

South Africa to the Rest of SADC Remittances Market Assessment

2024



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A diagonal collage of financial imagery separates the dark blue header from the white footer. The collage includes a close-up of a computer keyboard, a 3D bar chart, a pie chart, and a 100 Euro banknote.

Introduction

Remittances and regional mobility in the SADC region: **A lifeline across borders**



Human mobility in SADC

Millions of migrants from SADC countries live and work in **South Africa**.

Cross-border migration is driven by **economic necessity**, employment and opportunity.



Economic interconnectedness

Remittances are a **critical financial mechanism** for **economic survival** and **community development**.

These transfers form an **invisible economic network** that **transcends national boundaries**.



Key policy frameworks

International commitments:

- G20 / CCBG PSS SFA 2023–2026
- SADC Financial Inclusion & SME Access Strategy 2023–2028.

Goals:

- Reduce **global remittance costs below 5%**
- Improve **speed, access and transparency**.



UN SDG Target 10.c

By **2030**, reduce remittance transaction costs to **<3% for USD200** transfers.

Eliminate corridors where fees **exceed 5%**.

Research methodology



Access

Formal remittances: Regulatory data based on the SARB's Balance of Payments from 2016-2024, covering all formal remittance categories and transaction patterns.

Informal remittances: Triangulation of FinScope, focus group discussions with 61 migrants across Gauteng, Limpopo, KwaZulu-Natal and Western Cape, and Stats SA Census.



Cost, speed and transparency

Mystery shopping: 309 real transactions across USD200 and USD55 transaction sizes – effecting payments from South Africa to the rest of SADC to assess firsthand experience.



Additional Context

Additional context through key informant interviews (KIIs) with regulators and remittance service providers

Cross-border remittance framework

The remittance process is described by a three-mile value chain:

First mile:

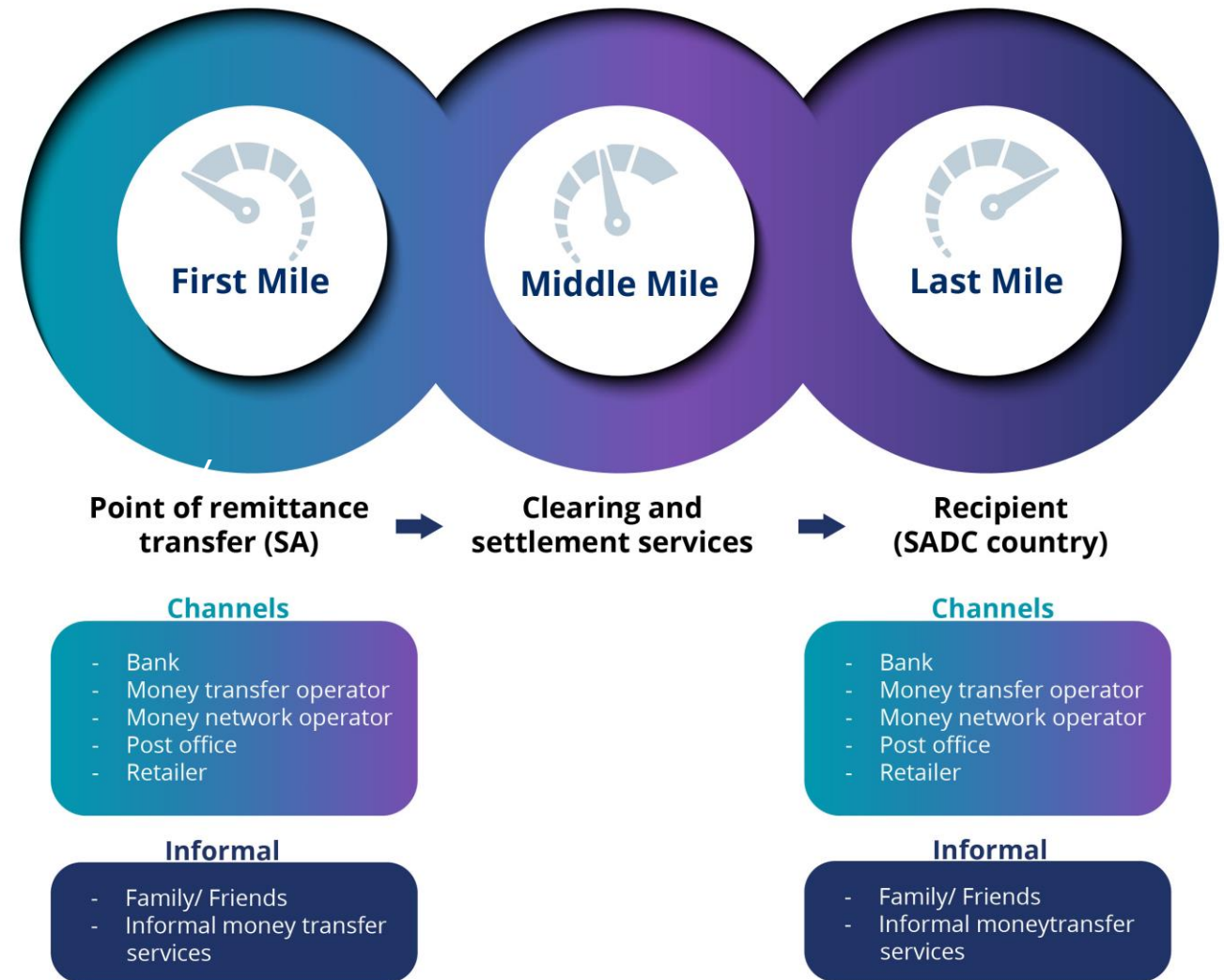
How senders access remittance services, including registration, transaction initiation and payment methods.

Middle mile:

