



# Global Forum on Remittances, Investment and Development 2017

## OFFICIAL REPORT



Celebrating the



International Day of Family Remittances  
16 JUNE

United Nations Headquarters, New York  
15 – 16 June 2017

In collaboration with



[www.ifad.org/GFRID2017](http://www.ifad.org/GFRID2017)



The Global Forums on Remittances, Investment and Development are a series of forums organized by IFAD's Financing Facility for Remittances in collaboration with international organizations and international financial institutions.

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# Foreword

Remittances constitute a critical lifeline for around 1 billion people around the world. These vital flows of private money, sent by over 200 million international migrant workers, help families raise their living standards and contribute to improved health, education and housing. Remittances also make it possible for recipients to be more entrepreneurial: this is particularly the case in the poorest countries with large rural populations. At times of emergency, remittance senders are often the first to respond. Remittance flows provide for the daily needs of families during natural disasters, economic hardships and times of political instability.

In order to discuss how to leverage remittances and help give migrants' investments greater development impact, IFAD organizes the Global Forum on Remittances, Investment and Development (GFRID) every two years. The Forum brings together key stakeholders from the private and public sectors, and from the civil society. Each forum is held in collaboration with key regional and international financial institutions (IFIs), such as the World Bank, and other international organizations including the United Nations Department for Economic and Social Affairs (UN-DESA) and the European Commission. Over the past decade, the GFRID has become a leading forum where global remittance-related issues are discussed.

This year's GFRID, held in New York on 15-16 June 2017, showcased the dynamic and innovative character of global remittance flows – worth US\$445 billion in 2016 – as well as trends over the past 10 years.

The report *Sending Money Home: Contributing to the SDGs, one family at a time*, which was officially launched at the Forum, highlighted the importance of financial inclusion, the use of innovation and technology to reduce transaction costs, and the potential for diaspora investment to create employment opportunities in migrants' countries of origin. The Forum also included discussions on the linkages between displaced populations, host communities and development. The GFRID 2017 coincided with the third celebration of the International Day of Family Remittances, which recognizes the vital support that migrants provide for their families back home.

The Forum promoted partnerships, the exchange of knowledge and best practices, and furthered the global debate on issues related to remittances, migration and development. These perspectives will be a contribution to the consultations on the adoption of the Global Compact on Safe, Orderly and Regular Migration in 2018, as well as for discussions of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), by highlighting the vital role of migrant workers in achieving their own sustainable development goals and those of their families and communities back home.

IFAD is increasingly aware of the critical importance that remittances and migrants' investment play in developing countries, and is committed to working with its partners on a global scale to enhance the development impact of these flows to reach the SDGs, one family at a time.

# The International Day of Family Remittances

The International Day of Family Remittances (IDFR)<sup>1</sup> was unanimously proclaimed by all 176 IFAD Member States during its Governing Council in February 2015, and negotiations are ongoing towards its formal endorsement by the United Nations General Assembly.

Since its first celebration on 16 June 2015, the IDFR has received much encouragement and support from the public and private sectors, and development organizations. Each year, IFAD renews its call for endorsement to further raise awareness and involve more stakeholders to take action. In 2017, the response has been formidable.<sup>2</sup>

#### From the United Nations:

- The IDFR was noted in the United Nations Secretary-General's Resolution on International Migration and Development A/RES/71/237: Paragraph 18. Notes the adoption of resolution 189/XXXVIII by the Governing Council of the International Fund for Agricultural Development, on 16 February 2015, in which the Governing Council proclaimed June 16 as the International Day of Family Remittances and focused attention on the receiving end of family remittances and the need to capitalize on their potential to further help meet the economic, social and environmental challenges confronting developing countries, particularly in rural areas.
- The IDFR was also noted in the United Nations Secretary-General's Report on International Migration and Development A/71/296: Paragraph 44. In 2015, the 176 Member States of the Governing Council of IFAD unanimously proclaimed June 16 the International Day of Family Remittances. The Day aims to recognize the fundamental contribution of earnings by migrant workers to their families and communities back home and to the sustainable development of their countries of origin.



## International Day of Family Remittances 16 JUNE

- The IDFR has also been supported extensively by 22 United Nations organizations within the Global Migration Group (GMG).

#### From the private sector:

- Over 90 money transfer operators representing 85 per cent of the market endorsed the IDFR, either through the International Association of Money Transfer Networks (IAMTN) or individually.
- GSMA, an association of over 800 mobile operators worldwide, and leading individual companies like Vodafone.
- The World Savings and Retail Banking Institute (WSBI), grouping over 6,000 savings banks in more than 80 countries.
- The Emerging Payments Association (EPA), with more than 100 members around the world.

1 [www.un.org/en/events/family-remittances-day/](http://www.un.org/en/events/family-remittances-day/)

2 [www.ifad.org/topic/event/tags/remittances/idfr/y2017/43861915](http://www.ifad.org/topic/event/tags/remittances/idfr/y2017/43861915)

## IFAD's Resolution 189/XXXVIII on the Proclamation of an International Day of Family Remittances

Approved by 176 Member States of IFAD's Governing Council on 16 February 2015

The Governing Council,

**Recalling** the Declaration of the High-level Dialogue on International Migration and Development, unanimously adopted by the General Assembly and Member States on 3-4 October 2013,

**Recalling** Resolution 55/93 adopted by the General Assembly, proclaiming 18 December as International Migrants Day, which calls for the protection of their human rights,

**Welcoming** the recommendation, unanimously endorsed by representatives of the public and private sectors and civil society during IFAD's Global Forum on Remittances, held in Bangkok on 20-23 May 2013, to declare an International Day of Family Remittances,

**Considering** that in many developing countries, international remittances constitute an important source of income to poor families, projected to exceed US\$500 billion annually from 2016 onward,

**Noting** that the transformative impact remittances have on access to education, food, health and housing is most apparent in communities of the developing world, particularly in rural areas where poverty rates are highest,

**Recognizing** the critical contributions of migrants in supporting their families living in fragile states and during times of crisis,

**Recognizing** the work done by Member States, the United Nations system and the role of civil society organizations in promoting the development impact of family remittances,

**Recognizing** the role of the private sector in developing cost-effective and accessible financial transfer services,

**Noting** that families, as basic units of social life, are major agents of sustainable development at all levels of society and that their contribution to that process is crucial for its success,

**Stressing** that South-South remittances can represent an important element for international cooperation among developing countries, in their collective pursuit of economic growth and sustainable development,

**Mindful** that millions of families in rural areas are also supported by domestic remittances sent by family members typically living in urban locations,

**Proclaims** June 16 to be the International Day of Family Remittances,

- (a) **Invites** all governments, private-sector entities, civil society representatives and inter-governmental and non-governmental organizations to undertake special efforts in observance of this Day,
- (b) **Focuses** attention on the receiving end of family remittances, and the need to capitalize on their potential to further help meet the economic, social and environmental challenges confronting developing countries, particularly in rural areas,
- (c) **Encourages** the private sector to facilitate the sending of remittances and to link these flows to a range of financial services and products for migrants and their families,
- (d) **Invites** civil society organizations to bring forward initiatives based on synergies and partnerships with international organizations, governments and the private sector, that enhance the development impact of remittances in communities of origin,
- (e) **Calls upon** the United Nations General Assembly to endorse the observance of this Day.

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# List of acronyms

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AML/CFT	anti-money laundering and combating the financing of terrorism
DMA	Developing Markets Associates Ltd.
EU	European Union
FATF	Financial Action Task Force
FSB	Financial Stability Board
FSP	Financial service provider
FFR	Financing Facility for Remittances
GDP	gross domestic product
GFMD	Global Forum on Migration and Development
GFRID	Global Forum on Remittances, Investment and Development
GMG	Global Migration Group
GPFI	Global Partnership for Financial Inclusion
IAMTN	International Association of Money Transfer Networks
IDFR	International Day of Family Remittances
IFAD	International Fund for Agricultural Development
IFI	international financial institution
IOM	International Organization for Migration
IMTC	International Money Transfer Conferences
MSB	money services business
MTO	money transfer operator
SDG	Sustainable Development Goal
RSP	remittance service provider
SME	small and medium enterprise
UNCDF	United Nations Capital Development Fund
UN-DESA	United Nations Department of Economic and Social Affairs
WSBI	World Savings and Retail Banking Institute

# Executive summary

On 15 and 16 June 2017, on the occasion of the [International Day of Family Remittances](#),<sup>3</sup> over 350 practitioners from the public and private sectors gathered at the United Nations headquarters in New York for the fifth [Global Forum on Remittances, Investment and Development \(GFRID\)](#).<sup>4</sup> The participants had the opportunity to discuss challenges and opportunities in the remittance market, and present innovative approaches and successful business models, framing the discussions around the role of migrants' remittances and investment towards achieving the [Sustainable Development Goals \(SDGs\)](#)<sup>5</sup> by 2030.

The GFRID 2017 outcomes and recommendations are actively contributing to the negotiations towards the adoption of the [Global Compact for Safe, Orderly and Regular Migration](#)<sup>6</sup> in 2018. The Global Compact on Migration (GC/M) process was established by the [New York Declaration for Refugees and Migrants](#),<sup>7</sup> endorsed by all United Nations Member States on 19 September 2016, following the high-level summit to address large movements of refugees and migrants. The Global Compact will be the first, intergovernmentally negotiated agreement to cover

all dimensions of international migration in a holistic and comprehensive manner. It represents a significant opportunity to improve the governance on migration, to address the challenges associated with today's migration, and to strengthen the contribution of migrants and migration to sustainable development.

## Main outcomes

- The GFRID outcomes and recommendations fed the discussions towards the adoption of the **Global Compact on Migration**, in particular for the [Informal Thematic Session #4 – Contributions of migrants and diasporas to all dimensions of sustainable development, including remittances and portability of earned benefits](#),<sup>8</sup> on which a dedicated meeting was held in New York on 24 and 25 July 2017. In its framework, IFAD, UN-DESA and UNCDF organized a dedicated side event on migrants' contribution to the SDGs, co-hosted by the Permanent Representatives of Madagascar and the Philippines.
- The Forum saw a wide support by the **private sector**, who actively participated and discussed with regulators and public sector stakeholders on



GFRID 2017 – Private-sector Day, Delegates Dining Room, United Nations Headquarters – 15 June

<sup>3</sup> [www.un.org/en/events/family-remittances-day](http://www.un.org/en/events/family-remittances-day)

<sup>4</sup> [www.ifad.org/gfrid2017](http://www.ifad.org/gfrid2017)

<sup>5</sup> <https://sustainabledevelopment.un.org/?menu=1300>

<sup>6</sup> <http://refugeesmigrants.un.org/migration-compact>

<sup>7</sup> <http://refugeesmigrants.un.org/declaration>

<sup>8</sup> <http://refugeesmigrants.un.org/contributions-migrants>



the opportunities and challenges to maximize the impact of remittances for development. Interactions on models of intervention, best practices and new technologies were also extensively discussed.

- The third annual celebration of the **International Day of Family Remittances**, on 16 June, was extensively endorsed by **Member States, the private sector and international organizations**. The Forum and its related events helped raise further awareness of the crucial role of migrants and their transformative impact in both host countries and communities of origin, through the money they send back home.

### Key messages

- One billion people, one every seven people on Earth, are directly impacted by remittances. Remittances have a crucial role for migrant families, allowing them to procure food, education, health and income-generating activities, particularly in rural areas where these flows count the most. It is through these flows that they are achieving their own sustainable development goals and contributing towards long-term rural transformation.
- The migration narrative needs to change: while remittance flows have very little impact in host countries, they make a difference back home. Remittances are instruments for people to help other people, mainly their families. This is why the international community needs to acknowledge the crucial role played by migrant workers and find ways to support them.
- Migrant contributions to long-term sustainable development has yet to be leveraged beyond their response to the immediate needs. This can be achieved by strengthening remittance families' resilience and financial independence through skills, financial access and asset-building strategies. Public and private partnerships, and enabling market environments, are key to activating this lever.



**Gilbert F. Houngbo**, President of IFAD

*“Now the time has come to fully engage with the reality of one billion people who either receive or send family remittances. All nations can help leverage the impact of these flows, to contribute reaching the Sustainable Development Goals by 2030. And I know we can do this, one family at a time.”* Gilbert F. Houngbo



**Louise Arbour**, United Nations Secretary General's Special Representative for International Migration

*“According to the New York Declaration for Refugees and Migrants, the Global Migration Compact should be guided by the 2030 Agenda for Sustainable Development. By facilitating financial inclusion, remittances expand opportunities for recipients. In short, I think it's fair to say that remittances allow families to reach their own sustainable development goals.”* Louise Arbour

- While the cost of sending remittances is still an issue of major concern, it is recognized that an enabling environment is the primary element to achieving the goal of 3 per cent cost on remittance transfers by 2030.
- The potential development impact of migrant remittances and investments can only be fully realized in partnership with coherent and realistic public policies and priorities, coupled with private-sector initiatives.
- The GFRID recognizes that remittances represent both an opportunity and a challenge for development in countries where the majority of its population lives in rural areas. For the first time, the GFRID 2017 made it clear that not only did the volume of remittances increase by over 50 per cent over the past decade, but the scope of remittances is evidenced by the fact that 100 countries receive at least US\$100 million in remittances annually. In most of these countries, the majority of their populations live in rural areas.

## Future of the Forum

After a decade of Global Forums fully organized by IFAD and its partners, and in order to promote a systematic regional dialogue and cooperation, it was proposed to give Member States a stronger ownership of the GFRID process, whereby IFAD and its IFI partners will provide key strategic and technical support.

In this regard, the Central Bank of Malaysia (Bank Negara Malaysia) announced that it would host the first in a series of regional Member States-led fora: the *Global Forum on Remittances, Investment and Development 2018 – Asia-Pacific*, to be held on 8-10 May in Kuala Lumpur. Other government agencies and/or central banks in Asia will uptake the Forum for the years to come. Discussions with partners in Africa and Latin America have also been initiated during the second half of 2017 to stimulate a similar uptake.





**Global Forum on Remittances, Investment and Development**  
 Regional series – Asia 2018  
 8-10 May 2018 – Kuala Lumpur, Malaysia

**SAVE THE DATE**






# GFRID 2017 Recommendations

Recommendations were developed through the contribution of panellists and feedback of over 350 stakeholders at the Forum. These are presented in the following section and have been widely disseminated, with Member States, the private sector and civil society representatives.

The recommendations are structured around five pillars:

- Acknowledge the full spectrum of migrant contributions to the SDGs.
- Improve remittance-related data to foster effective policies and private-sector investment.
- Promote greater market efficiency and reduce the cost of remittance flows.
- Increase financial inclusion and diaspora investment to leverage the impact of remittances.
- Bring together public, private and civil society at the national, regional and international levels to agree on realistic policies and actions.

## 1. Acknowledge the full spectrum of migrant contributions to the Sustainable Development Goals

The 2030 Agenda for Sustainable Development highlights the significance of migrant contributions to inclusive growth and sustainable development in countries of origin, transit and destination. Migrant remittance flows are the most visible contribution to the SDGs and their sheer size commands global attention. In 2016 alone, migrants sent over US\$429 billion in remittances home to families in developing countries. This number reflects private flows that deliver large public benefits, by lifting families out of poverty, expanding access to health care, better housing and educational opportunities for children. But migrants remit far more than just money. Many are resilient risk-takers who leverage new ideas, entrepreneurial thinking and global networks with the aim of improving communities and creating opportunities back home.

Today over one billion people are positively affected by remittances. But with rising political resistance to migrants in many destination countries, action on safer, more productive migration policies, including on remittances, has languished.

We thereby recommend that Member States and other stakeholders:

- *Frame* the contribution of migrants in terms of both remittance flows and migrants' positive influence as agents of change in their countries of origin, promoting economic opportunity and sustainable development. Bringing to light the different forms of migrants' contribution to the SDGs will support governments to integrate it in their development agenda.
- *Promote* the engagement of stakeholders in expanding the positive impact of migrants on sustainable development. For instance, the endorsement by the UN General Assembly of the International Day of Family Remittances would be a critical step towards a broader framing of remittances and recognition of remittances as an important element in the development agenda.
- *Recognize* that the separation of family members drives remittances everywhere. The broader goal must be to enact policy incentives that recognize the migrants' sacrifices to earn this money, as well as promote formal and cheap channels leading to financial inclusion, to create income opportunities out of this hard-earned money.

## 2. Improve remittance-related data to foster effective policies and private-sector investment

Estimated total remittance flows are impressive and contribute substantially to the SDGs. However, actual levels are likely to be significantly higher than reported totals. Underreporting and faulty estimation methods, particularly of informal flows, prevent an accurate measurement of remittance flows in many markets. In several countries, including most in sub-Saharan Africa, remittance flows are entirely unrecorded.

Without robust remittance data, policymakers will be hard-pressed to design effective policies to reduce informality and financial exclusion. Financial inclusion can be further promoted by facilitating the access to relevant data to private-sector entities – including money transfer operators (MTOs) and financial institutions – so that affordable financial services can more efficiently reach migrant families.

We thereby recommend that Member States and other stakeholders:

- *Strengthen* the capacity of public authorities to implement standardized measurement and reporting protocols for remittance flows and related data, beginning with existing datasets on flows, costs and access points.
- *Disseminate* national remittance data to stakeholders that highlight key variables, including remittance flows, costs, access points and other data related to market competition, non-cash alternatives, and their effective adoption by remittance users.
- *Develop* strategic national remittance plans in recipient countries, using maps that identify access points and financial services, and apply related metrics to highlight priority areas for the improvement of remittance formalization and financial inclusion.

### **3. Promote greater market efficiency and reduce the cost of remittance flows**

The environment that shapes the remittance market is influenced by several major factors. Government policies can promote or impede the competition that drives lower costs, expands access to a diversity of regulated service providers and increases financial inclusion.

Evolving technology continually drives efficiencies and cost reductions, and plays an important role in the competitive position of incumbents and emerging business models raising adaptability challenges for both regulation frameworks and supervision bodies. Myriad cross-border partnerships also influence the structure of remittance markets in both receiving and sending countries.

Major policy disincentives to formalization, transparency and access include the taxation of remittance flows and stringent exchange regimes. These often have the effect of driving many remittances underground and dampening competition among regulated remittance providers. Exclusivity clauses for MTOs are additional disincentives in receiving countries that serve to lower competition and raise costs for migrants and their families.

Anti-money laundering and counter-terrorism financing policies are currently among the most serious challenges constraining the contribution of remittances to the SDGs. While “de-risking” measures are intended to address serious threats to global security, they can have the unintended consequence of causing financial institutions to deny services to law-abiding customers who send and receive remittances that average US\$200 per transaction. The combination of high requirements to identify customers and to track transactions with the attitude of banks to avoid compliance risks lead to situations that exclude remittance providers and consumers from the market. These de-risking protocols tend to reduce competition in remittance markets and increase the financial exclusion of migrants and their families.

