



International Remittances: a global engagement

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WORLD BANK GROUP
Finance & Markets

About PSDG

The World Bank Group Finance & Markets Global Practice (F&M GP) delivers tailored development solutions to countries and the global community working with our public and private sector clients. Our commitment is to support the twin goals of eliminating extreme poverty and promoting shared prosperity



The Payment Systems Development Group assists client governments in enhancing the safety, efficiency and reliability of their National Payments Systems (NPS). It contributes to the TWIN GOALS by:

- ✓ Helping to build resilient, transparent and smooth-functioning financial systems – thus contributing to financial stability, job growth, and poverty alleviation – through safer and more efficient financial market infrastructures
- ✓ Fostering financial access / inclusion – Payment systems provide for an entry point and a platform for broader financial services. Effective and contestable payment markets enhance the quality and cost-efficiency of all types of payments, including migrant remittances

About us (cont.)

| Activities Delivery mechanisms | Payment System Reform | FSAP | Standard-setting / guidance | Convening services | Survey / diagnostics | Core payment system infrastructure |
|--|---|--|---|--|--|--|
| Advisory services & analytics, e.g. - Non-lending technical assistance - Reimbursable advisory services - External training - Impact evaluation | <ul style="list-style-type: none"> - Assessment of international standards / diagnostics (other than FSAP); - National payments strategies / retail payments strategies; - PS oversight framework / capacity building; - Acquiring / upgrade of payments infrastructure (non-lending); - Government payments reform; - Legal and regulatory TA; - International remittances assessment and TA (e.g. Greenback 2.0 champion cities) - Emergency response (e.g. Ebola, Nepal) | <ul style="list-style-type: none"> - Reports on the Observance of Standards and Codes (ROSC – CPMI-IOSCO) - Payment Systems Technical Notes (in addition to ROSCs) | E.g. CPMI-IOSCO, WB-CPMI Payments Aspects of Financial Inclusion (PAFI) Task Force; WBG-led task forces, e.g. International Advisory Group (IAG) on Government Payments, G25 Group of Experts, etc. | E.g. Global / Regional Payments Weeks; Payment Systems Regional Initiatives (e.g. Western Hemisphere Forum); CPMI-WB Retail Payments Forum, etc. | Remittance Prices Worldwide (227 country corridors), and regional / national price comparison databases; Global Payment Systems Survey (150 countries); Retail Payments Cost Study | |
| Lending | | | | | | Financing of core payment system infrastructure (e.g. Automated Transfer System) |

Recent PSDG milestones

2009: Launch of RPW; endorsement by G-8 of the 5x5 objective

2011: Endorsement by the G20 of the 5x5 objective; Project Greenback; GPs for credit reporting / ICCR

2013: Vision of universal access by 2020; Creation of PAFI, G25 Report published

2015: WBG committed to enable 1 billion adults to gain access to a transaction account; upcoming PAFI report

2010: WB to take part in CPSS-IOSCO review of standards; Regional / national remittance price databases are launched / certified

