



Unlocking Public and Private
Finance for the Poor

Improving migrant financial resilience with insurance and pensions

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THE PROSPECTS FOR INSURANCE AND PENSIONS ARE POTENTIALLY VERY SIGNIFICANT IF IMPROVEMENTS CAN BE MADE ACROSS THE ECOSYSTEM



- 281 million migrants (2021) up from 174 million (1995)
- Migrants support ≈ 800 million family members back home
- Total population that could be positively influenced ≈ 1 billion



- Migrants send 15% of their income home each year – \$702 bn in 2020 (>> \$1 trillion incl. informal transfers)
- LMICs receive \$540 bn of the \$700 bn in total (\$810 bn incl. informal transfers)
- 75% of inbound remittances spent on food, housing, school fees and the costs of medical emergencies. Include risks that could be insured
- Sent via range of cash, banking and newer digital providers with average cost of 6.4%

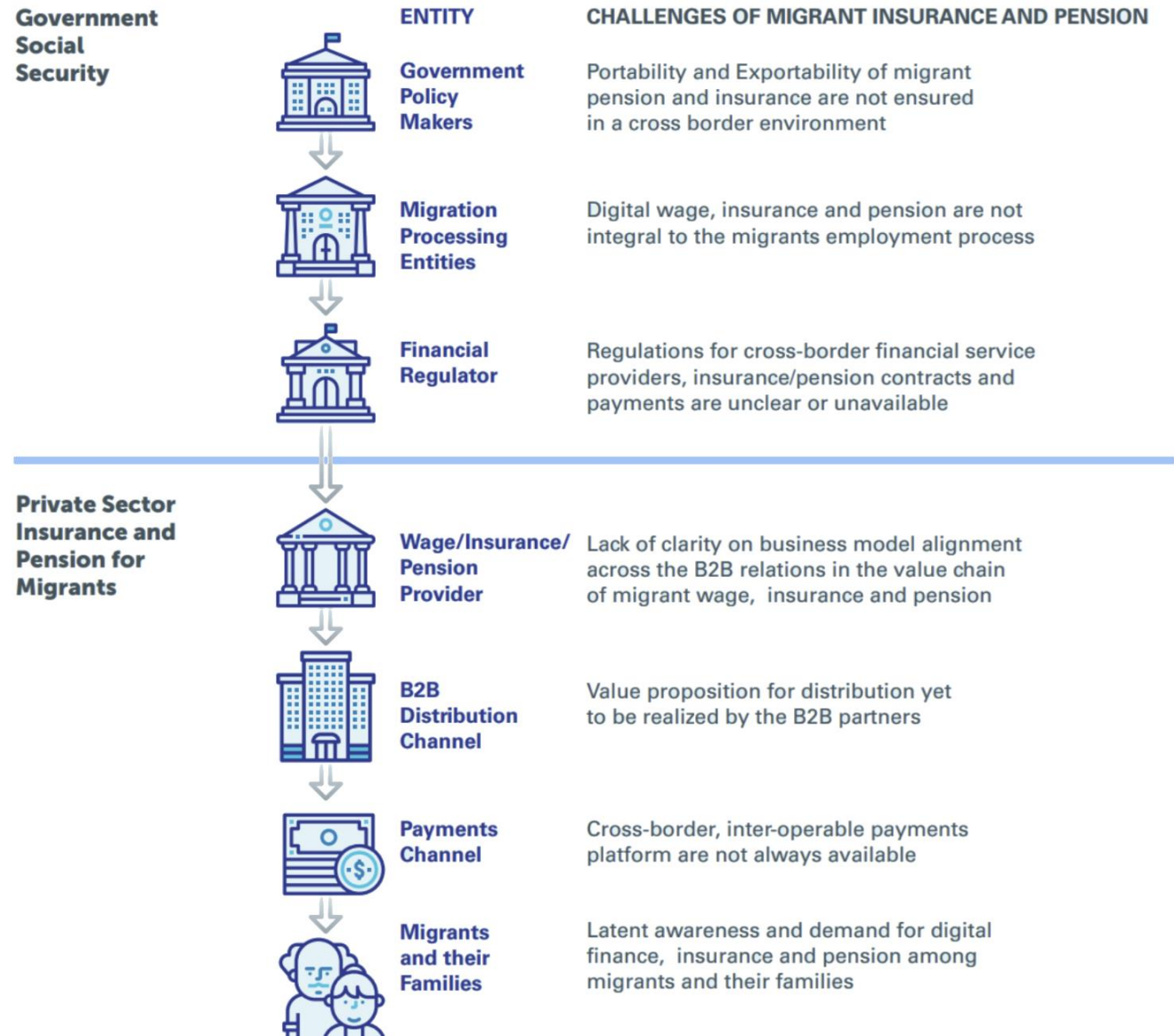


- 25% of the annual remittances to LMICs– or \$200 bn – are sent for saving and investments
- Remittances make up for gaps in insurance and pensions for families, but exposes them to risk if the migrant dies
- Migrant workers also need pensions for their own futures

