



Making financial markets work for the poor

SADC Remittance Flows Report

Prepared for FinMark Trust

17 January 2012

TABLE OF CONTENTS

Executive Summary	5
1 Introduction.....	7
1.1 Methodology.....	7
1.2 Sample	8
2 Findings	10
2.1 Profile of interviewees	10
2.2 Migration Behaviour	15
2.3 Remittance behaviour.....	18
2.3.1 Formal and informal remittances.....	22
2.3.2 Knowledge and usage of remitting methods.....	24
2.3.3 Purpose of remittances.....	29
2.3.4 Frequency and size of remittances.....	31
2.3.5 Characteristics of Receivers.....	38
2.4 Participation in the formal bank market.....	38
3 Insights from cross-border Bus/Taxi/Trucks drivers	41
3.1.1 Taxi Drivers	42
3.1.2 Bus drivers	44
3.1.3 Truck drivers	44
3.2 Types of remittances	44
3.2.1 Zimbabwe.....	45
3.2.2 Swaziland:.....	45
3.2.3 Mozambique	46
3.2.4 Lesotho.....	46
3.2.5 Botswana	46
3.2.6 Zambia	46
3.3 Business model for cross border taxi/bus/truck drivers	47
4 Conclusion	48
Appendix.....	50

Table 1: Family dynamics of respondents by cluster	11
Table 2: Age of respondents and number of children by cluster.....	12
Table 3: Types of work for formal and informal migrants	13
Table 4: Types of methods by order of popularity	28
Table 5: Size of remittance transactions.....	37
Table 6: Frequency of trips home.....	50
Table 7: Reasons for going home.....	51
Table 8: Location of family	52
Table 9: Prevalence of remitting	52
Table 10: Size of remittance transactions.....	53
Table 11: Money or goods.....	54
Table 12: Method of sending goods.....	55
Table 13: Kind of goods sent	56
Table 14: Frequency of sending goods	56
Table 15: Currency used for transaction	57
Table 16: Currency conversion	57
Table 17: Cost of conversion.....	58
Table 18: Influences on remittance quantity.....	59
Table 19: Knowledge of remitting methods.....	60
Table 20: Methods of remitting used	61
Table 21: Preferred remitting method.....	62
Table 22: Reason for preferred method	63
Figure 1: Gender split of respondents.....	9
Figure 2: Marital status of group participants	10
Figure 3: Children under 18 years.....	12
Figure 4: Percentage of respondents living with their children.....	12
Figure 5: Residence Status.....	13
Figure 6: Property ownership in home country.....	14
Figure 7: Respondents with plans to buy property in home country	14
Figure 8: Type of property owned in home country	15
Figure 9: Number of years spent in South Africa	16
Figure 10: Remittance behaviour of respondents	18

Figure 11: Respondents with South African IDs.....	25
Figure 12: Residence status	26
Figure 13: Methods of remitting	29
Figure 14: Frequency of remitting.....	31
Figure 15: Frequency of remittances in a year.....	33
Figure 16: Value of remittances.....	35
Figure 17: Earnings before tax.....	36
Figure 18: Remittances per annum.....	36

Executive Summary

This report discusses findings of qualitative research (focus group discussions and individual interviews) conducted for FinMark Trust on the remitting pattern and behaviour of migrants from SADC, based in South Africa and remitting into the SADC regions. This was a follow up study to research conducted for FinMark in 2005. The focus of this study was to gain insight into remittance behaviour and patterns of the SADC migrant population, by analysing the various channels, both formal and informal, used by remitters. The research was designed to shed light on the value and frequency of remittances, together with the channels used.

In order to corroborate and validate some of the findings coming out of the research, comments from the individuals who remit funds for the migrants, namely, taxi/bus/truck drivers - the most widely used remittance channel of both formal and informal migrants - formed part of the research. The research comprised 19 focus group discussions held with 114 migrants from different home countries, and discussions with 20 individual drivers involved in remitting.

With South Africa being a regional hub of business and opportunity, it has a long history of SADC migrants, both legal and illegal, arriving in the country seeking employment opportunities. The country's onerous migration laws make it difficult for migrants to attain legal status in the country, and as a result many migrants remain undocumented. The research revealed that a large part of the migrant population does not have the necessary documentation i.e. work permits. These undocumented migrants are more likely to end up using informal methods of remitting funds.

The research showed that documented and undocumented migrants used different methods of remitting funds. Undocumented migrants face challenges when transacting through formal channels such as banks, due to

financial institutions' requirements of documentation such as work permits, proof of residence and valid passports on cross-country remittances.

Due to these strict requirements, informal remittance channels are the preferred method of undocumented migrants. The most commonly used remitting method of undocumented migrants is the cross-border buses/taxis/trucks channel – although it should be noted that this is also the preferred method of documented migrants. While it takes longer for remittances to reach the intended recipients by this method, it is particularly useful for migrants who also transport large amounts of goods to their home countries.

The research found that Zimbabwean migrants are the largest remitters, as measured by the frequency and value of remittances. DRC had the smallest remitters by value sent, due to the high transaction costs of remitting funds; this also affected the frequency of remittances.

In Swaziland, Namibia and Lesotho, a growing trend in the channels used is the Shoprite Money Market system, which is less costly and safer than other available channels, provides instant transmission of funds, and does not require much paper work. This is still a fairly new method and we envisage that with more exposure and time it will be one of the fastest growing channels used in the countries in which it is offered.

It was clear that other formal channels of remitting were not as popular with migrants. Western Union and MoneyGram are unknown to most, and thus not commonly used by migrants, whereas informal agents are widely used. That both documented and undocumented migrants do not use the formal channels of remitting funds validates the view that a large number of remittances are not documented.

1 Introduction

This report details findings and discusses key insights that came out of the research. The key objectives of the research were:

- To gain a better understanding of the SADC migrant population and migration patterns.
- To gain insight into the remittance perceptions and behaviour of SADC migrants and their choice of remittance channel.
- To ascertain the frequency of remitting and the typical amounts sent.
- To explore the cross-border bus/taxi/trucks method of remitting, including the underlying business model and the types of remittances sent.

1.1 Methodology

The study was conducted in Gauteng, Mpumalanga, Limpopo, KwaZulu Natal and the Free State. Focus groups were used to collect the required market intelligence. Remitting respondents were grouped in accordance to nationality, gender, language and socioeconomic status, as much as possible. Interviews took between 60 to 90 minutes, with each focus group comprised of six respondents with an experienced moderator facilitating the interview.

Respondents were spoken to in the language of their choice; a translator was present where needed. Group discussions took place in residential areas/households and meeting spots to ensure a level of comfort and immediate access into respondents' lives.

The moderating guide was designed in consultation with the client to ensure full compatibility with the objectives and deliverables of the research. At the end of the interview respondents were asked to fill in a questionnaire that included personal questions on their remitting behaviour, less suitable for group discussion, as well as basic demographic data.

Interviews were also conducted with 20 individuals involved in the taxi/truck remittance system, either on a one-on-one basis or in small groups. Intercept interviews were conducted at Taxi Ranks and places where drivers eat and relax.

1.2 Sample

The table below illustrates the design of the focus groups. As much as possible, the research attempted to ensure that focus groups were differentiated according to language, proximity to South Africa, gender and socioeconomic status.

Focus group clusters:	Countries	Gauteng	Other provinces	Notes:	
Portuguese cluster:	Angola and Mozambique	2	1	Limpopo	Low income, split by gender
Offshore/ Francophone cluster:	DRC, Madagascar, Mauritius and Seychelles	1			Challenges were faced in recruiting migrants from Madagascar, Mauritius and Seychelles. This group only had respondents from the DRC
Higher income, proximate:	Botswana, Swaziland, Namibia	2	1	Mpumalanga	Low income split by gender, one mixed-gender higher income group
Separate countries:	Zimbabwe	2	2	KwaZulu Natal	Low and higher income split by gender
	Lesotho	2	2	Free State	Low income split by gender, one mixed-gender higher income group

Other:	Malawi, Tanzania, Zambia	2		Low income, split by gender
--------	-----------------------------	---	--	--------------------------------

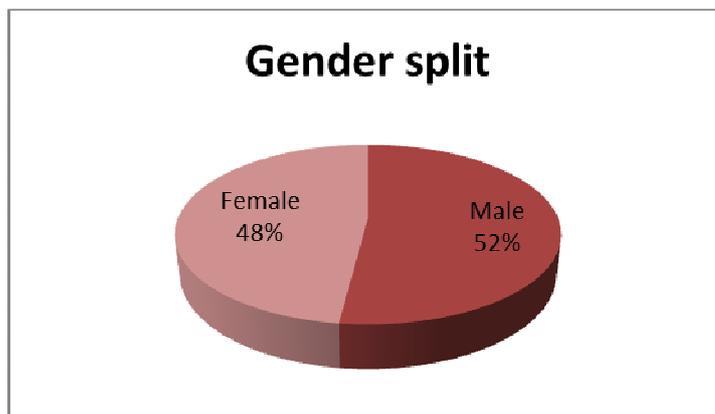
In total, 114 individuals were interviewed during the research process. 13 focus groups were based in Gauteng, and 6 groups in other provinces.

Recruitment of focus group participants took place in the following areas:

- **Gauteng:** Johannesburg Wanderers taxi rank, Menlyn Pretoria, Rosettenville, Soweto Glenridge, Yeoville, Hillbrow.
- **KwaZulu Natal:** Berea, Point, South beach, Victoria embankment, Umlazi.
- **Limpopo:** Thoyandou - Njelele
- **Mpumalanga:** Nelspruit CBD.

The economic migrants who participated in the research exhibited a gender split of 52% men and 48% women; as a result the research was very slightly male skewed.

Figure 1: Gender split of respondents



2 Findings

2.1 Profile of interviewees

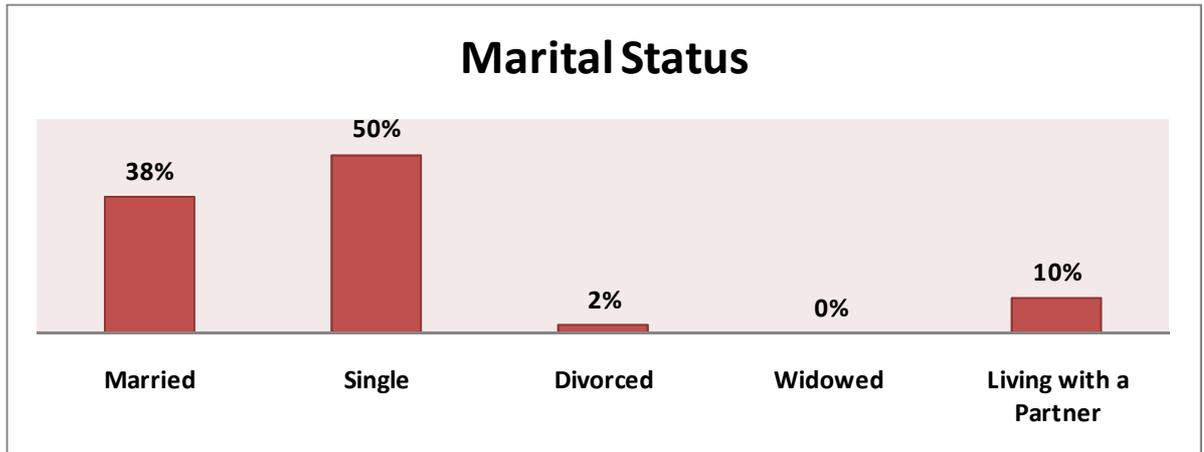
Migration dynamics. 50% of the respondents were single, which meant that they were flexible and sufficiently mobile to leave their home countries to seek better opportunities. They left behind parents and extended family, with some leaving the care of their children to their parents. Most of the respondents were breadwinners in their homes.

