

GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

**G20 RUSSIA'S NATIONAL
REMITTANCE PLAN
BIENNAIAL UPDATE FOR 2022-23**

RUSSIA, 2021

Background

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 spillover effects, remittances can be an accelerator for financial inclusion and participation in the digital economy.

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 cost of sending remittances. In 2015, G20 countries announced their National Remittances Plans. Further, the NRP support the GPMI'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 in 2015, G20 Leaders agreed to review the NRPs annually, and to update NRPs every two years. Therefore, this updated Russia's National Remittances Plan is the result of the biennial NRP updates.

Russian Federation has been participating actively in the G20 National Remittance Plans' (NRPs) process to develop plan to implement measures, appropriate to country circumstances and the needs of its remittance corridors.

The initial 2015 Russia's plan was focused on three main areas:

- Increase Remittance Market Competitiveness;
- Improve Financial System Infrastructure and Pursue Policies Conducive to Harnessing Emerging Technologies;
- Improve Transparency and Consumer Protection of Remittance Transfers.

Russia made significant progress in these areas for the last six years. Comparing with 2.82 per cent remittances costs in Q1 2015, Russia recorded at 1.00 percent in Q1, 2021 according to the World Bank². Russia remains the least expensive G20 sending remittances country. The complex of actions helps to maintain the current low cost of transferring remittances by harmonizing regulation, increasing the efficiency of payment

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

² https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q121_final.pdf

systems infrastructure, and fostering innovative low cost products such as digital and mobile payments.

Country measures also provide for the use of the national payment card system Mir cards including P2P-transfers abroad, in particular in the EAEU and CIS countries to make P2P-transfers to relatives and acquaintances abroad. These actions complement activities in promoting financial literacy and consumer protection. The Russian Federation launched the National Financial Literacy Strategy in 2017. The Ministry of Finance of the Russian Federation initiated with the OECD joint technical assistance project on the financial education in the CIS, which focuses on migrants as one of the key target audiences.

The 2020 G20 FIAP recognized the importance of remittance and emphasized the need for focused efforts on remittances due to the negative impact of COVID-19. It includes promotion of the development of responsible innovative payment systems to 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.

Russia's remittances profile

Russia remains the least expensive G20 sending remittances country, recorded at 1.00 percent in Q1, 2021 according to the World Bank³.

Russia plays an important role in the global remittances market as a significant sending economy to households in CIS economies.

Russia has a unique environment where cross-border remittances are mostly conducted in the same currency and possible additional costs associated with a currency exchange are not widespread. Main corridors are Uzbekistan, Tadjikistan and Kyrgyzstan. Remittances are vital for these economies, especially for Kyrgyzstan and Tajikistan, the world's two most remittance-dependent countries, according to the World Bank.

The largest part of the remittance senders are residents⁴.

In 2021 Russia has continued its work towards enhancing cross-border payments and keeping remittance costs low as well as mitigating the COVID-19 negative effects on remittances market.

Currently, the national payment card system Mir cardholders in Russia can send money to the beneficiaries whose cards are issued by national payment operators in the

³ https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q121_final.pdf

⁴ The share of remittances conducted by residents in the total volume of cross-border remittances has increased from 79.2% in 2019 to 82.8% in 2020 (33.0 bln US dollars and 33.2 bln US dollars accordingly).

Republic of Belarus, the Kyrgyz Republic and the Republic of Uzbekistan using a recipient's card number. The MIR cards by the National System of Payment Cards (NSPK JSC) are accepted in 14 countries.

Remittances sector in Russia

Generally, outflows prevail in Russian remittances sector. **Table 1** shows outflows and inflows are in millions of US dollars. For 2021: Information is given for Q1 and Q2 2021.

