November 2020

2020 Update to Leaders on Progress Towards the G20 Remittance Target

Remittances represent a major source of income for millions of families and business globally, particularly for the most vulnerable and are often a critical entry point for the financially excluded to access financial services. Remittance flows contribute to the welfare of around 272 million migrants[1] and their families home. In 2019 remittance flows to LMICs touched a record high of USD 548 billion, larger than foreign direct investment flows (USD 534 billion) and overseas development assistance (about USD 166 billion).[2]

Supporting remittance flows by reducing transaction costs, while ensuring quality remittance services, is a vital and necessary condition to achieving the goals of the 2030 Agenda for Sustainable Development. When leveraged properly and when confined to regulated and monitored channels, these considerable volumes of funds flowing to low- and middle-income countries can help to lift people out of poverty, encourage their engagement in the regulated financial sector, and improve economic infrastructure among other positive spill-over effects.[3]

In 2011, the G20 leaders committed to reducing the global average cost of sending remittances to 5% (from 9.30% in mid-2011) and in 2016 the G20 aligned its work with the 2030 Agenda, by including the target under Sustainable Development Goal 10 (to reduce to less than 3% the cost of remittances and to eliminate corridors with costs higher than 5% by 2030).[4]

In 2014 G20 Leaders agreed to the G20 Plan to Facilitate Remittance Flows through which they committed to implement the National Remittance Plans (NRPs) outlining country-led actions supporting effective remittance flows and reducing remittance transfer costs. The first national remittance plans were finalised in 2015 along with a monitoring framework which outlines that the GPFI will review progress on the NRPs annually and update the plans every two years (this was completed in 2017 and 2019). This document comprises the 2020 review of progress along with a summary table of each jurisdiction's progress and achievements in the implementation of their Individual National Remittances Plan.

The crisis induced by the COVID-19 pandemic has had a strong negative impact on global remittances, with flows to low- and middle-income countries projected to drop by 7%, to USD 508 billion in 2020, followed by a further decline of 7.5% in 2021. The foremost factors driving the decline in remittances include weak economic growth and employment levels in migrant-hosting countries, weak oil prices; and depreciation of the currencies of remittance-source countries against the US dollar.[5] The declines in flows in 2020 and 2021 will affect all regions, with the steepest drop expected in Europe and Central Asia (by 16 percent and 8 percent, respectively), followed by East Asia and the Pacific (11 percent and

[1] IOM, World Migration Report 2020.
[2] https://www.worldbank.org/en/news/press-release/2020/10/29/covid-19-remittance-flows-to-shrink-14-by-2021
[3] See for example: IFAD, Sending Money Home: Contributing to the SDGs, one family at a time, June 2017.
[4] https://unstats.un.org/sdgs/metadata/?Text=&Goal=10&Target=10.c
[5] https://www.worldbank.org/en/news/press-release/2020/10/29/covid-19-remittance-flows-to-shrink-14-by-2021

4 percent), the Middle East and North Africa (8 percent and 8 percent), Sub-Saharan Africa (9 percent and 6 percent), South Asia (4 percent and 11 percent), and Latin America and the Caribbean (0.2 percent and 8 percent).[6]

As of Q3 in 2020 the global average cost of sending $200 in remittances has reduced to 6.75% with the cost of remitting from G20 countries dropping to 6.79%, compared to 2019's final Q4 figure of 7.07% and 6.82%, respectively globally and remitting from G20 countries.

The cost for remittance services varies significantly depending on the region where the money is being sent to. South Asia has been the lowest cost receiving region followed by Latin America and the Caribbean and Eastern Europe and Central Asia since 2016. Sub-Saharan Africa has been the most expensive receiving region, followed by East Asia and the Pacific and Middle East and North Africa. During 2020, the cost of sending $200 to most regions stayed the same from Q1 to Q3 on average, while Sub-Saharan Africa observed a decline on average and Middle East and North Africa exhibited an increase.

The SmaRT indicator was introduced in 2016 and is used to reflect the cost that a savvy consumer with access to sufficiently complete information would pay to send remittances in each corridor.[7] It is also used to measure the corridor level targets in the SDG 10.c.1, i.e. that by 2030, ensuring no remittance corridor has an average cost above 5 percent.[8] In Q3 2020, 29% of the corridors in the World Bank's *Remittance Prices Worldwide* database had a SmaRT average above 5%.

The G20 continues to work with SSBs such as the Financial Stability Board (FSB) and the Financial Action Task Force (FATF) to monitor recommendations on remittances services providers' access to banking services, address the decline of respondent banking relationships, consider factors affecting de-risking and to establish a supportive policy and regulatory environment for competitive remittance markets.

Before the COVID-19 outbreak, the G20 has made enhancing cross-border payments a priority for 2020. FSB and CPMI led the efforts in developing a global roadmap for the purpose in collaboration with various stakeholders. The stage 1 Assessment, led by FSB, was published in April, followed by the Stage 2 Building Blocks by the CPMI. Building on these two stages, the Roadmap was published October.[9]

G20 members have implemented a wide range of measures, appropriate to each members circumstances and the needs of different remittance corridors including price comparison websites, consultative forums and events, improvements to financial infrastructure, initiatives to address structural issues in receiving countries, promoting access to technologically-enabled remittance services and studies into solutions for particular corridors, and new legal frameworks and regulatory reforms.

