



GPI

Global Partnership
for Financial Inclusion

G20 National Remittance Plan

Argentina 2021

Biennial Update

Call to Action on Remittances

The remittance sector continues to register a low volume in the Argentine economy as it was reported in the last NRP (2019). Nevertheless, our country considers the needs of migrants in different initiatives to improve their access to the financial system and to the international remittances environment.

In particular, the new 2020-2023 National Financial Inclusion Strategy (NFIS), which was approved in December 2020, has established as one of its goals to contribute to reducing social gaps by improving access to financial goods and services, considering specific policies for migrants and refugees. Besides, in the context of the NFIS, various working groups have been created in order to address strategic objectives, including one about the financial inclusion of vulnerable groups that considers migrants.

In parallel, the Central Bank of the Argentine Republic (BCRA) has among its priorities to achieve greater financial inclusion by expanding and democratizing financial services to all segments of the population. Thus, the BCRA has promoted measures to deepen financial inclusion such as the relaunched of the universal free account, the Payments Services Providers registration, policies related to digital identification and the agreement for Local Currency Payment System with Paraguay (please section “2022-2023 Country Plan for Reducing Remittance Transfer Costs” for more details).

For the purpose of assessing financial inclusion progress, the BCRA monitors the variables related to the access to and usage of financial services on an ongoing basis. The outcome is released every six months in the [Financial Inclusion Report](#) together with the measures adopted in this regard.

Current State of the Market for International Remittances

1. Legislative and regulatory overview:

In Argentina, the BCRA is entitled by law to regulate the foreign exchange market, including international remittances. These operations could be made by financial entities and exchange houses with their customers (both individuals and firms). Recipients of remittances can choose to collect these funds in both local and foreign currency. In the case of remittances outflows, residents do not require prior approval from the BCRA to access the foreign exchange market up to an amount of USD 200 per month as long as the transaction is carried out with a debit to the client's account at local financial entities. The use of local currency cash is allowed for up to USD 100 per month. On the other hand, remittances sent by non-residents are subject to the prior approval of the BCRA.

Payment Service Providers (PSPs), which offer accounts to order and/or receive payments and make money transfers to third parties, are required to register in the “Registry of Payment Service Providers

that provide payment accounts” and to report information to the BCRA. The funds of PSP clients credited to payment accounts must be deposited in sight deposit accounts denominated in local currency with a financial institution in Argentina and it must be available at all times upon demand. The PSPs Registry includes companies which offer cross-border remittance services, such as some fintech firms.

During the lockdowns, remittance services was declared as a essential activity by the National Government¹.

2. Data on the flow of remittances

2.1 Market size

In Argentina, the migrant population is around 5% of the total population. In 2020, remittances sent from and received to Argentina represented: (i) 0.1% and 0.2% of the Argentine GDP, respectively; and (ii) 0.1% of the total remittance inflows of low-and middle-income countries (according to World Bank database). Argentina is not a major source of money transfer remittances. Please find below more data about metrics in 2020:

- Migrant remittance inflows (USD million): 632 (*)
- Migrant remittance inflows (as a share of GDP): 0.2% (*)
- Migrant remittance inflows as a share of total migrant remittance inflows of low-and middle-income countries: 0.1% (*)
- Migrant remittance inflows as a share of total migrant remittance inflows in Latin America and the Caribbean: 0,6% (*)
- Migrant remittance outflows (USD million): 527 (*)
- Migrant remittance outflows as a share of GDP: 0.1% (*)
- International migrant stock: 2,281,728 (**)
- International migrant stock as a percentage of the total population: 5% (**)
- Female migrants as percentage of the international migrant stock: 53.4 percent (**)
- Estimated refugee stock (including asylum seekers): 185,268 (2020) (**)

(*) [World Bank Group](#)

(**) UN DESA

2.2 Remittance flows

In the first semester of 2020, remittance outflow amounts were reduced by half while inflows increased 18%, in relation to the same semester of the previous year. In addition, a consulted remittance company reported that the inflows and outflows of remittances decreased during the first half of 2020 compared to the first half of 2019².

¹ <https://www.boletinoficial.gob.ar/detalleAviso/primera/227042/20200320>

² A non-formal brief survey conducted of remittance companies and financial institutions in mid-2021. This survey was answered by only one remittance company

2.3. Costs

According to a non-formal brief survey conducted of remittance companies and financial institutions³, the cost of sending remittances through remittance companies decreased during the first semester of 2020 compared to the first half of 2019. The total fee for sending remittances (including all expenses and taxes) was 7.2%, considering the country most significant in total outflows. In the case of financial institutions, most of which answered the survey (75%) reported that the cost of sending remittances remained constant during the first half of 2020 compared to the first half of 2019. The remaining group reported that the cost increased.

3. Financial Inclusion Indicators

3.1 Account ownership

The penetration rate of bank accounts was 91% of the adult population as of December 2020, which means that more than 31 million people had at least one account of this type. The record high opening of more than 5 million bank accounts in the second quarter of 2020 explains the 9 percentage-point rise observed between March and June 2020 (slightly above 3 million people).

