



Unlocking Public and Private  
Finance for the Poor

**GUIDE**

# ASSESS THE NATIONAL REMITTANCE POLICY AND REGULATORY FRAMEWORK



ENABLING POLICY  
AND REGULATION

# INTRODUCTION

This guide is designed to provide guidance to policymakers, regulators, and development partners in assessing existing remittance policy and regulatory frameworks to identify enablers and inhibitors for the adoption and usage of digital remittances, which in turn, can be used to inform the process of remittance-related policy and regulatory reforms at the national level.

This guide is composed of a step-by-step instruction manual for conducting a thorough review of a country's national remittance policy and regulatory framework, tools for organizing research and asking the right questions, and a template for compiling a report with findings and recommendations.

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# PART A: POLITICAL ENVIRONMENT AND FINANCIAL SERVICES LANDSCAPE

The cultural, political, and financial landscapes can all impact the remittance market of a given country or region and should be taken into consideration in order to conduct a comprehensive review that accounts for all factors that could impact remittances. This section provides relevant questions to consider.

## COUNTRY CONTEXT

**What are the key summary statistics related to migration and remittances for the country?**

Statistics you should look at include: migration rate/status, major migration and remittance corridors, contribution of remittances to the balance of payments (BoP) and gross domestic product (GDP), average cost of sending remittance to the country, and the percent of people who are financially included.

Additional relevant statistics to look at will depend on the context of the country. Is there an additional national objective that the country would like to achieve that may impact remittance or may be impacted by growth in remittance? Benchmark the data where possible, e.g. country vis-à-vis region, country vis-à-vis global average, region vis-à-vis global average.



### DATA SOURCES MIGRATION AND REMITTANCES

The following resources are good sources of data on migrants and remittances:

- [International Migrant Stock](#), UNDESA
- [Bilateral Remittance Matrix](#), KNOMAD
- [Remittance Prices Worldwide](#), World Bank

### What relevant cultural and social norms or prevalent perceptions directly impact financial markets, financial inclusion, migration and growth in cross-border remittances?

Social or cultural norms are unwritten 'laws' that may undermine national objectives such as poverty alleviation, economic growth or financial inclusion. These norms may vary from country to country. For example, in patriarchal societies women are less likely to have the identification documents often required to benefit from poverty reduction efforts, or open bank accounts or mobile wallets. Prevalent perceptions, such as mistrust in government institutions or financial institutions, may also undermine poverty reduction or financial inclusion efforts.

## POLITICAL ECONOMY

### What political or economic events over the next 6–12 months could impact policymaking or regulatory processes?

Examples can include upcoming political events such as elections or a public demand for a shift in national priorities that may lead the government to prioritize or deprioritize remittance-related matters. A pandemic such as COVID-19 or a consequent recession may also be mentioned here.

### Does the country belong to a regional economic community? If so, which one? Which regional laws impact cross-border remittances in the country?

This is important because the answer to this question will indicate which set of regional laws, regulations and practices influence your options and which you must therefore review in subsequent sections in this exercise.

## REMITTANCES LANDSCAPE

### What does the remittance market look like in terms of market players, financial infrastructure and products? What does the remittance market look like in terms of relevant authorities?

Here you should provide market landscape details including the size and coverage of the banks, microfinance institutions, mobile network operators, remittance service providers and payment service providers; use of agents, ATMs, point-of-sale (POS) devices and cards. Also mention the payments infrastructure, identification system and available remittance products in general. In addition, you should identify and map the national authorities involved in the remittance landscape, detailing their roles and responsibilities.

## PART B: REMITTANCE-RELATED POLICIES, LAWS AND REGULATIONS

Identifying and assessing all of the policies, laws and regulations that relate to remittances is critical to understanding the legal framework that impact RSPs. These may include, but are not limited to, remittance-related policies and laws and regulations pertaining to: central bank establishment, banking/financial institutions, microfinance, national payments systems, telecommunications, consumer protection, anti-money laundering / combating the financing of terrorism (AML/CFT), remittance service providers, foreign exchange, data protection privacy, national identification and use of agents. Depending on the countries' regime, the terminology used for the laws and regulations may differ from those given here. The laws, policies and regulations to look for, and some key questions to ask when assessing the policies, laws and regulations, are given below.



### TOOL

## POLICY QUESTIONNAIRE AND BENCHMARKING

**Step 1:** Identify the relevant laws, policies and regulations that govern each of the following aspects. Use this tool to record brief descriptions of the legislation, any observations about the impact to remittances and questions to ask stakeholders.

**Step 2:** Record brief descriptions of the policy or regulation and let the questions guide your observations about the impact to the remittances landscape. Benchmarking can also be made to best practices and global standards where applicable. While benchmarking, you may continue to add to the observations and questions columns in the questionnaire.

[Click here to download](#) the policy diagnostic and benchmarking tool to organize your research and answers to these questions.



## CENTRAL BANK ESTABLISHMENT LAW

The law that establishes the central bank provides wide-ranging authority and often mandates the central bank to oversee all matters that pertain to foreign exchange.