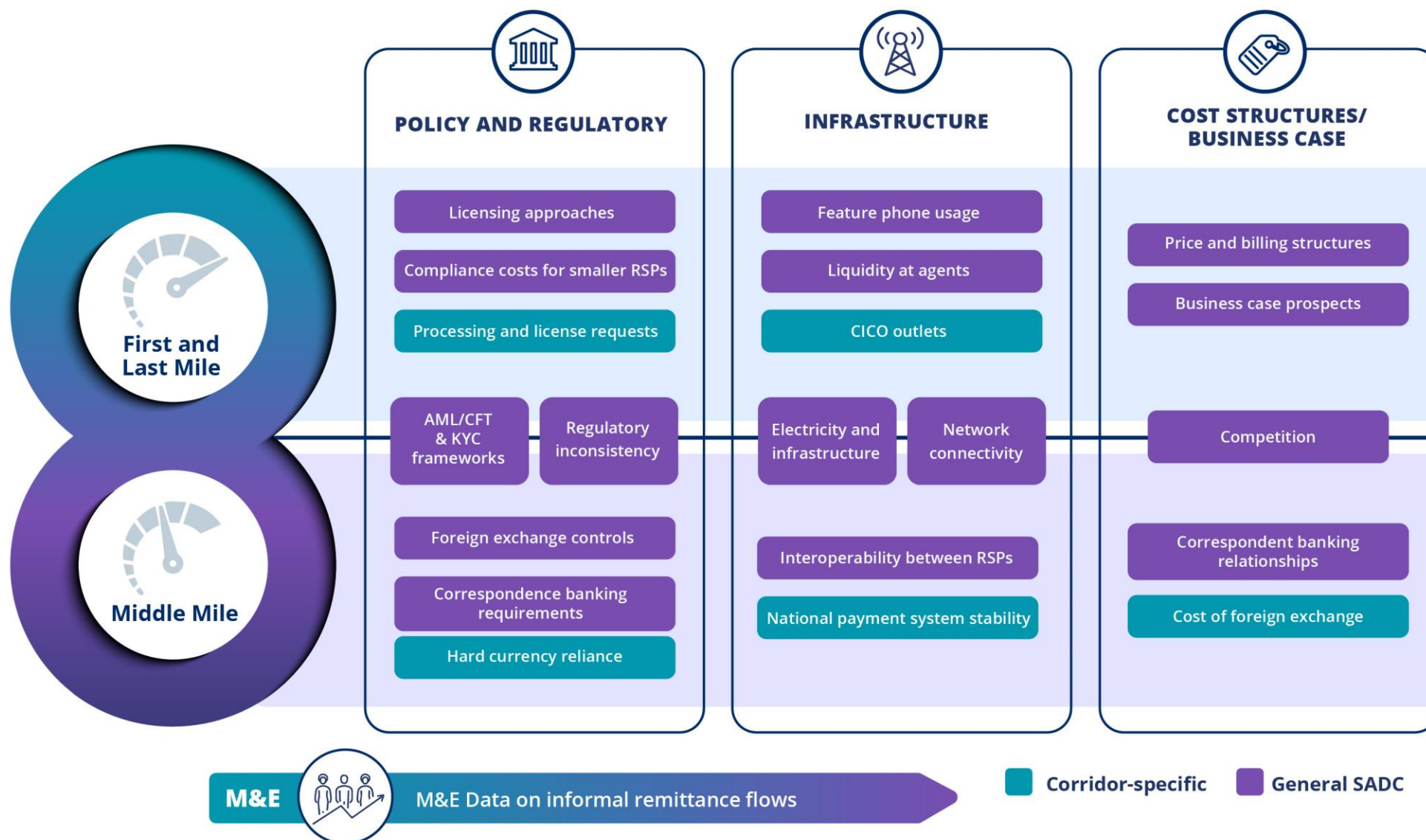
Core cross-border infrastructure, involving correspondent banking, payment system interoperability and foreign exchange conversion.

Last mile:

How recipients access funds through various payout options.



Access and cost drivers



Market Size

Formal and Informal – First Mile Focus



Data used to measure access to formal remittances

Dataset on formal remittances provided by the SARB from its FinSurv Cross-border Reporting System

The top 3 outbound categories, making up over 90% of transactions, are 305, 401 and 416.

Additional data dimensions include:

- Gender
- Cash vs digital channels
- Currencies sent vs currency received
- Originating province from the first mile.

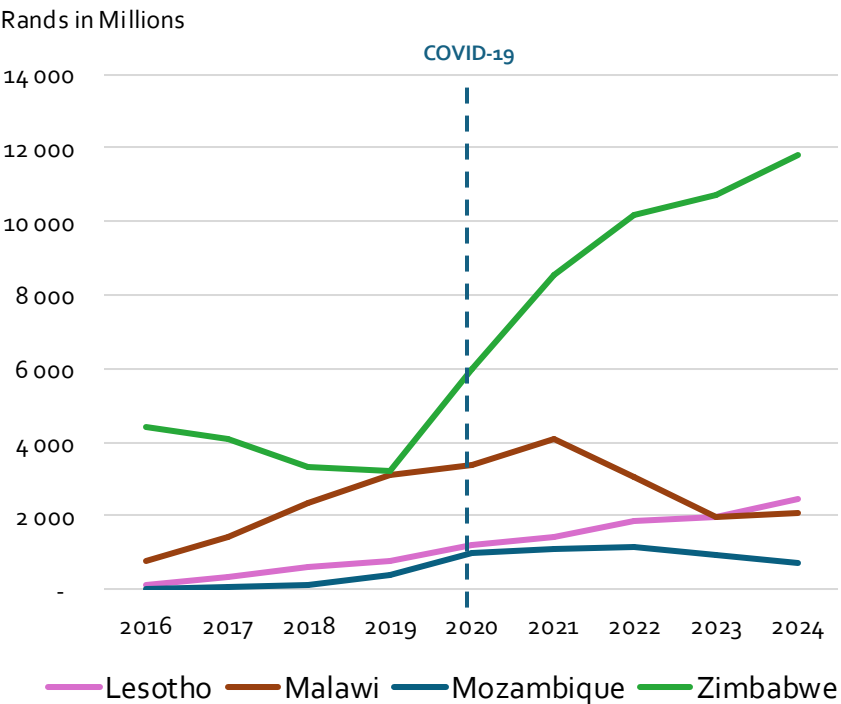
Data has been provided from 2016 to 2024, on the following BOP categories:

- **305** – Compensation paid by a resident to a migrant worker employee (excluding remittances) – data provided for ADLA transactions only
- **306** – Compensation paid by a resident to a foreign national contract worker employee (excluding remittances) – data provided for ADLA transactions only
- **401** – Gifts
- **410** – Alimony
- **416** – Migrant worker remittances (excluding compensation)
- **417** – Foreign national contract worker remittances (excluding compensation)
- **418** – Value transfer services (only for 2019 onwards, and only for outflows – previously unallocated).

Formal remittances: Total Rand Values in Millions (2016 – 2024)

