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a Ciência  
e a Cultura



Para la Educación,  
la Ciencia  
y la Cultura

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# Remesas y desarrollo en Iberoamérica

Las remesas que envían los inmigrantes radicados en España ascendieron en 2005 a 3.844 millones de euros. De esta cantidad Iberoamérica recibió más de Eu2.000 millones, lo que supone el principal saldo de la balanza corriente que Iberoamérica percibe de España, el segundo origen de las remesas de la región. Estos fondos tienen una importancia crítica para Iberoamérica, donde hay seis países en los que las remesas suponen más del 15% del PIB. Millones de personas dependen en la región de los envíos periódicos de dinero de sus familiares, igual que ocurrió en España, donde en 1946 las remesas suponían el 21% de todo su ingreso externo.

¿Además de tener una gran magnitud, generan desarrollo las remesas?  
¿Cómo se puede favorecer ese efecto desarrollo? ¿Cómo lo logró España en su día? ¿Qué iniciativas uniendo remesas y desarrollo existen en la Región? ¿Hay un papel para la formación?

**OEI, Madrid 24 de Marzo de 2006**

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## Presentación

Bienvenidos

En nombre de remesas.org y de la OEI agradecemos su presencia en nuestra conferencia cuyo objetivo es analizar la relación entre Remesas y Desarrollo en Iberoamérica, y, en particular, si existe la posibilidad de intensificar esta relación por medio de programas de capacitación y educación.

Las remesas tenían una escasa importancia para Iberoamérica hace una década, sin embargo en la actualidad aportan más divisas a la Región que el turismo o la inversión extranjera, siendo España la segunda fuente de estos fondos y, también, el segundo destino de la emigración iberoamericana en el mundo.

Los inmigrantes que viven en España enviaron remesas en 2004 por valor de 3.481 millones de euros, cifra que en 2005 se incrementó hasta 4.844 millones.

Aproximadamente, el 60% de esta cantidad tiene como destino Iberoamérica.

Es evidente que las remesas han adquirido una gran dimensión económica, pero ¿Generan desarrollo por sí mismas? ¿En qué condiciones? ¿Generaron desarrollo para la España del siglo XIX? ¿Se puede hacer algo para que sean más productivas? Estas cuestiones se plantearán en nuestra primera mesa de trabajo. La segunda mesa estará dedicada a las iniciativas institucionales que intentan vincular remesas y desarrollo, mientras que la tercera analizará las iniciativas que al respecto está tomando la sociedad civil.

El objetivo de este seminario es ofrecer a los asistentes una visión global y precisa de la relación entre remesas y desarrollo, enfocando la cuestión desde diversos puntos de vista.

Les recordamos que, para ello, es imprescindible su participación, planteando preguntas y compartiendo sus comentarios, a lo que les animamos.

Esta conferencia hubiera sido imposible sin la colaboración de la SEGIB, sin el apoyo de nuestro patrocinador, la Asociación Nacional de Agencias de envío de Dinero y sin el apoyo del Grupo Santillana. Desde aquí agradecemos su interés.

Mariano Jabonero, OEI  
Iñigo Moré, remesas.org

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## Remesas y desarrollo en Iberoamérica

*Las remesas que envían los inmigrantes radicados en España ascendieron en 2004 a Eu3.481 millones. De esta cantidad Iberoamérica recibió más de Eu2.000 millones, lo que supone el principal flujo económico neto de España a América Latina y convierte a España en el segundo origen de las remesas de la región. Estos fondos tienen una importancia crítica para las economías de Iberoamérica, donde hay seis países para los que las remesas suponen más del 15% del PIB. Millones de personas en la región dependen de los envíos periódicos de dinero de sus familiares igual que ocurrió en España, dónde en 1946 las remesas eran el 21% de todo su ingreso externo.*

*¿Además de tener una gran magnitud, generan desarrollo las remesas? ¿Cómo se puede favorecer ese efecto desarrollo de las remesas? ¿Cómo lo logró España en su día? ¿Qué iniciativas uniendo remesas y desarrollo existen en Iberoamérica? ¿Hay un papel para la formación?*

Sede de la OEI, Madrid, viernes 24 de Marzo de 2006

### 09.15.-Bienvenida

### 09.20.-Inauguración

Presidenta de Mesa: **Delia Blanco**, Diputada y Presidenta de la Comisión parlamentaria de Cooperación Internacional para el Desarrollo, España.

**Miguel Hakim**, Secretario para la Cooperación Iberoamericana, Secretaría General Iberoamericana, México

**Francisco Piñón**, Secretario General de la Organización de Estados Iberoamericanos, Argentina

**Sra. Dña. Consuelo Rumí**, Secretaría de Estado de Emigración e Inmigración, España (en presencia de los patrocinadores)

## **10.20.- ¿Cuál es la relación entre remesas y desarrollo?**

Las remesas tienen una gran dimensión económica, pero ¿generan desarrollo por si mismas? ¿En qué condiciones? ¿Generaron desarrollo para la España del siglo XIX? ¿Se puede hacer algo para que sean más productivas?

Presidente de Mesa y Moderador: **Luis Jorge Garay**, Asesor del Despacho de la Canciller de Colombia

**Jean-Pierre Garson**, OCDE, Jefe de la División de Países No Miembros y de Migraciones Internacionales (Esta División elabora el documento Trends in International Migration, reflexión anual de la OCDE sobre el fenómeno de las migraciones)

**José Ramón García**, Catedrático de historia económica, Universidad de Oviedo (El principal experto académico sobre el efecto desarrollo que tuvieron las remesas en los siglos XIX y XX).

**Patrocinio Tello Casas**, Jefe de División, Balanza de Pagos, Banco de España (Realiza la contabilidad oficial de las remesas de España)

## **11.30.-Pausa Café**

### **11.45.-Proyectos e iniciativas sobre remesas, las Instituciones**

En Iberoamérica se vienen desarrollando proyectos de desarrollo relacionados con las remesas de los emigrantes. ¿Cuáles son los más destacados? ¿Qué efecto han producido?

Presidente de Mesa y Moderador: **Mariano Jabonero Blanco**, Director General de Cooperación Técnica Concertada, OEI

**Milagros Hernando Echevarría**, Directora General de Planificación y Evaluación de la Ayuda para el Desarrollo, Ministerio de Asuntos Exteriores, España

**Efrain Jimenez**, Primer Vicepresidente, Federación de Clubes Zacatecanos del Sur de California, EEUU/México (Uno de los principales operadores de la iniciativa 3x1)

**Gregorio Anta**, Eductrade, Director de Formación, Consultoría y Calidad, España (Especialista en educación para el trabajo con gran experiencia en Iberoamérica)

**Juan Dalmau**, Presidente, Asociación Nacional de Agencias de envío de Dinero, España

### **12.55.-Proyectos e iniciativas sobre remesas, la Sociedad Civil**

Las remesas de los emigrantes son también una materia que ocupa a la sociedad civil desde el punto de vista del análisis, de la cooperación al desarrollo y del de la empresa. ¿Qué frutos han dado estas tres vías?

Presidente de Mesa y Moderador: **Percival Manglano**, Director General de Cooperación, Comunidad de Madrid

**Iñigo Moré**, remesas.org

**Ana María Toledo Calle**, Coordinadora de Eventos, Lonja de Propiedad Raíz de Medellín y Antioquía, Colombia (Entidad que trabaja para dirigir las remesas hacia inversiones en el sector de la construcción)

**Jaime Grau Ullastres**, Gerente, Dirección General de Operaciones, Telefónica Móviles SA, España (Esta empresa permite a los emigrantes basados en España adquirir teléfonos para sus familiares en América , un ejemplo de remesas en especie)

## **14.00.-Clausura**

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## **Currículum de los ponentes**

### **Por orden de intervención**

#### **Mariano Jabonero**

Es Director General de Cooperación Técnica Concertada de la OEI. Se licenció en Filosofía y Ciencias de la Educación en la Universidad Complutense de Madrid. Es Inspector de Educación del Cuerpo de Inspectores al Servicio de la Administración Educativa, al que accedió por oposición libre encontrándose actualmente en excedencia voluntaria. Comenzó su carrera profesional como docente y Pedagogo en un Equipo Multiprofesional del Ministerio de Educación y Ciencia. En 1982 se convirtió en Inspector de Educación en Barcelona, y en 1986 fue nombrado Director Provincial del Ministerio de Educación y Ciencia en Toledo. En 1987 fue nombrado Subdirector General de Educación Permanente del Ministerio de Educación y Ciencia, hasta 1996 en que retomó su actividad de Inspector de Educación en la ciudad de Madrid. En 1998 solicitó la excedencia voluntaria para iniciar una carrera profesional en empresas especializadas en áreas de educación, y cultura. Ha sido consultor de distintas Organizaciones Internacionales: UNESCO, Programa de Naciones Unidas para el Desarrollo (PNUD), OEA. Entre 1994 y 1998 fue Profesor asociado de la Facultad de Educación de la Universidad Complutense de Madrid. Autor o coautor de diferentes libros y numerosos artículos sobre formación continua, educación de adultos y a distancia y organización. Fundador de la Revista Española de Educación a Distancia (RED). Miembro del Consejo Directivo de la Revista Iberoamericana de Educación.

#### **Iñigo Moré**

Fundó remesas.org en 2004 para analizar y proteger las remesas de los emigrantes, un flujo económico global de importancia crítica para el desarrollo de los países desfavorecidos. Nacido en 1968, dirige la consultora Mercados Emergentes que asesora sobre inversiones, comercio y financiación en países en desarrollo. Su vida profesional ha estado siempre enfocada hacia la economía internacional desde el análisis, el periodismo y la asesoría. Inició su carrera como Becario del ICEX, trabajando para el grupo británico The Economist, como Executive Adviser de sus Roundtables en Marruecos y Cuba. En el terreno del periodismo, ha creado los newsletters Magreb Negocios y Cuba Negocios, trabajando para diversos medios nacionales, como el diario El País, e internacionales. Es uno de los pocos periodistas no anglosajones que ha publicado artículos en la portada del diario británico Financial Times. En la actualidad

mantiene una colaboración periódica con el diario Expansión.

Ha realizado una veintena de monografías de investigación y working papers publicados por revistas académicas e instituciones como el Real Instituto Elcano.

El pasado 14 de octubre recibió del Ministro de Comercio e Industria, D. José Montilla, el Premio a la Internacionalización que otorga el Club de Exportadores.

### **Rosa Delia Blanco Terán**

Preside la Comisión de Cooperación Internacional para el Desarrollo en la VIII Legislatura en el Congreso de los Diputados. (Desde Marzo de 2004) y está adscrita a las Comisiones de Asuntos Exteriores, Interior y Mixta de los Derechos de la Mujer y de Igualdad de Oportunidades. (2000-2004).

Asimismo, fue Diputada al Congreso de los Diputados por Madrid, por el PSOE en la VII Legislatura. (2000-2004).

Es Licenciada en Ciencias Políticas y Sociología por la Universidad Complutense de Madrid con especialidad en Relaciones Internacionales e Iberoamérica (1969-70/1973-74). Es Doctora por la misma Universidad (1978-1979).

En el ámbito profesional, es Técnico Superior de la Administración Civil del Estado habiendo desempeñado su actividad profesional en los ministerios de Asuntos Exteriores; Ministerio de Asuntos Sociales; Ministerio de Interior y Ministerio de Justicia (Actualmente en Servicios Especiales).

Ha desarrollado una amplia actividad docente que inició como Profesora de Historia del Pensamiento Político, Económico y Social en la Facultad de Ciencias de la Información de la Universidad Complutense de Madrid (1974-75). Asimismo ha sido Profesora de Historia y Literatura Contemporánea en el Ealing Collage of Higher Education de Londres (1980-82) y profesora en de los cursos de Doctorado de Derechos Humanos en la Universidad Carlos III de Madrid. (Desde el año 2002).

Preside el Comité Español de Ayuda de Refugiados, desde el 22 de noviembre de 1999 y Vicepresidenta de la Fundación CEAR (Cargos no remunerados) y es Patrona Electiva de la Fundación Pluralismo y Convivencia, dependiente del Ministerio de Justicia, desde abril de 2005.

### **Sra. Dña. Consuelo Rumí Ibañez**

Es Secretaria de Estado de Inmigración y Emigración. Nació en Almería, el 31 de octubre de 1957. Es Maestra (profesora de EGB), especialista en Educación Infantil, en Ciclo Inicial y Medio y en Ciencias Sociales. Licenciada en Psicología. Accedió a la Función Pública Docente en 1978. Ha ejercido funciones de dirección de centros escolares y de coordinación de cursos de Formación del Profesorado. Ha desempeñado las siguientes responsabilidades en distintas instituciones: Consejera del Consejo Escolar Provincial de Almería (1990-1995); Consejera del Consejo Escolar Municipal de Almería (1991-1995); Consejera del Consejo Escolar del Estado (1995-1997); Consejera del Consejo Social de la Universidad de Almería (1994-1997).

Ingresó en UGT en 1982 y en el PSOE en 1990 donde ha desempeñado las siguientes responsabilidades: Secretaria Ejecutiva de la Comisión Ejecutiva Federal del PSOE (elegida en el 34º Congreso Federal celebrado en junio de 1997); Vicesecretaria General de la Comisión Ejecutiva Provincial del PSOE de Almería (elegida en el Congreso Provincial celebrado en julio de 1997); Secretaria del Patronato de la Fundación Jaime Vera (elegida en el mes de noviembre de 1997); Secretaria de Políticas Sociales y Migratorias de la Comisión Ejecutiva Federal del PSOE, elegida por el 35 Congreso Federal, en julio de 2000

Fue diputada por Almería, en la VIIª Legislatura y aunque revalidó su acta de diputada al comienzo de la siguiente legislatura, dejó el escaño el 30 de abril de 2004 para hacerse cargo de la Secretaría de Estado de Inmigración y Emigración.

## **Miguel Hakim**

Es Secretario de Cooperación Iberoamericana en la Secretaría General Iberoamericana. Anteriormente fue Subsecretario para América Latina y el Caribe de la Secretaría de Relaciones Exteriores de México, Coordinador General de la Cumbre Extraordinaria de las Américas, celebrada en Enero de 2004 en Monterrey, Nuevo León y Coordinador General de la Conferencia Especial sobre Seguridad OEA, celebrada en Noviembre 2003 en México, D.F.

Es Doctor en Administración de Empresas por la Claremont Graduate University. Obtuvo su licenciatura en Administración de Empresas por la Universidad Veracruzana, donde también obtuvo el título de Contador Público. Maestro en Administración de Empresas por la Universidad de las Américas, inició su carrera profesional en el área financiera de varias empresas y ha sido asesor y consultor de diferentes organismos internacionales como el Banco Mundial y el Banco Interamericano de Desarrollo.

Inició su carrera en la administración como Responsable de la Reforma del Sistema Financiero dentro del Equipo de Transición Económica del Presidente electo Vicente Fox Quesada. Posteriormente fue nombrado Comisionado Presidencial del Plan Puebla Panamá y, en Noviembre de 2000, Subsecretario de Relaciones Económicas y Cooperación Internacional en la Secretaría de Relaciones Exteriores de México.

Ha sido profesor a tiempo parcial de la Universidad de las Américas-Puebla.

Previamente, había ejercido la docencia en el Instituto de Investigaciones y Estudios Superiores de las Ciencias Administrativas de la Universidad Veracruzana. Es autor de numerosas publicaciones académicas

## **Francisco José Piñón**

Es Secretario General de la OEI y preside la Fundación Iberoamericana para la Educación, la Ciencia y la Cultura. Nació en Buenos Aires, en 1948, está casado y es padre de tres hijos.

Es licenciado y Profesor en Sociología, por la Universidad de Buenos Aires. Ha desarrollado una amplia carrera en el terreno de la educación. Fue Rector de la Universidad del Salvador (Argentina), 1975 a 1980, coordinador de la Federación Argentina de las Universidades Católicas, 1976 a 1978 y Presidente del Consejo de Rectores de Universidades Privadas de la República Argentina, 1978 a 1980. En 1982 es nombrado Decano de la Facultad de Ciencias de la Educación de la Universidad Católica de La Plata (Argentina). En 1994 Presidente del Consejo de Planeamiento y Programación de la Universidad de Formosa (Argentina), mientras era también miembro de la Comisión Organizadora de la Universidad Nacional General San Martín (Argentina) y del Consejo de la Oficina Internacional de Educación (B.I.E.) UNESCO, Ginebra (Suiza). Entre 1992 y 1998 fue Responsable argentino del Comité Coordinador Regional de Educación del Mercosur, y en el mismo lapso Secretario Permanente de la Comisión Nacional Argentina de Cooperación con la UNESCO. Finalmente, entre 1990 y 1998 fue Director Nacional de Cooperación Internacional del Ministerio de Cultura y Educación argentino.

Es autor de varios libros sobre educación, asunto sobre el que escribe periódicamente en libros y revistas

## **Luis Jorge Garay Salamanca**

Es Ingeniero industrial, magister en economía de la Universidad de los Andes, Bogotá, Colombia y doctor en Economía por el Massachusetts Institute of Technology (MIT). Investigador visitante de las universidades de Cambridge y Oxford (1981-1982), Inglaterra y del Banco Interamericano de Desarrollo (BID)(1994). Consultor del BID (1994-2001), del Programa de Naciones Unidas para el Desarrollo (2000-2002), del Departamento Nacional de Planeación de Colombia (1996-1998) y de la Contraloría General de la República de Colombia (2001-2002). Asesor especial del ministro de hacienda en el manejo de la deuda externa y la programación macroeconómica (1984-1991), y del ministro de comercio exterior en la negociación de acuerdos de libre comercio (1993-1994). Actualmente es Asesor del Despacho de la Canciller de la República de Colombia y realiza en España una investigación sobre emigrantes colombianos.

Ha publicado una veintena de libros y diversos artículos en revistas especializadas sobre temas como comercio internacional e integración económica, desarrollo industrial, exclusión social, globalización y construcción de sociedad.

## **Patrocinio Tello Casas**

Es Jefe de la División de Productos, Análisis y Metodología del Departamento de Balanza de Pagos del Banco de España. Está Licenciada en Ciencias económicas y empresariales por la Universidad Complutense de Madrid, especialidad, economía cuantitativa (1985-90). Curso de postgrado en el Centro de Estudios Económicos y Financieros del Banco de España (1991-92), Master en Econometría y Economía matemática por la London School of Economic (1992-1993).

Inició su carrera profesional en el servicio de Estudios de Banesto, como analista de la economía y mercados internacionales (1993-1995). Posteriormente para Intermoney SA, fue analista de economías y mercados (1995-1997) pasando al Servicio de Estudios del BBVA como especialista en economía española hasta 2003.

También ha sido Profesora de Introducción a la Estadística en La Facultad de Ciencias empresariales entre 1993 y 1995.

## **Jean-Pierre Garson**

Es Jefe de la División de Países no Miembros y de Migraciones Internacionales en la OCDE. Con 59 años de edad, este economista era profesor de economía en la Universidad Paris XI antes de ingresar en la OCDE en 1988. Desde 1989 es responsable de informe anual de la OCDE titulado "Tendencias de las migraciones internacionales", así como de otros documentos e informes. Desde su cargo actual viene dedicando una especial atención a la cuestión de las remesas sobre la que ha escrito varios informes específicos.

## **José Ramón García López**

Es Catedrático e imparte la asignatura de Historia e Instituciones Económicas en la Universidad de Oviedo. Nacido en Luanco en 1944 es Doctor en CC. Económicas por la Universidad de Oviedo. Autor de varios libros y artículos sobre la historia del sistema bancario español en el siglo XIX y sobre los efectos económicos de la emigración a América, utilizando como fuente de información básica la documentación contable de bancos y casas de banca. Alguno de sus libros son considerados como referencias fundamentales sobre el efecto que para España tuvieron las remesas de los emigrantes en los siglos XIX y XX. Entre ellos destacan "Los comerciantes banqueros en el sistema bancario español. Estudio de casas de banca asturianas en el siglo XIX", Universidad de

Oviedo, 1997 y "Las remesas de los emigrantes españoles en América, siglos XIX y XX", Ediciones Júcar, Gijón, 1992.

### **Milagros Hernando Echevarría**

Es Directora General de Planificación y Evaluación de Políticas para el Desarrollo. Licenciada en Ciencias Políticas y Sociología, por la Universidad Complutense de Madrid, y Master en el Instituto de Estudios Europeos de Estrasburgo (Francia). Accedió a la Carrera Diplomática en marzo de 1988 ocupando, hasta 1990 el puesto de Jefe de Área en la Dirección General de Cooperación Técnica Internacional. Hasta 1993 fue Consejera Cultural en la Embajada de España en Lima, y hasta 1997 ocupó la Segunda Jefatura en la Embajada de España en Praga. Posteriormente fue nombrada Vocal Asesor Gabinete Secretario de Estado de Política Exterior y para la Unión Europea y en el año 2000 fue nombrada Directora del Gabinete del Secretario de Estado de Asuntos Europeos. En 2004 pasó a ser Directora del Gabinete del Secretario de Estado para la Unión Europea y Directora de los Cursos de la Unión Europea en la Escuela Diplomática.

### **Juan Dalmau Blanch**

Es Presidente de la Asociación Nacional de Agencias de Envío de Dinero. Nacido en 1953, realizó estudios de Ingeniería Técnica Superior de Telecomunicaciones en la Universidad Politécnica de Barcelona. Toda su trayectoria profesional ha estado ligada a la dirección de empresas incluyendo 12 años trabajando en una consultora de alta dirección y 16 en Consorcio Mercantil, grupo de empresas con intereses en sectores tan diferentes como restaurantes, distribución de lubricantes, bodegas, distribución de equipamiento médico, etc. En 2001 Consorcio Mercantil, compra la mayoría de la remesadora Telegiros de la que se convierte en gerente. En 2002, cuando se entra en vigor la nueva reglamentación del Banco de España, se produce un gran número de adhesiones a ANAED, entre las que se encuentra la de Telegiros empresa a la que representa en la asociación como Vicepresidente y, con posterioridad, Presidente.

### **Gregorio Anta**

Es Director de Formación, Consultoría y Calidad de Eductrade, S.A., empresa española especializada en proyectos de desarrollo social, especialmente educativos. Licenciado en Ciencias Matemáticas por la Universidad Complutense de Madrid, tiene experiencia como docente en áreas de formación profesional.

Ha sido subdirector General de Formación Profesional del Ministerio de Educación y Ciencia de España, donde colaboró directamente en la formulación de la LOGSE, del Programa Nacional de Formación Profesional, miembro del Consejo General de la FP y de la representación española ante iniciativas de la Unión Europea como el Programa Leonardo da Vinci, Sócrates, CEDEFOP, etc.

Cuenta con amplia experiencia en proyectos de formación para el empleo y desarrollo de competencias en trabajadores en Iberoamérica, especialmente en los países Andinos, MERCOSUR y México.

Es autor de numerosas publicaciones sobre formación, empleo, sistemas de cualificaciones, acreditación y certificación de la competencia laboral

## **Efraín Jiménez**

Es Primer-Vice Presidente de la Federación de Clubes Zacatecanos del Sur de California. Nació en 1974 en La Villita Nochistlan, Zacatecas, México. Está Diplomado de Capturista de datos en el Instituto de Computación de Aguascalientes, Ags. Realizó su educación primaria y secundaria en Estados Unidos, siendo Graduado de Preparatoria en San Fernando High School de San Fernando, California y Certificado como Mecánica Automotriz en el Colegio Pierce de Woodland Hills, CA.

En 1998 fundó el Club La Villita y en 2001 fue Co-Autor de la propuesta para Institucionalizar el Programa 3x1 a nivel Nacional. En 2001 fue nombrado Vice-Presidente de la Federación de Clubes Zacatecanos del Sur de California, en 2002 Secretario de Proyectos y en 2004 Director de Proyectos Filantrópicos.

En la actualidad está actualmente encargado de dar seguimiento a mas de 200 proyectos financiados bajo el programa 3x1 en Zacatecas.

## **Percival Manglano**

Es director de cooperación al desarrollo de la Agencia Regional de Inmigración y Cooperación al Desarrollo de la Comunidad de Madrid. Es licenciado en Historia por la Universidad de París I (Panthéon-Sorbonne), licenciado en Estudios Europeos y Relaciones Internacionales por el Institut d'Études Politiques de París (*Sciences-Po*) y tiene un Master (M.A.) con Premio Extraordinario en Economía Internacional y Relaciones Internacionales por la *School of Advanced International Studies (SAIS)* de la Johns Hopkins University (Washington DC). Ha sido coordinador del área de estudios de FAES (2003-2004), asesor de asuntos exteriores y cooperación al desarrollo del grupo parlamentario popular en el Congreso de los Diputados (2004-2005) y director de gabinete de la Consejería de Inmigración de la Comunidad de Madrid (2005-2006).

## **Jaime Grau Ullastres**

Es Gerente de Operaciones Internacionales Telefónica Móviles S.A. Licenciado en Ciencias Empresariales. Universidad Complutense de Madrid y MBA por el Instituto de Empresa.

Anteriormente desarrolló su carrera profesional en una firma de consultoría estratégica

## **Ana María Toledo**

Es Coordinadora de Eventos de la Lonja de la propiedad de Medellín y antioquía. Es licenciada en Comunicación social y Diplomada en Diseño y Gestión de Certámenes por la Universidad Pontificia Bolivariana. Ha trabajado para organizaciones como Smurfit Cartón de Colombia y Arturo Calle antes de integrarse en la Lonja desde donde ha organizado eventos como la Feria de Comercio Exterior y Logística, la Convención de la Propiedad Horizontal o el Seminario Internacional de Avalúos. En 2005 se responsabilizó de la Primera Feria del Inmigrante Colombiano en Madrid organizada junto a la Embajada de Colombia en Madrid y Proexport. En la actualidad, prepara la segunda edición de este certamen

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## Asistentes

Lista cerrada el 21 de Marzo de 2006

### Nombre Entidad

Pablo Gómez Tavira Asesor Gabinete Consejería inmigración  
Comunidad de Madrid

Miguel Alfonso Albarrán Calvo CIDEAL

Javier Rivera de Mena Transferrapid  
Portugal Regional Manager

Andrés Mircea Turcus Transferrapid  
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con la Colaboración de:



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## Documentación

Por orden de encuadernación, se encuentran los siguientes documentos:

- 1.- Nota Informativa del Ministerio de Asuntos Exteriores: Remesas y su vinculación con la Política Española de Cooperación al Desarrollo, con anejo sobre Decálogo de Posibles medidas en el ámbito de las las remesas. Ministerio de Asuntos Exteriores, 10.02.2006
- 2.- Discurso del Excmo. Sr. Ministro de Asuntos Exteriores, D Miguel Angel Moratinos, en la Conferencia sobre Fuentes Innovadoras de Financiación al Desarrollo. 01.0.2006, París
- 3.-Relatoría de la sesión sobre codesarrollo y remesas de emigrantes. Conferencia sobre Fuentes Innovadoras de Financiación al Desarrollo. 01.0.2006, París
- 4.- Migration, Remittances and Development (OECD December 2005). Executive Summary by Jean-Pierre Garson
- 5.-General principles for international remittance services, Consultative report, March 2006, Bank For International Settlements and World Bank
- 5.-Texto de la Ley HB 1238 aprobada por el Congreso de Georgia el 14.02.2006 para tasar con un impuesto del 5% todas las remesas enviadas desde este Estado por "emigrantes ilegales"



## NOTA INFORMATIVA

Asunto: **Remesas y su vinculación con la Política Española de Cooperación al Desarrollo**

Fecha: **10 de Febrero 2006**

Autor: **DG POLDE**

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### LAS REMESAS EN EL MUNDO - DATOS GENERALES

El volumen total de remesas en el mundo durante el 2004 fue de 125.800 Millones USD, según datos del Banco Mundial. Las remesas superan la AOD y la IED a los países en vía de desarrollo y son uno de los principales flujos económicos internacionales. El mayor emisor mundial de remesas en 2002 fue la UE en su conjunto con 33.042 Millones USD, seguido de Estados Unidos con 29.970, Arabia Saudita con 15.875 y Alemania con 8.181. Fuentes de la UNCTAD indican que un 3,18% del total mundial proceden de España que ocupa el octavo lugar de los países emisores.

