



G20 GERMANY 2017
HAMBURG

Template for G20 National Remittance Plans



GPFI

Global Partnership
for Financial Inclusion

COUNTRY PLANS FOR REDUCING REMITTANCE TRANSFER COSTS [INSERT COUNTRY]

Background

In 2016, Mexico was the third largest remittances receiver (just behind India and China); and reached a record high net inflow of USD\$26,993 million (8.9% annual growth) which represents 2.6% of the GDP in 2016.

According to the Remittance Prices Worldwide from the World Bank, in the first quarter of 2017 the cost of receiving remittances from the US (largest remittances sender) was 4.67%, and by the end of the second quarter it increased 0.44 percentage points, to 5.11%.

Call to Action on Remittances

The Mexican Government remains active and involved in the promotion of policies and programs that support the reduction of the cost of sending and receiving remittances. Such programs have helped sustain the cost of remittances under the 5% objective and will be expanded to address the reduction of the cost to below 3% by 2030. The Mexican Government is looking to promote innovative business models based on financial technologies, which have the capacity to enable cost efficient remittance transfers that would bring the average cost below the 3% goal.

Cost of receiving remittances (%)

Country	2014	2015	2016	2017*
Mexico	4.40	4.75	4.40	5.11

Source: World Bank. Remittances Prices Worldwide

2017 Country plan for reducing remittance transfer costs

Given the tremendous opportunity that the technological innovations give to transfer money with lower costs, the Mexican Government is compromised to create the right environment to foster the creation of more innovative business models through the financial technologies. In order to do so, the government is preparing the legal framework that gives legal certainty to operate safely, with high AML/CFT standards and consumer protection measures in place.

INCREASE REMITTANCE MARKET COMPETITIVENESS

Potential actions include, where appropriate:

- Through the continuous promotion and use of the *Directo a México* program from the Central Bank, the Mexican population in the US has a safe and low-cost alternative to send their money home. The major benefit of using this channel is that the commission charged amongst the lowest (0.21%).¹

¹ *Directo a México* allows anyone with a participant US-based bank account to send money to Mexico at a very low cost, disregarding of the amount sent. More than 600 US branches participate in the program.

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

Potential actions include, where appropriate:

- One of the latest efforts of the Mexican Government towards expanding the usage of the payment system network is the electronic distribution of all the stipends from the largest social welfare program (PROSPERA).
 - To enhance the benefits of the electronic distribution, this initiative also gives PROSPERA beneficiaries financial education courses, and access to low-cost insurance and credit.
 - Since many PROSPERA beneficiaries also receive remittances, we expect to observe an improvement in the management of remittances use.
- In order to harness the power of emerging technologies, the Government will soon pass the “FinTech Law”, which will protect consumers, give platforms legal and fiscal certainty, and ensure that they comply with minimum AML/CFT standards.

IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- To procure more information to the consumers (specifically migrants), so they are able to make informed decisions and understand where they can request support and protection, there are specialized websites that give information on remittance service providers characteristics such as costs, and payment points in Mexico.
- A guide was created to inform the Mexican migrants abroad about their rights and where to seek guidance to present a formal complaint against a US financial entity; and the alternatives that they have to protect their resources and patrimony, if they need to return to their home communities. Additionally, the efforts to educate and communicate information to improve the financial capabilities of the migrants and Mexicans living abroad continues through the Financial Education Week (in the US and Canada) and the initiatives through the Mexican consulates.