1. What kind of mandate is provided in the central bank law with regards to foreign exchange matters?
2. What is the foreign exchange regime in the country as provided in the law?
3. Is the determination of the official exchange rate specified by the law?
4. Are there any provisions in the law that impose limitations on dealing with foreign exchange?
5. How do the limitations and provisions of the law affect the flow of cross-border remittances?



## MICROFINANCE LAW OR REGULATION

If there is a separate law that pertains to deposit- and/or non-deposit-taking microfinance institutions (MFIs)? The following questions may guide the assessment.

1. Is there a separate law or regulation for microfinance business?
2. Does the legislation cover both deposit- and non-deposit-taking MFIs?
3. Does the legislation allow for MFIs to engage in remittance business?
4. Are MFIs allowed to deal in foreign exchange under the legislation?
5. What are the requirements under the legislation for an MFI to become a remittance agent or sub-agent?
6. Does the legislation allow MFIs to gain access to the national retail payment system?
7. What are the limitations under the legislation that may impact MFIs' involvement in remittance business?



## FOREIGN EXCHANGE LAW OR REGULATION

If there is a separate law that concerns foreign exchange matters or a separate regulation that amplifies the provisions of the relevant law, then the following questions may guide the assessment.

1. Is there a separate law/regulation covering foreign exchange matters in the country?
2. Does the law/regulation stipulate the procedures for handling incoming foreign exchange from inward cross-border remittances?
3. Does the law/regulation specify any foreign exchange holding limits for residents and non-residents?
4. What are the requirements for migrants/the diaspora to open a foreign exchange account in the country according to the legislation?
5. Does the legislation allow for migrants/the diaspora to open a bank account remotely while outside the country?
6. What are the operational requirements or limitations associated with foreign exchange accounts according to the legislation?
7. How do the provisions of the legislation impact the flow of cross-border remittances?



## DATA PROTECTION AND PRIVACY LAWS

Some rules related to data protection, privacy and confidentiality may restrict or prohibit information sharing, or conflict with AML/CFT laws. These laws must be compatible.

1. Does the country have a data protection law in place?
2. Does the law allow a correspondent bank to have access to the beneficiary's information maintained at the beneficiary's bank?



## BANKING AND FINANCIAL INSTITUTION LAW

This legislation puts in place a comprehensive regulatory framework for regulating and supervising banks and deposit-taking financial institutions to ensure safety, soundness and stability of the banking system. Typically, the mandate is vested in the central bank.

1. Does the banking law provide for clear and compelling supervisory powers in the interests of financial system stability and integrity?
2. Are banks and financial institutions required to obtain a separate licence or approval to engage in remittance business?
3. If a separate licence or approval is required, what are the key licensing/approval requirements for remittance business, including minimum capital, ownership structure, fees?
4. Are banks allowed under the law to open retail cross-border outlets, especially in key remittance-sending corridors?
5. Does the law enable entities authorized in a certain regional bloc to conduct business freely among the member states?
6. If additional authorization is needed, are the authorization criteria the same as those for domestic entities?
7. What are the remittance reporting requirements under the law, including the kind of returns, formats, frequency?
8. Are there any requirements under the law for banks and financial institutions to collect gender-disaggregated data, especially those related to financial inclusion?



## TELECOMMUNICATIONS LAW

Depending on the communications-related regulatory regime of a country, communications regulatory authorities are often established under a communications law, charged with facilitating the development of the information and communications sectors, including broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services.

1. Is there a law providing for a regulatory framework for the telecommunications industry?
2. What is the telecommunications regime as provided in the law?
3. What are the requirements for licensing/authorization of telecommunications?
4. Does the regime support competition in the telecommunications industry?
5. Are telecommunications companies allowed to engage in mobile money business?
6. Which authority (or authorities) is (are) mandated with regulating the mobile money business?



## USE OF AGENT REGULATION/GUIDELINE

Where such a regulation or guideline exists, it generally defines the activities that can be carried out by an agent, provides a framework for offering agency business service, sets minimum standards of customer protection and risk management for the conduct of agency business service.

1. Is there a separate regulation or guideline concerning the use of agents by financial service providers?
2. What are the requirements under the regulation for the use of agents by RSPs?
3. Does the regulation or guideline prohibit agents from having an exclusivity clause in agreement with their principals?
4. Does the regulation allow RSPs to use MFI outlets for provision of their services?
5. Does the regulation allow financial service providers to use non-financial service providers' agents for service provisions?



## NATIONAL PAYMENT SYSTEM LAW

The legislation provides rules on the establishment, governance, operation, regulation and oversight of the national payment system to ensure its safety, security and efficiency—especially where the country uses a non-bank-led model. Where remittance services providers (RSPs) are licensed and regulated under the payment system law, then the following questions will guide the assessment.

