



GPI

Global Partnership
for Financial Inclusion

**G20 National Remittance
Plan 2019
China**

Background

Hundreds of banks and several MTOs provide remittance service in China, making the market quite competitive. China has established a comprehensive payment infrastructure that provides 7-day-24-hour inter-bank remittance settlement. The interoperability among banks and MTOs has also been achieved through the cooperation among banks and MTOs. According to the WBG Remittance Database, in 2019 Q2, the average cost of sending remittance for sending USD 200 to China is 8.13%, documenting a reduction of 2.15 percent from 10.28% in 2017 Q2. In fact, smart consumers tend to send low-frequency-large-value remittance rather than high-frequency-small-value remittance, in order to avoid repeating the “fixed” cost per transaction, especially for Chinese consumers who have significant savings culture. The amount of USD 200 is too small for Chinese consumers, compared with current income and consumption level of them. Furthermore, because banks in China do not charge any receiving fee, the cost for sending remittance to China mainly depends on banks or MTOs in sending countries where consumers are charged.

Call to Action on Remittances

China will continue to search solutions and take practices on the reduction of remittance costs towards our target. More efforts will be made to enable the efficiency, transparency and competitiveness of remittance service through traditional and new digital channels and methods, with consideration of risk management. Attention should be also paid on financial consumer protection and financial literacy for remittance.

2019 Country plan for reducing remittance transfer costs

- Explore digital channels and methods of remittance service by leveraging information technology.
- Ensure effective anti-money laundering/counter terrorism financing (AML/CTF) compliance programs that comply with international standards.
- Continue to conduct research on customer behavior of remittance services to improve remittance service provision.
- Encourage both public- and private-sector-led awareness building campaigns to boost financial literacy and capability of remittance consumers.
- Strengthen consumer financial protection, if needed, to provide for fair cancellation and error-resolution rights, as well as for improved data protection.
- Require remittance service providers (RSPs) to clearly display and disseminate up-to-date and complete information on remittance transfer costs and terms, including fees, as well as recourse mechanisms.
- Enable consumers to compare transfer costs via a remittance price database or other measures that increase cost transparency and improve consumers’ understanding of the terms offered by RSPs operating in the corridor.