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# **G20 National Remittances Plan**

## **Spain 2023**

### **Biennial Update**

GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

SPAIN

G20 NATIONAL  
REMITTANCE PLAN  
2023

BIENNIAL UPDATE

## Call to Action on Remittances

Spain recognizes the value of remittance flows as a driver of strong growth and greater financial inclusion. Spain fully supports the 2016 G20 commitment towards achieving the Sustainable Development Goals (SDGs) under the United Nations 2030 Agenda. Specifically, under the SDG 10 (Reduce inequality within and among countries), target 10.c was set as follows: “by 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.”

The cost of remittance outflows from Spain shows a decreasing trend in the past years. The combination of higher competition in the sector and greater social and economic digitalisation explains this cost reduction. More than 95% of Spanish households have access to broadband Internet access, and almost all households have mobile phones (99.5%)<sup>1</sup>.

## Current State of the Market for International Remittances

Spain is mainly a remittance-sending country. The volume of workers' remittances sent from Spain in 2022 was USD 10,871 million<sup>2</sup>, showing an upward tendency since 2014, only disrupted in 2020 when the outflows dropped. Main corridors, in terms of volume sent, are mainly towards Latin America (Bolivia, Colombia, Dominican Republic, Ecuador, Honduras, Nicaragua, Paraguay and Peru), Morocco, Pakistan, Senegal and Romania. Among them, the three largest receivers account for over one third of the total outflow: Morocco (13%), Colombia (13%) and Ecuador (9%).

By end-2022 there were 6 million foreigners living in Spain<sup>3</sup>, accounting for 12.6% of the total resident population. In previous years, the share of migrants hovered around 11.5%. The biggest groups being from three countries: Morocco, Romania, and Colombia.

**The cost of remittance outflows from Spain is below the 5% SDG 10.c target.** The average cost of sending \$200 from Spain decreased to 4.77% in 2022\_Q4 from 5.43% in 2021\_Q4 and remains below the global average (6.24% in 2022\_Q4). According to World Bank data, the available recent quarterly costs (in percent of USD 200 remitted from Spain) are as follows: 2022\_Q1: 5.66; 2022\_Q2: 5.48; 2022\_Q3: 5.49; 2022\_Q4: 4.77; 2023\_Q1: 4.65. In the thirteen main corridors from Spain monitored by the World Bank, the average cost in 2022\_Q4 ranks from 3.2% (Philippines and Nigeria) to 6.75% (Honduras).

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<sup>1</sup> Survey on Equipment and Use of Information and Communication Technologies (ICT) in Households, INE-National Statistics Institute

<sup>2</sup> Balance of payments, Secondary income. Workers' remittances. Debits. Main countries, Bank of Spain (2023 September update). Rate 4 Sept 2023: 1 euro= 1.0801 USD (European Central Bank).

<sup>3</sup> Continuous population statistics, INE-National Statistics Institute

## **Competition in the market**

Remittance service providers (RSP) entitled to provide this financial service in Spain are commercial banks (110), money transfer operators (60), currency exchange bureaus (15), and mobile money operators (10).

Regarding the existence of a price comparison tool for remittances, Fintech companies and platforms are exploring this niche of business, and some of them offer the client certain comparisons among transfers service providers.

## **Regulatory environment**

Non-bank entities need to be licensed to provide international remittance services. Remittance service providers are obliged by the general disclosure regime applicable to financial institutions, which includes two main features: a) Freedom of fees (no caps established on fees or margins); and b) Strict disclosure regime, including the obligation to provide information on fees and exchange rates prior to starting of the transaction.

In the field of e-ID facilities for financial services, the digital signature included in the national Identification number (called DNI) is currently being tested in the financial sandbox, in order to allow remote on-boarding and identification through qualified digital signature (within the framework defined by the EU regulation).

