Baseline Study on Digital Remittances – Highlights
Demand-Side Survey of Low-Income Jordanians and Syrian Refugees in Jordan

Nadine Chehade, Antoine Navarro
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Disclaimer

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The slide deck is a supplement to the following official and peer reviewed CGAP Working Paper:

Highlights

Study Overview

• The goal of this study was to provide quantitative analysis of key remittances patterns and behaviors of low-income Jordanians and Syrian refugees in Jordan, in order to understand the demand, usage, and preferences of current and potential customers of both formal and informal domestic payments and international person-to-person (P2P) remittance services.

• The baseline consisted of a quantitative survey of 2,132 Syrian refugees and low income Jordanians.
  • 1,041 (49%) survey participants were Syrian refugees and 1,091 (51%) were low-income Jordanians.
  • 1,017 (48%) of participants were men and 1,115 (52%) were women

• The raw data, detailed methodology, and questionnaires are available in the World Bank’s microdata library (http://microdata.worldbank.org/index.php/catalog/2908).

• This demand-side survey was conducted in parallel to a supply-side analysis of the payments and transfer ecosystem in Jordan (regulation, infrastructure, and market players): “Paving the Way for Digital Financial Services in Jordan”, available on www.cgap.org.
Highlights

Demand

• A small proportion of the surveyed population engage in remittances.
• People usually engage in only one type of remittances activity: they either send or receive, domestically or internationally.
  • 13.1% of Syrian refugees send or receive internationally.
    • Syrians tend to receive remittances from Gulf countries and to send to Syria.
    • They receive larger amounts in fewer transactions, and send more transactions for an overall smaller amount.
  • 8.5% of low-income Jordanians send and receive domestically, and some receive internationally (4%).
    • They receive comparable amounts domestically and internationally but the latter are grouped in fewer, thus larger, transactions.
• Demand-side figures indicate a USD 231 M domestic and international remittances market for low-income Jordanians and Syrian refugees.
Highlights

Channels

• Exchange houses dominate the market of international remittances and are used by nearly 80% of both populations.
  • The remaining 20% of low-income Jordanians engaging in remittances activities recur to other formal channels.
  • In comparison, Syrian refugees recur more to informal channels.

• Nearly 50% of domestic remittances are performed by handing cash directly, which might suggest an opportunity for digitalization of payments and P2P transfers.

• The reported cost of sending remittances is around 20%, and the reported price for receiving remittances ranges from 4% to 12%. However, prices vary depending on the amount, and the difficulty to recall the price of past transactions may be a factor of inaccuracy.
Highlights

Digitization and financial inclusion

• International P2P remittances for the studied groups are probably not sufficient to foster large-scale adoption of formal digital financial services:
  • There is a limited number of remittances senders or receivers among low-income Jordanians (11.3%) and Syrian refugees (13.6%).
  • Most remittances flows to Jordan proceed from white-collar workers already using formal channels.
  • Remitters are usually satisfied with the services they use.
• Behavioral research shows a favorable context for digital financial services among potential clients
  • Over 90% low-income Jordanians and Syrian refugees have a personal phone.
  • There is a limited awareness but interest towards digital services.

Leveraging all use cases for digital payments and transfers, as well as raising awareness among potential clients will be key for digitization to occur and be a driver of financial inclusion.
Remittances
## Low-income Jordanians remit mostly domestically, Syrian refugees internationally

### % of low-income Jordanians

<table>
<thead>
<tr>
<th></th>
<th>Domestically</th>
<th>Internationally</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Send</strong></td>
<td>4.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>Receive</strong></td>
<td>4.1%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Send</th>
<th>Internationally</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Send</strong></td>
<td>0.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>Receive</strong></td>
<td>1.2%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

**Overlap of remittances activities**: 2.6%

**Unique adults with at least one type of remittances activity**: 11.3%

### % of Syrian refugees

<table>
<thead>
<tr>
<th></th>
<th>Domestically</th>
<th>Internationally</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Send</strong></td>
<td>1.4%</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Receive</strong></td>
<td>4.0%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Send</th>
<th>Internationally</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Send</strong></td>
<td>0.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>Receive</strong></td>
<td>1.2%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Send</strong></td>
<td>1.6%</td>
<td>13.1%</td>
</tr>
<tr>
<td><strong>Receive</strong></td>
<td>1.2%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

