G20 National Remittance Plan - Italy
Remittance flows from Italy decreased from around Euro 5.33 billion in 2014 to 5.25 billion in 2015 and 5.07 billion in 2016 (source: Bank of Italy). This decline was due to several factors, first of all the sharp decline in remittance outflows to China (-71% from 2014 to 2016). Excluding remittance flows to China, the aggregate data show an increase of 3%, going from Euro 4.69 billion in 2015 to 4.84 billion Euros in 2016.

In terms of main corridors, 53% of remittances leaving Italy are directed to seven main countries. Romania is the first destination country (15% of total outflows) followed by Bangladesh (10%), the Philippines (7%), Senegal (6%) and Sri Lanka, India and Morocco (5%). (source: CeSPI calculations based on data provided by the Bank of Italy, last update 31/12/2016)

According to the World Bank data, in 2015 total remittance outflows from Italy were a little over USD 9.4 billion, equivalent to 0.5% of GDP, down from 11.1 billion in 2014. Discrepancies with national data are due to differences in the methodologies of estimation. Italy’s total remittance inflows for 2015 were comparable to outflows, at USD 9.5 billion. The World Bank estimates inflows to increase to USD 10.7 billion in 2016. The immigrant population in Italy amounts to 8.3% of the overall national population (ISTAT data at 31 December 2016).

In Italy the remittance sector remains highly dominated by three leading money transfer operators (MTOs): WesternUnion, MoneyGram and Ria International. In this highly fragmented market there are some small local operators whose operations are restricted to a few corridors, and online-only MTOs: new international operators that have only recently entered the Italian market and conduct business exclusively via web platforms, thus increasing the competition.

Alongside MTOs, traditional cross-border transfer services are offered by banks and Poste Italiane with its postal products (transfers and money orders). In the last decade, the development of partnerships between the banking/postal providers and the specialized operators (MTOs) has progressed further. This has encouraged the development of synergies as well as the integration of banking channels and MTO remittance transfer services, facilitating remittances initiated via ATM and internet banking services. Data available to the National Observatory for the Financial Inclusion of Migrants, provided by a sample of banks that account for 70% of the total banking sector assets, indicate that in 2015 transactions through integrated channels amounted to 50% of those transferred through the banking system in terms of number of transactions and 7% of total banking flows.
The Observatory's data reveals a highly specialized market with an average transaction value of € 3,380 (in 2015) among traditional banking channels (cross-border transfers) compared to an average of € 300 among MTOs. This is due to different regulatory limits/thresholds requirements relative to cash payments.

**Call to Action on Remittances**

In the past years Italian authorities have been working on further enhancing the supply of basic banking products favouring the financial inclusion of migrants. To this end, various decrees and directives that aim to strengthen financial inclusion are being implemented together with a series of market initiatives in line with the authorities’ goals.

The National Observatory for the Financial Inclusion of Migrants has been set up, which provides ongoing structured analyses and monitors migrants’ financial inclusion with a view to identifying integrated strategies, ranging from orientation to education and training.

According to the latest available data (September 2017) from the Italian website www.mandasoldiacasa.it, the average cost of sending remittances from Italy towards the 14 corridors monitored by the website was 5.55%, down 0.87 p.p. from 2014 (6.42%), and 2.13 p.p. from 2009. Of the 14 monitored corridors, 9 are largely below 5% (average cost 4.66%). Only Brazil, China, Nigeria, Ghana and Albania are still above the target with an average cost of 7.9%.

**2017 Country plan for reducing remittance transfer costs**

In March 2017, Italy implemented Directive 2014/92/EU on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (Payment Accounts Directive, PAD). Under the PAD, consumers who are legally resident in the Union – including third country nationals and people seeking asylum under the Geneva Convention of 28 July 1951 Relating to the Status of Refugees – have the right to access a payment account with basic features in a Member State irrespective of the consumers’ nationality, place of residence or financial circumstances. In Italy, the content of the Directive, as regards the access to payment accounts with basic features, was already broadly anticipated by a Convention which has been in force since 2012.