1. What kind of mandate is provided in the central bank law concerning payment systems?
2. Is there a separate law that governs payment systems in the country?
3. Under the law, which agency is mandated to oversee the national payment system?
4. Does the law provide for licensing or authorization of RSPs?
5. What are the requirements under the law for such licensing/authorization?
6. Are there any provisions under the law related to cross-border remittances?
7. Does the law provide for electronic money issuance?
8. Does the law include specifications for mobile money business?
9. Under the law, what is the role of the central bank in the remittance space?
10. Is there any provision in the law (or any other law) for administrative, civil or criminal sanctions on persons or legal entities that carry out remittance services without a licence?
11. How do non-banking RSPs access the interbank clearing and settlement systems? (Under what conditions or restrictions?)
12. Are there any provisions related to interoperability?
13. Are there provisions related to data protection?
14. Does the law provide for regulatory sandbox for fintechs?



## REMITTANCE SERVICE PROVIDERS REGULATION

The regulations/directives normally provide the necessary requirements for licensing, or procedures to obtain registration or approval for conducting remittance business; mode and scope of operations; consumer protections and dispute resolution mechanisms; market conduct; reporting requirements; handling of AML/CFT issues; and others. The goal in most cases is to have safe and efficient international remittance services, which requires that the markets for the services be contestable, transparent, accessible and sound.

1. Is there a separate legislation for licensing/ authorization and regulation of RSPs?
2. What are the licensing/authorization requirements?
3. Are the minimum capital requirements based on risk and scope of operations?
4. What is the scope of operations permitted by the regulations?
5. Do the provisions of the regulations encourage competition and foster use of technology?
6. Are there any provisions covering consumer protection and dispute resolution mechanisms?
7. Are there partnership arrangements between local banks/RSPs and international money remittance agents to allow inflow of remittance using bank agents and mobile platforms?



## CODES OF CONDUCT OR SELF-REGULATORY REGIMES

Sometimes where there is no regulatory regime, activities are governed by self-regulatory arrangements established by the players.

1. Are there any codes of conduct or self-regulatory regimes?
2. What is the scope of the arrangement?
3. How does the arrangement impact remittance business?



## CONSUMER PROTECTION LAW/REGULATION

Generally, where a consumer protection law exists, it provides for general competition and consumer protection matters. There has been increasing need for jurisdictions to consider putting in place a specific legislation, directive or guideline on consumer protection and complaints resolution mechanisms for financial services.

1. Is there a law or regulation concerning consumer protection in the country?
2. Is there a law or regulation that addresses financial consumer protection and grievance redress mechanisms?
3. Are the provisions of the law/regulation appropriate to the nature of remittance transactions?
4. Are there data protection, security and privacy provisions that facilitate the efficient flow of remittance transactions?
5. Are the provisions in the law/regulation that effectively address matters of transparency, disclosure of end-to-end pricing and accessible/easy-to-understand terms and conditions in remittance services?
6. Are the provisions encouraging entry into and a level playing field for the remittance business?
7. Is the information provided to users easily accessible, understandable and adequate? Adequacies include disclosure of total price (e.g. fees at both ends, foreign exchange rates including the margins applied on them, and other costs to the user), the time it will take the funds to reach the receiver, and the locations of the RSP's access points in both sending and receiving countries.



## PAYMENT MODEL REGULATION/GUIDELINE

Interlinked and single-platform models, standardized messages, protocols and processing rules usually increase the efficiencies of cross-border remittance processes. The participating financial institutions in single-platform models still need to use a correspondent banking system for the settlement of payments, but a number of techniques are used to streamline this—prefunding/collateralization, netting and designated settlement banks.

1. Is there any regulation or guideline for cross-border netting arrangements?
2. Are there prefunding/collateralization arrangements provided under the regulations or guideline?



## PAYMENT MODEL REGULATION/GUIDELINE

Where there is a separate national identification system policy and/or regulatory framework, the following guiding questions apply.

1. Is there any policy or law related to identification system(s)?
2. Does the law provide the possibility for the identification system to be connected to payment systems?
3. Do the identification system policies and regulations support effective identification and onboarding of customers, facilitate authentication and verification of cross-border transactions, facilitate effective AML/CFT supervision of cross-border transactions, and/or expand the digital footprint of the underbanked to enable their access to a broader range of financial services?



## AML/CFT LAW/REGULATION

Given the Financial Action Task Force (FATF) recommendations<sup>1</sup> and the close adherence in implementation by most countries, AML/CFT legislation is now in place in most countries. The laws are for the most part comprehensive, covering important aspects of AML/CFT, including cross-border transportation of cash and bearer negotiable instruments; transparency in financial transactions; identification of customers; obligations regarding wire transfers; enhanced or simplified due diligence; record-keeping; financial institutions' internal prevention programmes; penalties; and aspects related to the Financial Intelligence Centre, including its powers and duties, access to information, disclosure, and reporting of suspicious transactions.

