GPFI Global Partnership for Financial Inclusion

G20 National Remittance Plan 2019

Japan

Background

In order to improve the security, efficiency and usability of payment services, the Payment Services Act was put into effect in 2010 led by Financial Services Agency. The Act allowed the non-banking fund transfer business providers to handle currency transaction given IT development and diversified needs of the users. At the same time, it requires the service providers to ensure the various measures such as the minimum guaranteed amount (10 million yen), proper customer information management and user protection.

Under the Act, the number of licensed non-bank fund transfer business providers increased from 11 in 2010 to 67 as of September 2019. At the same time, the number of annual transactions by non-bank service providers rose remarkably from 217,000 in March 2011 to 126,200,000 in March 2019 while the its amount hiked from 14 billion yen to 1,346.3 billion yen in the meantime.

According to “Remittance Prices Worldwide” (June 2019) published by the World Bank, the remittance cost rate of Japan decreased by 27% from Q2 2014 to Q2 2019.

Call to Action on Remittances

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2019 Country plan for reducing remittance transfer costs

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

a. The Government of Japan will work on activities which contribute to more use of non-bank service providers, and thus serve to stimulating a more appropriate market competition in remittance services.

b. In terms of the measures against money laundering and terrorist financing risks, the Act on Prevention of Transfer of Criminal Proceeds has been put into effect in 2007. This Act requires the service providers to ensure the measures against AML/CFT which are recommended by the international standard under Financial Action Task Force (FATF). The Government of Japan will continue to closely coordinate with the development of the discussion in FATF to ensure the security of the remittance.

2. **Improve financial system infrastructure and pursue policies conducive to supporting innovation and harnessing emerging technologies.**

a. The Payment Services Act allows RSPs to operate transactions through the Internet including use of mobile phone.

b. The Government of Japan will continue to study the use of digital technologies to further enhance the quality and accessibility of related banking services in close coordination with various stake holders.

3. **Improve transparency and consumer protection of remittance transfers.**

a. Since funds transfer service providers' scales and business models are very diverse, their internal control systems and risk profiles are also different. As the use of cashless payments spreads further and the number of foreign users increases in the future, entries of new providers, development of new services and big changes in risks are expected. In order to ensure that the services are appropriately provided and users are protected, it is important to further encourage providers to enhance business management and internal control systems which will enable them to respond to changes in the business environment and risks in a timely manner.

b. To this end, Japan will analyze the providers' business models and usage by foreigners, and monitor with a risk-based approach taking into account new business development and changes in risks. We will also strengthen monitoring and dialogue with the providers for enhancement of their internal control systems particularly in the area of the maintenance management of remittance funds, IT system risk management, and AML/CFT with due consideration to each provider's size and characteristics.