<i>Year</i>	<i>Inflow (if 1b or 1c)</i>	<i>Outflow (if 1a or 1c)</i>
<i>2021 (if available)</i>	<i>6 291</i>	<i>11 622</i>
<i>2020</i>	<i>23 402</i>	<i>40 105</i>
<i>2019</i>	<i>25 095</i>	<i>41 682</i>
<i>2018</i>	<i>22 467</i>	<i>47 852</i>

As it is evident from Table 1 which is based on available data on remittance flows, Russia is mainly a remittance sending country.

In 2020 the cumulative turnover of cross-border remittances conducted by individuals (both residents and non-residents of the Russian Federation) has declined 4.9% compared to 2019 and reached 63.5 bln US dollars. During the lockdown, banks worked in line with overall constraints applied at the national and regional levels. There were no specific measures imposed by authorities to expedite the use of online transaction methods to send remittances during the crisis.

Cross-border outflows, performed by individuals have reduced 3.8% from 41.7 bln US dollars in 2019 to 40.1 bln US dollars in 2020. The average outgoing transaction amount from the Russian Federation was 144 US dollars in 2020. The average transaction amount to CIS countries totaled 234 US dollars.

In the whole volume of individuals cross-borders remittances those conducted through the payment systems are of vital importance. Main corridors for international remittances sent via payment systems are CIS countries (the leaders among them are Uzbekistan, Tadjikistan and Kyrgyz Republic⁵) and non-CIS countries as Turkey, Georgia and China. In the currency distribution of individual cross-border remittances the Russian ruble continues to strengthen its position (23.1% of the cumulative volume in 2020).

⁵ In 2020 the share of the above mentioned jurisdictions reached 71.4% of the cumulative outflow to the CIS countries.

Since the start of the COVID-19 pandemic in March 2020, the remittance flows from Russia via Payment Systems began to reduce consistently. In H1 2020 the remittance flows from Russia reduced 15% compared to the same period of the previous year comprising around 3 bln USD (against 3.5 bln in H1 2019). An average transaction amount in H1 2020 via Payment Systems estimated at 264 USD compared to 422 USD in H1 2019. This decline took place due to the closed borders, temporary suspension of business activities and depreciation of the Russian ruble.

Remittance services providers⁶ (further – RSPs) in Russia are commercial banks, postal networks and others providers, specifically, banks are eligible to engage banking payment agents to provide transfer /remittance services.

There is a number of incentives to RSPs to promote competition including the following⁷:

- Improving the regulatory environment
- Development of the national payment infrastructure including Faster Payment System
- Development of the digital ruble platform
- Development and implementation of mandatory and recommended payment API standards
- Promoting the development of the institution of non-bank payment service providers

Use of agents by RSPs and agent exclusivity

RSPs have the right to engage banking payment agents to provide transfer /remittance services. Requirements which banking payment agent have to comply with are stipulated in Federal law of 27 June 2011 “On the national payment system” (hereinafter Federal law No. 161-FZ). Exclusivity – matter of treaty.

Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets

There are no non-bank PSPs (payment service providers) licensed to provide remittance services on the Russian financial market. The right to perform remittance have only RSPs (remittance service providers) which are licensed as credit institutions.

⁶ Mobile money service providers exist in Russia. However, Mobile Network Operators (as they are defined by the Russian Communications Law and National Payment System Law) are not regulated or supervised by the Bank of Russia as financial service provider. As such, no data is available on these service providers.

⁷ There is no price comparison tool for remittances (e.g. a national remittances database) in Russia that is publicly available but RSPs publish fees on their web sites.

Requirements which RSPs have to comply with to perform remittance are stipulated in 395-1 FZ “On Banks and Banking Activities” and in Federal law No. 161-FZ.

Access to financial services (as sending country)

All consumers on the territory of the Russian Federation have equal rights to access regulated financial services. Migrants as well as Russian citizens have equal access to financial services in the Russian Federation.

The difference between Russian citizens and migrants is the identification procedure requirements that are more detailed (more documents are requested). The cost of opening a translational account depends on the agreement between a bank and a client.