**Overlap of remittances activities**: 2.6%

**Unique adults with at least one type of remittances activity**: 11.3%

People usually engage in only one type of remittance activity

**People usually engage in only one type of remittance activity**: 1.5%

**13.2%**
Remittances are mostly used for family support and upkeep

Domestic remittances of low-income Jordanians

- Regular support/family upkeep: 73% (Sent) / 63% (Received)
- Emergency help: 21% (Sent) / 27% (Received)
- Lend money to someone: 10% (Sent) / 7% (Received)
- Pay for health expenses: 8% (Sent) / 5% (Received)
- School fees: 4% (Sent) / 2% (Received)
- Business activities: 4% (Sent) / 5% (Received)
- No particular reason: 10% (Sent)

International remittances of Syrian refugees

- Regular support/family upkeep: 72% (Sent) / 71% (Received)
- Emergency help: 24% (Sent) / 23% (Received)
- Pay for health expenses: 12% (Sent) / 13% (Received)
- School fees: 6% (Sent) / 3% (Received)
- Lend money to someone: 3% (Sent) / 3% (Received)
- No particular reason: 4% (Sent)
- Other: 4% (Sent)

Note: Syrians refugees do not report using remittances for business purposes.
Exchange houses dominate the market of international remittances

Methods used to send and receive money internationally

<table>
<thead>
<tr>
<th>Method</th>
<th>Low-income Jordanians receiving</th>
<th>Syrian refugees receiving</th>
<th>Syrian refugees sending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through an exchange house</td>
<td>82%</td>
<td>77%</td>
<td>68%</td>
</tr>
<tr>
<td>Directly through a bank account</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through collection at a bank branch</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through a credit card or ATM</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sent cash through someone you know</td>
<td></td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>Through a family member or close friend</td>
<td></td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Handed cash directly</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By a bus or minibus</td>
<td></td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Non-financial business organization</td>
<td></td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Formal channels

Informal channels

Note: n=68 for international remittances sent by Syrian refugees
n=69 for international remittances received by Syrian refugees
n=44 for international remittances received by low-income Jordanians
Number of respondents too small for a breakdown of low-income Jordanians sending international remittances.
## Cash dominates the domestic remittances market

### Methods Used to Send or Receive Money Domestically

<table>
<thead>
<tr>
<th>Method</th>
<th>Low-income Jordanians receiving</th>
<th>Low-income Jordanians sending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through an exchange house</td>
<td>29%</td>
<td>36%</td>
</tr>
<tr>
<td>Through bank account</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Through collection at a bank branch</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Through a credit card or ATM card</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Through an app on a mobile phone</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Handed cash directly</td>
<td>49%</td>
<td>44%</td>
</tr>
<tr>
<td>Through a family member or close friend</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>In the mail</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Sent cash through someone you know</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Non financial business organization</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Note:** Syrian refugees not included as very little engage in domestic remittances.
Low-income Jordanians: middle-aged men in urban areas more likely to engage in domestic and international remittances

Men are more likely to engage in remittances. 65% of respondents engaging in international remittances and 60% of those engaging in domestic remittances are men.

People engaging in remittances are more employed (full or part time) than the average sample of respondents: 44% vs. 29%.

People engaging in international remittances live in urban areas more: 82% vs. 68% on average.

People engaging in domestic remittances have received less formal education: 29% of them have completed secondary education vs. 42% on average.

Remitters are 40 years of age on average.

Note: Total low-income Jordanians respondents: n=1,091
Respondents engaging in international remittances: n=54
Respondents engaging in domestic remittances: n=73
Syrian refugees: middle-aged men and women residing outside camps more likely to engage in international remittances

Men represent 52% of respondents engaging in international remittances while they constitute only 46% of total respondents.

People engaging in international remittances are more employed than average: 29% vs. 18% for total respondents.

88% of respondents engaging in international remittances live outside camps whereas only 80% of total respondents live outside camps.

Syrian refugees engaging in international remittances do not differ significantly from the overall sample in terms of education, age, urban/rural location.

Remitters are **37 years** of age on average.