“In Zimbabwe the situation was very bad. As the only boy in the family I had to leave my family and come look for a job here in South Africa so I can help my parents”

Zimbabwe Low Income Male: Gauteng

Family dynamics. Married respondents variously had families currently living with them, or staying in the home country. It should be noted that the type of job the migrant worker had seemed to determine the living situation. For instance, mine workers in Limpopo mentioned that their families were back home because their current place of dwelling was not appropriate for one to raise children and build a family. Married respondents, whose **current residence and type of job** allowed for them to have their families with them, said they were living with their families in South Africa. They wanted their children to also have access to better opportunities through growing up in South Africa.

Figure 2: Marital status of group participants



Respondents were asked if their families were in South Africa or in the respective countries and the responses by cluster are shown in Table 1 below.

Table 1: Family dynamics of respondents by cluster

Cluster	Family dynamics
Portuguese Cluster	Respondents' families are based in their respective home countries. Married respondents' in-laws are based in South Africa.
Francophone Cluster	Respondents' families are based in their respective home countries. Married respondents' in-laws tend to be based in South Africa.
Higher Income Proximate	Respondents' families are based in their respective home countries.
Zimbabwe	Respondents families are based in their home country and some respondents have family in South Africa as well.
Lesotho	Respondents have families living in both Lesotho and South Africa.
Other	Respondents have family members in their respective home countries.

Age. The age at which the economic migrants spoken to left their home countries and started working ranged from 19 to 42 years. The migrants see this as a time in their lives when they have the physical capability to work,

and are simultaneously expected to help support their family and contribute to the finances in the household. Interestingly, in the Portuguese cluster there were migrants as young as 19 years who were already working and had left their homes at an earlier age than the average low of 19 years, because of the impoverished situation in their countries of origin.

Children. Of the respondents who had children, the number of children ranged between 1 and 5, with Zimbabweans having the most children.

Table 2: Age of respondents and number of children by cluster

Cluster by country	Age range	Children
Portuguese Cluster	19 - 26 years	0 to 2 children
Francophone Cluster	23 - 26 years	0 to 1 child
Higher Income Proximate	24 - 37 years	0 to 3 children
Zimbabwe	23 - 38 years	0 to 5 children
Lesotho	22 - 38 years	0 to 2 children
Malawi, Tanzania, Zambia	27 - 32 years	0 to 2 children

70% of the respondents had children under the age of 18 years and 54% of these respondents lived with their children.

Figure 3: Children under 18 years

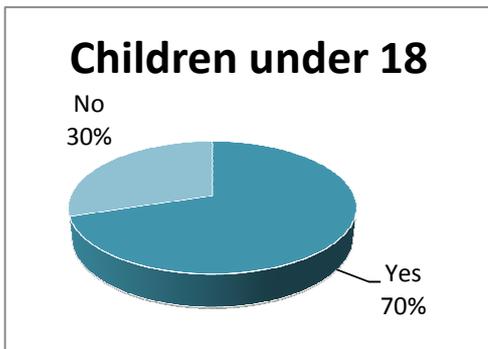
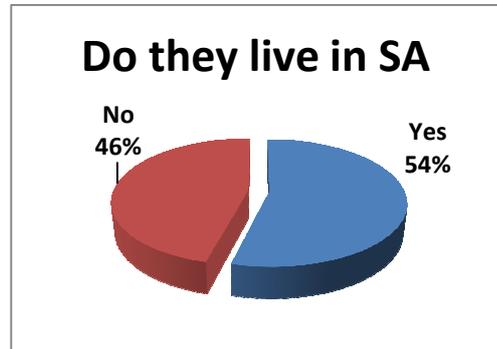


Figure 4: Percentage of respondents living with their children



"I live with my children"

"My children are separated, one is in South Africa and the other one is in Lesotho"

Lesotho Female: Gauteng

Livelihoods. The type of work done differed according to employment status, which in turn was affected by legal residency status; formally employed (documented) and informally employed (undocumented). Formal economic migrants were defined as migrants who have passports and valid work permits, while informal migrants may have passports, but do not have valid work permits. Table 3 shows the various types of work that formal and informal migrants in the sample do. Most informal jobs are temporary, seasonal and poorly paid. Formal employment includes migrants with qualifications, who earn higher salaries, have a constant income and also have access to financial resources.

Table 3: Types of work for formal and informal migrants

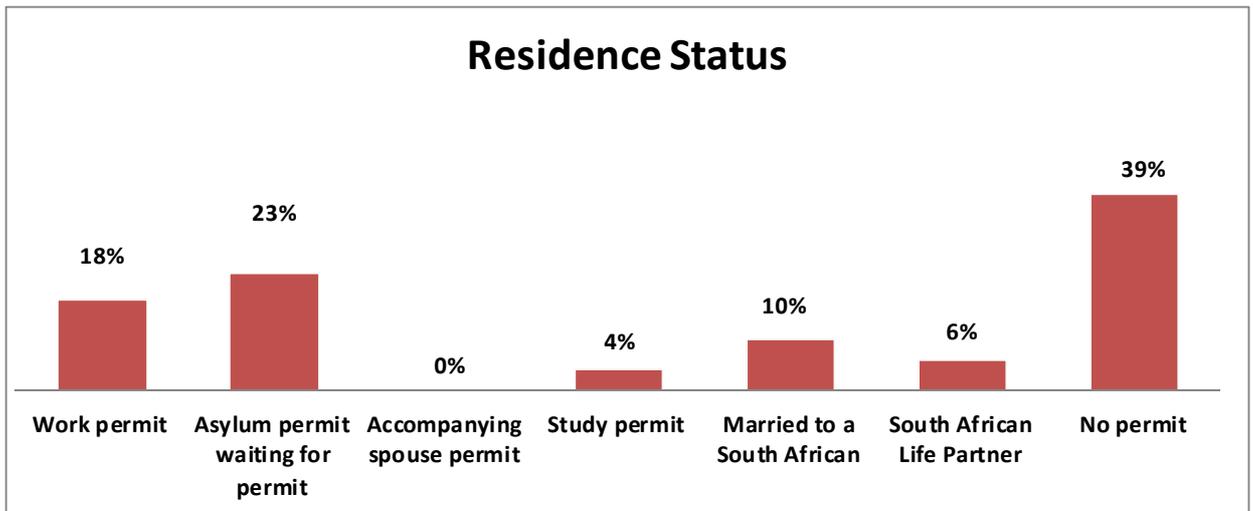
Formal Employment	Informal Employment
Teachers	Mine workers
Electrical engineer	Construction workers
Technicians	Garden workers
Manager	General workers
Business people	Street vendors
	Domestic workers
	Hairdresser

"I am from Zimbabwe and I am 27 years old. I work as a chef, I have been in SA for 4 years and this is my second month in Jozi, I was living in Cape Town before this."

Zimbabwean Female: Gauteng

Residence status. Figure 5 shows that 39% of the respondents do not have work permits, 23% have asylum permits and are awaiting for their work permits and only 18% of the respondents have work permits. The rest of the respondents are informal migrants with varying residence status, from study permits to permits as spouses/partners of South African citizens.

Figure 5: Residence Status



Property/asset ownership. Respondents were asked whether they owned property in their home countries. 51% of the respondents owned property, and 80% were planning to buy property in their home countries. Working towards the acquisition of property in their home countries suggests that they ultimately plan to settle there.

Figure 6: Property ownership in home country

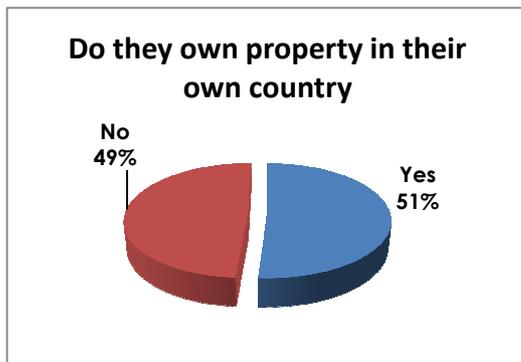
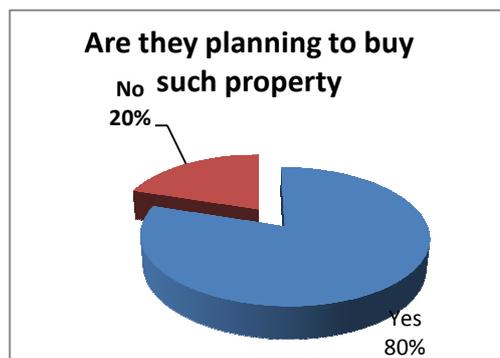


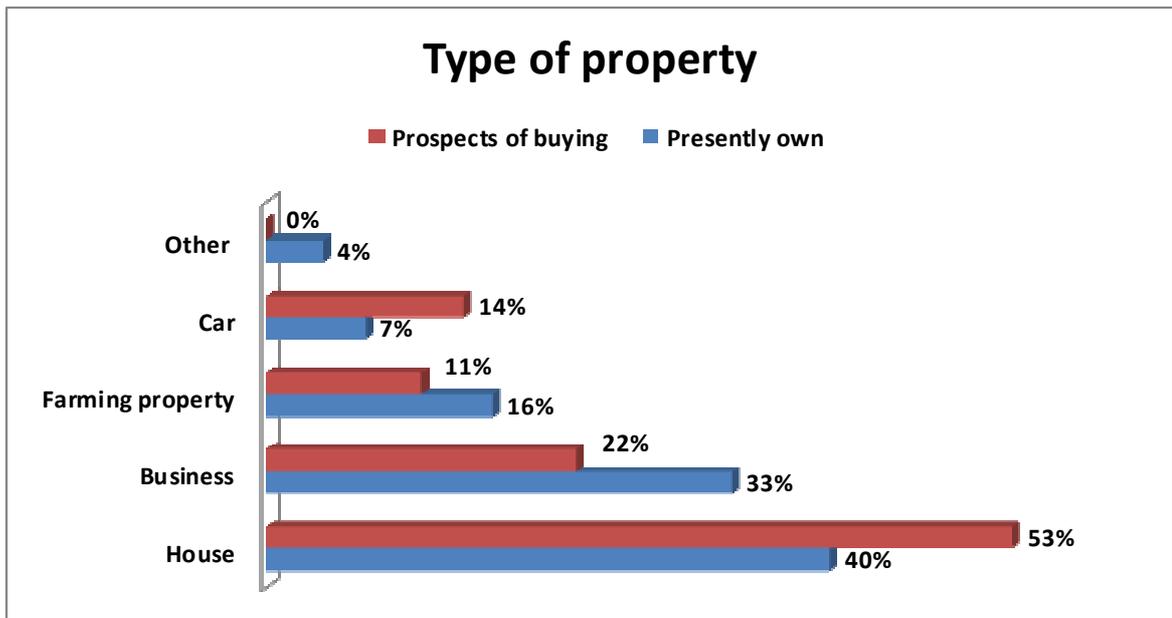
Figure 7: Respondents with plans to buy property in home country



Respondents have indicated that they own different types of property in their respective home countries. 40% of respondents presently own a house and 53% intend to buy a house in their home country. 33% of respondents presently have a business in the home country while 22% plan to open a business. 16% own farming property while 11% plan to invest in farm property. Subsequently, this illustrates that the majority of migrants plan to return to their

home countries. Those who currently own businesses said that the families back home are supported by these businesses. They provide the livelihood for families in those instances when the migrants do not send money home.

