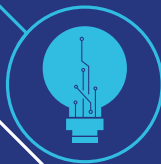




Unlocking Public and Private
Finance for the Poor

GUIDE

ASSESS THE REGIONAL REMITTANCE POLICY AND REGULATORY LANDSCAPE



ENABLING POLICY
AND REGULATION

ACKNOWLEDGEMENTS

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ABBREVIATIONS

AML/CFT	anti-money-laundering and combating/countering the financing of terrorism
API	application programming interfaces
BoP	balance of payments
CDD	customer due diligence
FATF	Financial Action Task Force
ISP	internet service provider
eKYC	electronic know your customer
KYC	know your customer
MFI	microfinance institution
MMO	mobile money operator
MNO	mobile network operator
MOU	memorandum of understanding
MTO	money transfer operator
REC	regional economic community
RSP	remittance service provider

INTRODUCTION

The migration¹ and financial inclusion landscape can impact the remittance market of any given region and should be taken into consideration in comprehensive reviews of policy and regulation concerning all the factors affecting remittances.

Most countries that are part of a regional economic community (REC) are countries of origin, transit and/or destination for migrants. Remittance flows are therefore also intraregional – originating from within the REC as well as from outside of it. Intraregional migration flows are significant, and influenced by multiple drivers. According to estimations of the *World migration report 2020*,² most international migrants in Africa, Asia and Europe have moved within their REC, while in the case of North America, Latin America and the Caribbean, most reside outside the region of their birth. Intraregional migration dominates in RECs for several reasons, including visa-free movement around REC member states, labour migration related to the RECs' activities and projects, the relatively small sizes of many countries in the RECs and, as well as linguistic and cultural similarities, the strong networks among the many ethnic groups scattered across RECs.

A large portion of intraregional remittance flows are informal due to the nature of the migration – and can often be costlier for the migrants. Even in the formal channels, intraregional remittance flows remain costly. For example, in the fourth quarter of 2020, the average transaction cost for a remittance of US\$200 into the Intergovernmental Authority on Development (IGAD) region was 8.5 percent, while intra-IGAD remittance costs averaged 10.7 percent.³ For the Economic Community of West African States (ECOWAS), the average cost of inbound remittances was 6.2 percent, and intraregionally it was 9 percent, while those of the Southern African Development Community (SADC) were, respectively, 11.2 percent and 15.4 percent. These costs and the growth of intraregional migration, the growth of new modes of remittance transfer that are gender-responsive and migrant-centred, and the move towards greater regionalization, all make the harmonization of remittance-related policy and regulatory frameworks critical – towards digital channels that enable affordable and accessible remittances.

Migration and remittance flows are also a gender-equality issue.⁴ Despite the increasing presence of women in migration flows, especially as workers, the migration and financial policies in countries of both origin and destination are often gender-blind and/or exclude

¹ A migrant in this case is any person who changes their country of usual residence. UNCDF, "Frequently asked questions", New York, 2020 (<https://migrantmoney.uncdf.org/wp-content/uploads/2021/09/4-FAQs.pdf>, accessed 19 November 2021).

² Marie McAuliffe and Binod Khadria (editors), "World migration report 2020", International Organization for Migration, Geneva, Switzerland, 2019 (https://publications.iom.int/system/files/pdf/wmr_2020.pdf, accessed 19 November 2021).

³ KNOMAD, "Remittances data", World Bank, Washington DC (<https://www.knomad.org/data/remittances>, accessed 19 November 2021).

⁴ Learn more: UN Women, "How migration is a gender equality issue", New York, 2020 (<https://interactive.unwomen.org/multimedia/explainer/migration/en/index.html>, accessed 19 November 2021).

women – whether unintentionally or intentionally, by being formulated with women at the margins and through the reproduction of existing gender stereotypes. To overlook the complexities and the gendered nature of the migration, financial and remittance landscape would be to leave us with only one-dimensional insights. These would risk designing reforms and policies that unintentionally exclude or fail to benefit women. Without gender-responsive and migrant-centred remittance policies, women will continue to be left with no better options than depending on informal and often illegal agents.

GUIDES AND TOOLKITS

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-centred 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. This guide to assessing a region’s remittance policy and regulatory frameworks is part of the work of the first of these workstreams:



**Enabling
policy and
regulation**



**Open digital
payment
ecosystem**



**Inclusive
innovation**



**Empowered
customers**

migrantmoney.uncdf.org/frameworks-guides-toolkits

USING THIS GUIDE

This guide is designed to help regional economic secretariats, policymakers, regulators and development partners with assessments of the existing remittance-related policy and regulatory frameworks. It is intended to help identify the policy and regulatory enablers and inhibitors of men and women's access to, and their usage of, remittances through formal channels, particularly through affordable digital channels, and to inform the process of the harmonizing remittance-related policy and regulatory frameworks at the REC level. Using it should help with ensuring that remittance-related policy and regulatory reforms undertaken at the REC or member state level can attain convergence, through shared understanding at the regional level, thereby leading to seamless cross-border remittance operations across the REC. This guide's step-by-step instruction helps to formulate these convergence criteria arising from the thorough review of frameworks for remittance policies and regulation. The tools set out here help to organize the research and to ask the right questions of the right people.



TEMPLATE

PRELIMINARY POLICY DIAGNOSTIC REPORT

[Click here to download](#) the preliminary policy diagnostic report template. Use this template to compile a report with the findings and recommendations from your research.

The following parts of this assessment guide will help to structure the research informing your report – including towards making gender-specific recommendations and proposing measures that spur and encourage the financial inclusion and empowerment of other marginalized groups such as youth.

MAINSTREAMING GENDER INTO THE POLICYMAKING PROCESS

Gender mainstreaming means making a gender dimension explicit in all policy sectors. Gender equality is no longer viewed as a separate question, and instead becomes a concern for all policies and programmes. A gender mainstreaming approach does not look at women in isolation but, rather, looks at both men and women as actors in the development process, and as its beneficiaries.

UNCDF programming experience has shown that gender issues differ by country, region and situation. It has also shown that rigorous, gender-sensitive analysis invariably reveals gender-differentiated needs and priorities as well as opportunity and outcome inequalities. Gender mainstreaming seeks to redress these problems.

The level of intervention (from basic gender sensitivity to comprehensive, targeted gender programmes) will depend on the specific needs and priorities revealed by a gender-sensitive situation assessment.

As a comprehensive strategy, gender mainstreaming should also address the environment in which policies and programmes are developed and implemented, such as the corporate and office environments. A strategy to integrate gender concerns into programming must be accompanied by a strategy to ensure that the working environment is also gender-sensitive and guarantees equal opportunities and treatment for women and men. Successful implementation of gender mainstreaming also requires sufficient technical capacity and human resources.

