ABOUT IAMTN

The International Association of Money Transfer Networks (IAMTN), a not-for-profit membership organisation, is the only global trade association representing the cross-border payments industry. IAMTN’s members include, inter alia, banks, payment institutions, electronic money organisations and mobile operators. Founded in 2005, IAMTN provides a platform for industry partners to discuss common challenges and industry initiatives, and to create opportunities.

IAMTN works closely with governments, regulators, and all other important stakeholders - such as the FATF (Financial Action Task Force), FSB (Financial Savings Bank), World Bank, IFAD (International Fund for Agricultural Development), UNCDF (United Nations Capital Development Fund), Swiss Agency for Development and Cooperation, UK Foreign, Commonwealth and Development Office, African Union - to champion the creation of the most effective, safe, reliable and efficient payment systems and mechanisms for migrants globally.
Every year, the IAMTN Summit gathers key industry stakeholders to discuss the developments of the industry, and engage in meaningful partnerships.

Thank you to all our speakers, panellists and delegates for participating in this year’s IAMTN Summit. Your contribution and engagement have made the IAMTN Summit the most impactful event for the cross-border payments industry.

This year’s Summit brought together more than 120 attendees from over 80 companies, to discuss the developments that are taking place in global payments. This was made possible thanks to our amazing sponsors - Visa, Merchantrade, UniTeller, Baluwo, Caleta, and MFS Africa.
I. SESSION SUMMARIES

In case you missed something or want to reflect on some of the topics that were discussed at the Summit, below is a summary of each session.

DAY 1
INTRODUCTION BY IAMTN

The Summit opened with a welcome session by Veronica Studsgaard, Founder and Chair at IAMTN.

During this session, the following was discussed:

Updates from IAMTN: since the last event, IAMTN has continued working to represent the private sector, by advocacy, writing reports, and organising multiple initiatives with its members.

Updates on some of the groups where IAMTN is representing the industry: Building Blocks Projects, unintended consequences of the AML Standards (FATF), Working Group on Nigeria Remittances.
I. KEYNOTE PRESENTATION:

VISA Direct, cross-border money transfers

Sean Pitman, VISA

As the Summit’s first speaker, Sean Pitman delivered Visa’s vision: to simplify cross-border payments, enabling businesses and individuals to move any form of payment to any endpoint around the world.

- Cross-border payments are based on complex infrastructure, which Visa Direct helps to simplify thanks to its Network of Networks, constituting one of the largest global fast payment networks.

- Visa continues to grow beyond its initial scope, through new projects and a series of new acquisitions such as Earthport, YellowPepper and CurrencyCloud, making Visa a central player in cross-border payments.

- Visa Direct enables a number of remittance companies like Remitly, MoneyGram and Wise to use Visa Direct to power real-time remittances, thanks to its flexible solution for compliant cross-border payments. Partnering with Visa can support remittance services providers to simplify their operations and offer customers an easier and more affordable way to send and receive money.

- To stay updated with developments related to Visa Direct, follow their LinkedIn page, podcast, or website.
II. THE PAYMENTS MARKET, ITS INCUMBENTS AND THE NEWCOMERS

Moderated by Nick Day

In this panel session, Nick Day discussed the evolution of the payments industry with four fantastic panellists. They shared their views on how much disruption the industry has really been experiencing, and what is to come.

- Over the last decade, many new businesses have entered the payments space with very bold claims and promises of ‘disruption’.
- “Disruption does not have to be overcomplicated”, maintained Sukhi (Aza Finance): it is just about making payments cheaper, faster and more efficient.
- The newcomers have been able to propose cheaper and more accessible services: customers are gaining from the entrance of digital businesses, and their expectations with respect to money transfer services keep increasing, explained Pankaj (Remitly).
- "Customers are the number one winners", according to Ian (FCX Intelligence).
- The price of sending money will continue to decrease for customers, but probably will not reach zero, owing to the numerous expenses involved in providing cross-border payments services.
- Products such as super apps developed by big techs are a source of disruption, which customers are rapidly adopting in some regions. Across the world, the proportion of remittances received in digital wallets keeps increasing.
- While cash remains essential in many markets worldwide, the new digital players continue to grow their market share over the incumbents.
- According to Nicolai (Nala Money), the winners in the industry will be the players that own the payments rails.
- The panellists agreed it is key for all remittance services providers to maintain an understanding of customer needs as their central point, in order to carry on offering the relevant services in each region and corridor.
- The industry still has a long way to go before reaching a state of seamless connectivity in all corridors: many barriers will have to be overcome.
III. ACHIEVING MILESTONES FOR THE BENEFIT OF MIGRANTS - STRENGTHENING REMITTANCES IN EMERGING MARKETS

Moderated by Gene Nigro

Led by Gene Nigro, this panel session focused on the challenges faced by industry players in emerging markets.