Improving the scope, efficiency and transparency of the remittance market will require a sustained dialogue among several stakeholders, including policymakers and relevant regulatory bodies and remittance service providers (RSPs) in sending and receiving countries.

We thereby recommend that Member States and other stakeholders:

- *Implement* regulations that enhance security and reduce the risks for low-value transactions and avoid excessive and costly procedures for senders, recipients and financial institutions.
- *Avoid and reduce* exclusivity agreements, onerous taxation and the cancellation or denial of bank accounts to remittance senders and receivers.
- *Improve* market transparency by empowering end-users with practical up-to-date information on costs, remittance products and services, new access points and channels, and required disclosures and procedures, among others.
- *Incentivize* RSPs on both ends of remittance corridors to deploy cost-cutting business models and technologies needed to achieve the global goal of a 3 per cent average transaction cost of sending remittances.
- *Promote* an enabling environment for technological innovators, such as FinTech companies, mobile network operators, non-bank financial institutions and others that can help reach the last mile by linking financial services to unserved populations.

#### 4. Increase financial inclusion and diaspora investment to leverage the impact of remittances

Aligning the needs of migrants with the incentives of financial service providers (FSPs) creates the most sustainable foundation upon which to leverage the impact of remittances. Remittances are financial flows in search of financial products; when these resources land in transactional accounts linked to financial services, such as saving accounts, longer-term relationships between transnational families and financial institutions can flourish. No other relationship is as important to financial inclusion as the mainstreaming of remittances in the FSPs of countries of origin.

Migrants' investment capital and entrepreneurial capacities are other development resources that are underutilized in countries of origin. There are emerging instruments and practices for pooling investment resources from the diaspora. Diaspora bonds, securitized remittance flows, crowdfunding platforms and dedicated flows to microfinance institutions can create value where capital markets are limited. However, further legal and regulatory development is required to make these instruments viable. Amplifying the development potential of these resources requires the recognition by public authorities that migrant capital, networks and entrepreneurship deliver important economic and social spillovers and help contribute to SDGs.

We thereby recommend that Member States and other stakeholders:

- *Create* incentives that facilitate public- and private-sector entities to expand remittance-linked financial services and products that serve underserved populations.
- *Implement and expand* practical mechanisms to enable migrants to invest directly or through investment vehicles in small and medium enterprises (SMEs) in various sectors in their home countries.
- *Recognize* the development impact of greater financial inclusion for tens of millions of remittance families, and the impact of a more productive use of migrant investment resources, networks and entrepreneurship, with the highest benefits accruing to rural communities along with mutualized spillover effects on non-receiving families.
- *Strengthen* the financial literacy of remittance families and their asset-building strategies by linking them with FSPs and concrete investment opportunities in communities of origin.

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## 5. Bring together public, private and civil society at the national, regional and international levels to agree on realistic policies and actions

Maximizing the development impact of migrant remittances and investments will require collaboration among the major stakeholders that can improve the framework for leveraging these resources.

We thereby recommend that Member States and other stakeholders:

- *Encourage* public-private partnerships that promote new technologies, product development, investment and business models, and greater consumer participation in FSPs, particularly in underserved, rural and remote areas.
- *Promote* policy coherence among government institutions in order to integrate remittances, migrant investment capital and entrepreneurship into national priorities and development plans.
- *Stimulate* knowledge-sharing and the dissemination of best practices for harnessing remittances and diaspora investment through international and regional platforms such as the Global – and Regional – Forums on Remittances, Investment and Development.

# The GFRID 2017

The sixth Global Forum on Remittances, Investment and Development (GFRID), convened by the International Fund for Agricultural Development (IFAD) at the United Nations Headquarters in New York on 15 and 16 June, was co-organized together with the Population Division and the Financing for Development Office of the United Nations Department of Economic and Social Affairs (UN-DESA) and the Finance and Markets Global Practice of the World Bank. Partners from the private sector included the International Association of Money Transfer Networks (IAMTN), GSMA, the International Money Transfer Conferences (IMTC), the World Savings and Retail Banking Institute and the Microfinance Gateway.

## Main objectives

- Exchange best practices on practical, sustainable and innovative business models that expand the frontiers of the current remittance market while bridging to other financial markets and products;
- Discuss and highlight the contribution of migrant remittances and diaspora investment to the implementation of the 2030 Agenda for Sustainable Development and its related Sustainable Development Goals (SDGs); and
- Provide concrete, actionable recommendations to leverage the potential of diaspora investments and migrant remittances to development within the context of the Global Compact for Safe, Orderly and Regular Migration, to be adopted in 2018.

## Specific objectives

- Highlighting the contribution of migrant remittances and diaspora investments to achieve the SDGs and their targets;
- Assessing market constraints and opportunities to lower remittance transfers, promote diaspora investments and facilitate financial inclusion;
- Addressing data gaps in measuring the level and impact of migrant remittances and diaspora investments;

- Promoting national development strategies that allow for scaling up successful business models and strategies involving migrant and diaspora contributions; and
- Celebrate the International Day of Family Remittances and further advocate towards its formal endorsement by the United Nations General Assembly.

To set the stage and steer the discussions, the fifth report of the *Sending Money Home* series was launched at the GFRID – *Sending Money Home: Contributing to the SDGs, one family at a time*. The report presents 10-year global trends on sending and receiving remittances, as well as their impact and their contribution towards the achievement of the SDGs. The report was extremely well received and was key to supporting the Forum recommendations. It was also substantively mentioned by the media. As a result of the global media outreach on the *Sending Money Home* report and the GFRID 2017 and related events, over 900 news items to date have appeared in the media (print, online, television, radio).



## Private-sector Day – 15 June

By bringing together financial-sector representatives and technology entrepreneurs with government policymakers and regulators, the Private-sector Day was aimed at sharing innovative instruments, creating synergies and partnerships, and discussing challenges and opportunities in the remittance market. Discussions mainly focused on the importance of financial inclusion and increased access to financial services, as well as enhanced competition in the remittance marketplace and migrant investment opportunities.

- On the first day, the GFRID also hosted the **Remittance Marketplace**, whereby 27 selected private-sector entities had their space to showcase their latest products and innovations, business models, tools and technologies to all Forum participants. Exhibitors had the opportunity to present new products, business models, tools and technologies to a high-level audience of government officials, industry representatives, development workers and civil society leaders. [See annex III]
- To conclude the first day, private-sector representatives including digital and online money transfer operators (MTOs), cryptocurrency and FinTech companies were awarded for their innovative business models and potential for promoting further impact in the remittance market during the **Remittance Innovation Awards (RemTECH Awards)**. [See annex IV]

## Family Remittances Day – 16 June

The second day saw the third annual celebration of the IDFR, aimed at recognizing the fundamental contribution of migrant workers to their communities of origin through the money they send back home. Sessions contributed to identify policies, programmes and best practices aimed at strengthening migrants' contribution to host communities within today's market realities. In addition to featuring governmental and development agencies' perspectives, the sessions created a common ground for both the private sector and the civil society, identifying opportunities to maximize the social and economic impact of migration and development through remittances and investment.





# Private-sector Day – 15 June

## Session I – Sending Money Home: the landscape going forward

### PLENARY I – OPENING

- *Welcoming remarks from the organizers*

#### Adolfo Brizzi

Director, Policy and Technical Advisory Division, International Fund for Agricultural Development (IFAD)

#### Alexander Trepelkov

Director, Financing for Development Office, United Nations-Department of Economic and Social Affairs (UN-DESA)

#### Sebastian Molineus

Director, Finance and Markets Global Practice, the World Bank

- *Keynote address from the Co-Chairmanship of 2017-2018 Global Forum on Migration and Development (GFMD)*

#### Ambassador Jürgen Schulz

Deputy Permanent Representative of Germany to the United Nations



### Welcoming remarks by Adolfo Brizzi

Remittances are well beyond numbers, well beyond how much money people send and receive. They are about people. Behind every dollar, there is a human face, and a human story. And many times these stories are actually painful, full of sacrifices and divided families who want to reunite. Maybe remittances are an opportunity to remain united, and we want to make sure that this is not a wasted opportunity, or one full of obstacles.

Much progress has been made in the past 10 years by IFAD and its partners in the area of remittances and financial inclusion:

**2004** – G7, Sea Island (USA): remittances are recognized as a global issue

**2007** – International Forum on Remittances, Washington, D.C., the first forum: “It revealed the size of the business”

**2007** – G7, Berlin: leaders recognized the importance of facilitating remittance flows and their link with financial inclusion

**2009** – Global Forum on Remittances (GFR), Tunis: focusing on the high cost of remittance transfers

**2009** – G8, L’Aquila (Italy): launch of the “five-by-five”<sup>9</sup> goal

**2013** – GFR, Bangkok: discussing challenges and opportunities of the Asia-Pacific remittance marketplace

**2015** – Global Forum on Remittances and Development (GFRD), Milan: celebrating the IDFR and the crucial role of migrant families. 2015 also brought adoption of the SDGs, one of which – 10.c – actually featured a target for lowering the cost of sending money home to less than 3 per cent and eliminating remittance corridors with costs higher than 5 per cent by 2030.

<sup>9</sup> [www.esteri.it/mae/approfondimenti/20091230\\_rome\\_road\\_map\\_for\\_remittances\\_fin.pdf](http://www.esteri.it/mae/approfondimenti/20091230_rome_road_map_for_remittances_fin.pdf)

The numbers:

- In 2016, remittances to developing countries amounted to around US\$445 billion;
- Each remittance transfer is, on average, US\$200;
- The average transaction cost of sending money home is 7.45 per cent;
- 40 per cent of all flows is sent to rural areas. Given that it is a main inflow of money to those areas, there are huge opportunities in terms of rural development;
- Around 200 million migrants in developed countries send remittances to 800 million family members in developing countries;
- About half of migrant workers are women.

Remittances provide access to new opportunities, thus breaking the poverty cycle. The following steps, however, are much needed:

- Strengthen not only access to remittances but their use;
- Facilitate the integration of this money into the formal banking sector, thus banking the un(der)banked;
- Link remittances with savings and credit products to pave the way for financial inclusion;
- Recognize that financial inclusion further encourages investment, which in turn helps reduce the pressure to migrate. Investment includes diaspora investment, nostalgic trade and securitization/diaspora bonds;
- Use remittances as a powerful tool for reuniting families, if leveraged productively.



#### **Welcoming remarks by Alexander Trepelkov**

At the United Nations, we know that the private sector is a key engine of growth and development. Indeed, domestic and international private business and finance is an integral part of the Financing for Development process, as defined in the outcomes of the three International Conferences on Financing for Development – the 2002 Monterrey Consensus, the 2008 Doha Declaration and the 2015 Addis Ababa Action Agenda.

The Financing for Development outcomes have also recognized the importance of migrant remittances to developing countries for their sustainable development. Remittances represent a major and steady counter-cyclical flow of private funds that increase household income.

It is less than 20 years ago that migrant remittances were hardly visible. Since then, the total volume of remittances has grown significantly, with recorded levels reaching US\$575 billion, including US\$445 billion to low- and middle-income countries, in 2016. Taking into account informal channels, the total size is likely to be much higher.

The development benefits of migrant remittances and diaspora investments are significant. In several countries, remittances comprise a sizable share of disposable household income and gross domestic product (GDP). For example, remittances amount to about one third of GDP in Kyrgyzstan, Liberia, Nepal, Republic of Moldova and Tajikistan.

Remittances from migrant workers, which are typically wages transferred to families in the countries of

origin, have the ability to generate multiplier effects that serve to boost economic activity. At the same time, household surveys indicate that remittances are often used to meet basic needs and invested in human capital (e.g. education, health), thereby contributing to the implementation of development goals. Reducing the transaction costs of remittances is now one of the targets of the 2030 Agenda for Sustainable Development.

Thanks in large part to the pioneering work of IFAD, and in particular its Financing Facility for Remittances, we have become aware of the transformative impact remittances have on the lives of millions of migrants and members of their families.

A new study by IFAD, *Sending Money Home: Contributing to the Sustainable Development Goals, one family at a time*, is the case in point.

IFAD has developed many successful projects. Now it is time to scale up these efforts from the local to the national level.

The Addis Ababa Action Agenda contains a number of commitments on remittances. These commitments were reaffirmed in the New York Declaration for Refugees and Migrants, which also refers specifically to the contribution of remittances to development.

As we speak, the General Assembly is preparing a Global Compact for Safe, Orderly and Regular Migration, which will be adopted at an intergovernmental conference on international migration in September 2018. Member States have already agreed that the compact should harness the contributions of diaspora groups.

During this two-day Forum, delegates from Member States will have an opportunity to take good notice of the evidence and the good practices you present. I encourage all delegations to interact with the experts and vice-versa.



#### **Welcoming remarks by Sebastian Molineus**

The year 2017 marks an important milestone – which I know is very dear to our team at the Bank and many other partners – that is the 10<sup>th</sup> year anniversary of the issuance of the World Bank/Committee on Payments and Market Infrastructures (CPMI) General Principles for International Remittance Services.

The General Principles have contributed to the great progress achieved in reducing the cost of remittance services worldwide, which has come down from over 10 per cent to 7.3 per cent (as shown in the data we just released ahead of the Forum). If cost had remained the same, migrants sending money home would have paid over US\$90 billion more in remittance fees over the last decade: that's how large the impact has been, also thanks to many of you in this audience today.

In this regard, as the World Bank Group, we are committed to supporting critical legal, regulatory and financial infrastructure reforms in emerging markets, which enable lower-cost remittances, while maintaining consumer protections.

But we also need to recognize that the analysis of the data on remittances has presented mixed outcomes over the last year. On the one hand, the ambitious targets of reducing the global average of sending US\$200 or the equivalent to 5 per cent is still not achieved.

On the other hand, some countries have already achieved impressive results in reducing remittance costs through reforms that enabled the private sector to be innovative and competitive. A number of G7/G20 countries made impressive improvements, with France, Germany and Japan achieving the 5 percentage point cost reduction called for by the G7 and G20; several others have also been effective in implementing cost-reduction policies, such as Korea and Malaysia.

The United Nations' SDGs set an even more ambitious target for remittance prices, to reduce the average cost to 3 per cent globally and ensure that in all corridors remittances can be sent for less than 5 per cent of the send amount by 2030. As you know, in consultation with the Global Remittances Working Group, the World Bank has elaborated a new indicator, the SmaRT (Smart Remitter Target) to monitor progress towards the United Nations' SDGs in a more granular way, that also accounts for accessibility of services. These targets will require all stakeholders to work together and take effective actions to bring down costs.

De-risking of MTOs in some countries and regions continues to be a challenge. MTOs are continuing to lose access to payment systems infrastructures, or facing worsened terms of access.

The World Bank is collaborating closely with the FATF, the FSB and the CPMI to further examine the dimensions and implications of the phenomenon, and we are actively working to face these challenges.

In parallel, we are supporting countries in establishing guidelines for money remitters in identifying and managing their risks, and helping banks evaluate and manage the risks of providing financial services to money remitters. This agenda remains pivotal to pursuing several other objectives, including cost reduction but also furthering financial inclusion.

At the World Bank, we are scaling up our focus on FinTech. Payment systems have been at the forefront of technology applied to financial services for a long time, so we are very passionate about this and impressed at the progress we see happening around us.

On the other hand, although the increasing pace of technological change offers opportunities for accelerating the pace of reduction in remittance costs, to what extent have these innovations disrupted the remittances market? And if not, what are the frictions that prevent them from achieving the impact and scale we have seen in other sectors? These are some of the questions that I am very eager to be debated over the next two days here at the Forum.



**Keynote address from the Co-Chairmanship of 2017-2018 Global Forum on Migration and Development (GFMD) by Ambassador Jürgen Schulz**

Germany and Morocco hold the Global Forum on Migration and Development Co-Chairmanship in 2017 and 2018. It is for the first time ever that two countries have joined forces to meet this challenge, symbolically bridging the divide between Africa and Europe which is the Mediterranean Sea.

From 28 to 30 June, 2017, Germany will host the 10<sup>th</sup> GFMD Summit meeting in Berlin. The overarching theme will be "Towards a Global Social Contract on Migration and Development." With this term "Global Social Contract," we aim at highlighting that safe, regular and orderly migration is in the common interest and a precondition for successful integration and living side-by-side in a community.

In a globalized world, labour markets are becoming increasingly interconnected. Migratory movements must follow agreed rules and procedures – not to keep migrants at bay, but to protect the migrant. Countries of origin, transit and destination need migration. However, they have different needs and interests, and we need to find a balance of interests in order to create a win-win situation, or better, a triple win-situation: For the migrant, the countries and communities of origin and the countries and communities of destination.

We strongly support the important positive contributions of migrants for inclusive economic growth and poverty eradication in countries of origin. Hence, we would like to underline the significance of SDGs 10.7 to promote safe, regular and responsible migration and 10.c. to reduce remittances costs.

Remittances are a direct contribution to poverty reduction for millions of families in the developing world. Due to remittances, access to health care is possible, children can go to school and small businesses are being created.

This is why we strongly support initiatives to make remittances transfers cheaper, more transparent and safer. In order to achieve this, the financial literacy of both senders and recipients of remittances should be enhanced. In addition, the usage of online and mobile technologies should be promoted and related infrastructures (for example, cost-comparison websites) strengthened. Furthermore, cooperation between financial institutions should be reinforced and the supply of financial services and remittance-based financial products broadened. Over the years, GFMD has continuously highlighted the poverty-reducing effects of remittances, while acknowledging that remittances constitute one tool among others in order to overcome development challenges.

There are different drivers of migration. We recognize the role poverty plays in migration decisions. But migration should be an option, not a necessity. Migration needs resources, capital, networks, which means that often the young, high-skilled and entrepreneurial ones are those who leave.

We therefore work with GFMD partner countries to promote “brain gain” to ensure that migration is beneficial for everyone involved.

For the same reason, we support the return and professional reintegration of high-skilled migrants, as well as start-ups from the diaspora in countries of origin. A close dialogue between countries of origin and their diasporas can help to achieve good results in this regard.

We acknowledge the commitments of the New York Declaration for Refugees and Migrants, especially the shared responsibility and close cooperation among countries of origin, transit and destination. This also means that we must strive to involve more stakeholders: not only national governments, but also regional and local levels as well as the civil society, diaspora groups and the private sector.

Consistent with the New York Declaration, the GFMD is geared towards contributing to the global dialogue and collaboration, and to the intergovernmental negotiations on the Global Compact on Migration, through the coordination of the Special Representative of the United Nations Secretary-General for International Migration, Louise Arbour. Thus, the GFMD 2017-2018 Co-Chairmanship intend to add the accumulated expertise gathered within the GFMD framework to the relevant global compact international consultative processes.