PART A: REGIONAL CONTEXT AND REMITTANCE MARKET LANDSCAPE

What are the region's key statistics on migration and remittances?

The key statistics to examine in understanding the regional context include: (a) remittance trends, (b) the average cost of sending remittances to the region, (c) the average cost of sending them within the region (intraregional), (d) migration trends and key corridors for both intra- and extra-regional migration, (e) the value of remittances as a percentage of gross domestic product, (f) estimates of informal remittance flows, (g) the kind of migration where this is possible to evaluate (i.e. whether it is high or low skilled, the sectors of work, education, the sex mix, etc). To ensure a multidimensional and inclusive understanding, all six of these statistics need to be disaggregated by sex and analysed through a gender lens.



DATA SOURCES

MIGRATION AND REMITTANCES

- International migrant stock data available from the United Nations Population Division (un.org/development/desa/pd/content/international-migrant-stock)
- The bilateral remittance matrix accessible on request from KNOMAD (knomad.org/data/remittances)
- Remittance prices worldwide compiled by the World Bank (remittanceprices.worldbank.org/en)
- Information on labour migration stocks from the International Labour Organization (ILO) (ilostat.ilo.org/topics/labour-migration)
- Reports on global migration from the International Organization for Migration (IOM) (publications.iom.int)

Additional relevant statistics to look at⁵ will depend on the context of the region. Is there a planned REC objective that may impact, or be impacted by, remittance flows? Is a gender equality policy in place that may impact the development of the financial market? Benchmark these data where possible, for example for the region compared with another, or for the region against the global average. Additional benchmarking can be done within a REC too, to ease convergence when REC member states are at disparate levels of development.

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

Political, social or cultural norms are unwritten laws that are pervasive and critical in influencing the behaviour of all participants in the financial market system, including policymakers, regulators, providers and consumers. These norms may undermine the objectives of the individual member states that in turn influence REC plans and objectives such as poverty alleviation, economic growth and financial inclusion. Conflicts within or between member states may also undermine efforts on poverty reduction or financial inclusion because they will cause most agendas at REC policy organs to shift from economic priorities to conflict resolutions.



DATA SOURCES GENDER

- Social Institutions and Gender Index (SIGI) (genderindex.org/sigi)
- Laws and regulations affecting women – information from the World Bank’s ‘Women, Business and the Law’ (wbl.worldbank.org/en/wbl)
- Information on gender-inclusive finance from the Alliance for Financial Inclusion (afi-global.org/thematic-areas/gender-inclusive-finance)

⁵ Such as UNCDF country monitors – see <https://migrantmoney.uncdf.org/docs-category/country-monitor>.

All norms – political, social and cultural – are gendered, which means they govern and impact the behaviour of men and women differently, usually whereby men may be left comfortable and women may not. Similarly, preferences by ethnicity and gender may impact which modes, methods and manners of remittance are preferred by customers, and whether they opt for informal channels of transfer. Existing norms may also impact the types of remittance and financial products available, or the country's legislation, as may be the case in the example of Islamic financial products. To advance women's financial inclusion and empower women migrants, policymakers and regulators need to acknowledge gender norms and understand/ diagnose how these limit women's abilities to access, use and benefit from financial services and digital remittance channels. Ignoring gender norms can limit the effectiveness and impact of policy reforms and interventions. Even 'gender-neutral' approaches can have unintended negative consequences, so approaches need to be gender-responsive and migrant-centred.

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

The remittance market landscape can impact the remittance flows through both formal and informal channels in a given REC and should also be taken into consideration. Here you should provide regional details about the market landscape, including:

- number, size and coverage of the providers (remittance service providers (RSPs); banks; microfinance institutions (MFIs); mobile network operators (MNOs); money transfer operators (MTOs);
- kinds of ownership structure – whether foreign-owned or nationally owned, and whether public or private sector or both;
- sectors of operation – financial, telecommunications, digital, or a mix
- gender diversity – level of women's leadership and the extent of women being included (e.g. as part of agent networks).

You may also consider any improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services in the REC. Here you may mention the network of access points, the payment infrastructure, the state of cross-border retail payment arrangements, the level of interoperability, and messaging standards. Relevant aspects may include the availability of infrastructure such as real-time gross settlement (national and regional) and retail payment and settlement systems infrastructure, such as ATMs, merchant payment points, cash-in/cash-out networks and national retail payment systems. It would be useful to consider the postal infrastructure and its existing or potential usage as a distribution or access point, particularly in rural areas. You may also appraise the characteristics of how well the use of citizen ID is enabled for financial services in the REC, including the kind of residency eligible and whether the IDs:

- have a legal basis and are recognized by the government
- are unique to individuals
- exist in digital formats

In all these aspects of evaluating the market, it is crucial to consider the gender aspects. Women may experience additional risks and constraints when they remit or receive money. They may have limited mobility and freedom to control how, when and to whom they send money, or on how they receive it. Women face specific barriers to accessing formal remittance channels, as they are often confined to secluded accommodation and workplaces, far away from access points and agents and they might not be in possession of valid documents, including proof of residency or ID. In addition, RSPs may not recognize low-skilled migrant women as an important customer segment, as they tend to send smaller amounts. Alternatively, financial service providers may use know your customer (KYC) and other due diligence processes that are exclusionary by design and simply out of range for many women migrants. Sources of transaction data on remittances generated by central banks are not disaggregated by sex, so data, knowledge and experiences to redress gendered constraints and to better reach, market to and onboard these 'last-mile' segments are absent or very limited. Even when data are available, they are rarely applied to product development.

For higher-income segments, digital financial services put choice and control in customers' hands and make finance a seamless part of their lives. Providers understand that relevant services create greater value and build brand loyalty. Yet this approach is rarely, if ever, applied to lower-income segments in the financial services sector. Research shows that choice, respect, voice and control are the cornerstones of customer empowerment for all customers (including low-income customers) in their use of and engagement with digital financial services. Digital RSPs need to incorporate these drivers into their services at several touchpoints in the customer journey.

When these drivers are not taken into account, migrants, especially women, face moments of disempowerment. When these pile up, migrants are likely to retreat to the informal services they are familiar with, inactivity rises, and businesses miss out on opportunities to be gained from serving this segment. When these services become unavailable, as seen during COVID-19 lockdowns, there are particular problems for women with irregular migration status, who face significant constraints in accessing and using formal banking and financial services. The pandemic exposed and deepened the vulnerabilities of migrants and of the households that depend on their income.

It would be useful, as far as possible, to appraise the possible customer base of remittance senders; that is, to gain an idea of who they are and where they are located and transferring money to.

Remittances are usually enhanced by being linked to migrant-centred financial products such as savings accounts, micro savings bonds, insurance, loans, credit and pensions. It is therefore useful to appraise the available channels – cash, card, mobile money, and so on – that facilitate the bulk of formal remittance inflows into (and within) the region.

