G20 National Remittance Plan

European Commission 2021

Biennial Update
# Table of Contents

1. Introduction .................................................................................................................................................. 1

2. G20 Targets on Remittances and the National Remittance Plans ................................................................. 2

3. How to Use the National Remittance Plan Templates .................................................................................. 3

4. Questionnaire ............................................................................................................................................... 3

   Country remittances profile .............................................................................................................................. 3

   Competition in the market ............................................................................................................................... 7

   Regulatory environment ................................................................................................................................... 7

   Payment infrastructure ................................................................................................................................... 10

   Governance and Risk Management ................................................................................................................ 10

   Access to financial services ............................................................................................................................. 10

   Crisis mitigation and prevention (COVID-19) .................................................................................................. 15

5. Content for the National Remittance Plans ................................................................................................ 16

   General Principles for International Remittance Services and the G20 Roadmap for Cross-Border Payments ........................................................................................................................................................................ 16

   Improve the Enabling Policy and Regulatory Environment for International Remittances ..................... 18

   Improve Financial System Infrastructures, Support Innovation and Harness Emerging Technologies ........ 19

   Improve Transparency, Consumer Protection, Digital and Financial Literacy for Remittance Users .......... 21

   Introduce Measures to Mitigate and Prevent Crises ................................................................................. 22

Annex 1: Background Documents ....................................................................................................................... 23

Annex 2: Drafting the Country Plans ................................................................................................................... 24


   Country remittances profile .............................................................................................................................. Errore. Il segnalibro non è definito.

   Competition in the market ............................................................................................................................... Errore. Il segnalibro non è definito.

   Regulatory environment ................................................................................................................................... Errore. Il segnalibro non è definito.

   Payment infrastructure ................................................................................................................................... Errore. Il segnalibro non è definito.

   Governance and Risk Management ................................................................................................................ Errore. Il segnalibro non è definito.

   Access to financial services ............................................................................................................................. Errore. Il segnalibro non è definito.

Annex 4: Glossary of Terms ............................................................................................................................. Errore. Il segnalibro non è definito.
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 GPFI’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 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](https://www.gpfi.org/publications/g20-plan-facilitate-remittance-flows)
² [http://www.gpfi.org/g20-national-remittance-plans](http://www.gpfi.org/g20-national-remittance-plans)
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 GPFI, 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):

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflow (if 1b or 1c)</th>
<th>Outflow (if 1a or 1c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 (if available)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>€23,691 bn</td>
<td>€45.184 bn</td>
</tr>
<tr>
<td>2019</td>
<td>€25,803 bn</td>
<td>€44.342 bn</td>
</tr>
<tr>
<td>2018</td>
<td>€24,284 bn</td>
<td>€41.743 bn</td>
</tr>
</tbody>
</table>

The data is for EU27 and excludes any data for the UK. The source is: Personal transfers and compensation of employees (Source: EUROSTAT, https://ec.europa.eu/eurostat/databrowser/view/bop_rem6/default/table?lang=en)

**USD Equivalent:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflow *</th>
<th>Outflow*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 (if available)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>2020</td>
<td>$28.970 bn</td>
<td>$55,251.26</td>
</tr>
<tr>
<td>2019</td>
<td>$28.970 bn</td>
<td>$49,783.13</td>
</tr>
<tr>
<td>2018</td>
<td>$27.819 bn</td>
<td>$47,818.83</td>
</tr>
</tbody>
</table>

*Converted using 31st December rate(s):

- 2020: 1.2228112197
- 2019: 1.1227007518
- 2018: 1.1455477300

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

Respond only if 2a or 2c [Sending Country]:

3. If 2a or 2c, please provide specific identifications schemes applicable to migrants in your country (e.g. Marticula Consular in Mexico, Overseas Citizen of India, Blue Card in Turkey)

   Not applicable at EU level

4. If 1a or 1c, please provide the migrant stock as a share of total population for the last 3 years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Migrant Stock</th>
<th>Population</th>
<th>% of Total Population</th>
</tr>
</thead>
</table>