- Gene underlined the fact that the challenges have completely changed over the years: a decade ago, one of the major problems was ensuring the security of cash in physical locations, whereas the challenges today are in the digital world.

- According to Nicolas (Mama Money), the most significant competition for remittance services providers comes from the informal market, which comprises well-structured players. These companies avoid regulation and KYC checks, and therefore are able to provide cheaper services.

- In Africa, the instability of regulation and policymaking makes operations difficult and threatens the ability of licensed providers to deliver services to customers, according to Trevor (Upesi).

- From a consumer perspective, the biggest challenge is trust. It takes a great deal of time and effort to build a relationship of trust with consumers, especially where digital literacy remains low.

- Ivan (Merchantrade Asia) explained that Malaysians face limited access to financial services in remote rural locations, which tend to have poor internet connection.

- Positive change can be fostered through collaboration between public and private players. Regulators need to support remittance providers with clear and flexible regulations.
IV. IS REGULATION ADAPTING TO THE NEEDS OF THE MARKET? - THE CASE OF OPEN BANKING

Moderated by Roberto Linares

Throughout this dynamic panel session, Ciaran and Nick exposed the benefits of open banking solutions for remittance companies, as well as some of the potential barriers.

“At its core, open banking is a concept”, according to Ciaran (Trustly). Open banking relies on two pillars: the first is deriving value from financial transaction data. The second is the possibility of making payments from a bank account using a third party.

Open banking is a technological offering that increases competition in the payments market, without damaging financial stability.

Open banking solutions create a seamless customer journey, where identity checks and transfer of funds are completed in seconds. This solution has already been adopted by many remittance services providers, since it delivers benefits for customers on the front end and for treasury management on the back end, Nick (TrueLayer) explained.

Open banking exists around the world, in slightly different ways. PSD2 in Europe is a real stimulus for open banking, making it one of the most advanced use cases. Other countries that are pushing for it include Brazil, Nigeria, Australia - and many others.

So far, there is no open banking platform that operates globally, which means that, for remittance services providers, it is still not possible to launch open banking solutions globally through a single partnership. This situation is likely to evolve in the coming years.

How to choose an open banking provider? The panellists argued that the focus should be not only on the total cost of the solution, but should also consider the resolution of the problem for the end-user, as well as which markets or countries are particularly important to the company.

PANELISTS

CIARAN O’MALLEY
Trustly

NICK TUCKER
TrueLayer
V. REMITTANCE DIGITALISATION PATTERNS - WHAT CAN EACH MARKET LEARN FROM THE OTHER?

Moderated by Rob Ayers

PANELISTS

ANDY JURY
Mukuru

ASWIN
PHLAPHONGPHANICH
DeeMoney

FLORENT ANTONI
Vodafone (M-Pesa)

This panel brought together three remittance specialists who are leading the development towards digital remittances in their respective regions.

- Migrants not only demand real-time money transfer services, but they also increasingly have related needs such as insurance, loans, etc.

- There is a lack of consensus on the meaning of ‘digital remittances’. Digital is defined differently across companies, depending on whether they consider that both origin and destination should be digital to be considered as such, or only one side of a transaction.

- The pandemic has led to a strong push to digitalisation, thus favouring digital-first remittance companies which were ready for that change, as opposed to incumbents which often relied on branches.

- In Africa, where informal remittances dominate, the market is still largely dependent on cash. However, the pace of growth in digital remittances in the region is greater than 50% year-on-year.

- Customers who go digital rarely return to cash services, as they become used to the convenience of digital remittances.

- In many of the markets that undergo digitalisation, a large number of the remittances are still informal; there is therefore a lack of real data on remittance flows and their digitalisation in these regions.
VI. BLOCKCHAIN AS A NEW INFRASTRUCTURE FOR CROSS-BORDER PAYMENTS?

Moderated by Rob Ayers

This panel session brought together specialists on the use of blockchain in payments. They discussed the potential of blockchain to improve payment processes.

Blockchain has multiple use cases in payments. Chris described how Celo, a mobile-first DeFi platform, is used for humanitarian programmes across the world. Kirit presented the well-known Ripple, which offers crypto solutions for businesses to execute transactions globally. Ali works on a similar platform called Arf, which is essentially a licensed crypto payment gateway for businesses.