Figure 8: Type of property owned in home country



2.2 Migration Behaviour

Reasons for migration. Migration patterns are largely influenced by employment seekers, who are looking for better living standards than what they have in their home countries. Reasons for migrating differ according to the country of origin and the living conditions in the respective countries. With civil wars in some of the countries of origin, poor living standards and underdevelopment in some of the SADC countries, the migrants see South Africa as offering more with regard to education, employment and business opportunities.

Reasons for migrating to South Africa included seeking employment opportunities, fleeing warzones in home countries, looking for better education prospects, accompanying spouses, those who had lost their

families in wars and were staying with relatives in South Africa and the children of returning South African political exiles.

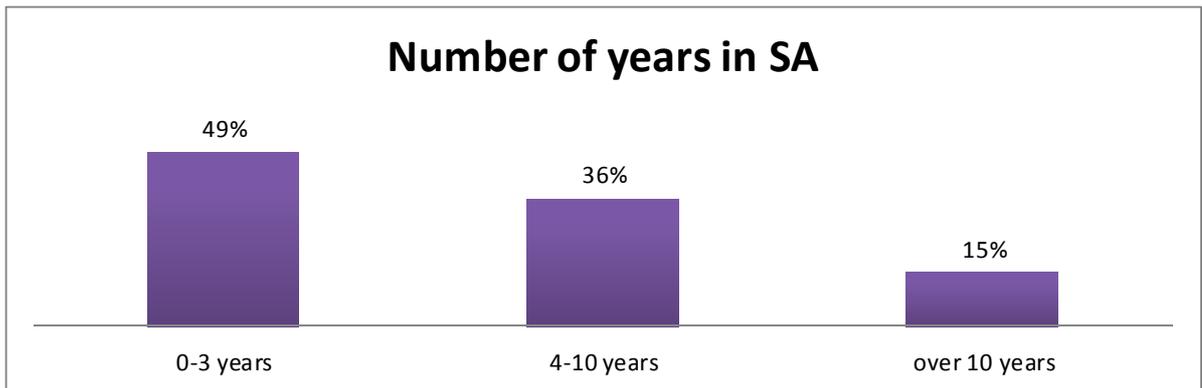
Respondents who had been living in South Africa for over ten years typically had settled their families in South Africa permanently, and had no intention of returning to their home countries. However, those that had been living in the country for less than ten years typically still wanted to go back home. Some of those who planned to return were waiting for an improvement in the situation in their war-stricken home country, while others were looking to accumulate sufficient wealth in order to ensure they can sustain themselves and their families before returning.

“Travelling back home is all dependent on how much money we make here in South Africa, As a man I can’t go home empty handed I need to buy groceries and other goods such as TV and I must have enough money to leave them with when I come back to South Africa”

Mozambiquen Low Income Male: Limpopo

Length of stay and frequency of visits home. Figure 9 illustrates that 75% of migrants participating in the research had been in South Africa for less than 10 years, and that such migrants go home more frequently than those who have been in the country for longer. These respondents still have family ties in their home countries with their children, immediate and extended families. The frequency of visits is also determined by the proximity of the migrants' home country, financial status and the state of relationships with their families.

Figure 9: Number of years spent in South Africa



The type of work that respondents do also affects the frequency of home visits. Respondents who are formally employed have leave benefits which enable them to visit their families. Those respondents who are informally employed often cannot take time off work as they tend to be in temporary jobs, or in-between jobs and actively searching for employment. Those in temporary jobs feel the need to be present in the event of being called in at their temporary jobs. These migrants visit home once every one or two years.

"I only go home when I get time off work; many of us get leave during the festive season"

Zimbabwean Male: KwaZulu Natal

Respondents who live closer to the border, like those from Swaziland living in Mpumalanga, Lesotho migrants living in the Free State and Mozambican migrants living in Limpopo, visit their home countries more frequently, not only because of proximity but to renew their visas. Many of these respondents visit home at least once a month.

"I go home every month so I can see my family and also get the stamp on my passport, we are only allowed thirty days in South Africa then the stamp expires"

Swaziland Female: Mpumalanga

Respondents highlighted that financial difficulties were one of the main reasons they rarely went home. Many only went home during the festive season, or for funerals, weddings and family celebrations. Respondents who are informally employed stressed that their meagre earnings did not make it practical for them to go home frequently, and their main purpose for being in South Africa was to be able to send money home. Going home was deemed as wasteful and unnecessary by these migrants. Respondents who live in countries like Angola, Namibia Malawi and the DRC said it was expensive to go home frequently so they only went every three or four years.

"I don't go home, I only go home when it is Christmas because I don't always have money to go home and I don't earn a lot of money"

Lesotho Low Income Female: Gauteng

"I haven't been home since I came to South Africa as it is very costly to go to Angola since it is far"

Angola Low Income Female: Gauteng

Respondents with sick family members, small children and those with problems at home went home more regularly to keep abreast of the situation and to remain in contact with their families. These migrants visit at least once in six months.

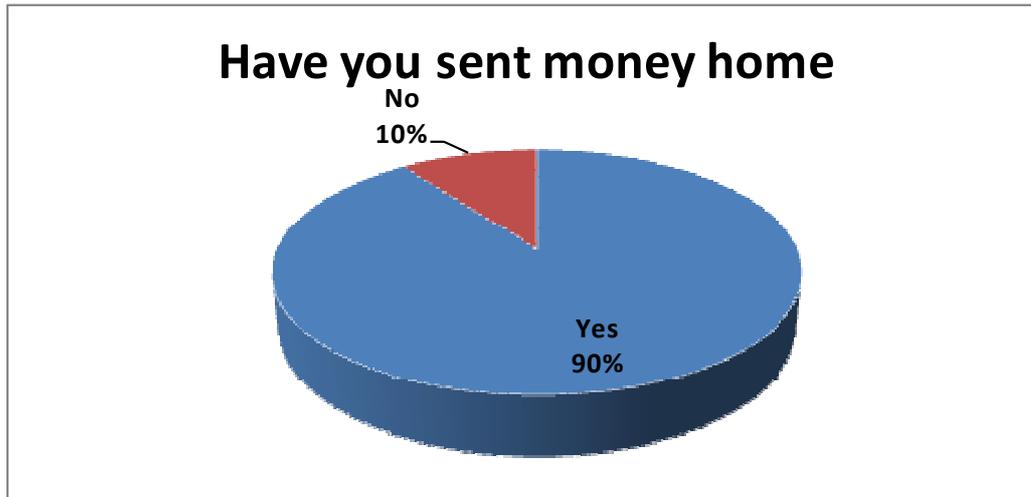
"I visit home once or twice a year depending on the situation at home, if there are any problems at home then I go there regularly"

Zimbabwe High Income Male: KwaZulu Natal

Respondents who live with their immediate families in South Africa do not visit home as frequently as those whose families remain in their home countries.

2.3 Remittance behaviour

Figure 10: Remittance behaviour of respondents



The bulk of respondents (90%) claimed to remit home. The 10% of respondents who state that they don't send money home are comprised of respondents that have recently moved to South Africa and are still looking for employment, students who receive money from home but send goods home, respondents who don't have any families in their home countries and respondents who just don't find the need to send money back home.

Respondents who send money home use both formal and informal channels. The use of these channels varies according to the type of resources the respondents have access to, the type of jobs they have as well as their residence status. The individual's familiarity with the channel concerned also influenced whether or not they use it.

"The lack of jobs here in South Africa makes one send less money home; it is very difficult to get jobs here if you don't have qualifications"

Botswana Low Income Female: Gauteng

Respondents send money both regularly, and only when needed by their family members or dependants. The frequency with which regular remittances are sent is either monthly, every few months or on an annual basis, depending on the various circumstances. Money or goods are sent home depending on the remittance recipients' needs, and the financial

position of the migrants at that time. However, the majority of respondents preferred to send money rather than goods, especially for those goods that can easily be bought by the remittance recipients in their respective countries. Only in instances of unavailability, or where the goods are more expensive in their home countries, do respondents send goods. The size of remittances is largely influenced by respondents' financial position, and the urgency of financial requests from family and friends (for example for medical needs or school fees). Remittances are usually sent in South African rands for countries in the common monetary area, and in US dollars for other countries.

'I send the money in Rand because the Rand can be used in Namibia'

Namibian Low Income Female: Gauteng

Channels. Remittance channels discussed were the taxi/bus/truck drivers network, bank transfers, friends and family, the Post Office, Western Union/MoneyGram, Malayisha (goods and money transporters), Shoprite, PEP, agencies, unregistered agencies, and personally taking money over the border. The most preferred channel is the taxi/bus/truck drivers network, as it does not require much documentation from migrants. A number of respondents have had bad experiences with this channel, but still use it because it is a simple method which requires no paperwork (as compared to formal financial channels). Although some respondents had also had bad experiences with formal channels, these had always resulted in the reimbursement of their monies where transfers failed – reimbursement in informal channels was rare.

"I once sent money through a guy who was referred to me by a friend, he never took the money home and he changed his number and I never got the money back"

Angolan Low Income Male: Limpopo

Frequency. Frequency of remittances was determined by availability of financial resources, the financial situation of the remittance recipients and the

channels used to send these remittances. Respondents with children, immediate family and who are breadwinners sent money home almost on a monthly basis.

“If I don’t send the money no one is working so I must send them something, every month I know they are expecting it”

Zimbabwean female: KwaZulu Natal

Cost. The cost of remitting varies according to the channels used. Taxi/bus/truck drivers charge between R10 to R30 per R100 sent, depending on the season (charges are higher in the high volume Christmas period). When friends and family were used to remit, respondents usually felt obliged to give some small gift to express gratitude. Banks transaction fees varied between R15 to R30 per R100 transaction, depending on the amount of money sent. Shoprite charge R9.90 per transaction. Different agencies also have different fees, ranging between R20 and R50 depending on the type of and value of the transaction. Respondents' preference as to the remittance channel used also changes, depending on transaction value, the relative wealth of the respondent, the location of the recipient, and prior experience with the channel used.

The respondents had experienced a number of problems with informal remitting systems, including the disappearance of bus and taxi drivers with funds, accidents involving the vehicles used to transmit funds (which resulted either in remittance delays or losses), thefts and robberies, recipients that cannot be located and problems with border control for undocumented migrants. Remitters who attempted to hide money in goods remitted, in order not to pay fees on it, were also at risk of the driver taking the money.

“When sending money via a Malayisha, it’s better to give it to them by hand because if you put it in the Mashangaan bag, they open the bag and take the money and say they never saw it. If you give them the money to they won’t deny it if it doesn’t get to the people you sending money to”

Zimbabwean Low Income Female: Gauteng

2.3.1 Formal and informal remittances

Formal remittance channels used are the banks, the Post Office, MoneyGram and Western Union, Shoprite, Mpesa and formal agencies, where there are formal financial systems that facilitate the remittances. Access to documentation such as passports, legal residence status, contracts of employment and proof of residence are required for use of formal channels, and thus these channels are predominantly used by formally employed migrants with such documentation. 39% of respondents interviewed did not have the documentation required by the formal channels (although many of these individuals regarded formal remittance channels as preferable to the informal channels they were in fact using). The informal channels were thus regarded as a means of last resort, although they often also offered convenience for respondents and their recipients.