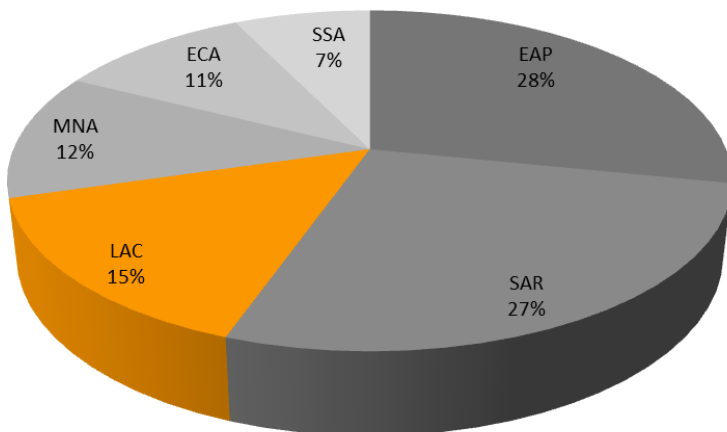
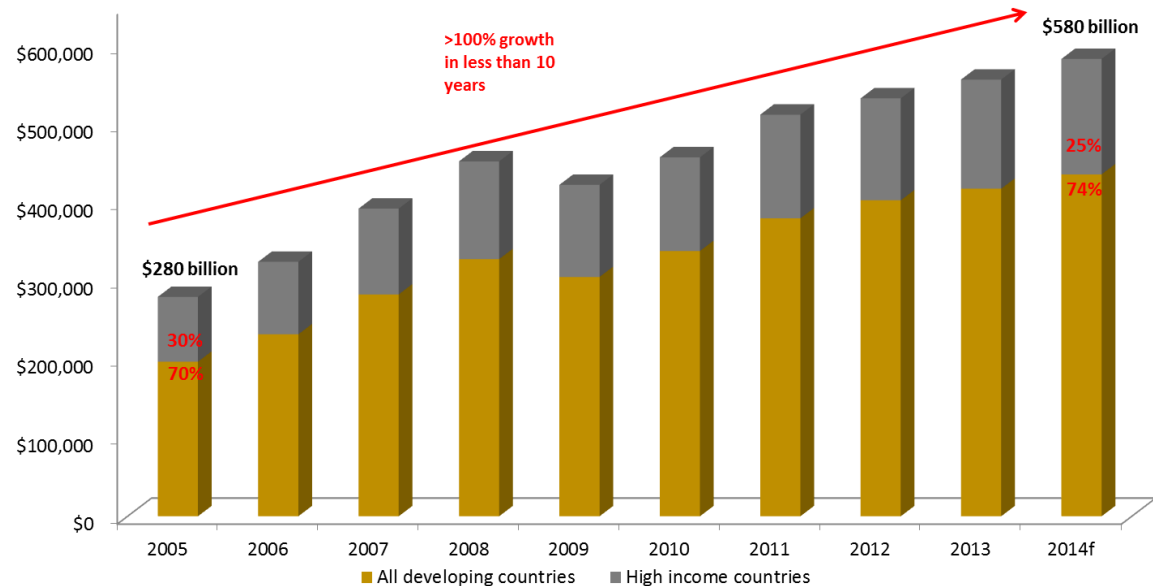
2012: Retail Package and Government Payments Guidelines are issued; Greenback 2.0

2014: 15 years of WHF; Retail payment cost-study methodology is launched and piloted

Remittance flows and prices: Brazil in context

Remittance flows worldwide

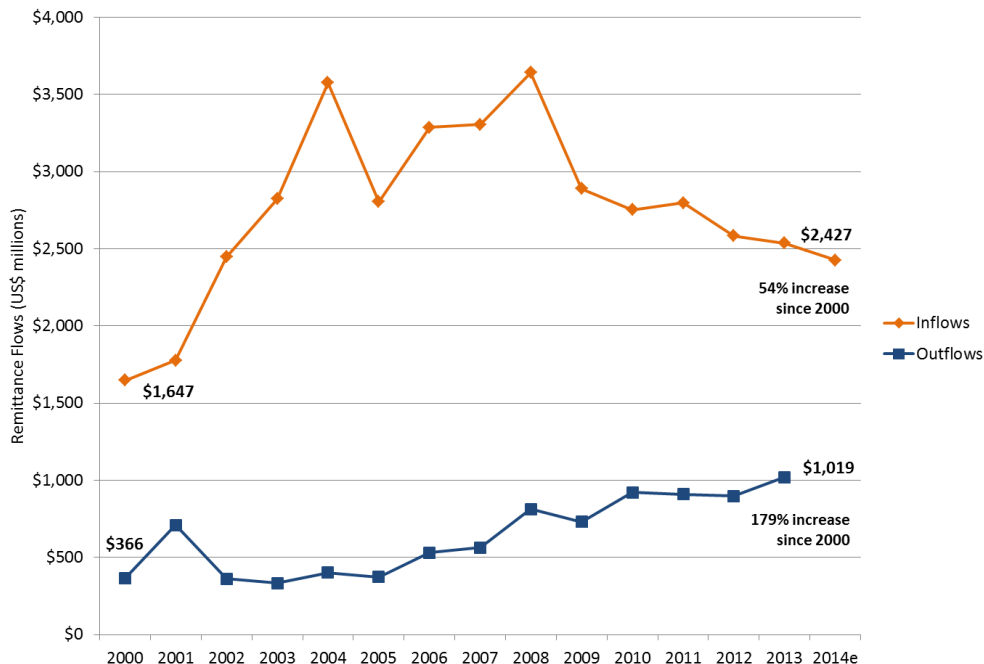
- The World Bank estimates that international remittances totaled \$580 billion in 2014, involving nearly 250 million migrants
- Globally, remittance flows have more than doubled in less than 10 years
- The vast majority of international remittances – \$427 billion in 2014 – is destined for developing countries, which now receive a larger share of total remittance flows than before



