



Remittances in Crisis: How to Keep Them Flowing

Advancing the Development Case from the Lessons of the Pandemic

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Foreword

Early in 2020, as it was becoming clear that the novel coronavirus was a pandemic with catastrophic consequences, many countries moved quickly to shut their borders and restrict internal movements as part of immediate actions to contain the virus. Economic activity was drastically reduced, many workplaces were forced to shut their doors, and money transfer outlets were closed or became hard to reach. Consequently, remittances plummeted, leading to an alarming projection by the World Bank of a 20 percent decline in global remittances in 2020. In response, the Governments of Switzerland and the United Kingdom joined forces to rally other governments, United Nations agencies and other multilateral organizations, industry partners, and civil society around a [Call to Action: 'Remittances in Crisis: How to Keep them Flowing'](#), which was launched in May 2020.

The particular vulnerability of migrant households during the pandemic became quickly apparent. Many migrants, especially low-income migrants in irregular employment, were ineligible for any financial relief programmes their host countries may have otherwise made available. Meanwhile, many remittance-receiving households were in countries with no safety-net protection and were absolutely dependent on remittances as a lifeline for food, housing, and other basic necessities.

As governments around the world mobilized to devise pandemic response strategies for their respective nations, it became clear that for migrant households, with breadwinners in one country and loved ones in another, a cross-border, broad based effort would be required. Thus, on 22 May 2020, the Ministers of Foreign Affairs of our two countries issued the Call to Action.

We are honoured that 31 governments, including least developed countries, land-locked developing countries, and small island developing states, have joined the Call to Action since its launch. These Governments have been joined by eight international organizations and three leading industry associations representing the private sector, as well as five civil society organizations. We are convinced and proud that the Call to Action provided a rallying point for the

vital advocacy needed to raise awareness on the potentially devastating impact of the pandemic on remittances, given the importance of this lifeline for the achievement of the Sustainable Development Goals both at the individual household level for migrants and their families and for the macroeconomic stability of low- and middle-income countries. Furthermore, this advocacy facilitated concrete collective actions to keep remittances flowing during the crisis. The Call to Action included nine recommendations, aimed at encouraging policymakers, regulators and remittance service providers to mitigate the consequences of the COVID19 pandemic for remittances and to ensure access to physical or digital remittance services during the crisis.

In response, many policymakers and regulators took steps to declare money transfer operators as essential businesses or otherwise enable them to operate, and to ease regulations and taxation on remittances. Other reforms were introduced to make it easier to open bank accounts and to deliver short-term support to migrants and their families. Remittance service providers, meanwhile, stepped up their investment in digitization and greatly accelerated their introduction of digital remittance services. Despite the serious economic impact of the pandemic on their own revenues, many of them also activated communications and marketing campaigns with their clients, for example by waiving the fees for sending or receiving remittances.

Not all the emergency response measures are (or were intended to be) permanently sustainable, and the Call to Action nine-point agenda was not a magic bullet. It did not solve all the challenges around remittances, many of which the pandemic did not create but rather only laid bare, especially the lagging pace of digital remittance solutions. This stocktaking report provides a comprehensive account of which measures worked well and will change the remittance sector for the better, and which challenges require further attention and action, at the national, multinational, and financial service provider levels.

As we mark this first anniversary of the Call to Action, let us remain focused on the big picture. As noted above, when global lockdowns were first imposed in March 2020, remittances were projected to decline by a staggering 20 percent for 2020 compared with 2019. As this stocktaking report was going to press, the actual figures for 2020 had just been published and positively

It became clear that for migrant households, with breadwinners in one country and loved ones in another, a cross-border, broad based effort would be required.

Credit for this result ultimately goes to the migrants themselves. Their absolute determination to provide for their loved ones, even in the face of a once-in-a-century global crisis, is deeply inspiring.

surprised the international community. Remittances fell by only 1.6 percent in 2020 and are expected to grow by 2.6 percent in 2021, demonstrating once again the resilience and countercyclical effect of remittances in the face of global economic downturn.

Attribution is of course a famously perilous exercise. Although we are sure that the other members of the Call to Action share our sense of relief and gratitude that our collective efforts, and those of other global initiatives, may have helped

prevent the worst-case scenario from materializing, the credit for this result ultimately goes to the migrants themselves. Their absolute determination to provide for their loved ones, even in the face of a once-in-a-century global crisis, is deeply inspiring. To the extent that our efforts helped make that possible, we are honoured.

The experience of the past year has demonstrated the bedrock importance of remittances in the lives of migrants, not only as a lifeline but also as a foundation to build better and sustainable livelihoods. The international community now has solid proof that remittances can no longer be dismissed as small amounts of money transferred by private individuals. The various trickles of private money transfers generate a steady flow of capital that has the potential of lifting people out of poverty, improving livelihoods, economic independence and financial resilience in times of crisis at the individual household level. The sum of this private capital is also a stabilizing macroeconomic factor, exceeding both official development assistance and foreign direct investment, improving the balance of payment of countries and enhancing their international credit rating. Through COVID-19, remittances have proven their reliability as a stronghold of livelihoods and economies against shocks to their system.