Moreover, in order to support financial inclusion the new Directive EU/2015/2366 on Payment Services in the Internal Market (so called PSD2) provides more protection for payment transactions from/to non-UE countries (such as remittances). Italy is now in the process of adopting the new legislation, which will be enacted in January 2018. In particular, the PSD2 extends the application of the provisions on rights and obligations of the parties, as far as possible, to one-leg transactions (with only one of the payment service providers located in the EU) and transactions in currencies other than EU currencies (for payment service providers located in the EU in respect to those parts of the payments transaction which are carried out in the EU). Transparency rules on information and conditions to the
user were already applied to these transactions since the Italian transposition law of PSD1 (2010). Furthermore, the PSD2 will promote innovation in the payment services sector while ensuring security and fair competition between operators.

In order to address the issue of de-risking, Italy is participating in the work of various international fora such as the Financial Action Task Force (FATF), the Financial Stability Board (FSB) and the World Bank (WB). With regard to the (FATF), in addition to last year’s publications of "Guidance on correspondent banking services" and "Guidance for a Risk-Based Approach for Money or Value Transfer Services", the Task Force will be updating the 2013 Guidance on Financial Inclusion in order to also address the issue of access to financial services by persons without documents (such as migrants, asylum seekers, refugees).

The FSB has elaborated – together with the FATF and Basel Committee and Committee on Payment and Market Infrastructures (CPMI) – a four-point Action Plan to address the issue of de-risking. Furthermore, last July the FSB was asked by the G20 to coordinate work with the FATF and GPFI on identifying and addressing issues relating to remittance providers’ access to banking services. The Bank of Italy and the Italian Ministry of Economy and Finance contribute to the FSB work.

The National Committee for planning and coordination of financial education activities, that has been recently established among the Government and the national consumer protection authorities, will contribute to design and promote, according to international best practices, initiatives aiming at enhancing financial literacy competencies for vulnerable target groups, including migrants. Since last year, the Ministry of Education, in cooperation with the Bank of Italy and other public and private stakeholders, has been conducting a financial education program for adults at school, which are mostly migrants.

Financial education is an important priority also for the Italian Banking Association (Associazione Bancaria Italiana – ABI), which has long been particularly active on this topic and has carried out several projects aimed specifically at migrants.

Among other initiatives, in 2011 ABI in collaboration with ACLI (Associazioni Cristiane Lavoratori Italiani – Christian Associations of Italian Workers), ANCI (Associazione Nazionale Comuni Italiani – The National Association of Italian Municipalities), ARCI (Associazione ARCI – ARCI Association), Caritas Italiana (Italian Caritas), CeSPI (Centro Studi di Politica Internazionale – Centre for International Political Studies), CISS Sud Sud (Cooperazione Internazionale Sud Sud – South South International Cooperation), produced a multilingual brochure entitled “Welcome to the bank” ("Benvenuto in Banca") providing basic information about banking services, to facilitate access of migrants to financial services. ABI is currently working on a second edition of this information tool, specifically aimed at online distribution.

In addition, thanks to the work done by the Observatory on financial inclusion of migrants (created by ABI and the Ministry of Internal Affairs), a one-minute educational video on
migrants for bank clerks and a tutorial app for financial needs specifically designed for migrants (www.moneymize.it) were produced.

To promote financial inclusion (and thus social inclusion) of the “new citizens”, banks and Poste Italiane have invested human and economic resources and defined strategies to offer products adapted to the needs of migrants, within the framework of national and international regulatory provisions on money laundering and contrast to the financing of terrorism. In this regard, Poste Italiane has already developed specific interventions to optimize and improve customer services, complementing the traditional money remittance channel with electronic remittance instruments in view of facilitating transactions that can be carried out anywhere, anytime, easily, quickly and at a reasonable price. A promising way to further reduce the cost of remittances is indeed offered by payment instruments based on technologies that have lower operating costs and ease of use for migrant people (ATM, card, mobile, etc.). Among relevant initiatives, Western Union has introduced the proprietary mobile app enabling services with further costs reduction.

The Italian Banking Association has promoted agreements and projects to encourage innovative initiatives on remittances, combining fund transfer services with insurance and investment products, and involving microfinance institutions in the country of origin of migrants.