

## Better remittances data for better decisions

Lessons learned on building an International Transaction Reporting System (ITRS) to collect remittance data: experiences across central banks

UNCDF Webinar Series June 7, 8 and 9, 2022, | 8:00am – 9:00am EST

### Questions and answers

#### UNCDF Webinar 1

June 7th, 2022, 8-9:00 am (EST)

### Lessons learned on building an International Transaction Reporting System (ITRS) to collect remittance data: experiences across central banks

Comment from: Dejan Stankov, National Bank of the Republic of North Macedonia:

Cash basis of ITRS is also one of the main disadvantages (of the ITRS system for measuring data on remittances).

Comment from UNCDF:

While ITRS is one of the main sources of information for measuring data on remittances, it has some disadvantages as well. One of the main disadvantages being the fact that ITRS cannot account for the amount remitted via other channels such as remittances in the form of cash.

Question from: Flor Margarita Alas, Banco Central de Reserva de El Salvador:

How do you use supplementary data for statistics? Interview or perform a reclassification of the information provided by ITRS?

Comment from UNCDF:

The Bank of the Philippines uses the supplemental information provided by the Philippine Statistics Authority (PSA) from the Survey on Overseas Filipinos to estimate the remittances that are sent through informal channels (not through Banks) and the remittances in kind. The administrative data from the Philippine Overseas Employment Administration (deployment data) and Commission on Filipinos Overseas (Estimates of the stock of overseas Filipinos).

Question from: Ileana Bolaños-BCR El Salvador to the Central Bank of Philippines. I would like to know which are the countries who sent remittances to the people in Philippines?

Answer from the Central Bank of Philippines:

In terms of country sources, the US registered the highest share of overall remittances at 41.5 percent in Q1 2022, followed by Singapore, Saudi Arabia, Japan, the United Kingdom, the United

Arab Emirates, Canada, Taiwan, Qatar, and Malaysia.[1] The combined remittances from these top ten countries accounted for 79.1 percent of total cash remittances during the period.

## **UNCDF Webinar 2.**

**June 8th, 2022, 8-9:00 am (EST)**

### **Why do central banks, authorities, and the industry need high-quality granular remittances data?**

Question from: Atul Mishra, Arizona State University:

How will the future of remittances be shaped by technology such as Web3, cryptocurrency?

Comment from UNCDF:

Changes in technology always influence the way the payments are made and data on remittances are measured and treated. The advancements in technology in recent years have been very significant introducing new ways to send or receive money, including many forex companies that have gained a significant share in the remittances market. Also, the use of APIs to share data and communicate across platforms. The treatment of technology such as Web3 and cryptocurrencies will be decided at the national level by countries and there are general guidelines for the treatment of cryptocurrency by the International Monetary Fund. UNCDF will cooperate closely with countries at the national level and international organizations to harmonize efforts in using best practices in treating issues that relate to the measurement and analysis of remittances data.

Question from: Flor Alas BCR El Salvador to TerraPay:

What tool do you use for artificial intelligence and how can it help in your work?

Answer by TerraPay:

TerraPay has an in-house analytics function using open-source tools that are customized in-house. Terrapay also cooperates with machine learning experts, specifically a company called Scribble data which supports TerraPay with in-house analytics.

Question from: Maria Mercedes Collazos from the Central Bank of Colombia to TerraPay,

Who does the conversion of currencies to the local currency? TerraPay? a local financial institution?

Answer by TerraPay:

TerraPay partners with banks and other wallet providers (consumer facing institutions) to offer payouts for our clients for the services related to cross border remittances. The conversion of currencies to the local currency is done by these partners we work with.

Question from: Ileana Bolanos from Central Bank of El Salvador to TerraPay.

In Latin America, in which countries do you have presence?

Answer by TerraPay:

Some of the countries where we are present are Colombia, Brasil, currently building presence in Mexico, in Latin America such as Haiti and other countries around the world. The full list of counties where Terrapay has presence can be found in the Terrapay's webpage. Terrapay partners with banks and other wallet providers (consumer facing institutions) to offer payouts for our clients for the services related to cross border remittances.

Question from: Cornelia van Wersch from Eurostat.

Are you aware that the World Bank has just launched an International Working Group on Improving Data on Remittances? Are you going to cooperate / exchange views with this Working Group?

Answer from UNCDF:

Yes, UNCDF is aware of the initiative of the World Bank. We have expressed our interest in cooperating with WB and believe that we will be working closely in the future.

Question from: Mogga James Morris , Bank of South Sudan

What will be the future of remittance after the Covid 19, taking into consideration the economic effects of the pandemic such as significant loss in labor income?