1. Does the AML/CFT law/regulation provide for a proportionate, risk-based approach and flexible know your customer / customer due diligence (KYC/CDD) requirements based on the value of cross-border transactions?
2. Does the law/regulation provide for domestic and cross-border regulatory cooperation to strengthen AML/CFT measures through data sharing and enforcement?
3. What documents are required under the law for different channels (e.g. eKYC) for both local and foreign nationals during the KYC/CDD process?
4. Do the provisions of the law/regulation support the digital footprint of the underbanked to enable them to access a broader range of financial services?
5. Does the law/regulation allow eKYC regimes?
6. What are the requirements under the law/regulation for detecting suspicious transactions (STs) by banks and RSPs?
7. Does the law require RSPs to maintain a politically exposed persons (PEP) list?



## MEMORANDUMS OF UNDERSTANDING (MOUS) AND COORDINATION

MOUs or bilateral (or multilateral) agreements are important for seamless cooperation. Coordinated efforts between public and private sectors within the country is equally important.

1. Are there MOUs or bilateral (or multilateral) cooperation agreements on technical, regulatory and oversight matters with commensurate involvement of central banks, regulators, payment system operators, RSPs and industry associations from both jurisdictions?
2. Are there official regional bodies to coordinate regional initiatives, or a mechanism for coordinating and implementing policy issues at regional level?
3. Are there a national payments council, working groups and/or public-private partnerships in place in relevant areas pertinent to remittances?



## DATA SOURCES LAWS AND REGULATIONS

The following websites will provide good sources of information for identifying the relevant legislation and obtaining official copies of the full texts:

- Central bank website
- Telecommunications regulator website
- Financial intelligence unit website
- Internal and foreign affairs ministries' websites

<sup>1</sup> Financial Action Task Force, *International standards on combating money laundering and the financing of terrorism & proliferation*, (Paris, France, 2012–2020). Available at: <https://www.fatf-gafi.org/recommendations.html> (accessed 4 August 2021).

## PART C: STAKEHOLDER ENGAGEMENT

This section aims to help you to coordinate engagement with stakeholders in the assessment of the current remittance policy and regulatory landscape of your country, to identify opportunities and barriers for recommending an enabling remittance environment. It provides a step-by-step process that can be followed during the engagement process, including when identifying stakeholders to be engaged, proposes a set of questions to guide the engagement with stakeholders, and provides a table that can be used to document enablers, inhibitors and recommendations for enhancing remittances.

**Step 1. Stakeholder Mapping.** This will involve identifying, analysing, and prioritising the organisations and people that will be engaged based on the country's remittance policy and regulatory framework. In most circumstances, consultation should include a broad range of stakeholders to ensure the policy and regulatory issues are considered from multiple points of view. For the regulators and policymakers, regulated institutions form the core constituency of the consultation process. Through the mapping of all key remittance public and private sector stakeholders, draw out the role, interaction, and area of influence of different stakeholders in the remittances policy and regulatory environment.

Ensure that the people participating in the consultation are as important as the institutions they represent. Each of the approaches noted previously may call for a specific level of experience or authority so the consultation process can be productive. For example, the CEO of a bank may be necessary for a strategic consultation while the head of operations or a field officer may be more appropriate for narrow, issue-based consultations. Therefore, consider the expertise and responsibilities of the people who will participate in the process.

Pay particular attention to engaging with stakeholders who understand the challenges women face in accessing financial services as well as the underlying potential of digital technologies.

**Step 2. Engagement.** This step focuses on engaging the relevant public agencies and regulators as well as supply-side key stakeholders for remittances, which were identified during the stakeholder mapping. The engagement with public agencies and regulators aims to ensure mutual understanding of the observations and comments made during the preliminary review of the country's remittance policy and regulatory framework. Engagement with supply side stakeholders will confirm the analysis, observations, and comments in the previous step and solicit feedback on the implementation of remittance related policies, laws, and regulatory framework.



### TOOL STAKEHOLDER ENGAGEMENT

**Step 1:** Identify the relevant stakeholders who participate in the remittances ecosystem and their respective roles. Use this tool to plan which questions to ask of the relevant stakeholders.

**Step 2:** Conduct interviews with the identified stakeholders and record their answers here.

[Click here to download](#) the stakeholder engagement tool to organize your research and answers to these questions.

## PUBLIC SECTOR STAKEHOLDERS

The public stakeholders may include, but are not limited to, relevant central bank departments, a financial intelligence unit, telecommunication authority, and relevant ministries. The private sector stakeholders may include, banks and financial institutions, microfinance institutions, remittance service providers, mobile network providers, mobile money operators, and Fintechs. Depending on the countries' regime, the naming of the agencies/ authority may differ from one country to the other.

A list of key questions that may guide the engagement with various government agencies and regulators are:



### MINISTRY RESPONSIBLE FOR FINANCE

**The ministry responsible for finance in most cases is responsible for policies related to the financial sector, including fiscal and tax incentives. These policies may have bearing on the remittances space.**

1. Are there national strategies/plans that have been developed to leverage remittances for economic development?
2. What are monetary, fiscal, or tax incentives are in place to encourage the flow of remittances through formal channels?



