

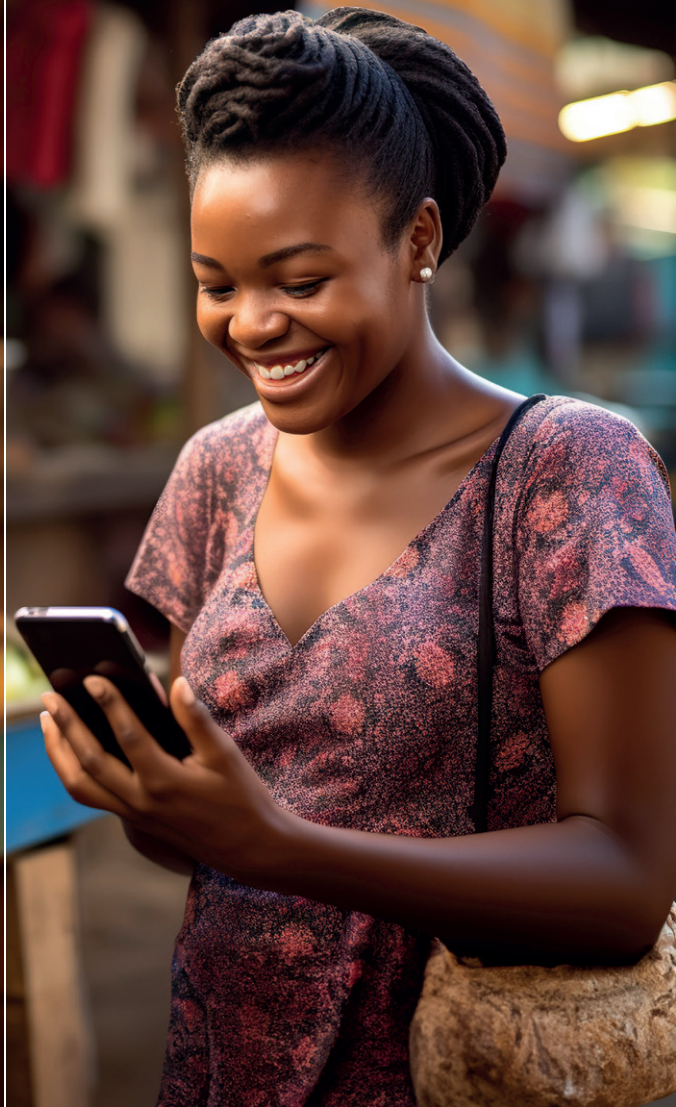
Women's Roles in Cross-border Remittances

*A Study on South Africa's
Corridors to Malawi,
Mozambique and Zimbabwe.*

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Introduction

Cross-border migrant remittances are crucial for supporting households across the Southern African Development Community (SADC). Despite their significant benefits, there's a notable gap in examining gender dynamics within this framework. This oversight impacts the experiences and well-being of both migrants and recipients, as well as the broader developmental outcomes of these financial transfers.

South Africa is a major destination for SADC migrants, due in part to its relatively strong economy, and established educational institutions. However, with a growing number of female migrants, a more nuanced understanding of gender dynamics within this migration trend is crucial.

This diagnostic study focuses on key corridors for cross-border remittances to deepen our understanding of women's roles in this financial activity. The study aims to support the development of gender-specific programmes that enhance financial capabilities and inclusion for women in the following corridors:

- South Africa-Malawi
- South Africa-Mozambique
- South Africa-Zimbabwe.



Remittance market size

Malawi, Mozambique and Zimbabwe receive significant remittance outflows from South Africa. According to a 2019 estimate, the SADC migrant population in South Africa surpassed 3.7 million, with over half originating from Mozambique, Zimbabwe, and Malawi.

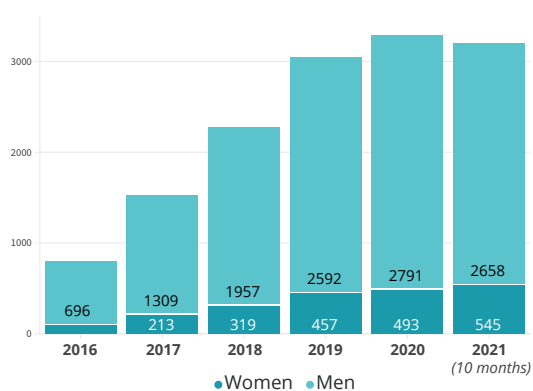
Data reveals a growing feminisation of migration into South Africa from neighbouring SADC countries. Historically, migration was driven by men for temporary employment in sectors like mining. However, over the past three decades, there has been a notable reduction in the gender disparity among migrants – especially young adults aged 20 to 34 years. This shift reflects broader motivations for migration, including employment opportunities, education, and assuming leadership roles within families. Female migrants, however, often encounter greater challenges and limitations than their male counterparts.

Formal remittance data

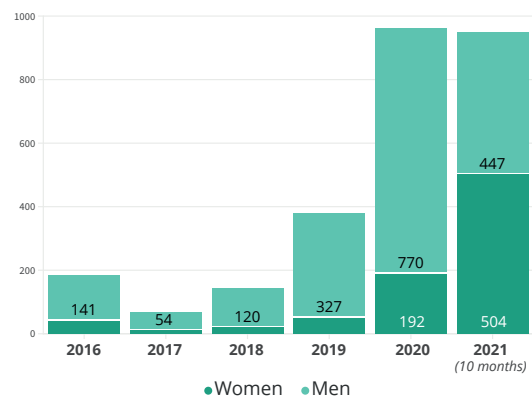
Data from the South African Reserve Bank (SARB) highlights the growing importance of women as remittance senders, evidenced by the total formal remittance outflows from South Africa and the proportion sent by females.

Values and proportion of remittances by gender

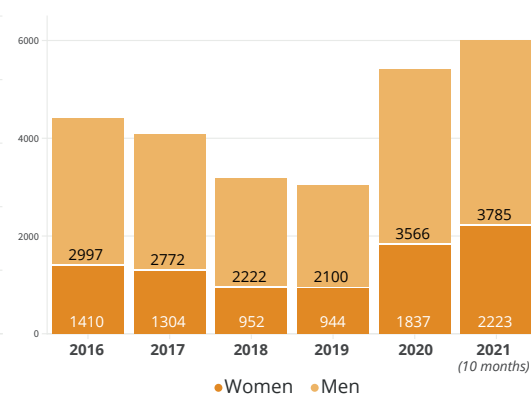
Malawi (Rmn)



Mozambique (Rmn)



Zimbabwe (Rmn)



Between 2016 and 2021, the contributions of Malawian and Zimbabwean women in formal remittances showed steady growth, while Mozambican women's contributions surged to 53% in 2021. Over time, market dynamics have shifted, influenced by regulatory changes in both origin and destination markets, particularly with the introduction of authorised dealer with limited authority (ADLA) licenses. These factors have catalysed growth in the Malawi, Mozambique, and Zimbabwe remittance markets, with women playing a key role in shaping this transformation.

