



Remittance Community Task Force

Remittances in times of crisis:
facing the challenges of COVID-19

Remittances in crisis: Response Recovery Resilience

BLUEPRINT FOR ACTION

FINAL REPORT

NOVEMBER 2020

Disclaimer

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Remittance Community Task Force Secretariat
Financing Facility for Remittances
International Fund for Agricultural Development



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Abbreviations

AML/CFT	anti-money laundering/combatting the financing of terrorism
BIS	Bank for International Settlements
CDD	customer due diligence
CEMLA	Centro de Estudios Monetarios Latinoamericanos
COVID-19	coronavirus disease 2019
CPMI	Committee on Payments and Market Infrastructures
EU	European Union
FATF	Financial Action Task Force
FINTECH	financial technology
FSB	Financial Stability Board
FX	foreign exchange
GCM	Global Compact for Safe, Orderly and Regular Migration
GFRID	Global Forum on Remittances, Investment and Development
GPs	CPMI-WB General Principles for International Remittances
GPII	Global Partnership for Financial Inclusion
GSMA	Global System for Mobile Communications
IAMTN	International Association of Money Transfer Networks
ICC	International Chamber of Commerce
IDFR	International Day of Family Remittances
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IOM	International Organization for Migration
KYC	know your customer
LAC	Latin America and the Caribbean
LMIC	low- and middle-income country
MMP	mobile money provider
MTO	money transfer operator
NGO	non-governmental organization
PSD2	Payment Services Directive 2
PSP	payment service provider
RCTF	Remittance Community Task Force
RPW	Remittances Prices Worldwide
RSP	remittance service provider
SDGs	Sustainable Development Goals
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
WB	The World Bank



A global response

On 19 March 2020, the Secretary-General of the United Nations called for an urgent and coordinated response from the international community to address the COVID-19 pandemic. Five days later, the Remittance Community Task Force (RCTF)¹ was launched by co-organizers of the Global Forum on Remittances, Investment and Development (GFRID) 2020: the International Fund for Agricultural Development (IFAD), the African Union, and the World Bank Group. To date, 40 organizations have joined the RCTF, including international organizations, intergovernmental bodies, industry and private sector groups, diaspora networks, and international experts on remittances. The RCTF also includes a reference group of government representatives and national development agencies (see annex 1).

After due observation and current assessment of the impact of COVID-19 in the remittance market, the RCTF developed this final Blueprint for Action that contains concrete measures, actions and relevant examples deemed useful for spurring the recovery and the resilience of one billion people involved in remittances in the post-COVID-19 economic environment. These include 200 million migrant workers – half of them women – and 800 million of their family members in low- and middle-income countries (LMICs) who rely on remittances. Guidance on implementable policy options is proposed for immediate action as well as for the next 6 to 12 months, as appropriate to national priorities and needs.

In preparation for this document, an interim report of this Blueprint for Action was released on 16 June 2020 on the occasion of the International Day of Family Remittances (IDFR), and part of a coordinated response from RCTF members.² Since then, the RCTF continued to work on guidelines for identifying measures that facilitate response, recovery and resilience, enabling government authorities to contribute to maintaining the flow of fast, low-cost and safe remittances during the post-COVID-19 crisis. This final report presents a compilation of the effects of COVID-19 on the remittance market until September 2020 and incorporates the consensus of RCTF members on the measures needed to promote the recovery of remittance senders, recipients and service providers.

This Blueprint for Action is in line with the Objective 20 of the Global Compact for Safe, Orderly and Regular Migration³ (GCM), which promotes faster, safer and cheaper transfers of remittances, fosters the financial inclusion of migrants, and supports the need to strengthen international cooperation and global partnerships on these issues. The GCM also supports the IDFR⁴ and IFAD's GFRID⁵ as important platforms for building and strengthening partnerships that promote innovative solutions for cheaper, faster and safer transfer of remittances.

This Blueprint for Action also aligns with the contribution of the RCTF members to the UN Framework for the Immediate Socio-Economic Response to COVID-19.⁶ This will facilitate the achievement of Sustainable Development Goal (SDG) 17⁷ that aims to strengthen and revitalize global partnerships for sustainable development. This Blueprint also promotes SDG Target 10.c that seeks to lower the transaction costs of migrant remittances to less than 3 per cent and to

1 <https://gfrid.org/covid-19/the-remittance-community-task-force/>

2 <https://gfrid.org/covid-19/the-remittance-community-task-force/>

3 https://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/73/195

4 The International Day of Family Remittances (IDFR) is a universally recognized observance adopted by the United Nations General Assembly (A/RES/72/281) and celebrated every year on 16 June: <https://www.un.org/en/observances/remittances-day> and www.ifad.org/en/idfr

5 GFRID website: <https://gfrid.org/>

6 A UN Framework for Immediate Socio-Economic Response to COVID-19, UN Sustainable Development Group, 2020.

7 <https://sdgs.un.org/goals/goal17>



eliminate remittance corridors with costs higher than 5 per cent by 2030. Through its focus on sustainable digitalization, the Blueprint supports the Addis Ababa Action Agenda (AAAA) of the Third International Conference on Financing for Development, which commits to leveraging new technologies for greater financial literacy and inclusion through remittances.

The findings of this report also support several international fora and processes. These include the Global Partnership for Financial Inclusion (GPMI) of the G20, the Global Forum on Migration and Development, and the UN process on Financing for Development in the Era of COVID-19 and Beyond, launched on 28 May 2020 by the United Nations Secretary-General, the Prime Minister of Canada and the Prime Minister of Jamaica. This initiative identifies remittances as a key topic for engagement and repositioning within the UN Financing for Development Framework as a result of the pandemic. The findings in this Blueprint have contributed to the outcome report presented at leaders' meetings during the UN General Assembly sessions in September 2020.

Other initiatives have underscored the need for international coordination to sustain the flow of remittances during the COVID-19 crisis. These include:

- Financial Action Task Force (FATF) on 1 April 2020 called for the continued implementation of the FATF Standards to facilitate the integrity and security of the global payments system during and after the pandemic, through transparent channels and risk-based due diligence.
- World Bank Call to Action on 3 April 2020 outlined near- and medium-term actions to support the remittance sector, to accelerate reductions in remittance costs, and to respond to widespread unemployment and the plight of migrant communities in host countries.
- Call to Action "Remittances in Crisis: How to Keep them Flowing," issued on 22 May 2020 by Switzerland and the United Kingdom, with the support of IAMTN, ICC, IOM, UNCDF, UNDP and the World Bank. Ecuador, Egypt, El Salvador, Jamaica, Mexico, Nigeria and Pakistan first joined the initiative and several other states and entities have since signed up.
- In May 2020, a non-paper was also submitted by the European Commission to the G20 Global Partnership for Financial Inclusion (GPMI) that proposed to include a coordinated response to the impact of COVID-19 on remittances in the work programme of this G20 working group.
- In September 2020, the European Commission adopted a Retail Payments Strategy for the European Union that includes key initiatives on cross-border payments, including remittances.
- In addition, the Financial Stability Board, at the request of the G20, currently coordinates the development of a road map to enhance cross-border payments. The second report from the Committee on Payments and Market Infrastructures (CPMI) was delivered to G20 Finance Ministers and Central Bank Governors in July 2020, containing "building blocks" to improve the current global cross-border payment arrangements. The final road map was delivered on 13 October 2020.



REMITTANCE COMMUNITY TASK FORCE MEMBERS

DIASPORA ORGANIZATIONS



INTERNATIONAL ORGANIZATIONS



NON-PROFIT ORGANIZATIONS



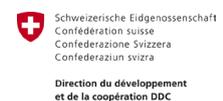
PRIVATE SECTOR ENTITIES



RESEARCH ORGANIZATIONS



REFERENCE GROUP ORGANIZATIONS





Executive summary

In only a few months, COVID-19 has changed the world. Governments everywhere have responded with a mix of policies and restrictions to contain the pandemic. These are having an immense socio-economic impact. Tens of millions of jobs have been lost, some of these permanently. Migrant workers are among the most directly affected by the economic fallout of this crisis, as employment levels and wages for this segment have both plummeted.

With limited access to unemployment benefits, many migrants are unable to continue sending money to support family members in home countries. Overall, 200 million migrants – half of them women – who send money and their 800 million family members who receive remittances in low- and middle-income countries (LMICs) may have been impacted by the crisis.

As a result, remittance flows are “projected to decline 14 per cent by 2021 compared to the pre-COVID-19 levels in 2019,” the sharpest fall ever registered. “Based on the trajectory of economic activities in large migrant-hosting countries, especially the United States, European countries, and the Gulf Cooperation Council countries, remittance flows to low- and middle-income countries (LMICs) are projected to decline by 7.2 per cent, to \$508 billion in 2020, followed by a further decline of 7.5 per cent, to \$470 billion in 2021”.⁸

Nonetheless, while the majority of sources indicate that remittance flows are decreasing, recent data from several central banks are reporting that in a few corridors, migrants’ total remittances have been stable or even increased over the last months (e.g. Bangladesh, Mexico and Pakistan). Circumstances vary by country, and certain markets are showing elements of resilience as remittances often have a counter-cyclical role in response to adverse shocks.⁹ Indeed, migrants in several markets are using their savings to support families during the pandemic, and in some instances are preparing for their return home due to unemployment in countries of destination. However, there is still inconclusive proof of these tendencies, as a second wave of the pandemic is only starting.

Unlike previous shocks, the economic impact and scale of COVID-19 is simultaneously affecting remittance sending and receiving countries. The decrease in these flows threatens decades of progress towards the achievement of the Sustainable Development Goals (SDGs), including poverty reduction, income equality, nutrition, health and education.