## BANKING SUPERVISION DEPARTMENT

Generally, this is a unit established under the central bank to oversee the licensing, regulation and supervision of banks and financial institutions. As banks and financial institutions are the major actors in the remittance space, their regulator is equally important.

1. Does the department have a mandate for complete supervision of banks and financial institutions?
2. What is the scope of supervision – what institutions are covered as provided under the legislation?
3. Are there any provisions under the legislation that may have an impact on the size of the banking sector in terms of outreach and outlets?
4. Is the provision of remittance services under a bank- or non-bank-led model?
5. Does the supervision of banks and financial institutions extend to RSPs?
6. What are the reporting requirements related to remittances, including the kind of returns, formats, frequency, etc.?
7. Are banks allowed to apply a risk-based approach on identification and onboarding of customers/ user segments?
8. What challenges does the department face in the execution of its mandate when it comes to remittances?
9. What can be done as far as legislation is concerned to scale up the flow of remittances through regulated channels and enhance the use of digital channels?



## MFIS SUPERVISION DEPARTMENT

MFIs are well positioned to serve the underserved population as their branches are predominately in rural areas. Given their importance in bridging the access gap, the regulatory framework needs to consider their participation in the remittance space; however, in most jurisdictions, they are only permitted to participate in domestic remittances.

1. What is the size of the microfinance sub-sector relative to the size of banking sector, in terms of branch/ outlet network and geographic coverage?
2. What are the most common products offered by MFIs?
3. Are there minimum technology requirements for banking software used by MFIs?
4. How many MFIs are currently acting as sub-agents of banks' remittance partners?
5. What are current requirements for an MFI to become an RSP agents' sub-agent?
6. What are the requirements for MFIs to get access to the national retail payment system?
7. How do MFIs access the interbank clearing and settlement systems? (Under which conditions or restrictions)
8. How many MFIs are currently connected to the national retail payment system?
9. What is the level of compliance to AML/CFT requirements?
10. What could be the major challenges for MFIs in becoming direct agents of RSPs?



## NATIONAL PAYMENT SYSTEMS DEPARTMENT

Generally, this is a unit under the central bank responsible for overseeing the operations of the payment system in the country, including licensing/ authorization of payments service providers. In some jurisdictions, they are responsible for licensing/ authorizing RSPs.

1. What is the role of the department in the remittance space?
2. Is the department responsible for the licensing/ authorization and supervision of RSPs?
3. Is the national payments infrastructure integrated with fair access for market players (interoperability)?
4. Are the RSPs granted access to the national payment systems (interbank clearing and settlement systems)?
5. To what extent are the payment and financial services infrastructure compliant with domestic and international safety/ security standards?
6. Is the infrastructure built such that it is resilient to withstand service disruptions and support effective business continuity plans?
7. Are the public and private sectors working in collaboration to develop resilient payment (domestic and cross-border) infrastructure?
8. Are there any plans to connect the national retail payment systems with regional/ international payment hubs and gateways?
9. What can be done to scale up the flow of remittances through regulated channels and enhance the use of digital channels?



## FOREIGN EXCHANGE/ EXTERNAL SECTOR DEPARTMENT

Depending on the organizational structure of a central bank, this unit is responsible for overseeing the matters related to foreign exchange and balance of payments (BoP). As remittances are one of the sources of forex in most countries and an important component in the BoP, the unit is one of the key stakeholders in the remittance space.

1. What is the foreign exchange regime in the country?
2. How is the official foreign exchange rate determined?
3. Are foreign exchange money dealers/ changers licensed and regulated?
4. How are remittances related data, both from regulated and non-regulated channels, captured?
5. How are remittances related data captured in the BoP?
6. How are received transactions matched to BoP codes?
7. How is the BoP updated based on each type of transaction?
8. What can be done to scale up the quality, flow and analysis of remittances data through both regulated and non-regulated channels?



## LEGAL SERVICES DEPARTMENT

Depending on the central bank's organizational structure, there usually exists a unit responsible for legal services and that sometimes oversees matters related to AML/CFT and consumer financial protection. Given the importance of these matters to the remittance space.

1. Are there consumer redress and dispute resolution mechanisms or provisions that are commensurate with the nature of remittance transactions?
2. Are there data protection, security and privacy provisions that are specific to remittance transactions?
3. Are the competition policies encouraging entry and a level playing field for the remittance business?
4. What role does the unit/ department play on the implementation of AML/CFT requirements?



## TELECOMMUNICATION AUTHORITY

Generally, this is a regulatory authority of the communications sector, responsible for facilitating the development of the information and communications sectors including: broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services, etc. This authority is a key remittance stakeholder on account of its role in regulating telecoms, which are important for mobile money services.

1. What is the mandate of the authority on telecoms, especially in the provision of mobile money services?
2. What is the existing licensing/ authorization of telecoms regime?
3. What are the key licensing/ authorization requirements?
4. Is there a limit on the number of telecoms that can be authorized to operate in the country?
5. How does the authority encourage competition in the telecommunications market?
6. What is the mobile money regime in the country?
7. Does the authority have the power to control prices?



