



Money transfert services at low costs for migrants

Start of the project : **2009**

Financing : **Equity stake equal to 1MEUR**

Implementation : **BOA France**

Impacts

The project will allow to substantially reduce the costs associated with African Diaspora's remittances, thanks to a unique transfer commission independent of the amount sent.

A significant portion of the amounts transferred are usually intended for the consumption needs of the migrants' families. A smaller part is saved or invested in human capital (health, education) and infrastructure (property purchase), promoting the long-term development and reducing inequalities. A very small portion, however, is intended for productive investment. By increasing the disposable income of the beneficiary households, these transfers have an immediate impact on reducing poverty and inequality. An increase of 10% of remittance flows is associated with a 1% reduction of the poverty level per capita.

From a macroeconomic perspective, the project will indirectly contribute to the constitution of a saving base in Sub-Saharan Africa, promoting productive investment in these countries. Remittances have also a stabilizing effect on the growth of developing economies by mitigating adverse shocks.

Context

In 2007, remittance flows from migrants to Sub-Saharan Africa were estimated at 19 billions dollars: this amount represented approximately 2.5% of the regional GDP and was the equivalent to the total public development aid received by the region in the same year.

For the most part, these flows transit outside traditional banking channels through informal channels such as family, friends or money transfer companies. These institutions emerged in Africa in the mid-1990s and currently dominate the money transfers' market worldwide. The speed and security of the transactions conducted through these institutions as well as the "light" administrative requirements, explain their quasi-monopoly. As a result, these companies apply prohibitive tariffs which increase with the amount sent. The migrants and their families are the first to suffer from this situation.

Objective

Based on this observation, the Panafrican group Bank of Africa (BOA) opened in 2009 a French subsidiary whose core business is money transfer services, at low costs, for the African Diasporas living in France.

Project description

Proparco is a longstanding partner of BOA Group, a network of commercial banks in Sub-Saharan Africa created in the early 1980s. Proparco is a shareholder of BOA Group, BOA Benin, the Banque de l'Habitat du Bénin and has recently granted credit lines to BOA Kenya, BOA Uganda and BOA Group.

Within the framework of their partnership, BOA Group offered Proparco to take a 20% equity stake in BOA France equal to 1 million euros.

More information on www.proparco.fr