



GPI

Global Partnership
for Financial Inclusion

G20 National Remittance Plan

Mexico 2021

Biennial Update

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1 Introduction

The Group of Twenty (G20) recognizes that remittance flows are an important driver for economic growth and prosperity in developing countries. When leveraged properly and when confined to regulated and monitored channels, in both sending and receiving countries, remittance flows can better help to lift people out of poverty, improve economic infrastructure, and encourage more engagement in the regulated financial sector. Among other positive spill-over effects, remittances can be an accelerator for financial inclusion and participation in the digital economy.

The G20 and non-G20 countries have been leveraging the G20 National Remittance Plans' (NRPs) process to develop plans to implement measures, appropriate to each member's circumstances and the needs of different remittance corridors. Further, the NRPs support the GPF's alignment to the UN 2030 Agenda, including the target 10.c (i.e., to reduce to less than 3 per cent the cost of remittances and to eliminate remittance corridors with costs higher than 5 per cent by 2030) under Sustainable Development Goal 10.

In accordance with the High-level statement on remittances and the related [NRPs monitoring framework](#), established during the 2015 G20 Turkish Presidency, Leaders agreed to review the NRPs annually, and to update NRPs every two years. While the current NRPs Template, last updated in 2019, already provides a sound basis for G20 members to report on their current remittance market state of play and recent activities, this template for biennial NRPs update has been revised appropriately to incorporate any new information from the new G20 Cross-Border Payments Roadmap as well as further information available related to the emerging realities and priorities that have been highlighted during the crisis.

Therefore, this template is intended as a guidance for the members to use in developing the biennial NRP updates. Each member can pick the relevant and feasible items from this guidance when formulating their respective NRP updates. This document is organized as follows: Section 2 provides a brief historical account of the G20's work on remittances. Guidance on how to use this document is provided in Section 3. This section focuses on the development of a national remittances plan and reporting annual progress using the material in the rest of this document in a way which allows for harmonization across different plans yet providing flexibility to the countries for accounting for their nuances. Section 4 includes a questionnaire. This questionnaire aims to help countries in gathering the necessary information and data to proceed with drafting their national remittances plans. Section 5 outlines several policies that can be included in a national remittances plan in order to lower remittance costs and improve the enabling environment for sending and receiving remittances. Countries can choose from these policies to include in their plans to the extent the policies are meaningful for their context. The document also includes several annexes. Annex 1 provides a list of important guidelines and technical notes by standard setting bodies and international organizations to which the countries can consult in drafting their national remittance plans. Annex 2 proposes a template plan for the countries to fill in and maps this template to the questions provided in Section 4. Annex 3 includes a second set of questions which can be used as a guidance for members to use in submitting their annual progress

reports, both of these would serve as inputs to draft the annual *Update to the Leaders* report. Annex 4 includes a glossary of terms.

Please refer to the “Impact of COVID-19 on Remittances Markets and G20 National Remittances Plans (NRPs) Updates” concept note by IFAD and the World Bank for further background information.

2 G20 Targets on Remittances and the National Remittance Plans

In 2014, the G20 announced its Plan to Facilitate Remittance Flows.¹ This plan also included an outline for country-led actions to support reducing the cost of sending remittances. In 2015, G20 countries announced their National Remittances Plans, and agreed for the GPFi to review progress annually and to update the plans every two years. The 2015 G20 National Remittances Plans, the successive annual reviews and the 2017 and 2019 updates to these plans are on the website of the GPFi.²

The G20 work on remittances was also aligned with its work on financial inclusion. In 2017,³ the GPFi identified four key actions for achieving financial inclusion that had linkages with remittances:

- recognition of the 2030 Sustainable Development Agenda,
- importance of digital innovations,
- expanding responsible access and usage for the poor, the vulnerable and the underserved, and
- mainstreaming financial inclusion along with financial stability, financial integrity and financial consumer protection.⁴

According to the 2017 Financial Inclusion Action Plan (FIAP), in addition to the implementation of the updated G20 National Remittance Plans, the GPFi will continue its efforts to improve the enabling environment for remittances in accordance with 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.”⁵

The 2017-2020 FIAP Progress Report noted the progress in remittances cost reduction and the need for further international collaboration due to challenges in cross-border payments.⁶ This in turn led to the

¹ <https://www.gpfi.org/publications/g20-plan-facilitate-remittance-flows>

² <http://www.gpfi.org/g20-national-remittance-plans>

³ See update of the GPFi Financial Inclusion Action Plan (FIAP), <https://www.gpfi.org/publications/g20-financial-inclusion-action-plan-fiap-2017>

⁴ [http://www.gpfi.org/sites/gpfi/files/documents/10-G20 Survey on De-Risking Activities....pdf](http://www.gpfi.org/sites/gpfi/files/documents/10-G20%20Survey%20on%20De-Risking%20Activities....pdf)

⁵ <https://www.gpfi.org/publications/g20-financial-inclusion-action-plan-fiap-2017>, p. 13.

⁶ GPFi (2020). *G20 Financial Inclusion Action Plan Progress Report 2017-2020*.

Saudi Arabian G20 Presidency asking the Financial Stability Board (FSB) to develop a roadmap to enhance cross-border payments.

The 2020 G20 FIAP recognized the importance of reducing remittance costs and emphasized the need for focused efforts on remittances due to the negative impact of COVID-19. Going forward, the work on remittances will be under the *Digital Financial Inclusion* workstream of the GPMI, implying the additional importance the G20 places on the role of remittances in financial inclusion and increased attention to digitalization of remittances. More specifically, the 2020 FIAP includes an action item as follows: “... Promote the development of responsible innovative payment systems that provide affordable, secure, interoperable, transparent, and inclusive payment solutions across borders and within G20 and non-G20 countries to support progress on reducing the cost of remittances, while maintaining consumer protection and requisite disclosures...”⁷

3 How to Use the National Remittance Plan Templates

This document provides guidance for countries that are willing to develop National Remittance Plans. The guidance is based on a set of background documents which are listed in Annex 1 of this note. The members are recommended to use the questionnaire presented in Section 4 of this document to do a self-assessment of the market landscape. Based on the outcomes of this questionnaire, the members are then invited to use the proposed policy actions in Section 5, where relevant, to develop their National Remittance Plans. Annex 2 of this document also includes a drafting template which proposes an outline for the Plans.

4 Questionnaire

Country remittances profile

- 1. Please provide remittance outflows and/or inflows for the last 3 years (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):**

Year	Inflow (if 1b or 1c) (US\$ million)	Outflow (if 1a or 1c) (US\$ million)
2021 (if available)	NA	NA
2020	42,880.32	898.70
2019	39,021.78	981.24
2018	35,768.41	999.84

⁷ GPMI (2020). *G20 2020 Financial Inclusion Action Plan*.

Source: Outflow is GDP data from IMF World Economic Outlook and only for Inflow 2020 is a World Bank staff calculation based on data from IMF Balance of Payments Statistics database and data releases from central banks, national statistical agencies, and World Bank country desks. (updated as of May, 2021).

2. Based on available data on remittance flows, the country is:⁸

- a. Mainly a remittance-sending country
 - b. Mainly a remittance-receiving country**
 - c. Both sending and receiving are significant
- According to the World Bank data (2021), the Mexico's immigrant remittance inflows (USD million) represent the 4.0% as a share of GDP for 2020, while the migrant remittance inflows (USD million) was only 0.1% of the GDP for 2020, in this case the questionnaire for Mexico will be answer as mainly remittance-receiving country (2b).

Respond only if 2b or 2c [Receiving Country]:

3. If 2b or 2c, Please provide specific identifications schemes applicable to the diaspora (e.g. Matricula Consular in Mexico, Overseas Citizen of India, Blue Card in Turkey)

- Within the framework of the Inclusion and Financial Education Program in a bilateral cooperation with American Consulates and Banking Institutions, the *Institute of Mexicans Abroad* (IME), is enhancing the promotion of the Matricula Consular Registration used by the Mexican community abroad, as a valid identification for any Mexican financial instrument.

4. If 2b or 2c: Please list main corridors for international remittances received.⁹

- The Federal Consumer Attorney (PROFECO) gather a comparative daily report of costs about the main services providers in the US, in which highlights the follow: Cloud Transfer Services, Remitly, Banco Inbursa, United States Postal Service, MoneyGram, WorldRemit, Wells Fargo ExpressSend, Dolex, ePlata, Banorte uLink, Ria Money Tranfer WorldRemit, Western Union, Golden Money Transfer, Xoom, InterCambioexpress, Pangea Money Transfer, PagaPhone Smart Pay, Sigue and Viamericas.
- The Bank of Welfare work along with 69 MTOs including: Adir Money Transfer, Barri Money Services, BBVA Compass Bank, Choice Money Transfer, Continental United Services, Girosol, Ficohsa Express, Global Transfer Inc., Intercambio Express, Intermex Wire Transfer, Kwik Dollar DbA Dinex, Nobel Financial, Order Express, PNC Global Transfer, Sigue Corporation, South Exchange, Uniteller Financial Services and Viamericas Corporation.

5. If 2b or 2c: What is the average cost of receiving \$200 in your country? Provide available quarterly data for the current year, plus quarterly data from the previous calendar year.

- In 2020 the average transaction cost of sending USD 200 in remittances to Mexico was 4.18% charged by the remittance service providers (RSP) included in the Remittance Prices Worldwide

⁸ Classification of a country as a sending or a receiving country or both is left to the countries themselves. However, please note that, in general, high-income countries are considered sending countries to low- and middle-income countries. There are exceptions. Some middle-income countries have large migrant populations originating from low-income countries and can be classified as both sending and receiving countries.

⁹ Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.

(RPW). For 2021 the average transaction cost of sending USD 200 in remittances to Mexico is 4.61% charged by each RSP included in the RPW.¹⁰

Competition in the market

6. Please indicate the types of remittance service providers (RSPs) allowed:

PROFECO data

	Allowed to provide remittance services	If “yes”			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
			NA	NA	USD dollars
MTOs	Yes	10	NA	NA	6
Postal network	Yes	1	NA	NA	0
Mobile money operators	Yes	0	NA	NA	6
Fintech platforms	Yes	3	NA	NA	0
Remittance hubs	No	0	NA	NA	0
Others (please specify) Direct to Mexico	Yes	14	NA	NA	0.67
Commerce Banks	Yes	4	NA	NA	3

BANXICO data

	Allowed to provide remittance services	If “yes”			
	[Yes/No]	Inflow (USD Billion)	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Money Order	Yes	13.778	0.11%	NA	NA
Cheque	Yes	0	0.0%	NA	NA
Electronic Transfer	Yes	4,371.59	99.55%	NA	NA
Cash	Yes	17.64	0.33%	NA	NA

¹⁰ World Bank. Remittance Prices Worldwide (updated as of May, 2021).

7. Is there a price comparison tool for remittances (e.g. a national remittances database) in your country that is publicly available?

- The PROFECO developed *Who's Who in Sending Money* (QQED) an online remittance calculator to determine the cost of the fee, exchange rate, delivery time and final amount received in Mexican pesos. The QQED Program aims to take care of the interests of consumers-users of money transfer services and to inform the consumer about the amount to be received in Mexican pesos from nine US cities.
- Every week the Profeco updated the information to be disclosure on 10 traditional remittance companies, 4 banks and 3 Fintech (Financial Technology Institutions, IFT) and the Direct to México system, in addition to the following:
 - The tool is available at: <https://qqed.profeco.gob.mx/>

8. Are there any incentives to RSPs in your country to promote competition? (e.g. tax incentives) If yes, please describe.

- There is no payment of Income Tax for remittances (ISR), it is not included in any law.

Regulatory environment

9. Transparency requirements as specified in regulations/circulars/guidance

If 2b or 2c [Receiving Countries]:

- **Are there any additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?**
 - There is no payment of Income Tax (ISR) for remittances and the financial services do not require the Federal Taxpayer Registry (RFC). Instead of being considered as an income payment for fiscal purposes, they are considered as “donation”. Only when the remittances exceed 600,000 Mexican pesos (approx. 30,000 U.S. Dollars) in one year, the recipient has the obligation to declare them to the Tax Administration Service (SAT), as established in [article 90 of the ISR](#). The donations must be between direct family (e.g spouses, sons or daughters) according to the [article 93 seccion XXIII of the ISR](#).
 - There is no tax or extra cost for receiving remittances other than that charged by the institutions, even in Direct to Mexico (Directo a México in Spanish) the only cost is the commission of 0.67 USD regardless of the amount sent, and once the money is sent it is charged in full.

10. Other relevant legislation for remittances that have been passed since the last NRP update:

Secondary regulation issued	Description
Regulatory compliance of products and services offered by FinTechs	
<p>Addressed to Credit Information Societies and Clearing Houses. (The Bank of Mexico: DOF March 10, 2020)</p> <p>https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/circular-2-2020/%7B4FDD6B5E-8DFA-F095-6325-68C388AAEAA0%7D.pdf</p>	<ul style="list-style-type: none"> Facilitate programming interfaces (APIs) between the Fintech sector and the Clearing Houses and Credit Information Societies. Objective: To establish regulation for inclusion and financial innovation, promotion of competition, consumer protection, preservation of financial stability and technological neutrality, but also promote development of the financial system and proper functioning of payment systems, protect interests of the public, as well as preserving the effectiveness of the rules of public order established in the Law to Regulate Financial Technology Institutions.
<p>General Provisions regarding standardized computer application programming interfaces. (CNBV: DOF June 4, 2020)</p> <p>https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20relativas%20a%20las%20interfaces%20de%20programaci%C3%B3n%20de%20aplicaciones%20inform%C3%A1ticas%20estandarizadas%20a%20que%20hace%20referencia%20a%20Ley%20para%20Regular%20las%20Instituciones%20de%20Tecnolog%C3%ADa%20Financiera.pdf</p>	<ul style="list-style-type: none"> Facilitate compliance: establish simpler forms of compliance to share open data that does not contain confidential information (<i>i.e. products and services, the location of offices and branches, as well as information from ATMs</i>). Objective: It is essential to regulate requirements in case of non-compliance; for any financial entities, money transmitters and companies authorized to operate with “Novel Models”.
<p>Provisions applicable to IFPEs. (CNBV and the Bank of Mexico: DOF January 28, 2021)</p> <p>https://www.cnbv.gob.mx/Normatividad/Disposiciones%20aplicables%20a%20las%20instituciones%20de%20fondos%20de%20pago%20electr%C3%B3nico%20a%20que%20se%20refieren%20los%20art%C3%ADculos%2048,%20segundo%20p%C3%A1rrafo;%2054,%20primer%20p%C3%A1rrafo%20y%2056,%20primer.pdf</p>	<ul style="list-style-type: none"> Requirements for the financial technology institutions must be requested for contract services with third parties and to celebrate commercial commissions (<i>e.g. security of operations, business continuity plan, contingency management, the terms and requirements of these</i>). Objective: To increase the legal certainty to financial service market participants and providers, and safeguard consumer interests.
Competition Policy	
<p>Resolution Amending the General Provisions Referred to Article 115 of The Credit Institutions Law (The Ministry of Finance: DOF May 05, 2021)</p> <p>http://www.dof.gob.mx/nota_detalle.php?codigo=5617805&fecha=07/05/2021</p>	<ul style="list-style-type: none"> Municipalities who receive high amounts of remittances to the economy of the families were included to the list of municipalities that can receive dollars. Bank correspondents' new maximum of dollars is up to 14,000 USD in cash per customer in order to buy products and services. The list of municipalities is non-public for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). Objective: To reduce shipping costs and encourage a more competitive exchange rate.
Government-issued e-ID facilities	

<p>Reform Circular Única de Bancos (CUB) (CNBV: DOF May 21, 2020)</p> <p>http://www.dof.gob.mx/nota_detalle.php?codigo=5619057&fecha=21/05/2021</p>	<ul style="list-style-type: none"> ● Biometric validation included the verification ID, Mexican Passport and Matricula Consular as valid IDs to make flexible the requirements to open bank accounts remotely in the formal sector.
<p>Modifications to the 3/2012 regulation (The Bank of Mexico: DOF May 12, 2021)</p> <p>http://www.dof.gob.mx/nota_detalle.php?codigo=5618161&fecha=12/05/2021</p>	<ul style="list-style-type: none"> ● Matricula Consular or Passport can be accepted as ID in Commercial Banks to open accounts to immigrants to buy USD dollars and deposit accounts in Mexican pesos.

If 2b or 2c [Receiving Countries]:

- **Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances**
 - The *Matricula Consular* and *Passport* are accepted as valid ID during the onboarding to acquire basic accounts in Commercial Banks facilitating the opening of basic accounts remotely. Therefore, the basic accounts within the municipalities receiving high amounts of remittances allow deposits in USD.
 - The Bank of Welfare offers a specific product for Mexicans abroad, facilitating the online onboarding for opening a bank account (transactional) directly from the web page. As well as liaising with MTOs and correspondents to receive the remittances in the user account: www.bancodelbienestar.com.mx.
- **Can basic payment accounts be provided by non-bank RSPs in the form of e-money?**
 - Yes, to be a candidate company to send money from the United States using the Direct to México system, it is sufficient to be registered in compliance with the corresponding [regulations](#). Direct to México is a payment system integrated by banks and non-banking FinTech companies. On the remittance receiving side, to be eligible to receive the remittance as an account user, it is necessary to be registered in SPEI, the Mexican inter-banking system provided by the Central Bank; this electronic payment system has a set of institutions composed of some non-bank institutions.

Payment infrastructure

11. Do non-bank RSPs have access to the national payment infrastructures?

- According to the rules of SPEI, the RTGS operated by the central bank, financial institutions under regulation and supervision of a financial authority in México may access as a participant to the system. From that perspective a RSP subject to the regulation or supervision of a Mexican financial authority would be able to access this RTGS.

12. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?

- Direct to México, the service that interlinks the RTGS from Banco de México and the Federal Reserve Bank of the United States allows to send money from an account in a financial institution

subscribed to the service in the United States, to any bank account in Mexico. In addition, card operations can be processed cross-border through the liaisons between local and foreign card payment clearinghouses.

13. Have you issued any new legislation on fintech and/or non-bank financial institutions that strengthens and advances the payment infrastructure?

- In March 2018, the Mexican Congress issued the Financial Technology Law (FinTech Law). Mexican FinTech Law recognizes two types of FinTech institutions (crowdfunding and e-money issuers) which are authorized and supervised by the financial authorities, including the Central Bank. This law also considers sandbox schemes for different FinTech activities

14. Are there any financial incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

- Banco de México is currently working on several projects to enhance payment arrangements, addressing the challenges identified by the FSB work on cross-border payments. Among them can be found the development of APIs for payment initiation through the RTGS, central identity validation infrastructure for the financial system, the assessment of new alternatives of digital payment solutions through CBDC but under the umbrella of the current fast payment capacities of our RTGS (i.e. 24/7, high-availability, immediate payment, robust cybersecurity measures, etc.)

Governance and Risk Management

15. What type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

- Non available information

16. Are there any specific AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

- There are three new regulations for the FinTech sector: one relative to the Clearing Houses and Credit Information Societies (DOF March 10, 2020), one for data and interfaces (DOF June 4, 2020) and the last one is related to third services providers (DOF January 28, 2021).

