



Reducing the costs of transferring remittances: How realistic is the proposed target for Post- 2015?

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*Massimo Cirasino,
Practice Manager, Financial Infrastructures and Access
Head, Payment Systems Development Group
The World Bank Group*



Rationale: Why do we care about the cost?

- More money in the hands of remittance senders/recipients, typically migrant workers and their families
- Cost of sending remittances is an indicator of a safe and efficient international remittance services and markets
- Implementation of CPSS-World Bank General Principles for International Remittance Services (2007) and its impacts on remittance cost reduction
 - Public Policy Objectives
 - 5 General Principles
 - Roles of Remittance Services Providers and Public Authorities

What factors increase remittance costs?

International remittance prices are high for many reasons, including:

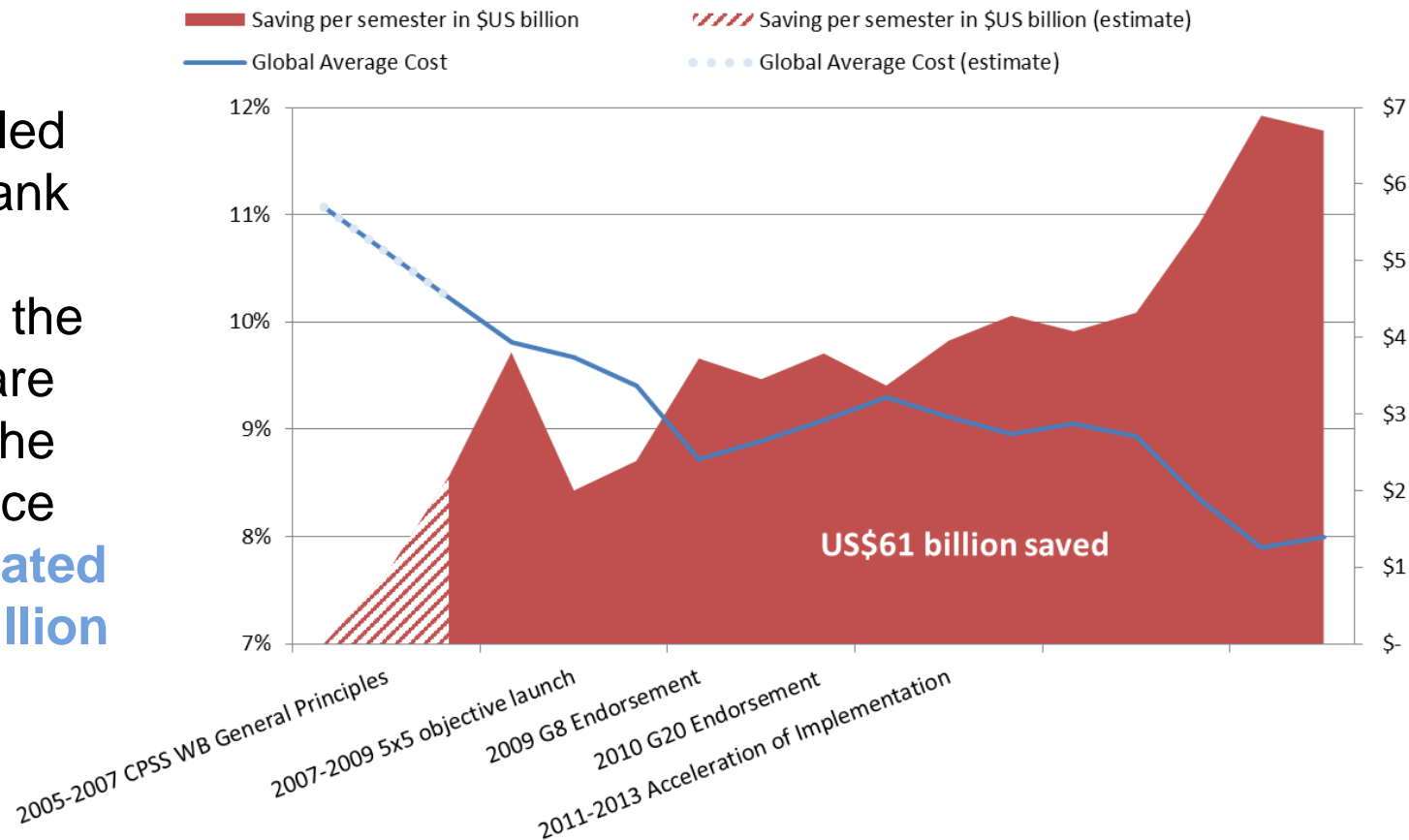
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1. Underdeveloped financial infrastructure in some countries (both sending and receiving countries)
 2. Limited competition
 3. Scarce transparency
 4. Regulatory obstacles
 5. Lack of access to the banking sector by remittance senders and/or receivers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



