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WORLD BANK GROUP

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

OUTCOMES



The road to the



International Day
of Family Remittances
16 JUNE

8-10 May 2018
Kuala Lumpur, Malaysia

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In collaboration with



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign and European Affairs

Directorate for Development Cooperation
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The GFRID 2018 Asia-Pacific

From May 8 to 10, Bank Negara Malaysia (the Central Bank of Malaysia), in collaboration with the International Fund for Agricultural Development (IFAD) and the World Bank Group, hosted **over 400 practitioners** from the public and private sectors, and the civil society, for the first country-led regional **Global Forum on Remittances, Investment and Development (GFRID) 2018 – Asia-Pacific**.

Twenty-two panels of experts discussed the current status of remittance flows to Asia-Pacific. They evaluated the latest developments in the remittance marketplaces serving the regions' 50 countries through more than 6,000 separate corridors, and proposed policies and mechanisms to lower the transaction costs of migrant remittances, improve market efficiencies and maximize the impact of diaspora contributions for families in communities of origin.

The Forum discussions and interactive workshops benefitted from the active engagement of the participants in considering ways and means to improve regulatory environments, promote financial inclusion, enable innovation and customize investment opportunities to the needs and interests of remittance families and diasporas. Referring to many proven practices in the region, the Forum attendees suggested that coherent public policies were needed to support private-sector and civil society initiatives.

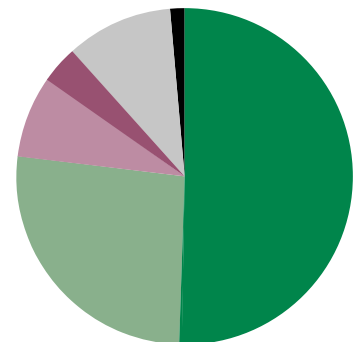
The Forum came at a very timely moment as, through its specific priorities and actionable recommendations, it actively contributed to the preparatory processes leading up to the adoption of a **Global Compact for Safe, Orderly and Regular Migration** in December 2018. It also showcased the crucial role of remittances and migrant investments to the guidance and achievement of the 2030 Agenda for Sustainable Development and its **Sustainable Development Goals (SDGs)**, as well as the **Addis Ababa Action Agenda**.

Forum statistics

436 participants	22 panels
76 speakers	50 countries of which
27 exhibitors	25 from Asia-Pacific

Sectors

- Private sector
- Public sector
- Civil society
- Academia
- Media
- Other



GFRID 2018 plenary

GFRID 2018 brief

- *One out of every 10 people (senders and receivers) in Asia-Pacific are directly affected by remittances. These private financial flows contribute to the region more than 10 times net official development assistance (ODA) from all sources combined. Remittances to Asia-Pacific remain the highest in the world, at US\$256 billion for 2017 (53 per cent of worldwide flows).*
- *More than 4 billion people live in the remittance-receiving countries of Asia-Pacific. Cash-to-cash is not inevitable, and countries and families are not fated to be “remittance reliant” forever. In fact, none of these countries proudly proclaims the level of its reliance on remittances. Remittance-reliant countries would prefer to be able to generate enough economic opportunity domestically to reduce the pressure on their citizens to migrate. Leveraging the impact of remittances can help achieve that goal.*
- *If change is to lead to fundamental transformation, and the SDGs are to be achieved, it must happen in Asia-Pacific. In fact, around US\$6 trillion in remittances are projected to be sent to developing countries by 2030; over half of that money will arrive in Asia-Pacific, very often in small towns and villages, where remittances count the most.*

People on the move and inclusive financial services in a globalized economy

Over 258 million people live outside their country of origin. Many contribute to two economies through their work, skills and money they invest. These positive aspects are often neglected in the public discourse. The panel highlighted five key elements to address in order to make remittance transfers more efficient and develop opportunities for investments at home, ultimately making migration work for all (as cited by the UN Secretary General): identification of remittance sender, safety of financial services user, inclusiveness, usefulness, and convenience of financial products and services.

Remittance market in Asia-Pacific: trends and future outlook

Panellists underlined that since the last GFRID in 2013, the Internet-based economy has developed and there is an increasing number of digital operators and start-ups. Regulations and getting licenses to operate remain some of the key challenges for any newcomer in the industry in the region. Remitters also shy away from new products, representing a challenge for new market operators. Views differed on the potential and challenges of blockchains.

