G20 GERMANY 2017
HAMBURG

ARGENTINA
G20 National Remittance Plan

COUNTRY PLANS FOR REDUCING REMITTANCE TRANSFER COSTS ARGENTINA

Background

Provide a summary of the current remittances sector in your country and region, such as key emerging issues and/or challenges, e.g. number and types of providers, main corridors, costs (including how much they have fallen and why), legislative and regulatory overview. 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.

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).

Regarding the regulatory environment, the Central Bank of Argentina started a process to ease regulations on the access to the foreign exchange market (FX) as from late 2015. The new and more flexible regulatory context made it possible for the international remittance service to be rendered in a more efficient and cheaper fashion.

On the other hand, as it has been widely recognized, Argentina is not a major source of money transfer remittances within the Latin American and Caribbean (LAC) region. Remittances sent represents the 0.2% of the total remittances sent all over the world and the 0.1% of the Argentine GDP. Remittances received represent 0.5% of the total remittances received in LAC and is the 0.1% of the Argentine GDP (2016)[1].

[1] Source: World Bank and CEMLA. 2015/16.

Concerning the size of the migrant population, the 4.5% of total population was born abroad. Nearly 65% came from neighboring countries, in particular, from Paraguay (30.5%) and Bolivia (19.1%)[2].

Call to Action on Remittances

Insert your countries' 2014 Call to Action on Remittances and provide any updates/outcomes since the commitment was made, including the 2016 G20 commitment towards achieving the Sustainable Development Goals under the United Nations 2030 Agenda and the Addis Ababa Action Agenda. Updates should also include where possible, a summary of changes in remittance flows and costs since the 2014 Call to Action (comparing remittance figures from your 2015 National Remittance Plan with the figures requested above in the Background section).

The remittance sector is not very relevant in Argentine economy, nevertheless, Argentina participates in many initiatives that seek to address the needs to improve the international remittances environment.

In particular, Argentina is highly engaged in FSB´s Remittance Task Force (RTF). The RTF has taken stock of past and ongoing initiatives to address remittance providers' access to banking services, aiming to identify any gaps in existing work that should be addressed by financial authorities. Following discussions at a high-level roundtable in Washington on 12 October, the RTF's final conclusions and recommendations will be presented in a report to G20 Ministers and Governors in March 2018.

By these international participations, Argentina seeks to ensure that a clear vision of the barriers of remittances and cost reduction aspects is taken into account and looks forward to analyzing it considering the current and local context, specially, the local volumes of inflows and outflows of remittances.

2017 Country plan for reducing remittance transfer costs

Outline how your country will take additional steps to help reduce the cost of transferring remittances and improve the availability of remittance services, while ensuring quality of remittances services and service delivery. Provide specific actions taken domestically and internationally, and timeframes for when commitments will be implemented drawing from the optional policy levers outlined below. These policy options were considered and agreed by G20 Sherpas in 2014 and agreed by leaders as part of the G20 Plan to Facilitate Remittance Flows that was annexed to the Brisbane Leaders Communique. Members can choose their potential actions, as appropriate, using these or other options includıng objectives and metrics if desired.

1. INCREASE REMITTANCE MARKET COMPETITIVENESS

Potential actions include, where appropriate:

[2] Source: National Institute of Statistics and Censuses (INDEC). 2010.

- Address regulations that constrain competition in the remittance services provider (RSP) sector and impede a greater choice and interoperability of payout service points to consumers, especially in rural areas. Regulations that require remittance payout to occur only through banks reduce market competitiveness and restrict services for unbanked consumers.

  Facilitate the entrance of more RSPs into the formal remittances market. Overly lengthy wait times and cumbersome, overly costly licensing procedures can be a barrier to market entry. At the same time, appropriate authorities must ensure effective anti-money laundering/counter terrorism financing (AML/CTF) compliance programs that comply with international standards.

- Improve supervision of RSPs. Poor supervision acts as a barrier to entry in the RSP sector, allows illicit activities such as fraud, money laundering, or terrorist financing, and sustains de-risking driven account closures of RSPs. Therefore, national or other relevant authorities should reassess the supervisory framework and revise and strengthen it where necessary, concerning both solvency, AML/CTF and market conduct supervision, which would increase confidence in the RSP sector and protect against abuse of RSPs. Supervisory requirements should comply with international standards.

- Address anti-competitive pricing structures. Where exclusivity agreements have been legally prohibited but still operate, appropriate authorities should step up enforcement of competition laws. Where there is evidence that exclusivity agreements are inappropriately restricting remittance market competitiveness, authorities should evaluate such allegations and address anti-competitive practices.

  In late 2015, the Central Bank of Argentina started a process to ease the foreign exchange market regulations, thereby exerting a direct and far-reaching effect on the operation of international transfers and leading to a more flexible and competitive context to send and receive remittances to and from abroad. Affecting specifically the remittances, it should be added that, , arbitrage is now allowed, that is: funds received do not necessarily have to be transferred to local currency –pesos-.

