

Remittances

SOMALIA

East and Horn of Africa



**Supporting
the Central Bank
of Somalia's
Regulation of
Mobile Money
to Strengthen
and Safeguard
Remittances**

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Requesting entity
**Central Bank of Somalia,
Federal Government of Somalia**



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Background

The rapid development of a large diaspora parallel to the collapse of the official political, banking and financial systems in Somalia due to the civil war, led to an increased importance of remittances. Over 40 per cent of Somalis rely on this means for day-to-day necessities. Mobile money has proven a popular platform for these domestic

remittances; as such the World Bank group estimates that 37.1 per cent of adults in Somalia use mobile money services, as compared to 11.5 per cent in Sub-Sahara Africa and 2 per cent globally. However, due to the absence of commercial banking services and regulatory oversight bodies, the launch and operation of mobile money services

in Somalia have taken place without the implementation of a formal licensing and regulatory framework. As such, the Central Bank of Somalia - being the national authority responsible for licensing, regulating and supervising financial institution - has requested a Technical Assistance intervention.

Objective

Support the Central Bank of Somalia (CBS) in its development of a mobile money licensing and regulatory framework.

Activities

A targeted research study on remittances in Somalia and the use of mobile money;

Recommendations to fine-tune existing draft regulations on mobile money;

The development of a road map to implement regulations on mobile money, including a funding strategy.

Expected results

Cross-fertilization with existing support the Central Bank of Somalia (CBS) is receiving (e.g. from the World Bank);

Help to accomplish CBS' strategic goal to build stable, up-to-date and sound financial systems;

Bring the CBS (and Somalia) closer to complying with international good practices;

Help equipping the CBS with a platform to lobby and engage its development partners and the wider donor community for their support in developing a sound mobile money licensing and regulatory framework.