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.
<table>
<thead>
<tr>
<th>Year</th>
<th>Remittances Sent</th>
<th>Volume</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>58,541,153</td>
<td>447,700,000</td>
<td>13%</td>
</tr>
<tr>
<td>2019</td>
<td>72,752,429</td>
<td>513,500,000</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: UNDESA

5. If 2a or 2c: Please list main corridors for international remittances sent.

_Belgium_

_Belgium to France - USD 2,407 Million_

_France_

_France to Belgium - USD 3,179 Million_

_France to Spain - USD 2,379 Million_

_France to Morocco - USD 2,154 Million_

_France to Algeria - USD 1,430 Million_

_France to Portugal - USD 1,393 Million_

_Germany_

_Germany to Italy - USD 1790 Million_

_Germany to France - USD 1723 Million_

_Germany to Croatia - USD 1387 Million_

_Germany to Hungary - USD 1325 Million_

_Germany to Austria - USD 1153 Million_

_Italy_

_Italy to France - USD 1657 Million_

_Italy to China - USD 1385 Million_

---

9 Main corridors for a sending country include those that are the largest receivers from that country in terms of volume.
Italy to Romania - USD 1305
Italy to Nigeria - USD 1298 Million

The Netherlands
Netherlands to Belgium - USD 1145 Million

Portugal
Portugal to France - USD 1211 Million

Spain
Spain to France - USD 2618 Million
Spain to Morocco - USD 1748 Million
Spain to China - USD 1192 Million
Spain to Ecuador - USD 1103 Million
(Source: WB 2018 Bilateral Matrix)

6. If 2a or 2c: What is the average cost of sending $200 from your country? Provide available quarterly data for the current year, plus quarterly data from the previous calendar year.

The average cost of sending USD 200 is 5.86% as per the Q1’21 RPW calculations.

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

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

8. If 2b or 2c: Please list main corridors for international remittances received. ¹⁰

9. 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.

¹⁰ Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.
Competition in the market

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

   In principle yes to all the providers listed below given that they have a bank licence, payment institution licence, or e-money institution licence. Providers of remittances are providing a payment service (as remittance is a type of payment service), which means that RSPs need one of those licences.

   See also PSD2 art. 1 which describes the different categories of payment service providers, and article 11 (authorisation) and Annex I.

<table>
<thead>
<tr>
<th>Allowed to provide remittance services</th>
<th>If “yes”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of providers of each type</td>
</tr>
<tr>
<td>[Yes/No]</td>
<td></td>
</tr>
<tr>
<td>Commercial banks</td>
<td></td>
</tr>
<tr>
<td>MTOs</td>
<td></td>
</tr>
<tr>
<td>Postal network</td>
<td></td>
</tr>
<tr>
<td>Mobile money operators</td>
<td></td>
</tr>
<tr>
<td>Fintech platforms</td>
<td></td>
</tr>
<tr>
<td>Remittance hubs</td>
<td></td>
</tr>
<tr>
<td>Others (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

11. Is there a price comparison tool for remittances (e.g. a national remittances database) in your country that is publicly available? [Yes/No]

   Not at EU level, but several countries in the EU have this kind of tool.

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

   Not applicable at EU level

Regulatory environment

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

   If 2a or 2c [Sending Countries]:
Please discuss transparency in terms of cost breakdown between foreign exchange margins and fees.

For transfers between the EU and other jurisdictions, EU legislation (PSD2 – the EU Payments Services Directive) does not explicitly require the foreign exchange margin to be disclosed, even if there is a requirement (Article 45, PSD2) to disclose all charges payable by the payment service user to the payment service provider and, where applicable, a breakdown of those charges; d) where applicable, the actual or reference exchange rate to be applied to the payment transaction.

The average cost to send USD 200 is 5.86%, which can be further broken down into FX margin of 2.02% and fees of 3.84%.