SDG Target 10.c and the Addis Ababa Action Agenda set the following target on remittances costs: “By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.” The G20 has also committed to reducing the cost of sending international remittances and has aligned its work with the 2030 Agenda. However, despite material reduction in remittance transfer costs in the past years, the global average cost of sending US\$200 remains high - at 6.75 per cent in the third quarter of 2020.¹⁰ This has a large impact on receiving families, as each percentage point in transaction costs deprives them of about US\$5.5 billion per year. Remittances represent an average (for both urban and rural families) of 60 per cent of recipients’ family income, and more than double its disposable income.¹¹

8 World Bank, October 2020. Migration and Remittances Brief 33: Phase II COVID-19 Crisis through a Migration Lens. World Bank: Washington, D.C.

9 <https://blogs.imf.org/2020/09/11/supporting-migrants-and-remittances-as-COVID-19-rages-on/>

10 World Bank Remittance Price Database, October 2020.

11 International Fund for Agricultural Development, Sending Money Home 2017.



Among the factors driving the high costs of transfers in some corridors are inconsistent data formats (fragmented and truncated) for cross-border payments (as relevant mainly for banks), complex processing of anti-money laundering/combating the financing of terrorism (AML/CFT) compliance checks, limited operating hours, legacy technology platforms, long transaction chains, high funding costs and weak competition.¹²

The vast majority of remittance service providers (RSPs) experienced an immediate reduction in remittance volumes at the onset of COVID-19. Regardless of their capacity to fulfil remittance transfer needs, many non-bank RSPs in both sending and receiving countries were deemed “non-essential” and therefore had to close their physical locations. This opened the market to the greater use of digital financial services. Digital-only RSPs have registered a significant increase in volumes since the beginning of the crisis.

Several initiatives have coordinated responses to improve the resilience and recovery of the remittance market. These have been directed to government authorities, RSPs and diaspora groups, and aim to maintain the flow of fast, cheap and safe remittances during and beyond the COVID-19 crisis. International support is needed to manage the decline in remittance flows, through a creative mix of policies and public and private financial tools to promote job creation, among other objectives.

This Blueprint for Action is a collaborative effort of the RCTF and reflects recent developments in the international response to the remittance market during the pandemic. This report presents the realities facing critical stakeholders in the remittance market: senders in host countries, their families in LMICs, and RSPs. Further, the report identifies policy and regulatory challenges and actions to be taken by RSPs and other stakeholders in order to improve the resilience of remittance markets to external shocks. The measures and respective actions are structured following the Bank of International Settlements’ (BIS) CPMI and World Bank’s *General Principles for International Remittance Services*.¹³

A summary of immediate relief (up to three months), and short-term measures to be considered during the next 6 to 12 months is described below.

A. Immediate relief measures

- (1) Declare remittance services to be essential during lockdowns.¹⁴
- (2) Extend financial relief measures to eligible remittance service providers to assist with crisis-induced credit and liquidity risks.
- (3) Consider temporary revision of transaction and balance limits.
- (4) Reinforce global commitments to reduce the cost of remittances.
- (5) Improve the collection and dissemination of remittance data in host and home countries.
- (6) Consider waiving taxes on remittance transactions.
- (7) Promote regional and national public-private working groups to improve awareness and preparedness.

12 Financial Stability Board Stage 1 Report to G20 on Enhancing Cross-border Payments, April 2020. <https://www.fsb.org/2020/04/enhancing-cross-border-payments-stage-1-report-to-the-g20/>

13 General Principles for International Remittance Services. Bank for International Settlements: Basel, Switzerland. CPSS and the World Bank, 2007.

14 Essential services are the services and functions that are necessary, even during a pandemic. They maintain the health and welfare of the municipality. Without these services, sickness, poverty, violence and chaos would likely result. Pan American Health Organization. “Disaster Management: Maintenance of Essential Services”. 27 March 2020.



- (8) Develop COVID-19-specific business continuity plans.
- (9) Promote targeted incentives that encourage the use of digital remittance products while protecting the payment sector and its customers.
- (10) Develop and encourage emergency remittance-related savings, loans and insurance products.

B. Remittance family measures

- (11) Provide financial support to remittance-receiving families.
- (12) Leverage remittance service providers' payment networks and expertise for urgent services, including humanitarian assistance.

C. Markets and enabling environment

General Principle 1: Transparency and Consumer Protection

- (13) Increase access to clear information on the total costs of sending and receiving remittances.
- (14) Support immediate inclusion of remittance families in gender-responsive financial and digital education programmes.

General Principle 2: Payment System Infrastructure

- (15) Encourage digital channels for sending and receiving remittances.

General Principle 3: Legal and Regulatory Environment

- (16) Facilitate the customer due diligence (CDD) process and measures.
- (17) Facilitate the entry of new players and business models into the remittance market.

General Principle 4: Market Structure and Competition

- (18) Ensure fair, transparent and risk-based access criteria to payment system infrastructure for non-bank remittance service providers.

General Principle 5: Governance and Risk Management

- (19) Improve availability of banking services for remittance service providers with guidance to financial institutions on AML/CFT compliance requirements.



A Views from the ground: one billion people and their communities

In only a few months COVID-19 has changed the world, slamming into countries with the speed and impact of a natural disaster. Governments everywhere have responded with a mix of policies and restrictions aimed at containing the pandemic, ranging from quarantines and social distancing to the closure of borders, schools and businesses.

The socio-economic impact of these measures is immense. As economies have shut and slowed down, tens of millions of jobs have been lost, some permanently. According to the estimates of the International Labour Organization (ILO), “estimated working-hour losses in the second quarter of 2020 (relative to the last quarter of 2019) are now 17.3 per cent” worldwide (equivalent to 495 million full-time jobs).¹⁵ Overall, women workers are disproportionately affected.¹⁶

Migrant men and women workers are on the front lines of the response to the pandemic, and among the most directly impacted. The UN Framework for the Immediate Socio-Economic Response to COVID-19¹⁷ includes migrants as a vulnerable group that requires the protection of rights. Migrants deliver needed skills and provide essential services to important economic sectors, including construction, hospitality, tourism, food, agribusiness, transport, domestic and care work. Migrants also serve in critical, but often low-paid and vulnerable jobs, and include health care workers, nurses and cleaners. For migrant workers in the informal economy, such as many agricultural workers, “exclusion stems from the fact that labour laws do not regard them as workers”¹⁸ and migrants are therefore not covered by safety nets nor do they have the option to telework. Many host country governments help their own citizens with stimulus packages, but informal migrants often lack unemployment benefits.

However, most host countries have offered amnesties to undocumented workers, including those who are stranded and jobless, and waiting to be repatriated as transport normalizes across all countries. For example, between March and July 2020, 172,500 work permits for Nepali workers overseas expired. As of June 2020, a total of 103,807 Nepalis, including migrant workers, have returned home from 59 countries. Some diaspora groups and foundations have begun hunger relief and health care campaigns in both sending and receiving countries. But these efforts are not enough.

The majority of migrant workers come from LMICs and must continue working to support family members and communities with the remittances that they send home on a regular basis. In May 2020, a survey conducted by IFAD¹⁹ of African diasporas in Europe and North America showed that 76 per cent of migrants had to reduce their own consumption in order to continue sending remittances back

15 ILO Monitor: COVID-19 and the world of work - 6th Edition. https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_755910/lang--en/index.htm, ILO, 2020.

16 According to ILO, the crisis disproportionately affects women workers in four main ways: (i) a large proportion of women work in sectors severely affected by the crisis; (ii) women in domestic work have been highly vulnerable to containment measures; (iii) the overwhelming majority of workers (70-80 per cent) in the health and social work sector are women; and (iv) during the crisis, the unequal distribution of increased care demands affects women disproportionately. <https://advocacy.shrm.org/covid-19/ilo-monitor-covid-19-and-the-world-of-work-fifth-edition/>, ILO, 2020.

17 A UN framework for immediate socio-economic response to Covid-19. The five streams of work that constitute this framework include: 1. ensuring that essential health services are still available and protecting health systems; 2. helping people cope with adversity, through social protection and basic services; 3. protecting jobs, supporting small and medium-sized enterprises, and informal sector workers through economic response and recovery programmes; 4. guiding the necessary surge in fiscal and financial stimulus to make macroeconomic policies work for the most vulnerable and strengthening multilateral and regional responses; and 5. promoting social cohesion and investing in community-led resilience and response systems. UN Sustainable Development Group, 2020.

18 https://www.ilo.org/global/topics/labour-migration/publications/WCMS_743268/lang--en/index.htm

19 <https://www.ifad.org/en/web/latest/blog/asset/41965266>, IFAD, 16 June 2020.



home. A smaller number had to dip into their savings (15 per cent) or borrow money (3 per cent). These sacrifices could precipitate greater financial vulnerability in the future, jeopardizing family solidarity in the context of an unfolding crisis.

During this pandemic the economic equation that links migrant workers to their families is simple: no job equals no income and, likely, no remittances. With a few exceptions, cuts in working hours have meant lower remittances. A recent World Bank forecast points to the sharpest yearly decline in remittances in LMICs in history as compared to the US\$548 billion in 2019, falling by “7.2 per cent, to US\$508 billion in 2020, followed by a further decline of 7.5 per cent, to US\$470 billion in 2021”. Projected figures for 2020 and 2021 vary greatly by region and country: “...in Europe and Central Asia (16 per cent and 8 per cent, respectively), followed by East Asia and the Pacific (11 per cent and 4 per cent), the Middle East and North Africa (8 per cent and 8 per cent), sub-Saharan Africa (9 per cent and 6 per cent), South Asia (4 per cent and 11 per cent), and Latin America and the Caribbean (0.2 per cent and 8 per cent) (World Bank, October 2020).²⁰

Despite an expected overall global decline, certain markets are showing elements of resilience as remittances often have a counter-cyclical role in response to adverse shocks.²¹ According to the Centro de Estudios Monetarios Latinoamericanos (CEMLA), in March 2020, Mexico and Colombia have reported a significant increase in remittance flows of 35.5 per cent and 32.8 per cent, respectively. Similarly, the central banks of Nepal and Bangladesh have reported an all-time high in remittance flows during the last month of the fiscal year (mid-June to mid-July). A recent IOM brief also reports surges in Honduras, the Philippines and Zimbabwe.

