

SAFE AND FAIR SUPERVISION OF MONEY SERVICE BUSINESSES

WRITTEN TESTIMONY FOR THE RECORD BY

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Madam Chairman, Congresswoman Maloney and Members of the Committee, thank you for the opportunity to submit written testimony for the record today.

Oxfam is an international development and humanitarian relief agency committed to developing lasting solutions to poverty, hunger and social injustice. We work in over 90 countries around the globe and have worked in Somalia for over 40 years. Since 1995, we have implemented our humanitarian response in Somalia through local NGOs and Somali civil society. By working transparently through local organizations and ensuring that their priorities are our priorities, Oxfam provides daily assistance to more than 1.5 million people in Somalia.

Madam Chairman, as you consider the important subject of today's hearing, we hope you will keep Somalia – one of the most remittance-dependent countries in the world – in your thoughts. The Central Intelligence Agency estimates that Somali money service businesses handle up to \$1.6 billion in remittances per year (World Factbook; 2012). By comparison, according to the United Nations Office for the Coordination of Humanitarian Affairs, humanitarian assistance to Somalia totaled \$1.35 billion in 2011 (OCHA Financial Tracking Service; 2012), when parts of Somalia endured a famine, and \$510 million in 2010 (OCHA Financial Tracking Service; 2011). For many Somali families, remittance from their loved ones and friends abroad is the primary source of income. Remittances also enable many Somali civil society organizations – including a number of Oxfam's partners – to deliver life-saving assistance to hundreds of thousands of people in need.

At this moment, any interruption in remittances to Somalia from the United States would deal a devastating blow to a population already suffering from severe food insecurity and armed conflict. According to the US-funded Famine Early Warning Systems Network (FEWS NET), 2.51 million Somalis remain dependent on humanitarian assistance to meet their basic needs (FEWS NET June 2012 assessment). The UN High Commissioner for Refugees (UNHCR) estimates that approximately 215,000 Somalis were displaced in just the first five months of 2012, the vast majority of whom left their homes after the UN declared that famine conditions no longer existed on February 3 (UNHCR Somalia Population Movement Trends; 2012). These figures demonstrate that Somalia is still very much in the midst of a humanitarian crisis. As remittances are a form of self-help within the global Somali community, we believe they are more sustainable than humanitarian assistance from other countries and crucial to development and humanitarian relief in Somalia.

Oxfam recognizes that Somalia, the United States and the international community have a legitimate security interest in ensuring that money service businesses and their banks conduct their affairs in a fully transparent fashion. I hope you will consider that any disruption in bank involvement in the remittance business to Somalia will also have significant security consequences. It could deepen Somalis' mistrust of the United States and add credibility to the recruitment messages of armed groups opposing the Transitional Federal Government. Additionally, if banks cease to facilitate remittances, money service businesses' will be left with no choice but to attempt hand-delivery of smaller amounts of cash. This

would vastly increase the possibility of diversion. With that in mind, we recommend working together with money service businesses to find a regulatory solution that meets the concerns of all interested parties.

Madam Chairman, Somali-American money service businesses provide a vital lifeline to a community that requires help from abroad just to survive. It is clear that the 2011 famine would have been far worse if not for an unprecedented mobilization of remittances by the Somali Diaspora community. With conflict and food insecurity still plaguing Somalia, any interruption in remittances would cause tremendous suffering on a national scale. I thank you for the opportunity to share Oxfam's perspective and I urge the Subcommittee to help to ensure fair, safe and sustainable regulation of money service businesses so they may continue to enable Somali-Americans to help their friends and loved ones.