Non-bank account ownership (accounts offered by PSP) climbed from 3% of the adult population in March 2019 to 24% in December 2020 (more than 8 million people). As with bank accounts, the health crisis caused an acceleration in new account openings in the first and second quarters of 2020. Banked people are mostly those who have this type of account.

3.2 Physical and digital infrastructure

In relation to access infrastructure to the financial system, in Argentina, access points consist of bank branches, ATMs, self-service terminals, mobile branches, and supplementary agencies of financial services or ACSFs (commonly referred to as bank agents). As of December 2020, Argentina had 12.9 access points per 10,000 adults.

As regards coverage through access points, 48.3% of municipalities had at least one access point as of December 2020. Indeed, 92.1% of the adult population was living in a municipality with at least one access point as of December 2020.

Regarding internet connection by municipality, as of December 2020, in 20% of municipalities—in which 3% of the population lives—no internet connection was reported (fixed or mobile). All municipalities of 100,000 or more inhabitants had both connections while in municipalities of less than 2,000 people only 40% had both types.

2022-2023 Country Plan for Reducing Remittance Transfer Costs

³ This survey was conducted in mid-2021 answered by only one remittance company and thirteen financial institutions (out of a total of 80).

Although most of the following initiatives are not directly associated with remittances, it may have a positive influence into the families who sent and received remittances.

A. Improve the enabling policy and regulatory environment for international remittances:

A.1. Payment Service Providers | Payment Service Providers (PSP) which offer accounts to order and/or receive payments and make money transfers to third parties, are required to register in the “Registry of Payment Service Providers that provide payment accounts” and to report to the BCRA. The funds of PSP clients credited to payment accounts must be deposited in sight deposit accounts denominated in local currency with a financial institution in Argentina and must be available at all times upon demand. The PSPs Registry includes companies which offer cross-border remittance services, such as some fintech firms.

A.2. Simplified bank account | In February 2020, the BCRA relaunched the universal free account which doesn't have any opening or maintenance fees. This account may be opened only with the national identity document (DNI) (or the identification documentation applicable to migrants and refugees) and used with a limited balance and transactions (due to simplified due diligence procedures for its opening). Financial entities had to ensure its remote opening to all unbanked individuals.

A. 3. Agreement for Local Currency Payment System with Paraguay | The BCRA has approved the Operating Regulation for implementing the Agreement for Local Currency Payment System (Sistema de Pagos en Moneda Local, SML) with the Central Bank of Paraguay (BCP), effective as from June 22, 2021. The SML will channel payments for transactions made among natural or legal persons residing or headquartered in Argentina or Paraguay. Paraguay is now the third country—after Brazil and Uruguay—that signed an agreement with the BCRA for the SML.

The transactions that may be carried out through the SML include remittances, among other, family remittances. SML reduces the cost of international financial operations.

B. Improve financial system infrastructures, support innovation and harness emerging technologies

B.1. Digital identification | The RENAPER (the national registry of individuals) has developed the Digital Identity System that links the IDs with biometric information. This public policy enables a digital legal identity that acts as a pillar to promote financial inclusion policies, allowing for instance the remote opening of bank and non-bank accounts for natural and legal persons.

B.2. Ensure wide availability of access points to financial services.

-Banking agents | Financial institutions are allowed to delegate the offer of financial services to natural and legal persons that have a non-financial purpose. They are required to be authorized in advance by the BCRA.

-ATMs | These machines should be equipped with fingerprint readers so that users have the option of validating their identity using biometric data. By mid-2022, all ATMs in Argentina will be equipped with biometric readers.

-ATMs' operation and geographical distribution | In March 2021, the BCRA approved a policy aimed at achieving multiple financial inclusion objectives, one of which is to improve the ATMs' operation and geographical distribution. One measure focuses on improving the operation of ATMs to reduce downtime and extending the network to reach cities and towns where there is no such service today. As an incentive, the portion of non-remunerated minimum reserve requirements is lowered as long as financial institutions meet the provisions laid down in the regulation.

C. Improve transparency, consumer protection and financial literacy

C.1. Financial services conditions | Financial entities must provide users who request it with a detail with the characteristics of the products and services they offer, specifying especially all the fees and charges associated with them. This includes international transfer services.

C.2. Repentance and cancel button | The contract of financial products or services must contain a revocation clause indicating that the user has the right to revoke the acceptance of the product or service within 10 days of signing the contract or receiving the product or service, whichever occurs first. In addition, the contract must contain a termination clause in which it is established that the user has the right to cancel said product or service. The user must have the option to exercise these rights with a "Repentance Button" and a "Cancel Button", which consists of a hyperlink that is accessed through online banking, or similar mechanisms.

C.3 Digital financial literacy | In order to improve the population's financial digital capabilities, which have taken more relevance during the COVID-19 pandemic, the BCRA along with the Ministry of Education has led a digital campaign on financial education for households ("We Keep on Educating"). This campaign includes tutorials to promote the use of online banking and digital wallets for the payment of services; cybersecurity; and financial protection.