## NATIONAL PAYMENTS SWITCH

A switch is normally a central domestic point where all electronic payment messages can be routed from one bank or financial service provider to another. It plays an important role for implementing interoperability efforts, which are key for modernizing digital financial services.

1. Is there any legislation governing the national switch?
2. Is the switch operating in real-time and 24/7 under an instant fund transfer system?
3. Are there standard interfaces with all banks and other financial service providers to ensure standard response times?
4. Is interoperability mandated under the legislations?
5. What is the role of the switch in remittances as provided under the legislation?
6. How active is the switch as far as remittance transactions are concerned?
7. Is there any data protection law which governs the operations of the switch?



## MINISTRY RESPONSIBLE FOR FOREIGN AFFAIRS

Generally, policies and other matters related to the diaspora and migrants are coordinated under this ministry. They are also the custodian of data and other relevant information on the diaspora and migrants that can be used to make informed policy and business decisions.

1. What countries do migrants normally go to?
2. How many migrants have left the country over the past five years (on a monthly or yearly basis)?
3. What could be the main drivers for drawing diaspora to formal remittance channels? (e.g. financial literacy, incentives, marketing of the product/service)?
4. What financial literacy campaigns are organized by the government/ remittance associations/ diaspora network for migrants?
5. What further steps can be taken by the government to keep the migrants informed of various formal channels/ remittance products?
6. Are there any IDs provided to migrants by the national consulates in host countries?
7. Are there any plans to incentivize banks to open branches serving the major remittance corridors?



## FINANCIAL INTELLIGENCE UNIT

Generally, the financial intelligence unit is responsible for overseeing all matters related to AML/CFT in the country, including assisting with the identification of the proceeds from crime, money laundering and terrorist financing. The role played by the unit may have an impact on the provision of remittance services in the country.

1. What is the mandate of the unit with regards to foreign exchange and cross border remittances?
2. Does the unit have any arrangement on domestic and cross-border regulatory cooperation to strengthen AML/CFT measures through data sharing and enforcement?
3. What challenges do they face in implementing an effective AML/CFT regime, especially in the areas of domestic coordination, supervision and enforcement?
4. Out of the 40+ FATF recommendations, which are yet to be complied with and what are the plans in place for compliance?
5. How could the uncompliant recommendations affect ongoing initiatives to scale up remittances through formal channels and enhance the use of digital channels?

## SUPPLY-SIDE STAKEHOLDERS

This step focuses on the engagement with the supply-side key stakeholders for remittances. These may include but are not limited to: banking and financial institutions, MFIs, remittance service providers, mobile network operators, and mobile money operators. Depending on the country's regime, the naming of the stakeholders may differ from one country to the other.

A list of key questions to ask during engagement with various supply-side stakeholders are:



## MICROFINANCE INSTITUTIONS (MFIS)

Because MFIs often serve low-income clients and clients in underserved geographic areas, money transfer operators help MFIs meet their social goals by delivering an additional service demanded by low-income customers—often at a cost lower than that of mainstream providers.

1. Under the legislations, how is the MFI involved in money remittance business?
2. What are the requirements for the MFI to become a remittance sub-agent?
3. Do the legislations allow MFIs to be connected to the national retail payment system?
4. What are the major challenges related to provisions of the legislations for the MFI to become a direct agent of an RSP?
5. What are the major products that are allowed under the legislations that can be offered by the MFIs related to remittance?
6. Is there a well-documented mechanism for a proportionate, risk-based approach that provides for flexible KYC/CDD requirements based on the value of cross-border transactions?
7. What steps can be taken by the authorities to make AML/CFT compliance and reporting process more consistent?
8. What kind of data on remittances are mandated to be captured, maintained, and shared?



## BANKS AND FINANCIAL INSTITUTIONS

**Banks and financial institutions are one of the key supply-side stakeholders given the role they play in the remittances space. In some jurisdictions that follow a bank-led model, RSPs can only provide their services through partnerships with banks.**

1. What requirements and procedures are in place for handling forex originating from inward remittances?
2. What challenges are experienced when handling forex through migrants' bank accounts?
3. What procedures and requirements are in place for non-residents to open and maintain bank accounts in the country?
4. What are the operational requirements for banks and financial institutions, including any limits associated with the operation of accounts?
5. Does the legislation allow migrant to open an account remotely while outside the country?
6. In which currencies (e.g., USD, EUR, GBP) can migrants maintain a foreign currency bank account in the country as provided in the legislations?
7. What other incentives, products, or services are associated with opening and maintaining such accounts?
8. Is there a well-documented mechanism for a proportionate, risk-based approach that provides for flexible KYC/CDD requirements based on the value of cross-border transactions?
9. What steps can be taken by the authorities to make AML/CFT compliance and reporting process more consistent?
10. What kind of data on remittances is captured, maintained, and shared?



