



**G20 GERMANY 2017**  
HAMBURG

**CHINA**

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**G20 National Remittance  
Plan**

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**GPI**

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Global Partnership  
for Financial Inclusion

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## COUNTRY PLANS FOR REDUCING REMITTANCE TRANSFER COSTS [CHINA]

### Background

*Hundreds of banks and several MTOs provide remittance service in China, making the market quite competitive. China has established a comprehensive payment infrastructure that provides 7-day-24-hour inter-bank remittance settlement. The interoperability among banks and MTOs has also been achieved through the cooperation among banks and MTOs.*

*According to Chinese industry data, during the whole year 2016, the average cost of sending remittance (including all cross-border money transfer through personal accounts) **from** China at the 6 biggest banks is 0.18% (average cost USD 29.8 / average sending amount USD 16336.3). Although the average cost of all remittances is low, due to the certain “fixed” cost per transaction, the cost for small value (USD 0-500) remittance is relatively high, which is 5.78% (average cost USD 15.6 / average sending amount USD 269.5), while the total number of small value transaction only accounts for 7.08% of total transactions.*

*Because banks in China do not charge any receiving fee, the cost for sending remittance **to** China mainly depends on banks or MTOs in sending countries where consumers are charged. According to the WBG Remittance Database, in the 2017 Q2, the average cost of sending remittance to China is 10.28% for sending USD 200. However, according to Chinese industry data, the total number of small value remittances to China (USD 0-500) in 2016 only accounts for 20.32% of total transactions. In fact, smart consumers tend to send low-frequency-large-value remittance rather than high-frequency-small-value remittance, in order to avoid repeating the “fixed” cost per transaction, especially for Chinese consumers who have significant savings culture.*

### Call to Action on Remittances

*China will continue to search solutions and take practices on the reduction of global remittance costs towards our target, with high priority on financial consumer protection and financial literacy for remittance. More efforts will be made to enable the efficiency, transparency and competitiveness of remittance service through traditional and new digital channels and methods, with consideration of risk management.*

### 2017 Country plan for reducing remittance transfer costs

- Explore digital channels and methods of remittance service by leveraging information technology.



- Ensure effective anti-money laundering/counter terrorism financing (AML/CTF) compliance programs that comply with international standards.
- Continue to conduct research on customer behavior of remittance services to improve remittance service provision.
- Encourage both public- and private-sector-led awareness building campaigns to boost financial literacy and capability of remittance consumers.
- Strengthen consumer financial protection, if needed, to provide for fair cancellation and error-resolution rights, as well as for improved data protection.
- Require remittance service providers (RSPs) to clearly display and disseminate up-to-date and complete information on remittance transfer costs and terms, including fees, as well as recourse mechanisms.
- Enable consumers to compare transfer costs via a remittance price database or other measures that increase cost transparency and improve consumers' understanding of the terms offered by RSPs operating in the corridor.