

GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

SPAIN

G20 NATIONAL
REMITTANCE PLAN

BIENNIAL UPDATES AND ANNUAL PROGRESS MONITORING

Call to Action on Remittances

Under the SDG 10 (Reduce inequality within and among countries), target 10.c was set as follows: “by 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.”

The cost of remittance outflows from Spain is close to the 5% target; in fact, in most of the main corridors, this cost is even lower and close to the 3% final target. Costs have experienced a downward trend over the latest years on the back of a growing base of service providers and competition in the sector as well as social and economic digitalisation: in 2020, 95.3% of Spanish households had access to broadband Internet access, which represents an increase with respect to 2018 (86.1%); besides, almost all households (99.5%) have mobile phones¹.

Current State of the Market for International Remittances

In 2020, **population in Spain was over 47 million. Migrants accounted for 11.3%**, the biggest groups being from two countries: Morocco and Romania. By region, Latin America is the main origin of immigrants, specially from Colombia, Venezuela, Ecuador, Honduras, and Peru².

Spain is a remittance-sending country. The volume of workers' remittances sent from Spain in 2020 was EUR 8,169 million. This figure is 3.7% less than in 2019³. Focusing on the top 10 recipient countries in 2020, which account for 70% of the total, there are two main groups:

- destinies to where the volume for remittances showed a decrease (compared with volumes in 2019), which are Colombia, Ecuador, Dominican Republic, Bolivia, Senegal, Paraguay, and Romania, and
- destinies to where the volume of remittances showed an increase (compared to 2019), which are Morocco and Honduras (with an 8% increase), and Pakistan (18% increase).

The **average cost of sending a USD 200 remittance from Spain is low compared to other countries and shows a decreasing trend** (5.64% in 2018, 5.35% in 2019 and 5.03% in 2020)⁴.

In the thirteen main corridors from Spain monitored by the World Bank⁵, the average cost ranks from 3.4% (Bolivia) to 9.6% (China) in Q1-2021. In ten out of those thirteen main corridors, the cost is already below 5%.

¹ [Survey on Equipment and Use of Information and Communication Technologies \(ICT\) in Households. Year 2020](#), INE-National Statistics Institute

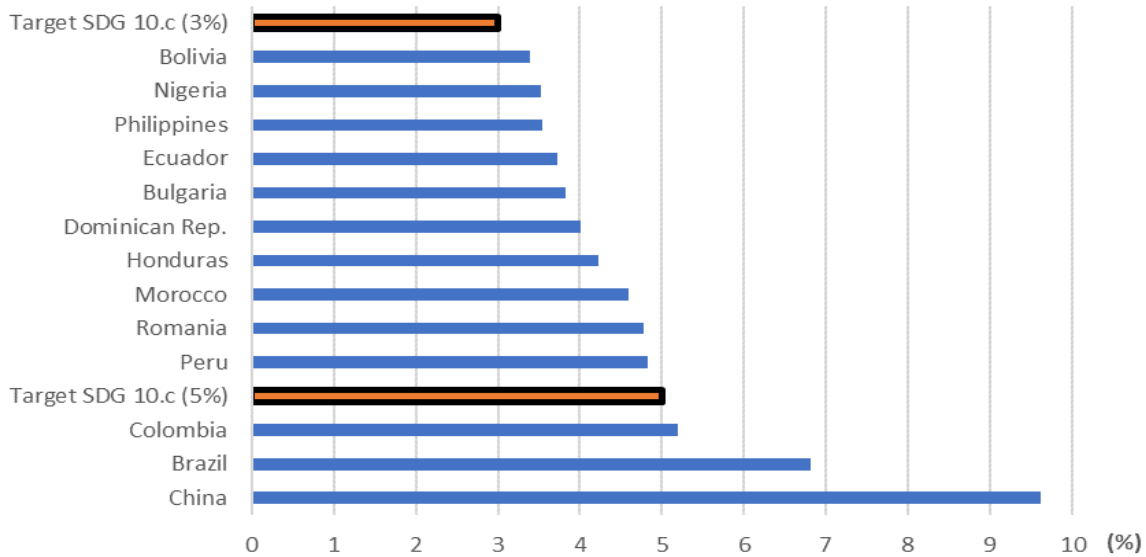
² [Population Figures 1 January 2021 Migration Statistics. Year 2020 \(Provisional data\)](#), INE-National Statistics Institute

³ [Balance of payments, 2021 October update Secondary income. Workers' remittances. Debits. Main countries. Annual \(table 17.6a of the Statistic Bulletin\)](#), Bank of Spain

⁴ [Average transaction cost of sending remittances from a specific country \(%\)](#), World Bank.

⁵ [Remittance prices Worldwide- Country corridors](#)

Average cost (%) of sending a USD 200 remittance from Spain in Q1 2021



Source: [Remittance prices Worldwide- Country corridors](#), World Bank

Features of the remittance market in Spain

Remittance service providers entitled to provide this financial service in Spain are commercial banks (114), money transfer operators (47), mobile money operators (9) and currency exchange bureaus (17). Non-banking entities need to be licensed to provide international remittance services and should comply with the general financial sector regulation.