- The LAC region is estimated to have received US\$64 billion in remittances in 2014 – 15% of all the flows destined for developing countries
- LAC is the 3rd largest remittance recipient region, after South Asia and East Asia and Pacific

Remittance flows to and from Brazil

- Brazil is a net recipient of remittances and receives nearly 4% of the flows to the LAC region; inflows are nearly 2.5 time larger than outflows
- Inflows have been declining since 2007, while outflows have continued to grow steadily
- The top 3 sending countries – USA, Japan and Portugal – account for approximately half of all inflows



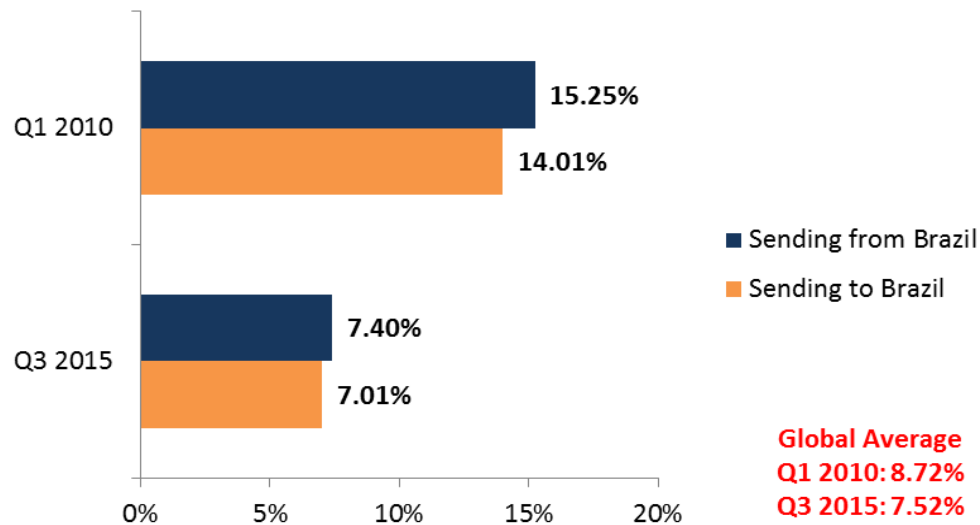
| Sending Country | Inflows | Share of Total Inflows |
|-----------------|---------|------------------------|
| United States | \$535.1 | 22.0% |
| Japan | \$503.8 | 20.8% |
| Portugal | \$181.6 | 7.5% |
| Spain | \$166.1 | 6.8% |
| Italy | \$154.8 | 6.4% |
| China | \$141.1 | 5.8% |
| Paraguay | \$100.4 | 4.1% |
| Germany | \$82.4 | 3.4% |
| France | \$76.8 | 3.2% |
| United Kingdom | \$72.8 | 3.0% |

| Receiving Country | Outflows | Share of Total Outflows |
|-------------------|----------|-------------------------|
| Portugal | \$285.4 | 17.2% |
| Spain | \$272.6 | 16.4% |
| Japan | \$179.9 | 10.8% |
| Lebanon | \$122.4 | 7.4% |
| France | \$120.8 | 7.3% |
| China | \$111.5 | 6.7% |
| Italy | \$96.8 | 5.8% |
| Germany | \$62.4 | 3.8% |
| United States | \$51.8 | 3.1% |
| Bolivia | \$49.0 | 3.0% |