Source: SARB dataset

Outflows to large SADC markets

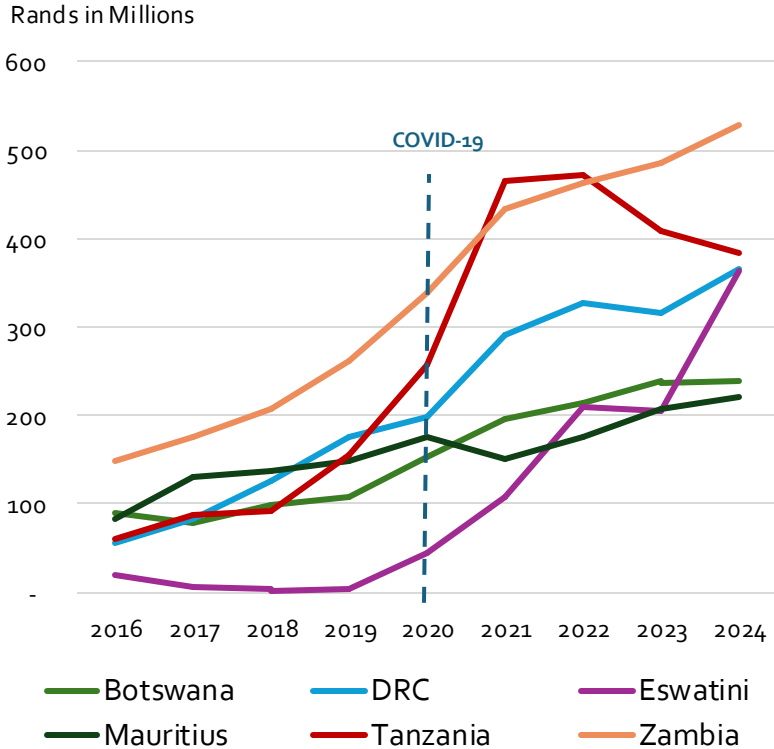


Growth in overall market – ZAR6billion in 2016 to ZAR 19 billion in 2024

Increase in migrancy into SA

Improvements in BOP data management by the SARB

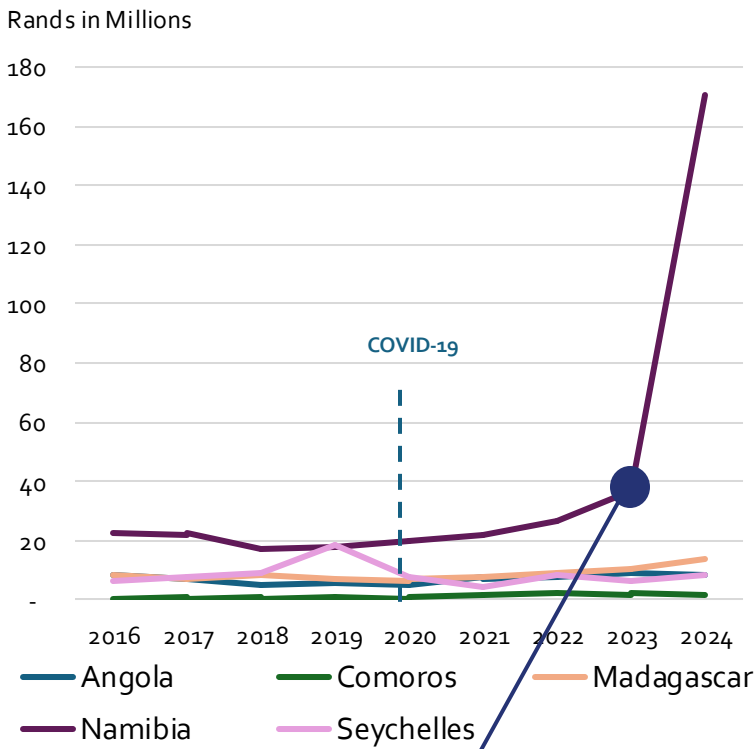
Outflows to intermediate SADC markets



COVID-19 triggered significant growth in these markets in 2020: Lesotho (60%), Malawi (9%), Mozambique (151%) and Zimbabwe (85%).

However, post-pandemic, these markets diverged. Lesotho and Zimbabwe maintained a growth trajectory; Malawi declined 49% from the 2021 peak; and Mozambique decreased 36% from the 2022 high.

Outflows to the smallest SADC markets



Growth in Namibian remittances:

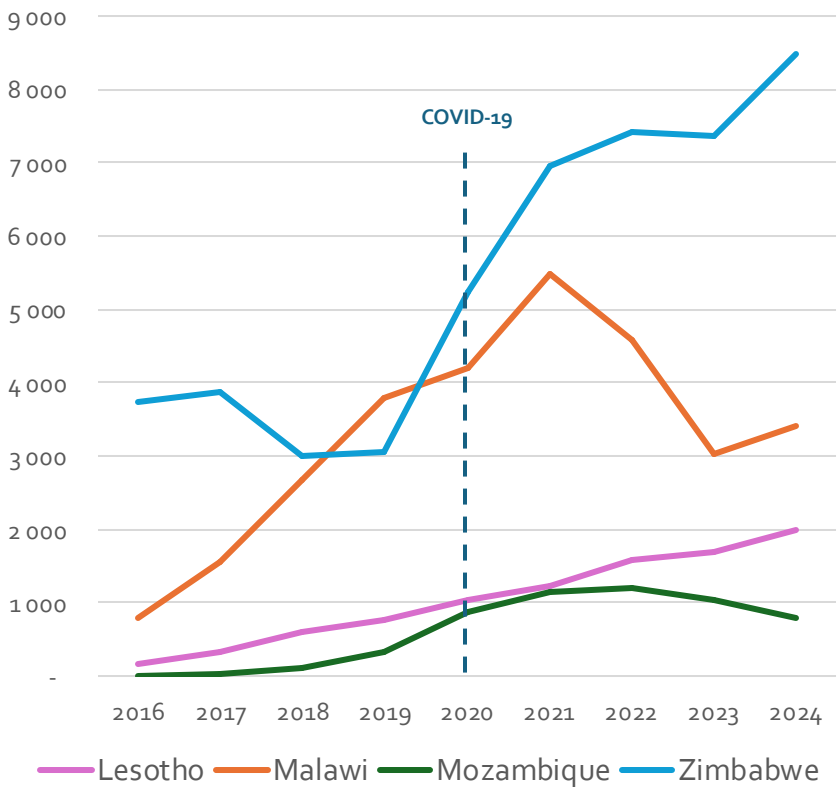
In the 2023-2024 year, Namibia received 22,000 transactions worth over R170 million.

Outflows increased by 105.26% in October 2024 alone, aligned with CMA decoupling.

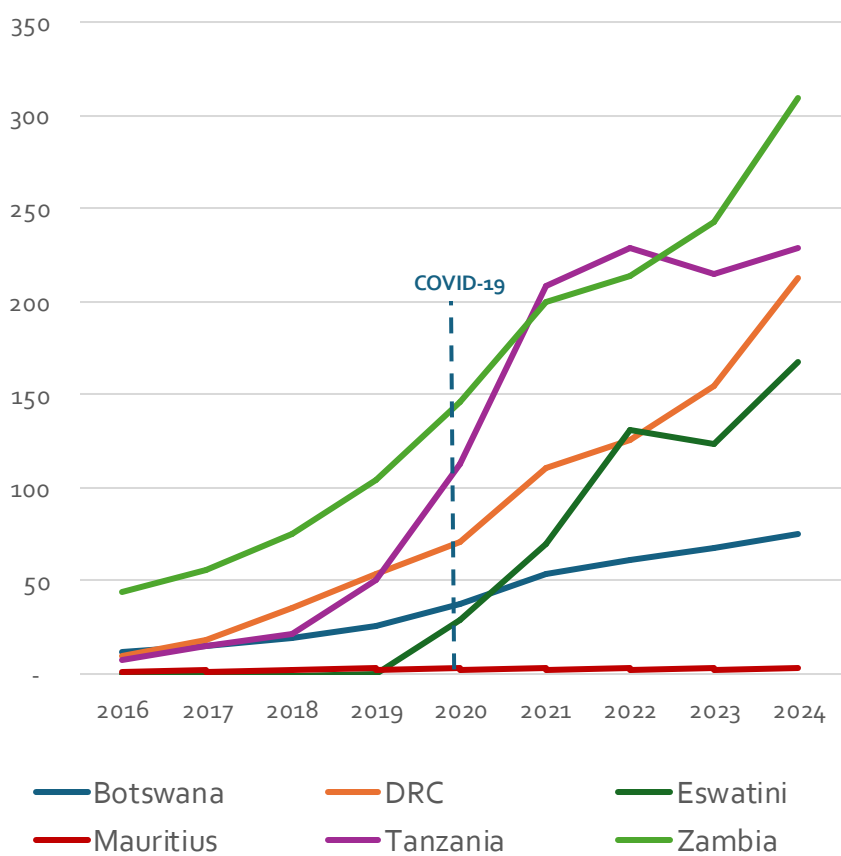
Formal remittances: Total Volume in Thousands (2016 – 2024)

