

# 2022 Update to Leaders on Progress Towards the G20 Remittance Target

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## Context

In 2014, the Group of Twenty (G20) announced its G20 Plan to Facilitate Remittance Flows.<sup>1</sup> This plan included an outline for country-led actions to support reducing the cost of sending remittances. In 2015, G20 members announced their National Remittances Plans, and agreed for the GPFI to review progresses annually and to update the plans every two years. The 2015 G20 National Remittances Plans, the successive annual reviews and the 2017 and 2019 updates are on the website of the GPFI. The Update to the Leaders report monitors annual progresses. In 2021, a new template for providing country updates was introduced: starting from this year, several countries have provided updates based on the new format.

The analysis in this report is based on data on remittance flows and costs excerpted from the *Migration and Development Briefs* and *Remittance Prices Worldwide (RPW) Quarterly Reports* by the World Bank.<sup>2</sup> The Annex to this report encloses *in verbatim* the annual updates provided by each jurisdiction to the GPFI.

## Background

The G20 recognizes that cross border remittance flows are a major source of income for millions of migrant families and an important driver for economic growth and prosperity in developing countries. When confined to regulated and monitored channels, in both sending and receiving countries, remittance flows can better help to lift people out of poverty, improve economic infrastructure, and encourage more engagement in the regulated financial sector. Among other positive spill-over effects, remittances can be an accelerator for financial inclusion and digital economy.

The G20 supports factors that contribute to reducing transaction costs for remittance services as a vital and necessary condition to achieve the goals of the 2030 Agenda for Sustainable Development. In 2011, the G20 Leaders adopted the 5x5 objective, with which they committed to reducing the global average cost of sending remittances by 5 percentage points (starting from 9.30 percent observed in mid-2011). In 2016, the G20 aligned this objective with the UN's 2030 Agenda, by including the target of remittances' cost reduction to less than 3 percent (set under Sustainable Development Goal 10.c.) and the pledge to eliminate remittance corridors with costs higher than 5 percent by 2030.

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<sup>1</sup> <https://www.gpfi.org/publications/g20-plan-facilitate-remittance-flows>

<sup>2</sup> Please see <https://www.knomad.org/publications> for the *Migration and Development Briefs* and <https://remittanceprices.worldbank.org/resources> for the *Remittance Prices Worldwide Quarterly Reports*.



In 2022, remittance flows to low- and middle-income countries (LMICs) are expected to increase by 4.2 percent, to reach \$630 billion. This follows the significant growth of 8.6 percent registered during 2021, when remittance flows reached \$605 billion. Remittance flows to LMICs excluding China are larger than foreign direct investment and official aid flows. Just as the LMICs were starting to recover from the COVID-19 pandemic, Russia invaded Ukraine, changing the global landscape for migration and remittances. Including refugees from Ukraine, the stock of international migrants and refugees is likely to reach around 286 million in 2022. During the COVID-19 crisis spanning 2020–21, the stock of international migrants declined. The Ukrainian crisis has reversed that trend.<sup>3</sup>

### Global Trends in Remittance Costs<sup>4</sup>

The key indicators monitored by the World Bank's RPW database demonstrate that the cost of remittance services continued to decline in 2022. In Q2 2022, the *Global Average Cost* for sending remittances was 6.01 percent, a small decrease from 6.09 in Q1 2022 and a decline of 0.29 percentage points from 6.30 in Q2 2021 a year earlier. The *Global Average* has remained below 7.00 percent since Q1 2019 (see Figure 1 below). Overall, this represents a decline of 3.66 percentage points since Q1 2009, when the figure was recorded at 9.67 percent. In Q2 2022, the global average for *digital* remittances stood at 4.80 percent, with the global average for *non-digital* remittances at 6.60 percent. Of all services collected in the RPW database in Q2 2022, digital services account for 33 percent.<sup>5</sup>

The *Weighted Average Total Cost*, which accounts for the relative size of flows in each remittance corridor, was recorded at 4.80 percent in Q2 2022, a slight increase from 4.54 percent in Q2 2021. Nevertheless, this was the seventh consecutive quarter in which this figure has been recorded below 5.00 percent.

The *SmaRT indicator* was introduced in 2016 and is used to reflect the cost that a savvy consumer with access to sufficiently complete information would pay to send remittances in each corridor. It is also used to measure the corridor level targets in the SDG 10.c.1, i.e., that by 2030, no remittance corridor has an average cost above 5 percent. In Q2 2022, the Global SmaRT Average was recorded at 3.35 percent; at the same time, nevertheless, only 22 percent of the tracked corridors show a SmaRT average above 5 percent.

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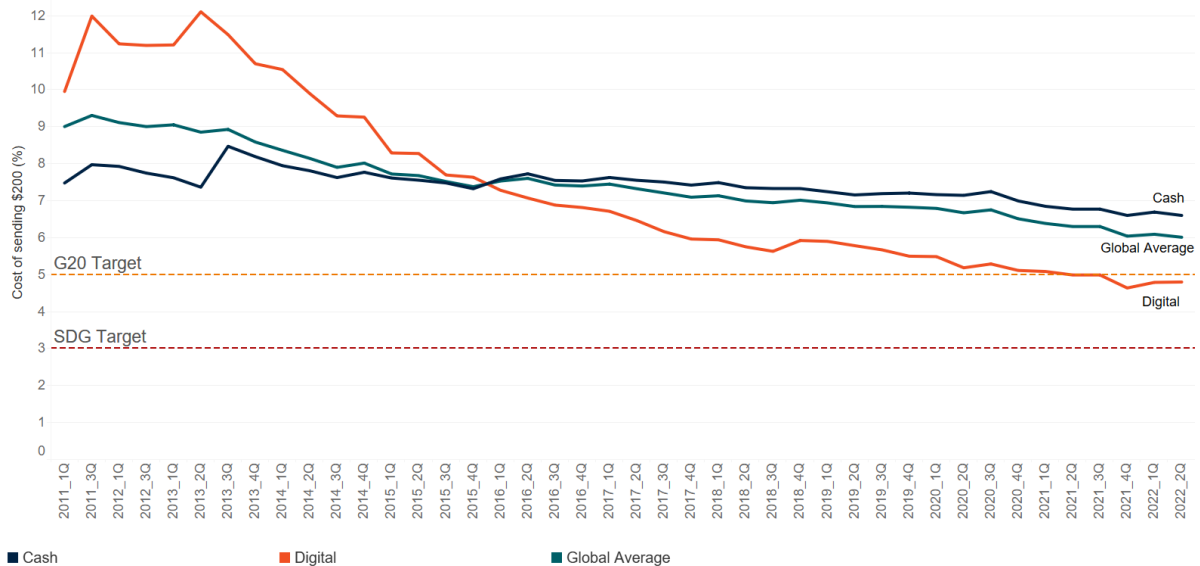
<sup>3</sup> <https://www.knomad.org/publication/migration-and-development-brief-36>

<sup>4</sup> Please note that the narrative in this report focuses on the cost of sending \$200 as this is the benchmark amount chosen for the G20 Remittances Target and also for SDG 10.c.1 on remittance costs. World Bank's Remittance Prices Worldwide database collects and analyses the trends for the cost of sending \$500 as well. Please refer to the data and the quarterly reports on <https://remittanceprices.worldbank.org>

<sup>5</sup> A digital remittance must be sent via a payment instrument online or in a self-assisted manner, and received into a transaction account maintained at a non-bank deposit taking institution (say a post office), or into a mobile money or e-money account.

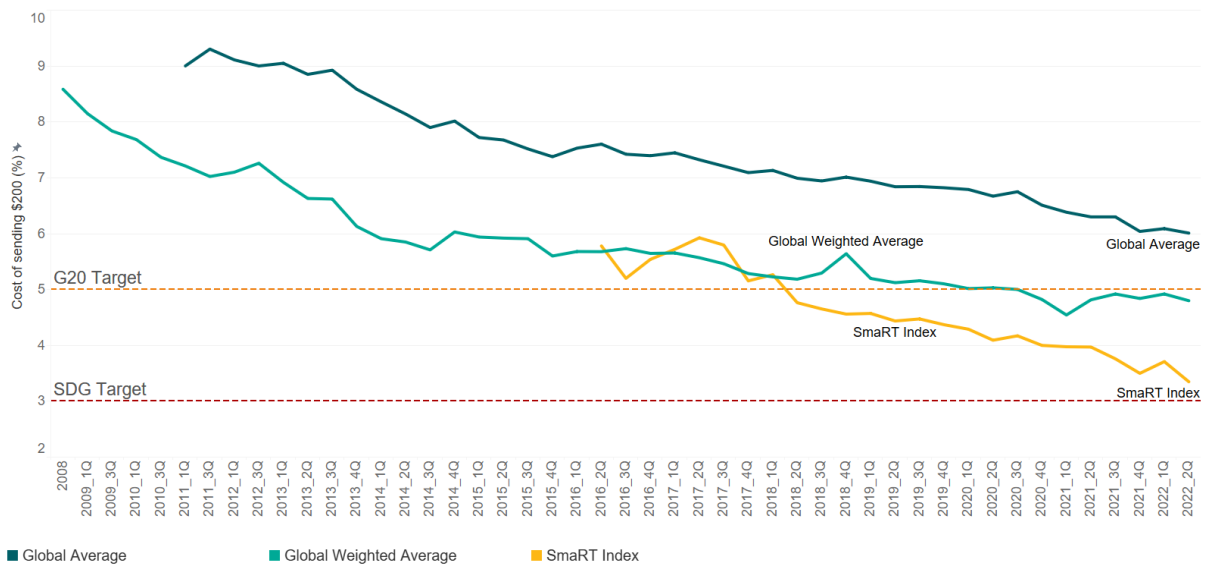


Figure 1: Trends in the global cost of sending \$200 in remittances



Source: Remittance Prices Worldwide, Q2 2022, World Bank

Figure 2: Trends in Global weighted average & SmarT average

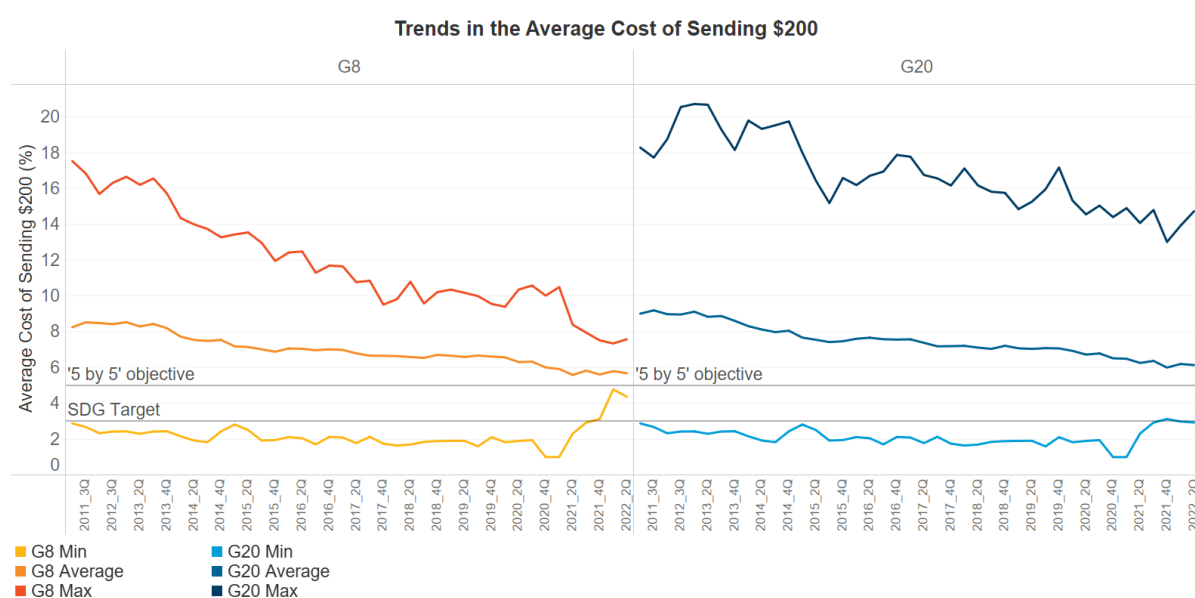


Source: Remittance Prices Worldwide, Q2 2022, World Bank

## Trends in Remittance Costs in G20 Members

The cost of remitting from G20 members experienced a moderate decrease to 6.14 percent in Q2 2022, from 6.20 percent in Q1 2022. The average cost of sending money to the G20 countries that are included as receiving markets in the RPW database was recorded at 5.53 percent in Q2 2022. As shown in Figure 3, although there has been a declining trend in the average cost, the cost of sending varies greatly across countries. Figure 3 includes the maximum and minimum cost observed in each quarter. In addition, apart from a few quarters, the average cost of sending money to G20 members has followed the pattern of the Global Average. For the 20<sup>th</sup> consecutive quarter since Q2 2017, the cost of remitting to G20 members has been recorded below the Global Average.

**Figure 3: Trends in the average cost of remitting from G8 and G20 members<sup>6</sup>**



Source: *Remittance Prices Worldwide, Q2 2022, World Bank*

The G20 continues to work with standard setting bodies (SSBs) such as the Bank of International Settlement's Committee for Payments and Market Infrastructure (CPMI), the Financial Stability Board (FSB) and the Financial Action Task Force (FATF) to monitor recommendations on remittances services providers' access to banking services, address the decline of respondents' banking relationships, consider factors affecting de-risking and establish a supportive policy and regulatory environment for competitive remittance markets. Additionally, the G20 has initiated the work on the Roadmap for Cross-Border Payments, which covers remittances alongside retail and wholesale cross-border payments.<sup>7</sup> It identifies the challenges to safe and efficient cross-border payments, while it develops

<sup>6</sup> G20 average cost shows an increase due to the exclusion of Russia in the past 2 quarters (Q1 and Q2, 2022)

<sup>7</sup> For the G20 Roadmap on Enhancing Cross-Border Payments, please see FSB (2020) *Enhancing Cross Border Payments: Stage 1 Report*; CPMI (2020) *Enhancing Cross-Border Payments: Building Blocks of a Global Roadmap – Stage 2 Report*; and FSB (2020) *Enhancing Cross-Border Payments: Stage 3 Roadmap*.

the building blocks to overcome said challenges and constructs an actionable implementation plan. The action plan consists of five focus areas: (A) Committing to a joint public and private sector vision to enhance cross-border payments; (B) Coordinating on regulatory, supervisory and oversight frameworks; (C) Improving existing payment infrastructures and arrangements to support the requirements of the cross-border payments' market; (D) Increasing data quality and straight-through processing by enhancing data and market practices; and (E) Exploring the potential role of new payment infrastructures and arrangements. SSBs and International Financial Institutions (IFIs) have been collaborating on the implementation of the G20 Roadmap for Cross-Border Payments since it was announced in October 2020.

During the Saudi Arabia Presidency of the G20 in 2020, remittances were also recognized as a key action area integral to promoting digital financial inclusion; this led to the adoption of the 2020 G20 Financial Inclusion Action Plan (FIAP). In its action areas identified for the period 2021-23, the G20 2020 FIAP calls for the development of responsible and innovative payment systems to support progresses on reducing the cost of remittances. More specifically, the action plan for Digital Financial Inclusion supports the reduction of both access and usage barriers for the underserved and vulnerable groups by promoting the development of responsible innovative payment systems that provide affordable, secure, interoperable, transparent, and inclusive payment solutions across borders and within G20 and non G20 countries to support progress in reducing the cost of remittances, while maintaining consumer protection and disclosure requirements.

### **Reforms for Improving the Enabling Environment for Remittance Services**

Major remittances' sending countries, including G20 members, are implementing a wide range of reforms and policy measures, appropriate to each members' national circumstances and the different remittance corridors. These include price-comparison websites, consultative forums and events, improvements to financial infrastructure, initiatives to address structural issues in receiving countries, the promotion of access to technologically enabled remittance services and other digital financial services, digital and financial literacy campaigns, studies targeted on specific corridors and new legal frameworks and regulatory reforms.

The Annex summarizes each jurisdiction's progresses and achievements in the implementation of their respective National Remittances Plan during the course of the last 12 months. The World Bank provided all remittances data, unless otherwise specified.

## ANNEX: National Remittances Plans Implementation Update<sup>8</sup>

### Argentina

#### Country remittances profile:

In Argentina, the migrant population is around 5% of the total population (2020). In 2021, remittances sent from and received to Argentina represented: (i) 0.1% and 0.2% of the Argentine GDP, respectively; and (ii) 0.2% of the total remittance inflows of low-and middle-income countries (according to KNOMAD/World Bank 2022). Argentina is not a major source of money transfer remittances. Please find below more data about metrics in 2021:

- Migrant remittance inflows (USD million): 912 (\*)
- Migrant remittance inflows (as a share of GDP): 0.2% (\*)
- Migrant remittance inflows as a share of total migrant remittance inflows of low-and middle-income countries: 0.2% (\*)
- Migrant remittance inflows as a share of total migrant remittance inflows in Latin America and the Caribbean: 0,7% (\*)
- Migrant remittance outflows (USD million): 589 (\*)
- Migrant remittance outflows as a share of GDP: 0.1% (\*) (1)
- International migrant stock: 2,281,728 (\*\*) (2020, no habría información posterior)
- International migrant stock as a percentage of the total population: 5% (\*\*)
- Female migrants as percentage of the international migrant stock: 53.4 percent (\*\*)
- Estimated refugee stock (including asylum seekers): 185,268 (2020) (\*\*)

(\*) [KNOMAD/World Bank, 2022](#)

(\*\*) [UN DESA](#) (2020)

(1) [IMF World Economic Outlook database](#)

#### Regulatory environment

In Argentina, the Central Bank is entitled by law to regulate the foreign exchange market, including international remittances. These operations could be made by financial entities and exchange houses with their customers (both individuals and firms). Recipients of remittances can choose to collect these funds in both local and foreign currency. In the case of remittances outflows, residents<sup>9</sup> do not require prior approval from the BCRA to access the foreign exchange market up to an amount of USD 200 per month as long as the transaction is carried out with a debit to the client's account at local

<sup>8</sup> This year's progress report submissions are based on the new data collection template circulated in 2021. While some countries have responded to the questionnaire provided in the template, others have covered relevant sections as a narrative. All submissions are included verbatim with some minor copyediting. In instances where countries responded to the questionnaire, only the relevant questions and the corresponding responses are included (and not the whole questionnaire).

