

Exploring Migrant Survivors' Remittance Needs in the United States

FAST Survivor Inclusion Pilot Programme

Insight Briefing



UNU
CPR



Authors

Finance Against Slavery & Trafficking

FAST is a multi-stakeholder initiative based at United Nations University Centre for Policy Research (UNU-CPR) that works to mobilize the financial sector against modern slavery and human trafficking. Through its alliance-building approach and grounding its work in evidence-based approaches and rigorous analysis, FAST provides tools and training to financial sector stakeholders to take meaningful, sustained action against modern slavery and human trafficking. This pilot project was delivered under the leadership of FAST's Dr Leona Vaughn, Vulnerable Populations Lead, and Dr Janina Pescinski.

Lutheran Services Carolinas

Lutheran Services Carolinas is a faith-based health and human services organization serving seniors in North Carolina and children and families in North and South Carolina. This includes the Survivors Assistance Program which provides trauma-informed, person-centered, comprehensive care management and employment-related services, facilitating timely access to vital services that the survivors of human trafficking need, in order to stabilize and re-establish their ability to live independently. Nix Ruiz and Lizette Hernandez worked with the pilot and co-edited this report.

Restore NYC

Restore NYC is a nonprofit organization making freedom real for the survivors of trafficking in the US. Restore makes freedom real for survivors of trafficking, leveraging trauma-informed, survivor-centered, impact-driven service delivery in the three areas that survivors share are essential to sustained independence: housing, economic empowerment, and wellbeing. Staff from the Client Services program at Restore actively participated in the pilot project as data collectors and contributors. Dayna Pessoa and Beisi Huang worked with the pilot and co-edited this report.

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TAROM FOUNDATION
VADUZ

STIFTUNG
FÜRSTLICHER KOMMERZIENRAT
Guido Feger



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The Pilot: Exploring the Remittance Needs of Migrant Survivors of Modern Slavery

Finance Against Slavery and Trafficking's (FAST) Survivor Inclusion Initiative (SII) aims to improve financial access to basic banking services for the survivors of modern slavery. FAST research indicates that survivors of modern slavery are often excluded from the formal financial system for a variety of reasons, including not meeting regulatory requirements due to their immigration status, lack of identity documents, lack of permanent address, or 'bad credit' histories gained as a result of their trafficking experience.¹

This pilot is part of a package of work to extend the SII programme so it can address the diverse range of financial services that meet the financial inclusion needs of survivors and help them rebuild their financial lives. The Appendix of this report provides insight into the global landscape of remittance services and the interconnection between migrant vulnerability and modern slavery. The pilot focused on the remittance needs of migrant survivors who, in addition to the barriers outlined, can also experience challenges accessing financial services due to, for instance, language, literacy, living in isolated communities, and anxieties dealing with authorities.

The Anti-Human Trafficking Initiative at Western Union (WU), a payment service provider renowned for facilitating international remittances and an SII participating financial institution, proposed to offer reduced-fee remittances to meet the unique needs of survivors and help reduce their financial vulnerabilities. In turn, FAST initiated a pilot to help understand the barriers faced by migrant survivors in the United States. The objective was to determine if reduced fees would effectively address their remittance needs.

The remittance pilot ran from November 2022 to June 2023 in partnership with two US survivor support organization (SSO) partners who were already existing SII participants, Lutheran Services Carolinas and Restore NYC.

Given the crucial role that remittances play in migrant survivors' lives, they can serve as a significant entry point into the broader financial system. Remittance service providers (RSPs) have a role to play promoting

the financial health and resilience of migrant survivors of modern slavery, and by extension host and home economies. In this light, the findings of the pilot, which highlight collaborations between WU and SSOs and how they responded to survivor needs, can help inform the practices of other RSPs. Namely, how they might serve this addressable 'market' effectively and respond to the specific preferences and needs of migrant survivors, and other vulnerable populations, that may not traditionally be a part of a RSP's existing target market.

Pilot Design

FAST brought together WU and the SSOs who work across New York and North and South Carolina, to co-develop the pilot to understand migrant survivor needs in relation to remittance services.

WU provided expert guidance and the pilot was managed in a way that complied with all necessary WU policies, controls, and guidelines. WU evaluated different options on how they could best support survivors and organizations with survivor assistance programmes. They opted for promotional codes which offered users a discounted fee (50 per cent off) when sending money from the United States, which were valid in all US-based WU retail agent locations, with the exception of one of their large, strategic agent partner chains.

To establish need, the next step was to understand how many survivors the partner SSOs were helping and what the survivor demographics were (age range, gender, and nationalities). This helped identify what languages the multilingual baseline surveys and pilot information would need to be translated into and helped shape the survey questions on migrant survivors' remittance needs.

This step also helped WU approximate the number of promotional codes that would be needed, anticipating that survivors may want to use the service more than once in the pilot period.

FAST used an online survey tool to collect key information from SSOs on the remittance needs of migrant survivors,

¹ FAST research is available at: <https://unu.edu/cpr/project/finance-against-slavery-and-trafficking/>.

in English, Spanish, and Chinese. SSOs employed their trauma-informed expertise to help FAST develop a protocol for survivors to consent to participation and complete the surveys.

SSOs invited survivors to complete the survey on their remittance sending experiences and needs (see findings in the Appendix of this report). To be explicit that access to the offer was not conditional upon them responding to the survey, survivors were informed by the SSOs

that they could access the codes without participating in the survey. In parallel to the survey, WU codes were given to the participating SSOs, who in turn offered and distributed them to any clients who had expressed interest in the pilot. WU provided maps and addresses of agent locations close to areas identified by the SSOs as being convenient for survivors and outlined the conditions of use.

