

Community consultations Gargaar Ehelkaaga

Survey and Workshops, August 2013

Organised in collaboration with the Anti-Tribalism Movement



The primary purpose of this Annex is to act as an aid to discussions in the UK Ministerial Meeting in September 2013 where Government Ministers will meet with the private sector to agree on next actions in support of the continued flow of remittances to Somalia.

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THE CONSULTATIONS

OVERVIEW

As part of the 'safe corridors' study, Beechwood International and Anti-Tribalism Movement designed a multiple-choice survey and conducted two workshops to: 1) gather quantitative and qualitative information on the **perceptions** of British-Somalis about the current banking issue; 2) deliver **facts** to the community about the current situation; and 3) engage the community about their ideas, insights and recommendations towards a **solution** to the UK-Somali banking situation.

Over a 13-day period, 904 people responded to the survey. The questions were simple and straightforward, and revealed that these people hold very similar views across a wide age range, and share common practices in relation to remitting money to Somalia. The survey was disseminated through the network of Anti-Tribalism Movement (ATM), a youth-based organisation, in the UK. Of its 115,000 members, 21 per cent reside in the UK, and 14 per cent reside in North America; this amounts to roughly 40,250 members who were invited to complete the survey.

In the workshops attended by almost 60 British-Somalis, participants used collaborative technology via networked netbooks to capture anonymous, simultaneous feedback. Participants could view inputs on both the netbooks and a large screen, and were encouraged to use them to push the discussion forward towards solutions. The different perspectives, issues and ideas were distilled by the groups in real-time to build ownership, and further categorised by the facilitators after the workshops to expedite the search for creative solutions.

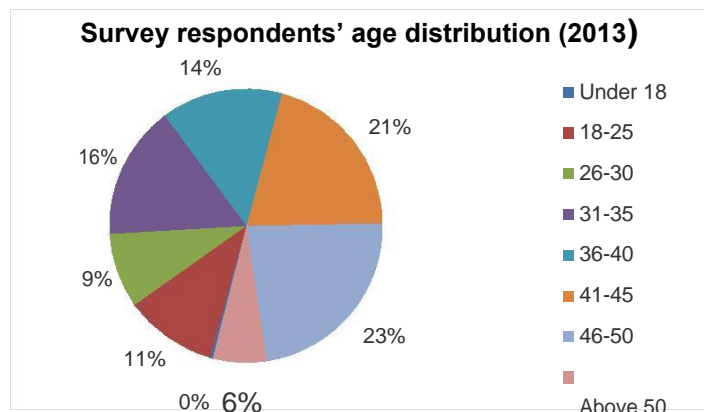
Given the short timeframe of this study, and in light of the already sensitive nature of the subject matter and previous experience of consulting British Somalis¹, it was decided to position the consultations positively by labelling them in a way that would relate well to Somalis. In consultation with ATM, the consultations were therefore called 'Gargaar Ehelkaaga', which translates roughly as 'Keep the Bloodline Flowing'. This resonated with the key finding of DfID's previous work in this area, commissioned in 2008, which found that Somali remittance companies play an 'active and symbiotic role' in the lives of Somalis.²

¹ In 2009, grassroots research concluded that 'the Somali community is disengaged and marginalised from mainstream British society ... the Somali community in the UK has been viewed as 'impenetrable' and 'uncommunicative' and is therefore classified as 'hard to reach' by policy-makers and service providers'. There is also reportedly a 'lack of cultural understanding by service providers leading to a lack of trust'. Adfam (2009) 'Becoming visible: The Somali community and substance use in London,' Introduction, p.3. These findings are corroborated in DfID's work on engaging Somalis about their remittance practices in the UK.

² Chalmers, Caitlin & Mohamed Aden Hassan (2008) 'UK Somali Remittance Survey,' Department for International Development (May), p.26

SURVEY FINDINGS

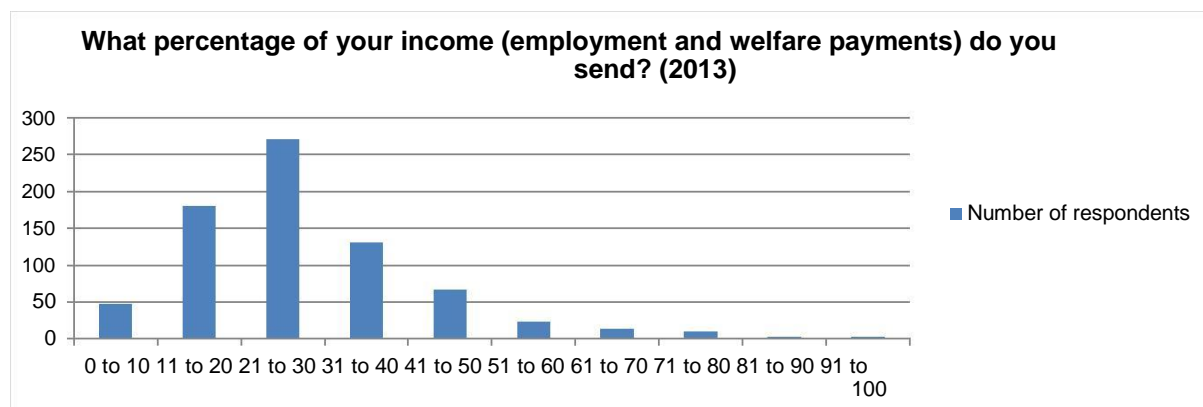
The survey attracted responses from a wide age range (the largest constituency was 46-50, followed closely by 41-45), and the results appear to provide a very consistent picture of the current perceptions and practices of those who volunteered to participate.



Stark similarities emerged with the findings from the aforementioned 2008 DfID research into UK Somali Remittance practices.³ For example, 98 per cent of people in this study (904 online surveys), and 100 per cent of DfID's previous sample (160 face-to-face interview-style surveys) remit money to Somalia, and the majority send transfers on a monthly basis.

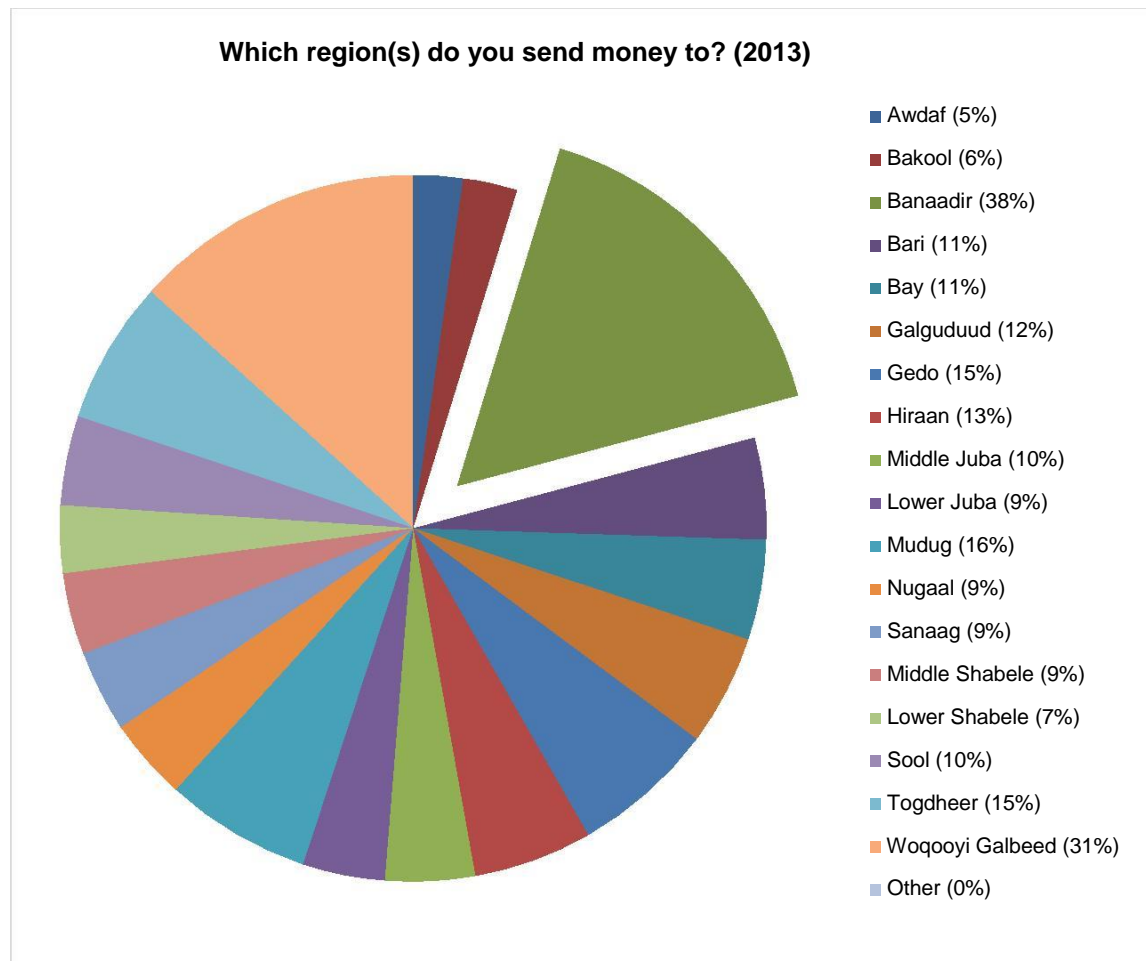
Where the results varied was in the level of recipients' reliance on remittances, and the average reported percentage of income that Somalis living in the UK remit to family and friends. In the previous study, the researchers found that 74 per cent of Somalis believe that the money they send back to Somalia improves the recipient's life either 'a lot' (53 per cent) or 'a fair amount' (21 per cent). However, the current research revealed that 72 per cent of recipients rely 'entirely' on this income, and another 25 per cent did 'somewhat'.