<sup>9</sup> A person is considered "resident" if remains or intends to remain in the country for at least one year.

financial entities. The use of local currency cash is allowed for up to USD 100 per month. On the other hand, remittances sent by non-residents are subject to the prior approval of the BCRA.

In addition, individuals are allowed to transfer funds from their local bank accounts in foreign currency to bank accounts abroad for up to USD 500 per month in order to support Argentine residents who have had to remain abroad under the measures adopted in the framework of the COVID-19 pandemic.

Although the following regulations are not directly associated with remittances, they may have a positive influence on the families who sent and received remittances.

### **Payment Infrastructure**

In February 2022, the Central Bank defined the service of a “digital wallet”, also known as “electronic wallet” or “virtual wallet”, as that offered by financial institutions (FIs) or payment service providers (PSPs) on a mobile application or web browser to make transactions, such as Payment by Transfers (PCTs) and/or payments through other instruments like debit, credit, purchase or prepaid cards. Every FI or PSP providing digital wallet services must register with the “Registry of Interoperable Digital Wallets”.

As per December 2021, more than 16 million individuals had an account on a PSP, which represents 47% of the adult population. More than 90% of that group also had at least a bank account, which highlights the relevance of an interoperable ecosystem between both types of accounts.

From May 2022, electronic wallets may expand the scope of their services, allowing clients to add accounts —bank or non-bank (payment)— held at other financial institutions or payment service providers (PSPs). Therefore, users may carry out payments by transfer or instant transfers through an electronic wallet using funds deposited in other linked accounts.

### **Access to financial services.**

#### Account ownership

The penetration rate of accounts was 95,3% of the adult population as of December 2021, which means that more than 33 million people had at least one bank and/or payment account. Financial institutions (FIs) and Payment Service Providers continued opening new bank and payment accounts in a context in which the digitalization of financial services was following a rising trend. As of December 2021, the number of natural persons account holders was 1.2 million up against December 2020.

One of the highlights of 2021 was the number of people holding both a bank and a payment account. This figure almost doubled from 7.6 million persons in December 2020 to 14.9 million by the end of 2021. So, 42.6% of the adult population held both bank and payment accounts. This shows the paramount importance of an interoperable financial system that is in line with the measures implemented by the BCRA.

#### Physical and digital infrastructure

In relation to access infrastructure to the financial system, in Argentina, access points consist of bank branches, ATMs, self-service terminals, mobile branches, and supplementary agencies of financial services or ACSFs (commonly referred to as bank agents). As of December 2021, Argentina had 14.4 access points per 10,000 adults.

As regards coverage through access points, 52.3% of municipalities had at least one access point as of December 2021. Indeed, 92.5% of the adult population was living in a municipality with at least one access point as of December 2021.

Regarding internet connection, as of March 2021, 82.7% of municipalities in Argentina—where 93.5% of the adult population live—recorded at least one fixed and/or mobile Internet connection. Less populated municipalities show that 81% of those with up to 10,000 inhabitants report at least one type of Internet connection. However, by breaking down this group of municipalities in terms of inhabitants, Internet connection availability is reduced as the number of inhabitants drops.

#### Financial Services Consumer Protection

In February 2022, the Central Bank adopted security measures for digital wallets. In this regard, financial institutions (FIs) and Payments Service Providers (PSP) offering digital wallets should adopt mechanisms to prevent suspicious transactions and to mitigate fraud risk.

Also in February 2022, the Central Bank established some measures related to guarantee a safe usage for digital wallets. FIs and PSPs offering digital wallets should make any necessary channel available to users so that they may be able to: (i) immediately consent that their bank or payment accounts be linked to an electronic wallet; and (ii) set usage parameters for electronic wallet services, such as limits to amounts per period and number of transactions.

Related to the balances in PSPs, in December 2021 the Central Bank established a minimum reserve requirement at 100% for balances in pesos held in deposit accounts of PSPs where their clients' funds are deposited.

In September 2022, the Central Bank extended the regulations on the protection of users of financial services to Payment Service Providers (PSP). In addition, PSP must fulfill the guidelines for people with disabilities.

#### Financial literacy

In partnership with the various provinces with which it has signed agreements, the Central Bank is developing the "Financial Education in the Classroom" programme. This programme consists of virtual training for secondary school teachers, who carry out educational activities with their students in the classroom, and which also seeks, through actions to socialize knowledge, to extend knowledge and healthy financial behavior to families and communities. The people reached by this training had access to information on how to make a budget, record expenses, use home banking, ATMs and e-wallets, make payments through electronic channels, know the different types of bank accounts, design their own savings and investment strategies, know the types of credits and the management of sustainable



indebtedness, the financial system, the role of the central bank in its regulation and supervision, and the institutions that provide financial services, among many others.

The Central Bank is also deploying the "Finances Nearby" programme in different provinces of the country, which seeks to reach the communities and people who are most vulnerable, due to economic, social, gender and age-related issues, among others. It is envisaged that immigrants can be reached as final beneficiaries of the program. The purpose of this programme is to promote financial education to encourage people's financial inclusion, both in terms of knowledge and use of financial products and services, especially electronic channels and means of payment, and the acquisition of skills and habits to interact in an informed and critical manner with the financial system.

## Australia

N/A

## Brazil

***Note: Brazil's updates were provided as responses to the questions in the new NRP template. Only the questions to which responses were provided are included below.***

### Summary

According to BCB data, the amount of remittances sent abroad from Brazil, in 2021, was US\$1,599 million, 8.7% higher than the value in 2020 (US\$1,471 million). The United States and Portugal were the largest recipients of these remittances - approximately 37% of the total volume. Regarding the inflow of resources in Brazil, the volume was US\$3,845 million, 16% higher than in 2020 (US\$3,312 millions). United States and United Kingdom represented more than 69% of the total resources sent to the country in 2021.

When analyzed the first quarter of 2022, there was a 13% increase in flows to Brazil compared to the same period in 2021. Besides that, in the same period, there was a 73% increase in flows sent from Brazil, mostly explained by the approximate 111% increase in flows to the United States and 106% of flows to Portugal, which together accounted for 41.7% of the total.

It is important to mention that, in 2020, the inflow of remittances received and sent represented, respectively, 0.2% and 0.1% of GDP, according to latest World Bank data presented<sup>10</sup>. The institution also stated in the Remittance Prices Worldwide, Issue 42 – June 2022, that the average cost of remitting USD200 from Brazil in the second quarter of 2022 was 7.71%, in line with the cost for the

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<sup>10</sup> <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=BR>

second quarter of 2021 (7.74%). On the other hand, in the same period, the average cost of remitting USD200 to Brazil was 6.27%, slightly above that observed in the second quarter of 2021 (6.10%).

The Brazilian foreign exchange legislation (Law 4,131, of September 3, 1962; Resolution 3,568, of May 29, 2008; and Circular 3,691, of December 16, 2013) requires all foreign exchange transactions, including remittances, to be carried out through institutions authorized to operate in the foreign exchange market by Banco Central do Brasil (BCB). Currently, there are 183 institutions authorized to conduct foreign exchange transactions, organized as banks, exchange brokers, brokerage firms and securities dealers. These institutions can contract foreign exchange correspondents to conduct, under their supervision, operations with customers who need to send remittances up to US\$ 3,000. In this scenario, there are about 5,066 foreign exchange correspondents.

Finally, on December 29, 2021, was enacted Law No. 14.286, proposing a new legal framework for the Brazilian foreign exchange market that will allow the adoption of requirements proportional to the values of the operations in the foreign exchange market and the risks involved. The Law No. 14.286/2021 is in line with the best international practices and allow the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances.

### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c) - (US\$ mi)	Outflow (if 1a or 1c) - (US\$ mi)
2021	3,845	1,599

Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais>

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?

Both sending and receiving are significant.

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	Not available

4. Please list main corridors for international remittances sent.

United States, Portugal and United Kingdom (2021).



Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais>

5. *What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.*

2021_1Q	2021_2Q	2021_3Q	2021_4Q	2022_1Q	2022_2Q
7.17	7.74	4.81	4.19	5.93	7.71

Source:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q222.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q222.pdf)

6. *Please list main corridors for international remittances received.*

United States, United Kingdom and Portugal (2021).

Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais>

7. *What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.*

2021_1Q	2021_2Q	2021_3Q	2021_4Q	2022_1Q	2022_2Q
6.69	6.1	6.43	6.35	6.56	6.27

Source:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q222.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q222.pdf)

### Competition in the market

8. *Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:*



	Allowed to provide remittance services (1) <sup>11</sup>	If “yes”			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	104	N/A	N/A	N/A
MTOs	Yes	79	N/A	N/A	N/A
Postal network	Yes	1	N/A	N/A	N/A
Mobile money operators	No				
Fintech platforms	No				
Remittance hubs	No				
Others (please specify): Agents	Yes	5066	N/A	N/A	N/A

9. *If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]*

Since 2013, the BCB publishes a ranking about remittances on its website (<http://www.bcb.gov.br/?ENGVET>), by institution, which facilitates comparisons and analysis of the costs of these operations. This tool allows for the monitoring of the institutions' performance and costs in previous months.

10. *Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.*

<sup>11</sup> The Brazilian foreign exchange legislation (Law 4,131, of September 3, 1962; Resolution 3,568, of May 29, 2008; and Circular 3,691, of December 16, 2013) requires all foreign exchange transactions, including remittances, to be carried out through institutions authorized to operate in the foreign exchange market by Banco Central do Brasil (BCB). In this sense, BCB may grant authorizations to perform operations in the foreign exchange market to multiple banks, commercial banks, saving banks, investment banks, development banks, foreign exchange banks, development agencies, credit, financing and investment societies, securities and stocks brokerage societies, securities and stocks dealers societies and foreign exchange brokerage societies. Effective January 1st, 2023, payment institutions will also be eligible to operate in the foreign exchange market. The institutions referred above may contract, in the ways foreseen in article 9 of Resolution CMN No. 3,954, of February 24, 2011, agents to conduct, under their supervision, operations with customers who need to send remittances up to US\$ 3,000.

On September 9, 2021, Resolution CMN No. 4,942 and Resolution BCB No. 137 was issued, considering the growing digitization of the financial system and new business models. These are important achievements that have improved foreign exchange regulation considering the intensive use of technological solutions in international payments and transfers that contribute to competition, financial inclusion and innovation in remittances market.

More recently, on December 29, 2021, was enacted Law No. 14.286, proposing a new legal framework for the Brazilian foreign exchange market that will allow the adoption of requirements proportional to the values of the operations in the foreign exchange market and the risks involved. The Law No. 14.286/2021 is in line with the best international practices and allow the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances.

## Regulatory environment

*11. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:*

### *If 2a or 2c:*

- *Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.*
- *Requirement for RSPs to provide information on whether there are additional fees for receivers*
- *Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.*
- *Requirement for RSPs to provide all the necessary information prior to transaction initiation*
- *Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?*

Seeking to disclosure the total amount of a purchase or sale of foreign currency and to provide a better way to compare, Total Effective Value (VET) concept was designed. It is an obligation to all institutions to provide their customers, including setting forth the exchange contract or receipt. The VET is the total amount of reais paid or received per unit of foreign currency on an exchange transaction (e.g. BRL 5.10 per USD). The VET considers exchange rate, taxes (Tax on Credit, Exchange Transactions, Insurance and Securities - IOF) and fees that may be

charged, allowing customers to compare the prices available in the market for buying and selling foreign currencies.

Besides that, in foreign exchange operations with customers that do not have formalization of the foreign exchange contract, it is mandatory to deliver or to make available to the customer, immediately and at no cost, the voucher of each foreign exchange operation, which must contain at least the parties' identification, the foreign currency, the nature code of the transaction, the foreign exchange rate, the amounts in foreign and domestic currency as well as the VET.

*If 2b or 2c:*

- *Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?*

The Circular BCB No. 3,914, dated 20th September 2018, was issued to increase the regular ways to receive remittances in Brazil and thus fostering competition, with possible cost reduction for the public. Such measure allows institutions authorized to operate in the foreign exchange market to receive remittances payment orders in foreign currency from abroad, undertake the conversion to BRL and deliver the resources in BRL to the beneficiaries without the time and cost involved in traditional foreign exchange transactions.

The payment order conditions shall be negotiated abroad, including previous agreement about the value in BRL that must be integrally received by the natural person in Brazil (i.e. there is no any additional fees or taxes). The pre-established value abroad may be credited in a deposit or prepaid account or delivered in cash. Thus, in this new systematic, the beneficiary does not need to negotiate foreign currency in Brazil and, therefore, it will not incur any other expenses or fees.

12. *Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:*

- *Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?*

Regarding this aspect, Circular BCB 3978/2020 (Article 10) introduces a greater efficiency and effectiveness to the procedures applied in anti-money laundering and counter terrorist financing (AML/CFT), by increasing the adoption of a risk-based approach—allowing the application of reinforced controls for situations of greater risk and streamlined controls in lower risk situations.

Moreover, according to Circular BCB No. 3,691, of December 16, 2013, without prejudice to the customer's identification, for operations of foreign currency purchase and sale up to US\$

3,000.00 (three thousand United States dollars) or its equivalent amount in other currencies, it is not required to present documentary evidence of the underlying business transaction, observed that, in the case of operations without the participation of companies hired as agents, the storage of a copy of the customer's identification documents is also waived.

- *Are there any government-issued e-ID facilities, and are they used for financial services?*

Yes. On February 23, 2022, came into force Decree No. 10.977, establishing procedures in the preparation of the new Brazilian identity card, which will also be issued in digital format.

Source: <https://www.gov.br/pt-br/noticias/noticias/economia-e-gestao-publica/07/nova-carteira-de-identidade-nacional-comeca-a-ser-emitida>

- *Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?*

Yes, the Central Bank of Brazil has implemented its Regulatory Sandbox (BCB Sandbox), which is an environment where the BCB licenses, for a certain period, entities to test an innovative project, while they observe a specific set of regulatory provisions that supports the controlled and delimited execution of their activities.

The BCB Sandbox was implemented through cycles and we are currently ending the first cycle's licensing phase. The licensed entities will begin to test their projects by the end of 2021 or the beginning of 2022.

Further information is available at:

<https://www.bcb.gov.br/en/financialstability/regulatorysandbox>.

- *AML/CFT regulations for account opening and ongoing customer due diligence.*

The procedures for building the overall customer's profile were enhanced by Circular BCB 3978/2020 (Articles 13 to 20). The customer's identification, qualification and classification procedures must be performed through the collection, verification and validation of information—in line with the client's risk profile, the nature of the business relationship, the supervised entities' AML/CTF policy, and the supervised entities' internal risk assessment. Notably, these procedures must be permanently reassessed according to the evolution of the business relationship and the client's risk profile. Furthermore, Resolução CMN 4753/2019 (Article 2) also reinforces that AML/CFT regulation must be considered for deposit accounts opening. Finally, Resolução BCB 96/2021 (Article 4) reinforces the risk-based approach considering payment accounts.

- *Use of agents by RSPs and agent exclusivity*

Resolution No. 3,954, of 2011, provides for the hiring of agents in the country, aiming at the provision of services of service activities to clients and users of financial institutions and other



institutions authorized to operate by the Central Bank of Brazil. This rule provides that the execution of remittances of up to the equivalent of US\$3,000.00 among the services that can be performed through agents.

- *Competition policy*

The Agenda BC# presents the Central Bank of Brazil work agenda focused on tackling structural issues of the National Financial System (SFN) through fostering technological innovation and establishes as a dimension, among others, “Competitiveness”, aiming to promote adequate pricing by favoring competitive access to markets.

- *Consumer protection*

Resolutions CMN No. 4.949 and BCB No. 155, of 2021, provide principles and procedures to be adopted in the relationship with customers and users of products and services by financial institutions, payment institutions and other institutions authorized to operate by the Central Bank of Brazil.

The customer relationship policy should guide the conduct of the institutions' activities in accordance with the principles of ethics, responsibility, transparency, and diligence, providing for the convergence of interests and the consolidation of an institutional image of credibility, security, and competence.

- *Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.*

Resolutions CMN No. 4,942 and BCB No. 137, of 2021, considering the growing digitization of the financial system and new business models. These are important achievements that have improved foreign exchange regulation considering the intensive use of technological solutions in international transfers, including use of digital that contribute to competition, financial inclusion and innovation in remittances market.

- *Regulatory compliance of products and services offered by fintechs.*

Resolutions CMN No. 4,595, of 2017, and BCB No. 65, of 2021, provide the compliance policy of financial institutions, payment institutions and other institutions authorized to operate by the Central Bank of Brazil.

The institutions must implement and maintain a compliance policy compatible with the institution's nature, size, complexity, structure, risk profile and business model, to ensure the effective management of its compliance risk.

*If 2b or 2c:*



- *Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances*

Demand deposit and e-money accounts can be opened in a remote way, according to Resolution CMN 4.753/2019 (Article 3) and Resolution BCB 96/2021 (Article 5), respectively, and they can receive remittances.