The role of ADLA licenses

Authorised dealers (ADs) are less competitive in these markets, primarily due to pricing and service quality issues. The overall growth driven by ADLAs is particularly notable for women in Mozambique, showing the highest decline in the use of ADs. This suggests that ADLAs serve as substitutes, evident in the proportion of the outgoing remittance market served by ADs and based on the total value sent.

Proportion formal of outgoing remittance market served by ADs

	2016	2017	2018	2019	2020 - 9 months
Malawi					
Women	10.2%	4.6%	3.2%	2.5%	2.5%
Men	3.2%	1.8%	1.2%	1.0%	0.8%
Total	4.2%	8.1%	1.5%	1.2%	1.1%
Mozambique					
Women	80.2%	65.3%	48.8%	18.6%	8.9%
Men	82.4%	55.7%	28.9%	11.2%	4.2%
Total	96.0%	57.8%	32.4%	12.3%	4.9%
Zimbabwe					
Women	28.2%	23.7%	11.5%	5.0%	2.4%
Men	24.9%	20.2%	11.3%	6.5%	3.6%
Total	26.0%	21.3%	11.4%	6.0%	3.2%

Based on the reduction in average transaction sizes depicted in the table below, the market is becoming more inclusive as it appears poorer individuals are using formal remittances. In Malawi, competitive transaction prices prevail, with consistently larger transaction sizes observed among women. Conversely, in Zimbabwe, female transaction sizes tend to be smaller.

Average transaction size (ZAR)

	2016	2017	2018	2019	2020 - 9 months
Malawi					
Women	R1 108	R990	R894	R836	R824
Men	R1 008	R920	R852	R803	R791
Total	R1 021	R989	R858	R808	R795
Mozambique					
Women	R3 371	R2 129	R1 588	R1 290	R1 182
Men	R4 096	R1 908	R1 364	R1 167	R1 127
Total	R17 546	R1 952	R1 399	R1 184	R1 137
Zimbabwe					
Women	R1 118	R977	R989	R951	R971
Men	R1 215	R1 094	R1 099	R1 032	R1 059
Total	R1 183	R1 054	R1 063	R1 006	R1 029

Regulatory interventions

Innovations

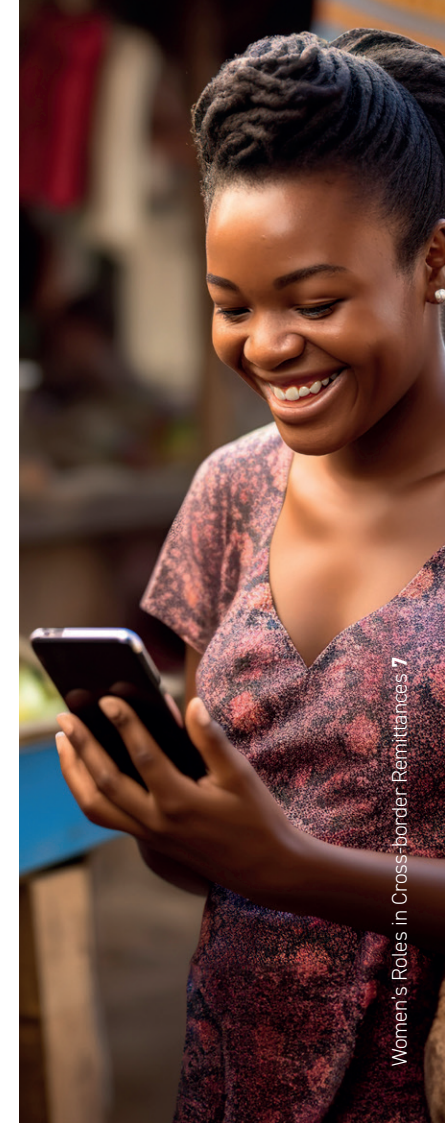
Introduced in 2010 under South African exchange control regulations, ADLA licenses allow holders to engage in foreign exchange transactions specifically linked to travel-related transactions and remittances, with transaction size caps. Both ADs and ADLAs operate within a regulatory framework that mandates daily reporting obligations. However, ADLAs benefit from a slightly relaxed requirement regarding the documentation of transaction purposes. This distinction impacts operational and transaction costs between ADs and ADLAs.

Innovations and market dynamics in Mozambique, Zimbabwe and Malawi

Mozambique, Zimbabwe and Malawi have witnessed significant regulatory innovations, leading to increased competition and growth within the remittance sector. These include the implementation of a fintech regulatory sandbox in Mozambique and the classification of ADLA categories in Zimbabwe, which aim to broaden access to financial services and promote competitive dynamism.

Risk-Based Approach to KYC/CDD across markets

ADLAs actively use the risk-based approach in forex markets, contrasting to ADs that are not as equipped for implementation. The adoption of a risk-based approach to know-your-customer (KYC) and customer due diligence (CDD) across these markets has facilitated easier access to remittance services for lower-risk customers. This approach enables a more nuanced KYC process, ultimately reducing costs and increasing service accessibility.



Gender and other regulatory issues in remittance markets

Across the corridors, there is a general trend of recognising the importance of gender in financial policies, yet effectively integrating and using gender-specific insights remains a persistent challenge.

South Africa

The introduction of 'An Inclusive Financial Sector for All' policy in November 2023 prioritises remittances as a tool for financial inclusion but lacks a specific focus on gender, overlooking the unique challenges faced by women migrants. South Africa's grey list status by the FATF could further limit women's access to formal remittance channels.

Malawi

Although Malawi's Gender Policy, established in 2015, and National Financial Inclusion Strategy (2016-2020) aim to integrate gender considerations, a lack of gender-disaggregated data impedes effective gender-specific regulatory impact assessments. Recent capital controls due to currency devaluation have pushed individuals towards informal remittance channels, increasing risks.