Promotional Code Conditions

The WU codes provided to SSOs entitled users to 50 per cent off transfer fees sent from WU retail locations, regardless of the amount of the transaction or the intended payment country. There was also no upper limit.

- Valid for Money Transfers to any receiving country (200 countries and territories).
- Valid in all US WU retail agent locations (except large strategic agent partner chain).
- Standard corridor restrictions and identity requirements applied (US WU Retail Money Transfer Policy).
- Each promotional code was a unique number and could only be used once, but there was no limit on the amount of codes which could be given to survivors.
- Promotional codes were valid initially until 31 December 2022, later adjusted to 31 December 2023.

All pilot information on locations and the conditions of use were provided in printed information sheets made available in English, Spanish, and Chinese.

SSOs collected and shared agreed data with FAST in respect of interest and usage of the voucher codes, including contributions from their own vast knowledge and experience of supporting survivors, which helped address enquiries as they arose. For example, after sharing the codes with the SSOs, and not seeing any

usage of the codes, FAST, WU, and the SSOs met to gain insight into some of the reasons why survivors were not taking advantage of the discount in fees. These conversations led to an understanding that receiving remittances was of equal importance as sending remittances; the pilot was subsequently changed to allow the relatives or sponsors of survivors to also use the codes when sending money to them.

Learning From the Pilot: Considerations for Remittance Service Providers

WU issued a total number of 500 promotional codes for use in the pilot. Four hundred codes were given to Restore NYC and 17 survivors accepted them. One hundred codes were given to Lutheran Services Carolinas and 12 survivors accepted them. These codes had an expiry date of 12 December 2023. As of November 2023, three codes had been used to send one transaction each to the United States, Honduras, and the Philippines. Of significance, all were used via the WU website and/or app digital products.

Despite the limited take-up, the process of developing and delivering the pilot provides important insights that other RSPs can consider when responding to migrant survivor needs, as well as other populations financially vulnerable to modern slavery. Understanding the ways in which this pilot responded to needs and the barriers preventing uptake could help RSPs tailor future services, including those that can extend beyond remittances and reach addressable ‘markets’ of underserved customers.

Trust

When trust does not exist, it can be a significant barrier² to using formal financial services.³ For instance, the World Bank Global Findex⁴ found that one in four unbanked adults did not trust the financial system, serving as a significant disincentive to use financial services. This lack of trust can stem from a history of banking crises, high bank fees, and/or inaccessible branch locations.

Similarly, trust played a key role in all aspects of this pilot. For instance, FAST, SSOs, and WU established internal communication protocols to work collaboratively, and to provide regular updates to identify and address barriers. SSOs played a critical role in gaining and facilitating survivors’ trust in WU’s services. For survivors who lived near WU locations, trust in WU agents was stated as important. Research indicates that digital

finance customers rate unreliable customer care as one of the top three barriers to product uptake,⁵ and that agents who provide good customer service and education can help increase the uptake of products,⁶ indicating a higher level of trust.

Customer-Centric Design

Feedback from survivors and SSOs suggested that it was not common for survivors to be targeted with financial services or offered discounts on the services they use. In this sense, it was important for the pilot to respond to their unique needs. For example, when survivors stated that they need to save money before sending remittances, that they only sent money upon request, or preferred to make low-value and/or low-volume transactions, the pilot made an early adjustment by extending the expiry date of the voucher code.

In financial sector language, this is what customer-centric design can look like. This practice can also be referred to as ‘trauma-informed’ – SSOs made sure that all pilot partners understood the experiences of survivors enough to recognize that providing services to this customer group may deviate from those offered to other customers. The pilot relied heavily on the expertise of both SSOs and survivors themselves to shape an offer, or ‘value proposition,’ which reflected survivor experiences and met their needs. A future pilot design could, for instance, consider a higher volume of low-value transactions which survivors and other vulnerable communities often prefer to make given their income volatility or low savings ability.

Consumer Awareness

In order to help with the uptake of remittance products, it is essential that providers respond to their target market’s enquiries related to practical information such as the

² Amalie Zinn, Michael Neal, and Vanessa G. Perry, “Building Trust in the Financial Sector Is Key to Closing the Racial Wealth Gap,” *Urban Institute*, 15 June 2023, <https://www.urban.org/urban-wire/building-trust-financial-system-key-closing-racial-wealth-gap>.

³ Eric Duflos and Juan Carlos Izaguirre, “Reading Findex With A Consumer Protection Lens,” *CGAP*, 19 October 2022, <https://www.cgap.org/blog/reading-findex-with-consumer-protection-lens>.

⁴ See World Bank Findex: <https://www.worldbank.org/en/publication/globalfindex/interactive-executive-summary-visualization>.

⁵ Graham Wright, “Five Trust Issues That Are Undermining Mobile Money: Surprisingly, says MicroSave, fraud is not customers’ biggest concern, *next billion*, last accessed on 14 February 2024, <https://nextbillion.net/five-trust-issues-that-are-undermining-mobile-money/>.

⁶ Sonali Rohatgi and Ellen Galdava, *The Role of Digital Financial Services in Accelerating USAID Education Goals* (Washington, DC: USAID, n.d.). Accessible at: https://www.usaid.gov/sites/default/files/2022-05/Role_of_DFS_in_Accelerating_USAID_Education_Goals.pdf.

required identity documentation, fee structure, and agent locations. In this pilot, WU provided details on how to use the vouchers, agent locations, and the service in an accessible format: a multilingual information sheet. This was explained first to SSOs, who in turn distributed the information sheets to their survivor clients, which helped clients understand the product's value proposition and accessibility measures.

