

# 2023 Update to Leaders on Progress Towards the G20 Remittance Target

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## Context

In 2014, the Group of Twenty (G20) announced its G20 Plan to Facilitate Remittance Flows.<sup>1</sup> This plan included an outline for country-led actions to support reducing the cost of sending remittances. In 2015, G20 members announced their National Remittances Plans, and agreed for the GPI to review progresses annually and to update the plans every two years. The 2015 G20 National Remittances Plans, the successive annual reviews and the 2017, 2019 and 2021 updates are on the website of the GPI. The Update to the Leaders report monitors annual progresses.<sup>2</sup>

The analysis in this report is based on data on remittance flows and costs excerpted from the *Migration and Development Briefs* and *Remittance Prices Worldwide (RPW) Quarterly Reports* by the World Bank.<sup>3</sup> The Annex to this report encloses *in verbatim* the annual updates provided by each jurisdiction to the GPI.

## Background

The G20 recognizes that cross border remittance flows are a major source of income for millions of migrant families and an important driver for economic growth and prosperity in developing countries. When confined to regulated and monitored channels, in both sending and receiving countries, remittance flows can better help to lift people out of poverty, improve economic infrastructure, and encourage more engagement in the regulated financial sector. Among other positive spill-over effects, remittances can be an accelerator for financial inclusion and digital economy.

The G20 supports factors that contribute to reducing transaction costs for remittance services as a vital and necessary condition to achieve the goals of the 2030 Agenda for Sustainable Development. In 2011, the G20 Leaders adopted the 5x5 objective, with which they committed to reducing the global average cost of sending remittances by 5 percentage points (starting from 9.30 percent observed in mid-2011). In 2016, the G20 aligned this objective with the UN's 2030 Agenda, by including the target of remittances' cost reduction to less than 3 percent (set under Sustainable Development Goal, SDG, 10.c.) and the pledge to eliminate remittance corridors with costs higher than 5 percent by 2030. In 2021, as part of the G20 Roadmap for Enhancing Cross-Border Payments, the G20 re-iterated the commitment to SDG 10.c on reducing the average cost of remittances to less than 3.

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<sup>1</sup> <https://www.gpi.org/publications/g20-plan-facilitate-remittance-flows>

<sup>2</sup> In 2021, a new template for providing country updates was introduced, which was used for the first time for the *2022 Update to the Leaders*.

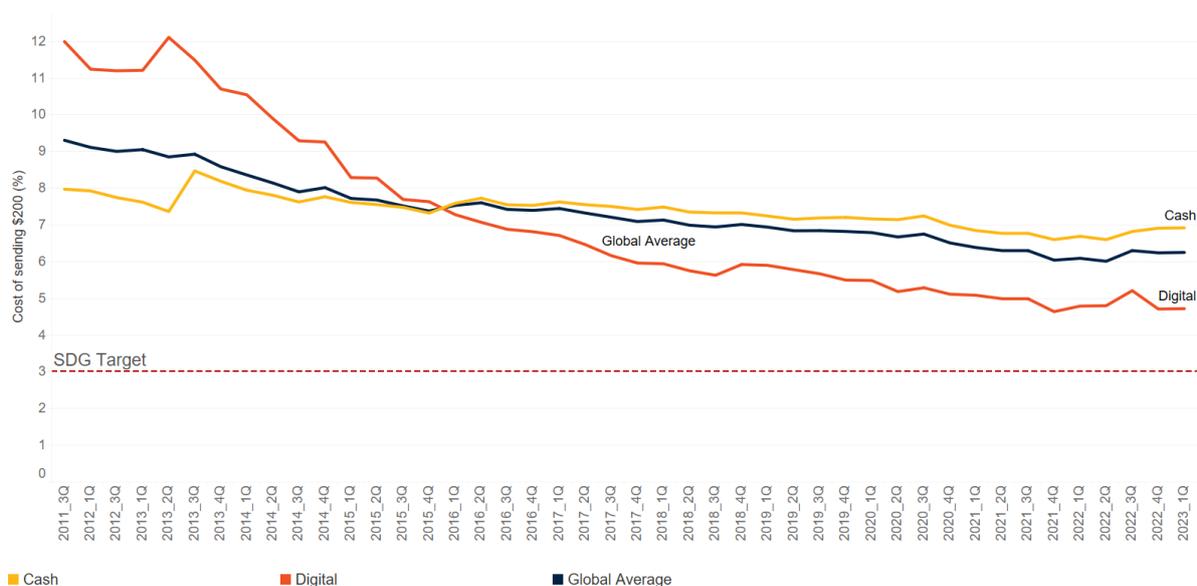
<sup>3</sup> Please see <https://www.knomad.org/publications> for the *Migration and Development Briefs* and <https://remittanceprices.worldbank.org/resources> for the *Remittance Prices Worldwide Quarterly Reports*.

In 2022, remittance flows to low- and middle-income countries (LMICs) increased by 8 percent, to reach \$647 billion, exceeding expectations. However, in 2023, a modest increase of 1.4 percent is expected due to slower economic growth in sending countries. At the same time, migration flows are at low levels due to restrictions in the US and Europe since the start of COVID-19.<sup>4</sup>

### Global Trends in Remittance Costs<sup>5</sup>

The key indicators monitored by the World Bank’s RPW database demonstrate that the cost of remittance services on average increased in 2022. In Q1 2023, the *Global Average Cost* for sending remittances was 6.25 percent, compared to 6.09 in Q1 2022 (see Figure 1 below). This increase from Q1 2022 to Q1 2023 seems to arise from the increase in foreign exchange margins on average across all regions as opposed to transfer fees. Overall, there has been a decline of 3.42 percentage points in the global average cost of sending \$200 since Q1 2009, when the figure was recorded at 9.67 percent.

**Figure 1: Trends in the global cost of sending \$200 in remittances**



Source: Remittance Prices Worldwide, Q1 2023, World Bank

Digital remittance services remained cheaper last year. In Q1 2023, the global average for *digital* remittances stood at 4.72 percent, with the global average for *non-digital* remittances at 6.92 percent.

<sup>4</sup> [https://knomad.org/sites/default/files/publication-doc/migration\\_and\\_development\\_brief\\_38\\_june\\_2023\\_0.pdf](https://knomad.org/sites/default/files/publication-doc/migration_and_development_brief_38_june_2023_0.pdf)

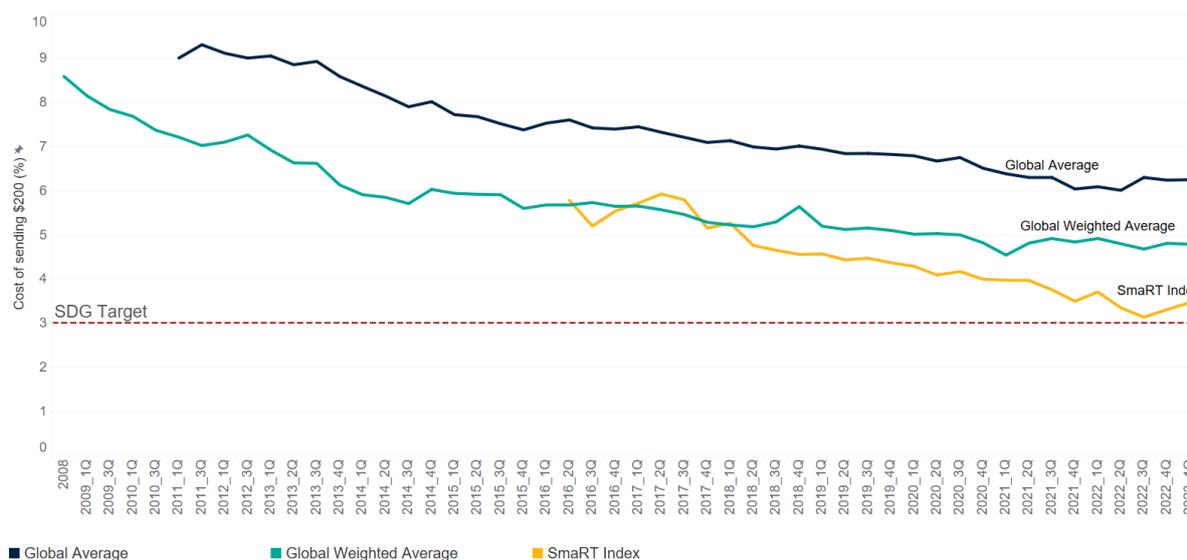
<sup>5</sup> Please note that the narrative in this report focuses on the cost of sending \$200 as this is the benchmark amount chosen for the G20 Remittances Target and also for SDG 10.c.1 on remittance costs. World Bank’s Remittance Prices Worldwide database collects and analyses the trends for the cost of sending \$500 as well. Please refer to the data and the quarterly reports on <https://remittanceprices.worldbank.org>

However, digital services still constitute a lower share of remittances globally and are represented as 30 percent of services monitored by RPW.<sup>6</sup>

The *Weighted Average Total Cost*, which accounts for the relative size of flows in each remittance corridor, was recorded at 4.79 percent in Q1 2023, a decrease from 4.92 percent in Q1 2022. This is the tenth consecutive quarter in which this figure has been recorded below 5.00 percent.

The *SmaRT indicator* was introduced in 2016 and is used to reflect the cost that a savvy consumer with access to sufficiently complete information would pay to send remittances in each corridor.<sup>7</sup> It is also used to measure the corridor level targets in the SDG 10.c.1, i.e., that by 2030, no remittance corridor has an average cost above 5 percent. In Q1 2023, the Global SmaRT Average was recorded at 3.47 percent, while 20 percent of the tracked corridors still have a SmaRT average above 5 percent.

**Figure 2: Trends in Global weighted average & SmaRT average**



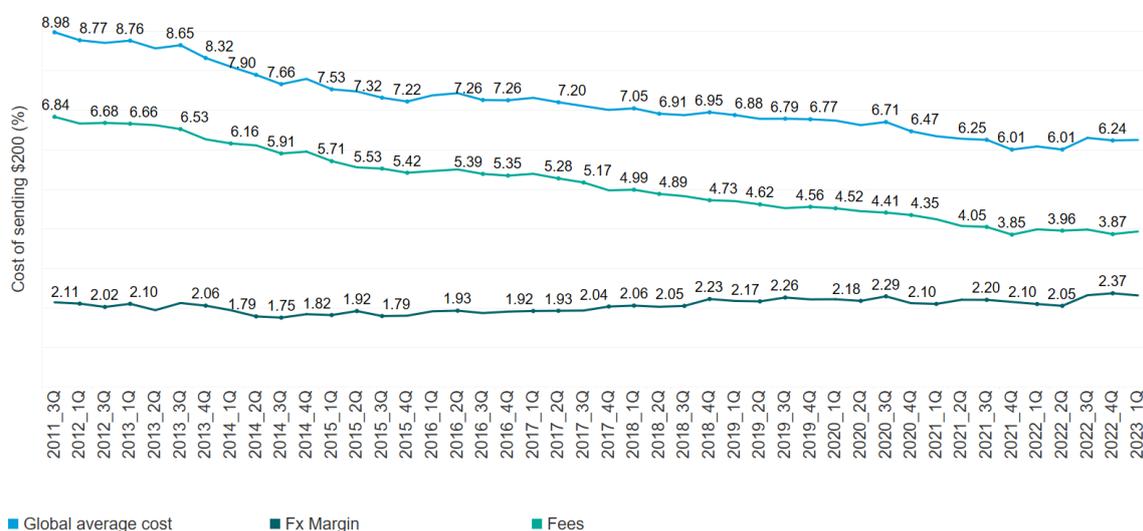
Source: Remittance Prices Worldwide, Q1 2023, World Bank

### Box 1 – Foreign Exchange (FX) Margins vs. Fees

The RPW database collects the cost of a remittance transaction on the sending side. The cost information collected consists of the transfer fee and the foreign exchange margin. Since the start of remittance cost monitoring via RPW, remittance service providers have reduced fees significantly on average, from 6.84 percent in Q3 2011 to 3.87 percent in Q1 2023, while the FX margin has remained stable over time, around 2 percent on average (Figure B1). More recently in 2022, FX margin, on average, increased by 0.26 percentage points.

<sup>6</sup> A digital remittance must be sent via a payment instrument online or in a self-assisted manner and received into a transaction account maintained at a non-bank deposit taking institution (say a post office), or into a mobile money or e-money account.

<sup>7</sup> [https://remittanceprices.worldbank.org/sites/default/files/smart\\_methodology.pdf](https://remittanceprices.worldbank.org/sites/default/files/smart_methodology.pdf)

**Figure B1: Trends in the remittance cost components**


Source: Remittance Prices Worldwide, Q1 2023, World Bank

While on average FX margin accounts for approximately 40 percent of the cost, for several corridors monitored by RPW, FX margin can account for over 80 percent of the cost.

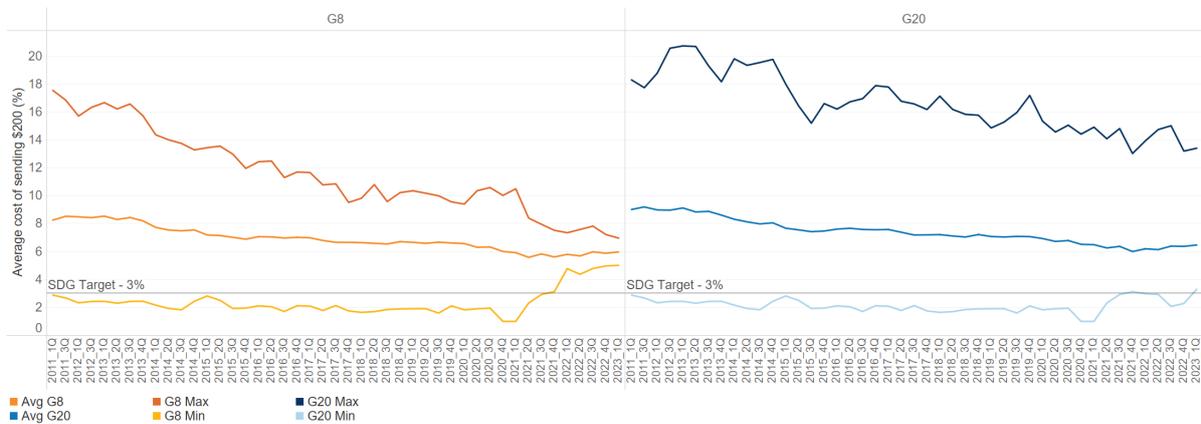
This cost structure between fees and FX margins are similar across the regions, with Sub-Saharan Africa and Middle East and North Africa regions having consistently higher FX margins on average.

In Q1 2023, FX margin on average is 0.67 percentage points lower for digital remittance services in comparison with that for cash-based services monitored by the RPW database.

### Trends in Remittance Costs for G20 Members

The cost of remitting from G20 members experienced an increase to 6.47 percent in Q1 2023, from 6.20 percent in Q1 2022. The average cost of sending money to the G20 countries that are included as receiving markets in the RPW database was recorded at 5.48 percent in Q1 2023. As shown in Figure 3, although there has been a declining trend in the average cost, the cost of sending varies greatly across countries. Figure 3 includes the maximum and minimum cost observed in each quarter. In addition, apart from a few quarters, the average cost of sending money to G20 members has followed the pattern of the Global Average. For the 24<sup>th</sup> consecutive quarter since Q2 2017, the cost of remitting to G20 members has been recorded below the Global Average.

**Figure 3: Trends in the average cost of remitting from G8 and G20 members<sup>8</sup>**



Source: *Remittance Prices Worldwide, Q1 2023, World Bank*

**Box 2 - Remittance costs in Small States**

Small States<sup>9</sup> include those economies with a population of less than 1.5 million, and most small states have even smaller populations, with many having less than 200,000 people. These small states are diverse in physical size, geographic location, and geography, including islands, landlocked areas, and areas with remoteness and isolation. They also face shared challenges related to the size of their economies, remoteness and isolation, labor market and capacity constraints, limited human capital, constrained progress toward SDGs, vulnerability to natural disasters and climate change, and debt burden.

In many Small States, remittance inflows constitute a significant portion of the GDP. RPW captures quarterly data on remittance costs for corridors terminating in 16 small states. Figure B2 plots the time trend in the average cost of remitting \$200 to Small States in comparison to the global average cost and the average cost of sending \$200 from G20 countries. In Q1 2023, the average cost of remitting \$200 to Small States was reported to be 9.68 percent, which is more than three times higher than the SDG target of 3 percent. Only 58 percent of the Small States corridors have an average cost lower than 10 percent in Q1 2023, compared to 84 percent in other corridors. Out of the 25 corridors captured in RPW, only 5 have a lower or equal cost to the global average.

Digital channels are cheaper in sending to Small States than non-digital ones, but the difference is not as significant as that in other corridors: on average, sending \$200 to Small States via digital channels was only 16 percent cheaper in Q1 2023, compared to 32 percent in other corridors.

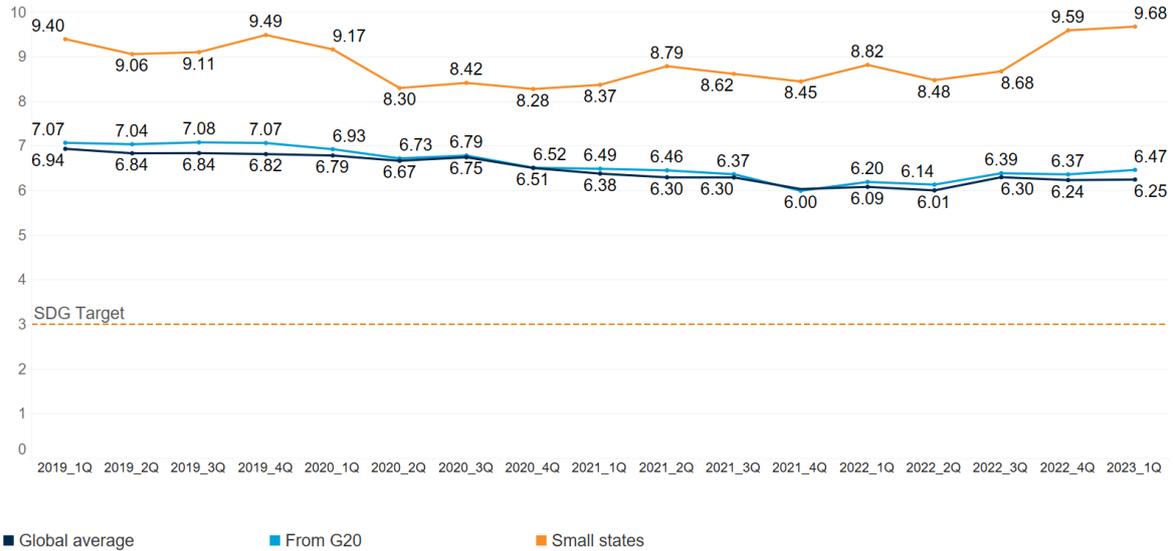
<sup>8</sup> Please note that RPW did not include data on corridors originating in Russia during Q1 and Q2 2022. In Q32022 – Q1 2023, data on these corridors were collected remotely, using publicly available information. As this differs from RPW data collection methodology, the indicators and analysis for these periods do not include data on the 13 corridors originating in Russia.