Mozambique

Mozambique demonstrates a commitment to gender equity, which is evident in its policies and strategic plans, although major laws affecting remittances currently lack gender acknowledgement. Efforts to collect gender-disaggregated data are underway to inform more inclusive remittance regulations.

Zimbabwe

Zimbabwe's financial inclusion strategy (2022-2026) explicitly highlights gender and remittances, promoting initiatives tailored to women's needs and advocating for the collection of sex-disaggregated data. However, focusing on remittance markets and using gender-specific data remains challenging.

With regulatory efforts to minimise financial sector burdens that have indirectly benefited women, challenges in implementing risk-based approaches and a lack of gender-focused integration in regulations highlight the need for more nuanced gender mainstreaming in financial inclusion strategies.

Gender neutrality/blindness

Policy reforms promoting gender equality often lean on gender-neutral policies. While these have advanced women's rights, they may overlook specific needs arising from gender-based inequalities. Positive action may be necessary to achieve the desired outcomes. In the remittance service industry, for example, gender-neutral implementation of KYC/CDD processes can disproportionately affect women due to limited access to formal documentation.

	Malawi household heads		Mozambique household heads		Zimbabwe household heads	
	Women	Men	Women	Men	Women	Men
National Registration Card or ID	91.9%	90.3%	50.2%	59.7%	95.6%	96.8%
Salary pay-slip	1.9%	5.8%	6.0%	9.1%	8.3%	15.6%
Title deed for the property	3.1%	4.8%	4.0%	4.0%	8.2%	10.3%
Birth certificate	2.3%	3.0%	43.2%	42.6%	74.9%	84.1%
Passport	2.8%	7.4%	5.4%	6.4%	27.3%	23.4%
Driver's license	1.4%	7.4%	3.6%	8.3%	7.1%	21.3%
Utility bill/proof of residence document	5.2%	7.5%	3.1%	5.1%	17.0%	17.5%

Source: DNA calculations using FinScope Consumer Surveys – Zimbabwe (2022); Malawi (2023); Mozambique (2019)

Research in Malawi, Mozambique and Zimbabwe highlights the gendered disparity in access to formal documentation. Additionally, gender norms and a lack of female agents can create unique challenges for women using remittance services. Complex recourse mechanisms further disadvantage women due to literacy gaps. Positive action is needed to bridge these gaps and ensure gender equality within the remittance service industry, reflecting a broader need for targeted policies to achieve true gender equality.

In-depth interviews method

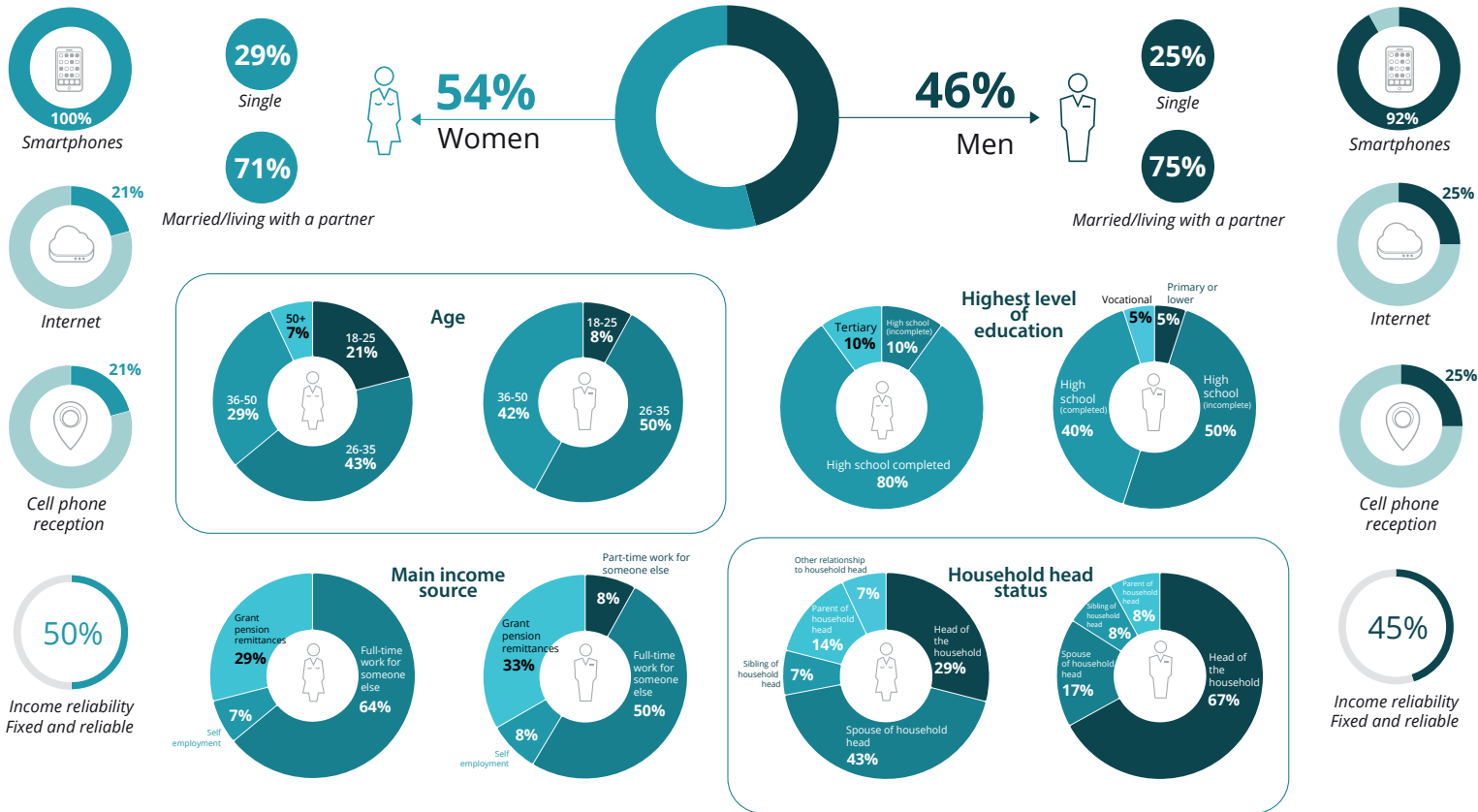
To gain deeper insights into the lived experiences of women, and men, who are sending and receiving remittances, we conducted 194 in-depth interviews with remittance senders and receivers in the South Africa to Malawi, South Africa to Mozambique and South Africa to Zimbabwe corridors. Mixed modes of contact were used with some respondents being reached telephonically and others in person.