Language Inclusivity

Amongst certain demographics, low literacy or English language proficiency levels can prevent migrant survivors from accessing financial services. Recognizing these barriers, all information and surveys in the pilot were offered in the three predominant languages (English, Chinese, and Spanish) identified by the SSOs. SSO staff also worked with their clients to ensure they understood the information. The participants in New York City did not report language barriers. However, some Central American survivors who spoke dialects such as K'iche, Mam, and Acateco, did report language barriers with WU agents in independent local stores whose primary business is not remittances.

Age Inclusivity

WU and other RSPs require customers to be at least 18 years of age. During the pilot, SSOs highlighted that they often worked with survivors below this age who wanted to send money home to support their families. To meet survivor needs, WU agreed that SSOs could distribute discount codes to 'sponsors,' mainly non-governmental organizations supporting child survivors.

Digital Inclusion

Technology has played a critical role in expanding access to and usage of financial services to underserved populations, and digital remittances⁷ offer advantages such as convenience, speed, reduced cost, and user friendliness. Digital remittances also have the potential

to enable users to use other value-added services such as loans that may use alternative data to build credit scores such as phone and social media behaviour.

In anticipation of digital exclusion (a lack of access to internet enabled devices), the pilot prioritized physical locations as places for survivors to use the codes. However, the pilot demonstrated that the only codes used by survivors were used online. A future pilot could therefore prioritize digital platforms which enable transactions via a mobile app or website to accept electronic vouchers, while ensuring that consumer protection principles are in place.⁸ Nevertheless, the low usage of vouchers in this pilot - three were used out of 500 issued - is an issue that additional research would need to explore.

Agent Location

The location of physical service providers is a common barrier⁹ for specific populations such as rural communities, preventing them from sending remittances or using other financial services. This is also true for migrant survivors who cited this as a barrier to participating in the pilot. For physical (rather than digital) providers, the survey indicated the preference for local and/or physically accessible (convenient) agents/services. This may also relate to the trust that survivors need in order to conduct transactions, explained in more detail below. This insight also demonstrates the importance for RSPs to partner with independent businesses that are embedded in communities, in order to both extend their footprint in 'hard-to-reach' areas and build trust with underserved communities.

Speed and Security

Safe and efficient remittance services are a common requirement for all customers. In this pilot, survivors reinforced this requirement, their anxieties likely heightened by the residual trauma of their own lived experience of financial abuse and exploitation. In the context of this pilot, safety entails ensuring that

⁷ Marco Nicoli and Usman Ahmed, "How digital remittances can help drive sustainable development," *World Bank Blogs*, 15 April 2019, <https://blogs.worldbank.org/psd/how-digital-remittances-can-help-drive-sustainable-development>.

⁸ "An ecosystem approach to consumer protection: what, why and how?" CGAP, last accessed on 14 February 2024, <https://www.cgap.org/topics/collections/consumer-protection>.

⁹ Sai Krishna Kumaraswamy and Alice Negre, *Developing Rural Agent Networks: Emerging Guidance for Funders* (Washington, DC: GCAP, 2022). Accessible at: <https://www.cgap.org/research/publication/developing-rural-agent-networks-emerging-guidance-for-funders>.

transactions are received on-time, in full value, and through a reliable and trusted delivery mechanism. This is demonstrated in the following quote from a survivor that took part in the pilot, based on previous experience with an RSP:

“Once the money took a very long time to arrive. I had to call customer service.”

Due diligence processes

Lack of standard identification documents can be an impediment to survivors’ access to financial services, including sending remittance payments. Survivors may have had documents removed from them in their trafficking experience, may not have access to formal documents, or may be ‘undocumented.’ FAST did not ask survivors directly if they had the required identification documents, so as not to raise any fear of being discriminated against or reported to US Immigration and Customs Enforcement. For the survivors who used the codes online, identification requirements do not appear to have been a barrier. However, the low uptake of codes could indicate this is an issue. Further information is needed to confirm this.

Protecting Vulnerable Communities

This pilot was initially restricted in scope to migrant survivors of modern slavery. However, it was subsequently expanded so that other community members such as ‘sponsors’ of child survivors and pilot beneficiaries’ family members could use the codes when remitting money. Interestingly, many survivors enquired if additional codes were available for individuals in their communities who were not necessarily survivors but were vulnerable and would benefit from the reduced fees. Migrant workers are often employed in sectors or industries with high risks of exploitation. This indicated that a) people who have been exploited may not be formally recognized as a survivor or even categorize themselves in such a way, and b) people vulnerable to being exploited need support to send remittances and access other financial services.

This pilot may serve as the basis for similar projects in the future to address the needs of a broader base of vulnerable populations or customers. Indeed, WU noted that temporary changes to pricing and services in situations of sudden conflict or crisis are not uncommon. Offering accessible, tailored, and affordable remittances to people in situations of high vulnerability to modern slavery, such as crisis situations, is acknowledged as having a potentially protective impact.¹⁰

¹⁰ “Call to Action: Remittances in Crisis: How to Keep Them Flowing,” KNOMAD, last accessed on 14 February 2024, https://www.knomad.org/covid-19-remittances-call-to-action/documents/call_to_action_switzerland-uk_covid-19_and_remittances_may_2020.pdf; Angharad Smith, Leona Vaughn, Toni Cela, Louis Hems Marcelin, Margaret Ohia-Nowak, Charu Hogg, and Ronny Marty, *Modern Slavery and Financial Exclusion: Exploring Crisis-Related Risks for Men* (New York: United Nations University, 2024). Accessible at: https://collections.unu.edu/eserv/UNU:9414/diverse_men_crisis_risks.pdf.

