

URL: <https://ecorner.stanford.edu/in-brief/sending-money-home/>

One challenge to scaling Novi, explains Novi VP of Product Kevin Weil, is that Libra will require an integrated global ecosystem before it can become a part of peoples' everyday lives. So how could Novi add value with their service before that ecosystem is fully built? He describes how the team zeroed in on remittances — cross-border payments often made by workers sending money back to family in their home countries.



Transcript

- One of the challenges that we had right off the bat was to think about how we could add value to people's lives with this new service, knowing that in the long run you need an ecosystem, you need lots of players to integrate, you need merchants, and everybody else, to be using Libra for this to really become apart of people's everyday lives.. So, how do you get it started? What's the first thing you can do that will begin to add value? And, for that, we landed focusing on remittances, which are cross-border payments, generally between family members.. And it turns out one in nine people around the world rely on money sent home from their family in another country.. It's actually critical to how they live, it's how they put food on the table, it's how they pay for basic services and education.. And yet, today, those transfers take two or three days, and worse, they cost seven to 10% in fees on average.. So, you have about 700 billion dollars a year that changes hands across borders, generally between family members, and people are paying 50 billion dollars in fees.. Those fees, generally, are going to the people who have the least ability to pay.. So, it's really, it's backwards.. And, as we looked at it more, we found that people are already using apps like Messenger and WhatsApp as they send remittances.. So, what they'll do is they'll go to the store, where they'll send the remittance, they'll wait in line, they'll fill out a bunch of forms..

And when they hand their money over to the cashier to have it sent, they'll get a receipt back.. The first thing they do is they take a picture of the receipt in WhatsApp, send it to their family member, who's gonna receive the remittance, and then two, three days later they go and take that to the store around where they live, show it to the cashier, et cetera.. But, imagine though that instead of today's process, which involves both parties standing in line, filling out forms, waiting two or three days, paying seven to 10%.. Imagine you could do all that instantly and for free from your couch in the WhatsApp thread that you already have with your family members.. So, that felt, to us, like an area where we could have meaningful impact, where it was useful from day one, and that could be the foundation for making Libra more useful in people's lives.. And that's kind of animated us, like that was the first big problem to solve, where are we gonna start, and then everything else has been flowing from there...