South Africa
PRIME AFRICA Objectives

1. Cost reduction
2. Digitalisation of remittance markets
3. Enhancing financial Inclusion
4. Reducing Informality remittances markets
South Africa is the largest remittance sending market in Africa

South Africa Remains a destination of choice for most African migrants

It’s also the largest remittances sending market in Africa

KEY FACTS

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<tr>
<td>Total size of the diaspora</td>
<td>1,16 million people</td>
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<tr>
<td>Total remittance value (2020, World Bank)</td>
<td>USD 920 mln est.</td>
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<td>Average cost of sending money (% send amount, RPW Q4 2021)</td>
<td>13.2%</td>
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Remittance flows to South Africa

Source: World Bank (2021)
Key insights into South Africa's remittance market

1. South Africa is still the most expensive G20 sending remittance market despite a significant reduction in some corridors.

2. Regulation for international remittances is well defined, well-supervised, clear, open and proportionate.

3. Sophisticated payment ecosystem on the sending side.

4. Financial inclusion and digital adoption is high but the use of cash is still high in the market.
The regulatory environment for international remittances is currently fairly open and clear. There are opportunities to drive competition and improve access (especially in rural areas) by opening the pay-out network to new types of entities.

**Overall the licencing environment is fairly open for international remittances**

**Unresolved regulatory bottlenecks and barriers of entry stifling market development.**

**RSPs have been slow in adopting the Risk Based Approach**

**Lack of complementarity between the domestic payment ecosystem and receive market infrastructure**
Outbound costs are still high for both Mozambique and Zimbabwe corridors. Significant cost reduction in SA outbound corridors.

Significant cost reduction though the country is still lagging behind SDG targets.
### MARKET OPPORTUNITIES

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<th>Rationale</th>
<th>Proposed Policy Actions</th>
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<td>Infrastructure</td>
<td>There is need for an extensive digital rail that supports international remittances.</td>
<td>Support MMPs in developing tailored and competitive financial services for migrants in South Africa.</td>
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<td>Financial Inclusion</td>
<td>The documented segment has good access to DFS from the sending side which is an opportunity to advance financial depth leveraging remittances</td>
<td>Support the development of new remittance-linked financial services and services designed specifically for migrant communities in South Africa.</td>
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<td>Digitalisation</td>
<td>There is need to tackle the challenge of high informality that we see in most South Africa outbound corridors</td>
<td>Promote end-to-end digitalization of remittance value chains</td>
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<td>Promote digitalization of key use cases driving remittances e.g. cross-border trade</td>
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