## PLENARY II – MIGRANTS’ CONTRIBUTION TO DEVELOPMENT

Migrants sustain their home communities in many ways, notably through their financial contributions and their entrepreneurial skills when they return home. These contributions present both opportunities and challenges for all involved: market players, governments, the migrants themselves and their families. This panel provided an overview of the trends to date and highlighted migrant workers’ contributions through remittances and investments, as well as development opportunities.

- *Sending money home: migrant workers’ contributions back home*

**SPEAKER: Pedro de Vasconcelos**

Manager, Financing Facility for Remittances (FFR), Policy and Technical Advisory Division, IFAD

- *Remittance markets 2017*

**SPEAKER: Leon Isaacs**

Chief Executive Officer, Developing Markets Associates Ltd. (DMA)



**Mr De Vasconcelos** presented the major findings of FFR’s latest report, *Sending Money Home: Contributing to the SDGs, one family at a time*. Released that same day, the report set the basis for the Forum’s discussions, highlighting global trends and the impact of remittance flows.

### Highlights

- The volume of remittances has grown by 51 per cent over the last decade, reaching US\$445 billion in 2016. One out of every seven people in the world is involved in the remittance process, equal to 200 million people sending money to another 800 million. Remittances represent over 3 per cent

of GDP for 71 countries, and continue to significantly contribute to the economy of many countries, affecting a great number of people across the globe. Remittances have a greater impact in rural areas, where 40 per cent of the total flows are received.

- In addition to global trends, the impact of remittances at the family level is undeniable. Contrary to popular belief, while 85 per cent of what migrants earn stays in the destination countries, the other 15 per cent is sent as remittances. Although each family receives an average of only US\$200 per month, this typically represents 60 per cent of a family’s income, thus enabling families to attain their own goals of poverty reduction, improved health and nutrition, and quality education. With 25 per cent of money sent back going into savings and investment, remittances also enable the achievement of other items on the list of SDGs, such as contributing to economic growth, clean water and sanitation, and reduction of inequalities.

- The potential impact of remittances presents opportunities to increase financial inclusion and leverage investment in countries of origin and destination alike. Coherent public policies, along with private-sector and civil society initiatives, can actualize this untapped potential of migration for development. In this context, remittances will contribute not only to the well-being of migrants and their families, but also to the achievement of the SDGs and to long-term development.



**Mr Isaacs** presented 10-year trends of remittance flows, highlighting opportunities and challenges found in the remittance industry.

### Highlights

- Remittance markets are composed of over 16,000 individual markets or corridors, with a mixture of global, regional and specific corridor remittance operators. Around 3,000 RSPs handle over 2 billion transactions of relatively low value, using a broad range of technologies. The lack of an integrated global market hampers the application of a global standard.
- Costs, typically driven by market competition, a cash-based model structure, call centre operations and other compliance costs, have fallen from 10 per cent in 2008 to 7.32 per cent in 2017. At the same time, competition has increased over the past 10 years due to new market entrants, larger volumes in key corridors, new technology and regulatory changes such as the payment services directive in the EU.
- Technology has also played an increasingly strong role in shaping remittance markets. UKAID's report with FSD Africa, "Reducing Costs and Scaling up UK to Africa Remittances Through Technology," affirms the significant impact mobile money and other technologies have had on cost reduction, convenience, privacy, financial inclusion, security and transparency.
- Despite these positive trends, the industry continues to tackle challenges to interoperability and transaction costs. The market environment remains strongly affected by taxation, de-risking and regulation. The latter in particular affects licensing, consumer protection and anti-money laundering, and combating the financing of terrorism (AML/CFT).
- Faced with a complex market environment and an array of different technologies and business models, Mr Isaacs emphasized the importance of collaboration and cooperation among stakeholders in an effort to establish a global standard. Regulation must keep up with technological developments and create an enabling environment for interoperability and harmonization. As remittance markets continue to evolve and affect millions of migrants, Mr Isaacs urged for partnership initiatives and a multi-stakeholder approach to address regulatory challenges, reduce costs and strengthen financial inclusion.

## Session II – Enabling innovation: inclusive business models for remittances and migrant investment

### PANEL I A: THE ROLE OF THE INCUMBENTS: LEVERAGING ON THE PAST AND ADAPTING TO THE FUTURE

Having developed successful businesses, established remittance companies now face new opportunities and challenges. Leading industry players will reflect on the last decade of activities, sharing their vision on future developments. This panel showcased high-impact and time-tested remittance business models, and effective collaboration among stakeholders in lowering costs and improving access to both financial and non-financial services.

#### SPEAKERS

**Larry Angelilli**

CFO, MoneyGram

**Daniel Ayala**

Executive Vice President, Global Remittance Services, Wells Fargo & Company

**Tim Daly**

Senior Vice President, Global Head Regulatory and Public Policy, Western Union

**Y. Sudhir Kumar Shetty**

Executive Director and President, UAE Exchange

**MODERATOR: Massimo Cirasino**

Global Lead for Payments and Market Infrastructures, Finance and Markets Global Practice, World Bank



Left to right: Larry Angelilli, Daniel Ayala, Massimo Cirasino, Tim Daly, Y. Sudhir Kumar Shetty

#### Introduction

Having developed successful businesses, established remittance companies now face new opportunities and challenges as technology tests and changes cost structures and business models. Leading industry players reflected on the past decade, sharing their vision of future developments.

#### Highlights

In a rapidly changing world, the key to adaptation is **paying close attention to remitters' needs**. Providing consumers and countries a choice of formats for sending and receiving remittances is crucial to retaining customers and maximizing the use of remittances towards productive products.



Despite the perception that the future is digital, maintaining well-established cash networks also remains essential, as different cultures and customs throughout the world's 16,000 remittance corridors still dictate the selection of transaction channels. To improve money market transmitters, companies should instead focus on **improving the point-of-sale** experience by leveraging technology and providing both digital and cash-based transaction services.

It was discussed that consumers do not exclusively select digital or cash channels, but rather frequently switch back and forth between channels, basing their decisions on **price, economics and convenience**. This works in favour of incumbents, as they can adopt new technologies but maintain their traditional, in-person customer service operations to best serve remitters' needs.

With traditional cash-to-cash businesses merging with the digital world, **size and scalability** are required to successfully adopt technologies and lower costs. Incumbents' size and capital as well-established businesses enables them to scale up their initiatives with technology.

While in many ways the adoption of digital and mobile solutions enables incumbents to evolve with business trends, **technology can also disrupt the industry**. Currently, the industry lacks user-based front-end operations that allow consumers to view all available options and select the most cost-effective one. While some viewed this as an opportunity to level the playing field, it also poses a threat to players who have to scale to position prices next to lower-priced providers.

Front-end technology presents remittance services as a commodity for which consumers can price shop. Conversely, the reality is that agents are located in different areas with connections to different places, making a comparison between point-to-point and mobile money services impossible. The panellists

*"[Consumers] are not looking for just a digital channel or a cash channel exclusively. What we actually observe is that they switch channels back and forth. The real point is price and economics, that is how they are making their decisions."*

Daniel Ayala

*"...when you want to look at the way the incumbents work, what is making us a better industry and better companies is improving the point-of-sale, and giving people choices and the ability to use technology."* Larry Angelilli

*"The key for all of us in this rapidly changing world is to listen to those people across the world who are sending and receiving the money, and do what we can to adapt."* Tim Daly

nevertheless affirmed **equal-level transparency across the board** as an important starting point, with institutions having a responsibility to self-regulate and provide real-time postings of costs.

As an industry composed of several different actors, all of which view their missions differently, **interoperability** through an open network is a main priority. Achieving interoperability requires expanding financial inclusion. This includes not only opening more bank accounts and savings schemes in remittance-receiving countries, but also going beyond what the remittance industry currently offers and **providing a broader range of financial services**, such as depository and credit-related services. Increasing the scope of services facilitates linkage and consolidation within the industry. Interoperability would thus enable interbank communication and leverage the development of new solutions and ideas.

## Conclusion

Remittance companies are continuously evolving to match the fast-growing industry and support consumers' needs. However, in a world with an unstable political climate, stakeholders face numerous challenges, with nationalist trends affecting cross-border remittance policies and de-risking leading to more stringent AML/CFT requirements. As stakeholders learn individually to adapt to changing contexts and technological advances, effective collaboration among them is also crucial to address these obstacles. Stakeholders must cooperate to promote equal transparency and global standards to achieve interoperability and improve access to financial services.

*“The issue is de-risking, bank compliance... there is no change in opinion or stance from the settlement bank... if there is no change in their stance, I think we are driving the customers from the formal channel to the informal channel. I don't know how far we'll be able to keep these customers in our fold, whether that's going to change, that will be the most critical part.”* Y. Sudhir Kumar Shetty

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## PANEL I B – DIASPORA INVESTORS AND MECHANISMS

### SPEAKERS

#### **Daniel Gonzáles**

Program Officer, International Migration Initiative, Open Society Foundations

#### **Marion Jézéquel**

Chief Executive Officer, Babyloan

#### **Pietro Mona**

Deputy Head, Global Program for Migration and Development

Swiss Agency for Development and Cooperation, Federal Department of Foreign Affairs

#### **MODERATOR: Yohannes Assefa**

Director, Stalwart, Knowledge, Innovation and Technology



Left to right: Marion Jézéquel, Daniel Gonzáles, Yohannes Assefa, Pietro Mona

### **Introduction**

While migrant investment has demonstrated considerable potential for supporting economic growth back home, a lack of appropriate financial instruments and information continue to hamper its development impact. This panel discussed investment challenges and highlighted some ongoing initiatives aimed at facilitating diaspora investment and further opportunities to address diaspora investment needs.

### **Highlights**

Migrants and diaspora investors share many investment challenges, yet differ in terms of needs, savings capacity and investment preferences. In order to fully leverage migrant investment, the government, civil society and development partners must work together to develop inclusive programmes that recognize these differences. Panellists identified several tactics to further engage diaspora investors.

*“Working together – public and private – and sustainability of the projects are the most important elements in the end.”* Marion Jézéquel

**Target different migrant needs through an array of financial mechanisms.** Migrants have different needs based on their socio-economic status, which affects their ability, opportunities and options to save and invest. For instance, the poorest migrant workers often lack the savings capacity for large investments, and instead support businesses by purchasing nostalgic goods. On the other hand, resilient diaspora investors invest microcredit amounts in real estate and businesses back home. By offering a selection of investment options, stakeholders can successfully address varying migrant investment needs and leverage their development impact. Panellists highlighted the following options:

- **Crowdfunding:** strongly relies on trust, mobilizes migrants who are willing to invest in – or lend to – people in their countries of origin outside of their families
- **SME development investment funds:** generate employment and promote the subsistence of a determined group of people
- **Impact investment,** which invests in dynamic, high-growth companies and targets diaspora investors with higher levels of income/investment capacity (rather than migrant workers)

For example, Parte de la Solution, a campaign launched by the Calvert Foundation, the Latino Community Credit Union and Kiva, connects people to different saving, lending and investment opportunities. By allowing low-income people to save and make capital investments that go beyond loans, it leverages the untapped potential of migrants' financial contributions by expanding the scope of investors.

**Provide financial education for both migrants and their families staying behind.** Financial literacy empowers them to save and avoids the misuse of remittances. It leads to financial inclusion and facilitates investment through efficient channels in productive products.

**Create an enabling environment for sustainable migrant investment.** Diaspora investors do not differ from other investors in the sense that they also seek low risk and good returns. However, they often receive less government support than foreign direct investors, which diminishes their access to markets and information. Governments must therefore prioritize developing framework conditions that recognize and incentivize diaspora investors. Moreover, they should seek to take advantage of diaspora investors' transnational position between their communities of origin and their host country.

**Balance distinguishing diaspora investment from foreign direct investment (FDI).** The current political climate depicts migrants and diasporas as a threat, which consequently limits their financial resources and investment opportunities. Given this context, governments must work to offer diaspora investors the same opportunities as other investors. Governments can highlight diaspora investors' positive impact and support initiatives centred around their investment to change the public perception of migrants. At the same time, however, by identifying diaspora investors as a separate category, the government may limit their opportunities, as the public and political groups carry a negative connotation of migration and are inclined to not support them. Moreover, the government can actually facilitate diaspora investment indirectly by not separating these investors, and instead engage them through investment opportunities open to all types of investors.

**Collaborate with the private sector and civil society to promote sustainability.**

Development partners must incorporate sustainability from the beginning of projects to ensure their long-term development impact. Together with the government, they must first build the necessary regulatory framework to achieve systemic changes and policy adaptations. Then, civil society and public- and private-sector agents can use a variety of tools to further support diaspora investment. Panellists stressed the importance of public-private initiatives and grants as leveraging tools for investment. Within the private sector, panellists also highlighted the particular role of financial intermediaries in engaging with grant and loan recipients in countries of origin and supporting the sustainable growth of their businesses. Financial intermediaries serve as a link between diaspora investors and investment recipients by providing due diligence and on-site technical support. The latter was stressed as crucial for building capacity and ensuring sustainability. Moreover, panellists also affirmed the importance of financial intermediaries having a strong social mission, in addition to being financially stable.

**Train the financial sector to better understand diaspora investors and recognize their unique challenges.**

Educating the banking sector about the risk levels surrounding diaspora investment encourages them to work with migrants and thus also promotes financially sustainable partnerships and investments. Panellists showcased a loan guarantee scheme as an attempt to educate the financial sector about the risk metrics surrounding granting loans. It encouraged providing private-sector financing to diaspora investors without requiring full traditional collateralization, bringing to light other types of collateral, such as human capital, experience and good track records.

**Conclusion**

Migrants' financial contributions to their communities of origin support not only their families, but also local economies by generating economic growth. Migrants, however, are not all the same, and their different socio-economic statuses shape their investment opportunities. Development partners, governments and other stakeholders must work to develop inclusive business models for all types of migrant investors and offer a variety of investment opportunities. In doing so, they help create an enabling environment that expands the scope of migrant investment and leverages its sustainability and development impact in countries of origin.

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*“Migrants have already been investing – I don’t see this as something new. I think that now we have the technology and the markets and the consciousness that will allow migrant investment to help build not just SMEs generating employment, but [also] high-growth companies.”* Daniel González

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*“Ultimately, we have to create the space to let migrants do what they do, and not try to micromanage them but... protect them, inform them, but ultimately build on what migrants have done for centuries.”* Pietro Mona

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## PANEL II A – THE REGULATORY FRAMEWORK: CURRENT STATUS AND FUTURE PROSPECTS

### SPEAKERS

#### **Lauren Girard**

Global Head of TS Global Financial Crimes Compliance Team, JP Morgan

#### **Nik Mohamed Din Nik Musa**

Director, Money Services Business Regulation, Bank Negara Malaysia

#### **Jody Myers**

Vice President, BSA/AML Risk Assessment, Western Union

#### **Scott Rembrandt**

Assistant Director, Office of Strategic Policy for Terrorist Financing and Financial Crimes  
U.S. Department of the Treasury

### MODERATOR: **Liat Shetret**

Senior Adviser for Financial Integrity and MENA Programs, Global Center



Left to right: Lauren Girard, Nik Mohamed Din Nik Musa, Liat Shetret, Jody Myers, Scott Rembrandt

### **Introduction**

Regulatory frameworks aim to balance the need for a secure, level playing field; however, in allowing competition and innovation, this outcome is not always achieved. This panel addressed recent developments in the areas of competition, transparency and de-risking, including challenges, good practices, models and prospects from regulatory authorities.

### **Highlights**

The current regulatory environment for the money services industry remains complex, as it faces various kinds of risks and pressures. With de-risking and the costs of strengthened regulations significantly marking the industry, regulators must work together to address the lack of a global consensus on regulatory standards and risk management. In an effort to increase cooperation and intra-industry dialogue, panellists identified a series of focus areas.

**Use technological innovation to address regulatory issues.** With the growing role of FinTech in the money services industry, panellists pointed to the “RegTech” space as a source of solutions. Regulators should use innovative tools to address challenges in the financial sector and facilitate monitoring and compliance. Technology facilitates the development of efficient automation and risk-mitigating policies that instil confidence and support an enabling environment.

**Promote regulatory flexibility.** Regulatory flexibility allows compliance while leaving room for healthy competition and innovation within the industry. In order to achieve it, panellists suggested a cooperative ecosystem approach that promotes regulation based on intervention. Only through collaboration and the development of clear, firm but flexible regulations will an enabling environment develop.

**Support greater transparency within and among financial institutions.** Panellists highlighted the lack of transparency as an obstacle to harmonization and reaching market efficiency. Secrecy occurs not only across companies, but also within banks. Efforts to promote greater transparency will facilitate information sharing and the formation of clearer guidelines, definitions and standards.

**Engage in conversations about risk to facilitate risk evaluation and management and the development of international regulatory procedures.** With companies operating in over 50 countries, following every country’s perception of risk and defining risk universally are both extremely challenging. The panellists affirmed the lack of a universal understanding for risk and encouraged information sharing across financial institutions to better grasp it. Governments should also engage in this conversation and provide guidance on risk evaluation and management. Doing so would not hurt the profit line, but would, instead, increase understanding of risk.

*“The laws and regulation must not be too rigid as it may hamper market development. Regulators should be responsive to the needs of industry players with innovative business models.”*

Nik Mohamed Din Nik Musa

*“From a bank, MSB or regulatory perspective, we don’t want to see anything go underground – the more guidance we can get from the government the better we can evaluate the risks and know what we need to do... sharing of information would not hurt the profit line but would increase the collaboration.”* Lauren Girard

*“For us, the solution is in the RegTech space – developing efficiency is key, including automation [and] risk-mitigating policies that we can have confidence in.”* Jody Myers

Panellists also presented their own risk assessments of the regulatory environment. The regulatory environment revolves around taxation, consumer protection and anti-money laundering (AML). The latter is a primary concern of financial regulators and institutions, as it is strongly tied to de-risking. The Office of Strategic Policy for Terrorist Financing and Financial Crimes’ money laundering risk assessment identified a trend of large compliance failures and use of money services businesses (MSBs) by terrorist financiers since 2007. The main sources of vulnerability explaining these trends are undetectable funds that are accepted below certain thresholds, complicit agents and deficient AML programmes.

While AML concerns are prevalent, panellists highlighted others related to profits, economic conditions and MSBs' preconceived high risk. Sanctions in the financial services sector, for example, are another issue and driver of pressure.

