Migration and remittance entrepreneurship: A study of the UK-Nigeria money transfer corridor

Thesis submitted for the degree of Doctor of Philosophy by

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Declaration

I, Ngozi Ezeigwe Fakeye confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

Abstract

The UK-Nigeria remittance corridor is a significant economic channel in Sub-Saharan Africa, with Nigerian diaspora remittances reaching an estimated USD20 billion in 2022. . This thesis investigates money transfer businesses within the UK-Nigeria corridor, focusing on the experiences of British Nigerian entrepreneurs. It develops the new concept of 'remittance entrepreneurship' and analyses the activities, opinions and impacts of a group of people known as 'remittance entrepreneurs' as well as their diaspora customers. This perspective brings a novel approach to existing scholarship on migration, remittances and development.

This research employed a mixed-methods approach, combining qualitative and quantitative techniques. It included 45 semi-structured interviews, two online surveys, nine focus groups, and the analysis of existing secondary datasets. The multi-sited research design, spanning the UK and Nigeria, captures the transnational nature of diaspora entrepreneurship and development.

The study reveals that stringent regulations, high compliance costs, and limited access to finance create significant barriers to entry for British Nigerian entrepreneurs in formal remittance businesses. These challenges have led to the growth of informal money transfer operators catering to niche market segments and leveraging ethnic networks and personal trust. The research finds that the entrepreneurs who run these informal remittance firms often establish other

business ventures that can contribute to development in Nigeria. The thesis argues for pragmatic policy reforms to reduce regulatory burdens and support the formalisation of these diaspora remittance businesses.

The research engages with academic debates about trust. It contrasts institutional trust in formal systems with personal relationships and community ties in informal systems. It argues for more ethnographic accounts of trust in remittance practices. The study also examines technological innovations, particularly peer-to-peer platforms, and explores how these disrupt traditional remittance models. However, it finds that technological changes alone do not alter the wider structural environment, highlighting the need for adaptive regulatory frameworks that balance consumer protection with innovation and competition.

While acknowledging that global financial transfer structures favour existing vested interests, this thesis demonstrates that remittance entrepreneurs find opportunities within the transnational financial ecosystem.

Summary of chapters

1. **CHAPTER ONE** - INTRODUCTION: KEY ISSUES AND QUESTIONS ON REMITTANCES, ENTREPRENEURSHIP AND TECHNOLOGY, WITH A FOCUS ON THE NIGERIA -UK CORRIDOR
2. **CHAPTER TWO**- LITERATURE REVIEW: CURRENT RESEARCH AT THE INTERSECTION OF MIGRATION, REMITTANCES, ENTREPRENEURSHIP AND TECHNOLOGY
3. **CHAPTER THREE**- METHODOLOGY: RESEARCH DESIGN AND PRACTICE IN THE FIELD OF MIGRATION-REMITTANCES
4. **CHAPTER FOUR**: DESCRIBING AND ANALYSING THE INTERNATIONAL MONEY TRANSFER ECOSYSTEM
5. **CHAPTER FIVE**: REGULATING REMITTANCES: EVALUATING LEGISLATION, REGULATION AND PRACTICES IN THE UK AND NIGERIA
6. **CHAPTER SIX** : REMITTANCES AND ENTREPRENEURSHIP IN THE NIGERIAN DIASPORA IN THE UK: ASSESSING THE ISSUES
7. **CHAPTER SEVEN**- REMITTANCES, TECHNOLOGY AND ENTREPRENEURSHIP IN NIGERIA: CHANGE AND ITS IMPACTS ON DEVELOPMENT
8. **CHAPTER EIGHT** - CONCLUSIONS: SUMMARY OF FINDINGS, CONTRIBUTION TO EXISTING RESEARCH AND POLICY RECOMMENDATIONS

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This thesis is as much a reflection of your encouragement and support as it is of my own efforts. I am eternally grateful to each of you.

Impact statement

This thesis on migration and remittance entrepreneurship in the UK-Nigeria money transfer corridor presents valuable insights that can be of significant benefit to a range of readers both inside and outside academia. It presents recommendations that seek to increase the representation of African entrepreneurs in the remittance industry and promote diaspora entrepreneurship.

Academic Impact

The research contributes to the academic understanding of African diasporic transnational entrepreneurship, remittance practices, and the role of trust in financial systems. It proposes a new focus in the field of remittance studies around the experiences of entrepreneurs in the diaspora and attention to 'diaspora entrepreneurship.' This research's mixed-methods and multi-sited approaches provide a comprehensive view of the complex dynamics within this remittance corridor. This methodological approach can serve as a model for future studies in similar contexts, enhancing the field of migration and diaspora studies.

Policy Implications

The findings highlight the need for pragmatic policy reforms to reduce regulatory burdens and support the formalisation of diaspora businesses. Policymakers, for example, in the UK Financial Conduct Authority (FCA) and the Central Bank of Nigeria (CBN), can use this research to develop more inclusive financial regulations

that balance consumer protection with embracing technological innovation in the remittance industry. This could lead to:

1. Improved access to formal financial services for diaspora entrepreneurs.
2. Reduced proliferation of informal operators, benefiting both businesses and customers while increasing compliance with security legislation (AMLTF).

Practical Applications

The insights on informal money transfer systems and the role of trust can be used to develop training programmes for diaspora entrepreneurs, helping them navigate the formal business environment more effectively. Additionally, financial literacy initiatives can be designed to educate consumers about the benefits and risks of different remittance channels.

Socio-Economic Benefits

By addressing the challenges faced by British Nigerian entrepreneurs in the remittance sector, this research can contribute to:

1. Increased formal participation of diaspora entrepreneurs in the remittance industry, with increased transparency enhancing security and public revenue.
2. Enhanced economic opportunities for the Nigerian diaspora in the UK, promoting economic growth.
3. Improved remittance flows, potentially leading to better development outcomes in Nigeria.

Industry Applications

Financial institutions and fintech companies can leverage the insights on trust-building and consumer preferences to develop more tailored services for the

diaspora community. The research's exploration of technological innovations, particularly peer-to-peer platforms, can guide the development of new remittance products that are faster, cheaper, and more accessible.

Future Research Directions

This thesis opens new avenues for research on longitudinal studies on diaspora entrepreneurship. It challenges the notion that global financial structures inherently hinder growth and suggests that entrepreneurial ambitions find outlets even in complex or challenging circumstances if there is demand from customers. This perspective can inspire future studies exploring the impact of regulatory environments on diaspora entrepreneurship, resulting in more policymakers applying a pragmatic approach to diaspora entrepreneurship.

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List of Abbreviations

ADIF	African Diaspora Investment Fund
AfCFTA	African Continental Free Trade Area
AFFORD	African Foundation for Development
AML	Anti Money Laundering
API	Application programming software
API	Authorised Payment Institution
AU	African Union
AUKPI	Association of UK Payment Institutions
AGCBR	Action Group on Cross Border Remittances
BABA	British African Business Alliance
BCBS	Basel Committee on Banking Supervision
BDC	Bureau de Change
BIS	Bank for international Settlements
BSD	Banking Supervision Department
CAGR	Compound Annual Growth Rate
CBN	Central Bank of Nigeria

CBDC	Central Bank Digital Currency
CD4D	Connection Diaspora for Development
CFE	Centre for Entrepreneurs
CFT	Countering the Financing of Terrorism
CGAP	Consultative Group to Assist the Poor
COS	Certificate of Sponsorship
CPMI	Committee on Payments and Market Infrastructures
DAC	Development Assistance Committee
DFID	Department for International Development
EAC	East African Community
EBA	European Banking Authority
ECOWAS	Economic Community of West African States
EEA	European Economic Area
EFCC	Economic and Financial Crimes Commission
EFInA	Enhancing Financial Innovation and Access
EMI	Electronic Money Institute
EMSB	Ethnic Minority Small Businesses
EMR	Electronic Money Regulations

ESMA	European Security and Markets Authority
FATF	Financial Action Task Force
FCA	Financial Conduct Authority
FCDO	Foreign, Commonwealth & Development Office
FDG	Focus Discussion Group
FDI	Foreign Direct Investment
FINTECH	Financial technology
FnF	Facts and Factors
FOR	Financialisaton of Remittances
FPRD	Financial Policy and Regulation Department
FSA	Financial Services Authority
FSA	Food Standards Agency
FSB	Federation of Small Businesses
FX	Forex [short for foreign exchange)
GBP	Pound sterling
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation

GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
HMG	Her/His Majesty's Government
HMRC	Her/His Majesty Revenue and Customs
HMT	Her/His Majesty's Treasury
HSMP	Highly Skilled Migrant Programme
ICSN	Igbo Cultural and Support Network
IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IMMRS	International Mobile Money Remittance Service
IMTC	Informal Money Transfer Channel
IMTO	International Money Transfer Operators
ION	International Organisation for Migration
IPTP	Informal Peer-to-Peer
IPTPMTO	Informal Peer-to-Peer Money Transfer Operator
IRH	International Remittance Hub
KNOMAD	Global Knowledge Partnership on Migration and Development
KYC	Know Your Customer

LMICs	Low and Middle-Income Countries
MMOs	Mobile Money Operators
MNT	Migration Network Theory
MoU	Memorandum of Understanding
MSB	Money Service Business
MTOs	Money Transfer Operators
NBBF	Nigerian British Business Forum
NBS	National Bureau of Statistics
NCC	Nigerian Communications Commission
NELM	New Economics of Labour Migration
NEPA	National Electric Power Authority
NFIS	National Financial Inclusion Strategy
NFIU	Nigeria Financial Intelligence Unit
NGN	Nigerian naira
NHS	National Health Service
NIDCOM	Nigerians in Diaspora Commission
NIDO	Nigerians in Diaspora Organisation
NIDOE	Nigerians in Diaspora Organisation Europe

NIPC	Nigerian Investment Promotion Commission
NOTAP	National Office for Technology Acquisition and Promotion
NRS	Nigerian Remittances Survey
ONS	Office of National Statistics
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	Organisation for Economic Co-operation and Development – Development Assistance Committee
P2P	Peer-to-Peer
PRA	Prudential Regulation Authority
PAPSS	Pan African Payment and Settlement System
PSB	Payment Service Bank
PSD	Payment Services Directives
PSP	Payment Services Provider
RCP	Remittance Country Partnership
ROI	Return on Investment
SaaS	Software as a Service
SANEF	Shared Agent Network Expansion Facilities
SDG	Sustainable Development Goal

SME	Small and Medium Enterprise
SPI	Small Payment Institution
SSA	Sub-Sahara Africa
SSL	Secure Socket Layers
STEM	Science, Technology, Engineering and Mathematics
TELCOS	Telecommunication companies
TOKTEN	Transfer of Knowledge through Expatriate Nationals
UK	United Kingdom
UKEF	UK Export Finance
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNU-MERIT	United Nations University – Maastricht Economic and Social Research Institute on Innovation and Technology
VAS	Value Added Services
WACB	West African Currency Board
WST	World Systems Theory

CHAPTER ONE INTRODUCTION: KEY ISSUES AND QUESTIONS ON REMITTANCES, ENTREPRENEURSHIP AND TECHNOLOGY, WITH A FOCUS ON THE NIGERIA -UK CORRIDOR

1.1 Overview

Sitting in my study in the village of Baughurst, UK, I hear my phone ping. It is my mum in Nigeria; she is writing to ask if I want to send her money to contribute to the wedding of a distant family member. My mum is not poor; she does not need the money for everyday goods. Instead, she knows I might want to contribute so that I am remembered. I look at the six apps on my phone for remittance companies. I don't check exchange rates; I just chose the one that everyone says is the best right now. Thirty seconds later, the money is on its way from my current account to my mum's phone, where she will use the mobile money credit and will put the equivalent amount of cash into an envelope for the wedding.

This thesis is about unpacking the mysterious process by which that money moved. How do these transactions actually take place? What alternative routes are there? At its core, this study seeks to answer the central question; What role do British-Nigerian entrepreneurs play in moving money between the UK and Nigeria? This study thereby examines remittance entrepreneurship—the role, experiences, and development impacts of British Nigerian entrepreneurs within the UK-Nigeria remittance corridor. While previous studies have focused on the economic

significance of remittances and the structural challenges within the formal money transfer industry, this research shifts the focus towards understanding how diaspora entrepreneurs engage with both formal and informal remittance channels. One other puzzle motivated this study: Given Nigerians' strong entrepreneurial culture—where business success is closely tied to financial achievement and social status (Fuller & Kasumu, 2012; Yatu et al., 2018; Ojo, 2012; Acs et al., 2008)—why are they underrepresented in the formal remittance industry? Nigerian businesspeople are known for their enthusiasm in embracing technological advancements (Oyelaran-Oyeyinka, 2014; Odeyemi, 2023), and remittance flows to Nigeria are both substantial and socially significant (World Bank/KNOMAD, 2023). It would seem logical for the Nigerian diaspora to be heavily involved in the remittance business.

However, this study does not view this underrepresentation simply as a gap but instead explores how Nigerian entrepreneurs navigate the remittance landscape through alternative financial pathways. By leveraging transnational networks and informal money transfer systems, they drive economic activity between the UK and Nigeria, often outside conventional financial frameworks. Remittances are transfers of money from residents of one country to residents of another (Page, 2020). Remittances are often associated with immigrants sending money to their families and communities in their country of origin (Kapur, 2004; Salomone, 2006). Although wider research has included social remittances and non-monetary remittances (Tuccio et al., 2020; Levitt & Lamba-Nieves, 2011; Vargas-Silva, 2013; Grabowska & Garapich, 2016), this study focuses primarily on monetary transfers.

Migrants colloquially refer to remittances as ‘sending money back home.’ At the end of 2022, global remittances were estimated at USD620 billion, with USD53 billion going to Sub-Saharan Africa (SSA).

The thesis conceptualises the remittance industry as an ‘ecosystem’ made up of many different species (actors, institutions) in a web of interdependent relationships and technologies. The concept of business and financial ecosystems has gained significant traction as a framework for understanding the complex, interconnected nature of modern commerce and finance. (Moore 1993, 2006; Leyshon, 2020; Bose et al.,2019). At any one moment, the ecosystem might look stable, but over the long term, it changes, and some of those changes can be quite rapid. Just as food (energy) moves through an ecosystem, so money moves through the remittance industry.

Defining the term 'diaspora' is less straightforward than defining remittances (Cohen, 2022; Safran, 2004; Brubaker, 2005). A useful scholarly definition is extracted from historian Joseph Harris (1993), who describes the African diaspora as the voluntary and involuntary dispersion of Africans globally throughout history, including the transatlantic slave trade and also more recent migrations. This definition highlights the importance of historical context in shaping the African diaspora’s identity and experiences. For the purposes of this thesis, The African Union's definition is ‘ people of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to

the continent's development and the building of the African Union. [1] However not all members of the diaspora are as focused on 'african development' as the AU might wish. For this research, the African diaspora refers to the global dispersion of people of African origin, encompassing both forced and voluntary migrations, who have settled outside the African continent.

The Nigerian diaspora referred to in the study comprises of individuals of Nigerian descent who live in the United Kingdom. This is representative of the research participants who participated in this study. They include: 1) First-Generation Immigrants: Individuals who were born in Nigeria and later moved to the UK. This group includes those who relocated for various reasons such as economic improvement, education or family reunification. 2) Second-Generation Immigrants: Children born in the UK to Nigerian parents. 3) Nigerian British Dual Nationals: Individuals who hold citizenship in both Nigeria and the UK either based on relocating to the UK based on visa categories like the Highly Skilled Migrant Programme (HSMP), Health and Care Worker visas or Global Talent visas, promoted by the UK Government bring international talent to shore up skills shortages in the UK. They often have strong ties to both countries, traveling frequently and maintaining familial, cultural, and sometimes business connections in Nigeria. 4) Nigerian Students: Those who are in the UK temporarily for educational purposes. Many of these students may eventually become part of the permanent diaspora if

[1] "The Diaspora Division | African Union". https://au.int/en/diaspora-division

they choose to stay after completing their studies. These definitions (remittances, the remittance ecosystem, diasporas, the African diaspora, the Nigerian diaspora) are all open to ongoing debate, but for the purpose of developing the thesis, these are the descriptions that will be used.

1.2 Introducing The Case Study: The UK-Nigeria Remittance Corridor

The UK-Nigeria remittance corridor is particularly significant due to the volume of remittances that pass through it. Nigeria is one of the largest recipients of remittances from the UK. Remittances from the UK to Nigeria amounted to approximately USD20 billion in 2022, making Nigeria one of the top 10 recipient countries globally and accounting for approximately 27% of all remittances sent to Nigeria and this trend is projected to grow (Statistica, 2023). This upward trend highlights the increasing importance of remittances as a financial lifeline for many Nigerian households and the growing role of the Nigerian diaspora in the UK's economy (Migration Observatory, 2021).

Furthermore, remittances from the UK to Nigeria are crucial to the Nigerian economy. In 2022, remittances were equivalent to about 6.1 per cent of Nigeria's GDP (World Bank, 2023). This financial inflow supports household consumption, education, healthcare, and small business investments, reducing poverty and economic stability. The economic impact of remittances extends beyond individual

households as they stimulate local economies and create multiplier effects that benefit broader communities (Ibid).

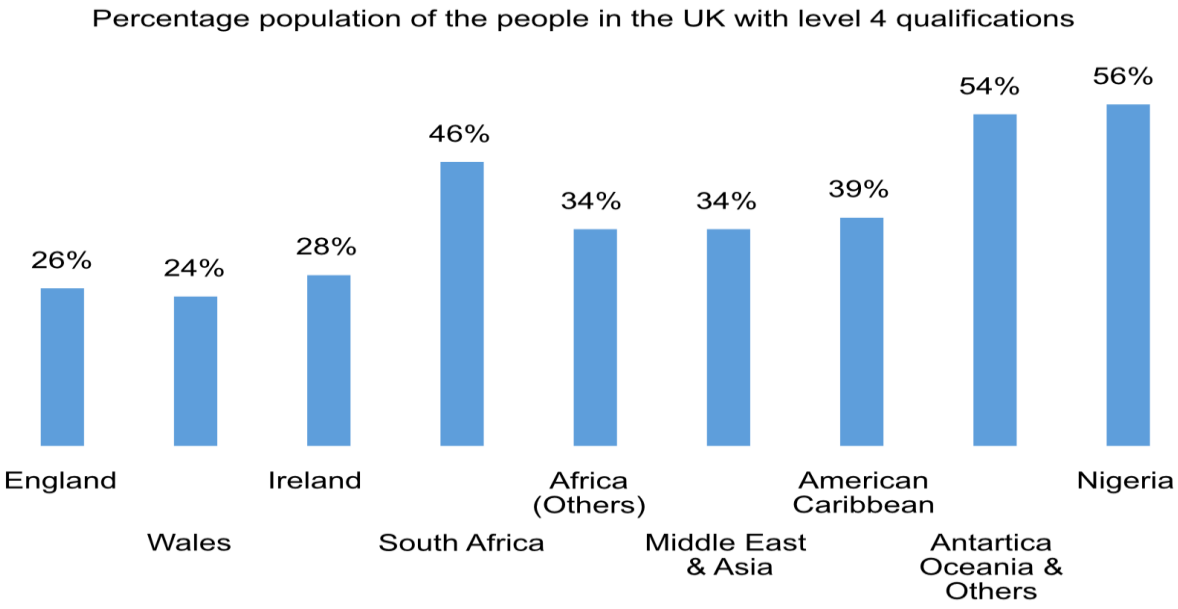
Additionally, the Nigerian diaspora is among the most educated community in the UK, with approximately 56 per cent of the population with university degrees (Elam & Chinouya, 2000; Fakeye, 2020; Wapmuk et al., 2014). Figure 1.1 below represents data extrapolated from the latest ONS data on populations with level four qualifications, i.e., the UK Level 4 qualifications are equivalent to the first year of a bachelor's degree and are considered advanced learning. The data shows that Nigeria has the highest number of people with level 4 qualifications in the UK compared to other populations. Higher educational attainment has been shown to improve the employment opportunities of migrants and thereby enhance their remitting ability to support family and friends by sending money back home (Bredtmann et al., 2019; Docquier & Marfouk, 2004).

Figure1.1 – Bar chart showing the percentage population of people with Level 4 qualification based on their countries of birth in the last UK census. . Extracted from ONS data (2022)

Naude et al. (2017), Brinkerhof (2016) and Jensen et al. (2003) suggest that migrant populations may have a disproportionate number of entrepreneurs due to their migration experience, such as discrimination and where they cannot get a job. Marchand and Siegal (2015) confirm in their findings that migrants facing discrimination may be pushed into entrepreneurship, even if they would not consider this their first and best option.

In some studies of entrepreneurial intent, 63 per cent of Nigerian students intended to start their businesses after graduation (Akanbi & Onyema, 2011; Adelowo et al., 2016). According to a report by the Centre for Entrepreneurs (CFE), migrants are behind one in seven of all UK companies, with nearly half a million people from 155 countries having settled in the UK and launched businesses (CFE, 2014). Among the vital small and medium enterprise (SME) segment, migrant-founded companies are responsible for creating 14 per cent of all jobs, and their entrepreneurial activity is nearly double that of UK-born individuals (CFE, 2014). A recent Forbes article highlights that 39 per cent of the UK's fastest-growing startups have at least one immigrant co-founder despite under 15 per cent of UK residents being foreign-born.[2]

Despite the high volume of remittances sent between the UK and Nigeria and the strong entrepreneurial inclination among British Nigerians, their representation in



[2] Foreign-Born Founders Behind 39 per cent Of The UK's Fastest-Growing Companies, August 2023.

the formal remittance industry remains minimal. The underrepresentation in the formal UK remittance marketplace can be evidenced by several factors highlighted in the research. The dominance of well-established formal money transfer operators (MTOs), such as Western Union and MoneyGram, indicates a market landscape where new entrants struggle to compete. These MTOs, with their extensive networks and brand recognition, overshadow smaller formal operators who may lack the resources to meet stringent regulatory requirements and establish a broad presence (Elmi & Ngwenyama, 2020a).

Not only do the older companies still dominate the market, but Nigerian entrepreneurs have failed to make much of an impression even amongst the newer companies. The under-representation of Nigerian enterprises in the formal industry is also reflected in the wider UK remittance marketplace because, out of the top 20 leading MTOs used by Nigerians in the UK, only one has a Nigerian as its founder, director, or in the leadership structure (see Table 1.1). This table lists the nationalities of the founders based on Companies House publicly available data. This was supplemented by online research to ascertain any dual-nationality variables.

Table 1.1 – Nationality of founders/directors of leading MTOs

(Data available from Companies House, retrieved July 20, 2020)

	UK Money transfer operators	**Founder/Directors**
1	Ace Money Transfer	British
2	ATL Money Transfer	French
3	Azimo	British
4	Budul Money Transfer	Swedish
5	Guaranty Trust Bank Limited	Nigerian, British, Canadian
6	Lyca Remit	British
7	MoneyGram	German; American; Australian
8	Neteller	British; Bulgarian; Canadian; Italian
9	Paysend	Russian; British
10	Remitly	American; British
11	Ria	British
12	SendWave	American
13	Skrill	British
14	SmallWorld	British
15	Talkremit	British
16	TransferWise	American; Estonian; Dutch
17	Western Union	Irish
18	WorldRemit	British; Irish; American; Dutch; French
19	XE	British
20	Xoom Corporation	British

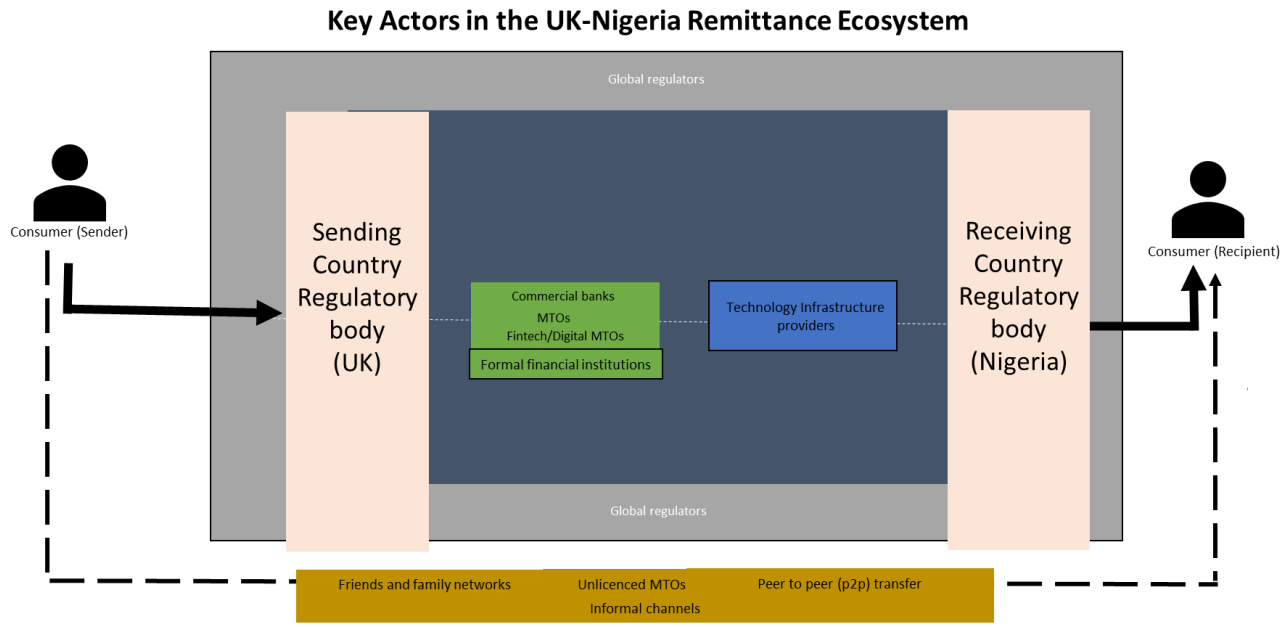
Although British Nigerians are underrepresented in the formal remittance industry, they play a significant role in the informal sector. This thesis argues that British Nigerians engaged in remittance services primarily operate as informal peer to peer money transfer operators which function as a crucial springboard for remittance entrepreneurship. These informal operations provide British Nigerian entrepreneurs with a unique pathway to gain industry experience, establish trust-based financial networks, and accumulate resources that are later leveraged for broader economic ventures in Nigeria.Therefore, the overarching puzzle of this thesis is what role do British-Nigerian entrepreneurs play in moving money between the UK and Nigeria? Further, it explores the experiences of those entrepreneurs and their customers as they engage with regulatory systems and new technologies. ? ?" To answer this question, this study analyses how the remittance industry operates through a diverse range of formal and informal money transfer operators (MTOs).

1.3 Key Actors in the UK-Nigeria Remittance Ecosystem

The UK-Nigeria remittance corridor involves a network of stakeholders facilitating funds flow between the two countries. This remittance corridor consists of both formal and informal actors facilitating cross-border money transfers. Formal actors operate within regulatory frameworks, adhering to financial laws, taxation policies, and compliance measures such as anti-money laundering (AML) regulations. These include banks, money transfer operators (MTOs), and fintech companies. In contrast, informal actors function outside or alongside state regulations, often

relying on trust-based systems and personal networks. While the formal-informal distinction provides a useful analytical lens, scholars highlight that these categories frequently overlap, as informal networks may interact with formal

Figure 1.2 – Illustration of the key actors in the UK-Nigeria Remittance ecosystem © Ngozi Fakeye



institutions, creating a fluid and interconnected remittance landscape. A detailed exploration of the formal and informal distinction is covered in section 4.2. Understanding these key actors is crucial for comprehending the dynamics of the remittance ecosystem. Figure 1.2 illustrates the key actors that have been categorised as follows;

-

1.3.1 Formal Financial Institutions

Commercial Banks: Traditional financial institutions in both the UK and Nigeria play a pivotal role in processing remittances. Leading UK and Nigerian banks offer international money transfer services, often leveraging correspondent banking relationships and partnerships with Money Transfer Operators (MTOs) to facilitate transactions. Despite their reliability, these banks may present bureaucratic hurdles, stringent compliance requirements, and relatively higher transaction fees, which can deter some users. Money Transfer Operators (MTOs): Long-established global entities such as Western Union and MoneyGram have been dominant players in the UK-Nigeria remittance corridor. Their expansive agent networks and brand recognition ensure widespread accessibility. However, the increasing cost of transactions and regulatory scrutiny has led some consumers to explore alternative providers. Fintech Companies and Digital MTOs: The advent of financial technology has introduced innovative solutions that enhance remittance efficiency. Digital-first companies such as Wise (formerly TransferWise), WorldRemit, and Remitly leverage technology to offer cost-effective, rapid, and seamless transactions. These firms often bypass traditional banking intermediaries, providing users with lower fees and real-time exchange rate transparency. Their growing popularity highlights the increasing demand for digital solutions in remittance transfers.

1.3.2 Informal Channels

Friends and Family Networks: A considerable portion of remittances continues to be transferred through trusted personal networks. Individuals travelling between

the UK and Nigeria frequently carry cash or facilitate transactions informally. While this method circumvents transaction fees and exchange rate fluctuations, it poses security risks and lacks regulatory oversight. Unlicensed Money Transfer Operators: Informal money service providers operate outside formal regulatory frameworks, often relying on word-of-mouth referrals and trusted relationships. These operators may offer competitive exchange rates and lower fees, yet their lack of accountability poses concerns related to fraud, money laundering, and financial security. Peer-to-Peer (P2P) Transfers: Emerging decentralised platforms are facilitating direct transactions between individuals, allowing senders and recipients to negotiate exchange rates and transfer methods independently. While these platforms enhance flexibility, they are susceptible to regulatory challenges and potential exploitation.

1.3.3 Regulatory Bodies

The Central Bank of Nigeria (CBN): The CBN is the primary regulatory authority overseeing Nigeria's financial sector. It is responsible for licensing and supervising MTOs, ensuring compliance with anti-money laundering (AML) and counter-terrorism financing (CTF) regulations, and implementing policies that impact the remittance landscape. The UK Financial Conduct Authority (FCA): The FCA regulates financial service providers, including those engaged in remittance activities. By enforcing stringent compliance measures, the FCA aims to enhance consumer protection, maintain market integrity, and prevent financial crimes within the remittance sector.

1.3.4 Consumers

Remittance Senders: Primarily composed of members of the Nigerian diaspora residing in the UK, senders play a crucial role in sustaining cross-border financial flows. Their choices are influenced by transaction costs, speed, convenience, and trust in service providers. Remittance Recipients: Families, friends, and businesses in Nigeria form the primary beneficiaries of remittance inflows. These funds often serve as a vital source of household income, education funding, healthcare expenses, and entrepreneurial investments.

1.3.5 Infrastructure Providers

Payment Systems: International payment networks such as SWIFT and emerging fintech-based remittance hubs provide the critical infrastructure required for cross-border transactions. These systems facilitate the seamless transfer of funds by integrating financial institutions, regulatory frameworks, and technological platforms. In summary the UK-Nigeria remittance ecosystem comprises a broad spectrum of key actors as highlighted above, each contributing to the functionality and evolution of the industry. Traditional financial institutions, fintech disruptors, regulatory authorities, consumers, and infrastructure providers collectively shape the operational landscape. It is a sprawling and dynamic network of characters that come together to enable money to move around the world which is described and analysed in Chapter 4.

1.4 Situating the Thesis Within Existing Debates on Migration, Remittances, Diaspora Entrepreneurship, and Development

This thesis engages with and contributes to several interconnected bodies of literature on migration, remittances, diaspora entrepreneurship, and development. While diaspora entrepreneurship has been widely studied in relation to small businesses and transnational trade, this thesis introduces the concept of remittance entrepreneurship—a form of diaspora economic activity that revolves around the facilitation, management, and innovation of money transfer services. Unlike conventional diaspora entrepreneurs who establish businesses in retail, hospitality, or professional services, remittance entrepreneurs operate within the financial sector, leveraging trust networks and technological innovations to bridge financial gaps between the UK and Nigeria. Recognising this distinct entrepreneurial category allows for a deeper analysis of how financial flows influence both diaspora economic integration and development outcomes in Nigeria.

1.4.1 Migration and Remittances

The study of migration and remittances has a long history in development studies, with scholars examining the economic, social, and cultural impacts of financial transfers from migrants to their countries of origin (de Haas, 2010; Ratha, 2005). Recent research has highlighted the significant scale of global remittance flows, which reached USD689 billion in 2018, far exceeding official development assistance to low- and middle-income countries (World Bank, 2019). There has

been ongoing debate within this literature about the developmental impacts of remittances. Optimistic accounts emphasise remittances as a stable source of external finance that can reduce poverty, smooth consumption, and provide capital for investment (Adams & Page, 2005; Yang, 2011). More critical perspectives argue that remittances can increase inequality, create dependency, and have limited long-term development impacts (de Haas, 2005; Skeldon, 2008).

This thesis contributes to these debates by providing an in-depth examination of remittance practices within the UK-Nigeria corridor. By analysing both formal and informal remittance channels, it offers insights into the factors shaping remittance behaviours and the diverse ways in which recipients use remittances. The research also engages with debates about the role of policy and regulation in shaping remittance flows and their developmental potential.

This research also contributes to the arguments of works by scholars like Adams & Cuecuecha (2010), Ratha (2003), and Giuliano & Ruiz-Arranz (2009), and demonstrates that while remittances play a crucial role in supporting household consumption, their potential to foster entrepreneurial activities is equally significant. By channelling remittances into productive investments, such as small- and medium-sized enterprises (SMEs), the economic benefits can be amplified, leading to sustainable economic development.

1.4.2 Diaspora Entrepreneurship

A growing body of literature examines the entrepreneurial activities of diaspora communities and their potential contributions to development in both host and home countries (Newland & Tanaka, 2010; Riddle et al., 2010). This research highlights how diaspora entrepreneurs leverage their transnational networks, cultural knowledge, and dual embeddedness to identify business opportunities and overcome barriers to market entry (Drori et al., 2009). Recent studies have begun to explore the intersection of diaspora entrepreneurship and remittances, examining how diaspora-owned businesses facilitate remittance transfers and how remittances can provide capital for transnational entrepreneurial ventures (Vaaler, 2011; Zheng & Musteen, 2018). However, research remains limited on the specific role of diaspora entrepreneurs within the formal remittance industry.

This thesis addresses this gap by focusing explicitly on the role of Nigerian diaspora entrepreneurs' involvement) in the UK-Nigeria remittance corridor by examining the barriers diaspora entrepreneurs face in entering the formal remittance sector, opportunities presented by the informal sector and the innovative strategies they employ to navigate regulatory frameworks and compete with established players.

1.4.3 Remittance Entrepreneurship

This study also explores a relatively new theme in the literature: remittance entrepreneurship, a form of transnational economic activity where members of the diaspora channel remittances into business ventures in their countries of origin, not

solely out of altruistic motivations, but with the intent to generate profit. While remittances have historically been associated with household support and subsistence spending, this emerging phenomenon reflects a shift toward remittances as a capital investment and entrepreneurial leverage source. By distinguishing remittance entrepreneurship from more conventional forms of diaspora entrepreneurship, this study adds depth to our understanding of how remittances function beyond consumption and social reproduction.

Although this concept is emerging, several strands of existing literature allude to its contours. Research by Giuliano and Ruiz-Arranz (2009) and Adams and Cuecuecha (2010) points to the productive uses of remittances, indicating that households receiving remittances are more likely to invest in small enterprises. These findings suggest that remittances can serve as a substitute for missing or inadequate financial services in developing economies. Similarly, Ratha (2003) argues that remittances can stimulate local economies through investment in microenterprises, especially in regions with limited access to formal financing mechanisms. This evidence lays the groundwork for conceptualising remittance entrepreneurship as a distinct mode of economic participation by the diaspora.

This entrepreneurial dynamic is particularly significant in the UK-Nigeria context. Nigerian migrants in the UK are among the most active remitters to sub-Saharan Africa, and many operate within tightly knit transnational networks that span family, ethnic, and professional affiliations. Within these networks, remittance

entrepreneurship is increasingly facilitated by trust-based relationships, informal knowledge flows, and digital platforms.

1.4.4 Development and Financial Inclusion

The research also discusses the relationship between financial sector development, remittances, and economic growth (Aggarwal et al., 2011; Giuliano & Ruiz-Arranz, 2009). Target 10. c of the Sustainable Development Goals (SDGs) specifically calls for reducing the transaction costs of migrant remittances to less than 3 per cent and eliminating remittance corridors with costs higher than 5 per cent by 2030. Recent literature has emphasised the potential for remittances to promote financial inclusion by encouraging the unbanked to engage with formal financial institutions (Anzoategui et al., 2014; Orozco & Fedewa, 2006).

However, critics argue that the high costs and regulatory barriers associated with formal remittance channels can limit their developmental potential and impact on financial inclusion (Gibson et al., 2006; Yang, 2011). There is ongoing debate about the appropriate regulatory frameworks to balance consumer protection, anti-money laundering concerns, and the need to promote competition and innovation in remittance markets (Todoroki et al., 2014). This thesis contributes to these debates by examining how regulatory frameworks in both the UK and Nigeria shape the remittance ecosystem and influence the practices of both consumers and entrepreneurs. It offers insights into the tensions between formal and informal remittance channels and explores the potential for technological innovations to promote financial inclusion and reduce remittance costs.

By situating the research at the intersection of these debates, this thesis offers a holistic examination of the UK-Nigeria remittance corridor that bridges disciplinary boundaries and provides new perspectives on the complex relationships between migration, remittances, entrepreneurship, and development. The findings have implications for policymakers seeking to harness the developmental potential of remittances while addressing regulatory challenges in an era of rapid technological change.

1.5 Research Questions, Thesis Structure and Key Arguments

The main objective of this study is to explore how British Nigerian entrepreneurs participate in and shape the remittance ecosystem between the UK and Nigeria. As highlighted in section 1.1, the central question of this thesis is to understand the role of remittance entrepreneurship in facilitating cross-border money transfers. To investigate this phenomena, this thesis is built around the following research questions:

1. How does the UK-Nigeria remittance ecosystem work?
    - Who are the main actors and how do they interact?
    - How are these remittances regulated and governed?
    - How is the ecosystem changing?
2. How does the existing remittance architecture shape the practices of consumers in the diaspora?
    - What are the consumer preferences when choosing how to remit?
    - What factors shape consumer preference?
    - How do entrepreneurs respond to consumer preferences?

3. How can the UK-Nigeria Remittance ecosystem be understood from an entrepreneurial perspective?
    - What are the experiences of diaspora entrepreneurs in navigating challenges in both countries?
    - Why is there so little diaspora involvement in the formal part of this sector?
    - What have diaspora entrepreneurs achieved so far?

4. What have been the development impacts of remittance-driven business activities in Nigeria?

Having set the scene for where this research contributes to a series of academic and policy debates, chapter two, the literature review, examines the various debates and arguments in migration and remittance literature to develop the conceptual framing of the research. This chapter comprehensively reviews existing academic literature on migration and remittances, diaspora entrepreneurship and development. It establishes the theoretical framework for the study and identifies key gaps in current knowledge that this research aims to address.

Chapter three outlines the mixed-methods approach adopted for this study, combining qualitative and quantitative data collection techniques. It details using semi-structured interviews, surveys, focus groups, and analysis of existing datasets. It sets out the data collection and analysis methods and discusses researcher positionality and ethics. It also discusses the researcher's positionality as a member of the British Nigerian diaspora and the ethical considerations involved in the research process.

The empirical chapters (chapters four to seven) begin with chapter four, which provides a detailed examination of how the UK-Nigeria remittance ecosystem operates. It identifies the main actors in the industry, explores the formal and informal channels for money transfer, and analyses the impact of technological innovations on the remittance landscape. The chapter also introduces the concept of international remittance hubs and their role in facilitating cross-border transactions.

Chapter five focuses on the regulatory frameworks governing the remittance industry, both at the global and national levels. It examines the roles of key regulatory bodies such as the Financial Conduct Authority (FCA) in the UK and the Central Bank of Nigeria (CBN). The chapter highlights the challenges regulators face in adapting to rapid technological changes and the impact of regulatory policies on market entry and competition. It argues that regulatory bodies struggle to keep pace with rapid technological changes in the money transfer ecosystem, impeding innovation and adaptation to market demands. It also argues that stringent regulations and high compliance costs create significant barriers for new entrants, particularly diaspora entrepreneurs, in the formal remittance sector.

Chapter six analyses how the existing remittance architecture shapes the practices of consumers in the diaspora. It explores the factors influencing consumer preferences when choosing remittance services and examines how entrepreneurs respond to them. The chapter also investigates the challenges diaspora entrepreneurs face in entering and operating within the formal remittance sector. It argues that trust is a critical factor in the success and sustainability of entrepreneurial ventures within the Nigerian diaspora community. The lack of trust in formal institutions drives many entrepreneurs and customers towards informal remittance providers. Informal networks based on trust are often preferred over formal financial institutions, which are perceived as discriminatory or unresponsive to the needs of Nigerian entrepreneurs.

The final empirical chapter, seven, examines the role of Nigerian diaspora entrepreneurs in promoting development in Nigeria. It explores how entrepreneurs have contributed to the growth of financial services in Nigeria and analyse their impact on economic development through remittances, knowledge transfer, and collaborative partnerships. It argues that because of constraints on new businesses in the UK, British Nigerian diaspora entrepreneurs have repurposed their efforts and invest in Nigeria on a small scale to generate profit and facilitate economic development. Furthermore, it demonstrates how the British Nigerian diaspora is leveraging their bicultural networks to create employment, transfer skills, and address critical economic challenges in Nigeria.

This thesis concludes with chapter eight, where it consolidates the findings, makes recommendations and offers suggestions for future research.

1.6 Conclusion

This chapter has outlined this study's rationale, significance, research questions, and methodological approach. By examining the complex dynamics of remittances and entrepreneurship within the British Nigerian diaspora, this research aims to provide a comprehensive understanding of the remittance ecosystem and the role of remittance entrepreneurs. The insights gained from this study will contribute to the broader discourse on migration, remittances, and development.

Chapter two will delve deeper into the existing academic and policy debates surrounding migration, remittances, and diaspora entrepreneurship as we move on

to the literature review. This review will provide the conceptual framing for the research and set the stage for the following empirical analysis.

CHAPTER TWO: LITERATURE REVIEW - CURRENT RESEARCH AT THE INTERSECTION OF MIGRATION, REMITTANCES, ENTREPRENEURSHIP AND TECHNOLOGY

2.1 Overview

This review explores recent debates within the broader migration and development nexus and examines the intersections between research on remittances and diaspora entrepreneurship. The review argues that bringing these two fields into conversation is novel and addresses a gap in our existing knowledge. This area of research has seen significant growth as development agencies, championed by the World Bank, have promoted the Diaspora as the panacea to the development challenges in Africa (Mohan et al., 2002; Mercer et al., 2009; Brinkerhoff, 2012; Williams, 2021; Opoku-Agyemang, 2023).

The foundations of this debate are usually traced to the early part of the 21st century. The predominant view in the existing literature was characterised by those who argue that, on balance, migration can be a win-win for both the receiving and the sending nations. Proponents of this view, such as Borjas (2018), Dustmann & Weiss (2007), Saxenian (2005) and Clemens et al. (2023), argue that return migration, where migrants return to their home countries after working abroad, can lead to a transfer of skills and knowledge back to the sending country, potentially benefiting its economy. Saxenian (2005) highlights how returning entrepreneurs from Silicon

Valley have contributed to the growth of technology hubs in countries like China and India. Similarly, Newland and Tanaka (2010) emphasise the potential of diaspora entrepreneurs to contribute to job creation, technology transfer, and market expansion in their countries of origin. Riddle et al. (2010) note that diaspora entrepreneurs often target underserved markets and introduce new business models, potentially driving innovation and economic growth.

This optimistic view has gained momentum among migration and development scholars because of the data that identifies a rise in remittance receipts from the Diaspora. They argue that, if used effectively, remittances should logically support the elimination of inequalities and poverty in Africa (World Bank, 2020). More recently, this camp has strongly advocated for the incorporation of the Diaspora in development policy, asserting that it will facilitate macroeconomic growth in Africa and that this approach is a viable route to meeting the United Nation's Sustainable Development Goals (SDGs) (Madichie & Madichie, 2017; Nurse, 2019; Ramachandran & Crush, 2021). The ambition was succinctly captured by Pritchett (2003), who claimed that "migration is the Millennium Development Goal Plan B" (p. 3), a powerful slogan that encapsulates the potential of the diaspora experience and their role in national development.

However, some temper this optimism, such as De Haas (2010), who points out that these benefits tend to be measured nationally and may not be evenly distributed socially or geographically, potentially exacerbating existing inequalities. This view is echoed by Lampert (2020), who questions the developmental potential of diasporas, arguing that it is often overstated . Similarly, Nkongolo-Bakenda and

Chrysostom (2013) point out that evidence of diaspora entrepreneurship's impact on poverty reduction in Africa has been limited. Others draw attention to the inflationary effects of remittances (Pellerin & Mullings, 2013) and the potential for reproducing existing inequalities (Page & Mercer, 2012).

Within this context, diaspora remittances have emerged as a critical component of the migration-development nexus, with members of the diaspora recognised as playing a crucial role in fostering growth in their home countries (de Haas, 2010; Faist, 2008; Newland & Patrick, 2004). Kuznetsov and Sabel (2006) further emphasise the role of diaspora networks in fostering innovation and knowledge transfer, contributing to understanding how skilled migrants can drive development in their countries of origin. Their work aligns with the broader conceptualisation of migration as a potential catalyst for development rather than merely a consequence of underdevelopment.

However, mainstream views often overlook the complexities within diaspora communities, failing to account for migrants' diverse experiences and agency. (Sinatti & Horst, 2015; Bakewell, 2009; Raghuram, 2009). Recognising this diversity raises questions about the relationships between different groups within the diaspora. One key factor influencing these relationships is trust, which is essential in contexts where formal institutions are weak or unreliable. Diaspora networks often rely on trust-based relationships to facilitate remittances and business ventures. Lampert (2020) highlights how trust within these networks substitutes formal institutional arrangements, allowing diaspora entrepreneurs to mobilise resources. Similarly, Elo et al. (2019) argue that trust helps diaspora entrepreneurs

overcome institutional voids, especially in developing countries. However, Brinkerhoff (2016) warns that reliance on trust-based systems can also reinforce social exclusion within these communities.

Technological changes have played a significant role in facilitating diaspora activities in the context of remittances and diaspora entrepreneurship. Digital technologies are enabling new forms of "virtual transnationalism" among diaspora entrepreneurs (Pustułka, 2015; Chung & Tung, 2013), facilitating easier and more cost-effective remittance transfers, and opening up new opportunities for transnational business activities. Nkongolo-Bakenda and Chrysostome's (2020) study on diasporic transnational entrepreneurs in Canada, while focusing on the broader dual-environment challenges, provides a valuable framework for understanding the impact of digital platforms on remittance-based businesses within the African diaspora. These platforms help bridge geographic distance by providing instant access to crucial information on market trends, regulations, and investment opportunities in both Canada and the entrepreneurs' home countries, while also facilitating networking and collaboration. .

The intersection of migration, remittances, technology and diaspora entrepreneurship presents opportunities and challenges for development. This literature review critically explores the various facets of these complex themes. It, therefore, starts by assessing the long history of research and theory in the broad fields of migration and remittances before narrowing it down to entrepreneurship. It concludes by highlighting opportunities for future research.

2.2 An Overview of Migration: Definition, Dimensions, and Existing Research on Why People Migrate

Migration, broadly defined, refers to the movement of people from one place to another, either temporarily or permanently, driven by various economic, social, and political factors. Research on migration has long explored its causes and consequences, with scholars examining the motivations behind movement and the impact it has on both migrants and their home and host communities.

A key area of migration research focuses on whether migration benefits those who move. Success is often measured through the economic and social improvements migration brings to individuals and their households. Factors such as family networks, diasporic ties, and personal resilience influence migration outcomes (Boyd, 1989; Salt, 1987; Wang et al., 2014; Castelli, 2018). Some scholars argue that migration alleviates unemployment in origin countries by reducing labour market pressure (Dolfin & Genicot, 2010; Munshi, 2014; Pienkowski, 2020). However, others highlight the negative effects of emigration, particularly in Nigeria, where the departure of skilled professionals is often viewed as brain drain due to underemployment at home (Healy & Oikelome, 2007; Popogbe & Adeosun, 2020).

One of the most significant measurable indicators of migration's impact is remittances—financial or material transfers sent by migrants to their home countries (Harper & Zubida, 2018). These include not only monetary remittances but also goods, services, and social remittances, such as knowledge, skills, and cultural practices exchanged between host and origin countries (Levitt, 2001; Levitt & Lamba-Nieves, 2011; Vargas-Silva, 2013; Grabowska & Garapich, 2016). Stark

and Lucas (1988) argue that remittances serve as a form of social currency, reinforcing migrants' ties to their home communities and validating their migration journey.

Monetary remittances, in particular, play a crucial role in business development, poverty reduction, and infrastructure investment. Studies have shown their positive impact on economic growth in sub-Saharan Africa, where they contribute to financial stability and entrepreneurship (Anyanwu & Erhijakpor, 2010; Gupta et al., 2009). Additionally, remittances enhance migrants' social standing both abroad and at home, solidifying their role in transnational networks (Levitt & Lamba-Nieves, 2011; Carling, 2004; Thai, 2014; Isaakyan & Triandafyllidou, 2017).

While economic factors are often emphasised in migration studies, remittances highlight the importance of social motivations, as they help maintain familial bonds and compensate for the disruptions migration may cause. In conclusion, examining migration through the lens of remittances and entrepreneurship requires an understanding of diverse migrant experiences, the varying contexts of home and host countries, and the structural conditions shaping these dynamics. The next section will explore gaps in the existing research, outlining areas that require further study and positioning the academic contribution of this thesis.

2.2.1 Research Gap

While numerous studies have explored migration and development by treating the diaspora as a whole (Vertovec, 1999; Brubaker, 2005, Brinkerhoff,2016; Hein de Haas 2010,2005; Mercer, Page & Evans 2009), there remains a lack of empirical research specifically addressing the role and impact of diaspora entrepreneurship (Riddle et al., 2010; Elo, 2016). However, recent scholarship increasingly recognises diaspora entrepreneurship as a crucial element of transnational economic engagement, with migrants leveraging their networks, financial capital, and bicultural competencies to establish and expand businesses in both host and home countries (Drori et al., 2009; Newland & Tanaka, 2010).

Despite this growing recognition, much of the existing literature primarily focuses on how remittances contribute to economic development at a subsistence level, mainly supporting household consumption and poverty alleviation (Levitt, 2001; de Haas, 2005). However, emerging research suggests that remittances also serve as a catalyst for business creation, with Nigerian diaspora entrepreneurs directing financial resources into commercial ventures that generate employment and stimulate economic growth (Orozco, 2013; Brinkerhoff, 2016; Elo et al., 2019). Studies on remittance-driven entrepreneurship highlight that remittances can provide essential seed capital for start-ups, enabling migrants and their families to overcome credit constraints in economies with limited access to formal financial services (Woodruff & Zenteno, 2007; Kakhkharov, 2019).

The relationship between remittances and entrepreneurship remains complex. Some scholars argue that remittances create dependency rather than fostering

long-term economic transformation (Chami, Fullenkamp & Jahjah, 2003), while others emphasise their role in financing small businesses, particularly in contexts where access to traditional banking is restricted (Nyame-Asiamah et al., 2020; Yavuz & Bahadir, 2022). Within the Nigerian context, research has demonstrated that diaspora entrepreneurs play a critical role in sectors such as fintech, agriculture, and engineering, often leveraging digital platforms to facilitate transnational business operations (Nkongolo-Bakenda & Chrysostome, 2020).

This growing body of research underscores the intrinsic link between remittances and entrepreneurial activity within diaspora communities. However, significant gaps remain in understanding the broader implications of remittance-driven business ventures. To fully grasp the extent to which these enterprises contribute to structural economic transformation, wealth creation, and long-term development in Nigeria, further empirical investigation is required.

Considering these gaps, this review seeks to address the following key research questions:

1. How do existing theoretical frameworks conceptualise the relationship between the Nigerian diaspora and remittances?
2. What empirical evidence exists in the published literature on the diverse ways in which the Nigerian diaspora engages with development initiatives in Nigeria, particularly through remittances?

3. How is entrepreneurialism conceptualised and discussed within existing research on Nigeria, development, and migration?
4. How can we move beyond past research to develop a more inclusive and empowering conceptual framework for diaspora engagement in development, particularly through entrepreneurship?

The implicit portrayal of the African diaspora as a homogeneous, organised group poised to drive development initiatives (USAID, 2014; UNDP, 2009; IMO,2005; World Bank, 2006) oversimplifies the reality. Scholars like Peggy Levitt (1998), Luis Guarnizo (2003), and Dhananjayan Sriskandarajah (2002) have critiqued this tendency to homogenise global diasporas. They emphasise the need to recognise the diversity within diaspora communities, including differences in generation, socio-economic status, reasons for migration, and levels of engagement with their home countries. The African diaspora and their remittances have a role in facilitating development, and academic debate revolves around the impact of these remittances on development. A key factor in migration economics is the role of diaspora entrepreneurs and an understanding of diaspora entrepreneurs' motivations. The diaspora is diverse, with varying motivations, capacities, and levels of organisation. Effective diaspora engagement in development requires recognising and addressing this diversity, creating supportive policies, and building strong institutional frameworks that facilitate meaningful contributions. For example, Ratha (2005) and Ionescu (2006) argue that supportive policies and institutional frameworks are essential for remittances to have a meaningful impact on development. Governments in home countries, such authors argue, need to

create enabling environments that maximise the developmental benefits of remittances. In addition, while the existing research does a good job of exploring the potential of remittances and the diaspora as development catalysts, it is less effective in analysing the ability of the diaspora entrepreneur to fulfil the potential given the institutional barriers that caused countries of origin to become migrant supply countries in the first place.

The conversation needs to do more to explore the role that individuals in communities play in addressing problems in small enclaves and gradually incorporate these gains into a more comprehensive macroeconomic strategy. In addition, these broad conceptions of diasporas and development do not generally consider the Diaspora's business-oriented approach and background, emphasising the diaspora community's more philanthropic works as agents of change instead.

This thesis will add a Nigerian diaspora voice to the research that is often lacking. While this study aims to amplify the Nigerian diaspora voice, it is essential to acknowledge the diversity within the Nigerian diaspora community and the limitations of this research in exploring only a small fraction of that community. Exploring the experiences and perspectives of different demographic groups, including gender, age, socio-economic status, and geographic location, will provide a more comprehensive understanding of diaspora engagement in development initiatives.

Furthermore, developing a comprehensive power relations-based paradigm for diaspora engagement in development transcends the previous literature by

providing a more nuanced understanding of the complex dynamics at play. In the context of diaspora engagement in development, power can be understood as the capacity of various actors—such as individuals, groups, and institutions—to influence or control outcomes within the development process. Power is a multifaceted concept that extends beyond direct control, encompassing the ability to set agendas, frame narratives, and determine which voices are heard or marginalised. Foucault (1980) emphasises that power is embedded in social relations, institutions, and practices, making it essential to consider how power operates both visibly and invisibly within diaspora engagement. This new paradigm shifts the focus to the complex interplay of power relations within and between diaspora communities and their home and host countries.

Three key features of diaspora engagement emerge from past research. First, there are changes in geopolitical influence. Rising powers like China, India, and Türkiye have increasingly leveraged their Diasporas to exert influence and promote their geopolitical agendas. (Sinatti & Horst, 2015). This perspective highlights how states use Diaspora engagement policies not only for economic gains but also as tools for soft power and diplomatic influence. Secondly, is the role of transnational networks in using social networks and community ties to facilitate entrepreneurial activity and remittance flows. (Shain & Barth, 2003). This is essential for understanding how diaspora entrepreneurs navigate and leverage their transnational connections to establish and grow their businesses. Thirdly is incorporating cultural capital. (Lara et al., 2022). It involves integrating social, political, and cultural dimensions to provide a holistic view of diaspora engagement. It moves beyond the simplistic

economic focus to encompass the multifaceted nature of diaspora interactions and their impacts on development.

Policy-focused research by the IoM reveals that 62% of diaspora members intend to invest in their home countries if favourable policies and conditions are offered. (International Organization for Migration, 2010). They argue that cooperation with governments, international organisations, and diaspora associations could contribute to improving cooperation. This is well illustrated by structured investments such as the African Diaspora Investment Fund (ADIF)[3] that seek to achieve sustainable development. The use of technology can help overcome barriers and share information and knowledge effectively. Digital platforms can provide links to the members of the diaspora with the development projects, which would make the approach more active. Applying effective strategies will result in a more comprehensive and effective framework for engaging the Diaspora in development as well as at economic and social levels.

