



GPI

Global Partnership
for Financial Inclusion

G20 National Remittance Plan - France

COUNTRY PLANS FOR REDUCING REMITTANCE TRANSFER COSTS

FRANCE

Background

France is a major remittance-sending country, especially towards Africa, and remittance flows have been steadily increasing in the last years. According to Banque de France, remittance flows originating in France amounted to 11.4 billion euros in 2018, increasing by more than 25% since 2010. Almost 40% of all remittances originating in France are sent to three Northern Africa countries (Morocco, Algeria and Tunisia), while other significant corridors are Spain and Portugal (together accounting for more than 1.8 billion € in 2018, 15% of all remittances), as well as China, Senegal, Vietnam, Serbia, India, Poland, Sri Lanka, Madagascar, Turkey, Egypt (2,5 billion € in total in 2018).

As attested by the World Bank, the average cost of remittance transfers from France has decreased in the past years, and has been cut by 40% since 2013 and is 6,6 % at the beginning of 2019. Remittances play a significant part in reducing poverty and fostering sustainable development and growth in the migrants' countries of origin. The data mentioned above only covers formal transfers – in many corridors, especially those towards the least developed countries, a large share of transfers are informal, evidencing the weakness (or even lack) of access to financial services. Hence, **reducing their cost to 5% and improving migrants' access to a wide range of financial services are crucial challenges for years to come.**

Call to Action on Remittances

French call to Action in 2014 included initiatives to improve the knowledge and monitoring on remittances, support bilateral and multilateral partnerships, increase transparency and increase competition. Since then, the Migration and Development Trust Fund was closed in October 2019 after funding 8 projects. France had strategic long-term review in order to better understand both the needs and the behavior of the users of the website "envoiaargent.fr", and hence be able to fine-tune the website. A new called DIASDEV, will be launched in 2020 to provide wider information on financial products for migrants willing to send money or to invest in their home countries, alongside a diaspora investment fund. The support to diasporas' investment will also continue through a second phase of the MEET Africa project.

2017 Country plan for reducing remittance transfer costs

An Action Plan "International Migration and Development" was adopted in February 2018. Co-written by the Ministry of Europe and Foreign Affairs, the Ministry of the Interior, AFD, Expertise France, the French Office for Immigration and Integration (OFII) and in consultation with local authorities and civil society, this Plan made new commitments for the period 2018-2022 to support the positive contributions of migration to development.

Of the 30 actions identified, action 10 concerns remittances ("Continue to reduce costs and enhance the value of remittances from migrants and diasporas, particularly through digital and mobile tools") and action 11 relates to migrants' investments ("Support the investment and entrepreneurial potential of diasporas and their communities organizations").

1. INCREASE REMITTANCE MARKET COMPETITIVENESS

➤ **Fostering the emergence of inclusive linked bank accounts:**

In 2014, the Parliament adopted a law allowing the commercialization, in France, of financial products and services by banks located in partner countries. To date, one bank has received approval and several others have begun the approval process, which is based on an agreement between supervising authorities from both countries. Making sure eligible banks take full advantage of the scheme is a priority in the short-term in order to be able to assess its effectiveness and efficiency.

➤ **Supporting diasporas' productive investment in their countries of origin:**

- **Meet Africa 2 aims to reinforce the contributions of entrepreneurs in the African diaspora to the sustainable economic development of their countries of origin.** It is co-funded by the AFD, BMZ and the Trust Funds (E.U). Based on the lessons learned from the first phase of Meet Africa, the scope of Meet Africa 2 is broader, both in terms of geography since it includes several E.U and African countries, but also in terms of targets. The two objectives of Meet Africa 2 are to strengthen the ecosystem of actors in charge of supporting entrepreneurship in the diaspora and to provide technical and financial support to 420 entrepreneurs involved in business development in African countries.
- Also, through projects co-financed with the **European Union Emergency Trust Fund for Africa, the French Development Agency helps local banks develop financial products** dedicated to migrants. These projects aim at facilitating migrants' investments in their countries of origin, in Mali, Senegal, Cameroun and Tunisia with technical and financial support.
- The new project **DIASDEV** will include a Facilitation fund for diasporas' investment (cf. below).

2. IMPROVE FINANCIAL SYSTEM INFRASTRUCTURE AND PURSUE POLICIES CONDUCIVE TO HARNESSING EMERGING TECHNOLOGIES.

➤ **Supporting payment and identification infrastructures in Africa**

France will finance a package of initiatives in favor of digital financial inclusion in Africa on the 2020-2022 period, with a focus on women empowerment. Among others, it will finance programs in Africa in favor of payment system interoperability with the African development bank and digital identification with the World Bank.

3. IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

➤ **Widening the scope of the French price comparison website with the launched of a new project, DIASDEV :**

- Launched in 2007, the World Bank-certified platform “envoidargent.fr” compares the prices and services offered by 18 banks and money transfer operators across 26 corridors, on a declarative basis. Following its evaluation in 2018, it will be included in the wider project DIASDEV.
- **DIASDEV, a joint project initiated by the French Development Agency and the Caisse des Dépôts from France, Italy, Morocco, Senegal and Tunisia, is currently being developed for a launch in 2020.** DIASDEV aims to increase diasporas’ capacity to mobilize their savings for investing in their countries of origin. To achieve this goal, the project is structured around two pillars: i) Facilitation fund for diasporas’ investments, offering funding for technical and financial assistance to financial operators, banks, post offices ii) Rating and labelling tool: online platform, taking after envoidargent.fr, gathering existing financial services dedicated to diasporas (including crowdfunding, mobile and e-banking, dedicated investment funds etc.). The cost of remittances is a crosscutting issue to the DIASDEV project as it impacts the overall amount of savings as well as the decision of diasporas to resort to informal channels for sending money – which in turn both impact the size of investments.