	Malawi		Mozambique		Zimbabwe	
	Women	Men	Women	Men	Women	Men
Senders	14	12	10	20	18	13
Receivers	21	17	18	11	27	13
Total	64		59		71	

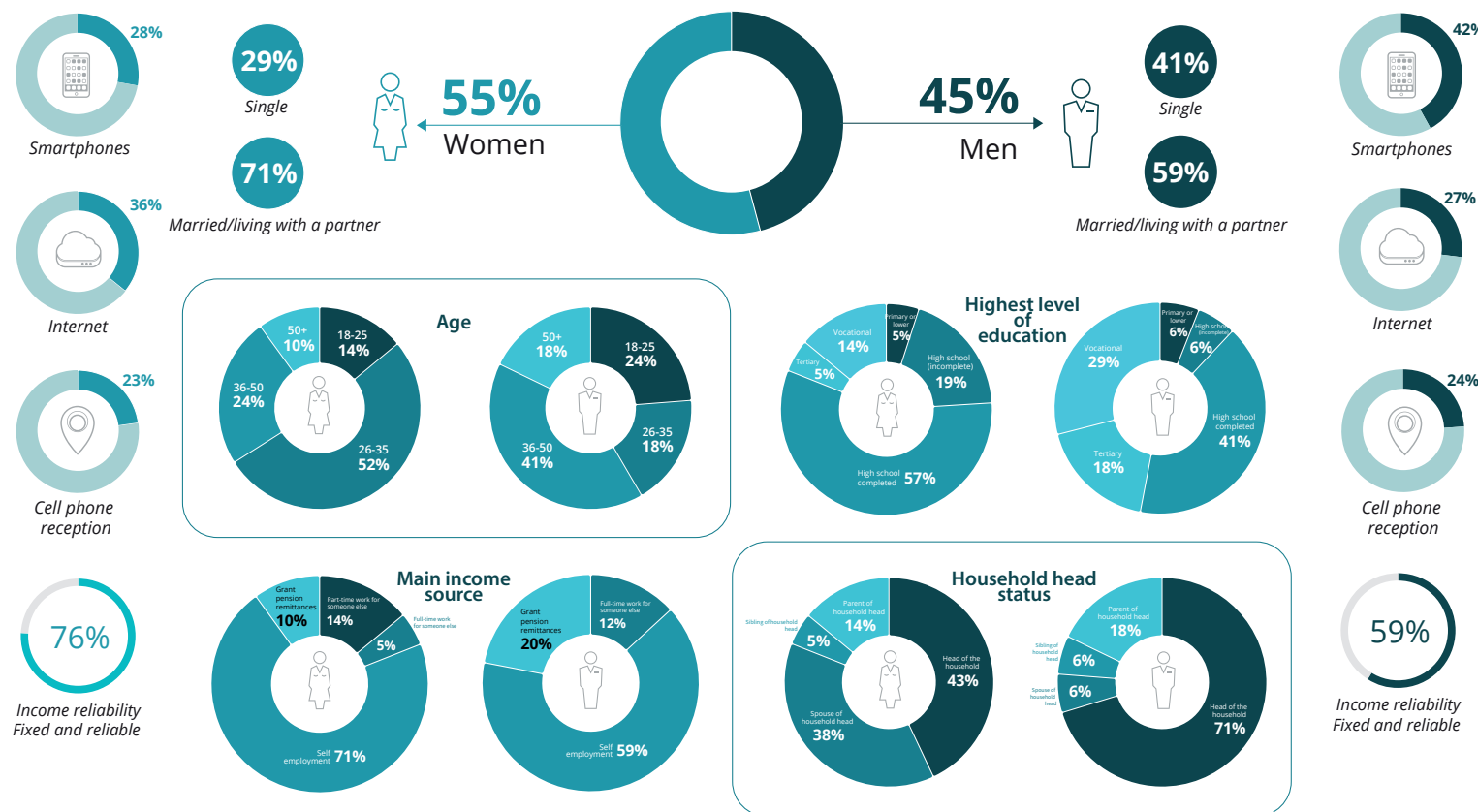
The pages that follow detail a demographic profile of the people we spoke to. While this sample does not represent all remittance senders and receivers in the three corridors, it provides a contextual lens through which we can view insights about the respondents.