Según el Banco Mundial “un incremento del 10% en el número de migrantes reduce en ese país en un 1,9% el número de pobres. Un incremento del 10% en el porcentaje del PIB que suponen las remesas reduce en un 1,6% el número de pobres definidos en igual sentido”.

### LAS REMESAS PROCEDENTES DE ESPAÑA

El Banco de España contabilizó en 2004 remesas enviadas por emigrantes extranjeros en nuestro país por valor de 3.481 M€. La cifra es superior al 1% del PIB español. La AOD española neta en 2004 fue de 1.956 M€ y la previsión para el 2005 es de 2.600 M€, muy por debajo del volumen que se remitió a los países en desarrollo en concepto de remesas. La previsión de AOD española en el 2006 es de 3.235 M€.

En 2004, el primer destino de las remesas españolas fue Ecuador con 22.5% de las remesas emitidas, a continuación Colombia con el 21,3% y Marruecos con el 6,15%. En el 2003, el primer destino fue Colombia con el 25.2% de las emitidas, seguida de Ecuador con 25.09% y Marruecos con 5,16%.

En 2003 había 55 empresas en España autorizadas para el envío de remesas, en 1990 solo existían 10. Estos operadores dispondrían de una red de 4.937 agentes y 6.754 locales. La regulación del Banco de España solo exige que se consigne el concepto de las transacciones internacionales cuando se superan los 12.500 euros. El monto promedio de las remesas oscila alrededor de 300 euros, según un estudio de la CECA de 2002.



## REMESAS Y DESARROLLO. Principales obstáculos

Al abordar el asunto de las remesas desde una perspectiva de desarrollo, debe quedar claro que se habla de **un flujo privado**, que va a seguir siéndolo. No obstante, con las medidas adecuadas, se puede incrementar el potencial de las remesas como **catalizador de acciones de desarrollo** en los países beneficiarios.

España forma parte del grupo de países miembros de la Iniciativa contra el Hambre y la Pobreza (IHP) que busca encontrar fuentes adicionales de financiación para que los países en vías de desarrollo puedan alcanzar los Objetivos de Desarrollo del Milenio (ODM). No debe confundirse la financiación al desarrollo con la Ayuda Oficial al Desarrollo (AOD). Las remesas, al ser un flujo de capital privado, no constituyen AOD. Sin embargo, sí que tienen un impacto en los procesos de desarrollo. Si bien es cierto que las remesas no constituyen en sí un elemento nuevo; el estudio de métodos que maximicen su impacto en los procesos de desarrollo sí que es relativamente novedoso.

Entre los obstáculos que actualmente ha de sortear el envío de remesas para que pueda convertirse en un auténtico motor de desarrollo destacan:

### 1. Excesivo coste de las transferencias.

Desde el punto de vista del incremento de la financiación para el desarrollo, el primer objetivo es lograr que su importe no se diluya entre intermediarios, sino **que llegue la cantidad máxima al beneficiario final**. Existen estudios que demuestran que el coste de transferencia de las remesas limita los flujos disponibles para la inversión en el país receptor. Un informe oficial del G8 estima el coste medio de las remesas entre un 10 y un 15%. El único estudio realizado en España (CECA 2002), establece costes medios inferiores al 10%. Existen experiencias positivas en este sentido, por ejemplo EE.UU consiguió reducir el coste de envío de sus remesas con México en un 56% en parte gracias a la Ley de Transferencias Electrónicas de Fondos promulgada en el 2001 que obliga al desglose comprensible del coste de la remesa (tipo de cambio, referencia aplicada para calcular la desviación, costes adicionales y fondos que recibirá el destinatario).

En España en concreto si se redujera en cinco puntos el valor de la comisión media los receptores dispondrían de 220 millones de euros más (Gómez Gil)

Por tanto, el trabajo en relación con la reducción de los costes de las remesas sí puede entenderse como "innovador" en el sentido de que genera recursos adicionales.

Por otra parte, en tanto que los envíos de remesas presenten una elasticidad negativa en relación con los costes (hipótesis que parece bastante realista), toda reducción en los costes de envío debería traducirse en un aumento de los montos enviados y por lo tanto en la generación de recursos adicionales, además de los ya liberados por la propia reducción de costes.



## **2. Carencia de la necesaria cobertura geográfica de las instituciones financieras en los países receptores de remesas.**

Otro obstáculo observado en este contexto es la **falta de cobertura de las instituciones financieras en las zonas geográficas más desfavorecidas**. En efecto las localidades que generan los mayores flujos de emigración son precisamente las menos desarrolladas, por lo que no suelen tener una infraestructura financiera adecuada (Bancos Rurales, Cajas de Ahorro, Oficinas de Correo), para gestionar los flujos de remesas de forma transparente, eficiente y segura. El desarrollo de entidades crediticias solidarias, cooperativas y microfinancieras permitiría ampliar esta cobertura.

## **3. Ausencia de la necesaria cultura bancaria.**

Otros obstáculos para la eficacia de las remesas como motor de desarrollo son la **imagen de los bancos, la falta de cultura bancaria y el mal conocimiento del idioma** tanto por parte del emisor como del receptor de las remesas. El Departamento del Tesoro de EE.UU desarrolla programas de alfabetización bancaria y creó en 2003 una Comisión de Alfabetización y Educación Financiera.

## **4. Necesidad de incremento del impacto en el desarrollo de los Estados receptores de remesas.**

El mayor reto es sin embargo establecer los mecanismos que permitan que las **remesas tengan un impacto positivo en actividades de desarrollo** y que no se limiten a constituir una renta que financie el consumo privado e inversiones no productivas. Es decir que con absoluto respeto a estos flujos privados, se tendrán que evaluar qué tipo de acompañamiento puede dar la Administración Pública para potenciar que este flujo contribuya al desarrollo de las personas y de los países receptores de dichos flujos.

## **EXPERIENCIA EN LA UTILIZACIÓN DE REMESAS COMO ELEMENTO DE DESARROLLO**

### **A) INICIATIVAS EN ORGANISMOS INTERNACIONALES**

Existen Básicamente dos iniciativas interrelacionadas ambas lideradas por el Banco Mundial:

**La Agencia Internacional de Remesas:** Producto de la conferencia internacional sobre remesas de emigrantes 2003, se creó una Inter-Agencia co presidida por el Banco Mundial y la agencia británica de cooperación (DFID). También están presentes el BID, FMI, y el Tesoro Norteamericano. Está previsto que se sumen la UE, Canadá, GTZ, OIM y los Bancos Asiático y Africano de Desarrollo. Sus objetivos son:

- Desarrollar un núcleo de principios para informar las políticas públicas y a las empresas privadas
- Mejorar los datos e información sobre remesas
- Coordinar programas de remesas



- Explorar el impacto sobre el desarrollo de las remesas y concluir una visión compartida de cómo gestionarlas.

La posición del DFID, asociada a la presidencia, indica que el grupo está orientado a la tarea de convertir las remesas en herramienta de desarrollo.

**El Grupo de Trabajo Internacional para mejorar las estadísticas sobre remesas:** La conferencia internacional sobre remesas aludida, tuvo gran incidencia sobre la reunión del G8 de 2004, que adjudicó prioridad a la calidad de la información estadística y subrayó la relevancia del FMI en el proceso. Como resultado se creó un Grupo de Trabajo Internacional para mejorar las estadísticas sobre remesas (IWGIRS en inglés), que además del Banco Mundial agrupa a al FMI, BCE, BID, OCDE y NN.UU como líderes.

Se realizó una reunión del Grupo en enero 2005, que contó con la participación de España, durante la misma se acordó desarrollar un borrador que se presentó en la reunión BM/FMI en septiembre. En diciembre se creó un Citigroup para definir los aspectos finales de la presentación de estadísticas y se reunirá nuevamente en Junio 2006. Sus conclusiones informarán la primera reunión de ministros de finanzas del G7 en 2006. Las recomendaciones emitidas serán luego adoptadas por la Comisión Estadística de Naciones Unidas.

**El Fondo Multilateral de Inversiones (FOMIN):** un fondo autónomo administrado por el **BID**, otorga subvenciones y realiza inversiones a fin de apoyar el desarrollo del sector privado y mejorar las condiciones para las inversiones en América Latina y el Caribe. El FOMIN viene realizando estudios con regularidad sobre las remesas en Centroamérica, países andinos y México. Concretamente, tienen vigente un acuerdo con La Caixa para facilitar convenios con bancos y entidades solidarias, en Ecuador ha apoyado un banco local al establecimiento de lazos con dos instituciones financieras españolas, Caja de Ahorros de Madrid, y Caja de Ahorros de Murcia, para establecer servicios de transferencias de dinero.

## B) LA EXPERIENCIA MEXICANA

El programa 3X1 consiste en que por cada dólar invertido por los grupo de inmigrantes mexicanos que viven en los Estados Unidos, en el desarrollo de sus comunidades de origen, el gobierno federal mexicano, el estado y el municipio receptor, invierten un dólar cada uno; por lo que la administración pública mexicana invierte tres dólares por cada dólar invertido por los grupos inmigrantes.

El programa, se ha beneficiado de la existencia de una extensa red de clubes de inmigrantes en los Estados Unidos, que han mantenido los lazos con sus comunidades de origen en México. El programa se implantó en el 2002 y es gestionado por la Secretaría de Desarrollo Social de México (SEDESOL) en colaboración con los grupos de inmigrantes. En el 2004 se han invertido aproximadamente 70 millones de dólares y se espera incrementar esta cifra hasta llegar a los 200 millones de dólares en el 2009.



Se trata de inversiones de tamaño medio (SEDESOL limita su participación a 25,000 dólares por proyecto), con un enfoque en infraestructuras públicas. La financiación de becas estudiantiles suponen también un importante capítulo de gasto.

Estos proyectos han mejorado las infraestructuras de las poblaciones receptoras de las ayudas pero, por regla general, no han financiado proyectos que generen riqueza de forma sostenible para estas localidades, por ejemplo pequeñas empresas rentables que contribuyan a reducir el flujo migratorio empleando a la mano de obra local. Ante esta evidencia, los organizadores del programa, con la ayuda del BID, están reflexionando sobre cómo reorientar el flujo de inversiones de la inmigración directamente a iniciativas empresariales locales o a intermediarios financieros que, mediante micro-créditos, financien estas actividades.

## **PASOS CONCRETOS EN EL CONTEXTO DE LA EMIGRACIÓN EN ESPAÑA**

España es el único país desarrollado miembro de la Iniciativa contra el Hambre y la Pobreza (IHP), para el cuál las remesas han tenido un papel clave en su crecimiento económico. Durante los años 60, las remesas de la emigración permitieron gracias al positivo papel de las entidades financieras incrementar la capacidad crediticia de los españoles financiando así la creación de proyectos productivos. España puede hacer buen uso de su excelente experiencia como país receptor de remesas para contribuir, esta vez cómo país emisor, a un uso más eficiente de este flujo económico.

**En el marco de la IHP España, a la luz de la experiencia lograda, ha propuesto identificar medidas que contribuyan a incrementar el impacto de las remesas como herramienta de desarrollo, en su doble vertiente de flujo privado, y catalizador de políticas de desarrollo. España abordará con un proyecto piloto la aplicación de estas medidas y espera poder trasladar su experiencia a otros países de la IHP.**

En este sentido, y elaborado por el **Ministerio de Economía y Hacienda se identificaron una serie de medidas con vistas a facilitar y fortalecer el flujo de remesas** (ver anejo). Entre éstas se recogen el **incremento de la competencia en el mercado financiero de remesas** para abaratar los costes de transferencia, el **impulso de una regulación que no obstaculice el flujo de remesas**, el encauzamiento de las transacciones de remesas a través del sistema bancario (fenómeno también conocido como **bancarización**), la promoción de instituciones de crédito y ahorro **enfocadas a pymes** y la consecución de **acuerdos comerciales entre entidades financieras de países emisores y receptores de remesas**. Con respecto a este último punto España financia a través de FOMIN un programa enfocado a ayudar a instituciones financieras receptoras en zonas rurales aisladas. El Ministerio de Economía también propone medidas de **protección al consumidor** a través de una mayor transparencia del mercado y pide a los Bancos **más innovación financiera** para maximizar el efecto catalizador de las remesas, como por ejemplo el ofrecer préstamos respaldados por remesas. Se sugiere además **un mayor esfuerzo estadístico** para obtener datos fiables sobre los flujos de remesas y la promoción de un



**partenariado público privado** para reducir los obstáculos a un uso eficiente de este flujo privado.

Cómo consecuencia del conjunto de medidas propuestas y a la vista de la experiencia española, se intentará **mobilizar el sistema financiero español** para que, mediante acuerdos marco con entidades financieras en los países receptores, se pueda **incrementar la capacidad crediticia de las personas que se benefician de estas remesas**. En un primer paso, como proyecto piloto, se propone la concentración **en zonas geográficas concretas, por ejemplo Ecuador y Marruecos**. (Esta iniciativa se enmarca perfectamente en el espíritu de la IHP ya que constituye un mecanismo innovador de financiación generalizable a otros países).

Una tercera propuesta de participación activa de la Administración Española para aumentar las inversiones en desarrollo, consiste en crear **una red que asesore y capacite sobre inversiones y las vincule a otras vías de crédito**. Estos asesores se encargarían de aconsejar a los receptores de las remesas que se benefician del aumento de su capacidad crediticia con el fin de realizar inversiones en desarrollo. Esta sería la primera contribución de la política de cooperación para incrementar el impacto de las remesas.

En cuarto lugar, mediante un salto cualitativo hacia el beneficio comunitario, y teniendo en cuenta que las remesas son generadas por una inmigración joven a la que es difícil pedir esfuerzos adicionales, se propone en el marco de la iniciativa IHP, **una mayor participación de las instituciones financieras en proyectos de desarrollo que beneficien a la colectividad**. Así pues, se intentaría establecer un **partenariado público privado** gracias por un lado a las inversiones en concepto de responsabilidad social corporativa de las instituciones financieras, y por otro lado a la colaboración y experiencia de la Cooperación Española en los países donde ha concentrado su actuación hasta la fecha y de donde proceden muchos de los emigrantes radicados en España (entre ellos Ecuador y Marruecos).

Todo este esquema tendría que ir acompañado de una **coordinación adecuada en la Administración española**, ya que es un ámbito en el que intervienen varios actores.

En este proceso es necesario establecer **una relación estrecha con las asociaciones de emigrantes en España**, puesto que por un lado serán un elemento clave a la hora de comunicar a la población emigrante las acciones de apoyo a las remesas como herramienta de desarrollo, y por otro podrían llegar a ser partícipes de las acciones de cooperación, tal y como quedó reflejado en el programa 3x1.

Se propone realizar **campañas de sensibilización** para incrementar la confianza en el sistema financiero y suplir la falta de cultura bancaria, tanto en España como en los países receptores, de forma que exista una capilaridad en beneficio de emisores y receptores.



El **papel de la Cooperación Española en proyectos de desarrollo en el país receptor**, será suficientemente concreto para poder potenciar el impacto de los flujos de remesas y adecuadamente coordinado para facilitar el partenariado público-privado con las entidades financieras. En este sentido se definirá el esfuerzo que podrían hacer las instituciones financieras y la mejor forma de complementarlo con proyectos que beneficien a comunidades concretas en países receptores.

Finalmente, se propone realizar **un acuerdo con el FOMIN/BID** para llevar a cabo las iniciativas enumeradas de forma coordinada y complementaria en un país concreto en Hispanoamérica, por ejemplo Ecuador. En efecto, como ya se ha comentado, el FOMIN tiene una excelente experiencia en el área de remesas específicamente en este país.



## **ANEJO - DECÁLOGO DE POSIBLES MEDIDAS EN EL ÁMBITO DE LAS REMESAS**

### **I. Introducción**

La Iniciativa de Lucha contra el Hambre y la Pobreza, auspiciada por Brasil, Chile, Francia y España, ha puesto en marcha un grupo de trabajo para estudiar un amplio abanico de mecanismos innovadores de financiación al desarrollo que puedan suministrar fondos adicionales para alcanzar los Objetivos del Milenio. Dentro de las opciones posibles podemos distinguir los mecanismos que puedan fomentar las contribuciones voluntarias a la financiación del desarrollo. Estos mecanismos presentan como particular ventaja la posibilidad de avanzar en actuaciones a nivel regional o bilateral, sin necesidad de establecer consensos multilaterales.

Dentro de esta categoría, destacan las posibilidades de actuación en el campo de las remesas de emigrantes. Cobran particular relevancia por sus características específicas: por un lado compensan la pérdida de capital humano de un país que ve como emigran sus talentos, y por otro lado son un flujo de una elevada estabilidad relativa y cierta anticiclicidad, menos propenso a la volatilidad que otros flujos a los países en desarrollo.

Ahora bien, por la fragmentación y pequeño tamaño medio, así como por la debilidad del emisor y los distintos grados de desarrollo de los sistemas financieros de los países receptores, las remesas no siempre son canalizadas de forma eficiente. Existen, de este modo, posibilidades para que los Estados mejoren su regulación, lancen campañas de información o fomenten determinadas buenas prácticas, de tal forma que se pueda avanzar hacia un uso óptimo de un flujo tan relevante como son las remesas de emigrantes.

Asimismo, debe tenerse en cuenta que las remesas no son la única manera mediante la cual los emigrantes pueden fomentar el desarrollo de sus países de origen. La formación que adquieren en sus países de acogida, la experiencia y la consiguiente ganancia en capital humano pueden revertir a sus países de origen en diferentes maneras. Los canales para esta transmisión van desde el retorno mismo del emigrante a su país de origen hasta muchas otras posibilidades a medida que el emigrante se asienta en su país de acogida (en particular ya que, teniendo particular conocimiento de los productos propios de sus países de origen, tienen mayores posibilidades de estimular el comercio y la inversión en los mismos si deciden convertirse en pequeños empresarios). Es por esto que el trabajo en el campo de las remesas puede ser complementado con una serie de medidas relacionadas con los trabajadores emigrantes. Este tipo de acciones no está contemplado en este Decálogo, pero es labor del Grupo Técnico el decidir el alcance del debate.

### **II. Medidas posibles**

#### **1. Fomento de la Competencia en el Sector** como vía para reducir el coste de envío de remesas.

Este fomento requiere un conocimiento del funcionamiento (nivel de competencia, barreras de entrada, porcentaje de la remesa que, efectivamente, llega a su destino...) de este sector –a nivel nacional e internacional, de modo que se cubra los países emisores y receptores, y el conjunto del “ciclo de vida de la remesa”- con objeto de detectar los principales obstáculos para su eficiencia.



A la vista de los resultados podrá extraerse una lista de medidas para mejorar el funcionamiento de este mercado y la calidad del servicio. Estas medidas podrán requerir para su concreción acuerdos a distinto nivel (interno, nivel comunitario o incluso nivel internacional).

A nivel interno, por ejemplo, los países industrializados pueden promover reformas regulatorias con objeto de autorizar un mayor número de instituciones de crédito y ahorro para que participen en las operaciones de envío de dinero.

- 2. Promover que la regulación no obstaculice los flujos de remesas.** Hay que tener presente que los aún elevados costos de transferencia obedecen no sólo a las características oligopolísticas del mercado sino también a las restricciones de cambios impuestas por muchos países receptores. Sería deseable por tanto que los países receptores realizaran esfuerzos en este sentido para reducir estos obstáculos.

De igual manera, debe procurarse un equilibrio entre los objetivos de lucha contra el blanqueo de dinero y prevención de financiación de actividades terroristas y el de no obstaculización del envío de remesas

- 3. Fomento de la “bancarización”:** La utilización de los bancos y otras instituciones financieras por parte de emisores y receptores de remesas contribuiría también al objetivo de reducción del costo de transferencia. Con objeto de favorecer el recurso a este servicio y mejorar la capacidad de acceso del inmigrante al mismo, es necesario que éste tenga un mejor conocimiento de sus posibilidades y utilidad.

Campañas de alfabetización financiera: En esta materia pueden desarrollarse campañas y cursos dirigidos a los inmigrantes en los países de emisión de las remesas. El contenido de estas campañas detallaría las posibilidades más económicas de transferir dinero, el coste de oportunidad de guardar dinero fuera del sistema bancario, sus derechos como clientes, etc. Estas campañas podrían tener una alta visibilidad y desarrollarse en asociaciones de emigrantes o en centros de regularización, consulados, etc.

- 4. Expansión de los servicios financieros.** Al objetivo de fomentar la “bancarización” contribuiría también la provisión de servicios integrados a los remitentes y receptores de remesas tales como cuentas corrientes, de ahorro, créditos e hipotecas (*microfinanzas*). Para ello, podrían adoptarse medidas dirigidas a proporcionar información a las instituciones financieras sobre las características del mercado para incentivarlas a participar en él y a expandir los servicios financieros ofertados.
- 5. Promover la constitución de convenios entre las instituciones financieras de los países emisores y receptores.** Los resultados derivados de la aplicación de las medidas anteriores se maximizarían mediante el establecimiento de alianzas entre instituciones financieras, remesadoras y otras instituciones tanto de los países receptores como emisores. Este tipo de medidas son especialmente necesarias en aquellos países con redes bancarias poco desarrolladas, lo que es frecuente en las zonas rurales.

En este apartado, podrían adoptarse medidas dirigidas a promover la participación de instituciones presentes en las zonas más apartadas, como las oficinas de correos. España está financiando con el Fondo Multilateral de Inversiones (FOMIN, del Banco Interamericano de Desarrollo) un proyecto piloto con este objetivo.



Asimismo, y con vistas a promover la celebración de acuerdos voluntarios entre instituciones financieras de los países emisores y de los países receptores, en cuyo seno se produce una reducción de los costos de transferencia, cobra gran relevancia la provisión de asistencia técnica a las instituciones financieras de reducido tamaño en los países receptores.

- 6. Protección del Consumidor:** El consumidor del servicio de remesas tiene, a menudo, una posición de debilidad frente a la entidad que lo presta (por un bajo nivel de educación financiera, desconocimiento del país o por la naturaleza oligopolística del mercado...). Es frecuente que este desequilibrio se traduzca en un servicio más caro o de menor calidad (por ejemplo, es habitual el uso, en el envío de remesas, de tipos de cambio con amplios diferenciales respecto al tipo de cambio de mercado, lo cual constituye una comisión implícita).

Como medidas concretas en este campo pueden estudiarse medidas dirigidas a practicar una política más transparente en relación con el coste total y las condiciones de las transferencias incluyendo todas las comisiones aplicadas, tipos de cambio y tiempo de ejecución así como otras formas de protección del consumidor, a través de los actuales mecanismos existentes oficiales y en colaboración con asociaciones de consumidores o, incluso, a través de la creación de organizaciones específicas.

- 7. Promover la innovación financiera.** De cara a maximizar el impacto que las remesas pueden tener en la actividad económica del país receptor, el desarrollo de nuevos instrumentos financieros tales como la constitución de líneas de microcrédito respaldadas con remesas o la emisión de bonos con la garantía de futuros flujos de remesas puede dar resultados positivos.

Las medidas que podrían adoptarse en esta área se centrarían en la promoción de nuevos instrumentos a través de proyectos piloto, la difusión de instrumentos ya adoptados que pudieran replicarse en otros países así como en la provisión de asistencia técnica para las instituciones financieras de los países receptores. La participación en este tipo de iniciativas de aquellas Instituciones Financieras Internacionales que vienen desarrollando un papel significativo en este campo podría ser de gran valor.

- 8. Fomento de las instituciones de crédito y ahorro popular:** Si bien las remesas de emigrantes normalmente se dirigen al consumo, medidas dirigidas a establecer marcos regulatorios que promuevan el desarrollo ordenado de las instituciones de ahorro y crédito popular así como la protección del ahorro y el crecimiento de la oferta de servicios financieros para las micro y pequeñas empresas pueden incentivar la canalización de las remesas a través de este tipo de instituciones en forma de microdepósitos que a su vez permitirán el otorgamiento de microcréditos con el consiguiente desarrollo de la actividad productiva.

- 9. Mejora de las estadísticas.** En los países de destino, es fundamental avanzar en la mejora de la información así como hacia la armonización de los requisitos solicitados por los Bancos Centrales pues al no existir dicha armonización actualmente, las estadísticas entre países no resultan comparables. Los países receptores de remesas resultarían beneficiados de las mejoras en sus sistemas estadísticos, dado que una contabilización fiable de las remesas puede facilitar la obtención de mejores calificaciones crediticias (*ratings*). Pueden plantearse sucesivos esfuerzos en este campo, en el cual las instituciones financieras multilaterales pueden jugar un papel importante.



**10. Promoción de la colaboración público-privada para la remoción de obstáculos a los flujos de remesas.** La creación de grupos de trabajo que incluyan a instituciones públicas y privadas tanto en los países emisores como receptores puede contribuir a la identificación de obstáculos a los flujos de remesas y a maneras de reducirlos. También pueden ser compartidos entre estos grupos informaciones sobre buenas prácticas en relación a los instrumentos que permitan un mayor efecto multiplicador de las remesas.