2.2.2 Theoretical Frameworks and Key Debates in Migration and Remittances

Migration theories provide essential insights into the dynamics that drive mobility and its broader socio-economic implications. These frameworks help contextualise the Nigerian diaspora's participation in development, particularly through remittances and entrepreneurship. While classical economic theories focus on migration as an individual rational choice for economic gain, structural theories

[3] The mission of ADIF is to mobilise diaspora funds for structured, profitable investment in socially responsible and impactful ventures and schemes.
https://au.int/sites/default/files/pressreleases/37897-pr-adif.pdf

emphasise broader systemic factors, such as global inequalities and segmented labour markets. More recent transnational and network theories highlight the role of social and cultural ties in shaping migrant experiences, including their entrepreneurial engagements.

Given the complexity of migration and remittances, this thesis adopts a pluralist approach that integrates elements from each of these theoretical perspectives. Classical theories provide a foundation for understanding economic motivations, structural theories illuminate systemic constraints and opportunities, and transnational and network approaches offer a lens for examining the social dimensions of remittance behaviours and diaspora entrepreneurship. Together, these theories form a comprehensive framework for analysing how migration influences entrepreneurial activities and economic development in home and host countries.

2.3 Theories of Migration

2.3.1 Classical Theories

Classical migration theories, such as Ravenstein's Laws of Migration (1885) and Lee's Push-Pull Theory (1966), propose that migration is primarily driven by economic incentives. These theories suggest that migrants move to areas with higher wages and better employment opportunities, making them directly relevant to the study of migrant entrepreneurship. Neoclassical economic models further expand this idea, positing that migration occurs when expected earnings in a destination country surpass those in the country of origin (Todaro & Harris, 1970;

Massey & Espinosa, 1997). The assumption is that migration is a rational decision based on cost-benefit analyses, implying that migrants might choose self-employment if labour market conditions are unfavourable (Borjas, 1989).

However, critics argue that these theories oversimplify migration by failing to consider non-economic drivers, such as social networks and institutional barriers (de Haas, 2010). Moreover, neoclassical models do not adequately account for the realities of forced migration or precarious labour conditions that push migrants into self-employment out of necessity rather than opportunity (Waldinger, 1996). This limitation is particularly relevant to ethnic entrepreneurship, where migrants, facing barriers in mainstream job markets, often establish businesses within co-ethnic communities (Portes & Zhou, 1993).

The "New Economics of Labour Migration" (NELM) framework (Stark & Taylor, 1991) builds on classical models by considering migration as a household strategy rather than an individual decision. Families invest in migration as a form of risk diversification, expecting remittances in return. This model aligns closely with diaspora entrepreneurship, where remittances often serve as seed capital for businesses in both host and home countries (Riddle et al., 2010).

2.3.2 Structural Theories

Structural theories shift the focus from individual decision-making to the broader economic and political structures that shape migration flows. World Systems Theory (Wallerstein, 1979) and Dual Labour Market Theory (Piore, 1979) argue that migration is a function of global economic disparities and segmented labour

markets. In this context, migrants are drawn into low-wage sectors in developed economies due to demand for cheap, flexible labour (Castles & Kosack, 1974).

These theories are crucial for understanding migrant entrepreneurship. Structural barriers, including discrimination and restricted access to mainstream employment, often push migrants towards self-employment (Kloosterman et al., 1999). Migrant entrepreneurs frequently enter low-capital, labour-intensive industries such as retail and food services, leveraging ethnic networks for initial support (Light & Gold, 2000).

Furthermore, structural approaches underscore how remittances operate within these global economic systems. While remittances provide essential financial support, they can also reinforce economic dependencies, limiting structural transformation in home countries (Chami et al., 2003). However, in contexts like Nigeria, remittances increasingly serve as investment capital for entrepreneurial ventures, challenging the notion that they merely sustain household consumption (Orozco, 2013).

2.3.3 The 'Transnational' Turn in Migration Theorising

Transnational migration theories emphasise how migrants maintain economic, social, and cultural ties across borders (Glick Schiller et al., 1992; Faist, 2000). Unlike earlier models that framed migration as a one-way process of assimilation, transnational approaches highlight how migrants sustain connections with their home countries through remittances, investments, and business activities (Levitt & Lamba-Nieves, 2011).

This perspective is especially relevant to diaspora entrepreneurship, where migrants leverage their transnational networks to create business opportunities in both host and origin countries (Elo et al., 2019). For example, Nigerian entrepreneurs in the UK often establish fintech startups facilitating cross-border money transfers, demonstrating how transnationalism fuels innovation in remittance industries (Nkongolo-Bakenda & Chrysostome, 2020).

However, transnational theories have been critiqued for their focus on elite migrants with access to financial and social capital, overlooking the experiences of lower-income migrants who may not have the same opportunities (Bloch & Hirsch, 2018). Despite this limitation, transnational approaches remain valuable for understanding how remittances and entrepreneurial activities intersect in the global economy.

2.3.4 Migration Network Theory

Migration network theory highlights the role of social capital in facilitating migration and economic integration (Massey et al., 1993). These networks provide crucial resources such as job referrals, business contacts, and financial support, significantly influencing migrant entrepreneurship (Portes, 1995).

For ethnic entrepreneurs, co-ethnic networks offer a competitive advantage by providing access to informal credit, shared labour, and customer bases (Light & Gold, 2000). In the Nigerian context, these networks are particularly important in informal remittance channels, where trust-based systems enable money transfers outside formal banking institutions (Fakeye, 2024). However, network theory also acknowledges that these advantages are not uniformly distributed, as some migrants face exclusion from key business networks (Waldinger, 1996).

2.3.5 Conclusion

The theoretical perspectives reviewed in this section provide a comprehensive foundation for analysing migration, remittances, and diaspora entrepreneurship. Classical theories highlight economic motivations, structural approaches illuminate systemic constraints, transnational theories capture the fluidity of migrant identities and business practices, and network theories explain how social capital facilitates economic activities.

By integrating these diverse perspectives, this research offers a holistic framework for understanding how Nigerian diaspora entrepreneurs navigate opportunities and challenges within global economic systems. This lays the groundwork for the next

section, which will explore remittances and their role in shaping migration-development linkages.

2.4 Migration and Remittances: Examining the Connection

Existing research has firmly established migration as a precursor to remittances. Sending money back home is often seen as a measure of a migrant's success (Harper & Zubida, 2018; Vargas-Silva, 2013). While remittances are widely understood as person-to-person transfers of funds or goods across borders (Kunz, 2012; Ratha et al., 2015; Page, 2020), it's essential to also consider social remittances – the exchange of ideas, practices, and norms – and non-monetary remittances like clothing or equipment (Levitt, 1998). Fakeye (2024), speaking in the main document, reinforces the importance of understanding the nuanced dynamics within these remittance practices, especially the role of trust and personal relationships, which can be key to unlocking entrepreneurial potential.

A primary motivation for migrants is improving their family's lives, particularly in temporary labour migration scenarios. The "new economics of labour migration" suggests that remittance decisions are often pre-negotiated within households before the migration journey even begins (Lee et al., 1994; Rahman & Fee, 2014; Stark & Lucas, 1988). The expectation that the migrant will contribute to the family's well-being creates an obligation to maintain ties through remittances (Carling, 2008; Rindfuss et al., 2012; Torero & Viceisza, 2015). Failure to remit can strain family ties and alienate the migrant from their social networks, which are crucial for

their success (Fakeye, 2024). Migrants maintain their social capital through remittances, motivated by self-interest, which enhances their prestige and their family's standing (Hammond, 2011; Stark & Lucas, 1985). Remittances help the diaspora maintain these crucial ties with home, which can be leveraged into social capital that aids diaspora entrepreneurs.

Households may send members abroad to fund specific investments, such as education, healthcare, or property (Rahman & Fee, 2014; Simpson & Sparber, 2019). Implicit familial contracts often underpin this behavior, reflecting the desire for a better life and future returns on the investments made in the migration process (Carling, 2008; Lillard & Willis, 1997; Sjaastad, 1962; Van Wey, 2004). However, the ability to remit is influenced by factors like income, gender, and age (Bouoiyour & Miftah, 2015; Carling, 2008; Funkhouser, 1995). A migrant's decision to remit is complex, varying over time and across situations (Mahapatro, 2017). Wage differentials between destination and origin countries also play a significant role (Azizi, 2018; Simpson, 2017). McCracken et al. (2017) propose a model that distinguishes between altruistic and self-interested motives in remittance behavior.

While standard models suggest that higher income in the destination country leads to higher remittances, the impact of lower income in the origin country is ambiguous, depending on whether altruism or self-interest dominates (Cardozo-Silva et al., 2022; McCracken et al., 2017). However, this is only the case where financial infrastructures are not fit for purpose.

Other research has shown that the decision to remit is more nuanced than the welfare of the family or self-interest and more associated with the migrant's *ability* to remit based on their income, gender and age (Bouoiyour & Miftah, 2015; Carling, 2008; Funkhouser, 1995). The individual circumstances of the migrant play a significant part in the decision to remit. There are considerations of the ability to remit, such as they may have nothing to send home. Overall, a migrant's decision to remit is informed by a combination of the factors above and cannot be ascribed to one single motive, as it will vary over time and in different situations (Mahapatro, 2017). In addition, the wage differential between destination and origin countries determines the behaviour of remitters and is often considered the most important single factor in the mobility and remittance decision (Azizi, 2018; Simpson, 2017). McCracken et al. (2017) further delineate the determinants of remittance behaviour, proposing a model that disentangles altruistic and self-interest components. Self-interest includes sustaining social ties, cultural identity, or future social support.

Standard theoretical models suggest that a higher income level in the destination country allows for higher remittances. Evidence from Cardozo-Silva et al. (2022) shows that a lower income level in the country of origin has ambiguous effects on remittances and depends on whether the altruistic component of the self-interest motive dominates. Lower income levels in the country of origin will increase the need for remittances if individuals are sufficiently altruistic but will decrease remittances if they are self-interested (McCracken et al., 2017).

In theory, these macro and microeconomic determinants of remitting behaviour could translate to improved prospects and fortunes of the sender and recipient alike. In practice, the argument is not settled in proving that remittances lead to the anticipated economic growth in migrant-sending countries such as Nigeria. (Adeseye, 2021; Akinpelu et al., 2013). This could be because remittances alone received into a system with other barriers that limit development should not be expected to be the panacea for the external constraints, such as a globalised financial infrastructure that maintains influences and controls the broader economic marketplace against poorer nations in sub-Saharan Africa (Mohammed, 2022). However, despite theoretical expectations, empirical evidence on the transformative effects of remittances on economic growth in migrant-sending countries like Nigeria has been inconclusive (Anetor, 2019).

Existing research underscores that remittances alone cannot address these structural constraints. There is a need for comprehensive policy interventions to unlock the full potential of remittances in driving sustainable economic growth and poverty alleviation (Busumtwi-Sam, 2019). Remittances cannot solve structural problems such as unjust trade relationships. However, if effectively invested in business enterprises, they could shift African manufacturing away from producing and exporting raw materials and towards tradeable commodities. This incentivises African states to make policy interventions that seek to unlock remittance capability fully. According to past research, such a policy should have the potential to mobilise these monies to support households and stimulate sustainable economic development.

2.5 Remitting Behaviour in SSA

Earlier research has shown that Sub-Saharan Africa (SSA) is characterised by a dynamic yet uneven economic landscape, with young populations, rapid urbanisation, and persistent social inequalities shaping migration and remittance trends. While each country experiences unique economic and social conditions, common patterns emerge, particularly in relation to labour migration and remittance flows.

The migration of highly educated individuals remains a critical issue, as SSA continues to experience significant brain drain. Gupta et al. (2009) found that, on average, 20 per cent of SSA's tertiary-educated population resides in OECD countries, while more recent studies highlight that migrants born in SSA but working in the EU tend to be more highly educated than their European counterparts (Jacobs et al., 2021). In some nations, such as Angola, Mozambique, and Guinea-Bissau, more than 50 per cent of the educated workforce has emigrated (Kasper & Bajunirwe, 2012). This high-skilled emigration, while offering opportunities for knowledge transfer and remittances, also poses structural challenges for domestic economic growth.

Despite the prominence of extra-continental migration, the majority of SSA's international migrants move within the region. Intra-SSA migration accounts for 65 per cent of all international migration in the region, making it one of the most significant intra-continental migration flows globally (Busumtwi-Sam, 2019; Flahaux & de Haas, 2016; Sander & Maimbo, 2003). Bakewell and Binaisa (2016) argue that these movements contribute to the development of transnational and

diasporic identities, reinforcing social and economic ties across borders. Regardless of the motivations behind migration, remittances play a crucial role in sustaining households, funding small businesses, and supporting national economies across SSA (Arizala et al., 2018).

Remittance flows within SSA represent a significant financial inflow, with intra-regional remittances accounting for one-third of total remittances by 2015. These remittances contributed 0.6 per cent of SSA's GDP, surpassing intra-continental remittance contributions in Asia, Europe, and the Americas, each of which stood below 0.3 per cent (Ibid). In 2019, SSA remittances amounted to approximately US$46 billion, representing 10 per cent of global remittance flows (World Bank, 2019). Intra-African remittances alone were valued at over US$14 billion annually, accounting for 20 per cent of global remittance flows in 2018 (World Bank, 2018; ESI Africa, 2020). These figures highlight the substantial role of remittances in economic stability, household consumption, and investment across SSA.

Migrants in SSA utilise both formal and informal remittance channels, with each presenting distinct advantages and challenges. Formal remittance services, including money transfer operators, mobile money platforms, banks, microfinance institutions, and non-bank financial entities such as Bureaux de Change, are critical in facilitating cross-border money transfers. However, the formal remittance market remains dominated by major international players, with Western Union and MoneyGram historically controlling two-thirds of transactions in SSA (Watkins & Quattri, 2014; Statistica, 2024). Various financial development initiatives, such as microcredit and digital payment systems, have been introduced to enhance

financial inclusion. However, high transaction costs, strict regulatory frameworks, and limited rural banking infrastructure continue to restrict access, particularly for low-income populations (Asongu & Sara, 2018; Santos & Kvangraven, 2017). Consequently, formal remittance systems remain out of reach for many SSA migrants and their families.

In contrast, a significant portion of remittance flows in SSA occurs through informal channels. Misati et al. (2019) argue that official statistics significantly underestimate remittance volumes, as many migrants rely on unrecorded methods such as cash and in-kind transfers. Estimates suggest that up to 50 per cent of remittance inflows to SSA are facilitated through informal channels (Sander & Maimbo, 2005; WorldRemit, 2020; World Bank, 2018). Informal remittance systems persist due to their cost-effectiveness, efficiency, and ability to navigate infrastructural and regulatory constraints. Many recipients, particularly in rural areas, depend on trusted intermediaries who ensure the last-mile delivery of funds. However, while informal channels enhance accessibility, they also pose challenges related to financial security, lack of consumer protection, and the inability to leverage remittances for broader financial inclusion initiatives.

From an entrepreneurial perspective, remittances serve as a critical financial resource for microenterprises and small-scale investments, particularly in economies where access to credit is constrained. Studies suggest that remittance-receiving households are more likely to invest in entrepreneurial activities, driving local employment and economic diversification (Karagueuzian & Verdier-Chouchane, 2014). This thesis asserts that remittance entrepreneurs play a vital

role in economic development at the micro-level, particularly in informal markets. However, the link between remittance-driven entrepreneurship and broader economic transformation remains complex. While remittances provide immediate financial support, their long-term developmental impact depends on the structural environment in which they operate.

Informal remittance entrepreneurs face significant challenges in scaling their businesses due to limited access to formal financial services, restrictive compliance regulations, and the dominance of established financial institutions (Ratha, Mohapatra, & Silwal, 2011). Moreover, while remittances contribute to financial stability at the household level, they do not automatically translate into structural economic change. Chami, Fullenkamp, and Jahjah (2005) caution that remittance income, when primarily used for consumption rather than productive investment, may reinforce economic dependency rather than drive sustainable development. As will be discussed, the ability of remittances to drive sustainable development in SSA hinges on integrating them into formal financial systems, improving access to affordable credit, and creating an enabling business environment.

2.6 Remittance and Development

There has been much hope that remittances will be the spark that ignites economic development in Sub-Saharan Africa, so there is extensive research work exploring their impacts. In 2004, developing countries received approximately US$126 billion in remittances, an increase since 2001 of US$41 billion, or 49 percent, since 2001.

Official flows to SSA are relatively low compared to other countries in the Global South. Data on worker remittances show that official flows to SSA in 2004 were US$6.1 billion (World Bank, 2007). Since 2009, the flow of remittances to the continent has nearly doubled; they now comprise more than 5 per cent of GDP in 15 African countries. In 2019, migrant workers sent about US$85 billion to their relatives on the continent (World Bank, 2020), but Fonta et al. (2015) show that most of the money goes to subsistence living costs. The study of Fonta et al. (2015) revealed that households mainly use the bulk of remittances for consumption purposes, representing 44.3 per cent in Nigeria, for example. Next to consumption is spending on education (15.7 per cent), followed by healthcare spending (14.3 per cent), as well as housing/building repairs (6 per cent). (Ibid)

There is extensive literature on the correlation between remittances and development (Connell et al., 2015; De Haas, 2007; Fayissa & Nsiah, 2010; Perez-Saiz et al., 2019; World Bank; 2006; 2017; 2018; 2020). These coalesce around the determinants of remittances, the types of remittance, the cost of remittance and the impact of remittance on social and economic development in the recipient country. In debating the determinants and types of remittances, the main conclusion can be summarised simply as this: remittances are typically altruistic, as migrants see it as a means of providing economic support to individual recipients at home to improve their living standards (Ajaegbu, 2017). For example, the World Bank regards remittances as a key tool in the attainment of its developmental goals for developing countries, and so argues for strengthening remittance flows through the mobilisation of diaspora savings and reducing remittance costs (World Bank,

2015; Basu & Bang, 2014; Orozco, 2013). Similarly, Hernandez-Coss (2006) argued that a 10 per cent increase in the share of remittances to GDP in a given country would lead to a 1.6 per cent decline in the share of people living in poverty. He further stressed that remittances may have reduced the share of poor people in the population by 11 per cent in Uganda and 6 per cent in Ghana. Even where remittances do not pull households out from below the poverty line, the severe effects of poverty are reduced. Eggoh et al. (2019) believed that remittances have a positive impact on economic growth and the credit rating of a country, providing an essential and stable source of foreign currency, thereby increasing investor confidence that it can cope with any crisis of balance of payments (Ratha, 2019). Kumar et al. (2018) believed that remittances provide additional income that recipient households can use for investment in productive assets, education, healthcare, etcetera, improving the allocation of resources.

Other scholars argue that remittances significantly impact both labour supply and demand. For instance, in 2020, the global low-income and middle-income countries received US$540 billion in remittances, which shows how significantly remittances contribute to the economy. This has stimulated the aggregate demand for goods and services by increasing income and productivity through reduced unemployment (Chami et al., 2018). However, the big challenge is for states to use remittances for national development in a context where remittances are generally private transfers sent to individuals. This is where much research has become interested in innovations such as Diaspora bonds (Perez-Armendariz & Burges, 2013; Ratha, 2011; Ratha & Plaza, 2015; Varadarajan. 2021).

Unlike traditional remittances, which often go towards domestic household consumption, remittances used to purchase these Diaspora bonds can be used directly by the government of the remittance-receiving nation towards national infrastructure development. A diaspora bond is best described as debt sold by a country to its expatriate citizens to raise foreign currency and capital to facilitate economic growth. (Perez-Armendariz & Burgess, 2013).

Diaspora bonds have typically been successful in countries such as Israel and India, where expatriates' emotional ties to their country of origin view remittances as an investment tool for contributing to development projects like infrastructure (Ketkar & Ratha, 2010; Investopedia, 2019). The arguments in favour posit that if these bonds were structured and linked to clear development goals, these remittances could play a key role in raising capital in developing countries. (African Arguments 2019; Chander, 2001; Negash, 2009; Renner & Oluronubi, 2019). Several African countries have issued Diaspora bonds, including Ghana, Ethiopia, Kenya and Nigeria. (Akkoyunlu & Stern,2012). Vargas and Klimaviciute (2020) observe that the World Bank Bilateral Remittances Matrix has continuously placed the UK as the fourth largest remittances sender in the world, with India and Nigeria as the main destinations of remittances from the UK (Ketkar & Ratha, 2010). Fonta et al. (2015) noted that the Federal Government of Nigeria has recently emphasised the value of remittances from the diaspora and is actively seeking ways of engaging with the diaspora community – such as bond issues (Debt Management Office, 2017). The Nigerian government raised US$300m from its diaspora when it issued the first bonds in 2017 and was oversubscribed by 130 per cent. (NIPC, 2017). It later sought

to increase the target to US$300 million to compensate for declining oil revenues. (Faal, 2019). The Bond matured in 2022 and was redeemed at a 5.6% return. (DMO, 2022).

Diaspora bonds have different features compared to the usual money transfers that migrants make to relatives, friends, or other members of the household. According to advocates, they offer a stable source of capital while building on diaspora relations and boosting the economic development of the recipient countries. They also have the advantage of creating a window of opportunity for long-term investment because they are ring-fencing for specific development purposes like infrastructure, housing, education, etcetera. (Schneidman et al., 2022). Other benefits potentially include wealth creation for the investment Diaspora since they earn higher interest rates than the bank deposits in their countries of residence. However, as many of these countries tend to be economically unstable, often these bonds hardly yield returns and are effectively considered a donation to the nation of origin from its diaspora. Chander (2001) argued that a person willing to donate money to a poor country preferably spends the donation on diaspora bonds because of the potential role in facilitating economic development. For this model to work, the economic and governance structures must be established in the issuing country (Gevorkyan, 2021) so that the capital raised is not just attractive to the target audience.

Despite the theoretical benefits, diaspora bonds have only proven successful in a handful of cases, i.e. in Israel and India (Ketkar & Ratha, 2010). They have not fared well in Africa, and failures have tempered their enthusiasm. Ethiopia's Millennium

Corporate Bond in 2008 failed due to perceived political risk, high minimum purchase thresholds, uncompetitive fixed-rate instruments, and lack of confidence in the government's ability to guarantee the investment. Ghana's Golden Jubilee Savings Bond in 2007 was 60% undersubscribed. Kenya's attempt in 2011 to target the Kenyan diaspora raised only US$141 million against a target of US$600 million due to challenges with the know-your-customer regulations, marketing restrictions, and perceived currency/forex risks. (Plaza, 2011). Despite Nigeria's success, a lack of trust in SSA governments due to corruption, political instability, and evidence of financial mismanagement, has meant that patriotism is not incentive enough to get more positive case studies of African diaspora bonds. Therefore, although patriotism can be a basis for encouraging the diaspora to contribute their quota to the development of their home country, the lack of tangible return on investment or evident economic development resulting from the funds is discouraging even for philanthropic investors. As Lainer-Vos (2013) states, "*The fusion of gift-giving and market exchange elements in economic transactions creates practical difficulties*" (p 145). Using diaspora bonds as an instrument for leveraging remittances for national development is yet to prove itself to be a consistently viable option.

In addition to using diaspora bonds, one of the key levers for enabling remittances as a development tool has been to reduce the cost of remitting. In 2022, the average cost of sending US$200 in remittances to SSA was above 6 per cent, double the target the United Nations Sustainable Development Goals set for 2030. The median remittance fee across corridors was 5.7% in 2020, with many corridors still having median fees above 5%. (Beck et al., 2022). While that figure is considerably less

than it was in 2009, when migrants often had to pay as much as US$20, it remains much higher than the SDG target of 3 per cent (Daivi Rodima-Taylor, 2023; Ratha, 2017, 2022; UNECA, 2020).

However, transaction costs have remained essentially flat over the past few years and are unacceptably high in many low-volume corridors. By reducing average costs to below 3 per cent globally, remittance families would save an additional US$20 billion annually (IFAD, 2017). If the claim that remittances foster development is accepted, then this would be a significant achievement.

To inject some balance, some scholars challenge the mantra that remittances generate development. Among other issues, they highlight the methodological problems which arise from the difficulty of obtaining or validating data in the emigrant's household. There are at least four examples of such difficulties: 1) migration/remittance decisions are made simultaneously with other household decisions like consumption, education, etcetera. 2) reverse causality, as poverty levels may influence remittance receipts rather than vice versa. 3) selection bias - Migrant households tend to be selectively different (for instance, more educated, higher income) than non-migrant households, making it hard to identify causal effects, and 4) omitted variables - unobservable characteristics like risk aversion of household heads that influence migration/remittance decisions lead to omitted variable bias. (McKenzie et al., 2010; McKenzie & Sasin, 2007; Chiquiar & Hanson, 2005). The literature in this category challenges and offers suggestions to improve the quality of remittance research, including introducing a randomised group of

potential migrants as a control group and a comparison with successful migrants from the same country of origin.

Furthermore, Breinbauer (2007), Chami et al. (2018), and Lubambu (2014) all suggested that high levels of remittances can spark a vicious cycle of economic stagnation and dependency. They noted that remittances can add significantly to the size of a country's economy but at the same time can reduce growth and increase dependence on these funds from abroad, using Lebanon and other countries as evidence. Lebanon has been one of the leading recipients of remittances for many years. Its inflows have averaged over US$6 billion a year, which is equal to 16 per cent of GDP, but there is no evidence that it has served as an engine of growth. Lebanon's average real per capita GDP grew only 0.32 per cent annually between 1995-2015. Cismas et al. (2020) came to a similar conclusion in their study of remittances to Romania, which found that the inflow of remittances that entered the country through official channels did not significantly influence economic growth. This is probably because inflows through informal channels are not captured in official data used for analysis, potentially underestimating their actual economic impact (Mehedintu et al., 2020). It is evident from the study that the beneficial effect of remittances is mainly in providing basic needs and eradicating poverty. However, their contribution to the recipient nation's GDP remains inconclusive. Carbone (2017), Darkwah and Verter (2014), Tacoli and Mbala (2010), and Uduji and Okolo-Obasi (2020) argue that while the impacts of remittances can be seen as directly benefiting families, the net effect of

remittances on the development of the respective country's economy is complex and the measurement thereof is problematic.

Other studies like those of Hassan & Homes (2013) and Roy & Dixon (2016) revealed that large and stable inflows of remittances stimulate economic growth but can result in the recipient country's currency appreciation, making it less competitive in international trade. Ojeda et al. (2018) stated that some theoretical and empirical studies have looked at diaspora remittances at the macro level in its contribution to the foreign exchange reserves and balance of payment (Alpaslan et al.,2021; Clemens & Mckenzie, 2018; Maydom, 2017). This influx of foreign currency helps cushion the balance of payments, allowing countries to manage crises better, reduce panic for foreign investors, and provide stability in the face of external economic shocks (Ratha, 2019). A central theme in the debate is that remittances, like any form of international financial transfers to developing countries, can appreciate the country's exchange rate, where appreciation refers to an increase in the value of national currency against other foreign currencies. Although currency appreciation makes exports more expensive and imports cheaper, it may reduce competitiveness in international trade, thus decreasing GDP growth (Krugman et al., 2018).

In conclusion, the literature on remittances and development highlights the significant role that remittances play in enhancing household income, alleviating poverty, and fostering investment in education and health within migrant-sending countries. The key debates cover the complex interlinkages between remittances and migration and highlight the need for lower remittance fees and the most

effective policies to leverage remittances for sustainable development across different contexts. However, the effectiveness of remittances as a tool for sustainable development is often hindered by challenges such as high transaction costs, lack of access to financial services, and insufficient data on remittance flows. Regardless of whether researchers conclude that remittances promote development or not, few focus on how these remittances are regulated and governed between the sending and receiving countries. This thesis not only seeks to join the conversation about development impacts but also seeks to add something new by emphasising the regulation question.

2.7 Remittances and Entrepreneurship

Existing research on remittances and entrepreneurship tends to focus on business start-ups in remittance-receiving countries. The relationship between remittances and entrepreneurship is complex and multi-dimensional. Several studies have found a positive correlation between remittances and new business activities. For instance, Woodruff and Zenteno (2007) and Kilic et al. (2009) found that remittances bring economic empowerment and investment capital in single-country studies, while Cummings et al. (2021) and Yavuz and Bahadir (2022) observed similar results in cross-country analyses. According to this research, the primary benefit is alleviating household poverty through sponsoring small-scale enterprises (Bedi et al., 2023). The findings of this research show that remittances are directly related to the expansion of business opportunities; it demonstrates that money sent by the migrant is essential in solving the problem of funding for some potential businesspeople.

Similarly, Kakhkharov (2019), in a case study of Uzbekistan, discussed remittances as a vital source of funding for start-ups and entrepreneurship with restricted access to banking channels. Adams and Page (2005) concur in also arguing that remittances provide crucial capital for entrepreneurial activities in developing countries, where access to formal financial institutions is often limited. This capital can be used to start or expand small businesses, leading to economic growth and poverty reduction.

However, the empirical evidence is mixed. Vasco (2011) found no relationship between receiving remittances and the likelihood of household business ownership in Ecuador. Amuedo-Dorantes and Pozo (2006) observed a reduced likelihood of business ownership associated with receiving remittances in the Dominican Republic. Brown (1997) found that in Tonga and Western Samoa, remittances were predominantly used for consumption rather than investment, leading to limited entrepreneurial activity and economic growth. Chami, Fullenkamp, and Jahjah (2003) argue that remittances can create a dependency syndrome, where recipients rely on these funds for consumption rather than productive investment. This dependency can, they argue, stifle entrepreneurial initiatives and long-term economic development.

What factors explain these different findings? Nyame-Asiamah et al. (2020) analysed the influence of the institutional environment, which played a significant role in determining the entrepreneurial decisions of African return migrants. For example, limited business opportunities, poor economic conditions in the host

countries, a better business environment with opportunities and investment incentives for return migrant entrepreneurs in their home countries.

Yavuz and Bahadir (2022) describe how ethnic differences influence the use of remittances for financing business ventures, arguing that diverse ethnicities engage in higher levels of business activities due to their varied skills and experiences. According to Bedi et al. (2023), the role of remittances cannot be overemphasised when it comes to promoting entrepreneurship since it reduces a significant constraint (financing) on taking the risk of starting a business. The research indicates that when joined with robust institutional environments, remittances help foster entrepreneurialism and advance economic development in SSA.

Research also concludes that remittances and entrepreneurship play a significant role in national economic stability by reducing unemployment. According to Okeke (2021) and Orok et al. (2020), whose studies were conducted in Nigeria, this money helps in the generation of employment, as the money is spent on the creation of new business ventures. In conclusion, past studies establish that the flow of remittances can play multiple roles in motivating people to venture into business and simultaneously stimulate the economic growth of developing nations.

However, the literature on the relationship between remittances and entrepreneurship is deeply divided. Proponents highlight the potential for remittances to provide critical financial resources, promote skill transfer, and foster economic stability, which can drive entrepreneurial activities and economic development. Opponents, however, caution against the potential pitfalls, including

dependency, inflation, brain drain, and increased inequality, which can undermine long-term development goals. For a balance in these divergent perspectives, it is necessary to employ a more nuanced and context-specific analysis. Understanding the conditions under which remittances can effectively promote entrepreneurship and development and mitigate the potential adverse effects.

This thesis seeks both to engage with this literature by assessing the impact of remittances on entrepreneurialism in Nigeria (Chapter 6), but it also places more emphasis on understanding the impact of remitting on entrepreneurs *in the Nigerian diaspora in the UK*. Whereas past research focused only on the remittance-entrepreneurship-development relationship *in* Nigeria this project seeks to do something new by thinking more about entrepreneurship *in the diaspora*, specifically relating to the establishment of remittance businesses

2.8 Regulation of Remittances: Towards Improving Remittance Architecture and Practices

Understanding the regulatory landscape is crucial for addressing the challenges identified in the previous analysis and enhancing remittances' developmental impact. Research on regulation has therefore been an important part of the field. Effective regulations can facilitate lower transaction costs, improve access to financial services for migrants and their families, and ensure that remittances are used productively. Even with the claim that, in relative terms, this is under-researched, there is a small existing body of research into the regulations on how remittance-sending countries and remittance-receiving countries work together to

manage remittance operations. Aston (2023) delves into the intricate relationship between regulation and migrant entrepreneurship, arguing that regulatory frameworks often represent a paradox of both support and hindrance. On the one hand, regulations are designed to maintain transparency, protect consumers, and standardise business operations, which can benefit migrant entrepreneurs by providing a more stable and predictable business environment.

On the other hand, the same regulations frequently impose significant barriers that can stifle entrepreneurial activity, particularly among migrants who may lack access to capital, networks, or an understanding of complex compliance requirements. (Ibid). This strained conjunction of support and hindrance reflects broader academic debates on the role of regulation in ethnic and migrant entrepreneurship. Scholars such as Ram et al. (2017) and Fraser (2009) have similarly argued that regulations aim to foster economic growth and inclusion. However, they often disproportionately affect ethnic minority and migrant entrepreneurs by creating obstacles.

International regulatory frameworks like the 2009 US Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) policies have played a pivotal role in shaping global standards for payment service providers. These regulations set clear obligations for compliance, fostering a unified approach to mitigating risks associated with money laundering and terrorism financing (Kunz et al., 2020). Similarly, initiatives such as the UK and Switzerland's 2020 global call to action emphasise the importance of keeping remittances flowing, especially in the context of the COVID-19 pandemic. This call, supported by international bodies such as the

World Bank and the United Nations Capital Development Fund, provides recommendations for policymakers, regulators, and remittance service providers to ensure uninterrupted remittance flows (GOV.UK (DFID), 2020; UNECA, 2020).

In Nigeria, the Central Bank of Nigeria (CBN) has introduced specific regulatory guidelines—such as the 2013 Guidelines for the Regulation of Agent Banking, the 2014 Guidelines on International Money Transfer Services, and the 2015 Guidelines on International Mobile Money Remittance Service—to facilitate formal remittance systems while ensuring compliance with international standards (CBN, 2015). These guidelines aim to expand access to financial services through mobile and agent banking, which is crucial for enhancing remittance flows in developing economies.

However, Vlcek (2018) highlights that despite the evolution and expansion of the Financial Action Task Force (FATF) to include various financial institutions and related businesses, a significant gap remains between the structure of the anti-money laundering regime and its practical implementation. In particular, the limited scope of the formal financial sector in many developing economies hinders the effectiveness of these regulations, leaving informal channels as a persistent alternative for remittances. This dichotomy between regulatory intent and practical outcomes underscores the need for more adaptive policies that consider the realities of financial inclusion in developing countries.

Scholars have focused on the challenges that actors face implementing these policies in low- and middle-income countries (LMICs) (Cooper & Esser, 2019; Cooper et al., 2018; Hagen-Zanker, 2014), concluding that consumer-facing issues

like illiteracy and financial exclusion present serious barriers. Considering the high prevalence of informal remittance flows, some policies, such as 'know-your-customer' [KYC], are also yet to address the suspicions of migrant communities about using formal channels that may put their residency status at risk. The term 'know-your-customer' has to do with the processes financial institutions adopt to verify the identity, suitability, and risks involved with maintaining a business relationship to avoid financial fraud. Some migrants, however, are afraid of deportation if the validity of their right to live and work in the host country is challenged or questioned as a result of following these regulations. This is a high risk among migrants from LMICs in the West because they suffer significant social-economic impacts, from losing their jobs, and even their liberty, if they are identified as working illegally. Undocumented or irregular migrants suspect that the use of the KYC process is a means for the state to do immigration checks. There is recent evidence that justifies this suspicion. For example, financial institutions in the UK were asked to check if their customers were staying in the UK unlawfully (Bolt, 2016). Ministers introduced the scheme as part of attempts to create a "hostile environment" for unlawful migrants (Guardian, 2018; Home Office, 2017). Researchers agree that policies like these are a major barrier to accessing financial services (Arner et al.,2019; Datta,2017; Narang, 2020; Sampson, 2017).

The UK's Department for International Development (dissolved in 2020 and incorporated into the Foreign Office) piloted Remittance Country Partnerships (RCPs) with Nigeria, Bangladesh, and Ghana to support improvements in the formal financial sectors, to increase access to and use of formal channels for international

migration-related transfers, and to provide for better policy making around the flow of such transfers. These partnerships sought to strengthen the confidence migrants had in the formal financial sector in order to draw them away from informal channels of transferring money (Hernandez-Coss, 2006; Bonfert, 2021; Oyebamiji & Asuelime, 2018). The partnerships aimed to reduce factors that hamper the timely and efficient transfer of remittances to the intended destination, thereby enhancing economic stability and growth in the receiving countries. The RCPs provided a platform to review and improve the legal/regulatory environment affecting cross-border remittance flows between the UK and partner countries and sought to enhance the capacity for better data gathering and analysis on remittance flows, corridors, costs and impacts to inform evidence-based policymaking. (Hernandez-Coss, 2006). Thus, it was expected that the introduction of RCP, with the active support of the UK government, would enable participating countries to work on product development, thereby increasing competition, improving transparency, and addressing legal and policy constraints to remittance flows (Tan et al., 2020). Literature here highlights that although this framework does not inhibit market entry for new players or limit the development of new remittance products, it does little to prevent the banks from withholding banking facilities from smaller money transfer companies, thereby limiting new entrants (Adepoju et al., 2007; Healy & Oikelome, 2007; Cooper et al., 2018; Cooper & Esser, 2019). The RCP is currently in stasis as the FCDO confirmed that "the Action Group last met in 2019 and has not

been disbanded. HMG is considering the structure and objectives of the group." [4]Research on the RCP has tailed off as a result.

Technology has introduced new complexities and demands for compliance and offers practical solutions for meeting regulatory requirements. Remittance providers can leverage RegTech (Regulatory Technology) solutions to automate and streamline compliance processes, making adhering to evolving regulations across different jurisdictions easier. Mobile technology has made it possible for people to send money quickly, cheaply, and securely, regardless of location, reducing costs by 30-40% compared to traditional remittance services (Jemiluyi & Jeke, 2023). Kenya is an example of what adopting mobile technology can accomplish through its well-known *M-Pesa* products (Misati et al., 2019).

Nigerian Telecommunication Companies were only finally allowed by the Central Bank of Nigeria (CBN) to offer financial services in 2023. It will take some time before the impact of this regulatory change is seen (Hugo, 2019). The CBN has now established a comprehensive regulatory framework for PSPs, categorising licenses into Payment Solution Service Providers (PSSPs), Payment Terminal Service Providers (PTSPs), Switching and Processing companies, and Mobile Money Operators (MMOs). (CBN, 2021). This regulatory clarity has enabled the licensing and growth of numerous PSP companies across different segments of the payments value chain. The proliferation of PSPs has fostered innovation in payment

[4] FOI response, FCDO 10th September 2021

solutions, with companies offering services like online payment gateways, point of sale (POS) management, and digital banking. This has facilitated bridging the financial inclusion gap and enabled more options for remittance receivers.

Some countries have rolled out support mechanisms for people who typically rely on remittances. For instance, Ghana has lowered barriers to remittances, announcing that mobile phone users could open accounts and transfer up to US$170 daily without additional documentation. In Uganda, telecoms company MTN has waived fees on mobile money transfers (UN, 2020).

Academic research has yet to catch up with these technological changes. Recent research by the Global System for Mobile Association GSMA suggests that an increase in mobile money adoption can lead to a rise in GDP. The study found that a 10-percentage point increase in mobile money adoption can increase GDP by 0.4% to 1.0% annually. (GSMA, 2023). However, given the clear opportunities that technology offers in disrupting the remittance industry, there is scope to continue to expand on the existing work of scholars (Ajide & Olayiwola, 2020; Busumtwi-Sam, 2019; Todoroki et al., 2014; Maimbo & Ratha, 2005).

The consensus among these researchers is that government regulations and corruption can negatively influence the effectiveness of new technologies for remitting and new 'RegTech' in the Global South (Borja, 2020; Ajide, 2019; Borja, 2017; Berdiev et al., 2013; Tyburski, 2012). This implies that institutional environments matter in strengthening and enhancing the impact of remittance technology on the economy. Nigeria is among the countries listed with weak financial systems for combatting money fraud (Addison, 2004). Therefore, many

scholars advocate that adopting new technologies can benefit regulatory monitoring (Hagen-Zanker, 2014; John et al., 2020; Ratha, 2012). Digital technologies are the backbone for faster, cheaper, more accessible remittance services that can bring recipients into the formal financial system. However, an appropriate regulatory environment that fosters innovation while managing risks is equally vital for technology to deliver formalisation's benefits effectively.

2.9 Remittance and Technology

Technology has increasingly become a crucial enabler in the international remittance market, particularly in Sub-Saharan Africa (SSA). This literature review examines the role of technology in facilitating remittance transfers, its impact on financial inclusion, economic development, and the socio-economic implications in the region (Ilinitchi, 2020; Ricci & Mammanco, 2019). Continuous technological innovations in the digital remittance industry and the rise of the Internet are predicted to provide lucrative opportunities for market growth and financial inclusion (Grootenhuis, 2019; Aron & Muellbaue, 2019; Mutsonziwa et al., 2016; Mussa, 2006). Remittance technology primarily involves using digital and mobile platforms to transfer money across borders, aiming to reduce transaction costs, increase speed and accessibility, and enhance security. The prediction of emerging trends in this market is an expansion of digital innovation as a catalyst that will increase financial inclusion in the receiving countries and reduce the cost to the sender. As stated in IFAD (2017), technological advances have made remittance transactions faster, cheaper and more convenient, making it possible to reach even into the "last mile" of many remote areas. Mobile phone networks, Internet-based

tools and digital money in various forms present a potentially transformative force for sending and receiving remittances, reducing costs and saving time. (Yang, 2021).

Research has positively highlighted the role technological advancement has played in enhancing the speed and security of remittances. Yang (2011) argues that digital technology has ensured that remittance transactions are completed faster than traditional methods, which positively impacts household welfare, especially in emergencies or crises. Gupta et al., 2009 emphasise the importance of reliable and fast remittance services in supporting the livelihoods of recipients and posit that speedy access by remittance receivers has a direct poverty-mitigating effect in SSA countries. This argument that digital technology is a positive development for remittance-receiving households is championed by its role in reducing transaction costs. Freund and Spatafora (2008) illustrate how reducing remittance costs can significantly increase the net income received by beneficiaries, thus enhancing their economic security. They argue that technology reduces the cost of remitting money by streamlining processes and eliminating intermediaries, making it more affordable for users. The consensus on key literature would suggest that digital technology has been critical in reducing transaction costs and enhancing competition in the remittance market, especially in SSA.

Other research has focused on the role of digital technology and remittances as a gateway to financial inclusion. For example, research findings from Aker and Mbiti (2010) highlight the broader economic implications of mobile money, including its role in promoting savings, investments, and access to credit. Their analyses

demonstrated how widespread the adoption of mobile technology has been in SSA, as while 47% of the population had mobile phones, over 80% had access to a mobile phone. Strikingly, they found that 'mobile technology adopters span the demographic spectrum—young and old, rich and poor, urban and rural. (Ibid p.213). This buttresses the role technology plays in SSA in facilitating remittances and improving overall economic well-being. Morawczynski and Pickens (2009) offer a compelling analysis of how M-PESA as a technology has transformed financial landscape for poor populations in Kenya. Their study highlights the significant benefits of mobile financial services, including increased access to financial services, enhanced financial security, and economic empowerment. The findings align with other studies on mobile money in Kenya, such as Jack and Suri (2014), which also highlight the transformative impact of technology on financial inclusion and economic empowerment. As remittances have become increasingly linked to technological advancements, mainly through mobile banking and online transfer platforms, they have opened new avenues for financial inclusion, especially for marginalised populations in low- and middle-income countries.

However, the low levels of financial inclusion and access to formal banking in many sub-Saharan African countries could hinder the adoption and impact of digital remittance channels that rely on access to bank accounts or mobile money services. Demirgüç-Kunt & Klapper (2013) and Tah, 2019, argue that despite its benefits, a digital divide limits the reach of technological solutions in remittances, particularly in rural and underserved areas. This is because of a lack of infrastructure and regulatory clarity to support digital remittances. Digital

infrastructures and internet connectivity are weak in many rural areas of Africa, which could hamper access to digital remittance services (Rodima-Taylor, 2022).

In conclusion, the literature on remittances and technology underscores the transformative potential of digital innovations in enhancing the efficiency, accessibility, and impact of remittance flows. The role of technology in international remittances in Sub-Saharan Africa is pivotal in enhancing financial inclusion, reducing costs, and improving the speed and security of transactions. Mobile money platforms, in particular, have revolutionised the remittance landscape, contributing to economic development and the socio-economic empowerment of individuals. The integration of technology into remittance systems has not only facilitated cheaper and faster transfers. However, it has also encouraged the formalisation of these financial flows, thereby promoting savings and investment opportunities among recipients. However, this digital shift is not without challenges. Issues such as regulatory hurdles and unequal access to technology must be addressed to fully realise the potential of technological advancements in remittances.

2.10 Financialisation of Migrants Through Remittances

The integration of technology into remittance systems has not only facilitated cheaper and faster transfers but has also encouraged the formalisation of these financial flows, thereby promoting savings and investment opportunities among recipients. Financialisation generally refers to the shift in power from industrial capital to finance capital. Nevertheless, remittances are already part of the financial system, so what does discussing the financialisation of remittances

mean? Remittances are financialised when they are sent in the 'right way' and spent in the 'right way' (Warnecke-Berger, 2022). That is to say, they are sent via the formal financial system and spent on productive investments. So, it entails strengthening retail payment systems, improving consumer access to financial products, enabling governments in the Global South to access global financial markets (Ratha et al., 2015).

The financialisation of remittances (FOR) in Sub-Saharan Africa (SSA) has generated significant academic interest due to its implications for economic development, financial inclusion, and socio-economic dynamics. A core notion is that financialisation can facilitate greater financial inclusion across society (urban/rural, men/ women, more educated/less educated) by integrating remittance flows into formal financial systems. This process provides unbanked populations with access to banking services, credit, savings, and insurance products. In the development context, it also refers to the increasing role of financial institutions in the operation of domestic and international economics (Palley, 2007; Epstein, 2005; Bortz & Kaltenbrunner, 2018). In practice, the key ambition of advocates of financialisation is to shift remitters from informal, loosely regulated MTOs to formal, tightly regulated MTOs. Foreign aid is being used to de-risk investment, 'escort' capital to 'frontier' markets and conduct the mundane work of transforming objects into assets available to speculative capital flows (Mawdsley, 2016. p1). Aggarwal et al. (2011) observe that remittance recipients are more likely to open bank accounts and use other financial services, leading to broader financial inclusion. In enabling broader financial inclusion, development

researchers have increasingly been interested in the opportunities provided by ‘innovative’ forms of finance (and the reimagination of actors as financial agents for the unbanked). However, there is little consensus on the definition of 'financialisation', and the concept has been criticised for lack of empirical or theoretical foundations (Aalbers, 2017; Christophers, 2015; Mawdsley, 2016).

The last 10 to 15 years have seen an incredible expansion in financial logic and programmes among individuals, households, and SMEs in the Global South. (Warnecke-Berger, 2022). Marginal farmers, poor women, informal settlement dwellers and small-scale urban entrepreneurs in the Global South have joined credit-stressed US families and pensioners, among others, in being targeted by an expanding financial sector (Aggarwal et al., 2011; Mawdsley, 2016).

Another key argument in the literature is that the financialisation of households enables economic development and poverty alleviation. With the growth of remittances, financial institutions identified such funds as a critical source of development finance and as a means of binding a new set of individuals (remittance senders and receivers) into global financial circuits (Mawdsley, 2016). Against this backdrop, remittances have become linked to the global financial inclusion agenda under the term ' financialisation of remittances' (FOR) (Datta, 2017; Guermond, 2014; Kunz, 2012). This shift has been driven by various actors, including international organisations and governments, who advocate for the formalisation of remittance flows to improve financial literacy and access to financial services, thereby fostering a culture of savings and investment.

Existing literature analyses the impact of these developments in shaping social attitudes towards the retail financial sector (González, 2015; Hall, 2012; Martin, 2002). Becket al. (2011) argue that remittances can catalyse financial sector development, particularly in regions with limited access to formal financial institutions that receive remittances. This situates the discourse around the role that marginalised subjects, like migrants, play in the causal relationship between finance-led economic growth and development in Africa.

While financialisation can provide benefits, it also exposes remittance recipients to financial risks, such as market volatility, currency fluctuations, and high transaction fees. Critics like Baker (2021) and Warnecke-Berger (2022) argue that the FOR produces an individualisation of development by making individual remittance senders and recipients responsible for their own development through financial decisions. This shifts development responsibilities away from states and collective public welfare approaches towards individual migrants and their households as small business corporations striving for financial growth through remittances. Batista and Vicente (2011) emphasise that financial services are often concentrated in urban areas, exacerbating existing inequalities between rural and urban populations. Wealthy individuals and regions with better access to financial services stand to benefit more from the financialisation process, while poorer and less connected individuals may be left behind. Changing social and cultural dynamics lead to increased individualism and weakening traditional community support systems. To this point, Kunz (2012, p.2) further posits that remittances have been "*mobilised for the financial incorporation of transnational households into*

global circuits of capital and finance", thereby giving weight to the world-systems school of global hegemony in the remittance marketplace (Cross, 2015; Mawdsley, 2016). For example, through his research findings, Ratha (2022) suggests that banks tend to provide cheaper remittance services than money transfer operators. He states, "*Both sending and receiving countries can increase banking access for migrants by allowing origin-country banks to operate overseas…and by facilitating the participation of microfinance institutions and credit unions in the remittance market*." (Ibid, P1)[5]" This implies that by offering remittance services, banks and financial institutions can attract more migrant customers who may then use their other products like credit and loans. Credit is often vital for new businesses, but debt is also a powerful mechanism for shaping multiple forms of behaviour and decisions. The critical question is about the consequences: What results from being more tightly bound to the global financial system?

Powerful institutions like the IMF and World Bank promote the financialisation of remittances, linking it to financial education, financial services, access to credit, and innovation to boost development and reduce poverty and gender inequalities (Hudson, 2008; Kunz, 2012). This approach effectively legitimised FOR as an acceptable policy intervention for LMICs. Studies like Kunz et al. (2020) explain that…:

[5] https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Remittances#:~:text=Both%20sending%20and%20receiving%20countries,participation%20of%20microfinance%20institutions%20and

"*The FOR establishes particular narratives regarding migration, remittances, and transnational families to embed remittances in the global financial architecture; and normalises practices of turning transnational families into financial customers and entrepreneurs and entrenching financial logics into their lives"* (ibid, p.20).

The approach helps demonstrate how remittance policies can influence the structures of the economy and the relations within transnational families.

Those analysts who support using migrant and diaspora capital in development in the countries of origin tend to favour financialisation (Ionescu, 2006; IOM, 2005). Others, however, have argued that migrants should not be involuntarily co-opted to shoulder the investment risks associated with the development agenda (Pellerin & Mullings, 2013; Van Waeyenberge, 2006). The diaspora should also not be compelled by emotional governance (Kunz et al., 2020) to invest in their origin countries, considering most remittances are to meet subsistent needs. In this case, emotional governance is the emergence of public policy that uses emotional strategies to put pressure on remitters. A focus on financialisation has also led some researchers to study the remittance business more directly. (Bettin et al., 2014; Brown, 2006; Vaaler, 2011). . The formalisation of remittances is intricately connected to microfinance and how the availability of capital impacts investment in developing countries. The Consultative Group to Assist the Poor (CGAP) is an initiative of the World Bank, which not only promotes formal remittance channels to migrant workers but also encourages them to invest in microcredit and microinsurance (CGAP, 2009). This constitutes a strategic change in assessing the business logic of remittances. While the CGAP emphasises investing remittances

in productive projects, the FOR connects productive investment with investing in financial instruments, which is supposed to create new 'remittance markets' and encourage development.

Researchers have interrogated the remittance marketplace to build knowledge on the growth of the sector and the channels (Datta, 2012;2017; Mandelman & Zlate, 2012), and there is an acknowledgement that the remittance marketplace plays a significant role in the immigrants' financial ecosystem (Vargas-Silva, 2008). However, what is yet to be fully explored in this body of literature is an understanding of how the remittance intermediaries or money transfer service providers operate, including the use of technology to facilitate remittance transfers.

In summary, past research has shown that the financialisation of remittances is an ambiguous process from the perspective of Nigerian remitters. While it is backed by development policymakers (as well as security and intelligence services) and should bring down prices and reduce risks of poor service, it also impedes the autonomy of MTOs and makes individual Nigerians part of a global system notorious for its volatility and crises.

2.11 Diaspora Entrepreneurship

As global migration flows and remittances have increased in recent decades, scholars have become increasingly interested in understanding how diaspora communities engage in entrepreneurial activities that span national borders. Diaspora entrepreneurship has emerged as an important area of study within the broader fields of transnational and migrant entrepreneurship. Diaspora entrepreneurship refers to business activities undertaken by migrants and their

descendants that leverage their connection to their country of origin and residence (Riddle et al., 2010). It is characterised by mobilising transnational resources, networks, and opportunities (Drori et al., 2009). Newland and Tanaka (2010) highlight that the key characteristic of diaspora entrepreneurs is that they engage in cross-border economic activities, including international trade, outsourcing, and investment in their home countries.

Elo et al. (2019) define diaspora entrepreneurship as "*entrepreneurial activities carried out by migrants and their descendants, who have maintained a connection to their country of origin while residing in a host country, and who leverage their transnational networks and resources to create and grow ventures*" (Ibid, 2019, p. 13).

This definition highlights diaspora entrepreneurs' dual embeddedness in home and host country contexts. Scholars who posit that diaspora entrepreneurs are simultaneously embedded in both home and host countries' social, economic, and institutional contexts (Kloosterman & Rath, 2001) support this conclusion, which is also supported by the findings from this thesis.

What are the factors that motivate migrants to become entrepreneurial? Studies have examined the diverse motivations driving diaspora entrepreneurship. While economic motivations are essential, many diaspora entrepreneurs are also driven by a desire to contribute to development in their home countries (Newland & Tanaka, 2010). Riddle et al. (2010) identify four key motivations: 1) financial gain, 2) desire for social recognition, 3) altruism toward the homeland, and 4) reduction of liability of foreignness in the home country market. Nielsen and Riddle (2009) found

that financial, social, and emotional factors drive diaspora investment in home countries. Emotional connection to the homeland and desire to give back were important non-economic motivations.

A key finding from this thesis has been how diaspora entrepreneurs leverage transnational resources and networks. Research from Drori et al. (2009) highlights how diaspora entrepreneurs mobilise financial, cultural, social, and symbolic capital across borders. Terjesen and Elam (2009) examine how diaspora entrepreneurs use their bicultural skills and international networks as critical resources. The link between remittances and entrepreneurship is further explored in the context of ethnic entrepreneurship—a phenomenon where migrant communities leverage cultural, social, and financial networks to establish businesses both in their host and home countries (Light & Gold, 2000; Ram et al., 2017). This duality in entrepreneurial intent has given rise to a specific subcategory of activity this thesis refers to as remittance entrepreneurship. This phenomenon reflects the strategic use of remittances not merely for familial support, but for investment in business activities in countries of origin. In contrast to conventional remittances, which are typically understood as altruistic transfers sent to cover basic consumption, education, or healthcare, remittance entrepreneurship involves intentional, profit-driven deployment of transnational capital. In this model, the diaspora entrepreneur sends money home not as a gift, but as a means of seeding or scaling business ventures. While these networks enable capital mobility, they also pose regulatory challenges, particularly regarding financial transparency and taxation (Guarnizo, 2003).

many studies have explored the developmental impact of diaspora entrepreneurship on home countries. Newland and Tanaka (2010) highlight how diaspora entrepreneurs can contribute to job creation, technology transfer, and market expansion in origin countries. Riddle et al. (2010) note that diaspora entrepreneurs often target underserved markets and introduce new business models. However, Nkongolo-Bakenda and Chrysostom (2013) argue that the impact of diaspora entrepreneurship on poverty reduction in Africa has been limited. They call for more targeted policies to enhance developmental outcomes, of which this research concurs.

Consequently, academics like Sinatti and Horst (2015) caution against instrumentalising the diasporas solely as agents of development. They argue for more nuanced policies that recognise diaspora heterogeneity and agency. Lampert (2014) echoes this sentiment, calling for policies that address the structural barriers faced by diaspora entrepreneurs and consider the diverse needs and capacities of different diaspora groups.

Lampert (2014) provides a critical perspective on diaspora entrepreneurship and development, arguing that the developmental potential of diaspora entrepreneurs is often overstated. He contends that broader structural inequalities and power relations shape diaspora entrepreneurship and that its impact on home country development is mediated by class, gender, and other social factors. Lampert calls for a more nuanced understanding of how diaspora entrepreneurship intersects with existing socio-economic structures and inequalities in both home and host countries.

Research has also examined the unique challenges faced by diaspora entrepreneurs. These include navigating different institutional environments, overcoming resource constraints, and managing cultural differences (Drori et al., 2009). Riddle et al. (2010) highlight how diaspora entrepreneurs must overcome the liability of foreignness in both home and host countries. Brinkerhoff (2016) explores how conflict and fragility in home countries create opportunities and obstacles for diaspora entrepreneurs. Political instability and weak institutions pose significant challenges. Lampert (2014) adds that diaspora entrepreneurs often face additional challenges related to their migrant status, including discrimination, limited access to formal financial systems, and difficulties navigating complex regulatory environments across multiple countries. These challenges are explored in depth in Chapter 6 of this thesis.

Chung and Tung (2013) explore how online platforms facilitate transnational entrepreneurial activities. They argue that digital technologies are enabling new forms of "virtual transnationalism" among diaspora entrepreneurs. The impact of digital technologies on diaspora entrepreneurship is an emerging area of study. The key aspects of virtual transnationalism include the use of digital platforms and online tools, which allow diaspora entrepreneurs to engage in cross-border business activities without physical presence. This overcomes geographical barriers and enables entrepreneurs to maintain connections and conduct business with their home countries regardless of physical distance. Nkongolo-Bakenda and Chrysostom (2020) examine how digital platforms transform remittance-based

businesses among African diaspora entrepreneurs. They highlight both opportunities and challenges posed by financial technologies.

While diaspora entrepreneurship is widely recognised as leveraging transnational networks (Drori et al., 2009; Elo et al., 2019), this thesis argues that informal remittance networks play a critical role in this process. These informal businesses create an entry point into broader entrepreneurial activities, aligning with research on transnational business evolution (Newland & Tanaka, 2010).

2.12 Conclusion and Future Direction

This thesis used push pull plus as a guiding framework for understanding motivations for migration in the empirical chapters. Van Hear et al. (2018) framework was used to explore how both structural forces and individual agency mediate the migration-development relationship within the UK-Nigeria remittance corridor. The framework, which goes beyond simple 'push-pull' factors of migration, highlights mediating drivers such as regulatory environments, access to financial services, and social networks, all of which shape entrepreneurial outcomes for the Nigerian diaspora. For instance, in the analysis of remittance behaviours, the 'push' factors such as economic necessity in Nigeria are balanced by 'pull' factors like opportunities for business growth in the UK. Meanwhile, the mediating forces—particularly the lack of trust in formal institutions and regulatory barriers—are shown to influence the tendency of diaspora entrepreneurs to rely on informal remittance networks. The use of the 'push-pull plus' framework directly shaped the way the key themes emerged in the empirical sections. Firstly, the theme of trust and personal networks in informal remittance channels became prominent

because the framework's emphasis on mediating factors highlighted how the diaspora navigates institutional mistrust. Secondly, the role of regulatory constraints as a mediating factor helped identify the structural barriers preventing diaspora entrepreneurs from formalising their businesses, particularly in the context of remittance transfers. Finally, the analysis of diaspora entrepreneurialism emerged through the lens of how individuals use their transnational status to exploit economic opportunities across two markets, with the mediating drivers underscoring the challenges and opportunities within both the UK and Nigerian contexts. Thus, the framework allowed for a more nuanced understanding of how migration and entrepreneurialism intersect, thereby shaping conclusions detailed in Chapter Eight.

Research on migrant remittances conducted over the last two decades confirms the complex nature of efforts to promote poverty reduction through this capital flow. The United Kingdom's Department for International Development piloted Remittance Country Partnerships (RCPs) with Nigeria, Bangladesh, and Ghana aimed to build up the formal financial sectors and generate evidence-based policy. Existing research examines how financial services and governments institutionalise remittances. CGAP, for example, strongly supports the use of remittances in microcredit and microinsurance. Scholars observe the importance of remittance intermediaries, especially technological advances such as mobile money when it comes to SSA, which contribute to financial inclusion and reduce transaction costs and time. However, the regulatory issues must still be addressed.

What, then, are the key debates where further work is needed? Large parts of the past literature have omitted the important issue of how remittances interact with entrepreneurship within the diaspora. This requires data collection amongst the entrepreneurs in the diaspora – and also their customers in the diaspora. While this thesis also presents data from Nigeria itself, the focus on the new businesses and their customers in the diaspora makes it empirically distinctive. This review argues that combining these two themes (remittances and entrepreneurship) could fill a significant gap in the existing literature. In addition, bringing these themes together also draws attention to another topic where there is scope for further research: regulation and regulatory policy and technology. Thus, by connecting these domains in this research, the thesis will provide critical information to policymakers on enhancing the use of remittances for sustainable development. Future research should investigate further how entrepreneurial ventures contribute to economic development in the remittance-receiving countries; such knowledge would help formulate policy intervention strategies consistent with the desires of the Nigerian, and the UK governments, who have expressed a desire to see the relationship between the two economies deepen post-Brexit.

This current study seeks to fill these gaps by examining the lived experiences of British Nigerian entrepreneurs involved in the remittance sector. Chapter Three will provide the methodological approach, rationale for the mixed-methods design, and data collection and analysis techniques, all aimed at capturing the complexity of the UK-Nigeria remittance ecosystem and elevating the often-overlooked voices of diaspora entrepreneurs.

CHAPTER THREE: METHODOLOGY-RESEARCH DESIGN AND PRACTICE IN THE FIELD OF MIGRATION-REMITTANCES

3.1 Overview

This chapter describes and explains the methodological approach used in the research design and the data collection and analysis choices. It also reflects on the strategies used to ensure the research was undertaken ethically and in accordance with UCL standards on research integrity. It will also discuss the research philosophy and approach, research design, data collection methods, data analysis techniques, ethical considerations, and methodology limitations. A section of the chapter is also set aside for ideas relating to researcher positionality and its impacts on the project.

As noted in Chapter One, this research aims to answer the overarching question of what role do Nigerian diaspora entrepreneurs play in the international money transfer industry? My primary research focused on the following sub-questions: How does the UK-Nigeria remittance ecosystem work? How can the UK-Nigeria Remittance ecosystem be understood from an entrepreneurial perspective? How does the existing remittance architecture shape the practices of consumers in the diaspora? What role do Nigerian diaspora entrepreneurs play in Nigerian development?

To achieve these aims, this study employed a multi-methodology approach, combining qualitative and quantitative methods across multiple contexts. Semi-structured interviews were used to gather in-depth, contextual insights, while surveys and analysis of existing datasets provided broader, generalisable findings. This multi-methodology approach allowed for a comprehensive understanding of the research questions by leveraging the strengths of each method.

The methodological approach of this study considered the transition from informal money transfer operations to formal businesses as a key dimension of diaspora entrepreneurship. By tracking British Nigerian entrepreneurs who initially operated in informal remittance markets, this research contributes to understanding how remittances and trust-based transactions enable business incubation. This research entailed two years of fieldwork activities in the UK and Nigeria from December 2020 to June 2022, amid COVID-19 restrictions.

3.2 Research Philosophy and Approach

The foundation of this research is inspired by the methodological approach of 'following the thing' (Cook, 2004), which involves tracing the movement of commodities, financial flows, or social phenomena across different spaces and temporalities. This approach has been widely influential in anthropology, geography, and sociology, notably in the work of Arjun Appadurai, who explored the trajectories of commodities to understand the meanings they acquire as they circulate through various economic and cultural contexts (Appadurai, 1986). In *The Social Life of Things*, Appadurai argues that commodities have 'biographies' shaped by human transactions, which influence their perceived value and significance

(Appadurai, 1986). By tracing the movement of remittances, this study applies this approach to the transnational flow of money, investigating its impact on economic and entrepreneurial activities in both the sending and receiving locations.

Within the field of migration and remittance studies, 'following the thing' can be utilised to examine how remittances move from sender to recipient and the multiple transformations they undergo along the way. This methodological lens allows for an in-depth exploration of the broader economic, social, and cultural forces that shape these flows. For instance, Laniran and Adeniyi (2015) conducted a macroeconomic analysis of remittance determinants in Nigeria, revealing how exchange rates and deposit rates influence the volume and stability of remittance inflows. Their study, using time-series data spanning from 1980 to 2013, found that remittance flows are often guided by portfolio motives, meaning that migrants make remittance decisions based on the economic conditions of both the host and home countries (Laniran & Adeniyi, 2015). This insight is essential for understanding how remittances function beyond altruistic transfers and as part of strategic financial planning.Beyond personal and household use, remittances also play a crucial role in funding entrepreneurial ventures, making the 'follow the thing' approach particularly valuable in examining diaspora entrepreneurship. By tracing how remittances are allocated towards business creation, this methodology enables researchers to map out the networks, decision-making processes, and financial instruments that facilitate entrepreneurship among migrants and their families (Elo et al., 2018; Orozco, 2013).

For example, Vemuri (2014) argues that remittances function as alternative sources of capital for entrepreneurs in developing economies, particularly in countries where access to credit is limited. Similarly, the Diaspora Centre (2014) highlights how transnational entrepreneurs utilise remittance income to bridge financial gaps and overcome bureaucratic hurdles when establishing businesses in their home countries. These findings demonstrate that remittances do not merely contribute to household consumption but also act as enablers of economic activity, reinforcing the interconnectedness between migration and development.

However, critiques of remittance-led entrepreneurship caution that its success is contingent on broader structural factors, such as political stability, financial sector accessibility, and regulatory frameworks (Brinkerhoff, 2016; Vasco, 2011). While remittances can facilitate entrepreneurship, their effectiveness is often limited by the high costs of money transfers, inconsistent banking systems, and unfavourable business environments in many migrant-sending countries (Beck et al., 2022). As such, 'following the thing' in this context not only reveals success stories but also highlights the constraints and systemic barriers that limit the full potential of remittance-driven entrepreneurship.

The 'follow the thing' methodology provides a powerful analytical tool for understanding the dynamic and multi-layered nature of remittances and their impact on diaspora entrepreneurship. By tracing the movement of remittances from sender to recipient and examining their economic and social transformations, this approach offers a holistic perspective on how financial flows influence transnational economic activity.

Sampling was purposive, ensuring that participants were drawn from diverse backgrounds within the British Nigerian community, reflecting different migration trajectories, professional experiences, and levels of engagement in remittance businesses. This study defines British Nigerians as individuals of Nigerian heritage who either: (1) were born in Nigeria and later migrated to the UK, (2) were born in the UK to Nigerian parents, or (3) hold dual nationality and maintain active economic and social ties with Nigeria. This categorisation accounts for variations in legal status (British citizens, permanent residents, and visa holders), cultural identification (first- and second-generation British Nigerians), and business engagement (entrepreneurs involved in the remittance sector, whether formally or informally).

This methodological approach is particularly useful for uncovering the hidden mechanisms that facilitate or hinder remittance-driven entrepreneurship, allowing for a nuanced understanding of how migrants navigate financial networks, regulatory environments, and business opportunities. The insights gained from this framework help inform the research design, guiding data collection and analysis to capture the lived experiences of Nigerian diaspora entrepreneurs and their engagement in transnational remittance economies.

3.3 Data Collection

3.3.1 Primary Data

3.3.1.1 Surveys

Surveys are an appropriate tool for sampling common characteristics of a large group to provide a researcher with a baseline for evaluating their hypotheses (Apuke, 2017; Nardi, 2018; Totten et al., 1999). Apuke (2017) argues that the use of numerical data helps answer the who, how much, what, where and when questions.

Two cross-sectional surveys were designed to collect quantitative data from a larger sample of participants in the UK and Nigeria. These online surveys were designed to understand remittance behaviours and patterns. In the UK, the survey targeted individuals in the Nigerian diaspora who were British by birth or naturalisation lived in London (which has the largest population of Nigerians in the UK based on the latest census data from the Office for National Statistics, 2017), were over 18 years old, and regularly sent money to Nigeria. (Appendix E, UK Survey Questions). By focusing on British by birth or naturalisation, this study aimed to capture a more stable and integrated segment of the Nigerian diaspora, ensuring that participants have a strong legal and social connection to the UK.

Meanwhile, the survey in Nigeria focused on individuals who were Nigerian by birth or naturalisation, were over 18 years old, lived in Lagos, Edo, Imo, Oyo, and Ogun states (these being the top five international remittance-receiving states in Nigeria according to the National Bureau of Statistics, 2020), and had received money from the UK. (Appendix D, Nigeria Survey Questions). This dual-location approach provided a comprehensive understanding of the remittance flows between the UK and Nigeria, capturing the perspectives of both senders and recipients. The survey

in the UK covered the sender's experiences and channel preference when sending money to Nigeria and the reasons for the choices. The survey in Nigeria focused on the recipients' preferences for receiving remittances. The surveys provided direct insights from remittance senders in the UK diaspora and recipients in Nigeria, allowing for a comprehensive examination of how the remittance architecture influences their practices and decision-making to address the thesis question "How does the existing remittance architecture shape the practices of consumers in the diaspora?".

The survey instrument was developed based on existing validated scales where possible, with additional items created to address specific research questions, such as which money transfer services they had stopped using. The survey included both closed-ended questions using Likert scales and a few open-ended questions to allow for more detailed responses. Convenience sampling was employed to recruit participants. The initial survey link was distributed through diaspora professional networks, British Nigerian WhatsApp and Telegram social networks, and via email broadcasts via Nigerian Diaspora organisations in London. In Nigeria, the survey link was distributed to professional networks on LinkedIn, Five Nigerian Old School Alumni networks, Nigeria British Chamber of Commerce newsletter and the Lagos Business School Alumni e-newsletter. Participants were also encouraged to share the survey link with others who met the inclusion criteria, facilitating snowball sampling. The target sample size for the survey was 300 participants in each country, based on a power analysis conducted using G*Power software (Faul et al., 2007). This sample size was determined to be sufficient for detecting medium

effect sizes (f2 = 0.15) with 80% power at a significance level of 0.05 for the planned statistical analyses. The inclusion criteria for survey participants were:

Table 3.1: Inclusion Criteria for Online Survey on International Money Transfer Preferences in the UK and Nigeria.
Circulated between 14/12/2020 to 30/06/2021.

UK	**Nigeria**
Adult – over 18	Adult - over 18
British by birth or naturalisation	Nigerian by birth or naturalisation
Lives in London *(The largest population of Nigerians in the UK based on the latest census data at the time (ONS, 2017))*	Lives in Lagos, Edo, Imo, Oyo, Ogun and Lagos *(these being the top five international remittance receiving states in Nigeria (NBS. 2020))*
Sends money to Nigeria	Received money from the UK

A total of 557 completed surveys in the UK and 548 in Nigeria. The demographic characteristics of the survey respondents were as follows:

Table 3.2a Respondents' demography: Age. Nigeria

What is your age?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	105	19.2	19.2	19.2
	26-35	213	38.9	38.9	58.0
	36-45	152	27.7	27.7	85.8
	46-55	62	11.3	11.3	97.1
	56 and over	16	2.9	2.9	100.0
	Total	548	100.0	100.0	

Table 3.3a: Respondents' demography: Gender Nigeria

What is your gender?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	222	40.5	40.5	40.5
	Male	326	59.5	59.5	100.0
	Total	548	100.0	100.0	

Table 3.2b Respondents' demography: Age. UK

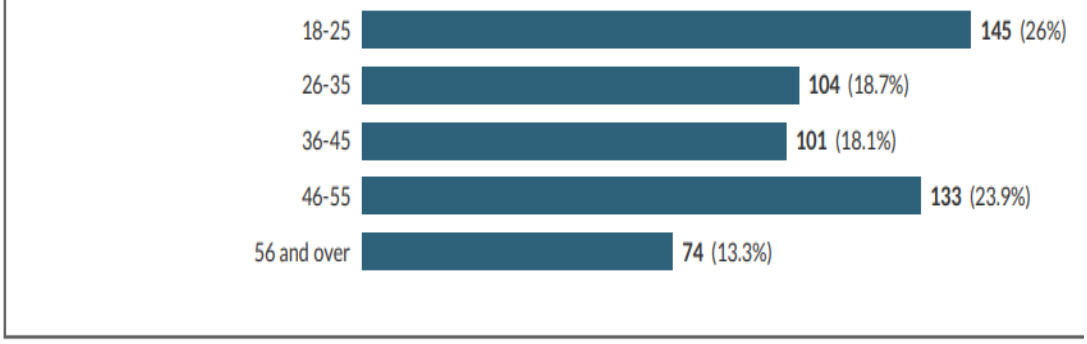
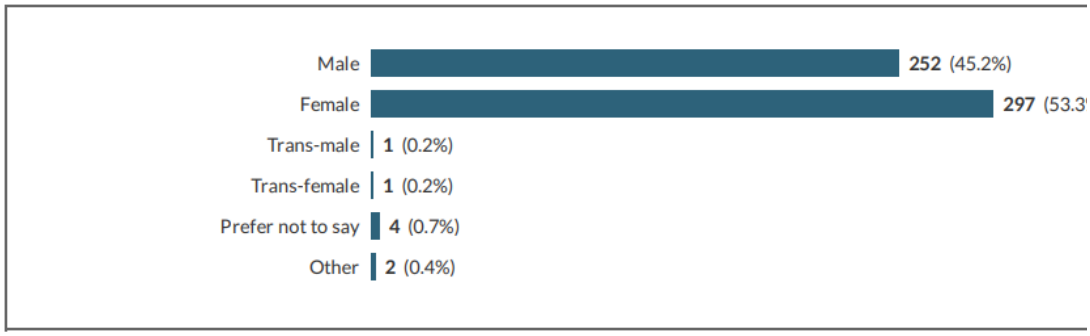


Table 3.3b Respondents' demography: Gender. UK



The survey was administered online using UCL's JISC Online survey software. This platform was chosen for its user-friendly interface, data security features, accessibility on mobile devices, especially for Nigerian participants, and ability to export data directly to statistical analysis software. The survey took participants approximately 15-20 minutes to complete. The information from this survey was a

baseline for further investigation into consumer preferences and whether any competitive advantages supported the research questions.

Initially, the survey data was cleaned and prepared for analysis. This involved checking for and addressing any missing values, outliers, or inconsistencies to ensure the accuracy and reliability of the dataset. The data was then coded and categorised according to the variables of interest, facilitating the subsequent analysis. Throughout the analysis process, UCL-approved statistical software SPSS 26 was used to manage and analyse the data efficiently. This facilitated the accurate calculation of statistical measures and the generation of visual representations, such as the charts used to illustrate the findings clearly.

3.3.1.2 Semi-Structured Interviews

45 semi-structured interviews were conducted to gather rich, detailed data on participants' experiences and perspectives related to international money transfer operators (IMTO). The interview questions were designed to explore how the UK-Nigeria remittance corridor works and is regulated; what business leaders and founders do to differentiate themselves to respond to customer preferences and why the landscape has such little representation of Nigerians in the formal sector of the industry. (Appendix C Leaders Interview Questions). As this researcher has previous professional experience in Nigeria and the UK, this research drew on these prior contacts in government and the remittance industry to facilitate access to a wider group of participants. Using known business contacts on LinkedIn helped establish trust and credibility from the outset as these contacts were more likely to respond positively to research requests due to existing professional relationships.

This network also facilitated introduction to relevant interview participants. Participants were interviewed were;

1. Nine leaders of CBN-approved money transfer operators in Nigeria were interviewed. These were selected based on being on the approved list of CBN with their business address located in Lagos, Nigeria. (See Appendix C). A general request was put out to 17 of these businesses via emails and existing business contacts. Nine Lagos based organisations responded to the request and so introductions were made via existing business networks to request interviews.
2. In the UK, three FCA-licenced MTOs were interviewed based on business contacts and introductions.
3. Ten British Nigerian entrepreneurs who attended focus group sessions were interviewed for a better understanding of their experiences as IMTOs. (A subset of 125 focus group participants)
4. Seven unlicenced MTOs were interviewed. They were recruited through social cultural network introductions. (A subset of the 125 focus group participants)
5. One FCA representative in the UK was recruited via emails to the FCA customer service. The press and media representative responded to the questions.
6. Two CBN public relations representatives were recruited via personal introductions on a group WhatsApp telephone call.
7. Eight recipients of money transfers from the UK who reside in Nigeria were recruited through personal introductions.

8. Five Founders of Fintech start-ups in Nigeria were recruited through personal contact via my LinkedIn professional network.

These interviews were conducted between 7/01/2021 and 9/01/2023 to accommodate all parties' schedules.

Interviews were essential for addressing research questions 1, 3, and 4, as they provided in-depth, firsthand insights into the complex dynamics of the UK-Nigeria money transfer ecosystem, the entrepreneurial aspects of the remittance industry, and the role of diaspora entrepreneurs in Nigerian development. For question 1, interviews with formal and informal remittance service providers, regulators, and users in both the UK and Nigeria allowed for a comprehensive understanding of the operational mechanisms, regulatory frameworks, and user experiences within the money transfer ecosystem. These interviews revealed nuances and practical challenges that may not be apparent in official documents or quantitative data alone. For question 3, interviews with entrepreneurs and business owners in the remittance industry offered valuable perspectives on the entrepreneurial opportunities, challenges, and innovations within this sector, providing a rich context for understanding the industry from an entrepreneurial standpoint. Lastly, for question 4, interviews with diaspora entrepreneurs and fintech leaders in Nigeria were crucial in exploring the multifaceted roles that diaspora entrepreneurs play in Nigerian development, including their motivations, strategies, and the impact of their investments and knowledge transfer. These interviews allowed for the collection of qualitative data that captured the personal experiences, motivations, and observations of key stakeholders, providing a nuanced and

contextual understanding of the research topics that would be difficult to obtain through other research methods alone.

Semi-structured interviews were used because of their flexibility. They allowed the researcher to explore predetermined themes while remaining open to new ideas and directions emerging during the conversation (Bryman, 2016). In practice, this meant participants could speak freely and express their views extensively, providing the proper insight that helped the ability to comprehend the nuances behind choices, policies and decisions. Depending on participant preference and logistical constraints, interviews were conducted via video or teleconferencing. Each interview lasted approximately 45-60 minutes and was recorded with the participant's consent.

The transcripts were then thoroughly reviewed to ensure accuracy and familiarise the researcher with the content. Initial impressions and potential themes were noted during this process. Themes that emerged were:

Theme	**Key points to note**
Regulatory environment	Compliance constraints Lack of understanding and support Cross-border differences
Financial barriers	Lack of capital Lack of banking access Lack of collateral for loans Credit scores
Market dynamics	Incumbent dominance Niche market opportunities Consumer preferences
Technology	Digitalisation

	Fintech innovation Infrastructure
Culture	Remittance preferences Ethnic network influence Trust in institutions
Policy issues	Perceptions of bias Constate policy changes Government support

The themes were then reviewed and refined in an iterative process, where they were compared against the data to ensure they captured the essential elements of the participants' responses. This involved checking for coherence within each theme and ensuring distinctiveness between themes. Once the themes were clearly defined, they were organised into a coherent framework that addressed the research questions. This thematic framework provided a structured way to present the findings, highlighting the key insights and patterns that emerged from the interviews. Structuring the interview data into meaningful themes helped organise the interpretation of information received from participants into nuanced insights that addressed the research questions.

3.3.1.3 Focus Groups

To complement the surveys and interviews, this study also employed focus groups as a qualitative research method. Focus groups were chosen for their ability to generate rich data through group interaction and discussion, allowing for the exploration of shared experiences and diverse perspectives among British Nigerian

diaspora entrepreneurs. The collective nature of the discussions were designed to enhance contextual sensitivity by allowing participants to explore shared cultural understandings. Given that many informal remittance operators function in a regulatory grey area, the group setting provided a safer and more comfortable space for discussion, reducing the risk of individuals feeling singled out or exposed. . Nine focus groups were conducted with a total of 125 participants. Participants were recruited using a combination of purposive and snowball sampling techniques. They were recruited through posters that were circulated across Nigeria's Diaspora social networks. The groups were designed to be homogeneous in terms of specific characteristics relevant to the research questions, such as:

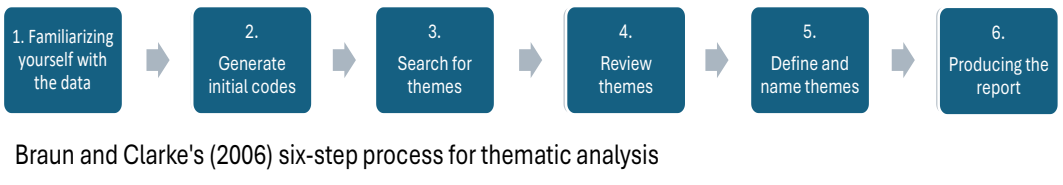
1. First generation or naturalised British Nigerians
2. Consider themselves entrepreneurs or business owners.
3. Involved in any business or service that they are paid for in the UK or in Nigeria.
4. Involved in money transfer services

This homogeneity is necessary to avoid any situations that may inhibit and discourage conversation (Allen & Levine, 1969). Each focus group consisted of 12-15 participants, which is slightly larger than the typical 6–10-person group. This larger size was due to the volume of interest and a need to ensure a diversity of perspectives while still allowing for meaningful interaction among participants in an online setting.

These focus group data was necessary for answering research questions 3 and 4. For question 3, which seeks to understand the UK-Nigeria remittance industry from

an entrepreneurial perspective, these focus groups provided rich, qualitative insights into how entrepreneurs navigate and leverage the remittance ecosystem. They offered firsthand accounts of the challenges and opportunities within the industry, revealing how entrepreneurial activities are shaped by the existing remittance architecture. For question 4, which explores the role diaspora entrepreneurs play in Nigerian development, the focus groups were invaluable in highlighting the contributions of these entrepreneurs to Nigeria's economic growth. Participants shared their experiences of investing in Nigerian businesses, transferring skills and knowledge, and fostering economic linkages between the UK and Nigeria.

All focus group sessions were audio-recorded with participants' consent and later transcribed verbatim. The transcripts were analysed using thematic analysis, following Braun and Clarke's (2006) six-step process.



Braun and Clarke's (2006) six-step process for thematic analysis

The focus groups provided valuable insights into the collective experiences and shared perspectives of British Nigerian diaspora entrepreneurs. Key themes that emerged included:

1. The importance of trust and personal relationships in business transactions
2. The tension between formal and informal financial systems

3. The impact of cultural obligations on business practices
4. The role of diaspora networks in facilitating entrepreneurship
5. Perceptions of regulatory barriers and opportunities for diaspora businesses

These themes were instrumental in contextualising and expanding upon the data collected through other methods, providing a more nuanced understanding of the research questions.

3.3.2 Limitations and Challenges

The research methods employed in this study, including surveys, interviews, and focus groups, provided valuable insights, but they also have inherent limitations that must be considered. In particular, the use of purposive and snowball sampling, while effective in reaching key participants, may have unintentionally excluded remittance entrepreneurs operating outside established diaspora business networks. The reliance on professional and social connections for recruitment helped identify active participants but may not fully capture the experiences of those less visibly engaged in the industry.3.3.2.1 Surveys

The surveys, while efficient for collecting data from a large sample, may have suffered from response bias, as respondents may not always provide honest or accurate answers, instead giving responses they think are socially desirable or that the researcher wants to hear. As noted by Nederhof (1985), social desirability bias can significantly impact survey results. This was mitigated with designing a survey focused on extracting factual data on preferences within a known list of money transfer operators to help respondents avoid any biases. By using interest based

sampling (Sage Journals, 2019), in targeting respondents who are interested in the survey objective, researchers can ensure that participants are more engaged and motivated to provide accurate responses.

Another limitation of surveys is the lack of depth because surveys typically collect relatively superficial data and do not allow for probing or follow-up questions to gain deeper insights. Fowler (2013) argues that surveys are best suited for collecting factual information rather than exploring complex attitudes or behaviours. This is mitigated with the complement of interviews to get a richer nuanced picture that surveys will not provide. Another limitation is that the Survey questions may be interpreted differently by respondents than intended by the researcher, leading to inaccurate data. To mitigate this, the survey questions were thoroughly reviewed and tested by academic colleagues who are also close friends. Their feedback and insights were invaluable in refining the questions to ensure clarity and consistency, thereby enhancing the reliability of the data collected. Finally, the greatest challenge achieving adequate response rates within the stipulated timeframe for the project. This was because access to participants was via closed networks, and therefore, pushing and promoting the survey was subject to the support of administrators, who are the gatekeepers of these platforms. This challenge was managed by sharing the survey with numerous relevant platforms and extending the response time.

3.3.2.2 Interviews

Interviews, though providing rich, individual perspectives, are time-consuming, potentially subject to interviewer bias, and may not be generalisable to larger

populations. (Brinkmann & Kvale, 2015). This was the experience of this research project as there was significant investment in terms of planning, conducting, and analysing the interviews. Scheduling difficulties in arranging mutually convenient times for interviews, especially with busy professionals or hard-to-reach populations, was challenging, especially in optimising the time of participants; following up and adapting to their schedules was a lengthy process in the research. Furthermore, transcribing and analysing interviews required significant time and specialised effort. This research was also conscious of interviewer bias because the interviews were conducted digitally, online or by telephone and often required breaks in time to complete due to the schedule of the participants, there is a risk that the researcher may inadvertently influence the participant's responses. It also was subject to recall bias as the research relied on participants' memories which could lead to inaccurate or incomplete data, especially for past events, feelings or behaviours. This was mitigated by following a structured set of questions and returning to some participants for clarification where necessary. Consistent question wording can aid respondents in recalling their previous answers more accurately, as they are less likely to be confused by variations in phrasing (Van Meurs & Saris, 1990).

3.3.2.3 Focus Groups

While these focus groups offered rich, contextual data, several limitations were noted that should be highlighted. The main drawback of using ethnic social and professional networks to recruit participants is that access is controlled based on gatekeepers of the WhatsApp and Telegram platforms as admins, and so the

researcher had no control over the frequency of the publicity, thereby resulting in very long participation lead times for participants for the interviews. Furthermore, although these networks are relatively diverse in the distribution of age and sex, they are predominantly constituted of Nigerians with a minimum first-degree qualification. This research was unsuccessful in trying to find Nigerians who had less than a tertiary education.

Some strong individuals dominated the discourse in the focus groups, so there was a potential for groupthink or social desirability bias in responses. There were challenges in managing dominant personalities within the groups, especially in an online setting where multiple people were talking at the same time and often over one another. To mitigate these limitations, this researcher tried to accommodate planning for more extended data collection, encourage equal participation and probe for diverse viewpoints. The focus group data was also triangulated with findings from individual interviews and survey responses to enhance validity.

In summary, while surveys, interviews and focus groups remain valuable tools for primary data collection, these limitations are mitigated by employing triangulation with other data sources as has been applied in this research project.

3.3.3 Secondary Datasets

3.3.3.1 Existing Datasets

This study also analysed existing datasets relevant to UK Nigeria migration and remittances to complement the primary data collection. These datasets are listed in Table 3.4. Using existing data sets for research offers numerous advantages,

such as cost savings, time efficiency, and the ability to leverage large amounts of previously collected data. The use of existing datasets allowed for the examination of trends over time and provided a broader context for interpreting the primary data collected through interviews and surveys. These datasets were selected based on their relevance to the research questions, data quality, and accessibility.

However, this approach also comes with several inherent challenges and limitations that researchers must navigate to ensure the validity and reliability of their findings. For example, the lack of contextual understanding because existing data sets are often based on various methodologies and participant groups. This disconnect can result in a lack of understanding of the study-specific nuances or glitches in the data collection process, which may be crucial for accurate interpretation (Cheng & Philips, 2014). Also, the secondary data analysis is constrained by the variables and measures available in the existing datasets, which does not perfectly align with the current study's research questions. Another factor is that existing data sets may not cover all the variables relevant to the current research question. Additionally, publicly available data sets often exclude identifying variables to protect respondent confidentiality, which can further limit the scope of the analysis. These gaps may degrade the quality and completeness of and present challenges that require careful handling and adjustment (Smith, 2008).

To mitigate this risk, this research combined other data collection methods and continuously evaluated the alignment between the data and the research questions, making adjustments as needed, to enhance the robustness and validity

of the findings. Also, this research has supplemented the secondary data sets with primary data to fill gaps and enhance specificity and strengthen the validity of the research findings.

Table 3.4 Existing secondary datasets used in this research	
Source	Existing data set
Office of National Statistics (UK)	1) https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/numberofnigerianslivingintheuk 2) Statistical information on the Highly Skilled Migrant Programme (HSMP)
	www.nomisweb.co.uk 1) DC5209EWla - Highest level of qualification by ethnic group 2) LC5203EW - Highest level of qualification by country of birth
National Bureau of Statistics-Nigeria	Remittance receiving states: https://www.nigerianstat.gov.ng/nada/index.php/catalog/68/study-description Penetration of mobile devices: https://nigerianstat.gov.ng/elibrary/read/1241437
EFinA	Financial inclusion: https://efina.org.ng/our-work/research/access/
World Bank	Remittance datasets for Sub Sahara Africa: https://datacatalog.worldbank.org/
Statistica	Nigeria: https://www.statista.com/search/?q=Nigeria+&q=&Search=&p=1 Fintech in Nigeria: https://www.statista.com/statistics/1337968/share-offintech-startups-in-nigeria-by-sub-sector/ Internet use in Nigeria: https://www.statista.com/statistics/183849/internetusers-nigeria/
Migration Data Portal Nigeria	https://migrationdataportal.org/data?i=stockabs&t=2020&cm49=566
Central Bank of Nigeria	Register of approved Money Transfer Operators: https://www.cbn.gov.ng/out/2021/ccd/updated%20list%20of%20international%20money%20transfer%20operators%20in%20nigeria%20as%20at%201st%20april.pdf
	Forex demand: https://www.cbn.gov.ng/rates/dutch.asp
	Guidelines for IMTO business: https://www.cbn.gov.ng/Out/2024/TED/Revised%20IMTO%20Guidelines%20-%20January,%202024.pdf
Financial Conduct Authority UK	https://www.fca.org.uk/data
	Agreements with overseas regulators: https://www.fca.org.uk/about/how-we-regulate/international-standards-regulations/agreements-overseas-regulators
	Small Payment Institutions: https://www.fca.org.uk/freedom-information/investigations-and-authorisation-payment-and-electronic-money-institutions-january-2022
	Money Transfer Market in the UK: https://www.fca.org.uk/publication/foi/foi6033-response-annex-a-information-provided.pdf

3.4 Data Analysis Methods

3.4.1 Quantitative Data

According to Palmer (2019), the quantitative approach is often associated with uncovering evidence to either support or reject the hypotheses formulated at the earlier stages of a research process. The quantitative data for this research was collated via surveys collected via the UCL's JISC online survey tool. This tool was suitable because no special category information was captured in the survey questions. The survey responses were downloaded using the approved UCL statistical analysis tool SPSS 26. The survey provided service preferences of MTOs by Nigerians in the UK and Nigeria. The analysis generated descriptive statistics, primary frequency data, and some perception/opinion data. This information contributed to answering this study's first research questions and set a foundation to shortlist the right organisations for the more in-depth exploration of the qualitative data collection phase.

3.4.2 Qualitative Data

The data from interviews and focus discussion groups (FDGs) were collected in written notes and audio and video recordings. All participants' details were pseudonymised following the requirements of the current General Data Protection Regulation (GDPR). All the data were transcribed and uploaded to the UCL secure services per the data management strategy, as approved by UCL Legal Services.

All digitalised qualitative data were also uploaded to qualitative analysis software, SPSS. Data analysis was done to account for themes as they emerge; hence, this

study used a structured thematic approach (Attride-Stirling, 2016) to catalogue the data. The thematic analysis emphasised pinpointing, examining and identifying patterns (themes) within data and, as an instrument for analysing data, entailed coding, theming, decontextualizing and re-contextualizing the data in a credible manner that assured the validity and trustworthiness of the research study (Braun & Clarke, 2006; Nowell et al., 2017). Simultaneously, SPSS coding software, a UCL-preferred qualitative analysis tool, was used to identify relationships between themes and evidence of the research findings and conclusions.

3.5 Summary Considerations on Data Analysis

Integrating qualitative and quantitative data can be complex and time-consuming, potentially leading to difficulties in synthesising findings. There is a risk of over-emphasising convergence and underplaying divergences in the data.

Despite these complexities, the multi-sited approach provided an invaluable vantage point for studying the multi-local, multi-directional dynamics linking migration, remittances, and entrepreneurship. By following the flows and connections, I generated novel insights into how transnational individuals leverage remittance capabilities and entrepreneurial strategies to forge livelihoods that transcend national boundaries.

3.6 Further Considerations

3.6.1 Ethics

This research followed the ethical principles in accordance with guidelines set out by the UCL Ethics Committee. The research was registered with the UCL Data Protection service and has received approval from the UCL Research Ethics Committee (Ref: 16617/001). A risk assessment for face-to-face research in the prevailing environment of the COVID-19 pandemic was also assessed. All activities performed in this study involving human participants were in accordance with the ethical standards laid down in the 1964 Declaration of Helsinki and its later amendments. The ethical issues identified were as follows:

Voluntary informed consent: This research built informed consent into its design. All participants and organisations went through a process by which they confirmed their willingness to participate on a voluntary basis. The consent form and clearly stated the purpose and intent of the interviews to ensure the interviewee understood the purpose of the research and their contribution to it. There was documented evidence of the subject's decision to participate**.**

Collecting personal information: The researcher ensured that minimal personal information was collected, and the information was stored according to the data management plan. All information used for the research was based on GDPR principles, ensuring that only the required information and minimal personal identifiers were used with participants. Coded numbers were assigned to individual interviewees, where personal data was removed from an individual's data. Where

participants are mentioned or quoted in the thesis, a pseudonym is used to preserve the anonymity and identity of the participant from the reader.

3.6.2 Financial Support or Sponsorship

The research had no financial support from any of the organisations or participants that could influence the independence of the study. There were no conflicts of interest, as the researcher has no economic or financial affiliation with any of the interviewers. There was no financial gain or incentive for the researcher to engage in this research.

3.6.3 Providing Incentives

No incentives were offered to participants, and no cash or 'in-kind' benefits were provided to research participants. Research participants were aware that they would not receive any incentives for participation. The consent form and survey notices signposted information to report any violation of this commitment.

3.6.4 Commercially Sensitive Information

If commercially sensitive information between competing organisations were to be uncovered during this research, the researcher would have spoken with the UCL Research Contracts team to seek advice on the most appropriate form and content of the agreement to support the research activity. Furthermore, the researcher was bound by the confidentiality clause and agreement in the consent form.

3.6.5 Non-Maleficence

The researcher adhered to the principle of doing no harm to participants in this research. The researcher treated findings with confidentiality and interpreted them reasonably, with no intention of harming an organisation or a community. Furthermore, the researcher identified the following risks and indicated how they were to be managed and mitigated:

a. **Physical**: There was a negligible risk of physical exposure to persons infected with COVID-19 during interviews. This was mitigated by taking personal protective equipment such as gloves and facemasks and keeping to social distancing rules. Furthermore, using online tools like video conferencing, virtual platforms like Zoom, or the telephone, significantly reduced this risk.
b. **Loss of confidentiality**: Great care was exercised in obtaining, handling, and storing data. To minimize the risk of loss of confidentiality, this study only collected personal information that is essential to the research activity. As personal data must be collected, they were coded as early in the activity as possible and securely stored so that only the investigator and authorised staff may access it.

Legal: If, in the course of this study, the researcher discovered a violation of the law, either by revealing that the participants or organisations had engaged in conduct for which the participants or others would be criminally or civilly liable, the researcher

would have immediately notified the Lead Investigator and the faculty, for advice and guidance on how to proceed. All participants were over 18, none were considered vulnerable, and topics discussed were not considered to be sensitive.

3.7 Positionality and The Researcher's Role in the Research Process

According to Coghlan and Brydon-Miller (2014), positionality refers to a researcher's stance, or 'positioning', in relation to the socio-political context of the research study. Positionality also refers to the researcher's social location, personal experiences, and theoretical stance, all of which shape the research process from conception to dissemination (Holmes, 2020). This could be the community, organisations, or the participant group. A researcher's positionality could influence an entire study, starting from the framing of research questions, recruitment of participants, the conduct of the research, how knowledge is constructed and acted upon, and finally, how research findings are disseminated.

As a middle-class woman and a British citizen of Nigerian descent with many years of business experience, with a good knowledge of the financial services industry, and as a regular user of remittance services, this could have created issues of positionality. In one sense, it was helpful and advantageous for me in the recruitment of participants and also in gaining their trust during interviews; however, it was equally important that I was able to maintain a distance during the research process. I have attempted to give cognisance in the study to the 'etic/emic' dilemma existing in undertaking a 'familiar context', where one is

perceived as an insider (Mandiyanike, 2009). The dichotomy of insider/outsider that is often ascribed to the positionality of research, especially the presumption that a cultural 'insider' could produce more superior data than an 'outsider', is problematic.

Furthermore, as an insider, I share cultural knowledge, experiences, and understanding with many of the study participants. This insider status provides three main advantages: 1) Cultural competence: My familiarity with Nigerian and British cultures allows me to navigate and interpret cultural nuances that may be less apparent to outsider researchers. 2) Trust and access: Being part of the diaspora community facilitated introductions and easier access for participants, which led to more open and honest responses.3) Linguistic advantage: My ability to understand and communicate in Nigerian idioms and pidgin, when necessary, enhanced understanding and interpretation of primary data. However, I must also acknowledge my outsider status in certain aspects; as a second-generation British Nigerian, my experiences differed from those of other generations within the diaspora. Also, Nigeria's diverse ethnic landscape means that my specific ethnic background positioned me as an outsider to participants from different Nigerian ethnic groups. Additionally, my position as a researcher set me apart from some participants, particularly those involved in informal financial practices, and I had to go through trusted community gatekeepers to gain access to their networks. Although the overall topic of remittances and diaspora entrepreneurship was not inherently sensitive, personal experiences and information related to informal remittance practices could be highly sensitive. This

researcher mitigated these challenges by ensuring participants' confidentiality, and personal information was protected throughout.

Positionality also helps the researcher to identify personal biases that might influence the data analysis and interpretation, thus affecting the validity and reliability of the study's findings. As a way of mitigating this, the researcher employed bracketing techniques during the research process. Bracketing, according to Gearing (2004), entails the deliberate suspension of personal biases, presuppositions, assumptions, and theories from having deleterious consequences on the research.

However, since researching Nigeria might have also evoked a sense of belonging and membership, which could indicate connectedness, resolving the delicate balance of shared familiarity (also shared identities, culture, nationality, language, and social interaction) with some of the research participants could facilitate access to information, which could have otherwise been difficult. Similarly, the commonality of shared heritage could foster belonging and a sense of solidarity that could engender trust in the research process and in sharing information (Dwyer & Buckle, 2009). Thus, the utility of shared identities was beneficial in facilitating a more nuanced understanding of issues and shared meaning, providing credibility (credence) to the data collected from fieldwork.

Giwa (2015) and Shadare (2019) have drawn attention to the politics of identity, its complexity, and its performativity in researching 'home' for scholars from the Global South domiciled in northern institutions of learning. Therefore, the politics of identity and the multiple sub-identities that arise from my 'influential position' as a

researcher have been rightfully acknowledged (Kapoor, 2004; Giwa, 2015; Shadare, 2019). Similarly, the research was approached with different sub-identities based on my age, status, gender, and class. These different/multiple identities were projected, premised on the situation and location (Valentine, 2007), and used to negotiate and maintain access during data collection stages. This also demanded a greater application of reflexivity in defining the extent of similarity and difference within seemingly similar cohorts of research participants (Giwa, 2015; Shadare, 2019).

3.8 Conclusion

Conducting this research was both a rewarding and challenging experience. In addition to the practical challenges previously mentioned, earning the trust of participants proved to be the most difficult aspect. This required careful navigation of ethical considerations and reliance on gatekeepers within the community. Despite being a British Nigerian, I became acutely aware that I was perceived as an outsider within some parts of the community, necessitating efforts to build trust and rapport. It was only through being vouched for by community gatekeepers, ensuring confidentiality, and showing cultural sensitivity that I was able to gain their trust and collect meaningful data. This experience has deepened my understanding of the intricate dynamics at play when conducting research in familiar yet distant cultural contexts.

This chapter has outlined a comprehensive mixed methods approach to examining the complex dynamics of remittances and entrepreneurship within the

British Nigerian diaspora. The research design, incorporating semi-structured interviews, surveys, focus groups, and analysis of existing datasets, provides a robust framework for addressing the multifaceted research questions. This approach allows for triangulation of data sources, enhancing the validity and reliability of the findings.

The multi-sited ethnographic design, spanning locations in both the UK and Nigeria, captures the transnational nature of diaspora practices. This approach enables a nuanced understanding of how remittance and entrepreneurship practices are shaped by both 'home' and 'host' country contexts, revealing connections, flows, and frictions between different sites.

This researcher's positionality as a member of the British Nigerian diaspora has been critically examined, acknowledging both the advantages and potential biases this insider-outsider status brings to the study. This reflexive stance enhances the credibility of the research while remaining vigilant to the complexities of studying one's own community.

A key theme emerging from the methodology is the central role of trust in shaping diaspora financial practices. The focus groups and interviews have revealed how trust operates differently in formal and informal systems, with personal relationships and community ties playing a crucial role in informal networks. This understanding of trust dynamics will be essential in analysing the barriers to participation in the formal remittance industry. The chapter has also highlighted the challenges faced in conducting this research, including navigating complex ethical considerations, managing datasets from multiple sources, and addressing

potential biases in data collection and analysis. These challenges have been addressed through rigorous methodological approaches and ongoing reflexivity.

This methodological foundation will be crucial as we move into the next chapter on the international money transfer ecosystem. The mixed-methods approach provides a comprehensive lens through which to examine the formal and informal structures of the remittance industry. The insights gained from the multi-sited approach and the researcher's unique positionality will inform a nuanced analysis of why there is limited diaspora participation in the formal remittance sector.

CHAPTER FOUR: DESCRIBING AND ANALYSING THE INTERNATIONAL MONEY TRANSFER ECOSYSTEM

4.1 Overview

The ability to send and receive money across international borders has become increasingly crucial in today's globalised world. The international money transfer ecosystem facilitates the movement of funds between individuals, businesses, and institutions in different countries. This ecosystem encompasses a diverse array of players, including banks, money transfer operators (MTOs), fintech companies, mobile money providers, and regulatory bodies. The ecosystem extends far beyond just remittances. It also facilitates cross-border payments for businesses engaged in international trade, enables global payroll and contractor payments for multinational companies, and allows individuals to send money to family members or make purchases abroad. The ecosystem is shaped by a complex interplay of factors, including regulatory frameworks, exchange rate dynamics, digital innovation, and market competition.

Technical innovations, such as online money transfers and Internet-based peer-to-peer systems that facilitate digital money in various forms, still operate in a social and institutional ecosystem that presents significant barriers to new entrants in general and to African and African-diaspora entrepreneurs in particular. The emergence of these peer-to-peer online services has made retail remittance shops far less appealing and has dramatically increased consumers' convenience in

sending and receiving remittances. Established players like Western Union, MoneyGram, and newer fintech disruptors like Wise and PayPal continually evolve their services and business models to cater to changing consumer demands and leverage technological advancements.

In its scientific usage, an ecosystem is a group of living organisms found within a specific physical environment within a particular unit of space. Scientists focus on the relationships between the organisms and the environment to understand how energy, water and carbon move within the system and thereby to explore the web of life connecting different species together. The term "social and institutional ecosystem" is now widely used metaphorically to describe phenomena produced by humans, which involve multiple actors, commodities and services. When used in this way it suggests the dynamic, interconnected and interdependent nature of whatever is being analysed, such as the financial markets (Gual & Norgaard, 2010). In this chapter, the thesis directly addresses the research question of how the UK-Nigeria remittance ecosystem works (Who are the main actors? How is the ecosystem changing?) The research methods used for this chapter included examining existing literature on the UK-Nigeria remittance corridor, including World Bank reports and academic papers. Conducting interviews with various actors in the remittance ecosystem, including remittance service providers, regulators, focus group participants, British Nigerians involved in the formal and informal UK-Nigeria remittance corridor and remittance recipients in Nigeria. The emerging arguments help to engage with the later research questions on how these remittances are regulated and governed.

Like a natural ecosystem, the remittance system involves complex interactions between technological innovations, regulations, cultural norms, and economic factors. Crucially, the stakeholders' interests are not always aligned – so the Nigerian state, for example, may have very different incentives to those sending and receiving remittances: "The primary motivation behind remittances for migrants is to help the people they left behind. Policymakers and governments are more interested in leveraging remittances for wider development purposes" (Bolaji, 2022)

Understanding this ecosystem highlights the significance of existing barriers and challenges facing new entrants, mainly African and African-diaspora entrepreneurs, as they navigate the intricate web of relationships and dynamics within the remittance ecosystem. In short, I support the academic literature that argues that technological changes, while dramatic, do not necessarily change the wider structural environment (Bernards & Campbell-Verduyn, 2019; Villanthenkodath & Mahalik, 2022).

The four main sections of the chapter aim to provide a thorough account of how the operational aspects of the money transfer sector works and how it has changed since the turn of the Millennium. This work lays the ground for the later analysis of regulators, remittances and entrepreneurship as it sets out the genealogy of peer-to-peer money transfer services. After this introduction, section 4.2 analyses the complexity and diversity of remittance channels and highlights the analytical usefulness of a distinction between formal and informal remittance channels. This distinction is necessary to understand the variety of remittance practices and the role of unregulated routes. The following section, 4.3, highlights the gatekeepers

that are the backbone of the global electronic finance infrastructure, and that the effectiveness of money transfer channels is heavily influenced by the broader institutional environment, which includes laws, regulations, financial infrastructure, and government policies. These elements shape the efficiency, legitimacy, and accessibility of remittance services. Although the effects are unpredictable, the institutional environment can significantly impact remitters and new entrants. In section 4.4, I engage particularly with the work of Black et al. (2020), which suggests that the growth of peer-to-peer transfer is the most significant institutional evolution in recent years. I concur that digitalisation, particularly the rise of peer-to-peer (P2P) digital transfers, has significantly altered the remittance landscape and challenged traditional players in the remittance market. However, I argue that this has not necessarily altered the broader structural environment, which remains complex and filled with barriers, especially for new entrants from the African diaspora.

4.2 Formal and Informal International Money Transfer

Most money transfer procedures in the twenty-first century use online transfers (Metzger et al., 2019). Money travels from one institution or bank account to another via electronic transfer through electronic instruction signals that trigger the institution to make the necessary book-keeping entries and cash available (He et al., 2017). This process involves a series of players and payment instruction messages, beginning with the sender's instructions and further instructions between the financial institutions and ending with the beneficiary.

When considering this system, the first analytical distinction that is often made is between formal and informal remittance channels. This formal/informal binary is popular across the social sciences and is used to analyse sites across the globe. It dates to at least the 1970s and the work of anthropologist Keith Hart - who is acknowledged for his research on the informal economy (Hart, 1973). Formal activities are visible to the state and subject to rigorous application of the law and other regulations. They contribute to the state's income via taxation and other state-based fees. In contrast, informal activities operate outside state structures, do not adhere so closely to regulations, and do not contribute to taxation.

The binary distinction between formal and informal work has been extensively critiqued by scholars who reveal that activities frequently "straddle" this divide. Early studies, such as by David (1982), highlight that even street hawking, typically classified as informal, is often regulated by formal mechanisms like police oversight and licensing requirements. This observation shows how informality is subject to formalised controls in ways that blur the lines between formal and informal economies. Diamond Ashiagbor's (2019), explores how individuals and activities fluidly move between formal and informal spheres, underscoring that this "straddling" is an embedded characteristic of modern labour markets. The concept reveals a structural overlap, where informal mechanisms, such as social contacts for job acquisition, often influence formal sectors (Ashiagbor, 2019)

However, despite this critique, the use of formal and informal remains a helpful distinction when considering remittance networks because it identifies at least three groups of financial service providers with different characteristics and operations within the UK.

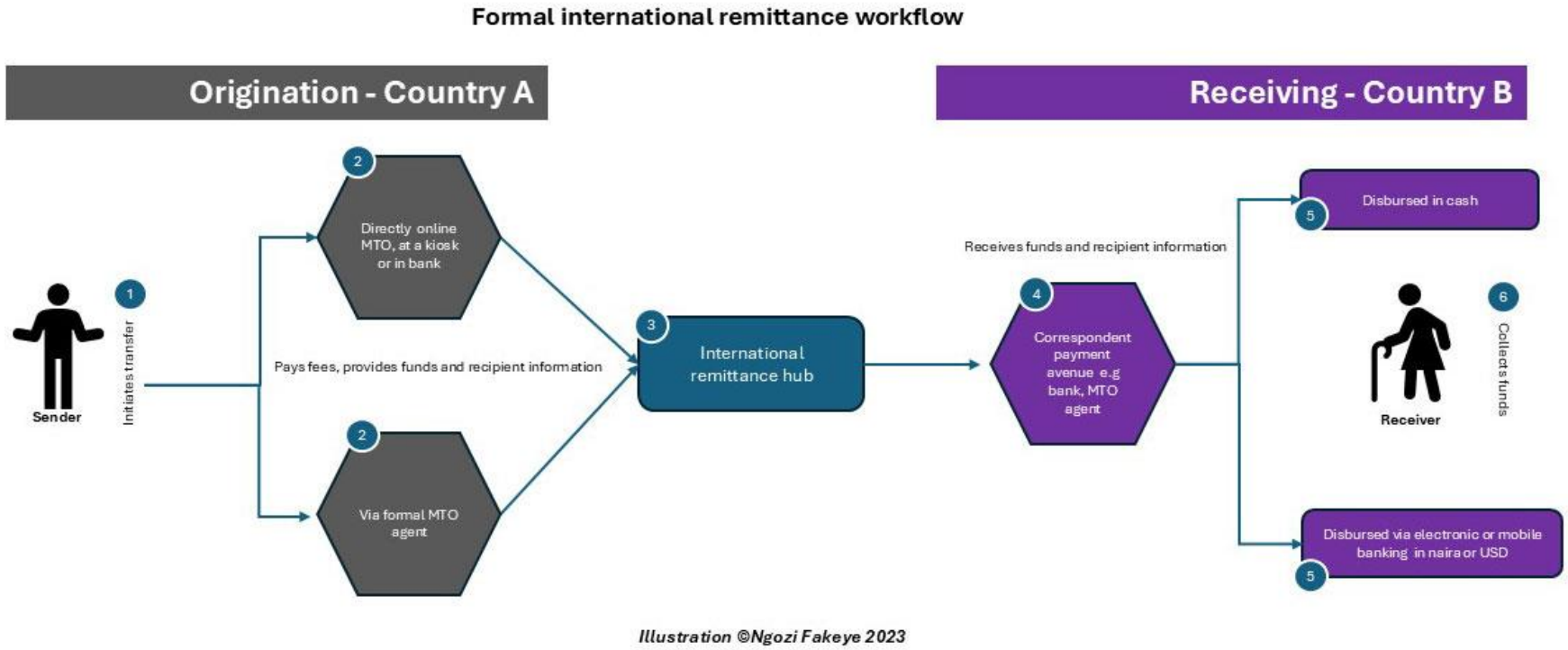
Consumers can identify the benefits and drawbacks of both formal and informal MTOs, and this then influences the choice they make regarding which service to use. These choices then impact the scale and pattern of remittance flows. Separate regulatory regimes also apply to formal and informal channels in Nigeria, influencing cost, accessibility, reliability, and trust. The distinction acknowledges the unique needs of remittance users, facilitates targeted policy interventions, addresses risk profiles, fosters innovation, and enhances financial inclusion in the global money transfer landscape (Jonker & Kosse, 2022).

4.2.1 Formal International Money Transfer

Formal money transfer operators (MTOs) are the most visible link between the remitter (the person sending the money) and the receiver (the person receiving the money) (Elmi & Ngwenyama, 2020a). These companies are part of a broader financial services landscape. They may be specialists (such as MoneyGram or Western Union), branches of bigger finance houses (such as retail banks), or postal offices.

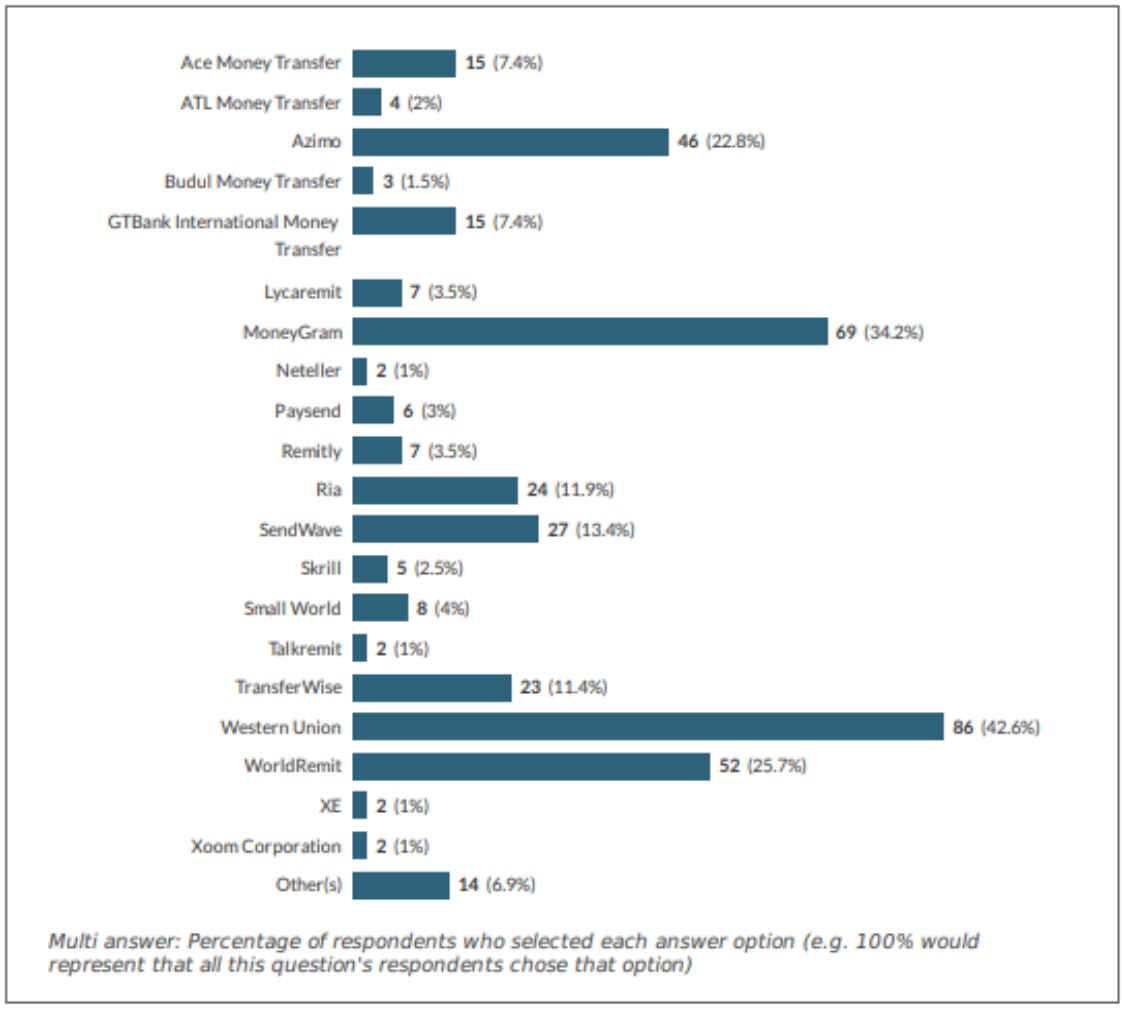
These formal MTOs are a key gateway through which money is remitted worldwide, including between the UK and Nigeria.

Figure 4.1. Formal international money transfer service flow



As illustrated in Figure 4.1 formal international money transfers are operated by officially registered and regulated entities like banks and money transfer operators (MTOs) and are subject to financial regulations, supervision, and anti-money laundering requirements. The transactions are recorded and accounted for in official records. From the 2000's, digitalisation has increased the number of players beyond the duopoly of Money Gram and Western Union. Figure 4.2 highlights the number of operators used by the survey response group in the UK in response to the survey question ***Which of these international money operator(s) have you used?*** (Figure 4.2).

Figure 4.2. Q8. Which of these international money operator(s) have you used? 557 Nigerians in The UK on money transfer service preferences 14/12/2020 to 30/06/2021



To understand consumer preferences, this research surveyed 557 Nigerians in London, establishing that although MoneyGram and Western Union had the highest brand recognition and seem to still dominate the market, the presence of many other competitors would suggest that their dominance is being eroded. This supports the assessments made by stock-market analysis in forecasting the decline in market share and revenue of MoneyGram and Western Union due to the arrival of new competitors and digital payment platforms (Zacks, 2019). Notably, the survey also revealed that about 6.9 per cent of participants selected 'others' to represent suppliers that were not on the formal list. Some of these 'others' defined as "other remittance services" by (Kosse & Vermeulen, 2014, p. 66) form part of the peer-to-peer operators because they do not fall within the category of officially registered entities.

According to the UK and Nigerian survey data, respondents reported that their choice of MTO is based on three key factors. The first key factor that determines remitter behaviour is payment processing fees. The fee varies by supplier based on the delivery channel and receiving method. However, this fee can be as high as 10 per cent of the total amount when sending to Nigeria, which is higher than sending to India, China, or Mexico (Ahmed et al., 2021). Table 4.1 shows the significant variation in the payment processing fees.

Table 4.1: cost to send GBP120 from the UK to Nigeria
The World Bank (2020b) correct as of January 22, 2023.

MTOs	Payment instrument	Access point	Transfer speed	Receiving method	% cost to send GBP120 from the UK to Nigeria
WorldRemit	Bank account transfer/ debit credit card	Internet	Less than one hour	Bank account transfer	0.40
Transferwise/ Wise	Bank account transfer	Internet	Same day	Bank account transfer	1.45
Moneyline UK	Bank account transfer	Call Centre Agent	Same day	Bank account transfer	1.50
Azimo	Bank account transfer	Internet	Same day	Bank account transfer	1.99
Lyca Remit	Bank account transfer	Internet	Same day	Cash/mobile wallet	2.50
SmallWorld	Bank account transfer	Agent/Internet	Less than one hour	Cash	4.84
Ria	Debit credit card	Internet/Agent	Same day	Cash	9.00
MoneyGram	Bank account transfer/ debit credit card	Agent/Internet	Less than one hour	Cash	10.01
Western Union	Bank account transfer	Agent/Internet	Less than one hour	Cash	10.09

The second key factor from the remitter's perspective is how their beneficiary would access the funds sent. This remitting behaviour is influenced by what happens at the beneficiary's end. In the past, most recipients that we know about accessed funds through banks, post offices or specialist financial services channels and agents, like Bureaux de Changes, and this remains important in the present (CBN, 2015; Hernández-Coss & Bun, 2007). However, credit transfers direct to 'mobile money' wallets on smartphones are often seen as much more convenient from the recipient's perspective.

Although the need to comply with national and international financial regulations governs money transfer, there is still considerable variation in how people collect their money due to a lack of modern banking knowledge or formal financial institutions where they live (Metzger et al., 2019). For example, in the survey of 548 adult Nigerians (see Table 4.2), the majority (53.3%) of the respondents of this study received money from the UK via Electronic transfer, while 39.6% of respondents received money from the UK via cash, and the remaining 7.1% received money from the UK via alternative services or goods. This matters in understanding that how payments are received back home could mean that the cheapest channel may not be the most widely used, based on comparing the data in Table 4.2 and Figure 4.2.

Table 4.2. Q7. How did you receive your money? Responses from 548 Nigerians in Nigeria on money transfer service from the UK.

Q7 How did you receive your money?

		Frequency	Per cent	Valid Percent	Cumulative Percent
Valid	Alternative services or goods	39	7.1	7.1	7.1
	Cash	217	39.6	39.6	46.7
	Electronic transfer	292	53.3	53.3	100.0
	Total	548	100.0	100.0	

The third factor shaping the remitter's choice is how much their beneficiaries receive from the sum after fees are accounted for, which is determined by the exchange rate between currencies. What the recipient receives when money is sent via an MTO varies greatly. This might be because different MTOs often have different conversion rates, but more importantly, it relates to whether recipients can take advantage of the black-market conversion rate, as discussed in section 1.3. For example, the Nigerian foreign currency market is characterised by a significant discrepancy between the international market rate (the bank rate) and the parallel rate (the black-market rate, which is higher) (Isaac, 2015; Dada et al., 2021). The parallel or black-market is a widely used but technically illegal part of the currency trading market where currencies are bought and sold outside the Central or National formal banking institutions (Roy et al., 2022). If a remitter uses a service that enables them to transfer their money into a 'domiciliary account' in Nigeria, then they can take advantage of the black-market rate. This is applicable to the key operators identified in the survey.

A domiciliary account is a bank account that allows the user to fund it with foreign currencies such as dollars, pounds sterling or euros and enables foreign transactions on that account (Domiciliary Account, GTBank). Domiciliary accounts in Nigeria can only be funded electronically, but withdrawals can be made in cash. The users of domiciliary accounts have the option to withdraw money in local currency (naira) at the bank rate or to withdraw the foreign currency as physical dollars, euros, pounds, etcetera and then exchange it later for naira at the black-market rate outside the bank (Lawal et al., 2021). Consumers who are choosing which remittance service to use may well make a decision based on whether the recipient plans to use the black- market or not.

In summary, formal international money transfer channels, represented by well-known companies like Western Union and MoneyGram, play a crucial role in remittance transactions. Remitters choose these channels based on three key factors: payment processing fees, ease by which recipients access funds, and the amount beneficiaries will ultimately receive. While formal MTOs provide brand recognition which connotes convenience, reliability and security, they come with relatively higher costs and unappealing exchange rates as the next section will show. The formal/informal distinction helps to understand the complexities of remittance channels and the influence of regulatory frameworks.

4.2.2 Informal International Money Transfer Channels

Informal Money Transfer Channels (IMTCs) can be defined as “other remittance services” (Kosse & Vermeulen, 2014, p. 66) that operate outside of official financial

regulations and supervision. This is in the sense that they do not fall within the category of officially registered entities such as banks, post offices or licensed money transfer operators (MTOs). Metzger et al. (2019) further state that formal channels need to be officially verified and publicly used; anything else can therefore be termed 'informal'. Examples of informal channels include carrying cash or ATM withdrawals in the destination country (Kosse & Vermeulen, 2014), Hawala, Fei Ch'ein, Hundi, Padala, and Bitcoin-based options (Metzger et al., 2019). - Some of these systems transfer value without physically moving money across borders and lack formal contracts or consumer protection mechanisms, so transfers carry the risk of not being received.

As Figure 4.2 demonstrates, a significant percentage of Nigerians in the UK consumers appear to have sought other channels to send their remittances. At the simplest level, these routes might not be companies at all; instead, they are exchanges between individuals. The individuals concerned in the transfer are often friends or at least move within shared social networks. In some cases, the use of informal channels as a preference is to patronise someone with whom the sender shares some sentimental affiliation. For example, one of the respondents in the study states that she started using the informal service because the service provider was from the same village in Nigeria.

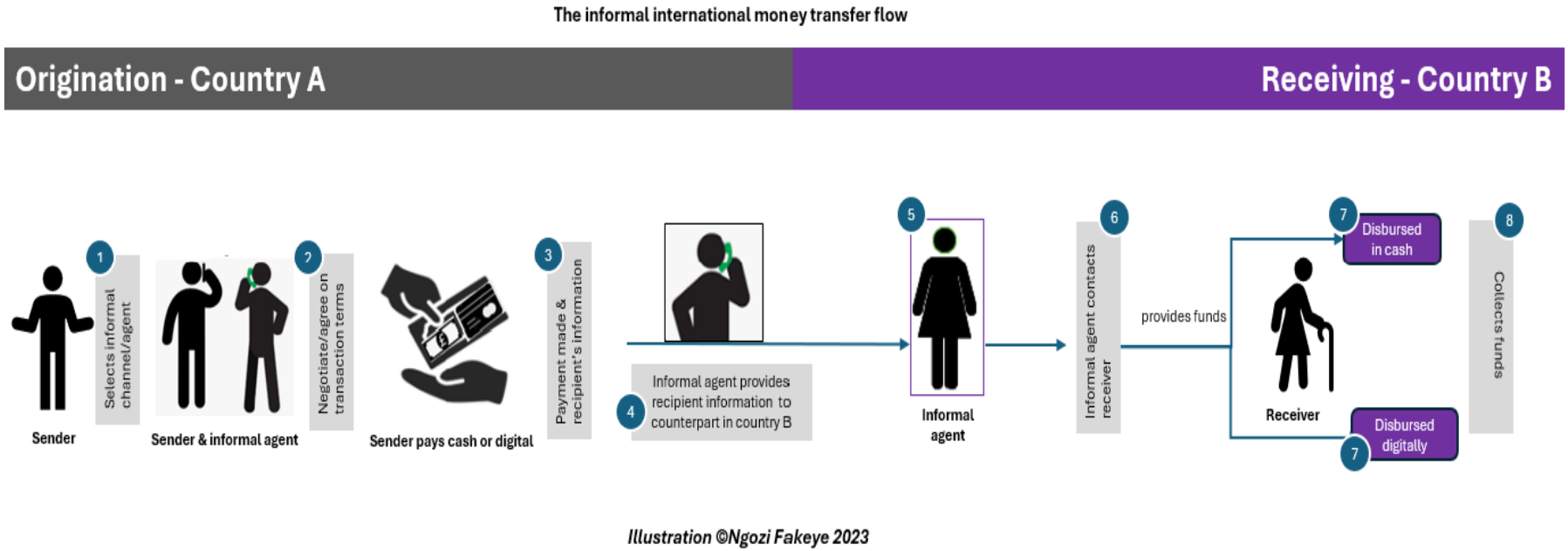
"I trust Rose because she is from Ohafia (a town in Abia state, Nigeria); she is my sister, so we know each other very well, and she will help me."[6]

This comment reflects the significant role of social capital and kinship ties in informal remittance networks. In this case, the motivation for offering remittance services goes beyond financial profit and taps into a broader system of mutual assistance built on trust and social obligation within tight-knit communities.

This type of informal remittance channel, often referred to as a "trust-based" system, allows individuals to send money back home without the complexities of formal financial institutions. Trust is the primary currency in these networks, and individuals rely on kinship and ethnic bonds to ensure that the money is delivered. As noted by Cirolia et al. (2022), such systems often operate outside the purview of regulators, requiring no documentation or formal oversight. These transactions remain anonymous and largely invisible to regulatory authorities, making them resilient but also challenging to monitor or integrate into formal financial systems. In this case, the motivation for providing such services is not necessarily profit but could be part of an ecosystem of mutual assistance and trust. These remittance pathways often require no documentation and are thus anonymous and often completely invisible to regulators (ibid, 2022).

[6] Respondent G13 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

Figure 4.3. illustrating an informal international money transfer service flow



To illustrate, a Nigerian worker in the UK (country A) may decide to send money to their family in Nigeria using an informal method. The sender could use friends or family members. However, for this research illustration, they are using an informal agent recommended via their mutual ethnic connections. The sender and the agent negotiate the terms of the transaction, such as the exchange rate if the recipient is collecting in local currency and the fees for the service. The sender provides the agent with the amount of money to be transferred, the fees and the recipient's details.

The agent in country A is part of a network of informal money transfer service providers that operate based on trust and personal connections. The agent in country A then contacts a counterpart agent in Nigeria (country B), informing them of the transaction details. The counterpart agent in Nigeria contacts the recipient, often via phone or text message, to inform them that the money is available for collection . The recipient chooses their preferred way to collect, receives their remittance, and informs the sender. This completes the informal money transfer service. See Figure 4.3.

This process takes an average of seven days to conclude, depending on the value of the transaction and the availability of funds with counterpart agents in country B.

The informal agents in the UK and Nigeria settle the transaction through various means, including balancing accounts with other trade transactions, by buying goods and services in the UK, such as industrial equipment and paying school fees. So, for example, if a resident in Nigeria has a bill they want settled in the UK, this can

be paid by the agent in the UK and used to balance the debt that has been incurred by the informal agent in Nigeria during the first transaction. This settlement process is often opaque and relies heavily on mutual trust and long-standing relationships. Responding to how she gets the money received in the UK to Nigeria, an informal service provider responds:

"I have friends in Nigeria who help me settle the person collecting the money (receiver). I don't need to send them money because they usually want my help to buy British provisions like cornflakes, baked beans and toothpaste for their supermarkets. I help pay people's school fees and even give their children pocket money. We understand ourselves, so help each other."[7]

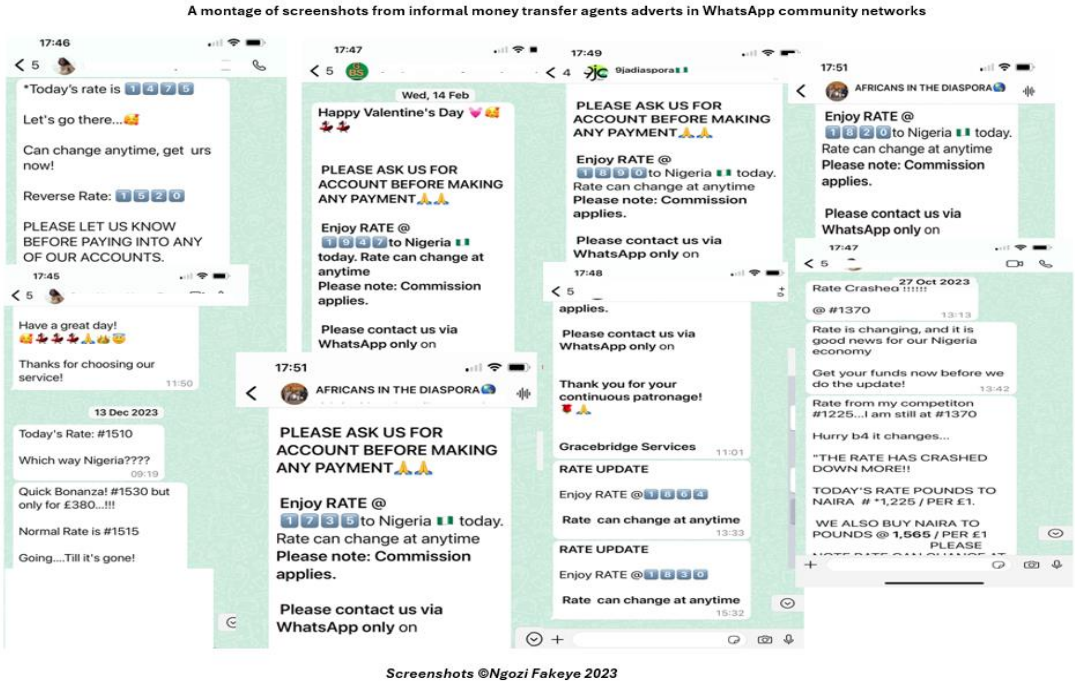
This exemplifies the business model of informal transfers, where cash transactions are repurposed by either converting them into goods to be shipped to Nigeria or used to make payments within the UK. This approach avoids transporting physical cash or transferring large sums of money internationally, thereby circumventing international money transfer regulations. In effect, two related balanced transactions have been made one in Nigeria and one in the UK, but no money has actually moved between the two countries.

The World Bank estimates that informal transfers may account for 35 to 250 per cent of the total formal foreign remittances (Akoyi, 2019). This very wide range of

[7] Interview on 15/03/22 with RPG.A, a British Nigerian informal MTO in the UK

estimates highlights the challenges of concluding how much money flows via different routes. The evidence from the survey and interviews in this thesis suggests that the upper end of this range is not implausible. These informal MTOs do not operate in the shadows. They advertise on social media platforms (see Figure 4.4) and promote their services within community networks.

Figure 4.4. A montage of screen shots of adverts from informal agents on six community WhatsApp groups



Screenshots ©Ngozi Fakeye 2023

Furthermore, these businesses are often owned and operated by Nigerians who offer transactions in the UK, based on the black-market naira exchange rate in Nigeria, which is a significant draw to their customers, who are often deterred by the volatility and complexity of the conversion rates of other methods (Black et al., 2020; Hernández-Coss & Bun, 2007). As highlighted in Table 4.1, the informal operators offer favourable exchange rates compared to the formal channels. For example, in January 2020, naira to sterling black-market rates were 23% more in

value than most formal channels. Formal channels were offering an exchange rate of NGN504 to GBP1, against the informal channels who offered USD620 to GBP1.

Transactions are often cash-to-cash or cash-to-bank account services, where the remitter in London gives the MTO the cash for the recipient in Nigeria to be paid in local currency, either in cash or into a local bank account. These informal MTOs have four main benefits: better exchange rates, less volatile rates, less demanding security checks for the remitters, and business owners who are often known personally by customers (Roy et al., 2022). This is a critical success factor in attracting customers who may be wary of the inconvenience of security requirements that must be met before using the services of formal MTOs. A Nigerian who uses this service provider corroborated this view by explaining the disincentive of using formal MTOs:

"...These people are just making it hard for us [Nigerians]. If you send money home, they [the UK bank or MTO] will be asking all sorts of questions as if you are a thief, but with my sister [providing peer-to-peer services] no problem, ..."[8]

Informal transfers are popular for several reasons, for example, the status of residency in a new country. Formal money transfer operators and banks in the UK

[8] Respondent A4- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

typically require identification documents like national insurance numbers to open accounts and conduct transfers. In their research, Handlin et al. highlighted that migrants use informal channels because the sender may not have the legal documents needed to meet KYC requirements. Other advantages of the informal channel are the favourable foreign exchange rates back home and the cost and inconveniences that come with formal financial options (Washington, 2007). Abiola (2021) found that most Nigerians abroad will opt for informal transfers because they offer the best exchange rates.

Digitalisation has significantly emboldened these services to reach a wider network via closed social networks like Telegram and WhatsApp, as well as the ability to make digital transfers. This is in line with the argument made by Olatunji (2020) that technology in the modern financial ecosystem has proven to be the main driver behind the growth of peer-to-peer transactions. Olatunji uses the term “Fintech”, an abbreviation of financial technology, to describe the new forms of money transfer systems (often smartphone-based). Some of these fintech routes operate outside formal regulatory structures and offer better exchange and less volatile rates, making them attractive to customers. These informal providers locate new customers and remain competitive by taking advantage of digital tools, but they also use digital banking to facilitate the transaction. They charge a small, fixed fee for this service, i.e. GBP15 to send GBP500 and GBP30 to send GBP1,000[9]. They

[9]Interview on 2/12/21 with Mr. i7, a British Nigerian entrepreneur in the UK

advertise daily with the latest black-market rates and often promote their offers by being flexible about the service fee. Although there is an average, the fees can be negotiated to zero. The informal operator uses personal bank accounts for their services.

Since 2020, these informal services have become much more popular. This service may have begun out of trust and friendship but has grown based on necessity. Evidence from this research suggests that it became very popular in the Nigerian community in the UK following a Government of Nigeria ban on payments of remittances in naira that ran from December 2020 to February 2024 (CBN, 2020c; Bolaji, 2022; Oloruntade & Augustine, 2024). In November 2020, the Central Bank of Nigeria (CBN) declared that Nigerians could only receive remittance payments through the U.S. dollar. (CBN, 2020c). In this policy change, CBN also declared that only commercial banks could transfer funds onward to clients. The policy was supposed to create more transparency in the administration of diaspora remittances in Nigeria by tightening regulations for the benefit of remitters and the Nigerian economy. However, it created significant inconveniences for the receiver. A typical scenario for recipients started with the loss of value of the amount initially sent as pounds on arrival to the Nigerian bank account because the bank rate for the dollar was at the discretion of the disbursing bank. As a research participant receiver in Nigeria said,

"*My daughter in UK sent me GBP500, so I was not sure what I going to receive in Nigeria, and they could not tell my daughter. But we knew that the dollar was less in exchange rate than the pounds, so expected about USD700. But lo and behold, the*

bank said they would only give me USD550. I asked them why, they did not explain how they calculated it, and that was it. They cheated me, and there was nothing we could do about it."[10]

Furthermore, the receiver would need to make it to a bank to withdraw their money physically, especially during the limited movements during the pandemic years. There was the inconvenience of joining long bank queues to withdraw dollars and then sourcing a bureau de change to convert the forex fairly. Add the insecurity of carrying significant sums of cash, often travelling several miles between the main towns where there was a bank with forex into the village or suburb, one can understand the sense of frustration highlighted by participants of this research who said:

"...Honestly, I cannot imagine how my parents would have survived [in Nigeria] if [informal p2p] was not bailing us out. We had to send money every few days for hospital treatment and I was unable to travel [during the pandemic] everything was standstill..."[11].

This research finds that the popularity of this method of remittances remains high even though some of the fees are higher than the formal online transfers following change of policy in Nigeria to merge the black and official rates into one (CBN,

[10] Interview with Mrs GO, Nigerian remittance receiver living in Lagos, Nigeria. 25/05/2020

[11] Respondent C2- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

2023). With the merging of black-market market rates and allowing formal remittance service providers to pay out recipients in Naira, one would have expected this to negatively affect the informal business model. [See Table 4.3 for black-market rates with informal versus formal channels. This has fluctuated over the years based on CBN policies and the further devaluation of the naira].

Table 4.3 - Currency rates landscape in 2020 with the CBN rate at NGN508
Data available on www.ngnrates.com. (Extracted 23 Nov. 2020)* .
Updated June 19, 2024.

MTO	Payment mechanism	Naira rate payout per GBP1	Informal channel black market rate offer	Difference
WorldRemit	Electronic transfer	NGN1,983/ NGN 504*	NGN2,065/ N620*	NGN2/ NGN116*
Wise	Electronic transfer	NGN984/ NGN508*	NGN2,065/ NGN620*	NGN81/ NGN112*
MoneyGram	Electronic transfer	NGN2,016/ NGN498	N 2,065/ N620*	NGN51/ NGN122*
Western Union	Electronic transfer	NGN2047/ NGN496*	NGN2,065/ NGN620*	NGN18/ NGN124*

The asterix (*) represent the rates at the start of this research on 23November 2020.

However, evidence from participants of this research revealed that most would still use the informal transfer service provider rather than the formal channels even when the rate difference reduced. The rationale for this is multifaceted and culturally nuanced, these are discussed in later chapters' sections on peer-to-peer payment platforms.

In conclusion, the formal-informal distinction in remittance channels helps uncover the complexity and diversity within the money transfer sector. It highlights the role of unregulated or semi-regulated routes and their appeal to customers seeking better rates and personalised services. The choice between formal and informal channels is influenced by factors such as transaction costs, exchange rates, ease of access for recipients, and trust. The prevalence of the black-market exchange rate in Nigeria significantly impacts remittance behaviours, with many senders opting for channels that allow recipients to benefit from more favourable rates. Informal service providers offer personalised services, such as during a crisis where the recipient may need to have the funds delivered to them because they have no transport, no mobile phone, or cannot make it to a nearby payment institution. Informal transfers particularly appeal to customers who are personally familiar with operators.

The remittance ecosystem is evolving rapidly, driven by technological advancements, changing regulatory landscapes, and shifting consumer preferences. Digital platforms and mobile money services are increasingly blurring the lines between formal and informal channels, offering new opportunities for financial inclusion while presenting challenges for regulators. As we delve into the next section, we will explore the institutional environment of Money Transfer Operators (MTOs) to better understand how the ecosystem works. This examination will demonstrate that both informal and formal channels operate within an institutional environment and analyse the implications for stakeholders in the remittance ecosystem.

4.3 Money Transfer Channels and Their Institutional Environment

The institutional environment of money transfer corridors plays a crucial role in shaping the efficiency, legitimacy, and accessibility of remittance services. The institutional environment encompasses the laws, regulations, financial infrastructure, and government policies that govern remittance flows (Bettin & Zazzaro, 2012) and can significantly impact the availability and appeal of remittance channels. In this context, 'institutions' are the formal and informal rules, regulations, and organisations that govern and influence remittance flows, including government policies, financial systems, regulatory bodies, and technological platforms.

This section considers both formal and informal channels and sets the context within which technological infrastructure and regulators operate. The argument here is that the behaviour of the regulators and the institutional environment can have a significant (but not necessarily a predictable) effect on remitters (Cirolia et al., 2022) . The effectiveness of money transfer channels is heavily influenced by the broader institutional environment, including financial infrastructure, identification systems, and cross-border cooperation mechanisms.

Consider a peer-to-peer remittance service offered by a licensed company in Country A. While the company itself is a formal financial institution subject to the regulations of Country A, the peer-to-peer remittance service it provides operates in a cross-border capacity, reaching customers in Country B without adhering to the

exact regulatory mechanisms that govern domestic transactions in Country B. In this scenario, the service remains semi-formal as it operates within a formal financial institution but outside the regulatory jurisdiction of Country B, where the remittance recipients reside. This concept highlights the unique characteristics of how money transfer channels navigate the grey area. (See figure 4.5) The hybrid space between formal and informal structures prompts policymakers to consider the implications of such arrangements and the potential need for adjustments to regulatory frameworks (Zhaoyan, 2018).

Figure 4.5 Illustrating the grey areas in money transfer regulation

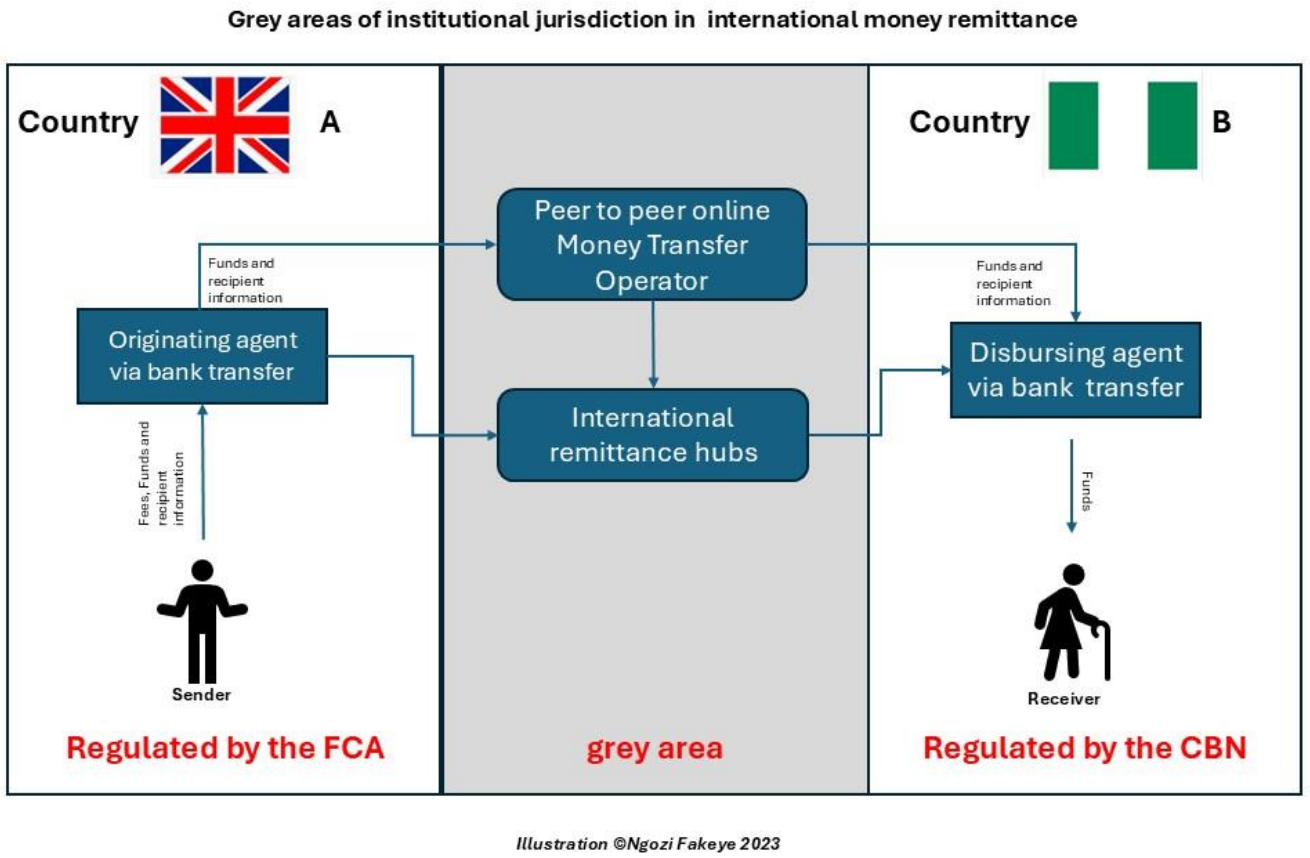
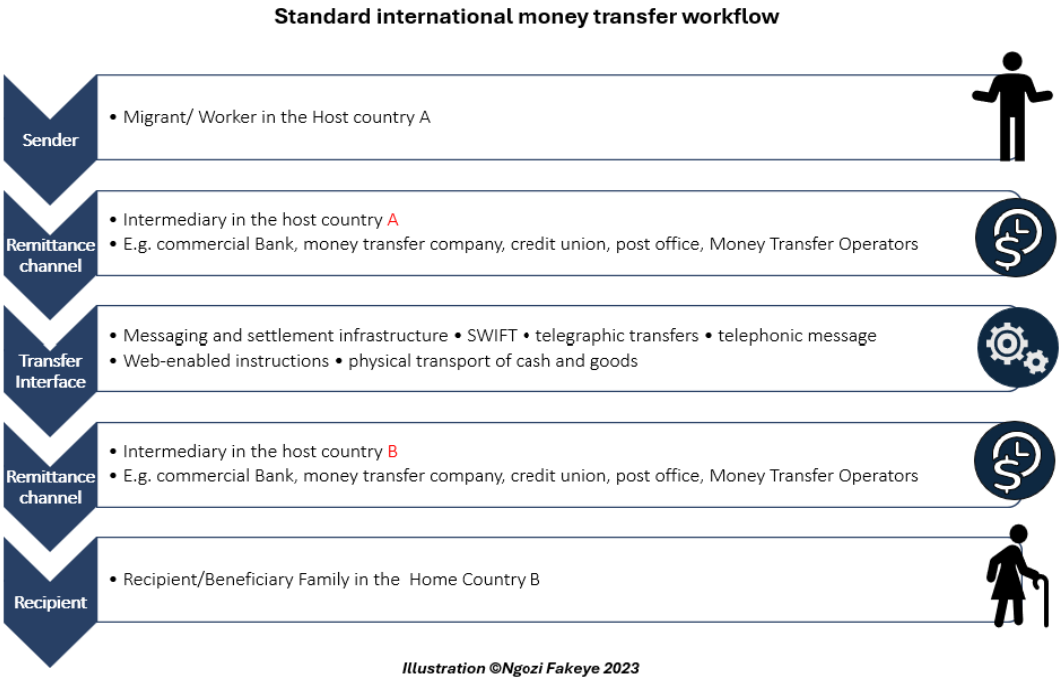


Figure 4.6 Illustrating standard money transfer workflows.



Money transfers have a standard workflow model, as illustrated in Figure 4.6. International money transfer workflows reveal the complex network of players and processes involved in facilitating cross-border financial transactions. From traditional banks to innovative fintech companies, the diverse institutional environment contributes to the efficiency and accessibility of international money transfer workflows. The service providers in each area of this network operate mainly on the principle of franchising (Biggs, 2016; Washington, 2007). Franchising in the context of money transfer services involves a parent company (franchisor) granting rights to local operators (franchisees) to conduct business under the franchisor's brand name and using its proprietary systems. This model is particularly prevalent among global MTOs that aim to establish an extensive

network of access points across multiple countries (World Bank, 2007). This franchised network includes agents that operate as the back-office units on behalf of the MTO parent company, subagents that serve as the front-office or physical access points where customers send/receive funds and clearing centres that handle settlement between agents.

Some Nigerian entrepreneurs interviewed for this thesis who wanted to enter this industry considered franchising and then dismissed it as a viable option because of the high costs. A respondent in the UK shared their personal experience of trying to franchise with a well-known money transfer operator startup at the time,

"*I once considered setting up as a franchisee of Lemonade Finance (now LemFi) when they were just starting because the Nigerian co-founder is a friend. The opportunity looked like a good way to avoid the UK set-up bottlenecks. But they were asking for hundreds of thousands of pounds. On top of that, there were marketing and branding commissions to be paid. Moreover, they hadn't even cleared with CBN at the time. But as our Nigerian government gives foreign money transfer operators free passage and preferential treatment, I, as a Nigerian partner, had no leverage and so could not even use my Nigerianness as leverage. So, the whole thing just collapsed*." [12]

[12] Interview on 02/02/22 with YD.H, a British Nigerian informal MTO in the UK

This vividly illustrates the complexities and challenges of such business ventures and underscores the difficulties faced by entrepreneurs in the money transfer industry.

Another point of note with transfer channels and the institutional environments is that remittance channels are not categorised as either formal or informal because a single channel may be viewed differently in another nation depending on its regulatory environment, institutional structure, and legal system. For example, consider a mobile money transfer service operating in Country A, which is fully regulated and operates within the formal financial system. In this context, it would be categorised as a formal remittance channel due to its adherence to local regulations and oversight. However, suppose the same mobile money service expands its operations to Country B, where it operates outside the formal banking sector and lacks regulatory approval. In that case, it may be considered an informal remittance channel in that jurisdiction. An example is the case of Azimo and TransferWise, who were criticised by the Central Bank of Nigeria (CBN) for operating outside the Nigerian licensing regulations even though they were working within the UK licensing regulations (CBN, 2020a). This example illustrates how the same channel can be perceived differently based on different countries' regulatory environments and institutional contexts.

At the heart of international money transfers is a complex web of interconnected technological systems and networks, which this research has called the transfer interface. It is the operational engine of the global movement of money in a digital

era. The remittance channels rely heavily on the transfer interface as the technological backbone and proprietary payment systems that enable processing transactions, including messaging systems, settlement infrastructure, and compliance tools. Some of the core infrastructure components include:

1. SWIFT Network: The Society for Worldwide Interbank Financial Telecommunication (SWIFT) provides a secure messaging system that enables financial institutions to exchange information about transactions. While SWIFT does not transfer funds, it facilitates the communication necessary for international bank transfers.
2. Correspondent Banking Networks: Many international transfers rely on networks of correspondent banks that have established relationships and accounts with each other. These networks allow funds to move between countries through a series of interbank transfers.
3. Blockchain and Distributed Ledger Technology (DLT): Emerging technologies like blockchain are being explored to create more efficient and transparent systems for international transfers, potentially reducing the need for intermediaries.

In conclusion, the complex and multifaceted institutional environment surrounding money transfer channels highlights key issues in the ecosystem, such as the grey area. The interplay between the transfer interface organisations and regulators is crucial, as effective regulation can support technological innovation, and advanced technology can facilitate regulatory compliance. However, there could also be tension and friction where the rapid technological advancements outpace

regulatory frameworks. Technological infrastructure gatekeepers (the transfer interface) are at the core of this ecosystem and have long been the primary facilitators of international money transfers, where they also operate international remittance hubs.

4.3.1 International Remittance Hubs (IRH)

International remittance hubs (IRHs)are profit-oriented private companies which provide platforms or services that facilitate the transfer of money across borders, often involving currency exchange. These hubs can be standalone entities or part of larger financial service providers. They play a crucial role in the global flow of remittances by providing the necessary infrastructure for these transactions.

These are businesses that specialise in facilitating international money transfers and play a crucial role in the global remittance landscape. Makina defines an international remittance hub as a platform or software that facilitates money transfer, typically at international levels, by creating connections between two or more existing remittance service providers (Makina, 2013). It acts as an intermediary, linking these service providers and streamlining the remittance process. The hub does not always have to refer to a physical place but also refers to technological innovation via a virtual platform that enables the smooth and efficient transfer of funds between different remittance service providers. By connecting these providers, the international remittance hub aims to enhance the speed and convenience of international money transfers. It enables seamless communication and coordination between financial institutions, money transfer operators, and

other remittance service providers involved in the transaction process (Elmi & Ngwenyama, 2020b). These platforms aim to make it easier for individuals to send and receive money across different mobile money networks and countries in Africa. These platforms are significant for companies like national mobile phone operators, as they allow local networks to link with other networks globally, effectively creating a global network (Makina, 2013). For instance, international remittance hubs like MFS Africa and HomeSend compete by offering extensive networks of partner mobile money transfer providers, enabling seamless cross-border transactions (Arakpogun et al., 2020). They charge MTOs fees for their services, which vary based on transaction volume, destination country, and specific offerings. Advantages include speed, efficiency, regulatory compliance, and continuous innovation to meet market demands.

IRHs position themselves to serve as intermediaries, connecting senders and recipients of remittances and ensuring the smooth transfer of funds across borders. Remitters do not have direct contact with these hub companies. Hub companies facilitate the clearing and settlement of balances between the connected remittance service providers and perform sanctions screening on the sending and receiving customers with the information provided by the remittance service provider. Hubs do not have direct contact with the end customers, and the ultimate responsibility and liability for the services they provide will always remain with the remittance service providers (Ratha & Silwal, 2017). The hub's advanced technological infrastructure makes funds transfer faster and results in quicker access to recipients in the receiving countries (Bakker & Milasi, 2015).

TerraPay, in London, for example, serves as a key hub for remittance flows between the UK and Nigeria, leveraging its financial expertise and well-developed banking network to support international money transfers. It positions itself as a company simplifying global money movement by providing a single connection to an expansive cross-border payments network. It aims to make international money transfers faster, more accessible, and compliant across various markets and payment methods (TerraPay, 2024).

TerraPay exemplifies a modern remittance hub company. It was founded in 2014 by Ambar Sur, Ram Sundaram, Aniruddha Sane and Akbar Hussain. It is headquartered in London and has global offices in Dubai, Miami, Bogota, Dakar, and Johannesburg. TerraPay is regulated across 29-30 global markets (the exact number varies slightly between sources).

Their core services are:

1) Cross-Border Payments: TerraPay provides a global payments network that enables cross-border money transfers through its proprietary technology system.
2) Interoperability: The company's technological platform ensures interoperability between financial systems, including banks, mobile wallets, and money transfer operators.
3) Digital Payments: TerraPay supports digital remittances, allowing users to send and receive money via mobile phones and online platforms.

Their revenue model is based on transaction and service fees of which the details are opaque are commercially sensitive. Transaction fees are charges for cross-border money transfers. The fees vary depending on the transfer corridor, amount, and service used, typically including a percentage of the transaction amount and a fixed fee. Service fees are the supplementary revenue source based on additional services such as currency conversion, account management, and payment processing for businesses.

The technological infrastructure and innovation of remittance hub companies have been the catalysts for the development of new, convenient, and cost-effective remittance channels like WorldRemit and the like to compete with established formal market leaders like MoneyGram and Western Union.

The hubs' technological infrastructure has been vital in driving financial inclusion, supporting cross-border remittances, and advancing digital financial services worldwide, benefiting both senders and recipients. For example, TerraPay's technological infrastructure has been instrumental in addressing this issue by providing accessible financial services enabling small-value instant payments to mobile devices (TerraPay, 2023). By facilitating connections between mobile money transfer providers, they contribute to the smooth flow of funds and promote economic development in multiple countries (Merritt, 2011).

Therefore, integrating with mobile wallets has made accessing financial services easier for individuals in remote and underserved areas. Furthermore, TerraPay's partnerships with local financial institutions, like their collaboration with Diamond Trust Bank Uganda, aim to expand international money transfers and strengthen financial inclusion in Uganda (RNewswire.com 2024). This partnership allows the bank to accept virtual direct account deposits and leverages the bank's extensive network to reach more customers.

The type of services offered between the linked money transfer operators can significantly change based on each commercial and legal agreement between the providers and the hub (Nurse, 2019; Vasile et al., 2023). Fees, transaction speed,

coverage, and accessibility may change. The hub's fees from partner operators influence the overall cost of remittances. Some hubs offer real-time transfers, while others may take longer to process transactions. The reach of the hub's partner operators determines the countries and regions accessible for remittance services (Scharwatt & Williamson, 2015). These variations highlight the importance of a well-defined agreement between the IRM and the MTOs to ensure seamless and cost-effective cross-border money transfers for both senders and recipients.

While the hubs coordinate international money transfers, they do not have any direct connections with the customers involved in the money transfer. Therefore, such hubs are not ultimately liable and are not responsible for any damages or unlawful conduct by the customers who transfer money (Merritt, 2011). It is important to note that the influence of remittance hubs on remittances can vary depending on local regulations, market dynamics, and technological advancements. The fees for using the hubs and the risks associated with the transfer are held with the MTOs. The hubs typically form associations with remittance service providers from the sending and receiving countries involved in the transactions (Rodima-Taylor & Grimes, 2019a). For example, an IRH may collaborate with a mobile money transfer provider in the UK and a corresponding one in Nigeria. Notably, the pivotal role played by hubs entails opening transparent, secure, and tight corridors for the transfer of money internationally (Goza & Ryabov, 2012; Rodima-Taylor & Grimes, 2019b).

The development of these international remittance hubs has enhanced the regional integration of shared mobile money transfers (Tomori & Adebiyi, 2020). In Africa, for instance, in September 2021, discussions on developing cross-border money transfer systems using international remittance hubs in Africa were underway. (Ardic et al., 2022). However, specific details on the current status and involved parties may have varied since then. The African Union (AU) or regional economic communities like the East African Community (EAC) or the Economic Community of West African States (ECOWAS) often engage in discussions and policy development regarding regional financial integration and remittance facilitation. (Ibid). Initiatives such as the African Continental Free Trade Area (AfCFTA) aim to promote regional integration and facilitate cross-border financial transactions, including remittances (Apiko et al., 2020).

The AfCFTA is a hugely ambitious undertaking. It seems an attractive concept, given that 54 out of 55 African states have thus far signed the AfCFTA treaty, with only Eritrea yet to put pen to paper as of June 2022. (Ford, 2022). It could be argued that the most significant effect of the AfCFTA on the African banking sector is the Pan-African Payment and Settlement System (PAPSS), a centralised payment and settlement system that Afreximbank launched with the support of the AfCFTA Secretariat in September 2022.

In conclusion, international remittance hubs are integral to the global remittance ecosystem, which is crucial in facilitating cross-border money transfers. They connect various stakeholders in the remittance process, from senders to recipients, while navigating complex regulatory environments. By leveraging

technological advancements and promoting financial inclusion, IRHs could contribute significantly to economic development and poverty alleviation in both sending and receiving countries. In remittance-sending countries, platforms like TerraPay support the financial inclusion of migrants by providing accessible and user-friendly services, even though those migrants never deal directly with Terrapay or indeed need to know of its existence. This inclusion allows migrants to participate more fully in the financial system, offering them opportunities to save, invest, and manage their finances more effectively. Moreover, the use of digital platforms for remittances can promote the formalization of financial transactions, increasing transparency and reducing the risks associated with informal transfer methods.

By enabling faster and more affordable transactions, IRHs like TerraPay helps reduce the cost of remittances, which is crucial for maximising the amount of money received by families in receiving countries. Lower transaction costs mean that a higher proportion of the remitted funds can be used for essential needs such as food, education, and healthcare, directly contributing to poverty alleviation. As the remittance landscape continues to evolve, particularly with the rise of digital platforms, IRHs are likely to remain at the forefront of innovation in international money transfers, driving efficiency and reducing costs for users worldwide. At the same time, IHRs have enabled informal operators to expand their reach and efficiency. This is largely due to the proliferation of extensive networks of mobile technology, which facilitate seamless cross-border transactions. Informal providers are leveraging social media and messaging platforms on mobile phones to advertise their services and coordinate transactions. In the examination of the

Money Transfer ecosystem, it becomes clear that the impact of digitalisation extends beyond mere technological advancement, reshaping the competitive dynamics, regulatory challenges, and consumer behaviours within the remittance ecosystem, which will be analysed in the next section.

4.4 Disruption - The Role of Digitalisation in Nigeria

As the digital landscape continues to expand, Nigeria is experiencing a significant transformation across several sectors of the economy. The integration of digital technologies has opened up new avenues for growth and development, shaping the country's economic and social landscape. This shift towards digitalisation has not only enhanced connectivity and access to services but has also spurred the emergence of innovative startups and tech hubs, further propelling Nigeria into the forefront of digital innovation. (Sy et al., 2019).

There is often confusion between digitisation and digitalisation. Digitisation involves converting hard copy data into digital formats, such as scanning a photograph or converting a paper report to a PDF. The data remains unchanged but is encoded digitally, making it more accessible and easier to analyse (Martín et al., 2023). On the other hand, digitalisation goes beyond digitisation by using digital technologies, such as software programmes and infrastructure, integrating digital tools to manipulate data and processes for improved efficiency and performance. It leverages digital information technology to reengineer and reimagine how businesses operate, leading to new revenue streams, value creation, and business model changes (Kanungo & Gupta, 2021; Ali & Ghildiyal, 2023). In a nutshell, while

digitisation aims to make data more accessible and manageable, it also aims to improve processes through digital solutions.

With this clarification, one can better understand how digitalisation has facilitated the growth of digital banking, mobile payments, and fintech- by manipulating data effectively enough to integrate and improve processes. This has been one of the most valuable innovations in driving the democratisation of financial services in the Global South and enabling financial inclusion. For example, digitalisation has empowered millions of Nigerians to access formal financial services previously beyond their reach by using mobile banking platforms (Ehiedu et al., 2023). One of the entrepreneurs who participated in this research successfully launched a fintech platform that enables transfers between mobile service users within Nigeria; he believes that digitalisation has made a significant difference to the financial landscape in Nigeria. He says,

"We offer the convenience of mobile banking. Our digital payment solution has transformed how Nigerians conduct business. We save our customers time and make financial transactions seamless."[13]

Furthermore, the growth of digitalisation has had a profound impact on the remittance landscape in Nigeria. For instance, digital remittance platforms have revolutionised the process, offering speed, convenience, and cost-effectiveness.

[13] UCARD, Personal communication July 10, 2022

With the rise of mobile money services and digital wallets, Nigerians can now send and receive remittances with just a few clicks on their smartphones (Pazarbasioglu et al., 2020). These digital platforms have replaced traditional cash-based transfers and money transfer agents, reducing the need for physical presence and paperwork. Also, mobile apps and online platforms have become popular channels for remittance transactions, allowing Nigerians in the diaspora to send money home securely and instantly (Cirolia et al., 2022). The seamless integration of digital remittance services with local banking systems and mobile networks has further expedited the process, ensuring that funds reach recipients promptly and providing regulators with visibility for compliance monitoring.

The digitisation of transaction data has enabled more efficient compliance with regulatory requirements, reducing costs and improving transparency in remittance flows (Kumari & Devi, 2022). According to an Interswitch[14] Executive,

"*The process of integrating payments with banks requires a secure system that is accredited by the Central Bank and NOTAP[15]. It is transparent and adheres to IMF guidelines, so everybody knows their money is secure and can trust our technology.*

[14] Interswitch Nigeria Limited is a Nigerian digital payments and commerce company founded in 2002. It is a licenced International Money Transfer Operator in Nigeria.

[15] The National Office for Technology Acquisition and Promotion (NOTAP)- Facilitating the transfer of foreign technology and the registration of technology transfer agreements/contracts in Nigeria.

As pioneers in this area in Nigeria, we know how it has helped reduce the stress of carrying cash, getting paid, or even queuing to pay the NEPA.[16] *office.*"[17]

Digitising payments can reduce administrative burdens and delays associated with paper-based processes, thereby improving the efficiency of payment systems. For example, Lagos State's electricity distribution company now only takes digital payments. This has resulted in a reduction in cases of corruption and fraudulent activities (Kehinde, 2018). However, the efficiency gains are not uniform across all corridors and depend heavily on the level of integration and the regulatory environment in both sending and receiving countries. Metzger et al. (2019) point out that regulatory fragmentation can lead to inconsistencies and conflicts between different regimes, potentially limiting the efficiency benefits in some corridors. For example, the UK and Nigerian regulators comply with FATF by issuing and enforcing guidelines on compliance with anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations. The UK has ranked as one of the most efficient enforcers of this regime, an 'A list', while Nigeria has been sanctioned and put on a 'grey list' because FTAF felt its compliance standard needed improvements. The "Grey List" identifies jurisdictions with strategic deficiencies in their anti-money laundering (AML) and counter-terrorism financing (CFT) regimes, but which have committed to resolving them. (Paetzold & Kida, 2021). Being grey-listed can have significant implications for the financial systems of these

[16] National Electric Power Authority was privatised and is now called the Power Holding Company of Nigeria, but Nigerians still refer to electricity providers as NEPA.

[17] Interswitch Nigeria, Personal communication on April 1, 2021

jurisdictions, as they may face up to a 10% decline in formal cross-border payments received from other jurisdictions (Jayasekara, 2020). Banks and financial institutions globally are likely to impose enhanced due diligence measures on transactions involving Nigeria, which can lead to delays and increased costs for Nigerian remittance transactions. Such inconsistencies in rankings have created tension in the corridor, as the UK regulators imposed more stringent KYC checks of remittances from Nigerians in the UK, and the Nigerian government strengthened enforcement powers of the Economic and Financial Crimes Commission (EFCC) in tackling economic and financial crimes within the country. (Umar et al., 2018). Commenting on the CBN policy, a money transfer operator in Nigeria said,

" *What they [the CBN] want to achieve is to increase liquidity by finding scapegoats. The EFCC has started inviting us [fintech organisations] like mine to provide information on high forex transactions. Imagine that. Naturally, people who are remitting money will find alternatives*." [18]

Nigerians in the diaspora and at home do not trust the EFCC because of a general lack of confidence in the overall anti-corruption framework in Nigeria. (Nwaodu et al., 2014, Chitimira & Animashaun, 2023). This mistrust of institutions is analysed further in section 6.4 . The last thing any sender or MTO wants is to be in the

[18] UCARD, Personal communication July 10, 2022

crosshairs of any regulatory authority just because they want to send money home for family or business.

The potential unintended impacts of deeper technological integration, resulting in closer global regulatory scrutiny, should be of concern for digitalisation if consumers choose more informal routes, resulting in a decline in remittance receipts.

Data and security concerns are another risk factor associated with integrating digital remittance services with local banking systems. As remittance providers collect and process large amounts of personal and financial data, the risk of data breaches and misuse increases. The OECD (2020) highlights that many countries, including Nigeria, lack adequate frameworks to address these issues in the context of digital financial services. Also, there are valid concerns about the security of mobile money applications, with a recent report citing that over 40% of fintech apps in Nigeria have vulnerabilities that could lead to unauthorised access or transaction manipulation (Akintaro, 2023). There have been reports of unauthorised platforms holding and selling Nigerian citizens' sensitive personal and financial data, including information from government databases (Ekhator, 2024). These issues do not give remitters or recipients confidence in digital channels. On being robbed of 120,000 naira (USD70) by digital fraudsters who accessed her mobile banking details, a research participant narrated her dreadful experience of using mobile banking and the impact an apparent data breach had on her attitude toward the fintech.

"They [the scammers] had my account number, address and even my date of birth. They said they wanted to secure my account as there had been suspicious activity. I truly thought it was UBA [the genuine bank], so I complied with their instructions, and they robbed me. They asked me to call them back with details of my other account, so I called my daughter to supply me with the other account details, and she alerted me that it must be fraudsters I was speaking to. I was now perturbed. As I had their number, I called them back and asked if they were thieves and asked them to return my money. They laughed at me and said, "thank you mamaa" and hung up. It was unbelievable. How wicked. They knew I was a pensioner. My children deleted everything and changed my phone number. Now, I would rather join the queues in the bank than subject myself to such wickedness."[19]

Despite the challenges highlighted above, digitalisation has been shown to drive greater financial inclusion among remittance recipients in Nigeria (Osei-Gyebi et al., 2023). With the widespread use of mobile phones, even individuals without access to traditional banking services can now receive remittances directly to their mobile wallets. In the survey of Nigerian money transfer recipients for this thesis, a majority (53.3 per cent) of the respondents received money from the UK via electronic transfer, while 39.6 per cent of respondents received money from the UK

[19] Interview with Mrs GO, Nigerian remittance receiver living in Lagos, Nigeria. 25/05/2020

via cash, and the remaining 7.1 per cent received money from the UK via alternative services or goods.

Table 4.4 Extract from survey responses on international money transfer users in Nigeria

How did you receive your money?

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Alternative services or goods	39	7.1	7.1	7.1
	Cash	217	39.6	39.6	46.7
	Electronic transfer	292	53.3	53.3	100.0
	Total	548	100.0	100.0	

The growth of electronic transfers has been made possible by advances in digitalisation, which supports other studies that found that the use of mobile phones for financial transactions significantly expanded financial inclusion (Mutsonziwa & Maposa, 2016). This shift towards digital modes of transactions, including remittances, catalyses the overall financial inclusion of the unbanked (Chatterjee, 2024). This has empowered the unbanked and underbanked populations, providing them with a gateway to formal financial services and enabling them to participate more actively in the economy.

While cash remains the predominant medium for transactions in Nigeria, there is a push towards digitisation to reduce dependency on physical bank branches and ATMs, which are often subject to armed raids by robbers. Furthermore, the CBN is actively promoting digitisation in electronic money payments through various initiatives and policy changes aimed at encouraging the use of digital currencies and enhancing the digital payments ecosystem in the country. One of the key

strategies employed by the CBN is introducing and promoting the eNaira, Nigeria's Central Bank Digital Currency (CBDC). The eNaira was launched in October 2021, and since then, the CBN has been working to push for broader adoption of the currency. To make the eNaira more user-friendly and increase its usage, CBN upgraded the eNaira app to enable contactless payments. Despite the challenges of a predominantly cash-based informal economy, the number of eNaira wallets has seen a significant increase, indicating progress in the adoption of digital currency (Adedipe, 2022, Akanbi, A. (2023).

In conclusion, the digitalisation of remittance services and integration with local banking systems and mobile networks have undoubtedly transformed the global remittance landscape. It has improved financial inclusion for millions of remittance senders and recipients worldwide. However, digitalisation also presents significant challenges in terms of regulatory oversight, data protection and security.

4.4.1 Peer-To-Peer Payment Platforms

Digitalisation has also enabled the advent of peer-to-peer (P2P) payment platforms. Peer-to-peer international money transfer channels directly transfer funds between individuals across borders without involving traditional financial institutions. Examples of popular P2P platforms include PayPal, Wise (formerly TransferWise), and CurrencyFair. These platforms leverage technology to match senders and receivers, offering competitive exchange rates and lower fees compared to traditional channels (GoCardless, 2021). They disrupt this traditional model by allowing senders and recipients to interact directly. As Figure 4.7 illustrates, the

main difference between the P2P platforms in money transfer is that it bypasses non-digital interactions as may be obtained in other money transfer transactions.

Figure 4.7. P2P transaction between sender and receiver

P2P platforms typically charge lower fees than traditional remittance services. For instance, while banks may charge up to 5% of the transfer amount, P2P services often charge between 0.5% and 1.5% (OFX, 2021). This cost reduction is particularly beneficial for low-income migrants who send small amounts of money frequently. For example, AceMoney, World Remit and many other digital money transfer operators charge little or nothing for senders to use their platforms. This is because, unlike the traditional institutions that charge per individual transaction, the P2P platforms use a 'netting-off approach'. Netting is a financial technique used to offset the value of multiple positions or payments due to be exchanged between two or more parties. In the context of FX margin trading, netting involves aggregating gains and losses from currency transactions to arrive at a single net position. This net amount is then settled rather than settled individually for each transaction.

There are several types of netting, including bilateral netting, multilateral netting, and payment netting. Bilateral netting involves two parties, while multilateral netting involves multiple parties, often facilitated by a clearing house or central exchange like the international remittance hubs. The netting-off approach involves offsetting gains and losses from multiple currency transactions to arrive at a single net position. This process is applied within the same platform, reducing the number of settlements required (Investopedia, 2021). In other words, the volume of transactions on a single platform increases the net profits of the platform provider. The netting-off approach allows for the consolidation of multiple transactions into a single net position, reducing exposure to risk and simplifying the settlement process within the trading. Therefore, the PSP algorithm for profit is driven by

volume, not value, which is why users will find that there are transaction limits on transfers. Transaction limits refer to the maximum amount of money that can be transferred in a single transaction or within a specific period. Limits vary based on the destination country, the method of payment, and the recipient method. Typically, online transfers have limits around USD5,000 per transaction, but in-person transfers at a physical location might allow higher amounts (Western Union, 2024).

P2P platforms are accessible via the Internet, making them convenient for users without access to traditional banking services. This is particularly important in Nigeria, where a significant portion of the population is unbanked (World Bank, 2021). It highlights the opportunity for new entrants into the UK-Nigeria remittance corridor, which leverages P2P technology to offer entrepreneurs an inroad into the remittance industry. Peer-to-peer (P2P) money transfer platforms have changed the way people send and receive money across borders. Despite their technological innovations, these platforms still operate within the formal money transfer ecosystem, adhering to regulatory frameworks and integrating with traditional financial institutions.

4.4.2 How Peer-to-Peer Payment Platforms Have Transformed the Money Transfer Business Operations

In recent years, the money transfer business has experienced significant changes due to the rise of peer-to-peer (P2P) payment platforms. These platforms have revolutionised the way individuals send and receive money across borders, offering several advantages over traditional money transfer methods. This section explores how P2P payment platforms have transformed the money transfer business, highlighting the key areas of impact, such as cost reduction, speed of transactions, accessibility, and increased competition.

P2P platforms occupy an ambiguous space between the formal and informal financial systems. In developed markets, they are considered part of the formal financial system, where they are regulated and comply with government policies, such as PayPal or WorldRemit (Hernandez & Robert, 2018). However, in many cases, particularly in the Global South, such as Nigeria, they may operate informally, as they can circumvent formal financial systems and regulations, making them less transparent or accountable.

One of the most notable transformations brought by P2P payment platforms is the significant reduction in transaction costs. Traditional money transfer services, such as banks and money transfer operators (MTOs) like Western Union and MoneyGram, often charge high fees for international transfers. These fees can include fixed charges, percentage-based fees, and unfavourable exchange rates, which can add up to a considerable amount, especially for smaller transactions.

This is because traditional MTOs operate through extensive physical networks, including numerous branch locations and agents worldwide. Maintaining this infrastructure incurs significant operational costs, including rent, utilities, salaries, and security. These expenses are often passed on to consumers through higher fees and unfavourable exchange rates. In contrast, P2P platforms primarily operate online or through mobile apps, significantly reducing the need for physical infrastructure. This reduction in overhead allows P2P platforms to offer lower fees and more competitive exchange rates. Wise, for instance, uses the mid-market exchange rate and charges a transparent, minimal fee, making international money transfers more affordable for users (Wise, 2020).

P2P payment platforms leverage advanced technology to facilitate faster and cheaper transactions. Gomber et al. (2018) highlights the role of technology in reducing operational costs and enhancing the efficiency of financial transactions, making fintech solutions more cost-effective. By using sophisticated algorithms and blockchain technology, these platforms can streamline the transfer process, reducing the need for manual intervention and minimising transaction errors. This technological efficiency translates into cost savings for the platform, which can then offer lower fees to customers.

The advanced technology and efficient networks of the P2P payment platforms have also drastically reduced the time it takes for funds to reach the recipient. Traditional methods can take several days to process international transfers, partly due to the involvement of multiple banks and clearing systems. For example, World Remit or Wise can facilitate instant transfers within their networks, while platforms like

PayPal typically complete international transfers within one to two business days (PayPal, 2021). This speed is particularly beneficial for users who need to send money urgently.

Accessibility is another area where P2P payment platforms have made a significant impact. Traditional money transfer services often require users to visit physical locations or have a bank account, which can be a barrier for unbanked or underbanked populations. P2P platforms, on the other hand, are accessible via smartphones and the internet, making it easier for a broader range of people to send and receive money. Mobile wallet providers in Nigeria have grown significantly in number and scope, capitalising on the increasing penetration of mobile phones and internet services. Some of the key mobile wallet providers in Nigeria, including Pega, Etransact, AirtelMoney, and Kuda, have further expanded access by allowing users to conduct transactions through their mobile phones without needing a bank account (Jack & Suri, 2011). This increased accessibility has helped include more people in the financial system and facilitated economic participation. As a research participant in Lagos, Nigeria, who receives remittance, said,

"Using OPay [a Lagos mobile wallet] has really changed things here [Nigeria]. Paying for things is so easy; even Pepper-Seller[20] has mobile payment. No more collecting dirty money or queuing at the bank. It is good, but only when it works, sometimes

[20] In Nigeria, a "pepper seller" refers to a street or local open market vendor who sells pepper and/ or various types of other related ingredients used in cooking.,

there is no network, so it can be embarrassing if you cannot pay and have no cash backup. I always have some cash just in case."[21]

These mobile wallets are part of Nigeria's rapidly growing fintech ecosystem, driven by the need for financial inclusion and digitalisation in financial systems. They continue to innovate and expand their offerings to meet the diverse financial needs of the Nigerian population.

The rise of P2P payment platforms has also increased competition in the money transfer business, driving innovation and improving services. Traditional MTOs and banks are now compelled to enhance their offerings to remain competitive. This competition has led to the development of new features and services, such as mobile apps, real-time tracking, and transparent fee structures. Additionally, the presence of numerous P2P platforms has given consumers more options to choose from, allowing them to select the service that best meets their needs in terms of cost, speed, and convenience (World Bank, 2021).

P2P platforms often occupy a grey area between formal and informal remittance systems. They are typically more structured and technologically advanced than traditional informal methods but may not always be as heavily regulated as traditional formal financial institutions. P2P platforms often aim to combine the advantages of both formal and informal systems. They try to offer the speed, flexibility, and lower costs often associated with informal remittance channels,

[21] Interview with Mrs GO, Nigerian remittance receiver living in Lagos, Nigeria. 25/05/2020

while also providing some of the security and traceability features of formal systems. From a user perspective, P2P platforms may be perceived as more "formal" than traditional informal remittance methods, but potentially less formal than established banks or money transfer operators.

Technological advancements, such as international remittance hubs, have enabled P2P platforms to expand their reach and efficiency. Despite their numerous advantages, P2P payment platforms also face challenges that need to be addressed. Security and fraud prevention are significant concerns, as the digital nature of these platforms can make them targets for cybercriminals. Protecting user data and funds is crucial for maintaining trust and confidence in these services. Regulatory compliance is another area that requires attention, as P2P platforms must navigate varying regulations across different countries. Adhering to anti-money laundering (AML) and know-your-customer (KYC) requirements is essential for preventing illegal activities and ensuring the legitimacy of transactions (Financial Action Task Force, 2020). However, these advancements also highlight the importance of compliance. Diaspora-led formal P2P platforms have faced significant hurdles, leading to catastrophic failures. For instance, Ping Express, a Nigeria Diaspora peer-to-peer platform, exemplifies how compliance infractions can result in substantial losses of credibility, investor funds, and customer trust (Mindster, 2023).

CASE STUDY: PING EXPRESS

Ping Express was founded in 2015, primarily serving the Nigerian diaspora in the United States and the United Kingdom. The platform sought to disrupt traditional money transfer services by offering low fees, fast transaction times, and a user-friendly interface. The founders envisioned Ping Express as a solution to the high costs and inefficiencies associated with remittances to Nigeria.

However, compliance with anti-money laundering (AML) and know-your-customer (KYC) regulations proved to be a complex and costly endeavour. The platform struggled to maintain the necessary compliance standards, which attracted scrutiny from regulators. Security breaches and instances of fraud further eroded user trust. Users were hesitant to adopt a relatively new and unproven platform, especially in light of concerns about the safety of their funds and personal information.

In 2021, the U.S. Department of Justice (DOJ) charged Ping Express with operating an unlicensed money-transmitting business. The charges resulted from the company's failure to register with the Financial Crimes Enforcement Network (FinCEN) and comply with AML regulations. The investigation revealed that Ping Express had processed millions of dollars in suspicious transactions without the required oversight.

As a result of these regulatory infractions, Ping Express ceased operations. The company's failure to adhere to regulatory standards and its involvement in suspicious transactions led to severe legal repercussions and the eventual shutdown of the platform.

The rise and fall of Ping Express provide valuable insights into the challenges faced by fintech companies, particularly those operating in the remittance and P2P payment space. Regulatory compliance, operational resilience, trust and security, and strategic focus are critical factors determining such ventures' success or failure. As the fintech industry continues to evolve, the lessons from Ping Express's experience remain highly relevant for new and existing players aiming to navigate the complex landscape of financial services.

These technological innovations have made international money transfers more affordable, faster, and more convenient for users worldwide. However, addressing security and regulatory compliance challenges is crucial for these platforms' continued growth and success. As digital financial services gain wider adoption, peer-to-peer payment platforms are poised to play an increasingly crucial role in the global money transfer landscape. The next section will explore how introducing digital currencies further amplifies the impact of peer-to-peer payment platforms, potentially revolutionising the remittance ecosystem.

4.5 The Impact of Cryptocurrency on the Remittance Marketplace: A Nigerian Perspective

Since the inception of Bitcoin in 2009, cryptocurrencies have been hailed as a disruptive technology capable of transforming the financial landscape, including the remittance sector. Unlike traditional fiat currencies, cryptocurrency, as a decentralised digital currency, offers a potential solution to many of the inefficiencies associated with traditional remittance systems. Cryptocurrencies like Bitcoin and Ethereum enable direct transfers between parties without intermediaries, potentially reducing costs and processing times - two critical factors in remittance transactions. The increasing penetration of mobile phones and internet connectivity in Nigeria provides a conducive environment for the adoption of cryptocurrency-based remittance services, promising new opportunities for diaspora entrepreneurs in the remittance industry.

Nigeria has emerged as a leader in cryptocurrency adoption in Africa, particularly in the context of remittances. The country ranks among the top in terms of cryptocurrency usage globally, driven by a combination of economic instability, high inflation, and a large diaspora community sending remittances back home (Chainalysis, 2020). This adoption is particularly prominent among young and tech-savvy individuals, including diaspora entrepreneurs looking to innovate in the remittance space. Platforms such as Binance, Paxful, and Luno have gained popularity, offering services that facilitate the buying, selling, and transfer of cryptocurrencies for remittance purposes (Ibid, 2020).

In theory, crypto-based remittances might enable lower fees, faster transactions, and increased transparency compared to conventional remittance systems. One of the most significant advantages of using cryptocurrency for remittances is that it is less constrained by regulatory and logistical barriers. These services might allow users to transfer money via smartphones and internet-enabled devices, potentially bypassing physical banking infrastructure. This could be particularly beneficial for individuals in regions with limited access to traditional financial services. This potential reach positions cryptocurrencies as a universal medium of exchange (Tapscott & Tapscott, 2016).

Some reports, such as those from the World Bank and Global Findex , have highlighted that the demographic that stands to benefit most from crypto-based remittances includes individuals who are often excluded from formal financial systems. This group typically includes low-income households, rural communities, and migrant workers who face barriers to accessing traditional banking services due to geographical constraints, lack of documentation, or high costs (World Bank, 2020; Global Findex, 2017). Proponents like Aron (2018), Demirgüç-Kunt et al. (2018), and Narayanan et al. (2016) argue that this demographic, often excluded from formal financial systems, can benefit from the ease and accessibility of cryptocurrency-based remittance transactions.

Despite its popularity in remittance transactions, cryptocurrency use in Nigeria faces significant regulatory challenges. In February 2021, the Central Bank of Nigeria (CBN) issued a directive prohibiting banks and financial institutions from facilitating cryptocurrency transactions, including those related to remittances.

This move was intended to protect the financial system from perceived risks associated with cryptocurrencies, such as fraud and money laundering in remittance flows. However, this has pushed cryptocurrency-based remittance transactions underground and into peer-to-peer networks, which are more challenging to regulate and monitor (Central Bank of Nigeria, 2021).

The Central Bank of Nigeria's (CBN) ban on cryptocurrency transactions, while intended to protect the financial system, has had unintended consequences that highlight the complex interplay between regulation, innovation, and user behaviour in the remittance sector. This policy has inadvertently promoted the use of less transparent remittance channels, echoing De Haas's (2010) argument that overly restrictive policies can lead to unintended migration and remittance patterns.

However, this regulatory challenge has also revealed the remarkable resilience and adaptability of Nigerian users and diaspora entrepreneurs. In response to the ban, many have increasingly turned to decentralised exchanges and peer-to-peer (P2P) platforms to facilitate remittance transactions (Akintunde, 2021; Akinsola, 2021). This aligns with Horst et al.'s (2021) concept of "improvised transnationalism," where migrants develop creative strategies to maintain cross-border connections. The adaptation to P2P platforms demonstrates the potential for innovative remittance solutions even in challenging regulatory environments. This trend supports Orozco and Yansura's (2013) findings that regulatory pressures on formal institutions can push users towards alternative systems, especially in regions with complex or restrictive regulatory environments.

Using cryptocurrencies for remittances is not without risks. The price volatility of cryptocurrencies can pose a significant risk to remittance recipients, who may receive significantly less value than was originally sent. This volatility is particularly concerning in remittances, where stability and predictability are crucial (Gandal & Halaburda, 2016). Additionally, cryptocurrency transactions' decentralised and relatively anonymous nature can make them susceptible to fraud and cyberattacks, posing risks to remittance senders and recipients alike.

Despite these challenges, cryptocurrencies are gradually integrating into the global financial ecosystem, including the remittance sector. Major financial institutions, including banks and investment firms, are beginning to recognise their potential in cross-border transactions. Companies like Goldman Sachs and JPMorgan have launched cryptocurrency trading desks and investment products, signalling growing acceptance within the financial sector (Yermack, 2017). This integration could lead to more formal and regulated cryptocurrency-based remittance services in the future.

In conclusion, cryptocurrencies have the potential to revolutionise the remittance market in Nigeria by offering lower transaction costs, faster processing times, and greater accessibility. This presents opportunities and challenges for diaspora entrepreneurs in developing innovative remittance solutions. However, the regulatory environment, technological barriers, and inherent risks of cryptocurrency must be carefully managed to realise these benefits in the remittance sector fully. Furthermore, it's important to note that the actual implementation and impact of these services are still being studied and debated.

The future of cryptocurrencies in remittances will depend on the ability of regulators, financial institutions, and diaspora entrepreneurs to navigate these challenges and harness the potential of this transformative technology for the benefit of remittance senders and recipients alike.

4.6 Conclusion

This chapter has demonstrated that the international money transfer ecosystem operates within an institutional environment that impacts both formal and informal remittance channels. Furthermore, I have provided a thorough account of how the ecosystem has evolved in recent years, mainly focusing on the impact of digitalisation and peer-to-peer transfers.

While P2P money transfer platforms represent a significant technological advancement, they still operate within the formal money transfer ecosystem. These platforms must comply with regulatory requirements, integrate with traditional financial institutions, and build user trust to succeed. Despite these challenges, the benefits of lower costs, faster transfers, and increased accessibility make P2P platforms an attractive option for many users. The experience of platforms like Ping Express underscores the need for ongoing innovation and adaptation to navigate the complexities of the formal financial landscape. As P2P platforms continue to evolve, they have the potential to transform the global remittance market, offering more efficient and user-friendly solutions for cross-border money transfers.

In conclusion, the international money transfer ecosystem is a dynamic and evolving landscape shaped by technological innovations, regulatory frameworks,

and cultural norms. The emergence of alternative channels and grey areas raises important questions about the effectiveness of traditional regulatory approaches in an increasingly digital and globalised financial landscape. While digitalisation and P2P platforms have introduced significant advancements, the broader structural environment continues to present challenges for new entrants, particularly those from the African diaspora. The persistence of informal channels, despite higher fees, underscores the limitations of regulatory efforts to completely control remittance flows.

As we move into Chapter Five, this research delves deeper into the regulatory frameworks governing remittances. It will explore the roles of key regulatory bodies, such as the Financial Conduct Authority (FCA) in the UK and the Central Bank of Nigeria (CBN) and examine the challenges regulators face in adapting to rapid technological changes. By understanding the regulatory landscape, we can better appreciate the complexities of the remittance ecosystem and identify opportunities for fostering innovation and competition while ensuring consumer protection and financial stability.

CHAPTER FIVE: REGULATING REMITTANCES: EVALUATING LEGISLATION, REGULATION AND PRACTICES IN THE UK AND NIGERIA

5.1 Overview

This chapter further analyses the money transfer ecosystem by highlighting the main actors involved specifically in regulation and their interconnectedness. Given the vast sums of money involved and the potential for misuse, this industry is subject to stringent regulations and oversight by multiple international and national regulatory bodies. The chapter underscores the pivotal role of regulatory bodies in maintaining financial stability while highlighting their challenges in adapting to rapid technological advancements while balancing competition between incumbent MTOs and new entrants. As suggested by the academic debate around regulation (Mpofu & Sibindi, 2022; Shabir et al., 2021), the inflexibility of regulatory bodies and their limited ability to respond to technical changes, I concur that regulatory bodies often struggle to keep pace with the rapid technological changes in the money transfer ecosystem. This lag can impede financial institutions' ability to innovate and adapt to market demands, ultimately affecting their competitiveness and service delivery.

Section 5.2 analyses the role of global regulators, arguing that they are slow to respond to fast-paced industry innovation. It supports the position of (Heller & Trueman, 2017) that regulators have failed to be dynamic or nimble in cooperating

effectively to address the rapid changes to the financial landscape due to technology. Sections 5.3 and 5.4 analyse the role and impact of national regulators in the UK and Nigeria, demonstrating that regulators and latent infrastructure are failing to promote competition and the inclusion of diaspora and Nigerian entrepreneurs in this industry. Against this backdrop, this chapter draws on interviews with the FCA and the CBN, supplemented by published policy data. It analyses how regulatory bodies, such as the FCA and the CBN, discharge their duties and impact on encouraging new businesses to enter the market and embrace new technology. Section 5.5 develops the earlier argument (that regulators struggle to adapt to fast-paced technological innovations in the industry) to show how they inadvertently stifle competition by impeding market entry for new entrants and provide inadequate business support and consumer protection. . I further argue that because regulatory frameworks struggle to adapt they restrict the dynamism of technological change and may create a barrier to compliance by encouraging informal actors. Furthermore, this rigidity among the regulators perpetuates the dominance of established actors, resulting in persistently high remittance fees for sending money to Nigeria compared to other regions.

Additionally, I agree with Kpodar and Imam (2024) that stringent regulations can lead to increased compliance costs for MTOs, which may ultimately be passed on to consumers through higher fees and reduced access to financial services. The cost of compliance has notably increased over the years. For instance, compared to pre-financial crisis 2008, costs spent on compliance measures have surged by over 60 per cent for all retail and corporate financial services (Krishna, 2017). This

increase is attributed to the heightened regulatory expectations across all financial services institutions, necessitating substantial investments in compliance infrastructure, personnel training, and technology to meet new and existing regulatory requirements. These regulatory measures also apply to money transfer operators as part of the financial services provider. Furthermore, the impact on remittances can be significant as this research shows that it could account for between 5% and 15% of transaction fees.

5.2 The Global Regulators

The global money transfer industry is subject to oversight by several key international regulatory bodies that aim to ensure the integrity, stability, and security of cross-border financial transactions. Chief among these are the five key international organisations and standard-setting bodies that play crucial roles in the global financial system, including remittances. 1) The Financial Action Task Force (FATF), 2) the Basel Committee on Banking Supervision (BCBS), 3) the Financial Stability Board (FSB), 4) the International Monetary Fund (IMF), and 5) the Bank for International Settlements (BIS). They work independently and collaboratively to promote financial stability, ensure sound banking practices, combat money laundering, and support economic growth. See Figure 5.1. Below is a summary analysis of their individual roles and the relationships between these entities.

5.2.1 Financial Action Task Force (FATF)

The Financial Action Task Force (FATF) is the primary global standard-setting body for anti-money laundering (AML) and counter-terrorist financing (CFT) regulations. Established in 1989, the FATF develops and promotes policies to protect the global financial system against money laundering, terrorist financing, and other related threats. The FATF recommendations, which include the "travel rule" for wire transfers, are recognised as the global AML/CFT standard (World Bank, 2007b). The "travel rule" is a regulation that mandates financial institutions to share certain information about the parties involved in a financial transaction. The rule applies to wire transfers and other forms of electronic transfers of funds. It typically covers transactions that cross borders but can also be applied to domestic transactions based on national regulations. This rule is designed to help combat money laundering and the financing of terrorism by ensuring that sufficient information accompanies transfers of funds to allow for traceability.

The FATF works closely with the IMF and World Bank to ensure that anti-money laundering (AML) and counter-terrorism financing (CTF) measures are integrated into financial assessments and technical assistance programmes. It coordinates with the FSB and BCBS to ensure that AML/CTF standards are consistent with broader financial stability and regulatory standards.

5.3.2 Basel Committee on Banking Supervision (BCBS)

The Basel Committee on Banking Supervision (BCBS) works closely with the FATF on issues related to cross-border payments and correspondent banking. The BCBS sets global standards for the regulation and supervision of banks, including those involved in international money transfers. Its guidelines aim to strengthen the resilience of the banking sector and ensure the stability of the global financial system (BIS, 2022). The BCBS operates under the auspices of the BIS, benefiting from its resources and support. It collaborates with the FSB to align banking supervisory standards with overall financial stability objectives. It works with the IMF to incorporate BCBS standards into the IMF's financial sector assessments and surveillance activities.

5.2.3 Financial Stability Board (FSB)

The Financial Stability Board (FSB) coordinates financial regulation for the G20 countries and has been involved in developing the G20 roadmap for enhancing cross-border payments. The FSB's work focuses on promoting international financial stability by coordinating national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory, and other financial sector policies (FSB, 2022). The FSB collaborates closely with the IMF and BIS to ensure a coordinated approach to global financial stability. It relies on the analytical and data resources of these institutions. It works with BCBS to ensure that banking sector reforms are aligned with broader financial stability goals and coordinates with FATF to integrate AML/CTF measures into broader financial regulatory frameworks.

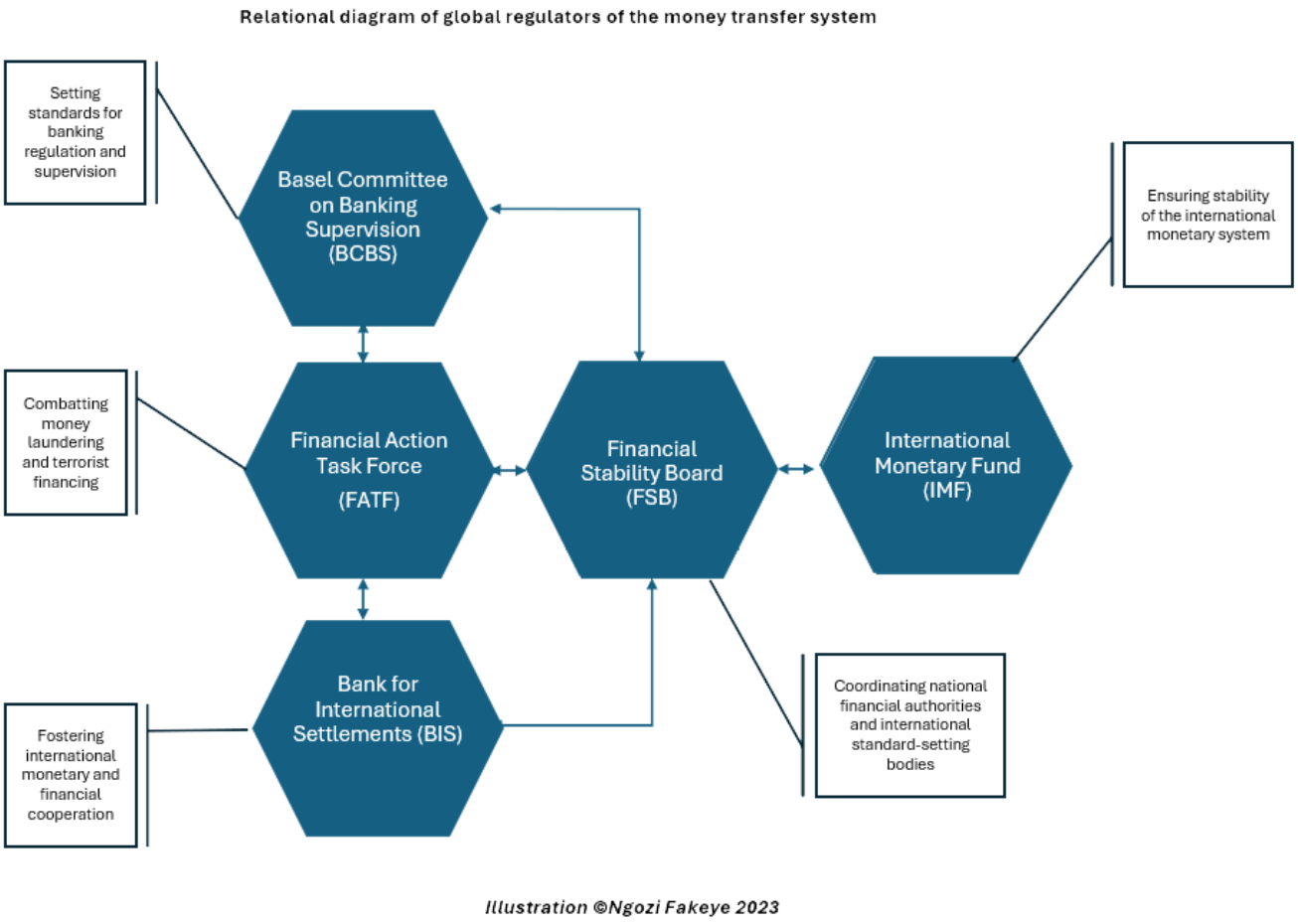
5.2.4 International Monetary Fund (IMF) and World Bank

The International Monetary Fund (IMF) and the World Bank play significant roles in shaping global financial policies and have been involved in initiatives to improve remittance systems and reduce costs. These organisations provide technical assistance, policy advice, and financial support to countries to help them strengthen their financial systems and regulatory frameworks. (IMF, 2023). The IMF collaborates with FATF to incorporate AML/CTF standards into its financial sector assessments. It works with the FSB and BCBS bodies to promote the implementation of international financial stability and banking supervision standards and utilises BIS data and research to inform its policy advice and financial assessments.

5.2.5 Bank for International Settlements (BIS)

The Bank for International Settlements (BIS), particularly through its Committee on Payments and Market Infrastructures (CPMI), is involved in setting standards for payment systems, including those related to cross-border remittances. The BIS aims to promote monetary and financial stability through international cooperation and serves as a bank for central banks (BIS, 2023). The BIS hosts the BCBS and provides logistical support and resources. It supports the FSB's activities by providing analytical and research resources and collaborates on research and policy development with the FTAF, ensuring that monetary and financial stability considerations are integrated into broader economic and financial policies.

Figure 5.1: Illustrating the relationship between the global international money transfer regulators



The FATF, BCBS, FSB, IMF, and BIS are interconnected entities that play complementary roles in promoting global financial stability, sound banking practices, and effective anti-money laundering measures. (Haldane, 2012). Their relationships are supposed to be characterised by collaboration and coordination to ensure that their standards and policies are consistent and mutually reinforcing, however as the following chapter will demonstrate, this is not always the case. Critics argue that the overlapping mandates and a lack of cohesion among these entities hinder their effectiveness. (Levi & Reuter, 2006; Quaglia, 2010).

A few key issues affect how scholars of regulatory standards perceive these organisations. As illustrated in Figure 5.1, there is a lack of clear delineation between the roles of the different organisations. This could lead to potential duplication of efforts or gaps in oversight. Coordination between these bodies can be challenging, potentially resulting in inconsistent or conflicting guidance for remittance service providers and national regulators. This inconsistency undermines global efforts to combat financial crimes, as some countries lag in compliance while others face overregulation. (Levi & Reuter, 2006).

Additionally, these organisations can be slow to respond to emerging financial technologies, products, and risks. The IMF and BIS, while influential in global economic governance and monetary stability, are often seen as outdated in addressing modern financial complexities (Stiglitz, 2002). This critique is particularly evident in their handling of rapidly evolving financial technologies, such as cryptocurrencies and fintech innovations, which are increasingly used for cross-

border transfers (Arner et al., 2015). The delayed regulatory responses to these technologies underscore the fact that these institutions are struggling to keep pace with the dynamic nature of the global financial system (Gabor, 2020).

For instance, while cryptocurrencies have been part of the financial landscape for over a decade, regulatory frameworks from these bodies have been slow to materialise, leaving a gap in effective oversight and risk management (Zohar, 2015). This lag not only hampers the ability of these organisations to mitigate associated risks, such as money laundering and fraud, but also stifles the potential benefits these technologies could offer, particularly in improving financial inclusion and reducing transaction costs in emerging markets (Böhme et al., 2015). Therefore, the criticism that the IMF and BIS are behind the curve in regulating modern financial innovations highlights a significant challenge: the need for these institutions to adapt more rapidly to the evolving financial landscape to maintain their relevance and effectiveness.

Furthermore, these organisations lack adequate representation, particularly from countries in Sub-Saharan Africa (SSA). The FATF, FSB, BIS, and BCBS are predominantly influenced by Western countries, especially the United States and European nations. This imbalance in representation raises significant concerns about their legitimacy and their capacity to address global financial issues in an equitable manner (Murphy, 2013). The dominance of Western interests in these bodies often leads to the development of standards and policies that may not be suitable for all jurisdictions, particularly for emerging and developing economies

(Claessens & Kodres, 2014). These economies, which rely heavily on remittance inflows, may find that the regulatory frameworks imposed by these organisations do not align with their specific needs or economic realities (Ratha et al., 2008). The lack of inclusivity and consideration for diverse economic contexts underscores the argument that the policies developed by the FATF, FSB, BIS, and BCBS may be ill-suited to the challenges faced by non-Western countries, particularly those in SSA.

In conclusion, The Financial Action Task Force (FATF), Financial Stability Board (FSB), Bank for International Settlements (BIS), International Monetary Fund (IMF), and Basel Committee on Banking Supervision (BCBS) play important roles in shaping the regulatory landscape for international remittances. National regulators, like the UK's Financial Conduct Authority (FCA) and the Central Bank of Nigeria (CBN), enforce these standards within their jurisdictions. However, as the next sections demonstrate, regulating within the global framework has made them all susceptible to the challenges that face global regulators, too.

5.3 The UK Regulator: The Financial Conduct Authority

The Financial Conduct Authority (FCA) is the conduct regulator for financial services firms and financial markets in the United Kingdom. The FCA is a public body under the purview of the U.K.'s Treasury and Parliament. The FCA was established on April 1, 2013, as part of a significant overhaul of the UK's financial regulatory framework following the financial crisis of 2007-2008. This restructuring was mandated by the Financial Services Act 2012, which aimed to address the regulatory failures that contributed to the crisis. The Act abolished the Financial Services Authority (FSA). It

divided its responsibilities between two new entities: the FCA and the Prudential Regulation Authority (PRA) which was brought back under the control of the Bank of England (FSA website). The FCA inherited the conduct and relevant prudential regulation responsibilities from the FSA. Its creation marked a shift towards a more focused regulatory approach, with the FCA concentrating on conduct regulation and the PRA handling prudential regulation of financial firms, including banks, insurers, and investment firms.

The FCA's mandate is defined by the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012. The FCA's primary objectives are to protect consumers, enhance the integrity of the UK financial system, and promote effective competition in the interests of consumers. (Jones & Knaack, 201, Kenton, 2022)

The FCA operates independently of the UK government and is funded entirely by fees charged to the firms it regulates. This funding model ensures that the FCA has the financial resources necessary to carry out its regulatory duties without relying on government funding, which helps maintain its independence and impartiality (Artingstall et al., 2016). The fees charged by the FCA are based on the type and scale of regulated activities conducted by firms. The fees cover application and compliance. For example, there is a non-refundable one-off application fee to register firms seeking authorisation to conduct regulated activities. These fees cover the costs associated with processing applications and conducting the necessary assessments to ensure that firms meet the required standards before being authorised. In addition to the fixed application fees, firms pay annual

compliance fees to ensure that firms operating in the UK maintain the required standards (FCA website). These fees are periodically reviewed and adjusted to reflect the regulatory costs incurred by the FCA. The fee structure is designed to be proportionate, ensuring that larger firms with more complex operations contribute more to the funding of the regulatory system. (FCA, 2021). For example, the fees for payment services and e-money organisations range from a non-refundable application fee of GBP500 to GBP5,000 (FCA, 2022).

The FCA regulates money transfer businesses under the Payment Services Regulations 2017 (PSRs 2017) and the Electronic Money Regulations 2011 (EMRs). These regulations implement the Revised Payment Services Directive (PSD2) in the UK, which sets out the legal framework for payment services and electronic money institutions across the European Economic Area (EEA). (FCA Handbook, 2021). Money transfer businesses, also known as payment institutions, must be authorised or registered with the FCA to operate legally in the UK. Three licence options are available to operate a money transfer business in the UK. The type of authorisation required depends on the scale and nature of the business. The Authorised Payment Institution (API), the Electronic Money Institution (EMI) and the Small Payment Institution (SPI). See Table 5.1.

Table 5.1 – Licensing Types for a Money Transfer Business In the UK

Data extracted from the FCA Handbook, 2021 by Ngozi Fakeye

Licence type	Key Criteria	Fee	Sub-categories	Licence Validity
1. Authorised Payment Institution (API)	Hold adequate initial capital of €125,000. Incorporated in the UK as a Limited Company. Carry on some payment services business in the UK as well as internationally. Have robust governance arrangements, internal controls and risk management procedures. Have a business plan. Take adequate measures to safeguard payment service users' funds. Hold adequate indemnity cover. Comply with the money laundering regulations (MLRs)	GBP5,000 (Category 4 or 5) The annual periodic fee is based on tariff data, which is the total amount of payment transactions executed by you and your agents in the UK in the previous calendar year.	4 or 5	An API licence is valid for an indefinite period unless it is revoked, suspended, or surrendered to the FCA
2. Electronic Money Institution (EMI)	Capital of at least €350,000. Incorporated in the UK as a Company. Have robust governance arrangements, internal controls and risk management procedures. Have a business plan. Take adequate measures to safeguard payment service users' funds. Hold adequate indemnity cover. Comply with the money laundering regulations (MLRs)	GBP1,000 or GBP5,000 (Category 3/5) Annual periodic fee based on tariff data, which is the total amount of payment transactions executed in the UK	3 or 5	An EMI licence is valid for an indefinite period, unless it is revoked, suspended, or surrendered to the FCA
3. Small Payment Institution (SPI)	Incorporated in the UK (including a sole trader). A monthly average of payment transactions does not exceed €3 million. Must **not** provide account information services (AIS) or payment initiation services (PIS) **outside** the UK	GBP250 or GBP500 (Category 1 or 2). The annual periodic fee based on tariff data is the total number of payment transactions executed in the UK.	1or 2	SPI licences are valid for five years.

The API covers larger firms that provide a wide range of payment services and annual transactions above 3m Euros. Licence holders must meet stringent regulatory requirements, including capital adequacy, safeguarding of client funds, and robust governance structures. Examples of licence holders are banks, remittance hubs, international money transfer operators and other large finance companies.

Electronic Money Institutions (EMIs): Firms that issue electronic money must also be authorised by the FCA. E-money is defined as the electronically stored monetary value that represents a claim on the issuer, issued on receipt of funds for the purpose of making payment transactions and accepted by persons other than the issue. EMIs offer services such as prepaid cards, electronic wallets, and other forms of digital payment solutions, and therefore, the FCA aims to ensure they comply with robust governance related to the issuance, redemption, and safeguarding of electronic money as with physical money. Examples are digital banks like Revolut, ANNA and Airwallex.

The SPIs are for smaller firms with lower transaction volumes (typically less than €3 million per month). They face less stringent requirements but still need to demonstrate adequate risk management and consumer protection measures. Licence holders include community finance organisations, consumer buy-to-let lenders, payday loan companies, investment schemes, etcetera.

In the course of this research, UK entrepreneurs in this study raised concerns about the complexity of information from the FCA, the high costs associated with the

application fee and a lack of clarity on what the annual compliance fee may entail. This demonstrates the barriers for smaller enterprises, potentially stifling competition and innovation in the payment services sector. For example, a participant's feedback on their FCA experience was,

"*...their [FCA] pricing is just to confuse you and send you to agents. On the website it said I could get a licence for GBP250, but in the end, I paid over 4K to an agent. They are not helpful at all...*"[22]

This challenge is clearly illustrated in Table 5.1, where each application fee is broken down into various subcategories. Navigating these complexities to determine which license aligns best with your business model requires careful examination of the regulatory handbook. This is particularly critical given that the application fees are non-refundable, underscoring the importance of making well-informed decisions. The UK Treasury (2021) has also acknowledged that these fees disproportionately affect small businesses, creating barriers that hinder their ability to compete with larger, more established firms in the market (Khan, 2024; HM Treasury, 2023).

Moreover, the financial burden on smaller businesses is exacerbated by additional charges associated with using agents, which can quickly accumulate. As one research participant puts it,

[22] Interview on 18/09/2022 with Ms i6, a British Nigerian entrepreneur in the UK.

"It is a lot more expensive and can take over a year. If you do not have an agent to help you, which is about GBP6k, you have not even started".[23]

This has created an ancillary business of 'agents' in consultancy firms that support businesses in navigating the FCA services. Many entrepreneurs who sought licenses had to engage the services of consultancies.

"I should have gone with an agent from the start. See, I applied by following the instructions on their (FCA)website. Their information made me figure I needed a Category 2 SPI licence, so I gathered everything and sent it. After almost eight months, they rejected the application because I had not added a revenue forecast. The other licence categories need business plans, not SPI. So, I was just confused. I just wasted hard-earned money and all that time for nothing." [24]

This further strains the already limited resources of small enterprises attempting to enter the industry. These financial pressures not only challenge the viability of smaller players but also skew the competitive landscape in favour of larger institutions, potentially stifling innovation and reducing market diversity. Therefore, the fee structure and associated costs present significant obstacles to market entry for small businesses, calling into question the fairness and inclusivity of the current regulatory framework.

23 Interview on 22/08/2021 with Mr i9A, a British Nigerian entrepreneur in the UK who operates as a payment service provider (PSP).

[24] Interview on 22/08/2021 with Mr i9A, a British Nigerian entrepreneur in the UK who operates as a payment service provider (PSP).

In interviewing the FCA for this research and sharing the frustration of fieldwork participants, The FCA acknowledged that they have made improvements since 2022 and

"*...introduced changes, such as phoning up a potential applicant to discuss their needs, then guiding them to the relevant pages of our [FCA] website or Handbook to read and consider*." [25]

This study argues that these fees and the lack of transparency in subsequent fee schedules could be discouraging new entrants and limit the diversity and inclusivity of the payment services market by creating a financial barrier for new entrants, ultimately reducing consumer choice and innovation. The element where new entrants seem to be driven to using agents, demonstrates that the process is confusing to many and that in itself is a barrier. Respondents have suggested that getting support is challenging, and therefore, they have used agents so they can get the process right. In doing so, service providers suggest that they pass on the costs of compliance to consumers, as one such agent responded,

"*Our customers understand what is happening here [UK] and even in Nigeria, so they pay extra for our service. They don't mind at all if you add GBP100, as long as you can help them without issues with the government*".[26]

[25] FCA, Personal communication, September 9, 2023.

[26] Interview on 18/09/2022 with Ms i6, a British Nigerian entrepreneur in the UK

The willingness to pay extra for such services demonstrates the value placed on regulatory expertise and smooth processing, which minimises the risk of legal or financial penalties.

On a broader scale, no application can move forward without an upfront fee, which signals the start of the review process. This review meticulously evaluates an applicant's financial stability, risk management practices, customer protection measures, and adherence to anti-money laundering (AML) and know-your-customer (KYC) protocols. The business must convincingly demonstrate its capacity to meet these regulatory standards before obtaining the necessary license. Given the detailed nature of the review, the process can take several months to conclude, reflecting the regulatory bodies' thoroughness in ensuring compliance and risk mitigation.

In practice, the licensing process is perceived by aspiring British Nigerian money transfer operators in the UK as a significant obstacle. The requirements often necessitate legal and expert advice, which can be financially burdensome for small business owners. Additionally, the lengthy processing times further exacerbate the challenges faced by these entrepreneurs, delaying their entry into the market and potentially diminishing their competitive edge. The evidence from this research suggests that the stringent identity and financial checks mandated by the Financial Conduct Authority (FCA) are perceived as disproportionate and intrusive, especially for small-scale operators. These challenges reflect evidence of systemic issues of underrepresentation, where the uniform application of regulatory standards fails to

account for the unique constraints faced by minority-owned businesses results in feelings of frustration and discrimination.

"*It was a terrible experience, they will ask you for the sun, and the moon in identity and financial checks, references, and even my credit score went down as they did too many checks on me. Even after that, they denied me a licence. Of course, they will not say so, but it was because I am Nigerian. You know how they think we are all criminals.*"[27]

This perception is particularly evident in the experiences shared by British Nigerian entrepreneurs, who feel that the regulatory scrutiny is excessively rigorous given the modest scale of their businesses.

"*... they check your background because you submit your passport and everything. So, they want to make sure you are not a terrorist, you do not have any criminal record, that you can afford money to do the business, it is traumatic, and it takes too long.*"[28]

Notably, most entrepreneurs who had attempted or succeeded in registering with the FCA were previously or currently engaged in peer-to-peer or informal money transfer services in the UK. Thus, compared to setting up other businesses in the UK, Nigerian entrepreneurs felt that the process could have been less onerous. Due to the invasive nature of the identity and financial checks involved, many were

[27] Interview on 06/04/2021 with Ms i3, a British Nigerian entrepreneur in the UK.

[28] Interview on 01/03/2022 with Mr i2, a British Nigerian entrepreneur in the UK.

discouraged and ended up abandoning the process of getting a license. Of the ten Nigerian entrepreneurs interviewed who applied for the Small Payment Institution, two secured a licence, one was declined, and seven abandoned the process and kept operating as informal operators. Many Nigerian entrepreneurs may not pass the checks or do not have the credit history required to enter this market. The FCA acknowledges that while its regulations are designed to ensure compliance and consumer protection, they can unintentionally create obstacles for ethnic minority entrepreneurs. These individuals often lack the same access to resources and professional networks as their white counterparts, making it more challenging to navigate complex regulatory requirements (FCA, 2022). This underscores how institutional barriers, particularly within regulatory frameworks, can disproportionately impact minority groups, restricting their participation in key economic sectors.The FCA is also tasked with establishing relationships with regulatory authorities in other countries to facilitate cooperation, enhance regulatory oversight, and ensure the stability and integrity of financial markets in the United Kingdom. One of the ways it achieves this is by entering into agreements with overseas regulators about remittance regulations. For instance, the FCA has a memorandum of understanding (MoU) with the European Banking Authority (EBA) concerning the coverage of information exchange and mutual assistance between the UK authorities and the EBA in the field of remittance (de Arriba-Sellier, 2019). Furthermore, the FCA's MoU with the European Securities and Markets Authority (ESMA) and EU regulators allows for the supervision of firms and the exchange of information, ensuring that regulatory standards are maintained across borders (FCA 2019).

Formulation of these kinds of Memoranda was also necessitated due to the importance of remittances to Sub-Saharan African countries. For example, the FCA's MoU with the South African Financial Services Board (FSB) includes provisions for investigative assistance and the exchange of information relevant to enforcement actions (FCA/FSB MoU, 2004). However, South Africa is the only country with an MoU in SSA. However, the FCA caveats that some agreements are confidential and not for the public domain.

This research, therefore, contends that while the FCA does not directly regulate Nigerian international remittances, it indirectly impacts the industry through its oversight of UK-based financial institutions involved in international money transfers. For example, both the FCA and the CBN may adhere to FATF's guidelines, but there is no MoU between the FCA and the CBN on international money transfers, therefore no cross-border jurisdiction. (FCA, 2024) In the FCA response,

"*We have a list of MOUs with third-party regulators in the public domain, which you may review as they are tasked with regulating the UK's financial markets as a whole* ".[29]

However, Nigeria is not included in this list, indicating that there is no MOU between Nigeria and the UK. This highlights the regulatory gaps and potential grey areas in

[29] FCA, Personal communication, September 9 2023

which Money Transfer Operators (MTOs) may operate, as previously shown in Figure 4.5.

Nonetheless, the global remittances ecosystem has changed dramatically over the last decade in terms of regulators (local/foreign), technologies, and institutions. The FCA's approach to regulation has both positive aspects and areas of criticism, reflecting the complexities of overseeing a dynamic and globalised financial service sector. In conclusion, the FCA plays a critical role in regulating international money transfer businesses in the UK, balancing the need for robust oversight with promoting a competitive and fair market. However, it is evident that challenges remain in ensuring the FCA fully understands the international money transfer services to SSA and responds to the rapid growth of SSA remittances. Faster changes are required to support the market entry of businesses servicing the UK-Nigeria remittance corridor to improve competition and achieve their stated objectives of consumer protection. One recommendation emerging from this research is that the FCA should find a way to adapt customer care and regulate the role of consulting firms that operate tacitly on their behalf. And there is a need to enhance partnerships and relationships with other regulatory bodies in Africa, particularly Nigeria because of the volume of remittance flows from the UK.

5.4 The Nigerian Regulator: The Central Bank of Nigeria (CBN)

The Central Bank of Nigeria's origins can be traced back to the colonial era. Before the establishment of the CBN, the West African Currency Board (WACB) was responsible for issuing currency and managing monetary policy in British West

Africa, including Nigeria. However, the WACB was criticised for its inability to control the money supply and its discriminatory practices against indigenous businesses (Uche, 2000).

In response to these criticisms and the growing demand for an indigenous central bank, the colonial administration commissioned an inquiry led by G.D. Paton in 1948 to investigate banking practices in Nigeria. The Paton Report, published in 1952, recommended the establishment of a central bank to regulate the banking sector and ensure monetary stability.

Following the recommendations of the Paton Report, the Central Bank of Nigeria Act was enacted in 1958, and the CBN commenced operations on July 1, 1959, ahead of Nigeria's independence from Britain. (CBN website; Uche, 2000). The CBN's mandate is derived from the 1958 Act of Parliament, as amended by the Nigerian Constitution in 1991, 1993, 1997, 1998 and 1999. The CBN Act of 2007 of the Federal Republic of Nigeria charges the Bank with the overall control and administration of the monetary and financial sector policies of the Federal Government.

A budgetary allocation from the Federal Government of Nigeria funds the CBN. This funding is typically allocated through the national budget and used to finance specific programmes and initiatives aimed at promoting economic stability and development. (CBN,2022)

The CBN is also funded through revenue generated from its core operations, including interest income from its investments in government securities, foreign

exchange transactions, and fees charged for various banking services. This revenue is used to cover the bank's operational expenses and fund its regulatory activities.

The CBN is critical in ensuring Nigeria's financial system complies with global regulatory frameworks, particularly those concerning anti-money laundering (AML) and combating the financing of terrorism (CFT). This is shaped mainly by the bank's adherence to international standards such as the Financial Action Task Force (FATF) recommendations and Know Your Customer (KYC) regulations. The Financial Action Task Force (FATF) is the global watchdog for AML/CFT compliance. Nigeria has been a member of the FATF-affiliated Inter-Governmental Action Group against Money Laundering in West Africa (GIABA**)** since 2002, an important regional body committed to the FATF framework. While Nigeria itself has not been a full member of FATF, the country's regulatory framework is designed to align with FATF recommendations, which are mandatory for the issuance of banking and remittance licenses in the country. Through the CBN, Nigeria ensures its international cooperation in financial investigations. This adherence is crucial for maintaining the legitimacy of Nigeria's financial institutions, especially given Nigeria's global remittance flows and its high-risk status for financial crimes.

Financial institutions, including remittance service providers, must comply with several international regulatory standards to operate legally in Nigeria. The CBN requires firms to adopt strict AML/CFT practices, including reporting and monitoring mechanisms. Local and foreign operators are subject to specific requirements stipulated by the CBN regarding business licencing regulations. One notable aspect of its regulatory framework is the differential fee structure applied to local and

foreign International Money Transfer Operators (IMTOs). The CBN defines foreign-owned IMTOs as companies that are registered and operate in Nigeria but are owned by foreign entities, while locally owned IMTOs are companies that are registered and operate in Nigeria, with ownership primarily held by Nigerian entities or individuals. According to CBN official documents such as the "*Guidelines on International Money Transfer Services in Nigeria*" and the "*Revised Guidelines for IMTO 2024*", the CBN imposes higher fees on local IMTOs than their foreign counterparts, as evidenced in Table 5.2. Nigerian companies must pay the equivalent of USD6,531 as non-refundable application fees, in sharp contrast to the requirements for foreign companies who pay the equivalent of USD326. Recent revisions to the guidelines now state a minimum share capital for Nigerian companies of USD1.3m and non-Nigerian companies USD3,265.84. (CBN, 2024).

According to the CBN, charging lower fees to foreign IMTOs will encourage Foreign Investment. The aim is that it will result in an

"... influx of foreign IMTOs bring in foreign currency, which can help stabilise the naira and support the country's balance of payments."[30]

[30] Interview with CBN public relations officer (PRO) January 3, 2021

Table 5.2 - Criteria for approval as an IMTO in Nigeria

Source CBN, updated Jan 2024

Criteria	Nigerian national	Other nationals
Non-refundable applications fee	NGN10,000,000 or USD6,531[31]	NGN500,000 or USD326.58
Minimum share capital	NGN2,000,000,000 (two billion naira) or USD1.3m	NGN50,000,000 (fifty million naira) USD3,265.84

However, local money transfer operators interviewed for this research found this justification unsound. The frustration is evident, as one said,

"*It [the fee structure] makes no sense, this policy has been in place since 2007, yet they are increasing the fees and saying it's to stabilise the naira. It is a lie. This is a cabal at the top, and they intend on keeping only their people in....*"[32]

Another concurs, suggesting that to be successful in the IMTO in Nigeria, new entrants must understand the power dynamic of the environment and find the right people to help facilitate compliance.

"*We started back in 2002; we had money but no influence. So, we had to bring the right bigwigs on the board of directors to push things through the CBN. I understand how newbies feel because Nigeria is tough without connections. It is a battle every*

[31] At an exchange rate of ₦1531 to $1 on 19/02/24

[32] Interview on 26/05/21 with JM, a Nigerian IMTO in Lagos

day, a new regime, new rules every time. No one complains because the people in this business [in Nigeria] know the right people to scale these hurdles."[33]

Indeed, the CBN issued the first of these guidelines in 2007 and revised them in 2012, 2014, 2018, and 2024 (CBN Website), demonstrating that this policy position on fee discrepancy has been passed through several Nigerian administrations and CBN governors. British/Nigerian entrepreneurs perceived the policy unfair and discriminatory, citing, ,

"The CBN has not told the truth about why it discriminates against Nigerians [in the money transfer industry]. In the UK, I must be a British citizen and have a British-registered company to operate a money transfer within the UK alone, talkless of internationally. It makes no sense at all..."[34]

This statement evidences that the policy must be a significant barrier to genuine local entrepreneurs. In reviewing the data of the 57 authorised Money Transfer operators in Nigeria,[35] only 18 had registered headquarters in Nigeria. When you exclude three known multinationals like MoneyGram, Western Union, and Paycom, 14 wholly Indigenous local operators have been subject to the CBN's fee regime.

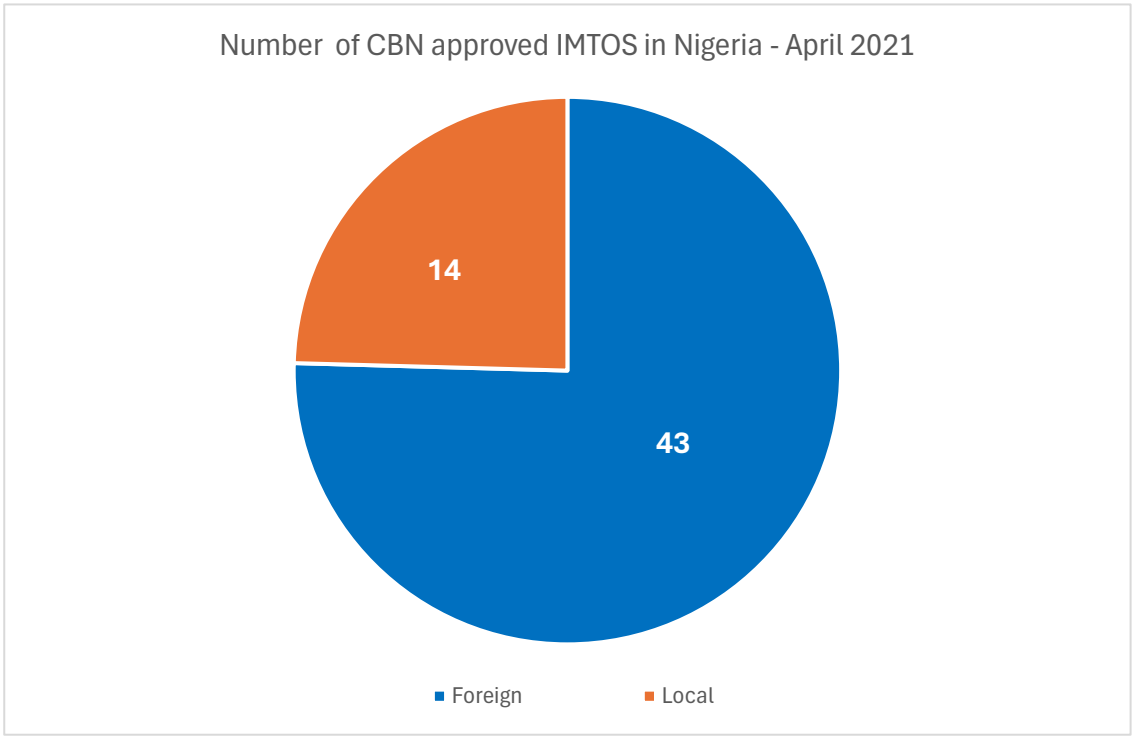
[33] Interview on 25/05/21 with PO, a Nigerian IMTO in Lagos

[34] Interview on 22/08/2021 with Mr i9A, a British Nigerian entrepreneur in the UK who operates as a payment service provider (PSP).

[35] Data as of April 1, 2021 Link

This is reflected in figure 5.2. This means that the Indigenous market representation of the money transfer business is roughly 24%, and foreign players dominate at 75%.

Figure 5.2: Graph representing the number of CBN-approved IMTOs in Nigeria – April 2021. Data extracted from CBN, 2021. Graph generated by Ngozi Fakeye



However, does this really mean that 14 companies opted to pay the indigenous fees? According to a participant IMTO in Lagos,

"I am sure your research will show you that most, if not all, the authorised money transfer operators with Nigerian addresses are registered as foreign entities because you only need a foreign national partner to circumvent the rule."[36]

The fact that ten of the fourteen approved indigenous money transfer operators are founded or owned by Nigerians with dual nationality or foreign partners highlights a significant barrier to entry for purely indigenous operators. This trend suggests that the regulatory framework established by the Central Bank of Nigeria (CBN) may inadvertently favour entities with international affiliations or dual-nationality ownership.

Another CBN policy (CBN, 2020) was that money transfers to Nigeria must be paid out in US dollars to recipients. This policy aimed to improve the stability of the Nigerian naira, curb speculative activities, and create transparency in the foreign exchange market. (Phillips, 2019). According to the CBN spokesperson interviewed for this research,

"As the price of oil had reduced, and the growing difference between the official and parallel [black-market] rates, this was a means of increasing foreign exchange

[36] Interview on 26/05/21 with JM, a Nigerian IMTO in Lagos

reserves... We want to ensure that money from you people [Nigerians abroad] can contribute to the overall development of our economy."[37]

While the CBN creates regulatory policies, its compliance enforcement is carried out through audits, surveillance, and collaboration with other enforcement agencies. The Financial Policy and Regulation Department (FPRD) oversees regulatory enforcement in areas such as AML and CFT. The Banking Supervision Department (BSD) conducts routine audits, inspections, and examinations of banks and other financial institutions to ensure compliance with CBN guidelines. The Nigeria Financial Intelligence Unit (NFIU), working under the CBN, monitors suspicious financial activities, while the Economic and Financial Crimes Commission (EFCC) enforces laws against financial crimes. These agencies conduct checks through on-site examinations, periodic reporting, and scrutiny of financial data to ensure regulatory adherence.

The rationale of many CBN policies is to help boost remittance inflows and foster an environment that would enable a faster, cheaper, and more convenient flow of remittances back to Nigeria. However, the impact was perceived as counterproductive because remittance recipients faced higher transaction costs due to conversion fees, and the exchange rate fluctuations worsened because of

[37] CBN, Personal Communication January 3, 2021

the increased demand for US dollars. The CBN made policies without considering what Nigerian consumers want or their impact on the remittance industry.

The changing policies created an opportunity for informal money transfer operators to offer remittance recipients their funds in naira. One of the entrepreneurs interviewed shared this insight,

"...business started booming after that announcement because where will someone use dollar in the village? They will just be losing money. So, we send naira for our customers."[38]

This highlighted how informal MTOs adapt to policy, allowing them to bypass certain regulatory constraints and offer more options to recipients. This is in keeping with the findings from this research's survey of recipients of remittances in Nigeria, of which (46.4 per cent) of the respondents of this study would want to receive their funds from the UK in naira, while 40.1 per cent respondents would want to receive their funds from the UK in foreign currency and the remaining 13.5 per cent would want to receive their funds from the UK in naira and in foreign currency (table 5.3) When one combines this evidence with the unique selling point of the British Nigerian informal money transfer operator, which gives a recipient money in Naira at the best black-market rate, it demonstrates that diaspora entrepreneurs prefer

[38] Naira to pound rate between August 2020 and March 2023

to remit in naira as it provides remitters' operating cashflow to propagate their small enterprises in Nigeria. This will be discussed more extensively in Chapter Six.

Table 5.3: How recipients in Nigeria prefer to receive remittances

How would you want to receive your funds?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	In foreign currency	220	40.1	40.1	40.1
	In Naira	254	46.4	46.4	86.5
	In Naira, In foreign currency	74	13.5	13.5	100.0
	Total	548	100.0	100.0	

Another critical area in which Nigerian international money transfer operators navigate CBN regulatory policy barriers has been through technology. Technological changes often transcend geographical boundaries, making it difficult for individual regulatory bodies to address cross-border challenges comprehensively. According to a research participant,

"...these regulators are doing everything to maintain the status quo with the big players, our platform simply bypasses all that because they do not understand the technology yet. ...using the Internet and blockchain we can easily host anywhere

outside of UK and Nigeria to send money anywhere in the world that has the right infrastructure. The regulators are redundant, they do not know it yet."[39]

This also references the speed at which new technology, such as blockchain, is disrupting the industry and demonstrates that the remittance industry is evolving at a rate that is too fast for regulators to keep abreast of. According to a 2021 survey conducted by the World Economic Forum and Statista, 33% of respondents from Nigeria reported owning or using cryptocurrencies. Furthermore, Nigeria has consistently ranked high in peer-to-peer (P2P) Bitcoin trading volumes. Chainalysis' 2023 Global Crypto Adoption Index ranked Nigeria first globally for P2P exchange trade volumes and second overall for crypto adoption (Chainanalysis, 2023). Each year, they become more widely used and become more and more popular among Nigerians for remittances. This is due, among other things, to CBN's monetary policies, the instability of the naira, inflation and limited access to traditional financial services.

The CBN is aware and acknowledged that,

"...over 13 million people are crypto holders, which makes Nigeria the number one in Africa in crypto adoption..., use of digital currencies provides a number of (micro

[39] Interview on 23/08/2021 with Mr i10, a British Nigerian entrepreneur in the UK

and macro) opportunities to individual users, the monetary authority and the entire country." (CBN, 2022 pg.97).

The CBN has been trying to address the gaps between its policies and technological changes. Olatunji (2020) notes that the CBN in June 2020 developed a "regulatory sandbox" to try and formulate policies for addressing such transactions. Sandboxes are "virtual environments used to test and examine the act of innovative new processes or technologies in isolation". This move has also been supported by the UK's FCA, which describes the process as a "safe space in which businesses can test innovative products" (Olatunji, 2020 p3).

In summary, the Central Bank of Nigeria (CBN) has the authority to compel banks and other financial intermediaries in Nigeria to comply with their policies. As a consequence of their policies, over the past decade, informal MTOs have become a popular remittance channel for members of the Nigerian diaspora. This is because they provide an institution to both remit as consumers and become involved in the remittance business as entrepreneurs.

Regulatory bodies want new players in the financial services industry, especially those involved in remittance transactions, to operate as formal, regulated businesses. For example, when justifying the policy on IMTO registration, the CBN spokesperson said,

"... the policy would help increase the sustained supply of foreign exchange in the official market by promoting greater competition and innovation among IMTOs and, ultimately, lower the cost of remittance transactions and boost financial inclusion."[40].

Studies have shown that increased remittances can lead to recipients opening bank accounts, enhancing savings, and gaining access to financial systems, thereby promoting financial inclusion (Misati et al., 2019; Arthur et al., 2020). Therefore, by becoming formal and obtaining the necessary licences, these businesses can comply with the rules and regulations set by the regulatory authorities. Furthermore, formalising and regulating these businesses are crucial for maintaining transparency, security, and stability in the financial system.

However, in light of the argument on the inflexibility and their limited ability to respond to technical changes or work collaboratively thus far, entrepreneurs and end users in the money transfer ecosystem are not getting the benefits these technological changes could bring, such as real breaking of the hegemony of the established players, reducing remittance costs and enabling new entrants. As noted by the Group of 20 Countries (G20) leaders' statement, if a system of

[40] CBN, Personal Communication January 3, 2021

enforcement is ineffective...the ability of the system to achieve its designed outcome is undermined. (G20 leaders' statement, 2009)

5.5 Regulating Fintech

The remittance industry has undergone significant technological transformation in recent years, driven by innovations in mobile technology, digital payments, and financial technology (fintech).

These advancements have made cross-border money transfers faster, cheaper, and more accessible to millions of people worldwide. However, the regulatory frameworks governing remittances have struggled to keep pace with rapid technological change, creating gaps and uncertainties that pose challenges for both innovators and regulators. This section examines the key technological innovations in the remittance space, analyses the regulatory challenges for enforcement and compliance in adapting to these changes, and discusses the implications of the resulting regulatory gaps and uncertainties.

One of the most impactful remittance innovations has been the rise of mobile and digital payment technologies. Mobile money services like M-Pesa in Kenya have revolutionised financial access in developing countries, allowing people to send and receive money using basic mobile phones (Suri & Jack, 2016). These services have expanded to facilitate cross-border remittances, partnering with international money transfer operators to enable seamless transfers between countries. Digital wallets and payment apps have also transformed the remittance landscape. Services like PayPal, Venmo, and TransferWise (now Wise) allow users to send

money internationally with lower fees and faster processing times compared to traditional bank transfers or money transfer operators (Kunze, 2019). These digital platforms leverage technology to reduce operational costs and pass savings on to consumers.

Additionally, blockchain technology and cryptocurrencies have emerged as disruptive forces in the remittance industry. Blockchain-based systems can facilitate near-instantaneous cross-border transfers at very low cost by eliminating intermediaries and reducing settlement times (Rosner & Kang, 2016). Cryptocurrencies like Bitcoin and Ripple's XRP are being explored as potential vehicles for remittances, promising faster and cheaper transfers, especially in corridors with volatile currencies or limited banking infrastructure.

Despite the rapid pace of technological innovation in remittances, regulatory frameworks have been slow to adapt, creating a number of challenges, which include:

Outdated Regulatory Frameworks: Many existing regulations were designed for traditional financial services and do not adequately address the unique characteristics of digital remittance services. For example, the regulators may assume physical presence or paper-based documentation, which may not be applicable to purely digital services (GPFI, 2016). This mismatch can create significant barriers to entry for new players in the remittance market, potentially limiting competition and innovation (Metzger et al., 2019).

Fragmented Regulatory Landscape: The cross-border nature of remittances means that service providers must navigate a complex web of regulations across multiple jurisdictions. This fragmentation can lead to inconsistencies and conflicts between different regulatory regimes, making it difficult for innovative services to scale globally (Metzger et al., 2019). The lack of regulatory harmonisation also increases compliance costs for remittance providers, potentially limiting competition and innovation.

Risk-Based Approach vs Innovation: Regulators face the challenge of balancing their mandate to protect consumers and maintain financial stability with the need to foster innovation. The traditional risk-based approach to financial regulation may not be well-suited to rapidly evolving technologies, as it can be overly prescriptive and slow to adapt to new risks and opportunities (Arner et al., 2017). This can lead to regulations failing to adequately address new risks or imposing unnecessary burdens on innovative services.

Lack of Technical Expertise: Many regulatory bodies lack the technical expertise to fully understand and effectively regulate new technologies in the remittance space. Research by Zohar (2015) highlights how many regulators lack the technical understanding to govern blockchain-based remittances, leading to inconsistent policies that vary significantly between regions. In many cases, regulators either over-regulate (limiting innovation) or under-regulate (allowing vulnerabilities to persist), neither of which adequately addresses the needs of this technology-driven market. This lack of technical expertise often results in ineffective regulations,

either failing to address crucial risks or stifling innovation by imposing overly restrictive measures (Zetzsche et al., 2017). The rapid pace of technological change exacerbates this problem as regulators struggle to keep up with the latest developments. The CBN acknowledged this challenge in its 2022 policy review, emphasising the need for research to modernise regulatory functions within the financial system. The CBN said it would "...promote research on how their traditional functions can be performed in the contemporary financial system." (CBN, 2022.p116)

AML/CFT Compliance for New Technologies: While anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations are well-established for traditional financial services, their application to new technologies like blockchain and AI-powered systems remains unclear in many jurisdictions. This creates uncertainty for innovators and may lead to over-compliance or inadequate risk management (FATF, 2020).

Technological innovation has transformed the remittance industry, offering the potential for faster, cheaper, and more accessible cross-border money transfers. However, the slow adaptation of regulatory frameworks to these changes has created significant gaps and uncertainties. Addressing these challenges will require a concerted effort from policymakers, regulators, and industry stakeholders to develop more agile, adaptive, and internationally coordinated regulatory approaches. By doing so, they can help realise the full potential of technological

innovation in remittances while effectively managing risks and protecting consumers.

5.6 Conclusion

This chapter examined the complex regulatory landscape governing remittances, focusing on regulators' challenges in adapting to rapid technological changes in the money transfer ecosystem. Regulatory frameworks in both Nigeria and the UK pose significant barriers for new entrants in the international money transfer business. In Nigeria, CBN's stringent regulations, including high capital requirements and complex licensing processes, deter many potential providers from entering the market. Additionally, frequent changes to regulatory guidelines create uncertainty and disrupt business operations, further discouraging new entrants. In the UK, the FCA impose strict anti-money laundering (AML) and know-your-customer (KYC) requirements, which can be particularly challenging for small businesses or new entrants to navigate. These regulatory hurdles can stifle innovation and limit competition, making it difficult for new companies to establish themselves in the international money transfer sector.

This research acknowledges that the role of regulatory bodies in overseeing financial institutions is pivotal for maintaining systemic stability. However, this analysis underscores a significant limitation: the ability of these bodies to effectively respond to the rapid pace of technological advancements in the money transfer ecosystem. The data reveals that regulatory frameworks often struggle to keep up with emerging technologies, resulting in a mismatch between regulatory

practices and the speed of innovation. This inflexibility poses a substantial challenge for financial institutions, particularly as they attempt to adapt to the swift changes in market conditions and technological developments. Regulatory bodies that fail to evolve alongside financial technologies can stifle innovation, as evidenced by the dissatisfaction among service users with opaque fees and regulatory hurdles. The difficulties faced by entrepreneurs, especially those from diaspora communities, in navigating these rigid regulations further highlight the shortcomings of the current framework.

To address these issues, regulatory bodies need to balance consumer protection with the need to foster innovation. This includes gaining a deeper understanding of emerging technologies such as blockchain, artificial intelligence, and decentralised finance. By adopting a more agile and adaptive regulatory approach, regulators can better support the growth and development of financial institutions in the digital era.

The current regulatory landscape for remittances is at a crossroads. While the protection of consumers and financial stability remains essential, the need for a more flexible and inclusive regulatory environment is clear. Such an approach will not only address the challenges faced by diaspora entrepreneurs but also promote innovation and meet the evolving needs of consumers and businesses effectively.

As we move into Chapter 6 on remittances and entrepreneurship, this research will explore how these regulatory challenges intersect with the entrepreneurial ambitions of businesses and consumers in the Nigerian diaspora. We will examine how diaspora entrepreneurs navigate the formal and informal remittance channels,

leverage their unique transnational networks, and contribute to economic development in the UK and Nigeria. This next chapter will provide insights into diaspora-led enterprises, their challenges, and interventions needed to support these entrepreneurial efforts within an evolving international regulatory framework.

CHAPTER SIX: REMITTANCE ENTREPRENEURSHIP IN THE NIGERIAN DIASPORA IN THE UK: ASSESSING THE ISSUES

6.1 Overview

In the preceding chapters, this thesis analysed the broader money transfer ecosystem and the regulations governing it and demonstrated that the UK-Nigeria remittance corridor is one of Africa's largest and most significant. By presenting data collected from entrepreneurs and consumers, this chapter examines the factors that affect British Nigerians' participation in the industry and explores reasons for limited diaspora involvement in the formal sector. The data used in this chapter is drawn primarily from a series of focus groups, interviews with formal and informal money transfer operators in the UK and licenced money transfer operators in Nigeria for the business perspective required to answer the research question on the role British Nigerians entrepreneurs in the money transfer business between the UK and Nigeria.

The main challenges to entry are mistrust of the state, complex regulations, high cost of operations, and access to finance and banking services. Additionally, these challenges have resulted in the significant growth of informal money transfer operators with a deliberately separate market segment. This chapter will provide empirical evidence to show that informal money transfers serve as crucial springboards for broader investment and entrepreneurial activities in Nigeria.

Furthermore, this research finds that the consequence of the barriers resulted in potential entrepreneurs in the industry moving away to other forms of business or giving up, denying consumers the potential benefits that come with a competitive and innovative remittance marketplace. Overall, this chapter delves into the specific experiences of British Nigerian entrepreneurs in the remittance business, examining how they leverage their social networks, cultural knowledge, and access to capital to establish and grow their businesses and the role of trust that underpins this industry.

'Entrepreneurship' in the academic literature is a dynamic and evolving field that encompasses the creation of new businesses, innovations, risk-taking, and the management of resources to generate value. However, despite its importance, no unanimously agreed-upon definition of an entrepreneur or the entrepreneurship process reflects the field's complexity and diversity (Rusu et al., 2012, Kibassa, 2012). Entrepreneurs are often driven by the desire to create something new or disrupt existing markets with innovative products or services. They aim to change the market landscape, introduce new ways of doing things, and often have ambitions of significant financial gain. On the other hand, business owners may start or acquire existing businesses within the marketplace, focusing on providing goods or services to meet existing demand. Their primary motivation is often to maintain a stable and profitable company that provides income and employment for themselves and their employees. In some instances, entrepreneurs enter the business world out of necessity rather than choice. This is often driven by limited employment opportunities, systemic barriers, and the need to support families

across borders. These entrepreneurs typically rely on their resilience, informal networks, and firsthand understanding of cross-border financial flows or consumer needs to establish businesses that cater to their communities. Frequently, they are already employed but in roles that are underpaid, insecure, or for which they are overqualified. Consequently, they become business owners to supplement their income. In the UK, the term 'business owner' means an individual who works for themselves via a legal entity as a director or sole trader, offering goods or services they get paid for.

A distinct characteristic of the Nigerian entrepreneurs in this study was that most of them were also in paid employment as illustrated in figure 6.1. This supports the findings of other research that migrants' entrepreneurial ambitions often need to be supplemented by a steady income until such time as when the business venture is profitable enough to meet their overall needs (Villares-Varela et al., 2022; Hall, 2021; Ram et al., 2017).

This insight necessitates clarifying that there is no distinction between entrepreneurship and business ownership when applied to this thesis. The terms are interchangeable.

The entrepreneurial tendencies of migrants, particularly those driven by necessity, have been well-documented in academic literature (Muñoz-Mora et al., 2022; Lofstrom & Wang, 2019). However, the findings from this research suggest that the Nigerian entrepreneur has chosen to become an entrepreneur, particularly for profit

and extra income rather than because of a lack of opportunity or necessity, as highlighted in Chapter Seven. This is evident from the fact that many of the British-Nigerians in this study have multiple businesses and invest savings into their business, indicating that they have disposable income..

6.2 Perspective of British Nigerian Entrepreneurship

It is generally accepted that London hosts the largest Nigerian diaspora population in the UK, along with a significant number of second and third-generation Black Africans (BBC News, 2022). Despite their substantial contributions to the London economy, there is a notable lack of detailed information and published research on Black enterprises in London, particularly regarding their description, size, and scope of operation (London Development Agency, 2005; BBB, 2020). One of the primary challenges in assessing the entrepreneurial contributions of these businesses is that many are not formally registered and thus remain outside official UK records (Mteiye et al., 2022). The next section delves into the unique nature of these enterprises, exploring how their informal structures influence their economic and social impact.

6.2.1 Informal Businesses

Many British-Nigerian migrant entrepreneurs who participated in this research began their entrepreneurial journey in the informal sector, where businesses operate outside the formal regulatory framework established by the government.

Light (2004) argues that the informal sector provides an essential platform for immigrant entrepreneurs, allowing them to bypass bureaucratic constraints and quickly adapt to new market conditions. Data from this research concurs with the position that British Nigerian diaspora entrepreneurs often operate within the informal sector, favouring cash-based transactions and personal networks over formal business structures. This preference stems from a desire to avoid the complexities and costs of formal registration and compliance. However, they do not necessarily start their entrepreneurial journey with the intent to be an informal business; their negative experiences of the formal sector often make them resort to informal practices to mitigate the complexities and costs of formal business.

For example, a participant shared how she moved from an informal business to a formal business and how mistakes in her formal business steered her back into the informal sector:

"*My first real business was a salon; they [the London Borough] were promoting the use of empty high street shops, so I grabbed it. It was all fine in the first year; then, by 2021, trading standards sent me a warning [about banned chemical hair straighteners], and then all of them, HMRC, Companies House, and the Council, were on my case. I had to liquidate the whole thing as it was so much stress. There*

was so much I did not know as setting up was initially so easy. Now my business is mobile, so it's less stress and I manage much better."[41]

Notably, her transition to the formal was based on incentives that encouraged her to get premises, which would probably not have been sustainable even if she had had the support to understand her obligations better. Of greater relevance to this study was that the participant also ran a money transfer business as an agent for a formal money transfer operation from the shop. When she lost her premises, she became independent and joined a Nigerian network of informal money transfer operators, offering a unique service. She adds,

"...because I am mobile, I can help customers with cash transfers, they only pay extra for transport. Since COVID-19, many operators and customers prefer bank transfers. So, my customers really appreciate me for still coming to them..."[42]

It also demonstrates that operators of informal money transfer services see no advantage in feeding into official records because that comes with a level of regulation and scrutiny that presents no tangible benefit to either provider or customer, even if it does to the state. However, it is important to note that many of the entrepreneur participants of the focus groups confirmed they had taken

[41] Respondent F17- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

[42] Respondent F17- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

advantage of the relaxed regulations during the COVID restrictions to formalise businesses or create new companies with the ambition to succeed. This suggests that there is a case for reviewing, if not relaxing, the regulations around informal companies to encourage greater participation of this group. Additionally, their decision to start a business despite having a secure job or not being driven by necessity highlights that they do not begin by wanting to go into informal business but are often driven down that path.

6.2.2 Leveraging Social Networks

Another finding of this research was that the British Nigerian entrepreneurs who participated had the Nigerian diaspora as their primary target market. This supports the concept of "ethnic entrepreneurship" and the use of "co-ethnic networks" in migrant business ownership, emphasising the role of ethnicity as a resource and the importance of social networks for entrepreneurial success among migrants. This aligns with research by scholars such as Ram (1995), Stoyanov et al., (2011), Vershinina & Cruz (2021), and Glinka et al. (2023), who found that ethnic networks provide migrant entrepreneurs with unique competitive advantages, essential for the growth and success of their businesses.

These entrepreneurs rely on ethnic networks to secure access to a steady and reliable pool of customers. They leverage their sociocultural knowledge to start and run transnational operations. These entrepreneurs based in the UK provide products and services from Nigeria to UK clients and vice versa. For example, an informal peer-to-peer money transfer operator based in the UK facilitates the

procurement of goods from Nigeria, which are shipped to the UK for onward sale to the same community, thus maintaining a circular marketplace. In exchange, he facilitates the shipment of UK toiletries to Nigeria for use in the Nigerian market.

"...I buy wholesale toiletries from the UK and ship them to Nigeria. My business partner in Nigeria buys wholesale cosmetics and ships them to me. I don't need to send money, and he does not send me money, but we make our money easily"[43]

These international goods transfer operations work because of the ready market within the Nigerian community in the UK, where customers place orders waiting for the goods. And the same applies to the ready customers of his Nigerian business partner services.

This supports Elo & Riddle's (2016) argument that operating within diaspora networks enables flexibility and informality of diaspora businesses, making them more responsive to changing market dynamics. This arrangement means that if there is no demand, then he will not tie up his money and vice versa, making it easy to agree on a balance of payment.

However, these enclave economic activities limit their economic performance by restricting and isolating them from customers outside their community-based networks. This business model is likely to only work within such networks, thereby

[43] Respondent j5- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

unlikely to be on the radar of any regulatory institution. This type of business reaffirms one of the reasons why little is known or published about London's Black enterprises in terms of description, size, and scope of operation despite their substantial contribution to the London economy. Additionally, a report by Lloyds Banking Group highlighted that black business owners often face obstacles that can negatively impact their confidence and livelihoods, such as a lack of support from financial service providers and the government. The same report concludes that these businesses are hard to reach therefore so tailoring support would require visibility and greater representation on the boards of financial institutions (Lloyds Banking Group, 2012).

6.2.3 Seize Opportunities

A revelation from this research was how British Nigerian entrepreneurs actively sought and embraced opportunities to grow their businesses, even amidst the challenges posed by the coronavirus pandemic. The pandemic disproportionately impacted Black enterprises, yet there was a notable surge in new Black-owned businesses. This reflects a higher rate of new entrepreneurs among Black adults compared to previous years before the 2020 pandemic (Brookings, 2023; Bahaj et al., 2022). The Bank of England attested to the success of these structural changes in their report on business creation during the pandemic, noting: "We find that firm entry increased during the pandemic, unlike typical recessions where firm entry declines" (Bahaj et al., 2022, p. 2).

Entrepreneurs taking advantage of the relaxation of certain regulatory bottlenecks influenced the surge in new businesses. For instance, the need to present in-person to open a business bank account was reduced, and on-site inspections of business premises by regulators like the Food Standards Agency were minimised. As one respondent noted:

“Working from home meant I could concentrate on my side hustle…I was able to do everything online, from a business account to the inspection (Food Standards Agency). It was easier than I could have imagined…but that foundation [meaning

the ease of setting up the business and light touch regulation with the Food Standards Agency] helped me start trading properly and growing."[44]

In other words, the respondents capitalized on the current circumstances to pursue their entrepreneurial ambitions. Opening a business bank account has been one of the most significant challenges experienced by these entrepreneurs. However, many were able to take the opportunity during the pandemic to do just that. As one attests:

"If not for the pandemic, I would not have been granted a business bank account. I had been declined for several years, but when Mettle [45]*opened, they allowed me. So, I was able to now start growing."*[46]

Another respondent concurred, highlighting the sense of relief and the significance of this achievement:

[44] Respondent j8- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

[45] Mettle is the mobile business bank account built for the self-employed. It is free with no monthly charges or transaction fees. Mettle is part of NatWest Group.

[46] Respondent j4- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

"I agree, the biggest thing I achieved then was opening a business account, I was always refused, and you know you cannot really be a serious person [business] without one."[47]

These testimonies underscore the frustration and helplessness experienced by many entrepreneurs who struggled to open business bank accounts before the pandemic. The ability to open a business account during this period was not just a logistical achievement but a critical step towards legitimising and growing their businesses. This section also illustrates the role financial services play in business development which is a significant challenge that will be discussed in section 6.4.

6.2.4 Leveraging Transnational Networks

Another key perspective about the British Nigerians in this study was the close affiliation maintained by all generations with Nigeria. A significant majority of focus group participants (84 out of 125) reported offering money transfer services between the UK and Nigeria, exemplifying the concept of transnational entrepreneurship. This phenomenon, as defined by Drori, Honig, & Wright (2009), refers to entrepreneurial activities that operate across national borders, leveraging resources, networks, and opportunities in multiple countries. One such entrepreneur who participated in this research said,

[47] Respondent j4- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

"This business [informal MTO] is good once you get how things work in Nigeria, and you have good contacts. Because of the good exchange rate and the cash shortages in Naija, you can understand why people here [UK] are sending so much money home. You can do so much more with so little now. Our people [Nigerians in the UK] need us [informal MTO] to help them transfer their money without the wahala [scrutiny] of the government [UK-Nigeria regulators]."[48]

Here, the entrepreneur emphasises how their cultural knowledge and familiarity with the operational landscape in Nigeria and the UK allow them to operate informally with ease. They demonstrate how British Nigerian entrepreneurs have capitalised on the unique demand for foreign exchange services within their community. They have identified and exploited business opportunities that span both countries by utilising their bicultural knowledge, social capital, and transnational networks. This aligns with the broader trend of diaspora entrepreneurs leveraging their dual cultural competencies to create value in both host and home countries (Nwankwo, 2005).

The prevalence of these transnational businesses among British Nigerians underscores the enduring connections maintained with Nigeria, even among second and third-generation immigrants. This challenges simplistic notions of assimilation and highlights the complex, multi-faceted identities of diaspora communities in an increasingly globalised and transnational world.

[48] Interview on 23/08/2021 with Mr i10, a British Nigerian entrepreneur in the UK

6.3 The Centrality of Trust in the British Nigerian Remittance Business

Successful entrepreneurship must meet evident needs. While the central focus of this research has been to understand why the Nigerian is not represented in the formal money transfer business, the findings highlight the critical role of trust in the success and sustainability of entrepreneurial ventures, particularly in the context of Nigerian diaspora businesses involved in money transfer operations. Trust is a critical factor for establishing and maintaining business relationships in the broader Nigerian business environment. Business etiquette in Nigeria emphasises the importance of referrals, which are more likely to connect entrepreneurs with decision-makers when there is an existing trust relationship.

Acquaah (2007) emphasises that in many African countries, including Nigeria, social capital plays a crucial role in business success. He argues that personal and professional networks are often more important than formal institutional structures in facilitating business transactions and opportunities. Furthermore, Okpara (2011) argues that trust-based relationships are particularly important in the Nigerian business environment, where regulatory uncertainty and operational challenges can make it difficult for businesses to thrive without strong local connections. Referrals not only enhance access to decision-makers but also mitigate risks associated with doing business in a context where informal networks often serve as a parallel system to formal institutions.

Building trust and managing relationships are essential for business sustainability, requiring consistent communication and engagement in both official and non-

official capacities. This approach to business underscores the interplay between individual agency in initiating business ventures and the collective trust necessary for their longevity. Furthermore, informal peer-to-peer money transfer services are growing, regardless of the well-documented risks and challenges compared to the formal avenues.

Trust is a fundamental component of social structures, influencing and being influenced by the underlying systems and relationships that structuralism seeks to uncover. According to sociological perspectives, trust is not merely an individual trait, but a relational and systemic phenomenon embedded in social networks, organisations, and institutions (Cook & Santana, 2020). Trust acts as a social glue, facilitating cooperation and coordination within and between social structures.

Trust is established through personal connections and the social capital that intermediaries accumulate over time. In the informal money transfer system, the reliability and integrity of the intermediaries are crucial, as the entire system operates without formal contracts or regulatory oversight (IFAD, 2023). Therefore, the following section analyses the role of trust in remittances and entrepreneurship in addressing the research question of why there is so little diaspora participation in the formal remittance industry.

The main finding from this data was the belief that their businesses would not exist if their customers did not trust them more than the established institutions. The dynamics of trust in formal and informal money transfer systems differ significantly. In formal systems, trust is institutional and built on regulatory compliance,

transparency, and the perceived stability of financial institutions. In contrast, trust in informal systems is personal and community-based, relying on social capital and the reputation of intermediaries. This is reiterated in the focus groups, where all respondents agreed that trust is essential in business at any level, especially when it comes to monetary transactions. Reflecting how diaspora entrepreneurs rely on trust within their networks to facilitate informal money transfer, one participant explained,

"All my customers are recommendations from family and friends. If they have not been vouched for, [by a trusted friend or family] then I will not take their business. I have to be careful because if I make the mistake of taking on a wrong customer, I can get into serious trouble with Home Office and EFCC."[49]

This emphasis on personal relationships and trust in business operations has significant implications for the remittance sector. Despite the well-documented risks and challenges associated with informal channels, there is a growing trend towards informal peer-to-peer money transfer services. As shown in the data from this study, 65% of British Nigerian entrepreneurs involved in the money transfer business operate in the informal sector, compared to those engaged in the formal sector (see Figure 6.2). This suggests that trust and personal connections often

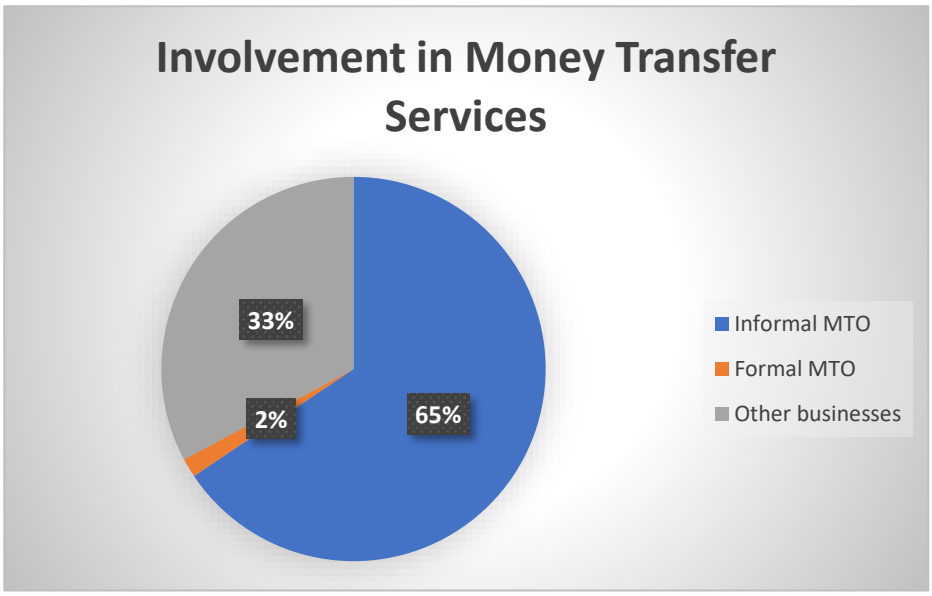
[49] Respondent j5- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

outweigh the perceived benefits of using formal, more regulated avenues within these informal networks.

This concurs with the findings of Altinay et al. (2014), who investigated the impact of trust in establishing customer relationships by ethnic minority small businesses (EMSBs). Their study, which employed qualitative data from semi-structured interviews with 134 Turkish EMSBs in London, underscores the key argument that cultural ties significantly shape the dimensions of trust in business relationships, influencing how EMSBs connect with diverse customer groups. Similarly, Ram et al. (2017) argue that ethnic entrepreneurs often rely on trust within their social and cultural networks to mitigate risks and navigate business challenges in environments where formal institutions may be inaccessible or inefficient. This underscores the broader assertion that trust, influenced by cultural contexts, is indispensable in forming and maintaining business relationships.

6.3.1 Informal MTO

Figure 6.2 Participants involved in money transfer services out of 125 focus group participants (entrepreneurs)



Another respondent operating informal money transfer services (MTOs) emphasised that their business service Is predicated on trust. They concurred,

"I only help someone that I know. If they are not in our group or someone, I know personally has sent them to me, I will not take their business."[50]

[50] Respondent g16- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

This supports studies that confirm trust in informal systems is built on personal relationships, community ties, and the reputation of the intermediaries involved (World Bank, 2023). It also supports Xiong & Liu (2004) and Burt & Burzynska (2017) who argue that establishing and maintaining trust is essential for the continuity of closed-network businesses. This trust factor is crucial in attracting and retaining customers, highlighting the significance of trust in driving customer loyalty and business sustainability.

Trust can also be an intangible method of derisking business in a non-formal way. Respondents suggested that if they did not know an individual, they could refuse their services. As another informal money transfer operator said,

"*One has to be careful; you do not want to get into trouble by trading with an outsider. If no one can vouch for that customer, I cannot help him*."[51]

'Trouble' is a relative word that comes up quite often in participant responses. It is evident that 'trouble' may range from a customer who may be dissatisfied with the service received to one who may bring the service provider's operation to the attention of the regulators. Ironically, trouble is therefore averted by a different type of Know Your Customer (KYC) check than that required by formal financial regulators, where the customer must be referred and known by either a mutual

[51] Respondent A18- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

acquaintance or a member of the community network. All the respondents confirm using phone conversations and social channels to make oral and written agreements. The written agreements were informal, by text, non-binding agreements between entrepreneurs on the WhatsApp or Telegram social channels, where the buyer would negotiate the fees for the service and, upon agreement, send confirmation of payment to the service provider. On the same channel, the provider would confirm that the transaction has been completed and show evidence to the buyer. Oral and written agreements depended on partner trustworthiness.

However, this attitude toward outsiders gives credence to Coleman's (1988), Lin (2001) and Loury's (1977) argument that trust as social capital can lead to the exclusion of non-members, reinforcing social divisions and limiting opportunities for those outside the network. I had first-hand experience as an outsider and had to navigate the gatekeepers of the various British Nigeria diaspora networks to be let into their channels. When trying to use some of these WhatsApp and Telegram services as part of the research, I was rejected despite being a member of the British Nigeria diaspora for decades. It was only through references that I was trusted to be let in, revealing the social control that occurs.

6.3.2 Losing Trust

In ethnic networks, uncooperative conduct by business owners or customers breeds mistrust because both parties must feel mutually obligated to engage in a successful transaction. It is not a simple customer and client relationship as the dynamic of the wider community group can be disrupted if there are disagreements.

This disruption can occur among groups on WhatsApp or Telegram, as part of a church, or even in a community association. For example, when members of the Igbo Cultural Network (ICSN) had chosen a young informal peer-to-peer money transfer operator (IP2PMTO) to send funds to Nigeria, to which the ICSN had contributed. The ICSN's treasurer sent the main sum to the provider but deducted the associated transfer fee of GBP180, telling the operator that this fee would be paid separately for transparent accounting. The provider, based on trust and respect for the treasurer, made the transfer expecting their fee would soon follow. Having completed the transaction, the operator started chasing up the treasurer for their outstanding fees and sent a series of chaser text messages to the treasurer. In a month, the treasurer had not settled the fee and instead shared the chaser messages from the provider with the wider WhatsApp group, chastising the provider for being rude and impertinent. This action quickly polarised the community on WhatsApp, with members who happen to be older than the IP2P MTO suggesting an apology was due and the fee forfeited to make amends. Others who supported the young provider were accused of being westernised and forgetting how to deal with elders. To restore calm and maintain the harmony in the community group, the young IP2P MTO was removed from the chat. This account (from the provider who suffered this experience) demonstrates why parties seem cautious and would prefer to terminate the connection to avoid future losses. Although the young IP2P MTO had initially benefitted from the opportunity of being in the closed ethnic-network for several years, when she was expelled, she had no legal recourse or any way to pursue redress because in this case she was removed from the WhatsApp group and thereby had no contact with the debtor and has lost all respect from the

treasurer who was able to sideline her in the community group based on his stature as 'a pillar of the community'.

Losing trust, which underpins the business model, is problematic in ethnic-based business networks because not only can there be social repercussions but there is also no recourse to a regulator, since these businesses are informal . The matter cannot be pursued in small claims courts, nor can the actors wish to involve the state authorities in their community affairs.

However, this study also discovered instances where social sanctions fostered collaboration in partnerships with intractable issues. Respondents claimed they occasionally deliberately used reputational harm to seek redress by posting the transgression on the social channels where an IP2P MTO operates. This often results in a rebuttal and then an offline resolution. For example, Mr XY, an IP2P MTO became notorious for taking over ten days to finalise the transfer (on average it should be one to three days depending on the amount of funds being transferred). Unhappy customers took to the various WhatsApp and Telegram channels to vent their dissatisfaction. Other members of the community responded by thanking those who had shamed the provider, reaffirming that they would not transact business with this provider due to the feedback. This resulted in an explanation in WhatsApp and Telegram, in the form of an apology from Mr XY explaining that he had faced personal challenges and apologised and reassured customers. Support came through in responses advising the conversation to be taken offline and the aggrieved customers to be forgiving based on Mr XY's past behaviour. However, the

consequence was that customers would avoid Mr XY's service as his reputation had been tarnished in the community.

In most cases, the risk remains with the customer as they have paid for a service, and sometimes this involves hundreds of thousands of pounds sterling. In an entrepreneurial context, reciprocity informs both the trustor and the trustee that the trust they extend to one another will be returned. Trust is based on evaluating the possibility that other agents would behave favourably (Tunio et al., 2021).

Understanding the importance of trust to the Nigerian diaspora business community is crucial for comprehending the dynamics of 'other' informal peer-to-peer money transfer operations. These systems, often operating outside traditional banking channels, are deeply embedded in the social fabric of diaspora networks (Lindley, 2009). They rely heavily on interpersonal relationships, reputation, and shared cultural understanding to function effectively (Orozco & Yansura, 2013).

6.3.3 Formal MTOs

In surveying ten formal money transfer operators in the UK, they all identified trust as a critical success factor for their business. As expected, trust in formal money transfer systems influences the volume and frequency of remittances. A high level of trust ensures that users feel secure in sending money, knowing their funds will reach their intended recipients safely and promptly. This reliability is particularly important for transactions involving substantial amounts or those supporting critical needs such as healthcare, education, and business investments.

Trust in formal money transfer systems is primarily built on regulatory compliance and oversight. Regulatory bodies such as the Financial Conduct Authority (FCA) in the UK and the Central Bank of Nigeria (CBN) set stringent guidelines for MTOs to protect consumers from fraud and ensure the security of transactions (Adepoju, 2018). Also, established MTOs have built their reputation over decades. Companies like Western Union and MoneyGram are trusted for their global reach, security, and reliability. Their longstanding presence in the market assures customers of their dependability (Orozco, 2013).

However, many members of this community do not trust formal money transfer operators. Several factors contribute to this mistrust, including regulatory and compliance issues, unfavourable exchange rates, perceived inefficiencies, and a preference for informal systems. This research has identified regulatory compliance issues as the main source of mistrust. Regulatory and compliance issues, such as anti-money laundering (AML) and counter-terrorism financing (CTF) regulations, can sometimes result in the freezing of funds or additional scrutiny, which can be perceived as invasive and burdensome. Table 6.1 summarises the requirements to adhere to these regulations.

Table 6.1: Know your customer requirements

Data Extracted by Ngozi Fakeye

KYC criteria	Requirements from customer	Obligation from financial organisation
Proof of identity	Government-issued photo ID such as passport, driver's licence, or national ID card.	
Proof of address	Recent utility bill, bank statement, or other official document showing current address.	
Contact information	Personal Information: Full legal name. Date of birth. Residential address (phone number, email)	
Source of funds	Information on the origin of the money being transferred Proof of income or wealth for large transfers	
Purpose of transfer	Reason for sending money internationally	
Recipient information	Full name of recipient Recipient's bank account details (for bank transfers) Relationship to sender	Checking sender and recipient against international sanctions lists
Limits for Nigerians	KYC Level 1: Daily transfer limit of up to NGN 10,000 with a balance limit of NGN300,000	Required for high-risk customers, politically exposed persons (PEPs), or large transactions
	KYC Level 2: Daily transfer limit of NGN100,000 with a balance limit of NGN500,000	May include additional documentation or verification steps. Ongoing monitoring:
Enhanced due diligence	KYC Level 3: Higher limits with more stringent verification	Continuous monitoring of transactions for suspicious activity
Record keeping	All	Financial institutions must maintain records of KYC information and transactions for at least 5 years
Sanctions screening		Suspicious activity reporting to relevant authorities in both countries

The perception of excessive regulatory scrutiny and its potential consequences is pervasive within the British Nigerian community, including among second-generation individuals born and raised in the UK. Within the community this perception seems to stem more from anecdotal evidence and community narratives rather than substantiated incidents. Respondents expressed concerns that utilizing formal money transfer operators (MTOs) could lead to heightened scrutiny from various government departments, particularly the Home Office and HM Revenue & Customs.

"I understand they want to check that we are not criminals, but asking for my mother's details, like her date of birth, where she was born is just crazy. How will I get evidence of that from an old woman in Lokoja [a town in Kogi state in Nigeria] who cannot read or write? Anyway, it just seemed too much, so when I looked at everything, I gave up at that point.[52]

The feedback from the focus group of entrepreneurs also echoed the sentiment that although there was an acknowledgement that identity checks on the individuals would be expected, but they were not quite comfortable with the level of intrusion from the personal screening assessments. Especially the second aspect of the screening which would involve the sharing their personal information with law enforcement and intelligence agencies in Nigeria.

[52] Interview on 16/05/2022 with Ms i1, a British Nigerian entrepreneur in the UK.

Anecdotal accounts shared by participants included stories of citizenship revocation, police interventions, and deportations, which have contributed to a climate of apprehension. Two research participants reported personal experiences that they believed resulted in negative consequences, such as being "blacklisted" and experiencing a decline in credit scores following transactions with a prominent formal MTO.

One participant recounted a specific incident:

"*My experience with X [top 10 formal MTO], I will never use them again and I tell everybody never to use them. First of all, after I gave all my own and the receiver's details, they held my money and kept asking for more information about the source of funds. The next day, the bank's fraud department called to ask about my source of funds to authorise a payout. Is it their business? This money was going to the US and not Nigeria. It took them three days to clear the funds. I forgot about it till I applied for a loan and was rejected. The only thing I had done before then was this transaction, so I am sure they told the bank and somehow downgraded my score.*"[53]

This personal account exemplifies the perception and mistrust surrounding regulatory checks within the community. Carling (2004) posits that while such measures are crucial for preventing illicit activities, they can be perceived as excessively intrusive and cause delays, thereby contributing to the mistrust of formal MTOs. Recognising the potentially damaging nature of this perception, Ratha

[53] Respondent E5 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

et al. (2011) suggest implementing educational initiatives aimed at increasing awareness of the benefits and security measures associated with formal MTOs, which could help build trust within the diaspora community.

It is important to note that these perceptions, while widespread, may not accurately reflect the actual practices or intentions of regulatory bodies. Further research is needed to examine the extent to which these community beliefs align with the realities of regulatory oversight and its impact on diaspora remittance practices.

At the intersection of remittances and entrepreneurship, trust can act as both an enabler and a constraint. On the one hand, trust enables social action by reducing uncertainty and facilitating cooperation. For example, trust in the informal money transfer operators enables their entrepreneurial ventures and economic transactions. On the other hand, the lack of trust clearly constrains social action by increasing perceived risks and inhibiting compliance with standards that should safeguard consumers.

This section has analysed how trust is a fundamental element in both formal and informal money transfer systems within the UK-Nigeria remittance corridor. Both systems face unique challenges in building and maintaining trust, and customer preferences are influenced by the different trust dynamics.

The complex interplay between trust, cultural factors, and business practices within the Nigerian diaspora provides a unique lens through which to examine informal financial systems. This understanding is not only academically significant but also has practical implications for policymakers, financial institutions, and

diaspora entrepreneurs seeking to engage in these informal economic activities (Elo et al., 2019). In the section, it becomes clear that trust serves as both a facilitator and a constraint in diaspora business operations. It enables transactions in the absence of formal legal frameworks but can also limit the scale and reach of these operations to trusted in-group members (Portes & Sensenbrenner, 1993). This sets the stage for a more comprehensive exploration in the next section on the challenges facing the Nigerian diaspora entrepreneur, contributing to the broader discourse on diaspora entrepreneurship and transnational remittance practices.

6.3.4 State Mistrust

The relationship between British Nigerians and state institutions is complex and characterised by significant levels of distrust stemming from historical, cultural, and systemic factors. In this context, the state refers to the institutions that represent the UK government and the Nigerian Government, including the regulators. In this section, I will combine the mistrust of the British and Nigerian states because this research finds that both are not trusted, in equal measure, but for different reasons. The core perception is that neither state actor is on the side of the individual, and this notion strengthens the use of 'closed networks' because only a British Nigerian can understand the tensions in their dual identity. This perception has been passed down through generations, potentially affecting British-born or second-generation Nigerians who have not directly experienced the issues in Nigeria. As one British Nigerian entrepreneur bleakly surmises,

"...it doesn't matter if you do everything right; always have in mind that no government is working in our favour. The British are suppressing us, and the Nigerians are exploiting us..."[54]

The intergenerational mistrust likely stems from the historical relationship between Nigeria and the UK. Nigeria's colonial past under British rule left a legacy of exploitation and systemic inequalities. The British colonial administration implemented policies that exacerbated ethnic divisions and fostered corruption, leaving a lasting impact on Nigerian society (Wyss, 2021). The colonial strategy of indirect rule, particularly in the northern regions, entrenched power structures that were unaccountable to the local populace, leading to widespread poverty and corruption (Raynor, de Best. 2023). This historical context has contributed to a pervasive scepticism among British Nigerians regarding the intentions and actions of the UK government.

The "Hostile Environment" policies, introduced by Theresa May, were intended to create a challenging environment for undocumented migrants. However, these policies inadvertently targeted legal residents, leading to widespread fear and mistrust among ethnic minorities (The Guardian, 2023). This unintended consequence exacerbated existing issues, as the policies effectively embedded immigration control into every aspect of life, making it difficult for individuals to access essential services like healthcare and housing unless they could prove their

[54] Interview on 16/05/2022 with Ms i1, a British Nigerian entrepreneur in the UK

immigration status. For example, landlords, employers, and public service providers were required to check the immigration status of individuals, leading to racial profiling and discrimination (The Independent, 2023).

Additionally, the systemic biases within the UK's immigration and legal systems have further fuelled this mistrust. Studies have shown that ethnic minorities, including British Nigerians, are more likely to face discrimination in various aspects of life, from employment to housing and access to public services (Commission on Race and Ethnic Disparities, 2021). This systemic discrimination reinforces the perception that the UK government does not adequately protect or represent the interests of British Nigerians.

This heavy cocktail of mistrust explains why one of the respondents said,

"*I cannot trust the authorities between here and Nigeria; that's how your enemies will intercept and create problems for you here [UK] and in Nigeria, all because you decided you wanted to get a licence?*"[55]

This statement reveals the tension of duality in identity because British Nigerians are simultaneously empowered by their dual heritage and alienated from both cultures. Dual nationality can be an advantage in opening international markets for business as British, but the fears of 'enemies' and people out to do you harm are very much a Nigerian cultural norm.

[55] Respondent a9 - Data from nine focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

Mistrust is also reflected in the issues raised about complying with regulations necessary to operate a state-licensed money transfer business. In Nigeria, policies on international remittances have changed four times between 2019 and 2023, as chronicled in Chapter 5. Although the UK regulations have not changed, the complexity of the information has been a significant challenge to decipher. The need for extensive documentation, regular audits, and detailed reporting is overwhelming and resource intensive. While these regulations are essential for maintaining financial integrity against the backdrop of state mistrust, some research participants felt that all state organisations work together to disadvantage British Nigerian entrepreneurs. For example,

…" *they [the FCA] use the information on our [licencing] applications to monitor us, how come when I applied, I was rejected and then every bank I was either banking with or tried to open a [business] bank account with suddenly closed my account?"*[56]

In conclusion, trust plays a central role in the British Nigerian remittance business, influencing both the choice of remittance channels and the broader dynamics of financial transactions between the UK and Nigeria. Trust is particularly crucial in informal money transfer operations, where personal relationships and mutual understanding often replace formal contracts and regulatory oversight. This reliance on trust also reflects a broader pattern of underrepresentation in the formal

[56] Respondent a19 - Data from nine focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

money transfer businesses within the UK and is at the core of the challenges faced by diaspora entrepreneurs.

6.4 Challenges Facing Remittance Entrepreneurs

The entrepreneurial activities of the British Nigerian diaspora significantly contribute to both the UK and Nigerian economies. However, these entrepreneurs often face substantial barriers. These challenges include navigating regulatory environments, securing funding, cultural differences, and balancing dual identities. Chapter five addressed how British Nigerian entrepreneurs often struggle with the UK's and Nigeria's complex regulatory environment. Therefore, this section will focus on the other challenges. It engages with data from the nine focus groups and interviews with founders of MTOs in the UK and Nigeria. This section highlights the obstacles they encounter despite advancements in fintech (Chuen & Deng, 2017).

6.4.1 Access to Finance

One of the most significant obstacles confronting diaspora entrepreneurs in the UK is access to funding and financial resources. Empirical research has consistently demonstrated that ethnic minority and immigrant entrepreneurs encounter greater difficulties in securing bank loans and external investment compared to native entrepreneurs (Ram and Jones, 2008). This study's findings from 125 British Nigerian entrepreneurs corroborate this trend, with 53% of respondents citing funding as a major concern when asked about challenges in starting a business in the UK. Several participants attributed their inability to participate as formal money transfer operators to a lack of financial resources.

The experiences reported by participants align with broader studies on ethnic minority entrepreneurship in the UK. A report by the London Chamber of Commerce and Industry found that 44% of black African business owners and 39% of black Caribbean business owners fear prejudice from financial providers, compared to just 4% of white owners (Hansard, 2022; Lending Standards Board, 2023). This apprehension is grounded in reality, as respondents in this study reported negative experiences with banks, including inconsistent communication and unclear reasons for business bank account rejections. The funding challenges faced by diaspora entrepreneurs stem from various factors, including lack of credit history, limited collateral, language barriers, and potential discrimination in lending practices. Sepulveda et al. (2011) found that many diaspora entrepreneurs in London relied heavily on informal funding sources from family and community networks due to difficulties accessing formal financial institutions. This reliance on informal networks was evident in the current study, with one participant stating:

"*I was told that seeking finance will affect my credit score, so I will keep trying to secure investment from private sources.*"[57]

This comment also reveals a lack of awareness about the financial assessment process, highlighting the need for better information dissemination among diaspora networks. Criticisms of closed networks have justifiably noted that while ethnic networks can provide significant support for immigrant entrepreneurs, they can

[57] Respondent G9 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

also limit opportunities by restricting interactions to within the ethnic group, thus missing out on broader market opportunities. (Aldrich & Waldinger,1990). The lack of financial literacy in the British Nigerian diaspora focus groups underscores the challenges of closed networks becoming insular. Operating in one's echo chamber can lead to homogeneity in ideas and practices that are detrimental to members because exclusion can prevent access to diverse perspectives that outsiders may provide.

In addition, the British Business Bank (2023) suggests that diaspora entrepreneurs often lack the necessary credit history or collateral to qualify for business loans. Fraser (2009) found that ethnic minority businesses are more likely to be denied loans compared to their white counterparts due to creditworthiness issues. When financing is secured, it often comes with higher interest rates and less favourable terms, further constraining their financial resources.

A licensed Money Transfer Operator (MTO) in the focus group explained the impact of poor credit ratings:

"When you register with the FCA, all directors are subject to credit checks as part of the compliance checks. Any bank facility is also subject to credit checks. If your credit is bad, they will say no. The lender has a duty to check regularly, so if anything is wrong, they can flag it. That is their normal policy."[58]

[58] Respondent G1 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

This statement highlights the importance of credit history in the formal financial sector and its potential to create barriers for diaspora entrepreneurs. It also demonstrates a need for information and support for the British Nigerian entrepreneur class about business credit and financing. Participants of this research who are unaware of the support available to businesses demonstrate either a lack of awareness of the kind of support they need or that the support provided is inadequate. Ram et al. (2002) argue that ethnic minority businesses often lack awareness of available financial resources and support programmes. This lack of knowledge can prevent them from accessing grants, subsidies, and favourable loan schemes designed to support small and medium enterprises (SMEs). The study evidently demonstrated the importance of support networks, as experienced entrepreneurs from the British Nigerian network shared valuable knowledge with less experienced peers.

In summary, access to finance is a significant barrier for diaspora entrepreneurs in the UK, particularly those from the British Nigerian community due to Nigeria's historical association with fraud, notably the infamous "419" scams. This reputation, which has been perpetuated globally, often leads to prejudice in the financial sector, influencing decisions made by financial institutions (BBC, 2015; The Conversation, 2016). As a result, British-Nigerian entrepreneurs face a double challenge: they must overcome both the general obstacles faced by ethnic minority businesses and the specific biases stemming from Nigeria's reputation for fraud.

6.4.2 Access to Business Infrastructure – Banking

One of the most common challenges faced by British Nigerian diaspora entrepreneurs is the inability to open business bank accounts. This issue was somewhat alleviated during the COVID-19 pandemic due to relaxed regulations, but data suggests it remains a significant problem. Operating a formal business without a business account is nearly impossible. Research participants reported inconsistent requirements for opening business accounts, often without clear reasons for rejection. This lack of access forces many entrepreneurs to use personal accounts, leading to a lack of visibility in official records and contributing to the opacity of Black-owned entrepreneurship statistics.

Out of 125 focus group participants, 122 (97.6%) experienced refusals for business bank account services at some point in their entrepreneurial journey. Participants expressed frustration, as exemplified by one entrepreneur who stated

"*Five banks turned me down. Maybe they think every Nigerian is 419*[59]*; maybe they talk to each other about me. I do not know...."*[60]

Another participant, an informal money transfer operator, shared a similar experience.

[59] The term "419" refers to an infamous advanced fee fraud tactic that originated in Nigeria and has since spread around the world it typically involves promising the victim a significant share of a large sum of money in return for a small up-front payment, which the fraudster claims will be used to obtain the large sum.

[60] Respondent j9- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

"*Rejection after rejection. Why? What have I done? The last one even asked for my NI number. I had never heard of that before to open a business account. At that point, I gave up before they blacklist me. I have seven personal accounts as that's the only way to manage business and not attract attention. I use the switching service, then cancel the switch on the 7th day so I can retain both"*[61]

This is wider than the informal as there is evidence that respondents who run an FCA-licensed money transfer service found it almost impossible to set up a UK business bank account to run their money transfer business.

"*Every time I open an account. Eventually, it gets shut, and you cannot run a business without having a corporate account. So, that is one barrier to entry that is killing the business for us.*"[62]

The closure of Money Transfer Operators' (MTOs) bank accounts is driven by the increased cost of penalties for non-compliance and perceived risk exposure to banks. This trend affects the remittance industry and financial access for individuals served by these businesses. Focus group participants argued that regulations primarily protect established players and exclude new entrants. As one participant stated,

[61] Respondent A8- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

[62] Respondent e16- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

"These regulations only protect the big players; it is all a ploy to keep new people out of the game"[63]

Some argue this is because of systemic bias and discrimination (Voice Online, 2023). Studies have shown that Black entrepreneurs, including those of Nigerian descent, are more likely to be denied business loans and banking services compared to their White counterparts (Atkins et al., 2021; Fraser, 2009; Blanchflower et al., 2003). This discrimination can stem from both conscious and unconscious biases within financial institutions, leading to unequal access to essential financial services. Personal narratives from British Nigerian entrepreneurs further illustrate the systemic barriers they encounter. For example, in Cronfa's (2023) research, a Nigerian events manager in the UK reported that despite his qualifications and experience, he faced significant difficulties in securing a business bank account and accessing financial services. This forced him to consider relocating his business operations to Nigeria, where he perceived fewer barriers. Such stories highlight the real-world impact of systemic biases and the urgent need for solutions.