Harnessing the power of diaspora and impact investments

Migrants have the desire to invest, but there is little awareness of which area to invest in, and investment is intimidating for many. This in turn means opportunities for service and product providers. From the supply side, there are four models that are more prevalent on diaspora investment: i) diaspora bonds; ii) venture capital investment funds; iii) crowd-funding platforms; iv) and a hybrid model (developed by IFAD and tested in Somalia, and replicated in the Philippines) whereby diaspora co-invest with SMEs. There is a need to better understand what people need and define the different categories.

Emerging money channels and de-risking

The advent of new technologies and “out of the box” thinking in the public and private sectors have great potential to make remittance markets more competitive, convenient, safe and inclusive. While technology will be key to moving forward, the traditional remittance through over-the-counter model and agents will still have a key role at least for the next five years. Better policymaking regarding remittances requires more data on national and regional migration and remittance trends. De-risking remains a key issue in the industry, and the panels recommended that regulators assure the banking industry that the remittance sector is also subject to similar regulatory scrutiny, if not more.

Innovation for financial inclusion

The panels concluded that cash is still “king” in the remittance industry, making it harder to implement digital change. However, synergies between artificial intelligence and the stickiness of cash can help with the operational aspects of compliance. When combined with supportive regulatory frameworks, payment systems infrastructure and financial education, innovation can serve as a catalyst to fulfil the promises of new technologies.

Contribution of the diaspora to the SDGs and the Global Compact for Migration

The main takeaway from the panel was: “know and understand your diaspora.” A common understanding was reached on the fact that the diaspora is not an homogenous group of people. There is an urgent need for better and more detailed profiles of migrant investors to develop further and scale up existing financial products and instruments that match their needs and ambitions.

Key statements



“The need is stronger than ever for determined leadership across all stakeholders to steer the public discourse towards credible facts and evidence, and away from xenophobia and discrimination. Migrants are needed in virtually all job markets. They bring skills and help economies flourish. Although migrants represent just slightly over 3 per cent of the global population, they contributed 9 per cent of the global GDP in 2015.”

Louise Arbour

UN Special Representative for International Migration



“Let this Forum serve as a call to action, based on an honest search for better understanding and a genuine commitment to pursue individual and collective solutions.”

Jessica Chew Cheng Lian

Deputy Governor, Bank Negara Malaysia

[Read her address](#)



“With a broad global consensus on the power of remittances to drive development, it is high time that we move beyond recommendations and implement scaled-up initiatives.”

Charlotte Salford

Associate Vice-President, External Relations and Governance Department, IFAD



“We have come a long way since we first realized the potential of remittances and started to work as a community to increase the focus on policies affecting international remittances.”

Ceyla Pazarbasioglu

Senior Director for the Finance, Competitiveness and Innovation Global Practice, World Bank Group

Outcomes

A set of specific priorities and actionable outcomes resulted from the GFRID 2018. These are directly linked to the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), and the Global Compact for Safe, Orderly and Regular Migration. They are structured around the following five pillars:

1. **Recognize the significant contributions of migrant remittances and diaspora investments to achieving the SDGs**
2. **Expand and strengthen the collection, analysis and application of remittance- and diaspora-related data to foster effective public policies and private-sector investment, and informed decision-making at the customer end**
3. **Continuously review legal and regulatory frameworks on remittance and diaspora investments to promote harmonization across jurisdictions; and ensure that they spur competition, innovation, technology and integrity, leading to greater market efficiency and lower cost**
4. **Support financial inclusion and facilitate asset-building in order to leverage the impact of remittances and diaspora investment**
5. **Convene the public and private sectors, and the civil society beginning from the local level up to national and international levels, to coordinate and implement strategies, policies and actions, and evaluate implementation efforts on a regular basis**

1 **Recognize the significant contributions of migrant remittances and diaspora investments to achieving the SDGs**

Every day, remittance families aspire to reach their own individual SDGs.

Two hundred million remittance families around the world are already engaged in reducing poverty, improving health and nutrition, attaining better education, and investing in housing and entrepreneurship. By doing so, the actions and aspirations of these individual families match up directly with several SDGs. In this regard, it should be noted that remittances to Asia-Pacific exceed 10 times all official development assistance (ODA) to the region.