Informal channels that are used are taxi/bus/truck, friends and family, Post Office (i.e. by posting cash in an envelope, rather than via postal order), personally going home, *malayisha* (goods and money transporters), and informal agencies. Taxi/bus/truck drivers transport money and goods within SADC for a fee, and the details of the transaction and information on the recipient is logged by the driver in a formal record book. The remitter notifies the recipient of the transaction and provides them with all details of the driver. The recipient will then meet the driver at the border, taxi rank/bus stop, or at an agreed-upon meeting place.

“They give us money we write in the book then we deliver the goods and give the money to the people at home”

Zimbabwean Bus Driver: Gauteng

“People come here and write down the money they are sending in a book along with the numbers of the person it is being sent to. This register documents the amount of money sent in case the customer comes back and says the person on the other end never received the money”

Swaziland Taxi Driver: Gauteng

"We put everything on a Shangaan bag and write the address of the destination and the name of the person who will receive the goods on the bag. We call that person and tell them to wait for the bus. We usually pay the bus driver about three hundred or three hundred and fifty depending on the size of the bag".

Zimbabwean Low Income Female: Gauteng

Abomalayisha have a similar operating model to taxi/bus/trucks, with the difference being that they offer a door-to-door service. Goods and money are collected directly from the remitter and delivered to the recipients. The *malayisha* charge a standard fee of between R10-R30 per R100 cash sent. This fee is often negotiable, depending on the relationship between the parties. The weight of goods are assessed (the driver "measures" the weight by picking up the parcel) and charged at a rate of approximately R250 per 10-20kg. Remitters may try to cheat *malayisha* by hiding money in the goods to avoid paying twice for the goods and the money, but face a risk of the driver taking the money after searching the goods.

Respondents often send money through people that they know. Respondents from countries closer to South Africa use this channel more frequently.

"Since there are many Zimbabweans living in South Africa, there is always someone going home whom we can send the money through"

Zimbabwean Low Income Female: KwaZulu Natal

"A majority of us live in Harare and the surrounding areas in the capital city. Even with our parents living in the rural areas, there is always someone close to the city who can collect the money and pass it on to our parents"

Zimbabwean Low Income Female: Gauteng

When migrants sent money home with people they knew, they had greater assurance that the money would reach the recipients, making this one of the reasons this channel was preferred. This was mostly the case amongst respondents who live closer to the border, and whose homes are not far from their current residence. They and other members of their migrant community can afford to go home often, making it possible to take money home personally, or send it with friends.

"I go home every month so I take the money myself to my mother"

Swaziland Low Income Female: Mpumalanga

Respondents also use the Post Office as another channel to remit. Cash is sent via normal mail, enclosed in an envelope with a letter. Respondents were aware of the risks associated with this method but still continued to use it. Informal agents are also used by respondents. Anyone can act as an agent; all they need to do is to liaise with another person/agent in the destination country. Details of the sender and recipient are exchanged by the agents. The agent on the recipient's side then makes a payment to the remittance recipient, and outstanding balances and profit-sharing is settled between the two agents. Agents charge a fee of between R15-R30 per R100 transaction, and the transaction requires no paperwork.

2.3.2 Knowledge and usage of remitting methods

When asked about the type of remittance methods they know of respondents mentioned formal and informal methods of remittance such as internet bank transfers, cell phone banking, and Bidvest MoneyGram. Informally employed migrants know of some of the formal methods but pointed out that they hardly use them because of the documentation requirements and transaction costs of these methods. Undocumented respondents were reluctant to try these methods out, for fear of having their illegal migrant status found out and being reported to Home Affairs.

Bank transfer is the most known method of formal remittance that the respondents mentioned. Formally employed respondents pointed out that they use bank transfers because they have the documents needed by the banks. They had also been exposed to agencies such as Bidvest MoneyGram and Western Union and sometimes used these channels for larger transactions.

“The people who mostly use Bidvest are people who are employed but most people however do use Standard Bank, FNB or taxi/bus drivers”

“The advantage of using formal methods is that they are safe and reliable. You will never find that Western Union or Bidvest has disappeared with your money”

Zimbabwean High Income Male: KZN

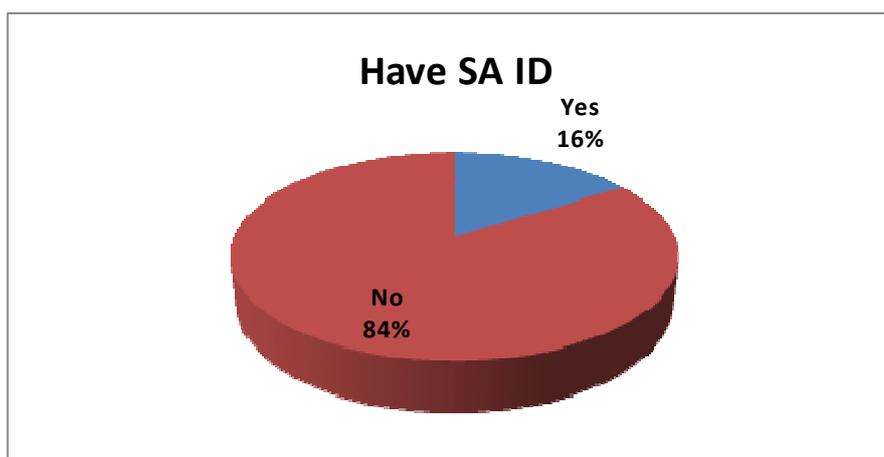
Bank transfers were either transfers to a person in the home country that knew the family or direct deposits into bank accounts that a family member has access to.

“There is a Standard Bank in Zimbabwe called Standard Chartered Bank. You can deposit money at any Standard Bank here and they will receive it in dollars from the Standard Chartered Bank in Zimbabwe at a charge of 30% interest”

Zimbabwe Male High Income: KwaZulu Natal

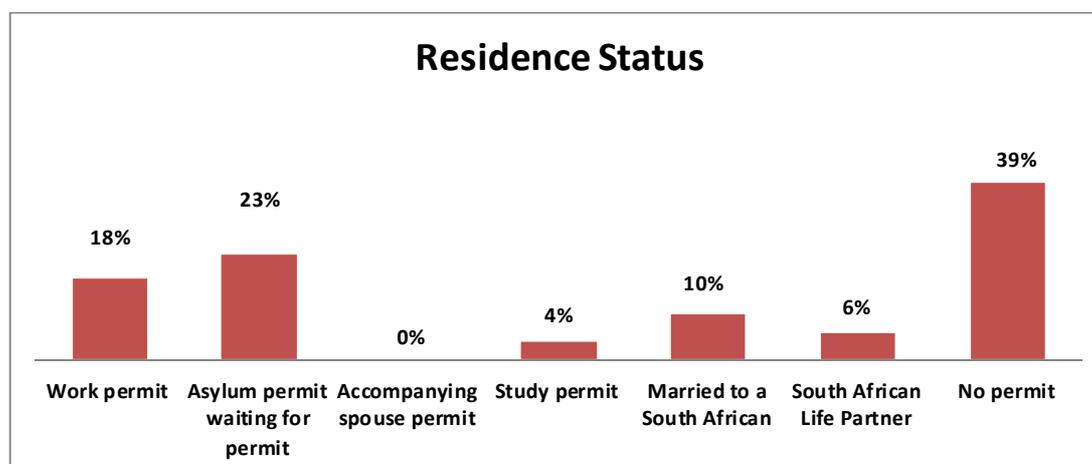
The knowledge and use of formal remittance channels is more apparent in high income respondents and respondents who have acquired legal working status or residence. 84% of respondents stated that they did not have South African IDs which limits their access to some formal channels of remitting or transacting in the formal financial institutions.

Figure 11: Respondents with South African IDs



39% of respondents had no form of residence permit whatsoever. Those with permits included individuals both with a legal right to work in South Africa, and those without such rights (for example holders of study permits).

Figure 12: Residence status



Respondents who are informally employed or lack residence status, but have made attempts to access formal methods of remitting anyway, expressed despondence at their lack of documentation and thus access to formal systems. A lack of knowledge about the formal financial channels' systems and procedures amongst informally employed migrants was also evident. They find the formal financial system too restrictive. Many felt frustrated by the restrictions they encountered when trying to use formal financial channels.

"I tried going to FNB once to try and transfer money home because I know there is an FNB in Mozambique. I thought it would be easier for my family to get the money, but when I got to the bank they asked me for a letter of employment, proof of residence, my passport and at that moment I did not have most of those documents so I never went back there again"

Mozambique Low Income Female: Gauteng

The most known and used informal channel was the taxi/bus/truck driver network, with 45% respondents saying they use this channel. The least used was the Post Office (posting cash) and taking money home themselves, especially amongst respondents whose home countries are further from South Africa. The use of informal agents is not a popular method with respondents, as they may be non-operational from time to time, or have inconsistencies in the way they carry out transactions. Access to some remitting channels is restricted because they are not accessible to in terms of location to either the sender or the recipient.

Methods of sending money are dependent on various factors, such as how far the country is from South Africa, the reliability of the method, and awareness about that particular method. Bus/taxi/truck drivers are the prevalent method in all the countries except Swaziland and Lesotho. This is due to the fact that these countries share a border with South Africa, making it feasible for respondents to take money home themselves. Shoprite is also a growing method that has been recently introduced and is slowly becoming a preferred method similar to Nedbank Mpesa in the Swaziland, Lesotho and Namibian region.

"I use Shoprite Money market to send money. All that is required is for me to add an extra R10 and produce an ID and a copy of that ID. You receive a unique pin number which you give to the receiver to use when receiving the money"

Lesotho respondent: Gauteng

“My uncle sends money to my grandmother via Shoprite Money market which they withdraw from the Shoprite in town”

Lesotho Female: Free State

“Shoprite is new method of sending money, not a lot of people know about so I can't say most people i know are not using it”

Swaziland Low Income Female: Mpumalanga

“I prefer using Shoprite or Mpesa PEP they are more affordable”

Lesotho Low Income Female: Gauteng

The use of and knowledge of MoneyGram and agencies was more prevalent in Zimbabwe, Angola and the DRC.

