

## Bitcoin and the Global Remittance Market: Using Cryptocurrencies for Remittances

26 January 2017 By: Michael Moeser

Global remittances are a half-trillion-dollar market involving millions of consumers sending money from one nation back to family and friends in another. Due to the significant infrastructure involved in maintaining agent/branch networks, onerous government regulations, and management of international money transfers, there are only a few major companies (money transmitters and banks) involved in this global market, along with a plethora of specialists who serve only selected countries or geographic corridors of money flow. The resulting high prices, and slow speeds in selected markets, are often the targets of protests by governmental officials and consumer interest groups.

Bitcoin and its fellow cryptocurrencies, with their decentralized nature and the inherent cost advantages of their underlying blockchain technology, are being heralded as potential solutions in serving this community (often typified as migrant workers) seeking to remit funds. The continuous birth of new bitcoin-based, remittance-focused startups brings to light the opportunity of serving this market with a cryptocurrency alternative to the traditional networks. However, increasing regulatory scrutiny, the challenges of separating legitimate transactions from illegal ones, and the difficulty of making “last mile” connections to convert cryptocurrencies into real money pose a threat to bitcoin’s adoption as the new remittance currency.

### Key questions discussed in this report:

- How large is the global remittance market?
- What is the average pricing of remittances across the globe?
- How is bitcoin being used in global remittances?
- What is the regulatory environment for bitcoin, and how is it expected to change in the future?
- What are the challenges facing bitcoin or other cryptocurrencies in becoming a major remittance currency?

**Companies Mentioned:** Bitbit, BitPay, Bitstamp, Bitwalla, Capital One, Coinbase, Internal Revenue Service, Kraken, MoneyGram, Rebit.ph, Satoshi Citadel Industries, U.S. Treasury Department, Western Union, World Bank

The consumer data in this report were primarily collected from the following:

- A random-sample survey of 3,200 respondents conducted online in October 2016. The overall margin of error is  $\pm 1.74$  at the 95% confidence level. The margin of error is larger for subsets.

Data on the bitcoin exchanges, wallets, and industry participants were derived from interviews with industry leaders. Supplementary data were provided by secondary sources such as The World Bank, FSOC, the U.S. Treasury, and public websites.

---

Copyright © 2017 GA Javelin LLC, (dba as Javelin Strategy & Research). Javelin Strategy & Research is a division of Greenwich Associates. All rights reserved. No portion of these materials may be copied, reproduced, distributed or transmitted, electronically or otherwise, to external parties or publicly without the permission of GA Javelin LLC.