Source: SARB dataset

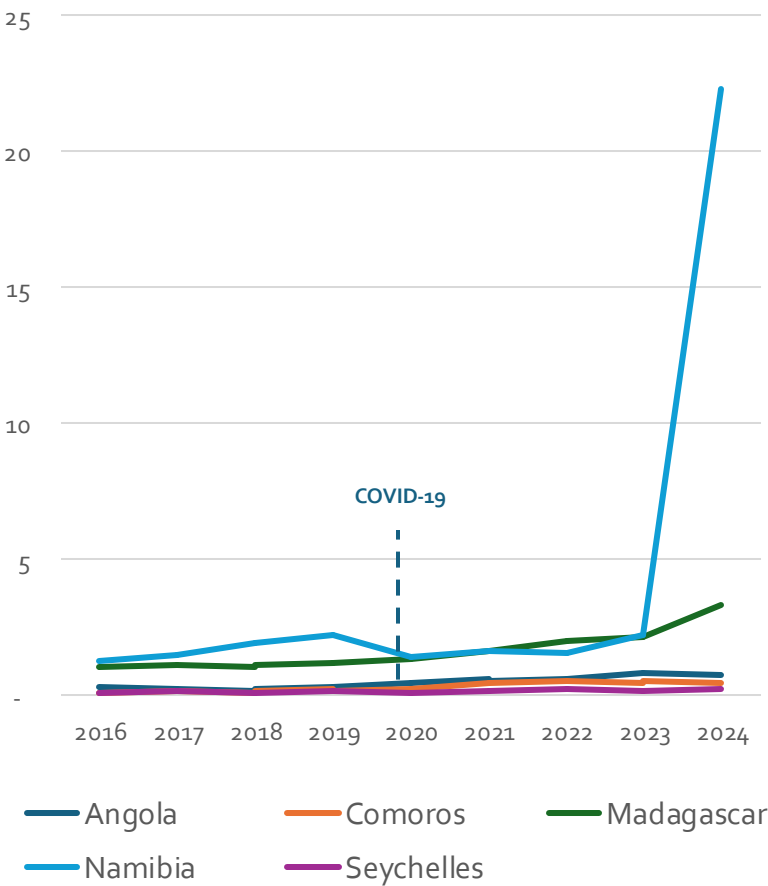
Outflows to large SADC markets



Outflows to intermediate SADC markets



Outflows to small SADC markets



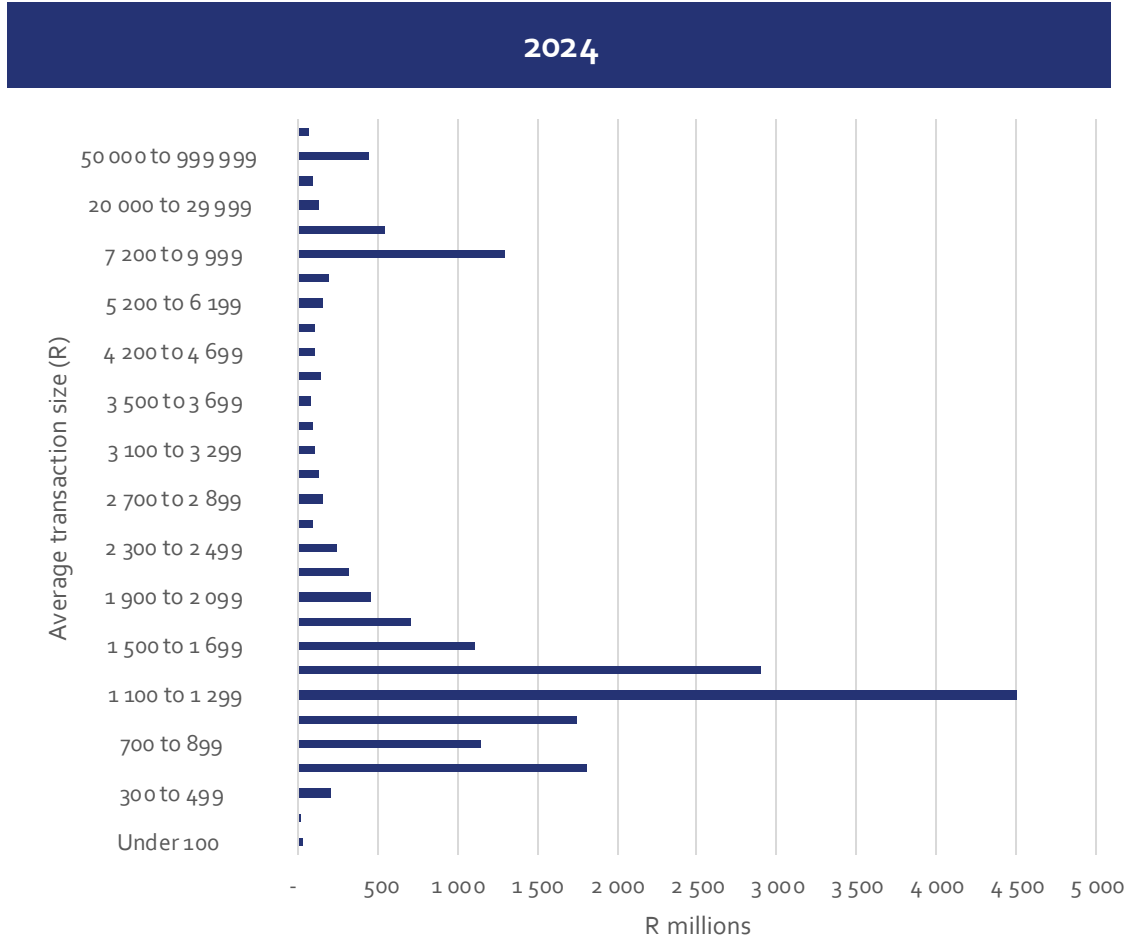
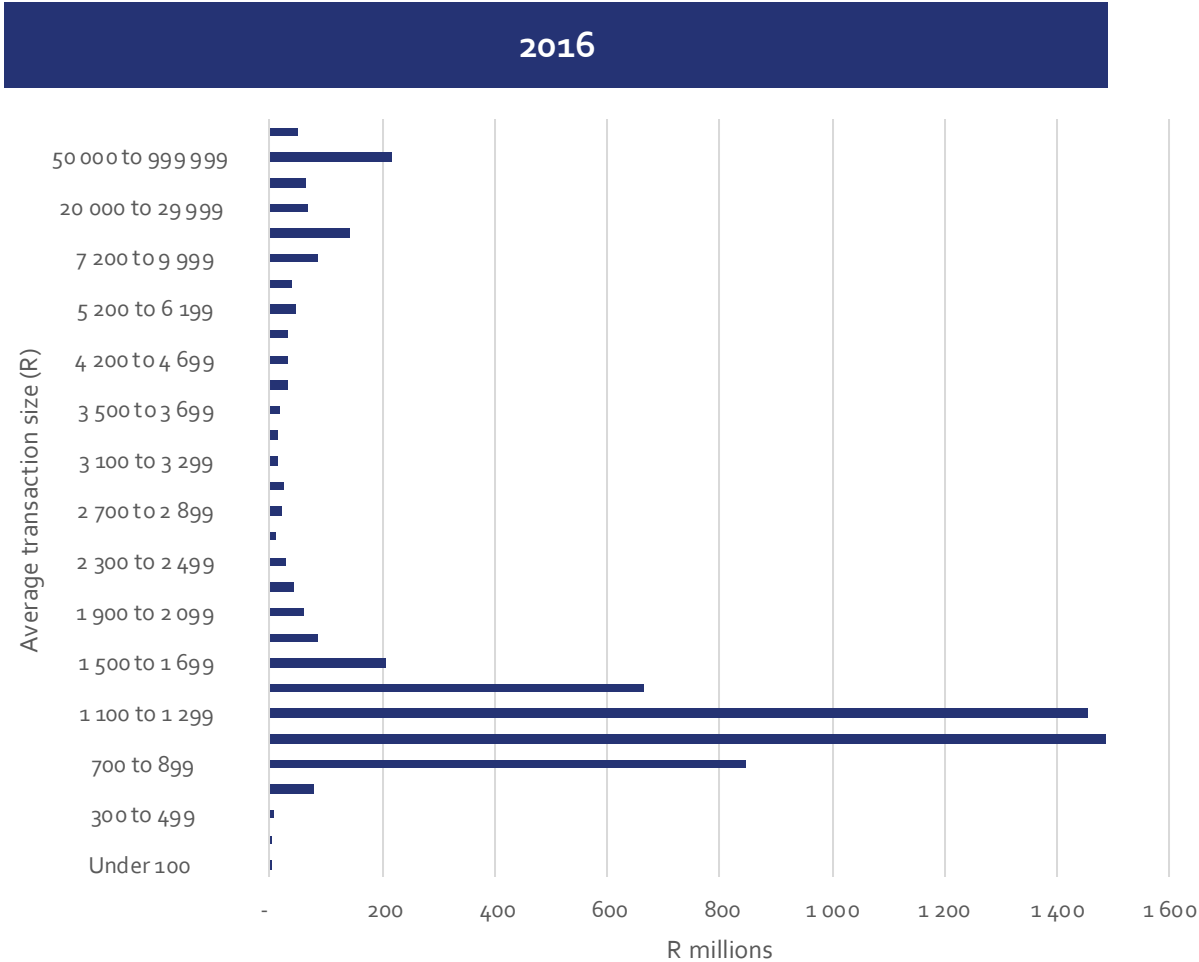
Growth in overall market: 4.7 million in 2016 to 15.6 million in 2024