**Note:** Total Syrian refugee respondents: n=1,011
Respondents engaging in international remittances: n=130
Remittances patterns and market sizing

The current remittances market for low-income Jordanians and Syrian refugees in Jordan is estimated in 231 M USD.

The market is primarily composed of international incoming remittances, and domestic remittances.

Remittances received are usually for larger amounts than those sent, and these are split in fewer thus larger transactions.
Remittances mapping
Origins & destinations
Low-income Jordanians receive international remittances from the Gulf and neighboring countries

n = 44 for international remittances received

- Saudi Arabia n=8
- Lebanon n=6
- UAE n=6
- Kuwait n=5
- Turkey n=5
- United States n=4
- Bahrain n=4
- Bangladesh n=4
- Palestine n=4
- Syria n=2
- Oman n=1
- Qatar n=1
- Iraq n=1
- Europe n=1
Low-income Jordanians send and receive domestic remittances mostly from and to the cities of Amman and Irbid

<table>
<thead>
<tr>
<th>City</th>
<th>Sent</th>
<th>Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amman</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Irbid</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Al Mafraq</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Kerak</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Aqaba</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Salt</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Ma'an</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Tafela</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total n =</strong></td>
<td><strong>46</strong></td>
<td><strong>41</strong></td>
</tr>
</tbody>
</table>
Syrian refugees in Jordan receive international remittances from Gulf countries and Syria

n=69 for international remittances received

UAE n=16
Syria n=12
Kuwait n=10
Saudi Arabia n=10
Lebanon n=5
Qatar n=5
Palestine n=4
Germany n=2
Europe n=2
Oman n=1
Indonesia n=1
Iraq n=1
Syrian refugees in Jordan send international remittances mostly to Syria

- Syria: 90%
- Lebanon: 7%
- UAE: 2%
- Bahrain: 2%
- Germany: 2%

n=68 for international remittances sent

Syria n=61
Lebanon n=5
UAE n=1
Bahrain n=1
Germany n=1
Sources of income and use of financial services
There is a higher incidence of unemployment and temporary work among Syrian refugees

<table>
<thead>
<tr>
<th>Employment status</th>
<th>Syrian Men</th>
<th>Syrian Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid employment (FT)</td>
<td>6%</td>
<td>34%</td>
</tr>
<tr>
<td>Paid employment (PT or temp)</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>0%</td>
<td>7%</td>
</tr>
<tr>
<td>Unemployed (previously employed)</td>
<td>2%</td>
<td>15%</td>
</tr>
<tr>
<td>Unemployed (never employed)</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Long-term sick or handicapped</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Retired from work</td>
<td>2%</td>
<td>18%</td>
</tr>
<tr>
<td>Student (PT or FT)</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Housewife</td>
<td>0%</td>
<td>81%</td>
</tr>
</tbody>
</table>

- **Employed**
  - Syrian Men: 6%
  - Syrian Women: 0%

- **Unemployed**
  - Syrian Men: 38%
  - Syrian Women: 100%

5% of Syrian men and 2% of Syrian women report having permission to work in Jordan.
Low-income Jordanian households primarily get income from wages, Syrian refugees from aid or assistance

Sources of household income

- **Wages or salary**: 60% (Jordanians), 23% (Syrians)
- **Private retirement/pension plans**: 12% (Jordanians), 3% (Syrians)
- **Governmental aid or assistance**: 9% (Jordanians), 23% (Syrians)
- **Temporary or seasonal work**: 7% (Jordanians), 1% (Syrians)
- **Own business or self-employment**: 2% (Jordanians), 1% (Syrians)
- **UN, NGO, charity aid or assistance**: 1% (Jordanians), 71% (Syrians)
- **Remittances or transfers from friends or family members**: 1% (Jordanians), 2% (Syrians)
- **Capital/investments**: 1% (Jordanians), 1% (Syrians)
- **Other**: 2% (Jordanians), 2% (Syrians)

Multiple answers received from Syrian respondents indicate a combination of multiple income sources (aid and assistance + wages or temporary work).
At least 1 out of 4 low-income Jordanians is banked, practically no Syrian is

Payments and accounts

<table>
<thead>
<tr>
<th>Service</th>
<th>Low-income Jordanians</th>
<th>Syrian refugees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current/checking account at a bank</td>
<td>26%</td>
<td>23%</td>
</tr>
<tr>
<td>ATM card</td>
<td>23%</td>
<td>8%</td>
</tr>
<tr>
<td>Debit card</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Savings account at a bank</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>IRIS scan withdrawal at ATM</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Current/checking account at Jordan Post</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Choices included “savings account at Jordan Post”, “pre paid card”, “Mobile wallet account”, “account at another financial institution”, “membership in savings or credit club” but there were no positive answers or less than 0.5% in those categories.