The cost of sending remittances to and from Brazil

- The cost of sending remittances to and from Brazil have declined significantly in the last 5 years – from 14.01 to 7.01 percent for sending to and from 15.25 to 7.40 percent for sending money from Brazil
- The cost of sending remittances to and from Brazil were both well above the global average in Q1 2010, and are now both below
- Despite significant declines, Brazil is the 6th most expensive country in the LAC region to send money to, however significant fluctuations have been observed especially due to swinging exchange rate margins

| Receiving Countries in LAC | Cost in Q3 2015 |
|----------------------------|-----------------|
| Haiti | 9.41% |
| Guyana | 8.66% |
| Jamaica | 8.53% |
| Bolivia | 7.11% |
| Paraguay | 7.07% |
| Brazil | 7.01% |
| Suriname | 6.50% |
| Dominican Republic | 6.41% |
| Colombia | 6.18% |
| Peru | 6.03% |
| Mexico | 5.59% |
| Guatemala | 4.70% |
| Panama | 4.69% |
| Ecuador | 4.34% |
| Honduras | 4.25% |
| El Salvador | 4.22% |
| Nicaragua | 4.06% |



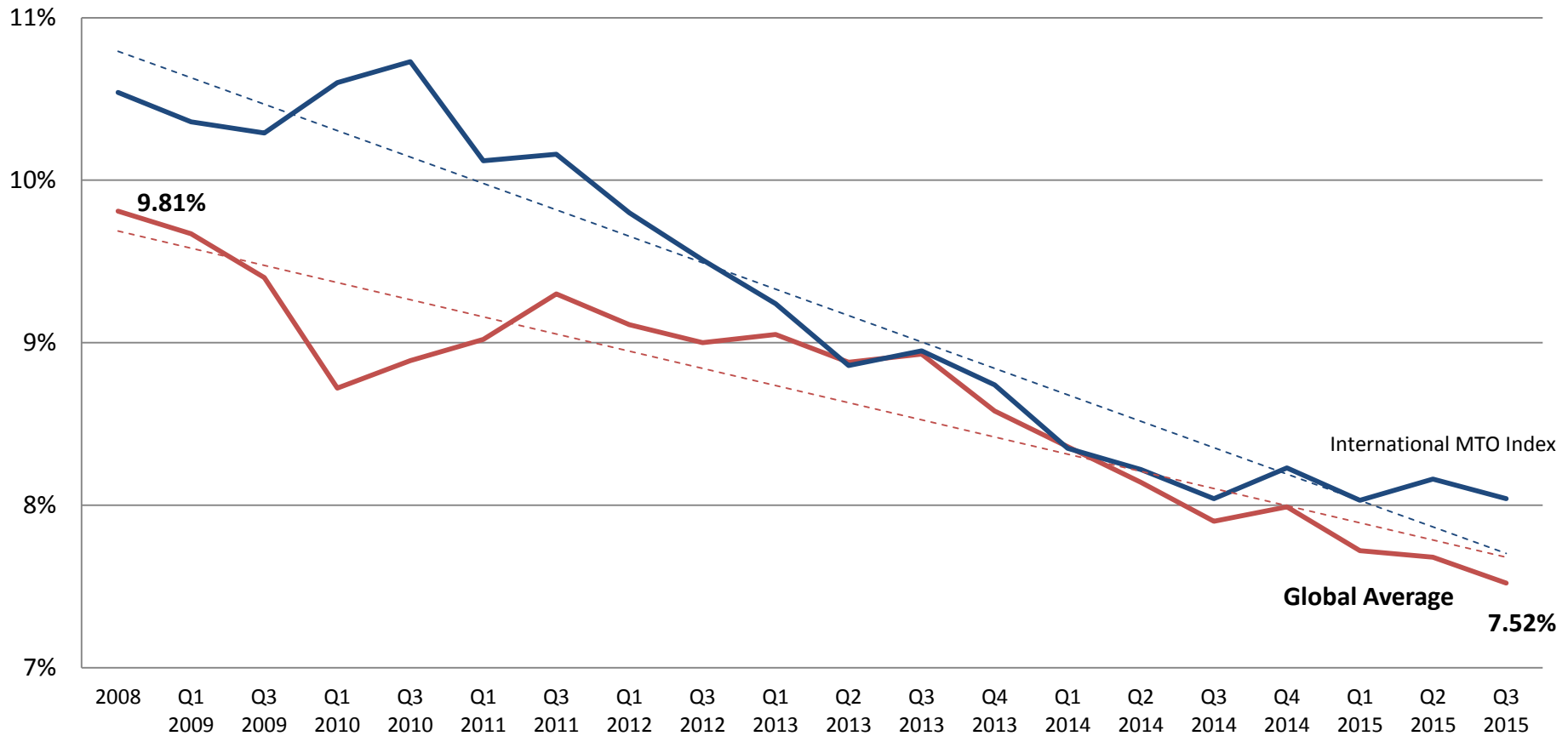
World Bank initiatives

Developing international standards and best practices

The World Bank, together with the BIS-CPMI, plays an important role in developing standards and policy advice documents

| Area | Reference |
|------------------------------------|---|
| Large-value payment systems | CPMI-IOSCO Principles for Financial Market Infrastructures (PFMI report) (2012) |