Access to financial services

If 2b or 2c [Receiving Countries]:

17. Do RSPs have sufficient coverage in rural areas?¹¹

¹¹ Sufficient coverage in this context can be explained as “a remittance transaction can be delivered to recipient nationwide or at least in all relevant areas of the receiving country.” Please see World Bank’s (2016) *SmaRT Methodology*. Also please see footnote 12 on measuring access to remittance services in terms of physical locations and/or access to technology.

- Although the remittance services providers have limited coverage in rural areas, the Bank of Welfare has been working on making alliances with financial institutions to incorporate a network “L@ Red de la Gente” of rural financial services institutions that provide financial products, payments and receipt of remittances, among others. Currently, there are 2,395 branches (438 from Bank of Welfare and 1,457 from L@ Red de la Gente) in the 32 states and 932 municipalities of the country.

18. What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)?

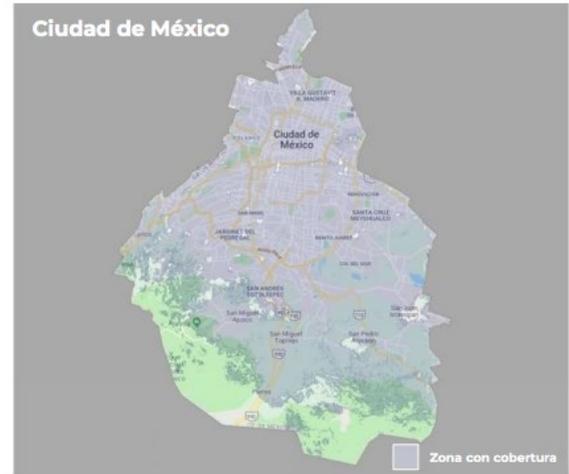
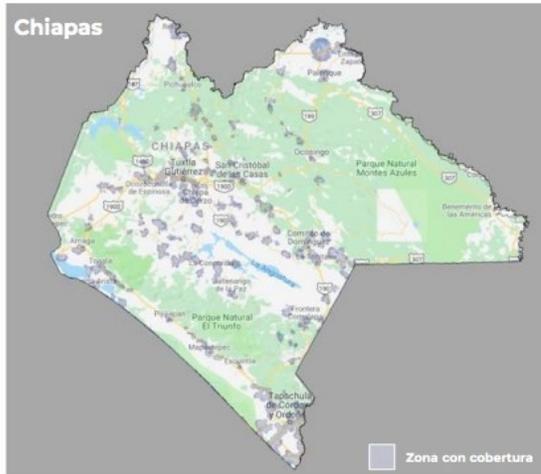
- According to the National Financial Inclusion Survey (ENIF, 2018) in Mexico, 47% of adults have a (deposit) account, equal to 37.3 million people.

19. Do you include digitalization of remittances as an objective and/or component in your national financial inclusion strategies?

- The National Financial Inclusion Policy (PNIF, 2020) incorporated within its sixth objective *to favor the financial inclusion for vulnerable populations, such as women, migrants, adult people, older, indigenous and rural populations*. Within the action line 6.3 was established as a compromise *to promote access and use of financial products for shipping and the receipt of remittances aiming to increase the financial inclusion of migrants and their families*.

20. Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available.

- According to the National Financial Inclusion Survey (ENIF by its abbreviation in Spanish), for 2018 there were estimated around 36.7 digital transactions per capita, the estimation for 2020 was around 43.9 digital transactions per capita.
- Therefore, the CoDi (Digital Payment) application run by the Bank of Mexico eliminates the need for banks to develop their own mobile digital payment platforms to send and receive money, which requires significant investments of time and money (as they already had been tapped into SPEI itself). The CoDi app has reached 11,142,186 downloads and bank verifications (Bank of Mexico data up to October 28, 2021).



- There are still challenges in Mexico to incorporate digital payments among rural localities due the country topography, the digital divide, market factors, as well as access to devices. According to the INEGI (ENDUTIH, 2021) in Mexico there are 80.6 million people (representing 75% of the total population) who have access to the internet, but there are still 34.4 million of Mexicans without internet connection.
 - Homes with a computer: 44.3%.
 - Homes with internet connection: 56.4%.
 - Users of cell phones or smartphones: 88.1%

21. Do RSPs provide digital onboarding tools and services to their customers (e.g., mobile apps, dedicated website, etc.)?

- The Bank of Welfare promotes useful tools from its webpage:
 - <https://www.gob.mx/bancodelbienestar/es/articulos/introduccion-a-la-educacion-financiera-254363?idiom=es>
- The National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF) creates and distributes a diversity of financial education materials, as well as information for financial services consumer protection in a dedicated website focused to different populations.
 - <https://www.condusef.gob.mx/documentos/mxexterior/cuadernillos-videos/cuadernillo-migrantes-en-baja.pdf>
- Also, the Institute for Mexicans Abroad, in collaboration with CONDUSEF, provides an annual digital newsletter for migrants with relevant information about procedures to access to Mexican financial services, financial education, among others.

22. What solutions help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP)?

- The furtherance of Agreements or legal instruments with Banking and other financial Institutions to promote the acceptance of official documents issued by the Mexican representations abroad such as the consular registration, the consular passport issued by the Ministry of Foreign

Relations, or the national credential to vote from abroad (an ID usually called INE or IFE), to facilitate the Mexican community access to financial services and instruments. Also, the incorporation of remote opening accounts procedures facilitates access for banking financial services.

23. Are you able to measure the switch from remittances received over-the-counter to transaction account remittances?

- The information that the Bank of Mexico requests from the institutions participating in the process of sending-receiving remittances does not include in detail those transfers made physically, except for Money Orders, this in accordance with the [“rules to which credit institutions and companies”](#) that provide the service of transfers of funds in a professional manner must be subject”. The Bank of Mexico is not able to measure the change in the way remittances are sent.

24. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products?

- The modality for receiving remittances most used in Mexico on August 2021 was electronic transfers, with 99.2% of the total (Bank of Mexico)
- The Institute of Mexicans Abroad, through the Financial Advisory Windows (VAF), promotes the digitization of remittances in collaboration with Mexican FinTech companies to disseminate these services within the migrant community, mainly in the United States.

Crisis mitigation and prevention (COVID-19)

25. Were remittances included in the list of essential services during the lockdown periods in your country?

- Remittances were one of the priorities in the actions delivered by the government, financial authorities and the Central Bank presented a Program for immigrants that seek to support mexican in the U.S. and their families living in Mexico, the actions of the program include: i) banking Mexican migrants in the United States and their families in Mexico through the Banco del Bienestar; ii) facilitating the opening of deposit accounts for Mexican abroad with the Certificate of Consular Registration or Passport issued abroad by the SRE; and iii) a remittance banking program run by the Ministry of Finance and the Bank of Welfare.

26. Did RSP locations remain open during the lockdowns (if your country imposed lockdowns)? Please consider specifically non-bank RSPs in this question.

- During the health emergency of Covid-19, Banks and RSP kept the remittance reception service active, either by deposit on account or collection at the window.

27. Were there any specific measures imposed by authorities to expedite the use of online transaction methods to send remittances during the crisis?

- From the faculties of the Government of Mexico, facilitating the remote onboarding for Mexican financial services offered to migrants abroad and their families in Mexico, has been an important strategy to enhance and liaise the online transactions into the Mexican financial system.

28. Has your country taken any other measures to encourage the sending or receiving of remittances - where appropriate, refer to relevant aspects mentioned above?

- CONDUSEF and IME are driving the offer of remote financial education with the objective of building financial capability within the migrant community to make financial informed decisions and strengthening the resilience of the migrants and their families in Mexico.

5 Content for the National Remittance Plans

This section provides an overview of the relevant content in developing the National Remittance Plans. The contents of this section are based on the reference list provided in Annex 1. This section also links the material presented here with the Building Blocks of the G20 Roadmap for Cross-Border Payments.

The policy levers presented in this section are to provide guidance for countries to develop their National Remittance Plans and are optional. Depending on the areas identified via the questionnaire provided in Section 4, the countries are advised to choose appropriate policy actions that fit their needs from the levers provided in this section.

General Principles for International Remittance Services and the G20 Roadmap for Cross-Border Payments

Please note that the General Principles for International Remittance Services by CPMI and World Bank (2007) continues to be relevant as guidance for international remittances, and the General Principles described in this Guidance Note are consistent with the G20 Roadmap on Enhancing Cross-Border Payments as it applies to remittances.

In this context, the G20 Roadmap for Cross-Border Payments identifies the following four challenges:¹² cost, speed, access, and transparency.

The National Remittances Plans, along these lines, can indicate how a country plans to take additional steps (if any) to:

- Improve the speed of a remittance transaction
- Improve access to services offered by RSPs
- Improve transparency for remittance services in your jurisdiction
- Improve the enabling environment to expand access to national payment system infrastructures by non-bank RSPs and fintechs for the uptake of digital channels for remittances.

The G20 Roadmap also has five focus areas for policy actions:¹³

- A. Public and private sector commitment
- B. Regulatory, supervisory and oversight frameworks

¹²Please see FSB (2020). Enhancing Cross-Border Payments: Stage 3 Roadmap, October 2020.

¹³CPMI (2020). Enhancing Cross-Border Payments: building blocks of a global roadmap, July 2020.

- C. Existing payment infrastructures and arrangements
- D. Data and market practices
- E. New payment infrastructures and arrangements

As part of the G20 Roadmap, the CPMI’s Stage 2 report identifies building blocks for improving cross-border payments and maps them into these five focus areas as follows:

Overview of the five focus areas and associated building blocks

Figure 4



Source: CPMI.

