



G20 GERMANY 2017
HAMBURG

G20 National Remittance Plan

Japan



GPI

Global Partnership
for Financial Inclusion

COUNTRY PLANS FOR REDUCING REMITTANCE TRANSFER COSTS [JAPAN]

Background

In order to improve the security, efficiency and usability of payment services, the Payment Services Act was put into effect in 2010 led by Financial Services Agency. The Act allowed the non-banking fund transfer business providers to handle currency transaction given IT development and diversified needs of the users. At the same time, it requires the service providers to ensure the various measures such as the minimum guaranteed amount (10 million yen), proper customer information management and user protection.

Under the Act, the number of licensed non-bank fund transfer business providers increased from 11 in 2010 to 48 as of March 2017. At the same time, the number of annual transactions by non-bank service providers rose remarkably from 217,00 in March 2011 to 41,600,000 in March 2017 while the its amount hiked from 14 billion yen to 748.1 billion yen in the meantime.

According to “Remittance Prices Worldwide” (June 2017) published by the World Bank, the remittance cost rate of Japan decreased by more than 25% from Q1 2012 to Q1 2017.

Call to Action on Remittances

In 2014 Call to Action, the Government of Japan stated that it would take measures to further disseminate the information regarding the Payment Services Act to encourage use of new service providers with low commission fee for overseas remittance. Based on this view, the Government of Japan has implemented promoting activities of the Act through information sharing by its web sites and other advocacy campaigns during last two years. The Government of Japan

2017 Country plan for reducing remittance transfer costs

1. INCREASE REMITTANCE MARKET COMPETITIVENESS

Potential actions include, where appropriate:

- a. The Government of Japan will further promote the policies related to Payment Services Act, including more use of non-bank service providers, to stimulate the market competition to bring down the cost and improve the remittance services.
- b. With respect to reimbursement of remittance service, there is no discriminative treatment between banks and non-banks under the Payment Services Act. The Act requires not only banks but also non-banks to reimburse for incomplete remittance.
- c. As stated above, the Government of Japan has encouraged the entry of non-bank fund transfer business providers into the market. As the result, the number of licensed providers has increased from 11 to 48 during last 7 years. Thus, there is no anti-competitive practice in remittance market. The Government of Japan will continue to encourage further entry of those businesses through promotion and advocacy activities related to the Act.
- d. In terms of the measures against money laundering and terrorist financing risks, the Act on Prevention of Transfer of Criminal Proceeds has been put into effect in 2007. This Act requires the service providers to ensure the measures against AML/CFT which are recommended by the international standard under Financial Action Task Force (FATF). The Government of Japan will continue to closely coordinate with the development of the discussion in FATF to ensure the security of the remittance.
- e. The Government of Japan will continue to monitor the correspondent banking services between Japan and foreign countries to maintain secured and efficient transaction. As of September 2017, the Government of Japan has not recognized any irregular cancelation or limitation on

correspondent banking operation by Japanese banks or their counterparts.

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

Potential actions include, where appropriate:

- a. The Payment Services Act allows RSPs to operate transactions through the Internet including use of mobile phone.
- b. In January 2016, the Government of Japan has started to issue “Individual Number Card” (identification card with individual number), which will be provided to Japanese people for free upon their requests. The card can be availed as identification document for the public and private sectors including financial services. Also, this card allows online self identification by use of electronic information given in the card.
- c. Through those The Government of Japan will continue to study the use of digital and other technologies to further enhance the quality and accessibility of related banking services in close coordination with private sector including technological companies.

3. DISCOURAGE TAXES ON MIGRANT REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- a. The Government of Japan does not tax remittances.

4. IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- a. Under the Payment Services Act, customers are ensured to receive reimbursement from RSPs in case of thier bankruptcy.
- b. Under the Act, the Government of Japan is allowed to take several measures to ensure the proper operation of RSPs. For instance, the Government can inspect RSPs operation, require them to submit a report

on necessary data and issue business improvement order in case of violation of the Act.

- c. The Act requires RSPs to provide customers with information such as processing fees, exchange rates, and contact for complains.
- d. The Act allows customers to access “Alternative Dispute Resolution” which provides a non-judicial resolution mechanism. This mechanism will allow a swift, low-cost resolution compared to a regular judicial process and enhance customer protection.