Given the persistent challenges in the remittances sector that hinder the full potential of remittances for development from being realized, the United Kingdom and Switzerland now propose to build on the momentum created through the Call to Action. A change of course is needed to build a stronger case for the role of remittances as a gateway for financial inclusion and the achievement of the Sustainable Development Goals. The Call to Action provides a unique

platform with significant membership and participation of remittance-sending and -receiving countries, the United Nations and other multilateral organizations, industry partners and civil society. We are thus convinced that the Call to Action can continue to offer a space for countries and stakeholders to share experience, learn from best practices, develop solutions, and take joint actions.

We thank the authors of this report for their excellent work in taking stock of our collective efforts thus far, and of the road ahead. Finally, we sincerely thank all governments and other stakeholders that have joined our call and are supporting its cause. We look forward to continuing this journey as we move beyond crisis response to building a strong development case for remittances.

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Schweizerische Eidgenossenschaft
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UK Government

REMITTANCES AND THE PANDEMIC: A PARTIAL TIMELINE

EARLY SPRING 2020

PANDEMIC OFFICIALLY DECLARED, WITH IMMEDIATE CONSEQUENCES FOR MIGRANT REMITTANCES.

- On 11 March 2020, after monitoring the rapidly evolving progression of the novel coronavirus first detected in late 2019, the World Health Organization officially declares a pandemic.
- In April 2020, remittances to low- and middle-income countries (LMICs) are projected to decline by 20 percent or USD 110 billion, representing a loss of a crucial lifeline for many vulnerable households.¹
- A steep decline is indeed observed as a result of lockdowns, travel bans, and disruption to remittance service during the initial crisis months.
- Migrants' household income is hit hard since many migrants work in jobs (e.g., services, hospitality, cleaning, construction) that could not be done remotely or heavily impacted by the crisis, offer limited or no employer-provided benefits, and are often excluded from government-based social protections.
- Limited awareness and adoption of digital channels, shutdown of remittance services in both send and receive countries coupled with mobility restrictions further exacerbated the challenges faced by migrants and their families.

¹ KNOMAD. Migration and Development Brief 32. https://www.knomad.org/sites/default/files/2020-06/R8_Migration%26Remittances_brief32.pdf

MAY 2020

LAUNCH OF THE CALL TO ACTION AND RECOMMENDATIONS TO MITIGATE THE IMPACT.

- Governments of Switzerland and the United Kingdom join forces to rally other governments, United Nations agencies, other multilateral organizations, industry partners and civil society around a [Call to Action "Remittances in Crisis: How to Keep them Flowing"](#).
- The purpose of the Call to Action was to raise awareness on the potentially devastating impact of the pandemic on remittances, given the importance of this lifeline for the achievement of the Sustainable Development Goals both at the individual household level for migrants and their families as well as at the national level for the economic stability of the LMICs.

The Call to Action identified and promoted nine key measures aimed at encouraging policymakers, regulators and remittance service providers to mitigate the consequences of the COVID-19 pandemic on remittances. Among the Call to Action's recommendations:

Policymakers

- Declare the provision of remittances as an essential financial service
- Establish economic support measures that will benefit migrants and remittance service providers
- Support the development and scaling up of digital remittance channels for migrants and families

Regulators

- Advise banks to apply risk-based due diligence measures with a view to continuing to provide banking services to remittance service providers during the crisis
- Consider clarification of compliance and license renewal requirements for remittance service providers during the crisis
- Provide regulatory guidance for proportionate Know-Your-Customer (KYC) requirements that are critical to scale digital financial services, especially for unbanked and undocumented individuals

Remittance Service Providers

- Explore measures to provide relief to migrants, such as reducing remittance transaction costs, free cash pick-up and delivery, and other value-added services
- Invest in financial education and awareness, including on digital remittance channels and available agent locations.
- Promote interoperable open systems that can enable a foundation upon which migrant-centric financial products can be offered.

MAY 2021

NEW DATA DEFY WORST-CASE SCENARIO AND CONFIRM RESILIENCE OF REMITTANCES DURING THE CRISIS.

- According to the [World Bank's Migration and Development Brief 34](#), in 2021, officially recorded remittance flows to LMICs totalled USD 540 billion, only 1.6 percent below the USD 548 billion recorded in 2019. Consistent with the predictions made at the start of the pandemic, cross-border remittances exceeded foreign direct investment flows by a wider margin in 2020 than in previous years.²

Key drivers for the resilience in remittance flows during the pandemic include:

- Migrants' determination to help their families, even if sending money home required cutting their own consumption or drawing on savings
- Swift introduction of remote forms of work and introduction of fiscal stimulus in host countries that resulted in better-than-expected economic performance
- Shift from informal to formal channels and less reliance on hand-carry of remittances, especially via increased use of digital channels
- Cyclical movements in oil prices and currency exchange rates.