Nurturing Change: Fostering Financial Resilience for Migrant Survivors

Catering to vulnerable populations, like migrant survivors, lies at the heart of transformative financial services. The way in which this pilot operated and responded to migrant survivors' needs underscores the importance of WU's commitment to customer-centricity design principles, and the strategic partnerships forged with affected communities and the independent businesses they trust and are familiar with.

The lessons learned highlight the critical significance of 'gender-smart' and 'migrant-centric' product design, especially when considering safe access to and usage of physical or digital products/services. The emphasis on tailored design, trust, and security reflects a comprehensive responsible financial approach to addressing barriers and meeting the specific needs and preferences of the target market audience.

Decades of financial inclusion research affirm that mere access to services or products is insufficient to enhance the financial well-being of marginalized communities. The key lies in promoting meaningful product usage and enhancing financial resilience. Thus, considering the pivotal role remittances play in the lives of migrant survivors, they represent a compelling entry point and engagement opportunity within the broader financial system. By ensuring that migrant survivors have choice,

skills, and control to meet their financial needs and aspirations, host and home economies can truly thrive.

RSPs can leverage the insights from this pilot to adapt their products to migrant survivors, and other vulnerable populations' unique and evolving needs. In addressing migrant survivors' income volatility, trust issues, and other concerns, RSPs can contribute to building financially resilient individuals and economies, both locally and globally. This can also contribute to empowering customers, enabling them to use services more regularly, and helping to foster loyalty.

Enhancing RSP offers with integrated savings, credit, insurance, or investments could be a way to contribute to improved financial health and resilience – the ability to cope with economic or external shocks – for migrant survivors and their families. Integrating services with delivery models for digital literacy and business education could also further support migrant survivors in reaching their goals.

Collaborating with other RSPs, governments, and civil society entities, especially those working with and for survivors, RSPs can navigate some of the complexities involved in paving the way for a more inclusive and resilient financial landscape, ultimately benefiting their business and the global community.

Appendix

Global Picture: Migrants, Vulnerability, and Remittances

Access to remittance services is a key need for migrant workers, especially survivors of modern slavery and their families. Remittance services can be an entry point for survivors to access the broader financial ecosystem and improve other financial health outcomes, including the ability to accrue savings, make deposits, and build credit.

Migrant workers – people working outside their country of origin – comprise approximately 4 per cent of the total global population.¹¹ Although many work in informal economies and receive low wages, they still typically send funds to family and friends in their home country; personal remittances average \$200–\$300 per month.¹²

The two countries with the biggest annual inflows of remittances are Mexico (\$61 billion) and China (\$51 billion), and the remittance corridors between the Latin America and Caribbean (LAC) region and the US and Canada represent a significant level of diasporic remittance payments, worth \$145 billion in 2023.¹³ In Honduras, Jamaica, El Salvador, and Haiti personal remittance receipts reached the equivalent of between 21.4 per cent and 24.1 per cent of each country's Gross Domestic Product (GDP).¹⁴

Remittances can generate positive economic benefits for workers in home economies. They also help maintain the economic activity of recipients – often low-income, marginalized women and children – by supporting livelihood and income opportunities.¹⁵ Remittances

therefore regularly act as a form of social protection for vulnerable people. For example, many US remittance payments to the LAC region are to 'transit migrants,' people moving from Venezuela, Cuba, Nicaragua, and Haiti who are currently in Mexico and Guatemala enroute to the US.¹⁶ Fees in remittance corridors from the US are some of the lowest globally,¹⁷ but can still be higher than the UN Sustainable Development Goal 10 target of 3 per cent. The cost of sending remittances around the world can be very high in certain corridors and to certain countries.¹⁸ High fees can place a significant financial burden on migrant workers, especially when recipients are at acute risk of extreme poverty. For those who are working in sectors vulnerable to slavery and trafficking, high remittance fees may increase their vulnerability further. Haiti, for example, is a very fragile state where those seeking to migrate away from current crises have significant vulnerabilities to trafficking and labour exploitation. Remittances are at times the only form of income for these impoverished families¹⁹ so the ability to send and receive payments are relied upon significantly. High fees for diasporic payments²⁰ can thus create acute precarity.

High fees are not the only challenge. Remittance services, including formal and informal physical exchange houses, can also be inefficient for migrant workers and their families. While many remittance companies offer digital or online based products, some may require a physical presence to send and/or collect money; and poor currency conversion rates or fees for both sender and receiver can make these services unattractive.²¹

¹¹ UN Capital Development Fund (UNCDF), *Beyond Sending Money Back Home: Remittances and Migrant-centred Sustainable Development* (New York: UNCDF, 2022).

¹² "13 reasons why remittances are important," IFAD, 16 June 2023, <https://www.ifad.org/en/web/latest/-/13-reasons-why-remittances-are-important>.

¹³ KNOMAD, "Remittances Remain Resilient But Are Slowing," Migration and Development Brief 38 (Washington, DC: KNOMAD, 2023). Accessible at: https://www.knomad.org/sites/default/files/publication-doc/migration_development_brief_38_june_2023_0.pdf.

¹⁴ "Personal Remittances Received (% of GDP)," *World Bank*, last accessed on 14 February 2023, https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?most_recent_value_desc=true.