Additionally, AML and KYC regulations require banks to conduct thorough background checks and monitor transactions for illicit activity. Given historical concerns about financial crimes associated with certain regions, including parts of Africa, British Nigerian entrepreneurs often face heightened scrutiny (Money.co.uk,

[63] Respondent h2- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

2023). Business connections to Nigeria may be viewed with suspicion, complicating the approval process and curtailing potentially promising MTO businesses.

This is prohibitive for entrepreneurs who want to be legitimate MTOs. It not only thwarts their aspirations but also blocks potential competition to the established players and denies consumers the possibility of improvements to the international money transfer service. Stringent regulations can create barriers to entry for new players, limiting competition. A more pragmatic regulatory environment could encourage the entry of innovative fintech companies and other non-traditional players, potentially leading to more competitive pricing, improved service quality, and the development of new remittance products and services.

On the other hand, without exploring each case in detail, there are other reasons why opening a business bank account may be rejected or withdrawn. According to the British Business Bank, banks often categorise certain sectors and regions as high-risk, which can lead to automatic rejections of business bank account applications. Industries such as money transfer services, common among diaspora entrepreneurs, are particularly scrutinised due to their perceived vulnerability to financial crimes (British Business Bank, 2023).

The UK's operating environment for migrant entrepreneurs has been described as challenging due to opaque regulatory policies, lack of financing, and complex operational liabilities (Forbes, 2016; Olanrewaju, 2021). Some regulation is always needed for an effective market; however, the overwhelming feedback from participants in the focus groups was that the regulation in most fields of business

was intimidating and unfair because even where the respondents felt they had met all required regulatory checks, they were denied instruments that could help their business ambitions without explanation. As a respondent attested,

"*...I don't know why they (UK bank) declined opening a business bank account for me. I supplied all the documentation they asked for. I know they did a credit check on me, but they gave me no reason for rejecting my application. .*"[64]

Another reason could be the lack of a robust credit history or financial track record in the UK. Many diaspora entrepreneurs may have recently migrated or split their time between the UK and Nigeria, resulting in limited financial documentation that meets UK banking standards (British Business Bank, 2023). This lack of a proven financial track record can lead to higher rejection rates for business banking services and loans.

This research asserts that British Nigerian diaspora entrepreneurs face significant challenges in accessing business banking services, even when compliant with regulations. The refusal of business bank accounts hinders their ability to operate formally and competitively.

6.4.3 Infrastructure – Technology Barriers

The success of money transfer businesses increasingly relies on robust digital infrastructure and reliable internet connectivity. Infrastructure-related constraints

[64] Respondent f3- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

significantly hamper overseas remittance flows, particularly affecting the efficiency and reliability of money transfers to African countries (D'Andrea & Limodio, 2019).

Building a secure and user-friendly online platform or mobile app for international money transfers requires significant investment in software development, user interface design, and ongoing maintenance (see Table 6.2) This includes front-end development for customer interactions and back-end systems for transaction processing, security, and compliance. The technology infrastructure required to facilitate international money transfers, including online platforms, mobile apps, security protocols, and compliance systems, can be expensive to develop and maintain. New entrants may find it challenging to invest in these technologies upfront, affecting their ability to compete effectively.

The technology infrastructure for international money transfers includes online platforms, mobile apps, security protocols, and compliance systems. Developing and maintaining these technologies can be expensive, posing a significant barrier to new entrants who may struggle to make the necessary upfront investments. A licensed operator outlines the associated costs in Table 6.2. This breakdown highlights that compliance, legal, and marketing costs are excluded, which are essential to get started.

Table 6.2: Estimated annual costs for Technology infrastructure needed for an online peer-to-peer Money Transfer network	
Item for initial set-up	**Average Amount**
Software development and licensing (initial set up)	50,000 to 100,000
Cloud hosting and storage (initial set up)	20,000 to 50,000
Security and encryption protocols (initial set up)	10,000 to 30,000
Exchange rate conversion tooling (annually)	10,000 to 15,000
Mobile application development	30,000 to 60,000
Payment gateway fees	10,000 to 15,000
Source: Interview on 18/09/2022 with Mr G4, a British Nigerian entrepreneur in the UK[65]	

He states,

"It cost us just under half a million dollars to set up our platform. This included the website where customers interact on the computer or their phone, and the mobile app. But the most expensive is the behind-the-scenes. The last thing you need is a system break-in, so you must have encryption protocols, secure socket layers (SSL), firewalls, intrusion detection systems, and security audits" [66]

This makes it evident how significant the upfront investment required is. It demonstrates that building secure and compliant technology platforms creates a high barrier to entry for new companies looking to enter the money transfer market.

[66] Interview with Mr G, a Nigerian entrepreneur in London who runs a licenced PSP

Funding such an enterprise will require significant investment from professional investors. According to another entrepreneur,

" *It is almost impossible to get going unless you have solid financial backing. You talk of Flutterwave. Gbenga [Founder of Flutterwave] raised USD10M in his seed round, so that was just to start. Without that kind of backing, no one starts*"[67]

This point demonstrates that the most prominent Nigerian-owned MTO was established in 2016 based on an initial seed foreign investment of USD10M (Disrupt Africa, 2017) and has raised a total of USD474.71 million over 14 funding rounds. (Reuters, 2021). This volume of investment is evidence of the high operational costs involved in running an IMTO. These costs create barriers to entry, favour larger established players, limit competition to a few players, and fuel the growth of the informal sector.

6.4.4 Complex Regulation

According to the interviewees, the regulatory barriers in the UK and Nigeria, including high licensing fees, extensive documentation, significant share capital requirements, and other procedural hurdles, present formidable challenges for independent operators. Navigating the regulatory requirements in the UK and Nigeria can be daunting for entrepreneurs. In chapter five, the role of regulators was outlined and discussed. This section highlights the challenges money transfer businesses face when dealing with the FCA and the CBN.

[67] Interview on 15/05/2022 with Ms i1, a British Nigerian entrepreneur in the UK

In Nigeria, the application process is highly bureaucratic, requiring thirty-three different documents, including a board of directors' approval, certificate of incorporation, memorandum and articles of association, shareholding structure, forms showing allotment of shares, particulars of directors, and profiles of the board and management. (CBN, 2014). An approved IMTO in Nigeria suggested that although the guidelines were indeed cumbersome and the costs high, they were standard documents which would be handled by the company lawyer. He says,

"*The CBN regulations are no different from those in the UK. These documents are standard requirements globally. It makes sense that the CBN would want only legitimate organisations to operate in this field to protect customers.*"[68]

However, small MTOs are restricted from entering the market because they need the capital for lawyers and other resources to support the application process. As one stated,

"The licensing process in Nigeria is extremely bureaucratic and requires much documentation. The fees are also quite high, and it is difficult for a small business like mine to afford the costs associated with obtaining a licence." [69]

Another barrier for MTOs in Nigeria is getting an overseas partner. This requirement stipulates that an indigenous (Nigerian) money transfer operator must find a reputable overseas partner with a minimum net worth of USUSD10m, to be licensed in their home country to carry out international money transfer services and have experience of money transfer services (CBN, 2014). Nigerian IMTOs depend on

[68] Interview on 25/05/21 with PO, an approved Nigerian IMTO in Lagos

[69] Interview on 25/5/2022 with Mrs P, a Nigerian entrepreneur in Lagos who runs a bureau de change

these technical partners to maintain their licences with the CBN and keep international regulators assured of the technical governance of their platforms. However, the reliance on such technical partners is detrimental to Nigeria's economic development if that knowledge is not transferred. This is why only 11 out of 57 licensed IMTOs in Nigeria are Indigenous (CBN, April 2021).

Scharwatt & Williamson (2015) have argued that a stifling of growth in the IMTO results in most overseas transactions happening in foreign currencies. This imposes a severe logistical challenge to digital remittance services like peer-to-peer platforms, forcing them to rely on banks, thereby increasing the overall cost to the sender or recipient.

6.4.5 Competition from Established Players

The money transfer sector is dominated by a few large, well-established companies with significant market share. Companies such as Western Union, MoneyGram, and TransferWise (now Wise) have built extensive networks and established strong brand recognition, making it difficult for new entrants to gain a foothold in the market. These established players benefit from economies of scale, allowing them to offer lower fees and faster services than smaller competitors.

Evidence from this research has proven that the small MTOs do not regard the giants as their competition. As one responds when asked about competing with established players,

"No no. How can we compete with companies that have such deep pockets and spend millions only on advertising? They do mass market. We know our market. We have our lane, and they have theirs."[70]

Table 6.3: Transaction transfer limits UK IMTOS using the online service with a debit or credit card

Source: extracted by Ngozi Fakeye from provider websites on 25/10/2024

Provider	Transaction limit	Source
Western Union	USD10,000	WesternUnion.com
Money Gram	USD10,000	MoneyGram.com
TransferWise	USD2,000	Wise.com
World Remit	USD900*	Worldremit.com
Flutterwave	USD100	Flutterwave.com
*KYC Tier 3 = USD900. KYC Tier 2 = USD100 and KYC Tier 1 is USD20		

They have a clear focus and target market of the diaspora enclaves they serve, and they focus on offering a personal touch and flexibility in how they run their business. For example, they are much more flexible in the amount a customer can send to Nigeria. While there may not be legal limits from the UK regulators, large amounts to Nigeria require additional documentation or verification to comply with anti-money laundering regulations (See Table 6.1 on KYC). Therefore, formal transfer companies set their own limits to reduce the risk of fraud and money laundering. The single transaction limits for transferring money to Nigeria vary among peer-to-

[70] Interview on 22/11/2022 with 4GS, a British Nigerian entrepreneur in the UK who operates as a payment service provider (PSP).

peer money transfer services. Table 6.3 illustrates the limits when using debit or credit cards in the UK.

These limits are influenced by regulatory requirements and the transaction's, or senders' risk profile based on the KYC information the sender provides. Smaller MTOs in this research can offer their clients much higher transfer limits because their business model is based on personal client relationships. One testified,

"*...they [big MTOs] fear sanctions because they don't understand where Nigerians get all the money they send. The computer checks raise an alert if somebody who earns GBP25k a year wants to send GBP10k back home. It rejects it, and then you must go through the enhanced assessment by a human being. But we deal with the customer directly; we do checks too. But we understand that salary is not the only source of income for most of our clients. Therefore, if you want to send GBP100k in one day, we can help. No problem*"[71]

Their size means they are flexible and less risk-averse than the big brands. This personal touch is beneficial to the needs of a niche target market, but it means that the business would find it impossible to scale to the technology and reach of the established players. The big companies have the financial resources to invest in marketing, technology, and compliance, further entrenching their market position.

6.5 Conclusion

This chapter has provided a comprehensive analysis of the entrepreneurial landscape for British Nigerian entrepreneurs, highlighting the significant challenges

[71] Interview on 22/11/2022 with 4GS, a British Nigerian entrepreneur in the UK who operates as a payment service provider (PSP).

they face in the remittance sector and across transitioning to formal businesses in general. These challenges include complex regulations, high cost of operations, access to finance and banking services, and the centrality of trust within the Nigerian diaspora. A crucial aspect of the challenges faced by British-Nigerian entrepreneurs is the role of trust. For many of these entrepreneurs, trust in closed networks and mistrust of the state are central to their business operations. This is evident in how they often rely on trust-based networks to compensate for the weaknesses of formal institutional arrangements. For instance, participants in this study frequently reported difficulties in securing business bank accounts, which they attributed to systemic biases and mistrust of banking and regulatory institutions.

The findings reveal that these challenges have led many entrepreneurs to resort to informal money transfer services outside the formal regulatory framework. This has resulted in a lack of representation of British Nigerians in the formal money transfer business between the UK and Nigeria, denying consumers the potential benefits of a competitive and innovative remittance marketplace.

Finally, this chapter showed that a more pragmatic regulatory environment would encourage the entry of other non-traditional players. Such an environment could lead to more competitive pricing, improved service quality, and the development of new remittance products and services that would benefit remittance senders and recipients and facilitate economic growth in Nigeria. This is a view that is supported by the World Bank (2015b), which emphasises the importance of flexibility within regulations to enhance access to formal remittance channels and foster

innovation, which aligns with the idea of encouraging non-traditional players in the market.

As we move into Chapter Seven, this research will explore how diaspora entrepreneurs have contributed to the financial services sector and analyse their impact on economic development in Nigeria through remittances, knowledge transfer and collaborative partnerships.

CHAPTER SEVEN: REMITTANCES, TECHNOLOGY AND ENTREPRENEURSHIP IN NIGERIA: CHANGE AND ITS IMPACTS ON DEVELOPMENT

7.1 Overview

Building on the previous chapter's exploration of the barriers preventing British Nigerian entrepreneurs from fully participating in the formal remittance industry, this chapter examines how many have adapted by channelling remittances into entrepreneurial ventures within Nigeria. Rather than solely operating as traditional money transfer businesses (MTOs), these diaspora members are actively engaged in remittance entrepreneurship – a concept that extends beyond traditional remittance operations to encompass a range of activities designed to leverage remittance flows for economic gain and development impact. This chapter will demonstrate how British Nigerian remittance entrepreneurs are actively redirecting finances to stimulate local economic activities, foster innovation, and contribute to Nigeria's long-term economic development.

The academic discourse on Sub-Saharan African remittances and diaspora entrepreneurship presents a complex picture, with a historical emphasis on remittances primarily being used for consumption rather than productive investments. However, there's a growing recognition of the potential role diaspora entrepreneurs can play in the economic development of their countries of origin.

(Elo et al., 2018; Chand, 2016; Chrysostome, 2010; Nkongolo-Bakenda & Chrysostome, 2020; Newland & Tanaka, 2010; Riddle & Brinkerhoff, 2011). More recent studies have proposed a more nuanced understanding of diaspora entrepreneurship, suggesting that these entrepreneurs can leverage their unique position to simultaneously address challenges in their host countries while exploiting business opportunities in their countries of origin (Nyame-Asiamah et al., 2020; Akanle & Ola-Lawson, 2022). This perspective underscores their ability to operate across multiple economic and cultural contexts, seizing opportunities that arise from their unique position.

Through the experiences of British Nigerian entrepreneurs, this study demonstrates how they are actively using remittances to create and sustain businesses in Nigeria. The British Nigerian entrepreneurs in this study have both deliberately and inadvertently contributed to fostering development in Nigeria by using their remittances to create employment through various businesses they have established. As highlighted in section 7.3.3 of this chapter, these remittance entrepreneurs not only provide goods and services, but also facilitate the transfer of skills and knowledge. Remittance entrepreneurs play a crucial role in the country's progress by addressing challenges such as unemployment and infrastructure deficits, as well as reducing dependency on imports. he study argues that this entrepreneurial approach is not explicitly altruistic but rather opportunistic, and potentially serves as a viable catalyst for improving Nigeria's economic growth and development.

Additionally, this chapter discusses the contributions of remittance entrepreneurs in mitigating the effects of 'brain drain' through 'brain gain' and 'brain circulation.' It sheds light on an emerging narrative among the Nigerian diaspora entrepreneurial community, which observes a growing trend of setting up businesses in Nigeria. The findings reveal that beneath the desire to get a return on their investment, there is an undercurrent of decolonising and democratising the Nigerian economy.

7.2 Remittance Entrepreneurs (Britico Founders) – Motivations and Drivers

Remittance entrepreneurs are individuals, particularly within a diaspora community (in this case, British Nigerians), who engage in entrepreneurial activities related to the transfer of money (remittances) from one country to another (UK to Nigeria). These activities can range from operating formal Money Transfer Operators (MTOs) to facilitating informal peer-to-peer (P2P) transfers, and often extend to leveraging remittance flows to identify and capitalize on investment opportunities in the recipient country. Indeed, the very success of many remittance entrepreneurs has paved the way for a distinct group of individuals, colloquially called Britico[72] Founders. Their role cannot be overlooked in discussing the remittance ecosystem

[72] Britico is a colloquial word used in Nigeria to refer to British Nigerians who live in Nigeria

and facilitating the growth of digitalisation. This section explores the motivations that justify this thesis argument about diaspora entrepreneurs' objective of profit. They possess a deep understanding of British and Nigerian cultures, enabling them to navigate and effectively bridge the business and social environments of both countries. Leveraging their bicultural backgrounds, Britico founders often engage in entrepreneurial ventures connecting the UK and Nigeria through technology, finance, education, or other sectors. Furthermore, their dual heritage allows them to maintain extensive networks across both countries, facilitating business operations, partnerships, and opportunities that might be less accessible to others.

They are called ‘founders’ because they are often at the forefront of innovation, leading startups as well as more and established enterprises that drive economic growth and technological advancement in both the UK and Nigeria. However, the seminal point is that few have broken through the mainstream remittance business even though they excel in related or ancillary fintech enterprises, manufacturing, farming, etcetera. In analysing what drives them, this section provides a launchpad for understanding how diaspora entrepreneurs use their transnational ties to facilitate development in Nigeria.

7.2.1 Financial Drivers – Investing Remittances

Figure 7.1 – Percentage of 125 participants asked why they wanted to be entrepreneur.

Source: Data from 9 focus groups hosted by Ngozi Fakeye

A key finding in this research is the revelation that the British Nigerian entrepreneurial objective is to generate wealth. A question in the focus group sessions, asked all participants why they wanted to be entrepreneurs. (Appendix B, Focus Group Questions). Most British Nigerian entrepreneurs in this research said they are in business to make money. Of the 125 business owners and entrepreneurs who participated in the focus groups, 98% cited financial gain as their primary reason for pursuing entrepreneurship, while the others wanted the freedom that comes with passive investing. The British Nigerian entrepreneurs in this research have made a deliberate choice to go into business, often starting or

running as a side business to their main employment in the UK, with the ambition that the side business will become the money spinner. This suggests that they have jobs, are not indigent and are entrepreneurial because they want more than income to meet subsistence; they want to be wealthy. What they don't initially say is that they 'want to help Nigeria to develop' or 'they want to create jobs in Nigeria.' There is no pretence that these investments are altruistic.

That should not be surprising, as most general academic literature on entrepreneurship makes it evident that generating wealth is a priority for the entrepreneur. However, this finding was unexpected because a major debate in academia is whether migrant entrepreneurs are primarily driven by necessity (due to a lack of other employment options) or opportunity (to exploit business ideas). Many argue that migrants often see entrepreneurship as a viable path to economic improvement, especially when faced with limited opportunities in the traditional job market (Portes & Sensenbrenner, 1993; Kloosterman & Rath J., 2001). Some research points to differences in motivations between first-generation immigrants and second/third-generation descendants, with later generations potentially being more opportunity-driven (Rusinovic, 2008).

The entrepreneurs who participated in this research were between the ages of 30 and 60, but there was a consensus that income used as remittances should do more than just enable their family at home to subsist. Instead, they sought ways to make their money work more effectively, identifying opportunities where their financial contributions could generate long-term benefits. For instance, one participant channelled remittances into establishing a fish farm in Abeokuta (p.

359), while another set up a tailoring business in Umuahia (p. 360). These ventures not only provided a source of income for the entrepreneurs but also created jobs and contributed to local economies.

Beyond financial pragmatism, many participants were also influenced by frustration over the entitlement and ingratitude they perceived among remittance recipients in Nigeria. There was a strong sense that rather than simply gifting money, they should find investment opportunities that offer tangible returns. This frustration may stem from a broader recognition of the difficulties of life in the UK and a feeling of resentment toward the continuous financial demands from relatives back home. Their comments suggest that they feel the remittances they send are not meeting dire needs but seem to be fostering a sense of entitlement and ingratitude.

One respondent added,

"*...the demands never end; today it's a wedding, tomorrow a funeral. Do they think that life in the UK is easy? They do not know I work over 80 hours a week. It is easier to earn GBP1(1,500 naira) in Nigeria than here [UK] because someone will always dash [give] you money for just saying good morning. Who gives you anything here?"*[73]

Another concurs,

"*...yes, I agree. It's even getting to the point of insults. I sent GBP25 (30K Naira) to an uncle as my contribution to his wedding. He sent me a text to ask why it was so little.*

[73] Respondent C8 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

That everyone at home was saying it was like giving him 25 Naira. He did not call me to say thank you. He sent me a text to insult money gifted. After that, I chose to put my money where it would not insult me." [74]

This reflects some scholarly views that remittances can create an attitude of entitlement among recipients. Osili (2007) notes that in Nigeria, there is often an expectation that migrants will send money home, which can place significant pressure on those working abroad. This expectation may lead to a sense of entitlement among recipient households, potentially discouraging self-reliance and local income-generating activities. Azam and Gubert (2006) found that remittance-receiving households in Mali and Senegal reduced their labour supply and agricultural production, suggesting a "moral hazard" problem where recipients become overly reliant on transfers. Similarly, Chami et al. (2003) argue that remittances can create a culture of dependency that reduces recipients' incentives to work. In the Nigerian context, Olowa and Awoyemi (2012) found that remittances hurt labour force participation, particularly among women in rural areas.

These findings do not neatly fit with any of the existing academic debates on what motivates migrant entrepreneurship. The evidence here suggests a complex relationship, with remittances depending on how they are used and the specific context of recipient households. However, they demonstrate a deliberateness in seeking out alternative opportunities for how migrants use their money.

[74] Respondent C2 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

Compared to more saturated markets in the UK, the potential for a higher return on investment (ROI) is often greater in Nigeria due to lower competition and untapped markets. Despite the challenges, many diaspora members view Nigeria as a fertile ground for their business ventures. Akanle and Ola-Lawson's (2022) study on diaspora investment motivations aligns with these findings. This overwhelming consensus underscores the strong wealth-driven mindset among Nigerian diaspora entrepreneurs.

As one respondent aptly stated:

"*I cannot get rich by being an employee; that's why I have several businesses. I do money transfers, I do FX and Bitcoin trading. The hustle is real, and there is money to be made. If you put in the effort, you will find the golden goose.*" [75]

This sentiment resonates with many in the diaspora community, fuelled by the success stories of notable British Nigerian entrepreneurs. Inspirational success stories like the rise of companies like Flutterwave, founded by British Nigerian entrepreneur Olugbenga Agboola, inspire diaspora entrepreneurs. Flutterwave's journey from a side project to a fintech giant that has attracted over USUSD250 million in investments from firms like Greycroft, Y-Combinator, and Mastercard (O'Brian, 2017) exemplifies the potential of diaspora-led ventures. It is based in San Francisco and launched its payment system SendApp from the US in 2021. Similar success stories include Andela and Paystack, which have secured investments

[75] Respondent B2 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

from high-profile backers such as Mark Zuckerberg's Chan Zuckerberg Initiative, Google Ventures, and Spark Capital (Quartz, 2021). These achievements have set a benchmark for Nigerian-led organisations in the global tech and fintech sectors.

The success of these diaspora-led companies has significantly enhanced Nigeria's brand on the global stage, particularly in the international money transfer marketplace. However, it's important to note that in the broader international remittance ecosystem, these companies are still working to achieve the global visibility and trust enjoyed by established giants like Western Union or MoneyGram.

Diaspora entrepreneurs have learned that they do not have to operate at that scale to make money. Participants who faced challenges in meeting the regulatory requirements to become registered money transfer operators often chose to redirect their efforts into operating or remaining as informal peer-to-peer (P2P) service providers. For example, as highlighted in section 6.2.1 of the thesis, some participants intentionally stay under the radar to avoid what they consider unnecessary institutional scrutiny, indicating a preference for maintaining smaller, community-based operations where profits are not eroded by regulatory burdens. This calculated approach challenges the notion that formalisation is the sole pathway to success and emphasises the economic viability and strategic advantages of leveraging informal networks built on trust and personal relationships within the diaspora community.

While these informal operations offer flexibility and lower entry barriers for diaspora entrepreneurs, it is important to distinguish between strategic informality and deliberate tax evasion. Many of these small-scale service providers operate within

grey zones—not with the explicit aim of evading taxation, but due to a lack of institutional support, prohibitive compliance costs, and unclear or exclusionary regulatory frameworks. Rather than criminalising these practices outright, a more constructive policy approach would involve engaging with these actors, simplifying regulatory processes, and offering pathways to gradual formalisation that do not compromise their economic viability. As Chapter 6 reveals, participants often expressed a willingness to formalise under more supportive conditions, suggesting that the issue is not simply legal avoidance, but a rational response to systemic constraints.

Furthermore, remittance entrepreneurship within the British Nigerian diaspora demonstrates a focus that often transcends traditional tribal politics prevalent in Nigeria, prioritising profitability and strategic investment ventures instead. Research participants indicated that a shared focus on financial success had the potential to mitigate the latent tribal tensions historically associated with Nigeria's ethnic landscape, which is predominantly divided amongst the Ibo, Yoruba, and Hausa groups. For example, participant D1, who runs an informal P2P money transfer service, uses his business to gather intelligence on high-potential businesses in Nigeria based on his clients' transactions. As he builds relationships with his clients, he learns about investment opportunities that promise high returns, particularly in agriculture and real estate.

While these ethnic divisions may still influence the structure of social networks and information sharing to some extent within the UK diaspora, the primary driver for entrepreneurial activity becomes the pursuit of profitable opportunities. Despite his

Ibo heritage, D1 chose to invest in a real estate project in the southwestern region of Nigeria (Yorubaland) due to the high return on investment potential, thus overlooking cultural differences. He explained his motivation by saying:

"*I like this business (informal P2P money transfer operations) because of the connections you can make. Good people making quiet money. No noise. Things are happening, and if you do not know, then you will remain poor.*"[76]

D1's experience illustrates how transnational connections facilitate the flow of financial and social capital between the UK and Nigeria outside ethnic networks. Of course, ethnic networks still matter, but they do not have the power in the diaspora that they do in Nigeria. It supports research findings that diaspora entrepreneurs leverage their social networks and cultural capital to mobilize resources across borders (Riddle et al., 2010). Finally, it highlights two key insights: 1) that informal remittance operators get valuable information about investing in Nigeria, and 2) that generating economic wealth can transcend ethnic prejudices.

The British Nigerian remittance entrepreneur has played a crucial role in the startup ecosystem, contributing to Nigeria's economic development by investing in their remittances and transferring knowledge, skills, and networks. These investments underscore the recognition of vast opportunities in Nigeria and demonstrate the support that British Nigerian companies are receiving for their innovative solutions and impact across various sectors.

[76] Respondent D1 - Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

British Nigerian entrepreneurs with smaller companies have been encouraged to use their acquired knowledge and skills to establish businesses in Nigeria. This research identified that the transfer of technical skills and knowledge is a critical success factor for financial benefits because it involves low investment costs and guarantees demand in specialist sectors. As one focus group participant noted,

"*I worked in a team on a broadcast software in a big telco here [UK], the solution is so basic and simple, but others [competitors] were charging a lot for it [in Nigeria]. I pitched it to a friend in Lagos that we could sell it for a third of the competitor rates, and within a year we were set up and servicing major companies*." [77]

Asset acquisition, which can increase startup costs, is also advantageous for the diaspora . For instance, the necessary land for operation is often acquired through nominal rent or owned outright as family property. Thus, a family member, often a son in western Nigeria, can use the family land to set up a company without raising capital to purchase land. For example, an engineering workshop was set up on inherited land that was previously left fallow because the inheritor was in the UK. When the entrepreneur chose to start his business in Nigeria, he went to Ibadan, where the land was available at no cost. As he explained,

"*I worked as a maintenance engineer for 30 years in the UK. I've retired, so to keep busy and earn money, I started an engineering services company in Ibadan where I*

[77] Respondent g10- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

have my late father's land. I train young engineers, and we are so busy going all over the country servicing and repairing machinery." [78]

Due to the high unemployment rate estimated to be 4.2 per cent (Nigerian Bureau of Statistics. (2023).),

UK Nigerian diaspora entrepreneurs offer offshore services like software development. British Nigerian business owners provide services of skilled experts, such as software developers and data architects, who reside in Nigeria but work for UK companies. Offshoring such highly skilled jobs allows Nigerian talent to enjoy the advantages of living in Nigeria while earning salaries benchmarked in the UK. For UK companies, this means access to good talent that might be unavailable domestically. An outsourcing services provider who runs his company in Nigeria from the UK shared,

"*I started this company here [UK], same business model, but it failed because of HMRC regulations and office overheads meant I could not compete with the Indian companies. So, I relocated operations to Lagos which has much lower overheads and with abundant talent meant we could do well.*" [79]

The growth of coding academies, boot camps, and online coding tutorials has significantly boosted the availability of technical talent. In Nigeria, coding boot camps have gained popularity as they help bridge the skills gap in the technology

[78] Respondent h2- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

[79] Respondent B11- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

sector. These boot camps provide young people with the necessary skills to succeed in the digital economy by offering a variety of programs. These programs include weekend coding courses, holiday coding camps, STEM workshops, and software development training. A 2014 report titled "The Promise of Nigeria's Entrepreneurs"[80] by Richard Fuller, MP and Samuel Kasumu on behalf of the All-Party Parliamentary Group on Nigeria, highlights the potential for the UK to strengthen its historical connections with Nigeria and the untapped potential of the Nigerian diaspora in the UK. It recommends that the UK broaden its diaspora program to leverage connections between the UK and Nigeria, emphasising the significance of the diaspora in contributing to Nigeria's entrepreneurial potential (Fuller & Kasumu, 2014).

The findings of this research support the argument that diaspora entrepreneurs benefit from having connections and networks in both their countries of origin and countries of residence (Fuller-Love & Akiode, 2020). This dual connectivity drives many participants in this study to seek financial gain by creating opportunities for investment, trade, and outsourcing between Nigeria and other countries. Entrepreneurs operating informal peer-to-peer money transfer businesses who find formal remittance industry barriers insurmountable are pivoting to other ventures with the goal of achieving wealth.

[80] Chatham House https://www.chathamhouse.org/sites/default/files/home/chatham/public_html/sites/default/files/0214appgnigeria_entrepreneurs.pdf

In conclusion, remittance entrepreneurs have the distinct advantage of leveraging their bicultural networks to create business opportunities that benefit both their home and host countries. While financial gain is their primary motivation, the broader impact includes significant contributions to employment and knowledge transfer in their countries of origin. This dual benefit underscores the value of diaspora entrepreneurship in fostering economic development and enhancing global connectivity.

7.2.2 Non-Financial Drivers

While financial gain is often the primary motivation, many of the remittance entrepreneurs also seek emotional and social rewards from their ventures. These drivers encompass a desire for social recognition, a commitment to positive impact, and the unique advantages afforded by dual nationality. One significant non-financial driver is the pursuit of social recognition and status within both the UK and Nigerian communities. As Aharoni (1966) suggested, diaspora members might engage in homeland investment activities to enhance their social standing. For example, Engr. I, who established an engineering firm in Ibadan, received a chieftaincy title from his community and is now considered a respected elder in the Nigerian London community, demonstrating the social capital that can accrue from successful ventures. He proudly refers to himself as "Chief- Engineer" in diaspora networks, taking great pride in his accomplishments. This recognition brings him personal pride and further motivates him to grow his business to maintain his

status. He cites his motivation as non-financial due to his age and success, reflecting a desire to give back to the younger generation, stating,

"*I have money, my children have money, so my job is to share with you [Nigerian UK diaspora] younger ones to make money, if you are all great, we will all benefit"*[81]

This chimes with Franc et al. (2020), who assert that the emotional connection of diaspora entrepreneurs to their country of origin is strengthened by their social embeddedness in their country of residence.

Another powerful motivator is the desire to make a positive impact on Nigeria's development as demonstrated by OluOlu Foods, a British Nigerian food manufacturer in the UK that supplies leading supermarkets in the UK and Nigeria with premium African foods sourced from Nigeria. The founder established a charity that supports hundreds of Nigerian farmers and allied businesses[82].

Veteran British Nigerians in the UK Nigerian diaspora entrepreneurship network, like those behind OluOlu Foods, are highly respected for their achievements and often provide advice and open opportunities for new food entrepreneurs. As Elo et al. (2019) highlight, experienced diaspora entrepreneurs often mentor newcomers, sharing knowledge about market entry, regulatory environments, and cultural nuances. The advice shared and doors opened by these veterans reflect the value of the closed network among the diaspora community for sharing lessons from

[81] Respondent a6- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

[82] Charity – Olu Olu Foods

others' experiences. The unspoken social contract is that the recipient acknowledges the benefactor's role, whether through a WhatsApp group message, recognition at a community gathering, or a chieftaincy title. These social rewards are especially valued within the UK diaspora community, and there is a strong willingness to share information and open opportunities where feasible. As Portes (2002) attests, the willingness to share information and open opportunities within these networks is driven by the expectation of reciprocal benefits of getting similar support in return, creating a cycle of mutual assistance.

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The unique status of holding dual British and Nigerian nationality acts as a potent non-financial driver. This duality provides British Nigerian entrepreneurs with a distinct advantage in navigating institutional barriers, accessing international networks, and tapping into market opportunities in both countries. This also relates to the point above as their reputation in the community is heightened as they share resources and opportunities. One participant succinctly captured this advantage: "*The fact that I can draw on the support of organisations like UK Export Finance [UKEF] to export shea butter from Nigeria is only possible because I am British. If I were in Nigeria, there is no way I would have had that international access or any government support. Everyone in Nigeria knows and uses Ori [the local Yoruba name for shea butter], but to refine and package it for export was something that I*

could only do with help from experts here [UK]. So, I know I am blessed to have both worlds."[83]

This access to resources and opportunities unavailable to entrepreneurs solely based in Nigeria fuels a sense of empowerment and contributes to the entrepreneurial drive.

The unique status of dual nationality differentiates British Nigerian entrepreneurs from their native British counterparts. Dual nationality enables access to resources and support in both countries, but, critically, it also provides an alternative avenue when opportunities in the UK are perceived as blocked. For some, the non-financial motivation to pursue ventures in Nigeria arises from a disillusionment with the UK system and a need to find a more receptive environment for their innovative ideas. For example, Mr Z, a British- Nigerian entrepreneur, set up a Software as a Service (SaaS) company [84]in Nigeria to support value added services[85] to the healthcare industry in Nigeria. The original technology was designed in response to the NHS challenges in the UK and Innovate UK funded the idea[86] . However, despite the

[83] Respondent F3- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

[84] Software as a service (SaaS) is a software distribution model in which a cloud provider hosts applications and makes them available to end users over the internet.

[85] Value-added services (VAS) are additional offerings provided by businesses that go beyond their core product or service offerings

[86] Innovate UK is the UK's national innovation agency https://www.ukri.org/councils/innovate-uk/ .

successful creation of a prototype, the team encountered insurmountable barriers to scaling within the UK market, citing entrenched competitors and inaccessible networks within the NHS. Disillusioned by the perceived lack of access in the UK, successfully launched the product in the Nigerian healthcare sector, where it is now operational. Their sentiments reflect this frustration,:

"*The UK is great at supporting good ideas but terrible at implementing or opening up their market. Honestly, I could not believe that after investing 300K on the prototype, they just abandoned us*."[87]

Another participant's response further emphasises this sense of exclusion::

"*It's their way; if you are not part of their inner network, then forget it. They [native British] are as bad as Nigerians, anyway, we learnt it from them. It is really who you know that can open the door here [UK], so you were better selling in Nigeria where at least you know that it is who you know, and nobody is pretending…*"[88]

This suggests that for some British Nigerian entrepreneurs, the motivation to focus on opportunities in Nigeria stems not solely from financial incentives or a commitment to their homeland, but from a pragmatic recognition that their innovative ideas may find greater acceptance and impact in a different environment. The research indicated a growing sentiment among the second generation of British Nigerians, that the British are just as flawed as Nigerians. This

[87] Respondent h6- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

[88] Respondent h3- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

awareness fuels a sense of decolonial thinking, demonstrating that this group of British Nigerian entrepreneurs is fully cognisant of the privilege afforded to them by their dual nationality. Even though it is not a financial incentive per se, it is a viable option for many who seek to overcome institutional barriers, access international networks, and tap into market opportunities in both countries. This experience highlights a critical non-financial driver: the desire to overcome perceived barriers and limitations in the UK system and to find a more receptive environment for their innovative ideas, even if that means venturing to a market perceived as riskier or less developed. In doing so, they can utilise this option for the community they are familiar with and support the growth and development in the Nigerian entrepreneurial ecosystem. In summary, this section has shown that remittance entrepreneurship is shaped by a complex mix of financial and non-financial drivers. Understanding these motivations offers valuable insights into the different ways British Nigerians engage in entrepreneurship and contribute to Nigeria's socio-economic development.

7.3 Impact and Influence

This section examines the economic development impact of British Nigerian diaspora entrepreneurs, drawing on data from the interviewees to analyse their contributions in the key areas of fintech, agriculture and engineering. Additionally, it analyses their contributions to the structural, economic, and political development of Nigeria.

7.3.1 Remittance Entrepreneurship and The Nigerian Fintech

Although Nigeria has yet to secure a dominant position among the world's leading international money transfer operators (IMTOs) (see Table 7.1), the British Nigerian diaspora has played a crucial role in shaping the country’s fintech revolution, particularly in the remittance sector. Unlike traditional IMTOs that prioritise global market dominance, diaspora entrepreneurs have focused on creating tailored, technology-driven financial solutions that address the specific needs of Nigerians at home and abroad.

Table 7.1. Top 20 International Money Transfer Operators.
Sourced https://www.topmoneycompare.com/ - accessed June 2023

Ranking	**Name**	**Ownership/Global HQ**
1	MoneyGram	United States
2	Western Union	United States
3	PayPal	United States
4	Wise (formerly TransferWise)	UK
5	Revolut	UK
6	Remitly	United States
7	WorldRemit	UK
8	Azimo	UK
9	Ria Money Transfer	United States
10	Western Union Business Services	United States
11	OFX	Australia
12	CurrencyFair	Ireland
13	Skrill	UK
14	Payoneer	United States
15	Xoom	United States
16	Venmo	United States
17	Remit2india	India
18	Payment	UK
19	Instagram	Singapore
20	XE Money Transfer	Canada

The rise of fintech in Nigeria has been fuelled by high mobile phone penetration, a largely unbanked population, and increasing demand for digital financial services (World Bank, 2021). British Nigerian entrepreneurs, leveraging their transnational

experiences and cultural knowledge, have positioned themselves at the forefront of this transformation. By applying expertise gained from working in Western economies, they have introduced innovative fintech solutions that bridge the gap between international financial markets and local Nigerian needs.

This influence is evident in the success stories of key diaspora-led fintech ventures. Entrepreneurs such as Tayo Oviosu (founder of Paga), Bimpe Condotti (founder of BConSolutions) and Olugbenga Agboola (co-founder of Flutterwave) have developed platforms that facilitate seamless financial transactions, reducing reliance on costly and bureaucratic traditional remittance channels. Rather than directly competing with established IMTOs like Western Union or WorldRemit, these fintech innovators have targeted niche markets. As one founder explained:

"We do not compete with Western Union or WorldRemit; we focus on Nigerians here [UK] and offer a personal touch with our service. Our customers choose us because we understand them, and they trust us." [89]This emphasis on cultural familiarity and personalised services has enabled these fintech businesses to capture a loyal customer base within the diaspora. The increasing adoption of digital remittance channels has spurred broader innovation across Nigeria's fintech ecosystem. As mobile money and peer-to-peer remittance platforms gain traction, there is growing demand for complementary services, including digital identity management,

blockchain-based security solutions, and mobile banking infrastructure (Corkin, 2019).

Diaspora entrepreneurs are capitalising on this demand by leveraging their expertise and connections in global technology hubs. Figures such as Chimezie Emewulu (SeamFix), Iyinoluwa Aboyeji (Andela, Flutterwave), and Shola Akinlade (Paystack) have used their experience with major Western tech firms such as Facebook and Google to develop cutting-edge solutions tailored to Nigerian market conditions. Their efforts highlight the significant role the diaspora plays not only in facilitating remittances but also in accelerating broader financial inclusion initiatives across Nigeria. A key contribution of the British Nigerian diaspora lies in their ability to attract funding and investment to the Nigerian fintech sector. Possessing dual nationality often grants them better access to international capital markets and venture capital networks in the UK. According to PwC (2022), Nigerians in the diaspora were responsible for finding nearly a quarter of all equity funding on the continent in 2022, contributing to a grand total of USD1.2 billion raised across Africa. This influence is directly attributed to the advantage of holding dual nationality, allowing easier navigation of international financial systems and investor pitches. As one British Nigerian founder interviewed for this research attested, ,

"*...with our green passport [Nigerian passport], you cannot really travel freely and quickly to investor pitches to grow your business, but my red passport [British EU passport] meant I could go anywhere and get us off the ground*."[90]

This access to international financial systems has enabled diaspora-led fintech ventures to attract venture capital and foreign direct investment (FDI), allowing them to scale their businesses more effectively. Examples include Paystack, which was acquired by Stripe for USD 200 million, and Flutterwave, which has secured investment from Silicon Valley firms. These cases illustrate how diaspora entrepreneurs are bridging the gap between Nigeria's fintech ecosystem and global investment networks.

Despite their successes, diaspora entrepreneurs face significant challenges in the Nigerian fintech industry. High operational costs related to technology infrastructure, energy consumption, regulatory compliance, and marketing create substantial financial burdens, particularly for small and medium-sized enterprises (SMEs). One entrepreneur highlighted the difficulty of sustaining a fintech business under these conditions;

"*It is very difficult to remain profitable without significant investment. Running this business[Licenced Money Transfer] is very stressful. I am always paying somebody. I mean, to start with, I pay the programmers [software developers] a lot, then I pay to host it online, then I pay banks here [UK] and Nigeria to follow their rules. I pay*

[90] Respondent B11- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

accountants and I pay for marketing, and I pay my staff. It is only God that has kept us afloat for all these years."[91]

This statement reflects the broader struggle of fintech startups to remain competitive against larger, well-funded players. Research by the Migration Policy Institute (2021) also notes that fintech ventures in emerging markets must continuously invest in cybersecurity, data protection, and compliance measures to sustain their operations.

Despite these challenges, diaspora entrepreneurs remain committed to fostering growth in Nigeria's fintech sector. Many have launched capacity-building initiatives to address skill shortages and strengthen the local tech workforce. For example, one entrepreneur described their motivation behind setting up a fintech training academy: ,

"*We set up NextGen Academy[92] to capitalise on the growth of the fintech industry. We know we can help fintech grow [in Nigeria] by giving aspiring individuals the necessary technical skills to thrive. There is enough space for many players, and so if we get more organisations [involved in fintech], then everyone will benefit.*"[93]

[91] Interview on 25/5/2022 with Mrs P, a British- Nigerian entrepreneur Licenced MTO

[92] NextGen Academy is a training and investment platform for rising fintech talent.

[93] Chimezie Emewulu, Co-founder, Seamfix Limited 26/02/2022

This collaborative approach underscores the dynamic relationship between the Nigerian diaspora and local innovators. By transferring skills, knowledge, and investment, diaspora entrepreneurs are not only shaping the fintech landscape but also contributing to long-term economic development in Nigeria. In conclusion, this section has demonstrated how remittance entrepreneurs are playing an increasingly influential role in Nigeria's fintech landscape by leveraging their transnational expertise, access to global capital, and deep understanding of both markets to transform Nigeria's financial ecosystem in the face of significant challenges. Beyond this impact on fintech, remittances themselves are also becoming a vital source of capital for micro and small businesses in Nigeria which we explore further in section 7.3.2.

7.3.2 Remittances as Capital Investment to Micro Businesses

One of the most direct ways the British Nigerian remittance entrepreneurs contributes to micro-scale businesses is by using remittances as financial investments. While a large portion of remittances are used for household consumption, there is growing evidence that some are being channelled into micro-enterprises. For example, when one of the British Nigerian research participants invested in a small catfish farm in a village in Abeokuta, it was on the understanding that it would generate enough return on investment over time to cover the obligatory expenses of his aged parents without needing to engage in inconvenient and

expensive money transfer to the village. He was aware that catfish farming was a profitable venture and that there was a significant demand for smoked dried catfish in Nigeria. Therefore, he was confident that he was investing wisely. He invested about GBP 500 to build the pond and buy a generator and drying and packaging machines. The fish farm is labour intensive, and over the years, there are now 13 people working in the business. After running costs are covered, he testifies that there is a monthly return of approximately GBP40 to GBP80 equivalent in Naira each month. In his testimony:

"*My contribution to a fish farm in Abeokuta has been very profitable because the gains are used to care for my parents and generally pay bills. I am looking at how to start bringing it [dry catfish] to London".*[94]

This small venture has not only made his parents financially independent but also provided employment and income for wider members of the community beyond his immediate family. This supports the argument of Elo and Riddle (2016) and Odozi et al., (2010) that diaspora entrepreneurs often use remittances as seed capital for small business ventures in their home countries, particularly in rural areas, where financial institutions are scarce and thus play a vital role in local economic development. It also buttresses significant research that suggests that beyond their influence on household spending, remittances have also proven to be instrumental in reducing poverty and inequality (Bajra, 2021; Brown et al., 2014; Kapur, 2003;

[94] Respondent h5- Data from 9 focus groups with a total of 125 Nigerians in London from 18/12/2021 to 31/10/2022

Qiang et al., 2019; Sahoo & Sethi, 2021). Furthermore, a study by the United Nations Conference on Trade and Development (UNCTAD) found that a 10 per cent increase in the share of remittances in a country's GDP led to a reduction of 1.6 per cent of people living in poverty (Banga & Sahu, 2010).

This research has found that the contribution of remittances as capital to micro business ventures uplifts the immediate household and creates a foundation for sustainable income generation and economic development. They can leverage their transnational networks and resources to make the business mutually beneficial and not just one-directional. For example, a remittance recipient in Nigeria reported:

"*I make Ankara outfits in Umuahia. My sister in London sent me the initial money, about N500K (USD500 in 2020), and cloth patterns [dress-making paper] to buy fabric and machines. That money bought me two machines [sewing machines] and 20 bales of fabric. After making the clothes, I sent them to her in London to sell on eBay. It went so fast, it was fantastic, so we just continued to supply her. We now send about 100 Ankara clothes to London every month. I have over ten girls working with me to meet customer requests. I also do custom orders, so if you want something special for an event, I do it too. It can only be God because if she did not trust me, then I don't know what I will be doing now*"[95]

[95] Interview with Miss BF, a Nigerian remittance receiver living in Lagos, Nigeria. 14/07/2021

This example underscores Ojo's (2013) argument that diaspora entrepreneurs leverage their transnational social capital to create cross-border business opportunities, which is especially valuable for micro-enterprises that might struggle to access international markets. Furthermore, research by Orozco and Fedewa (2006) challenges the notion of dependency on remittances by demonstrating their potential to stimulate entrepreneurial activities. They found that households receiving remittances in Nigeria were more likely to start small businesses, suggesting that remittances can serve as a catalyst for economic activity rather than merely a source of consumption.

However, a counter-narrative exists in the literature, as some studies indicate that a significant portion of remittances is primarily allocated to consumption and housing rather than productive investments. For instance, Dary and Ustarz (2020) and Koç and Onan (2004) argue that remittances often bolster consumer spending rather than contribute to long-term economic development.

This debate remains unresolved, with some scholars, such as Aggarwal et al. (2006), Samaratunge et al., (2020) and Nyasha and Odhiambo (2022), asserting that remittances may exacerbate inequalities, contribute to brain drain, and promote consumerism, rather than fostering sustainable development. Despite the criticisms, research conducted by Iheke (2012) reveals a positive correlation between remittances and economic output in rural communities in Nigeria, suggesting that remittances can indirectly affect investment and growth by increasing overall economic activity.

Moreover, there is a notable lack of data regarding the differentiation between diaspora investment and subsistent remittances. The findings of this research support the notion that even if the direct investment contribution from remittances remains at a micro-scale, these financial transfers still stimulate broader economic activity and empower families, particularly in areas that would otherwise rely heavily on subsistence. This aligns with Abubakar and Folawewo's (2019) assertion that remittances have a more substantial impact on household investment in rural regions compared to urban areas. This finding extends existing literature on the productive use of remittances (Riddle & Brinkerhoff, 2011) and supports the argument that diaspora-driven financial flows are more than just consumption-driven.

In conclusion, while there is evidence suggesting that a large portion of remittances is used for consumption, this research contends that there are also indications that remittances play a role in investment into micro (cottage) businesses. As demonstrated by this research, the allocation of remittances towards investments depends on various factors such as household priorities and normal market forces of demand and supply.

7.3.3 Brain Gain and Knowledge Transfer

There is justifiable concern about the impact of “brain drain” in countries where immigration of the best and brightest is very high, creating a skills shortage (Hajian et al., 2020; Isabell & Ojewale, 2018; Schühle, 2020). For decades, Nigeria has experienced significant outmigration of skilled professionals, particularly in fields such as technology, finance, and healthcare (Adepoju, 2010).The Nigerian diaspora

in the United Kingdom represents a significant pool of talent and resources. Most of the participants in this research are highly educated professionals in fields such as medicine, engineering, finance, and technology. Therefore, rather than viewing this migration solely as a loss for Nigeria, there is increasing evidence that the diaspora can serve as a valuable source of brain gain and knowledge transfer (Docquier, 2021; Berger, 2022; Bocquier et al, 2023; Meyer & Wattiaux, 2006). The term "brain gain" refers to the potential positive impact of skilled migration, particularly the return of skilled individuals, on the home country's development (Nyame-Asiamah et al., 2020; Mueller, 2022). It includes people in the diaspora sharing their knowledge and skills without necessarily returning to Nigeria to live. Nigerians in the Diaspora are putting in structured intervention to balance out the disbenefit of brain drain through knowledge networks.

As established in earlier sections, remittances are increasingly recognised not just as a source of household income but as potential seed capital for micro-enterprises (Elo & Riddle, 2016; Odozi et al., 2010). However, the sustainable impact of these micro businesses will depend on the degree to which diasporans are also able to transfer the right knowledge to enable these to sustain growth and development. Therefore, the British Nigerian diaspora represents a significant pool of talent and resources, with many members working as highly educated professionals in fields such as medicine, engineering, finance, and technology. Rather than viewing this migration solely as a loss for Nigeria, the rise of remittance entrepreneurship presents a mechanism for leveraging this talent pool to address critical skill gaps and drive innovation. Through the development of reverse technology innovation

they are able to support specialised small scale business such as the engineering firm in Ibadan referenced in section 7.2.2.

Recognising the transformative potential of diaspora engagement, numerous organisations are facilitating brain gain through structured interventions. The Nigerians in Diaspora Organisation (NIDO) UK South chapter have been instrumental in facilitating brain gain through its Skills Transfer Programme. This initiative connects Nigerian professionals in the UK with counterparts in Nigeria, enabling knowledge exchange and capacity building. For example, in 2019, NIDO UK South organised a medical mission to Nigeria, where British Nigerian doctors provided training to local healthcare workers and performed specialised surgeries (NIDO UK South, 2020). This type of knowledge transfer not only enhances the skills of Nigerian professionals but also contributes to improving healthcare delivery in the country.

Also, through programmes like the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and Connecting Diaspora for Development (CD4D), diaspora experts and the United Nations University - Maastricht Economic and Social Research Institute on Innovation and Technology have made meaningful contributions to knowledge transfer and capacity development in Nigerian institutions (UNU-MERIT, 2021). The most popular of these boot camps and skills are in information technology (see Table 7.2).

Table 7.2 - Ten of the most popular diaspora-led skills development and training programmes
(Sourced from Africans in Diaspora, presented by Ngozi Fakeye)

Bootcamp/Organisers		Link	Organiser	Field
1	3 million Technical Talent (3MTT) Program	3MTT Program	Federal Ministry of Communications, Innovation & Digital Economy	Software Development, UI/UX Design, Data Analysis and visualisation, Quality Assurance, Product Management, Data Science, Animation, AI/Machine Learning, Cybersecurity, Game Development, Cloud Computing, DevOps
2	Tech365	Tech365	Tech365	Web Design, Graphics Design, Digital Marketing, Python Programming, Data Science, Cybersecurity, Software Testing, DevOps
3	Tech4Dev	Tech4Dev	Tech4Dev	Technology for Development, Digital Skills Training
4	Parach Computers	Parach Computers	Parach Computers	Web Design, Graphics Design, Digital Marketing, Microsoft Office, Data Analysis, Python Programming, Data Science, Cybersecurity, Software Testing, DevOps
5	HiiT	HiiT	HiiT	Java, Software Engineering, PHP Programming, and more
6	Andela Learning Community (ALC)	Andela Learning Community	Andela	Software Development, Frontend Development, Mobile Web Specialist, Cloud Engineering, Data Science, and more
7	Google Africa Developer Scholarship Program	Google Africa Developer Scholarship	Google Developers	Web Development, Mobile Development, Cloud Computing, Machine Learning, and more
8	Decagon Institute	Decagon Institute	Decagon	Intensive Software Engineering Training (Full-Stack Development)
9	Decagon Institute	Decagon Institute	Decagon	Intensive Software Engineering Training (Full-Stack Development)
10	Microsoft Learn Student Ambassadors (Nigeria)	Microsoft Learn Student Ambassadors	Microsoft	Technology Advocacy, Community Building, Microsoft Technologies

The Nigerian Diaspora Organisations, like NIDO(Europe), also organise thematic skills and development boot camps in business, education, medicine, dentistry, optometry and architecture to train Nigerian professionals in these fields (NIDOE, 2021). These boot camps often feature workshops, mentoring sessions, and networking opportunities, creating an immersive learning experience for the participants. They often collaborate with local educational institutions and businesses to provide real-world exposure and practical knowledge. This enhances the participants' skills and helps build a strong network of support and opportunities within the community.

Furthermore, the impact of these bootcamps extends beyond just skills development. Proponents like Adhikari et al. (2021) have argued that global partnerships, particularly in healthcare, can mitigate the effects of brain drain but, more importantly, facilitate the development of mutually beneficial legal pathways. Overall, they argue that the movement of skilled individuals across borders has given rise to the brain gain phenomenon and recent research has found that skilled migration has many positive externalities, including remittances, investment, and trade linkages with countries of destination, as well as better educational attainment of those in home communities (Adhikari et al., 2021; Jaiyesimi, 2018). The 2021 executive team of the Nigerians in the Diaspora In (London Chapter[96])

[96] https://www.facebook.com/groups/10150136320310346/?_rdc=1&_rdr

emphasised the need for professional Nigerians in the UK to support their skills programmes, saying

"*...as Nigeria continues to strive for economic growth, the role of skills development boot camps cannot be overstated because we [NIDOE] are not just equipping individuals with skills; we are sowing the seeds for a more prosperous and innovative future for the country.*"[97]

Ratha and Plaza (2011) have long argued that instead of viewing the emigration of skilled people as a loss, it should be an opportunity. Initiatives facilitated by diaspora organisations, such as mentor-sponsor programmes, joint research projects, and short-term visits and assignments, have enabled the diaspora to share their skills and knowledge, raising domestic skills.

Andela, co-founded by Nigerian diaspora entrepreneur Iyinoluwa Aboyeji, is a prime example of how diaspora involvement can drive technological advancement and skills development in Nigeria. Andela has a significant presence in Nigeria and has trained thousands of software developers. The company's model of identifying and nurturing tech talent in Africa, then connecting them with global opportunities, exemplifies how brain gain can work in practice (Andela, 2023). British Nigerian professionals working at Andela have played crucial roles in curriculum development and mentorship programmes, transferring cutting-edge knowledge

[97] NIDOE, Personal Communication, March 3, 2021.

and best practices from the UK tech industry to aspiring Nigerian developers. This knowledge transfer has created employment opportunities and positioned Nigeria as an emerging hub for software development talent (Andela, 2023).

By providing access to these programmes, Nigerian diaspora organisations and entrepreneurs have contributed to the country's overall development by equipping the youth with the necessary tools to succeed in the modern global economy. The potential impact of skills and knowledge transfer is a platform for fostering innovation, creativity, and collaboration among the participants. Thus, by encouraging a culture of entrepreneurship and problem-solving, these programmes will inspire the next generation of leaders and change-makers in Nigeria.