In addition, purchases and sales of foreign currency above R\$10,000.00 (ten thousand BRL), the receipt or delivery of its equivalent in BRL must be performed through credit or debit to the customer's deposit or payment account maintained at financial institutions and other institutions authorized to operate by the BCB or payment institutions that are part of the Brazilian Payment System (SPB) exclusively by virtue of their adhesion to Pix (the instant payment scheme launched by the BCB last year).

When it does not exceed R\$10,000.00 (ten thousand BRL), the receipt or delivery of the equivalent amount in BRL may be made through any payment instrument utilized on financial markets, including cash, noting that the use of postpaid payment account is limited to foreign currency sales transactions.

- *Can basic payment accounts be provided by non-bank RSPs in the form of e-money?*

Yes. According to Resolution BCB 96/2021 (Articles 1 and 2), the payment accounts can be provided by payment institutions in the form of e-money.

## Payment infrastructure

13. *Do non-bank RSPs have access to the national payment infrastructures?*

Yes.

14. *Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?*

Card switches for Visa, Mastercard, Elo/Discover and Amex and Swift. Besides that, there is a Local Payment System (SML) that interconnects the Brazilian payment system to the Argentine, Paraguayan and Uruguayan local system through a messaging system developed by the respective Central Banks.

15. *Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?*

- Resolution BCB No. 1, of 2020: institutes the Pix payment arrangement and approves its Regulation;
- Resolution BCB No. 80, of 2021: disciplines the constitution and operation of payment institutions, establishes the parameters for submitting requests for authorization to

operate by these institutions and provides for the provision of payment services by other institutions authorized to operate by the Brazilian central bank;

- Resolution BCB No. 81, of 2021: regulates the authorization processes related to the operation of payment institutions and the provision of payment services by other institutions authorized to operate by the Central Bank of Brazil;
- Resolutions CMN No. 4,942 and BCB No. 137, of 2021, considering the growing digitization of the financial system and new business models.
- Resolution BCB No. 150, of 2021: consolidates rules on payment arrangements, approves the regulation that governs the provision of payment services within the scope of payment arrangements that are part of the Brazilian Payment System (SPB), establishes the criteria according to which the payment arrangements will not integrate the SPB and make other arrangements.

*16. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?*

Yes. Credit transfers and payments made with Pix (the instant payment scheme launched by the BCB last year) are mandated to be free of charge for natural persons in most transactions in a way to promote digitization of payments. The inclusion of the non-banks on the one hand, stimulates competition thus affecting the capillarity and reach of financial services. On the other hand, the low cost for settlement in the Instant Payment System – SPI - (0,01 BRL for 10 transactions) also acts as an inductor of digitization through a reduction of the overall cost of transaction.

## **Governance and Risk Management**

*17. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?*

Resolution 4,557, of 2017, provides for the implementation of a structure for risk management and a structure for capital management and is applicable to financial institutions and other institutions licensed by the Central Bank of Brazil (BCB), including the ones which act as remittance service providers (RSPs).

The regulation improved and unified, in a same resolution, requirements formerly addressed by specific resolutions for the management of capital and the management of operational risk – including legal risk –, credit risk, liquidity risk and market risk. Standards established by the Basel Committee on Banking Supervision in the document Core Principles for Effective Banking Supervision, published in 2012, are the foundation of the resolution.

According to Resolution 4,557, institutions are required to evaluate the relevant risks arising from their business model and strategic goals, and to define and document, in the Risk Appetite Statement (RAS), appetite levels for each type of risk identified. Once the board's

decisions are articulated in the RAS, the structure for continuous risk management must be consistent with the risk levels set out in this document as well as integrated across risks, including the management of adverse effects arising from interactions between them.

This resolution also requires the implementation of a stress test programme, with a clear definition of the roles played by senior management and the board in establishing guidelines. Based on a set of prescribed methodologies, the programme must allow for the use of the stress test results in strategic decisions. It also introduced improvements in the corporate governance of risk management and capital management. The requirements are based on the recent recommendations on the subject, which faced a significant development over the last years in terms of definitions and practices, since shortcomings in corporate governance were considered one of the catalyzers of the financial crisis started in 2007.

The specific requirements for the management of each risk and the detailed governance provisions are available in the English version of Resolution 4,557 at BCB's website.

[https://www.bcb.gov.br/content/financialstability/Brazilian\\_Prudential\\_Financial\\_Regulation\\_Docs/ResolutionCMN4557.pdf](https://www.bcb.gov.br/content/financialstability/Brazilian_Prudential_Financial_Regulation_Docs/ResolutionCMN4557.pdf)

18. *Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?*

Circular BCB 3,978/2020 adopts a risk-based approach—allowing the application of reinforced controls for situations of greater risk and streamlined controls in lower risk situations. Each entity is responsible for preparing its own internal risk assessment. The same regulations are applied to banks and non-banks RSPs.

#### **Access to financial services**

*If 2a or 2c:*

19. *Have there been any changes in migrants' access to services provided by regulated RSPs?*

No. Since the last updated, there has been no change concerning migrants' access to services provided by regulated RSPs. Nonetheless, it is important to mention that all documented migrants can access services provided by regulated RSPs.

20. *If you monitor migrant workers' level of financial inclusion in your country, including transaction account ownership, to send remittances in cash and digitally via regulated channels, please provide the latest figures.*

BCB does not monitor migrant workers' level of financial inclusion.

21. *Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of*

*these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?*

The requirements for migrants to open a transaction account are the same as for any other citizen, including name and an identification number, according to Circular BCB 3978/2020 (Article 16). The customer due diligence must be employed in any case. These accounts are managed by the supervised entities (banks or non-banks) and they define the cost of the account.

The norms state that: (i) any identification documents recognized by Brazilian law are eligible documents for account opening; and (ii) it is up to the banks to define the list of documents necessary to open their clients' accounts, since they are required to adopt procedures and control mechanisms necessary to identify and qualify the account holder, including foreign, and their representatives.

Thus, there is no legal or regulatory impediment to banks to identify migrants, refugees or asylum seekers for account opening purposes, based on the following documents:

- a) National Migration Registration Card (CRNM, in Portuguese);
- b) Provisional Document of National Migratory Registration (DPRNM, in Portuguese);
- c) Refugee Claim Protocol.

The migrant, refugee or asylum seeker can also open a payment account, including via mobile phone, at a bank or at a payment institution (IP, in Portuguese). These accounts have simpler opening rules when the maximum deposited amount limit is BRL 5,000.

Source:

[https://www.bcb.gov.br/content/cidadaniafinanceira/documentos\\_cidadania/Cartilha\\_Migrantes\\_Refugiados/cartilha%20BC%20-%20Ing%3%AA%20vers%C3%A3o%204.0\\_final.pdf](https://www.bcb.gov.br/content/cidadaniafinanceira/documentos_cidadania/Cartilha_Migrantes_Refugiados/cartilha%20BC%20-%20Ing%3%AA%20vers%C3%A3o%204.0_final.pdf)

*22. Have you observed any differences in channels used by undocumented migrants use?*

No. BCB does not monitor channels used by undocumented migrants. Nonetheless, the requirements for migrants to open a transaction account are the same as for any other citizen, including name, address and an identification number, according to Circular BCB 3978/2020 (Article 16). The customer due diligence must be employed in any case. These accounts are managed by the supervised entities (banks or non-banks) and they define the cost of the account.

Consequently, financial institutions must identify their clients prior to entering into business relations. Therefore, undocumented migrants' transactions are presumably continue to be carried out through informal channels.

23. *Have there been any changes in the coverage of RSPs where migrants live?*

BCB does not monitor migrant workers' level of financial inclusion. However, all 5,570 Brazilian municipalities have at least one physical bank channel (as bank branch, bank branch-like or agents).

24. *Do you have information on the financial inclusion rate of remittance sending migrants?*

BCB does not monitor migrants' level of financial inclusion, including rate of remittances.

25. *Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?*

Information not available.

26. *Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.*

On September 9, 2021, Resolution CMN No. 4,942 and Resolution BCB No. 137 was issued, considering the growing digitization of the financial system and new business models. These are important achievements that have improved foreign exchange regulation considering the intensive use of technological solutions in international payments and transfers that contribute to competition, financial inclusion and innovation in remittances market.

More recently, on December 29, 2021, was enacted Law No. 14.286, proposing a new legal framework for the Brazilian foreign exchange market that will allow the adoption of requirements proportional to the values of the operations in the foreign exchange market and the risks involved. The Law No. 14.286/2021 is in line with the best international practices and allow the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances.

*If 2b or 2c:*

27. *Have there been any changes in the coverage of RSPs in rural areas?*

BCB does not monitor migrant workers' level of financial inclusion level. However, all 5,570 Brazilian municipalities have at least one physical bank channel (as bank branch, bank branch-like or agents).

28. *What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)? (For 2021)*

Currently, 96.9% of the adult population (from approx. 170 million adults) have at least one bank relationship, and having an account is the most important relationship.

29. *Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available. (For 2021)*

Information not available.

30. *Please list any changes in, new additions to the solutions that help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP).*

On September 26, 2019, was issued Resolution CMN No. 4,753, modernizing and simplifying the process of opening, maintaining, and closing deposit accounts. In line with the evolution of the forms of identification and qualification of customers, financial institutions must define the information and documents necessary for opening an account. The procedures defined by the financial institutions must observe the legislation and regulations in force and AML/CFT mechanisms. Finally, the use of electronic means for opening and closing deposit accounts is allowed.

31. *Are you able to measure the switch from remittances received over-the-counter to transaction account remittances?*

Information not available.

32. *Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products that were in effect in the past 12 months?*

On September 9, 2021, Resolution CMN No. 4,942 and Resolution BCB No. 137 was issued, considering the growing digitization of the financial system and new business models. These are important achievements that have improved foreign exchange regulation considering the intensive use of technological solutions in international payments and transfers that contribute to competition, financial inclusion and innovation in remittances market.

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## Canada

**Note: Canada's updates were provided as responses to the questions in the new NRP template. Only the questions to which responses were provided are included below.**

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2017		\$5.2 billion CAD

Data from the Study on International Money Transfers from Canada ([Study on International Money Transfers from Canada \(statcan.gc.ca\)](https://www.statcan.gc.ca/study-on-international-money-transfers-from-canada))

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?

Canada is mainly a remittance-**sending** country.

**If 2a or 2c:**

3. Please provide the migrant stock as a share of total population:

The most recently published Canadian census (conducted in 2016) indicated that Canada's foreign-born population was over 7.5 million, representing 21% of the Canadian population. Asian migrants represented the largest foreign-born community in Canada, followed by European migrants, with a growing portion of African migrants. The origin-country of the largest number of foreign-born Canadians was India, followed by China, the Philippines, the United Kingdom, and the United States.

Note: Canada conducts a Census of Population every five years. New data on Canada's foreign-born population size from the 2021 census will be published on October 26, 2022.

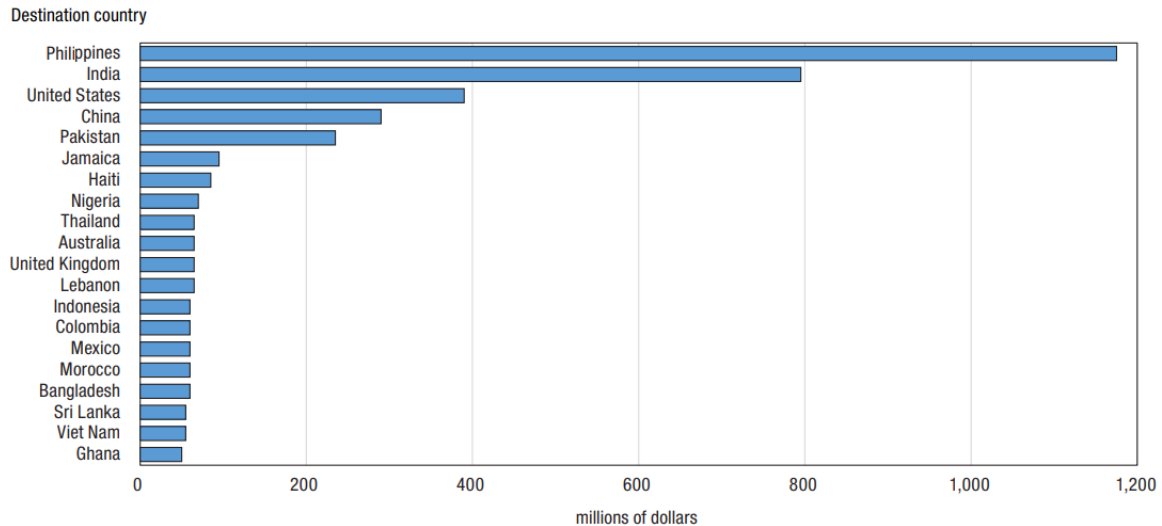
Year	Migrants/Population
2016	7,540,830/35,151,728 (21%)

4. Please list main corridors for international remittances sent.

According to the most recent data available (from 2017), the top corridors for international remittances sent from Canada were the Philippines, India, the United States, China and Pakistan.



**Total amount in millions of dollars sent to relatives or friends living outside Canada in 2017, by destination country**



Source: Statistics Canada, Study on International Money Transfers, 2018.

5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

**Table 1: Mean cost to send 200 Canadian dollars from Canada to select countries (as a percentage of the transaction):**

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Philippines	4.92	4.69	4.90	4.76	4.59	4.54
India	4.48	5.01	4.97	5.24	5.38	5.27
China	5.48	6.46	6.77	6.97	7.31	6.80
Pakistan	3.77	4.55	4.39	4.79	5.03	4.87
Jamaica	5.98	7.62	6.91	6.30	6.29	6.29
Vietnam	4.74	5.53	5.46	5.42	6.01	6.45
Haiti	5.15	7.19	5.96	7.19	7.24	7.59
Nigeria	4.63	4.28	4.97	4.47	4.40	4.28
Sri Lanka	4.75	3.93	3.64	3.64	5.75	4.96
Lebanon	6.96	8.45	9.94	10.93	12.19	12.09
Ghana	6.01	6.51	8.03	8.60	10.30	10.26
Kenya	5.52	7.34	7.00	7.87	7.39	7.70
Guyana	6.73	8.91	9.12	8.90	8.67	8.85
Zimbabwe	6.42	7.90	9.13	9.55	9.90	10.05
Rwanda	4.85	6.41	8.19	8.38	8.42	7.87
<b>Mean</b>	<b>5.36</b>	<b>6.32</b>	<b>6.63</b>	<b>6.87</b>	<b>7.26</b>	<b>7.19</b>

Data from the World Bank's Remittance Prices Worldwide dataset:

[Data download | Remittance Prices Worldwide \(worldbank.org\)](https://www.worldbank.org/en/indicators/SH.UY.CD)



Note: average costs are not weighted and are not necessarily representative of the actual costs customers pay when sending payments abroad (e.g., certain providers with high fees may drive up the average while the majority of customers end up using a lower-cost provider).

### Competition in the market

6. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	10+			
MTOs	Yes	10+			
Postal network	Yes	1			
Mobile money operators	N/A				
Fintech platforms	Yes	10+			
Remittance hubs	N/A				
Others (please specify)					

Note: Unclear what the categories of "mobile money operator" and "remittance hub" refer to. Similarly, assume there is considerable overlap between "MTOs" and "fintech platforms".

Examples of commercial banks include: Royal Bank, Scotia Bank, National Bank, Toronto Dominion, Canadian Imperial Bank of Commerce, Bank of Montreal, Laurentian Bank, HSBC Bank, Canadian Western Bank, etc.

Fintech platforms/MTOs include many global firms operating in Canada such as Wise, Xe Money Transfer, OFX, etc.

7. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

No.

8. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

To increase market competitiveness, Canada is seeking to expand access to core payment system to new participants, including payment service providers. The government plans to launch a public consultation process later in 2022 on expanding membership eligibility in Payments Canada (the operator of Canada's national payments infrastructure) and allowing payment service providers to access Canada's core payment systems.

### **Regulatory environment**

#### **9. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:**

##### **If 2a or 2c:**

- *Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.*

None – N/A.

- *Requirement for RSPs to provide information on whether there are additional fees for receivers*

Although Federally Regulated Financial Institutions are required to disclose all fees related to the domestic/originating end of a transaction, including sending money abroad, this does not include charges in the country where the money is received.

- *Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.*

None – N/A.

- *Requirement for RSPs to provide all the necessary information prior to transaction initiation*

None – N/A.

- *Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?*

None – N/A.

##### **If 2b or 2c:**

- *Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?*

*10. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:*

The Retail Payment Activities Act (RPAA), enacted in June 2021, is the foundational element of the Retail Payment Supervision (RPS) regime. The regime will expand the regulatory perimeter by scoping in payment service providers (PSP), which includes many remittance providers, to promote the safety and integrity of the financial system while ensuring responsible innovation in the payments sector for Canadians. PSPs will be required to register with the Bank of Canada, which in turn will be responsible for supervising PSPs to ensure compliance with the regulations. Once implemented, the regime will ensure that PSPs are supervised, end-user funds are protected, operational risks are mitigated and national security related risks are safeguarded.

### **Payment infrastructure**

*Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:*

*11. Do non-bank RSPs have access to the national payment infrastructures?*

Non-bank RSPs do not have direct access to Canada's national payment infrastructure, which is operated by Payments Canada.

To increase market competitiveness, Canada is seeking to expand core payment system access to new participants, including payment service providers. The government plans to launch a public consultation process later in 2022 on expanding membership eligibility in Payments Canada and allowing payment service providers to access Canada's core payment systems.

*12. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?*

Payments Canada is working to adopt the ISO 20022 standard and broaden the interoperability of the Canadian payments marketplace with the rest of the world where ISO 20022 is increasingly being adopted. Payments Canada is targeting November 2022 for initial implementation of ISO 20022 with Lynx (Canada's high-value wire payments system). Canada's new real-time payments system, scheduled to launch in 2023, will support ISO 20022 messaging immediately at launch.