These surges are likely due to: behavioural changes among migrants and the diaspora such as the use of savings to sustain remittance sending; the use of formal sending channels as opposed to informal means; and migrants who did not send remittances are doing it now to help their relatives. The depreciation of local currencies and/or increased resources for formal migrant workers from government aid programmes launched during the pandemic have also had an impact. However, there is still inconclusive proof of these tendencies as the effects of the crisis are still ongoing.

In the aggregate, remittance inflows are in the billions, but what matters most for the families that depend on them are the US\$200-US\$300²² that they receive monthly. Indeed, remittances are defined as “cross-border person-to-person payments of relatively small value”.²³ However, remittances differ from other financial flows in more ways than size. These financial transactions reflect the social contract that binds migrants to their families back home.

Although a few receiving countries impose taxes on inward remittances and some sending countries have considered taxing outward remittances, this practice is likely to be regressive and, therefore, discouraged.²⁴

Past remittance flows have been relatively resilient to external shocks. But COVID-19 is different. It is global in nature and affects both sending and receiving countries simultaneously, depriving migrant workers of their main source of income and the economic lifelines upon which many receiving households rely. Remittances directly impact one billion people: they are sent home by an estimated 200 million migrant workers, half of them women, to help feed, shelter, educate and support the health of 800 million family members back home.

These funds underwrite basic household needs and can be used to expand skills and opportunities

20 World Bank, October 2020. Migration and Remittances Brief 33: Phase II COVID-19 Crisis through a Migration Lens. World Bank: Washington, D.C.

21 <https://blogs.imf.org/2020/09/11/supporting-migrants-and-remittances-as-covid-19-rages-on/>, IMF, 11 September 2020.

22 During the first months of the crisis, average remittance transfers were US\$100, World Bank, 2020.

23 *General Principles for International Remittance Services*. Bank for International Settlements: Basel, CPMI and World Bank, 2007.

24 <https://blogs.worldbank.org/peoplemove/why-taxing-remittances-bad-idea>



through education and entrepreneurship, thereby enabling “families to reach their ‘own’ SDGs”.²⁵ To the extent that migrant remittances deliver more than just basic needs, they become transformational for individual households and local communities. Even though remittance flows will decline in 2020, their relative importance as a source of external financing for LMICs is expected to increase. In fact, this form of family aid surpasses foreign aid: total remittances are three times the size of official development assistance (about US\$166 billion worldwide in 2019) and exceed foreign direct investment in almost every developing country.²⁶

Remittances represent an average (for both urban and rural families) of 60 per cent of recipient family income, and more than double its disposable income.²⁷ Furthermore, a survey conducted by CEMLA²⁸ of 32,000 migrant workers in the eight largest remittance-receiving countries in LAC found that remittances are the sole source of income for 22 per cent of surveyed households.

The World Bank estimates that COVID-19 will propel 71 million people into extreme poverty.²⁹ Many of these may be migrant family members back home. But not all remittance-receiving families will be equally impacted. Given the comparative levels of poverty in rural vis-à-vis urban areas, remittances do have a disproportionate impact on rural populations. As a reference, remittances contribute more than 5 per cent of the gross domestic product in more than 60 countries that have rural-based economies. Besides a high dependency on remittances, these countries are often characterized by high unemployment rates and widespread economic hardship.³⁰

Rural families in LMICs that depend on remittances and other sources of income disrupted by COVID-19 may be unable to adequately respond to this threat to their financial security. The drop in remittances is a supply-side shock to agricultural and other productive activities: remittances finance the purchase of seeds and inputs, and other productive activities. In the medium term, these resources will not likely be available.

In addition, receiving families in rural areas are more excluded financially as compared to those in urban areas. Rural families often have little access to savings, credit and insurance and often lack financial literacy, thereby limiting their ability to make digital payments in response to the COVID-19 crisis. Debt plays a central role in the lives of many migrants. A 2019 IOM report from South-East Asia indicates that indebtedness can spur migration. At the same time, migrants regularly incur debt to finance costly cross-border moves. Furthermore, remittances sent home are often used to service household debt.³¹

The projected sharp decrease of remittance flows to households could roll back decades of progress on the SDGs,³² including poverty reduction, income inequality, nutrition, health and education. A steep decline in remittances will impact foreign exchange reserves and exchange rates, and have other economy-wide effects in many recipient countries. This crisis also hampers progress on the commitments agreed to in GCM’s Objective 20 that *commits to faster, safer and cheaper remittances, and more broadly the financial inclusion of migrants and their families*.³³

25 Louise Arbour, Special Representative of the Secretary-General for International Migration, GFRID 2017.

26 World Bank, October 2020. Migration and Remittances Brief 33: *Phase II COVID-19 Crisis through a Migration Lens*. World Bank: Washington, D.C.

27 International Fund for Agricultural Development (IFAD), *Sending Money Home 2017*.

28 CEMLA, 2020.

29 <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty>, World Bank, 20 April 2020.

30 Using microdata on financial exclusion as well as other indicators of household exposure obtained from the Afrobarometer survey and macroeconomic data, S. Kalantaryan and S. McMahon assess the vulnerability of different African countries to the COVID-19-related decline in remittance inflows (“COVID-19 and Remittances in Africa,” JRC Technical Report, European Commission, 2020; <https://ec.europa.eu/jrc/en/publication/covid-19-and-remittances-africa>).

31 <https://publications.iom.int/books/debt-and-migration-experience-insights-south-east-asia>

32 *Remittances, investments, and the SDGs*, IFAD, 2018.

33 *Global Compact for Safe Orderly and Regular Migration*, General Assembly A/RES/73/195.

**B**

Remittance service providers

The impact of COVID-19 on remittance service providers (RSPs), at both the sending side and receiving end of transactions, has been significant in three key areas: RSP operations; remittance volumes and prices charged; and changing consumer needs, such as the shift to digital methods.

The World Bank³⁴ initiated a weekly pulse survey and data report on international remittance markets in early April 2020. This included biweekly monitoring of remittance prices for 30 corridors and a series of interviews/questionnaires with representative private sector remittance operators. The surveys yielded the below results.

Operational impact. The continuity of remittance services has been impacted by the crisis, contributing to a declining trend in total remittance flows. Many non-bank RSPs in sending and receiving countries were not considered “essential” services by several governments early in the lockdowns. Postal networks were the exception in many countries. Hence, many cash-based locations were closed or had reduced hours at both ends of the transaction. This led to major service disruptions and a shift to digital transactions, as well as postal networks acting as money transfer operator (MTO) agents. Even with the increase in digital sending, remittance transmission often encountered obstacles on the receiving end. Overall, about 10 per cent of global services became unavailable as a result of COVID-19.³⁵

Moreover, the variability of regulations and guidelines across countries, coupled with the lack of clarity of many such rules, lead to difficulties in interpretation by many law enforcement authorities, thereby further complicating the operating environment for many RSPs. Around 85 per cent of operators employed some form of remote working in order to maintain services, driving an increase in costs associated with new equipment and procedures. Contingency plans and safety procedures had to be established for RSPs and agents in accordance with local regulations (such as replacing all staff where one worker tested positive for COVID-19).

Liquidity management and rebalancing issues were additional challenges for RSPs that continued operating on reduced hours. These issues were particularly serious for remote rural agents, especially in some African countries, as compared with other touch points such as banks and e-money distributors.

Lockdowns caused declines in revenue for service providers and their agent networks of up to 60 per cent.³⁶ Agents are vital actors in digital services. They play an important role by accepting money and paying out funds (cash-in/cash-out) for many senders and recipients who were formerly excluded. Agents rely mostly on cash-in/cash-out business for commissions and survival. Consequently, falling revenues caused by the pandemic challenge agents' viability as well as progress on financial inclusion enabled by greater agent use of digital networks. RSPs are continuing to take steps to ensure service continuity. Public authorities also play a vital role in ensuring service availability.

Impact on volumes and pricing. For the vast majority of RSPs, the crisis has caused a decline in remittance volumes. Cash-based businesses have experienced declines of around 60 per cent, while digital-only providers have seen significantly lower reductions and in some cases

34 RPW Special issue on COVID-19. <http://remittanceprices.worldbank.org>, World Bank, 2020.

35 World Bank data collected for RPW Q2 2020.

36 <https://www.cgap.org/blog/how-pandemic-affecting-agents-heres-what-providers-tell-us>, CGAP, 9 June 2020.



(see footnote 39) experienced increases. For those operating multichannel remittance services,³⁷ the fall in retail volumes was partially offset by increased digital transactions and strong digital customer acquisition.

The World Bank's Remittance Prices Worldwide database collected data from 367 corridors in Q2 2020, which shows that the average global cost of sending remittances fell to 6.67 per cent³⁸ as compared with 6.79 per cent before the pandemic. However, these levels are still above the 3 per cent 2030 commitments of SDG 10.c and GCM's Objective 20.

In the wake of COVID-19, several RSPs reduced their fees. Western Union halved fees on digital transactions for workers in essential services in most countries for a limited period.³⁹ Azimo, WorldRemit and Remitly offered the first two transactions fee-free for new customers and a heavily subsidized foreign exchange (FX) rate to encourage the use of the platform. As months progressed, RSPs began normalizing their pricing.

Changing customer behaviours and the shift to digital. The temporary closure of many physical sending and receiving locations, and the increased risk of infection through cash-handling further encouraged the move to digital financial services.⁴⁰ However, for the three largest RSPs (Western Union, World Remit and Ria), cash transactions still comprise over 70 per cent of their remittances. Further, the definition of "digital" can be misleading. For instance, many RSPs label a transaction as digital even where only one of the ends of the transaction is in electronic form. 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 financial institution (say a post office), mobile money or e-money account).⁴¹

The closure or limited operations of physical over-the-counter services, and the decline in access to agent access points because of liquidity issues or poor business viability⁴² has negatively impacted both senders and receivers – particularly vulnerable groups in rural areas that lack access to digital networks. While most markets are slowly recovering to pre-lockdown levels, the problems exposed during the crisis remain a serious threat to vulnerable populations that depend heavily on remittance inflows.