<sup>9</sup> <https://www.worldbank.org/en/country/smallstates>



Foreign exchange margins account for over fifty percent of the costs for several of the Small States monitored by the RPW.

**Figure B2: Trend in the average cost of remitting to Small States**



Source: Remittance Prices Worldwide, Q1 2023, World Bank

The G20 continues to work with standard setting bodies (SSBs) such as the Bank of International Settlement’s Committee for Payments and Market Infrastructure (CPMI), the Financial Stability Board (FSB) and the Financial Action Task Force (FATF) to monitor recommendations on remittances services providers’ access to banking services, address the decline of respondents’ banking relationships, consider factors affecting de-risking and establish a supportive policy and regulatory environment for competitive remittance markets. Additionally, the G20 has initiated the work on the Roadmap for Cross-Border Payments, which covers remittances alongside retail and wholesale cross-border payments.<sup>10</sup> It identifies the challenges to safe and efficient cross-border payments, while it develops the building blocks to overcome said challenges and constructs an actionable implementation plan. The action plan consists of five focus areas: (A) Committing to a joint public and private sector vision to enhance cross-border payments; (B) Coordinating on regulatory, supervisory and oversight frameworks; (C) Improving existing payment infrastructures and arrangements to support the requirements of the cross-border payments’ market; (D) Increasing data quality and straight-through processing by enhancing data and market practices; and (E) Exploring the potential role of new payment infrastructures and arrangements. SSBs and International Financial Institutions (IFIs) have been collaborating on the implementation of the G20 Roadmap for Cross-Border Payments since it

<sup>10</sup> For the G20 Roadmap on Enhancing Cross-Border Payments, please see FSB (2020) *Enhancing Cross Border Payments: Stage 1 Report*; CPMI (2020) *Enhancing Cross-Border Payments: Building Blocks of a Global Roadmap – Stage 2 Report*; and FSB (2020) *Enhancing Cross-Border Payments: Stage 3 Roadmap*.

was announced in October 2020. As part of the Roadmap, the G20 reaffirmed SDG 10.c for remittance costs. World Bank's *Remittance Prices Worldwide* database will be used to monitor several targets on remittances in the Roadmap, including those on cost, speed and transparency.<sup>11</sup>

During the Saudi Arabia Presidency of the G20 in 2020, remittances were also recognized as a key action area integral to promoting digital financial inclusion; this led to the adoption of the 2020 G20 Financial Inclusion Action Plan (FIAP). In its action areas identified for the period 2021-23, the G20 2020 FIAP calls for the development of responsible and innovative payment systems to support progress on reducing the cost of remittances. More specifically, the action plan for Digital Financial Inclusion supports the reduction of both access and usage barriers for the underserved and vulnerable groups by promoting the development of responsible innovative payment systems that provide affordable, secure, interoperable, transparent, and inclusive payment solutions across borders and within G20 and non G20 countries to support progress in reducing the cost of remittances, while maintaining consumer protection and disclosure requirements.

### **Reforms for Improving the Enabling Environment for Remittance Services**

Major remittances' sending countries, including G20 members, are implementing a wide range of reforms and policy measures, appropriate to each members' national circumstances and the different remittance corridors. These include price-comparison websites, consultative forums and events, improvements to financial infrastructure, initiatives to address structural issues in receiving countries, the promotion of access to technologically enabled remittance services and other digital financial services, digital and financial literacy campaigns, studies targeted on specific corridors and new legal frameworks and regulatory reforms.

The Annex summarizes each jurisdiction's progresses and achievements in the implementation of their respective National Remittances Plan during the course of the last 12 months. The World Bank provided all remittances data, unless otherwise specified.

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<sup>11</sup> See FSB (2021), *Targets for addressing the four challenges of cross-border payments* (<https://www.fsb.org/wp-content/uploads/P131021-2.pdf>) and FSB (2022), *Developing the Implementation Approach for the Cross-Border Payments Targets* (<https://www.fsb.org/wp-content/uploads/P171122.pdf>).

## ANNEX: National Remittances Plans Implementation Update<sup>12</sup>

### Argentina

#### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021	846 millions	414 millions
2022	1,188 millions	420 millions

Source: INDEC (National Institute of Statistics and Censuses)

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?

The remittance sector continues to register a low volume in the Argentine economy as it was reported in the previous NRP monitoring exercises. Remittances received represented 0.2% of the Argentine GDP in 2022. In any case, Argentina received more remittances than it sent in the last three years. (Source: INDEC).

#### If 2a or 2c:

3. Please provide the migrant stock as a share of total population:

Year	Migrants	Migrants/Population
2020	2,281,728	5%
2021	n.a.	n.a.

Source: [UN DESA \(2020\)](#)

4. Please list main corridors for international remittances sent.

Main corridors for international remittances sent: Bolivia, Spain, Italy, Paraguay and Perú (Data WB: <https://www.knomad.org/data/remittances>)

<sup>12</sup> This year's progress report submissions are based on the new data collection template circulated in 2021. While some countries have responded to the questionnaire provided in the template, others have covered relevant sections as a narrative. All submissions are included verbatim with some minor copyediting. In instances where countries responded to the questionnaire, only the relevant questions and the corresponding responses are included (and not the whole questionnaire).



- 5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

Remittance companies: 5% + taxes

**If 2b or 2c:**

- 6. Please list main corridors for international remittances received.

Main corridors for international remittances received: Spain and USA (Data WB: <https://www.knomad.org/data/remittances>).

- 7. What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.

Remittance companies: No remuneration for receiving remittances from abroad since it is received in the country of origin.

**Competition in the market**

- 8. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

No changes.

	Allowed to provide remittance services (1)	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks					
MTOs					
Postal network					
Mobile money operators					
Fintech platforms					
Remittance hubs					
Others (please specify)					



9. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

No.

10. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

No.

### Regulatory environment

11. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

No changes.

12. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

No changes.

### Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

13. Do non-bank RSPs have access to the national payment infrastructures?

No changes.

14. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

No changes.

15. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

There have been changes in the regulation to improve the functioning of the local fast payments system, but no changes regarding remittances.

16. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

There have been no changes regarding cross-border payments and digitization of payment infrastructures.

## Governance and Risk Management

17. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

- **Regulation on information security risks to strengthen cyber resilience of financial institutions** | In March 2023, the BCRA updated the minimum requirements for the management and control of information security risks seeking to improve strategic planning on cybersecurity, fraud prevention, and cyber resilience. This is vital for rendering valuable financial services to users.

- **Management of technology and information security risks associated with digital financial services** | In June 2023, the BCRA approved the minimum requirements for the management and control of technology and information security risks associated with digital financial services that apply to banks and payment service providers (PSP) and, among others, define the concept of digital financial service.

18. Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

No changes.

## Access to financial services

### If 2a or 2c:

19. Have there been any changes in migrants' access to services provided by regulated RSPs? If you monitor migrant workers' level of financial inclusion in your country, including transaction account ownership, to send remittances in cash and digitally via regulated channels, please provide the latest figures.

Although the available information does not allow identifying the level of financial inclusion of migrant workers, the account ownership of the total adult population (99.3% at the end of 2022 – see Financial Inclusion Report, second semester of 2022) allows to estimate that most or all of them have at least one account in a bank and/or in a payment service provider (PSP).

20. Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

The requirements for migrants to open a transaction account are the same as for any other citizen. The simplified bank account, relaunched in February 2020, is a universal free account which doesn't have any opening or maintenance fees. This account may be opened only with the national identity document (DNI) or the identification documentation applicable to migrants and refugees and used with a limited balance and transactions (due to simplified due diligence procedures for its opening). Financial entities had to ensure its remote opening to all unbanked individuals. There were no changes in the documentation requirements for migrants since the latest NRP draft/update. Regarding account ownership levels, see answer 19.

21. Have you observed any differences in channels used by undocumented migrants use?

No data available.

22. Have there been any changes in the coverage of RSPs where migrants live?

At the end of 2022, 92.5% of the adult population lived in localities with at least one access point to financial infrastructure (branches, ATMs, bank agents, etc.). Regarding digital infrastructure, 93.5% of the adult population lived in locations with connectivity (August 22) <sup>13</sup>. On the other hand, 89.3% of the population (4 years old and over) use a cell phone while 84.3% use the Internet.

23. Do you have information on the financial inclusion rate of remittance sending migrants?

See answer 19.

24. Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?

No data available.

25. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.

The Central Bank of Argentina is entitled by law to regulate the foreign exchange market, including international remittances. These operations could be made by financial entities and exchange houses with their customers (both individuals and firms). In the case of remittances outflows, residents do not require prior approval from the BCRA to access the foreign exchange market up to an amount of USD 200 per month as long as the transaction is carried out with a debit to the client's account at local financial entities. The use of local currency cash is allowed for up to USD 100 per month.

**If 2b or 2c:**

26. Have there been any changes in the coverage of RSPs in rural areas?

No data available. The estimated rural population is around 6% of the total population.

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<sup>13</sup> Connectivity data includes fixed and mobile connection (at least one fixed or mobile connection to the Internet, although this does not imply that all people in those locations had access to a connection). Furthermore, it is estimated that the download speed (mbps) of the connection may differ substantially between locations.

27. What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)? (For 2021)

2021: 95,2%

2022: 99,3%

28. Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available. (For 2021)

Usage of online channels<sup>14</sup> (source: BCRA survey – December 2021).

- Mobile banking: 31,4%
- Internet banking: 15,2%

Usage rate of card/mobile payments: (source BCRA)

- Card payments (annual): 86 transactions per adult in 2021 and 97 transactions per adult in 2022.
- Mobile payments<sup>15</sup> (annual): 17 transactions per adult in 2021.

29. Please list any changes in, new additions to the solutions that help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP).

**Interoperable QR.** In May 2023, the Central bank established new measures to boost the use of interoperable QR codes. Stores displaying a QR code to collect their credit card sales will accept payments with any interoperable e-wallet, regardless of the QR code brand. Thus, the payment experience will be more user-friendly since, until now, the interoperability of QR codes was limited to payments by transfer. As of the implementation of the new measure, the user will be able to choose whether to pay using a payment by transfer or credit card after reading a QR code, without the need to change e-wallets to make the payment.

**Regulation on information security risks to strengthen cyber resilience of financial institutions.** In March 2023, the BCRA approved the minimum requirements for the management and control of information security risks seeking to improve strategic planning on cybersecurity, fraud prevention, and cyber resilience. This is vital for rendering valuable financial services to users.

**Management of technology and information security risks associated with digital financial services.** In June 2023, the BCRA approved the minimum requirements for the management and control of technology and information security risks associated with digital financial services that apply to banks and payment service providers (PSP) and, among others, define the concept of digital financial service.

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<sup>14</sup> "Usage" means the percentage of account holders with at least one transaction in the quarter. In the same period, the number of times a person is counted is determined by the number of the 10 financial entities in the sample where they have an account registered. This applies both for the number of account holders and for those who register a transactional operation.

<sup>15</sup> Mobile banking transfers, transfers initiated in a payment account, payments by transfer -QR and token-, payment by transfer intra PSP -QR- and payments with cards initiated in QR codes.

**Peer-to-peer credit service providers through digital platforms.** Those providers that connect lenders and borrowers must register with the “Registry of Peer-to-Peer credit service providers through Digital Platforms”. Such registration does not allow these providers to carry out financial intermediation or to take funds from natural or legal persons.

30. Are you able to measure the switch from remittances received over-the-counter to transaction account remittances?

No data available.

31. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products that were in effect in the past 12 months?

Regulations mentioned in answer 29 are not directly associated with remittances, but they may have a positive influence into the remittances flows and the financial inclusion of immigrants and refugees.

## Australia

N/A

## Brazil

According to BCB data, the amount of remittances sent abroad from Brazil, in 2022, was US\$2,078 million, 30% higher than the value in 2021 (US\$1,599 million). The United States and Portugal were the largest recipients of these remittances - approximately 21% and 18% of the total volume, respectively. Regarding the inflow of resources in Brazil, the volume was US\$4,707 million, 22% higher than in 2020 (US\$3,845 million). United States and United Kingdom represented more than 68% of the total resources sent to the country in 2021.

When analyzed the fourth quarter of 2022, there was a 13% increase in flows to Brazil compared to the same period in 2021. Besides that, in the same period, there was a 23% increase in flows sent from Brazil, mostly to the United States and to Portugal, which together accounted for 22% and 17% of the total, respectively.

It is important to mention that, in 2021, the inflow of remittances received and sent represented, respectively, 0.3% and 0.14% of GDP, according to latest World Bank data presented.<sup>16</sup> The institution also stated in the Remittance Prices Worldwide, Issue 44 - December 2022, that the average cost of remitting USD200 from Brazil in the fourth quarter of 2022 was 8.08%, lower than the cost for the

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<sup>16</sup> <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=BR>

third quarter of 2022 (9.01%). On the other hand, in the same period, the average cost of remitting USD200 to Brazil was 5.87%, slightly below that observed in the third quarter of 2022 (6.17%).

The Brazilian foreign exchange legislation (Law No. 14,286, of December 29, 2021; Resolution CMN No. 5.042, of November 25, 2022; and Resolution No. 277, of December 31, 2022) requires all foreign exchange transactions, including remittances, to be carried out through institutions authorized to operate in the foreign exchange market by Banco Central do Brasil (BCB). Currently, there are 183 institutions authorized to conduct foreign exchange transactions, organized as banks, exchange brokers, brokerage firms and securities dealers. These institutions can contract foreign exchange correspondents to conduct, under their supervision, operations with customers who need to send remittances up to US\$ 3,000. In this scenario, there are about 5,225 foreign exchange correspondents.

Law No. 14.286 entered into force on December 29, 2022, inaugurating a new legal framework for the Brazilian foreign exchange market that will allow the adoption of requirements proportional to the values and risks of the operations in the foreign exchange market. This Law is in line with the best international practices and allow the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances.

### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c) - (US\$ mi)	Outflow (if 1a or 1c) - (US\$ mi)
2022	4,707	2,078

Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais>

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?

Both sending and receiving are significant.

#### If 2a or 2c:

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2022	Not available

4. Please list main corridors for international remittances sent.

United States and Portugal (2022).

Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais>

5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

2021_3Q	2021_4Q	2022_1Q	2022_2Q	2022_3Q	2022_4Q
4.81	4.19	5.93	7.71	9.01	8.08

Source:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q422\\_financial.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q422_financial.pdf)

**If 2b or 2c:**

6. Please list main corridors for international remittances received.

United States and United Kingdom (2022).

Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais>

7. What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.

2021_3Q	2021_4Q	2022_1Q	2022_2Q	2022_3Q	2022_4Q
6.43	6.35	6.56	6.27	6.17	5.87

Source:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q422\\_financial.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q422_financial.pdf)

### Competition in the market

8. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1) <sup>1</sup>	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	102	N/A	N/A	N/A
MTOs	Yes	80	N/A	N/A	N/A
Postal network	Yes	1	N/A	N/A	N/A



Mobile money operators	No				
Fintech platforms	No				
Remittance hubs	No				
Others (please specify): Agents	Yes	5,225	N/A	N/A	N/A

<sup>1</sup> The Brazilian foreign exchange legislation (Law No. 14,286, of December 29, 2021; Resolution CMN No. 5,042, of November 25, 2022; and Resolution BCB No. 277, of December 31, 2022) requires all foreign exchange transactions, including remittances, to be carried out through institutions authorized to operate in the foreign exchange market by Banco Central do Brasil (BCB). In this sense, BCB may grant authorizations to perform operations in the foreign exchange market to multiple banks, commercial banks, saving banks, investment banks, development banks, foreign exchange banks, development agencies, credit, financing and investment societies, securities and stocks brokerage societies, securities and stocks dealers societies and foreign exchange brokerage societies. Effective January 1st, 2023, payment institutions will also be eligible to operate in the foreign exchange market.

The institutions referred above may contract, in the ways foreseen in article 9 of Resolution CMN No. 4,935, of July 29, 2021, agents to conduct, under their supervision, operations with customers who need to send remittances up to US\$ 3,000.

9. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

Since 2013, the BCB publishes a ranking about remittances on its website (<http://www.bcb.gov.br/?ENGVET>), by institution, which facilitates comparisons and analysis of the costs of these operations. This tool allows for the monitoring of the institutions' performance and costs in previous months.

10. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

On December 29, 2022, entered in force Law No. 14,286, which inaugurated a new legal framework for the Brazilian foreign exchange market, allowing the adoption of requirements proportional to the values and the risks of the operations in the foreign exchange market. This Law is in line with the best international practices and allows the adoption of new business models that are increasing market efficiency, competition, and financial inclusion, thus facilitating remittances. On November 25 and on December 31, 2022, were enacted by-laws, namely Resolution CMN No. 5,042 and Resolution BCB No. 277, which simplified the Brazilian foreign exchange market.

## Regulatory environment

11. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

**If 2a or 2c:**

- Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.
  - Requirement for RSPs to provide information on whether there are additional fees for receivers
  - Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.
  - Requirement for RSPs to provide all the necessary information prior to transaction initiation
  - Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

Seeking to disclose the total amount of a purchase or sale of foreign currency and to provide a better way to compare, Total Effective Value (VET) concept was designed. It is an obligation to all institutions to provide their customers, including setting forth the exchange contract or receipt. The VET is the total amount of reais paid or received per unit of foreign currency on an exchange transaction (e.g. BRL 5.00 per USD). The VET considers exchange rate, taxes (Tax on Credit, Exchange Transactions, Insurance and Securities - IOF) and fees that may be charged, allowing customers to compare the prices available in the market for buying and selling foreign currencies.

Besides that, in foreign exchange operations with customers that do not have formalization of the foreign exchange contract, it is mandatory to deliver or to make available to the customer, immediately and at no cost, the voucher of each foreign exchange operation, which must contain at least the parties' identification, the foreign currency, the nature code of the transaction, the foreign exchange rate, the amounts in foreign and domestic currency as well as the VET.