The combination of these factors prevented millions of people from falling into poverty and may also have been vital for the resilience and recovery of local economies in many LMICs heavily affected by the health and economic crisis caused by the spread of COVID-19.

Through a [COVID-19 Response Tracker: Migrants and Remittances](#), the Call to Action compiled measures taken by governments and other stakeholders with the potential of benefitting migrants and/or remittances in line with the recommendations of the Call to Action.³

² Refer to figure 1.1a and 1.1b in World Bank Migration and Development Brief 34. <https://www.knomad.org/publication/migration-and-development-brief-34>

³ It must be noted that these responses may have been considered independent of their association with the Call to Action.

JUNE 2021

FROM CRISIS TO ADVANCING THE DEVELOPMENT CASE FROM THE LESSONS OF THE PANDEMIC

- The pandemic experience demonstrates both the resilience of remittances and the urgent necessity of shifting more remittance volume into digital channels that do not require in-person contact or visits to brick-and-mortar outlets. The Call to Action transitions to a permanent community of stakeholders committed to leveraging digital remittances' full potential for development at the household, community, and national level.

To date, 31 governments and 16 multilateral organizations, industry associations and civil society organizations have joined the Call to Action.



Response by governments

ACTIONS TAKEN

The onset of the pandemic prompted quick actions by various governments to facilitate cross-border remittances (in both send and receive countries). Through coordinated actions between policymakers and regulators, several measures were introduced in response to the crisis that address the Call to Action recommendations. The following analysis focuses on actions taken by governments that are part of the Call to Action in relation to the recommendations made in May 2020 (see Tables 1 and 2 below).

Table 1. **Policymakers**⁴

<i>Call to Action recommendations</i>	<i>Actions taken by policymakers</i>
R1. Declare the provision of remittances as an essential financial service.	Jordan, Mexico, New Zealand, Nigeria, Pakistan, Rwanda, Switzerland, United Kingdom and Zimbabwe classified remittances as essential services exempted from lockdown restrictions.
R2. Establish economic support measures that will benefit migrants and remittance service providers.	Most governments in the Call to Action coalition provided short-term social assistance to affected migrant workers and their families. Some countries also provided paid leave and other social insurance. Countries such as Bangladesh and Pakistan provided tax exemptions and incentives for incoming remittances to encourage use of formal channels.
R3. Support the development and scaling up of digital remittance channels for migrants and families.	The governments of Ethiopia, Jordan, Nigeria, and Pakistan provided direct incentives to use digital channels and special savings accounts to encourage senders to use formal channels.

⁴ Annex 1 provides details on actions taken by governments.

Table 2. **Regulators**

Call to Action recommendation	Actions taken by regulators
R.4 Advise banks to apply risk-based due diligence measures with a view to continuing to provide banking services to remittance service providers during the crisis.	Central banks actively encouraged the use of digital remittance channels through financial incentives and provided temporary relief for customer due diligence requirements for remote account opening and operations. Bangladesh, Egypt, Ethiopia, Jordan and Pakistan are examples where such measures were introduced.
R.5 Consider clarification of compliance and license renewal requirements for remittance service providers during the crisis.	There is no clear evidence that regulators in Call to Action countries provided such directives.
R.6 Provide regulatory guidance for proportionate KYC requirements that are critical to scale digital financial services, especially for unbanked and undocumented individuals.	Several central banks took proactive measures to implement proportionate KYC requirements including relaxation of daily transaction limits for mobile wallets. Egypt, Kenya, and Rwanda introduced such measures.

KYC, know-your-customer.

DIFFICULTIES ENCOUNTERED

Policymakers

Despite temporary measures introduced by several governments to improve the flow of remittances, there were several challenges. Remittance services were declared as essential and exempt from lockdown restrictions in only a handful of countries. Other countries did not introduce such measures, which particularly affected agent-based money transfer services. Because many cash-based RSPs operate through a network of decentralized agents, their failure to be designated essential businesses caused local law enforcement to close their operations during lockdowns, creating a lot of insecurity for recipients who lacked alternative mechanisms.

While most Call to Action governments provided cash grants or other short-term relief to assist the general population affected by the pandemic, there is little evidence that these social assistance programmes were designed specifically to address the loss of funds by recipients who are dependent on international remittances for their livelihoods. Direct economic support from governments to RSPs to overcome the loss of revenues was also not observed, apart from tax exemptions provided by countries such as Pakistan and Bangladesh.