Answer from UNCDF:

The pandemic has affected the flow of remittances and the way the remittances are sent or received and more. UNCDF is supporting countries in Least Developed Countries by actively engaging with countries and at regional level to support the use of modern technologies to facilitate the flow of remittances and increase the use of formal channels to send/receive remittances.

Question from: Amit Gurung UNCDF to TerraPay:

For transactions terminating in mobile wallets, do you have visibility on whether the funds are being cashed out immediately at agent outlets or are they used digitally upon receipt?

Answer from TerraPay:

We do not have visibility on whether wallet transactions are being cashed out immediately at agent outlets, or are they used digitally upon receipt because TerraPay's scope of service is up to the delivery of funds to the beneficiaries' wallets.

Question from: Alfredo Calderón-Banco Central de Reserva El Salvador to TerraPay:

Do you use Machine Learning models for processing and analysis of data? Could you elaborate on that?

Answer by Saransh:

Terrapay has an in-house analytics function using open-source tools that are customized in house. Terrapay also cooperates with machine learning experts, specifically a company called Scribble data that supports Terrapay with the in-house analytics.

Question from: Ricardo Madronero from TerraPay to the Central Bank of Mexico:

What is the percentage of cash pick up versus bank or wallet deposits of remittances in Mexico? cash vs digital?

Answer from Central Bank of Mexico:

The Central Bank of Mexico knows the channels that are used to send money to Mexico and is working on getting the information on how this money is collected by the recipients.

Question from: Daniel Hinge from centralbanking to the Central Bank of Mexico:

Can you give some examples of how Banxico uses the remittance data? Does the data impact policy?

Answer from Central Bank of Mexico:

The Bank of Mexico has conducted analysis of how remittances have contributed to the economy and recently to the recovery from the Covid 19 pandemic, especially effects in the consumption at aggregate and regional level, showing that remittances are existential for lower income households. Recently the banking directorate is working to identify regions where there are now branches and this information is shared with the government to help with expanding branches where remittances can be collected close to them.

Question from: Claudia Campos from Banco Central de Reserva El Salvador to the South African Reserve Bank:

How do you capture data on gender?

Answer from South African Reserve Bank:

All clients are asked to provide their ID when receiving services by the bank institutions other institutions and this is used to determine the gender of the person using this service. One of the main objectives of policies in remittances is to address the issue of financial inclusion and to encourage users (of these financial services) to move from using cash to using official banking services.

Question from: from Bank of South Sudan:

With respect to the potential of new information technologies, how can developing countries capitalize on mobile banking as a tool that can enable remittance reaching the end-users especially the underserved population?

Answer from UNCDF:

UNCDF has been actively working in several countries to support remittance providers in providing better services for their clients. The use of mobile banking has the potential to have a wider reach than the traditional way of sending/receiving remittances and to offer financial services beyond just sending and receiving money but also use these technologies for saving, insurance and other forms of financial services.

Question from: Itani Ntsieni, Statistics South Africa to SARB:

Stats SA is interested in accessing data on remittances for South Africa as currently our surveys do not collect this data? How can this data be accessed?

Answer from South African Reserve Bank:

As part of the SARS 1FinSurv programme, we have extended our stakeholders to include multiple SA government institutions. I advise that you kindly send an email to 1FinSurv@resbank.co.za and cc me Constance.Libusha@resbank.co.za and we will organize a workshop with STATSSA and agree on how we can share the information and add you to the list of our stakeholders.

Question from: Mogga James Morris from Bank of South Sudan to TerraPay:

Money Laundering and terrorist financing are crucial concerns for every government both economic and security perspectives. Given the high number of transaction flow. How can legal and illegal transactions be segregated or separated?

Answer from TerraPay:

TerraPay has invested heavily in AML/CFT tools, processes, and people. TerraPay has deployed advanced sanctions lists screening, internal rule sets, machine learning based AML and CFT monitoring tools and customized compliance systems which block or reject transactions which are identified as suspicious through these tools. These tools work on a real-time basis and screen every transaction processed by TerraPay. TerraPay's Compliance Operations monitors suspicious transaction activity identified through these tools and takes requisite action (rejecting, doing enhanced due diligence etc.) in such cases.

Question from: Leon Isaacs from DMA Global Ltd:

Clearly, some central banks are accessing and collecting great remittances data. Yet, there are very few central banks that publish granular remittance data (corridors, average transaction sizes etc.) on a regular basis so that it is available to money transfer companies, mobile money operators and so on. This would really help to improve innovation and competition. What can be done to encourage more data to be published?