Volumes and Values have similar trends overall although Tanzania vol continue to increase with declining values

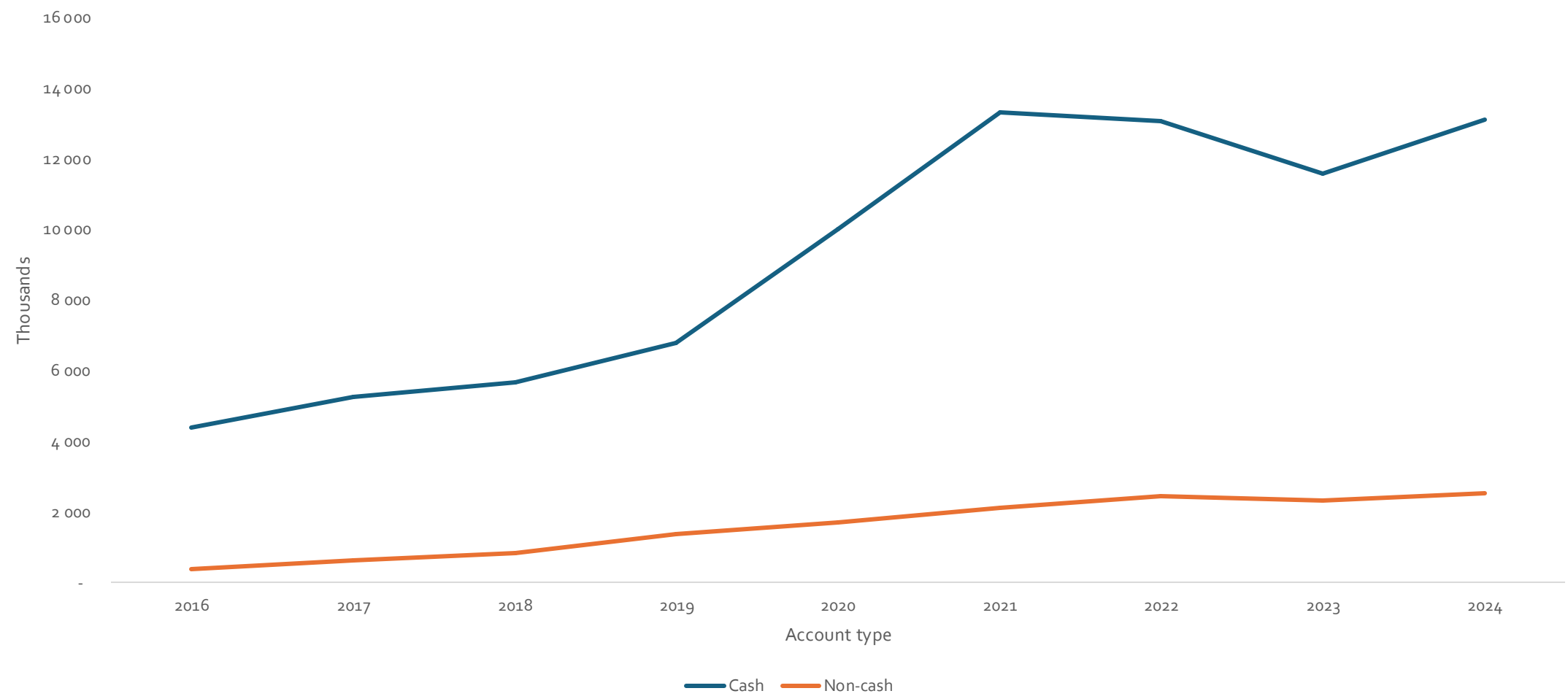
Formal remittance:

Average transaction size South Africa – SADC (2016 & 2024)

Average transaction sizes declining showing financial inclusion



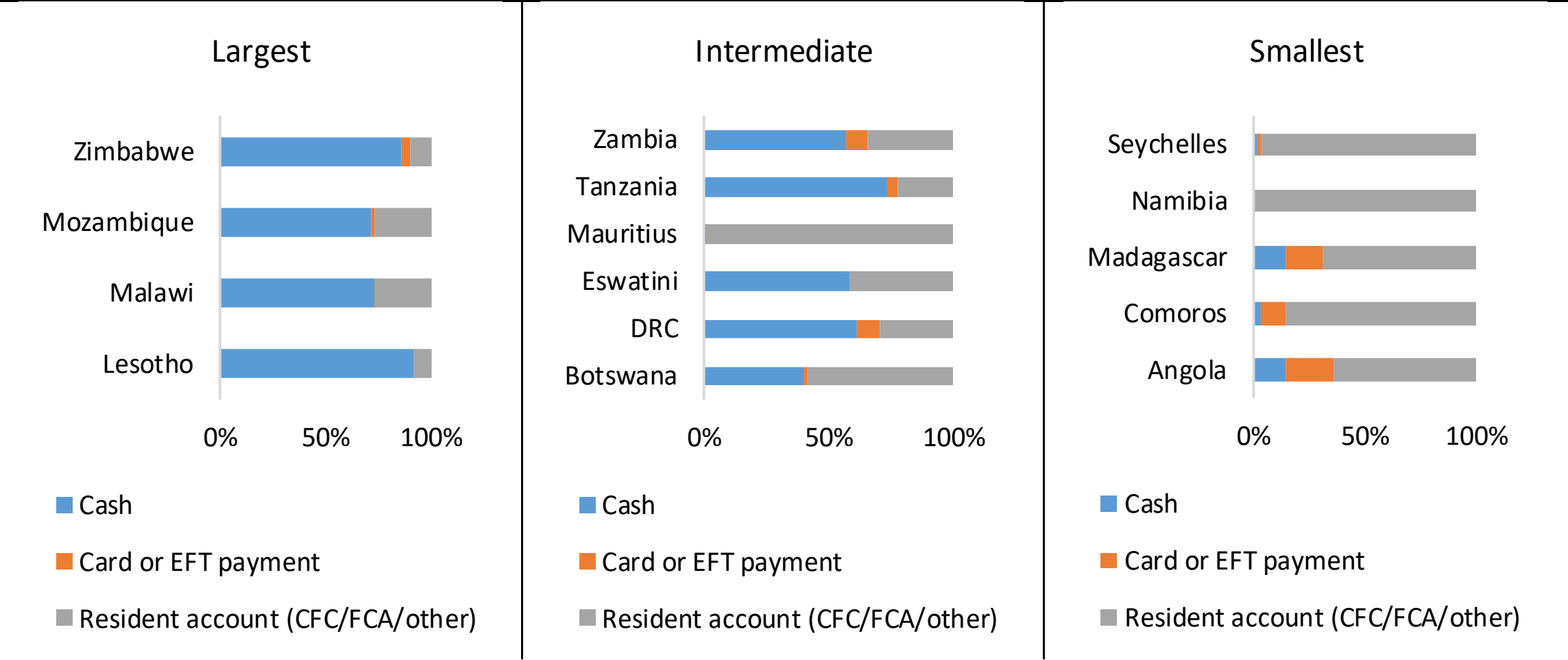
Formal remittances: Total volumes (2016 – 2024), by account type (cash vs digital) [thousands]



