HIGH-LEVEL STATEMENT ON REMITTANCES

1. We, the G20 Leaders, recognise that remittance flows are an important driver for economic growth and prosperity in developing countries. Remittances provide low-income households with the opportunity to increase consumption and invest in human and social capital, as well as financial assets. Remittances provide a safeguard from poverty and can also provide a pathway towards financial inclusion. In 2015, official remittance transfers to developing countries are estimated at USD 440 billion, far exceeding official development assistance and foreign direct investment.

2. We are committed to take practical measures to reduce the global average cost of transferring remittances and improve the availability of remittance services. Strong action by G20 countries is critical as more than half of global remittances originate from our countries. In 2011, we committed to work to reduce the average cost of transferring remittances from ten to five per cent. Our actions have contributed to the lowest unweighted global average cost to transfer remittances to date [7.7 per cent, Q2/2015]. The World Bank Group estimates that the reduction in the cost of transferring remittances since then has resulted in an additional USD 30 billion sent to developing countries from migrants in G20 countries.

3. In 2015, we developed National Remittance Plans to further reduce costs and drive sustainable, open remittance markets. Through these plans, we are implementing country-led actions to: foster market competition and effective risk-based regulation; improve financial system infrastructure; pursue policies conducive to harnessing emerging technologies; and increase transparency, literacy and consumer protection of remittance transfers. We will annually review the implementation of these plans to achieve our commitment on reducing the cost of transferring remittances. Our actions will be targeted and support global efforts to reduce remittance costs, including the 2030 Agenda for Sustainable Development.

4. We acknowledge concerns that some financial institutions have terminated client relationships with remittance businesses. The extent and underlying causes of these terminations are not yet fully understood, but preliminary analysis indicates they are driven by multiple factors, and could have negative implications on growth and financial inclusion. The provision of financial services to remittance businesses fosters remittance transfers through the regulated financial system, supporting anti-money laundering and counter-terrorism financing goals. We will continue to encourage financial institutions and regulators to apply a risk-based approach commensurate with risks identified and consistent with guidance from the Financial Action Task Force (FATF). We will continue to work with the FATF, the Financial Stability Board, the World Bank Group and others to better understand this issue, and promote access to remittances and financial services for individuals and small and medium-sized enterprises.

5. We are cognisant of emerging technologies and the importance of improving financial system infrastructure. We will continue to promote the safe, cost-efficient, and more reliable transfer of remittances, including through our banking systems, innovative payment platforms and non-bank financial institutions, as appropriate. We will also undertake analysis to better understand remittance sectors and key corridors to maximise the gains from remittances, and boost financial inclusion, consumer protection and literacy.