Declaraciones y discursos del Excmo. Sr. Ministro, D Miguel Angel Moratinos

## **CONFERENCIA SOBRE "FUENTES INNOVADORAS DE FINANCIACIÓN AL DESARROLLO" 1 MARZO 2006-PARÍS**

Buenos días. Sean mis primeras palabras para felicitar y agradecer al Gobierno francés por haber organizado esta conferencia sobre “Fuentes Innovadoras de Financiación al Desarrollo”. Quiero también a agradecer la presencia de Doña Brigitte Girardin, Ministra Delegada francesa de Cooperación, Desarrollo y Francofonía, de Don Francisco Carrión Mena, Ministro de Relaciones Exteriores de Ecuador, de Don Fathallah Oulalou, Ministro de Finanzas y Privatización de Marruecos, de Don Allan Winters, Director del Banco Mundial, y al representante del Foro de Organizaciones de Solidaridad Internacional.

Es para mi un motivo de satisfacción participar esta mañana en la Conferencia Internacional sobre las Financiaciones Innovadoras del Desarrollo. Y lo es, fundamentalmente, por 2 razones.

La primera, porque la convocatoria de esta Conferencia es fruto de la conciencia y del compromiso de la comunidad internacional con la lucha contra el hambre y la pobreza. Hoy defendemos la necesidad ética de transformar en futuro y esperanza el desencanto y la desesperación de los excluidos de la globalización.

La sociedad y la opinión pública globales nos exigen incorporar, entre las prioridades de la agenda internacional, la reducción de la pobreza y la exclusión. Este binomio perverso, que degrada la condición humana, no sólo requiere del compromiso ético, sino de actuaciones coordinadas y de resultados tangibles. Las sociedades avanzadas demandan a sus Estados y gobiernos un esfuerzo de solidaridad internacional para alcanzar los objetivos de erradicación de la pobreza y el desarrollo sostenible.

La segunda razón por la que estoy muy satisfecho es porque tengo el convencimiento de que este foro arrojará luz sobre nuestros compromisos financieros comunes, en favor del desarrollo y promoverá el consenso para hacer frente a nuevas contribuciones. Al mismo tiempo, esta Conferencia es la concreción del compromiso de coordinación que suscribimos en la Declaración sobre Fuentes Innovadoras de Financiación del Desarrollo, aprobada en Nueva York, el pasado año.

Creo que todos compartimos la opinión de incrementar los capítulos económicos y financieros para alcanzar los Objetivos del Milenio. Su aplicación viene de la mano de fórmulas eficaces, inspiradas en el conocimiento, la creatividad y la innovación. Las nuevas fuentes financieras y recursos, sumados a los ya consolidados, nos permitirán incrementar la cantidad y la calidad de la cooperación al desarrollo, así como su estabilidad, eficacia y control.

España, junto a la mayoría de países donantes, considera que no basta con incrementar la ayuda al desarrollo, y eso a pesar de que mi Gobierno ha hecho un esfuerzo sustancial para elevar esa ayuda hasta el 0,5 por ciento del PIB al término de esta legislatura. Es también necesario actualizar e incrementar la eficacia del modelo actual de financiación, con el fin de lograr avances significativos en la erradicación de la pobreza. De otro modo, a lo largo de los próximos años, nos encontraremos con un déficit financiero que impedirá satisfacer los compromisos derivados de los Objetivos del Milenio.

Así pues, se impone la necesidad urgente de encontrar fórmulas adicionales y mecanismos innovadores de financiación que complementen la Ayuda Oficial al Desarrollo. Sin duda alguna, elevar este flujo financiero a niveles de suficiencia, despeja y garantiza el futuro de la lucha contra el hambre y la pobreza.

Me complace hoy presidir el Taller de Trabajo 2 sobre Codesarrollo y Facilitación de las Remesas de los Trabajadores Emigrantes. España tiene un papel activo en el ámbito de la innovación financiera complementaria y ha estudiado el impacto de las remesas en los procesos de desarrollo. Esta elección no ha sido fortuita, sino fruto de la experiencia, del reconocimiento y de la importancia que han tenido las remesas para nuestro crecimiento económico. Y, fruto también del proceso de reflexión y de debate que se ha abierto en la Administración Pública española, en el sector financiero, en la Universidad y en el seno de la sociedad civil.

Somos conocedores del caudaloso flujo económico internacional de las remesas que, según datos del Banco Mundial, en el año 2004, alcanzaron la cifra de los 125.800 millones de dólares; volumen que supera la Inversión Exterior Directa en los países en vías de desarrollo y la Ayuda Oficial al Desarrollo.

En España este montante alcanzó, en el mismo período, los 3.480 millones de euros, aunque aún no se ha estimado la cuantía que se vehicula a través de canales informales. En la actualidad, Marruecos, Ecuador y Colombia son los principales destinos de las remesas procedentes de la emigración en nuestro país y de los nuevos ciudadanos españoles.

Las conclusiones del proceso de reflexión y debate que se ha abierto en España reconocen la existencia de algunos obstáculos o resistencias que interfieren la transformación de las remesas en motor de desarrollo. Las trabas más importantes son: el excesivo coste económico de las transferencias, la escasa cobertura geográfica de las entidades financieras en los países receptores, la ausencia de una cultura bancaria y la carencia de mecanismos para potenciar su impacto en el desarrollo.

El coste financiero del envío de remesas, actualmente, es excesivo y, en muchas ocasiones, las depaupera la cadena de intermediarios. Por tanto, el trabajo en relación con la reducción de los costes de las remesas puede entenderse como una "innovación",

porque puede generar recursos adicionales. Sirva como ejemplo el caso español, donde, si se redujera en cinco puntos el valor de la comisión media, pondrían incrementarse las remesas en 220 millones de euros.

**Además, como he señalado antes, la red de las entidades financieras no se extiende hasta las localidades menos desarrolladas, que son, lógicamente, las que aportan mayores flujos de emigración. Para salvar este escollo sería necesario impulsar el desarrollo de entidades crediticias solidarias, cooperativas y microfinancieras, con el fin de paliar el déficit de servicios y conformar una estructura financiera incipiente.**

Si la carencia de una red de entidades financieras es un escollo, no lo es menos la ausencia de una cultura bancaria y la falta de instrumentos que atraigan su inversión en sectores que impulsen el desarrollo económico y social.

El reto que se nos plantea es cómo conjugar el respeto a estos flujos económicos de carácter privado y, al mismo tiempo, orientarlos a inversiones en economía productiva, al fomento de un tejido empresarial y a la construcción de infraestructuras y equipamientos.

Es oportuno recordar que el destino final de gran parte de las remesas de la inmigración se destina a implementar la renta disponible de sus perceptores y a elevar el consumo doméstico. En este sentido, sería de interés el establecimiento de medidas para la gestión eficaz de esos recursos y para ofrecerles seguridad, transparencia y refugio en sectores de desarrollo social y económico. Los Estados y las administraciones públicas pueden estimular esa atracción y orientar estos flujos a iniciativas que redunden en la modernización y bienestar de los países receptores.

Se conocen diversas experiencias internacionales de gran interés, como la de México, denominada también 3x1. Esta iniciativa implica que por cada dólar invertido por los inmigrantes mexicanos afincados en Estados Unidos en el desarrollo de sus comunidades de origen, el gobierno federal, el estado y el municipio receptor, invierten en esa población un dólar cada uno. Es decir, las administraciones mexicanas multiplican por tres cada dólar que destinan sus inmigrantes al desarrollo de sus municipios.

Ésta y otras experiencias exitosas contribuyen a que España apoye medidas que faciliten y fortalezcan el flujo de remesas. Así, se pondrán en marcha actuaciones para incrementar la competencia del mercado financiero de envío de remesas, se impulsará una regulación para agilizar estos flujos, se fomentarán medidas de protección a los usuarios y se encauzarán las transacciones a través del sistema bancario.

En esta tarea movilizaremos al sistema financiero español. Porque es posible y existe margen para dinamizar y abaratar las gestiones de envío de remesas, tanto en origen como en destino. Esto permitirá también incrementar la capacidad crediticia de sus beneficiarios.

**La Cooperación Española potenciará el papel de las remesas como catalizador de desarrollo y protegerá sus flujos. Por ello, proponemos la creación de una red de**

## **asesoramiento y capacitación, para informar, en materia de inversiones y vías de crédito, a emisores y perceptores de remesas.**

Consideramos esencial la participación y corresponsabilidad de todos los actores implicados (Administraciones Públicas, instituciones financieras y asociaciones de emigrantes). Su compromiso debe estar del lado de los proyectos que redunden en beneficio del desarrollo sostenible. En consecuencia, impulsaremos un partenariado público-privado que promueva inversiones, en concepto de responsabilidad social corporativa de las instituciones financieras, a la vez que facilitaremos los cauces y la experiencia de la Cooperación Española. Los primeros beneficiarios de las actuaciones en esa dirección serán los países donde trabaja tradicionalmente la Cooperación Española. Además, coinciden con los de origen y procedencia de muchos de los emigrantes y nuevos ciudadanos domiciliados en España; como son los casos de los llegados de Ecuador y Marruecos.

El Ministerio de Asuntos Exteriores y de Cooperación asumió el pasado mes de septiembre la coordinación de esta iniciativa y diseñó un plan de actuación en cuatro fases. En él se engloba:

- 1.- La identificación de actores, perspectivas y reflexiones sobre las remesas como herramienta de desarrollo.
- 2.- La elaboración de un documento de trabajo.
- 3.- El diseño y ejecución de un proyecto piloto con Ecuador y Marruecos.
- 4.- La elaboración de una metodología de trabajo fundamentada en la acumulación de nuestra experiencia.

Una vez culminadas las dos primeras fases, el documento se presentó en el Grupo Técnico de la IHP en París, el pasado 16 de noviembre, y en el contexto de ECOSOC, en Naciones Unidas. Su acogida fue muy buena y despertó reacciones muy favorables en la comunidad internacional. Y ahora, concluimos la fase de finalización del diseño del proyecto piloto y la preparación de sus bases de ejecución.

Perdonen si me he extendido más de lo previsto, pero considero esencial comentarles estas experiencias y reiterarles que esta iniciativa persigue incrementar y reforzar el modelo actual de financiación de ayuda al desarrollo. En ningún caso, sustituirlo. Sólo pretende redimensionar el volumen, la estabilidad y previsión a los flujos financieros de las remesas y garantizar condiciones básicas para optimizar y reforzar la cooperación al desarrollo.

En buena lógica, estas nuevas fuentes de financiación de la ayuda al desarrollo no requieren de una participación universal u obligatoria. No se pretende imponer soluciones o modelos, sino plantear alternativas para implicar a todos los actores. Y que éstos seleccionen los mecanismos que se adapten mejor a sus peculiaridades. Sin duda, esto es un proceso abierto, dinámico e innovador.

Nuestro debate se debe orientar a la lucha contra la pobreza. Y ahí reside la importancia de concretar propuestas reales y viables, que favorezcan el incremento de ayudas, su estabilidad y previsión.

Este compromiso con la sostenibilidad y contra la pobreza nos exige colaboración, confianza y respeto mutuo para continuar con el trabajo..., un trabajo ya iniciado. Creo

que el mejor modo de hacerlo es impulsando una “asociación internacional para el desarrollo”.

La lucha contra el hambre y la pobreza. La promoción del desarrollo. Estos compromisos no se pueden alcanzar si establecemos distancia entre la decisión política y la financiación del desarrollo. No queda mucho tiempo, aunque esa circunstancia se puede transformar en una buena ocasión para centrar el debate y prestigiarlo entre las prioridades de la agenda internacional.

Debemos expresar con rotundidad y compromiso nuestra adhesión a los Objetivos del Milenio. Por ello, es importante movilizar la voluntad política. Como afirmó el Presidente del Gobierno español, José Luis Rodríguez Zapatero, ante Naciones Unidas: “un mayor esfuerzo en el desarrollo ha de ser pequeño en comparación con los beneficios que puede reportar a todos, ya que superar la pobreza ha de contribuir decisivamente a establecer un patrimonio colectivo de bienes públicos mundiales, tales como la seguridad humana, la salud y el bienestar, el ejercicio real y efectivo de los derechos humanos, el respeto al medio ambiente o la paz y la seguridad internacionales”.

Muchas gracias.

Actualizado: 01/03/2006

## ATELIER 2 : CO-DEVELOPPEMENT ET TRANSFERT DE FONDS DES MIGRANTS

Selon la Banque mondiale, les montants des transferts de fonds des migrants vers leur pays d'origine pourraient atteindre 220 milliards de dollars US en 2006, soit nettement plus de deux fois les chiffres de l'APD.<sup>1</sup> Ces flux contrairement aux investissements directs semblent peu sensibles à la conjoncture. Une partie importante de ces transferts emprunte des canaux informels échappant ainsi à toute évaluation officielle<sup>2</sup>, notamment en raison du coût des transferts et de la faiblesse du système bancaire dans certains pays.

Les transferts de fonds ne concernent pas exclusivement des opérations Nord-Sud. Un peu moins de la moitié des fonds provient des pays de l'OCDE, un tiers provenant des pays pétroliers du Moyen-Orient, et le reste (17%) des Pays en développement eux mêmes.

Selon le FMI (chiffres 2004), l'Amérique latine et les Caraïbes sont les premiers bénéficiaires de ces transferts (29.6 mds\$, soit 32% des montants globaux) suivis par l'Asie du Sud (18.2 mds\$, 20%), l'Asie de l'Est et le Pacifique (17.6 mds\$, 19%), le Moyen orient et le Maghreb (13 mds\$, 14%), l'Europe et l'Asie centrale (10.4 mds\$, 11%), et l'Afrique sub-saharienne (4.1 mds\$, 4%). Le poids de ces transferts dans les ressources du pays peut représenter une part importante. Exprimé en rapport au PIB, il s'élève ainsi à 24.2% pour Haïti, 22.8% pour la Jordanie, 16.2% pour le Nicaragua ou encore 10.9% pour le Maroc. Les pays bénéficiaires relèvent plus, en général, des pays à revenus intermédiaires que des pays les moins avancés.

On considère généralement que ces transferts peuvent avoir des effets positifs, notamment :

- Les transferts constituent au plan macro-économique une source significative de devises, augmentant le revenu national et finançant une partie des importations nécessaires à la croissance.
- Sur le terrain, les remises constituent une source vitale de revenus pour une partie de la population et contribuent au financement de ses dépenses de santé et d'éducation. La stabilité de ces flux leur confère le caractère d'une épargne de précaution et permet de jouer un rôle efficace d'assurance en cas de choc externe.
- Au delà de ces aspects concernant la consommation, et l'épargne, il faut mentionner l'utilisation de ces fonds pour l'équipement collectif de proximité et sur certains secteurs de services utilisés par les migrants et leurs familles en particulier les télécommunications, le tourisme, les transports et le commerce. L'accent mis depuis quelques années sur la lutte contre la pauvreté a amené la Banque mondiale et le DFID à réaliser des études empiriques centrées sur ce sujet dans 74 pays à bas ou moyen revenu. Ces organismes estiment plus généralement qu'une augmentation de 10% du poids des transferts dans le PIB d'un pays se traduit par une diminution de 1,2% de la pauvreté.

### 1. Faciliter l'utilisation des transferts comme outil de développement : initiatives internationales

Une agence internationale des transferts a été créée en 2003 par la Banque mondiale et le DFID avec un double objectif d'amélioration des statistiques et de coordination des programmes intégrant ces questions de remises et l'étude de leurs impacts.

La question des transferts de fonds a été également évoquée au G8 de Sea Island en 2004 et a donné lieu à la mise en place d'un groupe de travail (IWGIRS) comprenant le FMI, la Banque,

<sup>1</sup> Les chiffres de l'APD sont en nets alors que ceux des remises sont calculés bruts.

<sup>2</sup> L'acheminement par voie informelle représente selon diverses études et enquêtes : 95% au Ghana, plus de 50% pour le Mali et le Sénégal (Blion et Verrières 1998, Tall 2001)

l'OCDE et la BCE ainsi que les services concernés des Nations unies afin d'améliorer l'information statistique. Les recommandations de ce groupe devraient être présentées au G8 en 2006 puis entérinées par la Commission statistique des Nations unies.

## **2. Faciliter l'utilisation des transferts comme outil de développement : initiatives nationales**

Afin de limiter les impacts négatifs liés aux transferts de fonds et de maximiser leurs impacts sur l'amélioration de la qualité de vie dans les zones d'origine des migrants, différents pays ont mis en place des systèmes d'accompagnement de projets avec les diasporas de migrants. ON peut citer quelques exemples.

### **Mexique :**

L'initiative "3 pour 1", montée en 2002, est géré par le Secrétariat au développement social du Mexique (SEDESOL) en collaboration avec le réseau des émigrants mexicains aux Etats-Unis. Au travers de ce programme, chaque dollar renvoyé par un émigré mexicain aux Etats-Unis, est abondé à même hauteur par le gouvernement fédéral, et par les autorités locales. En 2004, cela s'est traduit par 70 millions de dollars d'investissements de taille moyenne en infrastructures régionales (SEDESOL limite sa participation à 25000\$ par projet). En collaboration avec la Banque mondiale, les organisateurs du programme cherchent à financer des opérations plus directement liées à la sphère productive susceptible de fournir du travail localement et de freiner l'émigration. Le programme finance également des bourses.

### **Espagne :**

Dans le cadre des travaux du « Groupe des 6 » (Algérie, Allemagne, Brésil, Chili, France, Espagne) et de l'initiative contre la faim et la pauvreté, le Ministère de l'économie et des finances a identifié une série de mesures visant à faciliter et renforcer les flux financiers et à accroître l'impact des transferts sur développement local. Parmi ces mesures, on peut citer l'accroissement de la concurrence sur le marché financier de transferts de fonds afin d'en réduire le coût, la bancarisation de ceux-ci, le soutien aux institutions de crédit et d'épargne orientées vers les PME, le soutien à des institutions de crédit et d'épargne orientées vers les PME, la négociation d'accords commerciaux entre institutions financières des pays émetteurs et récepteurs de ces fonds. Des expériences locales en Equateur où le Fonds d'investissement multilatéral est déjà actif devraient débiter prochainement.

L'administration espagnole envisage également de créer un réseau de conseillers en matière d'investissement et d'accès au crédit afin de faciliter la transformation de ces transferts en investissement productif. La mise en œuvre de ce projet implique une co-ordination forte de l'administration espagnole, des associations d'émigrants et des agences de coopération espagnole dans les pays récepteurs. Enfin, la mise en place de partenariats publics privés devrait compléter ces mesures en associant les efforts des migrants et la participation d'institutions financières sur des projets d'intérêt collectif.

### **France**

Depuis 2003, la France conduit une politique active de co-développement. *Selon cette stratégie, le migrant est défini comme acteur de développement de son pays d'origine.* Le soutien des ministères des Affaires étrangères, des Affaires sociales, de l'Emploi et du Logement et l'Agence française de Développement aux initiatives des migrants se traduit par un dispositif de cofinancements ou d'aides logistique ou techniques. *Le codéveloppement participe donc notamment au développement économique des pays d'origine :*

- en mettant en place des mécanismes facilitant l'accès au crédit de ceux qui veulent réaliser « des investissements à distance », c'est à dire, des activités génératrices de revenus au bénéfice de parents ou amis restés au pays. Par ce biais, le co-développement permet aux migrants de faire bénéficier leur pays d'origine de leur épargne, en favorisant les investissements productifs.
- en aidant les migrants qui le souhaitent à se réinsérer dans leur pays d'origine sous forme d'aide à la création d'une activité productive. Ce dispositif met tout particulièrement l'accent sur l'accompagnement, condition indispensable au succès de l'entreprise du migrant.

**La crédibilité de ce dispositif d'aide à la réinsertion et du co-développement tient à deux facteurs :**

- l'importance du dispositif d'accompagnement ;
- l'attribution des aides sur la base du volontariat.

**De plus, le projet AFD/Crédit mutuel qui démarre au Sénégal et au Mali devrait permettre aux caisses de micro-crédit associées au programme de disposer de fonds suffisamment importants pour consentir des prêts d'un montant supérieur à ceux qu'elles est en mesure de réaliser actuellement.**

***Des projets de co-développement sont en cours au Mali, au Sénégal, au Maroc et aux Comores. Ces projets conduisent à mobiliser de nombreux partenaires, français ou de pays tiers, publics et privés : structures d'Etat, collectivités territoriales, entreprises, associations, organisations multilatérales, au premier rang l'Union européenne.***

*Migration, Remittances and Development (OECD December 2005)*  
**EXECUTIVE SUMMARY--Jean-Pierre GARSON, OECD**

Developing countries, and in particular those which have provided the largest migration flows towards the OECD member countries since the middle of the 20th century, wish to be better integrated into the world economy. The renewed interest in migration for employment, the international mobility of skilled workers and the highly qualified, the increase in the number of foreign students, are elements in the globalisation of migration. It is in this context that the links between migration and development can be focused around three main topics: immigrants' remittances, return migration and a better use of human capital, in order to promote the economic development of sending countries. The international conference in Marrakech placed particular emphasis on the first of these topics: remittances and the economic development of sending countries.

In several emigration countries, remittances in 2004, estimated by the IMF at USD 126 billion, largely exceeded the volume of official development aid (ODA), and in certain cases even of foreign direct investments (FDI) or income from the export of goods and services. Remittances constitute a considerable source of hard currency for countries of emigration, sometimes covering several months of imports. The issue of remittances and the strong growth registered during the last decade have attracted increasing interest in several international organisations (IMF, World Bank, OECD), at a time when the volume of official development aid is tending to diminish slightly. According to certain analysts, remittances, which can be considered as structured financial flows, could contribute to a reduction in poverty, constitute an important supply of foreign hard currency for economic development, or accompany the growing flows of foreign direct investment, which are sources of development and employment creation.

The Marrakech Conference allowed, in the first instance, to underline the fact that relative to macroeconomic indicators, remittances are significantly higher in low and lower middle-income countries than in the other developing countries. Remittances are also unequally distributed across regions, with Asia receiving the lion's share, followed by the American continent and, far behind, Africa. A review of recent studies on remittances and development has shown that they have indisputably contributed to improving the living conditions of migrants and their families, although it seems less evident that these transfers have had a positive impact on the economic development of the countries of origin. In fact, the diversity in the personal characteristics and economic situations of immigrants, and the ways in which they make use of their savings, makes it very difficult to attract and massively orient these funds towards the economic development of their home countries.

The reduction in the costs of transfers of funds was analysed in depth, based on experiences from OECD member countries (Greece, Italy, Mexico, Portugal and Turkey, but also in the Philippines and Morocco). The crucial role of the banking system was emphasised, as were best practices to reduce the costs of the transfer of remittances. In the case of Portugal, private banks have attracted the greatest part of remittances and they are transferred at relatively low costs. In Turkey, the system is more complex. It is first based on the networks of Turkish banks abroad, and the savings banks in receiving countries, mainly in Germany. The Turkish Central Bank pays a large proportion of the transfer costs of remittances to Turkey. During the conference, examples from Portugal (Caixa Geral de Depositos) and from Morocco (Banque centrale populaire du Maroc),

demonstrated also that the migrant is not only considered by these banks as a foreign hard currency provider, but is a client who can benefit from all the bank's services. Consequently, not only is the transfer cost reduced, but it is also easier to channel part of the remittances to productive investment. On the contrary, in the case of a failure in the banking system or a lack of confidence in banks, intermediaries, such as Western Union, occupy a predominant position, even if the costs of transfers are very high. In fact, migrants prefer to resort to reliable services which permit the quick delivery of the funds to the recipients.

Taking advantage of new technologies could also help reduce the cost and reinforce the security of transfers. The development of new technologies is increasing the competition among suppliers of banking and financial services in both receiving and sending countries. The rich and varied experiences of the Equitable PC Bank in the Philippines allow valuable lessons to be drawn in this respect. This bank provides a wide range of services related to remittances, life and health insurance, and education of children, to future immigrants who present themselves to the administration charged with sending Filipinos abroad. The growing interest in migrant remittances and in the use of new technologies was also illustrated by the presentations of the MasterCard Group and the Inter-American Bank for Development. The latter institution is interested in migrants' banking, especially those originating from Latin America and Mexico.

The Marrakech Conference revealed that the diversity in the personal characteristics and the economic situation of immigrants, and the ways in which they make use of their savings, makes it very difficult to attract and orient these funds towards the economic development of their home countries. Remittances are private transfers and the savings involved belong to the migrants and their families, who decide on their allocation. Many attempts to channel these funds towards development have been unsuccessful, because they have failed to recognise the primacy of individual choice. However, good practices do exist, the objective of which is to help migrants to make better choices, to gain their confidence, and to rely on the networks built up both abroad and in the home countries, to put remittances to good use for individuals, their families, and social and economic development as a whole.

In fact, the best way to maximise the impact of remittances on economic growth in developing countries is to implement sound macroeconomic policies and policies of good governance, as well as development strategies involving all actors in the economy. Good governance, a sound banking system, respect for property rights, and an outward-oriented trade and FDI strategy, are prerequisites for enhancing the efficiency of remittances in an economic development perspective. The state has a primordial role to play in establishing these key building blocks for economic development, supported by the international community. Remittances are neither a substitute for ODA nor for FDI flows.

The Conference demonstrated that the artificial distinction between "productive and non-productive" uses of remittances must be reconsidered. Remittances are used to reduce household poverty and satisfy basic needs, but also to increase investment in health and education, *i.e.* to improve investment in human capital in the countries of origin. There is an important gender dimension to such human capital investments.

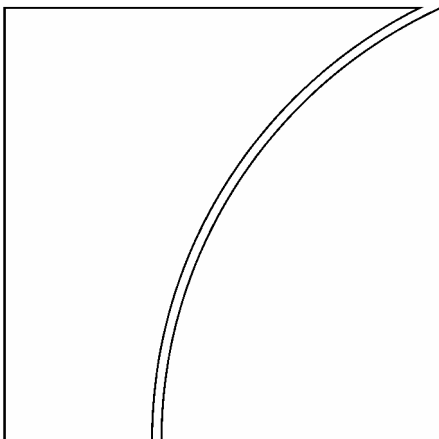
Finally, in order that remittances may play a greater role in the economic development of countries of origin, it was highly recommended that information be widely distributed on remittance channels and opportunities for investment, and that one-stop shops be created, in order to provide information at all stages of the migration process. Policies should support and accompany migrants who wish to engage in

entrepreneurial activities. If special incentive schemes are put in place, they should be designed for everybody, and be open to migrants and non-migrants alike.

Over and above remittances, migrants make other, invisible, transfers to their countries of origin: economic behaviour, knowledge and know-how, and social and cultural exchanges. Numerous examples, notably from Mexico and Morocco, show that migrants not only contribute to the financing of the infrastructure at local level (electrification, water provision and irrigation, road building, medical centres and schools), but that this is accompanied by profound transformations in the way of life and of traditional local management. A participative process, involving all the actors (migrants, villages, local authorities), constitutes the best guarantee of sustainability of the infrastructures and ongoing productive projects. More attention should be paid to civil society and private initiatives in both the receiving countries and sending countries, as well as to the decentralised co-operation processes, and to the role of local authorities, the scientific diaspora and the second generation.

