



AID:TECH
REMITTANCES
UNDP SERBIA



Remittances

Background

The amount of remittances that Serbians send to their relatives in Serbia each year is tantamount to 9% of the Serbian GDP, compared to 5.4% share that foreign investments had in the Serbian GDP in 2016.

It has been estimated that Serbs living abroad send a total of 2.7 billion EUR to their relatives in Serbia each year. These are so-called foreign remittances, i.e. the money that citizens living in foreign countries send to their friends and family members in Serbia, as well as pensions and disability allowances that Serbian people, who used to work abroad, are now receiving.

The National Bank of Serbia (NBS) says that, in the 11 months of 2016, a total of 2.45 billion EUR of foreign remittances arrived to Serbia.

It has been estimated that close to 800,000 people in Serbia are receiving money from abroad, and that each recipient received 3,370 EUR on average in 2016, which amounts to between 370 and 410 EUR per capita – the National Bank of Serbia says.

The central banks of Serbia says that the said amount refers to the money received via bank account and wire transfer, and adds much more has probably been sent via different, unregistered ways.

Problem

According to the world bank, the global average fee for sending remittances was 7.32% in 2017. Depending on the remittance corridor (i.e. country sending remittance from) this can be higher than 10% in the case of Serbia.

AID:Tech/UNDP Serbia Solution

To lower the costs of remittances for all parties involved, and to bring transparency to the flow of remittances, UNDP Alternative Finance Lab, based in Istanbul, Turkey has been seeking solutions.

Following on from this, AID:Tech and UNDP have agreed to run a pilot project in Serbia where AID:Tech's Digital Identity technology will be used by beneficiaries to receive remittances directly, and at a lower cost than already available with existing money transmitters.

Because of UNDP's social mandate, the money remitted with the solution will be used directly to purchase vouchers for goods and services such as electricity, gas and groceries, at a lower cost than currently available. This has the added benefit of ensuring that money remitted can be targeted towards socially responsible services.

Once this solution is in place, it can be extended to other socially beneficial services such as welfare distribution, universal basic income, aid, pensions and health records.



Partner

How It Works

With this project, beneficiaries can sign up for an AID:Tech Digital Identity either via a web portal or can be manually provisioned by UNDP (using AID:Tech's platform). Note: AID:Tech does not verify the identity of a person, instead this is performed by UNDP.

Once the receiving party is in possession of an AID:Tech Digital Identity, they can receive remittances directly and choose where to redeem.

For the pilot project 200 people have already been identified, and these individuals will receive remittances from people in France, Austria, Switzerland and Germany. Upon successful completion of the project, a memorandum of understanding is in place for the project to be extended to more than 20 countries.



Benefits

Using AID:Tech's Digital Identity enables the Serbian Diaspora to send remittances directly to loved ones in Serbia at lower fees than currently available. This can translate to millions more dollars being circulated in the Serbian economy than is currently the case.

Promoting social and financial inclusion – those previously excluded from the financial system now possess cutting edge technology which can be used for socially responsible services.

Lightweight, low cost blockchain infrastructure means that solution can be scaled easily and extended to services other than remittances.

Helping achieve the United Nation's Sustainable Development Goals:

- Target 16.9 - By 2030, provide legal identity for all, including birth registration

Currently there are more than 2.4 billion people around the world living without a legal identity. This means that they are legally, socially and financially excluded from services that people in the developing world take for granted. AID:Tech's Digital Identity which is based on blockchain technology can be used to address this problem

- Target 10.c - By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

With AID:Tech's solution, it is possible to lower the costs associated with remittances significantly, and in some cases achieve the target of 3 percent now.





AID:TECH

DIGITAL ENTITLEMENTS VIA DIGITAL ID