The 2008 study revealed that those interviewed remitted an average of 16 per cent of their income, whilst this survey revealed an average of 30 per cent. This significant variation could be due to the wording in the question – in the survey for this study, it was made clear that the respondent should include income from employment and/or benefits. It could also be due to respondents feeling more open in the online survey because of its anonymity, as there seems to be concern among the community about revealing the true extent of how much of their welfare payments is sent back to family and friends.

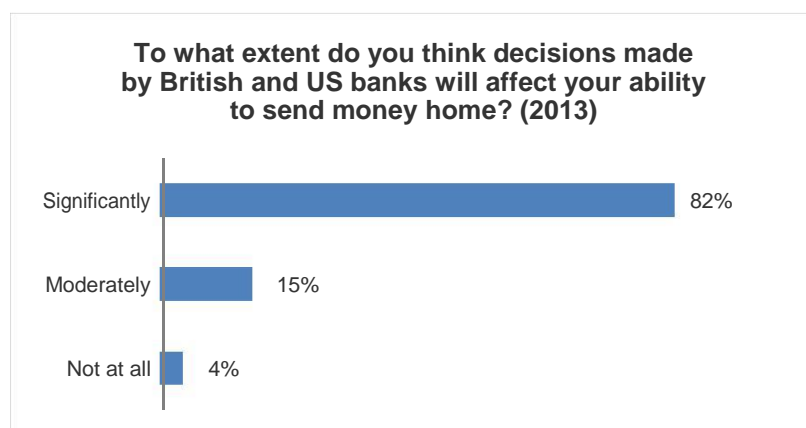


³ Chalmers & Hassan, 'UK Somali Remittance Survey,' DfID (May)

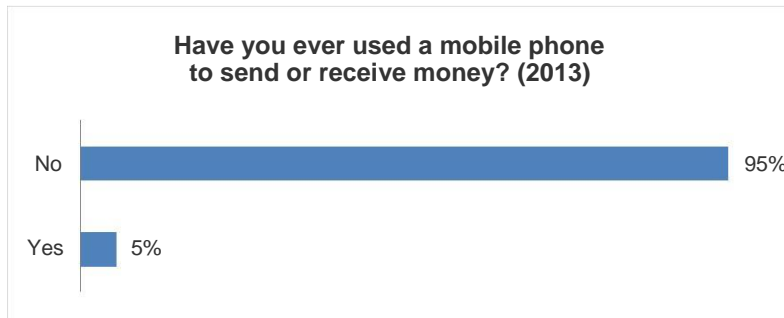
Of the regions receiving the most money, Banaadir (where Mogadishu, the capital city, is situated) was ranked first, followed by Woqooyi Galbeed (where Hargeisa, the second largest city, is situated). These two cities account for almost 70 per cent of all remittances sent by these people on a regular basis.



Again, people responded quite consistently to the question about the extent to which ‘decisions made by British and US banks’ would affect the diaspora’s ability to send money home. Just over 80 per cent of the sample answered ‘Significantly’, almost 15 per cent reported ‘Moderately’, and less than 4 per cent answered ‘Not at all’. This signals the importance of explaining the facts about the situation, so as to avoid causing the community undue alarm. It also underlines just how important the community perceives the role of the Somali MSBs in facilitating the remittance flow to Somalia.



In response to the last question about previous experience in sending or receiving money via a mobile phone, a remarkable 95 per cent claim never to have used the technology. This is in marked contrast to the population within Somalia, where in some parts of the country (e.g. Woqooyi Galbeed Region) active mobile money users perform over 30 transactions per month on average, far above the global average of 8.5 per month.⁴



⁴ Pénicaud, Claire & Fionán McGrath (2010) 'Innovative Inclusion: How Telesom ZAAD Brought Mobile Money to Somaliland,' GSMA Mobile Money for the Unbanked, p.1

WORKSHOPS SUMMARY

In August 2013, Anti-Tribalism Movement and Beechwood conducted workshops on consecutive days with approximately 60 Somalis from London, where the highest concentration of British-Somalis live. Of this sample, males and females were represented equally, and in terms of employment, half were casual workers, and the other half were professionals working in social services, IT, law, banking, transport, teaching, and healthcare. The majority of participants were between 25-35 years old.

Collaborative technology via a network of wirelessly connected netbooks was used to maximise the quantity and quality of ideas and comments captured directly and anonymously from participants.

This allows the people to have their voice heard, and not be 'mediated' by a third party. Each contribution appears as a separate bullet point, the only editing being for spelling and readability. The informed facilitators helped to categorise many of the ideas both during the workshops, and in preparing the final transcript, to highlight key messages.

All participants will receive a copy of this transcript for ownership and transparency. Participants on Day 2 were provided with hard copies of the output from Day 1 so that they could react to and build on those ideas.

In view of the short timeframe ATM selected and invited participants from its membership, so it cannot be argued that the sample was statistically selected from the UK diaspora. Nevertheless several themes clearly emerged:

Reactions to the current situation

- Participants quickly identified the diverse range of stakeholders involved, but notably omitted to mention the regulator
- Participants strongly reflected their alarm and stress at the prospect of their remittances to families in need being disrupted
- Their responses appeared to be based on the assumption that the termination of MSB accounts would stop money flowing through 'Xawala' companies in the UK
- Where possible the participants will support the 'Xawalas' to improve compliance, with the qualification that there is a limit to strengthening ID requirements, beyond which they will recoil because of perceived discrimination and a strong suspicion of what might be motivating the authorities

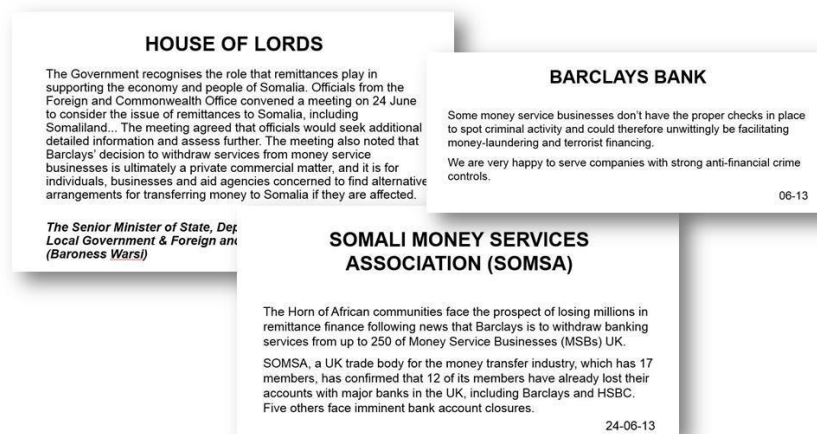
Trust and reliance on 'Xawala'

- 'Xawala' is a deeply embedded and trusted part of Somali culture that the community strongly defends because of speed, cost, convenience, confidence, credit, and feeling of a direct connection with families and friends overseas
- Participants were very sceptical about the applicability of mobile money, although they lacked knowledge about the technology and its initial rate of adoption in Somaliland
- The obstacles they highlighted to mobile money were related to coverage, technology, trust, control, short versus long term, terrorism and fraud, and they think that this kind of initiative must be 'Xawala-led'

WORKSHOPS TRANSCRIPT: PART 1 - PERCEPTIONS

INITIAL DISCUSSION

Groups on both Day 1 and Day 2 were asked to discuss and capture their immediate reactions to three statements read together. It was emphasised that these were only intended to stimulate the group discussion at the outset of each workshop, rather than represent the overall position of the UK Government, Barclays and SOMSA.



UK GOVERNMENT

Day 1 group

- Government is dumbing down the humanitarian angle of remittances
- Government must understand this is a community issue, not SOMSA
- Government statement seems clear and they showed their concern about the Somali community and they don't have the right to get involved in the Private Bank decision
- House of Lords statement foregoes culpability
- House of Lords statement is poor – shows lack of concern considering the time they've taken into looking at the Somali situation
- House of Lords statement is very non-committal and contradicts the UK's foreign policy towards Somalia and Somaliland
- I find very disturbing the statement from The House of Lords – lack of research
- It's not a private matter as according to the findings Somalis send more money home than what the British Government gives in AID
- Shame Warsi says it is a private commercial issue
- To disagree with the House of Lords view I believe they can't see the importance of the service the Dahabshiil and similar firms offer. Although they are profit making firms they do help many people and are more than he aid workers.

Day 2 group

- Government needs to connect with the real citizens of Somalia
- House of Lords is ignorant. They don't realise how many Somalis are at risk of Barclay's closing accounts and what this will do to the country
- I thought the UK government was helping Somalia - what happened to House of Lords?
- If the biggest concern is not knowing where the money goes, they should do a criminal background check on both the sender and receiver
- Statement from the House of Lords is contradictory as they said it is a lifeline at same time they are saying it is a private commercial matter?
- UK government cannot distance itself from this situation. I am very disappointed in the House of Lord's statement as a British citizen!