| Foreign exchange | CPMI: Settlement risk in FX transactions + Progress Reports (1998 and 2008) |
| Securities settlement | CPMI-IOSCO Recommendations for Securities Settlement Systems (2001) CPPS-IOSCO Principles for Financial Market Infrastructures (PFMI report) (2012) |
| Payment system oversight | CPMI: Central Bank Oversight of Payment and Settlement Systems (2005) World Bank/CEMLA: The Oversight of the Payments Systems: A Framework for the Development and Governance of Payment Systems in Emerging Economies (2001) <i>Upcoming: World Bank Oversight Handbook (2014)</i> |
| Retail Payments | World Bank Retail Package (2012) CPMI: Policy Issues for Central Banks in Retail Payments (1995) |
| Government Payments | World Bank Guidelines for the Development of Government Payment Programs (2012) |
| Remittances | CPMI-WB General Principles for International Remittance Services (2001) |
| Cross-cutting issues | <i>CPMI: The Interdependencies of Payment and Settlement Systems</i> <i>CPMI: General Guidance for National Payment System Development</i> <i>CPMI-IOSCO: Recovery of financial market infrastructures</i> <i>CPMI-IOSCO: Authorities' access to trade repository data</i> <i>CPMI-IOSCO: OTC derivatives data reporting and aggregation requirements; Public quantitative disclosures (consultative report)</i> <i>CPMI: Cross-border Collateral Arrangements</i> |