But migrants “remit” far more than just money. They also bring innovative thinking that can leverage new ideas and create opportunities for their families and communities back home.

In this context, the SDGs provide a blueprint for ideas and actions to help create convergence between the goals of remittance families, the strategies of the private sector to tap underserved markets, public policies and the role of the civil society to promote positive change.

Proposed actions include:

- *Frame* the contribution of remittance families in terms of both financial flows and investments as potential “agents of change” in their countries of origin by promoting economic opportunities and sustainable development, emphasizing that these are private flows.
- *Recognize* that leveraging the development impact of remittances and diaspora investment to reach long-term goals can only be achieved when strategies to undertake concrete actions are formulated and implemented at both national and local levels.

- *Expand* awareness of the positive impact of remittances and diaspora contributions for migrant families in communities of origin. For instance, the endorsement by the UN General Assembly of the International Day of Family Remittances (IDFR)¹ would be an important step toward recognition of remittances as a key component of the development agenda.
- *Support* initiatives in receiving countries that leverage on remittances and investment such as microcredit and remittance-linked products.

2 **Expand and strengthen the collection, analysis and application of remittance- and diaspora-related data to foster effective policies and private-sector investment, and informed decision-making at the customer end**

Data and market intelligence are the lifeblood of effective decision-making.

The enormous scale of remittances is already well known – US\$256 billion to Asia-Pacific in 2017 – with remittances to developing countries worldwide projected to reach US\$6 trillion from now until 2030.

However, the wide scope of remittances is still not fully appreciated: 100 developing countries each currently receive more than US\$100 million annually. In Asia-Pacific, those remittances go predominantly to countries with large rural populations.

Although remittance data continues to improve, availability, analysis and application of these data remains an issue. The same applies to disaggregated data regarding diaspora investment interest and capacity. These include both the collection and availability of transparent data to design remittance industry-related benchmarks, and the ability to evaluate their impact. These limitations lead to poor understanding about the motivations and requirements of senders and receivers of remittances and diaspora investors.

¹ On 12 June 2018, the Resolution to declare 16 June as the International Day of Family Remittances (IDFR) was formally adopted by the United Nations General Assembly.

Building capacity for the proper collection and use of information is required to develop effective strategies and policies, for example, through regional remittance and diaspora investment observatories.

There have been successful examples such as Greenback 2.0 in Turin (Italy), Montreuil (France), Johor Bahru (Malaysia) and Lombok (Indonesia).

In turn, with access to information, financially literate remittance families and diasporas will have better opportunities and more options to use their money productively. At the same time, governments would have a much more reliable set of data to establish and modify their policies in this area.

Proposed actions include:

- *Develop* systems and surveys to identify and assess the level and impact of those flows of remittances that are not captured by the existing methodologies. Similarly, upgrade and expand the mechanisms to identify diaspora investment opportunities.
- *Strengthen* the capacity of public authorities to implement standardized measurement and reporting protocols for remittance flows and related data, beginning with existing market datasets.
- *Disaggregate and disseminate* national and local remittance data to stakeholders, highlighting key variables, including remittance flows, costs, access points and other data related to market competition and non-cash alternatives. For example, the Global Findex Database should be adapted to gather information regarding migratory states, in accordance with SDG 17.18.
- *Engage* the private sector to collect and provide data for analysis and strengthen the importance of their role in this field to Member States.
- *Empower* remittance families with practical, up-to-date information on costs, remittance products and services, and new access points and channels.
- *Facilitate* diasporas with practical, up-to-date information on investment opportunities, adapted mechanisms and products.
- *Leverage* regional forums such as regional governmental organizations to collect and share remittance and migration data at the regional level to complement global datasets.

3. Continuously review legal and regulatory frameworks on remittance and diaspora investments to promote harmonization across jurisdictions; and ensure that they spur competition, innovation, technology and integrity, leading to greater market efficiency and lower cost

Innovation for remittance markets can be summarized in two words: competition and digital.

It is important to adopt legal and regulatory frameworks that can enable and facilitate the role of the private sector in delivering faster, safer and cheaper remittances. In turn, the authorities should encourage, via improved enabling environments, the introduction of innovation and technology into remittance markets, which is critical to reaching the “last mile” and to creating remittance-linked financial services.