“The major challenge for blockchain adoption is bridging traditional finance with crypto, in creating real-life use cases and bringing real-life value”, according to Ali (Arf).

Regulation is a central component in the development of blockchain in payments: for the ecosystem to thrive, it is necessary for regulators to be open to innovation. Central banks in Singapore, Philippines and Switzerland are already very supportive of the ecosystem, which is growing in those countries.

Regulators in some other countries are blocking blockchain innovations. It is necessary for the private sector to educate regulators on the capacity of crypto to make payments cheaper and more accessible, to change their mindset with respect to these technologies. Regulatory engagement is a necessary condition for the blockchain ecosystem to flourish and fulfil its promises.
I. KEYNOTE PRESENTATION:

Travelex Group Brazil

João Manuel Campanelli Freitas, New Business Development Director

In this session, João Manuel shared key perspectives from Travelex, a multinational company focused on omnichannel solutions for foreign exchange and international payments. Below are the main points from this presentation on trends observed in the Brazilian financial landscape.

- The Central Bank of Brazil promotes innovation in financial services through four main pillars: open finance, instant payment, new FX legislation, and digital Real. The ultimate goal of this entire project is to transform the Real into a convertible currency that can be traded around the world, including digitally.

- The open finance programme, which was initiated in 2021, is being enhanced to promote competition, efficiency and information security.

- Pix was introduced for instant payments in Brazil, and has been recognised as an efficient platform: it allows fast payments (less than 6 seconds), is available 24/7 all year round, is easy to use, and it is cheap. Pix was launched in 2020, and its positive impact on the market is now clearly observable.

- Internationalising Pix is the next step. A project called Nexus is currently being tested under the leadership of the BIS, with 60 countries, to use Pix at the global level.

- The foreign exchange legislation is being modernised in order to simplify it and improve the business environment. This development is also expected to facilitate connections with local and cross-border markets.

- The Central Bank is building a CBDC, the Real Digital, which is a digital representation of the currency that circulates in the global economy.

- All these Central Bank-led updates are modernising the Brazilian payments landscape and putting the country at the forefront of innovation.
II. UPDATES FROM THE PUBLIC’S SECTOR REMITTANCE PROJECTS

Moderated by John Burns

This panel session provided an updated overview of the public sector’s projects in the field of payments.

Kris Natoli (FSB) described the G20 roadmap for cross-border payments. It is a high-level outline for addressing four key challenges: high cost, low speed, inadequate accessibility and lack of transparency. The roadmap is organised around 19 building blocks aimed at responding to these challenges. This work is coordinated by the FSB and developed in collaboration with the CPMI, FATF, World Bank and IMF. IAMTN is continuously engaged with this project to advocate for the private sector.

Rectifying the issues faced in payments will require an incremental change in a number of areas in the sector. Success will necessitate practical infrastructure improvements, regulatory coordination, political will, and new technologies such as CBDCs.

To go forward, the FSB is prioritising the main areas that are likely to have greater impact in achieving the targets by the 2027 deadline. The engagement model is developing also, to include more senior executives from the private sector. In addition, engagement will be extended to non-G20 countries.

Tom Neylan explained that FATF is both contributing to specific points of the G20 roadmap, and also working outside its scope on projects such as the unintended consequences of AML/CFT regulations. Some of the main unintended consequences are de-risking, financial exclusion, and suppression of the non-profit sector, and are being seen with increasing frequency. FATF’s work on these issues is aimed at making them more visible to governments and taking measures to deal with them.

New technologies come with benefits and challenges, which have to be dealt with by standard-setting institutions. For instance, FATF has also done extensive work on digital ID, to increase its acceptance by regulators, as an alternative to face-to-face onboarding.

The audience highlighted that political will to support the payments industry is missing. The panellists responded that, whilst this is sometimes true, the role of the FSB and FATF as international standard-setting institutions is key, as they bring together the private and public sectors to deal with these challenges jointly.
This session brought together panellists with different perspectives on the industry, to talk about how customer expectations are evolving following the entrance of new business models in the payments market.

- Trust is the key expectation of customers, and all businesses on the panel strive to build a relationship of trust with their customers. Speed, transparency and cost also continue to be central demands.

- Alistair (Small World) explained that most customers expect an omnichannel experience, which relies on both cash and digital services. Customers want to interact with the remittance business digitally and in real-time, and they expect to know the location of their money at all times.

- The pandemic has changed customers’ relationship with money and financial products: trust in digital payments is increasing across the globe, according to Oscar (UniTeller).