Digitalization is not a quick solution and requires the strengthening of digital ecosystems, particularly in receiving countries. Moreover, without the right measures in place, a digital divide could exclude traditionally unbanked and poor segments, including women, the elderly and the rural population, as shown in box 1.

37 RSPs that provide a range of options for sending and/or receiving money. For example, a company may offer the possibility to pay in cash at a physical location, using a debit card online or by bank transfer. In contrast to certain RSPs that only offer digital services or only cash.

38 Note that the cost of remittances includes both fee and foreign exchange costs. For the duration of the survey, fees accounted for 67 per cent of the total costs and Foreign Exchange 33 per cent.

39 https://www.zawya.com/mena/en/press-releases/story/Western_Union_pays_tribute_to_First_Responders_and_Key_Workers_in_the_UAE-ZAWYA20200512110122/

40 For instance, MoneyGram increased digital transactions by 57 per cent year-on-year and Western Union reports an increase of 21 per cent in digital transactions in Q1 of 2020. Digital MTOs also report a surge in new customers using their services. For example, new customer registrations by Azimo increased by 105 per cent in April 2020. MoneyGram has seen the number of customers moving from walk-in to online almost double in the past few weeks, but that makes up less than 1 per cent of its walk-in customer base, CEO Alex Holmes states. This means that even though more walk-in customers are using MoneyGram's digital offerings than usual because of the pandemic, it is still struggling to pull the bulk of its walk-in users online. <https://www.businessinsider.com/moneygram-digital-channel-may-help-weather-drop-in-remittances-2020-5?r=US&IR=T>

41 RPW Q3 2020 Policy Note, World Bank, 2020.

42 <https://www.cgap.org/blog/how-pandemic-affecting-agents-heres-what-providers-tell-us>



Box 1. Digitalization context and the threat of digital divide

This pandemic has amplified calls to defend the role of cash transfers, especially in cash-based rural economies. At the same time, the crisis has led to a drive that could speed up the shift to digital payments. If not managed properly, this process could create a divide in access to payments instruments that could particularly exclude the unbanked and women, who, according to GSMA's Gender Gap report, have lower digital literacy than men. Rural populations can also be harmed by a digital divide, given an underdeveloped digital infrastructure and a culture of cash-based transactions.

The impediments to greater adoption of digital remittance transfers include:

- lack of digital infrastructure to facilitate digital domestic payments (Mondato, 2020), lack of digital merchant payment solutions, and business-to-business payments in most value chains. This encourages recipients to cash out the digital remittances that they receive (FSD Africa/ Cenfri 2020);
- lack of connectivity due to limited and/or volatile network quality, problematic and expensive phone data plans, and electricity shortages;
- lack of awareness around digital remittances and digital options of preferred RSPs;
- inability to meet customer due diligence requirements, such as IDs;
- low account ownership adoption;
- lack of transaction accounts, poor access to reliable and transparent information on costs, and low trust in the financial sector;
- low levels and impediments to digital literacy;
- a digital gender divide that reflects the greater obstacles facing women in accessing digital technology and the lower digital literacy of women; and
- low market penetration of digital payments that reduces consumer options and may lead some operators to increase their costs.

On the positive side, expanding digital access could result in lower costs and enhanced transaction efficiency. Issues of trust and habit are hard to overcome. However, increased experience with digital transfers could result in a broader acceptance and bring long-term benefits to all.

In the short term, the focus should be on interventions that promote digitalization at the sending side and/or the receiving end, where feasible (i.e. countries with high mobile money penetration), to minimize risks of COVID-19 for senders and agents. This includes the facilitation of remote onboarding, fee and transaction tax reduction/stabilization, awareness-raising around digital options, and remote assistance with digital channels.

A longer-term recommendation at the receiving end should focus on promoting digitalization through the expansion of digital ecosystems. This would raise the value of digital transaction networks versus cash.

On the receiving side, efforts should encourage the switch to digital remittances for recipients who have the means to do so. At the same time, receivers lacking devices, digital identity, accounts, digital literacy, and who rely on agents can be supported through increased access to cash while the digital ecosystem is gradually upgraded. This could be achieved by declaring cash-out agents as essential services in countries under lockdown, by supplying ATMs with sufficient cash, through regulatory support for digital identity proofing initiatives, and by driving digitalization programmes.



Further efforts should encourage a proportionate risk-based approach to AML/CFT, using guidelines that help address restrictive de-risking practices (please refer to the Enabling environment section below).

Overall, expanding digital access should lower average costs, promote financial inclusion, increase the savings, efficiency and investment of remittances, and facilitate social distancing in the COVID-19 context. Many RSPs are changing their operating models as conditions evolve. These include reducing or waiving fees, educating customers on digital services, using alternative methods for CDD, developing new products, creating loyalty incentives and opening new digital corridors.



c Enabling environment

COVID-19 has prompted quick action by public authorities and underscored their critical role in crafting policies and regulations to mitigate the risks posed by this crisis. Most governments identified certain types of businesses as essential early in the pandemic.⁴³ Many failed to ensure that RSPs were designated as essential services, particularly the agents that provide money transfer services on behalf of RSPs. In other cases, post offices were appointed as providing an essential service, including those on behalf of RSPs. In some countries, RSP agents were recognized as essential services, but a lack of clear information at the local and provincial levels regarding their status resulted in businesses' discontinuity.

The current crisis highlights long-standing policy and regulatory issues that must be addressed to improve the resilience of remittance markets. The pandemic also exposes key constraints relating to competition and innovative policies in the remittance market that are outlined in the commitments in Objective 20 of the GCM. Public authorities play a fundamental role in the design and implementation of policy and regulatory frameworks needed to improve the resilience of remittance markets in the face of upcoming shocks.

Lessons are emerging: RSPs that have failed to embrace digital service solutions, customers who lack transaction accounts and access to digital remittance services, and countries without interfaces between digital RSPs and domestic payment infrastructures have been hit particularly hard by the economic fallout from the pandemic. Consequently, mounting interest is focused on remote and digital means of sending and receiving remittances. Policies in response to COVID-19 will need examination to ensure an enabling environment in both sending and receiving countries that can help to restore in-person and cash-based remittance channels and facilitate a shift to digital remittance channels.

The Bank of International Settlements' CPMI and the World Bank issued the *General Principles for International Remittance Services* in 2007 that provide an overarching framework for policymakers to address these issues.^{44, 45} The General Principles (GPs) utilize best practices and guidelines for efficient remittance markets, and have been endorsed by various international organizations, including the Financial Stability Board (FSB), and the G7 and G20 group of countries.

Using the GPs as the basis, the following factors have been observed as barriers to the safe and efficient functioning of the remittance markets, particularly during the current crisis.

Transparency and Consumer Protection (GP1). A lack of transparency in the disclosure of fees and the time to execute remittance transfers continues to erode the trust of consumers, especially during the crisis. Many countries lack regulations that require RSPs to disclose, in easy-to-understand terms, the total cost of sending remittances for the consumer. These include fees at both ends, exchange rate margins and other costs, and most importantly the amount that will actually be received by the beneficiary in their

43 In most countries, these included food stores and drugstores, health and medical services, transportation and logistics, housing and real estate, certain types of manufacturing activities, banks, insurance, and mobile and internet service providers, among others.

44 Bank of International Settlements' CPMI was previously known as the Committee on Payment and Settlement Systems (CPSS).

45 *General Principles for International Remittance Services*. Bank for International Settlements: Basel, Switzerland. CPSS and the World Bank, 2007.



local currency. A best practice would require RSPs to disclose the total price inclusive of fees at both ends, including foreign exchange rates and the margins applied on them, other costs, the time it takes for the funds to reach the recipient, and specific locations of RSP access points in both sending and receiving countries. Transparency is crucial for consumer protection, enabling informed decisions when trust is most required.

Ensuring protection of customer transaction data and personally identifiable information is of utmost importance. This can be a challenge in times of crisis, given the additional risks of profiteering, fraud and data breaches. Additionally, effective dispute resolution, complaint-handling mechanisms, and greater awareness of redress channels by consumers are needed, especially for rural customers.

Low levels of financial and digital literacy, and poor awareness of alternatives prevent consumers from finding safer, cheaper and more efficient remittance services. Moreover, habit reinforces the use of unregulated channels to send and receive cash. During this pandemic, when many remittance products and services have been unavailable, understanding alternative channels to transfer cross-border funds is more important than ever.

Payment System Infrastructure (GP2). In many countries, non-bank RSPs, including postal networks, lack access to the national payment system infrastructure. Further, where payment system interoperability is weak or non-existent, there has been little scaling of digital remittance channels.

Legal and Regulatory Environment (GP3). A risk-based approach for CDD policies is absent or ineffective in many markets. This has led to a strong reliance on face-to-face interaction and largely paper-based, CDD compliance measures. Simplifying CDD requirements for low-risk accounts could be an effective measure, provided that this does not result in a lowering of existing AML/CFT standards. Furthermore, the remittance market is hindered in its ability to maintain service continuity and alternative channels where regulations impede the development of agent banking business models and the interoperability of RSP agent services, and allow the existence of agent exclusivity. In particular, in many country environments bank-led models are favored, and MTOs, mobile money providers (MMPs) and FinTechs cannot provide remittance services directly to consumers. Appropriate licensing, regulatory and supervisory regimes that are informed by a robust analysis of the risks should be adopted for the entry of innovative players, new technology and new business models. In doing so, regulators and policymakers need to ensure a continued level playing field by applying the precept of "same activities, same risks and same rules".⁴⁶

Market Structure and Competition (GP4). Many countries lack a level playing field for the provision of remittance services by non-bank RSPs. Remittance services are provided by banks or the post offices (which also act as agents of banks and non-bank RSPs). In some countries, RSPs impose exclusivity conditions on agents that restrict competition. This is relevant in rural markets where only one potential agent (e.g. the local shop or post offices) can operate due to exclusivity arrangements, thereby reducing choice for rural populations. Remittance markets should be opened to new business models and entrants, and promote services from existing payment service providers (PSPs) that can offer digital solutions. Wherever applicable, RSPs should be discouraged from imposing exclusivity conditions on agents. This will catalyze a rapid shift from cash-based to digital remittance channels and expand choice for consumers. A more open, competitive remittance market will also increase access to remittances by families during a crisis, especially in rural areas.