In Russia, credit institutions apply a unified identification (simplified identification) mechanism to identify customers, customer representatives, beneficiaries and beneficial owners for AML/CFT purposes based on Federal Law No. 115-FZ «On countering the legalization (laundering) of criminally obtained incomes and the financing of terrorism» (hereinafter Federal law No. 115-FZ) and Bank of Russia regulations issued in accordance with it. Russian AML/CFT legislation does not provide for any special identification mechanisms as regards individuals with migrant status or a diaspora membership.

Channels most frequently used by migrants are specified in AFI report “Interoperability of Cross-Border Remittance Systems in the EECA Region». Bank of Russia does not measure the switch from in-cash to on-line/transaction methods to send remittances.

According to the National Payment System Development Strategy of the Bank of Russia for 2021-2023 the Bank of Russia seeks to develop overall digital financial and payments services in the Russian Federation.

As to the incentives for digitalization of remittances, regarding domestic transactions starting from April 1, 2020, the Bank of Russia has charged zero-sized fees for services provided in FPS paid by FPS participants when making C2C-push transactions. The Bank of Russia determined caps for FPS banks fees applied to their clients for making P2P-transactions through the system. The new caps have been valid from May 1, 2020:

- Up to 100 000 RUB per month – free of charge,
- More than 100 000 RUB per month – up to 0.5% of the total transfer amount, but no more than 1 500 RUB per transaction.

The Bank of Russia obliges banks to participate in FPS.

Risk management practices required for RSPs

RSPs have to comply with risk management practice as a credit institution⁸ and have to comply with information security requirements and perform fraud risk measures⁹.

The Bank of Russia stipulates requirements on operation risk management for credit institutions and banking groups¹⁰. On 08 April 2020 the Bank of Russia issued Ordinance Regulation No. 716-P “On the requirements to for the operation risk management for credit institutions and banking groups”. In addition to that, on 23 December 2020 the Bank of Russia issued Regulation Ordinance No. 747-P “On information securities requirements for data protection in the Bank of Russia the payment system of the Bank of Russia ”.

Part 3 Article 27 of Federal law No. 161-FZ stipulates requirements on ensuring information security for funds transfer operators, banks’ service providers (sub-agents), information exchange operators, payment applications providers, payment systems operators and payment infrastructure service providers. The law also stipulates the procedure how the Bank of Russia monitors compliance with information security requirements for funds transfer when supervising the national payment system including information security risk as one of operation risks in the national payment system.

Clause 19 part 1 and part 9 Article 20 of Federal law No. 161-FZ set information securities requirements for the payment system of the Bank of Russia including the implemented risk management system for funds transfer via the faster payments service.

On 4 June 2020 the Bank of Russia issued Regulation Ordinance No. 719-P “On the requirements to protect information related to funds transfers and on the procedure for the Bank of Russia to control the compliance with the requirements to protect information related to fund transfers for ensuring information security in the course of funds transfer and on the Bank of Russia’s control over compliance with the requirements”.

As to specific AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers, pursuant to Article 11 of Federal Law No. 161-FZ, dated 27 June 2011, ‘On the National Payment System’, funds transfer operators are the Bank of Russia, credit institutions entitled to make funds transfers, and the State Development Corporation VEB.RF. The Bank of Russia or VEB.RF do not make funds transfers on the instructions of individuals.

The specifics of interactions between credit institutions and customers in terms of compliance with Russian AML/CFT legislation are established by Federal Law No. 115-FZ, Bank of Russia Regulations 375-P and 499-P, as well as other Bank of Russia regulations issued in accordance with Federal Law No. 115-FZ.

⁸ Requirements are stipulated in 395-1 FZ “On Banks and Banking Activities”.

⁹ In accordance with 161-FZ “On the National Payment System”.

