



# 2024 Update to Leaders on Progress Towards the G20 Remittance Target

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## Context

In 2014, the Group of Twenty (G20) announced its G20 Plan to Facilitate Remittance Flows.<sup>1</sup> This plan included an outline for country-led actions to support reducing the cost of sending remittances. In 2015, G20 members announced their National Remittances Plans, and agreed for the GPI to review progresses annually and to update the plans every two years. The 2015 G20 National Remittances Plans, the successive annual reviews and the 2017, 2019, 2021 and 2023 updates are on the website of the GPI. The Update to the Leaders report monitors annual progresses.<sup>2</sup>

The analysis in this report is based on data on remittance flows and costs excerpted from the *Migration and Development Briefs*, and *Remittance Prices Worldwide (RPW) Quarterly Reports*, and *World Development Indicators* by the World Bank.<sup>3</sup> The Annex to this report encloses *in verbatim* the annual updates provided by each jurisdiction to the GPI.

## Background

The G20 recognizes that cross border remittance flows are a major source of income for millions of migrant families and an important driver for economic growth and prosperity in developing countries. 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 digital economy.

The G20 supports factors that contribute to reducing transaction costs for remittance services as a vital and necessary condition to achieve the goals of the 2030 Agenda for Sustainable Development. In 2011, the G20 Leaders adopted the 5x5 objective, with which they committed to reducing the global average cost of sending remittances by 5 percentage points (starting from 9.30 percent observed in

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<sup>1</sup> <https://www.gpi.org/publications/g20-plan-facilitate-remittance-flows>

<sup>2</sup> In 2021, a new template for providing country updates was introduced, which was used for the first time for the 2022 *Update to the Leaders*.

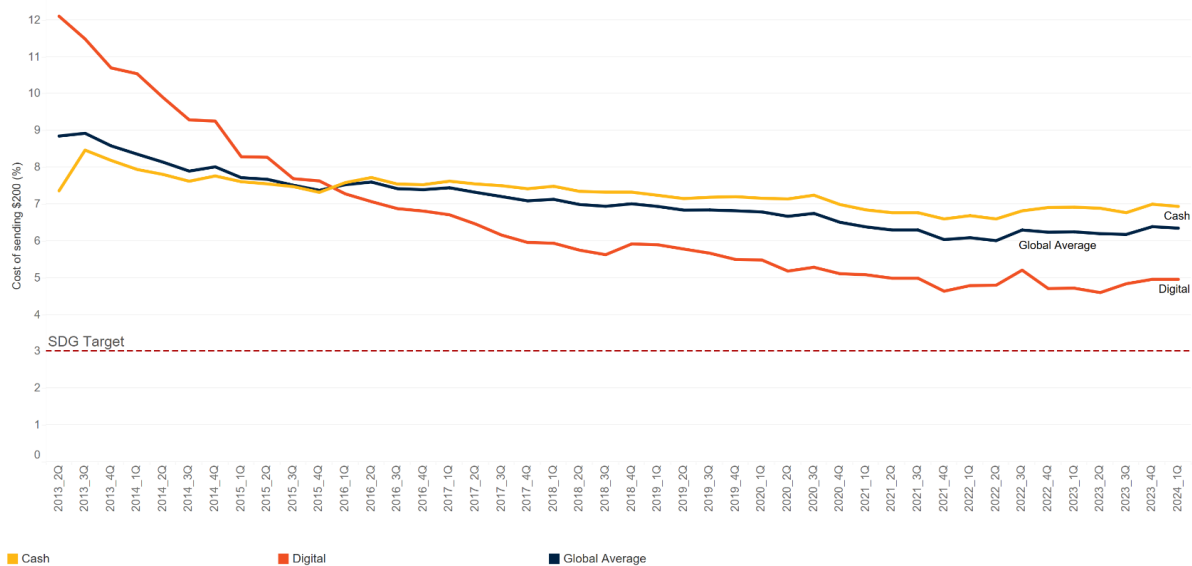
<sup>3</sup> Please see <https://www.knomad.org/publications> for the *Migration and Development Briefs* and <https://remittanceprices.worldbank.org/resources> for the *Remittance Prices Worldwide Quarterly Reports*. The *World Development Indicators* database can be accessed at <https://databank.worldbank.org/source/world-development-indicators>

mid-2011). In 2016, the G20 aligned this objective with the UN’s 2030 Agenda, by including the target of remittances’ cost reduction to less than 3 percent (set under Sustainable Development Goal, SDG, 10.c.) and the pledge to eliminate remittance corridors with costs higher than 5 percent by 2030. In 2021, as part of the G20 Roadmap for Enhancing Cross-Border Payments, the G20 re-iterated the commitment to SDG 10.c on reducing the average cost of remittances to less than 3.

### Global Trends in Remittance Costs<sup>4</sup>

In Q1 2024, the global average cost of sending remittances was 6.35 percent, a slight decrease from 6.39 percent in Q4 2023. The global average cost has remained below 7 percent for the past 5 years (since Q1 2019) and has declined by 3.32 percentage points over the past 15 years (since Q1 2009), when the figure was recorded at 9.67 percent.

**Figure 1: Trends in the global cost of sending \$200 in remittances**



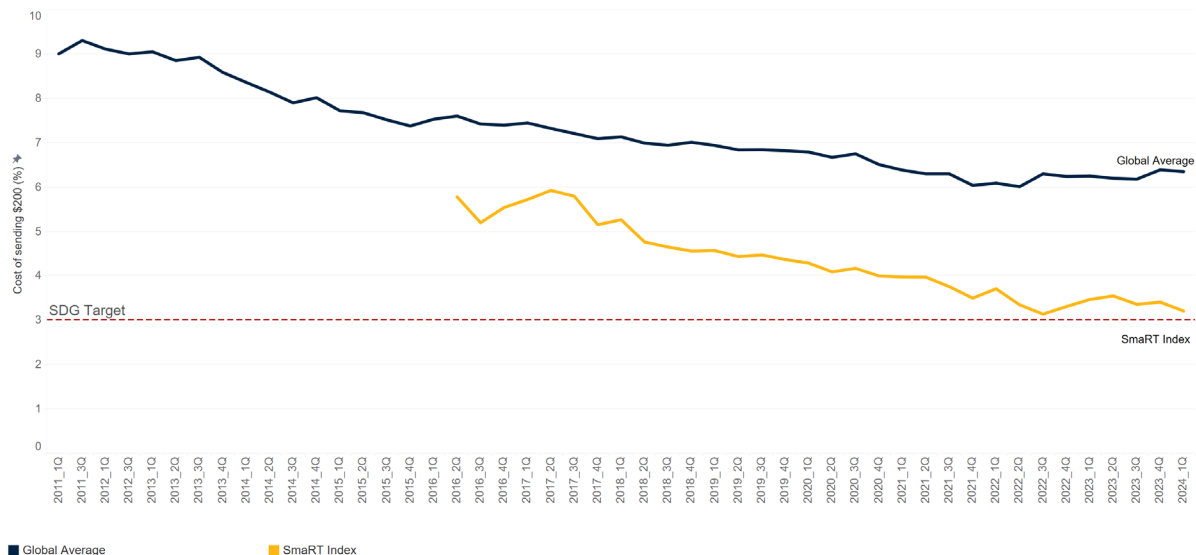
Source: *Remittance Prices Worldwide, Q1 2024, World Bank*

<sup>4</sup> Please note that the narrative in this report focuses on the cost of sending \$200 as this is the benchmark amount chosen for the G20 Remittances Target and also for SDG 10.c.1 on remittance costs. World Bank’s *Remittance Prices Worldwide* database collects and analyses the trends for the cost of sending \$500 as well. Please refer to the data and the quarterly reports on <https://remittanceprices.worldbank.org>

In Q1 2024, the global average for digital remittances was recorded at 4.96 percent, while the global average for non-digital remittances was 6.94 percent. Digital services account for 30 percent of all services RPW collected in Q1 2024.<sup>5</sup>

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.<sup>6</sup> It is also used to measure the corridor level targets in the SDG 10.c.1, i.e., that by 2030, no remittance corridor has an average cost above 5 percent. In Q1 2024, the *Global SmaRT Average* was recorded at 3.21 percent, while 17 percent of the tracked corridors still have a *SmaRT average* above 5 percent

**Figure 2: Trends in SmaRT average**



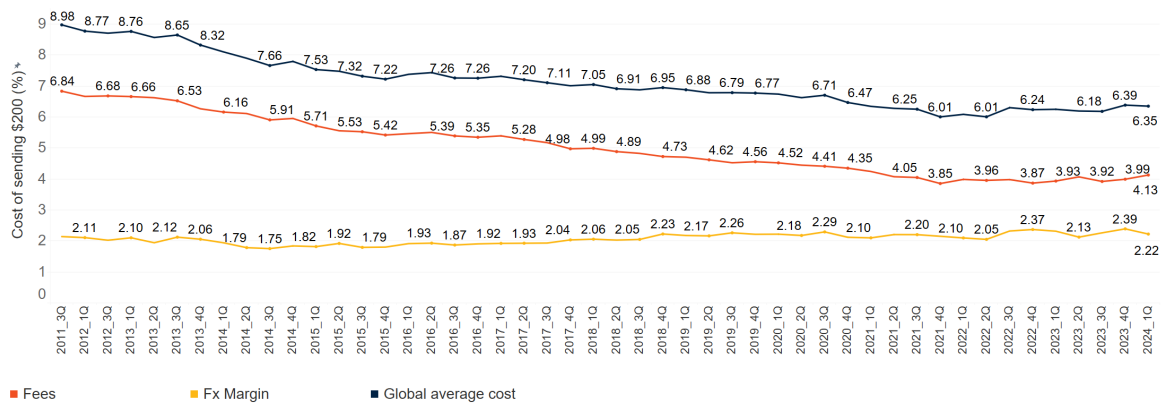
Source: Remittance Prices Worldwide, Q1 2024, World Bank

### Box 1 – Foreign Exchange (FX) Margins vs. Fees

The RPW database collects the cost of a remittance transaction on the sending side. The cost information collected consists of the transfer fee and the foreign exchange margin. Since the start of remittance cost monitoring via RPW, remittance service providers have reduced fees significantly on average, from 6.84 percent in Q3 2011 to 4.13 percent in Q1 2024, while the FX margin has remained stable over time, around 2 percent on average (Figure B1).

<sup>5</sup> A digital remittance must be sent via a payment instrument in an online or self-assisted manner, and received into a transaction account, i.e., bank account, transaction account maintained at a non-bank deposit taking institution (say a post office), mobile money or e-money account.

<sup>6</sup> [https://remittanceprices.worldbank.org/sites/default/files/smart\\_methodology.pdf](https://remittanceprices.worldbank.org/sites/default/files/smart_methodology.pdf)

**Figure B1: Trends in the remittance cost components**


Source: Remittance Prices Worldwide, Q1 2024, World Bank

While on average FX margin accounts for approximately 35 percent of the cost, for several corridors monitored by RPW, FX margin can account for over 80 percent of the cost.

This cost structure between fees and FX margins are similar across the regions, with Sub-Saharan Africa and Middle East and North Africa regions having consistently higher FX margins on average.

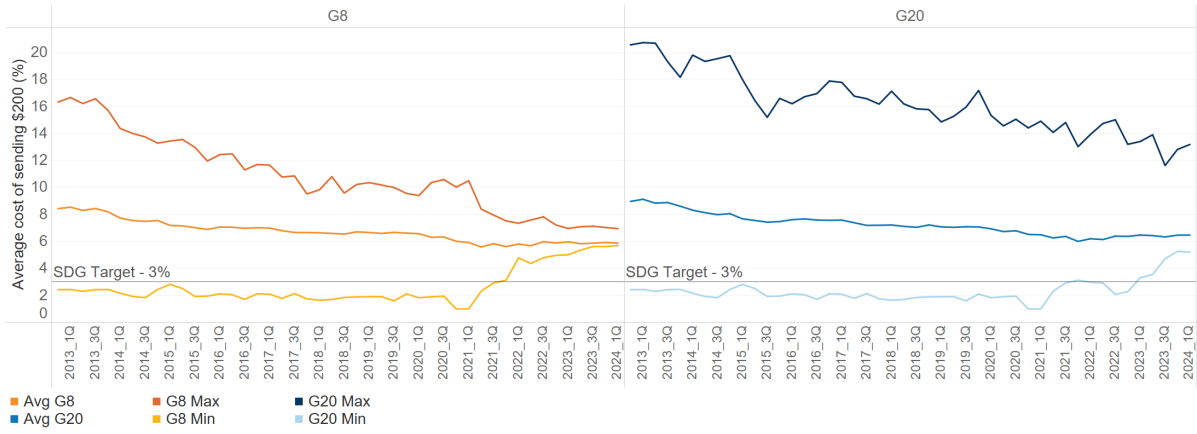
In Q1 2024, FX margin on average is 0.49 percentage points lower for digital remittance services in comparison with that for cash-based services monitored by the RPW database.

### Trends in Remittance Costs for G20 Members

The cost of remitting from G20 countries experienced a minute increase to 6.47 percent in Q1 2024, from 6.46 in Q4, 2023. The average cost of sending money to the G20 countries that are included in RPW as receiving markets was recorded at 5.79 percent in Q1 2024. As shown in Figure 3, although there has been a declining trend in the average cost, the cost of sending varies greatly across countries. Figure 3 includes the maximum and minimum cost observed in each quarter. In addition, apart from a few quarters, the average cost of sending money to G20 members has followed the pattern of the Global Average. For the 27<sup>th</sup> consecutive quarter since Q2 2017, the cost of remitting to G20 members has been recorded below the Global Average.

**Figure 3: Trends in the average cost of remitting from G8 and G20 members<sup>7</sup>**

<sup>7</sup> Please note that RPW did not include data on corridors originating in Russia during Q1 and Q2 2022. In Q3 2022 – Q1 2024, data on these corridors were collected remotely, using publicly available information. As this differs from RPW data collection methodology, the indicators and analysis for these periods do not include data on the 13 corridors originating in Russia.



Source: Remittance Prices Worldwide, Q1 2024, World Bank



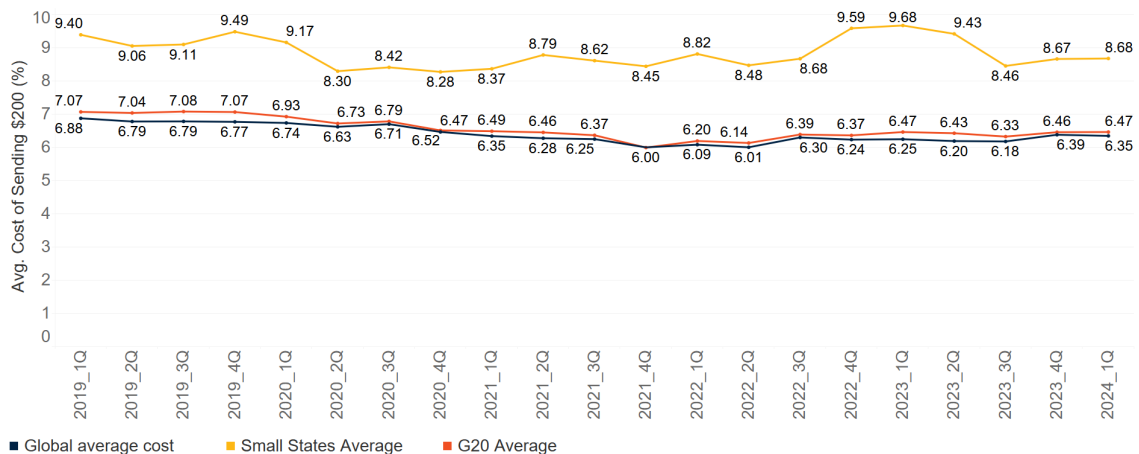
**Box 2 - Remittance costs in Small States**

Small States<sup>8</sup> include those economies with a population of less than 1.5 million, and most small states have even smaller populations, with many having less than 200,000 people. These small states are diverse in physical size, geographic location, and geography, including islands, landlocked areas, and areas with remoteness and isolation. They also face shared challenges related to the size of their economies, remoteness and isolation, labor market and capacity constraints, limited human capital, constrained progress toward SDGs, vulnerability to natural disasters and climate change, and debt burden.

