

Effect of Money Transfer System on the Economic Growth of Somalia: Case Study, Central Bank of Somalia, Supervision Department

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ABSTRACT

The general objective of this study was to investigate the effect of money transfer systems on economic growth of Somalia. The study was guided by the following objectives, to establish the effect of electronic Money Policy on economic growth in Somalia, to determine the effect of Money transfer Agents on economic growth in Somalia, to examine the effect of electronic Money transfer security on economic growth in Somalia, to establish the level of financial support in form of capital, that is attributed to funds received from abroad and to establish the extent of distribution of received funds from transfers to other parts of Somalia other than Mogadishu. A significant number of Somalis fled the country during the civil war that lasted for more than two decades since 1992. These Somalis in diaspora send significant amount of money which is used to support their families that they left behind. These transfers contribute a lot to an economy of low production, making it one of the backbones of the Somalia's economic growth pillars. hawala is a system of money transfer that excludes the bank system and is useful for the economy. To better understand the effect of money transfers such as hawalas, the Keynesian monetary policy concerning liquidity preference and practical policy and the Dow Theory have been used. The study follows a conceptual framework to help the research accomplish the objectives and concentrates on investigating the electronic money transfer, business boosting and income distribution as affected by hawala which variables are responsible for the economic growth. The study was use research design to present the findings conducted. Data was collected by a questionnaire where both structured and unstructured questions are used. Data was analyzed by use of Microsoft Excel & SPSS tool for comprehensive analysis because of its compatibility in describing statistical data. Findings was further be presented by use of bar charts, pie charts, graphs, tables and text all these issues showed the impact of money transfer in economic growth in Somali because the is back bone of Somali economic 80% of Somali people depend their lives in electronic money transfer, the result the hawala is very integral for Somali people. The researcher recommends that the government should develop hawala Remittance Act and the Anti-money laundering law, that will create more favorable conducive environment to smooth the operations of the hawala Systems, and implement it.

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Introduction

Hawala is Arabic, the word *hawala* means "trust," (CBS law Article 2012) or "transfer" depending on who you talk to. Essentially, the *hawala* network is an Effect financing system that allows participants to transfer money both cheaply and efficiently. The system is a convenient way for individuals to transfer cash both locally and overseas, to people who may not have access to a bank, usually those who live in rural areas, or who live in war-torn or unstable areas. The Effect transfer system is most commonly used by members of immigrant communities in Europe, the Persian Gulf region, and North America to send money to family members in East Asia, Africa, and Eastern Europe (CBS Supervision 2014).

The modern Effect transfer system allows customers to deposit cash in one country and expect a sum of similar value to reach a specified destination within 48 hours, usually 24, no matter how remote the location.

In some cases a transfer can occur in as little as fifteen minutes. Transaction fee, traditionally 3-5% (though this varies) of the amount to be transferred, is charged for the service. To transfer money, the agent of one transfer business contacts, either by phone or e-mail, an agent in the other location (Amin, 2004).

The first agent confirms that money has been received for transfer, the second confirms that is has enough cash on hand to complete the transfer. If this is the case, a password is shared among the originator, the recipient and the two agents. The originator passes the password along to the recipient who then provides the second agent with the password to receive the money (Mobile Finance & International Mobile remittance, 2014), the cash debt is settled later between the two money transfer agents, usually by using traditional banks to transfer funds to a central bank account, in a third country in the case of Somalia (Amin 2004).