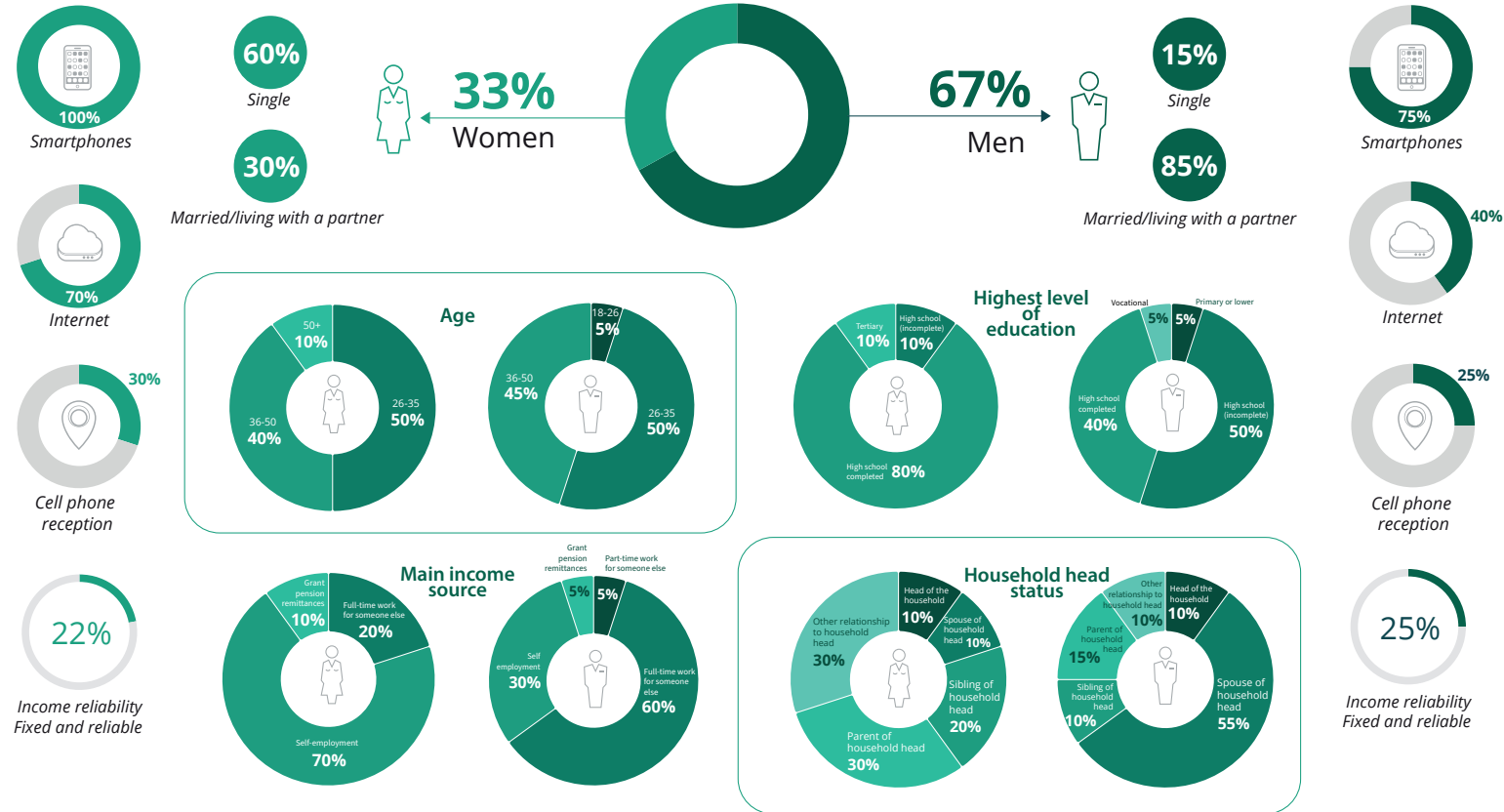
South Africa to Malawi senders



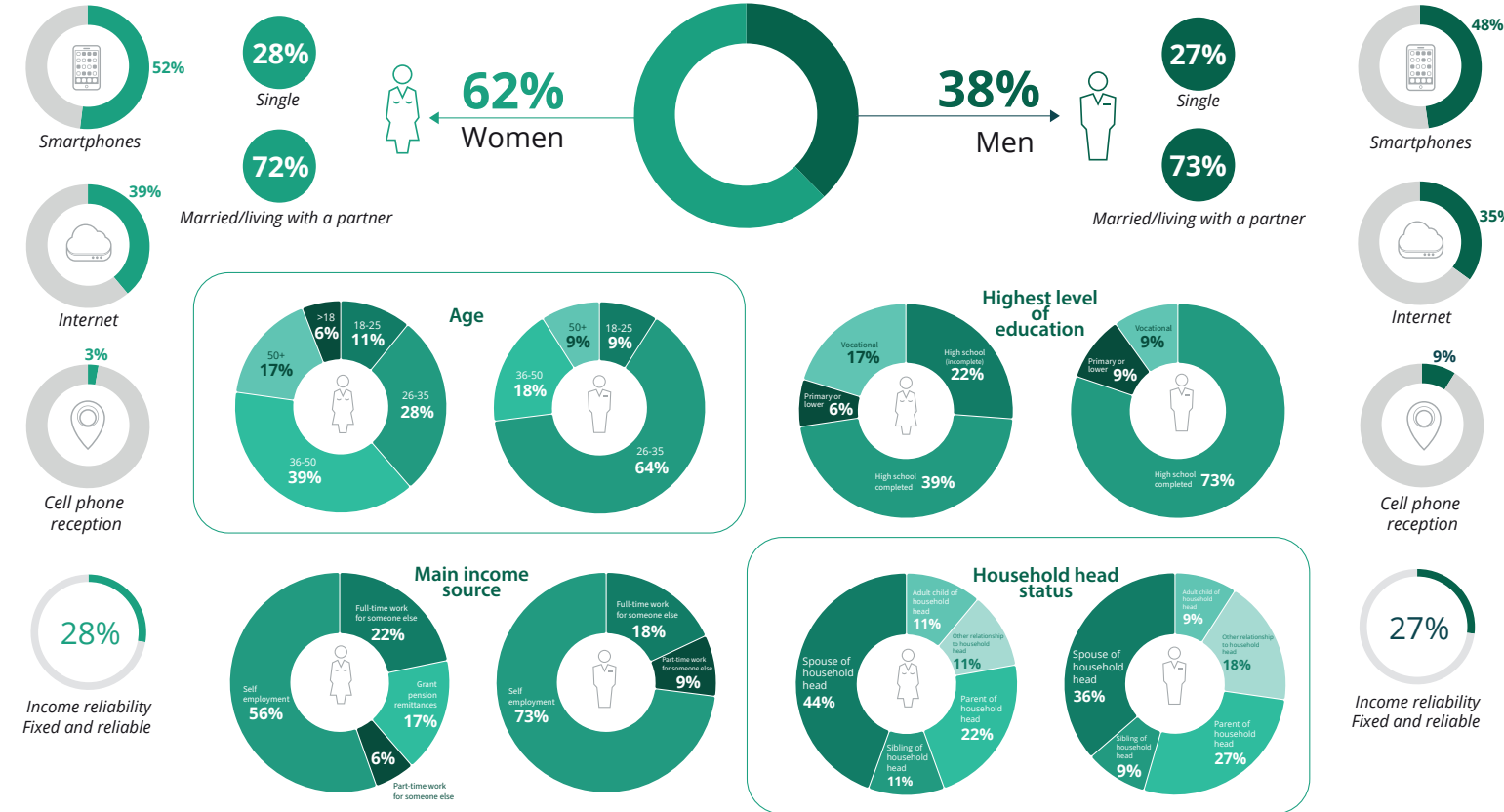
Malawi from South Africa receivers



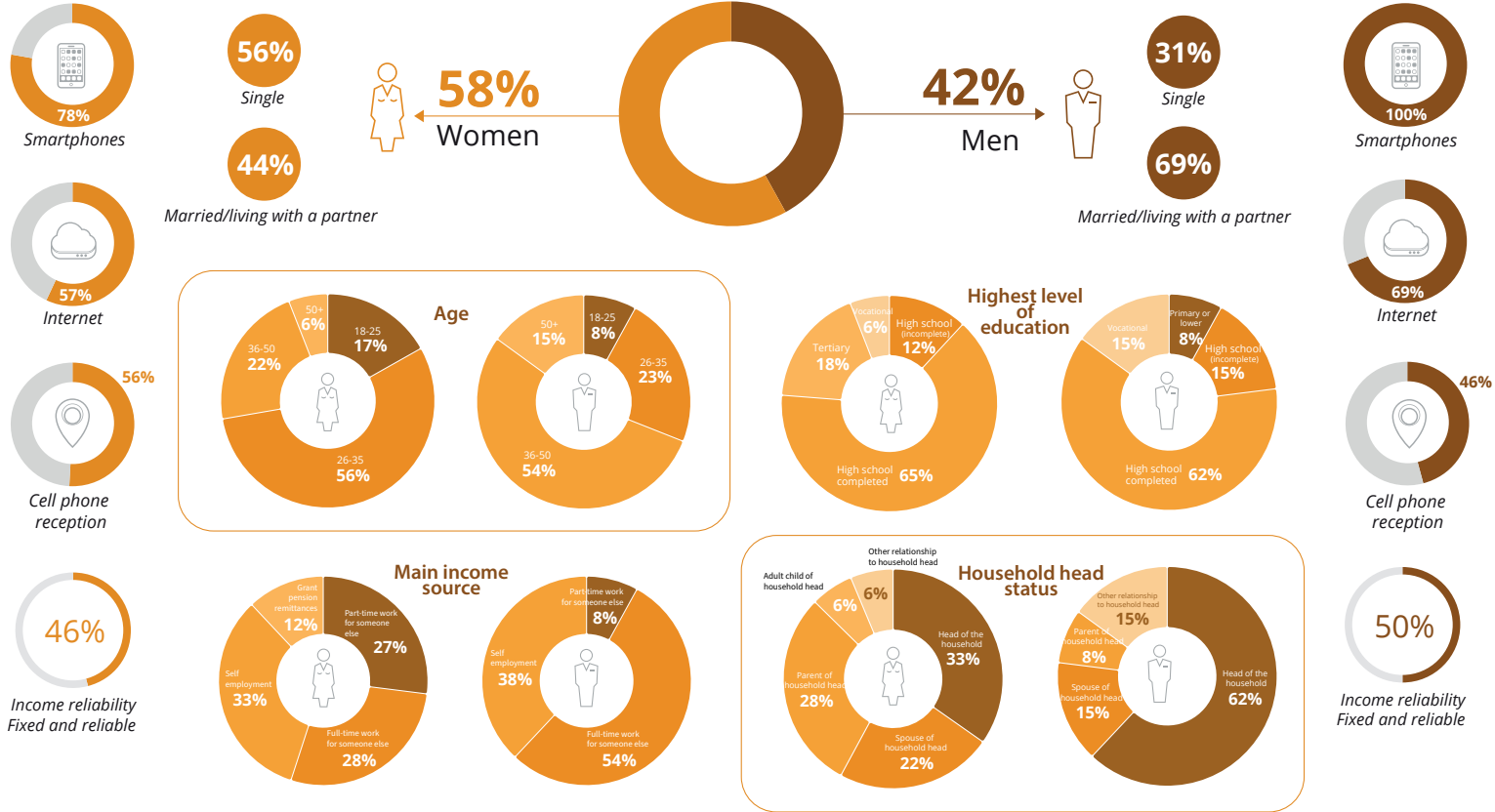
South Africa to Mozambique senders



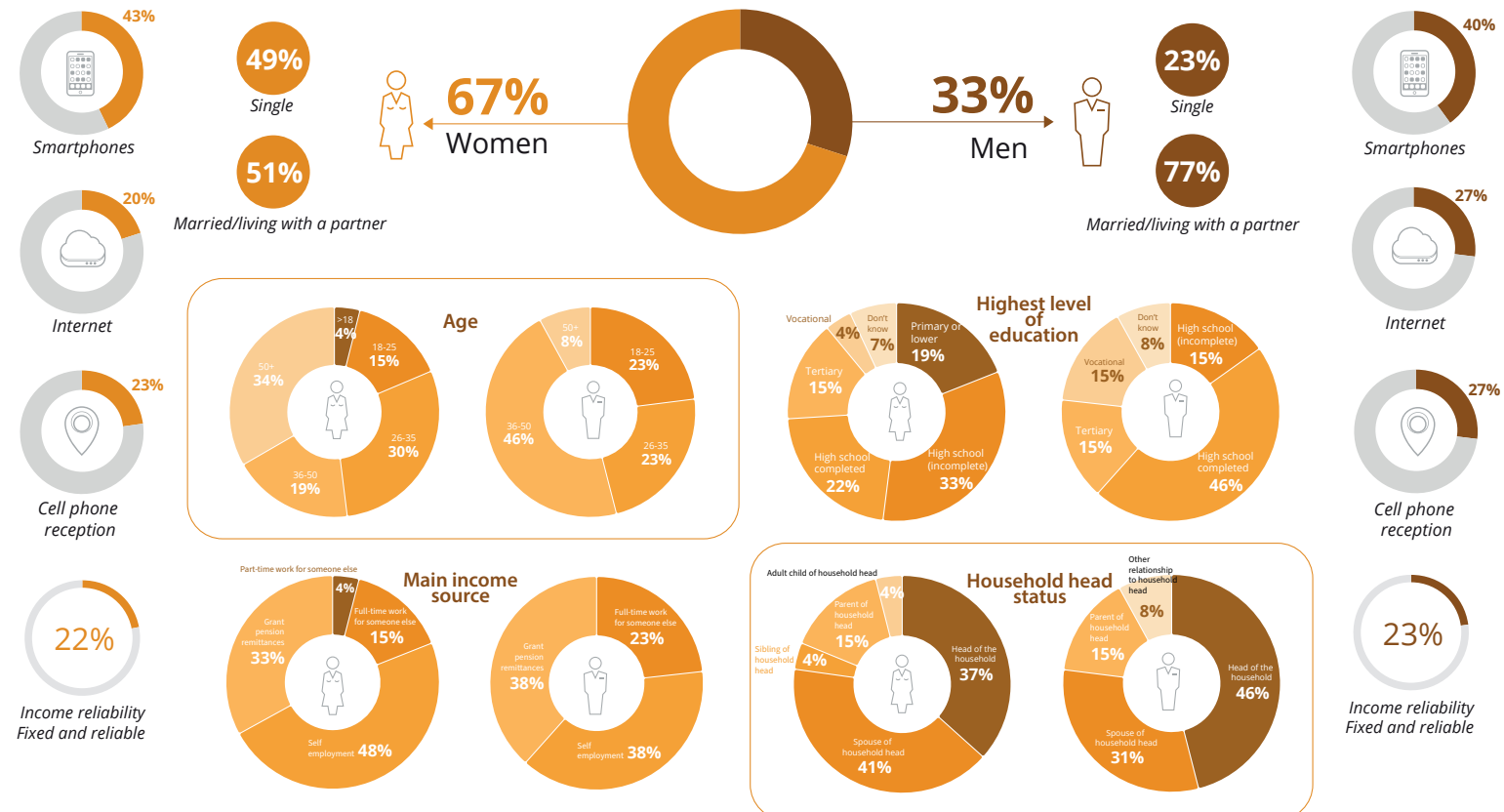
Mozambique from South Africa receivers



South Africa to Zimbabwe senders



Zimbabwe from South Africa receivers



Findings from the in-depth interviews

Gender and the decision to migrate

Women often have less agency in the decision to migrate, with family decisions and circumstances playing a significant role. This contrasts with men, who are more likely to migrate independently or after collective decision-making.

Men's migration and remitting behaviours tend to be predominantly autonomous, driven by their desire to influence household expenditure patterns and decision-making.

They want to conform to gender and normative expectations and cultivate a respectable social identity within their communities. Conversely, women's migration is often tied to family dynamics, such as childcare arrangements, more so than their male counterparts. They seek to directly support their family through their migration decisions.

“He arrived at the decision after losing his job, and we had a small baby to take care of, so we made a decision for him to move there to find a job”

– Zimbabwean female recipient, 35

“He just decided himself and informed the family and left”

– Mozambican, female recipient, male sender (father), 22



The dynamics of sending and receiving money

While our sample of senders and receivers included both men and women, the responses from both groups indicated that men are more likely to be migrants who send money home, while women are more likely to be recipients of this money. In interviews, male and female senders largely reported sending their money to a woman, and they most often send it to the same person or two people. On the other hand, male and female recipients largely received money from one or two men sending from South Africa. These patterns suggest a focused financial responsibility towards immediate family and women who migrate often do so only when there is another woman back home to take on care responsibilities.