- The lack of transparency when moving money is one of the predominant issues for customers: a large proportion of the costs of sending money are hidden from customers.

- Magali (Wise) added that other hidden obstacles persist: despite being illegal in the EU, IBAN discrimination continues to take place. An industry-led coalition of 27 members, led by Wise, is taking action to fight the practice.

- These obstacles have to be overcome to offer a consistent experience to customers, based on real-time payments and real-time communication with remittance companies, according to Ravindra (Paysend).
Chitra Devi Sundram’s concise presentation delivered an overview of the Malaysian remittance landscape and its flourishing fintech ecosystem.

- Malaysia works on a licensee model, where all licensed MSBs need to be part of MAMSB.
- The Central Bank is issuing licences to global remittance players, enabling this competitive market to grow even further.
- 25.1% of the Malaysian workforce consists of migrant workers, which makes remittances a huge market in the country.
- The number of digital remittance providers has increased in Malaysia, from 23 in 2019 to 29 in 2021, representing an 8% growth.

- Malaysia has a very fertile digital landscape. As in other regions, COVID-19 has accelerated the growth of the digital economy, and the acceptance of digitalisation has been particularly positive in Malaysia.
- Digital remittances are an enabler of financial inclusion. MAMSB, the Central Bank and the private sector are collaborating to increase financial literacy.
- Malaysia has seen a spike in the use of e-wallets, which contributes to making remittances more accessible for migrant communities in the country.
- The Malaysian landscape continues to evolve, supported by its Central Bank and MAMSB, to become more sustainable and inclusive.

According to Jimmy Jans (Bank of Belgium), de-risking is one of the major issues that remains to be solved, as it is blocking payment businesses. This message was sent to the European Banking Authority and to the Commission: all public institutions are aware of the problem and the need to tackle it, hopefully in PSD3.
Jisca Rakké (Central Bank of the Netherlands) reminded us that the remittance sector does have its risks. However, requests for banking services by remittance businesses are invariably being denied automatically by Dutch banks. Four of the six money transfer businesses licensed in the Netherlands are currently in a lawsuit against their banks owing to de-risking. “As the Dutch Central Bank, we stood on the sideline for a little too long”, Jisca recognised. Now, the Dutch Central Bank is taking a clear stance against de-risking and has carried out detailed research on the dynamics of de-risking in the country.

Cybersecurity is also a central concern, especially in these times of war. “The bar has to be set very high”, according to Jimmy Jans.

European regulators are open-minded with regard to open banking and open finance, and innovation more generally, to improve the remittance landscape.

VI. TRANSACTION RISK ANALYSIS

In this short session, Leon Hewitt presented some of the implications of PSD2 for remittance businesses.

PSD2 demands strong customer authentication (SCA) for many transactions that are today completed with minimal friction.

SCA means that banks must confirm the cardholder as being the genuine owner of the payment card before they approve the transaction.

Elavon can support businesses by alleviating some of these frictions. Transaction risk analysis enables the exemption of qualifying transactions from SCA. This is possible for transactions up to €500.

The use of transaction risk analysis has a substantial financial benefit for adopters: reduced friction has a positive effect on sales.

Overall, transaction risk analysis increases operational efficiency by more than 50%.
According to Patrick Gutmann (MFS Africa), much of the investment in African fintechs flows to a handful of players, and to a narrow set of markets such as Nigeria, South Africa, Kenya and Egypt.

The market environment has worsened in recent months, making it more difficult to acquire funds as a new startup in Africa and elsewhere.

Mark Ransford identified the three elements that have to be fulfilled for a money transfer business to be highly valued in the markets today: profitability, growth, and unit economics.

To exemplify this argument, he explained how Western Union, Wise and Remitly are performing. Western Union and Wise are highly profitable, which is liked by investors. Both Wise and Remitly are growing at about 40% per annum, while WU is growing at -5% a year. All three companies have very good unit economics.

Wise, which has all three elements, is valued at 17 times sales, as opposed to Remitly and WU, which have two of the required elements and are valued at 3 and 1 times sales respectively.

Markets are changing owing to uncertainties in economic markets related to the war in Ukraine and global climate change, making investors more cautious.

To raise money in the current market environment, investors want a company not only to narrate a good story, but also to demonstrate at least 100% year-on-year growth, as well as high returns on invested capital.
Veronica Studsgaard closed the Summit with a short summary of what was covered in the discussions, and a sincere thank you to everyone who participated in making this Summit happen!

