

# **NATIONAL REMITTANCE PLAN 2015 GERMANY**

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### Background

Germany is the fifth largest remittances sending country worldwide: more than USD 23 billion was transferred abroad from Germany in 2014, through formal channels alone. The main sending corridors are EU member states, with Poland as the largest recipient country, followed by France, Austria, Italy, Spain, Hungary and the Czech Republic. Looking at countries outside the EU, Lebanon received most remittances from Germany in 2014 followed by the Russian Federation, China, Vietnam, Nigeria, Serbia, Turkey, Thailand, Kosovo, Ukraine, the United States, India, Morocco, the Philippines, Kyrgyz Republic, Sri Lanka and Bosnia and Hercegovina.

The average price for transferring money from Germany abroad has fallen notably, according to World Bank estimates, by almost 7 percentage points from 14.07% in 2008 to 7.43% in 2015. Concerning the prevention of money laundering and terrorist financing remittance services are regulated at European level through the “EU Money Laundering Directive” and the “EU Regulation on the information accompanying the Transfer of Funds”.

Despite a variety of providers available, some of the services remain expensive and/or not fully transparent. Remittances senders are sometimes not aware of the different options or do not know how to use certain services. In addition, reliable data is missing on diasporas and remittance senders needs and corridor-specific market dynamics.

Fields of action in Germany will therefore focus on transparency and consumer protection as well as data on diaspora and remittances dynamics. In addition, central concerns in partner countries of German development cooperation are to (i) increase the usage of formal products for money transfers; (ii) link remittances with other financial services in order to foster financial inclusion; and (iii) help creating enabling and secure regulatory frameworks conducive to harnessing emerging technologies.

### 2014 Call to Action on Remittances

#### *Activities in Germany*

#### **Transparency, consumer protection and awareness**

Germany operates a price comparison portal for remittances senders since 2007: [www.GeldtransFAIR.de](http://www.GeldtransFAIR.de). In 2014, after a detailed review, the portal has been newly launched and obtained World Bank certification for its market coverage, user friendliness and price transparency. Prices are regularly updated and the portal has been constantly promoted among migrants in Germany and further developed in terms of user-friendliness, information and education on remittances sending. For instance, in 2014, an interactive online seminar has been hosted on the website in the framework of the Global Diaspora Week.

## **International research and knowledge exchange**

Germany supports the Global Knowledge Partnership on Migration and Development with its 'remittances working group' generating recommendations for policy through research and knowledge exchange. Germany also supports the G20 Global Partnership for Financial Inclusion (GPII), which promotes financial inclusion through peer learning, knowledge sharing, policy advocacy and coordination. Given the importance of financial inclusion and remittances, the GPII established a Subgroup on Markets and Payment Systems to focus on and advance the use of payments, including remittances, in sustainably advancing global financial inclusion. The innovative use of technology and the deployment of alternative business models are two key considerations in this work.

*Activities in partner countries of German development cooperation*

### **Regulatory advice**

German development cooperation consults regulators in Uganda, Mozambique and Tajikistan on the regulation and supervision of mobile financial services and inclusive payment systems. By developing an enabling regulative framework for digital financial services which strikes a balance between innovative risk, consumer protection and stability, the private sector and other actors are able to work in a more secure and transparent environment and to facilitate remittances transfers at lower costs.

## **2015 Plan for Reducing Remittance Transfer Costs**

In line with the activities of the 2014 call to action and addressing remittances challenges in order to reduce costs, increase transparency, awareness and financial education and to improve data, financial inclusion and regulation, Germany will continue its activities in these fields in 2015.

*Activities in partner countries of German development cooperation*

### **1. Improve Financial System Infrastructure and Pursue Policies Conducive to Harnessing Emerging Technologies**

- a. A project on digital remittances will start in October 2015 in Jordan for a three year period as part of a special initiative on refugees of the German Federal Ministry for Economic Cooperation and Development. It aims at increasing access to and usage of needs-based digital remittances services for refugees and Jordanians in hosting communities. The project activities will include an analysis of the demand side, the promotion of digital services, financial education activities as well as regulatory advice.

### *Activities in Germany*

## **2. Improve Transparency and Consumer Protection of Remittance Transfers**

- a. Germany will continue its activities on transparency and consumer protection in the framework of the price comparison portal GeldtransFAIR.de and its social media presence. In particular, e-learning training courses for migrants in Germany will be expanded through an online tutorial for migrants on decision making on remittances service providers by July 2015.

## **3. Improve Data on Diaspora and Remittances Dynamics**

- a. Germany will gather data on more than 20 diaspora communities in Germany through research. The studies' results will be provided in the course of 2015 and will provide information on migrants and diaspora organisations engagement and remittances sending in Germany. The data and analysis will support an evidence based adaptation of existing remittances initiatives as well as for the design of potential future activities.
- b. Germany will analyse corridor-specific data on providers and prices of remittances in the course of 2015 in order to contribute to a better understanding of remittances price dynamics.