# Committee on Payment and Settlement Systems

The World Bank



## General principles for international remittance services

Consultative report

March 2006



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## Foreword

In recent years a number of reports have been prepared by various organisations on the topic of international remittances, a topic whose importance is increasingly being recognised. However, few of these reports have been devoted specifically to what can be called the "payment system aspects" of remittances – in effect, the practical realities of how the money is transferred. Understanding these payment system aspects is crucial to understanding remittances and to ensuring that remittance services are safe and efficient.

This report provides an analysis of the payment system aspects of remittances, on the basis of which it sets out general principles designed to assist countries that want to improve the market for remittance services. The report is being issued now as a consultation document and comments are invited from any interested parties. Comments should be sent to the CPSS Secretariat ([cpss@bis.org](mailto:cpss@bis.org)) and the World Bank ([paymentsystem@worldbank.org](mailto:paymentsystem@worldbank.org)) by **18 August 2006**; please mention *Remittances* in the subject line of your e-mail. A final version of the report will then be published.

The report has been prepared for the Committee on Payment and Settlement Systems and the World Bank by a task force consisting of representatives from international financial institutions involved in remittances and from central banks in both remittance-sending and remittance-receiving countries. The CPSS and the World Bank are very grateful to the members of the task force and its co-chairmen, Massimo Cirasino and Marc Hollanders, for their excellent work in preparing this report.

Timothy F Geithner, Chairman  
Committee on Payment and Settlement Systems

Cesare Calari, Vice President  
The World Bank



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# 1 Introduction and executive summary

## *Introduction*

1. The flow of funds from migrant workers back to their families in their home country is an important source of income in many developing economies. The recipients often depend on remittances to cover day-to-day living expenses, to provide a cushion against emergencies or, in some cases, as funds for making small investments.

2. The total value of remittances has been increasing steadily over the past decade and it is estimated that in 2005 the total value worldwide was over USD 230bn equivalent, involving some 175 million migrants. For some individual recipient countries, remittances can be as high as a third of GDP. Remittances also now account for about a third of total global external finance; moreover, the flow of remittances seems to be significantly more stable than that of other forms of external finance.<sup>1</sup>

3. However, remittances can be expensive relative to the often low incomes of migrant workers and to the rather small amounts sent (typically no more than a few hundred dollars or its equivalent at a time). Also, it may not be easy for migrants to access remittance services if they do not speak the local language or do not have the necessary documentation, while the relatively undeveloped financial infrastructure in some countries may make it difficult for recipients to collect the remittances. In some cases, the services are unreliable, particularly concerning the time taken for the funds to be transferred. In addition, some markets are uncompetitive or have regulatory barriers to the provision of remittance services.

4. The importance of remittances, and the difficulties that can be associated with them, have been increasingly recognised in recent years. In particular, at their summit at Sea Island in June 2004, the G8 countries agreed to take action with developing countries to help reduce the cost of making remittances (see Annex 5). One such action was the creation of a task force to develop principles for international remittance services. The task force consisted of payment and developmental experts from central banks of both sending and receiving countries and from international financial institutions (see Annex 8 for a list of members of the task force). This report is the product of that task force.

5. Remittances can be analysed for various reasons - for example, because of their impact on development, because of the close relationship with often politically sensitive migration issues or because of the need to monitor the flows for balance-of-payments purposes. All these aspects of remittances are interrelated and so cannot be ignored. However, in line with the request from the G8, the focus of this report is on the payment system aspects of remittances. The term "remittance transfer" is used in this report to emphasise this.

6. The purpose of the report is to analyse these payment system aspects of remittances and to provide general principles to assist countries who want to improve the market for remittance transfers. The task force believes that application of the principles will help to achieve the public policy objectives of having safe and efficient international remittance services, which require the markets for the services to be contestable, transparent, accessible and sound.

## *The market for remittances*

7. The report considers only international remittance transfers and international remittance services, not domestic ones, but for simplicity it usually refers to these as "remittance transfers" and "remittance services" – ie it is assumed they are international. For the purposes of the report, remittance transfers are defined as *cross-border person-to-person payments of relatively low value*. In practice the transfers are typically recurrent payments by migrant workers. From the point of view of those providing remittance services, remittance transfers will often be indistinguishable from other low value cross-border transfers (eg because the remittance service provider (RSP) is unable to identify that they are person-to-person).

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<sup>1</sup> Source: World Bank and Inter-American Development Bank. Officially recorded flows were measured as being USD 232bn worldwide in 2005, of which USD 167bn was to developing countries. However, given measurement uncertainties, notably about unrecorded remittances, actual flows may be much higher – perhaps by 50% or more (see *Global economic prospects for development*, World Bank, 2006).

8. There are many different ways that remittance transfers can be made, including cash-based services offered by individuals, services from specialised global money transfer operators and bank-to-bank transfers.<sup>2</sup> The general principles are aimed at all RSPs except those whose services are based on purely physical transfers of cash (eg where cash is sent by courier from one country to another).

9. Remittance services can be more or less complex, and of varying speed. However, in all cases it is necessary to have some kind of "network" – ie access points, where consumers of remittance services pay and receive funds. Also needed are procedures to link those access points to enable messaging (the transfer of information about the remittance) and settlement (the transfer of the funds themselves). Some RSPs, such as global banks, may have branch networks they can use for this purpose ("unilateral service"). Others, including smaller RSPs, may use a network provided, for example, by one of the global money transfer operators ("franchised service") or may have to cooperate to create a network ("negotiated service"). In all these cases, the RSPs providing a service have a direct relationship with each other, enabling them to agree and publicise the speed and total price of the service (including any fee charged to the receiver of the funds). Another type of service, provided by most banks for example, uses correspondent banking to send a payment to virtually any other bank in the world ("open service"). This almost unlimited global coverage is valuable, not least to ensure even the smallest remittance corridors have a service; however, a corresponding disadvantage is that the RSP often has no direct relationship with the bank to which the funds are being sent and thus no knowledge of the fee the latter might charge the receiver or the total time taken.

#### *Key issues concerning remittance services and the general principles*

10. In any market, full information – ie transparency – is important because it enables individuals to make informed decisions about which services to use and helps to make the market as a whole more efficient. Transparency in the market for remittances is arguably particularly important because the price to the consumer depends on two elements, the exchange rate used and any fees charged, and combining these to calculate which service is cheapest is difficult for most consumers. Transparency, as well as adequate consumer protection, is also important because, as low-income migrants in a foreign country, many senders may have difficulties in understanding the local language or in providing adequate identification to open a bank account, or lack the time and financial literacy to search out and compare different remittance services. *General Principle 1 is therefore that the market for remittance services should be transparent and have adequate consumer protection.* (See Box 1 for a list of the five General Principles and related roles.) RSPs should therefore be encouraged to provide relevant information about their own services in easily accessible and understandable forms. Authorities or other organisations may want to provide comparative price information. They may also wish to undertake educational campaigns to give senders and receivers sufficient background knowledge to be able to understand the information provided.

11. The infrastructure needed to support remittance services is sometimes inadequate. Many services require RSPs to cooperate to create a network of access points and it may not always be easy for potential RSPs to identify suitable partners to do this, particularly in other countries. Moreover, underdevelopment of the domestic financial infrastructure, particularly in receiving countries, may mean that transferring funds to the access points is slow and unreliable; in some cases non-cash payment services may only be available in urban locations. Another important aspect of the infrastructure is correspondent banking, which is widely used for cross-border transfers of funds but which can be expensive for small-value payments such as remittances. *General Principle 2 is therefore that improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.* The safety and efficiency of remittance services can be affected by payment systems in the relevant markets and the way that these systems are accessed and used by RSPs or by banks acting for RSPs. Remittance services may be improved by initiatives aimed at facilitating greater interoperability of systems and straight-through processing.

12. The remittance industry is likely to flourish best under appropriate laws and regulations. Remittances may be regulated for various reasons including, perhaps most importantly, prevention of their misuse for purposes such as money laundering. However, as with all laws and regulations, there

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<sup>2</sup> In general, the term "bank" is used in the report to refer to deposit-taking institutions or credit institutions or whichever legal term is applicable in a particular jurisdiction.

is the possibility that those for remittances are badly designed with unintended side effects, that they are disproportionate to the problem they are designed to tackle, or that they continue to be applied even when no longer useful. Moreover, regulating remittances solely by type of entity, as is sometimes the case (eg when the regulations are applied only to the services provided by licensed institutions such as banks), may make regulation less effective (by creating loopholes which can be exploited for illegal activities) and distort markets (by enabling some RSPs to inappropriately avoid the costs of regulation and thus offer artificially cheaper services). National regulations should aim to create a level playing field between equivalent remittance services. *General Principle 3 is therefore that remittance services should be supported by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework in relevant jurisdictions.*

### **Box 1: the General Principles and related roles**

The general principles are aimed at the public policy objectives of achieving safe and efficient international remittance services. To this end, the markets for the services should be contestable, transparent, accessible and sound.

#### ***Transparency and consumer protection***

**General Principle 1.** The market for remittance services should be transparent and have adequate consumer protection.

#### ***Payment system infrastructure***

**General Principle 2.** Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.

#### ***Legal and regulatory environment***

**General Principle 3.** Remittance services should be supported by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework in relevant jurisdictions.

#### ***Market structure and competition***

**General Principle 4.** Competitive market conditions, including appropriate access to domestic payments infrastructures, should be fostered in the remittance industry.

#### ***Governance and risk management***

**General Principle 5.** Remittance services should be supported by appropriate governance and risk management practices.

#### **Roles of remittance service providers and public authorities**

**A. *The role of remittance service providers.*** Remittance service providers should participate actively in the implementation of the General Principles.

**B. *The role of public authorities.*** Public authorities should evaluate what action to take to achieve the public policy objectives through implementation of the General Principles.

13. The efficiency of remittance services depends on there being a competitive business environment. *General Principle 4 is therefore that competitive market conditions, including appropriate access to domestic payments infrastructures, should be fostered in the remittance industry.* Competition can be assisted by various steps such as discouraging exclusivity conditions, where an RSP allows its agents or other RSPs to offer its remittance service only on condition that they do not offer any other remittance service. And it is important that RSPs without direct access to the domestic payments infrastructure needed to provide remittance services should be able to use, on an equitable basis, the payment services provided by institutions that do have direct access.

14. The relatively small values involved in remittance transfers mean that it is unlikely that there will be systemic risk involved. However, RSPs do face financial, legal, operational, fraud, and reputational risks. *General Principle 5 is therefore that remittance services should be supported by appropriate governance and risk management practices.* Governance and risk management practices that are appropriate for the size and type of an RSP's business and the level of risks can improve the safety and soundness of international remittance services and help protect consumers.

15. Both RSPs and public authorities have a role to play in implementing the principles. Authorities should evaluate what action to take to achieve the public policy objectives through implementation of the principles, and the implementation itself will also need the active participation of RSPs. International financial institutions (such as the World Bank, regional development banks and the

International Monetary Fund) have a role to play to support both authorities and market participants in the application of the principles.

16. The importance of remittance flows varies from country to country so, although these principles are designed to be generally applicable, some countries may decide that the size of the remittance market does not justify significant action or that there is no need for such action. In addition, the principles are in most cases likely to be applied in sending countries regardless of the destination of the funds and in receiving countries regardless of their origin. However, in applying some aspects of the principles (such as the education programmes discussed under General Principle 1) authorities may want to prioritise their efforts on the most important bilateral corridors.

#### *Structure of the report*

17. Section 2 describes the main features of the market for remittances and Section 3 analyses the key issues which arise. The general principles themselves, together with the roles of RSPs and public authorities in implementing them, are then set out in Section 4 while Section 5 discusses the formulation of an approach to implementing the principles. Possible actions for implementing the principles and more detail on how remittance transfers are made are contained in the annexes.

## **2 A description of the market for remittances**

18. This section describes the market for remittances. More detail is contained in Annexes 2 and 3.

### **2.1 Definition of a remittance transfer**

19. Remittance transfers may be domestic or international. Domestic remittances occur, for example, when there is migration from rural to urban areas within a country. However, the focus of this report is on international remittance transfers, which, for the purposes of the report, are defined as *cross-border person-to-person payments of relatively low value*. In practice the transfers are typically recurrent payments by migrant workers (eg who send money to their families in their home country every month). For simplicity, in the rest of the report such payments are usually referred to just as "remittance transfers" - ie it is assumed they are international.<sup>3</sup>

20. The definition is designed to reflect the payment system aspects of remittances. The emphasis is on person-to-person payments rather than payments to purchase goods and services or business-to-business payments. These person-to-person payments are typically relatively low-value compared to, for example, wholesale bank-to-bank transfers. Often the flows are between relatively low-income individuals and the senders, as migrants, may not always be well integrated into all aspects of the host-country's society and economy. In addition, although remittance transfers are typically recurrent, in practice they are usually made as a series of individual instructions rather than by standing order.<sup>4</sup>

21. Although remittances are from an economic and social point of view of special interest as a category of payment, it should be noted that from the point of view of those providing remittance services, remittance transfers will sometimes be indistinguishable from other retail (ie low value) cross-border transfers because the RSP is unable to identify that they are person-to-person. For example, the sender may be making the payment not as an individual but on behalf of a small business they run, or it may not be clear whether the (foreign) name of the recipient is that of an individual or business.<sup>5</sup>

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<sup>3</sup> Some of the other terms used in this report are defined in the glossary in Annex 7.

<sup>4</sup> A standing order is where a payer gives an instruction to a bank or other payment service provider to make a regular payment of a fixed amount to a specified payee. The fact that standing orders are little used in practice to make remittances may be because remitters vary the amounts that they send, because the RSP does not accept standing orders or because remitters do not have access to RSPs such as banks and other deposit takers who provide standing order services.

<sup>5</sup> RSPs will also usually not know what the purpose of the payment is nor, if it is one of a series of individual instructions, that it is a recurrent payment.

## 2.2 Remittance service providers

22. There are many different ways that remittance transfers can be made, including, among others, cash payments using individuals who provide this service to their local immigrant communities, services from specialised global money transfer operators and bank-to-bank transfers. In this report, any person or institution providing such a service as a business is called a remittance service provider (or RSP). However, those whose services are based on purely physical transfers of cash (eg where a person travelling back to the home country carries the cash on behalf of the sender, or where cash is sent by post or courier from one country to the other) are not covered in the report.

23. Although the term RSP is used for convenience in this report, most RSPs will in practice also offer other payment services, including other cross-border payment services. RSPs can thus be considered as the sub-set of payment service providers<sup>6</sup> that provide cross-border retail transfers.<sup>7</sup> (See Box 2 for more about terminology concerning RSPs.)

24. The provision of remittance services makes use of diverse markets, arrangements and systems, as explained in Sections 2.3 and 2.4 below. The principles set out in this report can be considered as applying ultimately to "international remittance systems", where a system is defined as an organised whole made up of such diverse but interrelated and interdependent parts. However, since the main products of such remittance systems are remittance services, for simplicity the task force decided to refer directly to "international remittance services".

### Box 2: some terminology concerning RSPs that is used in other reports

In other work on remittances, a distinction is often made between the regulated and unregulated sectors of the industry and also between the formal and informal sectors. This box explains why these common distinctions are not made in this report.

The distinction between those RSPs that are subject to regulation and those that are not is reasonably clear in itself but the implications are less so. In some countries the whole industry may, in theory, be regulated but some RSPs may ignore or manage to evade the law, in which case they operate illegally. In other countries the existing regulations may be drafted so that they only apply selectively (eg to deposit takers), in which case the unregulated sector is legal and the incomplete nature of the regulatory regime is permitted by design.

The distinction between formal and informal is frequently made with a preference for encouraging use of the formal sector. However, the difference between formal and informal is often not clear. Sometimes the terms are used synonymously with regulated and unregulated. At other times, the terms seem to be used instead to differentiate by size and legal form – ie to distinguish those RSPs who are small and unincorporated (eg individuals) from the rest (eg global banks). Or they are used as a way to distinguish those RSPs who only provide remittance services (eg specialist money transfer operators) from other institutions who provide a wider range of financial services (eg banks and credit unions, who also take deposits and provide credit). The latter distinction may be important from a developmental point of view (insofar as a developmental objective may be to increase access to other financial services, and encouraging people to make remittances using RSPs that also provide those services may be one means of doing this). However, from a payments point of view, neither of these two other definitions of formal/informal is particularly relevant, nor can there be a presumption that the formal sector (however defined) is in some sense "better". Indeed, it may well be the case that small or specialised RSPs actually offer cheaper and faster remittance services and, provided they do so in keeping with relevant laws, regulations and good practices, they may thus be a useful source of competition in the market.

Because of the lack of clarity of the terms, and the conflicting value judgments that may be associated with them, neither "formal/informal" nor "regulated/unregulated" are used in this report.

<sup>6</sup> "Payment service providers" includes both (i) entities that take deposits and allow transfers of funds to be made from those deposits (ie most banks and many non-bank deposit takers) and (ii) non-deposit takers that transfer funds. The latter, in turn, can include (a) money transfer operators (where the service is based on "pay now" – for example, by cash or bank transfer from the payer to the money transfer operator), (b) those providing "pre-paid" transfers (eg travellers cheques or pre-paid cards) or (c) those providing transfers on the basis of "pay later" (eg credit cards). The term includes individuals providing payment services.

<sup>7</sup> Retail can be distinguished from non-retail provided that an admittedly somewhat arbitrary value limit is set. Making this distinction can be justified to the extent that certain consumer protection measures may be appropriate for retail payments but not non-retail payments.

### 2.3 How remittances are made

25. The key participants in a remittance transfer are the sender, the receiver, and the remittance service provider. In practice there will often be two RSPs involved, one in the sending country (the capturing RSP) and one in the receiving country (the disbursing RSP), who need to work together in some way to provide the overall service. Moreover, RSPs do not always use their own offices or branches in order to provide the service. Sometimes they may make use of agents to capture or disburse funds on their behalf.<sup>8</sup> Banks and other deposit takers such as credit unions are also usually important participants in remittance transfers: RSPs may themselves be deposit-takers but, even if they are not, RSPs are likely to use deposit-takers to transfer the funds.

26. Considering the entire transfer from sender to receiver, then, in practice, most remittances are credit transfers - that is, the payment is initiated by an instruction given by the sender to the RSP.<sup>9</sup> Debit instruments such as cheques are sometimes used - ie the sender writes a cheque to the receiver, who cashes it at their bank, so the instruction to the RSP (the receiver's bank) is made by the receiver. Other debit instruments such as direct debits are not commonly used.

27. The service itself involves a number of steps. To end users, the visible parts of the service are at the beginning and end - the *capturing* and *disbursing* processes, where, respectively, the sender pays the capturing agent and the disbursing agent pays the receiver. These payments can be made in a wide variety of ways depending on the service - for example, by cash, by debiting or crediting a bank account, or by use of pre-paid funds like electronic money. The capturing and disbursing processes involve the transfer of information as well as funds (eg the sender must provide the information to enable the capturing agent to send the funds to the receiver, and the disbursing agent must tell the receiver who the sender is). There are also a variety of ways in which this information can be transferred - as well as the physical presence of the sender or receiver at the agent, these include for example, the use of mobile phones or the internet.

28. Less visible to end users is what happens between the capturing and disbursing processes. As with most non-cash payments this consists of two essential processes, namely messaging and settlement. Messaging arrangements enable information about the remittance to be passed from capturing to disbursing agent. Settlement arrangements enable the funds themselves to be moved. These arrangements can be more or less complex, and of correspondingly variable speed, depending on the type of remittance service. Sometimes there may also be liquidity arrangements, for example to enable the disbursing agent to pay the receiver before the funds from the sender have arrived. More information on these various elements of a remittance transfer can be found in Annex 2 while some examples are given in Annex 3.

### 2.4 Types of remittance service

29. For a remittance service to work, it needs to have some kind of a "network" (ie access points, where funds can be captured and disbursed, and procedures to link those access points to enable settlement and messaging). The access points may be owned either by the RSP itself or by its agents and the network may be large or small (even, in the extreme, a single capturing agent and a single disbursing agent). It is possible to divide remittance services into 'unilateral', 'franchised', 'negotiated' and 'open' categories, which differ primarily according to how a network of access points is created and linked. The categories have no absolute dividing lines but are useful for helping to clarify some of the payment issues that arise with remittances (in Section 3 below).

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<sup>8</sup> For simplicity, the report refers to capturing and disbursing agents regardless of whether the entities involved are branches of the RSP or separate entities with whom the RSP has a contract.

<sup>9</sup> A credit transfer is normally defined as "a payment order or possibly a sequence of payment orders made for the purpose of placing funds at the disposal of the beneficiary. Both the payment instructions and the funds described therein move from *the bank* of the payer/originator to *the bank* of the beneficiary, possibly via several other banks as intermediaries and/or more than one credit transfer system" [italics added] (see *A glossary of terms used in payments and settlement systems*, BIS, March 2003). However, for simplicity, the term is also used in this report to refer to cases where the RSP is not a bank.

### *Unilateral services*

30. A unilateral service is a proprietary product provided 'internally' by a single RSP without involving other entities as capturing or disbursement agents. This is possible only if (a) the RSP itself has physical access points in both sending and receiving countries or (b) the network is virtual - ie access points are not agents but communications devices such as PCs (for access to the internet) or mobile phones. Unilateral services based on physical access points are not widely available: many RSPs would need to involve other entities in order to offer a sufficiently wide range of access points even in a single remittance corridor. Virtual networks are currently limited in usefulness by user access problems (see Sections 3.1 and 3.2 below) but have much potential for the future. Current examples of unilateral services include those provided by global banks (with branches in many countries) or other banks that have set up branches abroad in areas where migrants from the home country are concentrated.

### *Franchised services*

31. A franchised service is where a central provider, without necessarily having any access points of its own, provides a proprietary service: the central provider creates infrastructure to support the service (eg messaging and settlement, advertising) but obtains the necessary access points by inviting institutions in both sending and receiving countries to offer the service or act as franchisees on essentially standardised terms.<sup>10</sup> Examples of franchised services are global money transfer operators, while international credit/debit card schemes are or could be adapted for this purpose.

### *Negotiated services*

32. In a negotiated service, an RSP negotiates with a limited number of other institutions in other countries in order to create an adequate network of access points. Examples of negotiated services include bilateral arrangements between banks (one in the sending country and one in the receiving country), credit union schemes, most hawala services<sup>11</sup>, or schemes established by postal organisations. The arrangement may involve more than one partner institution in the receiving country, and the service may be offered in multiple remittance corridors, using different partner institutions in each; it may even be the case that the service is offered by more than one RSP in the sending country (this could be the case where the RSPs have different geographical coverage within the sending country and thus are in only limited competition with each other). The essence of the negotiated service is not the number of institutions involved per se but rather that a proprietary product is negotiated between largely non-competing organisations.

### *Open services*

33. In an open service an RSP offers a proprietary service to its customers in the sending country and obtains access points in the receiving country using an open network to which any RSP can have direct or indirect access.<sup>12</sup> Currently the only such network is the international banking network, consisting of national payment systems that can be accessed from another country either through correspondent banking or (less commonly) direct links between national payment systems. This network makes it possible to send a payment from any bank offering cross-border payment services to virtually any other bank in the world; non-banks also have access to the network as customers of banks. Open services are probably the most common remittance services provided by banks.<sup>13</sup>

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<sup>10</sup> The term "franchised" is used for convenience. In practice the legal form of the arrangement may not always be a franchise.

<sup>11</sup> A hawala service is a remittance service provided by an individual (rather than an incorporated entity). "Hawala" is Arabic for transfer. Hawala services are also known by other terms – eg hui kuan (in Hong Kong) or padala (the Philippines).

<sup>12</sup> De facto the opposite also exists – ie an RSP in the receiving country offers a service to receivers and obtains access points in the sending country through the open network. However, since remittances are typically credit transfers, initiated by the sender, in practice RSPs in receiving countries are typically passive participants in an open network.

<sup>13</sup> Other types of remittance services also typically use the international banking network, but to transfer funds cross-border rather than to create a network of access points.

### 3 Analysis of key issues concerning remittance services

34. This section analyses five possible features of the market for remittances that can lead to inefficiencies in the way remittance services are provided. Such market inefficiencies can mean that the price of remittance services is higher than would otherwise be the case and/or that the services offered are of lower quality. The five features are:

- a lack of transparency in the market and of understanding by users;
- weaknesses in the infrastructure that is used to provide remittance services;
- the possibility of adverse effects from poor or disproportionate regulation or a weak legal framework;
- lack of competitive market conditions; and
- risk.

#### 3.1 Lack of transparency and understanding

35. Whatever the service offered, it is useful for senders (and receivers) to be able to have full information about the service in advance - ie before committing themselves to the service. Such transparency enables an individual to make an informed decision about which service to use. But perhaps more importantly, it can be an important force in making the market as a whole more efficient.

36. Particularly relevant is transparency about the total price and speed of the service.

- As well as the direct fee charged to the sender by the capturing RSP and any tax that may be levied, the *total price* of the transaction also depends on the exchange rate applied (assuming the sender pays in a different currency to that paid to the receiver) and, possibly, a fee charged to the receiver by the disbursing RSP or its agent. Usually all that ultimately matters to the users is how much money the receiver will get for a given amount paid by the sender. However, because fees may vary according to the amount sent and exchange rates vary from day to day, typically users will need to understand these components of the total price if they are to make an informed decision before using a particular service.
- The *speed of the service* is the time between payment by the sender and the funds being available to the receiver.

37. At the moment, the market for remittances is not always fully transparent. This sub-section looks at some of the reasons for this, starting with the exchange rate, then looking at the disbursing RSP's fee and the speed of the service, and finally at some other complicating factors.

#### *The exchange rate*

38. A remittance transfer will usually involve a foreign exchange transaction – typically conversion from the currency of the sending country to the currency of the receiving country. To know the total price of the transfer, the sender needs to know the exchange rate that will be used since different RSPs are likely to use different exchange rates, which vary from day to day. In practice, RSPs typically charge senders an exchange rate that includes a margin above the current interbank or wholesale market rate. In part, the margin may reflect uncertainty the RSP faces. Many RSPs trade only relatively small amounts of foreign currency and have to ask a bank or other foreign exchange intermediary to obtain the currency on their behalf (this is explained further in Annex 3). Therefore the RSP may not know the exchange rate it will face when it forwards the funds, and a margin gives it some protection if exchange rates move adversely.<sup>14</sup> However, this protection could come from an explicit fee rather than a margin. So the margin is essentially another form of fee – a fee which is not easily visible to the sender (who is unlikely to know what the current interbank market rate is).

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<sup>14</sup> Even though in the long run, and in the absence of any systematic bias, exchange rate losses will be offset by exchange rate gains, RSPs are likely to be risk averse about short run losses (ie a short run loss is more disadvantageous to them than a short run gain is advantageous).