**If 2b or 2c:**

- Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

The Resolution BCB No. 277, of December 31, 2022, simplified the Brazilian foreign exchange market, thus fostering competition, with possible remittances cost reduction. This Resolution allows institutions authorized to operate in the foreign exchange market to receive remittances payment orders in foreign currency from abroad, undertake the conversion to BRL and deliver the resources in

BRL to the beneficiaries without the time and cost involved in traditional foreign exchange transactions.

The payment order conditions shall be negotiated abroad, including previous agreement about the value in BRL that must be integrally received by the natural person in Brazil (i.e. there is no any additional fees or taxes). The pre-established value abroad may be credited in a deposit or prepaid account or delivered in cash. Thus, in this new systematic, the beneficiary does not need to negotiate foreign currency in Brazil and, therefore, it will not incur any other expenses or fees.

12. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

- Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?

Regarding this aspect, Circular BCB No. 3,978, of 2020, (Article 10) introduces a greater efficiency and effectiveness to the procedures applied in anti-money laundering and counter terrorist financing (AML/CFT), by increasing the adoption of a risk-based approach—allowing the application of reinforced controls for situations of greater risk and streamlined controls in lower risk situations.

Moreover, according to Resolution BCB No. 277, of December 31, 2022, remittances up to USD10,000.00 (ten thousand US dollars) may be done through eFX (international transfer or payment services) providers. In this case, the institution authorized to operate in the Brazilian foreign exchange market that operates with the eFX provider must certify that it adopts appropriate customer due diligence policies.

- Are there any government-issued e-ID facilities, and are they used for financial services?

Yes. On February 23, 2022, came into force Decree No. 10,977, establishing procedures in the preparation of the new Brazilian identity card, which will also be issued in digital format.

- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

Yes, the Banco Central do Brasil has implemented its Regulatory Sandbox (BCB Sandbox), which is an environment where the BCB licenses, for a certain period, entities to test an innovative project, while they observe a specific set of regulatory provisions that supports the controlled and delimited execution of their activities.

The BCB Sandbox was implemented through cycles and we are currently ending the first cycle's licensing phase. The licensed entities will begin to test their projects by the end of 2021 or the beginning of 2022.

Further information is available at: <https://www.bcb.gov.br/en/financialstability/regulatorysandbox>.

- AML/CFT regulations for account opening and ongoing customer due diligence.

The procedures for building the overall customer's profile were enhanced by Circular BCB No. 3,978, of 2020, (Articles 13 to 20). The customer's identification, qualification and classification procedures must be performed through the collection, verification and validation of information—in line with the client's risk profile, the nature of the business relationship, the supervised entities' AML/CTF policy, and the supervised entities' internal risk assessment. Notably, these procedures must be permanently reassessed according to the evolution of the business relationship and the client's risk profile. Furthermore, Resolution CMN No. 4,753, of 2019, (Article 2) also reinforces that AML/CFT regulation must be considered for deposit accounts opening. Finally, Resolution BCB No. 96, of 2021, (Article 4) reinforces the risk-based approach considering payment accounts.

- Use of agents by RSPs and agent exclusivity

Resolution No. 4,935, of 2021, provides for the hiring of agents in the country, aiming at the provision of services of service activities to clients and users of financial institutions and other institutions authorized to operate by the Banco Central do Brasil. This rule provides that the execution of remittances of up to the equivalent of US\$3,000.00 among the services that can be performed through agents.

- Competition policy

The Agenda BC# (<https://www.bcb.gov.br/en/about/bcbhashtag>) presents the Banco Central do Brasil work agenda focused on tackling structural issues of the National Financial System (SFN) through fostering technological innovation and establishes as a dimension, among others, “Competitiveness”, aiming to promote adequate pricing by favoring competitive access to markets.

- Consumer protection

Resolutions CMN No. 4,949 and BCB No. 155, of 2021, provide principles and procedures to be adopted in the relationship with customers and users of products and services by financial institutions, payment institutions and other institutions authorized to operate by the Banco Central do Brasil.

The customer relationship policy should guide the conduct of the institutions' activities in accordance with the principles of ethics, responsibility, transparency, and diligence, providing for the convergence of interests and the consolidation of an institutional image of credibility, security, and competence.

- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.

Resolution BCB No. 277, of December 31, 2022, allowed that remittances up to USD10,000.00 (ten thousand US dollars) may be done through eFX (international transfer or payment services) providers.

- Regulatory compliance of products and services offered by fintechs.

Resolutions CMN No. 4,595, of 2017, and BCB No. 65, of 2021, provide the compliance policy of financial institutions, payment institutions and other institutions authorized to operate by the Banco Central do Brasil.

The institutions must implement and maintain a compliance policy compatible with the institution's nature, size, complexity, structure, risk profile and business model, to ensure the effective management of its compliance risk.

**If 2b or 2c:**

- Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances

Demand deposit and e-money accounts can be opened in a remote way, according to Resolution CMN 4.753, of 2019, (Article 3) and Resolution BCB 96, of 2021, (Article 5), respectively, and they can receive remittances.

In addition, purchases and sales of foreign currency above R\$10,000.00 (ten thousand BRL), the receipt or delivery of its equivalent in BRL must be performed through credit or debit to the customer's deposit or payment account maintained at financial institutions and other institutions authorized to operate by the BCB or payment institutions that are part of the Brazilian Payment System (SPB) exclusively by virtue of their adhesion to Pix (instant payment scheme).

When it does not exceed R\$10,000.00 (ten thousand BRL), the receipt or delivery of the equivalent amount in BRL may be made through any payment instrument utilized on financial markets, including cash, noting that the use of postpaid payment account is limited to foreign currency sales transactions.

- Can basic payment accounts be provided by non-bank RSPs in the form of e-money?

Yes. According to Resolution BCB 96, of 2021, (Articles 1 and 2), the payment accounts can be provided by payment institutions in the form of e-money.

### Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

13. Do non-bank RSPs have access to the national payment infrastructures?

Yes.

14. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

Card switches for Visa, Master, Elo/Discover and Amex and Swift.

Besides that, there is a Local Payment System (SML) that interconnects the Brazilian payment system to the Argentine, Paraguayan and Uruguayan local system through a messaging system developed by the respective Central Banks.

15. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

Resolution BCB No. 1, of 2020: institutes the Pix payment arrangement and approves its regulation;

Resolution BCB No. 150, of 2021: consolidates rules on payment arrangements, approves the regulation that governs the provision of payment services within the scope of payment arrangements that are part of the Brazilian Payment System (SPB), establishes the criteria according to which the payment arrangements will not integrate the SPB and make other arrangements.

Resolution BCB No. 246, of 2022: establishes maximum limits for the interchange fee and prohibits the establishment of different maximum terms for making funds available to the receiving end user in domestic debit and prepaid card schemes.

16. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

Yes. Credit transfers and payments made with Pix (the instant payment scheme launched by the BCB in 2020) are mandated to be free of charge for natural persons in most transactions in a way to promote digitization of payments. The inclusion of the non-banks on the one hand, stimulates competition thus affecting the capillarity and reach of financial services. On the other hand, the low cost for settlement in the Instant Payment System – SPI - (0,01 BRL for 10 transactions) also acts as an inductor of digitization through a reduction of the overall cost of transaction.

### Governance and Risk Management

17. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

Resolution 4,557, of 2017, provides for the implementation of a structure for risk management and a structure for capital management and is applicable to financial institutions and other institutions licensed by the Banco Central do Brasil (BCB), including the ones which act as remittance service providers (RSPs).

The regulation improved and unified, in a same resolution, requirements formerly addressed by specific resolutions for the management of capital and the management of operational risk – including legal risk –, credit risk, liquidity risk and market risk. Standards established by the Basel Committee on Banking Supervision in the document Core Principles for Effective Banking Supervision, published in 2012, are the foundation of the resolution.

According to Resolution 4,557, institutions are required to evaluate the relevant risks arising from their business model and strategic goals, and to define and document, in the Risk Appetite Statement (RAS), appetite levels for each type of risk identified. Once the board's decisions are articulated in the RAS, the structure for continuous risk management must be consistent with the risk levels set out in this document as well as integrated across risks, including the management of adverse effects arising from interactions between them.

This resolution also requires the implementation of a stress test programme, with a clear definition of the roles played by senior management and the board in establishing guidelines. Based on a set of prescribed methodologies, the programme must allow for the use of the stress test results in strategic decisions. It also introduced improvements in the corporate governance of risk management and capital management. The requirements are based on the recent recommendations on the subject, which faced a significant development over the last years in terms of definitions and practices, since shortcomings in corporate governance were considered one of the catalyzers of the financial crisis started in 2007.

The specific requirements for the management of each risk and the detailed governance provisions are available in the English version of Resolution 4,557 at BCB's website.

[https://www.bcb.gov.br/content/financialstability/Brazilian\\_Prudential\\_Financial\\_Regulation\\_Docs/ResolutionCMN4557.pdf](https://www.bcb.gov.br/content/financialstability/Brazilian_Prudential_Financial_Regulation_Docs/ResolutionCMN4557.pdf)

18. Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

Circular BCB 3,978, of 2020, adopts a risk-based approach—allowing the application of reinforced controls for situations of greater risk and streamlined controls in lower risk situations. Each entity is responsible for preparing its own internal risk assessment. The same regulations are applied to banks and non-banks RSPs.

### Access to financial services

#### If 2a or 2c:

19. Have there been any changes in migrants' access to services provided by regulated RSPs?

No. Since the last updated, there has been no change concerning migrants' access to services provided by regulated RSPs. Nonetheless, it is important to mention that all documented migrants can access services provided by regulated RSPs.

If you monitor migrant workers' level of financial inclusion in your country, including transaction account ownership, to send remittances in cash and digitally via regulated channels, please provide the latest figures.

BCB does not monitor migrant workers' level of financial inclusion.

20. Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

The requirements for migrants to open a transaction account are the same as for any other citizen, including name and an identification number, according to Circular BCB 3978, of 2020, (Article 16). The customer due diligence must be employed in any case. These accounts are managed by the supervised entities (banks or non-banks) and they define the cost of the account.

The norms state that: (i) any identification documents recognized by Brazilian law are eligible documents for account opening; and (ii) it is up to the banks to define the list of documents necessary to open their clients' accounts, since they are required to adopt procedures and control mechanisms necessary to identify and qualify the account holder, including foreign, and their representatives.

Thus, there is no legal or regulatory impediment to banks to identify migrants, refugees or asylum seekers for account opening purposes, based on the following documents:

- a) National Migration Registration Card (CRNM, in Portuguese);
- b) Provisional Document of National Migratory Registration (DPRNM, in Portuguese);
- c) Refugee Claim Protocol.

The migrant, refugee or asylum seeker can also open a payment account, including via mobile phone, at a bank or at a payment institution (IP, in Portuguese). These accounts have simpler opening rules when the maximum deposited amount limit is BRL 5,000.

Source:

[https://www.bcb.gov.br/content/cidadaniafinanceira/documentos\\_cidadania/Cartilha\\_Migrantes\\_R efugiados/cartilha%20BC%20-%20Ing%3%AAs\\_vers%C3%A3o%204.0\\_final.pdf](https://www.bcb.gov.br/content/cidadaniafinanceira/documentos_cidadania/Cartilha_Migrantes_R efugiados/cartilha%20BC%20-%20Ing%3%AAs_vers%C3%A3o%204.0_final.pdf)

21. Have you observed any differences in channels used by undocumented migrants use?

No. BCB does not monitor channels used by undocumented migrants. Nonetheless, the requirements for migrants to open a transaction account are the same as for any other citizen, including name, address and an identification number, according to Circular BCB 3978, of 2020, (Article 16). The customer due diligence must be employed in any case. These accounts are managed by the supervised entities (banks or non-banks) and they define the cost of the account.

Consequently, financial institutions must identify their clients prior to entering into business relations. Therefore, undocumented migrants' transactions are presumably continue to be carried out through informal channels.

22. Have there been any changes in the coverage of RSPs where migrants live?

BCB does not monitor migrant workers' level of financial inclusion. However, all 5,570 Brazilian municipalities have at least one physical bank channel (as bank branch, bank branch-like or agents).

23. Do you have information on the financial inclusion rate of remittance sending migrants?

BCB does not monitor migrants' level of financial inclusion, including rate of remittances.

24. Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?

Information not available.

25. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.

Law No. 14.286 entered into force on December 29, 2022, inaugurating a new legal framework for the Brazilian foreign exchange market that will allow the adoption of requirements proportional to the values and risks of the operations in the foreign exchange market. This Law is in line with the best international practices and allow the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances. Furthermore, Resolution BCB No. 277, of December 31, 2022, allowed that remittances up to USD10,000.00 (ten thousand US dollars) may be done through eFX (international transfer or payment services) providers.

**If 2b or 2c:**

26. Have there been any changes in the coverage of RSPs in rural areas?

BCB does not monitor migrant workers' level of financial inclusion level. However, all 5,570 Brazilian municipalities have at least one physical bank channel (as bank branch, bank branch-like or agents).

27. What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)? (For 2021)

Currently, 98.7% of the adult population (from approx. 170 million adults) have at least one bank relationship, and having an account is the most important relationship.

28. Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available. (For 2022)

Figures for 2022	Volume (million)	%	Value(R\$ billion)	%
Mobile banking (1)	45.568	44%	52.765	86%
Internet banking (2)	10.850	10%	2.381	4%
Payment cards (3)	39.084	38%	3.244	5%
Others (4)	8.617	8%	3.318	5%
<b>Total:</b>	<b>104.119</b>		<b>61.708</b>	

(1), (2) - credit transfer, payments and others

(3) - debit, credit and pre-paid cards

(4) - credit transfer, cheque, payments and others

For more details, please, see: <https://www.bcb.gov.br/estatisticas/spbadendos>

29. Please list any changes in, new additions to the solutions that help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP).

On September 26, 2019, was issued Resolution CMN No. 4,753, modernizing and simplifying the process of opening, maintaining, and closing deposit accounts. In line with the evolution of the forms of identification and qualification of customers, financial institutions must define the information and documents necessary for opening an account. The procedures defined by the financial institutions must observe the legislation and regulations in force and AML/CFT mechanisms. Finally, the use of electronic means for opening and closing deposit accounts is allowed.

30. Are you able to measure the switch from remittances received over-the-counter to transaction account remittances?

Information not available.

31. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products that were in effect in the past 12 months?

Law No. 14.286 entered into force on December 29, 2022, inaugurating a new legal framework for the Brazilian foreign exchange market that will allow the adoption of requirements proportional to the values and risks of the operations in the foreign exchange market. This Law is in line with the best international practices and allow the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances.

## Canada

For the last 12 months, Canada has continued to advance initiatives related to its broader Payments Modernization program, which aims to improve the security, efficiency, and utility of the Canadian payments system. Going forward, it is expected that these initiatives will drive improvements for both domestic payments and remittances.

In June 2021, Canada enacted the *Retail Payment Activities Act* regime to expand the financial sector regulatory perimeter to nonbank payment service providers. In February 2023, draft regulations for the RPAA regime were released for public comment, representing a major milestone for the Payments Modernization program. Under the RPAA regime, payment service providers will be required to register with the Bank of Canada for supervision and to meet funds safeguarding and operational risk management requirements. Once operational, the new regime will support responsible competition and innovation in the broader payments ecosystem.

According to the latest data from World Bank's *Remittance Prices Worldwide* dataset, the average cost of sending remittances from Canada continues to decline, from an average cost of 6.69% for a \$200 transfer in Q4 2021 to 6.29% in Q4 2022. Encouragingly, market research suggests that a number of providers in Canada are offering remittance services at prices well below the average reported by the World Bank. For example, as of June 2023, a \$200 remittance sent from Canada to the Philippines across fintech operators Wise, Remitly, and XE would have an average effective rate of approximately 1.65%.

### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021		USD 7.2 billion

Source: Global Knowledge Partnership on Migration and Development "Migration and Development Brief 37" from the World Bank ([Migration and Development Brief 37 | KNOMAD](#)).

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?

Canada is mainly a remittance-sending country.

#### If 2a or 2c:

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	8,049,323/36,991,981 (21.7%)

Source: Migrant stock estimate: [Migration | KNOMAD](#); Population: [Census of Population \(statcan.gc.ca\)](#)

The Global Knowledge Partnership on Migration and Development (KNOMAD) estimates Canada's migrant stock in 2021 to be 8 million (21.7% of the population), with India, China, and the Philippines being the top places of birth for migrants to Canada.

Note: The most recently published Canadian census (conducted in 2021, published in 2022) indicates that Canada's foreign-born population was over 8.3 million people, representing 23% of the Canadian population.

4. Please list main corridors for international remittances sent.

According to the most recent data available (from 2017), the top corridors for international remittances sent from Canada were the Philippines, India, the United States, China, and Pakistan.

Source: [Study on International Money Transfers from Canada \(statcan.gc.ca\)](#)

5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

Table 1: Mean cost to send \$200 from Canada to select countries (as a percentage of the transaction):

	2021 1Q	2021 2Q	2021 3Q	2021 4Q	2022 1Q	2022 2Q	2022 3Q	2022 4Q
China	6.46	6.77	6.97	7.31	6.8	6.54	6.33	5.71
India	5.01	4.97	5.24	5.38	5.27	4.91	4.68	4.54
Pakistan	4.55	4.39	4.79	5.03	4.87	4.8	5.25	4.76
The Philippines	4.69	4.91	4.76	4.59	4.54	4.55	4.67	4.44
Canada Total	6.13	6.47	6.6	6.69	6.66	6.5	6.6	6.29

Source: [World Bank Remittance Prices Worldwide \(worldbank.org\)](#)

Note: Average costs are calculated based on the simple average across all providers for a given corridor and are not necessarily representative of the typical costs customers pay when sending payments abroad (e.g., certain providers with high fees may drive up the average while the majority of customers end up using a lower-cost provider). Market research suggests that remittance costs in Canada may be lower in practice than those listed in the World Bank's dataset. For example, as of June 2023, a \$200 remittance sent from Canada to the Philippines through fintech operator Wise would have an effective rate of approximately 1.5%.

"Canada Total" in the above table is for transactions originating from Canada to all 15 corridors available in the World Bank's dataset.

**If 2b or 2c:**

6. Please list main corridors for international remittances received.
7. What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.

**Competition in the market**

8. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	10+	N/A	9.54%	
MTOs	Yes	10+	N/A	6.05%	
Postal network	Yes	1	N/A		
Mobile money operators	N/A				
Fintech platforms	Yes	10+	N/A	5.42%	
Remittance hubs	N/A				
Others (please specify)					

Source for average cost: [World Bank Remittance Prices Worldwide \(worldbank.org\)](https://www.worldbank.org)

Note: Following the methodology of the World Bank, "Fintech platforms" refers to money transfer operators (MTO) that send remittances predominantly through digital channels (World Bank refers to these firms as digital-only MTOs – examples include Wise, Remitly, and WorldRemit). For the calculation of average cost in the table above, MTO includes those in the World Bank dataset that are not identified as "digital-only MTOs", including Western Union and MoneyGram. In practice, however, there is considerable overlap between "MTOs" and "fintech platforms" in the Canadian marketplace.

