|  |  |  |  |
| --- | --- | --- | --- |
| remittance cost by regions |  |  |  |
|  |  |  |  |
|  | 2022 | 2023 | SDG target 3% by 2030 |
| Global average | 6.3 | 6 | 3 |
| South Asia | 4.3 | 4.1 | 3 |
| Latin America and the Caribbean | 5.6 | 6 | 3 |
| Middle East | 6.2 | 6.3 | 3 |
| Sub-Saharan Africa | 8.7 | 7.8 | 3 |
| Europe and Central Asia | 6.3 | 6.4 | 3 |
| East Asia and Pacific | 6.2 | 5.8 | 3 |

**TITLE: GLOBAL REMITTANCE COSTS: AN ANALYSIS AND PATHWAY TO ACHIEVING SDG TARGETS BY 2030**.

**EXECUTIVE SUMMARY**

Remittance costs represent a critical factor influencing the financial stability and well-being of millions of families in developing countries. In 2022 and 2023, remittance costs have shown variations across different regions, with a notable global average of 6.3% and 6% respectively. The Sustainable Development Goals (SDG) set by the United Nations aim to reduce these costs to 3% by 2030. This report delves into the regional differences in remittance costs, examines the progress made in reducing these costs, and highlights the challenges that lie ahead in achieving the SDG targets.This report provides a comprehensive analysis of the current global remittance costs and outlines the progress and challenges in achieving the Sustainable Development Goal (SDG) of reducing these costs to 3% by 2030. Remittances, the money sent by migrants to their home countries, are crucial for millions of households, contributing significantly to the economies of many developing nations. However, the high costs associated with sending money across borders can reduce the benefits that these remittances provide.

In 2022, the global average cost of sending remittances was 6.3%, which slightly decreased to 6% in 2023. Despite this modest improvement, the current costs are still double the SDG target, indicating that substantial efforts are needed to reduce remittance fees further. The cost trends varied significantly across regions, with South Asia showing the lowest costs, decreasing from 4.3% in 2022 to 4.1% in 2023, while Sub-Saharan Africa, although improving from 8.7% to 7.8%, remains the most expensive region for remittances.Latin America and the Caribbean, the Middle East, and Europe and Central Asia have either seen increases or minimal reductions in costs, suggesting the presence of entrenched barriers and systemic inefficiencies. East Asia and the Pacific experienced a notable reduction from 6.2% to 5.8%, reflecting positive developments, but still, considerable progress is needed to meet the 3% target by 2030.Key challenges identified include inadequate financial infrastructure, especially in rural and underserved areas, complex and varied regulatory frameworks that increase transaction costs, and limited competition among remittance service providers, which keeps fees high. Addressing these challenges requires a multi-faceted approach involving policy reforms, enhanced digital financial services, and fostering competition within the remittance market.

The report concludes that while some regions are on the right path, there is a need for more aggressive interventions and concerted efforts from international organizations, governments, and financial institutions to achieve the SDG target. By focusing on reducing transaction costs and improving financial inclusion, the global community can ensure that remittances continue to be a lifeline for millions, contributing to poverty reduction and economic development.This expanded executive summary provides a detailed overview of the key findings, regional variations, and the steps necessary to achieve the SDG target for remittance costs.

**MAIN CONTENT**

**Introduction**

Remittances play a vital role in the global economy, particularly for developing countries, where they often constitute a significant portion of household income. The cost of sending remittances, however, remains a barrier that can diminish the benefits for recipient families. The United Nations has recognized the importance of reducing remittance costs, setting a target to lower the global average cost to 3% by 2030 as part of the Sustainable Development Goals (SDGs).

***Current Status of Remittance Costs***

**Global Average**

- 2022***: 6.3%***

- 2023***: 6%***

- SDG Target by 2030***: 3%***

The global average cost of sending remittances saw a slight decline from 6.3% in 2022 to 6% in 2023. Despite this reduction, the current cost remains double the SDG target.

***Regional Analysis***

1. South Asia

- 2022***: 4.3%***

- 2023***: 4.1%***

- SDG Target by 2030***: 3%***

South Asia boasts the lowest remittance costs among the regions analyzed. The reduction from 4.3% to 4.1% signifies steady progress towards the SDG target, although further efforts are required to meet the 3% goal.

2. Latin America and the Caribbean

- 2022***: 5.6%***

- 2023***: 6%***

- SDG Target by 2030***: 3%***

Costs in Latin America and the Caribbean increased slightly, from 5.6% in 2022 to 6% in 2023, reflecting challenges in reducing remittance costs despite significant financial infrastructure.

3. Middle East

- 2022***: 6.2%***

- 2023***: 6.3***%

SDG Target by 2030***: 3%***

The Middle East experienced a marginal rise in remittance costs from 6.2% to 6.3%, indicating a stagnation in cost reduction efforts in the region.

4. Sub-Saharan Africa

- 2022***: 8.7%***

- 2023***: 7.8%***

- SDG Target by 2030***: 3%***

Sub-Saharan Africa remains the region with the highest remittance costs, although there was a notable decrease from 8.7% to 7.8%. Achieving the SDG target will require substantial reductions and targeted interventions.

5. Europe and Central Asia

- 2022***: 6.3%***

- 2023***: 6.4%***

- SDG Target by 2030***: 3%***

Remittance costs in Europe and Central Asia increased slightly from 6.3% to 6.4%. This increase highlights the need for renewed focus on reducing transaction fees in the region.

6. East Asia and Pacific

- 2022***: 6.2%***

- 2023***: 5.8%***

- SDG Target by 2030***: 3%***

East Asia and the Pacific saw a decrease in remittance costs from 6.2% to 5.8%, marking progress towards the SDG target, though the costs remain above the desired 3%.

***Pathway to Achieving the SDG Target***

**Challenges**

-Financial Infrastructure: Limited financial infrastructure in certain regions can increase transaction costs.

-Regulatory Barriers: Diverse regulatory frameworks can complicate and raise the cost of remittance services.

-Market Competition: A lack of competition among remittance service providers can result in higher fees.

**Recommendations**

1. Enhancing Digital Financial Services: Promoting the use of digital remittance platforms can reduce costs by eliminating intermediary fees and increasing transparency.

2. Regulatory Reforms: Harmonizing regulations across countries can streamline remittance processes and reduce costs.

3. Promoting Competition: Encouraging new entrants into the remittance market can foster competition and drive down prices.

4. Public Awareness Campaigns: Educating remitters about low-cost options can help shift market demand towards more affordable services.

**Conclusion**

While some progress has been made in reducing global remittance costs, significant efforts are still required to meet the SDG target of 3% by 2030. Addressing the challenges of financial infrastructure, regulatory barriers, and market competition will be crucial in achieving this goal. A concerted effort from policymakers, financial institutions, and remittance service providers is necessary to ensure that remittance costs continue to decrease, enhancing the financial well-being of families worldwide.This comprehensive report provides an overview of the current state of global remittance costs, highlighting the regional disparities and outlining a strategic pathway to meet the SDG target of 3% by 2030. By addressing the identified challenges and implementing the recommended measures, it is possible to significantly reduce the financial burden of remittance costs on migrant workers and their families.

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