### *Disbursing RSP's fee*

39. The ability of an RSP to be transparent about any disbursing RSP's fee depends on the type of service (ie whether it is unilateral, franchised, negotiated or open). An advantage of franchised and negotiated services is that it should be possible for the capturing RSP to receive information in advance on the fee that the disbursing RSP will charge to the receiver. This information can then be provided to the sender so that they are aware of the total price.<sup>15</sup> The same is of course possible with unilateral services (where the capturing and disbursing RSPs are the same). However, in an open service transparency about the disbursing RSP's fee is generally not possible because the RSP has no relationship with the disbursing agent, and thus no way of knowing what the disbursing agent will charge. (Indeed, in an open service this is why the disbursing agent usually needs to charge the receiver a fee – otherwise it would receive no income for the service it provides.)

### *Speed of the service*

40. As with the disbursing RSP's fee, the speed of the transaction is also more likely to be known in a unilateral, franchised or negotiated service than in an open service. Speed depends on the speed of both messaging and settlement (or whether there is liquidity provision to the disbursing agent so that payout can take place before settlement is complete). The actual time the settlement process takes depends on how fast each of the intermediate steps is and, in negotiated, franchised and unilateral services this should either be standardised and known (eg that a domestic payment in the receiving country always takes one day) or negotiated (eg that the RSP in the receiving country will process the payment within one day of receiving it). Moreover, to the extent that there is some uncertainty about the time (eg because of uncertainty about how fast banks will process payment instructions), the RSP can still offer a fixed transaction time provided that information flows separately from settlement and that the speed of the information flow is known (eg instantaneous if a computer link is used): the RSP can then agree with the disbursing agent that payment to the receiver will be made when the information is received or a fixed time afterwards and, if necessary, that liquidity will be made available to the agent to enable this to happen.

41. In an open service there is no direct contact or negotiation between the RSPs involved and so the capturing RSP has limited control over the speed of the process. Indeed, the service is likely to be relatively slow. Because of the lack of a relationship with the capturing RSP, information about the remittance travels only with the funds, so the disbursing agent usually cannot pay out before it has been paid. Speed is thus determined by how fast the settlement process is (which is likely to be at least several days under most normal banking processes). However, set against this loss of speed, and the lack of transparency mentioned above, open services have the significant advantage of almost unlimited global coverage. For example, many banks and other deposit takers allow their customers to transfer money to virtually any other similar institution anywhere in the world. This coverage is likely to be particularly valuable for remittance corridors that are small and thus where it may be uneconomic to provide negotiated, franchised or unilateral remittance services.

### *Comparing different services*

42. Even if individual RSPs are fully transparent, it may not be easy for end users to compare the price of different services. This is partly because market exchange rates constantly change, different margins may be applied to different currency pairs (eg to reflect differences in their volatility) with these margins changing from time to time (eg as volatility changes), and the margins may be added to different "reference" rates (eg open market rates at different times of the day). Thus the cheapest RSP on a given day in a given currency pair may not be the cheapest on a different day or in a different currency pair. Of course prices in all consumer markets differ across products and change from time to time (although not usually daily). But a further important complication for remittance transfers is that the cheapest RSP in terms of the exchange rate may not be the cheapest in terms of the fee charged, and for most people the calculation to work out which is cheapest overall is difficult.<sup>16</sup>

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<sup>15</sup> Alternatively, the arrangement may be that the receiver pays no fee; instead the sender pays an increased fee to the capturing RSP, and the capturing agent passes part of the fee to the disbursing agent.

<sup>16</sup> A further complication is that RSPs or the intermediaries they use may sometimes use "float" as a partial alternative to an explicit fee. In this context, "float" is where institutions hold customer funds for longer than is otherwise necessary in order to

### *Access problems*

43. For some end users of remittance services, transparency problems can be seriously exacerbated by "access problems" due largely to their social and economic status. For example, low-income migrants in a foreign country may have difficulties with the local language that make it hard to understand remittance services, difficulties in proving their creditworthiness or providing appropriate identification to access certain services (if they lack the relevant documents), and lack the time and financial literacy to identify and compare alternative remittance services. This may significantly limit the number of services they can access, even if the market is potentially competitive.

44. At the same time, RSPs themselves may lack information about the market. Knowledge about remittances is increasing, but many potential RSPs may still be unaware of the size of the market in key corridors. They may also see payment services in general as being primarily a base from which other more profitable services can be sold, and remittances as therefore being unattractive because senders typically have relatively low income. Senders may therefore find that some services (such as those based on bank accounts) are not readily available to them.<sup>17</sup>

### *Cost of transparency*

45. Transparency is likely to have some cost. As well as the direct costs of providing information, there may be a cost attached to achieving the certainty about the service that enables the RSP to be transparent. For example, as discussed above, in a negotiated service a fixed transaction time may be possible only if liquidity is made available to the disbursing agent so that funds can be paid to the receiver at a fixed time even if settlement is not complete by then, and providing such liquidity has a cost. Any costs are likely to be passed on to the consumer. But this disadvantage is likely to be outweighed by the significant advantage, namely that transparency is likely to make competition more effective and drive down prices as consumers compare the true total price of different services.

## **3.2 Infrastructural issues**

46. Another problem in the market for remittances is the difficulty that can exist in creating suitable infrastructure to support the services. This sub-section considers three possible difficulties: creating a network of access points; weaknesses in the financial infrastructure in receiving countries; and the often relatively under-developed state of cross-border retail payment arrangements.

### *Creating a network of access points*

47. For RSPs, a key difficulty in providing a remittance service can be creating an adequate network of access points (capturing agents and receiving agents and procedures for settlement/messaging) in order to provide a viable remittance service. Each type of service (unilateral, franchised, negotiated and open) has its own advantages and disadvantages in this respect.

48. All networks may be hard to create in the first place. Unilateral services have been limited until now to global banks or to banks specialising in providing services to specific nationalities in the various countries in which these nationalities are located as migrants. For the future, use of new channels such as the internet or mobile phones may avoid the need for physical access points and thus make it easier for RSPs to offer a unilateral service. But at the moment many senders and receivers have limited access to such channels. Or if they do not have access to an account and can only use cash, they may have no means of making and receiving payments to and from an RSP offering a purely internet or mobile phone service (ie with no physical access points). Until this changes, there are limits on the usefulness of these new channels.

49. For negotiated services it may be difficult to identify suitable partners, particularly in other countries, and then to successfully conclude negotiations with them. Because of this, negotiated

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be able to earn income by investing those funds. The result is that the explicit fee is less than it otherwise would be but the service is also slower.

<sup>17</sup> This may be true even with newer access methods. For example, for internet access based on card payments, cards may be available only to those who have a bank account. Or, without a bank account to settle the bills, mobile phone payments would have to use pre-paid cards bought with cash or ex-post billing paid in cash.

services are often limited in scope – ie they involve a relatively small number of parties (although this may not matter when they are designed for a specific remittance corridor rather than to provide a global service). Similar difficulties are likely to occur in a franchised service until a critical mass of agents is achieved. While an adequate network is being established, the service may therefore be more like a negotiated network, with the central provider simultaneously negotiating with multiple agents. Open services depend on a network that already exists – the international banking network.<sup>18</sup>

50. However, once the networks have been created, franchised and open networks offer the easiest market entry for new RSPs. Once the franchised service is well established, a new RSP can simply join the existing network provided by the central provider. And virtually any potential RSP can open a bank account which can be used to make or receive remittance transfers to or from any other account using the open network.<sup>19</sup>

#### *Financial infrastructure*

51. In many cases the domestic financial infrastructure, in particular in receiving countries, is under-developed. For example, in developing countries the banking network or other potential networks of agents may not be very extensive, especially in rural areas, creating a serious physical access problem for many receivers. Even where agents do exist, the domestic payment system needed to transfer the funds to the disbursing agents may be slow and unreliable or may lack adequate geographical coverage. For example, problems with the cost and speed of remittances can be caused by the lack of standardisation for particular types of payment instruments and lack of interoperability between systems or arrangements which means that their potential geographical coverage is not fully realised. This may be particularly the case for transaction infrastructures such as those for automated teller machines (ATM) and electronic funds transfer at point of sale (EFTPOS).<sup>20</sup>

#### *Cross-border payment arrangements*

52. A particularly important aspect of the infrastructure for international remittance transfers are the cross-border links between the domestic payment arrangements of different countries. At the moment these links, which are typically needed for settling remittance transfers, are in most cases provided by correspondent banking. This works well for the large-value transfers which are its primary business but because of the manual, and therefore expensive, processing necessary to transfer payment instructions and settle them, it is arguably less suitable for retail payments such as remittances.<sup>21</sup> A particular problem here are the different message formats that different countries and systems use. Standardised formats, or formats that can be easily translated, would help banks achieve cheaper, automated "straight through processing" (STP). For example, adopting internationally agreed standards instead of proprietary ones in national payment systems allows cross-border payments to be more easily processed. However, changing formats is not easy. The expected volume of cross-border payments therefore has to be sufficient to justify the cost of achieving STP and this is not always the case.

53. An alternative to correspondent banking is to create a direct link between the payment systems themselves (see Annex 4 for an explanation of how this works). For such a link to be possible, three key issues have to be tackled. First, as with improvements in correspondent banking, message formats have to be sufficiently standardised to enable automated translation. Second, there needs to be an agreement about the exchange rate used to convert a payment from one currency to another. Third, settlement arrangements have to be established. The potential benefits from direct links are significant and there is correspondingly some interest in their development. However, tackling the three issues just mentioned is not straightforward and so creating a link could be costly. Market

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<sup>18</sup> In specific remittance corridors there may be some scope for creating new open networks because relatively few authorities, payment systems and potential RSPs are involved and thus collective action could be easier to organise - although the need for "organisation" could make the arrangement look more like a franchised service.

<sup>19</sup> However, see Section 3.4 below on possible obstacles to accessing the payment infrastructure.

<sup>20</sup> For more on the development of payment systems see the CPSS report *General guidance for national payment system development*, BIS, January 2006 and, in particular, Guideline 11 on retail payments.

<sup>21</sup> Manual processing may mean that payment instructions are handled individually rather than in batches, that correspondent accounts are manually monitored and the conversion from one format to another done by hand.

participants may therefore be reluctant to undertake such an initiative by themselves particularly if, initially, the volume of cross-border retail payments is too small to justify the cost of developing the link. Reaching an agreement that makes the arrangement sufficiently attractive to all the parties involved that they are willing to use the link could also be difficult given that some may have a vested interest in maintaining the existing arrangements while others may be reluctant to invest because they do not see a significant market in cross-border payments.

### 3.3 The legal and regulatory framework

#### *The general legal framework*

54. The remittance industry, like any other, is likely to flourish best when the general legal framework in which it operates is sound, predictable, non-discriminatory and proportionate. Particularly important here is likely to be the enforceability of contracts, especially when the parties to the contract are in different jurisdictions. This is a significant issue, largely outside the scope of this report, but one that is worth emphasising because in a number of countries such a framework does not yet exist.

#### *Cost of regulation*

55. Also important is any specific regulation applied to remittances. The term 'regulation' is used here to refer to any intervention in the market by the authorities in the form of legally binding laws and requirements. However, it is worth noting that the issues discussed below concerning regulation may also apply to non-legally binding guidance, best practices, principles, or recommendations to the extent that RSPs come under pressure from the authorities or the market to conform to such policies. Regulation of remittances may exist for various reasons (see Box 3). However, as with all regulation, there is the possibility that it is badly designed, with unintended side effects, or that it is disproportionate to the scale of the problem it is designed to tackle, or that it continues to be applied even when it is no longer useful.

#### **Box 3: regulation of remittances**

A key form of regulation is for anti-money laundering and related purposes and involves "know your customer" requirements and recording/reporting of individual transactions (particularly large or suspicious transactions). Particularly for these purposes, many countries require RSPs to be registered or licensed.<sup>22</sup> In countries that have exchange controls, similar recording and reporting requirements are likely to apply, together with the need for the RSP (or its agent) to verify that the sender has permission to make the transaction. Also, in many countries, RSPs are not allowed to disburse funds in foreign currency.

Some countries have prudential requirements – ie requirements such as capital adequacy or liquidity rules designed to ensure that RSPs are financially robust (indeed, in some countries, only banks, which are regulated for prudential reasons, are allowed to provide remittance services). Sometimes remittance services are subject to central bank oversight. But this may be more focused on the payment systems used as part of the remittance transfer process rather than the remittance service per se. Where individual services are overseen, this is typically primarily for efficiency or security rather than financial stability reasons (the relatively small values handled by RSPs mean there are unlikely to be significant systemic risk issues, particularly in developed countries).

Occasionally there are specific consumer protection measures applicable to remittances (eg requiring RSPs to provide senders with certain prior information such as the price and speed of the service). Finally, although not "regulation" as such, it is worth noting here that in some countries there are taxes on financial transfers, including remittances, that increase the cost.

56. A core and crucial objective of the regulation of remittances is the prevention of money laundering and terrorist financing. Recommendations on how this should be done have been set out by the Financial Action Task Force on Money Laundering (see Box 4 in Section 4.3).

57. However, remittance services may also be regulated for other reasons, which are likely to vary from country to country. Here there is less of a consensus on what needs to be done, and although

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<sup>22</sup> In broad terms, "registration" is where an RSP has to identify itself to the authorities and provide certain information about itself and its service, with the authorities attaching few or no conditions to the ability of the RSP to provide its service, whereas "licensing" is where substantive conditions are attached. In practice the terms are to some extent interchangeable.

such regulation may often be useful, in some cases regulations may have an adverse impact on the market. For example, although it may be useful for the authorities in both sending and receiving countries to monitor RSPs in order to understand the market and determine what regulation, if any, is necessary, data may sometimes be collected that is never used. Similarly, fees for licensing or registering RSPs may be too high and used mainly as a means of raising additional government revenue. And since RSPs are typically not deposit takers, provide only a minority of a sender's overall payment needs, and (at least in the case of services that transfer the funds more or less immediately to the receiver) hold the funds for only a short time, then to apply heavy prudential requirements to RSPs may be disproportionate.

#### *Application of regulation*

58. Regulating remittances solely by type of entity may make regulation less effective (by creating loopholes that are exploited for illegal activities) and distort markets (by enabling some RSPs to inappropriately avoid the costs of regulation and thus offer artificially cheaper services). At the same time, regulation should not aim to create a level playing field between different RSPs per se, but rather a level playing field between equivalent remittance services. Regulation is aimed at preventing or correcting market failures in the provision of the services, not the institutional structures used to deliver them. Some RSPs also offer other services as well as remittances (eg they may take deposits and give credit) and may be subject to more intensive regulation because of these services; depending on how they set their prices, they may therefore be more expensive than an RSP that only offers remittance services. However, where this occurs, it is not an unfair distortion but the result of their method of allocating costs when setting prices or of a market disadvantage of offering remittance services bundled with other services.

### **3.4 Lack of competitive market conditions**

#### *Exclusivity conditions*

59. Exclusivity conditions are where an RSP allows its agents or other RSPs to offer its remittance service only on condition that they do not offer any other remittance service.<sup>23</sup> Exclusivity conditions sometimes occur with negotiated or franchised services (although they are not a necessary feature of such services).<sup>24</sup> The difficulty with such conditions is that, by restricting choice, they create an increased likelihood of de facto local monopolies. Exclusivity conditions can thus be particularly undesirable in receiving countries, where, as noted earlier, the financial infrastructure may be relatively under-developed. For example, if a community has only a single retail or financial outlet an exclusivity condition would mean that only one remittance service was available. The difficulty is exacerbated if the exclusivity condition is applied to agents with large networks (eg post offices, telecom firms or major retail chains) and thus has a widespread impact.

#### *Access to the infrastructure*

60. RSPs, like everybody else, need to be able to use domestic payment systems. In most countries, only banks are allowed to be direct participants in domestic payment systems. Non-banks have to access the systems indirectly, as customers of banks. There can be arguments for and against this arrangement. On the one hand, non-bank RSPs sometimes argue that it puts them at a competitive disadvantage compared to bank RSPs. This could be the case if, for example, indirect access were more expensive (because of the extra cost of having to use a bank to gain access) or perhaps if there were confidentiality problems (because the bank, as a result of providing payment services to the non-bank RSP, obtains useful confidential information about the latter's competing remittance service). On

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<sup>23</sup> An important distinction exists between exclusivity conditions, where exclusivity is a *condition* of offering a remittance service, and the situation where individual RSPs or agents *choose* to offer only one remittance service.

<sup>24</sup> By definition an exclusivity condition cannot arise in a unilateral service, although an RSP providing such a service may choose to offer only its own service (see previous footnote). With open services, again by definition there are no exclusivity conditions on the receiving end (although there probably will be on the sending end if the RSP uses its own branches as capturing agents, or there could be if the RSP contracts with other capturing agents and includes exclusivity as one of the terms of the deal).

the other hand, the basic rationale for restricting access is that it achieves an appropriate balance between safety and efficiency in the provision of payment services. Moreover, it is not necessarily more expensive to have indirect access. Indeed, in many countries, some banks themselves (especially small banks) choose indirect access because it is cheaper. The arguments for and against allowing direct access to non-bank RSPs thus need to be considered case-by-case in the light of the specific circumstances in each country.<sup>25</sup>

61. Perhaps more serious are cases where non-bank RSPs face undesirable obstacles to indirect access to the payment infrastructure – ie where banks are reluctant to offer payment services to non-bank RSPs or will only do so under unduly onerous conditions. This may occur in individual cases if particular banks are reluctant to have competitors as customers. Banking markets are often sufficiently competitive that even if one bank will not provide such services, others will but the situation may be more problematic if the reluctance is the result of tough anti-money laundering, exchange control or similar regulations, or the result of the way such regulations are interpreted. Banks may have concerns about their ability to comply with regulations when their customers are RSPs and may therefore decide it is preferable to simply not provide services to them.

### 3.5 Risk

62. RSPs may face financial, legal, operational, fraud, and reputational risks. The relatively small values involved in remittance transfers mean that it is unlikely that there will be systemic risk. Remittances are therefore unlikely to cause stability problems for financial institutions.<sup>26</sup> However, other financial risks can arise with remittances, particularly in markets that are not very transparent, where the legal basis is weak, or where the financial system is not well developed.

63. For senders (and receivers), the potential risk when making a remittance is that of losing the funds while they are in transit (eg due to the bankruptcy or error of the RSP or one of the intermediaries or because of fraud). The extent of the risk depends on the nature of the contract between the sender and the RSP and where the problem occurs. With franchised or unilateral networks, then, unless the problem is the bankruptcy of the RSP itself, it is likely that the RSP will bear any risk: the contract between the sender and the RSP is likely to be to get the funds to the disbursing agent and it will be the RSP's responsibility if this fails to happen. With negotiated and open networks, it may be less clear cut: at some point in the transaction, responsibility may transfer from capturing to disbursing RSP.

64. For the RSP itself, the extent of the risk of loss of funds in transit depends on the nature of the remittance service. For example, the extent and duration of its exposure to the possibility of failure by the disbursing agent depends in part on whether or not it has provided liquidity to the agent. As well as the direct credit or liquidity risk of loss in transit, or the operational risk of a failure on its own part, the RSP also faces reputational risk unless it has adequate arrangements to ensure receivers get their funds on time even when there has been a loss in transit. Reputational risk could also arise from misuse of the service for illegal purposes such as money laundering. Lack of sound governance and risk management practices on the part of RSPs can exacerbate such problems.

## 4 General principles for international remittance services

### 4.1 Public policy objectives

65. The task force has defined the following public policy objectives for the provision of international remittance services: *International remittance services should be safe and efficient. To this end, the markets for the services should be contestable, transparent, accessible and sound.*<sup>27</sup>

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<sup>25</sup> See the CPSS report *The role of central bank money in payment systems*, BIS, August 2003.

<sup>26</sup> A longer-term disruption in the flow of remittances could, however, cause economic stability problems for a country that is highly dependent on the flow.

<sup>27</sup> A contestable market is one in which there are low barriers to entry and where *potential* entrants therefore exert competitive pressure on incumbents, forcing the latter to be efficient to maintain their market position. Thus even a market with only one supplier can be efficient if it is contestable.

66. Competition in the provision of remittance services helps to improve the services being provided and the markets for remittances should therefore be open to new entrants (ie the remittance industry should be contestable). Further, such markets would give senders and receivers:

- clear information about the price and other features of the services (ie the remittance industry should be transparent);
- easy access to remittance services (ie the remittance industry should be accessible); and
- reasonable protection from operational failures and criminal abuse (ie the remittance industry should be sound).

67. International remittance services are part of the national payment system and often rely on individual payment systems for settlement. Therefore the public policy objectives for international remittance services are closely interrelated with those for payment systems.

## 4.2 Application of the general principles

68. In order to achieve the public policy objectives, the task force has identified principles covering five key areas: (1) transparency and consumer protection; (2) payment system infrastructure; (3) the legal and regulatory environment; (4) market structure and competition; and (5) governance and risk management. The five principles correspond to the five areas of possible market weaknesses identified in Section 3. Their purpose is to help remove those weaknesses in order to create a safe and efficient market. They do not aim to set specific service level standards for remittance transfers since, beyond a certain basic level of service and in normal circumstances, low price may be more important than a high level of service for most end users. The general principles are aimed at all remittance services except, as noted in Section 2.2, those based on purely physical transfers of cash.

69. The principles, which require a combined effort by both RSPs and public authorities if they are to be implemented effectively, are designed to assist countries that want to improve the market for remittance services. This applies to both sending and receiving countries; indeed, in many cases, if the attempt to improve the market in a particular remittance corridor is to be fully effective, it will require cooperation between stakeholders in the relevant sending and receiving countries. However, the importance of remittance flows varies from country to country. Therefore, although these principles are designed to be generally applicable, some countries may decide that the size of the remittance market does not justify significant action or that there is no need for such action.

70. In most cases the principles are likely to be applied in sending countries regardless of the destination of the funds and in receiving countries regardless of their origin. However, in applying some aspects of the principles, authorities may want to prioritise their efforts on the most important bilateral corridors.<sup>28</sup>

71. As discussed in Section 2, it will often be difficult for RSPs to distinguish remittances from other cross-border retail payments, so authorities implementing the principles need to be aware that, particularly where action by RSPs is concerned, there may in practice be little choice but to apply them to all cross-border retail payments. Finally, because remittance transfers are a form of retail payment, then, in addition to these principles and the *General guidance for national payment system development*<sup>29</sup>, the CPSS report on *Policy issues for central banks in retail payments* may be helpful.<sup>30</sup> That report outlines a number of actions for consideration by relevant authorities, actions which may vary greatly depending on both conditions in the relevant markets and the institutional context in each country.

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<sup>28</sup> For example, this might be the case with the education programmes discussed under General Principle 1 or the possible infrastructure changes discussed under General Principle 2.

<sup>29</sup> Ibid.

<sup>30</sup> *Policy issues for central banks in retail payments*, BIS, March 2003

### 4.3 The general principles

#### *Transparency and consumer protection*

**General Principle 1. The market for remittance services should be transparent and have adequate consumer protection.**

72. Transparency in remittance services, combined with adequate consumer protection, helps to foster a competitive and safe market for remittances.

#### *Transparency by individual remittance service providers*

73. Transparency of prices and service features is crucial to the ability of consumers to make informed choices between different services and to the creation of a competitive market. RSPs should therefore be encouraged to provide such information in easily accessible and understandable forms. As far as possible, such information should include the total price (ie fees at both ends, foreign exchange rates including the margins applied on them, and other costs to the user), the time it will take the funds to reach the receiver, and the locations of the RSP's access points in both sending and receiving countries.<sup>31</sup> It should also be clear to the sender if the price or other aspects of the service vary according to, for example, how the receiver is paid (eg in cash or by crediting an account) or the ability of the sender to provide information about the receiver (eg the relevant account number and bank identifier).

#### *Appropriate consumer protection*

74. Senders should have adequate rights as consumers of remittance services, including error-resolution procedures. Individual RSPs may have their own procedures. In addition many countries have national schemes to resolve domestic consumer disputes, although the cross-border nature of remittances and cultural and language barriers can make such procedures complex. Authorities may therefore wish to encourage individual RSPs to evaluate the adequacy of their error-resolution procedures. Where appropriate, they may also want to review whether national schemes give adequate protection to customers of remittance services.

#### *Payment system infrastructure*

**General Principle 2. Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.**

#### *Domestic payment infrastructure*

75. Remittance services, except perhaps those that are entirely cash based, depend at some stage on the domestic payment infrastructure for settlement (and sometimes also for transfer of information). In some countries, in particular in many receiving countries, such infrastructure remains underdeveloped. For example, non-cash payment services may be available only in urban locations. RSPs could often make better use of the payment infrastructure that has been developed if there were greater standardisation of payment instruments, more automation of their processing, and increased interoperability of the associated networks.

76. As discussed in *General guidance for national payment system development* improvements in transaction infrastructures such as ATM or EFTPOS networks can be achieved through the adoption of common and preferably internationally agreed standards for instruments (eg for payment cards), the adoption of common equipment and software standards to allow interoperability at point of sale among competing networks (eg ATMs, card readers) and the facilitation of interconnectivity among the proprietary networks for handling the transactions. Greater automation may be able to reduce costs and provide improved services to users. It may also be possible to make improvements in the clearing and settlement infrastructures through the use of common information technology which makes it easier to interconnect existing infrastructures or even centralise or consolidate them. Such action

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<sup>31</sup> See Section 3.1 for an explanation of why the business model used for some remittance services (namely, those using open networks) makes it effectively impossible for the RSP to provide all this information.

could help achieve improved national coverage in a receiving country and reduce the effective cost to end users of a remittance (ie in addition to the direct price charged by the RSP, the cost of transport to urban centres to receive a remittance, as well as the time spent in such tasks and other related costs). Where relevant, the authorities in countries where infrastructure is weak or has limited geographical coverage may therefore want to encourage improvements to their domestic payment infrastructure, which may include new infrastructures or better use of existing infrastructures.

#### *Cross-border payment arrangements*

77. The safety and efficiency of remittance services can be affected by payment systems in the relevant markets and the way that these systems are accessed and used by RSPs or by banks acting for RSPs. In addition to improvements in the domestic payment infrastructure as noted above, the safety and efficiency of cross-border remittances may be further improved by the coordination and/or adoption across the relevant payment systems of, for example, communications standards and payment message formats that facilitate greater interoperability as well as rules, procedures and operating hours that support straight-through processing. It may also be possible to link the relevant domestic retail payment systems of sending and receiving countries, particularly where the domestic payment systems in both countries are well developed and have wide geographical coverage and where remittance volume between the countries is high.