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[6] Ibid
[7] https://remittanceprices.worldbank.org/sites/default/files/smart_methodology.pdf
[8] https://unstats.un.org/sdgs/metadata/files/Metadata-10-0C-01.pdf
[9] Stage 1 report from FSB: https://www.fsb.org/wp-content/uploads/P090420-1.pdf, Stage 2 report from CPMI: https://www.bis.org/cpmi/publ/d194.pdf, and Stage 3 report from FSB: https://www.fsb.org/wp-content/uploads/P131020-1.pdf

The following table summarizes each jurisdiction's progress and achievements in the implementation of their individual National Remittances Plan. The World Bank provided all remittances data, unless otherwise specified.

Table 1. National Remittances Plans Implementation Update

Jurisdiction	Summary Progress
Argentina	With the aim to ensure an adequate functioning of the economy and maintain activity and employment levels, the national government adopted a set of measures to regulate the foreign exchange market in the second semester of 2019. One of those regulations imposed a limit of USD 200 per month to purchase foreign currency, which includes cross-border remittances. These transactions must be made through an account at a financial institution; however, the use of cash is allowed in transactions up to USD 100 per month. In January 2020, the CBA issued specific regulations regarding Payment Service Providers (PSPs). PSPs offer accounts to order and/or receive payments and make money transfers to third parties, but they aren't considered financial institutions. The new regulations have the goal to provide more transparency to the system and strengthen financial protection for users under a framework of greater financial inclusion. One of the measures defined that PSPs must be registered at the CBA. The PSPs Registry includes companies which offer cross-border remittance services.
Australia	In 2020, Australia has continued its focus on the essential role of remittances in advancing inclusive and sustainable development. The Australian Government remains committed to supporting accessible and affordable remittance flows and is pursuing this through increasing market competitiveness; harnessing new and emerging technologies; enhancing transparency; and encouraging supportive regulatory environments. Australia continues to invest a range of activities under its development program to support an environment conducive of lower cost remittance transfers, especially to the Pacific. Australia supported the launch of 'Ave Pa'anga Pau, a digital remittance voucher developed by the International Finance Corporation in partnership with the Tonga Development Bank. The innovative design of 'Ave Pa'anga Pau was first trialled in New Zealand in 2017 to address de-risking concerns. In New Zealand, 'Ave Pa'anga Pau has significantly reduced the cost of remitting to Tonga, halving costs to around five per cent. The expansion of 'Ave Pa'anga Pau in Australia marks Australia's response to the high cost of sending remittances to the Pacific. Australia is also working to enhance the capabilities of Pacific financial intelligence units and promote greater regional collaboration to combat money laundering and terrorism financing risks in the South Pacific, through a new partnership between the Department of Foreign Affairs and Trade and the Australian Transaction Reports and Analysis Centre.• Australia continued to work collaboratively with the central banks in the South Pacific on a range of matters of importance to the region. In 2019, the Governors of nine South Pacific central banks agreed to work together to develop a regional 'know-your-customer' framework to prevent and mitigate some of the risks associated with remittances to the Pacific. The Reserve Bank of Australia, together with the Reserve Bank of New Zealand, has helped take this work forward in 2020, with work ongoing. Australia also continued to encourage banks to reduce their fees through high level advocacy, with some welcome progress with ANZ waiving fees for online international transfers from Australia to 10 Pacific island countries until February 2021. In light of the COVID-19 pandemic, Australia commissioned the World Bank to undertake a study to assess the impact of COVID-19 on Pacific labour mobility workers and diaspora, and the likely implications that COVID-19 may have on remittances to the Pacific. This study