In what follows, the proposed action items are mapped into these five focus areas.

In addition, for specific COVID-19 and similar crisis related actions, the National Remittance Roadmaps can include specific actions for mitigation.¹⁴

¹⁴ Please refer to the RCTF Blueprint for specific actions outlined.

Members can choose their potential actions, as appropriate, using these or other options if desired. The following narrative outlines potential areas in which members can organize their NRP actions.

Improve the Enabling Policy and Regulatory Environment for International Remittances

Potential actions include, where appropriate:

- **Encourage better coordination** between government agencies in sending and receiving countries as well as international coordination between respective national financial regulators and supervisors to improve the development impact of remittances. Policymakers should ensure that domestic policies are coherent and a degree of coordination, based on international best practices, between sending and receiving countries exists when relevant and appropriate. Moreover, coordination between regulators and innovators as well as other regulatory environment approaches to support successful models should be promoted. (Focus Area A)
- **Address regulations that constrain competition** in the RSP sector and impede a greater choice and interoperability of payout service points to consumers, especially in rural areas. Regulations that require remittance payout to occur only through banks reduce market competitiveness and restrict services for unbanked consumers. (Focus Area B)
- **Facilitate the entrance of more types of RSPs** into the formal remittances market. Establish a more level regulatory playing field for entry of non-traditional and non-bank providers offering mobile-based or digital only remittances. Without introducing a bias, national authorities could support the development of FinTech firms, including remittance service providers, through enabling legal and regulatory frameworks. Enable access to payment systems by service aggregation platforms/ operators and hub-based processing/operational facilities for RSPs to scale quicker without incurring disproportional operational and regulatory costs. (Focus Area B)
- **Improve the processes for CDD.** Appropriate authorities must ensure effective anti-money laundering/counter terrorism financing (AML/CFT) compliance programs that comply with the international standards are applied. Use of reliable unique ID, digital ID or e-KYC platforms to facilitate remote account opening with appropriate risk mitigation measures in place. (Focus Areas B and D)
- **Improve supervision and oversight of RSPs.** Poor supervision and oversight practices can be a barrier to entry in the RSP sector, allows illicit activities such as fraud, money laundering, or terrorist financing, and sustains de-risking driven account closures of RSPs. Therefore, national or other relevant authorities should reassess their supervisory and oversight frameworks and revise and strengthen it where necessary, concerning both solvency, AML/ CFT and market conduct supervision, which would increase confidence in the RSP sector and protect against abuse of RSPs. Both supervisory and oversight requirements should comply with international standards.

Nevertheless, countries should continue to monitor and address the causes and consequences of the withdrawal of correspondent banking relationships. Moreover, countries should assess whether AML/CFT preventive measures and supervision activities unintendedly cause de-risking phenomenon and should consider taking necessary measures to avoid it. (Focus Area B)

- **Enable supervisors to collect data and analyze it** to effectively oversee the remittance sector, both at the national level and at the provider level. (Focus Area B)
- **To reduce the impact of de-risking, promote safe corridor approach and leverage mobile money and fintech platforms.** Provisions for coordination between regulators to promote safe corridors in countries where RSPs rely on financial institutions for correspondent banking accounts, provide additional guidance to banks to assess exposure to AML/CFT risks and improve availability of banking services to RSPs. Public authorities should support RSPs' efforts to secure access to banking services, provided that RSPs comply with international risk mitigation standards set out by FATF. Agreement between relevant overseers and regulators at both ends of the corridor about issues to be covered and allocation of tasks. (Focus Area B)
- **Address anti-competitive practices.** Where exclusivity agreements have been legally prohibited but still operate, appropriate authorities should step up enforcement of competition laws. Where there is evidence that exclusivity agreements are inappropriately restricting remittance market competitiveness, authorities should evaluate such allegations and address anti-competitive practices. (Focus Area B)
- **Encourage remittance-related technical assistance and knowledge exchange** focused on the strengthening legal and regulatory framework of RSPs, with a view on the opening of the market to innovative services and non-bank providers, to ensure safety (*i.e., national risk-assessments*), efficiency and competitiveness of the market. (Focus areas A and B)
- **Measure remittance flows to monitor the impact of the pandemic on overall remittance flows to developing countries.** Wherever possible, countries should coordinate on how this data is collected and utilized. (Focus Areas A and D)

Improve Financial System Infrastructures, Support Innovation and Harness Emerging Technologies

Potential actions include, where appropriate:

- **Support modernization and interoperability of the retail payments system infrastructure** and support the development of open payments platforms that are linked to countries' clearing and settlement systems and provide access to eligible banks, non-bank financial institutions, and emerging payment service providers. This would further improve interoperability and consumer choice. (Focus Areas C and E)

- **Improve access to national level retail payments infrastructures by banks and non-bank RSPs.** Allowing equal access to existing and new cross-border non-bank RSPs to participate in the national payment systems with settlement in central bank money can lower the market entry barriers for those providers. Direct access to domestic payment systems enables digital means for sending and receiving remittances, improves efficiency of remittances, and reduces costs.¹⁵ (Focus Area C)
- **Promote equal access to ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSPs** to facilitate account opening, authentication and development and issuance of alternative digital products and channels. Use of ID, digital ID and e-KYC solutions promote compliance with FATF standards. As remittance senders need to be identified and remittances flows need to be traceable, facilitating this process through national ID systems, including digital ID or eKYC solutions (if already implemented in the country), is a critical enabler as it promotes access and reduces costs for RSPs, and also helps addressing de-risking. Equal access of ID, digital ID and e-KYC solutions should be provided to banks and non-RSPs to ensure that the compliance costs are kept low and service providers are able to develop customer centric digital solutions at a low cost. (Focus Areas B, C and D)
- **Ensure fair and affordable access to, and wide availability of access points for end users to facilitate digital penetration for remittance services into all relevant geographical areas,** especially rural, underserved areas. Fair and affordable access to bank/transaction accounts, USSD, SMS, or digital mobile wallets, payment cards (mainly debit cards linked to bank accounts or prepaid cards). Wide availability of access points for remittance services including ATMs, card and mobile wallet acceptance points, Cash-in Cash-out agents (CICO) including postal operators in rural areas, online/internet payment access points, and bank branches. (Focus Areas B and C)
- **Enhance domestic retail payment systems by promoting interoperability and facilitating use of new technology-enabled business models** (consistent with the *G20 High Level Principles on Digital Financial Inclusion*), such as mobile money, prepaid payment cards, mobile point-of-sale (mPOS) systems, and card-less ATM access, and fast payment systems to reduce costs and enhance access to remittances, particularly for low-income consumers who reside in remote areas. (Focus Areas C and E)
- **Investigate and implement ways to facilitate to extent feasible access to transaction accounts** to final users, offered by banks and non-banks, within national legislation, looking forward to

¹⁵ Access to the payment system infrastructures by non-bank RSPs requires an assessment of risks posed by the prospective participants to the payment system infrastructures. Participation rules should be designed to be proportionate and risk-based. General Principle #4 in the CPMI-World Bank (2007) report on the *General Principles for the Markets for International Remittance Services* stresses the importance of this point, and provides guidance on the broad contours of access to domestic payment system infrastructures. In addition, Principles #18 and #19 of the CPMI-IOSCO (2012) *Principles for Financial Market Infrastructures* provide detailed guidance on access and participation requirements for payment and financial market infrastructures.

promoting cooperation among countries to work together on innovations to facilitate cross-border transactions. (Focus Area B)

- **Foster innovations that would enlarge the scope of digital financial services accessible to remittance users** through the provision of incentives to the private sector to test and scale next generations of digital remittance services. (Focus Areas A and B)
- **Adopt harmonized data messaging standards across jurisdictions.** Since data messaging standards and formats vary significantly across countries, infrastructures and message networks, and data frameworks vary across jurisdictions. Analysis of constraints on cross-border data-sharing imposed by existing national/regional data frameworks could be done with the view of promoting straight through processing and automated reconciliation between cross-border systems. Use of common data message formats, such as a harmonized version of ISO 20022, can play the dual role of interlinking different payment systems as well as address data quality in cross-border payments. Standardized data approach also facilitates development of multilateral platforms and other fintech led solutions. (Focus Area D)

Improve Transparency, Consumer Protection, Digital and Financial Literacy for Remittance Users

Potential actions include, where appropriate:

- **Require 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, and, where applicable, taxes and exchange rates. (Focus Area B)
- **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. (Focus Area B)
- **Reform financial consumer protection rules**, if needed, to provide for fair cancellation and error-resolution rights, as well as for improved data protection. (Focus Area B)
- **Encourage both public- and private-sector-led awareness-building campaigns to boost digital and financial literacy and capability of remittance consumers.** Support the inclusion of remittance families in gender-responsive national financial and digital education programs, also focusing on risk of frauds affecting online and mobile-enabled remittance services. (Focus Areas A and B)
- **Encourage increased knowledge on customer behavior and use of remittance services** to improve remittance service provision, develop digital financial service use cases that cater to remittance users and deepen the digital payment ecosystem. (Focus Areas A and B)

- **Ensure fair and accessible grievance redress mechanism**, including Alternate / Online Dispute Resolution Mechanism for users of remittance services. (Focus Area B)
- **Ensure protection of personal data** which should be outlined in detail in respective laws/regulations/policies. (Focus Areas B and D)
- **Ensure users understand digital remittance product features and are aware of risks** including protection of data, privacy and security. (Focus Areas B and D)
- **Promote awareness of unregulated remittance transfer risks and alternative solutions** for consumers in the appropriate language. (Focus Area B)

Introduce Measures to Mitigate and Prevent Crises

Potential actions include, where appropriate:

- **Improve the collection and dissemination of remittance data** in host and home countries disaggregated by corridors and payment methods. Measuring flows is crucial to monitor the impact of the pandemic on remittance flows to developing countries. Wherever possible, qualitative research could be undertaken, which would provide further insights on key developments, including developments in times of the pandemic.
- **Declare remittance services to be essential during lockdowns.**
- **Consider temporary revision of transaction and balance limits, remote identification and account opening, tax exemption and incentives to encourage the use of digital channels.**

Annex 1: Background Documents

G20 members are also encouraged to consider new areas of action and utilize other relevant material including:

- [*the CPMI-World Bank General Principles for International Remittance Services,*](#)
- [*the G20 Principles for Innovative Financial Inclusion,*](#)
- [*the Better Than Cash Alliance Responsible Digital Payments Guidelines*](#)
- [*the G20 High-Level Principles for Digital Financial Inclusion*](#)
- [*Financial Stability Board: Enhancing Cross-border Payments: Stage 3 roadmap.*](#)
- [*Remittance Community Task Force \(RCTF\): Blueprint for Action “Remittances in Crisis: Response, Recovery, Resilience.”*](#)
- [*The use of remittances and financial inclusion,*](#) IFAD, WB.
- [*Payment Aspects of Financial Inclusion,*](#) CPMI and WB, 2016.
- [*Guidelines for the Successful Regional Integration of Financial Market Infrastructures,*](#) WB 2014.