Do the RSPs have to provide information on whether there are additional fees for receivers?

Yes, under the EU Payments Services Directive (PSD2) introduced, all licensed RSPs must provide transparency on the costs and FX rates prior to conducting a transaction. (NOTE: As per PSD2, this applies to all PSPs, which includes RSPs.) This only covers the fees charged by payment service providers in the EU. In practice, in the EU payment service providers do not charge fees when they receive transfers. But EU legislation (PSD2) does not cover possible fees charged by recipient financial institutions established outside the EU (cannot have extra-territorial effects).

Assuming that the question is what requirements apply to transparency in terms of speed,

Transparency in terms of speed: time it takes for funds to be available to the receiver after the sender initiates payment.

There is currently no requirement to provide information on speed of a transaction in EU legislation, but we are assessing in the framework of the PSD2 review if such a provision needs to be included.

Do RSPs have to provide this information prior to the transaction initiation?

Yes, this is a requirement of the EU Payment Services Directive (PSD2). However, this is just for intra-EU transfers; it does not cover transfers between the EU and other jurisdictions.

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?

If the transaction is being received in a bank account then most of the times there is an additional fee levied to the receiver. However, within the EU all fees should be disclosed also when it relates to the recipient side. Fees on recipients side are possible though (regulation allows for it) but these should be made known upfront (transparent).

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?

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

- Are there any simplified customer due diligence (CDD) measures in place for specific channels and/or below a transaction amount limit?
  
  Yes

- Are there any government-issued e-ID facilities, and are they used for financial services?
  
  Yes, the European digital identity framework adopted in June 2021.

- Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?
  
  Not relevant at EU level however, there are national regulatory sandboxes.

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

- Use of agents by RSPs and agent exclusivity

- Competition policy

- Consumer protection
  
  The PSD2 includes consumer protection measures. (Payment services (PSD 2) - Directive (EU) 2015/2366 | European Commission (europa.eu))

- Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.
  
  The PSD2 includes measures regarding this. (Payment services (PSD 2) - Directive (EU) 2015/2366 | European Commission (europa.eu))

- Regulatory compliance of products and services offered by fintechs.
  
  The PSD2 includes measures regarding this, as long as it is FinTechs active in the payment domain, so when they offer services as defined in the PSD2 (as being in scope of the PDS2). (Payment services (PSD 2) - Directive (EU) 2015/2366 | European Commission (europa.eu))

If 2b or 2c [Receiving Countries]:

- 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?
As the EU as a whole is a net sender we would not comment. However for context, there is a regime for e-money institutions, so they can issue e-money and provide payment (including remittance) services (P2P and P2B for instance), but it depends what is considered a “basic payment account”. According to the PAD, the obligation to provide a payment account with basic features is directed to banks.

Payment infrastructure

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

No, non-bank RSPs do not have access to all payment infrastructures. They do not have direct access (but they may have indirect access, through a bank) to the payment systems protected by the settlement finality directive.

16. 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.)?

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

The EU Revised Payment Services Directive (PSD2) establishes a licensing regime for payment institutions and a regulatory regime for payment services in general.

18. 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)?

Governance and Risk Management

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

These requirements are in the EU Revised Payment Services Directive (PSD2).

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

While most definitions are carried over from the current EU AML/CFT legislation, a number of definitions will be added, adapted or updated through the package of legislative proposals to strengthen the EU’s anti-money laundering and countering the financing of terrorism (AML/CFT)
rules released by the Commission in July 2021. The range of entities defined as Obliged Entities under current EU AML/CFT legislation and thus subject to EU AML/CFT rules is amended in the following ways: the scope of crypto asset service providers (CASPs) is aligned with that of the Financial Action Task Force and thus widened compared with the current Directive; crowdfunding service providers which fall outside the scope of Regulation (EU) 2020/1503 are added; creditors for mortgage and consumer credits as well as mortgage and consumer credit intermediaries that are not credit institutions or financial institutions are added to ensure a level playing field between operators providing the same kind of services; operators involved on behalf of third country nationals in the context of investor residence schemes are added (Source: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing).