	will be finalised by the end of 2020. The average cost of sending remittances from Australia currently stands at 7.71% (Q3 2020), a continued decrease from previous years.
Brazil	The Central Bank of Brazil (BCB), as part of various activities,[10] continues to publish a ranking about remittances on its website (http://www.bcb.gov.br/?ENGVET), by institution, which facilitates comparisons and analysis of the costs of these operations. The tool allows for the monitoring of the institutions' performance in previous months. BCB is about to finalize a specific project to improve the foreign exchange market regulation, including remittances, with a specific focus on innovations and new technological solutions. The aim is to develop a more flexible regulation that encourages the adoption of new standards, solutions and technologies by the participants of the foreign exchange market, thus increasing competitiveness and efficiency. This initiative includes, among other improvements, new ways of performing remittances, such as by means of transfer between digital accounts or cards. The average cost of remitting $200 from Brazil is 9.77% (Q3 2020), which is above the G20 average cost of 6.79%. Since 2011, when the G20 endorsed the commitment to reduce average costs by 5%, the costs of remitting from Brazil decreased from 11.12%. The average cost of remitting $200 to Brazil is 6.90%.
Canada	In 2020, Canada continued to take steps towards reducing remittance costs in line with our international targets. In Budget 2019, the Canadian government recommitted to reducing remittances costs to an average of 5% by 2022 and 3% by 2030. This year, Canada has been actively engaged in international work to lower remittance costs including serving as a co-lead, with Jamaica, for the UN's Financing for Development in Response to COVID-19 and supporting the work of the FSB in their development of a roadmap to enhance cross-border payments. Both of these initiatives have developed policy proposals and recommendations for countries to follow to help lower the cost of international remittances. Canada is currently considering options to move forward based on those recommendations. The average cost of sending remittances from Canada is 6.27% (Q3 2020), now below the global average as well as the averages for the G7 and G20.
China	China focuses on enhancing the convenience and lowering the cost of remittances through digital channels and market competition. Banks in China rarely charge receiving fee, and the cost for sending remittance to China mainly depends on banks or MTOs in sending countries where consumers are charged. In Q3 2020, despite the impact of COVID-19 pandemic, the average cost to send remittances to China decreased to 8.43% of the amount remitted (from 9.04% in Q3 2019). To enhance remittance environment, China strengthens the regulation on financial consumer protection in remittance service and highlights the importance of financial and digital literacy and awareness. Some initiatives have been launched regularly to help consumers to use remittance service smartly, especially through digital solutions.

[10] The BCB closely monitors remittances costs, undertakes studies and proposes measures aiming to enhance regulations related to remittances. The BCB initiatives have contributed to improve remittances transparency, increase market competitiveness and consumer protection.

European Union	The revised EU Payment Services Directive (PSD2) was transposed into national legislation of EU Member States in January 2018. This Directive increases the transparency of remittances costs in the EU. In December 2019, the revised Cross-border Payments Regulation came into force. This Regulation introduces enhanced currency conversion transparency requirements for intra-EU credit transfers. In September 2020, the European Commission adopted a Regulation on Markets in Crypto-assets, which regulates the issuance of crypto-assets in the EU. In addition, the Commission adopted a Retail Payments Strategy for the EU in September 2020, which includes measures to further enhance cross-border payments. Outside the EU, the European Commission has been funding the "Maximising the Impact of Global Remittances in Rural Areas" (MIGRRA) programme via IFAD FFR (EUR 5.4 million, 2015-2020). In December 2018, the Commission and IFAD launched the "Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa" (PRIME Africa, EUR 15 million, 2019-2023). The Commission is now looking at new remittance projects in response to Covid-19. This includes a project (EUR 14.5 million for 4 years) aimed at supporting digital remittance payments towards countries in Africa, the Caribbean and the Pacific managed by UNCDF. Finally, the Commission has approved a top-up of EUR 25 million to the InclusiFI project. The average cost of sending money from the EU to developing countries is at 6.55% in the third quarter of 2020, a small reduction from one year ago (6.83%, 2019 – including the UK).
France	Regarding diaspora's investments and financial education on remittances, the French Development Agency develops a project called DIASDEV, which should start in 2021, in collaboration with the Caisse des dépôts in France, Italia, Morocco, Senegal and Tunisia. The project is structured around three pillars: (i) online information platform: rating and labelling tool, taking after envoidargent.fr, gathering existing financial services dedicated to diasporas (including crowdfunding, mobile and e-banking, dedicated investment funds etc.); (ii) facilitation fund to deliver technical and financial assistance to financial actors which develop tools for diaspora's investments in respect of the regulatory framework; (iii) technical assistance to develop actions in the field by Caisse des dépôts. France also encourages diaspora's productive investments in their countries of origin through the Meet Africa project, whose second phase was launched in 2020. The two objectives of Meet Africa 2 are to strengthen the ecosystem of actors in charge of supporting entrepreneurship in the diaspora and to provide technical and financial support to 420 entrepreneurs involved in business development in African countries. To further improve the knowledge of remittances originating in France and how they have been affected by the pandemic, a survey on diasporas and their cross-border transfers was launched during the summer 2020, by IPSOS with the support of the French Development Agency and the Ministry of European and Foreign Affairs. Preliminary results show that the Covid-19 crisis led to a greater use of digital remittance services. The survey also brought to light the remitters' intentions to maintain the same level of support by reducing their own expenses or by using savings. According to the survey, the average annual remittances amount for 2019 was 1 400€ by person, split into approximately three transfers. Over the last 5 years, France has achieved a 1.26 percentage point reduction in the cost of remittances, from 7.56% at Q3 2015 to 6.30% at Q3 2020.