¹⁵ "COVID-19 changing the landscape for migrants and remittances," UNCDF, 19 June 2020, <https://www.uncdf.org/article/5606/covid-19-changing-the-landscape-for-migrants-and-remittances#:~:text=Summary,US%24%20109%20billion%20in%202020>.

¹⁶ KNOMAD, "Remittances Remain Resilient But Are Slowing,"

¹⁷ "Remittance Prices Worldwide," *World Bank*, last accessed on 14 February 2023, <https://remittanceprices.worldbank.org/countrycorridors>.

¹⁸ KNOMAD reports that the highest remittance costs are in the sub-Saharan Africa region (8 per cent) and vary widely across remittance corridors.

¹⁹ Interuniversity Institute for Research and Development (INURED), *The Impact of COVID-19 on Families in Urban and Rural Haiti* (Coventry: MIDEQ, 2020); FAST and INURED, *Financial Needs and Vulnerability to Modern Slavery and Human Trafficking in Haiti* (New York: United Nations University, 2023).

²⁰ Remittance fees in the France to Haiti corridor reduced in 2022, but still remained at nearly 8 percent. See: KNOMAD, "Remittances Remain Resilient But Are Slowing."

²¹ IFAD, "13 reasons why remittances are important."; UNCDF, *Beyond Sending Money Back Home: Remittances and Migrant-centred Sustainable Development*.

Financial Exclusion from Formal Remittance Services

Financial exclusion, the lack of access to formal services such as banks or payment service providers, is experienced by some groups more than others. This includes the poor, women, rural communities, people with low literacy levels, people who are digitally excluded, migrants, older people, and racially minoritized communities.²² As societies move further towards cashless and digital economies, this can leave these groups further marginalized and vulnerable to financial exploitation.

Women already experience a distinct gender disparity in accessing financial services and constitute 50 per cent of migrant workers, making them highly vulnerable to exploitation and abuse. According to a report by the UN Capital Development Fund on women and their needs/preferences for financial services, women tend to rely more on cash-based, informal, and agent-led means of sending and receiving money in comparison to men. This means that they pay more to send money slowly, and less securely, and do not benefit from a range of remittance-linked financial services.²³

Adult migrant workers are three times as likely as non-migrants to be in forced labour, according to the 2022 *Global Estimates on Modern Slavery*.²⁴ During their migration journeys, therefore, migrant workers have a high likelihood of lived experience of modern slavery.²⁵

Migrant workers and ‘undocumented’ workers in, or escaping from, modern slavery conditions may face additional barriers to accessing formal services and enhanced vulnerability to victimization. The regulatory environment can contribute to the barriers they face.²⁶ Requirements to provide official identity documents, for instance, to comply with ‘know your customer’ or anti money laundering processes can sometimes exclude some groups of customers. For cross-border remittance payments there may also be restrictions on payments

to certain countries due to ‘grey listing’; sanctions or counter terrorism concerns may be a challenge for migrant workers wanting to send money home using formal services. Vulnerability to the risk of predation is further increased when workers seek more informal channels for moving money across borders.

Migrant Survivors of Modern Slavery and Remittance Needs

Some survivors may have migrated to escape situations of slavery and trafficking in their home country. In their current locations they may find themselves in informal economy work,²⁷ such as domestic or agricultural work, both high-risk sectors for modern slavery.²⁸ Or they may have been trafficked transnationally and find themselves as survivors, rebuilding their life as a migrant worker in the country they were trafficked to.

Unaffordability of financial products or services, such as international money transfers, can be just one reason why migrant workers may be excluded from using them. Migrant survivors of modern slavery can often experience multiple additional layers of financial exclusion:

- Language barriers and lack of knowledge about the financial system in the new country;
- Isolated living communities in the new country, with the possibility that personal finances are still under the control of traffickers;
- Exclusion from accessing financial products, like bank accounts, due to in-country rules and regulations about their immigration status;
- Exclusion from services because they do not have the required identity verification documents; and
- Exclusion from financial products due to poor credit histories or criminal records related to their trafficking experience.

²² See World Bank Findex: <https://www.worldbank.org/en/publication/globalfindex/interactive-executive-summary-visualization>.

²³ UNCDF, “Innovations to Improve Financial Inclusion of Migrant Women and Their Families: Lessons Learned from the Private Sector,” UNCDF, last accessed on 14 February 2024, <https://migrantmoney.uncdf.org/resources/insights/innovations-to-improve-financial-inclusion-of-migrant-women-and-their-families-lessons-learned-from-the-private-sector/>.

²⁴ International Labour Organization, Walk Free, and International Office for Migration (IOM), *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* (Geneva: 2022).

²⁵ This is referred to in this report as being a ‘survivor.’

²⁶ Financial Action Task Force (FATF), *Money Laundering through Money Remittance and Currency Exchange Providers* (Paris: FATF, 2010). Accessible at: <https://www.fatf-gafi.org/en/publications/Methodsand Trends/Moneylaunderingthroughmoneyremittanceandcurrencyexchangeproviders.html>.

²⁷ UN General Assembly, *Contemporary forms of slavery affecting persons belonging to ethnic, religious and linguistic minority communities: Report of the Special Rapporteur on contemporary forms of slavery, including its causes and consequences*, UN Doc A/HRC/51/26 (2022).

²⁸ “Global Slavery Index ‘Importing Risk,’” Walk Free, last accessed on 14 February 2023, <https://www.walkfree.org/global-slavery-index/map/#mode=data:dimension=i>.

Not understanding the financial system, especially fees and fines, has been described as commonplace and re-traumatizing for survivors.²⁹ A lack of awareness of the financial services or products available to them and/or a lack of the required financial or digital literacy to use them, can also stop migrant survivors from accessing the financial services/products they need and increase vulnerability to re-victimization.

