

Global Philanthropy and How To Send Money To Those Who Need It Most

By *G.D Anderson and @EmMay_Web3*



G.D Anderson: Moving money around the world is, in my opinion, one of the most unnecessarily hard experiences known to mankind. Unless you're a regular mover and shaker with foreign currency accounts or a tech savvy youngster who's constantly borrowing money off your siblings while on a gap year, your knowledge of efficient ways to navigate this issue is probably limited.

Well, in my role as a charity CEO, working with international partners, I'm well versed on the traditional way to move money. In my role as someone with travel obsessed friends and peers, I'm across the cheaper and more efficient ways brought to us by transfer services. And in my role as an NFT project founder with global partnerships, I am excited to introduce what I see as the future of transferring money. So let's dive in!

Traditional

In the traditional processes of money transfers, you're looking at bank or 'wire' transfers. Depending on the attitude of your bank, this can be as simple as an international money transfer made in a particular currency, with the exchange rate set by the bank at the time of the transfer. Alternatively, some banks prefer for you to set up a foreign exchange account where you receive the money in foreign currency and can choose when to convert it.



Tradition cont.

Pros: This is a relatively safe system, you're using established banking infrastructure with customer service and security checks. If you're the one transferring the money, chances are you've got a few hoops to jump through before you hit send, to ensure you're not being scammed or taken advantage of. In Australia, the bank will literally call you and ask "do you know who you're sending this to? Do you want to take a moment and talk to a family member before hitting send to ensure this is a good decision?"

Cons: IT IS SLOW. In the fast paced world we're used to, the concept of waiting 2-5 business days to see money move from one account to another feels sloth like. Gathering the information required for the international money transfer, increasing transfer limits, getting through security protocols and finally making the transfer can take 2-3 days in itself. You are also rarely notified when the money arrives, which has become a communication expectation for most businesses. Has my package arrived? Did my EDM make it to my customers? Has my food finished being microwaved? Beep at me, just let me know!

Costs: The traditional method has a few costs to consider, the cost will depend on the bank, the currency used and the destination. Three costs to consider are the exchange rate set by the bank, which typically has a margin of up to 5% above the daily exchange rate. Second is the fee for sending money and lastly some banks may charge your recipient a fee to receive the money abroad.

New Age

There are some great companies making international transfers easier. Transferwise, World Remit, Paypal, Western Union and Remitly are just a few services that streamline the process and allow you to get money into the hands of individuals around the world.

For our work at Honey Badges we often opt to use World Remit because it allows you to transfer via mobile money, meaning someone without a bank account can still receive money either in cash or on their phone. This is the way money is generally moved across Africa, it's fast, reliable and accessible.



New Age cont.

Pros: Using a non-bank payment provider service is usually a cheaper way to transfer money internationally. It is fast and accessible, requiring very little Know Your Customer (KYC), simply a mobile number and name.

Cons: The customer service and support for these services is generally poor. These services rely on you having a one on one relationship with the receiver of funds and correctly entering their details. These services clearly state that entering the wrong details means your money will not be able to be recovered, so check once and then check again. And if you do have to engage with their customer service, beware, six months ago I reached out to stop a transfer, which I did successfully but to this day I get a weekly email saying “we’re closing your case, the issue is solved” with no option to unsubscribe.

Costs: These costs will be similar to the traditional banking method, however they often offer much lower fees than banks and competitive exchange rates. You just need to do your research on current deals.

The global average cost of sending \$200 was 5.9 percent in the fourth quarter of 2021. This is nearly double the Sustainable Development Goal target of 3 percent by 2030.

(The World Bank 'Migration and Development Brief 36')

Future

Cryptocurrency has provided an alternative for international transfers by providing a new medium that doesn't rely on the traditional third party intermediaries like banks. As crypto transactions are direct transfers between wallets, this removes the high fees charged by third party intermediaries as they pass your money to the recipient. As anyone can use the blockchain, it is borderless - it doesn't matter if you are sending crypto to your neighbour or family on the other side of the world. It also does not require you to have a bank account, so these payments can reach the unbanked populations of the world.

Pros: Cryptocurrency payments are almost instant and can be a lot cheaper. On Solana it costs \$0.0002 to send funds from wallet to wallet.



Future cont.

Cons: Cryptocurrency is still largely unregulated and there are no uniform international financial laws. That means you will need to know the rules and regulations for the country you are intending to transfer money. In some cases this will be restricted and in nine countries cryptocurrency is banned entirely (Algeria, Bangladesh, China, Egypt, Iraq, Morocco, Nepal, Qatar, and Tunisia). Cryptocurrency is also considered speculative and can have larger market price fluctuations than traditional fiat currency. At this stage, withdrawing cryptocurrency is also a taxable event.

Costs: Depending on the cryptocurrency used, there may be transaction costs (called gas fees) which vary depending on how busy the network is, this can be mitigated by avoiding peak usage times or choosing alternative cryptocurrencies. Additionally, if your recipient wants to receive the money as Fiat currency (i.e. USD) you will need to consider the cost of trading.



In conclusion, the pain points of moving money around the world are **security, fees and speed**. Banks solve security, transfer services reduce fees and crypto moves funds instantaneously. At the end of the day it's about the method that suits you best. If you want complete control of your money moves, explore crypto but if you rely on that extra support crypto may not be for you. Remember, when things go wrong on the blockchain, there's no helpline you can call.

What's important is that we figure out how to get funding into the hands of those who need it without unnecessary middle men and losses. If we can move to a universal currency and streamline transfers, global support and emergency relief will be easier than ever.

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