- UK government is telling us that it is helping Somalia to develop. At same time they are creating a new disaster for the new hope we have after two decades of civil war.
- UK government or any government does not have the right to cut the lifeline of a whole community, just because of lack of transparency. Why in the whole world do they not set the rules and whoever breaks the rules gets penalized instead of punishing everyone?
- Warsi's statement on UK Government position is correct

SOMALI MSBs

Day 1 group

- As far as we know Xawala banks have been compliant
- Can someone please tell me what the Xawala do with the profits they make in this business?? Do they help the Somali community in Somalia, e.g. by sponsoring sports, building schools etc.?
- Companies like Dahabshiil have built trust with the community that has taken years to build; this needs to be taken into consideration
- Dahabshiil as a bank: In Somalia they are a bank. This could present an opportunity for them. We treat them as a deposit-taking institution, especially in Somalia and Dubai. Saves you from carrying cash when travelling.
- Dahabshiil is now actually a bank
- Dahabshiil is over stretched
- Hawalas are the only source that Somalis trust when sending money. I don't trust Western Union because they don't have branches across Somalia.
- Hawalas have to do more to gain the trust of the government, ask to whom and why money is sent in order to track criminal activities. perhaps report suspicions of criminal activities to the government
- How many organisations are within SOMSA?
- I can see where all three statements are coming from. The SOMSA one is the one I agree with the most as this is the service the Somali nation relies on due to the lack of banking sector in Somalia. I also see where Barclays is coming from as a big reputable bank they are facing some risks and have to minimise it. I believe if Dahabshiil had an audited regulated service Barclays would have co-operated.
- I think it's about time that Xawaalaha come together and come up their own Bank and follow the rules and regulations
- I think the lack of unity among the xawaalaha in itself is failure
- If this is about money laundering issues, identity checks can be improved and I believe there is already enough checking steps that have been placed including taking copy of identity document such as passport and driving license
- In Somalia and Djibouti, Dahabshiil itself is a big Bank; at the international level they are not, so what is the difference?
- Internationally Dahabshiil is not perceived as a bank – a lack of standardisation is affecting the process
- Money transfer companies are considered a vital bridge for these remittances because Somalis have no bank system in place for setting up such electronic transaction
- Response from SOMSA very weak
- SOMSA can obey the rules and have proper checks in so that they can spot and monitor criminal activity
- SOMSA do not have a collective voice and therefore we are not being represented properly
- SOMSA feel the issues are political and not economic or regulatory
- SOMSA impact how we respond and how other stakeholders value the issue
- SOMSA should ensure compliance measures are met
- SOMSA should play a trade union role
- SOMSA strategy is a failure
- SOMSA's statement is weak and I think they need to go back and get together a better statement
- What is concerning is the lack of unity within the SOMSA
- Xawaalaha are very convenient

Day 2 group

- SOMSA's statement is extremely weak

BARCLAYS

Day 1 group

- Barclays are not being open about their thinking on the issue
- Barclays are refusing to share their new criteria
- Barclays has regulations to adhere to. To improve this situation, the Government would need to step in and influence the regulators to provide exceptions until the Somali remittance companies are able to meet their requirements. There should be a clear strategic plan
- Barclays hasn't taken into account the consequences that is going to follow if this decision goes ahead, because nearly 60% of Somalis depend on this remittance money, and stopping this will further the anarchy and destitution in Somalia
- Barclays have not clearly defined what they are afraid of
- Barclays just want to make sure the hawalas follow procedure
- Barclays maybe do not know the new regulations
- Barclays should have sought alternatives before closing all accounts
- Barclays should strengthen its own mechanisms
- Barclays: how do we define financial controls?
- Barclays: what are "proper" checks, what are they looking for?
- Close accounts of al-Shabaab individuals
- Decision is not based on empirical evidence, it is political. Everyone is looking out for their own interests.
- I understand the reason why Barclays Bank are taking the decision but I hope we can find a solution
- If Barclays end up closing off their services, then the Somali community will not be discouraged from sending money home. They will find other ways of sending back money, and if anything then this may actually lead to supposedly 'criminal activities to increase'
- In a country that suffers from drought and has just experienced a famine is cutting this lifeline in any way morally correct, do these people even care?
- It is clear that Barclays has requirements to meet
- It's a strong statement from Barclays but it's important that Dahabshiil should work towards building anti-financial crime controls
- Maybe an agenda out of sight from the Somali community
- Response from Barclays Bank is weak
- Somalis in the UK have the right to use the bank and I don't think it is a good decision to stop the Somali account
- There should be a way to perhaps control accounts to criminal activities, but this should not be used as a reason to close off most companies
- These types of aggressive 'commercial' moves seeks to alienate the Somali community further
- This decision to withdrawn remittance support is judging the whole country on the basis of the isolated areas in which piracy and terrorism occurs. This is an unfair generalisation.
- This is also an opportunity – strengthened compliance is a possible consequence
- Threat from money being sent to terrorist groups such as al-Shabaab has been 'played up'; it will be ordinary Somalis who depend upon it
- We should dissect the problems of the bank much more
- Would Barclays change their decision if the Xawaalabs improve their system?

Day 2 group

- Barclays doesn't know the extent of our worries; they should compromise
- Barclays have had a relationship with Somali xawala companies for fifteen years and there has never been a problem. So why close our account now?
- Banks: unrealistic about what the 'anti-crime' controls are actually able to achieve!
- Barclays see Xawala business as drop in the ocean compared to their other commercial segments and the risk far outweighs the profit to be made due to compliance issues specially fines from US Regulators e.g. HSBC Case
- Barclays' decision is an attack on Somali economic life and ways of supporting their society which is an alternative way of running a financial system when you compare it with the capitalist system. This decision is part of the 'war on terror' agenda and is being promoted by the US and the UK. Xawalas should not follow that example, unless they are willing to shoot themselves in the foot by damaging their own initiatives regarding Somalia's new political situation.

- Barclays's decision is not from them as I believe it's been influenced by the government
- Completely a commercial decision; maybe there are US politics in play
- Dahabshiil has no controls and no KYC – the reason behind the bank's decisions
- Does Barclays have any evidence of wrong doing or terrorist activities? Surely you need evidence before making claims
- Does loyalty not mean anything to Barclays? These Banks have been in business with them for decades and is this how they uphold a relationship?
- If the Xawalas meet the regulation what is the Barclay's plan?
- Lack of consultation with Somali Diaspora and Somalia Government regarding the impact on their decision making
- Politics are behind this commercial decision
- Surely Barclays are the worst example of a moral bank. How many laws have they broken – was Barclays not set up on the slave trade?
- UK banks are correct to close Somali remittance channels due to lack of transparency, etc
- What do Barclays really want? Their argument cannot stand, they probably hope to gain money from this some other way, maybe they want to replace the money transfer system and take the power from the Somalis. Slavery all over again? History repeating itself?
- What does Barclays do with its profits?
- Xawalas have stringent compliance procedures in place - the issue is discrimination

LOOKING FORWARD

- From today we need to have a sense of direction
- Let us move forward now and get alternative
- Pressure the Somali government
- There is a need to lobby
- We need a long term alternative; the current system is not sustainable but Barclays seem more interested in profit
- When there is crisis there is an opportunity; therefore it's time to come up with a new one

GENERAL

Day 1 group

- All seem to represent legitimate viewpoints, so how can they be reconciled to make sure money still flows to Somalia?
- Not enough Somalis know enough about the process but are going to feel the full brunt of it
- Who is doing what and make sure everyone keeps a record and track?

Day 2 group

- All three statements are correct from their own perspectives
- This is just the type of thing we need – it's amazing to feel like we are being heard
- Yes this is what is needed to get messages to the people in power

STAKEHOLDERS

On Day 1, the group was asked to discuss and capture who are the main groups involved and affected. These were then distilled into key categories, and displayed on a summary PowerPoint slide. The regulators did not appear in the brainstorm, therefore in plenary this omission was raised, and the group debated to what extent the banks are acting on the basis of a fear of being penalised for breaching domestic and international regulations by unknowingly facilitating payments that go into the wrong hands.

SOMALI CITIZENS

Families, school-age children, elderly, IDPs, rural people

- Age of Somali community 18 plus
- All Somali people and have a large impact on the poor
- All Somalis around the world
- ATM
- Elderly people
- Entire Somali community
- Home town associations who facilitate service deliveries
- IDPs
- IDPs
- Local and international NGOs
- Local flow of the economy in Somalia will be affected
- Local government in Somalia
- Main effect will be us (Community)
- Mainly rural areas and small towns
- Massive impact on the people, as well leading to increased criminal activities and anarchy
- Money sent by individuals here reaches those that do not sometime have access to aid
- Money we send through hawalah we know it will reach the desired people. Whereas the aid workers we don't know. The rural areas will be the most affected
- My family
- My family members
- My hoyo
- Nearly every single Somali person
- Not just the Somalis in Somalia will suffer but also other Somalis in other parts of Africa who are relying on funds from their family members
- Not only Somalia will be affected but Kenya, Ethiopia , Djibouti, Uganda and South Sudan as they use the SOMSA service
- Only one group of stakeholder who will be truly affected and that will be the Somali citizens
- Parents out in Somalia and kids with no parents
- Primary - Somali citizens
- School age children
- Somali people
- Those in Somalia will be most affected
- Public and private education institutions
- Special events i.e. Eid, Ramadan

Employees

- Employees working for remittances companies; increase of unemployment among Somalis in the diaspora and bank home
- Employment level will fall dramatically in Somalia
- People employed by the xawalas
- People in the UK who will lose their jobs, mainly men though
- People who are employed the xawalaas
- People who are working or connected to Somalia
- There are not enough jobs in Somalia, so a decrease in funds will lead to poverty and death

SOMALI AUTHORITIES

- Absence of Somali Central Bank is a mistake
- A lot of public services depend on money sent from UK
- Somali Government
- Somali Government

AFRICAN BUSINESSES/TRADERS

- Best way forward: companies safeguard themselves
- Business services
- Importers
- More oil and gas contracts will be signed if remittances are removed
- Other African mobile technology firms
- Somali businesses will suffer

XAWALAS

- Hawala system will go to a more traditional Somali model
- Hawalas are the only way that I can trust
- Hawalas have a very good system that made us trust. You got confirmation text messages that tells you how the money is being sent
- Xawalas

BANKS

- Access to Sub-Saharan Africa for Barclays
- Barclays long term strategy
- Barclays serves how many within SOMSA?
- Barclays were in Wegel in 1950s, so have a historical link
- Impact on other UK banks

AID

- Aid workers in Somalia
- Development in Somalia will be hindered
- NGOS
- Somali charities who rely on Xawalas to send money to vulnerable needy people
- Somali charity organisations will now be exposed
- The Somali organisations and aid agencies
- The United Nation and Aid Agencies
- UN
- United Nations is the biggest stakeholder

UK TAXPAYERS

- UK tax payers will be affected as they contribute to the Aid in Somalia and Africa
- UK taxpayers – if there is a need for more assistance to Somalis because the companies are affected, the UK taxpayers will have to pay the bill!
- UK taxpayers through foreign aid

CRIMINAL/TERRORIST GROUPS

- Al-Shabaab
- Al-Shabaab are the biggest stakeholders in Somalia
- Al-Shabaab fighters

- Al-Shabaab has families that need money too; they just happen to have an ideology. You can never tell what purposes that the people use their money for. So how can the companies reassure the banks? This applies to financial services across the world – there is an 'invisible mind' behind all the transactions.
- Al-Shabaab only affects a small part of Somalia
- Terrorists
- Crime will increase due to this
- More poverty will be created thus will lead to more criminal activities i.e. piracy
- Piracy is only a problem in isolated areas of Puntland
- Piracy, terrorism and gang groups in Somali will have even more vulnerable young Somalis that will commit crimes

OTHER

- Everyone that has a connection in Africa specially in Horn Africa
- Main groups: xawaalahs, the community, the government and the bank
- Somali civilians, hawalas, banks, government, education system, business people

IMPACT, PROBLEMS & CONCERNS (Group 1)

On Day 1, the group was asked to discuss and capture comments about the practical ways that the banks' decision might affect senders like themselves.