78. Sometimes such initiatives may be undertaken by the market itself. However, given, first, the diverse nature of the institutions involved and thus the potential for conflicting interests and, second, the uncertainty about the scale of future flows and thus whether investment in the initiative is justified, in many cases the authorities, and in particular central banks, may want to facilitate the consideration of these possibilities. In general, cross-border or cross-system initiatives require a high level of bilateral (or possibly multilateral) cooperation on technical, regulatory and oversight matters and, accordingly, the extensive involvement of central banks, regulators, payment system operators, banks and bankers' associations and other industry representatives from both jurisdictions. In some cases central banks themselves have established bilateral cross-border links between the payment systems they operate.

79. There are several other initiatives ongoing to evaluate ways to expand the use of existing international networks and platforms (eg the major international card networks, SWIFT) to provide new or improved remittance services. Also particularly important could be international initiatives to standardise the message formats used by individual payment systems and the international banking community generally, since, even without direct links between domestic payment systems, standardised formats could do much to enable banks and other RSPs to process payment instructions without the need for expensive manual intervention.

#### ***Legal and regulatory environment***

**General Principle 3. Remittance services should be supported by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework in relevant jurisdictions.**

80. The legal and regulatory framework includes both the general legal infrastructure (such as the law relating to contracts, payments, securities, banking, debtor/creditor relationships and insolvency) and any specific statutes, case law, regulations or contracts (for example, payment system rules) relevant to remittances. As noted in Section 3.3, the points covered by this principle may also be relevant to non-legally binding policies (such as recommendations) issued by the authorities.

81. This principle does not call for the establishment of a specific legal regime for remittances. A country's existing laws and regulations may already address the requirements of the principles or may be capable of being modified to do so. In particular, the provision of remittance services is likely to be helped by a well-founded legal framework governing domestic payments.

#### *The legal and regulatory framework should be sound, predictable, non-discriminatory and proportionate*

82. To be well-founded, the legal and regulatory framework should be sound, predictable, non-discriminatory and proportionate. A *sound* framework that is well understood helps minimise the risks faced by both RSPs and their customers. A *predictable* framework is one in which it is clear which laws and regulations are relevant, where they do not change with excessive frequency and where they are enforced by the authorities, including the courts, in a consistent manner. Predictability is a key

component in creating a climate that favours private sector investment. This is crucial in order to increase competition in, and to improve the quality of, remittance services.

83. *Non-discriminatory* refers to the legal and regulatory framework being equally applicable to different types of RSPs insofar as they are providing equivalent services, ie independently of the nature of the provider's other lines of business. This helps to promote a level playing field between different RSPs that encourages competition on a fair and equitable basis. Because remittance services are provided by many different types of service providers, a functional rather than institutional framework may be desirable to minimise different treatment of service providers offering similar services. However, often this may be impractical: many countries already have different bodies of law and regulations applying to different types of RSPs and changing this would be difficult. For example, bank RSPs and non-bank RSPs may be governed by different, well-established legal and regulatory frameworks. Where this is the case, the underlying principle can be met instead by ensuring that equivalent rights and obligations exist regardless of which body of law applies to an institution. For example, the know your customer requirements for the purpose of remittances should be the same for banks and for non-bank RSPs even if they are governed by separate regulations.

84. *Proportionate* means that the legal and regulatory framework for remittances should not be overly restrictive and burdensome relative to the possible issues it is designed to tackle or the number and value of transfers involved.

#### *Multiple legal and regulatory frameworks*

85. A remittance involves at least two jurisdictions, the sending and the receiving countries. Where the RSP or its agents operate in third countries, other jurisdictions may also be involved. Laws and regulations in relevant jurisdictions need to be well-founded for the legal and regulatory framework governing the provision of remittance services to be fully effective. The authorities of a given country can, of course, only have a direct influence on the framework in their own country. Nevertheless, particularly if they are aware of a significant legal issue in another country in an important bilateral corridor, they may want to work with the authorities of the other country to try to resolve the issue.

86. To achieve a well-founded legal and regulatory framework internationally, harmonisation of legal and regulatory structures may sound appealing. However, different jurisdictions have different priorities and can take different legal approaches. As such, universal harmonisation of laws and regulations is extremely difficult to achieve and may be of no additional benefit if the laws and regulations of different countries are aimed at the same public policy objectives.

#### *The content of the regulatory framework*

87. Considering the way in which remittances in a country are regulated, an important aspect of any regulatory framework is that it should meet internationally agreed standards. Particularly relevant in this context are regulations implementing anti-money laundering and combating the financing of terrorism (AML/CFT) recommendations such as the Financial Action Task Force's recommendations and special recommendations (see Box 4). All RSPs should comply with the AML/CFT regulations applicable to them.

88. Some of the other areas that, in some countries, may be covered by regulation include transparency of conditions applicable to end users (eg prices and execution times), customer protection measures (eg dispute resolution mechanisms) and the adoption of adequate measures to mitigate risks faced by RSPs (eg legal, credit, liquidity and operational risks). To meet the FATF AML/CFT recommendations, RSPs have to be licensed or registered; it is up to the relevant authorities to decide whether it is useful to also use this licensing or registration process for implementing any other areas covered by regulation.

89. It is important that any regulation balances the benefits of increased safety and soundness against the potential costs in lost efficiency, competition, and innovation. Complying with regulations can often be costly and therefore may drive up remittance prices. Regulations can also be a barrier to entry and thus restrict competition. Authorities may also want to avoid designing regulation around specific payment instruments or distribution channels, since technologies deployed in the provision of remittances change rapidly and as far as possible such innovations should be accommodated easily with low cost and without changing regulations.

90. The remittance industry should be consulted when designing the regulation of remittances to help ensure that the regulation is proportionate and effective. In some cases, the industry itself may

develop codes of conduct or self-regulatory regimes that are as effective, or possibly more effective (because of lower compliance costs and greater flexibility) than formal regulation. However, the effectiveness of self-regulation is likely to depend on many factors, including how developed the remittance industry is.

#### **Box 4: FATF recommendations**

Extracts from *The forty recommendations*, Financial Action Task Force on Money Laundering (FATF), revised 22 October 2004.

*Recommendation 5:* ... Financial institutions should undertake customer due diligence measures, including identifying and verifying the identity of their customers, when ... carrying out occasional transactions ... that are wire transfers in the circumstances covered by the Interpretative Note to Special Recommendation VII [see below]; ...

*Recommendation 7:* Financial institutions should, in relation to cross-border correspondent banking and other similar relationships, in addition to performing normal due diligence measures: (a) Gather sufficient information about a respondent institution to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action. (b) Assess the respondent institution's anti-money laundering and terrorist financing controls. (c) Obtain approval from senior management before establishing new correspondent relationships. (d) Document the respective responsibilities of each institution. (e) With respect to "payable-through accounts", be satisfied that the respondent bank has verified the identity of and performed on-going due diligence on the customers having direct access to accounts of the correspondent and that it is able to provide relevant customer identification data upon request to the correspondent bank.

*Recommendation 8:* Financial institutions should pay special attention to any money laundering threats that may arise from new or developing technologies that might favour anonymity and take measures, if needed, to prevent their use in money laundering schemes. In particular, financial institutions should have policies and procedures in place to address any specific risks associated with non-face to face business relationships or transactions.

*Recommendation 23:* ... Other financial institutions should be licensed or registered and appropriately regulated, and subject to supervision or oversight for anti-money laundering purposes, having regard to the risk of money laundering or terrorist financing in that sector. At a minimum, businesses providing a service of money or value transfer, or of money or currency changing should be licensed or registered, and subject to effective systems for monitoring and ensuring compliance with national requirements to combat money laundering and terrorist financing.

Extracts from *Special recommendations on terrorist financing*, FATF, revised 22 October 2004.

*VI. Alternative remittance:* Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed or registered and subject to all the FATF Recommendations that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil or criminal sanctions.

*VII. Wire transfers:* Countries should take measures to require financial institutions, including money remitters, to include accurate and meaningful originator information (name, address and account number) on funds transfers and related messages that are sent, and the information should remain with the transfer or related message through the payment chain.

Countries should take measures to ensure that financial institutions, including money remitters, conduct enhanced scrutiny of and monitor for suspicious activity funds transfers which do not contain complete originator information (name, address and account number).

For more information about both reports, see <http://www.fatf-gafi.org>

#### **Market structure and competition**

**General Principle 4. Competitive market conditions, including appropriate access to domestic payments infrastructures, should be fostered in the remittance industry.**

91. The efficiency of remittance services depends on there being a competitive business environment. Competitive markets can help limit monopolistic practices and lead to lower prices and improved service levels. In some places, or for certain remittance corridors, the demand for remittance services may be insufficient to support multiple RSPs but even here, provided the market is contestable – ie with only low barriers to entry - the benefits of competition should be felt. Competition can be assisted

by discouraging RSPs from imposing exclusivity conditions on agents. This is particularly important if a local market such as a small village has only one potential agent (eg the local shop) so that there is only one remittance service available if an exclusivity condition is imposed. As discussed under General Principle 3, authorities also need to be aware that their own regulatory regime may itself lead to market distortions and impose unnecessary costs, thus causing imperfect competition.

92. To provide remittance services, RSPs usually need to be able to make use of the domestic payment infrastructure. Access to this infrastructure can be either direct or indirect. Both forms of access are capable of providing RSPs with suitable payment services and their advantages and disadvantages vary according to specific circumstances.<sup>32</sup> Whichever form access takes, it is important that it is available to RSPs on a fair and competitive basis, not least because RSPs are in competition with each other and access may be a factor in their ability to compete. RSPs without direct access to core payments infrastructures should be able to use the payment services provided by institutions having direct access. Institutions with direct access to such infrastructures should provide all relevant payment services, including foreign exchange services, on an equitable basis to RSPs. In this respect AML/CFT requirements such as know-your-customer requirements should be equivalent for all RSPs. In addition, banks and other institutions should not apply these requirements inappropriately to discriminate against other RSPs when providing payment services.

### **Governance and risk management**

#### **General Principle 5. Remittance services should be supported by appropriate governance and risk management practices.**

93. Appropriate governance and risk management practices by RSPs can improve the safety and soundness of remittance services and help protect consumers. Governance structures can help RSPs meet their fiduciary responsibilities to their customers. A governance structure that may be appropriate for a small provider of remittance services is likely to be quite different from one that may be appropriate for large multinational financial institutions. Nevertheless, in either case RSPs should strive to adopt standards for good governance according to their countries' legal requirements and to follow best practices that may have been developed for the provision of retail financial services.<sup>33</sup>

94. As is the case for the payments industry generally, the international remittance industry faces legal, financial, operational, fraud, and reputational risks. In establishing risk control measures, RSPs should conduct risk level assessments to ensure that proposed risk control measures are appropriate to the level of the risks and the size of the business generally. In doing so, they should as far as possible take appropriate steps to protect themselves and their customers against risks arising from their operations in different jurisdictions, in particular in those with shortcomings in their legal and regulatory framework.

#### **4.4 The roles of remittance service providers and public authorities**

95. Although circumstances vary between countries, both RSPs and public authorities have responsibilities for implementation of the principles in order to achieve the public policy objectives.

##### **A. The role of remittance service providers. Remittance service providers should participate actively in the implementation of the General Principles.**

96. Remittance service providers should endeavour to follow the General Principles. They should strive to offer competitive services that meet their customers' needs. They should disclose their prices and service features so that consumers can make informed choices. As payment service providers,

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<sup>32</sup> Direct access means that the RSP is itself a direct participant in the system, submits its payment instructions directly to the system, and is responsible for settlement. Indirect access means that the RSP is not itself a direct participant in the system but instead uses another institution, which is a direct participant, to act on its behalf – ie the RSP is a customer of the direct participant. For more on this issue see *The role of central bank money in payment systems*, *ibid*.

<sup>33</sup> For more on governance relating to payments, see the CPSS report *Core principles for systemically important payment systems*, BIS, January 2001, and particularly Core Principle X. Although the report is concerned with systemically important payment systems, much of what it says is also useful in other circumstances.

they have a particular responsibility to ensure that both they and any capturing or disbursing agents they use comply with applicable laws and regulations, including AML/CFT requirements. They should also implement appropriate governance and risk management processes to help improve the safety and soundness of their services and to meet their fiduciary responsibilities to their customers.

**B. The role of public authorities. Public authorities should evaluate what action to take to achieve the public policy objectives through implementation of the General Principles.**

97. Where public policymakers decide to take action with respect to remittances by applying the principles, the relevant authorities need to have appropriate powers and resources. There are multiple tools that can be used by public authorities, depending on the level of involvement authorities decide to undertake. These tools include monitoring, dialogue with the private sector and the provision of information to the public. Public authorities could resort to regulation to address market failures but before doing so they should weigh the perceived benefits of such regulation against the costs of compliance and possible market distortions.

98. Where implementation of the principles involves multiple domestic authorities, public policymakers should ensure that domestic policies are coordinated and that the authorities cooperate on a policy and implementation level. Cooperation at an international level – whether bilateral corridor cooperation, regional cooperation or global cooperation – may also be useful.

## **5 Formulating an approach to implementing the general principles**

99. Responsibility for implementing the principles lies with both the public authorities and the private sector. (See Annex 1 for some possible actions to implement the principles, including examples derived from country experiences.) However, if a policy decision is taken to implement the principles, the authorities are likely to have to initiate the process and they will need to decide how to do this.

### *Tools for implementing the general principles*

100. Public authorities can take action on remittance services in various ways, depending on the level of involvement they decide is useful.

- *Monitoring* will be helpful in carrying out public policy objectives and deciding on appropriate actions with respect to the remittance industry. The changing nature of the market increases the importance of monitoring, which could focus on the way remittance systems are evolving. Market research commissioned by the authorities may be an additional useful tool.
- *Dialogue* with the private sector is an important tool that can be used to understand market trends and influence outcomes. Dialogue should involve all interested parties, including end users, so that the views of all stakeholders are taken into account.
- *Communication and outreach* are related to dialogue but they deserve specific attention since they involve both awareness-raising among RSPs that may be able to provide efficient and effective remittance services and financial literacy programmes for end users to foster their use of financial products.
- Authorities may be able to help the private sector improve the market for remittances by acting as a *catalyst or facilitator* – ie where authorities use their influence to support or speed a market outcome. For example, they may be able to encourage appropriate codes of conduct or possibly self-regulation.
- Public authorities may sometimes need to use *regulation* to address market failures. Where they do so they should attempt to ensure that regulatory solutions have net benefits and do not create unnecessary barriers to entry that limit the supply of remittance services. Authorities may wish to review regulations to ensure they are not excessively burdensome and do not discriminate for or against the provision of remittance services by certain types of providers.
- *Direct provision* by public authorities of certain services (eg settlement services) to support remittances is also a possible instrument, although often this will be desirable only if other instruments prove ineffective.

### *Coordination of responsibilities*

101. Different aspects of the principles are likely to fall under the responsibility of different public authorities such as central banks, anti-trust authorities, consumer protection authorities, the ministry of finance, financial supervisors and anti-money laundering authorities. (See Box 5 for more on the potential role of central banks.) To achieve the necessary consistency of policy in this situation, it may be useful to identify an authority with lead responsibilities or with the duty to coordinate. Authorities should cooperate on both policy itself and its implementation.

102. At the international level - whether there is bilateral corridor cooperation, regional cooperation or global cooperation - cooperative efforts could include authorities of the relevant countries working together to achieve compatible and consistent policies and regulations, to create a better business environment and to lower barriers to entry.

103. International financial institutions (IFIs, such as the World Bank, regional development banks and the International Monetary Fund) have a role to play to support authorities and market participants in the application of these principles. In particular, IFIs have experience of the actions that countries have taken to improve the market for remittance services that can usefully be passed to others. To be effective, IFIs should coordinate their actions among themselves and with those of domestic authorities.

104. Industry associations could be engaged in the discussion of common issues and policies. These associations should include the full range of service providers and help both the authorities and RSPs to find practical ways to implement the principles.

#### **Box 5: a potential role for central banks in the application of the principles**

Central banks have different roles in retail payments, including remittance services, depending on their responsibilities, policies and powers. It may be desirable that central banks monitor developments in the market for remittances to assess their significance for safety and efficiency. In some cases, central banks' responsibilities may also make it appropriate for them to oversee certain remittance services. To the extent that central banks provide payment services, they may be able, where appropriate, to enhance these services to support the smooth functioning of international remittance services. Examples might include the development of new services that support cross-border payments or enhancing existing services to make them more useful for supporting cross-border payments. The central bank should cooperate with other public authorities to address significant policy issues arising from remittance market structures and performance. Central banks may wish to enter into discussions with the private sector and other central banks to facilitate the achievement of public policy objectives regarding remittance services and to foster international cooperation.

## Annex 1: possible actions to implement the principles

This section contains some possible actions for countries that choose to implement the principles. These possible actions are based on the experiences of a number of sending and receiving countries. However, there are many differences between countries - economic, cultural and political – which mean that actions that are helpful in one country may not be equally helpful in another. The suggestions below should therefore not be taken as a checklist of what needs to be done to ensure the principles are met.

### **Possible actions concerning General Principle 1 (transparency and consumer protection)**

#### *Transparency by individual RSPs*

- 1.1 RSPs could use a combination of methods such as signs in their agencies, brochures, the internet and customer service phone numbers to allow potential end users to obtain sufficient general information about prices and services - ie to achieve transparency without having to enquire about a specific transaction. (However, as prices and speed often vary by amount and destination and, in the case of exchange rates, change frequently, it may be impractical to insist that signs in agencies alone contain all the information necessary to achieve transparency.)
- 1.2 When an end user approaches an RSP with an enquiry about a specific transaction, the information that an RSP should aim to provide if it wants to achieve full transparency is set out in Box 6.

#### **Box 6: transparency to the sender**

When a customer enquires about a specific remittance transfer, full transparency would mean that RSPs clearly disclosed the following information without requiring any other action from the consumer such as opening an account or committing to use the remittance service:

- (A) the total amount in originating currency that will be paid by the sender;
- (B) the amount in disbursing currency that will be paid to the final recipient;
- (C) the fees paid by both sender and receiver (and any other relevant costs such as taxes) and the exchange rate;
- (D) the time when the remittance will be available for pick-up by the recipient or delivered to the recipient;
- (E) the location(s) where the remittance will be available for pick-up.

If the above information varies according to how the receiver is paid (eg in cash collected by the receiver, in cash delivered to the receiver or by crediting an account) or according to the information the receiver is able to provide about the sender (eg if a bank account is to be credited, whether the sender knows the relevant BIC and IBAN<sup>34</sup>), this should be clear to the sender.

For key remittance corridors, it may be appropriate to provide the information in the languages of both the sending and receiving countries.

If the customer chooses to use the remittance service, the RSP should also provide the information above (plus the information provided by the sender to identify the receiver) in written form as confirmation of the agreed service.

To achieve full transparency, RSPs should also provide information about any other relevant aspects of their service. For example, this might include: (a) the ability, if any, of the sender to revoke the transfer after it has been paid for; (b) whether the RSP will inform the receiver when the funds are available; (c) information about the rights of the consumer in the event of any problems (eg the procedures to be followed in the event of a dispute about the service) and (d) appropriate contact information about the RSP.

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<sup>34</sup> Bank Identifier Codes (BICs) and International Bank Account Numbers (IBANs) are globally recognised codes. The BIC is a unique address which, in a telecommunication message, identifies the financial institution and the IBAN is a code that uniquely identifies an account held at the financial institution.

- 1.3 Where the remittance service business model is such that the RSP cannot realistically make a commitment about how long the transfer will take or does not know what fee the receiver may be charged (as will typically be the case with open services) and is thus unable to meet all the requirements in Box 6, full transparency means that the sender should be made aware of the reasons for the lack of such information.
- 1.4 To the extent fees are charged to the recipient, RSPs who want to be transparent should make this clear to the recipient, in writing or equivalent, at the time the remittance is collected or delivered. Such notification is not a substitute for up-front disclosure to the sender of these fees.
- 1.5 The industry could be encouraged to agree on a common reference exchange rate (eg the interbank market rate at a certain time of day) to be used as a basis for calculating the price of the remittance service. In addition to (C) in Box 6, senders could then be quoted a total price that includes both the explicit fees/costs and the effect of any difference between the reference exchange rate and the actual exchange rate applied by the RSP (eg see the "full cost" calculation in Box 7 below). This would make it easier for senders to compare services.

*Enabling end users to understand the market for remittance services*

- 1.6 End users could also be given comparative information on the prices of specific services, in an appropriate form, especially for the most important remittance corridors (see Box 7). The following means of dissemination could be considered: (1) use of ethnic media, especially press and radio; (2) financial media; (3) national associations and immigrant aid organisations; (4) public and private sector consumer bodies, using printed material and web pages; and (5) overseas consulates and embassies of receiving countries. Dissemination of information in the receiving country could also be considered.

**Box 7: comparison of remittance prices for USA-Mexico**

PROFECO (Federal Consumer Protection Commission) is part of the administrative branch of the federal government of Mexico. Profeco publishes a weekly price comparison for remitting USD 300 (plus fees) from nine US cities to Mexico. As an example, the information for Chicago to Mexico for a particular day is given below (the names of the three RSPs have been anonymised).

1 Service	2 Fee per transfer (USD)	3 RSP's foreign exchange rate (pesos/USD)	4 Amount received (USD equivalent)	5 Full cost (USD)
RSP A	5.00	10.53	299.43	5.57
RSP B	8.00	10.55	300.00	8.00
RSP C	8.00	10.50	298.58	9.42

The "amount received (USD equivalent)" in column 4 is the actual amount received in pesos (ie USD 300 converted at the actual rate used by the RSP in column 3) re-converted to USD using a reference exchange rate of 10.55 (the average of the bid rates on this day of a sample of bureaux de change). The "full cost" is the sum of the fee charged by the RSP (second column) and a foreign exchange cost, the latter being the difference between USD 300 and the "amount received (USD equivalent)" in column 4 – ie it reflects the difference between the reference exchange rate and the actual exchange rate used. (In the case of the services shown, no fee is charged to the receiver.)

Example for RSP A: The actual amount received in pesos is  $300 \times 10.53 = 3,159$ . The "amount received (USD equivalent)" is  $3159/10.55 = 299.43$ . The foreign exchange cost in USD is  $300 - 299.43 = 0.57$ . The "full cost" is  $5.00 + 0.57 = 5.57$ . Note that for RSP B the full cost is the same as the fee (USD 8.00) because on that day this RSP used the same rate as the reference exchange rate (10.55).

Further information can be accessed at <http://www.profeco.gob.mx/html/envio/envio.htm>

- 1.7 If transparency is to be effective, senders and receivers also need to have sufficient background knowledge to be able to understand the information provided and make informed choices. Perhaps as part of wider financial literacy campaigns, authorities or other organisations may

therefore wish to undertake educational campaigns that explain the main characteristics of remittance services, how to evaluate different services and the consumer protection mechanisms that exist (for example, see Box 8). Such education could be provided through fairs or information campaigns by government agencies, industry associations, non-governmental organisations and other agencies. In sending countries, the governments of receiving countries could offer education at their embassies and consulates or through reaching out to migrants where they work and live. In receiving countries, initiatives could include information about the use of bank accounts and other financial products.

**Box 8: information provided by the Philippine authorities to emigrants**

In the Philippines, workers going overseas may attend a pre-departure orientation seminar conducted by the Commission on Filipinos Overseas. This seminar programme, which has been in place since 1981, covers not just remittance topics (such as pre-departure opening of a bank account to be used by the receiver of the remittances) but also other topics specific to the destination country such as travel regulations, immigration procedures, cultural differences, housing issues, employment and social security concerns and the rights and obligations of Philippine migrants.

- 1.8 In carrying out educational programmes, it is useful to be aware that in some cases end users of remittance services may lack trust in financial institutions, making them reluctant to use the remittance services offered by these institutions and thus reducing effective competition. It may be useful to look, in both sending and receiving countries, at the reasons for such lack of trust and see whether it is possible to improve the situation.
- 1.9 In sending countries banks could assist migrants in obtaining the necessary documents to open accounts. Employers could play a role in the education of migrants by means of providing information on alternative channels or negotiating deals with particular providers.

*Appropriate consumer protection*

- 1.10 It is helpful if there is a set of clear, publicly available and easily applicable procedures in cases of fraud and disputes. At a minimum, individual RSPs could establish their own procedures that customers could follow in the event of difficulty and provide clear information to customers about these procedures.
- 1.11 Consideration could be given to extending the application of a country's framework for resolving consumer disputes to the remittance industry, where this is not already the case. An entity, such as an ombudsman, that could help RSPs and their customers resolve problems may be helpful.

**Possible actions concerning General Principle 2 (payment system infrastructure)**

*Domestic payment infrastructure*

- 2.1 In line with the CPSS reports on *Policy issues for central banks in retail payments* and *General guidance for national payment system development*<sup>35</sup>, central banks could facilitate and provide leadership, where necessary, in developing the domestic retail infrastructure.
- 2.2 Business models that profitably support the expansion of the branch, agency or electronic banking networks (eg ATMs and internet banking schemes) of existing and potential RSPs into rural or smaller urban areas, especially in receiving countries, could be encouraged.
- 2.3 Increased interoperability of networks for specific types of payment instruments, notably payment card and ATM networks, can provide increased access to remittance services when such technologies are employed by RSPs.
- 2.4 Organisations that have large branch networks, such as major banks or national postal services, are widely accessible in many countries. Where relevant, particularly in receiving countries, these organisations could be encouraged to play a bigger role in providing remittance services.

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<sup>35</sup> Ibid.

- 2.5 In both sending and receiving countries, banks and other deposit taking institutions could be encouraged to develop basic low-cost payment accounts and services for retail clients (which could then be used for remittances).
- 2.6 One model that has successfully extended domestic payment service coverage is an arrangement through which accounts are held at banks or other deposit taking institutions but access to those accounts for payment services is decentralised. For this purpose, deposit taking institutions contract with other types of institutions such as the post office, lottery houses, drugstores and other small retailers that are willing to act as agents to provide payment services to end users (see Box 9).

#### **Box 9: enlarging access to banking services in Brazil**

About a third of municipalities in Brazil have no bank branches but receive banking services instead through *correspondentes bancários*. There are about 16,000 *correspondentes bancários* - almost the same number as bank branches. They act on behalf of banks under agency agreements and are authorised, among other things, to receive deposits and payments and make payments related to the accounts concerned. The most important *correspondente bancário* is the Brazilian post office, which acts on behalf of a major Brazilian private bank and serves all but a few of the municipalities where there is no bank branch. Other *correspondentes bancários* include lottery houses, supermarkets, drugstores and other small retailers. The activities of the *correspondentes bancários* are regulated by the National Monetary Council, a government body in which the Central Bank of Brazil participates. The rules set out the kinds of financial institutions that can be *correspondentes bancários*, the types of services that they can provide, and the settlement procedures between the *correspondente bancário* and the bank for which it acts.