IAMTN’s vision is to improve the payments ecosystem through enhanced collaboration between stakeholders, the sharing of data and experiences, and joint action towards beneficial change. We hope that this event has been insightful for you; please send us feedback through this short form, so that we can make the next event even better.
III. AN ANNOUNCEMENT FROM VISA

VISA AND THUNES EXPAND VISA DIRECT’S REACH TO 1.5 BILLION DIGITAL WALLETS

Partner to launch a cross-border send-to-wallet capability for SMBs and consumers.

SAN FRANCISCO--(BUSINESS WIRE)--Oct. 19, 2022-- Visa (NYSE: V) is partnering with Thunes to help individuals and small businesses move money internationally to 78 digital wallet providers, reaching 1.5 billion digital wallets across 44 countries and territories. This partnership will now expand Visa Direct’s reach to nearly 7 billion endpoints, including more than 3 billion cards, over 2 billion accounts and 1.5 billion digital wallets.

For the unbanked individuals in emerging markets, digital wallets are gaining traction as an empowering first entry point to the financial system. Consumers are not required to have a card or account to load or receive funds directly to their digital wallet, opening the potential for greater financial inclusion and enabling underserved populations opportunities to access financial products that meaningfully impact how they live and work.

“From an agricultural worker in Bangladesh to a young professional in London who is looking to send money to family overseas, Visa strives to create more ways for individuals and SMBs to participate in the global economy,” said Ruben Salazar Genovez, Global Head of Visa Direct. “We are thrilled to collaborate with Thunes and help enable quick and simple access to the financial system to more customers around the world who may use digital wallets as their primary financial instrument.”

Through this collaboration, Thunes’ B2B payments platform will connect to Visa Direct, adding a cross-border send-to-wallet capability to 78 digital wallet providers that are already integrated with Thunes. Through a simple integration of Visa Direct, financial institutions, governments, neobanks and money transfer operators will be able to utilize the new functionality to enable consumers and small businesses to send funds to markets across Africa, Asia, and Latin America where wallets may be the go-to payment method.
“We are thrilled that of all the payment companies, Visa, a global leader in payments, is working with Thunes on this launch,” said Peter De Caluwe, CEO of Thunes. “Through the combined power of Visa’s scale and Thunes’ payment infrastructure, this collaboration has the potential to help develop a new global era for inclusive and accessible global payments.”

With the addition of 1.5 billion digital wallets to its reach, Visa Direct now helps provide access to nearly 7 billion cards, accounts and digital wallets combined, across more than 190 geographies, supporting 160 currencies, connecting to 16 card-based networks, 66 domestic Automated Clearing House (ACH) schemes, 11 Real-Time Payment (RTP) networks and five payment gateways.

**ABOUT VISA**

Visa (NYSE: V) is a world leader in digital payments, facilitating payments transactions between consumers, merchants, financial institutions and government entities across more than 200 countries and territories. Our mission is to connect the world through the most innovative, convenient, reliable and secure payments network, enabling individuals, businesses and economies to thrive. We believe that economies that include everyone everywhere, uplift everyone everywhere and see access as foundational to the future of money movement. Learn more at Visa.com.

Visa Contact: ahadzibe@visa.com

**ABOUT THUNES**

Founded in 2016, Thunes is a B2B company that powers payments for the world’s fastest-growing businesses - from Gig Economy giants such as Uber and Deliveroo and Southeast Asia’s super-app Grab to global Fintech leaders such as PayPal and Remitly. Through a single, simple connection, consumers and businesses can send payments to – and get paid in – every corner of the world. Thunes currently supports 79 currencies, enables payments to 130 countries, and helps to accept 300 payment methods. In April 2022, Thunes acquired a controlling stake in a leading AML and Compliance Platform company Tookitaki, which now enables the company’s advanced compliance, anti-fraud, and anti-money laundering (AML) capabilities, setting an international benchmark for sustainable compliance. The company is headquartered in Singapore, with regional offices in London, Paris, Shanghai, New York, Dubai, Nairobi, Arizona, and Barcelona. For more information, visit www.thunes.com.

Thunes Contact: press@thunes.com
IV. CONTACT INFORMATION

Contact Nikila Punnoose at nikila@iamtn-network.org
- If you are interested in becoming an IAMTN member
- If you are interested in sponsoring our next event
- For any other partnership requests

Contact Melissa Erisen at melissa@iamtn-network.org
- If you wish to engage in research on a specific topic
- If you wish to sponsor a report
- If you are interested in speaking at our next event

At IAMTN we are always open to new ideas, suggestions and partnerships that can generate an impact.

SEE YOU AT THE NEXT IAMTN EVENT