“Mkuru is an agent that you can send money to Zimbabwe, you need a permit or asylum, you give the details of the person you are sending money and they will receive it in Zimbabwe, I like it is because it is instant”

Zimbabwean Low Income Male: Gauteng

“Mkuru is better and cheaper than the bus because they charge only R10”

Zimbabwean Low Income Female: Gauteng

“The charges are cheaper with these small agencies”

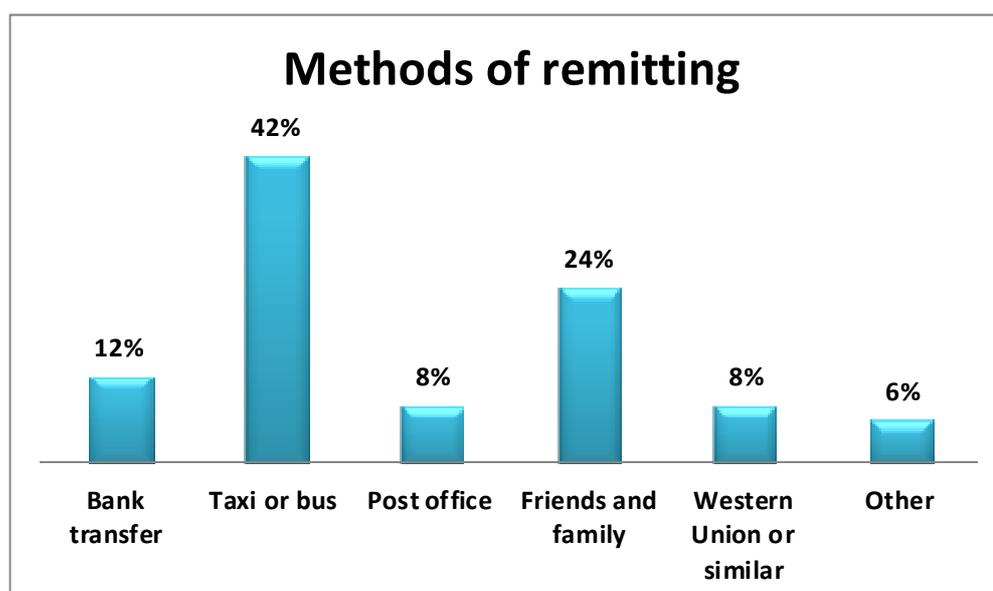
DRC Male: Gauteng

Table 4: Types of methods by order of popularity

Types of Remittances	Formal Methods	Informal Method
Formal Employed Migrants	<ul style="list-style-type: none"> • Banks: FNB, Standard Bank and ABSA • Western Union • Bidvest MoneyGram • Shoprite Money Market 	<ul style="list-style-type: none"> • Bus/Taxi Driver • Non-registered agencies • Friends and Family • Taking the money home themselves

	<ul style="list-style-type: none"> • Post Office • Mkuru.com 	
Informally Employed Migrants	<ul style="list-style-type: none"> • Banks: FNB, Standard Bank and ABSA • Shoprite Money Market • Vodacom Mpesa through PEP • Post Office • Mkuru.com 	<ul style="list-style-type: none"> • Bus/Taxi/Truck Driver • <i>Malayisha</i>(Goods carriers) • Friends and Family • Non-registered Agency • Post Office • Taking the money home themselves • Manyika Sandemeer Shop for groceries

Figure 13: Methods of remitting



The most popular channel among respondents, used by 42%, is sending money by taxi or bus drivers, followed by 24% sending money through friends and family. 12% use bank transfers and 8% use the Post Office and Western Union or similar agencies to remit money. Only 6% of respondents use other methods of remittance which are Shoprite, PEP, *malayisha* and agencies.

2.3.3 Purpose of remittances

Respondents remit goods and cash to help assist their families, with financial support being the main reason expressed as driving remittances. Some of the goods sent are building materials, which go towards helping families refurbish or build their homes. Cash remittances are used for various purposes, from paying for school expenses (books, fees, uniform) to paying for funerals, food, medical expenses for relatives, electricity, rent, household expenses and building expenses, stock for businesses, the purchase of livestock and general purchases required for upkeep of farms.

“Communication with the parents is very crucial, there may be a problem that has come up, for instance if they need to build a toilet and they need your assistance. Then the money will be sent, however it will come with the money for food. My parents always have something that needs to be taken care of with money. They assume because we live in South Africa we are earning more money”

Mozambique female: Gauteng

Some respondents have started businesses in their home countries for their families to live on. Because vast majority of these businesses are in farming and fishing and therefore do not make money throughout the year, respondents still send money home seasonally.

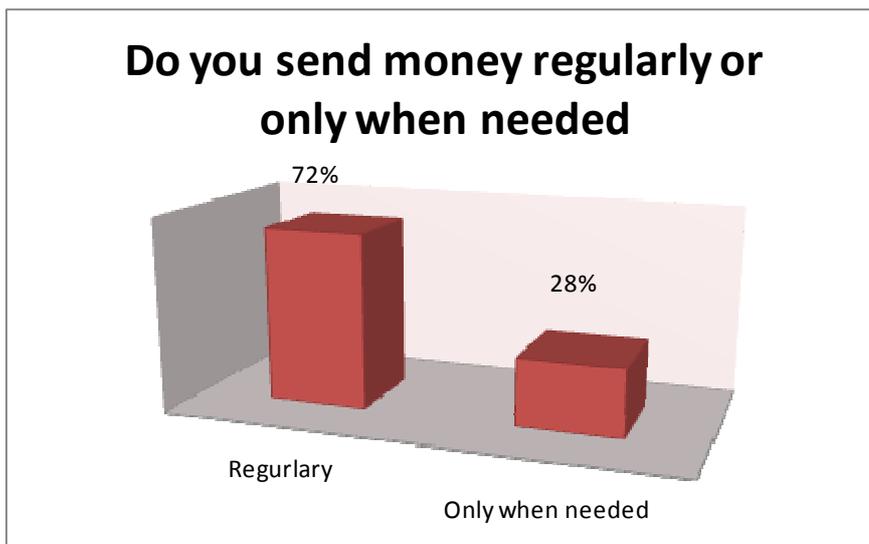
Respondents that are the principal breadwinners send money and goods more often, because their families depend on these remittances to live. Respondents feel obligated to take care of their families. Their purpose for being in South Africa is defined by the needs of their families. Women remit more money than men since they are seen or see themselves as the care givers.

“Even if we have other family members working back at home, the money that they are earning is not enough to sustain the whole family. Due to the fact that they are dependent on us, we automatically become the bread winners”

2.3.4 Frequency and size of remittances

Frequency. When asked how often they sent money home, respondents varied between monthly, every three months, three times a year or annually. Factors affecting the frequency of remittances were the relationship remitters have with recipients and the needs of the recipients. 72% of respondents send money home on regular basis (monthly to three-monthly), while 28% said they only send money when requested. Other frequent reasons for remittances were family emergencies, where remittances were required for specific purposes such as funerals, a sick child or family member.

Figure 14: Frequency of remitting



45% of respondents remit money less than 6 times a year and 55% remit money more than 6 times a year. For those that remit less than six times a year, the remittance values are larger than for more regular remitters. These respondents prefer to save their money, and only send it home when they feel they have accumulated enough.

"I send R3000 every 6 months, once I have saved enough"

"I have managed to send money 9 times in the past 6 months because my mother was ill"

Angolan Low Income Female: Gauteng

"I send money every month to my family because they all depend on me, my wife and children are still back home"

Mozambiquen Low Income Male: Limpopo

"I send money every month or when there is an emergency. There may be times when they need something urgently and those instances I might send even more than once in a month"

Lesotho Low Income Female: Gauteng

"I send money every 2 months or monthly"

Swaziland Low income Female: Mpumalanga

"I try to send every month but if I can't I let them know"

Swaziland Low Income Male: Gauteng

"I only send money to my sister when she asks for it, I don't send money often"

Namibian Low Income Male; Gauteng

"I only send them money when they need it and that would be 3 times in a year"

Botswana Low Income Females: Gauteng

"I send about R1000 or more every month"

Zambian Low Income Female: Gauteng

"I send money to my sister only when she asks for it"

Malawi Low Income Female: Gauteng

"It can be once a year"

Tanzanian Low Income Male: Gauteng

"I send after every two months"

Zimbabwean Low Income Female: Gauteng

"Sometimes I would send maybe twice a month when there is a case of an emergency"

Zimbabwean Low Income Female: KwaZulu Natal

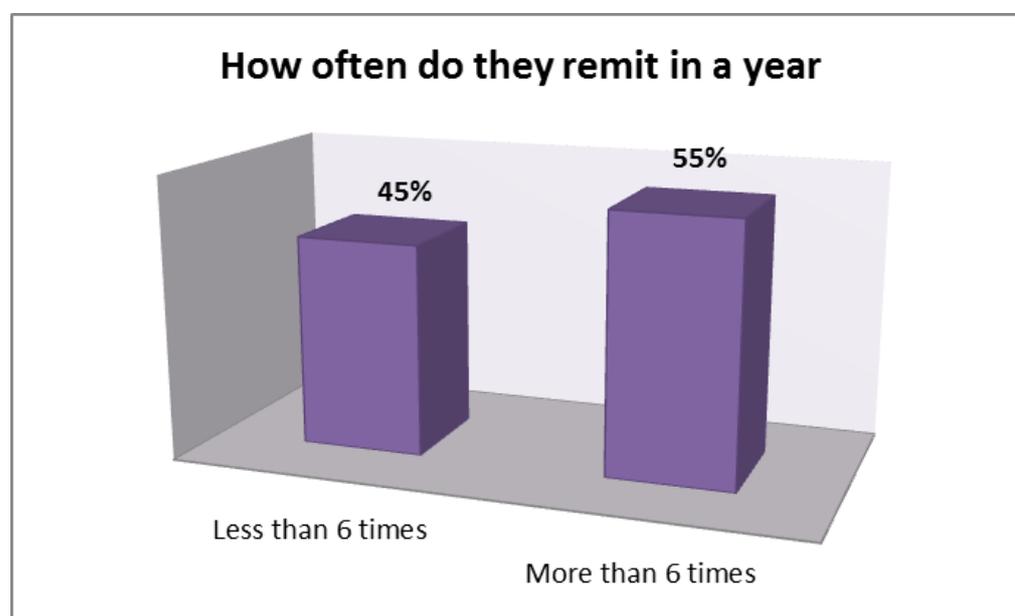
"I can't afford to send money every month because I don't have a proper paying job, so I send maybe after two or three months"

Zimbabwean Low Income Female: Gauteng

"I send money every month because I don't visit home that often"

Zimbabwean Low Income Male: Gauteng

Figure 15: Frequency of remittances in a year



Size. 30% of respondents said they send over R2000 at a time, 65% respondents said they send more than R800 at a time. 4% send between R501 and R800, 20% send between R801 and R1000, 15% send between R1001 and R2000, 9% send between R201 and R500 and 2% send anything up to R200.