For most, remittances were a vital source of support for recipients. However, there was also a small group who continued sending money home, even when they felt it was not necessary. In these cases, remittances probably served as a means of reinforcing family bonds and emphasising mutual care and respect, rather than solely serving as financial transactions.

“Things will be very difficult for us, we will sleep with hunger”

– Malawian female recipient, 50



Senders typically view the money they send as a necessity to meet basic needs such as food, education and healthcare. On the other hand, receivers use remittances for a wider range of needs. While basic needs are the most common purpose, remittances are also used for productive means such as agriculture, business ventures and housing. Sending money as remittances is often more convenient and cost-effective than shipping physical goods, which provides agency for recipients to prioritise their needs based on their current circumstances.

Of all the purposes you mentioned, which is the most important for which the money is sent?

	Malawi		Mozambique		Zimbabwe	
	Women	Men	Women	Men	Women	Men
Groceries/food	43%	58%	60%	80%	64%	67%
Education	50%	17%	20%	15%	20%	17%
Healthcare	7%	17%	10%	5%	4%	-
Housing	-	8%	10%	-	4%	-

What was the main purpose of receiving money from South Africa?

	Malawi		Mozambique		Zimbabwe	
	Women	Men	Women	Men	Women	Men
Groceries/food	30%	33%	35%	28%	38%	27%
Education	32%	31%	30%	21%	31%	14%
Healthcare	2%	3%	15%	14%	7%	9%
Housing	16%	10%	10%	14%	16%	14%
Business ventures	4%	8%	5%	14%	-	9%
Agricultural inputs	12%	10%	3%	3%	2%	5%
Savings/investment	4%	3%	-	7%	-	10%
Other	2%	3%	3%	-	7%	14%



“I trust a woman because I know she will buy food, clothing, and school fees for my children”

– Zimbabwean female sender, 60

“It is more helpful to send money to Malawi than to send goods because it costs more”

– Malawian male sender, 33

Financial decision making

Hierarchical and patriarchal norms are common in the financial decision-making structures of households and families that rely on cross-border remittances. Gender, marital status and age play a role in determining who has the most control over household finances. These views are not significantly affected by whether one is a sender or receiver of remittances.

“The house is my late father’s. He passed on and now my mother is the owner, but made my husband head, so he must look after us. So my mom looks after the kids while we live here”

– Malawian female sender, 43