Answer from UNCDF:

UNCDF has held consultations with more than 30 central banks based on which has published a series of guides and working papers aiming at giving guidance and clear examples of how the data on remittances can be improved and how transactional data can be used to generate better data. We also focus on how the technology can be used to facilitate the data reporting, processing, and analysis of the remittance data.

**UNCDF Webinar 3**  
**June 9th, 2022, 8-9:00 am (EST)**

## **Leverage technology to capture the full potential of remittance system-generated data**

Question from: Karla Enamorado, Banco Central de Honduras:

Has the UNCDF seen significant development in financial inclusion through remittances?

Answer from UNCDF:

UNCDF, we have been working a lot on the issue of how remittances may impact wider financial inclusion, which is more likely to happen if remittances land digitally. One of the things we are for example looking at is whether mobile money usage is higher for remittance receivers, and or uptake of other financial services. We have also partnered with remittances companies to pilot remittance linked financial services (E.g., remittance linked credit, savings, insurance etc.).

Question from: Ken Liffiton from Andafin for UNCDF:

You talked about regulators providing more value by releasing insights to the market and building credibility that will make financial institutions more willing to provide additional data. Can you point the audience to good examples of regulators doing this?

Answer from UNCDF:

Thanks Ken, that is a great question. This process of central banks positioning themselves as a player who adds value to the sector through the provision of analysis and insight generation is very new and many central banks are taking their first steps towards this. Central Bank of Mexico is an interesting example as they make a lot of their data available for download in raw form. They do not, yet, have much in the way of public analysis tools but it is a great first step. <https://www.banxico.org.mx/indexen.html>

Question from: Helene De Torres from the Central Reserve Bank of El Salvador to NBR:

Which are the main countries that issue family remittances for your country? Thank you

Answer from National Bank of Rwanda:

The European countries and the USA are the main countries that send remittances to Rwanda.

Comment from: Amit Gurun, UNCDF:

The Central Bank in India also shares a lot of it is data in the public domain. Sharing 2 links if you find them useful.

<https://rbi.org.in/Scripts/Statistics.aspx>

<https://dbie.rbi.org.in/DBIE/dbie.rbi?site=home>

Comment from: David Taylor, UNCDF

Another example of a public data analysis portal by a central bank is the Financial Inclusion Dashboards published by Nepal Rastra Bank <https://emap.nrb.org.np>

Comment from David Taylor , UNCDF

Our research found that South African Reserve Bank have the most detailed data analysis tools on remittances based on transaction level data, but this is currently only being reviewed and used within the bank.

Question from: Maria Mercedes Collazos, Central Bank of Colombia:

Could you please provide the links to the public documents (England experience, others) that you have mentioned?

Answer from Marta Kuczyńska, BRAG:

Sharing the link to Bank of England consultation with Purpose Codes:

<https://www.bankofengland.co.uk/-/media/boe/files/payments/rtgs-renewal-programme/iso-20022/uk-purpose-codes-consultation-response.pdf?la=en&hash=23689B9818A6A7ADD1A05C785399099E5D870BF4>

## Representative list of Participant Organizations

<u>First and Last name</u>	<u>Organization</u>
Ma. Angelica Villena	Central Bank of The Philippines
Maria Mercedes Collazos Gaitan	Central Bank of Colombia
Michimaru Onizuka	SWIFT
Constance Libusha	South African Reserve Bank
Lizbeth Leyva	Central Bank of Mexico
Teresa Garcia Cid	Central Bank of Spain
Saransh Verma	TerraPay
Wilson Kamali	National Bank of Rwanda
Marta Kuczynska	BR-AG
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Habtamu Jembrie	National Bank of Ethiopia
Mohamed Ismail Said	Central Bank of Somalia
Abdirizak Yusuf	Central Bank of Somalia
Abubakar Mohamud Abdullahi	Central Bank of Somalia
Seif Barri	Central Bank of Sudan
Sharon Karuga	Central Bank of Sudan
Sarah Nhial	Bank of South Sudan
Mogga James Morris	Bank of South Sudan
Sokiri Samuel Henry	Bank of South Sudan
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Maher Dridi	Banque Centrale de Tunisie
Habib Attia	Arab Monetary Fund
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Karlygash Dadenova	National Bank of Kazakhstan
Shireen Fahmy	Central Bank of Egypt
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Anush Igitkhanyan	Central Bank of Armenia
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Cristina Chirvas	National Bank of Moldova
Nikola Nuculović	Central Bank of Montenegro
Dejan Stankov	National Bank of the Republic of North Macedonia
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Rudina Lilaj	Bank of Albania
Anush Davtyan	Central Bank of Armenia
Lilit Duryan	Central Bank of Armenia
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