

GPIFI Subgroup: Markets and Payment Systems Subgroup 2017 Work Plan

Objective of the Subgroup:

The overall goal of the sub-group is to advance utilization of payment systems, including remittances, in the pursuit of increased, responsible and sustainable financial inclusion. The sub-group also promotes inclusive digital payment ecosystems, and focuses on emerging technologies and business models that will incorporate strong links to market based approaches through engagement with financial service providers. The sub-group responds to the call in the G20's St. Petersburg Development Outlook for the GPIFI to explore "targeted actions to... harness emerging mechanisms such as electronic payments and mobile technology that can significantly improve access".

Subgroup Structure

- **Co-chairs (countries):** Australia, Mexico
- **Countries participating in subgroup work (non-G20 and G20):** Brazil, Canada, EU, France, Germany, Indonesia, Italy, Netherlands, Republic of Korea, Switzerland, Turkey, UK and USA
- **Subgroup Implementing partners:** *Alliance for Financial Inclusion (AFI), Better Than Cash Alliance (BTCA), Consultative Group to Assist the Poor (CGAP), International Fund for Agricultural Development (IFAD), International Finance Corporation (IFC), and the World Bank*
- **Affiliated Partners:** In addition, the Subgroup benefits from the support of, and supports, the Office of Her Majesty Queen Máxima of the Netherlands, the UN Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA) and Honorary Patron of the GPIFI.

Key Outcomes and Activities

Key outcomes for the sub-group during 2017 are to include:

1. Update of the Financial Inclusion Action Plan (FIAP)

- 1.1. The update of the FIAP was announced in the revised 2014 FIAP and reaffirmed by the leaders in the Hangzhou Action Plan. Supporting this process, the sub-group will focus on refining its action areas to both: strengthen the GPIFI's approach to reducing remittance costs including addressing MTO bank account closures by analyzing factors affecting de-risking and expand opportunities for innovative technologies, especially innovation in payments – to advance greater sustainable financial inclusion.
- 1.2. Supporting the G20's 2016 commitment to align its work with the 2030 Agenda, the sub-group will also develop actions to support progress towards achieving the targets under the Sustainable Development Goals. Specifically, this will include action to progress SDG 10 to reduce remittance costs to less than 3 per cent, as well as revising national action plans and country case studies on correspondent banking. In addition, publications on how digitization of payments can drive; SDG 2 on *Zero Hunger*; SDG 5 on *Gender Equality*; SDG 7 on *Affordable and Clean Energy* and/or SDG 8 on *Decent Work and Economic Growth* could be consistent with this priority.

- 1.3. Furthermore, the sub-group will also consider actions in partnership with the private sector to support innovative technologies and digital financial inclusion in accordance with the *G20 High Level Principles for Digital Financial Inclusion*¹ endorsed in the G20 Finance Ministers and Central Bank Governors Meeting, in July 2016 in Chengdu, and measurement activities to support the implementation of the HLPs.

2. Monitoring progress and update of the G20 National Remittance Plans

In 2014, G20 Leaders agreed to the *G20 Plan to Facilitate Remittance Flows* which mandates the GPFi to report on progress made by countries against their national remittance plans. National remittance plans were finalized under Turkey's presidency along with a monitoring framework. This framework outlines that the GPFi will review progress on the national remittance plans annually, and plans shall be updated every two years. Consistent with these arrangements, the sub-group will:

- 2.1. Monitor progress towards achieving the cost reduction goals and reporting on such progress; and
- 2.2. coordinate the efforts of the G20 members to update their national remittance plans in 2017.

The update of the national remittance plans will encompass key commitments by the G20 since the finalisation of the plans under Turkey's presidency. This will include:

- 2.3. Alignment with the 2030 Agenda and Addis Ababa Action Agenda, including the Sustainable Development Goals target to reduce remittance costs to less than 3 per cent and eliminate remittance corridors with costs higher than 5 per cent by 2030,
- 2.4. application of the High Level Principles for Digital Financial Inclusion adopted by the leaders at the Hangzhou Summit in 2016, and
- 2.5. Consideration of the impact of de-risking activities on remittance flows and costs, as highlighted by the GPFi survey conducted in 2015.