For RECs with monetary union, regional policymaking and regulatory institutions need to be consulted for policy and payment system infrastructure harmonization. For an REC without a monetary union, individual country's policies, laws, regulations, guidelines, standards and practices will have to be considered while developing the convergence criteria.

Identifying all the policies, laws and regulations that relate to remittances and assessing them for their content and gaps is critical to understanding the legal framework that impacts RSPs operating in the region. These may include, but are not limited to, remittance-related policies, laws and regulations pertaining to: the REC, the member states' central banks, banking and financial institutions, MFIs, national payments systems, telecommunications, consumer protection, anti-money-laundering/countering the financing of terrorism (AML/CFT), RSPs, foreign exchange, data protection, privacy, national identification, and the use of agents. The titles of the laws and regulations may differ from country to country within the REC, even if the content is the same.

PART B: REMITTANCE-RELATED POLICIES, LAWS AND REGULATIONS

It is also important that you identify and review any existing agreements, treaties, protocols and regional policy frameworks, such as strategic plans that can impact cross-border remittances. You should also explore the potential political or economic events in member states over the next 6–12 months as you start the assessment, looking for any that could have an REC-level impact on policymaking or regulatory processes concerning remittances.



TOOL

POLICY QUESTIONNAIRE AND BENCHMARKING

Step 1

Identify the relevant laws, policies and regulations that govern each of the relevant remittance-related aspects. Make sure to include a gender lens and identify any gender gaps or gender-specific issues, pain points and opportunities. 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 and where and how gender dimensions are at play. Benchmarking may also be made against 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.



DATA SOURCES LAWS AND REGULATIONS

The websites of the following may be good sources for identifying relevant legislation and obtaining official copies:

- the REC and the central banks
- telecommunications regulator
- financial intelligence unit
- internal and foreign affairs ministries
- labour or migration ministries.

After the identification and assessment exercise, the next step is to record brief descriptions of the policies and regulations, letting the questions in Table 1 guide your observations about their impact on the remittances landscape. Benchmarking against best practices and global standards may also be possible.

Table 1: The policies, laws and regulations to look for, and some key questions to ask in assessing them



REC TREATY, POLICY AND STRATEGIC PLAN

Treaty establishing the REC, including policies/strategic plans formulated after establishment of the REC. These provide protocols and activities relating economic integration and cross-border flows of financial services. Note that remittances may not be mentioned separately but may be part of broader financial services.

- 1.** Does the REC treaty or any related instrument talk about migration?
- 2.** Does the treaty provide for free movement of capital?
- 3.** Does the REC treaty or any related instrument talk about cross-border remittance flows?
- 4.** Is there any policy or strategic plan referencing cross-border remittance flows or financial services in general?
- 5.** Does the coverage of the REC treaty or any related instrument (e.g. trade agreements) undertake commitments in financial services that could be of relevance to the remittances assessment?
- 6.** Does the REC treaty or any related instrument provide for regional bodies relevant to the remittances landscape (e.g. central bank, central bankers committee)?
- 7.** Does the REC treaty or any related instrument talk about a monetary union?
- 8.** If the treaty or any related instrument talks about a monetary union, what is the level of integration towards the agreed convergence criteria of the monetary union?
- 9.** Does the REC already have regional policies, laws and regulations related to remittances and regional regulatory authorities, particularly a regional central bank? If yes, an assessment of these regional frameworks will be needed. If not, you can proceed with the assessment of the national frameworks.
- 10.** Is there a national gender policy and strategy and does it refer to remittance-related aspects? Or, is there a national policy and strategy for women's financial inclusion? Does it refer to migration/remittances?



CENTRAL BANK ESTABLISHMENT LAW

The law that establishes the central bank gives it wide-ranging authority, often mandating it to oversee all foreign exchange matters as well as data collection, including for sex-disaggregated data.

1. What kind of mandate is provided in the central bank law on foreign exchange matters?
2. What is the foreign exchange regime provided by this law?
3. Is the determination of the official exchange rate specified?
4. Are there any provisions that limit dealings with foreign exchange?
5. How do the limitations and provisions of the law affect the flow of cross-border remittances?
6. Does the central bank have a mandate for remittance data collection and, if so, what is its scope? Is data collected in a sex-disaggregated manner, and what is the reason why it is or not – what are the key issues? Does the central bank share this mandate with any other authority (e.g. national statistical office)?



MICROFINANCE LAW OR REGULATION

Governance of deposit and/or non-deposit-taking MFIs.

1. Is there a separate law or regulation for microfinance business?
2. If there is, does it cover both deposit- and non-deposit-taking MFIs?
3. Does the legislation allow for MFIs to engage in remittance business?
4. What are the requirements for an MFI to become a remittance agent or subagent?
5. What limitations are set that may impact MFIs' involvement in remittances?
6. Are MFIs allowed to deal in foreign exchange under the legislation?
7. Does the legislation allow MFIs to gain access to the national or regional retail payment systems?
8. Is there differential treatment of foreign MFIs compared with domestic ones?



FOREIGN EXCHANGE LAW OR REGULATION

Governance of foreign exchange matters or a separate regulation that amplifies the provisions of the relevant law.

1. Is there a separate law or regulation covering foreign exchange matters?
2. If there is, does it stipulate the procedures for handling foreign exchange inbound from cross-border remittances?
3. Does it specify any foreign exchange holding limits for residents and non-residents?
4. What are the requirements for migrants to open a foreign exchange account? Are there any beneficial or special terms offered to migrants (e.g. convertible accounts)?
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?
7. How do the legislative provisions impact the flow of cross-border remittances?



DATA PROTECTION AND PRIVACY LAWS

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

1. Is there a data and/or privacy protection law in place?
2. Does the law allow a correspondent bank to have access to the beneficiary's information held at the beneficiary's bank?



This legislation puts in place a comprehensive framework for regulating and supervising banks and deposit-taking financial institutions to ensure the 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 approval is needed, what are the key requirements for remittance business, including minimum capital, ownership structure and fees?
- 4.** Are banks allowed to open retail cross-border outlets under this law, or to provide cross-border remittances services, especially in key remittance-sending corridors?
- 5.** For entities authorized in other member states of the same REC, does this law automatically enable them to operate freely in the country?
- 6.** If additional authorization is needed, are the authorization criteria the same as those for domestic entities?
- 7.** Is new permission required for existing RSPs to introduce remittance-linked financial products?
- 8.** What are the remittance reporting requirements under this law, including on the kind of returns and their format and frequency?
- 9.** Are there any requirements for banks and financial institutions to collect sex-disaggregated data, especially those relevant to financial inclusion? If not, why not? If there are, is the collection actually done; are systems in place?



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, and postal and courier services.

1. Is there a law for a telecommunications industry regulatory framework?
2. If there is, what is the telecommunications regime provided by it?
3. What are the requirements for telecommunications authorization and licensing?
4. Does the regime support competition in the telecommunications industry?
5. Does this law expressly or by reference consider areas at the interface of remittance provision and telecommunication, such as internet service providers (ISPs) hosting fintech sites, mobile money, and so on?
6. Are telecommunications companies allowed to engage in mobile money business?
7. Which authorities are mandated to regulate the mobile money business?
8. Are there any regulations specifically relevant to mobile money business, such as terms of provision of mobile money services, registration and data collection, data and privacy protection, and so on? The same question would apply to ISPs hosting fintech services.
9. Are there any requirements for telecom providers to service underserved areas, including rural areas?



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 an agency business service, and sets minimum standards of conduct on customer protection and risk management.

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



NATIONAL PAYMENT SYSTEM LAW

This form of 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 there are non-bank-led models in the region and so non-bank RSPs are licensed and regulated under the payment system law.

- 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 REC or in the member states?
- 3.** Which agency is mandated to oversee the national payment system?
- 4.** Does this law provide for the authorization or licensing of non-bank RSPs?
- 5.** If it does, what are the requirements?
- 6.** Are there any provisions related to cross-border remittances or the cross-border provision of financial services that may be relevant to non-bank RSPs?
- 7.** Does this law provide for electronic money issuance?
- 8.** Does it include specifications for mobile money business?
- 9.** What is the role of the central bank in the remittance space under this law?
- 10.** Is there any provision here or in any other law for administrative, civil or criminal sanctions against persons or legal entities providing unlicensed remittance services?
- 11.** How do non-bank RSPs access the interbank clearing and settlement systems and under what conditions or restrictions?
- 12.** Are there any provisions on interoperability?
- 13.** Are there provisions related to data protection?
- 14.** Does the law provide a regulatory sandbox for fintech?



MONEY SERVICE BUSINESS (MSB) REGULATION

Regulations on remittances normally set out the requirements for licensing and the procedures to obtain registration or approval for conducting remittance business; set the modes and scope of operations; establish consumer protections and dispute resolution mechanisms; regulate market conduct; set reporting requirements; establish the handling of AML/CFT issues; and other areas of governance. In most cases, having safe and efficient international remittance services is the goal, and this requires that the markets for them are contestable, transparent, accessible and sound.

- 1.** Is there a separate legislation for the authorization and regulation or licensing of non-bank RSPs?
- 2.** If there is, what are the authorization and licensing requirements?
- 3.** Are there minimum capital requirements based on the risk and scope of operations? If yes, are these requirements insufficient or too onerous?
- 4.** What is the scope of operations permitted by the regulations?
- 5.** Do the provisions encourage competition and foster the use of technology?
- 6.** Are there any provisions covering consumer protection and mechanisms for dispute resolution?
- 7.** Are there partnership arrangements between local non-bank RSPs and international money remittance agents to allow the inflow of remittances using bank agents and mobile platforms?
- 8.** Is there a regulatory framework for fintech that allows market participants to test new financial services or models with live customers, subject to certain safeguards and oversight?



CODES OF CONDUCT OR SELF-REGULATORY REGIMES

Sometimes, where there is no regulatory regime, activities are governed by self-regulatory arrangements (i.e. established by the players themselves).

1. Are there any codes of conduct or self-regulatory regimes relevant to RSP business activities?
2. If there are, what is their scope?
3. How does the arrangement impact remittance business?



PAYMENT MODEL REGULATION/ GUIDELINE

Interlinked and single-platform models, standardized messages and 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 can streamline this — prefunding or collateralization, netting, and designated settlement banks.

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



CONSUMER PROTECTION LAW/REGULATION

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

1. Is there a law or regulation concerning consumer protection in the REC and/or in the member states? Does it include women-specific measures?
2. Is there a law or regulation that addresses financial consumer protection and mechanisms for grievance redress?
3. If there is, are its provisions 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 there provisions to effectively address matters of transparency, the disclosure of end-to-end pricing, and the accessibility and ease of understanding terms and conditions in remittance services?
6. Do provisions encourage market entry and give a level playing field for remittance businesses?
7. Are there provisions to discourage anticompetitive practices – relevant to the financial sector in general but also specifically remittance provision?
8. Is information provided to both men and women users required to be easily accessible, understandable and adequate? What gender differences can be observed/assessed in meeting such a requirement? Adequacies include disclosing the total price to women and men (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.
9. Is there a formal or industry mechanism to settle consumer grievances generally, or specifically in the financial, telecoms or remittance sectors? If there is, can remittance service users access it?



FINANCIAL ID REGULATION OR GUIDELINE

There can be a separate national identification system policy and/or regulatory framework.

- 1.** Is there any policy or law related to identification system(s)? If yes, what are the conditions for ID eligibility (e.g. are temporary residents and non-residents eligible)? Is the ID issued in paper or digital form? Can women access ID in the same way as men? What gender gaps exist in the access to and usage of an ID?
- 2.** Is there a potential allowed under the law for the ID system to be connected to payment systems?
- 3.** Do ID system policies and regulations support the effective identification and onboarding of both women and men customers, facilitate the 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? What gender gaps can be observed?



Given the Financial Action Task Force (FATF) recommendations⁶ and their closely adherent implementation by most countries, AML/CFT legislation is now in place in most jurisdictions. The laws are for the most part comprehensive, covering important aspects related to AML/CFT, including the 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/unit, including its powers and duties, access to information, and its disclosure and reporting of suspicious transactions.

1. Does the AML/CFT law or regulation provide for a proportionate, risk-based and gender-sensitive approach and flexible KYC or customer due diligence (CDD) requirements based on the value of cross-border transactions?
2. Does it provide for domestic and cross-border regulatory cooperation to strengthen AML/CFT measures through data sharing and enforcement?
3. Does the law or regulation allow electronic KYC (eKYC) regimes?
4. What documents are required for local and foreign nationals for different channels such as eKYC? Are men and women subject to the same KYC and CDD process or requirement for documents?
5. Do the provisions of this law or regulation support the digital footprint of the underbanked to enable them to access a broader range of financial services? Do the same documents and process apply for women as men?
6. What are the requirements for RSPs on detecting suspicious transactions?
7. Does the law require RSPs to maintain a list of politically exposed persons?

⁶ Financial Action Task Force (FATF), "International standards on combating money laundering and the financing of terrorism & proliferation", FATF/GAFI, Paris 2012–2020 (<https://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-recommendations.html>, accessed 4 August 2021).



MEMORANDUMS OF UNDERSTANDING AND COORDINATION

Memorandums of understanding (MOUs) or bilateral (or multilateral) agreements are important for seamless cooperation. Coordinated efforts within countries between the public and private sectors is also important.