Germany	The focus of Germany's measures remains on consumer protection, linking remittances to financial inclusion, creating enabling regulatory frameworks, supporting entrepreneurship in countries of origin and generating research and data on diaspora and remittances dynamics. Germany joined international efforts to raise awareness of the impact of the COVID-19 pandemic on remittances, inter alia, through the G20 Global Partnership for Financial Inclusion and the UN-led Remittance Community Task Force. German Development Cooperation consults regulators in various partner countries on the regulation and supervision of mobile financial services and inclusive payment systems and continues its work with the Central Bank of Jordan to implement the project on "Improving Access to Remittances and other Financial Services through Digital Solutions". Germany continues its activities on transparency and consumer protection, inter alia, in the framework of the price comparison portal www.GeldtransFAIR.de. Germany also continues to support KNOMAD with its 'Remittances and Diaspora Resources' working group generating recommendations for policy through research and knowledge exchange. Germany further encourages diaspora investments in Cameroon and Ghana to support start-ups and micro-entrepreneurs through the digital "WIDU.africa" platform (www.widu.africa). Since November 2019 investments of 2 million EUR have been mobilized. Due to the high demand and interest by the diaspora, the platform is being rolled out to further African countries – starting with Kenya, Ethiopia and Togo at the end of 2020. Germany will co-fund the upcoming Global Forum on Remittances, Investment and Development as an important platform to build and strengthen partnerships for innovative solutions on cheaper, faster and safer transfer of remittances with all relevant stakeholders. In Q3 2020 average costs to send remittances from Germany decreased to 7.47 percent of the amount remitted (from 7.64 percent in Q3/2019). This is a slight decrease after an increase of average transfer costs in 2019 but overall significant downwards trend since 2016 with transfer costs averaging 8.29 percent in 2016.
India	In India, more people are adopting faster, cheaper and more convenient ways of sending remittances through mobile telephony and prepaid cards, thus aiding competition.- The Reserve Bank's Payment and Settlement Systems Vision 2019-21 envisaged enhancing the global outreach of its payment systems, including remittance services, through active participation and cooperation in international and regional fora by collaborating and contributing to standard-setting.- In this connection, the Unified Payments Interface (UPI) system offers a robust framework and API-based protocols to facilitate interoperable retail payments. The UPI system has the potential to evolve into a cheaper and quicker alternative to available channels of remittance for cross-border payments, whether related to retail remittances or small-scale trade transactions. The Reserve Bank has been taking up the internationalization of UPI with other jurisdictions to establish the cross-border connectivity and enable Foreign Inward remittance to India through UPI which would help lower the cost of remittances. With regard to forex transactions, recognizing the need for newer players to make the outward remittances more smooth, cost-effective and accessible to the customers in India, the Operating framework for facilitating Outward Remittance services by non-bank entities through Authorized Dealer (Category I) banks in India was introduced in June 2017. The Authorized Dealer (Category I) bank through which the service is offered is responsible for ensuring that each outward remittance transaction is in compliance with the provisions of governing regulations in India. The remittances facilitated under this model comprise certain small value current account transactions, in the nature of personal remittances, not exceeding USD 5000 per transaction, based on the references received from the players permitted under the

	framework a review was undertaken and the ceiling for individual remittances towards overseas education was increased to USD 10,000 per transaction from September 07, 2018. The average cost of sending $200 to India increased slightly from 5.38% to 5.41% between Q3 2019 to Q3 2020.
Indonesia	Bank Indonesia continues to support to reduce the cost of remittances by encouraging the remittance process to accounts, especially for non-bank remittance operators. This mechanism is considered to have a positive impact on cost efficiency and real time transfers for migrant workers and their families and ensures certainty and safety of transfers. Indonesia is also continuing to conduct financial education for migrant workers, which aims to encourage the use of non-cash transactions, among other goals. - Through financial education, the migrant workers and the society more generally are expected to protect themselves and have more balanced bargaining power with financial service providers. The cost of sending remittances to Indonesia in Q3 - 2020 were recorded below 7% (6,57%), which is lower compared to the same period in 2018 (6,85%).
Italy	According to preliminary figures, in the twelve months ending in June 2020 remittance flows from Italy increased to 6.5 billion euros from slightly less than 6.0 billion recorded in the same period of the year before. Surprisingly, the rise seems to depend upon the acceleration recorded in the first half of 2020. These figures might reflect the need for migrants to provide more support to their relatives in home countries worst hit by the outbreak of the pandemic. Additional reasons behind these figures might be various, including migrants may have deployed a larger part of their savings, while others never lost their jobs and continued to work also during the lockdown if employed in “essential” sectors. The Italian emergency legislation has classified the offer of financial services, that includes remittances, as “essential” and, as such, these services have been kept running during the lockdown period. Therefore, the relative impact of the pandemic outbreak upon the recourse to such services by migrants may have been concentrated only in the very first days of the emergency, while no particular criticality occurred afterwards. As far as the regulatory framework is concerned, in July 2019 the Bank of Italy issued a new set of provisions on customer due diligence that includes, among the methods of verification of customers’ identity, video-identification and feedback mechanisms based on reliable technologically innovative solutions (e.g. forms of biometric recognition). These measures could have facilitated the access by migrants to formal financial services. Italy has also actively participated to the Remittance Community Task Force, which was created in March 2020 under the aegis of the Secretary General of the United Nations to develop worldwide recommendations on remittances able to counteract the adverse impact generated by the outbreak of the COVID-19 pandemic. The average cost of sending remittances from Italy has plateaued at around 6.15% in Q3 2020, remaining below the global average cost recorded in the same period (6.75%) and observing a slight decline compared to Q3 2019 (6.33%). At the same time, 10 out of the 20 corridors detected by the World Bank for the country have been hovering around, or below, the target cost of 5%