De-risking sheds risk from a bank, but it shifts it underground – something that banks, MSBs and regulators all seek to avoid. While financial institutions, including MSBs, are neither risk-free nor infallible, compliance and strong controls are nevertheless crucial. Regulators must therefore work to balance recognizing on the one hand MSBs' important role in the industry, and on the other, their susceptibility to abuse by illicit financiers. The five-year transformation of the money services industry in Malaysia exemplifies this, as it underwent a legal reform that pushed for market efficiency through the reduction and consolidation of MSBs and the simultaneous increase in access points and cuts in costs.

## Conclusion

The regulatory environment continues to face several challenges regarding risk, competition and standardization. Technological innovation in the RegTech space and information sharing can simplify the existing complex regulatory environment. In addition, by promoting transparency and collaboration, regulators obtain a clearer understanding of risk and a more unified approach towards addressing de-risking, along with other issues.

*“We try to seek a balance between recognizing that MSBs are important but that all financial institutions can be abused by illicit financiers.”*

Scott Rembrandt

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## PANEL II B: EXPANDING OPPORTUNITIES AND INSTRUMENTS FOR DIASPORA INVESTMENT

### SPEAKERS

#### **Jennifer M. Brinkerhoff**

Professor of Public Administration and International Affairs, George Washington University

#### **Eric V. Guichard**

Chief Executive Officer, Movement Capital Ltd, Homestrings

#### **Justin Sykes**

Managing Director, Innovest Advisory, Social Impact through Innovation

#### **Hassan Yusuf**

Chief Executive Officer, International Bank of Somalia

### MODERATOR: **Lee Sorensen**

Development and impact investment senior expert: fragile contexts and international development



Left to right: Hassan Yusuf, Jennifer Brinkerhoff, Eric Guichard, Justin Sykes, Lee Sorensen

### Introduction

Diaspora investment presents an opportunity for transnational collaboration towards achieving development objectives. The panel shared perspectives from financiers and civil society stakeholders on ways to nurture, enhance and mainstream this growing market. Moreover, they addressed innovative models and impact investing mechanisms that could be adapted to respond to diaspora investment needs and challenges.

### Highlights

- Diaspora investors are similar to other investors, as both seek sound enabling environments, relatively low risk and high profits. Increasingly, diaspora investors also search for a combination of profit and social impact. They lack, however, sufficient formal financial mechanisms and the same opportunities as other investors. Panellists identified the following opportunities, challenges and recommended actions, which stakeholders can address through a joint, concerted effort in order to leverage diaspora investment.

*“Diasporans may have operational advantages. They are often bridges between disparate sources of resources – including information, funding, expertise and authority. They may be effective interlocutors or intermediaries between country-of-origin government officials and external actors (e.g. donors, investors, etc.).”* Jennifer M. Brinkerhoff

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*“In order to bridge the gap [between diaspora investors and their communities of origin], the locals should be participating with the technology or the innovation the diaspora brings to the country. The opportunities are unlimited.”*

Hassan Yusuf

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- **Use and further develop mechanisms to engage the demand side of diaspora investment.** The size and scale of this market are significant and present the potential to link entrepreneurs to capital through specialized investment structures. Panellists highlighted the US\$100 billion-US\$150 billion of diaspora capital available for capital investment, which, if linked properly to the productive sector, could leverage its social impact in communities of origin.
- **Recognize the “in-between advantage” of diaspora investors.** As characterized by Jennifer Brinkerhoff, diaspora investors have an array of operational and psychosocial advantages that make them dynamic partners and transnational advocates for development. Their positioning between their host country and country of origin grants them a unique perspective that allows them to support projects that will unlock potential growth in their

communities of origin. They can be a transnational link between countries of origin and destination that bridges investment opportunities, resources and communication. In doing so, they can help governments address many of the challenges related to political will and capacity to engage in policy reform.

- **Undergo institutional reform in both countries of origin and host countries.** In both categories of countries, a lack of capacity and insufficient regulatory frameworks continue to hamper diaspora investment. Reforms – political, economic, social and regulatory alike – need to be implemented to facilitate diasporas’ engagement and ensure the sustainability of their investments. Structuring and securitization are particularly important in order to create a comprehensible, “uniform palette of opportunities” that attracts diaspora investors. Reform will create an enabling environment and link the scale of diaspora capital to its potential development impact.
- **Engage with authorities in communities of origin.** Institutional reform, new ideas and change often produce backlash. It is therefore essential to have partners in the country of origin that understand and bring authority to these changes. Since diaspora investors lack this authority, they need to communicate and partner with local authorities who display the same priorities and will help minimize the backlash that comes from new initiatives.

- **Leverage and connect diasporas through online platforms.** Social media can digitally link globally dispersed diaspora with each other and their communities of origin. Currently, marketing and investment awareness campaigns represent a big portion of start-ups and other organizations' time and funds. Social media, along with other technology, can help reduce these costs by enabling diasporas to self-mobilize. They facilitate communication and raise awareness about a variety of available investment choices and mechanisms.
- **Promote education and information analysis of diaspora investment.** Panellists highlighted how the lack of information revolving around diaspora investment constrains its progress. A lack of information leads to a lack of understanding for regulators, diaspora investors and private-sector actors. Start-ups, for example, often spend a lot of working capital on regulation compliance in host countries. Educating regulators about diaspora investment and available risk mitigation options would increase their understanding, which in turn will make developing regulations and complying with them easier.

### Conclusion

Diaspora investors' affinity for their countries of origin and the scale of their social capital naturally align them with development objectives. Their investments, however, do not always easily translate into development. Despite sharing similar attitudes

with other investors, diaspora often face more difficulties to invest due to lack of opportunities, capacity and appropriate regulation. Addressing these issues requires active and coordinated participation between diaspora investors and governments from countries of origin and destination alike. Governments must initiate institutional reforms and provide the necessary authority to minimize backlash, while diaspora investors can serve as a transnational link. Together, they can facilitate diaspora investment to make more catalytic contributions to development.

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*“The numbers in terms of both markets are huge, and therefore the potential to link people who want to start businesses... with capital that is leveraged from the diaspora through specialized investment structures is immense.”* Justin Sykes

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*“The scale [of diaspora capital] is huge, the impact is significant and the work to bring those two together is also significant... and where that leads is the awareness element: so, letting people know that these opportunities exist, and where to find the opportunities, and how to invest in them is a big challenge.”* Eric V. Guichard

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## Session III – Achieving scale in an evolving remittance market

### PANEL I A: INNOVATIVE STRATEGIES

#### SPEAKERS

**Catherine Flouvat**

Strategy & Development Orange Africa & Middle-East – Head of Digital Inclusion Services, Orange Mobile Money

**Samuel Koroma**

Managing Director, SalPost, Sierra Leone

**Hemant Bajjal**

Vice President, Global Public Policy, MasterCard

**Erick Schneider**

Head of Business Development for Latin America, WorldRemit

**MODERATOR: Leon Isaacs**

Chief Executive Officer, Developing Markets Associates Ltd. (DMA)



Left to right: Leon Isaacs, Hemant Bajjal, Erick Schneider, Catherine Flouvat, Samuel Koroma

#### Introduction

Reaching scale and driving down prices in remittance transactions require forming new partnerships and harnessing technology and other innovations. This panel brought together different sectors (MTOs, banks, postal networks and formal financial institutions) to identify how the money transfer ecosystem will influence the marketplace in the near future. In particular, this panel highlighted key areas of focus and challenges that need to be addressed in order to continue fostering innovation and achieving scale in the market.

#### Highlights

The panellists discussed recent changes in the money-transfer ecosystem on both the sending and receiving ends. These include market consolidation, the adoption of new technologies, and new market players and innovations in both the payment system infrastructure and products for remittances. Access and use in the most remote areas continues to be a challenge, and post offices could be better exploited in the last mile beyond urban agglomerations. The use of new technologies among remittance senders and recipients continues to change the ecosystem. The

conversation in financial inclusion circles has shifted from access to usage. In this regard, stakeholders focus on leveraging current consumers' use of financial products and expanding their client base.

To increase financial inclusion and expand their client base, stakeholders in the money transfer ecosystem seek to attract non-users of their products and leverage current consumers' participation in other financial services, such as mobile money services. While it is easy to get mobile users to use mobile money services, due to their apparent convenience, the real challenge is attracting non-mobile users, particularly women, and removing accessibility barriers. In order to do so, companies should:

- **Promote financial education** to increase ICT literacy.
- **Create a platform that incentivizes migrants** to open and use bank accounts, credit cards and digital financial products. It must address not only the transaction aspect of remittances, but also financial inclusion as a whole.
- **Facilitate access to the end use of remittances** to encourage customers to keep their transactions digital, which in turn facilitates the use of broader financial services. In this regard, companies should build on the financial ecosystem and form relationships with microfinance institutions, hospitals and schools, among others.
- **Remain accessible to customers** to minimize technology's potential isolating effect on migrants.

Panellists also discussed numerous regulatory challenges that continue to hamper changes in the payment structure and efforts to scale stakeholders' different initiatives. In particular, they recommended addressing these challenges:

- **Establishing transparent and uniform regulatory and licensing processes.** Panellists pointed to inconsistent regulations and opaque licensing processes as major regulatory challenges

to operators. As they lack clarity and consistency, they are often misinterpreted, which subsequently can prevent operators from offering financial services. High levels of taxation may also constrain the development of low-priced products. Concerns that KYC (Know Your Customer) regulations may affect product harmonization were also raised.

- **Replacing archaic platforms with an API platform.** The current de-risking phenomenon not only affects pricing, but also the interconnectivity of the money transfer ecosystem. De-risking promotes archaic platforms that impede innovation and interoperability within the ecosystem. Applying new infrastructures and frameworks, such as an API platform, counter de-risking's negative effects.

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*“Mobile money is a vector of financial integration and a commercial means of payment that offers a new opportunity for growth in Africa. To these prospects is added a real value of the mobile money offering that offers people without a bank account a way to secure their transactions, and transfers money on a daily basis by replacing cash.”* Catherine Flouvat

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*“The issue we face as a global player is data localization: many markets have the requirement of the data having to be scored in their markets. [This is an] issue from a cost and an operational viewpoint. Increased nationalization is leading to it as are privacy issues.”* Hemant Bajjal

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*“In most countries, [the] majority of migrants stay away from bank accounts. So to really achieve sizeable changes in the money transfer ecosystem on the sending side and change the routine behaviour of senders to send cash-to-cash, it seems that financial inclusion should not only be a target in the receiving countries, but also in the sending countries.”* Samuel Koroma

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- **Strengthening data localization.** Many markets require data to be stored in their markets, which poses operational and cost-related issues. The money transfer ecosystem must therefore work to improve data localization.
- **Innovating local support in host countries.** As new market players enter the money transfer ecosystem, they must work to avoid any discrepancy in their financial services, as it would drive customers to underground, informal services. Operators must educate customers about their services and improve communication between remittance senders and receivers to avoid confusion and misunderstanding.

*“[Consumer/customer education] is spot on one of the biggest issues we have seen. If there is any kind of discrepancy, [the consumers] are going to go back to traditional methods or underground methods of sending [remittances] – we want to mitigate that... We want to make sure we improve communication between the sender and the beneficiary... but [also] education from the touch point.”* Erick Schneider

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## **Conclusion**

In the past decade, the money transfer ecosystem has grown and evolved significantly. As remittance senders and receivers continue to adopt innovative changes, industry players work to continue building their client base and addressing regulatory challenges. In this regard, priorities have shifted to address the usage of financial products. Stakeholders must support financial education and innovative platforms to attract new customers and expand their financial services. While policymakers must create a more transparent and clear regulatory framework, financial institutions can also combat de-risking and regulatory issues by supporting transparency, interoperable platforms and stronger data localization. Through this concerted effort, stakeholders will be able to not only achieve scale in the remittance market, but also expand financial inclusion.

## PANEL I B: TECHNOLOGY-DRIVEN BUSINESS MODELS

### SPEAKERS

#### **Andrew Boyajian**

Head of North America, TransferWise

#### **Khurram Malik**

Chief Executive Officer, ValYou

#### **Eugenio Nigro**

Head of remittances Latin America and the Caribbean, the Middle East and Africa, PayPal

#### **Sofia Freyder**

Global Head of Product Marketing and Strategic Partnership, Earthport

### MODERATOR: **Marco Nicoli**

Senior Financial Sector Specialist, Finance and Markets Global Practice, World Bank



Left to right: Andrew Boyajian, Sofia Freyder, Marco Nicoli, Khurram Malik, Eugenio Nigro

### Introduction

The remittance ecosystem in 2017 showcases models that go beyond “cash-to-cash,” using innovative tools and mechanisms to process and deliver remittance services. The panel discussed new, inclusive and potentially disruptive approaches, such as delivery of remittances through mobile wallets, payments facilitated by social networks and blockchain-based solutions.

*“Building trust and transparency is essential. Education, PR and marketing helps customers understand regulations and value our services.”*

Andrew Boyajian

### Highlights

- Evolving technology is changing the remittance market, introducing new players and innovations that drive efficiencies and reduce costs. The panel highlighted the following opportunities and challenges technology-driven business models face.
- Technology-driven business models **fill in the gaps in the market and facilitate the flow of remittances**. New models address immediate challenges that the market has been facing in terms of accessibility, cost, portability, reliability and efficient delivery. Moreover, technological innovations also address indirect issues found in the remittance market, such as liquidity management and compliance. RegTech and FinTech companies

are adopting data-driven models that increase transparency and improve KYC processes. By offering digital products, these models are also increasing customer choice, which attracts more consumers and leverages the use of remittances.

- Using innovative mechanisms, these market players incorporate **unique value-added components** to their models. The panel highlighted how these models are not ends in themselves, as they work with customers from parent or partner companies to serve them and provide a variety of value-added services. These services view remittances as a starting point, leveraging them to encourage the uptake of other financial services and investments. Some companies work directly with customers and focus on addressing their needs and building trust and transparency through due diligence of customers, education, and PR and marketing. Other companies, on the other hand, stand out through their partnerships with other FinTechs, MTOs and banks, providing them up-to-date technology systems.
- Despite addressing many barriers in the industry with their models (including certain customers' reluctance to convert from cash to digital transactions), technology-driven companies nevertheless face **regulatory challenges to their full integration into the banking and financial system**. Although often highly regulated, these models are tied to a perception of high risk. Companies face increasing compliance costs and complicated licensing processes. These costs are difficult to cover, given that clients also have thin margins. The possibility of taking on a more active role, as market participants, in setting regulatory standards was suggested.
- The public sector has an important role in creating **an enabling environment** for these technology-driven companies. Currently, companies face overregulation that limits their ability to develop and scale their models. The public sector needs

to be less risk averse and implement appropriate measures, relevant to these models' unique attributes. In order to do so, the panel highlighted the need to understand these business models and the human dimension behind them: the customers.

### Conclusion

Technology-driven business models are changing the remittance market, improving transparency, accessibility, options, costs and efficiency for the companies and end-users sending and receiving remittances every day. In this regard, these mechanisms are increasing financial inclusion and facilitating the flow of remittances. Companies nevertheless continue facing regulatory barriers to full market integration. By creating coherent and relevant policies, policymakers and regulators can work to support an enabling environment for these companies, facilitating their scalability and development. Therefore, through multi-stakeholder engagement and cooperation, technology-driven business models can continue to grow and leverage the use of remittances.

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*“Remittances are a starting point with the customer. Our well-designed adoption model is not an end in itself, but rather is built to serve customers.”* Khurram Malik

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*“Technology will serve an important role in keeping up with the speed of change in this industry and facing challenges, such as increasing compliance costs.”* Eugenio Nigro

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*“Technology is bringing new solutions to the remittance market that help to address key pain points such as high cost, slow delivery, security and interoperability of global systems and networks. Compliance regulations and licensing requirements are very different in each market that creates barriers for new players' global expansion. There is an opportunity for public-sector and market players to take an active role in setting global standards.”* Sofia Freyder

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## PLENARY III – FINANCIAL INCLUSION THROUGH REMITTANCES: OPPORTUNITIES HIDDEN IN PLAIN SIGHT

### SPEAKERS

#### **Marc Hollanders**

Special Adviser on Financial Infrastructure, Bank for International Settlements

#### **Patrice Kiiru**

General Manager, Diaspora Banking & International Money Transfer, Equity Bank Group

#### **Manuel Orozco**

Senior Director, Inter-American Dialogue

#### **Shari Spiegel**

Chief, Policy Analysis and Development Branch, Financing for Development Office, UN-DESA

### MODERATOR: **Henri Dommel**

Director, Inclusive Finance Practice Area, United Nations Capital Development Fund (UNCDF)



Left to right: Marc Hollanders, Patrice Kiiru, Henri Dommel, Shari Spiegel, Manuel Orozco

### Introduction

Financial inclusion is widely recognized as the foremost mechanism for leveraging the impact of remittances and investments towards reaching a range of development goals. This panel discussed good practices and challenges in achieving a concerted approach within and across sectors that will unleash the potential of remittances towards universal financial access.

### Highlights

- Remittances have a positive impact on migrants' families and communities of origin, as they address recipient families' immediate needs, develop the local economy and boost productivity. The lack of connection between remittances and financial services, however, continues to pose certain challenges. As remittance flows continue to play a significant role in sustainable development, a huge opportunity presents itself: many migrants continue to be unbanked and resort to informal mechanisms for transactions and savings. The panellists highlighted the following actions as ways to increase financial inclusion:

*“There is opportunity at the public policy level [to find] what are the most effective ways to allow for financial inclusion. [This includes] community reinvestment maps, financial education and reinvestment in local economies.”* Manuel Orozco

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*“[There is a] lack of a breadth of investment opportunities for the diaspora, thereby limiting the amount of money that they send. They are sending for consumables because we have not given them a reason to send more. This is not simply a bank problem, but rather something the entire chain from private sector, public sector and even civil society needs to work on.”* Patrice Kiiru

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- **Leverage technology and innovation.** Stakeholders must look beyond just moving money and provide an array of financial services as part of their remittance platform. Panellists highlighted the leveraging power of technology to link remittances to financial inclusion. The development of innovative models, such as regional hubs that allow the movement of money in real time, is critical for reaching the “last mile” in financial inclusion. Mobile money services, for instance, reach this “last mile” by tapping into the potential of remittances and transforming them into mobile money, which then facilitates the uptake of other financial services.
- **Form partnerships.** While technology has been quickly evolving to address the existing financing gap, it has not been accompanied by the same amount of partnership initiatives. The panel affirmed that partnerships between actors who may not typically work together can provide innovative and sustainable solutions to expand financial inclusion.
- **Promote transaction accounts with value-added services.** Transaction accounts can serve as access points and an alternative to cashing money out. Incentivizing migrants to keep their earnings in digital form facilitates the usage of other financial services, which can subsequently leverage savings, credit and productive investment. Financial institutions must therefore develop transaction accounts that not only enable payments, but also savings, loans and other value-added services.
- **Address remittance senders’ needs.** Financial inclusion efforts have primarily focused on remittance recipients, but the diaspora side is just as important. If regulators in the country of origin restrict remittance senders’ transnational access to financial services, senders will neither be able to borrow nor invest as easily. The lack of breadth in investment opportunities for diasporas in their communities of origin can also limit the amount of money they send. Given that they cannot identify incentives to send more money, migrant workers send money that covers consumables. Regulators, in cooperation with financial institutions, must create an enabling environment that enables access to financial services and offers more private investment options to migrant workers and diasporas, who – like other investors – seek favourable investment conditions and more opportunities to support their communities of origin.
- **Reform and maximize the use of efficient payment systems.** Without uniform and properly established payment structures, the smooth transnational flow of remittances is disrupted. Currently, the lack of national payment structures and the presence of manual systems challenge efforts to increase the use of formal transaction channels and the uptake of broader financial services. Stakeholders must provide adequate support to the payment and market infrastructure to not hamper other efforts to increase financial inclusion.

