

GPI Subgroup: Markets and Payment Systems 2018 Work Plan

Objective of the Subgroup:

The overall goal of the Subgroup is to advance utilization of payment systems, including remittances, in the pursuit of increased, responsible and sustainable financial inclusion. The Subgroup 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 Subgroup responds to the call in the G20's St. Petersburg Development Outlook for the GPI to explore "targeted actions to... harness emerging mechanisms such as electronic payments and mobile technology that can significantly improve access".

To achieve this goal, the Markets and Payment Systems Subgroup will work on the action areas defined in the 2017 G20 Financial Inclusion Action Plan :

Action Area 7:

Help to analyze and consider ways to address the money transfer operator (MTO) bank account closure issue, including consideration of the various factors affecting de-risking.

Action Area 8:

Reduce the cost of sending remittances taking into account systemic causes of high remittance transfer costs, while ensuring the quality of remittances services and service delivery, and working to establish a supportive policy and regulatory environment for competitive remittance markets, as well as to maximize their impact on local economic development.

Action Area 9:

Expand opportunities for innovative approaches to grow responsible financial inclusion as to incorporate strong links to market based approaches through engagement with financial services providers, including banks and non-banks, and technology providers.

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 GPI.

Key Outcomes

Key outcomes for the Subgroup during 2018 are to include:

1. Guidance Note "Achieving Development and Acceptance of an Open and Inclusive Digital Payments Infrastructure "

As part of Argentina's focus in 2018 on digitization and informality, MPSS will produce a guidance note outlining policy recommendations on building an open, inclusive payments infrastructure. These recommendations will be tailored to the different levels of payment system development and use within

countries. This paper will be incorporated into a GPFI toolkit on the interplay between digitization and informality that will include input from all GPFI Subgroups.

- 1.1. The first part of this paper, the diagnosis section, will describe the desired interoperable payments system, building on insights already developed in past documents such as BTCA 2016 and 2017 - Accelerators to an Inclusive Digital Payments Ecosystem and Building Inclusive Digital Payments Ecosystems.
- 1.2. In the second section, policy guidance will provide specific steps and measures to both develop an open and inclusive infrastructure and create the right incentives to increase the usage and acceptance of digital payment services by informal retailers.

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, in line with the G20 Action Plan on the 2030 Agenda for Sustainable Development and Argentina's theme for 2018 of building consensus for fair and sustainable development. Specifically, this will include a series of accessible two-page visual documents capturing how digital financial inclusion helps achieve the SDGs. (This compendium will include SDG 2 on Zero Hunger; SDG 3 on Universal Health Coverage; SDG 4 on Inclusive and Quality education, SDG 5 on Gender Equality; SDG 6 on Clean Water and Sanitation; SDG 7 on Affordable and Clean Energy; SDG 8 on Decent Work and Economic Growth; SDG 10 on inequality, including a separate document on 10c and remittance costs; and SDG 11 on Resilient Cities. This work will be done in close collaboration with 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 GPFI who has agreed to provide a forward to this series.

3. Monitoring progress 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 (including interested non-G20 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 Subgroup coordinated the efforts of the G20 members and interested non-G20 members to update their national remittance plans in 2017. The individual updated National Remittance Plans were published at the GPFI Website. In 2018, the Subgroup will monitor progress towards achieving the cost reduction goals and reporting on such progress as contained in the updated national remittance plans.

4. Coordinated approaches to improving the environment for remittances

The Markets and Payment Systems Subgroup will continue to support the GPFI in deepening its exchange with relevant international organizations to improve the environment for remittances, including on the topics of de-risking and correspondent banking relationships and the advancement of knowledge in the application of the blockchain technology in the field of cross-border remittances.

In 2018, the Subgroup, in collaboration with the Regulation and Standard Setting Bodies (SSB) Subgroup, will work together with the Financial Action Task Force (FATF) and the Financial Stability Board (FSB) through the FSB Remittance Task Force (RTF) identify and address issues relating to remittance provider's access to banking services. The FSB (RTF) will present final conclusions and recommendations in a report to G20 Ministers and Governors in March 2018 who should then implement actions if any. The Subgroup as part of the GPFI will monitor proposed recommendations on innovation through the national remittance plans process.

Additionally, in 2018 the Markets and Payment Systems Subgroup will work on the scoping outline of a policy guidance document that will contain recommendations for policy makers about best practices for

reducing costs and making more efficient the sending and receiving of remittances. This outline will be due in December 2018 and will take into consideration the progress monitoring of G20 National Remittance Plans that are due in October-November 2018.

The Subgroup will also continue to work in close collaboration with other GPF Subgroups, particularly the Regulation and SSB Subgroup on policy guidelines and regulatory approaches, as well as the Temporary Steering Committee on Financial Inclusion for Forcibly Displaced Persons, and with other G20 groups, Implementing Partners and with non-G20 countries and the private sector, as appropriate.

Timeline of Events and Outputs

Date	Event	Location	Activities
6 February 2018	GPIFI Workshop	Buenos Aires	Consideration of the interaction between digitization and informality
7 February 2018	GPIFI Meeting	Buenos Aires	Discuss activities and agree on work plan for 2018
2 July 2018	GPIFI Plenary	Saudi Arabia	Present outputs (inter alia Guidance Note) for approval
3-4 July 2018	GPIFI Forum	Saudi Arabia	Report on activities as appropriate
24-25 October 2018	GPIFI SSBs Conference	Basel	Implications of FinTech and Other Developments for Supervision
Relevant Events from GPIFI Implementing Partners			
8-10 May 2018	Global Forum on Remittances, Investment and Development. The Central Bank of Malaysia will host the event, in collaboration with IFAD and the World Bank.	Kuala Lumpur	Regional event bringing stakeholders from the public and private sectors and civil society to facilitate dialogue on the contribution of remittances to development. The 2018 Forum will be the first of a series of regional Forums.

Topic/Work Stream	Output	Release Date
Promoting the use of digital payments by informal retailers and individuals	Draft of the policy paper on promoting the use of digital payments by informal retailers and individuals for comment	January
MPSS 2018 work plan	2018 Work Plan agreed	February
Promoting the use of digital payments by informal retailers and individuals	Finalized policy paper on promoting the use of digital payments by informal retailers and individuals.	May
Fact sheet on how digital payments support the 2030 Agenda	First in a series of one page documents on how digital payments can support the achievement of 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.	September
National Remittance Plans Monitoring	Monitoring progress of G20 National Remittance Plans and report	October/November
Outline for “Best practices” for reducing remittances costs.	Scoping outline for a document to be produced in 2019 containing recommendations for policy makers on reducing remittances costs.	December