NB: As the discussion progressed it became clear that most of the responses were based on the assumption that the Barclays termination of MSB accounts would stop money flowing through 'Xawala' companies in the UK.

RECIPIENTS DISADVANTAGED

- 70% of remittance was used for basic living and 10% for other activities e.g. business ventures
- Closing down money transferring services will not only affect average families that have become used to receiving money from their families living abroad but also will affect development efforts
- How will the money reach the recipient?
- Livelihood will be lost
- Lots of remittances include emergencies where the money is needed urgently
- Might not get there
- Most people will lose their income
- No money to feed their families
- No viable means to send money
- Stopping Hawala services could have catastrophic repercussions for delivering humanitarian assistance to needs Somalis as well
- Unable to pay the tuition fees for the students
- Unable to send money to my family
- Unable to send money to rural areas

STRESS AND ANGER

- Anger towards the UK for making our lives more difficult
- Emotional affect
- Emotional effects, feelings of guilt, not being able to send money to family and constantly worrying about their situations
- I am sending money to my family at home who I care about. All we hear about is death and suffering and I always wonder that if it were possible to send more money life may be better for my family. Being unable to send money to my family will only increase my personal stress and anxiety.
- It will make me (the sender) more stress
- Lot of hardship to individuals receiving money and those sending as they will experience stress and anguish
- Negative impact psychologically on senders, who already bear the brunt of suspicion from an increasingly hostile general public
- Psychological impact when you see your loved ones affected and you can't help them
- Putting people under huge amount mental and emotional distress
- Senders as we are worried about the family and will lead to stress and depression
- Senders like myself will be affected, constant worrying, about those left back home
- Stress

COST

- Cost me more
- Cost of sending money will be very expensive
- Cost will go up
- Increase the cost of sending money
- It will cost me (the sender) more money
- Price of goods will dramatically increase therefore locals in Somalia will be affected most
- Money will not stop flowing – there may just be more inconvenience? More cost?
- Will make sending money more difficult; won't be as cheap

SPEED

- Take longer
- Take longer
- Take the recipient even longer to receive the money
- Take us long process to send money

CREDIT/TRUST

- A trust has been built between the Somali community and the hawalas – if the hawalas were to end then this will affect the whole nation globally
- Before we could send money by credit based on trust
- Credit-based sending will be stopped which may reduce the money transferred even more
- General confidence in our trusted methods of sending money
- I was in Bristol, I needed to send \$700 but did not have it. The agent trusted me and I was able to repay him later.
- Sometimes the SOMSA are able to pay the money up front because they know you and you pay back when you get the money; I don't think Western Union will do it
- They are not rooted in Somali communities. Somalis will not trust their money with anyone else.
- Trust is a major issue. Who do I trust to safely give my family the money I send?

CRIMINALITY/TERRORISM/EXTREMISM

- Force money transfers to go underground
- Fraud
- Illegal methods would take place and crime will increase
- It will increase the likelihood of extremism, through slack financial controls and the perception of a hidden agenda
- No longer able to just walk into high street branch and send. Will maybe return to sending money through individuals i.e. cash
- Push people into illegal methods of sending money
- Underground methods of sending money
- Young Somalis in Somalia that are now working for Hawalas in Somalia won't earn and in result, it will lead them (mostly) to join terrorist networks like al-Shabaab
- Who is al-Shabaab?

OTHER

- Adapt to new avenues and people
- Designing an infrastructure for other businesses to comply with
- Education system will be affected which will impact the future leaders who could build their own banking system like Barclays
- Family ties will be lost
- Force us to lobby better and come up with innovative methods to circumvent this with alternative remittance methods that are more sustainable in the long run
- If hawala companies are replaced by mobile money companies then many jobs will be lost and this will be a real setback for local economy
- Is not affecting me as I am not sending money
- Might get individuals to mobilise to create a central bank for Somalia
- Missing investment opportunity
- Somalis will find a way to bypass these developments
- Terrorism is only a problem in isolated areas of South Central Somalia
- The money will go to Kenya to Dahabshiil
- Western Union or MoneyGram could not operate in Somalia

IMPACT, PROBLEMS & CONCERNS (Group 2)

After providing feedback on the three statements that were compared (see incorporated above), participants on Day 2 then reacted further to the outputs from Day 1, and discussed then captured their general concerns about the current situation and the perceived impact.

- A family could have two members of al-Shabaab, and the rest not
- At the end of the day the terrorism groups will not be affected. It will be the mothers, the infants and elderly who will suffer
- Businesses, government institutions, NGOs all depend on remittances. Preventing remittances to continue to flow will halt the services these businesses and institutions provide the Somali people. This will actually strengthen even more the very groups we are trying to fight, e.g. al-Shabaab
- Closing down the Xawalas will affect millions, especially the most vulnerable e.g. women and children. This is a basic human right issue.
- Closing the money transfer systems will probably breed more terrorism as there will be less job opportunities available, lack of funding to attend university so education and employment will be affected. This could anger people and it might be seen as a war from the West which could lead to further terrorism. Plus it would be easier to recruit youth into al-Shabaab by using this reasoning and also because they won't be in school or university.
- Connection between families will be cut. Some families will only call for money and if there is no way to send money back to Somalia, they won't call you anymore.
- Criminals will always find a way of finding money whether xawalas are open or not
- Dahabshiil does not have control
- Focus is on a minority of bad people but it will affect the majority of innocent Somalis
- Genuine customers like the elderly, the orphans and the disabled rely on these remittances heavily
- How do we find a solution? Make the money sent traceable e.g. whoever sends money via xawala to have an account and an ID, the difficulty will be in having an account for the recipients, majority of Somalis have no ID because of the Civil war, there is no stable government in Somalia and therefore difficult to get an ID which will be acceptable in by the rest of the world.
- How will the bank know I am sending the money to the right person?
- I think most of the people forget the Xawalas have many people that work for them and will affect jobs in Somalia
- I would never meet Dahabshiil, only a middle man. If it went directly to Dahabshiil, then I would.
- If a society is prosperous, and there are jobs, services, education, then social ills will be less likely to exit. Al-Shabaab is a social ill, just like crime in the west. They will not exist in a prosperous and peaceful Somalia. How can Somalia be prosperous without the xawalas? Until Somalis create an alternative for themselves and by themselves the xawalas should be protected
- Yes but then we still have the issue of the system being used by gangs or terrorist groups in Somalia. Who regulates it and what guarantees that the system is monitored by an independent agency makes sure it is not taken advantage of by those groups
- If people cannot use Xawalas then they may seek alternatives and underground Xawalas may appear
- If the argument is that banks are worried about risk, isn't the whole banking system based on risk taking? Who really knows what anyone is going to do with their money once they withdraw it?
- If the UK government doesn't persuade Barclay's bank to hold the agreements with the Somali remittance companies, that signals to the Somali community that UK government is not interested in the survival of the Somali community in which wars and droughts have devastated it.
- If we stop the money transfers how are Somalis meant to rebuild with the money the diaspora are sending back?
- In emergencies, if a relative had an accident in unforeseen circumstances, first thing that they do is to contact the Somali Diaspora to send money in order to take care of the matter and put that person's mind at rest
- In the UK as in elsewhere there is a privacy issue and Somalis are not unique in being concerned about their data and livelihood being in the hands of governments where democratic and human rights of ordinary citizens is under attack!
- International community, especially the UK has a moral duty to support the peaceful political and social development of Somalia and neighbouring territories. Shutting this lifeline will compromise with this much needed progress and development.
- It is clearly unfair we going through this because of someone's criminal activities
- Lack of a central regulatory body in Somalia who can regulate the xawalas.

- Money transfer companies are so important because it is the diaspora who are rebuilding the Somali economy and supporting Somali businesses, hospitals and schools
- Other critical points to consider and to take account is that other minority groups have alternative banks to send money to their loved ones as Somalis do not have this option and heavily rely on the xawala money transfer system
- People most affected will be families. The majority of Somalis rely on the money being sent to them by their relatives and friends from different countries.
- Regulator's laws aren't flexible enough
- Shutting down the xawala would negatively impact the growth that is going on in Somalia. Money sent over there makes up a great portion of the economy. Not only would the people whose livelihoods depend on the xawalas be effected, but the places that money is spent would be impacted.
- This is a Somali system, run by Somalis for Somalis. Please do not let a Bank destroy it!
- Situation in Somalia will only get worse. Poverty and violence will increase.
- Somali people find it hard to trust outsiders and more than twenty years of trust will be ruined
- There are no robust commercial banks operating in Somalia
- This idea will cause many to feel helpless and may cause some to join groups they otherwise would not
- This situation is extremely worrying and will have severe implications on Somali people all over the Horn. We cannot sit back and not sort out this issue.
- Thousands of school children and older students rely on these remittance purely for education and livelihood purposes throughout Africa
- UK has a renewed relationship with Somalia, this decision will just set that back
- Western Union charges a lot of money
- Western Union was not fined
- Xawala is the only lifeline that the Somalis have back home. If we disrupt this lifeline the consequences are violence, burglaries, shop lifting, youngsters robbing people at gun point because they have no income and other related crimes
- Xawala system is a lifeline for some Somali people who don't even have direct family who live abroad

WORKSHOPS TRANSCRIPT: PART 2 - SOLUTIONS

The last section of the workshops was dedicated to seeking solutions. It was divided into three parts: (1) improving the current system, (2) evaluating the recently developed mobile money technology, and (3) exploring other solutions.