- Support an enabling environment for financial inclusion mechanisms.** Increasing financial inclusion requires a concerted multi-stakeholder effort, thereby implying the public sector's important role. Policymakers should help address the regulatory restrictions financial institutions face by creating an enabling environment with clear regulations and policies that stimulate financial service providers to offer accounts at low cost. The public sector should also increase its efforts to provide financial literacy, as it educates and empowers migrants and their families to save and invest through formal mechanisms. Government should also adopt innovative strategies, such as e-payments. Last, governments can develop innovative initiatives, such as community reinvestment maps that guide and encourage sustainable investment in local economies.
- Develop and share data.** Panellists highlighted the importance of and the need for data on migrants and remittance recipients. Data can help develop diaspora and recipient profiles and provide useful information that enables the private sector to identify new market opportunities.

### Conclusion

Remittances are already linked to the SDGs; linking them in turn to broader financial assets can further leverage their use towards achieving development goals. Financial inclusion is therefore essential for leveraging the development impact of remittances. Panellists presented a series of recommended actions that highlighted the need to not only reduce transaction costs, but also address non-cost-related issues, which often receive less attention. Through partnerships and technological innovation, stakeholders can provide financial services that increase the amount and use of transaction accounts, as well as offer value-added services to leverage savings, credit and investment in local economies.

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*“There is also a lot more interest [by the diaspora] in the private investments in their countries. The diaspora, just like private investors, look for the same policies that you need in the market, and they look for the same things... The burden is on the governments to create that environment, [and] there is a lot more data needed.”* Shari Spiegel

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*“By issuing guidance, authorities can play an important catalyst role in facilitating progress. For example, in 2007 the CPMI and the World Bank published the general principles for international remittance services to promote safe and efficient remittance services. We have seen that the report has greatly contributed to increasing the service levels and/or reducing the prices of remittance services.”* Marc Hollanders

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## THE REMTECH AWARDS

**MODERATOR: Hugo Cuevas-Mohr**

Director, International Money Transfer & Payments Conferences (IMTC)

**CO-CHAIRS: Greta Geankopolis, Luis Buenaventura**



Left to right: Hugo Cuevas-Mohr, Greta Geankopolis, Luis Buenaventura

The GFRID hosted the RemTECH Awards, developed by Mohr World Consulting and the International Money Transfer & Payments Conferences (IMTC), which showcased the most innovative and outstanding ideas, models and projects to improve remittance services worldwide. Prior to presenting the awardees, key points about remittance technology were discussed.

The remittance industry is rapidly changing, with new players entering the market and established incumbents developing innovative solutions. New technologies, such as blockchain, are democratizing the industry, allowing smaller players with less capital and limited resources to enter the arena. With more remittance start-ups than ever before, banks are no longer the substantial gatekeepers of remittances.

The RemTECH Awards affirmed the important role of technology in achieving the SDGs. The applicants and judging panel represent the humble part of innovation: the incremental technology change that reduces risk and costs but does not receive much recognition. Moreover, their innovative solutions demonstrate the role of technology by facilitating connection and stability within countries and societies.

Global applicants, awardees and their products represented a multitude of companies, all at different stages – from the concept stage to existing incumbents. The 2017 winning categories featured companies, groups, collectives or individuals whose groundbreaking solutions are improving transparency, speed, cost and reliability for the companies and end-users sending and receiving remittances every day.



The RemTECH 2017 Awardees

# Family Remittances Day – 16 June



## Session I – International Day of Family Remittances (IDFR)

### TRIBUTE TO MIGRANTS AND THEIR FAMILIES

The IDFR, celebrated each year on 16 June, is aimed at recognizing the significant financial contribution migrant workers make to the well-being of their families back home and to the sustainable development of their countries of origin. It is also aimed at encouraging the public and private sectors, as well as the civil society, to do more and collaborate to maximize the impact of these funds in the developing world.

#### SPEAKERS

##### **Gilbert Fossoun Hougbo**

President of IFAD

##### **Louise Arbour**

United Nations Secretary General's Special Representative for International Migration



##### **Gilbert Fossoun Hougbo**

Excellencies,

Ladies and gentlemen,

Welcome to the 2017 Global Forum on Remittances, Investment and Development, which takes place on the third International Day of Family Remittances.

In the 10 years since the first Forum, much has changed. Data on the scope of remittances has grown, and with it recognition and appreciation of the role that remittances play in development. Yesterday's discussions showed the enormous potential of the private sector to contribute to this agenda.

Around the world, nearly 200 million people have left their homes to work in other lands. This year, they are expected to send back more than US\$450 billion to their families – 40 per cent of which goes to rural areas, where most of the world's poor and hungry people live.

These remittances total more than three times the sum of official development assistance channeled from rich nations to poor. They exceed private-sector foreign direct investment flows as well.

Remittances, in fact, benefit 800 million people and change their lives for the better. Remittances are of course private funds, sent in billions of small transactions. How then are remittances to be seen as funding development? Because most remittances are used to buy food, secure housing and pay for other necessities, they have a direct impact on development goals such as reducing poverty and hunger.

Our mission, at the International Fund for Agricultural Development, is to help rural women, men and children escape from poverty and improve their food security and nutrition. So we see the phenomenon of remittances as a major opportunity.

Migrants show tremendous energy and determination in their efforts to better themselves and the lives of those they love. The vast majority perform difficult or dangerous jobs at the lower end of the global economy. About 85 per cent of their earnings are spent in their host countries, but the remaining 15 per cent is a lifeline for those they have left behind.

But in a world where 767 million people still live in extreme poverty – 80 per cent of them in rural areas – remittances could have an even more powerful effect on poverty reduction. The recently published study of remittance flows around the world, *Sending Money Home*, bears this out.

The data now available paint a compelling picture of the role of remittances globally. Some of the data are expected, others less so. For example, the United States comes first among sending countries as the biggest source of remittances worldwide. However, Saudi Arabia and the Russian Federation are second and third. This is truly a global phenomenon.

On the receiving side, it is noteworthy that 100 countries receive US\$100 million or more in remittances. The development impact at the personal level – one family at a time – is huge. But there is also the impact on national economies, which is especially significant for poor countries. Remittances account for 35 per cent of the gross domestic product in Nepal, 29 per cent in Tajikistan and 17 per cent in Samoa.

A typical migrant sends back US\$200 to US\$300 a month. The receiving family spends three quarters of that on basic needs such as food and shelter.

These funds are helping to keep millions of families out of poverty. The rest of these remittances – more than US\$100 billion a year in aggregate – could be saved or invested in the receiving communities. But actions are needed to fulfil that potential.

For one thing, financial inclusion is a critical issue. In rural areas where financial institutions are so often lacking, poor people's ability to save (and therefore the local supply of credit) are severely restricted.

But with the right projects and partnerships, it is clear that remittances can be made easier using innovation and technology. For example, an IFAD-supported project is using a French crowdfunding platform to

enable the Malian diaspora in France to provide finance for rural young people.

Another positive sign is the expansion of RSPs; among the top 23 remittance-receiving countries, the number of payment locations has increased from 350,000 to more than 1.5 million over the last decade.

Both the development community and the private sector need to focus even more on the receiving side of the remittance equation, in order to scale up financial inclusion and to free up more of remittances for development goals.

One of the challenges exposed by the report is that the average cost of sending remittances has fallen only from 9.8 per cent in 2008 to 7.5 per cent in 2016. This represents progress, but it also means that transaction costs swallowed US\$33.7 billion of the money sent – and these costs are highest in rural areas where the payments infrastructure is weakest.

If the cost could be reduced to 3 per cent – the target set within the SDGs – families would have another US\$20 billion to invest in their futures!

Yesterday, banks, mobile phone operators, NGOs and other partners discussed important issues such as ways of delivering remittances and financial services more cheaply in rural areas, and the regulatory environment. I hope that today's sessions will explore further the links between migration, remittances and development, and how they can contribute to the attainment of the SDGs.

Given that by 2030 migrants will send home another US\$6.5 trillion, no one needs to be convinced anymore of the potential of remittances. But hopefully this Forum will result in concrete progress towards helping migrants expand their role in transforming not only the lives of their families, but the future of countries and economies.

Thank you.



**Louise Arbour**

Excellencies, ladies and gentlemen,  
I am honoured by the invitation to offer a few remarks at the 2017 Global Forum on Remittances, Investment and Development and on the occasion of the third International Day of Family Remittances.

Both the **timing** and the **venue** of this Forum could not have been better chosen.

Between April and November 2017, the General Assembly is holding consultations on a global compact for safe, orderly and regular migration, to be adopted in September 2018. To this end, the General Assembly has invited, and I quote, "...United Nations entities that address migration-related issues to contribute to the preparatory process of the global compact."

With regard to the venue, the negotiations on the global migration compact will be undertaken by the same delegations as those present here today. By convening this Forum at the United Nations, you have created a unique opportunity for delegates to absorb the latest information and evidence and to exchange views with industry experts on the challenges and opportunities for migrants and diaspora to contribute to development.

Dear delegates,  
The facts speak for themselves.

According to *Sending Money Home*, the report that was just launched by IFAD:

- Remittances to low- and middle-income countries reached US\$445 billion in 2016.

- Between 2007 and 2016, the amount of remittances increased by 51 per cent.
- Most remittances are invested in health, education, sanitation and housing.
- By facilitating financial inclusion, remittances expand opportunities for recipients.

In short, remittances allow families to reach their "own" sustainable development goals.

Let me also highlight some persistent challenges and propose how to overcome them.

- About one third of all working-age people on this planet have no access to financial services delivered by regulated financial institutions. Boosting the financial inclusion for remittance receivers is "low-hanging fruit."
- The case for boosting the financial inclusion of women is particularly strong as women tend to remit a higher proportion of their income than men. When women's human and labour rights are respected, migration can provide them with economic opportunity and financial independence both at home and abroad. We must unlock the potential of migration for women by abolishing gender-biased legal, administrative and cultural restrictions to their movement and to their financial inclusion.
- De-risking, that is, global financial institutions terminating or restricting business relationships with remittance companies and smaller local banks, is often caused by cumbersome regulations intended to combat money laundering and terrorist financing. These measures end up driving remittance flows underground, limiting competition and increasing the costs of transferring remittances. Today, the average cost of sending remittances is about 7.5 per cent, significantly higher than the Sustainable Development target of 3 per cent. It is crucial that financial regulators reduce the oversight requirements over the transfers of small amounts in order to encourage healthy competition among mainstream financial institutions.

Ladies and gentlemen,  
According to the New York Declaration for Refugees and Migrants, the global migration compact should be guided by the 2030 Agenda for Sustainable Development.

Given its critical role in developing the global compact on migration, the General Assembly has invited the private sector to contribute to the preparations of the compact.

I understand that you held a very successful Private-sector Day yesterday. You discussed recent developments in the regulatory framework and presented innovative strategies and new, technology-driven business models. You also shared good practices at the Marketplace.

Earlier this year, my predecessor Mr Peter Sutherland called for forging operational partnerships among policymakers and regulators, financial industry representatives and technology entrepreneurs for improving remittance markets and financial inclusion.

I am delighted that you have taken steps in that direction. I urge you now to pursue the concrete, operational initiatives necessary to harness the full potential of this important driver of development.

Dear colleagues,  
Today, many aspects of multilateralism are under threat.

At the national level, we see the rise in populism, fuelled in part by xenophobia and intolerance.

In such a climate, adopting an ambitious, global deal on migration presents a major challenge.

Collecting factually accurate information and showcasing positive examples of the many contributions of migrants and migration has become all the more important. And few issues are as telling as that of remittances.

Most migrants are migrant workers. Not only do they contribute to their host communities by paying rent and taxes, consuming goods and launching business initiatives, small and large. But they also support the communities they left behind by sending back, in small but regular amounts, vastly larger sums of money than developed countries expand in development aid. This is part of the complex reality of migration. But this is the part that is conveniently overlooked by those who seek to demonize migrants and set back migration.

I am particularly pleased that the 176 Member States of the IFAD Governing Council have proclaimed 16 June as the International Day of Family Remittances. Such action echoes the call in the New York Declaration to more widely recognize the contributions of migrants and diaspora and to promote faster, cheaper and safer transfers of remittances through regulated channels.

June 16 could become a rallying call for States, as well as for civil society and the private sector, to celebrate the transformative impact of remittances in the lives of hundreds of millions of families as well as their contribution to achieving the SDGs.

Ladies and gentlemen,  
Let me once again thank and congratulate the organizers, IFAD, DESA and the World Bank, for convening this Forum at this critical juncture, here at the United Nations in New York.

I wish you a very successful second day of the Global Forum.

No doubt, the findings of this Forum will be tremendously helpful in preparing the Secretary General's report on the global compact on migration due early next year.

Thank you.



## VOICES AND VIEWS OF MIGRANTS AND THEIR FAMILIES

**SPEAKER: Mary Grace Lopez-Balmes**

PinoyWISE Batangas, Philippines



**Mary Grace Lopez-Balmes** is the wife of a Filipino migrant worker who emigrated to Italy in hopes of being able to send remittances home and provide his family with a better life. Mary Grace's experience exemplifies many of the shared struggles migrants and their families face. Her story highlighted the impact of remittances at the family level. Moreover, it demonstrated financial education's ability to empower migrants and their families to leverage remittances.

Mary Grace's husband, Greg, held three jobs, living in a poor state to be able to send as much money home as possible. Meanwhile, in the Philippines, Mary Grace struggled to take care of their two children, having to step up and be both a mother and father to them.

Receiving financial education was a turning point for Mary Grace and her family. Greg took a seminar in Italy, while she and the children enrolled at a financial literacy school in the Philippines. They all learned about saving and investment, and aspired to save enough to make Greg's return home financially viable.

Mary Grace began to save a small fraction of her monthly remittances. Eventually, her savings helped her start her own business. With continued savings and investment, she was able to expand her business and earn enough income to allow Greg to return home.

In her speech, Mary Grace reflected on the key lessons she learned through this experience. She urged the importance of valuing remittances and migrants' hard work. She encouraged other migrant families to save part of their remittances and live simple lifestyles. She warned not to depend on remittances, and instead use them as an investment tool. Last, she stressed the importance of educating children to prepare them for their futures. Learning from these lessons, other migrants can maximize remittances' development impact and help make migration a choice, rather than a necessity.

## PANEL I – SENDING MONEY HOME: MIGRANTS AND THE SUSTAINABLE DEVELOPMENT GOALS

### SPEAKERS

**Victor Manuel Asturias Cordón**

Minister of Economy of Guatemala

**Teodoro L. Locsin Jr**

Permanent Representative of the Philippines at the United Nations

**Daniela Morari**

Deputy Minister of Foreign Affairs and European Integration, Republic of Moldova

**MODERATOR: James Cockayne**

Head of the United Nations University (UNU) Office at the United Nations, obo 2017 Chair of the Global Migration Group (GMG)



Left to right: James Cockayne, Victor Manuel Asturias Cordón, Daniela Morari, Teodoro L. Locsin Jr

### Introduction

The contributions migrants and migration make to sustainable development have become increasingly evident in recent years, and were recognized in the 2030 Agenda for Sustainable Development. The SDGs include several migration-related targets, which seek to reduce the costs of migration and increase

its positive impact. Over the last decade, a growing number of member states have similarly developed national policies that identify and provide concrete ways to “make migration work for development.”

This high-level panel highlighted the importance of migrants’ contributions in their countries of origin and showcased government actions that can maximize the development impact of these contributions and align them with the SDGs.

*“The cost of sending remittances in our country is less than 3 per cent, so we have to focus on pursuing different initiatives that support a strengthening in our productivity.”*

Victor Manuel Asturias Cordón

## Highlights

The panellists touched upon several areas where governments can pursue policies that foster investment and leverage migrants' contributions.

**Leveraging migrants' savings and diaspora contributions towards investment.** Instead of only serving immediate consumption needs, migrants' savings should be channeled into productive projects. Given that not all migrants are entrepreneurs, governments must therefore develop policies that balance incentives and offer different options for migrants' savings. Panelists suggested leveraging savings towards investment in:

- **Public-private projects** to diversify the local economy
- **Basic infrastructure** to develop an enabling environment and connect rural and urban areas
- **Development of local SMEs** to help them grow and reach niche markets abroad
- **Entrepreneurial activity** to foster innovation and generate employment, especially for youth

Directing investment into productive projects ensures that remittances go through efficient channels that not only raise migrants' living standards, but also develop the local economy. Moreover, it encourages the transfer of best practices and knowledge from abroad, thus facilitating transnational communication and further opportunities to grow.

Panellists showcased many examples<sup>10</sup> of successful government interventions to maximize the development impact of migrants' contributions by directing them towards productive investments in both public and private spheres.

<sup>10</sup> Several government initiatives that fell into these key areas of investment were mentioned during the panel. This included: the Government of Moldova's PARE 1+1 and its Migrant Savings and Investment Trust (MSIT); the Guatemalan Ministry of Economy's installation of regional support centres for SMEs and Entrepreneurship Schools, Entrepreneurship, Innovation and Incubators Program, "Weaving Food" (Tejiendo Alimentos) Program and the "Encounter the Migrant" annual meetings; the Government of Philippines' Diaspora to Development Initiative (D2D), LINKAPIL, the Overseas Filipinos Remittances for Development Project and the Remittance for Development Council.