*13. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?*

The government is developing the Retail Payment Activities Regulations that are required to bring into force many of the provisions of the Retail Payment Activities Act, which received Royal Assent in June 2021. The Act and proposed Regulations introduce a new retail payments supervisory framework for payment service providers – including remittance service providers – that are currently unsupervised by domestic statutes. The intent is to ensure that payment services remain reliable and safe for

Canadians, and will help support the payment ecosystem to continue to develop faster, cheaper and more convenient methods of payment.

*14. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?*

Canada continues to advance initiatives related to Payments Modernization to improve system infrastructure in line with the FSB's work on enhancing cross-border payments.

**Payments Modernization**

- To increase market competitiveness, Canada is seeking to expand core payment system access to new participants, including payment service providers. The government plans to launch a public consultation process later in 2022 on expanding membership eligibility in Payments Canada and allowing payment service providers to access Canada's core payment systems.
- Payments Canada is targeting a June 2023 launch for Canada's new Real-Time Rail (RTR) system. The RTR will facilitate the instant exchange, clearing and settlement of transactions, which may help to expedite certain cross-border payments, including remittances. With an ability to handle data-rich payment messages, the RTR will serve as a platform for innovation in Canadian payments and promote digitization and the use of electronic transfers.

**Governance and Risk Management**

*15. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?*

The Retail Payment Activities Act (RPAA), enacted in June 2021, is the foundational element of the Retail Payment Supervision (RPS) regime. The regime will expand the regulatory perimeter by scoping in payment service providers (PSP), which includes many remittance providers, to promote the safety and integrity of the financial system while ensuring responsible innovation for Canadians. PSPs will be required to register with the Bank of Canada, which in turn will be responsible for supervising PSPs to ensure compliance with the regulations. Once implemented, the regime will ensure that PSPs are supervised, end-user funds are protected, operational risks are mitigated and national security related risks are safeguarded.

*16. Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?*

On April 5<sup>th</sup>, 2022, the requirements pertaining to crowdfunding platforms and all payment service providers were made permanent, with businesses in these sectors becoming reporting entities under the Proceed of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA). Consequently, this sector will be required to undertake client identification, record keeping and reporting in line with obligations set forth in the PCMLTFA and its associated regulations. It also subjects the sector to oversight by the Financial Transactions and Reports Analysis Centre of Canada to ensure the effective implementation of those regulatory requirements.

### ***Access to financial services***

#### ***If 2a or 2c:***

*17. Have there been any changes in migrants' access to services provided by regulated RSPs? If you monitor migrant workers' level of financial inclusion in your country, including transaction account ownership, to send remittances in cash and digitally via regulated channels, please provide the latest figures.*

**N/A**

*18. Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?*

**N/A**

*19. Have you observed any differences in channels used by undocumented migrants use?*

**N/A**

*20. Have there been any changes in the coverage of RSPs where migrants live?*

**N/A**

*21. Do you have information on the financial inclusion rate of remittance sending migrants?*

**N/A**

*22. Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?*

Although Canada has not tracked the switch from cash to electronic payments specifically for remittances, the COVID-19 pandemic has accelerated the rise of digital payments and the decline in cash overall.

Figure 1. Canada – all payment methods – annual totals (Canadian Payment Methods and Trends | Payments Canada)



Volume (in millions of transactions)

Payment method	2011	2015	2019	2020
Cheque and paper	1,187.0	876.0	583.9	432.0
Debit card	4,148.0	5,178.0	6,256.0	5,699.0
ABM	759.0	595.0	466.1	423.1
Prepaid card	148.0	225.0	328.7	301.9
EFT	2,124.0	2,592.0	2,947.0	2,908.0
Credit card	3,424.0	4,642.0	6,859.0	6,124.0
Online transfer	28.7	119.6	540.6	800.7
Cash	8,495.0	6,050.0	4,065.0	3,394.0
<b>Totals</b>	<b>20,314.0</b>	<b>20,277.6</b>	<b>22,046.9</b>	<b>20,082.5</b>

Value (in millions of dollars)

Payment method	2011	2015	2019	2020
Cheque and paper	3,648,448.0	3,989,942.9	3,586,221.0	3,056,371.0
Debit card	184,038.0	220,483.4	259,255.0	251,731.0
ABM	85,062.0	72,666.7	67,082.0	44,826.4
Prepaid card	9,930.0	13,489.9	19,237.0	17,900.0
EFT	2,868,755.0	3,972,263.4	5,178,683.0	5,147,089.0
Credit card	391,198.0	450,416.6	615,154.0	569,000.0
Online transfer	9,659.0	45,700.0	178,224.9	249,123.3
Cash	154,274.0	110,589.0	85,649.3	72,003.5
<b>Totals</b>	<b>7,351,362.0</b>	<b>8,875,551.9</b>	<b>9,989,506.2</b>	<b>9,408,044.2</b>

*23. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.*

N/A

## China

### 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.

### Current State of the Market for International Remittances

China is both a large receiving country and a large sending country of remittance. Thousands of banks and several MTOs provide remittance service in China, making the market quite competitive. China has established a comprehensive payment infrastructure that provides 24-hour/7-day inter-bank remittance settlement. Non-bank payment service providers also have access to the national payment infrastructures. The interoperability among banks and MTOs has also been achieved through the cooperation among banks and MTOs. Fintech players also join the market by cooperating with banks or MTOs. Since banks in China do not charge any fee to receivers, the cost for sending remittance to

China mainly depends on RSPs in sending countries where the prices are determined, and consumers are charged. 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. The amount of USD 200 is usually too small for Chinese consumers.

In China, the physical bank branches have covered almost every town in rural areas. Almost every family owns at least one transaction account which can facilitate the receipt of remittances. Digitalization has become one of the priorities in the national financial inclusion strategies. To enhance remittance environment, China strengthens the regulation on financial consumer protection and highlights the importance of financial and digital literacy and awareness. Some initiatives have been launched regularly to help consumers to use remittance service smartly, especially through digital solutions.

### **2022-2023 Country Plan for Reducing Remittance Transfer Costs**

- Encourage better coordination between government agencies and coordination between regulators and innovator.
- Collect data and analyze it to effectively oversee the remittance sector as well as continue to conduct research and case study on customer behavior of remittance services to improve remittance service provision.
- Explore digital channels and methods of remittance service by leveraging information technology and deepen the digital payment ecosystem.
- Improve the processes for customer due diligence and ensure effective anti-money laundering/counter terrorism financing (AML/CFT) compliance programs that comply with the international standards are applied.
- Encourage both public- and private-sector-led awareness building campaigns to boost financial literacy and capability of remittance consumers.
- Help consumers to understand digital remittance product features and are aware of risks including protection of data, privacy and security.
- Promote awareness of unregulated remittance transfer risks and alternative solutions for consumers in the appropriate language.
- Strengthen financial consumer protection regulation and supervision, provide multiple dispute resolution mechanisms, and improve data and privacy protection.
- Improve the transparency of remittance cost for consumers and enhance consumers’ understanding of the terms offered by RSPs operating in the corridor.
- Encourage remittance-related technical assistance and knowledge exchange.

### **Annual Monitoring for the National Remittance Plans 2022**

#### Progress Monitoring of 2021 National Remittance Plans

The WBG Remittance Prices Database collects the data about sending remittance to China through some main corridors, including those from Australia, Canada, France, Germany, Italy, Japan, New Zealand, Singapore, United Kingdom, United States and other jurisdictions to China. The data shows that, in 2022 Q2, the average cost of sending remittance of USD 200 to China is 6.28%, documenting

a reduction of 1.82 percent from 8.10% in 2020 Q1, despite the impact of the COVID-19 pandemic. The data from 2020 Q2 to 2022 Q1 are 8.23%, 8.43%, 8.07%, 7.71%, 7.14%, 6.78%, 6.35% and 6.52%.

Thousands of banks and several MTOs provide remittance service in China, making the market quite competitive. As of the end of 2021, there were 218,411 physical bank branches in China, covering 98.17% towns in rural areas with an increase from 97.13% of last year. Consumers can send or receive remittance from their accounts or using cash through bank service. All the bank account and cash services are usually free for consumers in China. There are no tax or fee that the remittance receivers must pay, so the cost for sending remittance to China mainly depends on banks or MTOs in sending countries where consumers are charged.

China focuses on enhancing the convenience and lowering the cost of remittances through digital channels and market competition. According to the Global Findex Database 2021, in China, 89% adults (age 15+) own financial institution accounts; 76% adults own debit cards; 86% adults use digital payment. The interoperability among banks and MTOs has also been achieved through the cooperation among banks and MTOs. Fintech players also join the remittance market by cooperating with banks or MTOs. To enhance remittance environment, China strengthens the regulation on financial consumer protection in remittance service and highlights the importance of financial and digital literacy and awareness. Some initiatives have been launched regularly to help consumers to use remittance service smartly, especially through digital solutions.

## European Union

N/A

## France

N/A

## Germany

### Country Remittance Profile:

With outflows of 22bn USD in 2020 (0,6% of GDP)<sup>12</sup> as indicated by data from the World Bank, Germany remains the fifth largest sending country worldwide. Also, per World Bank data, estimated remittances flows into Germany remain at 17.9bn USD in 2020, approximately 0.5 percent of Germany's GDP. According to information of RSPs, approx. 20 % of remittances are paid through online channels and 80 % are paid in cash. According to World Bank data, the average cost to send

<sup>12</sup> The data here taken from World Bank Sources. BMZ thus cannot guarantee correctness of the estimates and calculations <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>



USD 200 from Germany experienced a significant decrease over the last year from 7.26% in Q1/2021 to 6.1% in Q1/2022. This is almost in line with the global average (6.09%), but more expensive when compared to the G8 average (5.8%) and SDG 10.c (below 3%) (all data: Q1 2022, The World Bank, Remittance Prices Worldwide)<sup>13</sup>. As per World Bank data, the available quarterly costs (from the previous year 2021 and the current one) in percent of USD 200 remitted are as follows: **2021\_Q1**: 7.26; **2021\_Q2**: 6.15; **2021\_Q3**: 6.37; **2021\_Q4**: 6.22; **2022\_Q1**: 6.1. The migrant stock 2021 as a share of total population is as follows: (Number of Migrants here equals the number of persons with an own migration experience living in Germany): **year 2021**: approx. 13,964,000/ 83,237,124.

### **On improving the enabling policy and regulatory environment for international remittances:**

Germany will co-fund the 2023 *Global Forum on Remittances, Investment and Development*, which will take place in June as an important platform to build and strengthen partnerships for innovative solutions on cheaper, faster, and safer transfer of remittances with all relevant stakeholders.

Germany continues to increase investment and to strengthen the capacity in the private sector, specifically small businesses in Africa. In this context, the online platform <http://www.widu.africa> continues to enhance the impact of remittances from the African diaspora in Europe to support investment opportunities, create jobs and build bankable businesses in 6 African countries (Cameroon, Ghana, Kenya, Tunisia, Togo and Ethiopia). Demand is very high, more than 3100 entrepreneurs received financial and coaching support since end of 2019 (ca. 44% women), creating and sustaining about 4.300 jobs (55% for women) and 5.1 Mio EUR in mobilised private investments.

To improve the policy and regulatory environment it is key to better align financial integrity and financial inclusion objectives. With the establishment of the multi-stakeholder “Coordination Group on Inclusive Financial Integrity” (CG IFI) in 2020, Germany continuously supports deepening the understanding of current challenges and solutions in this area, as well as strengthens coordination and cooperation of individual initiatives and organizations. The CG IFI is implemented by the GIZ Global Programme on Combating Illicit Financial Flows and funded by BMZ and the Norwegian Ministry of Foreign Affairs.

### **On improving financial system infrastructures, supporting innovation and harnessing emerging technologies:**

Germany and Jordan continue to partner in the implementation of the project on “Improving Access to Remittances and other Financial Services through Digital Solutions” to improve access of refugees and Jordanian households to remittances and other financial services through digital solutions. The project has been extended until October 2023. Two digital remittance services, one for inbound remittances corridor relevant for Syrian refugees and one outbound remittances corridor to Bangladesh are now available for all users of mobile wallets, and in both cases, through the digitalisation of the service, the costs and transfer time for remitting money are lowered significantly. Currently, the project focuses on the active usage of the now existing services by refugees and women

<sup>13</sup> [https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q122\\_final.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q122_final.pdf)

as well as the optimization of the regulatory framework to further improve the provided services to remit money.

Germany supported a virtual RemTech Pilot Accelerator<sup>14</sup> for international remittances start-ups offering innovative technology-based solutions to facilitate better, faster, and cheaper remittances in the partner countries of the *Programme Migration & Diaspora* (PMD). Twelve start-up teams received a week of acceleration and coaching followed by a pitch day with potential investors. The accelerator was also continued in 2022. In addition, 'Make Remittances Work for You', an E Learning course available via the *Atingi* platform, was launched for Ghana, Kosovo, and Jordan with information on how to leverage the power of remittances for long-term development.

### **On improving transparency, consumer protection, digital and financial literacy for remittance users:**

Germany continues to support the Global Knowledge Partnership on Migration and Development (KNOMAD) with its 'Remittances and Diaspora Resources' working group generating recommendations for policy through research, data collection, evaluation of policies and knowledge exchange.

## India

***Note: India's updates were provided as responses to the questions in the new NRP template. Only the questions to which responses were provided are included below.***

### **Country remittances profile**

1. *Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):*

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021	US\$ 86334 Million	US\$ 7346 Million

2. *Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?*

India is mainly a remittance receiving country.

3. *What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.*

1.7% - 2.0% (Depending on the mode of transfer, upper band for cash and lower band for direct bank transfer. Source: RBI Remittances Survey, 2021). Quarterly data not available.

<sup>14</sup> <https://techquartier.com/remtech-accelerator/>

4. Please list main corridors for international remittances received.

Main corridors of India's inward remittances as observed in the RBI survey on remittances conducted for the reference period 2020-21 are the United States, United Arab Emirate, United Kingdom, Singapore, Saudi Arabia, Kuwait, Oman, Qatar and Hong Kong SAR, China.

5. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if <b>2a</b> or <b>2c</b>	Average cost of receiving \$200 if <b>2b</b> or <b>2c</b>
MTOs*	Yes	9	1,12,65,634	1.7- 2.0 % ^	\$ 4.52

\*Data covers period between May 2021 and May 2022 only for inward remittance received under Money Transfer Service (MTSS)– cross border in-bound service (customer to customer) scheme. ^ Note: Depending on the mode of transfer, upper band for cash and lower band for direct bank transfer. Source: RBI Remittances Survey, 2021.

### Regulatory environment

6. Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

No charges/transaction costs of remittances have been prescribed under FEMA 1999. As per FEDAI Rules, the member Authorised Dealer (AD) banks are free to determine their own charges for various types of forex transactions, keeping in view the advice of RBI (Master Circular on Customer Service in Banks) that such charges are not to be out of line with the average cost of providing services.

7. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

- Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?
- Are there any government-issued e-ID facilities, and are they used for financial services?

- *Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?*

An Enabling Framework for Regulatory Sandbox was put in place by the Reserve Bank in 2019 which was subsequently updated on October 8, 2021. Under this framework, Reserve Bank had inducted eight entities in the Regulatory Sandbox as part of the second cohort under the theme “Cross Border Payments”. Four products have been found to be acceptable and viable within the boundary conditions of the Sandbox, subject to regulatory clearance from the regulator, for wider adoption. One of the products was on cross-border remittance while others were based on cross-border payments in general.

8. *Do non-bank RSPs have access to the national payment infrastructures?*

No

9. *Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?*

## I. Fast Payment Systems

- National Payments Corporation of India (NPCI) is authorised by RBI for operating retail payment systems in India. NPCI International Payments Limited (NIPL, a subsidiary of NPCI) and Network for Electronic Transfers (NETS of Singapore) have interlinked their systems to facilitate QR code-based payments in Singapore. The linkage is facilitated through the Fast Payment System (FPS) viz. Unified Payments Interface (UPI), owned and operated by NPCI.
- RBI and Monetary Authority of Singapore (MAS) have announced the interlinking of two FPS viz. UPI (India) and PayNow (Singapore). The linkage will extensively use APIs and help establish the merit of using UPI for cross-border payments. This will also enable users of the two systems to make instant fund transfers without the need to get onboarded onto the other system and further anchor trade, travel and remittance flows between the two countries. The project aligns with the G20’s financial inclusion priority of enabling faster, cheaper and more transparent cross-border payments and can also contribute towards fulfilling United Nation’s (UN) Sustainable Development Goals (SDG 10.c) by reducing cost of remittances. Efforts are on to operationalise the linkage in the second half of 2022.
- The Reserve Bank is actively pursuing the outreach of UPI to interface with similar fast payment systems in other jurisdictions to facilitate cross-border transactions. UPI, through QR codes is already used for cross-border payments in Bhutan, Singapore and UAE, the benefits for real time remittances would percolate through interlinkage of fast payment systems of various jurisdictions for which, adaptability of UPI would be a definite advantage.

## II. Card Schemes

- RuPay is the dominant card network in India (more than 60% cards issued in India being RuPay Cards) with 100% acceptance at ATMs and PoS terminals within India. RuPay co-branded

international cards are accepted at 195+ countries across the world in tie-ups with international card schemes, arrangements have also been made with Bhutan and Singapore to accept RuPay cards without co-branding with other international card schemes, which can be easily replicated in other territories also.

