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Editor's note: For additional background materials, please visit <http://bit.ly/1LTjPRC>
Spokespeople from Adeso and Oxfam are available for interviews.

Money Transfer Closures Threaten Somalia's Lifeline

Last major US bank to close all Somali-American money transfer operators' accounts today

Nairobi, Kenya (February 6th 2015). The principal bank facilitating money transfers from the United States to Somalia — accounting for up to 80 percent of transfers between the countries — is expected to discontinue services today, with potentially devastating consequences for the people of Somalia.

Each year, Somalis living abroad send approximately US\$1.3 billion back to Somalia in an incredible show of solidarity to help friends and relatives meet their immediate needs, including water, food, shelter, and medicine. These remittance payments also help supports numerous businesses and represent more than all foreign aid and investment in Somalia combined. Experts estimate that over US\$200 million is at stake with this decision.

“Remittances form the backbone of Somalia’s economy. Unfortunately, this decision comes at a time when nearly three quarters of a million Somalis are facing acute food insecurity, and we are likely to see that number rise if money transfer companies cannot remit funds from the United States to Somalia,” explained Degan Ali, Adeso’s Executive Director.

On January 27th, 2015, Merchants Bank of California informed Somali-American money transfer operators (MTOs) that it would discontinue their relationship. The bank was issued with a Consent Order by the Office of the Comptroller of the Currency (OCC), an independent bureau within the United States Treasury Department, in June 2014.

"We cannot in good faith meet the obligations of the Consent Order given the complexity of your business," the bank explained in a letter dated January 27th.

If the account closures proceed as scheduled, between 60 to 80 percent of US remittances to Somalia could be affected, and some companies will be forced out of business immediately.

A [recent report](#) found that 731,000 Somalis face acute food insecurity, while an additional 2.3 million people require interventions to protect their livelihoods and build their resilience against future shocks.

“The UN response plan has requested \$863 million for humanitarian aid in Somalia this year, but just imagine what that figure might be if the flow of remittances is suddenly curtailed,” added Ali. “What we have here is a system where Somalis voluntarily help other Somalis. If we really want to build resilience in Somalia, then we should be supporting that system, not trying to destroy it.”

About Adeso: Founded in 1991, Adeso is a humanitarian and development organization committed to an Africa that is not dependent on aid but on the resourcefulness and capabilities of its people. We work at the roots of African communities to create environments in which they can thrive. Adeso currently has projects in Kenya, Somalia, and South Sudan, and is headquartered in Nairobi, Kenya. For more information please visit www.adesoafrica.org