¹⁰ In accordance with Article 57.1 of Federal law No. 86-FZ of 10 July 2002 “On the Central Bank of the Russian Federation (Bank of Russia)” and Article 11.1-2 of Federal law No. 395-1 of 02 December 1990 “On Banks and Banking Activities”.

Furthermore, Bank of Russia Ordinance No. 5365-U, dated 23 December 2019, ‘On the Procedure for a Money Transfer Operator to Monitor the Activity of Bank Payment Agents’ provides for the following measures to be taken by funds transfer operators to control compliance of bank payment agents with AML/CFT legislation in accordance with Part 8, Article 14.2 of Federal Law No. 161-FZ, dated 27 June 2011, ‘On the National Payment System’.

Regulatory environment

Prior to the transaction RSP has to inform the sender of the conditions under which the remittance is performed. Requirements are stipulated in Federal law No. 161-FZ, Article 5; additional guidance is provided in “Methodological Recommendations on Enhancing the Transparency and Ensuring the Availability of Information on Money Transfers without Opening Bank Accounts No. 10-MR, dated 2 April 2019”. There are some important regulatory norms/issues:

- RSPs have to inform the clients of the remittance conditions and provide information on whether there are additional fees for receivers prior to remittance services being provided;

- RSP has to inform the sender of the remittance conditions including the information of an exchange fee amount and determination procedure prior to the remittance services provision¹¹;

- the domestic transfer has to be performed within 3 days.

As to the simplified customer due diligence (CDD) measures in place for specific channels and/or below a transaction amount limit, they depend on the transaction amount (such simplified procedures work for electronic money transfers).

In some cases, simplified identification¹² of an individual customer is possible. It may be carried out¹³, among other cases, for a funds transfer being made on the instructions of an individual without opening a bank account, including electronic funds, as well as when providing to an individual customer an electronic means of payment to make or receive a postal funds transfer in an amount up to 15,000 rubles.

Simplified identification of an individual customer is possible subject to the following concurrent conditions:

¹¹ Legislation of the Russian Federation does not set any additional fees and taxes to the remittance receiver.

¹² In accordance with Article 3 of Federal Law No. 115-FZ (the corresponding norm was introduced in 2014), simplified identification of an individual customer means a set of procedures to be made in cases specified in Federal Law No. 115-FZ, for establishing a surname, first name and patronymic (unless otherwise provided by law or national custom) of an individual customer, the series and number of their identification document, and validation of these data.

¹³ In accordance with Clause 1.11 of Article 7 of Federal Law No. 115-FZ (the corresponding norm was introduced in 2019).

- the transaction is not subject to mandatory checks and there are no records of such involvement of the individual customer in extremism or terrorism;
- personnel of the institution conducting money and property transactions have no suspicions that the individual customer wants to make a transaction for the purpose of ML/FT;
- the transaction is not intricate or unusual, which would suggest that it has no clear economic sense or legitimate purpose, and its execution does not suggest that its purpose is to evade mandatory check procedures.

AML/CFT regulations for account opening and ongoing customer due diligence

Institutions conducting money and property transactions are obliged to develop internal control rules for AML/CFT/CFPWMD purposes¹⁴ and also they are obliged¹⁵:

- prior to accepting as a customer, to identify the customer, the customer's representative and/or beneficiary, and to take reasonable and available measures to identify the beneficial owners of customers;
- prior to accepting as a customer and when servicing, to receive information on the purposes and intended nature of their business relations with this organisation, to take regular measures to determine the goals of financial and economic activity, financial standing and business reputation of customers, and to take measures to determine the sources of funds and/or other property of customers;
- to update information about customers, customer representatives and beneficiaries and beneficial owners at least once a year and — in the event of doubts about the reliability and accuracy of previously received information — within seven business days following the day such doubts arose.

As part of procedures for detecting customer transactions subject to mandatory checks and transactions with regard to which suspicions arise that they are aimed at ML/FT (in accordance with Bank of Russia Regulation No. 375-P, this is an integral part of internal control procedures at credit institutions), credit institutions analyse all customer transactions in order to identify transactions with signs of ML/FT purposes, taking into account signs indicating the unusual nature of the transaction, as well as the nature, scope and key areas of activity of the credit institution and its customers.