Japan	The Government of Japan has promoted the policies related to Payment Services Act which was into effect in 2010, including more use of non-bank service providers, to stimulate the market competition to bring down the cost and improve the remittance services. Under the Act, the number of licensed non-bank fund transfer business providers increased from 11 in 2010 to 78 as of September 2020. An amendment to the Act was passed in June 2020 to lift a ban on a large amount of money transfer and to introduce flexible regulations depending on the transfer amount and risk associated with money transfer business. In order to improve financial system infrastructure and pursue policies conducive to harnessing emerging technologies, the Government of Japan has promoted the use of digital and other technologies to enhance the quality and accessibility of related banking services in close coordination with private sector including technological companies. The efforts include identifying and addressing regulatory and technological issues as well as leading domestic and global discussions on application of blockchains and other distributed computing technologies. In terms of transparency and consumer protection of remittance transfers, the Government of Japan is allowed to take measures to ensure the proper operation of RSPs in addition to other measures. In particular, Government of Japan issued a warning to consumers in September 2020, in light of the fraudulent use in the services of payment services providers linked to bank accounts. According to “Remittance Prices Worldwide” (September, 2020) published by the World Bank, the remittance cost rate of Japan decreased by 2.39 percentage points between Q3 2015 and Q3 2020. The cost of sending $200 from Japan is 10.58% in Q3 2020.
Korea	The Korean government has been taking various measures to make the remittance market more competitive. - Increase Remittance Market Competitiveness: Since small-sum overseas remittance business started in July 2017, the Korean government has been improving relevant systems to promote competition in the remittance market. (i). Minimum capital requirement for small-sum overseas remittance businesses, was lowered from 2 billion won to 1 billion won (Oct. 2019) and securities firms, credit card companies (Dec. 2018) and savings banks were allowed (May. 2019) to start small-sum overseas remittance businesses, enabling more MTOs to enter the remittance market. (ii) The limit for small-sum overseas remittances has been continuously revised upwards to $20,000 (Jul. 2017), $30,000 (Dec. 2018), and $50,000 (Oct. 2019). These measures are expected to contribute to increasing the number new service providers in the market and improving consumer convenience. - Improve Financial System Infrastructures and Transparency: Enlargement of the Cross Border Fund Transfer (CBFT) Service Asia Payment Network (APN), a regional cooperative network for payment clearing institutions in Asia, has completed the establishment of a hub system that links cross-border remittance services among member countries (Dec. 2018). ATM services between Korea, Thailand, Malaysia, and Indonesia have been linked through the APN hub system, and the expansion plan for mobile remittance services using APN hub system has been established. This is expected to reduce remittance fees and improve transaction speed and transparency. The cost of sending remittances from Korea recorded 4.74% in Q3 2020 compared to 4.87% in Q3 of 2019.

Mexico

Remittances 2019-2020:

- In Latin America, Mexico continues to be the top receiving-country in the region, with most remittances sent from the United States.[11]
- In 2Q, 2020, the average price of receiving remittances (USD $200) from the U.S — Mexico's largest sender— according to the World Bank was 4.2%. In 2019, it was —on average— 4.4%.
- At the local level, the states of Michoacán and Jalisco are the largest receivers, each one with USD$ 1, 000 million (2Q, 2020).Policy actions in place:
- The Mexican Government remains active and involved in the promotion of policies and programs that support the reduction of the cost of sending and receiving remittances., such as the Program for Financial Services aimed at Migrant Families, which is supported by a government development bank. These programs have helped sustain the cost of remittances under the 5% objective and will be expanded to address the reduction of the cost to below 3% by 2030.
- Within the efforts being made towards the GPFI's goals, apart from adopting policies aimed at reducing the cost of receiving remittances; the Mexican government is currently working on:o a comprehensive reform to the financial system that aims at:
    1. Promoting competition within the financial sector.
       § Changes in regulation will focus on encouraging more competitive practices among participants on the financial sector as well as transparency measures to empower the consumer of financial services.
    2. Increasing financial inclusion.
       § Mexico recently updated its previous efforts on financial inclusion and, as a result, issued a new National Policy of Financial Inclusion last March. This policy was strengthened with accountability mechanisms that aim to achieve specific targets by 2024. For instance, by that same year it is expected that at least 77% of the adult population will have access to at least one financial service (either an account, credit, insurance policy or a retirement savings account). In 2018, only 68% of the adult population had access to at least one financial service or product.
    3. Fostering less usage of cash by increasing electronic payments.
       § When it comes to remittances, 96% are sent in cash (through money remittances services, companies, banks etc..); only 1% are sent to be deposited directly in a bank account and, from this 96%, 88% are collected in cash. In this sense, the National Policy of Financial Inclusion also includes policy measures to reduce the use of cash. One of the measures focuses on incentivizing the use of electronic payments, through CoDi, which is a platform developed by the Central Bank that facilitates payments through electronic fund transfers in a quick, safe and efficient manner. Other efforts include fostering alliances between government agencies, and other non-financial entities to foster digital payments in small businesses.
       § Also, the National Policy of Financial Inclusion foresees measures on improving financial inclusion of Mexican immigrants in the U.S such as incentivizing the reduction of remittances' costs; and creating financial literacy programs hand in hand with the ministry of Foreign Affairs through the Consular Offices.