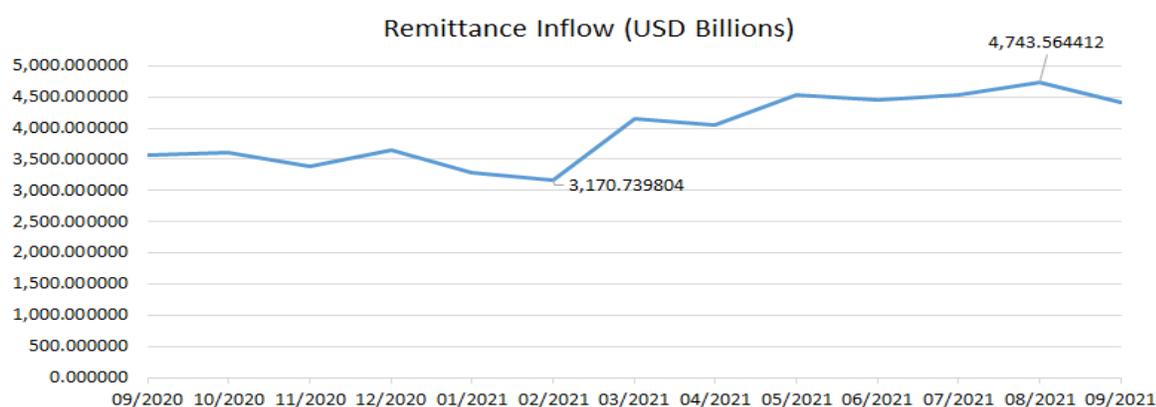
Annex 2: Drafting the Country Plans

Call to Action on Remittances

Regarding the Sustainable Development Goal number 10.c.1, *to reduce less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5% by 2030*, Direct to Mexico run by the Bank of Mexico (Banxico) uses the existing infrastructure, connection infrastructure between the Federal Reserve and the Banxico, to send money and increase competition in order to reduce remittance costs. Direct to México allows to send money to any financial institution that operates through the SPEI Interbank Electronic Payment System (SPEI, backbone of payment systems in Mexico) where the beneficiary does not pay any commission and the commission paid by the sender is lower (less than \$5) on a favorable exchange rate is (Fix - 0.21%), as it is the XR used by Banxico for wholesale operations. These types of shipments are sent in a secure way, because they are made from an account of a financial institution in the United States to another account opened in Mexico. The reception of the money to the beneficiary's account is around one business day.

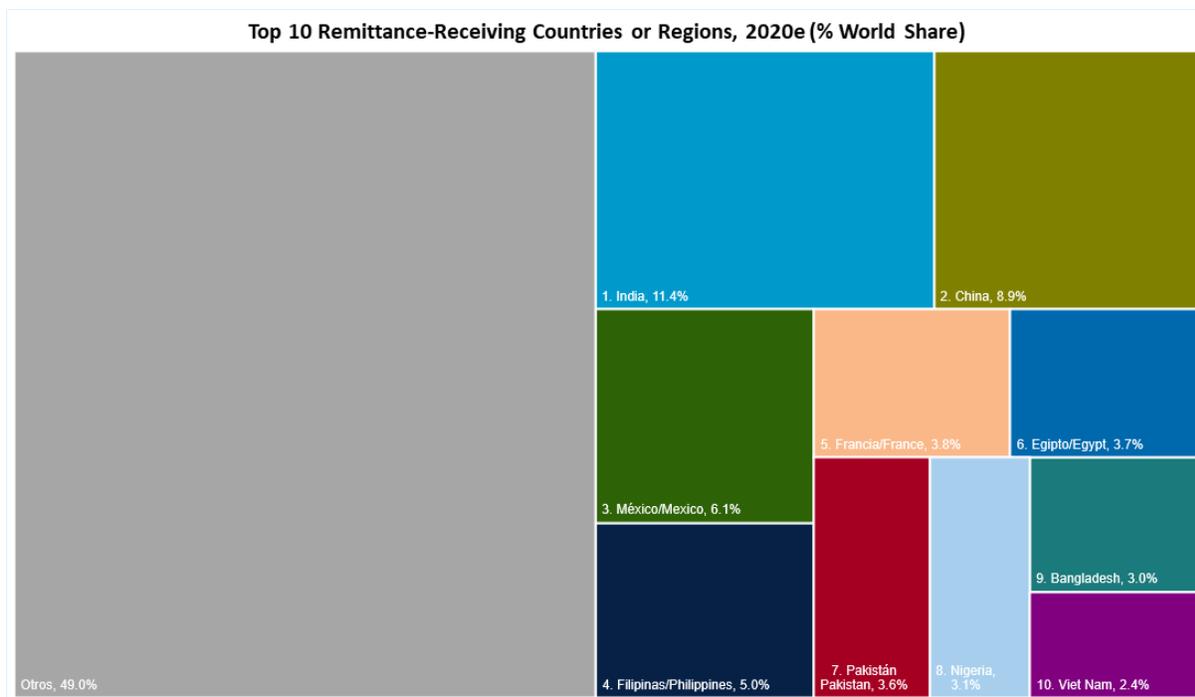
Current State of the Market for International Remittances

As a top sending-remittances country in the World, the sums of money being sent by the immigrants to their families back in Mexico become an extremely important source of support for families but also can create economic dependency. The Mexico migrant remittance inflows (US\$ million) represents the 4.0% as a share of GDP in 2020 (World Bank, 2021) and as a symbol for social family relations reached new records of volume of remittances in 2020 and 2021 compared to 2019. The received remittances in the country from emigrants continue to send record amounts of money to help families in Mexico as COVID-19 pandemic deepens.



Source: Bank of Mexico, Remittance Income CE81 (September, 2021)

<https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?accion=consultarCuadro&idCuadro=CE81&locale=es>



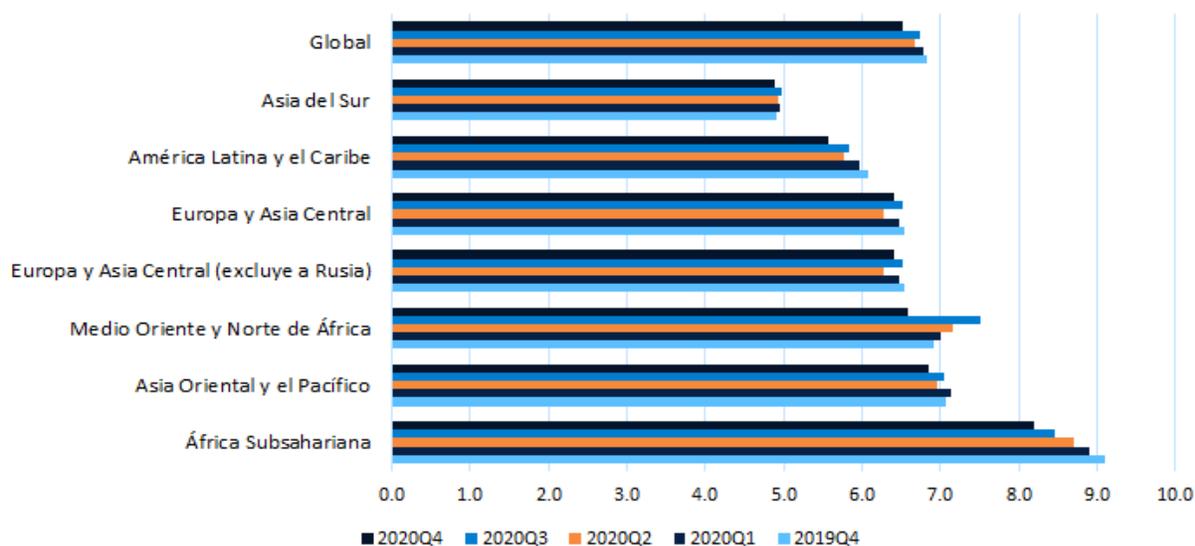
Note: BBVA – CONAPO (2021) from World Bank data, outward remittance flow, October 2020. Data: <http://www.migrationandremittances.org/tb/?a=F57613> (updated as of February 2021).