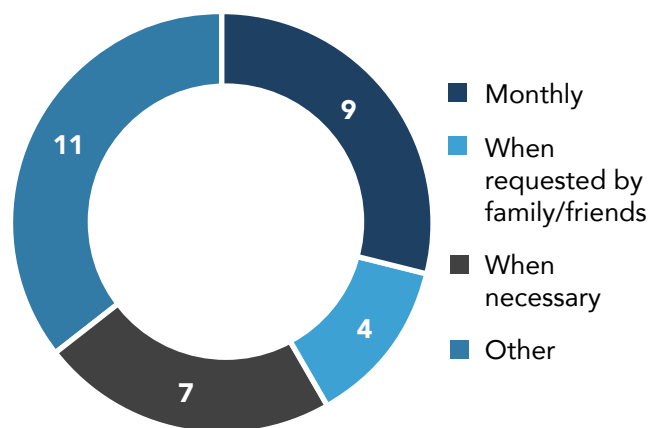
It is known that migrant survivors may rely heavily on sending and/or receiving remittance payments. This could lead to concerns that this is a way in which they are required to repay traffickers, and therefore the payments could be suspected of being an illicit financial flow. RSPs have already been identified globally as vulnerable to use by human traffickers.³⁰ RSPs/payment service providers are therefore required to undertake risk assessments on all transactions.³¹ Payments to or from countries determined to have a higher risk of money laundering or terrorist financing will subsequently face higher levels of scrutiny for compliance.³²

This is unfortunate because survivors use remittances for many reasons, including to cover the cost of living of their children and parents, to repay home debts, and avoid modern slavery conditions, such as debt bondage, for themselves and their families.³³ Being unable to access formal services may lead to survivors seeking informal routes to remit money to families abroad. It may also leave them open to deceptive offers, for example of higher paid work or easy access to loans, which can lead to forced labour or debt bondage. Research has not yet explored this inter-relationship, but a survey of survivors in the US³⁴ indicates that any 'unfair' or unclear financial transactions can trigger exploitation memories and create a mistrust of formal financial services.

Pilot Baseline Survey Findings: Survivor Remittance Needs

Thirty-two survivors consented to participate in the survey and shared their remittance experiences and needs. Twenty-six of the survey respondents indicated they send remittances, six did not; the latter indicated that while they would send remittances, they did not have the required money or financial stability to send remittances, demonstrating migrant survivors' financial struggle. Respondents send remittances to 13 different countries³⁵ and often will remit money to more than one country.

Figure 1: Frequency of Remittances



²⁹ FAST, "Lessons from the Survivor Inclusion Initiative (SII) in the UK, US and Canada," UNU-CPR Insight Briefing (New York: United Nations University, 2022); Polaris, *Polaris National Survivor Study: Economic Stability and Financial Access* (2022). Accessible at: <https://polarisproject.org/wp-content/uploads/2022/10/Polaris-Economic-Stability-and-Financial-Access.pdf#:~:text=The%20National%20Survivor%20Study%20%28NSS%29%2C%20launched%20by%20Polaris,we%20can%20design%20effective%20strategies%20to%20fight%20it>.

³⁰ FATF, *Money Laundering through Money Remittance and Currency Exchange Providers*

³¹ FATF, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations* (Paris: FATF, 2023). Accessible at: <https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf>.

³² FATF, *Guidance for a Risk-Based Approach for Money or Value Transfer Services* (Paris: FATF, 2016). Accessible at: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Rba-money-or-value-transfer.html>.

³³ IOM, *Debt and the Migration Experience: Insights from South-East Asia* (Bangkok: IOM, 2019). Accessible at: <https://publications.iom.int/books/debt-and-migration-experience-insights-south-east-asia>. This report states that: "Indebtedness can motivate the need for migration; migrants regularly use loans to finance costly cross-border moves, and the remittances migrants send home are often used to repay household debt" (p. 1).

³⁴ Polaris, *Polaris National Survivor Study: Economic Stability and Financial Access*.

³⁵ Responses included Honduras, Guatemala, China, Mexico, the Philippines, Dominican Republic, Ecuador, El Salvador, Guyana, Jamaica, Peru, 'Europe,' and 'Africa.'

Frequency of Use (or Transaction Volume)

Figure 1 gives an insight into the frequency with which migrant survivors usually remit money. The largest response is 'other' (11). This response again indicates that survivors typically need a certain level of savings/income to proactively send remittances. However, SSOs also observed that even if respondents face difficulty meeting their own needs, they often prioritize the financial responsibilities of their overseas families first. SSOs added that many survivors, to avoid multiple sending fees, will save a larger amount to send once even when they would prefer to send regular, low-value transaction amounts. For instance, almost a third of all respondents (9) send money on a monthly basis.

Responses also demonstrated a diversity of sending values, ranging from less than \$100 to over \$1000. Those who reported sending over \$1000 confirmed they did so after accumulating a certain amount in savings. Sending a larger amount also enabled them to gain a more competitive fee and exchange rate from the RSP.