Remittances and the Covid crisis:

- In April 2020 the World Bank announced that remittances were expected to fall at a rate of, at least, 20% worldwide.
- Almost a quarter of total remittances of the world are sent from the United States.

[11] At the end of 2018, Mexico became the third country with the highest inflow of remittances worldwide (USD $35,562 million in total for 2018). Remittances in México account for 3% of the GDP, placing it at its highest level of dependency since 2003; in 2019 remittances represented USD $36, 046 million —a record breaking amount— which meant an 7% increase compared to 2018 (USD $33,677 million).The average amount of remittances received in Mexico is USD $326.

	• In the Latin America region, remittances were expected to fall 19.3%, according to the World Bank. • However, the Mexican case proved otherwise: 1. The World Bank estimates remittances to increase to, at least, USD $38,500 million. Other estimates are higher, forecasting remittances to account for USD $40,000 million, which would represent an 8% annual increase. 2. This increase may be explained by policies undertaken in the U.S.A, such as relief measures for legal immigrants (USD $600 weekly stipends). 3. Another factor which may have influenced this increase, could have been the fluctuations in the exchange rates experienced during the pandemic.
Russia	Russia remains the least expensive G20 sending remittances country, recorded at 1.94% due to strong market competition; developed infrastructure, lead to increase in use of innovative digital technologies and supportive regulatory environment. There is also growth of the share of cashless payments in general achieved by a larger variety of financial services and in particular, the growing use of the Faster Payments System (FPS), which has been introduced by the Bank of Russia and the National System of Payment Cards (NSPC JSC) in January 2019. As of 1 October 2020, 179 banks offer the FPS services (compared to 12 banks at the start). Today the average daily volume of transactions totals to 436 thousand operations (in early 2020 it was 18 thousand), with a value of about 3 bln RUB. The Bank of Russia has supported merchants by providing reduced fees of the FPS services that are three times more valuable than the acquiring costs and has provided individuals with zero-sized fees for transfer amount less than 100.000 RUB per month and low charges for bigger amounts. The Bank of Russia has proposed its counterparts from the Eurasian Economic Union countries to introduce the interoperability of faster payments systems, which can make cross-border transactions, including remittances even faster, cheaper and hassle-free. Another initiative aimed to increase financial literacy and financial inclusion has been implementing in the frame of the technical assistance project between the OECD and the Ministry of Finance of the Russian Federation for migrants working in Russia and their families.
Saudi Arabia	• Outbound transfers from banks, money exchange centers and financial technology companies have increased slightly while inbound transfers have decreased in the six months ending June 30, 2020 compared to the same period last year. Statistics relating to outbound transfers in the six months ending June 30, 2020 compared to the same period last year is as below: o The outbound transfers have increased by 0.7% from SAR 685.72B to SAR 690.81 Billion o Outbound transfers by Companies represent 84% (SAR 582.74 B) of total outbound transfers while the percentage of Saudi companies' outbound transfers is 97% (SAR 563.7 Billion). o (Individual outbound transfers have increased by 6% from SAR 102.28 Billion to SAR 108.07 Billion. o Saudi individuals' transfers have decreased by SAR 4.62 Billion while foreign individuals' transfers have increased by SAR 10.4 Billion. Foreign individuals' transfers represent 75% (SAR 80.9 Billion) of the total individuals' outbound transfers). • Statistics relating to inbound transfers in the six months ending June 30, 2020 compared to the same period last year is as below: o The inbound transfers have decreased by 12.1% from SAR 448.4 Billion to SAR 394.27 Billion.

  - Inbound transfers by companies represent 97% (SAR 383.41 Billion) of total inbound transfers while the percentage of Saudi companies' inbound transfers is 85% (SAR 326.73 Billion).
  - Individual inbound transfers have decreased by 31% from SAR 15.74 Billion to SAR 10.85 Billion.
  - Saudi individuals' transfers represent 84% (SAR 9.16 Billion) of the total individuals' inbound transfers.

Call to Action on Remittances:

- The Saudi Arabian Monetary Authority (SAMA) has recently used Blockchain technology to deposit part of the liquidity in the Financial Sector it had announced as part of COVID 19 measures.