Source: SARB dataset

First-mile digitisation: South Africa – outbound volumes 2024 (cash/EFT/card)

Large corridors cash, proximity effects influence use of cash



Informal remittance market

Focus group research insights – what drives the shift to formal markets?

First-mile observation: Participants described clear transitions from informal to formal methods, driven by negative experiences with informal agents. Trust in formal channels was strongly tied to effective customer recourse and transparent problem resolution.

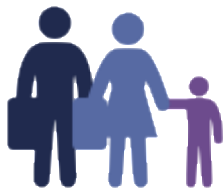
Grey markets: Emerging digitalisation of informal remittances, particularly involving Mozambican mobile wallets and agent networks, creates regulatory grey areas that require further investigation.

Estimated informal to be ZAR11 billion in 2021 compared to 3.4 billion in 2024

SADC MIGRANTS

3.9 million

Estimated total population in South Africa, with **89%** undocumented



LARGEST POPULATIONS

1.8 million

Zimbabwe
(90% undocumented)

696k

Malawi
(99% undocumented)

631k

Mozambique
(86% undocumented)



INFORMAL MARKET SIZE

3.4 billion

Annually

17%

of formal market size

Based on **45%** of migrants remitting



Methodological note: Informal market estimates likely understate true size. Malawi's R2 billion formal decline since 2021 alone suggests significant informal switching not captured in base estimates.

Migrant profiles

- **Documented migrants (those with the right to work and refugees)** – price sensitive, aware of options (bank, non-bank and informal), consideration for how the recipient will get the money – likely to have access to banks, unless permit has expired.
- **Undocumented migrants and tourists (those with no right to work)** – have no banking option due to KYC requirements, typically use non-bank and informal only, and recipients are likely to use mobile money.
- **Migrants can be diaspora traders**
 - Receive goods to sell, then repatriate or receive funds to buy and organise logistics to get goods back into SADC countries.
 - Due to circumstances in South Africa and access limitations, **low-level cross-border trade is carried out via non-bank remittance rails. Therefore, volume and value include trade information in addition to remittances.**

Migrants are also using mobile money apps that operate across borders, so no funds physically cross the border.

- Increase in remitting females, from **29% in 2016 to 35% in 2024**, driven, in part, by the outflows to Zimbabwe and Lesotho corridors – implying an increase in female migrants from these countries.

A network diagram on a blue background. It features several circular nodes, each containing a stylized person icon. These nodes are interconnected by a web of thin, light blue lines. The background also shows faint, overlapping images of people in business attire, suggesting a professional or financial context. The overall aesthetic is modern and technological.

Remittance Pricing

Overview of approach

- The approach relied on a combination of mystery shopping and desktop-based research to address the research objectives. Service levels could not be assessed without undertaking real transactions; therefore, a sample of transactions across all AD and ADLA license types and all country pairs was undertaken.
- Cost based on exchange rate margins and direct fees
- Corridor level average pricing weighted by service provider license categories, which also separates banks from non-banks based on the value of remittance across these categories.
- The regional pricing is weighted according to values across all the South Africa-SADC corridors based on proportions.

Findings on exchange rate margins and direct fees

- Exchange rate margins increased from **2.01% in 2021 to 2.50% in 2024** (excluding Malawi). Without four additional providers in the sample, margins **actually decreased to 1.90%**.
- Non-bank providers show variation.
- **CMA countries experienced unexpected margin increases** despite shared currency mechanisms.
- **Angola (7.78%), Seychelles (7.61%) and Comoros (3.63%)** show the highest margins, likely due to lower trading volumes and liquidity constraints.
- **Malawi** results **show strongly negative margins** – as RSPs sampled offered consumers an ER which deviated from the official ER
- Remittance providers generally **increased direct fees between 2021-2024**, especially for smaller transactions, except for DRC, Madagascar, Botswana, Seychelles and Tanzania

Remittance price outcomes **USD\$55**: Total remittance costs – weighted

	AD	ADLA CAT 2	ADLA CAT 3	ADLA CAT 4	Weighted Average 2024	Weighted Average 2021	Weighted Average 2024 Comparable
USD\$ 55							
Angola	28.44%		9.17%		25.93%	n/a	25.93%
Botswana	28.41%	9.77%	5.03%	5.38%	22.97%	37.4%	22.60%
Comoros	14.12%				11.58%	n/a	11.66%
DRC	35.48%	7.52%	5.83%	10.32%	19.23%	21.1%	19.07%
Eswatini	3.02%	10.02%	12.83%		7.97%	1.6%	7.96%
Lesotho	3.01%	10.00%	10.20%	2.51%	7.54%	3.8%	6.97%
Madagascar	27.23%		5.18%	8.03%	22.43%	39.9%	22.43%
Malawi	13.39%	-39.78%	-51.50%	-13.37%	-33.75%	9.0%	-34.04%
Mauritius	21.13%	0.00%			20.98%	n/a	20.98%
Mozambique	22.60%	6.26%	5.58%	5.83%	6.76%	8.4%	6.59%
Namibia	10.75%	14.62%			10.68%	0.1%	12.44%
Seychelles	20.86%	0.00%			20.65%	34.6%	20.71%
Tanzania	23.66%	5.87%	3.34%	8.88%	11.52%	15.3%	11.58%
Zambia	18.96%	9.15%	5.33%	9.45%	13.41%	22.3%	24.82%
Zimbabwe	31.34%	7.91%	7.17%	9.56%	8.76%	9.2%	6.64%

Note:

- Weights reflect proportion of remittances, by value, sent through each license type
- Due to data limitations, we have used the same proportions of remittance outflows by licence type as in 2020