In many Small States, remittance inflows constitute a significant portion of the GDP. RPW captures quarterly data on remittance costs for corridors terminating in 16 small states. Figure B2 plots the time trend in the average cost of remitting \$200 to Small States in comparison to the global average cost and the average cost of sending \$200 from G20 countries. In Q1 2024, the average cost of remitting \$200 to Small States was reported to be 8.68 percent, which is almost three times higher than the SDG target of 3 percent. 65 percent of the Small States corridors had an average cost lower than 10 percent in Q1 2024, compared to 81 percent in other corridors. Out of the 25 corridors captured in RPW, only 6 have a lower or equal cost to the global average.

Digital channels are cheaper in sending to Small States than non-digital ones, but the difference is not as significant as that in other corridors: on average, sending \$200 to Small States via digital channels was only 18 percent cheaper in Q1 2024, compared to 28 percent in other corridors. Foreign exchange margins account for over fifty percent of the costs for several of the Small States monitored by the RPW.

**Figure B2: Trend in the average cost of remitting to Small States**



Source: Remittance Prices Worldwide, Q1 2024, World Bank

<sup>8</sup> <https://www.worldbank.org/en/country/smallstates>

The G20 continues to work with standard setting bodies (SSBs) such as the Bank of International Settlements' Committee for Payments and Market Infrastructure (CPMI), 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 respondents' banking relationships, consider factors affecting de-risking and establish a supportive policy and regulatory environment for competitive remittance markets. Additionally, the G20 has initiated the work on the Roadmap for Cross-Border Payments, which covers remittances alongside retail and wholesale cross-border payments.<sup>9</sup> It identifies the challenges to safe and efficient cross-border payments, while it develops the building blocks to overcome said challenges and constructs an actionable implementation plan. The action plan consists of five focus areas: (A) Committing to a joint public and private sector vision to enhance cross-border payments; (B) Coordinating on regulatory, supervisory and oversight frameworks; (C) Improving existing payment infrastructures and arrangements to support the requirements of the cross-border payments' market; (D) Increasing data quality and straight-through processing by enhancing data and market practices; and (E) Exploring the potential role of new payment infrastructures and arrangements. SSBs and International Financial Institutions (IFIs) have been collaborating on the implementation of the G20 Roadmap for Cross-Border Payments since it was announced in October 2020. As part of the Roadmap, the G20 reaffirmed SDG 10.c for remittance costs. World Bank's *Remittance Prices Worldwide* database is used to monitor several targets on remittances in the Roadmap, including those on cost, speed and transparency.<sup>10</sup> FSB has published two annual progress reports for the Roadmap, in October 2023 and October 2024.<sup>11</sup>

During the Saudi Arabia Presidency of the G20 in 2020, remittances were also recognized as a key action area integral to promoting digital financial inclusion; this led to the adoption of the 2020 G20 Financial Inclusion Action Plan (FIAP). In its action areas identified for the period 2021-23, the G20 2020 FIAP calls for the development of responsible and innovative payment systems to support progress on reducing the cost of remittances. The 2023 FIAP, covering 2024-26, calls for continued work on reducing the cost of remittances, through actions supporting access to formal remittance services, promoting the collection and dissemination of remittance data on both sending and receiving countries, sponsoring the uptake of digital channels, innovative payment methods and interoperable

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<sup>9</sup> For the G20 Roadmap on Enhancing Cross-Border Payments, please see FSB (2020) *Enhancing Cross Border Payments: Stage 1 Report*; CPMI (2020) *Enhancing Cross-Border Payments: Building Blocks of a Global Roadmap – Stage 2 Report*; and FSB (2020) *Enhancing Cross-Border Payments: Stage 3 Roadmap*.

<sup>10</sup> See FSB (2021), *Targets for addressing the four challenges of cross-border payments* (<https://www.fsb.org/wp-content/uploads/P131021-2.pdf>) and FSB (2022), *Developing the Implementation Approach for the Cross-Border Payments Targets* (<https://www.fsb.org/wp-content/uploads/P171122.pdf>).

<sup>11</sup> Please see <https://www.fsb.org/2023/10/annual-progress-report-on-meeting-the-targets-for-cross-border-payments-2023-report-on-key-performance-indicators/> for the October 2023 report, and <https://www.fsb.org/2024/10/annual-progress-report-on-meeting-the-targets-for-cross-border-payments-2024-report-on-key-performance-indicators/> for the October 2024 report.

payment systems for sending and receiving remittances faster, cheaper and safer and encouraging adapted digital financial literacy methods for the most vulnerable.

### **Reforms for Improving the Enabling Environment for Remittance Services**

Major remittances' sending countries, including G20 members, are implementing a wide range of reforms and policy measures, appropriate to each members' national circumstances and the different remittance corridors. These include price-comparison websites, consultative forums and events, improvements to financial infrastructure, initiatives to address structural issues in receiving countries, the promotion of access to technologically enabled remittance services and other digital financial services, digital and financial literacy campaigns, studies targeted on specific corridors and new legal frameworks and regulatory reforms.

The Annex summarizes each jurisdiction's progresses and achievements in the implementation of their respective National Remittances Plan during the course of the last 12 months. The World Bank provided all remittances data, unless otherwise specified.



## ANNEX: National Remittances Plans Implementation Update<sup>12</sup>

### Argentina

#### Country remittances profile:

In Argentina, the migrant population was around 6.6% of the total population in 2023 August. In 2024, remittances sent from and received to Argentina represented 0.05% and 0.16% of the Argentine GDP, respectively. Argentina is not a major source of money transfer remittances. Furthermore, Argentina received more remittances than it sent in the last five years. Please find below more data about metrics:

- Migrant remittance inflows (USD million, up to 2<sup>nd</sup> 2024 quarter): 483 (1)
- Migrant remittance inflows as a share of GDP (2024 estimated): 0.16% (1 & 2)
- Migrant remittance outflows (USD million, up to 2<sup>nd</sup> 2024 quarter): 145 (1)
- Migrant remittance outflows as a share of GDP (2023 estimated): 0.05% (2)
- International migrant stock: 3,094,372 (3)
- International migrant stock as a percentage of the total population: 6.6% (3)
- Female migrants as percentage of the international migrant stock: 51.6 percent (3)(1)

(1) [National Institute of Statistics and Censuses \(INDEC\)](#)

(2) [INDEC](#)

(3) [RENAPER](#)

#### Regulatory environment

In Argentina, the Central Bank is entitled by law to regulate the foreign exchange market, including international remittances. These operations could be made by financial entities and exchange houses with their customers (both individuals and firms). Recipients of remittances can choose to collect these funds in both local and foreign currency. In the case of remittances outflows, residents<sup>13</sup> do not require prior approval from the BCRA to access the foreign exchange market up to an amount of USD 200 per month as long as the transaction is carried out with a debit to the client's account at local financial entities. The use of local currency cash is allowed for up to USD 100 per

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<sup>12</sup> The progress report submissions included in this Annex are based on the data collection template circulated in 2021. While some countries have responded to the questionnaire provided in the template, others have covered relevant sections as a narrative. All submissions are included verbatim with some minor copyediting. In instances where countries responded to the questionnaire, only the relevant questions and the corresponding responses are included (and not the whole questionnaire).

<sup>13</sup> A person is considered "resident" if remains or intends to remain in the country for at least one year.

month. On the other hand, remittances sent by non-residents are subject to the prior approval of the BCRA.

In addition, individuals are allowed to transfer funds from their local bank accounts in foreign currency to accounts of remittance companies abroad for up to USD 500 per month in order to support Argentine residents who have had to remain abroad under the measures adopted in the framework of the COVID-19 pandemic.

Although the following regulations are not directly associated with remittances, they may have a positive influence on the families who sent and received remittances.

Foreign currency savings accounts: It was established that the same provisions relating to the savings bank in local currency will apply to the opening and operation of the foreign currency savings bank (May 24).

Crypto asset providers: The Stock Exchange Commission set out the creation of the Virtual Asset Service Providers registry. Natural or legal people that engage in activities or transactions with crypto assets as a business must register with this registry. Exceptions are made for individuals or providers conducting operations under 35,000 purchasing power units (UVA) per month (March 2024).

## Financial inclusion metrics

### Account ownership and usage

Virtually all the adult population has at least one account in December 2023. In addition, the number of people with both bank and payment accounts kept on growing and stood at six out of ten adults. The role of Payment Service Providers (PSPs) stands out in the growing trend of the population adding payment accounts to their bank account holdings. These basic accounts, which benefit from the interoperability existing in the financial system, have stimulated usage through a vigorous growth of electronic payment methods, particularly instant payments (transfers and payments with transfers). In addition, PSPs provide other services such as investment services that allow holders of these accounts to obtain a high return with liquidity.

The share of account holders making at least one transaction in any of their accounts reached 70.3% in the last quarter of 2023, compared to 56.7% in the same period of 2022.

### Physical infrastructure

As regards coverage through access points, 52.7% of municipalities had at least one access point as of December 2023. Indeed, 92.5% of the adult population was living in a municipality with at least one access point as of December 2023.

## Australia

As the National Remittance Plan for Australia was published in 2024, there is no update for this period.

## Brazil

### Progress Monitoring of 2023 National Remittance Plans

According to BCB data, the total of remittances sent abroad from Brazil in 2023 amounted to US\$2,140 million, 3% higher than the value in 2022 (US\$2,077 million). The United States and Portugal were the largest recipients of these remittances - approximately 23% and 17% of the total volume, respectively. Regarding the inflow of resources in Brazil, the volume was US\$3.997 million, 15% lower than in 2022 (US\$4,712 million). United States, Portugal and United Kingdom represented 65% of the total resources sent to the country in 2023.

The available figures for 2024 do not indicate significant changes in the amounts or in the proportion of each country's share in the volume of remittances sent or received.

It is important to mention that, in 2023, the inflow of remittances received and sent represented, respectively, 0.18% and 0.10% of GDP, according to latest World Bank data presented.<sup>14</sup> The institution also stated in the Remittance Prices Worldwide, Issue 49 - March 2024, that the average cost of remitting USD200 from Brazil in the first quarter of 2024 was 6.56%, the lower cost for the latest 6 quarters. On the other hand, in the same period, the average cost of remitting USD200 to Brazil was 6.39%, somewhat higher than in the previous 5 quarters.

### Country remittances profile

Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c) (USD mi)	Outflow (if 1a or 1c) (USD mi)
2023	3,997	2,140
2022	4,712	2,077
2021	3,845	1,599
2020	3,312	1,471

<sup>14</sup> <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=BR>

2019 2,880 2,093  
Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais> – Setor Externo – Balanço de pagamentos – Séries históricas – BPM6

Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?<sup>15</sup>

Both sending and receiving are significant.

**If 2a or 2c:**

Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2023	not available

Please list main corridors for international remittances sent.<sup>16</sup>

Country	2023		2024 (up to Aug.)	
	US\$ mi	%	US\$ mi	%
United States	487	22.7%	285	21.9%
Portugal	369	17.2%	218	16.8%
United Kingdom	147	6.9%	117	9.0%
Canada	135	6.3%	79	6.1%

What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
8.08	8.10	9.41	7.61	6.90	6.56

Source:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q124\\_final.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q124_final.pdf)

**If 2b or 2c:**

<sup>15</sup> 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.

<sup>16</sup> Main corridors for a sending country include those that are the largest receivers from that country in terms of volume.



Please list main corridors for international remittances received.<sup>17</sup>

Country	2023		2024 (up to Aug.)	
	US\$ mi	%	US\$ mi	%
United States	2,045	51.2	1,438	51.5
Portugal	292	7.3	167	6.0
United Kingdom	256	6.4	209	7.5
Switzerland	208	5.2	137	4.9

Source: <https://www.bcb.gov.br/estatisticas/tabelasespeciais> – Setor externo – Transferências pessoais – distribuição por país

What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.

2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
5.87	5.90	6.28	5.97	6.12	6.39

Source:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q124\\_final.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q124_final.pdf)

### Competition in the market

Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

Allowed to provide	If “yes”
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<sup>17</sup> Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.



	remittance services (1)				
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	97	N/A	N/A	N/A
MTOs	Yes	78	N/A	N/A	N/A
Postal network	Yes	1	N/A	N/A	N/A
Mobile money operators	No				
Fintech platforms	No				
Remittance hubs	No				
Others (please specify)	Yes	4,093	N/A	N/A	N/A

The Brazilian foreign exchange legislation (Law No. 14,286, of December 29, 2021; Resolution CMN No. 5,042, of November 25, 2022; and Resolution BCB No. 277, of December 31, 2022) requires all 5 foreign exchange transactions, including remittances, to be carried out through institutions authorized to operate in the foreign exchange market by Banco Central do Brasil (BCB). In this sense, BCB may grant authorizations to perform operations in the foreign exchange market to banks, credit, financing and investment societies, development agencies, securities and stocks brokerage societies, securities and stocks dealers societies, foreign exchange brokerage societies and, since July 1st, 2023, payment institutions. Currently, there are 175 institutions authorized to conduct foreign exchange transactions.

The institutions referred above may contract, in the ways foreseen in article 9 of Resolution CMN No. 4,935, of July 29, 2021, foreign exchange correspondents to conduct, under their supervision, operations with customers who need to send remittances up to US\$ 3,000. In this scenario, there are about 4,093 foreign exchange correspondents.

If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

Yes. BCB publishes 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.

Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

On December 29, 2022, entered in force Law No. 14,286, which inaugurated a new legal framework for the Brazilian foreign exchange market, allowing the adoption of requirements proportional to the values and the risks of the operations in the foreign exchange market. This Law is in line with the best international practices and allows the adoption of new business models that are increasing market efficiency, competition, and financial inclusion, thus facilitating remittances. On November 25 and on December 31, 2022, were enacted by-laws, namely Resolution CMN No. 5,042 and Resolution BCB No. 277, which simplified the Brazilian foreign exchange market regulation.

These are important achievements that have improved foreign exchange regulation considering the intensive use of technological solutions in international payments and transfers that contribute to competition, financial inclusion and innovation in remittances market.

### Regulatory environment

Changes in transparency requirements as specified in regulations/circulars/guidance in the past year:

#### If 2a or 2c:

Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.

Requirement for RSPs to provide information on whether there are additional fees for receivers

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

Requirement for RSPs to provide all the necessary information prior to transaction initiation

Are there any new 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?

It is mandatory to deliver or to make available to the customer, immediately and at no cost, the voucher of each foreign exchange operation, which must contain at least the parties' identification, the foreign currency, the purpose of the transaction, the foreign exchange rate, the amounts in foreign and domestic currency as well as the Total Effective Value (VET).

The VET concept was designed seeking to disclosure the total amount of a purchase or sale of foreign currency and to provide a better way to compare. It is an obligation to all institutions to provide their customers, including setting forth the exchange contract or receipt. The VET is the total amount of reais paid or received per unit of foreign currency on an exchange transaction (e.g. BRL 5.50 per USD). The VET considers exchange rate, taxes (Tax on Credit, Exchange Transactions, Insurance and Securities – IOF) and fees that may be charged, allowing customers to compare the prices available in the market for buying and selling foreign currencies.

**If 2b or 2c:**

Are there any new 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?

The Resolution BCB No. 277, of December 31, 2022, allows institutions authorized to operate in the foreign exchange market to receive remittances payment orders in foreign currency from abroad, undertake the conversion to BRL and deliver the resources in BRL to the beneficiaries without the time and cost involved in traditional foreign exchange transactions.

The payment order conditions shall be negotiated abroad, including previous agreement about the value in BRL that must be integrally received by the natural person in Brazil (i.e. there is no any additional fees or taxes). The pre-established value abroad may be credited in a deposit or prepaid account or delivered in cash. Thus, in this new systematic, the beneficiary does not need to negotiate foreign currency in Brazil and, therefore, it will not incur any other expenses or fees.