Region Comparison

The World Bank estimates that the region with the largest drop in received remittances in 2020 as a result of the COVID-19 crisis was Europe and Central Asia (16.1%); however, in Mexico the inflow of remittances to July hit \$28 billion, nearly 24% up from the same period last year. The increase was partly driven by the loss of jobs during COVID-19 in the country, families abroad help ease the situation by increasing the average amount of money sent, hence the increasing use of electronic payment systems (e.g. PayPal) supports the enablement and decreasing of costs to send money on favorable exchange rate among U.S. dollar and the Mexican peso.

Despite the COVID-19 crisis, the decreased for remittances in Latin America and the Caribbean has been estimated by only 0.2% in 2020. As mentioned above, Mexico received increased remittances in 2020 and 2021, despite the global COVID-19 pandemic.

Average total cost for sending 200 USD by receiving region

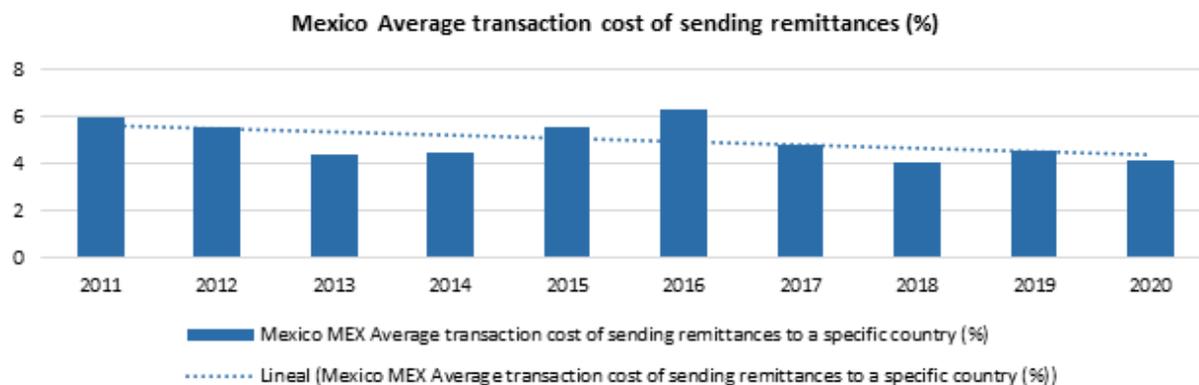


Note: BBVA – CONAPO (2021) from World Bank data, outward remittance flow, October 2020. Data: <http://www.migrationandremittances.org/tb/?a=F57613> (updated as of February 2021).

Most of the Mexican immigrants are located primarily in the United States (97%) and Canada (0.8%) according to the CONAPO - BBVA Research (2021). Since 2010 the size of the Mexican-born population living in the United States has not changed, around 12 million. But the COVID-19 sanitary crisis shocked the labor market including the Mexican migrant population. In March 2020, the unemployment rate was 6.6% and it reached 17.1% in April the same year.

The PROFECO’s calculator provides information to compare fees, exchange rates, delivery time and the total amount received in Mexican pesos, within the companies providing services among the most important cities for Mexican by the average remittance amount received (e.g. Chicago, Dallas, Houston, Los Angeles, Miami, Nueva York, Sacramento and San Jose). According to the PROFECO (by a sample of the mainstream states), an average fee cost of sending USD 200 is 6 dollars equal to 3% of the total for the month of October, 2021.

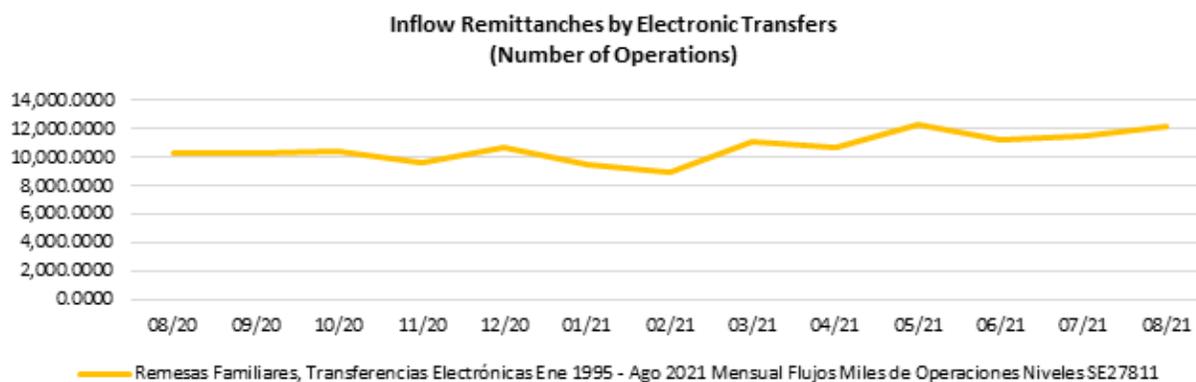
According to the Remittance Prices Worldwide (RPW) of the World Bank, for 2020 the average transaction cost of sending USD 200 in remittances to Mexico was 4.18% and for 2021 the average transaction cost of sending USD 200 in remittances to Mexico is 4.61% charged by each single RSP included in the RPW.



Source: Outflow is GDP data from IMF World Economic Outlook and only for Inflow 2020 is a World Bank staff calculation based on data from IMF Balance of Payments Statistics database and data releases from central banks, national statistical agencies, and World Bank country desks. (updated as of May, 2021).

Access to financial services

The modality for receiving remittances most used in Mexico - to August 2021- was electronic transfers, with 99.2% of the total, followed by cash and kind (0.41%) and money order (0.37%) as percentage of the total amount of USD sent to Mexico (Bank of Mexico up to August 2021). It is worth noting that 81% of the received remittances in Mexico to August 2021 was sent through non-banking institutions and 21% through banks (Banco de México up to August 2021).



Source: Bank of Mexico, Remittance Income CE81 (August, 2021)
<https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?accion=consultarCuadro&idCuadro=CE81&locale=es>

Regarding remittances-receiving households in Mexico, according to the BBVA Research based on data from the INEGI¹⁶ found that a) there was an increase from 3.6% in 2010 to 5.1% in 2020; b) more than half were received in localities with 15 000 or fewer inhabitants; c) around 50% were nuclear, while one-

¹⁶ Dada based on the Population and Housing Census (2000, 2010 and 2020) and expanded questionnaires from the National Population Council (CONAPO).

person households almost doubled its amount between 2000 and 2020; and d) most of the receivers households have electricity and significant advances in terms of water and drainage services.

Public policy from Mexican authorities

The National Financial Inclusion Policy (PNIF), published in March 2020, incorporated a strategy on promoting access and use of financial services in sending and receiving remittances to increase the financial inclusion of migrants and their families. The strategy embedded, among others, the following actions: promote and facilitate the on-site and remote opening of deposit, savings, and saving for retirement accounts for migrants and their families; promote the reduction of remittances costs and disseminate the lower cost providers to population; establish economic-financial education programs through Mexican consulates in the United States and personnel of civil society organizations; and to promote the acceptance of consular identification as an official identification for migrants in Mexican banks, this action point was accomplished through a regulatory reform published in May of 2021

The Mexican financial authorities announced in February of 2021 The *Banking Program for Migrants and their Families*, aiming to increase the permeation of financial services for remittances from abroad to Mexico, simplifying procedures, providing security while making payments and lowering costs. The program integrated the implementation of a banking strategy to facilitate the remote opening of accounts in Mexico by migrants in the United States and the increase in the number of municipalities authorized for cash exchange operations and strengthening the available information regarding remittances. The program also incorporated on its strategies regulatory reforms for the identification of Mexican migrants at banks in Mexico, where the following progress has been done:

- The modification to the regulation was published in May of 2021, whereby the consular identification (matricula consular) or the Mexican passport issued by the Ministry of Foreign Affairs can be independently used as identification of migrants at Mexican banks, through biometric information.
- The CNBV published a regulation for the biometric validation included on the verification ID, Mexican Passport and Matricula Consular as valid IDs to make flexible the requirements to open bank accounts remotely in the formal sector.
- Additionally, the CNBV and Bank of Mexico are enhancing improvements in regulation for the innovation ecosystem including the enablement of programming interfaces, simpler forms of compliance for “Novel Models” and requirements for contracts with third parties.
- The IME, the American Consulates and the Banking Institutions signed an Agreement for promoting Consular *Registration* as a valid identification for requiring any type of financial instrument. The agreement also incorporated the implementation of a financial inclusion and education programs.

2022-2023 Country Plan for Reducing Remittance Transfer Costs

Section A: Public and private sector commitment

A.1 Common cross-border payments vision and targets

The *Banking Program for Migrants and their Families* enhanced strategies to reduce risks and costs of transactions for migrants as well as the offer of competitive exchange rates nationwide. This strategy consists of reinforcing and amplifying the financial services coverage to facilitate sending remittances by reducing costs, ensuring security and simplifying procedures. The objective of this program is to bank remittances from Mexican migrants in the U.S. and their families in Mexico by the following strategies:

- a. Providing a financial product named *Debicuenta Exprés* through Bank of Welfare. This program allows the remote onboarding for a debit account to Mexicans abroad, aiming to reduce transaction cost by improving the exchange rate that migrants and their families receive.
- b. Provide information about the program through the IME's desks within the consulates, where the migrants will be able to receive their Bank of Welfare debit cards.
- c. The ministry of Finance and the National Banking and Securities Commission will enhance regulatory conditions in order to amplify the financial offer for migrants and their families as well as facilitate remote identification.
- d. The Central Bank will develop a system for financial institutions that will allow an efficient customer profiling of migrants.
- e. The Mexican Banks Association committed that their affiliated financial institutions will offer a competitive exchange rate nationwide, aiming to reduce the XR gap for migrants and their families within the different regions of the country.
- f. The Central Bank will develop a website and an app for migrants to provide information about nearby financial services providers, containing the geographic location of exchange centers as well as bank branches.