- **Malawi is observed as an outlier** – most likely a consequence of the country's recent currency crisis and prevalence of the black market for foreign exchange.
- **Pricing is dropping** across most corridors
- **Price is increasing** in several corridors – Eswatini, Lesotho, Namibia (likely due to the change in CMA regulations) and Zimbabwe.
- Customers likely to take the cheapest product

Remittance price outcomes **USD200**: Total remittance costs – weighted

	AD	ADLA CAT 2	ADLA CAT 3	ADLA CAT 4	Weighted Average 2024	Weighted Average 2021	Weighted Average 2024 Comparable
USD\$ 200							
Angola	9.98%		9.17%		9.12%	n/a	9.12%
Botswana	9.16%	8.21%	4.86%	4.88%	8.78%	14.5%	8.38%
Comoros	5.22%				4.28%	n/a	4.36%
DRC	10.25%	4.19%	5.83%	5.38%	6.86%	7.9%	2.91%
Eswatini	0.83%	10.01%	12.33%		6.65%	0.6%	6.65%
Lesotho	0.83%	10.00%	10.12%	2.50%	6.72%	3.0%	6.13%
Madagascar	7.74%		5.09%	8.17%	6.50%	12.8%	6.55%
Malawi	3.70%	-38.54%	-51.50%	-19.83%	-34.23%	8.0%	-34.18%
Mauritius	8.32%	0.00%			8.26%	n/a	0.00%
Mozambique	6.55%	5.68%	5.63%	4.86%	5.15%	7.2%	6.67%
Namibia	3.13%	12.27%			3.31%	0.1%	3.17%
Seychelles	8.10%	0.00%			8.02%	10.9%	0.00%
Tanzania	9.94%	4.18%	3.28%	6.27%	6.75%	9.0%	6.81%
Zambia	7.03%	8.89%	5.41%	7.43%	7.90%	9.7%	8.52%
Zimbabwe	9.06%	8.63%	7.17%	9.03%	8.63%	7.1%	8.32%

• **Malawi is observed as an outlier** – most likely a consequence of the country's recent currency crisis and prevalence of the black market for foreign exchange.

• **DRC** met the UN SDG Target of 3% or less

• **Pricing is dropping** across most corridors

• **Price is increasing** in several corridors – Eswatini, Lesotho, Namibia (likely due to change in CMA regulations) and Zimbabwe.

Note:

- Weights reflect proportion of remittances, by value, sent through each license type
- Due to data limitations, we have used the same proportions of remittance outflows by licence type as in 2020

Remittance price outcomes: Total remittance costs – weighted

The LMZ grouping (Lesotho, Mozambique, Zimbabwe): Mozambique and Zimbabwe have falling costs. Lesotho’s increase lifts the overall price.

Minor progress in non-CMA countries, particularly due to competitive pricing from ADLA providers, while CMA costs have seen increases.

Remittance prices in other regions:

- South Asia: 5.01%
- Latin America and Caribbean: 6.19%
- Middle East and North Africa: 6.45%
- Europe and Central Asia: 7.33%

Regional average prices 2024, weighted by licence categories (bank vs non-bank) and then by country

	USD55		USD200	
	2024	2021	2024	2021
Average prices, weighted by country size				
SADC total	4.7%	9.6%	3.5%	7.2%
SADC total excel Malawi	9.3%	7.2%	8.0%	4.9%
SADC total, excel Malawi & CMA	9.6%	10.2%	8.3%	7.6%
CMA only	7.8%	2.9%	6.5%	2.9%
LMZ*	8.5%		8.1%	
LMMZ**	3.8%	8.5%	3.4%	7.0%

Source: World Bank (2024). Remittance Prices Worldwide Quarterly Issue

*Note: LMZ grouping consists of Lesotho, Mozambique and Zimbabwe. Malawi is excluded to showcase undistorted results. 2021 comparison for this grouping is unavailable.

**Note: LMMZ grouping consists of Lesotho, Mozambique, Malawi and Zimbabwe for comparison against 2021 results.



Speed and Transparency

Remittance speed

- **G20 goal - Ensuring that 75% of retail cross-border payments are credited to recipients within one hour, and the remainder within one business day.**
- ADLAs outperform ADs in transaction speed, with most completing within 24 hours
- Best performers include DRC, Eswatini and Lesotho (24 hours or less for both channels)
- Problem areas are evident for Madagascar (ADs take over 72 hours) and Namibia (ADs take 48-72 hours)
- This could imply that ADLAs' speed advantage likely drives consumer preference over traditional banks.

	ADs	ADLAs
Angola	1 X Within 24 hrs	2 X Within 24 hrs
Botswana	1 X Between 24 hrs – 48 hrs	2 X Within 24 hours 1 X Between 24 hrs – 48 hrs
Comoros	1 X More than 72 hrs	2 X Within 24 hours
DRC	1 X Within 24 hrs	3 X Within 24 hours
Eswatini	2 X Within 24 hrs	2 X Within 24 hours 1 X Between 24 hrs – 48 hrs
Lesotho	1 X Within 24 hrs	3 X Within 24 hours 1 X Between 24 hrs – 48 hrs
Madagascar	1 X More than 72 hrs (27 days)	2 X Within 24 hours 1 X Between 24 hrs – 48 hrs
Malawi	1 X Between 24 hrs – 48 hrs 1 X More than 72 hours	5 X Within 24 hours
Mauritius	1 X More than 72 hrs	2 X Between 24 hrs – 48 hrs
Mozambique	2 X More than 72 hrs	2 X Within 24 hours 1 X Between 24 hrs – 48 hrs 1 X More than 72 hrs
Namibia	1 X Between 48 hrs – 72 hrs 1 X More than 72 hrs	1 X Between 24 hrs – 48 hrs
Seychelles	1 X More than 72 hrs	1 X Between 24 hrs – 48 hrs 1 X More than 72 hrs
Tanzania	1 X Within 24 hours 1 X More than 72 hours	3 X Within 24 hours
Zambia	N/A	4 X Within 24 hours
Zimbabwe	1 X Within 24 hours	4 X Within 24 hours 1 X Between 24 hrs – 48 hrs

Remittance transparency



Service quality for ADs

- Some banks exhibited **problematic pricing disclosure strategies**, revealing commission fees only in advanced stages of payment processing, potentially creating significant user confusion and reducing transaction transparency.
- One bank encountered operational challenges, including:
 - A **complete transaction failure** in Zimbabwe due to correspondent banking relationship complications.
 - **Mandatory in-branch processing** requirements for **CMA** country transfers.



Service quality for ADLAs

- None of the ADLAs charged additional fees beyond the amount quoted to the sender, nor were any fees applied to recipients.
- Fees were consistently transparent.
- **Challenges:**
 - One ADLA in Botswana: Inability to locate recipient branch
 - Compliance team flagged and banned a team member from using services
 - Minimum transfer of R500 for some countries.