The majority of remittance transactions continue to be cash-to-cash, but this scenario is rapidly changing with the advent of Internet-based tools, digital technologies and other innovative mechanisms. Unregulated flows are expected to continue throughout the Asia-Pacific market for some time, due to lower costs, greater convenience and a sense of trust and familiarity, combined with challenges over enabling irregular migrants to use legal remittance services. However, it is clear that the improvements in the market will soon absorb a large part of those remittance flows.

Even if it is impossible to know exactly how the technological innovation will evolve, innovations and new services are now a permanent part of the remittances infrastructure and can contribute significantly in reducing transaction costs. It is imperative that regulatory environments enable the trial of innovative solutions in a safe environment.

Proposed actions include:

- *Promote* coordination between regulators and innovators to incubate proportionate regulations, sandbox and other safe regulatory environment approaches, and subsequently bring to scale successful models.

- *Promote* healthy competition in the remittances market, by ensuring its contestability and the application of competition laws (where they exist and especially in respect of exclusivity agreements) and educate market participants with respect to their options and obligations.
- Assess the remittance market against the General Principles for International Remittance Services, which will provide a set of concrete recommendations to improve the market.
- *Implement* regulations that enhance security and reduce risks for remittances that are proportionate in nature in order to avoid excessive and costly procedures for senders, recipients and financial institutions.
- *Promote* the sharing of experiences to facilitate greater sharing of harmonization of laws as well as enhance training and strengthen capacity building of national regulators.
- *Support* service providers on both ends of remittance corridors to deploy cost-cutting business models and technologies needed to reduce transaction costs of sending remittances to 3 per cent, by 2030.
- *Strengthen* international cooperation to support greater market development including enforcement and supervision of the remittance sector.
- *Introduce* enabling measures to dissuade users and operators of informal remittances to increase the usage of formal remittance channels.
- *Implement* proportionate AML/CFT frameworks that 1) take advantage of low-risk situations to facilitate financial inclusion; 2) promote AML/CFT compliance by remittance firms.

4. Support financial inclusion and facilitate asset-building in order to leverage the impact of remittances and diaspora investment

Financial inclusion affects everything migrant families wish to accomplish.

While remittance recipients are still generally excluded from the formal financial system, they consistently demonstrate commitment to save and/or invest through channels that they understand and trust. Providing

them with value-added options will improve long-term asset-building for themselves and their communities.

Experience demonstrates that: given more opportunities to save, remittance families will save more; given investment opportunities, customized to their circumstances and goals, remittance families will invest more; and given better mechanisms to develop their own human capital, they will make a strong commitment to their families' future.

Proposed actions include:

- *Develop and strengthen* national financial inclusion strategies, ensuring that migrant families are involved and at the center of precise efforts to increase their role and support of the overall objectives of the strategies.
- *Create* and support public and private initiatives that facilitate the expansion of remittance-linked financial services customized for underserved populations.
- *Implement and expand* practical mechanisms to enable remittance families to save and invest in sustainable businesses at the local level, ranging from basic savings, diaspora bonds and crowdfunding.
- *Promote* financial literacy and asset-building strategies for remittance families to help them use their financial resources more productively.
- *Identify and understand* the specific needs and behavior of different groups of migrants (e.g. in terms of their age group and level of skills among others) to effectively promote the uptake of diaspora investments.

5. Convene the public and private sectors, and the civil society beginning from the local level up to national and international levels, to coordinate and implement strategies, policies and actions, and evaluate implementation efforts on a regular basis

Stakeholders at all levels must engage to ensure sustainable impact from remittances.

Maximizing the impact of migrant remittances and investments will require collaboration among major stakeholders to develop appropriate frameworks to reach the SDGs. These partnerships should focus particularly on how to implement best practices down to local levels.

Policy coherence among government and private institutions requires capacity-building in order to integrate remittances, migrant investment capital and entrepreneurship into strategic priorities and development plans.