If remittances are received into an account, there is no specific fee to cash out.

Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?

Regarding this aspect, Circular BCB No. 3,978, of 2020, (Article 10) introduces a greater efficiency and effectiveness to the procedures applied in anti-money laundering and combating the financing of terrorism (AML/CFT), by increasing the adoption of a risk-based approach—allowing the application of reinforced controls for situations of greater risk and streamlined controls in lower risk situations.

Moreover, according to Resolution BCB No. 277, of December 31, 2022, remittances up to USD10,000.00 (ten thousand US dollars) may be done through eFX (international payment or transfer



services) providers. In this case, the institution authorized to operate in the Brazilian foreign exchange market that operates with the eFX provider must certify that it adopts appropriate customer due diligence policies.

Are there any government-issued e-ID facilities, and are they used for financial services?

Yes. On February 23, 2022, came into force Decree No. 10,977, establishing procedures in the preparation of the new Brazilian identity card, which will also be issued in digital format.

Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

Yes, the Banco Central do Brasil has implemented its Regulatory Sandbox (BCB Sandbox), which is an environment where the BCB licenses, for a certain period, entities to test an innovative project, while they observe a specific set of regulatory provisions that supports the controlled and delimited execution of their activities. Further information is available at: <https://www.bcb.gov.br/en/financialstability/regulatorysandbox>.

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

The procedures for building the overall customer's profile were enhanced by Circular BCB No. 3,978, of 2020, (Articles 13 to 27). The customer's identification, qualification and classification procedures must be performed through the collection, verification and validation of information—in line with the client's risk profile, the nature of the business relationship, the supervised entities' AML/CTF policy, and the supervised entities' internal risk assessment. Notably, these procedures must be permanently reassessed according to the evolution of the business relationship and the client's risk profile. Furthermore, Resolution CMN No. 4,753, of 2019, (Article 2) also reinforces that AML/CFT regulation must be considered for deposit accounts opening. Finally, Resolution BCB No. 96, of 2021, (Article 4) reinforces the risk-based approach considering payment accounts.

Use of agents by RSPs and agent exclusivity

Resolution No. 4,935, of 2021, provides for the hiring of agents in the country, aiming at the provision of service activities to clients and users of financial institutions and other institutions authorized to operate by the Banco Central do Brasil. This rule provides that the execution of remittances of up to the equivalent of US\$3,000.00 (three thousand US dollars) among the services that can be performed through agents.

Competition policy



The Agenda BC# (<https://www.bcb.gov.br/en/about/bcbhashtag>) presents the Banco Central do Brasil work agenda focused on tackling structural issues of the National Financial System (SFN) through fostering technological innovation and establishes as a dimension, among others, “Competitiveness”, aiming to promote adequate pricing by favoring competitive access to markets.

#### Consumer protection

Resolutions CMN No. 4,949 and BCB No. 155, of 2021, provide principles and procedures to be adopted in the relationship with customers and users of products and services by financial institutions, payment institutions and other institutions authorized to operate by the Banco Central do Brasil.

The customer relationship policy should guide the conduct of the institutions' activities in accordance with the principles of ethics, responsibility, transparency, and diligence, providing for the convergence of interests and the consolidation of an institutional image of credibility, security, and competence.

Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.

Resolution BCB No. 277, of December 31, 2022, allowed that remittances up to US\$10,000.00 (ten thousand US dollars) may be done through eFX (international payment or transfer services) providers.

#### Regulatory compliance of products and services offered by fintechs.

Resolutions CMN No. 4,595, of 2017, and BCB No. 65, of 2021, provide the compliance policy of financial institutions, payment institutions and other institutions authorized to operate by the Banco Central do Brasil.

The institutions must implement and maintain a compliance policy compatible with the institution's nature, size, complexity, structure, risk profile and business model, to ensure the effective management of its compliance risk.

#### **If 2b or 2c:**

Existence of basic accounts and whether basic accounts can be open in a remote way and receive remittances

Demand deposit and e-money accounts can be opened in a remote way, according to Resolution CMN 4.753, of 2019, (Article 3) and Resolution BCB 96, of 2021, (Article 5), respectively, and they can receive remittances.



In addition, purchases and sales of foreign currency above R\$10,000.00 (ten thousand BRL), the receipt or delivery of its equivalent in BRL must be performed through credit or debit to the customer's deposit or payment account maintained at financial institutions and other institutions authorized to operate by the BCB or payment institutions that are part of the Brazilian Payment System (SPB) exclusively by virtue of their adhesion to Pix (instant payment scheme).

When it does not exceed R\$10,000.00 (ten thousand BRL), the receipt or delivery of the equivalent amount in BRL may be made through any payment instrument utilized on financial markets, including cash, noting that the use of postpaid payment account is limited to foreign currency sales transactions.

Can basic payment accounts be provided by non-bank RSPs in the form of e-money?

Yes. According to Resolution BCB 96, of 2021, (Articles 1 and 2), the payment accounts can be provided by payment institutions in the form of e-money.

### Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

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

Yes.

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.)?

Card switches for Visa, Master, Elo/Discover and Amex and Swift.

Besides that, there is a Local Payment System (SML) that interconnects the Brazilian payment system to the Argentine, Paraguayan and Uruguayan local system through a messaging system developed by the respective Central Banks.

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

Decree No. 11563 (June 13th 2023): delegates to the BCB the competence to regulate Law 14478.

Resolution BCB No. 342 (September 26th 2023): establishes higher transparency requirements for data leakage occurrences regarding Pix, while also putting in place penalties which are proportional to consequences of the leakage (including number of affected Pix aliases).

Resolution BCB No. 398 (July 4th 2024): improves Open Finance operational procedures.

Resolution BCB No. 399 (July 4th 2024): broadens the data scope in Open Finance initiative to include additional currency exchange information.

Resolution BCB No. 400 (July 4th 2024): establishes guidelines for the Open Finance Governance Structure.

Resolution BCB No. 402 (July 22nd 2024): establishes the Automatic Pix service and changes the Scheduled Pix service.

Resolution BCB No. 406 (August 2nd 2024): provides for the sharing of the payment transaction initiation service without redirection to other electronic environments or systems, including those of other institutions, within the scope of Open Finance.

Are there any Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

Yes. Credit transfers and payments made with Pix (the instant payment scheme launched by the BCB in 2020) are mandated to be free of charge for natural persons in most transactions in a way to promote digitization of payments. The inclusion of the non-banks, on the one hand, stimulates competition thus affecting the capillarity and reach of financial services. On the other hand, the low cost for settlement in the Instant Payment System – SPI - (0,01 BRL for 10 transactions) also acts as an inductor of digitization through a reduction of the overall cost of transaction.

### Governance and Risk Management

Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

Resolution 4,557, of 2017, provides for the implementation of a structure for risk management and a structure for capital management and is applicable to financial institutions and other institutions licensed by the Banco Central do Brasil (BCB), including the ones which act as remittance service providers (RSPs).

The regulation improved and unified, in a same resolution, requirements formerly addressed by specific resolutions for the management of capital and the management of operational risk – including legal risk –, credit risk, liquidity risk and market risk. Standards established by the Basel Committee on Banking Supervision in the document Core Principles for Effective Banking Supervision, published in 2012, are the foundation of the resolution.

According to Resolution 4,557, institutions are required to evaluate the relevant risks arising from their business model and strategic goals, and to define and document, in the Risk Appetite Statement

(RAS), appetite levels for each type of risk identified. Once the board's decisions are articulated in the RAS, the structure for continuous risk management must be consistent with the risk levels set out in this document as well as integrated across risks, including the management of adverse effects arising from interactions between them.

This resolution also requires the implementation of a stress test programme, with a clear definition of the roles played by senior management and the board in establishing guidelines. Based on a set of prescribed methodologies, the programme must allow for the use of the stress test results in strategic decisions. It also introduced improvements in the corporate governance of risk management and capital management. The requirements are based on the recent recommendations on the subject, which faced a significant development over the last years in terms of definitions and practices, since shortcomings in corporate governance were considered one of the catalyzers of the financial crisis started in 2007.

The specific requirements for the management of each risk and the detailed governance provisions are available in the English version of Resolution 4,557 at BCB's website ([https://www.bcb.gov.br/content/financialstability/Brazilian\\_Prudential\\_Financial\\_Regulation\\_Docs/ResolutionCMN4557.pdf](https://www.bcb.gov.br/content/financialstability/Brazilian_Prudential_Financial_Regulation_Docs/ResolutionCMN4557.pdf)).

Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

Circular BCB 3,978, of 2020, adopts a risk-based approach—allowing the application of reinforced controls for situations of greater risk and streamlined controls in lower risk situations. Each entity is responsible for preparing its own internal risk assessment.

BCB Resolution No. 282, of 2022, modified Article 28 of Circular No. 3978, of 2020, including the foreign exchange market in the normative text: "The institutions authorized to operate by the BCB must keep records of all operations carried out, products and services contracted, including withdrawals, deposits, contributions, payments, receipts, transfers of resources and operations in the foreign exchange market". Additionally, the institutions must maintain records and store the required supporting documents to carry out operations in this market, according to criteria aligned with the risk internal evaluation.

Consequently, BCB Resolution No. 282, of 2022 made it more explicit that when non-banks RSPs become partners of a financial institution, the financial institution needs to undergo a risk assessment in relation to money laundering and terrorist financing. This is defined in Article 56 of Circular 3978, of 2020: "The institutions authorized to operate by the BCB must implement procedures designed to get to know their employees, partners, and outsourced service providers, including identification and

qualification procedures. These procedures must be compatible with the money laundering and terrorist financing prevention policy and with the internal risk assessment.”

### Access to financial services

#### If 2a or 2c:

a) Have there been any changes in migrants’ access to services provided by regulated RSPs?

No. Since the last updated, there has been no change concerning migrants’ access to services provided by regulated RSPs. Nonetheless, it is important to mention that all documented migrants can access services provided by regulated RSPs.

b) If 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, please provide the latest figures.

BCB does not monitor migrant workers’ level of financial inclusion.

Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

The requirements for migrants to open a transaction account are the same as for any other citizen, including name and an identification number, according to Circular BCB No. 3978, of 2020, (Article 16).

The customer due diligence must be employed in any case. These accounts are managed by the supervised entities (banks or non-banks) and they define the cost of the account.

The norms state that: (i) any identification documents recognized by Brazilian law are eligible documents for account opening; and (ii) it is up to the banks to define the list of documents necessary to open their clients’ accounts, since they are required to adopt procedures and control mechanisms necessary to identify and qualify the account holder, including foreign, and their representatives.

Thus, there is no legal or regulatory impediment to banks to identify migrants, refugees or asylum seekers for account opening purposes, based on the following documents:

- a) National Migration Registration Card (CRNM, in Portuguese);
- b) Provisional Document of National Migratory Registration (DPRNM, in Portuguese);
- c) Refugee Claim Protocol.



The migrant, refugee or asylum seeker can also open a payment account, including via mobile phone, at a bank or at a payment institution (IP, in Portuguese). These accounts have simpler opening rules when the maximum deposited amount limit is BRL 5,000.

This information is available in booklets published by Banco Central do Brasil (<https://www.bcb.gov.br/cidadaniafinanceira>) in five languages: Portuguese, English, Spanish, French and Arabic.

Have you observed any differences in channels used by undocumented migrants use?

BCB does not monitor channels used by undocumented migrants. Nonetheless, the requirements for migrants to open a transaction account are the same as for any other citizen, including name, address and an identification number, according to Circular BCB No. 3,978, of 2020, (Article 16). The customer due diligence must be employed in any case. These accounts are managed by the supervised entities (banks or non-banks) and they define the cost of the account. Consequently, financial institutions must identify their clients prior to entering into business relations.

Have there been any changes in the coverage of RSPs where migrants live?<sup>18</sup>

BCB does not monitor migrant workers' level of financial inclusion. However, all 5,570 Brazilian municipalities have at least one physical bank channel (as bank branch, bank branch-like or agents).

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

BCB does not monitor migrants' level of financial inclusion, including rate of remittances.

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

Information not available.

Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.

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<sup>18</sup> 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).

Law No. 14,286 entered into force on December 29, 2022, allows the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances. Furthermore, Resolution BCB No. 277, of December 31, 2022, allows that remittances up to USD10,000.00 (ten thousand US dollars) may be done through eFX (international payment or transfer services) providers.

**If 2b or 2c:**

Have there been any changes in the coverage of RSPs in rural areas?<sup>19</sup>

BCB does not monitor migrant workers' level of financial inclusion level. However, all 5,570 Brazilian municipalities have at least one physical bank channel (as bank branch, bank branch-like or agents).

What proportion of adults have access to a transaction account (which can also facilitate the receipt of international remittances)? (For 2023)

According to the 2021 Global Findex survey, the number of adults holding accounts at financial institutions in Brazil reached 84% of respondents.

This percentage is somewhat different from the numbers found in the National Financial System Customer Registry (CCS, in Portuguese), a database maintained by the Banco Central do Brasil based on information provided by financial institutions. According to CCS data, at the end of 2022, 98% of the adult population had at least one relationship with an institution belonging to the National Financial System (SFN, in Portuguese).

This discrepancy may be related to people with inactive relationships with SFN, whose records are not listed as closed in CCS, or even people with active accounts that have little recurring usage.

Source:

[https://www.bcb.gov.br/content/cidadaniafinanceira/documentos\\_cidadania/serie\\_cidadania/serie\\_cidadania\\_financeira\\_7\\_Global\\_Findex.pdf](https://www.bcb.gov.br/content/cidadaniafinanceira/documentos_cidadania/serie_cidadania/serie_cidadania_financeira_7_Global_Findex.pdf)

Usage rates of card/mobile payments and usage of online channels (e.g., mobile or internet banking), if available. (For 2023)

**Volume and value of 2023 transactions, all channels**

2023 figures	Volume (million)	%	Value (R\$ billion)	%
Payment cards (1)	44.385	41%	3.557,91	4%

<sup>19</sup> 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.





Pix	41.984	39%	17.188,86	17%
Credit transfers (2)	11.770	11%	76.384,96	77%
Other payments (3)	10.542	10%	2.528,11	3%
<b>Total</b>	<b>108.680</b>		<b>99.660</b>	

(1) – debit, credit and prepaid cards

(2) – payslips, book transfers, government transfers and other credit transfers

(3) – cheques and direct debit

### Share of volume of operations done in each channel, for 2023

	Other channels (6)	Internet Banking	Mobile	Total
Other payments (4)	10%	51%	39%	<b>100%</b>
Credit transfers (5)	12%	38%	50%	<b>100%</b>
Pix	0%	6%	94%	<b>100%</b>

(4) – payslips and payment covenants

(5) – payslips, book transfers, government transfers and other credit transfers

(6) – branches, agents, ATMs and call center

For more details, please, see: <https://www.bcb.gov.br/estatisticas/spbadendos>

Please list any changes in, new additions to the solutions that help promote equal access to financial services (including ID, digital ID, e-KYC and/or credit registry platforms by bank and non-bank RSP).

On September 26, 2019, was issued Resolution CMN No. 4,753, modernizing and simplifying the process of opening, maintaining, and closing deposit accounts. In line with the evolution of the forms of identification and qualification of customers, financial institutions must define the information and documents necessary for opening an account. The procedures defined by the financial institutions must observe the legislation and regulations in force and AML/CFT mechanisms. Finally, the use of electronic means for opening and closing deposit accounts is allowed.

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

Information not available.

Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products that were in effect in the past 12 months?

Law No. 14.286 entered into force on December 29, 2022, allows the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances.

## Canada

For the last 12 months, Canada has continued to advance initiatives related to its broader Payments Modernization program, which aims to improve the security, efficiency, and utility of the Canadian payments system. Going forward, it is expected that these initiatives will drive improvements for both domestic payments and remittances. Recent progress includes:

In June 2024, Canada enacted legislative changes to provide supervised payment service providers access to our core payments clearing and settlement systems.

In November 2023, final regulations for Canada’s *Retail Payment Activities Act* (RPAA) regime were released. Under the RPAA regime, payment service providers will be required to register with the Bank of Canada for supervision in November 2024 and to meet the substantive requirements of the regime concerning funds safeguarding and operational risk management in September 2025.