Average costs are calculated based on the simple average across all providers for a given corridor and are not necessarily representative of the typical costs customers pay when sending payments abroad (e.g., certain providers with high fees may drive up the average while the majority of customers end up using a lower-cost provider). Market research suggests that remittance costs in Canada may be



even lower in practice than those listed in the World Bank’s dataset. For example, as of June 2023, a \$200 remittance sent from Canada to the Philippines through fintech operator Wise would have an effective rate of approximately 1.5%.

- 9. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

No.

- 10. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

No.

**Regulatory environment**

- 11. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

**If 2a or 2c:**

- o Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.

None.

- o Requirement for RSPs to provide information on whether there are additional fees for receivers

Although federally regulated financial institutions are required to disclose all fees related to the domestic/originating end of a transaction, including for sending money abroad, this does not include charges in the country where the money is received.

- o Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.

None.

- o Requirement for RSPs to provide all the necessary information prior to transaction initiation

None.

- o Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

None.

12. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

None.

### Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

13. Do non-bank RSPs have access to the national payment infrastructures?

Non-bank RSPs do not have direct access to Canada's national payment infrastructure, which is operated by Payments Canada. Expanding access to the national payment infrastructure to other regulated participants, including non-bank RSPs once they are regulated under the *Retail Payments Activities Act* (RPAA), is a key part of Canada's Payments Modernization program.

14. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

Interac Corp. has collaborated with NYCE Payments Network to allow Canadian debit transactions at participating U.S. retailers that accept NYCE. NYCE is an interbank network that connects ATMs of various institutions in the United States and Canada.

15. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

In June 2021, Canada enacted the *Retail Payment Activities Act* to expand the financial sector regulatory perimeter to non-bank payment service providers. Under the new regime, payment service providers, including remittance service providers, will be supervised by the Bank of Canada and be required to register and meet fund safeguarding and operational risk management requirements. Draft regulations for the regime were released for public comment in February 2023.

16. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

Canada continues to advance initiatives related to its Payments Modernization, which is designed to improve the security, efficiency, and utility of the Canadian payments system. Expanding access to the national payment infrastructure to other regulated participants, including non-bank RSPs once they are regulated under the *Retail Payments Activities Act* (RPAA), is a key part of Canada's Payments Modernization program. Payments Canada is also developing a new national payment system called the Real-Time Rail (RTR), which will enable the near instantaneous exchange, clearing and settlement of data-rich payments. Once launched, the RTR may help to expedite the domestic leg of certain cross-border payments, including remittances. With an ability to handle data-rich payment messages, the RTR will serve as a platform for innovation in Canadian payments and promote digitization and the use of electronic transfers.

## Governance and Risk Management

17. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

The *Retail Payment Activities Act* (RPAA), enacted in June 2021, expands the financial sector regulatory perimeter by scoping in payment service providers (PSP), which includes many remittance providers, to promote the safety and integrity of the financial system while ensuring responsible innovation for Canadians. Under the new regime, PSPs will be supervised by the Bank of Canada and be required to register and meet fund safeguarding and operational risk requirements. Draft regulations for the regime were released for public comment in February 2023.

18. Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

None.

## Access to financial services

### If 2a or 2c:

19. Have there been any changes in migrants' access to services provided by regulated RSPs? If you monitor migrant workers' level of financial inclusion in your country, including transaction account ownership, to send remittances in cash and digitally via regulated channels, please provide the latest figures.

We understand that migrant workers are successful in getting access to bank and credit union accounts (other RSPs are unregulated). However, there is no data on financial inclusion of migrant workers. Certain banks have accounts available with advantageous features for cross-border payments (e.g., Scotiabank offers the 'StartRight' account, which features \$0 fee international transfers). EQ Bank has recently partnered with Wise to provide low-cost remittance services to their account holders.

20. Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

Canada has not seen any recent changes in the requirements for migrants to open a transaction account; they are the same as for other citizens. Banks are required by law to offer low-cost accounts, and some institutions offer no-cost accounts with no minimum account balance requirement. Although data on a migrant account ownership levels is not available, we understand that migrants are successful in securing access to bank and credit union accounts.

21. Have you observed any differences in channels used by undocumented migrants use?

Data is unavailable.

22. Have there been any changes in the coverage of RSPs where migrants live?

Data is unavailable.

23. Do you have information on the financial inclusion rate of remittance sending migrants?

Data is unavailable.

24. Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?

Although data isn't available to measure the switch from cash to electronic payments for remittances, electronic payments have continued to grow and cash payments have continued to decline. Data from 2021 is available in Figure 1 below.

Figure 1. Canada – All payment methods – Annual totals (Canadian Payment Methods and Trends Report 2022 (payments.ca))

Payment method	Total volume 2016		Total volume 2021		Change from 2016 %
	In millions	% of total volume	In millions	% of total volume	
Cheque	799	4%	404	2%	-49%
Debit card	5,436	27%	5,964	30%	10%
ABM	563	3%	391	2%	-31%
Prepaid card	253	1%	294	1%	16%
EFT	2,631	13%	3,081	16%	17%
Credit card	4,954	24%	6,572	33%	33%
Online transfer	177	1%	1,007	5%	469%
Cash	5,369	27%	2,038	10%	-62%
<b>Total</b>	<b>20,181</b>	<b>100%</b>	<b>19,750</b>	<b>100%</b>	<b>-2%</b>

Payment method	Total value 2016		Total value 2021		Change from 2016 %
	\$ millions	% of total value	\$ millions	% of total value	
Cheque	3,991,849	44%	3,281,753	30%	-18%
Debit card	225,661	3%	272,819	3%	21%
ABM	71,424	1%	55,152	1%	-23%
Prepaid card	14,895	0.2%	17,633	0.2%	18%
EFT	4,167,111	45%	6,225,588	57%	49%
Credit card	472,954	5%	591,301	5%	25%
Online transfer	68,755	1%	324,790	3%	372%
Cash	104,395	1%	58,415	1%	-44%
<b>Total</b>	<b>9,117,045</b>	<b>100%</b>	<b>10,827,451</b>	<b>100%</b>	<b>19%</b>

25. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.

While there has not been any policies introduced to incentivize the digitalization of remittances, competition and innovation is driving down the cost of remittances and new fintechs RSPs are playing an increasing role in the Canadian market.

## China

The WBG Remittance Prices Database collects the data about sending remittance to China through some main corridors, including those from Australia, Canada, France, Germany, Italy, Japan, New Zealand, Singapore, United Kingdom, United States and other jurisdictions to China. The data shows that, in 2022 Q4, the average cost of sending remittance of USD 200 to China is 6.12%, documenting a reduction of 0.23 percentage point from 6.35% in 2021 Q4, despite the impact of the COVID-19 pandemic. The data from 2022 Q1 to 2022 Q3 are 6.52%, 6.28%, 6.37%.

Thousands of banks and several MTOs provide remittance service in China, making the market quite competitive. As of the end of 2022, there were more than 220,000 physical bank branches in China, covering about 98% towns in rural areas. Consumers can send or receive remittance from their accounts or using cash through bank service. All the bank account and cash services are usually free for consumers in China. There are no tax or fee that the remittance receivers must pay, so the cost for sending remittance to China mainly depends on banks or MTOs in sending countries where consumers are charged.

China focuses on enhancing the convenience and lowering the cost of remittances through digital channels and market competition. According to the Global Findex Database 2021, in China, 86% adults use digital payment. China has established a comprehensive payment infrastructure that provides 7-day-24-hour inter-bank remittance settlement. Non-bank payment service providers also have access to the national payment infrastructures. The interoperability among banks and MTOs has also been achieved through the cooperation among banks and MTOs. Fintech players also join the market by cooperating with banks or MTOs. China has established a tiered account system for banks, in which Type 2 and Type 3 bank accounts can be opened in a remote way and receive remittances. In addition, payment accounts provided by non-bank payment service providers can be opened through online channel.

To enhance remittance environment, China strengthens the regulation on financial consumer protection in remittance service and highlights the importance of financial and digital literacy and awareness. Some initiatives have been launched regularly to help consumers to use remittance service smartly, especially through digital solutions. There are also some regulatory tools similar with regulatory sandboxes that facilitate emergence of new business models.

## European Union

N/A

## France

### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021	EUR 222 million	EUR 12 719 million
2022	EUR 231 million	EUR 12 996 million

Source: National Balance of payments statistics (Banque de France)

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?

France is a major remittance-sending country. The resident workers' remittances to other countries accounted to EUR 12,996 billion in 2022 (EUR 12,719 billion in 2021), whereas EUR 0,231 billion were sent from non-resident workers to France the same year (EUR 0,222 billion in 2021).

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	10,3%
2022	N/A

Source : [Population immigrée et étrangère en France | Insee](#)

4. Please list main corridors for international remittances sent.

Country	2021 (EUR million)	2022 (EUR million)
Morocco	2 703,5	2 730,6
Algeria	1 571,0	1 586,7
AÇORES ET MADÈRE	1 237,7	1 250,1
Tunisia	969,0	978,7
Spain	665,0	671,7
Senegal	436,2	472,4



China	453,0	457,5
Serbia	344,0	386,9
Viet Nam	350,0	353,5
Madagascar	281,5	284,3

Source: National Balance of payments statistics (Banque de France)

5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

Q4 2022	5,75%
Q3 2022	6,09%
Q2 2022	6,41%
Q1 2022	6,69%
Q4 2021	6,41%
Q3 2021	6,21%

Source: Remittance Prices Worldwide, World Bank

Furthermore, France has been among the G7 countries with the most important decrease in total average cost to send remittances (from 6,09% to 5,75%), after Germany (from 7,02% to 5,98%) and Japan (from 7,82% to 7,22%).

6. Please list main corridors for international remittances received.

Country	2021 (EUR million)	2022 (EUR million)
Côte d'Ivoire	27,9	29,0
Congo	23,4	24,3
Gabon	20,7	21,6
Cameroun	15,8	16,4
Italy	11,1	11,5
United States of America	9,7	10,0
Spain	8,9	9,3
Senegal	8,2	8,5
United Kingdom	8,2	8,5
Germany	6,9	7,2

Source: National Balance of payments statistics (Banque de France)

## Competition in the market

7. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if <b>2a</b> or <b>2c</b>	Average cost of receiving \$200 if <b>2b</b> or <b>2c</b>
Commercial banks	Yes				
MTOs	Yes				
Postal network	Yes				
Mobile money operators	Yes				
Fintech platforms	Yes				
Remittance hubs	N/A				
Others (please specify)	N/A				

## Regulatory environment

8. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

No change in 2022.

9. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

- Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit? Are there any government-issued e-ID facilities, and are they used for financial services?

In France, according to Article L. 312-1 of the French Monetary and Financial Code (FMFC), any consumer residing in France or in the UE has the right to open a payment account with basic features (being specified by decree in Articles D. 312-5 et seq. of the FMC). In case of refusal by credit institution, consumers may request the Banque de France to designate a credit institution to open a basic bank account free of charge.



According to Article L. 312-1-3 of the FMFC, credit institutions are also required to propose a specific offer, including basic services (listed in Article R. 312-4-3 of the FMFC), to financially fragile clients at a maximum cost of 3€ per month. Banking charges applicable to this specific offer cannot exceed €4 per transaction and €20 per month. Financial fragility is mainly assessed against (i) the existence of repeated irregularities and payment incidents during three consecutive months and (ii) the amount of resources credited to the account. Are also considered as financially fragile (i) the consumers registered at the payment incident register held by the French Central Bank during three consecutive months and (ii) the consumers admissible to over indebtedness procedures.

Opening in a remote way is not governed by legal provisions

- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

No regulatory sandbox is currently operated in France. However, both the financial market authority (AMF) and the Banking and Insurance sector authority (ACPR) implemented a Fintech Hub, with the aim of providing applicants with insights on the regulatory framework and legal advices.

- AML/CFT regulations for account opening and ongoing customer due diligence.
- Use of agents by RSPs and agent exclusivity
- Competition policy
- Consumer protection:
  - No changes
- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.
- Regulatory compliance of products and services offered by fintechs.

### Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

10. Do non-bank RSPs have access to the national payment infrastructures?

No but regulation could evolve shortly to enable non-bank PSP to access payment infrastructures

11. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

Yes, there are pan-European interfaces (TIPS, the Eurosystem's Instant Payment Settlement system ; RT1, a pan-European ACH), as well as bilateral/multilateral links under development such as the one between TIPS and Sweden.

12. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?



In 2015, the European Union passed the second directive on payment services, which gave a legal framework to open banking. On June 28<sup>th</sup>, the European Commission released a new proposal for a payment services regulation (equivalent of a third directive), which would bring several precisions on open banking and would guarantee the access of non-banks to payment infrastructures. Another proposal of the Commission, released the same day, aims to set a framework for open finance: allowing customers to use third party providers to access their financial data. Both proposals should be adopted by the European legislator by the end of 2024. Not specifically on Fintech, the European Union issued a regulation on markets in crypto-assets (MiCAR).

13. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

The ECB has developed a European Retail Payment strategy, which included cross-border payment as one of the dimensions. In France, the National Payments Committee issued a payments strategy in 2019 for the period 2019-2024. The main goal of the payment strategy is to promote the digitization of payments. See here for more information: [190227 - en national cashless payments strategy 2019-2024.pdf \(banque-france.fr\)](#).

## Access to financial services

### If 2a or 2c:

14. Have there been any changes in migrants' access to services provided by regulated RSPs? If you monitor migrant workers' level of financial inclusion in your country, including transaction account ownership, to send remittances in cash and digitally via regulated channels, please provide the latest figures.

No. Financial inclusion is promoted through a variety of regulations and incentives, including protections for vulnerable populations ([see report](#)), provided they comply with regulatory requirements (KYC, AMF/FT regulations...). There is no specific Financial Inclusion policy towards migrants but specific information and advice may target refugees in case of crisis ([see link available in FR/EN/ Ukrainian](#)).

15. Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

No changes in 2022.

16. Please list any changes in, new additions to the solutions that help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP).

eID is a powerful tool to promote access to financial services but most of the countries from which migrants are coming do not operate eID schemes. On the other hand, the development of remote identification services – including online verification of identity documents – opens new possibilities. In France, such services have to be certified by The National Cybersecurity Agency of France (ANSSI) and the certification process covers the verification of foreign identity documents. The scope of documents covered by the verification tools can vary from one applicant to the other but so far, the majority of certified providers cover a wide range of identity documents (around 400 for the “best in class”). These solutions, when used by traditional financial institution, make access to financial services easier.

On a different note, we also observe that fintech companies targeting specifically the migrant population are emerging, working in collaboration with NGOs (see [Welcome Place](#) for example)

## Germany

The focus of Germany’s measures remains on consumer protection, linking remittances to financial inclusion, creating enabling regulatory frameworks, supporting entrepreneurship in countries of origin, addressing gender-related aspects, and generating research and data on diaspora and remittances dynamics.

With outflows of 25.6bn USD in 2022 (0.6% of GDP)<sup>17</sup> as indicated by data from the World Bank<sup>18</sup>, Germany is the fourth largest sending country worldwide. Also, per World Bank data, remittances flows into Germany amounted to around at 19.3bn USD in 2022<sup>19</sup>, a slight decrease compared to 20.8bn USD in 2021. In Germany, information on remittances continues to be compiled according to BPM 6 guidelines. Remittance corridors are not broken down according to this framework. Therefore, information on this topic is not available. According to information of RSPs, approx. 20 % of remittances are paid through online channels and 80 % are paid in cash.

According to World Bank data, the average cost to send USD 200 from Germany experienced a decrease from 6.22% in Q4/2021 to 5.98% in Q4/2022, after a previous peak of 7.02% in Q3/2022. This exceeds the global average (6.24%), as well as the G8 average (5.88%) and SDG 10.c (below 3%) (all data: Q4 2022, The World Bank, Remittance Prices Worldwide)<sup>20</sup>. As per World Bank data, the available quarterly costs (from the previous year 2022) in percent of USD 200 remitted are as follows: **2022\_Q1: 6.1; 2022\_Q2: 5.83; 2022\_Q3: 7.02%; 2022\_Q4: 5.98%.**

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17 World Bank, KNOMAD, June 2023, Outward Remittances : <https://www.knomad.org/data/remittances>

18 The data here taken from World Bank Sources. BMZ thus cannot guarantee correctness of the estimates and calculations.

19 World Bank, KNOMAD, June 2023, Inward Remittance Flows: <https://www.knomad.org/data/remittances>

20 World Bank, December 2022, Remittance Prices Worldwide:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q422\\_final.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q422_final.pdf)

**Payments infrastructure:** Non-bank RPS have access to the national payment infrastructures. However, according to the EU Settlement Finality Directive (SFD) non-bank PSPs have to rely on indirect access to national payment infrastructures. Therefore, both Bundesbank's RPS as well as EBA Clearings STEP2 only allow banks to participate directly in their infrastructures. Non-banks have to work based on indirect participation models.

To strengthen and advance the payment infrastructure, there are ongoing efforts to extend the SFD with regard to payment institutions. The European co-legislators are currently considering a targeted amendment to the SFD to allow for payment institutions to participate in settlement systems within the scope of the instant payments regulation and the upcoming revision of PSD 2. Furthermore, the German Act Implementing the Amending Directive on the Fourth EU Anti-Money Laundering Directive (Federal Law Gazette I of 19 December 2019, p.2602) has introduced crypto custody business into the German Banking Act (Kreditwesengesetz – KWG) as a new financial service. Also, the eWPG (Federal Law Gazette I, Nr. 29 of 09 June 2021 p.1423) has introduced the provision of a crypto securities register services into the German Banking Act (Kreditwesengesetz – KWG) as a new financial service. Moreover, the European Legislator plans to pass a regulation on markets in crypto assets (“MiCA”), which introduces crypto assets as instruments and shall regulate services in relation to crypto assets as well as the issuance of e-money token (EMT) and asset-referenced token (ART). Crypto Assets as defined by MiCA, especially EMT, can be used as means of payment, including remittances. The legislative proposal is not passed yet.

Interfaces between payment systems in Germany and payments systems in other countries exist - with EU-ACHs outside the Eurosystem (for example the link between Bundesbank's RPS and Borica Bankservice in Bulgaria). However, they do not play a major role for remittances inside the EU.