Exercising convening power: the 5X5 Objective



Significant progress over past decade

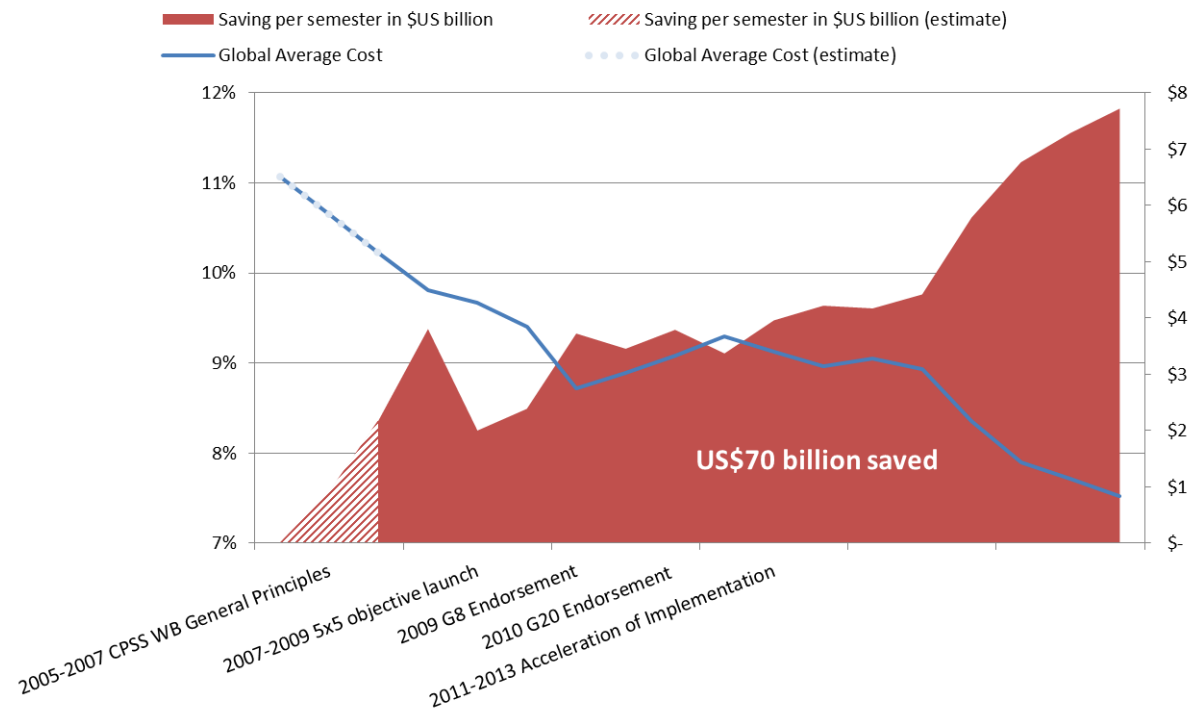
Global efforts led by the World Bank matched with country interventions are bringing down the cost of remittance services and some of the impacts include:

- Decline in global average total cost of sending remittances from nearly 10% in 2008 to 7.52% in Q3 2015
- Corridor shift to lower cost bands;
- Greater access to low-cost services
- Cheapest services have gotten cheaper
- **Savings of an estimated US\$ 70billion saved**

Public Policy Objectives:

Remittance services should be safe and efficient. To this end, the markets for the services should be contestable, transparent, accessible and sound

Cost of sending remittances is an indicator of safe and efficient international remittance services and markets.



Monitoring the market: Remittance Prices Worldwide

RPW Coverage

32 sending
countries

89 receiving
countries

227 corridors

Soon to be
increased to
300+

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1847

English

REMITTANCE PRICES WORLDWIDE

MAKING MARKETS MORE TRANSPARENT

HOME | CORRIDORS | ABOUT US | NATIONAL DATABASES | REMITTANCES RESOURCES | DATA DOWNLOAD | GREENBACK | CONTACTS

Search for...

FIND AND COMPARE PRICES

Transfer money from to

Select Sending Country

Select Receiving Country

Show

Cutting prices by at least 5 percentage points can save up to \$16 billion a year.

This website provides data on the cost of sending and receiving relatively small amounts of money from one country to another. The site covers 227 "country corridors" worldwide, from 32 remittance sending countries to 89 receiving countries. [Read more...](#)

Last update October 17, 2015

PSDG strategic priorities / areas of engagement: *achieving important UFA commitments through remittances*

- Operationalizing remittances and financial inclusion
 - The G20 – DWG and GPFI
 - CPMI-WB Task Force on PAFI
 - WBG's commitment to Universal Financial Access 2020
 - *Remittances to leverage transaction accounts*
 - Operations in countries – Financial Inclusion Support Framework
- Continuing to explore and innovate approaches
 - A new remittance program in East Europe and Central Asia supported by State Secretariat for Economic Affairs (SECO)
 - Greenback 2.0

Undertaking innovative approaches: Project Greenback



Greenback 2.0
REMITTANCES CHAMPION CITIES

Financial Education

- Classes
- Crash course
- City tour

Market monitoring

- Available data
- Mystery shopping
- Anecdotal evidence

Migrant-led activities

- Challenge Fund
- Radio show
- Social and sport events

Market-led initiatives

- Migrants' meet providers
- Workshops

2013

- Launched Turin, Italy

2014

- Launched Montreuil, France

2015

- Launching Malaysia, Indonesia, Balkans, Haiti, and Chicago

Coming up

- Canada, London, Pacific

Impact: Some evidence from Turin



More dynamic users

- In 2013, 33% had changed channel since arrival
- In 2015, 50% Peruvians had changed channel in the last 18 months