OPTION 1: Improving the deeply established 'Xawala' system

An 'enhanced due diligence' approach was explained to Group 1, which might involve more stringent checks on customer ID. The group was asked to discuss and capture how willing they thought communities might be to help 'Xawalas' comply with current and enhanced ID requirements.

- As a community if we are required to show an ID we are more than happy to
- As senders we should look alternative
- Communities are happy to comply
- Companies could conduct a collective marketing campaign to educate the British-Somalis what is required of the senders
- Dependent on *type* of ID and *how often* it needs to be displayed. Will it be stored on the system or does it need to be shown for every transaction? Will passports be sufficient or will fingerprints be taken?
- In my case I have been sending money lately and no one has asked me to show an ID, apart from my name
- I always carry my ID and if they ask me I'm willing to show
- I believe the community is willing to cooperate in terms of produce ID, they just need to be communicated
- If they inform everyone needs ID to transfer it will happen
- If they not improving their system then it is a time for us (senders) to go for anyone who is doing the job for us
- If you have nothing to hide then it shouldn't be a problem
- It is to our benefit to be compliant
- Never been asked to show ID by agent
- Oyster Card is more invasive than this request for ID, therefore people are willing to give information. The question is one of professionalism of the people asking for this information i.e. the xawala companies. (On Oyster Card people need to voluntarily register their cards. People do if they get the student discount)
- Receiving communities has always to show ID before they get the money but the main problem is the sender community
- Surprised this is an issue; receivers maybe but not senders
- Take ID at all times or else we would not be here
- The community is ready to show an ID if it must
- The community is very willing to show their IDs. There seems to be a communication breakdown because they would be willing - the stakes are high for them. If they were to choose between the survival of the hawalas or not, they would be willing to cooperate.
- We always carry our IDs – it's just matter of asking
- We live in Western Europe so we need to comply by Western European rules and not by our own Middle Eastern standards
- When you know that people's lives are on the line then you will find a way to get money through. If we want to send money home then we must comply by the regulations.
- Willing to hand in ID if it keeps Hawalas open
- Willing to hand over my ID

During the conversation a number of concerns surfaced about use of ID.

- A lot of our mothers are on benefits and to do whatever they can they will suffer for a week to send money home to feed their families. They are afraid that by giving their ID they may be penalised in the benefits system.

- Aside from sending transactions, what else will my ID be used for? Will the transactions I send be compared to my income? Will it be used by credit agencies and any other government agencies, such as HMRC and welfare agencies?
- Biometric IDs would create a problem – it's too much
- Biometrics is unnecessary as this singles out a community in general
- Computer systems used by Hawala may be vulnerable to hackers, hence the community may need reassurance from hawala companies
- Dahabshiiil's database has already been hacked – if we give them more of our details, then we could be vulnerable to others we don't know
- Most people will be apprehensive
- People may be suspicious that they're details may be used for other purposes
- Some may fear consequences of the government discovering they are not in employment
- Those who are unemployed may be reluctant to show IDs fear of authorities
- Trust is lost
- Who else will see our details? Will it go to government security services?
- Worried about privacy issues – the government may use details for other purposes, e.g. HMRC
- Older people would not be very helpful – they would find the concept difficult
- Younger people would see it as working to their advantage if they are asked for their ID ... if it means the money will flow
- Less and less older people send money directly – they ask younger people to send the money for them, so there is not a problem with use of technology

Other observations and suggestions were volunteered about improving 'Xawala' practice.

- A change in the way the xawalas carry out their business
- Block Al-Shabaab accounts as the UAE did
- Chairman for SOMSA works for Dahabshiiil
- Do proper checking when someone is sending a lot of money
- Encourage Hawalas to be more professionals and use proper system that is fully checked
- Ensure they all apply with compliance
- Government should empower and support Dahabshiiil and others to have better compliance
- Have a government official overseeing all hawalas, whether they are all following the rules and regulations
- Hawala system is fantastic but it's a time to improve and be professionals
- How many of the big 4 are paying a fee to SOMSA? Probably none.
- Improve xawalas system by using current xawalas
- It's about the time for Hawalas to be a professional
- It's down to a lack of professionalism
- It's a disaster if the SOMSA companies use different DOB for us
- Market is too saturated – there is no innovation, no mergers and acquisitions – they need to progress. Use this as an opportunity to change, and overcome this short-termist 'trader mentality'
- Membership cards maybe
- Not everyone is fortunate enough to have access to Mobile system or Internet
- Raise awareness on anti-money laundering regulations
- Set benchmark
- SOMSA have no teeth to regulate its members
- The solution is there; we just need to implement and enforce the regulation and compliance; therefore we should stick to Xawaalabs but improve their system and make sure they meet the regulators conditions
- They come together too late and they should have done this a time ago
- Xawaalabs should improve their system and be professionals
- Xawala companies are very primitive in how they collect their money – they should step up. (Response: actually most of the companies have electronic systems)
- Xawala companies need to improve their services; become more transparent. There is not the trust with the telecommunication companies. Xawalas have that trust
- Xawalas are interested in completing the transaction
- Xawalas should be supported to have better management system in place especially financial management
- Did the ladies who transferred money to al-Shabaab from USA use IDs?

- Hawala is a very important service to Somali people, imagine a community that just waits a remitted money from the diaspora to survive, imagine a student who is in university and waits his university fees from the diaspora, a community that totally depend on the money they receive from their relatives who are in the diaspora, this remittance is what Somali community lives to survive. It's more than the humanitarian assistance that we received from the world.
- Hawala system has also significantly contributed to the rise of Somali businesses
- I never met a more tech savvy group of people than Somalis. We are always using technology and we always talk about it.
- Majority of hawala senders are females and the majority of those we receive it are females ... it is a way women to empower women
- The financial infrastructure is very poor in Somalia so it's very hard at the 'last mile' to ensure that IDs are checked
- The solution has to be holistic to include everybody if we are to leave a lasting legacy
- We trust the Xawalas; we don't necessarily trust the banking systems and governments who have access to the data
- Xawalas are more trustworthy than government aid, which too often lines the pockets of corrupt Somali officials. We know that Xawala money will reach our families for their good.
- Xawalas are perfect system for Somalis for needs support that is it

Group 2 reviewed the outputs of Group 1 on this subject, and were asked to make further suggestions and comments.

COMPLIANCE

- As far as we know, the xawalas are willing and happy to meet the Bank's criteria. However, Barclays is not making the criteria public. So far, there has never been a case where Somali Remittance companies have been suspected of not complying with any banks regulations, let alone found guilty of any such violations.
- At the moment there are too many agents operating on behalf of Xawalas. If necessary, reduce the number of agents in order to be more effective and professional.
- Barclays should give xawalas a guideline and tell them exactly what it is that they need from them. This will be the only way xawalas can stay open. They need chance to comply with the regulations.
- Current system of trust is not working
- If you regulate then the xawalas are doing their job. That is the most they can do and this should appease banks.
- It comes down to the xawalas not meeting regulators' concerns. They need to adapt!
- It might help if Barclays reveal their eligibility criteria so that the money transfer banks can actually meet their criteria.
- Make the money sent traceable e.g. whoever sends money via xawala to have an account and an ID, the difficulty will be in having an account for the recipients, majority of Somalis have no ID because of the Civil war, there is no stable government in Somalia and therefore difficult to get an ID which will be acceptable in by the rest of the world.
- You cannot track how the money is used or collected in Somalia
- I didn't hear about the leaking of information from Hawalas on the Somali news
- People in Somalia did not hear about the leaking of information
- Smaller xawalas focus more on who knows who
- Unless you know your customer and the origin and destination of money, then it is difficult to properly regulate
- Xawala system is traceable – the money goes to the right hands
- Xawalas always update details of customers and they keep this confidential
- Xawalas have rules and all customers follow the rules
- Xawalas have to comply with the same rules that for example other money transfer companies in the country comply with
- Xawalas will have to comply to Barclay's regulations
- Xawalas usually just take your phone number and name

ID

- Giving my ID is inconvenient, but I would not mind at all
- I would give my ID if I trust them

- I would not give my ID to everyone. I have to trust the agent.
- If we were to set up a system like Western Union where the receiver needs to show ID, they need to find some way of getting ID
- It is safe because when the money is sent both the sender and the receiver need to give ID. The sender receives a text message saying their family has received the money
- Not everyone is willing to provide their full details (illegal immigrants). Is it fair for the person in Somalia to suffer who is in urgent need?

DISCRIMINATION

- Banks are guilty of so many crimes themselves. They cannot discriminate against Somalis.
- Banks racially profile but xawalas do not!
- If you are associated with Islamist groups then people can close your business down easily
- We are being discriminated against and this should be exposed!
- What about Money Gram? Could this be a move against Muslims? We may need to look into anti-discriminatory laws.