- 1.** Are there MOUs or bilateral (or multilateral) cooperation agreements on technical, regulatory and oversight matters that commensurately involve central banks, regulators, payment system operators, RSPs and industry associations?
- 2.** Are there any commitments in bilateral and regional trade agreements, including regional regulatory decisions, that may be relevant to the provision of cross-border financial services by non-bank RSPs and mobile operators?
- 3.** Are there official regional bodies to coordinate regional initiatives, or a mechanism for coordinating and implementing policy issues at the regional level?
- 4.** Is there a national payments council, working groups and/or public–private partnerships in place in relevant areas that are pertinent to remittances?
- 5.** Are there any bilateral or regional labour/migration-linked agreements or understandings that are relevant to this assessment of the remittance landscape?

PART C: COMPARATIVE ASSESSMENTS

Once the national reviews have been completed, a regional comparative assessment can be made.

Comparative assessment of remittance policies and regulations

This assessment focuses on the development of convergence criteria at the REC level based on assessment of policies and regulatory frameworks related to remittances at country level. The convergence criteria may be related to the authorization and licensing of RSPs; prudential supervision (including over risk management); financial integrity (e.g. AML/CFT); cybersecurity and other operational risks; transparency (including the traceability of transactions and the disclosure of costs and fees); consumer protection and safeguarding customer funds; foreign exchange regulations; data collection, protection and transfer; transaction limits; entities authorized to operate in cross-border payments and their licensing requirements; capital controls; aspects of the bilateral or regional trade regime of relevance to remittances; and sanctions regimes. In addition, for regional harmonization to effectively work to support financial inclusion, the functioning of the basic enablers for remittances must be standardized at a regional level after being rationalized at the member state level.

Comparative assessment of market and competition aspects

This exercise is an assessment on the availability of appropriate and reliable access points such as mobile phones and other electronic or digital devices, and accessible transaction points (cash-in and cash-out agents, online and offline payment points, branches, post offices, etc.). It also assesses the digital ecosystem for cross-border remittances that facilitates the development of value-added products and services and utilizes the full potential of cross-border flows. These include payments, savings, investment, credit and insurance.

Comparative assessment of payments infrastructure

An assessment of existing payments infrastructure conducted at the country level is linked to observing the compatibility of the systems for possible REC connectivity and the viability of introducing new systems. It is expected to determine the level of infrastructure modernization and other system issues that may need to be addressed by each country. The assessment may also include a review of the operating standards in each country that may need harmonization across the REC. The infrastructure review can consider whether there are open-loop systems that can support cross-border instant payments and be integrated with various types of service provider, including those providing mobile money and remittance-related digital financial services.

Identification of challenges for cross-border remittances

This process involves a qualitative general assessment of costs, speed, access and transparency – and the possible frictions that may contribute to challenges for cross-border remittances. The frictions may be identified by assessing the quality and standards of data; complexities in meeting compliance requirements, including for AML/CFT and data protection purposes; operating hours across different time zones; technology platforms; the need for intermediaries involved in cross-border payments to hold precautionary funding, in multiple currencies; the length of the transaction chain; the strength of competition in providing cross-border payments services; access to rural and underserved sections of the population; and barriers to regional harmonization.

PART D: STAKEHOLDER ENGAGEMENT

This section aims to help you to coordinate engagement with stakeholders in the assessment of the current remittance policy and regulatory landscapes to identify opportunities and barriers for recommending an enabling remittance environment. It provides a step-by-step process for the engagement, including identifying the stakeholders to engage, proposing a set of questions to guide their engagement and providing a structure to document enablers, inhibitors and recommendations for enhancing remittances. It is important to ensure that stakeholder engagement promotes the participation of both women and men to ensure that their voices are heard and their priorities are reflected in the assessment.

Stakeholder mapping

Before engaging stakeholders, a mapping is needed. This involves identifying, analysing and prioritizing the public and private organizations and people that can be engaged based on the REC and member states' remittance policies and regulatory frameworks. In most



TOOL

STAKEHOLDER ENGAGEMENT

Step 1: Stakeholder mapping

Identify the relevant stakeholders who participate in the remittance ecosystem and their respective roles, giving consideration to the gender dimensions. Then use Tables 2 and 3 to plan which questions to ask of the relevant stakeholders.

Step 2: Engagement

Conduct interviews with the identified stakeholders and record their answers.

Use the Policy Questionnaire and Benchmarking tool to organize your research and answers to these questions. [Click here to download](#) the tool.

circumstances, your consultation can 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 in the consultation process. In this mapping, draw out the role, interaction and area of influence of each stakeholder 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, a chief executive 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 and other marginalized groups can face in accessing and using financial services, and their value as customers. The people engaged should also be in touch with the underlying potential and risks of digital and mobile technologies and be able to look to the larger ecosystem around remittances – to linked financial products such as, among others, insurance, mortgages, loans and savings accounts.

Engagement

Having mapped the stakeholders, there are three sequential sets of engagement. The first is with REC secretariats, followed by public agencies and regulators, and then the private sector. Engagement at each stage guides a shared understanding of the observations and comments from the preliminary review and assessment of the policies, legislations, infrastructure and capacity. Table 2 structures the engagement with the first two groups, while Table 3 pertains to private-sector stakeholders.

REC secretariats

The engagement with the REC secretariat is based on the observations from the review and assessment stages. Relevant stakeholders may include, but are not limited to, the executive secretary or president of the REC, the head of key relevant functions of the REC such as project coordination, migration, economic integration, finance and legal, and its intra-REC standing committees of, for example, central banks.


Public ministries, departments and agencies

This step focuses on engaging the relevant public agencies and regulators on remittances, based on the observations from the review and assessment stages. Relevant stakeholders may include, but are not limited to, central banks, relevant central bank departments, financial intelligence units, telecommunications authorities, trade and investment ministries and other relevant ministries, and the national switch managers.

Private-sector stakeholders


Private-sector stakeholders may include banks and financial institutions, MFIs, non-bank RSPs, MNOs, mobile money operators (MMOs) and fintechs.

Table 2: Key questions to guide engagements with REC secretariats, government agencies and regulators

 **REC SECRETARIAT**

The REC secretariat is responsible for coordination with member states in all matters pertaining to the regional integration, for drafting strategic plans and policies for the REC and convening regional meetings for the REC policy organs.

- 1.** What is the mandate, governance structure and decision process of the REC?
- 2.** Have regional policies or strategies/plans been developed to leverage remittances for economic development?
- 3.** What REC policies and plans are in place that relate to and may encourage the cross-border flow of remittances through formal channels?

 **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 a bearing on the remittances space.

- 1.** Have any country strategies/plans been developed in the REC to leverage remittances for economic development?
- 2.** What monetary, fiscal or tax incentives are in place to encourage the flow of remittances through formal channels?