The role of SAMA in AML-CTF measures that mitigate the remittance risks:

- The high-risk sectors (including high-risk products and services due to a large number of remittance transactions volume) require a certain level of supervision in the financial sector. SAMA has identified these potential risks arising from remittance services by emphasizing the financial sector to build robust controls that mitigate the risks of Money Laundering/Terrorist Financing operations. In addition, Money or Value Transfer Services (MVTS) are frequently subject to off-site and on-site inspections to ensure that they effectively implement such controls.

SAMA's Improvements in monitoring or supervision of the MVTS sector in order to enhance the competition of MVTS providers:

- SAMA relies on an effective implementation of the Risk Based Approach (RBA) in the financial sector supervision, including the MVTS sector. In this regard, SAMA has taken the following steps:
  - Reducing the remittance fees so that the overall exchange rates are competitive.
  - Providing electronic channels to transfer money easily without compromising on efficiency of MVTS's internal controls.
  - Working on a project that will enhance competition in the remittance sector by allowing money exchangers to provide remittance services to their customers.

The cost of sending $200 in remittances from Saudi Arabia declined from 4.99% in Q3 of 2019 to 4.80% in Q3 of 2020 on average.

Spain

Spain keeps working on several already existing strategic lines conducting to facilitate cheaper and safer transfers of money:

i) ensuring appropriate AML/CFT compliance while protecting the financial consumer, a task which involves some practical challenges;
ii) enhancing digital cross-border payments;
iii) facilitating tools to conduct financial activity through formal channels, i.e. the new regulations on basic bank account for common and vulnerable consumers;
iv) increasing awareness and digital financial literacy among migrants and relevant stakeholders with a series of foreseen initiatives under the umbrella of the National Strategy of Financial Education;
v) sharing of good practices with other countries, mainly in Latin America, in cooperation with regional bodies or through the Spanish Agency for International Cooperation (AECID).

The main remittances corridors from Spain are Latin America (Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, Honduras and Peru), Bulgaria and Romania, in Europe, Morocco and Nigeria, in Africa; the Philippines and China, in Asia. Remittance costs from Spain remain lower than the global average, although there are important differences linked to the country of destination and channel used. By destination, the lowest costs of transfers from Spain are to the Philippines, Peru and Dominican Republic (under 5% in the last years). On the other side, China and Nigeria are the most expensive remittance corridors from Spain.

	The cost of sending $200 from Spain declined from 5.28% to 5.03% between Q3 2019 to Q3 2020.
Switzerland	Over the past years, Switzerland has made significant progress to improve framework conditions for digital-based solutions for payments / remittances which are currently emerging in the Swiss financial sector. On 10 September 2020, the Swiss Parliament approved the new regulations for Blockchain and Distributed Ledger Technology (DLT Framework). Thereby, Switzerland has taken a further step to remain a key jurisdiction for FinTech, Blockchain and DLT Technologies and respective projects. The new legal framework is expected to enter into force early in 2021. In 2019, the FinTech license category entered into force, with the aim of promoting financial market innovation, including through organizational relaxations. Further, the Swiss Federal Council adopted in 2018 new guidelines for the “Digital Switzerland” strategy. This strategy includes, among other things, an intensifying dialogue with all relevant stakeholders from the private sector, academia and civil society. The average cost of sending $200 from Switzerland was 8.25% in Q3 of 2020 (compared to 8.45 in Q3 of 2019).
Turkey	A new internet-based platform through which all fees and commissions charged by banks, including remittance fees are disclosed, was introduced at the end of 2019. The platform which was established by the Banks Association of Turkey under the guidance of Banking Regulation and Supervision Agency (BRSA) and in cooperation with the Participation Banks Association of Turkey, is intended to improve transparency and comparability of charges and fees among banks. Recently, institutional framework concerning payment institutions and fees and commissions changed. Effective from the beginning of 2020, the power to regulate and supervise payment service providers, payment institutions and electronic money institutions, which was under the responsibility of the BRSA since 2013, was transferred to the Central Bank of the Republic of Turkey (CBRT). The aim of this change was, in consideration of the advances in IT and communication technologies, the new products and practices, and the new global practices, to increase regulatory and supervisory efficiency by eliminating duality in regulation and supervision processes. Likewise, the duties assigned to the BRSA regarding fees and commissions charged by banks on financial consumers pursuant to the Consumer Protection Law were transferred to the CBRT with the change made in early 2020 in order to ensure that all relevant responsibilities are consolidated. A survey performed by BRSA in 2017 to estimate the cost of sending remittances via banks in Turkey is planned to be reconducted in 2021.[12] The cost of sending $200 to Turkey increased modestly from 6.62% to 7.26% during Q3 2019 to Q3 2020.

[12] The 2017 survey found that the cost of remittance transfers via banks was around 10% while the cost via post offices was via 8.5%. In addition, there was a variable fee in receiving remittances, ranging between 0-6%.