Consumer and mortgage creditors and intermediaries that are not credit institutions or financial institutions have not been subject to AML/CFT requirements at Union level, but have been subject to such obligations in certain Member States due to their exposure to money laundering and terrorist financing risks. Depending on their business model, such consumer and mortgage creditors and intermediaries may be exposed to significant money laundering and terrorist financing risks. It is important to ensure that entities carrying out similar activities that are exposed to such risks are covered by AML/CFT requirements, regardless of whether they qualify as credit institutions or financial institutions. Therefore, it is appropriate to include consumer and mortgage creditors and intermediaries that are not credit institutions or financial institutions but that are, as a result of their activities, exposed to money laundering and terrorist financing risks. (Source: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing). The conditions for the use of electronic identification means as set out by Regulation (EU) No 910/2014 will also be clarified. AMLA will be empowered and required to produce regulatory technical standards on the standard datasets for identifying natural and legal persons; these RTS will include specific simplified CDD measures that obliged entities may implement in case of lower risk situations.

Access to financial services

If 2a or 2c [Sending Countries]:

21. Can all migrants in your country access services provided by regulated RSPs? Do 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?

Not applicable at EU level

11 Anti-money laundering and countering the financing of terrorism legislative package | European Commission (europa.eu)
22. What are the requirements for migrants to open a transaction account (are they the same as for any other citizen)? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

*Not applicable at EU level*

23. What channels do undocumented migrants use – to the best of your knowledge?

Undocumented migrants either use informal providers who operate in a very similar way to formal providers: the sender approaches an ‘agent’ with money to send who provides the sender with a code to pass on to the receiver. The receiver visits in ‘agent’ in the home country with the code and collects the money. Benefits to informal methods, particularly for undocumented migrants, include no need for identification and often competitive prices/exchange rates. They may also use family members who are travelling home, to whom they give cash. It is also quite apparent that undocumented migrants are asking documented migrants in their families to send money through formal channel on their behalf.

24. Do RSPs have sufficient coverage in areas where migrants live?12

25. Do you have information on the financial inclusion rate of remittance sending migrants?

There is virtually no information in this area. Some EU Member States will occasionally collect this data. For example, Italy determines that 74% of migrants were financially included in 2013.

26. Are you able to measure the switch from in-cash to on-line/transaction methods to send remittances?

There is no measure of this but significant anecdotal evidence. This has been back up by announcements from companies that are publicly quoted on stock markets who have provided information on the increased level of online transactions (at the sending end only) during the crisis. Given the poor level of measurement of remittance transactions in general it is not possible to track the level of switch at the current time.

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

---

12 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).
Most of the RSPs promote their digital remittance products through either offering these services at a lower fee or at a better FX rate than the traditional remittance products. These promotions are not branded as promoting digital products but in practice that is what happens.

If 2b or 2c [Receiving Countries]:

**NOTE:** The EU as a whole is a net sender however; within the EU there are both receiving and sending countries. In this part, we tried to reflect this.

28. Do RSPs have sufficient coverage in rural areas?¹³

*Living in rural areas is frequently correlated with low income and low education, which are, in turn, related to financial exclusion. Therefore, RSP coverage in rural areas is likely lower than in urban areas, but not necessarily insufficient. However, the financial inclusion gap between people living in urban and rural areas in high-income European Union countries is almost closed (source: TRANSITION REPORT 2016-17, chapter „Financial Inclusion“, EBRD)*.

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

*There are still about 30 million adults in the EU who do not have a bank account, approximately 8% of the adult population (source: The Global Findex Database 2017 WB)*

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

*Yes, EU aims at increasing digital and instant payment solutions with pan-European reach. Moreover, the European Commission will promote the access to payment accounts in low and middle-income countries, which will also facilitate the digitalization of remittances. Source: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS on a Retail Payments Strategy for the EU.*

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

---

¹³ 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.
Card payments accounted for 48% of all transactions in the euro area in 2019 (source: ECB). Around 35 percent of people in the EU had a credit card in 2017 (source: TheGlobalEconomy.com). 58% of individuals in the EU used internet banking in 2020.