In 2024, Canada introduced foundational legislation for its consumer-driven banking framework, also known as open banking, which will enable individuals to securely transfer their financial data through an application programming interface. The government has committed to having the framework fully implemented and operational by early 2026.

Beyond these initiatives, the cost of remittances continues to fall as digital remittance providers become more prevalent and banks begin to offer more competitive options to attract new immigrants as potential clients. According to the latest data from World Bank’s *Remittance Prices Worldwide* dataset, the average cost of sending remittances from Canada continues to decline, from an average cost of 6.45% for a \$200 transfer in Q2 2023 to 6.23% in Q1 2024 (latest data available). Several providers in Canada are offering remittance services at prices below the average. For example, as of October 2024, a \$200 remittance sent from Canada to the Philippines using Wise had a cost of 1.9%.

### Country remittances profile

Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021		N/A

Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?<sup>20</sup>

Canada is mainly a remittance-sending country.

**If 2a or 2c:**

Please provide the migrant stock as a share of total population:

Year	Migrants/Population
2021	8,361,505/36,991,981 (22.6%)

Source: [Census of Population \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/92-62-0001/2022001/article/00001-eng)

The most recently published Canadian census, conducted in 2021 (published in 2022), indicates that Canada's foreign-born population was over 8.3 million people, representing approximately 23% of the Canadian population.

Please list main corridors for international remittances sent.<sup>21</sup>

According to the most recent data available (from 2017), the top corridors for international remittances sent from Canada were the Philippines, India, the United States, China, and Pakistan.

Source: [Study on International Money Transfers from Canada \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/92-62-0001/2017001/article/00001-eng)

What is the average cost of sending \$200 from your country? Provide available quarterly data for the latest 4-6 quarters.

Table 1: Mean cost to send \$200 from Canada to select countries (as a percentage of the transaction):

	2023 Q2	2023 Q3	2023 Q4	2024 Q1
China	6.65	5.83	6.82	6.31
India	4.95	4.80	5.46	5.33

<sup>20</sup> 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.

<sup>21</sup> Main corridors for a sending country include those that are the largest receivers from that country in terms of volume.



Pakistan	5.97	5.50	6.07	5.10
Philippines	4.58	4.41	4.51	4.60
Canada Total	6.45	5.96	6.41	6.23

Source: [World Bank Remittance Prices Worldwide \(worldbank.org\)](https://www.worldbank.org) [latest data available is for Q1 2024]

Note: Average costs are calculated based on the simple average across all providers for a given corridor and are not necessarily representative of the typical costs customers pay when sending payments abroad (e.g., certain providers with high fees may drive up the average while the majority of customers end up using a lower-cost provider). Market research suggests that remittance costs in Canada may be lower in practice than those listed in the World Bank’s dataset. For example, as of October 2024, a \$200 remittance sent from Canada to the Philippines through fintech operator Wise would have an effective rate of approximately 1.9%.

"Canada Total" in the above table is for transactions originating from Canada to all 15 corridors available in the World Bank’s dataset.

### Competition in the market

Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If “yes”			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	10+	N/A	9.81%	
MTOs	Yes	10+	N/A	5.69%	
Postal network	Yes	1	N/A		
Mobile money operators	N/A				
Fintech platforms	Yes	10+	N/A	5.55%	
Remittance hubs	N/A				



Others (please specify)					
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Source for average cost: Q1 2024 data from [World Bank Remittance Prices Worldwide \(worldbank.org\)](https://www.worldbank.org)

Note: Following the methodology of the World Bank, “Fintech platforms” refers to money transfer operators (MTO) that send remittances predominantly through digital channels (World Bank refers to these firms as digital-only MTOs – examples include Wise, Remitly, and WorldRemit). For the calculation of average cost in the table above, MTO includes those in the World Bank dataset that are not identified as “digital-only MTOs”, including Western Union and MoneyGram. In practice, however, there is considerable overlap between “MTOs” and “fintech platforms” in the Canadian marketplace.

Average costs are calculated based on the simple average across all providers for a given corridor and are not necessarily representative of the typical costs customers pay when sending payments abroad (e.g., certain providers with high fees may drive up the average while the majority of customers end up using a lower-cost provider). Market research suggests that remittance costs in Canada may be even lower in practice than those listed in the World Bank’s dataset. For example, as of October 2024, a \$200 remittance sent from Canada to the Philippines through fintech operator Wise would have an effective rate of approximately 1.9%.

If there was no publicly available price comparison tool for remittances (e.g. a national remittances database) in your country when the NRPs were last drafted/updated, has one been developed since then? [Yes/No]

No.

Have you implemented any incentives to RSPs in your country to promote competition in the past year? (e.g. tax incentives) If yes, please describe.

No.

**Regulatory environment**

**If 2a or 2c:**

Please discuss any changes to transparency requirements in terms of cost breakdown between foreign exchange margins and fees, additional costs, speed, etc. The following points provide guidance on what reforms can be included for this purpose, if any.

None.

Requirement for RSPs to provide information on whether there are additional fees for receivers



Although federally regulated financial institutions are required to disclose all fees related to the domestic/originating end of a transaction, including for sending money abroad, this does not include charges in the country where the money is received.

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

None.

Requirement for RSPs to provide all the necessary information prior to transaction initiation

None.

Are there any new 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?

None.

Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?

Are there any government-issued e-ID facilities, and are they used for financial services?

Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

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

Use of agents by RSPs and agent exclusivity

Competition policy

Consumer protection

Non-bank payment service providers licensed to provide international remittance services including use of digital or mobile wallets.

Regulatory compliance of products and services offered by fintechs.

None.

## Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

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

In June 2024, Canada enacted legislative changes to provide supervised payment service providers access to core payments clearing and settlement systems operated by Payments Canada.

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.)?

Interac Corp. has collaborated with NYCE Payments Network to allow Canadian debit transactions at participating U.S. retailers that accept NYCE. NYCE is an interbank network that connects ATMs of various institutions in the United States and Canada.

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

In June 2021, Canada enacted the *Retail Payment Activities Act* to expand the financial sector regulatory perimeter to non-bank payment service providers. Under the new regime, payment service providers, including remittance service providers, will be supervised by the Bank of Canada and be required to register and meet fund safeguarding and operational risk management requirements. Final regulations for the regime were released in November 2023.

In June 2024, Canada enacted legislative changes to provide supervised payment service providers access to core payments clearing and settlement systems operated by Payments Canada.

Are there any incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments (the Stage 3 Roadmap)?

Canada continues to advance initiatives related to its Payments Modernization, which is designed to improve the security, efficiency, and utility of the Canadian payments system. In June 2024, Canada enacted legislative changes to provide supervised payment service providers access to core payments clearing and settlement systems operated by Payments Canada. Payments Canada is also developing a new national fast payment system called the Real-Time Rail (RTR), which will enable the near instantaneous exchange, clearing and settlement of data-rich payments based on ISO 20022 messaging standard. Once launched, the RTR may help to expedite the domestic leg of certain cross-border payments, including remittances. With an ability to handle data-rich payment messages, the RTR will serve as a platform for innovation in Canadian payments and promote digitization and the use of electronic transfers.

## Governance and Risk Management

Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

The *Retail Payment Activities Act (RPAA)*, enacted in June 2021, expands the financial sector regulatory perimeter by scoping in payment service providers (PSP), which includes many remittance providers, to promote the safety and integrity of the financial system while ensuring responsible innovation for Canadians. Under the new regime, PSPs will be supervised by the Bank of Canada and be required to register and meet fund safeguarding and operational risk requirements.

Have there been any changes in the existing AML/CFT regulations/guidelines available for non-bank RSPs for their relations to banks or their customers?

None.

## Access to financial services

### If 2a or 2c:

Have there been any changes in migrants' access to services provided by regulated RSPs? If 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, please provide the latest figures.

We understand that migrant workers are successful in getting access to bank and credit union accounts, as well as to RSP accounts. However, there is no data on financial inclusion of migrant workers.

Have the requirements for migrants to open a transaction account (are they the same as for any other citizen) changed since the latest NRP draft/update including the cost structure of these accounts? Do these accounts have a cost? What is the account ownership levels for the migrants (if this information is available)?

There has not been any recent changes in the requirements for migrants to open a transaction account; they are the same as for other citizens. Banks are required by law to offer low-cost accounts, and some institutions offer no-cost accounts with no minimum account balance requirement. Although data on financial inclusion of migrants is not available, we understand that migrants are successful in securing access to bank and credit union accounts.

Have you observed any differences in channels used by undocumented migrants use?

Data is unavailable.



Have there been any changes in the coverage of RSPs where migrants live?<sup>22</sup>

Data is unavailable.

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

Data is unavailable.

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

Data is unavailable.

Are there any incentives for digitalization of remittances, e.g. to promote targeted incentives that encourage the use of digital remittance products? Please note if such policies were used in the last 12 months.

While there have not been any policies introduced to incentivize the digitalization of remittances, competition and innovation is driving down the cost of remittances and new fintechs RSPs are playing an increasing role in the Canadian market.

## China

N/A

## European Union

N/A

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<sup>22</sup> 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).

## France

### Amount of migrant remittance flows

According to Bank of France, migrant remittance flows originating in France amounted to €11.4 billion in 2023, which represents an increase of 6.75% compared to 2022. Morocco, Algeria, Portugal, Tunisia and Spain top the ranking, accounting for 76% of remittance flows. It is worth noting that while the list of the top 10 recipient countries presented in the table below has remained stable for a long time, Madagascar replaced India in 2022.

### ***Volume and evolution of migrant remittance flows from France for the top 10 recipient Countries, 2021 – 2023***

Year		2021	2022	2023
<i>Total in Millions of Euros</i>		10066	10677	11397
1	Morocco	3042	3308	3531
2	Algeria	1295	1351	1442
3	Portugal	1241	1200	1281
4	Tunisia	1109	1181	1261
5	Spain	1048	1094	1168
6	Vietnam	790	831	888
7	Senegal	482	512	546
8	Serbia	381	493	527
9	China	359	367	392
10	Madagascar	318	338	361

*Source: Bank of France; the figures for 2021-2022 have been revised to account for the new estimation method established in 2023.*

### Migrant remittance transaction cost

As of the first quarter of 2024, the cost of remittance transactions originating in France was estimated at 5.98%<sup>23</sup> (down from 6.29% in Q1 2023 and 6.69% in Q1 2022), below the average for G20 countries (6.47%) as well as below the average for G7 countries (6,05%) according to World Bank data.

International commitments have been made and reflected in national strategies. The United Nations' 2030 Agenda includes the target associated with SDG 10 : « By 2030, reduce to less than 3 percent the

<sup>23</sup> [https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q124\\_final.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q124_final.pdf)

transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5% », following commitments made previously notably under the G20.

### Action plan to facilitate migrant remittance flows and reduce transaction costs

Without waiting for the results of the international work on pricing transparency, the French government decided in 2021 to undertake a regulatory reform to increase pricing transparency and competition in the money transfer market. Competition in the money transfer market is currently one of the most significant levers for reducing costs. This competition has been strengthened by the emergence of new technologies and new players from fintechs specializing in money transfers, which are already competing with established players, as well as by the intentions of historical payment players (VISA and Mastercard) to develop cross-border peer-to-peer payment solutions based on their networks.

However, the pricing presentation used by all these players remains disparate, to the detriment of clarity and the ability for consumers to compare offers effectively. For this reason, the French government sought to implement measures allowing users to have access to a common, standardized information base for any payment operation intended for sending money abroad (account-to-account transfers from their bank or fund transfers via a specialized provider) and thus better compare prices and foster competition among these different channels.

In this perspective, the government adopted an order on July 8, 2021, modifying the order of July 29, 2009, enacted under Article L.314-15 of the Monetary and Financial Code. Indeed, the second paragraph of Article L.314-15 provides the minister responsible for the economy the ability to enact measures via order to specify the information to be provided by payment service providers (PSPs) to a consumer client (an individual acting not for professional purposes) in the case of so-called "one-leg" transactions, meaning transactions where the client's payment service provider is located in France and that of the beneficiary is in a country outside the European Economic Area (EEA).

The modifications made by the aforementioned order of July 8, 2021, thus impose new ex ante and ex post information obligations for payment operations related to the fund transfer service and transfers covered by the second paragraph of Article L.314-15.

The new information obligations are as follows:

Before each operation, the total estimated amount of the operation including all applicable fees (including conversion fees), the detail and total amount of estimated fees expressed in the payer's currency and as a percentage of the total amount of the operation, and finally the estimated amount to be paid to the beneficiary in both the payer's currency and the operation's currency;

After each operation, the same information reflecting the actual fees applied, rather than just the estimates. For operations covered by a framework contract or account agreement, this ex-post information may be provided at a different frequency, which cannot exceed one month.

### Other measures adopted

Since the adoption of Law No. 2021-1031 of August 4, 2021, concerning programming for sustainable development and the fight against global inequalities, and the conclusion of the "Migration and Development 2018-2022" action plan, a new interministerial strategy titled "Migration and Development 2023-2030" has been developed. As part of this strategy, France commits to addressing the root causes of irregular immigration and forced displacement, combating human trafficking and migrant smuggling, and supporting sustainable return and reintegration. France also supports the solidarity potential of migrants, particularly through support for entrepreneurship and diaspora investment. This new strategy primarily aims to enhance the coherence of the French Team in providing more effective public development aid on migration issues and to provide general guidance for the activities of ministries and operators. It naturally aligns with the framework established by the five pillars of the Joint Valletta Action Plan (JVAP) and the key international texts endorsed at the global level (2030 Agenda and Global Compact for Safe, Orderly, and Regular Migration). A four-year action plan attached to this strategy is being developed.

Furthermore, several initiatives have already been implemented:

Regarding diaspora investment and the development of financial education on remittance transfer services, the French Development Agency and the Caisses des Dépôts et Consignations (CDCs) of France, Italy, Benin, Côte d'Ivoire, Mauritania, Senegal and Tunisia are implementing the DIASDEV (Diaspora and Development) project. The project aims to increase the mobilisation of external resources to contribute to financing the economy. For this purpose, Expertise France is providing technical assistance to the African CDCs to help them develop new savings products or improve the effectiveness of existing savings products for their diasporas, depending on the level of maturity of each institution and the priorities of their respective national development plans;

Additionally, the government plans, in collaboration with the French Development Agency, to conduct a new study to improve understanding of the behavioral attitudes of diasporas in France regarding money transfers. This will help determine if complementary actions are necessary;

Moreover, France intends to continue supporting the work of the Global Partnership for Financial Inclusion (GPI), which provides significant support to G20 efforts on this issue.

## Germany

N/A

## India

### Country remittances profile

Please provide remittance outflows and/or inflows (country-level data from the central bank as per the IMF BPM 6 Framework, if possible, please provide the data denominated in USD million):

Year	Inflow (if 1b or 1c)	Outflow (if 1a or 1c)
2021	86334	7346
2022	107541	9495
2023	115293	12532
2024		

Is your country (a) mainly a remittance-sending country, (b) mainly a remittance-receiving country or (c) are both sending and receiving significant?<sup>24</sup>

India is mainly a remittance -recieving country.

#### If 2b or 2c:

Please list main corridors for international remittances received.<sup>25</sup>

As observed in the RBI Remittances Survey, 2020-21, the main corridors of India's inward remittances are the United States, the United Arab Emirates, the United Kingdom, Singapore, Saudi Arabia, Kuwait, Oman, Qatar, Hong Kong and Australia<sup>26</sup>.

What is the average cost of receiving \$200 in your country? Provide available quarterly data for the latest 4-6 quarters.

<sup>24</sup> 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.

<sup>25</sup> Main corridors for a receiving country include those that are the largest senders for that country in terms of volume.

<sup>26</sup> Source: RBI Remittances Survey, 2020-21.