⁴⁶ Enhancing cross-border payments: building blocks of a global road map, CPMI, 2020.



Governance and Risk Management (GP5). De-risking continues to be a chronic issue. However, it became acute when the COVID-19 crisis hit Europe and North America. Banks in those regions adopted tighter risk-mitigation strategies, closing correspondents' banking accounts, especially those from small, fragile or conflict-affected states. Efforts should continue to monitor the "de-risking" phenomenon that is affecting the remittance market. RCTF members should help governments to deploy clear and well-interpreted policy guidelines and to support banks in building risk management capacity, particularly in countries impacted by de-risking. Such guidelines should be consistent with the recommendations of the FSB's Action Plan to address the decline in correspondent banking.⁴⁷

Business and operational disruptions of RSPs due to lockdowns can also be problematic if customer funds are still held by the RSPs and cannot be disbursed to the recipients in time. Such operational risks can be prevented if the RSPs are required to regularly conduct risk-level assessments to ensure that risk control measures associated with sudden disruptions are in place. In doing so, they should take steps to protect themselves and their customers against risks arising from their operations in different jurisdictions, especially in those with shortcomings in their legal and regulatory framework.

⁴⁷ See "Report to the G20 on actions taken to assess and address the decline in correspondent banking," (<https://www.fsb.org/wp-content/uploads/Correspondent-banking-report-to-G20-Summit.pdf>), FSB, 2015; and "FSB Action Plan to Assess and Address the Decline in Correspondent Banking: Progress Report to G-20 Finance Ministers and Central Bank Governors meeting of March 2018," (<https://www.fsb.org/wp-content/uploads/P160318-2.pdf>), FSB, 2018.



D **Blueprint for Action**

This Blueprint for Action addresses the challenges faced by the migrants who send remittances and their family members who receive them back home. Crisis-response measures can be improved through better regulations, business practices and changes in customer behaviour. Public authorities, service providers and civil society organizations should prioritize several measures to build resilience in remittance families. These actions support the efforts of public authorities and other stakeholders to ensure service continuity and access to remittances for those who rely on them the most.

The proposed set of measures below are the outcome of a consultative process among participants of the RCTF and do not represent a formal endorsement by any participating organization. These measures, presented for the consideration of public authorities and remittance stakeholders, prioritize immediate relief measures, and markets and enabling environment measures to be considered over a time frame of 6 to 12 months. The RCTF will continue to observe emerging practices and lessons learned that can further refine recommended measures for action and inform a road map for effective implementation.



MEASURES / ACTIONS / OBSERVED PRACTICES	PLAYERS	IN LINE WITH
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Immediate relief measures

1 Declare remittance services to be essential during lockdowns		
ACTIONS <ul style="list-style-type: none"> Essential status should be extended by public authorities to all types of RSPs: banking and non-banking financial institutions and their networks of agents. 	Public authorities	BIS/WB – General Principle Role of Public Authorities. UN framework for the immediate socio-economic response to COVID-19.
OBSERVED PRACTICES I (see page 26)		
2 Extend financial relief measures to eligible remittance service providers to assist with crisis-induced credit and liquidity risks		
ACTIONS <ul style="list-style-type: none"> Identify senders and receivers who are impacted by the failure of the RSPs. Develop procedures and eligibility criteria for RSPs to receive emergency financial support. The criteria could include indicators such as: business viability, delivery to key target groups and sectors, and per cent of operators with capital tied up in pre-funded correspondent accounts. Consider a range of financial instruments including grants, credit lines with flexible repayments or tax relief schemes, among others. 	Remittance-sending countries, public authorities Remittance-receiving countries, public authorities	BIS/WB – General Principle Role of Public Authorities. UN framework for the immediate socio-economic response to COVID-19. FSB-G20 Roadmap to Enhance Global Cross-Border Payment Arrangements.
OBSERVED PRACTICES II (see page 26)		
3 Consider temporary revision of transaction and balance limits		
ACTIONS <ul style="list-style-type: none"> In line with FATF 2019/2020 Guidance, conduct a risk-based assessment of transaction and balance limits using the pre-pandemic levels as the benchmark. Benchmark based on successful experiences from other countries that have responded through changes in transaction and value limits that still align with risk. Identify opportunities to adjust limits and conduct impact assessment. Promote the exchange between FATF and national regulators/supervisors. Based on results, determine need for extension of limits for a designated period of time. Set specific timelines for the transaction limits introduced during the pandemic. 	Regulators/supervisors International standard-setting bodies	FATF statement on using the flexibility built into the FATF's risk-based approach to address the challenges posed by COVID-19. BIS/WB – General Principle 5 Governance and Risk Management.
OBSERVED PRACTICES III (see page 26)		
4 Reinforce global commitments to reduce the cost of remittances		
ACTIONS <ul style="list-style-type: none"> This includes most of the actions on reducing remittance costs as outlined under Objective 20 of the GCM. In the short term, consider subsidizing transactions or providing support to businesses. Support the expansion of digital remittances, including remote areas where possible. Support more efficient currency exchange mechanisms, with reduced costs, greater service sustainability, regulatory guidance and coordination between sending and receiving countries. 	Public authorities RSPs Private sector Postal networks Diaspora groups International organizations	UN framework for the immediate socio-economic response to COVID-19. Global Compact for Safe, Orderly and Regular Migration Objective 20. BIS/WB – General Principle Role of Public Authorities.
OBSERVED PRACTICES IV (see page 26)		



...	MEASURES / ACTIONS / OBSERVED PRACTICES	PLAYERS	IN LINE WITH
5 Improve the collection and dissemination of remittance data in host and home countries			
ACTIONS	<ul style="list-style-type: none"> Strengthen the collection of demand-side data on the remittance market (e.g. changing needs and behaviour of remittance families) and on the supply-side (e.g. volumes, costs, transfer methods, new players and business models). Incorporate remittance market data into existing national surveys. Use/develop digital-based data collection tools. Disaggregate results by corridor. Introduce automated data collection processes to obtain data from RSPs. Standardization of data reporting should be considered. Where possible, disaggregate data by sex, rural and urban locations to assess gender gaps and to provide local remittance market intelligence. Ensure data is publicly available on the regulator's site, or other accessible location, in a variety of formats and in languages understood by migrants. A centralized "home platform" on remittances could promote cross-sector collaboration. Support creation of regional and international databases on remittance flows and costs, to facilitate cross-country analysis and policy design. Support diaspora and migrant organizations with targeted campaigns to sensitize their members on safe alternatives for money transfers, on pricing and routing options, and on financial and digital literacy. Liaise with diaspora organizations to collect information on the needs of diaspora members, including financial and digital literacy. Establish regular communication channels between home and host country governments and diasporas to (i) ensure safety measures and to adopt emergency protocols; and to (ii) facilitate remittance flows during times of crisis. 	Public authorities Diaspora organizations Private sector operators	<u>BIS/WB – General Principle Role of Public Authorities.</u> <u>Global Partnership for Financial Inclusion (GPFI), Remittance country plans.</u> <u>Global Compact for Safe, Orderly and Regular Migration Objective 20.</u>
OBSERVED PRACTICES	V (see page 27)		
6 Consider waiving taxes on remittance transactions			
ACTIONS	<ul style="list-style-type: none"> Where they exist, consider waiving remittance taxation until the normalization of remittance flows. The situation could be monitored periodically by policymakers to determine a return to normal levels. 	Public authorities	<u>BIS/WB – General Principle Role of Public Authorities.</u>
OBSERVED PRACTICES	VI (see page 27)		
7 Promote regional and national public-private working groups to improve awareness and preparedness			
ACTIONS	<ul style="list-style-type: none"> Create new working groups or expand the role and focus of existing groups. Share information on remittance market trends and customer needs. Identify necessary modifications to existing laws or regulations to facilitate the continuity of services to remittance families. Encourage the development of new digital products and improvements in access, cost efficiency and awareness of currently available products. 	Public sector authorities RSPs Diaspora groups International organizations NGOs RSPs	<u>BIS/WB – General Principle Role of Public Authorities.</u> <u>BIS/WB – General Principle Role of Private Sector.</u> <u>Global Partnership for Financial Inclusion (GPFI).</u> <u>Global Compact for Safe, Orderly and Regular Migration Objective 20.</u>
OBSERVED PRACTICES	VII (see page 27)		



...	MEASURES / ACTIONS / OBSERVED PRACTICES	PLAYERS	IN LINE WITH
	8 Develop COVID-19-specific business continuity plans		
ACTIONS	<ul style="list-style-type: none"> Business continuity plans to focus on safety of staff and customers. Regularly test business viability and access to secure internet in all locations. Ensure a chain of command plan in case a team member becomes incapacitated. Consider the safety and security of staff and agents in contingency plans, in accordance with governments' guidelines. Ensure open channels for regular communication, such as teleworking. Consider plans for location shut down, sanitization, and full re-staffing during quarantines of branch/office staff members. 	RSPs Public authorities	<p>UN framework for the immediate socio-economic response to COVID-19.</p> <p>BIS/WB – General Principle 5 Governance and Risk Management.</p>
OBSERVED PRACTICES	VIII (see page 27)		
	9 Promote targeted incentives that encourage the use of digital remittance products while protecting the payment sector and its customers		
ACTIONS	<ul style="list-style-type: none"> Incentives must be targeted and time bound. These may include waiving or reducing fees or providing tax incentives for RSPs for specific corridors, as well as price discounts to consumers for the use of specific digital channels or products (e.g. mobile wallets). Explore simplification of know-your-customer (KYC) requirements, including risk-based approaches and authorizing e-KYC procedures. 	RSPs Public authorities	<p>Global Compact for Safe, Orderly and Regular Migration Objective 20.</p> <p>FATF guidance on digital identity, April 2020.</p> <p>BIS/WB – General Principle Role of Public Authorities.</p>
OBSERVED PRACTICES	IX (see page 27)		
	10 Develop and encourage emergency remittance-related savings, loans and insurance products		
ACTIONS	<ul style="list-style-type: none"> Promote customized products to meet the needs of remittance recipients, such as emergency savings and remittance-linked insurance products offered by financial institutions (microfinance institutions, cooperatives, local banks, postal networks). Enable linking of e-money or other remittance-recipient accounts with financial service providers' savings accounts to enable seamless transfers between payment instruments. 	RSPs Postal networks	<p>Global Compact for Safe, Orderly and Regular Migration Objective 20.</p> <p>BIS/WB – General Principle 2, 3, 4 and Role of Private Sector.</p>
OBSERVED PRACTICES	Not available		