*"The Philippines calls migrants their partners in development – they're more: they have been the drivers of the progress we have achieved. Now, they are partners in achieving the SDGs, and the overarching goal of poverty eradication, and there is always the hope that one day, through the progress through which they contributed, Filipinos will not have to leave their families at home to make enough to be happy with [their] families back home."* Teodoro L. Locsin Jr

*"In order to have and to work with remittances, one ingredient that is very important is trust. It's trust between the migrants and the local governments. It's trust between the countries, and also [between] the public-private sectors."* Daniela Morari

**Supporting greater financial inclusion and financial education programs.** Having money is not sufficient for migrants: they need access to financial resources to leverage their earnings. Often, overseas migrants return with little savings. Teaching financial literacy to migrants and their families enables them to make productive investments and maximize the use of remittances so that migrants can ultimately return home.

**Engaging subnational and local actors.** In order to develop projects at the local level and further leverage migrants' contributions, the national government should involve actors such as local public administration, migrants and private-sector agents. It must first develop policies and a sound framework so that local authorities have the capacity to operate. Panellists also emphasized the importance of developing trust across stakeholders in order for initiatives to successfully form and work.

**Promoting transparency.** While tackling de-risking requires a concerted, multi-stakeholder effort, governments can contribute significantly to this effort. Through clear, regulatory policies, they can create an enabling environment for more competition in the money-transferring sector. They can also increase communication among banks and other stakeholders by holding bilateral conversations between countries and fostering other opportunities to engage in open dialogue.

### **Conclusion**

The impact of migrants' contributions in their communities of origin spans from the family level to the local and national levels. A sound regulatory framework and proper financial mechanisms can direct this impact towards achieving national priorities and the 2030 Agenda. With transparent policies and open communication, governments can build trust among subnational authorities and the private sector to leverage their engagement and create an enabling environment for investment in productive projects. They can also channel migrants' contributions towards further developing the local economy by providing financial literacy and using financial tools to incentivize saving and investment.



### **Keynote address to the G20 Presidency/Global Partnership for Financial Inclusion (GPFI)**

**Leo Kreuz**, Head of Division for Cooperation with the Private Sector, Sustainable Economic Policy, Global Partnership for Financial Inclusion (GPFI), German Federal Ministry for Economic Cooperation and Development

Honourable guests, dear friends, ladies and gentlemen and especially the dedicated professionals of IFAD who have been dealing with this matter for many, many years.

The issue on remittances, investment and development has meanwhile become a top priority of the international agenda. The matter in question is a challenge and an important tool to be used for development. Therefore, the German government put this issue on this year's G20 agenda as a top priority itself. Remittance transfers play an important role in the economies of many countries in so-called emerging markets, as well as in developing countries. In this connection, we have heard yesterday and today, that the rural areas belong to the absolutely top regions that need our support. G20 countries are clearly committed to support cheap, secure and easy ways for migrants to transfer money to their home countries.

To pursue this commitment, at the Antalya G20 Summit in 2015, members agreed to develop national remittance plans. These plans are to be reviewed every second year with the support of the G20 Global Partnership for Financial Inclusion, or GPFI. In this connection, it is of quite some importance that also non-G20, non-GPFI countries feel urged to share information on their national remittances measures.

The problem of de-risking with its potential to have negative impacts on or to even destroy easy, cheap and safe remittances has already been mentioned too. For this problem to be tackled, the banks need the support of the governments to bypass the generally important regulations against money laundering or counter-terrorist financing. This cannot be done by the banks themselves, they need the support legally, but also financially, of governments.

Yet the scope and drivers of this phenomenon of de-risking are complex, and many relevant aspects have up to now not been fully studied or publicly documented. We hope, at G20, that in the G20 subgroups, developed and proposed actions to help mitigation of the de-risking challenge will be presented in a few weeks at the G20 summit in the wonderful German town of Hamburg.

A cornerstone for improving financial inclusion of migrants, senders as well as receivers, was the High-Level Forum on Financial Inclusion of Forcibly Displaced Persons hosted by the GPFI and the Alliance for Financial Inclusion (AFI) in Berlin on 26 April of this year. Twenty important countries and stakeholders were presented. Another workshop on digital services for whom a humanitarian response was jointly organized and hosted by German, Dutch and U.S. stakeholders just this month.

The GPFI and the Temporary Steering Community will continue to stimulate further debates. I am convinced that this issue will remain on the top priority also under the next G20 presidency. I am sure the Argentinian government renders its full attention to this question, as all G20 presidencies have done since the G20 Summit 2015 in Turkey.

So let me end by expressing my gratitude to have been able to share these few insights with you, and I am sure that this meeting will offer a lot of input, which need to be further reviewed and then should be put in[to] concrete policies not only of the G20 members, but all of them who are interested in or face this problem.

Thank you so much, and all the best.

## PANEL II – THE FINANCIAL CONTRIBUTION OF MIGRANTS, DIASPORA GROUPS AND REFUGEES TO DEVELOPMENT

### SPEAKERS

#### **Kingsley Aikins**

Chief Executive Officer, Diaspora Matters

#### **Dilip Ratha**

Senior Economist, the World Bank

#### **Micol Pistelli**

Credit Guarantee Facility Expert, UNHCR

#### **Ashraf El Nour**

Director of the International Organization for Migration (IOM) Office at the United Nations

#### **MODERATOR: Jürg Lauber**

Permanent Representative of Switzerland to the United Nations



Left to right: Jürg Lauber, Kingsley Aikins, Ashraf El Nour, Micol Pistelli, Dilip Ratha

### **Introduction**

The contributions of migrants, diasporas and refugees can all be leveraged to attain sustainable development. The panel showcased factual findings on how migrant workers' remittances and investments contribute to their countries of origin. Panellists also highlighted examples of the role migrant and refugee communities play in the stability, reconstruction and economic development of their countries of origin.

### **Highlights**

Migration has continuously had a positive impact on the world: it increases the liveliness of globalization, enriches culture, contributes to reinventing global markets and trade and sustains communities. The 2030 Agenda for Sustainable Development has recognized migration as a multifaceted human phenomenon, significantly linked to development, whose potential could be unlocked by addressing current regulatory and structural challenges. The panel echoed this recognition through the following findings.

Several **cyclical and structural factors continue to affect the flow of remittances**. Cyclical occurrences include slow economic growth in Europe, low oil prices in Gulf Cooperation Council countries and Russia, a strong United States dollar and exchange controls. The panel, however, prioritized addressing structural causes that hamper remittance flows and affect SDG goals. This includes anti-migrant sentiment and labour market “nationalization” policies that discourage foreign employment, and practices such as de-risking, taxation and exclusivity agreements that are regressive, increase the cost of remittances and drive flows underground.

The panel affirmed **refugees’ unique set of challenges**. Although remittances and diaspora investment apply to refugees and migrants in similar ways, refugees face their own set of individual obstacles due to their different legal status. Refugees are underserved, as they have less freedom of movement and fewer opportunities to work. Due to their status, they also often lack legal access to bank accounts and other financial services, increasing their financial exclusion and hampering their ability to improve their own situations and contribute to sustainable development. The panel highlighted the importance of recognizing these differences and working to address them through mechanisms such as financing facilities that work to develop solutions.

Migration will continue to sustain its important role in development, peace and security, and environment as a:

- **Driver of population dynamics.** In developed countries, the aging population continues to increase, while in developing countries, youth bulges persist. Migration presents itself as a solution to balance demographic trends that challenge the global labour market.

*“It’s more important what you do than where you are. In the old days, your geography dictated your identity. When you left, you were gone forever... Now..., people are leading transnational lives... And so diasporas become really important. But the key in all of this,...to building diaspora engagement, is building networks.”* Kingsley Aikins

*“Migration is certainly a catalyst for economic growth... In our policies and in our learnings, we need to build on that heritage and recognize that migration historically has been a positive phenomenon that may help us to counter the toxic narrative, which is not a true reflection of what migration is about.”* Ashraf El Nour

*“De-risking is the most important roadblock to mobilizing diaspora resources through almost all of the channels I have mentioned – the tangible, financial channels [that link migration and development]. And therefore mobilizing investment is a major issue.”* Dilip Ratha

*“[Forcibly displaced people] is a widely underserved market – even more than the rest of economic migrants. The reason is that refugees, although they have a very special legal status that protects them, in many countries, they have very limited opportunities... to work..., to open bank accounts.”* Micol Pistelli

- **Catalyst for economic growth.** Through their participation in their host country’s economy and their investments and remittances sent home, migrants generate wealth across countries and contribute to economic development.
- **Source of diversity.** Migrants introduce new ideas, perspectives and innovations, making cities increasingly multicultural and multi-ethnic.

Multiple **links between development and diasporas and migrants** exist. Migrants contribute to the economic and human development of their countries of origin and destination alike through a variety of ways, including: remittances, investment, knowledge and skill transfer, trade promotion and networks, tourism, technology transfer, philanthropy, and impact through advocacy. Of these, panellists highlighted the untapped development potential of diaspora investment, which could be further leveraged by linking savings to investment, building diaspora networks, and using diaspora philanthropy as a portal to trade, investment and institutional change in countries of origin.

Recognizing the dynamic role of migration and its specific links to development, the panel provided several recommended actions:

- **Leverage remittances to finance development** through formal channels and financial services to facilitate investment and financing for development.
  - **Support micro-saving, micro-insurance and micro-lending** to ensure financial inclusion of households and SMEs through the flow of remittances.
  - **Change the narrative of migration** to acknowledge migrants' positive contributions, empower them and further leverage their engagement and development impact.
  - **Facilitate dialogue between diasporas and home countries** to share more information across sectors and help link diaspora capital to demand-driven investment opportunities.
  - **Facilitate social inclusion of migrants in host countries** to support the integration of migrants and ensure equal access to services.
- **Mainstream migration into national development** to create initiatives, like the Global Compact for Safe, Orderly and Regular Migration, that support safer migration and also leverage migrants as agents for development.
  - **Provide capital market access for countries and companies** through mechanisms such as sovereign credit rating, and bonds backed by future remittances as collateral and diaspora bonds, to further leverage the use of remittances.
  - **Strengthen the retail payment system** by focusing on issues regarding payment platforms, clearing capital adequacy, disclosure, cross-border arbitration, de-risking and AML/CFT.
  - **Monitor and analyse data on refugees, migrants and remittances** focused on: size, corridors, channels, counter-cyclical and remittances' effects on poverty, education, health and investment.

### Conclusion

Migrants continue to play significant roles as contributors to growth and development in both their countries of origin and destination. The undeniable links between migration and development represent opportunities to leverage the contributions of migrants, diaspora and refugees into investment and growth. In order to do so, governments, regulators and financial institutions must work together to mainstream a positive narrative of migrants and address cyclical and structural challenges.



## Session II – The Sustainable Development Goals and the Global Compact on Migration

### GFRID 2017 – CONTRIBUTING TO THE GLOBAL COMPACT FOR SAFE, ORDERLY AND REGULAR MIGRATION

#### SPEAKER

#### **Bela Hovy**

Chief, Migration Section, Population Division, UN-DESA



**Bela Hovy** reported on the discussions held on 15 June and presented the process following the New York Declaration for Refugees and Migrants and the negotiations towards the Global Compact for Safe, Orderly and Regular Migration (henceforth, Global Compact on Migration).

He emphasized the crucial role of data and evidence, especially in the context of changing the current negative narrative on migration. Recent populist policies threaten migration and must be countered with objective information that supports migrants' contribution to sustainable development. The request of the General Assembly for a report on indicators in the context of the Global Compact on Migration also emphasizes the importance of facts and figures.

Mr Hovy also highlighted the important steps taken by the global community leading up to the development of the Global Compact on Migration. He discussed the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development, which outline commitments related to remittances and, particularly, to reducing transaction costs.

He also stressed the importance of developing indicators to measure the progress of targets, ensure accountability and facilitate the creation of a practical global compact. Doing so requires both capacity-building in developing countries and outlining clear concepts and definitions.

He also pointed to the New York Declaration for Refugees and Migrants, which states commitments towards developing Global Compacts for Migration and for Refugees. This declaration affirms the importance of migration, and moreover reveals that diaspora investment and remittances are applicable to migrants and refugees in many similar ways, although their legal status is different.

As the United Nations continues to engage in multi-stakeholder discussions in preparation for the Global Compact on Migration, Mr Hovy highlighted the relevance of the GFRID, as it can shed light on important issues revolving migration and development, and provide evidence and further information.

## PANEL I – WHAT ROLE CAN MIGRANTS’ CONTRIBUTIONS PLAY?

### SPEAKERS

#### **Oscar Chacón**

Executive Director, Alianza Américas

#### **Amadou Cissé**

Executive Director, African Institute for Remittances

#### **Estrella Mai Dizon-Añonuevo**

Executive Director, Atikha Overseas Workers and Communities Initiative, Inc.

#### **Lee Sorensen**

Development and Impact Investment Senior Expert: fragile contexts and international development

### MODERATOR: **Judith Arrieta Munguia**

Minister, Permanent Mission of Mexico to the United Nations



Left to right: Lee Sorensen, Amadou Cissé, Estrella Mai Dizon-Añonuevo, Oscar Chacón, Judith Arrieta Munguia, Bela Hovy, Pedro De Vasconcelos

### Introduction

In the context of the 2030 Agenda for Sustainable Development and the Global Compact on Migration, migrants’ positive impact towards their families and communities of origin, and their contributions in host countries are brought to light. Migrants provide far more than just financial contributions, bringing with them social and human capital, including knowledge, skill transfers and cultural perspectives that transform societies on both ends of the migration corridor. The panel discussed migrants’ multifaceted contributions to development and proposed different ways whereby governments, along with the private sector and civil society, could cooperate to make migration work for development.

### Highlights

- Migrants’ contributions go beyond financial factors, with economic and social enrichment as an essential part of their development impact. Migration introduces new perspectives and customs, challenging the status quo in art, culture and politics – both in countries of origin and destination. Migrants’ transformational role in their societies presents untapped potential to promote change and growth in socio-economic and cultural arenas.

- Moreover, diasporas' and migrants' interests in aiding their families and communities naturally align with many development interests. The key is to target their engagement and provide channels through which they can make even more catalytic contributions. There are several measures that governments, the private sector and civil society should focus on in order to leverage their development impact.
- **Change the migration narrative to empower migrants.** Recognizing migrants' contribution first requires challenging and changing the existing narrative on migration. For the past three decades, migrants have consistently been depicted as a threat. Acknowledging this narrative and working to change it helps create an environment that is willing to accept migrants and listen to their perspective. It is necessary in order to allow data and information to successfully impact the public. Moreover, it is crucial to empower migrants to share their stories and experiences and to create a platform for them to meaningfully interact in both their host country and back home.
- **Promote financial education for both migrants and their families.** Providing financial literacy to both migrants and their families allows them to leverage the remittances they receive and, in turn, catalyse investment and development back home. Atikha, working on both ends of the migration corridor, supports migrant advocacy and partnership initiatives to provide financial training to migrants. This can help migrants to not only save but also identify investment opportunities, both to develop local businesses and to provide a way of securing more income for the family and for the migrants themselves, who hope to return home one day.

*“Let’s make sure that as we proceed in this big negotiation called Global Compact, that we keep migrants right at the very centre of the conversation, because otherwise we only pay lip service to the notion that we are dealing with human beings and not with commodities.”*

Oscar Chacón

*“There are a lot of opportunities that the migrants can provide to the community, but this can only happen if the local government and the national government are able to create the environment that can absorb the investment.”*

Estrella Mai Dizon-Añonuevo

*“What we are looking for is how the migrants can contribute to that agenda of the government, and we should make sure that there are some mechanisms that are put in place to make sure that the agenda of the migrants also speaks to the agenda of the government.”* Amadou Cissé

*“... many of the migrants’ interests are automatically aligned with development interests, but we have to formalize it and give them a way to bring that back in.”* Lee Sorensen

- **Support sound policies that create an enabling environment conducive to private-sector engagement.** Development is an issue that pertains to a government’s agenda. Many governments prioritize addressing social infrastructure issues and creating an enabling environment for better jobs and growth. Migrants’ economic and social contributions often complement and support governments to achieve their priorities. Allowing private-sector engagement facilitates opportunities to form partnerships and invest locally. Doing so will leverage job growth and economic development, and better allow migrants to invest, gain and share the benefits.

- **Targeting diaspora investment.** A research report conducted with IFAD titled *Somali Diaspora Investment Survey* shows that diaspora investors are like others in the social impact world, as **39 per cent of respondents wished to maximize social impact and 85 per cent of them wished to create local jobs.** Seventy-one per cent of Somali diaspora investors claimed they invested in their home country because they wish to return, either permanently or partially. Sorensen highlighted Brinkerhoff's research characterizing all of diaspora investors' catalytic contributions – be they formal or informal, economic or social, skills transfer and technical training – as “the In-between Advantage” in both the country of origin and destination. Many diaspora interests align with development interests, but they lack the formal mechanisms to realize them. Targeting the diaspora not only enables financial contributions and investment in productive goods, but also socio-economic growth and transnational dialogue.

### **Conclusion**

The multifaceted nature of migrants' contributions complement governments' development agendas. Governments must create an enabling environment conducive to partnerships among migrants, private-sector agents and civil society to leverage the development impact of the money they send home. Open dialogue among stakeholders that keeps migrants at the centre of the conversation facilitates the alignment of migrants' interests with sustainable development initiatives, allowing their contributions to not only improve their families' well-being, but also transform their countries of origin and destination.

## PANEL II – PRIVATE-SECTOR ENGAGEMENT: A DRIVING FORCE TO REACH SCALE

### SPEAKERS

#### **Mohit Davar**

Chairman of Advisory Board, International Association of Money Transfer Networks (IAMTN)

#### **Nathan Naidoo**

Director of Policy and Advocacy, Mobile Money, GSMA

#### **Ian Radcliffe**

Director, World Savings and Retail Banking Institute, WSBI

#### **Stefano Signore**

Head of Unit Migration, Employment and Inequalities, Directorate-General for International Cooperation and Development, European Commission

### MODERATOR: **Masud Bin Momen**

Ambassador and Permanent Representative of Bangladesh to the United Nations



Left to right: Stefano Signore, Ian Radcliffe, Nathan Naidoo, Mohit Davar, Masud Bin Momen

### Introduction

The implementation of the 2030 Agenda for Sustainable Development requires an all-inclusive approach. In this context, the international community has called for a concerted effort to bring together policymakers, regulators and industry representatives to find ways to increase access to financial services and foster competition in the remittance and diaspora investment markets. Comprised of some prominent private-sector stakeholders, this panel showcased current market opportunities and challenges in support of the SDGs, with a particular focus on Target 10.c., which calls to reduce the transaction costs of migrant remittances to less than 3 per cent and eliminate remittance corridors with costs higher than 5 per cent.

### Highlights

Technological innovation is transforming the remittance industry, introducing new information and transnational transaction channels. Government policies and regulations must stay relevant to match these technological changes. This requires greater cooperation between financial institutions, regulators and private-sector agents. As they collaborate to achieve interoperability and efficient leveraging of remittance flows, there are several areas stakeholders need to prioritize.