### III. Indo Nepal NEFT facility

- Indo-Nepal Remittance Facility is a cross-border remittance scheme to transfer funds from India to Nepal, enabled under the NEFT Scheme. The scheme was launched to provide a safe and cost-efficient avenue to migrant Nepalese workers in India to remit money back to their families in Nepal. A remitter can transfer funds up to Indian Rupees 2,00,000 (maximum permissible amount) from any of the NEFT-enabled branches in India. The beneficiary would receive funds in Nepalese Rupees.
10. *Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?*

The regulatory instructions issued by Cyber Security and Information Technology Examination (CSITE) Cell of Department of Supervision, Reserve Bank of India, are as under:

- For card issuing Non-Banking Financial Corporations [NBFCs] (along with commercial banks), Master Direction on Digital Payment Security Controls was issued by RBI on February 18, 2021 advising, inter alia, to set up a robust governance structure for such systems and implement common minimum standards of security controls for channels like internet, mobile banking, card payments, among others. While the guidelines are technology and platform agnostic, it aims at creating an enhanced and enabling environment for customers to use digital payment products in more safe and secure manner.
- For fintech/ NBFIs which are associated with banks in the payment infrastructure, the applicable regulations related to Vendor management related to IT/ cyber risk would have to be followed by RBI regulated entities. Some of the instructions include, ensuring RBI access to all vendor's information resources (online/in person) that are consumed by banks, implement escrow arrangement for the vendor's source code of application used by bank, ensuring to obtain certificate from the application developer stating that the application is free of known vulnerabilities, malwares and any covert channels, etc.

11. *Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?*

Various measures have been implemented in India in line with the cross-border payments roadmap:

- In July 2021, RBI reviewed the access criteria for participation in Centralised Payment Systems (RTGS and NEFT) and permitted certain categories of non-bank payment system operators, viz. card networks, white label ATM operators and e-money issuers to participate as direct members. The access included opening current accounts with the RBI.

- The Reserve Bank operationalised RTGS system on 24x7 basis in December 2020. Further, NEFT system, is also available round the clock since December 2019. Additionally, India has efficient fast payment systems, viz., Immediate Payment Service (IMPS) and Unified Payments Interface (UPI) that are available round the clock. With such round the clock payment system options, India is well oriented for alignment with other jurisdictions to offer cross-border payments.
- Introduction of Legal Entity Identifier (LEI) for cross-border transactions – To harness the benefits of LEI, RBI has mandated inclusion of LEI number by resident entities (non-individuals) while undertaking capital or current account transactions of ₹500 million and above (per transaction). This would be effective from October 1, 2022.
- Efforts are also underway for issuance and acceptance (without a need for co-branding with international card schemes) of RuPay cards (India's domestic card network) in other jurisdictions. RuPay card issuance is already operational in Bhutan and is expected to go live in more jurisdictions in 2022-23.

*12. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?*

a) With respect to cyber risks, RBI regulated entities have been advised to put in place appropriate risk management framework.

b) Banks have been advised to put in place a Board approved cyber-security policy elucidating the strategy containing an appropriate approach to combat cyber threats given the level of complexity of business and acceptable levels of risk. Banks have also been advised to review the organizational arrangements so that the security concerns are appreciated, receive adequate attention and get escalated to appropriate levels in the hierarchy to enable quick action.

c) Further, banks have been advised to designate a sufficiently senior level official as Chief Information Security Officer (CISO), responsible for articulating and enforcing the policies that the bank uses to protect its information assets apart from coordinating the cyber security related issues/ implementation within the organization as well as relevant external agencies. The CISO is, inter alia, responsible for bringing to the notice of the Board/ IT subcommittee of the Board about the vulnerabilities and cyber security risks that the bank is exposed to, and also place a separate review of the bank's cyber security arrangements/ preparedness before the Board/ IT subcommittee of the Board on a quarterly basis.

d) In case of digital payment products and services, policy, RBI regulated entities have been advised to formulate a policy which should discuss the parameters of any "new product" including its alignment with the overall business strategy and inherent risk of the product, risk management/ mitigation measures, compliance with regulatory instructions, customer experience, etc., and also explicitly discuss about payment security requirements from Functionality, Security and Performance (FSP) angles. (Ref. Master Direction on Digital Payment Security Controls dated February 18, 2021).

## Indonesia

**Note: Indonesia's updates were provided as responses to the questions in the new NRP template. Only the questions to which responses were provided are included below.**

### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in **USD IDR**):

Year	Inflow (if 1b or 1c)*	Outflow (if 1a or 1c)*
2021	<b>7,950,278 million</b>	<b>9,131,218 million</b>

\*non-bank remittance

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?<sup>15</sup>

Both sending and receiving

### If 2a or 2c:

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	3,254,000 / 272,682,500

Source: Bank Indonesia & Central Bureau of Statistics

4. Please list main corridors for international remittances sent.<sup>16</sup>

Singapore, China, Malaysia, United Kingdom, United States of America, Australia

5. Please list main corridors for international remittances received.<sup>17</sup>

Singapore, Taiwan, Hong Kong SAR, China, Saudi Arabia, Malaysia, United States of America

### Competition in the market

<sup>15</sup> Classification of a country as a sending or a receiving country or both is left to the countries themselves. However, please note that, in general, high-income countries are considered sending countries to low- and middle-income countries. There are exceptions. Some middle-income countries have large migrant populations originating from low-income countries and can be classified as both sending and receiving countries.

<sup>16</sup> Main corridors for a sending country include those that are the largest receivers from that country in terms of volume.

<sup>17</sup> Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.

6. *Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:*

In principle there is no change in the types of RSPs allowed in Indonesia after the regulatory reforms. The Payment System regulation reform is directed to restructure Payment System industry in an end-to-end manner. The reform prioritizes sound business practice and simplification of regulations, and commenced with the issuance of Bank Indonesia Regulation Number 22/23/PBI/2020 on Payment System. The implementation of such regulatory reform requires the further issuance of implementing regulations, including Bank Indonesia Regulation No 23/6/PBI/2021 on Payment Service Providers, and Bank Indonesia Regulation No 23/7/PBI/2021 on Payment System Infrastructure Provider.

Payment Service Provider (PJP) are Banks or Non-Bank Institutions providing services to facilitate payment transactions to users. PJP operates the following activities: a. provision of Source of Fund information; b. payment initiation and/or acquiring services; c. administration of Source of Fund; and/or d. remittance services. Any party acting as PJP must obtain license from Bank Indonesia based on these categories:

- license category one, which allows the holder to conduct following activities: 1. administration of Source of Fund; 2. provision of Source of Fund information; 3. payment initiation and/or acquiring services; and 4. remittance services;
- license category two, which allows the holder to conduct following activities: 1. provision of Source of Fund information ; and 2. payment initiation and/or acquiring services; and/or
- license category three, which allows the holder to conduct following activities: 1. remittance services; and/or 2. other activities determined by Bank Indonesia.

As such, RSPs are mostly fall under license category three. Parties who already obtained relevant license and conducted remittance activities prior to the regulatory reform may continue to conduct its activities, and in line with the regulations, they will be reclassified as PJP holding license category three. Payment system regulatory reform applies an activity-based approach instead of institutional-based approach when it comes to determining any party allowed to provide payment services, including but not limited to remittance service.

7. *If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]*

No

## Regulatory environment



8. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:
- Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?
  - Are there any government-issued e-ID facilities, and are they used for financial services?
  - Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?
  - AML/CFT regulations for account opening and ongoing customer due diligence.
  - Use of agents by RSPs and agent exclusivity
  - Competition policy
- Consumer protection: There are several regulations related to consumer protection in payment system (including remittance service) area such as:
    - a. Bank Indonesia Regulation No. 22/20/PBI/2020 concerning Bank Indonesia Consumer Protection: This regulation supports the implementation of Bank Indonesia's duties in the monetary, macroprudential, and payment systems, Bank Indonesia has the authority to regulate and supervise Providers whose products and/or services are utilized by Consumers, including the regulation of Consumer Protection. This is done with the consideration that effective and trusted Consumer Protection will have a positive impact on business activities in Indonesia.
    - b. Bank Indonesia Regulation No. 22/23/PBI/2020 concerning Payment System: The Regulation as regulatory reform to restructure the payment system industry as well as to regulate the payment system ecosystem to accelerate digital economy and finance. The ultimate goal is to find a balance between optimizing innovation opportunities and maintaining the stability and the integrity of payment system.
    - c. Bank Indonesia Regulation No. 23/6/PBI/2021 concerning Payment Service Providers: This regulation responds to the development of payment service provider activities including strengthening regulation of access in industry, operations, termination, processing data and/or information, and supervision.
    - d. Regulation of Members of The Board of Governors Number 23/15/PADG/2021 Concerning Payment Service Providers and Payment System Infrastructure Provider: This regulation provides operational guidelines for various payment system regulatory perimeters such as licensing, supervision, self-regulatory organization, payments innovation, and compliance. The goal is to support Bank Indonesia regulations on payment system, payment service providers, and payment system infrastructure providers as part of regulation reform.
    - e. Regulation of Members of The Board of Governors Number 23/17/PADG/2021 Concerning Guidelines of Bank Indonesia's Consumer Protection: This regulation provides technical provisions for various consumer protection regulatory perimeters such as supervision, dispute resolution, and sanction. It aims to enable service providers comply with BI Regulation on Consumer Protection effectively and consistently.
  - Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.

- Regulatory compliance of products and services offered by fintechs.

## Payment infrastructure

*Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:*

### 9. Do non-bank RSPs have access to the national payment infrastructures?

Yes, Board of Governor Regulation No. 23/24/PADG/2021 on Participation in the Implementation of Fund Transfers, Scheduled Clearing, Transactions, Administration of Securities, and Fund Settlement regulates that non-bank RSPs also have access to Bank Indonesia National Clearing Systems.

### 10. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

Asian Payment Network (APN) scheme and Indonesia's plan on cross-border QR payment are both interfaces between switching companies (payment system infrastructure operator).

### 11. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?

Bank Indonesia has strengthened the payment system ecosystem by issuing Bank Indonesia Regulation (PBI) No. 23/6/PBI/2021 concerning Payment Service Providers (PBI PJP) and Bank Indonesia Regulation (PBI) No. 23/7/PBI/2021 concerning Payment System Infrastructure Operators (PBI PIP). Both regulations are effective from 1st July 2021, in conjunction with the Bank Indonesia Regulation concerning the Payment System (PBI SP) which serves as the regulatory umbrella for both new regulations.

In relation to restructuring, the new regulations require not only minimum paid-up capital for payment service providers and payment system infrastructure operators based on the activities undertaken, but also payment system capital requirements, risk management and security standards for information systems requirements based on the respective classification as Systemic Payment System Providers (PSPS), Critical Payment System Providers (PSPK) and General Payment System Providers (PSPU). The scope of the new PBI PJP and PBI PIP complements the provisions in PBI SP, including access policy, payment system activities provision, supervision, exit policy, and payment system data and/or information processing.

### 12. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

NA

## Governance and Risk Management

13. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

BI issued BI Regulation No. 22/23/PBI/2020 on Payment System and BI Regulation No. 23/6/PBI/2021 on Payment Service Providers that requires all payment service providers to apply risk management aspect.

## Access to financial services

If 2b or 2c:

14. What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)? (For 2021)

According to data from Global Findex Survey 2021 (World Bank Group, 2022),

No.	Type of Account	Percentage (year 2021)
1.	Financial Institution Account (% Age 15+)	52%
2.	Mobile Money Account (% Age 15+)	9.29%

15. Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available. (For 2021)

According to data from Global Findex Survey 2021 (World Bank Group, 2022),

No.	Type of Activity	Percentage (year 2021)
1.	Used a debit or credit card (% age 15+)	13%
2.	Used a mobile phone or the internet to check account balance(% age 15+)	9%

## Short Statement on Advancements and Achievements in NRP Implementation

For reference kindly see the 2021 Update to Leaders on Progress Towards the G20 Remittance Target

## Italy

### Country remittances profile

In net terms, Italy is a remittance sender: **Table 1** details the country's remittance flows from 2018 to 2021.

**Table 1. Remittance flows in Italy (USD million)**

Year	Inflow	Outflow
2021	545	9,150
2020	545	7,729
2019	552	6,731
2018	527	6,863

Source: Banca d'Italia

According to the Bank of Italy's official data, from 1999 to 2021 outward remittance flows from Italy increased almost sevenfold (to 9.1 billion USD, from 1.4 in 1999). These developments reflected, to a large extent, the steady growth of the immigrant population in Italy, especially from Eastern Europe, Northern Africa and, lately, Southern Asia. In 2021, the total amount of outward remittances from Italy accounted for slightly more than 0.4% of the country's (nominal) GDP.

Looking at more recent data, outward remittances have shown resilience against the outbreak of the COVID-19 pandemic. Despite the adverse socio-economic conditions, in 2020 and in 2021 they kept growing at an average annual rate of 13.0%. These developments may be the result of different factors, such as the provision of additional support from migrants to their relatives in home countries affected by the pandemic or, especially for shorter corridors, the more frequent use of electronic and official channels in replacement for informal ones (such as transporting cash when returning home).

By end-2021, there were 5.2 million migrants living in Italy (8.7% of resident population). **Table 2** details the country's migrant stock in volume and as a share of the total population from 2018 to 2021, with the largest national communities of migrants coming from Romania, Albania, Morocco, China, and Ukraine.

**Table 2. Foreign residents in Italy**

Year	Number (thousands)	as a share of resident population
2021	5,172	8.7%
2020	5,039	8.4%
2019	4,996	8.4%
2018	5,144	8.1%

Source: Istituto Nazionale di Statistica

In terms of main corridors, slightly more than half of Italy's outbound remittances flow to seven countries: by end-2021, Bangladesh and Pakistan represented the main destination countries, with a share of total outflows directed to both countries hovering around 19% of the total; the Philippines,

Romania and Morocco followed suit (each representing an average 7.3% share), while Senegal and India closed the lead (6% on average).

According to the World Bank,<sup>18</sup> the average cost of sending remittances from Italy hovered around 4.4% in 2022Q1, well below the global average cost recorded in the same period (6.0%). Moreover, for 9 out of the 19 corridors monitored by the World Bank, this figured was around, or below, the official target cost of 5%. According to the latest available data (July 2022) from the Italian website [mandasoldiacasa](https://mandasoldiacasa.it), the average cost of sending remittances from Italy towards the 18 corridors monitored by the website stood at 4.7%.<sup>19</sup> Only 7 corridors are above the 5% target and three corridors have average costs below 3% (India, Ivory Coast and the Philippines). These averages, nevertheless, hide an ample variability in the economic conditions applied to remittance-senders by different market operators.

The remittance sector remains highly dominated by three leading money transfer operators (MTOs): *Western Union*, *RIA Money Transfer* and *MoneyGram*. Alongside MTOs, traditional cross-border transfer services are also offered by banks and *Poste Italiane* (the Italian postal network operator). Moreover, there is a host of smaller local players – the operations of which are concentrated into a few corridors – and online-only MTOs: these new international operators have recently entered the Italian market and conduct business exclusively via web platforms, therefore favoring competition and forcing traditional operators to innovate. **Table 3** describes the main features of the Italian remittances market in terms of nature, number of operators and relative market share.

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<sup>18</sup> Remittance Prices Worldwide – Quarterly, available at <https://remittanceprices.worldbank.org/en>.

<sup>19</sup> The website is funded by the Bank of Italy and managed by CeSPI – Centro Studi di Politica Internazionale, an Italian independent think tank – and is certified by the World Bank as following its guidelines. Based on a “mystery shopping” methodology, the website compares, on a monthly basis, the prices of remittance services available for 18 corridors (Afghanistan, Albania, Bangladesh, Bolivia, Brazil, China, Colombia, Ecuador, Ghana, India, Ivory Coast, Morocco, Nigeria, Peru, the Philippines, Romania, Senegal, Ukraine), representing 65% of outward flows of remittances from Italy. The website shows the total cost as well as its breakdown (fees and exchange rate margin) for three sample amounts (150€, 300€ and 950€), different products, speed and type of operators (MTOs, commercial banks and postal network).

**Table 3. Structure of the Italian market for remittances (by end-2021)**

	Number of providers of each type <sup>20</sup>	Market share for each provider type? <sup>21</sup>
MTOs	19	95.5%
Commercial banks	1	0.3%
Postal network	1	4.2%
<b>Total</b>	<b>21</b>	<b>100.0%</b>

Source: Banca d'Italia, CeSPI.

According to the main market operators interviewed, the spread of the COVID-19 pandemic and the entry of new specialized actors have given a significant push to the development and diffusion of innovative digital channels. All the main operators developed digital platforms and products, which helped reduce sending costs, and launched some promotional initiatives (like zero fees) in order to incentivize the use of the new channels.

According to the latest available data (July 2022) from the *mandasoldiacasa* website it is possible to show in detail different average costs of sending remittance from Italy (**Table 4**), based on sending channels (i.e., through branches or online platforms) or on the receiving method (in cash, on a bank account or on a card-mobile or electronic wallet).

**Table 4. Remittance costs – by channel**

Sending channel	Average cost of sending 150€
Branch	5.2%
Online	4.4%
Receiving channel	
Cash	5.6%
Bank Account	3.3%
Card-Mobile wallet	3.2%

Source: elaboration from [www.mandasoldiacasa.it](http://www.mandasoldiacasa.it) – July 2022.

A first survey about the size of the volume of “digital remittances” is currently being implemented by the Italian Working Group on Remittances. Limitations to a further generalized development of this market component are mainly related to the low level of digital financial education of migrants living

<sup>20</sup> Registered operators that periodically send data about their activities to the Bank of Italy.

<sup>21</sup> In terms of the overall value of the intermediated flows.

in Italy and the different products and services available to their families in destination countries to receive remittances (cash still remains prevalent).

The creation of new partnerships during the year between commercial banks, the postal network and MTOs, as well as the integration between different platforms (such as Automated Teller Machines), represents a further opportunity in terms of market development and potential cost reduction.

The relevant role that remittances may play for Italian operators is further underlined by the recent launch by Poste Italiane of an in-house training program for post-office agents on outward funds transfer services (12,000 post offices involved).