**Migrant Stock and Access to Finance<sup>21</sup>:** The migrant stock 2022 as a share of total population is as follows: (Number of Migrants here equals the number of persons with an own migration experience living in Germany): **year 2022:** approx. 15,286,000 / 83,103,000.

## Update on Country Plan for Reducing Remittance Transfer Costs

### Improve the Enabling Policy and Regulatory Environment for International Remittances

Germany will co-fund the 2023 *Global Forum on Remittances, Investment and Development*, which will take place in June as an important platform to build and strengthen partnerships for innovative solutions on cheaper, faster, and safer transfer of remittances with all relevant stakeholders.

Germany continues to increase investments and to strengthen the capacity in the private sector, specifically small businesses in Africa. In this context, the online platform [www.widu.africa](http://www.widu.africa) continues to enhance the impact of remittances from the African diaspora in Europe to support investment opportunities, create jobs and build bankable businesses in 6 African countries (Cameroon, Ghana, Kenya, Tunisia, Togo and Ethiopia). Demand is very high, more than 3900 entrepreneurs have been supported with grants and coaching since the end of 2019 (ca. 44% women), creating, and sustaining about 7.100 jobs (53% for women) and mobilizing 6.0 Mio EUR in private investments.

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21 Federal Statistical Office, Destatis, Microcensus 2022 (first results): [statistischer-bericht-einwanderungsgeschichte-erst-5122126227005.xlsx](https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/05/22_5122126227005.xlsx) (live.com)

To improve the policy and regulatory environment it is key to better align financial integrity and financial inclusion objectives. With the establishment of the multi-stakeholder “Coordination Group on Inclusive Financial Integrity” (CG IFI) in 2020, Germany continuously supports deepening the understanding of current challenges and solutions in this area, as well as strengthens coordination and cooperation of individual initiatives and organizations. The CG IFI is implemented by the GIZ Global Programme on Combating Illicit Financial Flows and funded by BMZ and the Norwegian Ministry of Foreign Affairs.

### Improve Financial System Infrastructures, Support Innovation and Harness Emerging Technologies

Germany and Jordan continue to partner in the implementation of the project on “Improving Access to Remittances and other Financial Services through Digital Solutions” to improve access of refugees and Jordanian households to remittances and other financial services through digital solutions. The project has been implementing since 2015 but will come to an end in October 2023. Two digital remittance services, one for inbound remittances corridor relevant for Syrian refugees and one outbound remittances corridor to Bangladesh have been piloted with supported of the intervention. Now, several payment service providers offer digital remittances using mobile money. In all cases, through the digitalisation of the service, the costs and transfer time for remitting money are lowered significantly. Currently, the project focuses on the active usage of the existing services by refugees and women as well as the optimization of the regulatory framework to further improve the provided services to remit money.

Germany supported a virtual RemTech Pilot Accelerator<sup>22</sup> for international remittances start-ups offering innovative technology-based solutions to facilitate better, faster, and cheaper remittances in the partner countries of the *Programme Migration & Diaspora* (PMD). Twelve start-up teams received a week of acceleration and coaching followed by a pitch day with potential investors. In addition, ‘Make Remittances Work for You’, an E-Learning course available via the *atingi* platform<sup>23</sup>, was launched for Ghana, Kosovo, and Jordan with information on how to leverage the power of remittances for long-term development.

### Improve Transparency, Consumer Protection, Digital and Financial Literacy for Remittance Users

Germany continues to support the Global Knowledge Partnership on Migration and Development (KNOMAD) with its ‘Remittances and Diaspora Resources’ working group generating recommendations for policy through research, data collection, evaluation of policies and knowledge exchange.

The German Ministry of Finance has launched a joint initiative together with the Ministry of Education to promote Financial Literacy in Germany. In this regard Germany will work on a national financial literacy strategy together with the OECD. Besides that, a central platform for financial

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<sup>22</sup> <https://techquartier.com/remtech-accelerator/>

<sup>23</sup> [atingi.org](https://atingi.org)



literacy will be launched and the support for research projects on financial literacy will be increased

## India

### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021	US \$ 86334 Million	US \$ 7346 Million
2022	US\$ 107541 Million	US\$ 9495 Million

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?<sup>24</sup>  
India is mainly a remittance-receiving country.

#### If 2a or 2c:

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	NA

4. Please list main corridors for international remittances sent.<sup>25</sup>  
Not available.
5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.  
Not available.

#### If 2b or 2c:

6. Please list main corridors for international remittances received.<sup>26</sup>

<sup>24</sup> Classification of a country as a sending or a receiving country or both is left to the countries themselves. However, please note that, in general, high-income countries are considered sending countries to low- and middle-income countries. There are exceptions. Some middle-income countries have large migrant populations originating from low-income countries and can be classified as both sending and receiving countries.

<sup>25</sup> Main corridors for a sending country include those that are the largest receivers from that country in terms of volume.

<sup>26</sup> Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.



As observed in the RBI Remittances Survey, 2020-21, the main corridors of India’s inward remittances are the United States, the United Arab Emirates, the United Kingdom, Singapore, Saudi Arabia, Kuwait, Oman, Qatar, Hong Kong SAR of China, and Australia.

- 7. What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.  
Not available.

**Competition in the market**

- 8. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If “yes”			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks					
MTOs		9	99,21,710		1.7- 2.0 % ^
Postal network					
Mobile money operators					
Fintech platforms					
Remittance hubs					
Others (please specify)					

^ Note: Depending on the mode of transfer, upper band for cash and lower band for direct bank transfer.

^Source: RBI Remittances Survey, 2020-21.

- 9. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]



10. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

### Regulatory environment

11. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

**If 2a or 2c:**

- Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.
  - Requirement for RSPs to provide information on whether there are additional fees for receivers
  - Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.
  - Requirement for RSPs to provide all the necessary information prior to transaction initiation
  - Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

**If 2b or 2c:**

- Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

12. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

- Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?
- Are there any government-issued e-ID facilities, and are they used for financial services?
- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

It may be noted that under Second Cohort of the RBI Regulatory Sandbox (RS) with theme of 'Cross Border Payments' various products were tested including products based on Blockchain-based Cross border payment system, innovative use of UPI in forex transactions,



digitisation of the cross border remittance process including KYC/AML verification, use of Aadhaar number as virtual account for inward remittances and cross border payment platform to facilitate the purchase of assets listed on foreign exchanges. On the evaluation of the test results, four products were found acceptable within the boundary conditions defined during testing under RS. The entities have been advised to approach the relevant regulatory department for regulatory clearance before deployment of the product in market.

- AML/CFT regulations for account opening and ongoing customer due diligence.
- Use of agents by RSPs and agent exclusivity
- Competition policy
- Consumer protection

The Reserve Bank of India on December 03, 2014 released a Charter of Customer Rights (CoCR), which enshrines broad, overarching principles for protection of bank customers and enunciates the ‘five’ basic rights of bank customers. These are: (i) Right to Fair Treatment; (ii) Right to Transparency; Fair and Honest Dealing; (iii) Right to Suitability; (iv) Right to Privacy; and (v) Right to Grievance Redress and Compensation.

Currently, in India, Reserve Bank - Integrated Ombudsman Scheme, 2021 is in place which aims at resolving customer grievances in relation to services provided by entities regulated by Reserve Bank of India in an expeditious and cost-effective manner. The grounds of complaint as per Chapter 4 Para 9 of the RB-IOS 2021 includes ‘an act or omission of a Regulated Entity resulting in deficiency in service’ in which, the term “Deficiency in service” means a shortcoming or an inadequacy in any financial service or such other services related thereto, which the Regulated Entity is required to provide statutorily or otherwise, which may or may not result in financial loss or damage to the customer and the term “Regulated Entity” means a bank or a Non-Banking Financial Company, or a System Participant or a Credit Information Company as defined in the Scheme, or any other entity as may be specified by the Reserve Bank from time to time; to the extent not excluded under the Scheme.

The Scheme shall apply to the services provided by a Regulated Entity in India to its customers under the provisions of the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the Payment and Settlement Systems Act, 2007, and the Credit



Information Companies (Regulation) Act, 2005 (30 of 2005). The complaint against a Regulated Entity may be lodged online and through electronic or physical mode.

Further, for any consequential loss suffered by the complainant, the scheme provides for a compensation up to Rupees 20 lakh, in addition to, up to Rupees One lakh for the loss of the complainant's time, expenses incurred and for harassment/mental anguish suffered by the complainant.

Accordingly, Reserve Bank - Integrated Ombudsman Scheme, 2021 provides for fair, cost free and expeditious resolution to the customers of Banks covered under RB-IOS 2021.

- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.
- Regulatory compliance of products and services offered by fintechs.

**If 2b or 2c:**

- Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances

Banks are continuously increasing their Digital arm. Banks have implemented Digital account opening procedures that allows individuals to open bank account remotely. These banks typically provide online account opening forms on their website or through mobile Applications. Customer can fill out necessary information, submit the required document electronically, and complete the verification processing using e-KYC (Electronic know your customer) norms. This usually involves providing Aadhaar (Indian National identification) details and biometric authentication through Aadhaar -Based e-KYC.

- Can basic payment accounts be provided by non-bank RSPs in the form of e-money?

### Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

13. Do non-bank RSPs have access to the national payment infrastructures?

RBI reviewed the access criteria for participation in Centralised Payment Systems (RTGS and NEFT) and permitted certain categories of non-bank payment system operators, viz. card networks, white label ATM operators and Prepaid Payment Instrument (e-money) issuers to



participate as direct members. The access included opening current accounts with the RBI. However, at present Money Transfer Operators do not have access to national payment infrastructure.

14. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

The UPI-PayNow interlinking was operationalised in February 2023. This is a Fast Payment System interlinking between India and Singapore to facilitate cross-border payments and remittances. The Reserve Bank is actively pursuing the outreach of UPI to interface with similar fast payment systems in other jurisdictions to facilitate cross-border transactions.

Further, UPI acceptance, through QR codes is already facilitated for cross-border payments in Bhutan, Nepal, Singapore and UAE

15. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

RBI prescribed guidelines for regulation of the activities undertaken by Payment Aggregators and released baseline technology-related recommendations for Payment Gateways.

16. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

RBI put in place the Payments Infrastructure Development Fund (PIDF) to subsidise deployment of payment acceptance infrastructure (PoS terminals and QR codes) across the country, with special focus on rural areas. RBI waived its charges levied on transactions using Centralised Payment Systems. Further, NEFT is free for all transactions initiated online by savings bank account holders. Further, no charges are levied for transactions using UPI.

Ministry of Electronics & Information Technology (MeitY), Government of India is giving continuous efforts on Promotion and awareness of Digital Payments which involves various activities and one of the initiative is the incentive scheme for Banks for growing digital payments ecosystem named as incentive scheme for promotion of RuPay and low-value BHIM-UPI transactions (P2M), where the banks are incetivized for the growth of the the Digital transactions.

## Indonesia

N/A

## Italy

### Country remittances profile

In net terms, Italy is a remittance sender: Table 1 details the country's remittance flows from 2018 to 2021.

**Table 1. Remittance flows in Italy (USD million)**

Year	Inflow	Outflow
2022	503	8,650
2021	546	9,154
2020	545	7,726
2019	552	6,731

Source: Banca d'Italia

According to the Bank of Italy's official data, from 2000 to 2022 outward remittance flows from Italy increased almost sevenfold (to 8.7 billion USD, from 1.4 in 2000). These developments reflect, to a large extent, the steady growth of the immigrant population in Italy, especially from Eastern Europe, Northern Africa and, lately, Southern Asia.

Looking at a more recent time span, outward remittances have shown resilience against the outbreak of the COVID-19 pandemic. Despite the adverse socio-economic conditions, in 2020 and in 2021 they kept growing at an average annual rate of 13.0% (in US dollar terms). These developments may have reflected the interplay of different factors, such as the provision of additional support from migrants to their relatives in home countries affected by the pandemic or, especially for shorter corridors, the more frequent use of regulated official channels (with an uptake in the digital ones) in replacement for informal means (such as transporting cash when returning home). In 2022, the annual growth rates of outward remittances – though moderating in US dollar terms – continued to be robust (6.1%) and in line with the long-term average (5.1%); by year end, the total amount of outward remittances from Italy accounted for slightly more than 0.4% of the country's (nominal) GDP. Between 2021 to 2022 the average amount sent per single transaction increased by 5% to 291€.

By end-2022, there were almost 5.2 million migrants living in Italy (8.8% of resident population). Table 2 details the country's migrant stock in volume and as a share of the total population from 2019 to 2021, with the largest national communities of migrants coming from Romania, Albania, Morocco, China and Ukraine. Reflecting the wedge between the growth rates of remittance outflows and foreign workers, per-migrant remittances stood at 1,665 USD by end-2022.

**Table 2. Foreign residents in Italy**

Year	Number (thousand)	as a share of resident population
2022	5,194	8.8%
2021	5,030	8.5%
2020	5,039	8.4%
2019	4,996	8.4%

Source: Istituto Nazionale di Statistica

In terms of main corridors, slightly more than half of Italy’s outbound remittances flow to seven countries: by end-2022, Bangladesh and Pakistan represented the main destination countries, with a share of total outflows directed to both countries hovering around 23% of the total; the Philippines, Morocco and Romania followed suit (each representing an average 7.0% share), while Senegal and India closed the lead (5.0% on average).

The remittance sector remains highly dominated by three leading money transfer operators (MTOs): *Western Union*, *RIA Money Transfer* and *MoneyGram*. Alongside MTOs, traditional cross-border transfer services are also offered by banks and *Poste Italiane* (the Italian postal network operator). Moreover, there is a host of smaller local players – the operations of which are concentrated into a few corridors – and online-only MTOs: these new international operators have recently entered the Italian market and conduct business exclusively via web platforms, therefore favoring competition and forcing traditional operators to innovate. Table 3 describes the main features of the Italian remittances market in terms of nature, number of operators and relative market share.<sup>27,28</sup>

**Table 3. Structure of the Italian market for remittances (by end-2022)**

	Number of providers of each type <sup>1</sup>	Market share for each provider type? <sup>2</sup>
MTOs	18	96.0%
Commercial banks	2	0.9%
Postal network	1	3.1%
<b>Total</b>	<b>21</b>	<b>100.0%</b>

Source: Banca d'Italia, CeSPI.

According to the main market operators interviewed, the spread of the COVID-19 pandemic and the entry of new specialized actors have given a significant push to the development and diffusion of innovative digital channels. All the main operators developed digital platforms and products, which

<sup>27</sup> Table includes registered operators that periodically send data about their activities to the Bank of Italy.

<sup>28</sup> Market share is in terms of the overall value of the intermediated flows.

helped reduce sending costs, and launched some promotional initiatives (like zero fees) in order to incentivize the use of the new channels.

According to the World Bank,<sup>29</sup> *mandasoldiacasa*, the average cost of sending remittances from Italy towards the 18 corridors monitored by the website showed a moderate increase to 5.4% (from 4.7% a year ago);<sup>3</sup> the average cost of sending remittances from Italy hovered around 4.5% in 2022Q3, well below the global average cost recorded in the same period (6.3%). Moreover, for 15 out of the 19 corridors monitored by the World Bank, this figured was around, or below, the official target cost of 5%. According to the latest available data (May 2023) from the Italian website<sup>30</sup> of these, 10 corridors are characterized by an overall cost below the 5% official target while three hover around, or below, 3% (Senegal, India and Ivory Coast). These averages, nevertheless, hide an ample variability in the economic conditions applied to remittance-senders by different market operators.

According to the same source, it is possible to show in detail different average costs of sending remittance from Italy (**Table 4**), based on sending channels (i.e. through branches or online platforms) or on the receiving method (in cash, on a bank account or on a card-mobile or electronic wallet).

**Table 4. Remittance costs - by channel**

Sending channel	Average cost of sending 150€
Branch	6.18%
Online	4.40%
Receiving channel	
Cash	5.91%
Bank Account	3.69%
Card-Mobile wallet	3.64%

Source: elaboration from [www.mandasoldiacasa.it](http://www.mandasoldiacasa.it) - May 2023.

A **Survey** is currently being implemented among the private sector operators participating to the Italian Working Group on Remittances with the aim of getting more accurate information on the size of “digital remittances” – especially as a by-product of the outbreak of the Covid-19 pandemic. The **Survey** is structured in different sections – with different sets of questions per session – and it delves

<sup>29</sup> Remittance Prices Worldwide – Quarterly, available at <https://remittanceprices.worldbank.org/en>.

<sup>30</sup> The website is funded by the Bank of Italy and managed by CeSPI – *Centro Studi di Politica Internazionale*, an Italian independent think tank – and is certified by the World Bank as following its guidelines. Based on a “mystery shopping” methodology, the website compares, on a monthly basis, the prices of remittance services available for 18 corridors (Afghanistan, Albania, Bangladesh, Bolivia, Brazil, China, Colombia, Ecuador, Ghana, India, Ivory Coast, Morocco, Nigeria, Peru, the Philippines, Romania, Senegal, Ukraine), representing 65% of outward flows of remittances from Italy. The website shows the total cost as well as its breakdown (fees and exchange rate margin) for three sample amounts (150€, 300€ and 950€), different products, speed and type of operators (MTOs, commercial banks and postal network). The figure reported in the main text refer to the average costs of sending an amount of 150€.

into specific areas related to: i) the structure of the “production costs” incurred by market operators in the offering of the product “remittance”, be it offered through traditional or innovative means (i.e. digital remittances); ii) the typology and share of the different digital services and products offered to migrants; and iii) the strategies put in place by market operators to preserve and increase the uptake in digital remittances observed as a by-product of the pandemic shock. According to some preliminary results, limitations to a further generalized development of the digital component are mainly related to the low level of digital financial education of migrants living in Italy and the different products and services available to their families in destination countries to receive remittances (where cash still remains prevalent). After the strong growth recorded during the pandemic, the market share of these instruments has settled between 10 and 15% percent of transactions, confirming their concentration in a more digitally-advanced customer base.

The creation of new partnerships between commercial banks, the postal network and MTOs, as well as the integration between different platforms (such as Automated Teller Machines), represents a further opportunity in terms of market development and potential cost reduction. The relevant role that remittances may play for Italian operators is further underlined by the recent launch by *Poste Italiane* of an in-house training program for post-office agents on outward funds transfer services (12,000 post offices involved).

From a cost perspective, it is important to point to the solidarity initiatives offered by all operators following the invasion of Ukraine and relative to the Italy-Ukraine – and neighboring countries – channel (zero fees, cost reduction, commission reimbursements for all foreign banks’ euro transfers, support for solidarity initiatives).