3. Guidance note on building inclusive digital payments ecosystems

- 3.1. This work builds on the G20 GPFi 2015 stocktaking report on *Innovative Digital Payment Mechanisms Supporting Financial Inclusion (deliverable a)* and the *G20 High Level Principles for Digital Financial Inclusion*. The terms of reference document to guide this work was completed in 2015, informing deliverables for 2016 and 2017.
- 3.2. This note will be a summary of G20 GPFi and related guidance on building inclusive digital payment ecosystems (IPDE) which will highlight the importance of a collaborative approach between businesses (FSP, PSPs, corporates, SMEs etc.) and the different institutions within governments (including regulators), in building relevant infrastructure and driving adoption. It will provide policy-makers and other government officials with an overview of the major practical issues to consider when planning the expansion of financial inclusion through the use of digital payments ecosystems. It briefly describes the potential of such ecosystems to advance financial inclusion. It then outlines how to address four key challenges when implementing the principles and policy recommendations of the G20, its Implementing Partners and by global financial system standard setters.

¹ <http://www.gpfi.org/sites/default/files/documents/G20%20High%20Level%20Principles%20for%20Digital%20Financial%20Inclusion%20-%20Full%20version-.pdf>

4. Coordinated approaches to improving the environment for remittances

- 4.1. The Markets and Payment Systems Sub-Group will support the GPFi in deepening its exchange with relevant international organisations to improve the environment for remittances, including on the topics of de-risking and correspondent banking relationships.
- 4.2. In 2017, the Sub-Group, in collaboration with the Regulation and Standard Setting Bodies (SSB) Sub-Group, will together work with the Financial Action Task Force (FATF) and the Financial Stability Board (FSB) to set up public-private workshops that seek to deepen this exchange.

5. Frame and prepare work to be undertaken during Argentina's G-20 presidency, in the context of the revised FIAP

- 5.1. Exploration of thematic work of interest to the Argentinean G20 Presidency and in the revised FIAP e.g. the relationship between digital payments and the SDGs, learning from G20 and non-G20 countries implementing the HLPs or, innovations in payments to drive lower cost inclusion.

The sub-group will also continue to work in close collaboration with other GPFi sub-groups, particularly the Regulation and SSB Sub-Group on policy guidelines and regulatory approaches, with other G20 groups, Implementing Partners and with non-G20 countries and the private sector, as appropriate.

Annex I: Timeline of Events (as at January 2017)

Date	Event	Location	Activities
23 January 2017	GPFI Workshop	Wiesbaden	Review of the 2014 Financial Inclusion Action Plan (FIAP) and agreement on process for FIAP update.
24 January 2017	GPFI Meeting	Wiesbaden	Report on activities and agree on work plan
(poss.) 22 March 2017	Meeting jointly chaired by FSB, FATF and GPFI with Banks and MVTSS (public-private workshop)	Vienna	Discussion of issues related to remittance services, in particular remittance providers' access to correspondent banking services
27-28 April 2017	Responsible Finance Forum	Berlin	The RFF will focus on the opportunities and risks in digital financial services in 2017.
2-3 May 2017	GPFI Forum	Berlin	Report on activities and engagement with non-G20 and private sector companies as appropriate
4 May 2017	GPFI Plenary	Berlin	Present outputs (inter alia Guidance Note) for approval
Relevant Events from GPFI Implementing Partners			
15-16 June 2017	Global Forum on Remittances, Investment and Development organized by IFAD, World Bank and UN DESA	New York	Global bi-annual event, bringing stakeholders from the public and private sectors and civil society to facilitate dialogue on the contribution of remittances to development. The 2017 Global Forum will focus on the Global Compact on Migration and the 2030 Agenda.
30 September 2017	BTCA India Ecosystem Event	New Delhi	Ecosystem event that brings together representatives of the government, corporate and development sector.
TBC	BTCA Mexico Ecosystem Event	Mexico D.F.	Ecosystem event that brings together representatives of the government, corporate and development sector.
23 October 2017	Foromic 2017 (Inter-American Forum on Microenterprise)	Buenos Aires	Financial Inclusion event hosted this year in Argentina by IADB

Annex II: Timeline of Outputs (as at January 2017)

Topic/Work Stream	Output	Release Date
Financial Inclusion Action Plan Update	Completed questionnaire informing the update of the Financial Inclusion Action Plan	January 2017
MPSS 2017 work plan	2017 Work Plan agreed	Mid-February 2017
Building inclusive digital payments ecosystems	Draft of the guidance note on building inclusive digital payments ecosystems provided for comment	February/March 2017
Financial Inclusion Action Plan Update	Review process for the update of the Financial Inclusion Action Plan	March/April 2017
National Remittance Plans Monitoring	Monitoring progress of G20 National Remittance Plans and report	May/June
Building inclusive digital payments ecosystems	Finalised guidance note on building inclusive digital payments ecosystems	April 2017
National Remittance Plans Update	Update of National Remittance Plans	May – November 2017