  On the one hand, among the new foreign exchange market regulations that had an effect on the activity under consideration, it is worth mentioning the removal of quantitative restrictions on personal transfers and on purchases of foreign assets by residents. On the other hand, the removal of information and supporting documentation required for this type of FX transactions should be noted. Moreover, the maximum amount for FX transactions in cash was removed, surviving those provisions that restrain transactions in cash as part of the measures to prevent money laundering and terrorist financing. In addition, since July 2017, remittances can be sent and received by international Payment Processing Companies. Furthermore, this regulation provides that when the incoming transfer specified a beneficiary account, the bank must place the funds received directly without the intervention of the client. This regulation allows resident and non-resident clients to operate freely in the exchange market, always in compliance with the identification and registration requirements of operations.

As for MTOs, the new regulation allows access to the FX market for transfers abroad without any limits as to the amount transferred. Moreover, information and documentation requirements have been removed. This resulted in a reduction of operational costs and improved competitiveness within this sector.

In turn, in the case of remittance transfers made through commercial banks and FX houses, the removal of such restrictions on amounts and documentation required -that hindered personal transfers- produced the same positive results mentioned above.

To sum up, this new scenario promotes financial inclusion and competitiveness. In addition, it results in simpler and more efficient remittances both through MTOs and financial and exchange institutions.

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

Potential actions include, where appropriate:

- Support modernization and interoperability of the retail payments system infrastructure and support the development of open payments platforms that are linked to countries' clearing and settlement systems and provide access to eligible banks, non-bank financial institutions, and emerging payment service providers. This would further improve interoperability and consumer choice.

  Promote expanded coverage of the retail payments system into all relevant geographical areas, especially rural, underserved areas. In most places, coverage is provided by the private sector, for example mobile network operators that establish cell tower coverage for their own commercial purposes, including mobile money services and data network coverage to the banking sector. In some cases, policy-makers are choosing to provide publicly supported or financed infrastructure projects, such as cell towers, making those facilities interoperable and providing greater access. If current regulatory frameworks hamper development of these services, the frameworks should be modernized, while also safeguarding compliance with international AML/CFT and solvency standards.

- Facilitate the use and interoperability of new technology-enabled business models (consistent with the High Level Principles on Digital Financial Inclusion), such as mobile money, prepaid payment cards, mobile point-of-sale (mPOS) systems, and card-less ATM access, to reduce costs and enhance access to remittances, particularly for low-income consumers who reside in remote areas.

- Propose recommendations to provide for a wider range of acceptable customer identity documents and data, which will support the efforts of regulators and service providers to facilitate more efficient customer registration and still meet their AML/CFT responsibilities.

- Undertake regulatory assessments to identify other unnecessary restrictions to customers' access to remittance services, such as access conditions to bank accounts (e.g. opening requirements).

As from 2016, the BCRA has implemented an agenda seeking to increase financial inclusion on the basis of the development and deepening of the financial system. To this effect, the objective is to provide the financial system with a more transparent, competitive and debureaucratized environment, while simultaneously safeguarding financial stability. This also has the result of easing international remittance, operations, sent and received, by individuals through the financial system.

New products and services were created, and some barriers to entry are being removed, with the aim of facilitating the access to the banking services by the whole population. For instance, banks have the possibility of establishing a remote identification process to open a bank account, where no physical presence is needed. In addition, savings accounts can be opened with their identity card only (subject to certain limits) and many transactions (such as foreign exchange operations) could be made electronically.

3. DISCOURAGE TAXES ON MIGRANT REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

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

Argentina does not tax migrant remittance transfers and is not considering changing its policies in this regard.

4. IMPROVE TRANSPARENCY AND CONSUMER PROTECTION OF REMITTANCE TRANSFERS.

Potential actions include, where appropriate:

- Require RSPs to clearly display and disseminate up-to-date and complete information on remittance transfer costs and terms, including fees, as well as recourse mechanisms, and, where applicable, taxes and exchange rates.

- Enable consumers to compare transfer costs via a remittance price database or other measures that increase cost transparency and improve consumers' understanding of the terms offered by RSPs operating in the corridor.

- Reform consumer financial protection rules, if needed, to provide for fair cancellation and error-resolution rights, as well as for improved data protection.

- Encourage both public- and private-sector-led awareness building campaigns to boost financial literacy and capability of remittance consumers.

- Encourage increased knowledge on customer behavior and use of remittance services to improve remittance service provision, financial capability measures and awareness building campaigns.

The Central Bank regulation on the protection of users of financial services -in general- provides that prior to the completion of any operation or acquisition of product or service, the customer must know the related conditions and costs. In the same framework, banks are obliged to publish in their institutional websites the current prices of all the services they provide. In addition, this regulation establishes a mechanism for reimbursement of amounts with penalties in the case in which the entity incurs in improprieties in the collection of any cost.

G20 members are also encouraged to consider new areas of action and utilise existing material including:

- *the G20 Remittances Policy Toolkit,*
- *the World Bank Report on Remittance Agenda of the G20,*
- *the General Principles for International Remittance Services,*
- *Principles for Innovative Financial Inclusion,*
- *the Better Than Cash Alliance Responsible Digital Payments Guidelines, and*
- *the G20 High Level Principles for Digital Financial Inclusion.*

Note: Country plans should be no more than one to two pages.