### Competition in the market

In accordance with transparency legislation, MTOs must declare in advance all the cost components of their services on offer; however, the legislation does not specify the different cost components. On the contrary, they are not required to declare the additional fee charged by agents in foreign countries, which rests outside the contract signed by the consumer in Italy. As a standard practice, MTOs communicate the fees, the exchange rate applied to the individual transaction and the receiving fees, if known. They also communicate the amount that may be withdrawn at destination and the estimated speed of the transaction. At the same time, no information is provided regarding the exchange rate margin, which can nevertheless be inferred from available information, albeit it requires a certain degree of financial knowledge for its computation. Only few operators, as best practice, communicate the maximum percentage of the spread on the exchange rate that is applied for the service.

In the case of commercial banks, the obligation to declare the amount of fees is not matched by an obligation to communicate the applied exchange rate, which often cannot be determined a priori because it depends on the exchange rates applied by the corresponding intermediaries. Banks provide information about the speed only for operations conducted with countries belonging to the Single

Euro Payments Area (SEPA, 36 countries), since for this area the European Union (EU) law on maximum execution times applies.

Some other regulatory developments concerning anti-money laundering/countering the financing of terrorism (AML/CFT) and access to accounts maintained with a credit institution are relevant for remittances.

In addition, in line with the EU Payment Services Directive, Italian law grants payment institutions the right to access banks' payment accounts services on an objective, non-discriminatory and proportionate basis. Although banks can refuse to open payment accounts or decide to close them for reasons of public order or security – or for other justified reasons based on provisions of AML/CFT law – they are obliged to provide the Bank of Italy with duly motivated reasons for any rejection. Any decision on rejections should be taken based on elements related to the specific case and in light of factual information. In this regard, the Bank of Italy ought to be notified within five working days by the intermediary, which should attach all necessary information to retrace the decision-making process and related reasons.

### Regulatory environment

Non-bank remittance service providers (RSPs) have no direct access to national settlement infrastructures (intended as payment systems), though they can obtain access indirectly via banks that offer this kind of facility. The Bank of Italy is contributing to the European Commission's review of the Payment Service Directive (PSD3), in which the extension of access to payment systems to non-banks could be considered.

The national retail payment system (Bi-Comp) allows participants to send and receive transactions with other European payment systems through interoperability agreements. Currently, such agreements allow payment service providers (PSPs) to send and receive SEPA payments through links between Bi-Comp and the Step-2T pan-European retail payment system, as well as the Austrian and Dutch retail payment systems.

No ad-hoc regulations have been issued thus far on fintech and/or non-bank financial institutions with the explicit aim to strengthen and advance the payment infrastructure. However, the Bank of Italy carried out structured oversight activities on retail payment systems to reinforce security levels and promote the efficiency of the overall domestic payment ecosystem, and these activities could bring benefits to the different institutions operating in the field of remittances.

In 2021, the Bank of Italy issued a new national regulation on the oversight of retail payment systems in order to encompass large value payment systems, technical infrastructures and service providers, in line with the oversight powers granted to the Central Bank by the Italian Consolidated Law on Banking. The new provisions will ensure increased alignment with the CPMI-IOSCO's Principles for financial market infrastructures and guidance on cyber resilience for financial market infrastructures. Such review has the potential to reinforce the security and promote the efficiency of the overall Italian

payment ecosystem, also for the benefit of fintech and non-bank financial institution operating in the field of remittances.

Italian authorities strongly support the objectives of the EU Retail payment strategy in the field of remittances and of the Financial Stability Board's Roadmap on cross-border payments, actively contributing to its implementation regarding every single building block. In this context, the Bank of Italy – together with the other actors involved in the Roadmap – is assessing potential areas for improvement of the services provided through both legacy and innovative infrastructures. In the long-term, such infrastructural improvements could have positive externalities also in the remittances field; however, the ultimate results will depend to a large extent on private business strategies, including risk considerations as well as remittances-targeted public-private cooperation.

In its role as service provider of the Target Instant Payment Settlement (TIPS) platform for the Eurosystem, Bank of Italy is currently investigating different solutions for the settlement of cross-currency instant payments through the interlinkage of existing platforms;<sup>31</sup> moreover, it adhered to the Nexus project coordinated by the Bank for International Settlement Innovation Hub of Singapore for multilateral connections among instant payments platforms.

As of today, for AML purposes Italy has introduced the requirement for both national and foreign virtual asset service providers and e-wallet providers (“VASPs”) to register with the Italian authority overseeing financial agents and credit mediators (OAM, *Organismo Agenti e Mediatori*), in order to provide their services on the Italian territory. All VASPs and e-wallet providers hereby registered shall comply with a set of reporting obligations. VASPs will have to communicate to the OAM, on a quarterly basis, the relevant identification data of each customer (e.g. surname and name, place of residence, tax identification number/Value Added Tax -VAT number). In addition, VASPs will have to transmit the data concerning all services related to their customers' transactions (total balance, number and value of fiat-to-crypto or crypto-to-fiat transactions, number of crypto-to-crypto transactions, crypto and fiat inflows/outflows). The above data are recorded in a public register with the OAM.

The OAM also keeps and manages the Italian register of central contact points (“CCPs”) of payment service agents and e-money distributors operating in Italy on behalf of communitarian payment service providers and e-money institutions. The register aims to ensure a more efficient supervision, transparency and consumer protection of the activities carried out by agents and distribution on the ground. The founding Decree (May 2022) introduced the obligation for operators to communicate on a half-yearly basis data regarding the relevant payment services agents and e-money distributors, including the place of business and the express indication of the provision of money remittance services as well as the termination of the contractual relationship with the relevant payment services agent and/or e-money distributor for non-business reasons (including the lack of the necessary

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<sup>31</sup> For instance, the 2021 experiment on a bilateral connection between TIPS and BUNA, the instant payment platform operated by the Arab Regional Payments Clearing and Settlement Organization.

requirements and/or serious breach of applicable rules by the agent/distributor) – the so called “Bad Agents”. The register will become operational from the 1st of July 2023.

Finally, no new additional fees or taxes have been levied on remittances.

### Access to financial services

Italy shows a wide coverage by RSPs of both urban and rural area thanks to a spread network consisting of: post offices (by law, one in each municipality), tobacconists, bank branches and MTO's agents.

Italian banks continue to support and accompany foreign customers in the process of financial inclusion to reduce any obstacles to understanding and using banking services.

Since 2009, the National Observatory on the Financial Inclusion of Migrants (the National Observatory; managed by CeSPI) monitors migrants' level of financial inclusion through a broad set of indicators. According to the latest available survey data (December 2020), based on information provided by market operators, 89.5% of adult migrants hold a current account with a regulated financial operator; of them, almost 70% hold an internet banking service. At the same time, 69% of migrants account-holders own a financing service, 40% an insurance service and an average of 3 payment services (debit cards) for each current account holders.

A more recent survey carried out by the National Observatory in October 2022 on a sample of 1,300 non-EU and non-OECD migrants resident in Italy<sup>32</sup> showed that the propensity of migrants to invest in the country of origin is positively related to the financial inclusion rate (i.e. the percentage of adults holding a current account). In particular, 18% of the respondents in the sample affirmed to have made investments (real estate, financial or productive investments), while 10% intend to do it in the next few years); of these respondents, 94% hold a current account in Italy and 71% in the country of origin.

According to the survey, remittances represent on average a share of 18% of the personal income received in Italy by migrants, while the average number of sending operations per year is around 7.6.

**Table 5** shows the allocation among different possible sending channels.

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<sup>32</sup> The survey involved a sample of 1,300 adult migrants resident in Italy, belonging to 75 non-EU and non-OECD countries, residing in 96 Italian Provinces and with a territorial and gender distribution that reflects that of the foreign population in Italy. The survey was carried out through a 50-question questionnaire that investigated socio-economic variables, the use of different financial products and the financial behavior of migrant citizens, including the remittance ones. The survey analysis is contained in Frigeri D., “*Le imprese a titolarità immigrata in Italia. L'impatto della pandemia e l'inclusione finanziaria*” and is available at [www.cespi.it](http://www.cespi.it).

**Table 5. Distribution by sending channel**

Channel	% of respondents (1 <sup>st</sup> choice)
MTOs	40%
Banks	15%
Digital	13%
Informal	3%

Source: CeSPI.

Another interesting piece of information coming from the survey is the growth of digital channels not just to *send* but also to *receive* remittances, which increased from a 6% of the survey respondents in 2017 to 23% in 2022; nevertheless, cash remains the main method to receive remittances, accounting for almost 40% of the overall amount sent. All indicators seem to show that, in the face of reduced earning capacity, migrants continued to support their families of origin by drawing on their savings.

In terms of policies aimed to facilitate and strengthen migrants' access to remittances services, a specific information campaign has been recently implemented to provide data and education on the use of regulated channels. In addition to the *mandasoldiacasa* website (that includes some educational contents), the Bank of Italy published, in May 2022, a **calculator** on “the cost of the remittances”, which is available on the financial education website **Economy for All**. The calculator – also in English – allows migrants to compute, for a given amount of money, how much the beneficiary will receive in their country of origin and, in particular, the overall cost of the transaction. Finally, in order to increase migrants' awareness and understanding of the remittances services available in Italy, the Bank of Italy has dedicated to this subject a whole section of its newly published school text for adults *Tu e l'economia – Educazione Finanziaria per Adulti* (You and the Economy – Financial Education for Adults). The educational project – which proposes a basic personal finance course – pursues the more general objective of promoting the financial inclusion of migrants.

In June 2022, the Diaspora Forum Project (co-funded by the Italian Development Cooperation Agency and managed by the International Organization for Migration) was officially launched for the empowerment of diasporas, within the framework of development cooperation, including the issue of remittances.

Through the International Fund for Agriculture Development (IFAD)-managed “Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa” (PRIME) program – co-financed by the EU – IFAD has recently collaborated with key RSPs in a number of African countries and corridors of high relevance for the Italian remittances market, particularly Senegal, Gambia and Ghana. This opens an opportunity to link the different programs to Italian operators in the short- to medium-term.

## Japan

### Country remittances profile

Japan is mainly a remittance-sending country, and the Japanese Government has been taking measures regarding remittance from the perspectives of both convenience and protection of users.

As for the latest state of remittance, the outflow in 2022 was 594.54 billion yen according to national statistics (“the Balance of Payments”). This is based on the same definition used for Japan’s National Remittance Plan (NRP) 2021; personal remittances are the sum of two main components: “compensation of employees” and “personal transfers.” The latest version of “Remittance Prices Worldwide” (December 2022) shows the downward trend of the average cost of sending \$200 as below.

2020 4Q	2021 1Q	2021 2Q	2021 3Q	2021 4Q	2022 1Q	2022 2Q	2022 3Q	2022 4Q
10.02%	10.50%	8.50%	7.95%	7.52%	7.35%	7.58%	7.82%	7.22%

### Competition in the market

In the Japanese regulatory system, “funds transfer service providers” are supervised by the Financial Services Agency (FSA) under the Payment Services Act, and the number of those registered is 83 as of April 2023, an increase of 3 from September 2021. About half of these nonbank operators provide international remittance services along with banks. “Funds transfer service providers” include those operating mobile money services.

As for reference in the NRP 2021 - “the Payment Services Act was amended in June 2020 and took effect in May 2021. The amendment lifted the ban on money transfers of more than 1 million yen per transfer by non-bank businesses by setting a new category of funds transfer service providers with no limit on each money transfer with additional authorization for their business plans from the government as well as a basic registration as a funds transfer service provider required.”, in April 2023, 1 provider among the 83 has been registered in the category after necessary assessment. With such funds transfer service providers without the limit of 1 million yen on each money transfer, customers have more choices and can use services according to their needs.

### Regulatory environment / Governance and risk management

Regulations regarding remittance in the Payment Services Act remain the same since the major amendment that took effect in May 2021 (see the NRP 2021), and the FSA continues to take necessary measures, such as monitoring compliance with the ban on receiving or retaining customers’ money not intended for immediate transfers. In addition, based on the Payment Services Act and an order related to it, funds transfer service providers have the obligation to give relevant information regarding commission fees to customers. All financial institutions in Japan, including both banks and

funds transfer service providers, are required to take AML/CFT/CPF measures in accordance with relevant acts and guidelines.

Strengthening cyber security is also important for remittance user protection. The FSA held the 7th Financial Industry-Wide Cybersecurity Exercise in October 2022. Approximately 160 financial institutions, including funds transfer service providers, took part in the latest practice. In the exercise, funds transfer service providers checked their responses to incidents and cooperation with relevant institutions like the FSA under the scenario that the halt of operation systems was triggered by malfunctions in network equipment.

### Payment infrastructure

As reported in the Update last year, access from funds transfer service providers to the Zengin Data Telecommunication System (the “Zengin System”), which had originally permitted access only from banks, was allowed in October 2022. In the future, when funds transfer service providers participate in the Zengin system, it will be possible to transfer funds from bank accounts to such funds transfer service provider accounts and vice versa, as well as to transfer funds between accounts of different funds transfer service providers via the Zengin system.

In addition, “Cotra,” a project led and launched in October 2022 by the private sector to build a separate payment system for low-cost processing of frequent and small-amount payments, is participated in by 49 banks as of April 2023, more than double the number of banks (20) at the start. Simpler alias such as mobile phone numbers can be used in Cotra, and funds transfer service providers can apply for participation in Cotra.

Looking ahead, in March 2023, the Zenginnet (operator of the Zengin System) announced the beginning of work aiming at the enhancement of participants’ connection to the Zengin System by using API.

### Korea

N/A

### Mexico

N/A

## Russian Federation

### Improve Financial System Infrastructure and Pursue Policies Conducive to Harnessing Technologies

The Bank of Russia actively develops and improves the national payment infrastructure to ensure provision of convenient and affordable payment services to households, business, and the government. To this end, the Bank of Russia is implementing a number of projects aimed at ensuring smooth operation of payment systems, promoting competition and supporting innovations in the national payment system.

As of the end of 2021, the total of cross-border transfers<sup>33</sup> of individuals was 43,931 million of US dollars from the Russian Federation.

In 2021, the total amount of cross-border remittances performed via payment systems to the Russian Federation was 3,236.8 million of US dollars and from the Russian Federation – 8,661.8 million of US dollars, the turnover summed up to 11,898.6 million of US dollars.

### Improve Transparency and Consumer Protection of Remittance Transfers

Most merchants (with some exceptions depending on annual turnover) must accept cashless payments as well as cash, and the price for the customers may not be changed depending on means of payment.

All payment service providers, including remittance service providers, obliged by law to provide defined information to their clients before initiation of transactions, including information:

- on PSP fees;
- on currency exchange rate (if applicable);
- on rules for disputes resolution (including contact info for complaints).

The Bank of Russia publishes special recommendations on information disclosure on financial products, including payment cards, aimed to promote transparency and consumer protection.

In line with the Roadmap of the Strategy for the Improvement of Financial Literacy for 2017-2023 approved by the Government of the Russian Federation, a number of measures are being implemented as to improve the level of financial literacy, develop the system of financial education and raise awareness of financial consumer protection mechanisms. The Ministry of Finance and the Bank of Russia have developed a draft of a new Strategy for Improving Financial Literacy and Developing Financial Culture Until 2030 (the Strategy is to be approved by the end of 2023).

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<sup>33</sup> Statistical information on cross-border transfers is only available as of the end of 2021.

Particularly, the framework of the financial literacy competences has been developed and approved. The framework includes skills that have become necessary due to the digitalization of financial services (including payments and remittances). In addition, the Ministry of Finance and Bank of Russia are developing targeted educational materials on financial literacy and integrating them into different digital education platforms, such as “My school”.

Due to the year-on-year increase in transactions conducted without the clients’ approval (in 2022 the volume of such transaction reached almost 14.2 billion roubles), the Bank of Russia conducts outreach programs aimed at combating cybercrime involving social engineering schemes and protecting consumers from fraud.

Bank of Russia and Ministry of Finance develop educational materials (posters, videos, brochures) for different target groups including on latest cyber fraud schemes. These materials are placed in public transport and social infrastructure facilities.

On its website in section “Information security” Bank of Russia has created a special subsection on countering fraud and is posting information on the latest cyberfraud schemes and advises how to avoid falling victim to such schemes.

The integration of financial literacy into the national educational standards allows to implement financial education at all levels of the educational system in Russia and to reach audiences including migrants’ families. In addition to the development of the modern financial education programs and materials, the improving of teaching methods and educators’ qualification is an ongoing process.

To raise financial literacy level and peoples’ awareness on financial issues for both citizens and migrants, the Bank of Russia supports and promotes its educational website Fincult.info and Ministry of Finance its webportal Moifinancy.ru. In an easy-to-understand way, the websites explain how to use modern financial instruments and products, give recommendations on how they can help consumers in certain life situations, avoid fraud and protect their financial consumers’ rights.

At the request of the Bank of Russia, the fourth study of the financial literacy level was conducted in 2022. Compared to the first study held in 2017, most financial literacy key indicators have grown. In 2022, investment literacy and digital financial literacy indicators were included in the study for the first time. The findings are available on the Bank of Russia’s website.

### Encourage Better Coordination

There is an ongoing coordination process of implementation of the national financial literacy strategy and developing of targeted financial education materials and programs as well as coordination of financial inclusion measures.

## Encourage Remittance-Related Technical Assistance and Knowledge Exchange

The international conference on financial literacy and the best practices for financial education within Commonwealth of Independent States (CIS) was held as part of the knowledge exchange and the technical assistance in financial education materials for interested CIS countries was provided in 2022.

## Improvement of the Identification Procedure

On 30.12.2021 Federal law No. 483-FZ amending Article 7 of Federal law No. 115-FZ of 09.08.2001 “On Countering the Legalization (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism” was adopted. Federal law No. 483-FZ has improved information collection and confirmation processes relating to client identification that are provided in accordance with Federal law No. 115-FZ of 09.08.2001 “On Countering the Legalization (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism”.

On 29.12.2022 Federal law No. 572-FZ “On the identification and (or) authentication of individuals using biometric personal data” (hereinafter Federal law No. 572-FZ) was adopted. It regulates relationships emerging during the identification and (or) authentication of natural persons using the single biometric system. Besides, it regulates the interaction of the above-mentioned system in the process of the authentication of natural persons with other information systems accredited by government authorities, Bank of Russia and other institutions performing authentication of natural persons using biometric personal data. Federal law No. 572-FZ introduces the regulatory basics of biometric personal data processing including the application of the “vector model” for personal data conversion, storage and processing.