#### *Cross-border payment arrangements*

- 2.7 Existing networks and platforms could be adapted to accommodate the needs of the remittance market or to connect domestic ACHs or other payment systems across borders. As an example, Box 10 presents various examples of linking ACHs including the case of a link between two ACHs operated by central banks. Initiatives from the private sector are also underway or proposed (eg the major international card networks, SWIFT). Authorities could monitor these developments and, to the extent they increase the efficiency of the remittance market, encourage them.
- 2.8 Where the market finds it difficult to introduce potentially beneficial changes, the authorities may want to act as a catalyst and facilitator, helping to carry out studies into the viability of projects and, where such projects seem beneficial, assisting market participants to implement them.

#### **Box 10: connecting domestic ACHs across borders**

In recent years, the Federal Reserve Banks in the United States have undertaken a number of initiatives to offer low-cost cross-border ACH services by linking the US ACH system to that of several other countries. These services are currently limited to outbound transactions from the United States. Incoming transactions are prohibited until the US ACH system can screen for US AML/CFT requirements.

In 2001, the Federal Reserve Banks in partnership with a private sector bank in Canada began offering a cross-border ACH service to Canada. The Canadian ACH service permits depository institutions in the United States to send ACH credit and debit transactions to depository institutions in Canada.

In 2003, the Federal Reserve Banks began offering a trans-Atlantic ACH service to five countries in Western Europe (Austria, Germany, the Netherlands, Switzerland and the United Kingdom). The trans-Atlantic ACH service is limited to credit transactions only, with transactions originated in US dollars in the United States and received in the domestic currency of the European country.

In 2004, the Federal Reserve Banks and the Bank of Mexico began offering a cross-border ACH service from the United States to Mexico under the name "Directo a Mexico. It uses the exchange rate published daily by the Bank of Mexico ("the fix"). The Federal Reserve Banks charge depository institutions in the US less than one dollar per payment. The Bank of Mexico does not charge banks in Mexico for the service but receives part of the fee charged by the Federal Reserve Banks. While the vast majority of the payments are US government payments to individuals in Mexico, the channel is available for use by depository institutions offering cross-border remittance services to Mexico. Efforts are underway to extend the reach of the service in Mexico to also include accounts at credit unions.

### **Possible actions concerning General Principle 3 (legal and regulatory environment)**

*The legal framework should be sound, predictable and non-discriminatory*

Most of the legal basis of a country relevant to remittances (eg the ability to enforce contracts) will be of general applicability in the country and so any necessary reform is a topic that goes beyond the scope of this report. Nevertheless, there are some specific actions, in addition to regulation, which is covered below, that are particularly relevant to remittances.

- 3.1 As interbank payment systems could be involved at some point in the remittance transfer, it is important that the legal framework underpinning these systems is well-founded (eg concerning the robustness of settlement finality and netting). It is also important that the domestic legal framework for payment instruments (eg cards, credit transfers) is sound.
- 3.2 Authorities may need powers to achieve any public policy objectives they have been set and, depending on the relevance of the remittances market and other factors in individual countries, in some cases it may be appropriate that such powers are included in the law.

*Multiple legal frameworks*

- 3.3 At the international level, authorities could assess whether the relevant legal frameworks are consistent or complete.

*The content of the regulatory framework*

Regulators might want to:

- 3.4 Avoid regulations that create undesirable barriers to entry or obstacles to competition, for example by unnecessarily limiting the provision of remittance services to particular types of institutions (such as institutions with a banking licence).
- 3.5 Check that, where the regulation of RSPs varies according to the type of entity (eg banks versus non-banks), the content of the regulation is equivalent as far as the provision of remittance services is concerned.
- 3.6 Evaluate whether it is appropriate to subject RSPs to prudential financial requirements (eg capital adequacy requirements), given that remittance services per se do not involve deposit taking and are unlikely to create systemic risk.
- 3.7 Apply registering and licensing procedures that are proportionate to the service provided, and fees (if any) that are at a reasonable level (since fees can be a significant barrier to entry).
- 3.8 Avoid designing regulation around particular technologies since these can change rapidly. To the extent possible, new technologies should be able to be accommodated easily, with low cost and without changing regulations.
- 3.9 Where applicable, specify what information RSPs must retain and under what circumstances they must report it, as automatic retention and immediate reporting of all transaction data may be expensive and ineffective.
- 3.10 Investigate alternative means of customer identification that are as effective as passports and national IDs. Requiring use of identification documents that are difficult for migrants to obtain could restrict the choice of remittance services available to senders or encourage them to use services which may be unsafe or even illegal.
- 3.11 Consult the remittance industry and other stakeholders when preparing relevant regulation. This will help to ensure that their legitimate concerns are considered and that the regulation is as effective as possible without imposing unnecessary costs. It is also likely to help the industry to understand why regulation is needed and thus to make implementation of the regulation more effective.
- 3.12 Educate RSPs about the importance of regulatory compliance and provide guidance on how to comply.
- 3.13 Consider the introduction of a period of transition to any new regulatory regime during which firms that have previously not been registered or licensed are not subject to penalties.

### **Box 11: mobile phone remittance services and their regulation**

In the Philippines, two telecom companies are competing to offer remittance services that use mobile phones and e-money (stored value). Both schemes are of the negotiated network type, where to provide the service the telecom company has recruited RSPs in sending countries with significant Philippine communities. To make a remittance transfer, the sender pays cash to one of these partner RSPs, in return for which the RSP sends a secure text message to the mobile phone of the receiver in the Philippines. The effect of this text message is to load e-money onto that phone, which the receiver can then either transfer by a further text message to the phone of another person or to an agent of the telecom company. In the latter case, the agent in return will give the receiver cash. Settlement between the sending RSP and the telecom company, and between the telecom company and its Philippine agents, is via the usual banking channels. The electronic money transfer services of which these remittance services are one aspect are regulated by the central bank, Bangko Sentral ng Pilipinas, as payment system overseer. The regulation is primarily for AML/CFT purposes and includes, for example, know your customer requirements and a limit on the amount that can be transferred each month.

#### ***Possible actions concerning General Principle 4 (market structure and competition)***

- 4.1 Where appropriate, it is useful for financial sector oversight/supervisory authorities and competition authorities to work together to help ensure consistent approaches.
- 4.2 RSPs could be discouraged from making exclusivity a *condition* of offering a remittance service. As far as a *choice* by individual capturing or disbursing agents to offer only one remittance service is concerned, in general it would be difficult and probably undesirable to restrict such choice. However, particularly in receiving countries, it may sometimes be worth encouraging institutions with extensive branch networks and/or de facto local monopolies (eg post offices, major retailers, banks) to offer multiple services where it is appropriate for them to do so.
- 4.3 It is helpful if the regulatory structure for remittances supports competitive market conditions. The appropriate authorities may wish to monitor mergers or alliances that could significantly reduce competition for a relevant part of the market.
- 4.4 It may be helpful to improve potential RSPs' awareness of the remittances market. For example, unless they understand the scale of the flows in particular remittance corridors and the possibilities for cross-selling products, financial institutions may view remittance senders and recipients as low balance, high-risk customers, unlikely to use other services, making them less willing to offer remittance services. General publicity about the scale and importance of remittance flows (eg in trade journals or at trade conferences, or through general publicity about any of the other actions taken to implement the principles) may therefore be useful, particularly for remittance corridors with few existing RSPs. RSPs could also be assisted in their communications with key migrant groups.
- 4.5 Payment system operators and their overseers may want to check whether their direct access requirements are consistent with international principles to ensure payment system safety and soundness. Access criteria should be clear, well-defined and fair; and access should be granted to all entities, including RSPs, which comply with such requirements.
- 4.6 The relevant authorities may want to check that RSPs without direct access to core payments systems can obtain fair indirect access. Institutions with direct access should be encouraged to provide relevant payment services, including foreign exchange services, on an equitable basis to RSPs.
- 4.7 While competing on services, RSPs could seek, where this can be done in a way that is not anti-competitive, to cooperate on core infrastructure to take advantage of economies of scale and network effects and thus reduce processing costs.

#### ***Possible actions concerning General Principle 5 (governance and risk management)***

- 5.1 The remittance industry, perhaps in cooperation with the relevant authorities and consumer groups, may wish to establish guidelines for good governance and the management of risks to enhance confidence in international remittance services and protect consumers. Such guidelines could be based on those already used in the financial sector but should recognise the diverse nature of RSPs.

- 5.2 The industry might also like to develop ways to help RSPs assess the nature and level of the risks they face and thus to help RSPs implement any guidelines in a way that is appropriate for their business.
- 5.3 Given the particular importance of AML/CFT regulations, the authorities and the industry may want to cooperate in order to develop guidance on how to meet such regulations in a way that is effective and appropriate for different types and sizes of RSPs.
- 5.4 Where RSPs outsource functions to those who provide services in the RSP's name (eg capturing and disbursing agents), they should satisfy themselves that those carrying out the outsourced functions themselves meet appropriate governance and risk management standards and comply with relevant regulations.

## **Annex 2: elements of a remittance transfer**

1. This annex explains in more detail the five elements that make up a remittance transfer as set out in Section 2.3 – ie capturing, disbursement, messaging, settlement and liquidity provision.

### **Capturing**

2. The sender can pay the capturing agent using any means of payment that is acceptable to both. Most common is cash or, where the RSP is a bank or other deposit taking institution, a debit to an account held by the sender at the RSP. But other methods such as a transfer from a bank account (eg using a debit card or cheque), pre-paid funds (eg e-money, other pre-paid cards, money orders, bankers drafts) or credit (eg provided by the RSP or by using a credit card) may sometimes be used. This transaction is simply a standard domestic payment, and there is nothing special about the fact that the service being bought is a remittance.

3. Identification of the sender is not technically necessary for the purposes of making the remittance transfer per se but will usually be necessary in order for the RSP or its agent to comply with AML/CFT regulations. However, the sender does need to provide the capturing agent with sufficient information to identify the receiver. At a minimum, this will include the name of the receiver. If the funds are to be credited to some kind of account (eg a bank account) then details of this also need to be provided. For extra security, particularly if the money is to be paid out in cash, the capturing agent may provide the sender with some form of transaction code, or the sender may be asked to specify a question to which only the genuine receiver will know the answer. The capturing agent sends this information to the disbursing agent; and the sender passes it to the receiver. The receiver then has to provide the relevant code or answer to the disbursing agent in order to claim the funds.

4. The 'location' of the transaction between the sender and the capturing agent ('access point') is usually a physical location such as a local shop, post office, bank branch, foreign exchange bureau or an outlet specialising in remittance services but new technology makes 'virtual locations' such as the internet or mobile phones increasingly possible. The nature of the location affects the payment possibilities: for virtual locations it is likely to be necessary to use card payments, e-money or credit since physical instruments such as cash or cheques are not possible.

### **Disbursement**

5. Typically, the disbursing agent will pay the receiver in cash or by crediting a bank account but other means may also be used, as with capturing. The range of possible access points is also likely to be similar. However, the relatively underdeveloped payment infrastructure in some receiving countries may raise particular issues about the possibilities for disbursement (see Section 3.2).

6. The disbursing agent needs to know whom to pay and how much to pay. It may also need other information – for example, the currency in which the payment is to be made or the mode of payment (eg whether it is to be credited to an account, collected by the receiver or delivered to them). Normally the sender would also be identified. Sometimes it may be possible for the sender to transfer other, optional information (such as the purpose of the payment), which the disbursing agent then also passes to the receiver.

7. Identifying the receiver typically involves a combination of a sufficient level of authorisation from the capturing agent (eg some form of secure message identifying the receiver) and evidence from the receiver about their identity (eg suitable ID and perhaps a transaction code). However, if the receiver has an account at the disbursing agent (eg where the agent is a bank), evidence of identity is likely to be the same as for any other transaction (eg to withdraw funds from the account, the receiver might use a payment card and PIN).

### **Messaging**

8. The information from the capturing agent to disbursing agent will sometimes travel together with the funds – ie passed through the various intermediaries in the settlement process (see below). This

would typically be the case in an open service<sup>36</sup>, where there is no direct relationship between the capturing RSP and its agent, on the one hand, and the disbursing RSP and its agent on the other hand and so there is no easy way for the two to communicate directly. Transferring information with funds can be difficult and time consuming if the different payment instructions in the settlement chain use different message formats, requiring translation from one format to another, which may involve expensive manual intervention.

9. In other remittance services, the information will typically be transferred independently of the funds (eg directly from the capturing agent to the disbursing agent, with a copy to the RSP) by any one of a wide variety of means (eg public channels such as the internet, e-mail, fax, phone, mail or courier or proprietary communication channels such as intranets or interbank links). Of course, even if most information is transferred directly, enough information about the transaction must also travel with the funds so that, for each step in the settlement chain, the payee knows where the funds are next destined and so that, as necessary, the funds can be matched to the specific remittance transfer.

## **Settlement**

10. Settlement can be complex. Readers who are not familiar with payment systems and correspondent banking may want to read Annex 3, which describes various possibilities. A remittance transfer is likely to involve a 'settlement chain' – a series of separate payments, each of which may be made differently. Payments to and from end users have already been described. For each of the payments in-between (from capturing agent through to disbursing agent) settlement will normally take place by means of a credit transfer from the payer to the payee's bank, with one of the payments being cross-border (typically by correspondent banking).

11. Unlike payments between end users and agents, where each remittance transfer usually requires a separate payment, the payments between agents and the RSP may be batched and possibly netted (eg all the transfer instructions from the agent to the RSP that day are netted against all the transfer instructions from the RSP to the agent in order to create a single payment), although the scope for netting may be limited given the largely one way nature of remittance flows.

12. Some RSPs may have bank accounts in both sending and receiving countries, in which case the cross-border element can be partially "internalised". In this case, the funds from the capturing agent are credited to the RSP's account in the sending country, the funds to the disbursing agent are paid from its account in the receiving country, and the RSP records this fact internally.<sup>37</sup> However, again because of the largely one way nature of remittance flows, the RSP may sometimes have to transfer funds from the sending country to top up its account in the receiving country.

## **Liquidity**

13. Although settlement is a "chain", the transactions within it do not have to take place in sequence. For example, the disbursing agent may pay the receiver before it has received funds from the disbursing RSP. This is particularly likely with services (particularly franchised services) where the receiver has a choice of where to collect the funds and thus where the RSP will not know which disbursing agent to pay until after the funds have been collected. In turn, the disbursing RSP may pay the disbursing agent before it has received funds from the capturing RSP.

14. To the extent the transactions in the chain do not take place in sequence, some credit risk is created (paying before being paid). There is also a need for liquidity. For example, if the disbursing agent pays the receiver before being paid by the RSP, the agent needs either to have sufficient funds or credit available. Providing liquidity has a cost - namely, the cost of borrowing funds, or the opportunity cost of being unable to invest funds already held. The increased speed achieved by providing liquidity is therefore likely to increase the overall price of the service.

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<sup>36</sup> The different types of service, including open services, are explained in Section 2.4.

<sup>37</sup> If the RSP acts as its own capturing and disbursing agent then the process is even more internalised.

### Annex 3: examples of settlement in remittance services

1. This annex uses stylised examples of remittance transfers from Italy to the Philippines to illustrate how remittance services settle. The initial example is designed to show that even a remittance service that appears to be relatively simple to end-users may involve relatively complex settlement arrangements. Three variations on the example with less complex settlement arrangements are then considered.

#### Description of initial example

2. Diagram 1 illustrates sender (S) in Italy transferring euros (say, €200) to a receiver (R) in the Philippines, who will be paid in pesos. It is assumed that the capturing agent and capturing RSP in Italy are different entities, and that they, and the sender, have euro accounts at different banks. Similarly the disbursing RSP and the disbursing agent in the Philippines are different entities, and they, and the receiver, have peso accounts at different banks.<sup>38</sup> Both countries have two domestic payment systems which settle at the central bank.

3. The collecting and disbursing RSPs are assumed to be part of a negotiated network in which the information about the remittance is sent separately from the funds (eg by encrypted e-mail), as shown by the dotted line, and passes more or less immediately from one end of the chain to the other.<sup>39</sup>

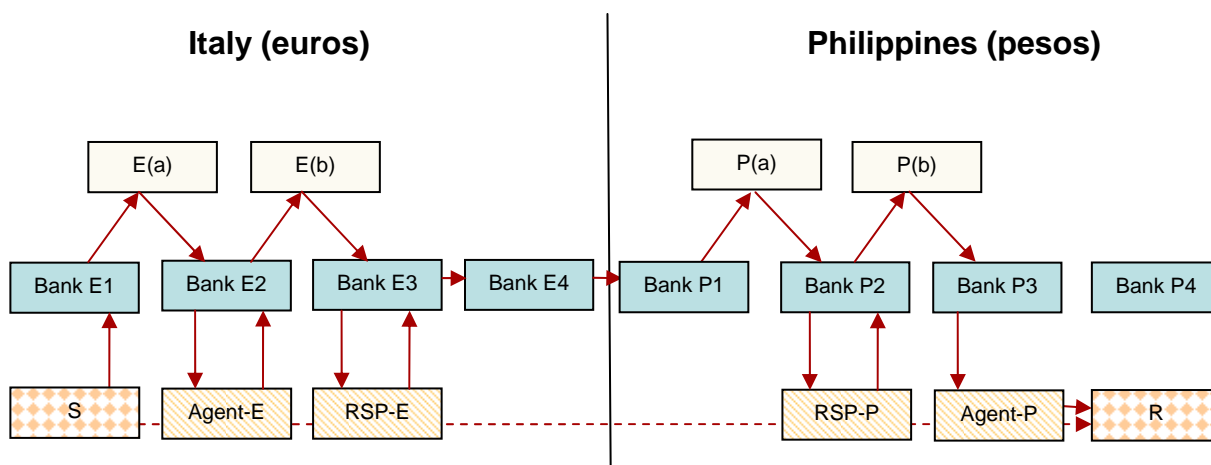
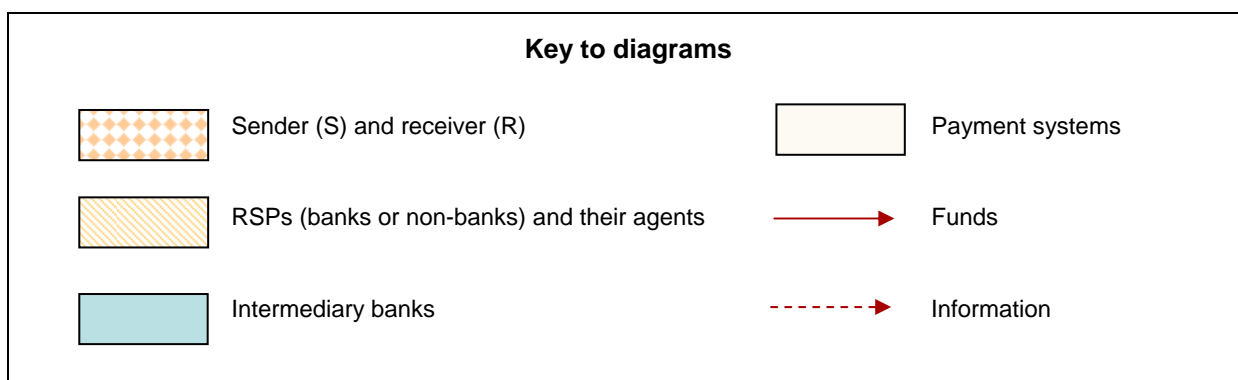


Diagram 1



<sup>38</sup> Throughout this example, the term "bank" is used as shorthand for any deposit-taking institution offering payment services.

<sup>39</sup> The different types of network, including negotiated networks, are described in Section 2.4.

*Step 1: sender to capturing agent*

4. In the first step, S uses a debit card to pay euros to the capturing agent (Agent-E). How many pesos this translates to depends on the exchange rate used by the agent.<sup>40</sup> The debit card transaction results in S's euro account at Bank E1 being debited and the Agent-E's euro account at Bank E2 being credited, and at some point, depending on how payment system E(a) works, Bank E1 settles with Bank E2 across the accounts they hold at the central bank. This step is a normal domestic payment.

*Step 2: capturing agent to capturing RSP*

5. The second step is for Agent-E to pay the capturing RSP (RSP-E). The agent is assumed to do this only once a day, when it transfers all the euro amounts it has collected on behalf of RSP-E that day (not just the euros from S). The agent makes a credit transfer (eg a bank giro credit) through payment system E(b) which results in its account at Bank E2 being debited and RSP-E's account at Bank E3 being credited. Again, at some point that depends on how system E(b) works, Banks E2 and E3 settle across their accounts at the central bank. This is also a normal domestic payment.

*Step 3: capturing RSP to disbursing RSP*

6. The third step is for RSP-E to transfer the funds to the disbursing RSP in the Philippines (RSP-P). Again, it is assumed that it does this once each day for all Italy-Philippines transfers it handles that day, which may include funds from other capturing agents in addition to Agent-E. (It is also possible that the RSP has a relationship with more than one disbursing RSP in the Philippines, but here it is assumed that there is only one.) This step, which involves a number of sub-steps, uses international correspondent banking.

*Sub-step 3a: between banks in Italy*

7. To transfer the funds to RSP-P, RSP-E asks its bank, Bank E3, to make an international transfer of pesos to RSP-P's account at Bank P2. It is assumed that, perhaps because it does not have much international business, Bank E3 does not provide an international payments service directly but instead uses global Bank E4 where Bank E3 holds a euro account for this purpose. Bank E3 gives the information about the transfer to Bank E4, who in return tells Bank E3 the euro value of the transfer, which depends on the exchange rate Bank E4 uses (which need not be the same rate used by RSP-E and its agent Agent-E to charge S).

8. To pay for the transfer, Bank E4 debits Bank E3's account. This assumes that Bank E3 has a sufficient balance on the account or that Bank E4 will give Bank E3 credit. If not, Bank E3 will have to first transfer euros to its account. Bank E3 may have a range of business going across the account, both outflows and inflows. Bank E3 will therefore monitor the account and transfer euros to it or from it as the amount on the account gets too small or large. Any amount transferred on that day may thus bear no relation to the business of the RSP-E, let alone the specific transfer of S.

*Sub-step 3b: cross-border transfer between banks*

9. It is assumed that, to make and receive Philippine payments, Bank E4 holds a peso account with Bank P1 (a so-called international correspondent bank relationship). Bank E4 therefore gives an instruction to Bank P1 to credit pesos to RSP-P's account at Bank P2. Again, Bank E4 must have sufficient pesos on its account at Bank P1 or sufficient credit to do this. From time to time, Bank E4 may need to go to the foreign exchange market to buy or sell pesos to keep the balance at a reasonable level.

*Sub-step 3c: between banks in the Philippines*

10. Bank P1 then transfers the money, by credit transfer, through the Philippine payment system P(a) to Bank P2, and Bank P2 credits the funds to the account that RSP-P holds there. Depending on how payment system P(a) works, Bank P1 settles with Bank P2 across their accounts at the central bank. This is a normal domestic payment.

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<sup>40</sup> For simplicity in discussing the amounts, the fees charged by the various parties to the process are ignored.

#### *Step 4: disbursing RSP to disbursing agent*

11. The fourth step is for RSP-P to pay the disbursing agent in the Philippines (Agent-P). RSP-P may deal with several agents, so of the pesos received from RSP-E that day, only some will be destined for Agent-P. (Likewise, RSP-P may have received funds not just from RSP-E but also from other capturing RSPs around the world that are for Agent-P.) RSP-P thus tells its bank, Bank P2, to transfer the relevant amount of pesos to the account that Agent-P has at Bank P3. This is a normal domestic payment, using payment system P(b).

#### *Step 5: disbursing agent to receiver*

12. Finally, the fifth step is for Agent-P to give the money to the receiver, R, in cash.<sup>41</sup> Agent-P knows from the information provided by the capturing agent how many pesos to give R.

### **Analysis of the example**

13. The example illustrates a number of points about how remittance transfers are made.

- *Multiple payments.* The transfer consisted of a set of individual payments – in this case five payments (S to Agent-E, Agent-E to RSP-E, RSP-E to RSP-P, RSP-P to Agent-P and Agent-P to R) each of which was made in a different way (eg using a different payment system). Moreover, one of the payments (from RSP-E to RSP-P) itself involved three transactions (from Bank E3 to Bank E4, from Bank E4 to Bank P1, and from Bank P1 to Bank P2).
- *Speed.* The whole process may take a significant time. That depends in part on certain fixed schedules (eg the speed of the different payment systems involved) and on the speed of each of the parties to the transactions (eg when it receives the payment instruction from Bank E3, how quickly Bank E4 passes it on to Bank P1).
- *Liquidity.* The process has been described as if the steps occurred in sequence but this does not have to be the case. The steps could be out of order, provided the payer concerned (a) has the necessary information to do so, (b) has the necessary funds (liquidity) to do so and (c) is willing to do so (given that if it pays before being paid it may face the risk of losing the money). For example, some RSPs offer an almost immediate service – within a few moments of the sender initiating the remittance, the receiver can collect the funds. That could be possible in this example (where, as part of the negotiated network, information flows immediately from Agent-E to Agent-P) provided that Agent-P is willing to pay out the funds to R before it receives them from RSP-P. In practice, if it wants to provide a fast service, RSP-P is likely to provide liquidity to Agent-P – it might provide Agent-P with a float or compensate Agent P for the money it has paid out that day (with some compensation to Agent-P for providing the intra-day liquidity itself). RSP-P will then use its own liquidity to cover the time until the funds actually arrive from RSP-E (the cost of this being built into the fees charged R and/or S).
- *Batching and netting.* Because they are only small amounts, the funds associated with individual remittances are unlikely to be transferred individually or in real-time throughout the process. Rather, the funds from multiple remittances are likely to be batched and transferred as a single payment – in this example it has been assumed that this happens once each day. Batching is possible because (as noted above) it is assumed that the information about the individual transfers is transferred separately and so does not need to accompany the funds. Sometimes, the payments may also be netted (eg if there is also a flow from the Philippines to Italy) so that only the smaller net amount needs to be transferred.
- *Exchange rates.* Because S pays in euros but R receives pesos, RSP-E (through its agent, Agent-E) needs to use an exchange rate to decide how many pesos R will receive. To do this, it would be useful for RSP-E to know what exchange rate its bank, Bank E3, will use, while, in turn, it would be useful for Bank E3 to know what rate Bank E4 will use. As mentioned, Bank E4 does not necessarily have to buy pesos in this example (it may already have enough on its account at Bank P1). Nevertheless it will typically charge Bank E3 a rate close to the current open market rate, and

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<sup>41</sup> Alternatively, if it knows R has an account at Bank P4, Agent-P could transfer the money to that account.

the rates charged by Bank E3 and by RSP-E will be related to that rate. But because there may be a significant time gap between S initiating the remittance with Agent-E and Bank E4 converting the euros to pesos, not all exchange rates may be known in advance and thus a margin is likely to be built into the rates actually charged in case rates move adversely in the meantime.<sup>42</sup>

### Variations on the example

14. The example above illustrates the steps which may be involved in making a remittance. The steps will differ to some extent depending on whether the service uses a negotiated, unilateral, franchised or open network of access points. Often the process may also be simpler, or at least appear to be simpler, than that just described. However, in considering the variations below it should be noted that "simplification" often means that, instead of involving different entities, steps are simply "internalised"; such internal steps may be faster and/or less costly than external steps but this will not necessarily be the case.