Remittance family measures

	11 Provide financial support to remittance-receiving families		
ACTIONS	<ul style="list-style-type: none"> Develop financing programmes for urban/rural households that have lost their income/support and are unable to invest in income-generating activities. Develop guarantee schemes for financial institutions to support business development and job creation, including for regular remittance recipients. Targeted measures should not discriminate against those families that do not receive remittances but also need support (leave no one behind). 	Public authorities NGOs Financial service providers	<p>UN framework for the immediate socio-economic response to COVID-19.</p>
OBSERVED PRACTICES	X (see page 28)		



...	MEASURES / ACTIONS / OBSERVED PRACTICES	PLAYERS	IN LINE WITH
	12 Leverage remittance service provider's payment networks and expertise for urgent services, including humanitarian assistance		
ACTIONS	<ul style="list-style-type: none"> Consider use of RSP networks to enable migrant workers to transfer essential non-financial items through RSPs directly to families, such as food, medicine, groceries, agricultural raw materials. Enable home delivery of cash transfer services by agents, subject to safety and standard operating procedures. 	Public authorities RSPs Postal networks	UN framework for the immediate socio-economic response to COVID-19. BIS/WB – General Principle Role of Private Sector.
OBSERVED PRACTICES	XI (see page 28)		

Markets and enabling environment

General Principle 1: Transparency and Consumer Protection

	13 Increase access to clear information on the total costs of sending and receiving remittances		
ACTIONS	<ul style="list-style-type: none"> Strengthen and/or improve disclosure requirements for RSPs to increase price transparency in the remittance market. Information should include the amount that the recipient will receive in the respective currency, the total cost (e.g. fees at both ends, foreign exchange rate margins) disclosed in a single upfront amount, along with the time it takes for the funds to reach the receiver. Information on the geographical coverage of the locations of the RSPs' access points in both sending and receiving countries is recommended to be collected. Develop or use existing secure portals to disseminate reliable, trusted and regular information and promote awareness among remittance senders and receivers. 	Public authorities RSPs (to provide links and activities)	BIS/WB – General Principle 1 and Role of Public Authorities.
OBSERVED PRACTICES	XII (see page 28)		

	14 Support immediate inclusion of remittance families in gender-responsive financial and digital education programmes		
ACTIONS	<ul style="list-style-type: none"> Include gender-specific remittance modules in national financial literacy programmes and strategies in both sending and receiving countries. Include modules on using licensed and legal vs. unlicensed and illegal operators to protect and support inclusion. Identify appropriate times where the RSP or digital portal can be used to deliver gender-responsive guidance to the sender/recipient. Promote awareness of unregulated remittance transfer risks and alternative solutions for consumers in the appropriate language. Include web-based educational tools to encourage the use of digital services, such as "how-to" videos on sending and receiving digital transfers, through social media, TV and radio programmes. Provide easy-to-understand and transparent information about service cost, including fees and foreign exchange mark-ups. Provide gender-responsive distribution channels to underserved populations, including persons in rural areas, persons with low levels of literacy and persons with disabilities. Offer capacity-building to remittance senders with a particular focus on women, on how to send remittances digitally, to help close the persistent gender gap in digital remittance sending. 	RSPs Development community	BIS/WB – General Principle Role of Public Authorities and Role of Private Sector. Global Compact for Safe, Orderly and Regular Migration Objective 20.
OBSERVED PRACTICES	XIII (see page 28)		



MEASURES / ACTIONS / OBSERVED PRACTICES	PLAYERS	IN LINE WITH
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General Principle 2: Payment System Infrastructure

15 Encourage digital channels for sending and receiving remittances	PLAYERS	IN LINE WITH
<p>ACTIONS</p> <ul style="list-style-type: none"> Public authorities should encourage the use of digital payment instruments and channels for sending and receiving international remittances, where feasible, while protecting the payment sector and its customers. Promote domestic or regional retail payment systems and platforms that enhance interoperability and leverage fast payment services where available. Allow RSPs direct access based on appropriate risk-based criteria to domestic or regional retail payment infrastructures, including other platform models, to enable digital means of sending and receiving remittances. Leverage government payments as the basis for accelerating adoption of digital payments. Promote and expand partnerships, through regulatory approvals, with service providers in poor and remote areas, including rural finance institutions and postal networks. 	<p>Public authorities RSPs</p>	<p><u>BIS/WB – General Principle (GP) 2.</u></p>
<p>OBSERVED PRACTICES</p> <p>XIV (see page 29)</p>		

General Principle 3: Legal and Regulatory Environment

16 Facilitate the customer due diligence (CDD) process and measures	PLAYERS	IN LINE WITH
<p>ACTIONS</p> <ul style="list-style-type: none"> Propose alternative forms of identification proofing that include provisions for migrant workers, and particularly for rural remittance-receiving families, such as SIM card registration documents (in countries lacking other technical solutions), biometrics or image/voice recognition systems, among others, provided that these do not lower existing CDD standards. Consider FATF guidance on remote CDD, along with delayed verification, where allowed. Agent-based CDD should be encouraged to facilitate access in rural areas, where the principal remains responsible. During lockdowns, remote, non-face-to-face identity proofing may not be possible. Issue guidance on how to obtain and authenticate customer information disclosures when customers are confined or have health-related issues. Encourage use of non-face-to-face customer identification and transactions based on reliable, independent digital ID systems with appropriate risk mitigation measures in place, in line with FATF’s guidance on digital ID where applicable. Facilitate the development of reliable, secure and confidential digital identity proofing solutions, including e-KYC. Consider the possibility of harmonizing CDD policy approaches to remittance services, especially for countries in trading blocs (e.g. SADC, UEMOA) and countries that have high-volume corridors. Promote usage on database building of identified and checked senders, standardized tools/instruments to identify repeat sender and receivers. 	<p>Public authorities RSPs FinTech, RegTech and SupTech providers Postal networks</p>	<p><u>BIS/WB – General Principle (GP) 3.</u></p> <p><u>FSB Recommendations on Remittance Service Provider’s Access to Banking Services.</u></p> <p><u>FATF Guidance on anti-money laundering and terrorist financing measures and financial inclusion.</u></p> <p><u>FATF Guidance on digital ID.</u></p>
<p>OBSERVED PRACTICES</p> <p>XV (see page 29)</p>		



...	MEASURES / ACTIONS / OBSERVED PRACTICES	PLAYERS	IN LINE WITH
	<p>17 Facilitate the entry of new players and business models into the remittance market</p>		
ACTIONS	<ul style="list-style-type: none"> Promote adequate licensing regimes based on the principle of same business, same risks, same rules. Fast-track license applications for remittance services that can help address the key issues related to the crisis. Registering and licensing procedures, minimum capital and trading history requirements should be proportionate to the risk posed and the type of services provided. Well-defined and transparent license approval processes should be developed and communicated. 	Public authorities	<p>Global Compact for Safe, Orderly and Regular Migration Objective 20.</p> <p>BIS/WB – General Principle (GP) 3.</p>
OBSERVED PRACTICES	Not available		

General Principle 4: Market Structure and Competition

	<p>18 Ensure fair, transparent and risk-based access criteria to payment system infrastructure for non-bank remittance service providers</p>		
ACTIONS	<ul style="list-style-type: none"> Consider sponsored-bank regulations and specified criteria to enable access to local and international settlements for smaller institutions. Enable access to payment systems by service aggregation platforms/operators and hub-based processing/operational facilities for RSPs to scale quicker without incurring disproportional operational and regulatory costs. Enact regulations to ban exclusivity agreements in the market. Supervise their implementation to ensure that not only is exclusivity banned from a legal position but that "commercial exclusivity"⁴⁸ is also eliminated. 	Public authorities	<p>BIS principle on interoperability.</p> <p>BIS/WB – General Principle (GP) 4.</p>
OBSERVED PRACTICES	XVI (see page 29)		

General Principle 5: Governance and Risk Management

	<p>19 Improve availability of banking services for remittance service providers with guidance to financial institutions on AML/CFT compliance requirements</p>		
ACTIONS	<ul style="list-style-type: none"> In countries where RSPs rely on financial institutions for correspondent banking accounts, provide additional guidance to banks to assess exposure to AML/CFT risks and improve availability of banking services to RSPs. Public authorities should support RSPs' efforts to secure access to banking services, provided that RSPs comply with international risk mitigation standards set out by FATF. These requirements should be tailored to country context and encourage dialogue between RSPs and their correspondent banks to resolve issues, such as a potential limitations to open an account and other negative "de-risking" practices by financial institutions. Proactive action should be taken by governments where dialogue does not resolve the situation and severe service reductions could result. Promote a risk-based approach for correspondent banking services and hold correspondent banks accountable in cases of inappropriate, non-evidence-based wholesale de-risking decisions. Distinguish between compliance risk and risk of exposure to ML/TF and consider harmonizing guidance in both the sending and receiving markets to reduce conflicting guidance/compliance requirements that lead to overly conservative approaches by correspondent banks. 	Public authorities	<p>BIS/WB – General Principle (GP) 5.</p> <p>FSB Recommendations on Remittance Service Provider's Access to Banking Services.</p> <p>Financial Action Task Force (FATF) Guidance for a risk-based approach for money or value transfer services.</p> <p>FATF Guidance on correspondent banking services.</p> <p>FATF Report on Money Laundering through Money Remittance and Currency Exchange Providers.</p> <p>Global Compact for Safe, Orderly and Regular Migration Objective 20.</p>
OBSERVED PRACTICES	XVII (see page 29)		

⁴⁸ Commercial exclusivity occurs when an RSP uses its commercial muscle to offer a partner more commission if it does not work with one/any of the RSP's competitors.