From a cost perspective, it is important to point out the solidarity initiatives offered by all operators following the invasion of Ukraine and relative to the Italy-Ukraine - and neighboring countries - channel (zero fees, cost reduction, commission reimbursements for all foreign banks' euro transfers, support for solidarity initiatives).

### **Competition in the market**

In accordance with transparency legislation, MTOs must declare in advance all the cost components of their services on offer; however, the legislation does not specify the different cost components. On the contrary, they are not required to declare the additional fee charged by agents in foreign countries, which rests outside the contract signed by the consumer in Italy. As a standard practice, MTOs communicate the fees, the exchange rate applied to the individual transaction and the receiving fees, if known. They also communicate the amount that may be withdrawn at destination and the estimated speed of the transaction. At the same time, no information is provided regarding the exchange rate margin, which can nevertheless be inferred from available information, albeit it requires a certain degree of financial knowledge for its computation. Only few operators, as best practice, communicate the maximum percentage of the spread on the exchange rate that is applied for the service.

In the case of commercial banks, the obligation to declare the amount of fees is not matched by an obligation to communicate the applied exchange rate, which often cannot be determined a priori because it depends on the exchange rates applied by the corresponding intermediaries. Banks provide information about the speed only for operations conducted with countries belonging to the Single Euro Payments Area (SEPA, 36 countries), since for this area the European Union (EU) law on maximum execution times applies.

Some other regulatory developments concerning anti-money laundering/countering the financing of terrorism (AML/CFT) and access to accounts maintained with a credit institution are relevant for remittances.

In addition, in line with the EU Payment Services Directive, Italian law grants payment institutions the right to access banks' payment accounts services on an objective, non-discriminatory and proportionate basis. Although banks can refuse to open payment accounts or decide to close them for

reasons of public order or security – or for other justified reasons based on provisions of AML/CFT law – they are obliged to provide the Bank of Italy with duly motivated reasons for any rejection. Any decision on rejections should be taken based on elements related to the specific case and in light of factual information. In this regard, the Bank of Italy ought to be notified within five working days by the intermediary, which should attach all necessary information to retrace the decision-making process and related reasons.

### **Regulatory environment**

Non-bank remittance service providers have no direct access to national settlement infrastructures (intended as payment systems), though they can obtain access indirectly via banks that offer this kind of facility.

No ad-hoc regulations have been issued thus far on fintech and/or non-bank financial institutions with the explicit aim to strengthen and advance the payment infrastructure. However, the Bank of Italy is currently reviewing its oversight provisions on retail payment systems to reinforce security levels and promote the efficiency of the overall domestic payment ecosystem, also for the benefit of fintech and non-bank financial institutions operating in the field of remittances.

Italian authorities strongly support the objectives of the EU Retail payment strategy in the field of remittances and of the Financial Stability Board's Roadmap on cross-border payments, actively contributing to its implementation regarding every single building block. In this context, the Bank of Italy – together with the other actors involved in the Roadmap – is assessing potential areas for improvement of the services provided through both legacy and innovative infrastructures. In the long-term, such improvements could have positive externalities also in the remittances field; however, the ultimate results will depend to a large extent on private business strategies, including risk considerations as well as remittances-targeted public-private cooperation.

In its role as service provider of the Target Instant Payment Settlement (TIPS) platform for the Eurosystem, Bank of Italy is currently investigating different solutions for the settlement of cross-currency instant payments through the interlinkage of existing platforms;<sup>22</sup> moreover, it adhered to the Nexus project coordinated by the Bank for International Settlement Innovation Hub of Singapore for multilateral connections among instant payments platforms.

As of today, for anti-money laundering purposes Italy has introduced the requirement for both national and foreign virtual asset service providers and e-wallet providers ("VASPs") to register with the Italian authority overseeing financial agents and credit mediators (OAM, *Organismo Agenti e Mediatori*), in order to provide their services on the Italian territory. All VASPs and e-wallet providers hereby registered shall comply with a set of reporting obligations. VASPs will have to communicate to the OAM, on a quarterly basis, the relevant identification data of each customer (e.g. surname and

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<sup>22</sup> For instance, the 2021 experiment on a bilateral connection between TIPS and Buna, the instant payment platform operated by the Arab Regional Payments Clearing and Settlement Organization.



name, place of residence, tax identification number/Value Added Tax -VAT number). In addition, VASPs will have to transmit the data concerning all services related to their customers' transactions (total balance, number and value of fiat-to-crypto or crypto-to-fiat transactions, number of crypto-to-crypto transactions, crypto and fiat inflows/outflows).

Finally, no new additional fees or taxes have been levied on remittances.

### **Access to financial services**

Italy shows a wide coverage by Remittance Service Providers (RSPs) of both urban and rural area thanks to a spread network consisting of post offices (by law, one in each municipality), tobacconists, bank branches and MTO's agents.

Italian banks continue to support and accompany foreign customers in the process of financial inclusion to reduce any obstacles to understanding and using banking services.

Since 2009, the National Observatory on the Financial Inclusion of Migrants (the National Observatory; managed by CeSPI) monitors migrants' level of financial inclusion through a broad set of indicators. According to the latest available survey data (December 2020), based on information provided by market operators, 89.5% of adult migrants hold a current account with a regulated financial operator; of them, almost 70% hold an internet banking service. At the same time, 69% of migrants account-holders own a financing service, 40% an insurance service and 3% a payment service (debit cards).

A more recent survey carried out by the National Observatory in March 2021 on a sample of 1,200 non-EU and non-OECD migrants resident in Italy showed that the financial inclusion rate (i.e. the percentage of adults holding a current account) of remittance-sending migrants (a subset of the adult migrant population residing in Italy) is almost 90%<sup>23</sup>. According to the survey, remittances represent on average a share of 12% of the personal income received in Italy by migrants, while the average number of sending operations per year is around 5. **Table 5** shows the allocation among different possible sending channels.

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<sup>23</sup> The survey involved a sample of 1,200 adult migrants resident in Italy, belonging to 77 non-EU and non-OECD countries, residing in 98 Italian Provinces and with a territorial and gender distribution that reflects that of the foreign population in Italy. The survey was carried out through a 50-question questionnaire that investigated socio-economic variables, the use of different financial products and the financial behavior of migrant citizens, including the remittance ones. The survey analysis is contained in Frigeri D., "[I comportamenti finanziari dei migranti: un'indagine campionaria](#)" and is available at [www.cespi.it](http://www.cespi.it).

**Table 5. Distribution by sending channel**

Channel	% of respondents (1 <sup>st</sup> choice)
MTOs	40%
Digital	24%
Banks	16%
Post Office	12%
Informal	8%

Source: CeSPI.

Another interesting piece of information coming from the survey is the growth of digital channels not just to *send* but also to *receive* remittances, which increased from a 6% of the survey respondents in 2017 to 18% in 2021; nevertheless, cash remains the main method to receive remittances, accounting for almost 50% of the overall amount sent. A new survey is currently underway in order to update these results to 2022, to take into proper account the impact of the COVID-19 economic crisis.

In terms of policies aimed at facilitating and strengthening migrants' access to remittances services, a specific information campaign has been recently implemented to provide data and education on the use of regulated channels. In addition to the *mandasoldiacasa* website (that includes some educational contents), the Bank of Italy published, in May 2022, a [calculator](#) on "the cost of the remittances", which is available on the financial education website [Economy for All](#). The calculator – also in English – allows migrants to compute, for a given amount of money, how much the beneficiary will receive in their country of origin and, in particular, the overall cost of the transaction.

In June, the Diaspora Forum Project (co-funded by the Italian Development Cooperation Agency and managed by the International Organization for Migration) was officially launched for the empowerment of diasporas, within the framework of development cooperation, including the issue of remittances.

Through the International Fund for Agriculture Development ([IFAD\)-managed Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa \(PRIME\) program](#), co-financed by the EU, IFAD has recently collaborated with key RSPs in a number of African countries and corridors of high relevance for the Italian remittances market, particularly Senegal, Gambia and Ghana. This opens an opportunity to link the different programs to Italian operators in the short- to medium-term.

## Japan

Japan is a mainly remittance-sending country, and the Japanese Government has been taking measures regarding remittance from the perspectives of both convenience and protection of users.

As for the latest state of remittance, the outflow in 2021 was 672.80 billion yen according to national statistics (“the Balance of Payments”). This is based on the same definition used for Japan’s National Remittance Plan (NLP) 2021; personal remittances are the sum of two main components: “compensation of employees” and “personal transfers.” The latest version of “Remittance Prices Worldwide” (June 2022) shows the downward trend of the average cost of sending \$200 as below.

2020 4Q	2021 1Q	2021 2Q	2021 3Q	2021 4Q	2022 1Q	2022 2Q
10.02%	10.50%	8.50%	7.95%	7.52%	7.35%	7.58%

In the Japanese regulatory system, “funds transfer service providers” are supervised by the Financial Services Agency (FSA) under the Payment Services Act, and the number of those registered is 85 as of June 2022, an increase of 5 from September 2021. Most of these nonbank operators provide international remittance services along with banks. “Funds transfer service providers” include those operating mobile money services.

Regulations regarding remittance in the Payment Services Act remain the same since the major amendment that took effect in May 2021 (see the NLP 2021), and the FSA continues to take necessary measures, such as monitoring compliance with the ban on receiving or retaining customers’ money not intended for immediate transfers. In addition, based on the Payment Services Act and an order related to it, funds transfer service providers have the obligation to give relevant information regarding commission fees to customers. All financial institutions, including both banks and funds transfer service providers, in Japan are required to take AML/CFT/CPF measures in accordance with relevant acts and guidelines.

Strengthening cyber security is also important for remittance user protection. The FSA held the 6<sup>th</sup> Financial Industry-Wide Cybersecurity Exercise in October 2021. Approximately 150 financial institutions, including funds transfer service providers, took part in the latest practice. In the exercise, funds transfer service providers checked their responses to incidents and cooperation with relevant institutions like the FSA under the scenario of the leakage of customers’ assets due to unauthorized access to their systems.

Lastly, regarding the payment infrastructure, relevant public and private institutions finalized the preparation for allowing funds transfer service providers access to the Zengin Data Telecommunication System (the “Zengin System”), which had originally permitted access only from banks, and the Zenginnet (operator of the Zengin System) put the change in place in October 2022. The FSA, as the supervisory authority, took necessary measures to make sure the safety of payment is maintained in the coming expansion. In addition, “Cotra,” a project led by the private sector to build a separate payment system for low-cost processing of frequent and small-amount payments is also on-going, and the system was launched on 11 October.

## Korea

N/A

## Mexico

**Note: Mexico's updates were provided as responses to the questions in the new NRP template. Only the questions to which responses were provided are included below.**

*For the last 12 months, please provide summary data for the key remittance trends in your country and region, such as number and types of providers, main corridors, costs (including how much they have fallen and why), improvements to legislative and regulatory environment. Where possible include the latest available data for the following: remittances sent and/or received as percentage of national GDP, total remittance inflows and/or outflows by region, percentage of total remittances (sent and/or received) for your country as a share of total regional remittance flows, and size of the migrant population within your country. The following questions are intended to provide guidance for this purpose.*

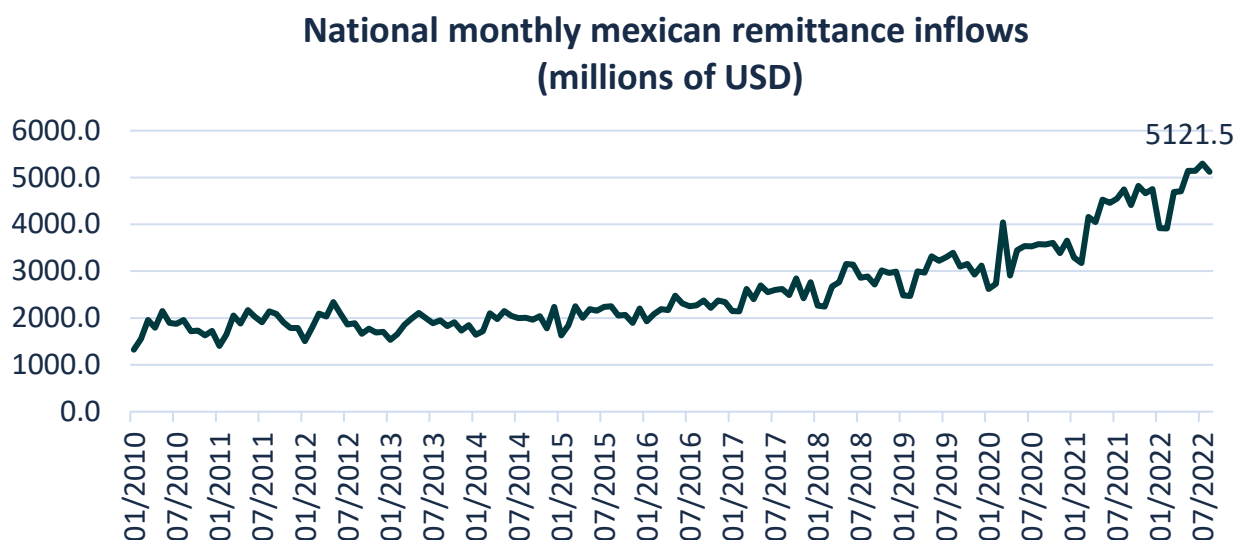
In 2021, Mexico was the third largest recipient of remittances in the whole world. In comparison to 2020, the total amount of remittance inflow increased by 27.1%, growing from 40.6 billion of dollars (USD) to 51.6 billion of dollars (USD). The following bullets point out some key points regarding 2021 Mexican remittances:

- The United States of America was the principal sender with 94.9% of the total remittances received.
- Remittances accounted for 4.0% of Mexico's GDP.
- 20.88 % of the Mexican migrant population both documented and undocumented living in the United States are employed in the construction sector, 12.79% are employed in the professional and administrative sector and 12.59% in manufacturing sector.
- 32% of remittances were sent by women.
- The Mexican migrant population, both documented and undocumented living in the United States, grew to 11.9 million in 2021, 400 thousand more than in 2020.

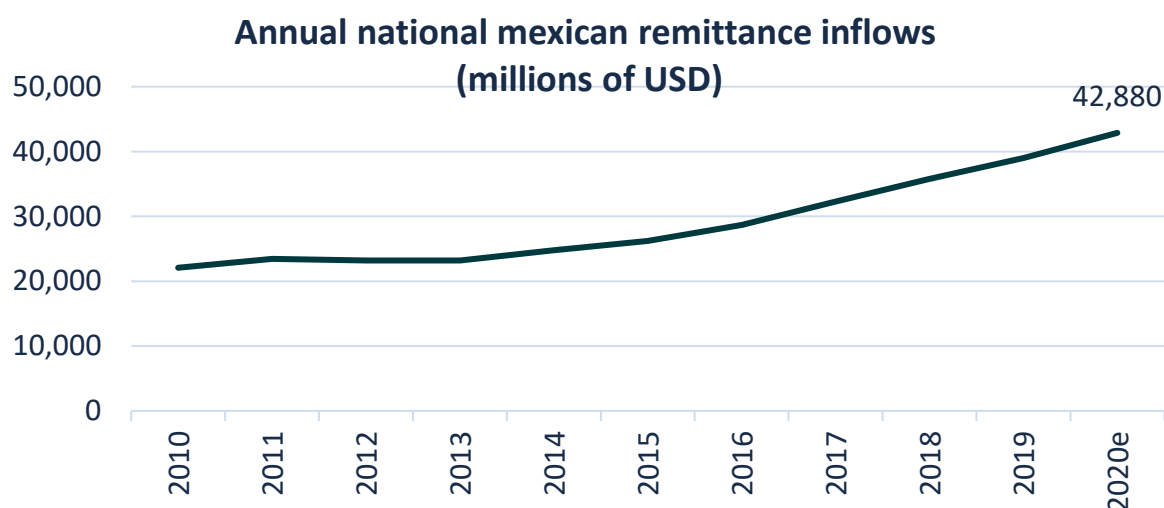
In the next set of graphics, we can see that:

- Total amount of remittance inflow has an increasing trend, for example, in July 2022 monthly remittances grew 13.2% compared to July of 2021.
- Remittance outflow remained at similar levels compared to those of the previous three years. Total remittance outflow represents only 2% of remittance inflow.
- Mexico is the largest recipient of remittances between the Latin American and Caribbean countries. In 2020, Mexican remittance inflow accounted for 42% of total remittances received in this region.
- In 2021, remittances accounted for 4.0% of the Mexico's GDP. For comparison, this percentage is 2.4% for the Latin American and Caribbean region.

- The Institute for Mexicans Abroad reports that there are 11,913,989 Mexicans living abroad, 97.79% of these Mexicans live in the United States.<sup>24</sup>

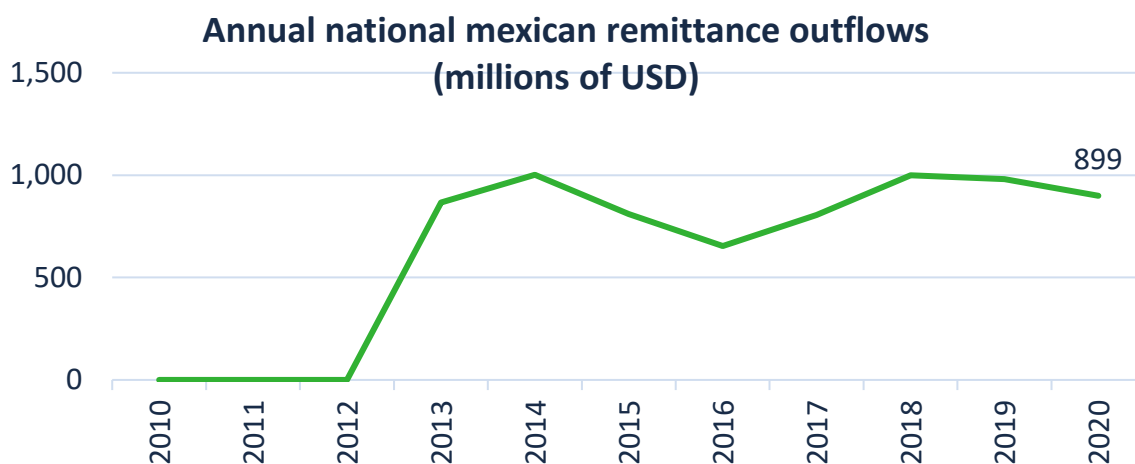


Source: Bank of Mexico, Economic Information System, Income from remittances (August, 2022).

