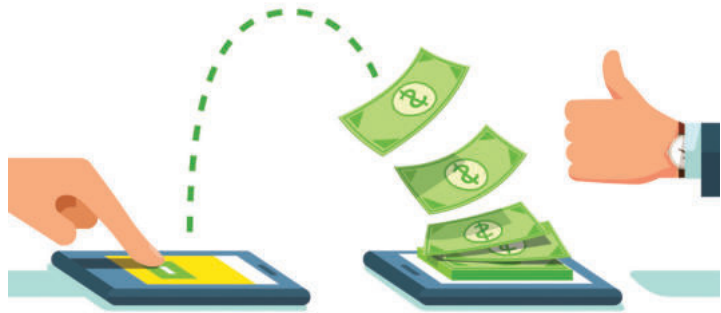


# Money transfers

As the world is seeing an increasing number of people moving across borders, money transfer is becoming a fast growing form of business. The last 150 years have witnessed an evolution in this industry in order to meet the needs of migrants, students, workers and travellers around the world, who need to send and receive money globally.



International money transfers (or remittances) are traditionally used to send money home to families and loved ones in different parts of the world: each year, migrant workers send huge amounts of money to their home countries, which contribute to their GDP and help drive the economy.

There are a number of options available to transfer funds, via:

- **banks;**
- **online payment system;**
- **the post office;**
- specialised **money transfer firms**, such as Western Union, HiFX or Travelex International Money Transfers.

Since banks only authorise payments abroad to their own customers, who are identified via the account obligations, they no longer accept unknown occasional customers under the anti-money laundering rules, in an effort to help fight the funding of terrorist activities.

Therefore, money transfer providers, who don't require a bank account for money transfers, are usually the handiest way to send funds. For security reasons they are legally obliged to identify their customers, to check the ownership and the origin of the money in question, and the purpose of the transfer. They always require a valid form of personal identification (passport, national identity card or foreign resident's permit), usually for both the sender and the recipient and, if necessary, proof of residence. The money transfer process is simple and operates in the same manner with all providers: money is paid in cash to the agent after filling in an accompanying form with the sender's and recipient's details. Once the money has been transferred, the sender informs the recipient and gives him/her the reference number needed to pick up the money at a money transfer agency. In some cases, it is sufficient for the recipient to present a valid form of identification, although, depending on the provider and the country, additional documentation may be required. The money is paid out to the recipient in different ways: in cash by an agent in that country, transferred to a bank account, or sometimes even sent by home delivery.

## Pros

- Fast
- High level of security
- Wide reach
- No bank account needed
- Open on Sundays and outside office hours

## Cons

- Generally expensive for transfers of small sums of money
- Exchange rates higher than market rates
- No other financial services offered





**1 Answer these questions.**

1. Why is the money transfer industry a fast growing sector?
2. Why are migrant workers' remittances important to their home countries' economies?
3. Can funds be transferred only via bank institutions?
4. Do banks offer money transfer services abroad to any customers? Why? Why not?
5. Why do foreign migrants often send funds by money transfer providers such as Western Union?



**2 Fill in the gaps, transforming the word in brackets into a suitable form (noun, adjective or verb).**

← → ↻ 
☰ ■ ■

**Western Union: pros and cons?**

Since 1871, Western Union (WU) has not only provided a money transfer service without the need of a bank account from its **1.** ..... (use), but it also allows the **2.** ..... (receive) to pick up the money a few seconds after the deposit. Western Union is mainly used by **3.** ..... (migration) workers who work in the **4.** ..... (west) world and send money **5.** ..... (regular) to their families in poor countries. The latest information recorded shows, for example, that the **6.** ..... (equivalence) of about 8 billion Euros is sent to foreign countries **7.** ..... (year), from Germany alone. If the transfer of money abroad is **8.** ..... (occasion), no online account (which is not a bank account) at Western Union is **9.** ..... (request), otherwise, if money is regularly transferred, WU suggests opening an online account, to save:

- time filling out the form every time with **10.** ..... (identify) details
- money, because the online fees are lower and the sent amount is **11.** ..... (deduction) from the bank account or the credit card at the moment it is sent.

The only problem with WU, which even the World Bank has dealt with, is its high fees. WU, in fact, earns in two ways:

- the transfer fees, which are very **12.** ..... (clarity), but for small amounts can be up to 15% of the transfer amount
- the **13.** ..... (change) rates, because WU exchanges the money from one currency to another at wholesale rates, but surcharges the customer with a huge **14.** ..... (percent) fee.

Despite this **15.** ..... (criticise), Western Union is still used **16.** ..... (day) by millions of people and it is the market leader in **17.** ..... (nation) money transfer for three main reasons:

- the **18.** ..... (simply) of the transfer process
- the **19.** ..... (rapid)
- the **20.** ..... (safe).