Remittance Purpose

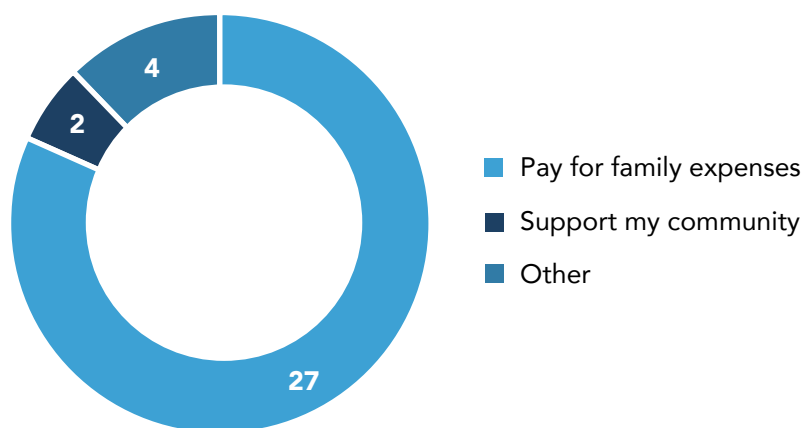
The primary reason for sending remittances was to pay for household expenses ('family expenses' – 27 responses, Figure 2) and help meet their families' day-to-day needs in their country of origin, primarily medical needs, food, and schooling. For the Central American male survivors, they reported to SSOs that they felt pressure to remit money for school fees, due to the prevalent privatized education system post-primary school.

Preferred Remittance Providers (or Payment Instruments)

A total of 31 respondents reported using 40 different service providers to send money. However, the majority (19) used just one provider. Only one respondent said they remit money using their bank, indicating this is the least cost effective or efficient way for them to send money.

Almost three-quarters of the services used are available in mobile phone apps, although it was unclear if respondents used the app or physical service. Nonetheless, one-quarter of responses indicate that respondents use in-person remittance services available in their community, often specific to language needs. This may indicate the high trust that migrant survivors have within their linguistic or cultural community. They may have felt more comfortable going to businesses in their local area, especially if recommended by friends. It seemed that having a familiar face or seeing the same person each time to send one's money assured the sender that it would be received by their family members. For instance, this played a role with the Chinese speaking clients within the Queens area of New York City. WU was still the main provider (25 per cent) who respondents reported generally using for remittances before the pilot.

Figure 2: Remittance Purpose



Reasons for Choosing Service Providers

The primary reason for choosing a provider was the convenience of the location. The second reason was affordable fees. According to one respondent:

"It would be nice if there was a flat rate to send any amount of money."

Respondents reported that they paid sending fees of between \$0 and \$20 per \$100 sent, and between 0.01 per cent and 10 per cent in fees, which often varied depending on the amount of money remitted.

Survey respondents discussed the important role security (like speed and efficiency) play as some had previous experiences of payments not arriving or

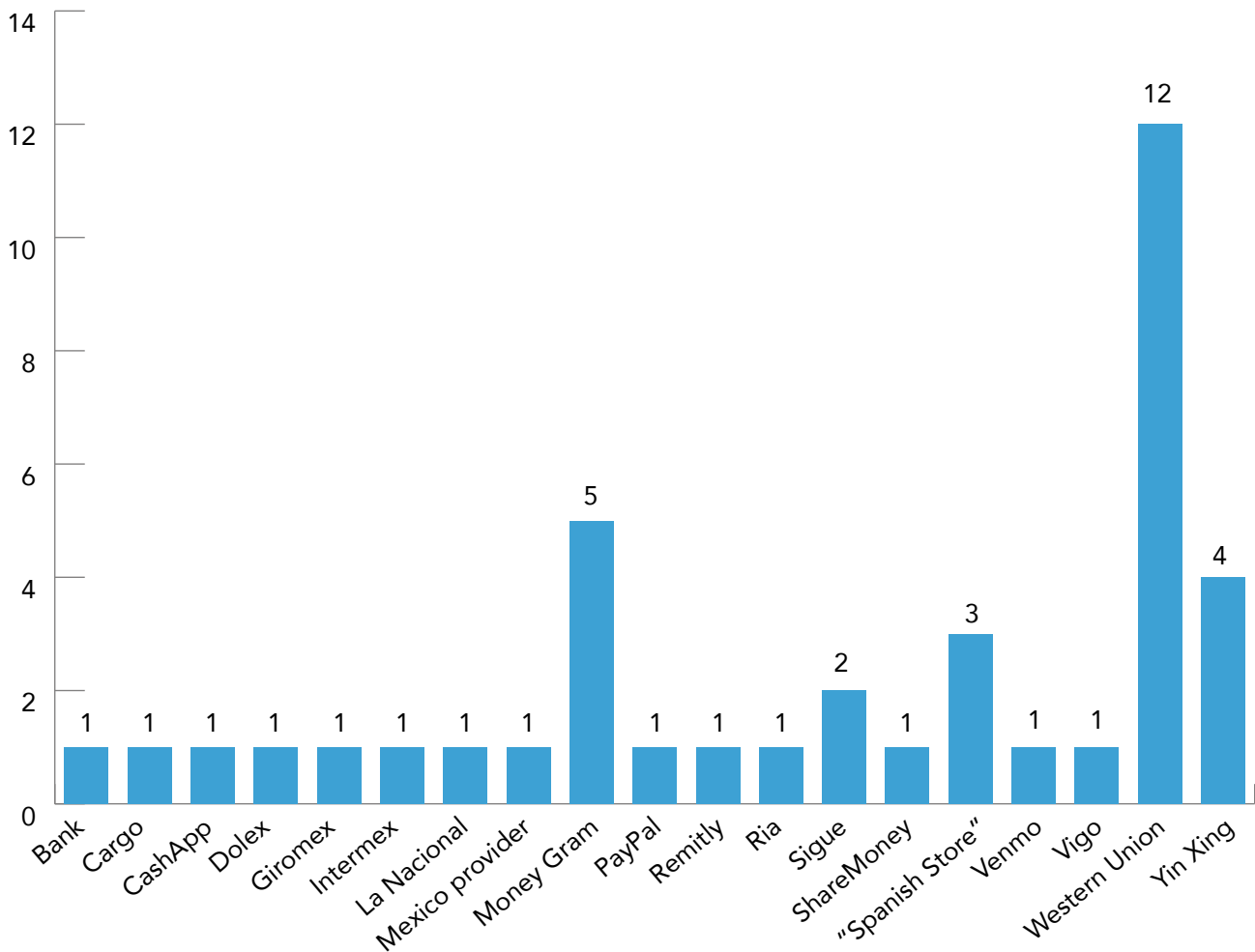
being extensively delayed. Considering that some of the recipient countries are extensively rural and/or experience social challenges (Figure 2), secure delivery is an understandable concern. Personal recommendations are therefore also unsurprisingly important for choosing a provider, indicating again the importance of networks and trust. According to one respondent:

"Once the money took a very long time to arrive. I had to call customer service."

Interest in the Pilot Offer

Twenty-six (26) out of thirty-two (32) respondents reported being interested in using the pilot's WU reduced-fee voucher codes to send money; the most important reason was to save money on the fees (24). A lack of

Figure 3: Preferred Remittance Providers

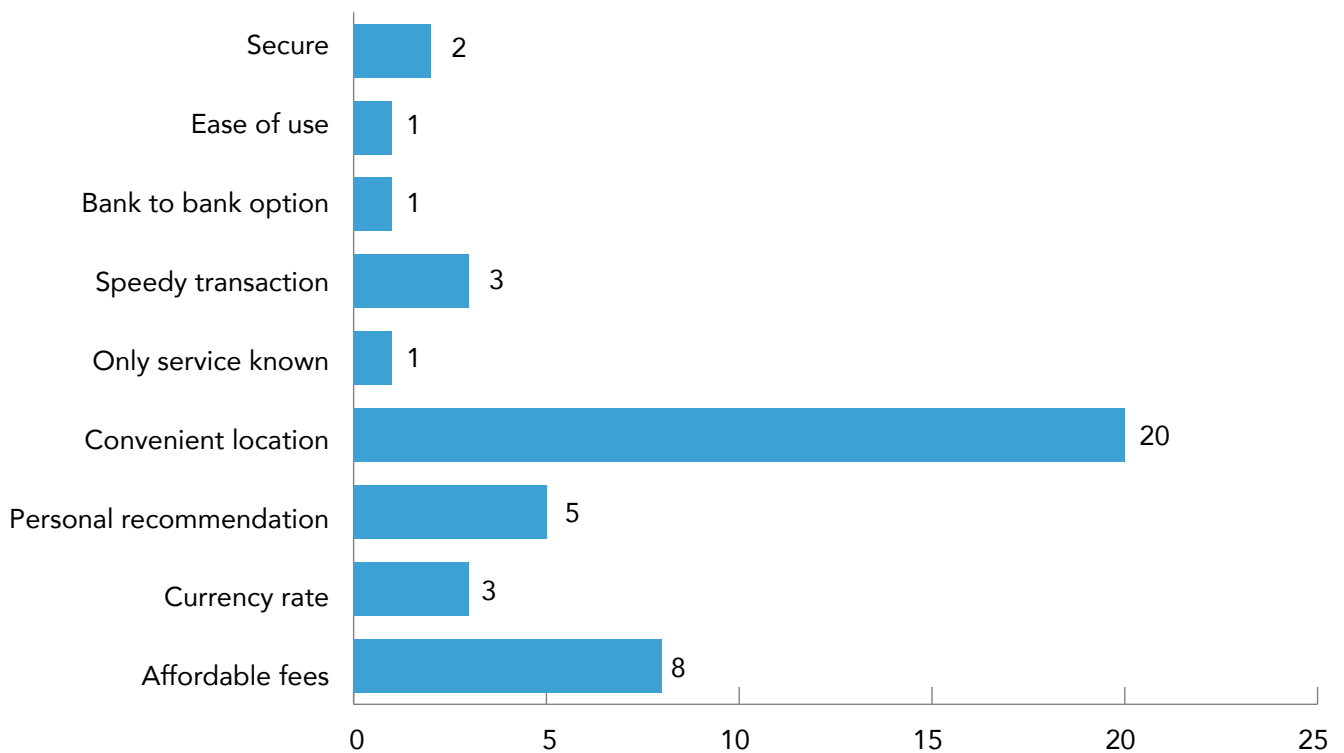


awareness of WU locations in their, or their recipients' vicinity, disinclined respondent participation. The lack of access to a bank account for remittance receivers was highlighted as a reason to get involved in the pilot, as indicated in this response:

"[M]any people who are friends who borrow from me do not have bank accounts to transfer to. The person receiving the money often has most access to Western Union."

Those who did not want to be involved in the pilot gave several reasons, including 'not using this specific provider' and 'not having WU agents nearby.' Some also confirmed: *"I don't want my information in the system."* SSOs stated that the latter response underlined the concerns some migrant survivors generally have about involvement with formal sending processes, either concerns for safety from traffickers or to avoid contact with authorities.

Figure 4: Reasons for Choosing Provider



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cpr.unu.edu

New York (Headquarters)
767 Third Avenue 35B
New York, NY 10017
United States
Tel: +1-646-905-5225
Email: comms-cpr@unu.edu

Geneva
Maison de la Paix
Chemin Eugène-Rigot 2E
Geneva, Switzerland.
Tel: +1-917-225-0199
Email: comms-cpr@unu.edu