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present

## **2013 St. Petersburg G20 Summit Final Compliance Report**

7 September 2013 to 30 September 2014

Prepared by  
Stacey Bocknek, Vera V. Gavrilova, Krystal Montpetit, Theodora Mladenova, Taylor Grott and  
Antonia Tsapralis  
G20 Research Group, Toronto,  
and  
Andrei Sakharov, Andrey Shelepov and Mark Rakhmangulov  
International Organisations Research Institute, Moscow

15 November 2014  
[www.g20.utoronto.ca](http://www.g20.utoronto.ca)  
[g20@utoronto.ca](mailto:g20@utoronto.ca)

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## 16. Development: Remittances

“We will consider in 2014 innovative results-based mechanisms to further reduce the cost of transferring remittances to developing countries.”

*St. Petersburg Development Outlook*

### Assessment

	Lack of Compliance	Partial Compliance	Full Compliance
Argentina	-1		
Australia			+1
Brazil	-1		
Canada	-1		
China	-1		
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy		0	
Japan	-1		
Korea	-1		
Mexico	-1		
Russia		0	
Saudi Arabia	-1		
South Africa	-1		
Turkey	-1		
United Kingdom			+1
United States	-1		
European Union		0	
Average		-0.25	

### Background

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.”<sup>2507</sup> Remittance flows reached USD401 billion in 2012, and are expected to grow at an average of 8.8 per cent annually from 2013 to 2015.<sup>2508</sup>

The G20 has reiterated commitments on remittances previously made by the G8. The first commitment was made at the 2004 G8 Sea Island Summit, where G8 leaders launched the Global Remittances Initiative with the World Bank. This initiative committed to reduce the cost of transferring remittances and facilitate transactions.<sup>2509</sup>

<sup>2507</sup> General Principles for International Remittance Services, World Bank (Washington) January 2007. Access Date: 20 January 2014. [http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New\\_Remittance\\_Report.pdf](http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New_Remittance_Report.pdf).

<sup>2508</sup> Migration and Remittances Brief 20, World Bank (Washington) 19 April 2013. Access Date: 20 January 2014. <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1288990760745/MigrationDevelopmentBrief20.pdf>.

<sup>2509</sup> Fact Sheet: Applying the Power of Entrepreneurship to the Eradication of Poverty, G8 Information Centre (Toronto) 9 June 2004. Access Date: 20 January 2014. [http://www.g8.utoronto.ca/summit/2004seaisland/fact\\_poverty.html](http://www.g8.utoronto.ca/summit/2004seaisland/fact_poverty.html).

In 2007, the G8 and Group of Five (Brazil, China, India, Mexico and South Africa) held a high-level meeting on remittances in Berlin to review the actions agreed at the Sea Island Summit. Participants underscored the need to advance the Sea Island remittance commitments. They encouraged bilateral and multilateral actions to improve financial services through innovative payment instruments, and requested that the World Bank assist in coordinating international actions. The World Bank introduced the General Principles for Remittance Services as a guide for policymakers to achieve safe and efficient international remittance transfer services. Participants also encouraged the creation of a Global Remittance Working Group to monitor the G8 and G5 progress in lowering remittance costs.<sup>2510</sup> These decisions were also supported at the 2008 G8 Hokkaido Summit.<sup>2511</sup>

At the L'Aquila Summit in 2009, the G8 introduced the 5x5 Objective to lower the global average cost of remittance transfers from 10 per cent to 5 per cent in five years.<sup>2512</sup>

In 2010, the issue of remittances was for the first time discussed by the G20 at its Seoul Summit. The Seoul Development Consensus for Shared Growth declared a need to lower the average cost of remittance transfers to improve income resilience and lower poverty in developing countries.<sup>2513</sup> At the 2011 Cannes Summit, the G20 committed to “work to reduce the average cost of transferring remittances from 10 to 5 per cent by 2014, contributing to release an additional USD15 billion per year for recipient families.”<sup>2514</sup>

Finally, at the 2012 Los Cabos the G20 Development Working Group called for “increased global efforts to reduce remittance costs in order to meet the 2014 remittances objective through targeted actions, particularly to benefit LICs [low-income countries].” It endorsed the remittances toolkit, developed in 2011 by France, Australia and Italy, and encouraged the World Bank’s reporting to the Development Working Group every six months on global progress in achieving remittance cost reduction target.<sup>2515</sup>

### **Commitment Features**

Reducing remittance costs in a particular G20 member can result from measures undertaken by the government that directly affect remittance prices and from the actions of remittance service providers stimulated by the government. Moreover, reducing average costs of remittance transfers in their countries to 5 per cent is not be the ultimate goal of G20 governments as a reduction below this level contributes to achieving the global remittance price objective.

Therefore compliance with the commitment requires G20 members to enact policies aimed directly at both reducing remittance costs and stimulating remittance service providers to do so. These policies

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<sup>2510</sup> The 7 Recommendations of the G8 Outreach Meeting on “Remittances”, World Bank (Washington) 30 November 2007. Access Date: 20 January 2014.

<http://www.worldbank.org/afr/diaspora/200802hlseminar/7%20Recommendations%20G8%20Outreach.pdf>.

<sup>2511</sup> Development and Africa, G8 Information Centre (Toronto) 8 July 2008. Access Date: 20 January 2014.

<http://www.g8.utoronto.ca/summit/2008hokkaido/2008-africa.html>.

<sup>2512</sup> Responsible Leadership for a Sustainable Future, G8 Information Centre (Toronto) 8 July 2009. Access Date: 20 January 2014. <http://www.g8.utoronto.ca/summit/2009laquila/2009-declaration.html>.

<sup>2513</sup> Seoul Development Consensus for Shared Growth, G20 Information Centre (Toronto) 27 June 2010. Access Date: 20 January 2014. [www.g20.utoronto.ca/2010/g20seoul-consensus.pdf](http://www.g20.utoronto.ca/2010/g20seoul-consensus.pdf).

<sup>2514</sup> Cannes Summit Final Declaration – Building Our Common Future: Renewed Collective Action for the Benefit of All, G20 Information Centre (Toronto) 4 November 2011. Access Date: 20 January 2014. <http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html>.

<sup>2515</sup> 2012 Progress Report of the Development Working Group, G20 Information Centre (Toronto) 19 June 2012. Access Date: 20 January 2014. <http://www.g20.utoronto.ca/2012/2012-0619-dwg.html>.

should be designed in accordance with the World Bank General Principles for International Remittance Services.<sup>2516</sup> This document recommends that countries adopt general principles in five areas:

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

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

*Principle 3: Legal and regulatory environment.* Remittance services should be supported by a sound, predictable, nondiscriminatory and proportionate legal and regulatory framework in relevant jurisdictions.

*Principle 4: Market structure and competition.* Competitive market conditions, including appropriate access to domestic payment infrastructures, should be fostered in the remittance industry.

*Principle 5: Governance and risk management.* Remittance services should be supported by appropriate governance and risk management practices.<sup>2517</sup>

Details of each principle and possible actions to implement them are provided by the World Bank.<sup>2518</sup> The World Bank provided additional guidance on implementing the principles in 2012. Concrete practical examples and actions that support the implementation of the General Principles, developed and adopted by the G20 as the G20 Remittances Toolkit, are attached in Annex B of the guidance report.<sup>2519</sup> In particular, the following actions are recommended to be implemented by the G20 members:

1. Establish a remittance price comparison website.
2. Improve remittance market access.
3. Support innovation in the payment processes through the use of technology.
4. Assess and reform national remittance markets and payment systems consistent with the General Principles.
5. Provide better coordination between government agencies in sending and receiving countries to improve the development impact of remittances.
6. Support financial inclusion mechanisms and financial education programs for migrants.
7. Ensure cooperation between the public and private sector, migrants and civil society on the development impact of remittances.<sup>2520</sup>

Thus, possible actions are listed in Annex 1 to the General Principles for International Remittance Services,<sup>2521</sup> the Guidance Report for the Implementation of the CPSS-World Bank General Principles

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<sup>2516</sup> General Principles for International Remittance Services, World Bank (Washington) January 2007. Access Date: 20 January 2014. [http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New\\_Remittance\\_Report.pdf](http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New_Remittance_Report.pdf).

<sup>2517</sup> General Principles for International Remittance Services, World Bank (Washington) January 2007. Access Date: 20 January 2014. [http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New\\_Remittance\\_Report.pdf](http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New_Remittance_Report.pdf).

<sup>2518</sup> General Principles for International Remittance Services, World Bank (Washington) January 2007. Access Date: 20 January 2014. [http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New\\_Remittance\\_Report.pdf](http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New_Remittance_Report.pdf).

<sup>2519</sup> Guidance Report for the Implementation of the CPSS-World Bank General Principles for International Remittance Service, World Bank (Washington), October 2012. Access Date: 20 January 2014.

<sup>2520</sup> Guidance Report for the Implementation of the CPSS-World Bank General Principles for International Remittance Services, World Bank (Washington) October 2012. Access Date: 20 January 2014. [http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/282044-1360600536890/WB2012\\_CPSS.pdf](http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/282044-1360600536890/WB2012_CPSS.pdf).

<sup>2521</sup> General Principles for International Remittance Services, World Bank (Washington) January 2007. Access Date: 20 January 2014. [http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New\\_Remittance\\_Report.pdf](http://siteresources.worldbank.org/INTPAYMENTREMMITTANCE/Resources/New_Remittance_Report.pdf).

for International Remittance Services and the G20 Remittances Toolkit annexed to the latter document.<sup>2522</sup> A member is considered partially compliant if it either implements policies directly aimed at reducing remittance costs or stimulates remittance service providers to reduce their fees. Taking actions in both areas means full compliance.

### Scoring Guidelines

-1	Member does not implement policies to reduce remittance transfer costs or stimulate remittance service providers to do so.
0	Member implements policies either reduce remittance transfer costs or stimulates remittance service providers to do so.
+1	Member implements policies both to reduce remittance transfer costs and to stimulate remittance service providers to do so.

#### Argentina: -1

Argentina has failed to comply with the commitment on remittances.

There is no evidence of action taken by Argentina to reduce remittance prices or stimulate remittance service providers during the compliance period. Thus, it has been awarded a score of -1.

*Analyst: Yana Nursubina*

#### Australia: +1

Australia has fully complied with the commitment on remittances.

The Australian government regularly provides financial support to two remittance prices comparison websites: Send Money Pacific (since 2009)<sup>2523</sup> and Send Money Asia (since 2012).<sup>2524</sup> These websites allow comparing the cost of transferring remittances from Australia, New Zealand and the US to eight Pacific Island and five Asian countries.

On 8 September 2014, the Department of Foreign Affairs signed a Memorandum of Understanding with Westpac, one of Australia's big four banks and financial services providers. It focuses, among other, on reduction of cost and difficulty of international and domestic remittances to and within the Pacific countries of Papua New Guinea and Fiji.<sup>2525</sup>

During the compliance monitoring period Australia implemented policies that reduce remittance transfer costs and stimulated remittance service providers to do so. Thus it receives a score of +1.

*Analyst: Ekaterina Maslovska*

#### Brazil: -1

Brazil has failed to comply with the commitment on remittances.

<sup>2522</sup> Guidance Report for the Implementation of the CPSS-World Bank General Principles for International Remittance Services, World Bank (Washington) October 2012. Access Date: 20 January 2014. [http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/282044-1360600536890/WB2012\\_CPSS.pdf](http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/282044-1360600536890/WB2012_CPSS.pdf).

<sup>2523</sup> Send Money Pacific. Date of Access: 11 August 2014. <http://www.sendmoneypacific.org/>.

<sup>2524</sup> Send Money Asia. Date of Access: 11 August 2014. <http://www.sendmoneyasia.org/>.

<sup>2525</sup> Westpac and DFAT partner to improve access to finance in the Pacific, Westpac 8 September 2014. Access Date: 26 September 2014. <http://www.westpac.com.au/about-westpac/media/media-releases/2014/8-september>

There is no evidence of action taken by Brazil to reduce remittance prices or stimulate remittance service providers during the compliance period. Thus, it has been awarded a score of -1.

*Analyst: Andrei Sakharov*

**Canada: -1**

Canada has not complied with the commitment on remittances.

Canada has not implemented any policies that reduce remittance prices or stimulate remittance service providers to do so. Thus, it has been awarded a score of -1.

*Analyst: Vitaly Nagornov*

**China: -1**

China has not complied with the commitment on remittances.

There is no evidence of action taken by China to reduce remittance prices or stimulate remittance service providers during the compliance period. Thus, it has been awarded a score of -1.

*Analyst:*

**France: +1**

France has fully complied with the commitment on remittances.

On 11 December 2013, Pascal Canfin, Deputy Minister of Development, presented in the National Assembly a draft law on the orientation and programming of development policy and international solidarity. This draft law also reduced the cost of sending money to developing countries.<sup>2526</sup>

The Agence française du développement has implemented an online instrument to stimulate remittance service providers to reduce remittance transfer costs.<sup>2527</sup> The total average cost of French remittances decreased in fourth quarter from third quarter of 2013 due to World Bank.<sup>2528</sup>

France has implemented policies that reduce remittance transfer costs and stimulate remittance service providers to do so. Thus, it has been awarded a score of +1.

*Analyst: Vitaly Nagornov*

**Germany: +1**

Germany has fully complied with the commitment on remittances.

Germany has comprehensive legislation in force regulating remittance services. Since 1 January 1998 remittance services have been considered as financial services subject to the regulatory framework. As a result, all remittance services providers are supervised by BaFin (the Federal Financial Supervisory Authority) and must obtain a written licence from this regulator before performing their services. BaFin

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<sup>2526</sup> Projet de loi d'orientation et de programmation relative à la politique de développement et de solidarité internationale. <http://www.assemblee-nationale.fr/14/projets/pl1627.asp>

<sup>2527</sup> Envoi d'argent. <http://www.voidargent.fr/content/acteurs-cles>

<sup>2528</sup> Sending money from FRANCE. <http://remittanceprices.worldbank.org/en/corridor/France/>

grants a licence only if various mandatory conditions are fulfilled by institutions, including those related to the combating of money laundering, the financing of terrorism and other fraudulent activities.<sup>2529</sup>

In March 2014, Germany updated the remittance price comparison website [www.geldtransfair.de](http://www.geldtransfair.de). The website was created in 2007, in accordance with the World Bank standards.<sup>2530,2531</sup>

Facilitating remittances is considered to be one of the action areas of the Federal Ministry for Economic Cooperation and Development.<sup>2532</sup> In particular, within financial cooperation to promote good governance, the Ministry supports building and strengthening national remittance systems in developing countries, providing opportunities to transfer and save remittances safely.<sup>2533</sup> In particular, the Ministry developed a checklist to analyse national remittance markets and to identify bottlenecks which need to be addressed. Based on this checklist, it prepared a report on difficulties migrants from several countries face when using remittance services.<sup>2534</sup> It also produced a brochure to inform Serbs living in Germany about recent changes in the Serbian banking system, provisions for customer protection and migrant-friendly financial services available.<sup>2535</sup>

In 2009-2013, the German Society for International Cooperation implemented the Rural Financial Institutions Programme in India, providing for, inter alia, measures to help Indian commercial banks develop and institutionalize “a business correspondent model through which migrants can access money transfer services.”<sup>2536</sup> On 30 June 2014, a seminar in the framework of this program devoted to mobile banking services was organized in India.<sup>2537</sup>

Germany has implemented policies and adopted legislation in accordance with the World Bank’s General Principles for International Remittance Services and has taken actions to stimulate remittance service providers, including those working in developing countries, to further reduce their fees during the compliance period. Thus, it has been awarded a score of +1.

*Analyst: Andrey Shelepov*

## **India: +1**

India has fully complied with the commitment on remittances.

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<sup>2529</sup> The German remittance market – an overview, Deutsche Bundesbank November 2007. Access Date: 19 April 2014. [http://www.bundesbank.de/Redaktion/EN/Downloads/Tasks/Payment\\_systems/The\\_german\\_remittance\\_market.pdf?\\_\\_blob=publicationFile](http://www.bundesbank.de/Redaktion/EN/Downloads/Tasks/Payment_systems/The_german_remittance_market.pdf?__blob=publicationFile)

<sup>2530</sup> Weltbank Zertifikat, Geldtransfair.de. Access Date: 19 April 2014. <http://www.geldtransfair.de/?q=weltbank-zertifikat>.

<sup>2531</sup> Akzente (The GIZ Magazine), the Deutsche Gesellschaft für Internationale Zusammenarbeit 2014. Access Date: 1 July 2014. <http://www.giz.de/en/downloads/giz2014-en-akzente-2-digital-change-complete.pdf>.

<sup>2532</sup> Benefiting from migration: Development policy approaches, Federal Ministry for Economic Cooperation and Development. Access Date: 19 April 2014. [http://www.bmz.de/en/what\\_we\\_do/issues/migration/Benefiting-from-migration-Development-policy-approaches/index.html](http://www.bmz.de/en/what_we_do/issues/migration/Benefiting-from-migration-Development-policy-approaches/index.html).

<sup>2533</sup> Good governance, Federal Ministry for Economic Cooperation and Development. Access Date: 19 April 2014. [http://www.bmz.de/en/what\\_we\\_do/countries\\_regions/subsahara/good\\_governance/index.html](http://www.bmz.de/en/what_we_do/countries_regions/subsahara/good_governance/index.html).

<sup>2534</sup> Remittances from Germany and their Routes to Migrants' Origin Countries, Federal Ministry for Economic Cooperation and Development. Access Date: 9 October 2014. <http://www2.gtz.de/dokumente/bib/07-1374.pdf>.

<sup>2535</sup> Report on the Remittance Agenda of the G20, World Bank 2014. Access Date: 9 October 2014. [http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1400093105293/GPFI\\_Remittances\\_Report\\_Final072014.pdf](http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1400093105293/GPFI_Remittances_Report_Final072014.pdf).

<sup>2536</sup> Rural Financial Institutions Programme, German Society for International Cooperation. Access Date: 9 October 2014. <http://www.giz.de/en/worldwide/16012.html>.

<sup>2537</sup> State-level Seminar on Mobile Banking organised by GIZ's Rural Financial Institutions Programme and NABARD, German Society for International Cooperation 2014. Access Date: 9 October 2014. <http://www.giz.de/en/worldwide/26417.html>.

On 4 March 2014, the Reserve Bank of India (RBI) allowed the receipt of foreign inward remittances directly into bank account of the beneficiary under the Money Transfer Service Scheme (MTSS), an official channel for private remittances in India. The foreign inward remittances can now be electronically credited directly to the account of the beneficiary. The cap on the number of remittances per beneficiary in a calendar year under the MTSS was increased from 12 to 30.<sup>2538</sup> On 10 April 2014, the same mechanism was adopted for the Rupee Drawing Arrangement (RDA), a cross-border remittance service where remittances are received in India through exchange houses situated in gulf countries, Hong Kong, Singapore and Malaysia.<sup>2539</sup>

On 13 March 2014, the RBI decided to increase the limit of trade transactions within RDA from the existing INR200,000 per transaction to INR500,000 per transaction.<sup>2540</sup>

On 3 June 2014, the RBI enhanced the existing limit of USD75,000 per financial year allowed under its Liberalized Remittance Scheme to USD125,000. The scheme had been announced in February 2004 as a step towards simplifying and liberalizing the foreign exchange facilities available to residents. Accordingly, banks may now allow remittances of up to USD125,000 per financial year for any permitted current or capital account transaction or a combination of both.<sup>2541</sup>

On 22 September 2014, the Union Bank of India (UBI; 60.13% of its share capital is owned by the Government of India), enrolled 9,500 villagers who did not possess a bank account as customers in 44 villages in Rajkot, Bhavnagar and Junagadh districts of Gujarat, as part of the Pradhan Mantri Jandhan Yojana (PMJDY) program. UBI partnering with the payments technology firm and business correspondent (BC) network operator FINO PayTech plan to extend the project to 400 more villages in Rajkot, Ahmedabad, Mehsana, Surat and Vadodara districts. Besides enrolling new bank accounts, the BCs will provide access to various banking products, such as savings, credit, insurance and remittance transfer.<sup>2542</sup>

India has implemented policies that reduce remittance transfer costs and stimulate remittance service providers to do so through increased competition. Thus, it has been awarded a score of +1.

*Analyst: Alisa Prokhorova*

## **Indonesia: +1**

Indonesia has fully complied with the commitment on remittances.

Several important initiatives aimed at lowering remittance costs were implemented by Indonesian government before the compliance period. The Indonesian Fund Transfer Act enacted in 2011 improved the protection of remittance services consumers and strengthened the legal framework through facilitating the strengthened licensing regime for non-bank remittance service providers.

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<sup>2538</sup> Money Transfer Service Scheme – ‘Direct to Account’ facility, Reserve Bank of India 4 March 2014. Access Date: 19 April 2014. <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8763&Mode=0>.

<sup>2539</sup> Rupee Drawing Arrangement – ‘Direct to Account’ Facility, Reserve Bank of India 10 April 2014. Access Date: 19 April 2014. <http://rbi.org.in/scripts/NotificationUser.aspx?Id=8832&Mode=0>

<sup>2540</sup> Rupee Drawing Arrangement - Increase in trade related remittance limit, Reserve Bank of India 13 March 2014. Access Date: 19 April 2014. <http://rbi.org.in/scripts/NotificationUser.aspx?Id=8768&Mode=0>.

<sup>2541</sup> Liberalised Remittance Scheme (LRS) for resident individuals-Increase in the limit from USD 75,000 to USD 125,000, Reserve Bank of India 3 June 2014. Access Date: 21 June 2014. <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8918&Mode=0>.

<sup>2542</sup> Union Bank of India enrolls 9,500 villagers in Gujarat under financial inclusion plan, The financial express, 23 September 2014. Access Date: 26 September 2014. <http://www.financialexpress.com/news/union-bank-of-india-enrols-9500-villagers-in-gujarat-under-financial-inclusion-plan/1291720>

Indonesia has also prohibited exclusivity agreements, increasing the level of competition in the remittance market. Indonesia's National Strategy for Financial Inclusion adopted in 2012 stimulated promotion of different remittance distribution channels, including innovative payments mechanisms.<sup>2543</sup>

On 15 January 2014, the Agency for the Placement and Protection of Indonesian Migrant Workers announced that the volume of overseas remittances by Indonesian migrant workers amounted to USD7.35 billion in 2013. To optimize and improve the use of remittances, the head of the Agency Jumhur Hidayatsaid pledged to empower the “foreign exchange earners” through the launch of various financial education entrepreneurship programs.<sup>2544</sup>

On 13 January 2014, the head of the National Labor Placement and Protection Agency Jumhur Hidayat announced governmental plans to optimize the use of high amount of Indonesian remittances. Jumhur mentioned that the National Agency is going to empower the “foreign exchange earners” by initiating various financial education entrepreneurship programs.<sup>2545</sup>

On 29 January 2014, the state-owned Bank Negara Indonesia (BNI) announced plans to strengthen and expand its BNI Smart Remittance service, a network of offices inside and outside the country, including more than 60 virtual offices. BNI Smart Remittance also serves through overseas branches in New York, London, Tokyo, Hong Kong and Singapore.<sup>2546</sup> BNI representatives said that the expansion of their services contributes to stronger competition among remittance service providers and reduces average remittance costs.<sup>2547</sup>

Indonesia has implemented policies that reduce remittance transfer costs and stimulate remittance service providers to do so. Thus, it has been awarded a score of +1.

*Analyst: Nadezhda Sporysheva*

## **Italy: 0**

Italy has partially complied with the commitment on remittances.

On 1 March 2010, Italy adopted the Payment Services Directive, a regulatory framework that covers the international money transfer and remittances market in the European Economic Area. The remittances market is regulated by the Bank of Italy (Banca d'Italia).<sup>2548</sup>

In 2009 a remittance price comparison website ([www.mandasoldiacasa.it](http://www.mandasoldiacasa.it)) was launched with support from the Italian Ministry of Foreign Affairs in accordance with the methodology adopted by the World Bank. The website will provide comparative information on remittances costs and to ensure “greater

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<sup>2543</sup> Report on the Remittance Agenda of the G20, the World Bank 2014. . Access Date: 2 October 2014. [http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1400093105293/GPFI\\_Remittances\\_Report\\_Final072014.pdf](http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1400093105293/GPFI_Remittances_Report_Final072014.pdf)

<sup>2544</sup> Migrant workers sent home Rp 88.6t in 2013, The Jakarta Post 27 January 2014. Access Date: 25 February 2014. <http://www.thejakartapost.com/news/2014/01/15/migrant-workers-sent-home-rp-886t-2013.html>.

<sup>2545</sup> RI migrant workers' remittances amounted to Rp 88.6t in 2013, The Jakarta Post 13 January 2014. Access Date: 27 September 2014. <http://www.thejakartapost.com/news/2014/01/13/ri-migrant-workers-remittances-amounted-rp-886t-2013.html>.

<sup>2546</sup> BNI remittance service rises 14.3 percent, Republika online 29 January 2014. Access Date: 27 February 2014. <http://www.republika.co.id/berita/en/jakarta-region-others/14/01/28/n04c2a-bni-remittance-service-rises-143-percent>.

<sup>2547</sup> Indonesian remittances on the rise, The Gulf Today 8 November 2013. Access Date: 27 February 2014. <http://gulftoday.ae/portal/601b2313-7b58-4a55-8778-3c8826facd88.aspx>.

<sup>2548</sup> EU Remittances for Developing Countries, Remaining Barriers, Challenges and Recommendations, European Commission 30 July 2012. Access Date: 7 May 2014. [http://ec.europa.eu/europeaid/what/migration-asylum/documents/eu\\_remittances\\_for\\_developing\\_countries\\_final\\_19-11-2012.pdf](http://ec.europa.eu/europeaid/what/migration-asylum/documents/eu_remittances_for_developing_countries_final_19-11-2012.pdf).

transparency and clarity of information and encouraging those operating in the market to improve the products and services offered to migrants.”<sup>2549</sup> The site has received the World Bank certification that it is compliant with the global standards for price databases.<sup>2550</sup>

Italy has policies that reduce remittance transfer costs in place. However, Italy has not taken any action to stimulate remittance service providers to reduce their fees during the compliance period. Thus, it is awarded a score of 0.

*Analyst: Andrei Sakharov*

#### **Japan: -1**

Japan has not complied with the commitment on remittances.

In the first quarter of 2014, the average total cost of sending remittances from Japan declined from 15.73% in the fourth quarter of 2013 to 14.36%. This cost is the lowest ever recorded for Japan, but still is the highest among G7 countries, and there is no evidence that the decline was caused by the government policy.<sup>2551</sup>

Japan has not implemented any policies to reduce remittance transfer costs or stimulate remittance service providers to do so during the compliance period. Thus, it has been awarded a score of -1.

*Analyst: Evgeny Gushchin*

#### **Korea: -1**

Korea has not complied with the commitment on remittances.

Korea has not implemented any policies to reduce remittance transfer costs or stimulate remittance service providers to do so. Thus, it has been awarded a score of -1.

*Analyst: Anastasia Zburavleva*

#### **Mexico: -1**

Mexico has not complied with the commitment on remittances.

Mexico has not implemented any policies to reduce remittance transfer costs and stimulate remittance service providers to do so. Thus, it has been awarded a score of -1.

*Analyst: Elizaveta Safonkina*

#### **Russia: 0**

Russia has partially complied with the commitment on remittances.

According to the World Bank, Russia’s average remittance cost of 1.83 per cent in the third quarter of 2014 was the lowest among all G20 members. It had decreased from the average of 2.44 per cent in the

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<sup>2549</sup> About us, Manda Soldi a Casa. Access Date: 7 May 2014. <http://www.mandasoldiacasa.it/en/about-us>.

<sup>2550</sup> EU Remittances for Developing Countries, Remaining Barriers, Challenges and Recommendations, European Commission 30 July 2012. Access Date: 7 May 2014. [http://ec.europa.eu/europeaid/what/migration-asylum/documents/eu\\_remittances\\_for\\_developing\\_countries\\_final\\_19-11-2012.pdf](http://ec.europa.eu/europeaid/what/migration-asylum/documents/eu_remittances_for_developing_countries_final_19-11-2012.pdf).

<sup>2551</sup> An Analysis of Trends in the Average Total Cost of Migrant Remittance Service, The World Bank issue #9 March 2014, p. 5. Access Date: 29 September 2014. [https://remittanceprices.worldbank.org/sites/default/files/RPW\\_Report\\_Mar2014.pdf](https://remittanceprices.worldbank.org/sites/default/files/RPW_Report_Mar2014.pdf).

fourth quarter of 2013.<sup>2552</sup> The report of the World Bank's Remittance Price Worldwide Project of March 2014 notes that "Russia has a unique environment where cross border remittances are mostly conducted in the same currency and possible additional costs associated with a currency exchange are not known. The Russian market also benefits from relatively low fees charged by the providers when compared to the other G8 countries."<sup>2553</sup>

Russia has maintained the lowest remittance cost among the G20 members. However, there is no evidence of any action taken by Russia to reduce remittance transfer costs or stimulate remittance service providers to do so during the compliance period.

Thus, it has been awarded a score of 0.

*Analyst: Mark Rakbmangulov*

### **Saudi Arabia: -1**

Saudi Arabia has not complied with the commitment on remittances.

Saudi Arabia's average outgoing transfer cost for the second quarter of 2014 is valued below the G20 target at 4.41 per cent for a transfer amount of USD200 and at 2.75 per cent for a transfer amount of USD500. For comparison, in the second quarter of 2013, costs amounted to 4.42 per cent and 2.78 per cent accordingly. Saudi Arabia–Pakistan (USD200 and USD500 for a transfer amount) and Saudi Arabia–Yemen (USD500) are among the five least expensive corridors in the world.<sup>2554</sup>

In 2013-14 Saudi Arabia has taken measures to close down black market businesses, which employ many illegal foreign workers who transfer money to their home countries.<sup>2555</sup> The illegal worker amnesty expired in November 2013. These actions are estimated to have decreased the number of foreign workers in Saudi Arabia by 1 million people (from 9 million).<sup>2556</sup> As a result, the amount of transfers is expected to decrease.<sup>2557</sup> This could make it more expensive to remit from Saudi Arabia.

Because Saudi Arabia has not implemented any policies to reduce remittance transfer costs or stimulate remittance service providers to do so, it has been awarded a score of -1.

*Analyst: Tatiana Lanshina*

### **South Africa: -1**

South Africa has failed to comply with the commitment on remittances.

According to the World Bank, South Africa's average cost of 19.54 per cent for sending remittances was the highest among all G20 members in the third quarter of 2014. There was an increase from the

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<sup>2552</sup> Remittance Prices Worldwide report Issue n. 11, World Bank September 2014.

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_report\\_september\\_2014.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_report_september_2014.pdf).

<sup>2553</sup> Remittance Prices Worldwide report Issue n. 9, World Bank March 2014.

[https://remittanceprices.worldbank.org/sites/default/files/RPW\\_Report\\_Mar2014.pdf](https://remittanceprices.worldbank.org/sites/default/files/RPW_Report_Mar2014.pdf).

<sup>2554</sup> Remittance Prices Worldwide, World Bank (Washington) 2014. Access Date: 22 September 2014.

<http://remittanceprices.worldbank.org/>.

<sup>2555</sup> Saudi remittances to fall \$6.7bn after expat crackdown, Arabian Business 6 November 2013. Access Date: 9 February 2014. <http://www.arabianbusiness.com/saudi-remittances-fall-6-7bn-after-expat-crackdown-525402.html>.

<sup>2556</sup> Saudi Arabia rounds up migrant workers as amnesty ends, BBC 4 November 2013. Access Date: 9 February 2014. <http://www.bbc.co.uk/news/world-asia-24810033>.

<sup>2557</sup> Saudi Arabia loses \$59bn due to remittances, Arabian Business 29 December 2013. Access Date: 9 February 2014. <http://www.arabianbusiness.com/saudi-arabia-loses-59bn-due-remittances-532628.html>.

average of 18.16 per cent in the fourth quarter of 2013. South Africa also ranked second after China in the list of G20 remittance-receiving countries, with 9.27 per cent in the third quarter of 2014.<sup>2558</sup>

Although South Africa's average remittance costs exceed those of all G20 members, it has not taken any action to reduce remittance transfer costs or stimulate remittance service providers to do so during the compliance period. Thus, it has been awarded a score of -1.

*Analyst: Lyudmila Tarasenko*

### **Turkey: -1**

Turkey has not complied with the commitment on remittances.

Turkey has not implemented any policies to reduce remittance transfer costs or stimulate remittance service providers to do so during the compliance period. Thus, it has been awarded a score of -1.

*Analyst: Nadezhda Sporysheva*

### **United Kingdom: +1**

The United Kingdom has fully complied with the commitment on remittances.

On 27 September 2013, the UK government hosted a Roundtable on Securing the Future of the UK Remittances Market, which agreed a set of relevant measures. The first of these was to establish an Action Group on Cross-Border Remittances that will provide a forum for industry, government, supervisors, law enforcement and civil society to maintain continued cross-sector, public-private dialogue on remittances.<sup>2559</sup>

On 2 October 2013, Azimo, a digital service to reduce the cost of international money transfers, was set for expansion after closing a USD1 million seed-funding round from global technology investment firm, e.ventures. This deal was backed by UK Trade & Investment and Tech City UK. To mark the occasion, and as a thank you to customers on its first birthday, Azimo made all transfers (already up to 85 per cent lower than high street banks) totally free in October 2013.<sup>2560</sup>

On 6 December 2013, Small World FS, the largest European trusted payment services provider, announced that it had been accepted onto the Future Fifty program. The program is run by Tech City UK, in association with the UK government, and helps high-growth companies to scale rapidly and reach their full potential, as well as access to services and schemes from Future Fifty private and public sector partners.<sup>2561</sup>

The UK has implemented policies to reduce remittance transfer costs and stimulate remittance service providers to do so. Thus, it has been awarded a score of +1.

*Analyst: Natalia Churkina*

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<sup>2558</sup> Remittance Prices Worldwide report Issue n. 11, World Bank September 2014.

[https://remittanceprices.worldbank.org/sites/default/files/rpw\\_report\\_september\\_2014.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_report_september_2014.pdf)

<sup>2559</sup> Action Group on Cross Border Remittances, IAMTN 27 September 2013. Access Date: 20 February 2014.

<http://www.iamtn.org/international-money-transfers-news/312-guidance>

<sup>2560</sup> Online money transfer service Azimo banks \$1 million + seed funding for European expansion, IAMTN 2 October 2013. Access Date: 20 February 2014. <http://www.iamtn.org/international-money-transfers-news/295-online-money-transfer-service-azimo-banks-1-million-seed-funding-for-european-expansion>

<sup>2561</sup> Small World FS is chosen by Tech City's Future Fifty, IAMTN 10 December 2013. Access Date: 20 February 2014. <http://www.iamtn.org/international-money-transfers-news/304-small-world-fs-is-chosen-by-tech-city-s-future-fifty>

### **United States: -1**

The United States has not complied with the commitment on remittances.

The U.S. average outgoing transfer cost for the second quarter of 2014 is higher than the G20 target at 6.15 per cent for a transfer amount of USD200 and below the target at 3.95 per cent for a transfer amount of USD500. For comparison, in the second quarter of 2013, costs amounted to 6.74 per cent and 4.52 per cent accordingly.<sup>2562</sup>

The U.S. has recently intensified its fight against financing of terrorists and drug traffickers, which leads to exit of big banks from money remittance business. As a result, remittance transfer costs may increase.<sup>2563</sup>

The United States has not implemented policies to reduce remittance transfer costs or stimulate remittance service providers to do so. Thus, it has been awarded a score of -1.

*Analyst: Tatiana Lanshina*

### **European Union: 0**

European Union has partially complied with the commitment on remittances.

On 3 February 2014, European Commission became a partner of the African Institute of Remittances scheduled to be hosted by Kenya and be fully operational by 2015. It improve the market for remittances to stimulate the development of the continent.<sup>2564</sup>

The EU has implemented policies that reduce remittance transfer costs but failed to take actions to stimulate remittance service providers to do so. Thus, it has been awarded a score of 0.

*Analyst: Natalia Churkina*

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<sup>2562</sup> Remittance Prices Worldwide, World Bank (Washington) 2014. Access Date: 22 September 2014.

<http://remittanceprices.worldbank.org/>.

<sup>2563</sup> Corkery M. Immigrants From Latin America and Africa Squeezed as Banks Curtail International Money Transfers. New York Times 6 July 2014. Access Date 22 September 2014. [http://dealbook.nytimes.com/2014/07/06/immigrants-from-latin-america-and-africa-squeezed-as-banks-curtail-international-money-transfers/?\\_php=true&\\_type=blogs&\\_r=0](http://dealbook.nytimes.com/2014/07/06/immigrants-from-latin-america-and-africa-squeezed-as-banks-curtail-international-money-transfers/?_php=true&_type=blogs&_r=0).

<sup>2564</sup> Kenya to host continental remittances institute, Capital FM Kenya 3 February 2014. Access Date: 20 February 2014. <http://www.capitalfm.co.ke/business/2014/02/kenya-to-host-continental-remittances-institute/>