This programme also provides for thorough checks of documents and information about the customer, their transaction and activities, about the customer representative and/or beneficiary / beneficial owner, in order to confirm the validity or dispel suspicions

¹⁴ Clause 2 of Article 7 of Federal Law No. 115-FZ.

¹⁵ Article 7 of Federal Law No. 115-FZ.

that the customer's transaction is conducted for the purpose of ML/FT, including the implementation of measures to clarify the nature of the transaction in terms of compliance with the objectives of the organisation's activities, the legitimacy of the transaction and its economic sense.

Regulatory Sandboxes and Experimental Legal Regimes

There are two regulatory tools, which facilitate emergence of new business models: regulatory sandbox and experimental legal regimes.

Regulatory Sandbox

The Bank of Russia launched the regulatory sandbox in April 2018. This is a mechanism for piloting and modelling processes of new financial services and technologies, which require changes in legal regulation, in an isolated environment without real customers.

High-priority pilot projects include big data and machine learning technologies, mobile technologies, artificial intelligence, biometric technologies, distributed ledger technologies, open APIs, etc.

The main objectives are:

- Testing innovative financial services without risks of violating Russian laws
- Analysing risks associated with innovative financial services and developing approaches for their mitigation
- Determining the expediency of the implementation of innovative financial services and creating the relevant regulatory environment.

Any organization (fintech startups, telecom & IT companies, credit and non-credit financial institutions) that has developed or plans to use an innovative financial service or technology which can not be implemented due to legal barriers can submit an application for piloting in the regulatory sandbox to the Bank of Russia.

In case of successful completion of piloting, a roadmap is developed on tailoring regulation to enable the launch of the service¹⁶.

Experimental Legal Regimes

In July, 2020 the Federal Law¹⁷ established experimental legal regimes that enable to pilot innovative services with certain exemptions from the regulation with the participation of real customers in all spheres of the economy, including financial market.

The purpose of the experimental legal regimes mechanism is to improve legislation for the development of innovations.

¹⁶ To date, 76 applications have been submitted to the regulatory sandbox: 11 - pilots conducted; 6 of them were deemed successful and for 5 regulatory frameworks were established.

¹⁷ Federal Law № 258-FZ of 31.07.2020 «On experimental legal regimes in the field of digital innovation in the Russian Federation».

This mechanism will allow innovative companies quickly implement pilot projects in order to assess the viability of the innovation and its risks. The Bank of Russia and other interested government authorities will also be able to study the risks of this innovation and refine legal mechanisms to ensure the possibility of innovative development and to minimize risks for the financial system and customers.

The Bank of Russia monitors the experimental legal regime in the field of digital innovations in the financial market, evaluates the effectiveness and efficiency of the implementation of such regime.

Any legal entity or individual entrepreneur registered in the Russian Federation will be able to submit an application for the establishment of experimental legal regime provided it meets the following criteria:

- digital innovation was implemented using the following technologies: distributed ledger technologies, biometric technologies, robotization technologies, digital identification and authentication technologies;
- there are legal barriers preventing the introduction of digital innovation in the financial market;
- there is a technological possibility of using digital innovation;
- the applicant made an assessment of following risks: operational, legal, financial, reputational, AML/CFT risks, risks of personal injury, health and individual property or property of a legal entity, damage to the defense and (or) security of the state and outlined the measures to minimize these risks.

The result of an experimental legal regime in the financial market is a decision on the admissibility of changes in acts of general regulation and the elimination of requirements, instructions, prohibitions, restrictions that impede the further use of digital innovation.

Financial incentives to promote the digitization of payment infrastructures

As to 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), under the National Payment System Development Strategy of the Bank of Russia for 2021-2023 there are a number of initiatives that go in line with the Stage 3 Roadmap, including the ISO 20022 adoption, continued compliance to global standards and elaborating regulation of non-bank service providers.

