



## PROMOTE FASTER, SAFER AND CHEAPER TRANSFER OF REMITTANCES AND FOSTER FINANCIAL INCLUSION OF MIGRANTS



### Associated actions

- a. **Develop a roadmap to reduce the transaction costs of migrant remittances to less than 3 per cent** and eliminate remittance corridors with costs higher than 5 per cent by 2030 in line with target 10.c of the 2030 Agenda for Sustainable Development
- b. **Promote and support the United Nations International Day of Family Remittances** and the IFAD Global Forum on Remittances, Investment and Development as an important platform to build and strengthen partnerships for innovative solutions on cheaper, faster and safer transfer of remittances with all relevant stakeholders
- c. **Harmonize remittance market regulations and increase the interoperability of remittance infrastructure along corridors** by ensuring that measures to combat illicit financial flows and money laundering do not impede migrant remittances through undue, excessive or discriminatory policies
- d. **Establish conducive policy and regulatory frameworks that promote a competitive and innovative remittance market**, remove unwarranted obstacles to non-bank

remittance service providers in accessing payment system infrastructure, apply tax exemptions or incentives to remittance transfers, promote market access to diverse service providers, incentivize the private sector to expand remittance services, and enhance the security and predictability of low-value transactions by bearing in mind de-risking concerns, and developing a methodology to distinguish remittances from illicit flows, in consultation with remittance service providers and financial regulators

- e. **Develop innovative technological solutions for remittance transfer**, such as mobile payments, digital tools or e-banking, to reduce costs, improve speed, enhance security, increase transfer through regular channels and open up gender-responsive distribution channels to underserved populations, including for persons in rural areas, persons with low levels of literacy, and persons with disabilities
- f. **Provide accessible information on remittance transfer costs by provider and channel**, such as comparison websites, in order to increase the transparency and competition on the remittance transfer market, and promote financial literacy and inclusion of migrants and their families through education and training
- g. **Develop programmes and instruments to promote investments from remittance senders in local development and entrepreneurship in countries of origin**, such as through matching grant mechanisms, municipal bonds and partnerships with hometown associations, in order to enhance the transformative potential of remittances beyond the individual households of migrant workers at skills levels

- h. Enable migrant women to access financial literacy training and formal remittance transfer systems**, as well as to open a bank account, own and manage financial assets, investments and business as means to address gender inequalities and foster their active participation in the economy
- i. Provide access to and develop banking solutions and financial instruments for migrants**, including low-income and female-headed households, such as bank accounts that permit 29 direct deposits by employers, savings accounts, loans and credits in cooperation with the banking sector



### Example practices

For more practices, visit the Migration Network Hub's **Repository of Practices**

### Northwest Area Immigrant Asset-Building Initiative

The Northwest Area Immigrant Asset-Building Initiative aims to promote integration, citizenship and financial security for immigrant communities living in the Northwest region of the United States. Launched jointly by Inclusiv, a certified intermediary of the Community Development Financial Institutions Fund, and Grantmakers Concerned with Immigration and Refugees, the initiative embodies a deep understanding of the types of situations immigrants are more likely to find themselves in: lacking health insurance and access to essential services (including financial services), and more likely to live in poverty and have the cost of naturalization applications pose a financial barrier (Inclusiv, n.d.a). With this in mind, the initiative has awarded grants to

two entities, OneAmerica and the Diversity Center of Iowa, both of which help their clients with citizenship applications and fees through providing financial and legal assistance ((Inclusiv, n.d. b)

### Lowering remittance costs

Countries like Bangladesh and Sri Lanka have carried out various interventions to lower remittance costs at the national level.

- After Bangladesh banned exclusivity agreements, therefore promoting competitive market conditions, the costs of remittances went down.
- After Sri Lanka reformed its national payment system, it was able to bring down the cost of sending remittances from 10 per cent to 5 per cent (Cirasino, 2014).

### Technological developments in mobile payments

In January 2020, Remitly, an online money transfer service based in the United States, joined forces with Alipay, making it possible for Remitly customers to transfer money from their computer or smartphone, and for money transfers to be subsequently received using the Alipay app (Hurst, 2020). Technological developments in the area of mobile payments have the potential to facilitate faster and cheaper remittances (Kunze, n.d.). After launching SendMoneyPacific (SMP) — a website for comparing money transfer costs — Australia and New Zealand saw their remittance costs decrease by 2.9 per cent and 2.1 per cent, respectively (Cirasino, 2014).



## Relevant sustainable development goals



### SDG 1: No poverty

■**1.4:** By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance



### SDG 8: Decent work and economic growth

■**8.10:** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all



### SDG 10: Reduced inequalities

■**10.c:** By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent



## SDG 17: Partnerships for the goals

- 17.3:** Mobilize additional financial resources for developing countries from multiple sources
- 17.7:** Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed
- 17.18:** By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts