

World Bank Takes Innovative Action to Support Remittance Flows to Somalia



Thursday, October 29, 2015



The World Bank has taken an important step today to help support the flow of remittances to Somalia, to ensure they continue to reach people who depend upon them as a critical source of income.

Over the last 18 months, money transfer businesses in Somalia have faced difficulty in maintaining access to bank accounts to continue their business operations. The World Bank has been

working alongside the Central Bank of Somalia (CBS) to implement a number of activities aimed at tackling key deficiencies in the Somali financial sector affecting remittance flows to the country.

Today, in partnership with the CBS, the World Bank is initiating a process to build the capacity of the Supervision Department, to ensure effective oversight of licensed money transfer businesses in Somalia. The World Bank is seeking applications from potential firms to apply to become the “Trusted Agent” to the Central Bank of Somalia to assist the authorities in comprehensively regulating and supervising money transfer businesses.

“This is a very important initial step toward improving supervision and formalizing the money transfer business sector in Somalia,” said Bella Bird, World Bank Country Director for Tanzania, Burundi, Malawi and Somalia. “We anticipate these measures will build confidence in the international community with regard to the Somali financial sector.”

In addition to the contracting of a “Trusted Agent”, the World Bank has been assisting the CBS in drafting and implementing new regulations and guidelines for the money transfer business sector.

The World Bank’s work in Somalia is being generously supported by the Government of the United Kingdom, including through funding by the Department for International Development (DfID).

The World Bank began working with the UK last year to develop mechanisms in case of severe disruption of remittance flows between the UK and Somalia. This work has since evolved to address fundamental issues affecting remittance flows to the country. The current activities are focused on improving the formalization, transparency, and compliance of the money transfer business sector in Somalia.

“Remittance services are incredibly important to many people in the UK who are working hard and want to send money home to their families, and that money represents a vital lifeline for many countries, including Somalia” said United Kingdom Economic Secretary Harriet Baldwin.

“That is why protecting remittance flows remains a key priority for the UK government. Today’s announcement represents an important milestone in our work to support remittance flows to Somalia, and is a key part of the UK’s Safer Corridor Initiative to bolster every step of the remittance process.”