“I have the most say in how the money is spent in my household. This is because I am the head of the house and have a better view of what is required and necessary in the household”

– Zimbabwean male recipient, 39

Most households have some level of discussion or joint decision-making on money matters. However, the final decision typically falls to the head of the household. The hierarchy is often based on gender and age, with the oldest man in the household usually considered the head, even if he is not the breadwinner. Unmarried women usually defer to their fathers or brothers, while married women defer to their husbands. This is unless there is a multi-generational setup where an older patriarch is part of the mutually financially dependent family unit.

“The men have more money, but we discuss who needs before using”

Mozambican female sender, 43

“If there is money in the house, I take it to my wife and she will know where the money needs to go into”

Malawian male recipient, 47

Earnings do play a significant role. While many women hand over their earnings to someone else in their household to make decisions, women who contribute a greater share of the overall household income tend to have more agency in how financial decisions are made.

“I have the say, I am the breadwinner”

– Zimbabwean female sender, 32

Despite the patriarchal hierarchy relating to money matters, there is a perception that women are more reliable and responsible with money, both as senders and receivers. Women are expected to be more reliable as senders and as receivers, are more likely to spend money to benefit the whole household.

“Yes, a men can earn lot of money but not knowing how to use it. But a woman can earn little and know how to manage the money”

– Mozambican male sender

The burden of remitting

While women are considered more reliable senders of money, the burden of remitting is taken on as a commitment that provides altruistic joy for both men and women.

“I’m sending with my whole heart”

– Mozambican male sender, 38

The commitment that both men and women have to sending money home is clear in the level of sacrifice that they are willing to make. Many senders work multiple jobs, forgo meals, or use debt to meet this obligation. Some, more often men, opt for unsafe work to earn more money or live in unsafe conditions to cut expenses.