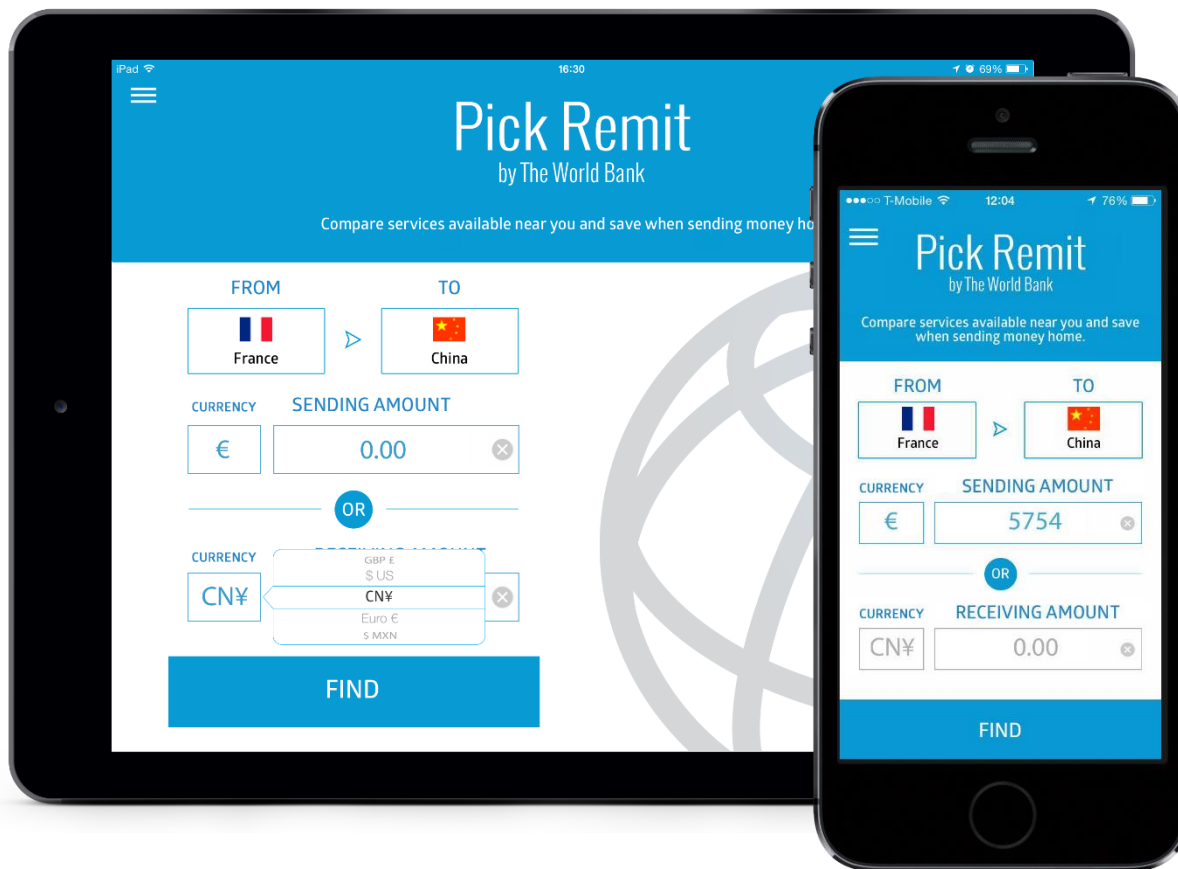
More informed users

- In 2013, 70% did not perceive all cost components
- In 2015, over 50% Peruvians did

Access to bank accounts

- In 2015, nearly 20% had opened a bank account in the last 18 months
- More relevant data coming soon

PICK REMIT: a ground-breaking tool for remittances transparency



Users can select sending and receiving country and compare services available near them to find the one they prefer