## REMITTANCE SERVICE PROVIDERS (RSPS)

**To provide remittance services, RSPs usually need to be able to make use of the domestic payment infrastructure. Access to this infrastructure can be either direct or indirect. Both forms of access can provide RSPs with suitable payment services but depend on the supportive RSP regulations/directives in place.**

1. What are the major barriers in the policies and regulations for RSPs to offering their services "directly", through a proprietary network of agencies, or establishing franchised services in retail stores, supermarkets, or other outlets?
2. What is the level of admissibility and acceptance of the use of technology in the business and transaction processes of RSPs?
3. Do the legislations provide on how to determine remittance pricing model? What are the actual costs and service fees charged at the remittance, forex and remitting/receiving ends? How are the exchange rates on incoming remittances determined?
4. What taxes are currently imposed on RSPs engaged in cross-border remittances?
5. Has there been any mandated price reduction experienced in the last two years? If so, what are the major factors driving this reduction? (e.g., technology, regulatory support, etc.)
6. To what extent does the regulator use technology to facilitate effective supervision and oversight of remittance business?
7. Is there any mechanism to facilitate the development of value-added products/services, such as payments, savings, investment, credit, and insurance to reach the full potential of cross-border flows provided in the legislations?
8. Does product development take a customer-centric approach?



## MOBILE NETWORK OPERATORS (MNOS)

**MNOs are telecom entities that provides service for mobile phone subscribers. They form an important element of the digital financial services (DFS) ecosystem that is crucial for accessing digital remittance channels.**

1. What is the regulatory regime for the mobile network operators?
2. Are there any restrictions or requirements on the size of the MNO in terms of market share and geographical coverage?
3. Does the legislation limit the range of services that can be offered by the MNOs?
4. Are there provisions under the legislation that provide for interoperability between other mobile network providers?
5. Are the policies support MNOs to be proactive in incorporating best practices in responsible finance, product, and process design?
6. Are there any provisions under the legislations that support remittance related products/ solutions?



## MOBILE MONEY OPERATORS (MMOS)

**An MMO is a mobile money service provider that develops and delivers financial services through mobile phones and mobile telephone networks. They play an important role in the remittance digital ecosystem by reaching out the last mile customer.**

1. What is the regulatory regime for the mobile money business (bank-led/ non-bank led)?
2. Are there any limitations provided in the legislation in terms of market share and geographic coverage?
3. What is the scope of operations and products to be offered by the MMOs, both in the domestic and foreign markets as provided in the legislations?
4. What are the restrictions provided in the legislation on mobile phones and other electronic/ digital devices ownership and usage?
5. Are there any policies that advocate for accessible, affordable, and easy-to-use transaction points (CICO agents, online/ offline payment points, branches, etc.)?
6. Are there any provisions or guidelines that advocate for simplified customer onboarding procedures which are risk based?
7. Are there transaction limits in place and how are they being monitored?
8. Is the MMO proactive in incorporating best practices in responsible finance, product, and process design?
9. Are there any remittance related products/ solutions that are mandated under the legislations and are currently being offered?

## PART D: ENABLERS, INHIBITORS, AND OPTIONS FOR ENHANCING REMITTANCES

Based on the review of the legal and regulatory framework and on the stakeholder engagement, the next step is identifying the remittance related enablers, inhibitors, and options or recommendations for reform. The enablers are things that enhance remittances, 'inhibitors' are things that limit remittances, and 'options/recommendations' are opportunities for consideration based on current circumstances. All these can be categorized in five aspects, namely:

1. **Legal and regulatory framework** – authorities, roles and responsibilities on cross-border remittances are well defined and mechanisms for coordination are in place including legal and regulatory conditions that support cross-border remittance.
2. **Financial and payments infrastructure** – national payment system regime that incorporates the concept of e-money, allows non-banks to provide financial services including to issue e-money, and fosters interoperability; national identification system that supports eID and ID requirements adjusted on a risk basis; and policies and regulations that advocate for a broad network of access points and offers a variety of interoperable access channels.
3. **Market aspects** – that support cross-border remittance, especially on a foreign exchange regime that provides clear guidance; and mechanisms in place to capture remittance-related data at transaction level and analyze and share it.
4. **Consumer protection** – data protection and privacy regime that provide rules related to data protection, privacy, and confidentiality for remittance-related data; and consumer protection regime that provides clear guidance on consumer protection and complaints resolution mechanisms for financial services, including cross-border remittances.
5. **Cooperation and collaboration** – efforts that support cross-border remittance including memorandums of understanding (MOUs) or any bilateral (or multilateral) agreements for seamless cooperation; public-private collaboration mechanisms on matters related to development and implementation of cross-border remittance policies, laws, and regulations; and regional bodies that coordinate regional initiatives, and mechanism of coordinating and implementing policy issues at regional level.



### TEMPLATE PRELIMINARY POLICY DIAGNOSTIC REPORT

[Click here to download](#) the preliminary policy diagnostic report template. Use this template to synthesize your research from parts A-C of this assessment guide and the table provided to complete part D.

Some remittance enablers to consider and look for as you compile the report are provided below. Within each of these five areas.