While there is no doubt that the efforts of Nigerian diaspora organisations and entrepreneurs in organising skills development boot camps have positive intentions, it is essential to consider the potential drawbacks and limitations of such initiatives. Lampert (2009) argues that these diaspora organisations and their development initiatives often have limited impact and can potentially reinforce existing inequalities. He argues that Diaspora initiatives like skills transfer programmes often benefit a small, already privileged segment of the population in the country of origin rather than addressing broader systemic issues. One main concern is the sustainability of the skills development outcomes from these boot camps. They may have short-term benefits but often struggle to create lasting, systemic change. While participants may acquire valuable skills during the programme, there is a risk that the application, updating and maintenance of these

skills may be challenging without ongoing support and resources. For example, a Nigerian-based fintech founder said,

"The main problem we have with hiring bootcamp trainees is they lack depth. What I mean is that these young developers we hire do not even last a month because, yes, they know some coding language basics, but they cannot apply it independently. It's not their fault, something I learned in 4 years at Uni; you can't teach it in 2 weeks. It is not as if the training is not good, it's just that they are nowhere ready for proper employment as they will mess us [their business] up. I need to hire experienced developers, not novices. Think about it, even in the UK, the government gives firms money to train people, but Nigeria does not have that..."[98]

This raises questions about the long-term impact of these initiatives on the participants and whether the skills gained will genuinely lead to sustained employment or entrepreneurial success. Additionally, there may be a risk of dependency on external organisations and individuals for skills development initiatives. Relying heavily on Nigerian diaspora organisations and entrepreneurs to drive skills development may inadvertently create a situation where the local institutions and government are not fully engaged in addressing the root causes of skill gaps and unemployment within the country. This could hinder the development of a sustainable, homegrown approach to skills development and economic empowerment.

[98] Interview on 26/05/21 with JM, a Nigerian IMTO in Lagos.

A Nigeria MTO company leader was not impressed, saying,

"*…I applaud these guys [training organisers]. It ticks the CSR box [Corporate Social Responsibility]; I'm sure they get money from charities, Bill Gates and so forth, yet the government brings in technical partners from VISA, Oracle, Diebold, Stripe to maintain our critical financial infrastructure. Nigeria is just a basket case of contradictions. These civil society groups offer unemployed graduates who studied Yoruba two weeks of computer training and call it knowledge transfer. Does that make sense? If they want to train the next generation, Buhari should have a policy that mandates providing technical residency programmes at those big corporations in Nigeria. The only way you can train people properly is on the job, that makes better sense*".[99]

Moreover, while these bootcamps do provide valuable training and networking opportunities, the reach and scale of these initiatives may not be sufficient to address the widespread challenges of youth unemployment and under-employment in Nigeria. As evidenced in Table 7.2, the list and locations of these programmes are mainly located in Lagos. Therefore, the limited capacity of these programmes may result in only a small fraction of the youth population being able to benefit from such initiatives, leaving a large portion of the youth without access to these opportunities.

[99] Interview on 25/05/21 with PO, a Nigerian IMTO in Lagos

In conclusion, this section asserts its overall finding to be that the collaborative efforts of diaspora professionals and local stakeholders can contribute to domestic entrepreneurial endeavours. However, as with any transformative process, challenges and potential drawbacks should be carefully considered. The concern of brain drain from Nigeria is valid and underscores, rather than dismisses, the need for policies and initiatives. A coordinated approach involving government policies, private sector engagement, and diaspora initiatives is essential to maximise the benefits of brain gain and knowledge transfer.

7.4 Conclusion

This chapter has explored the multifaceted role of remittance entrepreneurs, particularly those within the British Nigerian diaspora, in shaping Nigeria's economic development landscape. While acknowledging the complex interplay of factors that contribute to this development, the analysis has highlighted the significant and often catalytic impact of these individuals in three key areas: stimulating the fintech boom, enabling microbusiness development, and facilitating brain gain and knowledge transfer.

Firstly, the chapter demonstrated how remittance entrepreneurs are not merely conduits for transferring funds but active participants in Nigeria’s fintech revolution. By investing in and driving innovation within the digital financial services sector, they are creating a more inclusive and efficient financial ecosystem. Their intimate understanding of both the Nigerian and international markets, coupled with their access to global capital and technological expertise, positions them as

key players in transforming how remittances are sent, received, and utilized. While established IMTOs remain dominant in the global market, the diaspora are creating opportunities for reverse technology innovation in their homelands. Secondly, this chapter has illuminated the often-overlooked role of remittances as seed capital for micro and small enterprises (SMEs). While much of the literature focuses on remittances' contribution to household consumption, our analysis reveals that strategic deployment of remittances by remittance entrepreneurs can empower families, create employment opportunities, and stimulate economic growth in local communities. These diaspora-driven micro-investments, though often small in scale, can have a transformative impact, particularly in underserved regions with limited access to formal financial services.

Thirdly, the chapter addressed the pervasive concern of "brain drain" and argued that the British Nigerian diaspora, particularly through the agency of remittance entrepreneurs, are actively contributing to "brain gain" and knowledge transfer. They are not simply passive recipients of remittances but proactive agents of change, transferring skills, expertise, and best practices from developed economies to Nigeria. Through their involvement in skills transfer programmes, mentorship initiatives, and direct investment in human capital, they are helping to bridge critical skill gaps and foster a culture of innovation and entrepreneurship. As seen by Engr. I's story, mentoring programs, and structured development, the diasporan can have an effective transfer of skills that boost the next generation of change makers in Nigeria.

However, the chapter has also critically examined the limitations and challenges associated with these processes. The dependence on external actors for skills development, the potential for reinforcing existing inequalities, and the complexities of navigating Nigeria's regulatory environment are all factors that must be carefully considered. As one Nigerian MTO company leader rightly pointed out, there is a need for a more sustainable, homegrown approach to skills development that empowers local institutions and promotes self-reliance.

Ultimately, by stimulating fintech innovation, enabling microbusiness development, and facilitating brain gain and knowledge transfer, British Nigerian diaspora remittance entrepreneurs are playing a crucial, multifaceted role in driving economic development in Nigeria. In the final chapter, we will summarise this thesis's findings, focusing on the core research questions and offering practical policy recommendations with significant implications for policymakers and industry stakeholders.

CHAPTER EIGHT: SUMMARY OF FINDINGS, CONTRIBUTION TO EXISTING RESEARCH, POLICY RECOMMENDATIONS AND CONCLUSION

8.1 Overview: Returning to The Research Questions

This thesis has significantly contributed to the study of remittance entrepreneurship by examining how British Nigerian entrepreneurs navigate the UK-Nigeria money transfer corridor. It refines existing theoretical discussions on transnational diaspora entrepreneurship by highlighting the interplay between formal and informal remittance ecosystems. This research underscores the role of remittance entrepreneurship as a pathway for financial inclusion, illustrating how informal money transfer operators not only facilitate remittance flows but also serve as a stepping stone for broader entrepreneurial ventures in Nigeria.

This final chapter directly addresses the research questions, summarising the key findings from the new empirical work conducted. It then uses these findings to highlight the study's contribution to the existing research reviewed in Chapter 2: Literature Review. While the primary aim of this project has been academic, it has also been driven by a broader objective—not only to understand how the UK-Nigeria remittance corridor operates but also the role of British Nigerian entrepreneurs in the UK-Nigeria international money transfer sector. The thesis concludes by

considering potential opportunities for various stakeholders to refine their practices, culminating in a series of policy recommendations.

This study addressed four main research questions, as detailed in section 1.5. These were :

1) How does the UK-Nigeria remittance ecosystem work? It shows that the UK-Nigeria remittance ecosystem operates through both formal and informal channels, shaped by regulatory frameworks, trust dynamics, and the cultural context of the Nigerian diaspora. Formal remittance providers, such as banks and regulated financial services like WorldRemit and Wise, are subject to stringent regulations, particularly around anti-money laundering (AML) and Know Your Customer (KYC) requirements. These measures are designed to ensure security and traceability but often make the process cumbersome for users, resulting in lower trust levels among the diaspora. While British Nigerian entrepreneurs may not hold a dominant position in the formal remittance sector, they are notably active and influential in the informal sector. These informal remittance channels thrive on personal relationships and community trust, allowing people to send money outside official financial structures. These informal systems are based on social networks and provide flexibility.. This dual structure allows for varied methods of transferring funds, with diaspora customers choosing the route that best fits their needs in terms of cost, convenience, and trust.

2) How does the existing remittance architecture shape the practices of consumers in the diaspora? This thesis has attempted to highlight that the current remittance architecture significantly influences consumer behaviour, especially in terms of trust, cost, and regulatory compliance. While formal systems offer security and compliance, they are often perceived as bureaucratic and costly, especially for consumers who may not have easy access to required documentation for KYC processes or who fear over-regulation. This creates barriers for users, particularly those with low trust in formal financial institutions due to historical experiences of exclusion or discrimination. Consequently, many consumers in the Nigerian diaspora turn to informal channels, which provide more personal, community-based services with fewer restrictions. This preference for informal channels is not merely a consumer choice but also reflects the entrepreneurial strategies of remittance entrepreneurs. British Nigerian remittance entrepreneurs, for instance, often leverage these informal networks to offer tailored services that meet the specific needs of their community. By understanding the constraints and preferences of their customers, they can provide more flexible and cost-effective solutions, thereby capturing a significant share of the market. This approach not only shapes consumer behaviour but also influences the broader remittance ecosystem, as remittance entrepreneurs continually adapt and innovate to meet evolving consumer demands. Therefore, the architecture of formal remittance channels inadvertently drives a large portion of the diaspora towards informal practices, shaping a parallel remittance

system that is both responsive to the needs of consumers and less regulated.

3) How can the UK-Nigeria Remittance ecosystem be understood from an entrepreneurial perspective? From an entrepreneurial perspective, the UK-Nigeria remittance ecosystem presents significant opportunities, particularly for diaspora entrepreneurs who leverage their dual cultural and economic positioning. Entrepreneurs operating in this space, especially those managing informal money transfer operators (MTOs), often use personal networks to build trust-based business models that cater to the specific needs of their communities. These businesses are able to offer personalised services, faster transactions, and lower costs compared to formal institutions. Additionally, many diaspora entrepreneurs view the remittance sector not merely as a tool for financial transfers but as a launchpad for broader economic ventures. These remittance entrepreneurs, by starting within the remittance ecosystem, gain valuable experience, build networks, and generate capital, which can later be channelled into investments or entrepreneurial activities in Nigeria. The ecosystem, therefore, acts as a dynamic platform where remittance practices and entrepreneurship intersect, enabling the diaspora to play an active role in economic development.

4) How have remittance-driven diaspora entrepreneurs contributed to Nigeria's development through, financial transfers, collaborative partnerships and knowledge exchange? ? Nigerian diaspora

entrepreneurs are crucial to Nigeria's socio-economic development, acting as bridges between their host country and their homeland. This research has tried to demonstrate how they are using their financial resources, business acumen, and transnational networks, to drive investments into Nigeria. They often reinvest remittances into small and medium-sized enterprises (SMEs), contributing to local job creation, innovation, and skills development. Their role extends beyond financial contributions; many also facilitate knowledge transfer and provide access to international markets, fostering entrepreneurship and business growth within Nigeria. Furthermore, diaspora entrepreneurs often bring best practices from the UK, including technological advancements like advanced engineering expertise which help modernise various sectors in Nigeria. Their investments, whether in agriculture, real estate, manufacturing, engineering, or remittance services, contribute to Nigeria's economic landscape

These four questions were developed following a review of existing academic debates (Chapter Two) that sought to establish what previous researchers looking at migration, development, entrepreneurship and remittances had established. The literature review has highlighted opportunities to develop the debates in the existing research, such as the oversimplification of diaspora communities, the role of diaspora entrepreneurs in transforming how remittances are sent to Nigeria and the insufficient exploration of how remittances can drive long-term entrepreneurial success in Nigeria. It also

points out the limited understanding of the structural barriers that hinder the full potential of diaspora-driven economic development and the need for further exploration of how digital and financial innovations can enhance the remittance process. Therefore, with a clear academic goal of addressing these gaps , this study aimed to provide fresh insights and new empirical data into the academic debates on the role of British Nigerian entrepreneurs in the UK/Nigeria international money transfer business. The following section (8.1.1) will provide a comprehensive summary of the findings from this research.

8.1.1 The Formal Remittance Ecosystem Is Not Fully Trusted by Either Diaspora Consumers or Entrepreneurs

Trust plays a crucial role in shaping remittance practices of the UK-Nigeria remittance corridor. Trust is institutional and built on regulatory compliance and transparency in formal systems. However, this research finds that the perception of excessive regulatory scrutiny and unintentional negative consequences of the Know Your Customer (KYC) rules can undermine trust in formal systems. This lack of trust drives many consumers towards informal remittance channels despite the availability of secure and reliable formal options. This aligns with De Haas's (2021) views on the impact of regulation on remittances. While some regulated peer-to-peer platforms, such as WorldRemit and Wise, have made remitting faster and cheaper to an extent, they still operate within the formal financial structures that the diaspora community does not trust, thus driving them to establish informal peer-to-peer structures, thereby opening a space into which diaspora

entrepreneurs can step. In informal systems, trust is personal and community-based, relying on social capital and the reputation of intermediaries. This dynamic significantly influences consumer preferences, with many consumers favouring informal channels due to personalised services and trust in community-based networks. This aligns with the idea presented by Lampert (2014) and Elo et al. (2019) that trust-based relationships within diaspora communities can serve as alternatives to formal institutional arrangements, particularly in contexts where such institutions may appear weak or unreliable.

8.1.2 The Regulatory Environment Contributes to The Growth of Informal Remittance Channels

A second key finding from the research is that British Nigerian entrepreneurs face considerable challenges in formalising their businesses within the remittance sector. Regulations, particularly those aimed at combatting money-laundering and terrorist-financing, have inadvertently contributed to expanding informal channels, which many migrants perceive as easier and more accessible than formal and heavily regulated remittance systems. This supports the findings of Orozco and Yansura (2013), who argue that regulatory pressures on formal institutions can push entrepreneurs and consumers towards informal systems, especially in regions with complex or restrictive regulatory environments. This research has found that due to these barriers, there has been significant growth in informal money transfer operators who often operate within insular market segments to avoid formal registration and compliance complexities.

The unintended consequence of strict regulation is that it can undermine the very goals of regulatory oversight and result in pushing entrepreneurs to operate outside formal systems. Regulators, therefore, risk becoming ineffective or redundant as entrepreneurs find ways to meet consumer demand without compliance with official requirements. This has led to calls from scholars like Elo and Riddle (2016) for a more adaptive regulatory approach—one that balances the need for consumer protection and security with the realities of informal financial practices. This thesis concurs in its recommendation for pragmatic policy reforms to reduce regulatory burdens and support the formalisation of diaspora businesses without losing the ambition of preventing money laundering or the financing of terrorism.

8.1.3 Consumers Prefer Informal Channels

The third key finding from this research is that British Nigerians consumers prefer informal channels due to better exchange rates, less demanding security checks, and personalised services with a familiar individual. This is evidenced in Chapter Five, where a consumer specifically highlights that they get better rates in the Nigerian currency compared to other channels. Additionally, Chapter Six further buttressed how informal money transfer operators often offer more competitive exchange rates, especially in the context of Nigeria's dual exchange rate system as informal operators can access the parallel market rate, which is often more favourable than the official rate used by formal institutions. This aligns with findings by Kosse and Vermeulen (2014) on factors influencing remittance channel choice. These examples from the thesis illustrate how informal remittance channels, often

operated by diaspora entrepreneurs, meet the specific needs of the Nigerian community in the UK, offering competitive rates, personalised service, and cultural understanding that formal institutions may struggle to match.

8.1.4 Diaspora Entrepreneurs face significant barriers to market entry

British Nigerian entrepreneurs face considerable challenges in formalising their businesses within the remittance sector compared to their white counterparts due to a lack of access to finance, regulatory barriers, and language obstacles. However, there is more to this than just structural racism and entrepreneurs find ways to overcome these barriers. The challenges faced by British Nigerian entrepreneurs in formalising their businesses align with the broader structural constraints highlighted in approaches such as World Systems Theory (Wallerstein, 1974) and Dual Labour Market Theory (Piore, 1979). These theories suggest that migrants often face structural barriers in host countries that can limit their economic opportunities and integration. The case studies developed here articulate those constraints in terms of entrepreneurs' frustration over their attempts to align their enterprises to the business environment.

Access to finance emerges as a significant obstacle for diaspora entrepreneurs, supporting the findings of Nkongolo-Bakenda and Chrysostom (2013) on challenges diaspora entrepreneurs face. There is a particular challenge around accessing corporate banking services. The British Business Bank (2023) and The Voice Online

(2023) highlight diaspora entrepreneurs' difficulties in accessing business banking services and ascribe them to systemic bias and discrimination in financial services. Consequently, many entrepreneurs rely on informal funding sources and access to credit from family and community networks due to difficulties accessing formal financial institutions. This reliance on informal networks limits their ability to scale up their companies and integrate into the formal economy. Ironically, this then adds to suspicion among regulators in a context where the sources of capital are often scrutinised for money laundering.

The relationship between British Nigerians and state institutions is complex and characterised by significant distrust. This mistrust stems from historical, cultural, and systemic factors, including experiences of discrimination and negative interactions with regulatory bodies. This aligns with research on market discrimination and trust issues by Ram et al. (2017) on barriers faced by ethnic minority entrepreneurs in the UK. This perception of mistrust further discourages entrepreneurs from engaging with formal financial systems. These findings resonate with the 'push-pull plus' framework proposed by Van Hear et al. (2018), emphasising the importance of mediating factors in shaping migration and entrepreneurial outcomes. In this case, the regulatory environment and access to financial services act as significant mediating factors that influence the ability of British Nigerian entrepreneurs to establish and grow their businesses in the remittance sector. Furthermore, the reliance on informal networks aligns with Lampert's (2020) emphasis on the importance of trust in diaspora networks, particularly in contexts where formal institutions may be weak or unreliable. The

challenges faced by British Nigerian entrepreneurs in the remittance sector also reflect broader issues of structural inequality and institutional barriers that can affect migrant entrepreneurs, as highlighted by Riddle et al. (2010), Van Hear et al. (2018) and, indeed, Wallerstein (1974) - though the latter had little empathy for capitalist business people These findings underscore the need for more nuanced policy approaches that address the particular barriers faced by diaspora entrepreneurs in the context of structural inequality while recognising their unique transnational connections and potential contributions to host and home country economies.

8.1.5 Informal Money Transfer Operations is a Springboard for Diaspora Investment and Entrepreneurship

This research has uncovered a significant trend among British Nigerian entrepreneurs in the remittance sector: many are leveraging their experience as informal money transfer operators (MTOs) to transition into broader diaspora investment and entrepreneurial activities in Nigeria. This challenges the traditional academic discourse that primarily frames remittances as tools for consumption, such as those posited by Adams and Page (2005), who highlighted the role of remittances in poverty reduction through consumption smoothing. Historically, remittances have been seen as financial lifelines covering immediate needs such as food, healthcare, and education in receiving countries. However, our research aligns with the evolving understanding that remittances can also act as catalysts for economic development, as Drori et al. (2009) emphasised in their work on transnational entrepreneurship.

Experience in operating informal MTOs has allowed entrepreneurs to build extensive networks across the UK and Nigeria. These networks are now being used to identify and exploit investment opportunities in both countries. This research has found that while supporting family remains a priority, there is a growing recognition among these entrepreneurs that remittances can be channelled into profitable ventures, creating a win-win situation that supports both family needs and personal financial growth. This trend aligns with Kloosterman and Rath's (2001) concept of ‘opportunity structures’ in ethnic entrepreneurship. The unique position of these British Nigerian entrepreneurs, straddling two economic and cultural contexts, allows them to identify and exploit business opportunities that might not be apparent to others.

However, this shift from remittances to investment mirrors the ‘brain circulation’ (Breinbauer, 2007), where diaspora members leverage their skills and capital to drive economic development in their home countries. In this case, the knowledge and experience gained from operating informal MTOs are being repurposed to drive broader economic initiatives in Nigeria. However, the risk is that it can also spark a vicious economic stagnation and dependency cycle.

This trend challenges traditional academic perspectives on remittances and opens up new avenues for understanding and supporting diaspora-driven economic development.

This research highlights the role of informal money transfer operations as incubators for diaspora entrepreneurship. This challenges existing regulatory perspectives, which primarily focus on compliance risks rather than acknowledging their economic contributions. Policymakers should consider frameworks that enable the transition of informal MTOs into formal businesses, leveraging the financial networks already established within diaspora communities. Such an approach aligns with the call for diaspora entrepreneurship policies that support migrant-led investment initiatives (Kuznetsov & Sabel, 2006; Newland & Tanaka, 2010).

In conclusion, this research finding reveals a dynamic and evolving landscape of diaspora entrepreneurship, where informal remittance operations serve as a crucial stepping stone towards broader investment and business activities.

8.1.6 Diaspora Entrepreneurship Can Be a Catalyst for Development

Findings from this thesis concur that diaspora entrepreneurs have the potential to be catalysts for development in Nigeria under suitable policy structures. This aligns with the broader discussion in the Literature Review about the potential positive impacts of diaspora entrepreneurship on development in their countries of origin. For example, it supports Riddle et al.'s (2010) argument that diaspora entrepreneurs play a crucial role in fostering innovation and knowledge transfer, leveraging their transnational networks and dual cultural competencies. Evidence from entrepreneurs like the catfish farmer and the clothes-maker, cited in Chapter

Seven, demonstrates how these micro-scale businesses provide a steady income for their families and, often, the wider community, thereby facilitating economic development in Nigeria by contributing to small business investments in Nigeria. This research finding is also in agreement with Newland & Tanaka (2010) and Kuznetsov & Sabel (2006), who have long argued that diaspora entrepreneurs play a crucial role in fostering innovation and knowledge transfer. As evidenced in the empirical data of this research, diaspora entrepreneurs leverage their transnational networks and dual cultural competencies.

Although evidence from this research suggests that British Nigerian entrepreneurs are targeting investment opportunities in Nigeria to generate wealth that reduces the need for dependency, the limitations of their informal businesses prevent broader economic participation and limit their growth potential. This complexity reminds us that these entrepreneurs operate within a complex web of factors that shape their ability to engage in and benefit from formal business structures. This highlights the structural barriers and institutional challenges discussed previously, emphasising that such complex dynamics can be better understood through several structural migration theories, as discussed in section 2.3.2 of the Literature Review. For example, the 'push-pull plus' framework proposed by Van Hear et al. (2018) provides a more nuanced understanding of these dynamics. In this context, while economic opportunities in Nigeria serve as a 'pull' factor, the regulatory environment and access to formal financial services act as mediating factors that constrain the growth potential of these entrepreneurial activities.

This finding underscores the need for policy interventions that address individual entrepreneurial capacity and the broader structural barriers that limit the formalisation and growth of diaspora-led businesses.

8.1.7 Technology Has a Disruptive Impact on The Money Transfer Industry

The final finding is that technological innovations, particularly peer-to-peer (P2P) platforms, disrupt traditional remittance models by offering faster and cheaper alternatives. P2P technology has significantly streamlined informal money transfer operations, making them more efficient and accessible. However, these platforms face regulatory challenges and the need to navigate existing infrastructure and regulatory frameworks designed by incumbents.

The adoption of P2P technology has blurred the lines between formal and informal remittance channels, creating a new category of "semi-formal" operators. These hybrid models leverage the trust and flexibility of informal networks while incorporating the efficiency and transparency of digital platforms. This aligns with the Literature Review's discussion of the importance of trust in facilitating transnational relationships and economic activities, particularly in contexts where formal institutions may be weak or unreliable (Lampert, 2020; Elo et al., 2019).

Additionally, digitalisation has empowered millions of Nigerians to access formal financial services, which previously were beyond their reach. Mobile banking platforms and digital wallets have become popular channels for remittance

transactions, enhancing financial inclusion and providing a gateway to formal financial services. This trend reflects the broader discussion in the academic literature about the potential of diaspora engagement to contribute to development in countries of origin (de Haas, 2010; Faist, 2008; Newland & Patrick, 2004). However, challenges such as data security and regulatory oversight remain significant concerns. These issues highlight the need for more nuanced policy approaches that address the specific barriers faced by diaspora entrepreneurs while harnessing their unique potential to contribute to development in both host and home countries, as highlighted by existing literature (Sinatti & Horst, 2015; Bakewell, 2009; Raghuram, 2009).

Furthermore, the impact of technological innovations on remittance practices can also be understood through the lens of the 'push-pull plus' framework proposed by Van Hear et al. (2018) which extends beyond simple 'push-pull' factors of migration to include mediating drivers. Throughout the empirical chapters, the 'push-pull plus' framework helps to highlight how technological advancements are reshaping the remittance landscape, offering new opportunities for diaspora entrepreneurs while also introducing new complexities in terms of regulation and market dynamics. In this context, technological advancements serve as both proximate drivers (making remittance transfers more attractive) and mediating factors (facilitating. In addition, this thesis examined how mobile money platforms and peer-to-peer transfer apps have transformed remittance behaviours. For instance, the study highlights how the adoption of M-Pesa in Kenya has influenced similar mobile money initiatives in Nigeria, such as Paga in Chapter Five. These

technological innovations act as 'pull' factors, attracting diaspora entrepreneurs to the remittance industry by lowering barriers to entry and offering new business opportunities. Chapter Six also delves deeper into the role of technology in informal remittance channels. The research highlighted that while fintech solutions have made formal transfers more accessible, mediating factors such as lack of trust in formal institutions and regulatory barriers still significantly influence diaspora entrepreneurs' tendency to rely on informal networks. For example, the study discusses how WhatsApp and other messaging apps are used to facilitate informal remittance transactions, bypassing traditional banking systems.

8.2 The Academic Contribution of The Thesis

This thesis contributes to the migration-development literature by shifting the focus from traditional state-centric or family-based analyses to a more nuanced exploration of diaspora entrepreneurship within the UK-Nigeria remittance corridor. By examining the role of diaspora entrepreneurs in the remittance ecosystem, the research expands the existing discourse on migration and development, revealing new dimensions of how financial flows and entrepreneurial activities intersect in transnational contexts. One of the key contributions is the recognition that remittances are not merely financial transfers for consumption, as often depicted in the literature, but also critical enablers of entrepreneurial activity and economic development in both sending and receiving countries.

Furthermore, rather than primarily focusing on the macroeconomic impacts of remittances, this thesis highlights the agency of individual migrants who leverage

their transnational networks to foster business development. The study shows that remittances, when channelled through entrepreneurial ventures, can serve as a bridge for knowledge transfer, investment, and business creation, contributing to broader socio-economic development in the migrant's country of origin. This challenges the traditional view of remittances as passive or welfare-based financial flows, offering a more dynamic understanding of their role in economic transformation.

In conclusion, these findings suggest that realising the full potential of diaspora entrepreneurship as a catalyst for development in Nigeria requires a comprehensive approach that addresses both individual and structural factors. Future policies should aim to create an enabling environment that facilitates the formalisation of diaspora businesses, enhances access to financial services, and leverages diaspora entrepreneurs' unique transnational networks and cultural competencies, as detailed in the recommendations in the next section.

8.3 Recommendations

Comprehensive programmes and resources tailored to the specific challenges of British Nigerian entrepreneurs in the remittance sector are needed to effectively support them. Diaspora entrepreneurs often face obstacles distinct from those encountered by other business owners, such as navigating the regulatory environments of their host and home countries and overcoming barriers to accessing finance and networks. Therefore, targeted interventions are essential to foster their success.

8.3.1 Regulatory Reform

This thesis recommends that policymakers in the UK and Nigeria create a more pragmatic and supportive regulatory environment to encourage diaspora investments. This includes reducing high licensing costs, facilitating the entry of non-traditional players in the financial sector and being flexible in the regulatory frameworks they develop. While regulators like the UK Financial Conduct Authority and the Central Bank of Nigeria argue that their licensing costs are necessary to cover operational expenses and ensure proper oversight, empirical evidence in this research has demonstrated that they act as a substantial barrier to entry for new and smaller players. A clear-tiered licensing structure based on the size and risk profile of the operator could help alleviate this burden, ensuring smaller operators can enter the market without compromising regulatory oversight.

To facilitate the entry of new businesses, regulators should streamline licensing processes and create more flexible regulatory frameworks that adapt to technological innovations. Evidence from this research has determined that diaspora entrepreneurs find the current licensing processes time-consuming and complex, which deters them from formalising their businesses. Simplifying the application procedures by creating user-friendly and customer support mechanisms for submissions and approvals could make the process more efficient.

Also, adopting a more proportional approach to regulation, where smaller, non-traditional MTOs are subject to lighter regulatory requirements than large,

established players, will ensure compliance costs are not overly burdensome for emerging operators while maintaining the necessary safeguards for consumer protection and financial integrity. Scholars like Aston (2023) and Fraser (2009) suggest more adaptive regulatory frameworks to balance consumer protection with fostering innovation and competition in the remittance industry. Therefore, pragmatic policy reforms are necessary to reduce regulatory burdens and support the formalisation of diaspora businesses. By addressing these challenges, policymakers can create a more enabling environment for diaspora entrepreneurs and enhance the development impact of remittances.

8.3.2 Improve Trust in Formal Systems

Communication barriers often undermine trust. This research found that diaspora entrepreneurs and consumers mistrusted institutions based on a combination of linguistic, cultural, or informational misunderstanding. To address this, institutions should create targeted communication strategies that speak directly to the needs and cultural nuances of African migrants. Providing multilingual resources and culturally sensitive outreach materials can bridge the gap between formal institutions and migrant communities, making these services more accessible and understandable. For regulators and banks, this could involve increased transparency in fee structures, improved customer service, and educational campaigns about the benefits and security of formal channels.

Diaspora entrepreneurs' trust in formal institutions is often eroded by experiences of historical and anecdotal bias based on misinformation. For example, some

British Nigerian entrepreneurs who participated in this research drew a correlation between applying for business bank accounts and the reduction of their credit scores. This perception seemed prevalent, but there is no evidence to support it. Therefore, institutions should offer educational programmes focused on improving financial literacy and equipping migrants with the skills to engage with banks and regulators confidently.

Another recommendation is to showcase success stories by sharing positive stories of African migrants who have successfully navigated and benefited from formal institutions. This could powerfully build trust, promote representation, and create a sense of what is possible. Showing that the system works for someone the community identifies with could be an effective way to change perceptions of structural bias.

8.3.3 Address Banking Challenges

Access to capital remains a significant barrier for diaspora entrepreneurs, who often face higher scrutiny and limited trust from traditional financial institutions. Creating targeted financial instruments, such as diaspora-specific loans, venture capital funds, or seed funding grants, would provide entrepreneurs with the financial support to launch or expand their businesses. Governments and financial institutions could collaborate to create these funds, ensuring they address diaspora entrepreneurship's unique risks and opportunities. For example, matching grants or low-interest loans tailored to remittance-based businesses could incentivise more entrepreneurs to formalise their operations.

In addition, as demonstrated in this study, many British Nigerian entrepreneurs need help when opening business bank accounts or when finding their accounts closed without explanation. This issue stems from banks' perceived risk, stringent anti-money laundering (AML) regulations, and a lack of tailored banking products for diaspora businesses. This could involve developing specialised risk assessment tools and providing more straightforward guidelines for banks serving diaspora businesses. This could include better differentiation between high-risk and low-risk sectors within the diaspora community, allowing for more inclusive banking practices. The banks should consider establishing dedicated channels for communication between banks and diaspora entrepreneurs to explain why their accounts were closed and mitigate misunderstanding and misinformation within the network that fuels mistrust of institutions. Regular forums or consultations between financial institutions, regulators, and diaspora entrepreneurs can foster trust, allowing banks to better understand the business models of these entrepreneurs, thus mitigating any misinformation and mis-understanding from diaspora entrepreneurs and their networks.

Another recommendation is that banks develop specific financial products aimed at the needs of diaspora entrepreneurs. This could include business accounts for cross-border transactions, lower fees for remittance-linked activities, and simplified account opening procedures for entrepreneurs with non-traditional business models. These products would recognise the distinct nature of the informal remittance-based businesses and other ventures in which diaspora entrepreneurs are involved and coax them into the formal structures by addressing

their concerns, as the fears expressed by the research participants in this study, which led them to be discouraged from formalising their businesses.

8.3.4 Support Community Networks

Recognising and supporting the critical role that community networks play in facilitating remittances is essential for fostering trust and ensuring effective financial transactions, particularly in diaspora communities. These informal networks often operate on trust-based relationships, making them reliable and accessible for individuals wary of formal financial systems. However, encouraging the gradual integration of these networks into more formal structures could improve security, efficiency, and scalability.

This could involve creating hybrid models that combine the personal trust and familiarity of informal remittance channels with formal systems' security and regulatory oversight. For example, fintech solutions could be designed to offer community-based services (such as peer-to-peer remittance platforms) with the backing of formal financial institutions, ensuring that both trust and transparency are maintained. These hybrid systems can leverage blockchain or mobile payment technologies to ensure secure transactions while maintaining the personal trust integral to informal networks.

Furthermore, regulators and financial institutions could partner with recognised diaspora community groups to build trust within communities, encourage the adoption of more formal remittance channels, and support the formalisation of

community-based businesses. Using these community groups and gateways to engage in open discussions could also provide valuable insights into their members' unique needs and concerns, thus allowing for the design of policies and services that would better cater to those communities.

8.3.5 Create Awareness Campaigns on Investment Opportunities

To effectively engage the diaspora entrepreneurs, this thesis recommends launching targeted awareness campaigns that would inform them about investment opportunities in Nigeria. In the UK, the Department for International Development (DFID)[100] now incorporated in the Foreign, Commonwealth & Development Office (FCDO) could fund its economic development programmes in Nigeria. This department might allocate resources to support diaspora engagement initiatives. In Nigeria, the Federal Ministry of Foreign Affairs and the Nigerians in Diaspora Commission (NIDCOM) should allocate a budget for these campaigns as part of their diaspora engagement strategy. The Ministry of Industry, Trade and Investment could contribute funds to highlight specific sectors ripe for investment.

These campaigns should emphasise the potential returns on investment, highlight available support programmes, and underscore the positive impact their

[100] The Department for International Development (DFID) was merged into the UK Foreign and Commonwealth Office (FCO) in 2020 to create the Foreign, Commonwealth & Development Office (FCDO). The FCDO now oversees both foreign policy and international development responsibilities, with a mission to promote the UK's interests abroad and support sustainable development and humanitarian assistance worldwide.

contributions can have on local communities. By providing education and tailored financial products, these initiatives aim to bridge the information gap and build trust among diaspora members, encouraging them to invest in Nigeria's growth. The campaigns should leverage digital platforms and community networks to reach a broad audience, ensuring the message resonates with the diverse diaspora population. Implementation could be coordinated by a joint task force comprising representatives from key funding entities, ensuring efficient use of resources and alignment of messaging across different platforms and channels. This approach could foster economic ties and empower the diaspora to actively participate in Nigeria's development, thus creating a mutually beneficial relationship.

However, it is crucial to recognise that implementing these recommendations would require sustained effort, collaboration between multiple stakeholders, and ongoing evaluation to ensure their effectiveness. As the remittance landscape continues to evolve, particularly with the rapid advancement of financial technologies, there is a crucial need for continued research and policy adaptation. This leads us to the next chapter on future research directions.

8.4 Areas for Future Research

Based on these findings, this thesis suggests several areas for future research to understand further the complex dynamics of remittances and entrepreneurship within the Nigerian diaspora community. Some recommendations are presented below.

8.4.1 Impact of Regulatory Environments on Diaspora Entrepreneurship

This thesis highlights the need for changes in the regulatory environment to encourage the entry of non-traditional players and enhance competition. Future studies could investigate the specific regulatory changes that would most effectively support diaspora entrepreneurs. This would involve comparative studies of different regulatory frameworks worldwide and their impacts on diaspora businesses and exploring the role of international cooperation in creating supportive regulatory environments. Future research could explore innovative regulatory approaches balancing consumer protection with fostering innovation in the remittance industry. This would include examining the potential of regulatory sandboxes for testing new remittance technologies, investigating the effectiveness of risk-based regulatory approaches for different types of remittance providers and exploring international cooperation mechanisms for harmonising remittance regulations across corridors.

8.4.2 Socioeconomic Impact of Diaspora Investments

While this thesis provides some insights into the economic contributions of diaspora entrepreneurs, further research is needed to quantify these impacts more precisely. This would include measuring the contributions of diaspora investments to job creation, skill transfer, and overall economic development in Nigeria. Additionally, studies could explore how these investments affect social dynamics

within their target communities, particularly regarding social mobility and inequality, including class, gender and geographical inequalities.

8.4.3 Detailed Examination of Informal Money Transfer Operations

Given the persistent importance of informal channels, more research is needed on mapping and quantifying informal remittance flows between the UK and Nigeria and exploring strategies for formalising existing informal remittance channels without disrupting their social benefits. Future research could delve deeper into the operational specifics of informal money transfer systems. This would include understanding the informal networks and mechanisms facilitating these operations, exploring their challenges and opportunities, and evaluating their impact on the broader financial ecosystem.

8.4.4 Longitudinal Studies on Diaspora Entrepreneurship

Long-term studies tracking the entrepreneurial journeys of diaspora members could provide deeper insights into the factors that contribute to their success or failure. Future research could focus on evaluating the effectiveness of existing support programmes for diaspora entrepreneurs in the UK and Nigeria and investigating innovative financing models tailored to the needs of transnational entrepreneurs. These studies could explore how diaspora entrepreneurs navigate the challenges of operating in multiple cultural and economic contexts over time and how their strategies would evolve in response to changing conditions in their home and host countries. They could also examine the spillover effects of

diaspora-led businesses on local economic development in Nigeria and investigate the potential of remittance-linked financial products in promoting savings and investment in Nigeria.

8.4.5 Technological Integration and Financial Inclusion

Given the rapid advancements in fintech and digital money transfer services, future research could examine how these innovations are being adopted by the Nigerian diaspora and their potential to transform the remittance landscape. This would include assessing the impact of mobile money and digital wallets on financial inclusion among remittance recipients; exploring the potential of artificial intelligence and machine learning in improving remittance services and reducing costs; and investigating the challenges and opportunities of integrating remittance services with other financial products (e.g., insurance, credit). Studying the barriers to adoption, the role of digital literacy, and how technological solutions could be tailored to better meet the needs of diaspora communities. Future research could investigate how blockchain technology might address issues of transparency and traceability in remittance flows, potentially reducing concerns about money laundering and improving regulatory compliance in informal sectors.

Additionally, future studies could investigate the intersection of cryptocurrencies with existing informal remittance networks. How might these digital technologies interact with and transform traditional, trust-based money transfer systems? How might the widespread adoption of digital currencies affect financial inclusion among remittance recipients in Nigeria? Research could also explore the

regulatory challenges these innovations pose and how policymakers in the UK and Nigeria respond.

8.4.6 Trust in The Context of Diaspora Entrepreneurship and Remittances

Trust emerges as a critical, yet under-explored, dimension in studying diaspora entrepreneurship and remittance practices, particularly within the UK-Nigeria corridor. While this thesis has touched upon the importance of trust in facilitating transnational economic activities, there is significant scope for future research to delve deeper into the nuanced and culturally specific manifestations of trust in this context. Research could also explore how concepts of trust evolve across generations within diaspora communities. This could involve examining how first-generation migrants' trust-building practices differ from those of second—or third generation diaspora members and how these differences impact entrepreneurial activities and remittance behaviours. Future studies could also investigate the relationship between trust in formal institutions (such as banks and regulatory bodies) and informal trust networks within diaspora communities. Such insights could inform more effective policies and practices that leverage trust-based relationships to enhance the developmental impact of diaspora economic activities while mitigating potential risks.

8.4.7 Gender Dynamics in Diaspora Entrepreneurship

Future studies could explore the gendered aspects of diaspora entrepreneurship to better understand the broader economic impacts of remittances and diaspora

entrepreneurship. This could provide essential insights into female entrepreneurs' unique challenges and opportunities. This includes understanding the barriers women face in accessing finance and support networks and the impact of their entrepreneurial activities on gender equality within their communities.

8.5 Conclusion

Overall, this thesis argues that diaspora entrepreneurs, particularly those from the British Nigerian community, are underrepresented in the formal money transfer industry due to a complex interplay of structural barriers and cultural factors. This underrepresentation is not merely a result of individual choices or capabilities but a reflection of systemic challenges that diaspora entrepreneurs face in navigating the regulatory, financial, and social landscapes of their host and home countries.

The research demonstrates that despite these challenges, diaspora entrepreneurs play a crucial and often overlooked role in shaping remittance practices often through informal MTOs. Their activities challenge traditional perspectives on migration and remittances, which have often viewed these phenomena through the lens of macroeconomic impacts or as simple financial transfers. Instead, this thesis reveals remittances as complex socioeconomic processes deeply embedded in transnational networks and entrepreneurial strategies. Furthermore, this study argues that the potential for diaspora entrepreneurs to act as catalysts for economic development in Nigeria is significant but largely unrealised. The research findings indicate that substantial policy and structural changes are necessary for this potential to be fully harnessed. These changes must address not

only the regulatory and financial barriers that diaspora entrepreneurs face but also recognise and leverage the unique social and cultural capital that these entrepreneurs possess.

By focusing on the entrepreneurial perspective, this research addresses significant gaps in the existing literature, which has predominantly viewed remittances through the lens of governments, consumers, senders, receivers, or development agencies. Using a mixed-methods approach, combining quantitative analysis of remittance flows with in-depth qualitative interviews of entrepreneurs, this study offers a more holistic understanding of diaspora economic activities than previous studies.

This study explores the complex interplay between entrepreneurialism and the remittance industry. It argues that, on the one hand, diaspora entrepreneurs embody the entrepreneurial spirit, leveraging their unique position to identify and exploit business opportunities across transnational spaces. On the other hand, however, their activities are shaped by and respond to the structural inequalities , particularly in the context of remittance flows from core to peripheral economies. Entrepreneurs have the potential to deliver the growth that theorists and policy makers are struggling to identify in the migration-development field. Yet these entrepreneurs are frustrated by structural asymmetries in their business sector. While these claims may seem at odds, this research posits that this synergy offers valuable insights into the dynamics of diaspora economic activities. Therefore, juxtaposing these claims, this research highlights how diaspora entrepreneurs

navigate and potentially challenge the structural constraints by creating spaces for economic empowerment and development within the constraints imposed by the laws and regulations shaping the world economic system.

This research also extends the 'push-pull plus' framework to the context of diaspora entrepreneurship, highlighting how mediating factors such as regulatory environments and access to finance shape entrepreneurial activities. It introduces the concept of 'remittance entrepreneurship' as a distinct form of diaspora economic engagement, bridging the gap between remittance studies and entrepreneurship literature. In addition, this study provides new empirical evidence on how British Nigerian entrepreneurs navigate the complex regulatory landscape of the remittance industry, offering a nuanced understanding of their challenges and opportunities. It reveals diaspora entrepreneurs' coping strategies to leverage formal and informal remittance channels, demonstrating their agency in circumventing structural barriers.

Furthermore, this thesis challenges the dichotomy between formal and informal remittance channels, proposing a more fluid understanding of remittance practices that reflect the complex realities of diaspora entrepreneurs and communities. It offers a new perspective on trust in transnational business networks, demonstrating how diaspora entrepreneurs build and leverage trust-based relationships to overcome perceived institutional voids.

By making these arguments, this thesis contributes to a more nuanced understanding of diaspora entrepreneurship in the remittance industry and highlights the need for a holistic approach that addresses individual agency and structural constraints. It recognises diaspora entrepreneurs as potential development and innovation agents in their host and home countries.

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APPENDICES

APPENDIX A: Digital Posters for Recruiting Research Participants

UCL

SUPPORT ACADEMIC RESEARCH ABOUT NIGERIANS IN DIASPORA

- Are you a Nigerian living in London?
- Are you a money transfer operator?
- Are you an entrepreneur?
- Are you a business owner?

If you have answered 'yes' to any of these questions, then sign up here.

This focus group will generate useful insight into how we can support one another in growing our business and create a directory of Nigerian-led UK businesses.

Supported by the Central Association of Nigerians in the UK

FOR MORE INFORMATION

- Visit the University College London's (UCL) website Remittance Research at: http://projects.geog.ucl.ac.uk/remittance-research/money-transfer-to-nigeria
- Email the UCL researcher Ngozi Fakeye at: ngozi.fakeye.18@ucl.ac.uk

UCL

MONEY TRANSFER TO NIGERIA

DO NIGERIAN-OWNED MONEY TRANSFER OPERATORS SERVE YOU BETTER?

KEY FACTS

- Nigerians in the UK sent over £3.7 billion home in 2019.
- You pay one of the highest fees to transfer money to Nigeria.
- An average of 10% difference between black market money transfer rates..
- The top 20 money transfer operators to Nigeria are European owned.

FOR MORE INFORMATION

- Visit the University College London's (UCL) website Remittance Research.
- Email the UCL researcher Ngozi Fakeye at: **ngozi.fakeye.18@ucl.ac.uk**, if you are a Nigerian considering starting a money transfer business or are currently running one.

APPENDIX B: Focus Group Questions

Focus Group template

RESEARCH QUESTION: Why are there so few Nigerian entrepreneurs in the UK-Nigeria remittance industry?

Question 1 Why do you want to be an entrepreneur?

Notes:
Common responses
Noteworthy individual responses and ideas

Question 2 What sectors of the economy is/are your business(es)?

Notes:
Common responses
Noteworthy individual responses and ideas

Question 3 What challenges have your faced in starting a business in the UK?

Notes:
Common responses
Noteworthy individual responses and ideas

Question 4 Have you considered getting into the electronic money transfer business?

Notes:
Common responses
Noteworthy individual responses and ideas

Question 5 What do you think are the barriers to entry in the industry?

Notes:
Common responses
Noteworthy individual responses and ideas

Question 6 What would make you consider entry into the electronic money transfer business?

Notes:
Common responses
Noteworthy individual responses and ideas

Overall learnings; general notes, and key takeaways.

APPENDIX C: Leaders Interview Questions

Industry Leadership interviews

RESEARCH QUESTION: How is the remittance industry regulated and governed?

Understanding market positioning

Question 1: How would you describe your key success factor and offering?
Question 2: How would you describe your customer base?

Understanding customer loyalty

Question 3: How do you keep your customers happy?
Question 4: What are the key success factors of your business?

Understanding operations

Question 5: What are your greatest challenges in operating in this (N/U) economy
Question 6: What Is the best thing about operating in this economy.

Understanding regulation and governance

Question 5: What Is the regulatory framework that are benefit to the industry?

Overall Learnings, General Notes, and Key Takeaways:

APPENDIX D: Online Survey Questions (Nigeria)

Respondents' demography

Table 1

What is your age?	

Table 2

What is your gender?	

Table 3

Which of these best describes your employment status	

Table 4

Which of these best describes your highest education attainment	

Table 5

Which state do you live in?				
Valid [States separated by (/)]	Frequency	Per cent	Valid per cent	Cumulative per cent
Abia / Abuja FCT / Adamawa / Akwa / Ibom / Anambra / Bauchi / Bayelsa / Benue / Borno / Cross River / Delta / Ebonyi / Edo / Ekiti / Enugu / Imo / Kaduna / Kano / Katsina / Kogi / Kwara / Lagos / Niger / Ogun / Ondo / Osun / Oyo / Plateau / Rivers / Sokoto / Zamfara / Other / Total				

FURTHER RESEARCH ANALYSIS

Table 6

Have you received money from the UK?	

Table 7

How did you receive your money?	

Table 8

If you received money, what currency did you receive the money?	

Table 9

How would you want to receive your funds?	

Table 10

Which of these international money operator(s) are you aware of?				
Valid [IMO separated by (/)]	Frequency	Per cent	Valid per cent	Cumulative per cent
Ace Money Transfer / ATL Money Transfer / Azimo / Budul Money Transfer / GTBank International / Money Transfer / MoneyGram / Neteller / Paysend / Remitly / Ria / SendWave / Skrill / Small World / Talkremit / TransferWise / Western Union / WorldRemit / Other(s) / Total				

APPENDIX E: Online Survey Questions (UK)

International money transfer service preferences

The aim of this survey is to get an understanding of how Nigerian in London use money transfer operators to send money around the world.

Before starting the survey, please read the provided Participant's Information Sheet. The questionnaire below should not take more than 30 minutes to complete.

SECTION A - ABOUT YOU

1 - Have you ever transferred money from the UK to Nigeria before?
(Tick as appropriate)

Yes ☐ No* ☐

*If you selected 'No', this survey is not applicable for you and we thank you for your support.

2 - Please tell me which of these age groups you fall into
(Tick as appropriate)

18 – 25 ☐ 26 – 35 ☐ 36 – 45 ☐ 46 – 55 ☐ 56 and over ☐

3 - Gender *(Tick as appropriate)*

Male ☐ Female ☐

4 - Which borough of London do you live in?
(Tick as appropriate)

Barking and Dagenham	☐	Barnet	☐
Bexley	☐	Brent	☐
Bromley	☐	Camden	☐
City of Westminster	☐	Croydon	☐
Ealing	☐	Enfield	☐
Hackney	☐	Hammersmith and Fulham	☐
Haringey	☐	Harrow	☐
Havering	☐	Hillingdon	☐
Hounslow	☐	Islington	☐
Lambeth	☐	Lewisham	☐
Merton	☐	Newham	☐
Redbridge	☐	Richmond upon Thames	☐
Royal Borough of Greenwich	☐	Royal Borough of Kensington and Chelsea	☐
Royal Borough of Kingston upon Thames	☐	Southwark	☐
Sutton	☐	Tower Hamlets	☐
Waltham Forest	☐	Wandsworth	☐
Outside London*	☐		

** If you you selected 'Outside London', this survey is not applicable to you and we thank you for your support.*

SECTION B – USER AWARENESS AND PREFERENCE

5 - Which international money transfer operators are you aware of?
(Tick as appropriate)

Ace Money Transfer	☐	ATL Money Transfer	☐
Azimo	☐	Budul Money Transfer	☐
GTBank International Money Transfer	☐	Lycaremit	☐
MoneyGram	☐	Neteller	☐
Paysend	☐	Remitly	☐
Ria	☐	SendWave	☐
Skrill	☐	Small World	☐
Talkremit	☐	TransferWise	☐
Western Union	☐	WorldRemit	☐
XE	☐	Xoom Corporation	☐

Other(s), please specify below ☐

6 - Which of these international money operator(s) have you never used?
(Tick as appropriate)

Ace Money Transfer	☐	ATL Money Transfer	☐
Azimo	☐	Budul Money Transfer	☐
GTBank International Money Transfer	☐	Lycaremit	☐
MoneyGram	☐	Neteller	☐
Paysend	☐	Remitly	☐
Ria	☐	SendWave	☐
Skrill	☐	Small World	☐
Talkremit	☐	TransferWise	☐
Western Union	☐	WorldRemit	☐
XE	☐	Xoom Corporation	☐
Other(s), please specify below	☐		

7 - Which of these international money operator (s) have you stopped using and use nowadays? *(Tick as appropriate)*

	EVER USED	STOPPED USING	NOWADAYS
Ace Money Transfer	☐	☐	☐
ATL Money Transfer	☐	☐	☐
Azimo	☐	☐	☐
Budul Money Transfer	☐	☐	☐
GTBank International Money Transfer	☐	☐	☐
Lycaremit	☐	☐	☐
MoneyGram	☐	☐	☐
Neteller	☐	☐	☐
Paysend	☐	☐	☐
Remitly	☐	☐	☐
Ria	☐	☐	☐
SendWave	☐	☐	☐
Skrill	☐	☐	☐
Small World	☐	☐	☐
Talkremit	☐	☐	☐
TransferWise	☐	☐	☐
Western Union	☐	☐	☐
WorldRemit	☐	☐	☐
XE	☐	☐	☐
Xoom Corporation	☐	☐	☐
Other(s), please specify	☐	☐	☐
_____	☐	☐	☐

8 - What is your mode of usage with these operators, by this I mean do you transact online/App or in person? *(Tick as appropriate)*

	ONLINE/APP	BANK (IN PERSON)	TRANSFER AGENCIES (IN PERSON)
Ace Money Transfer	☐	☐	☐
ATL Money Transfer	☐	☐	☐
Azimo	☐	☐	☐
Budul Money Transfer	☐	☐	☐
GTBank International Money Transfer	☐	☐	☐
Lycaremit	☐	☐	☐
MoneyGram	☐	☐	☐
Neteller	☐	☐	☐
Paysend	☐	☐	☐
Remitly	☐	☐	☐
Ria	☐	☐	☐
SendWave	☐	☐	☐
Skrill	☐	☐	☐
Small World	☐	☐	☐
Talkremit	☐	☐	☐
TransferWise	☐	☐	☐
Western Union	☐	☐	☐
WorldRemit	☐	☐	☐
XE	☐	☐	☐
Xoom Corporation	☐	☐	☐
Other(s), please specify	☐	☐	☐
_____	☐	☐	☐

9 - What service attributes are most important to you?

(Tick ranking as appropriate)

	HIGH	MODERATE	LOW
Low transaction fees	☐	☐	☐
Data security	☐	☐	☐
Favourable exchange rates	☐	☐	☐
Good customer service	☐	☐	☐
Ease of usage	☐	☐	☐
Timely transfers	☐	☐	☐
Relaxed identification requirements	☐	☐	☐
Constant availability	☐	☐	☐
Value for money	☐	☐	☐
Market leader brand	☐	☐	☐
African owned brand	☐	☐	☐
Trusted	☐	☐	☐

10 - Which money transfer operator will you recommend to family or friends and why? *(Tick as appropriate)*

		INDICATE THE REASON(S)
Ace Money Transfer	☐	
ATL Money Transfer	☐	
Azimo	☐	
Budul Money Transfer	☐	
GTBank International Money Transfer	☐	
Lycaremit	☐	
MoneyGram	☐	
Neteller	☐	
Paysend	☐	
Remitly	☐	
Ria	☐	
SendWave	☐	
Skrill	☐	
Small World	☐	
Talkremit	☐	
TransferWise	☐	
Western Union	☐	
WorldRemit	☐	
XE	☐	
Xoom Corporation	☐	
Other(s), please specify	☐	
_____	☐	

11 - What would make you switch or try new money transfer operator?
(Tick as appropriate)

	HIGH	MODERATE	LOW
Low transaction fees	☐	☐	☐
Data security	☐	☐	☐
Favourable exchange rates	☐	☐	☐
Good customer service	☐	☐	☐
Ease of usage	☐	☐	☐
Timely transfers	☐	☐	☐
Relaxed identification requirements	☐	☐	☐
Constant availability	☐	☐	☐
Value for money	☐	☐	☐
Market leader brand	☐	☐	☐
African owned brand	☐	☐	☐
Trusted	☐	☐	☐

SECTION C – USER DESCRIPTION

12 - Which of these bests describes your employment status?

A Student	☐	Unemployed/ Not working	☐
Retired	☐	Self employed / own business	☐
Working part time	☐	Working full time	☐
Carer	☐	Other, please specify below	☐

13 - Which of these bests describes your highest education attainment?

Primary school leavers certificate	☐	Secondary school leavers certificate	☐
University or equivalent	☐	Post-graduate degree	☐
No formal education	☐	Do not want to answer	☐

14 - Please include your personal information if you wish to receive the findings for this research. All data will be dealt with in strict adherence to the GDPR.

Name	
Email address	
Telephone number (optional)	

THANK YOU FOR TAKING PART IN THIS SURVEY.

If you have any queries, please email the survey researcher Ngozi Fakeye at: ngozi.fakeye.18@ucl.ac.uk

APPENDIX F: Consent Forms

LONDON'S GLOBAL UNIVERSITY

UCL

Project ID: 16617/001
Project Title: Migration and remittances - A study of the money transfer operation between the UK and Nigeria
Principal Investigator: Dr. Ben Page – b.page@ucl.ac.uk
UCL data protection officer Alex Potts- data-protection@ucl.ac.uk

Name and Contact Details of the Researcher: Ngozi Fakeye (ngozi.fakeye.18@ucl.ac.uk Tel: 07985188400)

By ticking each box below, you are consenting to this element of the study. By not giving consent for any one element you may be deemed ineligible for the study.

		Tick Box
	Information sheet attached	
1	I confirm that I have read and understood the Information Sheet. I have had the opportunity to ask questions about this research, which have been answered to my satisfaction.	
2	I understand that I can withdraw from the project at any time, without giving any reason and without any consequence before the data is incorporated into analysis and your data will be deleted.	
3	I consent to the processing of my personal information for the purposes of this research. I understand that my personal data will be treated as strictly confidential and handled in accordance with the provisions of the UK's Data Protection Act 2018 and the European Union's 2018 General Data Protection Regulation (GDPR). Data will be securely transferred to UCL servers.	
4	I consent to my online interview being recorded and understand that the recordings will be destroyed at the end of the study. (If you do not want your participation recorded you can still take part in the study.)	
5	I understand that my information may be subject to review by responsible individuals from the University for audit purposes.	
6	I understand that the data will not be made available to any commercial organisations.	
7	I agree that my de-identified research data may be used by others for future academic research.	
8	I am aware of who I should contact if I wish to lodge a complaint.	

If you would like your contact details to be retained so that you can be contacted in the future by UCL researchers who would like to invite you to participate in follow up studies to this project, or in future studies of a similar nature, please tick the appropriate box below.

	Yes, I would be happy to be contacted in this way	
	No, I would not like to be contacted	

Name of participant	Date	Signature
Researcher	Date	Signature

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