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

Some examples: With Western Union (a MTO), people can send money online to a foreign country 24/7. A receiver can pick up the money as cash at a Western Union agent location. In certain countries, money can be deposited in a bank account or received in a mobile wallet. With Moneygram (another MTO) people can send money abroad digitally, through the website or the app of the firm. Moreover, the money can be received in different platforms, namely debit card, bank account and mobile wallet, other than the traditional cash pick-up location (sources: Western Union website; MoneyGram website).

33. 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)?


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

It could be possible using the same measure that the ECB uses to work out the amount of cash transactions as opposed to card transactions. However, efforts are needed to fill the data gaps exposed by the COVID crisis, notably regarding data on bilateral flows and remittance channels. An International Working Group on Improving Data on Remittances has been launched by the World Bank with the purpose to allow for better real-time monitoring of remittance flows (source: INFORM # 4 – THE IMPACT OF COVID-19 ON REMITTANCES IN EU AND OECD COUNTRIES, European Commission).

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

Different EU countries put in place different incentives.
Crisis mitigation and prevention (COVID-19)

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

Yes.

During the COVID-19 pandemic, the European Commission and the EU Member States have implemented a significant set of regulatory and policy initiatives as well as assistance projects to support the resilience of the remittances markets, including declaring remittances service as essential services, increasing cross-border market transparency and supporting digitalization. In June 2020, the EU approved the Revised Cross-Border Payment Regulation, which increases transparency by obliging operators to show the total cost of sending remittances. In addition, in September 2020, the European Commission adopted a Regulation on Markets in Crypto-assets, which regulates the issuance of crypto-assets in the EU as well as a Retail Payments Strategy for the EU, which includes measures to further enhance cross-border payments.

In addition, on 20 July 2021, the European Commission presented an ambitious package of legislative proposals to strengthen the EU’s anti-money laundering and countering the financing of terrorism (AML/CFT) rules, including amendments to rules on Customer Due Diligence (CDD) to better frame CDD in cases where remote customer on-boarding is carried out, coherent with the European Commission’s proposed amendment to the eIDAS Regulation and measures regarding crypto-assets to align with last international standards developed by the Financial Action Task Force (FATF). This will extend AML rules beyond the already covered custodian wallet providers and virtual currency to fiat currency exchanges, covering all CASPs under the proposed MiCA regulation. All CASPs carrying out transfers of crypto-assets will have to include full details of originator and beneficiary.

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

Not applicable at EU level.

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

Not applicable at EU level.

14 Anti-money laundering and countering the financing of terrorism legislative package | European Commission (europa.eu)
39. Has your country taken any other measures to encourage the sending or receiving of remittances - where appropriate, refer to relevant aspects mentioned above?

*Not applicable at EU level.*

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: 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:

**A. Public and private sector commitment**

---

B. Regulatory, supervisory and oversight frameworks
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:

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.17

17 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 unintentionally 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 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. 18 (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 bank 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**

---

18 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
- The use of remittances and financial inclusion, IFAD, WB.
- Guidelines for the Successful Regional Integration of Financial Market Infrastructures, WB 2014.
Annex 2: Drafting the Country Plans

This Annex provides a template for the members to use in developing their National Remittance Plans, if desired. The National Remittance Plans are recommended to be organized around three major sections: “Call to Action on Remittances” by each country; the “Current State of the Market for International Remittances” for the country; and “2022-2023 Country Plan for Reducing Remittance Transfer Costs.” The proposed contents for each section are outlined below.

**Note: Country plans should be no more than four pages**

### Call to Action on Remittances:

The average cost of sending money from the EU to developing countries has decreased sharply from 7.8% in 2015 to 5.9% in 2020.