The population in Somalia was used in hawalah 80% (CBS economic research 2014) in Somali people, because he is the important parts that was participate the Somali Business growth, and always the hawalah's commission is very cheap and it is fast, the slogan of Somali hawalah (send now collect now). Wherever in the world you have to take your money and flows where you want. (Dahabshil, 2011)

The hawalah can be used into three Categories, according to Somali Money transferee, first Private consumption patterns. Remittances in general either through the formal or the Effect system are reflected in private consumption. Even though some expatriate workers send funds home for investment purposes such as in real estate, it is generally agreed that remittances are overwhelmingly aimed at covering the basic needs of families in home countries. Hawala transactions initiated from countries with Remittance and capital controls tend to reinforce this consumption pattern, since the indirect transfer of funds in the recipient country from wealthy groups toward relatives of expatriate blue collar workers through hawaladars tends to favor consumption spending over savings. The wealthy groups may use their savings accounts to provide funds in local currency and in cash to local hawaladars, who would subsequently funnel them to beneficiaries with high propensity to consume (Bowers, 2011).

Second, Foreign Remittance operations. In economies structurally indeed of foreign currency, the loss of foreign Remittance in the formal banking System related to the use of hawalah systems, has contributed to a "virtual" parallel Remittance market where foreign Remittance can easily be accessed. Even though the supply of foreign Remittance through the hawala's disappears from the official market, it still finances imports of goods and services and thereby responds at least partially to a potential demand for foreign currency that would otherwise have been expressed in the official market (CBS Annual report, 2012). In some countries the shortage of foreign Remittance in the official market has required central banks to purchase foreign Remittance from the black markets. Such a move indirectly influences the level and composition of broad money. Purchases from the parallel market entail "recycling" of foreign currency into the formal sector through increases in central Bank foreign assets, but foreign currency would be supplied by foreign correspondents of money changers or other intermediaries (Amin, 2004).

Third, The electronic hawalah in Somalia is owned by two companies of telecommunication Somalia Hormud and Nationlink called evc-plus and e-mal, this system of money transferee was used by easy hawalah, that build without Commission or Srevice, this system is useful to Somali People, While the Electronic System money transfer is used every day, this system has shared the very essential parts in a daily life users, since this system was very effective and efficient according to Somali Business growth (Annual report Hormud, Nationlink 2014).

Effects of hawala systems have typically thrived in jurisdictions where the formal banking sector is either absent or weak, or where significant distortions exist in payment systems as well as foreign Remittance and other financial markets. Generally, except for cases where the purpose for using the effect sector is of an illegal or criminal nature, the growth of effect funds transfer systems seems to be negatively correlated to the level of development and

liberalization of the formal financial sector. The study found that these systems are more likely to be prevalent in jurisdictions where the formal banking sector is either virtually absent or non-functional, as is sometimes the case in conflict afflicted countries, or does not provide a reliable, cost effective and convenient mechanism for the transfer of funds. Where these conditions exist in recipient countries, the system can be particularly used for migrant labor remittances, humanitarian, emergency, and relief aid in countries experiencing conflict. The attraction of Effective operators is also likely to be heightened in countries where inefficient banking institutions operate in an environment of financial policies that include foreign Remittance controls (Emeyer, 2014)

Illegitimate use of the effect hawala system could occur regardless of the level of development of the financial sector. In cases where the intent of the user is of an illegal or criminal nature, the use of Effect financial systems will occur irrespective of the level of financial sector development in the country. While both the formal and Effect financial sector are vulnerable to abuse, the potential anonymity that the system offers the users renders it susceptible to smuggling activities, capital control circumvention, customs, and excise and income tax evasion, money laundering, and terrorist financing operations. (Menkhaus, 2001)

These crimes are not new and law enforcement agencies have long been concerned about Effective financial mechanisms. For financial sector regulators, however, legislation against financial crimes is a relatively recent phenomenon. In drafting new international standards against financial crimes—registration, licensing, reporting and record keeping requirements—financial authorities also need to consider the settlement process between hawala operators and the economic and regulatory effect of hawala-type systems.