MINISTRY RESPONSIBLE FOR TRADE AND/OR INVESTMENT

The ministry of trade and/or investment develops policies for trade and investment, including the terms and conditions on which foreign financial service providers may enter the domestic market, the tax and incentives that may be awarded for the development of specific sectors of the economy, and the terms of regional and bilateral trade and investment, including cross-border financial services.

1. Does the ministry have a mandate for setting the terms and conditions of foreign RSPs or investment?
2. What are the terms and conditions applicable to the admission of foreign RSPs, both bank and non-bank, to the local market? Are these different from those applicable to local RSPs?
3. Does the ministry provide any taxes or incentives for greater development of the financial sector (especially as it relates to underserved sections of the population and rural areas)?
4. What are the nature of trade and/or investment commitments made in regional and bilateral trade agreements that are relevant to financial services?
5. Is there any bilateral and/or regional committee relating to financial services?
6. Are their disciplines or commitments, including cross-border ones, that have been developed for the fintech sector by way of e-commerce, trade in services, or negotiations on investment?
7. Can trade and investment policy be utilized to enhance the contributions of migrants to economic sectors (e.g. through portfolio investment, land purchase, cross-border trade, entrepreneurship, etc.)?



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 the supervision of banks and financial institutions?
2. If so, what is the scope of this supervision – what institutions are covered under the legislation?
3. Are there any legal provisions that may have an impact on the size of the banking sector in terms of outreach and outlets?
4. Are remittance services provided under a bank- or non-bank-led model?
5. Does the supervision of banks and financial institutions extend to non-bank RSPs?
6. What are the reporting requirements related to remittances, including on the kind of returns and their formats and frequency?
7. Are non-bank RSPs allowed to apply a risk-based approach to the identification and onboarding of customers and by 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 to enhance the use of digital channels?



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

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



NATIONAL PAYMENT SYSTEMS DEPARTMENT

This is typically a unit under the central bank responsible for overseeing the operations of the payment system in the country, including the authorization or licensing of payments service providers. In some jurisdictions, they are responsible for authorizing or licensing non-bank RSPs too.

1. What is the role of the department in the remittance space?
2. Is the department responsible for the authorization and supervision or licensing of non-bank RSPs?
3. Is the national payments infrastructure integrated in a way that gives fair access for market players (provides interoperability)?
4. Are the non-bank RSPs granted access to the national payment systems (interbank clearing and settlement systems)?
5. To what extent is the payment and financial services infrastructure compliant with domestic and international safety or 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 infrastructure (both domestic and cross-border)?
8. Are there any plans to connect the national retail payment systems with regional and international payment hubs and gateways?
9. What can be done to scale up the flow of remittances through regulated channels and to enhance the use of digital channels?



FOREIGN EXCHANGE OR 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 the balance of payments (BoP). As remittances are one of the main sources of forex in most countries, and an important component in the BoP, this 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 or changers licensed and regulated?
4. How are remittance-related data, both from regulated and non-regulated channels, captured?
5. How are these 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 data on remittances going through both regulated and non-regulated channels?
9. Are any attempts made – and what methodologies are used – to capture data on informal remittance flows?



LEGAL SERVICES DEPARTMENT

Depending on the central bank's organizational structure, there is usually a unit responsible for legal services, and sometimes one that oversees matters of AML/CFT and consumer financial protection.

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



TELECOMMUNICATIONS AUTHORITY

This is typically a regulatory authority of the communications sector responsible for facilitating the development of the information and communications sectors, including broadcasting, cybersecurity, data protection, multimedia, telecommunications, electronic commerce, and postal and courier services. This authority is a key remittance stakeholder on account of its role in regulating telecoms, which are important for mobile money services. ISPs also host fintech services.

- 1.** What is the mandate of the authority on telecoms, especially in the provision of mobile money services?
- 2.** What is the authorization or licensing regime for telecoms and what are its key requirements?
- 3.** Is there a limit on the number of telecoms that can be authorized to operate in the country?
- 4.** How does the authority encourage competition in the telecommunications market?
- 5.** What is the mobile money regime in the country?
- 6.** Does the authority have the power to control prices?
- 7.** How are ISP-hosted data concerning fintech websites owned, collected and protected?
- 8.** Is there a forum for redress on consumer grievances related to mobile money transactions or online financial services?



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.** If there is, is interoperability mandated under it?
- 3.** Is the switch operating in real-time and 24/7 under a system of instant fund transfers?
- 4.** Are there standard interfaces with all banks and other financial service providers to ensure standard response times?
- 5.** What role in remittances is provided under legislation for the switch?
- 6.** If there is a role for remittance transactions, how active are these in the switch?
- 7.** Is there any data protection law governing the operations of the switch?



MINISTRY RESPONSIBLE FOR FOREIGN AFFAIRS AND/OR MINISTRY OF LABOUR

Policies and other matters related to the diaspora and migrants are generally coordinated under the ministry responsible for foreign affairs. It typically also holds the diaspora and migrant data and other relevant information needed for informed policy and business decisions. The ministry of labour or migration can also be relevant in these contexts on data and policies, depending on whether the country under consideration is a sending, receiving or transition country.

1. What countries do both women and men migrants normally go to or come from?
2. How many women and how many men migrants have left (and how many have entered) the country over the past five years (on a monthly or yearly basis)? What trends and differences can be observed between groups of men and women migrants?
3. What classifies the men and women migrants entering or leaving the country in terms of their marital status, education, skills, occupation or sector, gender, legality of their stay and the reason for their migration?
4. To what extent are data on migration and labour markets shared externally?
5. What might be the main drivers for diaspora using formal remittance channels? How are these drivers gendered (e.g. by social and gender norms, levels of skills and financial literacy, freedom of choice, levels of financial control, incentives, and product/service onboarding strategies, outreach and marketing)?
6. What financial literacy campaigns are organized for migrants by the government, remittance associations or diaspora network? Are there any specific campaigns, interventions or policy goals for gender and women's financial inclusion?
7. What further steps can be taken by the government to keep migrants informed of various formal channels or remittance products?
8. Do consulates issue an ID to migrants in host countries and, if so, is the process the same for women as for men?
9. Are there any plans to incentivize banks to open branches serving the major remittance corridors?



FINANCIAL INTELLIGENCE UNIT


The financial intelligence unit is generally responsible for overseeing all matters related to AML/CFT in the country, including assisting with the identification of money laundering, terrorist financing and proceeds from crime. 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 on 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 does the unit face in implementing an effective AML/CFT regime, especially in the areas of domestic coordination, supervision and enforcement?
4. What is the present and planned level of compliance with the full list of FATF recommendations?
5. How could a lack of compliance with any of these recommendations affect ongoing initiatives to scale up remittances through formal channels or hold back the enhanced use of digital channels?