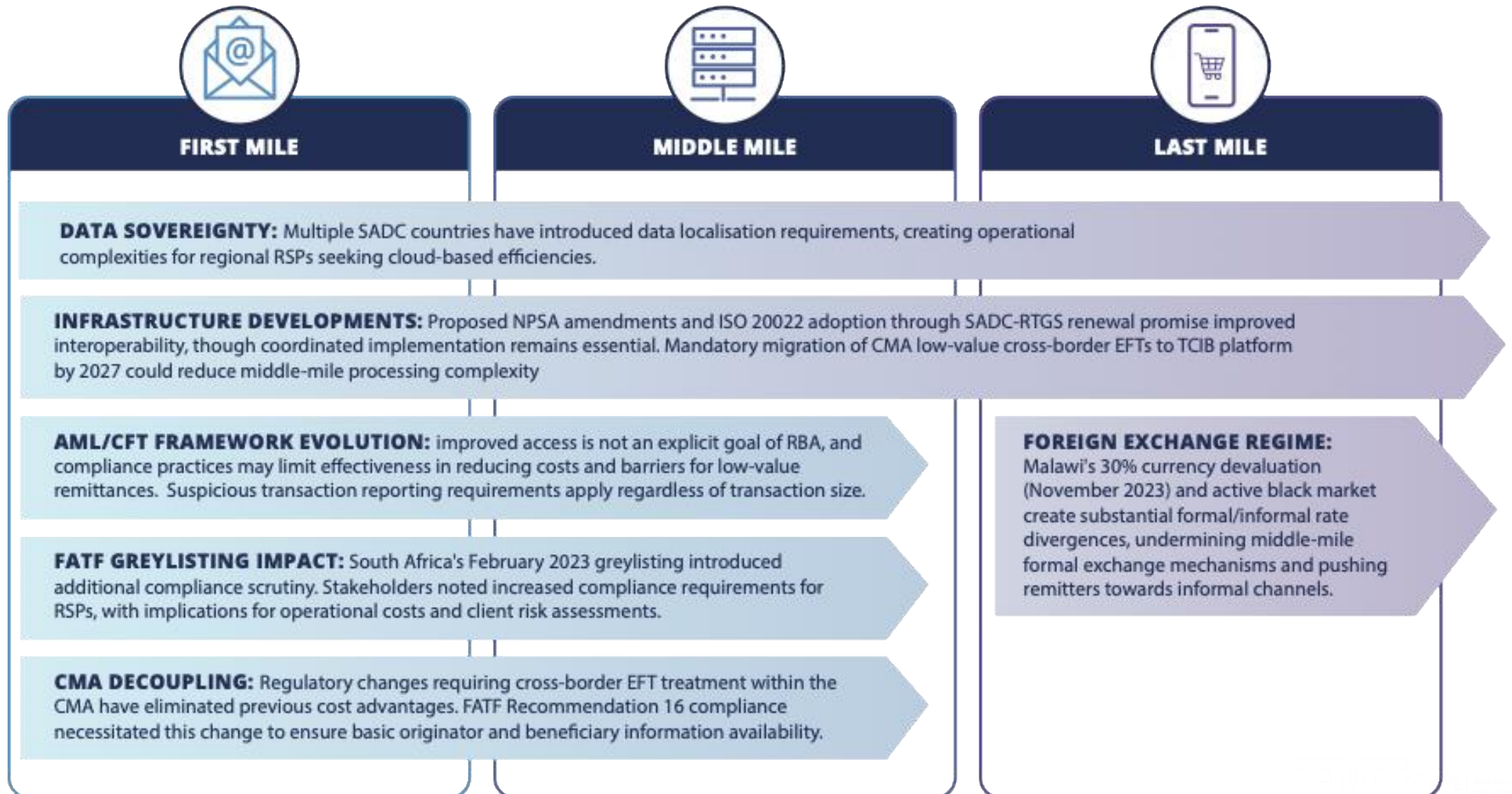


Account opening

- **Digital registration methods generally proved efficient**, with most providers offering streamlined onboarding processes taking 10-24 hours.
- One ADLA encountered significant digital registration challenges, including **repeated document upload failures** and **prolonged registration processes taking up to 22 days**.
- Branch-based registrations introduced complexities like **variable wait times** and **potential exchange rate fluctuations** during the registration process.

Regulatory Trends

Key regulatory trends



Remittance Provider Trends

Service provider trends

First mile expansion

Licensed providers increased from **48 to 55** between 2021 and 2024 (with Category 3 ADLA representing the most increases) – indicating continued market expansion and diversification

- **Digital transformation accelerated post-COVID**, with providers launching WhatsApp channels, proprietary apps and integrated financial services.
- More providers mean competitive pricing for senders, but ADLA Category 3 doubling indicates focus on smaller transaction sizes (R5,000 daily limit).
- Established providers face margin pressure from new entrants, particularly in the Zimbabwe corridor, where competition is intensifying.

Market partnership trends

Several acquisitions and partnerships have formed since 2021 –

- These partnerships primarily **address sending-side inefficiencies** rather than recipient-country challenges.

Identity verification integration:

- Some providers have **integrated with the South African DHA National Population Register** for real-time identity authentication.
- **Incorporation of biometric verification through DHA** to enhance security and mitigate fraud risks.
- Ongoing pilots for regional integration between ADLAs and digital population registries in Lesotho, Zimbabwe and Malawi.

Potential market disruptors

Blockchain and cryptocurrency integration

- Stablecoins present opportunities for **middle-mile settlement**, though regulatory frameworks remain underdeveloped.
- **SARB's Project Dunbar (2021-2022)** demonstrated the technical feasibility of CBDC platforms, though implementation timelines remain uncertain.

Regional payment innovation –

- PAPSS aims to enable direct currency exchanges between African nations, reducing USD dependency and foreign exchange costs.

Summary of Findings



Summary of findings

Summary	Possible interventions
Underestimation of informal remittances (Access)	More investment in demand side surveys to capture evolution of migrancy and use of informal
Trade data hidden in remittance data (Access/usage)	Provide ADLAs with dedicated BOP code for cross border trade
CMA decoupling from SA NPS led to increase cost (Cost)	Impact assessment of changes in policy and law required
Increase in cash-based remittances	<ul style="list-style-type: none"> • Develop policy on registering informal MTOs/Hawalas • ADLA partnerships with non-banks that offer digital wallets • Improve digital financial ecosystems especially merchant payments in domestic markets and cross-border transactions can be influenced • Improve cross border eKYC mechanisms so migrants meet criteria to access wallets/accounts
Cost function of ADLAs is in first and last mile – cash handling, CICO networks	<ul style="list-style-type: none"> • Interventions to digitise first mile
Retail model remittance in Eswatini and Lesotho through Shoprite cheapest and driving volumes	Consider digital last mile options but dependent on commercial incentives/agreements
Low adoption of TCIB	Allow non-banks to participate in national switch and link switch to TCIB
ADLAs have more instant services compared to ADs due to correspondence banking relationships (speed)	<ul style="list-style-type: none"> • Increase use of regional settlement system relative to correspondence banking
ADs and ADLAs equally transparent but some ADs can be less transparent on Ts&Cs (Transparency)	<p>ADs to provide more detailed recon of cross border transactions</p> <p>Adopt responsible finance principles – transparency, understandable info</p>

Thank you

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Panel discussion



Moderator

Damola Owolade
Head: SADC FI
FinMark Trust



Panellist

Arif Ismail
Incoming Head: National
Payment System
Department
South African Reserve
Bank



Panellist

Mothetsi Sekoati
Director of Payments and
Settlements
Central Bank of Lesotho



Panellist

Adri Potgieter
Acting Divisional Head
South African Reserve
Bank



Panellist

Nikki Kettles
Executive: Licences and
Payments Regulations
Mukuru

Question and answer session



Want to ask the speaker or panel a question?
Use the QR code above to send in your question.
It will be answered during the Q&A session.

Wrap-up and closing remarks

Brendan Pearce

Chief Executive Officer
FinMark Trust



Thank you



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