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UK residents to pay £238 million in remittance fees needlessly in 2021

- New estimates show the UK is set to miss the UN Sustainable Development Goal to halve remittance prices to 3% by 2030

- If UN goals were implemented today £238 million would be saved by remittance senders in 2021

- Those sending money say sending badly needed remittances has become more financially challenging since the COVID-19 pandemic

Wednesday 5th May 2021 00:01 - London: The cost of sending money 'home', and the economic impact of the pandemic, are significantly impacting more than half of remittance senders living in the UK, according to findings from [Wise](#).

- 1 in 8 remittance senders say the money they send home is the main source of income for friends and family
- 58% agree that sending money has become more financially challenging since the COVID-19 pandemic

To remove excessive fees on these remittance payments, the UN launched a Sustainable Development Goal in 2016, which stated **these fees need to fall to just 3% of the payment amount globally by 2030**. An analysis of estimated fees based on historical World Bank figures shows this target might not be reached in the UK, even using optimistic estimates.

Current trends indicate the UK will fail to meet that target, meaning hundreds of millions will be paid in extra fees by UK remittance senders. Between 2010 and 2020, those living in the UK sending money abroad to support loved ones paid **£6.7 billion in remittance fees alone**. On average, each transfer made in 2020 cost [6.8% of the total transferred amount](#).

Remittance fees and volumes in full:

Remittance fees and volumes in full			
	UK	France	Germany
Total estimated amount due to be sent in remittances, in 2021	\$9.12 billion (£6.57 billion)	\$13.23 billion (€10.98 billion)	\$21.21 billion (€17.61 billion)
Total estimated remittance fees in 2021	£426 million (6.8% average fee)	€660 million (6.2% average fee)	€1.25 billion (7.3% average fee)
Target total remittance fee (based on 3% UN goal)	£188 million	€323 million	€550 million
What could be saved <i>(Cost of fee difference between current% and 3%)</i>	£238 million	€337 million	€700 million

*Numbers based on WorldBank data

Together, the UK, France and Germany, the three biggest sending countries in Europe, paid **£30.6 billion** in remittance fees from 2010-2020, and estimates indicate that on the same trajectory, **UK remittance fees will account for £426 million** this year alone.

Sandra Sequeira, Associate Professor of Development Economics at the London School of Economics (LSE) says: *“The negative impact of COVID-19 on people’s livelihoods, particularly in the developing world, cannot be overstated. We know that remittances are a lifeline to families around the world, even more so during economic downturns. But too much money is lost along the way. Most countries, including the UK are not even close to reaching the UN Sustainable Development Goal of ensuring that the cost of remittances is below 3% by 2030, if it continues at its current pace.*

The research also revealed that three quarters (75%) of remittance senders in the UK want more transparency on the costs of sending money across borders.

Arun Tharmarajah, Head of European Banking at Wise: *These figures show a significant conflict between the importance of these payments, and how easily they can be made. It's also completely unclear what the costs of sending money abroad are to the average person. Our research shows the majority of people underestimated the costs of sending money abroad to friends and family by over half, giving an average estimate of 4.2%, when the true cost is nearer 6.8%.*

Introducing: Bières sans frontières

To shine a light on the high prices, Wise teamed up with Scottish brewery Cross Borders. Together, the two companies brewed a range of beers. The ABV of each beer matches the average cost of a transfer that people paid in 2020 in the UK, Germany and France.

Wise is calling on governments to make the following changes to international payments legislation, to ensure remittance senders don't keep paying the price for poor payments policy.

1. Show the total cost upfront
2. Don't inflate exchange rates
3. Stick to the live mid-market rate
4. Make cash subject to same transparency rules
5. Include delivery estimates
6. Open up payment infrastructure to combat de-risking

--Ends--

ABOUT WISE

Wise is a global technology company, building the best way to move money around the world. With the Wise account people and businesses can hold over 50 currencies, move money between countries and spend money abroad. Large companies and banks use Wise technology too; an entirely new cross-border payments network that will one day power money without borders for everyone, everywhere. However you use the platform, Wise is on a mission to make your life easier and save you money.

Co-founded by Kristo Käärman and Taavet Hinrikus, Wise launched in 2011 under its original name TransferWise. It is one of the world's fastest growing, profitable technology companies and is listed on the London Stock Exchange under the ticker, WISE.

13 million people and businesses use Wise, which processes over £6 billion in cross-border transactions every month, saving customers over £1 billion a year.



Wise