## Saudi Arabia

N/A

## Spain

### Country remittance profile

**Spain is a remittance-sending country.** The volume of workers' remittances sent from Spain in 2022 was USD 10,889 million<sup>34</sup>. This outflow shows an upward tendency since 2014, only disrupted in 2020 when the outflows dropped. Main corridors, in terms of volume sent, are mainly towards Latin America (Bolivia, Colombia, Dominican Republic, Ecuador, Honduras, Nicaragua, Paraguay and Peru), Morocco, Pakistan, Senegal and Romania. Among them, the three largest receivers account for over one third of the total outflow: Morocco (13%), Colombia (13%) and Ecuador (9%).

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<sup>34</sup> Balance of payments, 2022 Secondary income. Workers' remittances. Debits. Main countries, Bank of Spain

In 2022, population in Spain was 47.4 million and migrants accounted for 11.4%, slightly lower than the previous year (11.6%). The biggest groups being from three countries: Morocco (14.3%), Romania (11.7%) and Colombia (5.8%).<sup>35</sup>

**The cost of remittance outflows from Spain is close to the 5% SDG 10.c target.** The average cost of sending \$200 from Spain decreased to 4.77% in 2022\_Q4 from 5.43% in 2021\_Q4 and remains below the global average (6.24% in 2022\_Q4). According to World Bank data, the available recent quarterly costs (in percent of USD 200 remitted from Spain) are as follows: 2022\_Q1: 5.66; 2022\_Q2: 5.48; 2022\_Q3: 5.49; 2022\_Q4: 4.77; 2023\_Q1: 4.65. In the thirteen main corridors from Spain monitored by the World Bank, the average cost in 2022\_Q4 ranks from 3.2% (Philippines and Nigeria) to 6.75% (Honduras).

### Competition in the market

Remittance service providers (RSP) entitled to provide this financial service in Spain are commercial banks (135), money transfer operators (45), currency exchange bureaus (16), and branches of foreign payments institutions (6). In terms of number of transactions, the remittance market is dominated by money transfer operators, that account for the 89.3% of the market, followed by commercial banks (10.6%).

Regarding the existence of a price comparison tool for remittances, Fintech companies and platforms are exploring this niche of business, and some of them offer the client certain comparisons among transfers service providers.

### Regulatory environment

Non-bank entities need to be licensed to provide international remittance services. Remittance service providers are obliged by the general disclosure regime applicable to financial institutions, which includes two main features: a) Freedom of fees (no caps established on fees or margins); and b) Strict disclosure regime, including the obligation to provide information on fees and exchange rates prior to starting of the transaction.

In the field of e-ID facilities for financial services, the digital signature included in the national Identification number (called DNI) is currently being tested in the financial sandbox, in order to allow remote on-boarding and identification through qualified digital signature (within the framework defined by the EU regulation).

Regarding AML/CFT regulations for account opening and ongoing customer due diligence, there are no major changes affecting remittances since the last NRP, but the new European legislative package on anti-money laundering (expected by early 2024) foresees several relevant changes oriented to increase due diligence measures, including new sectors and the crypto assets

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<sup>35</sup> Spain in Figures 2023, INE-National Statistics Institute

(<https://www.consilium.europa.eu/es/press/press-releases/2022/12/07/anti-money-laundering-council-agrees-its-position-on-a-strengthened-rulebook/>)

### Payment infrastructures

Payment infrastructures in Spain are highly digitalized, allowing faster, safer, cheaper, and more accessible international payments, including remittances (in line with the Financial Stability Board work on enhancing cross-border payments).

Payment entities and E-money institutions do not have access to the Spanish retail payment system directly, but through a direct participant in the system (i.e., a bank), as instructing parties. Such a mechanism allows them to directly connect to the system platform in order to instruct and receive payment instructions. Direct participants remain responsible for all payment instructions introduced by the instructing parties they have registered.

Regarding interfaces between payment systems, the scope is pan-European. Harmonized Single Euro Payments Area (SEPA) instruments as well as supporting EU regulations facilitate interoperability between different domestic Automated Clearing Houses (ACH) in the EU wishing to establish bilateral links. Additionally, the Spanish ACH (Iberpay) and participants in the Spanish retail payment system are exploring the use of SWIFT GPI Instant to facilitate cross-border payments, so that they are processed as fast as domestic payments.

Central banks of the Eurosystem work to increase the level of integration within the EU by fostering the adoption and implementation of harmonized standards, rules, and processes, as well as by exploring Fintech innovation that has the potential to bring greater efficiency to the field of payment services.

### Governance and risk management

RSP are subject to the same risk management practices and AML/CFT regulations applicable to other finance service providers. As mentioned above, the new EU AML regulation (scheduled for 2024) foresees new sectors being compliant with EU AML rules. The Bank of Spain has put in place a Registry of VASP (virtual asset services providers) and the required authorization procedure to operate in Spain.

### Access to financial services

The Spanish authorities work on multiyear and multipronged lines that will have a positive impact on remittances, such as sharing of knowledge and best practices with partners and stakeholders both at international and national level; providing international cooperation; enhancing financial literacy and awareness of citizens or fostering financial consumer protection. An example of this is that in 2022 the banking industry and the public authorities (Ministry of Finance and Bank of Spain) reached an agreement to promote financial inclusion and access to basic financial services.

## Switzerland

Efforts to support accessible, affordable, and safe remittances for migrants and their families are in line with the Sustainable Development Goals of the UN's 2030 Agenda and the Swiss International Cooperation Strategy 2021-2024.

The Covid-19 pandemic has shown that there is a potential of moving away from **expensive cash-based systems** to safe digital solutions. The remittance services should rely on new technologies to provide solutions for transferring money abroad, for instance via mobile phone, and providing new services such as microinsurance, investment or savings schemes (e.g. for retirement plan options).

Over the past years, Switzerland has made significant progress in improving the framework conditions for digital-based international payments. **In 2021, a new Federal Law for Blockchain and Distributed Ledger Technology (DLT Framework) came fully into force.** The new legislation improves the conditions for blockchain and DLT companies in Switzerland, thereby promoting innovative financial market technologies and the utilization of DLT and payment tokens (or Stablecoins) for the realization of lower cost remittances, while also increasing transparency and reducing digital threats. One of the key changes that came into force is a licence for DLT trading facilities, i.e. financial market infrastructures for DLT securities that can admit other companies and persons to trading in addition to financial intermediaries. Legal certainty has increased in insolvency law by explicitly regulating the segregation of cryptobased assets in the event of bankruptcy.

### Current State of the Market for International Remittances

In Switzerland, access to and affordability to banking services – including retail payment systems – is not generally perceived as an issue. The same holds generally for access to remittances services. Also, the Swiss financial sector is part of the Single Euro Payments Area (SEPA) framework, which facilitates cross-border payments (incl. remittances) in EUR towards European countries. In addition, a number of new mobile money and other technology-enabled solutions are currently emerging in the Swiss financial sector. This includes solutions focusing on payments that are also leveraged for remittances transfers.

According to World Bank data, Switzerland appears to be among the top-5 remittance-sending countries globally, with a volume of approximately USD 31.9 billion in 2022<sup>36</sup> (4,1% of its GDP). Switzerland has approximately 2.3 millions immigrants (of approx. 8.86 million residents in Switzerland, as per 2023). The World Bank's methodology<sup>37</sup>, however, takes into account a large part of cross-border payments by cross-frontier workers in its definition of remittances volumes. Therefore, for countries with a substantial population of cross-frontier workers, such as Switzerland,

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<sup>36</sup> [Personal remittances, paid \(current US\\$\) - Switzerland | Data \(worldbank.org\)](#)

<sup>37</sup> The World Bank defines the remittances along the perspective of the Balance of Payments (personal transfers shall include all current transfers between residents and nonresidents).

World Bank remittances volumes are likely overstating actual remittances flows. In contrast to the World Bank, the Swiss Federal Statistical Office (FSO)'s definition of remittances is more narrow as it only takes into account only private transfers made by migrants - who have lived and worked in Switzerland for at least one year - to their home country of origin. Based on these measures, outbound remittances payments accounted for approximately CHF 7 billion in 2022<sup>38</sup>. It is also worth to note that, in contrast to other countries, only a minor share of remittances flow from Switzerland to low-income countries. A large proportion of remittances outflows from Switzerland are sent to European countries (mainly Switzerland's neighbour countries). The average cost of sending remittances from Switzerland has been decreasing for several years and amounts to approximately 8% (according to World Bank statistics of 2020 – no newer figure available).

### 2023-2024 Country Plan for Reducing Remittance Transfer Costs

Due to the rapidly progressing digitization in the financial sector, the Swiss authorities are closely following these developments. The Swiss authorities seek to provide a more tailored and optimized regulatory environment that support digital-based solutions for payments / remittances. Switzerland will continue to advocate for a comprehensive approach to migrants' remittances, which offers a gateway for larger financial inclusion in recipient countries, while ensuring full compliance with applicable AML/CFT regulation. Switzerland also places great emphasis on the diagnostic side, in order to optimize the development impact of remittances in the country of destination.

#### 1. IMPROVE THE ENABLING POLICY AND REGULATORY ENVIRONMENT FOR INTERNATIONAL REMITTANCES

According to Switzerland's International Cooperation Strategy 2021–24, Switzerland is committed to promoting and expanding access to banking, financial and insurance services for all. Within Switzerland, the Swiss financial market policy is aimed at promoting the competitiveness of the financial sector as well as digital-based payment solutions (fintech license, Financial Institutions Act, Financial Services Act, DLT Law, open banking, e-ID, etc.). Other possible measures include clarification of compliance, further regulatory guidance for proportionate Know-Your-Customer (KYC) or other economic support measures that will benefit unbanked and undocumented individuals. The Swiss authorities will also continue overhauling its financial market regulation and competition rules on the federal level. After entry into force of two core pieces of the Swiss financial market architecture, the **Financial Services Act (FinSA)** and the **Financial Institutions Act (FinIA)** are **entirely applicable as of January 2022**. Under the FinIA, the requirements for financial institutions are aimed at creating a level playing-field for supervised persons and entities. The FinSA sets out cross-sector rules for offering financial services and distributing financial instruments, based on the EU directives and mainly covers

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<sup>38</sup> [Geldüberweisungen von Migrant/-innen - Summe der Geldüberweisungen von Arbeitsmigrant/-innen aus der Schweiz in ihre Herkunftsländer - Millionen Franken - 2000-2021 | Table | Federal Statistical Office \(admin.ch\)](#)

the following areas: enhancement of investor protection, transparency of financial products, revision of organizational requirements for the provision of services.

## 2. IMPROVE FINANCIAL SYSTEM INFRASTRUCTURES, SUPPORT INNOVATION AND HARNESS EMERGING TECHNOLOGIES

- a. The Digital Switzerland Strategy sets the guidelines for Switzerland's digital transformation ([Switzerland Strategy - Digital Switzerland Strategy 2023](#)). The aim is that the population benefits as a whole from a sustainable and responsible digital transformation. The related action plan provides targets and information on education and skills, security and trust, framework conditions, infrastructure and digital public services.
- b. After the entry into force of a new Federal Law for Blockchain and Distributed Ledger Technology (DLT Framework) in 2021, the Swiss authorities will continue to follow **the developments of the DLT technology** very closely. The DLT technology has the potential to provide for faster and cheaper payments and spur competition in payment services. This highlights the need to step up ongoing efforts to improve existing payment systems. The Swiss authorities will ensure that the **regulatory framework fully applies to virtual asset service providers (VASPs)**. It is a priority to ensure the stability and the integrity of financial market.
- c. The Swiss National Bank (SNB) is exploring the **feasibility of a digital currency cross-border settlement of central bank digital currencies (CBDCs)**. The experiment, known as Project Helvetia, was run with Swiss bourse operator SIX and the Bank for International Settlements (BIS). It looks at using CBDCs for so-called wholesale transactions between financial institutions to make trading assets on a planned SIX exchange. Another experiment, known as Project Jura, explored settlement of tokenized euro commercial paper and foreign exchange transactions. This experiment was a public-private collaboration involving the Banque de France, the BIS Innovation Hub Swiss Centre, the Swiss National Bank and a private sector consortium. The SNB will also monitor closely **fintech companies' access to Swiss Interbank Clearing (SIC) system**. As commissioning party of the SIC, the SNB grants access to applicants that make a significant contribution to the fulfilment of the SNB's statutory tasks, and whose admission does not pose any major risks.
- d. The Swiss authorities are continuously working with all the relevant financial center stakeholders (in particular the Swiss Banking Association and the Swiss Fintech Innovations) to develop **standardized interfaces (APIs) for Swiss financial institutions**. The aim is to **stimulate open banking** through the development of innovative services without compromising the security of financial institutions and their customers. The cross-industry unified interface specification is designed to be as compatible as possible with international standards and to enable real-time, personalised services to their customers.
- e. The Swiss Federal Council will determine the key parameters for a **new electronic identity (E-ID) proposal**. The consultation on a new eID Act started in June 2022. The legal framework for state-recognised E-ID systems must be EU compatible. This work forms part of a broader



“Swiss eGovernment strategy”<sup>39</sup>, that aims at promoting transparent, cost-effective seamless electronic transactions by establishing digital means of identification that are valid nationally and internationally. The use of the E-ID will be voluntary, free of charge with the greatest possible control for the users with the infrastructure and issuance of it going through the Swiss Federal Administration. It is planned that the parliamentary discussions will start end of 2023.

- f. **Beginning of December 2022, the State Secretariat for Economic Affairs has updated the "Framework Conditions for the Digital Economy" report ([Digitalisierung \(admin.ch\)](#)).** It provides an overview over important developments in the area of the digital economy over the past years. Special focus was put on competition, e-government and digital trade. Framework conditions for digitalization were optimized over the past years such as digital administration, cybersecurity, data security, data policy, competition or education, research and innovation. With regard to competition, it is important having a competition law that can adapt to changing circumstances while leaving enough room for innovation. E-government is a good instrument to reduce the administrative burdens on businesses. There is still room for improvement on the public online services (e.g. E-ID as mentioned above) where measures are underway. Regarding digital trade, there exists a fragmentation of legal measures where Switzerland puts attention to developing minimal standards to increase legal certainty.

### 3. IMPROVE TRANSPARENCY, CONSUMER PROTECTION, DIGITAL AND FINANCIAL LITERACY FOR REMITTANCE USERS

Remittances are a lifeline for many families in low and middle-income countries. Switzerland is committed to continue supporting affordable, accessible and safe remittances for migrants and their families, including through its work in international cooperation. This includes financial support to programs that improve the financial resilience and inclusion of migrants and their families, through low-cost digital remittance services and other financial products, with a view to contributing to the sustainable development of countries of origin in the global South. It does so through cooperation with the private sector to design and deliver tailor-made products as well as with regulators/governments to review policy frameworks and to explore ways to increase cross-border cooperation. Switzerland will also continue to contribute, financially and through other means, to programs that seek to support greater transparency measures and optimize the development impact of remittances in the respective country of destination.

The Swiss FinTech industry is already active in the promotion of lower-cost remittances. In particular, the Swiss startup “Monito” (Money transfer: compare ways to send money online with Monito), which offers transfer cost comparison services and transparency on transfer fees and exchange rates, has become very popular among migrants in Switzerland in the pandemic context.

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<sup>39</sup> For further information, see <https://www.egovernment.ch/en/>

## Türkiye

In Türkiye, at the beginning of 2022, the Banking Regulation and Supervision Agency published the Regulation on the Operating Principles of Digital Banks and Service Model Banking, which enables branchless banking where all transactions are carried out online. In addition, with remote identification and customer acquisition, customers now have the opportunity to become bank customers via the internet. Additionally, a regulation was published in 2023 to ensure cybersecurity in digital banking applications. In 2023, two digital banks were licensed and are expected to be operational shortly. Bank account opening opportunities through digital banking and the internet have the potential to provide a significant advantage in banking transactions and money transfer fees. As digital banking becomes more widespread, the costs of remittance transactions are expected to decrease.

## United Arab Emirates

### UAE's progress in enhancing the remittances ecosystem:

The UAE is a globally leading country in remittance flows and has been aligned with the G20 objectives to enhance remittance flows and reduce remittance transfer costs.

In 2022, Remittance Service Providers in the UAE amplified their efforts to provide innovative digital services to their customers with an aim to create a countrywide user-friendly ecosystem. This helped enhance access to remittance services and provide timely accurate information concerning applicable fees, and execution time, among other services. The digitization of remittance services were actively elevated since 2020, led by the effects of the COVID-19 pandemic, and have come to be reflected in the annual business enhancement plans of most service providers.

The UAE regulators are supporting the monitoring process of remittance flows and the reduction of transfer costs. This is being facilitated by the comprehensive guidance provided to remittance service providers, the continuous enhancement of the regulatory framework, as well as the facilitation of access through targeted initiatives to implement digital financial services.

In 2022, expats' remittances from the UAE reached USD 1,634 billion (AED 6,002 billion). The portion attributed to family support equaled USD 51.74 billion (AED 190 billion). Further, the total inward remittances reached USD 1,510 billion (AED 5,548 billion). India remains the top receiving country for earnings made by expats, followed by Pakistan, and Philippines.

### Country remittances profile

1. Please provide remittance outflows and/or inflows for the last 3 years (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):



Year	Family Remittance in USD Mn Inflow (if 1b or 1c)	Family Remittance in USD Mn Outflow (if 1a or 1c)
2022	13,342.4	51,735.8
2021	9,257.9	47,683.9
2020	6,811.9	42,779.3

2. Based on available data on remittance flows, the country is: Mainly a remittance-sending country

**Respond only if 2a or 2c [Sending Country]:**

3. If 2a or 2c, please provide specific identifications schemes applicable to migrants in your country (e.g. Marticula Consular in Mexico, Overseas Citizen of India, Blue Card in Turkey)

The Emirates ID is a unique identifier issued by the UAE Federal Authority for Identity, Citizenship, Customs and Port Security to all citizens and residents of the UAE. This ID is the largely used identification scheme in remittances.

4. If 1a or 1c, please provide the migrant stock as a share of total population for the last 3 years:

Year	Migrants/Population (approximate in mln)
2022 (if available)	N/A
2021	N/A
2020	N/A
2019	N/A

5. If 2a or 2c: Please list main corridors for international remittances sent.

No.	Country Name	%
1	India	30-35%
2	Pakistan	15-20%
3	Philippines	7-10%

6. If 2a or 2c: What is the average cost of sending \$200 from your country? Provide available quarterly data for the current year, plus quarterly data from the previous calendar year.

The cost varies from service provider to service provider and further depends on the destination of remittance. On an average, the cost is around USD 5 across all the market.