"I have sent R2000. Not R50, I personally wouldn't want to receive R50"

Lesotho respondent; Gauteng

"I send between R1000–R2000 but nothing less than R500 at a time"

Mozambiquen Low Income Male: Limpopo

"I send R400 or R600 every month"

Lesotho Low Income Female: Gauteng

"I send between R400-R500 per month"

Swaziland Low Income Female: Mpumalanga

"I send R2000-R3000 depending on how much I have"

Swaziland Low Income Male: Gauteng

"I usually send about R500-R1000"

Botswana Low Income Male: Gauteng

"I send R1000-R1500 at a time"

Namibian Low Income Female: Gauteng

"I used to send R5000 every month, now things are a bit difficult so I only manage to send about R500 or more"

Zambian Low Income Female: Gauteng

"I send R2000 or less"

Zimbabwean Low Income Female: Gauteng

"I usually send R2000 or R3000 I don't send every month because sometimes my financial situation is not good"

Zimbabwean Low Income Female: KwaZulu Natal

"I usually send R2000-R3000 every month"

Zimbabwean High Income Female: Gauteng

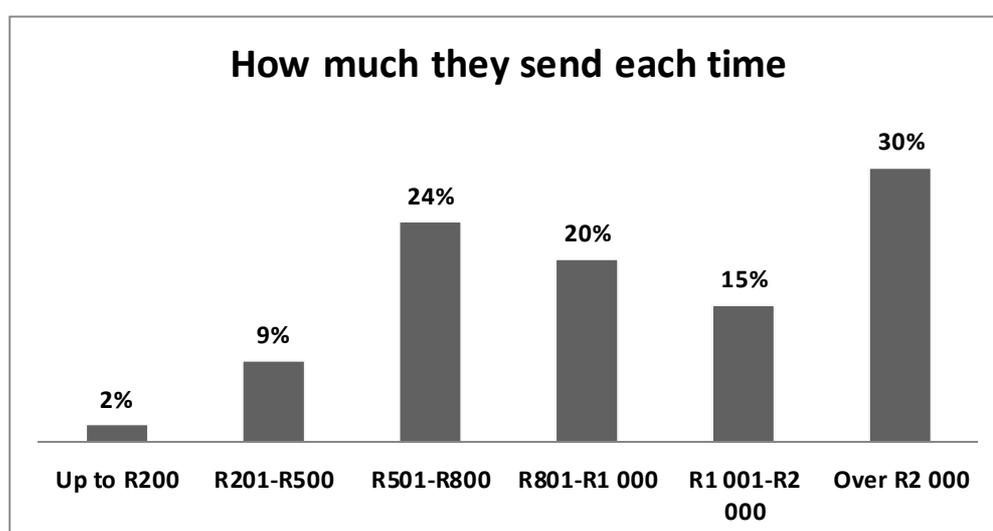
"I send money every month and I usually send about R1800-R2000. I send that money to my mother"

Zimbabwean Low Income Male: Gauteng

"I have a huge family in Zimbabwe therefore I have to send R7000 every month"

Zimbabwean High Income Male: KwaZulu Natal

Figure 16: Value of remittances

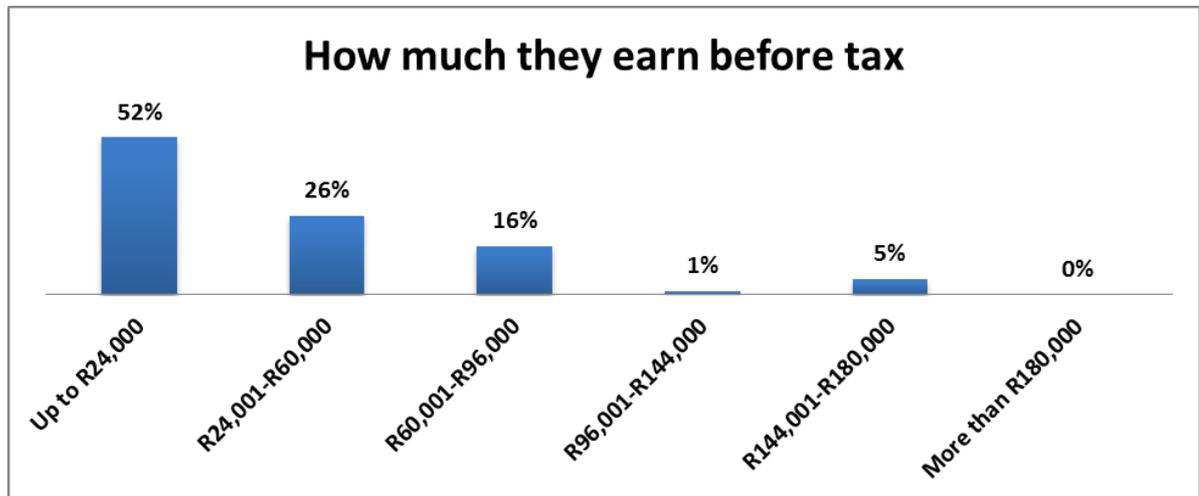


If 52% of the respondents earn less than R24 000 per annum but 65% of the respondents remit more than R800 those that remit monthly would be sending more money than they are earning. Illustrating that the amount of money remitted does not necessarily depend on the type of the job people have because respondents that work as informal migrants work more than one job to make ends meet so they can be able to send money home.

Statistics indicate that 52% of respondents earn up to R24,000 before tax, 26% earn between R24,001 and R60,000 before tax, 16% earn between R60,001 and R96,000 before tax, 5% earns between R144,001 and R180,000 before tax, 1% earns between R96,001 and R144,000 before tax and none of the respondents earn more than R180,000 before tax. These stats also validate

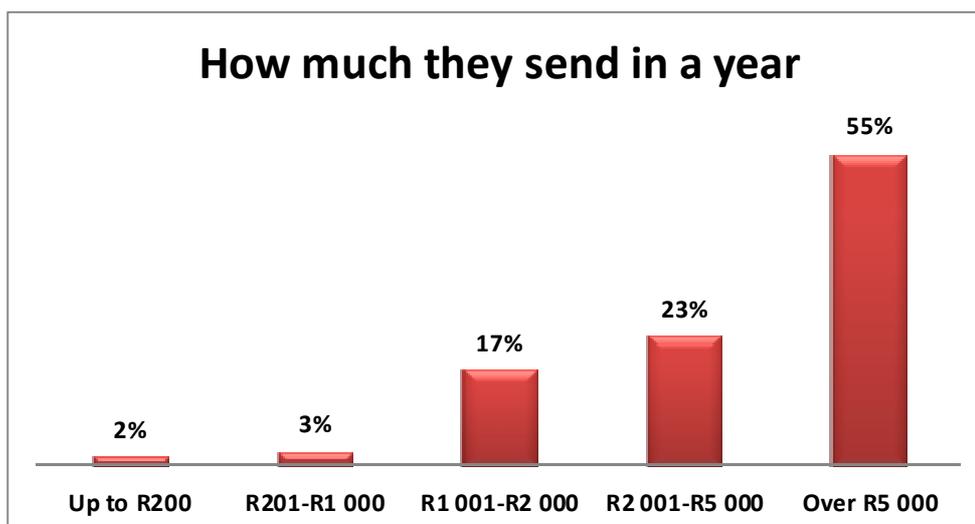
that the majority of our respondents are informal migrants that don't earn high salaries.

Figure 17: Earnings before tax



It should be noted that not all respondents were comfortable disclosing their earnings because of the sensitivity of the issue. Informal migrants hold odd jobs and are in and out of jobs which made it difficult for them to calculate what their earnings were on an annual basis.

Figure 18: Remittances per annum



55% of respondents send more than R5000 in a year, 23% send between R2001 and R5000, 17% send between R1001 and R2000, 3% send between R201 and R1000 and only 2% send anything up to R200 in a year. Only 5% of the respondents send less than a R1000 in a year.

"I send about R1000 or more every month"

Zambian Low Income Females: Gauteng

"I send R2000 every month"

Zimbabwean High Income Male: Gauteng

"I send R500 every month or more"

Lesotho Low Income Female: Free State

"I send 800 every two months"

Swaziland Low Income male: Gauteng

Table 5: Size of remittance transactions

Cluster	If so, how much do you send at a time?
Portuguese Cluster	Respondents send about R500 per month or R5000 to R6000 every 6 months.
Francophone Cluster	A respondent has once sent US\$100.
Higher Income Proximate	Respondents send money ranging from R400 to R3000 per month.
Zimbabwe	Respondents send money ranging from R100 to R3000 per month.
Lesotho	Respondents send money ranging from R50 to R2000 per month.
Malawi, Zambia and Tanzania	Respondents send money ranging from R500 to R5000 per month.

2.3.5 Characteristics of Receivers

Respondents stated that they predominantly send money to family members namely, grandmothers, mothers, wives, uncles, siblings, children and friends. Family members use the money for basic needs like food, medical costs, school fees, rent and taking care of children. Students who receive money in South Africa use it for books and tuition. Reasons given for remitting include the following:

- Other family members are employed but do not earn enough to support their families (sometimes because of the economic instability of the home country).
- Family members are unemployed therefore making the migrant the breadwinner of the family.
- Money needs to be sent monthly because their parents receive pension once in three months.

The amount of time it takes for the money to reach the recipient depends on the methods that the respondents choose to remit the money. The amount of time money sent by friend/family member takes to be delivered depends on how long it takes the person concerned to travel to their home country. If money is sent by taxi, the amount of time need for the taxi to get full before it leaves must be taken into account. Bank transfers, Shoprite and agencies monies are received instantly.

Respondents from Zimbabwe mentioned that it usually takes a day for the money to reach Zimbabwe if sent through bus drivers. Respondents who use Go-Liner said that it takes a few minutes for the money to be received. Respondents who use agencies state that their families receive the money immediately. Respondents from Lesotho state that it takes about 3 hours for the money to get to Lesotho if sent by taxi. Respondents from Malawi, Tanzania and Zambia said that it takes a day or two when sending the money through a shop and about 3 days if sent otherwise by bus.

2.4 Participation in the formal bank market

The participation of migrants in the formal bank market is minimal, due to most migrants being informal and not having the necessary documentation to access banking services. Respondents who utilize banks are formal/documented migrants; they have bank or post office accounts. Some respondents claimed to have had bank or post office accounts, but to have closed them due to loss of work and unemployment. Respondents who have bank accounts have savings or cheque accounts with FNB, Standard Bank, Nedbank, Capitec and ABSA.

Regarding the difficulty of opening bank accounts respondents felt FNB was the easiest bank to open an account in and found ABSA had rigid requirements for one to be able to open an account in. Capitec was also mentioned as one of the banks that have an easy application process. Respondents from Lesotho who have South African ID documents stated that it was not difficult to apply for bank accounts. Respondents from the DRC, Tanzania and Namibia said that it was not difficult for them to apply for bank accounts because they used their study permits to apply for ID documents and to get a proof of residence.

When asked whether they use these bank accounts to send money home, respondents mentioned that they opened accounts in their home countries and left their bank card and pin number for their family members to be able to withdraw the money. Some respondents transfer money using their South African bank accounts. Respondents from Zimbabwe do not use bank accounts to transfer money back home because their family members do not have bank accounts. After the economic breakdown in Zimbabwe the money in their bank accounts was wiped out by hyperinflation, and consequently people from Zimbabwe have a mistrust of banks. Respondents from Lesotho use their FNB bank account to send money home while others use taxis and Shoprite, because of the accessibility and convenience thereof. All respondents from Malawi, Tanzania and Zambia do not use their bank

accounts to send money home; they use other methods such as bus drivers or taxi drivers.

When asked about the difficulty of opening bank accounts in their respective home countries, all respondents responded that it is not difficult at all to open bank accounts in their home countries because they have the required documentation for the application process; but in some instances they mentioned that it was expensive to maintain a bank account in their home countries due to the exorbitant bank charges incurred on the accounts.

The awareness or knowledge about agencies such as Western Union and MoneyGram varies across countries. Respondents from the Angola know about Western Union or MoneyGram but do not use it because it is no longer available in their home country. Some respondents from Mozambique were vocal that they have never heard of Western Union or MoneyGram. Respondents from the Francophone cluster stated that they know about Western Union or MoneyGram but do not use it because they say it is too expensive. All respondents from the Higher Income Proximate cluster, Lesotho, Malawi, Tanzania and Zambia have absolutely no knowledge about Western Union or MoneyGram and therefore do not use these agencies. High income respondents from Zimbabwe know about Western Union and have used it, but low income respondents have not heard about it.