Observed practices

Immediate relief measures

- 1 I Declare remittance services to be essential during lockdowns**
 - The UK government drafted an inclusive amendment to its Health Protection Regulations to include RSPs as essential services. The Government of New Zealand approved a similar measure.
 - Many governments declared postal networks as essential service providers to remain open for remittances and access to cash.
 - The Reserve Bank of Zimbabwe (RBZ) and the Central Bank of Oman (CBO) also included remittances in their provision of essential services.
 - Service providers in Vietnam introduced home delivery services to make it unnecessary for clients to pick up cash at agent locations. With COVID-19 cases rising in Vietnam, the service has been cancelled until further notice.
 - WorldRemit has updated its [website](#) on the status in several countries as banks have reduced their pick-up hours (if open).

- 2 II Extend financial relief measures to eligible remittance service providers to assist with crisis-induced credit and liquidity risks**
 - The Pakistani Ministry of Finance exempted the withholding of taxes through banking channels for cross-border remittances and encouraged remittances through banking channels.
 - Current activities requested by the G20 and headed by the FSB on developing a [G20 Roadmap to Enhance Global Cross-Border Payment Arrangements](#).

- 3 III Consider temporary revision of transaction and balance limits**
 - [GSMA mobile money COVID-19 regulatory response tracker](#) provides extensive examples of best practice in this area.
 - The Central Bank of Kenya has approved a doubling of the daily limit for person-to-person (P2P) mobile money transactions.
 - Egypt, Ghana and Zambia have also implemented this same type of limit increase.
 - The Alliance for Financial Inclusion (AFI) has issued a [toolkit](#) on financial integrity to align AML/CFT, financial inclusion and development objectives post COVID-19.

- 4 IV Reinforce global commitments to reduce the cost of remittances**
 - [Western Union 50% fee promotion for frontline responders and essential workers](#).
 - Mobile money transactions have consistently shown to be the cheapest option for transfers in [sub-Saharan Africa](#) (including cash-out).
 - West European Posts encouraging usage of digital transfers to send, also as drive to reduce operations cost and risk in post offices locations (examples F, UK, D, CH, I).



- 5 V Improve the collection and dissemination of remittance data in host and home countries**
- [World Bank weekly survey RPW Special Issues on COVID-19](#).
 - KNOMAD is creating an "International Working Group on Improving Data on Remittances".
 - [International Association of Money Transfer Networks \(IAMTN\) RSP survey](#).
 - International Fund for Agricultural Development's "RemitSCOPE market analysis".
 - Data from the State Bank of Pakistan or the Bangladesh Bank.
 - UNHCR/IOM document on "[COVID-19: Guidance for employers and business to enhance migrant worker protection during the current health crisis](#)".
- 6 VI Consider waiver of taxes on remittances transactions**
- [Government of Sri Lanka](#) introduced an exemption on inward remittances from certain regulations and taxes.
- 7 VII Promote regional and national public-private working groups to improve awareness and preparedness**
- IFAD set up the National Remittance Task Force for The Gambia, Ghana and Senegal, bringing public and private stakeholders together to jointly address COVID-19 and its implications for the remittance markets in these countries.
- 8 VIII Develop COVID-19-specific business continuity plans**
- Companies such as Azimo, Remitly, TransferWise and WorldRemit ensured all technology is hosted on the cloud to sustain business viability in locations with access to secure internet. Azimo also designed [well-being and improved mental health guidelines](#) for remote staff.
 - [Vodacom M-Pesa](#) is assisting 30,000 frontline agents in Mozambique with 25-litre water tanks to ensure clean and hygienic cash transactions. In Lesotho and Kenya, Vodacom M-Pesa has contributed funds for agents to acquire cleaning products such as hand sanitizer, soap and other protective equipment. Educational content has been provided on how to ensure a safe and hygienic work environment.
 - UPU and governments/public authorities assisted national postal operators with the provision of health and security guidelines, face masks, sanitizers, soap and protective equipment. National postal operators provided extensive information on ensuring a safe working environment, with guidelines for visitors and users. In several cases, the police provided additional security to post offices during the money delivery process.
- 9 IX Promote targeted incentives that encourage the use of digital remittance products while protecting the payment sector and its customers**
- Western Union halved fees for key workers for a limited period.
 - Azimo, WorldRemit and Remitly offered fee-free the first two transactions for new customers, with a heavily subsidized FX rate to encourage uptake of the platform.
 - Azimo offered time-limited, fee-free transactions to existing customers experiencing difficulties (e.g. a fee-free transaction for existing customers sending to Nigeria during the lockdown period in Abuja and Lagos).
 - MTOs sending from/to Armenia, Azerbaijan, Kazakhstan, the Russian Federation and Ukraine, and with increased digital and C2C transfers with post offices for cash-out when required. Also, digital sending from ATMs and payment kiosk terminals.



Remittance family measures

- 11 X Provide financial support to remittance-receiving families**
- EU-funded programme included technical assistance and a guarantee component to providing access to finance, and to promote inclusive remittances and support the development of MSMEs.
 - Ghana Diaspora Affairs, Office of the President set up a Trust Fund to channel diaspora relief aid.
 - Ethiopian diaspora created a Trust Fund to support Ethiopian communities back home during COVID-19.
 - FORIM, in collaboration with Mali Ministry of Maliens de l'Extérieur, created a co-funding facility aimed at addressing the impact of COVID-19.
 - HIRDA collaborated with the Government of Somalia to channel diaspora relief to the home country and to counterbalance the drop in remittances.
- 12 XI Leverage remittance service provider payment networks and expertise for urgent services, including humanitarian assistance**
- Postal banks delivered remittances and medicines - CGAP Report.
 - Hello Paisa - model of remittances to purchase groceries for receiving families.
 - National postal operators delivered money, pharmaceutical products and grocery items, as well as home delivery.

Markets and enabling environment

General Principle 1: Transparency and Consumer Protection

- 13 XII Increase access to clear information on the total costs of sending and receiving remittances**
- The EU Payment Services Directive 2 (PSD2) came into force in 2019 and mandates that all authorised payment institutions provide information to customers before they commit to a transaction, including fee, FX rate, time taken and redress procedures.
 - The GSMA Mobile Money Certification requires certified mobile money providers to inform customers of the complete fee schedule before using the service.
 - The SendMoneyPacific.org site of the Australia and New Zealand government carries information on costs and also provides market updates to remittance senders.
 - TransferWise promotes the upfront disclosure of "total costs" of transaction, including fee plus foreign currency mark-up, ensuring transfer costs are readily available, and not hidden in exchange rates or behind required site login.
- 14 XIII Support immediate inclusion of remittance families in gender-responsive financial and digital education programmes**
- The Western Union Foundation partners with Junior Achievement Worldwide to provide financial capacity-building for low-income individuals (primarily youth and women).



General Principle 2: Payment System Infrastructure

15 XIV Encourage digital channels for sending and receiving remittances

- The Central Bank of Jordan responded to the COVID-19 crisis by recommending the use of electronic wallets and enabled the payment service institutions to provide the E-Wallet service to their clients, merchants and institutions remotely and free of cost. In 44 days, 360.000 new E-Wallets were opened.
- The Central Bank of the Philippines championed the use of e-payments during the quarantine to minimize face-to-face transactions and prevent the spread of COVID-19.

General Principle 3: Legal and Regulatory Environment

16 XV Facilitate the customer due diligence (CDD) process and measures

- The Bangladesh Financial Intelligence Unit (BFIU) introduced e-KYC guidelines. By December 2020, all financial institutions must comply and apply the guidelines.
- Zolotaya Koroa and several other MTOs mainly in the Russian Federation issue Maestro card to KYC-checked repeat senders where the cards are only used as efficient KYC for future remittances.

General Principle 4: Market Structure and Competition

18 XVI Ensure fair, transparent and risk-based access criteria to payments system infrastructure for non-bank remittance service providers

- Canada is creating the new Retail Payments Oversight Framework that would form a national licensing and oversight regime for payment providers, and could allow limited membership and direct participation in their forthcoming faster payment systems.
- The United Kingdom created a modern payments licensing regime over the last two decades and offers direct payments participation to e-money and payment institutions.
- The Bank for International Settlements (BIS) recently called for increased access to payment systems and "broadening the range of eligible candidates for settlement accounts" to improve the cross-border payment markets.
- Tunisian Post, Kazakh Post and others are participating in national payment systems and introducing interoperability.

General Principle 5: Governance and Risk Management

19 XVII Improve availability of banking services for remittance service providers with guidance to financial institutions on AML/CFT compliance requirements

- The PSD2 introduced by the EU in 2019 has a specific clause covering the opening of bank accounts for payment institutions and electronic money institutions by banks. If the bank declines to open an account, it must provide a reason and notify the local responsible authority.
- The GSMA Mobile Money Certification is a global initiative that demonstrates the industry's commitment to strengthen AML/CFT controls and to bring safer, more transparent and more resilient financial services to millions of mobile money users around the world.
- Several postal banks in the EU continue to have the obligation to open accounts for everyone regardless of income, status, wealth, education and background, and remain accessible for low-cost, digital remittance services.