People who send money to support their families understand that doing so comes at a cost to their own comfort or stability. Some say that if they did not have to remit, they would save money, buy a car or house, further their education, or buy goods for their business. Others did not even have these productive ambitions and said they would buy themselves more food or improve their living conditions.

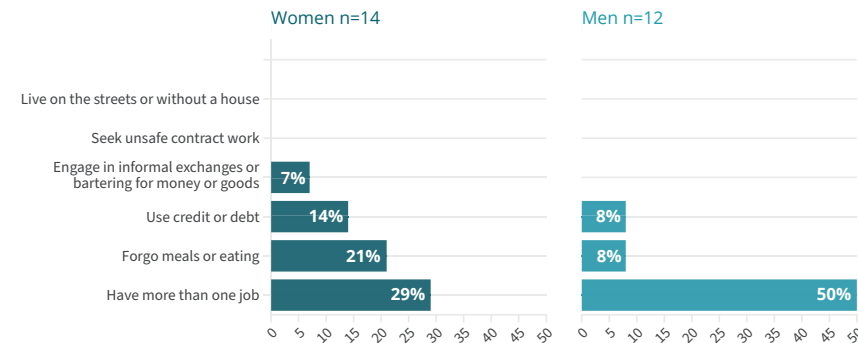
“Upgrading my life this side and creating savings”

– Mozambican male sender, 45

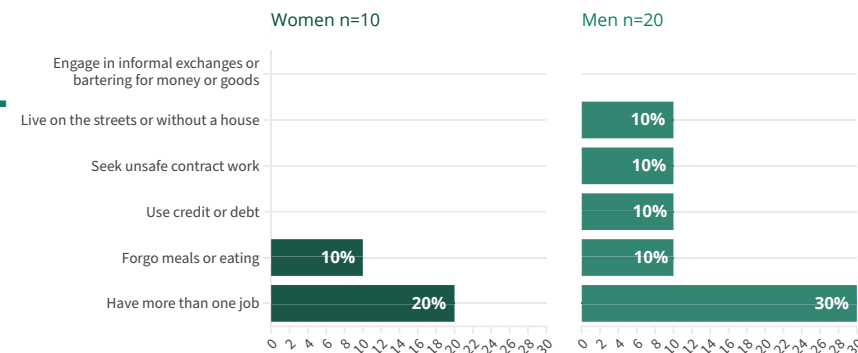
“Rent a room instead of a shack”

– Mozambican female sender, 39

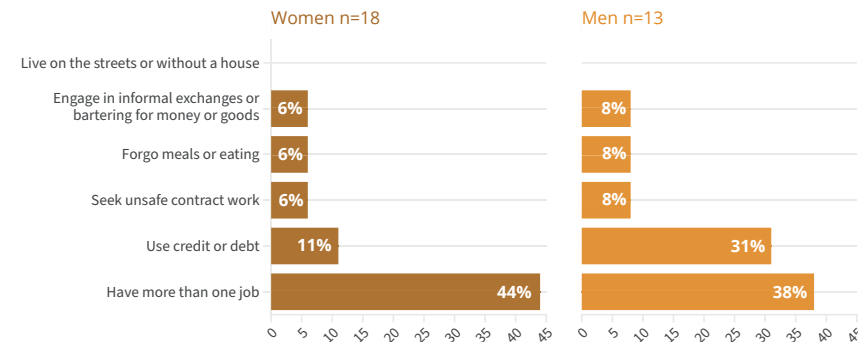
Malawi



Mozambique



Zimbabwe



The fruits of sacrifice

Receivers of remittances strongly believe that the money they receive makes a positive difference in their lives, and they are grateful for it.

“I am even fat now, am happy, my life has changed, I eat 3 times a day, I have a big house”

– Malawian female recipient, 49

There are indications that there are some gendered differences in the gratitude felt for the remittances received. Women appear to feel more gratitude, but this may be driven by gender norms that expect men to be providers. Men who rely on support from others may have more complex feelings attached to this need that mute their emphatic appreciation of it. In Mozambique, male recipients of remittances in particular may not express as much need or appreciation as others, but it is unclear whether this perception is accurate.

Recommendations

Despite earning less and relying on more precarious income streams, female migrants are often reported to be more reliable and generous remitters, investing heavily in the human capital of those left at home.

Recent regulatory innovations in remittances in the region have been gender-neutral in design, yet they have had gender-positive effects on female migrants. Moving forward, it is recommended to investigate whether more can be done in the region to ensure that the full potential of formal market access is realised. Specific areas where gender-neutral innovations still have the potential to generate gender-positive outcomes include the following:

- The TCIB cross-border retail payments system has real potential to decrease settlement costs and time, but uptake to date has been slow. The barriers to the uptake of this programme should be investigated and addressed.

- The implementation of risk-based anti-money laundering programmes in remittance products is crucial to ensure that gender gaps in documentation do not become gender gaps in remittance product access. A review of regional practices and the implementation of risk-based approaches would be desirable to determine if gaps remain in this area.
- Similarly, the tiering of foreign exchange licenses has been critical in allowing specialist remittance service providers to enter the market. This enabled price and service quality competition and has contributed to a proliferation of remittance service provider outlets. However, many remittance service providers still need to partner with an authorised dealer on the back end, incurring associated costs and complexity. Additionally, there are countries in the region that have not yet undertaken this approach.

Efforts to improve the digital payments environment could help reduce the cash handling fees generated in current remittance operating models and expand the payments infrastructure. However, the link between digital payment innovation and remittance outcomes for women is more uncertain and may require further investigation.

Policymakers should also target gender-positive interventions that address the underlying factors contributing to the vulnerability of migrant women. One area worth exploring in more depth is the interaction between remitting and financial planning. Survey respondents emphasised the difficulty in managing one's finances and avoiding financial disruptions, while also meeting the financial needs of others and remitting.

As a result, many remitters are forced to forgo meals or borrow funds to cover shortfalls. Women remitters, who earn less and have less stable income sources, are more susceptible to these challenges.

Therefore, it would be beneficial to explore the possibility of designing a financial education programme specifically tailored for remitters. Additionally, developing financial products that help remitters to budget may be valuable. For example, a product that automatically remits funds once a savings threshold is reached could be useful. Such products and educational efforts would likely enhance women's agency and overall financial independence.

It is worth noting that information on gender and remittance remains difficult to access, and when available, is often not analysed. Financial sector regulators should take more initiative in spearheading data collection exercises and ensuring the collected data is available to researchers.

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