



City of Seattle
Mayor Edward B. Murray

The Honorable John F. Kerry
Secretary of State
US Department of State
2201 C Street NW
Washington, DC 20520

Dear Secretary John Kerry:

We are writing to urge that you take action on the recent discontinuation of Somali remittances and devise a strategy to support local banks in meeting regulatory standards and increase financial stability in Somalia. In particular, we hope that you will meet with our Congressional representatives, who have asked that you meet with them to take action in developing an emergency plan to address the acute shortage of lifesaving money transmission services to Somalia, and to discuss how to move toward a sustainable, longer-term framework for facilitating lawful money transfers through transparent channels.

As you know, Merchants Bank of California closed down the accounts of all Somali-American Money Transfer Operators (MTOs) on February 6, 2015. Somalia's dependence on remittances is exacerbated because it does not have a functioning commercial banking system. Central Bank of Somalia has limited relationships with foreign banks and little commercial banking services. Somali MTOs grew out of this need – as the only formal and regulated set of institutions through which to send money to Somalia. Over the past few years, MTOs have found it increasingly difficult to comply with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regulations. The closure of Somali-American accounts by Merchants Bank has devastating consequences for the tens of thousands of Somalis in our country. As elected leaders, this issue impacts nearly 4,000 Somali residents of our City and thousands more in our region.

According to a recent report by Oxfam America, every year Somalia receives approximately \$1.3 billion in remittances. These funds account for between 25 and 45 percent of Somalia's economy and exceed the amount it receives in humanitarian aid, development aid, and foreign direct investment combined. MTOs estimate that over 80 percent of the start-up capital for small businesses in Somalia is sent by the diaspora; in addition, this money accounts for basic needs including food, water, shelter and education. More than 730,000 people in Somalia are dependent on aid for survival. One in every five children in Somalia dies before their fifth birthday and only 30 percent of the population has access to clean drinking water. Further, remittances are crucial in the empowerment of women entrepreneurship in Somalia, as many banks will not provide loans to women entrepreneurs who have no savings of their own because they are considered riskier loan recipients than men. Remittances help to alleviate these dire conditions.

Seattle has one of the biggest Somali communities in the United States. The vast majority of our Somali residents are refugees, perhaps some of the most vulnerable in our city. Our new residents need effective systems that will support them in staying connected to their loved ones back home. These Somalis are critical to our economic vitality as well - they run small businesses, which in turn create jobs and generate revenue for the region. It is critical to us, as leaders in Seattle, that we support our Somali community members and their families back home. We have received urgent pleas for help from these constituents over the last two weeks, many of them terrified that they can no longer support their families who rely on their help.

Given these constituent concerns and life-changing impacts of the increasing numbers of banks halting their services, we support the possible solutions presented by the members of Congress in their letter dated February 6, 2015. These included formulating a short-term plan to keep a remittances pipeline open, as well as a longer-term plan to provide ongoing access to money transmissions services, and having the Federal Reserve Bank of New York using its wire transfer service to provide remittances.

Over the past few years, we know that the US government has taken some small and crucial steps to help Somalia gain financial stability. The US Treasury Department and USAID have collaborated with the Central Bank of Somalia to help it improve its public financial management system and the President has signed into law the Money Remittances Improvement Act. Still, as we write today, many Somali MTOs are closing their branch locations and leaving Somali migrants without a legal way to financial support their families. We appreciate your attention to this issue and we hope that you will meet with our congressional representatives in the coming weeks.

Sincerely,



Mayor Edward B. Murray



Councilmember Bruce Harrell



Councilmember Mike O'Brien

cc: Senator Patty Murray
Senator Maria Cantwell
Congressman Adam Smith