



G20 GERMANY 2017
HAMBURG

G20 RUSSIA National Remittance Plan



GPFI

Global Partnership
for Financial Inclusion



COUNTRY PLAN FOR REDUCING REMITTANCE TRANSFER COSTS [RUSSIA]

Background

Russia has an average cost of 2.13 per cent in Q3 2017, still despite of the low cost of the oil and other factors maintaining the lowest average total cost across G20 countries, comparing to 7.19 per cent the average cost of sending money from G20 countries.

Russia has a unique environment where cross-border remittances are mostly conducted in the same currency and possible additional costs associated with a currency exchange are not widespread.

Main corridors are Uzbekistan, Tadjhikistan, Ukraine, Kirgizia, and Armenia. Remittances are vital for these economies. Kyrgyzstan and Tajikistan, according to the World Bank's calculations, the world's two most remittance-dependent countries.

Russian market represents different types of Russian and international providers. Russian market benefits from relatively low fees charged by the providers, high competition and use of wide range of channels and agents, such as mobile stores, banks offices, and also cashless channels, such as e-wallet, kiosks. But still cash remittances dominate at CIS countries, and especially to Uzbekistan and Tajikistan. Russia's Central Bank has released data showing drops as steep as 15 percent in the amount of money transferred by individuals to Central Asia in 2014 versus the year before. But the market players forecast that the volume of remittances in rubles would restore as some migrants come back to Russian labor market and most of the CIS currencies being devalued in 2015.

Despite the decline in remittance volumes, Russian money transfer operators continue to keep the prices largely on the same level. However, further decline in prices is possible only through deployment of innovative products and would require legal improvements to accommodate new business models.

Call to Action on Remittances

The complex of actions helps to maintain the current low cost of transferring remittances by harmonizing regulation, increasing the efficiency of payment systems infrastructure, and fostering innovative low cost products such as digital and mobile payments. These actions complement activities within Russia's National Program on improving financial literacy and consumer protection, which include national awareness campaign, development of financial literacy materials, counselling on consumer protection and the implementation of pilot projects.



The National Financial Literacy Strategy initiated by the Ministry of Finance of the Russian Federation was approved by Russian Government in September, 2017. This Strategy includes financial consumer protection measures and financial education activities for the migrants and their families. The roadmap for the Strategy will developed till the end of the year and implementation will be started in 2018. The joint project of the Ministry of Finance and the OECD aimed at the financial literacy of migrants from 6 CIS countries and their families launched. The technical assistance in developing information materials and pilot projects focused on migrants families will help them to make more informed and effective decisions on remittances cost, channel and more wider financial inclusion and personal finance.

The work on the Bank of Russia Financial Inclusion Strategy as well as Action plan is in progress. It contains special measures on support the development and scaling of low-cost, low-value products, as well as expediency to expand the functionality of the banking payment agents and other financial intermediaries. The new consumer protection standards are being developed taking into account the financial institution type. Channeling the remittances into accounts will be leveraged as a first step in financial inclusion efforts, while also aiding in the promotion of cashless payments.

2017 Country plan for reducing remittance transfer costs

Russia plans to take additional steps to help maintain the low cost of transferring remittances and improve the availability of remittance services as well as increase transparency and consumer protection of remittances transfers. Among specific actions and policy options are below.

1. INCREASE REMITTANCE MARKET COMPETITIVENESS

- Development of the banking payment agents mechanism; it will allow to expand the credit institutions presence in the payment sector, including the transfers and remittances without bank account opening. Such approach will add value especially for the rural and remote areas

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

- Development of the remote channels for the financial services provision; it will allow to promote financial inclusion among those who cannot visit the financial institution personally. The remote identification could be treated as one of such mechanisms that will help to provide financial services remotely, securely with identification of the customers.



3. IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

- Within National Financial Literacy Strategy and the Ministry of Finance-the OECD joint financial education project conduct financial education for migrants and their families and awareness campaign to boost financial literacy and capability of remittance consumers.