## Competition in the market

Please indicate if there was any change in the types of remittance service providers (RSPs) allowed in your country due to regulatory reforms (column 1) and please fill in the rest of the table to the extent feasible:

	Allowed to provide remittance services (1)	If “yes”			
	[Yes/No]	Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if <b>2a</b> or <b>2c</b>	Average cost of receiving \$200 if <b>2b</b> or <b>2c</b>
Commercial banks					
MTOs	Yes	8*	Not Available		USD 5.52*
Postal network					
Mobile money operators					
Fintech platforms					
Remittance hubs					
Others (please specify)					

\*Data Covers period between April 2023 to March 2024 only for inward remittance received under Money Transfer Service (MTSS)– cross border in-bound service (customer to customer) scheme.

## Regulatory environment

Please describe any new relevant legislation for remittances that have been passed since the last NRP update, including:

Are there any simplified CDD measures in place for specific channels and/or below a transaction amount limit?

*“In terms of extant instructions, remittance of foreign exchange outside India (other than for import payments or remittances covering intermediary trade) can be allowed on submission of form A2, which*

*contains details of the remitter, beneficiary, remittance amount, remittance purpose etc. Prior to July 03, 2024, AD Category-I banks and AD Category-II entities were allowed to facilitate remittances **not exceeding USD 25,000 (for individuals) and USD 100,000 (for corporates)** on the basis of submission of form A2 **in online mode**. With effect from July 3, 2024, Authorized Dealer (AD) Category I and AD Category II entities have been permitted to allow remittances based on online/ physical submission of Form A2, **without any upper limit**, subject to compliance with the provisions of FEMA. Accordingly, there is no limit on the amount being remitted on the basis of 'online' submission of Form A2."*

Are regulatory sandboxes or similar regulatory tools to facilitate emergence of new business models available?

It may be noted that under Second Cohort of the RBI Regulatory Sandbox (RS) with theme of 'Cross Border Payments' various products were tested including products based on Blockchain-based Cross border payment system, innovative use of UPI in forex transactions, digitisation of the cross border remittance process including KYC/AML verification, use of Aadhaar number as virtual account for inward remittances and cross border payment platform to facilitate the purchase of assets listed on foreign exchanges. On the evaluation of the test results, four products were found acceptable within the boundary conditions defined during testing under RS.

Further one of the solutions shortlisted for testing under the Fifth Cohort of Regulatory Sandbox is related to bringing efficiency to the existing KYC process for Non-Resident Indians (NRIs) by introducing the Video-based Customer Identification Process (VCIP) for KYC. The solution is expected to improve turnaround time (TAT) by eliminating physical documentation and verification in the KYC process. This will allow faster onboarding to financial institutions and may reduce cost of remittances by use of various remittance services provided by them.

## Payment infrastructure

Please describe if there have been any changes in the following since the latest drafting/updating of the NRPs:

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

RBI reviewed the access criteria for participation in Centralised Payment Systems (RTGS and NEFT) and permitted certain categories of non-bank payment system operators, viz. card networks, white label ATM operators and Prepaid Payment Instrument (e-money) issuers to participate as direct members in CPS. The access included opening current accounts with the RBI. However, at present Money Transfer Operators do not have access to national payment infrastructure.

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.)?

The Reserve Bank has been working towards expanding the global footprint of UPI and RuPay cards through collaboration with various countries.

In February 2023, the Reserve Bank and the Monetary Authority of Singapore (MAS) operationalised linkage of their respective fast payment systems (FPS), i.e. UPI and PayNow. The linkage has enabled users of the two systems to make instant and low-cost cross-border peer-to-peer (P2P) payments on a reciprocal basis.

Acceptance of Indian UPI apps through QR codes has been enabled in Bhutan, France, Mauritius, Nepal, Singapore, Sri Lanka and the UAE. Indian tourists travelling to these countries can use their UPI apps to make payments at merchant locations.

Arrangements have been made with Bhutan, Maldives, Mauritius, Nepal, Singapore, and the UAE to accept RuPay cards without co-branding with other international card schemes. Issuance of RuPay cards is live in Bhutan and Mauritius. The arrangements enable acceptance of Mauritius and Bhutan RuPay cards in India as well.

Further, the Reserve Bank has joined the Project Nexus, a multilateral international initiative to enable instant cross-border retail payments by interlinking domestic fast payment systems. Nexus, conceptualised by the Innovation Hub of the Bank for International Settlements (BIS), aims to connect the fast payment systems of four ASEAN countries (Malaysia, Philippines, Singapore, and Thailand).

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

While no legislation on non-bank FIs was issued, the Reserve Bank has issued guidelines (vide circular dated October 31, 2023) on Payment Aggregators who are engaged in cross-border function by enabling import/export of goods / services through online mode.

### Governance and Risk Management

Have there been any policy reforms in the type of risk management practices are required for RSPs (financial, legal, operational, cyber, fraud, and reputational risks)?

A risk based approach for inspection of non-bank AD Cat II has been introduced since June 2024.



## Additional Inputs on impact of innovative payment services to reduce cost of remittances

Improving cross-border payments efficiency is considered a significant motivation for the issuance of CBDCs. Cross-border CBDCs could offer the opportunity to start with a “clean slate” and address the frictions inherent in existing cross-border payment systems due to legacy technological and process related issue. It is envisaged that Cross-border CBDCs could offer secure settlement, reduce costly and lengthy intermediation chains and eliminate operating hour mismatches, on account of being available 24/7. It is also expected to bring cost efficiency and transparency in fx transactions. Thus, the coordination of CBDC designs among jurisdictions could lead to more efficient cross-border payments system. In this regard, bilateral and multilateral collaboration is required to agree on design principles which will be a key for the success of such cross-border payments system. . RBI is actively pursuing bilateral and multilateral engagements with different countries to facilitate cross border payments through CBDC. RBI is in discussion with Central Banks of UAE, Mauritius and Singapore for bilateral collaboration. With regard to multilateral engagement, RBI is participating as an observer in Project Mandala (BISIH Singapore) and m-Bridge (BISIH Hong Kong).

## Indonesia

N/A

## Italy

### Country remittances profile

In net terms, Italy is a remittance sender: **Table 1** details the country’s remittances flows (workers’ remittances) from 2019 to 2023.

**Table 1. Workers’ remittances to and from Italy (USD million)**

Year	Inflow	Outflow	Outflow in EUR mln
2023	520	8,843	8,178
2022	503	8,648	8,212
2021	546	9,154	7,739
2020	545	7,729	6,767
2019	552	6,731	6,012

Source: Banca d’Italia

According to official data, from 2000 to 2023 outward workers’ remittances flows from Italy increased more than six-fold, rising from USD 1.4 billion to USD 8.8 billion. Over the long term, these developments reflect the steady growth of the immigrant population in Italy, particularly from Eastern Europe, North Africa and, more recently, South Asia.

Focusing on more recent trends, the dynamics are more nuanced. Outgoing remittances surged significantly during the COVID-19 pandemic, increasing by almost 30% from 2019 to 2021. However, this momentum slowed in 2022 and decelerated further in 2023. The growth during the pandemic can be attributed to several factors, including a heightened propensity to remit funds to support relatives in home countries heavily affected by the pandemic, and a shift from informal (unrecorded) channels - such as the hand-carry of cash - to regulated channels (particularly digital ones). The post-pandemic slowdown, on the other hand, likely reflects the erosion of real wages due to inflation, as well as a partial return of key variables (such as the propensity to remit and preference for informal channels) to pre-pandemic norms.

In 2023 there were almost 5.2 million migrants living in Italy, representing almost 9% of the resident population. Table 2 provides details on the country’s migrant stock, both in volume and as a share of the total population, from 2019 to 2023. The largest national communities of migrants were from Romania, Albania, Morocco, China, and Ukraine.

**Table 2. Foreign residents in Italy**

Year	Number (thousands)	as a share of resident population
2023	5,141	8.7%
2022	5,031	8.8%
2021	5,172	8.5%
2020	5,040	8.4%
2019	4,996	8.4%

**Source: Istituto Nazionale di Statistica - Istat**

In terms of main remittance corridors, slightly more than a half of Italy’s outbound workers’ remittances were sent to seven countries. By the end of 2023, Bangladesh was the largest recipient, with a 14.3% share, followed by Pakistan with 8.3%. The Philippines, Morocco, and Georgia were the next most important destinations, each receiving around 6.5% of total remittances, while Romania and India followed closely, each with an average share of 5.5%.

According to the World Bank,<sup>27</sup> the average cost of sending remittances from Italy was 6.01% in 2024Q1, one percentage point higher compared to the same period in 2023; for 9 out of the 19 monitored corridors, this figure was around, or below, the 5% threshold. According to the latest available data (September 2024) from the Italian website [mandasoldiacasa](#), the Italian comparison website, the average cost of sending remittances from Italy towards the 18 corridors monitored by the website was 3.95% (48 basis points below the same period in 2023, 4.43%);<sup>28</sup> of these, 13 corridors are characterized by an overall cost below the 5% threshold, while five hover around, or below, 3%. These averages, nevertheless, hide an ample variability in the economic conditions applied to remittance senders by different market operators.

### Competition in the market

The Italian remittance market remains concentrated, with three major money transfer operators (MTOs) - *Western Union*, *RIA Money Transfer*, and *MoneyGram* – dominating the sector. In addition to MTOs, cross-border transfer services are offered by traditional institutions such as banks and *Poste Italiane* (the Italian postal service). Furthermore, a group of smaller local operators primarily focuses on specific corridors, while online-only MTOs have recently entered the market. These new international players operate exclusively through internet platforms, increasing competition and encouraging innovation among incumbent operators. Table 3 outlines the key features of the Italian remittance market, including the nature, number of operators, and relative market shares.

**Table 3. Structure of the Italian market for remittances (by end-2023)**

Number of providers of each type <sup>29</sup>	Market share for each provider type <sup>30</sup>
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<sup>27</sup> Remittance Prices Worldwide – Quarterly, available at <https://remittanceprices.worldbank.org/en>.

<sup>28</sup> The website is funded by Italian authorities and managed by CeSPI – *Centro Studi di Politica Internazionale*, an Italian independent think tank – and is certified by the World Bank as following its guidelines. Based on a “mystery shopping” methodology, the website compares, on a monthly basis, the prices of remittance services available for 18 corridors (Afghanistan, Albania, Bangladesh, Bolivia, Brazil, China, Colombia, Ecuador, Ghana, India, Ivory Coast, Morocco, Nigeria, Peru, the Philippines, Romania, Senegal, Ukraine), representing 65% of outward flows of remittances from Italy. The website shows the total cost as well as its breakdown (fees and exchange rate margin) for three sample amounts (150€, 300€ and 950€), different products, speed and type of operators (MTOs, commercial banks and postal network). The figure reported in the main text refer to the average costs of sending an amount of 150€. The discrepancy recently observed between the [mandasoldiacasa](#) and the World Bank data could be explained by a number of factors, including the different channels considered, the different timings and the operators selected.

<sup>29</sup> Registered operators that periodically send data about their activities to the Bank of Italy.

<sup>30</sup> In terms of the overall value of the intermediated flows.

MTOs	18	97.48%
Commercial banks	1	0.15%
Postal network	1	2.37%
<b>Total</b>	<b>20</b>	<b>100.0%</b>

Source: Banca d'Italia, CeSPI.

According to *mandasoldiacasa* data, it is possible to show in detail the different average costs of sending remittances from Italy (**Table 4**), based on sending channels or on the receiving method. The table shows the average costs compared to last year, highlighting a downward trend, in particular for the digital channel.

**Table 4. Remittance costs – by channel**

<b>Sending channel</b>	<b>Average cost of sending 150€ September 2024</b>	<b>Average cost of sending 150€ July 2023</b>
Branch	5.53%	5.17%
Online	3.07%	4.42%
<b>Receiving method</b>		
Cash	4.72%	5.58%
Bank Account	3.30%	4.91%
Card-Mobile wallet	3.21%	4.70%

Source: elaboration from [www.mandasoldiacasa.it](http://www.mandasoldiacasa.it) – July 2023 – September 2024

### Regulatory environment

In accordance with transparency legislation, MTOs – like all other payment service providers (PSPs) – must declare in advance all charges payable for their services. As a standard practice, MTOs communicate the fees, the exchange rate applied to the single transaction and, where applicable, the receiving fees. They also communicate the amount that may be withdrawn at destination and the estimated speed of the transaction. At the same time, no information is provided regarding the exchange rate margin, which can nevertheless be inferred from available information, albeit it requires a certain degree of financial knowledge for its computation. Only few operators, as best practice, communicate the maximum percentage of the spread on the exchange rate that is applied for the service.

In the case of commercial banks, the obligation to declare the amount of fees is not matched by an obligation to communicate the applied exchange rate, which often cannot be determined *a priori* because it depends on the exchange rates applied by the corresponding intermediaries. Banks provide information about the speed only for operations conducted with countries belonging to the Single Euro Payments Area (SEPA, 36 countries), since for this area the European Union (EU) law on maximum execution times applies.

Some other regulatory developments concerning anti-money laundering/countering the financing of terrorism (AML/CFT) and access to accounts maintained with a credit institution are relevant for remittances.

In July 2019, the Bank of Italy issued a new set of provisions on customer due diligence (CDD) that includes – among the allowed verification methods of customers' identity – also video-identification and feedback mechanisms based on reliable technologically innovative solutions (e.g. forms of biometric recognition). The Italian AML law already allowed the use of digital identities compliant with Regulation (EU) No 910/2014 for the identification of the customer, in line with the EU AML Directive. In 2020, the legislation was amended in order to expand the usage of digital IDs in CDD as an alternative to in-person identification. In particular, it is now allowed identification via digital IDs with a “substantial” level of assurance, while previously the “highest” level of assurance was required. Additionally, with the supervisory guidance issued on June 13, 2023, the Bank of Italy implemented the EBA guidelines on remote onboarding, published in November 2022. These guidelines provide financial institutions with instructions on how to fulfill customer due diligence obligations in cases of remote operations, using innovative methods and technologies (e.g., digital identities, electronic signatures, biometric recognition methods).

In addition, in line with the EU Payment Services Directive, Italian law grants payment institutions the right to access banks' payment accounts services on an objective, non-discriminatory and proportionate basis. Although banks can refuse to open payment accounts or decide to close them for reasons of public order or security – or for other justified reasons based on provisions of AML/CFT law – they are obliged to provide the Bank of Italy with duly motivated reasons for any rejection. Any decision on rejections should be taken based on elements related to the specific case and in light of factual information. In this regard, the Bank of Italy ought to be notified within five working days by the intermediary, which should attach all necessary information to retrace the decision-making process and related reasons.

For AML purposes, Italy has introduced the requirement for both national and foreign virtual asset service providers and e-wallet providers (“VASPs”) to register with the Italian authority overseeing financial agents and credit mediators (OAM, *Organismo Agenti e Mediatori*), in order to provide their services on the Italian territory. All VASPs and e-wallet providers hereby registered shall comply with a set of reporting obligations. VASPs will have to communicate to the OAM, on a quarterly basis, the

relevant identification data of each customer (e.g. surname and name, place of residence, tax identification number/Value Added Tax-VAT number). In addition, VASPs will have to transmit the data concerning all services related to their customers' transactions (total balance, number and value of fiat-to-crypto or crypto-to-fiat transactions, number of crypto-to-crypto transactions, crypto and fiat inflows/outflows). The above data are recorded in a public register with the OAM.

The OAM also keeps and manages the Italian register of central contact points ("CCPs") of payment service agents and e-money distributors operating in Italy on behalf of communitarian payment service providers and e-money institutions. The register aims to ensure a more efficient supervision, transparency and consumer protection of the activities carried out by agents and distribution on the ground. The founding Decree (May 2022) introduced the obligation for operators to communicate on a half-yearly basis data regarding the relevant agents offering payment services and the e-money distributors, including the place of business and the express indication of the provision of money remittance services, as well as the termination of the contractual relationship with the relevant payment services agent and/or e-money distributor for non-business reasons (including the lack of the necessary requirements and/or serious breach of applicable rules by the agent/distributor) – the so called "Bad Agents". The register has become effective from the 3<sup>rd</sup> of July 2023.

