
Thank you

Hugo Cuevas-Mohr
Mohr World Consulting
IMTC
The Remtech Awards

hugo@mohr.world