Engagement with supply-side stakeholders

This step focuses on the high-level engagement of the supply-side key stakeholders for remittances at the country and REC levels, taking into consideration all gender dimensions. These stakeholders are all RSPs, including but not limited to banking and financial institutions, MFIs, non-bank RSPs such as MTOs, MMOs and MNOs. Depending on the relevant regimes, the naming of the stakeholders may differ from one country to the other. At this stage, your engagement with supply-side stakeholders will confirm the analysis, observations and comments revealed by the previous stages of your assessment.

Table 3: Key questions to ask during engagements with supply-side stakeholders

 MICROFINANCE INSTITUTIONS	
<p>Because MFIs often serve clients with low incomes or living in underserved geographical areas, MTOs help them to meet their social goals by delivering an additional service demanded by these customers, often at a cost lower than that of mainstream providers.</p>	<ol style="list-style-type: none">1. Under the legislation, how are the MFIs involved in remittance businesses?2. What are the requirements for MFIs to become remittance subagents?3. Do the laws allow MFIs to be connected to the national retail payment system?4. What are the major challenges under the legislation for MFIs to become direct agents of RSPs?5. What are the major remittance products allowed by legislation that can be offered by MFIs?6. Is there a well-documented mechanism for a proportionate, risk-based approach that provides for flexible KYC or 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 processes more consistent?8. What kind of data on remittances are mandated to be captured, maintained and shared, and is there any provision for sex-disaggregation?



BANKS AND FINANCIAL INSTITUTIONS

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

1. What requirements and procedures are in place for handling forex originating from inward remittances?
2. What kind of ID is acceptable for the opening of a bank account? Is the process the same for women as for men?
3. What are the challenges to handling forex via migrants' bank accounts?
4. What procedures and requirements are in place for non-residents to open and maintain bank accounts in the country? Is the process the same for women as for men?
5. What are the operational requirements for banks and financial institutions, including any limits associated with the operation of accounts? Is the process the same for women as for men?
6. Does the legislation allow migrants to open an account remotely while outside the country?
7. In which currencies does the legislation allow migrants to maintain a foreign currency bank account in the country?
8. What other incentives, products or services are associated with opening and maintaining migrant/diaspora accounts?
9. Is there a well-documented mechanism for a proportionate, risk-based approach that provides for flexible KYC or CDD requirements based on the value of cross-border transactions?
10. What steps can be taken by the authorities to make AML/CFT compliance and reporting processes more consistent?
11. What kind of data on remittances are captured, maintained and shared, and is there any provision for sex-disaggregation?
12. How have technological and market trend developments impacted business, positively or negatively, for banks and financial institutions (e.g. greater competition, lower operational costs, larger customer base, etc.)?
13. Does product development take a gender-responsive and migrant-centred approach?



NON-BANK REMITTANCE SERVICE PROVIDERS

To provide remittance services, non-bank RSPs such as MTOs usually need to be able to make use of the domestic payment infrastructure. Access to this can be direct or indirect, as both forms can provide non-bank RSPs with suitable payment services. Yet this access depends on supportive RSP regulations being in place.

- 1.** What are the major barriers in the policies and regulations for non-bank RSPs to offer their services either directly, through a proprietary network of agencies, or by establishing franchised services in retail stores, supermarkets or other outlets?
- 2.** How admissible is the use, and what is the level of acceptance, of technology in the business and transaction processes of non-bank RSPs?
- 3.** Is there any legislation determining the remittance pricing model? What are the actual costs and service fees charged for remittances and forex at the remitting or receiving ends? How are the exchange rates on incoming remittances determined?
- 4.** What taxes are currently imposed on non-bank RSPs engaged in cross-border remittances?
- 5.** Has there been any mandated price reduction in the last two years? If so, what were the major factors driving it (e.g., technology, regulatory support)?
- 6.** How have technological and market trend developments impacted business positively or negatively (e.g. greater competition, lower operational costs, larger customer base, etc.)?
- 7.** To what extent does the regulator use technology to facilitate the effective supervision and oversight of remittance businesses?
- 8.** Is there any legislative mechanism to facilitate the development of value-added products and services, such as payments, savings, investment, credit and insurance, to reach the full potential of cross-border flows?
- 9.** Does product development take a gender-responsive and migrant-centred approach?



MOBILE NETWORK OPERATORS

MNOs are telecom entities that, among other functions, provide services for mobile money operators. They form an important element of the digital financial services ecosystem crucial to accessing digital remittance channels.

1. What is the regulatory regime for MNOs?
2. Are there any restrictions or requirements on the size of an MNO in terms of market share, ownership and geographical coverage?
3. Does the legislation limit the range of services that can be offered by MNOs?
4. Are there any legal restrictions to cross-border operations in terms of ownership, licensing and so on?
5. Are there any legal provisions for interoperability between other mobile network providers?
6. Do policies support MNOs to be proactive in incorporating best practices in responsible finance and product and process design?
7. Are there any provisions under the legislation that support remittance-related products or solutions?
8. How does the current legislation impact data ownership, protection and sharing?
9. Are consumer complaints about the MMOs received by the MNOs? If they are, how are these addressed?
10. Has the provision of mobile money services as an additional product line increased market share for an MNO?
11. Does product development take a gender-responsive and migrant-centred approach?
12. What are the KYC requirements for the various risk profiles within the network?



MOBILE MONEY OPERATORS

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 or non-bank led)?
- 2.** Are there any limitations provided in the legislation in terms of market shares, ownership and geographical coverage?
- 3.** What is the scope of operations and products provided legislatively for MMOs, both in the domestic and foreign markets?
- 4.** What are the legal restrictions on owning and using mobile phones and other electronic and digital devices? Is the access process the same for women and men?
- 5.** Are there any policies that advocate accessible, affordable and easy-to-use transaction points (cash-in, cash-out agents, online or offline payment points, branches, etc.)? Is there a focus on last-mile groups (e.g. rural, women)?
- 6.** Are there any provisions or guidelines that advocate risk-based simplified or gender-sensitive customer onboarding procedures?
- 7.** Are there any transaction limits, and how are these being monitored? Are they the same for women and men?
- 8.** Is an MMO proactive in incorporating best practices in responsible finance and product and process design?
- 9.** Are there any remittance-related products or solutions being offered legally?
- 10.** How does the current legislation impact an MMO in terms of data ownership, protection and sharing?
- 11.** Is a redressal mechanism for consumer complaints linked to the MMO's service?
- 12.** Does product development take a gender-responsive and migrant-centred approach?



POSTAL OPERATORS

Post offices have large postal infrastructures in countries, including across underserved and rural areas. These networks can be important means of providing transaction points, and often do so. In some countries, the incumbent postal operator has set up postal banking or financial services, either through the existing network or as a separate postal bank.