### Using a negotiated network

15. One possible simplification with the negotiated network described earlier is that the RSPs and their agents choose to use the same bank. Thus Agent-E and RSP-E might both use Bank E3 so that the transfer between them takes place across the books of Bank E3. Similarly, RSP-P and Agent-P might both use Bank P2. Furthermore, the choice of banks may be determined by the cross-border service they can offer. Thus Banks E3 and P2 may have been chosen because Bank E3 has a direct correspondent banking relationship with P2, cutting out the involvement of Banks E4 and P1. This is shown in Diagram 2.

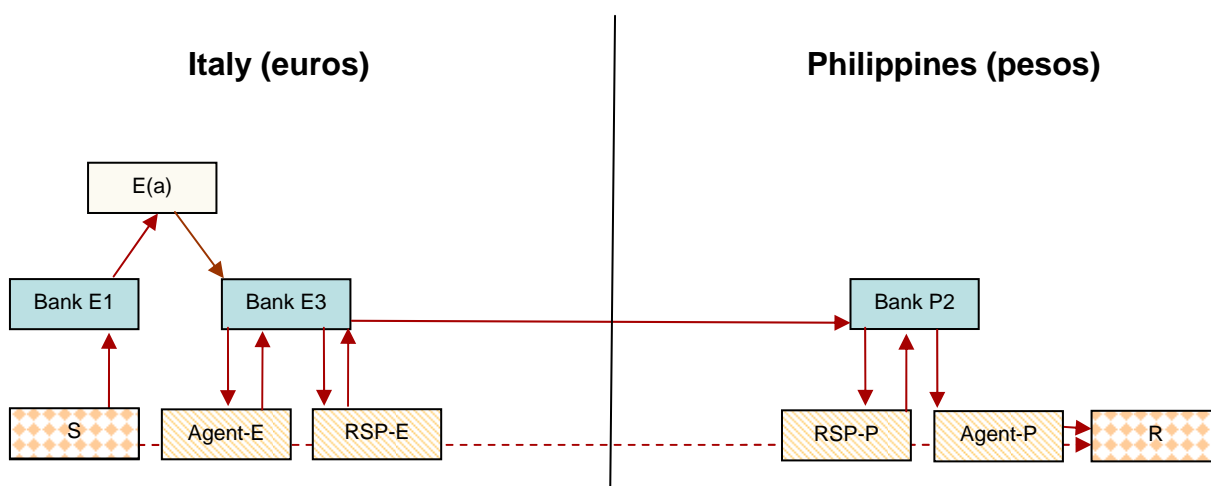


Diagram 2

16. A further simplification would occur if the banks were themselves the RSPs. In this case, Bank E3 would be the RSP in Italy, and Bank P2 the RSP in the Philippines. This is shown in Diagram 3. This also assumes that S now has an account with Bank E3; if S is to be able to use the service, this will normally be the case since banks typically make payment services available only to their own account holders. Correspondingly, R is assumed to hold an account with Bank P2.

<sup>42</sup> The exchange rates used by the different parties to the transactions may also build in an additional margin to cover other costs of the transaction (ie non-exchange rate costs) as an alternative to, or in addition to, charging an explicit fee.

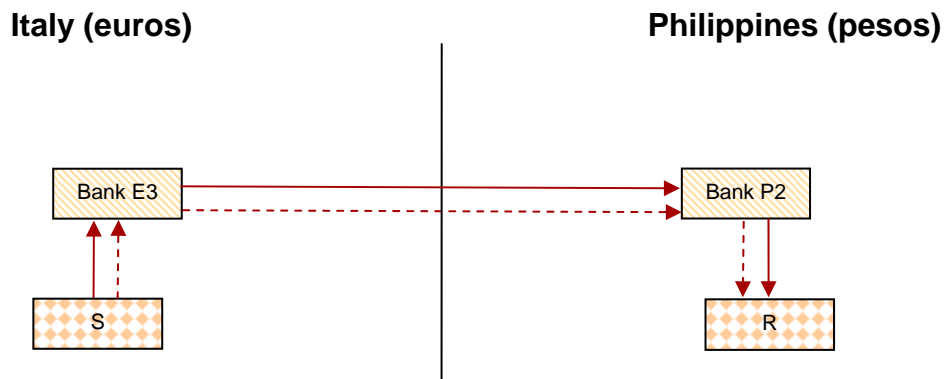


Diagram 3

**Using a franchised or unilateral network**

17. Another variation is that the network is franchised (so RSP-E and RSP-P are the same entity) or unilateral (so Agent-E, RSP-E, RSP-P and Agent-P are all the same entity). Diagram 4 shows a unilateral network where the RSP is a non-bank.<sup>43</sup> In this case the RSP has its own branches in both Italy and the Philippines (and so does not need to use separate agents). In addition, for further simplification, it is assumed that S pays the RSP in cash. However, as the RSP is a non-bank, it needs to hold a euro account with Bank E3 in Italy and a peso account with Bank P2 in the Philippines. As in Diagram 2, it is assumed that Bank E3 has a direct corresponding banking relationship with Bank P2.

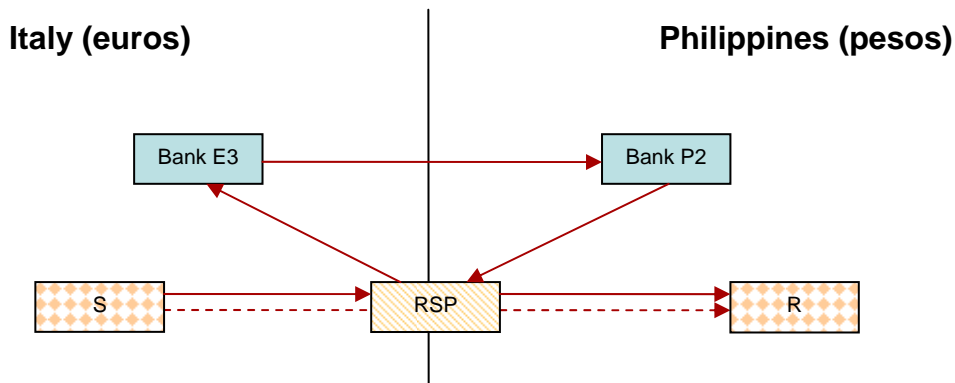


Diagram 4

18. Under these assumptions, S pays the RSP in cash which the RSP then deposits (with the other euros received that day) in its account at Bank E3. Immediately, the RSP can pay R in cash, using pesos already held in its account at Bank P2. If the business handled by the RSP is predominantly one way (ie from Italy to the Philippines) then over time the RSP will accumulate euros at Bank E3 and eventually run out of pesos (or credit) at Bank P2 and so at some stage it will have to ask Bank E3 to transfer some pesos to its account at Bank P2 (which Bank E3 will do by debiting the RSP's euro account and giving the credit instruction to Bank P2). As in the basic example, if rates have moved, the exchange rate charged by Bank E3 to the RSP may be significantly different to that charged by the RSP to S some time earlier.

<sup>43</sup> If the RSP were a bank the situation would be further simplified in that, in Diagram 4, Banks E3 and P2 would not be needed.

### Using an open network

19. A third variation on the example involves an open network. This is shown in Diagram 5. This is similar to the situation shown in Diagram 1 except that the remittance service is now assumed to be offered by a bank (as is typically the case when an open network is used). Thus the RSP in Italy is now assumed to be Bank E1. Bank E1 is assumed to use Bank E4 to make cross-border payments on its behalf. Also, there is no RSP per se in the Philippines. Instead, S asks for the money to be transferred to the bank account that R has with Bank P4 (in effect, Bank P4 is acting as an RSP in the Philippines). Information about the transfer travels only with the funds.

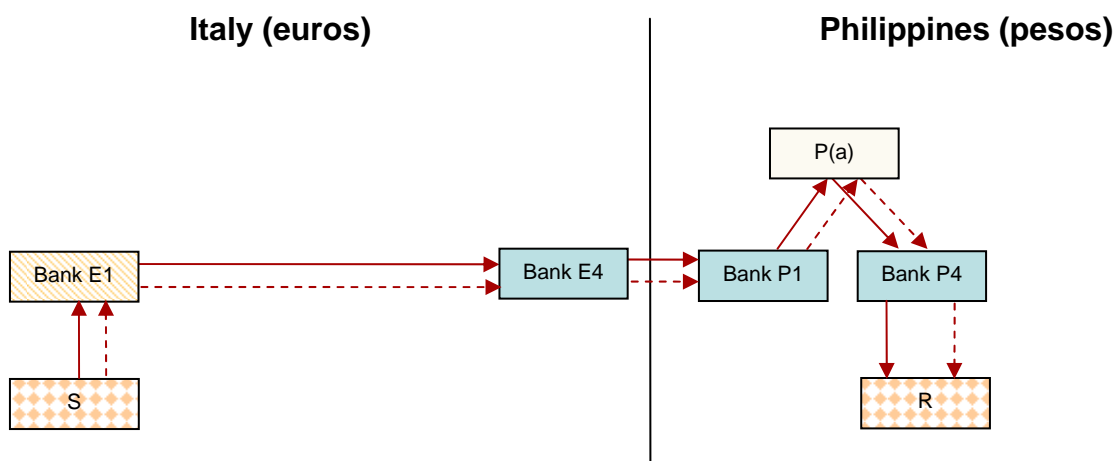


Diagram 5

20. Apart from cutting out the involvement of many entities, the significant difference here is that the RSP in Italy (Bank E1) has no direct relationship or agreement with the de-facto RSP in the Philippines (Bank P4). The receiver R may have an account with any bank in the Philippines (or indeed in another country) and the arrangement will still work. All Bank E1 needs to know is an internationally recognised form of identifying that bank and the account that R holds there (such as the BIC and IBAN). It then relies on an indirect relationship with Bank P4 – via Bank E4 and Bank P1 and the ability of Bank P1 to send funds to other banks in the Philippines (including Bank P4) through a Philippine payment system.

21. In particular, Bank E1 has no arrangement to send information directly to Bank P4, who thus has no information about the remittance until it receives the funds from Bank P1. R will therefore not receive payment until some time (usually several days) after S originally sends the funds.<sup>44</sup> An "immediate" service, as in the previous variations of the example, is therefore not practical.

22. Against the disadvantage of slower speed, the significant advantage of an open network arrangement is its global coverage: it is possible to make a payment between banks almost anywhere in the world. This is particularly important in providing competition in remittance corridors where the volume of transactions may be too low to make negotiated networks viable.

<sup>44</sup> Even without a standing arrangement, RSP-E could in theory send an ad hoc message to Bank P4 by, for example, phone or e-mail (assuming it knew the number or address). But apart from the likely processing cost of an ad hoc message, there would still be a problem for Bank P4 in establishing the authenticity of the message.

#### Annex 4: direct links between payment systems

1. The normal method of making a cross-border payment, using correspondent banking, is shown in Diagram 6. This is based on parts of Diagrams 1 and 5 in the previous annex. Only the settlement (not the information) flows are shown.

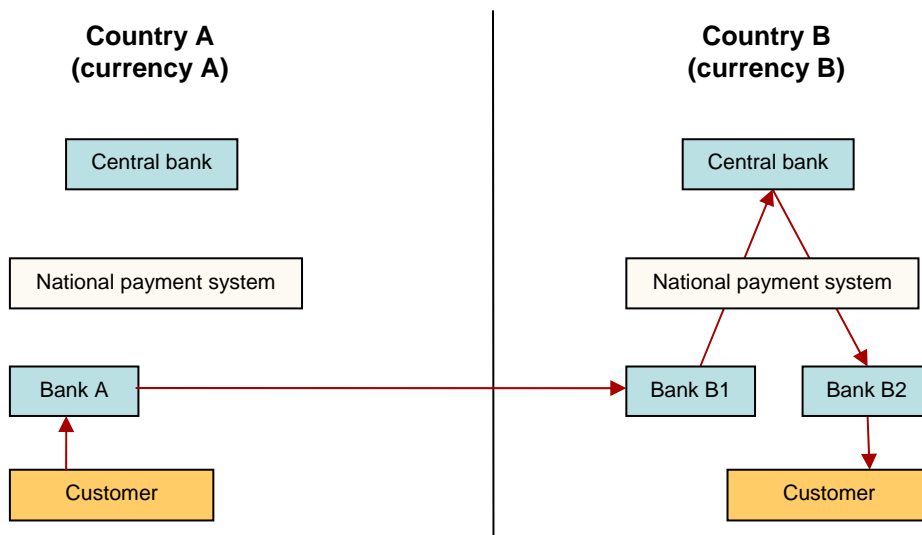


Diagram 6

2. In contrast, the situation where there is a direct link between the two payment systems is shown in Diagram 7.

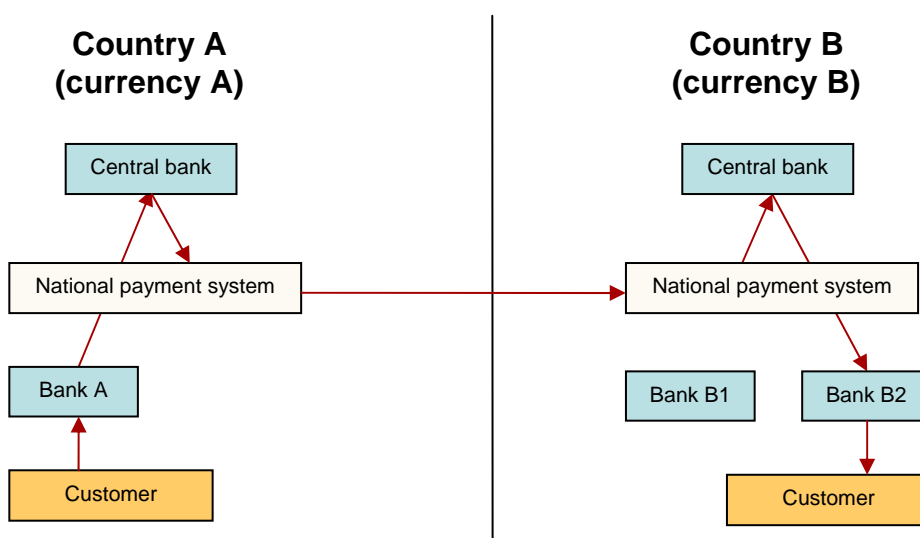


Diagram 7

3. An alternative is for the link not to be between the payment systems (as shown in Diagram 7) but between the central banks instead. This is perhaps particularly likely where the systems are operated by the central banks as in the case, for example, of the US - Mexico ACH link (described in Box 10 in Annex 1).

## Annex 5: extract from G8 summit document

**G8 action plan: applying the power of entrepreneurship to the eradication of poverty** (Sea Island, 9 June 2004)

" ...

G8 countries have agreed on the following set of actions to encourage and support national policies and programs that promote effective private sector-led development to help alleviate poverty, thereby helping to achieve the international development goals of the Millennium Declaration. G8 countries will work to ensure that bilateral and multilateral assistance help to mobilize capital and expertise to accelerate growth and free up resources for productive use by people in developing countries. These innovative programs are intended to support the efforts that developing countries are undertaking themselves. This approach complements official development assistance, which remains crucial for poverty alleviation.

...

### *Facilitating remittances to help families and small businesses*

The flow of remittances across international borders, mostly a few hundred dollars at a time, is growing rapidly and now totals nearly \$100 billion per year. This money is the fruit of the work of immigrants and plays an increasing role in the financing of development in the workers' home countries. Remittances can therefore play a key role in private-sector development efforts, enabling families to receive needed capital for, for example, education, housing and small business start-ups and expansion. But transaction costs can be high – as much as 10 to 15 percent even for flows to large, urban markets.

Attracting remittance flows into formal channels can strengthen financial systems in developing countries and reduce the risk that remittances will be diverted for illicit purposes. G8 countries will work with the World Bank, IMF, and other bodies to improve data on remittance flows and to develop standards for data collection in both sending and receiving countries. G8 countries will also lead an international effort to help reduce the cost of sending remittances. The developmental impact of these flows may be fostered by increasing financial options for the recipients of these flows.

To accomplish this, we will take actions, including through pilot partnerships and programs, with developing countries on remittances. The G8 programs ... will:

1. Make it easier for people in sending and receiving countries to engage in financial transactions through formal financial systems, including by providing access to financial literacy programs, where appropriate, and by working with the private sector to extend the range and reach of these services.
2. Reduce the cost of remittance services through the promotion of competition, the use of innovative payment instruments, and by enhancing access to formal financial systems in sending and receiving countries. In some cases, remittance costs between sending and receiving countries have been reduced by up to 50 percent or more. G8 countries believe that similar reductions of high costs could be realized in the case of other countries.
3. Promote better coherence and coordination of international organizations that are working to enhance remittance services and heighten the developmental impact of remittance receipts in developing countries.
4. Encourage cooperation between remittance service providers and local financial institutions, including microfinance entities and credit unions, in ways that strengthen local financial markets and improve access by recipients to financial services.
5. Encourage the creation, where appropriate, of market-oriented local development funds and credit unions that give remittance-receiving families more options and incentives for productively investing remittance flows.
6. Support dialogue with governments, civil society, and the private sector to address specific infrastructure and regulatory impediments. For example, governments should ensure non-discriminatory access to payment systems for the private sector, consistent with strong supervisory standards, and work together to modernize overall financial infrastructure."

## Annex 6: select bibliography

This bibliography lists, by organisation, some publications that are particularly relevant to the payments aspects of remittances.

**Committee on Payment and Settlement Systems.** (1) *Core principles for systemically important payment systems*, BIS, January 2001. (2) *A glossary of terms used in payments and settlement systems*, BIS, March 2003. (3) *Policy issues for central banks in retail payments*, BIS, March 2003. (4) *The role of central bank money in payment systems*, BIS, August 2003. (5) *General guidance for national payment system development*, BIS, January 2006.

**Credit Union National Association.** Voluntary principles for credit unions making wire transfers using the International Remittance Network (IRnet) system; issued in 2003 by the board of the Credit Union National Association, a trade association for credit unions in the US.

**Financial Action Task Force on Money Laundering.** *The forty recommendations*, revised 22 October 2004. *Special recommendations on terrorist financing*, revised 22 October 2004

**Inter-American Development Bank - Multilateral Investment Fund.** (1) Recommendations issued by a group of representatives from the remittance industry, banks and NGOs convened by the IDB's Multilateral Investment Fund in Lima in 2004. (2) *Beyond small change: making migrant remittances count*, 2005.

**United Nations Technical Group on Innovative Financial Mechanisms.** A working document on remittances sent to the United Nations Secretary General in March 2005 from the ambassadors to the United Nations from Brazil, Chile, France, Germany and Spain following a meeting of the Technical Group on Innovative Financial Mechanisms.

**World Bank.** (1) *Global economic prospects 2006: economic implications of remittances and migration*, 2005. (2) *Remittances: development impact and future prospects*, 2005. (3) *Workers remittances to developing countries: a survey with central banks on selected policy issues*, Jose De Luna Martinez, Policy Research Working Paper 3638, June 2005. (4) *Remittance service providers in the United States: how remittance firms operate and how they perceive their business environment*, Ole Andreassen, Policy Research Working Paper, forthcoming.

## Annex 7: glossary

Below is a short glossary of some key terms relating to remittances as they are used in this report. For more general terms relating to payments and payment systems, see *A glossary of terms used in payments and settlement systems* (BIS, March 2003) at <http://www.bis.org/publ/cpss00b.htm>.

**Access point.** Locations where end users can send/receive remittance transfers. "Locations" can be physical (eg bank branches, post offices, shops) or virtual (eg websites, telephones).

**Agent** (capturing or disbursing 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.

**End user.** The sender or the receiver of a remittance transfer.

**Exclusivity condition.** An exclusivity condition is where an RSP allows its agents or other RSPs to offer its remittance service only on condition that they do not offer any other remittance service.

**International remittance transfer.** A cross-border person-to-person payment of relatively low value. In practice the transfers are typically recurrent payments by migrant workers (eg who send money to their families in their home country every month). In the report, the short term "remittance transfer" is used for simplicity (ie it is assumed the transfer is international).

**Money transfer operator.** A non-deposit taking payment service provider where the service involves payment-per-transfer (or possibly payment for a set or series of transfers) by the sender to the payment service provider (for example, by cash or bank transfer) – ie as opposed to a situation where the payment service provider debits an account held by the sender at the payment service provider.

**Payment service provider.** An entity that provides payment services (remittances and/or other payments). This includes both entities that take deposits and allow transfers of funds to be made from those deposits (ie most banks and many non-bank deposit takers) and non-deposit takers that transfer funds (eg money transfer operators).

**Price.** The total cost to the end users of sending a remittance transfer (including the fees charged to the sender and recipient and the margin by which the exchange rate charged to the end users is above the current interbank exchange rate).

**Remittance service.** A service that enables end users to send and/or receive remittance transfers.

**Remittance service provider (RSP).** An entity, operating as a business, that provides a remittance service for a price to end users, either directly or through agents.

## Annex 8: members of the task force

### *Co-Chairmen*

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The World Bank

Marc Hollanders  
Bank for International Settlements

### *Members*

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Yisr Burnieh

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Austin Belton

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Board of Governors of the Federal Reserve System

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Bank for International Settlements

Isabel Cerqueiro  
Robert Lindley

Department for International Development

Seymour Fortescue

The World Bank

Ole Andreassen  
Jose Antonio Garcia

**HB 1238 - Wire transmission; money; illegal immigrant fee; provide****Sponsored By****(1)** Rice, Tom 51st**(2)** Mills, James 25th**(3)** Ehrhart, Earl 36th**(4)** Hill, Calvin 21st**(5)** Coan, Mike 101st**(6)** Rogers, Carl 26th**Committees****HC:**B&B**SC:**B&FI**Current Status****02/15/06 - Senate Read and Referred****First Reader Summary**

A BILL to be entitled an Act to amend Article 11 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to records and reports of currency transactions, so as to provide for an illegal immigrant fee with respect to money received for wire transmission; to provide for a short title; to provide for procedures, conditions, and limitations; to provide for exceptions; to provide for legislative intent; to prohibit certain conduct to avoid or evade such fee; to provide for criminal penalties; to provide for powers, duties, and authority of the commissioner of banking and finance with respect to the foregoing; to provide an effective date; to repeal conflicting laws; and for other purposes.

**Votes**

Date	Time	Vote No	Yeas	Nays	NV	Exc	Description
02/14/06	02:48 PM	House Vote #632	114	045	014	007	Lunsford AM
02/14/06	02:49 PM	House Vote #633	025	138	010	007	Hatfield AM
02/14/06	02:50 PM	House Vote #634	123	036	014	007	Rice Golick AM
02/14/06	02:56 PM	House Vote #635	106	060	007	007	PASS

**Status History**

Date	Action
02/02/2006	House First Readers
02/03/2006	House Second Readers
02/09/2006	House Committee Favorably Reported
02/14/2006	House Third Readers
02/14/2006	House Passed/Adopted
02/15/2006	Senate Read and Referred

**Versions**

1. LC 18 5114/a
2. LC 34 0616S/hs
3. HB 1238/CSFA

**Georgia General Assembly**Webmaster ... [webmaster@legis.state.ga.us](mailto:webmaster@legis.state.ga.us)

3/8/2006 12:55:03 AM

06 HB 1238/CSFA

House Bill 1238 (COMMITTEE SUBSTITUTE) (AM)

By: Representatives Rice of the 51<sup>st</sup>, Mills of the 25<sup>th</sup>, Ehrhart of the 36<sup>th</sup>, Hill of the 21<sup>st</sup>, Coan of the 101<sup>st</sup>, and others

A BILL TO BE ENTITLED  
AN ACT

To amend Article 11 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to records and reports of currency transactions, so as to provide for an illegal immigrant fee with respect to money received for wire transmission; to provide for a short title; to provide for procedures, conditions, and limitations; to provide for exceptions; to provide for legislative intent; to prohibit certain conduct to avoid or evade such fee; to provide for criminal penalties; to provide for powers, duties, and authority of the commissioner of banking and finance with respect to the foregoing; to provide an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

Article 11 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to records and reports of currency transactions, is amended by adding a new Code section immediately following Code Section 7-1-912, to be designated Code Section 7-1-912.1, to read as follows:

"7-1-912.1.

(a) This Code section shall be known and may be cited as the 'Illegal Immigrant Fee Act.'

(b) Any authorized agent of a licensee or any money transmission business which is subject to licensure under Article 4 of this chapter and which receives money for wire transmission shall collect from the customer a fee in the amount of 5 percent of the amount of money being transmitted. Such fee shall not apply to any such transaction upon the customer providing adequate proof of United States citizenship or adequate proof that the customer is legally present in the United States. Such proof shall consist only of valid identification documentation included on the list of acceptable documents of Employment Eligibility Verification Form I-9 of the federal Department of Homeland Security as proof of lawful presence in the United States or providing that customer provides proof that he/she is paying taxes within this state by providing a current pay stub showing customer name and taxes withheld or current state or federal tax return. Any identification document issued by a foreign government or a driver's license or identification card issued by any state which, on or after July 1, 2006, authorized such driver's license or identification card to be issued to persons not lawfully present in the United States shall not be accepted as evidence of lawful presence in the United States.

(c) The money transmission business shall give the customer a receipt setting forth:

- (1) The date of receipt of the money;
- (2) The amount of the fee, if applicable; and
- (3) The amount of the money in dollars and cents.

(d) Subject to the general appropriations process, it is the intent of the General Assembly

that an amount equal to the amount of funds derived from the fees collected under this Code section shall be utilized for indigent care programs.

(e) It shall be unlawful for any person to knowingly and willfully transmit money on behalf of any person in order to avoid or evade the fee required under this Code section. Any person who violates this subsection shall, upon conviction thereof for a first offense, be guilty of a misdemeanor; for a second or subsequent offense, such person shall, upon conviction thereof, be guilty of a misdemeanor of a high and aggravated nature.

(f) The commissioner shall provide by rule or regulation for the implementation of this Code section including, but not limited to, any appropriate administrative actions or fines for knowing and willful violations of this Code section."

## **SECTION 2.**

This Act shall become effective upon its approval by the Governor or upon its becoming law without such approval.

## **SECTION 3.**

All laws and parts of laws in conflict with this Act are repealed.