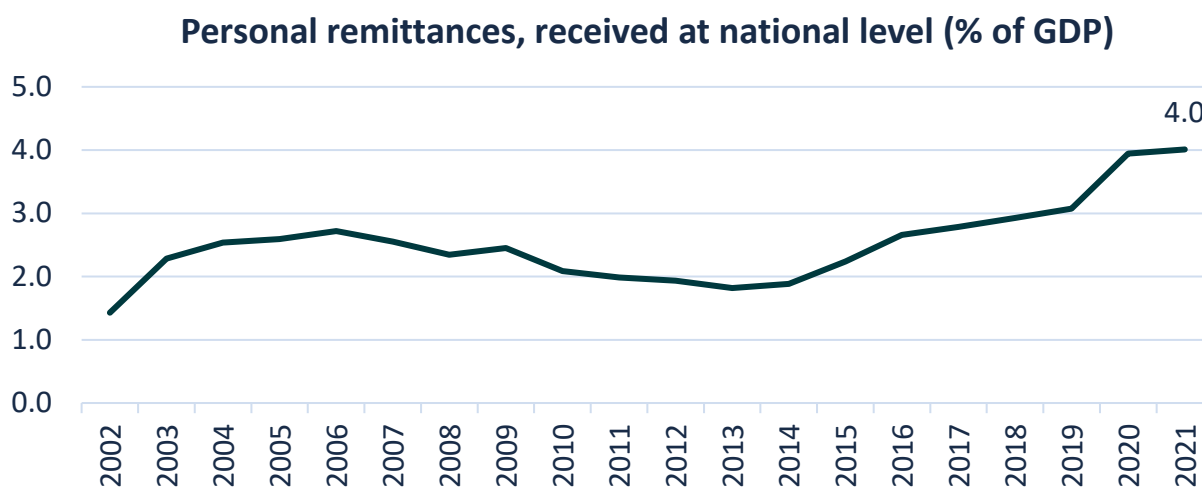


Source: Outflow is GDP data from World Bank remittances data and only for Inflow 2020 is a World Bank staff calculation based on data from IMF Balance of Payments Statistics database and data releases from central banks, national statistical agencies, and World Bank country desks. (updated as of May, 2021).

<sup>24</sup> Source, Institute for Mexican Abroad: [Do you know how many Mexicans live abroad? | Secretaría de Relaciones Exteriores | Gobierno | gob.mx \(www.gob.mx\)](https://www.gob.mx/inec)



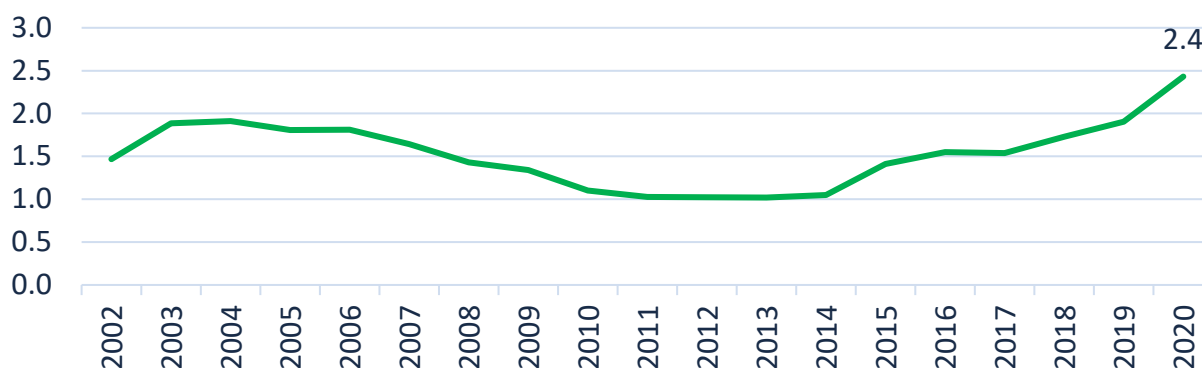
Source: Outflow is GDP data from World Bank remittances data and only for Inflow 2020 is a World Bank staff calculation based on data from IMF Balance of Payments Statistics database and data releases from central banks, national statistical agencies, and World Bank country desks. (updated as of May, 2021).



Source: World Bank remittances data. World Bank staff estimates based on IMF balance of payments data, and World Bank and OECD GDP estimates. 2021 percentage was a calculation based on IMF balance of payments data, Bank of Mexico remittance inflows and World Bank national GDP data.

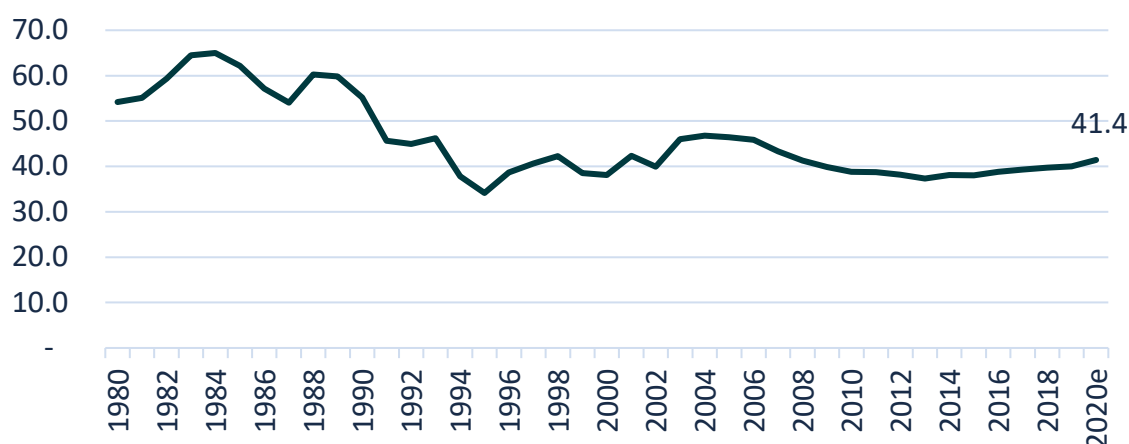


### Personal remittances, received for the Latin American and Caribbean countries (% of GDP of the region)



Source: World Bank remittances data. World Bank staff estimates based on IMF balance of payments data, and World Bank and OECD GDP estimates.

### Percentage of remittances received by Mexico as a percentage of total remittances to Latin America and the Caribbean



Source: World Bank remittances data, Inflow 2020 is a World Bank staff calculation based on data from IMF Balance of Payments Statistics database and data releases from central banks, national statistical agencies, and World Bank country desks. (Updated as of May, 2021).

#### Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow <sup>25</sup> (if 1b or 1c)	Outflow <sup>26</sup> (if 1a or 1c)
2021	51,585.9 MM USD	1,057.1 MM USD

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?<sup>27</sup>

**(b) Mexico is mainly a remittance-receiving country.**

As can be seen in the answer of question 1, in 2021, total Mexican remittance outflow is merely equivalent to 2% of total inflow.

**If 2b or 2c:**

3. Please list main corridors for international remittances received.<sup>28</sup>

USA-Mexico corridor:

This is the main corridor for international remittances received in Mexico. In 2021, the total amount of remittances Mexico received from the USA was 48,958.8 MM USD<sup>29</sup>, this is equivalent to 94.9% of the total remittances Mexico received of said year (51,585.9 MM USD).

4. What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.

Total average cost to send money to Mexico (%) <sup>30</sup>					
Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022

<sup>25</sup> Banco de México (2022), data from the Economic Information System (SIE, CE100). Remittances that are being considered are those that were sent via Money Orders, Personal Checks, Electronic Transfers and remittances in Cash and Kind.

<https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?accion=consultarCuadro&idCuadro=CE100&locale=es>

<sup>26</sup> Banco de México (2022), data from the Economic Information System (SIE, CE165),

<https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?accion=consultarCuadro&idCuadro=CE165&locale=es>

<sup>27</sup> Classification of a country as a sending or a receiving country or both is left to the countries themselves. However, please note that, in general, high-income countries are considered sending countries to low- and middle-income countries. There are exceptions. Some middle-income countries have large migrant populations originating from low-income countries and can be classified as both sending and receiving countries.

<sup>28</sup> Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.

<sup>29</sup> Banco de México (2022), data from the Economic Information System (SIE, CE168),

<https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?sector=1&accion=consultarCuadro&idCuadro=CE168&locale=es>

<sup>30</sup> Source: An analysis of trends in cost of remittance services, Remittance Prices Worldwide Q2 2022, [https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q222.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q222.pdf). Reported total average cost of sending \$200 to Mexico, charged by each single remittance service provider (RSP) included in the Remittance Prices Worldwide (RPW).



3.65	4.59	4.39	4.28	4.81	4.53
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### Competition in the market

5. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

There is no changes due to any regulation in this period.

	Allowed to provide remittance services (1)	If "yes"			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes				
MTOs	Yes				
Postal network	Yes				
Mobile money operators	Yes				
Fintech platforms	Yes				
Remittance hubs	No				
Others (please specify)	Yes				

6. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

As of today, PROFECO provides a tool for the comparison of remittance sending fees named "Quién es quien en el envío de dinero".<sup>31</sup> This tool was published Before the Mexico's National Remittance Plan was published, and has since been updated and modified. Additionally, on every Monday of each week, PROFECO publishes a set of comparative tables that includes, for example, the fees charged for sending remittances (\$300 USD) from different cities in USA and for Directo a Mexico .

7. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

<sup>31</sup> The tool is available at the following link: [Quién es Quién en el Envío de Dinero \(profeco.gob.mx\)](https://profeco.gob.mx/)

Yes, in Circular 1/2022 which is a modification of Circular 14/2017 (SPEI system amplification, indirect participation in SPEI and miscellaneous topics) with the objective of regulating indirect participants of the payment system.

## Regulatory environment

### 8. *Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:*

#### **If 2b or 2c:**

- *Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?*

There is no tax or extra cost for receiving remittances other than that charged by the institutions, even in Directo a México the only cost is the commission of 0.67 USD regardless of the amount sent, and once the money is sent it is charged in full. Information is available [here](#).

### 9. *Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:*

- *Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?*

To open an account of level 2 Mexicans living abroad can comply with CDD using the passport and consular matricula.<sup>32</sup>

- *Are there any government-issued e-ID facilities, and are they used for financial services?*

No, but nevertheless, Bank of Mexico is currently developing the identity authentication and verification system (SAVI), which is a centralized platform to strengthen customer identification and knowledge mechanisms in order to facilitate access and use of payment and financial services in Mexico. Among the main objectives are:

- Contribute to combating identity theft and fraud by strengthening the identification mechanisms of financial institution customers.
- Safeguard personal and documentary information used to verify the identity of individuals.
- Facilitate and provide greater security to users of the financial system to avoid identity theft.
- Make it easier for users of the financial system to contract products or services.

- *AML/CFT regulations for account opening and ongoing customer due diligence.*

<sup>32</sup> Circular 2/2021, published on May 12<sup>th</sup>, 2021.

In Circular 1/2022 published by Bank of Mexico, addressed to participants in the Interbank Electronic Payments System and others interested in acting in that capacity, regarding amendments to Circular 14/2017 (SPEI expanded, indirect participation in SPEI and miscellaneous issues), Bank of Mexico monitors compliance with the cybersecurity levels stipulated in its cybersecurity strategy.

**If 2b or 2c:**

- *Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances*

A new deposit account was created for Mexican migrants. Bank of Mexico, through the issuance of provisions<sup>33</sup>, established the creation of a deposit product that can be contracted by presenting their consular registration or a Mexican passport issued abroad. The accounts that may be opened are of levels 2, 3 and 4, and must be denominated in local currency. They can be opened through the channels provided by the institution, including remote access for level 2 accounts.

The Banco del Bienestar (government bank) offers a product for adults to open a bank account (transactional) directly from his web page to received remittances: [www.bancodebienestar.com.mx](http://www.bancodebienestar.com.mx).

- *Can basic payment accounts be provided by non-bank RSPs in the form of e-money?*

Yes, to be a candidate company to send money from the United States using the Directo a México system it is sufficient to be registered in compliance with the corresponding regulations. Directo a México is a payment system integrated by banks and non-banking FinTech companies. On the remittance receiving side, to be eligible to receive the remittance as an account user, it is necessary to be registered in SPEI. This electronic payment system has a set of institutions composed of some non-bank institutions. The institutions registered in Directo a México can be consulted [here](#), while the institutions in SPEI can be consulted [here](#).

## Payment infrastructure

*Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:*

**10. Do non-bank RSPs have access to the national payment infrastructures?**

According to the rules of SPEI, the RTGS operated by the central bank, financial institutions under regulation and supervision of a financial authority in México may access as a participant to the system. From that perspective a RSP subject to the regulation or supervision of a Mexican financial authority would be able to access this RTGS. Circular 1/2022, published by Banco de México and addressed to participants in the interbank electronic payment system and other interested parties, regulated indirect participation in the payment system. Among

<sup>33</sup> Circular 2/2021, published on May 12<sup>th</sup>, 2021.

some of the main objectives of this regulation was to continue promoting the strengthening of remittance processing.

11. *Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?*

Directo a México, the service that interlinks the RTGS from Bank of Mexico and the Federal Reserve Bank of the United States, allows to send money from an account in a financial institution subscribed to the service in the United States to any bank account in Mexico. In addition, card operations can be processed cross-border through the links between local and foreign card payment clearinghouses.

12. *Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?*

In March 2018, the Mexican Congress issued the Financial Technology Law (FinTech Law). Mexican FinTech Law recognizes two types of FinTech institutions (crowdfunding and e-money issuers) which are authorized and supervised by the financial authorities, including the Central Bank. This law also considers sandbox schemes for different FinTech activities. CIRCULAR 3/2022, addressed to Credit Institutions and other companies that professionally provide funds transfer services, regarding Amendments to Circular 13/2017 (Indirect Participation and Miscellaneous Issues). General provisions applicable to credit institutions and other companies that professionally provide funds transfer services, as well as to participants in payment systems administered by Bank of Mexico and other parties interested in acting as participants in such systems.

13. *Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?*

Bank of Mexico is carrying out a series of regulatory initiatives to make the payment system more inclusive and universal, among these initiatives are the following:  
The regulatory modifications related to the implementation of the Expanded SPEI, which aim to establish the standards, service levels and current operation of the system for the new payment schemes and the current ones; as well as to establish the elements to be complied with by the Participants to access the new functionalities and benefits in terms of operational continuity of SPEI, so that the users of the system maintain the certainty and security of being able to perform transactions through SPEI, at any time, by having a system of continuous operation (24/7).

Bank of Mexico is working on the study and development of a platform for the implementation of a digital currency, based on the characteristics that SPEI's clearing and settlement infrastructure already has today.

## Governance and Risk Management

14. *Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?*

N/A

15. *Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?*

At least, for the last months, a new regulation has not been published in regard to AML/CFT topics.

There are three regulations published in the last three years for the FinTech sector: one relative to the Clearing Houses and Credit Information Societies (DOF March 10, 2020), one for data and interfaces (DOF June 4, 2020) and the last one is related to third services providers (DOF January 28, 2021).

## Access to financial services

### If 2b or 2c:

16. *Have there been any changes in the coverage of RSPs in rural areas?*<sup>34</sup>

The providers of remittance services in rural areas is limited in coverage and still offer expensive costs. According to the 2021 Annual Financial Inclusion Perspective Report by CNBV, within rural municipalities, only 7% had a commercial bank or savings and credit institution branch and only 12% had an ATM.<sup>35</sup>

17. *What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)? (For 2021)*

In 2021, 49.1% of adults (ages 18-70) reported having an (deposit) account, equal to 41.1 million people according to the National Survey of Financial Inclusion (ENIF).<sup>36</sup>

18. *Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available. (For 2021)*

<sup>34</sup> Sufficient coverage in this context can be explained as “a remittance transaction can be delivered to recipient nationwide or at least in all relevant areas of the receiving country.” Please see World Bank’s (2016) *SmaRT Methodology*. Also please see footnote 12 on measuring access to remittance services in terms of physical locations and/or access to technology.

<sup>35</sup> Source: CNBV (2021). With data as of December 2020. The report can be found in [https://www.cnbv.gob.mx/Inclusi%C3%B3n/Anexos%20Inclusi%C3%B3n%20Financiera/Panorama\\_IF\\_2021.pdf](https://www.cnbv.gob.mx/Inclusi%C3%B3n/Anexos%20Inclusi%C3%B3n%20Financiera/Panorama_IF_2021.pdf)

<sup>36</sup> Source: INEGI, CNBV (2021). The report can be found in [https://www.inegi.org.mx/contenidos/programas/enif/2021/doc/enif\\_2021\\_resultados.pdf](https://www.inegi.org.mx/contenidos/programas/enif/2021/doc/enif_2021_resultados.pdf)



According to the National Survey of Financial Inclusion (ENIF), in 2021, of adults (ages 18-70), 12.6% used debit cards, 3.5% used credit cards, 2.8% used electronic transfers as a method of payment for payments over 500 MXN reported.<sup>37</sup>

19. *Please list any changes in, new additions to the solutions that help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP).*

The use of remote opening accounts facilitates access to banking financial services.