*“We all agree that remittances is the single largest source of income to the families, but hopefully we will all agree that MTOs are very, very important, because they are the gateway for those remittances to be channelled back into the families.”* Mohit Davar

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*“One of the really important developments... is connecting international remittances to broader financial inclusion, and here [by sending remittances via mobile money], we are connecting international remittances into transaction accounts that people can then use to make onward digital transactions, to pay their children’s school fees, to pay their utility bills, etc.”* Nathan Naidoo

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**Support mobile money and broader digital financial inclusion.** A fairly new, but growing service, as seen by the 68 per cent increase in transaction volumes in 2016, mobile money plays an increasingly important role in the remittance industry. Mobile money is transforming the way people send and receive remittances. Its services highlight the possibility of interconnection of mobile money operations across borders, ensuring interoperability and partnerships with traditional MTOs. This has potentially profound implications for the SDGs and migrants.

Mobile money reduces remittance costs significantly, being over 50 per cent cheaper for US\$200 transactions than other methods. Moreover, it maximizes the impact of remittances on development by promoting a gateway to financial inclusion, as it reaches low-income people and connects remittances into transaction accounts, facilitating other transactions, such as payment of education fees. The panel affirmed the significant role of mobile phones and advocated a “broader digital financial revolution” in order to maximize financial inclusion and further reduce transaction costs.

**Challenge the de-risking phenomenon.** In order to successfully attain the SDG 10.c. goal, stakeholders must address non-price-related issues, such as de-risking, which is the one of the greatest threats to the industry. AML/CFT measures increasingly affect remittance flows and stakeholders involved in the supply chain. Banks avoid related activities and collaboration with service providers considered at risk. This results in financial exclusion, increased transaction costs and reduced competition among financial institutions, and increases in remittances being sent via informal channels. Among possible solutions to address this issue, the panel stressed the importance of developing global standards and public-private-sector cooperation. A risk-based approach, know your customer (KYC), was also suggested, as its current tiers in the international space are not granular enough to deal with low-income people.

**Develop technology-neutral legislation concurrent to technological change.** Technology enables an end-to-end approach and interoperability through the Application Programming Interface (API), which enables new applications to be built on old products and facilitates access to a broad range of products and services. The resulting policy must be technology neutral, and ensure customer privacy without levying undue burdens or taxation. Policymakers must accompany technological innovation with legislation that supports an enabling environment where essential multi-stakeholder partnerships can be formed. Legislators should also support the industry to integrate people digitally.

**Pursue interoperability through global regulatory standards.** With MTOs judged by a different standard than banks, the lack of a global standard significantly hampers interoperability. MTOs face the particular problem of requiring multiple local licenses to operate in the United States and the European Union. The growing importance of mobile money demonstrates the necessity to allow non-transitional operators to work, ensure standardized and transparent licensing criteria and promote a hub model for international remittances that allows initiatives to scale more effectively. Using mobile money platforms is challenging when there are legacy and manual systems, or where countries lack national payment systems, requiring correspondent banks. Tackling these regulatory issues by developing global standards will promote competition and harmonization that will reduce costs.

Different examples on how policymakers and governments can embrace technological innovation to support remittance flows were also discussed. From the policymaking point of view, digital technology was presented as a fundamental priority in the development agenda. An example of this is the European Investment Plan, which created a guarantee covering contingent losses, promoting investment in parts of Africa that currently have insufficient investment. Improvements of a 2009 directive on payment services also exemplifies this, as they allow one-leg transactions when either the sender or the receiver is outside the European Union and not in EU currencies. These initiatives highlight the importance of pursuing policies that promote transparency and support the development of technologies.

## Conclusion

The increasing presence of mobile money services and other digital technologies in the remittance industry can reduce transaction costs and facilitate the transmission of cross-border remittances, providing opportunities to achieve the SDGs. With technology-neutral legislation and a sound regulatory framework, governments can create an enabling environment for engagement with the private sector. Public- and private-sector actors must also work together to address non-price-related issues that affect transaction costs and the fluidity of remittance flows, such as de-risking and the lack of global standards. Through a concerted effort, they can balance different industry needs with the development agenda and promote global standards that will leverage technologies' development impact.

*“Mobile phones will inevitably play a significant role for the foreseeable future, but to reach scale and drive down prices, we need to peer beyond mobile to the broader digital financial revolution that banks are grappling with. And if policymakers are serious about the SDG goal of reducing cost to 3 per cent, then they will have to make sure that the legislative framework is in tune with advances in technology and the changes that we are going to see over the next 5 to 10 years.”* Ian Radcliffe

*“Increasing the amount of formal remittances should be an important goal for a number of reasons, [such as] for [the] safety of the transaction[s]. In order to build public policies, we have to push for remittances using formal channels.”* Stefano Signore

## REGIONAL OPPORTUNITIES AND FUTURE OF THE FORUM

### SPEAKER

#### **Nik Mohamed Din Nik Musa**

Director, Money Services Business Regulation, Bank Negara Malaysia



Mr Gilbert F. Hougbo, President of the International Fund for Agricultural Development or IFAD, government representatives, private-sector and civil society

stakeholders, ladies and gentlemen,

It is an honour for me to represent the Central Bank of Malaysia to deliver some remarks at this Forum. I take this opportunity to congratulate IFAD, the World Bank and the United Nations Department of Economic and Social Affairs on the successful organization of the 6<sup>th</sup> Global Forum on Remittances, Investment and Development, and the celebration of the third International Day of Family Remittances today. My remarks today will centre on remittances in Asia and the need for more platforms such as GFRID to discuss this important topic from a regional perspective.

Asia is home to the world's largest population, and migration is not a new phenomenon for Asia. The emergence of large economic powerhouses in Asia has indeed fuelled intra-regional migration. As the population of China and India hit 1.39 billion and 1.27 billion, respectively, it is likely that the upward migration trend will continue for the foreseeable future. The World Bank estimated the intra-regional migration in South East Asia to be at 6.7 million and more than 90 per cent of migrants from Sri Lanka, India and Pakistan can be found in West Asia. A majority of these migrants are semi- or low-skilled labourers from less developing countries, leaving their family for the prospect of better earnings to improve their livelihood.

The sheer size of Asian migration correlates with the amount of remittances that flowed into the region. In 2015, Asia received more than US\$240 billion, or more than 40 per cent of total global remittance flows, benefitting millions of low-income population, and as we saw yesterday, this number has been rising quite considerably to about 50 per cent. The remittances received have brought impact not only at the household level but also to the community at large, and beyond that to benefit the country at the macro socio-economic level. This helps to provide for food, pay for health care and children's education, and is channelled to fund micro businesses and other entrepreneurial activities in the community. Further, research also confirmed that remittances reduce the national and rural poverty levels of the receiving countries.

Despite the continuous growth in its economy, Asia still faces many developmental challenges. The rising inequality, population living in abject poverty, widening income gap, unequal distribution of wealth and the urban-rural divide are among other issues that remain to be solved. It will be too farfetched to claim that remittances will solve all these, but I am optimistic that these ordinary fund transfers could bring an important positive impact in shaping a better and more inclusive Asia. This is precisely what Mr President said this morning: that remittances are a key source of funds for development in any particular region. Towards this end, there are opportunities that must be unlocked by the stakeholders.

First, despite the advent in financial innovation, large numbers of Asia's population are still excluded from the formal financial sector. Out of the 600 million population in South East Asia, only 50 per cent of the adults own



a bank account. Despite some improvements in this number, efforts are still required to boost usage of accounts; this is particularly important. Remittances have great potential in bridging the low-income population into the formal financial sector. To achieve this, educating the migrants is crucial. The regulators should first focus on bringing those who are still using the services of the informal sector such as the “hawala” and “hundi” into using formal RSPs. This should be further complemented with efforts to link these remittances with other financial services and products such as savings and loans.

Given the frequency of remittances being sent by a migrant worker, there is indeed a good prospect for using a remittance database to enhance the credit assessment for the low-income segment, thus promoting greater access to affordable credit. It is encouraging to see there are countries that require their migrants leaving their country to open savings accounts prior to leaving the country.

Yet, in the majority of cases, these accounts are left unused since they cannot be accessed by the migrants’ families back home. Therein lies the opportunity. The financial intermediaries and FinTech can explore ways to design the saving products that can be tailored to the needs of migrant workers.

Second, despite the huge size of remittances received by developing countries in Asia, the usage is largely limited to consumption but not for investment, which we have largely talked about today. The policy approach to the issue of migrant remittances has been focusing on the objective to reduce the cost of transfer and increase the amount of transfer to developing countries. However, in order for remittances to become a tool to support greater development, policymakers should explore ways to create a package of policies that attract greater usage of remittances for investment.

From a comparative perspective, remittances have been used in other regions to finance productive sectors and to address specific needs of the region. In

Africa, for example, remittances from migrating groups have been channelled to support agricultural activities to tackle the issue of food security. In Eastern Europe, migrating groups have been investing to finance the small and medium-size enterprises that helped to create jobs for the community. In Asia, there are several sectors where remittances may be leveraged on as a funding avenue. This includes education, health and rural infrastructure sectors where the need for financing still remains pronounced.

Third observation: Despite the well-recognized benefits of cross-sector collaboration, this remains unexploited in Asia. The well-documented stories of cross-border mobile remittances in Africa have had less traction in Asia, raising questions on the causes of sluggish take-up for such innovation in the region. There is a huge potential for the intra-regional remittance corridors to further unlock the potential of mobile remittances in Asia. According to the World Bank, while the average cost of sending remittances via MTO stood at 6.3 per cent, the transaction cost charged by mobile operators was recorded at 2.9 per cent, and even lower as we heard today. In order for this to work in Asia, cross-sector collaboration especially between telecommunication companies and MTOs should be further expanded. While one telco-operator operates mobile money remittances in three different countries in West Africa, such practices are still more uncommon in Asia largely due to higher barriers to entry.

Issues surrounding remittances and development can be unique and specific to each region. Recognizing this, I am pleased to announce that the Central Bank of Malaysia is collaborating with IFAD and the World Bank to host the first regional forum on remittances, investment and development in Asia in 2018. The forum will be held from 8-10 May next year at the Sasana Kijang Central Bank of Malaysia in Kuala Lumpur. Before I end my speech, I would like to show you the welcoming video specially prepared to invite all of you to the Global Forum on Remittances, Investment and Development Asia 2018. Thank you.

## CONCLUSION AND THE WAY FORWARD

SPEAKER

**Gilbert Fossoun Hougbo**

President of IFAD



Over the past two days, we have engaged in a timely dialogue about the importance of remittances to hundreds of millions of families across the globe.

Through the lens of the United Nations, we have also discussed the direct relevance of remittances to two current initiatives: the Global Compact on Migration, and the 2030 Agenda for Sustainable Development, the SDGs.

We believe that the principal development challenge from now until 2030 is to ensure that a substantial multiplier effect will apply to the projected US\$6.5 trillion in aggregate remittances to be received by families living in developing countries over this period.

However, the amount that matters the most is not measured in billions or trillions. To a remittance-receiving family only the US\$200 average monthly remittance counts, and that's where the focus of our attention needs to be directed.

To be successful, this effort will also require **recognition of the universality and integration of the SDGs as follows:**

- **Recognize** the positive socio-economic impact of remittances on families and communities, particularly in rural areas, and their contribution to achieve the SDGs, specifically those addressing poverty, hunger, health, education, sanitation and gender.
- **Support** policies and specific actions to promote synergy between remittances and financial inclusion, to encourage market competition and regulatory reform to lower transfer costs, (*SDGs 8, 10*).
- **Address** the consequences of rural migration due to climate change and support the development of remittance-related risk management mechanisms, (*SDG 13*).
- **Ensure** that the revitalized Global Partnership for Sustainable Development – as outlined in SDG 17 – includes collaboration across sectors involved in remittances and in line with processes such as the Global Compact on Migration.

Our discussions during this Forum involved over 400 participants in 17 panels, as well as representatives from around 40 Member States. It has been an intense and productive experience that has resulted in a number of key findings.

**Key finding 1**

**The need to provide more attention to the “receiving end” of remittances where the development impact for 800 million people is greatest.**

Until now, the focus on remittances has been mostly on the “sending side”: aggregate volumes and high transaction costs. But we need to do more to reflect **the universality of remittances in contributing to the SDGs** – both senders and receivers, as well as the involvement of countries at all income levels, and from all parts of the globe.

Much has been done to document these flows and reduce costs, but not nearly enough attention and resources have been directed yet toward realizing the full potential impact of remittances. Greater focus is now needed at the “receiving end” by seeking to provide more options and better opportunities for remittance families to use their money productively. With more options to send and receive money, and better access to financial and non-financial services, remittance families, as well as their communities, will benefit. To do this, financial education must be a central pillar of every programme providing financial services to remittance families.

In addition, equality of opportunity requires promoting linkages, wherever possible, between remittances and financial inclusion in order to create convergence between the financial goals of remittance families and the commercial strategies of financial service providers.

**Key finding 2**

**The critical importance of remittances to rural and more vulnerable communities.**

No matter how many people leave home, more remain behind. Remittances are sent disproportionately to rural areas, accounting for almost US\$200 billion annually. In fragile situations, remittances often provide a lifeline to families, and the prospect for some stability in the future.

Whether through *remittances, savings or investments*, migrant workers possess a powerful set of resources and instruments to improve their own lives and the lives of their relatives back home. By leveraging the contribution that remittances and migrant investments bring to development, governments have the opportunity to substantially increase their positive impact, particularly in the poorest and most remote rural areas.

# The GFRID 2017 in pictures



**Alexandre Trepelkov**, Director, Financing for Development Office, UN-DESA



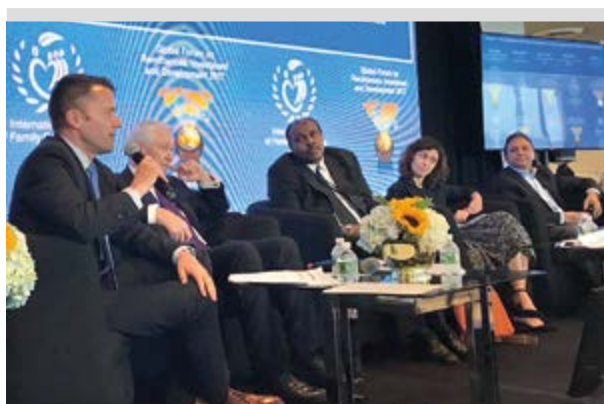
**Daniela Morari**, Deputy Minister for Foreign Affairs and European Integration, Moldova



**Judith Arrieta Munguia**, Minister, Permanent Mission of Mexico to the United Nations and co-chair of the Global Compact on Migration



**Masud Bin Momen**, Permanent Representative of Bangladesh to the United Nations and co-chair of the Friends of Migration, and **Gilbert F. Hougbo**, President of IFAD



The financial contribution of migrants, diaspora groups and refugees to development. Moderator: **Jürg Lauber**, Permanent Representative of Switzerland to the United Nations; **Kingsley Aikins**, CEO, Diaspora Matters; **Dilip Ratha**, Senior Economist, World Bank; **Micol Pistelli**, Financial Inclusion Officer, UNHCR; **Ashraf El Nour**, Director, IOM Office at the United Nations



Financial inclusion through remittances: Opportunities hidden in plain sight. Moderator: **Henri Dommel**, Director, Inclusive Finance Practice Area, United Nations Capital Development Fund (UNCDF); **Marc Hollanders**, Special Adviser on Financial Infrastructure, Bank for International Settlements; **Patrice Kiiru**, General Manager, Diaspora Banking & International Money Transfer, Equity Bank Group; **Manuel Orozco**, Senior Director, Inter-American Dialogue; **Shari Spiegel**, Chief, Policy Analysis and Development Branch, FfD Office, UN-DESA

# Networking



# The Remittance Marketplace

The GFRID Remittance Marketplace saw the participation of 27 private-sector entities who showcased their latest products and innovations to all Forum participants. Exhibitors had the opportunity to present new products, business models, tools and technologies to a high-level audience of government officials, industry representatives, development workers and civil society leaders.

## List of exhibitors

1. African Institute for Remittances
2. Auxfin
3. Azimo
4. Contact
5. DMA
6. GSMA
7. Homestrings
8. IAMTN
9. IDPAY
10. IMTC
11. Microfinance Gateway
12. Money Services Business Association (MSBA)
13. Moneytis
14. Orange
15. Paykii Inc.
16. Remitly
17. Small World Money Transfer
18. Segovia
19. The Spark Group
20. TimesofMoney Private Ltd.
21. Transfast
22. UAE Exchange
23. Uniteller
24. Viamericas
25. Western Union
26. WireCash
27. Xpress Money Services Ltd.



# The RemTECH Awards

The Remittance Innovation Awards (RemTECH Awards), whose aim was to showcase the most innovative and outstanding ideas, models and projects designed to improve remittance services worldwide, were announced at the GFRID 2017. Eleven companies, among which digital and online money transfer, cryptocurrency and FinTech companies, were awarded for their innovative business models and potential for promoting further impact in the market.

The following categories were used as guidelines to submit proposals and for the independent judging panel that was chosen to select the awardees.













- End-user experience
- Social impact
- Marketing/Advertising
- Innovative agent solution
- Back-office solution (FX management/treasury)
- RegTech/Compliance/KYC/AML/CTF
- Social impact
- Business service/B2B-B2P-P2B

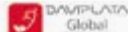









The judging panel was composed of independent experts and coordinated by the International Money Transfer Conference (IMTC).