Hawala is an Arabic word meaning "trust". *hawala* network is an Effect financing system that allows participants to transfer money both cheaply and efficiently (Supervision Department of CBS 2014). The system is a convenient way for individuals transferring cash both locally and overseas, to people who may not have access to a bank, usually those who live in rural areas, or who live in war-torn or unstable areas. A significant number of Somalis fled the country during the civil war that lasted for more than two decades since 1992. These Somalis in diaspora send significant amount of money which is used to support their families that they left behind. These transfers contribute a lot to an economy of low production, making it one of the backbones of the Somalia's economic growth pillars (CBS Annual report 2012), although hawalas are useful for the economy, there is no enough information about how it contributes to the Somali economy; therefore this study investigates the effect of money transfer system on the economic growth of Somalia (Mogadishu). the problem becomes how much will it Remittances can sustain Somalia, money people have to take how much are reliable since many have refused to register with the Central Bank of Somalia to readily pay the money to its desired their Money, and we must Analysis these issues, because the hawala plays the integral role according to Somali Business growth.

Hawala moneys are often used to sustain businesses that are not economically viable. These businesses consistently survive on these transfer earnings. However, hawala money transfers produce income to dealers in form of commission.

If the moneys received through this system in form of transfer earnings and commission is not used in productive ventures, hawala remittances are bound to contribute but to a lesser extent than it should have been the case, had it been that the revenue is used productively.

The problem was arise how to retention of the large amount Money (CBS economic research department 2014) in Somalia, because these money was comes neither are nor retention in Somalia they must make the Investment in Somalia to get sufficient economic in Somalia.

Objectives of the Study

1. To establish the effect of electronic Money transfer Policy on economic growth in Somalia.
2. To determine the effect of Money transfer Agents on economic growth in Somalia.
3. To examine the effect of electronic Money transfer security on economic growth in Somalia.

Related Literature

Theoretical framework

Keynesian Monetary theory

The theory of liquidity preference and practical policy to set the rate of interest across the spectrum. Taken as a whole, Keynes's schemes reflected the gradual development of his theoretical and technical understanding of the operation of monetary systems. Ultimately, his work encompasses policy measures for national economies based on credit or bank-money systems, and the means to their operation within a wider economic system of a "world between nations". His case should be set against the existing theoretical and practical schemes that are founded on international capital (ie savings), with banks viewed only as intermediaries rather than creators of money. Financial considerations were central to Keynes's case for any expansion of public works expenditures. According to the (full) multiplier theory, government expenditure would increase national income and employment, hence raising taxation revenues and reducing benefit expenditures. He consistently maintained that expenditures would be self-financing (law,2012).

In this study, examination is made of the role of monetary theory in understanding this new generation of mobile banking products, especially those that, like Hawala, do not simply provide electronic access to existing bank accounts. Deposits of money in a mobile phone-based account reflect holdings by the account owner of a commodity we refer to as e-money. Because e-money can be easily transferred from one individual to another, as long as it is expected to retain its value, it can be used in equilibrium as a means of exchange, as well as to transfer purchasing power between individuals (Ascheaffer, 2008).

The Dow Theory

Much effort has gone into the study of financial markets and how prices vary with time. Charles Dow, one of the founders of Dow Jones & Company and The Wall Street Journal, enunciated a set of ideas on the subject which are now called Dow Theory. This is the basis of the so-called technical analysis method of attempting to predict future changes. One of the tenets of "technical analysis" is that market trends give an indication of the future, at least in the short term. The claims of the technical analysts are disputed by many academics, the relationship between the sander and receipt through electronic money transfer that participate the economic growth on Somalia, who claim that the evidence points rather to the random walk hypothesis, which states that the next change is not correlated to the last change. Clearly,

the Hawala system can be relevant in growing the financial markets in a country since it makes receipts and payments easier (Abdullahi 2012).

Hawala system also engages in receiving and sending money from one location to another, a service that is also offered by banks. The hawaladars ensure that the procedures of sending or receiving money is smooth, effective and efficient, so as to avoid costly errors made during the processes. The clients are asked to identify themselves by producing their identity to the hawaladar at the counter when receiving or collecting money from any hawala remittance system, since lack of an identification document is very risky (interview, 2014).