Proposed actions include:

- *Encourage* public-private partnerships that promote new technologies, product development, investment and business models, as well as greater consumer participation in financial institutions, particularly in underserved, rural and remote areas.
- *Stimulate* knowledge-sharing and the dissemination of best practices for harnessing remittances and diaspora investment through international, regional and national platforms.
- *Support* advocacy programs and discourses on remittances to promote ownership of issues at the country and regional level. This includes ensuring continuity to the GFRID 2018 Asia-Pacific process and dialogue by identifying future Member States to undertake this initiative, and maintaining an open dialogue among the public and private sectors and the civil society at the regional level.
- *Incorporate* into future Forums a process to follow up and assess the implementation of the objectives of the Global Compact for Safe, Orderly and Regular Migration, in particular with regards to the aspects related to diaspora contributions (Objective 19) and migrant remittances (Objective 20).

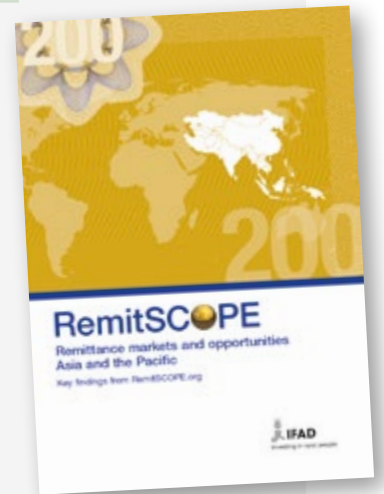
RemitSCOPE – remittance markets and opportunities in Asia and the Pacific

To set the stage and steer the discussions, the first RemitSCOPE for Asia-Pacific was launched during the GFRID 2018.

This new web portal provides data on remittances, remittance markets profiles and information on regulations for 50 countries in the Asia-Pacific region. It is a key resource for FinTech entrepreneurs, remittance service providers and regulators to understand market and financial inclusion opportunities. Ultimately, the objective of RemitSCOPE is to bring together the goals of remittance families and the strategies of the private sector to tap underserved markets, particularly in rural areas. Remittance data on other regions will be added progressively.

RemitSCOPE was extremely well received and was key to support the Forum recommendations. It was also substantively mentioned by the media.

As a result of the global media outreach on RemitSCOPE, and the GFRID 2018, over 900 news items to date have appeared in the media (print/online/television/radio).



[View RemitSCOPE](#)

Remittance Marketplace and RemTECH Awards

The **GFRID 2018 Remittance Marketplace** hosted 30 exhibitors from 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.

The **Remittance Innovation Awards (RemTECH Awards)** 2018, 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 2018. Several 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 judging panel was composed of independent experts and coordinated by the International Money Transfer Conference (IMTC).

Winners of the RemTECH Awards 2018:

- | | |
|------------------|------------|
| SimbaPay | RemitONE |
| Trulioo | Paykii |
| ValYou | Koibanx |
| Mahindra Comviva | TransferTo |
| Rewire | Afbit |



Winners of the RemTECH Award

The GFRID in pictures



From left to right: Bela Hovy (UN-DESA), Daniela Morari (Republic of Moldova), Alfred Hannig (AFI) and Tony Fernandes (AirAsia)



Ceyla Pazarbasioglu (World Bank Group) interviewed by journalists after opening remarks



Networking at the Remittance Marketplace



GFRID 2018 participants at photo booth



Group picture at reception, after closing of Day 1



Traditional musicians at GFRID 2018



One of GFRID 2018 side panels



GFRID 2018 participants during opening ceremony



Leon Isaacs moderating one of GFRID 2018 side panels



GFRID 2018 participants from the Philippines at the photo booth



GFRID 2018 participants from Nepal at the photo booth



GFRID 2018 participants and organizers at the photo booth

Future of the Forum

The global migration agenda. The GFRID 2018 Asia-Pacific contributed to feed the discussions on how to reach the SDGs and the 2030 Agenda for Sustainable Development, and provided some valuable comments in relation to the ongoing negotiations towards a Global Compact for Safe, Orderly and Regular Migration, to be adopted in December 2018. To this end, recommendations stemming from the GFRID 2018 will feed the ongoing discussion on migration and development and support global efforts to increasingly recognize the crucial role of remittances and investment to achieve sustainable development and inclusive growth.

The road to GFRID 2020. Negotiations are currently ongoing to identify the next host of GFRID 2020. IFAD and partners are currently working together to ensure a smooth continuity of this process for the years to come.

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