In addition to that, the Bank of Russia and the National Bank of the Republic of Belarus initiated a project aimed to connect their two faster payments systems. The connectivity will enable individuals in Russia to send money to individuals in Belarus, and vice versa, instantly and securely, with only using their mobile phone numbers. The project

is a blueprint to enable the Bank of Russia and the National Bank of the Republic of Belarus to cooperate with other Eurasian Economic Union (EAEU) countries to develop a network of linked faster payments systems in the EAEU that will further contribute to making remittances across the region even faster, cheaper and hassle-free. This project goes in line with BBs 13, 17 of the Stage 3 Roadmap.

Following the feedback received on the Consultation Paper on Digital Ruble released in October 2020, the White Paper on Digital Ruble was published in April 2021. Currently, the project is in the study phase. The Bank of Russia will decide whether to launch the digital ruble once all the studies are completed. The initiative goes in line with BB 19 of the Stage 3 Roadmap.

2022-2023 Russia's National Remittance Plan

Russia plan to continue to fulfill commitments on the G20 Call to Action on Remittances. Therefore, Russia plans to take steps to help maintain the low cost of transferring remittances and continue to improve the availability and use of remittance services by harmonizing regulation, increasing the efficiency of payment systems infrastructure, fostering innovative low-cost products such as digital and mobile payments, increasing transparency of remittances transfers as well as consumer protection and financial literacy. These actions complemented consumer protection measures, financial literacy initiatives and engagement with migrant communities. Additional actions included national awareness campaigns, promotion of the financial literacy materials and counselling on consumer protection.

Specific actions and policy areas are below:

1. IMPROVE FINANCIAL SYSTEM INFRASTRUCTURE AND PURSUE POLICIES CONDUCIVE TO HARNESSING TECHNOLOGIES.

The Russian Federation seeks to ensure the remittance services provided on the territory of the Russian Federation to be cheap, fast, accessible and transparent, addressing the four challenges identified in the G20 Roadmap. The Russian Federation has launched the Faster Payments System and plans further improvement of its services for transactions by individuals across Russia and remittances to other countries.

The Russian Federation will continue its work on enabling the use of national payment card system Mir cards including P2P-transfers abroad, in particular in the EAEU

and CIS countries, which helps to make P2P-transfers to relatives and acquaintances abroad (2023).

The Russian Federation seeks to promote further cashless payments, digital financial services and remote access to financial services. These measures are to contribute to better financial inclusion. This goal has been enshrined in the National Payment System Strategy until 2023.

2. IMPROVE TRANSPARENCY OF REMITTANCE TRANSFERS AND CONSUMER PROTECTION AND ASSIST IN IMPROVING FINANCIAL LITERACY OF MIGRANTS AND THEIR FAMILIES.

The key documents - Strategy for the improvement of financial literacy in the Russian Federation (approved by the Regulation of the Government of the Russian Federation № 2039-r of 25.09.2017) and the updated Roadmap of the implementation of the Strategy (2021) both define medium-term priorities, goals, objectives and lines of activities to improve financial literacy among population and to establish a system of financial education as well as provision of information on financial consumer protection.

The Bank of Russia also ensures consumer protection, provides supportive regulation; meanwhile ensuring control over strict AML/CFT compliance and data protection. The Bank of Russia will further promote appropriate regulatory, supervisory and oversight frameworks.

The Ministry of Finance of the Russian Federation supports joint technical assistance project with the OECD on the financial education in the Commonwealth of Independent States (CIS), with migrants and their families as one of the key target audiences. As migrants handle complex financial issues (cross border flows, different legal systems for financial operations, others), thus they may be more targeted approach by financial education policy makers.