CRIMINAL/TERRORIST GROUPS

- Al-Shabaab (Alsha baby as they are called in Kenya) will still find way to receive money!!
- Al-Shabaab could be a member of my family, so to 100% ensure it gets to the right person is difficult. They are just like us.
- Britain has done so much for Somalia for the past a few years but closing down all the xawalas will cause hatred within the Somali people towards Britain and as an outcome many young people will join Al Shabaab. These young people will see the west as their main enemy and they cause as much damage as possible in Somalia or anywhere in the world
- Closing down xawalas won't affect Al-Shabaab but it will affect Somalis as a whole
- Criminal will always find a solution to updated regulation
- If xawala companies are replaced by mobile money companies then many Somalis will be jobless and there may be an increased possibility to people joining Al-Shabab
- You cannot sacrifice a small group of people who are bad who will always find ways to send money

TRIBES

- Clan (not tribe – tribe is Somali) has anything to do with this discussion; all Xawalas are affected and majority of people do not care about the clans. Everyone in Somalia regardless of their clan will be affected
- Hawalas are not based on tribes maybe the shareholders could be same tribe but the customers are not
- In Somalia, if one person is from one tribe, they may not be able to go to certain xawalas
- Some xawalas are based on tribes
- Some xawalas have better access to certain areas and are more trusted than other xawalas
- Xawala system is non-discriminatory and used by all Somali clans regardless of their socio-economic status
- Xawalas based on tribal allegiances know who has access to who so there is a trust there

FAMILIARITY

- My mother goes to Dahabshiil because she knows the brand, it is recognisable. Here, I would go to Barclays because I recognise the brand. I do not know about HSBC, etc.
- Recognition of the xawala brand you know

How can we improve the current 'Xawala' system in the short term?

- A convenient alternative to the small shop where someone runs a business with a bit of xawala needs to be created
- Agents should be removed
- Bring on board Financial Conduct Authority in the UK to be more lenient on the xawalas as they are not conventional financial institution and also to advise and mentor them to become more compliant
- Each xawala should have their own website whereby the public and regulators can access for monitoring purposes as well as their information such as like staff charts, activities they did or contributions to the community, and their balance sheets and what they did with the profit after all we contributed to their income
- Essential to have some sort of umbrella that all the xawalas can come under so it can be easy to monitor the work of the xawalas from A to Z
- Fix how xawalas work
- For this to be successful and effective companies, they should be accountable, transparent. Xawala companies should introduce own internal auditing (training should be provided and cost met by the directors company) they should also allow external auditors to come in
- Government can collaborate with the xawalas to fight the money laundering, by providing constant training to staff and enforcing compliance standards, and which ever falls below the required standard ceases to practice
- If the UK government is helping Somalia why don't they help the Xawalas to have a better system or give sessions about anti-fraud money?
- If the xawalas could just follow the rules then that would be the best solution
- If you end xawalas and use mobile, people will have no other solution but to use it. The key will be to appease the xawalas, who are influential, into the change process.
- It has to start with 'them' (the xawalas). Auditing is essential. They need to clean up their act; not use these agents in small shops. Dedicate some shops just to the xawala business. This will help the auditing and overall professionalism
- Keep the xawalas but professionalise them by supporting them and government should invest some of the Al-Shabaab or prevention money to empower xawalas to have better system in place
- Maintain hawalas, not close them, but for them to abide by the rules and regulations set out for them
- Membership should be introduced in all xawalas company regardless the transaction, instead of them asking you what is your mobile number to access your account
- Minimise the number of Somali xawalas being set up without them going through a vigorous process
- My concern is more the people sending here – the source of income. The US and UK have seen money go to al-Shabaab – why have Dahabshiil not? They need to train their staff to become more aware and spot these transactions taking place.
- No need for another solution as we have xawalas already; let's make sure we improve their system
- Solution is simple: engage with xawalas and let them improve their system
- Somali led first and foremost
- Somali solution is required
- Somali-led
- Somalis trust xawala more than mobiles so let them stick with their xawalas but the government should support to improve their system
- SOMSA has to develop a database system that is designed to address compliance issues and members sharing information to help with risk analysis, and make this available for banks and government agencies to access
- There are too many. They cannot work efficiently. They must become more respectable.
- They need to take more information
- Thinking outside the box ... women are the backbone of the community so should be given the same treatment as men, involved in the decision making, and so forth
- Training from the government for xawalas to learn how to identify people who may be sending money to terrorist groups
- Unite the whole Somali xawalas and come up a system that can be benefited both the Somali people as well as the international community who sends money to Somalia month after month
- Way the xawalas work must be improved but it should not be closed totally because a lot of people will lose their jobs and a very high percentage of the Somali population will be affected as they always depend the money from their relatives in Europe or America. This covers their life needs such as food, school fees, house rent etc.
- Why don't we involve the women in the community in the Xawala board of directors? I think Somali women will have a lot to contribute.

- Women also use the services on a daily basis to support their families and friends back in Somalia and I think with their added voice, a big change can be made (and contribution)
- Xawala companies should provide work experience placements for our students, volunteering and training opportunities for our unemployed people. By doing this they will have to have certain policies in place to protect their employee's and the public thus meeting requirement compliances.
- Xawalas must first organise a serious private meeting with the banks and come to agreement before this has been presented to the UK government
- Xawala should inject cash back to the community for charitable purposes as they contribute very little at the moment
- Xawalas are lifelines for the whole of the Somali community; closing them will mean putting a whole country in the edge of starvation. But to be fair there also needs to be a strict government regulation to make sure that this important source of income for many Somalis does not get disconnected.
- Xawalas is the only solution but we need to support them with Barclays considering our appeal and we will create something within the next 6 months for us to consider as an alternative
- Xawalas need support, Barclays needs to be clearer
- Xawalas need to be open about their compliance processes and show they are just as compliant and to the same standard as any UK/US bank
- Xawalas need to invest in a system of mobile banking and professionalise
- Xawalas need to update their auditing to prove that they have been effective themselves
- Xawalas should have accurate and effective system in place to fulfil the compliance issues – that is the end of the story, problem solved.
- Xawalas should have an internal and external auditing system. Publish their balance sheet and become more transparent.
- Xawalas should professionalise their database system
- Xawalas should sell mobiles in their offices too

What are some more fundamental changes that should be considered?

- Eventually the Somali government will have to think about an effective banking system
- Every business needs to think long term or you won't survive. They need to evolve and cover themselves. Other African banks may come into Somalia and do a better job and drive them out of business.
- Force people to end reliance on xawalas through their own language. That is, explain it to the diaspora in terms of the xawalas potentially damaging the reputation of Somalia and therefore losing trust with Somali communities.
- How will a database help if the people don't even have addresses?! Fix the country then you can fix the system
- Somali government needs to sort out IDs and addresses for the population
- Somalia needs to set up its own Central Bank
- Somalis are innately reluctant to change. Inertia is the default position. Social structures ensure this (elders, tradition, and reliance on old practice etc.). However change must be embraced to find a solution for this problem. But also as a long term mechanism to ameliorate our chronic despair
- Money they spend on fighting terrorism should be spend on Xawalas to have a better system or even percentage of that

SHIFT FROM DEPENDENCY

- A decrease in money being sent back home to some extent may be a good thing as the population will be more motivated to work and actually start to provide for themselves!
- Somalis in Somalia need to stop relying on hand-outs! We need more jobs and less charities!
- We require further alternatives than just mobile payments – it is another singular dependency that (if the uptake becomes high) we could possibly become too reliant on ... we need sustainable solutions that benefits us as a people, such as: 1. banks that can have branches in other countries; 2. Develop economic policies that will lessen the Somali economy's dependency (nearly 40% of GDP) on remittances, such as developing the fishing and the livestock industries, leasing out carbon credits, developing our human resources and skills export; 3. Improve the unemployment and welfare policies within the country that will lessen the Somali citizen's dependency on remittances; these are tangible changes that require long-term commitments which in turn will provide benefits to many generations to come. We need change, not just swapping one dependency for another - we require self-sufficiency

OPTION 2: Evaluating the recently developed mobile money technology

Group 1 was asked two questions to frame this discussion. The first was: Is mobile money a practical solution?

YES (MOSTLY QUALIFIED)

- Even though this is a good system there will be a time people will need cash
- It is great for innovation
- Only solution will be mobile transfers
- Our country has been locked in civil war for 20 years. We need to embrace technology to aid our development and accelerate a decade of development following war and chaos
- Somali community will welcome this and be open to the idea of using mobile phones to send money
- Technology is rapidly developing and we as a nation need to embrace the future as this will provide us with a solution
- This idea will be welcomed as a change, but it must reach the majority who send money back home. The views of the older generations should be taken into account
- Wait and see if the mobile phone system works
- Yes as an additional service that is used alongside an alternative banking system but not as sole solution
- Yes, if it works
- Everyone in the UK owns a mobile phone, so why should it not work?
- Maybe after Somalia became stable the yes, I think the so-called technology can work out and the villagers can have access to it.

NO

- I 100% doubt the mobile will be the solution
- I don't think mobile services can provide the service needed. Hawalas are doing well but they need to improve the service and do more checks
- It will not work
- It will not work for Somalis
- I am completely against mobile money transfer
- I am totally against this
- I do not like it
- I don't agree with this solution
- Mobile hawala is very impractical
- No it's not a practical solution
- Not good idea creates some fears that we had about Westerners and their enforcement agendas – if there is any if should be Somali-led with trusted individuals and organisations
- Xawalas are backbone of Somali economy and if there is any mobile alternative methods that is not using current xawalas brands- I think it will not work and it will be greatest business failure that anybody can rely on. As those xawalas built their trust for years as well bit of clan attachments.

The second question was: If so, what are the obstacles that must be overcome?

COVERAGE

- 60% of Somali people are estimated to be nomads and don't have mobile phones. Very practical solution already in place. Safer more reliable and trustworthy
- A communal mobile phone for those in poorer areas?
- Can succeed if villagers are provided with a tailored service e.g. mobile vans travel to remote areas to provide service
- Electricity is also limited in Somalia
- How about those people that can't afford mobile phones??
- I think it's an amazing idea but I'm worried about people in small villages? If I send money this way to someone who might not have good connection, does that mean they will lose it??
- I think it will be a practical solution to those who live in cities that have access to good connections. However, it would be very difficult to reach those who live in rural areas.