Furthermore, another initiative enhanced by the government of Mexico is *Direct to México* (Since 2005), an Agreement between the US Federal Reserve banks and the Central Bank (Banco de México); this financial service supports sending money from a bank account in the United States to any bank account in Mexico. This service provides competitive exchange rates, lower commissions as well as secure transactions, since Mexican Central Bank and the US Federal Reserve regulate the payments infrastructure.

Section B: Regulatory, supervisory and oversight frameworks

2. Align regulatory, supervisory and oversight frameworks

- a. As mentioned above, to provide access to financial services for migrants and their families, at the beginning of 2021, the Ministry of Finance, the Central Bank, the Ministry of Foreign Relations and the Mexican Banks Association (ABM by its abbreviation in spanish) have proposed a diversity of actions to:

- i. Reduce transaction risks and costs due the use of cash and promote a better exchange rate for sending remittances.
 - ii. Facilitate remote opening of Mexican bank accounts
 - iii. Offering a financial product through the Bank of Welfare for migrants and their families aiming to:
 - Provide access to finance for Mexicans abroad facilitating the remote onboarding and facilitating procedures through the Mexican consulates.
 - Improve the exchange rate for the remittances recipients.
 - Incorporate the remittance flow to the Mexican financial system.
 - iv. Enhance regulatory conditions in order to amplify the financial offer for migrants and their families as well as facilitate remote identification.
 - v. Validation of the biometric information incorporated in the verification IDs for financial institutions, allowing Mexican Passport and Matricula Consular as valid IDs to flexibilize the requirements to open bank accounts remotely in the formal sector.
- b. Furthermore, in regulation the government of Mexico has increased the number of municipalities, considering their importance in migration flow and remittances, where banks are allowed to acquire U.S. dollars in cash from clients, with the objective to enable payments and deposits in US dollars in municipalities or districts in which the amount of remittances is significant for the economy of the families living there.

3. Apply AML/CFT consistently and comprehensively

The next efforts in regulation are process for official publication:

- a. Simplified customer due diligence (CDD) measures in place for specific channels: The financial regulation initiative to support migrants have the main objective to facilitate the opening of accounts by migrants with the recognition and allowance of the use of other technological means of identification (*i.e. use of biometrics, life tests, account limits*) and the conclusion of non-face-to-face contracts, with security measures. The regulation seeks to include popular financial institutions along with commercial banking and development banking.
 - Divisions: Popular Savings and Credit Entities, Brokerage Houses, Stock Brokers and Distributors of Investment Funds and Multiple Purpose Financial Companies, Regulated Entities and Non-Regulated Entities.
 - Status: Under opinion by National Commission for Regulatory Improvement (CONAMER), after its approval it would follow its publication in the DOF.
 - Rationale: FATF Digital Identification Guide and compliance with FATF Recommendations 10 and 15.
- b. Reforms and regulatory measures in design stage on:
 - 1) ML/CFT regulations for account opening and ongoing customer due diligence:
 - Reforms for offline Onboarding (*similar to AML/CFT reforms*), currently in regulatory evaluation at CONAMER for: Exchange Houses, Credit Unions, Investment Advisors, Money Transmitters.
 - 2) Government-issued e-ID facilities:
 - Reforms to facilitate identification processes in Multiple Banking Institutions (CONAMER).

- 3) Simplified customer due diligence (CDD) measures in place for specific channels: Processes to be considered to the *Issuance of Prepaid Cards* (used with Mexican pesos) for the use of identification to open accounts for refugees.

4. Review interactions between data frameworks and cross-border payments

As mentioned above, Direct to Mexico is supporting sending money from a bank account in the United States to any bank account in Mexico, providing competitive exchange rates, lower commissions as well as secure transactions for users.

5. Promote safe payment corridors

- a. NON-face-to-face identification with AML/CFT regulation (described above).
- b. On a risk-based approach, on May 7, the General Provisions relating to article 115 of the Credit Institutions Law were amended to enable municipalities or mayors with a high relative importance of remittances. These municipalities are authorized so that commercial banking correspondents can receive per client up to 14,000 USD in cash on a monthly basis for purchases of goods and services. In this way, branches of various convenience stores, supermarkets, pharmacies, gas stations, hotels, among other businesses, can receive payment in dollars for purchases and payment of services up to 250 USD; furthermore, migrants or their families are able to deposit their U.S. dollars into their bank accounts. For AML/CFT reasons, the list of municipalities is non-public. https://www.dof.gob.mx/nota_detalle.php?codigo=5617805&fecha=07/05/2021)

Section C: Existing payment infrastructures and arrangements

- a. As part of the strategies mentioned at section A, aiming to facilitate the sending of remittances and providing access to finance for Mexicans abroad and their families, the government of Mexico has adopted financial inclusion and financial education actions for migrants through consulates. These actions are being implemented by an inter-institutional group of government agencies as *The National Commission for the Protection and Defense of the Users of Financial* (CONDUSEF), *The Institute of Mexicans Abroad* (IME), *The Ministry of Finance and Public Credit* (SHCP), Bank of Welfare (Banco del Bienestar), among others. The actions taken for this group are the follow:
 - i. Banking Mexican migrants in the U.S. and their families in Mexico through the program *Debicuenta exprés* with “Banco del Bienestar” as a financial service provider, allowing the remote onboarding of Mexicans abroad.
 - ii. Provide services and information for migrants related with the “saving for retirement system”, to enhance the incorporation of migrants to the Mexican Pension System.
 - iii. Within the financial capacity building actions for Mexicans abroad CONDUSEF, in coordination with the Institute of Mexicans Abroad (IME) and the consulates in the United States, is launching annually the National Financial Education Week (SNEF by its abbreviation in Spanish). From November 2020 ahead the SNEF has been launched virtually, providing more than 500 activities and conferences for Mexican citizens abroad, in coordination with 44 consulates in the United States. It is worth noting that consulates are also taking initiative on organizing their own Financial Education Weeks.

- b. Finally, with the objective of providing information to migrants and their families to make informed decisions, the PROFECO has developed a website comparative tool to request information about the main MTOs fees, exchange rate and total amount received in Mexican pesos. This tool provides information to the migrant community about the diverse MTOs available in their residence cities facilitating the decision making when sending their remittances.

6. Improve (direct) access to payment systems

The Government of Mexico is orienting its strategies to facilitate access to financial services and payments systems for migrants, these strategies are incorporating programs targeting the financial inclusion for Mexicans abroad and their families, as well as regulation measures to facilitate the remote onboarding of migrants into the Mexican financial system. The following actions are oriented to improve the access to payment systems:

- a. Opening accounts through the Bank of Welfare for migrants and their families for US-Mexico bank transfers (www.bancodelebenestar.com.mx):
 - i. “Debicuenta exprés” remote opening for mexicans outside the country, allowing the ownership of an international transactions’ debit card.
 - ii. “Debicuenta migrantes” for repatriated Mexicans with proof of repatriation (debit card).
 - iii. “Debicuenta”, for Mexicans in national territory (opening with official ID and proof of address) (debit card)
- b. Purchase of dollars in cash from migrants and families with an account of the Bank of Welfare.
- c. The Bank of Welfare’s alliance with financial institutions incorporated into its network named “L@ Red de la Gente” (The people’s network) allows permeation within marginalized localities, since the affiliate institutions are mostly cooperatives that serve vulnerable populations. Currently, there are 2,395 branches (438 from Bank of Welfare and 1,457 from L@ Red de la Gente) in the 32 states and 932 municipalities of the country and the expansion plan for 2022 is to exceed 5,000 branches.

7. Pursue interlinking of payment systems

- a. Sending of resources through remittance companies and settled by the Bank of Welfare (L@ Red de la Gente)

Section D: Data and market Practices

8. Harmonise API protocols for data exchange

- a. In compliance with the 2018 FinTech law, a new regulation has been established in 2020 procedures on data sharing among clearing houses, as a step for the enablement of open banking.
- b. General Provisions regarding standardized computer application programming interfaces. (CNBV: DOF June 4th, 2020)
 - i. It is intended to establish simpler forms of compliance to share open data that does not contain confidential information, such as products and services offered to the general public, the location of offices and branches, as well as information from ATMs, among others. It facilitates compliance with the Law, and avoids the creation of unnecessary procedures that represent additional costs to the

recipients of the regulation; also, provides a more expeditious way to obtain, from the National Banking and Securities Commission, authorization to access open financial data through standardized computer application programming interfaces.

- c. CIRCULAR 2/2020 (Banxico: DOF march 10th, 2020) addressed to credit information societies and clearing houses, intending to facilitate programming interfaces -APIs- between the Fintech sector and the Clearing Houses and Credit Information Companies.

Section E: New Payment Infrastructures and arrangements

- AML/CFT measures to promote the use of CoDi and financial inclusion.
- The reforms in 2020 (article 124 of Popular Saving Law and articles 71 and 71 of Law Regulate the Activities of Cooperative Savings and Loans Societies), increase the level 1 to 3 thousand Investment Units with simplified identification requirements for both sectors. This legal framework allows to promote financial inclusion through the CoDi platform, by removing barriers in the identification of customers under certain thresholds of their operations.

1.

9. Consider the feasibility of new multilateral platforms and arrangements for cross-border payments

As mentioned before, in March 2018, the Mexican Congress issued the Financial Technology Law (FinTech Law) recognizing two types of FinTech institutions (crowdfunding and e-money issuers) which are authorized and supervised by the financial authorities, including the Central Bank.

- a. As of October 2021, 76 FinTech firms had applied to operate in the digital payment and crowdfunding markets, out of which 54 already received authorization (34 as digital payments institutions and 20 as crowdfunding institutions). From these 54 FinTech firms authorized, 37 received an authorization subject to conditions (e.g., presenting missing documentation of complementary information), and will get the full status once they comply with the corresponding requirements.
 - i. Some of these digital payment institutions will be able to foster financial inclusion and the use of remittances through digital means.

