



GPI

Global Partnership
for Financial Inclusion

G20 National Remittance Plan

Türkiye 2023

Biennial Update

G20 National Remittance Plan 2023 Türkiye

Call to Action on Remittances

Remittance transactions in Türkiye are at a modest level on a global scale according to World Bank data. However, the remittances received and sent have decreased in our country in the last few years. The "Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contractual Relationship in Electronic Environment" published by the Banking Regulation and Supervision Agency in 2021 has the function of facilitating the integration of migrants into the financial system and thus international money transfers. With this Regulation, contractual relations between banks and their customers can be established electronically and banks can acquire customers through remote identification, thus facilitating customers' access to banking services. In addition, with the "Regulation on the Operating Principles of Digital Banks and Service Model Banking" that entered into force in 2022, an important step was taken to establish the infrastructure of the branchless banking model, enabling the launch of digital banks that will provide services only through digital channels without branches and many innovative business models through service banking. In this framework, access to financial products and services was facilitated through more widespread use of technology, participation in the financial sector gained momentum, accessibility and digitalization were paved the way, market efficiency and competition were increased, and costs of services, including money transfers, were reduced.

There are no country restrictions on remittance transfers. However, additional tightened measures may be applied to transfer transactions, including remittances, Turkish banks' relations with correspondent banks, banks' own policies and practices, with countries deemed to be risky based on the phrase "relations with risky countries" in the Financial Crimes Investigation Board's "Regulation on Measures to Prevent Laundering Proceeds of Crime and Financing of Terrorism" within the scope of international sanctions policies.

One of the Sustainable Development Goals (SDGs) is to reduce inequalities within and between countries. In line with this purpose, as known SDG No. 10.c.1 aims to "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."

Current State of the Market for International Remittances

Migrant Stock

Türkiye is a country receiving migration due to factors such as political and economic reasons, civil wars and low human living standards in neighboring countries. According to the data of the Turkish Statistical Institute, as of 2020, 2021 and 2022, the number of foreign nationals in Türkiye is over 1,333 thousand, 1,792 thousand and 1,823 thousand, respectively. As of 2020, 2021 and 2022, immigrants constitute 1.59%, 2.12% and 2.14% of Türkiye's population, respectively.

Remittances Volume

According to World Bank data, total remittance inflows to Türkiye amounted to USD 810 million (0.11% of GDP) in 2020, USD 724 million (0.09% of GDP) in 2021 and USD 694 million (0.08% of GDP) in 2022. Total remittance outflows from Türkiye amounted to USD 521 million (0.07% of GDP) in 2020, USD 631 million (0.08% of GDP) in 2021 and USD 731 million (0.08% of GDP) in 2022. According to these data, Türkiye is a remittance sending country.

Within the framework of data received from banks, 34% of remittance transfers to Türkiye in 2022 originated from the United States, 32% from Europe (Germany 15.8% and the United Kingdom 10.8%), 23% from Asia and 11% from the Middle East, while 57% of remittance transfers out of Türkiye went to Europe (Germany 16.4%, UK 15.3% and Belgium 15.3%), 21% to the US, 16% to Asia and 6% to the Middle East.

Remittances Costs

In the Turkish banking system, remittance costs do not differ based on the sending or receiving country. However, the costs may vary depending on the correspondent banks with which Turkish banks cooperate. The costs of the remittance transfer service are published on the banks' websites and customers are also informed during the transaction. There is no differentiation between the procedures applied to immigrants and citizens of the Republic of Türkiye.

Remittances from Türkiye can be made through banks as well as payment institutions such as Western Union, Moneygram, UPT, Mastercard and the RIPPLE platform. Below, for the quarters of 2022 and 2023, the average transaction cost of the inflow and outflow of remittances amount of \$200 carried out by banks is stated as a percentage. The average cost of sending \$200 through banks is realized through different channels (branch, internet/mobile), but the percentage values given below are based on the least costly channels for customers.

Year - Quarter	Average cost of sending/receiving \$200 (%)	
	Receiving	Sending
2023 - end of June (Q2)	3.38	4.33
2023 - end of March (Q1)	3.35	5.44
2022 - end of December (Q4)	3.39	4.13
2022 - end of September (Q3)	3.05	4.04
2022 - end of June (Q2)	2.55	4.23
2022 - end of March (Q1)	2.56	4.21

According to quarterly data for 2022 and 2023, it is seen that the average cost of remittance transfers from Türkiye is very close to the targets specified in SDG 10.c.1.

2024-2025 Country Plan for Reducing Remittance Transfer Costs

Remittances are recognized as an important driver of economic growth and prosperity in developing countries. In this context, Türkiye aims to facilitate remittance transfers. The consequent strategies will be followed to achieve these objectives:

- Remittance transfer costs will be reduced by strengthening the digital payment infrastructure for remittances transfers.
- Migrants' access to banking services will be increased by strengthening financial inclusion and competition.
- Transparency and consumer protection issues will be taken into account to reduce costs.