Within National Financial Literacy Strategy and the Ministry of Finance-the OECD joint project on the technical assistance to CIS countries on financial education will be conducted the range of activities on financial education for migrants and their families. Among them:

- The launch of the new data - results of the survey on the financial literacy level of population in CIS countries including migrants and their families (by 1 Q, 2022).

- Conduct seminar for CIS countries on the best international practices on financial education and consumer protection for migrants, discuss possible joint activities. (2022).
- Joint financial literacy and consumer protection initiatives with CIS countries to boost financial capability and resilience of remittance consumers, including awareness campaign (2023).

3. ENCOURAGE BETTER COORDINATION.

Encourage better coordination between government agencies between Russia and receiving countries as well as between respective national financial regulators and supervisors to improve the development impact of remittances.

Work on cooperation with Migration Services and other agencies within EAEU and CIS countries to coordinate information for migrants on remittances and basic financial services (2022-23).

The Bank of Russia and the National Bank of the Republic of Belarus initiated a project aimed to connect their two faster payments systems. The connectivity will enable individuals in Russia to send money to individuals in Belarus, and vice versa, instantly and securely, with only using their mobile phone numbers. The project is a blueprint to enable the Bank of Russia and the National Bank of the Republic of Belarus to cooperate with other Eurasian Economic Union (EAEU) countries to develop a network of linked faster payments systems in the EAEU that will further contribute to making remittances across the region even faster, cheaper and hassle-free. (This project goes in line with BBs 13, 17 of the Stage 3 Roadmap.)

4. ENCOURAGE REMITTANCE-RELATED TECHNICAL ASSISTANCE AND KNOWLEDGE EXCHANGE.

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.

The work on the Guidelines for the development of the Russian financial market (hereinafter – the Guidelines) for 2023-2024 include the following objectives:

- arranging favorable conditions for financial consumers and investors to take reasonable decisions when using financial products, instruments and services;

- stimulating financial services providers to build up long-term strategies for higher satisfaction and loyalty of customers;
- upgrading efficiency of measures to counter misconduct and illegal activities and ensure cybersecurity for financial services (products) users.

Both Finance Ministry of the Russian Federation and the Bank of Russia would continue to participate in the knowledge exchange on remittances issues in different international foras including the 20 Global Partnership for Financial Inclusion, the CIS and other foras. The Bank of Russia also participates in ECAPI initiatives by AFI. The report “Interoperability of Cross-Border Remittance Systems in the EECA Region» with appropriate recommendations have been published recently.

The Bank of Russia is aware of financial market innovations, elaborates its approaches to global stablecoin arrangements in cooperation with FSB, CPMI and other standard setting bodies. It applies regulation to digital assets and currently is realizing studies on digital ruble (in line with BB19 of the Roadmap).

5. IMPROVEMENT OF THE IDENTIFICATION PROCEDURE

The Bank of Russia is implementing the Roadmap for Measures to Improve the Efficiency of the National AML/CFT System (taking into account FATF’s recommendations based on the mutual assessment of the Russian Federation). The roadmap provides for, among other things, a number of measures aimed at improving the organization of AML/CFT supervision based on a risk-based approach, action to ensure effective supervisory measures with a restraining impact are applied if repeated AML/CFT violations and deficiencies are detected in supervised organisations’ operations, and action to improve the private sector’s awareness and compliance with AML/CFT legislation requirements.

The Bank of Russia has developed changes to Draft Federal Law No. 1104357-7 “On amending Article 7 of the Federal Law ‘On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism’. The draft law has been prepared by the Ministry of Economic Development in line with Federal Project Passport ‘Regulation of the Digital Environment’ a component of the national program ‘Digital Economy of the Russian Federation’. The Bank of Russia’s proposals are aimed at improving the identification procedure (expanding the functionality of ‘delegated’ identification and extending its tools to the procedure for updating customer / customer representative / beneficiary / beneficial owner identification data. Efforts are currently underway for the draft law text to be prepared for a second reading in the Parliament.