### Current State of the Market for International Remittances:

The EU is the second largest source of remittances with an estimated 105 million people in developing countries benefitting from remittances sent from the EU. According to the most recent available World Bank data, in pre-COVID context, they amounted to 50 billion euros or 11% of the total flows developing countries receive. The regions receiving the most remittances from the EU are Asia (31%), Africa (29%), non-EU Europe countries (21%), and Latin America (11%). Despite the COVID-19 pandemic, remittance flows to low- and middle-income countries from the EU have now surpassed the sum of foreign direct investments and official development assistance and they are expected to increase further in 2022.

In the EU, we allow many types of remittance service providers (RSPs) given that they have a bank licence, payment institution licence, or e-money institution licence. Providers of remittances are providing a payment service (as remittance is a type of payment service), which means that RSPs need one of those licences. See also the EU Payment Services Directive (PSD2) art. 1 which describes the different categories of payment service providers, and article 11 (authorisation) and Annex I.

During the COVID-19 pandemic, the European Commission and the EU Member States have implemented a significant set of regulatory and policy initiatives as well assistance projects to support the resilience of the remittances markets, including declaring remittances service as essential services, increasing cross-border market transparency and supporting digitalization. In June 2020, the EU approved the Revised Cross-Border Payment Regulation, which increases transparency by obligating operators to show the total cost of sending remittances. In addition, in September 2020, the Commission adopted a Regulation on Markets in Crypto-
assets, which regulates the issuance of crypto-assets in the EU as well as a Retail Payments Strategy for the EU, which includes measures to further enhance cross-border payments.

**2022-2023 Country Plan for Reducing Remittance Transfer Costs:**

On remittances the European Commission’s work is indirect and it will relate to the review of the Second Payments Directive, and some specific (limited) initiatives foreseen in the Roadmap on Retail Payments e.g. settlement finality review. Along the same line the work on the European Commission’s proposal for an Anti-Money Laundering (AML) Regulation and the recast of the transfer of funds regulation (regulation 2015/847), introducing information obligations on the identity of originators and beneficiaries of crypto-assets transfers will also relate indirectly with remittances. Finally, on the digital euro, please see the ECB statement of last July at Preparing for the euro’s digital future (europa.eu), which explains possible next steps in this respect.

Outside the EU, the European Commission has been funding the “Maximising the Impact of Global Remittances in Rural Areas” (MIGRRA) programme via IFAD Financing Facility for Remittances of EUR 5.4 million over the period 2015-2020. In December 2018, the Commission and IFAD launched the “Platform for Remittances, Investments and Migrants’ Entrepreneurship in Africa” (PRIME Africa) of EUR 15 million over the period 2019-2023. PRIME Africa aims to improve the management of remittances and their use for development outcomes. The platform supports seven African countries (Senegal, The Gambia, Ghana, Kenya, Uganda, South Africa and Morocco) in setting up innovative businesses that make transferring remittances cheaper and faster. Moreover, in partnership with IFAD, the Commission will support, under PRIME Africa, nine digitalisation and financial inclusion business initiatives in West Africa, which will benefit over one million people receiving remittances in rural areas. Parallel activities are ongoing in East Africa, with open calls for proposals in Kenya and Uganda, and future calls in Southern Africa and North Africa.

Furthermore, in December 2020, the European Commission funded a project named “Leveraging digital finance to increase resilience” implemented by the United Nations Development Capital Fund, to support adoption of digital remittances in 14 African Caribbean and Pacific countries. In addition, the Commission has approved a top-up of EUR 25 million to the InclusiFI project which will provides financing to local entrepreneurs in Sub-Saharan and Northern Africa, who currently struggle to access the loans or capital they need to start or expand their businesses. It will particularly support small businesses led by women, young people, and migrants.

Through the EU Knowledge Centre on Migration and Development, the Commission has launched a global report mapping migrants investments schemes throughout the world in order to facilitate the scaling up of promising initiatives to leverage migrants’ financial investment potential.