Generally, telecommunication and information technological advancements have greatly benefited the development of this informal system. Payment orders can be sent by facsimile, telephone, or e-mail which very fast compared to when using the banks. It must be noted, however, that because the system is based on trust, modern telecommunication is not a prerequisite.

Conceptual Framework

The general Conceptual frame work the study, Figure 1 shows how actors and environments are related at each of the levels, and the mechanisms by which support is provided the electronic Money transfer policy are effect the economic growth of Somalia, since the hawala are dependent the economic growth, and also the effect of economic growth in electronic Money transfer Security, because their interchangeable and participate large growth in economic Somalia. In the Anti-money laundry and the regulation are independent variable, as well as the control variables mentioned in the previous estimates.

From the conceptual Frame work it may be inferred that, economic growth will be manifested if the Money transferred is used in investments at Level of dependence by electronic money transfer policy on the income fund received. Needless to say that economic growth will be a result of increased spending by consumers who are the households. The increased spending will come from the increased purchasing power which will of course will have come from the money received from abroad and within the country Distribution of received funds from transfer to other parts of Somalia and must be keep the terrorism finance. The improved lifestyle will be maintained since it is naturally normal for human beings wanting to maintain the good life, in order to improve electronic Money transfers we says the hawala was effected the economic growth of Somali in many aspects. Improved lifestyle come from improvements in diet, access of medical facilities, access to power or electricity and access to good education among others (Hussein, 2006).

The electronic money transfer policy includes rules, limit of transfer and eligible dealers are independent variable sine the hawalah needs the law and regulation. and electronic money transfer agency includes employment and computers, purchasing power are also independent variable this factor is important to hawalah and the economic growth in Somalia, in electronic money transfer security contains Anti-money laundering and the laws anti-terrorism are independent variable, because is very integral to remittance to make the money safety and trusty, all these issues effect of money transfer and economic growth. And the dependent variable include the increasing power purchasing and investment, because this factor is play the important role

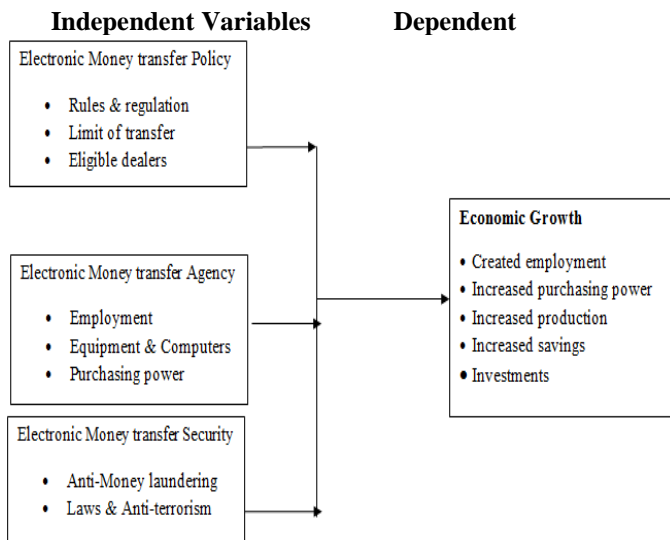


Figure 1. Conceptual framework.

Source: (Author 2015)

according to electronic money transfer that depend the hawalah based backbone of Somali economic growth .

Other business related benefits shall include increased research and development, marketing and advertising costs shall be financed, all being facilitated by hawala services. The increased investments shall create jobs and encourage innovations, thereby increasing institutional buyers where companies now are the ones buying raw material and other services. Lastly, cash may be received by all the starting businesses that are still infant and also mature or growing businesses. It is important to note that, also failing businesses or declining one which either have been stressed by competition or whose markets are saturated may find funding that may improve their status by activities such as research into new ventures, diversification and other redeeming measures (Ahmed, 2000).

In the hawalah, this study has identified nine different types of actors or organizations who are involved in providing support: Individuals, households, clan or home-town associations, local nongovernmental organizations (including youth) and women's groups), professional associations, transnational associations, mosques, private shareholders in business ventures, and members of Boards of Directors based in Somalia. (CBS Annual report 2014).