Iris-scan withdrawals allow refugees to withdraw subsidies from aid and international organizations at iris-scan enabled ATMs.

This service is not linked to individual accounts, hence it is not enough to consider users as banked.
Syrian refuges are active borrowers but rely almost exclusively on informal sources

<table>
<thead>
<tr>
<th>Credit</th>
<th>Low-income Jordanians</th>
<th>Syrian refugees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan from a formal financial institution</td>
<td>29%</td>
<td>1%</td>
</tr>
<tr>
<td>Credit card</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Loan from family or friends</td>
<td>10%</td>
<td>21%</td>
</tr>
<tr>
<td>Loan from a private lender</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Buying from a store on credit</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>None of the above</td>
<td>58%</td>
<td>70%</td>
</tr>
</tbody>
</table>

**Note:** Choices included “loan from Jordan Post”, “loan from an employer”, “savings club loan” but there were no positive answers or less than 0.5% in those categories
Low-income Jordanians have a greater access to insurance

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Low-income Jordanians</th>
<th>Syrian Refugees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>59%</td>
<td>31%</td>
</tr>
<tr>
<td>Car</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>Home</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Credit life insurance</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Life</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>None of the above</td>
<td>31%</td>
<td>64%</td>
</tr>
</tbody>
</table>
Refugees in camps borrow more and have greater access to health insurance

Syrian refugees have free or subsidized access to health facilities inside but also outside camps. This may have been misconstrued as a health “insurance” by survey respondents although it is not a financial product per se, explaining the high positive response rate.
Digital financial services potential
90% of respondents have access to a personal phone

Low-income Jordanians

- Personal Smartphone: 47%
- Personal Basic Phone: 15%
- Personal Featurephone: 7%
- Shared phone: 20%
- SIM card, but no mobile phone: 1%
- Don't know/Refused: 2%

Syrian refugees

- Personal Smartphone: 33%
- Personal Basic Phone: 11%
- Personal Featurephone: 12%
- Shared phone: 30%
- SIM card, but no mobile phone: 1%
- Don't know/Refused: 3%
There is interest for mobile remittances services but raising awareness is key

Focus group discussions were conducted with 32 low-income Jordanians and 32 Syrian refugees. Their awareness and interest for mobile remittances products was tested before and after providing a detailed explanation and demonstration of what the services would look like.

Awareness and understanding

Detailed explanations were needed for participants to understand how mobile transfers and remittances would work.

Appetite

Participants were interested and enthusiastic about the product features once these were understood.

Mobile remittances were considered “convenient”, “economical”, “helpful”.

Key concerns

- Security of the funds
- Risk of losing the phone
- Not having enough money
- Compliance with Islamic finance
“I like the idea that I can use the mobile which is always with us, and not having to go to a place to send the money.”

Jordanian woman, Mafraq

“I like it, because it is convenient, easy to use, saves us trips to the exchange centers, no need to pay for transfer commissions.”

Jordanian man, Amman

“If you hadn't explained this today, I might have ignored the ad [for mobile wallet services] even if I'll receive it many times.”

Syrian man, Mafraq

“After I'll use it, make sure it is safe, and find out that it is better than the conventional ways I'll deposit any suitable amount”

Syrian woman, Irbid

“I would use this service to save money because I can't open a bank account with small amounts like 50-100 dinars, but with this service I can save my money in my mobile.”

Jordanian man, Irbid

“[Mobile wallet is] convenient, because there is no need to leave the house and be bothered to visit the store, also it can be helpful if someone needed to send money urgently and you couldn't go out.”

Syrian woman, Amman
Thank you

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