**Respond only if 2b or 2c [Receiving Country]:**

7. If 2b or 2c, Please provide specific identifications schemes applicable to the diaspora (e.g. Marticula Consular in Mexico, Overseas Citizen of India, Blue Card in Turkey)

Not Applicable

8. If 2b or 2c: Please list main corridors for international remittances received.<sup>10</sup>

Not Applicable

9. If 2b or 2c: What is the average cost of receiving \$200 in your country? Provide available quarterly data for the current year, plus quarterly data from the previous calendar year.

Not Applicable

### Competition in the market

10. Please indicate the types of remittance service providers (RSPs) allowed:

	Allowed to provide remittance services	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c*	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	61 (Excluding Wholesale banks)	44% (based on amount transferred)	USD 5	
MTOs – Exchange Houses	Yes	83	56% based on amount transferred)	USD 5	
Postal network					
Mobile money operators					
Fintech platforms					
Remittance hubs					

\* On an average, the cost is around USD 5 across all the market

11. Is there a price comparison tool for remittances (e.g. a national remittances database) in your country that is publicly available? [Yes/No]

No

12. Are there any incentives to RSPs in your country to promote competition? (e.g. tax incentives) If yes, please describe.

No

## Regulatory environment

### 13. Transparency requirements as specified in regulations/circulars/guidance

#### If 2a or 2c [Sending Countries]:

- Please discuss transparency in terms of cost breakdown between foreign exchange margins and fees.

Fx rates and fees must be disclosed in the transaction receipt given to the customer, in addition to the value of Tax.

- Do the RSPs have to provide information on whether there are additional fees for receivers?

Yes

- Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.

Yes: RSPs mention the cap in terms of time.

- Do RSPs have to provide this information prior to the transaction initiation?

Yes

- Are there any additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

This depends on the policy of the correspondent/routing bank and beneficiary's bank. When applicable, these fees are disclosed to the sender.

#### If 2b or 2c [Receiving Countries]:

- Are there any additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

Not applicable

### 14. Other relevant legislation for remittances that have been passed since the last NRP update, including:

- Are there any simplified customer due diligence (CDD) measures in place for specific channels and/or below a transaction amount limit?

Yes (below an amount standard KYC / over the amount enhanced Diligence)

- Are there any government-issued e-ID facilities, and are they used for financial services?

Yes

- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

Yes in off-shore financial free zones

- AML/CFT regulations for account opening and ongoing customer due diligence.

Yes

- Use of agents by RSPs and agent exclusivity

Yes for agents but no exclusivity

- Competition policy

Yes

- Consumer protection

Yes

- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.

In progress

- Regulatory compliance of products and services offered by fintechs.

Yes

**If 2b or 2c [Receiving Countries]:**

- Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances

Not Applicable

- Can basic payment accounts be provided by non-bank RSPs in the form of e-money?

Not Applicable

## Payment infrastructure

15. Do non-bank RSPs have access to the national payment infrastructures?

All licensed financial institutions have access to the national payments infrastructure, including for example (Banks, Finance companies, exchange houses and licensed payment service providers)

16. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

- a. Visa, MasterCard, China Union Pay, and Swift (Worldwide connectivity).
- b. GCC countries (ATM and POS connectivity)
- c. GCC-RTGS
- d. BUNA
- e. Instant Payment Platform (in progress)

17. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

1. Store Value Facilities regulation that sets out the regulatory framework for e-money and digital wallets, and allows non-banks to become licensed providers for e-money and digital wallets.
2. Retail Payment Systems Regulation that allows to license and regulate retail payment systems in the UAE.
3. Retail Payment Services and Card Schemes Regulation. This regulation sets out the regulatory framework to license and regulate the following services:
  - Payment Account Issuance Service
  - Payment Instrument Issuance Service
  - Merchant Acquiring Service
  - Payment Aggregation Service
  - Domestic Fund Transfer Service
  - Cross-border Fund Transfer Service
  - Payment Token Service
  - Payment Initiation Service
  - Payment Account Information Service
  - Card schemes operations.

18. Are there any financial Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

- Yes. The UAE authorities are developing the required financial market infrastructure that is in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap). This includes:
- Implementing the National Payment Systems Strategy (NPSS), and particularly the Instant Payment Platform (IPP) that enables real-time faster payments and funds transfers around the clock (24\*7), and digital payments across the UAE financial sector. This will introduce



convenient and innovative payment services such as: person to person, person to merchant, business to person, government to person, request to pay, pay to alias (mobile number or email ID), electronic direct debit, electronic cheque issuing and clearing.

- The Open Finance framework. The aim of this initiative is to establish the governance framework and technical standards to facilitate the secure exchange of financial data between financial institutions and licensed OR accredited third-party providers with consumer consent.
- Nation-wide e-KYC platform. This initiative aims to facilitate the secure exchange of KYC data between participating licensed institutions.
- Central Bank Digital Currency (CBDC) platform. This project is aiming at developing at the CBUAE the platform that will facilitate the payment of domestic payments by using a retail digital currency.

### Governance and Risk Management

19. What type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

- a. Technology Risk and Information Security
  - a. Technology Risk monitoring
  - b. IT Governance
  - c. Security Requirements
  - d. Network and Infrastructure Management
  - e. Cyber Security Risk monitoring
  - f. Retail Payment Service User Authentication
  - g. Login Attempts and Session Management
  - h. Administration of Retail Payment Service User Accounts
  - i. Business Continuity
  - j. Alternate Sites for Business and IT Recovery
  - k. Reputation Risk Management
- b. Ongoing Requirements
  - a. Governance
  - b. Compliance Function
  - c. Internal Audit Function
  - d. Risk Management
  - e. Risk Strategy
  - f. Information Security
  - g. Disaster Recovery and Business Continuity Management
  - h. Risk Assessment
  - i. Risk Mitigation
  - j. Monitoring
  - k. Assurance
  - l. Winding Down
  - m. Fraud Detection Systems

20. Are there any specific AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

The same AML/CFT regulations applies to non-bank licensed institutions. Payment Service Providers must comply with the relevant UAE AML Laws and Regulations and address money laundering and terrorist financing risks through appropriate preventive measures to deter abuse of the sector as a conduit for illicit funds, and detect money laundering and terrorist financing activities and report any suspicious transactions to the Financial Intelligence Department at the Central Bank.

### Access to financial services

#### **If 2a or 2c [Sending Countries]:**

21. Can all migrants in your country access services provided by regulated RSPs? Do you monitor migrant workers' level of financial inclusion in your country, including transaction account ownership, to send remittances in cash and digitally via regulated channels?

All residents of the UAE, including citizens, have access to services either face to face or via digital channels. The CBUAE is monitoring the remittances flows outward and inward to ensure the compliance of RSPs with the relevant regulations in place and identify the measures that could facilitate the sending and receiving of these remittances by customers.

22. What are the requirements for migrants to open a transaction account (are they the same as for any other citizen)? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

The requirements to open transaction accounts are the same for migrants, who can start conducting remittance transactions after fulfilling KYC requirements.

23. What channels do undocumented migrants use – to the best of your knowledge?

Not Applicable

24. Do RSPs have sufficient coverage in areas where migrants live?

Yes

25. Do you have information on the financial inclusion rate of remittance sending migrants?

Majority of sending migrants are getting paid via payroll cards and can use these cards for payments.

26. Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?

To a certain extent, yes, but the use of online methods is continuously increasing especially following the Covid-19 outbreak.

27. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products?

RSPs are encouraged to incentivize customers to use digital remittances to conduct remittances

**If 2b or 2c [Receiving Countries]:**

28. Do RSPs have sufficient coverage in rural areas?

Not Applicable

29. What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)?

Not Applicable

30. Do you include digitalization of remittances as an objective and/or component in your national financial inclusion strategies?

Not Applicable

31. Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available.

Not Applicable

32. Do RSPs provide digital onboarding tools and services to their customers (e.g., mobile apps, dedicated website, etc.)?

Not Applicable

33. What solutions help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP)?

Not Applicable

34. Are you able to measure the switch from remittances received over-the-counter to transaction account remittances?

Not Applicable

35. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products?

Not Applicable

### Crisis mitigation and prevention (COVID-19)

36. Were remittances included in the list of essential services during the lockdown periods in your country?

Instructions were issued to RSPs to promote digital remittance channels

37. Did RSP locations remain open during the lockdowns (if your country imposed lockdowns)? Please consider specifically non-bank RSPs in this question.

Majority of the RSPs were open except some branches in highly sensitive areas

38. Were there any specific measures imposed by authorities to expedite the use of online transaction methods to send remittances during the crisis?

Instructions were issued to RSPs to promote digital remittance channels

39. Has your country taken any other measures to encourage the sending or receiving of remittances - where appropriate, refer to relevant aspects mentioned above?

Instructions were issued to RSPs to promote digital remittance channels

### United Kingdom

**Q10) Please indicate the types of remittance service providers (RSPs) allowed:**

	Allowed to provide remittance services	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if <b>2a</b> or <b>2c</b>	Average cost of receiving \$200 if <b>2b</b> or <b>2c</b>
Commercial banks					
MTOs					
Postal network					
Mobile money operators					
Fintech platforms					
Remittance hubs					
Others (please specify)					

**Response:** We currently do not currently collect information broken down in this way. However, there are a total of 1042 firms authorised by the FCA under the Payment Services Regulations (2017) to provide money remittance services in the UK. This number excludes banks and the postal network. Of these 1042 firms:

- 1- 615 have money remittance only permissions
- 2- 427 have money remittance permissions and other permissions

**Q13) Transparency requirements as specified in regulations/circulars/guidance**

- Please discuss transparency in terms of cost breakdown between foreign exchange margins and fees.
- Do the RSPs have to provide information on whether there are additional fees for receivers?
- Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.
- Do RSPs have to provide this information prior to the transaction initiation?
- Are there any additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

**Response:** Non-bank payment service providers (PSPs) authorised by the UK's Financial Conduct Authority have a general obligation to comply with relevant aspects of the Payment Service Regulations 2017 (PSRs). This includes PSPs offering money remittance services. The PSRs implemented the European Union's Payment Services Directive II (PSD2) while the UK was an EU member state. The PSRs have been retained following the UK's exit from the EU via the European Union (Withdrawal) Act 2018, with some amendments.

Parts 6 and 7 of the PSRs deal with the conduct of payment service providers (PSPs). This includes information that UK PSPs must provide to their customers. Specific requirements vary according to the nature of the relationship the PSP has with their customer, and the nature of the transaction. For example, there are different requirements depending on whether the PSP has an ongoing or 'one-off' relationship with their customer. It also varies according to the value of their transaction.

Money remitters operating in the UK offering a single payment transaction to their customer will typically be required to provide the following information to their customers before any transaction is completed:

- 1- the information (or unique identifier) the customer needs to provide for the payment order to be properly initiated or executed (the payment routing information)

- 2- the maximum time the payment service will take to be executed (that is, how long until the funds are received). This must be in line with the requirements of regulation 86 of the PSRs 2017
- 3- Details of any charges, including a breakdown where applicable
- 4- if applicable the exchange rate to be used (or the reference exchange rate on which the actual exchange rate will be based)

PSPs entering into a ‘framework contract’<sup>40</sup> with their customers are obliged to disclose additional information. These requirements are non-exhaustive, and money remitters may be covered by additional legislation. For example, certain payments made in euros within the Single European Payments Area (SEPA) will be covered by the SEPA Regulation, which was also retained following the UK’s exit from the EU.

- Furthermore, PSPs also have obligations under the [Cross-border Payment Regulation](#). Article 3b relates to currency conversion charges for credit transfers such as international money remittances. Key provisions of CBPR2 Article 3(b) are:
  - 1- ‘When a currency conversion service is offered by the payer’s payment service provider in relation to a credit transfer, ... that is initiated online directly, using the website or the mobile banking application of the payment service provider, the payment service provider, ... shall inform the payer prior to the initiation of the payment transaction, in a clear, neutral and comprehensible manner, of the estimated charges for currency conversion services applicable to the credit transfer’.
  - 2- ‘Prior to the initiation of a payment transaction, the payment service provider shall communicate to the payer, in a clear, neutral and comprehensible manner, the estimated total amount of the credit transfer in the currency of the payer’s account, including any transaction fee and any currency conversion charges. The payment service provider shall also communicate the estimated amount to be transferred to the payee in the currency used by the payee.’

Full details of relevant requirements on UK PSPs are set out in Part 8 of the FCA’s [‘Our Approach’](#) guidance.

**Q14: Other relevant legislation for remittances that have been passed since the last NRP update, including:**

- Are there any simplified customer due diligence (CDD) measures in place for specific channels and/or below a transaction amount limit?
- Are there any government-issued e-ID facilities, and are they used for financial services?
- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

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<sup>40</sup> A framework contract is defined under the Payment Services Regulations (2017) as a ‘a contract for payment services which governs the future execution of individual and successive payment transactions and which may contain the obligation and conditions for setting up a payment account’



- AML/CFT regulations for account opening and ongoing customer due diligence.
- Use of agents by RSPs and agent exclusivity
- Competition policy
- Consumer protection
- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.
- Regulatory compliance of products and services offered by fintechs.

**Response:** No amendments have been made to existing payment legislation in 2023. However, we are considering amendments to UK payments legislation through the Future Regulatory Framework (FRF) Review.

### Payment infrastructure

1. Do non-bank RSPs have access to the national payment infrastructures?

Yes, Authorised E-Money Institutions and Payment Institutions are eligible to join UK payments systems as a direct participants. Direct participants directly connect to the payment infrastructure to make and receive payments; they also typically need an account at the Bank of England to settle their obligations.

Access for non-bank PSPs to Bacs (ACH), Faster Payments and the UK High value payment system, CHAPS can only happen when the non-bank PSP is able to get a settlement account at the Bank of England in order to settle obligations arising in those systems; and cover-all accounts to avoid credit risk (called prefunding accounts). To get a settlement account a non-bank PSP has to undergo an enhanced regulatory process with the Financial Conduct Authority to ensure it is meeting all its obligations, before it is able to be permitted a settlement account and to join the payment system.

Non-Bank PSPs can join card systems such as Visa and Mastercard as a principal member, but they do not need a bank of England settlement account.

2. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

Card systems such as Visa and Mastercard are international, even though they have currency specific settlement cycles, they also have international cross-currency settlement. This is the same for the UK.

CHAPS is domestic but operates via SWIFT, as such SWIFT systems that join up payment systems internationally such as GPS operate via UK banks and may involve payments across CHAPS.

Global wholesale Forex is undertaken via CLS which operates in many jurisdictions and includes the UK.

Other systems, ACH – Bacs, Faster Payments etc. are primarily domestic and not interfaced directly with any cross-border payment system.

3. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

PSD-2, in domestic legislation as the Payment Service regulations 2017 (PSRs 2017) introduces the regulatory perimeter for Payment Initiation Service Providers (PISPs). PISPs use Open Banking in order to provide add on services that facilitate faster payments between bank accounts, for example to promote payment options for retail purchases, charitable donations, payment of tax.

There is also a separate requirement on the 9 biggest banks to provide Open Banking and allow PISPs to operate on their accounts. This provides additional competition between payment systems for some transactions and will allow greater resilience should one form of payment have problems, providing alternative options.

4. Are there any financial Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

There are no financial incentives that we are aware of that promotes digitisation of payments over other forms of payment. Typically adoption of digital payments is extremely high due to convenience and security factors rather than financial incentives.

## United States

### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021		72,699 (US million)

Source: <https://www.knomad.org/data/remittances>

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?<sup>41</sup> **Remittance-sending**

**If 2a or 2c:**

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	45.3 million immigrants (foreign-born individuals)/331.9 total population

Source:<https://data.census.gov/table?q=S0501:+SELECTED+CHARACTERISTICS+OF+THE+NATIVE+AND+FOREIGN-BORN+POPULATIONS&g=010XX00US&tid=ACSST1Y2021.S0501>

4. Please list main corridors for international remittances sent.<sup>42</sup>
5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

Quarter	Cost %
4Q2022	5.58
3Q2022	5.36
2Q2022	5.55
1Q2022	5.52
4Q2021	5.18

Source:[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q4\\_22\\_final.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q4_22_final.pdf)

### Competition in the market

6. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

**N/A**

7. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

<sup>41</sup> Classification of a country as a sending or a receiving country or both is left to the countries themselves. However, please note that, in general, high-income countries are considered sending countries to low- and middle-income countries. There are exceptions. Some middle-income countries have large migrant populations originating from low-income countries and can be classified as both sending and receiving countries.

<sup>42</sup> Main corridors for a sending country include those that are the largest receivers from that country in terms of volume.

N/A

8. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

N/A

### Regulatory environment

9. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

**If 2a or 2c:**

- Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.
  - Requirement for RSPs to provide information on whether there are additional fees for receivers
  - Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.
  - Requirement for RSPs to provide all the necessary information prior to transaction initiation
  - Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

12 CFR Part 1005 - Electronic Fund Transfers (Regulation E) protects consumers when they use electronic fund and remittance transfers.

The regulation covers topics such as:

- Disclosure of fees and limits
- Cancellation and error correction resolution procedures
- Liability
- Preauthorized transfers
- Receipts

10. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

- Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?



- Are there any government-issued e-ID facilities, and are they used for financial services?
- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?
- AML/CFT regulations for account opening and ongoing customer due diligence.
- Use of agents by RSPs and agent exclusivity
- Competition policy
- Consumer protection
- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.
- Regulatory compliance of products and services offered by fintechs.

The U.S. Congress enacted the AML Act of 2020 (AMLA), which included several updates and reviews of the anti-money laundering and countering the financing of terrorism laws in the United States. AMLA, Section 6215 required the U.S. Department of the Treasury to complete a review of financial institutions' reporting requirements under the Bank Secrecy Act to understand the effects and the adverse consequences of correspondent banking de-risking and develop a strategy to reduce de-risking. Treasury, in consultation with state and federal banking regulators and other public- and private-sector stakeholders, conducted a formal review of financial institution reporting requirements and developed a strategy to address the issue of de-risking. The U.S. Department of Treasury released a strategy to address de-risking on April 25, 2023.

### Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

11. Do non-bank RSPs have access to the national payment infrastructures?

Nonbank RSPs do not have direct access to central bank payment services. As nonbank entities they access central bank payment services through an agent bank.

12. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

Central bank payment services do not interface with payment systems in other countries.

13. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

N/A

14. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

Incentives to promote digitization in the United States include implementation of the FedNow Service for instant payments, and central bank efforts to promote widespread awareness and adoption of the service across banks throughout the United States.

### Governance and Risk Management

15. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

12 CFR Part 1005 - Electronic Fund Transfers (Regulation E) protects consumers when they use electronic fund and remittance transfers.

The regulation covers topics such as:

- Disclosure of fees and limits
- Cancellation and error correction resolution procedures
- Liability
- Preauthorized transfers
- Receipts