



G20 GERMANY 2017
HAMBURG

NORWAY

G20 National Remittance Plan



GPMI

Global Partnership
for Financial Inclusion



COUNTRY PLANS FOR REDUCING REMITTANCE TRANSFER COSTS NORWAY

Background

In a well-functioning payment system, money transfers are conducted securely, in a timely manner and at the lowest possible cost to society. Norway is characterised by a competitive and efficient payment services market. The system is generally stable and secure to use. Norway has experienced a sharp increase in payments over the internet and in the use of mobile payment solutions. Remittance services providers are regulated by the Financial Undertakings Act of 10 April 2015, and the Financial Contracts Act. There are now several providers, obliged to report according to EU directives. There are also international providers who offer remittance in Norway. Many of these are acting as agents.

Data from Norway's central bank (Norges Bank) indicate that the fees charged for remittance transfers are quite low. The cost of sending remittances from Norway was 6,2% of the amount transferred (January 2017). This number concerns prices for remittances provided by non-bank financial institutions and payment institutions.¹

Call to Action on Remittances

N/A

2017 Country plan for reducing remittance transfer costs

1. INCREASE REMITTANCE MARKET COMPETITIVENESS

Potential actions include, where appropriate:

- Remittances are provided in the Norwegian market by both banks and remittance services providers. Only licensed institutions are allowed to offer remittance services in Norway. The Financial Supervisory Authority of Norway (Finanstilsynet) is primarily responsible for supervising institutions in the financial system to ensure that they comply with the applicable legislation. Remittance services providers are subject to the requirements of the anti-money laundering legislation and consumer protection rules.

¹ http://static.norges-bank.no/contentassets/b633cbc4154540abab705d622eefe52f/nb_papers_2_2017.pdf?v=05/16/2017163636&ft=.pdf



- To reduce the money laundering risk and terrorist financing risk, it is important to make a proper and adequate assessment, also when licensing or registering remittance service providers acting as agents.
- The revised Payment Services Directive (PSD2) is under scrutiny for incorporation into the Agreement on the European Economic Area («the EEA Agreement»). On 28 April 2017, the Ministry of Finance circulated for comment, draft rules for implementing portions of PSD2. It is expected that the implementation of PSD2 will make it easier for new operators to enter into payment services, leading to more competition, greater efficiency and greater choice for consumers.
- Competition for customers should be based on open, shared solutions. The Norwegian government is paying attention to aspects that may constitute challenges for the efficiency of the payment system. In the Financial Infrastructure Report, Norges Bank notes that different banks and bank alliances can have their own payment solutions, and that these solutions can only be used at specific merchants. Payment services from large international technology companies may accentuate this trend. Norges Bank has also noted that proprietary solutions in the market for mobile payment services may complicate payments across banks and apps.

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

Potential actions include, where appropriate:

- New technology has enabled the financial industry to provide new services. New technology and new rules facilitate for operators other than banks to provide payment services. Payments in Norway are increasingly being made using mobile technology. The combination of new technology and new operators could lead to consumers being offered cheaper, more secure and more user-friendly payment services. The introduction of new services, either via known platforms or new channels, may serve to increase risk. Undertakings need to ensure that innovations are not detrimental to security.
- In principle, the price of a service should be equal to its marginal cost. PSD2 ensures that the price of a service cannot be set higher than its cost, and contains rules for passing on costs to payers. The Ministry of Finance has laid down regulations relating to interchange fees for card-based payment transactions, implementing rules corresponding to the EU regulation on interchange fees. The regulation has not yet been incorporated into the EEA Agreement. The regulation imposes limits on card schemes` fees, which could lead to lower costs for using cards covered by the regulation.



- To open a bank account in Norway, it is necessary to provide proof of identity, subject to AML/CFT requirements. The anti-money laundering legislation is currently under revision. The Ministry of Finance will draft legislation regarding how Norway should implement the fourth EU anti-money laundering directive.² One issue under consideration is the procedure of customer identification.
- Finance Norway, Bits and Norges Bank have launched a project in which banks will develop a common infrastructure for fast payments. The project may enable payments to be made quickly across apps based on a common underlying infrastructure.

3. DISCOURAGE TAXES ON MIGRANT REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- GPMI members will work together to assess and discourage situations where taxes on cross-border migrant remittance transfers may erode the development benefits of remittance flows — with a particular focus on taxes on low-value transfers to low-income populations.

4. IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- It should be easy for the customer to compare prices and quality when choosing a payment service. Norway launched, ten years ago, a price comparison website for remittances, free for the public. It has been established to provide consumers with good and comparable information. Such a service improves transparency in the payment market, and makes it easier for consumers to make good decisions on their choice of provider.
- The Norwegian government wishes to further strengthen consumer protection. The Financial Contracts Act is currently under revision.³

² Directive (EU) 2015/849

³ The Ministry of Justice and Public Security's proposed amendments to the Financial Contracts Act have been circulated for consultation.