Regarding AML/CFT regulations for account opening and ongoing customer due diligence, there are no major changes affecting remittances since the last NRP, but the new European legislative package on anti-money laundering (expected by early 2024) foresees several relevant changes oriented to increase due diligence measures, including new sectors and the crypto assets (<https://www.consilium.europa.eu/en/press/press-releases/2022/12/07/anti-money-laundering-council-agrees-its-position-on-a-strengthened-rulebook/>)

## **Payment infrastructures**

Payment infrastructures in Spain are highly digitalized, allowing faster, safer, cheaper and more accessible international payments, including remittances (in line with the Financial Stability Board work on enhancing cross-border payments).

Payment entities and E-money institutions do not have access to the Spanish retail payment system directly, but through a direct participant in the system (i.e. a bank). Credit institutions, as direct participants, can register payment entities and e-money institutions as addressable entities or even register them as instructing parties, i.e. allowing them to directly connect to the system's platform in order to instruct and receive payment instructions. Direct participants remain responsible for all payment instructions introduced by the instructing parties they have registered.

Regarding interfaces between payment systems, the scope is pan-European. Harmonized Single Euro Payments Area (SEPA) instruments as well as supporting EU regulations facilitate interoperability between different domestic Automated Clearing Houses (ACH) in the EU wishing to establish bilateral links. The Spanish retail payment system SNCE (National Electronic Clearing System) is managed by

Iberpay, which has signed interoperability agreements with other EU ACH. Such agreements are part of the interoperability framework set up by the European Automated Clearing Houses Association (EACHA). Iberpay also facilitates technical connection to other retail payment infrastructures allowing participants in the SNCE send their SEPA transactions to other pan-European payment infrastructures, such as TIPS, STEP2 or RT1. Additionally, Iberpay and the SNCE participants remain working on the use of SWIFT GPI Instant to facilitate cross-border payments, so that they are processed as fast and easily as domestic payments.

Bank of Spain and other central banks of the Eurosystem work to increase the level of integration within the EU by fostering the adoption and implementation of harmonized standards, rules, and processes, as well as by exploring Fintech innovation that has the potential to bring greater efficiency to the field of payment services.

### **Governance and risk management**

Remittance sending providers (RSP) are subject to the same risk management practices and AML/CFT regulations applicable to other finance service providers. As mentioned above, the new EU AML regulation (scheduled for 2024) foresees new sectors being compliant with EU AML rules. The Bank of Spain has put in place a Registry of VASP (virtual asset services providers) and the required authorization procedure to operate in Spain.

### **Access to financial services**

The Spanish authorities work on multiyear and multipronged lines that will have a positive impact on remittances, such as sharing of knowledge and best practices with partners and stakeholders both at international and national level; providing international cooperation; enhancing financial literacy and awareness of citizens or fostering financial consumer protection. An example of this is that in 2022 the banking industry and the public authorities (Ministry of Finance and Bank of Spain) reached an agreement to promote financial inclusion and access to basic financial services.

## **2024-2025 Country Plan for Reducing Remittance Transfer Costs**

Spain is committed to providing a regulatory environment which promotes compliance, competitiveness and innovation and ensures the quality and inclusiveness of remittance services, both in Spain and in partner countries. Spain keeps working on several long-term strategic lines conducting to facilitate cheaper and safer transfers of money:

- enhancing digital cross-border payments, in line with the Financial Stability Board projects, namely the G20-Roadmap on Cross-Border Payments.
- facilitating tools to conduct financial activity through formal channels, such as the basic bank account.
- ensuring appropriate AML/CFT compliance while protecting the financial consumers.
- fostering digital infrastructures, such as the strategy to increase digital connectivity and 5G deployment, which is further improving internet access in all areas of the territory.

- reinforcing international contribution in the field of digital identification in different ways by participating in EU initiatives.
- increasing awareness and digital financial literacy with a series of initiatives such as the National Strategy of Financial Education, and the National Plan for Digital Competencies<sup>4</sup> (under the Recovery, Transformation and Resilience Plan -RTRP), which enhances access to digital remittance services.
- Spain has a long experience on remittance-related exchange of knowledge and stands ready to continue exchanging best practices at international level.

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<sup>4</sup> [Plan Nacional de Competencias Digitales \(digital skills\)](#)