



**GPI**

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Global Partnership  
for Financial Inclusion

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**G20 National Remittance  
Plan 2019  
Italy**

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## Background

The flows of remittances from Italy have shown a notable increase in 2018 to 6,2 billion euros from around 5,1 a year before (source: Bank of Italy) – a 22% rise – which has been mainly related to a further consolidation of the long-term rising trend in outflows directed to some South Asian economies.

In terms of main corridors, almost 54% of remittances leaving Italy are directed to seven main countries: Romania and Bangladesh represent the main destination countries, with a share of total outflows of almost 12%; the Philippines, Pakistan and Senegal follows suit (7% on average), while India and Morocco close the lead (5.5%). As a matter of fact, the flows of remittances directed to the first three South East Asian economies (Bangladesh, the Philippines and Pakistan) accounted for almost 10 percentage points to the overall growth in outflows recorded in 2018 (Source: CeSPI, with calculations based on data provided by the Bank of Italy).

According to the latest data from the World Bank, in 2017 total remittance outflows from Italy were almost 9.3 billion USD; following a trend that started in 2015, outflows turned out being slightly less than the corresponding inflows, making the country a net receiver of remittances with an overall positive balance of around 503 million USD (around 0.5% of GDP).

Regarding the market evolution there are no significant developments. MTOs are leaders in the transfer of funds, also through platforms developed in collaboration with the banking system. The role of transfers through the digital channels on which the main operators and some international platforms working exclusively online, is growing steadily.

## 2019 Country plan for reducing remittance transfer costs

### **1. Increase remittance market competitiveness, including through improvements to the regulatory environment**

The Italian Working Group on remittances is still working with an effective collaboration and participation from all the partners. The process to relaunch the Italian web site on remittances costs and transparency ([mandasoldiacasa.it](http://mandasoldiacasa.it)) has been started. The two tools (The working group led by the Italian Ministry of Foreign Relations and C and the website) contributed to reducing the cost of the remittances from Italy to the 14 corridors monitored by the website from 7.68% (September 2009) to 5.84% on January 2018 (referring to an average amount of € 150).

### **2. Improve financial system infrastructure and pursue policies conducive to supporting innovation and harnessing emerging technologies.**

The National Observatory on Financial Inclusion of Migrants is constantly monitoring the process of financial inclusion and access to financial products (included the payment system), and the behavior of migrants in income allocation and remittances, supporting the operators in developing new products and services and migrants awareness through financial education tools. The Observatory also included a new research area dedicated to the impact of new technologies and fintech on financial inclusion. Financial inclusion of migrants (percentage of immigrant's adult population holding a current account in a bank or BancoPosta) has growth from 61% in 2010 to 72% in 2017. At the same time the access to the payment system has grown: the incidence of cards with IBAN on the adult immigrant population has increased from 12% in 2011 to 33% in 2017, while the average number of payment instruments owned by each immigrant account holder has increased from 1.5 in 2011 to 2.05 in 2017. Financial inclusion of migrants (percentage of immigrant's adult population

holding a current account in a bank or BancoPosta) has growth from 61% in 2010 to 72% in 2017. At the same time the access to the payment system has grown: the incidence of cards with IBAN on the adult immigrant population has increased from 12% in 2011 to 33% in 2017, while the average number of payment instruments owned by each immigrant account holder has increased from 1.5 in 2011 to 2.05 in 2017. 90% of migrants in Italy own a tablet or smartphone and 84% have daily internet access. (Source: National Observatory on Financial Inclusion of Migrants)

### **3. Improve transparency and consumer protection of remittance transfers.**

#### *Anti-money laundering*

As to the regulatory framework, the Legislative Decree 90/2017 introducing the Fourth EU Anti-Money Laundering Directive 2015/849, came into force on 4 July 2017. The above-mentioned Legislative Decree, in line with international standards and Financial Action Task Force (FATF) recommendations, is in particular aimed at strengthening prevention by using a risk-based approach as a basic principle for anti-money laundering/combating the financing of terrorism (AML/CFT) regulatory regimes. In addition, in line with the evolution of technology, the Decree takes into account the principle of "technological neutrality", not qualifying automatically as high risk of money laundering and terrorist financing non-face-to-face business relationships and introducing the possibility of using the digital identities and signatures regulated at European level for the identification of the customer. The Bank of Italy provisions on customer due diligence, put in public consultation issued in April July 2019, include, among the methods of verification of the client's identity, video-identification and feedback mechanisms based on reliable technologically innovative solutions (for example, forms of biometric recognition). Finally, the Legislative Decree 90/2017 includes the European MTOs operating in Italy through a network of agents between the entities obliged to comply with AML/CFT Italian legislation, in order to reinforce the oversight regime on the MT sector.

During the supervisory activity and in occasion of specific meetings, the Bank of Italy has observed that Italian banks do not consider the remittance sector risky as a such, but assess the threats, risks, and vulnerabilities associated with each remittance service providers on a case-by-case basis. For cross-border Italian groups, this assessment has a group-wide implementation. Where the assessment leads to the detection of a high risk relationship, Italian intermediaries consider the revision, or even the termination, of the relationship.

The remittance service providers have different levels of awareness of the need to implement strong AML/CFT anti-money laundering and counter-terrorist financing measures to mitigate their risks. In general, the biggest players have a better level of awareness; on the other hand, as evidenced by the AML controls of the Bank of Italy, smaller players lack the necessary expertise to reach the same level of awareness.

#### *Financial Education*

The National Committee for planning and coordination of financial education activities, that has been recently established among the Government and the national consumer protection authorities, is continuing to contribute to design and promote, according to international best practices, initiatives aiming at enhancing financial literacy competencies for vulnerable target groups, including migrants. Since 2017, the Ministry of Education, in cooperation with the Bank of Italy and other public and private stakeholders, has been conducting a financial education program for adults at school, which are mostly migrants: in the school year 2017-2018 more than 2000 individuals were

involved (57% of participants come from Central Africa). The programs include material which deals with the issue of remittances.

The National Committee for planning and coordination of financial education activities has launched the second Financial Education month, to take place in October 2019. During this period many initiatives are scheduled to promote awareness of the importance of Financial Education and increase the level of financial literacy. Some of these are programs for migrants. Some not for profit international organizations (CESPI and Action Aid) that collaborate with the Committee are also concerned with migrant welfare.