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**G20 National Remittance Plan 2019**

**Canada**

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**Background**

In 2018, Canada’s remitters sent USD 5.33 billion abroad (0.3% of GDP) while Canada received USD 1.36 billion in remittances (.08% of GDP) from abroad (World Bank data). Average remittance sending costs in Canada have steadily declined from the recent high of 9.7% in 2014 to 7.7% in 2019 (World Bank data).

More than 7.5 million Canadians or 1 in 5 (22%) were born outside of Canada ([Statistics](https://www12.statcan.gc.ca/census-recensement/2016/as-sa/fogs-spg/Facts-can-eng.cfm?Lang=Eng&amp;GK=CAN&amp;GC=01&amp;TOPIC=7) [Canada, 2016 Census](https://www12.statcan.gc.ca/census-recensement/2016/as-sa/fogs-spg/Facts-can-eng.cfm?Lang=Eng&amp;GK=CAN&amp;GC=01&amp;TOPIC=7)). A study on International Money Transfers from Canada produced by Statistics Canada, as part of the Government of Canada’s GPFI remittance costs reduction commitment, examined remittance related activities of Canadian residents born in a country eligible for Official Development Assistance. The study indicates that in 2017 27.5% of the remittance flows from Canada went to Southeast Asia and Oceania, 22.6% went to Southern Asia, 11.3% to the Americas and 9.7% to Sub-Saharan Africa. The study finds that 9.3% of the remittances sent went to Least Developed Countries, 54.7% to Lower Middle Income Countries and 21.3% to Upper Middle Income countries. The top five destinations of remittances were the Philippines, India, the United States, China and Pakistan (Statistics Canada, 2019).

The study also provides details on the range of remittance costs based on the amount sent. For example, remitters who sent up to $200 paid, on average, 9.4% of the amount remitted, while those who sent $1000 or higher paid 1.6%.

Other findings from studies commissioned by the Government of Canada (2015, 2019) indicate that:

* The regulatory and supervisory environment in Canada provides relatively low barriers to entry for remittance service providers;
* Approximately 70% of all remittance services available in Canada are cash-to-cash and account-to-account products, demonstrating a reliance on transfer methods that are more expensive than innovative tools, such as online or mobile services;
* Despite the fact that it is much cheaper to remit digitally, 56% of remitters surveyed in the study still went to in-person money transfer stores; and
* When deciding how to send remittances from Canada, 63% of remitters indicated that convenience for the sender and receiver is the most important factor, 16.7% indicated reliability of the method, and 9.4% said that price, was the most important factor.

**Call to Action on Remittances**

While the cost of remittances in Canada has fallen over the last decade to 2019, the Government is committed to further lowering the costs Canadians incur when sending money abroad—to an average of 5 per cent by 2022 and 3 per cent by 2030, consistent with Canada’s G20/GPFI commitment and Sustainable Development Goal (SDG) 10.

Since the initial Call to Action on Remittances in 2014 Canada has commissioned two studies: “[Study on International Money Transfers from Canada](https://www150.statcan.gc.ca/n1/en/pub/89-657-x/89-657-x2019007-eng.pdf?st=0vWfelbx),” 2019; and “Designing Innovative Financing Mechanisms to Reduce the Cost of Sending Remittances from Canada to Developing Countries,” 2015.

The studies have enabled the Government of Canada to more fully understand remittance dynamics and to inform Canada’s initiatives to reduce remittance costs, especially to developing countries.

Since 2014, various market-based solutions have appeared online to help consumers choose among a variety of Remittances Services Providers (RSP) based on the total cost of their transaction, helping to increase transparency in the remittance market. At the same time, Canada has been discussing how to improve remittance market competitiveness with financial institutions.

In this context, the Government of Canada is reviewing options, from both user and service provider perspectives, on the best way forward to enable Canadian remitters to make more informed and cost effective decisions about the services they use to transfer funds.

**2019 Country plan for reducing remittance transfer costs**

1. **Increase remittance market competiveness, including through improvements to the regulatory environment:**

Privately operated websites have emerged in Canada to help bring greater transparency to remittance costs, with some remittance service providers having now adopted flat transfer fees.

The Government of Canada is studying what further steps can be taken to increase the transparency of, and competition in, the remittance market.

# Improve financial system Infrastructure and pursue policies conducive to supporting innovation and harnessing emerging technologies:

The 2019 Canadian Federal Budget included a commitment to support innovation and competition in the remittance market, by holding targeted consultations to explore new ways to facilitate payments system access arrangements for remittance service providers in the context of Canada’s implementation of the proposed retail payments oversight framework (see section 3 below).

# Improve transparency and consumer protection of remittance transfers:

* The 2019 Canadian Federal Budget proposed the development of a new retail payments oversight framework that would require non-federally regulated payment service providers (including remittance service providers) to protect users’ funds against losses. The Bank of Canada would oversee the payment service providers’ compliance with operational and financial requirements and maintain a public registry of regulated payment service providers.
* In April 2019, Statistics Canada released a Global Affairs Canada commissioned study of international money transfers by Canadian residents born in ODA eligible countries (some findings from the study are available in the background section above and the study can be [accessed online](https://www150.statcan.gc.ca/n1/en/pub/89-657-x/89-657-x2019007-eng.pdf?st=0vWfelbx)). Study findings are currently being analyzed and will be used to inform evidence-based policy and programming that would facilitate safer, more reliable, and lower- cost remittances from Canada that contribute to improved development outcomes and reaching the SDGs.