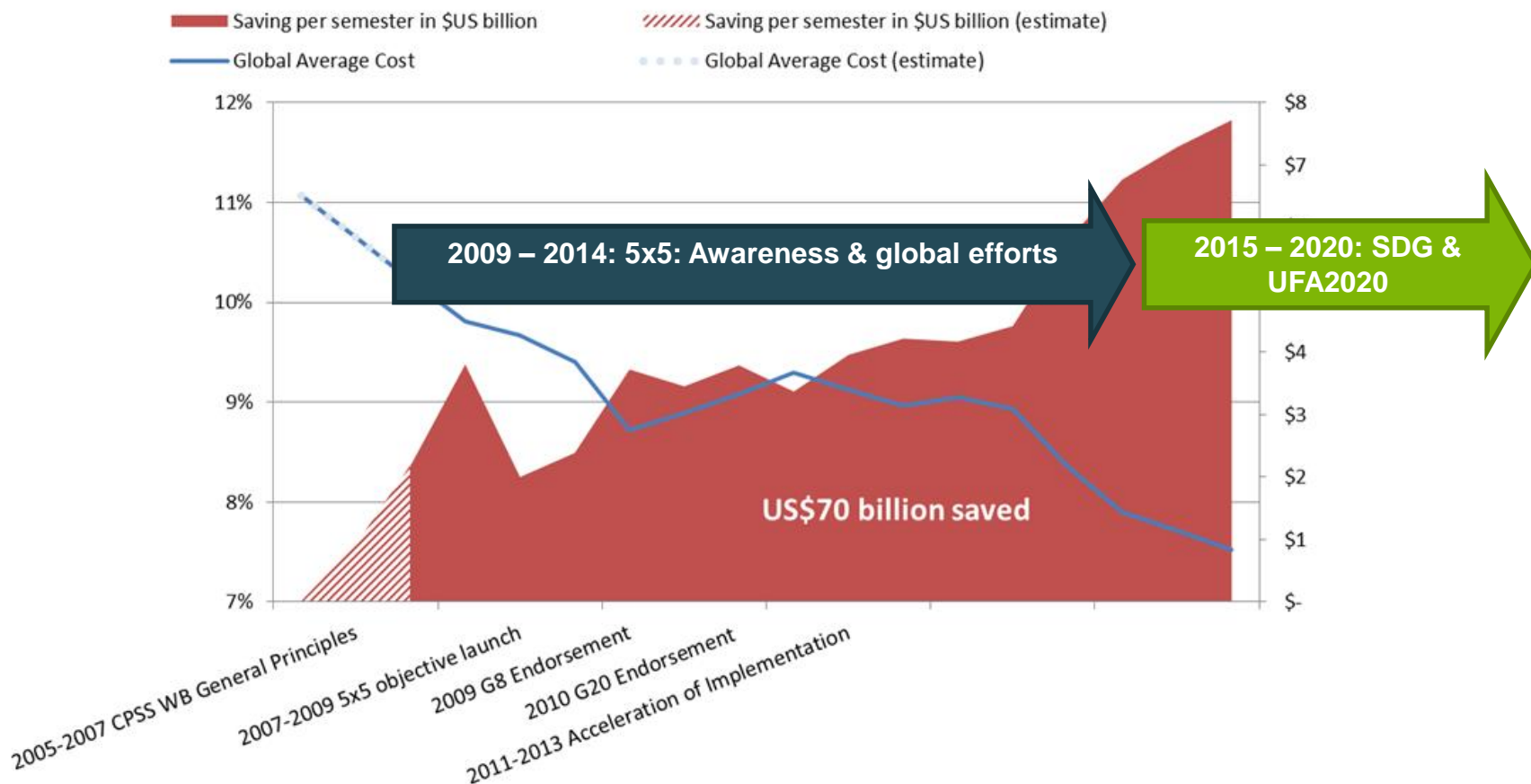
Getting SmarRT about reducing remittances costs

SmarRT will be calculated as the average cost of the three lowest cost services in each corridor that meet the following criteria:

- Availability to recipient within five days;
- Accessibility of the network nationwide in both the sending and the receiving country;
- Nearly universal access to accounts and technology for senders and receivers

SmarRT will accurately reflect the cost that a savvy consumer with sufficiently available information would pay in each corridor

International Remittances: Entering into a new phase (2015 –2020)



Thank You!



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