- 1.** Does the legislation allow the postal operator to provide remittance services? If yes, in what manner? Is the process the same for women as for men?
- 2.** How competitive are postal financial services compared with other providers of remittance services?
- 3.** How extensive is the postal network in the country? Are there any provisions for serving underserved areas and groups (e.g. women and rural populations)?
- 4.** Does product development take a gender-responsive and migrant-centred approach?
- 5.** Is there the potential and need to utilize the postal network for pay outs and remittance services? If yes, what is needed to make it effective and inclusive (e.g. more digitization, gender-smart design)?

PART E: RECOMMENDATIONS AND CONVERGENCE CRITERIA

Forming recommendations

Based on the review of the legal and regulatory framework and on the stakeholder engagements, the enablers and inhibitors of remittances will have been identified and properly documented. The next step is to identify and develop the options or recommendations for reform – the opportunities for harmonization across regional remittances markets to enhance remittance flows. Enablers/inhibitors are gendered, meaning they can affect and exclude men and women stakeholders differently, and if not addressed, can be harmful, so recommendations should take this into account. The recommendations will fall into the following five broad categories.

1. Legal and regulatory framework

The ultimate objective under this is to ensure that authorities, roles and responsibilities on cross-border remittances are well defined and that mechanisms for coordination are in place, including policy, legal and regulatory conditions that support cross-border remittances, taking into account gender dimensions. A gender mainstreaming strategy should be in place to ensure that frameworks are gender-responsive so that men and women customers can benefit equally.

2. Financial and payments infrastructure

The focus here can be to ensure the following.

- The REC or national payment system regime incorporates the concept of e-money, allowing non-banks to provide financial services, including issuing e-money, and fosters interoperability – with the availability of payment infrastructure standards not only enabling interoperability but also promoting the richness of payment data, creating a more holistic approach to digital payments. There are also regulatory standards for open yet secure application programming interfaces (APIs) for the development of robust data portability in the REC.
- There is a reliable, inclusive and gender-equal identification system for KYC purposes. The need for this is met at various stages in an individual's interaction with the formal financial sector. The system supports inclusive and gender-responsive electronic ID, with the requirements for this adjusted on a risk basis.
- Policies and regulations advocate a broad network of access points, including in rural areas, and offer a variety of interoperable channels of access.

3. Market aspects

- The market should be able to support cross-border remittances, especially on a foreign exchange regime that provides clear guidance; and mechanisms should be in place to capture remittance-related data at the transaction level, and to analyse and share these data.

4. Consumer protection

The objective here is to ensure the following.

- There is a regime for data protection and privacy governing remittance data that ensures the protection of data, privacy and confidentiality.
- A consumer-protection regime provides clear guidance plus a mechanism for the resolution of complaints about financial services, including cross-border remittances. It should also address the specific concerns and issues of women consumers, balancing protection with expanded outreach to women to improve accessibility.

5. Cooperation and collaboration

The rationale here should be to:

- bring about efforts for seamless cooperation, including MOUs and bilateral or multilateral agreements, to support cross-border remittances
- have mechanisms for public–private collaboration on the development and implementation of cross-border remittance policies, laws and regulations
- ensure there is a body and mechanism to coordinate and implement policy issues regionally

Developing convergence criteria and benchmarking

Convergence criteria are those – based on assessment and consultations at country and REC levels – that REC member states can fulfil in promoting the regional harmonization of remittance policy and regulatory frameworks. Once agreed, members must continue to improve on these indicators. These convergence criteria can align under the five areas of remittance enablement we have just listed. Table 4 gives the criteria to consider and look for as you compile the report against those enabling areas. The benchmarking can be made against best practices and global standards where applicable and can be done within an REC as well as globally, to help when REC member states are at disparate levels of development (it may be easier for member states to benchmark against the good practices of fellow member states).

Table 4. Convergence criteria

1. LEGAL FRAMEWORK	Authorities, roles and responsibilities on cross-border remittances are well defined and mechanisms for coordination are in place.
	The banking supervisory and regulatory regime supports the existence of a competitive remittance market, including accommodating non-bank RSPs.
	The microfinance supervisory and regulatory environment supports collaboration between RSPs and MFIs in the termination of remittances.
	The telecommunications regulatory regime provides room for a competitive environment and support to financial service providers in service provision.
	The regional frameworks that relate to trade, finance and labour are leveraged and built on to create a competitive environment and to support the stable and efficient provision of cross-border remittances and financial services.
	The AML/CFT regime specifies or establishes proportionate rules and procedures for cross-border remittances according to risks through tiered approaches to KYC or CDD.
	The regulatory and supervisory framework for RSPs supports demand-side perspectives and the mainstreaming of a gender lens during product development.
2. FINANCIAL AND PAYMENTS INFRASTRUCTURE	The payment system regime provides for standards that enhance interoperability, application programming interfaces and e-money, and allow non-bank financial service providers to participate in the payment infrastructure.
	The national identification system supports electronic ID and the requirements for ID for financial services and products are adjusted on a risk basis and do not exclude marginalized groups (e.g. women, widows).
	Policies and regulations advocate a broad network of access points that also achieves wide geographical coverage, including in the rural areas, and offers a variety of interoperable channels of access.
3. MARKET ASPECTS	The foreign exchange regime provides clear guidance on the determination of exchange rates and the handling of foreign currency emanating from cross-border remittances.
	The regime on the ownership and licensing of RSPs (both bank and non-bank ones), and on the provision of new remittance and linked financial products, provides guidance on structure, authorization and operations.
	Labour, diaspora and migrant profiles, derived from sex-disaggregated data and gender analysis, are able to give a better understanding of the specific customer needs, challenges, interests, habits, consumption and expenditure of both men and women migrants.
	Regulations or guidelines on agents permit RSPs to outsource service provision.
	There are mechanisms in place to capture remittance-related data at the transaction level, and to analyse and share these data.

4. CONSUMER PROTECTION	The data protection and privacy regime provides rules for remittances on data protection, privacy and confidentiality.
	There is clear consumer-protection guidance and the regime provides for mechanisms to resolve complaints about financial services, including cross-border remittances. There are also measures to address the specific concerns and issues of women consumers, balancing protection with expanded outreach to women that improves accessibility.
	Codes of conduct or self-regulatory regimes are established by the players.
5. COOPERATION AND COLLABORATION	Seamless cooperation is provided by memorandums of understanding, or bilateral or multilateral agreements.
	There are mechanisms for public–private collaboration on the development and implementation of cross-border remittance policies, laws and regulations (e.g. payments councils, working groups).
	Regional bodies coordinate regional initiatives and there is a mechanism to facilitate regional dialogue and to coordinate and implement policies.



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

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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 connect 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.

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Two United Nations Plaza,
New York, NY 10017,
United States

+1-212-906-6565
www.uncdf.org
info@uncdf.org

@ UNCDF
@ UNCDF
@ UNCDF