Annex 1: Remittance Community Task Force members

Diaspora organizations:

Africa-Europe Diaspora Development Platform – [ADEPT](#)
African Diaspora Network in Europe – [ADNE](#)

Intergovernmental organizations:

African Union (AU), African Institute for Remittances – [AIR](#)
Financial Action Task Force – [FATF](#)

International organizations:

International Fund for Agricultural Development – [IFAD](#), Financing Facility for Remittances – [FFR](#)
International Organization for Migration – [IOM](#)
Making Finance Work for Africa – [MFW4A](#)
United Nations Capital Development Fund – [UNCDF](#)
United Nations Economic and Social Commission for Western Asia – [UN ESCWA](#)
United Nations Entity for Gender Equality and the Empowerment of Women – [UN Women](#)
Universal Postal Union – [UPU](#)
World Bank Group – [WBG](#)

Non-profit organizations:

Financial Sector Deepening Africa – [FSD Africa](#)

Private sector entities:

[Azimo](#)
[Cosmo Element](#)
Global System for Mobile Communications – [GSMA](#)
[Hello Paisa](#)
International Association of Money Transfer Network – [IAMTN](#)
International Money Transfer Conferences – [IMTC](#)
[Mukuru](#)
[Novi](#)
[TransferWise](#)
Western Union – [WU](#)
[WorldRemit](#)
World Savings and Retail Banking Institute – [WSBI](#)



Research organizations:

Centro de Estudios Monetarios Latinoamericanos – [CEMLA](#)

Centre for Financial Regulation and Inclusion – [CENFRI](#)

Centre for Studies in International Politics – [CeSPI](#)

DMA Global – [DMAG](#)

FinMark Trust – [FMT](#)

Inter-American Dialogue – [The Dialogue](#)

Red Mangrove Development Advisors – [RMDA](#)

Reference group organizations:

The reference group organizations that have been following the process and provided guidance to technical teams are:

Agence Française de Développement – [AFD](#)

Agencia Española de Cooperación Internacional para el Desarrollo – [AECID](#)

Agenzia italiana per la cooperazione allo sviluppo – [AICS](#)

Deutsche Gesellschaft für Internationale Zusammenarbeit – [GIZ](#)

European Commission

– Directorate-General for International Cooperation and Development – [DEVCO](#)

– Directorate-General for Economic and Financial Affairs – [ECFIN](#)

– Directorate-General for Financial Stability, Financial Services and Capital Markets Union – [FISMA](#)

Foreign Commonwealth and Development Office – [FCDO](#)

Republic of the Philippines

Swiss Agency for Development and Cooperation – [SDC](#)



Annex 2. Concepts and definitions

Term	Definition	Source
Access point	Location where end users can send or receive remittance transfers. An access point can be physical (e.g. bank branch, post office, shop) or virtual (e.g. website, telephone).	CPMI-WB
Agent	An entity that captures or distributes remittance transfers on behalf of a remittance service provider. "Capturing" means receiving the money and instructions from the sender. "Disbursing" means giving the money to the receiver.	CPMI-WB
Anti-money laundering and combating the financing of terrorism (AML/CFT) policies	Money laundering is the process of concealing the illicit origin of the monetary proceeds of crimes. Terrorist financing is the collection or the provision of funds for terrorist purposes. An effective anti-money laundering/counter-financing of terrorism framework must therefore address both risk issues: it must prevent, detect and punish illegal funds entering the financial system and the funding of terrorist individuals, organizations and/or activities.	<u>IMF</u>
Correspondent banking	Correspondent banking is the provision of banking services by one bank (the "correspondent bank") to another bank (the "respondent bank"). Large international banks typically act as correspondents for thousands of other banks around the world. Respondent banks may be provided with a wide range of services, including cash management (e.g. interest-bearing accounts in a variety of currencies), international wire transfers, cheque clearing, payable-through accounts and foreign exchange services.	<u>FATF</u>
De-risking	The phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients in order to avoid rather than manage risk in line with the FATF's risk-based approach.	<u>FATF</u>
Diaspora	Migrants or descendants of migrants whose identity and sense of belonging, either real or symbolic, have been shaped by their migration experience and background. They maintain links with their homelands and to each other, based on a shared sense of history, identity or mutual experiences in the destination country.	<u>IOM</u>
E-money	Electronic money (e-money) is broadly defined as an electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e-money issuer. The device acts as a prepaid bearer instrument that does not necessarily involve bank accounts in transactions. E-money products can be hardware-based or software-based, depending on the technology used to store the monetary value.	ECB
Financial inclusion	The effective access to basic financial services, such as payments, savings (including current accounts), credit and insurance provided by regulated financial institutions to all working-age adults. Effective access is defined as a "convenient and responsible service delivery, at a cost affordable to the customer and sustainable for the provider, enabling previously financially excluded customers to use financial services rather than existing alternative, unregulated options".	GPFI, CGAP, 2011



Term	Definition	Source
FinTech	Fintech refers to technology-enabled innovation in financial services.	BIS
Foreign direct investment	The category of international investment associated with a resident entity in one economy and/or a direct investor having control of, or significant influence on, the management of an enterprise resident in another economy.	IMF
Fragile state	A state with weak capacity to carry out the basic functions needed for poverty reduction, development, safeguarding the security and human rights of its population and territory, and that lacks the ability or political will to develop mutually constructive and reinforcing relations with society. Post-conflict countries are often referred to as a special case of fragile states.	OECD/DAC, 2010
Gender	Gender refers to the roles, behaviours, activities, attributes and opportunities that any society considers appropriate for girls and boys, and women and men. Gender interacts with, but is different from, the binary categories of biological sex.	UN
Gender responsive	Gender responsiveness refers to outcomes that reflect an understanding of gender roles and inequalities and which make an effort to encourage equal participation and equal and fair distribution of benefits. Gender responsiveness is accomplished through gender analysis and gender inclusiveness.	UNDP
Home country	The country of origin of the migrant and short-term worker (or any other individual).	EU
Host country	The country where the migrant and short-term worker works and lives.	EU
Interoperability	The technical or legal compatibility that enables a system or mechanism to be used in conjunction with other systems or mechanisms. Interoperability allows participants in different systems to conduct, clear and settle payments or financial transactions across systems without participating in multiple systems.	BIS
Liquidity risk	The risk that a counterparty, whether a participant or other entity, will have insufficient funds to meet its financial obligations as and when expected, although it may be able to do so in the future.	BIS
Low- and middle-income countries (LMICs)	For the current 2020 fiscal year, low-income economies are defined as those with a gross national income (GNI) per capita, calculated using the World Bank Atlas method , of less than US\$1,036 in 2020; lower-middle-income economies have a GNI per capita between US\$1,036 and US\$4,045; and upper-middle-income countries have a GNI per capita between US\$4,046 and US\$12,535.	WB
Migrant worker	A person who is, was or will be engaged in a remunerated activity in a country of which he or she is not a national.	United Nations, OHCHR, 1990



Term	Definition	Source
Mobile money	<p>A service is considered a mobile money service if it meets the following criteria:</p> <ul style="list-style-type: none">• A mobile money service includes transferring money and making and receiving payments using the mobile phone.• The service must be available to the unbanked (e.g. people who do not have access to a formal account at a financial institution).• The service must offer a network of physical transactional points, which can include agents, outside of bank branches and ATMs, that make the service widely accessible to everyone.• Mobile banking or payment services (e.g. Apple Pay and Google Wallet) that offer the mobile phone as just another channel to access a traditional banking product are not included.	GSMA
Mobile money account	<p>An e-money account that is primarily accessed using a mobile phone and which is held with the e-money issuer. In some jurisdictions, e-money accounts may resemble conventional bank accounts but are treated differently under the regulatory framework because they are used for different purposes (for example, as a surrogate for cash or a stored value used to facilitate transactional services).</p>	GSMA
Mobile money provider (MMP)	<p>A legal entity licensed or permitted to provide mobile money services.</p>	GSMA
Money transfer operator (MTO)	<p>A non-deposit-taking PSP where the service involves payment per transfer (or possibly payment for a set or series of transfers) by the sender to the PSP (for example, by cash or bank transfer).</p>	CPMI-WB
Non-bank financial institutions	<p>A financial institution that is not defined as a "bank" (e.g. a financial institution other than a BIS credit institution in Europe or a depository institution in the United States).</p>	BIS
Payment service provider (PSP)	<p>An entity that provides payment services, including remittances. Payment service providers include banks and other deposit-taking institutions, as well as specialized entities such as money transfer operators and e-money issuers.</p>	CPMI-WB
Postal networks	<p>The chain of retail outlets used by the national postal operator.</p>	IFAD
RegTech	<p>Regulatory technology refers to applications of innovative technologies that support compliance with regulatory and reporting requirements by regulated financial institutions.</p>	BIS
Remittance corridor	<p>Specifies the remittance flow between an originating country (or region) and a receiving country (or region).</p>	
Remittance families	<p>Transnational households composed of migrant workers who send remittances and their relatives who receive them in their countries of origin.</p>	IFAD
Remittance inflow	<p>Flow of remittances coming into a country.</p>	



Term	Definition	Source
Remittance outflow	Flow of remittances leaving a country.	
Remittance service provider	A regulated entity, operating as a business, that provides a remittance service for a price to end users, either directly or through agents.	CPMI-WB
Remittances	A cross-border, person-to-person payment of relatively low value. In practice, the transfers are typically recurrent payments by migrant workers (e.g. who send money to their families in their home country every month). The term "remittance transfer" is used for simplicity (i.e. it is assumed the transfer is international).	CPMI-WB
SupTech	Supervisory technology is the use of innovative technology by supervisory agencies to support supervision.	<u>BIS</u>
Sustainable Development Goals (SDGs)	A set of 17 "Global Goals" and 169 targets. Spearheaded by the United Nations through a deliberative process involving its 193 Member States, as well as global civil society, the SDGs are contained in paragraph 54 of United Nations Resolution A/RES/70/1 of 25 September 2015.	UN

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