- It may affect the local economy. Other businesses need to have compatible infrastructure
- It may be difficult to switch to mobile at one time. It is better to have diversity and choice. It's fairly new concept, the capacity may be limited as well.
- It will work in big cities due to the availability of mobile phones and electricity but not in the villages where they can't afford phones or don't have electricity
- It works and it might work in big cities but it will be very difficult for the majority
- It works in the big cities but Somalia is not only Mogadishu, Hargeysa, Bosaso or Garoowe but we need to remember the other regions and most of the Somalis that don't have an access to Internet or are not up to date in terms of technologies
- Lack of electricity across some towns in Somalia
- Lack of infrastructure will make it hard for majority of Somalis to use mobile money
- Lack of internet connection in Somalia
- Lack of mobile phone
- Mobile operator coverage in Somalia, but this does not prevent the transaction from going through. Acknowledgement will arrive when there is coverage
- Not everyone has access to a mobile phone
- Not practical for small villages
- Possibly huge per cent of Somali people do not access mobile phones then maybe we may try but we do not think we are ready now- try after 10 years maybe
- Solutions for the poorest who may not have mobile phones?

TECHNOLOGY

- Education – people in diaspora do not know how it works
- Lack of understanding of the technology and most of Somalis, especially the old generation, are not familiar with mobiles.
- My ayeeyo (Grandmother) where she lives doesn't even have a network let alone using mobile
- My ayeeyo doesn't know how to use a phone and she is too old to use it
- Older people would find it a lot harder
- Somalis are suspicious of technology
- The fact the majority of Somalis are illiterate it is going to hard for them to use money mobile efficiently and usefully
- The society and its infrastructure needs to be updated
- There is a risk that we become too dependent on the technology. Even in this country, when technology fails in this country it grinds to a halt, this would be even worse in a fragile country on a fragile ecosystem.
- This is not practical for all Somalis, some are not with the new technology
- Using mobiles would be disaster for millions Somalis

TRUST

- Psychology - trust in the Hawalas' ability to respond to a need. They have built this over the years. Don't forget that the infrastructure of the largest brands encourages use.
- Somalis trust Hawalas and it will be very difficult to trust mobiles
- The biggest mistake will be trusting mobiles because the whole nation will be disabled if something goes wrong with the uses of mobiles
- The trust element in the xawala is one of the few best characteristics of the Somali people so please let's not disrupt that
- There is a need to raise awareness as Somalis trust more paper money than electronic
- We have been trusting Hawala for over the last 18 years so how can we lost that trust over mobile system?

CONTROL

- Easily traceable
- It appears there is a huge control over senders and receivers of remittance behaviour due to electronic footprint associated with this service. Hence, there is a need to reassure users of these services who can access and who monitor these services.
- It is a disaster for Somalia if the whole money is under one or two companies

- Should be implemented by Somali companies that innovate and update their current services. Will not be a viable solution if foreign companies fill the gap and destroy Somali businesses who have succeeded this far in this industry

SHORT V LONG TERM

- It is a short term solution but not in the long term
- Long term solution is a financial system in Somalia that can regulate
- We need a long term solution. This is not it. We need the support to establish a central bank and other financial institutions. We need foreign investment and support in building our economy
- Long term solution will be to improve the financial infrastructure in Somalia
- Make a banking system so most citizens get their own accounts and the Central Bank doesn't need to rely on hawalas
- Central Bank: this will act as a point of accountability. If all agents fall under a CB, then regulation and compliance will be standardised and trackable

TERRORISM

- Al-Shabaab won't hesitate to use mobiles if it is the only option available so what is the difference between Hawalas or Mobiles?
- Remember that terrorist groups can also use mobiles so what is the difference between Hawalas or Mobiles? It is the same problem isn't it?

FRAUD

- Fraud will become very high
- Fraud will be at the heart of our finance
- Increase in mobile fraud

In view of the apparent limited understanding of this subject by the previous group, its functionality and adoption was explained to the group on Day 2 by a Somali telecoms expert prior to seeking this group's responses. He has worked mainly in Somaliland, but had recently returned from Mogadishu so was able to report on developments in South-Central Somalia.

Why do you think so many people have adopted this technology so quickly in Somalia?

TECH-SAVVY

- Because unlike popular belief in the west, Africa is not a dark land of nothing but hungry people. 9 out of the 11 rising economies are in Africa. Therefore, the technology sector is just one aspect of that development. So no surprise that Africans are embracing money mobile. It allows even those who are illiterate to go on about their business and sustain their livelihood. This is not an accident but a reflection of African cultures and systems that suit their way of life. Less bureaucracy and more development!
- Somalis and many other Africans are very well tuned in when it comes to telecommunications so no surprise many of them have adopted this option.

CONVENIENCE

- Many people are unbanked but have mobiles (but they have financial services through xawalas)
- Many people are walking to xawalas, they need many options
- Mobile money transfer is operating successfully across all of Somalia and other African countries and not just Somaliland
- So many merchants are using it, so it's very easy for people to adopt

What do you think it would take for this to be adopted by the UK diaspora as quickly as it has been in Somalia? What would appeal to you to use mobile money?

XAWALA-LED

- If it could be done in Somalia, it could easily appeal to diaspora customers with higher literacy rates than back home? With the help of the Somali money transfer business conducting community outreach to make their customer understand the uptake of this new form of sending money
- If the use of mobile money comes from existing Xawalas and existing Xawalas develop these types of technology then perhaps this mode of transmitting money may become common place. It is important that solutions are of Somali origin as with the system of Xawalas, we can find innovative and technological methods of solving our issues. We need the support to develop our own systems and ideas, it comes across as though mobile money is something we need to accept, and perhaps the majority does not wish to do so. Perhaps we want to stick with the current system and why can't we if xawalas are sticking to the rules set by the regulators? We should be asking the question 'what can we do to rally support against the blatant discriminatory actions of Barclays?'
- It could appeal to community if there is serious marketing by SOMSA through Somalia media outlets? To encourage the uptake of mobile money transfer.
- It would be better if this idea was coming from the Somali xawalas but I still prefer to use the xawalas
- This will not be an alternative to the xawaala. Please, let's think about protecting this very Somali tradition.

PRIVACY

- Financial institutions and the state have already far too much information on citizens and I am not willing to give them even more powers to intrude in my life
- I will never use mobile banking because I am very concerned about the erosion of privacy rights not only in the UK but in the rest of Europe and Western world
- In the UK as in elsewhere there is a privacy issue and Somalis are not unique in being concerned about their data and livelihood being in the hands of governments where democratic and human rights of ordinary citizens is under attack!
- It is more transparent and transactions are traceable so more likely to be anti-money laundering complaints
- It will work better for people back home; however, those in the west will not feel comfortable in using this system. I see it as a way of spying on and monitoring people and knowing the agenda part of 'war on terror', Somalis will become a target for the MI5 and CIA.
- Somalis like all people are and should be concerned about the possible use of their information
- Those of us who live in the west may not see this as the best option as it seriously infringes on our rights to privacy. Obviously, banks will have access to our personal accounts and data!

TRUST AND FAMILIARITY

- Anti-Tribalism Movement is trusted organisation and if they suggested solution then we may consider
- Hearsay – word needs to get around!
- It can be used side by side with the xawalas but not on its own
- It is a new idea to us, so we are very suspicious
- It is hard for us to trust a machine so I would personally prefer to stick with the xawala system
- It would take a while to trust these systems. Can mobile transfer systems work with xawalas?
- Majority of the Somali elders here in the UK do not use mobile phones, let alone manage their finances through it. Also our community prefers to be dealing with cash rather than invisible transactions.
- More than the youth, it is the 40-70 year old parents than need to understand the system
- Not sure if this 'Mobile Money' is secure but as long as we can get the right people monitoring this then could work everywhere in the world. 'Mobile and Money' however if there is such a services it has to come from Somalis, especially trustworthy people
- People must understand and trust the system
- Trust can be gained through local Somali community to get involved in the process
- Xawalas are easier and we are familiar with their system

- Xawalas are more reliable – therefore, they would need to show that the system is reliable
- Xawalas are then only way forward and it is much easier for us

CREDIT FACILITY

- Credit with the xawalas is a major issue. Mobile money is definitely easier and quicker but you cannot send money immediately to Somalia in the case of a family emergency like you can with the xawalas if you don't have enough money. The xawalas trust us and we trust them so they are willing to loan us money when we need it. Mobile money cannot do this.
- I doubt that mobile phone would be beneficial to us because mobiles will not give us a loan

SPEED AND CONVENIENCE

- Speed and convenience
- Idea that it is convenient
- It's convenient – don't have to travel to send the money
- Advantage of mobile money is that it is fast and easy was to send money, however the disadvantages are many
- Mobile transactions are quick and convenient

OTHER COMMENTS AND QUESTIONS

- Cut out the xawalas completely and people will have no choice
- Mobile money would need to make sure it is convenient for the disabled and old
- Mobile will cost us a lot of money – you would need to persuade us it is cheap
- Somali communities take the place of the xawalas
- This is fantastic idea but unfortunately it is not the solution for the community at the moment
- This sounds to me a long term solution and at the moment we need our xawalas to improve their system
- Transformation is part of life and the Somali people need to be more agile
- What are the capital requirements of such technologies?
- Who regulates it?
- Why is this service only available in Africa?
- World is fast changing and we need to adapt to these new changes or be left behind?

During the sessions regarding hawala and mobile money the following comments and questions were volunteered.

SUPPORT FOR 'XAWALA'

- Diaspora rely on xawalas
- Hawalas are trusted and efficient but also have a special feature as they are willing to help in difficult situations to send money even if the sender is short and also provide money early to the person in need
- It's a system that has and is still supporting a whole nation
- It's easier to use a xawala for me rather than the behemoths who charge a lot in proportion to money sent
- Majority of the population in Somalia rely solely on the money transfer service due to their lack of job opportunities
- Same thing that the xawala is doing now, the bank will take over the same practices
- Somali people will find a way to get money to Somalia. If it isn't through xawalas, they will find an illegal way
- Somali xawalas should be an example to the world; they functioned without a government for more than 20 years. Why change it? Why now?
- Somalia is up and coming and this decision could and will have a negative impact economically
- Using xawalas is the only way and solution
- We believe in the xawala system and we always will
- Xawala also provide jobs here in the UK, thus helping with unemployment
- Xawalas are a source of stability for many families and businesses in Somalia
- Xawalas are considered a way of life for many people as it always have been the only solution for poverty
- Xawalas are safe and practical for everyone and anyone
- Xawalas are the most reliable source of income for Somalis in the country
- Xawalas are the solutions for the time being. Somalia has poor financial infrastructure. It will take time to devise alternative solutions.
- Xawalas employ Somalis, sponsor many charities and support the different authorities
- Xawalas has helped Somalis through times of famine
- Xawalas needs to be saved. There is no better system for Somalis at the moment.
- Xawalas should definitely stay. There will be no other way to send money to family members and friends. Somalis will not survive otherwise. They are not in a state to set up their own central bank. Xawalas are already in place. The Somali community trusts it.