The activities of the hawalaha are influenced by a variety of factors, particularly the immigration status of the senders and their ability to earn an income that enables them to send remittances or investment money home.

The latter is in turn influenced by a range of factors including policy and legal provisions that facilitate or hinder people's efforts to find formal sector employment and educational opportunity to improve their employment prospects.

Ability to participate in social and financial remittance is also, in many countries, influenced by anti-terrorism law and policy which many respondents feel places them and their remittances under excessive and largely unjustified scrutiny (menshaus, 2011). Finally, societal attitudes in the countries of origin influence the ease with which Somalis are able to find employment, housing, educational, health and other resources, and may also influence their ideas about the virtues of integration with the host society and engagement with the country of origin (Somali Business today 2014).

Methodology

The research adopted a research design defined by case study of CBS Supervision department (2013) as a set of methods and procedures that describe variables, while stated that descriptive research design was concerned with determining the frequency with which something occurs or relationships between variables. The descriptive design follows the post positivist paradigm of Dahabshil and Tawakal express (2013) which emphasized the importance of the phenomenological, inductive, and contextual approach to inquiry for research into human experience, research design was appropriate because it gave adequate results between two or more variables. In this study, the implication of the Hawala Remittance System was the dependent variable, whereas the role, factors and the challenges of the Hawala System were the independent variables. It was specific since it was a case study that was based in Somali Business Furthermore, the study also used an aspect of the quantitative method even though qualitative method remained central to the entire Case study, simply because the data explains the outcome in an evaluative way.

Random sampling was used in this study to help ensure an unbiased sample population. CBS, (2013), I make sample 67 employee of CBS 29 and the 38 Dahabshil employee the accumulation of sample size is 67 employee, advocates a confidence level of 5% to be employed which means that if the sample is selected 100 times at least 95 of these samples should be certain to represent the characteristics of the population.

Research Findings

Table 1 . Descriptive Statistics.

Descriptive Analysis	Mean	Std. Deviation	N
Growth	3.0000	.38605	53
Policy	2.7972	.37678	53
Agency	3.0849	.26377	53
Security	3.2877	.52440	53

The table above shows means of variables and standard deviation of the mean. It also shows that the observed numbers that has been studied.

Pearson Correlation analysis

In statistics, Pearson correlation is a measure of the linear correlation between two variables X and Y .

Table2. Pearson Correlation analysis.

		Growth	Policy	Agency	Security
Pearson Correlation	Growth	1.000	.174	.236	.196
	Policy	.174	1.000	.165	-.149
	Agency	.236	.165	1.000	-.006
	Security	.196	-.149	-.006	1.000
Sig. (1-tailed)	Growth		.107	.044	.080
	Policy	.107		.120	.143
	Agency	.044	.120		.482
	Security	.080	.143	.482	
N	Growth	53	53	53	53
	Policy	53	53	53	53
	Agency	53	53	53	53
	Security	53	53	53	53

Pearson Correlation was developed by Karl Pearson and is widely used in the sciences. It has a value between +1 and -1, where 1 is total positive linear correlation, 0 is no linear correlation, and -1 is total negative linear correlation (Mendenhall & Beaver, 2009). It is a very helpful statistical model that measures the strength between variables and relationships. When it is conducting Pearson Correlation there is a formula to apply. The formula as it follows;

$$r = \frac{\sum XY - \frac{(\sum X)(\sum Y)}{n}}{\sqrt{(\sum X^2 - \frac{(\sum X)^2}{n})(\sum Y^2 - \frac{(\sum Y)^2}{n})}}$$

The Pearson correlations indicates relationship between studies variables. The table above shows that how variables correlated each other. Based on table, the relationship among variables are strong or statistically significant. However, it can be argued there are still very weak positive relationship among dependent variable and independent variables.