The furtherance of agreements or legal instruments with Banking and other financial Institutions to promote the acceptance of official documents issued by the Mexican representations abroad such as the consular registration, the consular passport issued by the Ministry of Foreign Relations, or the national credential to vote from abroad (called INE), to facilitate the Mexican community access to financial services and instruments.

On May 7, 2021, an amendment to the General Provisions referred to in Article 115 of the Law of Credit Institutions was published in the Official Gazette of the Federation (DOF) for the purpose, among others, of:

- Expand the list of municipalities where credit institutions and their correspondents (commission agents) are authorized to receive dollars in cash for purchase transactions, receipt of deposits, receipt of payments for goods or services and transfers or situation of funds, in addition to increasing the maximum amount that may be received.

20. *Are you able to measure the switch from remittances received over-the-counter to transaction account remittances?*

The information that the Bank of Mexico requests from the institutions participating in the process of sending-receiving remittances does not include in detail those transfers made physically, except for Money Order, this is in accordance with the "rules to which credit institutions and companies that provide the service of transfers of funds in a professional manner must be subject", which you can consult [here](#). Under these rules, the Bank of Mexico cannot measure the change in the way remittances are sent.

21. *Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products that were in effect in the past 12 months?*

The modality for receiving remittances most used in Mexico on August 2022 was electronic transfers, with 99.0% of the total (Bank of Mexico data).

Also, the Institute of Mexicans Abroad, through the Financial Advisory Windows (VAF), promotes the digitization of such remittances in collaboration with Mexican FinTech

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<sup>37</sup> Source: INEGI, CNBV (2021). The report can be found in [https://www.cnbv.gob.mx/Inclusi%C3%B3n/Anexos%20Inclusi%C3%B3n/Financiera/Reporte\\_Resultados\\_ENIF\\_2021.pdf](https://www.cnbv.gob.mx/Inclusi%C3%B3n/Anexos%20Inclusi%C3%B3n/Financiera/Reporte_Resultados_ENIF_2021.pdf)

companies that will make these services known to the migrant community, mainly in the United States.

## Russian Federation

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

The Bank of Russia actively develops and improves the national payment infrastructure to ensure provision of convenient and affordable payment services to households, business, and the government. To this end, the Bank of Russia is implementing a number of projects aimed at ensuring smooth operation of payment systems, promoting competition and supporting innovations in the national payment system.

As of the end of 2021, the total of cross-border transfers<sup>38</sup> of individuals was 43,931 million of US dollars from the Russian Federation.<sup>39</sup>

In 2021, the total amount of cross-border remittances performed via payment systems to the Russian Federation was 3,236.8 million of US dollars and from the Russian Federation – 86,618 million of US dollars,<sup>40</sup> the turnover summed up to 118,986 million of US dollars.

### IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

Most merchants (with some exceptions depending on annual turnover) must accept cashless payments as well as cash, and the price for the customers may not be changed depending on means of payment.

All payment service providers, including remittance service providers, obliged by law to provide defined information to their clients before initiation of transactions, including information:

- on PSP fees;
- on currency exchange rate (if applicable);
- on rules for disputes resolution (including contact info for complaints)

The Bank of Russia publishes special recommendations on information disclosure on financial products, including payment cards, aimed to promote transparency and consumer protection.

In line with the Roadmap of the Strategy for the Improvement of Financial Literacy for 2017-2023 approved by the Government of the Russian Federation, a number of measures are being implemented as to improve the level of financial literacy, develop the system of financial education and raising awareness of financial consumer protection mechanisms.

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<sup>38</sup> Statistical information on cross-border transfers is only available as of the end of 2021.

<sup>39</sup> [http://www.cbr.ru/statistics/macro\\_itm/svs/](http://www.cbr.ru/statistics/macro_itm/svs/)

<sup>40</sup> [http://www.cbr.ru/statistics/macro\\_itm/svs/](http://www.cbr.ru/statistics/macro_itm/svs/)

Particularly, the framework of the financial literacy competences has been developed and approved. The framework includes skills that have become necessary due to the digitalization of financial services (including payments and remittances). In addition, the Ministry of Finance and Bank of Russia are developing targeted educational materials on financial literacy and integrating them into different digital education platforms, such as “My school”.

The integration of financial literacy into the national educational standards allows to implement financial education at all levels of the educational system in Russia and to reach audiences including migrants’ families. Additionally, to the development of the modern financial education programmes and materials, the improving of teaching methods and educators’ qualification is ongoing process.

To raise financial literacy level and peoples’ awareness on financial issues for both citizens and migrants, the Bank of Russia supports and promotes its educational website Fincult.info and Ministry of Finance its webportal Moifinancy.ru. In an easy-to-understand way, the digital platforms explain how to use modern financial instruments and products, give recommendations on how they can help consumers in certain life situations, avoid fraud and protect their financial consumers’ rights.

#### ENCOURAGE BETTER COORDINATION.

There is an ongoing coordination process of implementation of the national financial literacy strategy and developing of targeted financial education materials and programmes as well as coordination of financial inclusion measures.

#### ENCOURAGE REMITTANCE-RELATED TECHNICAL ASSISTANCE AND KNOWLEDGE EXCHANGE

The international conference on financial literacy and the best practices for financial education within Commonwealth of Independent States (CIS) was held on as part of the knowledge exchange and the technical assistance in financial education materials for interested CIS countries was provided in 2022.

#### IMPROVEMENT OF THE IDENTIFICATION PROCEDURE

On 30.12.2021 Federal law No. 483-FZ amending Article 7 of Federal law No. 115-FZ of 09.08.2001 “On Countering the Legalization (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism” was adopted. Federal law No. 483-FZ has improved information collection and confirmation processes relating to client identification that are provided in accordance with Federal law No. 115-FZ of 09.08.2001 “On Countering the Legalization (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism”.



## Saudi Arabia

Remittance outflows and/or inflows for the last 3 years:

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)		
			Total Outbound Remittances US \$ Million	Total Inbound Remittances US \$ Million
2021 (if available)		32970	501,239	336,615
2020		30286	354,382	201,189
2019		34338	355,705	237,624
2018		39813	361,158	220,582

In 2020, Saudi Arabia was one of the top three source countries for remittances outflows. Expatriates and migrant workers in Saudi Arabia benefit from a lower cost of remittances than the global average, and the lowest in the region.

As an important part of the banking sector, remittance services were available but for limited access during partial lockdown. Digital channels were also available and increased its services to customers during 2020. Many private firms introduced remote account opening during 2020 for consumers to ease access to remittance services.

Some measures were indirectly benefitting the remittance market, such as the exemption from the expat levy, which was issued in March 2020, extending for 3 months without charge. This helped SME's and companies retain their expat labor and they continued sending funds abroad. Also, to alleviate economic stress, SMEs that has 9 employees or less were exempted from paying expat levy for a period of 3 years for 2-4 expatriates. In addition, the Saudi Central Bank has been in continuous dialogue with local commercial banks to support certain sectors, and one of the measures taken that helped support the RSP was a waiver of all fees and other charges resulting from the use of digital banking for a period of up to six months.

SAMA published monthly reports which includes remittances under Personal Transfers with a categorization for Saudi and Non-Saudi transfers: [https://www.sama.gov.sa/en-US/EconomicReports/MonthlyStatistics/Monthly\\_Bulletin\\_082022.pdf](https://www.sama.gov.sa/en-US/EconomicReports/MonthlyStatistics/Monthly_Bulletin_082022.pdf)

The Saudi Central Bank (SAMA) has in place, a number of actions to address issues related to remittances that incorporate factors other than cost, such as transparency, competitiveness and consumer protection.

The Banking Consumer Protection Principles (BCPP) was implemented on 1 September 2013 and emphasizes customers' rights to have high-quality services, while providing the basis for disclosure, transparency and competitiveness in prices and commissions. SAMA has permitted commercial banks to establish independent centers for remittance services in cooperation with global financial transfer firms.

SAMA continues to hold meetings with commercial banks working on remittance services to monitor prices and service quality, as well as to ensure fulfilment of all domestic and international requirements. SAMA is encouraging commercial banks to expand electronic services through their websites. It is also continually reviewing and monitoring prices of remittances and relevant exchange fees to ensure fees reasonably balance costs to customers and profit margins to banks.

## Spain

**Spain is a remittance-sending country.** The volume of workers' remittances sent from Spain in 2021 was EUR 9,150 million<sup>41</sup>, 12% more than the previous year, recovering the upward tendency since 2014, only disrupted in 2020 when the outflows dropped. Among the top 10 recipient countries (that account for the 70% of the total volume) nine showed an increase of remittances received in 2021, while Romania remained flat. By region, 59% of the total volume flowed to America (mainly to Colombia, Ecuador, Dominican Republic, Honduras, Bolivia and Paraguay) and 22% went to Africa (mainly Morocco and Senegal).

In 2021, **population in Spain was 47.4 million and migrants accounted for 11.6%**, slightly higher than the previous year (11.3%). The biggest groups being from two countries: Morocco and Romania. Main migrant Latin American communities are from Colombia, Venezuela, Honduras, Peru and Ecuador<sup>42</sup>.

The **cost of remittance outflows from Spain is close to the 5% SDG 10.c target**. Costs have experienced a downward trend over the latest years on the back of a growing base of service providers and competition in the sector as well as social and economic digitalisation: in 2021, 95.9% of households had access to broadband Internet access, which represents an increase with respect to 2020 (95.3%); besides, almost all households (99.5%) have mobile phones<sup>43</sup>. The average cost of sending a USD 200 remittance from Spain showed a decreasing trend along the past years (5.6% in 2018, 5.3% in 2019 and 5.0% in 2020 as well as in 2021). Costs show an increase from the Q3 2021 (4.7% in Q1 and Q2, 5.2% in Q3 and 5.4% in Q4 2021). In 2022 costs are 5.7% in Q1 and 5.5% in Q2, according to the World Bank. In the thirteen main corridors from Spain monitored by the World Bank<sup>44</sup>, the average cost ranks from 3.1% (Nigeria) to 8.1% (Honduras) in Q2 2022.

**Remittance market in Spain: our regulation fosters competitiveness, transparency and compliance.** Allowed remittance service providers (RSP) are commercial banks (112), money transfer operators (69), mobile money operators (10) and currency exchange bureaus (16). Non-banking entities need to

<sup>41</sup> [Balance of payments, 2021 Secondary income. Workers' remittances. Debits. Main countries. Annual \(table 17.6a of the Statistic Bulletin\)](#), updated March 2022, Bank of Spain

<sup>42</sup> [Population figures 1 January 2022](#) and Migration statistics. Year 2021, INE-National Statistics Institute

<sup>43</sup> [Survey on Equipment and Use of Information and Communication Technologies \(ICT\) in Households](#). Year 2021, INE-National Statistics Institute

<sup>44</sup> Remittance prices Worldwide- Country corridors, World Bank.

be licensed to provide international remittance services. RSP should comply with the financial sector regulation on transparency requirements and disclosure of service conditions (i.e., obligation to inform on fees and exchange rates prior to start the transaction). **Digitalization facilitates access and integration within the EU:** remote on-boarding and identification through qualified digital signature are allowed within the EU regulation framework. Payment infrastructures in Spain are highly digitalized, allowing faster, safer, cheaper and more accessible international payments, including remittances (in line with the Financial Stability Board work on enhancing cross-border payments). Central banks of the Eurosystem work to increase the level of integration within the EU by fostering the adoption and implementation of harmonised standards, rules, and processes, as well as by exploring Fintech innovation that has the potential to bring greater efficiency to the field of payment services. Regarding **governance and risk management:** RSP are subject to the same risk management practices and AML/CFT regulations applicable to other finance service providers.

**Main novelties worth to mention:** the Bank of Spain has put in place a Registry of VASP (virtual asset services providers) and the required authorization procedure to operate in Spain. In terms of governance and risk management, the new EU AML regulation (scheduled for 2023) is currently under discussion with the member states, which will involve the creation of a new European authority for the prevention of money laundering (AMLA). Besides, the Ministry of Finance is currently working on an interpretive guide on “de-risking” with the aim of clarifying certain aspects of the relationship among banks and other RSP.

The Spanish authorities also work on other multiyear and multipronged lines that will have a positive impact on remittances, such as sharing of knowledge and best practices with partners and stakeholders both at international and national level; providing international cooperation; enhancing financial literacy and awareness of citizens or fostering financial consumer protection. An example of this is that in 2022 the banking industry and the public authorities (Ministry of Finance and Bank of Spain) reached an agreement to promote financial inclusion and access to basic financial services.

## Switzerland

N/A

## Türkiye

Starting from 2021, the fees and commission for banking products and services have been published on the

<https://ddei5-0-ctp.trendmicro.com:443/wis/clicktime/v1/query?url=https%3a%2f%2fwww.bankacilikurunvehizmetucretleri.org.tr%2f&umid=6C3DF8E2-EAC0-6F05-8F56->

[778BED8C8B95&auth=8d617b9edea5a433c8820ae0ca08b99259993ada-8caaa84236d160010e5e7f41075ba5c09ffb6301](https://www.gpfi.org/778BED8C8B95&auth=8d617b9edea5a433c8820ae0ca08b99259993ada-8caaa84236d160010e5e7f41075ba5c09ffb6301) website under the supervision of the Banks Association of Türkiye.

The survey, which was conducted with banks and planned to be finished by the end of 2021 was completed and the following results were reached. Firstly, in terms of the volume of remittance transactions transferred from abroad to our country during the Covid-19 period, a decline was observed in only a few banks. In addition to this situation, according to responses taken from the banks, it was expressed that there was no rise in the cost of transferring of remittance transactions apart from a few banks. Also, while making a remittance transaction, it might be the case that the correspondent bank delays the transaction (requesting additional information or research) or stops the transaction due to various reasons and even does not accept it. Finally, it has been concluded that the banks closely follow technological developments in order to accelerate the transfer of remittance transactions.

## United Arab Emirates

### **UAE's progress in enhancing the remittances ecosystem:**

The UAE is a globally leading country in remittance flows and has been aligned with the G20 objectives to enhance remittance flows and reduce remittance transfer costs.

In 2021, Remittance Service Providers in the UAE amplified their efforts to provide innovative digital services to their customers with an aim to create a countrywide user-friendly ecosystem. This helped enhance access to remittance services and provide timely accurate information concerning applicable fees, and execution time, among other services. The digitization of remittance services were actively elevated since 2020, led by the effects of the COVID-19 pandemic, and have come to be reflected in the annual business enhancement plans of most service providers.

The UAE regulators are supporting the monitoring process of remittance flows and the reduction of transfer costs. This is being facilitated by the comprehensive guidance provided to remittance service providers, the continuous enhancement of the regulatory framework, as well as the facilitation of access through targeted initiatives to implement digital financial services.

In 2021, expats' remittances from the UAE reached USD 1,335 billion (AED 4,901 billion). The portion attributed to family support equaled USD 47.68 billion (AED 175 billion). Further, the total inward remittances reached USD 1,167 billion (AED 4,283 billion). India remains the top receiving country for earnings made by expats, followed by Pakistan, and Philippines.

## United Kingdom

N/A

## United States

### **Summary Statement on U.S. Progress and Achievements in the Implementation of its National Remittance Plan, 2022**

#### *Overview*

As the world's largest remittance-sending country,<sup>45</sup> the United States is committed to upholding a regulatory and supervisory environment that enables the flow of remittances via legitimate, regulated channels, while actively working to address any undue barriers to access and usage.

The United States continues to promote a risk-based approach to anti-money laundering and countering the financing of terrorism and proliferation financing (AML/CFT/CPF). Federal banking authorities<sup>46</sup> continue to work with financial institutions under their respective jurisdictions, as relevant, on ways to offer low-cost remittance transfers, no-cost or low-cost basic consumer accounts, and agency services to remittance transfer providers while still operating responsibly.

#### *U.S. Department of the Treasury*

The U.S. Department of the Treasury remains engaged in work related to remittances through such multilateral fora as the Financial Action Task Force (FATF) and the Financial Stability Board (FSB).

Treasury also continues to work with partner countries who receive remittances as they work towards stronger AML/CFT/CPF regimes, which will help them to maintain banking relationships that keep remittances flowing. Treasury continues to work to facilitate regulated and transparent channels for customers who want to send remittances for legitimate purposes.

Treasury's Office of Technical Assistance (OTA) continues to provide technical support to jurisdictions that are seeking to ensure that innovative forms of digital payments can be adopted in a responsible manner, including by promoting interoperability across providers and establishing regulatory sandboxes.

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<sup>45</sup> <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>

<sup>46</sup> Federal banking authorities include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency (collectively, the federal banking agencies), and the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN).

The U.S. Congress enacted the AML Act of 2020 (AMLA), which included several updates and reviews of the anti-money laundering and countering the financing of terrorism laws in the United States. AMLA, Section 6215 requires the U.S. Department of the Treasury to complete a review of financial institutions' reporting requirements under the Bank Secrecy Act to understand the effects and the adverse consequences of correspondent banking de-risking and develop a strategy to reduce de-risking. Treasury's Office of Terrorist Financing and Financial Crimes and the Financial Crimes Enforcement Network are co-leading the review and response to Congress. The assessment required under AMLA Section 6215 included a review of correspondent banking relationships with remittance transfer providers.

*U.S. Agency for International Development (USAID)*

USAID makes global and market-level investments focused on expanding inclusive digital finance ecosystems through improved infrastructure, policy, and regulation, including the use of digital technologies to lower costs, improve prospects for integration with regulated financial services, and build cross-border digital economies. In addition to making remittance transactions faster and cheaper, these investments can potentially harness remittance flows to deepen financial inclusion in both sending and receiving communities.