1. The regulatory environment provided by the Spanish authorities is aimed at the following goals:

- **Ensuring compliance with transparency requirements and disclosure of service conditions.** Remittance service providers are obliged by the general disclosure regime applicable to financial institutions, which includes two main features
 - o **Freedom of fees** (no caps established on fees or margins) and
 - o **Strict disclosure regime**, including the obligation to provide information on fees and exchange rates prior to the start of the transaction.
- **Increasing competitiveness via facilitating the entrance of FinTech service providers.** Spain launched the first cohort of the financial sandbox in 2021. Twenty selected projects are currently carrying out real tests. Most of them will use different remote on boarding solutions for customers. A second call has already been launched.
- **Supporting innovation and digitalization** while safeguarding consumer protection, financial stability, market efficiency and the fight against money laundering and the financing of terrorism (AML/CFT). **Remote on-boarding** is allowed by regulation. There is the possibility of using alternative methods of consumer identification, such as videoconference (within an established authorisation framework for financial entities). The COVID-19 pandemic brought a spike on the use of the **digital signature** within the framework defined by the EU regulation.

2. With regards to payment infrastructure

- **Access of non-bank remittance service providers to the national payment infrastructure.** Payment entities and E-money institutions do not have access to the Spanish retail payment system directly, but through a direct participant in the system (i.e. a bank), as instructing parties. Such a mechanism allows them to directly connect to the system platform in order to instruct and receive payment instructions. Direct participants remain responsible for all payment instructions introduced by the instructing parties they have registered.
- Regarding **interfaces between payment systems**, the scope is pan-European. Harmonized Single Euro Payments Area (SEPA) instruments as well as supporting EU regulations facilitate interoperability between different domestic Automated Clearing Houses (ACH) in the EU wishing to establish bilateral links. Additionally, the Spanish ACH (Iberpay) and participants in the Spanish retail payment system are exploring the use of SWIFT GPI Instant to facilitate cross-border payments, so that they are processed as fast as domestic payments.
- Regarding **digitalization of payment infrastructures in line with the Financial Stability Board work on enhancing cross-border payments** (the Stage 3 of the Roadmap), payment infrastructures in Spain are highly digitalized. Central banks of the Eurosystem work to increase the level of integration within the EU by fostering the adoption and implementation of harmonised standards, rules, and processes, as well as by exploring Fintech innovation that has the potential to bring greater efficiency to the field of payment services.

3. Governance and risk management

Remittance service providers are subject to the same risk management practices and AML/CFT regulations applicable to other finance service providers.

4. Non-regulatory actions to improve the quality of remittance services and financial inclusion

- **Fostering private-public partnership at national level.** Spanish authorities have promoted safe market activities and financial consumer protection by ensuring appropriate AML/CFT compliance, involving the private sector in this endeavor through the **national association of money remittance services providers** – AENPA (Asociación Española de Entidades de Pago). Spanish authorities regularly conduct outreach initiatives on this matter, such as workshops with compliance officers.
 - **Sharing of best practices with other countries, in cooperation with regional bodies.** A recent example is the participation of Banco de España in the [webinar hosted by Fondo Latinoamericano de Reservas \(FLAR\)](#), entitled "Remittance flows and their effects on macroeconomic and financial stability in Latin America during the Covid-19 crisis" held in July 2021.
5. **Promoting access to financial services and inclusiveness by increasing transparency and fairness in the basic payment account market**, by means of an active supervision and close cooperation with public authorities, non-governmental organisations, and other stakeholders. The basic payment account provides access to financial services, including to unbanked people.
6. **Crisis mitigation and prevention.** Spain took extraordinary measures in early March 2020 to fight the Covid-19 pandemic, including lockdowns. During this period, **financial services, which included non-bank remittance service providers and agents, were classified as essential services.** With this measure, the possibility to send remittances was guaranteed despite the lockdown.

2022-2023 Country Plan for Reducing Remittance Transfer Costs

Spain will continue to provide a regulatory environment which promotes compliance, competitiveness and innovation and ensures the quality and inclusiveness of remittance services, both in Spain and in partner countries.

Spain will continue to work in line with the Financial Stability Board projects, such as the G20 Roadmap on Cross-Border Payments.

In the short term, some lines of action can be singled out:

- The Spanish financial regulatory system will promote innovation so that successful business models are explored, competitiveness increased, and the entrance of FinTech service providers facilitated.
- Spain will reinforce its international contribution in the field of digital identification in different ways by participating in EU initiatives.
- Spain has a long experience on remittance-related exchange of knowledge and stands ready to continue exchanging best practices at the international level.
- Under the Recovery, Transformation and Resilience Plan (RTFP), a national plan for digital competencies has been approved⁶, which may, in the medium term, enhance access to digital remittance services. Under the RTFP there is also a plan to increase digital connectivity and 5G deployment⁷, which will further improve infrastructures in all areas of the territory.

⁶ [Plan Nacional de Competencias Digitales \(digital skills\)](#)

⁷ [Conectividad Digital, impulso de la ciberseguridad y despliegue del 5G](#)