United Arab Emirates	As the second biggest outward remittance country in the world after the US, the UAE is committed to contributing to the G20 objectives of enhancing remittance flows and reducing remittance transfer costs. The relevant stakeholders have implemented a set of concrete measures towards enhancing their digital offering and innovating their service models to better serve existing and new customers, providing accurate information to their customers particularly on price comparison, and accelerating the migration to more user-friendly digital platforms during the COVID-19 pandemic. All these measures have helped better monitoring of the remittance flows and reduction in the transfer costs. The UAE's vision in supporting the remittances service providers is to provide guidance, enhance the regulatory framework, and facilitate access and use of digital financial services through a set of initiatives. In the first 6 months of 2020, expats' remittances from the UAE amounted to AED 79.6 billion (US$ 21.7 billion), accounting for 48.2 percent of the total money transferred by foreign residents in the country during 2019. Exchange houses operating in the country transferred around 76 percent of the total, and banks facilitated the rest. India remains the top receiving country for earnings made by expats, followed by the Philippines, Pakistan, Bangladesh, Egypt, and the US. The cost of remitting $200 from UAE increased from 3.47% to 4.10% between Q3 2019 to Q3 2020.
United Kingdom	The UK remains committed to reducing the global average cost of remittances in line with G20 and SDG targets, while also ensuring that corridors are secure, transparent and accessible. UK efforts focus on supporting regulatory, supervisory and policy reform; the modernization of payments infrastructure; and support to innovative remittances business models. Over the past year, the UK government together with the Switzerland government, and with support from like-minded multilateral partners, launched a Call to Action on remittances to address the slump in remittances caused by the COVID-19 crisis. In line with this, the UK Government amended the Health Protection (Coronavirus Restrictions) Regulations 2020 to include Money Transfer Organisations as essential service providers, exempted from restrictions during the lockdown period. We continue to work with key stakeholders (in particular the World Bank and Financial Sector Deepening Africa) to identify opportunities that would support greater access to low-cost, secure remittance services. This includes: • Particular focus on UK-send corridors with the highest volumes (including to Nigeria, Ghana, Somalia and Pakistan), to undertake research and develop initiatives that help deliver lower costs, higher rates of secure access, and growth in formal remittance channels • Working with receiving countries regulators to improve RSPs' implementation of risk-based approaches to digital products to encourage uptake and usage. • Work to improve data on volumes of flows and remitters' / recipients' behavioural preferences, which will be important to both understanding the impact of the crisis in receiving countries and in measuring the impact of some of the other options proposed here. • The Government supports work being undertaken by the G20 and CPMI to improve cross-border payments, and in light of rapid technology developments, has also launched a Payments Landscape Review in the UK. The cost of remittance from the UK declined every quarter of this year from 7.23% in Q1 to 6.74% in Q2 and 6.57% in Q3.

United States

As the world's largest remittance-sending country, the United States is committed to upholding a regulatory and supervisory environment that enables the flow of remittances via legitimate, regulated channels, while actively working to address any undue barriers to access and usage, and at the same time ensuring that accessibility does not encourage or facilitate illegal entry, human trafficking, or unauthorized employment.

Federal banking authorities continue to work with financial institutions under their respective jurisdictions on ways to offer low-cost remittance transfers, no-cost or low-cost basic consumer accounts, and agency services to remittance transfer providers while still operating responsibly.

Consumer Financial Protection Bureau (CFPB) In May 2020, issued a final rule amending certain aspects of its regulations on remittance transfers in 12 CFR part 1005 (Remittance Rule). - As amended, persons providing 500 or fewer transfers annually in the current and prior calendar years are not subject to the Remittance Rule.- In light of a temporary statutory exception that expired on July 21, 2020, the final rule also amended the Remittance Rule by adding new tailored exceptions to allow insured institutions to continue estimating certain third-party fees and the exchange rate under certain circumstances. - In April 2020, the CFPB issued a statement related to the temporary statutory exception. The CFPB stated that, in light of the COVID-19 pandemic, it will take a flexible enforcement and supervisory approach to certain requirements in the Remittance Rule until January 1, 2021, in order to allow remittance transfer providers that are insured institutions to focus their time and attention on ensuring financial access during the crisis. The statement covers insured institutions that were newly required to disclose exact exchange rates and certain third-party fees in certain circumstances after the temporary statutory exception expired.

U.S. Department of the Treasury remains engaged in work related to remittances through such multilateral fora as the Financial Action Task Force (FATF).- Treasury continues to work to facilitate regulated and transparent channels for customers who want to send remittances for legitimate purposes.- Treasury's Office of Technical Assistance (OTA) continues to provide technical support to jurisdictions that are seeking to ensure that innovative forms of digital payments can be adopted for person-to-person (P2P) and government-to-person (G2P) payments, including by promoting interoperable arrangements between unrelated payment service providers. - U.S. Agency for International Development (USAID) USAID makes global and market-level investments focused on expanding inclusive digital finance ecosystems through improved infrastructure, policy, and regulation, including the use of digital technologies to lower costs, improve prospects for integration with regulated financial services, and build cross-border digital economies.- In addition to making remittance transactions faster and cheaper, these investments harness remittance flows to deepen financial inclusion in both sending and receiving communities.

The cost of sending $200 from the US declined from 5.36% to 5.14% from Q3 2019 to Q3 2020.