The crisis showed that wherever digital channels were available, they were cost effective and efficient compared to cash-based transfers. However, the use of digital channels was not widespread due to low levels of consumer awareness about digital alternatives, lack of readiness of countries to undertake the digital alternatives, and to low rates of financial inclusion in general, which, in receiving countries, depressed uptake of digitally-enabled transaction accounts even where such services were available. Account ownership and usage of digital payments is not yet widespread among the biggest receiving countries, which limits options (e.g. in Nigeria, a major in-bound remittance market, less than 5 percent of transaction accounts use digital options).

Low levels of access to identification documents and limited financial and digital literacy remain an obstacle to adoption of digital channels. Recipients of remittances who have low incomes and are concerned about the state of their personal finance will have little incentive to use digital channels if (i) they are not familiar with the technology or trust the provider, (ii) they lack the requisite financial or numeric literacy to understand how the process works, and (iii) they are unaware of the potential advantages.



Regulators

The crisis exposed some underlying weaknesses of the enabling environment for remittance services. Despite an overall uptick in digital remittances during the past year, the availability of options to receive remittances digitally remained weak in many receiving countries. One of the key barriers was the restricted access to domestic payment systems by non-bank RSPs and fintechs, which limited the availability of low-cost digital options. The other noticeable aspect was that while some regulators (in Egypt and Jordan, for example) introduced temporary waivers for KYC requirements, a risk-based approach for customer due diligence was generally absent or ineffective in many markets. This was because KYC measures remained stringent in sending countries, nullifying any simplification measures attempted on the receive side. Further, a general lack of policies for remote account opening created problems for people who wanted to open new transaction accounts but could not or did not want to make any physical visits to RSP locations.

While there was no clear evidence that regulators provided any clarification regarding compliance and license renewal requirements for RSPs during the pandemic, there is a deeper issue at play. Several countries in the Call to Action favour bank-led models for remittances, leaving mobile transfer operators, mobile money providers and fintechs ineligible to obtain licenses to provide remittance services directly to consumers. Licensing regulations (for example in Zimbabwe) require such players to partner with banks and restrict their ability to customize and deliver value-add services to end customers.

Uneven application of proportionate KYC requirements and reliance on correspondent banking channels affected by de-risking have been the main reasons for the de-risking phenomenon affecting many small states belonging to the Call to Action (Tonga, Vanuatu and Gambia, for example). Such countries' RSPs have had their correspondent banking accounts closed in some instances. As a result, many smaller competitive mobile transfer operators (MTOs) were excluded from the market, leaving the remittance transfers to banks and larger MTOs that price services a lot higher. This issue was amplified as the pandemic hit Europe and North America and the banks adopted even tighter risk mitigation strategies, often citing lack of reliable KYC procedures in receiving countries.

PRIORITIES FOR THE NEXT PHASE

Given the importance of remittances for LMICs, policies that strengthen the use of digital channels for remittances and for disbursing recovery-related government financial assistance should be prioritized. Faster adoption of digital financial services will make remittances quicker, cheaper and more convenient, and will allow governments to look beyond the pandemic and focus on recovery and growth. In this context, governments should continue providing incentives to banks, MTOs, mobile operators and other enablers of remittance flows to ensure they can financially sustain their operations, maintain the agent networks, and extend benefits to customers.

Consider allowing direct access to domestic payment systems by non-bank RSPs to improve coverage of digital channels and innovative solutions. In markets where such services already exist, enhancing interoperability among service providers or platforms can improve product choice for consumers.

Support countries with financial-sector policy reforms in Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), including by strengthening their financial reporting centres and AML/CFT regimes by undertaking national risk assessments; strengthening the supervisory functions of central banks; and enhancing payment system infrastructure, provision of financial services, and digital forms of identification. All these steps could facilitate access to corresponding banks by RSPs and reduce the burden of de-risking.

Appropriate licensing, regulatory and supervisory regimes that are informed by a robust analysis of the risks should also be adopted. These will allow non-bank RSPs to provide remittance services directly to consumers. The emphasis should be on innovation, new customer-centric digital technologies and business models; however, the licensing criteria should be risk-based and regularly monitored by the authorities.

Promote financial inclusion to improve access to digital channels in receiving countries as well as amongst migrant workers in sending countries. Financial inclusion strategies should be prioritized. Countries should leverage existing national-level financial inclusion strategies or adopt new ones to provide universal financial access, including to migrants and refugees.



Response by remittance service providers

ACTIONS TAKEN

The impact of the pandemic on RSPs was immediate and significant in both sending and receiving countries. RSPs had to adjust quickly to a rapidly changing environment that affected their operations, transaction volumes and pricing, and changing customer preferences to contactless, remote or digital transactions.

RSPs in Call to Action countries took the following actions in relation to the recommendations made in May 2020 (see Table 3 below).