*“The RemTECH Awards are a step in moving forward the evolution of an industry that I don’t see being disrupted heads-down but slowly evolving. The global remittance industry has many faces, many countries involved, many players, many customer behaviours, and many challenges that have to be faced (regulatory, financial exclusion of service providers, increase in compliance costs, taxes, etc.). We hope the RemTECH Awards contributes to the needed evolution and helps in welcoming new ideas.”* Hugo Cuevas-Mohr – IMTC, RemTECH Director

## Results

- More than 50 applications received
- 36 final entries accepted and rated by our Judging Panel
- Close to 30,000 votes received in webpage – Voter’s Pick
- 11 Entries were chosen to receive Awards
- 10 Entries were chose to receive Mentions

Awards	
	Azimo – Overall Favorite Award
	Safaricom M-PESA – Mobile Creativity Award
	Xoom – Digital Pioneer Award
	Trulioo – Potential for Growth
	Moneytis – Most Innovative Service
	Bitso – Pioneering Spirit
	TransferTo – Networking Hub
	EcoCashDiaspora – Visionary Award
	ComplyAdvantage – Innovative Service for Compliance
	Airpocket – Remittances & Financial Inclusion
	Everex – Service Originality
	WireCash – Voter’s Pick

Mentions	
	Diaspora Impact – Daviplata Global
	Enviouchegou – Pontual
	Digital Transition – Transfast
	Digital Transition – Uniteller
	Digital Pioneer – TransferZero
	Innovative Agent Solution – RedChapina
	Remittance Software – RemitOne
	Remittance Formalization – UAEExchange
	Sistema de Transferencia y Pagos STP – Poised to Succeed
	IdentityMind – Market Understanding – Clear Vision

# Media

The GFRID 2017 enjoyed wide and global media coverage, with over 900 reports and articles in newspapers, blogs and TV/media channels. The press release on the launch of the *Sending Money Home* report was picked up by the major news agencies such as Reuters, Associated Press, EFE, Notimex, Xinhua and ANSA, among others. It also saw strong interest from Asian media, especially Chinese outlets with over 75 articles, and outlets in India, with over 30 articles. Spanish media was very interested as there was a strong focus on Mexico in the report. French media had top-tier articles in Le Monde, Jeune Afrique, Ecofin, etc. The leading financial paper in Italy – Il Sole 24 Ore – carried two stories. There was also wide

interest from German media and from media in Nordic countries. Arabic media displayed keen interest as well with stories in Gulf News, Kuwait Times, Khaleej Times and UAE News, among others.

There was also a **dynamic social media** effort in support of the report launch and Forum on both **Facebook and Twitter**. The top Facebook post was at Facebook Live with Mary-Grace Lopez Balmes, who shared her story as a wife whose remittances enabled her husband to be able to return home to his family after 10 years. The post reached over 11,400 viewers. The second top post was a Facebook Live with **Gilbert Hougbo**, IFAD President, reaching 10,900 people.

## Reuters

**Migrants sent home \$445 billion in 2016, lifting millions out of poverty:' report**

Lin Taylor

LONDON (Thomson Reuters Foundation) - Migrants working in rich countries sent home almost half a trillion dollars in 2016, helping to lift families out of poverty by providing financial stability, access to education, housing and healthcare, according to a global report.

About 200 million migrants, half of whom are women, sent \$445 billion to their families in Asia, Latin America and Africa in 2016, the International Fund for Agricultural Development (IFAD) said on Wednesday.

## L'Economiste

**Envoi de fonds : Ce que pèse la diaspora marocaine...**

Par L'Economiste | Le 15/06/2017 - 14:28 | Partager

La diaspora marocaine est l'une des plus actives sur le continent africain en termes d'envoi de fonds, indique une nouvelle étude du Fonds international de

## Ansa

**Más remesas pese a política de Trump**

Desplazan a turismo e inversión como fuentes de divisas

18.06.17 JUL - CIUDAD DE MEXICO - REDACCIÓN ANSA

(ANSA) - CIUDAD DE MEXICO, 3 JUL - Las remesas familiares en México siguen creciendo a pesar de la política migratoria del presidente Donald Trump, con un aumento del 4,4% en mayo, mientras expertos

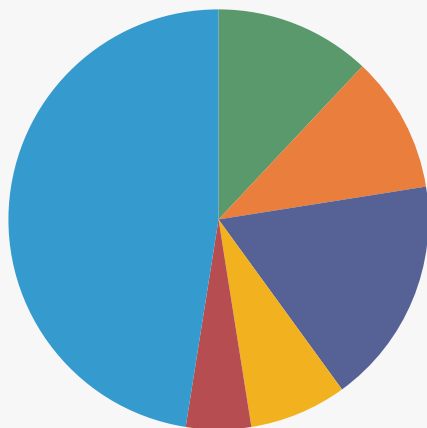
## UN News

**Sharp increase in money migrants send home lifts millions out of poverty - UN report**

14 June 2017 - A dramatic up tick in the amount of money migrants send home to their families in developing countries is helping to lift millions out of poverty, according to a new report out today from the United Nations International Fund for Agricultural Development (IFAD).

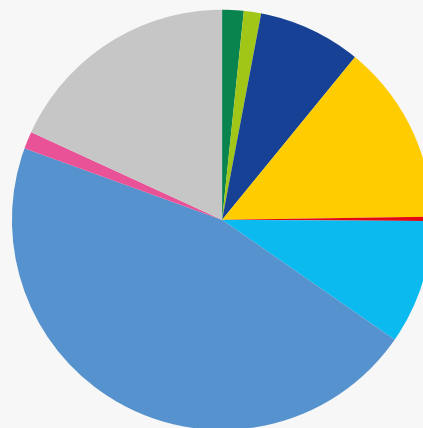


# Statistics and figures



**Participants' countries of origin**

- Asia and the Pacific
- Africa
- Europe
- Latin America
- Near East and North Africa
- North America



**Sectors**

- Academia
- Central bank
- Government
- International organization
- Media
- Non-governmental organization
- Private sector
- Think tanks
- Other

2 days of sessions: 6 sessions and 18 panels

11 moderators

53 speakers from governments, private sector and civil society

350 participants representing 60 countries

27 Marketplace exhibitors

Over 900 news items in the international press

# The venue

**The United Nations Headquarters, New York** was the venue chosen to host the sixth edition of the GFRID.

The Private-sector Day on 15 June and the morning of the Family Remittances Day on 16 June were held at the Executive Dining Room.

The afternoon session of the second Day took place in Conference Room 4.



United Nations Headquarters Conference Room 4 on 16 June



GFRID 2017 – Private-sector Day, Delegates Dining Room, United Nations Headquarters – 15 June

# The Global Forums

The Global Forum on Remittances, Investment and Development (GFRID) is part of a series of international forums, aimed at bringing together stakeholders from around the world involved in the field of remittances, migration and development, to stimulate the creation of partnerships and long-lasting synergies among public and private sectors, and the civil society.

Since their inception 10 years ago, the Global Forums have been organized by the International Fund for Agricultural Development (IFAD) in collaboration with key partners, such as the Inter-American Development Bank, the African Development Bank, the World Bank, the European Commission and the United Nations Department for Economic and Social Affairs (UN-DESA).

The GFRID has become, over the last decade, a unique opportunity to discuss global remittance-related issues and find solutions to maximize the development impact of these flows. Recognized by the United Nations' Secretary-General in his Report on International Migration and Development submitted to the 71<sup>st</sup> session of the General Assembly, the GFRID is now seen as a key instrument to raise awareness and to promote models and mechanisms aimed at leveraging the impact of migration and remittances for development.

The last two forums – Milan 2015 and New York 2017 – saw the participation of over 400 representatives from the three sectors, and contributed to the global discussion on remittances, migration and development by raising further interest from different perspectives.

Bank Negara Malaysia (the Central Bank of Malaysia) will host the first in a series of regional forums aimed at exploring opportunities and challenges in Asia-Pacific, in line with global policies and priorities. The 2018 GFRID Asia-Pacific will take place in Kuala Lumpur on 8-10 May 2018, in collaboration with IFAD and the World Bank.

**2018**

**Global Forum on Remittances, Investment and Development | Asia-Pacific**

Focus on *Asia-Pacific*, to be held in Kuala Lumpur, and organized together with the Bank Negara Malaysia and the World Bank.



**2017**

**Global Forum on Remittances, Investment and Development | Global**

*Global coverage* focused on the role of remittances in achieving the SDGs, and opportunities in the global marketplace. Held in New York and organized together



with the World Bank and the UN Department of Economic and Social Affairs (UN-DESA).

**2015**

**Global Forum on Remittances and Development | Europe**

Focused on *European and global markets*, and development impact, organized by IFAD, the European Commission and the World Bank, held in Milan in conjunction with the Universal Exposition EXPO Milano 2015.



**2013**

**Global Forum on Remittances | Asia**

Focused on *Asia*, held in Bangkok, and organized together with the World Bank.



**2009**

**Global Forum on Remittances | Africa**

Focused on *Africa*, held in Tunis, in collaboration with the AfDB.



**2007**

**International Forum on Remittances | Global**

*Global coverage*, held in Washington, D.C. and organized together with the IDB.



**2005**

**International Forum on Remittances | Americas**

Focused on *Latin America and the Caribbean*, held in Washington, D.C. and organized by the IDB, after which the organization passed on to IFAD.

# Save the date – GFRID 2018 Asia-Pacific

**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

**IFAD**  
Investing in rural people

**WORLD BANK GROUP**  
Global Knowledge & Research Hub  
in Malaysia

## Global Forum on Remittances, Investment and Development Asia-Pacific 2018

**SAVE THE DATE**

The road to the

**International Day  
of Family Remittances  
16 JUNE**

8-10 May 2018  
Kuala Lumpur, Malaysia

© [www.RemittancesGateway.org/gfrid/gfrid-2018](http://www.RemittancesGateway.org/gfrid/gfrid-2018) | [info@GFRID2018.org](mailto:info@GFRID2018.org) | [registrations@GFRID2018.org](mailto:registrations@GFRID2018.org)

In collaboration with:

**IFAD**

**QR Code**

# List of speakers

## Celebration of the International Day of Family Remittances



**Gilbert Fossoun Hougbo**  
President of the International Fund for Agricultural Development



**Louise Arbour**  
United Nations Secretary-General's Special Representative for International Migration



**Victor Manuel Asturias Córdón**  
Minister of Economy of Guatemala



**Mary Grace Lopez-Balmes**  
PinoyWISE-Batangas



**Teodoro L. Locsin Jr**  
Permanent Representative of the Philippines at the United Nations



**Daniela Morari**  
Deputy Minister of Foreign Affairs and European Integration, Republic of Moldova

## Keynote speakers



**Adolfo Brizzi**  
Director, Policy and Technical Advisory Division, IFAD



**Alexander Trepelkov**  
Director, Financing for Development Office, UN-DESA



**Sebastian Molineus**  
Director, Finance and Markets Global Practice, World Bank

## Welcoming remarks



**Leo Kreuz**  
Head of Division for Cooperation with the Private Sector, Sustainable Economic Policy, Global Partnership for Financial Inclusion (GPII), German Federal Ministry for Economic Cooperation and Development



**Jürgen Schulz**  
Deputy Permanent Representative of Germany to the United Nations



**Nik Mohamed Din Nik Musa**  
Director, Money Services Business Regulation, Bank Negara Malaysia

## Moderators



**Yohannes Assefa**  
Director, Stalwart, Knowledge,  
Innovation and Technology



**Masud Bin Momen**  
Ambassador and  
Permanent Representative  
of Bangladesh to the  
United Nations



**Massimo Cirasino**  
Global Lead for Payment  
and Market Infrastructures,  
World Bank



**James Cockayne**  
Head of the United Nations  
University (UNU) Office at  
the United Nations,  
2017 Chair of the Global  
Migration Group (GMG)



**Henri Dommel**  
Director, Inclusive Finance  
Practice Area, United Nations  
Capital Development Fund  
(UNCDF)



**Leon Isaacs**  
Chief Executive Officer,  
Developing Markets Associates  
Ltd. (DMA)



**Jürg Lauber**  
Permanent Representative  
of Switzerland to the  
United Nations



**Judith Arrieta Munguía**  
Minister, Permanent Mission  
of Mexico to the United Nations



**Marco Nicoli**  
Senior Financial Sector  
Specialist, Finance and  
Markets Global Practice,  
World Bank



**Liat Shetret**  
Senior Adviser for Financial  
Integrity and MENA Programs,  
Global Center



**Lee Sorensen**  
Development and impact  
investment senior expert:  
fragile contexts and  
international development

**Speakers**



**Kingsley Aikins**  
CEO, Diaspora Matters



**Larry Angelilli**  
CFO, MoneyGram



**Daniel Ayala**  
Global Banking and Payments  
Professional, Wells Fargo



**Hemant Bajjal**  
Vice President, Global  
Public Policy, MasterCard



**Andrew Boyajian**  
Head of North America,  
TransferWise



**Jennifer M. Brinkerhoff**  
Professor of Public Administration  
and International Affairs, George  
Washington University



**Oscar Chacón**  
Executive Director, Alianza  
Américas



**Amadou Cisse**  
Executive Director, African  
Institute for Remittances



**Hugo Cuevas-Mohr**  
Director, IMTC



**Tim Daly**  
Senior Vice President, Global  
Head Regulatory and Public  
Policy, Western Union



**Mohit Davar**  
Chairman of Advisory Board,  
International Association of Money  
Transfer Networks (IAMTN)



**Pedro De Vasconcelos**  
Manager, Financing Facility  
for Remittances, Policy and  
Technical Advisory Division, IFAD



**Estrella Mai Dizon-Añonuevo**  
Executive Director, Atikha  
Overseas Workers and  
Communities Initiative Inc.



**Ashraf El Nour**  
Director of the International  
Organization for Migration (IOM)  
Office at the United Nations



**Catherine Flouvat**  
Strategy & Development Orange  
Africa & Middle East, Head of  
Digital Inclusion Services, Orange  
Mobile Money



**Sofia E. Freyder**  
Vice President, Senior Director of  
Product Management, Product  
Development, Marketing, Earthport



**Lauren Girard**  
Global Head of TS Global  
Financial Crimes Compliance  
Team, JP Morgan



**Daniel González**  
Program Officer, International  
Migration Initiative, Open  
Society Foundations



**Eric V. Guichard**  
CEO, Movement Capital Ltd.,  
Homestrings



**Marc Hollanders**  
Special Adviser on Financial  
Infrastructure, Bank of  
International Settlements





**Bela Hovy**  
Chief, Migration Section,  
Population Division, UN-DESA



**Marion Jézéquel**  
Chief Executive Officer, Babyloan



**Patrice Kiiru**  
General Manager, Diaspora  
Banking & International Money  
Transfer, Equity Bank Group



**Samuel Koroma**  
Managing Director,  
SalPost, Sierra Leone



**Khurram Malik**  
CEO, ValYou



**Pietro Mona**  
Deputy Head, Global Program for  
Migration and Development,  
Swiss Agency for Dev. and Coop.



**Jody Myers**  
Vice President, BSA/AML  
Risk Assessment, Western Union



**Nathan Naidoo**  
Director of Policy and Advocacy,  
Mobile Money, GSMA



**Eugenio Nigro**  
Head of remittances Latin America  
and the Caribbean, the Middle  
East and Africa, PayPal



**Manuel Orozco**  
Senior Director,  
Inter-American Dialogue



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# The organizers



Investing in rural people

## **The International Fund for Agricultural Development and its Financing Facility for Remittances**

IFAD, a specialized agency of the United Nations, was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference. IFAD's mandate is to invest in rural people to eradicate poverty in developing countries. Working with poor rural people, governments, donors, non-governmental organizations and many other partners, IFAD focuses on country-specific solutions, which can involve increasing poor rural people's access to financial services, markets, technology, land and other natural resources. IFAD's multi-donor Financing Facility for Remittances (FFR) aims to maximize the impact of remittances on development and promote diaspora engagement in their countries of origin. Through advocacy, innovative projects and partnerships, initiatives promoted by the FFR have contributed to a raised awareness on the link between remittances and development, and its transformative impact in rural areas.

[www.ifad.org](http://www.ifad.org)



**THE WORLD BANK**  
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## **The World Bank's Finance and Markets Global Practice**

The World Bank Group works to promote financial stability and to develop diversified, efficient and inclusive financial systems at the global and country level. The work of the Finance and Markets Global Practice Team supports less developed countries and the global community in addressing most pressing financial-sector challenges. At the global level, the Team is engaged in the agendas driven by the G20, the Financial Stability Board and other standard-setting bodies, and the United Nations. It works hand-in-hand with governments to develop a sound financial infrastructure and enabling regulatory framework, establish local capital markets, promote private-sector development, and improve financial access and inclusion for individuals and small businesses. As part of the global work on sustainable development, the World Bank plays a leading role in developing new and innovative sources of long-term finance, such as developing local capital markets, to help meet the SDGs.

[www.worldbank.org](http://www.worldbank.org)



## **The United Nations Department of Economic and Social Affairs Population Division:**

The Population Division supports intergovernmental processes on population, international migration and development in the General Assembly and the Economic and Social Council. The Division produces official United Nations estimates of key population and migration levels, trends and indicators at regular intervals. The Division serves as the focal point for the Global Migration Group in the Department of Economic and Social Affairs.

## **Financing for Development**

**Office:** The Financing for Development Office (FfDO) was established within UN-DESA in 2003. The FfDO supports the follow-up process within the UN to the agreements and commitments reached at the International Conferences on Financing for Development, and financing for development-related aspects of the outcomes of major UN conferences and summits in the economic and social fields.

[www.un.org/development/desa](http://www.un.org/development/desa)

# The partners



The **GSMA** represents the interests of mobile operators worldwide. Approximately 800 mobile operators are full GSMA members and a further 300 companies in the broader mobile ecosystem are associate members. The GSMA represents its members via industry programmes, working groups and industry advocacy initiatives. It also organizes the mobile industry's largest annual exhibition and conference, the GSMA Mobile World Congress, and several other events. The GSMA is headquartered in London with regional offices worldwide.

[www.gsma.com](http://www.gsma.com)



The **International Association of Money Transfer Networks (IAMTN)** is the only global international trade organization that represents money transfer industry/payment institutions providing cross-border payments. Founded in 2005, IAMTN provides a platform for industry partners to come together to discuss common challenges and industry initiatives, and create opportunities. IAMTN works closely with governments, regulators, regional associations and all other stakeholders to champion the creation of the most effective, safe, reliable and efficient payment system.

[www.iamtn.org](http://www.iamtn.org)



**IMTC** is a forum of the money transfer industry, a forum of people involved in providing x-border financial services, such as money transfer operators (MTOs), banks and mobile operators involved in financial services (MMOs), and a large array of institutions, brick-and-mortar or digital first, for-profit and non-profit, that provide services along migration corridors, to people or companies, personal or commercial, formal or informal.

<http://imtconferences.com>



The **Microfinance Gateway** is a global resource on financial inclusion. Since 2000, CGAP's Microfinance Gateway has been a valuable resource for individuals and organizations working to advance financial inclusion for the world's poor. The Gateway welcomes more than 1 million annual visitors from over 200 countries, who recognize the Gateway as the web's leading resource for knowledge and career development opportunities in microfinance and financial inclusion.

[www.microfinancegateway.org](http://www.microfinancegateway.org)




**WSBI** brings together savings and retail banks from 80 countries, representing the interests of approximately 6,000 banks in all continents. As a global organization, WSBI focuses on issues of global importance affecting the banking industry. It supports the aims of the G20 in achieving sustainable, inclusive and balanced growth and job creation around the world, whether in industrialized or less developed countries.

[www.wsbi-esbg.org](http://www.wsbi-esbg.org)





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[www.un.org/en/events/family-remittances-day](http://www.un.org/en/events/family-remittances-day)