The legislative decree of 21 November 2007 n. 231 (the AML decree) has been recently amended by the Decree Law of 10 August 2023, n. 104, as converted into Law of 9 October 2023, n. 136, in order to reduce the negative impact of the de-risking phenomenon also on the remittance sector. The aim of the amendment is to avoid a preventive and generalized exclusion of certain categories of entities and customers from the access to banking products and services for the sole reason of their potential high exposure to the risk of money laundering or terrorist financing.

To clarify regulatory expectations, and tackle unwarranted de-risking, in March 2023 the European Banking Authority (EBA) has issued two new sets of Guidelines. The first set (EBA/GL/2023/03) provides guidance on how to modulate the obligations of customer due diligence (CDD) of non-profit organizations, particularly exposed to de-risking. The second set (EBA/GL/2023/04) is broader and tackles the issue of effective management of ML/TF risks by financial institutions when providing access to financial services. These Guidelines clarify the interaction between the access to financial services and institutions' AML/CFT obligations, including in situations where customers have legitimate reasons to be unable to satisfy CDD requirements. They make clear that before making a decision to reject a customer, several options need to be considered. In addition, they set out the steps that institutions should take when considering whether to refuse/terminate a business relationship with a customer based on ML/TF risk or AML/CFT compliance grounds. The two sets of

Guidelines have been implemented in the Italian framework by means of supervisory guidances published on the website of Banca d'Italia<sup>31</sup>.

Moreover, in June 2023 the new Transfers of Funds Regulation (“TFR recast”) entered into force.<sup>32</sup> The “TFR recast” extends the so-called “travel rule”<sup>33</sup> – already applicable to traditional transfers of funds – to crypto-asset transfers, in order to align the European AML regulatory framework with the FATF recommendations and ensure the traceability of crypto-asset transfers. The “TFR recast” also amended Directive (EU) 849/2015 (so-called AMLD) to subject crypto-asset service providers (CASPs) authorized pursuant to the Regulation for Markets in Crypto-assets (MiCA)<sup>34</sup> to the same AML/CFT obligations and controls provided for financial intermediaries. The TFR will be applicable from 30 December 2024.

Finally, no new additional fees or taxes have been levied on remittances.

### Payment infrastructure

Non-bank remittance service providers (RSPs) have generally had no direct access to the national clearing and settlement infrastructures (intended as payment systems), though they can obtain access indirectly via a bank that offers this kind of facility. However, the Instant Payments Regulation aims to overcome those barriers by opening up access to non-bank PSPs as well as introducing some amendments to the payment services Directive (PSD2) and to the settlement finality directive (SFD)<sup>35</sup>;

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<sup>31</sup> See <https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/elenco-esa/note/Nota-n-34-del-3-ottobre-2023.pdf> and <https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/elenco-esa/note/Nota-n-35-del-3-ottobre-2023.pdf>.

<sup>32</sup> See <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1113>. It is the first legislative act adopted as part of a package of reforms of the EU AML/CFT regulatory and institutional regime presented by the European Commission in July 2021 (see [https://finance.ec.europa.eu/publications/anti-money-laundering-and-countering-financing-terrorism-legislative-package\\_en](https://finance.ec.europa.eu/publications/anti-money-laundering-and-countering-financing-terrorism-legislative-package_en) for details). The other relevant legislative acts of the package entered into force in July 2024 and will largely take effect starting in July 2027. For further details on the content of the new acts, see: <https://www.consilium.europa.eu/en/press/press-releases/2024/05/30/anti-money-laundering-council-adopts-package-of-rules/>.

<sup>33</sup> The travel rule means that information on the sender and the recipient of funds will have to “travel” with the transaction and be stored by service providers.

<sup>34</sup> Regulation (EU) 2023/1114 (MiCA), which came into force in June 2023, institutes uniform EU market rules for crypto-assets. The regulation covers crypto-assets that are currently not regulated under existing financial services legislation; key provisions for those intending to issue digital assets (i.e. asset reference tokens and e-money tokens) and/or offer crypto-asset services (so-called CASPs) concern the authorization regime, prudential requirements, transparency and disclosure obligations. The new legal framework, which aims to support EU market integrity and financial stability, will be fully applicable from 30 December 2024. The adaptation of the national law to the MiCA Regulation took place in Italy with the publication of Legislative Decree no. 129 of 5 September 2024 which identifies the Bank of Italy and CONSOB as the competent national authorities pursuant to Article 93.

<sup>35</sup> See [https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L\\_202400886](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202400886).

the European Commission's proposal for the revision of the PSD2<sup>36</sup>, currently under negotiation, will also regulate the issue. The new regulatory framework has the potential to enhance competition and innovation in the field of retail payments.

The Bank of Italy carries out structured oversight activities on retail payment systems to reinforce security levels and promote the efficiency of the overall domestic payment ecosystem, and these activities could bring benefits to the different institutions operating in the field of remittances.

In 2021, the Bank of Italy issued a new national regulation on the oversight of retail payment systems in order to encompass large value payment systems, technical infrastructures and service providers, in line with the oversight powers granted to the Central Bank by the Italian Consolidated Law on Banking. The new provisions ensure increased alignment with the CPMI-IOSCO's Principles for financial market infrastructures and guidance on cyber resilience for financial market infrastructures. In 2023 the new Regulation was complemented by a Guide for controls and Measures on business continuity,<sup>37</sup> to reinforce the security and promote the efficiency of the overall Italian payment ecosystem.

Italian authorities strongly support the objectives of the EU Retail payment strategy in the field of remittances and of the G20 Roadmap on cross-border payments, actively contributing to the implementation of the actions encompassed in the programme. In this context, the Bank of Italy – together with the other actors involved in the Roadmap – is assessing potential areas for improvement of the services provided through both legacy and innovative infrastructures. These include the remittances segment, where effort is needed to meet the targets identified by the G20, in particular in terms of speed and cost. In the longer term, infrastructural improvements could have positive externalities in this field; however, the ultimate results will depend to a large extent on private business strategies, including risk considerations as well as remittances-targeted public-private cooperation.

In its role as service provider of the Target Instant Payment Settlement (TIPS) platform for the Eurosystem, the Bank of Italy is currently investigating different solutions for the settlement of cross-currency instant payments through the interlinkage of existing platforms. In February 2024 the Swedish market participants started to settle their instant payments in central bank money in TIPS. The onboarding of Sweden paves the way for other non-euro area countries that have also expressed interest, such as Denmark and Norway, to join TIPS. These represent one step forward in the ongoing investigations to enable a cross-currency capability in the TIPS platform. In the same vein, the Bank

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<sup>36</sup> Proposal for a Directive of the European Parliament and of the Council on payment services and electronic money services in the Internal Market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC; Proposal for a Regulation of the European Parliament and of the Council on payment services in the internal market and amending Regulation (EU) No 1093/2010.

<sup>37</sup> <https://www.bancaditalia.it/compiti/sispaga-mercati/normativa-sorveglianza/>



of Italy adhered to the Nexus project coordinated by the Bank for International Settlement Innovation Hub of Singapore and collaborated with the the Arab Regional Payments Clearing and Settlement Organization (ARPCSO) to the experiment for creating multilateral connections among instant payments platforms.

### Access to financial services

In Italy, RSPs grant a wide coverage of both urban and rural areas, thanks to an extended network consisting of post offices (by law, at least one in each municipality), bank branches and MTO's agents. At the same time, Italian banks continue to support and accompany foreign customers in the process of financial inclusion to reduce any obstacles to understanding and using banking services.

Since 2009, the National Observatory on the Financial Inclusion of Migrants, managed by CeSPI, monitors migrants' level of financial inclusion through a broad set of indicators. According to the latest available survey data (December 2022), based on information provided by market operators, 82.5% of adult migrants hold a current account with a regulated financial operator;<sup>38</sup> of them, almost 78% hold an internet banking service. At the same time, 51% of migrants account-holders own a financing service, 29% an insurance service and an average of 3 payment services (debit cards) for each current account holders. According to the 2024 Survey on 1.410 regular foreign residents (extra EU and non OCSE countries) in Italy, 14% held a current account in their country of origin.

In terms of policies aimed to facilitate and strengthen migrants' access to remittances services, in addition to the [mandasoldiacasa](#) website (that includes some educational contents), the Bank of Italy published, in May 2022, a [calculator](#) on "the cost of the remittances", which is available on the financial education website [Economy for All](#). The calculator – also in English – allows migrants to compute, for a given amount of money, how much the beneficiary will receive in their country of origin and, in particular, the overall cost of the transaction.

The most recent survey, carried out by the National Observatory on the Financial Inclusion of Migrants in October 2024 on a sample of 1,410 non-EU and non-OECD regular migrants residing in Italy, showed that remittances represent on average a share of 4% of their personal income earned in Italy.<sup>39</sup> Money transfers operators and banks are confirmed as the main sending channel (respectively 76% and 67% of the sample use this channel regularly), followed by family and relatives' travels (used regularly by

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<sup>38</sup> 7 points less than in 2020, possibly due to the effects of the COVID crisis.

<sup>39</sup> Since 2009, the National Observatory on the Financial Inclusion of Migrants, managed by CeSPI, monitors migrants' level of financial inclusion through a broad set of indicators.

59% of the respondents). Significant is the non-sporadic use of the internet and mobile phones, both used by almost half of the sample (46%).<sup>40</sup>

The business model adopted by MTOs, based on online services provided through ad hoc companies based in third countries, does not currently allow a direct measurement of the size of remittances sent through digital channels. According to the results of a survey conducted in 2023 among the private sector operators participating in the Italian Working Group on Remittances, the share of digital channels in the Italian market has, in fact, witnessed a significant growth in recent years, also pushed by the pandemic effect, and is currently estimated at around 15%. A further generalized development of the digital component appears dependent upon improvements in the level of digital financial literacy of migrants living in Italy and on the availability of suitable financial products and services for their families in countries of destination of remittances. Operators confirm this new trend, signalling the beginning of a new phase of growth in digital channels use, during 2024, driven mainly by the development, in some receiving countries, of innovative tools such as electronic wallets.

In line with Italy's 2023 NRP, several initiatives have recently been taken both by public authorities and market players to support a sound development of migrants' access to and use of digital channels for remittances and, more broadly, of reliable and cost-effective financial services. Their coordination and monitoring have been facilitated by the regular meetings of Italy's Remittances Working Group, which brings together two relevant Ministries (Foreign Affairs and Economy and Finance), the Financial Regulatory and Supervisory Authority (Bank of Italy), a remittance expert think tank (CeSPI ETS), two international organizations (IFAD and IOM) and the representatives of the main market operators (MTOs, Italian banks, the Italian Banking Association, Poste Italiane and the Italian Association of PSPs).

During the Italian G7 Presidency in 2024, the Digital Payments Experts Group discussed the role of digital payments in promoting financial inclusion, avoiding new forms of exclusion arising from digitalization. A focus has been devoted to the potential of digitalization for reducing remittances costs, for increasing safety, but also possibly to favor inclusion. Various unilateral initiatives by operators specifically concerned single corridors, particularly those with Asia, where competition is high, those with eastern Europe, and some African corridors (Tunisia, Ivory Coast, Guinea, Nigeria). Also, in order to reduce the recourse to unregulated informal channels, specific information campaigns on the risk of fraud were conducted by operators. The establishment of new partnerships between commercial banks, the postal network and MTOs, through the integration between different

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<sup>40</sup> From the receiver side, banks are the main channel (63%), cards and cash are both at 10%, mobile and wallet at 8%. Mobility with respect to the operator used is high, an indication of competition, while the three determining factors in the choice of operator are: cost (48%), word of mouth (33%), trust and ease of access (both 25%). A further figure captures the use of remitted funds at destination: daily needs (consumption) are prioritized (22%), followed by buying a house (18%), health (16%), and saving for retirement (13%).

platforms (such as Automated Teller Machines), represents a further opportunity in terms of market development and potential cost reduction. From a cost perspective, it is also important to point to the solidarity initiatives offered by all operators following the invasion of Ukraine and relative to the Italy-Ukraine – and neighboring countries – channel (zero fees, cost reduction, commission reimbursements for all foreign banks’ euro transfers, support for solidarity initiatives).

A number of policy initiatives are also being implemented to sustain migrants’ financial and digital literacy, including with regard to remittances services. In this context, the National Observatory has updated and enriched, with a new release published in July 2024, the App **Moneyimize**, a free tool of education on personal and family budget control and financial products sustainability. The Financial Education Committee, established with the Ministry of Economy and Finance, in 2023 continued to be engaged in promoting financial literacy also for vulnerable groups (including migrants), through, inter alia, the Financial Education Month, dedicated to stakeholders initiatives of financial, insurance and social security education to achieve greater economic inclusion and well-being. In 2023, the Bank of Italy published the new teaching material of financial education dedicated to adults **“You and the economy: financial education for adults”**, a kit consisting of a smartphone app, a guide for trainers and a booklet for users, on the backdrop of continuous contacts with some organizations dealing with migrants to disseminate the materials. **“You and the economy”** can be considered as an innovative method to create financial culture in an experiential, useful way especially for adults. At the same time, the Bank of Italy continued to disseminate **“You and the economy”** for teachers and students of public schools for adults, which are mostly attended by migrants and low-income people. The general objective is to reach a greater number of people throughout the national territory.

## Japan

### Country remittances profile

**1. Overview of outflows and inflows** Japan is mainly a remittance-sending country, and the Japanese Government has been taking measures regarding remittances from the perspectives of both convenience and protection of users. As for the latest state of remittance, the outflow in 2023 was 5.93 billion dollars according to national statistics (“the Balance of Payments”). This is based on the same definition used for Japan’s National Remittance Plan (NRP) 2021; personal remittances are the sum of two main components: “compensation of employees” and “personal transfers.” The outflows for the last 3 years according to the Balance of Payments are as below.

	Outflows	Inflows
2021	6.13 billion \$	5.29 billion \$
2022	4.53 billion \$	5.41 billion \$
2023	5.93 billion \$	4.69 billion \$



Regarding the situation of migrants in Japan, the number of foreign residents at the end of 2023 in Japan was 3,410,992. The ratios of migrants to total population in Japan for the last 3 years are as below.

2023	10.9%
2022	2.46%
2021	2.20%

In terms of the status of residency, those with the status of “Permanent Resident,” “Technical Intern Trainee,” “Engineer,” or “Specialist in Humanities and International Services” constituted the largest group.

The average cost of sending \$200 in the first quarter of 2024 was 6.94% according to the latest version of “Remittance Prices Worldwide” published in March 2024

2021	2021	2022	2022	2022	2022	2023	2023	2023	2023	2024
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
7.95%	7.52%	7.35%	7.58%	7.82%	7.22%	6.96%	7.09%	7.12%	7.03%	6.94%

### Competition in the market

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

	Allowed to provide remittance services [Yes/No]	If “yes”			
		Number of providers of each type	Market share for each provider type? (in terms of number of transactions)	Average cost of sending \$200 if 2a or 2c	Average cost of receiving \$200 if 2b or 2c
Commercial banks	Yes	131	N/A	N/A	N/A
MTOs	Yes	80	N/A	N/A	N/A
Postal network	Yes	1	N/A	N/A	N/A
Mobile money operators	Yes	N/A	N/A	N/A	N/A



Fintech platforms	Yes	N/A	N/A	N/A	N/A
Remittance hubs	Yes	1	N/A	N/A	N/A

As the Banking Act, etc. allows only banks, etc. to provide funds transfer transactions, the main corridor for international remittances sent is limited to banks, etc. licensed under the Banking Act, etc. or by fund transfer service providers that are registered under the Act on Financial Settlements. As of October 2024, the total number of funds transfer service providers was 80. There is no specific incentive for remittance service providers to promote competition in Japan.

### Regulatory environment

As a notable update to the regulatory environment since the last version of the National Remittance Plan was made in 2021, the Payment Services Act was amended in June 2022 and took effect in June 2023. Through this amendment, legislation concerning the issuers of high-value electronically transferable prepaid payment instruments, which pose a higher risk of money laundering, was introduced. Additionally, the Banking Act and the Payment Services Act were amended in June 2022, incorporating legal system pertaining to issuers and intermediaries, as well as brokerage or agency services associated with so-called stable coins.

### Payment infrastructure

Access from funds transfer service providers to the Zengin Data Telecommunication System (the “Zengin System”), which had originally permitted access only from banks, was allowed in October 2022. For the first time since Zengin System expanded its eligibility to fund transfer service providers in October 2024, Zengin-Net approved Wise Payments Japan K.K. as a member. Going forward, we will proceed with various measures toward connection with the Zengin System.

In Japan there is no interface between payment systems in Japan and payment systems in other countries. Japan also does not provide any financial Incentives to promote the digitization of payment infrastructures in line with the FSB's work on enhancing cross-border payments.

### Governance and Risk Management

The operational guideline related to funds transfer service providers outlines the compliance risk, risk of consumer protection (including the establishment of information management systems), system risk (including cyber risk and fraud prevention measures), operational risk, and business continuity management, etc.

In the view point of AML/CFT, All financial institutions, including non-banks, in Japan are required to take AML/CFT/CPF measures in accordance with relevant acts and guidelines, including the Act on the

Prevention of Transfer of Criminal Proceeds and the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism.

### Access to financial services

As for access to financial services by foreign residents in Japan, depending on the terms of use and types of services, major funds transfer service providers offer their services to both foreign residents and nationals. Moreover, major funds transfer service providers offer their services online, ensuring sufficient coverage in areas where foreign residents live.

Regarding the requirements to open a transaction account, there are no specific requirements for foreign residents when they attempt to open a funds transfer service account, so the cost and ownership are the same as those for nationals.

However, when foreign residents use this service, they need a valid status of residence from the viewpoint of AML/CFT. While Japan does not conduct specific monitoring or supervision for foreign residents, in case of any issues related to user convenience, Japan encourages remediation within the framework of regular supervision and monitoring.

### Crisis mitigation and prevention (COVID-19)

The bank and funds transfer service providers continued their business during the lockdowns.

## Korea

N/A

## Mexico

N/A

## Russian Federation

Russia continues to fulfill commitments on the G20 Call to Action on Remittances and takes steps to maintain the low cost of transferring remittances, improve the availability and use of remittance services by harmonizing regulation, increasing the efficiency of payment systems infrastructure, fostering innovative low-cost products, increasing transparency of remittances transfers. These

actions complemented consumer protection measures and financial literacy initiatives, including awareness campaigns and promotion of the financial literacy materials.

Specific actions and policy areas:

### Improve Financial System Infrastructure and Pursue Policies Conducive to Harnessing Technologies

The Bank of Russia actively develops and improves the national payment infrastructure to ensure provision of convenient and affordable payment services to households, business, and the government. To this end, the Bank of Russia is implementing a number of projects aimed at ensuring smooth operation of payment systems, promoting competition and supporting innovations in the national payment system.

One of projects is the Faster Payments System (SBP), which promotes secure online instant transfer and payment services. The development of the FPS fosters financial inclusion, encourages competition in the financial market, as well as reduces costs for its participants. Population and businesses have already appreciated the convenience and speed of the FPS.

The Bank of Russia is working on the implementation of open application programming interfaces (Open APIs) in the financial market in order to improve variety, accessibility and quality of the financial services for households and businesses. In 2022, the Bank of Russia published the Concept for the Implementation of Open APIs in the Financial Market for public consultation. Later on, in 2024, taking into account the financial market participants' feedback, the Bank of Russia published the Main Principles and Stages of the Open APIs implementation. Currently, proposals for legislative regulation of Open APIs in the financial market have been prepared and are expected to be adopted in 2025.

Open APIs will be implemented gradually. Major banks, brokers and insurance companies will be obliged to use them from 2026. Open APIs will allow companies to exchange information about the clients subject to their consent more promptly, offer customers beneficial personalized services and will enable individuals to manage their data effectively.

For individuals and businesses to manage their consents safely, the Bank of Russia, together with the Ministry of Digital Development, Communications and Mass Media of the Russian Federation, plans to launch the Commercial Consent Management Platform.

### Improve Transparency and Consumer Protection of Remittance Transfers

Most merchants (with some exceptions depending on annual turnover) must accept cashless payments as well as cash, and the price for the customers may not be changed depending on means of payment.

All payment service providers, including remittance service providers, are obliged by law to provide certain information to their clients before initiation of transactions, including information:

- on PSP fees;
- on currency exchange rate (if applicable);
- on rules for disputes resolution (including contact info for complaints).

The Bank of Russia publishes special recommendations on information disclosure on financial products, including payment cards, aimed to promote transparency and consumer protection.

In addition to these measures, systematic work on financial literacy is underway in the Russian Federation. The implementation of the Strategy for the Improvement of Financial Literacy in 2017-2023 established partnership of public authorities with financial institutions, educational and scientific institutions and non-profit organizations, increased the interest of target audiences in the issues of managing financial resources and positive attitude to financial education.

The efforts of all involved in promoting financial literacy laid the foundation for the transition to the next stage of educational and awareness-raising work with citizens. The new goal over the horizon until 2030 is to develop a financial culture that brings about a change in people's behaviour patterns in personal financial management. This objective is stipulated in the new Strategy for Improving Financial Literacy and Developing Financial Culture until 2030 approved at the end of 2023 by the Government of the Russian Federation.

The new Strategy is aimed at forming the key elements of financial culture among the majority of the adult population that contribute to the financial well-being of the citizen and the whole society. The Strategy also significantly strengthens the issues of financial cybersecurity of consumers of financial services, which is especially relevant in the light of active technological development and widespread digitalization of business processes.

To raise people's financial awareness, increase the coverage of the audience, and provide them with up-to-date and reliable information, a large number of nationwide events are held in 2024, reaching various target audiences grouped by age, social status, economic activity, regional dimensions, and preferences in priority information sources.

Both the Bank of Russia and the Ministry of Finance continuously develop new information and awareness-raising materials for different target groups on a wide range of issues, including cyber security and fraud prevention, in order to raise awareness about financial consumer protection mechanisms, investment and payments.

These materials are also placed in public transport and social infrastructure facilities throughout the Russian Federation. Financial cybersecurity materials are also included in high school curricula, online



lessons are held for all groups of population. The Ministry of Finance and Bank of Russia are developing targeted educational materials on financial literacy and integrating them into different digital education platforms, such as “My school”.

Effective functioning of the united system of information resources on financial literacy and financial culture is an important factor of financial education and financial consumer protection.

The Bank of Russia's information and education portal Financial Culture (fincult.info) and the Bank of Russia website's section Countering Fraudulent Practices both feature materials on popular fraudulent schemes and ways to counter them.

The Ministry of Finance supports and promotes webportal Moifinancy.ru. In an easy-to-understand way, the digital platform explains how to use modern financial instruments and products, give recommendations on how they can help consumers in certain life situations, avoid fraud and protect their financial consumers' rights.

Payments and remittances are also among the topics of new projects. The Bank of Russia has developed and started piloting the “Financial Literacy” online course for adults uploaded on a platform for teaching to external target audiences.

The “Financial Navigator” programme, aimed at improving financial literacy and building a financial culture of working people, is being implemented nation-wide.

A series of webinars “Fintrack” has been launched for students to help young people to look at their finance and financial behavior through the prism of psychology, behavioural economics and modern technologies.

The Ministry of Finance launched a new financial literacy course for MSMEs.

Due to the year-on-year increase in transactions conducted without the clients' approval (in 2023 the volume of such transaction reached almost 15.8 billion rubles), the Bank of Russia conducts outreach programs aimed at combating cybercrime involving social engineering schemes and protecting consumers from fraud.

In order to raise the level of financial cyberliteracy among the population and prevent fraud, which is carried out using electronic means of payment, the Bank of Russia has developed a social video «Hang up without talking» and organized its large-scale broadcast through federal television channels.

In addition, the Bank of Russia has focused its work on countering financial consumers' involvement in criminal activities. To this end, the Bank of Russia, together with the Ministry of Internal Affairs of the Russian Federation, has developed a poster to prevent such involvement.

To promote awareness of financial consumers about available ways to prevent money transfers without their consent, the Bank of Russia has updated and agreed with the Ministry of Internal Affairs of the Russian Federation guidelines on how credit institutions shall inform their clients on the topic. The document suggests a range of means that can be used by credit institutions to inform their clients on possible cyber fraud.

On its website in section “Information security” Bank of Russia has created a special subsection on countering fraud, and is publishing information on the latest identified cyberfraud schemes as well as advice on how to avoid falling victim to such schemes.

The integration of financial literacy into the national educational standards allows to introduce financial education at all levels of the Russian educational system and to reach audiences including migrants’ families. In addition to the development of the modern financial education programs and materials, the improving of teaching methods and educators’ qualification is an ongoing process.

### Encourage Better Coordination

There is an ongoing coordination process of implementation of the national financial literacy strategy and development of tailored financial education materials and programs as well as coordination of financial inclusion measures between different stakeholders and participants through reliable coordination mechanisms.

### Encourage Remittance-Related Technical Assistance and Knowledge Exchange

Both Finance Ministry of the Russian Federation and the Bank of Russia continue to participate in the knowledge exchange on remittances issues in different international fora including the 20 Global Partnership for Financial Inclusion and others.

The Financial Research Institute of the Ministry of Finance of the Russian Federation (FRI) organizes annual international conference within the Commonwealth of Independent States (CIS) in November of 2024 on sharing experience and best practices of countries on financial education for different target groups of adult population and MSMEs. FRI also provided information and educational materials on financial literacy including payments and cyber literacy to interested CIS countries in 2024.

The Bank of Russia holds annual international seminars (webinars) for foreign central banks on payment issues, including financial inclusion.

### Improvement of the Identification Procedure

On 30.12.2021 Federal law No. 483-FZ amending Article 7 of Federal law No. 115-FZ of 07.08.2001 “On combating money laundering and terrorist financing” was adopted. Federal law No. 483-FZ has improved information collection and confirmation processes relating to client identification that are

provided in accordance with Federal law No. 115-FZ of 07.08.2001 “On combating money laundering and terrorist financing”.

Institutions carrying out transactions with monetary funds and other property can under a contract delegate the updating of customer, beneficiary and beneficial owner information to certain institutions carrying out transactions with monetary funds and other property.

On 29.12.2022 Federal law No. 572-FZ “On the identification and (or) authentication of individuals using biometric personal data” (hereinafter Federal law No. 572-FZ) was adopted. It regulates relationships emerging during the identification and (or) authentication of natural persons using the single biometric system. In addition, it regulates the interaction of the above-mentioned system in the process of the authentication of natural persons with other information systems of accredited government authorities, Bank of Russia and other institutions performing authentication of natural persons using biometric personal data. Federal law No. 572-FZ introduces the regulatory basics of biometric personal data processing including the application of the “vector model” for personal data conversion, storage and processing.

In 2023-2024, a number of federal laws were adopted to amend Article 7 of Federal law No. 115-FZ of 07.08.2001 “On combating money laundering and terrorist financing” and to improve identification procedures.

Federal law No. 260-FZ of 13.06.2023<sup>41</sup> inter alia increases limits on operations which are not subject to identification (simplified identification) from 15000 rubles to 40000 rubles (from 155 to 414 UD dollars) on insurance contracts except for certain types of life insurance contracts, unit-linked insurance contracts and pension contracts.

Federal law No. 122-FZ of 29.05.2024<sup>42</sup> (in force since 30.05.2025) inter alia defines the maximum amount of funds that may be transmitted on behalf of an individual client without opening a bank account (including electronic money) that may be subject to the simplified individual client identification. The maximum is set at 100 000 rubles (1035 US dollars) or its equivalent in a foreign currency.

In 2018, Russia launched the Unified Biometric System (UBS), a state-owned system for centralised storage of biometric personal data. Commercial biometric systems also operate in the Russian Federation. Such systems do not store biometric data but use UBS vectors (mathematical models) for individuals’ identification and/or authentication upon provision of services.

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<sup>41</sup> Federal law No. 260-FZ of 13.06.2023 “On amending Article 7 of the Federal law “On combating money laundering and terrorist financing”.

<sup>42</sup> Federal law 112-FZ of 29.05.2024 “On amending Article 7 of the Federal law “On combating money laundering and terrorist financing and Article 10 of the Federal law On the national payment system”.

As of now, the UBS enables users to get a number of financial and non-financial services, including the following financial services:

- to open a bank account / a deposit or to get a bank loan without visiting a bank branch in person;
- to confirm the money transfers;
- to pay for a ride on the Moscow Metro;
- to pay for purchases made online or in a store (i.e. biometric payments or bioacquiring/face payment); and
- to open a bank account for a legal entity.

## Saudi Arabia

N/A

## Spain

### Country remittance profile

**Spain is a remittance-sending country.** The volume of remittances sent from Spain in 2023 was equal to USD 11,682 million<sup>43</sup>. Outflows have been on an upward trend since 2014, only disrupted in 2020 due to the Covid pandemic. The main corridors in terms of outflow size are mainly Latin American countries (Bolivia, Colombia, Dominican Republic, Ecuador, Honduras, Nicaragua, Paraguay and Peru), Morocco, Pakistan, Romania and Senegal. Among them, the three largest receivers account for over 36% of total outflows: Colombia (15%), Morocco (13%) and Ecuador (9%).

In 2023, Spain's population was equal to 48 million and migrants accounted for 12.7%, a slightly higher share than the previous year (11.4%). The largest migrant groups are composed by nationals from Morocco (14.7%), Romania (10.3%) and Colombia (7.5%)<sup>44</sup>.

**The cost of remittance outflows from Spain is close to the 5% SDG 10.c target.** According to World Bank data, the average cost of sending 200USD from Spain decreased to 4.5% in 2023 Q4 from 5.43% in 2021 Q4 and remains below the global average (6.39% in 2023 Q4). The latest available information, corresponding to 2024 Q1, sets the average cost of sending 200USD from Spain at 4,51%. In the

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<sup>43</sup>Balance of payments, 2023, Banco de España (Spanish central bank). Please note that the historical data has been recently reviewed and past reported figures may have been updated.

<sup>44</sup> Instituto Nacional de Estadística (National Statistics Institute), Spain in Figures 2024.

thirteen main corridors from Spain monitored by the World Bank, the average cost in 2024 Q1 ranges from 0.75% (Nigeria) to 6.74% (Honduras).

### Competition in the market

Remittance service providers (RSP) entitled to provide this financial service in Spain are commercial banks (140), money transfer operators (30), currency exchange bureaus (15), and branches of foreign payments institutions (9). In terms of number of transactions, the remittance market is dominated by money transfer operators, that account for the 91.4% of the market, followed by commercial banks (8.4%).

### Regulatory environment

Non-bank entities need to be licensed to provide international remittance services. Remittance service providers are obliged by the general disclosure regime applicable to financial institutions, which includes two main features: a) Freedom of fees (no caps established on fees or margins); and b) Strict disclosure regime, including the obligation to provide information on fees and exchange rates prior to starting of the transaction.

In the field of e-ID facilities for financial services, the digital signature included in the national Identification number (called DNI) is currently being tested in the financial sandbox<sup>45</sup>, to allow remote on-boarding and identification through qualified digital signature (within the framework defined by the EU regulation).

Regarding AML/CFT regulations for account opening and ongoing customer due diligence, the new European legislative package on anti-money laundering foresees several relevant changes oriented to increase due diligence measures, including new sectors and the crypto assets (<https://www.consilium.europa.eu/en/press/press-releases/2024/05/30/anti-money-laundering-council-adopts-package-of-rules/>)

### Payment infrastructures

Payment infrastructures in Spain are highly digitalized, allowing faster, safer, cheaper and more accessible international payments, including remittances (in line with the Financial Stability Board work on enhancing cross-border payments).

Payment entities and E-money institutions did 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. This mechanism allowed them to directly connect to the system platform in order to instruct and receive

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<sup>45</sup> Financial sandbox (<https://www.tesoro.es/sandbox/cohortes/quinta-cohorte>)

payment instructions. Direct participants remained responsible for all payment instructions introduced by the instructing parties they have registered.