Table 3. **RSPs**⁵

<i>Call to Action Recommendation</i>	<i>Actions taken by RSPs</i>
R.7 Explore measures to provide relief to migrants, such as reducing remittance transaction costs, free cash pick-up and delivery, and other value-added services.	RSPs operating in both sending and receiving countries waived fees, and wherever possible, provided customers with time-bound financial incentives to use digital or alternative formal channels.
R.8 Invest in financial education and awareness, including on digital remittance channels and available agent locations.	RSPs activated communications and marketing campaigns for customers to provide necessary information and promote usage.
R.9 Promote interoperable open systems that can enable a foundation upon which migrant-centric financial products can be offered.	Several RSPs in Call to Action countries extended partnerships with other banks and service providers to expand their services and make it easier for customers to send money.

RSP, remittance service provider.

⁵ Annex 2 provides details on actions taken by RSPs in both send and receive countries.

DIFFICULTIES ENCOUNTERED

The first few months of the pandemic put tremendous pressure on RSPs operating in both sending and receiving countries. In March 2020, in partnership with the United Nations Capital Development Fund (UNCDF), the International Association of Money Transfer Networks (IAMTN) launched an industry survey of RSPs (banks, foreign-exchange houses and money service businesses, among others) to assess the impact of COVID-19 on their customers and business. Over 150 organizations, consisting of IAMTN members, partners and stakeholders, responded to the survey. Approximately 91 percent of the survey participants responded that their businesses were impacted: 69 percent of respondents had seen remittance volumes decrease, while 31 percent had seen an increase.

During the pandemic-induced lockdowns, RSPs faced several challenges impacting their operations, as well as revenues and business viability. Changing customer preferences during the pandemic also had an impact on their businesses, especially for cash-based RSPs.

The impact on operations was largely because RSPs were not included in the essential service provider category by several governments. Even where RSPs remained active, their operations were adversely affected by reduced working hours and social distancing measures. In countries where mobile money and bank agents were still operating for limited hours, they faced severe liquidity challenges and rebalancing of accounts because of volatile exchange rates and cash flow disruptions. This was a bigger challenge for agents in deep rural areas that are farther away from the nearest rebalancing touch points such as banks and electronic money distributors.

Lockdowns caused immediate declines in remittance flows, which reduced the revenues for RSPs and their agent networks. For cash-based remittances, agents play a vital role in accepting money and paying out funds (cash-in/cash-out) for many senders and recipients. As the agents rely almost entirely on commissions from cash-in/cash-out business, lockdowns had a significant impact on the business viability and revenues. The more established MTOs and digital-only providers also saw an initial decrease in volumes, but later recovered by adjusting to customer preferences. Some RSPs appear to have improved customer awareness of service disruptions and provided information

on new types of services, but this is only supported by anecdotal evidence and does not appear to have been a widespread phenomenon.

Recent World Bank data⁶ shows that 70 percent of cash-based remittances services that existed at the start of the pandemic closed due to the impact on their revenue. However, 64 percent of new services launched since the pandemic began were formal in nature, with 18 percent using digital-only pick-up methods. Among the payment instruments used for the new services, 37 percent of transfers were made using debit and credit cards.

Despite the challenges they faced, many RSPs provided temporary fee waivers and incentives to drive usage of digital channels and enhance inflows of remittances. A number of these measures were put in place at the request of governments, and in other instances RSPs took the initiative themselves to drive up the volumes.

With the short-term closure of many physical sending and receiving locations, and with the increased risk of infection through cash handling, RSPs that could handle digital transfers at one or both ends of the remittance transaction encouraged customers to use that option. However, large RSPs still saw a significant number of cash transactions – more than 70 percent of their remittance volumes. This is because in many rural areas and areas with weak digital ecosystems, using digital channels was not possible. In addition, the many migrants without access to a bank account or a form of identification cannot send remittances digitally. RSPs face challenges in transitioning clients to digital channels due to lack of digital readiness in the market, including lack of interoperability and access to open payment systems. To overcome these challenges, RSPs in several countries (e.g., Bangladesh and Pakistan) formed partnerships with banks and other service providers to extend remittance services.

⁶ World Bank presentation at the Global Remittance Working Group Meeting in May 2021.

PRIORITIES FOR THE NEXT PHASE

As the past year has shown, digital channels can not only ease remittance flows, they can also reduce the time and cost of a remittance transfer. The priorities for the next phase should focus on improving the digital adoption of remittance services by senders and receivers. This will require specific steps on the part of governments and RSPs.

Expand digital channels by facilitating access to non-bank RSPs that can directly provide such services to the consumers. This will require that non-bank RSPs are licensed to provide services directly and have access to national payment system infrastructures to scale innovative products and reduce operating costs. This aspect must be reinforced by achieving universal financial access in receiving countries and among migrant workers in sending countries, as access to financial services is an enabling precondition of digital adoption by consumers.

Promote interoperability between payment service providers and technology platforms for remittance services. In this respect, governments and RSPs should actively identify and mitigate factors that are barriers to achieving interoperability.

Promote dialogue and communication between public and private remittance sectors (e.g. postal operators, MTOs and mobile money providers). There could be a push for development of customized products to meet the needs of remittance recipients, such as emergency savings and remittance-linked insurance products offered by financial institutions (microfinance institutions, cooperatives, local banks, postal networks).

Leverage new technologies supporting the identification of customers, such as e-ID and those that facilitate the creation of e-ID platforms, as well as access to these platforms by financial institutions (including banks and non-banks, and in general all financial institutions providing remittance services) to help to reduce AML/CFT risks.

Provide appropriate digital and financial literacy materials for remittances users, along with introduction of new products and services. In this context, RSPs should develop relevant financial/digital literacy tools to encourage the use of digital services, such as 'how-to' videos on sending and receiving digital transfers, through social media, TV and radio programmes. RSPs should include easy-to-understand and transparent information about service cost, including fees and foreign exchange mark-ups, in marketing materials.





From crisis response to advancing the development case from the lessons of the pandemic

CHALLENGES AHEAD

Even though remittances proved more resilient than initially expected, the COVID-19 pandemic exposed deficiencies and exacerbated pre-existing challenges of remittances, while at the same time accentuating the potential of digital solutions to disrupt the largely analogue market. While the pandemic has accelerated the digitization of remittances, the availability and accessibility of digital means remains uneven and risks greatly widening the digital divide. Moreover, digital solutions alone are not enough to bring about the desired change without supporting measures that ensure effective uptake of such solutions. Financial literacy and awareness as well as access to identification are key to ensuring access to and usage of digital solutions. The regulatory and policy environments need to strike a balance between conducive conditions for remittance transfers and the risk of misuse of money transfer, including remittances, for illicit purposes.

A holistic approach is needed to fully unlock the potential of remittances for the achievement of the SDGs.⁷ Only a comprehensive market system approach can ensure financial inclusion, cost reduction and development benefits by:

- removing regulatory barriers and establishing an enabling policy framework
- diversifying the market with inclusive and innovative digital and non-digital remittance channels and financial products
- ensuring an open digital payment ecosystem – last mile distribution infrastructure, shared market infrastructure, and open digital infrastructure – that strengthens domestic and cross-border interoperability and access to identification documents that facilitate access to formal financial services
- empowering migrants and their families through financial literacy interventions
- promoting competition in the remittance market, access to payment systems platforms and clearinghouses
- enabling access of money transfer operators to correspondent banks
- reviewing de-risking policies to facilitate transactions of small amounts of remittances
- ensuring consistent price disclosure so that consumers can understand what they are paying.

⁷ Remittances are a direct or indirect contributor to fulfill 12 of the 17 SDGs, especially SDG indicator 17.3.2 (volume of remittances as percentage of gross domestic product) and SDG indicator 10.c.1 (reducing remittance costs).

THE WAY FORWARD

The measures proposed by the Call to Action were crafted to address some of the pressing challenges for the governments and RSPs and help facilitate remittance flows during the COVID 19 crisis. However, some of these measures were of a short-term nature and do not fully address the underlying structural changes that could facilitate digitalization and reduce transfer cost and time for the users of remittance services.

There are now opportunities to build on the Call to Action to continue influencing the facilitation of remittances, notably through the convening power of the Call to Action coalition, which has proved that it is a unique and influential platform with significant representation of remittance-sending and -receiving countries, the United Nations and other multilateral organizations, industry partners and civil society. Going forward, the focus should be on further addressing the challenges in the enabling policy environment as well as the open digital payment infrastructures that support cross-border remittance services and the uptake of remittance-linked finance products.

Given these challenges, Switzerland and the United Kingdom propose to build on the momentum already generated. A change of course is needed to build a stronger case for the role of remittances as a gateway for financial inclusion and the achievement of the SDGs. The Call to Action will thus continue to offer a space for countries and stakeholders to share experience, learn from best practices, develop solutions, and take joint actions. In this respect, the Call to Action will cooperate with and support other initiatives that also promote improvements to the remittance landscape. These include the Remittance Community Task Force (RCTF), G20 Roadmap for cross border payments, Financial Action Task Force's guidance issued in 2020, and World Bank Call to Action.

The past year's experience with the Call to Action clearly demonstrates the power—and indeed the necessity—of these coordinated collective actions. A key factor of success was that the Call to Action considered the complexities raised by the issue of remittances and the diverse interests of the relevant stakeholders. The socio-economic and thus political contexts are different for remittance-receiving countries than for countries on the sending side. Meanwhile, the priorities and constraints for governments in general may diverge significantly from those of private-sector actors or civil society

groups. Yet, all stakeholders shared traits that transcend those differences. All parties recognized the absolute indispensability of remittances to the well-being of hundreds of millions of households all over the world. The collective sense of urgency to keep remittances flowing overrode other considerations, and inspired a pace of progress that might otherwise have taken years.

The COVID-19 pandemic has taken a grim toll in lives lost, serious illness, and economic devastation. But it has also demonstrated what the global community can achieve when a sense of urgency is combined with collective action. From the global vaccination race to mobilization of emergency relief efforts and the overnight shift to online learning and workplaces, necessity has once again proven to be the mother of invention. In its own way, the Call to Action is part of a bigger story with implications for the future.

Only eight years remain to achieve the 2030 Agenda, the vision set forth in the Sustainable Development Goals. The importance of remittances for the achievement of the 2030 Agenda vision cannot be overstated.

In this vein, Switzerland and the United Kingdom remain committed to globally convene the Call to Action coalition towards an inclusive remittance ecosystem that caters to the needs of migrants and unlocks the development potential of remittances. A change of course is needed to build a stronger case for the achievement of the Sustainable Development Goals. Both co-leads believe that this effort requires governments to lead politically, to learn from each other, and for industry associations and civil society organizations to strengthen implementation efforts. Switzerland and the United Kingdom sincerely hope that these recommendations will continue to draw attention from many other governments and stakeholders—especially the least developed countries, land-locked developing countries, and small island developing states that are highly dependent on remittance flows—and the wider international community that continue to advance financial integrity efforts.

The pandemic has shown the world what it can achieve, and how quickly, when failure is not an option. May we all sustain that momentum for the benefit of the migrants and families who sent and received remittances, and for a more inclusive, prosperous world in 2030.

Annexes

Annex 1: Actions taken by governments

Declaring remittance services as essential during lockdowns	
Money Transfer Operators declared as essential services providers during the lockdown period.	<i>Jordan, Mexico, New Zealand, Nigeria, Pakistan, Rwanda, Switzerland, United Kingdom, Zimbabwe</i>
Microfinance Institutions and third parties such as bank agents were declared essential services providers.	<i>Jordan, Mexico</i>
Money transfer agencies allowed to open three times a week for receipt of foreign currency remittances.	<i>Zimbabwe</i>
Promote use of digital financial services and alternative remittance products	
Recipients allowed to receive remittances directly in mobile wallet, in addition to bank clients who could already use these services. Banks also required to provide mobile wallet service to their clients, merchants and institutions remotely and free of cost. 360,000 new mobile wallets were opened in the first 45 days.	<i>Jordan</i>
Roshan Digital Account (RDA) for non-resident Pakistanis launched with 100,000 new accounts and USD 671 million in remittance inflows. Backed by the State Bank of Pakistan and operated by the commercial banks, these accounts were opened for overseas Pakistanis in over 100 countries.	<i>Pakistan</i>
The Central Bank of Nigeria (CBN) urged the general use of alternative payment channels such as mobile and internet banking, mobile money wallets and point of sale transactions. In March 2020, CBN launched a cash incentive for using digital remittances (later renewed in May 2020 until further notice).	<i>Nigeria</i>

The National Bank of Ethiopia (NBE) introduced a foreign currency saving account for residents of Ethiopia, non-resident Ethiopians and non-residents of Ethiopian origin. This initiative allows banks to open interest-bearing, no-fee foreign currency savings accounts for both in-country Ethiopians and those abroad. The new directive is primarily for migrants who earn wages in currencies other than Ethiopian Birr and remit this currency back home to family members.

Ethiopia

Cash transfers, incentives, promotions and tax exemptions to drive usage of digital channels

State Bank of Pakistan (SBP) introduced incentives for banks and exchange houses to enhance the inflow of remittances in the country. The SBP increased the rate of telegraphic transfer (TT) to Saudi Riyal (SAR) 20 on remitting USD 100–200 to Pakistan. SBP reduced the minimum amount limit: previously, it was SAR 10, paid on a minimum amount of USD 200. SBP also increased incentives for the banks and currency dealers engaged in marketing of home remittances.

Pakistan

Pakistan Ministry of Finance exempted withholding of taxes through banking channels for cross-border remittances to encourage remittance inflows through formal, banking channels.

Pakistan

Bangladesh Bank (BB) exempted incoming remittances from several existing regulations and taxes. BB also eased regulatory requirements for overseas workers to claim a remittance incentive of up to USD 5,000. BB also relaxed the conditions for incentives on the money sent by expatriate Bangladeshis to increase the flow of remittances during the pandemic. As per BB's condition, expatriate Bangladeshis can get 2 percent incentives without showing any paperwork on remittance up to USD 5,000 (or BDT 500,000). Earlier, the ceiling was BDT 150,000.

Bangladesh

Temporary relaxations of regulations for account opening and remittance services

AML/CFT requirements were temporarily simplified to incentivize online and mobile money transfers. The Central Bank of Jordan permitted remote (online) wallet registration, eliminating the old practice of opening wallets through an in-person signed document.

Jordan

Bangladesh encouraged adoption of e-KYC guidelines by financial institutions, which simplifies the customer onboarding process. This is done by filling in a digital form, taking a photo, and authenticating the person's identification data. Facilitating e-KYC would enable banks to offer banking products including deposits and withdrawals within a limit of USD 1,000, term deposits stopping at USD 11,000, and other products. Also, non-banking financial institutions were restricted to products up to USD 11,000. By December 2020, all financial institutions were required to comply and apply the guidelines.

Bangladesh

For a period of three months from the start of pandemic, Central Bank of Rwanda relaxed the limit for individual transfers using mobile money wallets from FRW 500,000 to FRW 1,500,000 for Tier I customers and from FRW 1,000,000 to FRW 4,000,000 for Tier II customers.

Rwanda

Annex 2: Actions taken by remittance service providers**Fee waivers**

Vodafone Fiji, in partnership with the Pacific Financial Inclusion Programme, took actions to reduce transfer costs. In May 2020, it announced fee waivers for both domestic and international remittances made using the M-PAiSA payment platform for two months. While pre-COVID remittances averaged around 6,500 transactions per month with a value of slightly over USD 900,000, with the free-free initiative, in May 2020 there were around 22,000 transactions with a value of over USD 3.1 million.

Fiji

In the period following the lockdowns, to promote digital usage, fintech platforms like Azimo, WorldRemit and Remitly offered to waive fees for the first two transactions for new customers, and with a heavily subsidized Fx rate to encourage uptake of digital methods.

Global

WorldRemit capped transaction fees on its mobile money services across its markets to a flat fee of USD 0.99. This was significant because WorldRemit handles about 74 percent of remittances to popular MNOs that offer the service across different markets in Africa, e.g., MTN, Airtel, M-Pesa and Tigo Pesa.

Côte d'Ivoire, Kenya, Nigeria

MTN eliminated fees for its mobile money services in Nigeria for local transfers under USD 8, which around the average daily transfer rate for individuals. Airtel and Safaricom made similar adjustments in Kenya with the latter implementing a 90 day no fee period for P2P transactions under KSH 1000.

Kenya, Nigeria

In Cambodia, Wing Bank’s mobile wallet (Wing App) waived money transfer fees for all Wing-to-Wing transactions using the App and increased the daily money transfer limits to USD 20,000. This initiative was intended to make it easier to continue sending money with reduced travel during the pandemic.	<i>Cambodia</i>
Incentives and promotions to promote usage of formal channels	
Dutch Bangla Bank Limited (DBBL) provided an additional 1–2 percent remittance incentive in addition to what the government was providing to the customers for using digital channels.	<i>Bangladesh</i>
Easypaisa offered extra cash of up to PKR 500 for new customers and a mobile wallet reload worth PKR 2 for every USD 1 received in their Easypaisa wallet. Additionally, recipients were granted a free Easypaisa ATM card for receiving USD 200 or more in a given month and senders from most of the sending jurisdictions received remittance services for free. The Easypaisa App has also introduced the ability to transfer money, receive international remittances, purchase airtime or data bundles, make bill payments and donate to various charity initiatives, which has enabled users to continue their daily lives despite strict lockdowns across the country.	<i>Pakistan</i>
Enablement of digital and alternative channels	
Payit Mobile Wallet of First Abu Dhabi Bank (FAB) partnered with Mastercard to enable instant remittances to certain bank accounts and wallets. Payit customers could make transfers to their bank accounts and mobile wallets to Bangladesh, Pakistan, Kenya, Egypt and Nigeria.	<i>Bangladesh, Egypt, Kenya, Pakistan, Nigeria</i>

bKash offered international remittance services by extending partnerships with six different local commercial banks. Between January and April 2020, Bangladeshi citizens abroad sent about BDT 1.38 billion in remittance. In this regard, Bangladeshi citizens abroad had sent around 150 percent more remittance on daily average in April, compared to the first three months of this year through online and wallet-based money transfer companies from different parts of the world.	<i>Bangladesh</i>
MyCash (Singapore) expanded their offerings to include wallet-to-wallet transfers from Singapore to bKash wallets.	<i>Bangladesh</i>
To assist with formalization of remittance flows, Meezan Bank announced a ‘Smart Remittance Account’ to allow overseas Pakistanis to apply for bank accounts online, either in PKR or USD currency, from anywhere outside Pakistan.	<i>Pakistan</i>
Jamaica expanded options for receiving remittances digitally through partnerships with MoneyGram and Ria.	<i>Jamaica</i>
Business process improvement and customer convenience	
In Jordan, money transfer companies offered home delivery services. As the government implemented COVID-19 curfews and restrictions on movement to ensure safety of residents, select Western Union Agents delivered money to receivers at their homes.	<i>Jordan</i>
WorldRemit provided updated information and status of banking operations and hours for many countries as banks have reduced their pick-up hours (if open).	<i>Global</i>

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