Migrants are vital for their families but face many risks

- Approximately four percent of the global population, nearly half of whom are women, live and work outside their countries of origin.
- Their remittances are a vital source of savings and supplementary income, and pivotal for family financial inclusion and resilience, debt burden reduction, income-generating activities, re-employment and business formation.
- Unforeseen events such as migrant death, illness or job loss impact the recipient family's financial stability resulting in severe debt, inequality and poverty.
- The risk of poverty for migrants is 1.5 times higher than for non-migrants and workplace mortality rate at least 2.5 times that of their non-migrant counterparts.
- Insurance and pensions are essential safeguards for migrant families against unforeseen events because they mitigate the financial risks of death, disability, disasters, health issues, and poverty/low income in old age.
- COVID-19 highlighted the plight of migrants in accessing healthcare and repatriation services and a limited safety net of pension and old-age savings for migrants returning to their home countries

There are multiple barriers across the remittance, insurance, and pension value chain, from both the public and private sectors, in unlocking the potential of the migrant financial resilience and social security



ENABLING POLICY AND REGULATIONS: TOP 10 INSIGHTS FROM GLOBAL EXPERT INTERVIEWS

THE KEY ISSUES AND INSIGHTS WERE:

1. Regulatory fix for insurers to be cross border – likely only targeted fix needed
2. Gov mandates (or auto enrolment) essential as in pensions domestically
3. Gov mandated insurance for health, life and repatriation but simple and low cost
4. New example of proactive government to fix issues from Turkey (add to India and Mexico)
5. Use embassies, consulates and roadshows to link to home population in host country
6. GCC region v generous public pensions for citizens mean no history private pensions
7. Integrated regulatory policy on Tech best as diff regulators across value chain (UAE)
8. Home country Gov incentives for pensions can encourage enrolment via sign-on cash
9. No link to WHO initiatives on health cover for migrants, given Sri Lanka link
10. Leverage ESG – particularly Social element

INCLUSIVE INNOVATION: TOP 10 INSIGHTS FROM GLOBAL EXPERT INTERVIEWS

THE KEY ISSUES AND INSIGHTS WERE:

1. Barriers similar to low-income/informal/ women domestically - use similar fixes
2. Training/empowering inclusive leaders as important as Tech
3. Paying claims as marketing to build trust where little exists
4. Diff views on leveraging mass market products with entry and coms tailored v tailor products to migrants
5. Automatic account creation linked to social security, pensions and insurance ID
6. Need automatic payment model for viability
7. Improve access to existing host country social security building ID, employer link
8. Problems tracing people creates dilemma on lock in to old age v pay when leaving
9. Can large domestic pension funds expand role to group insurance plus migrant cover
10. Explore travel insurance model – and work with cross-border transport companies

OPEN DIGITAL PAYMENT ECOSYSTEM: TOP 10 INSIGHTS FROM GLOBAL EXPERT INTERVIEWS

THE KEY ISSUES AND INSIGHTS WERE:

1. Digital model for delivery has more chance post COVID
2. Fine if remittance/MTOs are only channel not building out to ins and pens directly
3. Pre-travel bank account creation to enable safe transfer of money and building ID
4. FSB/G20 initiatives useful to link to re use of Cross-Border Payments Markets group
5. FATF/ID4D and SDG focus on ID all critical given that fin exclusion often due to no ID
6. BUNA pan-Arab payments shows innovation – but focus as an enabler not provider
7. Remittance provider and local partner on insurance and pensions a viable approach
8. Risk on ‘de-banking’ payment providers – need to prevent anti-competitive practice
9. Build on GSMA Mobile Money Code of Conduct and similar for good practice
10. Leverage ESG – particularly Social element

EMPOWERED CUSTOMERS: TOP 10 INSIGHTS FROM GLOBAL EXPERT INTERVIEWS

THE KEY ISSUES AND INSIGHTS WERE:

1. Gender focus lagging - push on data, direct outreach, flex and tailor products
2. Concern 30% of SIMs listing wrong gender in one study plus issue of SIM sharing
3. Mandatory or automatic enrolment using visa process - one off but strong
4. Insurance product and coms to family not only individual plus better coms all round – try to join migrant chats on barriers
5. Develop new concept of group insurance – larger family or village group
6. Leverage awareness of COVID impact to connect people for next direct payments
7. Retain protections on fraud/exploitation so cross-border reg flex is not open door
8. Financial education in general tough but need coms and ‘phygital’ for trust
9. Concerns about payment security on feature phones using USSD
10. Explore innovations in refugee space on ID and payments

THE AIM IS TO HELP BUILD A MORE IDEAL ECO-SYSTEM SO THAT MORE MIGRANTS GAIN FINANCIAL RESILIENCE WITH INSURANCE AND PENSIONS



Open Digital Payment Eco-system

Cross-border inter-operable payments mechanisms are available to the migrants and their families for both contribution and benefit realization from wage digitization, insurance and pension



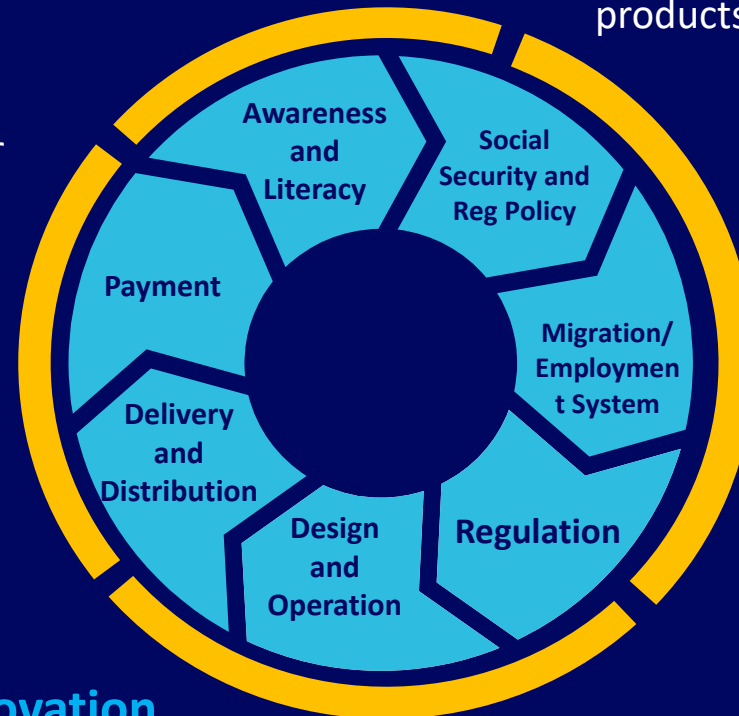
Inclusive Innovation

FSPs design launch and scale sustainable migrant centric ,gender responsive wage digitization, insurance and pension products, delivered through incentive aligned distribution mechanisms



Empowered Customer

Migrants and their families are aware of and appreciate the role of curated insurance and pension products that they would prefer, chose and use.

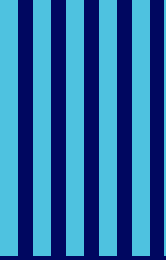


Enabling Policy and Regulation

Regulators and policymakers across key corridors enable migrant centric, gender responsive, portable wage digitization, insurance and pension product linked to migrant employment

THE CURRENT PHASE OF THE PROJECT IS NOW BUILDING DEEPER INSIGHTS FOR POLICY SOLUTIONS, WHILST TESTING INNOVATIVE DELIVERY MODELS

- The first part of the project is focused on 6 main countries on which case studies are being developed on government and regulatory dynamics, the market environment, innovative suppliers and consumer empowerment
- An RFP has just closed to receive proposals for innovative design or delivery models that could help expand coverage
- Three new papers have been published on:
 - [i\) the current situation](#)
 - [ii\) the case for change](#)
 - [iii\) the shape of potential solutions](#)
- UNCDF open-minded to the right delivery model which will depend on the pension and insurance system in the home and host country, the nature of the migrant work, critical issues such as gender and the dynamics of the home-host corridor



UNCDF open-minded on the right approach(es) – which differ by home and host country corridors, type and length of work, gender, trust and literacy

Some important potential solutions may include:

1. Non-contributory migrant social insurance schemes:
2. Mandatory co-contributory Pension and Insurance by host countries:
3. Mandatory coverage for outgoing migrants:
4. Embedded or bundled private sector insurance
5. Voluntary Insurance or Pension in home country
6. Voluntary insurance or pension in the host country
7. Global or regional pension funds for migrants:
8. Global migrant insurance schemes



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THANK YOU