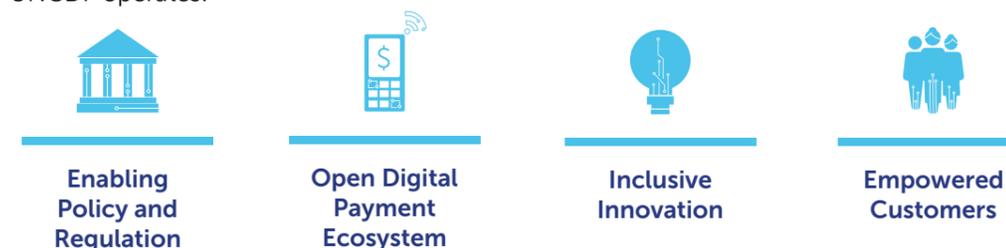
	Enablers
<b>1. OVERALL FRAMEWORK</b>	<ul style="list-style-type: none"> <li>● Authorities, roles, and responsibilities on cross-border remittances are well defined and mechanisms for coordination are in place</li> </ul>
	<ul style="list-style-type: none"> <li>● The banking supervisory and regulatory regime supports the existence of a competitive remittance market, including accommodating non-bank remittance service providers</li> </ul>
	<ul style="list-style-type: none"> <li>● The microfinance supervisory and regulatory environment supports collaboration between remittance service providers and microfinance institution (MFI) outlets in the termination of remittances</li> </ul>
	<ul style="list-style-type: none"> <li>● The telecommunications regulatory regime provides room for competitive environment and support to financial service providers in service provision</li> </ul>
	<ul style="list-style-type: none"> <li>● The anti-money laundering / combating the financing of terrorism (AML/CFT) regime specifies or establishes proportionate rules and procedures of AML/CFT, and conditions for know your customer (KYC) for cross-border remittances according to the risks (tiered 'KYC / customer due diligence [CDD] approach')</li> </ul>
	<ul style="list-style-type: none"> <li>● Remittance service providers regulatory and supervisory framework supports demand-side perspectives on product development.</li> </ul>

	Enablers
2. FINANCIAL AND PAYMENTS INFRASTRUCTURE	<ul style="list-style-type: none"> <li>The national payment system regime incorporates the concept of e-money, allows non-banks to provide financial services including to issue e-money, and fosters interoperability</li> </ul>
	<ul style="list-style-type: none"> <li>The national identification system supports eID and ID requirements adjusted on a risk basis</li> </ul>
	<ul style="list-style-type: none"> <li>Policies and regulations advocate for a broad network of access points that also achieves wide geographical coverage and offers a variety of interoperable access channels</li> </ul>
3. MARKET ASPECTS	<ul style="list-style-type: none"> <li>The foreign exchange regime provides clear guidance on determination of exchange rates and handling of foreign currency emanating from cross-border remittances</li> </ul>
	<ul style="list-style-type: none"> <li>Agent regulation/guideline provides ability for remittance service providers to outsource (use agents) in service provision</li> </ul>
	<ul style="list-style-type: none"> <li>Mechanisms in place to capture remittance-related data at transaction level, and analyze and share it</li> </ul>
4. CONSUMER PROTECTION	<ul style="list-style-type: none"> <li>Data protection and privacy regime provide rules related to data protection, privacy and confidentiality for remittance-related data</li> </ul>
	<ul style="list-style-type: none"> <li>Consumer protection regime provides clear guidance on consumer protection and complaints resolution mechanisms for financial services, including cross-border remittances</li> </ul>
	<ul style="list-style-type: none"> <li>Codes of conduct or self-regulatory regimes whereby activities are governed by self-regulatory arrangements established by the players</li> </ul>
5. COOPERATION AND COLLABORATION	<ul style="list-style-type: none"> <li>Memorandums of understanding (MOUs) or any bilateral (or multilateral) agreements for seamless cooperation</li> </ul>
	<ul style="list-style-type: none"> <li>Public-private collaboration mechanisms on matters related to development and implementation of cross-border remittance policies, laws and regulations (e.g. National Payments Council, working groups)</li> </ul>
	<ul style="list-style-type: none"> <li>Regional bodies coordinate regional initiatives, and mechanism of coordinating and implementing policy issues at regional level</li> </ul>

## GUIDES AND TOOLS

### UNCDF MIGRATION AND REMITTANCES PROGRAMME

This guide is part of a library of open-source guides and toolkits published by UNCDF to share the methods developed for enabling the flow of digital remittances and the design of migrant-centric products and services. These guides and toolkits are designed for a variety of audiences, from policymakers to development practitioners to remittance service providers, and are available across the four workstreams in which UNCDF operates:



The complete library of guides and toolkits is available [here](#).

This guide is part of the work under the [enabling policy and regulations workstream](#), which is informed by the enabling policy and regulations framework.



Unlocking Public and Private  
Finance for the Poor

## LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF Strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital finance in Africa, Asia, and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals (SDGs) aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.

## THE UN CAPITAL DEVELOPMENT FUND

The UN Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

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