"I have heard of Western but I think it must be expensive, I am not sure what they need though"

DRC male: Tswane

Respondents have different views about what forms of remitting are affordable to them. Respondents felt that sending money through friends of family is cheaper, because they don't charge anything most of the time. There were mixed emotions in respondents, depending on the type of methods that they have tried and are use constantly. Some respondents felt that the post is cheaper; whereas others thought Shoprite is cheaper and

when it came to bank remittances FNB was rated as the cheapest compared to other banks. They still felt that banks are reliable and a safer way of remitting even if they had never used the method. There are respondents who said they have only used one way of remitting which was the bus/taxi driver channel thus cannot really compare prices since they have only used that one method. The other reason why respondents preferred informal methods especially *abomalayisha* and bus/taxi driver is because they are able to negotiate the charges with the people they are sending the money with. Respondents from Lesotho stated that they cannot compare the charges for the different methods because they have always used the informal method of sending money through the taxi.

“FNB is better compared to other banks like Standard bank that charge a lot and you end up having to deposit extra money just for the charges”

Swaziland low income females – Mpumalanga

“We are not aware of agencies like Western Union or MoneyGram, but the disadvantage with sending money using taxis is that the drivers sometime claim that the money is lost. An advantage with banks is that it is safer to send money through them”

Angola female - Gauteng

“The disadvantage with formal ways is that you find that at times the exchange rate is down compared to the black market”

Zimbabwe female - Gauteng

3 Insights from cross-border Bus/Taxi/Trucks drivers

Cross-border buses/taxis/trucks are the most prevalent method amongst migrants, they see this method as easier and more convenient to use, even though it is acknowledged to be less secure. Accessibility, habit and lack of exposure to other methods are the reasons why this method is popular.

Abomalayisha are affiliated to long distance associations, but are focused on transporting goods and sometimes people depending on the vehicle used, if there is enough space they will also transport people and their goods. They take the goods from South Africa and deliver them at either the doorstep of the recipient, or a taxi rank depending on the agreement between the two parties. Countries that mentioned that they use malayishas are Zimbabwe, Zambia, Mozambique, Swaziland and Lesotho. The sender takes the registration of the car and calls the receiver to be on the lookout for a particular car, the driver will require them to produce some form of identification document to prove that they are indeed the right people. They charge between R20-R30 per R100 cash delivered, and charge from R100 per goods depending on assessed weight.

3.1.1 Taxi Drivers

Taxi drivers operate from cross-border taxi ranks like Wanderers taxi rank; this is where taxis going to Lesotho, Swaziland, Zimbabwe, Botswana, Zambia, Namibia, Mozambique and Malawi are found in Johannesburg. They belong to various taxi associations. The most frequent taxis are the ones going to Lesotho and Swaziland, as more people travel daily to those countries. Drivers said they do **two round trips a day, and that it takes one to two hours for a taxi to get full** depending on the day of the week. During weekends there are more people that travel and also during festive, Easter and long weekend holidays. The price to go these countries varies seasonally. Countries that are further do not have daily taxis, but instead taxis depart three to four times in a week. When people send money or goods with the taxi driver, he writes the information down on his book, including the names of the sender and recipient, passport number, and contact details, and gives them his cell phone number and car registration number to give to the recipient. They charge between R10 – R30 per R100 depending on the time of the year the money is sent. With the drivers interviewed they claimed that they have a maximum amount that they remit a time, the most remitted is R20 000 from

different remitters. They also have trailers where they put goods that are remitted and these vary from building materials to fridges and beds.

“We charge according to the goods and for every R100 we charge R20 and we deliver from house to house”

Taxi driver

“The most that I have carried was R20 000 from different people”

Zimbabwean Bus Driver

The weight of goods is informally assessed by hand to determine charges. If new appliances like a microwave are sent, the driver will need to declare the goods at the border, and thus will need to have the slip for the appliance. In those cases, the driver typically charges 10% on the price of the good.

“They buy their grocery that side then here in South Africa they buy electronics like microwaves and stoves”

Botswana Taxi Driver

“You have to declare the goods and pay for them when they enter Zimbabwe, paying for the goods depends on the driver and the sender of the goods on how they reach consensus on how to pay for the goods.”

Mozambique driver

Recipients fetch the goods from the taxi rank or if the taxi passes their house they would deliver the money or goods in their homes. They need to produce some form of identification to prove that they are the authentic recipients.

“They come collect it at the taxi terminal”

Swaziland Taxi driver

Taxis are a quicker way of remitting than buses and trucks.

Drivers are aware that people sometimes try to cheat them by putting money in the goods they carry, so that they will only pay a fee for the parcel and not

the money. If drivers find money hidden in goods, they feel justified in taking it, because these remitters were trying to cheat them.

3.1.2 Bus drivers

Bus drivers who remit money are also found in bus stations where long distance buses are found, such as Park Station and the Braamfontein and Baragwanath bus stations. Bus drivers carry remittances in a similar way to taxis: they are given goods or money, and a negotiable fee is charged (normally between R10-R30 per R100 and R200 and upwards for goods).

3.1.3 Truck drivers

Truck drivers are also used to remit money and goods; they are not used as often as taxis and buses but mostly used by respondents from Namibia, Zambia, Zimbabwe and Mozambique. They are found at truck depots. It usually takes longer for the money to get to the recipients than via taxi or bus – sometimes as long as a month if the truck is travelling via stops in a number of other countries first.

3.2 Types of remittances

Taxi/Bus/Truck drivers remit money and goods for respondents, depending on the relationship the remitter has with driver. The types of goods sent include groceries, electronics, appliances, furniture, building material, clothes and blankets.

“Food in Zimbabwe is no longer a problem most of them who have shops in Zimbabwe they stock in Botswana”

Zimbabwean Driver

“They buy their stock this side and they send clothes like boots, overalls and gloves”

Mozambique Driver

The type of goods sent varies by country, as it depends on what is in short supply or very expensive locally. We spoke to drivers who transport cargo to these different countries to analyse these remitting patterns.

3.2.1 Zimbabwe

Remitters mainly send money and goods. Transporters charge between R10 – R20 for every R100 sent, and the fee for goods depends on the worth of the goods (for electronics and furniture the driver will need the slip to declare the goods at the border). The driver and the sender reach a consensus on how to pay taxes for the goods. When they get to Zimbabwe they call the person that's supposed to receive the goods or the money and set up a meeting place, or they deliver house to house as negotiated. Truck drivers pointed out the most they have carried is R2000 from different remitters and they did not charge a fee but are given a gratitude offering by the remitters. Taxi drivers claimed that per sender, the amount of money varies from R1 000 – R10 000, the maximum amount they have carried is R20 000 from different remitters and it takes 6 –10 hours to deliver the money to the receiver.

3.2.2 Swaziland:

Remitters send money and goods. Drivers charge between 10% - 25% per R100 sent. They make about ten trips a month between South Africa and Swaziland. They deliver house to house or they meet at the taxi rank with the receiver of the goods or the money. They can have from R1 000 – R20 000 to send at a time, accumulated from different senders. Drivers said per sender the amount of money varies from R200 - R400 at a time. They have goods or money to send 80% of the time when they travel. There's a book at the taxi rank where they record the amount of money, senders name, the receivers name and their contact numbers.

3.2.3 Mozambique

Remitters send goods and money. Drivers charge R10 or R20 for every hundred rand sent. They charge a minimum of R60 to send goods, depending on the size. The sender speaks to the driver personally and price can be negotiated. Drivers have indicated that per sender respondents send R500- R2000 at a time.

“People send a lot of money mostly it will be R500 to R2000”

Mozambiquen Taxi driver

3.2.4 Lesotho

Remitters send goods and money. The money sent per remitter ranges from R1 000 – R10 000. The maximum amount a driver has carried is R20 000 from different remitters. Drivers travel between South Africa and Lesotho more than 10 times a month. They meet with the receiver at the local taxi rank or they deliver to the house. It takes 6 – 8 hours for them to deliver the money.

3.2.5 Botswana

Remitters mainly send money and goods sometimes. Drivers take the receivers numbers and call them when they are approaching Botswana and arrange a meeting place. They charge R10 – R20 per R100 sent. Drivers carry an average amount of R5000 from different senders. Drivers say the money that most people send per remitter on average is R1000. The money drivers carry at a time is between R1 000- R10 000. Botswana drivers pointed out that people send money through them every time they travel to Botswana.

3.2.6 Zambia

Remitters send goods and money, and the amount of money carried at a time by a driver varies from R1 000 – R10 000. The recipients meet them at the border or at the taxi rank and have to produce some form of identification. Per sender money remitted via taxi driver ranges from R300-R1000 at a time

“From R300-R1000 depending if its high season or on a monthly basis”

Zambian Driver

3.2.7 Namibia

The maximum amount carried by a driver is R10 000 from different remitters, remitters were claimed to send from R500 – R5000 per remitter. The fees charged are R20 for every R100 sent.

3.3 Business model for cross border taxi/bus/truck drivers

Using these modes of transport to remit remain popular amongst lower income migrants from SADC living in South Africa because despite being seen as high risk, as undocumented migrants have no other alternatives. Taxis are the quickest modes of transport compared to buses and trucks, but trucks and buses can accommodate larger commodities, so taxis may be preferred for cash transport.

Taxi drivers are more frequently used for remitting to closer countries, like Swaziland and Lesotho, while with countries that are further from South Africa buses are the preferred method. Truck drivers take longer to arrive and are not easy to trace should they disappear with the goods or money, so the sender needs to have a trust relationship with a truck driver. However, there are still reported instances where drivers have disappeared with money, or money has been lost during an accident.

The drivers themselves felt that people prefer their method of remitting because it is easier to use and convenient for the remitters who don't know of other ways. They felt that the fact that they charge a fee creates faith in the system, so remitters feel that if they have paid for something then it should reach the sender. The drivers know that the success of the remitting business depends on their reputation for reliability, so they try not to tarnish their image to their remitters so they can retain their current clientele.

4 Conclusion

With the segmentation of formal and informal migrants research has shown that there are discrepancies in the type of work the different migrants have and how much money earn and how this can create a barrier of access through channels that are easier to use but difficult to access. With formal migrants they can access formal channels and use these channels, but it should also be noted that they too even though can access formal channels do sometimes use informal channels to remit money and this would be largely influenced by the access to formal channels by the recipients and the their location. Recipients who live in rural or remote areas prefer getting the money via informal channels due to accessibility and also lack of know how about formal channels. Recipients play a pivotal role in the choice of remitting method, based on what they are willing and able to access.

Informal migrants are limited to the type of remittance they can use since they don't have the necessary documentation to access the formal channels of remitting and have stated that they want to have access to such methods because they felt they are easier to use, money gets to the recipient instantly. With the current system that most people are comfortable which is taxis/buses, they only use it because they are used to, there is a strong level of entrenchment growing for the taxi/bus drivers. Drivers also play a major role in the remittance process, the business depends on them, and they hold economies of scale in the business. Research has shown that people still use them and will continue using them out of habit and also convenience to their situations.

Respondents need to send money home, so money will always be remitted the frequency and the size of the money is dependent on various factors such employments, charges, type of method and so forth. Money will always be remitted, currently the methods that are used are not satisfactory to the remitters but because there are no other reliable and uncomplicated alternatives they keep on using what they know. They mention though that

they do want a system that is hassle free, not restrictive in the documentation required, it should be instant, reliable, easy to use, convenient and cheap.

Appendix

Table 6: Frequency of trips home

Cluster	How often do you go home?
Portuguese Cluster	Some respondents are unable to go home because it is too expensive. The rest of the respondents' frequency of going home varies from once in 2 months, after 6 months, 3 times a year and even after 2 to 3 years.
Francophone Cluster	Respondents are unable to go home often because it is very expensive to go home.
Higher Income Proximate	Respondents' frequency of going home varies from once a month, once a year or once every four or five years. Some respondents do not go home because their families are based in South Africa.
Zimbabwe	Respondents' frequency of going home varies from not going home at all because of financial challenges or to going home once or twice a year during holidays.
Lesotho	Respondents often go home because it is not too expensive and it is not too far. Some respondents go home once a year.
Other	Respondents do not go home often because it is too expensive to travel home often.

