



Global Center, Oxfam America, and SOMSA Host Roundtable on Efforts to Maintain the Somali Remittance Lifeline

Washington DC, USA: On 13 October 2017, the Global Center on Cooperative Security, Oxfam America, and the Somali Money Services Association (SOMSA) co-hosted a roundtable on *Maintaining the Lifeline: Revisiting Derisking, AML/CFT, and Somali Remittances*. The event, which was hosted in coordination with the office of Congressman Keith Ellison, included representatives from the Federal Government of Somalia, Somali money transfer operators, and U.S.-based civil society and policymakers on Capitol Hill.

Somalia's economy is dependent on remittances sent from the United States and other countries. Every year, it receives approximately 1.3 billion USD in remittances. Remittance flows account for between 25 and 45 percent of Somalia's economy, which exceeds the amount it receives in humanitarian aid, development aid, and foreign direct investment combined. Roundtable participants noted that as Somali money transfer operators lose their bank accounts, Somali families lose their only formal or transparent channel through which to send money. As a result, transfers to Somalia have increasingly moved from wire (monitored) to cash, driving some legitimate flows underground to unregulated channels. Despite the attention that has been drawn to this important issue by Congressman Ellison's office and others, participants stressed that the Somali remittance sector still "hang(s) by a thread" and that Somali money transfer operators continue to face increasing challenges of derisking.

Nonetheless, attendees highlighted that a number of international partners in the UK, Australia, and elsewhere have taken steps to maintain the Somali remittance lifeline, and that there are some signs that the U.S. may be following suit. Led by Congressman Ellison and supported by members of Congress Adam Smith, Tom Emmer, Joyce Beatty, Stephen F. Lynch and Denny Heck, the U.S. Congress recently passed a new law intended to support the regulation of the Somali money transfer industry. Somali financial industry leaders called this legislation "the most significant and most practical step by a global power to assist our efforts to keep remittance channels open."

Within Somalia, improved dialogue between the Somali money transfer industry and regulators has been very helpful in enhancing regulation of the sector and ensuring compliance with international standards. Representatives of the Somali money transfer industry highlighted their investments in improving compliance and standardization of customer identification systems. All participants emphasized the need for enhanced and institutionalized dialogue between Somali money transfer companies, international correspondent banks, and regulatory authorities is needed for remittance corridors to Somalia to remain intact.

Partners are now preparing an action plan, based on suggestions shared during this roundtable, to inform continued advocacy on Somali remittances.

For questions about this roundtable, please contact the Chairman of SOMSA via email at: chairman@somsa.co.uk