PREFERENCE FOR 'XAWALA' OVER MOBILE MONEY

- As we know, the whole concept of money is a capitalist ideology. Money is virtual and can be given any value, as and when institutions, like the Federal Reserve or Bank of England, decide it suits the need of their societies. The vast majority of indigenous people of the world never used money as we know it but exchanged their services and goods.
- Blind and elderly people will be subject to their monies being used by others as they are not aware of the transactions being taken place
- Can mobile work out without electricity? If not, how people will adopt this system?
- Does not look good at all
- Ghost money
- Great initiative but xawalas have the trust of the people. Plus, being cashless isn't an alternative.
- Have you considered the dangers of a cashless society? 51st state anyone?
- How does it work? Will people need a bank account? If yes, then we may as well bin this idea!
- How secure is that system and who actually regulates it? Is that system not vulnerable to breaches by terrorist groups?
- If mobile banking becomes more popular they may become more of a target for theft
- Improving our xawalas is the right and practicable solution
- It is a disaster for economics
- It is easy for us (diaspora) to send money by using mobile but my mother/grandfather lives in a village where there is no electricity so I personally believe the xawala system is the easiest way for us (diaspora)
- It is for Somalis to think about ways of improving their xawala system

- It is not working
- It might be an option for some but many may not feel confident in using this system. Many others who do not have a mobile phone for whatever reason, will struggle. So this cannot be a viable alternative.
- It's a limiting service and impracticable, therefore I am against it
- Keep the xawalas, but improve them and regulate them
- Leave the xawalas. This is not an alternative or a solution
- Let's be honest what is the gain for the company? Shouldn't we be looking for a solution rather than complicating an already weak system?
- Majority of Somali elders here barely use a mobile let alone manage finances via one
- Many people will lose their jobs
- Mobile is not the solution it will be problem
- 'Mobile Money' is not a bad idea but I do not think it can cover the need to the whole Somalia population
- Mobile money transfer isn't a solution as it's impractical to the majority of Somalis
- My fear is the great work all the xawalas have provided will be lost and the UK government and others will hijack all the costumers because there is a lot of money to be made
- My mother lives in a village where there is a lack of energy. Who can be sure the so called technology can work?
- My uncle is blind and he won't be able to use a mobile so the xawala system is much easier/trustworthy for him
- Nobody in the UK is interested in mobile money
- Not every single person in Somalia has a mobile phone and because of that reason I do not think 'Mobile Money' is the way forward
- Not every Somali is fortunate enough to have access to the so called "technology" so therefore we would prefer to stick with the xawala system but improve their system
- Somalia shouldn't pay for the mistake of international banks
- Somalis are suspicious of technology so therefore they won't use it
- Somalis not interested so would need to engage them
- Sounds suspicious now
- Technology is very unpredictable let alone in Somalia ... what happens if let's say the system shuts down?
- There are maybe political issues here – any political dissenter could be made a nobody at a stroke of a key! Edward Snowden from a financial perspective maybe?
- We already live in a big brother society and I am not willing to give more information about myself to institutions like banks. I am worried about my privacy and right to privacy.
- We are Somalis and culturally we like to deal with our business partners/colleagues/ face to face. That is why many of us don't like leaving messages on voicemail machines! So, I would rather see a person to send and receive money. We are destroying human interaction and for a society that has a low literacy level, it would change the cultural make up of Somali society.
- We have xawalas already so what is the point of this?
- We need our xawalas and give them a time and sessions to improve their system
- We need our xawalas such as Dahabshiil, Amal, Mustaqabal, Tawakal, etc
- What happens when Telesom sells its shares to a US/UK bank – then the data and livelihood of those Somalis is in foreigner's hands?
- Who are the beneficiaries? Is it for Somali telecom directors or the community?
- Why doesn't a company like Zaad focus on improving the xawala system rather than spending what seems like a lot of money on the vocal system
- With all the issues with technology even in the UK, how secure is this system?
- Xawalas are more beneficial
- Xawalas are the one and the only one
- Xawalas are the only way forward
- You cannot change a cheetah's spots and you cannot change the Somali mentality on foreign ideas; therefore the focus should be on improving the current xawala system.
- Was this not a question asked in the questionnaire and the response was some 90+ per cent did not use this technology! No because people change behaviour all the time! Plus people in Somalia use this technology because it serves their needs.
- Survey has given you the answer [we don't use mobile money
- I think the survey says all

OPTION 3: Exploring other solutions

On both days, the groups were asked to end the session brainstorming and capturing any other solutions that may be available at this time. Much of the discussion was dominated with further reinforcement of the current role of 'Xawalas'. These comments have been merged into the relevant sections above.

ALTERNATIVE BANKING ARRANGEMENTS

- Go to RBS and other banks to replace Barclays
- Maybe we should look to African banks
- UK Xawalas open with other banks in the UK such as Chinese banks bases in London
- Xawalas should make new relationship with the Turkish banks

COLLABORATION

- Maybe all the money transfer systems can work together?
- UK government needs to respond to the requests of countless Somalis who are British citizens and facilitate a dialogue between the bank and the Somali remittance companies
- Work together with Western Union and form a regulatory board where all money services have to adhere to standards
- Xawalas in Somalia should be united with the help of the international community so we can avoid any trust issues between western countries and the Somalia population who would extremely suffer if the work of Xawalas stop. My main suggestion is to have a bank which will stop the division between the Somali Xawalas and the expectation of Barclays Bank.

COMMUNITY AWARENESS/OWNERSHIP

- As a community, we must identify those in our community here to stop money transfers to the wrong hands
- By Somalis for Somalis. Anything else will not work
- Let Somalis create their own 'other' solutions with regard to their livelihood.
- We have to be careful and aware, as a community, to stop money getting into the wrong hands
- We must become aware of who is manipulating our youth and children and keep an awareness of who may be transferring money for the wrong reasons. We must work together as a community.
- Banks would not have to worry if al-Shabaab were removed. Then money would not be flowing into the wrong hands. No al-Shabaab, no problem. Security must be addressed and solved for the long term solution. We must keep our eyes open to this. See where the problem is in our community.
- Somalia first and foremost needs to get rid of the largest problem: al-Shabaab. Then we can focus on banks, et., because without safety who will even be able to leave their house to spend money
- Solutions and alternative ways of organising societies should come from the Somali people and not imposed by anyone from the outside

CIVIL SOCIETY ORGANISATIONS

- ATM is the only solution and they can engage with the xawalas so deal with them
- ATM needs to be part of the solution due to large followers
- ATM should be included as part of the solution seeking as well as other organisations to become link between government departments and Somali citizens and as well as the link between Xawalas and Government departments as ATM is one of the most trusted organisation within the Somali community
- ATM should be invited into the ministerial meeting on September as Somali stakeholders as there are few business competitions
- Why not include the ATM with the meetings that are happening right now?

OTHER

- A new Xalaawah system
- Stop al-Shabaab
- What about other terrorist groups in the west? Who regulates where their funding comes from? Help secure stability in Somalia, not cut their livelihood.
- Set up a Somali central bank
- UK and US must help with a real solution if they really want a final end to the aid they give to Somalia
- Xawala system may help motivate people to work but this will help only if replacement can be provided. Have a form filled out by every sender. Explaining why and to who they're sending the money
- Why 'other' solutions? When something is working why destroy it? The xawala is working for Somalis just fine and it is part of our life. Why not leave it as it is? If it needs to be improved, then Somalis will figure ways of doing so. We need to support and then strengthen the government to rebuild Somalia and all vital institutions which will include financial institutions.
- Biggest solution would probably be 1) Improve ID checks 2) Apart from Somali people showing how Xawala is helpful to them, the Xawalas themselves need to show how they support the community and how they will help in the future 3) Somalis as a whole need to work together and help get rid of al-Shabaab.
- Peer-2-Peer technology in the example of BitCoin, which works outside the framework of the compliance regulation. Xawaladaha could interconnect using this peer-2-peer mobile wallet to ZAAD and SAHAL Infrastructure. SOMSA could come up with a technical solution that is able to work for its members and explore other solutions that work in the digital currency.
- STP ... and an AGILE product. Companies like Al-Hashimi Holding will be introducing an innovative product that will meet the needs of the Somali people
- Straight through process: sender's remittance will go through FX firm who sets the rates; from there it goes to recipient
- Telesom (ZAAD) and Sahal (Golis) need to interconnect their platforms

SHIFT FROM DEPENDENCY

- A decrease in money being sent back home to some extent may be a good thing as the population will be more motivated to work and actually start to provide for themselves!
- Somalis in Somalia need to stop relying on handouts! We need more jobs and less charities!
- We require further alternatives than just mobile payments – it is another singular dependency that (if the uptake becomes high) we could possibly become too reliant on ... we need sustainable solutions that benefits us as a people, such as: 1. banks that can have branches in other countries; 2. Develop economic policies that will lessen the Somali economy's dependency (nearly 40% of GDP) on remittances, such as developing the fishing and the livestock industries, leasing out carbon credits, developing our human resources and skills export; 3. Improve the unemployment and welfare policies within the country that will lessen the Somali citizen's dependency on remittances; these are tangible changes that require long-term commitments which in turn will provide benefits to many generations to come. We need change, not just swapping one dependency for another - we require self-sufficiency