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

What have we achieved in the last five years?

Global efforts led by the World Bank matched with interventions at the **country level** are bringing down the cost of remittance services: **estimated over US\$ 61 billion saved**



Innovative approaches



BE INCLUSIVE

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

Remittance Service Providers: promote best practices and dedicated services

Local and national authorities: facilitate remittance flows and improvements in the market

GO VIRAL

2013

- Launched Turin, Italy

2014

- Launched Montreuil, France

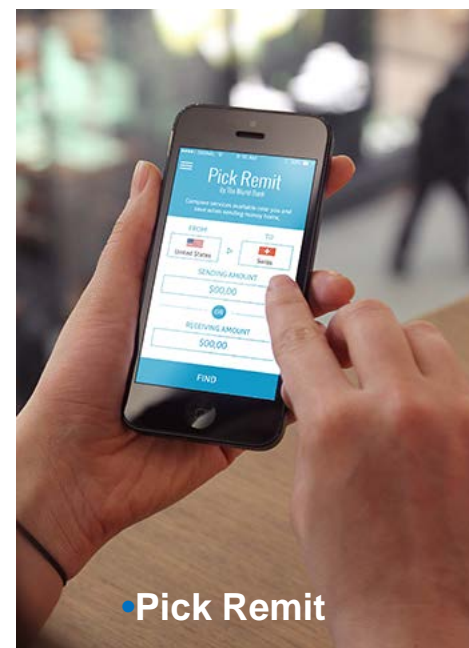
Lined up

- Frankfurt, Germany and London, UK

Pipeline

- USA, Canada, Balkans, LAC, Asia

EXPLOIT TECHNOLOGY



• Pick Remit

Remittance Prices Worldwide – Monitoring Tool as Public Good

THE WORLD BANK English

REMITTANCE PRICES WORLDWIDE

MAKING MARKETS MORE TRANSPARENT

HOME | CORRIDORS | METHODOLOGY | NATIONAL DATABASES | REMITTANCE RESOURCES | ABOUT US | GREENBACK | CONTACTS

Search for...

FIND AND COMPARE PRICES

Transfer money from to

Select Sending Country

Select Receiving Country

Show

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

200 USD 500 USD

\$ Most Costly Corridors In USD		\$ Least Costly Corridors In USD	
Average Cost		Average Cost	
South Africa > Haiti	21.12	Singapore > Bangladesh	1.94
South Africa > Botswana	20.19	UAE > Pakistan	2.22
South Africa > Angola	19.77	Saudi Arabia > Pakistan	2.85
South Africa > Mozambique	19.18	Spain > Dominican Republic	2.09
South Africa > Zimbabwe	17.08	Saudi Arabia > Yemen	2.10

Average cost/cost includes the transaction fee and exchange rate margin. [More information...](#)


This website provides data on the cost of sending and receiving relatively small amounts of money from one country to another. The site covers 226 "country corridors" worldwide, from 32 remittance sending countries to 95 receiving countries. [Read more...](#)

Last update January 12, 2015

HIGHLIGHT - NEW!

