



G20 National Remittance Plan 2017 Germany



GPFI

Global Partnership
for Financial Inclusion



COUNTRY PLAN FOR REDUCING REMITTANCE TRANSFER COSTS GERMANY

Background

Remittances volume: Germany is the sixth largest sending country worldwide. Migrants have sent around 22 billion USD from Germany abroad in 2015 ([World Bank, Bilateral Remittances Matrix 2015](#)). The total volume of remittances outflows remained almost stable since 2014 (23.4 billion USD), but did not continue its increasing trend of previous years. For 2016 and 2017 there are no estimates available yet. The most important receiving states in 2015 for remittances from Germany were EU-neighbours such as Poland, France and Italy. Around 8 billion USD were sent to developing countries, out of which Lebanon, Vietnam, China, Nigeria and Serbia were the biggest receivers. Remittances flows into Germany amounted to around 15.4 billion USD in 2015, approximately 0.5 percent of Germany's GDP.

Data on remittances costs: Since Q4 2015 the average price for sending remittances from Germany, with a few fluctuations, saw an upward trend. In Q1 2017, at 8.23 percent it remained above both the global (7.45 percent) and the G20 (7.58 percent) average ([World Bank, Remittances Prices Worldwide, March 2017](#)). While prices also increased globally between Q4 2015 and Q2 2016 from 7.37 percent to 7.6 percent, in Germany they rose from 7.64 percent (Q4 2015) to 8.52 percent (Q2 2016). The global average price then decreased again to 7.42 percent in Q3 2016 and has remained relatively stable since then (Q4 2016: 7.4 percent, Q1 2017: 7.45 percent). In Germany, it went up to 8.56 percent in Q3 2016, briefly fell to 7.97 percent in Q4 2016 and then increased again slightly to 8.23 percent in Q1 2017.

Remittances environment: Despite an increasing variety of remittance service providers (RSP) available, some of the services remain expensive and/or not fully transparent. Others, however, offer services at very low costs. Some non-bank MTOs face difficulties operating in the German market and lack access to accounts at commercial banks. This, however, seems not to have resulted in an overall decrease in the number of MTOs in the German market. In June 2016 the transposition of the European Payment Account Directive, the Payment Accounts Act (*Zahlungskontengesetz*) entered into force in Germany. It obliges banks to offer basic payment accounts to all consumers in Germany (including officially registered refugees and asylum seekers).

Call to Action on Remittances

German activities for the 2014 Call to Action on Remittances included activities on transparency, consumer protection and awareness, international research and knowledge exchange as well as regulatory advice in partner countries of German development cooperation. Germany remains one of the most important remittances sending countries and the overall volume of remittances sent decreased only slightly since 2014. Despite the fact that average prices of remittances services in the German market tend to have risen slightly, affordable transfer options exist for almost every sending corridor. The price comparison portal www.GeldtransFAIR.de is contributing to increased transparency in the market and continues to provide relevant information on providers in the market as well as on prices and products for remittances transfers. This as well as trainings on financial literacy allow migrants to make better-informed choices with regard to providers and products.

A number of studies and research activities have shed light on remittances dynamics, especially in the context of displacement (e.g. Syrian refugees in Jordan). Financial Inclusion has improved since the adoption of the Payment Accounts Act (*Zahlungskontengesetz*) which obliges banks to offer basic payment accounts to all consumers in Germany, including refugees and asylum seekers.

2017 Country plan for reducing remittance transfer costs

Germany will initiate additional activities in order to continue its efforts to reduce the costs of sending remittances and to improve the availability and quality of remittances services. The focus of Germany's measures remains on consumer protection, linking remittances to financial inclusion, creating enabling regulatory frameworks and generating research and data on diaspora and remittances dynamics.

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

- German Development Cooperation works with the Central Bank of Jordan (CBJ) to implement a project on "Improving Access to Remittances and other Financial Services through Digital Solutions" since October 2015. The project aims at increasing access to and usage of needs-based digital remittances services for refugees and Jordanians in hosting communities. The project activities include a cooperation with the private sector in order to develop and pilot a national mobile money transfer service. It runs information campaigns and training courses on



the responsible use of digital financial services. On the policy level, the project works with the CBJ on expanding the current regulation to cover the secure transfer of cross-border remittances through digital channels and on designing regulatory and supervisory mechanisms that comply with international standards on consumer protection, anti-money laundering and anti-terrorist financing.

- German development cooperation also consults regulators in Uganda, Mozambique, Jordan and Ghana on the regulation and supervision of mobile financial services and inclusive payment systems. By developing an enabling regulative framework for digital financial services that strikes the balance between innovative risk, consumer protection and stability, the private sector and other actors are able to work in a more secure and transparent environment and to facilitate remittances transfers at lower costs and better quality with regard to design and delivery of remittances products.

2. IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

- Germany continues its activities on transparency and consumer protection in the framework of the price comparison portal www.GeldtransFAIR.de and its social media presence. In particular, the website will be revised in terms of user-friendliness. The portal obtained World Bank certification for its market coverage, user friendliness and price transparency.

3. IMPROVE DATA ON DIASPORA AND REMITTANCES DYNAMICS

- Germany continues to support the Global Knowledge Partnership on Migration and Development (KNOMAD) with its 'remittances working group' generating recommendations for policy through research and knowledge exchange.
- Germany supports the G20 Global Partnership for Financial Inclusion (GPFI) and the work of the GPFI Subgroup on Markets and Payment Systems, which is commissioned by the G20 to steer the work towards the G20 remittances target.
- Under the German G20 Presidency, the GPFI set "Financial Inclusion of Forcibly Displaced Persons (FDPs)" as one of four priorities. Access to affordable, secure and quickly usable financial services – particularly remittances services – are vital for FDPs in order to master difficult situations and exploit their potential. The initiative aims at identifying common challenges and promising solutions for appropriate policies and a conducive regulatory framework, thus, inter alia contributing to improved access to adequate remittances services.
- In the course of 2017, Germany will gather additional data on diaspora communities, their engagement and remittances sending in Germany. With a similar research design as in 2015 and 2016, further diaspora communities will be covered (such as the Senegalese and the Jordanian diaspora in Germany). These data and analysis will enable an evidence-based conduct of remittances initiatives.
- As part of the German DC project on digital remittances in Jordan, Germany will conduct a study on current developments in the digital remittances market and new business models of RSPs (including mobile network operators and FinTechs). In addition, within that project, a study will be conducted on the remittances practices of diaspora communities, focusing on an important international remittances corridor (Germany). The results are to inform the feasibility of and provide concrete recommendations for an international digital remittances product pilot.
- Within the framework of its open fund to support the African Union with regard to migration and displacement policies, Germany will support the African Institute for Remittances (AIR) in conducting activities on the Germany-Ghana remittances corridor. In particular, a public-private dialogue will be organized in Germany in October 2017. The event will bring together relevant stakeholders from Germany and Ghana in order to improve knowledge, to exchange experiences, to formulate concrete recommendations for action and to identify potential areas of collaboration.