

# Designing Innovative Financing Mechanisms to Reduce the Cost of Sending Remittances from Canada to Developing Countries



A Study for the Department of Foreign Affairs, Trade and Development, Government of Canada: Produced by DMA and Vivid Economics



## Background

In order to work towards fulfilling its commitment to reduce remittance costs, Canada has been exploring options to achieve this. DMA and our partner Vivid Economics were engaged following a competitive tender to produce an in-depth qualitative and quantitative assessment of the Canadian remittance market and a recommendation of how to design, structure and implement an innovative results-based financing mechanism to lower remittance costs from Canada to developing countries.

## Our Work

To fulfil this brief, DMA utilised its extensive remittance market experience to:

- Estimate the volume of remittance flows to developing country corridors;
- Understand how many providers are in the market,

where they are located and what country corridors they serve;

- Determine what products are available to consumers, to which corridors, and a breakdown of costs for each product from both a consumer and service provider perspective;
- Analyse the regulatory environment at a national and international level;
- Assess levels of innovation and competition in the Canadian market;
- Identify trends in the Canadian market, including the rate of new entrants to the market;
- Survey consumer perspectives;
- Interview remittance service providers.

DMA was then able to compare the Canadian experience with similar send markets and identify market barriers which limit innovation and competition in Canada's remittance market.

## The Outcome

With this in-depth assessment as a basis, DMA and Vivid Economics developed policy initiatives aimed at improving the market to encourage the reduction of remittance costs through greater competition and product innovation. The resulting report was accepted in full, and work is currently underway to implement the recommendations outlined.

*For more information about our work, please speak to a member of our team or email Ashley Groom at [ashley.groom@developingmarkets.com](mailto:ashley.groom@developingmarkets.com).*