Table 7: Reasons for going home

Cluster	For what reasons do you go home?
Portuguese Cluster	Respondents do not go home often but when they do, they mainly go home to visit family.
Francophone Cluster	Respondents do not go home often.
Higher Income Proximate	Respondents do not go home often because most of their family members are based in South Africa; however, if they go home, they do so to spend time with family during the festive season.
Zimbabwe	Respondents do not go home often because it is too expensive but if they go home, they mainly go home to check up on family or to give money to their family or to visit during the festive season.
Lesotho	Respondents often go home to spend time with family during the festive season or big holidays, birthdays, funerals and weddings. Respondents also go home when family members are sick. Some respondents do not go home because their family is based in South Africa.
Other	Respondents do not go home often because it is too expensive.

Table 8: Location of family

Cluster	Does your family still live in your home country, or are any other family members also based in South Africa?
Portuguese Cluster	Respondents' families are based in their respective home countries. Married respondents' in-laws are based in South Africa.
Francophone Cluster	Respondents' families are based in their respective home countries. Married respondents' in-laws are based in South Africa.
Higher Income Proximate	Respondents' families are based in their respective home countries.
Zimbabwe	Respondents families are based in their home country and some respondents have family in South Africa as well.
Lesotho	Respondents have families living in both Lesotho and South Africa.
Other	Respondents have family members in their respective home countries.

Table 9: Prevalence of remitting

Cluster	Do you send money home?
Portuguese Cluster	Respondents send money home; other respondents receive money from home.
Francophone Cluster	Some respondents do not send money home because they receive money from home. Another respondent sends money home.
Higher Income Proximate	All respondents send money home.
Zimbabwe	All respondents send money home.
Lesotho	All respondents send money home.
Other	All respondents send money home.

Table 10: Size of remittance transactions

Cluster	If so, how much do you send at a time?
Portuguese Cluster	Respondents send about R500 per month or R5000 to R6000 every 6 months.
Francophone Cluster	A respondent has once sent US\$100.
Higher Income Proximate	Respondents send money ranging from R400 to R3000 per month.
Zimbabwe	Respondents send money ranging from R100 to R3000 per month.
Lesotho	Respondents send money ranging from R50 to R2000 per month.
Other	Respondents send money ranging from R500 to R5000 per month.

Table 11: Money or goods

Cluster	Do you prefer to send money, goods or both back home? Why?
Portuguese Cluster	Respondents prefer to send both goods and money. Respondents prefer to send goods because they are cheaper in South Africa and then they sell them in their home countries and also, they prefer to send goods because the money they have may be used to cover funeral costs back home should the need arise.
Francophone Cluster	Respondents send both goods and money depending on the situation. Respondents mostly prefer to send money because sending goods is a bit difficult and expensive.
Higher Income Proximate	Respondents prefer to send money because it is more convenient and goods are cheaper in their respective home countries.
Zimbabwe	Respondents prefer to send both goods and money depending on the situation. Respondents send money because it is more convenient and their families know what they can use the money for. Respondents send goods if there is a shortage of food back home.
Lesotho	Respondents prefer to send money because sending goods is more expensive. Respondents send goods depending on the situation back home, for example, some families live far from major shopping centres so respondents choose to send goods instead of money or during December before the start of the festive season.
Other	Respondents do not have a specific preference, they choose to send whatever they have at the time, what is important is that they have to send something.

Table 12: Method of sending goods

Cluster	If you send goods home, what method do you use to send them home?
Portuguese Cluster	Respondents either use agencies that fly goods to their respective home countries or they use public transport.
Francophone Cluster	Respondents either use agencies that fly good to their respective home countries or they use public transport such as buses.
Higher Income Proximate	Respondents prefer to take the goods home themselves or they use public transport such as taxis.
Zimbabwe	Respondents send goods using buses or some respondents use companies in their respective home countries where they pay a certain amount of money and then their family members go to the company to collect the groceries.
Lesotho	Respondents usually ask someone they know to deliver the goods home or they take the goods home themselves.
Other	Respondents used to use public transport to deliver the goods back home but they do not buy goods anymore because the people they send the goods with sell their goods in Zimbabwe.

Table 13: Kind of goods sent

Cluster	What kind of goods do you send home?
Portuguese Cluster	Respondents send clothing, shoes, food, building material and electronics such as cell phones and laptops.
Francophone Cluster	Respondents send clothing and cell phones.
Higher Income Proximate	Respondents send food.
Zimbabwe	Respondents prefer to send food and building material.
Lesotho	Respondents send food.
Other	Respondents send items like TVs, radios, cash and blankets.

Table 14: Frequency of sending goods

Cluster	Do you send goods more or less often than you send money?
Portuguese Cluster	Most respondents send money more than they send goods.
Francophone Cluster	Most respondents send money more than they send goods.
Higher Income Proximate	Most respondents send money more than they send goods.
Zimbabwe	Some respondents prefer to send good more often than money and some respondents prefer to send money more often than goods.
Lesotho	Most respondents send money more than they send goods.
Other	Most respondents send money more than they send goods.

Table 15: Currency used for transaction

Cluster	Which currency do you send your money in?
Portuguese Cluster	Respondents send their money in Rand.
Francophone Cluster	Respondents send their money in Dollars or Euros.
Higher Income Proximate	Respondents send their money in Rand.
Zimbabwe	Respondents send their money in Rand.
Lesotho	Respondents send their money in Rand.
Other	Respondents send their money in Rand.

Table 16: Currency conversion

Cluster	How or when is the money you send converted into the foreign country's currency?
Portuguese Cluster	Respondents state there that there is no need to convert the Rand in their respective home countries because the Rand is used in their home countries.
Francophone Cluster	Respondents state that the Rand is converted before they send it to their respective home countries.
Higher Income Proximate	Respondents state there that there is no need to convert the Rand in their respective home countries because the Rand is used in their home countries.
Zimbabwe	Respondents state that their family members choose whether to convert the money or not, some respondents state that it is better to convert the money into Dollars because they receive more money that way.
Lesotho	Respondents state there that there is no need to convert the Rand in their respective home countries because the Rand is used in their home country.
Other	Respondents state that their family members decide on whether to convert the money to Kwacha in Malawi or to Tanzanian Shillings.

Table 17: Cost of conversion

Cluster	How much does it cost to convert the money?
Portuguese Cluster	Respondents state there that there is no need to convert the Rand in their respective home countries because the Rand is used in their home countries.
Francophone Cluster	Respondents state that the charges vary when they convert the Rand to the Dollar, for example you would pay R800 to get dollars and you would receive R700 for your dollars.
Higher Income Proximate	Respondents state there that there is no need to convert the Rand in their respective home countries because the Rand is used in their home countries.
Zimbabwe	Respondents state that their family members choose whether to convert the money or not, some respondents state that it is better to convert the money into Dollars because they receive more money that way. Respondents have no knowledge about the charges.
Lesotho	Respondents state there that there is no need to convert the Rand in their respective home countries because the Rand is used in their home country.
Other	Respondents state that R1 costs 27 Kwacha.

Table 18: Influences on remittance quantity

Cluster	What factors will make you send home more or less money at any time?
Portuguese Cluster	Respondents send less money when they are unemployed or when business is not doing well and when there is no one else to take care of their family.
Francophone Cluster	Respondents send more money if there is a sick family member or if there are more expenses back home.
Higher Income Proximate	Respondents send more or less money depending on the job they have at the time or when a family member is sick or when there is a funeral back home.
Zimbabwe	Respondents send more or less money depending on the job they have at the time and the income they accumulate. Respondents also have to send more money because their family members do not work back home.

Table 19: Knowledge of remitting methods

Cluster	What are the methods that you know for sending money home?
Portuguese Cluster	Respondents use banks, taxis, non-registered agencies, mail or ask colleagues to take the money home for them.
Francophone Cluster	Respondents know about Western Union, MoneyGram and an agency called Apocalypse or they ask someone who is going home to take it home for them.
Higher Income Proximate	Respondents take the money home themselves; ask someone who is going home to take the money home for them, taxi drivers, bus drivers, truck drivers, FNB, Shoprite and the Post Office.
Zimbabwe	Respondents use Western Union, banks, bus drivers, or through people they know.
Lesotho	Respondents predominantly use taxi drivers, while others use the banks and the Shoprite Money Market.
Other	Respondents use the bank or taxi and bus drivers.

Table 20: Methods of remitting used

Cluster	Of the methods that you know for sending money home, which ones have you used to send money home?
Portuguese Cluster	Respondents use banks, taxis, non-registered agencies, mail or ask colleagues to take the money home for them.
Francophone Cluster	Respondents know about Western Union, MoneyGram and an agency called Apocalypse or they ask someone who is going home to take it home for them.
Higher Income Proximate	Respondents take the money home themselves; ask someone who is going home to take the money home for them, taxi drivers, bus drivers, truck drivers, FNB, Shoprite and the Post Office.
Zimbabwe	Respondents use Western Union, banks, bus drivers, or through people they know.
Lesotho	Respondents predominantly use taxi drivers, while others use the banks and the Shoprite Money Market.
Other	Respondents use the bank or taxi and bus drivers.

Table 21: Preferred remitting method

Cluster	Which one do you use the most often?
Portuguese Cluster	Respondents use banks, taxis, non-registered agencies, mail or ask colleagues to take the money home for them.
Francophone Cluster	Respondents know about Western Union, MoneyGram and an agency called Apocalypse or they ask someone who is going home to take it home for them.
Higher Income Proximate	Respondents take the money home themselves; ask someone who is going home to take the money home for them, taxi drivers, bus drivers and truck drivers, FNB, Shoprite and the Post Office.
Zimbabwe	Respondents use Western Union, banks, bus drivers, or through people they know.
Lesotho	Respondents predominantly use taxi drivers, while others use the banks and the Shoprite Money Market.
Other	Respondents predominantly use taxi and bus drivers, relatives and friends.

Table 22: Reason for preferred method

Cluster	Why do you prefer this method over the others?
Portuguese Cluster	Respondents prefer these methods because the money has always reached its destination, the post office is closer to home and there no charges when transferring money through Shoprite.
Francophone Cluster	Respondents state that by giving someone they know the money is convenient because that person lives close to their family. Using Western Union is safer and faster and using small agencies is also good because the charges are affordable.
Higher Income Proximate	Respondents prefer these methods because by giving someone the money is convenient for their families because the person usually lives near to the family, the post office is closer to home and there no charges when transferring money through Shoprite.
Zimbabwe	Respondents prefer using the buses because they do not require any documentation to send money home and the charges are much cheaper than using the bank or Western Union.
Lesotho	Respondents prefer using taxi drivers because they trust them and the money gets home in a short space of time, also this is the only method that they have known since they have been sending money home. Respondents prefer Shoprite because it is convenient.

Thank you



Address Details:

The Ambridge office park, Cnr Sloane and Vrede streets
Bryanston, Johannesburg, Block B First floor

Contact Information:

Web-site: www.foshizi.co.za

Email: research@foshizi.co.za

Tel: +27 (0)11 463 6455

Fax: +27 (0)11 463 7542 or 0866 32 5757