Glossary of Abbreviations

Abbreviation	Definition
ABM	Mexican Banks Association
Banxico	Bank of Mexico
Bank of Welfare	Government bank created in 2001 under the name of BANSEFI (National Savings and Financial Services Bank)
CNBV	National Banking and Securities Commission
CONAPO	National Population Council
CONDUSEF	National Commission for the Protection and Defense of Users of Financial Services
CONSAR	National Commission of the Retirement Savings System
Direct to Mexico	Bank of Mexico cross border payment system
DOF	Official Journal of the Federation
ENIF	National Survey of Financial Inclusion
IME	Mexicans Abroad Institute
INEGI	National Institute of Statistics and Geography
CONAPO	National Population Council
PROFECO	Federal Consumer's Attorney
PNIF	The National Financial Inclusion Policy
QQED	PROFECO's calculator developed to compare costs and remittances services
SAT	Tax Administration Service
SNEF	National Financial Education Week
SRE	Ministry of Foreign Affairs

[To be used in 2022 onward]

Progress Monitoring of 2021 National Remittance Plans

This process is intended to help identify achievements made under the 2021 National Remittance Plans. It is encouraged that GPFI members work collaboratively across their Government, to provide an update on progress, achievements and changes that have occurred since the development of the 2021 National Remittance Plans.

For the last 12 months, please provide summary data for the key remittance trends in your country and region, such as number and types of providers, main corridors, costs (including how much they have fallen and why), improvements to legislative and regulatory environment. Where possible include the latest available data for the following: remittances sent and/or received as percentage of national GDP, total remittance inflows and/or outflows by region, percentage of total remittances (sent and/or received) for your country as a share of total regional remittance flows, and size of the migrant population within your country. The following questions are intended to provide guidance for this purpose.

Country remittances profile

1. Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021		

2. Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?¹⁷

If 2a or 2c:

3. Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	

¹⁷ Classification of a country as a sending or a receiving country or both is left to the countries themselves. However, please note that, in general, high-income countries are considered sending countries to low- and middle-income countries. There are exceptions. Some middle-income countries have large migrant populations originating from low-income countries and can be classified as both sending and receiving countries.

4. Please list main corridors for international remittances sent.¹⁸
5. What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

If 2b or 2c:

6. Please list main corridors for international remittances received.¹⁹
7. What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.

Competition in the market

8. Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If “yes”			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks					
MTOs					
Postal network					
Mobile money operators					
Fintech platforms					
Remittance hubs					
Others (please specify)					

9. If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

¹⁸ Main corridors for a sending country include those that are the largest receivers from that country in terms of volume.

¹⁹ Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.

10. Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

Regulatory environment

11. Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

If 2a or 2c:

- Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.
 - Requirement for RSPs to provide information on whether there are additional fees for receivers
 - Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.
 - Requirement for RSPs to provide all the necessary information prior to transaction initiation
 - Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

If 2b or 2c:

- Are there any new additional fees or taxes the receivers must pay? (For example, if remittances are received into an account, is there a fee to cash out?) If so, are these disclosed to the senders/receivers?

12. Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

- Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?
- Are there any government-issued e-ID facilities, and are they used for financial services?
- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?
- AML/CFT regulations for account opening and ongoing customer due diligence.
- Use of agents by RSPs and agent exclusivity
- Competition policy

- Consumer protection
- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.
- Regulatory compliance of products and services offered by fintechs.

If 2b or 2c:

- Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances
- Can basic payment accounts be provided by non-bank RSPs in the form of e-money?

Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

13. Do non-bank RSPs have access to the national payment infrastructures?
14. Are there interfaces between payment systems in your country and payments systems in other countries? If so, which countries and what type (e.g., ACH, card switch, etc.)?
15. Have you issued any new legislation on fintech and/or non-bank financial institution that strengthens and advances the payment infrastructure?
16. Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

Governance and Risk Management

17. Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?
18. Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

Access to financial services

If 2a or 2c:

19. Have there been any changes in migrants' access to services provided by regulated RSPs? If you monitor migrant workers' level of financial inclusion in your country, including transaction

account ownership, to send remittances in cash and digitally via regulated channels, please provide the latest figures.

20. Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?
21. Have you observed any differences in channels used by undocumented migrants use?
22. Have there been any changes in the coverage of RSPs where migrants live?²⁰
23. Do you have information on the financial inclusion rate of remittance sending migrants?
24. Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?
25. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.

If 2b or 2c:

26. Have there been any changes in the coverage of RSPs in rural areas?²¹
27. What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)? (For 2021)
28. Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available. (For 2021)

²⁰ Sufficient coverage in this context can be explained as “a remittance transaction can be originated in all relevant areas of the sending country.” This concept is further elaborated in the World Bank’s (2016) *SmaRT Methodology*. In addition to the physical availability of access points, If the service requires access to an account or to internet or to other technologies, access to these (e.g. transaction account ownership, mobile phone penetration, and internet penetration) can be measured. Such data are available from the World Bank’s Global Findex Database (for transaction account ownership) and ITU (mobile phone and internet penetration).

²¹ Sufficient coverage in this context can be explained as “a remittance transaction can be delivered to recipient nationwide or at least in all relevant areas of the receiving country.” Please see World Bank’s (2016) *SmaRT Methodology*. Also please see footnote 12 on measuring access to remittance services in terms of physical locations and/or access to technology.

29. Please list any changes in, new additions to the solutions that help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP).
30. Are you able to measure the switch from remittances received over-the-counter to transaction account remittances?
31. Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products that were in effect in the past 12 months?

Annex 4: Glossary of Terms

Term	Definition	Source
Access point	Location where end users can send or receive remittance transfers. An access point can be physical (e.g., shop) or virtual (e.g., website, telephone).	CPMI-WB
Agent	An entity that captures or distributes remittance transfers on behalf of a remittance service provider. “Capturing” means receiving the money and instructions from the sender. “Disbursing” means giving the money to the receiver.	CPMI-WB
Anti-money laundering and combating the financing of terrorism (AML/CFT) policies	Money laundering is the process of concealing the illicit origin of the monetary proceeds of crimes. Terrorist financing is the collection or the provision of funds for terrorist purposes. An effective anti-money laundering/counter-financing of terrorism framework must therefore address both risk issues: it must prevent, detect and punish illegal funds entering the financial system and the funding of terrorist individuals, organizations and/or activities.	IMF
Correspondent banking	Correspondent banking is the provision of banking services by one bank (the “correspondent bank”) to another bank (the “respondent bank”). Large international banks typically act as correspondents for thousands of other banks around the world. Respondent banks may be provided with a wide range of services, including cash management (e.g., interest-bearing accounts in a variety of currencies), international wire transfers, cheque clearing, payable through accounts and foreign exchange services.	FATF
De-risking	The phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients in order to avoid rather than manage risk in line with the FATF’s risk-based approach.	FATF
E-money	Electronic money (e-money) is broadly defined as an electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e-money issuer. The device acts as a prepaid bearer instrument that does not necessarily involve bank accounts in transactions. E-money products can be hardware-based or software-based, depending on the technology used to store the monetary value.	ECB
Exclusivity condition	An exclusivity condition is where an RSP allows its agents or other RSPs to offer its remittance service only on condition that they do not offer any other remittance service.	CPMI-WB
FinTech	Fintech refers to technology-enabled innovation in financial services.	BIS
Interoperability	The technical or legal compatibility that enables a system or mechanism to be used in conjunction with other systems or	BIS

	mechanisms. Interoperability allows participants in different systems to conduct, clear and settle payments or financial transactions across systems without participating in multiple systems.	
Migrant stock	Migrant stocks are the total number of international migrants present in a given country at a particular point in time who have ever changed their country of usual residence.	UN DESA
Migrant worker	A “migrant worker” is defined as a person who migrates from one country to another (or who has migrated from one country to another) with a view to being employed other than on his own account, and includes any person regularly admitted as a migrant for employment.	International Labour Organization
Mobile money account	An e-money account that is primarily accessed using a mobile phone and which is held with the e-money issuer. In some jurisdictions, e-money accounts may resemble conventional bank accounts but are treated differently under the regulatory framework because they are used for different purposes (for example, as a surrogate for cash or a stored value used to facilitate transactional services).	GSMA
Money transfer operator (MTO)	A non-deposit-taking PSP where the service involves payment per transfer (or possibly payment for a set or series of transfers) by the sender to the PSP (for example, by cash or bank transfer).	CPMI-WB
Remittance corridor	Specifies the remittance flow between an originating country (or region) and a receiving country (or region).	
Remittances	A cross-border, person-to-person payment of relatively low value. In practice, the transfers are typically recurrent payments by migrant workers (e.g., who send money to their families in their home country every month). The term “remittance transfer” is used for simplicity (i.e., it is assumed the transfer is international).	CPMI-WB
Remittance service provider (RSP)	An entity, operating as a business, that provides a remittance service for a price to end users, either directly or through agents.	CPMI-WB
Transaction account	Broadly defined as an account held with a bank or other authorized and/or regulated service provider (including a non-bank) which can be used to make and receive payments. Transaction accounts can be further differentiated into deposit transaction accounts and e-money accounts.	CPMI-WB
Safe corridor	Safe corridors imply compliance with AML/CFT standards. Achieving this designation includes conducting adequate risk assessments for the targeted corridors as well as the use cases (e.g., mobile money), with a mutual recognition of the results between regulators of send/receive countries. This approach has the potential to reduce compliance-related concerns (resulting in de-risking) and lower market entry barriers for new payment service providers to operate in these corridors.	CPMI