Multiple Regression

Multiple regression is an extension of simple linear regression. It is used when we want to predict the value of a variable based on the value of two or more other variable. The predicted variable is called the dependent variable. While the variables are used to predict the value of the dependent variable are called the independent variables (Mendenhall & Beaver, 2009). There are several assumption to be made when conducting Multiple Regression Analysis. It is assumed that dependent variable measures on continuous scale and two or more independent variables are employed, which are neither continuous nor categorical (Kirk, 2008).

The above table shows the model summary of the variables of this research where R is equal to 0.351, R Square is 0.123 and adjusted R square is 0.069. The R square and the adjusted R square values of 0.123 and 0.069 respectively both indicated that there was a slim degree of goodness of fit of the regression model. It also means that over 12.3% of variance in the dependent variables could be explained by the independent variables in the regression model. It also indicates that there is a positive linear relationship between the dependent variable and the independent variables.

According to above, the F-test result was 2.290 with non-significance (Sig) of 0.090. This means that the probability of these results occurring by chance was greater than 0.001.

Therefore, there is no a significant relationship between the independent variables and the dependent variable.

The above table 11 implies that the t-test results for the individual regression coefficients for all the four independent variables were 1.256, 1.541 and 1.647. The probability of all the independent variables occurring by chance was greater than 0.05. This means, the regression coefficients for all variables were not statistically significant at the p>0.05.

Furthermore, the beta for each one of the variables is more than zero, which means all the independent variables have an impact on the dependent variable. Although, their degree of influences are not statistically significant. For the first one, for example, the beta value of 0.172 indicates that a change in Hawalas Policy will result in a change of 0.172 in of Economic Growth. The second beta value of 0.209 implies that a change in one unit of HAWalas Agency will result in a change of 0.209 in Economic growth. The third beta value of 0.223, which implies that a change in one unit of Hawalas Security will result in a change of 0.223 in Economic Growth.

Further, as model has more than one predictor, then there should be no perfect correlation among predictors each other. Firstly, to assess collinearity between predictors is going diagnose the Variance Inflation Factor (VIF). The VIF reveals whether there is a relationship within the predictors. VIF is tolerance statistics. If VIF is greater than 10 then there is concern about collinearity. Based on research findings, VIF indicates that correlation between predictors is not perfectly correlated as VIF is less than 10.

Major Findings and discussions.

In this part of the project it discussed the research results and findings derived from questionnaires that submitted to the target population. The objective of this study is to establish the effect of electronic Money transfer Policy on economic growth in Somalia. To study and analyze these effects, it has been selected three factors such as Money Transfer Policy, Money Transfer Agency and Money Transfer Security. Person Correlation indicates that all variables have weak positive correlation. Let's discuss these variables one by one to analyze their relationship. There is a statistically weak positive relationship between the money transfer policy and economic growth (r = 0.174), and a statistically weak positive relationship between the money transfer agency and economic growth (r = 0.236).

Table 3. Multiple Regression.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.351 ^a	.123	.069	.37245	.123	2.290	3	49	.090	2.452

- a. Predictors: (Constant), Security, Agency, Policy
- b. Dependent Variable: Growth

Table 4. ANOVA.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.953	3	.318	2.290	.090 ^b
Residual	6.797	49	.139		
Total	7.750	52			

- a. Dependent Variable: Growth
- b. Predictors: (Constant), Security, Agency, Policy

Table 5. Coefficients Analysis.

Model	Coefficients ^a											
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
(Constant)	1.022	.769		1.330	.190	-.523	2.567					
Policy	.177	.141	.172	1.256	.215	-.106	.459	.174	.177	.168	.951	1.052
Agency	.306	.199	.209	1.541	.130	-.093	.705	.236	.215	.206	.973	1.028
Security	.164	.100	.223	1.64	.106	-.036	.364	.196	.229	.220	.977	1.02

- a. Dependent Variable: Growth.