Although this type of access is maintained, payment institutions and electronic money institutions will also be able to directly access designated payment systems following the modification introduced by the Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro. The transposition deadline, which is in course in Spain, is April 9th 2025.

Regarding interfaces between payment systems, harmonised 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.

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. Work is also being carried out in the G20 Fora (i.e. CPMI) to promote cross-border payments.

### Governance and risk management

RSP are subject to the same risk management practices and AML/CFT regulations applicable to other finance service providers. As mentioned above, the new EU AML regulation (scheduled for 2024) foresees new sectors being compliant with EU AML rules. The Bank of Spain has put in place a Registry of VASP (virtual asset services providers) and the required authorization procedure to operate in Spain.

### Access to financial services

The Spanish authorities work on multiyear and multipronged lines that will have a positive impact on remittances, such as sharing of knowledge and best practices with partners and stakeholders both at international and national level; providing international cooperation; enhancing financial literacy and awareness of citizens or fostering financial consumer protection. An example of this is that in 2022 the banking industry and the public authorities (Ministry of Finance and Bank of Spain) reached an agreement to promote financial inclusion and access to basic financial services, especially in rural areas and with a focus on the elderly.

## Switzerland

N/A

## Türkiye

N/A

## United Arab Emirates

The UAE, being a globally leading country in remittance flows, reemphasizes its commitment to enhancing the flows and reducing remittance transfer cost in line with the G20 Financial Inclusion Action Plan. In this regard, it is worth mentioning that remittance service providers in the UAE have strengthened their digital services platforms to better satisfy their customers' needs, in terms of facilitating user-friendly access to services and providing accurate information on applicable fees, execution time etc. These recent improvements have expanded largely in 2023 to cover the majority of the service providers.

Digital transformation has contributed to enhancing the monitoring process of remittance flows and reduction in the transfer costs, in line with the UAE's vision, which aims at supporting remittances service providers through providing guidance, enhancing the regulatory framework, and facilitating access and use of digital financial services through various initiatives.

First, the UAE regulators are supporting the monitoring process of remittance flows and the reduction of transfer costs. This is being facilitated by the comprehensive guidance provided to remittance service providers, the continuous enhancement of the regulatory framework, as well as the facilitation of access through targeted initiatives to implement digital financial services.

Second, the UAE has shown its commitment towards improving remittance flows by participating as a forerunner towards various international projects such as the GCC's Real Time Gross Settlement system (GCC-RTGS) and the Arab Regional Payment System (ARPS) also known as 'Buna'. These systems are now capable of full fledged operations and will be on high level focus for increased usage in the upcoming years as an effective and price competitive means of transactional processing across the region.

Finally, the UAE is moving forward on standardization of payments messages with ISO 20022 that is intended to transform the financial landscape. Implementing the ISO standard will revolutionize financial communication, enhance data quality and customer experience, and elevate security and governance of the messages are some of the major benefits of its adoption.

As of Sept 2024, total outward remittances from the UAE reached USD 1,199.8 billion (AED 4,406.5 billion). The portion attributed to family support amounted to USD 48.7 billion (AED 178.9 billion). Further, the total inward remittances reached USD 1,324.3 billion (AED 4,863.5 billion). India remains the top receiving country for earnings made by expats, followed by Pakistan, and the United States of America.

## United Kingdom

N/A

## United States

The United States is the world's largest remittance-sending country; total outward remittances in 2023 were estimated at \$85.8 billion (0.3% of 2023 GDP), up 5 percent over 2022 and 16.3 percent over 2021.<sup>46</sup> Roughly 14 percent of the U.S. population (or more than 45 million people) is foreign born.<sup>47</sup>

The total average cost of sending remittances from the United States was 5.71 percent as of the first quarter of 2024, below the global average of 6.35 percent, the G7 average of 5.87 percent and the G20 average of 6.47 percent.<sup>48</sup>

### Ensuring a safe and accessible financial system for remittances

In April 2023, the U.S. Department of the Treasury published a “De-risking Strategy” that addresses the practice of financial institutions terminating or restricting business relationships indiscriminately with broad categories of clients, rather than managing client risk in a targeted manner. The report lays out a multi-pronged strategy to be carried out in partnership with financial institutions and other governments designed to help ensure broad access to well-regulated financial services in the United States.

Since the publication of the strategy, Treasury has undertaken multiple lines of effort to promote greater access to financial services, support the efficient transfer of humanitarian aid and disaster

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<sup>46</sup> World Bank. Remittances Outflow Data, Last Accessed October 8, 2024. Available at: <https://www.knomad.org/data/remittances>

<sup>47</sup> U.S. Census Bureau. “Geographic Comparison Tables for the 2022 American Community Survey Data” Available at: <https://www.census.gov/acs/www/data/data-tables-and-tools/geographic-comparison-tables/>

<sup>48</sup> World Bank. “Remittance Prices Worldwide Quarterly: Issue 46.” Washington, DC: World Bank, March 2024, Available at:

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q124\\_final.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q124_final.pdf)



relief, and to modernize the U.S. AML/CFT framework in a manner consistent with the de-risking strategy. For example, earlier this year, Treasury and the Consumer Financial Protection Bureau co-hosted a virtual roundtable to discuss federal government efforts to promote access to financial products and services while protecting the U.S. financial system from illicit actors and bolstering national security. The roundtable highlighted Treasury's 2022 statement on customer due diligence which reiterated Treasury's longstanding position that no customer type represents a single level of uniform risk and that financial institutions are required to apply a risk-based approach. Treasury has also been at the forefront of addressing the decline of correspondent banking relationships in the Pacific region. In March 2024, Treasury signed a memorandum of understanding with the Pacific Islands Forum Secretariat, solidifying our commitment to strengthening Pacific capacity to address correspondent banking needs. In July of this year, Treasury led an interagency delegation to the Pacific Banking Forum that brought together senior government officials from the U.S., Australia, New Zealand, Japan, and the Pacific Island countries; international financial institutions (IFIs); multilateral development banks; as well as commercial banks, to identify potential solutions to address 'de-risking' and the decline of correspondent banking relationships in the Pacific.

The U.S. Department of the Treasury and Federal Reserve are active participants in G20 efforts to make cross-border payments cheaper, faster, more transparent, and more accessible, including through activities coordinated by the Financial Stability Board (FSB), the Committee on Payments and Market Infrastructure (CPMI), and the Financial Action Task Force. Treasury leads and participates in several of the working groups under the G20 Roadmap to Enhance Cross-border Payments, including work streams to reduce cross-border payment frictions resulting from differences in payments data and supervisory frameworks among jurisdictions.

### [Progress on coordinated supervision and transparency](#)

In the United States, remittances can be made through different types of firms, and these institutions are subject to different regulatory frameworks. Depository institutions, such as banks and credit unions, can be regulated and supervised at either or both the state and federal levels. Foreign bank branches and organizations operating in the United States are also governed by a combination of state and federal statutes, the provisions of which include licensing requirements and permissible activities. Federal and state regulators also oversee other types of financial institutions like Money Services Businesses (MSBs). Regulatory efforts at the state level focus primarily on licensing and consumer protection. The Consumer Financial Protection Act provides the Consumer Financial Protection Bureau (CFPB) with the authority to supervise a range of firms to assess their compliance with federal consumer financial laws; the CFPB has supervisory authority over banks, thrifts, and credit unions with assets over \$10 billion and nonbank mortgage originators and servicers, payday lenders and private student loan providers. In addition, the CFPB can supervise individual entities that pose a risk to consumers, as well as larger participants in certain consumer markets.

Though various U.S. financial institutions are subject to different regulatory frameworks, federal remittance regulation is generally focused on anti-money laundering (AML), countering the financing of terrorism (CFT), and consumer protection. Remittance providers (including depository institutions and MSBs) are required to take certain steps to identify, assess, design, and implement controls to comply with their obligations under the Bank Secrecy Act (BSA). The BSA is the primary AML law in the United States. The BSA requires financial institutions to maintain appropriate records and file reports that can be used in criminal, tax, or regulatory investigations, risk assessments, or proceedings, or intelligence or counterintelligence activities, including analysis, to protect against terrorism.<sup>49</sup> The Treasury Department's Financial Crimes Enforcement Network (FinCEN) administers the BSA.

With limited exceptions, depository institutions and MSBs are subject to a broad range of BSA regulatory obligations, including requirements for maintaining financial records, verifying customer identification, in particular for larger transfers, and filing reports for large or suspicious transactions. Remittances to certain foreign countries may also be subject to sanctions under various federal statutes administered by the Treasury Department's Office of Foreign Assets Control (OFAC). Absent a license, the U.S. government restricts remittances to countries, individuals, or entities that are subject to U.S. sanctions and embargoes.

While transparency is important, so too is consumer privacy. To protect user privacy, regulated U.S. financial institutions are generally required to maintain the security and confidentiality of customer information and prevent unauthorized disclosure of customer financial information. If the U.S. government wants to obtain financial information, authorities must generally follow specific procedures, providing a level of protection against unwarranted government scrutiny and surveillance.

## Reducing Remittance Transfer Costs

### Increase remittance market competitiveness and consumer choice

The CFPB's Remittance Transfer Rule, by imposing certain disclosure requirements, has aided consumers in comparison shopping and the identification of errors. The rule generally defines a remittance transfer as an electronic transfer of funds, in an amount of more than \$15, requested by a consumer in the United States, to a designated recipient in a foreign country. The rule exempts entities that do not provide remittance transfers in the normal course of their business. Generally, the Remittance Transfer Rule deems that an entity does not provide remittance transfers in the normal course of its business if it provides 500 annual remittance transfers or fewer in each of the prior calendar year and current calendar year. Federal banking authorities and the National Credit Union

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<sup>49</sup> 31 U.S.C. 5311. Under the BSA framework, certain types of U.S. financial institutions, such as banks and MSBs, are generally required to fulfill several core obligations, including recordkeeping, reporting, and program obligations.

Administration (NCUA) have developed guidelines to help banks and credit unions provide lower-cost remittance transfer services in the United States. Federal banking authorities continue to work with financial institutions under their respective jurisdictions on ways to offer low-cost remittance transfers and no-cost or low-cost basic consumer accounts.

#### Improve financial system infrastructure

In July 2023, the Federal Reserve implemented a new interbank real-time gross settlement system for instant payments, the FedNow<sup>®</sup> Service. As an interbank payment system, the FedNow Service operates alongside other longstanding Federal Reserve payment services such as the Fedwire Funds<sup>®</sup> Service and FedACH. The FedNow Service supports domestic instant payments. The Federal Reserve continues to evaluate the costs and benefits of expanding the service to allow for cross-border payments in the future, recognizing the need to address the heightened risks and compliance issues associated with cross-border payments. Consistent with the goals of encouraging the use of instant payments to support a more competitive, efficient, and inclusive U.S. payments landscape, Treasury has pursued electronic payment options to replace the use of paper checks, given that electronic payment options are safer, faster, and less expensive than checks. In 2023, Treasury signed up to be one of the early adopters of the FedNow Service.

The Federal Reserve's real-time gross settlement system for large-value payments, the Fedwire Funds Service, will be adopting the globally used ISO 20022 format in March 2025. This format will allow for enhanced efficiency of both domestic and cross-border payments, and a richer set of payment data that may help banks and other entities comply with sanctions and anti-money laundering requirements.

Treasury's Office of Technical Assistance (OTA) continues to provide technical support to finance ministries and central banks of developing and transition countries to ensure that innovative forms of digital payments can be adopted in a responsible manner, including by promoting interoperability across providers and establishing regulatory sandboxes. USAID also 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 formal financial services, and build cross-border digital economies. In 2024, USAID launched a Global Migration Task Team which, among other things, empowers staff to engage on global remittances and diaspora partnerships. USAID's Digital Invest Program mobilizes private capital for digital finance and internet service providers serving traditionally excluded populations worldwide, facilitating last mile access to digital payments and other digital financial services for the underserved. USAID's Women in the Digital Economy Fund seeks to reduce the gender gap in mobile internet and mobile money services. Finally, USAID partners with the Federal Trade Commission to implement the Trust and Competition in Digital Economies initiative to work with

regional bodies on strengthening regulatory frameworks related to digital payments and digital financial services in Africa.

### Improve transparency and consumer protection

Regarding consumer protection, Section 1073 of the Dodd-Frank Act amended the Electronic Fund Transfer Act (EFTA, P.L. 95- 630) to create a consumer protection regime for remittance transfers sent by consumers in the United States to individuals and businesses abroad. In 2012 and 2013, the CFPB implemented Section 1073 through its Remittance Transfer Rule that requires companies that are remittance transfer providers under the rule to generally provide consistent, exact disclosures, including the price of a remittance transfer, the amount of currency to be delivered to the recipient, and the date of availability. The disclosure requirements have helped to increase consumer understanding of the impact that various costs and taxes will have on the amount the received. The rule has also increased consumer protections by requiring remittance transfer providers to investigate disputes and remedy errors related to a remittance transfer and provided consumers with the right to cancel remittance transfers under certain circumstances.

Through both public enforcement and non-public supervisory actions, the CFPB oversees compliance with the Remittance Rule, which includes disclosure requirements, error resolution, and cancellation rights for consumers who send remittances.<sup>50</sup> Overall, remittance transfer providers have implemented changes to address compliance with that rule. Yet the Bureau's examinations and enforcement actions have uncovered mixed levels of Remittance Rule compliance across the industry, including general compliance at certain institutions as well as both individual regulatory violations and wholesale failures to comply with the Remittance Transfer Rule at others. Other authorities, including the Federal Banking Agencies, have the authority to examine banks within their respective jurisdictions for compliance with relevant federal consumer financial laws.

To detect and deter repeat violations of consumer laws, the CFPB in June 2024 established a registry requiring nonbank financial companies, including remittance transfer providers, to register if they have been subject to a final, public order issued by a federal, state, or local government or court for alleged violations of consumer financial laws.<sup>51</sup> The registry includes orders entered on or after

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<sup>50</sup> The CFPB oversees compliance with the Rule through both public enforcement and non-public supervisory actions. The Bureau has responsibility for supervising remittance transfers conducted by banks with over \$10 billion in assets as well as by non-bank remittance transfer providers that qualify as "larger participants," i.e., if they have at least one million aggregate annual international money transfers. The Bureau conducts supervisory reviews, among other reasons, to determine the scope of a financial institution's business activities, assess compliance with Federal consumer financial law, and assess risk to consumers. The Bureau has enforcement authority over all entities under its enforcement jurisdiction subject to the Rule, regardless of the volume of transfers.

<sup>51</sup> CFPB Press Release, CFPB Creates Registry to Detect Corporate Repeat Offenders, June 3, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-creates-registry-to-detect-corporate-repeat->

January 1, 2017 that remained in effect on or after September 16, 2024. The registry is part of the CFPB's ongoing focus on holding companies accountable and stopping corporate recidivism. The first registration deadline is set for January 14, 2025, and all covered nonbanks must register by July 14, 2025.

In 2024, the CFPB has taken steps to support fair competition and address deceptive actions among remittance transfer providers. In May 2024, the CFPB reminded remittance transfer providers that consumers should not pay fees on remittance transfers that are advertised as "free" or "no fee." The agency issued policy guidance aimed at providers who engage in deceptive acts by marketing remittance transfers as "no fee" when the remittance transfer provider charges consumers fees, or by marketing transfers as "free" when they are not in fact free, including when the provider imposes costs through the exchange rate spread.<sup>52</sup> The guidance also covered practices such as burying promotional conditions in fine print and deceptively advertising how long remittance transfers will take.

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offenders/. The final rule and an executive summary can be found at <https://www.consumerfinance.gov/rules-policy/final-rules/registry-of-nonbank-covered-persons-subject-to-certain-agency-and-court-orders/>.

<sup>52</sup> CFPB Circular 2024-02, Deceptive marketing practices about the speed or cost of sending a remittance transfer. <https://www.consumerfinance.gov/compliance/circulars/consumer-financial-protection-circular-2024-02/>