The 13th Coordination Meeting on International Migration

New York

February 12, 2015

- More money in the hands of remittance senders/recipients, typically migrant workers and their families

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

- Implementation of CPSS-World Bank General Principles for International Remittance Services (2007) and its impacts on remittance cost reduction

    - Public Policy Objectives
    - 5 General Principles
    - Roles of Remittance Services Providers and Public Authorities

What factors increase remittance costs

International remittance prices are high for many reasons, including:

1. Underdeveloped financial infrastructure in some countries (both sending and receiving countries)
2. Limited competition
3. Scarce transparency
4. Regulatory obstacles
5. Lack of access to the banking sector by remittance senders and/or receivers
6. Difficulties for migrants to obtain the necessary identification documentation to enter the financial mainstream

Implementation of the General principles for international remittance services can help bring costs down

Global efforts led by the World Bank matched with

BE INCLUSIVE

Migrants in champion city and beneficiaries in receiving countries: raise awareness and increase financial education and inclusion

Remittance Service Providers: promote best practices and dedicated services

Local and national authorities:

Remittance Prices Worldwide Monitoring Tool as Public Good

- “By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%”
- A need for technical details in the formulation
    - Whe is 3%

- Existing institutional framework and toolkit have proved effective (e.g. GPs, Greenback, RPW, GRWG) and need to be maintained

- Global average has not reached 5%, but substantial reduction has been achieved and G20 have re-committed this year under the Australian Presidency

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ANNEX

Genesis and background

- Remittance: a cross-border person-to-person payment of relatively low value
- Recognizing that the cost of remittance services was too high, the CPSS and the World Bank launched a task force to produce an internationally agreed framework for the market (General Principles, published in 2007)
- In 2007, remittances cost reduction was included in the World Bank Financial Sector Strategy (Board-approved)
- In 2008, the G8 asked the World Bank to lead through the creation of the Global Remittances Working Group (chaired by the Financial Sector VP, now SD, and organized in four thematic areas with two coordinators)
- In 2008, World Bank launched the Remittance Prices Worldwide database
- In 2009, the objective of reducing the cost of remittances (i.e. sending $200) by 5 percentage points in 5 years was endorsed by the G8 (L'Aquila) and in 2010 by the G20 (Cannes)

Average cost down from over 10% to 7.99%

Weighted average down from over 8% to 6.03%

Costs are below 10% in almost three quarter of corridors (was just over half)

Nearly 25% corridors are already below the 5% target

Corridors with average cost over 15% down from 16% to just 6% of the sample

Thank you!

www.worldbank.org/paymentsystems