Globally, sending remittances costs an average of 7.99 percent of the amount sent. This figure is used to monitor the progress towards the "5x5 objective" for reduction of remittance prices, which could save migrants up to \$16 billion a year. [Read our January 2014 report on global trends for remittance prices.](#)

PROJECT GREENBACK 2.0



Greenback 2.0
REMITTANCE PRICES 2015

LATEST REFERENCES

- NEW! Blog: "Technology and remittances: the (slow) revolution" at [The Guardian](#)
- Project Greenback 2.0 - Voices from Turin [watch video](#)
- RPIW 2011 - Q3 2014 data now available in [US Road Format!](#)
- Report on the Remittance Agenda of the G20 [\(pdf\)](#)
- Greenback 2.0 Report "[Visions: Remittances from Italy](#)"

The new UN Post-2015 Target

- “By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%”
- A need for **technical details** in the formulation
 - What is 3%?
 - What does “eliminate remittance corridors...” mean?
 - What is 5%?
- If target is unclear, monitoring and pursuing will be challenging
- Proposed approach: to identify *measurable* and *achievable* **indicators**, based on our experience with the 5x5
- **For lowest cost providers within each corridor, aspirations can be even higher**

Moving forward: Opportunities and Challenges

- **Existing institutional framework** and toolkit have proved effective (e.g. GPs, Greenback, RPW, GRWG) and need to be maintained
- **Global average** has not reached 5%, but substantial reduction has been achieved and G20 have re-committed this year under the Australian Presidency
- Remittances can help move forward the **financial inclusion** agenda (G20 GPFI and World Bank UFA)
- **New target(s)** under discussion (e.g. UN Post-2015), but there is a need for a clear process, more rigor and a **strengthened methodology**

ANNEX

Genesis and background

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

Achievements: corridors shifting to lower cost bands

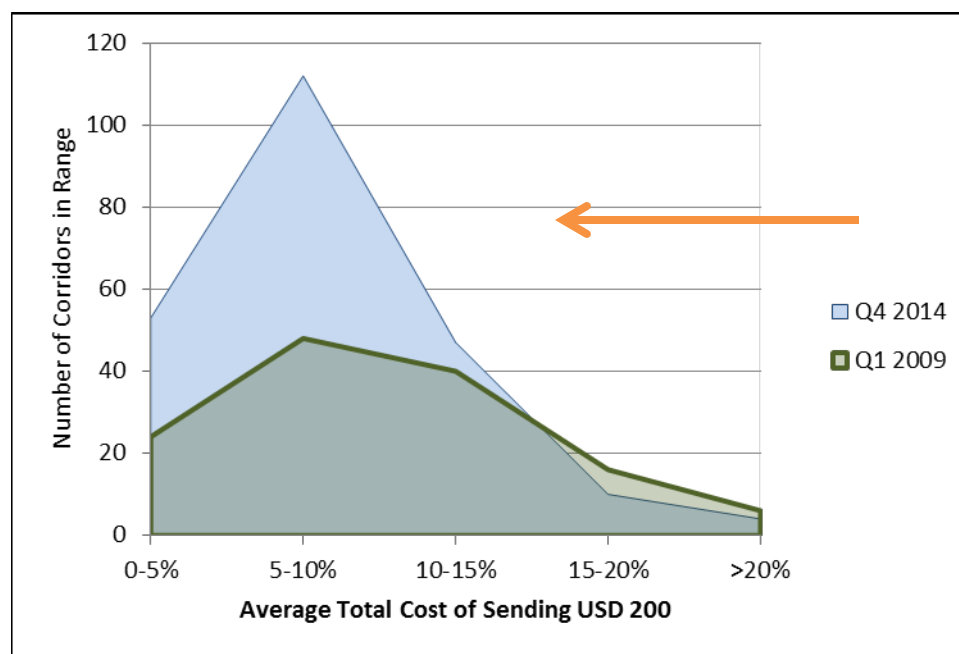
Average cost down from over 10% to 7.99%

Weighted average down from over 8% to 6.03%

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

Nearly 25% corridors are already below the 5% target

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





Thank you!

www.worldbank.org/paymentsystems