Furthermore, there is a statistically weak positive relationship between the money transfer and economic growth ($r = 0.196$).

Moreover, based on summary model analysis R is 0.351, R Square is 0.123 and adjusted R square is 0.069. The R square and the adjusted R square values of 0.123 and 0.069 respectively both indicated that there was a slim degree of goodness of fit of the regression model. It means that over 12.3% of variance in the dependent variables could be explained by the independent variables in the regression model. Remains are unexplained which needs further investigation to identify its contributions.

It can be concluded that the findings of this study shows weak positive correlations between independent variable and dependent variables though is not statistically satisfactory. In order to study carefully the effects of money transfer, it require further study based on quantitative and qualitative analysis. It is possible that unknown factors may effect money transfer business and economic growth.

Conclusion

The objectives of this study were to examine the role of the effect of electronic Money transfer Policy on economic growth in Somalia and the effect of Money transfer Agents on economic growth in Somalia consistent with the findings, the result revealed substantial evidence of the impact hawala in economic growth in Somalia. also the study was discussed that the goal of hawala are first to deliver expanded dependable and timely financial services to the economically active reduced second, create employment opportunities lastly involve in economic growth. The study found the remittance has a low positive effect on alleviation of poverty among people. Finally the study stated the major challenges faced by mobile bank on economic growth include lack of understanding the meaning and concept of hawala by the clients not have adequate loan or equity capital to increase loan able funds and insufficient support from government and also the study found there is no adequate donor funding .

A survey based methodology was used in this research to obtain data from Hawalas in Somalia. The target population in this study is Hawalas. The random sampling technique was employed to select the respondents from the target population. There were 53 questionnaires distributed to the target population. In the study, 79.2% male and 20.8% female participated and the average age of the respondents was between 20 and 36. The questionnaire was divided into 2 parts. Part one comprises questions elected to collect demographic profiles and personal characteristics. Part two comprises 20 items that designed to gather information on the Effect of Money Transfer System on the Economic Growth of Somalia.

As scale was used in part 2 move from strongly disagree to strongly agree (1. Strongly disagree, 2. Disagree, 3. Slightly disagree, 4. Slightly Agree, 5. Agree, 6. Strongly agree) where the respondents were required to state the extent of agreement with the statements in the questionnaire.

Although, it has been tried to minimize the limitations in order to meet the research objectives in an effective and accurate way. Still, there are some unavoidable limitations that have affected the outcome of the results. The findings in this study cannot be comprehensive to non-Hawalas population since it covers only Hawalas and people involves Hawalas Business. The quantitative approach used could be powerless to reveal detailed information on the numerous factors.

Besides that, the findings of this research are based on quantitative analysis by using SPSS Software. The model of this research indicated that there was a slim degree of goodness of fit of the regression model. ANOVA and Coefficient analysis depicted lack of statistically significance (Sig). This means that the probability of these results occurring by chance was greater than 0.001 and 0.05 respectively. However, the beta for each one of the variables is greater than zero, which means all the independent variables have an impact on the dependent variable.

Recommendation

Future studies on this topic should focus on hawaladers whose age are between 26 and 36 year because this study only investigate social workers and organized community members whose age are younger than 36 years. Age factor may influence the services provided as well as roles of economic involvement that impact the economic growth of Somalia. It would also be interesting to conduct an extensive in-depth research using a qualitative approach to establish the effect of electronic Money transfer Policy on economic growth in Somalia on the differences between various elements towards the hawalas.

Future researchers should also examine the importance of economic literacy among Hawalas and to determine the effect of Money transfer Agents on economic growth in Somalia and investigate the link between economic literacy and hawalas. Furthermore, in order to understand better the effect of hawalas on Economic it must be understand the atmosphere surrounding the hawalas that effected the economic growth of Somalia.

And the other hands remittance emphasis the examine the effect of electronic Money transfer security on economic growth in Somalia It is very pivotal factor that hawaladers understand economic and social status to meet their objectives.

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